

# HEALTHY OUTCOMES FROM AFFORDABLE HOUSING:

EXCERPTS FROM THE KEYNOTE ADDRESS OF MICHELLE NORRIS

BY MICHELLE NORRIS, PRESIDENT, NATIONAL CHURCH RESIDENCES DEVELOPMENT CORPORATION

There are some fascinating tea leaves for affordable housing. These trends can scare you, excite you, frustrate you, or even anger you. All evolve around a major theme.... If you are in the business of building, owning, or managing affordable housing today, your work is increasingly being seen as more significant than just providing a roof over people's heads. I'm not sure our industry has really capitalized on this growing understanding so I would like to share some facts about the environmental landscape (or tea leaves) that impacts the value of affordable housing and share some ways we are trying to be strategic in this environment. Key specific tea leaves are: (1) the Federal Deficit; (2) the Senior Tsunami; (3) Health Care Reforms.

## THE FEDERAL DEFICIT

We can argue all day about how we got here, who caused it, and what we can do to fix it. But let's save that for the economists and the politicians. Let's talk about how it impacts our business strategies now and in the future. First, all housing programs are being looked at for reduction or elimination. The sad thing is that no matter how important these programs are viewed by us and others, the mandatory spending programs will continue eat up more and more of the federal budget, leaving less and less for housing\*. In other words, our call for more funding for housing will continue to be overshadowed by the pressure of mandatory obligations in our federal budget.

Right now, do you know where our federal spending money goes?

The proportion of the federal budget devoted to Social Security, federal health care programs, and military spending is 66% and growing! In 10 years, federal healthcare spending will double, and Medicare spending will increase 80%.

The result is that there is incredible pressure on every program that is NOT mandatory. My friends, that is ALL of our programs... LIHTC, HOME funds, CDBG funds, Section 8, etc. So how can we position ourselves as a "value added proposition" in such an environment? Before I speculate on that, let's talk about Issue #2...

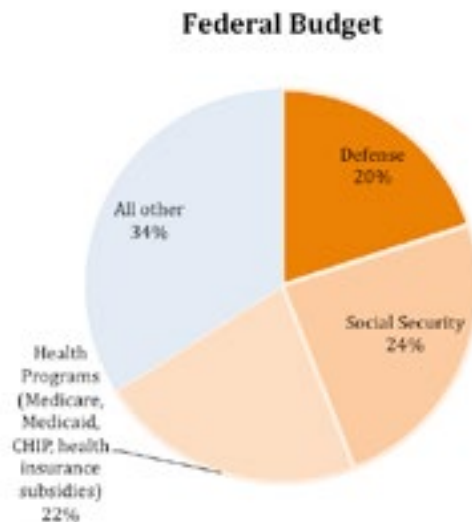
## THE SENIOR TSUNAMI

Senior tsunami ... the silver tsunami...the greying of America. No matter what you call it, it is real and it is significant. Across the country, 10,000 people are turning 65 EVERY day for the next 15

years. That's 54,750,000 new seniors. Here in Florida alone you are gaining 55,000 seniors every year. Did you know that Florida's annual growth for people 55 and older is 138%?

If housing dollars are shrinking, how do we keep up the pace even if we ONLY needed more housing for seniors?

More and more seniors are staying alive much longer. Some will live a long life in fairly good health, but the fact is that a significant number of this growing senior population will grow old in a state of frail-



ty and bad health. This puts more and more pressure on the senior housing communities and on the health care costs of our country.

Just this week, the Harvard Joint Center for Housing released a new report called Housing America’s Older Adults. From this I quote...

Ensuring that these older adults have the housing they need to enjoy high-quality, independent, and financially secure lives has thus taken on new urgency not only for individuals and their families, but also for the nation as a whole.

So ...we have a budget problem ... which is mostly caused by the rising cost of health care ... which is significantly linked to becoming a much older society. Harvard economist and health policy specialist David Cutler said it very well:

A ... summary of the federal budget is that the U.S. does not have a deficit problem — it has a health care problem.... So if you say, “What’s affecting the long-range outlook for the federal budget?” it is almost entirely health care.

According to the Center for Economic and Policy Research:

The U.S. health care system is possibly the most inefficient in the world: We spend twice as much per person on health care as other advanced countries, but we have worse health outcomes ... The government, through programs like Medicare and Medicaid, pays for approximately half of the country’s health care ... Thus, the bulk of our projected rising budget deficits are due to skyrocketing ...health care costs.

So....are there opportunities in such a scary environ-

ment? Let me take you to the great state of Ohio where there are signs of encouraging movement to address these tea leaves in a positive way.

**HEALTH CARE REFORMS**

No matter what you think about the Affordable Care Act, one thing it has done is bring disparate groups to the table to talk in ways that were not happening before. Regulators, health insurance plans, hospital systems, doctor practices, and yes ...even housing providers! Why? Because there are growing penalties for doing things the “old fashioned way” (often referred to as fee for service). Everyone at all levels of health care is now talking about how to do the triple aim: 1) lower cost, 2) higher satisfaction, and 3) better outcomes.

Here is one example. Ohio is participating in a 3 year pilot program approved by the Center for Medicare and Medicaid Services. It is called “My Care Ohio” and it is focused on the dual eligibles in Ohio. Duals are people that are both Medicaid and Medicare eligible and they are often the most frail ...and the most expensive to the system. There are constant conflicting incentives between the Medicare and

Medicaid programs. By creating a capitated rate, the health insurance companies are motivated and permitted to treat patients in a more holistic way.

**WHY DO WE CARE?**

Housing is a critical part of containing health care costs for medically vulnerable individuals. If a property owner or manager has a high number of medically vulnerable members in one affordable building will they pay for the care coordinator? They will if it keeps their members healthier and living longer in housing instead of higher care settings!



Michelle Norris delivers the Tuesday keynote speech at the 2014 Affordable Housing Conference

### “MONEY FOLLOWS THE PERSON”

Forty-four states participated in the Money Follows the Person initiative. Ohio originally had a goal of 2,000 participants. Ohio is now being seen as a national leader, having transitioned 5,000 individuals from long-term care facilities to home settings. But the program started slowly. Why...the lack of affordable available housing supply! National Church Residences has been a participant in this initiative and it is a true joy to talk to someone who is living in a supportive housing environment after spending 6 years in a nursing home! In addition, by participating in this program, we have brought 20 residents to less institutional settings and the state has helped us pay for the case managers in our buildings!

### SO...IS THIS A TIME OF OPPORTUNITY?

I believe that housing leaders...or “housers”... have opportunities to be impactful, innovative and entrepreneurial in this challenging environment. Granted, National Church Residences is in the right place at the right time to assertively diversify its services, including many exciting pilot projects. As I shared earlier, we have one advantage in that we have our own health care division. But to be honest, for my first 10 years, I hardly knew anyone in that division! Now we are all at the table together on a variety of initiatives. So, whether you are a diverse organization or just partner with others, there are opportunities to be significant.

Let me wrap up by sharing few of our initiatives that I am particularly proud of:

- First, in 2012, we opened Avondale Senior, a housing community with three different business lines on one site: a property management team, an adult day services center, and Home and Community Services.
- Second, we are transforming our service coordination team via Care Guide, a step-by-step customized software program that allows our

service coordinators to identify residents at high risk of having health care issues, and to arrange interventions for them.

- Third, we have created a new layer in our supportive housing communities. For over 10 years, we have run a Housing First model for vulnerable adults. We began with ensuring adequate case management on site. We then added job coordinators. Finally, we added a patient-centered medical home (PCMH). We are now seeing a significant reduction in 911 calls and ER visits.
- Finally, we are in conversation with several hospital systems. We are planning one development on a hospital campus.

Do we believe that affordable housing can create healthy outcomes? Then I challenge all of us to:

- Focus on creating healthy outcomes in our housing
- Measure the healthy outcomes in our housing
- Share the good news of healthy outcomes in our housing
- Remind everyone that housing is a key social determinant that can create healthier people AND use less public dollars!

I find this an exciting and challenging time. Housing is now a “valued added proposition” but only if we make the case for it!

\*Mandatory spending includes some safety net programs, including Temporary Assistance for Needy Families (TANF) and unemployment insurance, but the bulk consists of Social Security, Medicare, and Medicaid spending. Most military spending is discretionary. The projected increase in mandatory spending is driven by increases in federal health care spending. For more information, see Mandatory Spending Since 1962 by the Congressional Research Service ([http://www.senate.gov/CRSReports/crs-publish.cfm?pid=%270E%2C\\*P%3C\[%3C%23P++%0A\)](http://www.senate.gov/CRSReports/crs-publish.cfm?pid=%270E%2C*P%3C[%3C%23P++%0A).)). **HNN**