

HOUSING THOSE HARDEST HIT:

Addressing Older Adult Homelessness



September 2024

Commissioners

Cheryl Brown, Chair
Ellen Schmeding, MSW, Immediate
Past Chair
Marcy Adelman, PhD
David Campos, JD
Erika Castile, MA
Joseph A. Cislowski, MPP
Adriene Davis, PhD
Janet C. Frank, DrPH
Brendalynn Goodall, MSW
David Lindeman, PhD, Vice Chair
Ben Jauregui, DSW
Jamie Jensen, PhD
Shelley Lyford, MA
Debbie Meador, CPA
Timothy Perry, JD
Faisal Qazi, DO
Dana Toppel, LCSW, MBA

Commission Staff

Karol Swartzlander,
Executive Director

Leza Coleman, Legislative Director

Patrick Smith,
Policy & Research Analyst

Marijke Melman,
Outreach & Engagement Analyst

Marcella Villanueva,
Administrative Analyst

Contributors

Valerie Coleman,
Program Coordinator,
Metropolitan Transportation
Commission



THE CALIFORNIA COMMISSION ON AGING

The California Commission on Aging serves as the principal advocacy body for older Californians and as a catalyst for change that supports and celebrates Californians as they age. The Commission's work on behalf of older adults reflects the values of equity and inclusion; autonomy, choice, and access; respect and integrity; collaboration and partnership.

The California Commission on Aging advises the Governor and Legislature, along with state, federal, and local agencies on programs and services that affect older adults. The Commission works closely with public, nonprofit, and private-sector partners to address emerging challenges and opportunities.

Established in the Older Californians Act, the Commission is comprised of 18 appointees representing the state's racial, ethnic, and geographic diversity. Members of the Commission are consumers and providers of aging services, as well as researchers and academicians from the field of aging. Commissioners are volunteers who serve up to two three-year terms, appointed by the Governor, the Speaker of the Assembly, and the Senate Rules Committee.



California Commission on Aging
2880 Gateway Oaks Drive, Suite 390, Sacramento, CA 95833
916.419.7591 | ccoa@ccoa.ca.gov | www.ccoa.ca.gov

TABLE OF CONTENTS

Letter from the Chair	4
Executive Summary	5
Older Adult Housing Crisis	5
Continuum of Care Among Older Adults	5
Recommendations	6
Background	7
California’s Housing Crisis	7
The Fastest Growing Homeless Population	7
The Continuum of Care	8
Permanent Housing	10
Development Costs	10
Rental Costs Outpace Income	10
Underused Capacity	10
Homeshare	10
Recommendations	11
Independent Living	13
HUD Section 202 Housing	13
Recommendation	14
Assisted Living	15
Rising Development Costs	15
Increased Operational Costs	15
Barriers to Development	16
Local Planning and Housing Element Law	17
Assisted Living Waiver (ALW)	17
Community Care Expansion	18
Recommendations	18
Conclusion	21
Notes	21

LETTER FROM THE CHAIR

October 1, 2024

Dear Reader,

In May of 2023, the California Commission on Aging (CCoA) convened a panel of housing experts at the annual conference for the California Association of Area Agencies on Aging titled, **AGING IN COMMUNITY: The Affordable Housing Crisis that No One is Talking About**, to discuss the growing concern of older adult homelessness in California. The panel, representing academics, advocates, and non-profit developers, presented their individual findings on the current state of older adult homelessness and the future of housing in California. The subsequent discussion highlighted the urgent need for affordable housing for older adults and offered valuable insights into the complexities of this issue.



From this forum, CCoA developed a series of recommendations designed to elevate policies that help those hardest hit by the housing crisis – older adults. Our intention is to inspire dialogue between aging and housing experts, legislators, and elected officials, as well as community members, advocates, and those with lived experience. We seek to connect the silos of aging and housing and work towards tangible and realistic goals to reduce older adult homelessness in California.

The housing crisis disproportionately affects older Californians and highlights disparities and shortfalls in existing systems designed to protect vulnerable communities. As the demographics of California shift, the issues that affect older adults are increasingly reflective of the population as a whole. As the people's advocate for older adults in California, CCoA is committed to ensuring that discussions surrounding housing and homelessness prioritize older adults.

CCoA looks forward to continuing work toward achieving Goal One: Housing for All Ages and All Stages set in the Master Plan for Aging. This report provides key recommendations and policies that support the urgent need to build capacity to house California's most vulnerable residents.

Sincerely,

Cheryl Brown

Chair, California Commission on Aging

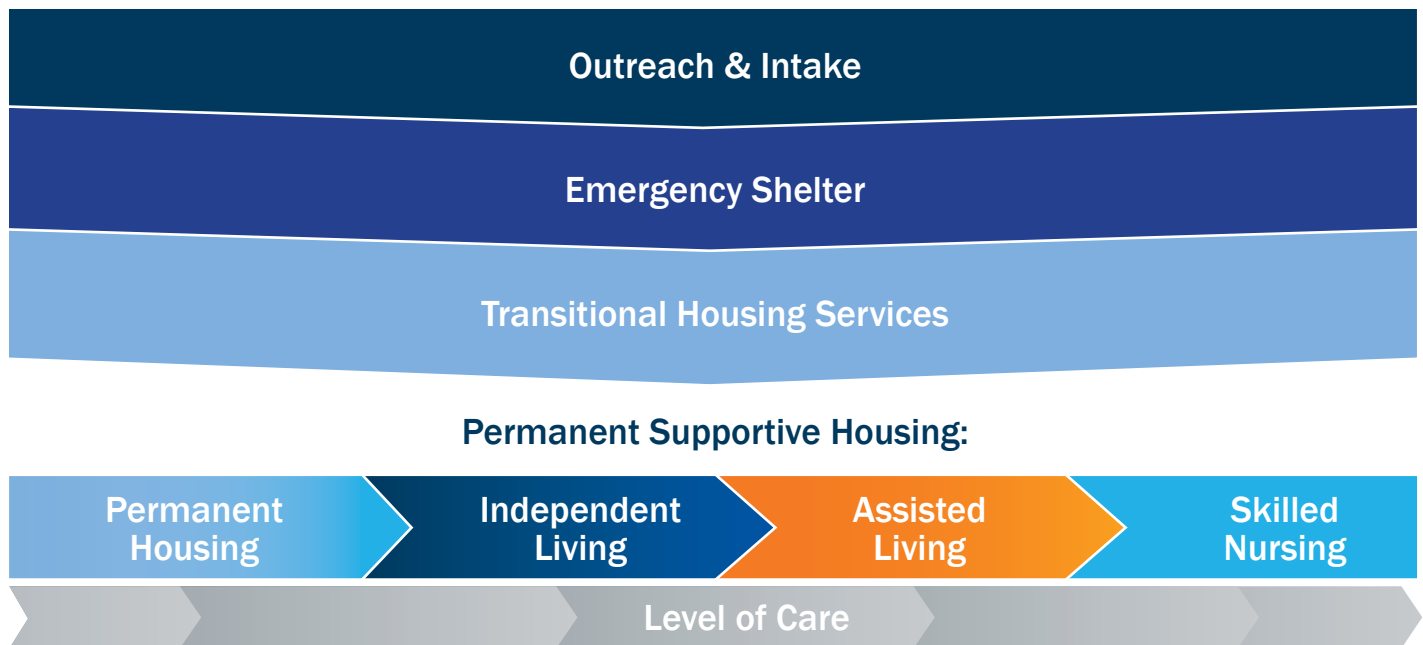
Solving the housing crisis has become a key objective for state policymakers. With a shortage of available units, the cost of housing has risen dramatically in recent years and older adults are the most profoundly impacted.

THE OLDER ADULT HOUSING CRISIS

From 2017 to 2022, the number of adults aged 55-64 who accessed homelessness services increased by over 90% while the number of adults over 65 increased by over 166% – far outpacing any other age group. In 1990, 11% of the homeless population was over the age of 50 while older adults represented nearly half the homeless population in 2023. Among the population of homeless older adults, 41% first experienced homelessness after the age of 50. Experiencing homelessness at a later stage in life correlates with increased cognitive impairment and decreased overall health. Mortality rates jump proportionately to the age that an older adult first experiences homelessness.

CONTINUUM OF CARE AMONG OLDER ADULTS

Housing for older adults adds the complexities of essential care and services to the complicated issue of housing. While paths to permanent, affordable housing are the goal, additional care considerations are necessary to ensure the health and well-being of the individual. Policymakers must consider the continuum of care sequence of settings, each with a unique range of services. A shortage of one setting in the continuum will ultimately create strain in other settings. This report discusses three primary settings across the continuum of care: permanent housing, independent living, and assisted living.



RECOMMENDATIONS

The following table lists the Commission’s seven recommendations to mitigate older adult homelessness based on the three primary settings within the continuum of care:

Setting	Recommendation	Description
Permanent Housing	1 Explore a statewide subsidy for older adults at-risk of homelessness	Explore the viability of a shallow subsidy for older adults across the state who are at-risk of homelessness
	2 Develop a state homeshare program	Provide funding to counties to establish homeshare programs and subsidize a guaranteed rent payment to homeowners who participate in the programs
Independent Living	3 Explore a state equivalent to the HUD Section 202 program	Provide capital advances to non-profits to develop independent living facilities and subsidize housing and services for low-income older adults
Assisted Living	4 Expand ministerial approval for Residential Care Facilities for the Elderly (RCFEs)	Increase the number of residents an RCFE can serve while still defined as a residential use of property
	5 Reform Housing Element Law to include assisted living planning	Include local government planning for RCFEs in the Housing Element Law
	6 Expand the Assisted Living Waiver Program (ALW)	Increase the number of waivers available for the ALW and expand the program statewide
	7 Continue funding for Community Care Expansion (CCE)	Renew appropriations for CCE subsidies that cover losses incurred by RCFEs serving low-income adults

The increasing cost of housing and the resulting growth of homelessness defines the national housing crisis. One frequently overlooked factor is constant regardless of geography – the rapidly growing number of older adults affected. While housing issues may differ from state to state, the growing number of homeless older adults has become heartbreakingly common.¹ California’s housing crisis is America’s case study for emerging national trends. A national spotlight follows our efforts to solve this crisis.

CALIFORNIA’S HOUSING CRISIS

The lack of available affordable housing in relation to the population’s needs is the primary cause of the housing crisis. Development of new housing, for low-income as well as middle-income households, is far below demand. Estimates calculate California needs to add 1.8 to 3.5 million new units in the decade 2015 - 2025.² This dramatic shortage increases pressure on existing units and rental rates, and affects the most vulnerable Californians. California has just 24 units available for every 100 extremely low-income households – translating to a 1-million-unit deficit for these households.³

The increase in homelessness is attributed to both individual and structural factors. Individual factors, such as mental illness and substance use disorders cause an individual to bear a higher risk for being unhoused. Structural factors, such as the lack of affordable housing, income inequality, and structural racism also contribute.

In communities experiencing substantial structural barriers, fewer individual factors are needed for one to become unhoused. An example: an older adult of color who suffers slight cognitive or physical decline living in a neighborhood with a history of redlining and institutional racism in housing policy will be at greater risk for housing instability. Where structural factors are less of a concern, minor individual factors are more likely to be mitigated before homelessness occurs.⁴

Reducing structural factors has been shown to create more resilient communities, lessening individual challenges and helping older adults remain housed. Focusing on structural factors in policy reduces homelessness and will help keep older adults within their homes and communities.

THE FASTEST GROWING HOMELESS POPULATION

Older adults are the fastest growing homeless population. From 2017 to 2022, the number of adults aged 55-64 who accessed homelessness services increased by over 90% while the number of adults over 65 increased by over 166% – far outpacing any other age group.⁵ In 1990, 11% of the homeless population was over the age of 50 while in 2023 older adults represented nearly half the homeless population.⁶ Among this population, 41% first experienced homelessness after the age of 50.⁷

Numerous factors contribute to the rise in older adult homelessness. Inconsistent employment, low-wage work, and time serving as a family caregiver, result in low wages throughout significant working years. Income insecurity can be compounded by a crisis such as a medical or mental health issue, a death in the family, loss of a job, or any event that reduces ability to earn a living.⁸ Some family caregivers’ most reliable source of income comes through In-Home Supportive Services (IHSS) compensation.⁹ Upon

losing this loved one, the caregiver will face the challenge of lost income as well as coping with grief.

Challenges associated with aging cause older adults to be particularly vulnerable to homelessness. Older adults with cognitive disabilities such as dementia may not be aware of available services that could keep them housed. Systems of social support are difficult to navigate and a lack of internet access, a device, or a consistent address can be prohibitive to accessing existing safety net programs. Protections against illegal evictions are rarely enforced. Bureaucratic hurdles such as improper administration of public benefits can lead to a drastic loss of income or debt.¹⁰ Without knowledge, capacity, access, or law enforcement, older adults can slip into homelessness even when interventions are available that would keep them housed.

Once homeless, older adults experience accelerated health deterioration and demonstrate health outcomes reflective of persons decades older than their biological age. In a cohort study based in Oakland, homeless older adults' mortality rate was 3.5 times higher than their housed peers. Older adults first experiencing homelessness after 50 had an even greater increase.¹¹ More than 25% of homeless older adults meet the criteria for cognitive impairment.¹²

THE CONTINUUM OF CARE

Advocates for homeless services often reference the continuum of care – a system that facilitates placement into permanent housing through a process of outreach and services. Continuums of care emphasize four elements: outreach and intake, emergency shelter, transitional housing

services, and placement into permanent housing or permanent supportive housing.¹³

Housing older adults complicates the already intricate issue of housing by introducing additional care and service considerations. While permanent housing is the goal, additional care considerations are needed to ensure the health and well-being of the individual. The continuum of care for housing older adults emphasizes levels of care received as well as independence.

As the needs of an individual increase, movement into housing that provides appropriate care is essential. The continuum informs policymakers and planners of the need to build housing for older adults that will accommodate a wide range of care



needs. Distinctions must be made between the types of housing that serve older adults.

Permanent Housing

Permanent housing is essential to mitigating the compounding negative effects of aging. Permanent housing includes housing that can be utilized by residents of any age, and includes

affordable housing developments, single-family homes, and market rate apartments. Affordable housing is an aging issue in which the supply of housing affects both older adults' ability to transition out of homelessness and their ability to stay in a residence and avoid homelessness. Policies targeting an increased supply of permanent housing must address the specific needs of older adults.

Independent Living

In housing policy, we distinguish between housing not designed for a specific population and housing developed solely for the specialized needs of older adults. Services provided to older adults in their home are generally referred to as “independent living arrangements” in the aging field. For the purpose of this paper, “independent living” refers to age-restricted communities and developments that do not have mandatory services for daily living.

Independent living communities can be facilities with multiple units or they can be developments with individual homes rented to older adult households. Independent living is utilized by older adults who do not require extensive services but want a community setting designed specifically for older adults with or without additional amenities. Amenities range from weekly social events and discount meal programs to bus trips to the grocery store or museum.

Assisted Living

Assisted living provides an additional level of care over independent living. These facilities provide services such as help with daily activities and medication management. In California, Residential Care Facilities for the Elderly (RCFEs) are the

defined term for assisted living facilities licensed by the California Department of Social Services for the care of individuals 60 years of age and older. They range from small six-bed homes in neighborhoods to larger facilities with hundreds of units. Residents pay a consolidated fee including rent and services.

Permanent housing includes housing that can be utilized by residents of any age, and may include affordable housing developments, single-family homes, or market rate apartments. Permanent housing is key to mitigating the compounding negative effects of aging. Policies targeting an increased supply of permanent housing must consider the specific needs of older adults.

DEVELOPMENT COSTS

Many factors have contributed to an increased cost for housing development as well as reduced production. With the high costs for materials and labor, developers are reluctant to build without a guaranteed return on investment. Obstacles at the local level, such as design standards, parking requirements, and development fees, add layers of additional cost. Increases to development costs impact the viability of affordable housing and the ability of communities to meet housing demand. In San Francisco, for example, an affordable housing project costs, on average, \$1,100 per square foot compared to an average of between \$148 and \$233 per square foot nationally.¹⁵

RENTAL COSTS OUTPACE INCOME

In the United States, the rate of older adults who rent rather than own their residence is rising. Currently, approximately 22% of older adult households rent, and this figure is expected to climb to 27% by 2040, according to the Urban Institute.¹⁴ In California, older renters are particularly burdened by the high cost of rent due to limited fixed incomes. 33% of renters aged 62 years or older and 38% of renters 75 years of age or older are considered severely cost-burdened by rent compared to 26% of total renters.¹⁶

Federal programs, such as Social Security, rely on standardized formulas to determine benefit amounts and do not account for cost-of-living in

high-cost locations. For example, in a 2022 report, San Diego County's Health and Human Services Agency found that single older adults would need more than double the average Social Security benefit to meet the cost of living as a renter in San Diego County.¹⁷

The rising cost-of-living requires policies to prevent older adults from losing their housing. A recent survey of individuals experiencing homelessness in California found that a majority could have avoided homelessness with as little as \$300 in extra monthly income.¹⁸

UNDERUSED CAPACITY

It is estimated that nearly 70% of homeowners in California have at least one empty bedroom in their home with nearly 41% in that group having two empty bedrooms or more.¹⁹ With this underutilized capacity resource, California could be at the forefront of transforming attitudes on the sharing households. As capacity building efforts increase, the state should facilitate the use of underutilized living spaces.

HOMESHARE

Nonprofit homesharing programs in the United States have served to facilitate the rental of unoccupied bedrooms (whether owned or rented by the primary resident) to prospective housemate tenants. Existing programs are often designed to address the needs of a specific population. For example, homeshare can pair homeowners in

need of housekeeping with college students who need housing or match homeowners and tenants who are both in need of companionship.

Homesharing programs are generally operated within local jurisdictions by non-profits or local governments with restrictions on providing cash support or incentives to either party in the homeshare agreement. One exception is the Los Angeles Accessory Dwelling Unit (ADU) Accelerator pilot program, which contracts with a non-profit organization to screen, facilitate, and mediate between low-income residents aged 62 and up and homeowners with ADUs. A city-funded subsidy equal to the difference between the market rental rate for the ADU and 30% of the tenant's income ensures that renters are able to remain housed.²⁰ The program shows how public



funds can be used to house lower-income older adults in existing underutilized housing.

Homeshare programs work in a manner that is necessarily high-touch and in-person and thus localized. For this reason, they are geographically and institutionally fragmented, and cannot meet the aggregate scale of older Californians' housing

needs without commensurate consistent, accessible public funding. State funding of homeshare programs could facilitate the development of similar programs in communities across the state.

RECOMMENDATIONS

1 Explore a statewide shallow subsidy for older adults at-risk of homelessness

A shallow subsidy can be a cost efficient approach to keeping older adults on limited fixed incomes from becoming unhoused. A pilot project in San Diego County provides insight into the impact reliable monthly subsidies can have on keeping older residents housed. The County of San Diego Department of Homeless Solutions and Equitable Communities is providing 222 older adults at-risk of homelessness with a shallow monthly subsidy of \$500 for 18 months to help stabilize income for rent.²¹

CCoA recommends that further research and discussion be conducted on a statewide shallow subsidy program specifically targeting older adults. Additional pilot programs could determine the cost-effectiveness of providing additional funds directly to consumers and help determine where the state will find the highest benefit for funds spent.

2 Develop a state homeshare program

Connecting housing-insecure older adults and homeowners with excess capacity, including ADUs, could maximize the use of existing housing. State subsidized financial support could provide an incentive to homeowners to rent to tenants with limited income.

CCoA recommends that the State develop a program that provides grants and guidance to local governments toward developing their own homeshare strategy. Grants should include ongoing financial support to ensure housing-insecure older adults are able to maintain permanent housing stability.

Independent living residential settings offer older adults accessible facilities and a community living environment that enables independence. Optional amenities range from weekly social events and discount meal programs to bus trips to the grocery store or museum.

Available housing stock is predominantly not accessible for those aging in place. A study by the Joint Center for Housing Studies of Harvard University in 2023 found that, nationally, only 4% of housing met accessibility standards required for older adults – defined by the study as housing containing a single floor design, wide hallways, and no-step entries.²² Independent living is housing developed solely for the specialized needs of older adults.

HUD SECTION 202 HOUSING

The U.S. Department of Housing and Urban Development (HUD) Section 202 Supportive Housing for the Elderly Program provides interest-free capital advances to non-profit organizations to finance the development of independent living for low-income older adults. These capital advances



are used for the construction, rehabilitation, or acquisition of properties for supportive housing. Repayment is not required as long as the property serves low-income older adults for 40 years.²³ However, funding is contingent upon Congressional approval and new construction has been rarely authorized over the last two decades. For example, funds for new construction were appropriated in

2023, the first year capital advances for new construction were approved under Section 202 since 2012.²⁸

Mandated low rent combined with the cost of providing supportive services makes operation of these facilities challenging. To qualify for a unit, tenants must be over the age of 62 and make less than 50% of the Area Median Income (AMI) in the facility's location.²⁴ Residents of HUD Section 202 housing cannot be charged more than 30% their adjusted income for rent.²⁵ Therefore, HUD also provides ongoing funding through Project Rental Assistance Contracts (PRACs) to cover expenses incurred from operating these facilities.²⁶ HUD establishes an operating cost per unit based on the Metropolitan Statistical Area and pays the facility the difference between this operating cost and the rental income the facility receives from residents.²⁷

The HUD Section 202 program is effective in providing long-term housing with supportive services to older adults. Federal support to operators through PRAC provides assurance that properties stay in operation. But inconsistent federal appropriations prevent HUD 202 from significantly increasing independent housing stock for low income older adults. With unreliable

appropriations, California cannot rely on Section 202 to keep pace with older adult demographic growth. Program funding of HUD Section 202 and PRAC would need to increase dramatically to alleviate California's accessible housing shortage.

RECOMMENDATION

3 Explore a state equivalent to the HUD Section 202 program

HUD Section 202 has proven effective in supporting the development of affordable independent living facilities and in sustaining them economically. However, the program's sporadic funding makes it unable to meet the increasing demand for affordable housing by older adults.

CCoA recommends California explore the viability of a state program mirroring the HUD Section 202 and PRAC model. The estimated public cost of such program should not be under emphasized. Nonetheless, a program that ensures the expenditure of public funds directly correlates with the housing of older adults in appropriate settings is a valuable investment given the current housing crisis.

In California, assisted living facilities are referred to as Residential Care Facilities for the Elderly (RCFEs) and range from small six-bed facilities in neighborhoods to developments containing hundreds of units. Assisted living facilities provide services including assistance with daily activities and medication management.

In high-cost areas, affordable RCFEs are increasingly unavailable. This is especially true for smaller home-like settings. In San Francisco, for example, smaller six-bed facilities comprised over half the city's RCFEs in 2001. As of 2023, only 15 six-bed RCFEs were left – composing 28% of the total assisted living facilities in the city and only 3% of the total beds.²⁹

RISING DEVELOPMENT COSTS

Access to capital for the development of assisted living remains a major challenge for developers and operators of affordable assisted living facilities. Low-income housing construction programs typically exclude assisted living facilities from participating either through guidelines directly excluding RCFEs or through operational requirements that make assisted living components untenable.

Developments that receive the Low-Income Housing Tax Credit (LIHTC), Multifamily Housing Program (MHP) funding, or HUD Section 202 are typically not allowed to provide mandatory services. The California Department of Housing and Community Development has stipulated that MHP funds are not to be allocated for licensed RCFEs.³⁰ Neither HUD Section 202 capital advance funds nor PRAC funds can be used to finance assisted living facilities. HUD Section 202 residences are designed to have supportive services that are available, but not mandatory.³¹

The recent Community Care Expansion (CCE) Program does include development funds and operating subsidies for RCFEs serving lower-income households. This funding is critical to increasing

the assisted living beds available in California and offsetting the costs associated with operation.

INCREASED OPERATIONAL COSTS

Increasing costs in food, rent, and medical expenses profoundly impact the assisted living industry, particularly smaller six-bed RCFEs. These facilities provide a more intimate homelike environment for those wishing to reside in neighborhood communities. However, the increased costs to maintain these facilities challenges their ability to remain economically feasible, especially when serving lower-income adults.

Six-bed RCFEs designed to accommodate low-income older adults typically accommodate residents who rely on SSI/SSP for most - if not all - their income. RCFEs that accept residents on SSI/SSP can only charge the set SSI Non-Medical Out-of-Home Care (NMOHC) rates for board and care - \$1,575 per month as of January 2024.^{36,37} This SSI rate is not sufficient to keep six-bed RCFEs afloat.

Smaller RCFEs must pair private pay residents with SS/SSP recipients to cover the shortfall. In doing

so, the operator risks alienating potential private pay residents by increasing charges for board and care. Private pay individuals may look to other options such as In-Home Supportive Services or a different residential facility. Even worse, a prospective resident may turn to homelessness if no viable option for housing with services exists.

This phenomenon is occurring in many of the cities that are at the forefront of the homelessness crisis and are experiencing unprecedented rent increases. In these cities, the small six-bed RCFE is becoming increasingly nonviable. A report released in 2019 by the City and County of San Francisco found that for a six-bed RCFE to break even, the facility would need to charge each resident a monthly rate of \$2,307 – much higher than the NMOHC reimbursement rate (at that time) of \$1,173.³⁸

BARRIERS TO DEVELOPMENT

Governance at the local level can impede assisted living housing development. Development projects require approval by the local authority over zoning and land use in order to proceed. City and county codes prescribe discretionary or ministerial approval depending on the project.

Projects requiring discretionary approval must be endorsed by the local authority and can be rejected at the authority's discretion. A project that meets all the building standards set by the local zoning code can still be rejected based on potentially arbitrary reasons.

Ministerial, or by-right, projects do not require discretionary approval but are automatically authorized if they meet the building and zoning standards of their locale. Developments are

designated ministerial either by the local authority or by the state.

RCFE developments serving six or less residents have a ministerial designation which permits their use in all residential zones and treats them as a residence. State law prohibits local agencies from requiring small RCFEs to hold a conditional use permit or other zoning clearance not required of a family dwelling of the same type in the same zone.³² As a result, smaller RCFE facilities are easier to establish but limited to serving six residents even when their property can accommodate more. Unfortunately, the costs of development (purchasing, renovation, etc.) are difficult to recover with the revenue from a small number of residents. Operational costs tend to outpace rent standards for rental assistance.



RCFE projects serving more than six residents must pass discretionary approval by the local authority before initiating development. Approval also depends on local zoning codes. While six-resident RCFEs are permitted throughout residential zones, RCFEs with seven or more residents are limited to specific zones. In many cities and counties, larger RCFEs are restricted to

a limited number of quasi-governmental or medical zones.³³

In recent years, the California legislature has expanded some ministerial approvals in order to spur development of affordable housing. For instance, a series of bills in 2019³⁴ limited local barriers to building Accessory Dwelling Units (ADUs) to encourage development on single-family housing lots. As a result, the number of ADUs permitted increased from 1,000 units in 2016 to 24,000 units in 2022.³⁵

The combination of discretionary approval and zone restrictions for larger RCFEs are major obstacles to the development and operation of assisted living facilities. As with ADUs, we must reform laws governing local regulation of RCFEs to meet the state's demand for assisted living.

LOCAL PLANNING AND HOUSING ELEMENT LAW

Cities and counties plan how they will meet future housing needs under the Housing Element Law established by the state of California. Each city and county are required to submit the Housing Element of their General Plan to the California Department of Housing and Community Development. Approval of the plan is contingent upon the plan's ability to meet the city or county's projected housing needs, as determined through the Regional Housing Needs Allocation (RHNA) process and other standards in the state's Housing Element Law. For example, Housing Elements are required to identify sites that can accommodate emergency shelters⁴⁰ and the development of housing for low income households.⁴¹

Cities and counties are not required to plan for

assisted living as part of their Housing Element as they do for other housing needs.⁴² Housing Element Law requires cities and counties to analyze their jurisdiction's "special housing needs, such as those of the elderly,"³⁹ but the law does not mandate any action as a result of this analysis. Most special housing needs analyses focus on the availability of programs that help populations gain or maintain housing, such as ancillary resources and services, rather than outlining tangible housing projects. As a result, assisted living is often relegated out of any local plan on housing.

The lack of mandated planning for assisted living in the Housing Element leaves cities and counties at their own discretion for designating RCFE zones. RCFEs larger than six beds are limited by the city or county planning authority's willingness to zone dense areas - such as multiple-family residential zones - for assisted living.

ASSISTED LIVING WAIVER

The Assisted Living Waiver (ALW) is a Home and Community-Based Medicaid Waiver that allows recipients of full-scope Medi-Cal, who would otherwise be required to receive care in a skilled nursing facility, to live and receive services at an RCFE. Full-scope Medi-Cal recipients at risk of institutionalization, or individuals ready to move from a skilled nursing facility into assisted living, may apply for an ALW to receive care at a participating RCFE. In return, the RCFE provides additional services that ALW residents require. The facility is reimbursed for these services by Medi-Cal based on the level of care needed, as determined by a care coordination agency.

The ALW has eased the burden on some RCFEs that cater to low-income residents. The ability to accept

Medi-Cal for additional services increases income and enables participating RCFEs the financial flexibility to accept some SSI recipients. As a result, RCFEs in the ALW program are more economically viable despite offering a higher level of care for residents vulnerable to institutionalization.

The ALW program effectively provides a bridge from skilled nursing to residential care. However, the program is currently available in just 15 counties and the number of slots available has not kept pace with demand. In 2022, DHCS approved an additional 7,000 waivers to reduce the number of applicants on ALW wait lists – bringing the total number of beds available in California to 12,744.⁴³ While the wait list was reduced, the program still doesn't meet residential care demand and the number on the wait list continues to increase.⁴⁴

COMMUNITY CARE EXPANSION

Established in the state budget of 2021, the Community Care Expansion (CCE) program initially appropriated \$805 billion for the acquisition, construction, or rehabilitation of facilities for adult recipients of SSI/SSP or the Cash Assistance Program for Immigrants (CAPI). \$55 million of this appropriation was specified as operating reserves for existing licensed facilities while an additional \$55 million was appropriated the following year for the same purpose.⁴⁵

CCE funds are broken down into CCE Capital Expansion and CCE Preservation. Capital Expansion funds allow existing facilities to make urgently needed repairs and upgrades while Preservation funds include Operating Subsidy Payments (OSPs) to help cover facility deficits, keep facilities operational, and maintain licensing. \$570 million has been made available for Capital

Expansion to fund the acquisition, construction, and rehabilitation of RCFEs serving the target population. \$249 million has been made available to Preservation for the operation and improvement of existing residential facilities. Further availability of these funds is dependent on future appropriations by the Legislature through the budget.⁴⁶

RECOMMENDATIONS

4 Expand ministerial approval for Residential Care Facilities for the Elderly (RCFEs)

The current discretionary RCFE limit of six beds is not reflective of modern single-family home sizes. Codified into law in 1939, the six bed limit defined which smaller board and care facilities could waive licensing fees.⁴⁷ The average single home has grown significantly in size since 1939 and it's time to update the code to reflect these changes.⁴⁸ Local housing codes should modernize and increase the threshold for determining when an RCFE is a residential use of property.

In California, Community Care Licensing (CCL) has the authority to determine an RCFE's ability to house and care for residents. If CCL determines that an RCFE meets resident safety requirements, then the facility should not face the barrier of local discretionary review.

Increasing the six-resident limit will allow RCFEs access to programs providing capital and operational funds to housing. CCE grants allocated to six bed facilities for expansion are currently subject to local discretionary approval

before construction begins. These grants will be more impactful without current arbitrary limits in local zoning.

CCoA recommends the state preempt local zoning and allow an increase from the six-resident limit to a number appropriate to each facility's size. Expanding the number of RCFEs beds available to older adults can start with allowing full use of the capacity of existing six-bed RCFEs. This would increase the capacity of state RCFEs at minimal cost to the state and provide an incentive to smaller operators to expand.

5 Reform housing element law to include assisted living planning

California Housing Element Law does not currently



ensure that cities and counties appropriately plan housing for the aging population. Older adults should not be excluded as each jurisdiction plans for the housing of their residents.

Without mandated requirements there is little incentive for local governments to meet the need for assisted living. Local governments find assisted

living and senior housing cumbersome to develop as well as unprofitable to the local tax base. These concerns have led to inaction by local planning authorities, exacerbating the housing crisis among older adults. The state has the power to mandate inclusion of certain tangible planning elements in the Housing Element before approval. California must use this power to ensure that jurisdictions meet the needs of older adult residents requiring assistive services.

CCoA recommends that the Legislature, in consultation with the Department of Housing and Community Development, CDSS, and the Department of Aging, develop amendments to the Housing Element Law to ensure that sites are identified for development of assisted living for special needs populations, as defined by law. Cities and counties must do everything in their power to house and provide access to services for older adults and adults with disabilities in their jurisdiction. Amendments to this provision must align with the state's housing goals and integrate access to services such as transportation, food, and medical care.

6 Expand the Assisted Living Waiver Program

The ALW has proven an effective stop gap to institutionalization while providing necessary housing options for older adults. The ALW provides incentives to smaller RCFEs to house and care for lower-income older adults and has been a lifeline for RCFEs struggling to remain operational. With limited availability of RCFEs, it is important that those we have remain economically viable. Continued use of the ALW and other Home and Community Based Waiver programs is key to en-

uring enough housing for all low income Californians.

CCoA recommends that DHCS apply to expand the ALW to all 58 counties. Scaling this program statewide is a step toward fully utilizing funding provided by the federal government to house and provide care for older adults and adults with disabilities. CCoA recommends that further amendments to the ALW include additional slots to ensure that expansion is not hindered by increased wait lists in high demand counties.

7 Continue funding for Community Care Expansion

Given the shortage of RCFEs, especially those serving low-income older adults, continued funding to construct more assisted living facilities are a priority for housing. The CCE provides funds to ensure the development and expansion of assisted living, but the amount of funding has not matched assessed need.

Capital Expansion and Preservation funds need additional appropriations to ensure development of new facilities are not offset by closures of existing facilities. Operating Subsidy Payments (OSPs), in particular, will likely need to be increased to ensure that facilities at risk of closure remain open.

CCoA recommends the Legislature and Governor commit additional appropriations of funds for CCE that, at the very least, continue funding for OSPs as needed. Such funding is invaluable to slowing the closures of RCFEs that serve our most vulnerable residents.

This report outlines recommendations aimed at reducing housing insecurity among older adults in California. By integrating older adult housing within a broader continuum of care, policymakers can develop targeted strategies that meet diverse housing needs alongside varying levels of support.

The California Commission on Aging (CCoA) acknowledges that addressing housing for older adults requires more than just increasing affordable housing. It is crucial to weave existing social services into housing solutions, ensuring that older adults have access to programs like CalFresh, IHSS, and SSI/SSP. While our focus here is on housing, CCoA continues advocating for social services that provide essential stability.

Moreover, CCoA emphasizes the importance of maintaining existing housing assistance programs. Continued funding for initiatives like Home Safe is vital in providing older adults with stable housing. Increasing grants for affordable housing construction through programs such as the Multifamily Housing Program will further enhance the availability of affordable options, strengthening the overall framework of support for older adults.

NOTES

1. Dennis Culhane. "The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded by Avoidance of Excess Shelter, Hospital, and Nursing Home Costs?" *Actionable Intelligence for Social Policy*. <https://aisp.upenn.edu/wp-content/uploads/2019/01/Emerging-Crisis-of-Aged-Homelessness.pdf>
2. Jonathan Woetzel. "A Tool Kit to Close California's Housing Gap: 3.5 Million Homes By 2025." *McKinsey Global Institute*. <https://web.archive.org/web/20181104220006/https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Urbanization/Closing%20Californias%20housing%20gap/Closing-Californias-housing-gap-Full-report.ashx>
3. Aurand, Andrew; Emmanuel, Dan; Foley, Emma; Clarke, Matt; Rafi, Ikra; Yentel, Diane. "The Gap: A Shortage of Affordable Homes." *National Low Income Housing Coalition*. <https://nlihc.org/gap/state/ca>
4. Margot Kushel, MD presentation based on work by Arn Laudan and Martha Burt. "2001 Helping America's Homeless: Emergency Shelter or Affordable Housing." *Urban Institute*.
5. Homeless Data Integration System. California Interagency Council on Homelessness. <https://www.bcsf.ca.gov/calich/hdis.html>
6. Margot Kushel, MD. "Homelessness Among Older Adults: An Emerging Crisis." *Generations Journal*. Summer 2020. American Society on Aging. <https://generations.asaging.org/homelessness-older-adults-poverty-health>
7. Margot Kushel, MD and Tiana Moore, PHD. "Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness." *Benioff Homelessness and Housing Initiative: University of California San Francisco*. June 2023. https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf
8. Brown RT, Goodman L, Guzman D, Tieu L, Ponath C, and Kushel MB. "Pathways to Homelessness among Older Homeless Adults: Results from the HOPE HOME Study." *PLoS ONE*. May 10, 2016. <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0155065#sec012>
9. Margot Kushel presentation at the 2023 California Association of Area Agencies on Aging.
10. Ibid.
11. Rebecca T. Brown, MD, MPH; Jennifer L. Evans, MS; Karen Valle, MS; David Guzman, MSPH; Yea-Hung Chen, PhD; Margot B. Kushel, MD. "Factors Associated With Mortality Among Homeless Older Adults in California The HOPE HOME Study." *JAMA Internal Medicine*. August 29, 2022.
12. Rebecca T. Brown, MD, MPH; Kaveh Hemati, BA; Elise D. Riley, PhD; Christopher T. Lee, MD, MPH, MSc; Claudia Ponath, MA; Lina Tieu, MPH; David Guzman, MSPH; Margot B. Kushel, MD. "Geriatric Condition in a Population-Based Sample of Older Homeless Adults." *The Gerontologist*. August 2017
13. "What is a Continuum of Care?" *National Alliance to End Homelessness*. January 14, 2010. <https://endhomelessness.org/resource/what-is-a-continuum-of-care/>
14. Laurie Goodman and Jun Zhu. "What Will It Take to Support 5.5 Million More Senior Renters by 2040?" *Urban Institute*. February 9, 2021. <https://www.urban.org/urban-wire/what-will-it-take-support-55-million-more-senior-renters-2040>
15. Carolina Reid. "The Costs of Affordable Housing Production: Insights from California's 9% Low-Income Housing Tax Credit Program." *Terner Center*. UC Berkeley.

NOTES

16. "California's Older Low-Income Renters Face Unaffordable Rents, Driving Housing Instability & Homelessness." *Justice in Aging*. July 2021. <https://justiceinaging.org/wp-content/uploads/2021/07/CA-Older-Renters-Fact-Sheet.pdf>
17. "Cost Of Living for Older Adults San Diego County, 2021." *County of San Diego Health and Human Services Agency*. February 2022. <https://www.sandiegocounty.gov/content/dam/sdc/hhsa/programs/phs/CHS/Cost%20of%20Living%20for%20Older%20Adults%2C%20San%20Diego%20County%2C%202021%20FINAL.pdf>
18. Margot Kushel, MD and Tiana Moore, PHD. "Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness." https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf
19. JungHo Park, PHD. "Empty Bedrooms and Overcrowded Rentals in Los Angeles." *31st Annual USC-SCAG Demographic Workshop Panel on the Changing Demographic Outlook and Housing Trends*. USC Price School of Public Policy. June 11, 2020. <https://scag.ca.gov/sites/main/files/file-attachments/junghopark.pdf?1604614104>
20. LA ADU Accelerator Program. City of Los Angeles. <https://adu.lacity.gov/>
21. Cassie N. Saunders. "Pilot Program for Older Adults Offers Rental Subsidy." *County of San Diego Communications Office*. February 1, 2023. <https://www.countynewscenter.com/pilot-shallow-rental-subsidy-program-for-older-adults-now-accepting-applicants/>
22. "Housing America's Older Adults 2023." *Joint Center for Housing Studies of Harvard University*. 2023. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Housing_Americas_Older_Adults_2023.pdf
23. "Section 202 Supportive Housing for The Elderly Program." *US Department of Housing and Urban Development*. https://www.hud.gov/program_offices/housing/mfh/progdesc/eld202
24. Note: Very low-income housing defined as 50% AMI <https://www.hcd.ca.gov/grants-and-funding/income-limits>
25. "Fact Sheet for HUD Residents – PRAC." *US Department of Housing and Urban Development*. June 2007. https://www.hud.gov/sites/documents/DOC_14955.PDF
26. "FY 2022 Section 202 Supportive Housing for the Elderly Program." *US Department of Housing and Urban Development*. https://www.hud.gov/program_offices/spm/gmomgmt/grantsinfo/fundingopps/fy22_section202
27. "PRAC Operating Cost Standards for FY 2018 Section 202 Supportive Housing for the Elderly Program (202 Capital Advance)." *US Department of Housing and Urban Development*. 2018. https://www.hud.gov/sites/dfiles/SPM/documents/FY18_Sec202_PRACOperatingCost%20StandardsforNOFA.pdf
28. HUD Public Affairs. "HUD Awards \$160.1 Million in Grants to Create and Preserve Affordable Housing for Low-Income Seniors." *US Department of Housing and Urban Development*. October 2, 2023. https://www.hud.gov/press/press_releases_media_advisories/hud_no_23_227
29. Note: Data compiled by CCoA from CDSS data on RCFEs. "Community Care Licensing - Residential Elder Care Facility Locations." *California Health and Human Services Open Data Portal*. <https://data.chhs.ca.gov/dataset/community-care-licensing-residential-elder-care-facility-locations>
30. "Multifamily Housing Program (MHP) Guidelines Summary of Comments and Responses." *Department of Housing and Community Development*. June 21, 2019. <https://www.hcd.ca.gov/grants-funding/active-funding/mhp/docs/mhp-summary-of-comments-and-responses.pdf>
31. "FY 2020 Section 202 Supportive Housing for the Elderly Program." *HUD Notice of Funding Availability. US Department of Housing and Urban Development*. May 26, 2021. <https://www.hud.gov/sites/dfiles/SPM/documents/Section202SupportiveHousingfortheElderlyTechnicalCorrectionFR-6400-N-52.pdf>
32. California Health and Safety Code Section 1569.85.
33. Note: CCoA based this on ordinances from a handful of cities and counties that were pulled to understand the application of local zoning law as it relates to RCFEs.
34. Note: AB 881, SB 13, and AB 68.
35. Owen Minott. "Accessory Dwelling Units (ADUs) in California." *Bipartisan Policy Center*. September 12, 2023. <https://bipartisanpolicy.org/blog/accessory-dwelling-units-adus-in-california/#:~:text=As%20soon%20as%20the%20first,19%25%20of%20new%20housing%20permits.>
36. California Code of Regulations, Title 22, Section 87464(e).
37. California Department of Social Services. PIN 23-20-CCLD. <https://cdss.ca.gov/Portals/9/CCLD/PINs/2023/CCLD/PIN-23-20-CCLD.pdf>
38. "Supporting Affordable Assisted Living In San Francisco." *Long-Term Care Coordinating Council Assisted Living Workgroup*. City and County of San Francisco. January 2019. https://www.sfhsa.org/sites/default/files/media/document/migrated/LTCCC_ALF_FinalReport_01.20.19.pdf
39. Note: Housing Element requirements are listed in California Government Code Section 65583; the required analysis for special needs populations is outlined beginning with Section 65583(a)(7).
40. Government Code Section 65583(a)(4)(A).
41. Government Code Section 65583(a)(3).
42. Ibid.
43. California Department of Health Care Services. Request for an Amendment to a §1915(c) Home and Community-Based Services Waiver. July 1, 2021. <https://www.dhcs.ca.gov/services/ltc/Documents/Assisted-Living-Waiver-Amendment.pdf>
44. California Department of Health Care Services. Assisted Living Waiver (ALW) Year to Date Enrollment and Waitlist January 2019 -December 2023. <https://www.dhcs.ca.gov/services/ltc/Documents/ALW-Monthly-Dashboard-Dec2023.pdf>
45. California Department of Social Services. The Community Care Expansion Program. <https://www.cdss.ca.gov/inforesources/cdss-programs/community-care-expansion>
46. California Department of Social Services. CCE Grant Information. <https://www.ccegrant.com/>
47. Assembly Bill 2331 (1939).



AgeWatch

Subscribe to our monthly email newsletter at ccoa.ca.gov



@CACommissionOnAging

California Commission on Aging
2880 Gateway Oaks Drive, Suite 390, Sacramento, CA 95833
916.419.7591 | ccoa@ccoa.ca.gov | www.ccoa.ca.gov