

SUBJECT: Rental housing long-term care pilot program

COMMITTEE: Human Services — committee substitute recommended

VOTE: 5 ayes — Naishtat, Maxey, Chavez, Noriega, Truitt
2 nays — Christian, J. Davis
2 absent — Telford, Wohlgemuth

WITNESSES: For — John Henneberger, Texas Low Income Housing Information Service;
David Latimer, Texas Association of Homes and Services for the Aging;
David Mintz, Texas Apartment Association

Against — None

On — John Garvin, Texas Department of Housing and Community Affairs;
Scott Hendrix, Texas Comptroller of Public Accounts

DIGEST: CSHB 3340 would direct the Texas Department of Housing and Community Affairs to develop and implement a rental housing pilot program to expand long-term care options for elderly residents.

The pilot program would be developed and, to the greatest extent possible, funded in coordination with the Texas Department of Human Services (DHS), public housing authorities, and other entities with interests in housing issues.

The pilot program would provide subsidized multifamily rental housing for low income elderly residents and coordinate services needed by those residents. Participating residents would pay up to 30 percent of their gross income or the amount specified for Section 8 rental assistance under the federal Housing and Urban Development program.

To participate, a housing entity would have to demonstrate that it offered rental rates at or below the fair market rent through the use of tax credits, tax-exempt bonds, or other sources of funding.

TDHCA would report the effectiveness of the program to the governor, the lieutenant governor, and the speaker by December 15, 2000. The pilot program would end September 1, 2001.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS
SAY:

At no cost to the state, CSHB 3340 could help low-income elderly avoid entering nursing homes and receive the health care services they need in their own homes. This pilot program was recommended by the Comptroller's Office in the 1999 Texas Performance Review report, *Challenging the Status Quo*.

CSHB 3340 would confront two problems at once: the lack of affordable housing in this state, and the unnecessary institutionalization of some low-income elderly who live alone and have no one to help with needed services.

The *1998 State Low Income Housing Plan and Annual Report*, prepared by the Texas Department of Housing and Community Affairs, identifies the elderly as a special needs population requiring medical and social services in addition to basic housing.

Nationwide, for every subsidized apartment unit for the elderly, there are eight individuals in need on a waiting list. It is estimated that the need in Texas is even higher, due to the relatively greater percentage of elderly living below poverty — about 14.5 percent in Texas compared to about 11.5 percent in the United States as a whole. The robust Texas economy does little to help older people on fixed incomes, who must find the means to pay for rising rents and other costs of living increases associated with good economic times.

The Texas Medicaid program pays for most of the nursing home care provided in this state and, through waiver programs, provides health care and assistance services to individuals in their homes or communities who would otherwise require nursing home care. However, because the Medicaid program does not pay for rent subsidies, some low-income elderly are forced to reside in nursing homes to receive both the shelter and the health care they need.

The contribution made by participating residents toward their rent would be low but reasonably responsible. It could not exceed 30 percent of their income and would be tied to Section 8 federal housing assistance standards. Federal Section 8 housing assistance is the most commonly used program for low-income housing assistance and probably would be used in the mix of funding sources for this pilot project.

This bill could save the state money, diverting from nursing home care residents who otherwise would be able to remain in their own homes if they could receive periodic services. The average monthly cost for a Medicaid client receiving community-based services is about \$1,026, compared to about \$1,970 per month for a stay in a nursing home.

This pilot program would not contribute toward the deterioration of a neighborhood or increasing crime. It would be limited to a pilot project to test the feasibility of combining health and social services programs with affordable housing programs. The elderly generally are very law-abiding and quiet neighbors. The typical resident of this pilot project probably would be an 85-year-old, widowed woman. Multifamily housing units would provide security for the elderly and the neighborhood, through the oversight of on-site management staff who would be intensively trained through TDHCA's management program.

This pilot project could spur private providers to better link services with affordable housing. Similar housing alternatives have been initiated by nonprofit providers in Plano, Dallas, Victoria and other areas in Texas. Linking housing to health services represents a comprehensive way of looking at factors besides illness that affect the health status of the elderly, such as isolation, nutrition, and frailty.

**OPPONENTS
SAY:**

This bill would lead to the development of additional public housing. Past experience has shown this often turns into run-down, high crime apartments. Even though the units may be rented to elderly individuals, the elderly could allow their irresponsible or unlawful family members to live with them, thereby undermining the safety and the charm of a neighborhood.

NOTES:

Major changes made by the committee substitute include:

! changing the type of residence from apartment-like residential units to

multifamily housing;

- ! specifying that funding could include sources in addition to federal funds;
- ! removing the requirement that elderly would have to be functionally eligible for nursing home care;
- ! removing provisions specifying rent subsidies to approximate the amount the person would be required to contribute if the person resided in a nursing home and received Medicaid; and
- ! adding provisions specifying rent contribution to be within 30 percent of a person's gross income or the amount specified for federal housing assistance.

Companion bills SB 1247 by Brown and SB 1474 by Lucio have been referred to the Senate Human Services Committee.