

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

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SUMMARY. State policymakers increasingly recognize that housing is not only an important shelter resource for older persons, but also a key element of community-based care. Over the last two decades, significant state and local activity has led to an increase in service-enriched housing for older persons. Service-enriched housing refers to living arrangements that include health and/or social services in an accessible, supportive environment. Emerging forces are leading to increased pressure

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for the expansion of service-enriched housing. These forces include: a growing and diverse population of older renters; older adults' preferences to age in place; the increasing frailty of subsidized housing residents; the development of assisted living (AL); the enactment of Medicaid waivers; and implementation of the Olmstead decision. Although studies have not included cost-analysis, available research demonstrates that service-enriched housing promotes resident satisfaction, successfully provides services to frail populations, and supports aging in place.

Given both limited resources and research, this article addresses how states can adequately respond to and capitalize on these forces in order to best meet the long-term needs of older adults. [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <<http://www.HaworthPress.com>> © 2004 by The Haworth Press, Inc. All rights reserved.]

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OBJECTIVES

This paper analyzes the *potential* of service-enriched housing, as well as the *barriers* that impede its development. It identifies *strategies* to expand and improve supportive housing, including affordable AL, and analyzes *trade-offs* inherent in program planning. Finally, it discusses broader policy implications and future research.

FINDINGS

Why Should States Invest in Service-Enriched Housing?

Service-enriched housing is attractive to 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.

Research has shown that even low intensity programs involving only service coordination can support aging in place and help maintain frail older per-

sons in residential settings. Higher intensity programs, such as AL, serve similar objectives but for people who are more severely impaired. AL programs take advantage of economies of scale associated with older persons living together, thereby potentially saving money for both states and localities.

What Barriers Slow the Development of Service-Enriched Housing?

- *Organizational barriers arise from the sheer number of agencies and entities with some responsibility for service-enriched housing.* Each operates with different incentives and resources. There is a professional divide between policy makers in health as distinct from those in housing. No one body “owns” the problem of meeting the needs of frail elders in subsidized housing, and the problem is underscored by the reality that savings that might result from health or service expenditures generally do not accrue to agencies that fund the development and operation of the housing.
- *Financing service-enriched housing is often a complex and time-consuming enterprise.* Creating service-enriched housing may require piecing together financing from numerous state, federal, and local sources such as Section 202, Low-Income Housing Tax Credits (LIHTC), Section 8 vouchers, Community Development Block Grants (CDBGs), redevelopment funds, and donated or discounted land from localities. Furthermore, senior housing competes with other funding priorities for resources. Similarly, securing funding for services adds yet another layer of complexity despite the range of possible sources available.
- *Regulations may delay housing development if the licensing and regulatory processes are uncoordinated.* States have different philosophies about the role of licensing, although in general, regulations are stricter for AL than for supportive housing. States also have varying admission and retention requirements that may or may not overlap with Medicaid waiver requirements. Perhaps the most serious regulatory impediment is related to the relationship between licensing and funding. Usually, licensure cannot be obtained until a facility is operational, but failure to obtain a state license may result in the denial of federal funds.

What Strategies Should States Follow to Improve the Availability and Affordability of Service-Enriched Housing?

States can employ a variety of strategies to overcome the barriers that impede development of service-enriched housing. Three broad organizational strategies include:

1. *Engage in strategic planning.* Strategic planning can overcome organizational barriers by:

- Incorporating service-enriched housing into state housing and LTC plans.
- Utilizing task forces to achieve specific objectives and address problems.
- Creating demonstration programs.

States have created a spectrum of service-enriched housing options for frail older persons by addressing the needs of seniors in various planning processes (e.g., consolidated plans, housing elements, aging service plans) and creating mechanisms to help implement them, such as task forces and demonstration programs.

2. *Efficiently broker resources.* States can successfully overcome financial barriers by:

- Determining how to best utilize existing resources.
- Launching an aggressive search for new funding.

States must determine how best to capitalize on available resources, including federal, state, and local funding, foundation grants, and private sources. This often means acting as a broker for local communities. States can participate in locating new funding opportunities and disseminating information on those opportunities. States can act alone or through umbrella organizations to advocate with Congress or federal agencies such as Housing and Urban Development (HUD), Department of Health and Human Services (HHS), and Administration on Aging (AoA) for new programs, increased funding, or changes in regulations. States can also provide direct technical assistance in obtaining funds.

3. *Work with housing sponsors and services providers.* States can overcome regulatory barriers by:

- Working with major provider groups to overcome regulatory barriers.
- States should regard service-enriched housing developers, both public and private, as partners, not as adversaries.
- Through offering provider incentives and creating effective partnerships among state agencies, local communities, and providers, states may be able to expand service-enriched housing more effectively.

The following more specific strategies can be used to address—either separately or in combination—the availability of supportive services, the physical environment of supportive housing, and the affordability of the housing and/or service components. Each strategy requires a different level of investment, and states must decide which strategies will best use their resources to meet specific needs.

1. *Encourage housing sponsors to include service coordinators and service linkages in existing housing by:*
 - Expanding the availability of service coordinators in 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 supportive 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 applications that incorporate services for residents as well as those that provide services to the wider community.
3. *Encourage housing sponsors to incorporate AL services into existing housing.* States can license and promote AL services for subsidized 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 supportive housing in 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.
6. *Retrofit housing buildings and units to make them more supportive.* States can promote accessibility and supportive features in both existing and new housing. Specific policies include:
- 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 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-rate.* 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 supportive 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., Fannie Mae, Federal Home Loan Banks) to stimulate private investment, especially in rural locations.
 - Providing priority in the distribution of 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.

Policy Implications

Although this article contains many recommendations on how to proceed, experience suggests that the most effective strategies are to increase service coordination in multi-unit housing, retrofit existing buildings and modify units, and use Medicaid waivers in conjunction with SSI and Section 8 vouchers to make AL affordable in both existing and new developments.

Following are recommendations for how states should handle common “trade off” decisions around supportive housing.

- *Should states license AL as a building or as a service package?* In deciding how AL will be licensed, states must make choices that involve balancing safety with autonomy, costs with quality, and medical and social approaches. *The goal may best be achieved through licensing the facility and services together.*
- *Should states use strict eligibility criteria or more general targeting?* States can target service-enriched housing programs based on age, disability level, income, or a combination of characteristics. *Expanding eligibility criteria may allow states to provide services to a larger number of people and make service delivery more efficient.*
- *Should states build new service-enriched housing or preserve/transform existing housing?* *The reality is that states probably need to do both.* Older people aging in place in subsidized housing can benefit from immediate retrofitting and service linkages. On the other hand, much of the existing housing may be too expensive to retrofit and inappropriate for persons with high degrees of physical and cognitive impairments (e.g.,

Alzheimer's disease). For these segments of the population, it may be better to build new facilities such as AL or specially designed small group homes.

Consumer preferences and an aging population are creating an increasing demand for service-enriched housing, and in order to provide services effectively, states will have to expand and improve the current housing stock to make it more supportive. Expanding programs will require efficiently utilizing existing funding and developing new funding sources. Even when funding is available, however, programs are still difficult to develop without adequate state and local partnerships. Partnerships help to ensure community investment and relieve states from some of the burden of creating and managing new programs.

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.

What Should Be the Focus of Future Research?

Future research around service-enriched housing should:

- *Focus on outcomes of different service-enriched housing options, with an emphasis on cost-effectiveness and targeting.* Specifically, research should explore who benefits most from services, how long frail older persons can be supported in different housing types, the costs of housing transitions, and the cost-effectiveness of service-enriched housing relative to institutionalization. Longitudinal research on the housing “careers” of older person as they age in place or move would be particularly useful in answering these questions.
- *Target processes that result in best practice programs.* While it is easy to find exemplary programs, it is more difficult to determine how they can be replicated. Research is needed to help states, localities, housing sponsors, and service providers anticipate issues and develop successful programs.
- *Develop the ability to measure quality in service-enriched housing.* As increasingly frail older persons age in place, it is important to balance autonomy with consumer protection by monitoring service-enriched housing quality.
- *Analyze how housing can be better aligned with the health and social services systems.*

**INTRODUCTION:
HOUSING IS A LONG-TERM CARE RESOURCE**

State policymakers increasingly recognize that housing is not only an important shelter resource for older persons, but also a key element of long-term care (LTC). Over the last two decades, significant state and local activity has led to an increase in service-enriched housing for older persons. For the purposes of this article, service-enriched housing refers to *living arrangements that include health and/or social services in an accessible, supportive environment*. Service-enriched housing can include group residences specifically designated for older persons, such as government-subsidized senior apartments, retirement housing and assisted living (AL). It can also include naturally occurring retirement communities (NORCs), which are made up of dwellings that were not designated for older persons but where seniors have lived for most of their adult lives (“aging in place”). NORCs can be public housing, private apartment buildings, mobile home parks, or any neighborhood with a high concentration of older persons who have aged in place.

Although the overwhelming majority of older persons in multi-unit housing live in private apartments (see Table 1), this article focuses on what can be learned from the experience of enhancing services in government-subsidized housing. Until recently, the nation’s 20,000 subsidized senior housing complexes have been an underutilized resource for meeting the needs of frail older persons.

AIMS

The purpose of this article is to help policy analysts, policy makers, aging advocates, and researchers analyze:

- The potential of service-enriched housing
- Barriers that slow its development
- State strategies to:
 - Overcome barriers
 - Improve its availability and affordability
- Trade-offs and choices associated with these strategies
- Policy implications and future research

As states grapple with the challenges posed by a growing number of older persons, the historic gulf between housing and LTC is no longer tenable. Senior housing that is enriched with health and social services has great potential for enabling elders to age in place in their homes and communities. Despite

TABLE 1. Prevalence of Older Adults in Various Multi-Unit Housing Options

Type	# of Units or Facilities	# of Persons
Private Apartments ¹	3,011,000	3,584,000
Section 202 ²	285,000	320,000
Board and Care ³	34,000	613,000
Assisted Living ⁴	391,000	528,000

¹For those aged 65+, Senior Commission, U.S. Census

²For those aged 62+, HUD User (1998) A Picture of Subsidized Households, in Bodaken & Brown

³Clark et al. (1994) Estimates of number of licensed board and care facilities

⁴Promatura Group (2000) for the National Investment Center for Senior Housing and Care Industry

barriers characteristic of human service delivery (e.g., fragmentation, organizational boundaries), states and localities have already demonstrated their ability to solve problems at both ends of the spectrum by expanding the supply of affordable, service-enriched housing and by implementing programs to deliver services in senior housing.

This document identifies promising state and local strategies. Its purpose is to help state policy makers, policy analysts, aging advocates, and researchers analyze the challenges and opportunities in creating service-enriched housing through the use of existing resources and generation of new ones. *Although solutions have developed over time and might be seen as unique to a given state or community's political culture, many of them are generic and, with some tailoring, can be used in a variety of states* (see Appendix A.) They are organized according to a continuum of low to high levels of investment (time, resources, and commitment) that is required of stakeholders.

The information provided is designed to enable state policymakers to better understand the issues involved in using housing as a community-based care resource, with an emphasis on improving linkages between housing and services. It focuses on the crucial roles played by state housing and aging agencies, as well as housing sponsors.

WHY SHOULD STATES INVEST IN SERVICE-ENRICHED HOUSING?

Emerging Forces Are Leading to Policy Innovation

Today, emerging forces are propelling state and local governments to promote service-enriched housing. These forces include a growing and diverse

population of older renters, older adults' preferences to age in place, the increasing frailty of subsidized housing residents, the development of AL, the enactment of Medicaid waivers, and implementation of the Olmstead decision.

- The demand for a broad range of affordable service-enriched housing will continue to escalate as the older population grows. The number of senior rental households is expected to increase by 22 percent between 2000 and 2020 (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, 2001). These renters represent an increasingly diverse population in terms of age, income, cultural background, and health status.
- The majority of older persons express a strong desire to remain in their own dwelling units as long as possible. This is especially true of low-income older persons and adults over age 80, whose options are very limited (AARP, 2000). Access to health and social services, coupled with environmental modifications, can increase their ability to age in place.
- The need for supportive services is growing as current residents, who have aged in place, have gradually become more frail. Nearly 25 percent of older renters have at least one functional impairment, such as difficulty preparing meals, making phone calls, paying bills, bathing, dressing, or using the bathroom (Commission, 2002). More importantly, occupants of subsidized housing report even higher rates of disability, with 40 percent of Section 202 residents reported as having at least one functional impairment (Heumann, Winter-Nelson, & Anderson, 2001).
- AL has created a residential setting that provides older people with a package of housing and services. Currently, AL primarily serves middle- and upper-income, private pay clients. However, while the average yearly fee for private AL is \$32,400, 64 percent of seniors have annual incomes under \$25,000 (Schuetz, 2003). In response to this gap, states are exploring AL's potential as an affordable setting for residents with high personal care needs.
- Medicaid waivers provide a mechanism for states to deliver in-home services to nursing-home eligible residents, thereby expanding the home and community-based services preferred by older consumers.
- The 1999 Supreme Court's *Olmstead v. L.C.* decision requires states to create a comprehensive working plan for placing qualified people in the most integrated settings (O'Hara & Day, 1999). States will have to expand their supply of service-enriched housing to meet its objectives.

Service-Enriched Housing Has Potential Advantages at the State and Local Levels

Almost all states have engaged in activities to develop service-enriched housing for older persons. Service-enriched housing is attractive to states because it efficiently links services with housing and provides alternatives to costly institutionalization. It also offers advantages to housing sponsors, localities, and older consumers. Providers can support viable resident communities by leveraging external resources. In particular, facilities can create connections with local governments to access existing services, including those provided by aging, social service, and health agencies. Adding services can also help create more successful tenancies by increasing resident satisfaction and decreasing resident turnover. Local service providers can take advantage of the economies of scale available in senior housing settings, thereby delivering services more efficiently. Perhaps most importantly, service-enriched housing benefits residents, who can retain their independence longer in settings of their choice. If residents must move, services can also ease their transitions to other settings.

Research Demonstrates the Benefits of Service-Enriched Housing

A small number of evaluations have been carried out over the last two decades to assess the effectiveness of different approaches to creating service-enriched housing. Although several evaluations have included an analysis of costs, none have directly addressed the issue of cost-effectiveness related to preventing or delaying institutionalization. Nevertheless, they illustrate the benefits of service-enriched housing, as well as the complexities and trade-offs involved.

Evaluations have been conducted of three types of service-enriched housing programs: the Congregate Housing Services Program (CHSP), Service Coordination (SC), and Assisted Living (AL).

Congregate Housing Service Program (CHSP): The CHSP was created in 1959 as the Department of Housing and Urban Development's (HUD) first major effort to create service-enriched housing for frail older persons living in Section 202 and public housing. CHSP sites provided services such as meals, transportation, homemaking, shopping, and service coordination. Over time, the program expanded to more than 100 sites serving approximately 6,000 residents (Golant, 2003). Funding requirements have shifted over time from sole reliance on HUD to significant cost sharing by providers and residents.

- Evaluations found that the CHSP effectively provided services to a targeted group of residents (average age 80) with significant ADL and IADL impairments.

- Participant impairment levels were similar to board and care home residents, but somewhat less than nursing home residents (Research Triangle, 1996, p. 41).
- The evaluation also indicated that outside agencies and informal caregivers provided important assistance.
- Despite the availability of services, almost half of the participants over a two-year period left the program.
- Movement to more restrictive settings was partly due to eligibility restrictions (e.g., residents' ability to feed themselves), the lack of staff to meet unscheduled needs or provide nursing care, and difficulty in supporting persons with cognitive problems.
- Although the studies did not directly focus on cost-effectiveness, the CHSP expended approximately \$2,000 per capita for elderly participants and \$3,900 for non-elderly disabled residents annually.
- Most participants were satisfied with the program and reported that they could not have continued to live where they were without CHSP services (Sherwood et al., 1985; Research Triangle, 1996).

In spite of these benefits, HUD has allowed CHSP five year contracts to expire in an effort to stop paying for direct services, leading one analyst to describe the program as “inactive” (Golant, 2003).

Service Coordination: In the 1980s, the Robert Wood Johnson Foundation (RWJF) created a Supportive Services Program in Senior Housing (SSPSH) demonstration project that provided incentives to state Housing Finance Agencies (HFAs) to use their excess reserves for implementing services in housing funded through HFA low-interest loans. Similar to the CHSP, service coordination was the cornerstone of SSPSH. However, SSPSH services were market-driven; residents were surveyed about their willingness to pay for their service needs. Evaluations indicated that the service coordinators successfully leveraged resources that resulted in new services for residents (Feder, Scanlon, & Howard, 1992).

Since 1993, new Section 202 housing has been required to meet residents' needs by planning for congregate services and adequate staffing, including service coordination, now an eligible operating expense. In 1999, more than 35 percent of all Section 202 facilities had a service coordinator on staff and another 40 percent reported that a service coordinator was available in the community (Heumann, Winter-Nelson, & Anderson, 2001).

Service coordinators can link with outside resources by contracting with a home care agency to provide personal care for frail residents, arranging for a case manager from the local Area Agency on Aging (AAA) to assist residents in applying for benefits, or transporting residents to senior centers, day care, and medical appointments.

Assisted Living (AL): During the late 1980s and early 1990s, AL became the most rapidly growing form of residential care for the elderly (American Seniors Housing Association, 1998). Definitions of AL vary among states because some license AL facilities, while others license AL service providers. However, most AL regulations stress two central characteristics:

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).

Although AL was originally targeted at affluent elderly, by October 2002, 41 states had authorized Medicaid reimbursement for AL services and four more states were planning to approve such reimbursement (Mollica, 2002). Nevertheless, even in states that utilize Medicaid reimbursement for AL, its availability is limited and thus it is not yet a viable option for most low-income elderly.

- All of six major studies of AL had difficulty defining what falls under the rubric of AL, because it often overlaps with residential care homes, board and care, and congregate care.
- Golant (2004) points out in a meta-analysis that comparison across six studies is difficult because of methodological problems related to sampling, measurements of resident impairment, and inconsistencies in definitions, such as reasons for leaving.
- Overall, research indicates that AL residents are somewhat less physically and cognitively impaired than those in nursing homes.
- A nationally representative study found that most residents who leave AL facilities move to a higher level of care; nearly 60 percent end up in nursing homes (Phillips, Munoz, Sherman, Rose, Spector, & Hawes, 2003).

However, in Oregon's affordable AL program, with liberal skilled nursing provisions and flexible nurse delegation statutes, only 20 percent of residents move to nursing homes (Golant, 1999).

Overall, the evaluations indicate that even low intensity programs involving only service coordination can support aging in place and help maintain frail older persons in residential settings. Higher intensity programs, such as AL, serve similar objectives but for more severely impaired residents who require:

- a. assistance with unscheduled activities (e.g., toileting);
- b. more supervision (e.g., for dementia); and
- c. more medical assistance (e.g., monitoring medications).

AL programs efficiently take advantage of economies of scale associated with older persons living together, thereby potentially saving money for both states and localities. However, AL residents are generally somewhat less physically and cognitively impaired than residents of nursing facilities. Thus the evaluations suggest the importance of utilizing a spectrum of housing options as some older people will eventually need to move to settings with more medically-oriented and intensive personal care services, even if on a short term or temporary basis. Because the evaluations did not analyze cost-effectiveness related to delaying or preventing movement to more costly nursing home settings, it is too early to determine how to target service-enriched housing effectively as an alternative to institutionalization.

WHAT BARRIERS SLOW THE DEVELOPMENT OF SERVICE-ENRICHED HOUSING?

While it is clear that states should invest in service-enriched housing, there are many barriers that need to be overcome. Housing and services have long been considered separate domains, each with its own agencies, programs, and goals. “Silos” have developed, in which each agency continues to expand its domain, without branching out to connect with other interested parties. This fragmentation is reflected in different eligibility requirements, funding mechanisms, and regulations.

Organizational Barriers Create Roadblocks

Organizational barriers arise from the sheer number of agencies and entities with some responsibility for service-enriched housing. HUD regional offices, various state-level agencies (e.g., housing, finance, community development, aging/human or social services), Public Housing Authorities (PHAs) and AAAs, and a myriad of private companies and nonprofit community organizations all have some level of involvement in financing and delivering affordable service-enriched housing. However, none is formally charged with or has the motivation or resources to assume a permanent role in coordinating or integrating a complex pool of limited resources and multiple players (Golant, 2003). Furthermore, as Newman and Anvall (1995) have observed, health and housing professionals and policy makers have different orientations, time horizons, and types of expertise. Persons with multiple perspectives are rare at any level of government. Finally, the unwillingness or reluctance of HUD and many sponsors to “own” the problem of meeting the needs of frail elders in subsidized housing is yet another barrier to developing service-enriched hous-

ing. This problem is underscored by the reality that savings that might result in health or service expenditures do not accrue to agencies that fund the development and operation of the housing.

Funding Barriers Impede Progress

Financing service-enriched housing is often a complex and time-consuming enterprise. Creating service-enriched housing may require piecing together financing from numerous state, federal, and local sources such as Section 202, Low-Income Housing Tax Credits (LIHTC), Section 8 vouchers, Community Development Block Grants (CDBGs), redevelopment funds, and donated or discounted land from localities (see Table 2). Many of these sources are susceptible to policy shifts as evidenced by 2004 administrative changes in the Section 8 voucher program, the linchpin of funding for affordable housing, that threaten to undermine its ability to assist low income persons in many markets. Furthermore, senior housing competes with other funding priorities for resources. For example, Consolidated Plans and Housing Elements that state and local governments use to identify priorities often do not identify service-enriched housing as a need.

Similarly, securing funding for services adds yet another layer of complexity despite the range of possible sources available (see Table 3). For example, Older Americans Act funds and Social Service Block Grants are two flexible sources allocated at the local level that can be used for a wide range of purposes (e.g., meals, health screening, and transportation). Housing developers and managers can create relationships with local service agencies so residents have access to these services. Sponsors that develop service-enriched housing, however, are often concerned that such funding may be unreliable and that service agencies cannot make long-range commitments. Although Medicaid primarily pays for nursing home care, it can also be used to fund health-related services in service-enriched housing, such as health screening, home health, durable medical equipment, and physician visits. Medicaid waivers are used to fund a variety of home and community-based services, including environmental modification, transportation, and personal care. Services provided under waivers can be very flexible depending on the Medicaid optional services a state chooses to cover.

However, waiver eligibility is restricted because beneficiaries must meet means-tested income and asset requirements, as well as state requirements for nursing home entrance, usually based on functional impairments. Moreover, waivers are limited to a specified number of participants and often geographically restricted.

TABLE 2. Housing Funding Sources for Service-Enriched Housing

Name of Program	Description	Eligibility
Affordable Housing Trust Funds	Established by legislation, ordinance or resolution to receive public or private revenues that can only be spent on affordable housing.	State and locally-determined
Community Development Block Grant Program	Provides HUD funds to states and localities to further community and economic development.	State and locally-determined
Home Investment Partnership Program	Provides HUD funds to states and localities to meet strategic goals defined by Consolidated Plan on a needs-based formula.	State and locally-determined
HUD Section 202 Program for Non-Profit Housing Sponsors	Provides rental units and may include supportive services such as meals, transportation, and service coordination.	Very low-income persons age 62 or older
Low-Income Housing Tax Credit Program	Provides tax credits to developers who invest in affordable housing; currently the largest funding source for affordable housing.	State-determined
Mortgage Revenue Bonds and 501(C)(3) Tax Exempt Bonds	Provides bonds for developers through state HFA.	State-determined
Public and Subsidized Housing	Refers to rental units financed by HUD. Families or individuals pay no more than 30 percent of their income on rent.	Low-income families or individuals of all ages
Section 8 Certificates/Vouchers	Covers the difference in rent above 30 percent of the income of the family/individual to live in HUD approved private or subsidized housing.	Low-income families or individuals of all ages

Regulatory Barriers Delay Development

Regulations may delay housing development if the licensing and regulatory processes are uncoordinated. In general, regulations are stricter for AL than for supportive housing. For example, the HUD Assisted Living Conversion Program (ALCP) illustrates the problems related to resolving regulations across agencies and levels of government. In 2000, HUD created this program to provide grants to Section 202 properties for physical conversion into AL facilities. In particular, ALCP funds are allocated for physical retrofitting to meet federal accessibility and state licensure standards, but they cannot be used to fund AL services. *Securing service funding represents a significant challenge for housing sponsors, who must demonstrate commitments from other sources to cover service costs.*

TABLE 3. Service Funding Sources for Service-Enriched Housing

Name of Program	Description	Eligibility
Medicaid	Funds health care services including health screening, medication management, transportation, some personal care, nursing home care.	Means-tested low-income individuals of all ages
Medicaid Waivers	Funds non-institutional LTC services including health-related expenses, food preparation, personal care, housekeeping, transportation.	Means-tested low-income individuals who meet state nursing home eligibility criteria
Medicare	Funds health care services including post-acute home care, skilled therapy services, medical social services, durable medical equipment.	Age 65 or over
Older Americans Act	Provides services through the Area Agency on Aging including meals, transportation, health screening, case management, other services.	Age 60 and over targeted to persons with greatest social & economic disadvantage
Service Coordination	Provides HUD service coordinators in Section 202 and public housing buildings with sufficient percentage of frail residents.	HUD senior housing residents
Social Services Block Grants	Provides HHS funds to states to promote self-sufficiency, delay institutionalization for all ages.	State-determined

Furthermore, ALCP projects are required to obtain AL licensure upon completion. Although this licensure requirement is intended to ensure quality among grant recipients, it leads to a variety of complications. First, AL licensure varies widely by state. State regulations may define AL based on service provision, facility characteristics, or level of care (Mollica & Jenkens, 2001). Only about half of states use the term “assisted living”; the rest refer to “residential care facilities,” “boarding homes,” etc. (American Seniors Housing Association, 2002). States also *have varying admission and retention requirements that may or may not overlap with Medicaid waiver requirements.*

Additionally, states have different philosophies about the role of licensing. In Michigan, for example, licensure has been promoted by the private sector for marketing purposes, with less emphasis on quality control measure (J. Maguire, personal communication, August 2, 2003). In other states, licensing is a key mechanism for ensuring quality of care. These complexities have resulted in sponsors in some states experiencing difficulties in satisfying ALCP licensing requirements. Perhaps the *most serious regulatory impediment is related to the relationship between licensing and funding. Usually, licensure*

cannot be obtained until the facility is operational, but failure to obtain the state license results in the loss of HUD funds (Schuetz, 2003).

Sponsors using ALCP funds have succeeded in expanding the supply of affordable AL, but they have had to work through a number of regulatory barriers in the process, which may have contributed to unexpectedly high costs (Van Ryzin, 2002). The ALCP is just one example of the importance of coordinating regulations across agencies at the state, federal, and local levels to avoid delays. At the local level, zoning and NIMBY (“Not in My Back Yard”) attitudes may further complicate development.

RECOMMENDED STATE STRATEGIES

States can employ a variety of strategies to overcome the barriers that impede development of service-enriched housing. First we discuss three broad organizational strategies: planning, brokering and partnering. Then we discuss nine specific strategies that address separately or in combination the physical environment of supportive housing, the availability of supportive services and the affordability of the housing and/or service components.

Organizational Strategies

1. Engage in strategic planning

Strategic planning can overcome organizational barriers by:

- Incorporating service-enriched housing into state housing and LTC plans.
- Utilizing task forces to achieve specific objectives and address problems.
- Creating demonstration programs.

States such as New York and Massachusetts have been able to build on senior housing as a platform for services because they have spent decades developing and maintaining an affordable housing stock (see the case study on New York in Appendix B). These states have created a spectrum of service-enriched housing options for frail older persons by addressing the needs of seniors in various planning processes (e.g., consolidated plans, housing elements, aging service plans) and creating mechanisms to help implement them, such as task forces and demonstration programs.

Initiatives in Iowa, Massachusetts, and Michigan, for example, emerged from state task forces created to address service-enriched housing. One strategy in implementing task forces is to require all HFA grantees or Older Americans

Act (OAA) service providers to teleconference on a regular basis, perhaps even monthly, to solve problems and share information. States have used demonstration programs as a mechanism to plan, develop and test new approaches. For example, Florida has experimented with financing techniques to determine how to distribute Medicaid funds most efficiently. Michigan's AL waiver program grew out of a demonstration program originally serving 20 residents.

2. Efficiently broker resources

States can successfully overcome financial barriers by:

- Determining how to best utilize existing resources.
- Launching an aggressive search for new funding.

States must determine how best to capitalize on available resources, including federal, state, and local funding, foundation grants, and private sources. This often means acting as a broker for local communities. In some cases, states play a very direct role in brokering resources by providing technical assistance. For instance, if a locality in Montana donates land for service-enriched housing development, the state works directly with a private corporation to arrange development. In Iowa, the state HFA works with housing developers to secure funding for both housing and services.

States can also participate in locating new funding opportunities. States that disseminate information on federal funding opportunities may help secure this funding for communities. Additionally, states can act alone or through umbrella organizations (e.g., Council of State Housing Agencies, National Association of State Units on Aging, National Governors Association) to advocate with Congress or federal agencies such as HUD, HHS, and AoA for new programs, increased funding, or changes in regulations. States can also be instrumental in garnering foundation resources. The RWJF SSPSH and Coming Home programs have helped many states to expand service-enriched housing options for the elderly.

At a program-design level, states can consider how best to distribute available resources through targeting and funding mechanisms. For instance, providing services at a range of prices based on income level, rather than only for the very poor, may provide the necessary economies of scale to deliver services in rural settings. In Minnesota, public and private buildings in which at least 80 percent of residents are over age 55 must register with the Department of Health. Residents of all income levels then receive county-sponsored case management to assist them in locating services.

3. *Work with housing sponsors and service providers*


States can overcome regulatory barriers by working with major provider groups. States should regard service-enriched housing developers, both public and private, as partners, not as adversaries. Regulatory battles over AL are a case in point. States should consider the impact of regulations on service-enriched housing development. Many of the cost-saving solutions described in this article, such as service clustering and co-location, require sponsor involvement and investment. Through offering provider incentives and creating effective partnerships among state agencies, local communities, and providers, states may be able to expand service-enriched housing more effectively.

Specific State Strategies to Improve the Availability and Affordability of Service-Enriched Housing

States use a variety of strategies to create service-enriched housing. Each strategy requires a different level of investment, and states must decide which strategies will best use their resources to meet specific needs. While some states have done very little to develop such options, others have created a substantial range. Clearly, when it comes to the development and expansion of service-enriched housing, one size does not fit all (see Appendix C). We discuss nine main strategies according to level of investment (see Table 4).

1. Encourage housing sponsors to *include service coordinators and service linkages* in existing housing

TABLE 4. The Continuum of State Strategies for Service-Enriched Housing

<ol style="list-style-type: none"> 1. Encourage housing sponsors to include service coordinators and service linkages in existing housing. 2. Increase the efficiency of service delivery. 3. Encourage housing sponsors to incorporate AL services into existing housing. 4. Provide vouchers for private AL. 5. Encourage health care providers to incorporate supportive housing into service programs. 6. Retrofit housing buildings and units to make them more supportive. 7. Transform multi-unit housing into AL. 8. Mobilize resources to prevent affordable housing from converting to market prices. 9. Mobilize resources to develop new supportive housing stock or establish purpose-built AL. 	<p><i>Lower level of investment</i></p>  <p><i>Higher level of investment</i></p>
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- Expand the availability of service coordinators in subsidized (e.g., HUD, HFA) and other privately sponsored housing.
- Increase services available in senior housing through stronger linkages with aging network programs.

As discussed earlier, service coordination is an effective strategy to assess resident needs and link services to housing. Service coordination is primarily available in HUD-financed Section 202 and public housing. However, as the original RWJ Supportive Services in Senior Housing demonstration found, service coordination can also benefit residents of other types of projects, including those financed by HFAs. Currently, only 15 percent of housing financed under the Low Income Tax Credit Program includes service coordination, indicating the potential for expansion (Kochera, 2002). HFAs should find ways to allow and encourage sponsors of senior housing to include service coordination as an allowable operating expense, use reserves in order to pay for it, or find other mechanisms to make it available. Conversely, State Units on Aging can encourage Area Agencies on Aging to provide service coordinators to existing housing or assign case managers to complexes with large numbers of older residents to perform a similar function.

2. Increase the *efficiency* of service delivery

States can empower providers to develop supportive 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 applications for new housing that incorporate services for residents as well as those that provide services to the wider community.

Clustering services takes advantages of economies of scale by consolidating fragmented services for multiple clients. This strategy can reduce travel time and costs, allowing for more efficient service delivery. For example, the New York City Human Resources Administration changed its traditional provision of personal care services to groups of subsidized-housing residents by reducing the number of home attendant agencies serving any one building. The attendants were assigned to a cluster of residents in a building, thereby saving time by letting workers move from one resident to another nearby in-

stead of spending long blocks of time with each individual. This program saved money, although those residents with high impairment may have received less uninterrupted care (Feldman, Latimer, & Davidson, 1996). Clustering services can be facilitated by placing residents with high service needs in one wing or floor of a facility.

Clustering services can also take place on a neighborhood basis. For example, naturally occurring retirement communities (NORCs), consisting of neighborhoods with high concentrations of older people are ideal places to add service coordinators and other personnel. These communities often have as their basis apartment buildings not initially planned for older persons but in which residents have aged in place. They also include areas from which younger people have migrated out and ones in which older people have in-migrated. Currently, AoA along with the RWJ Foundation has a demonstration project to add services to NORCs.

Co-locating services, by providing multiple services at the same site, pools resources and saves money. States can encourage co-location by coordinating state programs with housing sites. For instance, several Section 202 housing sites in Illinois also include an OAA-funded state Case Coordination Unit, providing case management services to older residents in the buildings as well as in the broader community. State Units on Aging can recommend that programs such as nutrition sites and day care be located within or adjacent to senior housing as a way to make them readily available to residents, taking advantage of resident volunteers and reducing expenses associated with transporting residents to such programs. At the same time, HFAs can provide incentives for housing sponsors to locate senior housing near services and shopping. Alternatively, space can be included for such programs and services on-site as well as commercial stores (e.g., groceries, dry cleaning, and restaurants) on the first floor of buildings, a common approach used for elderly service housing in Scandinavian countries (see the case study on Washington in Appendix B.)

3. Encourage housing sponsors to *incorporate AL services* into existing housing

States can find ways to license and promote AL services for subsidized housing:

- Create special mechanisms so that AL for subsidized housing is licensed as a service package.
- Address the concerns of housing sponsors about the additional responsibility and effort involved in providing services.

- Utilize state funding to continue and expand the HUD CHSP by providing AL services within current projects.

States such as New York and Connecticut license AL service providers and have developed programs in which housing residents enrolled in the expiring Congregate Housing Services Program (CHSP), along with other residents who are eligible for nursing home admission can receive AL services (see Sheehan and Oakes, this volume).

4. Provide vouchers for private AL

In order to expand the range of affordable AL, states can develop guidelines and mechanisms for use of vouchers in private AL. Michigan has developed a demonstration program, combining Medicaid waivers and Section 8 vouchers, to allow very frail, low-income older persons to enter private AL facilities. The Department of Community Health is responsible for the program at the state level and the Medicaid waiver agent operates the program locally (see Appendix B).

- #### 5. Encourage health care providers to *incorporate supportive housing* into their 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.

The need for strategies that link housing, health, and personal care services is paramount. Health care providers can take advantage of the economies of scale that result from incorporating senior housing into their programs. For example, some Program of All-inclusive Care for the Elderly (PACE) sites have taken steps to develop their own housing. PACE integrates Medicare and Medicaid financing to provide long-term care services that enable nursing home-eligible seniors to remain in the community.

The On Lok program, on which the PACE program was modeled, developed a Section 202 housing complex adjacent to its large day care center to serve as a residence for older persons needing more supervision and services than were available in their prior residences. Although only a few PACE sites

included housing initially, many have added it nearby to more effectively meet client needs (Van Ryzin, 2002) (see the case study on Colorado in Appendix B).

6. Retrofit housing buildings and units to make them more supportive

States can promote accessibility and supportive features in both existing and new housing. Specific policies include:

- 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 ADA.
- Encouraging the use of 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 (UD).

Most multi-unit housing has been designed for independent older persons. Consequently, substantial physical improvements may be needed to allow older people to age in place and to facilitate service delivery. For example, entrances may need to be retrofitted for accessibility, common space provided for meals and health care services, and additional features provided in apartments to accommodate wheelchairs. In California, a state housing bond included \$5 million for retrofitting existing multi-unit housing to meet the needs of disabled and frail persons. Applications for this program, many of which focused on ramps, exceeded the amount of available funds only days after it was announced, indicating the enormous latent need for these renovations.

The FHAA of 1988 and the ADA (which applies to common spaces) together require accessible entrances and common spaces, wide enough corridors for wheelchairs, accessible units, backing for grab bars in bathrooms and lowered light switches, raised electrical outlets in new multi-unit housing over four units. In housing built before the Acts were implemented, the FHAA calls for landlords to make changes in common areas for persons with disabilities, but applies the standard of “reasonable accommodation,” which is vaguely defined and subject to economic constraints. The Act also allows tenants to make modifications to their individual apartments, but does not require landlords to pay for those changes.

Research has shown that home modification and assistive technology services decrease Medicaid costs and delay institutionalization (Mann *et al.*, 1999). States and localities can help fill this gap by targeting funds from such

sources as CDBG and the Older Americans Act for retrofitting buildings and adapting apartments. Medicaid waivers are also a source of environmental modifications but only about 60 percent of programs serving the elderly or disabled include them in their service package (Pynoos, Tabbarah, Angelelli, & Demier, 1998).

In making the housing stock more physically supportive, it is just as important to build new accessible and supportive housing as it is to retrofit existing housing. Even though new housing falls under the FHAA cited above, too many developers adhere only to the letter, rather than the spirit, of the law. For example, a new building may have an accessible entrance that is located in the back, far from parking, or the sidewalks may be so narrow that wheelchair use is hazardous. State and local code enforcement can prevent such problems. In cases of unresponsive developers and sponsors, states and localities can work with HUD's Fair Housing and Equal Opportunity division, to bring suits against them.

Beyond enforcing compliance with existing minimal accessibility regulations, states and localities can provide incentives for housing sponsors to follow the principles of UD. The purpose of UD is to meet the needs of all users, including older persons with functional, cognitive, and sensory impairments (e.g., vision and hearing). UD features in senior housing include walk-in showers, emergency alert systems, appropriate signage, spaces for on-site services and activities, and storage for mobility and assistive devices (e.g., wheelchairs, scooters, and walkers).

7. Transform existing 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.

In states that license AL facilities, existing housing may be retrofitted to allow for service provision, using low-interest financing or HUD's AL Conversion Program (ALCP). Many subsidized housing projects already have a substantial number of residents who have limitations with ADLs and IADLs

along with cognitive problems. Some projects may be prime candidates for conversion as they have efficiency units that are difficult to rent for independent seniors, but that may be suitable for frail residents, assuming that services are available, the housing is accessible, and common spaces exist for activities, meals, and service provision. States can support conversions by tailoring licensing and regulations for subsidized housing and by expediting service package development, because HUD only pays for structural retrofitting. Although there have been a number of successful conversions, many applicants for HUD's ALCP have experienced problems because of higher than expected construction costs, difficulty obtaining Medicaid waivers necessary to guarantee services or providing housing within the 30 percent income cap on Section 8 vouchers, and regulatory issues related to licensure. States can provide technical assistance to help sponsors through this maze of problems.

8. Mobilize resources to prevent affordable housing from converting to market rate 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.

Strategies to retain the supply of affordable housing are vital. Unfortunately, the supply is dwindling (Heumann, 2003). In many cities, public housing complexes have been torn down and replaced with smaller buildings with fewer units. In addition, federal housing contracts with private housing developers under various programs (e.g., Sections 8, 236 and 221d(3)) are expiring. After approximately 20 years, developers can opt out of the subsidized program and turn housing projects into market-rate housing, making them unaffordable for current tenants.

The federal government and some states have created programs to provide incentives to housing sponsors to stay in the program. For example, in California, the Cal HFA provides a broad range of financing tools that facilitate the acquisition, rehabilitation and preservation of federally-assisted affordable housing at risk of losing its affordability status. The California Preservation

Opportunity Program also offers short-term acquisition funds for preserving this housing.

9. Mobilize resources to develop new supportive housing stock and/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., Fannie Mae, Federal Home Loan banks) to stimulate private investment, especially in rural locations.
- Providing priority in the distribution of LIHTC to projects that include service coordination, services, and UD features.
- Streamlining funding, licensing, and regulatory processes and coordinating housing developers and service providers to promote purpose-built AL.

Strategies to increase the supply of supportive housing are essential because current production is insufficient to meet future needs. HUD has stopped financing new Section 8 senior housing, and for every Section 202 unit that became vacant in 1999, nine seniors were put on a waiting list, adding up to an 11-year wait time in larger cities (Heumann, 2003). Low-income baby boomers are a scant five years away from eligibility for senior housing. Thus, not only must states ensure retention of the current supply of affordable senior housing, but also an adequate supply of *new* senior housing for the next decade and beyond.

With the new supply of Section 202 housing reduced to approximately 6,000 units per year and other supply-side programs ended, the responsibility of increasing the annual production of government-subsidized rental units for low-income elders has shifted to state and local governments. Some states, such as Massachusetts, New York and Connecticut, historically have added to their affordable housing stock through their own state-funded programs, often via their HFAs. Many HFAs have created set asides for senior housing and state Departments of Housing and Community Development have used housing bonds to develop affordable supportive housing. States can also use federal (e.g., Federal Home Loan banks) and state funding to stimulate private investment (Golant, 2003). For example, the California Department of Housing and Community Development is authorized to use a portion of a recently passed \$2.1 billion dollar housing bond issue to create affordable supportive housing. However, housing sponsors have had difficulty guaranteeing that

they can provide services and currently seniors are not designated as a special needs group.

States and local governments working together and separately can stimulate the private sector to build more supportive housing. A rapidly growing method of financing housing across the nation has been the creation of state and local housing trust funds. Housing trust funds, also proposed at the federal level, are continuing and dedicated public sources of revenues, established by legislation, ordinance or resolution, which can only be spent on housing. Sources for the trusts include fees paid by developers (e.g., impact fees and in lieu fees), urban renewal funds, and foundations. Thirty-seven states have created such funds; the remaining 263 trust funds are largely run by cities and counties. They can provide zero-interest loans or gap financing for new construction as well as rehabilitation of affordable housing (Nelson, 2003).

The LIHTC is an underutilized federal resource for producing supportive housing (Golant, 2003). The LIHTC program creates affordable rental housing by offering investors a credit against federal income taxes based on the cost of acquiring, rehabilitating, or constructing low-income housing. Each state is allocated a certain amount of tax credits. These credits have been used by states such as Washington to make units affordable for 40 years, rather than the federally-required 15-year minimum. The programs are generally administered through HFAs that solicit competitive proposals based on state priorities in which points are given for specific attributes. Affordability usually requires Section 8 vouchers to subsidize tenant rents. As noted earlier, extra points in the evaluation process could be provided for projects that include service coordination, services, and UD features to increase their supportiveness and prepare for the aging in place of residents.

The efforts of several states, including Alaska, Arkansas, Florida, and Iowa (see the case studies on Alaska and Iowa in Appendix B), suggest that strategies to create purpose-built affordable AL are viable. Purpose-built AL requires significant coordination among housing developers and service providers. The Coming Home program, sponsored by the RWJF, provides grant support, technical assistance, and loans to nine states to create affordable models of rural AL linked with existing community health care systems. It is anticipated that participating states will be able to continue these efforts, similar to the long-range impact of other RWJF demonstration projects.

TRADE-OFFS AND CHOICES IN SERVICE-ENRICHED HOUSING

The previous sections highlighted state strategies to increase the service-enriched housing supply. States, localities, and older persons all benefit

from these programs, but service-enriched housing is often difficult to develop. Agencies must work together to develop a range of options that serve the particular needs of older citizens in each state. However, every state has different resources and challenges. Strategies successful for a rural state may not meet the needs of a more urban state, and strategies that are successful for a state with an extensive service-enriched housing stock may not be feasible in a state with fewer resources. The following dilemmas highlight trade-offs involved in developing service-enriched housing.

1. Should States License AL as a Building or as a Service Package?

In deciding how AL will be licensed, states must make choices that involve balancing safety with autonomy, costs with quality, and medical and social approaches. Mollica (2000) has identified four regulatory models. The institutional model is based on older board and care regulations. The second, a new housing and service model, licenses facilities with apartment settings and allows varying levels of nursing care. The third, the service model, licenses services and allows existing building codes to address the housing structure. Lastly, the umbrella model involves issuing regulations that cover multiple types of housing. All of these models involve trade-offs. For example, using the service model may make it easier and less expensive for housing sponsors to incorporate services because they are not required to retrofit the physical structure. However, licensing services may result in a lack of coordination between housing and service providers, thereby not fully achieving the goal of supporting the independence and autonomy of residents. *This goal may best be achieved through licensing the facility and services together.*

2. Should States Use Strict Eligibility Criteria or More General Targeting?

States can target service-enriched housing programs based on age, disability level, income, or a combination of characteristics. For example, Medicaid waivers focus on residents who meet income and asset eligibility and functional eligibility requirements, thereby ensuring that funds are targeted to older persons most at risk of nursing home placement. Using strict eligibility criteria ensures that beneficiaries include only those who will benefit most from services, maximizing impact while limiting costs. However, such strict eligibility criteria may leave out individuals who could benefit from the program. Additionally, strict eligibility criteria may not create economies of scale necessary to provide services in rural areas or small buildings. *Expanding eligibility criteria may allow states to provide services to a larger number of people and make service delivery more efficient.*

3. Should States Build New Service-Enriched Housing or Preserve/Transform Existing Housing?

The reality is that states probably need to do both. In the short-run, a substantial amount of the subsidized housing stock is in jeopardy because of expiring federal contracts. If this situation is not ameliorated, a state can lose up to 20 percent of its affordable housing stock. Just as importantly, older people aging in place in subsidized housing can benefit from immediate retrofitting and service linkages. Many of these residents are low-income, single women who have physical and cognitive limitations. They have very few alternatives except board and care or nursing homes. On the other hand, much of the existing housing may be too expensive to retrofit and inappropriate for persons with high degrees of physical and cognitive impairments (e.g., Alzheimer's disease). For these segments of the population, it may be better to build new facilities such as AL or specially designed small group homes. Moreover, even though the first obligation is to existing tenants, preparing for the future will require developing strategic plans that analyze a range of housing and service options.

POLICY IMPLICATIONS AND FUTURE RESEARCH

In the future, service-enriched housing will become an even more important element of community-based care. States, localities, and older persons all can benefit from improved programs and policies, but, as discussed earlier, barriers impede progress. Unfortunately, little research is available to guide states about what directions to take and how best to operate service-enriched housing programs.

Policymakers Should Continue to Expand Service-Enriched Housing

First, states should recognize the great need for service-enriched housing. Consumer preferences and an aging population are creating an increasing demand, and in order to provide services effectively, states will have to expand and improve the current housing stock to make it more supportive. Although this report contains many recommendations on how to proceed, *experience suggests that the most effective strategies* are to increase *service coordination* in multi-unit housing, *retrofit* existing buildings and *modify* units, and to use *Medicaid waivers* in conjunction with SSI and Section 8 vouchers to make AL affordable in both existing and new developments.

Expanding programs will require efficiently utilizing existing funding and developing new funding sources. LIHTCs represent an important source, because, in conjunction with Section 8 vouchers, they represent the largest single source of funding for affordable housing. States can use LIHTC as a tool to create new service-enriched housing by including the availability of service coordination, services and accessible features as selection criteria. Housing trust funds also hold promise, whether created at the state or local level, because they are a continuing and dedicated source of funding for affordable housing.

Even when funding is available, programs are still difficult to develop without adequate *state and local partnerships*. Partnerships help to ensure community investment and relieve states from some of the burden of creating and managing new programs.

Lastly, 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.

Four Research Objectives Deserve Further Consideration

Future research on service-enriched housing should:

1. *Focus on outcomes of different service-enriched housing options, with an emphasis on cost-effectiveness and targeting.* Specifically, research should explore who benefits most from services, how long frail older persons can be supported in different housing types, the costs of housing transitions, and the cost-effectiveness of service-enriched housing relative to institutionalization. Longitudinal research on the housing “careers” of older persons as they age in place or move would be particularly useful in answering these questions.
2. *Target processes that result in best practice programs.* While it is easy to find exemplary programs, it is more difficult to determine how they can be replicated. Wilden and Redfoot (2002) studied ALCP projects and found that those projects that had previously offered services encountered fewer obstacles in the conversion process. Such research can help states, localities, housing sponsors, and service providers anticipate issues and develop successful programs.
3. *Develop the ability to measure quality in service-enriched housing.* As increasingly frail older persons age in place, it is important to balance

autonomy with consumer protection by monitoring service-enriched housing quality.

4. *Analyze how housing can be better aligned with the health and social services systems.* Such an approach will be useful in overcoming the “silo” effect and promoting broader planning for the future.

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APPENDIX A
Housing and Services: State Program Examples

State	Name of Program	Housing Setting	Services Provided	Eligibility	Funding
AK	Rural Assisted Living Program	Purpose-Built Assisted Living Facility	Assisted living services provided by the Tribal Health Entity	Medicaid, Medicaid waiver	<i>Housing:</i> Section 202, Section 8, SSI, RWJF Coming Home grant, consumer fees/rent, LIHTC, HOME, State funding, CDBG, USDA-rural development, Federal Home Loan Bank, Section 232 <i>Services:</i> Medicaid, Medicaid waivers, OAA, Social Service Block Grants, Private pay
AR	Coming Home Assisted Living	Section 202	Assisted living services	Medicaid waiver, nursing home eligible	<i>Housing:</i> RWJF Coming Home grant, HOME, LIHTC, Home Loan Bank, HUD 202, Consumer fees/rent, Section 8 <i>Services:</i> Private pay, Medicaid, and Medicaid waiver
CT	Resident Service Coordinator	Section 202	Service coordination	All affordable housing residents	<i>Housing:</i> HUD 202 <i>Services:</i> HUD Service Coordination
CT	Assisted Living in Congregate Housing	State funded congregate housing	Assisted living services	Medicaid waiver, NH eligible	<i>Housing:</i> State funding <i>Services:</i> Medicaid waiver, OAA, state subsidies
IA	Affordable Assisted Living Program	HUD Section 202 conversions	Assisted living services	Subsidized housing residents to meet Medicaid requirements.	<i>Housing:</i> RWJF Coming Home Grant, USDA - rural development, LIHTC, HOME, HUD, State Senior Living Program grants <i>Services:</i> OAA, Food Stamps, Medicaid, Medicaid waivers, Medicare, Long-Term Care Insurance, Private pay
MA	Congregate Housing	State funded congregate housing	Meals, case management	Medicaid eligible residents	<i>Housing:</i> State funding <i>Services:</i> Medicaid, OAA
MA	Supportive Housing Program	State funded public housing	Selections from continuum of care	Medicaid eligible residents	<i>Housing:</i> Housing subsidies <i>Services:</i> OAA, Medicaid

State	Name of Program	Housing Setting	Services Provided	Eligibility	Funding
MI	Assisted Living Vouchers	Private assisted living	Assisted living services	Medicaid waiver, NH eligible residents	Housing: Section 8, SSI Services: HCBS waivers
MN	Housing with Service Registration Process (Virtual Assistance program)	Section 202, Section 8, and any apartment complex with 80% 55 years and older	Selections from continuum of care	Residents of registered structures	Housing: HUD 202, Section 8, SSI, Consumer fees/rent Services: Medicaid, Medicaid waivers, Front-End state resources for Alternative Care, Title 20, OAA, Private pay
MT	Accessible Space Inc. - Private	Private apartments	Selections from continuum of care	Medicaid eligible residents	Housing: Section 8, SSI, Consumer fees/rent, CDBG for structure, land donated by community Services: Medicaid, Medicaid waivers
NJ	Assisted Living Program in Subsidized Housing	NH, ADHC, RCF, AL, board and care, congregate, subsidized housing	Assisted living services	Medicaid waiver, NH eligible residents	Housing: HUD 202, SSI, Section 8, Foundations, Consumer fees/rent, LIHTC, HOME Services: OAA grants, Medicaid, Medicaid waivers, Private pay
NY	NY State Assisted Living Program	Congregate housing	Assisted living services	Medicaid eligible or private pay residents	Housing: SSI, Consumer fees/rent Services: Medicaid, Private pay
VT	Housing and Supportive Services (HASS) Program	State funded congregate housing	Selections from continuum of care	Residents who meet independent Living Assessment standards	Housing: HUD 202, Consumer fees/rent Services: State general fund, Medicaid, Medicaid Waivers, Private pay

APPENDIX B

Case Studies

Alaska

Alaska Takes Care of Its Pioneers

Pioneer Home, Fairbanks

Most of the 92 residents of the Fairbanks Pioneer Home were young children in 1913, when Alaska's State Legislature dedicated funds to create affordable housing and to provide services to any Alaskan 65 years and older. Today, the State Legislature annually provides approximately 50% of the total cost for a senior to live in an assisted living facility from its General Fund, and the senior pays the remaining costs. If there is a shortfall, the General Fund will supplement consumer payment. Through this state funding, the State of Alaska has not had to apply for HUD funding, voucher programs or Medicaid waivers to realize its commitment to every elder Alaskan.

Colorado

What's Love Got to Do with It?

The Retreat, Westminster

The Retreat, an assisted living (AL) community in Westminster, CO just outside of Denver, is home to 55 residents, 38 of whom are Medicaid beneficiaries. The Retreat works closely with Total Long-Term Care (TLC), a Medicaid provider that is a member of the PACE program, to provide services for Medicaid eligible residents. TLC receives \$4,500 to \$5,000 for each Medicaid resident from federal and state programs, and The Retreat receives the Medicaid approved rental payment of \$1,600 per month. TLC provides personal care, medication supervision, health screenings that include eye and dental exams, housekeeping, assistance with ADLs, and 24 hour care for unscheduled services and emergency response.

Iowa

Doing a Lot with a Little

More than 50 percent of elderly Iowans cannot afford private AL.¹ With assistance from the Robert Wood Johnson Foundation Coming Home Project, Iowa addressed this problem by creating the Affordable Assisted Living Program, which is dedicated to developing AL for low to moderate-income seniors. In the Affordable Assisted Living Program, the Iowa Housing Finance Agency (HFA) provides technical assistance to potential housing developers and service providers. Technical assistance helps agencies overcome the financial and organizational obstacles in creating affordable AL. The National Cooperative Bank Development Corporation, working with the HFA, has created a revolving loan fund to off-set costs of assessment and facility pre-development. Additionally, program administrators advocate policies that support future growth of affordable AL.

Because the Iowa HFA recognized that one in four Iowans over age 75 has a monthly income of less than \$884, the primary goal of the program was to create an AL option that included rent, meals, activities and medical services for less than that amount. To accomplish this goal, the Iowa HFA coordinated a task force that included HUD, USDA-Rural Development, the Departments of Human Services, Public Health, Elder Affairs, and Inspection and Appeals, as well as the AARP and several Iowan senior interest groups. The task force identified funding sources (see Table) that could be used for both the housing and service elements of AL. The Iowa HFA now assists facilities, localities and service providers in obtaining funding.

Six different demonstration sites are currently in operation or development. One unique model, Emerson Point, has built upon the Iowa Coming Home Program and created a co-located congregate meal-site. Seniors from the community are invited to socialize with residents and eat a nourishing meal twice a day, seven days a week, at a reduced cost.

Iowa's program provides an example of how states can capitalize on existing funding sources by acting as resource brokers, uniting housing developers and service providers to overcome barriers to create affordable AL.

Funding Sources for Affordable Assisted Living Program		
Rent	Board	Services
<i>Development sources:</i> Low Income Housing Tax Credits HUD grants, direct and guaranteed loans USDA-RD grants, direct and guaranteed loans Federal Home Loan Bank HOME funds Senior Living Program (pending legislative approval of funds) Conventional loans	<i>Development sources:</i> Grants from private foundations	<i>Development sources:</i> Senior Living Program (pending legislative approval of funds)
<i>Operational sources:</i> Tenant fees Section 8 USDA-RD project-based rental assistance DHS Rent Subsidy Program	<i>Operational sources:</i> Tenant fees Older Americans Act (congregate meals) Food Stamps	<i>Operational sources:</i> Tenant fees Medicaid waiver Medicaid Title XIX Medicare In-Home Health Related Care Long Term Care Insurance

Note

¹Per Carla Pope, comparison of incomes from 2000 Census of those 75 and older to the cost of market-rate assisted living in 2001, as identified in a phone survey by Sade Owalabi, graduate student from the University of Iowa.

Michigan

Changing the Rules

Working with providers: A voucher program can only be successful if AL providers are willing to accept it. In Michigan, American House, a private AL company, was active in supporting the waiver. This led to support among other private AL providers and a willingness to accept waiver recipients. Beneficiaries can choose from a variety of both non-profit and for-profit facilities, but facilities must meet minimum services standards to qualify for the program.

Affordability: When this program began with 20 residents, affordability issues quickly surfaced. Although the Medicaid waiver covered AL services, facilities were not able to provide room and board under the Section 8 voucher income cap. In response, state aging and housing officials successfully influenced Congress to remove the cap, allowing recipients to contribute more money to cover room and board costs. Administrators report this change was crucial to the program's success (S. Kritzman, personal communication, June 9, 2003).

Demand: Demand can quickly outstrip program capacity, particularly when using Medicaid waivers. The program now serves 60 residents in three counties, with a waiting list of 275 applicants. Although administrators would like to expand the program, the number of waivers available limits expansion.

New York

Services Across the Board

With one of the most expensive U.S. housing markets and a population clustered in dense urban settings, New York has a significant number of elderly people aging in place living in apartment communities. To combat institutionalization, New York created an extensive congregate housing program (referred to as Enriched Housing) in 1978. Through this program, service coordinators were brought into pre-existing apartment communities to provide necessary services that support the elderly residents. Since then, the state has added numerous other basic service programs in

APPENDIX B (continued)

existing housing, including the Adult Home program, the Personal Care program, and NORC service programs.

In addition, New York's Department of Health created the Assisted Living Program. The Assisted Living Program provides a broad range of services for 4,200 elderly residents of congregate housing in an effort to delay institutionalization. The program provides housing, meals, housekeeping and transportation through SSI and home-based care through Medicaid. Additional services, such as therapy, medication management and intermittent nursing care are available through the program, via private pay.

Older New Yorkers benefit from a wealth of community options. Today, the number of persons living in institutions, primarily nursing homes, in New York has decreased, while the number of seniors living in non-institutional settings has grown faster than the 65 plus population as a whole (U.S. Census Bureau, 2000).

Washington**It Takes a Village to Age in Place*****Elder Village, Seattle***

The Seattle Housing Authority (SHA) is one of 30 housing authorities across the nation participating in HUD's "Moving to New Ways" Demonstration Program. This federal program encourages the development of innovative methods to improve the delivery of affordable housing in order to better meet local needs. Through creative and collaborative financing, SHA combined federal, state and local government funds from a variety of programs: Housing Opportunities for People Everywhere (HOPE VI), Low Income Public Housing, Section 8, New Construction and Moderate Rehabilitation, and the Seattle Senior Housing Program. Along with the government funding, SHA acquired additional financing from their non-profit partners, including the Retirement Housing Foundation, Providence Health Systems, AIDS Housing of Washington, Lutheran Alliance to Create Housing, Low Income Housing Institute and more. Seniors are a primary target population for SHA, which also provides affordable housing to individuals with disabilities, recent immigrants and refugees, families faced with welfare time limits, and low wage earners.

Elder Village combines affordable housing with customized services that allow its senior residents to age in place. It consists of three facilities: (1) Peter Claver House, which has 80 units for completely independent seniors; (2) Esperanza, an 84 unit Section 8 facility with a 24 hour emergency system, counseling and limited services; and (3) Park Place, an assisted living community for 154 frail seniors of which 100 units are designated affordable, using Section 8 vouchers and Medicaid funded services, e.g., medication management, 24 hour on-call RN, LN or LVN nursing staff, housekeeping, meal service, and social activities with social workers and service coordinators on-site. These three facilities are linked to each other by an avenue of shops, a grocery store, nearby transit stops, a clinic with occupational therapists available, senior center for communal activities, a community flower and vegetable garden along with common areas for reading, exercise programs and arts and crafts. The co-location of services at Elder Village promotes effective service delivery to senior residents in need of low-cost housing who want to age in place.

APPENDIX C
Housing and Services: Provider Examples

Facility/Provider	Programs/ License	Residents	Services Offered	Services: Payment and Provider	Innovative Management
America House MICHIGAN	Section 8, Medicaid waivers, LIHTC	2,813 in 29 facilities	Meals, activities, transportation, health screening, light/heavy housekeeping, personal care	Medicaid waivers, OAA, private pay for a la carte services	Began as a demonstration program; excellent working relationships with local government agencies; residents maintain store to raise funds for activities
Bethany Homes NORTH DAKOTA	Section 202, Section 8, HUD ALCP/ SNF & AL licenses	378	Service coordinator & social worker, meals, activities, health screening, light/heavy housekeeping, personal care, emergency response	Meals and housekeeping a la carte, Medicaid for AL, private pay for SNF	Wellness program; professionals donate dental, podiatry & optometric services to the residents on-site; makes resident families a priority, e.g., encourages family members to visit for meals
Elder Village WASHINGTON	Section 202, Section 8/ Boarding Home license	84	Service coordinator & social workers, meals, activities, health screening, medication management	Medicaid waivers, OAA, Seattle city funds, private pay	Seattle sold land for site below market value; inter-entity management and extensive co-location, with multiple levels of care, clinic, activities, and senior center on site
Fairbanks Pioneer Home ALASKA	State-funded, un-licensed assisted living	92	Meals, activities, transportation, case management, light/heavy housekeeping, personal care, health screening, emergency system	State funds, resident fees	State general fund pays half of costs, residents pay gap; targeting for residents with dementia; extensive use of community volunteers; modified environment
Fowler Christian Apartments TEXAS	Section 202, Section 8, Medicaid waivers/ AL license	139	Service coordinator, lunch, transportation, health screening, housekeeping, personal care	Medicaid, private pay a la carte	First AL pilot program in Texas to be fully funded through HUD and Medicaid

APPENDIX C (continued)

Facility/Provider	Programs/ License	Residents	Services Offered	Services: Payment and Provider	Innovative Management
Helen Sawyer Plaza FLORIDA	Section 202/ Extended Congregate Care license	104	Meals, housekeeping, personal care	Medicaid, private pay a la carte	First affordable housing building with licensed assisted living program
Immanuel House CONNECTICUT	Section 236/ Managed Residential Community license	220	Service coordinator, lunch, housekeeping, personal care, medication management	Medicaid, private pay a la carte, services also provided by local hospital and Meals on Wheels	Inter-entity management allows for shared service coordinator and van
Stafford House NEW HAMPSHIRE	Section 8, Section 202, CHSP/ Home Health Care license	90	Meals, day care, personal care, case management, medication management	Medicaid waivers, state funds, private pay a la carte	Extensive resource brokering, e.g., owns adjacent mini-mall & contracts space to hospital for clinic and to meal providers; residents raise funds for additional services
Mid-Peninsula Housing CALIFORNIA	Section 202, Section 8	125	Meals, transportation, health screening, housekeeping, personal care, medication management	Medicaid waiver, corporate sponsors, private pay a la carte	Makes use of wide range of community resources including computer training, ESL, and wellness programs
Penn South Co-op NEW YORK	NORC	1,500	Social day program, comprehensive social and health services	State and city contracts, housing co-op funds, foundations	Contract out 98% of services using partners: VNA, Jewish Home & Hospital
Project New Hope CALIFORNIA	Section 202, Section 8	80	Meals, activities, case management, light/heavy housekeeping, health screening	Medicaid waivers, private pay	Targets seniors with HIV/AIDS; uses outside resources including AngelFood meal program, Jewish Community Center, and Shelter Partnership
The Retreat COLORADO	PACE	55	Extensive PACE service	Medicaid waivers, private pay, insurance	Staff sensitivity training; modified environment; residents may work on sight for discounts

APPENDIX D
Completed Interviews

Linda Adams
Montana
Accessible Space Inc.

Patricia Atkinson
Alaska
Rural Assisted Living Long-Term Care Development Unit

Mandi Birchfield
Texas
Fowler Christian Apartments

Julie Bornstein
California
Keston Infrastructure Institute, University of Southern California

Willard Brown
Washington
Elder Village

William Calderin
Florida
Helen Sawyer Plaza

Sarah Carpenter
Vermont
State Finance Agency

John Carr
California
Department of Aging

Dominique Cohen
California
Mid-Peninsula Housing

Karen Davenport
New Jersey
Robert Wood Johnson Foundation

Karen Dean
Connecticut
Immanuel House

Charlotte DeBois
New Hampshire
Laconia Housing and Redevelopment Authority

Maggie Dionne
Massachusetts
Supportive Housing

Beth Eisenhandler
New York
State Department of Health

Barbara Fuller
New Jersey
Department of Health and Senior Services

APPENDIX D (continued)

Steve Golant
Florida
University of Florida

Karin Hammer-Williamson
Vermont
Department of Aging and Disabilities

Jennie Chin Hansen
California
On Lok Senior Health

Ken Harris
New York
Association of Homes and Services for the Aging

Sylvia Karl
California
Southern California Presbyterian Services

Shelly Kritzman
Michigan
Michigan State Housing Development Authority

Jane Lowe
New Jersey
Robert Wood Johnson Foundation

Deb Macadoo
Vermont
Department of Aging and Disabilities

Jim Maguire
Michigan
1B Area Agency on Aging

Jan Monks
Ohio
American Association of Service Coordinators

Pam Marron
Michigan
American House

Susan Parks
Florida
Housing Finance Corporation

Jack Plimpton
California
Project Hope

Carla Pope
Iowa
Housing Finance Authority

Vera Prosper
New York
State Office on Aging

APPENDIX D (continued)

Charlie Reed
Washington
Homecare Quality Authority

Marty Robb
Massachusetts
Department of Housing and Community Development

Corky Rogers
Colorado
The Retreat

Herb Sanderson
Arkansas
Aging and Adult Services

Nancy Sheehan
Connecticut
University of Connecticut

Diane Sprague
Minnesota
Housing Finance Agency

Alayna Waldrum
California
California Association of Homes and Services for the Aging

Ray Weisgarber
North Dakota
Bethany Homes: Retirement Residence & Skilled Nursing Facility

Vicky Wilson
Alaska
Fairbanks Pioneer Home

Nat Yalowitz
New York
Penn South NORC Social Services