



# Public Housing & Assisted Living

**A Timely Collaboration for Aging Seniors**

## Maria Santos

remembers how excited she was to move into her apartment in the public housing authority's building. She was happy because she was finally moving to a safe and attractive apartment that she could afford on just her Social Security check. For years, Maria had worried about getting older and not being able to afford housing. She had fretted about becoming a burden on her family. This elderly apartment was the answer she had been hoping for.

**by Stephen H. Gardiner**  
The CenterPoint Foundation



Assisted living provides seniors with needed support services.

That was 15 years ago. Now, Maria worries even more about getting old. She realizes that she can't get around the way she used to, and she is having a hard time keeping the apartment clean and cooking for herself. A couple of times, forgetting to go to the grocery store, she has found herself almost out of food. Last week, the housing authority moved one of her frailer neighbors into a nursing home. Maria is worried that this could happen to her, and she is scared that she will soon have to give up her apartment. She certainly doesn't feel ready for a nursing home, but she realizes that she needs some help.

Millions of seniors like Maria are finding that they need assistance with everyday living as they become older and frailer. For most of these seniors, moving to a traditional nursing home is neither cost effective nor a desirable solution. In many cases, these institutions provide seniors with more care than they need and offer them too little independence. Seniors like Maria would prefer to receive support services where they live, maintaining their quality of life and independence. Assisted living fills this need.

Assisted living is the industry term for senior housing that provides personalized care for seniors who want

or need assistance with activities of daily living. In assisted living communities, residents are independent, but are provided with meals, cleaning services, medication reminders, and emergency 24-hour assistance. Unfortunately, with an average starting price of \$2,400 a month, assisted living is unaffordable for the vast majority of older Americans.

It is certainly unaffordable for elderly residents of public housing. When these seniors need support services, they have few alternatives aside from subsidized nursing homes. To avoid this option, many choose to remain in their apartments and cope as best they can. Unfortunately, this frequently translates into increasing difficulties

### Around the country, housing authorities are developing ways to provide assisted living for their low-income elderly residents.

maintaining their lifestyles, and nutrition, hygiene, and health can suffer.

Faced with this reality, public housing authorities are being challenged to develop new ways to provide support services to their aging seniors, and many are turning to assisted living. In New England, the CenterPoint Foundation, a nonprofit organization in Quincy, Massachusetts, is working with several local housing authorities to convert elderly public housing into assisted living facilities that provide comprehensive services and foster healthy and active elderly communities.

## Local Housing Authority Initiatives

The need for elderly support services is not a new one, and over the past several decades, numerous government initiatives have addressed this issue. Both state and area agencies on aging offer many helpful services to seniors, including housekeeping, transportation, health screenings, exercise classes, and home delivered meals. In Massachusetts, the Executive Office of Elder Affairs and the Department of Housing and Community Development have collaborated to create the Supportive Housing Program, which provides a modest menu of services for seniors who live in state-funded public housing developments. Additionally, Group Adult Foster Care, a state Medicaid resource, supplies daytime care and other services to Massachusetts seniors. Over the years, the U.S. Department of Housing and Urban Development (HUD) has funded public housing Resident Service Coordinators who help match the available services in a community to elderly residents' needs.

While these efforts are important aging resources, assisted living can provide a level of service that fully meets both the scheduled and the unscheduled needs of frail seniors. Recognizing this potential, the federal government has begun to allow a small number of public housing authorities to use Medicaid subsidies to pay for assisted living services for their frailest residents. However, several public housing authorities are breaking new ground by creating comprehensive assisted living communities for low-income seniors.

### Lapham Park Milwaukee, Wisconsin

Once a conventional elderly public housing development, Lapham Park in Milwaukee, Wisconsin, has evolved into a pioneering care facility. In 1993, a growing number of Lapham Park residents were becoming frail and unable to care fully for themselves. At

the same time, 70 percent of these residents had incomes below the poverty line and limited access to health care. Priced out of local assisted living alternatives, nursing home care seemed inevitable. Alarmed by this situation, the Housing Authority of the City of Milwaukee collaborated with the Wisconsin Department on Aging and several local organizations to develop a new model for Lapham Park, converting it into an assisted living facility with on-site health care services. Today, residents receive help with daily living activities and have access to the on-site clinic for medical assistance, such as prescription refills, hospice care, dental care, physical therapy, and podiatry services. The new model enables residents to age in their own homes and remain in their community.

#### **Helen Sawyer Plaza Miami-Dade, Florida**

Prior to 1999, residents of the run-down Helen Sawyer Plaza elderly public housing complex were moved to nursing homes when their health began to deteriorate. “This process was totally in conflict with our philosophy that seniors should have the choice to remain as independent as possible,” says Rene Rodriguez, executive director of the Miami-Dade Housing Agency (MDHA). “We wanted to help seniors age in place in an unrestrictive and friendly environment.”

So, with the help of a private consulting firm, MDHA secured Medicaid funds to convert Helen Sawyer Plaza from an under-performing housing development into an assisted living facility with renovated apartments, a community dining area, a community recreation room, administrative offices, and space for personal care staff. This conversion to assisted living has been an economic plus for MDHA. It has revived the Helen Sawyer facility, and with per capita long-term care costs that are less than one-half of those of a nursing home, it has provided substantial savings to the state and federal governments.

### **Affordable Assisted Living?**

Assisted living communities like Lapham Park and Helen Sawyer Plaza illustrate the benefits of converting public housing into assisted living. But, given that private assisted living costs on average almost \$30,000 a year, how are housing authorities able to provide this care environment for their residents? The answer lies in understanding the dynamics of the assisted living industry. Public housing can actually be the perfect mechanism for providing low-income assisted living.

What drives up the cost of assisted living? There are four primary factors:

First, new assisted living communities are expensive to build. The raw capital costs of building new facilities are high, and like any new development, these projects can face addition-

al costs and risks that occur during land acquisition and the zoning and permitting processes.

Second, assisted living developers face disproportionately high marketing expenses. Because prospective residents have to relocate and downsize from their current homes, developers must overcome the indecisiveness and anxiety of older seniors who are confronted with this significant lifestyle change. The lease-up periods for these new projects must often be extended to accommodate these delays. As a result, lenders require developers to hold a sizable amount of operating reserves to cover any anticipated deficits.

The third factor is the increased cost of financing due to overbuilding in several markets around the country. In these areas, competing developers and operators, each convinced that



Independence and a sense of community are two reasons why seniors prefer assisted living.

their product would be successful, ignored many of the market warning signs and built developments in what soon became oversaturated markets. These developments have been unprofitable, and lenders and investors have experienced losses. As a result, the cost of financing new assisted living has risen across the board.

Lastly, the need to maintain attractive returns for investors has prompted assisted living operators to keep prices high. Produced by for-profit developers who relied on substantial capital from private investors, the majority of assisted living communities are profit-driven—keeping them out of the reach of low- and moderate-income seniors.

### Solving the Puzzle in New England

Private developers of assisted living face cost constraints that make their communities too expensive for the 5.8 million poor and near poor seniors who have a demand for this type of care.<sup>1</sup> But what if you could loosen these constraints? Could there be a way to keep assisted living affordable? What if you could find a residential building where many elderly tenants are already aging in place, making marketing less of an issue?

What if the building and land were essentially free, eliminating many capital costs? What if the building's owner had primary access to a large elderly population that could become a feeder for assisted living?

The CenterPoint Foundation, founded in 1999 to address the shelter and care needs of older seniors in New England, has been rearranging the puzzle pieces and has found a solution that addresses the unmet need for affordable assisted living in the region. Like the developers of Lapham Park and Helen Sawyer Plaza, CenterPoint has found that elderly public housing is an important piece.

A public housing authority has three distinct advantages that make it the perfect partner for the provision of assisted living for low-income seniors. First, the authority is chartered to provide the community with affordable housing. Second, it has an existing portfolio of buildings. Third, a large number of public housing residents are seniors, many of whom need support services.

The first advantage is clear. With a primary mission to provide low income persons with affordable housing, public housing authorities do not require a return on investment. In addition, housing authorities often own a large number of buildings,

including many that could readily be converted into assisted living communities. These existing structures provide substantial savings relative to the capital costs and risks associated with building a new facility. Moreover, many of these buildings were built for elderly residents and have many of the key elements of assisted living design, such as life safety equipment, bathroom grab bars, and emergency call systems. These buildings are also usually debt free, and operations are fully covered by tenant rents and public housing operating subsidies.

More than 1.3 million seniors live in public housing, and many of these seniors need assisted living. The public housing authority, thus, has a captive population whose demand for assisted living is unlikely to be met by the private market. With this constant stream of customers, public housing authorities do not face the uncertainty about filling units that private developers do.

Given all of these elements, the infrastructure of public housing is ideal for conversion to assisted living, and when combined with Medicaid funding to pay for support services, assisted living for seniors in public housing can become a reality. Pursuant to specific waivers from the U.S. Centers for Medicare & Medicaid Services, Medicaid funding can be used to pay for assisted living for low-income seniors who meet income and asset eligibility guidelines and who might otherwise require institutional placement. By harnessing federal and state Medicaid funding, comprehensive assisted living services can be brought into elderly public housing.

In fact, CenterPoint has found that the combination of Medicaid funds, Social Security supplements, tenant rents, and public housing operating subsidies is more than sufficient to pay for assisted living services in a public housing building, and the excess

<sup>1</sup>*A Quiet Crisis in America*. A Report to Congress by the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century. June 30, 2002.



The garden at Neville Place, an assisted living project of the Cambridge Housing Authority in Massachusetts.



funds can be used to fund the capital costs of converting the building into an assisted living facility. By fitting all the puzzle pieces together, CenterPoint has found a way to offer assisted living to low-income elderly people at a price they can afford. The cost to each resident is based on his or her monthly income and typically is covered by their Medicaid and Social Security assistance minus a \$100 monthly discretionary spending allowance. For this price, residents receive services that meet virtually all their daily needs.



Centerpoint consultant Stephen Gardiner and Everett McGarty from the Fall River Housing Authority discuss the plans for the redesigned community space.

### CenterPoint’s Public Housing Assisted Living Model

CenterPoint’s first two affordable assisted living projects—one with the Fall River Housing Authority and one with the Fitchburg Housing Authority—are under way in Massachusetts and are scheduled to open in early 2006. While different in scale and unique in their local issues, both rely on the puzzle pieces described above. The Fall River project provides an illustration of what affordable assisted living in Massachusetts will look like and how it will benefit all stakeholders.

Built in 1968, Cardinal Medeiros Towers in Fall River, Massachusetts, was designed to serve special needs populations. Today, 208 apartments house both elderly and younger disabled residents. The complex has a service-rich history, housing an on-site registered nurse, as well as an adult day care program for town residents.

However, a history of socialization conflicts between the younger residents and the frail seniors has made it difficult to attract new residents, and vacant apartments have become common, despite demand for public housing in the city. Moreover, many of the complex’s elderly residents increasingly need help with their daily activities. After conversations with CenterPoint about a possible conversion to assisted living, the Fall River Housing Authority recognized an opportunity to create a new sense of community and provide both populations with the support services they need.

CenterPoint’s initial design evaluation of the building confirmed several physical advantages that allow for easy conversion to assisted living:

- There is substantial community space on 3 levels, accessed by 4 elevators.
- The elevators can be programmed to service different populations living in different parts of the building, helping to more effectively manage social inter-

actions.

- There is a significant amount of underutilized space in the building that can be used more effectively for the two resident groups.
- Resident bathrooms have roll-in showers, and the building is equipped with wheelchair-accessible hallways, handrails, and a centralized emergency call system.
- There is sufficient space to continue the adult day care program, providing a synergistic resource for the assisted living community.

### Take a Tour

Today, a visitor to Cardinal Medeiros Towers is greeted by an institutional facility. The 14-story building towers over the surrounding community. The entrance is blasted by a persistent wind tunnel, and the two-story lobby lacks furniture. Only a few residents can be found in an otherwise empty community room. For a building of 208 apartments, Cardinal

Medeiros seems surprisingly deserted and rather uninviting.

However, the Fall River Housing Authority is working to transform this challenged facility into a community asset. When the ribbon is cut, an assisted living resident will enter the building via a new covered and wind protected entryway. The resident will walk into a furnished reception area with a staircase that leads up to community space on a redesigned mezzanine level. Beyond the reception area, a formal community living room will look out onto a landscaped garden.

As seniors head to their apartments, they will note several features designed to fit their needs. Each elevator lobby will have a lounge area where residents can rest while waiting for their elevators to arrive. The hallways will be carpeted and more appropriately lighted to improve visibility. As residents enter their apartments, they will also notice carpeting and brighter lights, as well as refurbished kitchens with detachable cook-top units and microwave ovens—ideal for their light cooking needs between meals. Their bathrooms will be

equipped with updated emergency call and intercom systems.

At meal time, assisted living residents will head down to the large restaurant-style dining room on the first floor, where a wait staff will serve them meals. A private dining room will also be available for smaller gatherings, such as birthday parties or family celebrations. Throughout the day, seniors can take advantage of the building's community areas. They can cook in the country kitchen or participate in an arts and crafts class. Others can use the computer center across the hallway or read in the resident library. Some residents will visit the in-house hair salon or schedule a time to see the facility's nurse or the social worker in the building's wellness center. Still others may simply pass time in the lounge gazing out at the front lawn or playing a card game with friends.

Within this redesigned space, each of the assisted living residents will receive the personal care services that they need: medication reminders, help with bathing, dressing, and toileting, and assistance getting around the building. Staff will also clean the resi-

dents' apartments and provide weekly laundry services. This comprehensive program of support services will enable elderly residents to remain as independent as possible.

## Everybody Wins

The Cardinal Medeiros Towers project illustrates the far-reaching benefits of converting elderly public housing into affordable assisted living. Most evidently, frail seniors who cannot afford market-rate assisted living will have access to comprehensive support services, meals, and a vibrant community—all within reach of their current income. This access gives peace of mind to seniors and their families, and it relieves much of their financial anxiety.

Importantly, a conversion to assisted living will also benefit the public housing authority. In the case of Cardinal Medeiros Towers, the Fall River Housing Authority will benefit from a dramatically improved asset in its portfolio, and one that serves a new market niche. The financing for the project also makes sense for the housing authority. Aside from a few small grants, the bulk of the \$7.1 million needed for the conversion will come from tax-exempt bonds and federal low-income housing tax credits. Using these "private activity" tax-exempt bonds will provide long-term mortgage funding at an affordable interest rate, and the housing authority can sell federal low-income housing tax credits to raise additional equity to effectively buy down renovation costs. The housing authority does not have to invest any long-term capital to complete the conversion.

Assisted living communities are also an important resource for the community at large. In Fall River, the assisted living community will provide a "service platform" for the neighborhood. Nearby residents will be able to use Cardinal Medeiros' resources, including the adult day care, computer center, dining room, and other meeting facilities. Additionally, some of the



Cardinal Medeiros Towers in Fall River, Massachusetts, will soon be converted into a full service assisted living facility.

## Maintaining a Community Resource

For almost 70 years, Neville Manor Nursing Home had provided care to elderly residents of Cambridge, Massachusetts, including many former residents of the Cambridge Housing Authority's (CHA) facilities. But in 1996, when the city sought proposals to redevelop the aging nursing home, CHA saw an opportunity to try something different.

Assisted living had become a popular choice among the nation's seniors. It provided them with the help they needed, the independence they wanted, and the community environment they desired. However, CHA's low-income seniors could not afford market-rate assisted living, and as they became frailer, they were forced to choose between the risk of living on their own and the restrictions typically associated with nursing home care.

"CHA recognized an increasing need for assisted living among our older residents. We started to think creatively about how we could respond to this demand," said Michael Feloney, CHA's director of development.

CHA developed a plan to transform Neville Manor into a full service elderly community offering 71 units of assisted living alongside a new full service nursing home for 114 seniors. To finance the assisted living facility, CHA was among the first in Massachusetts to combine Section 8 and Group Adult Foster Care subsidies to cover both the housing and the service components of the operating expenses. Today, 80 percent of the assisted living units are occupied by low- and moderate-income individuals, and the facility offers the same amenities as market-rate communities, including well-designed community space and a comprehensive range of services.

"We feel that the project has been very successful in fulfilling its original mission," says Feloney. "We are providing Cambridge's long-time residents with the care options they need and desire." Building on this success, CHA is now bringing assisted living to its other developments and recently converted 25 units of an elderly public apartment building into assisted living.



support services will be available to nearby elders who are still living in their own homes. Finally, the facility will offer some of the younger low-income residents from the adjoining public housing project opportunities for job training and employment as assisted living caregivers.

State and federal governments also benefit from the conversion of elderly public housing into public assisted living. The cost of care for seniors living in these new facilities will be less than half the cost of nursing home care. For example, the operating cost for a Cardinal Medeiros assisted-living resident, which is fully covered by tenant rent, public housing operating subsidies, GAFC Medicaid funding, and Social Security supplements, will be less than \$2,400 per month. Alternatively, state nursing home care in Massachusetts averages close to \$5,500 per month.

### Future Challenges and Opportunities

Through public housing authorities, low-income seniors can now have the option of affordable assisted living. They can continue to live in their home communities without the fear of eviction and with the assurance that support services will be readily available. However, while there are now feasible solutions for very poor seniors, the situation remains unresolved for the much larger population of middle-income seniors.

It is hoped that as more creative affordable assisted living programs emerge, they will illustrate the effectiveness of assisted living in reducing health care costs and improving seniors' quality of life. More successes in low-income assisted living may eventually generate the political will to find a solution for middle-income seniors.

Middle-income seniors could be provided with a shallow Medicaid subsidy, adjusted to income, that would permit those who are over-income for traditional Medicaid subsidies to receive enough funding to afford critical assisted living services. Regardless of how it is accomplished, as the U.S. population grows older and the baby boom generation ages, it is becoming increasingly important that we find solutions that offer seniors a choice on how they live their final years—regardless of their income.

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