

ISSUE BRIEF

Housing is Healthcare for Older Adults

November 2020

BACKGROUND: Older adults are the fastest growing demographic in the country. By 2060, 1 in 3 Americans will be age 65 or over. Increases in housing and health care costs, combined with stagnant Social Security and SSI disbursements, are creating tremendous poverty among our older adult population.

In California, 54 percent of adults 65 and older are living below 200 percent of the federal poverty threshold. The average age of a homeless person in California is 55, and this number is increasing - in ten years, it will be 62.

Cuts to federal and state housing programs have left few funding options for developers seeking to build affordable homes, resulting in an extreme shortage of affordable housing.

In California, over 1,280,000 households age 65 and over are housing cost burdened. Of those households, over 700,000 pay more than half of their income toward housing costs. Black and Hispanic households are disproportionately affected by this trend. Nearly a quarter of Black and Hispanic households spent more than half of their income on housing costs in 2013.

As the cost of living increases and incomes remain stagnant, there has also been a decrease in the number of skilled nursing beds available to older adults and in the number of overall caregivers available to help provide in-home services. This creates a perfect storm that will lead to costly consequences for the state if it does not address these issues now.

California must recognize that the solution to caring for our rapidly growing older adult population will require our housing and healthcare regulatory bodies, providers and community organizations to work together to help provide seniors with health care and services in their homes.

- **Affordable Housing:** Housing is generally affordable to a person if they spend no more than 30% of their household income on their rent or mortgage. For rents to be

affordable to those with the lowest incomes, like many seniors living on fixed income, the housing units are often publicly subsidized. In subsidized properties, the tenant pays no more than 30 percent of their monthly income toward rent, and the subsidy covers the difference, up to the market rental value of the unit.

One of the biggest reasons that California has such a lack of affordable homes is because finding funding for affordable housing is harder than ever. Funding cuts to federal housing programs, like HUD's 202 Housing for the Elderly Program, began happening around the same time that California's redevelopment program ended. All told, these reductions to state and federal housing programs have resulted in an approximately \$1.6 billion annual loss in housing funds for the state of California.

With little funding, the state has been unable to keep pace with the demand for affordable housing. Among those most in need of affordable housing are seniors. Nationally, of 3.9 million very low-income rental households aged 62 and over who were eligible for housing assistance in 2011, just 1.4 million were able to secure aid. Waitlists for affordable senior housing communities in the state are two to four years long in most places and commonly six years or longer in large urban areas.

A quarter of people over 65 rely almost entirely on their social security benefit, which averages about \$1,503 per month for retired workers. The fair market rent for a one-bedroom apartment in California is \$1,522, leaving the average elder renter with little or no money left over for food and healthcare costs.

- **Homelessness:** With more and more older adults unable to afford housing in California, our homeless population is increasing. The median age of a person experiencing homelessness in California is 57 years old. Older adults who have experienced homelessness present chronic illnesses and geriatric conditions 15 to 20 years earlier than the general population. Not only does this significantly impact a homeless adult's quality of life, but it shortens their lifespan. It also puts a tremendous fiscal burden on Medi-Cal and hospitals, because these individuals require high-utilization of the healthcare system.

California has the highest Black homeless rates in the country. In San Francisco, for every 10,000 people, there are 591 Black individuals experiencing homelessness. In Los Angeles City and County, for every 10,000 people, there are 284 Black individuals experiencing homelessness.

- **Health Equity:** It is important to remember that older adults have a special set of housing needs that the Legislature must consider when drafting housing policy.

Housing *IS* healthcare, especially for older adults. The prevalence of chronic conditions and frailty increases with age. In many cases, deteriorating physical and cognitive functioning impede the ability of these seniors to live independently in the community. Without a safe, stable place to live, it is difficult for seniors to receive proper and effective preventative care and treatment for chronic conditions.

Growth in the overall and minority older adult population will exacerbate health equity gaps and place unprecedented demands on the provision of health care and aging-related services if we do not do something. Data from the California Department of Aging estimates that 44.5 percent of California's over 60 population identify as Non-White. The state projects that this number will increase more than 20 percent by 2050. Individuals identifying as Black and Hispanic are more than twice as likely as white counterparts to live below 100 percent of the Federal Poverty Line. This income gap has resulted in health disparities in minority populations, including a higher prevalence of disability.

Many low-income older adults are dually eligible for Medicare and Medi-Cal. Medicare covers adults 65 and over and provides for basic health care costs including doctor visits, preventative care, hospital stays, up to 100 days of rehabilitation in a skilled nursing facility, and some home health and hospice care. Medi-Cal is administered by the state and covers low-income individuals regardless of age. It tends to pick-up where Medicare leaves off, with some limitations.

One of the biggest limitations is that neither Medicare nor Medi-Cal cover residential assisted living, meaning that typically, assisted living services are only available to those who can afford to pay out of pocket. Assisted living is an important part of the senior care continuum. At about half the cost of skilled nursing, assisted living helps older adults maintain independence while receiving the help and care they need to remain healthy and mobile.

Medi-Cal eligible individuals can receive similar care through In-Home Supportive Services (IHSS). IHSS can provide domestic services, non-medical personal care services, transportation services, paramedical services and protective supervision.

Seniors who are low-to-mid-income and do not qualify for Medi-Cal are commonly forced to pay out-of-pocket for in-home or residential assisted care. Too often, these individuals cannot afford this intermediate level of care and are forced to spend down their wealth to qualify for Medi-Cal and/or are prematurely placed into skilled nursing at the expense of Medicare and Medi-Cal. This is not only costly for the individuals in

this situation, but it is costly to the state as it increases the strain on the Medi-Cal program and increases demand for affordable housing.

SOLUTION: Affordable housing properties linked with health and supportive services have proven to help significantly in meeting the varied needs of lower-income seniors while improving health equity and addressing multiple public policy priorities. However, none of this is possible without housing.

Emerging housing with services models build on the existing infrastructure of housing, health and community service networks. Housing communities are able to provide concentrations of high-risk/high-cost individuals that are often dually eligible for Medicare and Medi-Cal, offering economies of scale to health care providers who can provide services to many people in one location. This can increase delivery efficiencies for providers and affordability for seniors.

Affordable senior housing providers are no strangers to service enriched housing - they have been doing it for decades. However, it is very difficult to create service enriched affordable senior housing in California. The single biggest reason is that there is little funding to build affordable senior housing. California is simply not produce enough affordable units to keep up with demand.

RECOMMENDATION: Support legislation that will expand service-enriched affordable housing opportunities for extremely-low, very-low and low-income seniors.

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