



## HOUSING FOR SENIORS

by

### **The Housing Immersion Team 2018**

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### **Introduction**

The Housing Immersion Team researched the availability of senior housing. Why senior housing? Everyone gets old and needs to live somewhere during the last years of their lives. This is a universal issue that people frequently neglect until an immediate decision is required. To focus our effort, we further narrowed the topic to middle-income seniors with an annual household income of \$40,000-\$80,000. In theory, these seniors should be financially secure. While not wealthy, they commonly have some assets, including a home, and should be able to live comfortably as they age. We wanted to find out if this assumption is correct.

### **Findings**

#### *Senior Age Wave*

The United States is at the beginning of a major demographic shift as Baby Boomers (born 1946–1964) reach retirement. By 2030, one in five Americans will be 65+, compared to today's one in seven. This growing group of seniors will be more ethnically and racially diverse, will be more willing to take on a mortgage later in life, will desire more living space, and will be willing to incur higher expenses than previous generations. These differences will change the way that Baby Boomers approach housing during their later years. The Richmond region, which currently consists of 1.3 million residents (about 30% of whom are age 55+), is following national trends with a steady increase in seniors. Forecasts estimate that seniors aged 65+ will account for 62% of the Richmond region's housing demand during 2010–2030.<sup>i</sup>

#### *Income versus Assets*

Seniors' housing options are driven by income and assets. For seniors with assets, such as a home, but no regular income, can find it difficult to afford property taxes and maintenance. For seniors with income, but few assets, it can be challenging to find affordable housing. In terms of income, 85 percent of people 65 and older receive Social Security benefits. The average Social Security benefit in 2017 was \$1,360. Only 32% of today's retirees have pensions, and this number is trending downward. Twenty-three percent of older Americans have work income. According to the AARP, the median

retirement income earned by retirees from work is \$25,000 a year, which is the highest amount of any income source. Finally, about 7% of retirees receive some form of government assistance. In terms of investment income, 63% of retirees rely on assets for retirement income. According to Retirement USA, “the median amount of asset income for households where either the householder or spouse was aged 65 or older was \$1,542 for those households who received any asset income. In 2008, 59% of older households had income from assets.”<sup>ii</sup>

### Housing Mismatch

Housing experts point to a mismatch between what's being built and what will be needed. Most construction has been aimed at the luxury market as developers have tried to lure active young seniors by emphasizing spa-like amenities ranging from swimming pools to movie theaters. Not enough housing is being developed for middle-income retirees. Without sufficient housing stock, Boomers are being stranded in homes without basic age-related safety features, families are struggling to care for aging parents living miles away, and the Medicare and Medicaid programs are paying for preventable injuries. Nationally, the average rent for independent-living senior buildings, or apartments meant for people who cook and clean on their own, now runs \$3,025 monthly. For assisted living, or apartments where seniors receive meals, house cleaning, transit to doctors and help with medical issues if needed, the average base rate is \$4,454 nationally.<sup>iii</sup> First-time home buyers are also finding a shortage of starter home inventory as many seniors stay in their homes, either because they want to age in place, can't afford to move, or can't find suitable housing.<sup>iv</sup>

### Housing Options for Seniors

Ultimately, our research yielded a wide variety of current housing (or financing) options for middle-income seniors, but none that fully addresses the burgeoning needs. Options include multi-generational/mixed income communities; general rental or age-specific rental; reverse mortgage; subsidized/income-based housing; continuing care retirement communities; living with family or roommate(s); age-restricted communities (55+); and Accessory Dwelling Units (ADUs).

### **Call to Action**

1. Begin to look at options for your own future senior housing needs.
2. In your role as a community leader, advocate for policies that support senior housing options

### **Interviews & Presentations**

- Bob Adams, Executive Director, Housing Virginia
- Catherine Bray, Demographer, County of Chesterfield, Virginia
- Jovan Burton, Partnership for Housing Affordability, (Senior Housing Study)
- Laura Lafayette, CEO, Richmond Association of REALTORS
- Pamela Parsons, Ph.D., RN, GNP-BC, FNAP, Clinical Associate Professor and Director for Practice and Community Engagement, VCU School of Nursing

- Benjamin Sehl, Planner, County of Henrico, Virginia

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<sup>i</sup> Burton, J. (2018). *Senior Housing Study*. Richmond, Virginia: Partnership for Housing Affordability.

<sup>ii</sup> "Average Retirement Income 2017: How Do You Compare?" Retrieved from [www.newretirement.com/retirement/average-retirement-income2017](http://www.newretirement.com/retirement/average-retirement-income2017).

<sup>iii</sup> "Why Aging Baby Boomers Will Find Few Moderately Priced Senior Housing Options." Retrieved from [Chicagotribute.com/business](http://Chicagotribute.com/business).

<sup>iv</sup> Burton, J. (2018). *Senior Housing Study*. Richmond, Virginia: Partnership for Housing Affordability.