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HOUSING FOR THE ELDERLY — 202 PROGRAM

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Thank you very much for those kind remarks. I won't spend much time on introductory comments or observations, knowing that time is kind of short. Let me turn directly to the subject matter.

There has been a growing concern in recent years over the terribly inadequate housing in which many of the elderly in this nation reside. Witness the November 1975 statement of the Catholic Bishops of the United States entitled, "The Right to a Decent Home," and the statement adopted at the urging of Archbishop Philip M. Hannan of New Orleans just last Thursday, at the semiannual meeting of the Bishops in Chicago, to the effect that the federal government should expand the 202 program of direct loans to nonprofit sponsors to build housing for the elderly.

I appreciate the opportunity to bring you up to date on the progress of the 202 program itself and the involvement of the Church in the most recent round of funding for the program. From the period 1969 to 1974 there literally was no program for housing for the elderly in the federal government. The very successful 202 program was revived in 1974, but because of strong administration opposition no projects were funded until just last week. Although only \$375 million dollars was originally made available for this fiscal year, 1,527 applications were filed for over 230,000 apartment units at a total cost of \$5.8 billion dollars. Out of that tremendous volume 136 projects, or a little under 9%, were selected. Of those selected, the Catholic Church was highly successful, with 22 of 39 applications, or 56%, being accepted. Twenty-one of these applications were in the name of a diocese or an archdiocese, six were in the name of Catholic Charities, while 12 were from other orders, including the Jesuits, the Franciscans, orders of religious women and several Catholic parishes. The record of success is a marvelous one. And no doubt it is in no small part due to the technical backup provided by many of you present today in putting together the initial application. But take it from me, the fun has just begun. In the few minutes I have remaining, I would just like to lay out some of the pitfalls to watch for along the way.

First, 202 is a big target. Its total funding for this year, including the supplemental now working its way through Congress, will be \$750,000,000 and it appears as if the total authorization for the program will soon increase to \$3.3 billion, although a veto is being threatened. You can be sure that profit-motivated sponsors, mortgage bankers, and local government agencies are all going to want a piece of the pie. If the nonprofits falter, they will be hard pressed to even pick up the crumbs.

Section 202 is not only a major new housing program it is a brand new program for combining a direct loan with Section 8 subsidization. This requires FHA processing in tandem with the Section 8 application and as a new program has so far resulted in confusion, delay and inconsistency on the part of local HUD offices charged with processing. One should expect these kinds of problems with a new program. However, the time constraints for processing are so onerous as to make

even the smallest delay a possible fatal blow to an individual project. Construction must begin within 18 months of the date of fund reservation. In addition, to take advantage of fiscal year 1976 appropriations, a Section 8 commitment must be received before September 30, 1976. That means that a Section 202-8 preliminary proposal must be filed by August 1, 1976 in the local HUD office in order to allow processing at that level. That gives project sponsors less than 60 days to put together the application. This is obviously very tight, but not impossible. However, when you add to this the fact that the program handbook has not yet been distributed and that local HUD office personnel have not yet been briefed or trained in the program, you have a formula for potential disaster.

In the face of these difficulties, what can you do? In addition to prayer, there are several things to keep in mind. The first is to start now and don't delay. Organize the mortgagor entity as soon as possible. Once this is done, your project will be eligible for an advance of Section 106(b) interest-free, seed money from HUD, which can be an amount up to \$50,000 on a matching basis of five dollars for every one dollar that the sponsors put up.

Next, put together your development team at the earliest possible moment. This includes your architect, builder, management agent, accountant, attorney, and consultant, preferably, I believe, if you can locate one, an attorney/consultant. The key to success here is to get a team that can work well together, that has experience, understands the new program, including its legislative underpinning, and that, above all, is highly flexible.

Thirdly, if you familiarize yourself with the handbook, the regulations, and with your general knowledge of construction, you will have a leg up on the HUD processors who will be reviewing your work. If you know precisely what you want and are willing to push for it, you will be setting precedents for the future of this program and are likely to have a significant amount of leverage at this time.

Finally, for those of you who were not selected in the first round, remember next year and the years to come. Both Houses of Congress have agreed to increase the authorization for the 202 program to an aggregate of \$3.3 billion and appropriations levels for each of the next three years are being considered in the vicinity of \$840 million—that's beyond the \$750 million we're working with this year. Therefore, I urge all of you who have applied this year and who were not successful, and those of you who are contemplating applying in the future, take whatever steps you can to encourage the early organization of potential projects because time is not only a problem in the processing of 202, but time is the one thing the elderly do not have much of.

Thank you for your kindness and your attention.