



**American Association  
of Homes and Services  
for the Aging**

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**Testimony of  
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President  
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**House Financial Services Subcommittee on  
Housing and Community Opportunity**

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Thank you for the opportunity to testify on The Impact of Faith-Based Housing Partnerships and particularly HUD's proposed rule to facilitate greater use of federal programs and funds by faith-based organizations.

I am Ellen Feingold, President of Jewish Community Housing for the Elderly in Boston and Newton, Massachusetts (JCHE). Our facilities are in both Representative Frank and Representative Capuano's districts, and our residents are enthusiastic constituents of their Congressmen. JCHE developed, owns and manages over 1,000 units of non-sectarian housing for low-income elderly of all backgrounds. The average age of our tenants is over 80 and their average income under \$10,000. Almost half of our residents are eligible for nursing homes, but because of the broad menu of services that we make available to them, they are able to continue to live in their own apartments. We are proud of our record of non-discrimination with respect to both residents and employees.

I am here representing JCHE, the American Association of Homes and Services for the Aging (AAHSA), and the Association for Jewish Aging Services (AJAS).

The American Association of Homes and Services for the Aging (AAHSA) is a national organization whose more than 5,600 not-for-profit providers serve over 1 million individuals on a daily basis. Approximately 75 percent of AAHSA members are affiliated with religious organizations; others are sponsored by private foundations, fraternal organizations, government agencies, and community groups. AAHSA is the largest organization representing nonprofit sponsors of senior housing, who own and manage over 300,000 units of market rate and federally assisted housing - including the largest number of sponsors of HUD Section 202 elderly housing facilities.

The Association of Jewish Aging Services (AJAS) is also a national association with 175 member organizations, all of which are faith-based. AJAS members have over 16,000 housing units and are active participants in HUD programs.

No member organization of either AAHSA or AJAS has ever complained of obstacles to their participation in HUD programs because of their faith-based origination. Our members agree that faith-based organizations must be nonsectarian in their activities and must meet all the appropriate obligations placed on recipients of federal funds. Our members uniformly feel that the current system of grants and contracts under the Section 202 program generally works well now and should maintain its impartiality among sponsors of various faiths and between faith-based and non-sectarian, community-based nonprofit organizations.

JCHE's five buildings are all financed and subsidized under federal and state programs. At the end of 2002, we held mortgages and Section 202 advances totaling \$23,200,000. The rents of all but 25 of our 1,050 units are subsidized under Section 8 or Project Rental Assistance Contracts, which provided our residents with \$7,800,000 in 2002. In that year, we also received \$95,000 for resident services coordinators, \$102,000 for a Congregate Housing Services Program, and \$250,000 in interest reduction payments. In addition, each year we raise \$400,000 to \$500,000 in charitable funds to provide supportive services and other activities that enable our residents to age in dignity living in their own apartments. We now house 1,300 very old, very poor people; over the years, JCHE probably has provided good, supportive homes for as many as 6,200 elder households. I do not believe there have been any obstacles placed in JCHE's way toward

achieving this accomplishment. Indeed, our government officials take as much pride in these accomplishments as we do.

Organizations like mine do our work based on our commitment to the values of our faith. We bring an extra measure to this work that enhances the quality of the housing we provide and the lives of our residents. We do this in a non-sectarian manner, respectful of the values and beliefs of all who live and work in our government funded buildings. We believe strongly that government should neither favor nor disfavor the work of religious organizations - that separation of church and state protects churches, synagogues and mosques from government intrusion.

AAHSA's and AJAS's faith- and community-based members have been successfully securing HUD funds from a variety of HUD programs for decades. These funds have been leveraged in communities nationwide to house low income seniors and often to provide services they need to continue to live in their homes. These sponsors provide examples of the most successful, trouble-free use of HUD funds. We strongly urge Congress to acknowledge the success of current HUD program structures by supporting the programs as they exist today instead of adding or subtracting requirements specifically for faith-based programs.

#### Seniors Commission

As Co-Chair of the Congressionally-mandated Commission on Affordable Housing and Health Facility Needs for Seniors in the 21<sup>st</sup> Century, which completed its report in 2002, I can tell you first-hand that we spent many hours listening to witnesses across the country extol the contributions and importance of faith-based organizations in addressing seniors' needs and pleading for more of the housing they provide. After more than a year of research, public hearings across the country and the submission of numerous written testimonies, the Commission arrived at more than 50 recommendations to improve housing and health care facility options for seniors. None of these recommendations include changing HUD policies to make it easier for faith-based organizations to participate in HUD programs. Why? Because from our perspective there are no real barriers to participation in the current program structures.

In a section of the report titled, “Barriers to Successful Supportive Housing Solutions,” the Seniors Commission reviews four categories of barriers. None have any relation to perceived or real obstacles faced by faith-based organizations seeking to participate in HUD programs.

I encourage the members of this committee to review our many recommendations for proposals that can make a real difference in the lives of low income seniors in search of affordable housing.

### Organizational Structure

We believe that creation of a separate 501(c)(3) is necessary, and we would oppose anything that would create a preference for any faith-based group over other qualified nonprofits. The creation of a separate 501(c)(3) has value for both HUD and the project sponsor. By establishing a separate single asset corporation, HUD is able to recapture the property in the rare event of a default on the HUD loan. Moreover, the separate owner corporation protects the housing development and its residents should the faith-based sponsor incur fiscal or other liabilities. The establishment of a separate owner corporation, which is financially independent, accords the faith-based sponsor a level of protection against legal liability and any government intrusion in the activities of a religious organization. The faith-based sponsor remains centrally involved, however, in the endeavor as its members can be, and generally are, on the Board of Directors of the owner corporation.

### Section 202

As has been stated by HUD Secretary Martinez at Congressional hearings, the elderly housing programs sponsored by faith-based organizations are exemplary. The primary program, and the only one currently available to nonprofits for new development targeted to housing low income seniors, is the Section 202 capital advance with project rental assistance contract (PRAC) program or 202/PRAC.

Faith-based organizations already play an enormous role in HUD’s Section 202 Housing for the Elderly program. HUD estimates (*HUD on the R.I.S.E.*, 2001) that 40 percent of Section 202 sponsors are faith-based. The program was enacted in 1959 and since then has created more than 325,000 units of safe, decent and affordable housing for low income seniors. A conservative

estimate brings the physical value of those units to more than \$24 billion (\$75,000 per unit). Faith-based organizations steward this public investment successfully; there have been only a small handful of foreclosures in the program's 40-year history.

The Section 202 program provides religious-based sponsors with funding to construct housing, which must be equally open to all persons of all faiths/denominations. Construction of a space to serve exclusively as a chapel, for example, is not and should not be allowed. Common areas may be used, however, for resident programming that can include faith-based programs, provided programs for all faiths are allowed to be conducted on site. Requiring resident participation in faith-based programming is prohibited. Our members support these requirements and function quite comfortably within them.

At JCHE, for example, we hold a Passover Seder in one of our large rooms to which all tenants from our diverse tenant groups are invited. The Seder is entirely paid for by charitable funds that we raise. For the event, we have developed a 4-language Hagaddah which I've brought for your pleasure. In addition to the Exodus story that is the centerpiece of the Seder, residents from China and the former Soviet Union recount stories of their own personal Exoduses from oppression to freedom. Again, this event is faith-based in origin, is participated in by all who wish, and is entirely paid for by charitable contributions. There are other events such as Chinese New Year and the Chinese Moon Festival (both are considered religious festivals by our Chinese tenants) that are also supported by JCHE's charitable contributions.

#### Utilize a Great Variety of HUD Programs

Our faith-based member organizations' mission of service is grounded in independent religious values and community commitment. They offer excellent examples of how nonprofit faith- and community-based providers sharing a common objective of providing affordable and suitable housing to low income seniors can achieve wonderful results. Beyond the Section 202 program, our members participate in a range of HUD programs such as Section 236, Section 221(d)(3), HOME, CDBG, Section 811 and Section 8 rental assistance. Our members also participate in the low income housing tax credit and mortgage revenue bond programs.

Often, many of these programs must be used together with a Section 202 grant in order to cover the cost of development. Two, three, four and sometimes as many as seven additional funding sources are often needed to augment the Section 202 grant before the project is completed. Our members turn to the limited variety of funding sources available to piece together financing and services for their developments. Again, AAHSA and AJAS members, more than 75% of which are faith-based, have not encountered obstacles to federal funding because of their faith-based nature. These programs work well for both faith-based and secular members.

Participation by AAHSA's and AJAS's faith-based members in these programs has never resulted from special or favorable treatment. Rather, our members' great successes are due to the delivery of the highest quality housing, services and a moral commitment to their communities, regardless of religious affiliation. This is a commitment our faith-based members take seriously and from which they derive the energy needed to bring them to the next funding round, the next application and the next victory. Through these programs, our members provide much needed housing where low income seniors can live comfortably, with the supports that make it possible to age in place with dignity and maximize their independence.

#### Real Issue – Lack of Adequate Funding

The Seniors Commission identified 6.1 million very and extremely low income seniors with priority housing problems not now living in subsidized housing. AARP finds nine seniors on waiting lists for every available Section 202 unit that will become available each year. The stark issue for all of our members, faith-based or not, is not how to access HUD programs – we have figured that out - but the wholly inadequate funding levels available for affordable senior housing each fiscal year.

A major concern for faith-based and other groups alike is the desperate shortage of funding available and the lack of national priority or attention to the need for adequate affordable housing across the country. Your constituents constantly call us and they call your staffs, asking for help in finding affordable, supportive housing. Current funding for the Section 202 program is far too small to accommodate the numerous qualified applications received each year, let alone begin to address the affordable housing option needs of the growing population of seniors. If the

Administration is seeking to encourage greater participation in the provision of supportive housing services by faith-based and other community-based providers, then the pool of funds for which these groups compete must be expanded.

### Relaxation of Standards

We would oppose strongly any action to lower standards of participation, performance, nondiscrimination or professionalism that accompany the use of federal funds. Federal standards and requirements, applicable to every federal grantee equally, are vital to maintain the quality of existing programs. Any effort to compromise quality in the name of easing participation we believe is misguided. Current programs do not inhibit access to federal funds by faith-based organizations. Both the integrity of federal programs and the quality of faith-based provision of services can only be maintained if everyone is held to the same quality standards.

### Conclusion

Again, thank you for the opportunity to appear before you this afternoon. We are proud of the broad-based participation in HUD programs our members enjoy. We look forward to a time when more can be accomplished by these limited yet critical programs. This will not happen by changing the participation or quality rules for faith-based organizations. Rather, the resources available to expand these very successful programs must be increased.

Please direct questions on this testimony to Ellen Feingold, JCHE, [efeingold@jche.org](mailto:efeingold@jche.org) or (617)912-8401 or Linda Couch, AAHSA, [lcouch@aahsa.org](mailto:lcouch@aahsa.org) or (202)508-9476.