Supportive Housing

Supportive housing developments make it possible for older adults to access the social and health services they need while remaining in a residential setting.

What Is Supportive Housing?

Older adults can select from a growing number of housing options when seeking assistance with activities ranging from meal preparation to bathing and dressing. Some choose to stay in their own homes and rely on social services available in the community to meet their needs. For others, supportive housing provides a more appropriate alternative.

Supportive housing is an umbrella term for residential settings that have been specifically developed to provide an array of supportive services on site—from group meals and housekeeping assistance to monitoring of chronic health conditions. Supportive housing communities provide care in a residential, rather than an institutional setting, enabling older adults to live comfortably and maintain their independence and autonomy as they age.

Supportive Housing Models

Supportive housing encompasses a broad range of housing types, and different models are often associated with different expectations regarding size, cost, and intensity of service delivery.

Section 202 Housing for the Elderly program provides federally subsidized supportive housing specifically for older adults. Tenants’ rent payments are set at an affordable level, and many developments employ service coordinators to identify and connect residents with available supports. Roughly 300,000 units of Section 202 housing are occupied by low-income older adults today.

Assisted living residences provide private rooms or apartments for older adults and offer a level of care that can range from light “hospitality” services to the care provided by nursing facilities. For residents whose needs fall at the higher end of the spectrum, assistance is often available around the clock on a scheduled or unscheduled basis.

State licensing requirements establish the parameters within which assisted living residences operate, including admission and discharge standards, the size of the units, and the availability of state reimbursement for care. Regulations vary widely among states and have a significant impact on the options available.

Adult foster care homes offer services similar to assisted living residences but in smaller facilities, including single-family homes, that typically accommodate no more than six residents. Adult foster care homes are generally subject to state licensing requirements and providers often live on-site, creating a homelike environment.

Continuing care retirement communities (CCRCs), often described as “campus-like complexes,” offer several housing models on-site, enabling residents to transition from private homes to assisted living residences and skilled nursing facilities as their needs change. CCRCs generally carry hefty up-front and monthly fees and
may be out of reach for low- and moderate-income older adults.⁹

**Congregate housing** offers a less intensive level of services than the models described above, providing apartment homes for older adults who are able to live independently but want hospitality-style services, such as light housekeeping.¹⁰

**How Are Housing and Services Provided?**

There are a range of ways to structure the delivery of housing and services in supportive housing. In some cases, a single provider manages both the housing component and the delivery of supportive services. This arrangement can simplify information sharing and coordination of care but can also result in added training and staff costs for agencies lacking experience in one of these areas.

A growing number of housing developments, including some receiving federal subsidies, have entered into formal contracts with outside service providers. This approach takes advantage of expertise available in the community and thus can reduce staff costs and enable more efficient service delivery.

In both scenarios, care managers and service coordinators play a key role, connecting residents with supports and facilitating communication between housing and services staff. Care managers also evaluate tenants as they enter the community and on an ongoing basis to ensure that they have access to the services that residents themselves identify as important.

**Challenges and Solutions Associated with Supportive Housing**

Despite rapid expansion in the supportive housing market in recent years, widespread availability of affordable options has yet to be achieved.¹¹ In 2009 the annual nationwide cost for a private one-bedroom unit in an assisted living facility averaged $33,903, or more than $2,800 per month.¹² Most residents pay out of pocket or with assistance from family members.¹³ Lacking affordable options, low- and moderate-income older adults may prematurely enter institutional care, where Medicaid covers costs for those who qualify.¹⁴ This section identifies challenges to serving low- and moderate-income older adults in supportive housing and discusses solutions to address these challenges.

**Meeting the Demand for Housing**

By 2030, approximately 20 percent of the U.S. population will be over age 65, resulting in a growing demand for affordable supportive housing.¹⁵ The roughly 1.8 million older tenants of federally assisted housing projects, in particular, will need affordable supportive options as they find it increasingly difficult to carry out routine activities.

Through the establishment of partnerships with service providers and with financial assistance for building retrofits from the Assisted Living Conversion Program,¹⁶ the owners of a few affordable housing developments have taken steps to ensure that residents can age in place and access needed supportive services. The program provides funding for owners of Section 202 and other subsidized housing to retrofit their properties to meet state assisted living licensing requirements. Since its creation in 2000, the program’s reach has been limited,¹⁷ and funding has not been sufficient to enable widespread participation. While limited funding is an issue, even if all existing subsidized developments could be retrofitted to provide common services for older adults, the current supply would still fall short of growing demand.
Increased federal funding for the Section 202 program, which is the primary source of public funding for production of new homes for older adults, could help to meet the growing demand. In recent years, program funding has fallen below levels seen in the early 1990s, while the cost of construction has risen. Additional funds are also needed to preserve and upgrade existing Section 202 projects and other assisted developments that serve older persons, with a focus on retrofits to accommodate supportive services.

Another strategy is to improve and expand the Assisted Living Conversion Program. Recent research suggests that the low participation rate may be due to a “lack of knowledge on the part of providers, inadequate technical assistance, and the concern expressed by a number of providers that becoming licensed as an assisted living provider would subject them to undue regulatory oversight and liability problems.” Efforts to address these obstacles and increase program funding could help to broaden its reach.

**Providing Affordable Services**

The affordability of supportive housing is determined not only by the cost of the housing but also by the cost of the services provided. For older adults who cannot afford a private-pay system, a limited amount of public assistance is available through Medicaid Home and Community-Based Services (HCBS) waiver programs. Through these programs, some states provide funding to cover the cost of supportive services for Medicaid-eligible adults in state-licensed supportive housing. HCBS programs provide the primary source of subsidy for the services component of supportive housing. Despite increases in recent years, however, the overall share of supportive housing residents receiving Medicaid benefits through waiver programs remains relatively small.

To make supportive housing affordable for more older adults, states may wish to expand the use of HCBS waiver dollars for more supportive housing programs. Changes to federal law may also be needed to enable states to broaden the reach of available assistance, including raising the income eligibility level and allowing waiver programs to serve older adults who may not need the level of care provided in institutional facilities.

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1 In this fact sheet, the term “supportive housing” refers generally to housing built to provide supportive services for older adults on-site, which is consistent with AARP’s definition. It is important to note, however, that some practitioners exclude licensed assisted living residences when they define supportive housing because, in practice, they can have more in common with institutional than residential settings.

2 It should be noted that Section 202 is the only federally subsidized supportive housing program specifically for older adults, but many older adults live in other subsidized supportive developments.


6 While “assisted living” refers to a category of state-licensed supportive housing, some states and
practitioners also use the term “assisted living” to refer to supportive housing in general. This ambiguity can confuse consumers. (Wright, Bernadette. *An Overview of Assisted Living: 2004*. Washington, DC: AARP, 2004.)

7 Also referred to as board and care homes, group homes, boarding homes, residential care facilities, community care homes, or sheltered care facilities.


10 Ibid.


16 Administered by the U.S. Department of Housing and Urban Development, the Assisted Living Conversion Program provides funds for the owners of Section 202 and other eligible properties to convert some or all of their units into state-licensed assisted living residences. (Harahan, Mary F., Alisha Sanders, and Robyn Stone. *Creating new Long-Term Care Choices for Older Adults*. Washington, DC: American Association of Homes & Services for the Aging and the Institute for the Future of Aging Services, 2006.)

17 Between 2000 and 2005, the program helped to fund the conversion of only 2,318 units. (Stone, Robyn I., and Susan C. Reinhard. “The Place of Assisted Living in Long-Term Care and Related Service Systems.”)

18 The federal Low Income Housing Tax Credit (LIHTC) program has also been an important source of financing for new affordable homes. The economic downturn in the late 2000s resulted in a severe devaluation of the LIHTC, and the role of the tax credit in financing future affordable developments remains unclear.


20 Ibid. The Assisted Living Conversion Program received just $25 million annually in fiscal years 2008 and 2009.

21 Wright, Bernadette. *An Overview of Assisted Living: 2004*. Other public funding sources include the Medicaid Personal Care Option, the Supplemental Security Income Program, and funds available at the state level.

22 Between 2000 and 2002 alone, the number of Medicaid beneficiaries receiving services in group residential settings outside of institutional care grew by 75 percent. (Feldman, Penny H., and Joann Ahrens. *Linking Housing and Long-Term Care Services for Older Adults*. New York: Center for Home Care Policy & Research, 2005.)