

Section 202 Supportive Housing for the Elderly

Introduction

The Section 202 Supportive Housing for the Elderly Program is the only federally funded housing program designed specifically for older persons.¹ Currently implemented under the National Affordable Housing Act of 1990, the Section 202 program is administered by the U.S. Department of Housing and Urban Development (HUD) and is HUD's largest directly funded construction program. Since its inception in 1959, the program has supported the creation of approximately 6,200 housing facilities for older persons, accounting for approximately 250,000 residential units.² Currently, the program produces an estimated 5,800 residential units each year with Section 202 funds.³

In general, eligibility is restricted to persons who are at least 62 years of age and have incomes below 50 percent of their area's median income. The average resident age in Section 202 housing is 79, and the average annual income is \$10,018. Employment and marriage, avenues out of poverty for younger persons, are unlikely for older women, who constitute 90 percent of the residents of Section 202 housing.

Section 202 and Elderly Housing Needs

Physical Environment

Section 202 units, typically one-bedroom apartments with kitchens and baths,⁴ include special features such as nonskid flooring, grab bars, and ramps to help older persons remain safer and more independent as they age.

*Access to Supportive Services*⁵

Many Section 202 facilities provide access to supportive services such as home-

delivered meals, housekeeping, and transportation to community health providers.

HUD's Office of Housing estimates that HUD has provided service coordinator grants in 20 percent of all Section 202 facilities.⁶ In FY 2004, \$19 million, plus some carry-over funds from prior years, was used for 124 grants to fund additional service coordinators.⁷ The number of projects with service coordinators is dependent on appropriation levels and the quality of applications submitted.

Since 2002, appropriations have included funding to convert a small number of projects to licensed assisted living. During FY 2004, HUD completed the conversion process of seven projects under the Section 202 program.

Importance of Community, Security, Continuity

Section 202 housing attempts to maximize residents' ability to maintain their independence while "aging-in-place." Such facilities provide security, community, and continuity, important housing features for aging residents that other housing assistance programs may not provide.

Residents Getting Older

The population applying for and using Section 202 housing is aging. The average age of Section 202 residents rose from 75 in 1999 to 79 in 2004. The number of Section 202 residents over age 80 increased from 30 percent in 1999 to 39 percent in 2004. As the number of persons age 65 and older continues to grow, so does the need for Section 202 facilities.^{8,9}

Inadequate Supply of Supportive Housing

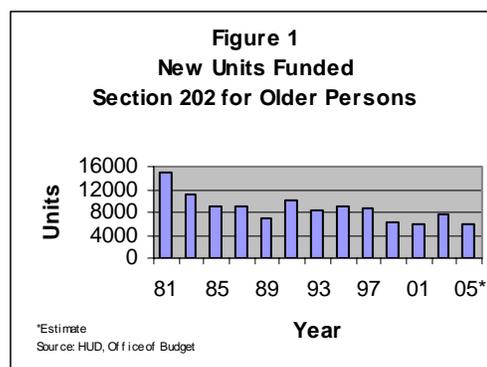
A HUD December 2003 report indicates that 1.2 million older households had “worst case” housing needs in 2001.¹⁰ The share of older households with “excessive housing expenditures”¹¹ was particularly high for households headed by renters age 75 and older (44 percent), older widowed renters (45 percent), and older African American renters (43 percent).¹²

The result has been particularly high demand for affordable supportive housing. Most Section 202 facilities have high occupancy levels, low turnover, and lengthy waiting lists.¹³

Decline in Construction of New Units

Although the FY 2006 proposed budget for the Section 202 program is at the same appropriation level as in the FY 2005 budget (\$741 million), the program is still below the funded levels of the late 1970s.

The decline in funding over the past several years, together with inflationary pressures, has led to a decrease in construction of new units for older persons (see Figure 1). Between FY 1995 and FY 2004, the number of new units funded declined by 29 percent, and production in FY 2004 was 58 percent of the production level of the early 1980s. The importance of this decline will become more pronounced as the number of persons age 65 and older increases.



¹ Although the Section 202 program is the only federally funded housing program specifically for older persons, Section 8 and other federally funded programs also serve older persons.

² HUD Directive: 98-12. GAO estimates 268,000 elderly households.

³ National Low Income Housing Coalition 2004 Advocates' Guide to Housing and Community Development Policy.

⁴ This is in response to the high proportion of single-person households among the older population.

⁵ Provision of services for the Section 202 program is outlined in 24 CFR 891.225.

⁶ HUD Directive: 98-12.

⁷ U.S. Department of Housing and Urban Development FY 2004 Performance and Accountability Report.

⁸ National Low Income Housing Coalition 2004 Advocates' Guide to Housing and Community Development Policy.

⁹ AARP. *The 1999 National Survey of Section 202 Housing for the Elderly*.

¹⁰ A Report to Congress on Worst Case Housing Needs, HUD, December 2003. HUD defines “worst case needs” as those renter households that 1) have incomes below 50 percent of median family income in their area, 2) pay more than half of their income for rent and utilities or live in severely substandard housing, and 3) do not receive federal, state or local housing assistance.

¹¹ Excessive housing expenditures are defined as housing costs in excess of 30 percent of annual gross income.

¹² Engelhardt, Gary V., Syracuse University, *Housing Older Americans, Fannie Mae Papers*, IV (1), January 2005.

¹³ AARP. *The 1999 National Survey of Section 202 Housing for the Elderly*.

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July 2005

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