



**Testimony to the Appropriations Committee  
Regarding the Governor's Proposed Midterm Budget Adjustments**

**Presented By Mag Morelli, President**

**February 15, 2012**

**In Support Of the Proposals to Invest in Affordable Elderly Housing with Services**

Good evening members of the Appropriations Committee. My name is Mag Morelli and I am the president of LeadingAge Connecticut, a membership organization representing over 130 mission-driven and not-for-profit provider organizations serving older adults across the continuum of long term care including housing for the elderly. (LeadingAge Connecticut was formerly named the *Connecticut Association of Not-for-profit Providers for the Aging*.) Our members are sponsored by religious, fraternal, community, and governmental organizations that are committed to providing quality care and services to their residents and clients. Our member organizations, many of which have served their communities for generations, are dedicated to expanding the world of possibilities for aging.

On behalf of LeadingAge Connecticut, I would like to testify in support of the Governor's commitment to housing development, including the expansion of congregate and elderly housing with services, as proposed in his mid-term budget adjustments.

There is a growing demand for affordable senior housing units across the state as demonstrated by the lengthy waiting lists being maintained by our twenty-four elderly housing site members. The waiting lists are reflective of the success of our state's nationally praised model of providing affordable assisted living services to congregate and elderly housing residents which has allowed older adults to age in place and remain in their affordable housing units. Unfortunately, the shortage of available units is thwarting efforts to provide other older adults with the same opportunity.

Linking affordable senior housing with services is one of the answers to our state's quest to balance the long term care system. Connecticut has already developed several nationally acclaimed models of housing with services including allowing assisted living services to be delivered within our state congregate and HUD 202 housing sites and the four pilot affordable assisted living demonstration sites. We have excellent models – we just need to develop more sites to make more units available. Governor Malloy's housing proposals recognize this and we strongly support their passage.

LeadingAge Connecticut member New Samaritan Corporation, the state's foremost non-profit developer of affordable elderly housing, developed a white paper in 2010 entitled "Quiet Crisis" that outlines the need for more senior housing development in Connecticut and we have attached that white paper for your review.

The creation of a State Office of Housing which will oversee and coordinate the functions of state government related to housing is very promising. This Office may be the champion called for in the "Quiet Crisis" that will be empowered to address the fragmented responsibilities, inflexible funding streams, and regulatory constraints that currently impede efforts to develop and coordinate housing, health care and other services.

Thank you for this opportunity to provide this testimony and I would be happy to answer any questions.

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**A “Quiet Crisis”**

*The escalating, unmet housing needs of Connecticut’s seniors*

A national commission’s warning of a “quiet crisis” in affordable housing and related services for senior citizens has hit home in Connecticut, even more so than in most states.

Concerns about aging are felt by all families and communities. Connecticut must begin now to invest wisely in affordable housing and related services that provide seniors with comfortable, safe, and appropriate places to live.

Carefully-developed policies will benefit not only seniors, but also working-age residents and the State budget as well.

**Why are the housing-related needs of seniors escalating?**

**Because of a demographic boom in the aging population, many of whom face financial challenges.**

- The impending retirement of the Baby Boom generation -- the first of whom turned 62 in 2008 -- will drive up the number of seniors. While approximately 13.6% of Connecticut’s population is currently age 65 or older, this is projected to rise to 14.3% in 2010, 17.9% in 2020, and more than 20% by 2025.
- With increased life spans, the fastest growing segment of the aging population will be the most vulnerable – those age 85 and older. Longer lives, combined with changes in retirement plans and social security, jeopardize the financial security of many of these seniors.
- While roughly 70% of seniors own their homes, many of them are “house poor.” Their average net worth, *excluding the value of their home*, is well below that of working-age adults. They struggle to pay property taxes and insurance, and to handle repairs as they and their homes age. Often, these homes are not designed for the comfort and safety of older residents.
- Almost 20% of *non-institutionalized* seniors require some form of assistance with everyday activities. This is particularly true for older subsidized renters, who have lower incomes and are twice as likely to have disabilities as older homeowners.

### *Why isn't there enough affordable housing for seniors?*

#### *Because of high overall housing costs and insufficient public funding.*

- Housing costs in Connecticut have risen 66% since 2000, and Connecticut is the 7<sup>th</sup> most expensive state in the nation for two-bedroom apartment rentals.
- Connecticut ranks 47<sup>th</sup> among states in housing units built per capita; limited supply drives up prices.
- Eight years ago, the Blue Ribbon Commission on Affordable Housing estimated that Connecticut needs 68,000 additional units of affordable housing for residents of all ages. A recent study commissioned by the Partnership for Strong Communities suggests that the shortfall continues to grow.
- Federal funding to Connecticut for Section 202 Housing for the Elderly has dropped precipitously, from 151 units in 1994 to only 56 units in 2009.
- Pressures on other funding sources – such as Low Income Housing Tax Credits and Section 8 vouchers – also limit funding for senior housing, and many formerly subsidized units are being converted to market-rate housing.
- As a result, too many of Connecticut's seniors pay more than 30% of their incomes for housing costs (the standard measure of affordability). Almost 30% of Connecticut's senior homeowners and 62% of senior renters exceed this expenditure level. Fully one-third of senior renters pay *half or more* of their income toward housing costs.

### *Why should the State get involved?*

#### *Because taking action will benefit seniors, other residents, and the State budget:*

- Most seniors prefer “aging in place” and other approaches that keep them in the community with appropriate support. Too often, however, low- and moderate- income seniors are relegated to one of two extremes: housing with insufficient services (“undercare”) or excessively expensive and unnecessary services in institutional settings (“overcare”).
- Even with some recent reforms, Connecticut's spending for nursing home care is still among the highest in the nation. For FY 2006 total Medicaid spending was \$4,213,071,822. Spending for long term care was 55% of this total, \$2,327,286,893. The US average was 37% for long term care. The State, its seniors, and other residents have a strong interest in improved policies to support “aging in place” and other more customized, cost-effective approaches.
- Finding a middle ground for seniors who are ready to move from home ownership or other independent living -- but do not need or want expensive institutional care -- will open up affordable housing for working-age adults and their families.

### What is needed?

We don't have all the answers yet, but we must come together now to ensure that Connecticut:

- Provides adequate resources to offer seniors a range of affordable options – from independent living to congregate homes, assisted living, supportive housing, and other forms of “housing plus services” that include appropriate healthcare and other supports. This will reduce the waiting lists that plague many programs.
- Integrates senior housing needs with thoughtful “smart growth,” transportation, and mixed-use practices, such as those proposed by the HOMEConnecticut campaign.
- Addresses the reality that, to be cost-effective, senior housing must normally be built with 60 or more units, but localities often want much smaller developments.
- Empowers a “champion” within the State’s executive branch to address the fragmented responsibilities, inflexible funding streams, and regulatory constraints that impede efforts to coordinate housing, health care, and other services.
- Commits to careful evaluation and refinement of promising approaches to ensure that the most effective policies are in place.

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