On October 20, 1999, President Clinton signed into law a measure that will usher in a new era in healthcare. The measure—Title V of PL 106-74, which appropriates funds for the Department of Housing and Urban Development (HUD) and other federal agencies for fiscal 2000—links housing for the elderly with supportive services.

This legislation was the result of a year-long effort stemming from the Clinton administration’s budget proposal for a housing security plan for the elderly, including an initiative to support the creation of a continuum of care. Although the act includes many provisions that would significantly improve supportive services and help meet the healthcare needs of low-income and frail elderly, it does not include all the provisions that were part of an omnibus bill for elderly housing (H.R. 202) that had been overwhelmingly passed by the House of Representatives the month before.

This article will:
• Highlight some of the important provisions of the legislation as passed
• Identify efforts under way to complete the authorizing legislation this year
• Make observations on the importance of these changes to faith-based organizations and others who see elderly housing as essential to a long-term care strategy to assist the elderly and their caregivers

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Increasing the Number of Service Coordinators

Service coordinators help older persons gain access to supportive services. Until recently, however, few coordinators were funded for federally assisted elderly housing facilities. The HUD FY2000 appropriation of $50 million for this purpose thus represents an important recognition of the emerging role of service coordinators in elderly housing and long-term care strategies.

Of the $50 million, more than $15 million is intended to extend existing contracts for service coordinators and for the existing congregate housing service projects (CHSP). Under CHSP, grants are provided to Section 202s and public housing facilities to hire service coordinators and pay a portion of supportive services (40 percent of costs for newer projects). Tenants pay 30 percent of their adjusted income for shelter plus 10 percent of the cost of services. In addition to those in the nation's approximately 120 CHSP facilities, service coordinators have been funded in newer Section 202 elderly housing projects using project rental subsidies (PRACs); project reserve funds; limited set-aside funds from Community Development Block Grants (CDBGs); or nonfederal funding sources, such as state housing finance agencies, local governments, or foundations, and other private entities.

Although the $50 million will enable a significant increase in the number of service coordinators, other provisions of H.R. 202 (e.g., expanding the role of the service coordinator, allowing him or her to facilitate supportive services for older persons residing in the surrounding neighborhood) were not enacted. Efforts are now under way in Congress to increase funding for coordinators, expand their role, and make it possible for facilities to routinely include the cost of coordinators in their operating budgets.

Converting Elderly Housing to Assisted Living

In housing for the elderly, the average age of residents aging in place is increasing dramatically as they try to delay or defer moving to places that provide a higher level of care and services. As people age, they tend to have increased needs for assistance with activities of daily living (ADL), such as bathing, eating, or dressing; or with instrumental activities of daily living (IADL), such as preparing meals, shopping, managing money, doing housework, and taking medications. An estimated 20 to 30 percent of people living in federally assisted housing for the elderly are at risk of moving to a

### HUD Funding for Select Housing

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<tbody>
<tr>
<td>Section 202 Elderly Housing</td>
<td>$660 million</td>
<td>$610 millionb</td>
<td>$629 million</td>
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<tr>
<td>Congregate Housing Services Program</td>
<td>$7 milliona</td>
<td>Sufficient Fundsc</td>
<td>$9.5 milliond</td>
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<td>Service Coordinators</td>
<td>$13 million</td>
<td>$50 millionc</td>
<td>$40.5 million</td>
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<tr>
<td>Assisted Living Conversion</td>
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<td>$50 million</td>
<td>$50 million</td>
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<tr>
<td>Assisted Living Production</td>
<td>0</td>
<td>0</td>
<td>$50 million</td>
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<tr>
<td>Section 8 Rent Subsidy</td>
<td>$9.6 billion</td>
<td>$10.64 billiond</td>
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a. CHSP and service coordinators amounts are totaled as a set-aside under CDBG's program for supportive services, primarily to renew expiring contracts.
b. HUD proposed in its budget request a continuum of care for the elderly with new production, assisted living modernization, and elderly housing service coordinators to be funded by the Section 202 program. As enacted, $710 million was appropriated for Section 202 with $50 million set aside for the expanded service coordinator program and $50 million for conversion of Section 202 units to assisted living.
c. The conference report directs HUD to use "sufficient funds within the CDBG program to renew all expiring service coordinator and congregate services grants . . . ."d. There is $50 million set aside under Section 202 for existing CHSP contracts and an expanded service coordinator program.
e. There is $50 million set aside under Section 202 for five-year operating subsidies linked with Section 232 FHA insurance for 1,500 new affordable assisted living units.
nursing home or a place that provides a higher level of care.

In response, some housing facilities for the elderly have begun to provide or facilitate an increased level of services or personal care that, in some states, is called "assisted living." Although it has many definitions, "assisted living" for federal purposes is a licensed facility that makes two meals a day, 24-hour oversight, and personal care available to frail elderly residents (see Box).

In the past, many federally assisted elderly housing facilities were designed primarily for "independent living." As a result, they often lack sufficient common space and other physical qualities needed to accommodate frail residents. These facilities will need to retrofit or make structural changes, including the conversion of some housing units to assisted living.

Although the HUD appropriations act authorizes "such funds as may be necessary" and extends current and future eligibility for conversion to a number of federally assisted housing programs (Sections 202, 236, and 221), actual funding was made available during FY2000 only to existing Section 202 facilities. Specifically, out of the total $710 million appropriated for the Section 202 program, $50 million was earmarked to be available as grants "for the costs of converting existing section 202 projects to assisted living facilities."

The act provides specific guidance on the use of the funds. It defines "assisted living" (as in the Section 232 mortgage insurance program), describes the types of repairs and conversion intended, defines eligible projects, and denotes the application and selection criteria. According to these guidelines, projects should:

• Provide facilities that are needed (or are expected to be needed) by the categories of elderly persons that the assisted living facility is intended to serve, with a special emphasis on very low-income elderly persons who need assistance with activities of daily living
• Demonstrate a strong commitment to promoting the autonomy and independence that an assisted living facility is intended to serve
• Provide services in such areas as meals, 24-hour staffing, and on-site healthcare

Although the funds can be used to convert select housing facilities for the elderly to assisted living, the act makes it clear that they are for physical structure use, not to pay the costs of supportive services. The act says specifically that "the Secretary (HUD) may not make a grant . . . for conversion activities unless the application contains sufficient evidence . . . of firm commitments for the funding of services to be provided in the assisted living facility, which may be provided by a third party." The act implies, but does not specify, that a primary source of the funding services will be through Medicaid waivers (see Box, p. 48).

Using Section 8 Subsidies for Assisted Living There has been a dramatic increase in the development of facilities for the elderly in recent years, particularly in the for-profit sector, which markets a wide range of facility types as "assisted living." Although many older consumers want assisted living—because it provides an attractive alternative to nursing homes—those with moderate and low incomes often cannot afford it. Costs typically range from $2,000 to $4,000 a month. To help low-income elderly people obtain affordable assisted living, the HUD FY2000 Appropriations Act says that Section 8 rental assistance may be used to pay the shelter costs of assisted living.

The act specifies that the Section 8 rent subsidy may be used either as a project-based rent subsidy or as a rent voucher for the tenant. In either case, the subsidy is only for the shelter portion of the costs, not for any charges attributed to services related to assisted living. The project-based sub-
sidy is targeted to those multifamily facilities in which one or more dwelling units have been converted to assisted living. For vouchers, the act specifies that the local public housing agency (which administers Section 8 contracts) may "make assistance payments on behalf of a family that uses an assisted living facility as a principal place of residence and that uses such supportive services made available in the facility as the agency may require (but) . . . not for any portion of the cost of residing in such facility that is attributable to services related to assisted living." Older persons having a Section 8 voucher or residing in a federally assisted elderly housing facility that has converted units to assisted living would therefore pay only 30 percent of their adjusted income for rent (this may include utilities), plus additional fees for portions of the service costs.

**Establishing a Housing-Healthcare Commission** In introducing H.R. 202, Rep. Rick Lazio, R-NY, called for the establishment of a bipartisan congressional commission that would examine the many crosscutting national policy issues affected by dramatic increases in the elderly population. Especially needed, he said, was the development of "comprehensive aging-in-place strategies that link affordable shelter with compassionate services through public-private partnership." The House banking committee, in justifying the commission's creation, said that "in a climate of limited government resources, it may be useful to bring private and governmental sectors together so that elderly capital needs . . . may be properly defined and appropriate, workable responses are developed." The HUD FY2000 Appropriations Act provides $500,000 for the establishment of the Commission on Affordable Housing and Healthcare Facility Needs in the 21st Century. The commission is to, first, provide an estimate of the future needs of seniors for affordable housing and assisted living and healthcare facilities; and, second, identify methods of encouraging private sector participation and investment in affordable housing, and other matters relating to housing the elderly (see Box, p. 48).

The commission, made up of 14 members (including two co-chairs), will be appointed by the leaders of the House and Senate banking and appropriations committees. The commission's report is due to Congress by December 31, 2001 (although a six-month extension is likely). To prepare its report, the commission will conduct hearings; collaborate with various federal, state and local agencies; mobilize resources; and solicit recommendations. CHA, AAHSA, and other organizations will collaborate through the Elderly Housing Coalition to submit a white paper with recommendations to the commission (see "Toward a National Continuum of Care," pp. 34-39).

**The Scene Shifts to the Senate** On March 17 of this year, HUD published guidelines to implement portions of the Clinton administration's Continuum of Care for the Elderly Initiative that were enacted in 1999. The next step will be for the Senate to pass a companion bill to H.R. 202. It seems likely that Senators Rick Santorum, R-PA, and John Kerry, D-MA, will jointly introduce an omnibus elderly housing bill focused primarily on those provisions of the act passed by the House that were not enacted as part of the HUD FY2000 Appropriations Act. Once the Senate has acted, a conference committee will resolve differences between the House and Senate bills. Then a compromise bill will be sent to the White House for anticipated enactment by early fall. Since this is an election year, with a number of recesses and an early adjournment scheduled, there are limited days for considering legislation beyond basic bills and the required 13 annual appropriations bills, including the VA-HUD and Independent Agencies Appropriations Act.

**GROWING OLD IN AMERICA**

In the United States, there are currently about 35 million people who are 65 or older, a number that will double by 2030. The number of those aged 85 or older will quadruple, from 3.5 million to 14 million. The following statistics help illuminate the situation of the elderly in America today:
- Twenty-five percent of people currently aged 85 or older live in nursing homes.
- Fifty percent of the noninstitutionalized elderly currently need assistance with daily activities.
- Most older persons have at least one chronic health condition. Fourteen percent (4.4 million) have difficulties with activities of daily living: bathing, dressing, eating, or getting around the house. Twenty-one percent (6.5 million) have difficulties with instrumental activities of daily living: preparing meals, going shopping, managing money, using the telephone, doing housework, or taking medication.
- Twenty-two percent of the nation's 20.8 million elderly householders are renters.
- Of the 5.3 million persons with "worst case housing" needs (i.e., those spending more than half their income on shelter), 1.5 million are elderly.
- About 1.5 million of the elderly receive some federal housing assistance. One-third of public housing residents and half of Section 8 rental assistance recipients are elderly. At present, the nation has more than 300,000 Section 202 (senior housing) units.
The proposed funding for the elderly continuum-of-care initiative is $779 million, a $69 million increase over last year. This includes $629 million for Section 202 development, including proposed increased flexibility to leverage Section 202 funds with other financing (such as low-income housing tax credits).

The proposed budget includes three set-asides with Section 202 funds:

- Service Coordinators Fifty million dollars would be used, first, to expand the service coor-

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**MEDICAID AS A FINANCING SOURCE FOR ASSISTED LIVING SERVICES**

States use Medicaid in one of three ways to pay for services in assisted living, residential care, or personal care homes:
- Medicaid state plan
- Home and community-based services (HCBS) waiver
- Section 1115 waiver

Medicaid does not cover the cost of room and board except in nursing homes and hospitals.

**Medicaid State Plan** States describe in their plans the range of services, including home health and personal care, to which eligible recipients are entitled. Six states (Arkansas, Maine, Massachusetts, Missouri, New York and North Carolina) provide reimbursement for assisted living/residential care under state plans.

**HCBS Waiver** A state can also apply to the federal government for an HCBS waiver (Section 1915(c)) to extend Medicaid services not covered under the state plan to specific groups of persons, such as the elderly. With approval from the Health Care Financing Administration (HCFA), a state creates its own package of home and community-based services for people who would otherwise be in an institution without the provision of the "waivered" services.

To be eligible to receive services under a Medicaid HCBS waiver, the person must be:
- Sixty-five years of age or older
- Certified as needing the level of care provided in a nursing home
- Within the income eligibility criteria set by the state; this may be as much as 300 percent of the Supplemental Security Income requirement. Twenty-nine states use HCBS waivers to fund assisted living, residential care, personal care homes, foster care and/or adult homes. Those states are Alaska, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Dakota, Oregon, Rhode Island, South Dakota, Texas, Vermont (model waiver), Virginia, Washington, and Wisconsin.

**Section 1115** A state can also apply to HCFA to implement major reforms to the state's Medicaid program under Section 1115. Arizona uses its 1115 managed care waiver to fund assisted living. (Adapted from an AAHSA assisted living fact sheet, which can be found at www.ahsha.org.)

**The Commission on Housing and Healthcare**

HUD's Commission on Affordable Housing and Healthcare Facility Needs in the 21st Century will:
- Compile and interpret information regarding the expected increase in the population of persons 62 years of age or older, particularly information regarding distribution of income levels, homeownership and home equity rates, and the degree or extent of health and independence of living
- Provide an estimate of the future needs of seniors for affordable housing and assisted living and healthcare facilities
- Provide a comparison of the estimate of such future needs with an estimate of the housing and facilities expected to be provided under existing public programs; and identify possible actions or initiatives that may assist in providing affordable housing and assisted living and healthcare facilities to meet such expected needs
- Identify and analyze methods of encouraging increased private sector participation, investment, and capital formation in affordable housing and assisted living and healthcare facilities for seniors through partnerships between public and private entities and other creative strategies
- Analyze the costs and benefits of comprehensive aging-in-place strategies, taking into consideration physical and mental well-being and the importance of coordination between shelter and supportive services
- Identify and analyze methods of promoting a more comprehensive approach to dealing with housing and supportive service issues involved in aging and the multiple governmental agencies involved in such issues, including HUD and HHS
- Examine how to establish intergenerational learning and care centers and living arrangements, in particular to facilitate appropriate environments for families consisting only of children and grandparents or grandparents who are the heads of the household. (Adapted from Section 525 (b) of HUD FY2000 Appropriations.)
A quiet revolution, bringing dramatic changes, is taking place in elderly housing and long-term care.

The Role of Faith-Based Organizations
A quiet revolution, bringing dramatic changes, is taking place in elderly housing and long-term care. As noted in a *Time* cover article, some of these changes are responses to a dramatic increase in the elderly population—particularly those people, aged 85 or older, who are likely to require increased level of services as they grow older.\(^6\)

Aging baby-boomers, awakening to their emerging role as caregivers of their elders and trying to prepare for their own retirement, seek new living arrangements as well. And program administrators and public policy makers—concerned about critical shortages of affordable housing, on one hand, and escalating healthcare and long-term care costs, on the other—are also responding to the “graying of America.”

Ironically, it was concern about proposed cuts and block-granting of the highly successful Section 202 elderly housing program that led Congress several years ago to require from HUD, first, a study of the state of elderly housing and, following that, a comprehensive housing security plan for the elderly.\(^6\) The report documented several elderly housing requirements, including:

- Adequacy of physical structure
- Affordability (1.5 million of the elderly have “worst case” housing needs, i.e., paying more than 50 percent of their income on shelter)
- Accessibility (i.e., housing appropriate for the physical limitations of the elderly)
- Appropriateness (i.e., housing that meets the special service needs of elderly people aging-in-place).

Many of the recommendations of the HUD study were incorporated into the administration’s FY2000 budget, including the Continuum of Care for the Elderly Initiative. Under this initiative, the administration is seeking to expand the types of housing options available for older Americans, including affordable assisted living. Much of the Continuum of Care initiative became part of H.R. 202, some of which was enacted as part of the HUD FY2000 Appropriations Act.

Key to the Continuum of Care initiative is effectively linking housing, supportive services, and healthcare. It is essential to develop effective collaboration between the various public and private agencies involved with housing, services, and healthcare at federal, state, and local levels. As HUD Secretary Andrew Cuomo wrote in a recent letter announcing the Continuum of Care initiative to Donna Shalala, secretary of the Department of Health and Human Services (HHS): “For the first time in HUD’s history, a formal linking of housing and services for our frail elderly has been stated unequivocally.”\(^10\) But, he added, “for such a continuum to truly be established, we need the active involvement of the Department of Health and Human Services, particularly the Health Care Financing Administration and the Administration on Aging.”
For CHA, AAHSA, and other organizations seeking a holistic approach to the well-being of the elderly, there are tremendous opportunities in the Continuum of Care initiative. At the national level, effective collaboration between HUD, HHS, and other agencies will be necessary to develop integrated policies and forge partnerships. At the state level, such partnerships will in turn result in shared incentives to develop cost-effective strategies to reduce healthcare and long-term care costs through alternatives to institutional care. However, it is ultimately at the local level that these programs must come together to meet the needs of older persons.

One approach to promoting collaboration among a host of local public and private housing, services, and healthcare organizations is co-location (see Box, p. 49). In one example of this approach, a multiservice senior center—which may be operated by either local government or a private organization—is located next to senior housing (e.g., a Section 202 facility sponsored by a faith-based organization). The senior center could provide space (either rented, donated, or sold as a condominium) to various community agencies (e.g., a healthcare clinic, child or adult day care site, or a nutrition site funded by the Older American Act), which would then provide services both to residents in the senior housing and to older persons in the surrounding neighborhood.

In a similar way, an assisted living or nursing facility could be co-located near—or perhaps adjacent to, or even as a wing of—a housing facility or senior center. In a co-located situation, funding, staffing, licensing, and other administrative duties would be the responsibility of the respective organizations. Although they would remain separate, these organizations would share space and administrative costs. And they would all benefit from being able to reach large numbers of older persons. A number of communities are beginning to develop this modular way of co-locating senior housing with senior centers as an approach to working toward an affordable continuum of care for the elderly.

The members of CHA, AAHSA, and related organizations have long recognized the critical role that housing plays as part of a place-based strategy for addressing the supportive services and healthcare needs of frail elderly. Although such groups have shown creative leadership in developing exemplary models for integrating affordable housing with a wide range of supportive services and healthcare, their attempts to develop and replicate those models have been thwarted by the fragmentation of the existing administrative system. But now, with the establishment of the Commission on Affordable Housing and Healthcare Facility Needs in the 21st Century, there is a timely forum in which participants can identify barriers in existing national policies and programs and recommend changes to foster an affordable continuum of care.

In discussing the commission and the emerging role of elderly housing in healthcare and long-term care strategies, Lazio has said, “It is important to recognize that housing is an integral part of our solution to problems of how to effectively provide long-term care in residential settings; in fact, it is the ‘where’ in long-term care. Furthermore, integration of supportive services in this setting is the key to prolonged wellness and, therefore, the ultimate cost-effectiveness of senior housing programs.” The housing legislation enacted last year will usher in a new era of supportive services linked with elderly housing. CHA and other faith-based organizations have an opportunity—indeed they have a responsibility—to play an active role in these dynamic changes.

One approach to promoting collaboration among a host of local public and private housing, services, and healthcare organizations is co-location.

NOTES
1. Section 8 is a federal program that gives monthly rental assistance to low-income individuals.
2. An elderly person “aging in place” is one living in the least restrictive environment consonant with his or her limitations.
3. Section 202 is a federal program providing supportive housing for the elderly.
6. The Elderly Housing Coalition, to which CHA and AAHSA belong, is made up of national organizations, agencies, and individuals working together to influence federal policies concerning affordable housing for the elderly. For more information, contact the Elderly Housing Coalition, c/o AAHSA, 901 E Street, NW, Suite 500, Washington, DC, 20004.
10. Andrew Cuomo to Donna Shalala, October 8, 1999.
11. Cuomo to Shalala.