

ISSUE BRIEF

Housing is Healthcare for Older Adults

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BACKGROUND: Older adults are the fastest growing demographic in the country. By 2060, 1 in 3 Americans will be age 65 or over. Increases in housing and health care costs, combined with stagnant Social Security and SSI disbursements, are creating tremendous poverty among our older adult population. In California, 54 percent of adults 65 and older are living below 200 percent of the federal poverty threshold. The average age of a homeless person in California is 55, and this number is increasing - in ten years, it will be 62.

Cuts to federal and state housing programs have left few funding options for developers seeking to build affordable homes. Of those Californians who are most in need of affordable housing – meaning those who currently pay more than half their income toward rent – thirty-five percent are elderly or disabled households. As the cost of living increases and incomes remain stagnant, there has also been a decrease in the number of skilled nursing beds available to older adults and in the number of overall caregivers available to help provide in-home services. This creates a perfect storm that will lead to costly consequences for the state if it does not address these issues now.

California must recognize that the solution to caring for our rapidly growing older adult population will require our housing and healthcare regulatory bodies, providers and community organizations to work together to help provide seniors with health care and services in their homes.

Affordable Housing: Housing is generally affordable to a person if they spend no more than 30% of their household income on their rent or mortgage. For rents to be affordable to those with the lowest incomes, like many seniors living on fixed income, the housing units are often publicly subsidized. In subsidized properties, the tenant pays no more than 30 percent of their monthly income toward rent, and the subsidy covers the difference, up to the market rental value of the unit.

To create new housing that is affordable to persons with extremely low-income (30 percent of the area median income) and/or very low-income (50 percent of the area median income), two sources of funding are needed: capital funding for development and construction costs and ongoing funding to provide rental assistance for low-income tenants.

One of the biggest reasons that California has such a lack of affordable homes is because finding funding for affordable housing is harder than ever. Funding cuts to federal housing programs, like HUD's 202 Housing for the Elderly Program, began happening around the same time that California's redevelopment program

ended. All told, these reductions to state and federal housing programs have resulted in an approximately \$1.6 billion annual loss in housing funds for the state of California.

With little funding, the state has been unable to keep pace with the demand for affordable housing. Among those most in need of affordable housing are seniors. Nationally, of 3.9 million very low-income rental households aged 62 and over who were eligible for housing assistance in 2011, just 1.4 million were able to secure aid. Waitlists for affordable senior housing communities in the state are two to four years long in most places and commonly six years or longer in large urban areas.

In California, the average fair-market rent for a one-bedroom apartment is \$1,261 a month. Even a senior making the maximum social security benefit of \$2,687 a month, more than double the average social security benefit, cannot afford this.

Homelessness: With more and more older adults unable to afford housing in California, our homeless population is increasing. The median age of a person experiencing homelessness in California is 57 years old. Older adults who have experienced homelessness present chronic illnesses and geriatric conditions 15 to 20 years earlier than the general population. Not only does this significantly impact a homeless adult's quality of life, but it shortens their lifespan. It also puts a tremendous fiscal burden on Medi-Cal and hospitals, because these individuals require high-utilization of the healthcare system.

Healthcare: It is important to remember that older adults have a special set of housing needs that the Legislature must consider when drafting housing policy.

Housing *IS* healthcare, especially for older adults. The prevalence of chronic conditions and frailty increases with age. In many cases, deteriorating physical and cognitive functioning impede the ability of these seniors to live independently in the community. Without a safe, stable place to live, it is difficult for seniors to receive proper and effective preventative care and treatment for chronic conditions.

Growth in the overall and minority older adult population will place unprecedented demands on the provision of health care and aging-related services if we do not do something.

Many low-income older adults are dually eligible for Medicare and Medi-Cal. Medicare covers adults 65 and over and provides for basic health care costs including doctor visits, preventative care, hospital stays, up to 100 days of rehabilitation in a skilled nursing facility, and some home health and hospice care. Medi-Cal is administered by the state and covers low-income individuals regardless of age. It tends to pick-up where Medicare leaves off, with some limitations.

One of the biggest limitations is that neither Medicare nor Medi-Cal cover residential assisted living, meaning that typically, assisted living services are only available to those who can afford to pay out of pocket. Assisted living is an important part of the senior care continuum. At about half the cost of skilled nursing, assisted living helps older adults maintain independence while receiving the help and care they need to remain healthy and mobile.

Medi-Cal eligible individuals can receive similar care through In-Home Supportive Services (IHSS). IHSS can provide domestic services, non-medical personal care services, transportation services, paramedical services and protective supervision.

Additionally, California has a federal waiver, known as the Assisted Living Waiver, which allows Medi-Cal eligible individuals to receive residential assisted living services. However, as of October 2017, there were over 2,000 individuals on the waitlist for the program, which has only 3,744 total slots.

Seniors who are low-to-mid-income and do not qualify for Medi-Cal are commonly forced to pay out-of-pocket for in-home or residential assisted care. Too often, these individuals cannot afford this intermediate level of care and are forced to spend down their wealth to qualify for Medi-Cal and/or are prematurely placed into skilled nursing at the expense of Medicare and Medi-Cal. This is not only costly for the individuals in this situation, but it is costly to the state as it increases the strain on the Medi-Cal program and increases demand for affordable housing.

SOLUTION: Affordable housing properties linked with health and supportive services have proven to help significantly in meeting the varied needs of lower-income seniors while also helping address multiple public policy priorities.

Emerging housing with services models build on the existing infrastructure of housing, health and community service networks. Housing communities are able to provide concentrations of high-risk/high-cost individuals that are often dually eligible for Medicare and Medi-Cal, offering economies of scale to health care providers who can provide services to many people in one location. This can increase delivery efficiencies for providers and affordability for seniors.

Affordable senior housing providers are no strangers to service enriched housing - they have been doing it for decades. However, it is very difficult to create service enriched affordable senior housing in California. The single biggest reason is that there is little funding to build affordable senior housing. California is simply not producing enough affordable units to keep up with demand.

RECOMMENDATION: Support the Governor's budget request to increase the number of slots in the state's Assisted Living Waiver Program by 2,000. LeadingAge California urges additional slots be made available to meet the current waiting list and address the unmet needs in additional counties.

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