



# 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

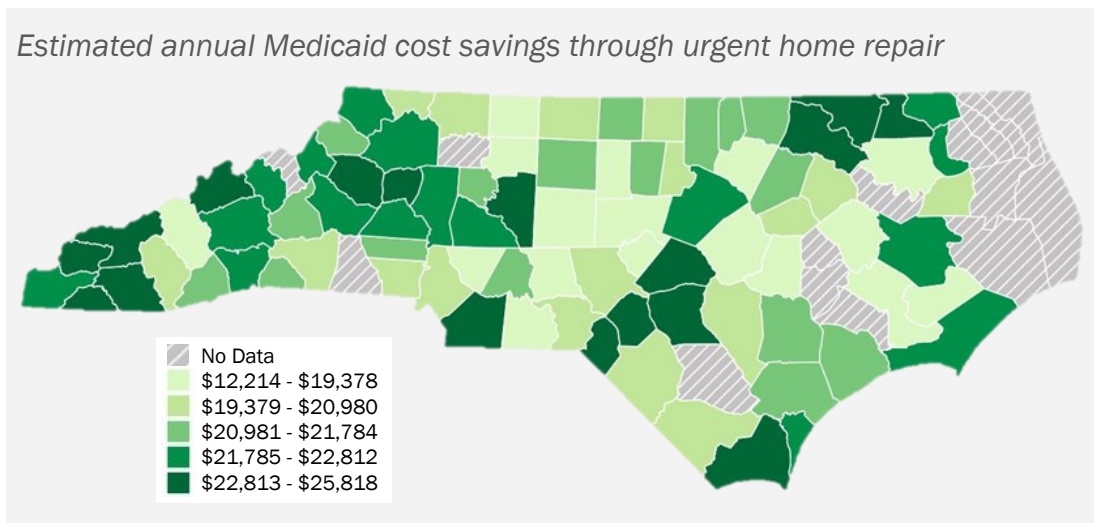
**Low-income elderly and disabled homeowners face serious housing challenges.** For seniors, the physical and financial burdens of home maintenance can be overwhelming; more than a third of adults over age 50 are housing cost-burdened, meaning they pay more than 30% of their monthly income in housing 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.



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	
<b>Institutional Care</b>	
(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
<b>Home/Community-Based Care</b>	
(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
<b>Total Public Cost</b>	
(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
<b>Total Estimated Cost Savings Over 4.88 Years (Line G – Line I)</b>	<b>\$551.8 M</b>

\*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.

*“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.

- 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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