

# COMBINING HEALTH CARE AND HOUSING

*A Hospital Partners with Mercy Housing Midwest to Construct Apartments for the Local Low-Income Elderly*

BY MARK TOZZIO

St. John's Regional Medical Center, a 367-bed hospital offering comprehensive tertiary acute care services in Joplin, MO, is pursuing innovative approaches in order to create healthier communities throughout its service area, with a focus on enhancing the well-being of the area's older residents. One approach involves increasing the availability of affordable high-quality housing that also offers support services designed to meet the special needs of the low-income elderly.

St. John's leaders believe that, rather than placing older people in nursing homes, it is less costly for society and more beneficial for the older people themselves to house them in independent-living facilities equipped with the supportive mechanisms that result in fewer injuries and hospital readmissions.

Unlike most hospitals in the Midwest, St. John's has for many years been providing care for a population that includes a large proportion of people 65 years old or older. The average number of the hospital's Medicare inpatients has been nearly 60 percent, compared with 36 percent for the average Missouri hospital. Projections for the next 20 years show both a rapid growth in the number of older people in St. John's service area (19 counties in Missouri, Arkansas, Oklahoma, and Kansas) and rising costs in health care services for the elderly. St. John's senior housing program is a response to these problems.

The program, which began as a vision of the hospital's board of directors (and has now been adopted as part of the facility's long-range strategic plan), involves the development of housing units for independent elderly people in Joplin. The project will be called Mercy Village at John's. For it, the hospital is providing approximately four acres of undeveloped, wooded, park-like land lying on the northeast edge of the hospi-

tal's campus. To establish the program, the hospital is making the land available at a 50 percent discount from the property's market value.

Targeted for the Mercy Village community are lower-income (earning less than \$14,150 annually) elderly people (older than 65) who live in Joplin's primary trade area. The community will consist of 66 one-bedroom apartments, all within a single three-story building equipped with elevators. Each apartment, approximately 580 square feet in size, will have a living room, dining area, kitchen, bedroom, and full bath. The building itself will have a conference/meeting room, a communal dining/multipurpose room, a laundry area, office space for caregivers and providers, and a "therapeutic garden" in which residents can grow flowers and vegetables year-round.

Mercy Village's planned support services and amenities will include a resident manager, case coordinator, meals-on-wheels, housekeeping assistance, companionship, wellness activities, computer/business resources, social services, security personnel, and access to public transportation to stores and medical facilities.

Rent will not exceed 30 percent of a resident's income (with a maximum of \$404). Each resident will be credited with a \$75 subsidy on his or her monthly utility payments. St. John's leaders believe that service-enriched, affordable housing for seniors can be a critical component of the continuum of care for any aging population.

## PRELIMINARY STUDIES

St. John's leaders realized that, to implement an effective affordable housing program, they must form a partnership with a not-for-profit housing organization capable of developing and managing a facility subsidized under the guidelines of the Section 202 program of the U.S. Department of Housing and Urban Development (HUD). In



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Mike Pence, president of St. John's board of directors, recently met with representatives of the administrative staff and officials from Mercy Housing Midwest to discuss plans to build apartments for senior citizens on the northwest section of the St. John's campus.

August 2000, the hospital invited Mercy Housing Midwest, Omaha (see Box, p. 33), to cosponsor the housing program.

Mercy Housing Midwest conducted a preliminary assessment of need for senior housing, determining that there was sufficient indication of such need for the partners to move forward with a full-blown feasibility study concerning the appropriate scope of the program and possible funding options. In early 2001, St. John's board approved the contribution of \$30,000 to help Mercy Housing Midwest conduct the study.

As part of the initial needs analysis, Mercy Housing Midwest conducted extensive interviews with local providers, social agencies, and Joplin officials. The agency also commissioned a comprehensive quantitative analysis and "market feasibility and needs assessment study"; Gilat Planning & Research, an Omaha firm, conducted this study in May 2001, updating it a year later.

Officials of the Joplin Housing Authority were initially reluctant to endorse the proposed project because they did not see a need for it. (The authority had a short waiting list for low-income housing, its officials noted.) They also expressed concern that residents of city housing might leave there to move into Mercy Village. Joplin officials expressed fears that the Mercy Village project might have a negative financial impact on a project of the city's own—the rehabilitation of a historic downtown building for use as shops and

senior-citizen housing—in Joplin.

Nevertheless, in early May 2001 the hospital announced the launching of its proposed housing program. To involve the public in the program, St. John's board held a meeting with Joplin officials and a cross-section of community leaders to review and discuss the findings of Gilat's study, the first comprehensive quantitative assessment of the need for senior-citizen housing to be conducted in the Joplin area.

The study showed that:

- St. John's primary market area had had a 13.6 percent increase in population over the previous decade.

- The elderly (65 and older) portion of the population had grown by 4 percent. Most of this increase was estimated to be among people 75 and older.

- About 30 percent of the area's households were occupied by people 65 and older. More than 45 percent of these households consisted of single women.

- The area contained 867 rental units available for the elderly, with virtually no vacancies.

- The area had no elderly housing project similar to Mercy Village.

- The area contained 2,843 households that met the requirements of HUD's age and income guidelines.

- In the area, some 210 elderly homeowners and 130 elderly renters were estimated to be experiencing housing-cost "overburden" (i.e., mortgage or rent payments exceed 30 percent of annual income).

- By 2005, it was estimated, the area would need an additional 124 housing units for qualified elderly people.

The study's authors also noted that:

- Housing occupied by the elderly generally tends to be older than other housing and more in need of high-cost maintenance.

- Elderly renter households have a higher rate of cost overburden than nonelderly renter households do.

- The elderly are often poor in comparison to the rest of the population and they tend to get poorer still as they grow older.

In another study, St. John's collaborated with the Area Agency on Aging, Region X, Joplin, to survey the elderly of the region concerning their housing and related needs. According to this study:

- Nearly 70 percent of respondents said that the area had insufficient affordable rental housing and subsidized/assisted housing in general, as

well as insufficient senior community housing for the elderly in particular.

- More than 90 percent said they would like to see more government-subsidized housing, especially Section 202 housing, which requires the householder to pay no more than 30 percent of his or her annual income for it. Respondents also said they would like to see more rental housing alternatives, including assisted living units, and more units adapted for disabled people.

### SECTION 202 HOUSING

The Section 202 Supportive Housing for the Elderly program is the only federally funded program specifically intended to address the housing needs of lower-income elderly. Enacted in 1959 and administered by HUD, the program sponsors some 5,000 facilities containing more than 500,000 residential units.<sup>1</sup>

The supportive services in such facilities include coordinators who link residents with the community's social and health care services, thereby helping them to deal with the challenges associated with "aging in place." The typical Section 202 resident is a single woman in her mid-70s possessing an annual income of less than \$10,000 a year. HUD estimates that the number of elderly people with what it calls "worst-case" housing needs grew by 8 percent between 1991 and 1997.<sup>2</sup> (The situation is especially acute for people older than 75.) Each Section 202 unit that became available in 1999 had nine applicants, the study found. Most experts believe that the demand for affordable independent housing for the elderly will grow exponentially as the "baby-boom" generation (those born between 1946 and 1964) reaches retirement age and people increasingly live into their 80s and 90s.

### BUILDING COMMUNITY SUPPORT

Having determined that the Joplin area did in fact need high-quality housing for the lower-income elderly, St. John's and Mercy Housing Midwest launched a six-month public relations campaign in support of Mercy Village. The partners wrote hundreds of letters to area community and business leaders; federal, state, and local government officials; and senior citizen groups and potential Mercy Village residents. In a variety of meetings, the partners explained the project and solicited suggestions for it.

St. John's, besides providing the land for the project, also committed to spend \$450,000 to construct a street linking it to the surrounding neighborhood. Various hospital departments have promised free or

discounted services—monthly medication checks, depression screening, physical fitness training, and use of medical library resources, among others—to Mercy Village residents.

Joplin's officials have agreed to install the project's sewer connection at no cost to Mercy Village. Local utility providers have said they will provide project residents with free utility hookups. A broad range of area organizations—including colleges, churches, fitness groups, banks, the YMCA, transportation services, grocery stores, and pharmacies—have offered to do what they can to improve the quality of life of Mercy Village's prospective residents.

Approximately \$1.2 million in contributions and in-kind support (conditional on HUD's approval of the funding application) has been pledged to the Mercy Village project.

## ST. JOHN'S REGIONAL MEDICAL CENTER AND MERCY HOUSING MIDWEST

St. John's Regional Medical Center was founded by the Sisters of Mercy, Omaha Province, 106 years ago. Since then, the hospital, a not-for-profit Catholic institution, has grown to comprise 367 general acute care beds, with a smaller, 25-bed, critical-access hospital in Columbus, KS. St. John's is today part of Catholic Health Initiatives, Denver, a multi-level health care system with 63 hospitals in 19 states.

St. John's is the largest, most comprehensive and most highly respected provider of general and specialized care services in a four-state region with a population of over 650,000. The hospital, which has remained committed to the care of its senior citizen population for more than a century, has established centers of excellence in cardiac care, cancer care, and orthopedic, neuroscience, and emergency/trauma services. As part of its mission, St. John's and its employees contribute more than \$17.5 million annually in community-benefit and free services to the region in a variety of "healthier community" initiatives and charitable care.

Mercy Housing Midwest, Omaha, NE, is part of Mercy Housing System, which was founded by the Sisters of Mercy in 1981. Mercy Housing System has developed more than 6,100 new units of affordable housing for more than 20,000 residents in 19 states. In Kansas City, Mercy Housing Midwest manages 128 units, housing more than 300 residents. Mercy Housing Systems also operates a professional management company that oversees the operations of housing facilities across the nation.

St. John's and Mercy Housing share a common faith and mission—they are committed to creating and strengthening healthy communities through quality and affordable services (health and housing) to those in need, regardless of background or ability to pay.

—Mark G. Tozzio

Partly as a result of this growing community support, the Joplin Housing Authority, which was originally opposed to the Mercy Village project, has since come out in favor of it. In a recent letter, the authority said:

The Housing Authority of the City of Joplin is providing this letter of support on behalf of those older persons of the Joplin area who would benefit from the Section 202 project proposed by Mercy Housing Midwest. The future tenants of the project to be located on the campus of St. John's Regional Medical Center shall benefit from services that will be available [through the hospital] as well as [through] other providers of services located throughout the community. . . . The efforts put forth by Mercy Housing Midwest and St. John's Regional Medical Center to involve all aspects of the community in the development of the Section 202 project [are] to be commended.<sup>3</sup>

**SEEKING HELP FROM HUD**

Mercy Housing Midwest and St. John's, backed by their research, applied to HUD this June for the financing of 66 Section 202 units, the maximum number allowable in the region. The partners proposed to construct a 52,800-square-foot, three-story apartment building whose cost was estimated to be \$4,578,800, or just over \$69,376 per unit.

This construction budget is in line with HUD guidelines and with the cost parameters of other high-quality Section 202 programs of similar scope. HUD is expected to make its decision by November. If approved, Mercy Village will be available for occupancy in the spring of 2004.

**TOWARD A HEALTHIER COMMUNITY**

When the baby-boomer generation peaks in 2030, more than 20 percent of the U.S. population will be older than 65. (At present, 12.7 percent of the nation's population and 13.6 percent of Missouri's are currently older than 65.<sup>4</sup>) In some rural counties in St. John's service area, as much as 24 percent—nearly a quarter—of the population is older than 65 now.

With advances in technology, pharmacology, and preventive health care increasing life expectancy for the very old (75 and older), St. John's leaders expect the acuity of patients in the hospital to rise sharply in the next 30 years. At the same time, inpatient length-of-stay will continue to drop and more of the hospital's care will shift to outpatient settings, including home- and self-care programs. St. John's leaders anticipate that the enhancement of community-based initiatives, such as the Section 202 housing program, will replace the traditional "sick care" model with a collaborative "health care" model, including a greater range of wellness and preventive services in partnership with other organizations, such as Mercy Housing Midwest.

By adding independent housing with built-in supportive services to the continuum of care, St. John's believes that it can both promote healthier communities and help mitigate the cost of health care for the lower-income elderly. The hospital's leaders believe that the partnership between St. John's and Mercy Housing Midwest is a workable model that other health care organizations might consider as part of their long-range strategic planning processes. □

*For additional information on the Mercy Village project, call Mark G. Tozzio at 417-625-2216 or Tom Rice, director of property development, Mercy Housing Midwest, at 402-398-6614.*

**CRITICAL FACTORS IN SENIOR HOUSING**

For independent senior living to be of high quality, it must address several critical factors. Such housing must offer:

- Easy accessibility (including appropriate support for the physically handicapped) both inside and outside the apartments
- Security (most residents will be single women in their 70s)
- Medical care (including emergency care) within a reasonably close proximity
- Transportation to grocery stores, pharmacies, shops, and recreational facilities

*Mark G. Tozzio*

**NOTES**

1. Public Policy Institute, *Section 202 Supportive Housing for the Elderly: Fact Sheet 65R*, American Association of Retired Persons, Washington, DC, 2001.
2. U.S. Department of Housing and Urban Development, *Rental Housing Assistance: The Worsening Crisis*, Rockville, MD, 2000.
3. Jack Golden, executive director, and Helen Chickering, chairperson, Housing Authority of the City of Joplin, letter of February 18, 2002.
4. Administration on Aging, *A Profile of Older Americans*, U.S. Department of Health And Human Services, Washington, DC, 2000, pp. 3, 8.