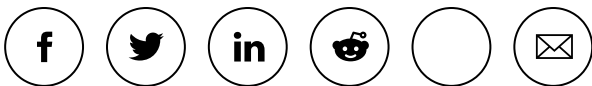


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Minding the 'gap' – New strategies for creating affordable senior living and care facilities



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The boomers aren't babies anymore, and with nearly 75 million people nationwide at or approaching retirement age, demand for senior housing is strong and only will increase.

But for so-called "gap seniors" – with moderate income and moderate care needs – current housing models often are inadequate. These are people who need to transition toward aging-in-place environments or who require some level of daily assistance but not 24-hour skilled nursing care, and they can't afford expensive senior or assisted living options but also don't qualify for traditional low-income housing.

Savvy developers, owners and operators see this need as an opportunity. In fact, promising models already are on the market. By tapping into trends in affordable and mixed-income housing, it's possible to start to bridge what currently is being built and what actually is needed for gap seniors. Here are some strategies for creating value by serving the missing middle.

Bridge the gap between cost and services with affordable long-term residential care facilities

An emerging, and compelling, solution is the creation of long-term residential care facilities, or RCFs, that use innovative state and local partnerships to offer affordable options for seniors while making their development more financially viable for owners and operators.

Some states already are taking steps in this direction, combining care subsidies such as Medicaid with housing subsidies such as low-income housing tax credits. Indiana, for example, is licensing a new 115-unit senior affordable assisted living community in Bloomington to house seniors who are eligible for Medicaid and who qualify for some level of assisted living services. Crucially, this project also received funding from low-income housing tax credits and tax-exempt bonds from the Indiana Housing and Community Development Authority. That means it's easier for the development team to serve seniors who earn less than 60% of the area median income.

Projects like this form a much-needed bridge between traditional Section 42/low-income housing tax credit senior housing – which typically caps eligibility at 50% of area median income -- and nursing home care. They also represent an ideal way to leverage a potent mix of incentive programs, in turn improving the owner's ability to operate the facility as an affordable or mixed-income one.

By filling this intermediate space, the affordable RCF model helps alleviate the cost – for the both the provider and care recipient – of skilled nursing care for those who are still able to function somewhat independently and are considered low-income. Many of these older adults currently seek housing in a Medicaid-subsidized nursing home facility, given the lack of any low- or moderate-income alternatives, although the service levels are well beyond their actual needs.

The typical resident of an affordable RCF might be 75+ years in age and need some level of services to maintain independence, and there's no doubt that market demand for this kind of project is significant. In Bloomington, approximately 1,600 individuals 75 years of age or older and with some level of disability meet the income and assistance-with-daily-living requirements to live at the state-licensed community. That's nearly 10 times the number of available units. Clearly, this is a market with potential for senior or assisted living owners and operators.

Those markets are strong throughout the country, too, and several other states are taking innovative steps to address the need for affordable care.

New Jersey, for example, offers a program called [Managed Long Term Services and Supports](#), which pays the cost of nursing home care for those unable to afford it. Crucially, there are no enrollment caps; if you need help and meet Medicaid requirements, you can get assistance. What's more, New Jersey also provides partial state funding for some assisted living facilities through the [Congregate Housing Services Program](#), which serves seniors who aren't eligible for Medicaid.

Similarly, New York also offers innovative care subsidy programs for assisted living. One, the [Managed Long Term Care Waiver](#), provides assistance with nursing home-level services for those who don't want to live in a nursing home; it can be used in a standard assisted living facility.

Another subsidy, the [Assisted Living Program](#), pays for the full cost of services in licensed assisted living facilities throughout the state.

Here's a statistic worth considering: Approximately 5,500 units are licensed through the ALP in assisted living communities across New York. State officials have expressed a commitment to creating up to 6,000 more available slots in the ALP program.

It's a great opportunity for policymakers and care providers alike to step up. Just imagine how many more units might get built in New York if care subsidies like the ALP combined with LIHTC or similar tax programs to incentivize more construction of affordable RCFs.

Similarly, consider how many people could benefit nationwide if more states adopted forward-thinking programs like New York's, especially as states like Massachusetts see their over-60 population becoming larger than their under-20 population.

The growth of these innovative care subsidies ultimately illustrates the importance of affordable RCF projects. By taking advantage of various state and federal financing mechanisms to build strategically located new facilities, senior or assisted living providers are placing them where they matter most. That means closer to where seniors have lived and worked, helping ease the transition, and translating to increased visitations from family and friends. It also means providing more, and better, options in areas where alleviating the costs of care and addressing lower-income housing need are vital concerns.

These kinds of affordable solutions are important for communities across the United States, and every state should consider implementing some form of combined care and housing subsidy. By filling these gaps, owners, operators, and legislators create value for everyone.

Michael D. Binette, AIA, NCARB, is vice president and principal of [The Architectural Team, Inc. \(TAT\)](#), a Boston-based firm with more than 45 years of national expertise in planning and design for senior and assisted living, adaptive reuse and historic preservation, and affordable housing projects.



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