

# Campaign for Healthy Aging Through Housing



October 2016

A campaign for improved federal and state responses to the pressing needs of America's low income seniors.

## In recognition of:

- Quality housing being a leading social determinant of health<sup>i</sup>.
- The evidence that housing plus services is essential to the health and well-being of seniors<sup>ii</sup>.
- The ability of affordable, accessible, and adaptable housing to allow seniors to avoid institutional care<sup>iii</sup>.
- The current shortage of homes affordable to low income seniors<sup>iv</sup>.
- The imminent growth of seniors age 65 to 74, from 21.7 million in 2010 to 38.6 million in 2030<sup>v</sup>.

## LeadingAge sets forth the following principles for action:

### 1. *Preserve Existing Affordable Senior Housing*

Preserving existing, federally-subsidized housing is critical. Congress and the Department of Housing and Urban Development (HUD) have provided tools and resources to help preserve much of the nation's assisted housing stock. It has been proven that preserving what we currently have is much more economical than replacing affordable housing lost to market-rate conversion or to deterioration.

#### *Project Rental Assistance Contracts*

Congress and HUD have yet to provide tools to preserve properties assisted with Project Rental Assistance Contracts (PRACs). The nation's 122,000 Section 202 Supportive Housing for the Elderly units with PRACs need tools to ensure they can be preserved far into the future. The average annual income of a Section 202 household is \$13,300. Without their subsidized homes, these seniors are at great risk of becoming homeless or of joining the millions of seniors who must choose between paying for food, healthcare, or housing. Preserving these PRAC-assisted homes also protects the billions of dollars the nation has invested in their development and operation thus far.

To preserve communities with PRACs, project sponsors need:

- Eligibility for PRACs under an expanded Rental Assistance Demonstration program, which would allow PRAC properties to leverage new financing for preservation.
- Improved PRAC budgeting processes to provide adequate funding of reserve for replacement accounts, and access to residual receipts accounts to offset repair needs.
- Funding for Section 202 Emergency Capital Repairs to address critical repair needs.
- Funding for the existing Service Coordinator program, as well as pursuance of Centers for Medicare and Medicaid Services (CMS) funding for services where seniors live.

## *Other Federally Assisted Affordable Housing*

In addition to the Section 202 program, much of the nation's assisted, affordable housing stock serves low income seniors. Of the nation's 1.2 million units of Project-Based Rental Assistance, 46% are senior units. Project-Based Rental Assistance also acts as the rental subsidy for 204,000 of the nation's apartments constructed through the Section 202 program. Of the nation's 1.1 million public housing units, 31% are senior units. Of the nation's 533,000 USDA Rural Housing Service Section 515 multifamily units, more than half serve seniors and persons with disabilities. Together, these programs provide quality housing for our nation's lowest income seniors. These homes, as well as funding for Housing Choice Vouchers, must be preserved to ensure the supply of affordable housing.

## *2. Increase the Supply of Service-Enriched Affordable Senior Housing*

According to the Urban Institute, 7 million seniors have incomes less than 125% of the poverty level (about \$14,363); these households on average pay 74% of their incomes (\$10,629) for their housing each year. These are shameful and unsustainable statistics. Seniors are forced to choose between food, medicine, or housing costs. We must expand the supply of affordable senior housing in ways that provide access to enriched services, which will improve the lives of seniors and save public resources. Even after two years of economic recovery, the proportion of very low income senior households paying more than half of their incomes for rent remained unchanged (37.2%) between 2011 and 2013. The nation is not only unprepared to meet its current needs, but also those of the near future, when each decade will bring millions of new seniors with decreased financial resources to housing markets.

To address the housing and services needs of low income seniors, providers need:

- A new funding mechanism to be created called the Service-Enriched Affordable Living (SEAL) program, administered by HUD. SEAL will provide a leveraging source of construction resources to nonprofit sponsors for the development of affordable housing to very low income seniors. In addition to providing a share of capital funding, SEAL funds would include project-based rental assistance and enriched services financing.
- Set-asides of each state's Low Income Housing Tax Credit allocation for seniors proportionate to the state's overall need for affordable housing.
- Financing from CMS of proven housing plus services models in new, federally-assisted senior housing.

## *3. Permanently Fund Services*

The evidence is undeniable that housing plus services models lead to smarter spending, increased access to care, and better outcomes. To produce and operate federally-assisted affordable senior housing without service-enriched components would be counter to the growing understanding of the relationship between such services and the benefits to seniors and the public purse. One way to ensure service-enriched affordable housing is to provide a basis boost for service-enriched housing within the Low Income Housing Tax Credit program.

CMS and its federal partners should be responsible for the predictable, reliable financing of enriched services to seniors in their homes. CMS must lead the effort to finance service-enriched supports, building upon the affordable housing platform, such as:

- Determining the feasibility of authorizing Medicare contributions to multi-payer pools to fund services.
- Evaluating whether the Medicare Advantage concept can be adapted to cover low-income seniors in congregate housing and low income neighborhoods.
- Inclusion of proven Housing Based Service Models as a review criteria for CMS demonstrations, Medicaid waivers, and other grants and pilots.

#### 4. *Expand Project-Based and Tenant-Based Subsidies*

No senior should be forced to choose between housing, food, or healthcare costs. Additional rental assistance is needed to bridge the gap between what low income seniors can afford to pay toward housing costs (30% of their adjusted gross income) and what it actually costs to operate and maintain homes. Project- and tenant-based rental assistance are critical. LeadingAge supports expanded project-based and tenant-based assistance so every extremely low income senior has access to affordable and decent housing.

##### *Project-Based Rental Assistance*

Traditional Project-Based Rental Assistance must be provided jointly with Service-Enriched Affordable Living funds. This will ensure affordability for seniors and the long-term preservation of the homes as affordable for generations to come.

##### *Tenant-Based Rental Assistance*

Similar to special purpose vouchers for other particularly vulnerable populations, such as the highly successful Veterans Affairs Supportive Housing (VASH) voucher program, there should be special purpose vouchers for senior households. Vouchers are a key tool to aid America's aging homeless population, and recently enacted improvements to the project-basing of vouchers can make senior vouchers a key tool to make otherwise unaffordable homes affordable.

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<sup>i</sup> Braveman, P., M. Dekker, S. Egerter, T. Sadegh-Nobari, and C. Pollack. "Housing and Health." Exploring the Social Determinants of Health. Robert Wood Johnson Foundation, May 2011. Web. [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2011/rwjf70451](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2011/rwjf70451).

<sup>ii</sup> Saul, A., C. Gladstone, M. Weller, K. Vartanian, B. Wright, and G. Li. "Health in Housing: Exploring the Intersection Between Housing and Health Care." Grace Li, Center for Outcomes Research and Education (CORE) and Enterprise Community Partners, 2016. Web. <http://www.enterprisecommunity.com/resources/ResourceDetails?ID=0100981>.

<sup>iii</sup> Sanders, A., K. Smathers, T. Patterson, R. Stone., J. Kahn, J. Marshall, and L. Alecxih. Affordable Senior Housing Plus Services: What's the Value? Rep. Washington, DC: LeadingAge & The Lewin Group, 2015. Web. [http://www.leadingage.org/uploadedFiles/Content/Centers/Center\\_for\\_Housing\\_Plus\\_Services/Research/Housing%20Services%20Value.PDF](http://www.leadingage.org/uploadedFiles/Content/Centers/Center_for_Housing_Plus_Services/Research/Housing%20Services%20Value.PDF).

<sup>iv</sup> Steffen, B., G. Carter, M. Martin, and D. Pelletiere. "Worst Case Housing Needs: 2015 Report to Congress." HUD USER1. Office of Policy Development and Research, U.S. Department of Housing and Urban Development, June 2015. Web. [https://www.huduser.gov/portal/publications/affhsg/wc\\_HsgNeeds15.html](https://www.huduser.gov/portal/publications/affhsg/wc_HsgNeeds15.html).

<sup>v</sup> Herbert, C., and D. McCue. "Housing America's Older Adults." Joint Center for Housing Studies of Harvard University (2014): n. pag. Web. [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing\\_americas\\_older\\_adults\\_2014.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014.pdf).



## CAMPAIGN FOR HEALTHY AGING THROUGH HOUSING

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The mission of LeadingAge is to expand the world of possibilities for aging. Our membership touches 4 million lives every day and includes 6,000 not-for-profit organizations representing the entire field of aging services, 39 state partners, hundreds of businesses, consumer groups, foundations and research partners. LeadingAge is also a part of the International Association of Homes and Services for the Aging, whose membership spans 30 countries. LeadingAge is a 501(c)(3) tax-exempt charitable organization focused on education, advocacy and applied research.

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