

# Urgent Repair Program

## **North Carolina Housing Finance Agency**

Homeownership: Home Improvement and Rehabilitation

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Research shows that aging in place provides a significant savings in public and private health care costs and improves seniors' health and quality of life.<sup>1</sup> This is a reality in North Carolina where the 25-year-old Urgent Repair Program (URP) has helped almost 15,000 homeowners with incomes of 50% or less of their area median income by financing emergency repairs and accessibility accommodations that kept them in their homes and out of costly institutions. This program is the only one of its kind in North Carolina, serving households with urgent repair needs that cannot otherwise be met. The return on investment has been significant: **every \$1 in URP funding can save up to \$19 in Medicaid/Medicare costs.**

### Background

Roughly 15% of North Carolina's population is aged 65 or older, and 37% of those people report having a disability. Many of these seniors have extremely low incomes and live in substandard homes. In fact, more than half of the housing stock in 29 North Carolina counties was built before 1979. This housing crisis puts many elderly homeowners at risk for losing their homes and having to enter institutional care.

Enter the Urgent Repair Program, created by the NC Housing Finance Agency in 1994 to alleviate housing conditions that pose an imminent threat to life or safety and to provide accessibility modifications or other critical repairs to prevent displacement of very low-income homeowners with special needs, such as the frail elderly and persons with disabilities. The Agency designed the program in response to local governments and nonprofits that sought to help low-income homeowners remain safe in their own homes, independent of institutional care.

URP assists low-income homeowners who are veterans, seniors, disabled and/or have other eligible special needs through local community partners who qualify applicants and oversee the work. The Agency awards funds to local governments and nonprofit organizations through an annual NOFA process to ensure funds are distributed equitably across all regions of the states.

### Innovations

Flexible financing is at the heart URP's innovation. The state's Housing Trust Fund finances URP and allows it to address urgently needed repairs or modifications without regard to whether the dwelling unit shall meet any local, state or federal housing quality standards. However, all work done must meet the standards of the NC State Residential Code for One and Two-Family Dwellings and comply with all state or local permitting, inspections, licensing and insurance requirements. This allows assistance to target low-income and very low-income homeowners, addressing only items threatening their health and safety without requiring the entire home to be brought up to a specific standard.

URP's ingenuity also lies in its use of local partnerships. Nonprofit organizations, local governments and regional councils of governments are eligible to receive up to \$200,000 for projects serving two or more counties and up to \$100,000 for projects serving a single county during annual funding cycles. The maximum funding for large (Community Development Block Grant) CDBG Entitlement Cities is currently \$50,000. Funded organizations accept applications from and determine eligibility of interested homeowners and use program funds to provide interest-free deferred loans of up to \$10,000, forgiven at \$2,000 per year, for emergency repairs.

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<sup>1</sup> Evidence Matters. Fall 2013. Measuring the Costs and Savings of Aging in Place. Available at <https://www.huduser.gov/portal/periodicals/em/fall13/highlight2.html>

North Carolina Housing Finance Agency  
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Because the Agency's local partners are already entrenched in their communities as providers of affordable housing options, they have the expertise and capacity to deliver URP assistance and to leverage this funding with other housing programs. Community Action Agencies and other nonprofits have paired URP with the Weatherization Assistance Program (WAP) and the Heating Appliance Repair and Replacement Program (HARRP), using similar staff skills and referral networks.

URP partners also use volunteer resources to maximize their capacity. Several organizations use volunteer groups to perform home modifications. For instance, one western North Carolina nonprofit works with as many as 300 youth volunteers from the faith-based World Changers organization to do an annual week-long URP blitz. Other partners use local and regional volunteer groups like Habitat for Humanity and Appalachian Service Project to effect change. URP recipients have also partnered with regional Independent Living centers to design and install accessibility modifications.

The combination of all these resources has kept the average URP cost per unit at just \$5,924, despite the rise in construction costs. Of this, \$5,418 (91%) went to the hard costs of construction and the remaining \$507 per unit covered program support expenses, evincing a very cost-effective delivery system.

### Benefits

The benefits of home repair programs, such as URP, far outweigh the costs, partly due to decreased public costs for institutional care that are realized when vulnerable persons are able to remain in their homes. An internal analysis using URP participant survey data and data from Genworth's annual "Cost of Care" survey<sup>2</sup> revealed that in a best-case scenario wherein URP-funded repairs allowed all participants to avoid institutional care and stay in their homes, the state of North Carolina would save more than \$550 million over the estimated remaining lifespan of those individuals.

Factoring in program funding, this means that every \$1 of URP funds could save up to \$19 of Medicaid/Medicare spending.<sup>3</sup> This savings includes the estimated public cost of at-home care, which may be needed for elderly or disabled homeowners. At an individual level, these home modifications coupled with community-based supportive services save \$15,000 or more per year in Medicaid long-term care costs by allowing veterans, seniors and people with disabilities to stay in their homes.<sup>4</sup>

Because URP's program model relies on existing housing providers and relatively low investments that garner large returns, it can be easily replicated in other states.

### Conclusion

URP shows how strong partnerships can be used to address an important state housing need and provide measurable benefits to especially vulnerable individuals and households. With North Carolina's elderly population projected to grow such that 90 out of the 100 counties have more people over age 60

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<sup>2</sup> Genworth. (2016). Compare long term care costs across the United States [annual data for North Carolina]. Retrieved from <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>.

<sup>3</sup> North Carolina Housing Finance Agency (2017). Urgent Home Repair: Quality of Life and Cost Impacts. Available at <https://www.nchfa.com/about-us/research-reporting-and-policy/agency-investment-impacts>

<sup>4</sup> North Carolina Housing Finance Agency (2018). Rehabilitation and Repair: Immediate Impacts. Available at <https://www.nchfa.com/about-us/research-reporting-and-policy/agency-investment-impacts>

North Carolina Housing Finance Agency  
Urgent Repair Program  
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than under 18, URP is an increasingly necessary resource to ensure seniors can remain in their homes without entering dire financial straits.

One homeowner from Lee County stated that without URP, “I would have had to do without other necessary things to pay for the repair.” Another family from Madison County said, “We would have [had] to move in with family because we do not have the money to fix [our steps].” URP not only provides financial savings to homeowners in long-term care costs, but also helps save their most important assets: their homes.



# Urgent Home Repair: Quality of Life and Cost Impacts

*This brief describes the individual and statewide impacts of the North Carolina Housing Finance Agency's Urgent Repair Program, which funds home repairs for low-income households with special needs, such as the elderly, persons with disabilities or veterans.*

## BACKGROUND

**Low-income elderly and disabled homeowners face serious housing challenges.** For seniors, the physical and financial burdens of home maintenance can be overwhelming; more than a third of adults over age 50 are housing cost-burdened, meaning they pay more than 30% of their monthly income in housing expenses.<sup>1</sup> Furthermore, most homes are not designed for people with mobility or dexterity limitations.<sup>2</sup> As a result, many low-income senior and disabled homeowners are unable to remain in their homes and must enter institutional care.

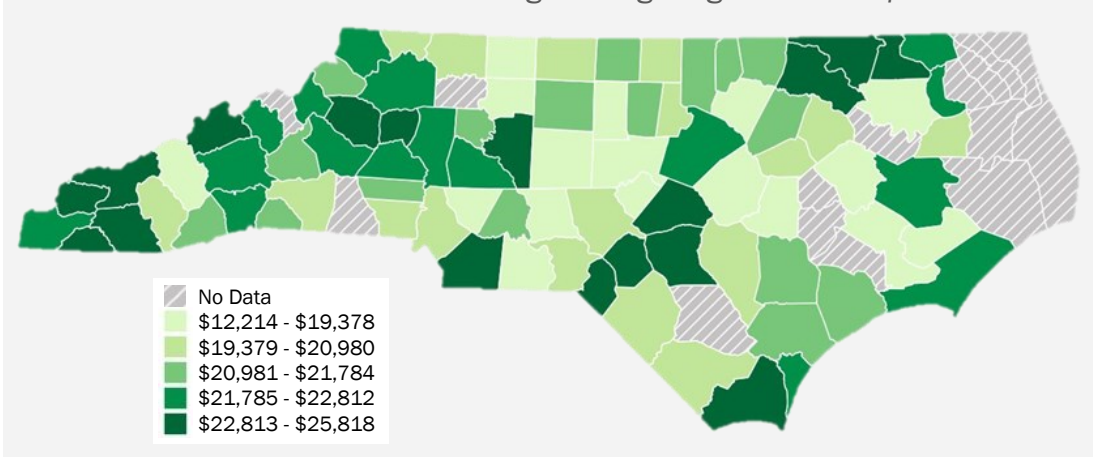
**Institutional care comes at a high price.** Nationally, the cost of living in a long-term care facility averages between \$41,000 and \$85,000 per year; in-home care costs about \$30,000 per year, producing annual savings of at least \$10,000.<sup>3</sup> These savings not only benefit senior and disabled homeowners, but taxpayers at large. When seniors enter institutional care, much of the cost is paid through Medicaid (40%), Medicare Post-Acute Care (23%) and other public sources (3%).<sup>4</sup> Medicaid also funds in-home services, but at a third of the cost of nursing home care.<sup>5</sup>

**The Urgent Repair Program (URP)** aims to help low-income homeowners with special needs remain in their homes safely and affordably by funding repairs to fix conditions that threaten life and safety. The North Carolina Housing Finance Agency administers URP funds through local government and nonprofit partners who approve applicants and oversee the work.

## QUALITY OF LIFE IMPACTS & PUBLIC COST SAVINGS

In a survey of homeowners who received URP assistance between 2005 and 2015, **91%** reported general satisfaction with the program. Cost/benefit analysis using URP participant survey data and data from Genworth's annual "Cost of Care" survey<sup>6</sup> revealed that in a best-case scenario in which every URP participant aged in place rather than moving into institutional care, the state of North Carolina would save more than **\$550 million** over the estimated average remaining lifespan of those individuals. This means that every **\$1** of URP funding could save up to **\$19** of Medicaid/Medicare spending.

*Estimated annual Medicaid cost savings through urgent home repair*



The considerable quality of life improvements and Medicaid/Medicare cost savings that can be achieved for relatively low per-unit investment make the Urgent Repair Program one of the most impactful and cost effective models for home repair and rehabilitation.

Public Cost Savings		
<u>Institutional Care</u>		
(A)	Average Annual Medicare/Medicaid Cost of Care per Person <sup>6,7,8,9,10</sup>	\$24,272*
(B)	Average Life Expectancy <sup>11,12</sup>	4.88
(C)	Cost per Person over Life (Line A x Line B x 0.6% Discount Rate) <sup>13</sup>	\$118,878
<u>Home/Community-Based Care</u>		
(D)	Average Annual Medicare/Medicaid Cost of Care per Person	\$8,914
(E)	Cost per Person over Life (Line D x Line B x 0.6% Discount Rate)	\$42,764
<u>Total Public Cost</u>		
(F)	Total Cost per Person over Life (Line C – Line E)	\$76,115
(G)	Total Cost of All URP Participants over Life, 2005-2015 (Line F x Line H)	\$580.5 M
URP Investment Data		
(H)	Total Number of Units Repaired, 2005-2015	7,627
(I)	Total URP Program Costs, 2005-2015	\$28.7 M
Total Estimated Cost Savings Over 4.88 Years (Line G – Line I)		\$551.8 M

*“Our back door did not have steps...We were scared if we had a fire, we might not be able to get out...we would have to move in with family because we do not have the money to fix it.”*  
- Homeowner, Madison Co.

*“Sanitation improved with repair of sink. My quality of life would be poorer with exposure to mold/mildew and leaks.”*  
- Homeowner, Forsyth Co.

*“I would have had to do without other necessary things to pay for the repair.”*  
- Homeowner, Lee Co.

*\*This number is higher during the first year of care (\$26,730), as Medicare helps cover institutional care costs for the first 100 days of care.*

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- To learn more about the North Carolina Housing Finance Agency's Urgent Repair Program and other repair and rehabilitation programs, visit [www.nchfa.com/current-homeowners/repairing-your-home](http://www.nchfa.com/current-homeowners/repairing-your-home).
- To learn more about NCHFA's policy and research activities, visit [www.nchfa.com/about-us/research-reporting-and-policy](http://www.nchfa.com/about-us/research-reporting-and-policy).

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