Final Research Report

Housing Alternatives for the Elderly

Minnesota Housing Finance Agency

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Introduction

During the 1976 Legislative Session, the Minnesota Legislature appropriated $150,000 to the Minnesota Housing Finance Agency to engage in research, design, coordination, and marketing of alternative housing delivery systems for senior citizens. Since that time, the Agency has undertaken a broad range of activities aimed at defining the nature and extent of housing needs among the elderly, exploring existing and potential housing options, and identifying ways in which the state can better meet the housing needs of its senior citizens.

This report is based on numerous separate studies which were carried out as part of the total research effort. These studies are listed in Appendix I and are available from the Minnesota Housing Finance Agency. Due to their length and detail, this summary document has been prepared. The following final report provides an overview of the research activities undertaken, a summary of the major research findings, and a discussion of the conclusions and implications for state policy.

Overview of Research Activities

Various issues regarding senior citizens and their housing needs were examined throughout the course of the research. Initial efforts centered on describing the elderly population in Minnesota, currently available housing alternatives, and the existing policies and programs which affect the housing status of senior citizens.

A detailed issues paper, "Housing Alternatives for Senior Citizens: Background and Issues", was prepared. The paper profiles the socio-economic status of senior citizens in Minnesota. It also evaluates the adequacy of their current housing options, reviews a range of potential housing options, and outlines the major policy questions which should be further researched. It was distributed for review and comments to governmental agencies and officials, and private groups and individuals involved in aging and housing issues. It provided the direction for subsequent research activities.

Because numerous laws, policies, and programs impact either directly or indirectly on the housing needs of the elderly, an inventory and summary of these was compiled. It includes descriptions of major tax laws, land use regulations, building codes, housing programs, and social security programs.

With this general framework established, more specific studies were undertaken. The Section 8 Rental Assistance Payments Program is the major federal rental housing subsidy program currently operating in Minnesota. It is administered primarily by the U. S. Department of Housing and Urban Development and the Minnesota Housing Finance Agency. A study was undertaken of the elderly tenants of MHFA financed developments in order to determine who is being served through this program, where the residents have moved from, how far they have moved, and what kind of housing they previously occupied.

Because so much has already been written about design of housing for the elderly and service provision and availability, new research efforts in these areas did not seem appropriate. A technical assistance guide was developed in cooperation with the Metropolitan Council. It is intended to provide a general discussion of service and design considerations for developers, sponsors, and local governments developing housing for senior citizens.

Several housing options for the elderly were examined in depth. The housing needs of the elderly in small towns received special emphasis. An intra-Agency task force was convened to explore the nature of housing needs in small towns, the appropriateness of various housing options for small towns and rural areas, and the ways in which these options might be implemented. These discussions resulted in the development of a demonstration program designed to test the feasibility of one of these options. The Agency is also exploring ways in which it can couple its resources with those of the Farmers Home Administration in order to facilitate the development of subsidized apartments in small towns.

The concept of housing annuities has also been studied. This option would help elderly homeowners convert the equity they own in their homes into current income. The study analyzed the many ways in which housing annuities can be structured and the issues involved in developing and administering such a program.

Many elderly persons need housing in which a moderate level of care or assistance is provided. Therefore, a study of congregate housing was undertaken to determine the need for this kind of housing, issues surrounding its development, and the potential role of the state in financing such housing.

Throughout the entire research effort, an attempt was made to compile adequate resources and data about housing for the elderly. Accurate, up-to-date data are often not available. However, the beginnings of a comprehensive information and data base on housing for the elderly have been established.

Finally, understanding the needs and preferences of senior citizens is of utmost importance when developing policies, programs, or recommendations regarding senior citizen housing. For this reason, three senior citizens from various parts of the state have served in an advisory capacity to research staff. Their role has involved the review of the various papers and studies and suggestions for future directions.

Research Findings

The Housing Needs of Minnesota's Senior Citizens

The elderly population (age 65 and over) in Minnesota is growing. In 1975, there were approximately 430,400 elderly persons living in Minnesota, about 11% of the state's population. They comprised about 262,500 households or nearly 22% of the state total. The elderly population is expected to grow to over 506,000 by the year 2000. The number of elderly households will increase to over 300,000, although as a percentage of the state total they will decline to approximately 17%. The proportion of elderly persons and households varies throughout the state, with a slightly lower proportion in the Twin Cities area and a higher proportion in the remainder of the state. The following table shows elderly household projections for the state and its regions.

TABLE 1

ELDERLY HOUSEHOLDS IN MINNESOTA BY REGION (CURRENT AND PROJECTED) 1975-2000

Region	1975	1980	1985	1990	1995	2000
1	8,731	8,875	8,923	8,792	8,548	8,805
2	5,363	5,827	6,031	5,979	5,699	5,359
3	26,419	29,207	31,140	31,965	31,942	30,596
4	16,461	17,172	17,579	17,441	17,101	16,160
5	12,193	13,162	13,591	13,292	12,591	11,556
6E	8,882	9,359	9,734	9,694	9,543	9,029
6W	6,561	6,704	6,749	6,717	6,460	5,946
7E	7,961	8,435	8,566	8,424	8,004	7,735
7W	11,331	12,308	12,984	13,513	13,603	13,814
8	12,926	13,470	14,038	14,179	14,031	13,200
9	17,945	18,611	19,085	19,108	18,965	18,297
10	29,165	30,693	32,030	32,986	33,655	33,290
11	98,597	102,364	108,844	118,385	126,233	130,007
TOTAL	262,535	276,187	279,294	300,445	306,375	303,040

Most elderly in the state live on fixed incomes. In 1975 the estimated median income for all elderly households was $4,848; $3,992 when the Twin Cities area is excluded. In 1974, some 26.7% of all elderly households had incomes below the poverty line. While not all elderly Minnesotans are poor, the majority have low or moderate incomes which constrain the range of housing options which they can afford.

The functional health of the elderly is very important when considering their housing needs. National figures estimate that approximately half of all senior citizens have limitations in physical activity. The vast majority of these are limited in their ability to engage in such major activities as working or keeping house. At the same time, about 18% of all elderly have mobility problems, i.e., have trouble getting around alone or need help to get around.

These figures become increasingly significant when it is considered that 75% of Minnesota's elderly live in single family homes. Another 10% of the elderly reside in apartments which are not specially designed for the elderly. 7.5% live in nursing homes, although these are more appropriately considered medical facilities rather than housing units. The remaining 7.5% live in apartment units built specially for the elderly, mobile homes, retirement hotels, and the homes of relatives.

The variety of housing options is limited in many parts of the state. The housing stock is dominated by single family units in every region of the state. High numbers of mobile homes are found in over half of the state's regions. Multi-family housing is readily available only in the Twin Cities area.

Surveys indicate that a substantial mismatch exists between the type of housing in which many senior citizens currently live and the type of housing they would prefer. In a survey conducted by the Governor's Citizens Council on Aging, approximately one-third of the elderly respondents who resided in single family homes expressed a desire to move from that type of housing. About one-fourth of those living in small two or three unit buildings also stated a preference to move. At the same time, general occupancy apartments and places where some care is provided were preferred by a substantially larger number of senior citizens than currently reside in those housing types. While it is difficult to know exactly how many of the survey respondents would actually move if given the opportunity, it is clear that a large number of senior citizens are dissatisified with their present housing.

The adequacy of existing housing options can also be assessed in terms of its affordability. In general, housing for the least well off takes the greatest percentage of income. While accurate data are not available, it is estimated that in 1971 well over 60% of elderly households earning less than $5,000 a year paid more than 25% of their income for housing.

Senior citizens in Minnesota face numerous housing-related problems. They include low income, declining functional health, and a lack of housing options.

Existing Programs and Policies

Numerous laws, policies and programs have been established at the federal, state and local level to help senior citizens meet their housing needs. However, there are no consistent goals among the various programs. Therefore, it is difficult to discern a coherent state or federal policy toward the elderly or their housing needs.

Most government housing programs at the federal level provide direct assistance for new rental housing. Under the low rent public housing program, the federal government finances housing developments built and managed by local housing authorities. Eligibility criteria for occupancy have enabled the program to serve persons with very low incomes. Almost 16,000 units in 100 cities and on three Indian reservations have been built in Minnesota. However, current funding levels for this program are low.

Assistance has also been provided in the form of below market interest rate loans. The Section 236 Program (discontinued by HUD in 1973), the Section 202 Program for the elderly and handicapped, and the Section 515 Rural Rental Housing Program administered by the Farmers Home Administration (FmHA) provide interest subsidies to developers of housing for low and moderate income persons. This, in turn, allows developers to reduce rents below normal market level. The Farmers Home Administration has a rent supplement program which will help them assist persons at lower income levels.

There are Section 236 developments for the elderly in 55 Minnesota cities and they account for about 4,100 units. The Section 202 Program has financed 11 developments in 10 Minnesota cities containing a total of 1,263 units. The FmHA Section 515 Program has been a major provider of housing in the state. Targeted primarily at towns with populations below 10,000, about 3,700 units had been financed in the state by December 30, 1977. While units in these developments are not specifically designated for the elderly, a high proportion of the tenants are senior citizens.

The third type of federal housing program takes the form of rental subsidies. Qualifying tenants pay between 15% and 25% of their income for rent (usually 25%). Landlords are then reimbursed for the difference between tenant's rent payments and the unit rental. The major HUD program at the current time -- the Section 8 Housing Assistance Payments Program -- utilizes this form of subsidy. Rent subsidies can be tied to newly constructed, substantially rehabilitated, or HUD - approved existing housing units. In Minnesota, the program is administered by the HUD Area Office. Approximately 1,100 units for senior citizens have been subsidized directly through HUD with 1,400 units in process. Another 285 units have been financed through the Farmers Home Administration. The Minnesota Housing Finance Agency periodically receives set-asides of new construction/ substantial rehabilitation funds to use in conjunction with developments it finances. MHFA has provided financing for approximately 3,600 subsidized apartment units for senior citizens throughout the state. It is currently processing another 2,200 units.

Many federal and state programs provide assistance for repairing existing housing. Community action agencies administer federally financed weatherization programs for low-income households. A number of housing and rehabilitation authorities administer local housing rehabilitation programs funded through Community Development Block Grants or through the sale of general obligation bonds (in larger cities).

The Housing Finance Agency provides FHA Title I home improvement loans at below market interest rates to qualifying homeowners. As of August 1, 1977 approximately 1,600 senior citizens had been assisted through this program, about 20% of the total number of loan recipients. In the first year of the Agency's Home Improvement Grant Program, which provides grants of up to $5,000 for homeowners with incomes up to $5,000, 1,927 senior citizens were grant recipients, 67.2% of the total.

There are various other programs which operate indirectly to help senior citizens meet their housing needs. There are federal income tax provisions, income maintenance programs and social security programs which provide special help to senior citizens. Many federal programs provide funding for social services which benefit numerous senior citizens.

At the state level, income tax provisions allow additional tax relief for senior citizens. The state also provides property tax reductions for homeowners and larger reductions for senior citizen homeowners. Both the federal government and the state have established policies and regulations aimed at improving physical access to buildings for people with physical limitations and preventing discrimination on the basis of age.

All of these programs were established at different times with different goals and objectives and intended to meet particular needs. They are often administered by different agencies and have funding levels which are inadequate or unpredictable.

Some programs encourage senior citizens to remain in their homes. Others encourage them to move to other types of housing. Most resources are aimed at senior citizens who are able to live independently. Fewer resources help the semi-dependent elderly who need assistance but who don't want or need institutionalization. Some programs provide direct assistance for housing needs. Other programs provide indirect help such as by increasing the incomes of the elderly which they may then choose to spend on housing-related needs.

Many good programs have been established. However, there is no coherent policy toward senior citizens and their housing needs, and existing programs are not well coordinated.

The Elderly Tenants of Section 8 Apartments

Since the Section 8 Housing Assistance Payments Program is currently the major subsidy program operating in the state for the development of new housing for the elderly, it is important to know who is being served and what impact the housing may have on local housing markets. In December, 1977, a study was conducted of the residents of twelve completed MHFA Section 8 apartment developments for the elderly. The developments range in size from 20 to 156 units and are located in both small towns and large cities. They contain 795 units in total. Since that time an additional 270 units have been occupied by senior citizens.

The population served by MHFA Section 8 apartment developments for the elderly was shown to be mostly female and seventy years of age or older. Almost two-thirds of the heads of households are seventy years of age or older, and almost three-fourths are women. These figures suggest that supportive services will be increasingly important as these residents age, become more frail, and require more assistance to live independently.

At the time of the study there were no minority group members among the residents of the developments studied. The significance of this finding has been further explored, and mechanisms have been developed to better inform minorities about the availability of the program. Progress is being made in serving minority senior citizens.

Resident incomes are usually a combination of Social Security benefits and some other source of income such as interest on assets. The result is that adjusted incomes are quite low. Two-thirds of the households have incomes which meet HUD's Very Low Income Guidelines. This means they have incomes below 50% of the median income in their county. The median gross annual income is $3,456. However, very few households receive any form of welfare assistance.

Ninety-six percent of current residents of MHFA Section 8 apartment developments for the elderly come from within the state. The Park View Terrace development in Moorhead accounts for the majority of the residents whose previous housing was located outside Minnesota.

One third of the tenants' previous residences were located in municipalities other than that in which they currently live. However, almost 90% of previous housing was located in the same county as the apartment development. Most residents moved approximately one mile to live in the apartment development. About 61% of the residents moved two miles or less, and a total of 76.5% moved five miles or less. Less than 10% moved more than 20 miles.

It is difficult to know whether the short distances from a previous housing location to an Agency financed development indicate an unwillingness to relocate greater distances in order to occupy subsidized housing for the elderly or whether local needs are so great that they preempt the availability of this kind of housing to those from greater distances. In either case, the market for subsidized housing for the elderly appears to be a localized one.

It also appears that the construction of subsidized housing for the elderly does not create substantial new housing opportunities for low and moderate income families. Most of the elderly residents were renters previously and had lived in small multi-family units. Less than 30% had previously resided in single family homes. Regardless of the type of previous housing, it was of relatively low value. For these reasons, it would seem to make the previous housing of elderly tenants unsuitable for families.

Services and Design in Housing for the Elderly

As individuals age, they experience physical, social, and psychological decline. Physically, older persons face reductions in vision, hearing, functional mobility, and (occasionally)mental competence. In addition, many older persons experience social/psychological losses such as widowhood, retirement, and the death of friends and relatives. Because of these losses, the older person often becomes more dependent upon the environment surrounding him/her for support, and the environment plays an increasingly critical role in determining the person's ability to remain independent and carry out daily activities.

This understanding of the relationship between aging and environment is important if housing for the elderly is to be built which enables the residents to function effectively as they grow older and require more support from the environment. An environment can either contain services or physical design which compensate for a person's loss of ability. For example, an elderly person confined to a wheelchair may depend upon the services provided by an attendant, or he/she may depend upon a supportive environment designed with ramps, elevators, wide doors, and other design features which allow the individual to function alone. In elderly housing it is important to develop housing environments which integrate design and services that maximize the capabilities of the occupants.

Because so much has been written about services and design in housing for the elderly a summary document was needed. A booklet was compiled in conjunction with the Metropolitan Council to provide technical assistance to potential sponsors, developers, and designers of housing for the elderly in developing suitable housing for older persons. It presents the widest areas of agreement within the literature and provides a framework for thinking about housing for older people.

The booklet contains the following sections:

1. A general discussion of aging and the environment,

2. Special design considerations,
3. Accessibility of services both within the building and in the community, and
4. An annotated bibliography and other technical appendices on community resources for providing services, relevant housing programs, applicable codes and standards, and a sample community survey of housing preferences of the elderly.

Improving Housing Options for Senior Citizens in Small Towns

Increasing concern has been expressed about the housing needs of the elderly in small towns. They often face the following types of housing and housing-related problems:

1. a general shortage of adequate housing,
2. a substantial proportion of substandard, deteriorating housing,
3. a lack of variety in the types of housing available,
4. low income,
5. local governments which may not be experienced in administering housing programs, and
6. an inadequate level of commercial or social services.

To address this concern, an intra-Agency task force was convened to explore the nature of housing needs in small towns, the appropriateness of various housing options for small towns and rural areas, and ways in which these options might be implemented.

Four categories of housing options were examined. They included:

-- Housing maintenance services to assist elderly homeowners. Homeowners would enter into a service contract, and for an annual fee they would receive such services as annual maintenance evaluation and inspection of their home, emergency repair services, minor repairs at minimal or no cost, and major repairs at reduced cost,

-- Single family housing conversion to provide additional rental units to the housing stock, upgrade existing housing, and assist some elderly homeowners to remain in their homes,

-- New small scale retirement communities of mobile homes, single family homes, or townhouses for senior citizens, and

-- Greater efforts by the Housing Finance Agency to solicit or accommodate apartment development proposals in small towns through technical assistance, multi-town mortgages, or tie-ins with Farmers Home Administration programs.

Discussions centered on the relative feasibility, costs and workability of each of the options.

Based on these discussions, $18,000 of the legislative appropriation was set aside for a special demonstration program to test the appropriateness of a particular housing option in towns of 2,000 or less. The single family housing conversion option lent itself best to the development of a demonstration program which could help meet the housing problems in small towns.

Three objectives were established for the program:

1. To assist homeowners who are at least 55 years of age to remain in their homes while assuring adequate utilization of the existing housing stock,
2. To determine whether the conversion of existing housing frees up suitable housing for families, and
3. To provide adequate rental units for low income senior citizens in towns of 2,000 population or less.

Under the program, the Housing Finance Agency would provide low interest loans and grants for the conversion of single family homes occupied by senior citizen homeowners to include one income-producing apartment for another senior citizen. The apartment would then be leased under the Section 8 Housing Assistance Payments Program for existing housing so that an eligible household would pay no more than 25% of its income for rent. MHFA would pay for 50% of the total costs of conversion which could not exceed $10,000. The remainder of the costs could be financed by a low interest MHFA Home Improvement Loan or by other resources available to the homeowner.

MHFA solicited proposals from the 13 county-wide housing authorities in the state which participate in the Section 8 -- Existing Housing Program. Only one, the Chippewa County HRA, experienced any interest. MHFA contracted with the Chippewa County Housing and Redevelopment Authority to administer the program for as many as three houses. After four months and considerable local publicity, the

HRA had received no applications for the program. The housing authority concluded that the conversion approach requires too many changes in the life style of senior citizens in small towns to be appealing, and the project was ended. Other housing options which may be considered in the future should incorporate more traditional housing types.

The Agency has also examined the nature of the differences between the Farmers Home Administration rental housing program and MHFA's apartment development program. It is currently trying to identify ways in which the resources of both agencies can be coordinated to better meet the housing needs of both senior citizens and families in rural areas.

Housing Annuity Programs

One of the basic problems faced by many senior citizens is that much of their net worth is locked into homeownership, and spendable income is generally low. One alternative, the housing annuity, could help them convert their favorable equity position into current income. Under a housing annuity program, a homeowner receives a loan based on the value of his/her home which is repaid when the house is sold or upon the death of the homeowner.

The annuity payment can be in the form of a lump sum, or it can involve a sequence of payments over a given number of months. Annuities can be paid for a fixed period and the payments adjusted accordingly, or they may be made for a fixed amount as long as funds last. The amount of an annuity payment can also be structured to change under certain conditions (for instance, to reflect appreciation or depreciation of the property or changes in administrative expenses, mortality, or interest rates).

A housing annuity program could also include a life annuity feature which would guarantee payments for life. The actual payment would be based on the value of the home and an actuarial table of mortality experience similar to the ones used to determine life insurance rates. The individual would risk receiving less than the full value of the future sale of his home if he dies before attaining the average lifespan for his group. In return, he has the security that he cannot outlive his annuity income.

Several types of housing annuity plans have been proposed. They include the following:

1. standard housing annuity -- An elderly homeowner would retain part of the equity in his home, which only guarantees the right of occupancy until the owner's death. The remaining equity would be sold to an investor who would make monthly payments to the homeowner based on a complex actuarial formula. The investor would acquire title to the property upon the death of the seller. This means that heirs would receive nothing and investors would receive a piece of property, which they would have to dispose of. The return to the investor would be variable and the administrative responsibilities would be significant.

2. nonrepayable loan -- This form of housing annuity is simply a lump sum loan secured by a mortgage that is not repayable until the death of the homeowner or upon the sale of the property. This option may be more attractive to homeowners because it is similar in concept to a conventional mortgage. It also would not require the investor to take title to the home. This means that heirs might benefit, depending on the difference between the sale price and the size of the loan. The investor would receive a fixed sum of money and would not be responsible for selling the property.

3. reverse mortgage -- Under this arrangement, a homeowner receives a loan based on the value of the home and receives the money in the form of monthly payments rather than lump sum. The loan is repaid when the home is sold or the owner dies. As in the previous option, there is a possibility that heirs might benefit, and investors receive a fixed amount of cash.

Increasing interest has been expressed at the national level in the housing annuity concept. Legislation has been introduced which would authorize Federal savings and loan associations to invest in reverse annuity mortgage loans. There has been little actual experience in administering them. One savings and loan association in Cleveland, Ohio recently established a reverse mortgage program, but it is too early to evaluate its success or failure or the level of interest among elderly homeowners.

Little information is currently available on consumer demand for housing annuities. Only one study of attitudes among older homeowners toward the housing annuity concept has been done. That was in Los Angeles County, California in 1970. Only 9% of the respondents expressed interest in the idea. Fully 87% indicated that they were not interested. Many of the responses indicated that they did not understand the concept. About 12% of those who said they were not interested thought the scheme was fraudulent or a communist plot. It is not known how applicable any of these figures might be to the attitudes of senior citizens in Minnesota.

Numerous factors would have to be considered if a housing annuity program were to be undertaken by the State of Minnesota or private institutions in the state. Two major categories of risk would have to be accounted for: the mortality pattern of homeowners and the future rate of property appreciation, depreciation, and inflation.

In addition, provisions assuring adequate maintanance would have to be included. If annuity payments to individual homeowners are not adjusted to reflect changes in property value, there may be less incentive to maintain the property adequately. However, this approach involves a relatively high cost of assessment and is less standardized than dealing with properties as a group. Other questions remain such as the exact formulation of the annuity payment, the eligibility criteria for homeowners, how the program should be marketed, and the appropriate administering organization.

The future of reverse annuities programs will be determined in large part by the U. S. Congress, which oversees the activities of the Federal Home Loan Bank Board. The Board, which regulates federally chartered savings and loan associations, has the authority to permit its members to establish reverse annuities programs. However, because of the complexity and sensitivity of the issues involved, the Board has chosen not to act without explicit authorization from Congress.

Regardless of the outcome of pending Federal legislation, the State of Minnesota has the option of authorizing reverse annuities programs. Again, because of the variety of alternatives and the multiplicity of unanswered questions, the State would do well to undertake an in-depth study before recommending any action on this matter.

Congregate Housing

Most housing programs for the elderly in Minnesota have been aimed at the independent and well elderly. However, there is a large but relatively unrecognized group of older citizens who require some services to live independently. While these persons are not sick, they may experience some chronic physical impairment associated with the aging process which limits their mobility. Congregate housing is one alternative to institutionalization for the frail elderly.

Congregate housing has been described in a variety of ways. Basically, congregate housing provides assured access to essential services to those elderly who need assistance to continue living independently. These services include:

- private living unit, with or without kitchen
- some shared living areas
- congregate meal service
- health maintanance service
- emergency call service
- access or transportation to medical/dental care
- homemaker and chore services
- personal care services, and
- social/recreational/educational services.

Population projections for Minnesota up to the year 2000 indicate that the most rapid increases in the over 65 age group will be among those age 80 and over. (See Table 2.) A high proportion of this group are potential congregate housing residents due to the increasing incidence of health problems and chronic conditions such as arthritis, heart disease, or vision problems among older persons. Studies suggest that about 6% of Minnesotans over 65 (approximately 25,000 persons) could not live independently without some assistance.

While the need for congregate housing is increasing, there are currently many impediments to its development. The major federal rental subsidy programs are inadequate as they are now structured. The Department of Housing and Urban Development will currently accept development applications for the use of Section 8 rental subsidies in congregate housing on a case by case basis, but specific guidelines for new construction have not been developed.

This makes the application process a very uncertain one. The HUD Section 202 program provides direct long term low interest loans to nonprofit groups for housing for the elderly and allows amortization of kitchen, dining, and community spaces. However, only eleven developments have been constructed in Minnesota under this program. An additional four development applications have been recently accepted for processing. The Section 515 rental housing program administered by the Farmers Home Administration authorizes the financing of congregate housing in rural communities, but regulations have yet to be developed.

TABLE 2

ELDERLY POPULATION PROJECTIONS BY AGE GROUP IN MINNESOTA AND REGIONS
1975-2000

Age Group	1975	1985	2000	Percent Change from 1975
65-69	139,511	155,280	145,376	+ 4.2
70-74	111,915	127,582	132,783	+18.6
75-79	86,494	94,278	106,665	+23.3
80-84	58,257	61,770	73,974	+26.9
85+	34,234	40,827	47,586	+39.0
TOTAL	430,441	479,737	506,384	+17.6

Source: State Demographer, Minnesota Population Projections, 1970-2000.

Another deterrent to the development of congregate housing is the lack of a single specific subsidy for supporting the cost of services. None of the federal housing programs provide subsidies for the operation of supportive services. There are many other agencies and programs which provide subsidies for nutrition, health, and social services to senior citizens. However, funding sources are diverse, coordination is lacking, funding is uncertain, and availability varies throughout the state. No state agency is currently structured to coordinate the delivery of services in congregate housing.

Regulatory requirements are also unclear. State agencies do not have specific standards or requirements for congregate housing. Therefore, existing licensing requirements for food services, boarding houses, or health facilities may be applied inappropriately by the state or local health agency. Some states have passed specific legislation excluding congregate housing from the requirements of "hospitals and related institutions."

Many of the problems in developing congregate housing involve federal, state, and local agencies and policies. More detailed information is needed regarding the actual development of congregate housing. A study entitled "A Comparison of In-Home and Nursing Home Care for Older Persons in Minnesota" being carried out by the University of Minnesota's School of Public Affairs should provide useful information on the costs associated with each type of living situation. The Housing Finance Agency is continuing its study of congregate housing in order to better identify the role it can play in financing and managing congregate housing. More specifically it is examining:

1. the specific issues and policies related to congregate housing through the development of a model congregate housing development proposal to which HUD and state/local service providers can respond,
2. the need for a state policy to coordinate delivery of services to the elderly in subsidized housing,
3. the advisability of establishing a state appropriation for services for low and moderate income elderly in congregate housing, and
4. the advisability of proposing state legislation defining congregate housing.

Conclusion

Based on the findings of the research, the following conclusions can be made:

-- Senior citizens in Minnesota face numerous housing related problems including low fixed incomes, declining functional health, and a lack of housing options.

-- The need for housing assistance for senior citizens will grow as the elderly population in Minnesota increases and consists of more people who are very old.

-- Numerous programs have been established to assist senior citizens with their housing needs. However, funding for many of the programs is uncertain and inadequate to meet the magnitude of need which exists.

-- Existing federal, state, and local programs aimed at the housing needs of senior citizens are not well coordinated. This can provide impediments both to housing providers and those senior citizens seeking housing assistance.

-- There are no consistent state policies or goals toward senior citizens and their housing needs.

-- There is a need to increase housing options for senior citizens in most parts of the state, particularly those options which fill the gap between housing for senior citizens who can live independently and those who may require institutionalization in nursing homes.

Appendix I

Research Publications

- Housing Alternatives for the Elderly: Background and Issues, November, 1976.
- Interim Report, Research: Housing Alternatives for the Elderly, February, 1977.
- Housing-Annuity Programs for the Elderly: A Discussion Paper, May, 1977.
- Inventory of Laws, Policies and Programs Affecting Senior Citizens and Their Housing Needs, May, 1977.
- Congregate Housing for Older Minnesotans: A Discussion Summary, November, 1977.
- A Study of MHFA -- Section 8 Housing for the Elderly, December, 1977.
- Service and Design Considerations in the Development of Housing for the Elderly, January, 1978.
- Final Research Report, Housing Alternatives for the Elderly, January, 1978.

Appendix II

Bibliography

There are numerous sources of information and data on housing for senior citizens. This bibliography is not meant to be exhaustive. It includes the basic resources which were found to be most useful throughout the course of the research effort.

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