

A photograph of an older woman with short, dark hair, looking out of a large window. She is smiling slightly and looking upwards and to the left. The image is overlaid with a teal/green tint. The window frame is visible, and the background outside is slightly blurred.

HOUSING AMERICA'S OLDER ADULTS

MEETING THE NEEDS OF AN AGING POPULATION

Joint Center for Housing Studies of Harvard University

JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

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Joint Center for Housing Studies
of Harvard University

FIVE DECADES OF HOUSING RESEARCH
SINCE 1959

1

Executive Summary

America's older population is in the midst of unprecedented growth. With the aging of the large baby-boom generation and increased longevity, the 50-and-over population is projected to increase about 20 percent by 2030, to 132 million. In just 15 years, one in five people will be at least aged 65. 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.

HOUSING AS THE LINCHPIN OF WELL-BEING

Affordable, accessible, and well-located housing is central to quality of life for people of all ages, but especially for older adults (defined here as 50 and over). As the single largest item in most household budgets, housing costs directly affect day-to-day financial security as well as the ability to accrue wealth to draw upon later in life. Accessibility is essential to older adults' health and safety as physical and cognitive limitations increase. Proximity of housing to stores, services, and transportation enables older adults to remain active and productive members of their communities, meet their own basic needs, and maintain social connections. And for those with chronic conditions and disabilities, the availability of housing with supports and services determines the quality and cost of long-term care—particularly the portion paid with public funds.

But the existing housing stock is unprepared to meet the escalating need for affordability, accessibility, social connectivity, and supportive services.

- High housing costs force millions of low-income older adults to sacrifice spending on other necessities including food, undermining their health and well-being.
- Much of the nation's housing inventory lacks basic accessibility features, preventing older adults with disabilities from living safely and comfortably in their homes.
- The nation's transportation and pedestrian infrastructure is generally ill-suited to those who cannot or choose not to drive, isolating older adults from friends and family.
- Disconnects between housing programs and the health care system put many older adults with disabilities or long-term care needs at risk of premature institutionalization.

The public policy challenges are immense. Recognizing the implications of this profound demographic shift and taking immediate steps to address the deficiencies in the housing stock, community preparedness, and the health care system are vital to our national standard of living. The private and nonprofit sectors also have critical roles to play in developing new housing and care options that support aging in the community.

But the issues at hand are also intensely personal, affecting older adults' ability to remain independent and enjoy a high quality of life. Ultimately, it is up to individuals and their loved ones to consider their housing preferences, assess the readiness of their homes and communities to support them as they age, and plan for needs they might not yet have.

CHANGES IN THE OLDER POPULATION

The older adult population has grown tremendously since the first of the baby boomers (born 1946–64) turned 50 in the mid-1990s. Between 1990 and 2010, the number of people of at least that age jumped by 35 million, an increase of 55 percent (**Figure 1**). With the oldest baby boomers reaching retirement age after 2010, the population aged 65 and over is projected to soar to 73 million by 2030, an increase of 33 million in just two decades. By 2040, the aging baby boomers will also push up the population aged 80 and over to 28 million, more than three times the number in 2000.

The older population will also become more diverse as the wave of young immigrants that arrived in the United States in recent decades reach age 50. With this growing diversity will come significant shifts in housing demand, reflecting the different housing situations and financial circumstances of minorities. For example, older Asians and Hispanics are more likely to live in multigenerational households than whites or blacks. Their rising numbers will therefore affect not only the demand for institutional care, but also the housing, financial, and personal situations of their family members. And as a group, minorities have lower rates of homeownership, lower median incomes, and fewer assets, all of which affect their housing options.

In addition, the numbers of older adults with physical and cognitive limitations will increase sharply over the coming decades. With age, people are increasingly likely to face disabilities that pose challenges to living independently (**Figure 2**). The US Department of Health and Human Services (HHS) estimates that nearly 70 percent of people who reach the age of 65 will ultimately need some form of long-term care. This care can be costly, adding to the pressures on financially stretched older adults.

At the same time, the numbers of low-income older adults will climb. Assuming the share remains what it is today, millions more people aged 65 and over will have low incomes in the years ahead. The incidence of housing cost burdens also rises with age as incomes fall. As it is, however, a third of households aged 50–64 already pay excessive shares of their incomes for housing.

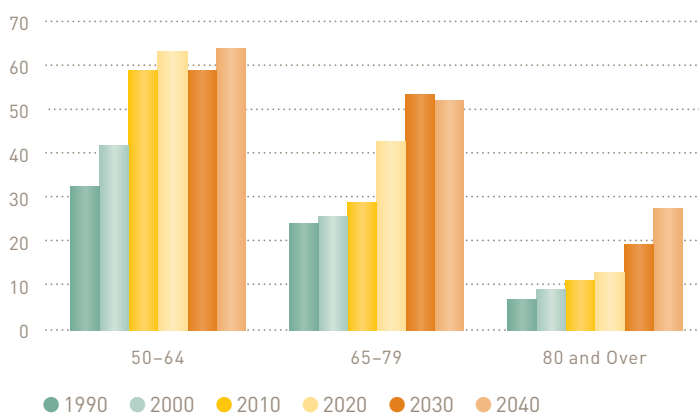
Indeed, of special concern are the younger baby boomers who are now in their 50s and less financially secure than previous generations in the aftermath of the Great Recession. With their lower incomes, wealth, and homeownership rates, members of this large age group may be unable to cover the costs of appropriate housing and/or long-term care in their retirement years. The younger baby boomers are also less likely to be parents, implying that fewer family members will be available to care for them as they age.

On top of all these challenges, aging brings greater risk of isolation. In addition to the many older adults with disabilities who have limited access to their communities, millions of older households live in outlying areas, no longer drive, and lack transportation services. Moreover, older adults—particularly women—are increasingly likely to live alone, with single-person households making up 40 percent of all households in their 70s and fully 60 percent of households in their 80s. These householders often have disabilities as well as limited financial resources.

FIGURE 1

The Older Population Is on Track to Increase Dramatically

Population by Age Group (Millions)



Source: US Census Bureau, Decennial Censuses and 2012 National Population Projections (middle series).

HOUSING PREFERENCES

The vast majority of the 50-and-over population currently lives independently—that is, within the community rather than in institutional care facilities. Many are still in the workforce, some embarking on second or third careers. Younger members of this age group may be part of the so-called “sandwich generation” that juggles work, care for children, and care for parents.

But even among individuals aged 80 and over, more than three-quarters live in their own homes. Indeed, “aging in place” is the preference of most people. In its recent survey of 1,600 people aged 45 and older, AARP found that 73 percent strongly agreed that they would like to stay in their current residences as long as possible, while 67 percent strongly agreed that they would like to remain in their communities as long as possible (Keenan 2010a).

Still, many households opt to move in their older years. Household changes such as retirement, children moving from the home or

adult children returning to it, a disability, or death of a spouse give rise to new housing needs and preferences. In particular, finding more affordable housing may become a greater concern for those living on fixed incomes. But financial constraints also prevent people from adapting to their changing circumstances. Indeed, 24 percent of survey respondents expressed a preference to stay in their homes for as long as possible because they could not afford to move.

CONVERGING TRENDS

While staying healthier and living longer than ever before, most older adults and their families must ultimately confront many of the same challenges of aging. In particular, disability rates converge over time. For example, the share of 50–54 year olds with some type of disability ranges from 7 percent of those with at least \$60,000 in annual income to 33 percent of those earning less than \$30,000 (Figure 3). By age 85, however, more than two-thirds of individuals have some type of disability no matter what their race/ethnicity, income, or housing tenure.

Income also drops with age for all groups. The typical income of households aged 80 and over (\$25,000) is less than half that of households aged 50–64 (\$60,300). This across-the-board drop in income reduces disparities by race/ethnicity and tenure. For example, the incomes of white households aged 50–64 are fully \$31,000 higher than those of same-aged black households. By the time households reach their 80s, though, the white-black income disparity is just \$5,100.

THE CHALLENGES AHEAD

It is unclear whether the baby boomers will follow the current trend of aging in place or whether new housing options will encourage many to move from the larger homes where they raised families. But for the millions in this age group who will stay in their current homes, ensuring their ability to do so affordably, comfortably, and safely presents several challenges.

Housing Affordability

As the single largest expenditure in most household budgets, housing costs directly affect financial security. Today, a third of adults aged 50 and over—including 37 percent of those aged 80 and over—pay more than 30 percent of income for housing that may or may not fit their needs. Among those aged 65 and over, about half of all renters and owners still paying off mortgages are similarly housing cost burdened. Moreover, 30 percent of renters and 23 percent of owners with mortgages are severely burdened (paying more than 50 percent of income on housing).

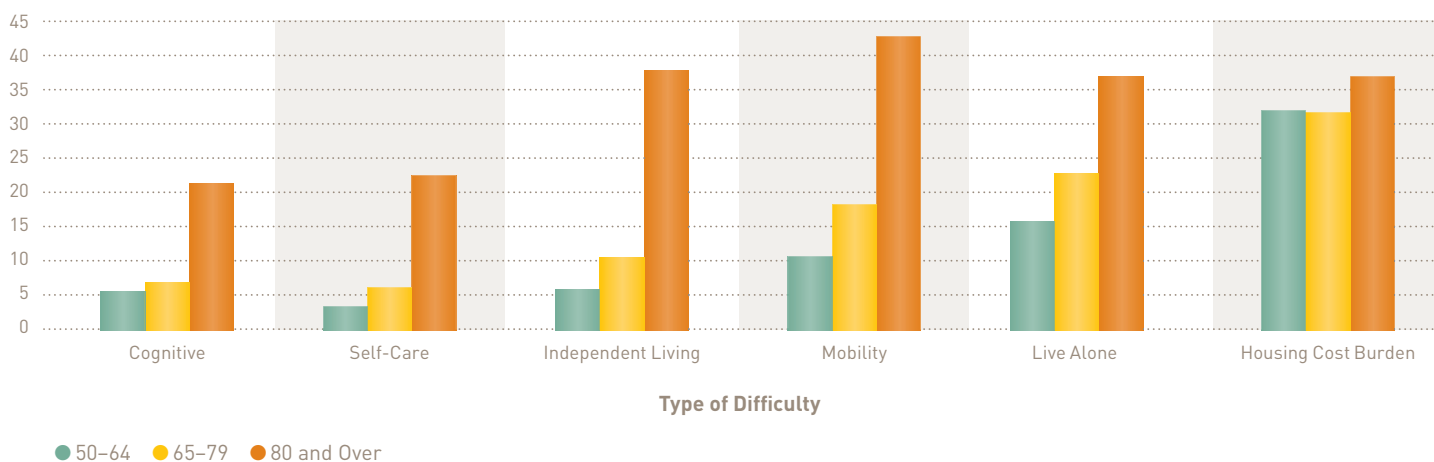
Having to devote a substantial share of their incomes to housing, older cost-burdened households are forced to scrimp on other critical needs. For example, severely cost-burdened households aged 50 and over in the bottom expenditure quartile spend 43 percent less on food and 59 percent less on health care compared with otherwise similar households living in housing they can afford. Of particular note, severely cost-burdened households aged 50–64 save significantly less for retirement.

Older homeowners are in a much more advantageous position when they retire. In addition to having lower housing costs,

FIGURE 2

Aging Brings Increasing Risks of Disability, Isolation, and Financial Stress

Share Facing Difficulty by Age Group (Percent)



Notes: A cognitive disability is defined as serious difficulty remembering, concentrating, or making decisions; self-care disability as difficulty bathing or dressing; independent living disability as difficulty doing errands alone; and mobility disability as serious difficulty walking or climbing stairs. Housing cost burden is defined as paying more than 30 percent of income for housing costs.
Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

homeowners—and even those who still carry mortgages—typically have considerably more wealth than renters in terms of both home equity and non-housing assets. Resources can support the expense of changing needs later in life, including long-term care. The typical homeowner aged 65 and over has enough wealth to cover nursing home costs for 42 months and enough non-housing wealth to last 15 months. The median older renter, in contrast, cannot afford even one month in a nursing home. Indeed, only 18 percent of renters could pay for nursing home care for more than a year.

But homeownership rates vary widely by race/ethnicity. Among adults aged 50 and over, 82 percent of whites own homes, compared with just 58 percent of blacks, 62 percent of Hispanics, and 70 percent of Asians. As the minority share of the population grows, this disparity implies that more and more older adults will be housing cost burdened and therefore have less wealth to tap to meet their needs as they age. In addition, given that households in their 50s today confront a number of financial pressures, including more mortgage and non-housing debt, cost burdens may become even more widespread over time.

Housing Accessibility

Millions of older adults who develop disabilities live in homes that lack accessibility features such as a no-step entry, single-floor living, extra-wide doorways and halls, accessible electrical controls and switches, and lever-style door and faucet handles. Indeed, the 2011 American Housing Survey reports that just 1 percent of US housing units have all five of these universal design features. Roughly two in five housing units in the country have either none or only one of these features.

Because of regional differences in housing stocks, homeowners in certain areas may have to make major modifications to enable a household member with disabilities to remain at home. For example, many homes in the Northeast are built on multiple levels and fail to provide a bedroom and bathroom on the first floor, while nearly 84 percent of homes in the South provide single-floor living. Even so, the costs of extensive home renovations, such as adding a first-floor bath or a no-step entry, are generally lower than costs of extended stays in assisted living or nursing care facilities.

Defining Aging in Place

The Centers for Disease Control and Prevention (CDC) defines aging in place as “the ability to live in one’s own home and community safely, independently, and comfortably, regardless of age, income, or ability level.” If needed, those aging in place may receive care or assistance by paid or unpaid (often family) caregivers.

The CDC’s focus on aging in place as an ability hints at the dynamic nature of this process. As the gerontology literature recognizes, older residents renegotiate how—and indeed if—they can continue to stay in their homes as their preferences and circumstances (health, finances, relationships, and family and social supports) shift over time (Andrews et al. 2007). Aging in place is best undertaken with preparation, including adaptations of physical space, modes of transportation, or other facets of life in

advance of physical or cognitive need. For some, it may involve moving to other homes that are more comfortable, safe, affordable, and/or convenient—whether within the current community or to locations with more resources or closer proximity to family. For others, aging in place may reflect a desire to maintain their current living arrangements or occur simply by default.

While there is no universally accepted definition of aging in place, many researchers, advocates, and commentators point to the same list of elements needed to make remaining in one’s home both possible and desirable:

- affordable, secure, and physically accessible housing;
- affordable, safe, and reliable transportation alternatives for those unable or unwilling to drive;

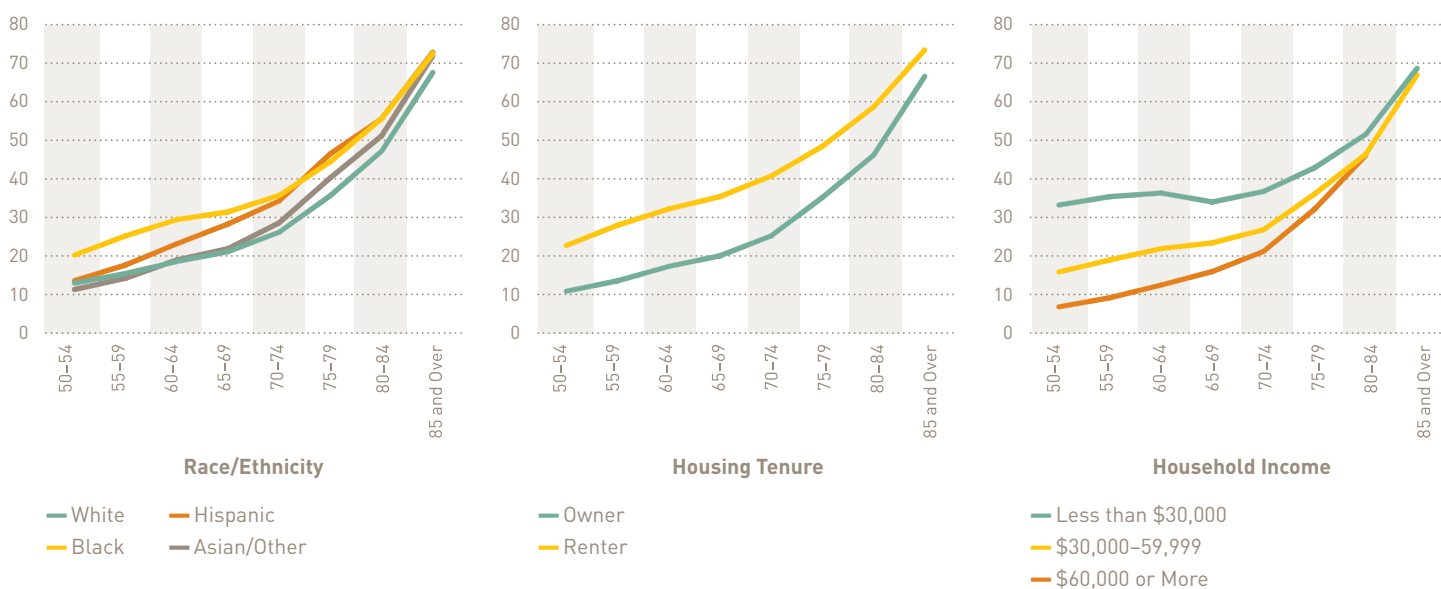
- opportunities to engage in recreational, learning, cultural, volunteering, and/or social experiences; and
- options for in-home health care and/or assistance with activities of daily living (ADLs) if needed to preclude a move to congregate care.

Individual adults, of course, have their own set of preferences for housing and community. For example, a 2014 AARP survey found that most respondents give high priority to increased police presence and school improvements, but their rankings of the importance of access to various services and amenities range widely. The report also points out that choices of housing and community are often made at younger ages and left unexamined until some life event forces a reevaluation of those preferences (Harrell et al. 2014b).

FIGURE 3

Disabilities Affect Most People in Their 80s Regardless of Race/Ethnicity, Tenure, and Income

Share of Population with Disabilities by Age Group (Percent)



Notes: Disabilities include hearing, vision, cognitive, mobility, self-care, and independent living difficulties. Whites, blacks, and Asian/others are non-Hispanic. Hispanics may be of any race. Data exclude population living in group quarters.

Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

Publicly subsidized units are more likely to have accessibility features than unassisted low-cost units. Yet rental assistance reaches only a fraction of the older low-income population—even those with disabilities. The lack of accessible, affordable housing can result in premature stays in nursing homes or the inability to return home after a hospitalization.

Social Connection

Additional hurdles to aging in community are insufficient supports and services and/or a lack of transit options and safe pedestrian walkways. The majority of older adults live in low-density suburban and rural areas where it is difficult to shop, access services, or visit family and friends without using a car. As a 2010 AARP report revealed, about one in five respondents aged 50 and over occasionally or regularly missed activities they would like to do because they had limited their driving or given it up entirely (Keenan 2010b).

City dwellers have greater access to transit but are no less at risk of isolation if they are unable to leave their homes alone because they lack transportation to where they need to go, do not have friends and family nearby, or have safety concerns. While transit may be an option for some, older adults use the services less often than other age groups—suggesting that public transportation may not meet their needs for convenience, safety, affordability, and reliability.

Long-Term Care

For individuals with disabilities or chronic conditions, the ability to age in place depends on having access to long-term care in their homes or communities. While Medicaid and Medicare generally do not cover such costs, some state Medicaid Home and Community-Based Services (HCBS) waivers do. Some may even pay for the cost of home modifications to improve accessibility. But eligibility requirements for this support vary widely and need outruns availability. For those who are not Medicaid-eligible or do not qualify for waivers, the costs of in-home care can be substantial.

At any given time, only about 2 percent of older adults reside in group care settings. Even so, assisted living facilities, nursing homes, and hospices provide critical support for those recovering from acute medical episodes or at the end of life. According to HHS, 37 percent of those aged 65 and over will receive care in an institutional facility at some point in their lives, with an average stay of one year.

THE WAY FORWARD

Given the widely varying circumstances of older adults, meeting their housing and housing-related needs requires a range of responses. At the individual level, older adults and their families must plan for the time when they have to confront the vulnerabilities of aging. Financial preparations, including building sav-

ings, managing debt, and obtaining long-term care insurance, are all important steps toward continued self-sufficiency. Thoughtful choices about where to live, the type of housing to occupy, or the type of home modifications to make—in advance of disabilities or chronic conditions—make it more possible to age in place without compromising safety or social connections.

But many people in their 50s and 60s simply lack the resources to obtain appropriate housing and services as they age. Middle-income adults may discover that long-term care insurance and senior housing communities or other suitable alternatives are too expensive. Low-income households have even more limited options for good-quality, affordable, and appropriate housing. Those living in locations without social connections, family, or other supports nearby may find themselves isolated as they become more physically vulnerable. For these reasons, it is critical that the public and private sectors take steps to ensure that housing and health care systems support appropriate and cost-effective options for low-income older adults, and that communities provide housing, transportation, and service options for their older populations regardless of income.

In fact, a number of promising entrepreneurial approaches have already emerged in the realms of design, urban planning, health and wellness, social engagement, and finance. Numerous cities and states are advancing livability principles through housing, transportation, and walkability initiatives, as well as through ordinances to promote accessibility in private homes. Various nonprofit and public initiatives are demonstrating the benefits of linking housing with long-term care. The private sector is also developing new housing options, technologies, and services in recognition of the potential market for assisting older adults with aging in the community. A broader conversation, however, is essential to help spread these initiatives so that more older adults can benefit from them.

First, a number of federal efforts need to be expanded. In particular, rental assistance makes a crucial difference in the quality of life for those who receive it. At their current scale, however, programs reach only a fraction of older renters with low incomes and high housing costs. Additional funding for housing with supportive services is also essential, given the limited number of new units added

in recent years and the need for reinvestment in much of the housing that does exist. In addition, changes to Medicare and Medicaid would enable better coordination of affordable, accessible housing with long-term care.

For their part, state and local governments can promote accessibility in both the home and built environments, as well as expansion of housing and transportation options. For example, they can require that all new residential construction include certain accessibility features, and offer tax incentives and low-cost loans to help owners modify their homes to accommodate household members with disabilities. Localities can also change their zoning to support construction of accessory dwelling units and mixed-use developments that add housing within walking distance of services or transit.

Municipalities—particularly the growing number with large 50-and-over populations—need to ensure that a range of services are available to older adults, including social and volunteer opportunities; education programs centered on health, finance, and housing maintenance; adult day care and meals programs; and health and wellness services. Meanwhile, state Medicaid programs can reorient their funding to enable low-income households to age in the community rather than in institutional facilities, as many are doing through HCBS waivers. And with better coordination, state and local government programs for older adults would not only save on costs but also provide better outcomes.

For the private sector, the growth of the older adult population provides vast opportunities to innovate in the areas of housing and supportive care. Indeed, substantial business opportunities exist in helping older adults modify their homes to suit evolving needs, delivering services at home, and developing new models of housing with services that promote independence and integrate residents with the larger community.

While there are significant challenges ahead, the potential is there for older adults to have a higher quality of life than ever before, and for communities to be increasingly livable and vibrant as a result. But effective action will require concerted efforts at all levels of government as well as by the private and nonprofit sectors, and through the advocacy of older adults themselves.



2

Demographics of an Aging America

Over the next two decades, more than 27.7 million people will join the 50-and-over age group. Most of the increase, however, will be among the population aged 65 and over, projected to surge by 65 percent by 2030. In addition to their growing presence, the older population will be more racially and ethnically diverse. While most older adults will live as either couples or alone, the growing minority population will likely spur an increase in multigenerational households.

POPULATION SHIFTS

Today, just over 34 percent of the US population is aged 50 and over, and their numbers are rising rapidly with the aging of the baby-boom generation. The oldest baby boomers hit age 50 in the mid-1990s, nearly doubling the number of people in the pre-retirement age group of 50–64 from 32.5 million in 1990 to 58.8 million in 2010. With the oldest boomers now crossing the 65 year-old threshold, population growth among 65–74 year olds is set to soar (**Figure 4**). Indeed, their numbers are projected to climb from 21.7 million in 2010 to 32.8 million in 2020 and then to 38.6 million in 2030.

In the meantime, greater longevity has already helped to expand the population aged 75 and over. The number of individuals aged 75–84 rose from 10.1 million in 1990 to 13.1 million in 2010 (a 30 percent increase), while that of individuals aged 85 and over jumped from 3.1 million to 5.5 million (a 78 percent increase). As the baby boomers ultimately fill the ranks of these older age groups, the population aged 75–84 is expected to reach 30.1 million by 2040 and that aged 85 and older expected to reach 14.1 million.

Because older age groups will be growing more rapidly than younger age groups, their share of the overall population will also increase sharply. Today, one in seven persons is at least age 65; by 2030, that share will be one in five. At the same time, one in sixteen persons is now at least age 75; by 2040, the share will be one in eight.

LIVING SITUATIONS

Until the age of 50, nearly half (47 percent) of households are single parents or couples with children at home. But by the time people reach their late 50s and the childrearing phase of life draws to a close, the share of households with children under the age of 18 living at home shrinks to just 9 percent and falls further thereafter. In their place, the share of couples without children rises to about half (49 percent) of households in their 60s, while the share of single-person households increases to fully 33 percent.

Indeed, the greatest shift in household types that occurs after the age of 50 is the steady increase in individuals living alone. By age 80, three out of five households consist of a single person (**Figure 5**).

Given their typically longer lifespans, women make up nearly three-quarters of this group. Meanwhile, modest shares of older adult households include extended family members, ranging from about 16 percent of households in their 50s to about 11 percent of those in their 80s.

According to Joint Center for Housing Studies (JCHS) projections, the number of people over the age of 75 living alone will nearly double from 6.9 million in 2015 to 13.4 million in 2035. These households may face a number of challenges to their well-being. Many are likely to have limited financial resources to draw upon to meet their housing costs and other basic needs. If they are homeowners, the responsibility of upkeep can also be a burden. And declines in physical or mental capacities may lead to a need for outside help performing day-to-day activities.

FUTURE DIVERSITY

Fueled by immigration in recent decades, America's population is becoming increasingly diverse. But racial and ethnic diversity is less evident among today's older age groups: in 2012, minorities accounted for 37 percent of the total US population, but only 22 percent of the population in the 65–79 age range and 17 percent of the population in their 80s. By 2030, however, with the aging of younger, more diverse generations and ongoing immigration, minorities will make up 30 percent of the population in the 65–79 age range and 23 percent of that aged 80 and over.

Greater diversity among older age groups is noteworthy because the living situations of individuals aged 65 and over vary by

race and ethnicity. For example, as Asians and Hispanics age, they are much more likely than whites or blacks to live in other family members' households (**Figure 6**). Indeed, among those aged 80 and over, more than a third of both groups live in households headed by a relative. Blacks are also more likely than whites to live in these situations, although the differences are smaller than for other minorities. But even among whites and blacks, the share living with other family members climbs after age 80.

Assuming current growth rates and cultural norms hold, multigenerational living arrangements will become increasingly common over the coming decades as minorities make up progressively larger shares of the older population. Indeed, since the late 1980s, multigenerational households (with at least three generations sharing the home) have nearly doubled in number to about 2.2 million.

HOUSING TENURE

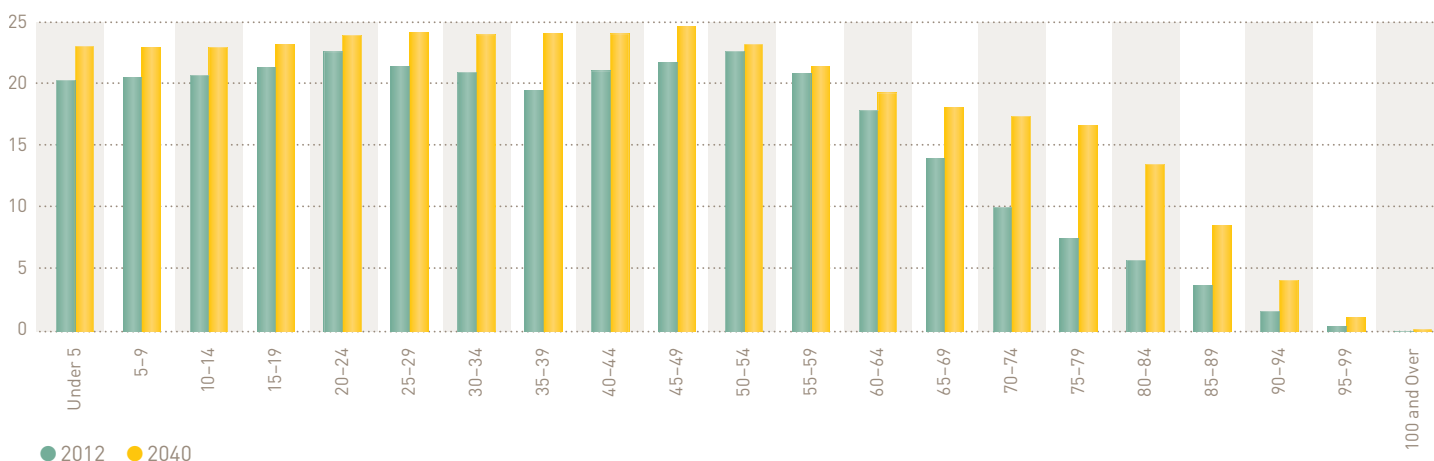
For many older adults, homeownership represents a vital safety net. First and foremost, owning a home outright greatly reduces monthly housing outlays. In addition, home equity provides an important resource that owners can tap to meet their expenses in retirement. Owners are also more able to modify their homes to meet their evolving preferences and needs.

At the same time, though, homeowners face the physical demands and financial burden of maintaining their properties. More significantly, owners must pay property taxes, insurance costs, and association fees if applicable. And selling their homes involves

FIGURE 4

The Aging Baby Boomers Are Fueling Growth in the 65-and-Over Population

Population by Age Group (Millions)

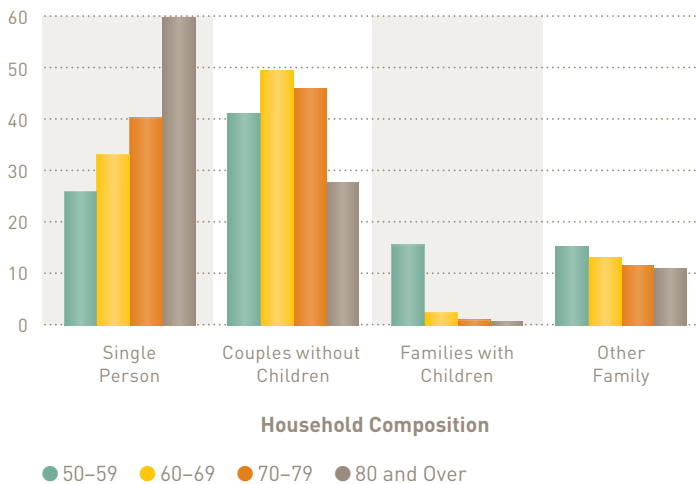


Source: US Census Bureau, 2012 National Population Projections (middle series).

FIGURE 5

Most Older Households Live as Couples or on Their Own

Share of Households by Age Group (Percent)



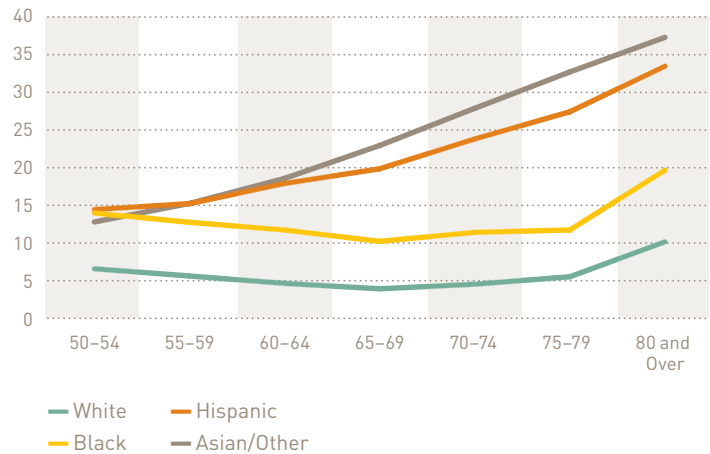
Notes: Families with children include single parents and couples with children under age 18 living at home. Other family includes all households with two or more related adults. Data exclude non-family households, which account for less than 2 percent of households at age levels shown.

Source: JCHS tabulations of US Census Bureau, 2013 Current Population Survey.

FIGURE 6

Older Asians and Hispanics Are Much More Likely to Live with Relatives as They Age

Share of Population Living in Other Family Members' Households by Age Group (Percent)



Notes: Other family members are relatives other than a spouse or partner. Whites, blacks, and Asian/others are non-Hispanic. Hispanics may be of any race. Data include people living in group quarters.

Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

high transactions costs, making it costly to move to housing that may better fit their needs.

In 2013, more than 70 percent of households in their early 50s owned their homes, a share that rises steadily to more than 82 percent of those in their early 70s. The homeownership rate then dips slightly as households reach their early 80s and falls more sharply thereafter, reflecting the increased likelihood of moving into smaller rentals, care facilities, or other family members' households at this stage of life. For example, among homeowners aged 70 and over in 2001, 16 percent had become renters by 2011.

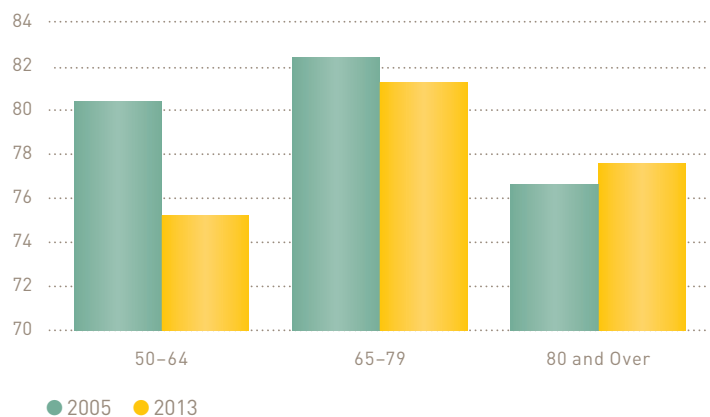
Following the housing market crash and deep economic recession in the late 2000s, the national homeownership rate fell by 4 percentage points to 65 percent, although rates among older households remained relatively stable (**Figure 7**). Between 2005 and 2013, the homeownership rate slipped just 1 percentage point among households aged 65–79, and even increased among those aged 80 and over (as it generally has since 1986), reaching a record high of 78.4 percent in 2012.

At the same time, however, the homeownership rate among 50–64 year olds dropped 5 percentage points from its 2005 peak, to 75 percent. This decline may presage lower homeownership rates for these households in their later years. Indeed, the homeownership rate among today's 50–64 year olds is down 4.2–4.7 percentage

FIGURE 7

Homeownership Rates Among Households 65 and Over Remain High, But Have Dropped Markedly Among 50–64 Year Olds

Homeownership Rate by Age Group (Percent)



Source: JCHS tabulations of US Census Bureau, Current Population Surveys.

points from the rates among the two previous generations when they were of similar ages. As a result, a greater number of older adults may enter retirement without the financial security that homeownership can provide.

RESIDENTIAL MOBILITY

Households move for a variety of reasons, whether out of desire for a different type of home or community; to be closer to employment, family, and recreational opportunities; or in response to changed financial circumstances. But as people age, they are less likely to relocate. In fact, the residential mobility rate drops sharply after the age of 50. And contrary to the notion that older households move to different homes when they retire, the mobility rate continues to decline among those in their 60s and beyond, with a small uptick around age 85.

As a result, many older households have lived in the same homes they moved into during their working years. Among those aged 80 and older in 2011, fully 60 percent had lived in the same residence for 20 or more years (**Figure 8**). Another 18 percent had occupied their homes between 10 and 20 years. The shares among households aged 65–79 are only slightly lower.

According to the 2013 Current Population Survey, older households who do move typically relocate within their county or state. Of the 14 percent who move to another state, 35 percent report moving for family reasons, while 13 percent cite retirement. While some older households relocate because of job changes, 50-and-over households as a whole are much more

likely to move out of a desire for better, cheaper, or different housing or reasons related to family. Relatively few older households (including just 8 percent of 85-and-over households) mention moving for health reasons.

In assessing how mobile baby boomers are likely to be as they age, it is noteworthy that mobility rates for all age groups have in fact fallen over the last two decades. Several factors may have contributed to this decline, including an increase in the number of two-earner households, less variation in regional economic cycles, and the fact that the long-term population shift to the South and West has reduced the number of future moves to the Sunbelt. Moreover, many older adults prefer to remain in their current homes and communities.

While long-term trends thus suggest that today's older households may be less likely to move than previous generations, the baby boomers could still make different housing choices as they age. For example, they may decide to stay in their communities, moving to homes in their areas that are less costly to maintain or are more accessible. And even at current mobility rates, the share of older households that change homes over the course of a decade is significant. The Panel Study of Income Dynamics (PSID) indicates that roughly 38 percent of adults aged 50 and over moved during the ten-year period from 2001 to 2011.

HEALTH AND DISABILITY

People are living longer and in better health than ever before. According to a recent study using Medicare Current Beneficiary Survey (MCBS) data, life expectancy has increased, general health has improved, and morbidity has been compressed to the last year or two of life (Cutler et al. 2013). These gains have occurred among both men and women, as well as both whites and minorities.

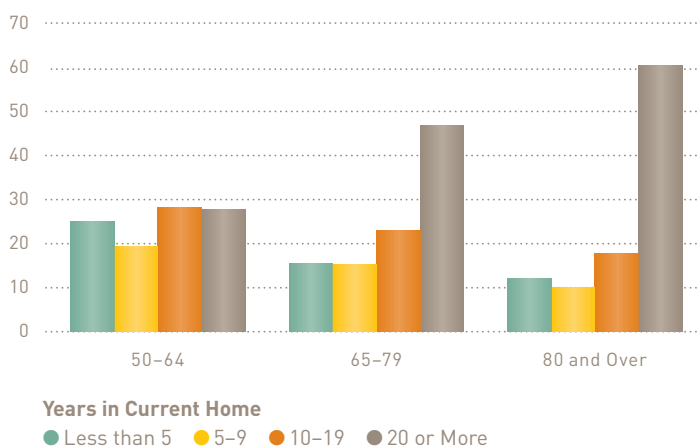
Although older adults have more chronic, nonfatal diseases today than in the past and the incidence of some conditions (such as Alzheimer's and pulmonary diseases) has risen, the overall population is able to enjoy a higher quality of life for longer periods. Indeed, the MCBS analysis shows a 22 percent decline in Medicare recipients reporting difficulty with activities of daily living (ADLs, which include bathing, dressing, and eating) and instrumental activities of daily life (IADLs, which include cleaning, cooking, and shopping) between 1991 and 2009. In contrast, rates for less debilitating limitations—such as difficulty carrying moderate weight, walking a quarter-mile, or kneeling down—have held fairly steady, falling just 3 percent over that same period.

These changes in health and longevity have many causes, not all of which are fully understood. Demographic, environmental, and medical factors are at play, as is better information about ways to remain healthy and manage chronic conditions. In addition, longer life expectancy for men increases the chances that one

FIGURE 8

Most Older Households Have Lived in the Same Homes for More than a Decade

Share of Households by Age Group (Percent)

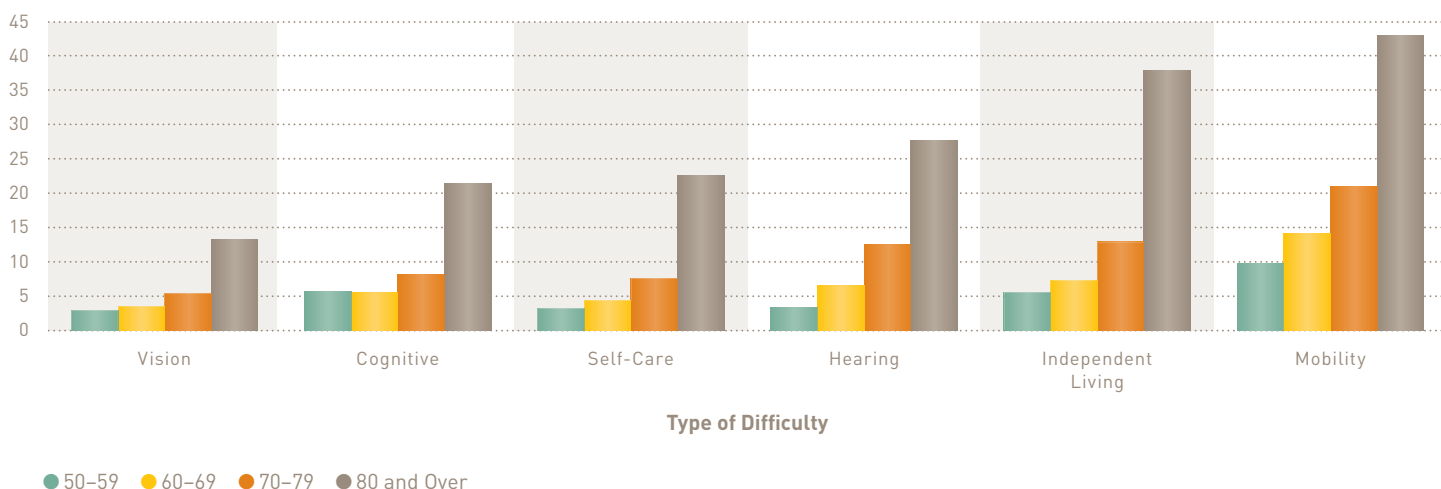


Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey.

FIGURE 9

While All Types of Disabilities Increase with Age, Difficulties with Mobility Are Most Common

Share of Population with Disabilities by Age Group (Percent)



Note: A cognitive disability is defined as serious difficulty remembering, concentrating, or making decisions; self-care disability as difficulty bathing or dressing; independent living disability as difficulty doing errands alone; mobility disability as serious difficulty walking or climbing stairs.
Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

member of an older couple can act on behalf of both spouses, lowering the rates of disabilities relating to IADLs. Technological innovation has also made some functions, such as shopping and banking, easier to perform at home.

Nonetheless, the incidence of disease and disability does rise with age. The MCBS indicates that 74 percent of Medicare beneficiaries in community settings reported living with two or more chronic conditions such as heart disease, hypertension, diabetes, arthritis, osteoporosis, pulmonary disease, stroke, Alzheimer's, Parkinson's, and cancers.

In addition, about one in four adults aged 50 and over has difficulty with hearing, vision, cognition, or mobility; by age 85, that share is greater than two in three (68 percent). The most common age-related disability is reduced mobility (**Figure 9**). More than 17 million older adults report having serious difficulty walking or climbing stairs. These limitations may affect individuals' capacity for self-care and living independently: some 11 million people aged 50 and over have difficulty doing errands alone, while 7 million have difficulty performing self-care.

Despite across-the-board improvements in health and longevity, disabilities are more likely to affect blacks and adults with lower incomes. Nearly a third (32 percent) of black adults aged 50 and

over report having at least one disability or difficulty. In contrast, the shares for Hispanics (26 percent), whites (25 percent), and Asians and other racial/ethnic groups (23 percent) are closer to a quarter. Meanwhile, just 14 percent of older adults in the highest household income group (\$75,000 and over) have at least one difficulty or disability, compared with over 45 percent of those in the lowest income group (less than \$15,000).

But regardless of race/ethnicity or income, most adults of advanced age have some form of disability. For example, fully 43 percent of those aged 80 and over have trouble walking or climbing stairs—double the share among adults in their 70s and four times the share of those in their 50s. Self-care limitations increase in a similar manner, affecting about one in 20 adults in their 60s, but one in five in their 80s.

The Department of Health and Human Services estimates that 70 percent of people who reach age 65 will need some type of long-term care in their later years. For those with chronic conditions and disabilities, accessible and well-located housing is critical. Indeed, appropriate housing with supportive services can mean the difference between independent living and care in an institutional setting.



3

Housing and Financial Security

Housing costs typically represent the single largest expense for any household. Homeowners who pay off their mortgages before retirement, however, reduce those costs sharply. Their accumulated home equity also provides a cushion against rising expenses for health care and support services. Renters are not only more likely to face housing cost burdens, but also to have much less wealth to sustain them in old age. Regardless of tenure, though, many households in their 50s and 60s are saddled with high levels of debt as they approach retirement.

INCOMES OF OLDER HOUSEHOLDS

Incomes usually peak when households are in their late 40s and then begin to fall as the share of individuals able or needing to work declines. The drop in incomes accelerates in the 60s and continues thereafter as more households leave the workforce and begin to rely solely on Social Security, pensions, and income from savings. By the time they reach their 80s, many older adults may have lost a partner or spouse, which may mean a reduction in pensions and Social Security benefits.

Extended work lives, however, have become more common in recent decades. According to the Current Population Survey, 31 percent of households aged 65–69 were employed in 2013—an increase of 9 percentage points from 1993. The share of employed households aged 70–74 also rose from 12 percent to 18 percent. While only 4 percent of households aged 80 and over were earners in 2013, this still represents a significant increase from the 2 percent share 20 years earlier.

Longer work lives have been associated with higher incomes, with the real median household income of 65–69 year olds up 26 percent from 1993 to 2013, and that of 70–74 year olds up 23 percent. While there is concern that a lack of retirement savings is forcing people to work later in life, the increase in labor force participation has so far occurred primarily among more educated and highly compensated workers in less physically demanding occupations (Leonesio et al. 2012). Many other individuals may in fact want to work later in life, but may have difficulty finding employment because of disabilities, limited demand for their skills, or age discrimination (CDC 2012).

Despite increases in employment among older households, a decline in household income with age is still very much evident. In 2012, the median income of households aged 55–59 was more than \$5,000 lower than that of households aged 45–49, with the disparity widening to \$15,000 between households in their late 50s and those in their late 60s. Households aged 80 and over have a median income of only \$25,000. Indeed, nearly a quarter (24 percent) of these households live on less than \$15,000 annually. On average, low-income households aged 65 and over rely on Social Security payments for 85 percent of their incomes.

While differing substantially earlier in life, incomes tend to converge with age (**Figure 10**). At ages 50–64, the median incomes of whites and Asians are as much as \$30,000 higher than those of blacks and Hispanics. The typical homeowner earns over \$40,000 more than the typical renter, while the typical married couple earns over \$50,000 more than a single person. But by the time households reach their 80s, median incomes for most of these groups are below \$30,000. Married couples are an exception, but their median income is only slightly higher at \$36,700. Thus, while many minority, renter, and single-person households are more likely to have lower incomes before they retire, most households in their 80s face financial pressures.

INCREASING PRESENCE OF LOW-INCOME HOUSEHOLDS

Over the coming years, rapid growth in the 65-and-over population will bring a substantial rise in the number of low-income households. Assuming the income distribution of this age group remains the same as it is today, 6.5 million households will have incomes under \$15,000 in 2024—a jump of 1.8 million, or 37 percent, in a single decade. Growth in the number of older households with incomes between \$15,000 and \$29,999 would add another 2.9 million to the ranks of low-income households. This sharp increase will strain the capacity of programs aimed at providing affordable housing and supportive services to these populations.

Several factors may lead to an even larger increase in the low-income older population. To begin with, fewer of today’s workers will benefit from pension plans, which have traditionally provided important financial support for moderate-income retirees. In addition, the incomes of households in their peak earning and pre-

retirement years have been falling. Between 2000 and 2012, real median household incomes declined by more than \$8,000 among those in their early 40s, \$12,000 among those aged 50–54, and more than \$4,000 among those aged 55–59. Lower incomes will likely reduce the savings and investments that these households will have available to support their retirement.

HIGHER INCIDENCE OF HOUSING COST BURDENS

One-third of adults aged 50 and over—nearly 20 million households—pay excessive shares of their incomes for housing. Of this group, 10.2 million are moderately cost burdened and 9.6 million are severely burdened. Reflecting the sharp falloff of income with age, 37 percent of households aged 80 and over have at least moderate burdens, including 20 percent with severe burdens. While the incidence of cost burdens for all age groups is much higher than a decade ago, the increases are particularly large for 50–64 year olds (9 percentage points) and for those aged 65 and over (6 percentage points).

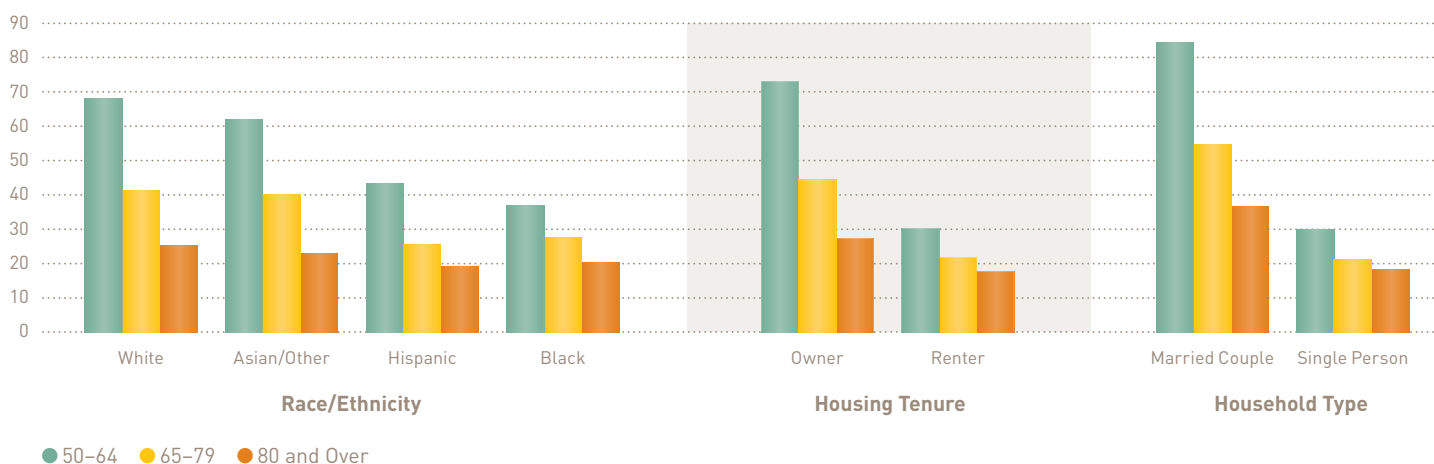
A key determinant of cost burdens is whether households own or rent their housing. With their generally lower incomes, older renters are more likely to pay excessive amounts of income for housing, with their cost-burdened shares ranging from nearly half for those aged 50–64 to about six in ten for those aged 80 or older.

But many homeowners still paying off mortgages have at least moderate housing cost burdens, and the shares increase sharply with age. From roughly a third of those aged 50–64, the cost-burdened share jumps to 45 percent of owners with mortgages aged 65–79 and to 61 percent of those aged 80 and over—higher than

FIGURE 10

Incomes for All Household Types Drop with Age, Reducing Disparities Across Groups

Median Household Income by Age Group (Thousands of dollars)



Notes: Income may include earned income, asset income, pensions, and Social Security. Whites, blacks, and Asian/others are non-Hispanic. Hispanics may be of any race. Data include only married couple households without children present.

Source: JCHS tabulations of US Census Bureau, 2013 Current Population Survey.

the share of same-age renters. By comparison, the cost-burdened shares of owners without mortgages are under 15 percent for those aged 50–79 and under 25 percent for those aged 80 and over (**Figure 11**). On average, the monthly housing costs (including property taxes, insurance, and utilities) of older adults owning their homes free and clear are less than a third of those for older owners with mortgages and less than half of those for renters.

Housing cost burdens are most common among low-income older households, including 77 percent of those with annual incomes of less than \$15,000 and 54 percent of those with incomes of \$15,000–29,999. Even within the lowest income group, though, owners without mortgages are less likely to be cost burdened (69 percent) compared with those paying off mortgages (99 percent) and those who rent (75 percent). Among those with incomes in the \$15,000–29,999 range, the cost-burdened shares drop to 23 percent for homeowners without mortgages and 69 percent for renters, but remain high at 88 percent for those paying off mortgages.

With their lower incomes and higher likelihood of renting, large shares of older minority households have housing cost burdens. In 2012, 39 percent of older Asian, 43 percent of older Hispanic, and 46 percent of older black households were cost burdened, compared with just 29 percent of older white households. While similar for renters and homeowners with mortgages, the disparities are much smaller for households owning homes free and clear, with the cost-burdened shares ranging only between 15 percent for whites and 22 percent for blacks—again demonstrating the enormous benefit of being mortgage-free.

CONSEQUENCES OF HOUSING COST BURDENS

Housing costs that exceed 30 percent of household incomes force households to cut back sharply on other necessities. Especially for those in the lowest expenditure quartile (a proxy for low income), skimping on food is a common tactic. On average, severely cost-burdened households in this quartile spend more than 40 percent less on food than households living in housing they can afford, making clear the link between hunger and high housing costs among older adults (**Figure 12**).

All older age groups with housing cost burdens reduce their outlays for transportation, typically the next-largest expenditure category in their budgets. Meanwhile, severely cost-burdened households aged 80 and over cut back most on health care, with outlays that are \$157 (59 percent) lower per month than those of households in affordable housing. Households aged 50–64 with severe cost burdens also spend roughly 70 percent less on health care as well as on retirement savings.

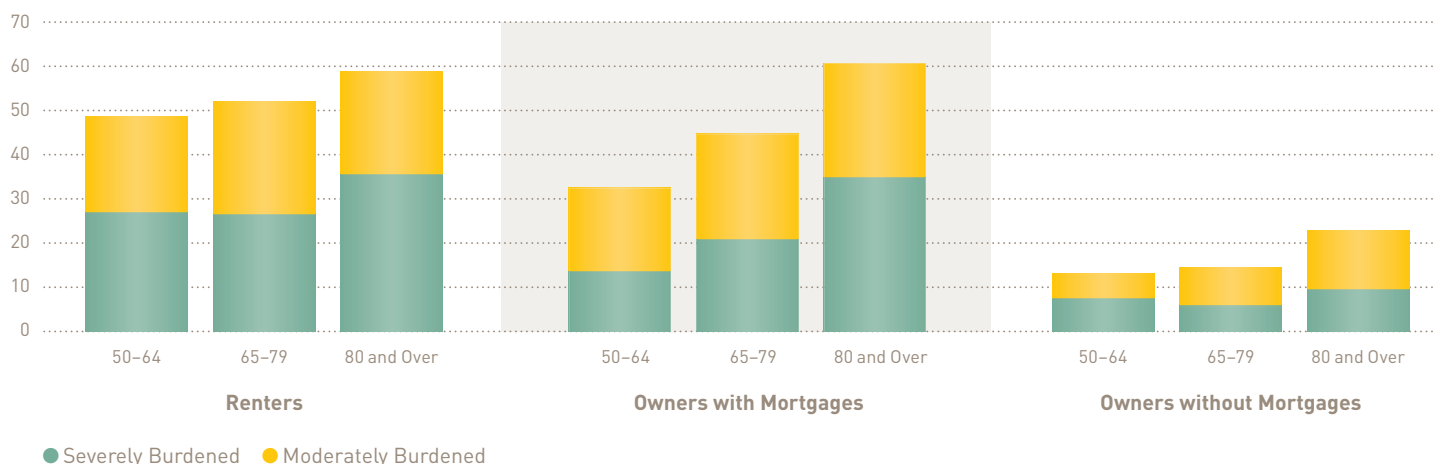
Low incomes, high housing costs, and limited availability of subsidized units are significant causes of homelessness among older adults, as is isolation prior to becoming homeless (National Coalition for the Homeless 2009). According to the latest HUD count (2013a), about 279,800 individuals aged 51 and over were homeless in 2012. The older adult share of the sheltered homeless population in fact increased from 17 percent in 2007 to 19 percent in 2012.

Homeless older adults are at great risk of becoming victims of crime; furthermore, not all shelters are accessible and some older

FIGURE 11

Households Owning Their Homes Outright Are Much Less Likely to Be Cost Burdened

Share of Households by Age Group (Percent)



Note: Moderately (severely) cost-burdened households spend 30–50 percent (more than 50 percent) of income on housing costs.

Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

adults may be unable to wait in lines for shelter beds (National Coalition for the Homeless 2009, 2014). Life expectancy for these individuals is shorter than average and chronic ailments are common, requiring that health and supportive services be part of the response to homelessness (Culhane et al. 2013).

As the older population increases, homelessness among older adults with low incomes is expected to rise sharply. The National Alliance to End Homelessness projects that, assuming shelter and poverty rates remain constant, the number of homeless adults aged 62 and over will more than double from about 44,000 in 2010 to over 95,000 in 2050 (Sermons and Henry 2010).

DEBT BURDENS ON THE RISE

More than 70 percent of homeowners aged 50–64 were still paying off their mortgages in 2010 (Figure 13). At the same time, the average loan-to-value (LTV) ratio spiked to 56 percent amid plunging house values following the recession. While not as dramatic, a similar pattern is evident among homeowners aged 65 and over, with the share of owners with mortgages climbing to 40 percent and the average LTV ratio hitting 45 percent. Given the strong correlation between having a mortgage in retirement and being cost burdened, the financial position of many older homeowners has become increasingly precarious.

A rising tide of consumer debt has also increased the financial pressures on older adults. Even after accounting for inflation, non-housing debt among households aged 50–64 rose from about \$8,700 on average in 1992 to \$17,100 in 2010. These additional bur-

dens include about \$2,000 more in credit card debt, \$1,700 more in auto loans, and \$3,000 more in student loans. The growth in non-housing debt among households aged 65 and over was more moderate, up from \$4,300 to \$7,200 over the same period—again reflecting higher credit card and auto loan debt.

WEALTH DISPARITIES

Accrued wealth provides financial stability for older adults, ensuring the means necessary to pay for day-to-day expenses as well as supportive services later in life. Homeownership is strongly associated with wealth, given that home equity contributes significantly to household balance sheets. Indeed, the median net wealth of homeowners aged 50 and over in 2010 was 44 times that of renters (Figure 14).

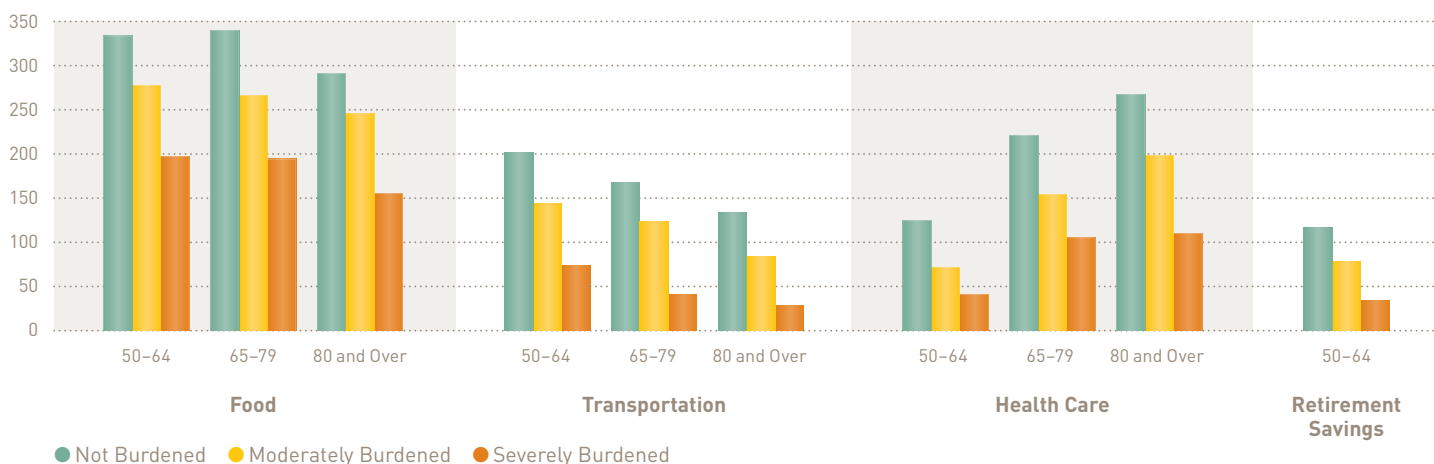
While their assets vary widely, older homeowners at the median in 2010 had \$267,100 in net wealth to draw down in retirement, and even those in the 25th percentile had accumulated \$104,500. Excluding housing wealth, the median owner still had \$117,000 in other assets. In sharp contrast, the median renter had accumulated only \$6,100 in net wealth, while even those in the 75th percentile had holdings as low as \$27,700.

Homeowners aged 50 and over are three times more likely to own stocks, certificates of deposit, and savings bonds than renters. Aside from home equity, retirement accounts are the largest source of owners' savings, with median holdings of \$93,000. But while 58 percent of 50-and-over owners had retirement accounts in 2010, only 26 percent of renters had any savings in this form.

FIGURE 12

Low-Income Households with Housing Cost Burdens Have Much Less to Spend on Other Critical Needs

Average Monthly Spending by Households in the Lowest Expenditure Quartile, by Age Group (Dollars)

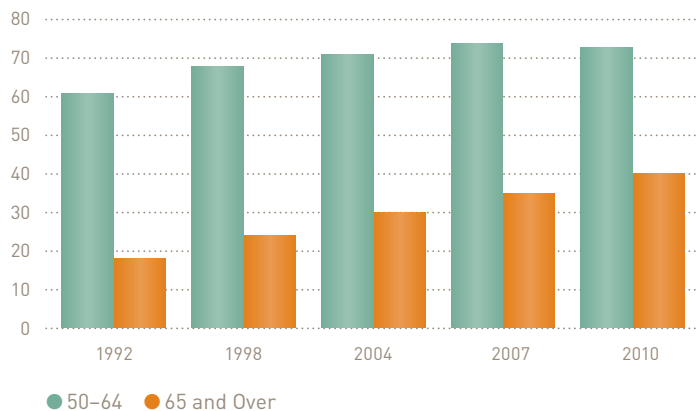


Notes: Moderately (severely) cost-burdened households spend 30–50 percent (more than 50 percent) of income on housing costs. Lowest spending quartile is a proxy for low-income households.
Source: JCHS tabulations of the US Bureau of Labor Statistics, 2012 Consumer Expenditure Survey.

FIGURE 13

Households Are Carrying Much More Mortgage Debt into Their Retirement Years

Share of Owners with Mortgage Debt by Age Group (Percent)



Note: Estimates include only owner households with mortgages on primary residences.
Source: JCHS tabulations of Federal Reserve Board, Surveys of Consumer Finances.

Average Loan-to-Value Ratio for Owners with Mortgages by Age Group (Percent)

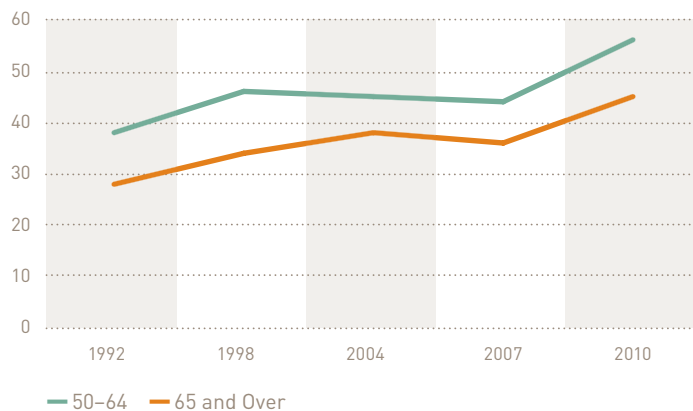


FIGURE 14

Even Excluding Home Equity, Owners Have Substantially More Wealth than Renters

Distribution of Net Wealth among Households Aged 50 and Over (Dollars)

	Percentile				
	10th	25th	Median	75th	90th
Owner					
Total Wealth	38,100	104,500	267,100	694,600	1,888,700
Home Equity	14,000	50,000	111,000	240,000	450,000
Other Assets	4,600	22,900	117,000	496,500	1,491,800
Renter					
Total Wealth	-1,800	60	6,100	27,700	155,700

Notes: Total net wealth includes both financial and nonfinancial assets. Percentiles for each category of wealth are calculated separately; as a result, percentile values for the components of homeowner wealth do not sum up to total homeowner wealth within each percentile.
Source: JCHS tabulations of Federal Reserve Board, 2010 Survey of Consumer Finances.

Meanwhile, the median older owner held \$10,000 in cash while the median renter held only \$1,000, providing little cushion in the event of an emergency.

Lower-income and minority owners hold most of their wealth in home equity. Indeed, housing wealth accounts for more than 75 percent of the total net wealth of older homeowners in the bottom income quartile and nearly 60 percent of that of older homeowners in the lower-middle quartile.

The shares for minority homeowners are also significant, with home equity contributing two-thirds of the net wealth of the median older black homeowner and more than three-quarters of the net wealth of the median older Hispanic homeowners.

With so much of their wealth in the form of home equity, low-income owners took an especially big financial hit during the housing crash. The median net wealth of older owners in the lowest income quartile plunged 30 percent between 2007 and 2010, while the net wealth of highest-income owners dipped just 1 percent. Older renters were not unscathed, with their median net wealth down 19 percent during this period. Notably, renters in the top income quartile saw a 48 percent drop in net wealth. The losses were greatest among those aged 50–64, with the median household losing nearly a third (32 percent) of net wealth during the Great Recession.

As this experience made all too clear, having housing equity be the primary source of net wealth poses risks for older homeowners if house prices were to drop sharply in the future. Some analysts have raised concerns that this could in fact happen in some markets if large numbers of aging baby boomers flood the market with homes for sale—particularly given that members of the diverse millennial generation may not have the resources or the desire to buy the larger suburban houses that these older households own.

But if current trends continue, most baby boomers are unlikely to sell their homes until they reach their mid-80s, or two decades from now. It is also impossible to predict how changes in the economy, the mortgage market, and immigration over this period will affect housing demand. Indeed, a variety of actions can be taken today that would reduce the risk of a housing demand/supply mis-

match tomorrow, including the provision of new care options to enable older households to stay in their homes longer and greater opportunities for younger households to afford to buy homes.

ASSISTING OLDER COST-BURDENED RENTERS

For many older renters, securing federally subsidized housing is the key to financial stability. But few are fortunate enough to receive this assistance. In 2011, 3.9 million households aged 62 and over without children had very low incomes (at or below 50 percent of area median), a common eligibility threshold for programs targeting the “elderly.” Of these, only 1.4 million (36 percent) benefited from rental assistance. A large majority (58 percent) of very low-income households aged 62 and over without assistance face either excessive housing costs, live in severely inadequate units, or both (HUD 2013b). HUD administrative data indicate that 1.1 million older renters lived in either public housing or privately owned developments with unit-based assistance in 2013. This includes roughly 263,000 Section 202 units providing housing with supportive services for older adults (Haley and Gray 2008). Another 483,000 assisted renters (30 percent) relied on housing choice vouchers.

According to JCHS projections, the number of renter households aged 60 and over is likely to increase by about 20 percent by 2020 and by another 25 percent between 2020 and 2030. Assuming the number of very low-income older renters grows at a similar rate, the ranks of older households eligible for rental assistance would increase by 1.3 million between 2011 and 2020 and another

1.3 million between 2020 and 2030 (**Figure 15**). Just to keep the share at its current level, the number of older renters receiving assistance would have to rise by 450,000 by 2020 and by 900,000 by 2030—still leaving 3–4 million to find affordable and adequate housing in the private market.

On top of concerns about escalating demand is the threat of loss of the existing subsidized stock. Contracts for hundreds of thousands of units with project-based rental assistance are set to expire over the next decade. Many at-risk units are located near transit, which are of particular importance to older renters who do not drive. A detailed analysis by AARP found that a substantial share of assisted housing units in 20 large metropolitan areas were within a half-mile of public transit, and that the contracts for more than two-thirds of those developments would expire within five years (Harrell et al. 2009).

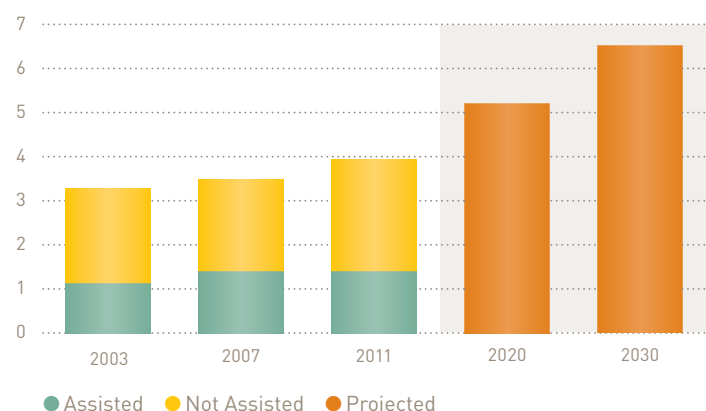
To preserve the current supply of—and add new units to—the assisted stock, many states use some degree of targeting to older adults under the federal Low Income Housing Tax Credit (LIHTC) program (Corporation for Supportive Housing, 2013). Over its history, the tax credit program has generated roughly 320,800 units for older renters, with 65 percent of those units newly constructed. Given its current scale, however, the LIHTC program can contribute only marginally toward the growing need for housing for older adults.

The population over age 75 is already increasing rapidly and growth will accelerate after 2020 as the oldest baby boomers reach this age. At that time of life, renters are more likely to require assistance with activities of daily living. HUD’s Section 202 program, established in 1959, has been the primary means of expanding housing with supportive services. In its current form, the program provides ongoing funding to close the gap between the cost of providing housing and what tenants can afford to pay. Many developments are old and the subsidy contracts on an estimated 41,900 units will expire by 2024. In addition, the program no longer provides capital grants to develop new units.

FIGURE 15

Rapid Growth in Older Eligible Renters Will Put Even More Pressure on Housing Assistance Programs

Very Low-Income Renter Households Aged 62 and Over (Millions)



Notes: Eligible households have very low incomes (at or below 50 percent of area median). Projections assume the number of eligible renters aged 62 and over grows at the same rate as renter households aged 60 and over.
Sources: JCHS tabulations of US Department of Housing and Urban Development, Worst Case Needs Reports to Congress, and JCHS 2013 Household Projections.

ASSISTING OLDER HOMEOWNERS

At the state level, the principal means of addressing the housing cost challenges of older homeowners is to reduce the property tax payments of those meeting certain age, income, or other eligibility criteria. Property tax relief may come in a variety of forms: homestead exemptions that reduce the appraised value of the home and thus the amount of tax due; circuit-breaker programs that provide tax credits for property tax payments exceeding a specific share of income; property tax limits, caps, or freezes; and deferrals that delay property tax payments until the home is sold or the owner dies (McNichol 2006). These programs also vary widely in the amount of financial assistance they provide, the degree of income-targeting, and whether eligibility is based on age or disability.

At the federal level, one support to older homeowners is the Home Equity Conversion Mortgage (HECM), managed by HUD. HECM loans are issued by private lenders and insured by the Federal Housing Administration. The HECM is a reverse mortgage that allows principal, interest, and other loan costs to accrue against the value of the home and requires no out-of-pocket payments from owners. The loans thus enable homeowners to tap their home equity without having to make monthly mortgage payments or sell their homes.

Reverse mortgages can be particularly helpful to lower-income households holding most of their wealth in home equity. For example, reverse mortgages can be used to convert a portion of housing wealth into an income stream to help cover property taxes and insurance payments, the costs of supportive care, and other living expenses. The ability to choose either a lump sum or a line of credit can assist homeowners in paying for one-time, big-ticket expenses such as home modifications or improvements. The number of HECM originations peaked at 114,600 in 2009, dropped sharply after the housing bust, and rebounded modestly to about 55,000 in 2012.

There are some concerns that borrowers can find themselves in a precarious financial position if they do not have sufficient income to meet their ongoing housing expenses, including insurance, property taxes, maintenance, and homeowners' association dues. In addition, recent studies have shown that HECM borrowers have increasingly used lump-sum payments from reverse mortgages to pay off other debts, including existing mortgages—thus exhausting their equity all at once (CFPB 2012). Improvements to the program to address these concerns include limits on the amount of drawdowns in the first year and mandatory counseling to ensure older adults are well informed in their decisions to use HECMs.

Reverse mortgages remain a valuable tool for older homeowners to access housing equity to support a variety of financial needs, and the federal role in insuring these mortgages has been of critical importance in supporting continued availability. But other means should also be available to relieve the housing cost burdens of low-income older homeowners and to ensure that their homes are well-maintained and adapted to their changing physical needs. Under the right circumstances, traditional forward mortgages and home equity loans may have lower costs than reverse mortgages and be manageable within a homeowner's budget. These products have the advantage of helping to preserve housing equity for owners' financial needs later in life.

A number of other government programs help owners defray the costs of home maintenance. State weatherization assistance, funded through the Department of Energy's Weatherization Assistance for Low-Income Persons program, provides older homeowners opportunities to save on energy costs. Grants or loans for home rehabilitation or accessibility modifications may be funded through the federally funded but locally administered HOME or Community Development Block Grant programs. Very low-income rural owners aged 62 and over may qualify for Rural Housing Repair Loans and Grants, managed by the Department of Agriculture.

Nonprofit organizations also offer support to low-income older owners seeking help with maintaining or modifying their homes to support aging in place. One such organization, Rebuilding Together, focuses on helping low-income, older, disabled, and veteran homeowners preserve and maintain their homes through the engagement of volunteers and corporate partners.

4

Accessibility Needs and the Existing Stock

With the 50-and-over population growing rapidly over the next two decades, the numbers of older adults living with disabilities will also soar. Since most of today's housing stock is not designed to accommodate the physical and cognitive difficulties that come with age, many older households will either have to make potentially expensive modifications to their current homes or move to more accessible units. In recognition of growing need, some states and municipalities are taking steps to promote accessibility in both new and existing housing.

HOUSING FOR TODAY'S OLDER POPULATION

Most adults aged 50 and over live in single-family homes that they own (**Figure 16**). Even so, the types of housing that older adults occupy vary by region. For example, in rural areas of the South, 18 percent of older homeowners live in mobile homes—more than double the 7.5 percent share for the nation as a whole. Similarly, 14 percent of 50-and-over homeowners in central cities of the Northeast live in units in multifamily buildings, compared with a national average of just 5 percent.

Compared with small apartment buildings and single-family homes, larger multifamily properties are more likely to be newer and to have more accessibility features such as elevators, ramps, and units with single-floor living. Just over 60 percent of older renter households live in multifamily units, about half of which are located in larger buildings with 10 or more apartments. Another 34 percent rent single-family houses, while the remaining share of older renters lives in mobile homes.

At any given time, just 2 percent of older adults live in group quarters. This type of housing includes nursing homes, residential treatment facilities, and other living arrangements where residents share regular meals and may receive supportive services such as assistance with personal care or skilled nursing. The likelihood of living in group quarters remains very low until age 80, when the share increases to 8.3 percent or one in 12 persons.

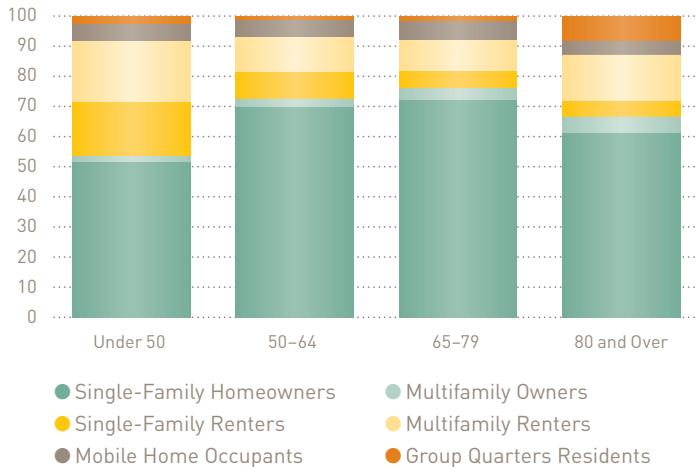
DEFICIENCIES OF THE EXISTING STOCK

A major challenge to aging in place is ensuring that homes are safe and accessible. The goal of the universal design movement is to make the environment more accessible to people of all ages and abilities. Of specific focus here are five features that make homes accessible to those with impaired mobility and who have difficulty grabbing and turning knobs: no-step entries and single-floor living, which eliminate the need to navigate stairs; switches and outlets reachable at any height; extra-wide hallways and doors to accommodate those in wheelchairs; and lever-style door and faucet handles.

FIGURE 16

Even at Advanced Ages, the Vast Majority of Older Adults Lives in Private Homes

Share of Population by Age Group (Percent)



Notes: Mobile home occupants include owners and renters living in trailers, boats, RVs, vans, and other structures. Group quarters residents may live in either institutional or non-institutional facilities.

Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

While nearly 90 percent of existing homes have at least one of these five features, only 57 percent have more than one. Single-floor living is most widely available (found in 76 percent of housing units), followed by accessible electrical controls (44 percent) and no-step entries (42 percent). The least common amenities are extra-wide doors and hallways and lever-style door and faucet handles (both available in only 8 percent of units).

Newer housing is much more apt to be accessible (**Figure 17**). Relative to housing built before 1940, units constructed since 2000 are five times more likely to have lever handles (20 percent vs. 4 percent), and more than twice as likely to have extra-wide hallways and doors (16 percent vs. 7 percent) and no-step entries (52 percent vs. 24 percent). Still, only one in six newer units has extra-wide hallways and doors, while only one in five has lever-style handles. Although home to over a third of all older renters, apartments in smaller multifamily buildings (fewer than 10 units) and attached single-family units are the least likely to have multiple accessibility features.

Despite the limited availability of universal design features in today's housing stock, adults aged 50 and over are more likely than

Geographic Differences in Accessible Housing

Like the age and character of the housing inventory, the shares of homes with universal design features differ geographically. Given its older stock, just 12 percent of homes in the Northeast have three or more accessibility features—a much lower share than in other regions of the country. At the metropolitan area level, less than a quarter of suburban and rural homes have three or more accessibility features. The share in core cities is even lower.

	Share of Units with Accessibility Feature (Percent)				
	No-Step Entry	Single-Floor Living	Extra-Wide Hallways and Doors	Accessible Electrical Controls	Lever-Style Handles on Doors and Faucets
Region					
Northeast	31.2	56.8	7.3	37	6.5
Midwest	32.4	72.5	8.2	49.2	8.6
South	48.5	84	7.8	41.8	6.9
West	49.5	80.9	8.3	48.7	12
Metro Area Status					
Central City	39	74	6.6	40.5	7.1
Suburb	46.2	72	8.1	45.8	9.7
Non-Metro	37.4	86.3	9.1	45	7.1
Total	42.1	76	7.9	44.1	8.3

Note: Single-floor living units have both a bedroom and bath on the entry level.

Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey.

younger adults to live in homes with at least one accessibility feature. Even so, disability rates increase much faster with age than the shares of people living in accessible units. As a result, people aged 80 and over are twice as likely to have a disability as they are to live in homes with at least three accessibility features (**Figure 18**).

Perhaps even more pressing, the homes of those reporting disabilities do not necessarily include more accessibility features. For example, among households that are headed by someone at least 50 years old and include a person with serious difficulty walking or climbing stairs, only 46 percent have homes with no-step entryways.

MOVING TO ACCESSIBLE HOUSING

Older households that move are more apt to choose homes with several universal design features (**Figure 19**). Indeed, the share relocating to more accessible housing rises from roughly a quarter of movers in their 50s to more than a third of movers in their 70s, and then to more than half of movers in their 80s. Meanwhile, older households with disabilities living in housing with all five universal design features are more likely to have moved into those units within the previous five years. With these transitions, the share of movers living in accessible housing far exceeds that of non-movers—particularly in the oldest age groups.

Households that move to more accessible units are able to secure amenities that are difficult to add through home modifications. For instance, more than 90 percent of movers in their 80s relocate

to homes with single-floor living. Movers in this age group are also much more likely to live in units with no-step entries than non-movers (63 percent vs. 49 percent), and in homes with extra-wide doors and hallways (35 percent vs. 13 percent). Many of these moves are into rentals in larger multifamily buildings, which are most likely to have all five of these accessibility amenities.

HOME MODIFICATIONS

Most older households—and particularly owners—prefer to remain in their own homes (Keenan 2010a). Given the characteristics of the existing housing stock, however, many of these older adults will have to make modifications to their homes to accommodate the physical limitations that arise with age.

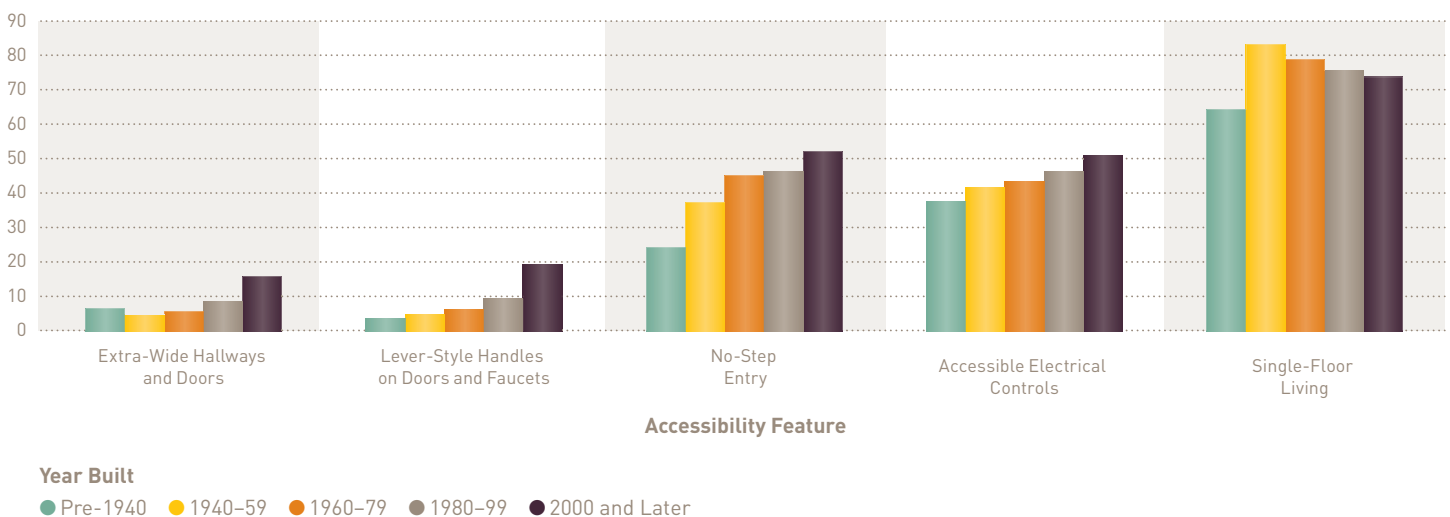
While some accessibility improvements can be made relatively easily, others can be complex and costly. A 2010 MetLife Mature Market Institute report estimates that home modifications range in price from well under \$1,000 for installation of grab bars and grips in bathrooms, hand rails on both sides of steps, and lever-style handles on doors and faucets, to \$800–1,200 for each door widened, \$1,600–3,200 for wheelchair ramps, and \$3,000–12,000 for stair lifts. Major remodeling projects such as bathroom or kitchen renovations, additions to create first-floor bedrooms or bathrooms, and elevators to enter the house or to access upper floors can cost even more.

About 10.3 million households aged 50 and over report having someone at home with serious difficulty walking or climb-

FIGURE 17

Newly Built Units Are Most Likely to Have Accessibility Features

Share of Units with Accessibility Feature (Percent)



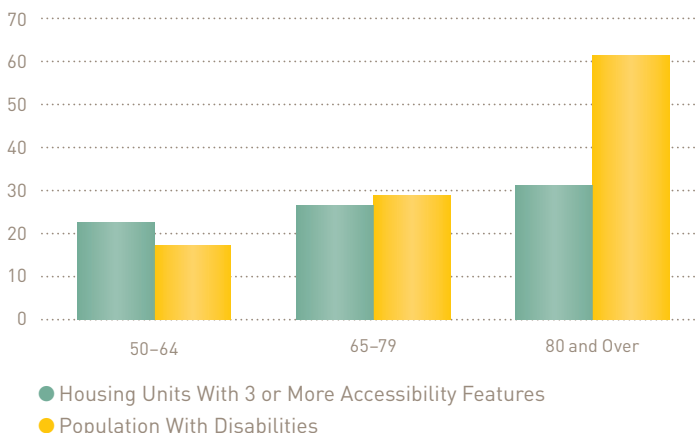
Notes: Single-floor living units have both a bedroom and bath on the entry level.

Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey.

FIGURE 18

By Age 80, Adults Are Far More Likely to Have Disabilities than to Live in Accessible Homes

Shares of Housing Units and Population with Disabilities by Age Group (Percent)



Notes: Accessibility features specifically include no-step entry, single-floor living, extra-wide hallways and doors, accessible electrical controls and switches, and lever-style handles on doors and faucets. Disabilities include hearing, vision, cognitive, mobility, self-care, and independent living difficulties. Data include only occupied housing units.

Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey, and US Census Bureau, 2012 American Community Survey.

ing stairs. At the same time, 5.5 million of these households also report having to climb stairs to enter or exit their homes. Assuming the average outlay for a ramp falls at the midpoint of the range described above (\$2,400), the cost of improving the accessibility of these 5.5 million homes would total \$13.2 billion—an amount that not only speaks to the extent of need, but also to the potential market opportunity that accessibility modifications hold for the remodeling industry.

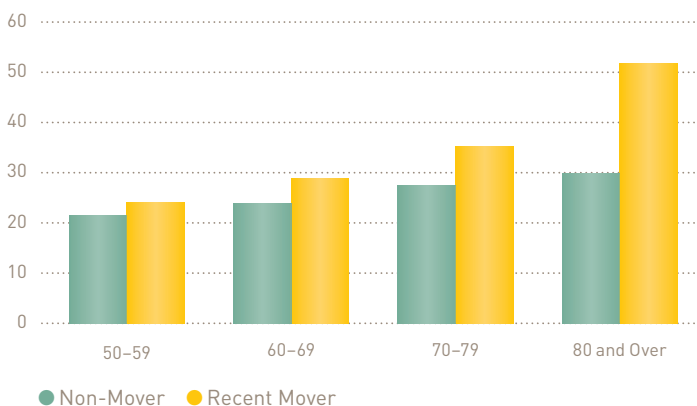
New technology is also enabling older adults to remain safely in their homes. Sensors are available to provide alerts in the case of falls, tools and robotics provide support for those with difficulty performing ADLs, and automated systems monitor activities in the home. Medical consultations via video-conferencing also help to support those living independently. For instance, the Health Buddy program at the Michael F. Blakely VA Medical Center in Houston uses technology to manage patients' care in their homes, helping to reduce hospitalizations.

But much of this technology is still in the development stage, and it can be prohibitively expensive. In addition, not all older adults have the computer skills or high-speed internet connections that some of these tools depend upon (Baker and Seegert 2013). Moreover, technology involving virtual socialization is unlikely to replace the need for, and value of, in-person contact and may

FIGURE 19

Older Adults Who Move Are More Likely to Live in Accessible Units

Share of Households in Units With 3 or More Accessibility Features, by Age Group (Percent)



Notes: Recent moves are within the previous 24 months. Accessible units have three or more of the following features: no-step entry, single-floor living, extra-wide hallways and doors, accessible electrical controls and switches, and lever-style handles on doors and faucets. Data include only occupied housing units.

Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey.

The High Cost of Falls

Falls are the number one cause of injury and injury-related deaths among adults aged 65 and over. The Centers for Disease Control and Prevention (2013) estimated that the real cost of falls to the US healthcare system in 2010 was \$30 billion. In that year, 2.3 million older adults were treated for nonfatal fall injuries in emergency departments, with roughly 29 percent resulting in hospitalization. Injuries from falls often reduce mobility and independence, and the decrease in physical activity post-injury raises the likelihood of other falls. This undermines confidence and physical activity, creating a vicious cycle.

But several simple, low-cost measures can go a long way toward preventing these accidents: removing tripping hazards such as slippery area rugs, installing grab bars in bathrooms and railings on both sides of stairs, and improving the lighting around the home and on outdoor walkways. The CDC also recommends a number of health and wellness practices to prevent falls, including having regular eye exams, evaluating medications for side-effects, and promoting exercise for balance.

require sharing private medical information, which potential beneficiaries might find objectionable.

ACCESSIBILITY IN AFFORDABLE HOUSING

HUD-assisted rental units are much more likely to have accessibility features than unassisted low-cost rentals. For example, larger shares of assisted rentals have no-step entries (48 percent vs. 37 percent), extra-wide doors and hallways (12 percent vs. 6 percent), and lever-style door handles (10 percent vs. 5 percent). Nevertheless, only 26 percent of all assisted rental units have three or more accessibility features. In addition, compared with those without assistance, the population aged 65 and over that receives HUD rental assistance is more likely to have chronic health conditions that require accessibility features and services (HHS 2014).

The availability of affordable and accessible rental units in the private market is also very limited. Only 551,000 unassisted units rent for \$400 or less and also have at least three universal design features. The greater accessibility of assisted units largely reflects requirements for federally funded construction, which mandate that a minimum share of units be accessible to households with mobility impairments and another share to those with visual or hearing impairments. In addition, buildings with four or more units built after March 1991, regardless of federal subsidy, must meet certain accessibility requirements outlined by the Fair Housing Act and related HUD regulations.

POLICIES TO PROMOTE ACCESSIBILITY IN THE HOME

Government at all levels, as well as nonprofit organizations, are pursuing a number of strategies to encourage the production of a more accessible housing stock and to help older adults make accessibility modifications to their existing homes.

Visitability Ordinances

Many state and local governments are recognizing the growing need for accessible housing and are either incentivizing or mandating certain universal design features—particularly a no-step entry, a main-floor accessible bathroom, and wide interior doors—that ensure residents and guests alike can navigate the home. The nonprofit Concrete Change began advocating for these “visitability” standards in the late 1980s. In 1992, Atlanta, Georgia, passed the first ordinance requiring certain visitability features in single-family homes built with public subsidies. Since then, many communities have adopted their own ordinances applying to housing built with public funds, while other jurisdictions and the State of Vermont have mandated visitability in all new residences regardless of funding. Arizona’s Pima County has had particular success: since 2002, its ordinance requiring a no-step entry, extra-wide interior doors and halls, reinforced walls for the possible installation of grab bars in bathrooms, and outlet and light switches reachable by someone in a wheelchair has added 15,000 visitable single-family homes to its housing stock.

Vancouver, British Columbia has gone a step further, promoting a number of universal design features through its building bylaw. The bylaw requires all new housing (whether single-family or multifamily units) to feature a number of universal design elements or to facilitate their future installation. Required elements include a barrier-free or adaptable shower; wide stairs, halls, and doors; reachable switches and outlets; a fully accessible bathroom on the ground floor; installation of kitchen sink drainpipes at a lower height; and lever-style handles. Vancouver is also working on making the public realm more accessible, through additional curb cuts on sidewalks, audible crosswalk signals, and improved accessibility of public transit. Vancouver’s approach is consistent with British Columbia’s overall strategy of building housing in such a way that it can be easily modified as residents’ needs change.

Tax Incentives

To encourage universal design in new construction and to defray the costs of adding accessibility features to existing homes, some states and localities are making tax credits available to builders and homeowners. For example, Ohio’s Livable Homes Tax Credit offers personal income tax credits of up to \$5,000 to builders constructing accessible homes, as well as to homeowners either building new or adding accessibility features to existing homes. Canada’s Healthy Homes Renovation Tax Credit, worth up to \$1,500 per year, helps to cover certain remodeling expenses for older homeowners, renters, and those who share homes with older relatives. At the state level, Georgia, Virginia, and Pennsylvania offer tax credits for installing accessibility features (MetLife 2010).

Grants and Low-Interest Loans

In some states, low-interest loans or grants are available to fund remodeling projects that improve accessibility in order to support aging at home. For example, the Massachusetts Home Modification Loan Program provides up to \$30,000 for adding accessibility features to the permanent residences of older adults and households that have members with disabilities. States may also employ Medicaid Home and Community Based Waivers, while the VA and nonprofit organizations may provide assistance to older veterans.

Volunteer Assistance

Nonprofits may also provide volunteers to make accessibility improvements in the homes of older adults. Affiliates of the nonprofit Rebuilding Together provided modifications to 4,200 homes in 2013.

Finally, many states and communities promote consumer and builder awareness of universal design options, but stop short of mandating visitability or broader accessibility standards. Indeed, education of both the design and construction industries and older adults themselves is key to the expansion of an accessible housing stock.



5

Social Connection and Community Support

Communities across the country face the challenge of helping their growing older populations live independently but without becoming isolated. With most older adults living in single-family homes in outlying areas, this support involves providing a broad mix of transportation and health care options, access to shopping and community amenities such as safe pedestrian pathways, and local supportive services. These same features can also help older adults engage with and contribute to their communities, bringing personal fulfillment, enhanced health, and benefit to others.

THE IMPORTANCE OF COMMUNITY CONNECTION

The ability to connect with people and places is critical to the overall well-being of older adults. Access to social networks and to religious or other institutions helps to lower the risk of isolation, while access to amenities, health care, supportive services, and retail stores enhances their ability to remain independent.

Communities benefit as well from the engagement of their older populations. As neighbors, they add vibrancy to their neighborhoods; indeed, the Demand Institute reports that households aged 65 and over interact with neighbors more than any other age group. As volunteers, older adults serve as mentors, coaches, and companions to their peers, sharing their professional knowledge and skills. At the same time, volunteering provides older adults a sense of purpose and accomplishment, increases life satisfaction, and is associated with better physical and cognitive health (Grimm et al. 2007).

However, older adults' independence and engagement depend upon the communities where they live—including the supportive programs and services they offer their older populations; their retail, health, and recreational amenities; and their transportation networks.

GEOGRAPHIC CONCENTRATIONS OF OLDER ADULTS

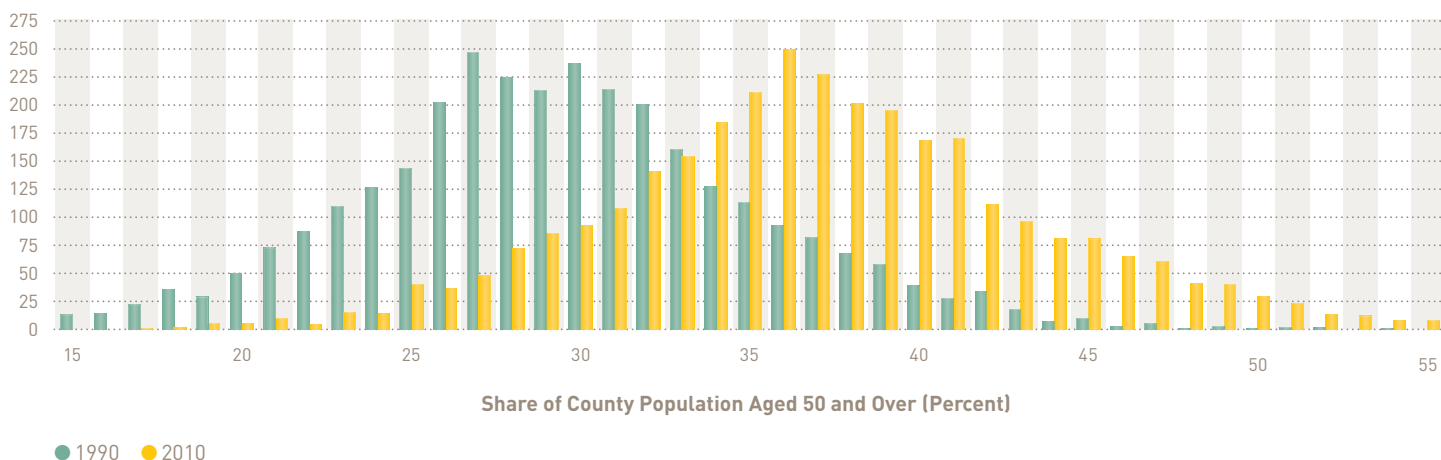
The 50-and-over population is growing rapidly both across the United States and within specific communities. In 1990, there were just 156 counties (5 percent of US counties) where older adults made up 40 percent or more of the population. By 2010, however, that number had multiplied to 1,031 (33 percent of total counties), reflecting the localized effects of the overall population shift toward older ages (**Figure 20**). At the same time, the number of counties where the 50-and-over age group represents half or more of the population jumped from 8 to 113.

Nearly half of households aged 50 and over make their homes in the suburbs and exurbs of metropolitan areas. The remaining half are evenly divided between core cities and rural communities. Across regions, older adults in the Northeast are more concentrated in suburban areas, in the Midwest and South in non-metropolitan areas, and in the West in central cities (**Figure 21**).

FIGURE 20

In a Growing Number of Communities, More than 40 Percent of Residents Are Already Aged 50 and Over

Number of Counties



Note: For display purposes, data are truncated to exclude a small number of counties with 50-and-over population shares below 15 percent and above 55 percent.
Source: US Census Bureau, Decennial Censuses.

Meanwhile, older adult households with low incomes are more likely to live in central cities or in non-metro areas, while those with high incomes are more concentrated in suburbs. Still, older low-income households are found in all types of communities: 40 percent of older households earning less than \$15,000 per year live in suburbs, 32 percent in central cities, and 28 percent in non-metro communities. As a result, meeting the housing-related needs of older low-income populations is a widespread challenge.

CHALLENGES OF CAR-CENTRIC LIVING

The car-centric nature of many suburbs and rural areas makes it difficult for those who do not or cannot drive to remain active outside the home. Indeed, driving is the most common mode of travel to retail shops and other services in suburbs, exurbs, and rural areas. A recent Demand Institute survey indicates that only 16 percent of respondents aged 65 and over lived within walking distance of grocery stores and 7 percent within walking distance of other types of shops. Other services and amenities are likely to be at even greater distances.

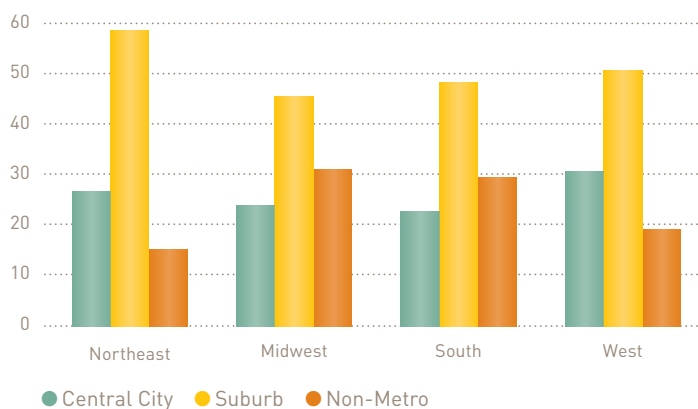
Most older adults do drive. In a 2009 AARP telephone survey of 1,000 adults aged 50 and over, some 93 percent of men and 87 percent of women stated that they drove cars or other motor vehicles, and more than half of drivers drove daily. Yet 61 percent limited their driving to certain hours of the day, and around 21 percent stated that they frequently or occasionally miss out on activities they like to do because of driving limitations.

Moreover, car ownership becomes less likely with age. About 24 percent of households aged 80 and over in 2009 were carless, compared with just 9 percent of households aged 65–79. According to

FIGURE 21

Most Older Adults Live in Suburban Communities

Distribution of Households Aged 50 and Over (Percent)



Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey.

the AARP survey, aside from driving themselves, the next-most common form of transportation for older adults—particularly female and lower-income respondents—was riding with friends or family members (Keenan 2010b).

Car ownership can also be costly. Transportation for America estimated that average car ownership and driving costs in 2011 equaled roughly half of the incomes of households aged 62 and

over earning \$15,700 per year, and 78 percent of the incomes of those earning \$10,500 or at the poverty line (DeGood 2011).

AVAILABILITY OF OTHER TRAVEL OPTIONS

About 52 percent of older adult households report having public transportation services in their areas. Minority households aged 50 and over are much more likely to live near transit than same-age white households, largely because they are more likely to live in core cities where public transportation is concentrated. About three-quarters (73 percent) of older renters also have transit services available.

Yet living near transit does not mean that older adults are well served. The 2009 AARP survey results indicate that of the 42 percent of respondents that had public transportation within a 10-minute walk, the vast majority said they had not used the service in the previous two months. If older adults consider trains or buses (or the routes to access them) unsafe, inconvenient, expensive, or inaccessible, they are less likely to take advantage of the services.

Paratransit services offer accessible rides to people with disabilities, but only serve a limited share of those in need. Public paratransit, mandated under the Americans with Disabilities Act (ADA), is only required to serve passengers living within three-quarters of a mile of a transit agency's fixed route and limits use to those unable to navigate transit or the route to a transit stop. While fares are subsidized for riders, the cost of a one-way trip for providers averaged \$35 in 2011 (Rosenbloom 2013).

Residents of rural communities face particularly great challenges connecting with transit. According to the 2009 American Housing Survey, just one in five older households in rural areas had public transit available. Combining car ownership and access to transit, those aged 80 and over residing in non-metro areas were likely to have access to neither (**Figure 22**). Services may not even exist, or if they do, they may operate with less frequency than urban transit, with some running on demand only. And specialized services, such as paratransit, are only available where there are regular transit services. Moreover, the low-density development and lack of pedestrian infrastructure in rural areas often make walking difficult.

Walking is only an option for older adults who are physically able, have nearby destinations, and have safe pedestrian pathways. But even if retail and services are within walking distance, the quality of the pedestrian experience can influence whether individuals will make the trip. Sidewalks in good repair, clear pedestrian crossings, good lighting, buffers between moving cars and sidewalks, and benches positioned along the way improve the ability of older adults to walk to destinations and stay physically active. Infrastructure conditions also affect safety. The Department of Transportation (2014) reports that adult pedestrian fatalities increase with age beginning at age 45, with the rate for adults 65 and over higher than for all other age groups and disproportionate to the size of the 65-and-over population.

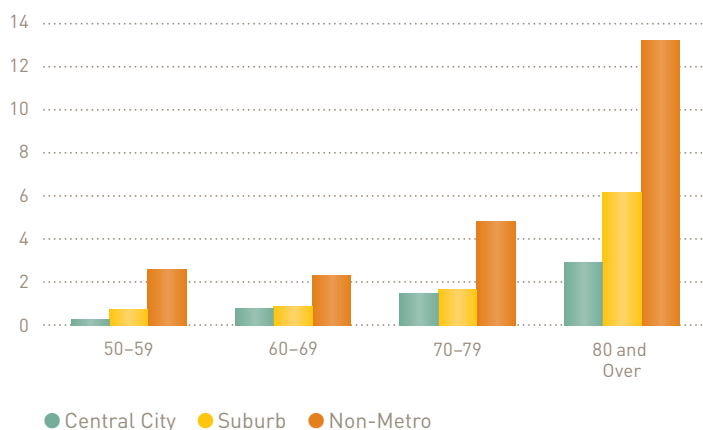
Older adults' own interests in transit and walkable communities vary. The Demand Institute survey indicates that households aged 65 and over are the least likely of all age groups surveyed to want amenities and services within walking distance. Meanwhile, a 2014 AARP report found that the most desired amenities 50-and-over adults want within one-quarter mile of home are bus stops, groceries, pharmacies, and parks (Harrell et al. 2014b). For their part, non-drivers, persons with disabilities, and lower-income individuals are more likely to prefer proximity to services, transportation, and other amenities.

That report notes, however, that as driving status, physical ability, and income changes, these preferences are likely to shift—and sometimes quickly. As a result, older adults may suddenly find themselves in communities that no longer fit their evolving needs. Even in densely populated areas with a range of nearby amenities, the lack of safe, suitable pedestrian and transportation options can prevent full engagement with the community.

FIGURE 22

Without Cars or Nearby Transit, Increasing Shares of Older Adults in Outlying Areas Are at Risk of Isolation

Share of Households With No Car or Access to Transit by Age Group (Percent)



Note: Transit access is defined as having public transportation available in the area.
Source: JCHS tabulations of US Department of Housing and Urban Development, 2009 American Housing Survey

SERVICES TO SUPPORT AGING IN COMMUNITY

In addition to infrastructure that enables older adults to remain connected with their communities, the availability of supportive services is critical. Senior centers are one such resource. According to the National Council on Aging, 1.0 million adults visit one of the approximately 11,400 senior centers in the United States every day to take advantage of health and wellness programs, recreational opportunities, counseling on public benefits, or referrals to other service providers. Given

that half of the visitors live alone, these centers provide vital social interaction that can enhance physical and emotional well-being.

Senior centers are among the community service providers supported by the Older Americans Act. The OAA provides funding through the Department of Health and Human Services to state and area agencies on aging, with each state's share based on its population aged 60 and over. According to AARP, OAA funding reaches about 11 million older adults, including 3 million who regularly receive services such as in-home care, adult day care, meals, transportation, and support for family care providers (Fox-Graje and Ujvari 2014).

The menu of services offered by the Denver Regional Council of Governments' (DRCOG) Area Agency on Aging illustrates the range of activities of area agencies. In addition to connecting older adults and those with disabilities to resources and services, DRCOG offers counseling and case management services, partners with local hospitals and community services providers on a Community-Based Care Transitions Program, and provides a long-term care ombudsman to monitor nursing and assisted living facilities and assist residents of those homes. In addition, its Boomer Bond initiative, developed with the support of AARP-Colorado and other stakeholders, is helping local governments throughout the region create age-friendly physical and social environments. The Boomer Bond Assessment tool aids communities in evaluating existing resources, programs, and infrastructure; a companion toolkit of best practices is currently being developed and will be available by the end of 2014.

The availability of community services can make the difference between aging in place or moving to an institution. Analysis by Mathematica Policy Research indicates that while the population served by OAA funding is at high risk of nursing home admission, more than 85 percent of recipients of case management, meal delivery, transportation, or homemaker services were able to remain in their homes (Altshuler and Schimmel 2010). This diversion from institutional care fulfills the desire of most older adults to live independently, improves health outcomes, and saves tens of thousands of Medicaid dollars per person (Viveiros and Brennan 2014).

Despite their success, the already limited funding for these programs is in jeopardy. Under sequestration, OAA programs had to cut more than 5 percent of their budgets in 2013, forcing agencies across the country to curtail services and reduce staffing. A National Association of Area Agencies on Aging (n4a) survey conducted later in 2013 found that the vast majority of respondents reported reduced capacity to meet local demand, cuts to programs (most often to nutrition and meal services, transportation, and caregiver support), and a high level of concern about the ability of their clients to remain in their communities. While about three-fifths of responding agencies found some additional funding from other sources, only one-fifth of those able to obtain supplementary funding were able to make up for these federal

cuts, and a large majority expected these short-term funds to be unavailable again in the future.

Even without spending cuts, community services for older adults in rural areas are severely limited. Health facilities, community centers, and other services can be as far as 100 miles away. The relocation of services only exacerbates the problem, with many senior centers, banks, supermarkets, and health clinics moving to larger communities (Kerschner 2006). As the population in rural areas declines, service availability also decreases. Indeed, an n4a survey of local governments in 2011 found that areas with smaller populations were likely to have few, if any, services for older adults.

POLICIES AND PROGRAMS TO ENHANCE CONNECTIVITY

State and local governments, along with regional organizations, are taking a variety of steps to improve the livability of their communities, as well as the availability of services and opportunities for connection for their older adult populations.

Promoting Livability and Age-Friendly Initiatives

"Lifelong communities" are meant to appeal to, and work for, all people regardless of age. Such initiatives may focus on transportation and housing choice, walkability, safety, engagement of residents, and access to recreational, educational, and other opportunities and services that enhance quality of life. Many of the goals of lifelong or age-friendly communities are consistent with those of the livability policies pursued by a host of organizations, including the World Health Organization's Global Network of Age-Friendly Cities and Communities and AARP (the US affiliate of the Global Network), among others. The Partnership for Sustainable Communities—a joint program of the US Department of Transportation, Environmental Protection Agency, and Department of Housing and Urban Development—also supports livability efforts at the local and regional levels with grants and other assistance.

The Atlanta Regional Commission's Lifelong Communities (LLC) program is a good example of an age-friendly initiative. LLC works to promote a range of housing types for people of all ages; amenities that support health; transportation options for those who do not drive; pedestrian-friendly infrastructure; and local access to services and shopping. The program also provides information on best practices and resource toolkits to help local communities support aging in place, and has developed templates for local governments to set standards in line with these goals. The Atlanta Regional Commission is also working with the Metropolitan Atlanta Rapid Transit Authority (MARTA) to manage and fund projects that improve transportation for older adults, low-income individuals, and people with disabilities.

Other cities have also made progress in creating an age-friendly urban environment. Two cities that have won awards from the Environmental Protection Agency for planning that focuses on

active aging and smart growth are Charlotte, North Carolina and Philadelphia, Pennsylvania.

The City of Charlotte and Mecklenburg County in North Carolina adopted a comprehensive set of recommendations to make the built environment more supportive of older adults. In keeping with this effort, Charlotte revamped its street design guidelines to increase the size and readability of signage, add crossing medians, and provide longer crossing lanes (Benfield 2011).

In Pennsylvania, the Philadelphia Corporation for Aging is collaborating with a broad group of private, nonprofit, and government agencies to create a blueprint for an age-friendly city. Among their projects are a list of parks suitable for older adults, promotion of accessory dwelling units (ADUs)—smaller, more affordable apartments attached to single-family homes—in the city's new zoning code, redesign of bus shelters, and improved access to fresh foods from community gardens and urban farms (Benfield 2011).

Arlington, Virginia, has developed a number of walkable, mixed-use neighborhoods near subway stations, which also function as hubs for local bus transfers. A 2006 study by the Northern Virginia Transportation Commission found that the presence of more transportation options in these neighborhoods enabled residents aged 65 and over to be more mobile than their suburban counterparts in Northern Virginia. In fact, their transit trips outnumbered those of older suburban residents by four to one.

Encouraging Broader Housing Choice

Communities can adapt zoning regulations to encourage production of alternative types of housing that provide more choices and meet the specific needs and preferences of older adults. Foster City, California, offers a senior housing overlay district to facilitate construction of affordable rentals for older adults in high-density locations. Meanwhile, Howard County, Maryland, has designated a district that permits construction of age-restricted housing and institutional and cultural facilities serving the older population.

Zoning changes can also be used to encourage mixed-use developments, where retail and services are close to or integrated with housing, reducing the need for residents to drive. Adding housing near transit or in existing retail districts such as suburban downtowns can also capitalize on these resources. And states like Colorado, Massachusetts, Mississippi, Missouri, Oregon, Texas, and Utah provide incentives in their LIHTC allocation plans for developers to increase the supply of affordable housing near transit (Magliozzi 2011).

Allowing construction of accessory dwelling units provides several potential benefits to older homeowners, including an income stream or a place to house caregivers. Another promising approach is to add smaller, denser, and more affordable units as infill in areas where single-family homes predominate, potentially enabling more older adults to remain in their communities.

Finally, cohousing is an increasingly popular option for those seeking communal settings and some support outside of institutional living, but may require zoning changes or special approvals. Cohousing communities enable older adults to live independently but still enjoy the benefits of companionship, community interaction, and peer support. Cohousing residents usually form and manage their own communities, and often provide care to one another by sharing tasks such as shopping, meal preparation, and housework. The communities themselves offer common areas, universal design features, and may include housing for on-site caregivers for residents requiring more intensive support.

Improving Transportation Options

Communities and service providers in urban, suburban, and rural areas face different challenges in adapting their transportation systems to the needs of residents. Among a wide range of livability initiatives, Age-Friendly NYC—a partnership of New York City's Mayor's Office, City Council, and New York Academy of Medicine—has developed one of the country's most innovative and successful urban programs. The city has partnered with a car company to develop an accessible taxi and launched a dispatch program that matches the taxis to customers; provides school buses to senior centers and buildings that house large concentrations of older adults for trips to supermarkets, farmers' markets, and cultural and recreational activities; and operates a pilot program offering heavily subsidized taxi fare cards for older adults and people with disabilities living in areas with limited public transit. In addition, New York City has enhanced public transportation access and overall walkability by installing new bus shelters and benches, improving elevator and escalator service at subway stations, installing countdown clocks at crosswalks with longer cross times, and expanding sidewalks in intersections identified as particularly hazardous for older residents.

Smaller cities are also augmenting their public transit systems with programs specifically for older adults and those with disabilities. The Ride paratransit program in Greater Boston, for example, offers door-to-door service across nearly 700 miles and 60 communities. The Independent Transportation Network (ITN) in Portland, Maine, is a private nonprofit that provides rides to older adults through a combination of paid and volunteer drivers (Holbrook 2012). As members of ITN, community residents aged 65 and over or with visual impairments can access rides around the clock. ITN's national service, ITN America, provides community-based transportation to older adults in 25 locations across the country.

In more remote areas, transit providers have improved the cost-efficiency of their services by maximizing resources and coordinating efforts. For instance, Southern Nevada Transit Coalition's nonprofit Silver Rider program offers transportation to both older adults and other residents in rural Nevada. Services include fixed-route buses, paratransit, and on-demand rides, with a particular focus on providing access to services in surrounding communities and bordering states. Shared-ride programs for trips to medical appointments and shops often originate at group housing

complexes, helping to keep fares low. The coalition also uses its vehicles to deliver Meals on Wheels (Dauenhauer 2013).

Improving the Pedestrian Experience

To improve public safety for pedestrians, communities can employ universal design to enhance accessibility on sidewalks and in street crossings. Features may include curb ramps and pathways usable by strollers or wheelchairs, buffers between cars and sidewalks, resting spots and “refuge medians” in the middle of wide street crossings, and improved lighting and signage. Complete Streets initiatives seek to ensure that walking and bicycling are fully integrated into the transportation network and promote many of the same safety features. According to Smart Growth America, as of the end of 2013, over 600 regional and local jurisdictions and 27 states had adopted Complete Streets policies or made written commitments to do so.

Delivering Services Where People Live

Naturally occurring retirement communities, or NORCs, are neighborhoods or apartments where the majority of adults are aged 50 and older, thus providing opportunities for social interaction among peers and efficient delivery of services that support independent living. NORCs may also be intentionally age-restricted communities. The Housing for Older Persons Act amends fair housing law to allow some developments to require that either at least one person per unit must be aged 55 and over or all occupants of the property must be aged 62 and over. According to the American Housing Survey, these communities provided housing for about 2.2 million households with heads aged 55 and over in 2001 and about 3.0 million in 2011. Residents are evenly split between renters (1.6 million) and owner-occupants (1.4 million). A substantial share of

older homeowners in age-restricted communities (25 percent) lives in mobile homes. In all, about one in five older renters and just one in 22 older homeowners live in age-restricted housing.

Given their concentrations of older residents, NORCs are logical locations for programs that provide or coordinate in-home services. For example, a large multifamily building occupied primarily by older adults might set up a variety of services—including education, recreation, transportation, health care, and housekeeping—for older populations of varying income levels. Funding may come from a combination of public and private sources. While some staff are paid, NORCs depend largely on volunteers, including older adults themselves (Greenfield et al. 2012b).

One early example is Penn South, a co-operative housing development in New York City. While not built as an age-restricted community, most residents were in their 60s by the mid-1980s and wanted to age in place. The NORC Supportive Services Program was launched in 1986 to enable tenants to remain safely in their homes, and today works with a number of public and nonprofit partners to provide a range of social, health, and other services.

A related concept is the village, a service delivery model established in Boston’s Beacon Hill neighborhood in 2001. Villages are typically self-governing organizations, funded primarily by membership fees, that coordinate or provide a variety of services for older residents. Villages tend to serve higher-income households. While they may receive donations, government grants are minimal. As of 2012, there were about 85 village initiatives in the United States, with many more in development (Greenfield et al. 2012a).

6

Linking Housing and Long-Term Supports and Services

Older adults with disabilities living in the community often need long-term services and supports delivered to their homes. But for older renters in particular, even the least expensive care options may quickly deplete assets. Meanwhile, the limited supply of affordable, accessible, and service-enriched housing leaves many older adults with low incomes at risk of premature institutionalization. While the federal government is making efforts to better coordinate housing and services for this vulnerable population, and local governments and nonprofits are developing some innovative approaches to housing and health care integration, the need is currently greater than can be met and expected to grow.

COMMUNITY-BASED CARE FOR OLDER ADULTS WITH DISABILITIES

Most older adults with disabilities live in the community. In fact, more than 90 percent of individuals aged 65 and over who have disabilities live in private homes. While most of these adults live with a spouse, partner, or other family member, the share living alone increases with age, rising from 22 percent of those aged 50–64 to 35 percent of those aged 80 and over (**Figure 23**).

Meanwhile, only 9 percent of people aged 50 and over with disabilities live in group quarters such as nursing homes or other congregate settings. Even as the older population has grown in recent years, the number of adults living in group quarters has shrunk, with the share of the 65-and-over population in nursing homes falling by 20 percent between 2000 and 2010. Some of this decline reflects wider availability of other care options such as supportive housing and assisted living, where older adults receive services but maintain private units, as well as an increasing emphasis on long-term care in private homes. Indeed, the 2013 National Study of Long-Term Care Providers reported that home health agencies served approximately 4.7 million of the 8.4 million recipients of long-term services and supports (Harris-Kojetin et al. 2013).

The costs of providing long-term care in the home are generally much less than in institutions. The Senate, in its deliberations on the Patient Protection and Affordable Care Act, noted that the costs to Medicaid of supporting three older adults with home and community-based services are roughly the same as those for nursing home care for one individual.

Nevertheless, residential care facilities such as nursing homes and assisted living are still important providers of long-term care. Indeed, the share of the older population living in group quarters rises sharply at age 85. The CDC reports that 1.4 million people (not necessarily all over the age of 50) were residents of nursing homes at any given time in 2012, and that these institutions serve more than 3 million people annually. Many nursing home stays follow a hospitalization and are brief, with a typical duration for older adults of just 15 days. At the same time, nursing homes continue to provide end-of-life care, with a typical stay of five months (Kelly et al. 2010).

Given the growing older population, more and more adults will need long-term services and supports. The CDC projects that the number of people receiving this care in the home, and in nursing, assisted living, and similar facilities will increase from 15 million in 2000 to 27 million in 2050 (Harris-Kojetin et al. 2013).

Those in need of long-term care are a particularly vulnerable group. They are at risk of financial fraud as well as physical and emotional abuse from caregivers. Those with dementia may be at even higher risk of ill treatment. Attention to this issue will become increasingly necessary as the aging population grows and more businesses and organizations become involved in assisting frail adults.

PAYING FOR LONG-TERM CARE

In-home care costs can be substantial. Licensed homemaker services (help with cooking and errands), licensed home health aides (assistance with personal care), and adult day care services are the least expensive forms of paid care and their costs have remained essentially flat for the past five years. Even so, the 2014 Genworth Cost of Care Survey reports that the median monthly cost for 30 hours of weekly service is about \$2,500 for homemaker services and \$2,600 for care by a home health aide. Meanwhile, the median daily rate for adult day services is \$65, bringing typical monthly expenses (for weekday use) to \$1,400. These costs come on top of monthly outlays for housing (rent or mortgage, insurance, taxes, and utilities), which averaged \$865 in 2012 for all

households aged 65 and over. By comparison, assisted living typically costs \$3,500 per month, while nursing homes run from about \$6,500 for a semi-private room to \$7,300 for a private room, with costs varying widely by state.

Older adults have only a limited number of options to cover long-term care expenses: out of pocket, through private insurance, or through Medicaid. According to the 2004 National Long Term Care Survey, more than half (53 percent) of older households with chronic disabilities living in the community and receiving any paid home care had to cover the cost themselves (HHS 2012). Households that have financial resources typically pay for independent and assisted living out of income from Social Security, pensions and annuities, and income from investments (Coe and Wu 2012).

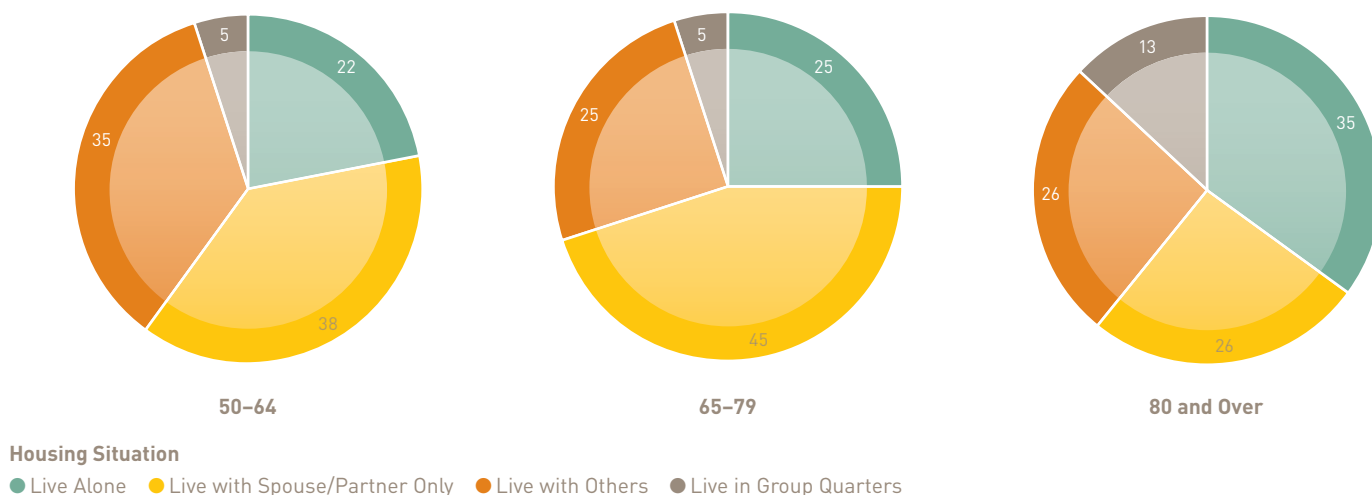
Homeowners can also tap their home equity to cover long-term care expenses, either through a variety of mortgage products or by selling their homes. In theory, the median homeowner aged 65 and over has enough assets—including home equity—to pay for 42 months in nursing care. In practice, however, it is unknown what role home equity plays in financing long-term supports and services or how homeowners divest their assets in older age.

Nevertheless, older renters are clearly less prepared than owners to pay for care later in life (**Figure 24**). While the typical older owner would have enough wealth to pay for three-and-a-half years in a nursing home, a stay in that type of residential facility

FIGURE 23

Most Older Adults with Disabilities Live in the Community, Many on Their Own

Share of Population with Disabilities by Age Group (Percent)



Notes: Disabilities include hearing, vision, cognitive, mobility, self-care, and independent living difficulties. Other household members may be anyone other than, or in addition to, a spouse or partner. Group quarters include institutional and non-institutional settings.

Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

would exhaust the wealth of the typical renter aged 65 and over in a matter of weeks. Even the cost of less expensive options, such as having a home health aide or attending adult day care, would deplete the assets of the typical older renter within four months.

Private insurance is used for only a modest share of long-term care costs, covering less than 12 percent of total expenses (O’Shaughnessy 2014). Indeed, the Congressional Budget Office reports that just 11 percent of households aged 65 and over had private long-term care insurance in 2010. Long-term care policies are expensive and the premiums are beyond the reach of many older adults. On average, policyholders aged 65–69 in 2010 paid \$3,800 annually for long-term care insurance while those aged 75 and over paid \$4,100 (AHIP 2012). In addition to its high costs, this insurance does not necessarily cover all care expenses. According to a HHS analysis, private insurance benefits subsidize only 60–75 percent of long-term care costs (O’Shaughnessy 2014).

For those without financial assets or long-term care insurance, Medicaid is the default option. Medicaid plays a critical role in financing the care of low-income households in institutional settings, including two-thirds of nursing home residents aged 65 and over (CBO 2013). To qualify for this support, individuals must spend down or otherwise dispose of their assets. Home equity may be excluded for a time, but Medicaid eligibility criteria include home equity limits and most states will try to recover expenses from beneficiaries’ estates.

Medicaid may also cover long-term care in the home through Home- and Community-Based Services (HCBS) waiver programs. Coverage and eligibility requirements vary by state, and states may limit the number of people who can receive the benefits. Moreover, the share

of Medicaid spending that states use for HCBS ranges widely from 15 percent to 65 percent (Reinhard et al. 2014).

Depending on the state, HCBS waivers also cover some types of home modifications for Medicaid-eligible adults with disabilities living at home. By one estimate, HCBS waiver programs paid for modifications to the homes of 36,400 recipients, with expenditures totaling \$106 million in 2009 (Ng 2014). With the recent increase in the number of state waiver programs, the use of waivers for home modifications has no doubt risen since then.

Medicare is the federal health insurance program for people aged 65 and over, as well as for certain younger persons with disabilities. With few exceptions this program does not pay for long-term care in any location or for home modifications. Medicare does, however, cover limited short-term care for those who are home-bound and need skilled assistance or rehabilitative care after a hospital stay, along with some costs for care in an institution after hospitalization. It may also pay for medically necessary services for residents of assisted living and adult day care. Medicare recipients can purchase Medigap insurance to add coverage for skilled nursing care, with options varying by state.

FAMILY CAREGIVING

With the high cost of long-term care, many older adults with functional or cognitive impairments rely on family or friends for care. Two out of three older adults with disabilities who receive long-term care services at home get their care exclusively from family members—primarily wives and adult daughters. Another quarter receive some combination of family care and paid help, with only 9 percent relying on paid help alone (Doty 2010).

FIGURE 24

The Typical Older Renter Paying for Long-Term Care Would Deplete All Assets Within Just a Few Months

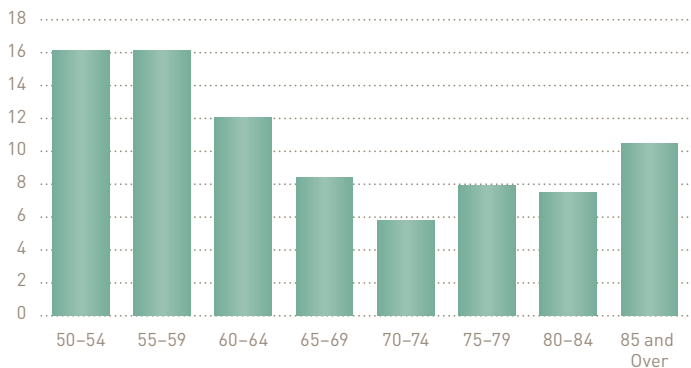
Care Category	Median Monthly Cost (Dollars)	Median Annual Cost (Dollars)	Number of Months Before Median 65-and-Over Households Spend Down Wealth		
			Owners		Renters
			Including Home Equity	Excluding Home Equity	
Adult Day Care	1,408	16,900	194	70	4
Homemaker	2,470	29,640	110	40	2
Home Health Aide	2,568	30,810	106	38	2
Assisted Living	3,500	42,000	78	28	2
Nursing Home	6,448	77,380	42	15	<1

Notes: Excluding housing wealth, the median net wealth of owners aged 65 and over was \$98,700 in 2010, while the median net wealth of same-aged renters was \$5,150. Homemaker and home health aide costs assume 30 hours of care per week. Sources: JCHS tabulations of Federal Reserve Board, 2010 Survey of Consumer Finances; 2014 Genworth Cost of Care Survey.

FIGURE 25

Householders in Their 50s Are More Apt to Be Childless

Share of Householders Who Do Not Have Children by Age Group (Percent)



Source: JCHS tabulations of University of Michigan, 2010 Health and Retirement Study.

Given the growth of the older adult population and the certainty that disabilities increase with age, the question arises whether family caregivers will be available to meet future needs. A significant share of the youngest baby boomers, now aged 50–59, do not have children who might take care of them as they age (**Figure 25**). Partly as a result of demographic shifts, AARP estimates that the ratio of potential family caregivers to those over 80 will fall from 7-to-1 today to 4-to-1 by 2030, and to less than 3-to-1 by 2050 (Redfoot et al. 2013). And as noted earlier, how families care for their aging relatives varies by race and ethnicity. Older Hispanic and Asian adults are more likely to live with family members, while older white and black adults are more likely to live in institutional settings.

Many of today's family caregivers are themselves at least 50 years old and looking after both their children and their parents. Members of this "sandwich generation" may face their own housing, financial, and emotional challenges from serving these dual roles. For example, in addition to bearing the cost of care, they may have to move to be near a parent, travel long distances to coordinate care, or even forego their paid employment.

Housing options that allow family members to live in close proximity can make it easier to care for older loved ones. For example, in-law apartments and accessory dwelling units located on the property support intergenerational living situations. Multifamily rental housing development in low-density suburbs also provides options for older households that sell their homes but want to remain in the community.

INTEGRATING HOUSING AND HEALTH SUPPORTS

Many low- and moderate-income older adults with chronic conditions and disabilities cannot afford care in their homes or in

assisted living facilities. An alternative for these households is affordable, age-restricted housing with services. Under this type of model, residents live independently but care coordinators help manage their health and other needs with the goal of reducing hospitalizations and moves to nursing homes, prolonging independence and achieving significant cost savings to the Medicaid program. Such housing may provide meals; fitness, recreation, education, and cultural opportunities; and laundry, transportation, and other services. Some offer direct health care as well.

Expanding the limited supply of affordable housing with services faces a variety of challenges, however. Building and maintaining such housing requires funding for upfront capital costs, operating subsidies, and on-site services. HUD's Section 202 program formerly provided capital grants to reduce development costs and funding to bridge gaps between the costs of production and the amounts tenants can pay, but Congress recently halted funding of the capital grant program. The new State Housing Project Rental Assistance Demonstration Program did, however, receive \$20 million in fiscal 2014 to test housing plus services models.

Another obstacle is the lack of interagency collaboration. A 2014 report prepared for the Department of Health and Human Services notes that the disconnects among Medicare, Medicaid, acute and chronic health care providers, affordable housing programs, aging programs, and long-term care services may lead to lower-quality care, premature institutionalization, and higher costs to insurance programs (HHS 2014).

The federal government is making some efforts to support the housing with services model. Under the Section 811 Project Rental Assistance Demonstration Program, HHS and HUD have funded 13 state housing agencies to provide rental subsidies to extremely low-income persons with disabilities (with no age requirement), including those seeking to transition out of institutional care (HUD 2014).

Several local government and nonprofit models also attempt to bridge housing and long-term care. Mercy Housing's Mission Creek Senior Community in San Francisco serves very low-income adults aged 62 and over. Jointly funded by the City of San Francisco and California's Medi-Cal program, the community provides skilled nursing services, occupational and physical therapy, a meals program, and coordination of care for residents. Over a third of the 140 units at Mission Creek are set aside for older adults referred by the San Francisco Department of Public Health from skilled nursing facilities, hospitals, and shelters. This approach provides significant cost savings for Medicare and Medicaid, while also minimizing operating costs through housing subsidies from the San Francisco Housing Authority and the San Francisco Department of Public Health.

In the Boston area, Jewish Community Housing for the Elderly (JCHE) provides affordable, independent housing with supportive programming for 1,500 residents of all backgrounds. While most units were funded by low income housing tax credits and the

Continuum of Housing and Care

Long-term services and supports can be provided in a range of living environments. In conventional housing and “lifestyle” housing for active older adults, supports can be brought into the home through homemaker services and home health aides. Independent living communities for older adults may offer a variety of services such as shuttles, recreation, laundry service, and at least some meals (although residents still have their own private kitchens), but typically stop short of providing assistance with either ADLs (such as eating, bathing, dressing, and walking) or IADLs (such as cooking, driving, and managing medications). Assisted living facilities generally offer these same

types of services but also provide help with ADLs and IADLs. Board and care facilities are generally smaller than assisted living and offer room, meals, and help with daily activities, but may not be licensed or monitored in the same way as assisted living. Nursing homes and rehabilitation centers deliver skilled nursing care. Continuing care retirement communities generally combine all or most of these options, with residents moving from independent living to assisted living and to nursing care as their needs change. Finally, hospices provide palliative care in a number of settings. The CDC estimates that hospices served 1.2 million patients in 2011.

Given the range of options and lack of standard definitions, estimating the size of the market for residential care facilities is challenging. The best counts available are for beds or units in larger care facilities since major surveys often exclude board and care homes. In its 2012 survey of facilities with 25 or more beds or units, the National Investment Center for the Seniors Housing and Care Industry (NIC) identified 2.9 million care units in over 22,000 properties—1.5 million in nursing care, 550,000 in assisted living, 130,000 in memory care, and 710,000 in independent living facilities.

Section 202 program and are therefore income-restricted, some units in the community rent at market rates. To make this work, in addition to federal and state funding, JCHE raises significant philanthropic dollars every year to support on-site services.

SUPPORTING AT-RISK ADULTS IN COMMUNITY SETTINGS

Other state and federal programs are attempting to help some current nursing home residents supported by Medicaid return to their homes or to community care settings. If available, Medicaid waivers providing funds for long-term services could support these transitions. However, having been institutionalized for a length of time, many of these older adults have given up their apartments, lost connections to the community, and lack the resources to set up new households (Reinhard 2010).

Medicaid’s Money Follows the Person Rebalancing Demonstration Program seeks to overcome these hurdles by covering some of the costs of establishing new homes, ensuring their safety, providing education in independent living skills, and funding services to assist with ADLs. Coverage varies by state, however, and the scale of the program is modest, serving roughly 35,000 individuals through June 2013, according to Medicaid.

The lack of affordable, accessible housing integrated with long-term care can leave some older adults either homeless or at risk

of homelessness. Boston’s Hearth provides 188 housing units for this population, integrating mental health care, health services, and social services to promote independence and a sense of community. Medicaid’s Group Adult Foster Care Program pays for the cost of services for residents needing help with ADLs.

NEW OPTIONS FOR NURSING CARE

As noted, despite trends toward shorter stays, nursing homes provide a critical component of long-term care. Yet according to the National Investment Center for the Seniors Housing and Care Industry (NIC), the median age of skilled nursing facilities is 36 years. The trend toward home- and community-based care suggests that these may not all be replaced in their current form, but rather that newer models may take their place.

One example of a newer model is the Green House Project, which provides care in small communities specifically designed with a home-like feel. Each of the 10–12 occupants of a property has a private room and bath, with a kitchen and dining room located in common areas. Direct-care providers at the Green House Project work in self-managed teams and are cross-trained to provide a wide range of support and care. As of May 2012, the Green House Project was active in 32 states, with 144 homes in operation and 120 in development. The homes are regulated and reimbursed like other skilled nursing facilities, and cost about the same to operate.

7

Housing for an Aging Society

With their rapidly growing 50-and-over populations, communities across the country must ensure that their older residents have the housing options and supportive services they need to live safely and independently for as long as possible. Meeting this challenge on a national scale also requires enhanced federal supports as well as harnessing the creativity and entrepreneurial energy of businesses, nonprofits, and philanthropies to expand the options for aging in community. For their part, adults and their loved ones must prepare in advance of their evolving housing needs.

IMPACTS OF AN AGING POPULATION

The aging of the US population has broad implications for housing markets, government spending, living standards, and society in general. As the baby boomers age from their 50s and 60s into to their 70s, 80s, and beyond over the coming decades, they will continue to drive housing demand. Indeed, the housing that is built or modified for these aging households will leave an indelible mark on the nation's housing stock.

With local regulatory changes that allow new housing options for older adults and with creative responses from builders, the result could be a growing supply of homes that are more affordable for those with budget constraints, more flexible for multi-generational households, and more accessible for people of all ages. These changes would not only suit many older adults, but also increasingly diverse younger generations that may prefer less traditional housing.

At the same time, growth of the older population will put even more pressure on the federal budget. In fiscal 2013, the Social Security Administration reported that, in combination, Social Security and Medicare already accounted for 41 percent of federal outlays (SSA 2014). And with the number of low-income older adults expected to soar, Medicaid and housing assistance programs will also need additional funding.

Among the many factors that will determine the future of these programs are the cost savings that can be generated from providing publicly funded long-term care in the home rather than in institutions. A critical element in making those cost savings possible—for both the government and for individual households—is sufficient funding for federal rental assistance. Rental assistance is not an entitlement program; and as it is, nearly two-thirds of income-eligible renters aged 62 and over do not receive it (HUD 2013b). Yet to support long-term aging in the community a larger supply of affordable, accessible housing is critical.

The changing demographics of America are also prompting new thinking about the urban environment. Planners and urban designers are envisioning ways to create a public realm that works for the whole life span, including the years when adults

do not drive. Expanded transit options and improved pedestrian infrastructure are key elements of the redesigned city, benefiting not just older adults but people of all ages and abilities.

Meanwhile, the aging of the population represents an enormous business opportunity for developers of innovative housing and services that support aging in community. Since many older adults will likely remain in the homes they currently occupy, retrofitting older housing with accessibility features will be a growth market for the remodeling industry. Demand for new financial products to help fund these home modifications is also likely to increase.

POLICIES TO SUPPORT AGING IN COMMUNITY

Since the first baby boomers turned 50 in the 1990s, growing numbers of US counties have high concentrations of older adults. In 1990, these counties were mostly sprinkled throughout the Midwest and Florida; by 2010, however, they were spread across the Northeast, along the Canadian border, and into the West. **(Figure 26).** Indeed, most areas of the country face the challenge of ensuring that residents are able to age safely and comfortably in community. The pressures on rural areas are particularly acute, given their large older populations and the limited availability of services and housing options (DeGood 2011).

State and local governments thus need to target locations where older adults are concentrated and devise cost-effective ways to

deliver support. These initiatives should include expanding the opportunities for older adults to engage in social and recreational activities; adding amenities and infrastructure to promote pedestrian safety; increasing public health outreach; providing para-transit services and other transportation options; and delivering services such as meals and adult day care.

But the urgency and magnitude of need require that efforts be scaled up dramatically. Changes in policies at the local, state, and federal levels are necessary to increase the nation's supply of appropriate and affordable housing, modify existing housing to support persons with disabilities, expand transportation options, and improve the integration of housing, services, and care. This will require leadership to coordinate initiatives that are housed in multiple public agencies—including housing, planning, public works, transportation, elder affairs, and others—as well as in nonprofits.

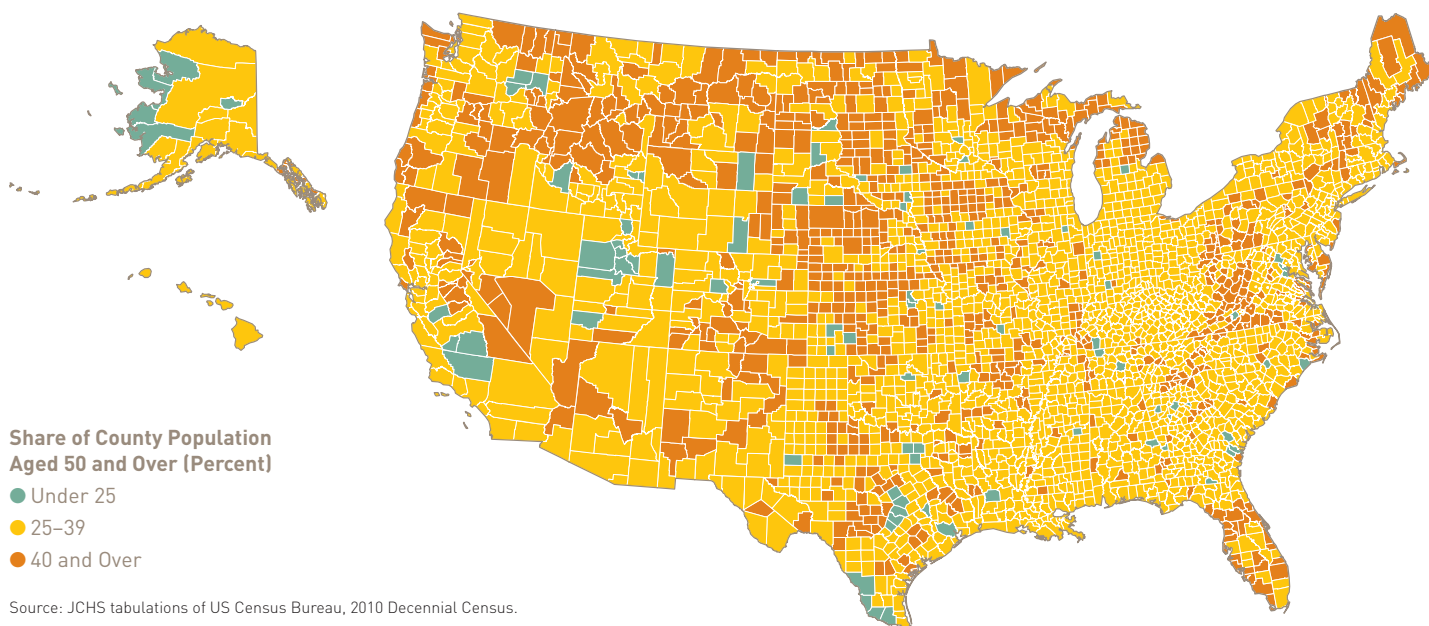
Expand the Array of Housing Options

Government at all levels must help address the shortage of affordable and accessible housing for older adults. But state and local governments have a big role to play. Municipalities in particular can adapt their building codes and zoning regulations to:

- encourage production of more diverse and flexible housing, including mixed-use developments with housing located near services and amenities;

FIGURE 26

Communities Across the Country Have High Concentrations of Older Residents



- allow construction of smaller units, such as accessory dwelling units, for those wishing to downsize, reduce their housing costs, or house a live-in caregiver;
- develop housing suitable for intergenerational living and/or flexible enough to accommodate changing household needs;
- promote construction of more rental housing in suburban locations, providing additional housing options for older adults preferring to remain in their current communities; and
- offer tax breaks and incentives that reduce housing cost burdens and allow older households to modify and maintain their homes to accommodate disabilities.

Promote Alternatives to Automobile Travel

With increasing numbers of older adults living in suburban and rural areas and unable to drive, regional and municipal governments must plan for new transportation alternatives to the private car while also enhancing pedestrian safety through universal design features. Cities that have mass transit systems need to consider how well their services suit the needs of older adults. For example, older riders may have accessibility and safety concerns even if they live near transit stations or bus stops. They may also prefer different travel times and destinations than commuters. The federal government has a role to play by providing grants and incentives to local and regional livability programs that promote transportation alternatives.

Coordinate Housing and Supportive Services

Housing and service providers at all levels of government must look beyond their traditional areas of concern to support older low- and moderate-income adults who require accessible, affordable housing as well as help managing their health and other needs. While models of supportive housing already exist, need far outruns availability. In addition, coordinating housing and supportive services for older adults can reduce Medicaid and other health care costs, although HUD and state and local housing programs may need additional funding to build and operate new units.

Improve Residential Care Options

In the coming years, many more older adults will need the long-term care and health services now provided by assisted living and nursing homes. New models of residential care have already emerged to meet this demand, including continuing care retirement communities that facilitate moves from one level of care to another and Green House homes that provide an alternative to traditional nursing homes. But ongoing innovation will be needed to meet the diverse housing needs and preferences of the growing older population.

Engage Older Adults in the Community

Schools and nonprofit organizations should find ways to tap the huge pool of highly skilled and experienced older adults who want to actively contribute to their communities. Communities

benefit from the time and energy of volunteers, just as volunteering can provide older adults a sense of purpose and accomplishment, increased life satisfaction, and better physical and cognitive health. At the same time, siting age-restricted housing and even nursing facilities in residential neighborhoods would help to integrate older adults into the larger community, where people of all ages gain from interaction.

A CALL TO ACTION FOR INDIVIDUALS

Individuals have ultimate responsibility to plan for the future and to consider how their choices both affect, and possibly depend on, their loved ones. Ensuring a consistently high quality of life in retirement requires preparation and discipline—in particular, saving adequately to pay for ordinary living expenses as well as increasing health care costs. It also means considering future housing options before needs change.

There is concern that, in the aftermath of the Great Recession, households in the 50–64 year-old age range are less prepared for their retirement years than previous generations. Indeed, these younger baby boomers have lower homeownership rates, more housing and non-housing debt, and fewer children to care for them in old age. It is critical that this population in particular consider now how they will meet their changing financial and housing needs.

Regardless of age, however, every individual can help the nation prepare for the needs of older adults by supporting public policies that promote livability, broaden housing options, better coordinate health and housing programs, and generally support living in the community. All of these measures are essential to upholding the American way of life.

CONCLUSION

With the oldest baby boomers now past age 65, growth of the older population—in terms of both number and share—is well on its way. However, the largest impacts of this demographic shift are still a decade or more off as millions more households reach the ages when physical, financial, and social challenges increase sharply. There is still time for the nation to prepare for the evolving needs of older adults by expanding the supply of housing that is affordable, safe, and accessible; providing opportunities for older adults to connect socially yet live independently; and integrating housing and long-term care services to support those aging in private homes. These changes will improve not only quality of life for older adults, but also the livability of communities for people of all ages. Given the scale of the challenges ahead, the time to act is now.

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