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# Affordable Housing and Supportive Services for Older Adults in Rural Communities Demonstration

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Minnesota Housing Finance Agency

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By 2030 twenty percent (20%) of the total United States population will be 65 years of age or older. The incomes of the largest segment of this population fall in the category of very low-income. The current supply of subsidized housing is insufficient to meet the demands for affordable housing. Most of the older population would prefer to remain in their community and current housing. As the population ages, the ability to engage in all activities of daily living diminishes and the need increases for supportive services in order to remain in the community. Low-income seniors cannot afford private pay community based services nor can they afford much of the unsubsidized housing with services models such as assisted living facilities.

*How does the nation meet the needs of the growing portion of the population that is elderly, is in need of some level of supportive services, is desirous of remaining in the community and is low- or moderate-income?*

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Between 2010 and 2020, the population that is 65 years of age or older is expected to grow by 36% to 55 million persons. By 2040, the projections are that there will be twice as many people age 65 or older in the United States as there were in 2010 - 88.5 million. A sizable portion of this population is low-income. Forty percent (40%) of the senior population nationally has an annual income below 50% of the area median. The income level of seniors in Minnesota mirrors the national income levels.

The majority of older Americans express a desire to remain in their own home as long as possible. Eighty-five percent (85%) of the respondents to a national survey conducted by AARP indicated they wanted to remain in their own homes. A survey of baby-boomers conducted by the Minnesota Department of Human Services in 2010 found that 80% of the respondents expected to stay in their current community for the next 10-20 years and over one-half of the respondents indicated that they want to stay in their current housing for at least 10 years more.

In some states such as Minnesota, a significant portion of the older population lives outside of the major metropolitan areas. By 2030, in nearly 60% of Minnesota counties, seniors will make up between 30% - 40% of their population. Rural areas pose additional challenges to meeting the needs of the older population. Some communities may be too small to have needed services located in the community. The lack of public transportation makes access to services more problematic for older adults living in smaller rural communities.

Federally subsidized housing provides affordable housing to about 1.3 million older adults. Nearly one-third of all of the households living in HUD assisted housing are households headed by someone 62 or older. USDA RA properties are another large source of assisted housing for the elderly populations.

Older tenants of subsidized housing report higher levels of limitations with Activities of Daily Living (ADLs) as compared to tenants in unsubsidized housing. In the 2002 American Community Survey, over half of subsidized older tenants reported limitations with activities such as walking and stairs and one-third reported limitation in shopping or doctor visits. Yet, analysis of survey data indicates that subsidized housing tenants are less likely to live in housing that offers supportive services than tenants in unsubsidized rental housing. Subsidized senior housing is half as likely to offer transportation services as compared to unsubsidized senior housing. Unsubsidized senior housing is 5 times as likely to offer housekeeping services compared to subsidized senior housing and 7 times as likely to offer personal care services as compared to subsidized senior housing. A 1999 survey of managers of Section 202 housing reported that 30% of the vacancies were due to the need to transfer to a nursing home.

Most low-and moderate-income older persons will need to rely on Medicaid to cover the costs of long-term care. Nearly one-third of older renters with low incomes report being enrolled in Medicaid or other medical assistance programs. Home and community based services (HCBS) are the preferred means of supporting long-term care needs for older adults because HBCS are less costly than institutionalized care and allow the individuals to stay in suitable home settings. Budget constraints have limited the growth of waived services causing long waiting lists. There are also gaps in the continuum of available services. In some cases the only option is to move into a more costly residential setting such as an assisted living facility or nursing home. HCBS are often available as a package of services that is not tailored to individual needs, resulting in access to a broader set of services than what is actually necessary, adding to the costs. The uncertainty about availability of services due to budget constraints creates a discouraging environment for the development of a strong system of service delivery in rural communities.

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## RECOMMENDATION

**Develop a better understanding of the most effective models for linking affordable housing with services for low-and moderate-income older adults that address the challenges faced by an aging population and are less costly than institutional care.**

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Models of affordable housing plus services for older adults should be expanded to provide a range of options that meet the variety of needs and circumstances of older adults. Because a number of model programs are already underway, findings from these models should be aggregated and additional evaluation should be undertaken to determine the effectiveness of different models. The shared goal of each of these models is to use limited resources efficiently to meet the needs of older adults, allowing them age in place with as high a quality of life as possible.

Secretary Donovan in a speech in June, 2012 noted that it is critical, in developing appropriate government responses, that we have "...stronger, more targeted information on what seniors need to

successfully age in place.” The HUD /HHS aging-in-place demonstration that connects HUD housing data with health care data compiled by HHS will provide much needed combined data to help determine which services are critical, how services need to change to be responsive to the residents’ changing physical and mental health conditions and the extent to which primary health care and chronic care management should be part of the affordable housing plus services strategy for older adults.

Several models exist for affordable housing with services for older adults. The HUD Congregate Housing Services program provides supportive services for frail elderly. No new grants have been funded since 1995. The Supportive Services Coordinator program funds staff to link residents in privately owned subsidized housing to services. Only 37% of the Section 202 projects employ service coordinators. The Assisted Living Conversion program was expanded last year to allow the conversion of federally subsidized, elderly designated properties to provide supportive services through third party licensed or certified providers. The development does not need to be a licensed assisted living provider. The Section 202 program is targeted for persons age 62 and older. Many projects have some features that help residents as they become frail. Most of the projects have community space and many have congregate dining space.

There are provider-based affordable housing plus services examples as well. The National Church Residences has a health aide from their home health agency in each of their affordable senior housing properties to assist with activities of daily living. The service is eligible for payment through the Medicaid waiver program for those residents who are eligible. A staff health care liaison nurse and a navigator help the coordinators to deal with health care needs and very complex needs. Mercy Housing has an initiative with ten Catholic health care systems to increase the supply of affordable housing by leveraging health system resources. Mercy Housing works with health care systems to provide enhanced services to contribute to the well-being and health of thousands of residents in the communities it serves. Good Samaritan Society is developing a home and community based services system that leverages the staff training and experience developed in its nursing homes.

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## RECOMMENDATION

**Support a demonstration program to further explore the effectiveness of linking older adults living in properties with project-based rental assistance located in rural communities with home and community based services funded in part through Medicaid waivers.**

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The HUD-HHS Community Living Initiative recognizes the need to break down the silos between housing agencies and service and health care agencies. For true integration of housing and services to occur there must be collaboration at all levels between the housing providers and aging services agencies. Health care and human services agencies acknowledge that “the ability of the individual to cover the cost of their housing is essential to the success of any long-term care system that is not based in institutional care.” One of the goals in HUD’s strategic plan is the utilize housing as a platform for improving quality of life. Housing is recognized as more than just a physical place.

A subgroup of the HUD-HHS Community Living Group is designing an affordable housing with services demonstration to test how housing, long-term care supports and services and medical care can be coordinated to support older adults in affordable housing to age-in-place, improve their health and avoid hospitalization and reduce healthcare expenditures. The design should include a model that:

- utilizes the existing privately-owned properties with project-based rental assistance contracts;
- makes supportive services available to the residents through a flexible Medicaid program waiver. Certain low-cost, high-impact supportive services should be made available through the waiver program to the low-income residents even if the resident is not eligible for a nursing home level of care. For residents who may be slightly above the Medicaid income and resources eligibility levels but who meet the nursing home level of care standards, the waiver should include coverage of services designed to keep those residents out of nursing homes. The services covered by the waiver should be flexible enough to be responsive to individual needs and to evolution of those needs, and must be voluntary;
- provides coordination of services and assistance in navigating the services network;
- provides funding for services that is secure enough to encourage home health care providers to commit to provide services in rural communities; and
- helps determine whether and how the characteristics of affordable housing with services differ between rural communities and metropolitan areas.

*This paper has been submitted by Mary Tingerthal, Commissioner of Minnesota Housing – a state agency that has invested more than \$10.8 billion and assisted more than 1 million households since its establishment in 1971. Tingerthal previously held senior management positions with the Housing Partnership Network, the National Equity Fund, GMAC Residential Funding and Community Reinvestment Fund and serves on the board of the National Housing Trust.*

