Housing for Low-Income Elderly

In the late 1980s, as part of a strategic commitment to develop services for the elderly, Ancilla Systems, Hobart, IN, decided to devote resources and personnel to develop senior housing. The commitment demanded that the system realistically assess what it could do in this area and the risks it would be willing to take.

Monica Sofranko, Ancilla's vice president of older adult and support services, says the system initially looked at market rate housing such as retirement centers with full-service housekeeping. "But we concluded there was too much risk in that kind of market," she notes, "especially for an organization taking its first step in housing." Ancilla eventually decided a more realistic approach would be to apply for funding under the Department of Housing and Urban Development (HUD) 202 program, which supports housing construction for the elderly and the disabled.

In October 1991 construction began on Ancilla's first such project—the Linden House at St. Elizabeth's Hospital, which will be only the second HUD residence for seniors built in the area in the past 20 years.

Committing to the process of applying for funding did involve some risks, according to Sofranko. "The housing sponsor is responsible for all costs incurred up until the point HUD approves and the deal is closed," she says. "At that time, HUD reimburses for 'allowable costs' such as architect's fees, land surveys, and soil tests." In some cases, a sponsor's costs will exceed HUD reimbursement, Sofranko adds. To keep such costs down, it is important to assemble a team of professionals experienced with HUD contracts before beginning the process.

Sofranko anticipates that the Linden House will be ready to accept residents some time in November 1992. Ancilla leaders anticipate that the Linden House will be ready to accept residents some time in November 1992.
permits, which in Chicago can often be a painfully slow process.

Two factors made HUD receptive to the proposal, Sofranko says. One was the community's obvious need for such a structure; the other was Ancilla's ability to ensure the Linden House tenants will receive services that allow them to "age in place." Residents will have access to Ancilla Home Health, a Medicare-certified agency that provides nursing, therapy, and medical social services. "There will also be a part-time case manager/social worker who will identify residents' needs," Sofranko says. "That person will be their link to St. Elizabeth's for services like health education programs and blood pressure screenings."

The hospital is also a site for home-delivered and congregate meals paid for by the state and the city, and it will make its food service available to the Linden House residents. In addition, a downstairs community room at the residence is large enough to be a congregate meal site, should the area agency on aging designate it as such.

Although HUD did not explicitly require proof of such support services when Ancilla applied for funding, it does so now. And Sofranko finds this encouraging. "To me, the new HUD requirement for a supportive services plan means that a government entity is focusing on many of the same issues that we've been occupied with over the years. It suggests that those shaping a healthcare reform policy might focus on them as well."

As federal funds grow more scarce, however, organizations applying for HUD allocations can anticipate a tedious, frustrating process, Sofranko warns. In July, Ancilla completed its third application for funding for a structure in Gary, IN. "Anyone looking to begin this process should be prepared for a four- to five-year wait from the first application you submit until you have a building ready to occupy," she says. In Indiana last year nine dollars were requested for every dollar funded.

Despite these difficulties, Sofranko believes healthcare systems are well positioned to secure HUD 202 funding. "With HUD requiring plans for supportive services, healthcare providers should be ahead of the curve in receiving allocations," she says. But she adds that a system must be prepared to dedicate the resources its takes to get into this field. "Housing is a separate area of expertise," Sofranko says, "and those working with HUD must master a whole new set of regulations that have nothing to do with healthcare."

AIDS: HOW IT'S CHANGED US

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