

Housing Policy Solutions to Support Aging in Place

Older adults make up the fastest growing segment of the U.S. population, and as they retire and live longer on fixed incomes, the demand for quality, affordable, accessible housing in close proximity to services and other amenities will only increase. Public policy should support a variety of housing options for older adults, including those that allow them the choice to age in their homes and communities.

Introduction

The phrase “home is where the heart is” captures the sentiments of many older adults when it comes to making choices about where they live as they age. Fully 89 percent of those age 50 years and over surveyed in 2005 stated that they would prefer to remain in their home indefinitely as they age. Should they find themselves unable to do so, almost 85 percent of respondents agreed with the statement “What I’d really like to do is remain in my local community for as long as possible.”¹ Social connections with friends and neighbors, familiarity with local amenities, and proximity to services and even doctors are among the many things that may be lost when an older adult has to move from his or her community.

What Is Aging in Place?

“Aging in place” describes older adults living independently in their current residence or community for as long as possible. Policies to promote aging in place often provide long-term care services and supports in the home, but the ability to age in place is also determined by the physical design and accessibility of the home, as well as community features such as the availability of nearby services and

amenities, affordable housing, and transportation options.

Studies have found that independent living promotes successful aging by improving health, life satisfaction, and self-esteem.² Aging in place can also postpone a move to an assisted living facility or an institutional setting, which can be emotionally taxing and financially burdensome. Average annual costs in an assisted living facility exceeded \$34,000 in 2009, and a private room in a nursing facility was twice as costly.³

Aging in Place: Housing Challenges and Policy Solutions

The following are some of the principal housing-related obstacles to successful aging in place and potential solutions for meeting these challenges.

Challenge: An older adult’s home may not be physically accessible or may require onerous or expensive upkeep. First, structural barriers such as narrow doorways and the absence of a first-floor bathroom can make it difficult for older adults with mobility limitations to meet their daily needs and engage in routine activities of daily living, including bathing, dressing, and toileting.

Second, a unit's age and size have implications for the amount of time and effort required to keep it well maintained and up to local building codes. Older homes typically require more maintenance than newer homes and can pose a barrier to aging in place if residents are unable to manage the upkeep owing to physical or financial restrictions.

Solution: Existing homes can be modified to improve accessibility and safety for older residents. A simple modification might be installing handrails to make it easier to use stairs; a more complex modification might involve adding a bedroom on a home's first floor or widening doorways to accommodate a wheelchair.

Local governments can take numerous steps to support home modifications for older adults, including adopting expedited permitting and review policies so older adults can easily make home modifications such as adding ramps to entryways; certifying home improvement contractors that specialize in aging-in-place modifications; and allocating resources from housing trust funds or other revenue streams to subsidize the cost of home modifications for income-eligible residents.⁴

Home modifications can be a viable option for homeowners to age in place; however, renters in single-family homes are generally at a disadvantage because they have less control over the features of their homes and because the accessibility requirements of the Fair Housing Act do not apply to buildings with fewer than four units. Although the Fair Housing Act permits renters with disabilities in single-family homes to make "reasonable modifications" to improve accessibility in their homes, they must do so at their own expense,⁵

which can be a challenge for those with limited financial resources.

Communities can provide assistance to landlords to make modifications that accommodate the needs of their tenants. In Boston, for example, landlords who rent to older adults or people with disabilities are eligible to apply for the Metropolitan Boston Housing Partnership's zero- and low-interest home modification loans.

In the case of new construction, jurisdictions should consider building codes that include accessibility features to facilitate aging in place, thus reducing the prevalence of barriers and minimizing the need for future home modifications.

Challenge: In many communities, the existing housing stock does not offer a range of choices for older adults wishing to remain in their community but live in smaller homes or closer to transit, jobs, shops, places of worship, and other destinations. More than 70 percent of adults over age 50 live in single-family detached homes,⁶ which may be too large, too expensive, and too automobile-dependent for some residents. Restrictive zoning laws and other land-use policies or strong "not-in-my-backyard" sentiment can make it difficult for developers to build multifamily housing—often a smaller, more affordable, and more accessible alternative to single-family homes.

Land-use policies that separate homes from services and amenities can make aging in place difficult. For example, health care and social service facilities that are permitted only in areas far from where many older adults live can make it difficult for them to receive the care they need, especially if public transportation services are inadequate and driving is not an option.

Solution: Local governments can revisit their zoning policies to encourage a mix of housing types and affordability levels to accommodate older adults and others interested in multifamily housing. For example, communities can rezone areas to accommodate more compact residential development near transit stops and in mixed-use, walkable communities—increasing accessibility for older adults who are unable or choose not to drive. By coordinating this development with their affordable housing policies, communities can ensure that a portion of these units are affordable to low- or moderate-income households.

Another possibility is to promote the use of accessory dwelling units (ADUs), which are self-contained residential units on the property of a single-family home, as is being done in Santa Cruz, California.⁷ Since ADUs are built on existing properties rather than on the fringe of the community, they are more commonly located near city amenities and bus routes. They also tend to be smaller and more affordable than stand-alone units.

Challenge: As older adults age, incomes often do not keep pace with housing costs. Housing costs in excess of what older adults can afford may also present a barrier to aging in place, particularly for those with limited financial resources. One-third of adults between the ages of 54 and 60 spend more than 30 percent of their income on housing costs, while the majority of adults 85 years or older spend more than half of their incomes on housing.⁸ Although both owners and renters are susceptible to housing cost burdens, the two groups face very different affordability challenges.

More than 80 percent of the 65+ population own their homes.⁹ Historically, housing affordability problems for older homeowners could be traced to rising

property taxes, utility costs, or costly property insurance. More recently, the collapse in the housing market has significantly impacted older homeowners, with almost 30 percent of homes delinquent or in foreclosure in the second half of 2007 owned by adults 50 or older.¹⁰ Some of the rise in foreclosures appears to be due to predatory lending practices targeting older homeowners for equity lines of credit or other forms of mortgage refinancing that led to unaffordable loan terms, high monthly payments, and diminished home equity.¹¹ Losing a home to foreclosure or moving because of higher monthly costs can disrupt plans to age in place in homes and communities where older people have lived for much of their lives.

For renters, hundreds of thousands of government-subsidized units affordable to low- and moderate-income households are at risk of being lost as their owners reach the end of their required affordability periods. Affordable rental homes that lack government subsidies are also at risk of becoming less affordable as they are upgraded or as homeowners displaced by foreclosure increase demand (and thus rents) for low-cost rental housing. Growing competition and rising rents may make it difficult for older adults to age in place.

Solution: Whether renting or owning, older adults can benefit from programs to increase or preserve the stock of affordable housing units and to reduce costs for existing units. States and localities have a wide variety of policy tools at their disposal to produce and preserve affordable housing for older adults. Jurisdictions should consider developing a comprehensive housing strategy to assess both the supply of and demand for affordable units targeted to older adults and to coordinate housing policies to meet the needs of the community. In some jurisdictions, for example, it may be

appropriate to create a housing trust fund and use the revenue to increase the affordable stock; in others, states and localities may wish to prioritize efforts to preserve the affordability of subsidized rental housing by maintaining or adding subsidies, refinancing existing debts, or taking other rental preservation steps; and in communities with an ample supply of moderately priced units, tenant-based rental subsidies may be the right solution to alleviate cost burdens for older adults.

Because housing affordability problems are often multidimensional, a coordinated series of complementary policy solutions is likely to be needed in many communities.

Many states and localities seek to reduce housing costs for older adults by providing tax relief to current residents. One example is a homestead exemption, used in many states to reduce the portion of a property's assessed value that is subject to taxation. Another example is a property tax deferral program that allows older homeowners to postpone payment of all or part of their property taxes until the sale of their property or death.¹²

Even though most property tax relief programs are targeted to homeowners, 16 states use "circuit breakers" to reduce the property tax burden to both homeowners *and* renters. Although renters do not pay property taxes directly, renter circuit breakers offer a tax credit to income- or age-eligible households based on the assumption that property tax is implicitly part of their monthly rent payment. Credits range from 6 to 25 percent of the total rent paid.¹³

By supporting both policies that expand the availability of affordable housing and policies that reduce the housing cost burden for residents, states and localities can provide comprehensive solutions to address the affordable housing needs of older adults.

Fact Sheet 172, March 2010

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³ Genworth Financial. *Cost of Care Maps: Genworth 2009 Cost of Care Survey*. Richmond, VA: Author, April 2009.

⁴ Aging in Place Initiative. *A Blueprint for Action: Developing a Livable Community for All Ages*. Washington, DC: National Association of Area Agencies on Aging and Partners for Livable Communities, May 2007.

⁵ U.S. Department of Housing and Urban Development. "Fair Housing—It's Your Right." Retrieved on February 29, 2010 from www.hud.gov/offices/ftheo/FHLaws/yourrights.cfm.

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⁷ Oberlink, Mia R. *Opportunities for Creating Livable Communities*. Washington, DC: AARP Public Policy Institute, March 2008.

⁸ AARP Office of Policy Integration. *The Policy Book: AARP Public Policies 2009–2010*. Washington, DC: AARP, 2009.

⁹ Aging in Place Initiative. *A Blueprint for Action: Developing a Livable Community for All Ages*.

¹⁰ Shelton, Allison. *A First Look at Older Americans and the Mortgage Crisis*. Washington, DC: AARP Public Policy Institute, September 2008.

¹¹ AARP Office of Policy Integration. *The Policy Book: AARP Public Policies 2009–2010*.

¹² Baer, David. *State Programs and Practices for Reducing Residential Property Taxes*. Washington, DC: AARP Public Policy Institute, May 2003.

¹³ Lyons, Karen, Sarah Farkas, and Nicholas Johnson. *The Property Tax Credit Circuit Breaker: An Introduction and Survey of Current Programs*. Washington, DC: Center on Budget and Policy Priorities, March 2007.