

Joint Center for Housing Studies
of Harvard University



EXECUTIVE SUMMARY

**PROJECTIONS &
IMPLICATIONS FOR HOUSING
A GROWING POPULATION:**

OLDER HOUSEHOLDS 2015-2035



INTRODUCTION

Over the next twenty years, the population aged 65 and over is expected to grow from 48 million to 79 million. Meanwhile, the number of households headed by someone in that age group will increase by 66 percent to almost 50 million—with the result that by 2035, an astounding one out of three American households will be headed by someone aged 65 or older.

Older adults' homes and living situations are keys to their quality of life and capacity to live independently. The expansion of the older population will increase the need for affordable, accessible housing that is well-connected to services well beyond what current supply can meet. In addition, the home is an increasingly important setting for the delivery of long-term care, a trend likely to grow over the next two decades as millions more seek to remain in their current dwellings while coping with disabilities and health challenges.

Over the next two decades, many older households will have the financial means to secure housing and supportive services suited to their needs as they age. The focus for these households should be on making informed choices about potential living situations and locations, investments in home modifications, and care—before physical or financial needs become pressing.

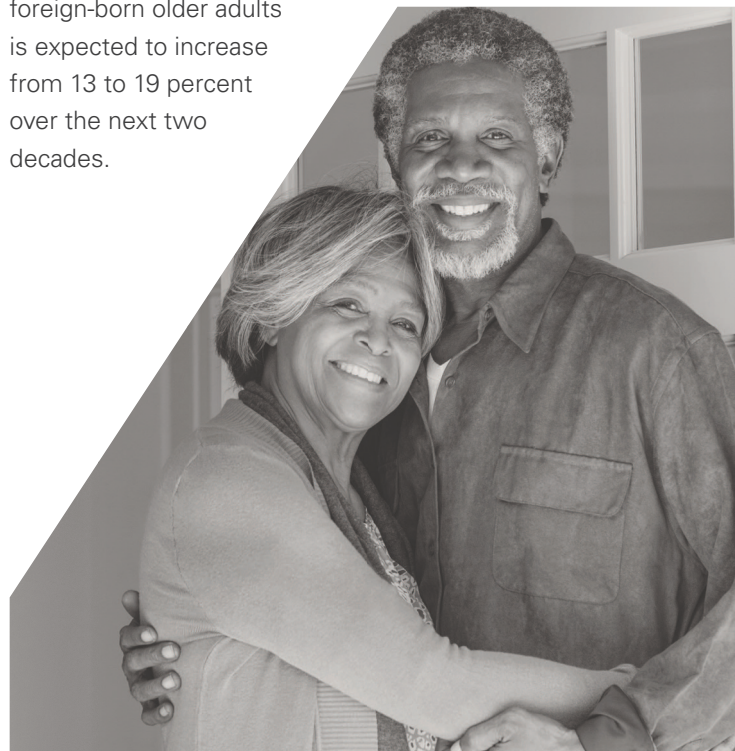
Yet over the same period, millions of low-income older households will struggle to pay for appropriate housing and necessary supportive services. For these households, basic housing costs will drain resources needed to pay for home modifications or in-home services, and may force reductions in spending on critical needs like food and healthcare.

The nation is now at the beginning of a twenty-plus-year surge in the older population, and is thus at a critical point for putting in place the affordable housing options, accessibility features, and in-home care services that will be needed over the next two decades. Transportation and technologies to ensure people can remain engaged in their communities and access supportive services are also needed. While many older adults indicate that they prefer to age in their current residences, a wider array of housing types can offer safer, more affordable, and lower-maintenance homes within existing communities, improving housing situations without uprooting older adults from the places they have called home for years or even decades.

GROWTH IN THE OLDER POPULATION WILL ACCELERATE IN THE NEXT 20 YEARS

The next two decades will bring substantial growth in the number of older adults (defined here as those aged 65 or over). With the leading edge of the large baby boom generation (born 1946-1964) now passing age 70, the US Census projects the 65-and-over population will increase by more than 30 million people by 2035 to reach 79 million, with more than half that growth occurring in the next decade. The 80-and-over population alone will double between 2015 and 2035 from 12 million to 24 million, with 70 percent of that growth occurring from 2025-2035, the decade during which the leading edge of the baby boomers passes age 80. Overall, this growth will shift the age distribution of the US population so that by 2035, one in five people in the US will be aged 65 and over, up from one in seven today.

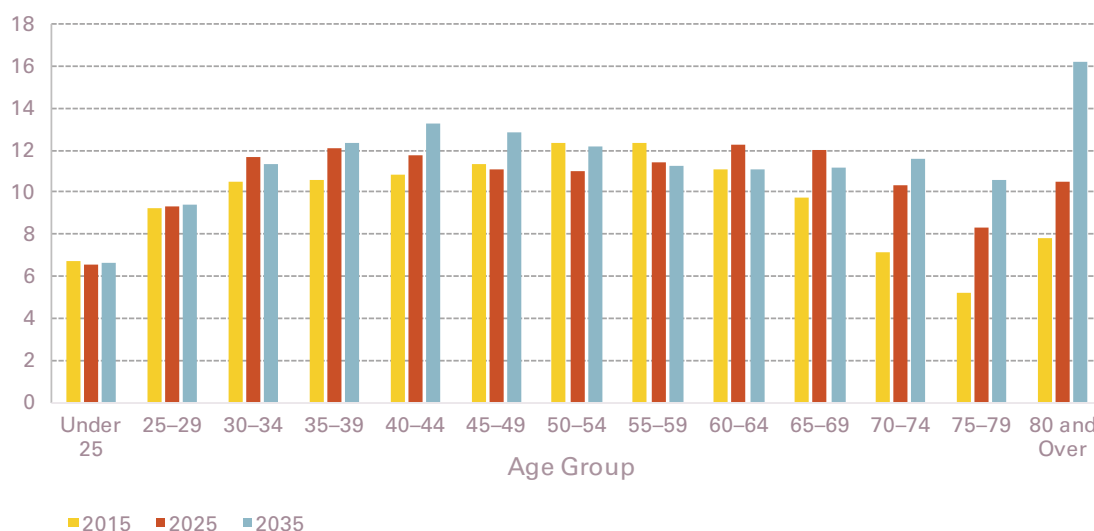
The older population will become more racially and ethnically diverse, though significant shifts will not happen until today's more diverse Generation X and millennials reach retirement age. Still, by 2035, the non-Hispanic white share of the older population will fall from 78 to 69 percent, with rising shares of non-Hispanic black, Hispanic, Asian, and other races filling out the remaining 31 percent. The share of foreign-born older adults is expected to increase from 13 to 19 percent over the next two decades.



**BY 2035, AN ASTOUNDING
1 OUT OF 3 AMERICAN
HOUSEHOLDS WILL BE HEADED
BY SOMEONE AGED 65 OR OLDER.**

Figure 1: The Number of Households over Age 65 is Projected to Expand Substantially by 2035

Projected Households (Millions)



Source: 2016 JCHS Household Projections.

NUMBERS OF OLDER HOUSEHOLDS WILL SOAR

The Joint Center projects that this population growth will translate into an increase of nearly 20 million older households, from 29.9 million in 2015 to 49.6 million by 2035. While today older households represent one quarter of all the nation’s households, by 2035 they will account for one-third (Figure 1). Households aged 80 and over will increase at a higher rate than older households in general, more than doubling from 7.8 to 16.2 million by 2035, when they will represent 11 percent of all US households. Most of the growth in the oldest households will occur between 2025 and 2035.

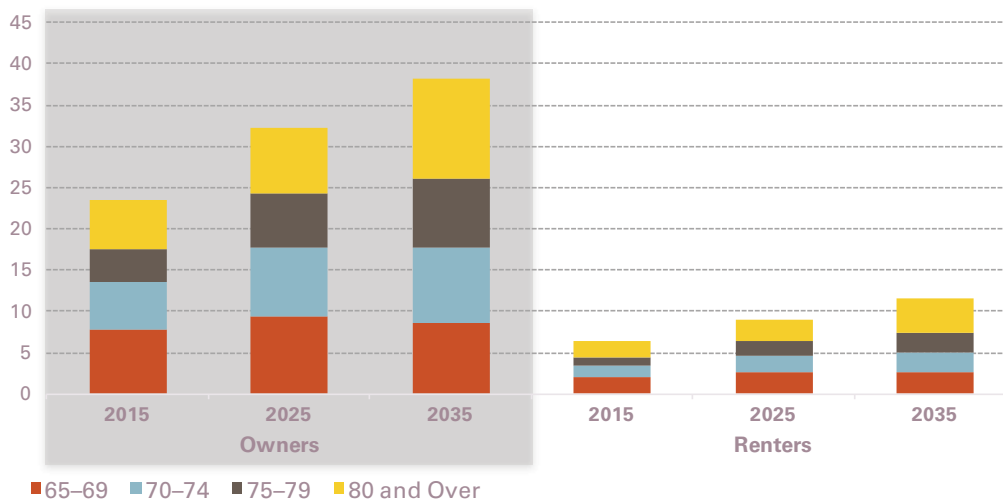
In 2015, 42 percent of older households were comprised of a single person and 45 percent were married couples, with the remainder made up of households in which other relatives or roommates resided. Going forward, single-person and married households will remain the most significant household types. Given increases in longevity, there will be more married couples at older ages, though lower marriage rates among those currently in middle age

will provide a countervailing trend favoring increased numbers of single-person households. In the end, the Joint Center projects that single-person households will grow slightly more quickly among older adults to total roughly 22 million households in 2035, barely outnumbering the 21 million projected married-couple households age 65 and over.

Single-person households become more prevalent with age. By 2035, there will be 9.3 million one-person households aged 80 or over, representing 57 percent of households in that age group. Living alone can present particular challenges at older ages, as single-person households have lower incomes and higher rates of disabilities, and must seek supports and care from outside the home rather than from a spouse or other live-in family. These households are more likely to pay for care than their married counterparts, despite more limited resources.

Figure 2: Households Aged 80 and over Will Drive Growth among Older Households from 2025-2035

Projected Older Households by Age Group (Millions)



Source: 2016 JCHS Household and Tenure Projections.

HOMEOWNERSHIP WILL CONTINUE AS THE PRIMARY FORM OF TENURE, THOUGH THE SHARE OF OLDER RENTERS WILL GROW

Most older adults are homeowners. Indeed, the homeownership rate reaches 81 percent for those in their early 70s, far higher than the current national rate of 64 percent for all ages. Going forward, the Joint Center projects that the number of owner households headed by a person aged 65 or over will soar from 24 million in 2015 to 32 million by 2025, and then to 38 million by 2035, an overall increase of 62 percent (Figure 2). Homeowner households headed by someone aged 80 and over will experience particularly steep growth, more than doubling from nearly 6 to over 12 million over the next twenty years.

Renting remains a critical tenure option, both for those who cannot afford to own as well as those who choose to rent for lifestyle reasons. The share of older renter households rises for those in their late 70s and after as people seek more accessible and/or lower-maintenance housing. Going

forward, the sheer growth in the older population will mean the number of renter households will expand from 6 to more than 11 million households over the next two decades. Overall, the share of renters will increase slightly, from 21 percent of older households in 2015 to 23 percent in 2035.

LIVING WITH FAMILY & IN NURSING HOMES WILL REMAIN IMPORTANT OPTIONS

Not all older adults reside in their own households. Currently, nearly 8 percent of the population aged 65-79 live in the homes of relatives, primarily children, with this share rising to nearly 14 percent for those 80 and over. Rates of living in a relative's home are higher for all minorities compared with non-Hispanic whites, particularly for Hispanic and Asian families; rates are also higher when older adults in the household are foreign-born. Going forward, as the population becomes more diverse, multigenerational households—where three or more generations are present—may become more prevalent.

An additional 3.2 percent of older adults reside in group quarters, mostly nursing homes, with most of this population again concentrated among the oldest ages. The usage of nursing homes has declined in the past twenty years as the prevalence of assisted living and in-home care options have increased; indeed, the numbers in nursing facilities have actually declined even as the older population has grown. Further declines may occur if trends in reduced morbidity continue and increases in options to remain in the community increase. However, given the rapid growth in the older population, there would have to be continued declines in nursing home use equal to what occurred between 1990 and 2015 just to keep nursing home residents from increasing. If the rate of decline amounts to only half of this previous period there will be a need to accommodate up to 640,000 additional residents by 2035. Much will depend on the expansion and viability of care options in the home as well as trends in health.

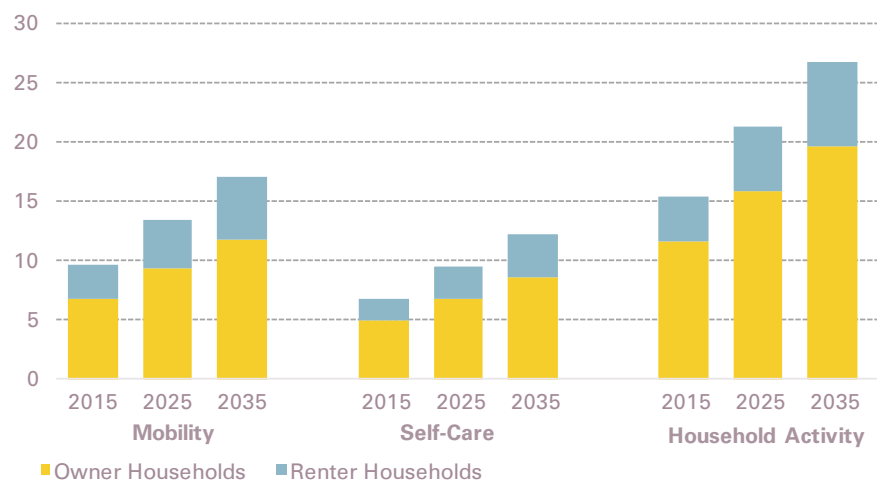
A GROWING OLDER POPULATION MEANS MORE HOUSEHOLDS WITH DISABILITIES

With age, declines in physical and cognitive functioning lead to greater incidence of disabilities related to mobility, self-care, and household activities. Those with lower incomes, minorities, renters, single-person households, and women are particularly likely to experience disabilities, though with age, incidence of all three types of disability rises for all incomes, race/ethnicities, tenures, household types, and genders.

By 2035, the number of older households with a disability will increase by 76 percent to reach 31.2 million (Figure 3). By that time, 17 million older households will include someone with a mobility disability, 12 million with a self-care disability, and 27 million with a household activity disability. (The high rate of household activity disabilities is attributable in great part to difficulty with housework and with driving a car.) With disabilities beginning to climb more steeply in the late 70s, roughly half the anticipated increase of 13.4 million older households with disabilities will occur by 2025, with the remainder in the 2025-2035 decade.

Figure 3: The Number of Households with a Disability Will Increase Substantially by 2035

Projected Households Aged 65 and over with a Disability (Millions)



Notes: Mobility disability is defined as difficulty walking, getting in and out of bed, and climbing one flight of stairs; self-care disability as difficulty eating, dressing, toileting, and bathing; and household activity disability as difficulty with meal preparation, food shopping, using the telephone, taking medication, money management, housework, and driving.

Source: JCHS tabulations of University of Michigan, 2014 Health and Retirement Survey and 2016 JCHS Household and Tenure Projections.

**BY 2035, THE NUMBER OF
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THE NUMBER OF OLDER ADULTS WITH DEMENTIA WILL RISE, EVEN IF INCIDENCE CONTINUES TO FALL

Like physical disabilities, the incidence of cognitive impairment is highest among the oldest age groups. Today, nearly half of the estimated 4.1 million older adults with dementia are aged 85 or older.

Evidence from several major surveys indicates that dementia prevalence among older Americans has fallen steadily over the past several decades. However, even if rates continue to decline, the magnitude of expected growth in the 65-and-over population will likely push the number of older adults with dementia substantially higher by 2035. The Joint Center's projections estimate that if dementia rates continue to decline at half the rate they have from 2000-2012, by 2035 the number of adults aged 65 and older with dementia may reach 6 million, with another 13.9 million having some form of cognitive impairment that does not meet the criteria for dementia (CIND). If today's rates hold constant, the number of older adults with dementia may climb even higher to 7.6 million, and the number with CIND to 15.5 million.

DEMAND FOR ACCESSIBLE HOUSING WILL INCREASE

Housing design features that increase accessibility can allow those with mobility disabilities much more independence in the home, while assistive devices and technologies are increasingly able to improve safety and

make it easier to conduct household activities. Universal design elements such as zero-step entrances into the home, single-floor living, and wide halls and doorways that can accommodate a wheelchair are particularly important, as are electrical controls reachable from a wheelchair and lever-style handles on faucets and doors.

However, only 1 percent of the current housing stock offers all five of these features. Large, multifamily housing units are most likely to provide accessibility features, so it is perhaps not surprising that when renting ticks up after in the late 70s, more older adult movers choose this form of dwelling than any other. Less than 4 percent of single-family homes, the most common form of housing for older adults, offers three of the most critical accessibility features mentioned here (single-floor living, extra-wide hallways and doors, and zero-step entrances), though mobile homes and small multifamily structures with fewer than 5 units are the least accessible dwelling types of all.

By 2035, 17 million older adult households will have at least one person with a mobility disability, for whom stairs, narrow corridors and doorways, and traditional bathroom layouts will pose challenges to safety and independence. Over 5 million of these will be renter households. Renters are more likely than owners to have mobility disabilities, but also have less control over modifying their units. Financing that assists or incentivizes landlords to support universal design features in remodels and in new construction will be critical to expanding the supply of accessible housing and ensuring that older renters are safely housed.

While 12.2 million households are projected to have self-care disabilities by 2035 and as a result could end up needing home modifications, nearly 10 percent of all older homeowner households have less than \$50,000 in total assets, a share that rises to 39 percent when considering only non-housing assets. Home modifications run the gamut of cost, from hundreds of dollars for the installation of grab bars to tens of thousands or more for additions to a home to make single-floor living possible. A sizeable share of older adults may therefore need financial assistance to modify their homes. In addition to tax credits and public loans and grants for home modifications, policies to ensure that new stock is built with higher standards of accessibility for future occupants will help.

THE HOME WILL INCREASINGLY BE A SITE OF LONG-TERM CARE

Researchers have estimated that nearly 70 percent of older adults will need some form of long-term care in later life, the majority provided in the home but including some time in a skilled nursing facility.¹ Though in the future the locus of more intensive care may shift more toward the home, the home is already a vital site of long-term care delivery. Indeed, adults with difficulty bathing, dressing, and other self-care tasks are most often assisted by family members, and therefore the preponderance of care is unpaid. However, trends indicate that in the future, fewer family caregivers will be available to fulfill older adults' needs, given rising need and declines in the number of children among the baby boom generation.² Paid care will therefore become a more necessary option in the next two decades.

However, though long-term care in the home is typically less expensive than care in group quarters, many in-home solutions are beyond the reach of even moderate- and middle-income homeowners as well as most renters. Paying for just two months of a home health aide or assisted living would exhaust the savings of a typical older renter (whose median assets are \$6,150). With non-housing assets of \$103,200, the median older owner could afford over 2 years of a home health aide or assisted living care without dipping into home equity. Yet more than 9 million older homeowners have less than \$50,000 in non-housing assets. Clearly, costs will pose challenges for many who will need to secure paid help to remain in their homes.

Public investment and private sector efforts to expand access to affordable in-home supportive services will be critical going forward. Promising pilot and small-scale programs exist, such as changes to government health insurance programs to cover the cost of in-home care, home modifications, or supportive services to remain in the community. The challenge going forward will be to bring successful demonstrations to scale. Housing-plus service models provide another important option for low-income renters seeking supportive services as well as social programs while maintaining private housing units.

NUMBERS OF LOW-INCOME OLDER ADULTS WILL GROW

Trends in income, debt, wealth, and labor force participation indicate some challenges ahead for older adults. Labor force participation among older adults is increasing, but mostly for the more highly educated and higher-income earners. Meanwhile, the decline in defined benefit retirement plans will put pressure on retirees' incomes. In the future, more women will be eligible for Social Security, but the Social Security Administration's MINT (Modeling Incomes in the Near Term) model projects the share of all older adults having the means to maintain their pre-retirement lifestyle after they retire falling from 43 percent today to 39 percent in 2035. These trends together suggest a future widening in income distributions among older adults.

In addition, the sheer growth in the older population will result in a greater number of low-income older adults. While roughly 15 million older adults earned less than 80 percent of their area median incomes in 2015, by 2035 this group will reach 27 million. The number of older renters earning 50 percent or less of their area median incomes, the threshold at which those aged 62 or over are generally eligible for federal rental assistance, will grow to 7.6 million. Currently, only 36 percent of those who qualify receive benefits (roughly 1.4 out of 4 million households), suggesting that even if subsidies could be expanded to serve the same percentage of those eligible in 2035, there would still be a gap of 4.9 million left to find housing on the open market.

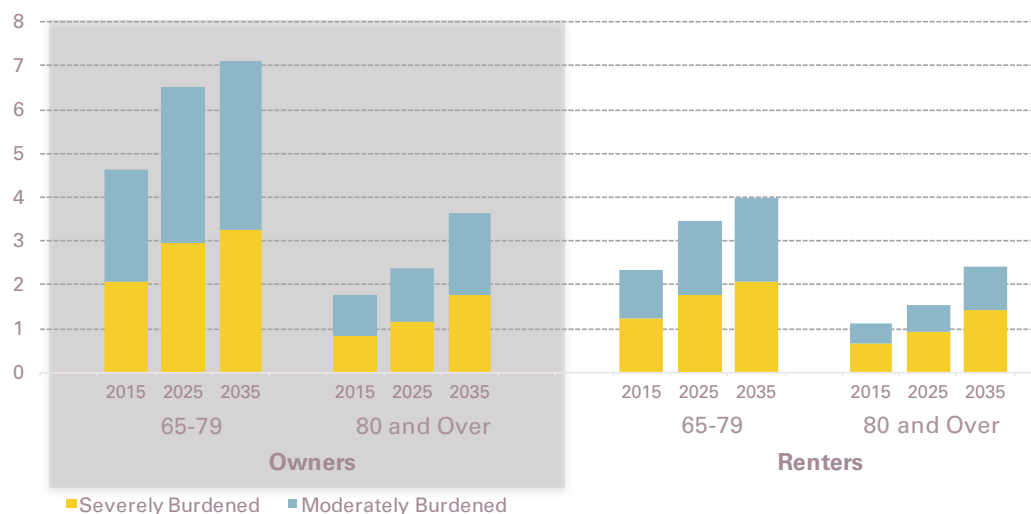
Trends in debt, particularly mortgage debt, are also key to financial security. An increasing share of older households have been carrying mortgage debt into retirement. In 2013, 38 percent of those aged 65 and older had mortgage debt on their primary residences, compared to 22 percent in 1995; in the same period, the amount of debt carried by these households rose (in real terms) from \$27,300 to \$73,000.

1. Peter Kemper, Harriet L. Komisar, and Lisa Alecxih, "Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect?" *INQUIRY: The Journal of Health Care Organization, Provision, and Financing* 42.4 (2005): 335-350.

2. Donald Redfoot, Lynn Feinberg, and Ari Houser, "The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers," *AARP Public Policy Institute*, 2013.

Figure 4: The Number of Cost-Burdened Households Aged 80 and over Will Rapidly Increase from 2025-2035

Projected Cost-Burdened Households by Age Group (Millions)



Notes: Moderately / severely cost burdened is defined as paying 30–50% / over 50% of income on housing.

Source: JCHS tabulations of 2014 American Community Survey data and 2016 JCHS Household and Tenure Projections.

RISING COST BURDENS WILL AFFECT BOTH OWNERS & RENTERS

The chance of facing a housing cost burden—defined as paying more than 30 percent of income on housing costs—rises with age, primarily because incomes decline in retirement. Applying the rates at which cost burdens occur today by race/ethnicity, age, household type, and tenure to the Joint Center’s household projections reveals a sharp future increase in older adults likely to face housing cost burdens in the future (Figure 4). Renters, who have lower incomes, are especially vulnerable: nearly 6.4 million will live in housing they cannot afford by 2035.

However, older homeowners are more numerous than renters, and nearly 11 million are projected to face cost burdens by 2035. Furthermore, this projection may be conservative if the trend toward higher shares of homeowners carrying mortgage debt into their retirement years continues. At the oldest ages, owners with mortgages are as likely as renters to face housing cost burdens.

The incidence of households paying more than half their income in housing costs is particularly alarming, as it is projected to reach 8.6 million by 2035. For both owners and renters, the numbers of severely cost-burdened households 80 and over will more than double.

ISOLATION IS A CONCERN ACROSS METRO REGIONS & BEYOND

A final challenge relates to the location of housing as it affects older adults’ social engagement with their communities and their access to medical and other services. Technologies such as online shopping and banking and telehealth may offer easier access to services, but may also heighten the risk of isolation by keeping older adults more often at home. Driverless cars and other automobile safety technologies, on the other hand, have the potential to help people leave their homes more easily, though in the short term this technology will likely be available only to those with significant financial resources and not to low-income older households. In the meantime, better alternatives to driving are needed, particularly in rural areas, such as dedicated buses, vans, and paratransit.

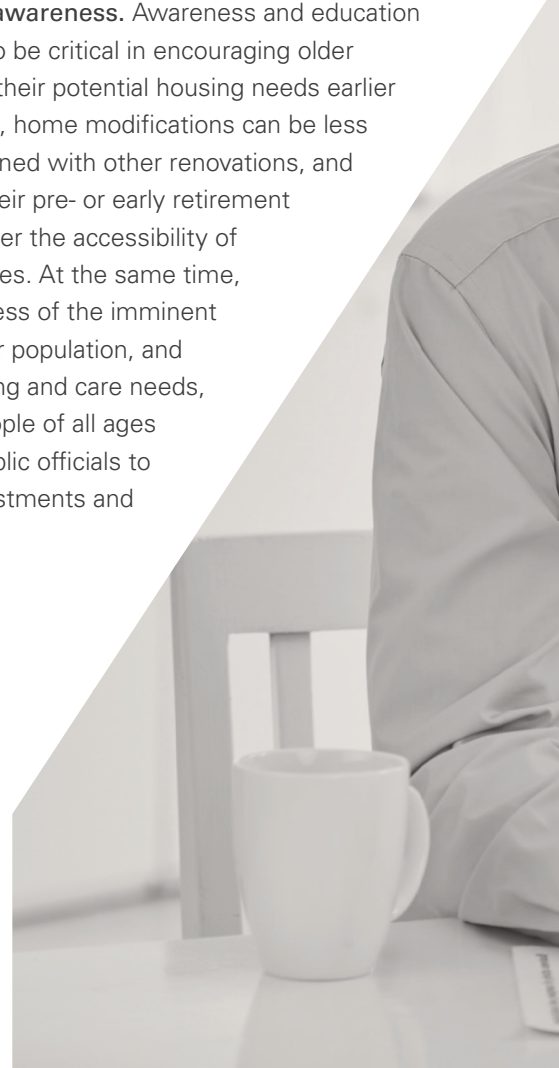
A broader array of housing choices may help as well. In some suburban and rural locations, creating more housing options in villages or town centers would provide alternatives to single-family homes for those seeking to remain in their communities.

ACTIONS TAKEN NOW CAN HELP ADDRESS THE HOUSING NEEDS OF TOMORROW'S OLDER ADULTS

In a number of surveys, older adults have expressed a strong desire to live as long as possible in their communities with as much independence as is feasible. To make these wishes reality, the nation needs more housing options for older adults, home accessibility features to support the millions projected to have mobility-related disabilities, and affordable units and financial supports for those with minimal resources in their retirement years. Trends toward providing long-term care in the home are in sync with preferences for aging in the community, but fulfilling the rapidly expanding need will require innovative partnerships between health care and housing.

- **Increasing accessible housing.** The growth in the number of older households with mobility disabilities offers significant opportunities for the private market to provide new and modified accessible housing, as well as technologies that can enhance safety in the home. The public sector has a role in providing tax credits and other financial incentives to help homeowners and landlords pay for modifications, as well as through ordinances that encourage the inclusion of accessibility features (or at a minimum, construction that can make future modifications more straightforward).
- **Assistance to older owners with housing cost burdens.** States and localities may offer property tax relief for those of qualifying incomes and ages. Utility costs might be lessened through the installation of higher-efficiency heating and cooling systems, solar panels, and weatherization programs, with tax incentives and grants helping owners to make the initial investment when costs are otherwise prohibitive. For those with mortgages they cannot afford but who still have substantial home equity, reverse mortgages may make it more financially feasible to age in place. Perhaps the most important form of assistance will be educational programs aimed at teaching adults in pre-retirement years how to avoid cost burdens in retirement, either by prioritizing the reduction of mortgage debt during their working years or by moving to more affordable housing at an earlier age.

- **Increased subsidies to older renters.** While renters comprise a smaller group than owners, they face higher risk of housing cost burdens due to lower incomes. Federal housing assistance to low-income older renters comes mainly in the form of public housing, unit-based assistance, housing choice vouchers, and Section 202 units that provide housing with supportive services to those aged 62 and over. Yet since housing assistance is not an entitlement, not all those who qualify for it receive it. With the number of older low-income renters who qualify for federal rental assistance set to soar, increased funding will be needed to sustain even the one-third share of those eligible who currently receive assistance, still leaving 4.9 million unserved by 2035.
- **Stronger ties between health care and housing.** More intensive and frequent care may be needed for the 12.2 million households aged 65 and over projected to have disabilities related to self-care by 2035; the same is true for those with multiple or more severe household activity limitations. Given the high cost of paid daily care in the home, continuing innovation in its funding and delivery is needed.
- **Increased public awareness.** Awareness and education campaigns will also be critical in encouraging older adults to consider their potential housing needs earlier in life. For example, home modifications can be less expensive if combined with other renovations, and those moving in their pre- or early retirement years might consider the accessibility of potential new homes. At the same time, increasing awareness of the imminent growth of the older population, and thus of their housing and care needs, can encourage people of all ages to engage with public officials to make needed investments and policy changes.



- **Expanded housing options.** Increased engagement of older adults can also be leveraged to encourage new housing options. Though mobility rates for older adults are low, applying today's rate of annual moves by tenure, race, and 5-year age bands to Joint Center household projections yields over 825,000 older households moving into owned homes and 1.6 million older households moving into rented homes in 2035. While many of these moves will be to existing housing, there will be sufficient demand for new housing as well. Locating new, accessible housing in town centers will allow older residents to live within walking distance of services in their existing communities, though such housing will likely require zoning changes in many locations.

Much responsibility for meeting the housing needs of older adults will rest on the shoulders of individuals, who must consider the optimal housing situation given their financial situations, current and desired locations, and health. While most prefer to age in place, doing so still requires forethought about costs, the suitability of the home, and its accessibility to services; aging in place also involves adjustments to the home and to services received as health, financial, and household and family circumstances evolve. While these individual choices will be crucial, collective efforts in both the public and private sectors will be required to broaden the array of choices possible, especially for those older adults with few resources.

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Principal funding for the *Projections & Implications for Housing a Growing Population: Older Households 2015-2035* report was provided by a grant from AARP Foundation. Additional support was provided by the Policy Advisory Board of the Joint Center for Housing Studies.

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