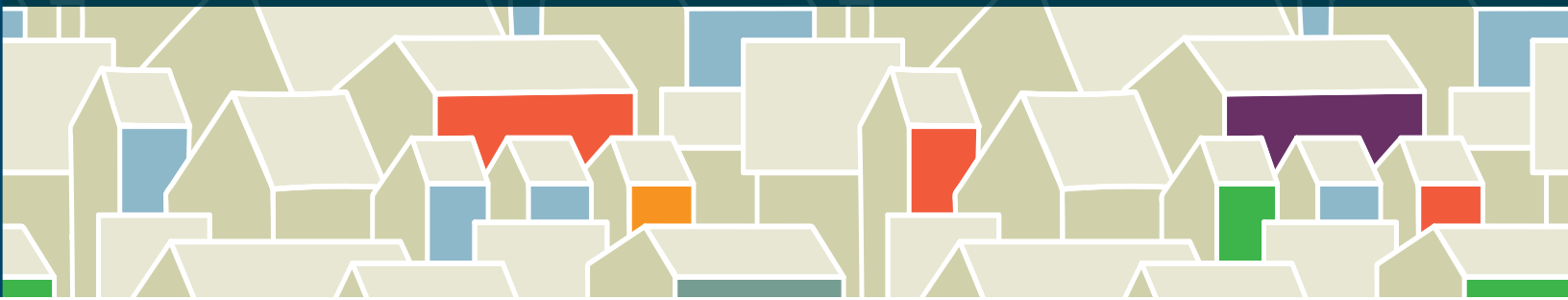


JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

HOUSING AMERICA'S OLDER ADULTS 2019



A SUPPLEMENT TO THE STATE OF THE NATION'S HOUSING REPORT

As both the number and share of older households in the United States increase to unprecedented levels, inequalities are becoming more evident.

Within the 65-and-over age group, most recent income gains have gone to the highest earners, and the number of households with housing cost burdens has reached an all-time high. Ensuring that middle- and lower-income households in this age range have the means to live affordably and safely in their current homes or move to other suitable housing will be a growing challenge. Meanwhile, many households in the 50–64 year-old age group have not recovered from the Great Recession, leaving them with lower incomes and homeownership rates than their predecessors at similar ages. For the nearly 10 million households in this age group that are cost burdened, ensuring financial and housing security in retirement will be a struggle. >>

THE AGING OF AMERICAN HOUSEHOLDS

With the leading edge of the baby boomers turning 73 this year, most of the recent increase in older adult households has centered within the 65–79 year-old age group. Between 2012 and 2017, the number of household heads that were at least 65 years old jumped from 27 million to 31 million. In contrast, the number of households aged 50–64 grew by only 770,000, to about 35 million, and the number of households headed by someone age 80 and over rose by 209,000, to 7.5 million.

Over the next two decades, the growing population in the oldest age groups will lift the share of all US households age 65 and over from 26 percent in 2018 to 34 percent in 2038. The Joint Center for Housing Studies projects that the number of households aged 75–79 will increase 49 percent in 2018–2028, to 8.9 million, and by another 20 percent in 2028–2038, to 10.7 million. The number of households age 80 and over will grow even more rapidly, rising from 8.1 million in 2018 to 12.0 million in 2028 to account for 9 percent of all households (**Figure 1**). By 2038, households age 80 and over will number 17.5 million and account for 12 percent of all households. Meanwhile, the aging of the smaller gen-X generation will reduce the number of households in their 60s and early 70s through 2028, although the millennials following behind will fill in the ranks of households in their 50s by 2038.

As their numbers grow, households age 65 and over will become more diverse. Hispanics are expected to drive much of this shift, increasing their share of households in this age group from 7 percent

in 2018 to 12 percent in 2038. Growth will be more modest among older black households (from 10 percent to 12 percent) and older Asians/others (from 5 percent to 7 percent). In total, however, these changes will reduce the share of white households age 65 and over from 78 percent to 70 percent over the next two decades.

DIVERSITY OF LIVING ARRANGEMENTS

Most retirement-age adults live in small households. Indeed, 35 million of the nearly 50 million adults age 65 and over in 2017 lived either alone or with a spouse or partner. Some 42 percent of households in this age group consisted of a single person and 37 percent were empty-nester couples.

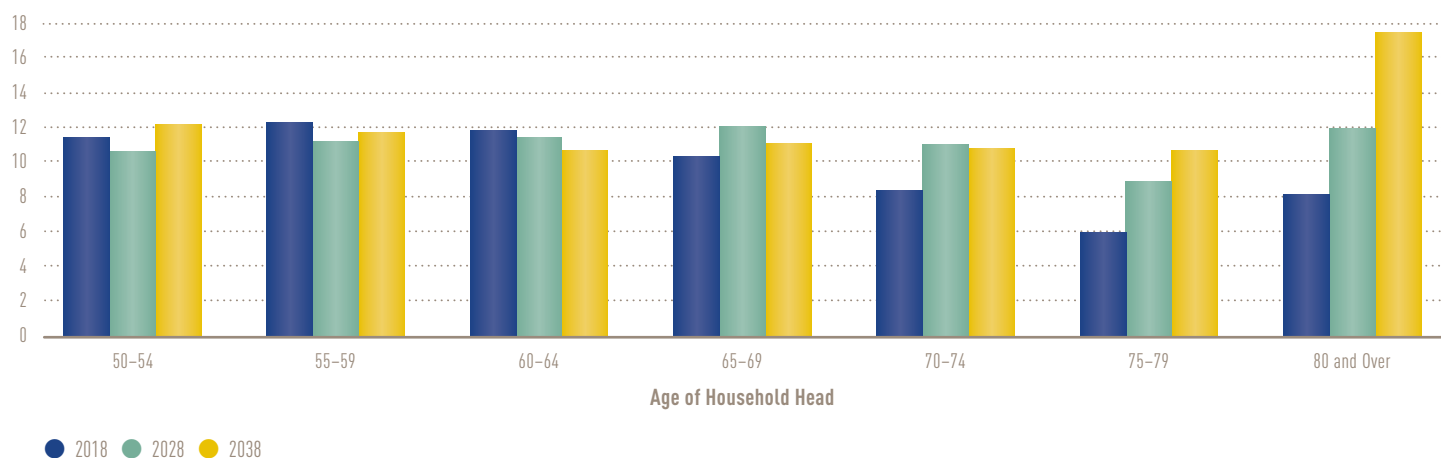
The share of older adults living alone increases sharply with age, reaching 57 percent among households in their 80s and beyond. Assuming that the composition of older households is unchanged over the next two decades, the aging of the baby boomers is projected to boost the number of single-person households age 80 and over to 10.1 million (**Figure 2**). This increase is noteworthy because many individuals in this age range that live alone have higher disability rates and lower incomes than same-age couples. As the number of single-person households in their 80s rises in the coming years, so, too, will the demand for affordable housing units that include supportive services.

While most older adults live alone or with a partner, multigenerational living is becoming more common. Between 2007 and 2017,

FIGURE 1

Over the Next 20 Years, Households in Their 80s Will Be the Fastest-Growing Age Group

Households (Millions)



Source: 2018 JCHS Household Projections.

the number of individuals age 65 and over living in households with at least one adult relative of another generation increased from 6.0 million to 9.8 million to reach 20 percent of the older population. Of these older adults, 9.3 million lived with their grown children or grandchildren and 442,000 with their parents or in-laws, while another 84,000 lived with both. Among older adults living in homes with two adult generations, the majority of individuals aged 65–79 (65 percent) lived in their own homes while the majority of those in their 80s (55 percent) lived in the homes of their children.

Minorities are more apt to live in multigenerational households than whites. Among Hispanics, just under 40 percent of adults aged 65–79 and 47 percent of those age 80 and over lived with other generations. The shares among older Asian/other adults are similar, while those among older black adults are somewhat lower at 27 percent and 36 percent, respectively. By comparison, the shares of older white adults living in multigenerational households were just 14 percent and 18 percent. Assuming these cultural norms hold, the number of multigenerational households is likely to increase over the coming decades as the Hispanic and Asian shares of the older population grow.

Relatively few older adults live with roommates or in group quarters. According to the American Community Survey, 921,000 adults age 65 and over (1.8 percent) lived with non-relatives in 2017, up from 488,000 (1.3 percent) in 2007. Another 1.5 million (3.0 percent) lived in group quarters, primarily in skilled nursing facilities—down from 1.9 million in 2007 despite the overall increase in the older population. With the growing availability of community-based

options, many nursing facilities have begun to focus on short-term post-acute care. Even so, the majority of nursing home patients still receive long-term care.

HOUSING AND LOCATION CHOICES OF OLDER ADULTS

Given their high homeownership rates, most older adults live in single-family homes. Of the 24 million homeowners age 65 and over, fully 80 percent lived in detached single-family units in 2017. The majority of these homes are now at least 40 years old and therefore may present maintenance challenges for their owners.

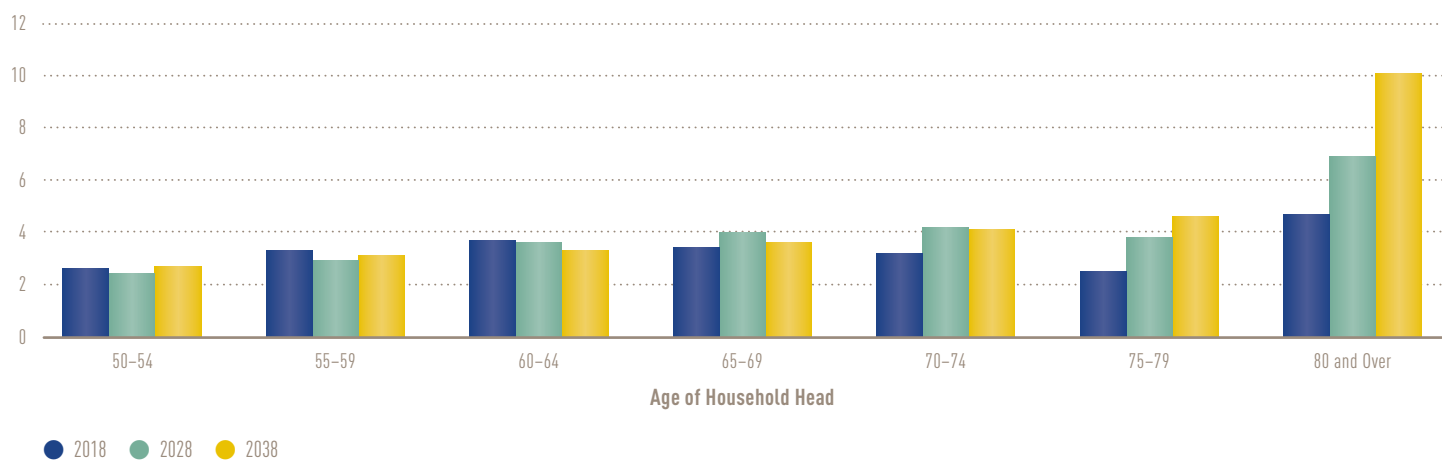
Although some 22 percent of the nation’s nearly 7 million older renters also live in single-family homes, most live in multifamily housing. Among renter households aged 65–79, fully 45 percent resided in apartment buildings with 2–49 units and 21 percent lived in larger buildings with 50 or more units in 2017. Among renters age 80 and over, however, the share living in larger apartment buildings is much higher, at 40 percent. Indeed, of all households in this age group that relocated in 2016–2017, two-fifths moved to buildings with 50 or more units. Those in their 80s may prefer larger multifamily buildings because they are more likely to offer accessibility features, such as elevators and single-floor living, than garden-style properties or smaller multifamily buildings.

Nearly a third of households age 65 and over lived in low-density communities in 2017, and their numbers have been rising rapidly. Indeed, the number of retirement-age households residing in the

FIGURE 2

By 2038, the Number of Older Adults Living Alone Is Projected to Reach 10.1 Million

Single-Person Households (Millions)



Source: 2018 JCHS Household Projections.

least-dense third of metro areas jumped 61 percent from 2000 to 2017, to 9.0 million.

Both owner and renter households contributed to this growth (**Figure 3**). About half of the 5.5 million increase in homeowner households age 65 and over occurred in these low-density areas, along with about a third of the 1.5 million increase in same-age renter households. Notably, growth in the number of older renters in low-density areas (484,000 households) outpaced the increase in high-density areas (342,000 households). Another 19 percent of 65-and-over homeowners (4.3 million) and 14 percent of renters (883,000) lived in non-metro (rural) locations in 2017. The location choices of households aged 55–64 are similar to those of the 65-and-over age group, suggesting that the concentration of older adults in low-density areas is likely to continue in the decades to come.

A mix of older household types live in communities at the metro fringe and beyond. About half (52 percent) of all households age 65 and over living with spouses or partners and/or other family members reside in outlying communities. Substantial shares of older single-person households (45 percent) and nonfamily households (44 percent) live in low-density areas as well.

The growing concentration of older households in outlying communities presents major challenges for residents and service providers alike. Single-family homes make up most of the housing stock in low-density areas, and residents typically need to be able to drive to

do errands, see doctors, and socialize. To reach these households, healthcare workers and other service providers must travel considerable distances and have few transportation options other than cars. In addition, primary healthcare providers are often in short supply in rural communities.

LOW RESIDENTIAL MOBILITY

Older adults have the lowest household mobility rates of any age group. According to the Current Population Survey, only 3.6 percent of individuals aged 65–79 and 2.9 percent of those age 80 and over relocated in 2017–2018, in comparison with 5.3 percent of adults aged 50–64 and 13.6 percent of those under age 50.

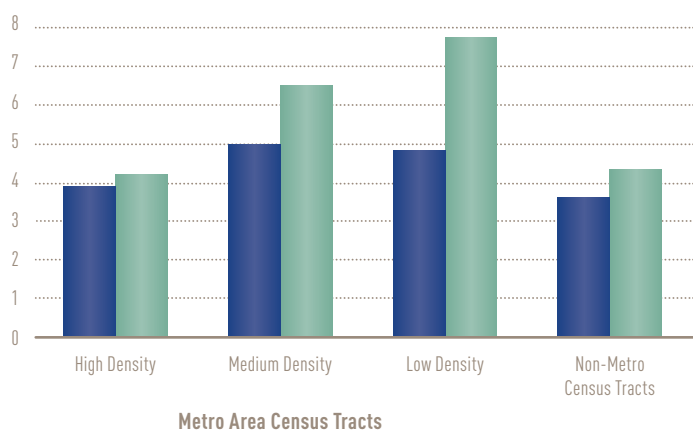
Older renters move more frequently than homeowners, in part because they typically have less stable housing costs. Renters may also move more often because the transaction costs of relocating are lower than for homeowners. Nearly 11 percent of renters aged 65–79, along with 8 percent of renters age 80 and over, reported moves in 2017–2018, compared with only 1–2 percent of homeowners.

Despite low overall mobility rates, individuals age 65 and over still made a total of 1.3 million moves in 2017–2018, slightly more than the 1.2 million averaged in 2013–2017. Of those who relocated, 62 percent moved within the same county, 21 percent within the same state, and 16 percent moved to other states. In contrast, 67 percent of movers under the age of 50 moved within county, 16 percent

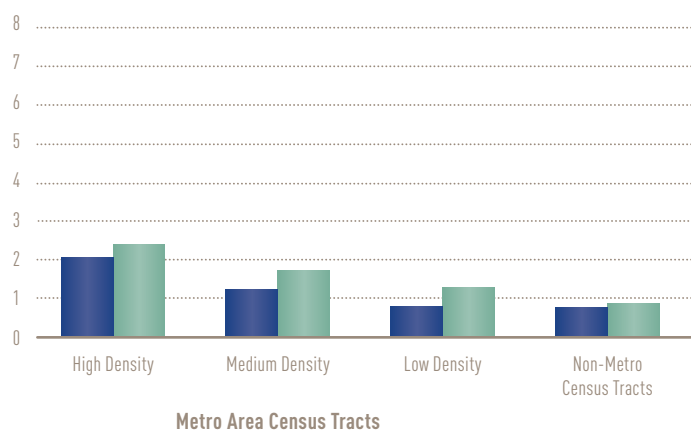
FIGURE 3

Households of Retirement Age Increasingly Live in Low-Density Locations

Homeowner Households Age 65 and Over (Millions)



Renter Households Age 65 and Over (Millions)



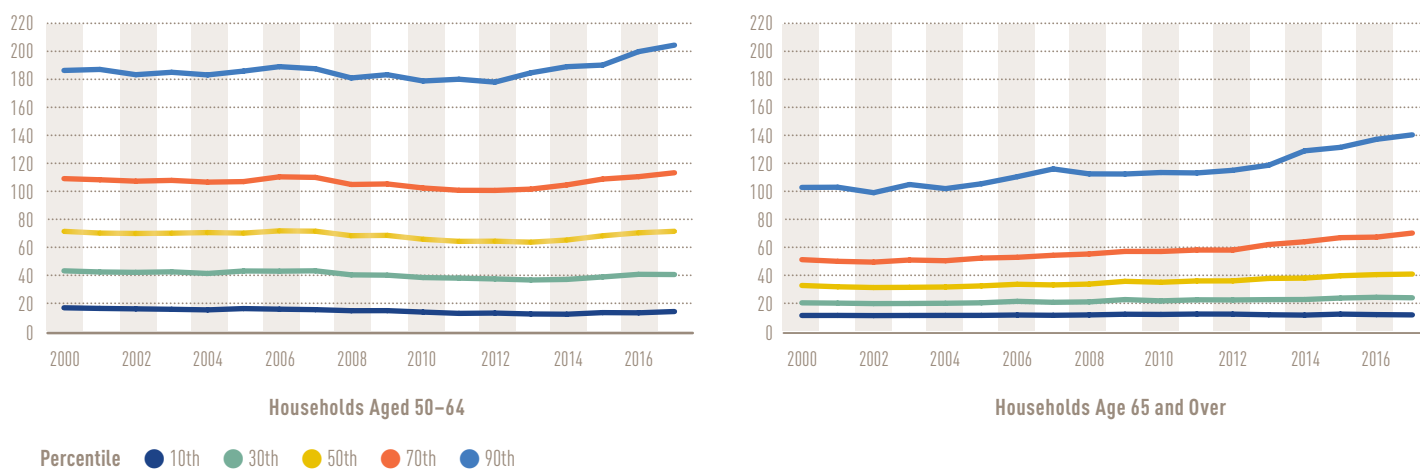
● 2000 ● 2017

Note: Neighborhood densities in metro areas are measured by the number of housing units per square mile in every metro census tract and divided into equal thirds.
Source: JCHS tabulations of JCHS Neighborhood Change Database.

FIGURE 4

The Income Disparity Among Older Households Continues to Increase

Median Real Income (Thousands of 2017 dollars)



Notes: Household incomes are adjusted to 2017 dollars using the CPI-U for All Items. Age is for head of household. Percentiles are for each age group. Source: JCHS tabulations of US Census Bureau, Current Population Surveys via IPUMS CPS.

moved within state, and 13 percent moved between states. The remainder moved from abroad.

Unless mobility rates drop significantly in the years ahead, the number of moves made by older adults is likely to increase as the older population grows. Given that most of these moves will be local, it will be increasingly important for homebuilders and policy-makers to offer housing options in or near the communities where older adults currently live. At the same time, programs and policies that facilitate home modification and maintenance may enable more older households to age in place. But whether they move or stay in their current homes, millions of older households will need improved transportation options, greater opportunities for engagement, and more access to supportive services.

DIVERGENCE IN INCOMES

Since 2000, retirement-age households have enjoyed much stronger income growth than households in their preretirement years. The median income for households aged 65–79 jumped 28 percent in real terms from 2000 to 2017, reaching a 20-year high near \$46,500. Among those age 80 and over, the median income was up 17 percent over this period, to \$29,000. At the same time, however, the real median income of households in the 50–64 year-old age group, at \$71,400, was the same as in 2000.

Moreover, most of the gains in 2012–2017 went to the highest-income households in each age range (**Figure 4**). Among households aged 50–64, the median income for the top 10 percent of

earners rose nearly twice as fast (15 percent) as that of the bottom 10 percent of earners (8 percent). Indeed, the median income for the highest earners in this age group set a new record of nearly \$204,000 in 2017, while the median income for the lowest earners was just \$14,400—even lower than in 2000. Meanwhile, the median income for the highest earners in the 65-and-over age group was up 22 percent over this period while that of the lowest earners fell 4 percent.

In part, growing income inequality within the older population reflects a trend toward later retirement. According to the Bureau of Labor Statistics, 27 percent of adults aged 65–74 were still working in 2018, as well as 9 percent of those age 75 and over. The stock market boom has also helped to fuel the divergence between the highest and lowest income groups, driving up the incomes of higher earners who are more likely to invest in stocks. And given that Social Security benefits are based on past earnings, income disparities at older ages are to some extent a continuation of disparities that existed earlier in life.

According to the Social Security Administration, nearly 90 percent of adults age 65 and over receive Social Security benefits, and these payments account for a third of recipients' incomes on average. At the same time, however, Social Security payments make up at least 50 percent of the incomes of about half of all recipients, and at least 90 percent for fully a quarter. Many of the households that rely almost entirely on these benefits are single persons who have little opportunity for income growth beyond cost-of-living increases. For these households in particular, the uncertain future of the Social Security trust fund is a significant concern.

DISPARITIES IN HOMEOWNERSHIP

Along with income growth, homeownership rates vary across older age groups. According to the Housing Vacancy Survey, 78.5 percent of households age 65 and over owned their primary residences in 2018. While higher than for any other age group, this rate has gradually declined from a peak of 81.1 percent in 2012, edging down another 0.2 percentage point in 2017–2018. Meanwhile, the homeownership rate for households aged 50–64 was 74.2 percent in 2018—some 6.2 percentage points lower than in 2004 and nearly 5 percentage points lower than the 1990s average. Households in this age group are thus approaching retirement with lower homeownership rates than those of the previous generation at the same age.

In addition, racial/ethnic disparities have widened. Indeed, the black-white homeownership gap among households age 65 and over was at a 30-year high of 19.4 percent in 2018 (**Figure 5**). The gap with Hispanics stood at 18.4 percent while that with Asians/others was at 12.0 percent. The disparities are even larger within the 50–64 year-old age group, with a black-white homeownership gap of 27 percentage points and a Hispanic-white gap of 22 percentage points. Asian/other households in this age group, however, have narrowed the gap with whites to just 9.0 percentage points.

These inequalities are important because homeownership provides older households greater housing security and more predictable housing costs than renting. Owners can also reduce their costs substantially by paying off their mortgages. Indeed,

households age 65 and over owning their homes free and clear paid just \$458 in monthly housing costs in 2017—about half of the \$830 paid by same-age renters and about a third of the \$1,310 paid by owners with mortgages. Moreover, homeowners build equity that they can access to fund their living expenses later in life or transfer to children.

Older owners do, however, have maintenance and repair expenses that renters do not, especially if they have lived in their homes for many years. For example, heating, ventilation, and air conditioning systems typically last 15–25 years, while shingle roofs last about 20 years. Replacement costs can be substantial. In addition, some maintenance tasks are physically demanding for older adults, and access to affordable and trustworthy contractors is important.

THE HOMEOWNER-RENTER WEALTH GAP

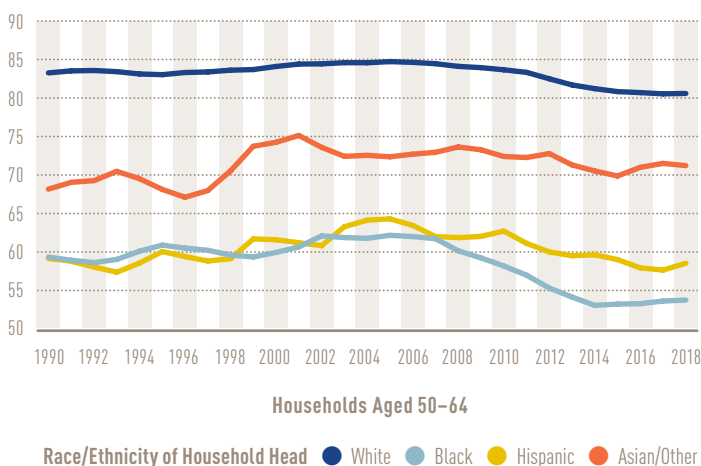
The ability to build equity puts homeowners far ahead of renters in terms of household wealth. In 2016, the median owner age 65 and over had home equity of \$143,500 and net wealth of \$319,200. By comparison, the net wealth of the same-age renter was just \$6,700. Among the 50–64 year-old age group, the disparity between the net wealth of owners (\$292,000, including \$115,000 in home equity) and renters (\$5,000) is also substantial.

The wealth gaps are wide even for older renters and owners with similar incomes (**Figure 6**). For example, among households age 65 and over in the lower-middle income quartile, the median net wealth of homeowners is over 14 times higher than that of renters.

FIGURE 5

The Black-White Homeownership Gaps Among Older Households Have Widened Since the Recession

Homeownership Rate (Percent)



Race/Ethnicity of Household Head ● White ● Black ● Hispanic ● Asian/Other

Notes: Estimates are three-year trailing averages. Blacks, whites, and Asians/others are non-Hispanic. Hispanics may be of any race.
Source: JCHS tabulations of US Census Bureau, Current Population Survey via IPUMS-CPS.

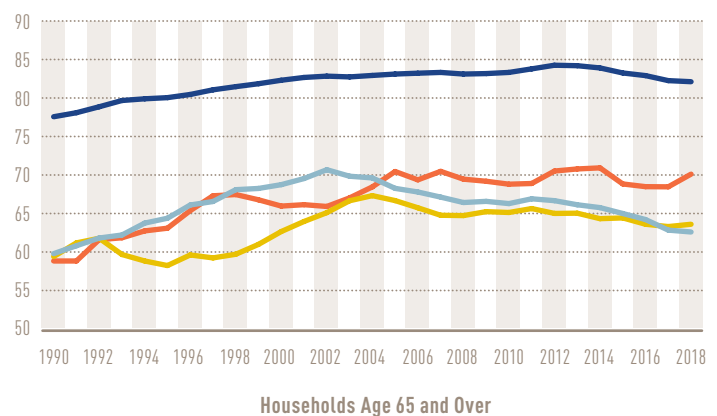


FIGURE 6

Older Homeowners Have Far Greater Wealth than Older Renters, Even When Their Incomes Are Similar

Median Value (Dollars)

Income Quartile	Tenure	Households Aged 50–64				Households Age 65 and Over			
		Median Income	Home Equity	Non-Housing Wealth	Net Wealth	Median Income	Home Equity	Non-Housing Wealth	Net Wealth
Lowest	Homeowner	19,240	59,000	10,700	80,700	17,215	80,000	12,500	104,700
	Renter	15,190	–	1,900	1,900	15,190	–	1,100	1,100
Lower Middle	Homeowner	45,569	75,000	57,000	152,400	33,417	100,000	61,850	213,000
	Renter	39,493	–	11,100	11,100	34,430	–	14,900	14,900
Upper Middle	Homeowner	84,049	109,000	143,200	277,710	60,758	149,000	185,800	374,300
	Renter	77,973	–	30,100	30,100	57,720	–	69,000	69,000
Highest	Homeowner	196,451	275,000	933,400	1,246,400	137,719	296,000	989,350	1,294,500
	Renter	174,173	–	337,350	337,350	110,377	–	334,150	334,150

Notes: Median home equity and non-housing wealth were calculated independently and therefore do not sum to net wealth. Income quartiles are calculated for each age group.

Source: JCHS tabulations of Federal Reserve Board, 2016 Survey of Consumer Finances.

Even among those in the highest income quartile, the net wealth of owners is nearly four times that of renters.

For some owners, home equity accounts for a large share of net wealth. Given that white owners age 65 and over are wealthier on average, they hold a smaller share of their assets in home equity than Hispanic and/or nonwhite owners. With most of their wealth tied up in their homes, many minority and lower-income households have few liquid assets to tap quickly in an emergency.

Older renters are particularly vulnerable when an urgent need arises, such as the expense of hiring in-home assistance. Only a quarter of renters age 65 and over have at least \$5,000 in cash savings, compared with two-thirds of owners of the same age. An even smaller share of older renters (20 percent) have \$10,000 in cash, compared with more than half of owners (56 percent). To put this in context, the Genworth Cost of Care Study 2018 found that the national median cost of just 14 hours of a home health aide per week would total \$16,000 for the year.

DEBT LEVELS ON THE RISE

A growing share of older households are carrying housing and other types of debt well into their retirement years. Three decades ago, just 24 percent of homeowners aged 65–79 and 3 percent of those age 80 and over had outstanding mortgages, home equity loans, or home equity lines of credit. The median balance for households aged 65–79 was \$16,800, while the median balance for those age 80

and over was \$7,500. In 2016, however, 46 percent of homeowners aged 65–79 had mortgage debt, with a median balance of \$77,000. Some 26 percent of owners age 80 and over also had mortgages, with a median debt of \$43,000. Indeed, in just the years from 2007 to 2016, the share of households in their 80s and over with mortgage debt jumped by 16 percentage points.

Older black and Hispanic homeowners are more likely to carry mortgage debt than older white and Asian/other owners. In 2016, 59 percent of black and 50 percent of Hispanic homeowners age 65 and over had housing debt, compared with 39 percent of white and 36 percent of Asian/other owners.

In part, the increase in retirement-age households with housing debt may be in response to today's low interest rates. Some older owners may choose to keep paying low-rate mortgages so that they can make investments with higher returns. Others may have recently refinanced, extending the term of their loans into their retirement years. Still, many older households simply lack the resources to pay off their mortgage debt.

The growing share of households aged 50–64 with student loan debt is another concern. From 2001 to 2016, the share of households in this age group with student debt more than doubled from 7 percent to 16 percent, while the median loan amount rose from \$11,000 to \$18,000. By comparison, the share of households age 65 and over with student debt was essentially flat over this period at about 2 percent, and the median amount was \$12,000.

But an increasing share of households age 65 and over have credit card balances, up 11 percentage points in 2001–2016, to 35 percent. The median debt outstanding also doubled over this period from \$1,219 to \$2,400. Meanwhile, the share of this age group with other consumer debt (excluding credit card debt) rose from 16 percent in 2001 to 28 percent in 2016. Among 50–64 year-old households, the share with consumer debt rose from 42 percent to 45 percent.

Carrying debt has a variety of detrimental impacts on the health and well-being of older adults, and can result in housing and food insecurity. Financial pressures can also lead to depression and other physical problems. And for many of today's 50–64 year olds, the need to repay student and mortgage loans may mean having to work beyond the traditional retirement age.

INCREASES IN COST-BURDENED HOUSEHOLDS

From 2016 to 2017, the number of cost-burdened households age 65 and over (paying more than 30 percent of income for housing) grew by more than 200,000 to a new high of nearly 10 million (**Figure 7**). Some 5 million of these households were severely burdened (paying over half their incomes for housing). Although their numbers increased with the growth of the older population, the share of cost-burdened households in this age group remained essentially flat in 2016–2017 at about a third.

Although decreasing by just 190,000 in 2016–2017, the number of cost-burdened households in the 50–64 year-old age group also totaled 10 million, and about half of those households were severely

burdened. The cost-burdened share of households in this preretirement age group stood at 28.0 percent in 2017, down slightly from 28.9 percent in 2016.

A larger share of renters age 65 and over are cost burdened than owners (54 percent vs. 26 percent), but the number of cost-burdened owners is far greater (6.3 million vs. 3.6 million) because of the high homeownership rates among this age group. Having a mortgage increases the likelihood of being cost burdened. Indeed, 43 percent of owners age 65 and over with mortgages had cost burdens in 2017, compared with 16 percent of owners without mortgage debt.

The share of cost-burdened homeowners age 65 and over with mortgages did, however, fall from 49 percent in 2010 to 43 percent in 2017. This likely reflects the fact that many severely burdened households were either able to refinance their loans or were forced out of homeownership during the Great Recession. By comparison, the share of same-age cost-burdened homeowners without mortgages declined only 2.0 percentage points over this period, while the share of cost-burdened renters dipped just 0.1 percentage point from its 2012 high.

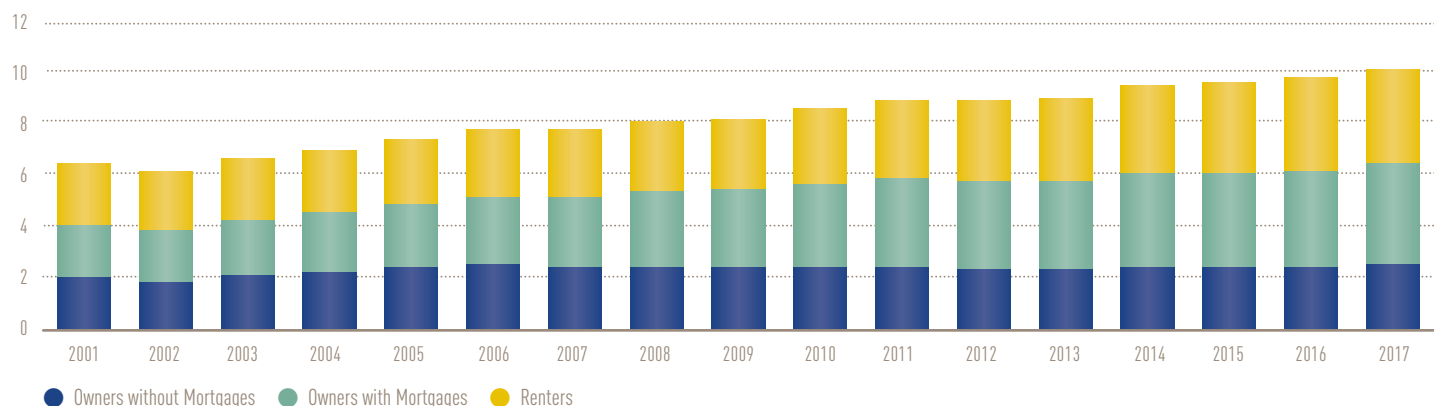
Older renters with low incomes are especially likely to face cost burdens. Among renters age 65 and over, fully 72 percent of households earning less than \$15,000 were burdened in 2017. But even those with incomes between \$30,000 and \$44,999 are not immune, with a cost-burdened share of 50 percent.

Among owners age 65 and over, some 79 percent of households with incomes under \$15,000 had cost burdens. Another 45 percent

FIGURE 7

The Number of Retirement-Age Households Facing Cost Burdens Has Reached an All-Time High

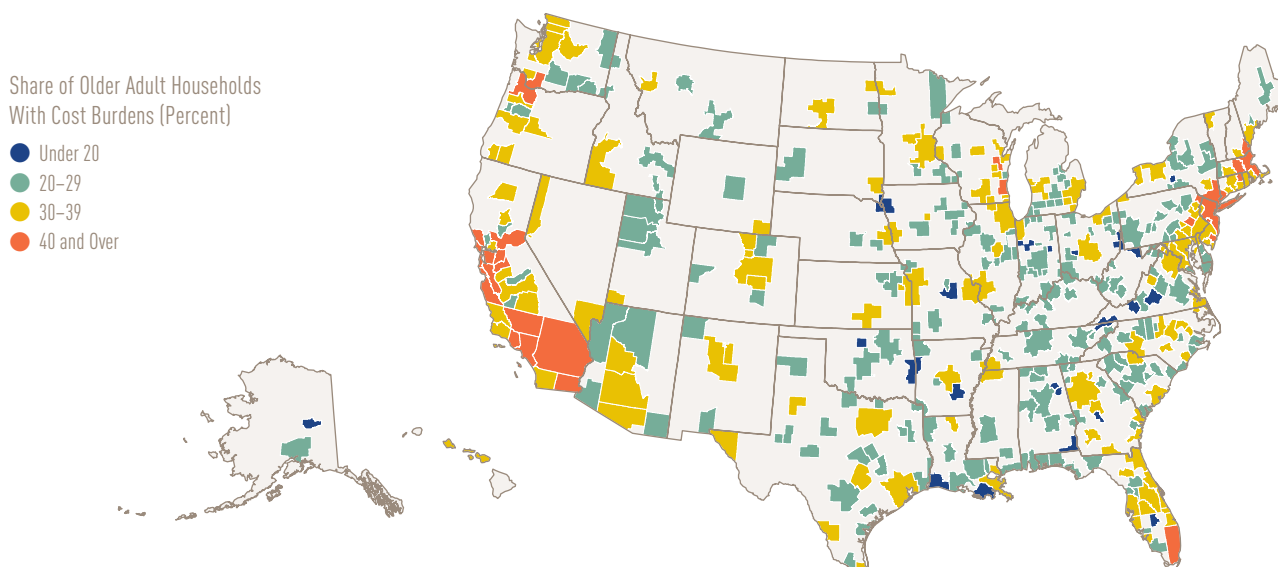
Households Age 65 and Over (Millions)



Notes: Cost-burdened households pay more than 30 percent of income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

FIGURE 8

In Many Metros Across the Country, More than a Third of Older Households Are Cost Burdened



Notes: Data are for households headed by a person age 65 and over. Cost-burdened households pay more than 30 percent of income for housing. Households with zero or negative income are assumed to have cost burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, 2017 American Community Survey 1-Year Estimates and Missouri Census Data Center data.

of homeowners earning \$15,000–29,999 were burdened in 2017—still at the 20-year high set in 2014. The cost-burdened share of owners with at least \$30,000 in income, however, fell modestly from 16 percent in 2011 to 14 percent in 2017.

The likelihood of being cost burdened increases with age. Among households age 80 and over, 56 percent of owners with mortgages were burdened in 2017, along with 59 percent of renters. The cost-burdened share of owners without mortgages in this age group was 22 percent. Whether owning or renting, households in their 80s in the bottom income quintile had a cost-burdened rate of 63 percent, compared with 15 percent for households in the middle quintile and 2 percent for those in the top quintile.

Older households living within major metro areas are particularly likely to have cost burdens (**Figure 8**). The metropolitan regions with the largest shares of cost-burdened owner households age 65 and over are Trenton (NJ), New York/Newark/Jersey City (NY), and Bridgeport (CT). But among renters, the highest cost-burden rates are in East Stroudsburg (PA), Las Cruces (NM), and Lawrence (KS), indicating that housing costs even in smaller metros present affordability challenges.

Older adults with housing cost burdens may cut back on other budget items, including those essential to health and well-being. For example, severely burdened households age 65 and over in the

bottom quartile of expenditures (typically those with the lowest incomes) spent only \$195 per month on food in 2018, while those without burdens spent an average of \$368. Differences in out-of-pocket healthcare expenses are even starker, with severely cost-burdened households spending 50 percent less on average (\$174 vs. \$344 per month) than those living in housing they can afford.

UPTICK IN HOMELESSNESS

Homelessness among older adults is increasing. According to HUD's 2017 Annual Homeless Assessment Report, the share of homeless individuals age 50 and over jumped from 22.9 percent to 33.8 percent in 2007–2017. The number of people age 62 and over living in emergency shelters or transitional housing also rose by about 69 percent over the decade, to nearly 76,000.

A recent University of Pennsylvania study found that younger baby boomers (born 1955–1965) are disproportionately likely to experience homelessness. When this group entered the workforce, they faced economic downturns and strong competition for jobs and housing that left many unable to catch up to the income advances of the older baby boomers (born 1945–1954). Now in their mid-50s to mid-60s, this cohort is likely to add significantly to the number of homeless older adults over the next decade. In New York City alone, the study projects that the homeless population age 65 and over will grow from 2,600 in 2017 to 6,900 in 2030.

The incidence of homelessness among older veterans has also risen. HUD reports that 19.2 percent of veterans experiencing homelessness were at least age 62 in 2017, up from 8.7 percent in 2009. In addition, some 22,700 veterans age 62 and over were counted as sheltered in 2017, along with another 49,900 veterans aged 51–61.

Research has shown that older individuals experiencing chronic homelessness often suffer from health conditions that make independent living difficult. Growth of the older homeless population will mean increased need for permanent supportive housing with links to providers trained in geriatric health.

GROWING DEMAND FOR SUBSIDIZED HOUSING

Despite growing numbers of income-eligible older adults, the share receiving federal rental subsidies dropped from 35.6 percent in 2013 to 33.5 percent in 2015. According to HUD's latest Worst Case Housing Needs report, 4.7 million very low-income households age 62 and over met the income threshold for assistance in 2015. Since only about a third actually received that assistance, 3.1 million older adults had to fend for themselves on the private market. Of this group, 1.9 million had severe cost burdens and/or lived in severely inadequate units.

The shortfall in rental assistance will only increase over the next two decades. Based on Joint Center household projections and assuming a constant income distribution, the population of very low-income older adult households will grow from 5.3 million in 2018 to 7.9 million in 2038 (**Figure 9**). Continuing to serve only a third of this group—which in itself requires substantially more funding—would add 2.4 million to the ranks of very low-income older adults without affordable housing.

Federal support is also necessary to bridge the gap between the costs of building and operating affordable housing and the rents that very low-income older adults can pay. After several years without funding for new construction, the Section 202 Supportive Housing for the Elderly Program was allocated \$166 million in FY2017–2019 to build new units. This funding is urgently needed to reduce the long waiting lists at many of the nation's 8,000 Section 202 communities.

Affordable housing that connects residents to supportive services and community activities—such as shared meals, recreation, transportation, and on-site healthcare coordination—can help older adults live independently longer. Indeed, LeadingAge research shows that older adults living in housing with an on-site service coordinator had lower hospitalization rates than older populations living in housing without service coordinators.

Vermont's Support and Services at Home (SASH) program, which provides care coordination and wellness services to low-income

older adults, is a prime example. A 2019 evaluation found that total Medicare expenditures—including spending on acute hospital care, emergency room care, and specialist visits—were lower for SASH participants in multi-unit housing than for non-participants in similar settings. Medicaid expenses for institutional care also grew more slowly for SASH participants in multi-unit housing and rural areas.

SHORTAGE OF ACCESSIBLE HOUSING

In addition to lower housing costs, subsidized units typically provide better accessibility than market-rate units. The 2011 American Housing Survey, the most recent detailed data available, indicates that subsidized housing occupied by older adults is more likely than unsubsidized units to have features such as grab-bars or handrails in the bathroom, extra-wide hallways and doors, and a bedroom on the entry level. In contrast, just 3.5 percent of all US homes had these same basic accessibility features in 2011.

This is important because low-income older adults tend to have more disabilities than households with higher incomes. In 2017, unassisted adults age 65 and over earning less than \$15,000 per year were more likely than their higher-income peers to report difficulties with walking (42 percent vs. 33 percent) and with self-care (16 percent vs. 11 percent). They were also more likely to rate their health as fair or poor (45 percent vs. 34 percent).

Given that mobility and other difficulties increase with age, many older homeowners must make accessibility improvements if they want to age in place. Among owners reporting remodeling activity in 2017, 10 percent of those aged 65–79 and 14 percent of those age 80 and over undertook at least one home project intended to improve accessibility. Although the American Housing Survey does not break out specific retrofits, it is noteworthy that owners age 50 and over spent significantly more of their improvement budgets (26 percent) on bathroom remodels and room additions—projects that are often accessibility-related—than same-age owners who did not cite accessibility as a motivation (13 percent).

Of those older homeowners that can afford to make improvements, most pay for the projects from savings. Among households age 50 and over reporting any type of home project in 2017, 66 percent of the expenditures came from cash savings. In contrast, cash-out refinances or home equity loans and lines of credit provided only 9 percent of the funds expended for home projects.

Many states cover the costs of certain home modifications for low-income households under Medicaid Home and Community-Based Services waivers, and some local jurisdictions offer grants and tax credits for this purpose. However, middle-income older adults have few resources available to help cover the costs of accessibility improvements to their homes. For their part, renters living in market-

rate apartments are often responsible for making any accessibility improvements they need, and they may even face the expense of restoring their units to their original condition when they move out.

MAKING COMMUNITIES MORE AGE-FRIENDLY

AARP reports that 403 communities, along with Colorado, Florida, Massachusetts, New York, and the US Virgin Islands, have joined its network of age-friendly places that are committed to improving livability for older adults. The programs and policies that these places have adopted include engaging older adults in employment and volunteering, improving pedestrian safety and walkability, developing new housing and transportation options, and building supports and services for older adults living at home.

Age-friendly policies often call for a broader array of housing options for older adults, including accessory dwelling units (ADUs)—small units inside of, or on the same site as, larger homes. Local zoning laws often prohibit these uses, but some jurisdictions have found ways to reduce regulations and incentivize ADU development. For example, California requires local governments to approve ADUs if the units comply with certain requirements, and has eliminated parking requirements for units near transit. Early in 2019, Montgomery County, Maryland, also reformed its regulations to make ADUs easier to build.

Adding small apartments in more central locations and reducing the minimum lot size for single-family homes are other ways to expand the local housing options for older adults. But this type of housing development often faces resistance in smaller, lower-density communities, and the units remain in short supply. When they are built, demand for their central location, newer construction, and amenities is often strong—putting the costs of these highly desirable units out of reach for many older adults.

THE OUTLOOK

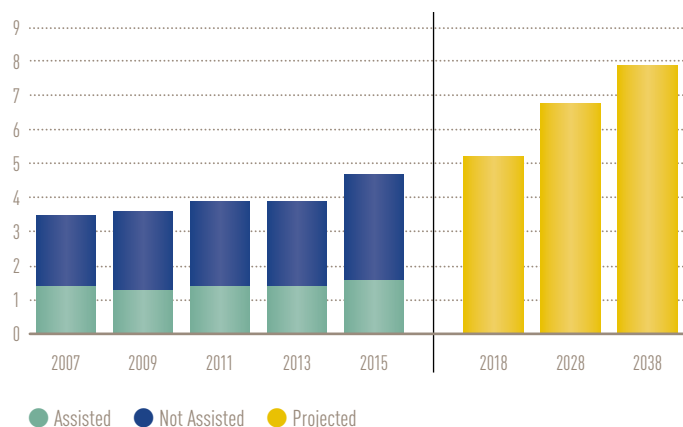
The unprecedented growth of the nation's older population presents a host of housing challenges. Within the next decade, some 18 million adults will be in their 80s—many living alone and on limited incomes. The need for affordable, accessible housing and in-home supportive services is therefore set to soar. For households in this age group that remain in their current homes, new transportation alternatives and opportunities for engagement in the community will be critical to their continued ability to live independently.

Just as concerning, economic inequality is growing within the older population. While many households now of retirement age have the means to age in place or move to other suitable housing, a record number are cost burdened and will have few affordable housing options

FIGURE 9

The Numbers of Older Households with Very Low Incomes Are Expected to Climb Sharply as the US Population Ages

Older Households with Incomes Under 50 Percent of Area Median (Millions)



Notes: Very low-income (VLI) households earn under 50 percent of area median income. Projections assume the number of eligible renters age 62 and over grows at the same rate as renter households age 60 and over.
Source: JCHS tabulations of HUD, Worst Case Housing Needs 2007–2017 Reports to Congress; US Census Bureau, Current Population Surveys, and 2018 JCHS Household Projections.

as they age. In addition, many older renters are less well positioned than homeowners because they have lower cash savings and wealth. And finally, longstanding differences in access to well-paying jobs and homeownership opportunities leave older minority households at a financial disadvantage in their retirement years.

The circumstances of today's 50–64 year-old households suggest that these disparities will persist. Members of this cohort have been slow to recover from the Great Recession. As a result, they now have higher debt levels and lower homeownership rates than their predecessors at similar ages. These trends point to greater demand for housing assistance in the years to come.

Providing the types of housing and neighborhoods needed by an aging population depends on concerted action by both the public and private sectors. Commitments to create age-friendly communities and the recent funding of affordable housing construction for older adults are promising starts. In addition, nonprofit and for-profit agencies are beginning to offer new models of housing with supportive services, although scaling up to meet the needs of lower- and middle-income households is challenging. In short, the time for more comprehensive, innovative policies—in the design, financing, construction, and regulation of housing, in urban planning and design, and in the provision of community services—is now. The quality of life and well-being of a third of US households depend on it.

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The Joint Center for Housing Studies of Harvard University advances understanding of housing issues and informs policy. Through its research, education, and public outreach programs, the Center helps leaders in government, business, and the civic sectors make decisions that effectively address the needs of cities and communities. Through graduate and executive courses, as well as fellowships and internship opportunities, the Center also trains and inspires the next generation of housing leaders.

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