

Housing Seniors in Rural Communities: Aging in Place in a Shifting Landscape.

November 9, 2011

Sheraton Seattle Hotel

First, I want to welcome you all to Seattle. This is a wonderful city for a conference with our great coffee, wonderful restaurants and beautiful scenery. While it's true there are some down-sides to Seattle --- the rain, the long treks up the steep hills and the terrible decision about which brand of coffee to buy --- the upsides usually far outweigh the down-sides and I am glad you are here.

I am grateful to HAC for the invitation to be here today to discuss with you the Commission's interest in housing for seniors in our state. Given the growing elderly population and the lack of appropriate housing for many of our seniors, this is a very important topic.

Let me start by telling you a little about what the Commission has been able to achieve in the area of senior housing since we were created in 1983 and then talk about the results of two studies we have done on seniors in our state and how to house them.

Basically, the Commission was created in 1983 to provide below market financing for the development of single family, multifamily and senior housing throughout the state, without using the money or credit of the State of Washington.

The Commission has been involved in the financing of housing for seniors since 1985. Our first elderly project – Capital Place, in Olympia - was a \$5 million dollar, 111 unit independent senior project that was financed using tax exempt bonds and HUD insurance.

Since that time we have financed over 130 properties serving seniors using both tax exempt bonds and Housing Tax Credits, which has resulted in the development of 25,000 units or beds for seniors across the state.

Nonprofit organizations have partnered with the Commission to issue tax exempt bonds to finance mostly assisted living and nursing home units or beds, many of them in Continuing Care Retirement Communities.

For profit and Housing Tax Credit developers have partnered with the Commission to develop mostly units set aside for seniors that can still live independently in their own apartments.

So as you can see, the Commission has a significant interest in the housing conditions of seniors in WA and the future demand for age and income appropriate housing that will be needed to meet their needs.

So what are the numbers for seniors in Washington?

Newly released 2010 Census data show that the ranks of Washington's senior citizens are swelling and --- thanks to the baby boomers --- the state can expect a senior-citizen tsunami ---some call it the "silver tsunami" --- for the next twenty years!

- The number of Washington residents 65 and older grew 25% in the last decade, compared with a 14% increase in the state's overall population.
- In real numbers, WA's senior population went from about 620,000 in 2000 to almost 828,000 residents 65 and older in 2010.
- Think of it this way, every 15 minutes someone in Washington turns 65.
- The growth rate was even higher among older seniors, with the number of residents 85 and older increasing by nearly 40%. Between 1990 and 2010, the number of senior residents over 85 grew from 56,301 to 117,271.
- Steeper still was the growth rate of senior-citizens-to-be, reflected by a whopping 81% increase among those 60 -64. This is the bulge of the baby boomers that are moving towards senior status --- although many do not like the trend.

Next, let's take a look at what a 2006 study by the Washington Center for Real Estate Research at WSU told us about our senior residents. What the study said was:

- 71% of the seniors were residing in single family homes with the balance residing in mobile homes or apartments. Just over 22,000¹ seniors were residing in "institutionalized" settings, either in nursing homes or group homes. One third of all public housing units were occupied by seniors.

¹ 22,353

- 67% of our seniors were living in a family household, meaning they were living with at least one other person.
- 77% of the seniors in our state had not moved in the preceding five years, making them the least mobile of all age groups.
- Of the 33% of seniors that had moved within five years, 60% stayed in the same county, 21% moved to a new county and only 18% moved to a new state.
- Of those aging in place, many recognized that modifications to their dwelling might be required and that they might need assistance from health care and other service providers to remain at home.
- However, while aging in place was preferred, a significant portion of the senior population was actively considering a move to a retirement community or to a smaller home.
- The statewide poverty rate for seniors was about 8%, but there was wide disparity by county, with rural counties having a higher percentage of lower income senior residents. For example,
- For householders between 65 and 74, the median income was the highest in San Juan County, almost \$46,000, and the lowest in Garfield County at just under \$32,000.
- As expected, the median income for seniors was progressively lower for each older cohort. In other words, the older people get, the poorer they become.
- For the age cohort between 65 and 74 who owned their homes, their average monthly mortgage payments ranged from 30% to 88% of their monthly income, depending on where they lived. For seniors that were renting, they spent an average of 36% of their income on rent, although 1/3 of them spent over 55% of their income on rent and utilities.
- In other words, senior housing costs varied greatly, depending on where they lived and whether or not they owned their own home.
- Finally, at the age of 85, nearly 7 in 10 seniors reported one or more disability, with nearly half reporting a physical disability and only a slightly smaller number reporting problems leaving their residence. The importance of this statistic will become clear in a moment.

Now, let's take a look at the results of a telephone survey of seniors between the ages of 50 and 65 that was completed in 2007 by Hebert Research for the Commission.

The purpose of this survey was to update our information about the perceptions of Washington seniors nearing retirement regarding their future housing situation and their ability to pay for housing after retirement.

With regard to their housing plans for retirement, we found that:

- 92% of the respondents live in a single family home and three-quarters of them (72%) strongly desire to stay in their home for retirement. The same group of respondents stated they would consider modifying their homes to meet their elderly needs.
- When asked to compare themselves to their parents, most indicated they were more financially sound than their parents due to more economic opportunities, 401(k) plans, savings/investments, and the help of their children.
- While over half⁴ of the respondents said there is currently not a sufficient supply of affordable senior housing to meet everyone's needs, they personally are confident about finding suitable housing for retirement.
- But, almost half of our respondents felt that senior housing may not be affordable to them personally; which indicates that affordability may play a big part in whether people will consider a different type of retirement housing than their current home.
- As you might guess, the confidence level of respondents about being able to find appropriate and affordable housing is dependent upon the net worth of the individuals: as net worth increases so does the average confidence level of respondents.
- Of the various types of post-retirement housing, a little over one-third⁵ of the respondents would like to live in a continuing care retire community; but they don't want to move into such housing until they are 75 or older.
- Children and other family members will be the first place seniors turn for help in retirement; and, children will most likely aid in financial matters involving where they live, finding appropriate and affordable housing, and helping out with medical issues and care services.
- What is also very clear is that three-quarters or more of the persons we interviewed were not planning on becoming publicly involved in housing issues before retirement. Most said they would just follow the news through the media or through family members (83%).

These results and other information we have about seniors help us understand the challenges that most communities face when it comes to developing senior housing.

⁴ 57.6%

⁵ 36%

While these challenges apply to both urban and rural communities, there are some additional challenges you will face trying to develop senior housing in rural communities. We know, for example, that:

- The large majority of seniors will try to stay in their single family homes for as long as they possibly can. But, sometime between the ages of 74 and 85, those disabilities we spoke of earlier will force the majority of them to move into another type of age appropriate housing – either assisted living or a nursing home.

We also know, many of us from personal experience, that medical issues can force seniors and their families to make housing choices that are too expensive, provide inappropriate services and not satisfying to the seniors involved, due to a lack of senior housing and long waiting lists.

- Seniors lacking affordable housing resources tend to have poor health outcomes.
- Seniors lacking affordable housing are becoming an increasing burden on homeless assistance programs, state and local social service budgets, hospital emergency rooms and the existing long term care system.
- If we want to impact what seniors know about retirement housing and how they plan for their future, we need to educate their children and family members about these issues.

Now let's discuss those additional challenges you face trying to develop senior housing in rural areas.

A few years ago we worked with an experienced senior housing developer on a model program to provide assisted living to frail seniors in small rural communities.

Using tax exempt bonds we financed about five senior assisted living developments built to a standard rectangular plan of 22 to 25 units per building in small rural communities in relative proximity to each other across the state.

The theory was that by building the same plan, providing the same assisted living services and having a series of sites that could be managed through a circuit rider approach to assist the resident manager at each site, the developer could successfully earn enough money to operate the system of assisted living developments in smaller, rural communities.

Even though the developer had years of experience in senior housing, this new model for assisted living in smaller communities did not provide sufficient income to support the developments and they were sold to local people or organizations for a variety of purposes within a short number of years.

In another more successful model, we worked with an experienced developer to build a series of 4 to 5 larger assisted living senior retirement communities in secondary market cities throughout the state.

The retirement developments ranged in size from 90 to 125 units in communities such as Wenatchee and Ellensburg located in largely rural counties. These assisted living senior retirement communities were successful and are still in operation today.

The hard lesson in these two examples is that it is very difficult to build and operate senior communities that offer assisted living services such as meals, housekeeping and light medical assistance on a small scale in rural communities. Basically, even with some government support, there is a minimum operable size that you have to reach to successfully operate assisted senior housing for the frail elderly.

The only successful model in the state that defies this axiom is the example of the Garfield County Memorial Hospital Long Term Care program that is outlined in the May 2010 edition of [My View](#) that has been handed out to you.

In this case, an innovative hospital staff has taken a wing of a small rural hospital and turned it into a functioning long term care facility for seniors in the very small community of 2,500 people in Southeastern WA. You can read that story yourself along with other stories about other successful senior housing communities in WA that we highlight in the newsletter.

So what does all this mean for your interest in providing affordable senior housing in rural communities?

Well, we know that we are still able to develop and provide independent senior housing in many rural communities like we always have through HUD and USDA programs and you are going to hear and learn about those programs over the next two days.

We also know that you can still develop and provide senior housing with significant supportive services in larger communities in rural counties like the retirement communities I mentioned a minute ago. Both

of these are an important part of the necessary system of senior communities that we will need in greater numbers in the next 20 years.

However, the title of this conference, "Aging in Place in a Shifting Landscape", suggests that you are going to learn about how senior housing and supportive services are changing; and how you will have to adapt to new models to meet senior housing needs over the next 20 years.

Part of what you are going to hear during the next two days is that communities --- particularly smaller rural communities --- will need to play a critical role in promoting the development of home modification programs that assist older citizens to adapt their existing homes to meet their needs until they are too frail to remain in their homes.

You are going to hear that as people age they need a range of supportive services to assist them to age successfully in their current homes and communities for as long as possible.

You are going to hear that communities will need to promote and develop single points of entry for information and access to services that seniors need to remain living independently at home instead of having to navigate a maze of fragmented systems in order to access services.

You are going to hear that identifying and expanding delivery and financing mechanisms to offer wellness and preventive health care services to seniors in their own homes offers opportunities that scarce dollars can provide by avoiding unnecessary hospital, nursing home and sub-acute care facilities for as long as possible.

You are going to hear that in-home support services, mental health and nutrition programs and other coordinated in-home services have an enormous impact on the subsequent care needs of senior citizens at lower cost than our traditional centralized programs, even in urban areas.

And finally, you are going to hear that regulatory and funding barriers need to be overcome at the federal and state levels if the silos of health care, long term care and affordable senior housing are to be reformed into an accountable housing and supportive services delivery system to serve all areas of our nation.

In other words, you are going to hear about a rapidly changing world of senior housing and support services that will require that you expand your networks, learn to work with service providers in your communities and re-think your ideas about how you need to approach senior housing and services to be successful.

You are fortunate to have some excellent speakers at this conference who know about housing seniors that can bring you the latest thinking about how you can be the most effective advocate to provide senior housing in your communities. I know because we have worked with many of them for many years and they are smart, experienced and professional in their work.

Enjoy your stay in Seattle, work hard, exchange ideas and information, and above all, remember why you are here: The “silver tsunami” is coming and we are not prepared!

Thanks for inviting me to speak and I wish you well over the next two days.