

# Planning Ahead for Elder Housing Needs

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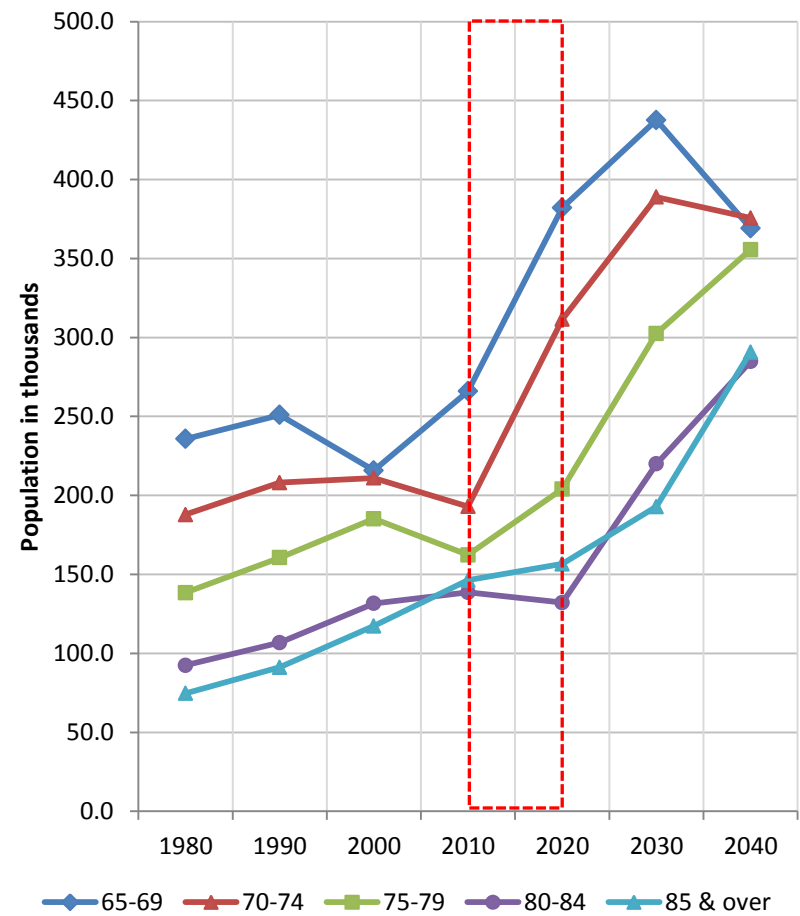
*The nineteenth century French philosopher Auguste Comte, often called the “father of sociology,” is said to have proclaimed, **"Demography is destiny."***

*Peter Drucker, often called the father of modern management, observed that **"Demographics are the future that has already happened."***

***BOTH ARE RIGHT.*** *We know what's coming.*

# Older Americans are living longer, and the baby boomers have begun to swell their ranks

- **2001** - the first baby boomers (born 1946-1964) turned 55, the age at which they can be accorded preferential treatment under the fair housing laws
- **2011** - they turned 65, a date once thought of as retirement age
- **2023** - those born in the peak year of the baby boom will reach 65
- **2029** - those born at the tail end of that era will turn 65
- **Between 2010 and 2020**, the number of MA residents age 65+ will increase by 31%, rising from 906K to nearly 1.2M.
- **By 2040**, this number will grow to almost 1.7M by 2040, an increase of 85%.



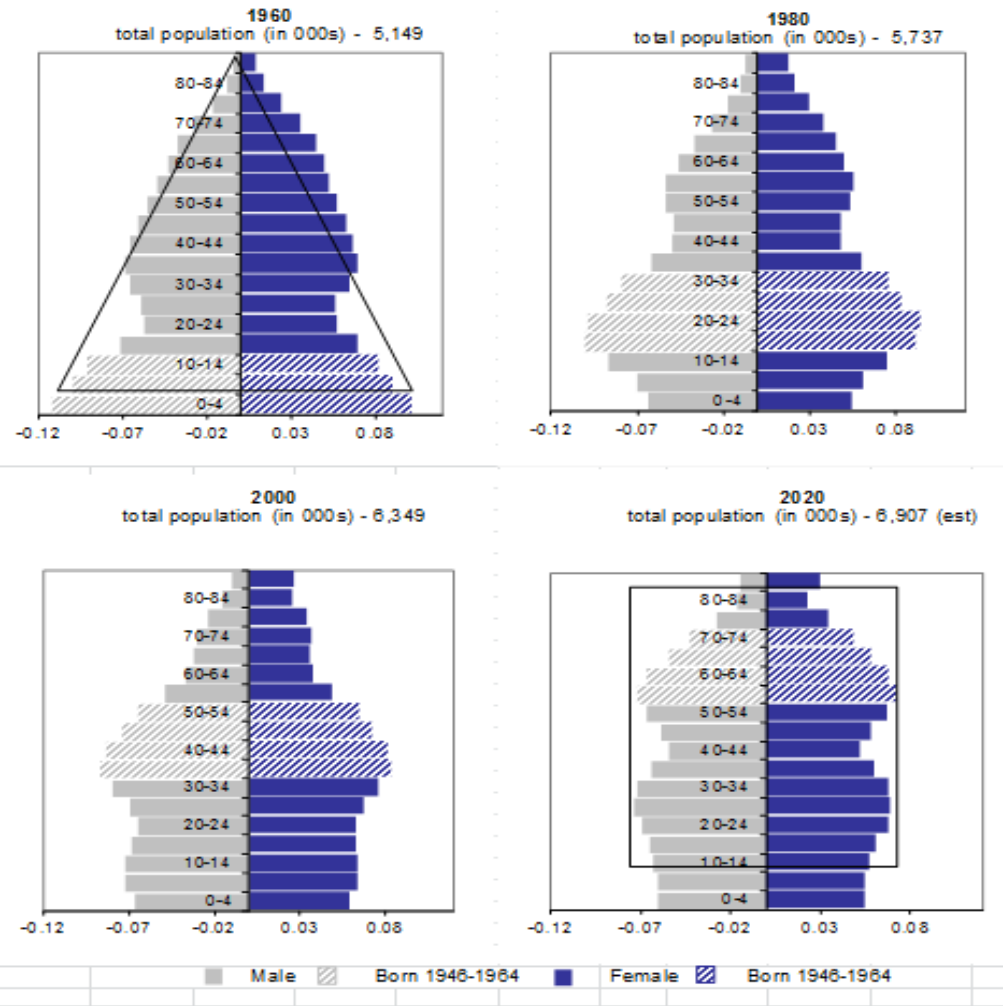
# What is less certain is what housing choices they will make....

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## *This presentation looks at -*

- Projected changes in the MA population through 2040, focusing on 2010-2020
- Where older adults live, their housing needs and the resources available to them
- The impact of their aging on the housing market and the communities where they live: will they stay or will they move

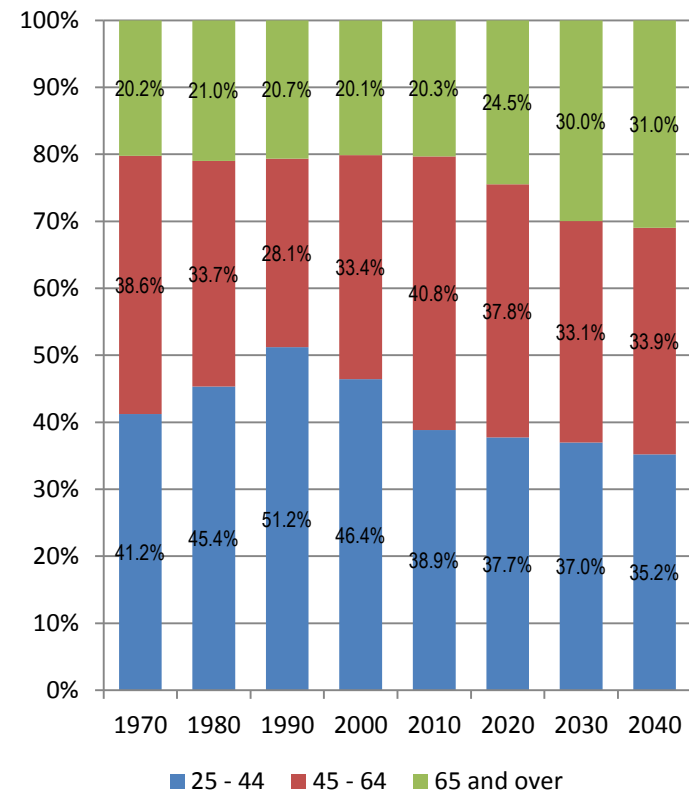
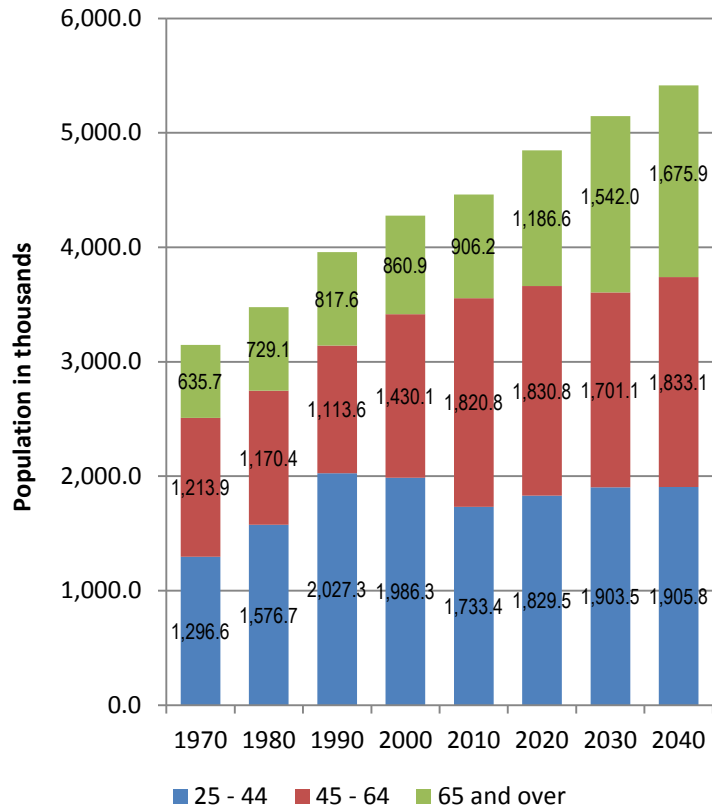
# MA's – and the nation's – population profile is shifting



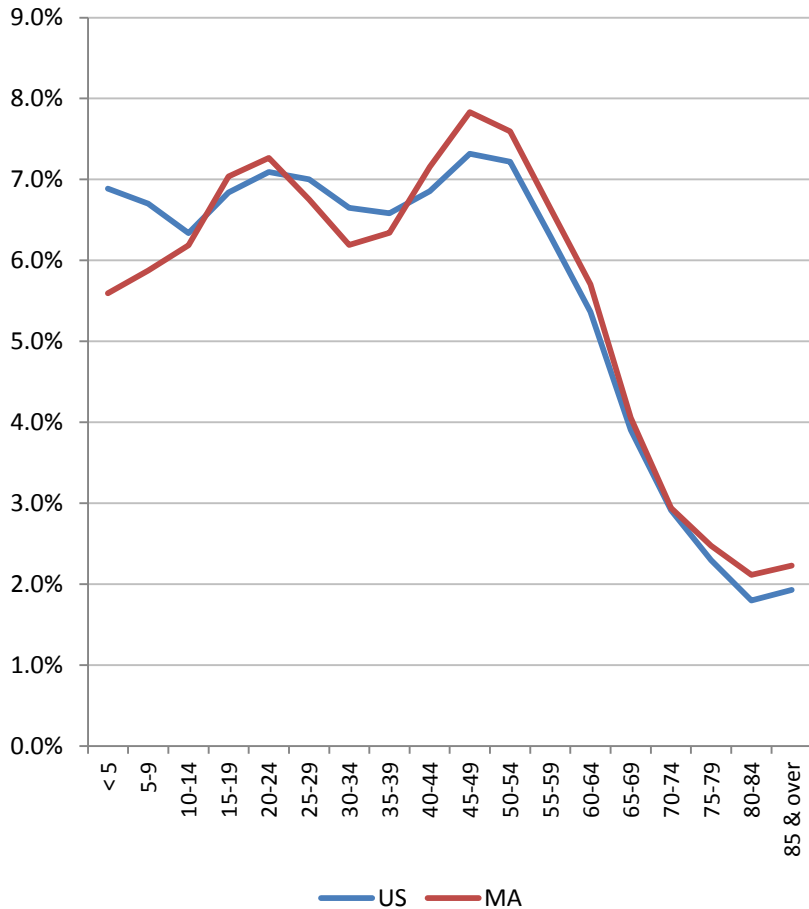
...and the age-sex pyramid has become a rectangle.

# Housing markets will need to serve three roughly equal age groups for much of the 21st century...

*two of which, most likely, will NOT include children*



# MA has greater share of very old residents and baby boomers but fewer young children than US



| Age      | MA   | US   | Ratio<br>MA:US | Born between |             |
|----------|------|------|----------------|--------------|-------------|
|          |      |      |                |              |             |
| Under 5  | 5.6% | 6.6% | 0.85           | 2005         | and after   |
| 5 to 9   | 5.9% | 6.7% | 0.88           | 2001         | 2005        |
| 10 to 14 | 6.2% | 6.8% | 0.91           | 1996         | 2000        |
| 15 to 19 | 7.1% | 7.2% | 0.98           | 1991         | 1995        |
| 20 to 24 | 7.3% | 7.1% | 1.03           | 1986         | 1990        |
| 25 to 29 | 6.7% | 6.9% | 0.98           | 1981         | 1985        |
| 30 to 34 | 6.2% | 6.5% | 0.95           | 1976         | 1980        |
| 35 to 39 | 6.4% | 6.6% | 0.97           | 1971         | 1975        |
| 40 to 44 | 7.2% | 6.8% | 1.05           | 1966         | 1970        |
| 45 to 49 | 7.9% | 7.4% | 1.07           | 1961         | 1965        |
| 50 to 54 | 7.6% | 7.2% | 1.05           | 1956         | 1960        |
| 55 to 59 | 6.6% | 6.3% | 1.04           | 1951         | 1955        |
| 60 to 64 | 5.7% | 5.4% | 1.05           | 1946         | 1950        |
| 65 to 69 | 4.0% | 4.0% | 1.02           | 1941         | 1945        |
| 70 to 74 | 2.9% | 2.9% | 1.00           | 1936         | 1940        |
| 75 to 79 | 2.5% | 2.3% | 1.09           | 1931         | 1935        |
| 80 to 84 | 2.1% | 1.7% | 1.21           | 1926         | 1930        |
| 85 & +   | 2.2% | 1.6% | 1.40           | 1925         | and earlier |

Source: U.S. Decennial Census, 2010

# The housing needs and desires of seniors is varied and may change 2-3 times over the course of their later lives

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The continuum of options:

- Active adult communities → senior apartments → independent living developments → assisted living residences → skilled nursing facilities  
*Continuing care retirement communities (CCRCs) offer a number of these options on one campus*

Survey research continues to show that most older Americans would prefer to grow old in their own homes.

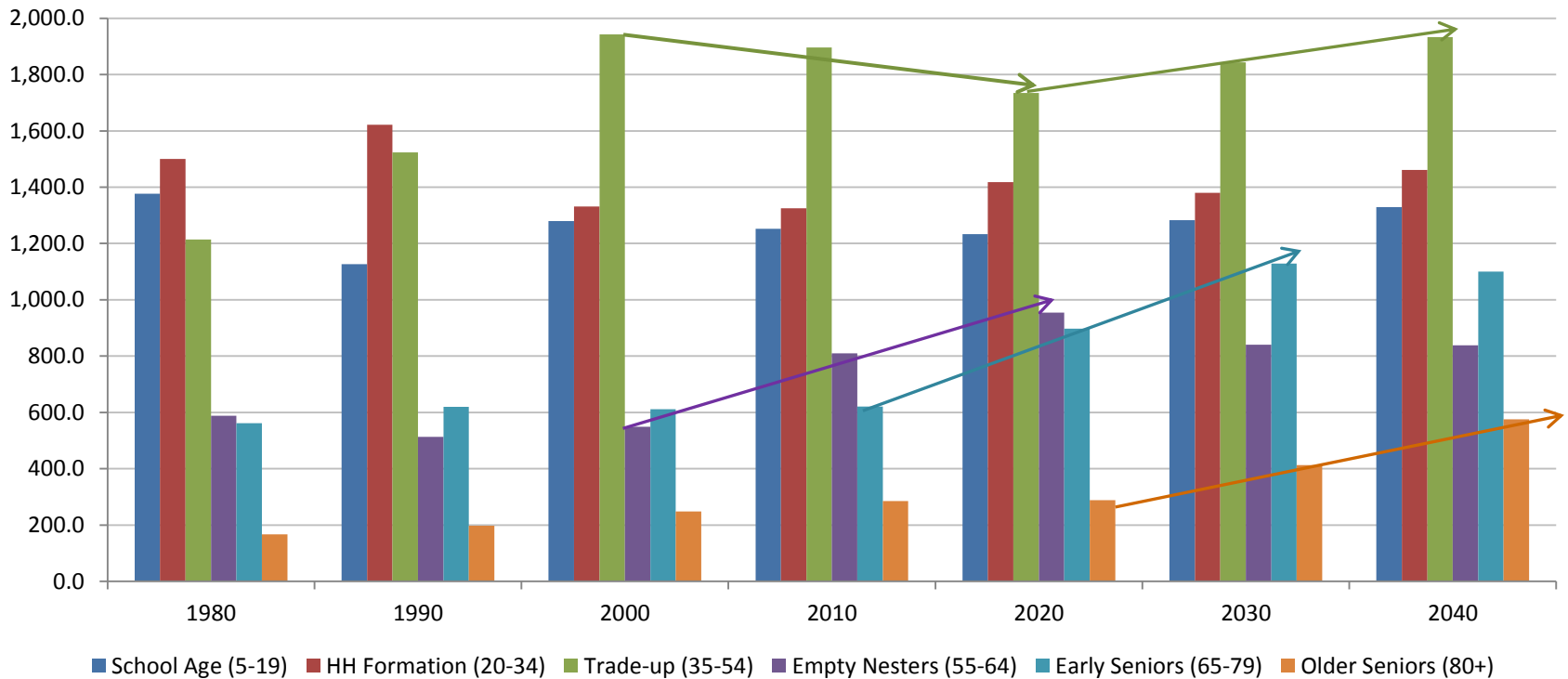
- Strategies to enable them to do that include in-home health care and supportive services, home sharing, accessory dwelling units and reverse mortgages.



What does it bode for the housing market?

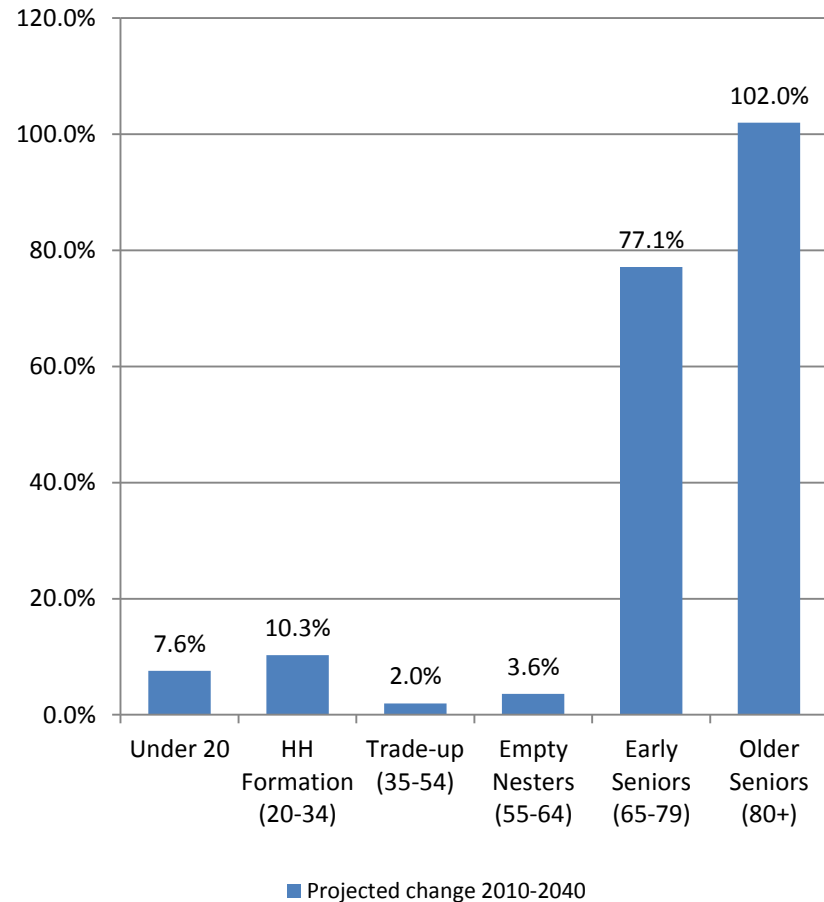
# Any sizable shift from one generation to the next affects housing demand

*Key segments for the housing market*



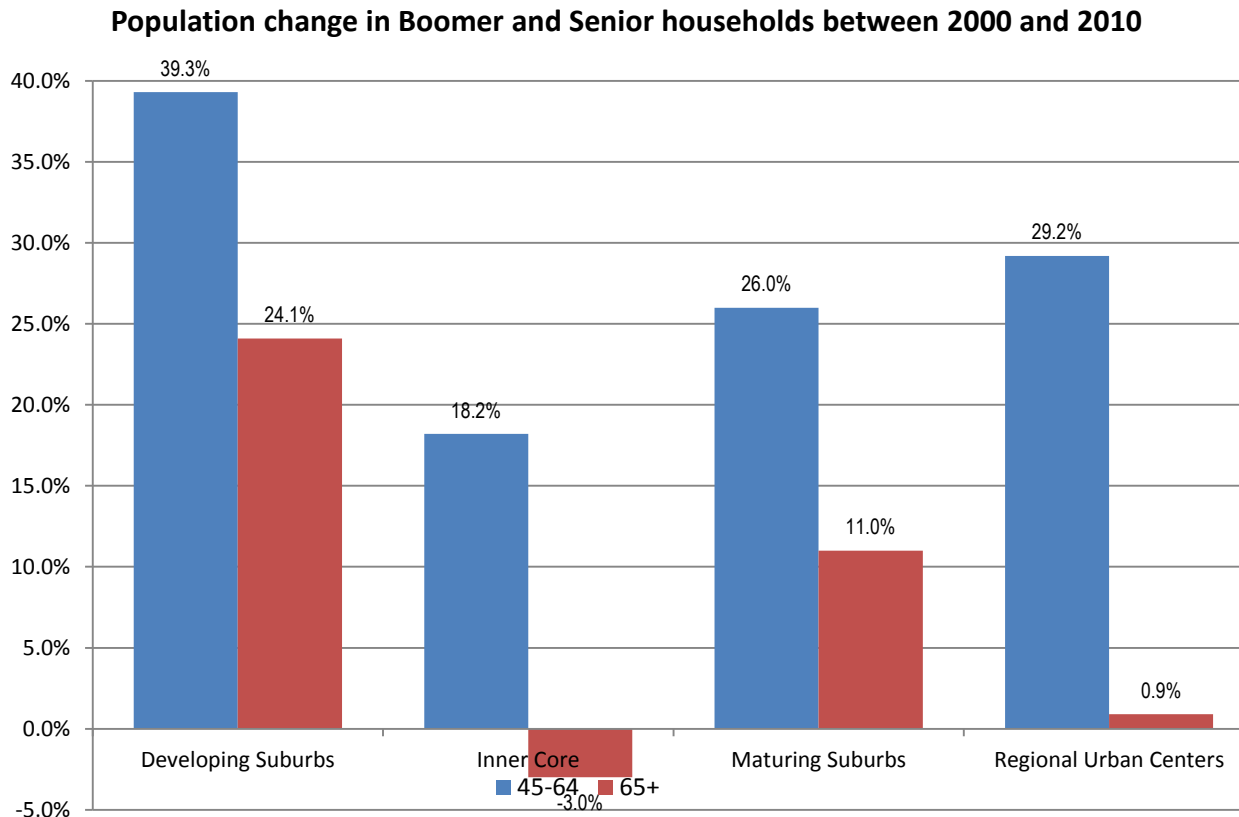
# And between 2010 and 2020 the baby boomers will swell the ranks of Empty Nesters and Early Seniors

|                              | 2000-2010<br>(actual) | 2010-2020<br>(projected) | 2020-2030<br>(projected) | 2030-2040<br>(projected) |
|------------------------------|-----------------------|--------------------------|--------------------------|--------------------------|
| <b>Under 20</b>              | -3.4%                 | -0.2%                    | 3.8%                     | 3.9%                     |
| <b>HH Formation (20-34)</b>  | -0.5%                 | 7.0%                     | -2.7%                    | 5.9%                     |
| <b>Trade-up (35-54)</b>      | -2.4%                 | -8.5%                    | 6.3%                     | 4.9%                     |
| <b>Empty Nesters (55-64)</b> | 47.3%                 | 17.9%                    | 25.8%                    | -0.3%                    |
| <b>Early Seniors (65-79)</b> | 1.5%                  | 44.5%                    | 25.8%                    | -2.5%                    |
| <b>Older Seniors (80+)</b>   | 14.5%                 | 1.3%                     | 43.0%                    | 39.4%                    |



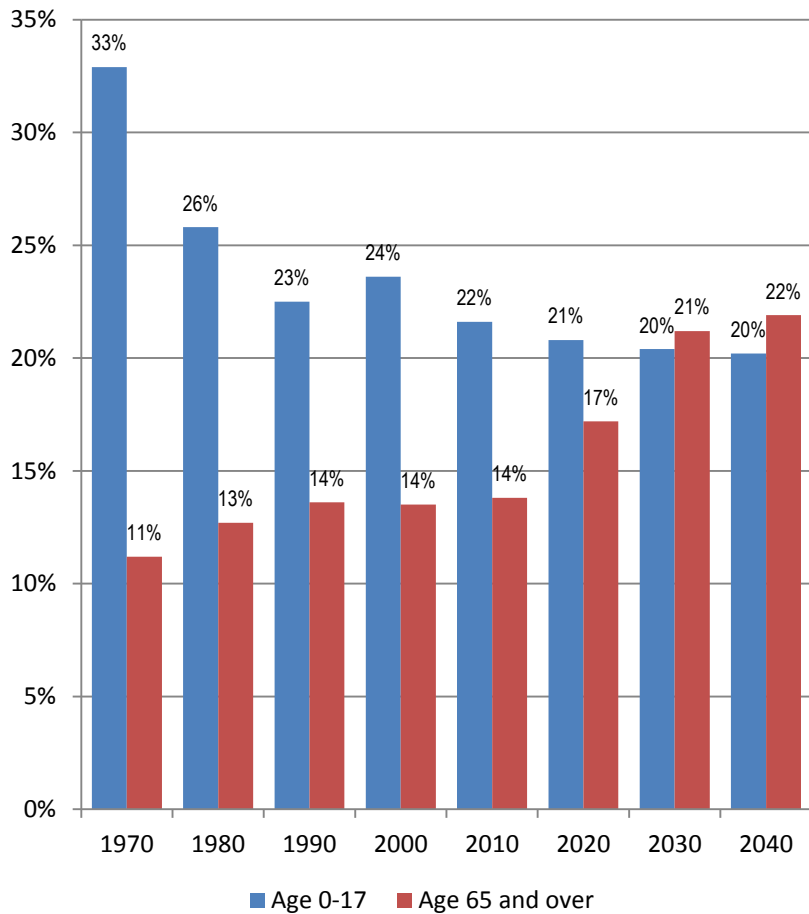
Source: 2000, 2010 U.S. Decennial Census; 2020-2040 Woods and Poole Economics, Inc.

# Mirroring a national trend, MA suburbs are graying faster than its urban centers



Source: 2000, 2010 Census; includes 164 eastern MA communities; MAPC community typology

# Much of MA's housing was built to accommodate families during their child-rearing years



- Increasingly the aging population lives in low-density, auto-dependent suburbs
- And many wish to remain there, in their existing home or community

# Will they move?

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## **Maybe, but -**

- Older households move at a much lower rate than younger ones.
- Short-distance moves are more common than long distance moves.
- Unless motivated by a health or financial crisis, older adults often choose to stay put.
- Great Recession has taken a toll on financial resources, confidence.
- Discretionary moves are unlikely to match the media hype.

*A gradual generational turnover, occurring at end of life or end of ability to live independently, is inevitable .*

# 'Aging in Place' housing issues

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*Challenges may relate to:*

Housing stock, community characteristics , affordability

- One set of strategies can enable seniors to continue to live in their own homes as they age by ensuring that the existing housing stock is safe, affordable, accessible, and connected to essential services.
- A complementary set of strategies is required to expand the range of housing options (subsidized, supportive, market-rate) needed to meet future demand in locations that promote independence.
- AARP defines a “livable community” as one with “affordable and appropriate housing, supportive community features and services, and adequate mobility options.”

# Prevalence of disability increases dramatically with age

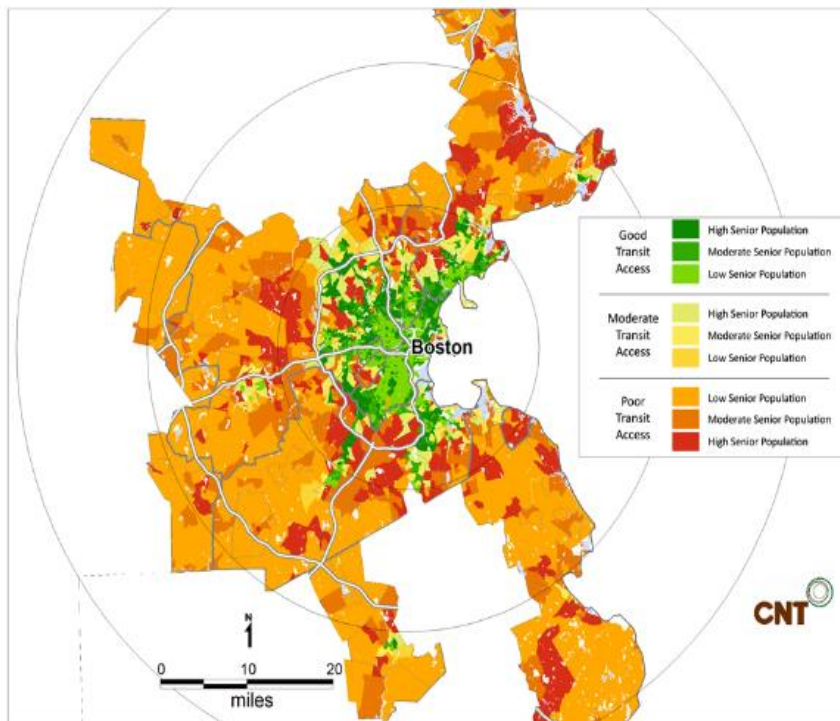
| Disability Type    | Age Group |        |        |         |         |             |
|--------------------|-----------|--------|--------|---------|---------|-------------|
|                    | All ages  | 5-15   | 16-20  | 21-64   | 65-74   | 75 and over |
| Any Disability     | 740,400   | 49,800 | 26,300 | 362,300 | 104,900 | 194,200     |
| Visual             | 117,300   | 5,300  | 3,200  | 53,300  | 14,800  | 38,700      |
| Hearing            | 202,700   | 6,700  | 2,800  | 65,900  | 37,800  | 87,600      |
| Ambulatory         | 364,900   | 5,700  | 3,700  | 178,900 | 60,400  | 116,300     |
| Cognitive          | 300,600   | 38,500 | 19,600 | 171,100 | 20,700  | 50,700      |
| Self-Care          | 151,800   | 11,100 | 4,000  | 67,900  | 17,200  | 51,500      |
| Independent Living | 284,500   | NA     | 9,700  | 138,700 | 32,300  | 100,800     |

| Disability Type    | Prevalence (%) |      |       |       |       |             |
|--------------------|----------------|------|-------|-------|-------|-------------|
|                    | All ages       | 5-15 | 16-20 | 21-64 | 65-74 | 75 and over |
| Any Disability     | 11.4%          | 5.8% | 5.3%  | 9.3%  | 22.4% | 47.0%       |
| Visual             | 1.8%           | 0.6% | 0.7%  | 1.4%  | 3.2%  | 9.4%        |
| Hearing            | 3.1%           | 0.8% | 0.6%  | 1.7%  | 8.1%  | 21.2%       |
| Ambulatory         | 5.9%           | 0.7% | 0.7%  | 4.6%  | 12.9% | 28.2%       |
| Cognitive          | 4.9%           | 4.5% | 4.0%  | 4.4%  | 4.4%  | 12.3%       |
| Self-Care          | 2.5%           | 1.3% | 0.8%  | 1.7%  | 3.7%  | 12.5%       |
| Independent Living | 5.3%           | NA   | 2.0%  | 3.5%  | 6.9%  | 24.4%       |

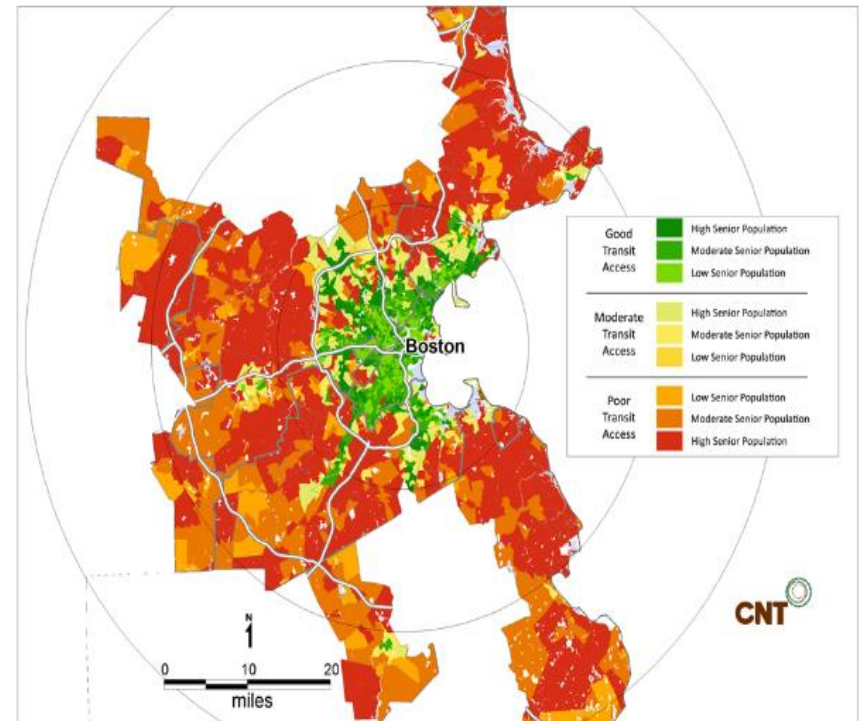
Source: U.S. Census Bureau, 2011 American Community Survey 1-Year Estimates, Massachusetts

# Stuck without options: comparison of current and future senior transit access, Boston metro

Transit Access for Seniors Age 65 and Older in 2000



Transit Access for Seniors Age 65-79 in 2015



Source: Center for Neighborhood Technology



# Income plays a major role in determining a senior household's options

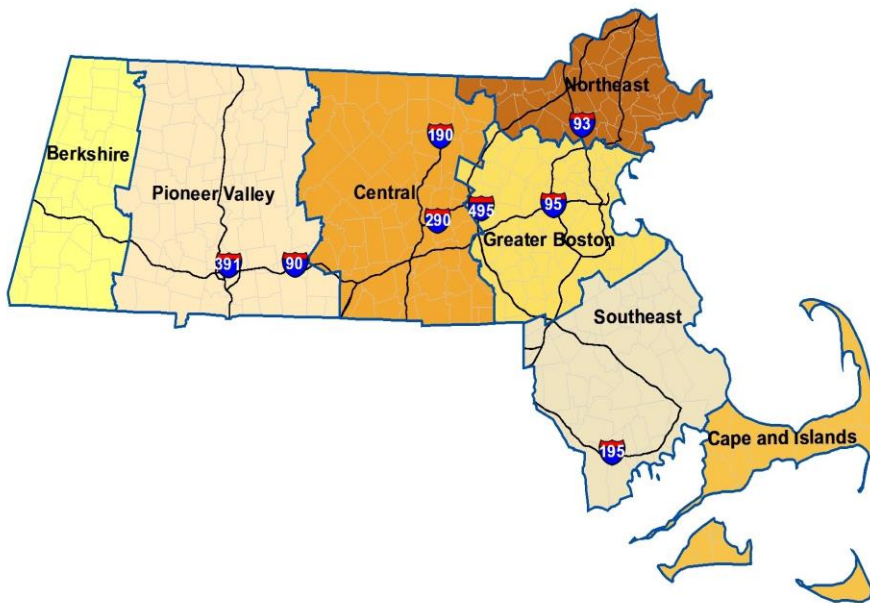
## *Distribution of MA older householders by income and tenure*

|                                     |              |               |
|-------------------------------------|--------------|---------------|
| <b>Total 62+ HHs (in thousands)</b> | <b>660.3</b> | <b>100.0%</b> |
| > Median Fam Ow ners                | 141.7        | 21.5%         |
| ELI Non-Fam Renters                 | 78.4         | 11.9%         |
| MI Non-Fam Ow ners                  | 50.2         | 7.6%          |
| > Median Non-Fam Ow ners            | 50.2         | 7.6%          |
| ELI Non-Fam Ow ners                 | 46.9         | 7.1%          |
| VLI Non-Fam Ow ners                 | 41.2         | 6.2%          |
| LI Fam Ow ners                      | 40.8         | 6.2%          |
| VLI Fam Ow ners                     | 31.9         | 4.8%          |
| LI Non-Fam Ow ners                  | 29.5         | 4.5%          |
| MI Fam Ow ners                      | 28.6         | 4.3%          |
| VLI Non-Fam Renters                 | 27.8         | 4.2%          |
| > Median Non-Fam Renters            | 16.7         | 2.5%          |
| ELI Fam Ow ners                     | 15.7         | 2.4%          |
| LI Non-Fam Renters                  | 12.9         | 2.0%          |
| ELI Fam Renters                     | 12.3         | 1.9%          |
| > Median Fam Renters                | 10.6         | 1.6%          |
| VLI Fam Renters                     | 10.0         | 1.5%          |
| LI Fam Renters                      | 6.8          | 1.0%          |
| MI Non-Fam Renters                  | 5.7          | 0.9%          |
| MI Fam Renters                      | 2.4          | 0.4%          |

ELI – extremely low income (<=30% of area median income, or AMI); VLI – very low income (>30% but <=50% AMI); LI – low income (>50% but <=80% AMI); MI – moderate income (>80% but <=100% AMI)

Source: 2006-2010 American Community Survey-based CHAS Table 7

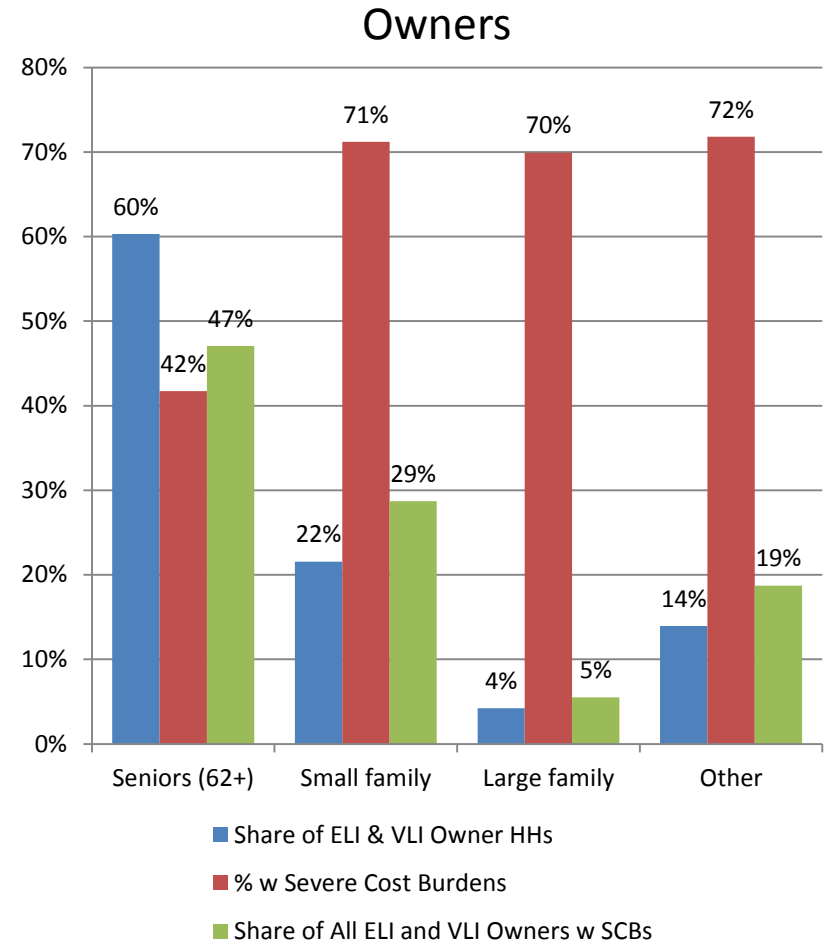
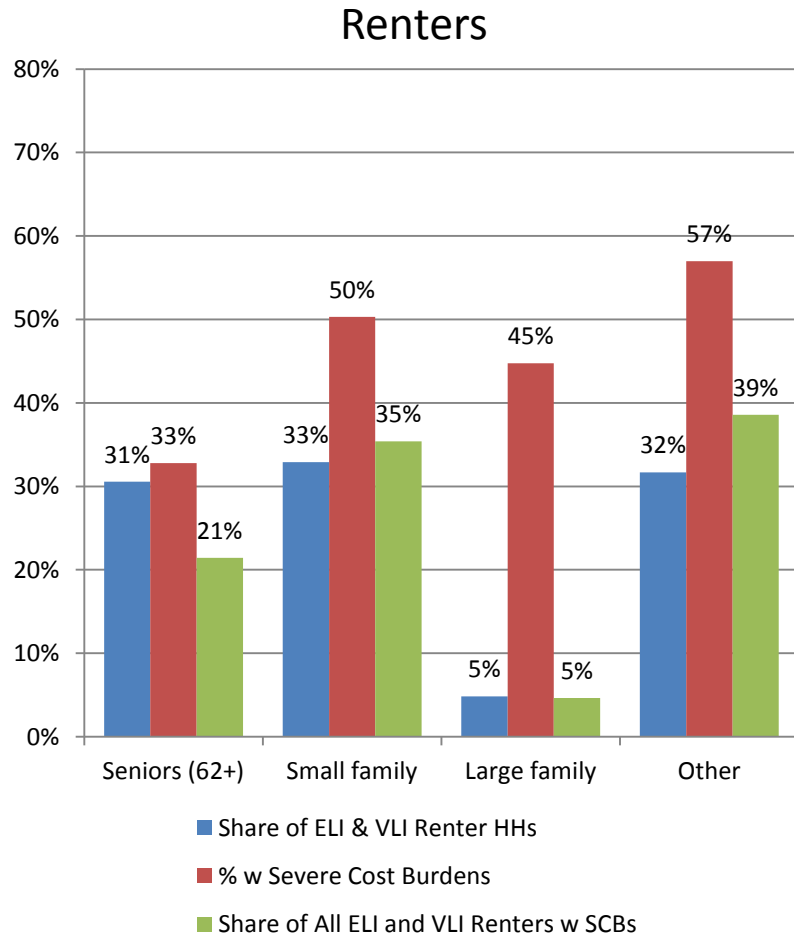
# Distribution of ELI and VLI and elderly households is roughly proportional to region's share of all housing\*



| Region   | MA   | Berkshire | Boston | Cape & Islands | Central | North-east | Pioneer Valley | South-east |
|--|------|-----------|--------|----------------|---------|------------|----------------|------------|
| Total Households   | 100% | 2.2%      | 41.2%  | 4.3%           | 11.8%   | 14.1%      | 10.7%          | 15.6%      |
| Renter Units   | 100% | 2.0%      | 49.8%  | 2.4%           | 10.5%   | 11.8%      | 10.7%          | 12.9%      |
| ELI and VLI Renter Households  | 100% | 2.3%      | 46.5%  | 2.1%           | 10.5%   | 12.6%      | 13.0%          | 12.9%      |
| Elderly Renter Households  | 100% | 1.9%      | 53.7%  | 2.3%           | 9.8%    | 10.7%      | 10.5%          | 11.3%      |
| ELI and VLI Elderly Renter HHs   | 100% | 2.6%      | 45.7%  | 2.6%           | 11.2%   | 13.7%      | 10.7%          | 13.6%      |
| Owner Units  | 100% | 2.4%      | 36.5%  | 5.4%           | 12.6%   | 15.3%      | 10.8%          | 17.0%      |
| ELI and VLI Owner Households   | 100% | 3.2%      | 34.5%  | 6.1%           | 12.0%   | 14.7%      | 12.9%          | 16.5%      |
| Elderly Owner Households   | 100% | 3.1%      | 35.4%  | 8.5%           | 11.2%   | 14.0%      | 11.7%          | 16.1%      |
| ELI and VLI Elderly Owner HHs  | 100% | 3.1%      | 34.6%  | 6.6%           | 11.6%   | 14.4%      | 12.6%          | 17.0%      |
| Elderly and/or ELI/VLI share is more than 15% higher than share of total |      |           |        |                |         |            |                |            |

\*Adjusted for differences in tenure. MassBenchmarks regions. Source 2005-2009 CHAS data.

# Worst case needs: ELI and VLI households with severe cost burdens (SCBs)



# More than 1 in 5 ELI and VLI *households* in MA is an elderly\* homeowner

| Tenure         | # of ELI and VLI Households |              |              |       |       | % w Severe Cost Burdens |              |              |       | Share of HHs |              |              |       | Share of those with SCBs |              |              |       |
|----------------|-----------------------------|--------------|--------------|-------|-------|-------------------------|--------------|--------------|-------|--------------|--------------|--------------|-------|--------------------------|--------------|--------------|-------|
|                | Elderly                     | Small family | Large family | Other | Total | Elderly                 | Small family | Large family | Other | Elderly      | Small family | Large family | Other | Elderly                  | Small family | Large family | Other |
| <b>Renters</b> | 128.6                       | 139.6        | 20.1         | 140.2 | 428.5 | 33%                     | 50%          | 45%          | 57%   | 31%          | 33%          | 5%           | 32%   | 21%                      | 35%          | 5%           | 39%   |
| <b>Owners</b>  | 135.7                       | 49.1         | 9.4          | 33.9  | 228.0 | 42%                     | 71%          | 70%          | 72%   | 60%          | 22%          | 4%           | 14%   | 47%                      | 29%          | 5%           | 19%   |
| <b>Total</b>   | 264.3                       | 188.7        | 29.5         | 174.1 | 656.5 | 37%                     | 56%          | 53%          | 60%   | 41%          | 29%          | 5%           | 25%   | 31%                      | 33%          | 5%           | 31%   |

Source: CHAS Table 7 based on 2006-2010 American Community Survey

\* HUD terminology for those 62 and over

- 18% of all ELI and VLI *households* with severe cost burdens are elderly homeowners
- Many of the ELI and VLI “small family” and “other” households experiencing SCBs are aging baby boomers

# Housing need and the allocation of affordable housing resources...

|  | Senior Share<br>(age 62 and +) | Est. # of senior<br>households (in<br>thousands) | Est. # of non-<br>senior<br>households (in<br>thousands) | Total<br>households (in<br>thousands) |
|--|--------------------------------|--|--|---------------------------------------|
| % of State's ELI and VLI Renters                   | 30%                            | 128.6  | 299.9  | 428.5                                 |
| % of Tenant-based vouchers (federal and state)     | 15%                            | 9.7  | 53.6   | 63.4                                  |
| % of Privately-owned Subsidized Housing            | 41%                            | 38.2   | 57.0   | 95.2                                  |
| % of State Public Housing                          | 55%                            | 22.7   | 18.5   | 41.2                                  |
| % of Federal Public Housing                        | 42%                            | 13.9   | 19.2   | 33.2                                  |
| Est. total households receiving housing assistance | 36%                            | 84.6   | 148.4  | 233.0                                 |

Notes: Only includes income restricted units in privately-owned subsidized developments.

Includes 85% of tenant-based vouchers. An estimated 15% of such vouchers are used in private, subsidized developments and are captured in that category

State public housing estimates represent 85% of senior households (62+) in elderly/disabled developments plus seniors living in family developments.

Federal public housing estimates include seniors whether living in elderly or unrestricted developments

Source: Estimate of ELI and VLI renters - CHAS Table 7, based on 2006-2010 American Community Survey

Estimate of assisted households comes from HUD's Picture of Subsidized Households (2009) and Massachusetts Data Collection Act (2011)

# MA offers a wide range and substantial inventory of elder housing options

|     | Type of Housing  | Estimated # Units/Beds |
|-----|--|------------------------|
|     | Skilled Nursing Facilities (nursing homes)   | 48,000                 |
|     | Rest Homes   | 2,000                  |
| *   | Assisted Living Residences (ALRs)  | 14,000                 |
| **  | Independent Living (IL) in State Certified ALRs but not counted in state AL total and IL units in Continuing Care Retirement Communities (CCRCs)   | 15,000                 |
|     | Active Adult (not counted in any of the above)   | 10,000                 |
| *** | Subsidized Elderly Apartments (rental)   | 85,000                 |
|     | Reverse mortgages outstanding (2011)   | 16,000                 |
|     |  |                        |
| *   | ALRs include units in public housing developments and CCRCs.   |                        |
| **  | Includes independent living units in ALRs (not counted above), CCRCs and stand alone developments. Most require refundable deposits in addition to monthly payments. Some are straight ownership or rentals. |                        |
| *** | Includes elderly in public housing, privately owned subsidized housing, and those with tenant-based rental assistance (federal HCVs or Ma Rental Voucher Program)  |                        |

***Still, the need exceeds the resources and many elders are living in inappropriate or unsafe settings.***

Source: Author's estimates based on MA Department of Public Health, Executive Office of Elder Affairs, HUD Picture of Subsidized Households, DHCD MA Data Collection reporting, author's age restricted active adult housing database. These are estimates!