Center for Home Care Policy & Research

P O L I C Y   B R I E F

Homes of Choice: Towards More Effective Linkages Between Housing and Services

Housing—especially when viewed in combination with the availability of long-term care services—is an important issue for older adults. This policy brief summarizes recent research on the potential of service-enriched housing, as well as the barriers that impede its development. Strategies to expand and improve service-enriched housing are analyzed along with the barriers and trade-offs that states may face.

AUTHOR'S NOTE: The content of this brief is based on Pynoos, J., Liebig, P., Alley, D., & Nishita, C.M. (2004). *Homes of choice: Towards more effective linkages between housing and services* (Conference Paper). New York: The Center for Home Care Policy & Research, Visiting Nurse Service of New York.[1]

Introduction

Housing is often unrecognized as a component of long-term care, yet most older adults prefer to live in their own homes or in "home-like" settings. Unfortunately, the lack of affordable alternative housing arrangements that include health care and/or other services is a significant and growing problem for our aging population. State policymakers are increasingly aware of this vital link between housing and community-based care, but the availability of affordable service-enriched housing for older adults is still limited.
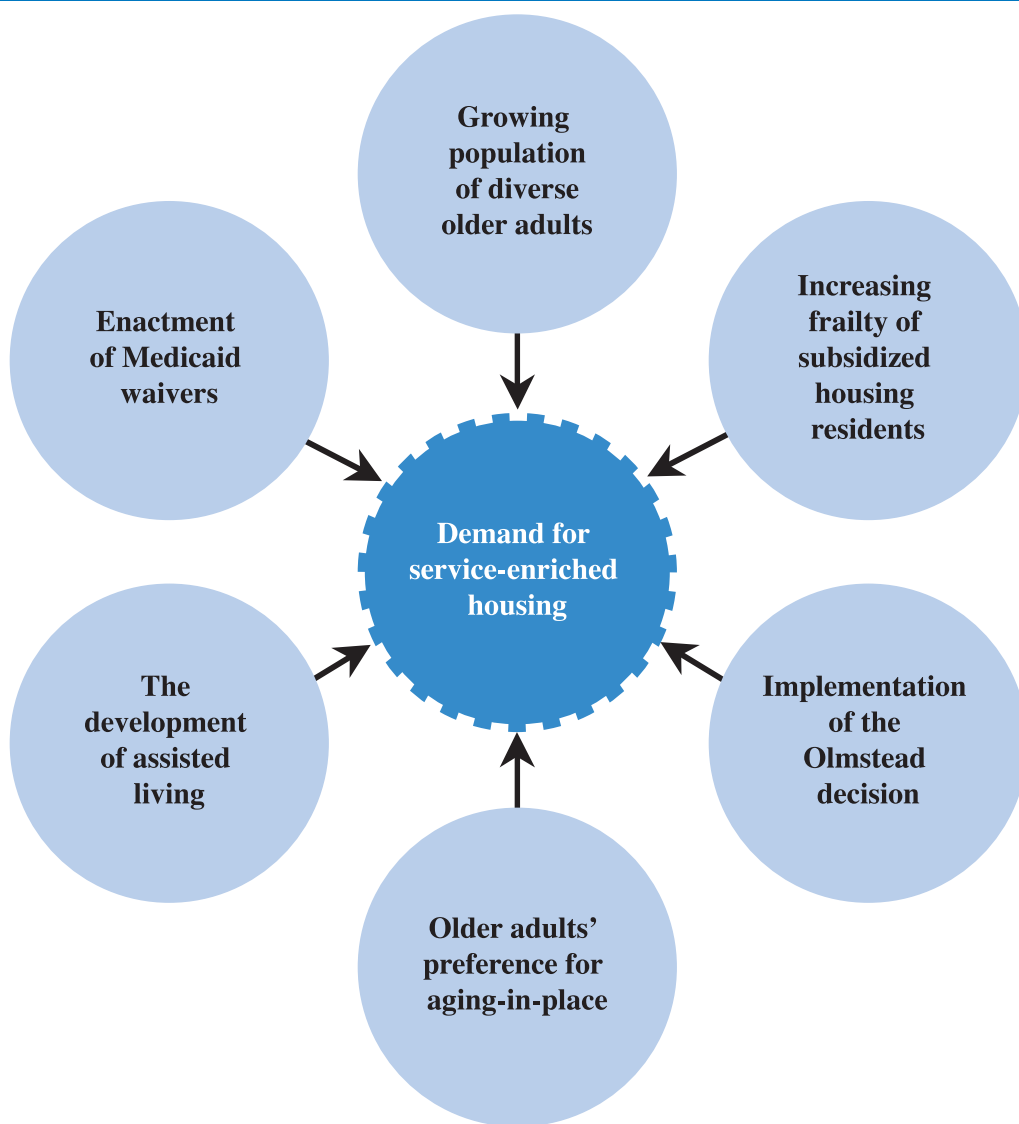
This brief summarizes recent research and experience (Pynoos, Liebig, Alley, & Nishita, 2004) to describe how states can respond to and capitalize on emerging forces that necessitate the expansion of service-enriched housing to meet the long-term needs of older adults.

> "Available research demonstrates that service-enriched housing promotes resident satisfaction, successfully provides services to frail populations, and supports aging-in-place" (Pynoos et al., 2004, p.1).

Figure 1. Emerging Forces

Growing population of diverse older adults

Enactment of Medicaid waivers

Increasing frailty of subsidized housing residents

Demand for service-enriched housing

The development of assisted living

Implementation of the Olmstead decision

Older adults' preference for aging-in-place

Source: Pynoos et al., 2004.

What is service-enriched housing?

One of the first issues encountered in this field is nomenclature. There are numerous housing and service options for older adults, some of which are very similar, but are referred to by different names (e.g., supportive housing, senior housing, assisted living). In this brief, "service-enriched housing" will be used as defined by Pynoos et al. (2004): "living arrangements that provide health and/or social services in an accessible, supportive environment" (p.1).

Why should states invest in service-enriched housing?

The reasons that service-enriched housing is attractive to older adults in need of housing and services are straightforward. The additional distinctions that Pynoos et al. (2004) make are that

> **Service-enriched housing = living arrangements that provide health and/or social services in an accessible, supportive environment.**

service-enriched housing is an attractive option for states because it:

- Provides alternatives to costly institutionalization

- Helps housing sponsors create more successful tenancies by increasing resident satisfaction and decreasing resident turnover

- Enables local service providers to deliver services more efficiently

- Benefits residents, who can retain their independence longer in settings of their choice

- Eases residents' transitions from one setting to another

These advantages were found by researchers in both low intensity programs (e.g., only service coordination) as well as higher intensity programs (e.g., assisted living). All programs have the potential to save money as a result of the economies of scale associated with older persons living together.

What are the barriers to creating service-enriched housing?

The barriers to creating affordable, accessible service-enriched housing are formidable. They can be grouped into three main categories:

1) **Organizational**: The primary organizational barrier is the large number of both government agencies and other public and private organizations involved. Although all play a vital role, no one entity has primary responsibility for service-enriched housing. The lack of ownership–combined with different agency incentives, resources, histories, and modes of operations–presents barriers to players working together to achieve a common goal. In addition, housing and service agencies act in very different ways.

2) **Financial**: Finding resources for service-enriched housing is complex. Not only are limited resources available, but they are often difficult to identify and obtain as they come from a variety of sources with different eligibility requirements. In housing, there is an added barrier in that older adults are often competing with young families for funding.

3) **Regulatory**: Regulations for housing and services are complex. They also vary by state. The differences often result in delays and conflicting requirements (e.g., "licensure cannot be obtained until a facility is operational, but failure to obtain a state license may result in the denial of federal funds," Pynoos et al., 2004, p.2).

What strategies will help states overcome these barriers?

Strategic planning can help ensure that the long-term goal of incorporating service-enriched housing into state housing and LTC plans becomes a reality. Strategic planning can provide the mechanism to create task forces that address specific needs and problems as well as demonstration programs. The inclusion of older adults in the planning process can be one of the key indicators of success.

Another essential organizational strategy is the need to *efficiently broker resources*. This includes determining the best uses for existing resources and aggressively identifying new funding sources. A critical role for states is acting as a broker for local communities by identifying new funding and providing technical assistance to obtain those funds.

The ability to *work with both housing sponsors and service providers* is crucial. States need to act as partners and not adversaries with both service and housing groups in order to ensure success in creating quality service-enriched housing options.

> **"States must determine how best to capitalize on available resources, including federal, state, and local funding, foundation grants, and private sources" (Pynoos et al., 2004, p.3).**

In addition to these broad strategies, Pynoos et al. (2004) described more specific strategies that address–either separately or in combination–the availability of supportive services, the physical environment of service-enriched housing, and the affordability of the housing and/or service components (see Table 1). Each strategy requires a different level of investment, and states must decide which strategies will best use their resources to meet specific needs.

Potential Sources of Financing

Housing:
- Affordable Housing Trust Funds
- Community Development Block Grant Program
- Home Investment Partnership Program
- HUD Section 202 Program for Non-Profit Housing Sponsors
- Low-Income Housing Tax Credit Program
- Mortgage Revenue Bonds and 501(C)(3) Tax Exempt Bonds
- Public and Subsidized Housing
- Section 8 Certificates/Vouchers

Service:
- Medicaid
- Medicaid Waivers
- Medicare
- Older Americans Act
- Service Coordination
- Social Services Block Grants

Where should states go from here?

After considering all of the issues around housing and LTC, states need to make a number of trade-off decisions that balance the needs of the various stakeholders. Three examples of such decisions that states face include:

1) <u>Should states license AL as a building or as a service package</u>? This question involves balancing safety with autonomy, costs with quality, and medical versus social approaches. Currently, some states license the facilities while others license the service providers. **Answer: The goal may best be achieved through licensing the facility and services together.**

2) <u>Should states use strict eligibility criteria or more general targeting</u>? This question involves balancing beneficiary preferences

Two Key Characteristics of Assisted Living

1) **A philosophy that emphasizes resident dignity, autonomy, and choice; and**

2) **The availability of services to meet scheduled and unscheduled needs 24 hours a day.**

(Hawes, 1999)

and budgetary limitations to develop appropriate targeting techniques. **Answer: Expanding eligibility criteria may allow states to provide services to a larger number of people and make service delivery more efficient.**

3) <u>Should states build new service-enriched housing or preserve/transform existing housing</u>? Older people aging in place in subsidized housing can benefit from immediate retrofitting and service linkages, but much of the existing housing may be too expensive to retrofit and inappropriate for persons with

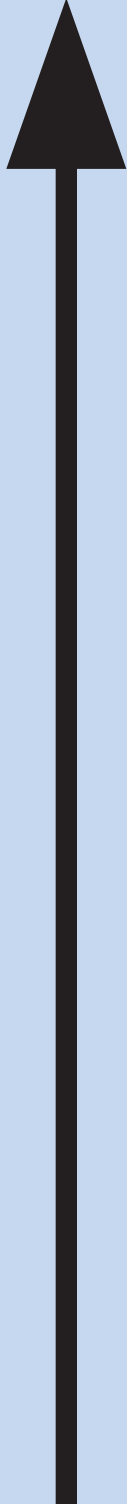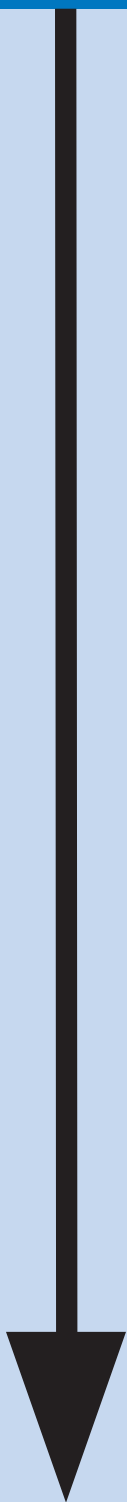## Table 1. The Continuum of State Strategies for Service-Enriched Housing

#1 Encourage housing sponsors to include service coordinators and service linkages in existing housing by:

- Expanding the availability of service coordinators in the U.S. Department of Housing and Urban Development (HUD), Housing Finance Agencies (HFA) sponsored housing, other private housing, and naturally occurring retirement communities (NORCs).
- Increasing services available in senior housing through stronger linkages with aging network programs.

#2 Increase the efficiency of service delivery. States can empower providers to develop service-enriched housing with services that minimize duplication and encourage efficiency by:

- Clustering services to Medicare and Medicaid home care recipients living in senior housing and NORCs.
- Co-locating new service sites (e.g., adult day health centers and senior centers) near or even within senior housing.
- Placing a priority on housing that incorporates services for residents as well as housing that provides services to the wider community.

#3 Encourage housing sponsors to incorporate assisted living (AL) services into existing housing by:

- Creating special mechanisms so that AL for subsidized housing is licensed as a service package.
- Addressing the concerns of housing sponsors about the additional responsibility and effort involved in providing services.
- Utilizing state funding to continue and expand the HUD Congregate Housing Services Program (CHSP) by providing AL services within current projects.

#4 Provide vouchers for private AL. States can expand the range of affordable AL by:

- Developing guidelines and mechanisms for use of vouchers in private AL.
- Combining Medicaid waivers and Section 8 vouchers to allow very frail, low-income older persons to enter private AL facilities.

#5 Encourage health care providers to incorporate service-enriched housing into service programs. States can help bridge the divide between housing and health care by:

- Providing HFA incentives to encourage service providers to develop housing near health care facilities and senior programs.
- Educating health and social service providers about the advantages of delivering services to concentrated groups of older persons in senior housing and NORCs.

Lower level of investment ↑

Table 1. The Continuum of State Strategies for Service-Enriched Housing (continued)

#6 Retrofit housing buildings and units to make them more supportive. States can promote accessibility and supportive features in both existing and new housing by:

- Working in conjunction with local code enforcement, HUD and the Department of Justice to ensure developer compliance with the Fair Housing Amendments Act (FHAA) and the Americans with Disabilities Act (ADA).
- Encouraging the use of Community Development Block Grants (CDBGs), HUD modernization funds, project reserve funds, and low-interest loan funds for retrofitting existing housing complexes and modifying individual units.
- Providing incentives for housing sponsors to include features based on the principles of Universal Design.

#7 Transform multi-unit housing into AL. States can address regulatory issues and create mechanisms so that Medicaid waivers and other funds can be used to overcome the roadblocks that impede the conversion process by:

- Providing technical assistance to housing sponsors in assessing the financial feasibility of retrofitting, obtaining necessary commitments for Medicaid Waivers, and resolving regulatory issues.
- Using bond funds, reserves, or low-interest loans via HFAs to subsidize conversion projects.

#8 Mobilize resources to prevent affordable housing from converting to market prices. States and localities can work to preserve the affordable housing stock for older persons by:

- Lobbying the federal government to expand incentives for federal preservation programs.
- Providing their own incentives to current developers/owners to maintain affordable rents.
- Assisting non-profit developers to take over ownership/management of at risk housing before it is converted to market rates.

#9 Mobilize resources to develop new service-enriched housing stock or establish purpose-built AL. States can increase the supply of affordable, service-enriched housing by:

- Designating state dollars (e.g., via HFA "set asides" or housing trust funds) to build new units.
- Working with government-sponsored enterprises (e.g., Federal Home Loan Banks) to stimulate private investment, especially in rural locations.
- Providing priority in the distribution of Low-Income Housing Tax Credits (LIHTC) to projects that include service coordination, services, and universal design features.
- Streamlining funding, licensing, and regulatory processes and coordinating housing developers and service providers to promote purpose-built AL.

Higher level of investment

Source: Pynoos et al., 2004.

high degrees of physical and cognitive impairments (e.g., Alzheimer's Disease). In some cases it will be better to build new facilities such as AL or specially designed small group homes. **Answer: The reality is that states probably need to do both.**

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Areas for Future Research

- Develop quality measurements
- Conduct outcomes research to compare different types of service-enriched housing options
- Identify and then duplicate "best practice" programs
- Develop ways to align health and social services systems

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In summary, the authors conclude that:

States should recognize that the best programs are long-term investments that require planning for future needs. Service-enriched housing programs may require new legislation, regulatory changes, and investment in housing stock. In order to reap the greatest return, these programs should be based on careful planning and needs assessments. As part of an overall approach to community-based care, service-enriched housing can provide a supportive environment that integrates shelter, health, and social services (Pynoos et al., 2004, p.27).

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This brief is part of the Center's *Information Brokering for Long-Term Care* project, which aims to improve the accessibility of policy-relevant research and technical information to state and local decision makers whose actions affect the availability of LTC services and the ways in which they are organized and delivered.

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