PRESERVING AFFORDABLE SENIOR HOUSING MATTERS

UTAH HOUSING COALITION

AARP Utah

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ABOUT UTAH HOUSING COALITION:

Through education, advocacy and community partnerships, the Utah Housing Coalition is dedicated to promoting equitable and sustainable communities to ensure all Utahns have a safe and affordable place to call home. The Utah Housing Coalition accomplishes this mission by advocating at the local, state, and federal level; providing outreach and partnership-building among diverse groups; organizing training and capacity building for housing professionals; disseminating data and information; engaging in community education and outreach; and conducting research and policy analysis. For more information, visit https://www.utahhousing.org/

ABOUT AARP UTAH:

AARP Utah has 211,000 members, with volunteer leaders in ten different regions encompassing the entire state. We have one "brick and mortar" office in the state but are ready to serve Utahns 50+ wherever they live in Utah. To learn what we are doing to champion social change and help Utahns 50+ live their best lives, visit https://states.aarp.org/utah/

Design by Otelo Reggy-Beane, Utah Housing Coalition Fellow

Contents

Introduction

Within the next 25 years, Utah could lose over 40% of its federally subsidized rental units for low-income seniors. More than 15% of the units could be lost by 2030. Without this vital source of low-income housing, more than three thousand senior households could experience housing instability and homelessness in the coming decades.

Additionally, the statewide housing crisis threatens the affordability of the state's remaining subsidized housing stock funded through the Low-Income Housing Tax Credit (LIHTC).

If Utah does not act soon to preserve these senior housing units, the state could lose a sizable portion of its existing senior housing stock. When federal housing subsidies expire, property owners are no longer obligated to maintain the affordability of their low-income units and can lease the units at market-rate rents. Growing market pressures increase the incentive to convert expiring subsidized units serving low-income seniors into market-rate housing (NHC, 2017). Once units are converted, they are permanently lost from the state's supply of affordable senior housing.

The conversion of expiring senior housing units will likely displace thousands of low-income older Utahns from their homes and communities. Many older Utahns desire to age in place and live near healthcare facilities, neighborhood amenities, and friends and family (Utah Foundation, 2015). The displacement of low-income seniors and resulting housing instability constricts the possibility of aging in place, disrupts vital social and healthcare networks, and accelerates physical and mental health decline in this already vulnerable population (Perry et al., 2017).

These subsidized units need to be preserved to stabilize the livelihoods of older residents. An effective strategy to increase the supply of affordable senior housing must start with the preservation of existing affordable senior housing (Bipartisan Policy Center, 2016). In other words, preservation is a crucial first line of defense that protects the existing supply of affordable senior housing while the state continues to develop and rehabilitate more affordable units.

To do this, barriers to senior housing preservation must be addressed. Several subsidized units are located in older buildings that require maintenance and rehabilitation. These older structures also have inherent seismic risks. However, older properties, especially ones located in low-income neighborhoods, do not earn enough rental income to finance much-needed renovations and require more funding or subsidies. There are also inconsistent municipal zoning restrictions that destabilize the future of affordable senior housing.

This report recommends several steps to eliminate these barriers and make senior housing preservation a statewide priority.

These recommendations include:

1) **Incorporate senior housing preservation, specifically a roadmap for expiring units, in moderate-income housing plans**

2) **Establish a dedicated source of funding for senior housing preservation**

3) **Adopt age-friendly zoning codes**

4) **Implement a one-year notification requirement for expiring subsidized units**

The report begins by analyzing the risk of subsidized senior housing expiration in Utah. The first section details the characteristics of the state's subsidized senior housing stock and outlines the hampering effect subsidy expiration will have on affordable senior housing production. This section also deals specifically with the threat the statewide affordable housing crisis poses to LIHTC-funded senior housing units. The second section discusses the outcome of subsidy expiration for low-income seniors who lose their subsidized housing due to market-rate conversion. The third section provides context to understand the nuances of the affordable senior housing crisis and the financial circumstances of low-income seniors that contribute to these nuances. The fourth section identifies barriers to senior housing preservation and offers policy recommendations to overcome these challenges.

"Within the next 25 years, Utah could lose over 40% of its federally subsidized rental units for low-income seniors. More than 15% of the units could be lost by 2030."

Problem

According to the National Housing Preservation Database (NHPD), there are 148 federally assisted rental properties with ten or more units in Utah that target older residents. The NHPD is a registry of properties receiving one of ten federal housing subsidies. Created by the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition, the NHPD seeks to guide policymakers and community members in identifying expiring subsidized housing in need of preservation (**Appendix A**).

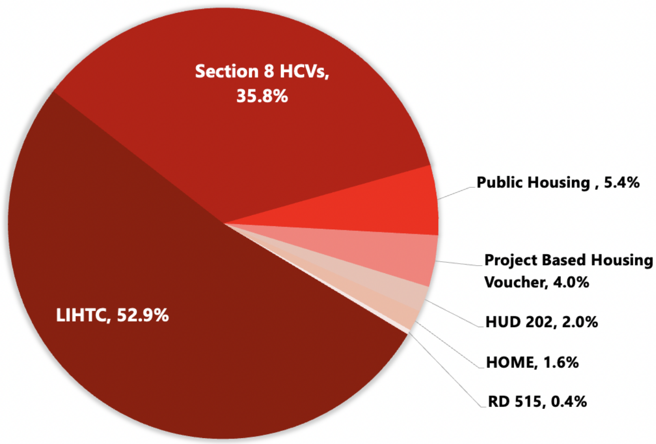
The NHPD data affirms that these subsidized housing properties are a crucial source of affordable senior housing. The properties on average offer 52 units for low-income seniors.

Almost half of the units also target extremely low-income residents. The average share of extremely low-income residents was 82% for those units that reported.[1] Over 40% of the units (N=3,149) have nonprofit ownership structures and almost 30% of the units (N=2,257) have for-profit ownership structures.[2] Others are limited partnerships (N=428) or run by public entities (N=419), including public housing authorities. The units are spread across the state and located in 21 of Utah's 29 counties.[3]

The units receive subsidies from one of seven federal housing assistance programs represented in the sample. **Appendix B** briefly describes each program. Over one-third of the units in the sample combine more than one subsidy. Of the total 49,186 subsidized rental units in Utah, 7,654, or 16%, were awarded to senior renters in 2019 (Gardner Institute, 2019a).[4] The most commonly used subsidy is the Low-Income Housing Tax Credit (LIHTC), as about 53% of subsidized units in the sample are LIHTC-funded. The Section 8 Housing Choice Vouchers (HCVs) program is the second most commonly used subsidy and comprises about 36% of subsidized units in the sample. **Figure 1** shows a breakdown of the programs represented in the sample.

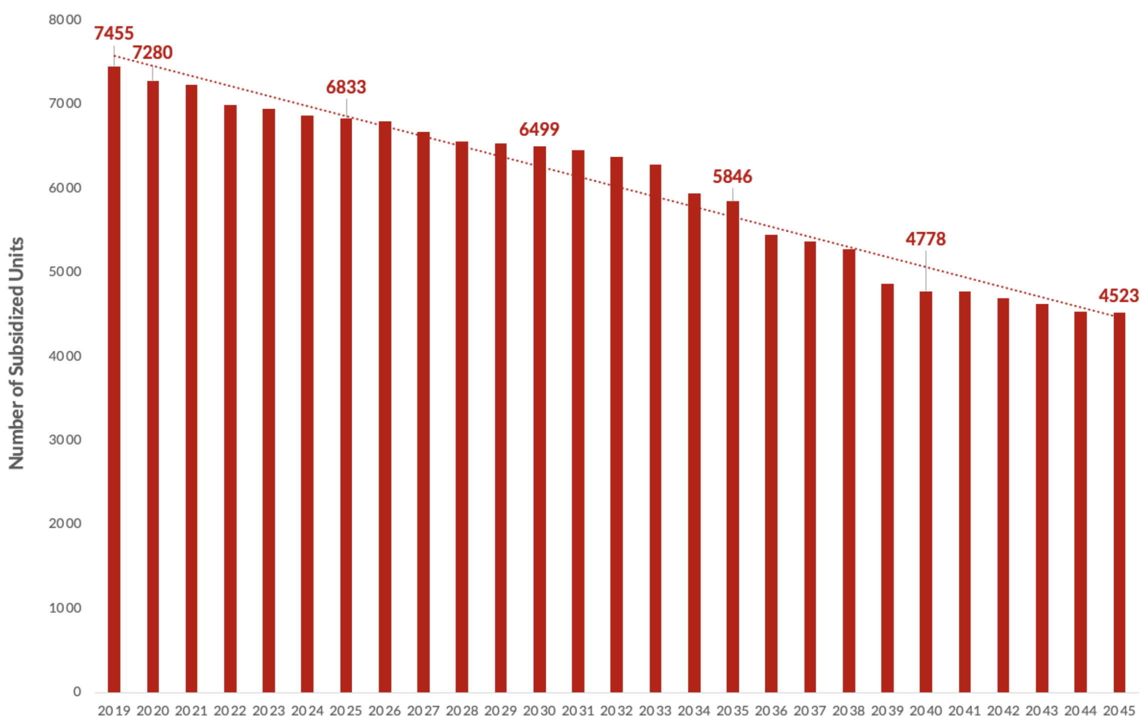
Most of the units had their subsidies activated by 1999. The bulk of the units are scheduled to expire by 2058, with about 15% expiring by 2030 and about 41% by 2045. If these expiring properties are converted to market-rate housing, the state will lose almost 3,200 subsidized units for low-income seniors within the next 25 years, which is about 120 units each year. **Figure 2** shows the projected annual loss of these units.

FIGURE 1: Share of Subsidized Units by Federal Housing Assistance Program



Source: National Housing Preservation Database, 2020

FIGURE 2: Projected Annual Loss of Subsidized Senior Housing Units in Utah

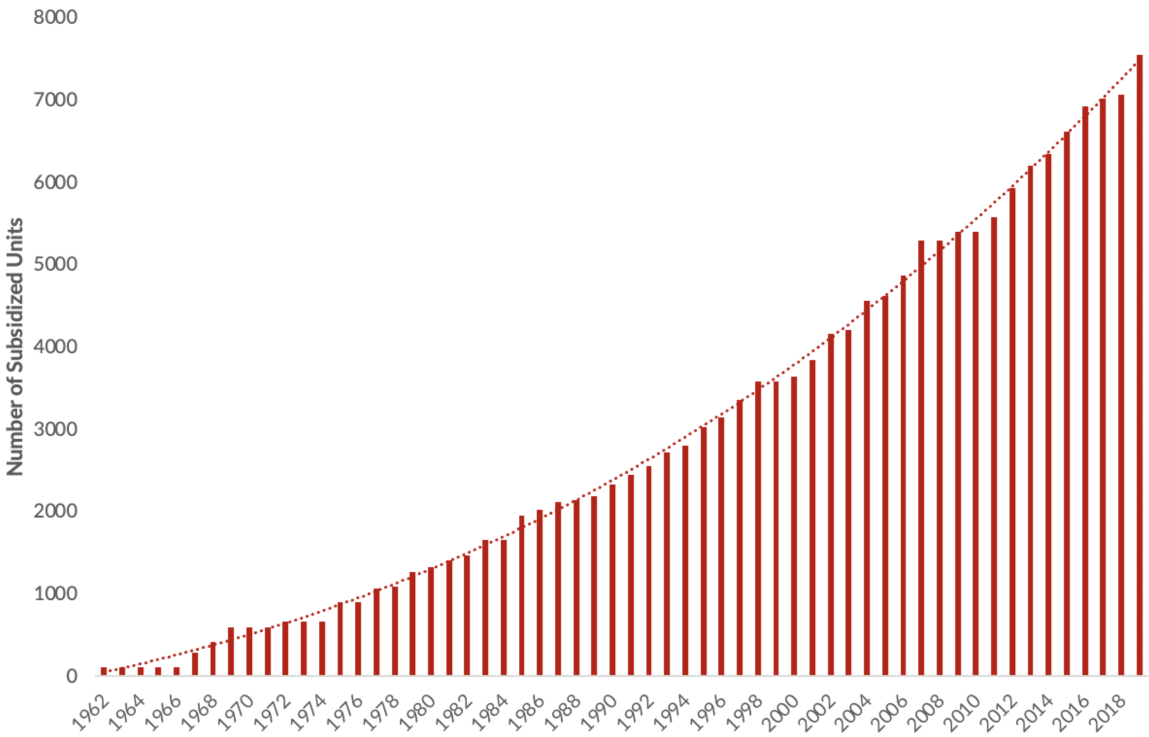


Source: National Housing Preservation Database, 2020

[1] Only 61 properties reported their share of extremely low-income residents.
[2] Properties listed as having multiple owners are considered to have nonprofit ownership structures.
[3] Beaver, Daggett, Garfield, Piute, Morgan, Rich, Summit and Wayne counties do not have any federally subsidized senior housing properties with ten or more units according to the NHPD.
[4] The total number of subsidized units in Utah is somewhat less than 49,186 because some units receive more than one subsidy (e.g., if a renter living in a LIHTC-funded unit receives a housing choice voucher).

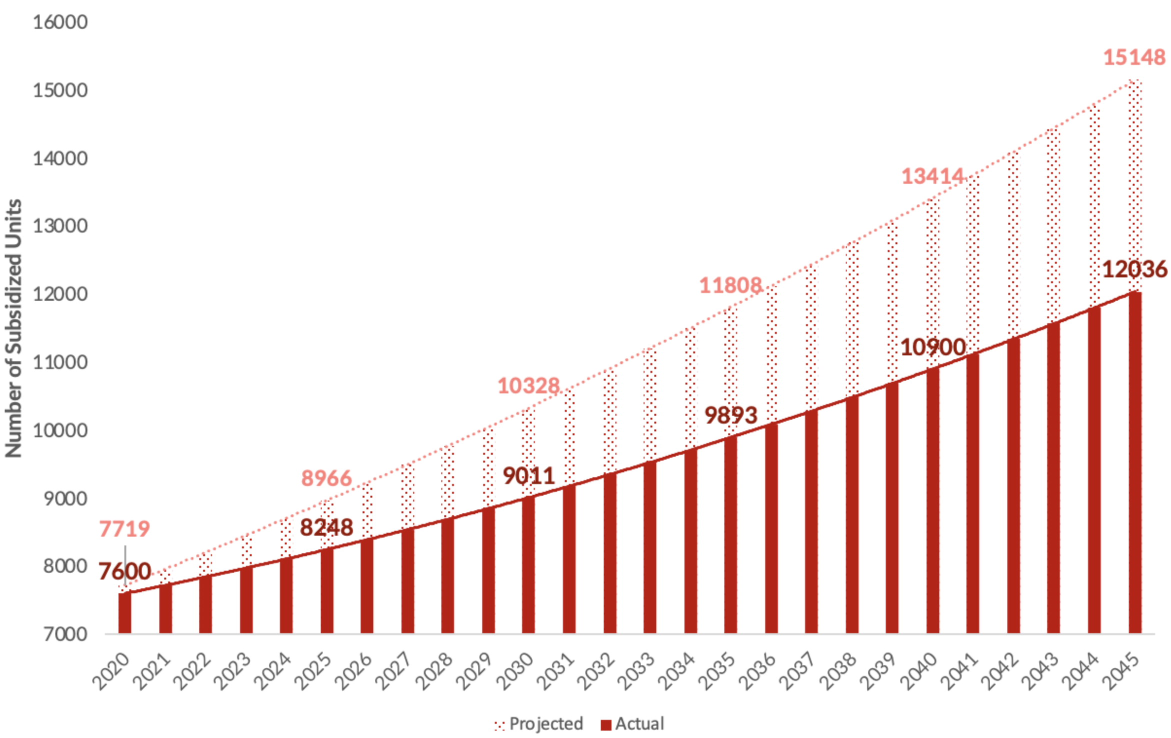
The loss of subsidized senior housing units weakens the efficacy of subsidized senior housing development in Utah. Since 1962, Utah has averaged an annual gain of 182 subsidized senior housing units. **Figure 3** shows the annual growth of Utah's subsidized senior housing stock from 1962 to 2019. The rate of this growth will be severely minimized as subsidized units are converted starting as early as 2020. Even though Utah will add 182 units on average each year to its subsidized senior housing stock, it will lose 120 units on average each year, which is two-thirds of the annual gain. In short, Utah will only net about 62 units a year. **Figure 4** compares the projected growth of the state's subsidized senior housing stock with the actual growth when accounting for the projected annual loss of subsidized units. In doing so, the figure reveals how subsidy expiration diminishes the impact of subsidized housing production.

FIGURE 3: Actual Annual Gain in Subsidized Senior Housing Units in Utah



Source: National Housing Preservation Database, 2020

FIGURE 4: Projected vs. Actual Growth of Utah's Subsidized Senior Housing Stock



Source: National Housing Preservation Database, 2020

The location of subsidized senior housing properties incentivizes their conversion to market-rate housing. **Figure 5** illustrates that the risk of expiring senior housing is a statewide issue. Given over 83% of subsidized senior housing units are located in five of Utah's strongest housing markets–Davis County (N=520), Salt Lake County (N=4,044), Utah County (N=351), Washington County (N=347), and Weber County (N=1,107)–the risk of market-rate conversion is great. Since 2005, Utah's median gross rent has increased annually at a 3.3% growth rate compared to the national growth rate of 2.7% (Gardner Institute, 2018). The growth rate is even higher in the Wasatch Front, especially in Salt Lake County where rents increased annually by 6.1% from 2013 to 2018 (Gardner Institute, 2019b). Rising rents create the potential for stronger rental income once affordability restrictions expire (NLIHC & PAHRC, 2018). Hence, profit-motivated owners with properties located in strong housing markets have a greater incentive to convert subsidized units to market-rate housing because the market will allow for higher rents.

The ownership structure of Utah's subsidized senior housing properties presents another risk for potential conversion. For-profit ownership is a well-documented risk-factor for market-rate conversion in subsidized housing programs (NLIHC & PAHRC, 2018). Unlike nonprofit owners, who are likely less interested in profit than in preserving affordable housing for their low-income tenants, for-profit owners seek to maximize their return on investment (NLIHC & PAHRC, 2018). As discussed, strong housing markets allow for-profit owners to do just that, which means that the 30% of Utah's subsidized senior housing units that are either profit-motivated or limited partnerships are at a heightened risk of conversion once their subsidies expire.

"Preserving subsidized senior housing allows low-income seniors to age in place in their communities despite market pressures."

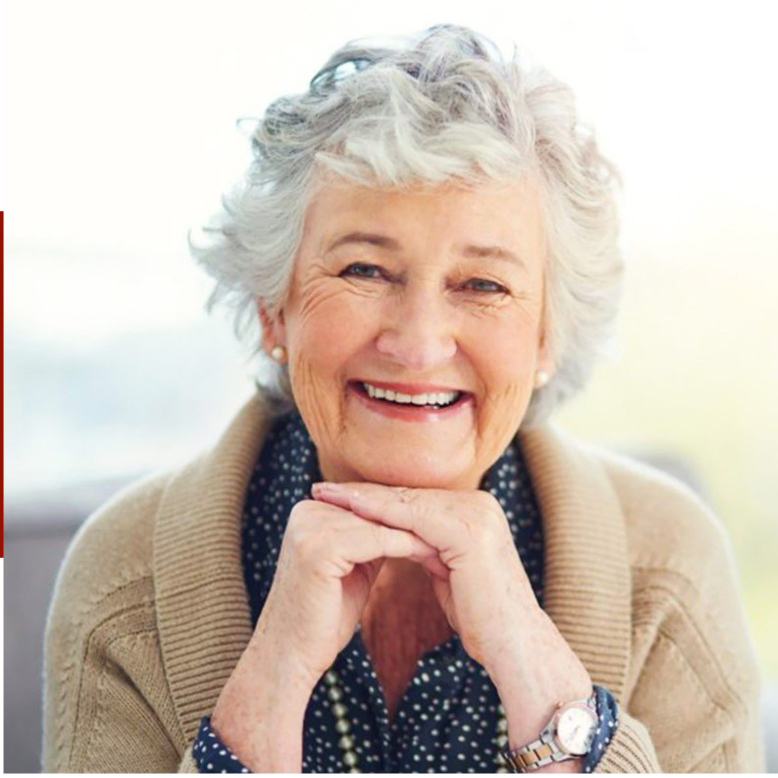
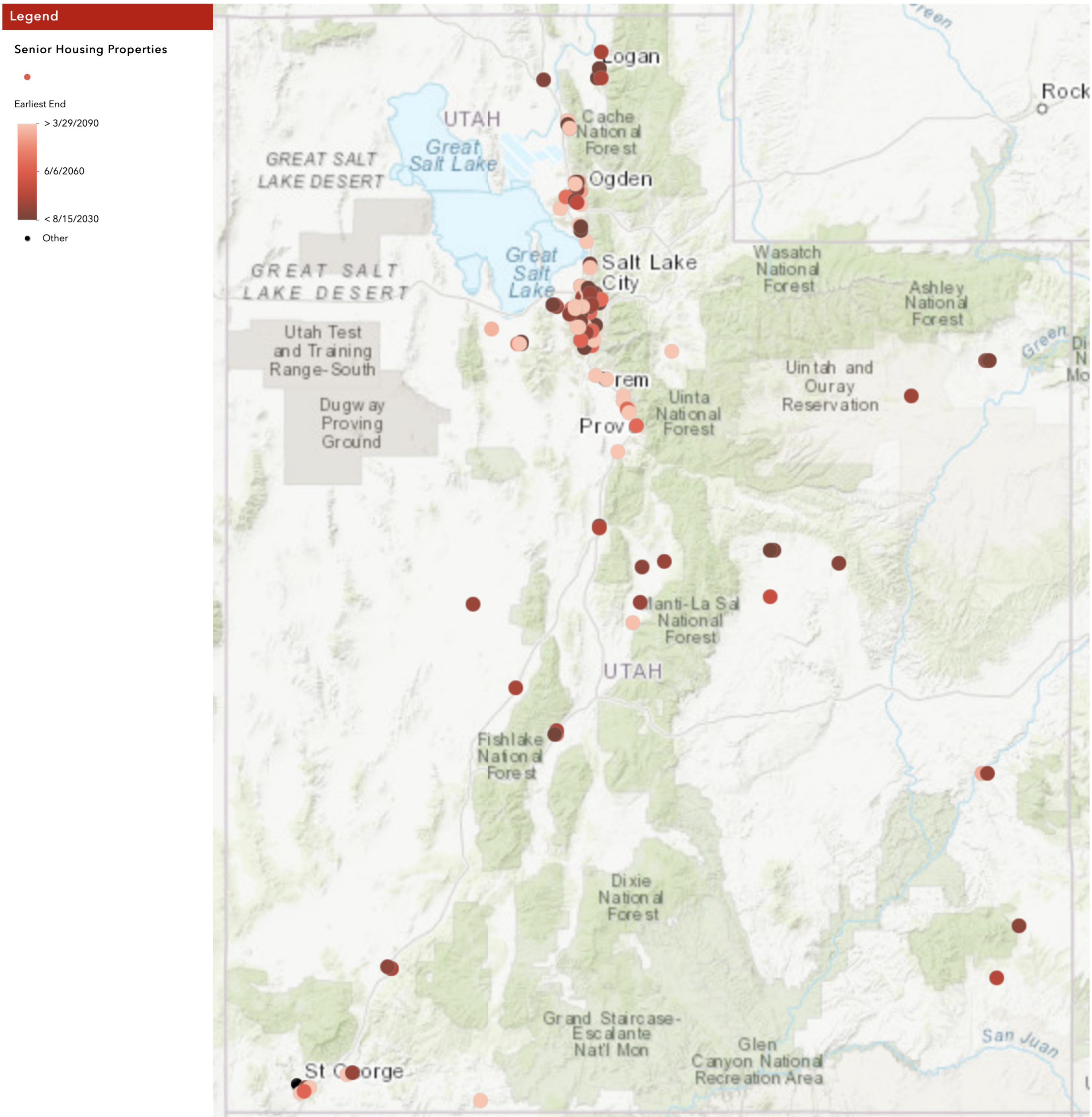


FIGURE 5: Map of Expiring Senior Housing Properties in Utah



Source: National Housing Preservation Database, 2020

VISIT
https://bit.ly/3mZSaoG
TO VIEW THE INTERACTIVE MAP

LOW-INCOME HOUSING TAX CREDIT

Since the 1990s, tax credits have been the preferred method of subsidizing low-income housing development. LIHTC is the largest federal provider of affordable housing and plays a significant role in the provision of senior housing. More than half of Utah's subsidized senior housing units are LIHTC-funded, and many of them set aside units for low-income seniors as well as residents with disabilities, homeless residents, domestic violence survivors, veterans and refugees. **Figure 6** shows the geographic distribution of Utah's 4,139 LIHTC-funded senior housing units, the bulk of which are expected to expire in 2088.

Utah, like many other states, has a long tradition of emphasizing LIHTC's capacity to serve low-income seniors. The Utah Housing Corporation awards incentive points for LIHTC project proposals that set aside units for affordable senior housing (UHC, 2019). It is also not uncommon for LIHTC owners to rent to tenants with incomes below affordability restrictions. In 2017, the U.S. Department of Housing and Urban Development (HUD) reported that over 43% of LIHTC tenants had incomes below 30% of the Area Median Income (AMI) and 62% had incomes below 40% AMI (HUD, 2019).

Even though the risk of expiration for LIHTC-funded senior housing units is not as imminent in Utah given the state's mandated compliance period extensions, affordability challenges still exist.[5] Unlike other federal housing programs, notably HCVs and public housing, LIHTC affordability restrictions are tied to AMI, not a tenant's income. In Utah, LIHTC projects must set aside at least 20% of units for tenants with incomes at or below 50% AMI or at least 40% of units for tenants with incomes at or below 60% AMI (UHC, 2019). This minimum set-aside determines the income limit used to establish tenant eligibility (UHC, 2019). Tenants are required to pay 30% of their unit's income-eligibility threshold. So, if a unit's income-eligibility threshold is 50% AMI, rent would be 30% of 50% AMI. While this may be affordable for a tenant making 50% AMI, a tenant making 30% AMI would need to spend 50% of their income to afford rent.

Moreover, rents in LIHTC-funded units fluctuate year to year because they are tied to AMI. This fluctuation affects the affordability of LIHTC-funded units, especially those located in strong housing markets across the Wasatch Front. According to HUD data, AMI in Utah increased by 19.2% from 2015 to 2020 (HUD, 2020). In Salt Lake County, where 56% of LIHTC-funded senior housing units are located, AMI increased by 21.7% during that same time frame (HUD, 2020). Since AMI is used to determine income-eligibility thresholds that determine rents, those LIHTC tenants whose incomes are either fixed or insufficiently grew are likely unable to afford the AMI-based rent increases (Emmanuel, 2020). This characteristic of LIHTC-funded housing is especially pertinent to low-income seniors, many of whom make fixed incomes from Social Security (Urban Institute, 2015a).

For these reasons, the lowest-income senior LIHTC tenants making below their unit's income-eligibility threshold are more likely to be cost-burdened, meaning they spend more than 30% of their incomes on housing. Tenants who do not receive some form of rental assistance tied to their personal income (e.g., HCVs) are more likely to be severely cost-burdened, meaning they spend more than 50% of their incomes on housing, and, in certain cases, face eviction (O'Regan & Horn, 2013; SWC & KCBA, 2018). Though Utah's LIHTC stock may not be at risk of expiration any time soon, LIHTC units are nevertheless still relevant to this conversation because of the threat AMI-based rent increases pose to affordability and housing stability for low-income senior tenants.

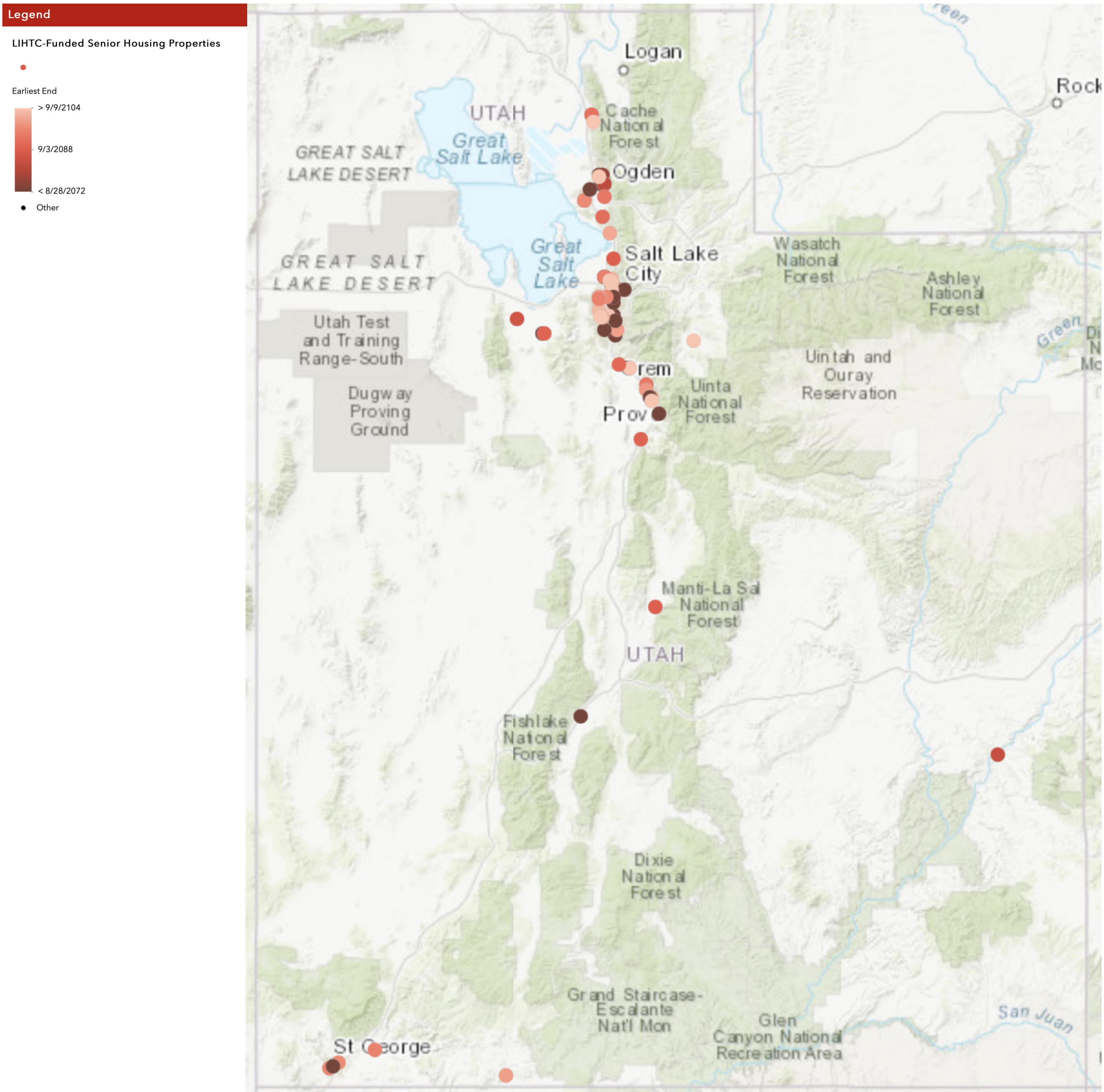
EMILIANO, 66 | SALT LAKE CITY

Emiliano* had just turned 62 when his wife passed away. He and his wife lived in a LIHTC-funded apartment near downtown Salt Lake. Even though he recently qualified to receive Social Security, he struggled to afford his $583 rent on his monthly income of $750. **While he waited for a year to be placed in public housing, Emiliano spent 90% of his income on rent, leaving little to no income to cover his food and medical expenses.** His fear of eviction and homelessness drove him to stay put in his unaffordable housing. Unfortunately, Emiliano's story is probably not uncommon, as many low-income seniors, especially seniors of color, struggle to afford rent in LIHTC-funded housing.

*A pseudonym was used to protect the identity of the individual.

[5] The federal compliance period for LIHTC-funded projects is 30 years; however, the Utah Housing Corporation can extend this period by another 20 years (50 years in total) as of 2013 (UHC, 2012). Project allocated credits before 2013 must remain compliant for 99 years in total.

FIGURE 6: Map of Expiring LIHTC-Funded Senior Housing Properties in Utah



Source: National Housing Preservation Database, 2020

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Outcome

The outcome of market-rate conversion and unaffordable rent increases for low-income tenants, especially older tenants and tenants with disabilities, is often displacement and forced relocation. This is especially true for low-income tenants living in subsidized housing in tighter rental markets or more desirable neighborhoods. These tenants, particularly those without additional rental assistance (e.g., HCVs), are likely unable to afford rent increases following the market-rate conversion of their units (NLIHC & PAHRC, 2018). Their inability to afford higher rents makes them vulnerable to displacement, and many are forced to find affordable housing outside of their communities.

The preservation of subsidized senior housing allows low-income seniors to age in place in their communities despite these market pressures. This is ideal for seniors because the vast majority of adults ages 55 and older want to live in their communities for as long as possible (AARP, 2018a). Low-income seniors living in higher-cost, more desirable neighborhoods rely on the healthcare facilities, public transportation, grocery stores and jobs these communities provide (AARP, 2018b).[6] Subsidized housing helps low-income seniors afford these neighborhoods, while also providing a safety net should they face unexpected financial crises.

Senior housing preservation can prevent the negative effects associated with displacement and forced relocation. Displacement has been found to negatively impact physical and mental health and cause stress (Perry et al., 2017). Displacement also negatively impacts healthcare access and often leads to a loss of social networks (Lim et al, 2017; Perry et al., 2017). Senior housing preservation, through preventing the unnecessary displacement of low-income seniors, can avoid health deterioration and social isolation in this already vulnerable population.

"Building more affordable homes that are not tailored to seniors' distinct financial circumstances will not sufficiently address the affordable senior housing crisis."

Context

The demand for affordable senior housing continues to rise as Utah's population rapidly ages. Over the next ten years, Utah's population ages 55 to 64 is projected to grow by over 92,000 residents, or 20.1%, the largest percent increase in the country (Urban Institute, 2017). The state's population ages 65 and older is projected to grow by over 151,000 residents, or 39.5% (Urban Institute, 2017). Both of these growth rates are higher than the growth rate for all Utah residents (Gardner Institute, 2019a).

This population growth combined with the increasing demand for low-income housing across the state has left many seniors in a precarious situation. There are 54,000 more Utahns in need of housing than there are available affordable units (Salt Lake Chamber, 2019). With population growth outpacing affordable housing development, this gap will continue to widen (Salt Lake Chamber, 2019). Though the state has recently expanded its efforts in affordable housing development, much of these new affordable units are still unaffordable to seniors given their distinct financial circumstances.

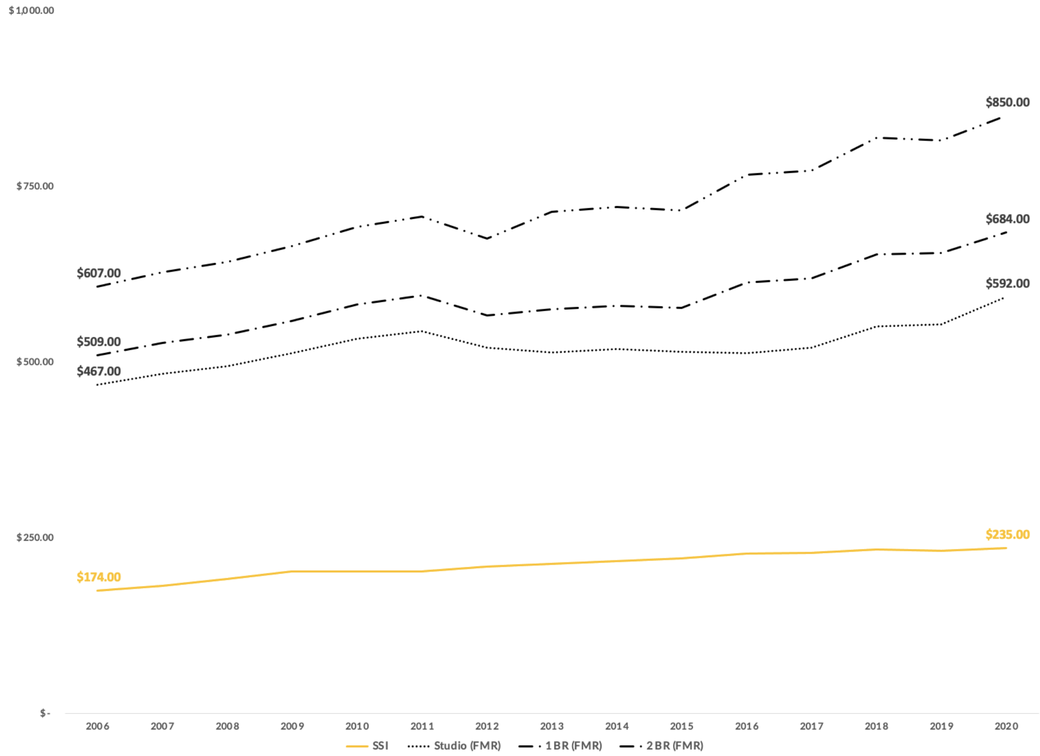
Almost 15% of older adults earn incomes below 125% of the federal poverty line (FPL) that are insufficient in meeting their needs (Urban Institute, 2015a). The share of older adults earning insufficient incomes considerably varies across racial and educational demographics. More than 25% of African American and Latinx seniors as well as seniors without a high school diploma do not have enough income to meet their needs (Urban Institute, 2015a). In contrast, 12% of non-Latinx white seniors and 6% of seniors with bachelor's degrees have insufficient incomes (Urban Institute, 2015a).

Most older adults rely on government assistance, employee benefits or their savings for monthly income. About 40% of adults ages 55 and older are working or actively looking for work (BLS, 2015). That share decreases sharply for adults ages 65 and older, as only 18% of them work for a wage (BLS, 2015). Many low-income older adults rely on Social Security for their income. Social Security accounts for 72% of income received by seniors making below 125% of FPL and 71% of income received by seniors making between 125% and 199% of FPL (Urban Institute, 2015a). However, the average yearly Social Security income amounts to only $8,100 for low-income seniors (Urban Institute, 2015a).

As a result of their incomes being largely dependent on Social Security and Supplemental Security Income (SSI), many seniors are priced out of the affordable housing market.[7] Figure 7 compares the statewide fair market rents (FMR) for studio, one-bedroom and two-bedroom apartments to the rental price affordable to a senior relying on SSI for the past 15 years.[8] In 2020, the rent affordable to seniors relying on SSI was $235 while the FMR for a studio apartment was $592. A senior relying on SSI would have to spend over 75% of their income to afford the FMR for a studio and almost 90% of their income to afford

[6] Appendix C visualizes access to healthcare, food and transit for low-income older Utahns living in subsidized senior housing properties.
[7] Social Security is an "entitlement" program based on a seniors' work history, whereas SSI is a need-based program for people with limited income and resources (SSA, 2009).
[8] Affordable rent is defined as 30% of household income.Affordable rent is defined as 30% of household income.

FIGURE 7: Fair Market Rent Compared to the Rent Affordable to SSI-Dependent Seniors

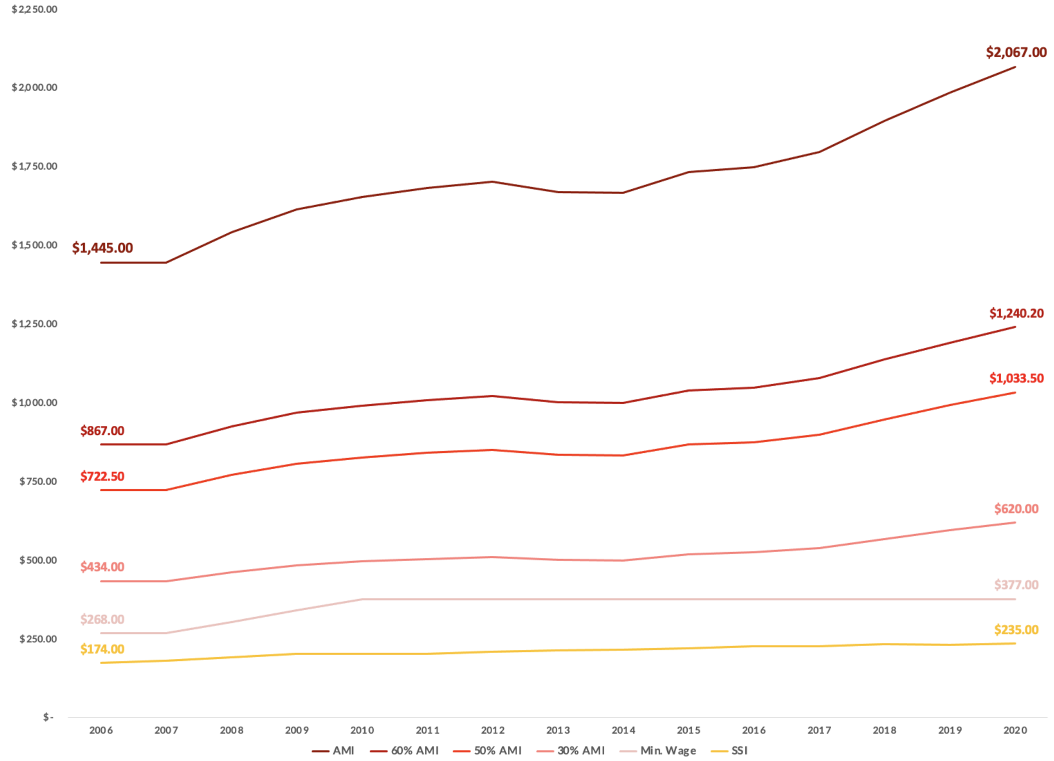


Source: National Low-Income Housing Coalition, 2005-2020

the FMR for a one-bedroom. The FMR for a two-bedroom, which was $850 in 2020, is effectively out of reach for seniors relying on SSI.

Figure 8 compares the rents affordable to Utahns making various incomes. The rents seniors relying on SSI can afford are well below rents affordable to Utahns who make the AMI and even below rents affordable to lower-income Utahns making 30% AMI and minimum-wage earners. This disparity underscores the distinct financial circumstance of seniors relying on Social Security and SSI that results in most of the state's affordable housing stock being unaffordable to them. Hence, building more affordable homes that are not tailored to seniors' distinct financial circumstances will not sufficiently address the affordable senior housing crisis.

FIGURE 8: Rents Affordable to Utahns by Income Level



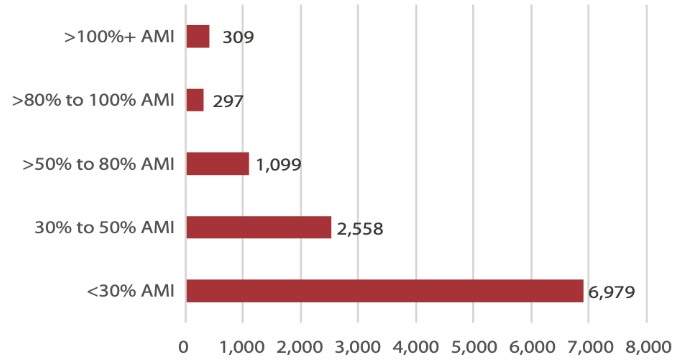
Source: National Low-Income Housing Coalition, 2005-2020

Seniors spend most of their relatively fixed incomes on housing. Of the 276,992 senior households in Utah, one in four are cost-burdened, and one in eight are severely cost-burdened (Gardner Institute, 2019a). By 2025, the number of severely cost-burdened senior households is projected to increase by almost 9,000 households (Gardner Institute, 2019a).

These statistics are even direr for senior renters. In 2019, 15% of senior households, or 40,141, were renters (Gardner Institute, 2019a). Nearly half of senior renters were cost-burdened compared to only 20% of senior homeowners (Gardner Institute, 2019a). Over one in four senior renters were severely cost-burdened (Gardner Institute, 2019a). The likelihood of facing a severe cost burden increases for extremely low-income seniors, half of whom pay at least half of their income on housing (Gardner Institute, 2019a). **Figure 9** depicts the number of senior renters with severe housing cost burdens by household income.

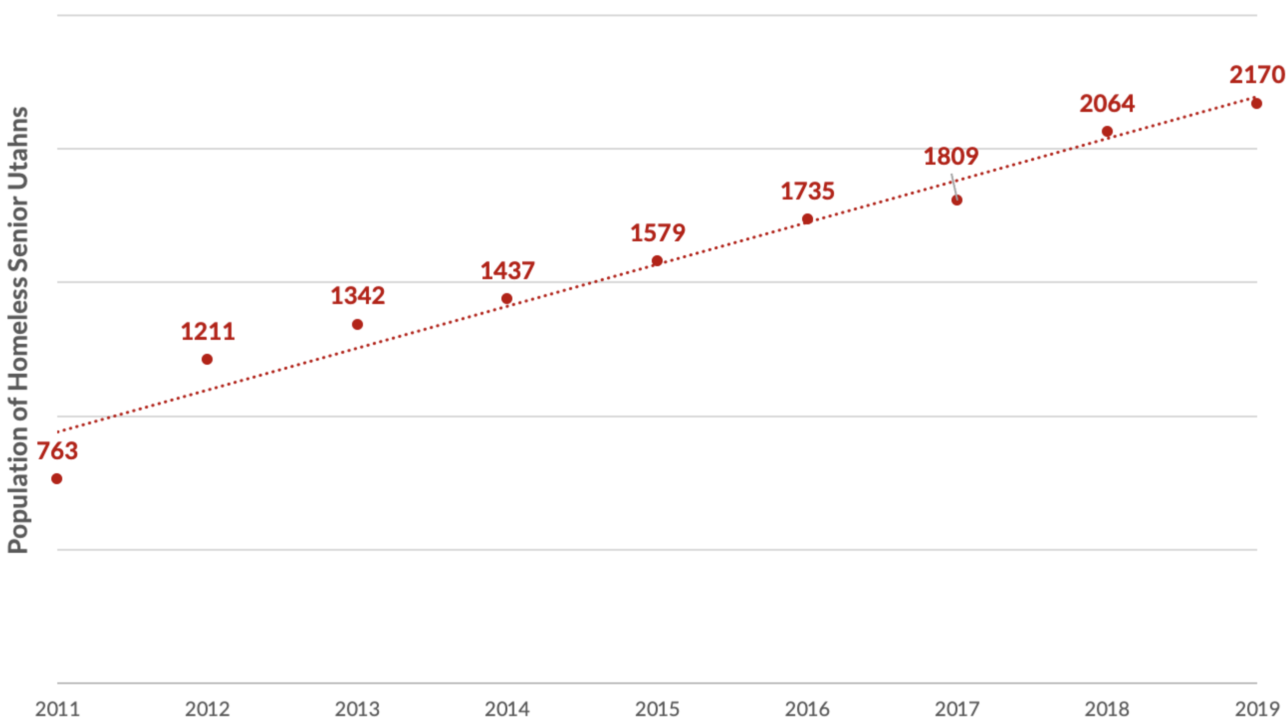
The rate of senior homelessness in Utah also stresses the importance of increasing the senior housing supply. With fewer affordable housing options available to them because of inadequate Social-Security- and SSI-dependent incomes, many seniors are forced into homelessness (TAC, 2017). In 2019, almost 2,200 seniors ages 55 and older utilized homeless services around the state at least once.[9] That number is almost triple what it was in 2011. Each year, the number of older Utahns in need of homeless services grows by 157. **Figure 10** shows the annual increase in senior homelessness from 2011 to 2019. Due to rising housing and health care costs, the risk of senior homelessness will continue to skyrocket (Byrd, 2020). Expanding the supply of affordable senior housing, including supportive housing, would help curb this crisis.[10]

FIGURE 9: Senior Renters in Utah with Severe Housing Cost Burden by Household Income



Source: HUD Comprehensive HousingAffordability Strategy (CHAS), 2012-2017 (Gardner Institute, 2019a)

FIGURE 10: Annual Increase in Senior Homelessness in Utah, 2011-2019



Source: Utah Homeless Information Management System

[9] Data derived from the Utah Homeless Information Management System.
[10] Chronically homeless seniors may be better served through permanent supportive housing.

Special attention must be paid to the distinct affordable housing needs of low-income seniors. Due to their source of income being relatively stagnant given its dependence on Social Security and SSI, new affordable housing will likely be priced at unaffordable rates for low-income seniors (Perry et al., 2017). As a result, affordable housing development that does not target seniors will not sufficiently address the needs of low-income older adults, many of whom earn below 30% AMI.

Fortunately, Utah is doing relatively well in terms of subsidized housing availability. The state of Utah received a score of 49 out of 100 for housing affordability and access on the American Association of Retired Persons (AARP) Livability Index (AARP, 2018b). Compared to other states, Utah ranks in the middle third in terms of housing affordability but the top third in terms of subsidized housing availability (AARP, 2018b). Utah offers 89 subsidized units per 10,000 residents (AARP, 2018b).

The preservation of expiring senior housing is a sound launchpad in a statewide senior housing strategy because of how robust subsidized housing is in Utah compared to other states. Just like the state must expand subsidized housing production, the state cannot afford to lose its existing subsidized units, especially those targeting low-income seniors. Through the preservation of subsidized senior housing, Utah can maintain its affordable senior housing supply and accommodate a rapidly aging population.

JACK, 67 & SUSAN, 72 | TORREY

Jack, an artist, and his wife Susan were in the process of buying a home when they lost their jobs. With no work or savings, Jack and Susan moved to Salt Lake to live with friends. **When that didn't work out, they ended up homeless living in a camp trailer.** Neither Jack nor Susan, who both suffer from mental illness, knew of any resources available to them as low-income, homeless seniors. They're now coming up on their second year living in a subsidized apartment in Magna, but Jack is still fearful of losing his housing and reliving the trauma of senior homelessness.

Solution

Most preservation efforts involve some form of capital reinvestment (e.g., rental assistance) in a unit once its subsidy expires. Given the challenges prevalent in many senior housing properties, however, this reinvestment may need to go beyond providing replacement funding for the unit and also include financing for substantial repairs to the building itself. Factors, such as deferred property maintenance, seismic risk and zoning restrictions, create barriers to preserving senior housing properties.

Deferred Property Maintenance

Of the 7,654 rent-restricted multifamily units currently in Utah set aside to serve seniors, one-third are over 30 years old, the estimated economic life of the units. For these units to last more than 30 years, substantial capital items need to be replaced. Ideally, most of this occurs by year 20 of the projects, but many subsidized units, particularly those located in low-income neighborhoods with weaker housing markets, have limited rental income to finance much-needed maintenance and rehabilitation (NLIHC & PAHRC, 2018). Unless these properties receive additional funding or subsidies, they are at acute risk of physical deterioration, especially after 30 years of use (NLIHC & PAHRC, 2018).

Seismic Risk

Several properties were already built when awarded tax credits or other federal subsidies for renovation. Some are approaching 100 years since their original construction. Lenders and equity providers must take into consideration the seismic risk inherent in older structures. Land use agreements prohibit demolition in several cases, and in most cases, there is not sufficient funding to rebuild. For this reason, owners and lenders must evaluate if the seismic risk warrants renovation because these properties cannot feasibly obtain seismic insurance.

Zoning Restrictions

One of the biggest obstacles to building new affordable senior housing, zoning restrictions emphasize the importance of senior housing preservation until barriers to development are remedied. Though zoning restrictions are not an immediate barrier to senior housing preservation, inconsistent zoning codes place the future of these properties in jeopardy. Many Utah cities make project-specific exceptions in their zoning requirements to allow affordable senior housing development. The most common zones for the senior housing properties in the sample are shown in **Table 1**.

Some cities use special "Senior Housing Overlay Zones" or "Elderly Housing Overlay Zones." However, these special overlay zones often have restrictions on acreage size and number of units that are incompatible with senior housing project requirements. For example, the city of Riverton allows an Elderly Housing Overlay Zone in multiple zones, but it limits the property to 20 units per acre. This type of zone is suitable for townhomes, not multifamily properties. Special senior housing zones also typically prohibit healthcare and nursing facilities. Orem's zone restricts senior housing to residential areas and Salt Lake City considers senior housing to be multifamily residential use. **Appendix D** summarizes municipal zoning codes for senior housing in Riverton, Orem and West Jordan.

Another option for seniors is to live in cohousing environments. Restrictions on how many unrelated persons can live in a single home vary across cities and present an obstacle to seniors wanting to live in cohousing. Accessory Dwelling Units (ADUs) are another viable affordable option for seniors.

POLICY RECOMMENDATIONS

The following recommendations intend to reduce these barriers and plan for the future of senior housing preservation in the state. The recommendations include:

1) **Incorporate senior housing preservation, specifically a roadmap for expiring units, in moderate-income housing plans**
2) **Establish a dedicated source of funding for senior housing preservation**
3) **Adopt age-friendly zoning codes**
4) **Implement a one-year notification requirement for expiring subsidized units**

Incorporate senior housing preservation, specifically a roadmap for expiring units, in moderate-income housing plans. Both cities and the state should review their respective moderate-income housing plans to ensure that roadmaps for preserving subsidized senior housing units are included and prioritized. The National Housing Conference profiles dozens of well-tested local and state housing preservation strategies. Examples include project-based rental assistance for low-income senior tenants, the purchase of properties by a public entity or nonprofit, loan refinancing, and market-based incentives to extend affordability restrictions (NHC, 2017). Local public housing authorities should also take advantage of the recent expansion of the Rental Assistance Demonstration (RAD) program to include Section 202 properties. RAD allows 202-subsidized property owners to convert their properties to other types of housing subsidies, project-based vouchers, or project-based rental assistance and secure financing through LIHTC for renovations and preservation (Bipartisan Policy Center, 2016). The conversion of Utah's Section 202 units would maintain affordability for over 150 low-income senior renters.

TABLE 1: Common Municipal Zoning Codes for Senior Housing in Utah

Zone	Total
Multifamily Residential	50
Single Family Residential	22
Medium Density Residential	8
High Density Residential	5
Mixed Use Residential	5
Two-Family Residential	5
Mixed Use	4
Low Density Residential	1

Source: Municipal Zoning Plans

Establish a dedicated source of funding for senior housing preservation. Insufficient funding is an underlying barrier to senior housing preservation. Cities and the state should designate funds for senior housing preservation that can be used to maintain a unit's affordability past the expiration of its subsidy. This source of funding must be separate from existing affordable housing funds because of the distinct financial circumstances of low-income seniors with incomes below 30% AMI (Perry et al., 2017). As previously mentioned, most low-income seniors earn relatively fixed incomes from Social Security and SSI, so traditional affordable housing development will produce units that are unaffordable to them. The provision of funds dedicated to senior housing preservation accommodates low-income seniors' disparate financial circumstances.

The dedicated funding can also support renovations in older buildings. Renovations are likely to cost anywhere between $50,000 and $100,000 per unit. Even at $100,000 per unit, renovation costs are substantially lower than the $225,000 per-unit cost of developing new LIHTC-funded units. Allocating funding for building renovations is a cost-effective way to ensure safe and affordable senior housing. **Appendix E** details a successful senior housing rehabilitation effort in Utah.

Adopt age-friendly zoning codes. An age-friendly zoning code should provide a variety of affordable housing and transportation options, connect individuals to community resources, and promote independence and healthy lifestyles (Urban Institute, 2015b). It should permit a variety of multi-unit dwelling types, such as apartments, ADUs, and cohousing, and emphasize mixed-use development near public transit (Urban Institute, 2015b). The latter will connect older adults to the hospitals, grocery stores, parks, recreation centers and libraries they need to stay healthy and engaged (Urban Institute, 2015b). Cities and the state should also create age-friendly infrastructure, which includes a grid-based layout with shorter blocks, good street lighting, ample signage, accessible elevators and ramps, and well-regulated traffic (Urban Institute, 2015b).[11] These improvements would create neighborhoods

[11] The World Health Organization Global Network for Age-Friendly Cities and Communities, the AARP Network of Age-Friendly States and Communities and several cities (e.g., the Atlanta Regional Commission's Lifelong Community Partnership) have toolkits on infrastructure changes that facilitate aging in place.

where older residents feel safe and empowered to travel and remain active in their community. (Urban Institute, 2015b).

Additionally, cities should take advantage of recent state legislation that makes ADUs more accessible. In the 2021 Utah legislative session, the state legislature passed H.B. 82 Single Family Home Modifications, which allows internal ADUs in residential zones. The bill permits cities to require measures, such as off-street parking spaces and permits, limit ADUs to only a portion of residential zones, and restrict ADUs from being used as short-term rentals, among other city-specific provisions. The bill also creates a two-year loan program for the creation of ADUs. Cities can use these allowances to provide affordable housing to low-income seniors and a pathway to generate additional income for senior property owners in retirement.

Implement a one-year notification requirement for expiring subsidized units. Low-income tenants must know when their subsidized units' affordability restrictions expire. This allows tenants, advocates and nonprofits to plan low-risk relocations for low-income seniors. Both the state, through the Utah Housing Corporation, and cities with local public housing authorities should enact notification requirements that require at least a 12-month notification to the supervisory public entity and tenants before the expiration of affordability restrictions. In 2017, the City of Detroit, Michigan, passed a 12-month notification ordinance that was not opposed by developers (Stafford, 2017). Notification requirements should also be extended to mandate timely notifications of market-rate conversions (e.g., three to six months' notice).

> **"Unless Utah acts now to preserve its expiring subsidized senior housing, the state will lose 120 of the 182 units it is projected to gain each year."**

Conclusion

Unless Utah acts now to preserve its expiring subsidized senior housing, the state will lose 120 of the 182 units it is projected to gain each year. Senior housing preservation would not only maintain the affordability of the existing senior housing supply, but it would also avert the unnecessary displacement of thousands of low-income older Utahns. Senior housing preservation could also lay the groundwork for statewide project-based housing assistance, which could start with project-based rental assistance for seniors with incomes below 30% AMI. A commitment to senior housing preservation now will reap dividends in the future.

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Appendix A | About the National Housing Preservation Database (NHPD)

PAHRC NATIONAL LOW INCOME HOUSING COALITION

National Housing Preservation Database
User Guide | Page 3

About the *NHPD*

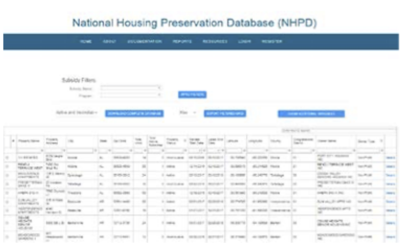
The *NHPD* was created in 2011 to provide communities with the information they need to effectively preserve their stock of public and affordable housing. The database provides over 5,000 users access to de-duplicated information on the federally assisted housing inventory across the US. The *NHPD* is available to non-profit organizations at no cost. There is no other free, de-duplicated, consistently updated inventory of federally subsidized properties that allows communities to track affordable housing properties and identify those at risk of loss.

Users have used the *NHPD* to:

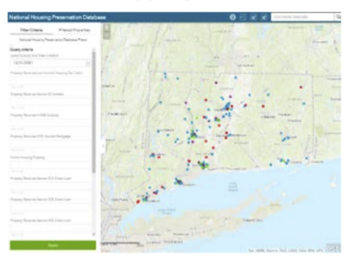
- Estimate amount of affordable housing in specific areas
- Determine the number of properties at risk of losing one or more subsidies
- Develop strategies on how to preserve affordable housing
- Advocate for the preservation of at-risk properties
- Identify affordable housing options for Housing Choice Voucher (HCV) recipients
- Select properties for acquisition and prospective development sites
- Identify which regulations apply to a property by studying the subsidies awarded to housing providers
- Research affordable housing that has been lost from the housing stock overtime

The *NHPD* is comprised of three tools to help you locate, research, and report on publicly supported rental housing in your community:

Research Tool – Login Required



Mapping Tool



Preservation Profiles

This guide describes how to navigate the interface of *NHPD's* Mapping and Research Tool and provides three use case descriptions for creating a local preservation database, identifying properties that are at risk of loss, and identifying inactive properties.

Appendix B | Description of Federal Housing Assistance Programs in Utah

Low Income Housing Tax Credit (LIHTC): The LIHTC program was created in 1986 and is the largest source of new affordable housing in the U.S. and Utah. The LIHTC program does not provide direct housing subsidies. Instead, the program provides tax incentives (tax credits) through the IRS code to encourage developers to create affordable housing. Tax credits provide a moderate level of affordability through rent restrictions. There are two tax credit programs: the 4% and 9% programs, each with its own requirements. The Utah Housing Corporation administers the LIHTC program in Utah.

Section 8 Housing Choice Vouchers (HCVs): The HCV program is the federal government's major program for rental assistance to very low-income households. In general, a voucher holder's income may not exceed 50% AMI. The voucher holder is required to pay 30% of their income for housing. The Section 8 voucher covers the difference between the renter's obligation and the rental rate. However, if rent should exceed the HUD-determined Fair Market Rent, the tenant is required to pay the difference between the Fair Market Rent and the actual rental rate. Local public housing authorities administer Section 8 vouchers.

Project Based Housing Voucher: Project based housing vouchers are tied to specific projects. The voucher is not portable and can only be used in the designated project. The income requirements are generally the same as the Section 8 voucher. The voucher holder is required to pay 30% of their income for housing. The project based voucher covers the difference between the renter's obligation and the rental rate. Project based vouchers are administered by local public housing authorities.

Public Housing Units: Public housing units are owned by a government entity, most often a local public housing authority. Income requirements are similar to Section 8 and project based vouchers; 30% of the tenant's income is required for housing costs. The federal government subsidizes the difference between the renter's obligation and the actual rent.

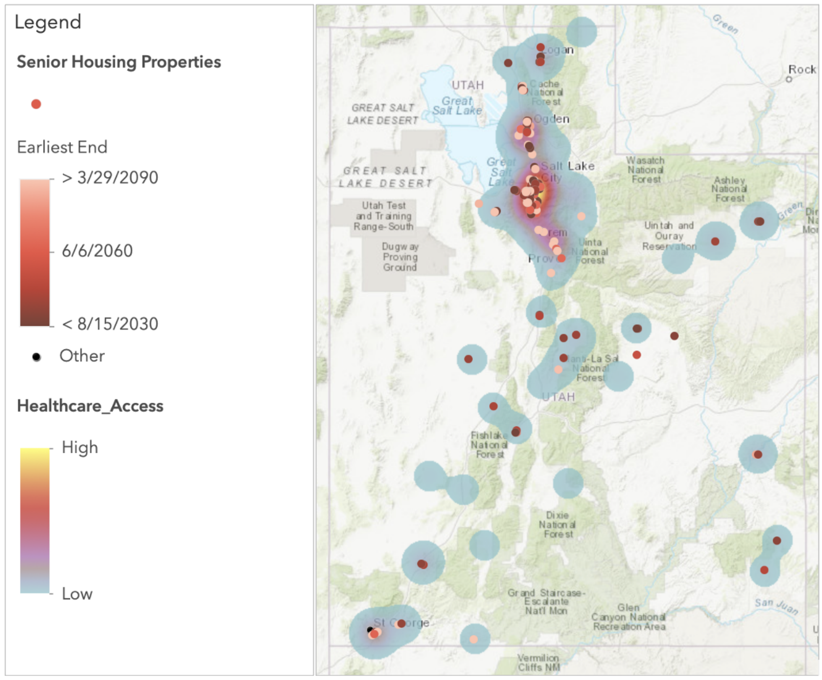
Rural Development 515 (RD 515) Units: The U.S. Department of Agriculture's rural development program provides loans for the development of affordable rental housing to renters with income below 50% AMI. RD 515 units are similar to project based voucher units. The tenant is required to pay 30% of their income for housing, and the difference between the renter's obligation and the actual rent is subsidized. RD 515 projects are located in qualified rural areas and approved management companies administer the program.

HUD 202 Units: The 202 program has provided loan assistance to nonprofit developers of senior housing. All units are reserved for very low-income seniors. Tenants pay 30% of their income for housing, and the program subsidizes the difference between the renter's obligation and the actual rent. Generally, nonprofits own and manage projects. The 202 program is currently dormant, and Congress has not funded the program since 2010.

HOME Rental Assistance Program: HOME is a federal block grant to provide affordable housing to low- and moderate-income families. When used for rental activities, at least 90% of the units must be occupied by households with incomes at or below 60% AMI, and the remaining 10% can be occupied by households with incomes at or below 80% AMI. In rental properties with five or more HOME units, 20% of these units must be set aside for households with incomes at or below 50% AMI. This program is administered by HUD's Office of Community Planning and Development.

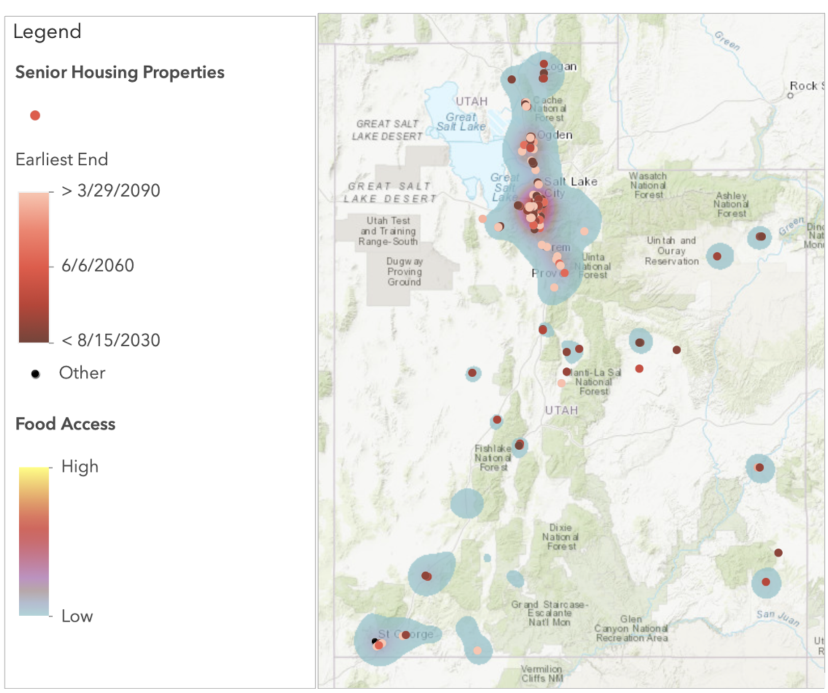
Appendix C | Access to Healthcare, Food and Transit for Low-Income Seniors Living in Subsidized Housing

Appendix C.1 | Healthcare Access



Source: National Housing Preservation Database, 2020; Wasatch Front Regional Council, 2020

Appendix C.2 | Food Access

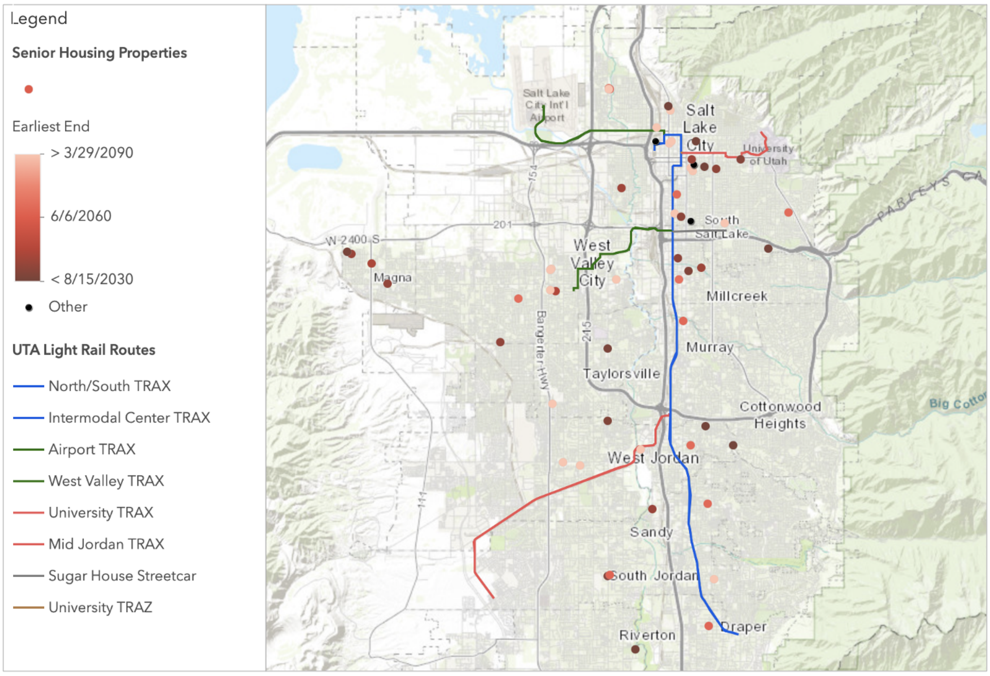


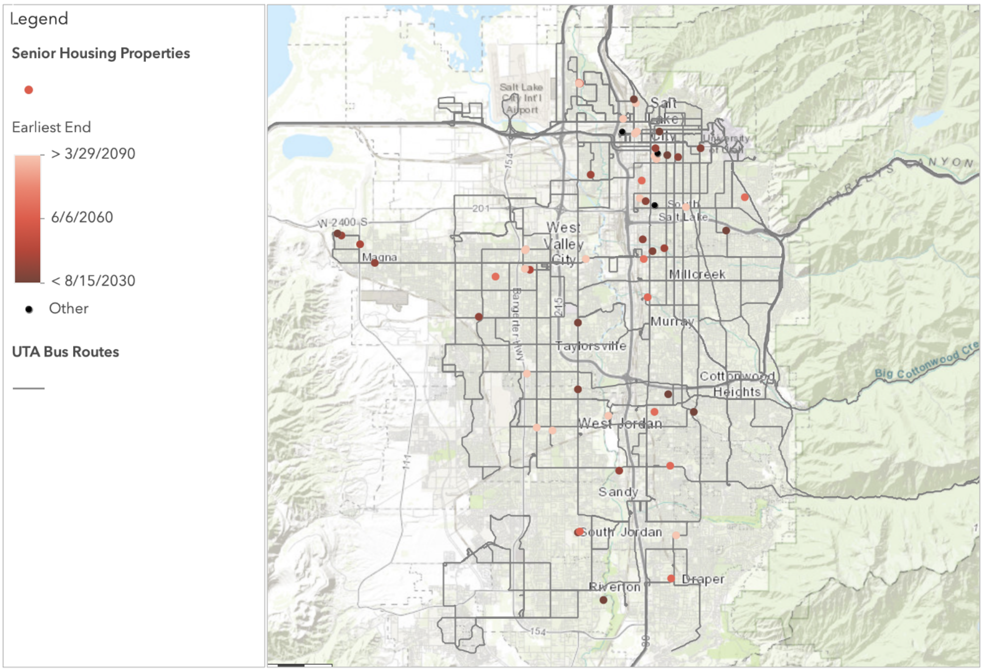
Source: National Housing Preservation Database, 2020; Wasatch Front Regional Council, 2020

VISIT
https://bit.ly/3mZSaoG
TO VIEW THE INTERACTIVE MAP

Appendix C | Access to Healthcare, Food and Transit for Low-Income Seniors Living in Subsidized Housing

Appendix C.3 | Transit Access





Source: National Housing Preservation Database, 2020; Wasatch Front Regional Council, 2020

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TO VIEW THE INTERACTIVE MAP

Appendix D | Local Senior Housing Zoning Codes

Appendix D.1 | Riverton, Utah (Chapter 18.120)

ELDERLY HOUSING OVERLAY (OV-EH) ZONE

- **Purpose:** The elderly housing overlay (OV-EH) zone is established to provide an area for elderly housing, including independent elderly housing, nursing homes, convalescent centers and assisted living centers adjacent to, or in proximity to, commercial centers, mass-transportation access, or community and civic centers. This overlay zone is not intended for hospitals, clinics, healthcare centers, or like uses. The OV-EH zone may be permitted in any commercial or RM zone. This overlay zone intends to provide adequate accommodation for Riverton's elderly citizens, where the lifestyle is less burdensome and more convenient for residents to perform daily activities.
- **Density:** 20 units per acre (min. one acre, max. ten acres)
- **Age**: 55+

Appendix D.2 | Orem, Utah (Section 22.12.7)

AFFORDABLE SENIOR HOUSING OVERLAY ZONE

- Defines affordable senior housing as housing designed and used exclusively for elderly persons whose income is at or below eighty percent (80%) of the median income for the Provo-Orem Metropolitan Statistical Area as published by HUD. Affordable senior housing is further defined as housing for which the rent does not exceed the standards and limits set forth in 24 CFR 800 through 899.
- Permitted only in residential zones and allows ADUs
- **Occupancy Requirements:**
  1. *Age and Income Requirement*. Affordable senior housing units may be occupied only by elderly persons who are sixty (60) years of age or older and whose combined income (the income of all persons who occupy the unit) is at or below eighty percent (80%) of the median income for the Provo-Orem Metropolitan Statistical Area as published by HUD.
  2. *Maximum Rent*. The rent charged for affordable senior housing units may not exceed the standards and limits set forth in the HUD-published Fair Market Rents (FMR) for Utah County. Pursuant to these standards, rent includes the cost of utilities (except telephone). For purposes of determining the maximum allowable rent, no unit shall have more than two (2) bedrooms.

Appendix D.3 | West Jordan, Utah (Title 13-6H)

SENIOR HOUSING OVERLAY DISTRICT

- **Density:** Shall be the same as found within the underlying zone, and subject to any density bonuses allowed within the underlying zoning district.
- Units are restricted to a maximum unit size of two (2) bedrooms.
- **Age**: 55+

Appendix E | Successful Example of Senior Housing Rehabilitation

Wasatch Manor (Salt Lake City, UT)

nnovative CRA Complex Lending Community Responsive Innovative

Wasatch Manor

RMCRC provided $759,948 term financing for the rehabilitation of the Wasatch Manor property, located in Salt Lake City, Utah. Wasatch Manor is an 11-story 184-unit senior complex that consists of 88 studio units, 70 one-bedroom units and 26 two-bedroom units. One hundred eleven of the 184 units are subsidized with HAP contracts to help maintain affordability, with the remaining 73 units being unrestricted.

The project includes amenities such as a community kitchen, computer room, hair salon, movie room and small dog park.

Partners involved in Wasatch Manor include the following:

Borrower
Wasatch Manor, LLC

Other Lenders
Olene Walker Housing Loan Fund

Property Manager
Danville Development Corporation

29

UTAH HOUSING COALITION

AARP Utah