

Introduction

This section discusses trends in the housing supply for older adults and seniors and the number of senior households that are currently being assisted Federal and State programs that are administered and/or funded by MN Housing that serve those age 55 or older or age 62 or older in Minnesota.

Housing Options for Older Adults in Minnesota

A shift in lifestyle preferences for people age 55 years or older and an increase in the availability of multifamily housing products (townhomes, condominiums, rental apartments) has encouraged a larger share of older adults and seniors to sell their single-family homes and relocate to housing that offers them more flexibility and greater convenience. For those that have never owned their housing, they are more likely to take advantage of the age-restriction allowed by the Federal government for properties targeted to older adults.

Minnesota has traditionally been and generally continues to be a high homeownership state. Over the past ten years however, the proportion of older adults 55 and over that have shifted from owning to renting has increased. For the oldest Minnesotans 85+, the percentage renting their housing has increased to 40%. This compares with 20% for households ages 75 to 84.⁹

Housing experts agree that as the older adult population increases, a higher number of older adults continues to move from their single-family homes to other higher-density options, often because these properties have features and amenities that are desired by those 55 years or older. For older adults with incomes less than 50% of AMI, their options have been severely curtailed.

Housing products available to households age 55 years or older have proliferated in Minnesota, which has been a front runner in providing housing that is not only age-restricted, but that also offers services. A high proportion of housing that is age-restricted in Minnesota is independent living with very limited or no services. Occupancy rates at these properties continue to remain high. Maxfield Research Inc. has regularly conducted occupancy and rent surveys of age-restricted independent housing and housing with services in the Twin Cities Metro Area. The findings of our surveys reveal that independent living is the most popular residential option for older adults.

⁹ MN Housing, Profile of Older Households in Minnesota, Summer 2012

Housing Programs for Older Adults

This section briefly discusses the housing programs that have been available in the past for the development of housing targeted to households age 55 or older or age 62 or older. Most of these programs are Federal programs that were implemented in the 1960s and 1970s. These programs provided federally-sponsored housing assistance to older adults that typically had extremely low incomes. The following is a list of programs that have typically served seniors:

- Project-based Section 8 and Voucher-based program
- Section 202
- Low Income Housing Tax Credit (LIHTC)
- HRA/CDA Programs

Funding availability for Section 8 and Section 202 programs has been severely curtailed by the Federal government.

Section 8/Section 202

There are few options for households that earn incomes of less than \$20,000 per year. Project-based Section 8 properties are generally full, many with waiting lists and or qualifying lists that are closed in the Metro Area. Section 8 allocations have been reduced to many counties. Those with reserves have been able to continue to assist households, but cannot assist any new households and if funding reductions continue, will have to reduce the number of households they serve, those under 65 and those age 65 or older.

HUD Section 202 funding also has been substantially reduced and is being allocated predominantly to urban census tracts that can achieve the highest priorities through the allocation process. Nevertheless, the properties that have been constructed have filled rapidly and have extensive waiting lists.

Low Income Housing Tax Credit (LIHTC)

The Low Income Housing Tax Credit Program is a federally sponsored program that is administered by individual states. LIHTC provides tax credits to private developers in order to reduce the rent levels so that they are affordable to households with moderate incomes. Typically, the rent charged is 50% to 60% of the Area Median Family Income (AMFI). Many states allow for the development of general occupancy (all ages) rental housing and housing restricted to households age 55 or older using tax credits. A number of years ago, Minnesota made the decision to focus its efforts and resources on developing affordable family housing because the need was so great.

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In the early and mid-1990s, several properties were developed in Ramsey and Washington Counties under the LIHTC program which provided moderate income seniors with affordable rentals and units that were designed to accommodate older adults that may have limitations. These properties often provided attached garages and single-level living in a townhome-style of unit and were usually referred to as “cottages.” Properties that were financed through this program included: Cottage Villas (Arden Hills), Cottages of Aspen (Oakdale), Cottages of North St. Paul (North St. Paul), Cottages of Vadnais Heights (Vadnais Heights) and Cottages of White Bear Lake (White Bear Lake). Other properties that were also affordable included Eastwood Village in Oakdale, Village on Woodlyn (Maplewood) and Cottages of Cottage Grove (Cottage Grove). These properties proved extremely popular with moderate income seniors and all of these properties have remained full even though several of them have converted over entirely to market rate and are no longer restricted only to moderate income older adults.

Since the 1990s, several Metro Area Housing and Redevelopment Authorities have implemented housing development programs to target moderate income older adults and/or provide age-restricted housing to older adults by reducing the rents to make them somewhat more affordable. Dakota County operates its own program and has developed 1,543 units of age-restricted (55+) housing with another 66 units under construction in Inver Grove Heights. As of 2013, the waiting list for units in Dakota County was nearly 1,200 households. Carver County has developed three properties totaling 183 units that are age-restricted to households 55+ and Scott County has developed five properties that are age-restricted totaling 370 units. Anoka County has developed three properties totaling 149 units of age-restricted housing for older adults with reduced rents. The Washington County HRA has developed eight properties with 377 units of age-restricted housing also at reduced rents.

USDA Rural Development (Section 515)

Rural Development provides mortgage financing and housing assistance to properties under their multifamily program. Eligible communities must be located outside of the urbanized areas. In many small cities, a rural development property is the only multifamily housing in the community that offers affordable housing and in addition may offer additional assistance for households that do not meet the minimum income threshold to pay the base rent. The table in the Appendix lists the number of multifamily units funded under the Rural Development program in each County along with the number of units that have been allocated additional rent assistance. Maxfield identified 3,672 units of housing targeted to older adult households with funding through Rural Development. Of those, an estimated 2,206 units have rental assistance which would reduce the base rent to provide additional housing assistance to older adults with very low incomes.

County HRA and CDA Affordable Senior Housing Programs

Some of the larger Community Development and Housing and Redevelopment Authorities have implemented their own “affordable” development programs targeted to serve households age 55 years or older with independent housing. No services are usually provided with this housing

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and households that need services must contract separately with a home care agency on their own. Dakota County recently developed one property that provides “affordable” assisted living and memory care housing to residents at Valley Ridge in Burnsville. Scott County is considering the development of assisted living housing within an affordable 55+ development that would be located in Shakopee. Peace Villa in Norwood Young America recently received financing from Rural Development to construct assisted living and memory care senior housing in that community. Construction is scheduled to begin in spring 2015 with occupancy scheduled for 2016.

Total Independent Living Affordable Units Operated by CDA/HRA targeted to households age 55 years or older:

Dakota County	1,543 units (66 units U/C)
Scott County	370 units
Carver County	183 units
Anoka County	149 units
Washington County	377 units

Additional affordable units may be available through private developers that have received funding assistance.

MN Housing Assisted Older Adult Households

MN Housing programs serve approximately 19,600 senior households (62+) per year or 3.4% of the total number of age 62+ households in the State of Minnesota (555,993 as of 2010). A total of 13,400 senior households are assisted through project-based Section 8. The remaining 6,200 senior households are served through MN Housing funded non-Section 8 rental housing.

Two out of five households over age 65 have annual incomes of less than \$28,000 (50% of the state median)¹⁰. Many seniors live on fixed incomes although there are some cost of living adjustments provided by Social Security. Housing costs continue to rise, especially for age-restricted and service-based senior housing. For seniors that receive Section 8 assistance, additional cost increases are generally absorbed by the assistance package received by the resident. For older adults in non-Section 8 housing, additional rent increases are typically paid by the resident provided that they remain under the qualifying income restrictions for tax-credit housing.

The share of householders age 62+ that are assisted by Section 8 through MN housing was prepared by county and are shown on the following pages as Figures 3 and 4. Also shown is the share of householders age 62+ that are assisted in properties financed by Minnesota Housing but are non-Section 8.

¹⁰ Profile of Older Households in Minnesota, Summer 2012

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High proportions of households age 62+ are shown to be assisted in Section 8 in many of the state's rural counties in the Northwest and West Central including Kittson, Roseau, Lake of the Woods, Beltrami, Marshall, Pennington, Red Lake, Clearwater, Becker, Traverse, Lac Qui Parle, Yellow Medicine. Near the Metro Area, high proportions are assisted in Sherburne, Pine and Chisago Counties. Counties that have the lowest proportion of tenants served in Section 8 housing include Washington, Stearns, Itasca, Rice, Kandiyohi and several others in south central Minnesota.

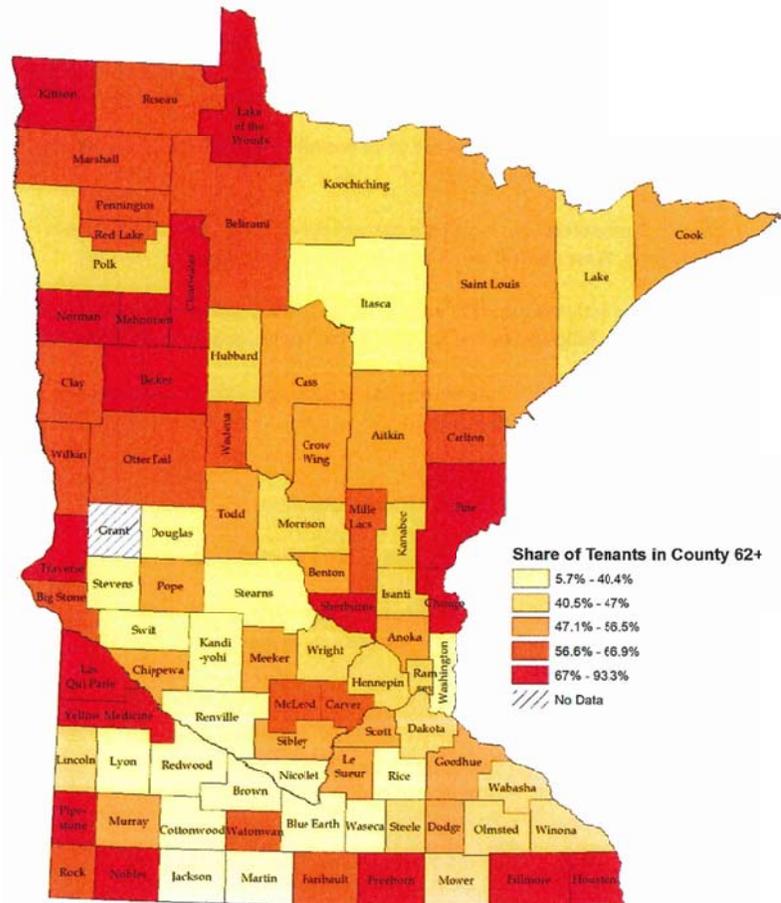
Demographic data for all Section 8 senior households show:

- A median household income in 2012 of \$12,732
- 55.3% of Section 8 senior householders were age 75 or older.

Of all households in Minnesota Housing-funded developments (non-Section 8) that reported in 2011, 14.7% were headed by a senior or an individual age 62 or older. According to MN Housing, the demographics of these seniors showed:

- A median household income of \$15,160.
- 46.8% of these 62+ households were age 75 or older.
- Ninety-seven percent of households were comprised of one or two household members, consistent with industry analysis regarding age-restricted housing for households age 62 or older.
- Properties serving a high percentage of older adult (65+) households are in the Central and Southeast regions (see Figure 4);
- The regions with the greatest number of assisted older adult (65+) households are in the Metro Region followed by the Central and Southeast regions.

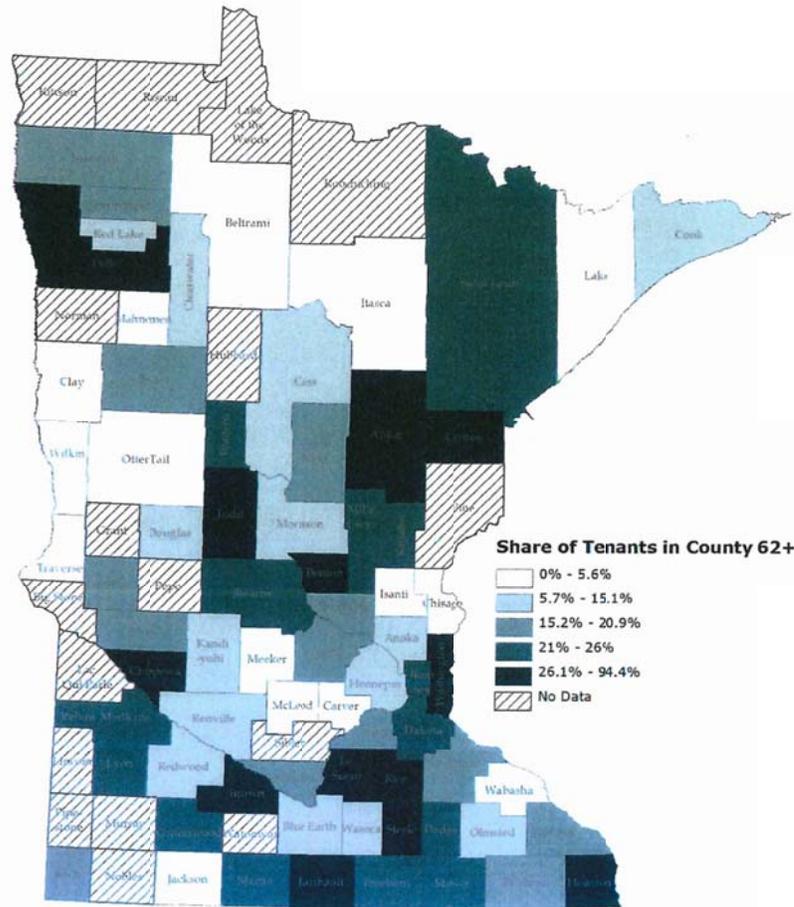
Figure 3
Share of Section 8 Householders Who are Age 62 or Older, by County



Source: Minnesota Housing Multifamily HDS
 Date: 10/9/2012



Figure 4
Share of Householders in Properties Financed by Minnesota Housing (Non-Section 8) Who are Age 62 or Older, by County



Source: Minnesota Housing Multifamily HDS
 Date: 9/17/2012



Senior Housing with Services

The Minnesota Department of Human Services (MN DHS) licenses facilities that provide older adult households with care services that may be needed as a household ages. In the early 1980s, housing with services developed by the private market as an alternative to traditional board and care homes and skilled nursing facilities.

These number and type of these products expanded in Minnesota and throughout the Nation as states worked to reduce their care costs in skilled nursing facilities and provide for older adults that needed personal care and other moderate health services. Products such as congregate, assisted living and memory care facilities became more prevalent.

The private development community has invested heavily in these facilities, seeing an opportunity to serve older adults as the State has eliminated lower acuity individuals from skilled nursing facilities.

However, the costs of health care and services continue to rise. The following chart shows the average cost of care for private market facilities that provide housing and services to older adults in Minnesota and the average annual increase in the cost of these care segments over the past five years.¹¹

	Avg. Mo. Cost	Avg. Annual Increase
Homemaker Services	\$4,385	1%
Home Health Aide	\$4,910	0%
Assisted Living	\$3,403	6%
Skilled Nursing-Semi-Pvt.	\$6,939	5%
Skilled Nursing - Pvt.	\$7,378	4%

Source: Genworth 2014 Cost of Care Survey

As shown, the average annual cost of homemaker services was \$4,385 per month with an average annual increase of 1%. Assisted living costs were an average of \$3,403 per month but have been increasing by 6% annually over the past five years.

For low-income seniors and in particular, those that do not have a home to sell, these costs can be prohibitive. The 2010 Survey of Consumer Finances an average household wealth of \$6,100, enough to provide for only about two months of care at the above level of costs.¹²

¹¹ Genworth, Care Cost Survey 2014, Minnesota.

¹² Joint Center for Housing Studies, Harvard University, Special Tabulations of the 2010 Survey of Consumer Finances.

Elderly Waiver Program

The Elderly Waiver program in Minnesota (also known as EW) funds home and community based services for individuals age 65 years or older who are eligible for Medical Assistance (MA) or Medicaid and require the level of care that would be provided in a nursing home but choose to reside in the community. The Minnesota Department of Health and Human Services operates the EW program under a federal waiver to Minnesota's Medicaid State Plan. Counties, tribal entities and health plan partners administer the program.

Services covered through EW include:

- Adult day service
- Case management
- Chore services
- Companion services
- Consumer-directed community supports
- Home health aides
- Home-delivered meals
- Homemaker services
- Licensed community residential services (customized living services / 24-hour customized living services, family and corporate foster care, residential care)
- Environmental accessibility adaptations
- Personal care
- Respite care
- Skilled nursing
- Specialized equipment and supplies
- Personal Emergency Response Systems
- Training and support for informal caregivers
- Transitional supports
- Nonmedical Transportation

Eligibility for EW is determined by the following:

- Must be age 65 or older
- Must be eligible for Medical Assistance
- Must need nursing home care as identified through a Long-Term Care Consultation process

The EW cost for care for an individual cannot exceed the nursing home care cost for that same individual. The individual elects to receive home and community-based services rather than nursing care services.

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In fiscal year 2014, the EW program in Minnesota served 29,416 unduplicated clients. In 2013, the EW program served 31,727 people at a total cost of \$287.3 million. Approximately 92% of EW recipients receive their care through a managed care organization. Managed care organizations include Minnesota Senior Health Options (MSHO), an integrated Medicare/Medicaid long-term care program and Minnesota Senior Care Plus (MSC+), a Medicaid health and long-term care option.

Average monthly cost per participant was \$1,507 under a fee-for-service program and \$1,118 under a managed care program.

Alternatives to EW include Medicaid-certified skilled nursing facilities and certified board-and-care homes.

Beginning in the early 2000s, DHS has gathered local information about the current capacity and gaps in services and housing needs to support older persons in Minnesota. The primary source of the report is a survey completed by individual counties to describe their capacity for these services. In 2008 and 2012, data from the survey revealed that the number of individuals receiving Elderly Waivers for care in Minnesota among the counties that reported increased by 15.4%.

As shown previously on Table 6, the monthly average cost of care at an assisted living facility in Minnesota is \$3,403 and has risen an average of 6% annually over the past five years. Moreover, the vast majority of assisted living facilities, while licensed by the State, are private pay facilities. Private pay operators typically allow a small portion of their resident base to utilize Elderly Waivers. Our surveys of private pay assisted living facilities throughout the State have found that most range between 15% and 20% of residents utilizing Elderly Waivers. As residents spend down their assets, operators allow their existing residents to move over to Elderly Waivers and currently everyone that applies for Elderly Waiver and qualifies under the guidelines is allowed into the program.

Over the past two years, our surveys of private pay assisted living facilities have revealed that many operators will no longer accept residents with Elderly Waivers on admission to the facility. The resident must first enter as a private pay resident before transitioning over to Elderly Waiver status. Some operators have implemented a minimum of two years of private pay prior to moving over to the Elderly Waiver. Operators in the Twin Cities Metro Area have stated that the need for waived services is high and many assisted living properties have waiting lists for residents to move over to Elderly Waivers. With the projected growth in the senior population over the next 15 years, the number of people needing and qualifying for public assistance through home and community-based services is projected to increase.

In addition, moderate and low-income seniors, while they can obtain services on their own through a home care agency, the cost of those services is also increasing (see Table 6).

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The Appendix provides a table that shows the number of participants for the Elderly Waiver and Alternative Care grant programs in Minnesota by county in State Fiscal Year 2014.

Housing Demand

In 2010, there were more than 180,000 older households in Minnesota (containing a person age 65 or older) with household incomes of less than \$28,000, less than half of the state median income. Of all households with incomes of less than \$28,000, the median income was \$16,000; housing costs for a household earning the median would need to be \$400 per month or less to be considered affordable.

Rental Costs in the Twin Cities Metro and in Greater Minnesota

The average cost of a studio and a one-bedroom unit in the Twin Cities Metro Area (7-County) as of 3rd Quarter 2014 was \$772 and \$884, respectively. For 65+ households that earn the median \$16,000 (of 65+ households w/incomes of 50% or less of AMI), the average monthly rent for a studio or one-bedroom unit is almost more than double the affordable rent that could be paid. At this median income, 90,000 households in Minnesota would need a monthly housing cost of \$400 or less. In considering the maximum rent that could be charged under a traditional 9% LIHTC development, we selected two examples, one in Dakota County and one in St. Louis County. The maximum monthly rent for a one-person household qualifying at 50% of the Area Median Family Income (earning no more than \$29,950 annually) would be \$778 per month for a one-bedroom unit in Dakota County. While a household could qualify from their income to reside at the property, they could not qualify to pay the rent if they earned no more than the median income of \$16,000 as that would result in the household paying 58% of their income for rent. In St. Louis County, the rent would be \$603 per month for a one-bedroom unit, with the renter paying 45% of their income for rent at a \$16,000 annual income.

Renter and Owner Households 55+ (2014)

Maxfield Research Inc. compiled information on households age 55 years or older living in one- or two-person households that either rent or own their housing. An estimate is presented as of 2014 with a 2020 projection. The data calculations of 55+ households by income and household size was compiled with the assistance of Ribbon Demographics, a private demographics firm that receives special tabulations of Census data. Ribbon Demographics information is used consistently in the tax credit industry to develop estimated of demand by household size for various income levels. Ribbon Demographics is highly regarded and testing of the data has shown it to be reasonably accurate.

In order to determine a threshold for affordable housing targeted to older adults, we considered rent levels charged for properties in the Twin Cities and in Greater Minnesota. Renter households with an income of \$30,000 and paying 30% of their income for rent would be able to afford a monthly rental payment of \$750. This is below the average for the Twin Cities at \$884 for a one-bedroom unit, but above the average that is being charged for rental units in Greater Minnesota is \$667 per month. In order to pay only 30% of income toward housing costs and be able to meet the monthly rent of \$667, a household would need an annual income of \$26,680.

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Table 7 below shows the number of one-person and two-person renter households in Minnesota as of 2014 with incomes of \$30,000 or less. Also shown are owner households with incomes of \$20,000 or less that could qualify to rent an affordable apartment despite having the proceeds from a home sale. The 2020 forecast adjusts the incomes upward by household size to reflect inflation to \$35,000 for renter households and \$25,000 for owner households.

Over the next five years, the proportion of age/income-qualified older adult households is projected to grow by almost 47%, while the number of assisted units targeted to seniors is anticipated to increase by only 1.2%. Beyond 2020, as the older adult population takes off in Minnesota, an increasing gap is anticipated between the number of age- and income/qualified households and the housing stock that is available to serve them.

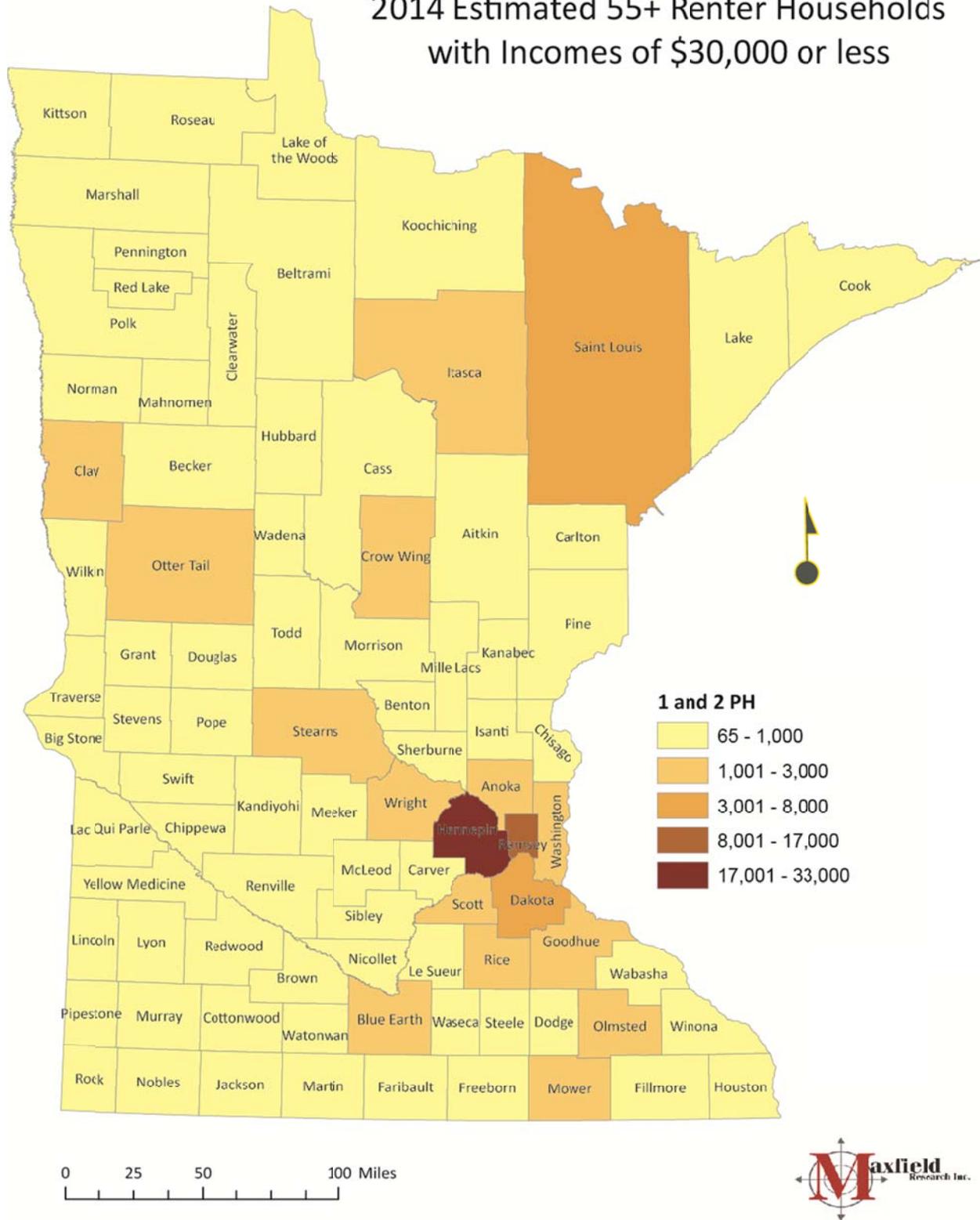
As shown, the total number of age and income-qualified older adult households (55+) in 2014 in Minnesota is estimated at 173,195. By 2020, this number is projected to increase to 243,629 households. After subtracting the estimated number of assisted housing units that would be available to these households, the potential age and income-qualified market for affordable housing would remain at 149,723 households as of 2014 rising to 219,879 households by 2020.

Using a short-term capture rate of 10% of age and income-qualified 55+ plus households results in potential demand for 15,000 affordable units in 2014, increasing to nearly 23,000 units by 2020.

If 400 units were to be built over the next five years (2015 to 2020) or 2,000 units, these units would account for 0.3% of the age- and income-qualified older adult household base in 2014 (2,000 units), decreasing to 0.9% of the age- and income-qualified older adult household base in 2020, because of the significant growth expected.

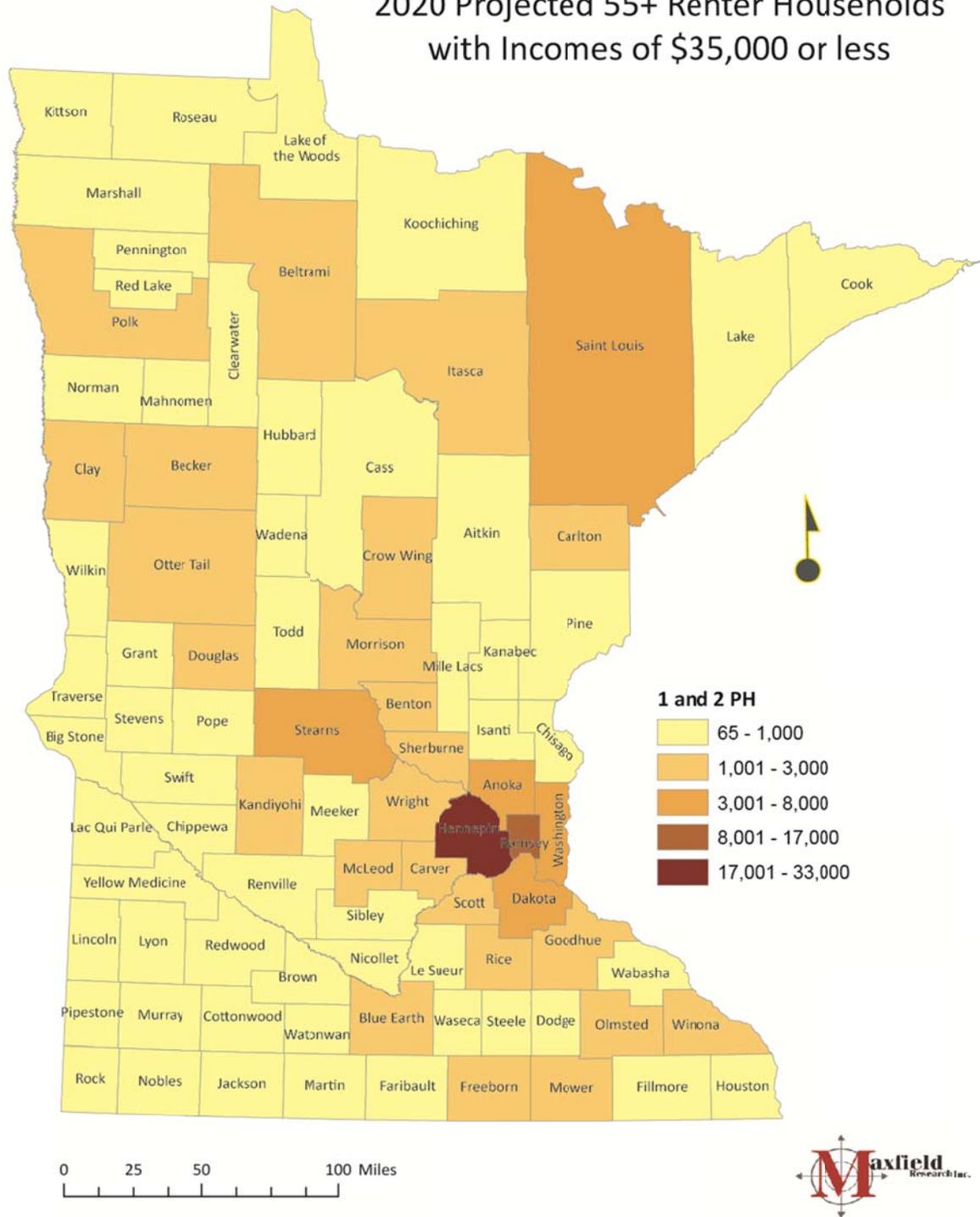
TABLE 7 TABULATION OF AGE/INCOME-QUALIFIED HOUSEHOLDS AFFORDABLE SENIOR HOUSING MINNESOTA November 2014		
	Estimate 2014	Forecast 2020
Renter Households 55+		
1 Person w/income \$30K or less	81,795	97,406
2 Person w/income \$30K or less	13,448	17,626
Owner Households 55+		
1 Person w/income of \$20K or less	50,955	78,307
2 Person w/income of \$20K or less	26,997	50,290
Number of Renter Households Assisted**		
Section 8	13,600	13,600
Non-Section 8 (MN Housing)	6,200	6,400
Rural Development	3,672	3,750
Total Renter Households Assisted (Est.)	23,472	23,750
Increase in Assisted Stock	1.2%	
Total Potential Age/Income-Qualified Base	149,723	219,879
Short-Term Capture Rate (5%)	10.0%	10.0%
Total Potential Demand for Affordable Sr. Housing	14,972	21,988
Increase in Age/Income Qualified Base	46.9%	
400 units per year over five years (2,000 units)	0.3%	0.9%
<p>**Number of HHs Assisted Through Section 8 programs expected to remain stable; those assisted by MN Housing expected to increase modestly; those assisted by Rural Development expected to remain stable.; Excludes households assisted with services through Elderly Waivers or Alternative Care Grants.</p> <p>Income threshold is \$30,000 or less for renter households and \$20,000 or less for owner households 55+ (1PP and 2PP)</p>		
<p>Sources: MN Housing; Rural Development; Ribbon Demographics Maxfield Research Inc.</p>		

Map 1
2014 Estimated 55+ Renter Households
with Incomes of \$30,000 or less



Map 2

2020 Projected 55+ Renter Households with Incomes of \$35,000 or less



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Older adults are living longer. Therefore, as the older adult population increases, turnover will be lower in existing facilities than previously as an increasing proportion of older adult households elects to rent and to move to age-restricted housing and then age in place until such time as they may be forced to seek services outside of an independent living arrangement. This will continue to place a heavier burden on the existing facilities and waiting lists are likely to increase rather than decrease. A portion of older adult households may elect to remain in their single-family homes, but the overall trend nationally and locally, is moving away from remaining in a single-family home toward selecting housing products that provide greater flexibility, more age-appropriate features and a higher level of safety, security and convenience.

In considering the potential development of 400 units per year over the next five years would result in a market penetration rate of the age and income-qualified demand of 0.3% as of 2014 (2,000 total units over five years) increasing to 0.9% of age and income-qualified demand after accounting for the number of households that would be assisted through project-based Section 8, households assisted through MN Housing financed programs and also through Rural Development based on an estimate of the increase in the housing supply under those programs over the next five years.

As mentioned by MN Housing, assisted units (Section 8 and non-Section 8 and homeowner programs currently assist 6.3% of the state's lower income older adult households. In addition, MN Housing programs currently assist 9.1% of the state's lower income households that are under age 65 with incomes of \$50,000 or less.

In conducting interviews with housing development authorities across Minnesota, providing affordable housing continues to be a top priority. In many communities, seniors would like to be able to relocate either from their single-family home which has become a financial and lifestyle burden or relocate from an existing general market rental unit to one that offers services and activities that coincide with that of their peer group. As they age, these age-restricted facilities are also more likely to be able to offer their residents additional services or convenient access to services that would be more difficult in their single-family homes or in a traditional apartment where the majority of the residents do not need or want them.

In conducting interviews with older adults throughout Minnesota, one of the reasons for electing to move to an age-restricted residence is the desire for increased interaction with those of their own age. Many older households live alone and isolation is often cited as a strong reason for electing to make a move.

Principal Conclusions

Based on the analysis, Maxfield Research identifies the following key conclusions:

- People age 55 years and older are projected to increase from an estimated 1.5 million in 2015 to 2.1 million by 2030, an increase of 39%. The population under age 55 is projected to increase by only 9%.
- This increase in the senior population will create significant additional demand for housing and care services;
- Households age and income-qualified for “affordable” senior housing are estimated to total 149,723 in 2014, increasing to 219,879 by 2020. Using a short-term capture rate of 10% of age and income-qualified households, we conservatively estimate demand for 14,972 units of affordable age-restricted housing in 2014 increasing to 22,988 by 2020, an increase of 54%.
- Older adults need housing with rent levels that are affordable to their incomes and increased access to services (chore and care);
 - Rental costs in the Twin Cities continue to escalate and vacancies are low;
 - The high cost of rental housing production throughout the State has severely limited the construction of independent living senior units in Greater Minnesota.
- Cost burden rates for seniors are higher than for non-seniors, and they increase as households get older. Fifty-four percent (54%) of senior renters and 26% of senior owners spend 30% or more of their income on housing versus 46% of non-senior renters and 24% of non-senior owner households. As households age, they pay a higher proportion of their income on housing. The current gap is expected to widen as the proportion of older adults increases.
- Many seniors are likely to outlive their assets or they may not be able to access those assets (selling their single-family homes) because of:
 - lack of affordable housing options,
 - lack of demand for the single-family home from younger households
 - higher levels of debt on existing homes (continued mortgage balances)
- The highest proportion of households age 65 or older have household incomes of \$10,000 to \$30,000.
- A majority of low income seniors have a disability and rent their housing.
- Housing cost burdens increase the older the household.

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- Affordable housing options are scarce.
- Federal funding has been cut back and further cuts are anticipated.
- Existing housing typically has long waiting lists.

From the data shown on Table 7, we conclude that based on the number of age and income-qualified households and the projected growth in households in Minnesota to 2020 and by 2030, that additional affordable senior housing is greatly needed in the Twin Cities Metro Area and in Greater Minnesota to serve older adult households with low and moderate incomes that desire a safe and secure living arrangement and a residential environment that will provide them with the features that they need to be able to live as independently as they are able with their peers.

At a minimum, with the projected increase in the number of age and income-qualified households by 2020 of nearly 41% and a projected limited increase in the assisted housing stock for these households, that at least 400 units per year for the next five years could be supported, spread across the State in Metro Area and Greater Minnesota counties. The need is somewhat greater in the Twin Cities Metro Area because of the rapid rise in rental rates and very low vacancies, but numerous communities in Greater Minnesota have little to no housing that is available for older adults, causing many of these households to remain in their single-family homes due to lack of suitable product. Those most difficult to serve are older adult households in the middle, those who cannot afford the high cost of private pay market rate senior housing, but do not income-qualify for Section 8 or are unable to obtain affordable age-restricted housing because the properties are full.

Addendum: Elderly Waivers and Alternative Care Grants

As older adult households age, they may need more health and personal care services. Minnesota provides care for older adults (65+) that are eligible for Medical Assistance (MA). Increasingly, private market health care providers are limiting the number of residents they accept in their facilities that utilize these programs. Reimbursement rates for these programs do not typically cover the costs of care and providers must balance the care they provide to low-income households with the costs of care for private pay residents.

An increasing number of market rate senior facilities that provide services will no longer accept any household on entry that has EW or ACG. The resident must enter first as private pay and then spend down their assets. Most facilities have a cap of between 15% and 20% of residents that are allowed to utilize EW. At many Metro Area senior housing facilities, there are waiting lists to be able to utilize EW. Seniors currently residing in Section 8 housing or in other assisted housing are often utilizing outside agencies to deliver services to them, exclusive of their residence. Public housing authorities and local HRAs and CDAs are seeing their older residents age in place and are concerned as to how these older residents will be able to access the services they need. Residents do not want to relocate and even if they did, their incomes would inhibit their ability to obtain services at a typical private pay facility.

The following charts show the counties in Minnesota with the highest number of Elderly Waiver recipients and the counties with the highest proportion of the population age 65+ receiving Elderly Waivers.

