



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

Papers downloaded from AgEcon Search may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

96th Congress }
2d Session }

COMMITTEE PRINT

1981 AGRICULTURAL OUTLOOK

Papers Presented at the Agricultural Outlook
Conference Sponsored by the U.S. Department
of Agriculture—Held in Washington, D.C.,
November 17-20, 1980

PREPARED FOR THE

COMMITTEE ON AGRICULTURE, NUTRITION,
AND FORESTRY
UNITED STATES SENATE

JANUARY 1981

U.S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY



MAY 08 1981

CATALOGING = PREP.

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1981

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

HUD'S ELDERLY HOUSING PROGRAM: THE PAST AND THE COMING DECADE

(By Dr. Morton Leeds, Special Assistant for Elderly Housing, U.S. Department of Housing and Urban Development)

In the past decade, much has changed, much has remained the same. Housing production was at its highest peak, in terms of general totals at that time. Subsidized housing stressed public housing and direct loans while rent supplements were beginning to show some good results.

Homeownership was strong (roughly 70 to 75 percent of the elderly), with most homes fully paid for.

A new style of multifamily structure was beginning to emerge as an alternative model of living for the older person.

Urban renewal had displaced hundreds of thousands of older persons, but it was being phased down gradually, as local resistance to the typical renewal program arose, and as the 1968 riots were studied.

Inflation was steady, but at moderate levels.

Design and management were being discussed steadily in the field, with some consideration of supporting technology and supportive services.

Finally, accomplishments in the beginning of the decade were \$202 million spent that year for elderly assistance with 389,000 cumulative units approved, and \$75 million in direct loan allocation for construction, in addition, for 1970.

Since that time, the situation has changed somewhat, by and large, for the better, as far as the elderly are concerned.

Housing, always the goat in times of fiscal difficulty, has gone through two major low cycles, in 1973, with the HUD-directed shutdown of subsidized housing, and in the spring of 1980, with the inflation peak crossing 20 percent bank rates.

Housing production has rarely reached the peaks of 2.8 to 2.9 million units in total, but has hovered between 1.7 to 2.2 million units during those years.

Direct loans have been restored to the arsenal of tools of social policy, reaching \$830 million for section 202 the past year, with \$50 million additional, or \$880 likely in 1981.

Public housing has leveled off at about 50,000 units per year, down from a peak of nearly 100,000 units in the early seventies.

A new instrument, a form of rent subsidy, based on the rent supplement techniques of the seventies, has emerged as a very powerful—although expensive—tool: Section 8. During the decade it has resulted in more housing than was produced in public housing in over 43 years.

Total subsidized housing for the elderly has crossed 1.24 million units approved, housing more than 1.6 million persons.

Totals expended will cross \$2.6 billion in 1981 for the elderly alone. This does not include the \$880 million for direct loans for construction of section 202, either.

One significant goal of the 1971 White House Conference was to see a minimum of 150,000 elderly persons rehoused per year. Interestingly enough, with 110,000 units to be added to stock under subsidy, about 150,000 persons will be rehoused in 1981. Obviously new goals have to be set.

Problems, however, remain across a wide band of the spectrum. For example, condominium conversion is affecting a great many elderly persons unable to buy into the converted units, in many of the larger cities.

Homeownership, with its enormous problems of home maintenance for the older homeowner, is gradually declining among older persons. Much of this older stock is being taken over by younger families with children.

Design has been standardized fairly much; certification of public housing managers goes into effect as of January 1, 1981. Management materials are multiplying rapidly, with HUD helping significantly.

Two very significant problems remain unsolved: inflation, for one. The other is the aging of our residents themselves, roughly at the rate of 1 year older for every 3 years of residence—it would be 1 for 1, if no one died. This aging process brings with it the problems of frailty, need for food service, and some personal services such as housekeeping.

The new congregate housing services program offers an important supplement to HHS's massive food and services programs under title III. However, it is building and management oriented, creates an important new assessment tool, in the professional assessment committees, and provides multiyear funding, so important to the development of additional congregate housing stock.

So where do we go, in the coming decade?

We must set new goals for assistance to the older person, carefully examining the construction versus—or combined with—income assistance strategies. This examination should also include the section 202 program, since we always need to see what gives us the most value for the public dollar spent.

We must carefully evaluate—and the evaluation is now fully underway—the congregate services program, to see how it works, and how it can serve to keep residents in housing longer, and avoid the overwhelming pressure on the medicare/medicaid system, now costing more than \$53 billion per year.

We should study whether older persons may not be able to stay in their own homes longer, with rehabilitation, weatherization, and other forms of home maintenance assistance that would be cheaper and wiser in the long run, than rehousing 23 million older persons.

We should further examine the existing housing stock, to see whether shared housing, under local sponsorship, cannot provide better use as well as better socialization, income assistance and similar benefits for the elderly who may choose to live in their older homes.

We should continue to examine the fiscal benefits that may become possible by reverse annuity mortgages, to provide some help for the older homeowner who is property rich, but income poor.

Finally, we need to continue the attack on inflation, which eats at the financial security of the older person.

TABLE 1

| | Total housing outlays benefiting elderly | Subsidized housing units with elderly heads of household | | Sec. 202 outlays (construction loans) | Sec. 202 completions (units) new startup with sec. 8 subsidy |
|---------------------|--|--|-----------|---------------------------------------|--|
| | | Added in year | New total | | |
| Fiscal year: | | | | | |
| 1969 | 160,000,000 | 39,000 | 349,000 | 76,000,000 | ----- |
| 1970 | 202,000,000 | 40,000 | 389,000 | 75,000,000 | ----- |
| 1971 | 276,000,000 | 54,000 | 443,000 | 42,000,000 | ----- |
| 1972 | 393,000,000 | 79,000 | 525,000 | ----- | ----- |
| 1973 | 562,000,000 | 59,000 | 584,000 | ----- | ----- |
| 1974 | 584,000,000 | 60,000 | 644,000 | ----- | ----- |
| 1975 | 744,000,000 | 47,000 | 691,000 | ----- | ----- |
| 1976 ¹ | 1,225,000,000 | 139,000 | 1,830,000 | ----- | ----- |
| 1977 | 1,073,000,000 | 94,000 | 924,000 | 4,000,000 | ----- |
| 1978 | 1,242,000,000 | 80,000 | 1,004,000 | 176,000,000 | 396 |
| 1979 | 1,659,000,000 | 124,000 | 1,218,000 | 459,000,000 | 9,716 |
| 1980 | 2,050,900,000 | 112,000 | 1,240,000 | 700,000,000 | 33,216 |
| 1981 | 2,591,600,000 | 110,000 | 1,350,000 | 700,000,000 | 51,216 |

¹ This was a fiscal year with 15 mo., hence all numbers are increased by about 25 percent. (New fiscal year base set.)

Source: Office of Budget, Department of Housing and Urban Development.

TABLE 2.—HOUSING DEFICIENCY RATES FOR THE RURAL ELDERLY; OWNER-RENTER COMPARISONS

| | Rural elderly owners | Rural elderly renters | All rural elderly |
|------------------------------------|----------------------|-----------------------|-------------------|
| Units with deficiencies: | | | |
| Number | 583,000 | 314,000 | 897,000 |
| Percent | 9.7 | 24.0 | 12.3 |
| Units without deficiencies: | | | |
| Number | 5,404,000 | 991,000 | 6,395,000 |
| Percent | 90.3 | 76.0 | 87.7 |
| All housing units: | | | |
| Number | 5,987,000 | 1,305,000 | 7,292,000 |
| Percent | 100.0 | 100.0 | 100.0 |

Source: 1977 National Annual Housing Survey

TABLE 3.—HOUSING DEFICIENCY RATES FOR THE RURAL ELDERLY: COMPARISONS WITH NONELDERLY RURAL AND NONRURAL ELDERLY

| | Rural elderly | Rural nonelderly | Elderly nonrural |
|------------------------------------|---------------|------------------|------------------|
| Units with deficiencies: | | | |
| Number | 897,000 | 2,478,000 | 734,000 |
| Percent | 12.3 | 12.0 | 6.6 |
| Units without deficiencies: | | | |
| Number | 6,395,000 | 18,180,000 | 10,409,000 |
| Percent | 87.7 | 88.0 | 93.4 |
| All units: | | | |
| Number | 7,292,000 | 20,658,000 | 11,143,000 |
| Percent | 100.0 | 100.0 | 100.0 |

Source: 1977 National Annual Housing Survey.

TABLE 4.—HOUSING DEFICIENCY RATES FOR RURAL NONELDERLY DISABLED: COMPARISONS WITH RURAL NONDISABLED, NONRURAL NONELDERLY DISABLED

| | Rural nonelderly disabled | | Rural nonelderly nondisabled | | Nonrural nonelderly disabled | |
|---------------------------------|---------------------------|---------|------------------------------|---------|------------------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Units with deficiencies..... | 1,442,000 | 18.8 | 1,768,000 | 13.6 | 928,000 | 14.5 |
| Units without deficiencies..... | 6,224,000 | 82.2 | 12,992,000 | 86.2 | 5,472,000 | 85.5 |
| All units..... | 7,666,000 | 100.0 | 11,224,000 | 100.0 | 6,400,000 | 100.0 |

Source: AHS-SIE file applied to 1977 National Annual Housing Survey.

TABLE 5.—HOUSING AFFORDABILITY RATES FOR THE RURAL ELDERLY: OWNER-RENTER COMPARISONS

| | | Rural elderly owners | Rural elderly renters | All rural elderly |
|--|-----------|----------------------|-----------------------|-------------------|
| Over 25 percent cost-to-income ratio: | | | | |
| Number of households..... | 2,698,000 | 778,000 | 3,476,000 | |
| Percent of households..... | 45.1 | 59.7 | 47.6 | |
| 25 percent and under cost-to-income ratio: | | | | |
| Number of households..... | 3,288,000 | 525,000 | 3,815,000 | |
| Percent of households..... | 54.9 | 40.3 | 52.3 | |
| Total: | | | | |
| Number of households..... | 5,987,000 | 1,304,000 | 7,291,000 | |
| Percent of households..... | 100.0 | 100.0 | 100.0 | |

Source: 1977 National Annual Housing Survey.

TABLE 6.—HOUSING AFFORDABILITY RATES FOR THE RURAL ELDERLY: COMPARISONS WITH NONELDERLY RURAL AND NONRURAL ELDERLY

| | | Rural elderly | Nonelderly rural | Nonrural elderly |
|--|-----------|---------------|------------------|------------------|
| Over 25 percent cost-to-income ratio: | | | | |
| Number of households..... | 3,476,000 | 18,912,000 | 5,100,000 | |
| Percent of households..... | 47.6 | 15.5 | 45.8 | |
| 25 percent and under cost-to-income ratio: | | | | |
| Number of households..... | 3,815,000 | 1,746,000 | 6,043,000 | |
| Percent of households..... | 52.3 | 84.0 | 54.2 | |
| Total: | | | | |
| Number of households..... | 7,291,000 | 20,658,000 | 11,143,000 | |
| Percent of households..... | 100.0 | 100.0 | 100.0 | |

Source: 1977 National Annual Housing Survey.

TABLE 7.—NONMETROPOLITAN PUBLIC HOUSING OCCUPANCY BY USER GROUP (1979 ESTIMATES)

| | Number of units | Percent |
|-----------------------------|-----------------|---------|
| Family..... | 91,511 | 34.3 |
| Elderly..... | 156,317 | 58.6 |
| Nonelderly handicapped..... | 19,018 | 7.1 |
| Total..... | 266,846 | 100.0 |

Source: HUD's subsidized housing admissions/continued occupancy system.

TABLE 8.—ELDERLY AND HANDICAPPED PUBLIC HOUSING OCCUPANCY: METRO-NONMETRO COMPARISONS (1979 ESTIMATES)

| | Metro | | Nonmetro | | Total | |
|------------------------|-----------------|---------|-----------------|---------|-----------------|---------|
| | Number of units | Percent | Number of units | Percent | Number of units | Percent |
| Elderly | 428,067 | 73.3 | 156,307 | 26.7 | 584,384 | 100 |
| Nonelderly handicapped | 87,204 | 82.1 | 19,018 | 17.9 | 106,222 | 100 |

Source: HUD's subsidized housing admissions/continued occupancy systems.

TABLE 9.—RURAL¹ ELDERLY SECTION 202/8 LOAN RESERVATIONS

| | Projects | Units | Loan amounts |
|-------|----------|-------|--------------|
| 1976 | 22 | 1,466 | NA |
| 1977 | 34 | 2,978 | \$80,879,700 |
| 1978 | 35 | 2,185 | 65,518,199 |
| 1979 | 54 | 2,228 | 97,866,533 |
| Total | 154 | 8,857 | ----- |

¹ Includes projects in communities of up to 20,000 in nonmetro areas, up to 10,000 of predominately rural character in metro areas.

Source: HUD sec. 202 Program Office.

TABLE 10.—SEC. 515 RURAL RENTAL HOUSING LOANS: CUMULATIVE THROUGH FISCAL YEAR 1979

| Units: | | | |
|--------------|--|--|-------------|
| Elderly | | | 65,416 |
| Nonelderly | | | 126,162 |
| Total | | | 191,578 |
| Total loans: | | | |
| Number | | | 11,108 |
| Amount | | | \$3,298,430 |

Source: U.S. Department of Agriculture housing program statistics.

TABLE 11.—SEC. 8 RESERVATIONS—NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION (CUMULATIVE THROUGH FISCAL YEAR 1979)

| | Nonmetro | | |
|---------------------------|------------------|-----------------|----------------|
| | Nonmetro elderly | Nonmetro family | Total nonmetro |
| Number of units | 106,366 | 82,910 | 189,276 |
| Percent of total nonmetro | 56.2 | 43.8 | 100.0 |
| Elderly | | | |
| | Nonmetro elderly | Metro elderly | Total elderly |
| Number of units | 106,366 | 307,240 | 413,606 |
| Percent of total elderly | 25.7 | 74.3 | 100.0 |

Source: HUD's management information system divisions.

TABLE 12.—SECTION 8 CONTRACTS-EXISTING HOUSING (CUMULATIVE THROUGH FISCAL YEAR 1979)

| | Nonmetro | | |
|--------------------------------|---------------------|--------------------|-------------------|
| | Nonmetro elderly | Nonmetro family | Total nonmetro |
| Number of units..... | 32,124 | 79,705 | 111,829 |
| Percent of total nonmetro..... | 28.7 | 71.3 | 100.0 |
| Elderly | | | |
| | Nonmetro elderly | Metro elderly | Total elderly |
| Number of units..... | 32,124 | 180,245 | 212,369 |
| Percent of total elderly..... | 15.1 | 84.9 | 100.0 |

Source: HUD's management information systems divisions.

REFERENCES

"Rural Poverty and Rural Housing," Council of Planning Librarians Exchange, 1971.

"Section 8 in Rural America," Housing Assistance Council, Washington, D.C., 1976.

"Special Needs and Problems of Older Americans in Rural and Small Communities," 95th Congress, House Committee on Aging, 1978.

Spurlock, Hughes, Ronald Bird. "Housing Credit: A Rural-Urban Comparison," U.S. Department of Agriculture, Rural Development Research Report No. 6, November 1978.

Spurlock, Hugh. "Mortgaged Rural Homes—Characteristics of Housing Units and Occupants," U.S. Department of Agriculture, November 1979.

Stegman, Michael. Statement to the Senate Committee on Banking, Housing and Urban Affairs, Subcommittee on Rural Housing Development, April 1, 1980.

"The Housing Situation of Elderly Americans," Urban Institute, 1976.

"Ways of Providing a Fairer Share of Federal Housing Support in Rural Areas," U.S. General Accounting Office, March 1980.

"Housing Needs of the Rural Elderly and Handicapped," Office of Policy Development and Research, U.S. Department of Housing and Urban Development, July 1980.

"A Study to Identify the Existence of Any Housing Credit Market Differentials between Rural and Other Areas," Volume 1, Policy Implications, U.S. Department of Agriculture, December 1978.

Atchley, Robert. "Housing The Rural Aged," Gerontological Society, Washington, D.C., 1975.

Bird, Ronald and Ronald Kaurpe. "25 Years of Housing Progress in Rural America," Economic Research Service, U.S. Department of Agriculture Economic Report 373, June 1977.

Bost and Schmidt. "Northern Wisconsin Symposium (2d Annual) on Human Services in the Rural Environment," Wisconsin, 1977.

Byland, Robert, Charles Crawford, Nelson L. LeRay. "Housing Quality of Rural Elderly Households," paper presented to 31st Annual Scientific Meeting of Gerontological Society, November 1978.

Derr, Donn A., Nelson LeRay. "Housing in Nonmetropolitan Northeast: Difference Among Growing, Stable and Declining Areas," Bulletin 847, Rutgers—The State University of New Jersey, New Brunswick, N.J.

"Determining the Extent of Federal Housing Program Coverage as Related to Housing Needs in Nonmetropolitan Jurisdictions and Rural Areas within SMSA's," National Institute for Advanced Studies, Washington, D.C., February 1980.

Dworsky and Wilson. "Rural Milieu and the Aged: Social Factors in the Rural Environment and their Impact on the Aged," Delaware University, Newark, Del., 1978.

"Federally Assisted Housing for Elderly in Rural Areas," Housing Assistance Council, 1978.

"Geography of Section 8," Rural America Research Report.

"Housing and Environment for the Elderly the Gerontological Society," Proceedings from conference on behavioral research utilization and environmental policy. Washington, D.C.

"Housing for Developmentally Disabled Citizens," National Association of State Mental Retardation Program Directors, chapter VI, Rural Housing.

"How Well are We Housed: Rural America," U.S. Department of Housing and Urban Development, 1979.

"HUD Section 8 Evaluation in Rural Areas, Site Selection and Respondent Sampling Plan," Housing Research Center, Appalachian State University, February, 1980.

Kim and Lamprey. "Rural Population-Bibliography," University of Kentucky, Lexington, Ky., 1979.

"Multi-Unit Retirement Housing for Rural Areas—A Guide to Design Considerations" for Architects, Engineer, Builders Agricultural Information Bulletin: 297, U.S. Department of Agriculture, 1966.

Nelson LeRay, Donn Derr, Edmund Jansen, "Elderly Households in Nonmetropolitan Northeast and Their Satisfaction with Community Services," Research Bulletin No. 646, Massachusetts Agricultural Experiment Station, 1977.

"Older American Households and their Housing 1975: A Metro-Non-Metro Comparison" Department of Agricultural Economics and Rural Sociology, Peen State University, January 1980.

Pihlblad and Rosencranz. "The Health of Older People in the Small Town," University of Missouri, Columbia, Mo., 1967.

"Problems and Needs of Senior Citizens in Rural Areas," Subcommittee on Aging, U.S. Senate, 1975.

"Promises to Keep: Housing Need and Federal Failure in Rural America," Select Committee on Nutrition and Human Needs—U.S. Senate, 92d Cong. 2d sess., 1972.

"Public Housing—Where It Is and Is Not," Housing Assistance Council, Washington, D.C., 1977.

"Recent U.S. Rural Population Trends and Selected Economic Implications," U.S. Department of Agriculture, to Joint Economic Committee, May 1978.

"Rural Aged in America 1975-1978," Carroll Wilkinson. University of West Virginia, Morgantown, W. Va., 1978.

"Rural Environments and Aging," Proceedings from a conference held at the University of Kentucky, Lexington, Gerontological Society, Washington, D.C., March 1975.

"Rural Housing Program Strategy Study, Alternative Rural Housing Program Strategies for fiscal years 1976-80" U.S. Department of Agriculture, Oct. 27, 1977.