

***HOUSING
TASK TEAM REPORT TO
THE CALIFORNIA
COMMISSION ON AGING***

Prepared for
**PLANNING FOR AN AGING
CALIFORNIA: AN
INVITATIONAL FORUM**
March 8, 2005

Prepared by
Jack Christy, Policy Director
California Association of Homes &
Services for the Aging

Cheri Jasinski, Consultant

The Purpose

The purpose of this document is to provide a status report of the work of a stakeholder task team on Housing organized around working on implementation of “Planning for an Aging California Population” (Health and Human Service Agency October 2003).

Task Team Members

Jack Christy, Chair	Policy Director, California Association of Homes & Services for the Aging
Maggie Carunchio	Retired Executive, Grad Student
Sandy Cordova	Leadership for Active Living
Nancy Dolton	Chair, California Commission on Aging
Heather Harrison	Vice President, California Assisted Living Association
Carla Hett Smith	Analyst, California Commission on Aging
Marla Hollander, MPH, CHES	National Director, Leadership for Active Living
Cheri Jasinski	Consultant to California Commission on Aging, Primary author of the LRSPA
Bill Powers	Vice President, California Alliance for Retired Americans
Jon Pynoos	Director, National Resource Center on Supportive Housing & Home Modification, UPS Professor of Gerontology, Policy & Planning, Commissioner, California Commission on Aging
Alisha Sanders	Housing Director, California Association of Homes & Services for the Aging
Marvin Schachter	Commissioner, California Commission on Aging
Art Serrin	San Diego Housing Federation
David Wilder	Chair, Senior Affairs Commission, State Independent Living Council, Sand Bernardino County Department of Aging and Adult Services, Triple A Council of California, Vice Chair, State Independent Living Council

Table of Contents

	<u>Page</u>
I. Forward.....	1
II. Background on Housing.....	3
III. Current Status of Housing Task Team	7
IV. Housing Implementation Priorities and Action Plan	8
V. Barriers to Implementation of Housing Priorities	9
VI. Proposed Revisions to the <i>Strategic Plan for an Aging California Population</i>	11

I. Forward

A. Who is the California Commission on Aging?

The California Commission on Aging (CCoA) was established in 1973 by the Burton Act. It was confirmed in the original Older Californians Act of 1980 and reconfirmed in the Mello-Granlund Older Californians Act of 1996.

The Commission serves as "*the principal advocate in the state on behalf of older individuals, including, but not limited to, advisory participation in the consideration of all legislation and regulations made by state and federal departments and agencies relating to programs and services that affect older individuals.*" As such, the CCoA is the principal advisory body to the Governor, State Legislature, and State, Federal and local departments and agencies on issues affecting older Californians.

B. SB 910—Aging Planning Legislation

California is home to nearly four million people over age 65—the largest older adult population in the nation. This number is expected to more than double over the next several decades as the baby boomers begin reaching this milestone. To address this impending reality, Senator John Vasconcellos wrote Senate Bill 910 (Ch. 948/99, Vasconcellos). The bill mandated that the California Health and Human Services Agency develop a statewide strategic plan on aging for long term planning purposes. On October 14, 2003, the *Strategic Plan for an Aging California Population—Getting California Ready for the Baby Boomers*, was completed with the major support of the CCoA and a plan development task team representing 25 older adult stakeholder organizations supported by 15 state departments. The Governor signed the plan in November 2003. (The Strategic Plan can be reviewed at http://www.calaging.org/works/population_files/population.pdf.)

C. CCoA's Monitoring Role of the Strategic Plan

SB 910 calls for periodic updates so that it can be continuously improved and reflect new circumstances, new opportunities and the changing socio-political environment. The CCoA agreed to assume responsibility for the monitoring and updating the Strategic Plan. In this capacity, the CCoA is responsible for convening stakeholders, holding meetings, and monitoring the progress of priority action items outlined in the Plan. The CCoA will report to the Legislature the progress of the Plan's implementation, and update the Plan's contents to reflect changing priorities and actions. Reports to the Legislature will be on a biennial basis.

The CCoA's approach to monitoring the Strategic Plan's implementation during 2003-2005 includes:

- Encouraging/facilitating work on Strategic Plan implementation by convening nine new stakeholder task teams, facilitating initial meetings and establishing partnerships with two previously formed stakeholder teams.
- Dialoguing with state officials at the March 8, 2005 Forum on the top 15 priorities in the Strategic Plan.
- Distributing and compiling the results of a baseline questionnaire on the Strategic Plan's 15 Priorities. The questionnaire was distributed to private, public and non-profit providers and aging advocates.
- Reporting to the Legislature by May 2005, on the progress of the Strategic Plan.

D. Stakeholder Task Teams

Eleven Stakeholder Task Teams have been charged with identifying and focusing efforts on several of the top priority recommendations, developing action plans to support or achieve implementation of these priorities and identifying necessary amendments or additions to the original Plan. These volunteer Task Teams have been meeting for the period October 2003 through December 2004, though some Task Teams started their efforts later than others. Written reports have been received from all Task Teams—copies are available from the CCoA office. The focus areas for the 11 stakeholder task teams are: Housing, Economic Security, Elder/Financial Abuse, Transportation, Wellness/Prevention, Mental Health, Oral Health, Long Term Care, Palliative/End of Life Care, Assistive Technology, Provider Workforce.

The choices and actions taken by the Task Teams are solely their own and do not necessarily represent the position of the CCoA.

Strategic Plan for an Aging California Population
Report to the California Commission on Aging
March 8, 2005

Housing Task Team

II. Background on Housing

Many older Californians are facing housing challenges. Likely topping the list of challenges is the limited supply of housing affordable available to lower-income households. Over 50 percent of very low-income senior renters (those who earn less than 50 percent of the area median income) pay more than half their income in rent or live in severely substandard housing.ⁱ

The federal government has long subsidized the creation of affordable housing units through programs that provide low interest financing and/or rental subsidies. Unfortunately many of these projects are now nearing their contract end or the time when the owner has the option to prepay their mortgage and exit all rental restrictions.

According to the California Housing Partnership Corporation (CHPC), California currently has almost 150,000 federally subsidized affordable units.ⁱⁱ Since 1996, 237 projects have opted out of these subsidy programs and converted to market-rate rents, removing over 16,000 units from California's supply of affordable housing. Due to tight rental markets, California has had a conversion level among older subsidized properties that is triple that of any other state.ⁱⁱⁱ CHPC estimates that an additional 73,000 units are at-risk of converting.

In a study that looked at primarily elderly subsidized housing, the National Housing Trust (NHT) estimated that as of 2001, California had lost approximately 9,000 units at 85 subsidized elderly properties across the State and that an additional 456 elderly properties containing over 37,000 assisted units are at risk of exiting the State's supply of rent-assisted housing and converting to market-rate rents.^{iv} (The numbers in the CHPC and NHT studies cannot be compared because their data pools are not identical.)

At the same time, fewer new subsidized units are being constructed. The Section 202 program, a primary funding source for affordable senior housing, funded only 5,300 new units nationwide in 2004. This is down from its high point in 1976 of 27,500 new units.^v Other federal subsidy programs are seeing similar, if not more drastic, cuts in funding and will likely continue to do so.

Affordable housing is also built with state funding sources. California, however, does not have a reliable permanent source of funding. Currently, affordable housing projects are supported with funds from Proposition 46, an initiative that

authorized the sale of \$2.1 billion in bonds. Unfortunately, those funds are expected to be exhausted in the summer of 2007 and there is no source identified to replace the funds.

Across the nation, there are nearly six times as many seniors with unmet housing needs as are served by the current supply of rent-assisted housing.^{vi} As a result, waiting lists for subsidized housing are quite long. For example, nine applicants wait for each Section 202 unit that becomes vacant.^{vii}

This trend is likely to continue, as the number of seniors needing affordable housing in the future is expected to increase at a steady pace. In 2020, an additional 730,000 rent-assisted units will be needed across the country to accommodate senior households age 65 and older at the same rate they are accommodated today.^{viii} Many more will be needed to fully meet the level of need.

Preservation of senior housing is not just about preventing affordable units from converting to market-rate rents, but is also about maintaining and updating existing affordable senior housing facilities to meet the changing needs of residents. Like their residents, many affordable senior properties themselves are aging. Deteriorating properties are in need of repairs, as well as modifications to make the buildings more accessible to their elderly residents. Operating under such small budgets, though, many properties lack the capital to make the needed repairs and modifications. According to an AARP study, 36 percent of the oldest senior facilities report that their reserves are inadequate to meet projected repair needs.^{ix}

An AARP survey reveals year after year that 85 percent of older Americans want to be able to remain in their own home. One of the key elements to doing so is a person's ability to maneuver around their home. Modifications that make homes more supportive and accessible can have a large impact on a person's independence and their ability to carry out tasks of daily living safely.

Older persons tend to live in the oldest segments of the housing stock. Approximately 80 percent of seniors own their home and many have lived in these homes for 25 years or more. Those that rent also tend to live in older apartment projects. Older housing stock is generally not designed to support an aging resident's special needs. The three biggest problems older persons encounter are getting in and out of the house, up and down stairs, and safely using the bathroom.^x

Nationally, over five million older households have one household member with a functional limitation. Of these households, 2.1 million express the need for home modifications to function independently, but only 1.1 million have the modifications they desire.^{xi} Nevertheless, there is evidence of strong consumer demand for accessibility features. An AARP survey indicates that adults age 45 and older have a strong interest in features (e.g. bathroom modifications, handrails, lever door handles, ramps) in order to improve their safety and independence.

There are many benefits to modifying homes with design features that support seniors' aging needs, including:

- Promoting independence by making it easier for seniors to perform daily tasks,
- Facilitating care-giving (for example, having enough space in a bathroom can make it easier for someone else to provide assistance with bathing),
- Helping reduce accidents, and
- Reducing health care costs and delaying institutionalization.

Falls, in particular, are a serious public health issue. As many as 30 percent of persons aged 65 and older have at least one fall annually. In 2000, 1.8 million falls led to an emergency room visit among older Americans resulting in \$16.4 billion in direct medical and long-term care costs. Moreover, falls are the leading cause of death from injuries among older persons.

At the same time that there is a need to modify existing homes, we can also incorporate accessible (universal) design features into newly constructed homes. It is more cost efficient to incorporate universal design features into the initial construction of a home compared to retrofitting it later. Adding universal design features up front can increase the cost of a home by up to 3 percent, where as improvements like widening a doorway or raising a toilet can cost 20 times the regular cost when retrofitted later.^{xii}

Regardless of whether a home is made accessible during initial construction or sometime later, home modifications have been shown to be cost-effective. One study involving older persons in a controlled intervention involving assessment by an occupational therapist, home care services, and home modification reduced home health costs and delayed institutionalization of those in the treatment group.^{xiii}

Housing production in California has not kept pace with population growth/housing need.^{xiv}

- It has been projected that we need 220,000 new housing units annually to meet the need.
- Since 1999, less than 170,000 new residential construction permits have been issued each year. In 2004, the number of new residential units built went up to an estimated 201,000, but still below what is needed.
- What construction has occurred has primarily been of single-family homes, not multi-family units. Since 2000, multi-family units have accounted for only 28 percent of all new units constructed. (This can be translated to mean that most construction has been for those at the higher end of the income scale; most lower-income households cannot afford to purchase a home.)

California is losing its federally subsidized housing stock:^{xv}

- California currently has almost 150,000 affordable units that have low interest rate financing and/or rental subsidies through various federal programs (not including Section 202 properties).
- These units house more than 375,000 persons.
- Since 1996, several property owners have chosen to opt out of the federal subsidy programs, taking over 16,000 affordable units out of circulation.
- Due to tight rental markets, California has had a conversion level among older-assisted HUD properties that is triple that of any other state.
- The California Housing Partnership Corporation estimates that an additional 73,000 units are potentially at-risk of converting to market-rate rents.

The chart below illustrates that many seniors live in federally subsidized housing:

Seniors in Federal Housing Programs	
Program	Percent of Tenants who are Seniors
Section 8 vouchers	17%
Public Housing	32%
Section 8 New/Sub. Rehab	51%
Section 8 LMSA	22%
Section 202	100%
Section 236	39%
Section 811	10%
Section 515	17%

Source: Millennial Housing Commission, data from Multifamily Tenant Characteristics System, U.S. Department of Housing & Urban Development, March 2001.

A declining federal housing budget, has meant few new units built:

- Between 1976 and 2003, the federal housing budget dropped from \$86.8 billion to \$35.1 billion (in 2004 constant dollars).
- In FY 2005, HUD will be funded at \$37.3 billion, \$618 million below the FY 2004 level.
- In FY 2005, the Section 202 program, which funds housing exclusively for seniors, will receive \$747 million, \$26 million less than FY 2004.
- This total includes \$650 million for capital advances and new project rental assistance contracts, the portion of the program that funds construction of new units. In FY 2004, capital advances were funded at \$702 million.
- Only 37 percent of the capital advance applications submitted in FY 2004 were funded.

-
- In 1977, approximately 20,000 new Section 202 units were produced. Production has dropped steadily since. Funding from FY 2004 will produce approximately 5,300 units.

State funding for affordable housing is unstable:

- California Department of Housing & Community Development's (HCD) primary source of funding for housing development and preservation is currently Proposition 46, which was passed in November 2002. HCD received \$1.7 billion of the \$2.1 billion bond. (CalHFA also received funds.)
- These funds are expected to be exhausted in the summer of 2007. Currently, there is no source of funds identified to replace Proposition 46 funds.
- Immediately prior to the passage of Proposition 46, state general funds were the largest source of funds for the department. At other times, though, the largest source has been federal funds. Given the state and federal budget crisis, it's questionable to what extent these sources will fill in the gap when Proposition 46 funds are exhausted.

III. Current Status of Housing Task Team

The Task Team began its work by reviewing the *Strategic Plan on an Aging California* including the full list of Housing recommendations. The Task Team worked through a selection process to identify four implementation priorities. The priorities represent what the Task Team members felt could be reasonably accomplished in the current environment. For each of these priorities, an Action Plan was created. As a final step, the Task Team compiled a list of barriers that hinder implementation. Task Team members are listed on page i of this document.

IV. Housing Implementation Priorities and Action Plan

Priority	Action Plan
<p>Preservation of Existing Affordable Housing Inventory</p>	<ul style="list-style-type: none"> • Coalition building to create a political mandate to preserve the existing stock of affordable housing. <ol style="list-style-type: none"> a) Plan to host a session that addresses this issue at Housing California’s 2006 Annual Conference. b) Determine the feasibility of hosting a summit to bring stakeholders/advocates for older adults and persons with disabilities together to develop a concrete and detailed implementation plan to implement the highest preservation priorities. c) Track the funding status of Sections 8, 515, and 202 housing in California. Disseminate latest information to all older adult organizations in California. d) Partner with Housing California, HCD, county, and city governments to develop a tracking system to monitor “at-risk” affordable housing projects, privatization, gentrification, and redevelopment. e) Use our network to alert organizations, local governments, and AAAs about “at risk” housing projects and provide recommendations for taking action.
<p>Sustainable funding for Affordable Housing</p>	<ul style="list-style-type: none"> • Work with other affordable housing advocacy groups to identify and advocate for a reliable permanent source of state funding for affordable housing. • Alert other older adult organizations of the need to identify a permanent source of funding and enlist their support.
<p>Affordable Assisted Living</p>	<ul style="list-style-type: none"> • Monitor and support the progress of the Assisted Living Waiver Pilot Project. • Encourage publicly subsidized housing sites in the targeted communities of San Joaquin County, Sacramento County, and a portion of Los Angeles County to participate in the pilot project. • Support efforts to document successes, barriers, and lessons learned in order to encourage replication and further sustainability of the model.

Priority	Action Plan
Accessible Homes and Communities	<ul style="list-style-type: none"> • Monitor Community Development Block Grant funding, a major source of financing for home modifications that is “at risk” for funding cuts. •Advocate for AB 63, which establishes improvement loans to low-income elderly and persons with disabilities. • Advocate for AB63, which establishes an Elderly and Disabled Persons’ Revolving Home Improvement Loan Program within HCD. The bill would award grants to local public agencies or nonprofit corporations to administer no-interest home improvement loans to low-income elderly and persons with disabilities. • Support and monitor the implementation of two Universal Design (UC) bills, AB 2787 and AB 1400. A two-tier or hybrid approach that integrates both bills is necessary to mandate basic accessibility requirements in new homes while requiring builders to offer additional features to the homebuyer. • To build support from the building industry, the HCD must insure that contractors and architects receive training on the broader issues of aging and disability. Housing professionals need to be involved in amending building codes and promoting UD features. • Encourage housing agencies to conduct comprehensive UD cost analyses to understand specific costs for builders and consumers. Such analyses should be readily available to cities and counties as they develop local ordinances. • Partner with the Transportation Task Team to create accessible communities with accessible homes connected to safe walking routes, pedestrian access to transit, and elder-friendly recreation trails.

V. Barriers to Housing Priorities Implementation

General Housing Barriers

- The sheer breadth and complexity of housing issues, and corresponding lack of coordination between and amongst housing organizations, non-profit, for profit, local and state government
- Lack of statewide and county level comprehensive data, both present and projected, about the supply of housing. This includes lack of specific data on

the supply, both present and projected, at various affordability levels—extremely low income, low income, moderate.

- Perception that older adult housing programs hurt housing opportunities for persons with disabilities
- Lack of a centralized clearing house and/or communication resource for getting information out in a timely and comprehensive manner
- Lack of communication between organizations advocating for older adults and persons with disabilities.
- Lack of funding and man power for coordinated/ integrated programs such as mentioned above. Lack of funding for proven programs such as www.homemods.org
- Perception—Some public agencies and advocates of affordable housing feel that seniors are already getting more than their fare share of funding for affordable housing and aren't supportive of additional funding being committed to senior only projects—a question of more than enough vs. a serious deficit.
- Lack of data about the true level of need for older adult housing in the state
- Funding—Will we be able to find the funding to host a summit on senior housing and preservation?
- Participation—Housing has traditionally not been the top priority for many senior groups. Will we be able to get people to participate in a summit on senior housing and preservation?

Barriers to Preservation of Affordable Housing

- Funding—Funding levels for affordable housing have declined at both the federal and state level. Given the budget challenges all levels of government are facing, this priority is unlikely to shift and funding is likely to continue declining.
- Market Forces—When given the chance to opt out of subsidy programs, CA owners know they can make a much larger profits by charging market-rate rents and, therefore, have less incentive to stay in HUD programs where rents are restricted. (Although state law requires advanced notification of an owner's intention to opt out of subsidized programs and gives purchase rights to non-profits, will the funding be available for non-profits to purchase these properties?)
- Gentrification—With the high housing costs in California, the only option for some people is to buy in more run down neighborhoods. When enough people start purchasing, however, the balance shifts and these neighborhoods start to become unaffordable.
- Neighborhood Rehabilitation—Cities face a fine line between preserving affordable housing and improving the economic vitality of deteriorating

neighborhoods. This often means tearing down affordable housing stock (Single Room Occupancy hotels, for example). As improvements are made to a neighborhood and more people are willing to move in, that neighborhood becomes unaffordable.

- Speculation—People are buying less expensive houses (turning apartment complexes into condos, etc.) with the purpose of playing the rising house cost market and quickly turning the properties for a profit.
- Influence—Residents of affordable housing are generally not a powerful political constituency.

Barriers to Accessibility

- Added Costs—AB 2787 requires HCD to develop a voluntary model universal design ordinance for communities around the state to consider adopting. Most jurisdictions will likely face opposition from the building community to adopting such an ordinance because of the added costs.
- Awareness—If not disabled in some way themselves, many consumers may not consider the need for accessible features in their home. They also may not be thinking about disabled visitors, or their own future needs, or the needs of family members.
- Sheer Size of the State—How could this committee reach out to such a large number of communities to encourage them to adopt a universal design ordinance?

VI. Proposed Revisions to the *Strategic Plan for an Aging California Population*

The Housing Task Team has no suggested Plan revisions.

ⁱ In California, approximately 21 percent of all households age 65 and older earn less than \$15,000 annually. Among households age 85 and over, 30 percent earn under \$15,000 annually. Source: Claritas, Inc. San Diego, CA. 2004 estimates based on 2000 census data.

ⁱⁱ This figure is derived by the California Housing Partnership Corporation and includes projects that either have project-based Section 8 rental assistance or were financed under federal mortgage programs (HUD Section 221(d)(3) and Section 236 and Rural Development Section 515). Section 202 projects are not included because they are considered to be at lower risk of converting to market-rate rents.

ⁱⁱⁱ Department of Housing and Community Development, *California's Deepening Housing Crisis*, 10/17/04, p. 3. (<http://www.hcd.ca.gov/hpd/hc100704.pdf>)

^{iv} Michael Bodaken and Kyra Brown, *Preserving and Improving Subsidized Rental Housing Stock Serving Older Persons: Research and Recommendations for the Commission on Affordable Housing and Health Facility Needs for the 21st Century*, March 2003. Primarily elderly subsidized properties are defined as properties where 50 percent or more of the households are 62 or over and/or the client group for the property is classified by HUD as elderly.

^v Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, *A Quiet Crisis in America*, June 2002, p. 39; updated with HUD FY03 and FY04 NOFAs.

^{vi} Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, p. 21.

^{vii} Leonard F. Heumann, Karen Winter-Nelson, James R. Anderson, *The 1999 National Survey of Section 202 Elderly Housing*, January 2001, p. 32.

^{viii} Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, p. 22.

^{ix} Heumann, p. 74.

^x Dr. Jon Pynoos' testimony to The Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century.

^{xi} Joint Center for Housing Studies, 2000.

^{xii} www.wilder.org/goodage/Housing/universe102.html

^{xiii} Mann, Ottenbacher, Fraas, Tomita, & Granger, 1999.

^{xiv} Source: Department of Housing and Community Development, *California Deepening Housing Crisis*, 10/17/04.

^{xv} Source: California Housing Partnership Corporation