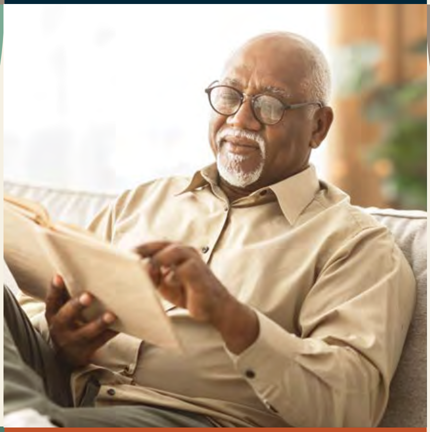
HOUSING AMERICA'S OLDER ADULTS



2023

JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

HOUSING AMERICA'S OLDER ADULTS 2023

Joint Center for Housing Studies of Harvard University

Harvard Graduate School of Design | Harvard Kennedy School

TABLE OF CONTENTS

ONLINE TABLES AND EXHIBITS

Data tables, interactive charts, and additional information are available at:
https://www.jchs.harvard.edu/housing-americas-older-adults-2023

Principal funding for this report was provided by the National Investment Center for Seniors Housing & Care (NIC).

©2023 by the President and Fellows of Harvard College.

The opinions expressed in *Housing America's Older Adults 2023* do not necessarily represent the views of Harvard University or NIC.

01
EXECUTIVE SUMMARY

The US population of older adults, defined as those at least 65 years old, is increasing at historic rates, up 34 percent from 43 million in 2012 to 58 million in 2022. This growth is widespread, with urban, suburban, and rural communities across the country reporting increases in older residents. Within the decade, the first baby boomers will turn age 80, accelerating the rate of growth among those in the oldest age groups.

As the nation's population of older adults swells, so, too, does demand for housing that is both affordable and able to accommodate older adults' changing needs. Housing is expensive for many older adults, whose incomes often are fixed or decline over time. In 2021, nearly 11.2 million older adults were cost burdened, meaning they spent more than 30 percent of household income on housing costs, an all-time high and a significant increase from the 9.7 million recorded in 2016. Likewise, homelessness is rising among older individuals. Though government programs provide crucial housing assistance to millions of older adults, demand dramatically outstrips supply, with years-long waitlists in some areas.

There is also the question of how housing can support older adults' health and independence. Older adults are more likely than their younger counterparts to report that at least one household member experiences difficulties with mobility, vision, hearing, cognition, self-care, or independent living. All types of disabilities increase with age, and 55 percent of those age 80 and over report at least one disability. Accessibility features, such as single-floor living (with a bedroom and bathroom on the main living level), will be in greater demand as the population ages, yet few homes offer features that enable people with disabilities to successfully navigate and use them.

More older adults will also need assistance with activities of daily living, such as bathing and dressing, and other long-term care services. Like housing, care is costly for many older adults. According to an analysis by the Joint Center for Housing Studies (the Center), just 13 percent of adults age 75 and over living alone across 97 US metros could afford assisted living without dipping into assets, and only 14 percent could afford a daily visit from a home health aide on top of housing costs.

As with housing, government programs provide critical assistance to eligible older adults in need of help with homemaking or personal care. However, here, too, the available funds pale in comparison to the need. Those with very low incomes (at or under 50 percent of area median income) are most likely to require assistance at home yet have the fewest resources to cover the costs of both housing and care. Just a bit higher up the income scale, those with moderate incomes also face challenges affording both housing and assistance with personal care or homemaking. This is particularly true for renters and homeowners with mortgages, who have limited home equity on which to draw to pay for services and supports.

Looking forward, the urgent need for affordable housing and care will grow, not only because of the increasing number of older adults, but also because of widening wealth and income inequality. There are significant disparities in wealth by housing tenure: at the median, older renters have only 2 percent of the net wealth of older homeowners. Among homeowners, there are also meaningful inequalities by race and ethnicity in home equity and nonhousing wealth that can be used to finance home modifications, care, and other needs. Indeed, older Black homeowners have the lowest median equity at $123,000, compared to $251,000 for older white homeowners, $200,000 for older Hispanic owners, and $270,000 for older owners who are Asian, multiracial, or another race.

Leaders from the public, private, and nonprofit sectors have abundant opportunities to address the mismatch between a rapidly aging population and an insufficient supply of affordable, accessible housing connected to services and supports. Zoning reforms and housing financing incentives together could encourage a wider variety of housing options, providing new and better opportunities for older adults who wish to remain in their communities but in more suitable homes; this would be particularly welcome in rural and other low-density areas where the choices are especially limited. Greater housing options would also address the needs of diverse households driven by the simultaneous growth in the numbers of both older adults living alone and multigenerational households.

Increased government support in the form of additional assistance for rent, accessibility modifications, and services and supports for older households with lower incomes could help alleviate the dual burden of housing and care costs. Better coordination of health and housing programs could help increase the efficiency of both. Older homeowners with slightly higher incomes unable to afford both housing and services could benefit from help leveraging their housing equity, where it is sufficient to cover the costs of care. For older adults without such resources, governments and other organizations might make service delivery more efficient by taking advantage of neighborhoods and buildings with high concentrations of older residents, better coordinating services and benefits, and unbundling services in assisted living, among other promising approaches. The need for suitable, affordable housing and housing-based care is only growing, as is the urgency to act.

02

DEMOGRAPHICS AND LIVING ARRANGEMENTS OF OLDER ADULTS

The population of older adults continues to increase at an unprecedented pace. As the baby boomers begin to age into their 80s, the highest rates of growth will occur among the oldest age groups, among whom affordability challenges and functional difficulties are greatest. Older adults' housing choices will increasingly reflect not only their preferences but also the resources they have to afford safe, accessible housing and the services they may need to remain in their homes and communities as they age.

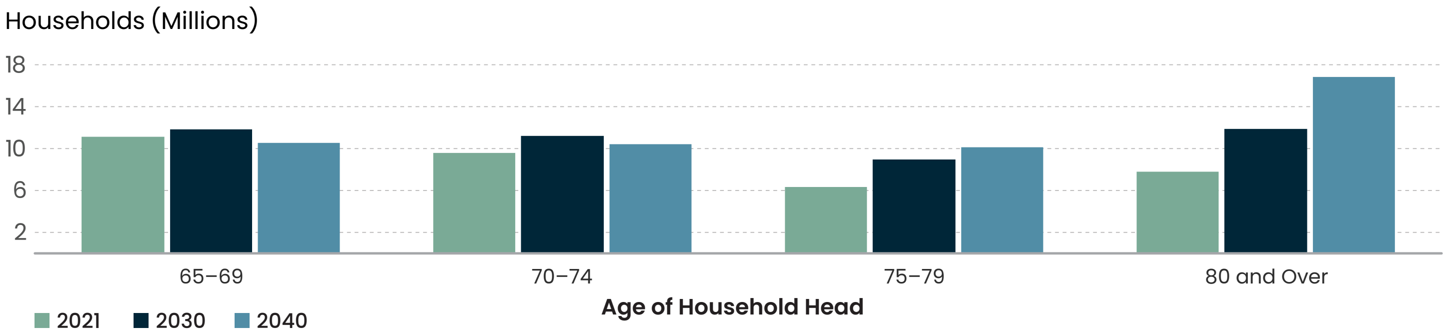
US Households Are Aging

Older adults, defined as people at least 65 years old, constitute an increasingly large share of the population of the US. The nation is home to nearly 58 million older adults as of 2022, representing 17 percent of the population, up from 43 million (14 percent) in 2012. The number of adults in their 80s is expected to grow especially swiftly as the oldest of the baby boomers (born 1946–1964) reach age 80 in 2026.

As the older population has grown, so, too, has the share of households headed by a person age 65 and over. Between 2012 and 2022, the share of older households increased from 22 to 27 percent. This growth has been fueled by greater longevity (despite the high mortality experienced by older adults during the pandemic), as well as the aging of the earliest baby boomers, who are now in their mid- to late 70s. The Joint Center for Housing Studies (the Center) projects that the number of households headed by an adult age 80 and over will more than double between 2021 and 2040 to nearly 17 million **(Figure 1)**.

Figure 1

Households Headed by Someone in Their 80s and Over Will Double in Number by 2040



Notes: Projections use Census 2017 population projections with low immigration scenario. Projections have been re-benchmarked with 2021 actual population.
Source: 2018 JCHS Household Projections.

Older households are more racially and ethnically homogenous than their younger counterparts. As of 2021, 76.0 percent of older household heads are white, 9.8 percent are Black, 7.8 percent are Hispanic, 3.4 percent are Asian, and 3.0 percent are another race or multiracial. In contrast, households aged 50–64 are 66.0 percent white, 12.1 percent Black, 13.1 percent Hispanic, 4.5 percent Asian, and 4.2 percent are another race or multiracial. Households under 50 are even more diverse. As younger cohorts age, the older population will gradually diversify.

Most Older Adults Live in Their Own Homes

In 2021, most older adults—97.5 percent—lived either in their own home (88.2 percent) or that of someone else (9.3 percent), most frequently an adult child **(Figure 2)**. The remaining 2.5 percent resided in group quarters like nursing homes.

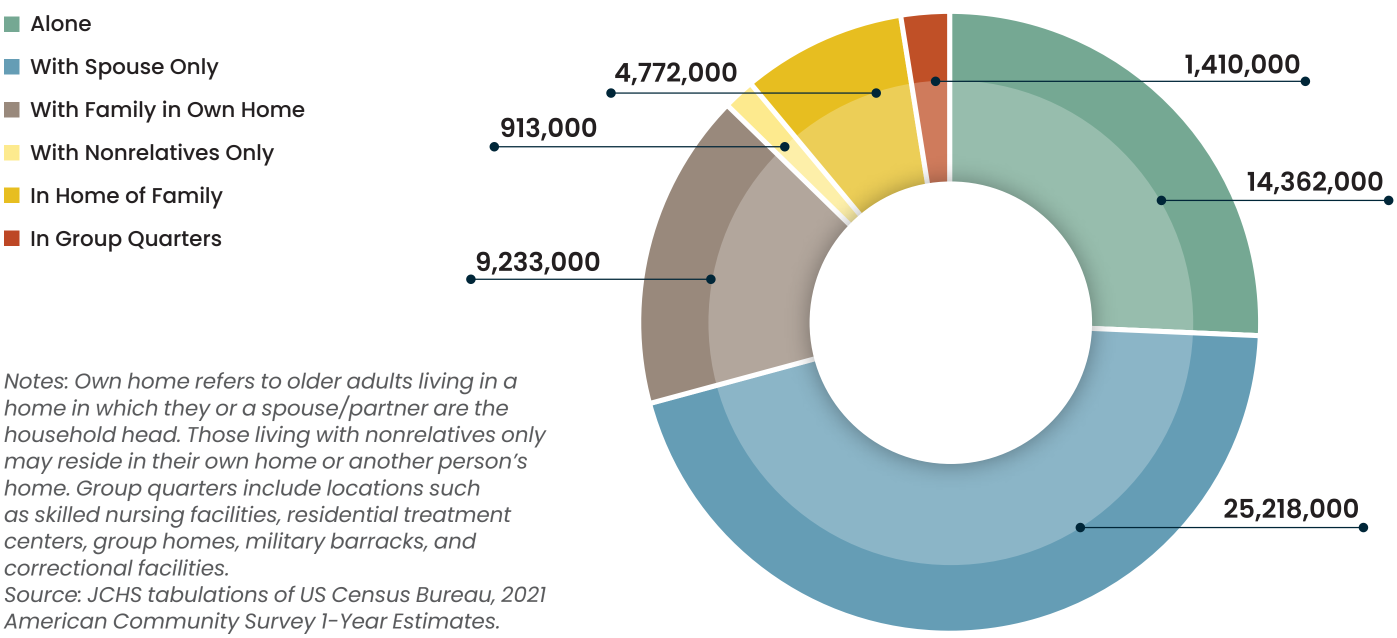
Of those who lived in their own homes, 80 percent lived alone or with a spouse only. However, the share of older adults living alone increased with age, rising from 25 percent among those aged 65-79 to 41 percent among those age 80 and over. Among those who lived alone, women greatly outnumbered men. In 2021, 63 percent of single-person households aged 65-79 and 73 percent of those age 80 and over were women, consistent with data showing that life expectancy is longer for women.

Significant numbers of older adults live in multigenerational households, arrangements that can create opportunities to share housing costs and provide or receive support. Fully 10.9 million adults age 65 and over—roughly 20 percent of adults in that age group—lived with at least one adult relative of another generation in 2021, either in their own home or that of a family member. This is an increase of 81 percent from 6.0 million in 2006. Older adults of color, particularly older Hispanic and Asian adults, are more likely to live in

Figure 2

The Vast Majority of Older Adults Live in Their Own Homes

Living Situations of Individuals Age 65 and Over



Notes: Own home refers to older adults living in a home in which they or a spouse/partner are the household head. Those living with nonrelatives only may reside in their own home or another person's home. Group quarters include locations such as skilled nursing facilities, residential treatment centers, group homes, military barracks, and correctional facilities.
Source: JCHS tabulations of US Census Bureau, 2021 American Community Survey 1-Year Estimates.

multigenerational households **(Figure 3)**. As they age, older adults in multigenerational households are more likely to live in the homes of family members.

Additionally, 1.1 million older adults are raising grandchildren without the child's biological parent present in the home. Another 913,000 live exclusively with unrelated roommates, a number that has nearly doubled since 2006.

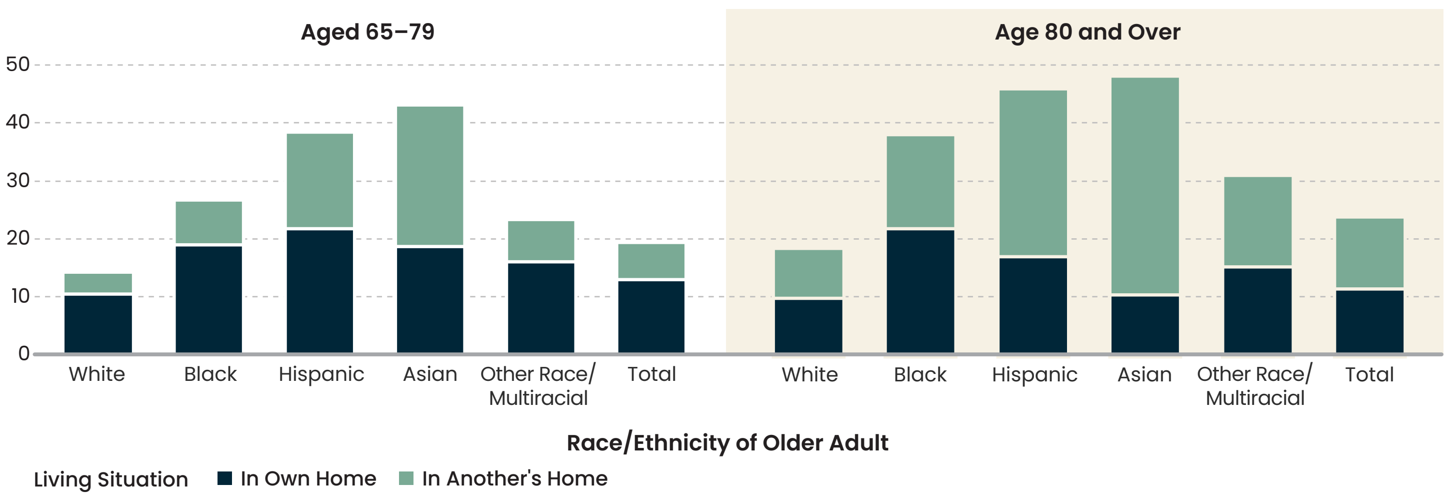
Finally, about 1.4 million older adults live in nursing homes and other group quarters. Nursing homes provide support with activities of daily living such as dressing or bathing, and locations certified as skilled nursing facilities by Medicare and Medicaid offer medical care. According to the Centers for Disease Control and Prevention (CDC), among those residing in nursing homes for at least 100 days, 41 percent are age 85 and over, and 67 percent are female.

The CDC notes that long-term care provision has changed significantly over the last three decades. Alternatives to nursing homes have emerged that provide care in people's homes and communities, such as assisted living and memory care. There is also a growing number of options for at-home care, including Medicaid-funded home- and community-based services. While nursing homes continue to deliver long-term care, they are increasingly providing short-term, post-acute care, too. Given that nursing home residents are older and the population of individuals age 80 and over is set to soar, demand will grow for residential settings that include the services and supports of the types provided by nursing homes.

Figure 3

Older Adults of Color Are Much More Likely to Live in Multigenerational Settings

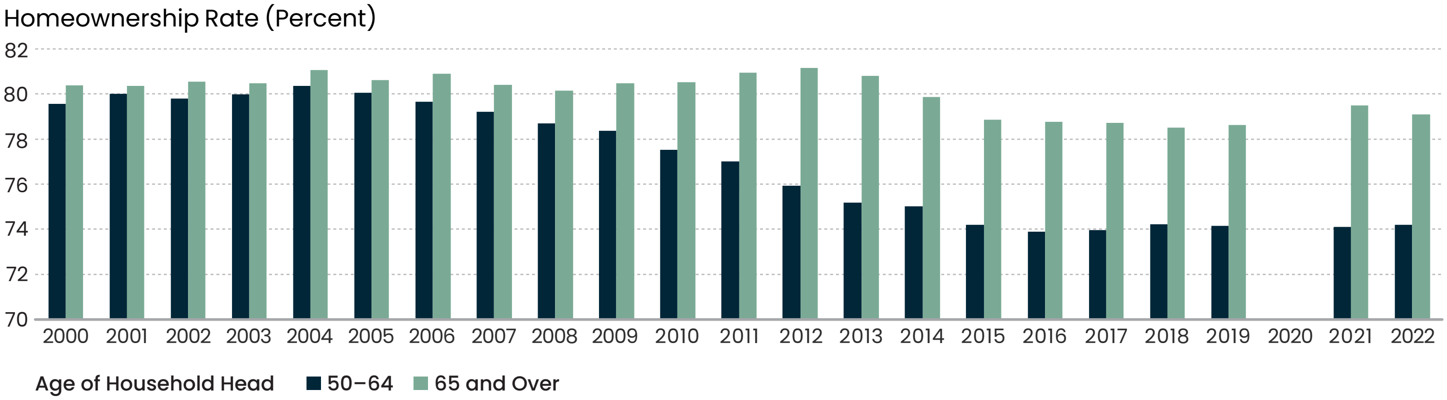
Share of Older Adults in Multigenerational Households (Percent)



Notes: *White, Black, Asian, and other race/multiracial older adults are non-Hispanic. Hispanic individuals may be of any race. Multigenerational households include at least two adult generations of the same family, with at least one member age 65 or over. Own home refers to older adults living in a home in which they or a spouse/partner are the household head.*
Source: *JCHS tabulations of US Census, 2021 American Community Survey 1-Year Estimates.*

Figure 4

Homeownership Rates Among Households Aged 50–64 Have Fallen, Suggesting Future Declines Among Older Adults



Note: Estimates for 2020 are omitted due to data collection issues during the pandemic.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Older Households Have High Homeownership Rates but Disparities Persist

According to the Housing Vacancy Survey, the homeownership rate among households age 65 and over was 79.1 percent in 2022, down just slightly from the 79.5 percent witnessed in 2021 and a full percentage point lower than the record high of 81.1 percent in both 2004 and 2012. Homeownership for those aged 50–64 has dropped from the two-decade high of 80.4 percent in 2004 to 74.2 percent in 2022 **(Figure 4)**. This group was hard hit by the Great Recession and their lower homeownership rate likely foreshadows lower homeownership rates for older adults in the future.

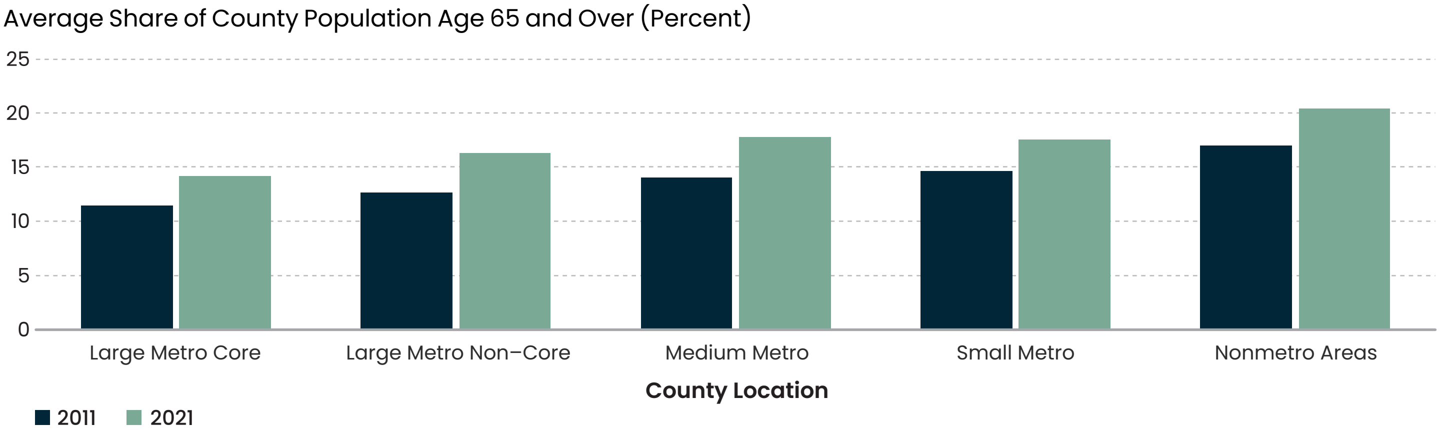
As with households of all ages, significant racial homeownership disparities exist among older adults. Per the American Community Survey, the homeownership gap between older Black and white households is persistently wide, exceeding 19 percentage points between 2015 and 2021, with a peak of 20.3 percentage points in 2019. The gap between older Hispanic and white households has held between 17 and 19 percentage points over the same period, and at last measure in 2021 stood at 16.7 percentage points. However, at 9.3 percentage points, the homeownership gap between Asian households and those of other races is its lowest in the recent past, down from a high of 12.7 percentage points in 2013.

While most older adults own their homes, more than one in five older households—over 7 million—rent. The number of older renters is increasing with the growth of older households and will continue to rise as those aged 50–64, who have lower homeownership rates, enter older age. Older renter households are more likely to be headed by people of color. The rentership rate among older Black and Hispanic households is particularly high at 37 and 34 percent, respectively.

Through the accumulation of equity, homeownership can be an important source of wealth in later life and can be associated with more stable housing costs than renting. But homeownership can also present challenges to older adults, most notably its associated maintenance responsibilities and costs.

Figure 5

Older Adults Constitute a Growing Share of the Population Across All Geographies



Notes: According to the National Center for Health Statistics Urban-Rural Classification Scheme for Counties, large metro areas have at least 1 million residents. Core counties contain either the largest city in the metro area or any city with at least 250,000 residents. Nonmetro areas include micropolitan areas that have one or more urban clusters of 10,000 to 49,999 people, as well as other nonmetropolitan counties.
Source: JCHS tabulations of US Census Bureau, American Community Surveys 1-Year Estimates.

More Adults Live in Multifamily Buildings as They Age

The majority of older households—74 percent—live in single-family homes, including 87 percent of homeowners and 27 percent of renters. Another 6 percent live in manufactured homes. Twenty percent live in multifamily housing, including 70 percent of renters and 7 percent of homeowners.

The shares of both homeowners and renters living in multifamily buildings increase with age, as older households seek onsite amenities, cost savings, and reduced responsibility for repairs and maintenance. People also tend to live in larger apartment buildings as they get older, likely because these settings frequently offer more accessibility features than smaller buildings and may be located near needed services. As of 2021, 21 percent of renters aged 65-79 live in buildings with at least 50 units, as compared to 39 percent of adults age 80 or older.

More than 4 million households report that they live in age-restricted housing limited to those age 55 or older. Of these, about 60 percent are renters and 38 percent are owners.

About 6 million older households—mostly homeowners—live in traditional neighborhoods that are not age restricted yet consist largely of people age 55 and over. These neighborhoods, known as naturally occurring retirement communities (NORCs), are not specifically designed to house an older population but have either attracted older residents or failed to retain younger ones. NORCs vary widely in terms of amenities, housing options, and services. The number of older adults living in NORCs has risen steadily in recent years. Given the low mobility rate of older adults, more neighborhoods may have higher concentrations of older adults in the future.

Older Adult Populations Are Increasing Across All Geographies

Communities across the country are experiencing growth in their older populations, largely because the baby boom generation is opting to remain in their long-time homes and communities. At the county level, 19 percent of the population was age 65 and over in 2021, up from 16 percent a decade earlier. During that same period, the share of US counties where at least a quarter of the population was age 65 or older increased more than threefold from 3 to 11 percent.

The share of older people is growing across all geographies, from rural to large metropolitan areas, increasing by at least 2.7 percentage points in counties of all types **(Figure 5)**. However, smaller metros and rural communities have higher concentrations of older adults. In 2021, people age 65 and over were 20 percent of the population in counties outside metro areas, compared to 14 percent in the urban cores of large metros.

In urban and rural communities, there are meaningful differences in household demographics and housing and care options for older adults. In rural communities, older households are more likely to be retired and tend to have lower incomes: nearly 40 percent of older adults living in rural communities have annual household incomes under $30,000, compared to 30 percent of those residing within metro areas. Additionally, older adults in rural communities may find it particularly difficult to access needed services due in part to a lack of transportation alternatives to driving. Further, fewer options are available for medical and long-term care even as patchy broadband coverage often precludes telehealth and other online services. And, because lower-density communities typically offer limited alternatives to single-family homes, older adults who seek more accessible or manageable housing within their communities may find few options.

Older Adults Relocate Infrequently

Older adults move less frequently than their younger counterparts. They may choose to stay put because they feel connected to their current homes and communities, enjoy proximity to friends and family, want to avoid the associated costs and stressors of moving, or are unable to find alternative housing that is both suitable and affordable. Between 2016 and 2021 (omitting 2020), just 5 percent of households age 65 and older reported that they had relocated in the previous year, as compared to 16 percent of those under 65 (though these data do not capture people who move to other people's homes or to nursing homes, only those who continue to maintain their own households). Nevertheless, the population of older adults is growing, and so, too, is the share of moves by older households relative to all relocating households, up from 7.9 percent in 2011 to 10.9 percent in 2021.

Older adults who do move often relocate for housing and family reasons. According to the Current Population Survey, between 2010 and 2022 (excluding 2020), older movers aged 65–79 most frequently cited housing motivations, including the desire for cheaper, newer, or better housing, and family as reasons for relocating. Among those age 80 and over, family and housing again topped the list, and 16 percent of movers also reported that health motivated the relocation.

When older adults do move, they are more likely to opt for a newer property—about one in five of those who relocated between 2016 and 2021 moved into a home built within the last decade—and about 70 percent choose a house with at least two bedrooms. In 2021, 54 percent of older movers rented their new homes, down from 61 percent in 2016. Of those who elected to buy the property, just over half purchased it outright over the 2016 to 2021 period.

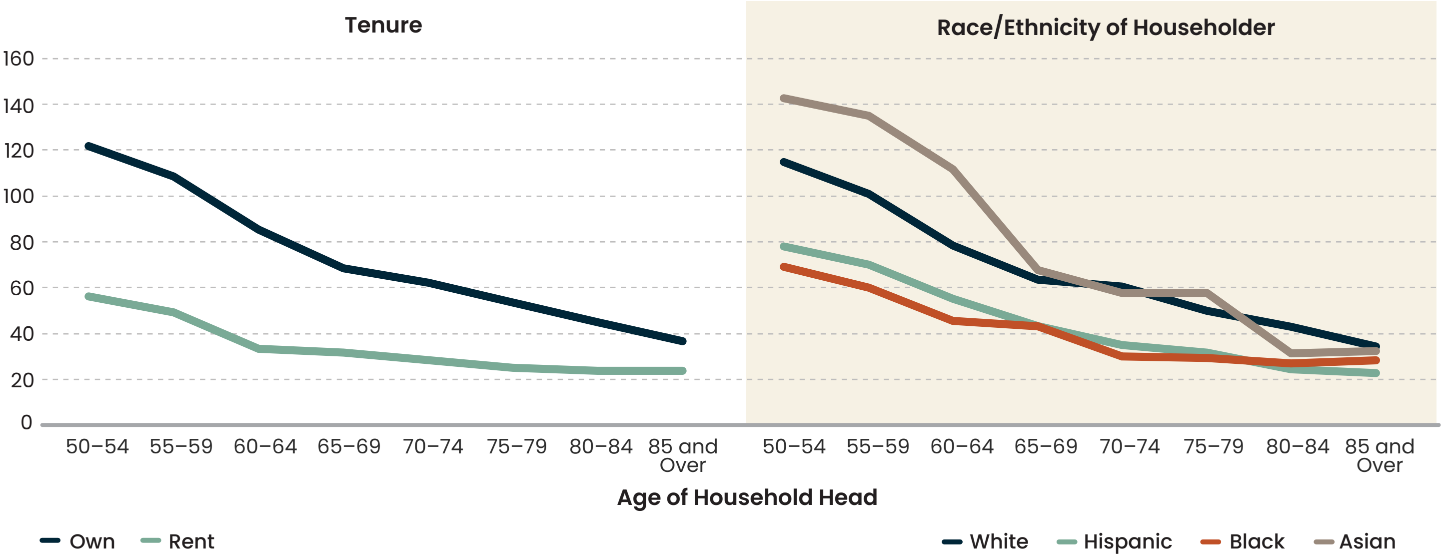
During this same period, most older movers—about 80 percent—relocated within their current state. Among those who chose to go farther afield, many settled in Sun Belt states, including Florida, which averaged 31,000 net new older households per year; and Arizona, North Carolina, and South Carolina, which averaged 13,000, 5,000, and 4,000 net new older households per year respectively. Meanwhile, California saw an annual average net outmigration of more than 16,000 older households between 2016 and 2021, and the Northeast and Midwest regions experienced significant outmigration as well, particularly from New York and Illinois.

The shares of older adults who moved in 2016–2021 did not vary significantly by race or ethnicity. However, older Black movers were least likely to move out of state, while older white householders were most likely to relocate to other states and regions.

Figure 6

The Incomes of Older Adults Tend to Decline and Converge, Regardless of Tenure and Race/Ethnicity

Median Household Income (Thousands of Dollars)



Notes: Age, tenure, and race/ethnicity are those of the householder. White, Black, and Asian householders are non-Hispanic. Hispanic householders may be of any race.
Source: JCHS tabulations of US Census Bureau, 2022 Current Population Survey via IPUMS-CPS.

Income Inequality Is Increasing

The median income for householders 65 and over was $50,000 in 2022, though the figure varies significantly by age. Because incomes decline over time as individuals retire, reduce their workload, or lose a spouse's income to widowhood, the nation's oldest adults have significantly less income than their younger counterparts. In 2022, the median household income for adults age 80 and older was $37,100, as compared to $54,900 for those age 65–79 and $87,800 for those aged 50–64. This pattern of income decline holds across race and ethnicity as well as for both homeowners and renters **(Figure 6)**.

Mirroring national trends, income inequality is worsening among older adults, owing largely to the disproportionate income growth experienced by the highest-income households, a group with significantly more investment and pension income. While the median income for households 65 and over rose by 16 percent between 2012 and 2022 when adjusted for inflation, it grew by 23 percent for older householders in the highest income decile and only grew by 0.5 percent for older householders in the lowest decile.

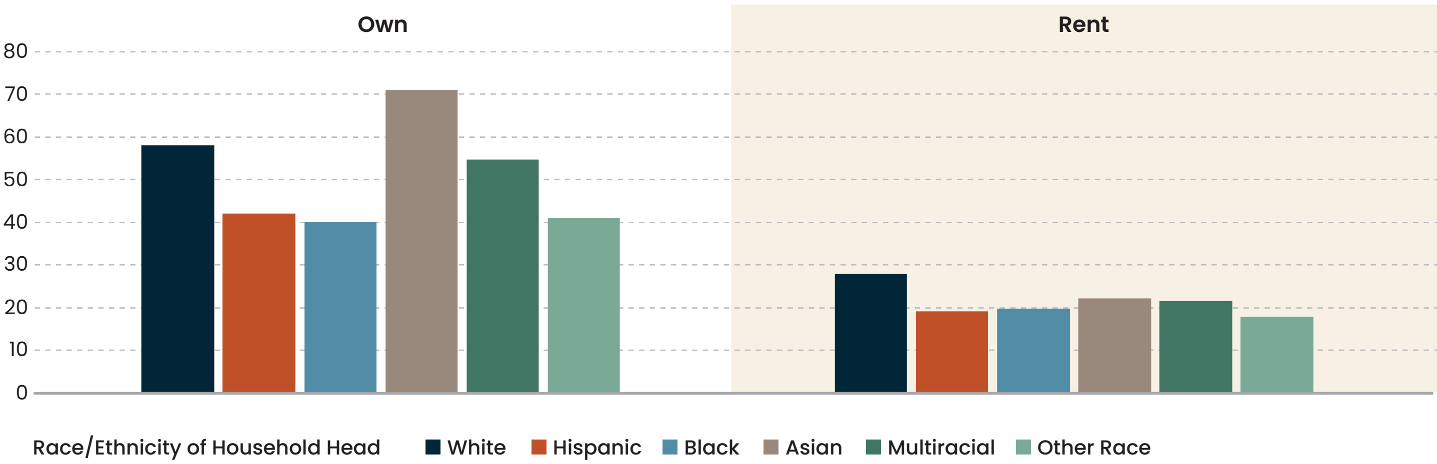
Income disparities have grown particularly stark among households headed by someone at least 80 years old. For this age group, households in the lowest income decile saw their real income decline 0.3 percent between 2012 and 2022, while households in the highest decile saw 24 percent growth in income.

Significant inequities also exist by race and ethnicity. In 2022, older Asian householders possessed the highest median household income at $57,100, followed by older white ($53,700), older multiracial ($48,100), older Hispanic ($35,400), and older Black ($34,900) households. Notably, these racial disparities persist even when accounting for housing tenure. Among

Figure 7

Whether They Own or Rent, Older Black and Hispanic Households Have Lower Incomes than Older White Households

Median Income of Households Age 65 and Over (Thousands of Dollars)



Notes: White, Black, Asian, and multiracial/other race households are non-Hispanic. Hispanic householders may be of any race.
Source: JCHS tabulations of US Census Bureau, 2022 Current Population Survey via IPUMS-CPS.

both homeowners and renters, incomes for older Black and Hispanic households are less than 80 percent that of their white counterparts **(Figure 7)**. While Asian homeowners have the highest incomes of all older homeowners, older Asian renters' income is 70 percent that of older white renters.

Because income growth has favored higher earners and homeowners tend to have higher incomes, renters have experienced less income growth than homeowners in recent years. The median income for a homeowner household age 65 and older was $57,700 in 2022, a 19 percent increase over the previous 10 years. During the same time, the median income for older renter households increased just 11 percent, to $28,300, elevating concerns about how well these households can keep up with rising rents.

Sources of Income Vary

The most common source of income for older households is Social Security, which constitutes a third of the income reported by householders age 65 and over. Pensions and retirement accounts also make up a significant source of income, with nearly 40 percent of older householders reporting income from one or the other.

While Social Security is a larger share of total income for households with lower earnings, pensions and other retirement funds are much more common among households with higher incomes. About 54 percent of households with incomes of $75,000 or more reported pension or retirement income in 2022, versus 10 percent of households with incomes of less than $15,000. Likewise, households with higher incomes are more likely to report earnings from interest payments or investments, including rental income.

Figure 8

In 2022, Older Homeowners Held Nearly 50 Times the Net Wealth of Older Renters

Median Wealth for Households Age 65 and Over (2022 dollars)

	Race/Ethnicity	Home Equity	Nonhousing Wealth	Net Wealth
Homeowners	White	251,000	289,100	597,600
	Black	123,000	32,200	242,600
	Hispanic	200,000	25,500	271,700
	Asian/Other Race/Multiracial	270,000	158,100	377,500
	All	**250,000**	**221,600**	**499,000**
Renters	White	-	14,000	14,000
	Black	-	3,900	3,900
	Hispanic	-	3,000	3,000
	Asian/Other Race/Multiracial	-	5,100	5,100
	All	**-**	**10,100**	**10,100**

Notes: White, Black, and Asian/other race/multiracial householders are non-Hispanic. Hispanic householders may be of any race. Nonhousing wealth includes cash savings, retirement funds, stocks and bonds, and other assets, minus debts. Median home equity and nonhousing wealth are calculated independently and do not sum to median net wealth.
Source: JCHS tabulations of Federal Reserve Board, 2022 Survey of Consumer Finances.

Additionally, 20 percent of older households report income from wages and salaries. According to the Bureau of Labor Statistics, 19 percent of the population age 65 and over was employed in the civilian labor force in 2022.

Widening Wealth and Home Equity Gaps

In 2022, median home equity for homeowners age 65 and over was $250,000, up 47 percent from $170,000 in 2019, according to the Survey of Consumer Finances. Like their younger counterparts, older homeowners have more recently seen their home equity grow with the pandemic's skyrocketing house prices. Homeowners at least 62 years old collectively possessed more than $12.7 trillion in aggregate home equity in the second quarter of 2023, per the NRMLA/RiskSpan Reverse Mortgage Market Index.

However, equity is not distributed equally among older homeowners. Those with lower incomes tend to have less home equity and the equity they do have is a larger share of their total wealth. Older homeowners in the lowest income quartile had a median home equity of $115,000, constituting 67 percent of these households' median total assets of $172,000 in 2022. In contrast, the highest income quartile had a median equity of $562,000, representing 21 percent of the median total household assets of nearly $2.7 million.

Home equity also varies by race and ethnicity. As of 2022, older homeowners who are Asian, other races, or multiracial have the highest median home equity at $270,000, representing 72 percent of these households' total wealth **(Figure 8)**. The typical older white homeowner had $251,000 in home equity, constituting 42 percent of total wealth. From there, the racial equity gap widens. The median equity for older Hispanic and older Black homeowners was $200,000 (74 percent of total wealth) and $123,000 (51 percent of total wealth), respectively.

The wealth gap between homeowners and renters is even wider. As of 2022, the median renter age 65 and over has $10,100 in net wealth, just 2 percent of that of the median older homeowner. The median net wealth of same-age renters of color is even less, at $3,000 for Hispanic households, $3,900 for Black households, and $5,100 for Asian households and those who are multiracial or of another race. Overall, 43 percent of older renters had less than $1,000 in cash savings.

These differences in home equity and other wealth fuel disparities in financial security in older age. Because home equity and other assets can serve as a nest egg to fund retirement needs, homeowners and older adults with more wealth are in a stronger financial position to successfully manage the dual costs of housing and care.

Mortgage Debt Is Rising

Mortgage debt has been steadily rising over the past three decades. Between 1989 and 2022, the share of homeowners aged 65–79 with a mortgage on their primary home, including home equity loans and home equity lines of credit, increased from 24 to 41 percent. During this period, the median mortgage debt shot up over 400 percent, from $21,000 in 1989 to $110,000 (both in 2022 dollars). The growth was even steeper among homeowners age 80 and over, for whom the share with mortgages jumped from 3 percent to 31 percent during the same period, with median mortgage debt increasing over 750 percent, from $9,000 to $79,000 in 2022 dollars.

Some of this growth is likely attributable to homeowners taking advantage of the previous decade's historically low interest rates to refinance. Nevertheless, older homeowners with mortgages have far higher housing costs than those who own outright or rent. Older mortgage-holders have median monthly housing costs of $1,470 compared to homeowners without mortgages, who pay a median of $520, and renters, whose median monthly housing costs are $940 as of 2021, according to the 2021 American Community Survey.

Among mortgage holders, there are disparities by race and ethnicity. Hispanic homeowners age 65 and over are the least likely to have mortgage debt at 29 percent, followed by homeowners who are Asian, multiracial, or of another race (35 percent), white homeowners (39 percent), and Black homeowners (50 percent).

Rising mortgage debt among older homeowners parallels the larger trend of increasing debt among older adults, including vehicle and student loans and credit cards. While additional mortgage debt may threaten household financial security, it may also be a way for older homeowners to access needed cash. Homeowners may turn to refinancing and other alternative mortgage products, such as home equity conversion loans or home equity lines of credit, to tap the equity in their homes to help pay for basic needs, home repairs and modifications, long-term care, or financial emergencies.

That said, some mortgage products have recently become harder for older adults to use. Cash-out refinancing is attractive when mortgage interest rates are low but has become less so as interest rates have risen. In 2022, Home Mortgage Disclosure Act data reported just over 600,000 cash-out refinance loans among borrowers age 65 and over, compared to nearly 941,000 in 2021.

Moreover, research by Natee Amornisiripanitch at the Federal Reserve Bank of Philadelphia shows that older adults have higher rejection rates when applying for refinancing or cash-out refinancing, often because they are deemed to have insufficient collateral to secure the loan. A possible reason is that financial distress has prevented older adults from maintaining their homes, lowering their value as collateral. When approved, older borrowers are more likely to receive higher interest rates.

In addition to refinancing, older adults may be able to access their equity through reverse mortgages, including the government-insured home equity conversion mortgage (HECM), which is the most commonly used such product. HECMs allow borrowers who are at least 62 years old to withdraw equity in a lump sum, as an annuity, or via a line of credit. Interest accrues on the loan balance, but borrowers do not have to make principal or interest payments during the life of the loan (though they are still responsible for paying property taxes and insurance fees). Instead, the loan is typically repaid when the property is sold.

Even though HECMs were established specifically to ensure that older adults can convert their equity to cash as they age, they are less common than other products designed for accessing equity. According to data from the US Department of Housing and Urban Development (HUD), only about 64,500 HECMs were originated in FY2022. Research by Christopher Mayer and Stephanie Moulton suggests that tighter underwriting standards and borrowing limits established in the wake of the Great Recession, combined with the exit of several major lenders from the reverse mortgage market, served to reduce originations from earlier levels. Demand may be further dampened by a lack of awareness and understanding of HECMs, as well as homeowners' wish to retain equity as a cushion against potential health shocks.

Outlook

Looking forward, the growing numbers of people entering their 80s and 90s will continue to shape demand for housing that is accessible, affordable, and connected to services and supports. The resources people have to secure such housing and services vary significantly, in part because disadvantages compound with age. Thus, individuals who have faced a lifetime of barriers to accessing a quality education, a well-paying job, meaningful healthcare, and stable housing will have fewer financial resources to draw on as they age. The public and private sectors are both crucial to ensuring that the nation's most vulnerable older adults are able to age with dignity in their homes and communities.

03

CHALLENGES WITH AFFORDABLE, ACCESSIBLE, AND LIVABLE HOUSING

As the number of older households grows, so does the number experiencing housing cost burdens or living unhoused. Further exacerbating older adults' housing challenges is a lack of accessible housing with features to accommodate their changing needs, such as no-step entryways. Despite federal efforts to provide housing assistance directly to older adults with low incomes and to support developers in building and preserving affordable units, more resources are needed to address the ballooning demand for help managing the cost of housing and modifying homes for safety and accessibility. The urgency only increases when considering that many older adults will also need to pay for care services and supports to remain in their homes as they age.

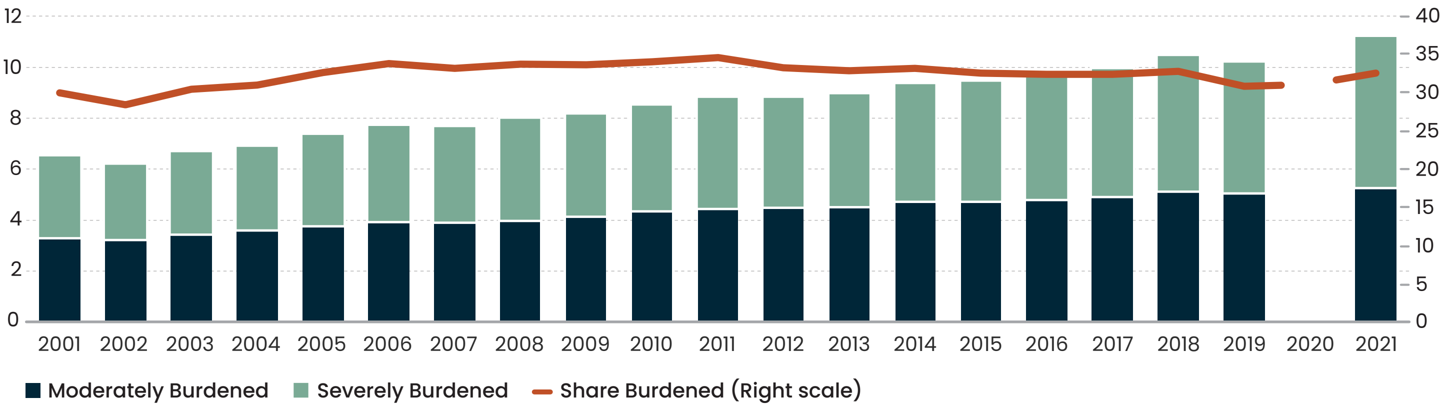
The Number of Cost-Burdened Older Adults Is at an All-Time High

A growing number of older households are cost burdened, meaning they spend 30 percent or more of household income on housing, utilities, and, if applicable, taxes and insurance. Nearly 11.2 million older adult households were cost burdened in 2021, an all-time high and a significant increase from the 9.7 million and 8.8 million recorded in 2016 and 2011, respectively **(Figure 9)**. Of these older households, over

Figure 9

The Number of Older Households with Cost Burdens Has Been Rising for Two Decades

Number of Cost-Burdened Households Age 65 and Over (Millions) | Share of Cost-Burdened Households (Percent)



Notes: Moderately (severely) cost-burdened households spend 30–50% (more than 50%) of their income on housing costs. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be unburdened. Estimates for 2020 are omitted due to data collection issues during the pandemic.
Source: JCHS tabulations of US Census Bureau, American Community Surveys 1-Year Estimates.

half were severely cost burdened, spending more than 50 percent of income on housing costs. While the share of cost-burdened older households has remained relatively constant over the past few years, at about a third from 2016 to 2021, the number of those experiencing cost burdens has grown as the older population has increased.

Housing cost burdens make it difficult for older adults to afford other basic needs, including food and healthcare. Unsurprisingly, this is particularly true for households with low incomes. In 2021, older households with annual incomes between $15,000 and $30,000 had a median of $1,000 per month available to cover other expenses after paying for housing. Those earning less had incomes that, on average, were insufficient to meet their housing costs, to say nothing of other basic needs.

Property taxes, utilities, and insurance fees, all of which contribute to housing costs, and therefore to housing cost burdens, can also be challenging for older households. Rising property taxes can be particularly difficult for older adults on fixed incomes and in areas where prices are escalating quickly. Most states offer some form of property tax relief to older homeowners. But the amount of assistance varies and some require homeowners to pay deferred taxes upon the sale of the home, leaving lower sale proceeds with which to finance other needs.

Utility costs can also present challenges. According to the 2020 Residential Energy Consumption Survey, 10 million households headed by someone age 60 or over reported energy insecurity, with nearly 7 million saying that they had forgone food or medicine to pay utility bills. Further adding to housing costs are property insurance fees, which have risen in response to increasingly frequent and costly hazards related to climate change and the growing expenses associated with repairing and rebuilding damaged homes.

Disparities in Cost Burdens Persist

Cost-burden rates vary considerably by income, race, and ethnicity. Predictably, the households with the lowest incomes are the most likely to be cost burdened. Among older households earning less than $15,000 annually, 80 percent were facing cost burdens in 2021, most of which were severe. Older households of color are significantly more likely to be cost burdened than older white households. Older Black and Hispanic households have the highest rates of cost burden, 44 percent and 43 percent, respectively, with roughly 24 percent of both populations facing a severe burden. While cost burdens are slightly lower for older Asian (38 percent) and households of other races or that are multiracial (36 percent), about one in five experience severe burdens. In comparison, 30 percent of older white households are cost burdened, with 15 percent facing severe burdens.

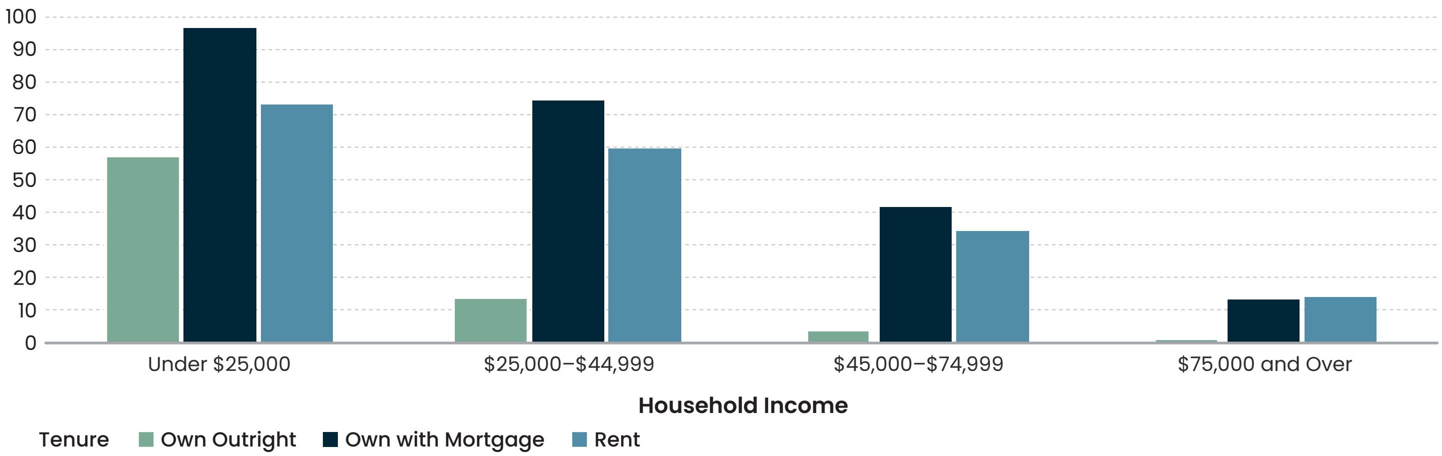
Cost-burden rates also vary by age, with adults aged 50–64 having some of the lowest cost-burden rates of any age cohort at 28 percent. Beginning at age 65, cost-burden rates become increasingly prevalent as older adults retire and transition to fixed incomes, growing from 31 percent of householders age aged 65–79 to 37 percent of householders age 80 and over. As the baby boom population ages, and with it the number of people living alone, the share of older people with cost burdens may increase. Adults living alone are more likely to be cost burdened than married or partnered households: 47 percent of single-adult households experience burdens versus 21 percent of couples.

The likelihood of cost burdens varies greatly by housing tenure. In 2021, 56 percent of older renter households, more than 4 million households, were cost burdened compared to 26 percent of homeowners. Fully 73 percent of renters earning under $25,000 faced cost burdens. However, among owners, the presence of a mortgage also affected housing cost burdens. While 2.8 million older homeowners without mortgages

Figure 10

Across Incomes, Significant Shares of Older Renters and Homeowners with Mortgages Face Housing Cost Burdens

Share of Cost-Burdened Households Age 65 and Over (Percent)



Notes: Cost-burdened households spend more than 30% of income on housing costs. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be unburdened.
Source: JCHS tabulations of US Census Bureau, 2021 American Community Survey 1-Year Estimates.

(17 percent) faced cost burdens in 2021, 4.3 million older homeowners (43 percent) with mortgages were burdened. For lower-income homeowners with mortgages, the cost-burden rate is high: 97 percent of older owners with mortgages who have annual incomes under $25,000 were cost burdened in 2021 **(Figure 10)**.

Older Adults Face Cost Burdens Across the US

As is true for households of all ages, older adults are more likely to face housing cost burdens in high-cost areas, even though incomes are also typically higher in these places. For older homeowners (both with and without mortgages), cost-burden rates in 2021 were highest in major coastal metros, including Miami (39 percent), New York City (39 percent), and Los Angeles (36 percent).

Compared to older homeowners, older renters are more likely to face cost burdens, even in lower-cost metros. A shocking 88 of the nation's 100 largest metros reported cost-burden rates among older renters of at least 50 percent. Rates were highest in Sun Belt metros and other retirement destinations, including San Diego (68 percent), Raleigh (68 percent), Daytona Beach (68 percent), Las Vegas (66 percent), and Miami (66 percent). There were also alarmingly high renter cost-burden rates in several metros with lower housing costs and, notably, lower burdens for homeowners. For example, more than half of renters were cost burdened in Oklahoma City, Boise, and Jackson, compared to fewer than 20 percent of homeowners in these metros.

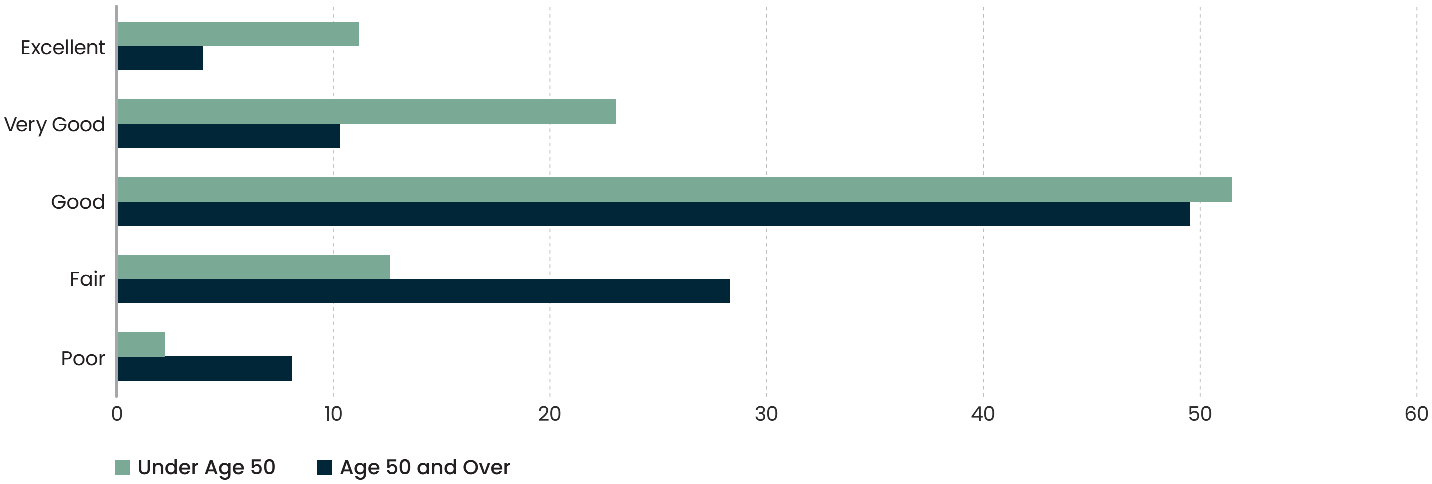
More Older Adults Are Unhoused

Homelessness is on the rise among older adults. According to the 2021 Annual Homelessness Assessment Report to Congress, the number of people age 65 and over experiencing sheltered homelessness—those living in shelters, transitional housing, or other safe havens—increased by 10,000 between 2019 and 2021 to more than 60,000. At the same time, the overall number of people of all ages experiencing sheltered homelessness fell during the pandemic. In 2021, 7.4 percent of unhoused individuals were at least 65 years old, up from 5.5 percent in 2019. Shares of those aged 55–64 in the sheltered homeless population have grown, reaching 21.3 percent in 2021, up from 19.7 percent in 2019.

Figure 11

Unhoused People Age 50 and Over Are More Likely to Report Poor Health

Self-Reported Health Among Unhoused Individuals in Massachusetts (Percent)



Note: Individuals are age 18 or over and considered homeless because they used emergency shelter services, transitional housing, street outreach, or safe haven services during 2013–2021.
Source: JCHS tabulations of Massachusetts Homeless Management Information System data, 2013–2021.

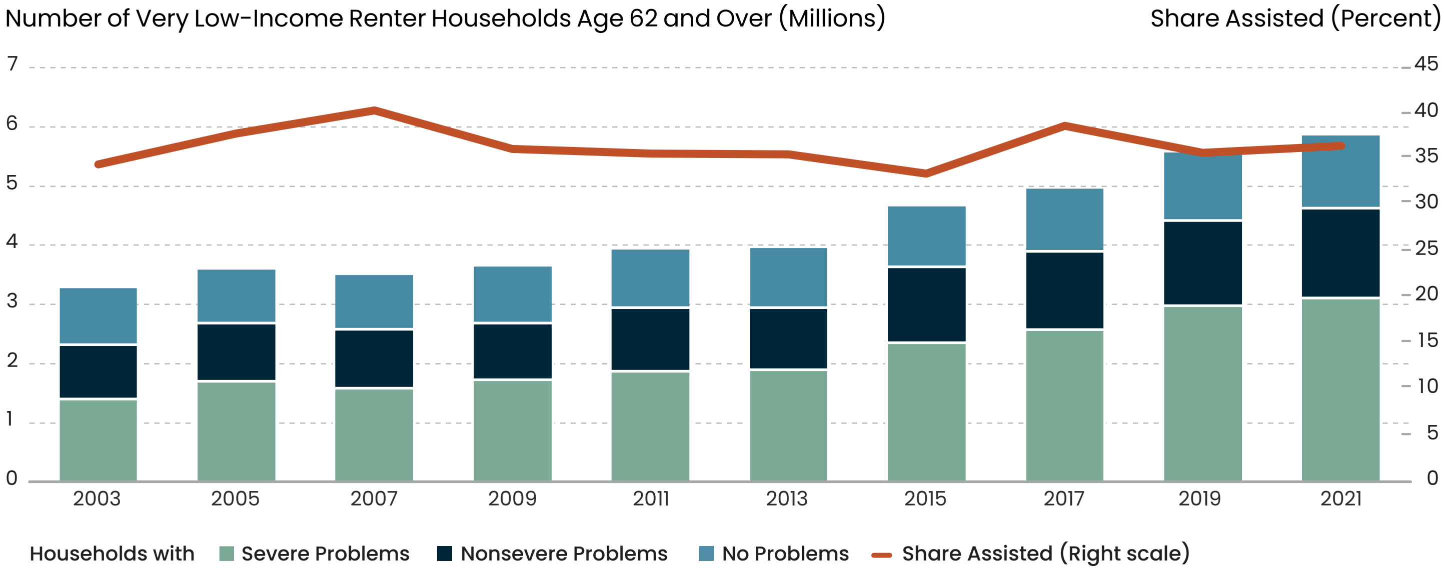
Though these increases are partially due to the aging of people with chronic patterns of homelessness, they also result from older people experiencing homelessness for the first time. Researchers at the University of California, San Francisco, estimate that, among single unhoused individuals in California age 50 and over, 41 percent first became homeless at age 50 or older. The circumstances that cause older adults to lose their housing for the first time often include a change in income or family composition brought on by sickness, divorce, or the death or illness of a loved one, or a change in need precipitated by a health crisis or new disability. Ageism and other barriers to employment can make it difficult for older adults to regain financial footing after such changes. Other contributing factors are less exclusive to older adults and include rising rents, long waiting lists for federal housing assistance, and limited savings to rely on in the event of an emergency or unexpected expense.

Homelessness can devastate an individual's physical and mental health and, for older adults, complicate other conditions associated with aging. Thirty-seven percent of adults age 50 and over experiencing homelessness in Massachusetts rated their health as "fair" or "poor" compared to 15 percent of unhoused adults aged 18-49 **(Figure 11)**. When people are unhoused, it is particularly difficult for them to manage chronic health conditions and functional disabilities, such as mobility limitations that make someone reliant on a cane or wheelchair. Unhoused people exhibit health conditions such as memory loss and functional impairments typically associated with people 20 years older. Many unhoused adults aged 50-64 have the same healthcare needs as people eligible for Medicare but do not qualify. Meanwhile, for those eligible for benefits—whether Social Security, housing, or other supports—securing them can be challenging. A lack of accessible transportation, for example, can make it difficult for older people to travel to agencies and service providers to apply for assistance.

Homelessness can also disrupt people's support networks, vital lifelines for care and social interactions for older adults. These challenges can compound when services or affordable, permanent housing are located far from known supports. As the population ages, more programs and permanent supportive housing tailored to the unique and complex needs of older people will be needed.

Figure 12

Even as the Number of Older Renters in Need of Housing Assistance Has Climbed, Federal Programs Still Support Just Over a Third of Eligible Households



Notes: Very low-income households earn up to and including 50% of area median income. Severe problems are defined as spending more than 50% of income on housing, living in severely inadequate housing, or both. Nonsevere problems are defined as paying between 30-50% of income for housing, living in moderately inadequate housing, or both. Assisted households have very low incomes and receive federal housing support. Households include only those without children at home.
Source: JCHS tabulations of Worst Case Housing Report to Congress, 2005–2023.

The Need for Public Assistance for Housing Is Growing

Demand from renters for federal housing support dramatically exceeds supply, especially for older renters with very low incomes, defined as less than or equal to 50 percent of area median income. In 2021, the number of renters age 62 and over eligible for rental assistance reached 5.9 million, an increase of almost 50 percent since 2011. However, housing assistance—including public housing, Housing Choice Vouchers, project-based Section 8 vouchers, and Section 202 Supportive Housing for the Elderly—is not an entitlement and does not fully meet demand. The available assistance was only sufficient to serve 36.5 percent of eligible households **(Figure 12)**.

Consequently, 3.7 million older renter households with very low incomes who are eligible for federal housing assistance do not receive it. Instead, many face waiting lists that can last for years in major metropolitan areas and are often closed to new applicants. Against this backdrop, incidences of worst-case housing needs—defined as experiencing a severe rent burden, severely inadequate housing, or both—have shot up 60 percent among unassisted older renters with very low incomes, to 2.3 million in 2021 from 1.5 million a decade earlier.

Likewise, the supply of housing generated by long-standing federal programs pales in comparison to the need. Since its establishment in 1986, the Low-Income Housing Tax Credit (LIHTC) program has helped finance the construction of more than 3.6 million units of affordable housing, many of which house older adults. HUD reports that in 35 percent of active LIHTC units, the household head is at least 62 years old as of 2021. However, unlike rental assistance programs such as Housing Choice Vouchers and public housing, the LIHTC program does not cap rents at 30 percent of the tenant's income but rather at 30 percent of the eligible income cutoff. For those below the cutoff, their rent may be greater than 30 percent of their income. Nevertheless, the LIHTC program remains a critical tool for increasing the supply of affordable housing.

Another crucial federal housing initiative is the Section 202 Supportive Housing for the Elderly Program ("Section 202"), which finances the construction and management of dedicated senior housing that is affordable to renters with very low incomes and frequently offers on-site supportive services. Households served by the program have average annual incomes of about $15,000 and pay rent based on income, ensuring affordability.

The Section 202 program has supported the construction of more than 400,000 units of housing for older adults with low incomes since 1959, even as the portion of the program that finances new construction and long-term operating supports went unfunded from FY2012 to FY2018. More recently Congress appropriated $110 million for new Section 202 housing, including funding to support units for grandparents raising grandchildren under the age of 18. Though relatively modest, the appropriation represents important support for intergenerational households. Recent funding is helpful, yet more resources are needed to address the ballooning demand for subsidized supportive housing that will continue to grow as the eligible population increases.

More Older Adults of Color Have Inadequate Housing

While older households' housing quality is generally good, 4.0 percent lived in housing described as moderately or severely inadequate (with structural, plumbing, or electrical deficiencies) in 2021, according to the American Housing Survey. A disproportionate number of older households that are Hispanic, Black, or multiracial/another race live in inadequate homes, at rates of 6.8, 7.1, and 7.8 percent, respectively, compared to 3.2 percent of older white and 4.0 percent of older Asian households. Among older renters, 7.5 percent live in inadequate housing, compared to 3.1 percent of older homeowners. Experiences with inadequate housing are also more common for older rural residents (4.7 percent, versus 3.9 percent inside metros).

Housing upkeep can be especially onerous for older homeowners, whose longer tenure in their homes may result in maintenance needs that threaten their safety and comfort. Among homeowners age 65 and over, 39 percent have lived in their homes for at least 30 years, compared to 6 percent of homeowners under age 65. Further, older adults' homes are likely to be older—with a quarter built before 1960 and more than half built before 1980—which may necessitate significant repairs or the replacement of major systems. Older homeowners are also more likely to live in larger homes with higher upkeep costs, expenses that may be difficult to cover on a fixed income.

Accessible Housing Is Not Always Available

Older adults are the most likely of all age groups to report challenges entering, navigating, and using their homes. They are also more likely than their younger counterparts to report that at least one household member experiences difficulties with mobility, vision, hearing, cognition, self-care, or independent living. Fully 16 percent of adults aged 65–79 and 37 percent of those 80 and over report an ambulatory difficulty, including with walking and climbing stairs, compared to under 9 percent of those aged 50–64.

Accessibility features such as walk-in showers and no-step entries into the home can promote an older adult's independence, sense of autonomy, and opportunity to age at home, as well as help prevent injury to both residents and their caregivers. Despite these benefits, such features are not widely available. As of 2019, only 47 percent of those aged 65-79 and 54 percent of those age 80 and over occupy homes with basic single-floor living and a no-step entry into the home.

While rates of accessible housing do not differ significantly between rural and urban communities, they do vary drastically by region because of differences in housing stock. In New England, 24 percent of older households reported single-floor living as compared to 58 percent in the Mountain West and Pacific states and 73 percent in the West South Central states of Arkansas, Louisiana, Oklahoma, and Texas. Nationally, fewer than 4 percent of homes offered the three foundational features of accessible housing—single-floor living, no-step entries, and wide hallways and doorways—in 2011, the last year for which comprehensive data were available from the American Housing Survey.

Like so many other housing challenges facing older adults, accessibility needs are greater for people of color, households with low incomes, and renters. Compared with 10 percent of older white householders, 13 percent of older Black householders and 15 percent of older Hispanic householders report difficulties entering, navigating, and using their homes, according to the American Housing Survey. (Data are insufficient for older households of other races.) And members of older households with incomes under $30,000 are more likely to report difficulties than those with higher incomes; among those age 80 and over, 20 percent describe accessibility challenges as compared to 11 percent of those earning $75,000 or more. The result can be housing that may threaten residents' well-being at the very time they become more vulnerable to illness and injury, potentially increasing the need for costly care.

Support Is Needed for Accessibility Modifications

A growing set of programs and policies support home maintenance, safety, and accessibility improvements for older homeowners and, in some cases, renters, with low incomes. HUD's Older Adults Home Modification Grant Program aims to assist older adults with low incomes to improve safety and accessibility in their homes through low-cost interventions. Similarly, the US Department of Agriculture's Section 504 Home Repair Program offers older rural homeowners with very low incomes grants of up to $10,000 to address health and safety hazards, as well as low interest rate loans of up to $40,000 to repair or improve housing.

Many states also offer aid for home modifications to low- and moderate-income residents with disabilities, including older adults. For example, Massachusetts operates the Home Modification Loan Program, which offers eligible older adults interest-free loans for accessibility modifications, including the construction of accessory dwelling units (ADUs). Some state funding may also be available to landlords or directly to renters with low incomes.

Additionally, several nonprofit organizations provide support for modifications. Habitat for Humanity and Rebuilding Together offer volunteer assistance to older adults with low incomes seeking maintenance and home modifications. CAPABLE (Community Aging in Place—Advancing Better Living for Elders) employs occupational therapists, registered nurses, and handy workers to help fit homes to their owners' needs. The Home Hazard Removal Program, provided through Area Agencies on Aging and in congregate living settings, helps older adults reduce the risk of falling at home.

Despite the options available for assistance, many older households do not qualify for help with home modifications or maintenance because programs have income limits and require a documented disability. Older adults may also lack awareness of renovations that could enhance safety and accessibility or want help identifying trustworthy and affordable designers and contractors. Increased funding for modification and maintenance programs could help to address the widening gap between the supply of and the demand for accessible housing.

Housing Variety Provides Crucial Options

For older adults with changing needs, housing choices suitable to diverse household configurations and affordable across the income spectrum are crucial. For example, ADUs, cohousing communities, and house sharing can offer alternatives for people seeking to remain in their communities. Also, the design of multifamily buildings can encourage interaction and support from neighbors, as can various program offerings.

Despite these potential advantages, ADUs, multifamily housing, and arrangements involving multiple, unrelated households, like cohousing, may be discouraged or prohibited by local zoning laws. Encouragingly, some states and communities are revisiting their zoning laws to allow for greater variety of housing types, including ADUs, infill development, small multifamily buildings, and allowances for nontraditional households and communities. In 2022, Maine adopted new legislation that will require municipalities to allow at least one ADU on the same lot as a single-family home in any zone that permits housing. Such reforms will be increasingly necessary as the population of older adults continues to grow, more households grapple with housing cost burdens, and climate change reshapes where and how people are able to live.

Another approach to supporting older adults who wish to remain in their community as they age is the "village" model. Villages are membership organizations that use staff and volunteers to help with transportation, home repairs, shopping, and other household tasks, and to build community connections to combat isolation. Started in 2002 in Boston to aid older residents seeking to remain in their Beacon Hill neighborhood, the village model has gained popularity in recent years and played a critical role during the pandemic. The Kingdom Care Senior Village in Washington, DC, for example, helped older adults access information, vaccines, and social programs during the pandemic.

Internet and Transportation Are Increasingly Critical

As the home becomes an increasingly important site for the delivery of healthcare, access to fast, reliable internet becomes more crucial. Telehealth, in-home acute care, and home health monitoring require the patient to have broadband access. High-speed internet is also vital for communicating with friends and family as well as accessing entertainment, banking, and shopping online, all of which can be particularly useful for people who cannot easily travel.

According to the Pew Research Center, 64 percent of older adults reported having high-speed internet at home in 2021, the lowest rate of any age group. Older Adults Technology Services reports that, among people age 62 and over, Black and Latino individuals were 2.5 and 3.4 times more likely to lack broadband, respectively, compared to white older adults. Older adults with poorer health, as well as those who live alone or live in rural areas, were also less likely to have high-speed internet at home. Disparities may be reduced by funding through the Infrastructure and Jobs Act, through which $42 billion will be distributed to states and territories to address the digital divide.

Likewise, a reliable means of transportation for older adults is essential for shopping, socializing, working, and other activities of daily living. However, especially at older ages, many do not drive or cannot afford a private vehicle. Consequently, walkability, access to public transit, and other transportation options are critical for older adults. Yet here, too, access varies widely across the country.

According to the American Housing Survey, over half of older adults reported that their neighborhood lacked good public bus, subway, or commuter rail service in 2021. Even where public transportation exists, transit stops can be inaccessible to those with disabilities and service frequency may be insufficient or poorly suited to older adults' travel needs. Lack of access to transportation increases isolation, constrains autonomy, and can even increase mortality risk among older adults.

Climate Change Is a Growing Threat

The effects of climate change are creating new challenges for older adults. Some places long favored by older movers for their temperate weather are increasingly experiencing extreme heat and harsh storms, leaving older households vulnerable. Sixteen severe storms in Florida alone—home to 8.3 percent of the nation's older population—caused an estimated $228 billion in property damage from February 2020 through April 2023, according to the National Oceanic and Atmospheric Association. These damages do not include the harder-to-estimate costs of dislocation and any medical care or other support residents may need.

Further, gaps in property insurance coverage among older adults can threaten household financial security and home equity. Black and Hispanic homeowners, owners with lower incomes, and those who own their homes outright are less likely to hold insurance on their property for flood, fire, and other hazards. Disaster insurance rates are lowest in the South, with older homeowners least likely to hold insurance in Mississippi, Louisiana, New Mexico, Texas, West Virginia, Florida, Alabama, and Oklahoma, as well as in North Dakota and Alaska. Given the higher incidence and risk of costly storms in some of these states, homeowners in these areas who suffer damage from hazards related to climate change may not have the means to recover or preserve their housing equity.

The increasing risks posed by climate change, along with inflation and the rising costs of reconstruction, are fueling increases in property insurance costs. Some major insurers have even begun to withdraw from disaster-prone markets like California, Florida, and Louisiana. In their absence, more older homeowners may either fail to secure home insurance or be forced to turn to state-mandated insurance pools. While such pools help to fill coverage gaps, they reflect the higher risk of disaster costs in these places and offer less coverage than private plans.

One way to offset some of the risks associated with more frequent and deadly climate-change related hazards is through home upgrades. Depending on the location, these could include more efficient insulation, storm shutters, or fire-resistant roofs. Because extreme heat can be particularly dangerous to older people, air conditioning is becoming more of a necessity for health and safety, despite its significant energy consumption. Yet many households with lower incomes cannot afford to purchase cooling units or must ration their use, even during deadly temperatures.

Likewise, smoke from wildfires can reduce indoor air quality in homes with poorly sealed windows and doors. As a group, older adults are more sensitive to extreme temperatures and poor air quality. Those with low incomes may be eligible for funding from the federal Low-Income Home Energy Assistance Program to make energy improvements that can also help reduce utility costs. However, more resources are needed to serve all older households seeking such assistance.

Outlook

Older households with very low incomes will almost certainly become more common, given that income inequality is growing and the baby boomers are aging into a cohort that has fixed and falling incomes. Consequently, demand will increase for housing that is both affordable and able to accommodate older adults' changing health and care needs.

Existing homes will require accessibility modifications and improvements to ensure the safety of those who wish to remain in their homes as they age, or in another home in their community. In light of the already acute shortage of such homes, there is an urgent need for flexible government programs that can help to finance modifications and improve safety where people live. Likewise, additional support is needed to help older adults to reduce their homes' energy consumption and to fortify their homes against increasingly frequent hazards related to climate change.

That said, many older adults do not want to remain in their current homes as they age. However, absent affordable, accessible housing alternatives, these individuals may have no choice. To ensure that older adults have viable housing options within their communities, policymakers need to revisit restrictive zoning laws. Local policymakers may also be able to leverage state-funded incentives to facilitate the development and preservation of suitable housing where older adults already live, including low-density suburbs, exurbs, and rural communities.

Finally, policymakers must consider other community elements that enable older adults to successfully manage the dual burden of housing and care. Broadband internet must be universally available. Local and regional transportation must be reliable, affordable, and accessible. Both technical and financial assistance are necessary to prepare older adults for the effects of climate change in ways that address their specific vulnerabilities.

04

THE DUAL BURDEN OF HOUSING AND CARE

In addition to affordable, accessible housing, most older adults will need services and supports, particularly as they enter their late 70s and 80s. For some, this may mean weekly assistance with housework and shopping. For others, it may mean daily assistance with bathing or dressing. Given the rapidly growing population of older adults, millions need or will soon need such care.

Housing costs are already unaffordable to many older households, and even more will struggle to shoulder the dual burden of housing and care. While older adults with very low incomes feel the financial strain most intensely, even those with more moderate incomes may find it difficult to make ends meet. Whether care and assistance is provided in the home or in an alternative residential setting like assisted living, the costs stretch already-limited household budgets for many older adults.

Demand for Care Increases with Age

Older adults are more likely to report that at least one household member experiences difficulties with cognition, self-care, and independent living. The likelihood that a household member has a difficulty increases with age. According to the 2021 American Community Survey, while 8 percent of those aged 65–79 have a difficulty with independent living, the share rises to 30 percent among those age 80 and over. Self-care difficulties increase from 5 to 16 percent and cognitive challenges from 6 to 16 percent across these age groups.

Difficulties appear at younger ages for renters, individuals who live alone, those with low incomes, and people of color **(Figure 13)**. For example, about 41 percent of adults aged 55-59 who have annual household incomes under $15,000 report a difficulty, compared to 10 percent of those earning $75,000 or more per year. In that same age group, 8 percent of Asian older adults report at least one difficulty, compared to 15 percent of white older adults, 16 percent of Hispanic older adults, 21 percent of Black older adults, and a staggering 31 percent of American Indian and Alaska Native older adults. These disparities are likely due, at least partially, to the systemic bias against people of color that has resulted in lower incomes, less access to healthcare and quality housing, and environmental racism.

The majority of older adults will need some type of long-term care (LTC) services in later life. LTC services include a broad range of paid and unpaid medical and care to assist people with daily activities like eating and using the toilet as well as household tasks such as shopping or cooking. According to LongTermCare.gov, nearly 70 percent of adults who reach age 65 will at some point require LTC services for an average period of three years. Twenty percent will need care for more than five years. Research by Richard Johnson of the Urban Institute for the US Department of Health and Human Services has found that those with more limited financial resources are likely to have a greater need for supportive services, and that women are more likely to require care longer than men.

Given that many people prefer to live in their own homes as they age, they need a robust range of LTC service options to navigate changes in health and independence. Indeed, most LTC services are currently delivered in the home.

The Cost of Care Is Out of Reach for Most Older Adults

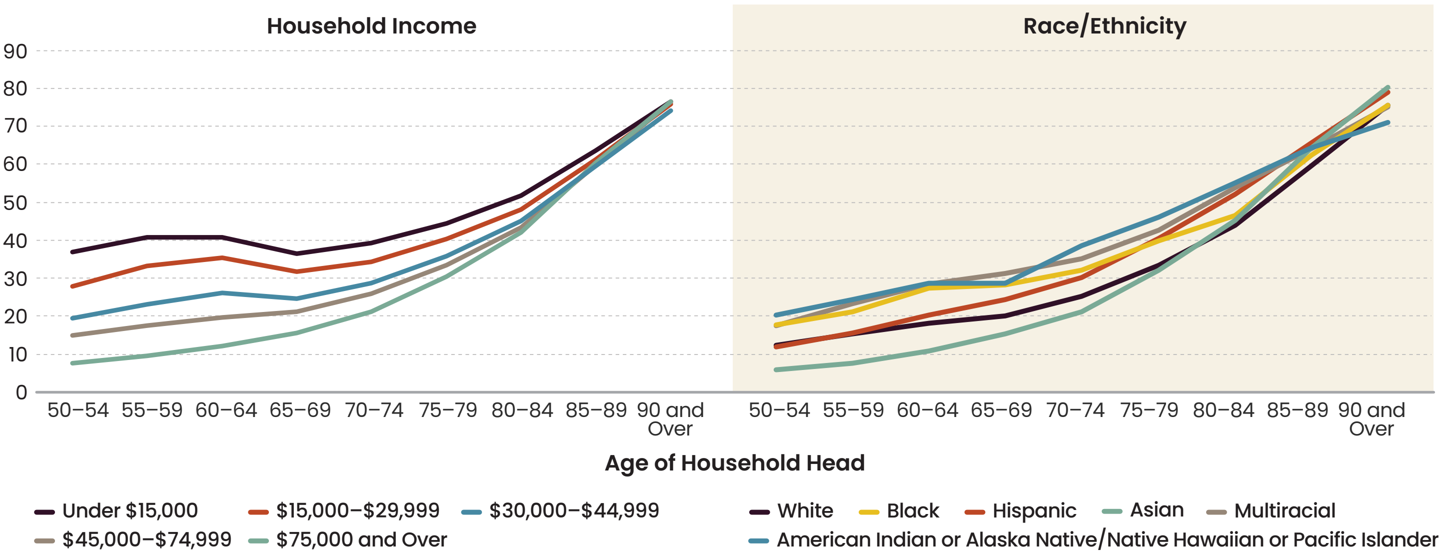
According to *Caregiving in the US 2020*, about 42 million people provide unpaid care to an individual age 50 or older, reflecting the multitude of older adults who rely on partners, other family members, or friends for LTC services. This support comes at massive economic cost to caregivers. AARP estimates that $600 billion of unpaid care was provided in 2021. Partners who provide this support often put their own health at risk: AARP has found that one in five caregivers age 50 or older report physical strain and difficulty managing their own health as a result of caregiving demands. More than half of partner caregivers are over age 65 themselves.

Older adults who live alone and do not have a partner to turn to for assistance must get help from someone outside the home, typically from their adult children. Yet the availability of family caregivers is waning. Adult daughters, who have traditionally assumed caregiving responsibilities, have entered the workforce in greater numbers, and baby boomers had fewer children than previous generations. Consequently, many older adults must supplement their family-provided LTC services with paid assistance, or rely entirely on paid help from home health or personal care aides.

Figure 13

Difficulties with Daily Tasks Appear at Younger Ages for Low-Income Households and Households of Color

Adults Who Report Having a Difficulty (Percent)



Notes: People who are white, Black, Asian, American Indian/Alaska Native, and multiracial are non-Hispanic. People who are Hispanic can be of any race. Difficulties include those related to hearing, vision, cognition, ambulation, self-care, and independent living.
Source: JCHS tabulations of US Census Bureau, 2021 American Community Survey 1-Year Estimates.

Even a minimal amount of paid daily LTC services provided at home is costly. According to the 2021 Genworth Cost of Care Survey, the median cost of a home health aide in the US is $27 an hour, and services typically must be purchased in four-hour blocks—resulting in a minimum cost of over $100 per day. Such care adds up to over $2,000 per month if the services are purchased five days a week (assuming a family or friend can help on other days) or over $3,000 per month if delivered daily. This is before factoring in the costs of other out-of-pocket medical costs, food, the housing in which the services will be delivered, and any needed home modifications to ensure the home is safe and accessible.

For most older adults, there are limited options to offset the cost of care. Just 14 percent of LTC services were paid out-of-pocket in 2021, according to the Congressional Research Services (CRS). Private long-term care insurance is unlikely to make LTC services affordable for most households: according to the CRS, only 8 percent of LTC services were provided through either long-term care or private health insurance in 2021. Medicare does not cover most LTC services. Medicaid is the largest payer for LTC services, covering 44 percent of care in 2021 in both nursing homes and through waiver programs for Home- and Community-Based Services (HCBS). However, such programs can be hard to access. Unlike nursing home care, HCBS is not an entitlement to those qualifying for Medicaid and there are long waiting lists in many states. Per the Kaiser Family Foundation, 42 states have HCBS programs for older adults and AARP reports that 6.7 million older adults received HCBS in 2018. Against this backdrop, older adults who cannot afford paid care and lack access to unpaid LTC services may have no choice but to forgo needed assistance.

Adding to the challenges, labor shortages exacerbated by the pandemic have made LTC services more difficult to secure. States with the nation's lowest ratios of aides to the population of adults with self-care disabilities are mostly in the South, including Alabama, Florida, Georgia, Mississippi, and North and South Carolina, according to a recent *Health Affairs* article by Susan Chapman and others. Although hourly wages have risen in response to demand, direct care workers' pay—which generally aligns with rates set by the largest payer, Medicaid—is still remarkably low. National median wages for home health workers were $14.07 per hour in 2021 (ranging from just $8.73 in the lowest-paying state, Louisiana, to $17.45 in the highest-paying states, Washington and Massachusetts) according to the Bureau of Labor Statistics. According to a 2022 PHI analysis, 43 percent of these workers, mostly women of color and immigrants, relied on public assistance such as Medicaid, food and nutrition assistance, or cash assistance that year. As demand for services continues to grow, workforce development programs become increasingly important. One promising model is STEPS, or Skills-Training and Employment Pathways, a partnership between the City of San Francisco and local service provider Homebridge that offers staff training for workers seeking to build skills and advance careers in healthcare.

An alternative to in-home care is assisted living, a setting that offers housing, meals, and a base level of LTC services that can be augmented at additional cost. Assisted living is regulated by the states, and in some locations, smaller residential care communities, also called board and care homes, are included under the assisted living umbrella. Nationwide, approximately 762,000 assisted living units are home to about 623,000 older adults, according to the National Investment Center for Seniors Housing and Care (NIC), which tracks senior housing and care properties of more than 25 units in major markets across the US. In 2021, their data showed the median annual cost of assisted living was $63,000, though rates vary widely, from a low of $43,000 to a high of $98,000. The range of services and amenities differ by property and contribute to the cost variation, as do the economics of the local market.

Few Older Adults Can Afford LTC Services

Only a modest share of older adults can afford either minimal daily service at home or a move to assisted living. Considering people age 75 and over (a group more likely than those aged 65-74 to need LTC services) and only single-person households, the Center found that across the 97 metros for which NIC data were available, only 14 percent could afford daily four-hour service visits at home and only 13 percent could afford the fee for of the median-priced assisted living in their area. The Center's analysis used NIC MAP Vision data for assisted living costs, Genworth Cost of Care Survey data for the costs of care at home, the Elder Index™ produced by the University of Massachusetts Boston, and the American Community Survey, all from 2021. The analysis assumes people at home are paying for housing, food, transportation, out-of-pocket medical costs, and other typical household expenses, while someone in assisted living is paying for room and board, out-of-pocket medical expenses, and some household expenses. A full description of methods is available on the Center's website.

From a service perspective, in-home LTC services and assisted living are not interchangeable. The former can work well if a person has housing they can afford and their needs can be met in a few consecutive hours of assistance per day. This arrangement can be particularly effective if family and friends are available to provide support at other times, and can be more difficult for people without other supports or who have more complex needs. By comparison, assisted living offers 24-hour emergency response in addition to meals and includes opportunities for socializing and recreation. However, assisted living may not always be a good fit, either. There may be few assisted living options near one's family and friends, and many older adults wish to receive care in their longtime home. Others may prefer to share housing with adult children and receive a mix of paid and unpaid care.

Purely from a cost perspective, it is not always clear which service model is more affordable. Metro-level variations in incomes, the costs of home health aides and assisted living, and the costs of housing, food, and other expenses like transportation and out-of-pocket healthcare mean the calculus varies by

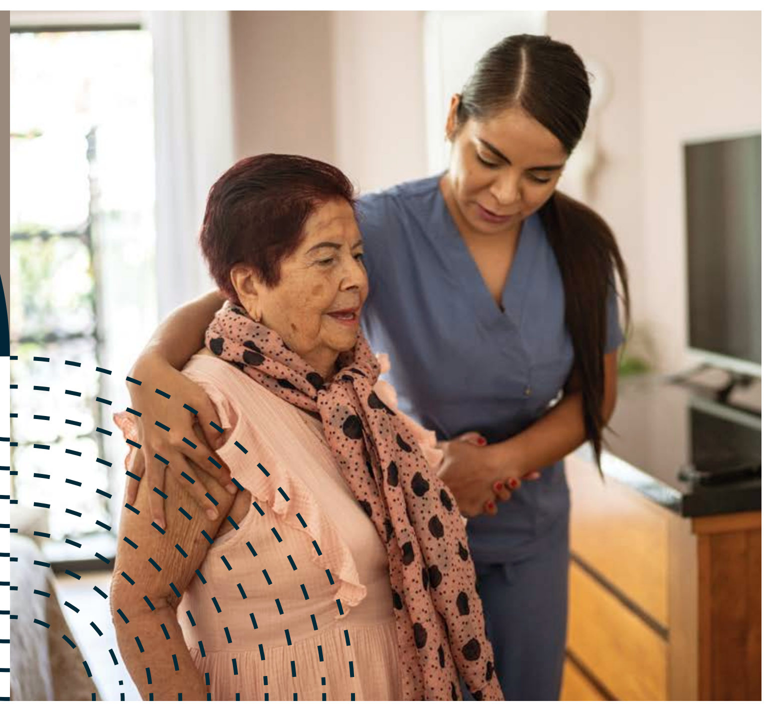


Figure 14

Only Small Shares of Single Adults Age 75 and Over Can Afford Either Assisted Living or In-Home Care

Share of Single-Person Households Age 75 and Over Able to Afford Assisted Living or Care at Home

	Metro Area	Median Income (Dollars)	Annual Median Cost of Assisted Living and Other Costs of Living (Dollars)	Share of Households Able to Afford Assisted Living (Percent)	Annual Median Cost of In-Home Care, Housing, and Other Costs of Living (Dollars)	Share of Households Able to Afford In-Home Care (Percent)
Assisted Living Is More Affordable Than Care at Home	Ogden, UT	24,700	54,000	19	66,800	10
	San Diego, CA	29,100	66,800	20	76,000	16
	Syracuse, NY	23,900	59,200	12	67,100	8
	Portland, OR	29,800	75,300	16	82,000	13
	Fresno, CA	24,900	61,000	18	66,000	13
Assisted Living and Care at Home Are Similarly Priced	Cincinnati, OH	27,900	67,000	13	61,900	13
	Ventura, CA	32,700	78,700	14	73,600	14
	Cleveland, OH	25,000	67,300	9	62,100	9
	Birmingham, AL	24,000	58,500	15	53,300	15
	Columbus, OH	24,900	72,200	12	66,800	13
Care at Home Is More Affordable Than Assisted Living	Portland, ME	25,000	91,700	5	69,300	7
	San Jose, CA	35,000	103,800	11	81,200	16
	Baltimore, MD	27,600	92,300	8	64,700	15
	Washington, DC	44,400	100,600	18	70,600	29
	Bridgeport, CT	27,900	108,700	12	70,600	18
	National	**26,300**	**72,000**	**13**	**66,000**	**14**

Notes: Calculations assume someone receiving care services at home is paying the median cost in their metro region for 28 hours per week of a home health aide, median housing costs in the metro, and other regional costs of living defined by the Elder Index™, including local median out-of-pocket healthcare costs, food, and transportation. Someone living in assisted living is paying the median price in the region for assisted living, local median out-of-pocket healthcare costs, and other regional costs of living, excluding housing, food, and transportation. Median income is that of single people age 75 and over in the metro region.
Sources: JCHS analysis of US Census Bureau, 2021 American Community Survey; 2021 Genworth Cost of Care Survey; University of Massachusetts Boston, 2021 Elder Index™; and 2021 NIC MAP Vision data.

market **(Figure 14)**. For example, in San Diego, where the regional median annual price of assisted living and other costs of living is $66,800 as of 2021, an individual who is at least 75 years old, lives alone, and needs daily support can save over $9,000 annually by moving into an assisted living facility, given the area's costs of housing and in-home care. By contrast, in Washington, DC, the same move would cost a similar household nearly $30,000 more than using in-home assistance. The roughly $34,000 difference in total costs of assisted living between the two cities, both of which have high housing costs, largely turns on the lower cost of at-home care in the nation's capital, increasing the economic efficiency of home health aide services. In the Center's analysis of 97 metropolitan areas, the median costs of assisted living were higher in nearly three-quarters of the metros than the combined costs of receiving four hours of daily in-home care in addition to other living expenses.

Public Assistance Is Often Insufficient to Cover Housing and Care for Older Adults with Very Low Incomes

Just over 58 percent of people living alone who are at least 75 years old have very low incomes, defined as less than or equal to 50 percent of the area median income. For this group, both assisted living and at-home care paid for out of pocket are financially infeasible. In the 97 metros studied, 92 percent of older adult households with very low incomes are unable to afford even one four-hour home care visit per week after paying for housing and basic costs of living, according to the Center's analysis of the 2021 American Community Survey and the 2021 Genworth Cost of Care Survey.

Yet older adults with very low incomes are more likely to need LTC services—and, as previously noted, are more likely to face housing cost burdens. While older adults may be eligible for HCBS and rental assistance, neither is an entitlement and funding for both is limited. A further complication is that housing and health programs seldom operate in tandem. HCBS and housing assistance programs employ different eligibility criteria that can result in coverage gaps for households that need both types of support.

In response, some government programs tie health and housing support together more directly. The HUD–Veterans Affairs Supportive Housing program (HUD-VASH) encourages coordination between public housing authorities and healthcare to ensure that unhoused veterans, many of whom are older, receive Housing Choice Vouchers, case management, and services. Research has found that the vouchers helped increase the number of permanent supportive housing units serving veterans and reduced both sheltered and unsheltered homelessness.

Another approach is that of PACE, the Program of All-Inclusive Care for the Elderly. PACE offers comprehensive care to older adults eligible for Medicaid and Medicare who qualify for nursing home care but prefer to live elsewhere. For PACE recipients, an interdisciplinary team provides an array of services including in-home assistance, transportation, social services, and healthcare. According to the National PACE Association, 155 PACE programs operate in 32 states and the District of Columbia, serving 71,000 individuals. When PACE participants live in the same building, it can further increase efficiencies in service delivery.

The Older Americans Act (OAA) also funds a broad range of HCBS, including transportation to medical appointments, Meals on Wheels, and caregiver support. Funds are channeled through Area Agencies on Aging and other tribal, state, and local organizations, and are intended to support people age 60 and over with the greatest economic and social needs. In 2021, OAA programs supported about 11 million people according to AARP. OAA programs are not entitlements, and the need outstrips available funds.

Opportunities exist to improve access to LTC services for older adults living in government-funded, age-restricted housing where service coordinators are available to connect residents to healthcare, in-home supports, transportation, benefits, and other resources. The US Government Accountability Office estimates that about half of Section 202 properties have HUD-funded service coordination. Some properties also offer recreation, meals, and other services. However, given that funding for service coordination is limited, many older adults living in publicly-assisted buildings do not have the benefit of this program.

For qualifying older adults, a select number of state Medicaid programs will pay family who provide their care. During the pandemic, many states expanded this option. The Centers for Medicare and Medicaid Services have proposed a new program that would fund training for unpaid caregivers, many of whom assist with medical and nursing tasks. Additionally, some Medicaid waiver programs offer consumer-directed care, a delivery model that allows an individual to select and coordinate an aide of their choice, potentially avoiding the four-hour minimum visit requirement maintained by many home care agencies.

SPECIAL REPORT

The Dual Burden Facing Households with Low and Moderate Incomes

While LTC services and housing costs may each be a struggle for older adults with very low incomes at or below 50 percent of area median income (AMI), these costs in combination may also be a challenge for households with slightly higher incomes. Specifically, individuals between 51 and 80 percent of AMI are generally considered low income but are less likely to qualify for housing assistance than those at or below 50 percent of AMI. Meanwhile, those with incomes over 80 percent of AMI typically do not qualify for housing assistance but often find assisted living or daily care at home unaffordable.

While some older homeowners with low and moderate incomes may be able to leverage home equity to pay for LTC services, this group typically has less equity than their higher-income counterparts. They are also more likely to hold mortgages on their property, further limiting available equity. As noted earlier, home equity can be difficult for older adults to access through reverse mortgages, home equity lines of credit, and other financing mechanisms, particularly for those in financial distress.

We compiled this special report to better understand whether older adults with low and moderate incomes are able to afford the dual burden of housing and care. Focusing on the 97 metros for which NIC MAP vision data were available, we studied adults 75 and older living alone. We then narrowed this group to those with incomes at or above 50 percent of AMI (a standard benchmark for federal subsidy) but too low to afford all-in-one assisted living in addition to out-of-pocket healthcare and miscellaneous costs. Across the metros, 29 percent of single-person households had incomes in this range. We refer to this set of older adults with modest incomes as GAPS households, that is, households in the "gap" between "assisted living" and "public support."

Most GAPS households could be described as middle income. In prior work, the Pew Research Center has defined middle class as households with incomes ranging from two-thirds to 200 percent of area median income. Using this definition, 62 percent of GAPS households are in the middle class, and the remainder have lower incomes that fall between 50 to 67 percent of AMI. Among all single-person households age 75 and over that are middle class per Pew's definition, 69 percent are GAPS households; the remainder can afford the median-priced assisted living.

The analysis is limited in several ways. It omits those living with family and friends, as well as married couples, whose decisions regarding care and housing may be more complex. Additionally, because the analysis is limited to 97 metro areas, it also excludes rural locations. Study methods can be found on the Center's website.

GAPS Households Vary by Metro

By definition, GAPS households have incomes above 50 percent of area median, but they are still relatively low. On the whole, median incomes for GAPS households average 73 percent of AMI, and GAPS household incomes are typically clustered toward the bottom of the GAPS income range in each metro **(Figure 15)**. For example, GAPS households in Scranton, Pennsylvania, have median incomes that are only 63 percent of AMI. In no metros studied did the median GAPS household have an income at or above AMI for single-person households. Indeed, in the majority of metros, the median income of GAPS households was well below it.

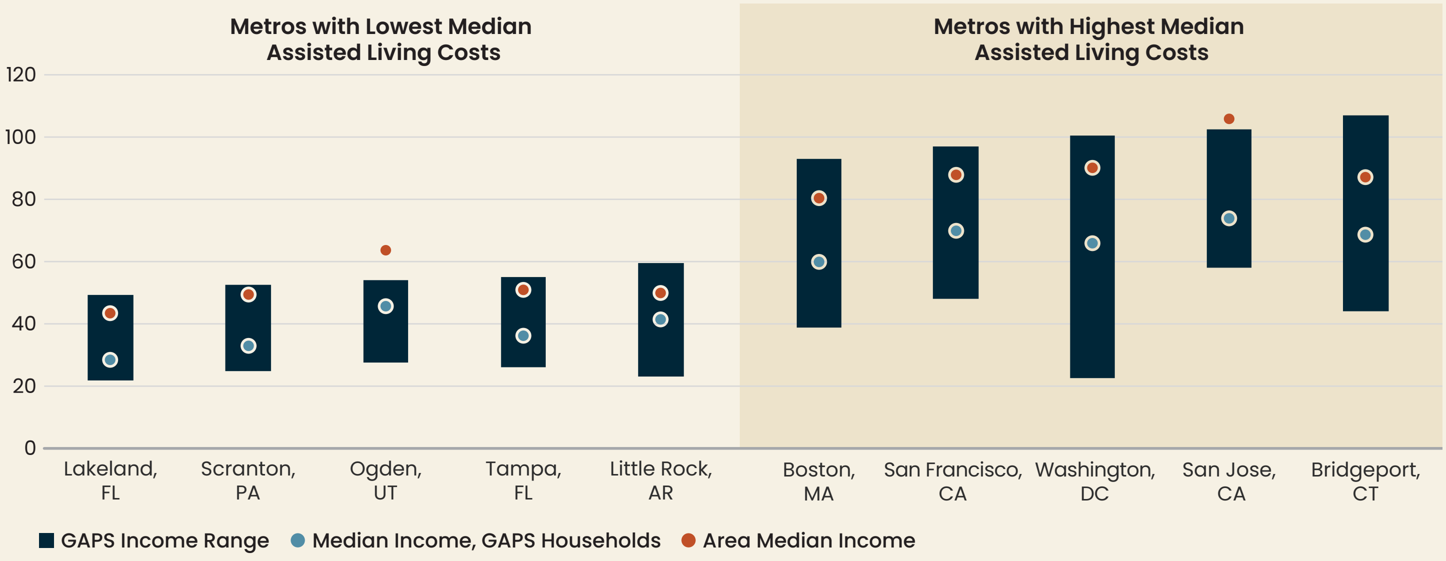
The share of GAPS households varies by metro, ranging from 14 percent of single-person households age 75 and over in Los Angeles, California, to 48 percent in Dayton, Ohio. Again, this variation is the result of relative differences by location in incomes and costs of housing and care.

There is a larger percentage of people of color in the GAPS households than in the population of older adults able to afford assisted living, and a smaller share than among those with very low incomes.

Figure 15

Incomes of GAPS Households Vary by Geography

Household Income (Thousands of Dollars)



Notes: GAPS households are single-person households age 75 and over with household incomes over 50% of area median income in their county but insufficient to afford the median annual cost of assisted living in the metro region. Income ranges for GAPS households are determined for each county within the metro, and those depicted represent the overall range of incomes for GAPS households in each metro. Area median income is for single-person households in the metro, which is calculated as a weighted average of AMI for each county in the metro. Metros depicted have the highest and lowest reported median costs for assisted living in 2021 NIC Map Vision data. Sources: JCHS analysis of 2021 NIC MapVision data; US Census Bureau, 2021 American Community Survey; and HUD median family incomes for 2021.

Assisted Living Affordability Varies by Region

The ratio of GAPS households' income to the median cost of assisted living (plus out-of-pocket medical and miscellaneous costs) varies widely by metro. Across the 97 metros, the average ratio is 62, meaning that the typical GAPS household has only 62 percent of the income needed to afford assisted living. The metros with the highest ratio, those where GAPS households are closest to being able to afford assisted living, are Ogden and Salt Lake City in Utah and Los Angeles, San Diego, and San Francisco in California. In contrast, the metros with the lowest ratios of income to assisted living costs are Modesto, California; Grand Rapids, Michigan; Toledo, Ohio; Harrisburg, Pennsylvania; and Greensboro, North Carolina **(Figure 16)**.

Notably, places with lower-priced assisted living properties are not necessarily more affordable to GAPS households. This is because residents in these metros also have lower incomes. For example, in Lakeland, Florida, assisted living costs a median of $44,000 a year, roughly 30 percent less than the national median annual cost. Yet GAPS households in Lakeland have a median annual income of $28,000, making the ratio of income to assisted living cost there just 56 percent. Lakeland residents would need on average an additional $23,000 per year—79 percent more than their current income—to afford median-priced assisted living in their community.

GAPS households may be just as far from affording assisted living in higher-income metros, as well. For example, in Bridgeport, Connecticut, GAPS households have a median income of $69,000—but the median cost of assisted living is nearly $98,000, resulting in an affordability ratio similar to that of Lakeland despite the vastly different local market economics.

Figure 16

GAPS Households Have Incomes Between 49 and 85 Percent of What Is Needed to Afford Assisted Living

Metro Areas with Highest and Lowest Ratios of Income to Assisted Living Costs Among GAPS Households

	Metro	Median Income of Single-Person Households Age 75 and Over (Dollars)	Annual Median Cost of Assisted Living and Other Costs of Living (Dollars)	Ratio of Income to Cost of Assisted Living
Highest Ratios	Ogden, UT	45,800	54,000	85
	Salt Lake City, UT	51,800	63,100	82
	Los Angeles, CA	55,000	72,000	76
	San Diego, CA	50,400	66,800	75
	San Francisco, CA	70,000	96,800	72
Lowest Ratios	Modesto, CA	33,300	64,700	51
	Grand Rapids, MI	38,500	75,400	51
	Toledo, OH	33,900	67,600	50
	Harrisburg, PA	38,400	78,500	49
	Greensboro, NC	33,500	69,200	49

Notes: GAPS households are single-person households age 75 and over with household incomes over 50% of area median income but insufficient to afford the median annual cost of assisted living in the metro region. Costs of living include local median out-of-pocket healthcare costs and other regional costs of living, excluding housing, food, and transportation.
Sources: JCHS analysis of US Census Bureau, 2021 American Community Survey; 2021 NIC MAP Vision data; and University of Massachusetts Boston, 2021 Elder Index™.

At present scale, the size of the assisted living market in each metro appears to have little relationship to the capacity of GAPS households to afford assisted living. On average, there are 0.04 assisted living beds per capita for the population age 75 and over in the metros studied. That said, there is a wide range, from 0.02 units per person in Las Vegas to 0.09 units per person in Minneapolis, both of which have affordability ratios of 65. Affordability ratios have a stronger relationship to the median income for all ages in each metro than to the median income for older adults, likely because of the importance of caregiver wages in assisted living costs. Another factor may be the incomes of local family who contribute to the cost of care.

Only a Small Share of GAPS Households Can Access Lower-Cost Assisted Living

Variation also exists among GAPS households within each metro. In some places, those earning in the top third of the GAPS group are within just a few thousand dollars of affording the median-priced assisted living in their area. For example, in Salt Lake City and Scranton the median older adult in the upper third of the GAPS group is short just $3,000 and $3,700 of the median assisted living cost, respectively. However, across the 97 metros, just 6 percent of GAPS households are within $5,000 of affording the median cost of assisted living in their community.

There are also opportunities for some GAPS households to access lower-cost assisted living, in the event it is available in their metros. For example, in Bridgeport the most affordable assisted living properties (those in the bottom 5 percent of cost) are $5,000 less per year than the median cost. However, in 2021, only a scant 115 units, or less than 5 percent of the Bridgeport market, were available at this price. In Syracuse 13 percent of assisted living units are offered at the low end of the market—yet this totals only 194 units. While lower prices often reflect fewer amenities and services, they can create crucial options for some GAPS households.

In contrast, GAPS households with the lowest incomes are much further from affording the median-priced assisted living, or even less expensive properties. Yet these households are more likely to report a functional challenge than those at the upper end of the GAPS group, indicating that they are likely in greater need of LTC services, even as they have fewer resources available to pay for such care.

Daily LTC Services Are Unaffordable for Many

In-home care is also prohibitively expensive for most GAPS households. When added to the costs of housing, food, out-of-pocket healthcare, and other costs of living, just 8 percent of GAPS households can afford to hire daily assistance (at four hours a day, seven days a week) without dipping into their assets. Sixteen percent of GAPS households cannot afford any paid personal care assistance at home. These are also the most likely of any GAPS households to have a resident reporting a difficulty with self-care, independent living (including shopping, meal preparation, and other household tasks), or other chores. Daylong in-home monitoring and assistance, such as the type of support necessary for older adults who have advanced dementia or need help using the toilet, would be cost prohibitive to all GAPS households.

As with assisted living, there is variation in the cost of in-home care by metro. In Syracuse, New York, no GAPS households can afford daily help at home using only their income. In contrast, in Washington, DC, 38 percent can afford a daily four-hour home visit.

Very few GAPS households in our sample have an income that would qualify for HCBS offered under Medicaid, though this is further restricted by other eligibility criteria including asset limits (such as for savings and investments), which are quite low. But, as mentioned, HCBS programs are not offered everywhere and are not entitlements, so even eligible households would not necessarily receive support.

Day programs can provide a safe and supportive environment and can be especially helpful for caregiving spouses who need a break. However, day programs do not address home-based needs like housekeeping and may not cover certain personal assistance tasks. Only about 40 percent of GAPS households can afford to send one resident to a day program five days each week.

Relocation and Tapping Home Equity Are Solutions for Some GAPS Households, but Not All

While regional differences in the cost of housing and care may create opportunities for some older adults to move from higher- to lower-cost markets, few opt to relocate. Between 2016 and 2021, just 1 percent of older households had moved to a new state in the previous year, according to data from the American Community Survey. Research has shown that the location of family is often an important consideration in decisions to move to a senior living community, implying that residents may choose to remain in a costlier market (or move to a high-cost market) to live near loved ones. In addition, most GAPS households have few options to move to lower-priced care. In 66 of 97 metros, the median incomes of GAPS households were too low to afford even the lowest-cost regional price of $43,000 for assisted living in 2021. The availability—not just the cost—of LTC services is another salient issue that may influence decisions to move, as noted above.

Alternatively, some GAPS households own their home and have equity they could use to finance LTC services. More than three-quarters of GAPS householders living alone own their homes. However, rates vary by metro, from 55 percent in Omaha, Nebraska, to 92 percent in Birmingham, Alabama. Nearly three-quarters (72 percent) of GAPS owners possess their property outright and report median home equity of $250,000, though values vary by region. Were these homeowners to sell their property, they could combine the equity with their income to fund assisted living for some number of years.

That said, an important indicator of the financial precarity facing many GAPS households is their high rate of housing debt. Nearly 28 percent of GAPS homeowners carry a mortgage—more than homeowners who earn under 50 percent of AMI and homeowners able to afford the median-priced assisted living. This may be the result of previous refinancing or home equity loans used to pay for health expenses and other needs. As noted earlier, older adults have higher rates of rejection for mortgages and pay higher interest rates than younger adults, making it more difficult for them to access their home equity to fund assistance. In addition, about a quarter of GAPS households are renters who lack housing equity.

Efforts to Address Needs of GAPS Households Are Increasing

Given that subsidies for housing and LTC services reach only a fraction of eligible households with very low incomes, solutions to address the dual burden of housing and care for GAPS households will likely come from nonprofit and for-profit entities. Some of these have found ways to reduce costs of building and running assisted living, making it more affordable. For example, to reduce development costs, developers of assisted living facilities are acquiring and repurposing properties and utilizing philanthropic resources. Additionally, assisted living operators are unbundling services to offer lower-cost options tailored to individual needs. Operators are also minimizing overhead costs by partnering with third-party providers to deliver transportation, wellness, and other services to residents in assisted living communities.

Finally, in assisted living—but also in other settings—service coordinators can support older adults by linking them to benefits for which they are eligible, helping them navigate complex administrative processes, and improving communication with providers.

For in-home services, there may be an increasing role for Medicare Advantage. Since 2019, these supplemental plans have had greater latitude to cover services that reduce avoidable healthcare use and improve health for people with chronic illnesses. The US Government Accountability Office reported that in 2022, about 17 percent of plans offered at-home LTC services. Recent expansions of paid family leave programs to 13 states and the District of Columbia also increase opportunities for adult child caregivers to offer comprehensive assistance when needs are in flux.

Further, services can be delivered more efficiently in buildings or neighborhoods that have large numbers of older residents. Others might benefit from mutual support models such as the village movement in which members pool fees to share helpers for tasks such as housekeeping, home maintenance, or transportation.

Still other efficiencies may be gained through emerging ambient assisted living technologies, devices that can facilitate telehealth, remind people to take medications, detect falls, and monitor vital signs. As these solutions reach scale, they can promote health, increase safety, and reduce reliance on caregivers through remote monitoring and automated assistance with certain tasks. However, these technologies can't compensate for a home that is unsafe or lacks needed accessibility features.

Outlook

Many older adults have to consider the cost and availability of care when deciding where to live, especially as they age. This dual burden highlights the inextricable link between housing and assistance and is a major driver of older adults' housing choices. As the population ages and as housing and care costs increase, more older adults will struggle to afford either the home of their choice or the care they need, and in many cases, both. With subsidies for housing and LTC services so scarce, an increasing number of older adults with very low incomes will have to forgo needed care or rely on family and friends for assistance, loved ones who will almost certainly bear their own financial and emotional costs in turn. Many households with moderate incomes will also face the challenge of affording both housing and LTC services, particularly renters and homeowners with housing debt. Innovations in the housing and care sectors are a start, but there is tremendous need for creative alternatives to existing models.

Housing America's Older Adults 2023 was prepared by the Joint Center for Housing Studies of Harvard University. The Center strives to improve equitable access to decent, affordable homes in thriving communities. We conduct rigorous research to advance policy and practice, and we bring together diverse stakeholders to spark new ideas for addressing housing challenges. Through teaching and fellowships, we mentor and inspire the next generation of housing leaders.

STAFF

Whitney Airgood-Obrycki
Corinna Anderson
Jean Barrett
Patricia Bravo Morales
James Chaknis
Kerry Donahue
Riordan Frost
Chris Herbert
Alexander Hermann
Alexander von Hoffman
Bailey Hu
Mary Lancaster
David Luberoff
Magda Maaoui
Carlos Martín
Daniel McCue
Jennifer Molinsky
Samara Scheckler
Sophia Wedeen
Peyton Whitney
Abbe Will
Juanne Zhao

STUDENTS

Alesksandra Czulak
Nora Cahill
Leonardo D'Amico
Lingxuan Wu
Kathleen Guytingco
Hayley Glassburn
Sophie Huang
Haewon Ma
Etta Madette
Aditya Mundunkan
Sam Naylor
Olivia Novick
Emily Orenstein
Lillian Saniel-Banrey
Ellie Sheild
Abby Yoon

FELLOWS & ADVISORS

Barbara Alexander
Frank Anton
Daniel Fulton
Joe Hanauer
Nicolas Retsinas
Mark Richardson

EDITOR

Loren Berlin

DESIGN

Pixels 360

FOR ADDITIONAL COPIES, PLEASE CONTACT

Joint Center for Housing Studies of Harvard University
1 Bow Street, Suite 400 | Cambridge, MA 02138

www.jchs.harvard.edu | Twitter (X): @Harvard_JCHS

JCHS
JOINT CENTER FOR
HOUSING STUDIES
OF HARVARD UNIVERSITY