

## **The Senior Housing Crisis**

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With the private sector unlikely to meet the growing demand for low-income senior housing, given the legacy of redlining, we must encourage our elected officials to redouble their efforts to address this issue before it matures into a crisis. As the title reads in the 2009 Senior Housing Report -- "[Quiet Crisis: Age Wave Maxes Out Affordable Housing in King County, 2008-2025](#)." More than 900 additional units per year will be needed until 2025 to keep up with minimum demand.

For the past decade I have done market research for the development of assisted living facilities in Texas and Illinois. Our internal numbers have consistently found that the facilities would be profitable in various low to middle income areas. Residents in these submarkets have enough resources generated from, for example, the equity in their homes, social security, pensions and so on to be able to easily cover the costs of dementia care. But the investors and banks often balk when the neighborhood in question is not upper income and predominantly white. Their stated reasons are usually based on subjective criteria. "It just doesn't feel right" is a common refrain.

Redlining – the underwriting policies that rated poorer communities, especially those of color, significantly lower – was at one time practiced officially by the federal government and banks. This is why, for example, a barrier was constructed along 8 mile road in Detroit in the 1950s. Once it was made structurally impossible for blacks to enter the white side of this thoroughfare, property values dramatically increased because of the race-based underwriting formulas of the time. Such policies are no longer legal but they continue to operate in a de facto manner as discussed above. Race and class inform, albeit in many cases unconsciously, perceptions of what constitutes a prudent investment. And even the exceptional developer who does not share these biases has little choice but to conform to them.

This culture of redlining, exacerbated by the financial crisis, has meant that supply has not kept pace with demand. According to Elinor Ginzler, AARP's housing expert, "Housing affordability is, quite frankly, almost a crisis for many older Americans. It's getting worse over time. Many low-income seniors find themselves in a position where they can't afford a fair-market rent and are closed out of waiting lists for subsidized rentals." Demand for government-subsidized rental properties for seniors far outweighs current and planned future supply. Hundreds of units are lost when buildings that were once financed under Housing and Urban Development Department (HUD) programs become obsolete or are sold. The low-income senior population lives mostly on fixed incomes from Social Security. Two in five households 65 or older earn less than half the national median income and about one in 10 household heads in that age group live in poverty. Furthermore the senior population is expected to double by the year 2020 as the baby boomers reach retirement age.

Section 202 is the only affordable housing program dedicated to seniors. It provides grants and rental help through nonprofit sponsors of low-income senior housing projects. On average, nine people are on the waiting list for each existing Section 202 unit, said Tom Slemmer, president of National Church Residences. By the year 2020, 730,000 additional rent-assisted-units will be needed for senior households aged 65 and older who have problems paying for housing, according to a Congressional Report. And yet only 3000 to 4500 new Section 202 units have been approved each of the last 8 years given that funding for this program has remained flat. This year is no exception with the House proposing \$1 billion and the Senate \$785 million for the 2010 budget.

According to the Quiet Crisis Housing Report, "A demographic tidal wave is about to hit King County... Working together, local governments, nonprofit agencies and housing authorities can lead community-wide efforts to prevent this crisis. Careful planning is needed now to develop policies that encourage healthy aging, provide services that enable seniors to stay in their homes make strategic investments to expand the supply of affordable housing, and create senior-friendly neighborhoods."