

Congressional Research Service: Affordable Housing for the Elderly

This report gives a detailed history of how the Department of Housing and Urban Development (HUD) has funded, and continues to fund, housing for older households. The report describes how HUD supportive services programs can assist elderly residents to stay in their residential units as they age.

Lead Agency:

Congressional Research Service

Agency Mission:

The Congressional Research Service provides, exclusively to the United States Congress, objective, non-partisan assessments of legislative options for addressing the public policy problems facing the nation.

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General Description:

The Department of Housing and Urban Development (HUD) operates a number of programs that provide assisted housing specifically for low-income “elderly” households (defined by HUD as those with a head of household or spouse age 62 or older). Together with housing assistance, HUD also funds several programs that provide supportive services for residents to allow them to remain in their apartments as they age. This report describes those programs, along with current developments in the area of housing for elderly households.

This report also describes current issues involving HUD-assisted housing for elderly residents. Among the issues described is the preservation of affordable housing for low-income elderly households. At the time affordable housing projects were developed, building owners entered into contracts with HUD in which they agreed to maintain affordability for a certain number of years. The duration of these contracts were generally between 20 and 50 years. In recent years, these contracts have begun to expire or, in some cases, property owners have chosen to pay off their mortgages early and end the use restrictions. When this occurs, owners may charge market-rate rents for the units, and the affordable units are lost. In coming years, more and more property owners will be in a position to opt out of affordability restrictions and thousands of units could be lost.

This report will be updated in the future to provide more information about HUD developments, in particular Section 202 developments, with updated data from HUD. The report will also discuss the new Intergenerational Housing Demonstration Project through HUD that has just begun to accept grant applications.

Excellence: What makes this project exceptional?

The report explains complicated concepts in a way that policymakers unfamiliar with the programs discussed as well as the complexities of housing finance can understand. The report chronicles Congressional efforts over nearly fifty years to develop housing for elderly households. These efforts began in 1959, when Congress created the Section 202 Supportive Housing for the Elderly program, which at the time was targeted to underserved, moderate income households (low-income households at the time were served through the Public Housing program). The report focuses on the Section 202 program because it is the only program devoted exclusively to serving elderly households and because its history is complex. The program has had many incarnations; the system of providing financing for developments has changed from loans to grants, the tenant population targeted has moved from moderate-income elderly households to very low-income elderly households, and the program has gone from serving only elderly households to serving elderly and disabled households, and then back to serving elderly households exclusively. This history of Section 202 is important to policymakers because many projects developed in the early years of the program continue to operate under the rules in place at the time they were built, and changes to the law must take account of those rules.

The report also discusses four programs that provide housing devoted to elderly households, but that do not receive as much attention as Section 202. Two of these programs, Section 221(d)(3) and Section 236, were created in 1961 and 1968 respectively, however they have not been used to build new housing since the 1970s. As a result, there is not much information available about the way in which these programs developed and currently operate. These sections of the report are therefore a good source of information that is otherwise difficult to find. The report also details how buildings developed through the Section 8 project based rental assistance program and Public Housing program may be dedicated to elderly residents exclusively and the rules involved in dedicating these facilities. Finally, the report brings in a discussion of HUD supportive services programs and how they work together with HUD-assisted housing. These programs are the Service Coordinator program, Congregate Housing program, Assisted Living Conversion program, and the Resident Opportunity and Self Sufficiency program.

Significance: How is this research relevant to older persons, populations and/or an aging society?

This report unifies the discussion of how the federal government supports affordable housing for Older Americans. Numerous funding streams for both housing and supportive services exist, and the way in which they interact to serve “elderly” households, defined by the Department of Housing and Urban Development (HUD) as those with a head of household or spouse age 62 or older, is not always clear. Over the years, HUD has developed assisted housing through multiple programs, and the structure of those programs, the financing arrangements, and the populations that they serve all differ to some degree. For example, some of these programs have not funded new housing developments since the 1970s, and others have changed their financing schemes as well as the characteristics of households eligible to live there.

Effectiveness: What is the impact and/or application of this research to older persons?

The report’s purpose is to inform Congressional staff and Members of Congress about how existing programs operate as they consider future policy approaches to this issue. Knowing the evolution of the Section 202 program is important background for understanding pending legislation, since its provisions would affect Section 202 developments differently depending on which version of the program financed their construction.

Innovativeness: Why is this research exciting or newsworthy?

This report takes a comprehensive and detailed approach to chronicling these varied and complex housing programs. Although other existing reports may present information about the history of the Section 202 program, for example (both HUD and AARP have done this), this report differs in that it also discusses four other HUD programs that provide housing for elderly households in an attempt to cover the spectrum of assisted housing. Unlike the Section 202 program, these programs – Section 236, Section 221(d)(3), Section 8 project-based housing, and Public Housing – also provide housing for non-elderly households, but building owners may choose to dedicate their facilities to elderly residents. Nor do other existing reports include discussions of how HUD supportive services programs interact with HUD housing programs so that residents may remain in their units as they age.