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SUPPORTIVE HOUSING

HUD Is Not Assessing the
Needs of Elderly Residents

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Madam Chairman and Members of the Committee:

It is a pleasure to be here to share with you the results of our work on supportive housing for the elderly. As you requested, we examined methodologies used by the Department of Housing and Urban Development (HUD) to assess the needs of residents in supportive housing. In our testimony today, we will present information on HUD's efforts to (1) assess the need for supportive services for elderly residents in section 202 housing and (2) determine the need for modernization and retrofitting of section 202 buildings. To develop this information, we reviewed the literature, interviewed experts on housing for the elderly, met with officials at HUD and the Department of Health and Human Services (HHS), and examined HUD documentation.

Provision of supportive services to frail elderly residents of section 202 housing, as an alternative to institutional or long-term care, is especially important for three reasons. First, a tremendous amount of funding is being spent on the institutional side of long-term care. Second, section 202 projects are targeted to the poor elderly, precisely those residents who lack the necessary coverage or resources to acquire such services on their own. Third, in the absence of such services, many of these elderly residents may prematurely become institutionalized, thus exacerbating the cost of long-term care to our nation.

BACKGROUND

Some Demographics and Their Implications

Before turning to the results of our work, I think it is important to discuss its context. Due to advances in medicine and public health, as well as other factors, Americans are living longer than ever before. The U.S. Bureau of the Census reported that there were 31 million elderly persons--nearly 1 of every 8 Americans--who were 65 years of age or older in 1990. By 2020, it is projected that the elderly population will increase to 52 million persons--representing about 1 of every 5 Americans.

Further, within the 65 and older age group, the proportion of people aged 65-74 is getting smaller, while the proportion of people aged 75 and over is getting larger. The segment of the elderly population that is expected to grow most rapidly consists of those persons 75 years of age and older.

The growing size and proportion of our elderly population have implications with respect to their needs for housing and support services since the prevalence of most chronic diseases increases with age. Chronic diseases, including cognitive diseases and impairing illnesses, are associated with an increase in limitations on activities of daily living (ADLs)--for example,

bathing and dressing--or limitations on instrumental activities of daily living (IADLs)--for example, shopping and preparing meals. Individuals who experience ADL or IADL limitations may require more supportive environments in order to maintain semi-independence in the community. According to the 1987 National Medical Expenditure Survey, about 11 percent of persons aged 65 to 74 living in the community have some limitation for which they require assistance; this figure climbs to 57 percent among those aged 85 and older.

For every person aged 65 and older residing in a nursing home, there are nearly two living in the community who require some form of long-term support. According to a Brookings Institution report, there were approximately 4.9 million elderly persons residing in the community in 1985 (18 percent of the population over age 65) who had ADL limitations. About two thirds of these elderly persons had only moderate impairments--that is, fewer than three ADL limitations. However, some 850,000 elderly persons were severely impaired (which is defined as having a limitation in 5 or 6 ADLs).¹

Long-term support services may be delivered in institutions (for example, nursing homes) or in the community, including the older person's own home.² Currently, however, public programs and private health insurance policies do not provide comprehensive coverage of these services, and their lack is particularly burdensome for the 19 percent of the elderly population (5.7 million persons) who were poor or near-poor in 1990--that is, those who had incomes at or below 125 percent of the poverty level.³

Federal Involvement

The section 202 program has been a key element in the federal government's attempts to provide affordable supportive housing for the elderly. Under section 202, nonprofit sponsors receive federal funds to provide an independent living environment to enable low-income elderly persons to live independently in the community. The program was authorized by

¹A.M. Rivlin and J.M. Wiener, Caring for the Disabled Elderly: Who Will Pay? (Washington, D.C.: The Brookings Institution, 1988), p.6.

²These long-term support services consist of assistance with the basic activities and routine of daily living.

³See Elderly Americans: Health, Housing, and Nutrition Gaps Between the Poor and Nonpoor, GAO/PEMD-92-29 (Washington, D.C.: June 24, 1992), p. 5.

the Housing Act of 1959 and is administered by HUD. Today, there are about 4,000 section 202 projects containing 240,000 units.

Although the Housing Act of 1959 was silent on the provision of supportive services, the Housing and Community Development Act of 1974 required HUD to seek to assure that section 202 projects (1) provide a range of supportive services (such as health, welfare, and transportation services) and (2) encourage residents to use them.

A 1988 survey of section 202 projects found a growing gap between the demand and supply of section 202 units for the elderly.⁴ The survey also found that (1) as projects have aged, the average resident has become increasingly older, frailer, and in greater need of supportive services and (2) there has been a clear shift away from supportive design features over the history of the 202 program.

In view of these findings, the Congress recognized in the Cranston-Gonzales National Affordable Housing Act (NAHA) of 1990, that there was a need to (1) expand the supply of supportive housing for the elderly and (2) enhance the supportive environment of existing section 202 projects.

Section 801 of NAHA requires HUD to ensure that projects approved after September 30, 1991, provide a range of services tailored to the needs of elderly residents on an ongoing basis, as well as that owners can assess, coordinate, and finance a supportive services program. The selection of projects after this date is to be based (among other criteria) on their ability to meet the physical needs of elderly persons and accommodate the provision of supportive services.

Section 802 of NAHA authorizes activities to enhance the provision of a supportive housing environment in existing projects. Section 202 projects (as well as eligible projects under other federal housing programs) can apply for funds to retrofit units and buildings in order to meet the special physical needs of frail elderly residents and to accommodate supportive services that enhance independence (for example, installing hand rails or nonslip surfaces, or adding space for eye examinations). Section 202 also authorizes funding for service coordinators and allows HUD to pay an amount not to

⁴U.S. Congress, House Subcommittee on Housing and Consumer Interests of the Select Committee on Aging, The 1988 National Survey of Section 202 Housing for the Elderly and Handicapped (Washington, D.C.: U.S. Government Printing Office, May 1988), p. IV.

exceed 15 percent of the cost of supportive services for frail elderly residents.⁵

In view of these legislative provisions, it is reasonable to expect that HUD would use some set of criteria or some appropriate methodology to determine the extent of need for (1) supportive services for residents and (2) retrofitting of the buildings. Although the act does not explicitly mandate that HUD use such criteria, it does require HUD to take need into account in deciding which projects to fund, and it is difficult to see how that can be done without criteria for assessing need.

Evidence suggests that there is not nearly enough funding to meet (1) the growing supportive service needs of residents in existing section 202 projects and (2) the adaptive modification requirements that are necessary to retrofit 202 projects. This suggests the need for a system to identify the pockets of greatest need so that limited funds can be targeted to them.

Let me now turn to our findings.

HOW DOES HUD ASSESS THE NEED FOR SUPPORTIVE SERVICES FOR RESIDENTS IN SECTION 202 HOUSING PROJECTS?

We found that HUD does not collect any relevant data on residents' supportive service needs at this time. Indeed, HUD officials told us that they are not mandated to collect this information and have no plans to do so in the future. They further noted that the responsibility to assess and monitor the supportive service needs of residents in section 202 projects is the domain of service providers, project managers, and HHS.⁶

The consequences of not having data on the supportive service needs of residents in section 202 projects are well illustrated by the method that HUD chose for disbursing limited funds (\$15.5 million) for the hiring of service coordinators for section 202 projects. HUD selected a "lottery system" and

⁵The Departments of Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Act of 1992 appropriated specific funds for service coordinators as a line item. Funding for the cost of supportive services has not been appropriated.

⁶While each of these entities could reasonably have some role in supportive service assessment and delivery, it is logical that HUD should take a major role, given the Department's responsibility for funding supportive housing for the elderly, and given also that HHS officials told us they have no direct involvement in the provision of supportive services to residents in section 202 projects.

determined that only projects that meet the following criteria (in addition to such standard requirements as favorable default status and civil rights compliance) shall be entered into the lottery:

- a size of at least 75 units;
- a minimum occupancy rate of 97 percent; and
- a minimum of 25 percent of residents who are either frail (defined as having 3 or more limitations in activities of daily living) or at risk (defined as having either 1 or 2 limitations in activities of daily living).

HUD officials estimated that about 800 of the 4,000 existing section 202 projects (or 20 percent) will meet the criteria. They further estimated that about 200 projects (or 5 percent of the 4,000 projects) will be selected to receive funding for a service coordinator.

HUD officials told us that a lottery is a fair method for disbursing the funds. Although this may be true in some sense, it is certainly not a method that permits cost-effective targeting of services. The method assumes that there is a uniform need for a service coordinator among projects that are entered into the lottery. However, it is impossible for HUD to test this assumption with their present data capabilities. Moreover, the evidence that we examined suggests that the need for a service coordinator is not uniform. Specifically, the percentage of residents whom managers considered frail was 1.5 times greater in older projects than in newer ones.⁷

We believe that HUD's lottery is an inappropriate method for disbursing funding in this case because the unit of analysis chosen is the housing project, rather than the people living in it. Yet it is people who need supportive services, not projects. To disburse funding on this basis means that the frail elderly living in projects that do not meet the criteria may be excluded--in particular, those elderly persons living in rural or less desirable locations.⁸ Indeed, it is questionable whether the lottery method would have been chosen at all if HUD had

⁷U.S. Congress, House Subcommittee on Housing and Consumer Interests of the Select Committee on Aging, The 1988 National Survey of Section 202 Housing for the Elderly and Handicapped (Washington, D.C.: U.S. Government Printing Office, May 1988), p. 40.

⁸Assuming that smaller projects are more likely to be located in rural areas and that projects with lower occupancy ratings are less desirable to live in.

maintained data on the frailty level and need for supportive services of residents in section 202 housing projects.

We recognize that HUD established criteria for participation in the lottery in an attempt to direct funds to projects most in need. However, criteria such as project size and occupancy rate have at best modest relevance to the issue of elderly residents' needs for supportive services.⁹

We believe that the level of frailty (or limitation in activities of daily living) is an excellent proxy measure for a resident's need for supportive services. In fact, HUD recognized this in part by deciding that one criterion for the selection of a project for funding would be that it must have some minimum percentage of frail residents.

Still, the approach taken by HUD even on this criterion raises doubts about whether funds will be targeted to the projects and people most in need. First, HUD has not issued any guidelines to project managers on how to measure frailty. In the absence of such guidelines, it is doubtful that project managers will use a standardized assessment instrument. Thus, it will not be possible to measure the accuracy and validity of their estimates of frailty. In the absence of a standardized assessment procedure and information on how assessments are made, it is difficult to evaluate the extent to which funds are targeted to those projects (and elderly residents) most in need of a service coordinator.

Second, the cutoff for this criterion may be overly inclusive: There is an equal chance of selecting a project in which 25 percent of the residents have 1 limitation (in other words, one that meets the minimum requirement) and a project in which half the residents have 2 or 3 limitations. We wonder why HUD did not set a minimum number, rather than a percent, of residents in each project who must be frail or at risk. It is also noteworthy that the type of limitation was not a criterion, given that a limitation in eating or taking medication likely poses a greater threat to independence than does a limitation in household cleaning. It seems clear that those elderly residents

⁹Larger projects tend to be older and to house an older resident population than smaller projects. One could argue that the facility-size requirement indirectly targets the funds to projects most in need because older residents are frailer and thus would benefit most from a service coordinator. However, the validity of this argument is limited. Results of a survey done by the University of Illinois at Urbana-Champaign found that the oldest projects were most equipped to handle the changing needs of elderly residents aging in place.

who experience more severe limitations could benefit most from a service coordinator's assistance.

In sum, we found that HUD's methods for assessing the supportive service needs of elderly residents are inadequate to fulfill the objectives of the legislation.

HOW DOES HUD DETERMINE THE NEED FOR MODERNIZATION AND RETROFITTING OF SECTION 202 BUILDINGS?

You also asked us to present information on the methodology used by HUD to determine the need for modernization and retrofitting (such as installing grab bars, nonslip surfaces, and appropriate congregate space) of section 202 buildings. HUD officials have told us that announced annual inspections of section 202 projects by HUD's local field officers are the primary mechanism that they use to assess a building's need for modernization. They also told us that they are not able to make an annual inspection of each and every project because of staff and budgetary limitations. These officials estimated that the average section 202 project is inspected about once every 18 to 24 months. However, we have not ourselves reviewed the actual frequency of such inspections. HUD officials told us that a project is more likely to be selected for inspection if a project manager applies to use funds from a project's reserve account for a major building repair or if HUD field officers, through tenant complaints or other means, believe the project to be in disrepair.

An inspection may consist of a walk through of the entire facility, a review of documents, and/or interviews with residents. In addition, data on a project's buildings, grounds, and mechanical systems, as well as on its policies and procedures, are collected. Findings from the inspection are reported to neither the regional nor national offices of HUD.

HUD officials told us that HUD has no mechanism to assess the retrofitting needs of section 202 buildings. During the aforementioned periodic inspections, no data are collected on a project's retrofitting needs, such as the availability of grab bars, nonslip surfaces, and appropriate congregate space. Likewise, no data are collected on tenants' physical conditions or needs.

Thus, the modernization needs of section 202 buildings are assessed by local field officers, but this information is not assembled at a regional or national level. Further, no data on the retrofitting needs of section 202 buildings are collected. It is therefore unclear what proportion of modernization and retrofitting needs are being met, or to what degree; and it is impossible to determine, using HUD's methodology, whether the

limited funds available nationally are being targeted to the greatest need.

We believe that it is important for HUD to collect data on retrofitting and other modernization needs because, without these data, it is impossible for HUD to properly manage section 202 projects, to respond to the changing needs of frail residents, and to anticipate the level of funding needed to maintain and modernize section 202 projects.

In the absence of such data, the Congress will not have optimal information on the need for retrofitting and modernization--and the extent to which this need is being addressed--required for making policy in this area.

CONCLUSION

Based on our research, it is clear that HUD cannot make a national assessment of residents' supportive service needs and the condition of section 202 buildings at this time.

We found that HUD neither collects data nor has a methodology to assess the need for supportive services of residents in section 202 housing. HUD contends that supportive services in section 202 housing are the responsibility of HHS. In view of the fact that a section 202 building's physical structure and its service component are fundamentally linked to the concept of supportive housing, some coordination between HUD and HHS on this issue might have been expected. This does not currently appear to be the case: A draft memorandum of understanding between HUD and HHS on supportive housing has been in existence for several years, but has not yet been signed. The resulting uncertainty about which agency has the responsibility for supportive services militates against the development of a rational approach to targeting the required activities on the population most in need. Indeed, both the service and building components--as separate as well as interactive features--must be sustained in order for supportive housing to achieve the important goal of preventing premature, inappropriate, and expensive institutionalization.

Information on resident frailty (including the need for supportive services) and the need for building modernization and retrofitting can be used to identify projects that most deserve the limited funding available. In addition, information on resident frailty can be used to determine the features that facilities must contain to meet residents' needs. Currently, HUD neither collects nor ensures that project sponsors collect data on the frailty level and the consequent supportive service needs of residents. Although HUD assesses the physical condition of and managerial capability in section 202 projects through periodic inspections, the Department's limited staff and travel

funds impede its ability to conduct them on an annual basis. And when inspections are conducted, no assessment is made of a facility's retrofitting requirements.

MATTER FOR CONGRESSIONAL CONSIDERATION

Given our findings on the inadequacy of HUD's current needs-assessment approaches, the Congress may wish to request that the Secretary of HUD study the feasibility of a more productive methodology by, among other things, developing a uniform definition of need and a standardized instrument for measuring needs for supportive services.

Madam Chairman, this concludes my remarks. I would be happy to answer any questions that you or members of the Committee may have.