

Spotlight

Affordable Supportive Housing Fills Gap for Older Adults and People with Disabilities

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Supportive housing addresses the needs of the older adults and people with disabilities, providing health and other services in a social community, while maintaining residents' independence.¹ With rising health costs, it is increasingly important to find ways to deliver services efficiently and supportive housing options are a critical part of the solution.

Between 2004 and 2018, the average cost of care in a private nursing room increased 54 percent and assisted living rose 67 percent.² However, the availability of supportive housing options for older adults is insufficient to meet demand, and *affordable* supportive housing options—that is, those at prices that low-income older adults can afford—are extremely difficult to provide given the lack of availability and substantial funding. Federally subsidized supportive housing programs are funded at levels far below what is needed to meet current and growing needs.

What Is Supportive Housing?

*Supportive housing*³ is an umbrella term for residential settings that are designed to provide

a range of onsite services while people maintain their own private living space. Housing may be temporary or permanent and can offer a wide variety of resources. Many different types of organizations are involved in supportive housing—from health care agencies to faith-based and community-based volunteer groups. Some older adults remain in their homes and rely on health and social services in the community to meet their needs. For others, supportive housing provides an alternative wherein residents can live in a community with integrated, onsite services. A key characteristic of all supportive housing is that health and other social services are provided in a residential, rather than an institutional, setting.

To learn more about AARP's efforts to bring diverse partners together to address affordability and accessibility challenges and create a new vision for housing, visit <http://www.aarp.org/futureofhousing>.



Health services are a particularly significant component of affordable supportive housing. Other services can be combined with housing to help older adults remain in their homes as they age. Meal deliveries, monitoring and emergency response, housekeeping, laundry, and recreational opportunities are among the services that can be provided in supportive housing settings; however, given the associated expenses, these services are often hard to provide in lower-cost supportive housing settings.

Affordable Supportive Housing Models

The Federal **Section 202 Supportive Housing for the Elderly Program** is the primary source of federal funding to nonprofit organizations (many of them faith-based or fraternal organizations) that supply affordable housing with supportive services for low-income seniors.⁴ Tenants' rent payments are set at an affordable level, and many developments employ service coordinators to identify and connect residents with available supports. Since the program began in 1959, it has served approximately 400,000 households. The average resident age in a Section 202 property is 79. In 2015, average annual income for residents enrolled was \$13,238.⁵

In fiscal year (FY) 2018, Congress appropriated \$678 million for the Section 202 program. This includes \$573 million for renewal of rental assistance for residents. These resources support the ongoing operation of the legacy Section 202 properties, as tenant rents are generally insufficient to cover costs. In addition, the FY 2018 funding included \$105 million for new Section 202 construction and project-based rental assistance. This allocation represents the first substantial dedication of federal resources to new construction programs since FY 2011.⁶

The **HUD-VASH** (US Department of Housing and Urban Development-VA Supportive Housing) program is a federal program administered by HUD and the Department of Veterans Affairs (VA) designed for homeless veterans, including many older veterans. HUD-VASH combines rental

assistance through HUD's Housing Choice Voucher program with case management and clinical services provided by the VA. The VA offers these services for participating veterans at VA medical centers and community-based outreach clinics.⁷ Although HUD-VASH does not specifically target seniors, the program is an important source of supportive housing for that subset of the veteran population.

Assisted living communities provide private residences for older adults and offer a level of care that can range from light "hospitality" services, such as housekeeping and laundry, to the care provided by nursing facilities. An assisted living community is a congregate residential setting that provides or coordinates personal services to minimize the need for a person to move out of his or her home; to accommodate individual residents' changing needs and preferences; to maximize residents' dignity, autonomy, privacy, independence, and safety; and to encourage family and community involvement.⁸ State licensing requirements establish the parameters within which assisted living residences operate. Regulations vary widely among states and have a significant impact on the options available.

As of 2014, there were 30,200 assisted living communities with a total of 1 million licensed beds in the United States. In general, assisted living is a costly supportive housing option. In 2018, the national median annual cost for assisted living was \$48,000,⁹ which puts this type of housing out of reach for seniors with low or fixed incomes. As individuals age and health care needs increase, so too does the cost of care.

Medicaid Support for Assisted Living

In general, Medicaid does not cover the cost of assisted living. In certain cases, Medicaid will cover the costs for eligible individuals who are residing in assisted living facilities or receiving supportive services at home or in the community. Through the **Medicaid HCBS** (Home and Community Based Services) **Waiver** program the federal government allows states to apply for waivers directing

Medicaid funds to health care and other services for eligible candidates, including low-income older adults.

Forty-four states provide some type of assistance for assisted living through a Medicaid waiver program (although the definitions of *assisted living* are not standardized across the states).¹⁰ According to the most recent data available, approximately 15 percent of assisted living residents rely on Medicaid to cover service costs.¹¹

States typically use the waiver program to support affordable assisted living. A variety of services can be offered as part of a state's HCBS program. Services can include a combination of standard health care services as well as other nonhealth services, including case management (e.g., supports and service coordination), household chores, home health aide, personal care, adult day health services, habilitation (both day and residential), and respite care. Under the HCBS waiver program, states also can offer other types

of services designed to help individuals either avoid moving into an institutional setting, such as a nursing facility, or to help transition individuals from institutional settings into their homes and community.¹²

There are many good examples of affordable housing projects that have strategically used Medicaid to pay for supportive housing services for older adults. Developed by the Cathedral Square Corporation in Vermont, the SASH (Supportive and Services at Homes) program employs an innovative approach: it uses nonprofit properties as platforms to deliver health and supportive services.¹³ Designated SASH sites include a range of nonprofit affordable housing properties funded through a variety of sources including HUD, Low Income Housing Tax Credit, US Department of Agriculture, and other sources. The SASH program has coordinated wellness nurses and a network of community-based service providers to create interdisciplinary teams that manage residents'

Case Study: Northgate II

Northgate II is an affordable housing property in Camden, New Jersey. In 1981 the project was founded by a community-based organization called Fair Share Housing Development, which partnered with the Camden Coalition in 2011. This collaboration has enabled for the expansion of successful supportive housing strategies at the property.* Approximately two-thirds of the 340 high-rise residents are over age 60, and most of the older residents also have a disability. Nearly all residents (97 percent) are African American or Hispanic. Residents have a range of services available, including wellness programs, mental health programs, meals, transportation, and social activities. Northgate II has also partnered with CARING Adult Healthcare Services, a licensed assisted living provider. The staff conducts assessments to determine the needs, potential services and care of each resident.



Residents of Northgate II, Camden, New Jersey

Photo credit: Fair Share Housing Development

* Northgate II: Providing Services to Shrink at "Hotspot." Washington DC: LeadingAge, April 2019, https://www.leadingage.org/sites/default/files/Northgate%20II%20Snapshot_o_o.pdf.

health care needs onsite. As SASH continues to evolve and improve, residents' Medicare costs have gone down. Analysis shows that the SASH program significantly lowered the growth in Medicare expenditures for the program's enrollees. For example, the annual growth of Medicare expenditures for early SASH participants, which was between \$1,756 and \$2,197, was much lower when compared to two similar groups.¹⁴

There are other innovative approaches to using Medicaid funds for affordable assisted living. One notable example of a successful approach is in New York, where the state has used a **Section 1115 Medicaid waiver** to support the construction of an affordable supportive housing development.¹⁵ Using Medicaid funds for the construction and operation of affordable supportive housing could be a model for other communities in the future.

Partnerships are critical to expanding affordable supportive housing options. Across the nation, a growing number of cross-sector partnerships between health care groups and housing developers have formed to meet the growing demand of supportive housing. Coordinating housing and supportive services for older adults can reduce Medicaid and other health care costs, but housing developers may need additional funding to build and operate new units.

Demand for Affordable Supportive Housing

Although there is a strong and growing demand for affordable supportive housing, developing and funding it can be a challenge. Most residents pay out of pocket for supportive housing, and this is not feasible for many older adults and people with disabilities who live on fixed or very low incomes. In 2018, the national median cost of assisted living was \$4,000 per month, or \$48,000 per year, for a private one-bedroom unit.¹⁶ The median cost for care in an adult foster care home is about \$26,208 annually, or \$2,184 per month, based on 7 days per week of care.¹⁷ Entry fees for continuing care retirement communities (CCRCs) can range from \$107,000 to \$427,000, and average monthly service fees can be between \$2,000 and \$4,000.¹⁸ These

costs are out of reach for many low- and moderate-income older adults.

Demand for Supportive Housing

It is clear that affordable housing for older adults is not meeting the demand. The number of residents in supportive housing (61 years+) increased on average by 9 percent a year between 2012 and 2014. According to estimates from the US Census Bureau, the number of adults who are ages 65 and older is expected to increase by 64 percent between 2016 and 2040. By comparison, the population under age 65 is expected to increase by just 7 percent during that period.¹⁹ Most older adults prefer to age in a home setting. A 2018 AARP survey showed that three out of four adults ages 50 and older wished to remain in their homes or communities as they age.²⁰

Older adults, in general, have higher homeownership rates and more wealth than younger generations; however, many older adults live in poverty or in very economically insecure situations. The median household income (including all sources of income) for a household headed by someone age 65 or older was \$43,735 in 2017 (compared with \$60,775 for all households in the United States). A little less than 10 percent of the older adult population—or more than 9 million people ages 55 or older—live in poverty across the country.²¹

A report from AARP²² further underscores the fact that many older adults who live in poverty face significant challenges. In addition to having a difficult time paying for housing, poor older adults tend to be in worse health and have more chronic and disabling health conditions than do older adults who are not poor.²³ Therefore, the need for affordable supportive housing is a critical issue.

Conclusion

A lack of affordable housing options that offer health, social, and other services to the growing population of older adults is a serious challenge. The problem is particularly acute for low-income older adults and adults with disabilities, who have very

few affordable options. Approximately 90 percent of Section 202 Supportive Housing for the Elderly properties maintain a waiting list. On average, 50 applicants are waiting for a Section 202 unit to become available.²⁴ Affordable assisted living options are very hard to find in most states because of supply and demand.

The rising costs of Medicare and Medicaid suggest that it is even more important to find ways to improve the health of older adults while making efficient use of limited health care resources. New models such as the SASH program offer promising solutions. These initiatives focus on streamlining partnerships between affordable housing developers and service providers to increase efficiency and reduce the costs of delivering supportive housing. These successful supportive housing examples are just the start of a shift toward building partnerships between nonprofits, the community, and service providers. Innovative models need to be expanded in communities throughout the country in order to meet growing demand.

The Livability Index

AARP's Livability Index: Great Neighborhoods for All Ages is an online resource that measures communities across several categories, including housing, on how well they are meeting the needs of people as they age. The tool scores any location in the United States against a set of indicators that, when combined, reflect AARP's livable communities principles.

The index includes several indicators that highlight a number of housing issues and policy solutions that contribute to community livability. To score your community, visit <http://www.aarp.org/livabilityindex>.



- 1 See "Supportive Housing: Critical to Meeting the Needs of an Aging Population", AARP, 2019.
- 2 "Cost of Care: Trends & Insights," Genworth, updated 2018, <https://www.genworth.com/aging-and-you/finances/cost-of-care/cost-of-care-trends-and-insights.html>.
- 3 In this publication, the term *supportive housing* refers to the general concept of housing developed to provide supportive services for older adults onsite. It is important to note that supportive housing in the broad sense can be used to provide support and stability for such vulnerable groups as the homelessness, residents with physical and mental disabilities, and the older population.
- 4 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.
- 5 Linda Couch, "Section 202 Supportive Housing for the Elderly," in *2017 Advocates' Guide to A Primer on Federal Affordable Housing & Community Development Programs* (Washington, DC: National Low-Income Housing Coalition, 2017).
- 6 "Congress Provides Significant Increases for Housing in FY 2018 Omnibus," *Enterprise Community Partners* (blog), March 22, 2018, <https://www.enterprisecommunity.org/blog/2018/03/fy-2018-omnibus-provides-significant-funding-increases-housing>.
- 7 US Department of Veterans Affairs, "Homeless Veterans," accessed April 2019, https://www.va.gov/homeless/hud-vash_eligibility.asp.
- 8 Stephen M. Golant and Joan Hyde, *The Assisted Living Residence: A Vision for the Future* (Baltimore, MD: Johns Hopkins University Press, 2008).
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- 14 “Evaluating the Support and Services at Home Program,” *LeadingAge* (Website), accessed April 2019, <https://www.leadingage.org/members/evaluating-support-and-services-home-program>.
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- 16 “Cost of Care Survey 2018,” Genworth, accessed April 2019, <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>.
- 17 AARP Public Policy Institute calculations using adult foster care data from “Cost of Care Survey 2018,” Genworth, accessed April 2019, <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>.
- 18 Brad Breeding, “Senior Living Pricing: Snapshot of Average Cost of Senior Living,” *my LifeSite™* (blog), February 2016, <https://www.mylifesite.net/blog/post/senior-living-pricing-snapshot-of-average-cost/>.
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- 20 Joanne Binette and Kerri Vasold, “Home and Community Preferences: A National Survey of Adults Age 18-Plus,” AARP Research, Washington, DC, August 2018, <https://doi.org/10.26419/res.00231.001>.
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