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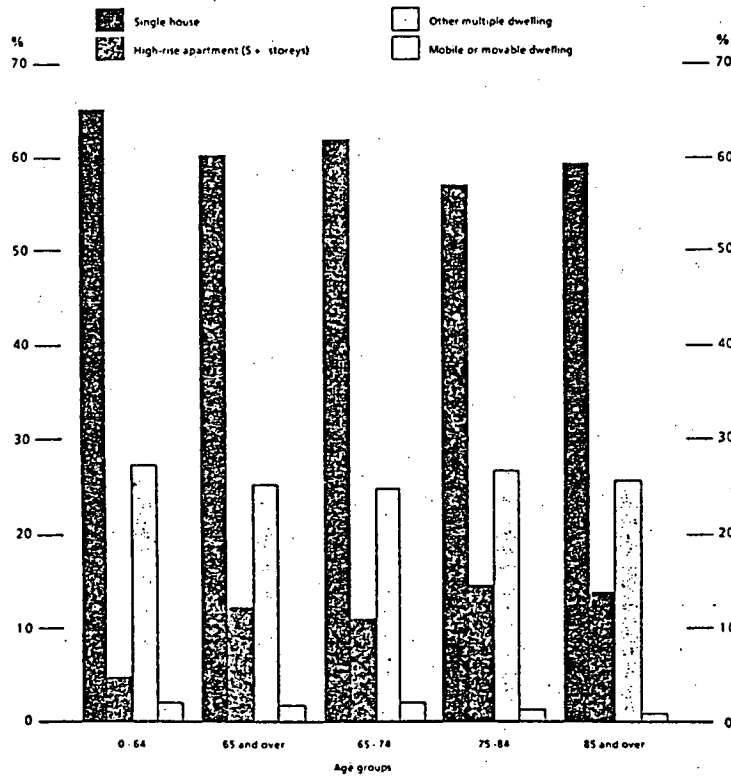
***Innovations in  
Housing and  
Living Arrangements  
for  
Seniors***



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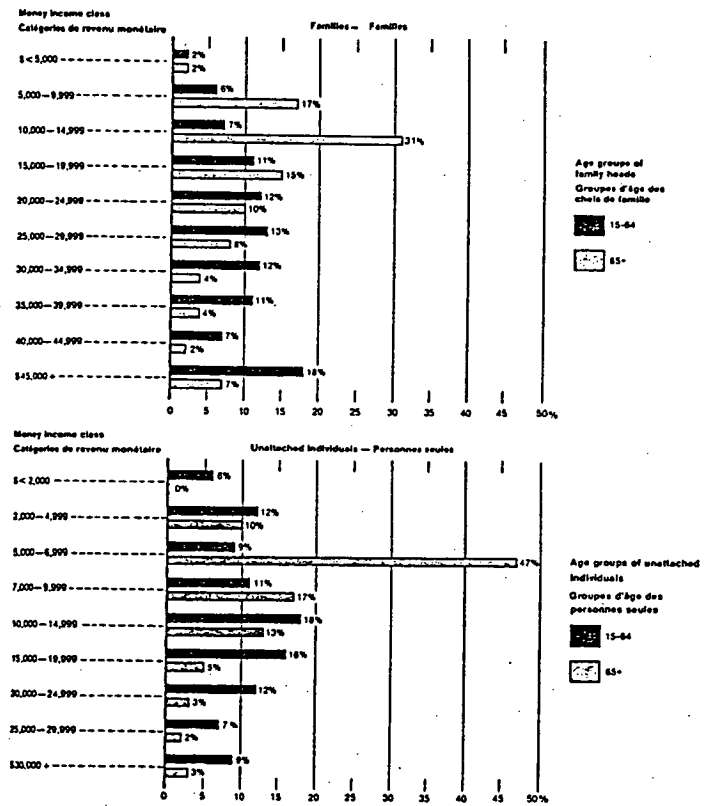
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PERCENTAGE DISTRIBUTION OF THE ELDERLY AND NON-ELDERLY (0-64) YEARS POPULATIONS BY TYPE OF PRIVATE OCCUPIED DWELLING, CANADA, 1981

Source: The Elderly in Canada (1984) Chart 4.



**FIGURE 2:**  
PERCENTAGE DISTRIBUTIONS OF FAMILIES AND UNATTACHED INDIVIDUALS BY MONEY INCOME CLASS, FOR SELECTED AGE GROUPS, CANADA, 1981

Source: Fact Book on Aging in Canada (1983). Figure 7.1.



INNOVATIONS IN HOUSING AND LIVING  
ARRANGEMENTS FOR SENIORS

Papers from a symposium sponsored by the Gerontology Research Centre,  
Simon Fraser University and the Canadian Association on Gerontology/  
Association canadienne de gerontologie

Vancouver, British Columbia  
October 31, November 2nd and November 3rd, 1984

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Published by The Gerontology Research Centre  
Simon Fraser University  
Burnaby, British Columbia  
Canada, V5A 1S6

International Standard Book Number: 0-86491-041-X

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Printed in Canada.

Cover design by Norman K. Blackie.

Production coordination by Gloria M. Gutman



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## FOREWARD

The papers in this volume derive from a symposium held in conjunction with the 1984 Annual Scientific and Educational Meeting of the Canadian Association on Gerontology/ Association canadienne de gerontologie. Sponsored by the Simon Fraser University Gerontology Research Centre and the CAG/Acg and supported in part by a grant from the Canada Mortgage and Housing Corporation, the symposium brought together sponsors and developers, architects, municipal, provincial and federal officials, and researchers concerned with housing for seniors. Speakers included representatives of the public, private and non-profit sectors.

The objectives, in organizing the symposium were to examine existing housing forms and policies, sensitize participants to current problems with the development process as it relates to seniors housing and to examine innovative financial and physical solutions that would better meet the needs of Canada's aging population.

We are indebted to the authors whose works appear in this volume for so ably addressing these objectives. We would also like to express our appreciation to the Canada Mortgage and Housing Corporation for its financial support of the symposium, to Simon Fraser University for the space and services it provided, to Donna Popovic, Gerontology Research Centre Secretary who typed the manuscripts and to Sylvia Goldblatt, Senior Consultant, Policy Analysis and

Development Policy Evaluation Division, Canada Mortgage and Housing Corporation, who provided valuable assistance throughout the process of developing the symposium on which this volume is based.

Gloria M. Gutman, Ph.D.

Norman Blackie, Arch.D.

May, 1985

**PART I: A DEMOGRAPHIC AND CONCEPTUAL  
FRAMEWORK**

# 1 HOUSING ELDERLY PEOPLE IN CANADA: WORKING TOWARDS A CONTINUUM OF HOUSING CHOICES APPROPRIATE TO THEIR NEEDS

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Older Canadians have been the focus of a considerable amount of attention in recent years because of their rapid increase in numbers. Until recently, the biblical three score years and ten constituted a normal lifespan. However, due to dramatic improvements in health care, we now have elderly couples who celebrate their seventieth wedding anniversaries, an over 65 category for marathon runners, and role models such as the late Rubinstein who continue to dazzle us with professional excellence well into their eighties.

This paper, which focusses on housing alternatives for the elderly, contains four major sections. First a statistical overview of the elderly and their housing is presented. This is followed by a discussion of the housing needs of the elderly. The choices available to the elderly in Canada are then presented and compared with shelter alternatives available in Sweden and the Netherlands. Finally some future directions are discussed.

## THE ELDERLY AND THEIR HOUSING

A brief statistical overview is necessary to set the scene for the discussion of housing need.

## Numbers and distribution

In 1981, there were 2.4 million Canadians aged 65 and over with projections indicating that their numbers will grow to 3.3 million by 2001. In 1981, people aged 80 and over represented 19 percent of the population aged 65 and over, but by 2001, this group will compose an unprecedented 24 percent of the senior population of Canada.

Fully 78 percent of Canadians 65 and over live in urban centres, 40 percent in urban centres of 500,000 or more population, and the rest in small towns. People over 80 are concentrated (81%) in urban centres. However, some 518,000 elderly Canadians live in a rural setting.

## Living arrangements

The majority of older Canadians live as families in private households. However the number of elderly living alone is increasing - from 18.2 percent in 1971 to 23.6 percent in 1981. Due to their longer life expectancy, more women (widowed and single) than men tend to live alone in private households or as residents of collective dwellings (Table 1).

TABLE 1:  
PERCENTAGES OF POPULATION IN SELECTED LIVING ARRANGEMENTS, BY SEX, FOR SELECTED AGE GROUPS, CANADA 1981

<u>Living Arrangements</u>	Age Groups					
	55-64		65-74		75+	
	M	F	M	F	M	F
Husbands, wives or lone parents in private households	84	76	78	53	59	25
Persons living alone in private households	8	14	11	30	16	36
Residents of collective dwellings	2	2	3	4	13	20

Source: Fact Book on Aging in Canada (1983) Figure 9.1.2.

## Tenure

Two thirds of older Canadians own their own homes. However, the percentage of home owners declines as age increases. For example, while 71 percent of seniors between the ages of 65 and 69 own their homes, only 56 percent of those over 80 are home owners. On the other hand, the proportion of older renters increases with age (Table 2).

TABLE 2:  
PERCENTAGE DISTRIBUTIONS OF PRIVATE HOUSEHOLDS BY TENURE,  
FOR SELECTED AGE GROUPS OF HOUSEHOLD HEADS, CANADA 1982

<u>Tenure</u>	<u>Age Groups</u>				
	<u>25-54</u>	<u>55-64</u>	<u>65-69</u>	<u>70-79</u>	<u>80+</u>
Owners	66	75	71	62	56
Renters	34	25	29	38	44

Source: Fact Book on Aging in Canada (1983) Figure 9.3.

## Dwelling Type

At present, 60 percent of older Canadians live in single family detached homes. Approximately 12 percent of the elderly live in apartment buildings with five storeys or more, compared to only 5 percent of the population under 65. A quarter of the elderly population live in other forms of multiple dwellings and a small proportion live in mobile homes (Figure 1).



**FIGURE 1:  
PERCENTAGE DISTRIBUTION OF THE ELDERLY AND NON-ELDERLY (0-64) YEARS POPULATIONS BY TYPE OF PRIVATE OCCUPIED DWELLING, CANADA, 1981**

Source: The Elderly in Canada (1984) Chart 4.

## Size of the dwelling

The match between household size and size of the dwelling unit is good among elderly renters. Most elderly renter households live in 1 or 2 bedroom dwellings.

However, the majority of elderly homeowners (75%) live in 2 or 3 bedroom dwellings. If the traditional index of one person per bedroom is followed, one half of the elderly owners may be considered to be over-housed (Table 3).

**TABLE 3:  
ELDERLY HOUSEHOLDS BY SIZE OF DWELLING, HOUSEHOLD SIZE  
AND TENURE, 1976**

No. of Bedrooms	NUMBER OF PERSONS IN HOUSEHOLD				Total (%)
	One (%)	Two (%)	Three (%)	Four or More (%)	
<b>Renters</b>					
One	49.0	13.2	0.2	0.2	62.6
Two	10.0	16.8	1.2	0.8	28.8
Three	1.2	3.0	1.4	0.7	6.3
Four or more	0.2	*	*	0.9	2.4
<b>TOTAL</b>	<b>60.4</b>	<b>33.0</b>	<b>2.8</b>	<b>2.6</b>	<b>100.0</b>
<b>Owners</b>					
One	5.2	3.4	*	*	8.6
Two	13.1	22.8	2.5	0.5	38.9
Three	8.8	19.6	5.2	2.7	36.3
Four or more	2.9	7.1	2.7	3.5	16.2
<b>TOTAL</b>	<b>30.0</b>	<b>52.9</b>	<b>10.4</b>	<b>6.7</b>	<b>100.0</b>

Source: Statistics Canada, Survey of Consumer Finances, 1976 microdata tape; Survey of Household Facilities and Equipment, 1970. Calculations by Canada Mortgage and Housing Corporation, 1982.

### Age of the dwelling

Elderly renters live in newer accommodation than elderly owners. Half of the homeowners aged 65 and over live in dwellings built at least 40 years ago (Table 4).

TABLE 4:  
AGE OF DWELLINGS OCCUPIED BY ELDERLY HOUSEHOLDS BY TENURE

	Period building constructed							
	Before 1940		1940-1960		1960-1976		Total	
	Number	%	Number	%	Number	%	Number	%
Owners	390,900	49.6	246,810	31.3	151,020	19.1	788,730	100.0
Renters	115,990	27.9	77,950	18.8	221,380	53.3	415,320	100.0

Source: Statistics Canada: Survey of Consumer Finances, 1976, unpublished data.

### Condition of dwellings

Though half of the elderly homeowners lived in homes built in the 1940's, according to the 1982 Household Facilities and Equipment Survey (Statistics Canada, 1982), approximately 72 percent of elderly homeowners reported that their dwellings only needed regular maintenance, 15 percent that their housing needed minor repairs, while 13 percent reported that their housing needed major repair work.

### Household Income

Housing choices are constrained by available household income. In 1981, half of the families (average size of family 2.34) with heads aged 65 and over had incomes under \$15,000. Elderly unattached individuals are very heavily concentrated in the lower income groups, particularly single women. Over half (57%) of such elderly individuals had incomes below \$7,000 in 1981.

**FIGURE 2:  
PERCENTAGE DISTRIBUTIONS OF FAMILIES AND UNATTACHED INDIVIDUALS BY MONEY INCOME CLASS, FOR SELECTED AGE GROUPS, CANADA, 1981**

Source: Fact Book on Aging in Canada (1983). Figure 7.1.

## Housing as a component of wealth

Home equity is a major element in the net worth of elderly home owners. In 1976, the average value of home equity was more than \$36,000 accounting for approximately half of the owners net assets. Elderly renters, on the other hand, have fewer assets than home owners and even if they were to liquidate their assets (\$14,000) this would not yield much financial security for their later years (Table 5).

**TABLE 5:  
AVERAGE WEALTH COMPOSITION OF THE ELDERLY BY TENURE,  
CANADA, 1976**

Components of Wealth	Unattached Individuals 65+			Elderly Families 65+		
	Owners	Renters		Owners	Renters	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total Liquid Assets	9,916	11,107	8,866	14,574	16,280	8,887
Total Non-Liquid Assets	1,705	1,901	1,533	3,888	4,438	2,051
Market Value Passenger Cars	447	649	267	1,920	2,214	940
Market Value of Owner Occupied Home	15,205	32,425	0	28,335	36,836	0
Equity in Other Real Estate	2,384	4,609	419	5,766	6,953	1,810
Equity in Business	1,245	2,373	250	6,853	8,554	1,181
<b>TOTAL ASSETS</b>	<b>\$30,780</b>	<b>\$53,069</b>	<b>\$11,337</b>	<b>\$61,340</b>	<b>\$75,281</b>	<b>\$14,873</b>
Personal Debt	72	125	26	602	632	507
Mortgage Outstanding	276	590	0	747	970	0
<b>TOTAL DEBT</b>	<b>\$350</b>	<b>\$716</b>	<b>\$26</b>	<b>\$1,350</b>	<b>\$1,603</b>	<b>\$507</b>
<b>TOTAL WEALTH</b>	<b>\$30,558</b>	<b>\$52,352</b>	<b>\$11,311</b>	<b>\$59,990</b>	<b>\$73,678</b>	<b>\$14,366</b>
<b>TOTAL INCOME</b>	<b>\$4,838</b>	<b>\$5,220</b>	<b>\$4,502</b>	<b>\$11,548</b>	<b>\$12,193</b>	<b>\$9,398</b>
<b>% OF ELDERLY INDIVIDUALS</b>	<b>100.0%</b>	<b>46.9%</b>	<b>53.1%</b>	<b>100.0%</b>	<b>76.9%</b>	<b>23.0%</b>

Source: Statistics Canada, (1977) Survey of Consumer Finances microdata tape; Income (1976), Assets and Debts (1977) of Economic Families and Unattached Individuals. Calculations by Canada Mortgage and Housing Corporation, 1981.

## HOUSING NEEDS OF THE ELDERLY

Older persons have five housing related needs. The intensity of each varies as a function of age, sex and health status. To a large extent, these needs determine the appropriate housing and support services required by the elderly person.

### 1. The need for affordable shelter

As noted above, older Canadians are disproportionately represented in the lower income categories. Their financial problems may be intensified by liquidation of assets to meet living expenditures. There is also a growing recognition that the elderly have expenditure patterns that are particular to their age group; for example, higher expenses for health care, transportation and personal care.

The problem of housing affordability is particularly acute among elderly renters. In 1982, 24 percent of renter households with heads aged 65-69 and 32 percent of the households with heads over 70 experienced "core need", an indicator developed by CMHC which incorporates both affordability and housing adequacy (Table 6).

TABLE 6:  
CORE HOUSING NEED<sup>1</sup> FOR RENTER HOUSEHOLDS<sup>2</sup> BY AGE OF  
HOUSEHOLD HEAD, FAMILY TYPE AND INCOME, 1982

Age of House- hold Head	Households with Core Housing Need		Distribution of Rental Population	Incidence of Core Need
	Number	%	%	%
24 and under	107,000	20.9	17.1	21.8
25 - 34	115,000	22.5	31.6	12.8
35 - 44	50,000	9.7	14.9	11.6
45 - 54	40,000	7.8	9.7	14.6
55 - 64	59,000	11.5	9.9	20.7
65 - 69	35,000	6.7	5.0	24.3
70 and over	107,000	20.9	11.8	31.8
	513,000	100.0	100.0	17.9

Source: HIFE 1982 microdata file and projections by Canada Mortgage and Housing Corporation.

<sup>1</sup> Household unable to afford adequate, uncrowded housing without paying more than 30% of gross income.

<sup>2</sup> Data unadjusted for excluded households. If adjusted for excluded households, the total number of renter households experiencing core housing need would be higher.

## 2. Locational requirements

Elderly persons prefer to remain in familiar neighbourhoods where they have spent the active parts of their lives and where they have built up an informal network of family and friends. However, they often have difficulty finding appropriate housing options in locations of personal choice when they need to move from the family residence.

It should also be noted that since many older persons are unable to drive and have diminished mobility, they need to be located in proximity to services.

### 3. The need for support services

The need for support services is dependent on the level of impairment. In 1977, the U.S. General Accounting Office prepared a report for the U.S. Congress in which levels of impairment were established based on five areas of functioning: social, economic, mental, physical and activities of daily living. Extrapolating from the American data, the following estimated distribution of impairment was calculated for Canada.

**TABLE 7:  
ESTIMATED DISTRIBUTION OF IMPAIRMENT LEVELS OF THE TOTAL ELDERLY (65+) POPULATION, 1981, CANADA**

<u>Impairment Level</u>	<u>Occurrence %</u>	<u>Estimated 1981</u>
Unimpaired	20	472,200
Slightly	20	472,200
Mildly	18	424,980
Moderately	16	377,760
Generally	9	212,490
Greatly	7	165,270
Extremely	10	236,100
<hr/> TOTAL	<hr/> 100	<hr/> 2,361,000

Projection: Statistics Canada.

Generally speaking, the elderly living independently (the unimpaired and slightly impaired) require such services as transportation, periodic monitoring by telephone or personal contact and some social and recreational programs. The semi-independent elderly (i.e., those mildly, moderately and generally impaired) can continue to live in the community if in addition to the services listed for the independent they are provided with such supports as homemakers, specially designed



housing, administrative and legal help, assistance with meal preparation and with shopping. Dependent elderly (the greatly and extremely impaired) require in addition, personal care, continuous monitoring and nursing care, which are services generally provided in nursing homes and other chronic care institutions (Table 8).

**TABLE 8:  
SERVICES REQUIRED AT EACH LEVEL OF IMPAIRMENT BY THE ELDERLY**

SERVICES	IMPAIRMENT LEVEL						
	Independent Living		Supported Independent Living			Dependent Living	
	Unimpaired	Slightly	Mildly	Moderately	Generally	Greatly	Extremely
1. Transportation	*	*	*	*	*	*	*
2. Periodic monitoring	*	*	*	*	*	*	*
3. Social/recreational	*	*	*	*	*		
4. Home-maker			*	*	*	*	*
5. Modified housing			*	*	*	*	*
6. Administrative/Legal				*	*	*	*
7. Meal Preparation				*	*	*	*
8. Shopping, groceries				*	*	*	*
9. Personal Care (aid with dressing, bathing etc.)						*	*
10. Continuous supervision							*
11. Nursing care, skilled							*

Source: Brink, 1984. Based on data in: U.S. General Accounting Office (1977), *Home Health - The Need for a National Policy to Better Provide for the Elderly*.

#### 4. The need for health care services

Estimates of chronic or disabling ailments are as high as 80 percent for persons over the age of 75. Elderly people with chronic conditions living independently have a range of need from minimal care at home to care provided by a doctor on an out-patient basis. Health care required by the elderly with major impairments is best provided in an institutional setting.

#### 5. The need for specially designed housing

The need for specially designed housing is closely related to the type and level of impairment. For example, to make the home accessible for the mobility impaired an increase in the width of doorways and modifications in the design of the kitchen and bathroom are required. Additional space (over minimum room size), if available, aids movement with walking aids or wheel chairs.

Units in the general housing stock are not always appropriately designed for older persons. Units designed to "mobility standards" allow for modifications to accommodate changing abilities. Such units together with home support services can greatly extend the length of time that elderly persons can live independently.

#### HOUSING OPTIONS AVAILABLE TO ELDERLY CANADIANS

The range of housing alternatives available to older Canadians can be clustered into three major groups: Independent Living; Supported Independent Living and Dependent Living. Not all older persons move through the continuum, although some do.

The type of housing selected at any given time is influenced by a variety of factors including: financial resources, current health status, the availability of formal and informal support services, and the availability of preferred housing types in locations of their choice.

What follows is a brief description of the three major housing groups including the type of accommodation and level of support services offered by each.

Group I: Independent Living

These are units where the elderly live independently with minimal support services (transportation, daily checking, social/recreational services) largely provided by family and friends. They include:

a) Owned or rented self contained units in which the elderly have lived prior to age 65 such as:

- single family homes
- rental apartments, townhouses
- condominiums (apartments and townhouses)
- unit in a housing co-operative
- mobile homes
- (shared accommodation - home sharers, boarders)

Some rental units may charge rents geared to income, and some may be modified to accommodate disabilities.

b) Owned or rented self-contained units specifically designated for the elderly such as:

- senior citizen cottages
- senior citizen apartments/townhouses
- senior citizen co-operative units
- senior citizen condominiums
- units in a retirement community

Some rental units may charge rents geared to income, and some may be modified to accommodate changes in functional ability.

### Group 2: Supported Independent Living

These units are intended for the elderly who require support services and/or special unit design in order to continue to live independently. They include:

- a) Self contained units with support services on site or delivered to the home. For example:
  - single family homes with home care from family, project or community services
  - rental apartments/townhouses with home care from family, project or community services
  - condominiums with home care from family, project or community services
  - co-operatives with home care from family, project or community services - mobile homes with home care from family, project or community services
  - live-in housekeeper in dwelling
  - home sharing, with service exchange
  - satellite units to nursing homes
  - granny flats

Some may charge rents geared to income. Some may be specially designed for the elderly.

- b) Units or rooms that are not self contained, with services on site provided by family or service provider in, for example:
  - the home of family or relatives
  - boarding houses
  - retirement hotels/hostels
  - homes for the aged
  - group homes for the aged
  - adult foster care

Rents may be geared to income. The major services are meals and housekeeping. Additionally, personal assistance may be provided.

c) Shelter or congregate housing in which self contained rental units, specially designed for the elderly, are grouped around communal facilities. Services are generally provided on site, and the project is supervised by a manager. Rents may be geared to income.

### Group 3: Dependent Living

These are units providing private or shared accommodation that are specially designed for the elderly where a total package of services are available on site, and appropriate levels of care are delivered to the elderly with high levels of impairment. They include such institutions for the elderly as:

- nursing homes
- extended care nursing homes
- chronic care hospitals
- geriatric units in hospitals

### SOME INTERNATIONAL COMPARISONS OF SHELTER ALTERNATIVES FOR THE ELDERLY

Table 9 shows the approximate distribution of older Canadians across the three major housing groups. Roughly comparable data are presented in Tables 10 and 11 for two other countries - Sweden and the Netherlands. The proportion of elderly people in the Canadian population is 9.7 percent (1981); in Sweden 16.3 percent (1980) and in the

**TABLE 9:  
DISTRIBUTION OF ELDERLY CANADIANS BY HOUSING TYPE**

TYPE OF HOUSING	NUMBER (estimates)	% Persons 65 and over
<b>Independent Living</b>		
• Independent housing owned and rented (RRAP assistance for home improvement (58,973) and accessibility (614), rent supplement program)	2,100,700	87.5
<b>Supported Independent Living</b>		
• Social Housing units with special design for elderly (rent geared to income, rent supplement, co-ops and non profit housing)	93,300 <sup>1</sup>	3.9
• Serviced collective dwellings such as hotels, rooming houses, etc.	11,640 <sup>2</sup>	.5
• Other collective dwellings	35,480	1.5
<b>Dependent Living</b>		
• Nursing homes, chronic care hospitals	158,880 <sup>3</sup>	6.6
		100.0

\* Some provinces have experimental home care programs.

- Sources: 1. Social Housing Evaluation  
 2. Statistics Canada, 1981  
 3. Health and Welfare Canada

**TABLE 10:  
SELECTED INTERNATIONAL COMPARISONS OF SHELTER ALTERNATIVES FOR THE ELDERLY  
SWEDEN**

TYPE OF HOUSING	NUMBER OF UNITS	% PERSONS 65 AND OVER
<b>Independent Living</b>		
• Independent housing (Income related housing allowance, grants for home modifications, improvement loans for maintenance)		80.9
<b>Supported Independent Living</b>		
• Independent housing with design modifications and 24 hour security system	100,000*	7.4
• Pensioners flats with some services delivered (owned and managed by municipalities)	30,000	2.2
• Apartments with service	25,000	1.9
• Residential Homes (rooms)	56,000	4.1
<b>Dependent Living</b>		
• Nursing homes (beds)	47,000	3.5
		<hr/> 100.0

\* Target of program initiated in 1981.

- Notes:
1. 288,000 or 21% of all elderly residents receive home care (1981) and 41,000 persons receive home nursing care.
  2. 50% of pensioners get income tested housing allowance.
  3. Almost all housing for the elderly is built by non-profit groups. The Swedish National Housing Board finances 90% of all construction with 100% loans and financial incentives. Private sponsors must provide 15% of capital.

Sources: . The Swedish Institute (Oct. 1983). Old Age Care in Sweden, Fact sheet on Sweden.  
 . Goldberg, L. (1981). Housing for the elderly - New trends in Europe, Garland Press.

**TABLE 11:  
SELECTED INTERNATIONAL COMPARISONS OF SHELTER ALTERNATIVES FOR THE ELDERLY  
NETHERLANDS**

TYPE OF HOUSING	% PERSONS 65 AND OVER
Independent Living	
• Independent housing*	72.0
Supported Independent Living	13.0
• Elderly people's dwellings** (Special design and emergency call system) Rental, government assisted construction	(Target 25% in 1985)
• Service Flats (ownership) Contract for meals and housekeeping Private market	1.0
• Service homes with services Built with government assistance Rents subsidized	9.5
Dependent Living	
• Nursing homes, hospitals	4.5
	100.0

\* 10% of the elderly living independently receive home care, up to 8 hours per week.

\*\*The government plans to subsidize 13,500 of these dwellings per year between 1978 and 1988.

Sources: . Goldberg, L. (1981). Housing for the elderly - New trends in Europe, Garland Press.  
 . Gillison, A. (1978). Some aspects of housing and accommodation for the elderly, South Australia Housing Trust, 1978.



Netherlands 11.0 percent (1978). The proportion of the elderly in Sweden and the Netherlands has begun to stabilize. A considerable inventory of housing units for older persons has been built in these countries over the last two decades. In contrast, the numbers of older persons in Canada is escalating rapidly. Canada can benefit from the European experience when planning for future housing demand.

As shown in Tables 10 and 11, both Sweden and the Netherlands have made a considerable investment in the Supported Independent Living category. The elderly in both countries have also benefitted from well developed home care delivery programs. In Canada, housing with support services is a relatively new concept. Home care services are in their infancy. While no accurate estimates are available of the number of Canadian elderly inappropriately housed at either extreme of the housing continuum it can be assumed that an increase in the number and range of options for assisted independence is a desirable goal.

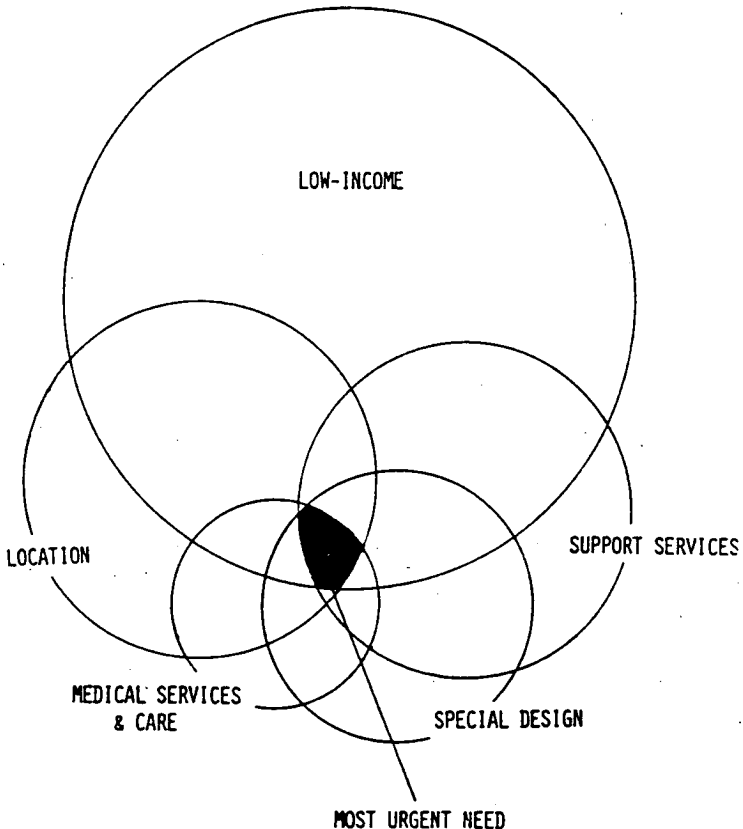
#### FUTURE DIRECTIONS

Those retiring in future decades will be better educated, better informed have a greater diversity of experience and will demand more in regard to housing and support services than the current older population. New initiatives in the area of pension reforms as well as more active participation of women in the work place and in registered retirement saving programs will, over time,

improve the financial status of the elderly. Canada must rise to the challenge by increasing the inventory of appropriate and affordable housing that can accommodate older persons that are in need now, as well as the growing and changing elderly population of years to come.

Given that the housing-related needs of the elderly tend to overlap (see Figure 3) the planning process must be comprehensive. Rather than relying on piecemeal solutions to single problems, consideration must be given to multiple needs and their joint impact on the housing decisions that are made by elderly persons.

FIGURE 3:  
TYPOLOGY OF HOUSING-RELATED NEEDS OF ELDERLY PERSONS



Older Canadians regardless of their geographical location must have access to appropriate and affordable shelter. At present, many rural areas lack the means to produce housing units and complementary support services. In suburban areas, both housing and services are oriented to younger families.

As 80 percent of the present housing stock will continue to function in the year 2001, more innovative approaches must be developed for the use of existing housing stock by the elderly.

Finally, national housing policy must address the special housing problems of older Canadians and should contain elements to maximize independent living and enable elderly people to live healthy, productive lives in appropriate homes at costs they can afford.

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## **PART II: ALTERNATIVE FINANCING MODELS**

## 2

### PRIVATE SECTOR FINANCING FOR ELDERLY HOUSING\*

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and

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There is a growing concern among both private and public institutions about problems related to the increasing need for housing among our senior citizens today. The "extended family" concept found in other cultures can easily include three generations in one household. But the emphasis on the "nuclear family" in North America has left the senior having to rely on resources other than a younger family member's income, to deal with the uncertainties of rising or unexpected costs, and fixed or near fixed incomes in this recessive economy.

The 1981 Census of Canada indicated that nearly one million private households (908,805) were headed by persons 65-74 years old and nearly half a million (486,570) by persons 75 or older. These two groups total 1,395,375 households, which represents 16.8 percent of all households. The census indicated that 63 percent of household heads aged 65 and over own their own home, with

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\* The views expressed in this paper are those of the authors and do not represent the policy of the bank, any association or group.

3 percent of the owned homes being condominiums. The single family detached dwelling is strongly preferred and represents 57 percent of the households headed by persons aged 65 and over. As shown in Table 1, the next most popular dwelling is an apartment building having less than five storeys. This type of dwelling is occupied by 16 percent of the elderly households.

**TABLE 1:  
ELDERLY HOUSEHOLDS BY TYPE**

Age	Single Detached	Apartment (5 Storey +)	Single Attached	Apartment (-5 Storeys)	Duplex	Movable Dwellings
65 - 74	537,800	116,470	58,020	135,440	41,980	19,095
75 +	255,195	87,785	29,375	88,620	19,835	5,760

Source: Statistics Canada. 1981 Census of Canada: Private Households. Catalogue 92-933.

**TABLE 2:  
AVERAGE MONTHLY HOUSING COSTS OF ELDERLY HOMEOWNERS**

Age	Average Monthly Owner Major Payments	Average Monthly Income	Owner Major Payments as a % of Income
65 - 74	\$174.00	\$1,413.75	12.3
75 +	\$148.00	\$1,068.33	13.9

Source: Statistics Canada. 1981 Census of Canada: Private Households. Catalogue 92-933.

The Census data indicated that housing costs are relatively modest for elderly home owners (Table 2) as most have built up equity in their homes over the years.

Projections based on reports from the B.C. Research Council (Forrester and Hamanea, 1983) and from Statistics Canada (Table 3) show that seniors in the Province of B.C. having affordability problems will total 49,692 in 1985; 55,117 in 1990 and 64,312 in 1996. The problem of affordability is defined as families having to spend 62 percent or more of their income on food, shelter and clothing. It is encouraging to note, however, that although the total number of seniors in B.C. is projected to increase (Table 4), the percentage of seniors having affordability problems as a ratio of the total senior population appears to have levelled off.

**TABLE 3:  
PERCENTAGE OF LOW INCOME FAMILIES IN BRITISH COLUMBIA BY  
AGE GROUP**

<u>Age</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
55 - 64	12.3%	11.4%	10.5%	11.6%	12.3%
65+	21.9%	14.2%	14.5%	11.0%	11.1%

Source: Statistics Canada (1984). Income Distribution by Size in Canada, Catalogue 13-206.

**TABLE 4:  
POPULATION PROJECTIONS FOR BRITISH COLUMBIA**

<u>Age</u>	<u>1981</u>	<u>1985</u>	<u>1990</u>	<u>1996</u>
65 - 69	108,005	113,417	131,936	142,133
70+	190,145	228,343	247,135	300,179

Source: Forrester and Hamanea. B.C. Population Projections, 1984-2006.



## STANDARD AND INNOVATIVE FINANCING ALTERNATIVES

Financing for seniors housing is provided by both the public and private sectors.

The public sector provides such alternatives as subsidized rental housing, subsidized financing for co-op housing, and intermediate or long-term care facilities under the public sector's ownership or financed through subsidies to the private sector.

As indicated below, the private sector, on which this paper is focussed, also offers a number of alternatives. Most, however, are based on seniors cashing in on some of their equity in a home, as a means of dealing with problems of affordability in the future, and still maintaining ownership of a property suitable to their needs and wishes. Since, as noted earlier, Canadians prefer to own their accommodation, these alternatives have not been entirely successful as most involve the use of the borrower's equity.

### Standard Financing

The average homeowner of 65 either owns his home free of any encumbrances or has a minimal amount still outstanding. Traditional property financing entails a long amortization (pay back) period comprised of many adjustments in the interest rate (eg. every 1, 2, 3, 4 or 5 years) during this period.

The real estate industry is finding that many seniors are selling their homes to move into smaller, less expensive accommodation. The term "empty-nesters" has developed to describe families whose children have grown up and moved out on their own. The "empty-nesters" no longer have the space requirements they used to have.

This allows them to "cash-out" some of the equity built-up in their family home and buy either a townhouse or an apartment, at a cost lower than the sale price of their house. They can then invest the difference to earn additional income.

Example:

Sale price of the home	\$100,000
<u>Purchase price of townhouse</u>	<u>65,000</u>
Equity "cashed-out"	\$ 35,000
Monthly income on \$25,000 on deposit @ 8%	\$ 160
Monthly expenses, maintenance fee, <u>property taxes (net)</u>	<u>150</u>
Net Balance	\$ 10

On this basis, the monthly expenses are covered by the deposit, there is a reduction in maintenance and other sundry expenses related to ownership, and there is \$10,000.00 which was not available previously.

#### Granny Flats/Elder Cottages

The use of "granny flats" or "elder cottages" constitute a program which so far seems to have been tried mainly in Australia. This program (described in more detail in Hiscox's paper in this volume) entails seniors living in a small cottage located on a single-family residential lot in addition to the original house which is usually owned by a member of the immediate family. This helps seniors with income problems because the land component of their housing costs has already been paid, and all that remains is the cost of construction.

Advantages claimed for this approach to seniors' housing are that the flats, or cottages are inexpensive,

there is more privacy than is usually found with in-law suites, yet there is a proximity that can be advantageous for both the seniors and the immediate family. To implement such a program, of course, the municipality must amend its building by-laws to permit such ancilliary dwellings. There is also the problem of finding, upon the death of the elderly relative, a new resident who meets the qualifications for a granny unit. Site planning and site servicing constraints are other obstacles to applying this option at present in an urban Canadian context.

In Vancouver, duplexes or four-plexes have been used in much the same manner, and many of the problems related to granny flats are avoided. The senior may be in a position of not being able to afford the increasing property taxes and the monthly maintenance expenses of the family home. He or she may have a son or daughter who cannot afford the down payment for a home of his/her own. In this case the family home is sold, and the money invested in a duplex or some other type of multi-unit dwelling which then accomodates both parent and child.

Example:

Sale price of home	\$135,000
<u>Less: Purchase price of duplex lot</u>	<u>115,000</u>
Net funds to the senior	\$ 20,000

Cost of construction	
2,200 sq.ft. @ \$40/sq.ft.	\$ 88,000

A first mortgage of \$88,000 @ 13.25 percent for a

three year term has monthly payments of \$985.77 based on a 25 year amortization period. Assuming net monthly tax payments of \$75.00, the son or daughter and parent would, however, have to have a combined household income of \$42,400 to qualify.

### Reverse Annuity Mortgages

Another possible way of helping seniors with housing needs is the reverse annuity mortgage. This mortgage is designed for seniors who own their own home free and clear. The lender appraises the home and determines a loan amount. As an example, assume a loan of \$48,000.00 is taken on the home. This type of loan is usually paid out to the senior borrowing it, on a monthly basis, over a period of 5, 7 or 10 years. During the payout period, taxes, insurance and interest are deducted from each payment. At the end of the payout period, the total loan amount has been disbursed, and the repayment schedule commences. Since the interest has been paid as the payments were made, the mortgage loan amount is approximately the same as the original loan amount. The senior can then sell the house, which has probably appreciated over the payout period, and the mortgage loan can be paid off from the proceeds.

Example:

- (I) Property appraised for \$64,000
- (II) Loan amount \$48,000
- (III) Senior decides to have the loan paid out over 5 years. During this time, taxes and insurance remain constant at \$60 and \$15 per month respectively.

MONTHLY PAYMENTS TO THE HOMEOWNER\*

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	<u>5th Year</u>	<u>Balance</u>
Payout or Received,	\$600.00	\$675.00	\$750.00	\$825.00	\$900.00	\$3,000.
less:						
Taxes	60.00	60.00	60.00	60.00	60.00	
Insurance	15.00	15.00	15.00	15.00	15.00	
Interest	<u>61.61</u>	<u>120.68</u>	<u>186.30</u>	<u>258.49</u>	<u>337.24</u>	
Net to the Homeowner	\$463.39	\$479.32	\$488.70	\$491.51	\$487.76	

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\*Plan as offered by Broadview Savings, 4200 Rockside Road, Independence, Ohio.

At the end of the five years, there is a \$48,000 loan. Based on a 12.75 percent mortgage interest rate, the monthly payments are \$520.65. If property values increased at 5 percent per year over the five-year period, the house could be sold for \$81,700.00, resulting in a net return of \$33,700 after the mortgagee has been paid off. The return may be sufficient to purchase a condominium apartment.

As Scholen points out (see next chapter), the chief advantage of the reverse annuity mortgage is that it allows the homeowner to cash in on some of the equity that has been built up in his or her house and to take advantage of increasing property values when the loan is due for repayment. Simply selling the house in the first

place to cash in on the equity immediately does not allow for any advantage from future increases in the property value. The reverse annuity mortgage, in other words, offers a senior some protection against inflation, along with some extra income.

### Life Hold Estate

As another way to avoid rising housing costs, and the large capital outlay related to fee-simple ownership, a property could be purchased on a life estate basis. The life estate is a form of prepaid lease that could be structured taking into consideration the property values, mortality tables, the age of the purchaser, and other related factors. In a manner of speaking, this form of financing would be no different than purchasing a life annuity with or without a minimum guaranteed term, but in place of a monthly cheque, the property would be available for use.

Example:

1. The lender requires a 12% return each year.
2. The homeowner is 65 years old, and the lender expects the homeowner to occupy the property for 10 years.
3. The property is appraised for \$80,000.
4. The property is assumed to increase 3% each year in value.

Based on these assumptions, the homeowner would be required to make a payment of \$46,200.00. Should the homeowner exceed 75 years of age or should the property value decline, the lender suffers a loss.

The principal disadvantage of this alternative to the senior is that when the life estate is completed and all equity is relinquished to the lender, the homeowner loses any potential to bequeath the property to future generations.

#### Land Tax Deferrment Act

To relieve the financial burden of property taxes on elderly homeowners, the Government of B.C. on January 1st, 1974 proposed that seniors owning property could choose the option of having all property taxes deferred. The Minister of Finance would pay the amount required to reimburse the municipality for the tax deferred under this Act and would register an encumbrance on the property in favour of the Crown to the value of the deferred tax and interest. Upon death or conveyance of the property, all deferred tax payments together with interest compounded annually would be payable to the government.

This program is currently being used by 2,428 seniors, 25 handicapped and 325 widows in B.C.

This alternative has the same chief disadvantage as was found with the life hold estate, as the eventual payment of the taxes plus interest affects what assets users of the option may bequest to future generations.

#### Shared Appreciation Mortgage

In the instance of a shared appreciation mortgage, the senior is granted a mortgage at a reduced interest rate. In exchange, the lender is granted an interest in the

property. Upon sale of the property, the lender would share in any appreciation in its value realized as equity to the homeowner.

This plan proved to be unpopular when real estate values started to decline, as homeowners did not appreciate the "up side" realized by the lender without any apparent risk on the "down side".

### CONCLUSION

Besides the standard financing of property by way of conventional mortgages, most of these alternative methods of financing are not available because each involves reliance on other factors besides the promise to repay by the borrower. Some of the alternatives rely on the lender taking an interest in the property, and many lenders in Canada do not consider themselves in the business of real estate investment.

The Reverse Annuity Mortgage was practised for a short time by Metro Trust in Toronto, but their program did not prove to be highly successful. Many seniors seem to want to keep their obligations to a minimum, and this excludes the Reverse Annuity Mortgage and other alternatives. Also, there is a desire to bequeath to future generations which limits the attractiveness of the tax deferral plan or the life hold estate.

To retain ownership and have the potential for bequest to future generations, seniors are holding onto their homes or trading to smaller homes. The duplex or granny flat appears



attractive as the senior can retain some ownership and can bequeath some of their property during their lifetime.

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### 3 HOME EQUITY CONVERSION: AGING IN PLACE WITH INCOME

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Most older persons own a home free and clear of any mortgage debt. The equity they have built up in their homes over the years represents the single largest investment of their lives. Now, their home equity "nest egg" has become their most important financial asset. It gives them a measure of economic security that most younger people and elderly renters don't have.

But home equity cannot buy groceries or medicine. And the costs of property taxes and upkeep place an added burden on the incomes of older homeowners. The wealth they have is locked up in their homes. Until recently, the only way of cashing in on their most important asset was to sell their homes and move.

Within the past few years, however, there has been a growing effort to develop ways for older persons to unlock their home equity while they remain in their homes. This paper reports on the current status of these "home equity conversion" plans. Part I discusses the idea in general. Part II analyzes specific plans and development efforts.

## I. HOME EQUITY CONVERSION - OVERVIEW

Spending some of your home equity while you continue living in your home is a new idea for most people.

Although many older persons know all too well what it means to be "house rich and cash poor", only a few have had the opportunity to do anything about it other than selling and moving.

At first, home equity conversion may seem too good to be true. Spending your equity while you live in your home almost sounds like "having your cake and eating it too".

But in another sense, home equity conversion for older people is no more "unnatural" than purchasing a home on time for younger people. Earlier this century you could buy a home only if you could pay the full purchase price in cash. Living in a home while you were still paying for it was then as unfamiliar an idea as home equity conversion is today. Later on there came to be more flexibility in financing home purchases. You could pay half at closing, and the other half five years later. Eventually the then radical notion of a 30-year, monthly payment mortgage was introduced. In recent years we have seen a proliferation of financing options.

Today there are, in theory, many ways to build up home equity. But there is still basically only one way to liquidate home equity. It must be done all at once, and the occupant must vacate the premises. That single lump

sum liquidation option is as unsatisfactory for today's growing elderly population as the single, lump sum purchase option was for yesterday's home-buying population. The purpose of home equity conversion is to provide a variety of new asset management alternatives for the prime asset of North America's fastest growing population. In that sense, the development of this new idea is a natural response to the changing needs of an aging society.

Nevertheless, the idea is still an unfamiliar one, and it will be treated with caution and skepticism by many older people. That is to be expected, and it is very healthy. A home is a financial "nest egg" and a physical embodiment of independent living. It symbolizes a lifetime of labor and family life. Decisions about the home are among the most important ones that we ever make. It is right and proper, therefore, that homeowners carefully evaluate the general idea of home equity conversion and subject specific plans to rigorous scrutiny.

The idea is a promising one in general and specific plans have already enriched the lives of older homeowners in a few areas of this country. But the idea will not fit everyone's needs and the details of specific plans must be considered within the context of individual circumstances. Sound legal advice and financial counselling should be key elements of any decision to convert home equity into cash. This paper provides a general introduction to the basic idea and various plans. Section A below, discusses some

additional analytical perspectives on the idea. Section B presents data on the potential impact of home equity conversion and the real-world factors that affect consumer demand. Section C briefly explores the general characteristics of home equity conversion plans. More information on specific plans and programs can be obtained from such documents as the National Directory and Sourcebook published by the National Center for Home Equity Conversion (1984).

#### A) Analytical Perspectives

Throughout our lives, each of us makes investments in four major areas. The time and energy we each invest in our education, training, and job experience build up a store of individual human capital. The ties and loyalties we nurture through family and informal support networks represent investments in what might be called social human capital. Any savings, stocks, bonds, insurance policies, home equity, or other assets we manage to acquire comprise our stock of private financial capital. And, by paying taxes and participating in our democratic form of government, we gain a claim on the public capital represented by government programs and facilities.

At various times during our lives we turn to these four capital resources. In our later years in particular, we look to these lifelong investments for support.

In an aging society, it is especially important that

older people gain a fair return on the investments they have made. To the degree that artificial barriers prevent this, the value of these investments diminishes. This reduces the capacity for self-reliance among the elderly. It also erodes the incentive for succeeding generations to make similar investments.

Age discrimination in employment devalues the investment that older people have made in individual human capital. Government policies and social conventions that hinder natural support systems downgrade the value of social human capital investments. The lack of home equity conversion opportunities means that most older people will not cash in on their single most important private financial asset. And our investments in public capital can prove to be less than profitable if they result in inappropriately designed or poorly delivered government programs.

An increasingly elderly society can ill afford to let the major, lifelong investments of its citizens be less productive than they could be. Unlocking home equity, therefore, is one part of a broader aging policy agenda. The basic goal of this agenda is to unleash the full range of human and financial resources that older persons possess. This means opening opportunities for employment, undergirding natural support systems, providing sound public programs, and unlocking the largest source of private financial capital available to most older persons.

The development of home equity conversion is desirable

from an aging policy perspective that values options for independence and self-reliance. But it can also be understood as a market response to the aging of consumers. As our population ages, there is a corresponding shift in the mix of goods and services available in all sectors of our economy. Home equity conversion is both a new financial service geared to old people, and a means by which elderly consumers can pay for the growing array of goods and services being marketed to them. In an economy whose fastest growing group of consumers are relatively "house rich and cash poor", it is natural and perhaps even inevitable that home equity conversion plans should be developed.

A third perspective on home equity conversion is provided by the "three-legged stool" of retirement income policy analysis. The three legs are the three major sources of income support in the later years of life: social security and other public retirement benefits, private pensions, and private savings. At present, public discussion is centering on the future of public and private pensions. But as the limits of these sources are plumbed, we can expect greater attention to be focused on the third leg: private savings. The development of home equity conversion can turn the largest pool of private savings into a more flexible income source in the later years of life.

## B) Potential and Demand

In theory, the potential impact of home equity conversion for improving the economic well-being of older homeowners is substantial. Three out of five elderly-headed households in Canada own their homes. Ninety per cent of these homes are held mortgage-free. Among the elderly poor, one-half of all households are owner-occupied. Home equity accounts for 65 percent of the total assets held by elderly homeowners. For low-income elderly homeowners the corresponding percentage is 79 percent.

Today there are approximately 900,000 homes owned by older Canadians. The average value of these homes is approximately \$50,000. The aggregate net home equity held by Canada's elderly, therefore, is roughly \$45 billion (Baudouin, 1984).

An analysis of the 1977 Statistics Canada Survey of Consumer Finances Dataset by Baudouin (1984) indicates that the poverty rate among elderly homeowners could be reduced from 32 percent to 19 percent through home equity conversion. For poor homeowners aged 75 or more, the incidence of low income would drop from 54 percent to 17 percent.

An analysis by Jacobs and Weissert (1984) found that substantial percentages of older homeowners could purchase in-home health care services and long-term care insurance through a currently available long-term home equity conversion instrument.

Actual consumer demand for home equity conversion,



however, can be expected to fall far short of any objective measures of market potential. All home equity conversion plans are voluntary. Homeowners must choose to use them. And there are reasons why they will not, especially in the early stages of development.

Most older homeowners do not have an income need or do not experience it as such even if outside criteria so indicate. Many will not soon or ever accept the general notion that spending down on one's home equity can be a sound practice. Some want to preserve all of their home equity as a bequest to children or other heirs. Others are adverse to debt of any kind or do not wish to give up any ownership rights. The cost of the transaction will keep some homeowners from using a home equity conversion plan. For others it will be the risk associated with a given plan.

The real market for home equity conversion, therefore, is likely to be small at first, and to grow slowly. That growth is likely to depend most upon the performance of the initial home equity conversion plans. If these plans provide satisfactory services for older homeowners at a reasonable price and with acceptable risks, then the overall market for this idea can be expected to expand. If, however, the first plans do not perform well, then consumer caution and skepticism will contract the market.

The full flowering of this idea will require a variety of instruments. The needs, wants, values, and preferences of older people are extremely diverse. Eventually, a full

range of home equity conversion options will be needed to satisfy the many segments of this market.

### C) General Characteristics

Every home equity conversion plan involves a cost to the homeowner. Depending upon the instrument, that cost could take the form of interest, origination fees, foregone appreciation, or a brokerage commission. Every plan also uses up home equity. The more equity you convert into income today, the less you (and your heirs) will have in the future.

It is also generally true that the more equity you have, the more you can convert into income. Persons with low home values will, in general, be able to realize smaller benefits than persons with moderate or high values. (But their benefits may still represent significant percentage increases in their disposable incomes.)

Home equity conversion plans only let you see what you already have. They increase the utility -- but not the amount -- of home equity. Homeowners with substantial remaining mortgage debt and all renters are not candidates for home equity conversion.

All of these plans entail some element of risk for the homeowner. Some plans carry the risk of depleting your home equity during your lifetime. Other plans carry the risk that the real value of fixed monthly cash advances may drop steeply due to inflation. Losing out on appreci-

ation or other investment opportunities is another basic risk that homeowners must consider. The specific type and structure of a given home equity conversion plan can minimize, eliminate, or insure against these risks. But that will usually mean a higher cost or lower benefit.

There are several ways to categorize home equity conversion plans: loan plans vs. sale plans; private plans vs. public plans; term plans vs. lifetime plans; cash benefit plans vs. in-kind benefit plans. The next section of this paper analyzes the variety of plans currently available or being developed.

## II. SPECIFIC PLANS AND DEVELOPMENT EFFORTS

Plans for unlocking home equity are still in an early stage of development. The analysis in this section reflects the status of various home equity conversion plans in November of 1984. It begins with A) two types of reverse mortgage loans, and then considers B) two types of sale plans, and C) two varieties of special purpose loans.

### A) Reverse Mortgages

Reverse mortgages provide a series of monthly loan advances to a homeowner with repayment of all interest and principal deferred until an agreed-upon future time. These instruments differ from "home equity loans" and lines of credit secured by home equity in these important ways:

reverse mortgage loan advances are made by the lender to the borrower automatically every month through the term of the loan; no repayment of any kind is due on a reverse mortgage until the end of the loan term; and a prospective borrower is deemed "creditworthy" based on the amount of home equity held, not on the amount of income earned.

The term of the reverse mortgage loan -- that is, the length of time during which automatic monthly loan advances are made and no repayment is due -- is established when the loan is closed. It may be a fixed number of years, usually less than ten but not more than fifteen. Or, in the case of a new risk-pooling approach to reverse mortgage lending, the term is limited only by the borrower's death or prior sale of the home.

1) Fixed-term reverse mortgage. The leading developer and originator of fixed-term reverse mortgage loans has been the San Francisco Development Fund (SFDF)'s Reverse Annuity Mortgage (RAM) Program. Working with institutional lenders (Bank of America, First Nationwide, Wells Fargo, Crocker Bank), the nonprofit RAM demonstration project began in 1980 by conducting an extensive program of economic research, instrument design, legal documentation, and administrative development. Under the direction of SFDF Administrator Don Ralya, the RAM Program also compiled detailed operating manuals and public information videotapes, developed procedures for community outreach and homeowner counselling, created an automated loan

closing and servicing software program, and originated over \$10 million of reverse mortgages throughout California. In 1983, the RAM Program began training public and nonprofit agencies and private lending institutions in other parts of the country. Similar programs are now operating or being developed in Tucson, Milwaukee, Boston, Nassau County (NY), Cincinnati, Connecticut, and Washington, D.C.

The general characteristics of the fixed-term reverse mortgage as written by the RAM Program include the following: a) Other things being equal, monthly loan advances are proportional to the borrower's equity. That is, the more valuable the home, the greater the advances can be. If a homeowner could prudently borrow \$100 per month on a \$40,000 house, she or he could borrow twice as much on a home worth \$80,000. b) Reverse mortgages basically mirror the cash flows of "forward" mortgages. On a conventional mortgage loan, there is a single lump sum advance to the borrower at closing. It is then repaid in monthly increments over the term of the loan. With a reverse mortgage, the loan is advanced in monthly increments over the term of the loan. But it is repaid in a lump sum only when the term is over. c) Reverse mortgage interest accrues more rapidly as the loan term progresses. The loan balance begins at a very low level with the first monthly loan advance to the borrower. On a conventional forward loan (\$80,000 at 14% over 30 years), first year interest

charges are \$11,192. But on a typical reverse loan (\$80,000 at 14% over 10 years), first-year charges are only \$290. After ten years, the interest on the forward loan is more than two and one-half times the interest on the reverse loan. In addition, nearly 97 percent of the payments on the forward loan are for interest (3% for principal). But on the reverse loan, cash advances to the borrower represent nearly one-half of the eventual loan balance. d) There is a trade-off between the length of the term and the amount of the monthly advance. The longer the term, the smaller the advance; the shorter the term, the larger the advance (Weinrobe, 1984).

Fixed-term reverse mortgages are not appropriate for most persons who wish to remain in their homes indefinitely. They have been used for a variety of limited-term purposes, however. Some borrowers have needed monthly income supplements for a transition period in their lives -- until a pension starts, until a buyer can be found for the home, until an opening becomes available in a congregate living facility. Others have used the monthly advances to pay for in-home services or nursing care for a spouse. Some of the oldest borrowers have taken out a loan with a term that matches or exceeds their life expectancy. Fixed-term reverse mortgages do not guarantee a lifetime stream of income, however. They only provide monthly advances for the term of the loan, and then must be repaid in full or refinanced.

If the term is shorter than the borrower's life expectancy, then it is likely that the borrower will outlive the term. However, if the loan is conservatively structured (i.e., if it has a low initial loan-to-value ratio), or if the property appreciates substantially during the term, then there may be sufficient remaining equity at term to permit postponement of repayment, or to pay off the first reverse mortgage and finance a second one. Alternatively, the borrower may sell the home at term while retaining occupancy rights under a sale lease-back arrangement. In general, however, a fixed-term reverse mortgage with a loan term that is shorter than the borrower's life expectancy will serve best as an interim cash flow device for people who expect, intend, or realize they may have to sell at a later time. It gives them added years to live in their homes.

2) Open-term reverse mortgage. A long-term, open-ended reverse mortgage was introduced in early 1984 by American Homestead Mortgage Corporation (AHMC), a mortgage bank licensed by the State of New Jersey. By August the AHMC "Century Plan" was being marketed by Prudential-Bache Mortgage Services as an "Individual Retirement Mortgage Account" (IRMA).

The IRMA is a long-term, open-ended reverse mortgage loan that is paid out to the borrower in monthly cash advances. The borrower receives these advances every month until the borrower dies or moves. But the borrower

is not obligated to make any loan repayments until she or he dies or moves.

Interest is charged on the monthly advances and added to the loan balance. The interest rate does not change during the loan term. The borrower agrees to pay "additional interest" at the end of the term equal to some percentage of any appreciation in the home's values during the term of the loan. The percentage of appreciation to be paid to the lender depends on the amount of the monthly cash advance that the borrower elects to receive. The higher the monthly advance, the greater the appreciation share owed the lender.

Other factors that influence the amount of the monthly advance are the borrower's age, the fixed rate of interest, the number of borrowers (that is, sole or joint ownership), and the home's value. Monthly advances are "fixed" throughout the term of the loan; they do not increase or decrease.

At the end of the loan term, the borrower's total liability is limited by the value of the home at that time. (The outstanding loan balance and additional interest taken together may by that time exceed the home's value. In that case, the lender may recover only 94% of the value of the home at that time.) The total amount of additional interest that the lender may earn is also limited by a "hyper-inflation" clause. Any appreciation in excess of what would result from an annual average



value increase of 15 percent is excluded from the additional interest calculation.

If the lender fails to make monthly advances as promised throughout the term of the loan, then the borrower is forgiven all interest. The borrower's only obligation in the case of default by the lender is to repay the loan advances at the end of the term, having received in effect an interest-free loan. In this situation, the borrower also retains any increase in the home's value.

The cost of the IRMA to the borrower will depend on how long the borrower remains living in the home, and how much the home increases in value. Persons who remain in their homes a short time or whose homes increase substantially in value will pay relatively more for the loan advances. On the other hand, persons who remain in their homes a long time or whose home increases little in value (or not at all) will pay less for the loan advances. The plan is likely to appeal most to persons who intend and expect to remain living in their homes indefinitely.

The IRMA is available to homeowners aged 62 to 99 in the five metropolitan counties of Philadelphia and throughout the state of New Jersey. The home must be owned debt-free, although a separate lump sum loan can be arranged to pay off existing debt that does not exceed \$15,000. The IRMA requires a \$100 refundable application fee. But there are no "points" or other origination fees.

Closing costs are limited to third-party payments such as title insurance, recording fees, and termite certification (Scholen, Weinrobe and Perkins, 1984).

B) Sale Plans

Reverse mortgages involve borrowing against home equity. Another approach to home equity conversion involves selling some home equity while retaining occupancy rights. There are two basic forms of sale plans: sale leasebacks and life estates.

1) Sale leaseback -- In this type of plan, the homeowner sells the home to an investor, who immediately leases it back to the seller for life. The seller becomes a renter in the home she or he just sold. The investor can be an individual, a limited partnership, or an institutional interest. The sale leaseback contract spells out all the rights and responsibilities of each party. Typically, the new owner takes over all expenses such as taxes, repairs, and insurance. The seller gets a down payment plus regular monthly payments through a land contract or deed of trust.

Sale leasebacks involve complex legal and financial arrangements. The key contract provisions are inter-related and open to negotiation. In addition, the long-range costs and benefits of specific transactions are difficult to gauge because of inherent uncertainties such as life expectancy, repair costs, property tax increases,

inflation, and property appreciation.

Two-party deals of this type have been made on an ad hoc basis for years, especially within farm families. The first copyrighted sale leaseback product in America was developed by G. Robert Henry of the Fouratt Corporation in Carmel, California.

In this specific plan, the home is sold at a discount that is related to the life expectancy of the seller. The purchase price is then divided into a down payment and a fully amortizing, fixed-rate loan from the seller to the buyer. The term of the loan is also related to the seller's life expectancy. The buyer must purchase a deferred annuity for the seller that begins making monthly payments to the seller in the month following the final loan payment. Since the amount of the monthly annuity payments is equal to the loan payments, the seller is guaranteed a lifetime stream of equal monthly payments. The contract also includes an annually renewable right to lease and a control on rent increases.

The Fouratt Corporation serves as a broker between the buyer and seller. Another copyrighted plan, the Golden Retirement Annuity Mortgage Account, was introduced during 1984 by the Family-Backed Mortgage Association of Oakland, California. This is a more costly plan, however, because it involves institutional lending rates and a commercial whole life immediate annuity rather than seller financing and a deferred annuity. The National Center for Home

Equity Conversion has developed an 80-page "Sale Leaseback Guide and Model Documents" package for sellers, buyers, and their attorneys who wish to negotiate a two-party transaction on their own (Ernst and Weinrobe, 1984).

Unfortunately, the federal tax consequences of sale leaseback plans have not yet been fully clarified by the Internal Revenue Service. The federal tax code does not clearly spell out the full extent to which a seller's occupancy rights may be safeguarded without jeopardizing the tax status of the transaction. The code is unambiguous with respect to situations in which the seller retains a rent-free life estate, and in which the seller retains minimal occupancy rights. But neither of these extremes represent a viable transaction. Legislation clarifying this situation was introduced in 1984, but was not enacted into law.

2) A "life estate" is a total ownership right that lasts until death. At that point, the home becomes the property of the party to whom the now deceased owner had previously sold a "remainder interest". This division of ownership rights into two parts has also been termed a "split equity" arrangement.

The first plan of this type was developed in Buffalo with substantial technical assistance from Jack Guttentag of the Wharton School and \$1.3 million in Housing and Urban Development block grants. A nonprofit entity, Home Equity Living Plans (HELP), was incorporated to operate

the program. In exchange for relinquishing title at death, under this plan the homeowner receives immediate property rehabilitation, a lifetime maintenance contract, payment of all property taxes and a monthly cash annuity for life, or a one-time lump sum cash payment. If HELP fails to make good on its responsibilities, under the contract the corporation loses its remainder interest in the home. On the other hand, this plan includes no death benefit. The overall HELP program is strongly targeted to housing conservation and neighborhood preservation goals. It is also designed to become a permanent, self-sustaining program. The HELP program had closed 60 contracts by mid-1984 (Guttentag and Garnett, 1981).

C) Special Purpose Loans

Special purpose loans do not have to be repaid (principal or interest) until the borrower dies or sells the home. But all loan proceeds must be used for a specified purpose. The two basic types of special purpose loans are distinguished by the manner in which the funds are disbursed: in a lump sum, or in a stream of regular advances. The former are referred to as "deferred payment loans" (DPLs), while the latter have been called "home equity payment accounts".

1) Deferred payment loans have been used by many local housing agencies to upgrade the quality and affordability of homes owned by older people. The most common form of

housing disinvestment by the elderly is undermaintenance. This can contribute to neighborhood decay, and may also perpetuate unsafe or grossly inconvenient living conditions. Another foregone housing expense -- weatherization -- can mean greater energy costs, less comfort, and health risks for older homeowners. A third type of housing investment includes modifications such as ramps, rails, door latches, chair lifts, monitoring devices, security measures, and so forth.

Most older homeowners are financially capable of making these kinds of investments. The problem is that their ability to pay for them is in the form of home equity rather than current income. The reluctance of many to borrow money for these purposes is due to their inability to repay an installment loan from current income.

Deferred payment loans solve this problem. A state-wide, state-financed program of such loans in Wisconsin found ready acceptance by low-income older homeowners in targeted neighborhoods. DPL programs are administratively simple and can be efficiently delivered through existing loan channels. The National Center for Home Equity Conversion has published a detailed handbook for developing and operating a DPL program (Perkins, 1984).

2) Home equity payment accounts enable homeowners to use home equity to pay for regular, periodic expenses such as property taxes or in-home services. The cost of these expenses is not paid in cash, but charged to an account.

The charges plus interest may be paid at any time, but they are not due until the homeowner dies or sells the home. This "new way to pay" is in fact a series of loan advances with repayment postponed until the home's value becomes available.

At present there are tax deferral programs in the following states: Alaska, California, Colorado, Florida, Georgia, Illinois, Iowa, Kentucky, Maryland, Massachusetts, New Hampshire, Oregon, Tennessee, Texas, Utah, Virginia, and Washington. The programs vary substantially in design. Some are not available statewide. Most place a limit on household income and require a minimum age of 65. Interest rates vary from 6 percent to 10 percent.

A similar plan of payment for in-home services is being developed by a social services agency in conjunction with a corporate donor in the U.S. midwest. In this case, a commitment of substantial start-up capital would allow the project to tailor a cash flow structure to the needs of the program's participants. This program proposal is similar to a plan now operating in Musashino, a suburb of Tokyo.

## CONCLUSION

Older persons hold substantial equity in their homes. Over the coming years, they will encounter various opportunities for converting some of that equity into income

without having to give up their homes. These home equity conversion plans are now in an early stage of testing and demonstration in various areas.

The sound development of this new financial services marketplace will require four basic ingredients. First, home equity conversion plans must meet real needs of older homeowners at a reasonable cost and with sufficient safeguards. Second, potential consumers must have complete and detailed information about these plans plus access to competent legal advice and financial counselling. Third, public policymakers must remove legal and regulatory barriers, and establish positive incentives for the development and use of sound plans needed by an informed public. And fourth, the public media and organizations concerned about the well-being of older persons must closely monitor and report on the development process.

Where there is great opportunity, there is also great risk. Sound ideas can be abused and misused by predators who masquerade as caring persons. Any new scheme purporting to convert home equity into income should be subjected to intense legal and financial scrutiny. Only the plans that clearly pass these tests should be considered by older homeowners.

Home equity conversion is not for everyone. It cannot help the poorest of the old, who rent rather than own. It can neither create nor increase wealth. It involves cost and risk, and it reduces one's estate.



But home equity conversion can be a sound decision in the right circumstances. In general, it can augment the utility of private resources, expand the range of personal asset management choices, and increase the economic independence of older persons. More simply, it can unlock the single most important financial asset held by a rapidly-growing segment of the North American population.

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# 4

## SHARED APPRECIATION AND HOME EQUITY CONVERSION: IDEAS WHOSE TIME HAVE COME FOR CANADIANS

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I welcome the opportunity to speak on the topic "Innovations in Housing and Living Arrangements for Senior Citizens" although I must say that I come to this conference with a certain degree of skepticism regarding the environment for innovation. This is not my first opportunity to speak to members of the Canadian Association on Gerontology (CAG) on this topic. In 1980, I spoke at the CAG Annual Meeting in Saskatoon about the need for multi-level care facilities (Bairstow, 1980). At the time I was told that it was a great idea but that we would never get the health, social services and housing people together to talk so we would never have much luck at providing a continuum of care in many housing projects for seniors.

In 1982 I spoke at the CAG Annual Meeting in Winnipeg about reverse mortgages (Bairstow, 1982). At that time, only two home equity loans had ever been processed in Canada -- by Metro Trust in Toronto. Unfortunately, this firm was taken over by the more conservative lender, Victoria and Grey, who immediately cancelled the program, called the "Independent Income Mortgage" which they considered as far too radical an initiative. Other than the Economic Council of Canada (Bartel and Daly, 1981),

only one province, Alberta, had carried out any significant research on the topic (Alberta Housing and Public Works, 1979). But, unfortunately, this work was carried out at a time when Alberta was spending \$1.6 billion on housing programs. Alberta was spending so much money on repair and construction programs for apartments, lodges, and nursing homes that the demand for exploring ways to keep seniors in their own homes at limited cost was minimal. In 1980, Nova Scotia was poised to introduce a home equity dissavings plan, but dropped the idea shortly after the Alberta studies were completed. In 1982 at the CAG meeting in Winnipeg, I therefore had to conclude, regarding the future of reverse mortgages, that Canadians were afraid of them, that lenders thought they required too much work to develop, and that governments did not feel it was their role to pioneer innovative ideas.

Now, in late 1984, I think that politics and economics are such that shared appreciation and home equity conversion schemes may be viewed in a different light. The economic climate that fostered the development of such innovative schemes in the United States is now with us in Canada. With a \$35 billion deficit, it is clear that the days of deep government subsidized programs are over. Hardly anyone builds public housing anymore because of the huge costs and public opposition to large concentrations of social housing units in one area of a city. Non-profit

and co-operative programs, while more socially acceptable, have been roundly criticized as far too expensive in relation to the number of people served. As a result, I believe that these programs will soon be discontinued by the new government in Ottawa. The only other panacea left is shelter allowances, and this concept, while already in place in B.C., Manitoba, Quebec, New Brunswick and Nova Scotia will probably not go anywhere federally because of the current financial climate.\*

#### THE AMERICAN SITUATION

When we turn south of the border to see what is going on, the differences from Canada are mindboggling. The Reagan government is conservative, far more so than anything that currently exists in Canada. However, the Americans are actively involved in researching innovative housing solutions. They are developing home equity conversion and shared appreciation programs that use both public and private sector funds as levers to provide affordable housing.

In the area of home equity conversion, in the United States in the first nine months of 1984, no less than 46 articles were written on the progress of various schemes. In addition, the National Center for Home Equity Conversion in Madison, Wisconsin has published no less

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\*Editors' Note: See Zamprelli's chapter, this volume, for further discussion of the shelter allowance concept.

than 12 major reports on the subject, and the San Francisco Development Fund's Reverse Annuity Mortgage Program has even produce two video tapes to help introduce potential clients to what can be a rather frightening concept. As of last month, there were active home equity conversion programs in Pima County, Arizona; San Francisco, Haywood, Santa Ana, Redwood City, San Jose, Palo Alto, Carmel, and Oakland, California; New York, Buffalo and Nassau County, New York; Miami; Boston; Mount Laurel, New Jersey; Madison and Milwaukee, Wisconsin. Other locations where programs are currently being developed include Los Angeles; Santa Cruz; Denver; Hartford, Conn.; Washington, D.C.; Tallahassee, Florida; Minneapolis-St. Paul; St. Louis, Missouri; and Cincinnati, Ohio.

#### THE NEED FOR EQUITY SHARING AND HOME EQUITY CONVERSION PROGRAMS IN CANADA

A brief review of the statistics indicates that in 1982, there were 1.2 million Canadians over 65 who fell below the poverty line and required guaranteed income supplementation. We also know that the elderly are growing at a rate faster than any other age group. The Economic Council of Canada (1979) suggests that the elderly will reach seven million by the year 2031, by which time, 33 percent of Canada's population aged 20 and over will be elderly, compared to only 15 percent in 1983. In 1981, almost two-thirds (62%) of the elderly owned a house. Translated into elderly households, there were

TABLE 1:  
TENURE BREAKDOWN BY PROVINCE FOR SENIORS AND NON-  
SENIORS

Province	NON-SENIORS						SENIORS					
	Owned			Rented			Owned			Rented		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Newfoundland	99,205	79.3	25,985	20.8	20,500	88.3	2,725	11.7				
Prince Edward Island	22,185	76.1	6,960	23.9	6,300	74.0	2,210	26.0				
Nova Scotia	152,400	70.3	64,460	29.7	42,915	76.2	13,425	23.8				
New Brunswick	126,760	73.0	46,795	27.0	30,925	74.7	10,445	25.3				
Quebec	1,004,955	54.1	850,780	45.9	152,475	48.1	164,460	51.9				
Manitoba	185,495	65.9	95,995	34.1	50,080	65.5	26,400	34.5				
Saskatchewan	185,630	71.6	73,515	28.4	56,870	77.3	16,690	22.7				
Alberta	407,580	61.7	253,280	38.3	70,630	72.5	26,750	27.5				
British Columbia	522,605	64.0	293,630	36.0	118,845	65.9	61,570	34.1				
Ontario	1,550,515	63.3	899,465	36.7	328,430	63.2	191,375	36.8				

Source: Statistics Canada (January, 1984). 1981 Census of Canada: Private Households, Catalogue 92-933.

877,970 who owned their homes in 1981, compared to 516,050 who rented (Table 1). If we assume that at least half of the elderly have a serious income problem, then we know that there must be at least 400,000 elderly homeowners in Canada who are asset rich but income poor and would likely welcome an opportunity to supplement their income while being allowed to stay in their most prized possession, their home. It should also be noted that although it is commonly believed that elderly homeowners don't have an affordability problem because many have paid off their mortgages, nevertheless, they still have utilities, repairs, and maintenance costs to contend with. A study completed last month by the Saskatchewan Housing Corporation (September, 1984) noted that of the 56,870 elderly homeowners living in that province, 33.2 percent were paying over 30 percent of their income for shelter. Clearly then, there is a market out there. The key is to pursue it through information, public awareness, and linkages between the potential clients, non-profit agencies, government housing agencies, and lenders.

#### BRITISH AND AMERICAN EXAMPLES

In the United Kingdom, reverse mortgages have become increasingly popular over the past decade. Since Hambro Provident first introduced their scheme in 1972, approximately 3,000 plans have been written and they are currently writing a million pounds worth of business per month.

Britain is also well known for its experience with leasehold sheltered housing for elderly homeowners. Because sheltered housing was initially developed only as rental accommodation, it was not available to elderly homeowners - whose assets were generally above the maximum permitted for tenants. Leasehold sheltered housing was developed to remedy this problem.

The program works as follows. In return for a capital investment, an elderly person obtains a long term lease to a sheltered housing unit. The individual is thus able to enjoy the advantages of sheltered housing while maintaining his status as owner-occupier and, in most cases, benefits from any capital appreciation on his new home. And, as an added advantage, elderly home-owners who are trading down may free up capital to supplement their income. Recently, Mr. David Sherebrin (1982; 1984) completed two reports for the Canada Mortgage and Housing Corporation (CMHC) detailing the British scheme and discussing its applicability to the Canadian context. For those who are interested, copies of these reports, I understand, can be obtained from CMHC's Canadian Housing Information Centre in Ottawa.

In the United States, the State of California has been a pioneer in home equity conversion and shared appreciation programs. In 1978 the Department of Housing and Community Development actively began exploring shared appreciation or what they originally called "homeownership co-investment". Research led to the introduction of the California



Homeownership Assistance Program (CHAP) by the state in 1979. Essentially, programs of this kind allow housing, whether rental or ownership, to be financed at considerably lower interest rates and therefore can dramatically increase housing supply and affordability. Public or private funds are co-invested with the funds of the prospective homebuyer to enable the household to purchase and carry a home. Repayment of all or part of the invested funds is deferred until the property is sold, or the household is able to refinance or make full payments. The coinvestors share in the home's appreciation, and the program is, therefore, financially self-sustaining.

In the California program, the Housing and Community Development Department provides loans of up to 49 percent of the purchase price of a dwelling unit to enable households to purchase housing. The CHAP loans are deferred and do not bear interest in the conventional sense, rather, the state receives contingent interest based on property appreciation over the life of the loan. For example, if the state lends \$10,000 to help finance a \$50,000 home, the borrower owes the state \$10,000 plus 20 percent of the value of the appreciation. If the home is sold for \$100,000, the state will receive \$20,000; the original \$10,000 plus 20 percent of the appreciation. 1982-83 was the first year of the program's operation and in that year, 209 loans were approved in eight cities, four counties, and three housing authorities.

Shared appreciation is a very flexible concept which allows local agencies to invest in the affordable housing stock, and receive a return on their investments. With a shared appreciation program, units can be sold and resold at market value without artificial controls or restrictions. Agencies can place the return on their investments in a revolving fund and then use those resources to help other potential buyers. Recycling public resources in this way is consistent with the current view that public funds are very limited.

Furthermore, equity sharing is adaptable to other uses. It can be a program by itself, as in the California CHAP program, it can be structured to revive non-functioning programs, or it can be used as a basis for new programs. In San Francisco, a non-profit group called BRIDGE (Bay Area Residential Investment and Development Group) is using shared appreciation techniques to produce over 1,000 housing units per year for families with incomes from \$12,000 to \$25,000, in a market where the price of an average single family home is \$133,000, compared to the national median of only \$86,000. BRIDGE uses highly-leveraged non-government moneys, linking private businesses with local non-profit organizations. Mr. McKnight, the new Minister of Labour and Housing in Ottawa, would do well to direct CMHC to look south of the border to learn how Canada might duplicate some of these techniques. In fact, such approaches may be the only way

to salvage the federal non-profit and co-operative housing programs.

Shared appreciation can also be used for housing rehabilitation programs. For example, the housing authority of the city of Santa Rosa, California provides shared appreciation loans to low-income owner occupants to rehabilitate their homes. Repayment is deferred until the household is able to afford monthly payments or the property is sold. In this program, the borrower and the housing authority enter into an equity participation agreement. A note, secured by a deed of trust, establishes the terms of the agreement. The homeowner agrees to terms for repaying the principal and interest, and for participating in the program.

The household may terminate the equity partnership at any time, provided that it pays the housing authority an amount proportionate to the rehabilitation assistance provided. Improvements made to the property during the term of the partnership will be credited to the owner.

In the United States, the idea of using home equity to supplement income has been around for about a decade, and was first proposed by Professor Yung-Ping Chen, then an economist at UCLA, in 1973. In that year, CMHC invited Dr. Chen to come to Ottawa to describe his HAP or Housing Annuity Plan. The first national conference on home equity conversion took place in Madison, Wisconsin in May, 1979 and in 1980 the first book on the topic, "Unlocking

Home Equity for the Elderly" (Scholen, 1980) was published. In 1982, the National Center for Home Equity Conversion was set up to promote and co-ordinate a variety of research, development, and public information. This project probably had more to do with expanding development of home equity conversion than perhaps any other single event. Canada would do well to consider a similar venture to give impetus to the development of such a new and complex idea.

Generally speaking, there are three approaches to home equity conversion: reverse mortgages, sales plans and special purpose loans.

Reverse annuity mortgages (RAMS) while being the most popular form of home equity conversion in the U.S., have not gone anywhere in Canada, partly because prior to March 1983, the tax treatment of such programs was a disincentive because interest earned would be taxed or used to reduce federal or provincial guaranteed income supplements. However, in March 1983, Bill C-139 was approved by parliament which considerably altered the tax treatment of RAMS. Under the bill, interest on money borrowed to purchase an annuity on which payments have commenced will now be deductible within limits. The only limit to the interest deduction for most RAMS is the amount of accrued income on the annuity which is taxable in the year. Since the mortgage interest will normally be at least as large as the annuity income, the two factors will offset

each other. Hence, taking out a RAM will no longer affect a person's net income for tax purposes. The implications of this are that the Guaranteed Income Supplement and provincial supplements will no longer be reduced and taxpayers will no longer suffer an increase in tax liability from participating in a RAM.

### CONCLUSION

Shared appreciation programs can help produce affordable housing at little cost to taxpayers, and home equity conversion programs can help elderly homeowners unlock their equity, supplement their income, while at the same time allowing them to remain in their home for much longer than was previously possible. There is no reason why Canada's elderly should not have the same options as their counterparts south of the border or in Britain. Federal and provincial housing agencies need to provide leadership through significant funding of research and pilot projects. At the same time, lenders need to worry less about profits and risk, and spend more time developing innovative financing techniques that can benefit all segments of society. Finally, the most significant pressure and lobbying needs to come from the elderly themselves, many of whom do not want to live in government subsidized apartments, but would like to maintain their independence through using their own assets, rather than those of the government. I believe that the climate and the politics are now right for such initiatives.

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# 5

## FEDERAL HOUSING PROGRAMS

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This paper briefly outlines programs that are available to the elderly which are sponsored by the Federal Government and delivered and managed by Canada Mortgage and Housing Corporation (CMHC).

CMHC is a Crown Corporation, not unlike Air Canada, Atomic Energy, and now, the Post Office. CMHC's primary role is to administer the Federal Government's housing policies. The major legislation through which this is done is the National Housing Act which was originally put in place in 1944.

Since housing in Canada, under the British North America Act, is a Provincial responsibility, the Federal Government chose to influence housing development through financial mechanisms. Originally, the objective was to encourage lenders to make more funds available for housing through a system of joint venture loans. In 1954, the Act was amended to permit the Corporation to insure loans made by lenders approved by the Corporation. This insurance arrangement allowed CMHC to guarantee loans made by the lender if certain terms and conditions were complied with. Some of these included using a standard mortgage document,



conforming to certain construction standards and charging an acceptable interest rate. There were a number of beneficial by-products to this venture. One being, a national building code for residential buildings, another was the initiation of a professional appraisal service in Canada.

These basic principles of loan insurance established some 30 years ago, remain in place today.

#### AID FOR ELDERLY HOUSING, 1944-1984

Although CMHC dates back to 1944, not very much was done to aid in housing the elderly between 1944 and 1954 because the primary concern during that period was to house soldiers returning from the war.

However, by 1949, the government recognized that some poor people were not being reasonably housed and undertook to develop some public housing projects to accommodate them. While this housing was not specifically directed at the elderly, it did provide accommodation for those elderly who qualified on the basis of low income.

As noted above, the insuring mechanism did not come into place until 1954. Its purpose was to get the lenders to use their funds to finance the demand for housing. At the same time, CMHC was empowered to act as a lender and remained active as a lender until about 1975. This was done to ensure a flow of capital funds into the housing industry where private lenders were not making funds available. CMHC continues to fill this role but the

number of loans are very small as adequate funds are being supplied by the lenders.

From the inception of Federal housing programs, senior citizens have not been singled out. Rather, the Corporation developed programs which took into account the needs which are commonly associated with the elderly. To illustrate, there are a number of senior citizen homes along Marine Drive in Vancouver that were built about 15 years ago. The funding for these projects was made under a program for low income people. Occupants were to pay 25 percent of their income, the remainder of the operating cost was to be and is borne by the Society sponsoring the project. It is therefore not a criteria of age to get into the project, but rather one of income. This program, which was in place some 15 years ago, should not be confused with a program now sponsored by the B.C. Government which is called The Senior Citizens Housing Construction Program that caters to the same segment of society.

The Corporation, on behalf of the Federal Government, over the last 25 years, has provided assistance to the elderly directly or indirectly through a variety of programs which include:

- direct CMHC loans for new and existing homes
- direct loans for new rental housing
- loan insurance for all ownership and rental housing
- home improvement loans

- low rental housing assistance
- co-operative housing assistance
- neighbourhood improvement
- residential rehabilitation assistance
- land assembly
- rural and remote housing
- emergency shelter
- research and education
- public housing
- direct construction and housing management

It is estimated that over the past 25 years, approximately 146,000 dwelling units and 47,000 hostel beds have been provided for the elderly through programs directly funded by CMHC. (Some 12 percent of these units and beds are located in British Columbia). A further 40,000 units in Canada, occupied largely by elderly persons, have received a rental subsidy through CMHC. And under a program that has operated for the past 10 years called the Residential Rehabilitation Assistance Program (RRAP), there have been some 174,000 dwelling units, 85 percent occupied by seniors, which have received benefits in the form of forgivable loans. In total, it is estimated that the Corporation has assisted the elderly at the rate of at least 16,000 units per year over the past 25 years.

#### CURRENT INVOLVEMENT IN HOUSING FOR THE ELDERLY

CMHC's major thrust in assisting the elderly today is through a program of loan repayment assistance to public

and private non-profit societies, corporations and co-operatives. Under this program, CMHC will insure a loan granted by an approved lender of up to 100 percent of the cost and assist non-profit societies, corporations or co-operatives with a write-down of the interest cost to as low as an effective two percent interest rate. The amount of the write-down is dependent on the income of the occupants. The reason for this is to encourage non-profit groups to have an income mix in their projects for both social and economic reasons. Non-profit groups which cater specifically to senior citizens however receive additional assistance from the Province of B.C. for self-contained housing. These projects, therefore, tend to be occupied by lower income persons.

In 1984, the Corporation expects to fund (under section 56.1 of the NHA) 2,500 units of non-profit and co-operative housing in British Columbia: about 15 percent of these units will be specifically directed toward senior citizens self-contained housing units and care facilities.

The balance will go to non-profit societies and co-operatives to house people of low and moderate income, some of whom will, no doubt, be elderly persons.

The Corporation will continue to assist the elderly with Residential Rehabilitation Assistance Program loans. These loans, of up to \$10,000 of which up to \$5,000 can be forgiven, help the owners of housing that is in need of repair in designated areas. A very large percentage of

these loans, which are funded directly by CMHC, go to seniors. We know this because the average age of the borrowers is about 55.

We also assist seniors with the purchase of homes through our system of loan insurance. These numbers are small, but the benefit and opportunity is available.

Indirectly, we assist seniors who wish to sell their homes by insuring the loan made to the purchaser for the acquisition. Without such insurance, some of the loans may not be made available or the amount of the loan might be lower and the interest rate higher, putting the cost out of reach of the purchaser.

Also, indirectly, we assist seniors with market rental housing by encouraging more rental housing to be built so that an elderly person or couple can sell their home and have a wider range of rental accommodation to choose from.

While the provisions of the National Housing Act allow CMHC to do a variety of things to assist seniors with their housing needs, we continue to be open to new ideas.

To that end, the Corporation has funded a number of papers written by academics at various universities across the country and has assisted conferences, such as this one, through grants and by having a number of our staff participate.

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## **PART III: THE DEVELOPMENT PROCESS**

# 6

## THE DEVELOPMENT PROCESS AND THE CO-OPERATIVE DIFFERENCE

Shirley Schmid  
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The developer of a housing project, any developer, of any project, must co-ordinate the following factors to a very tight legal and financial time schedule:

- Land acquisition
- Design
- Financing
- Municipal approvals
- Construction
- Marketing

To achieve the end result of a completed, fully occupied housing project, the developer must initiate action by, and monitor the activities of:

- Lawyers
- Architects
- Lenders (Banks, Trust Companies, etc.)
- Contractors (Builders)
- Municipal Planning Departments

On completion, the developer must either assume responsibility for marketing the project (in the case of a strata development) or prepare to provide on-going management (in the case of a rental development).

The process is basically the same for the private market developer, the non-profit sponsoring society or the incorporated co-operative. It is capital intensive, time

intensive and risky and requires a great deal of administrative capability and expertise.

Where the sponsor (developer) is a non-profit society and/or a non-profit co-operative the process is further complicated by lack of capital to acquire land and hold it for sufficient time to proceed through the development process and then to fund the process itself. This paper focusses on the process from the perspective of co-operative development, my field of expertise, where both interim development capital and ultimately, operating assistance must be sought and obtained from the Federal Government.

### THE CRITICAL PATH

The necessary activities and the minimum time span required to perform them are as follows:

Day 1 Interest in Land, appropriately zoned for purpose decided upon is confirmed. The land may be already owned (as is often the case with church groups), optioned or on assured lease from the Municipality.

Day 1 + 2 Months Preliminary plans and cost estimates approved and submitted to Canada Mortgage and Housing Corporation (CMHC) together with a budget to cover anticipated costs and to proceed to working drawings and a request to CMHC for an advance of funds to cover these costs. Development permit sought from Municipality.



- Day 1 + 2.5 Months Plans revised to CMHC satisfaction, estimates approved, interim funds to proceed to the working drawings stage approved and advanced, Municipal approvals received.
- Day 1 + 4 Months Working drawings submitted to tender and to CMHC.
- Day 1 + 4.5 Months CMHC reports any changes required to working drawings.
- Day 1 + 5 Months Results of tenders reported, contractor chosen, required changes negotiated, Approved Lender Request for Undertaking to Insure submitted, together with first draw application backed by "Statement of Adjustments" re taxes, legal costs, etc.
- Day 1 + 5.5 Months Changes to Form 301 estimates negotiated and confirmed. Undertaking to Insure issued, and 990 covering first draw for land purchase, off site service payments to Municipality, organizational expenses, architectural expenses and repayment of interim capital advanced.
- Day 1 + 5.75 Months Deed and Mortgage registered.
- Day 1 + 6 Months Construction start.

In terms of getting a project off the ground, the problems and process are very similar for a non-profit society sponsoring a senior citizens rental project except that, in the case of a society, permission must first come from the Province before Federal funding can be obtained

and that permission carries with it agreement to contribute 1/4 of the capital costs as a grant. Co-operatives deal directly with the Federal Government through CMHC and are not entitled to the grant.

While only six months and nine steps do not seem overwhelming, it should be pointed out that the Development Process Manual prepared by the Columbia Housing Advisory Association, representing a "brief" introduction to the process, contains examples of 23 legal and governmental report documents that must be completed. The requirements for preparation of CMHC Form 301 (the Capital and Operating Cost statement and documentation) which applies to both rental and co-operative projects are described in a further 37 page document (Resource Group Memorandum #6) produced by the Co-operative Housing Foundation of Canada.

In addition, it should be noted that the Critical Path activities do not commence until the sponsoring group has:

- Documented the need to do "it".
- Decided to respond to the need and undertaken the responsibility to do "it".
- Determined what it thinks "it" is, as an appropriate solution to the need.
- Acquired the agreement of Government that the "it" proposed is appropriate, does need to be done and that the sponsoring group has a clear understanding of what is required and the ability to do it and that Government is prepared to advance money to the group to fund the process because it is confident that this money will be repaid from the mortgage proceeds.

- Acquired the necessary interest in land or land and buildings.

"It" has been deliberately left undefined because the process applies generally to new construction in any habitable form so long as the units are self-contained, and to the purchase, rehabilitation and/or conversion of existing buildings.

This initial pre-development stage can take not months, but years. If the purchase is of raw land that requires rezoning, the municipal process alone can take 8-10 months and opposition from the local community can kill it at any time. If the land is already zoned the price is significantly higher. It is the land acquisition difficulty that has led sponsor groups to such different procurement techniques as:

- Purchase and rehabilitation of existing buildings.
- The developer proposal call or "TURNKEY ROUTE" wherein in the land owner/builder has taken or is prepared to take the rezoning and development risks to the Development Permit stage.
- The lease approach whereby municipalities have been persuaded to make municipality owned land available for non-profit housing, and quasi-public bodies like churches and even labour pension funds have been persuaded to buy and hold land for release for non-profit housing.

#### THE CO-OPERATIVE DEVELOPMENT PROCESS

A housing co-operative, of which there are now over

1,000 in Canada, is a corporate entity owned and controlled by its share holders who must be resident in as well as members of the co-operative. Collectively, they enjoy all the rights and responsibilities of owners. Individually, they lease their home from their co-operative and may not re-sell their shares at a profit. They are their own landlord.

A Resource Group, of which The Columbia Housing Advisory Association is one of 64 in Canada, is itself a non-profit society with two-fold capacity. Firstly, it must be able to control and administer the development process as outlined above and secondly, but even more importantly, it must have the capacity to instruct, train and advise a disparate group of people on the corporate and democratic responsibilities and techniques of management.

The co-operative development process and the role of the Resource Group in it is as follows:

Documentation of Need:

A group of people will form around a need to resolve their housing problems and incorporate a co-operative. They may seek assistance from a Resource Group or proceed on their own. Alternatively, a Resource Group may maintain a waiting list of people looking for a co-operative housing opportunity from which they form a group to consider a development in a particular location. The Resource Group would then assist with incorporation.

In both cases, the Resource Group contracts with the Co-operative to provide services. The Co-operative, the future residents, are in control from the very beginning. The Co-operative's position is that the "demand is the need". The Co-operative determines what type of project is required to meet their needs in compliance with the "modest housing" restraints imposed by CMHC regulations.

#### Start-Up Financing:

Under the recently introduced "Start-Up" process The Co-operative will submit a prospectus outlining:

- Where it hopes to build.
- What it hopes to build.
- What it estimates it will cost.
- Who, in terms of people and incomes, it intends to serve.
- The expertise contained within the group or its access to such expertise, e.g. a Resource Group.

This year all such proposals, named "Expressions of Interest" were given a September 26th deadline.

CMHC will appraise the proposals against the criteria shown in Appendix A and choose from among them those they think best fill the criteria and "Best meet the needs of CMHC". I am currently unsure what this means but am informally informed that it may have something to do with CMHC's determination of what is an appropriate market intervention in the local area.

If approved the group will be loaned up to \$30,000 for the purpose of confirming land interest and preparing preliminary plans and more detailed and accurate cost estimates.

These will be submitted to CMHC along with a group progress report on the extent to which criteria has been met at some future deadline date, probably in January of the next year.

If again approved, in competition with all others submitted, the group will be loaned a further sum, up to \$75,000, to proceed to working drawings, tendering, etc. At this point it is safe to assume that the project will enjoy, on final submission: a CMHC commitment, an Undertaking to Insure and Approval of Mortgage Contribution, provided it doesn't "blow itself out of the water" with expensive designs or uncompetitive construction costs or interest rates and, its operating cost projections are affordable by its intended residents.

If approved, the group will access:

- 100 percent mortgage financing from which they will repay the non-interest bearing interim loans received from CMHC.
- mortgage reduction assistance at a fixed amount per annum guaranteed for the total life of the mortgage, usually 35 years. This fixed sum is applied:
  - (a) to the reduction of monthly mortgage costs from the actual costs to the effective market rental rates. It is called the Supply-Side or Pre-determined Subsidy and the figure arrived at becomes the maximum monthly charge payable by the resident.
  - (b) to further reduce the monthly charge for residents whose incomes are less than four times the maximum,

called the Income-tested subsidy, so that no persons pay more than 25 percent of their income.

The portion applied to the "supply-side" subsidy diminishes at the rate of 5 percent per annum. The portion available for the income-tested subsidy grows by an equal percentage but any portion not used to actually subsidize low-income persons is repayable annually to CMHC.

The group will enter into a Section 56.1 (N.H.A. Enabling Clause) Operating Agreement covering this undertaking and several others.

#### THE CO-OPERATIVE APPROACH TO SENIORS

CMHC has taken the position in recent years that co-operative housing should be directed primarily to families while seniors housing per se should be the responsibility of the Provinces under Federal-Provincial "block-funding" agreements. Co-ops currently are limited to 25 percent seniors.

Having been involved with three seniors-only co-ops located in the Fraser Valley and a few more recent projects that have virtually become seniors, or at least "adults only" co-ops, my observations are that:

- they are well managed as a rental project, financially and physically.
- as a social entity they tend to:
  - be dominated by the men
  - be somewhat intolerant and establish occupancy rules for each other that no landlord would dare impose

- become insular as a community
- be very active socially within the housing community
- be largely caucasian

A different type of senior appears to be attracted to age-mixed projects. As part of a mixed family co-operative containing a wide income range, broad ethnic, family size and age mix, older people are simply people who participate fully and comfortably to the extent that their capabilities, time and health permits. This is particularly apparent in the involvement of women in co-ops. Over 50 percent of elected Boards of Directors of co-ops are women as are about 40 percent of the paid managerial positions in co-ops and in Resource Groups. Age is irrelevant.

The co-operatives have proven that, given the opportunity, people can learn what is necessary to develop and manage property, prefer to control their own affairs and respond with enthusiasm to decision making challenges.

It should be pointed out, however, that highly significant to the success of the co-operative self-determination and self-management approach, is the back-up superstructure that the co-operatives themselves have created which provides on-going education, trouble shooting, communication and financial assistance through the



Co-operative Housing Foundation, the national association, and through the Co-operative Housing Federation of B.C. and other similar regional organizations across Canada. In addition, the Resource Groups have established, through the Co-operative Housing Foundation, a self imposed monitoring and standards systems designed to maintain a high level of service to their client groups. In other words, co-operatives have expanded their individual self-help and self-determination approach to the sector level - 30,000 units of housing across Canada.

**APPENDIX A**  
**CMHC RATING GUIDE: EVALUATION OF EXPRESSION OF**  
**INTEREST/PROSPECTUS**

NAME OF PROJECT: \_\_\_\_\_ BRANCH: \_\_\_\_\_

CLIENT:  Family  Seniors  Singles  Mixed  Other REGION: \_\_\_\_\_

TYPE:  Private Non-Profit  Public Non-Profit  Coop LOCALE: \_\_\_\_\_

FORM:  Ground Oriented  Walk-Up  Elevatored Apt. ADDRESS: \_\_\_\_\_

ANTICIPATED UNITS: \_\_\_\_\_ BUDGET YEAR: \_\_\_\_\_ EVAL. DATE: \_\_\_\_\_

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INSTRUCTIONS: From an examination of the Expression of Interest and Prospectus if available, their attachments and all information available to CMHC on the market, the community and the previous experience of the group and its consultants, assess the degree to which evidence is available to support each of the following statements. At the Expression of Interest stage, complete only those items marked with an asterisk \*.

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**SECTION 1: GROUP ELIGIBILITY**

The group...

- \* 1. is or will be incorporated as a non-profit or cooperative body.
  - \* 2. is primarily dedicated to providing rental housing.
  - \* 3. is not motivated by a potential for gain.
  - \* 4. intends, to provide housing for low and moderate income households, consistent with program objectives.
  - \* 5. emerges from within the community to be served by the project.
  - \* 6. has or intends to have bylaws restricting payments to members.
- 

**SECTION 2: GROUP CAPABILITY**

The group...

- \* 1. is well organized.
  - \* 2. has developed membership or source of members such as a parent organization or from within the community sufficient to sustain the development of the project.
  - 3. has established contacts relative to project development, such as municipal planning staff, consultants and approval bodies.
  - \* 4. has or has access to the necessary skills to develop the project.
  - 5. has demonstrated competence in the management of its activities.
  - 6. has an appreciation of the complexity of the development process.
  - \* 7. has consultants with demonstrated competence in social housing.
  - 8. has an appropriate understanding of the long-term management obligations involved in a social housing project.
-

# 7

## WORKING WITH PRIVATE NON-PROFIT CORPORATIONS

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This paper is written from the perspective of a housing developer for private non-profit corporations. The word private in this context refers to voluntary or, more accurately, non-governmental organizations. These can be best described as associations of individuals who may or may not be interested in living in their own housing but who have undertaken community endeavors. Examples include the Rotary, St. Boniface Hospital, National Council of Jewish Women, Manitoba Society of Seniors, and such voluntary organizations. The term non-profit describes a recognized incorporated organization which has a legal constitution and by-laws, provides audits and essential materials to government, often has a charitable number, and works in the community on a non-profit basis to provide some service to a needful group.

In my work, I have three major contacts: the non-profit corporation itself, Canada Mortgage and Housing Corporation (CMHC), and City or Municipal authorities, particularly those concerned with zoning and planning.

My company is called BG Housing Consultants. Our objectives are to assist in all aspects of the development

and construction of social housing, to help non-profit groups to reach their goals and to get paid for our work.

BG Housing Consultants is a housing development partnership and consortium which involves two major partners: a large architectural, construction, management company, and me. It was our decision to enter into this partnership about two years ago using their experience in design and construction, especially in the development of seniors housing, and my experience in the development of seniors groups who are interested in owning and managing their own housing. Our objective is to facilitate the provision of high standard, secure and appropriate subsidized or rent-to-income regulated housing for senior citizens and for families. In this paper, I shall limit myself to describing my experiences with organizations or groups interested in developing housing for seniors and will focus on those who intend to live in the housing themselves. I will use as examples three groups that have developed seniors housing in Winnipeg, and then present what I perceive to be the strengths and weaknesses, and the major problems encountered by such groups in the development process.

The housing projects developed in the three examples are quite different though all are for senior citizens, all are rent-to-income housing, all had major input from senior groups, and all were negotiated with both the city and CMHC.

EXAMPLE I: THE GREATER WINNIPEG SENIOR CITIZENS  
NON-PROFIT HOUSING CORPORATION

The Greater Winnipeg Senior Citizens Non-Profit Housing Corporation was started in 1971 by the bringing together, under the aegis of a social agency, a group of seniors who were, at that time, quite tokenly involved in the development of their own housing. It was clear that the group itself was not regarded as a strong decision maker. They were part of an initial experiment. The Corporation was formed in order to establish the presence of a group of seniors who could own their own housing and who could then live in it. This was my first experience with this type of group process, design, construction, financing, management and tenancy.

The Corporation was facilitated by the social agency who did most of the negotiating with CMHC and with the designer, the developer, and before the agency finally became unnecessary, with everybody else involved. The result was the development of a Corporation which now owns two apartment blocks and manages both of them. All of the owners live in the apartment blocks but some were not part of the original development group.

This group provided minimum standard senior housing within the CMHC guidelines, in an excellent environment where the design was commented upon and reviewed by them before construction. Though they did not have a great deal of influence in changing the design to meet their needs, their input contributed to the best possible use

being made of amenity space, provision of more than average parking, and to the inclusion, by finding additional financial resources, of some amenities which were not standard in the housing being built at the time. Currently this group manages on its own, operates on its own, and though it is often in conflict with some of the procedures demanded by CMHC, continues to function and house people well. As developer, I provided staff to the group, sought resources, represented them, organized their original administration, found lawyers and architects and guided them through the demanded CMHC process of the day. The process, from conception to move-in, took over three years. At some times the process demanded all of the resources of the agency -- the secretaries, group workers, financial consultants, administrators, counsellors, lawyers, arbitrators, etc.

#### EXAMPLE II: THE ASTRA NON-PROFIT CORPORATION

The Astra Non-Profit Corporation originated through an advertisement in the newspaper soliciting persons who wished to be participants in a non-profit housing corporation that would house elderly persons who had more than minimum income. The understanding was that persons with income in retirement up to \$24,000 could apply, and many did. There were over 500 names on the original request-for-housing list. This Corporation, begun in 1976, developed into a vocal organization which, again with the help of an agency

and other resources in the community and with the developer, managed not only to plan their own housing, but insisted on commenting on the size of the units, the amenities that went into the project, the kind of neighbourhood in which it was placed, and the general building style. This group, is currently providing very high standard housing for elderly persons in a very preferential neighbourhood in Winnipeg. The group does not manage its own corporation, but rather, it has contracted with a non-profit management corporation to undertake this on their behalf. They retain ownership and meet as an ownership board according to regulations and according to need. The ownership corporation instructs the management corporation in the ongoing operation of the structure. The process, from newspaper ad to move-in, again took almost three years. I worked with this group, bringing to them the same skills, activities and resources as to the Greater Winnipeg Senior Citizens Non-Profit Housing Corporation, along with many other significant community resources.

#### EXAMPLE III: A NON-PROFIT ETHNIC ORGANIZATION

The third example is a non-profit ethnic organization which has been requesting housing for the last three years for south area residents. They requested a small number of units, 30 to 50, in a residential area of Winnipeg. The group is very experienced in handling bureaucracy and has provided information and leadership through its

various committees and experts who have attempted to get CMHC to recognize their need. In 1983, CMHC indicated an immediate interest. In 1984 they said "maybe in 1985". In 1985 they are saying maybe the group is on the list. This group is determined. It has hired our company as the developer to provide all the needed information to all the decision makers and to attempt to follow through on the machinations and paper work demanded to assure that a commitment will become available. There have already been two years of work in this development.

The role that the developer has played in all three examples is very similar. The developer has assisted the group in maintaining itself and bringing forward its leadership, has found land, has negotiated with architects and other professionals, has tendered and arranged for contracts, has discussed design, has addressed financial liability, established market needs, has discussed selection of tenants, has arranged management, and has generally facilitated the procedure. These activities are not very different from those that other commercial developers would undertake in attempting to keep together a group of persons as investors who wish to be involved in the ownership of a project.

There are some differences, though, in dealing with the particular groups I deal with: Seniors, CMHC and the City. These I shall identify in the ensuing discussion of the strengths, weaknesses and problems with the private



non-profit development process as it relates to seniors and their housing.

### STRENGTHS AND WEAKNESSES

It is true that there is permissive housing legislation in the National Housing Act which has the intent of assisting housing to be built and which provides opportunities for seniors to be actively involved in the ownership and management of their own housing. It is also true that in our case in Manitoba, the provincial government has been an interested and supportive partner.

There has also been access to data which has made it very easy to identify the need and demand. These data have been brought forward by the seniors themselves and also derive from the multitude of studies that are constantly being undertaken for and with the senior community.

There is also a strong determination which evolves in the senior population when they become involved in the development process. There are usually two or three persons in the group who come forward to carry through on the project with great strength and with a firm conviction that they will reach their goals.

These are the strengths: the legislation, the provincial help and the seniors' commitment.

The heterogeneity of seniors and their tendency not to come together except on particular issues is, however, a difficulty when there is a need for a show of numbers and

strength. Though organizations speak on their behalf, there is not a concerted senior lobby.

There is also an obvious lack of resources available to seniors. Resources are not accessible to the general group of seniors to hire a developer. That support must be paid for out of another pocket, often dependent on receiving a mortgage commitment.

Additionally, there is a lack of experience with leadership and bureaucracy among the current elderly. There is lack of information about entitlement, about their rights to certain kinds of programs and about the programs themselves. There is a lack of experience with lobbying and advocacy. There is a lack of experience with filling in forms, and there is a lack of experience in management skills.

Pardoning these generalities, these together make it very clear that there is a need for a developer to work with these groups. That developer, however, must be prepared to not just move along with the project but to play an on-going education and information role. This I consider a weakness because it takes time. In working with seniors or other private non-profit groups in the development of their own housing, one must allocate between one and four years in order to facilitate the group, foster cohesion, and to facilitate its efforts right through to the time that the first person moves in. Additionally, this is a weakness because there are not the

resources to pay for the needed time.

In summary then, the weaknesses include the lack of homogeneity among seniors needed to establish a clear "housing demand", their lack of resources and experience, and the need for long term support.

### THE PROBLEMS

Despite the weaknesses identified above, I don't consider the seniors a problem. Rather, the problems of this system evolve from the two other partners: the two bureaucratic structures.

The City, as the controller of planning and zoning, has often proved to be a very difficult barrier. The process in our city which involves gaining the cooperation of community committees, residential advisory groups, sub-committees of the city council and various individuals in the elected and volunteer area, along with the bureaucracy in planning and zoning, add six months or more to the process of building. The willingness of these various people to be part of a senior citizens project is often dependent on the political stance of any of the committees and their attitude to and knowledge of the potential owners. The process of overcoming these barriers is a long, convoluted, often confrontational one in which the developer provides encouragement, acts as a lobbyist, provides directions and generally aids the group in working through.

The other major problem, of course, is CMHC. CMHC seems first to have very different presentations across Canada. National legislation seems to have different regulations or presentations not only in different provinces but often in different cities and also, it seems, in different offices within the same region.

Some of the unrealistic things that are demanded of seniors are a litany of demands in regard to evidence of need and demand (although often the data already exists), the resources that are inherent in the group and, unnecessary documentation and forms. For example, there was an original request for Start-Up I and Start-Up II and now there is an additional request for Letters of Intent, Prospectus, Start-Up I, Start-Up II, 301s, and so on. These demands are almost unsurmountable if the group itself are expected to deal with them. And, if they feel it becoming, as it sometimes seems to, a game of confrontation, control, lack of trust and belligerence, and finally concluded in conflict there is often a need for political activism. Two of the three groups used as examples above finally resorted to intervention by the Minister on their behalf to establish the fact that they had rights. It became obvious in this confrontational situation that the local CMHC staff either did not wish to or could not, make decisions, and that they were incapable of regarding the seniors as appropriate to the use of the permissive legislation of the National Housing Act. They demanded that

the seniors involved be above reproach, capable of meeting every possible obligation individually and collectively and that they were going to be around over the next 35 years to meet every demand that CMHC might place in front of them. The seniors were not amused or fooled. The result of this interaction, which the developer was in the middle of, was that the seniors lack of expertise and resources, but their decided determination created an atmosphere in which they finally did get what they wanted. In each case, however, the group would not have been able to coalesce sufficiently strongly to overcome the barriers established by both the City and CMHC if there had not been a developer to assist them.

It was unnecessary that the barriers had to be there. Everybody, and the seniors especially, understood the need to meet responsible regulations, responsible rules and to accept the responsibility of the actions that they were taking. The proof is that they did put housing in place; people are living in that housing; it is being managed and its mortgages are being paid. But these people never want to deal with the City or CMHC again. As the developer, I have to tell you that I sweated out a difficult process and that I agree with them.

Senior groups, like all groups, are not always easy to work with. One feature that is particular to seniors groups, however, is that because of their lack of information and experience, there is a different pace to the

process; as stated earlier, the developer involved with non-profit seniors groups should expect a longer work time. The developer also has to do the same chores over and over again, that is, to undertake to bring a group together, to educate them, to help them to coalesce, because seniors groups that have been through the development process once do not want to do it again. In other words, there is a need to redevelop, to bring together a new group each time. The process from there on is the same: the City and CMHC erect the same barriers, have the same negative attitudes, show the same rigidity each time, and generally each time there is more paper work.

The developer is obviously in this for a fee. I know I expect to be paid for my work. While the commitment to see a project through is very strong, while there is an obligation to complete the work started with a group, this does not facilitate the task; does not make it a pleasant task; and does not make it easy work. Often the work is not even lucrative because in the end there are controls on the fees paid to the developer along with the other professionals and there is always skepticism on the part of the funders about the value provided by all professionals but, it seems, especially about the developers and architects. The argument about the fees begins at the very beginning of the process and runs through the whole task. That, too, is often handled in a non-professional way.

As a developer, I tell you be strong or don't be a developer. If you are determined on making your livelihood by providing rent-to-income housing for voluntary non-profit groups then you must use this process; you must contend with the sponsoring group, the City and CMHC.

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There is no other way. Your activities are controlled by the system. If you doubt at all your ability to cope with it, find something else to do. Become a doctor, become a lawyer, almost anything, but don't become a developer that works with non-profit groups, because no matter how pleasant the seniors group, and they usually are, and how clear their need, and they usually know it, you must work with the regulations and a bureaucracy that requires patience, or acceptance, or social activism.

# 8

## THE ROLE OF THE CANADA MORTGAGE AND HOUSING CORPORATION IN THE DEVELOPMENT PROCESS

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In this paper, I would like to elaborate on some of the material presented in Len Gross' paper on federal housing programs (chapter 5 this volume), as well as respond to some of the criticisms of the Canada Mortgage and Housing Corporation's policies and practices voiced by Yhetta Gold and Shirley Schmid (chapters 6 and 7).

### SECTION 56.1 FINANCING

Currently, the Canada Mortgage and Housing Corporation (CMHC) is using Section 56.1 of the National Housing Act as the primary vehicle through which assistance is provided to non-profit societies and cooperatives developing projects to house families and/or seniors. Our assistance is used to bridge the gap between the project owner's mortgage payments and operating costs and the rent the residents can afford to pay. However, this assistance cannot exceed the difference between the society or co-op's mortgage payment based on the actual interest rate they have borrowed the funds at and, assuming they had obtained a loan for 100 percent of the project cost, what their mortgage payment would be if they obtained that loan at a 2 percent interest rate.



Residents in the project can pay as low as 16-25 percent of their income for shelter. In most instances, however, our assistance is not sufficient so that all the residents are able to pay rent based on their income and so, some must pay a monthly charge that is close to market rent. The extent to which this occurs depends on the relationship between capital costs, debt servicing costs, operating costs, our maximum assistance, and whether the co-op or non-profit society has been able to access assistance from other sources.

As Yhetta Gold pointed, there is wide variation in the way the Section 56.1 program is utilized from province to province. I personally feel, however, that this is a good policy because market conditions and housing needs differ in different parts of the country. If one had to address the housing problems that exist in Newfoundland in the same way one addresses them in British Columbia, it simply would not work.

#### RELATIONSHIP WITH THE PROVINCES: FOCUS ON B.C.

In British Columbia, CMHC has an agreement with the Province under which they provide a contribution, through the Ministry of Lands, Parks and Housing, of 25 percent of the cost of a project consisting of self-contained dwellings that are being developed by non-profit societies to house senior citizens. CMHC, in turn, provides Section 56.1 assistance. The Ministry of Lands, Parks and Housing has full responsibility for delivering this program. They make the decisions about where projects should be built, by

which societies, what design criteria to use and generally, what capital costs are acceptable. Over the past five years, roughly 2500 units have been developed under this program.

We also work with the provincial Ministry of Health, providing Section 56.1 assistance to non-profit groups developing intermediate care projects. While full delivery responsibility in this instance is not turned over to the province, we accept the advice of the Ministry of Health on where projects should be built. In our view, they are best informed on where the need for these facilities is greatest, and no intermediate care project would be viable without their support funding. Our assistance in these projects is limited to the residential component, which will vary from 85-90 percent of the total project cost. Since 1978, about 3700 beds of intermediate care have been assisted by CMHC in B.C.

In the case of the co-op program, as Schmid pointed out, we are placing emphasis, particularly in the Lower Mainland, on developing ground-oriented family accommodation, and this is tied in to our agreement with the Province under which they address the housing needs of senior citizens. However, where a co-op wants to house a broad range of people and where the architectural programming is such that it makes sense to build some one-bedroom units, we try to be sympathetic.

#### ACTIVITIES IN OTHER PROVINCES

In other parts of the country where CMHC has retained

a lead role in delivering Section 56.1 assisted housing for seniors, a new process was introduced this fall which Yhetta Gold touched on briefly. This same process referred to by Shirley Schmid, is being followed in Vancouver in identifying family projects to be considered for assistance. In major urban centres, the demand for Section 56.1 assistance often exceeds our budget. To ensure that CMHC directs assistance to those projects which best meet the housing needs on the most cost-effective basis, we asked proponents to submit an "Expression of Interest" and a "Prospectus" outlining who they are and what they intend to develop. We are presently reviewing these documents and expect to give feedback to the groups before year end.

In other parts of the country we also make limited use of other sections of the National Housing Act to provide housing for seniors. In Newfoundland, Prince Edward Island, Nova Scotia and Saskatchewan we develop, own and manage projects in partnership with the provinces under Section 40 of the National Housing Act. The federal government makes a 75 percent investment in these projects and subsidizes 75 percent of the operating loss that occurs with the tenants paying rent according to their income. In Ontario, under Section 44, we enter into agreements to cost-share with the province, on a 50-50 basis, the losses incurred when senior citizens in some projects pay rent according to their income. It should be noted that we have a fairly sizeable portfolio of Section

40 and Section 44 assisted projects in B.C., but we're not doing any new projects under these programs nowadays.

#### CONCLUDING REMARKS

In closing, I would like to make one observation in response to Shirley Schmid's comment about housing programs being introduced on an ad-hoc basis to serve all sorts of needs except housing. The federal government tries to meet a broad range of objectives through its multitude of programs, including its housing programs. Nonetheless, I believe that the end result has been a housing stock throughout the country that is second to no other country's. I would also like to note, in response to Yhetta Gold's comment on seniors' non-profit groups getting so frustrated with the process they do not want to repeat it, that we do not have this problem in B.C. While I cannot speak for other areas of the country, I know that in Vancouver we get a lot of repeat business and I am proud that we do.

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**PART IV: ALTERNATIVE MODELS/APPROACHES  
TO SENIORS HOUSING**

SHELTER ALLOWANCES FOR OLDER ADULTS:  
PROGRAMS IN SEARCH OF A POLICY

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Shelter allowances are a general program of cash grants to a broad range of qualified tenant households, (mostly in the private market), defined primarily by the proportion of their income spent on rent subject to a maximum limit on the rent recognized for the grant. The grant amount is calculated as a proportion of the amount by which the household's rent exceeds a specified portion of income. Programs may or may not be subject to minimum housing standards for unit quality.

The underlying philosophy of shelter allowances is one of subsidizing "the person" as opposed to "the place" (housing project; bricks and mortar). Affordability is seen as the primary housing need to be met while the consumer must be guided by CAVEAT EMPTOR in terms of the type and quality of housing involved.

This paper examines the place of housing allowances on the continuum of housing options for older adults; it summarizes the current state of affairs of the allowance approach; discusses allowances from the perspective of the debate as to whether the public sector should emphasize supply-side or demand-based housing strategies; and it

examines the question of whether shelter allowances constitute a service or a disservice to the older housing consumer. The position taken is that shelter allowances constitute a "program" in quest of a "policy".

SHELTER ALLOWANCES: DO THEY "FIT" ON THE ELDERLY HOUSING CONTINUUM?

The design and provision of housing and living arrangements for older adults is a matter of contemporary concern and debate. The challenge for policy makers and service providers is to assure the provision of a spectrum of alternatives and choices for the elderly housing consumer who is extremely varied in the type of shelter he or she requires. The Canadian Council on Social Development (Ross, 1979) aptly reinforces the idea that provision of housing opportunities for the elderly must be:

...based on the right of individuals to live in accommodations which are suitable to their needs, which reflect their own preferences, and which maintain the maximum degree of independence, privacy, and self-determination.

Much of the literature recognizes the need for a continuum of living accommodations to meet the constantly changing and evolving needs of the elderly housing consumer (c.f. Nachison and Leeds, 1983; National Centre for Housing Management, 1977; U.S. Department of Housing and Urban Development, 1976). At one extreme of the continuum is the independent consumer whose needs are primarily shelter related (affordable standard quality).

At the other extreme is the individual who requires a dependent, institutionalized setting where care and support are the predominant features of the environment.

One can ponder as to whether Shelter Allowances fit at all into the concept of the continuum in that, in contrast to most other elderly housing strategies, they do not directly offer accommodation. Allowances are "cash-based catalysts" to assist the older person to "freely choose", using subjective criteria, his/her own accommodation in the market place.

Questions also arise as to how this approach is compatible with the general consensus, amongst gerontologists and many housing planners, that housing for older adults must respond to a comprehensive array of needs including: economic (affordability); socio-psychological (supportive living environments; peer groups) and physical (good quality; designed and located to accommodate the decrements that usually accompany normal aging). While Housing Allowances respond to economic needs (affordability), they exhibit a certain oblivion to other needs.

As well, there is perennial debate amongst economists as to whether housing allowances are a "housing program" at all or should more appropriately be termed an income-support, general welfare strategy (Canadian Council on Social Development, 1983).



## SHELTER ALLOWANCES: THE STATE OF THE ART

In summarizing the current state of affairs or depth of utilization of shelter allowances it should be noted that:

- Shelter Allowances are in general use in Western Europe and have been employed in most countries for lengthy periods (Canada Mortgage and Housing Corporation, 1981). There is no shortage of either models or experience for the researcher to draw on (see Cullingworth, 1979; Carlsson, 1979).
- North American experience is less extensive than the European. There have been, however, notable developments in both the U.S. and Canada with the former experimenting with the concept in the mid-70's (U.S. Department of Housing and Urban Development, 1973) and initiating the Section 8 program for existing housing which, though not a direct payment to the tenant, allowed the housing consumer to locate his/her market unit. Canada has seen the strategy spread across the continent with the Province of B.C. being the initial implementor (SAFER), followed by New Brunswick (RATE), Manitoba (SAFER), Quebec (LOGIRENTE) and Nova Scotia (RAP). The Canadian programs are geared primarily to the elderly and currently affect some 40,000 households. When compared to households accommodated by social/public housing programs -- some 350,000 to 400,000 units (Canada Mortgage and Housing

Corporation, 1981), shelter allowance clients are a relatively small number.

- Studies have shown that:

- (a) shelter allowances are generally not inflationary, i.e. they do not increase the price of housing; nor are they pass-throughs to landlords (Minuk, 1981; Steele, 1983).
- (b) allowances subsidize mostly in situ tenants, i.e. do not greatly cause increased housing consumption (Steele, 1983) nor do they generate new housing construction (demand effect), rehabilitation of housing at any meaningful level, or stimulate housing improvements in the neighbourhood (Nenno, 1984).

APPROACHES TO NATIONAL OR PROVINCIAL HOUSING POLICIES:  
SUPPLY-SIDE VS DEMAND-ACTIVATED STRATEGIES

Although renters comprise only approximately one third of elderly housing tenure groups in Canada, public sector interventionist strategies have historically concentrated on this group on the assumption that their degree of "housing deprivation" was greater than that of the homeowner.

Between 1946-1975, Federal/Provincial initiatives under the National Housing Act (NHA) resulted in 153,270 housing units being developed for the elderly (Hart, 1976). In the final analysis, however, only a relatively small stock of social housing (4 to 5% of the total

housing stock) resulted from these bilateral supply strategies. In 1979 the Federal government introduced changes to the NHA which were an expression of its desire to "dissentangle" itself from costly and ever mounting capital and operating subsidies and in effect "pass the torch" to the provincial actors. Supply-side thrusts were further emasculated by Provincial housing counterparts which, in many instances, were willing collaborators in this deemphasis of strategies which were seen to seriously expose government to long term fiscal commitments.

The tangible results of this "supply-side" effort were:

- congregate, self-contained (notwithstanding the hostel or personal care units developed under NHA auspices), standard or above standard living units;
- subsidized, rent geared to income, hence, affordable housing with preferred access to low income consumers;
- de facto age-segregated environments welcomed by most residents but causing social isolation for others;
- specially designed units which were seen to be optimally responsive to the realities of the process of aging (functional loss);
- projects which were theoretically located according to gerontologically sound site

- housing which was the cause of "relocation trauma" for those who had to experience dislocation from familiar neighbourhoods where informal supportive service systems were operative or had to acclimatize themselves to alien, psychologically disruptive, built environments (urban high-rise; constraining bachelor suites; impersonalization in a supposedly receptive peer-group setting).

The relatively moribund character of the supply-side activities gave impetus on a Provincial level, to "demand" approaches or income transfer approaches where purchase of housing was put directly into the hands of the low income elderly consumer by means of renters tax credits or housing or shelter allowances. Households were subsidized based on a rent to income ratio qualifier (high rent burden) and were provided direct cash transfers enabling them to exercise their "free market choice". The rationale for this new initiative, as aptly stated by Streich (1983), was as follows:

- Housing need - traditional supply approaches could not and, in fact, were less likely to meet the volume of need in a reasonable timeframe. (See also Canada Mortgage and Housing Corporation, 1981).
- Cost - as stated, existing measures were seen to be fiscally unpalatable.

- selection criteria. Site theory was however occasionally sacrificed to "expediency and financial considerations" with dire results for those with decreased mobility (See Gutman, 1981);
- opportunity for ethno-cultural or civic organizations to develop housing communities suited for a specific sectarian or cultural group;
  - housing built and managed primarily for the "independent" elderly, i.e., conceived along the "constant environment" (Gutman, 1981) model where an attempt is made to maintain the original "independent" character of the housing by asking tenants to leave as soon as they begin to decline. Decanted tenants are replaced by those whose functioning better matches the independency goal. Few facilities were designed and managed, however, according to the "accomodating environment" model, i.e., one in which decline in tenants' health and functioning capacity is not only tolerated but is compensated for by provision of additional non-shelter services. The fragility of the "constant model" is becoming more apparent as "independent" housing is being transformed into enclaves of the "semi-independent" who don't require institutionalization but do need sheltered or enriched housing alternatives;

- Equity - larger numbers in need could be assisted thereby avoiding a shortfall or lag time in response as was the case with capital intensive methods.
- Use of existing housing - exploit existing lower priced market housing instead of building newer, expensive units.
- Choice - allows people to stay in their own home and familiar surroundings and environment. This rationale is extremely compatible with gerontological theory which elevates the neighbourhood to a significant and important factor in successful aging. It is seen to provide constancy, to be an associative and mnemonic device, to offer and preserve informal support systems and to affect general well-being of older people (Regnier and Gonda, 1981).

In the final analysis, there is still much speculation as to which approach, supply or demand, will prevail or even if one will ultimately obfuscate the other. At present there seems to be a de facto co-existence of the two strategies.

At the Provincial level, the period of rapid expansion of the Shelter Allowance approach (1980-83) has lost momentum. Development has reached a status-quo. Provinces (e.g., Ontario, Saskatchewan) which to date have not implemented this strategy, though having examined its feasibility and applicability in the Provincial context,

continue to "opt-out". Provinces with Shelter Allowances have to varying degrees continued some modicum of supply-side activities.

At the Federal level, one can observe both distant past and fairly recent past "rumblings" that a national Shelter Allowance Program is "imminent" or in serious consideration. In 1981, the then Federal Minister responsible for Housing publically announced that such an approach was a definite possibility. The present Prime Minister indicated, during the election campaign, that a national program might be part of his government's agenda. In retrospect, the former government was very ambivalent as regards serious consideration of a national endeavour. It should be noted as well that this government was still engaging in supply-side activities with between 13,000 to 15,000 units of Section 56.1 Non-Profit Housing committed each year between 1979-1983 and between 1,200 - 1,500 Section 40 public housing units committed each year during the same period (Canada Mortgage and Housing Corporation, 1983). This supply activity did not, however, prohibit constant re-evaluation and "soul-searching" at the Federal level regarding governments' role in the production and stimulation of social housing.

How Federal/Provincial housing policy and programs may evolve in the immediate future is highly speculative. It's pre-mature to attempt to forecast the results of intergovernmental negotiations and manoeuvres in

the housing arena. One can be sure, however, that the debate between supply and demand strategies will remain vigorous.

THE FUTURE OF SHELTER ALLOWANCES FOR OLDER HOUSING  
CONSUMERS: POINT/COUNTERPOINT

Opinions concerning the appropriateness of shelter allowances for older adults run the gamut from viewing this option as an unwise, dysfunctional strategy given the economic realities of the housing market to the conclusion that "free market choice" is the best of all worlds. Listed below are five key issues and questions raised by critics. Each is followed by a summary of findings to date.

(1) Allowances are inflationary, i.e., contribute to increased housing costs.

As stated previously, studies of the U.S. experience concluded that this was not the case. Evaluations of the Manitoba Program conducted in 1981 (Minuk and Davidson, 1981) and more recently in 1984 (Manitoba Housing, 1984) yielded similar conclusions.

- The 1981 study revealed that in the first year and one half of the program, rent increases for persons who did not move were slightly less than the CPI rent component (average SAFER increase was 11%).
- The 1984 study examined average rent changes for non-movers between the years 1981 and 1984. In



all cases average changes were low to moderate (10-13%). In 1983 and 1984, 75 to 78 percent of clients experienced rent changes between 1 to 10 percent. The majority of the remainder were below 20 percent.

(2) The housing quality issue

Programs, except for that of New Brunswick, do not require units to meet predetermined occupancy and residential standards. The concern, as expressed by Gutman (1981), is that Shelter Allowance programs "fail to take into consideration the quality of the home that we are urging the person to remain in".

In rebuttal of this argument it should be noted that the 1981 Manitoba study (Minuk and Davidson, 1981) found that only 2 percent of SAFER clients were in buildings which did not comply with the City of Winnipeg's Maintenance and Occupancy and the Existing Residential Building Improvements by-laws; 95 percent were free of structural, health and sanitary defects; furthermore, clients' satisfaction with their current residences was very high with 86 percent of the sample group reporting that they were very satisfied and 10 percent somewhat satisfied.

The 1984 Manitoba study confirmed the earlier finding that the majority of clients were not residing in structures identified as having housing code infractions.

A recent U.S. study (O'Bryant and Wolf, 1983) found that physical housing characteristics (quality and

condition of unit) were much more relevant to the housing satisfaction of older renters than they were to homeowners where "attachment to home" was a more prevalent variable.

It seems therefore that the Manitoba program is not subsidizing persons in marginal or substandard structures and therefore, using the logic gleaned from the U.S. study, serves to sustain older renters' housing satisfaction.

(3) Shelter Allowances may sound the "death knell" for social/public housing for the elderly

Many proponents of third sector housing see housing allowances, especially if implemented on a national scale, as a serious competitor for limited housing financing resources.

However, as recommended in the Dennis/Fish Report (1972), allowances could be instituted as complementary to and supportive of non-profit or cooperative developments. The Manitoba experience reflects a symbiotic relationship between SAFER and Section 56.1 (NHA) and older Section 15.1 non-profit pursuits. SAFER has expanded the marketability of such units to the lower income consumer.

Currently 25 percent of SAFER (MANITOBA) clients are residents of third sector (non-profit) housing. This proportion had been steadily increasing since the program's inception.

Some proponents of the non-profit vehicle, in fact, have concluded that delivery of housing allowances via non-profit and co-op housing may be the most effective

means of utilizing the shelter allowance approach (Hannley, 1979).

Both the 1981 and 1984 Manitoba studies examined the effect of shelter allowances on the demand for public housing (NHA Sec. 43 - EPH) for the elderly. Both studies concluded that:

- An insignificant number (less than 10%) of persons on EPH wait-lists were also receiving SAFER. An issue to be further explored is whether such persons would take an EPH unit if offered to them or would opt to continue SAFER.
- Of those tenants who vacated EPH units, a small percentage (average 9%) did so in order to begin receiving SAFER.

The 1981 study also sample surveyed SAFER clients and enquired about attitudes towards public housing for the elderly. Clients were asked to hypothesize whether they would choose to live in EPH if SAFER were not available to them. The majority (69%) said "no". It seems therefore that most SAFER recipients are/were not potential public housing tenants.

(4) Shelter Allowances may mitigate against the development of more "appropriate" housing for the elderly

It is sometimes argued that if shelter allowances were to become the principle vehicle or strategy of housing assistance for older persons, there could be lost opportunities/costs in terms of needed development (using

NHA supply mechanisms) of the "accommodating environment" model, i.e., enriched or supportive service congregate housing which would offer the option of:

"assisted independent living" or a group living environment that offers the elderly who are functionally impaired or socially deprived, but otherwise in good health, the residential accommodations and supporting services they need to maintain or return to a semi-independent life style and prevent premature or unnecessary institutionalization as they grow older (Carp, 1977, p. 7).

Neeno (1984), for example, in her discussion of shelter allowances, points out that special needs groups such as the frail elderly have housing needs that should be accompanied by supportive services and further, that not all these specialized needs can be accommodated by private housing or existing housing supply.

The efficacy of housing with supportive services has been documented. A U.S. Department of Housing and Urban Development study (1976) of 27 congregate housing sites concluded that this housing alternative improved quality of life, counteracted social isolation, provided a humane environment in which to grow old and maintained and fostered independence of residents. In comparing congregate to traditional housing for the elderly, Lawton (1976) found that the former was of greater benefit (morale, life satisfaction) to residents and that appropriate planning and interventions would guard against encouraging dependencies.

Elderly housing consumers themselves are voicing a demand for supportive service environments. A recent U.S. national survey of housing preferences of the older adult (Turner, et al., 1982) established that fully one third of the sample expressed strong interest in housing with supportive services (home care, sheltered/congregate housing). The same study recommended State and Federal government action in the provision of housing-related supportive services, especially to those "at risk".

The 1981 Manitoba study (Minuk and Davidson, 1981) found that 50 percent of the survey sample were interested in a housing facility where supportive services were available on site on a regular basis for a moderate fee. This group for the most part expressed readiness to move to such a facility "when their health required it".

There is evidence (Gutman, 1980) that congregate, retirement housing for the elderly may attract the more dependent individual with more health problems and functional disabilities than persons of comparable age living in their own homes. A U.S. Senate Committee (1978) study concluded that residents of public housing had significantly greater support services needs (social, medical, personal care) than residents of private housing. It found that 18 percent of non-institutionalized older persons could use and benefit from congregate/supportive services housing.

Supply-side strategies must therefore still remain a

viable option to foster and finance the development of congregate housing environments where "assisted independent living" is an integral part of the housing service.

(5) Non-operability in Certain Housing Markets

The argument here, for which there is no ready rebuttal, is that allowances may not be very effective in rural and remote areas because well functioning housing and financial markets do not exist in these areas and that allowances may not really assist minority groups, e.g. Native peoples, whose housing access is restricted by institutionalized discrimination.

AND WHERE DO WE GO FROM HERE?

The proceedings of a 1982 symposium on Shelter Allowances sponsored by the Canadian Council on Social Development (from which the above title is borrowed) included some futuristic glances at national and provincial rental housing policy. Allowances were not seen as the single solution to assisting renters whether they be elderly, singles or families. The complexities of both the housing market and the housing consumer were seen to warrant policies and programs which are multi-variant, flexible and innovative.

The Canadian Governmental Report on Aging (1982) concludes:

The current unmet need for housing for the aged is a matter of speculation... There is no question that a variety of housing (strategies) for the aged is needed. It should respond to health and income needs and provide a choice of living arrangements. (p. 73).

Shelter allowances are surely a part of the variety of strategies required. They may not, however, be the most dominant variety. More specifically:

- Shelter allowances can and should be complementary to continuing public-sector supply-side strategies. This would assure that new and rehabilitated units come on stream to meet demand for congregate, purpose built housing for the independent and "quasi-independent" tenant.
- Allowances are successful in meeting affordability needs and offering optimal market choice to either stay where one is or perhaps improve one's housing condition. This success, however, may be endangered where allowances operate in low vacancy markets or where the private rental market is completely free of government intervention and advocacy for the tenant (e.g., no rent controls, arbitration).
- The Manitoba experience reflects high satisfaction among recipients of SAFER most of whom are not, for a variety of reasons, interested in public housing for the elderly. This finding supports Varady's (1984) contention that many of the elderly with affordability problems would, if the option were available to them, choose to remain in their current location and receive a rent subsidy rather than relocate to a senior's project. On the other hand, it should be noted that a sizeable number of SAFER recipients have chosen to use the allowance to better afford age-segregated,

non-profit housing for older persons.

- Allowances programs reflect the assumption that the older consumer is making the best and most knowledgeable market choice based on his/her subjective requirements (physical, socio-psychological) at a given point in time. If in fact the housing is not responsive to physical needs (accessibility, mobility, design features) a program of retrofit grants should be made available to improve physical attributes of the unit and eliminate architectural barriers.
  - Shelter allowances offer efficient and non-cumbersome delivery systems. An application is mailed, assessed and if eligible, payment is initiated to an "invisible household". For the most part the system is based on tertiary, impersonalized contact with the client. As a result, the potential non-shelter, supportive service needs of a client are not as apparent or measurable as they could be if the individual were in congregate housing. One response to this situation could be structured interface between shelter allowance administrations and community based service programs to identify and link clients to both systems.
- In conclusion, shelter allowances are programs in search of a policy in the sense that there is still some indecisiveness and uncertainty as to whether allowances are a bona fide part of an optimal, "gerontologically



sound" housing policy for older adults.

To be sure, shelter allowances are not the panacea for all need scenarios. They are, however, a legitimate part of the total framework of housing assistance meant to serve a growing, multi-dimensional older consumer group.

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# 10 SHARED HOUSING: PRINCIPLES AND PRACTICES

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As a point of departure, it is valuable to define what shared housing is and what differentiates it from other group living arrangements. Shared housing is a situation in which at least two unrelated persons live together in a single dwelling unit, and each has a private space while sharing common areas such as bathroom, kitchen, living, and dining rooms. Persons who share a household often live much as any other family would. They share in decision-making, ownership and the daily management of the home as opposed to being primarily purchasers of shelter and services.

This definition characterizes the two major types of shared housing, namely the small group naturally occurring type as well as the agency-sponsored type.

Shared households should not be confused with the boarding home. The boarding home operates in a care-giving style with little or no involvement on the part of the residents in its management. Also, while boarding

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\* The analysis on which this paper is based was conducted while the author was the Associate Director of the National Policy Center on Housing and Living Arrangements for Older Americans, University of Michigan, Ann Arbor, MI.

homes operate on a profit motive, shared households are not a profit-making endeavor.

It should also be pointed out that home sharing is not solely an elderly phenomena. Increasingly, young and middle-aged adults are sharing homes to get a toe hold in the home ownership game. Combinations of two or more unrelated buyers are becoming a major factor in the new urban and suburban housing market. The social ideal is still to own your own home, and people are doubling up for this reason. In southern California and New Jersey, divorced parents with children are sharing rental apartments and homes so that they can live in good neighbourhoods with good schools. Intergenerational households are also flourishing in several cities. In the Back Bay section of Boston, fifteen persons ranging in age from their twenties to their eighties share a four-story Victorian home. They pay rent of \$150 to \$200 a month to a foundation set up to encourage home sharing. Maggie Kuhn, 75, co-founder of the Gray Panthers, owns and lives in an intergenerational household in Philadelphia. She points out that such projects are an effective way to rehabilitate older homes and stabilize older neighbourhoods in inner cities around the country. According to Maggie, "this could be a social experiment of extraordinary significance ... and a new way for both old and young people to survive economically in the eighties".

## TYPES OF STRUCTURES

Almost all types of residential structures are being used as shared homes: single-family detached dwellings, townhouses, apartments, former college dormitories, and large old mansions. All of these structures have one thing in common -- they are existing, residential, non-institutional structures.

Naturally occurring shared households tend to be found in single-family detached dwellings. These homes are usually small, accommodating an average of three to five persons. Agency-sponsored homes, on the other hand, serve anywhere from two to twenty persons and are found in larger structures such as a twenty-seven room, ten bath mansion.

All shared homes have some combination of private and shared facilities. It is suggested that where no facilities other than bedrooms are private, there is rather high potential for friction to occur among residents. Consequently, each resident should have a mutually agreed upon territory and routine(s) in the household.

It is not unusual for structures to be renovated or remodeled to provide for communal and private areas. Most often it is in the agency sponsored homes that an investment is made to adapt the structure to the specific needs of its residents. Not all shared homes require modification, however. In the majority, only modest expenditures

are needed for decorating work. It should also be noted that acquiring an already rent producing building or home provides immediate income to meet mortgage payments and requires little or no work compared to what is often necessary for vacant structures. Finally, the majority of shared homes are located in familiar age-integrated neighborhoods. Agencies report that familiarity is often a basic premise for prospective tenants expectations -- they typically request a home in the neighborhood where they have already lived.

A three- or four-bedroom home all on one level with a full basement and one-and-a-half baths is an ideal model for the small shared household. The size of these units varies anywhere between 1,500 and 2,500 square feet. The full basement is an important plus, as it can be converted into additional shared space as well as private bedroom space for guests or visitors.

The following details merit careful consideration prior to purchase. The bedrooms should be sufficiently large to accommodate more than just the usual bedroom furniture so that the room can function as a private retreat. Even in a small shared household of three to four persons more than one bathroom is a must. The bathrooms should be equally shared. For example, if one bedroom has its own half-bath, this will become a point of some friction and stress.

The size and layout of the kitchen is also important.



The larger the space and the more open it is, the more a strong sense of territoriality over that part of the residence will be diminished. The sense of territoriality over one's home is sometimes particularly acute in the case of an owner sharing his/her home. Experience suggests that groups of persons can reside together more comfortably when no one person owns the dwelling unit or a majority of its furnishings. When residents enter a new situation on common grounds the problem of having to share things previously belonging to one individual is eliminated.

Outdoor space is another commodity that should not be underrated. Not only does a front and backyard enable a resident to continue a hobby like gardening, it also serves as additional "get away" space.

Accessibility to the bathrooms by a person using a wheelchair should also be investigated prior to purchasing a dwelling intended for home sharing by the elderly. Even though on entry the persons living in these units are fully independent, someone may become infirm or fall and require a wheelchair or walker.

The physical and structural condition of the dwelling unit should be thoroughly investigated by an expert. Leaking roofs, inadequate insulation, and outdated heating equipment can be costly problems to fix. Such situations can be avoided if a contractor, engineer or architect inspects the unit prior to purchase.

## SPONSORSHIP

As noted above, shared households can be differentiated into two types: the small group spontaneous arrangement versus the agency-sponsored facility. The spontaneous arrangement involves independent groups of older persons who share a household and all major household responsibilities.

The agency-sponsored arrangements offer a serviced environment. Either the agency extends its service programs to include their shared homes or a paid staff person performs the necessary household tasks.

Shared households featured in the literature are generally agency-sponsored living arrangements developed to fill in identified gaps in their social service safety net. Religious social service providers such as the Catholic Social Services of Marin County, California and the Jewish Family and Child Services in Brookline, Massachusetts are examples of this type of sponsor.

Another type of agency sponsor is the one with no formal connections to a social service agency. Share-A-Home Inc. in Florida is a non-profit corporation providing a coordinating function for the ten homes that they have developed. The corporation, which has a board of eleven people from the community, assists in the development of new homes, provides information and loans to "families" for home repairs, and serves as the legal body, in a sort of "surrogate parent role". Each Share-A-Home is

autonomous, with each member having ownership in common. Similar organizations that have sponsored shared housing include: The Gray Panthers in Philadelphia, The Back Bay Aging Concerns Committee of Boston, and The Stevens Neighborhood Housing Improvement Program in Seattle, Washington.

State government departments such as State Housing and Development Authorities and local county levels of government have also sponsored shared housing. For example, the county commissioners in Franklin County, Ohio used \$100,000 in federal money to buy and renovate the home the county leases to a shared home organization for a dollar a year. The Boston Commission on the Affairs of the Elderly provided a \$16,000 grant to The Gray Panthers and The Back Bay Aging Concerns Committee in Boston to study the feasibility of a shared housing program.

Individual churches and church diocese have sponsored and funded shared housing. For example, the Central Florida Episcopal Diocese has set up and subsidizes a number of shared housing situations. Numerous churches have bought homes and lease them out for shared households. Other churches have made former convents available to house older persons in shared households.

Although these groups do not have formal connections with social service agencies, they, too, offer a serviced environment. Paid staff take care of housekeeping chores,

provision of food, transportation, laundry services, and household finances.

In addition to providing a serviced environment, sponsoring agencies are involved in the selection of residents for their shared homes. Agency staff interview, screen and select prospective residents. Selection may be carried out by a committee or by the resident staff, or by the agency social workers. Prospective residents are usually given an opportunity to evaluate the home through a trial live-in period before being fully accepted into the residence. This period is usually between two to three weeks.

#### MATCHING

Matching persons having compatible lifestyles and unanimity of expectations is the key to a successful shared housing arrangement. Incompatibility of residents is the major cause of turnover in the agency-sponsored type of shared housing.

In naturally occurring situations, mismatched expectations have sometimes caused a breakup of the household. For example, older people have offered their homes in return for household assistance, while in turn, the older people seeking homes were not only unable to perform these tasks, but they themselves were requesting a room and meals in exchange for rent and companionship.

Matching agencies have sprung up to assist prospective home sharers, and approximately 100 or more exist in the

United States, of which at least 12 are publicly sponsored. Canada has four or five such agencies. One such matching agency is Seattle's Homesharing for Seniors (Blackie, 1983). In a little over three years, this agency has interviewed more than 1,000 people and brought together 297 persons in 135 housing situations. It is important to note that different home sharing programs promote different arrangements and applicants have the choice of which arrangement is most appropriate. Options include: 1-to-1 peer matches between an older homeowner and an older tenant; intergenerational home sharing involving an older homeowner sharing a house with an unrelated younger person, or vice-versa; home sharing barter arrangements involving an exchange of services -- for example, shopping, cooking, housework, gardening -- for room and board or some other financial arrangement. Another shared housing option is a family living arrangement, where three to eight people -- each with his/her own bedroom -- share common living areas, living expenses and management decisions.

The matching process usually involves an informal interview and the filling out of a questionnaire that might include one or more psychological tests as well as a lifestyle inventory to assess needs, preferences, concerns and expectations.

Numerous factors are involved in making a compatible match including: desired location, costs, space arrange-

ments, age, sex, kitchen arrangements, smoking, drinking, pets, transportation, services or other special needs, and above all attitudes, values, interests and personality factors. As in the case of agency sponsored homes, in naturally occurring situations, a trial live-in period is used to determine compatibility. At the end of this period, the present residents of a home might be asked to vote on taking in the new member.

Still, finding compatible residents is a hit and miss proposition. Despite carefully determined criteria, residents may not fit into a particular household and the resultant match is unsuccessful.

#### SOURCES OF FINANCING

In the United States, sources of financing for shared housing have come from a broad range of public and private sources. Public assistance has come from such programs as: Department of Housing and Urban Development - Section 8 and Community Development Block Grants and Department of Health and Human Services - Title XX and the Older Americans' Act. State Housing and Development Authorities have provided construction financing as well as permanent financing through the sale of bonds. City and county governments as well as publicly sponsored commissions on the affairs of the elderly have provided assistance. Private conventional mortgages, grants from private foundations and philanthropic organizations as well as private contributions have been additional sources of funds.

## RESIDENT CHARACTERISTICS

The characteristics of residents in naturally occurring households tend to be very different from those living in agency sponsored shared households.

Persons interested in sharing their current dwelling with others are generally not the old or frail. As shown in Figure 1, they may, however, have a need for some assistance with household activities and be willing to barter shelter for this assistance. The non-homeowner who is interested in residing in a shared household tends to be motivated by a need to reduce his or her housing costs or to combat loneliness.

One-third of those persons now residing in naturally occurring households are married couples, one-third are widows, and the remaining third are either separated, divorced or have never been married. Turner and Mangum (1982) in their recent study of this type of shared housing indicate that the homeowner who is willing to share space is twice as likely to be a person with no living children as one with children.

Not all individuals residing in this type of shared housing are economically disadvantaged. Only 17 percent have incomes of less than \$5,000 and some 36 percent have incomes of less than \$10,000.

**FIGURE 1:  
MOTIVATIONS FOR HOME SHARING**

**Type 1: Naturally Occurring Shared Households**

<b>Individuals</b>	<b>Reasons for Sharing a Home</b>	
Owners	Owner willing to barter shelter for services (intergenerational)	Owner willing to share to improve income and social life
Renters	Applicant willing to barter service for affordable shelter	Applicant willing to provide companionship for affordable shelter

**Type 2: Agency Sponsored Shared Households**

<b>Individuals</b>	<b>Reasons for Seeking This Type Of Living Arrangement</b>
May have been homeowners, renters or resided with children	<ul style="list-style-type: none"> <li>- Personal crisis</li> <li>- Need assistance with activities of daily living because of declining health/frailty</li> <li>- At risk of institutionalization</li> <li>- Need financial assistance, income less than \$5,000</li> <li>- Desire personal services and not willing to share household responsibilities, income greater than \$5,000</li> </ul>

Source: Blackie, et al. (1982), p. 25.



Residents of the agency sponsored type of shared housing, on the other hand, tend to be that segment of the elderly population that is semi-independent, frail but not ill, perhaps disabled but ambulatory, in need of some assistance with activities of daily living or in need of companionship to combat loneliness.

In a study of two programs designed to serve the generally "at risk" population, Van Dyk and Breslow (1978) found that the residents tended to be relatively old and in somewhat poor health. The average age of the residents in one program was 82 years, while in the other it was 79.5 years of age. In both programs, the men were older and more frail than the women. Van Dyk and Breslow (1978) suggest that men tend to relinquish independence later than do women. When compared to the national average of older persons, the residents in the two programs tended to be older and in poorer health.

It was also revealed that most of the residents in these programs moved from their own homes or from the homes of their children as a response to some personal crisis, such as declining health. These residents were aware that the shared housing program was pretty much the only alternative for them other than a nursing home.

The same study determined that the residents tended not to emulate a family. Daily household responsibilities were taken care of by a staff person. Decision-making and meal preparation were also the prerogative of the staff.

Consequently, the residents were often closer to the homemakers than to each other.

### RESTRAINING FACTORS AFFECTING THE DEVELOPMENT OF SHARED HOUSING

Several restraining factors are currently affecting the development of both types of shared households in the United States. These include: the availability of capital, bureaucratic redtape, attitudinal barriers, the shortage of technical assistance resources, and U.S. federal regulations affecting eligibility for public assistance programs.

Commercial banks in the United States have not reacted favorably to loaning money to non-profit groups interested in establishing shared housing. Banks are not interested in funding social change where there is financial risk and where the accountability of a non-profit organization with few assets is hard to pin down. Foundations have also been unwilling to support projects where older residents have sole control over decisions affecting the management of the household facility. Foundations, as do commercial banks, want to deal with established groups with identifiable assets. Consequently, the availability of conventional private sector capital to purchase dwelling units and make necessary physical changes is in short supply. Public sector capital has been mostly limited to demonstration or model project funding.

Bureaucratic redtape can present a formidable barrier to the establishment of a shared household. Such hurdles as obtaining an insurance inspection or city clearance of any code violations, or requesting a zoning variance can sometimes be insurmountable.

Attitudinal barriers are another set of restraining factors. Often communities are more willing to provide funds for demolition rather than rehabilitation. A lack of awareness on the part of communities of the advantages that shared housing provide for older persons is an example of such a barrier. The uncertainty of how persons will react to sharing a bathroom, kitchen and personal possessions with strangers is another perceived barrier. Nuclear family and/or single person households remain the ideal arrangement and continues to work against this particular alternative.

A shortage of technical assistance resources has made it difficult for individuals and agencies to implement their intentions to establish such households. Information on how to establish a shared household is growing steadily, but is not widely available and is often lacking in specificity. A shortage of counselors affects the success rate of matches.

Finally, there is uncertainty on the part of older persons with income aid assistanceships (Rent Subsidies and Food Stamps) about the continuation or reduction of that assistance if they share space with other persons.

## BENEFITS

Shared housing provides companionship. It can overcome isolation and loneliness and engender a feeling of safety and security. Shared housing environments have been found to be physically safer environments (Blackie, et al., 1982). Support to continue to be self-determining and independent also comes from this option. Intergenerational households offer the vitality and energy that comes from younger generations. Regarding the physical advantages, the small scale nature of a three or four person shared household maintains the integration of the household with the neighborhood. Existing housing stock is ideally suited for this alternative thereby increasing the productive capacity of our existing resource. Familiarity with the neighborhood community is maintained. Finally, shared housing is an effective way to stretch a limited income. For example, in 1981 the National Policy Center on Housing and Living Arrangements for Older Americans determined that monthly income after housing expenses have been paid can be increased as much as 38 percent by sharing household expenses.

### WHAT ATTRACTION DOES SHARED HOUSING HOLD?

Of vital importance to moving the concept of shared housing forward is the issue of, "How much interest is there in shared housing?"

According to the 1980 Annual Housing Survey (U.S. Bureau of the Census, 1981), approximately 300,000 persons

65 years of age and older were living in non husband-wife households. This represented 1.2 percent of the older American population. In a recent report on Housing Choices of Older Americans (Turner and Mangum, 1982), some 2.5 percent of their sample were found to be living in shared residences. The Shared Housing Resource Center of Philadelphia in 1981 had identified approximately 75 shared residences of between 3 to 5 persons. In the same year, the National Policy Center on Housing and Living Arrangements for Older Americans at The University of Michigan was able to identify 69 residences, with 23 of these residences occurring in the city of Seattle, Washington. The University of Michigan Center also estimated shared housing matches approaching 1,000.

The Turner and Mangum (1982) report also provided an indication of the extent of demand among older people not currently in shared housing. As shown in Tables 1 and 2, six percent of the homeowners interviewed in their study expressed an interest in shared housing. Interest in shared housing among renters was ten percent. The National Policy Center on Housing and Living Arrangements for Older Americans estimated that if only eleven percent of older Americans opted for home sharing, the unmet need for shelter by the elderly would be met.

**TABLE 1:  
INTEREST IN SELECTED HOUSING ALTERNATIVES AMONG HOME-OWNERS**

Housing Alternative	All Households (n=344)			Nonmovers Desiring To Move (n=43)		
	Yes	No	Don't Know	Yes	No	Don't Know
House Sharing	6% (20)	87% (300)	7% (24)	2% (1)	88% (38)	10% (4)
Living in A Rooming House	6% (20)	88% (302)	6% (22)	5% (2)	88% (38)	7% (3)
Living in Housing with Personal Care Services	33% (111)	52% (180)	15% (52)	16% (7)	72% (31)	12% (5)

**TABLE 2:  
INTEREST IN SELECTED HOUSING ALTERNATIVES AMONG RENTERS**

Housing Alternative	All Households (n=86)			Nonmovers Desiring To Move (n=18)		
	Yes	No	Don't Know	Yes	No	Don't Know
House Sharing	10% (9)	86% (73)	4% (4)	5% (1)	90% (16)	5% (1)
Living in A Rooming House	6% (5)	92% (79)	2% (2)	7% (2)	93% (16)	0% (0)
Living in Housing with Personal Care Services	33% (29)	57% (49)	10% (8)	19% (4)	69% (12)	12% (2)

Source: Turner and Mangum (1982), p. 58.

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## CONCLUSION

Shared housing alone will not solve the housing supply problem for older persons. Clearly shared housing is not for everyone. However, for those older persons who can adapt, shared housing offers: affordable shelter, companionship, the informal provision of care, additional income, an alternative to expensive institutionalization, safety and security. Shared housing can also be directed at balancing increasing demand with the supply of affordable units. Utilization of existing housing stock is cost effective and shared housing can be an excellent outcome of a policy to tap that existing resource.

It is not enough, however, to encourage the development of shared housing to meet the needs of older persons. It must become part of a national structure of providing housing for older persons.

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# 1 1 A CANADIAN EXAMPLE: THE HOME SHARING PROGRAM FOR OLDER ADULTS IN REGIONAL NIAGARA\*

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Before describing the Home Sharing Program of the Senior Citizens Department of Niagara which is the focus of this paper, I would like to highlight some of the thoughts and concerns which led us to initiate home sharing as an alternative living option for our clientele.

First, I would like us to reflect on the word "home". For anyone, many feelings, thoughts and associations are triggered, including those of warmth, comfort, memories, belonging, identity, status, security and freedom. Second, it should be noted that the introduction of government and private pensions has greatly expanded the independence of today's older adults. A large percentage, and the older female in particular, own their own homes, homes in which many years have been spent, and which provide a link with the past and with their identity. Too often, however, we ignore and negate feelings and move people like pawns on a chess board. Aging often imposes limitations which may be one or any combination of physical, social or financial

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\* The author wishes to acknowledge the valuable assistance of Mrs. Lola Salmon, Community Worker and Program Co-Ordinator, and Mrs. Betty Oka, Education and Staff Development Co-Ordinator, in preparation of this paper.

constraints. Despite the burdens encountered, to relinquish one's home, particularly for institutionalization, may be seen as an unacceptable alternative.

Cluff (1981) describes an adaptive process in the older adult's life style when difficulty coping with the environment is encountered. This involves a life style rearrangement which includes only those components which the individual finds manageable. It is our belief that what may be perceived as unmanageable in the situation where one is living alone may not be so when there is companionship and a sharing of abilities and resources.

#### INTEREST IN HOME SHARING

There has been limited study in this area, but as noted by Blackie, one survey (Turner and Mangum, 1984) reports that 6 percent of home owners and 10 percent of renters indicated interest in home-sharing. Although initially this might not be thought of as a large enough group to be concerned with, if one considers that there are 868,000 people in the province of Ontario aged 65 and over, using the conservative figure of 6 percent, it is estimated that 52,000 persons could be involved in home-sharing.

#### ALTERNATIVE MODELS

The concept of home-sharing is not precise and when surveying the literature several models are in evidence. The earliest are community residences which house several older individuals and for whom housekeeping and meal service is provided by a hired housekeeper. Projects such

as Share-A-Home (Harkey and Traxler, 1982; Traxler, 1983) which originated in Florida, and the Abbeyfield houses in Great Britain fit this model (Streib et al., 1984).

Another model and the one I wish to focus on in this paper involves living with unrelated housemates in an unaltered private home without benefit of paid help. It is the model of home sharing that the Senior Citizens Department of Regional Niagara launched in 1980.

This program is distinctly different from the satellite group homes operated under the direction of the Senior Citizens Department. Satellite group homes operate under set standards and operators receive a per diem rate. In the Niagara home sharing program the individual parties establish their own agreements.

#### THE ROLE OF STAFF IN THE NIAGARA PROGRAM

The home sharing program in Niagara has focussed on matching those having housing-related needs with another whose resources and abilities provide the needed assistance. Persons with multiple needs may be either provider or sharer, although a higher number of sharers tend to exhibit complex needs.

At present one community worker is involved with the home sharing program on a half-time basis; her prime responsibility is facilitating each sharing arrangement.

Following the initial inquiry, the community worker arranges for an interview at the home of the prospective home sharer. On completion of the interview, the

community worker attempts to match an individual who is willing to move, with one who wants to remain in his/her own accommodation. Match-ups are based on preferences, needs and backgrounds of potential home sharers.

The community worker then arranges an introduction and a trial period in which the prospective sharers have the opportunity to assess their suitability and the likelihood of a successful arrangement taking place.

The involvement of the Department's community worker does not end, however, with matching but includes on-going follow-up to assist both parties to achieve their desire to remain living within the community.

The Community worker visits the home sharers at frequent intervals during the initial stages and less often when the home sharing arrangement has been established.

If problems arise, the community worker is available for counselling, intervention or relocation.

Progress notes are kept by the community worker on each home sharing arrangement.

The Department provides a supportive and consultive role with the intention of ensuring that the home sharing will be satisfactory and enjoyable to the parties involved in it.

Participants have the assurance that should their needs require additional assistance they have available to them all the support and care services provided by the Regional Niagara Senior Citizens Department.

While we have found a number of persons willing to

share their home, there are fewer persons seeking to enter into the sharer role. We anticipate that with the changing attitudes of the future older population, this type of living option will be increasingly acceptable.

EFFICACY OF THE PROGRAM

Recently, a review of 47 home-sharing records and interviews with 18 current participants was undertaken to ascertain the reasons for and the benefits reaped from home-sharing in Niagara.

The literature identifies desire to remain in own home, financial constraints and loneliness as the main reasons for wanting to share one's home. As shown in Table 1, we found among home providers in our program that these were frequently identified as reason for involvement in home sharing. Home sharers also identified companionship and finances along with health as major reasons for sharing.

TABLE 1:  
REASONS FOR INVOLVEMENT IN HOME SHARING

Benefits	Home Providers (n=35)	Home Sharers (n=30)
Companionship	23	12
Safety	8	8
Help with personal care, i.e., bathing, cooking	7	9
Financial	17	11
Assistance with upkeep of home	14	0
Desire to remain in familiar neighbourhood	12	1
Preferred not to live with children or other family	4	7
No family in immediate area	6	7
Recent death of spouse or significant other	6	4
Health	5	13
Interest in seniors	5	-

When home providers and home sharers were asked what they experienced from this living option, both indicate similar areas of benefit. Table 2 summarizes these responses.

**TABLE 2:  
PERCEIVED BENEFITS OF HOME SHARING**

Reasons	Home Providers (n=35)	Home Sharers (n=30)
A more satisfying lifestyle	20	17
Increased companionship	19	16
More involvement in outside activities	4	11
Less financial strain	18	13
More satisfying relationships with children and relatives	4	5
Less loneliness	16	15
Improved feeling of well being	21	19
An expanded circle of friends	4	11
Assistance in carrying our personal care	4	6
Assistance with home upkeep	13	-
Opportunity to continue community living while receiving assistance needed	14	13
Satisfaction from the sharing experience	20	20

## DURATION OF SHARING ARRANGEMENTS

As shown in Table 3, our data indicate that the majority of home sharing participants remain in the program for no longer than one year.

**TABLE 3:  
DURATION OF HOME SHARING MATCHES**

<b>Length of Match</b>	<b>Participants</b>
Less than one month	6
1 - 6 months	33
6 - 12 months	13
1 - 3 years	6
More than 3 years	2
<b>Total</b>	<b>60</b>

Given these data one might question the success of this option but when the reasons for dissolution are examined, many concerns are removed.

Of 60 providers and sharers, only 3 indicated that sharing was dissolved because of an unsatisfactory relationship. The following are the most frequent reasons for dissolution:

- moved into independent living
- moved closer to family
- remarriage of either sharer or provider
- provider assuming increased family responsibility
- change in health status
- financial change
- requirement for higher level of care
- death

It should also be noted that most participants indicated that they would consider home sharing again.

## CASE STUDIES

The literature, our program guidelines and procedures and the outcomes of surveys can never replace the information and insight gained from those involved on a day to day basis in the program.

The following case studies are offered as illustrations.

### CASE I

In November, 1980, Mr. L. (80 yrs.) contacted the community worker through home help services, looking for a companion as his second wife had left him. He also approached the administrator of one of our homes for the aged and the supervisor of the intake department.

Mr. L. was extremely agitated and talked of suicide. The community worker registered Mr. L. as a prospective home sharer. He was willing to move anywhere within the region. Through the combined efforts of staff in the Senior Citizens Department, Mr. L. was placed in home sharing arrangement in another community with a 64 year old woman. (The woman had once considered being a satellite group home operator).

The home sharing arrangement with Mr. L. helping with outside chores, is working well to date (Oct. 1984).

### CASE II

Mrs. S. (78 yrs.) sought a home sharing arrangement in February, 1983 when her health improved after residing in a home for the aged for 14 months.

A successful introduction and trial period resulted in Mrs. S. moving into a home sharing arrangement with a 64 year old woman in the community.

The arrangement worked well for four months at the end of which the older woman approached the community worker with the idea she would now like to live independently in the community.



The community worker was successful in finding a senior citizen's bachelor apartment and assisted in relocating the woman.

Community support services in the form of a talk-a-bit security phone call on a daily basis and a friendly visitor, were accepted by the woman.

The woman is currently contentedly living independently in the community (Oct. 1984).

A new home sharer (male - 80 yrs.) was found for the woman whose home was vacated when Mrs. S. returned to the community.

### CASE III

Mr. S. (90 yrs.) contacted the community worker to register as a prospective homesharer, as he was unhappy in a retirement home. (His wife was incoherent in a nursing home).

A successful introduction and trial period ended in a home sharing arrangement taking place with a 77 year old woman, Mrs. N., in an apartment.

The two home sharers relocated to a rented house where they worked hard at redecorating and furnishing.

The house was sold and the two home sharers relocated to an attractive pent-house apartment.

Upon the death of Mr. S's spouse, he and the home sharer married. The marriage did not work out and a separation and annulment resulted.

Mrs. N. moved to an independent living unit in an apartment and Mr. S. sought another home sharing arrangement through the community worker. No suitable home sharing partner could be immediately found. (Mr. S. also advertised privately for a lady with whom to share).

After approximately two months, the community worker contacted Mr. S. concerning a home sharing arrangement

with a 60 year old couple in an attractive home. Mr. S. had just made arrangements to move to a retirement home outside the region.

Nevertheless, as a precaution against his decision being unsatisfactory, the community worker took Mr. S. to meet the prospective home sharers.

Communication by letter and phone between the community worker and Mr. S. indicated he was unhappy residing in a retirement home in the secluded northern area to which he had moved.

Mr. S. stated his wish to begin home sharing again in the Niagara region. Arrangements were made for his move into the home he had previously seen.

Upon follow-up two weeks later, the community worker found Mr. S. "extremely happy" in his new surroundings. The couple whose home he shared were equally pleased with the arrangement.

Within another week, Mr. S. suffered a stroke and died in hospital (April, 1983).

A brother of Mr. S. wrote to the home sharing providers. In his letter he stated that Mr S. had

... made it very clear to us that he was very happy in the arrangement with (you) and proud to be associated with such fine people.....

When his stroke occurred, you were more than kind and helpful....Also, before his death, you were most solicitous and visited the hospital frequently. For all these kindnesses, we are most appreciative....All of his family who are left will always feel in your debt for your good samaritan treatment of one who was almost a stranger to you.....

The home providers involved in the above case presently have a 76 and a 73 year old woman sharing (October, 1984).

#### CASE IV

Mr. W. (82 yrs.) was a resident in one of our smaller homes for the aged. When circumstances necessitated the closing of the home, Mr. W. was faced with the need to relocate.

He had been a resident since 1978 when relatives were no longer willing to accommodate him. He returned briefly to his relative's home between 1980 and 1981 when again the relatives (sister and brother-in-law) were reluctant to have him live there.

When faced with choosing an alternative, this man who was described in the Home records as a "loner" and a "poor eater", had difficulty accepting the idea of a large Home for the Aged or a Satellite Home.

When the idea of home sharing was presented to him he accepted. He expressed a desire to prepare his own food and he moved into a home where this was allowed. After four winter months, however, the home was found to be much too cold and another home in the community was found. This arrangement worked well until the home provider, a widow, began to plan a second marriage.

Again a new home had to be sought where Mr. W. could provide his own meals. He is presently living with a 58 year old woman and her 20 year old son. All parties have expressed satisfaction with the arrangement.

A year has passed since Mr. W. entered the home sharing program and is a testimony to the his flexibility, determination and ability to have his needs met in the community (October, 1984).

## CONCLUSION

Although development of the home sharing program has been slower than initially anticipated this is probably due to the newness of the program and the limited staff and promotional resources which have been available.

In the future we expect to see an increasing number of persons sharing their talents and resources and remaining in their community.

Home sharing is only one of many living options and I would like to leave you with the thought that changes in ability lead to inappropriate solutions if options are unavailable.

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# 1 2 ACCESSORY HOUSING: APPLICABILITY TO THE CANADIAN CONTEXT

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In generic terms, there are two types of accessory housing: the granny annex which has been explored in the United Kingdom and the granny flat which is associated with the State of Victoria in Australia.\* Both forms have the characteristic of providing independent living for the elderly occupant with the potential for help from a neighbour if needed or the provision of services should this be appropriate.

This paper describes both forms, with emphasis on the granny flat, raises some issues associated with application of the concept in the Canadian context and outlines a proposal for a demonstration project.

## THE GRANNY ANNEX

The granny annex is a self-contained dwelling built either beneath, above, or adjacent to the family home (See Figure 1). The annex is more commonly undertaken by the private sector in the United Kingdom but has been experimented with by the public sector with qualified

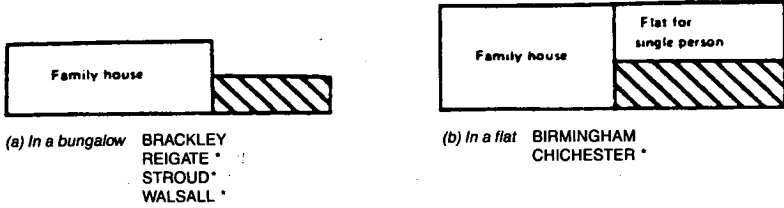
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\*Editor's Note: In the USA, the term ECHO housing, an acronym for "Elder Cottage Housing Opportunity", is used to refer to a housing form similar to the Australian granny flat.

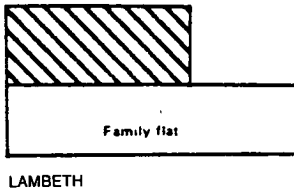
**FIGURE 1:  
DESIGN OPTIONS: GRANNY ANNEXES**

Source: Lazarowich and Haley (1982)

**1. By the side of the family**



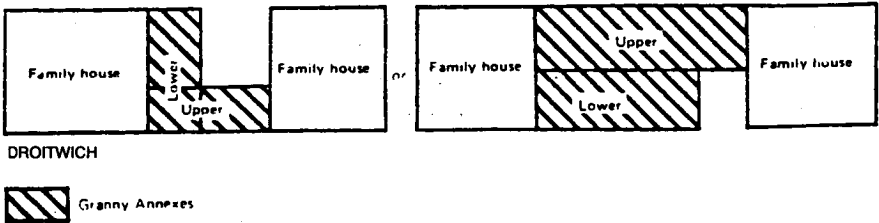
**2. Above the family**



**3. Below the family**



**4. Mixed arrangement**



\* Bedsitters. The others are one bedroom flats

success. Problems which have been experienced with this housing form include: management problems due to the lack of adaptability of the stock should the elderly person die or the host family move; conflicts due to the close proximity of families with differing needs and life styles, and costs associated with physically joining the unit to the family home in a way that meets building code requirements.

The annex is a more urban solution which finds its Canadian parallel in the illegal suite, the "Vancouver Special", housing conversion in the inner city and of course multiple buildings where there is a mix of housing perhaps typified by many cooperatives.

#### THE GRANNY FLAT

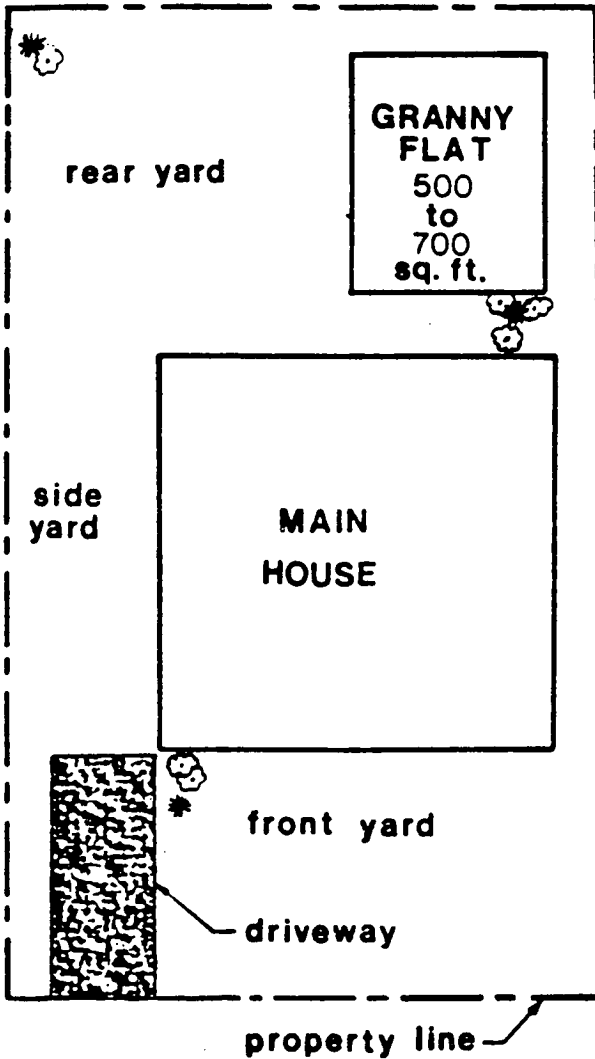
The granny flat is a moveable detached and self-contained dwelling placed in the rear, side or front yard of a single family dwelling owned by the grandparent or their children (Figure 2). Research undertaken by Lazarowich and Haley (1982) of the University of Waterloo for Canada Mortgage and Housing Corporation, indicates that about 1,000 granny flats have been administered by the Ministry of Housing of the State of Victoria in Australia since the program was instituted in 1975.

- Granny flats are rented under the terms of an agreement which ensures that the dwelling is occupied only by an elderly person at a rent of 20 percent of income. When the dwelling is no longer needed the unit is moved to another location.



FIGURE 2:  
GRANNY FLAT LOCATION ON SITE

Source: Lazarowich and Haley (1982)



**SCALE:** 1 in. = 20 ft.

**MINIMUM LOT AREA:** approximately 6,000 sq. ft.

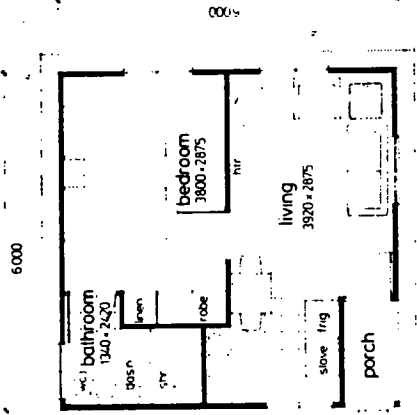
- To avoid waiting lists of up to 18 months, the Australian government has recently permitted individuals to privately fund the cost of their own units. This approach requires the Ministry to agree to purchase the unit at market value when the dwelling is no longer needed. A lease is signed and the lessee pays \$1 per annum for the period of use.
- The dwelling is designed in two configurations, 6m x 6m or 8m x 5m in size comprising a living room, dining area, kitchen, one bedroom and bathroom (Figure 3).
- The flat is built using a panellized system for ease of installation and removal from the lot.
- The flat is connected to the water, sewer, electrical and telephone services that service the host lot.
- 5 out of 6 units are located in Metropolitan areas.

The granny flat is a suburban solution whose Canadian parallel is the carriage house sometimes found as a non-conforming use in older areas of the city, or the "Doddy House" (Lazarowich and Haley, 1982) associated with Mennonite farming communities.

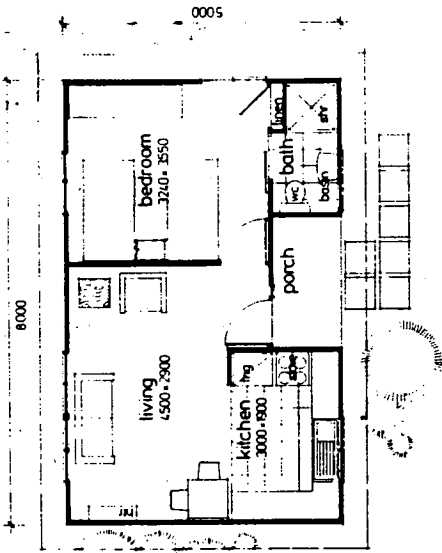
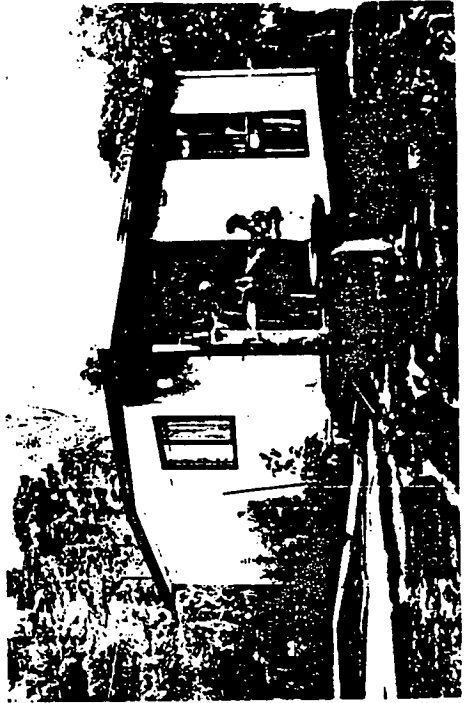
The Australians believe the granny flat has a number of advantages. The extended family is maintained and personal care for an aging parent can be provided within the terms of the family. Even though more women are joining the labour force, the provision of these services is regarded as being feasible outside of working hours and where this is not the case then alternative arrangements

**FIGURE 3:  
THE AUSTRALIAN GRANNY FLAT**

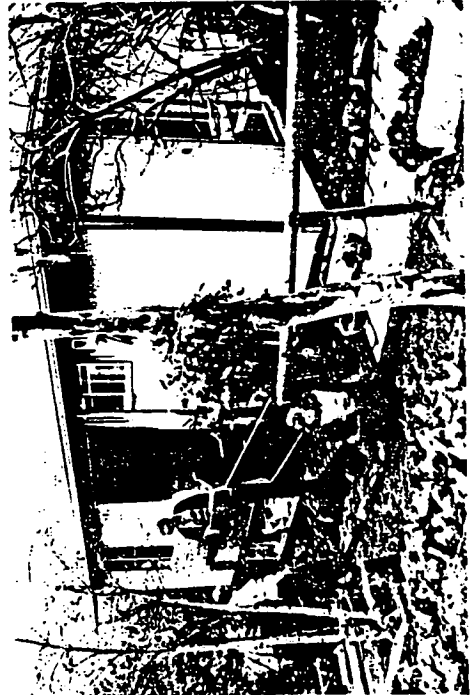
Source: Lazarowich and Haley (1982)



GRANNY FLAT — SIDE ENTRY



GRANNY FLAT — CENTRE ENTRY



are made through home care services. The living arrangement of the extended family gives the young the opportunity of learning from their elders and grandparents the chance to participate in the child rearing role. Contact is maintained but at a distance.

The granny flat housing form permits a more effective use of the existing housing stock, gives access to single family housing to younger families, permits a more intensive use of public services and facilities through sensitive infill and, enables community contacts to be maintained by the elderly. Costs to built moveable detached units are less than self-contained seniors apartments; land is not acquired and amortized as part of the rent. It should be noted, however, that the granny flat does not have universal application since the idea can only be achieved for those families living in detached housing on larger lots; the Australians regard 6,000 square foot lots (approximately 557 square metres) as the minimum feasible size that can accommodate a granny flat. The concept of extended family living is not universally accepted. Further, where out of town job moves are necessary the breaking of symbiotic ties results for the grandparents and the family.

#### APPLICATION OF THE CONCEPT IN A CANADIAN CONTEXT

Based on Canadian standards it is assumed that a dwelling of about 50 square meters would be required to provide a barrier-free environment for one or two person

occupancy. The dwelling would comprise a living room, dining area, kitchen, bedroom and bathroom with laundry and storage areas. Layouts of the units should permit the entrance and principal windows to be located on opposite and adjacent walls to respond to site conditions of corner and interior lots with or without lanes. Space around the granny flat would be required to maintain view, light, sunlight, fire separation and to enable activities to be accommodated such as access, sitting and entertaining outside and perhaps to park the car. The layout and construction of the dwelling would also be influenced by manufacturing and delivery practice.

#### FINANCING

It is estimated that a granny flat to these specifications would cost no more than \$20,000 to fabricate and \$5,000 would be required for delivery, to locate the unit on the site, for preparation of the site and service hookups. Amortized over 25 years at current interest rates requires a monthly payment of \$287. (If the amortization term is increased to 35 years the monthly payment is reduced by only \$20).

If 10 percent of the stock is moved every year at a cost of \$5,000 for relocation, site preparation and refurbishing costs, rents would need to be increased by \$58 per month. If 25 percent of the stock is moved, rents would be increased by \$145. Administrative and other expenses are estimated to be \$40 per unit suggesting a

total economic rent of \$385 to \$472 per month.

New one bedroom units in walk up wood frame buildings currently built under the Canada Rental Supply Plan in B.C.'s Lower Mainland have average economic rents of \$550, while market rents for accommodation of similar form range from \$400 to \$450 per month.

An income needed to carry the economic rent of a granny flat assuming a 30 percent shelter cost to gross income ratio is \$1,300 to \$1,600.

For those grandparents with a minimum pension supplement income of \$604 for a single person and \$1,056 for a couple, some form of subsidy will be required. This subsidy might be obtained from equity in the host house or through government programs.

#### INSTITUTIONAL BLOCKAGES

The concept of the granny flat has been explored in a number of settings in the United States by the private sector. This experience has been flawed due to the lack of control of the use and occupancy of the dwelling, once the unit is no longer used by the elderly. Units were rented to students and young people leading to increased noise, traffic and parking. Consequently adverse neighbour reaction has been experienced to the point where the concept is now at risk. The Australian experience has been positive. This is attributed to the relocatable nature of the granny flat and the strict enforcement of agreements which ensure units are only used by seniors and

where not required, are moved to other locations.

In Canada the control of use is undertaken through the zoning bylaw. Single family zones do not generally permit the use of secondary buildings or temporary buildings of the nature that would permit granny flats to proceed with certainty. However in some municipalities special zones do exist to enable the idea of a secondary building to proceed, subject to building bylaws and other codes. Those municipalities with development control provisions may consider individual proposals for secondary buildings. This process involves public hearings and the approval of council.

Zoning provisions are therefore seen as the major impediment to the concept of granny flats on either a "one off" basis for demonstration purposes, or as a continuing idea. Acceptance of the concept of granny flats at the neighbourhood level is seen as crucial to alleviating this blockage.

#### ORGANIZATIONAL STRUCTURE

If the control of the dwelling in use is as critical to the success of the granny flat as the Australian experience suggests, then an organizational structure will be needed to build or acquire the dwelling, assess the suitability of locations and proponents seeking a dwelling, obtain necessary approvals and locate the dwelling in place as well as negotiate agreements and ensure compliance. The third sector involved with

building of social housing in Canada would provide an appropriate focus for such an activity either through municipal or non-profit associations. The programs of the National Housing Act have the potential to assist this form of housing.

#### MARKET DEMAND

The demand for the granny flat is unknown both in terms of the potential, i.e. - the number of Canadian families living in single family housing with grandparents who do not require institutionalized care and, where these conditions exist, the extent to which the concept of the granny flat is desired. Studies in the Waterloo area (Lazarowich and Haley, 1982; Lazarowich, 1983), however, suggest the potential market may be a significant one.

#### DEMONSTRATION PROJECT

An analysis of the experience with granny flats suggests that the housing form has a potential application in Canada as an alternative means of housing the elderly. However, it would appear that the success of this potential will, in large measure, be determined by the manner in which the concept is introduced to ensure neighbourhood acceptance.

Canada Mortgage and Housing Corporation is therefore proposing to test and evaluate the concept in a number of cities across the country working in collaboration with the Canadian Manufactured Housing Institute and the Manufactured Housing Associations who have expressed



strong interest in the concept. The initiative will comprise three phases, a walk through demonstration of model units to determine the market interest in the concept, an occupancy demonstration over a one year period and a third phase which will operationalize the production and administration of the housing form.

It is proposed that Phase I will be a design competition for mobile homes, modular units or panel systems which are compatible with manufacturing, delivery and regulatory practices including the C.S.A. standards.

Criteria for the selection of designs will include:

- the degree to which the layout meets the day to day needs of the elderly.
- the manner in which the dwelling can be adapted for varying site conditions.
- the appearance of the dwelling and its potential to blend into existing neighbourhoods.
- the capital, maintenance and operating costs.

Under the terms of the demonstration it is proposed that prototype units will be assembled by the private sector and located on shopping centres in selected cities across the country. Members of the public will be able to walk through the dwelling and assess it on the ground. Visitors will be asked to complete a brief questionnaire from which a random survey will be undertaken to determine consumers' attitudes to the concept.

In Phase II these same units will be located on

selected sites for occupancy over a one year period to enable the concept of the granny flat to be assessed in use.

Phase III will result in modifications to the housing form based on the experience gained from earlier phases and the development of mechanisms to alleviate any blockages which have been identified during the previous phases. These mechanisms might include model zoning bylaws, financing or institutional arrangements to enable what the Corporation regards as a good idea to go forward.

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# 13 RETIREMENT COMMUNITIES: A RANGE OF OPTIONS

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Even though much of the material in this paper is based on a study done in the United States and has been reported in detail elsewhere (Hunt, Feldt, et al., 1983), I feel that this discussion will provide a better understanding of the relative strengths and weaknesses of the various types of retirement communities and residences with respect to the varying needs, capabilities and desires of older Canadians.

Most retirement communities that exist in the United States today can be categorized according to five types: new towns, retirement villages, subdivisions, residences, and continuing care communities. They have been created by a wide range of sponsors including fraternal lodges, labor unions, religious groups, voluntary associations and real estate developers. Many of these settlements have developed an autonomous community life while others depend in part or in whole on the services of the outside community. Each type of community involves certain gains and losses to the individual with respect to security, responsibility, freedom and privacy.

## NEW TOWNS

Retirement new towns are designed for retirees interested in both a leisurely and active life style within a self-contained community setting. These privately built developments, aimed at both the pre-retirement and retirement market, are most commonly found in Sunbelt and Western states so as to take advantage of a climate conducive to year-round outdoor activity.

The new town is the largest of the retirement communities. They have a population of at least 5,000 residents, although many are considerably larger. For example, the 1981 populations of two well publicized retirement new towns, Arizona's Sun City and California's Leisure World, were 47,500 and 22,000, respectively. Such communities occupy large tracts of several thousand acres.

Various housing options are available to prospective new town residents. Single-family homes, two- and four-plex housing and townhouses abound. High-rise buildings, designed for residents seeking security and continuing health care may also be found in new towns. In addition to fee-simple ownership such as is available in Sun City and Sun City Center, condominium and cooperative living arrangements are available. In fact, all housing within California's Leisure World is sold as cooperatives and condominiums.

Since new towns are designed to be virtually self-contained, numerous support services and facilities are

included as part of the community. When compared to other types of retirement communities, new towns offer the most extensive network of recreational, commercial, financial, and medical services. Opportunities for both active and passive recreational pursuits are abundant. For example, Sun City, Arizona contains 11 golf courses, 8 lawn bowling greens, 72 shuffleboard courts, 4 miniature golf courses, 7 swimming pools, and 17 tennis courts. In addition, there are 5 auditoriums, while studios and game rooms are available for hobbies, crafts, or other activities, such as billiards, table tennis, and cards.

Facilities within the community for shopping, banking and dining out are also plentiful, making it convenient for residents to conduct personal affairs. Sun City, for instance, contains 6 shopping centers with a total of over 350 shops and businesses, 16 restaurants, a number of gas stations, and local newspapers. Financial institutions are commonly found in new towns as well. In Sun City, there are 16 branch banks and 25 savings and loan associations.

A range of health care and medical facilities are also available in new towns. Sun City, Arizona and Leisure World, California even contain hospitals. If hospitals are not available within the new town, they are likely to be located nearby. Medical clinics housing doctors' offices and laboratories are often located within new towns as well. Some new towns may even contain nursing homes or continuing care retirement centers. For example,

there are two continuing care centers in Sun City, Arizona and two more are adjacent to the retirement community.

Two distinct philosophies of security are reflected in the physical design of new towns. One is represented by the closed, self-contained community and is characterized by perimeter walls and security gates restricting access to the development. This philosophy of walls and gates is reflected in the layout of Leisure World, California. The other philosophy may be characterized as an open community, undifferentiated from its surroundings and having unrestricted access. Sun City, Arizona is reflective of this philosophy.

Residents of new towns tend to be young and active retirement aged people seeking involvement in various forms of active recreational and leisure pursuits. The only restrictions placed on residency in most new towns is a minimum age; residents typically must be over 50 years old.

The average age of residents is generally less than 75 years. However, in some new towns, residents are much younger. Households, for the most part, consist of couples having middle and upper middle-income backgrounds. Although fewer than one-third of the residents work either full- or part-time, many are involved in voluntary organizations and activities within the retirement community. New towns attract people from all parts of the country. However, the specific market area for any particular town

will vary depending on its location. Sun City, for example, attracts a national market with the Midwest states being the largest supplier of residents. Others, such as the Leisure Worlds, attract most of their residents from the local regions.

New towns are typically the creation of large development corporations owning or holding options on large parcels of land. Generally, they are built in stages. The timing of construction within each stage is a function of home sales, which vary with marketing efforts, interest rates, and the general state of the economy. Often, recreational lands and facilities, roads, and other services are created prior to housing. This occurred in the three new towns we visited.

#### RETIREMENT VILLAGE

These retirement communities are intended to house a retirement and pre-retirement population in a secure setting offering a wide assortment of leisure and recreational activities. Unlike new towns, retirement villages are not planned to be self-contained communities. Rather, they are located in urbanized areas containing a full range of services from which the retirement community and its residents can draw. Although commonly found in Sunbelt states, villages have also been built in Northern states.

Retirement villages are smaller than new towns -- generally ranging in size from 1,000 to 5,000 people.

Housing type, quantity, and density can vary greatly both within and between communities. Options include single-family detached homes, 2-8 plexes, low-rise and high-rise apartment buildings, and mobile homes. Typically, mobile homes are not mixed with conventionally built housing and some developers prefer greater uniformity of housing type within one community to reduce costs. Given the variation in housing and density of development, it is not uncommon for retirement villages to occupy as little as 100 acres of land or as much as 1,200 acres.

There is also variability in the forms of housing tenure in retirement villages. In addition to traditional fee-simple ownership, cooperative and condominium arrangements, rentals and mobile home ownership combined with lot rental are available in retirement villages. Regardless of tenure arrangements, residents typically pay a monthly fee to cover the operating costs of selected community services.

Recreational and communal facilities and programs are prevalent in retirement villages. Indoor facilities typically include a clubhouse with rooms for meetings, performances, crafts, games, and an assortment of classes. Outside facilities include swimming pools, golf course(s), shuffleboard courts, and tennis courts. In short, the recreation/leisure facilities of a village often rival those found in new towns.

Because retirement villages are not planned to be self-



contained communities, the extent to which they provide shopping facilities either on-site or on the perimeter of the village varies. Some villages contain a few private businesses, others have commercial establishments adjoining their perimeter. Still others, contain no commercial facilities and are fairly distant from the nearest shopping. Similarly, the provision of health care facilities and services varies among retirement villages. Most villages offer only emergency medical service.

As in the case of new towns, retirement villages differ from one another in the extent to which security is available. Many are surrounded by walls with guarded entrances to limit access to residents and authorized visitors. In all retirement villages we visited, this type of extensive security was present.

Like new towns, retirement villages tend to attract young, active, and gregarious residents. For the most part, the population in retirement villages consists of retired couples in their late 60's, college educated, and financially comfortable.

### RETIREMENT SUBDIVISIONS

Retirement subdivisions are privately built residential environments, planned for a predominantly independent elderly population. In contrast to new towns and retirement villages, they contain a limited number of services and facilities for resident use. Consequently, they are

planned as part of the fabric of the surrounding environment which is usually rich in services and amenities. The larger community then becomes the major attraction for prospective residents who seek a living arrangement, unencumbered by a costly infra-structure, which contains for the most part older people. Retirement subdivisions, therefore, tend to be located in the urban areas of Florida and other Sunbelt states so as to take advantage of the attractive climate and community services. Their size varies, although most house no more than 500 persons.

Community services and facilities in subdivisions are usually limited to a small meeting room or recreation center. Commercial, medical or nursing facilities/services are typically not available within retirement subdivisions but typically are found throughout the surrounding environment. Compared to the other classes of retirement communities, subdivisions represent the least supportive form of retirement living from a facility perspective.

Subdivisions tend to be characterized by either of two housing types: conventionally built single-family homes or mobile homes. Although many subdivisions impose limitations on the age of prospective residents, many will only allow adults 18 years of age or older.

Older residents in retirement subdivisions are similar in many respects to residents of new towns and retirement villages. Households generally consist of married couples in their early 70's, both of whom are in good health. Many

residents are employed either full- or part-time, and, unlike those in new towns and villages, frequently remain active in the host community. This pattern of involvement is consistent with the nature of subdivisions: i.e., to be an integral part of the surrounding environment.

In general, the populations of subdivisions tend to be less affluent than those in new towns or retirement villages. Since retirement subdivisions contain fewer services, and many are mobile home parks, they are more affordable than the other types of large scale retirement communities. Retirement subdivisions are sometimes referred to as "bargain" retirement communities. Retirement subdivisions are viewed as attractive business ventures for small developers. Whereas new towns and villages require large initial capital investments so as to construct recreation and service facilities, subdivisions can be developed with a relatively small initial capital investment because they contain few such facilities.

### RETIREMENT RESIDENCES

These small retirement communities are supportive environments designed to accommodate a relatively independent life style at a moderate cost to older retired persons. They are likely to be built under the sponsorship of non-profit groups, such as churches, unions, or benevolent organizations. Residences are typically

located in urban areas near public transportation, shopping, and medical services, and are found in all parts of the United States.

To a large extent, residences are small communities of older people, often housed in a single high-rise building. Many have been designed as apartment hotels and, over time, have attained retirement community stature by virtue of changes in resident characteristics and ownership. For example, Williams Memorial Residence is housed in the former Hotel March, a residential hotel in New York City. Residences, on the average, contain fewer than 500 dwelling units, most of which are apartments rented on a month-to-month basis. Charges to residents cover meals and sometimes services such as laundry and transportation. Besides apartments, retirement residences contain communal rooms and dining facilities, where residents may be required to eat at least one meal per day. Other meals are taken in apartments having small kitchenettes.

Retirement Residences are similar to subdivisions in that they generally lack outdoor recreational facilities such as golf courses, tennis courts, and swimming pools. At the same time, their social programs and the indoor facilities to accommodate them may be similar to, although less extensive, than those found in retirement villages, or even new towns. These facilities might include lounges, craft areas and/or game rooms, and multi-purpose rooms. Planned programs, organized by resident staff,

typically include classes, parties, lectures, and excursions to places in the surrounding area.

Another characteristic common to both retirement residences and subdivisions is their lack of health care facilities and services. Apartments in retirement residences, however, are often equipped with emergency call buttons, while staff is sometimes trained in emergency medical techniques.

People living in residences tend to be older than those found in new towns, villages, and subdivisions. The typical resident is a single woman, around 75 years old, white and living on a modest income. She, like her neighbors, is generally in good health and independent. She leaves the residence when she wishes and rarely seeks assistance from the staff. She was attracted to the residence by its relatively modest cost, its security, its services, and potential for finding companionship.

For the most part, residents have lived in a private home or apartment elsewhere in the host community or region prior to their moving to the retirement residence. In many cases, residents continue to maintain contact with the outside world by participating in church activities, or by doing volunteer work in nearby schools and hospitals. Most, however, remain close to their new community where programs such as coffee hours, classes and other get-togethers are plentiful. Besides their participating in activities organized by the retirement community, residents sometimes plan and

carry out their own group activities, without the assistance of the resident staff.

Staff size in retirement residences is usually small. They are likely to be hired by a Board of Directors which is a creation of the sponsor. In planning and building retirement residences, many non-profit sponsors are assisted by federal programs which provide direct loans at lower rates than would otherwise be available.

### CONTINUING CARE COMMUNITIES

Unlike retirement residences, these retirement communities provide a medically supportive environment, based on a concept of continuing health care. Health care is offered to older persons from their early, independent retirement years to a period when they are totally dependent. These communities enable an older person to live a completely independent life style while being assured that health care and social support are available at a later stage in life.

Continuing care communities generally operate under non-profit sponsorship. They tend to be located in urban areas, although some are situated in rural settings. As in the case of retirement residences, these communities are found in all parts of the United States. Compared to new towns and villages, continuing care retirement centers are small. They seldom exceed 1,000, with most containing fewer than 500 residents.

Residents of continuing care communities are housed in either a complex of buildings or sometimes in a single building. The building complex typically contains a mix of residential structures, and dining facilities, meeting rooms, and medical facilities. Residential structures can range from congregate apartment buildings to independent cottages and townhouses. When a continuing care community consists of a single structure, all medical facilities, housing units, and support services are housed under one roof.

One such community is housed in a three-story building which is divided into six pavilions, or interconnected clusters of residential units. Residents are able to walk anywhere in the retirement community without having to go out-of-doors. There are also numerous informal gathering places in the building with views to the outside and ample opportunities for residents to walk or congregate out-of-doors.

The services in such communities are predominantly nursing and/or medical in nature. They are designed to accommodate people needing various levels of physical and social support. Many retirement centers offer three levels of nursing care: skilled, intermediate, and personal care.\* In addition, these retirement communities

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\* Skilled nursing care is defined by a full range of 24-hour direct medical, nursing, and other health services. Intermediate care also involves 24-hour service, but with physicians and nurses in a supervisory role. Personal or sheltered care is offered to residents having no serious health problem but who nevertheless have chronic or debilitating conditions requiring assistance with daily activities.

may contain an infirmary for temporary nursing care. To staff these facilities, an assortment of health care professionals is needed, including nurses, physical therapists, social workers, and physicians. Due to the wide assortment of supportive services provided in continuing care retirement centers, they have the highest resident to staff ratio of any of the five retirement community types. In the centers we visited, ratios ranged from 1.5:1 to 3:1.

In addition to medical and social services, numerous opportunities for social and recreational pursuits are offered. Many have facilities and programs for arts and crafts, games, classes, billiards, and choral groups. As in the case of the retirement residences, they rarely have facilities for active outdoor sports such as golfing, tennis, and swimming. Most continuing care communities contain a congregate dining area, snack bars, a library, a chapel, a beauty/barber shop serviced at specific times throughout the week, lounges for informal gathering, and sometimes a gift shop and small convenience grocery.

Continuing care retirement centers have more restrictive admission requirements than other types of retirement communities. In addition to a minimum age, usually over 50, applicants must meet specified health and



financial standards. In most cases, prospective residents must demonstrate at entry an ability to live independently for a certain period of time, say three to five years, and to afford the endowment and the monthly fees for several years.

Residents on the average are older than those found in other types of retirement communities. The typical resident of a retirement center is likely to be an elderly woman in her late 70's or early 80's and widowed. She comes from either a middle or upper-middle class background. Couples occupy a small proportion of the dwellings, and in rare cases, the husband continues to work, usually on a part-time basis. Few residents leave the community for prolonged periods.

The motives of residents who move to a continuing care center differ from the motives of people attracted to new towns, villages, and subdivisions. Continuing care residents are motivated by the security, both medical and financial, offered by this living arrangement. In contrast, retirees choosing new towns, villages or retirement subdivisions are attracted by the opportunities for maintaining or beginning an active life of leisure. Most continuing care residents had made the decision not to move away from home during their younger retirement years, but later decided to move into a more secure environment as they grew older. However, even then they tend to remain close to home. Thus, most residents of

continuing care communities formerly lived in the local area. In fact, continuing care centers and residences have the smallest market area of the five classes of retirement communities.

Most continuing care retirement centers require residents to enter into some form of life-care contract. By entering into this contract, they are assigned an independent living unit and have access to nursing care whenever needed. The life care contract usually involves the payment of an initial endowment or founder's fee plus a monthly fee. The endowment fee is usually either nonrefundable, or only partially refundable if the resident decides to leave or dies within a limited period. The amount of endowment or founder's fee varies considerably between and within communities, depending on location and the size and type of living unit. A few years ago, it was not uncommon to find endowment funds ranging from \$10,000 to \$75,000 while monthly maintenance fees varied from \$200 to \$2,000. In many continuing care centers built and operated under the sponsorship of benevolent groups, a small portion of the residents receive public assistance.

The life-care concept is also based on the notion of pre-paid health care. In addition to the endowment fee which may be used for this purpose, residents who live independently generally pay higher monthly fees than the cost of services they receive. By doing so, they are able

to pay less than the actual cost of services they receive when they move into the health care unit of the community. This prepayment policy serves to stabilize monthly payments for residents. It also means that if a resident does not live independently long enough to sufficiently pre-pay for health care to be received later, the retirement community must subsidize the resident. Thus, continuing care communities offering life-care contracts have a vested interest in admitting residents who will be able to live independently for a number of years before needing nursing care.

There are also many continuing care retirement centers that do not offer life-care contracts. These communities would classify as retirement residences except that they provide health care, either long- or short-term. Most often, the health care facilities and services provided in these communities are not as extensive as in those offering life-care contracts. In addition, health care services are provided on a fee-for-service basis. These communities also generally require residents to pay a membership fee which is similar to the endowment fees required by life-care communities.

### CONCLUSION

During the past thirty years, we have witnessed a phenomenal growth in housing and living arrangements for the elderly. The phenomenon of mass longevity has had a

profound impact on the entire societal fabric including a variety of responses to the changing housing and life style needs of the elderly. Retirement communities are one example of this response. In this paper I have attempted to demonstrate that each type of community is indicative of a different set of responses to the different needs of a heterogeneous retirement population. The changing nature of each community type over time has also differed. It is my hope that this analysis has led to a better understanding of the relative strengths and weaknesses of the various types of retirement communities with respect to varying needs, capabilities and desires of older North Americans.

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## **PART V: DESIGN AND EVALUATION**

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### THE ISSUES

Why are "barrier-free" and "prosthetics" design considerations in housing for older people? Or, as some have asked, "Aren't such dwellings for independent people that don't need special things?"

This paper offers an explanation of why functionally based design should be integral to the creation, renovation and refurbishment of housing for older people and provides examples of features important to design.

### SOURCES OF INFORMATION

The information is derived from several sources. My own work in gerontology has spanned fifteen years and included on-site visits to some 350+ U.S. and Canadian residences for older people. In conjunction with research projects, I have taken up residence in about 36 of these retirement dwellings.

My views have been shaped by 1) contemporary and traditional literature in gerontology (especially psychology, physiology and sociology); 2) personally conducted research on topics ranging from vision and aging

(Snyder et al., 1976; Berkowitz et al. 1979), design of apartments for adult disabled and older persons (Hiatt and Bowersox, 1976; Hiatt, 1981, Hiatt, 1982a) to the potential for self-help and aging (Hiatt, Brief and Horowitz, et al., 1982); 3) personal experience as a consultant in the development and post-occupancy evaluation of some 40 residences for older people; and 4) recent analytical research and consultation on the potential of technology and product development for facilities and services for older people (Hiatt, 1982b; Feder, 1981).

### DEFINITIONS

There are several terms used in conjunction with the topic of design for older people. "Prosthetic design", "barrier-free design", and "functional design" are three that warrant definition.

The term prosthetic design has its roots in the medical sciences. According to Webster's dictionary, prostheses are "artificial device(s) to replace a missing body part". One of the earliest uses of the term prosthetics in reference to design and aging appears in a classic article by Lindsley (1964) which emphasizes ways that products and objects can be designed to compensate for the diminished response time and strength characteristic of frail older people. For our purposes, "prosthetic design" refers to the provision of products or environments which compensate for some dimension of the person or his/her

functioning that is lacking. Examples include acoustical environments which off-set diminished hearing and levers which require less torque to operate.

"Barrier-free design" connotes slightly different goals. Barrier-free design refers to the selection or arrangement of features that will not encumber human motion, action or communication. Originally, because of the advocacy regarding employable persons who needed wheelchairs, the public thought of barrier-free design as access to a building without steps and design of public restrooms for use by a person in a wheelchair. Often barrier-free design also resulted in a few amenities for totally blind persons, such as braille markings next to elevator control buttons.

#### WHAT IS THE SIGNIFICANCE OF THESE DEFINITIONS?

Are prosthetic and barrier-free design laudable goals in housing older people? In many of the board and design planning meetings I have attended, the question is hotly contested. Disagreement stems from complex notions about the responsibilities of housing sponsors. Does barrier-free mean that every apartment should have wheelchair access? What are the implications of "making life that easy" for older people? Won't barrier-free design cost more? And, do we want to open these facilities for "those kinds of people"?

One way out of these debates is a return to basics. Who are the clients? What are their characteristics and



needs? And, how can design be marshalled to best and most efficiently meet those needs?

The term barrier-free is so well known that speakers may not be aware of different connotations of the concept. Some of the design features associated with barrier-free design, for example, the use of ramps in lieu of steps, have been problematic for older people. Why? Because with aging, there are changes in posture and gait (Rodstein, 1978). Weight shifts forward and the center of gravity creates the sensation we might have from balancing on the toes leaving little weight in the heels. In this position, many ambulatory older people have difficulty with ramps. Steps would be easier and often safer, especially with appropriate lighting, markings to distinguish the edges and with well chosen, firmly mounted rails.

This does not mean that barrier-free design is inappropriate for older people. Rather, it reflects the fact that much of the impetus behind barrier-free design has been mounted by employable or younger persons who have serious disabilities and yet general characteristics of vigor (Hiatt, 1982a). Each population group needs to be examined in terms of features that constitute a barrier, with appropriate design solutions offered. The issue may not be substituting ramps for steps, but considering a dual system, with each feature designed safely for its anticipated users. Better yet, in new construction, it makes sense to work toward the goal of a level site and

floors that require no steps up or down.

The target population of housing projects for seniors tends to be of two types. One group, sometimes called the "young-old" are often in the pink of health and require very few design amenities at the time they are being offered entry. Of course, if things go well, these individuals become "old-old". As they advance in age, their demand for features and services usually changes. From perhaps 70 onward, the adult experiences multiple minor and interacting impairments (Marsh, 1980; Birren and Renner, 1976). On the whole, however, older people are not disabled. In fact, most of their impairments would not even be classifiable in medically diagnostic terms. That is, the majority are not blind, deaf, or unable to walk. What characterizes later life and the typical elderly apartment dweller is a change in activity style and speed. Older people are not impaired through some single disease or disability; they have overlapping needs. A little vision impairment coupled with difficulties in understanding speech; some slowness in response time and movement. Some, though not all, may also require a bit longer to recall, have greater difficulty remembering in noisy places (when background noise competes with the process of attentiveness to make recall difficult) and be rendered situationally forgetful (Fozard, 1980; Siegler, 1979; Cohen and Eisdorfer, 1979).

The concepts of barrier-free and of prosthetic design

are, however, not sufficient goals when designing housing for older people. Design which is prosthetic (i.e., includes features to compensate for health problems or needs) and also barrier-free (i.e., removes obstacles to movement or communication) may still be less than functional. For the older person, the goal should be "functional design". Functional design would 1) anticipate potential frailty and be developed to maximize independence; 2) minimize hazards and risk of falls; 3) encourage appropriate exercise, communication and action as a means of sustaining vigor, participation and health; and 4) maximize psychophysical responses such as learning, recall, and coordination. Functional design would also facilitate self-care, daily work and leisure, conventional ways of moving, speaking, listening and thinking.

A functionally designed environment for older people can and should look conventional to the uninformed observer. But, very subtly, it is tailored to work to support the individual's needs. It is the design features in specially built housing for older people which should be contributing to the independence and self-care potential of the residents. Boards and non-profit sponsors that plan services around a concept of super-independent people should take a look at their motivations. Why go to the trouble of specially building an environment that will not

reach out to the real human needs? Granted apartments that are set aside for clusters of older people can fulfill economic and social needs, offering lower rents and companionship. However, people age. If a project is successful, they may even sustain their health longer and experience deterioration at a slower rate. To create new dwellings without seizing the opportunity for architecture, interior design and equipment to work more supportively is to spend a great deal of money on a short-term solution for shelter. If housing units for older people do not accommodate vision, hearing, posture and energy needs, then do they really prevent institutionalization in a higher or more costly level of care? If economic and social goals are all that an apartment project is to offer, standard housing stock would probably be adequate and cost efficient.

#### EXAMPLES OF FUNCTIONAL AND DYSFUNCTIONAL DESIGN FOR OLDER PEOPLE

The differences between a prosthetic and functional environment for older people are also important. The prosthetic environment presumes some incapability, some loss. The functional environment encompasses that, but goes further, recognizing what a person can and might do.

Prosthetic design meets the needs of people who are already incapacitated. Those who argue against grab bars in bathrooms are often fearful that such features impose

an image of frailty on the tenant (or prospective tenant). And, most grab bars have been designed with the aesthetic perceptivity of a robot!

Functional solutions to the issue of how to offer consumer-acceptable safety features in the bathroom include: 1) selection and location of vertical supports that recognize the potential for unsteadiness; 2) use of floor surfaces that would be minimally slippery; 3) integration of leaning surfaces into the design by placing the sink in a vanity that is blocked appropriately for leaning; 4) provision on an as-needed basis, of grab bars which fit directly on the toilet seat where they are ergonomically easier to use than those mounted on walls; and 5) seeking hardware that is integrated into the color scheme and design of the bathroom (color coordinated, for example).

Other nuances in the language of design relate to what should be included rather than what should be omitted. Where a barrier-free environment takes out obstacles, a functional environment might add some appropriately selected "challenge gradients" or features that encourage exercise without taxing the individual beyond his or her capabilities. An example would be a residence which has both an elevator and steps with a resting point. The elevator matches the needs of many; the steps could stimulate fitness by offering an interesting oasis, a

feature that motivates their use so that the person exercises by using the steps in the course of daily activity.

The success of functional design for older people will require creating a new anticipation; in the language of advertising, heightening consumer demand. The public associates prosthetic design with utilitarian, even clumsy appearance. The product and space image transfers to the user. Such poorly designed and conceived products draw attention to the individual's handicap. The design initially created to alleviate suffering only adds to the disability. Design for the older person of the next decades will require a flair for style.

I have seen two harbingers of entrepreneurial sensitivity to older consumers relative to environmental and product design. In the U.S. a number of mail order houses have subtly aggregated collections of products that look conventional, but make things easier. Tools for Living, Comfortably Yours and Ways and Means are three companies that offer products ranging from easier to hold kitchen tools to devices for communication, warmth, accident reduction, health and hobbies which one might expect to find on the shelves of Macy's or The May Co. These products respond to an underlying understanding of how older people see, hear, move, or otherwise respond. And the distinctive styles of marketing demonstrate a new

awareness of the older customer. Another example comes from Cleveland, Ohio and a project I recently had the opportunity to consult to. The sponsor organization, the Benjamin Rose Institute, devised an exhibit to be part of the city's phenomenally successful annual home and garden show. It is a four-room home featuring products to make life more livable for older adults. The exhibit is eventually to be housed in Cleveland's Museum of Health. This is an example of a community showing people how to function comfortably at home, providing what consumers have needed for so long: some role models. More such efforts will expand the demand for housing which is truly designed for older people.

#### EXAMPLES: TAPPING THE POTENTIAL OF OLDER PEOPLE THROUGH FUNCTIONAL DESIGN

What is the potential of a "designed" environment for older people? The housing specialist, designer, policy maker and behavioral scientist have a role in the future in conjunction with families and older people. That is, to tap the potential of environments -- housing, not just health care institutions -- for living in the later years.

1. The environment is more important the more frail and immobile older people are (Lawton, 1975). There is a paradox here. Each space, from an apartment to a lobby, needs to be detailed to 1) respond to people who move with less freedom, agility or dexterity; while 2) encouraging safe and secure movement. And, as designers and sponsors,

we will be working with many other paradoxes.

2. Housing for older people has the potential to communicate a self-image. Today, in my opinion the images are often muddled. The building may have excessive glare, inadequate light and shadowy spots in the corridor. These conditions minimize participation. Older people cope with poor light by giving up on close-work activities such as reading. Glare may cause them to look away. Reflectance glare on floors raises the likelihood of accidents (Waller, 1978). Areas with variegated lighting, rhythmic shadows and lights, appear like objects or obstacles. The contrast in lighting negates secure movement. The result communicates a sense of insecurity to the individual user.

3. Housing for older people has the potential to motivate, to convey expectations about self and about aging. Too often we inadvertently negate this potential. We offer a space for community, for social exchange, but fail to control background noise. Conversation is stymied or becomes so difficult people just sit rather than struggle through the jungle of noises. Conversation is made more difficult when interiors feature seating in couches and "easy chairs" to the exclusion of small tables. Tables engage people and elicit participation. Easy chairs and couches evince idle watching and waiting as people lean back and away from activity and may be difficult to get out of easily. To motivate social interchange, a community space needs to be designed for



action not just reaction.

4. Environments for older people may become actors in the aging process, contributing to the changes in capability and even causing some disability. Examples include the research on lighting conducted in England (Cullinan, 1978), demonstrating that poor lighting increases the rate of functional vision loss. That is, older people exposed to bright lamps or raw, unshielded bulbs (down lights, can lights, unshaded lamps) may experience a hastening of the rate of deterioration of the retina.

Few lighting standards have responded to the needs of older people for more light. While dimness may not render physical harm, poor lighting diminishes response time and make reading, recognition of faces and transactions more difficult. Increasing lighting is helpful in increasing attention span (Fozard, 1981). Attention span is integral to memory.

The point is, environments have the potential to minimize the debilitating effects of certain aging processes. In my experience in post-occupancy evaluations, many of today's lamps (sconces, chandeliers) are working to the detriment of older people. By reducing glare, improving contrast between focal objects and their background surface (plates on a table, chair seats on a floor, signs on a panel or wall) we can facilitate the older person's responsiveness (Dickman, 1983).

5. Environmental design can be a useful tool in the

prevention of handicaps. Consider the issue of falls. Inside a residence, falls are most common in bathrooms and kitchens (McGuire, 1971; Waller, 1978). Better lighting, reduction of glare, and selection of non-slip surfaces will minimize the likelihood of falls. Using sheet rubber for a bathroom floor rather than ceramic tile may not only be warmer for the feet, but less slippery when wet. Here is an example of a design solution that should also save dollars; rubber is typically less costly to purchase and install than are mosaic tiles. And, sheet goods take less effort and time to clean, saving in operations. Cost can be a false barrier to considering functional design for older people.

Two other examples of prevention relate to daily living needs: reduction of sleep disturbances and improvement of communication or transactional spaces. Transactional spaces are those where something is negotiated, discussed or transferred: mail rooms, offices, front doors, etc. Transactional spaces could be designed to improve attention span and prevent anxiety which slows down the communication or transaction process. Consider a bank, grocery check-out line or an apartment manager's office. What is the nature of the acoustical environment in which the individual older person is attempting to speak and to understand what is spoken? We know that older people have greater difficulty understanding speech when background sounds are present: voices, machine noise, traffic, "white

noise", even piped in mechanical music. We can improve the qualities of the communication environment by 1) eliminating unnecessary sources of noise from heating, cooling or ventilating; 2) integrating soft or irregular shapes in wall and ceiling surfaces; 3) using fire rated textiles or absorbent wall covering material to baffle or absorb much of this unnecessary noise; and 4) by minimizing the distance between the speaker's voice and the listener's ears. While this will not prevent deafness, it will prevent the experience of poor communication for a majority of older people with minor to moderate hearing losses. Background noise is as serious an obstacle to the transactions of older persons as steps are to the movement of a person requiring a wheelchair.

Background noise is not only a problem in communication, it also affects sleep patterns. Background noises that are a) from invisible sources, like ventilating or heating equipment; b) unpredictable; and c) uncontrollable tend to pose the greatest problems for older people. While living in retirement residences, I have become aware of the disturbances they cause to sleep. It would be helpful to devise a sound and noise predictive analysis for evaluating new construction. Locating windows and placing mechanical systems appropriately would save a great deal of later frustration. For existing buildings, the solutions to sleep disturbances will require combined social and physical interventions. Openly discussing the problems

and using muffling devices (dense bedding and/or baffling the source) may alleviate some tenants' suffering.

6. A newer role for environments relates to the recent public interest in the topic of memory and Alzheimer's disease in old age. The idea is that environments may stimulate, elicit or prompt memory.

If we consider memory as containing several components: attention span, ability to recall, ability to communicate or respond -- then, the physical environment may work to facilitate or impede the process of information handling (Fozard, 1980). Objects in the environment may cue or elicit responses and stimulate "exercise" of the thinking processes. Objects, like tools, stimulate hand motion or action. The actions we engage in when using objects are relevant to our process of establishing and evoking memory as well (Vygotsky, 1978; Hiatt, 1982c).

Translated into design decisions, we ask: what is the nature of the objects surrounding older people? What are the features of the items they touch? For example, consider texture. Touch itself is considered a therapeutic process: relaxing at some points and stimulating at others. As people age, the sense of touch is typically not greatly decreased. But are there any surfaces or objects within reach? Do building materials and furniture surfaces vary? Once the older person loses the life long "touch companions", that is, family members, perhaps texture and objects take on greater importance. Buildings

have typically been created for standards of fire safety and ease of maintenance. Now, we may need to develop environments that can be touched, that encourage interest and action. This would apply to parks and outdoor areas as much as to community spaces.

Do specially designed environments prolong independence? prolong life? reduce institutionalization? We really don't know, and haven't the research data to say. There are those, however, who suggest that independence is increased (Fozard, 1980; Fozard & Popkin, 1978).

The environment has an omnipotence. Unlike the most caring family member, it is a resource available continually. Specially built housing for older people has the potential of working non-stop in a system of creative aging. While spaces are no substitute for family, income and health, they can be designed to facilitate living.

#### A FEW WORDS ABOUT COLOR

It is difficult to carry on conversations about environmental design and aging and not address the topic of color. It would be very convenient if there were a formula for color use. Conducting research on color is riddled with problems. Any "expert" who claims results for choices ("blue is peaceful", "green restful", etc.) stands on a weak research base. Such claims have never been satisfactorily established in systematically conducted field research. In this instance, results of field research are more significant than that obtained

under controlled laboratory conditions because people do not live in laboratories.

Our experience of color is a function of interacting variables: 1) light, 2) texture, 3) amount, 4) cultural experience, and 5) relationship to other colors within view and in the environment as a whole. It is virtually impossible to claim that a particular color will produce certain behavioral results (despite popular literature to the contrary).

The effects of color may be particularly difficult to predict in the case of older people. With aging, there is a yellowing of the lens of the human eye (Fozard, et al., 1977). As a result, the older person's perception of colors is distorted. Dark colors blend and seem a muddied brown; light pastel colors seem tan or orange and, placed side by side in the same conditions of light and on the same surface, will be virtually indistinguishable. This is to say that color is very subtle as a design feature.

In my opinion, many designers have overemphasized color choices in the decoration process to the exclusion of other considerations. In designing for older people, ambiance is created by:

- objects
- textural variety
- reduction of background noise

This is not to say that color is superfluous or that we should go back to all white or all green environments.

Rather, color needs to be used as a background or stage for the other elements in the environment that the individual can perceive and react to.

Virtually any color can be made more visible by selecting an appropriate and contrasting background. The key to functional vision in later adulthood is the principle of contrast. That is, what stands out against the backdrop of something else. To make a particular color stand out, select a background sufficiently lighter or darker by comparison. Or, increase contrast of the focal object by increasing lighting levels, changing texture from foreground to background (thereby changing the apparent darkness of one of the surfaces) or achieving contrast through variations in size and amount.

Based upon the best available research on vision, I would suggest that three color schemes used commonly today in hallways and public areas of housing for older people are difficult for older people to relate to.

1. Color schemes that are fatiguing. Eye strain is a major concern of many older people. Color combinations that combine dark shades, bright shades or opposites on the color wheel (blue and orange) stimulate vision without offering "time out". The overall effect is monotonous. The solutions involve a) varying schemes; b) avoiding large dark and bold panels of color as a focal point, especially on flat or shiny surfaces; c) placing less emphasis on dark or bold wall colors and more on objects,

texture or finely grained pattern.

2. Another design problem is created when one intensity (tone or shade) is used throughout an entire complex or building. The choices may vary (from blue to green to gold, for example) but the result is so much sameness as to be monotonous.

3. The third problem color scheme involves use of very dark, bold colors. In this instance, yellowing of the lens renders the color even darker. With aging, the visual field may be decreasing (Marsh, 1980). A dark and bold colored wall may engulf the individual, dwarfing his or her possessions and dominating the situation (rendering the individual in a sense, submissive to the overpowering effects of all over color in the environment).

In my view, the environment should evoke curiosity and conversation about specific features or objects. Large expanses of bold and dark color diminish the significance of these subtle features, turning the person inward or away. An alternative interpretation would suggest that dark and bold wall color is so unusual that it stimulates conversation. In my experience as a resident of retirement housing, I have simply not found this to be the case.

As designers become more in tune with the aging process, I suspect we shall see greater use of hues that are:

1) varied from room to room to stimulate mobility and interest;



2) namable. That is, hues that are identifiable even though the lens of the eye has yellowed and thickened. To accomplish this latter goal, colors might be selected through a yellow brownish acetate (the effect of amber ski goggles) so one can experience the world from the point of view of the older person. It should be pointed out that the older eye has some 70-80 years to go through this yellowing process. Therefore, most older people are not conscious of the tinting changes. Memory for color may be good; a person may comment, "I remember a truer blue", or "Things just don't look as fresh, white or clean as they used to". Even foods can taste "off" because of perceived color changes.

3) interspersed with texture variations and pattern. Varying solid colors with texture is a means of creating ambiance appropriate to different spaces without losing a sense of "wholeness" or "planning" about the space. Featuring pattern on walls or even as a ceiling border breaks up the large areas of sameness and gives the eye highlights and resting spots.

It is possible to create rooms and even sections of corridor in a building that vary while obtaining an overall look of organization and design. This can be done by carrying some features throughout the building (certain textures or colors, for example), by utilizing some similar lighting effects and by using color to help define clustered areas such as apartments or offices.

Color is an effective means of organizing areas of a building, showing the relatedness between a cluster of rooms. Color can make wayfinding easier if it is used to highlight certain features (define the end of a corridor or the location of a mid-hall elevator). Color may also camouflage features, helping the eye generalize and look past service doors that are not necessary for tenants to use.

#### FUNCTIONAL DESIGN IN THE FUTURE: WHAT LIES AHEAD?

Housing for older people was once characterized as "housing for the independent elderly". In the next few decades, I predict we shall expect something quite different from specially built environments for older people. Sponsors of specially built apartments will not only cater to "independent" older people looking for companionship and a rent break, as is now so often the case. Sponsors will also reach out to facilitate independence, offering high technology which is packaged in familiar tools and features to evoke a higher level of activity than would be possible in the conventional home.

At the same time, I foresee the emergence of some new industries. One segment will emphasize an "environmental match making service". That is, help people to analyze themselves, the tasks they do and the environments they occupy to facilitate independence (or family interdependence). The other segment will formally begin creating products that look terrific, are economically viable and

that more closely suit the minor, multiple impairments characteristic of older people.

I see a world -- at least in suburbs and towns -- where the environment will mature compatibly with the aging of the individual. In architecture, this means that people change features of an abode in order to stay with the people who make up a community. A residence that ages with people can take advantage of previous learning and natural support systems. The old-old dweller, coping with diminished health would also not have to adjust to new surroundings.

I see a world of more suitable products. Consider, for example, the humble chair. Chairs will be designed that fit the older person's contour, not unlike the newer office furniture ... not unlike a pair of shoes. For some this will be a new chair. For some, familiar chair forms, like the wing-back style will be selected or slightly modified. For yet others, a chair insert (a series of cushions personally adjusted) will give a good personal fit. There will be recognition of the potential of a chair to encourage better positioning, a stronger upper torso, better breathing and better posture in ambulation. There will be swivel and "bounce" chairs to use seating time for improving circulation. There will be chairs that are as integral to exercise as the Nautilus (tm) equipment is to the younger set.

Instead of an environment that conveys a sedentary lifestyle in old age, I envision the excitement of a

Montessori classroom, where features evoke appropriate fitness and mental stimulation.

### SUMMARY

What's new about functional design?

- There is a new recognition of the consumer and of the concept of capability and frailty. Rather than debating about how many disabled persons a residence will have, the task is to design for minor, multiple and hidden impairments. To the architect, this means new attention to lighting, acoustics, selection of systems, and circulation. I believe that the interest of interior designers is yet to come, but needs to be integrated into this system far more closely than has happened in the past.

- The look is different, it looks conventional, not medical nor "prosthetic".

- The emphasis is different. Instead of designing for the "aged" as a category, environments can be designed for aging, as a process of changes. This leads to the notion of environments that adapt to the changing needs of people (Lawton, Greenbaum and Liebowitz, 1980).

- Functional design requires more attention to details and interior space planning. As Howell (1980) and Fozard and Popkin (1978) point out, the emphasis has shifted from the macro environment (spaces, building heights, location) to issues of the micro environment (hand held items, furnishings, lighting, acoustics, textures).

- The notion of "fitness" in design is also a new one.

The idea is that functional settings can contribute to the process of keeping fit. It is that process that gives a person an edge on "independence" in old age.

- There is also a shift in the range of spaces considered appropriate for special design consideration. The emphasis was once on special, "set-aside" residences for older people. Now, we are beginning to see concern for the older person in his or her own home; concern for the early retiree in the workplace; and for the older users of public buildings, commercial structures, parks and transportation systems.

- Another new trend is the involvement and interest of families in issues of environmental design for the elderly. The question of "should mother be in a home" is finally being superceded by the more helpful, "Mom, what can we do to make you more at home where you are". Part of this interest derives from greater transmission of information on aging and environmental design directly to consumers (i.e., Dickman, 1983; Peace, Kellaher and Willcocks, 1982; Sayre, 1979 a,b) and part from the proliferation of "self-help" groups (see Hiatt, Brief, Horowitz, et al., 1982).

- In the behavioral sciences, what is new is the notion of dialectics, of coexisting paradoxes (Windley and Scheidt, 1980). Instead of seeking some single model, recipe or code for design, we have begun to search for a balance of features that will both elicit action and reduce risk. We have come to realize the need for not just

one design solution, but many different ways of meeting a range of needs.

What is still needed?

- Living, breathing models, examples of truly functional design (showing people functioning, not just illustrating the features themselves). While post occupancy evaluation and life style work on existing facilities (Peace, Kellaher and Willcocks, 1982) is instructive, we need to go beyond documenting the deficiencies of existing settings to creation and documentation of newer concepts of residency.

- We shall require more responsive regulations. Some government mortgage programs make the prospect of adaptable housing or moveable walls difficult to incorporate into design. The fire regulations need to catch up with the potential of materials and architecture.

- We also need a forum for problem solving (not just presenting) and for sharing as sponsors, as designers, as consumers.

- Finally, we need better exchanges with the corporate world, product developers and marketers, so that the match between people's needs, building design, cost (both initial purchase and operating) and selection processes are more effectively integrated.

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# 15 THE EVALUATION PROCESS IN HOUSING FOR THE ELDERLY\*

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As growing numbers of older people face the prospect of congregate living after years of maintaining their own households, the need for information about residential programs and their impacts becomes increasingly apparent. Often older people must choose a congregate residence on the basis of very limited information. They are rarely able to systematically compare facilities or select one for optimal match to personal needs. Among the difficulties faced by administrators are deciding how particular design features and policies affect residents, what changes would benefit the facility's residents and staff,

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\*Jane Clayton, Tom David, Diane Denzler, Mary Gauvain, Joan Kahn, Barbara Mehren, and Eric Postle were responsible for organizing data collection in many of the California facilities. A large number of other individuals facilitated the data collection in settings in other parts of the United States. Diane Denzler, Joan Kahn, Amy Marder, Wendy Max, and Bernice Moos conducted the computer analyses. The work was supported by NIMH Grant MH 28177 and by Veterans Administration Medical and Health Services Research and Development Service research funds.

and how to go about making modifications. Similarly, design decisions are affected by the way designers organize an overall conception of the environment, by information about what users desire, and by ideas concerning the impact the setting will have on its residents. As Gurland and his colleagues (1981) remark, evaluation research can "improve the information available to consumers on what they can personally expect from specific alternatives, to providers on what they can do for specific clients, and to policy makers on ways and costs of improving the system" (p. 67).

In the traditional evaluation paradigm the residential program is a "black box" between resident inputs and outcomes. The researcher asks, "How are residents affected by living in this facility?". This approach focuses on assessment of resident characteristics and functioning and reveals little about the facility or the causal paths for its impact. The design and evaluation of specialized residential settings can be improved by expanding the paradigm to include descriptive information about the program environment (Moos & Lemke, in press). In other words, the researcher needs to ask, "What is this facility like? How does it function?".

One of our concerns has been to develop methods for evaluating residential settings for the elderly by obtaining systematic and quantitative information about it. We have tried to involve staff and residents in the

evaluation and change process and to meet their needs for useable information. To these ends we have developed the Multiphasic Environmental Assessment Procedure (MEAP), a set of instruments for comprehensively describing congregate residential settings. The development and potential applications of the MEAP illustrate one approach to evaluating residential settings for the elderly.

#### DEVELOPMENT OF THE MEAP

The Multiphasic Environmental Assessment Procedure (MEAP) measures the environmental resources of sheltered care settings in terms of dimensions drawn from four conceptual domains: physical and architectural resources, policy and program resources, resident and staff resources, and social climate resources. These domains have been used to describe varied types of settings and are four of the most important ways in which sheltered care facilities can be assessed (Moos & Lemke, 1984b). The MEAP consists of five instruments which can be used either separately or in conjunction with one another. In general, the content of each instrument covers one of the four environmental domains just described.

1. The Physical and Architectural Features Checklist (PAF) assesses eight dimensions and covers questions about the facility's location, its external and internal physical features, and space allowances.

2. The Policy and Program Information Form (POLIF) assesses nine dimensions, including questions about the

types of rooms or apartments available, the way in which the facility is organized, and the services provided for residents.

3. The Resident and Staff Information Form (RESIF) measures nine dimensions describing the residents' social backgrounds and functional abilities, their participation in activities, their use of services, and the characteristics of staff and volunteers.

4. The Sheltered Care Environment Scale (SCES) assesses residents' and staff members' perceptions of seven aspects of a facility's social environment. The items cover the quality of interpersonal relationships, the opportunities for personal growth, and the mechanisms for system maintenance and change.

5. The Rating Scale (RS) taps observers' impressions of the physical environment and of resident and staff functioning.

The five instruments allow an evaluator to obtain data about a facility from a variety of sources, including direct observation, interviews of administrators and other staff, review of facility records, and the residents' and staff members' own reports of the facility's social environment. These varied sources help provide a comprehensive picture of a facility.

Two major phases of research were involved in the formulation of the MEAP. In the first phase, a preliminary version was constructed using data obtained

in a sample of 93 sheltered care facilities in northern California, including three distinct levels of care or facility types: nursing homes, residential care facilities, and congregate apartments. In the second phase, the preliminary version was applied to a sample of 151 facilities from throughout the United States and revised on the basis of the resulting data (for details, see Moos & Lemke, 1984a).

In developing the MEAP, we were guided by both practical and methodological considerations. From a practical point of view, we wanted to characterize the environment along meaningful, easily understandable dimensions so that the information would be useful to staff who work with the elderly and for continued self-assessment and quality control of the setting. We also believe that diverse types of residences for older people can be evaluated within a common conceptual framework and that doing so has advantages. It allows us, for example, to identify similar processes occurring in different types of settings and to specify the extent of change experienced by an individual moving from one setting to another.

Individual MEAP items were drawn from several sources, including observations, interviews with residents, staff, facility administrators, and licensing inspectors, and a thorough search of the literature. In principle, each item had to be applicable to the full range of residential facilities so that a common scoring key could be used for



comparisons among different types of settings. In order to make this information useful and to facilitate analyses of complex interrelations, we have organized the items into dimensions unified by a common functional implication. The items represent opportunities or environmental resources for a given area of human functioning.

#### DESCRIBING SHELTERED CARE SETTINGS

Program managers and researchers can use information obtained with the MEAP to improve their understanding of a setting. Profiles of two nursing homes are presented here to illustrate the use of the MEAP for making comprehensive evaluations and for comparing facilities. The results are presented as standard scores (with a mean of 50 and a standard deviation of 10) based on the 127 nursing homes in our normative sample. The two facilities were selected for their similarities in size, staffing, and the functional abilities of residents and for their contrasts on dimensions of the MEAP.

At the time of assessment, City Haven Convalescent Hospital occupied a 15-year-old building located in an urban area and had been owned and administered by a small private corporation for less than a year. As is typical of nursing homes in our sample, the majority of the 117 residents were over 80 years of age and were white (88%), widowed (64%) women (77%). The staffing level was a ratio of 56 full-time staff for every 100 residents.

Oakview Nursing Home is part of a multi-unit public

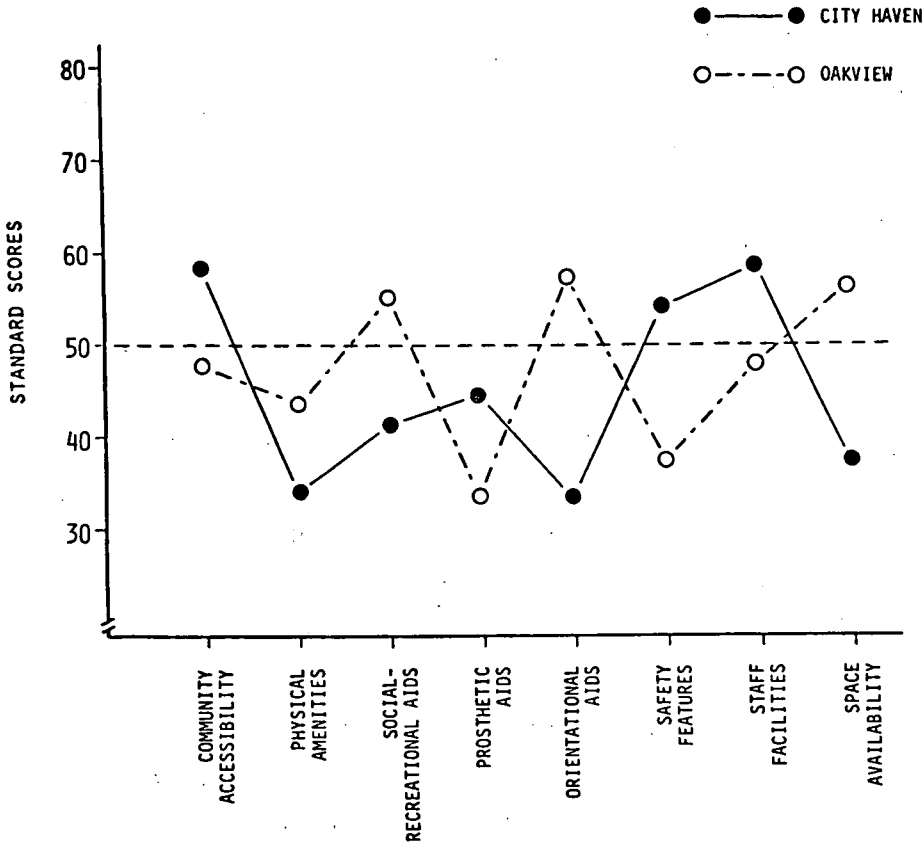
medical center. Its size and staffing level were comparable to those of City Haven: there were 100 residents and 57 full-time employees. In many other respects, however, it was quite different. Located on spacious grounds, the building was over 50 years old and had been used as a nursing facility for more than 10 years. Because of its ownership, over 90 percent of the residents were men. Compared to City Haven, the resident population was younger (mean age of 70 years) and more likely to have been either never married or currently married (52 percent were single; 25 percent were currently married; only 8 percent were widowed).

Physical and Architectural Features Checklist (PAF).

The PAF profile shows that City Haven's newer building was somewhat limited in resources. It was close to more community resources than the average nursing home by virtue of its urban location. It also scored high on Staff Facilities by making generous allowance for office space, a staff meeting room, and a staff lounge. This facility received low scores on Physical Amenities (e.g., it did not have a lawn, a covered area outside, or mirrors in the residents' rooms), Social-Recreational Aids (e.g., there was no outside seating arranged for viewing activities, no garden area for residents, and no TV, phonograph, or radio in the communal areas), and Orientational Aids (e.g., it did not provide a posted list of staff or residents and corridors were not color coded).

The low score on Space Availability suggests that the ample provision of staff facilities may have been attained at some cost to the space available to residents.

**FIGURE 1:  
PHYSICAL AND ARCHITECTURAL RESOURCES FOR TWO NURSING HOMES**

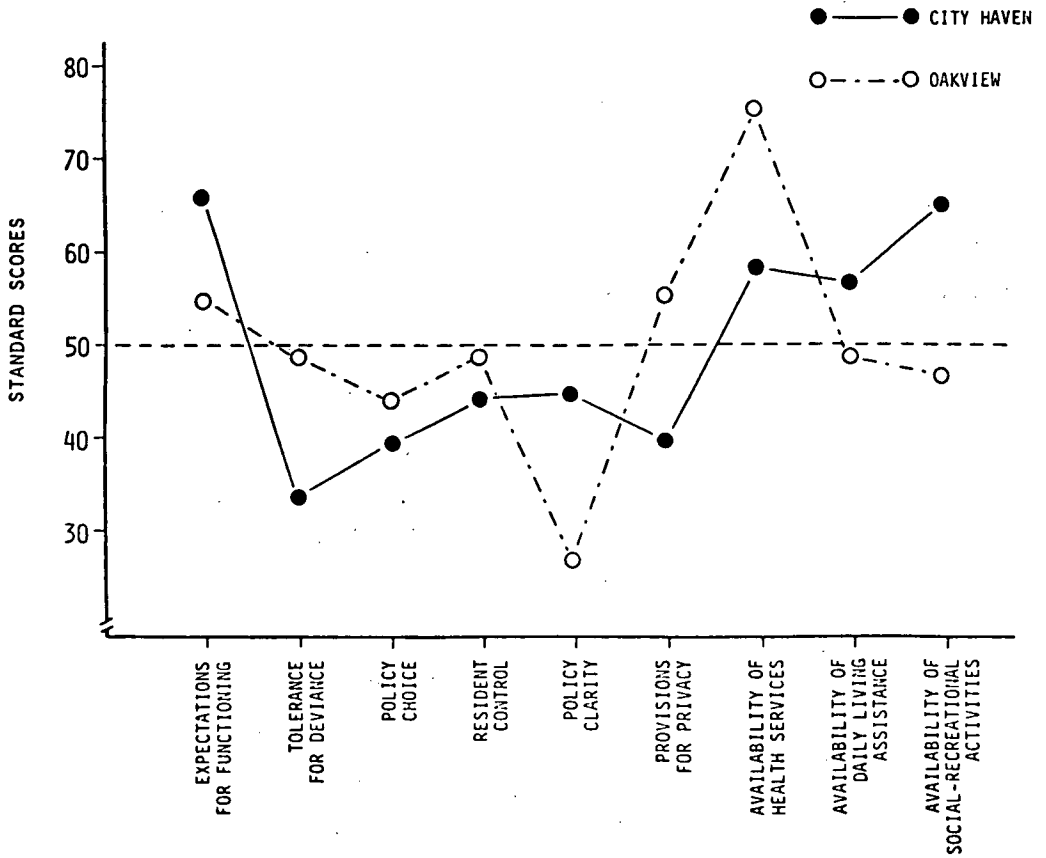


The physical environment of Oakview was very different. It was somewhat above average on Social-Recreational and Orientational Aids. Space Availability was also higher than average, largely because of the total size and age of the medical center. The relative absence of

Prosthetic Aids and Safety Features may be a function of the age of the building, as well as of the fact that it was originally constructed to house a younger population. For example, use of wheelchairs was difficult because the hallways were just wide enough for two wheelchairs to pass, and bathroom doors opened inward, restricting access by wheelchairs. Thus Oakview offered a more spacious physical environment but lacked prosthetic aids and safety features, whereas City Haven provided a somewhat less inviting environment for its residents but more space for staff functions and access to more community resources.

Policy and Program Information Form (POLIF). The policies and services of these two facilities show sharp contrasts (Figure 2). Residents in City Haven were expected to function independently and to conform to socially acceptable behavior (high Expectations for Functioning and low Tolerance for Deviance). City Haven offered fewer opportunities than other nursing homes in our sample for residents to exercise freedom of choice, to exert control over policies, and to have privacy. In spite of these restrictions on resident behavior, there were relatively few mechanisms for communicating expectations to residents and staff (low Policy Clarity). In contrast to the somewhat restrictive policies, the program resources provided by City Haven were rich. It offered a variety of health care services and assistance in tasks of daily living and a rich program of social and recreational activities.

**FIGURE 2:  
POLICY AND PROGRAM RESOURCES FOR TWO NURSING HOMES**



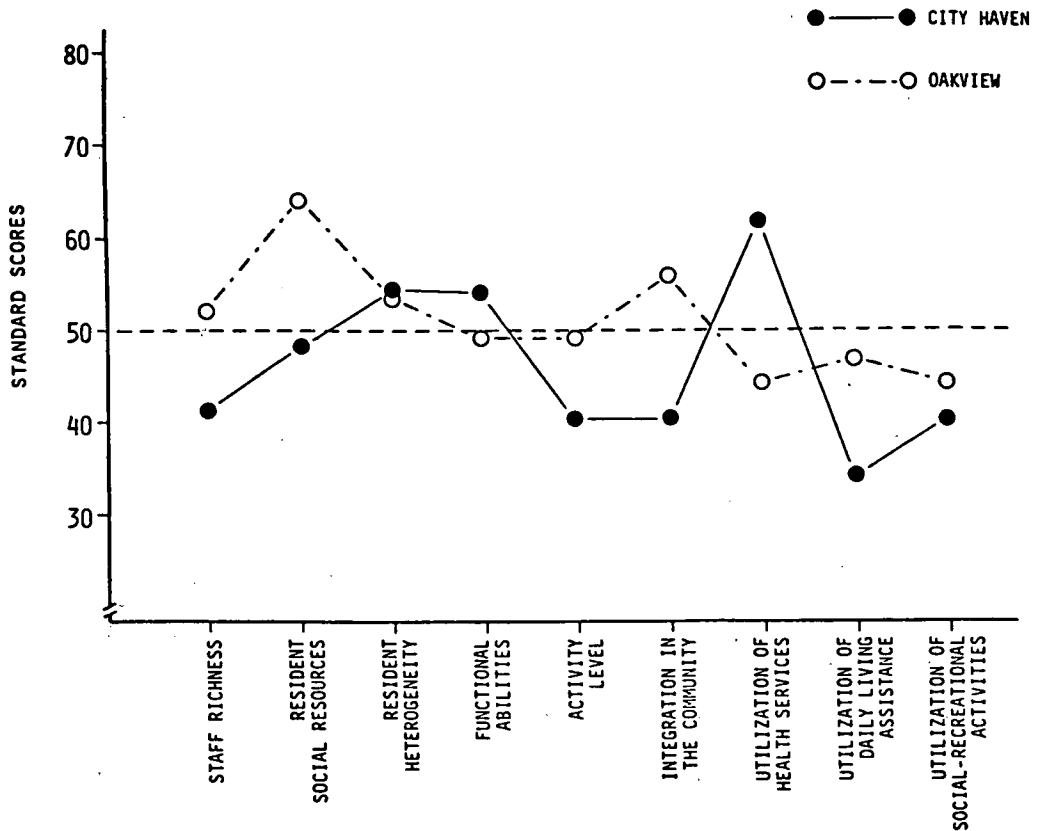
Oakview had average expectations for residents' functioning independently in activities of daily living and conforming to socially accepted behavior (average Tolerance for Deviance). Like City Haven, Oakview also had few mechanisms for communicating expectations to staff and residents (low Policy Clarity). Although the policies somewhat restricted residents' freedom in their daily routine, residents were provided opportunities for involvement in decision making (average Resident Control)

and slightly more privacy than is found in the average nursing home. Whereas the program resources for City Haven were above average in all respects (health, daily living, and activities), only the health service resources were above average in Oakview.

Resident and Staff Information Form (RESIF). The Resident and Staff Information Form (RESIF) compares the average characteristics of the residents and staff in the two settings (Figure 3). Although they had similar staffing levels, City Haven scored lower on Staff Richness, a subscale that assesses the resources available from the staff in terms of their experience, training, and diversity.

The residents of City Haven were fairly typical in their social resources (such as education and occupational background) and their diversity on such background characteristics as age, ethnic background, and religion. In general, residents were not as active as they could be, given their functional abilities. Fewer residents took part in self-initiated activities (low Activity Level), went into the community for activities (low Integration in the Community), or participated in organized facility activities (low Utilization of Social-Recreational Activities) than in the average nursing home.

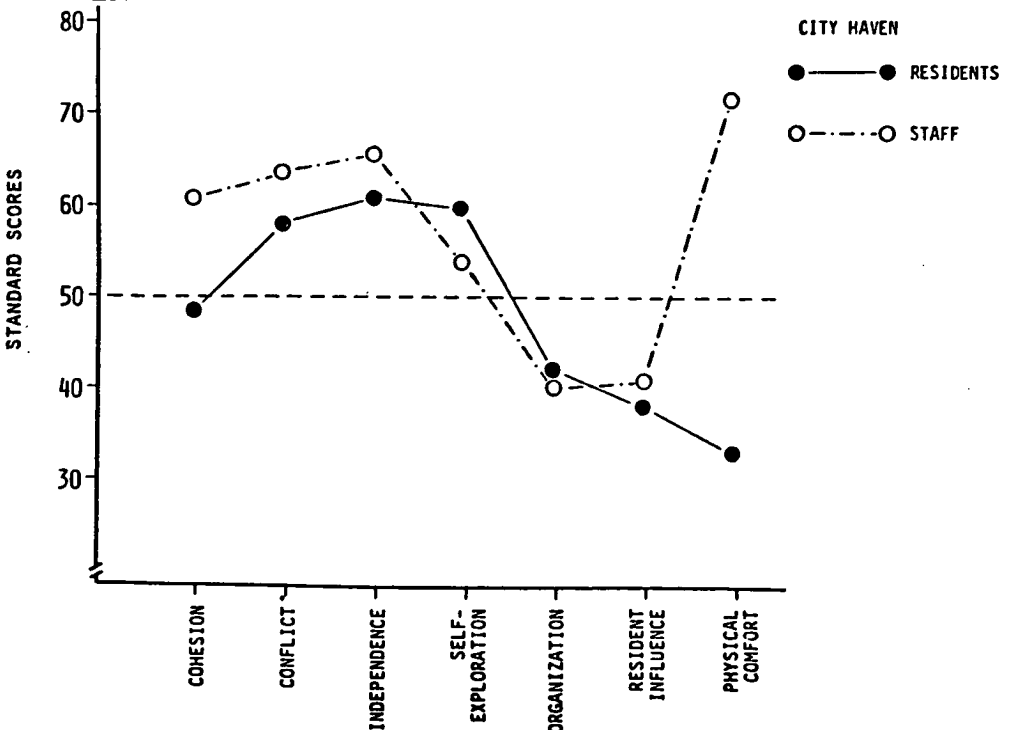
**FIGURE 3:  
RESIDENT AND STAFF RESOURCES FOR TWO NURSING HOMES**



Oakview residents had higher than average social resources and represented somewhat varied background characteristics (average Resident Heterogeneity). Residents were also typical in their capacity to perform daily living tasks on their own and in their participation in such resident-initiated activities as watching TV, reading, or playing games with others. But they were somewhat low in their use of services and activities offered by the facility (low Utilization of Social-Recreational Activities). Although similar in their diversity and functional abilities, residents of the two facilities differed in activity patterns, particularly in the community.

Sheltered Care Environment Scale (SCES). City Haven residents reported a high level of interpersonal engagement. As shown in Figure 4, cohesion was about average and conflict was reported to be high. Residents also felt that they were encouraged to be independent and to disclose feelings and discuss personal problems (high Self-Exploration). Staff tended to agree with these perceptions, but reported cohesion to be significantly higher. The pattern of high scores on these dimensions suggests that residents are outspoken and involved with each other in both helpful and conflictful interactions. The residents of Oakview reported a similar pattern, although they saw somewhat less emphasis on Conflict, Independence, and Self-Exploration.

FIGURE 4:  
SOCIAL CLIMATE RESOURCES FOR RESIDENTS AND STAFF OF CITY HAVEN





Residents reported that City Haven was disorganized and that they had little influence on its policies and felt restricted by the rules. As noted earlier, City Haven was in the process of establishing routines. In addition, the lack of clarity in communicating expectations, shown in the POLIF profile, may have contributed to the perception of poor organization. The POLIF profile also shows below average levels of Policy Choice, Resident Control, and Privacy which, in combination with low Tolerance for Deviance, may help account for the low score on Resident Influence. Here again, staff members reported very similar perceptions. In contrast, residents of Oakview felt that they could affect policies and were not overly restricted by regulations (average Resident Influence), which corresponds well with Oakview's score on the POLIF Resident Control dimension.

Finally, City Haven residents were critical of their facility's comfort. In contrast, staff members saw City Haven as a very pleasant environment, perhaps reflecting the ample provision of facilities for staff functions. Despite the limitations evidenced in the PAF profile, Oakview residents perceived it to be about as comfortable as the average nursing home.

## IMPROVING RESIDENTIAL SETTINGS

Information from environmental assessment procedures such as the MEAP can help administrators and staff to improve their understanding of a setting, to clarify their goals, to suggest facility modifications, and to monitor the results of a program of change. The four steps involved in this process are (1) environmental assessment, (2) feedback of the results of the assessment, (3) planning and instituting change, and (4) reassessment. The MEAP profiles of a facility and knowledge about the inter-relationships of dimensions can suggest areas where change may be most effectively initiated. A focus on all four environmental domains can help ensure that changes are compatible with system functioning and can contribute to the development of integrated strategies that involve related dimensions from different domains.

In one such effort, Dean (1978) asked the residents and staff of a nursing home to evaluate the facility on a number of dimensions, including those tapped by the SCES. Interventions based on these data had the desired effect; there were significant improvements in residents' space utilization and in the social climate. In an effort to improve the residential environments of former psychiatric patients, Hatcher et al. (1983) used the MEAP to tailor interventions in small boarding homes (see also Batterson, Jones and Billingsley, 1983; Waters, 1980a; 1980b).

In the case of City Haven, the PAF points to several areas that might be targeted for change efforts: Orientational Aids, Physical Amenities, Social-Recreational Aids.

Since City Haven scored low on Resident Control, beneficial effects might accrue from having residents participate in planning changes in these aspects of the physical environment. For example, the courtyards, which are the only outdoor areas easily accessible to residents, are barren and uninviting. Umbrella tables would enhance their appearance and promote social interaction and recreational activities. Similarly, planters would make the courtyards more inviting and could be made available to those residents who enjoy gardening.

#### MONITORING CHANGE AND ITS EFFECTS

The MEAP can be used to characterize stability and change in a facility over time, to monitor the effects of an intervention, such as remodeling, or to specify the impact of relocation. We used the MEAP and a behavior mapping procedure to compare the pre and postmove settings when Oakview Nursing Home was relocated to a modern building. The MEAP and behavior observations were completed prior to the move as well as 2 months and 10 months after the move. The behavior mapping procedures included sweeps of the entire building four times a day, with each individual's location and activity being recorded, and a focused observation in which 20 residents, differing in mental and physical status, were selected for more intensive observation (Lemke and Moos, 1984; Moos et al, 1984).

The pre and postmove settings. The old building was a two-story, "H"-shaped structure with a long central corridor connecting two shorter wing corridors (see Figure 5). The new building is a single-story structure with three distinct 50-bed wards. These wards extend outward from three corners of a square, with communal areas at the fourth corner (see Figure 6). The new building has a capacity of 150 residents. New staff members and residents were gradually added beginning just before the move. Average resident functioning, activity level, and social resources remained essentially unchanged, although new residents were more diverse in social background than the original resident group.

**FIGURE 5:  
SCHEMATIC DRAWING OF THE OLD BUILDING**

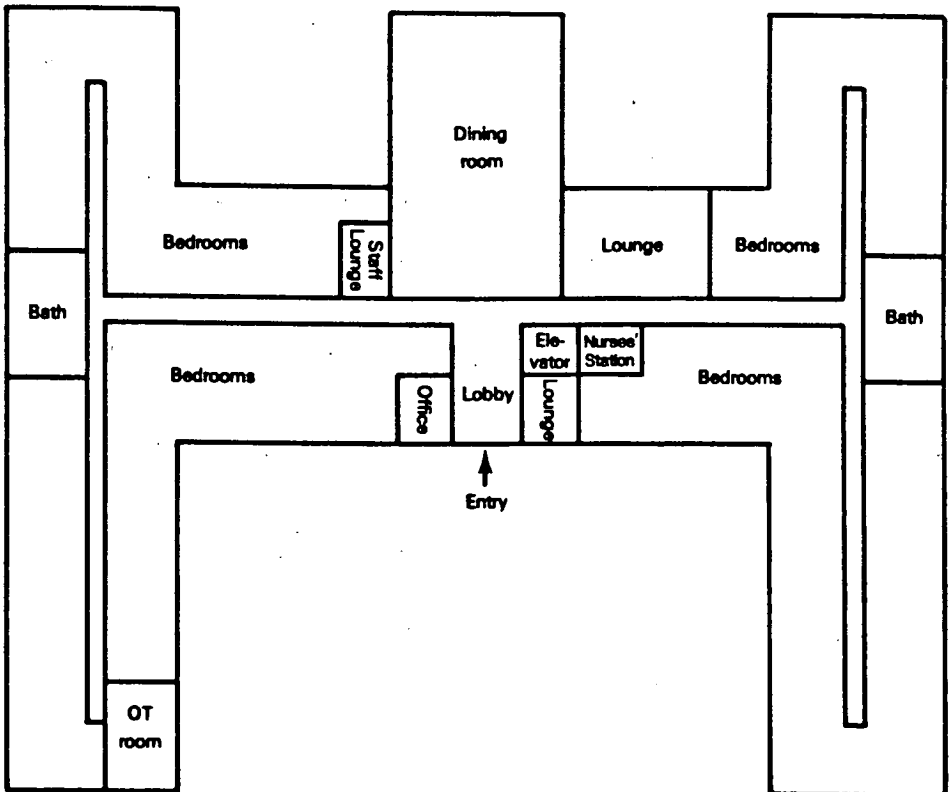
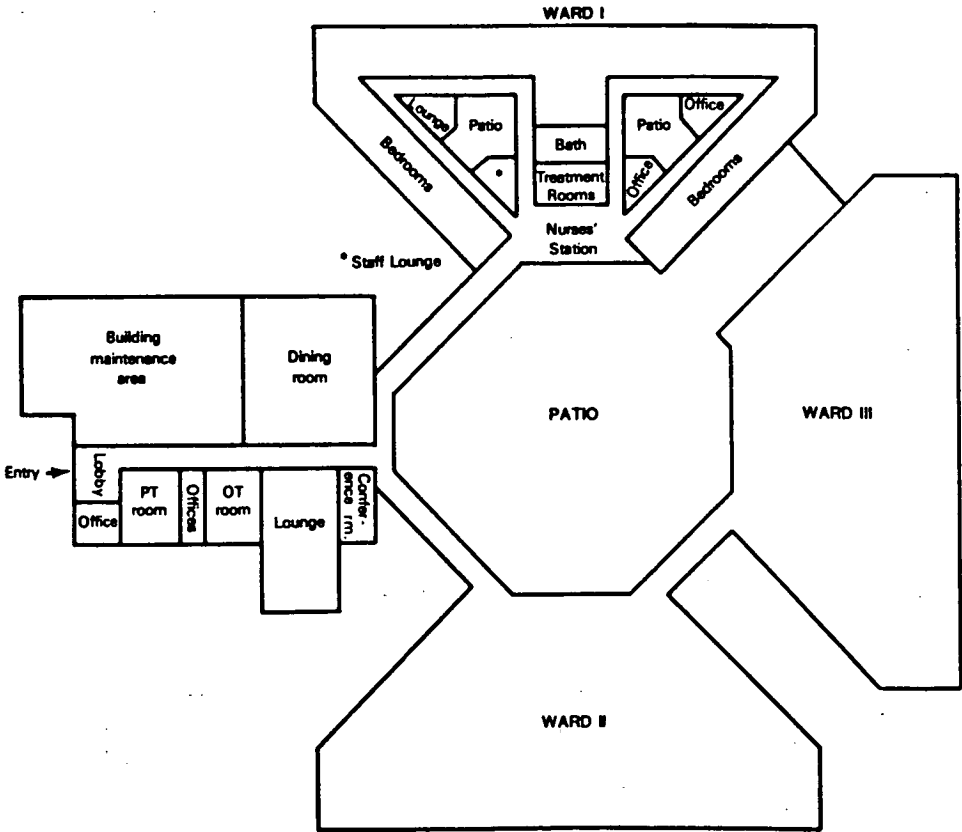


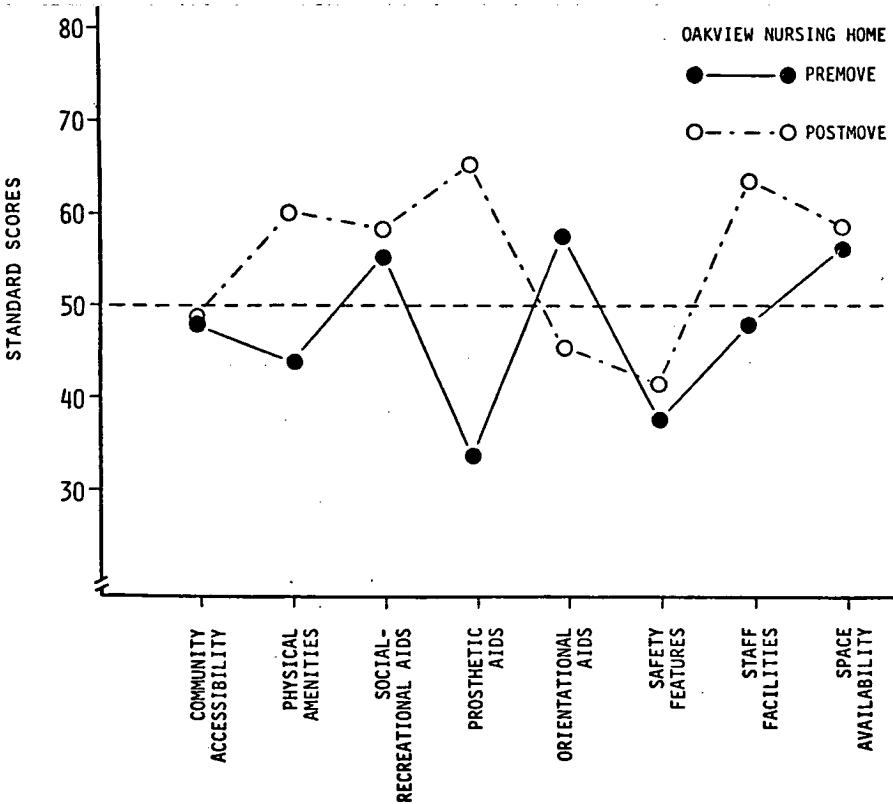
FIGURE 6:  
SCHEMATIC DRAWING OF THE NEW BUILDING



Since the MEAP results indicated that the major change was in the physical design of the building, we emphasize the findings obtained with the Physical and Architectural Features Checklist. PAF profiles of the initial and final assessments indicate changes in the physical resources that accompanied the move (Figure 7). One area of marked improvement was the increased provision of prosthetic aids, including wider hallways and automatic doors. The new building also provided more physical amenities, and with the provision of additional office space, staff

facilities increased from about average for a nursing home to significantly above average. The larger scale and complexity of the new building, however, made it somewhat more difficult for residents to orient themselves. Thus, the new facility provided a richer physical environment, but the building was also larger and more complex. In addition, communal social spaces were located a considerable distance from staff care-giving areas.

**FIGURE 7:  
OAKVIEW'S PHYSICAL AND ARCHITECTURAL FEATURES BEFORE AND AFTER THE MOVE**



In general, we thought that the larger size and more complex layout of the new building would produce some disorientation among residents and would lead them to stay closer to their own rooms. It seemed likely that the

location, small size, and limited accessibility of the ward lounges would result in low use of these social spaces. We posited that the greater distance of social areas from the nurses' stations would reduce their use by staff and residents while the improved accessibility of bedrooms would increase their use. We also thought that the impact of these environmental changes might vary somewhat for residents of different functional abilities. For example, the improvement in the availability of prosthetic aids would be expected to have the largest impact on residents with impaired mobility.

Resident and staff behavior change. Our results showed that residents spent more time in the main halls near the nurses' stations in the new as compared to the old building and spent less time in the dining room, lounge, and lobby areas. Ten months after the move, use of bedrooms was also higher for residents than it was before the move. Changes in staff spatial location patterns generally mirrored those of residents, although their greater use of bedrooms occurred shortly after the move, anticipating the shift in resident locations. Staff were highly stable in their behavior patterns, although they did increase their participation in staff meetings and their interaction with visitors and volunteers. In contrast to the changes in their spatial location patterns, residents' behavior patterns were relatively stable.

### Behavior change and resident mobility status.

Immobile residents were affected in somewhat contradictory ways by the move. The physical barriers to wheelchair access were minimal in the new building. For immobile residents this improvement was evident in the fact that they were observed at least once in every area of the building. Immobile residents, however, are not only confined to a wheelchair, they are dependent on others for mobility. Their use of space is affected not only by physical accessibility but by social factors, such as the availability of assistance and their need for staff monitoring. In the new building, immobile residents' social dependency resulted in further concentration of their presence in the bedrooms and hallways.

As expected, the improvement in prosthetic aids in the new building affected wheelchair-mobile residents most. Physical barriers were reduced, and they did not have the same degree of social dependency as did immobile residents. They were therefore able to respond to the more dispersed layout of the new building by spending more time moving around, as did the ambulatory residents. Their pattern of space utilization shifted so as to be nearly indistinguishable from that of ambulatory residents. The new building is thus more egalitarian with respect to mobility status than was the old building.

Coping with environmental change. Our observations confirm that individuals transform their environment in



their attempts to adapt. For instance, in the original design of the new building, there were no social spaces adjacent to the staff areas. Staff and residents responded by transforming the hallways connecting the wards into lounge areas. These hallways are spacious, light, and provide a view of the nurses' station and the central courtyard. Shortly after the move, these hallways were furnished with lounge chairs, and all groups except the immobile residents used them frequently; while they reduced their use of social and personal spaces. These actions were the most obvious evidence that individuals actively change their environment in order to establish equilibrium. Further complicating the picture, staff and resident efforts to transform the environment may arise from different and sometimes conflicting needs.

We have focused on changes in the physical environment, but as the mobility example suggests, social factors must also be considered. For example, a new policy was to keep the dining room locked except during mealtimes and the afternoon social hour. Although the new dining room was more attractive, every subgroup reduced its use of this area. The new activity areas offer another example of the importance of policies and programs. Until the occupational and physical therapy programs were organized, these areas of the new building were unused.

Thus, we have tried to identify ways in which building

design influenced residents' behavior while emphasizing the differences among subgroups of residents, the importance of program features other than physical design, and the active transformation of the setting by its users. These factors contribute to the complexity of design evaluation, but at the same time they point to its utility. Since design effects are not immutable, there is a place for ongoing evaluation of building functioning. Such information can alert staff to negative effects and help them to establish goals and to monitor achievement of effective building use.

### MEASURING PREFERENCES

Having developed a way to measure the design and program characteristics of residential settings, we constructed a parallel method for tapping individual preferences concerning these characteristics. The resulting instruments can be completed by residents and staff in congregate residential settings as well as by older people residing in their own homes. We envision several applications for this procedure. It can be used to compare the preferences of residents of group settings with those of older people living in their own homes. Person-environment congruence can be measured by contrasting the preferences of current or potential residents with the actual features of a setting. In addition, individual variations in preferences for design and program features can be explored. Designers need to consider such variations as they plan

residential settings which will be populated by heterogeneous groups of older people. Information concerning preferences can be used to help formulate and modify a design plan for a new facility as well as to characterize an existing one.

Our results indicate first, that older people can respond in a meaningful way to questions about their preferences with respect to the design and programming of supportive residential settings. Second, the results show that their preferences for some features are stronger than for others. For example, Safety Features and Prosthetic and Orientational Aids are rated very important, as is Provision for Privacy. Design features such as Physical Amenities and Social-Recreational Aids and program features such as Daily Living Assistance are rated somewhat less important. Third, we found that in some areas of preference a consensus exists among individuals and between various groups of respondents. Features that impact on safety, such as well lighted steps and call buttons, or policies that discourage deviant behavior elicit a high level of agreement from respondents. Opinions are more divided on the need for accessibility for wheelchairs, policies on alcohol use, whether meals should be served, and what medical services should be offered. (For more details, see Moos, Lemke, and David, in press).

#### HIGHLIGHTING DESIGN CHOICES

Environmental assessment procedures can be of value in

various phases of program design. For example, parts of the MEAP can serve as a checklist to help planners design a new facility. These procedures can be used to develop alternative "blueprints" for new settings, to match resident preferences with facility practices, and to promote adaptation among new residents. We see a collaborative role for program designers and evaluators in each phase in the history of a residential setting.

In the planning phase, more attention can be directed toward the expected behavioral implications of physical design and program factors. The input from potential building users should focus on the probable behavioral impacts of design decisions as much as on user preferences. Participation in the orientation of potential and prospective residents can provide designers with useful information about how individuals initially evaluate and adapt to physical design features. In the post-occupancy phase, designers and evaluators can assess problems of adaptation to specific design features and identify realistic options for changing such features (Deutschman, 1982). The participation of design decision makers in facility evaluations can eventually result in more dependable knowledge about how users cope with varied building designs. An information registry of the behavioral influence on residents and staff of physical design and policy factors in long-term care settings would help to inform data-based design guidelines.

## CONCLUSION

We hold that better concepts and measures of environmental factors are needed in order to explore how residential settings influence health and adaptation. Better ways to tap environmental factors will enable us to identify specific aspects of housing programs that are related to various outcome criteria, as well as to specify contextual factors that alter the connections between environmental and outcome indices.

Supportive residential settings provide a context in which both group and individual processes operate to affect residential adaptation. Residents in a congregate living situation are part of a social entity; they share common experiences and are exposed to common environmental factors. At the same time, individual residents perceive and respond differently to the environmental features of their setting. Both levels of processes can be incorporated into conceptualizations and analyses.

We also see the need to place more emphasis on the processes intervening between personal and environmental factors and resident outcomes. To understand the influence of group living more fully, it is necessary to examine the social and coping resources people use. An expanded framework should encompass the cognitive appraisal and coping resources that moderate the impact of environmental conditions on adaptation. In such a framework,

housing choice is an outcome of the adaptive search for a congruent residential setting as well as an input predictive of resident functioning (Lawton, 1981).

By helping to identify the general processes by which contextual factors affect individuals, environmental assessment procedures can broaden our understanding of the ways in which social settings influence the individuals who reside in them. These procedures can help program evaluators and managers to conduct formative evaluations of residential programs, to monitor their stability and change, to evaluate the impact of program factors, and to improve programs by providing feedback on evaluation results. Such applications may enable psychologists and behavioral scientists to promote residential contexts and adaptive strategies that are conducive to well-being among older people.

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