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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 shut-down 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

Fiscal year:	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		
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	1139,000	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		Total nonmetro
	Nonmetro elderly	Nonmetro family	
Number of units.....	106,366	82,910	189,276
Percent of total nonmetro.....	56.2	43.8	100.0
	Elderly		Total elderly
	Nonmetro elderly	Metro 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.

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