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Housing in Massachusetts 2007: Characteristics of Householders & Homeowners Aged 65 & Over

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Housing in Massachusetts 2007: Characteristics of Householders & Homeowners Aged 65 & Over

Introduction

In its 1999 "report card" on housing for older Americans, the U.S. Department of Housing and Urban Development identified good quality, affordable housing as one of the primary "pillars on which a secure retirement is built" (U.S. HUD, 1999:1). Yet many seniors live in homes that are inappropriate for their changing needs, and many face housing costs that exceed their capacity to pay. These challenges are particularly pronounced in states like Massachusetts, where much of the housing stock is quite old and where housing costs rank among the highest in the nation.

In this report, we focus on the housing characteristics of older householders in the Commonwealth of Massachusetts. The term "householder" refers to the person in each household in whose name the residence is owned or rented, frequently referred to as the household head. Data are presented for householders who are aged 65 or over. Figures are generated from data collected in the 2007 American Community Survey by the U.S. Bureau of the Census.

To place this in context, Table 1 shows that more than 700,000 individuals aged 65 or older head a household or are the spouse of a head of a household in Massachusetts. Many of the remaining seniors (11%) live in the community but are not householders. These individuals include people who live with adult children or other relatives, as well as those who live with non-relatives such as roommates. Only about 6% live in group quarters, which in this age group are primarily nursing homes. This report focuses on the largest segment of the older population: the 82.4% of all Massachusetts seniors who were householders in 2007.

Good quality, affordable housing forms a central component of quality of life. Yet high housing and utility costs place a heavy burden on many older households in Massachusetts.

Table 1: Massachusetts, 2007

Relationship for the population aged 65 and over

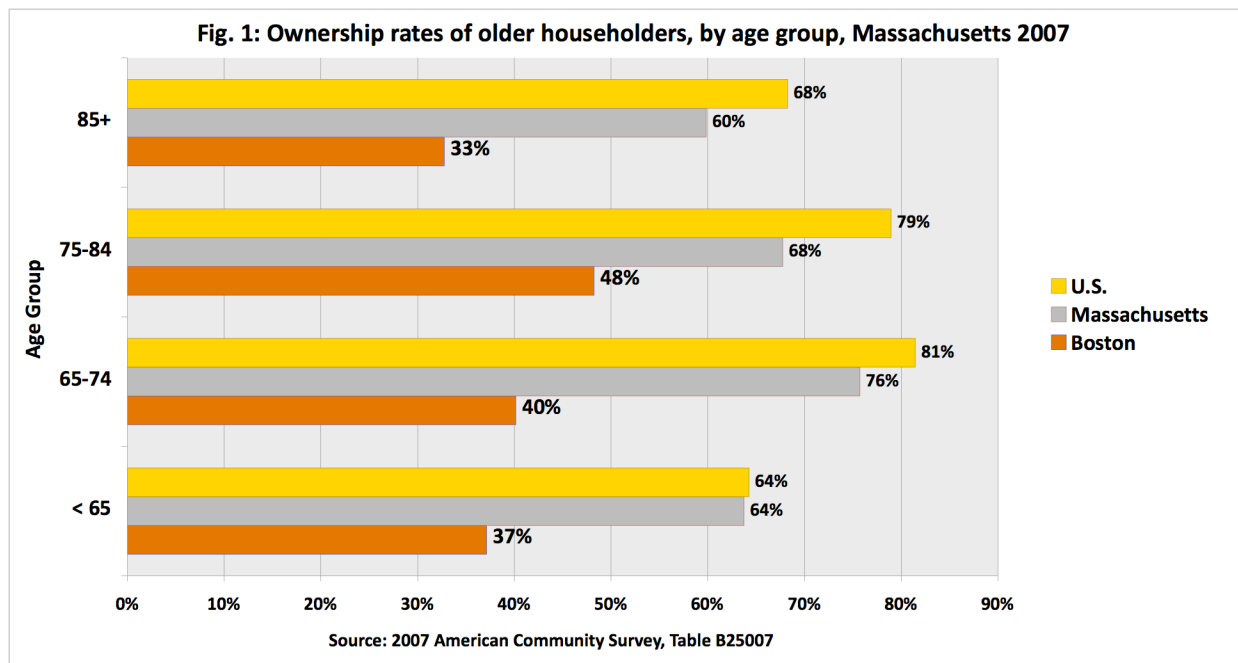
	Householder or spouse of householder	Living in a household, but not the householder	Living in group quarters, primarily nursing homes
#	708,423	96,033	55,411
%	82.4%	11.1%	6.4%

Source: American Community Survey (ACS) 2007 Table B09017

Ownership Rates Among Older Householders

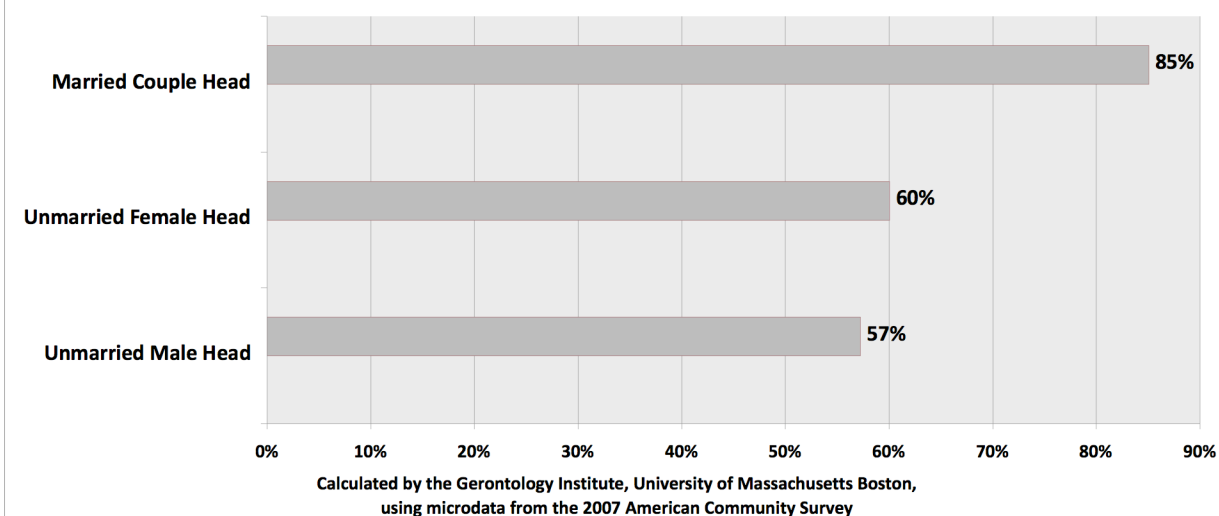
The first section of this report provides ownership rates for different subgroups within the senior population. Householders who live in owned homes frequently have lower housing costs, inasmuch as many older homeowners have paid off their mortgages. However, maintenance costs may occur at unexpected times and may be very costly (e.g., replacing a roof). Moreover, some older homeowners, especially those with mobility problems, may experience difficulty handling repairs and maintenance on their own. In contrast, older renters avoid maintenance and repair responsibilities and costs, and may be able to transition more readily to housing that better meets their changing needs. However, renters generally incur higher routine housing costs. In the Commonwealth of Massachusetts, 70% of the householders who are aged 65 or older own their homes, while the other 30% live in rented housing units.

Figure 1 shows that although seniors are more likely to own a home than are householders under age 65, ownership rates decline with age within the senior population. For example, in Massachusetts as a whole, approximately 76% of the householders aged 65-74 live in owned homes, compared to only about 60% of the householders aged 85 and over. The oldest segments of the senior population are more likely to live in rental housing not only in Massachusetts, but in Boston and the United States as a whole. Ownership rates within each age group are higher for the U.S., but substantially lower for Boston than in the Commonwealth as a whole.



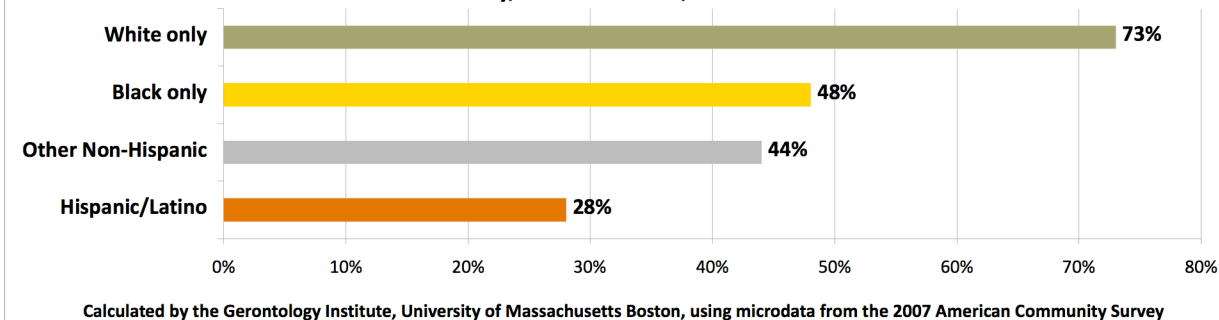
Homeownership is more common among householders who are married than among unmarried householders. Figure 2 shows that 85% of the older householders who are married live in owned homes, compared to fewer than 60% of their unmarried counterparts. Within the 65-plus population, married couples are younger on average than those who are unmarried; their combined health and financial resources are also generally better. These characteristics, along with the tendency among some older individuals to sell their homes upon widowhood, likely account for these differences.

Fig 2: Ownership rates age 65 and over by gender of head, Massachusetts, 2007

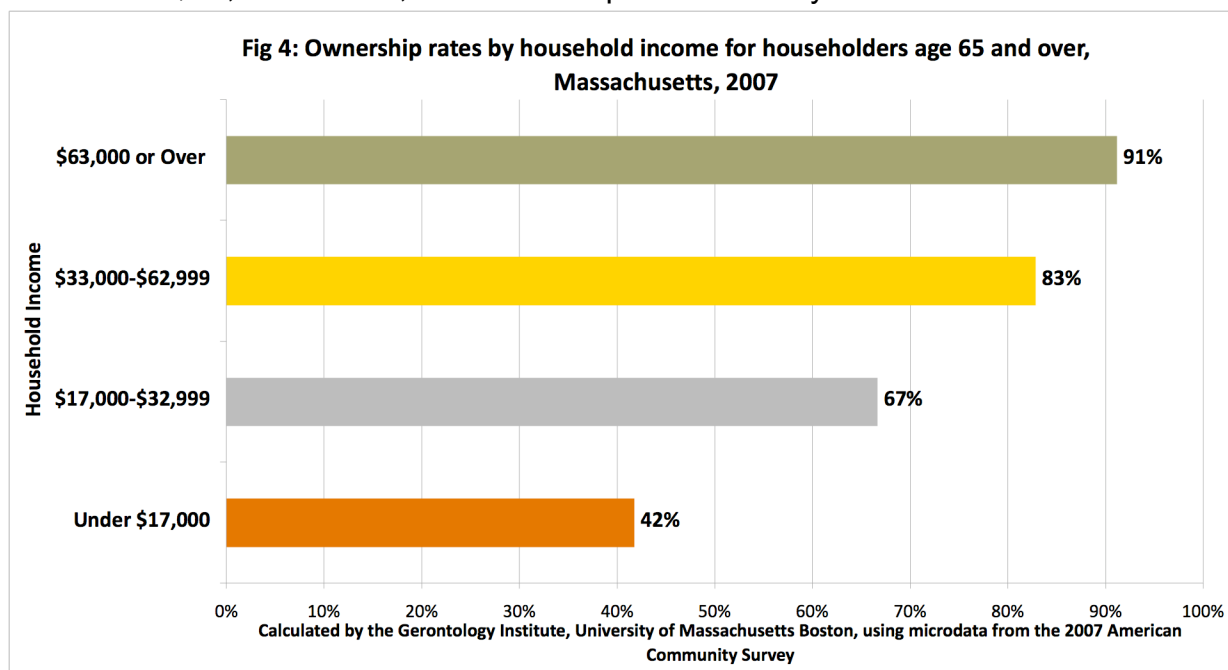


Ownership rates are substantially lower among racial/ethnic minorities in Massachusetts and are especially low among older Latinos. More than 70% of the non-Latino White householders own homes, compared to less than 50% of their non-White counterparts. Only 28% of older Latino householders live in owned homes.

Fig 3: Ownership rates for head of household age 65 and over, by race and ethnicity, Massachusetts, 2007



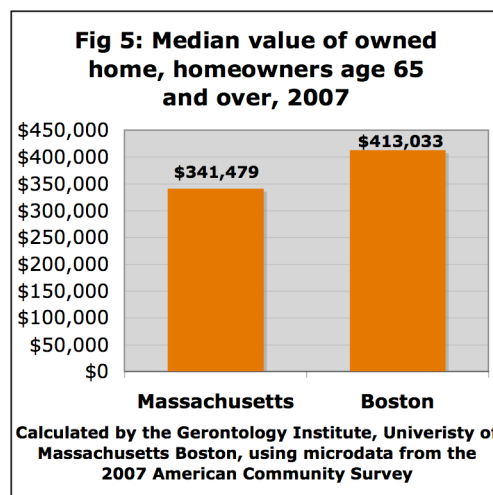
Underlying some of the ownership rate patterns observed up to this point is a strong relationship between ownership and household income. Among the wealthiest quartile of older householders, those with total household income of \$63,000 or more annually in 2006, 91% lived in owned homes. Ownership rates are sharply lower among less affluent households. Among the older households with household incomes of \$17,000 or less, the ownership rate was only 42%.



In sum, among older householders, those most likely to be homeowners are relatively young (65-74 years of age), white, not Latino, and married, with relatively high income. Those who are 85 and over, who are members of a racial or ethnic minority group, are single, or have fewer financial resources, are far less likely to own homes.

Financial Characteristics

An owned home represents a potentially significant resource to older homeowners in Massachusetts and especially those living in the Boston area. Seventy percent of all older householders in Massachusetts are homeowners, including almost half of the older householders in the city of Boston. Figure 5 shows that the median value of the homes owned by householders aged 65 and over in the Commonwealth is \$341,479.

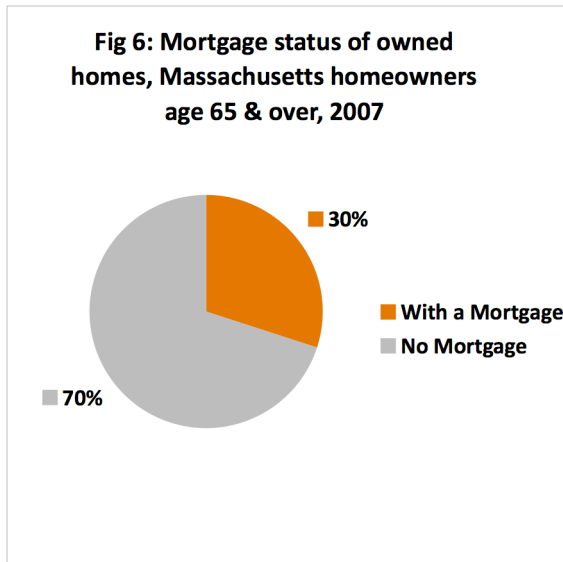


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This median value means that half of the owned homes were valued at less than \$341,479 and half were higher in value. In the city of Boston, the median was even higher, at \$413,033. Moreover, the majority of older homeowners report that they own their homes free and clear, with these values reflecting considerable wealth. Sixty percent of older homeowners in Boston and 70% of their counterparts throughout Massachusetts report that their homes have no mortgages (see Figures 6 & 7).



Because the value of their homes typically represent the single most substantial source of wealth among older individuals and couples, the recent declines in house values represent significant losses among

senior planning to sell their homes in the near future, or hoping to obtain a reverse mortgage.

To better understand the housing cost burden experienced among older householders, it is useful to evaluate the cost of owning or renting a home relative to the household income available. Paying more than 35% of one's household income for housing is a frequently used indicator of housing cost burden. Among older homeowners, and taking into account the total amount of household income paid for mortgage and other housing debt payments, tax payments, property insurance costs, and utility costs, a substantial number of older homeowners in Massachusetts are overburdened in terms of housing costs.

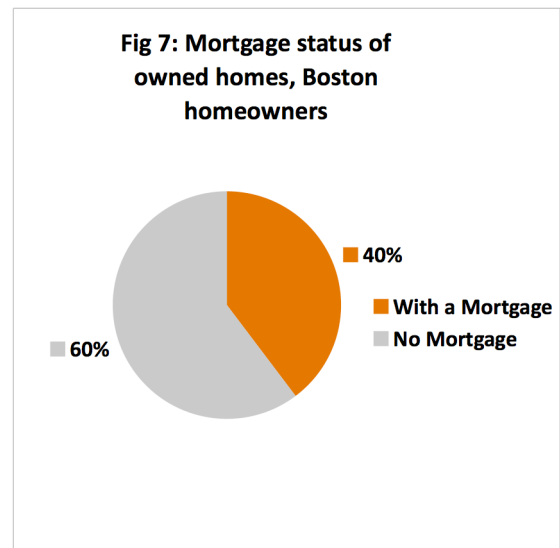
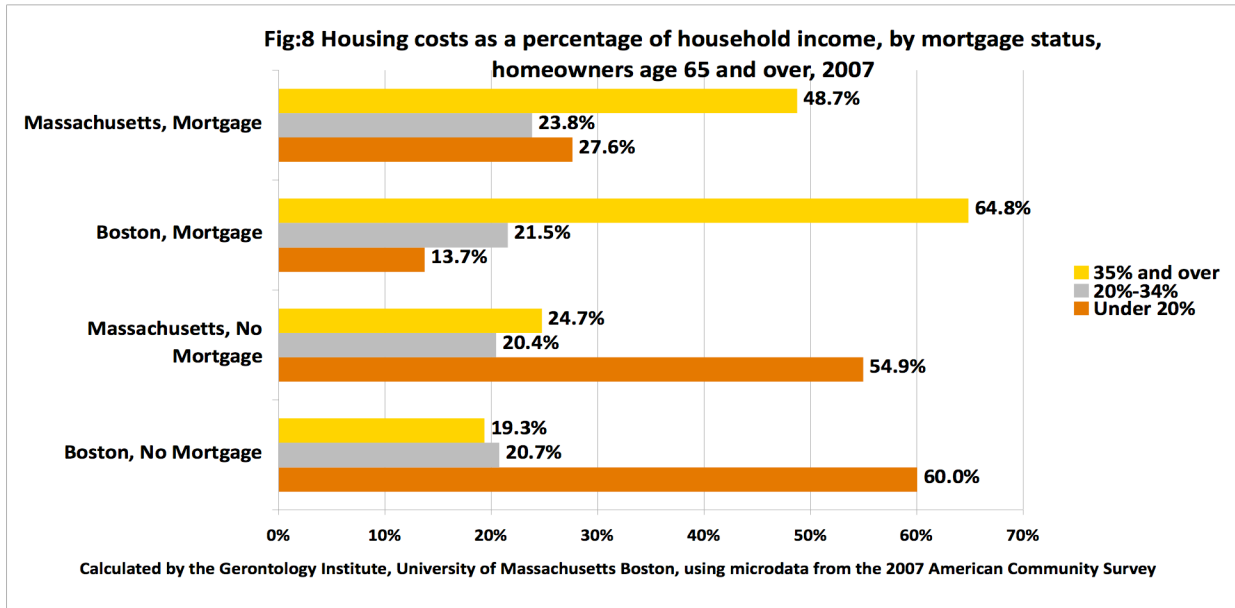
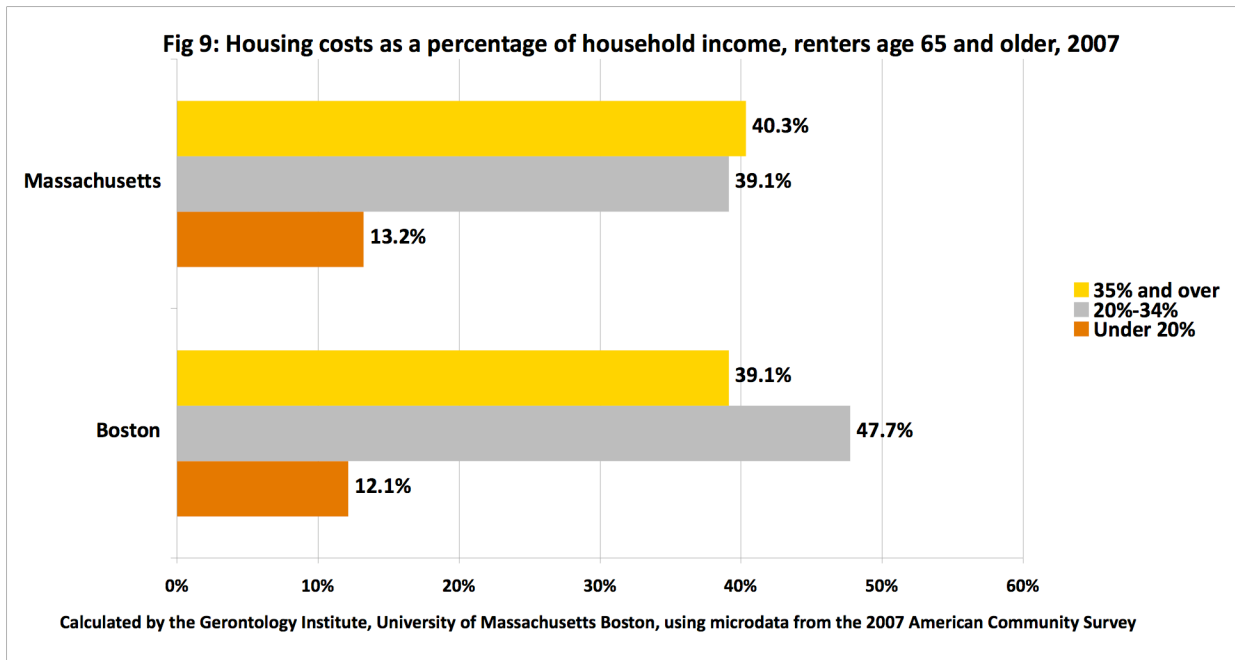


Figure 8 shows that this burden is particularly pronounced among those who are living in homes with a mortgage. Throughout Massachusetts, nearly one-quarter of older homeowners who do not have mortgages, but half of those who do have mortgages, pay 35% or more of their total household incomes for housing related costs. Among those with mortgages, higher levels of housing burden are reported for older homeowners in Boston.

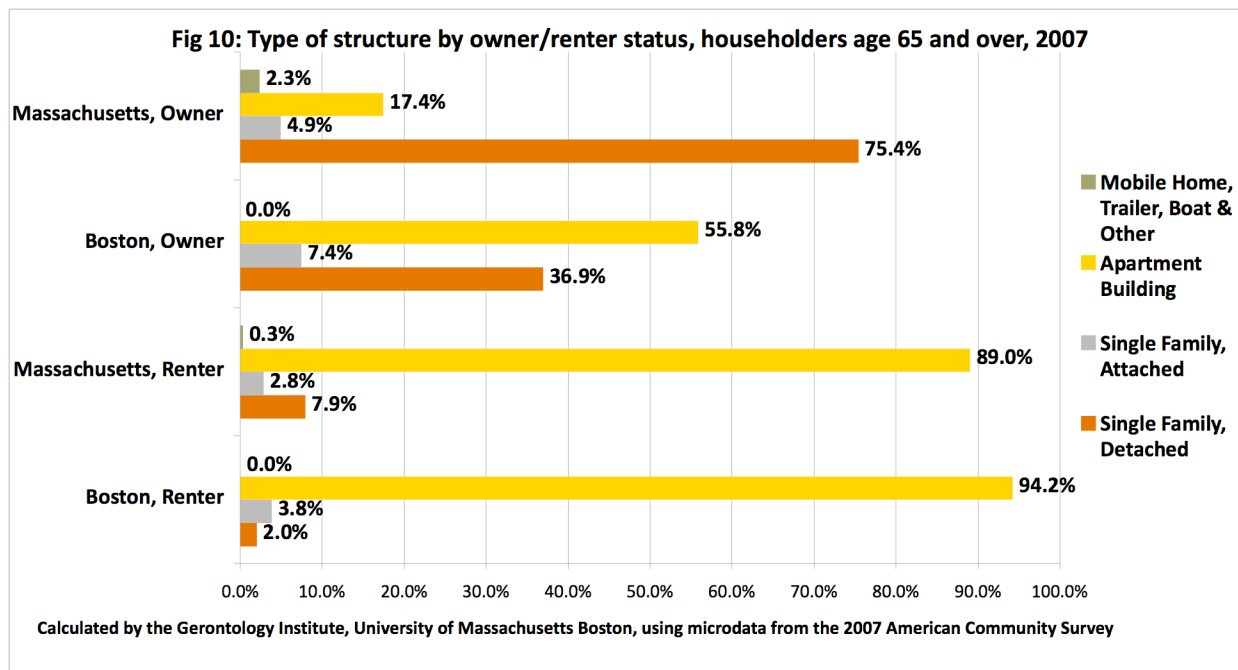


Housing costs for older renters are also high. Costs for renters include the amount paid for rent plus utilities. In both Massachusetts and in Boston, two out of every five older renters report housing costs that equal or exceed 35% of their total household incomes. These levels are far greater than reported by the majority of older homeowners who own their homes free and clear.



Non-Financial Characteristics

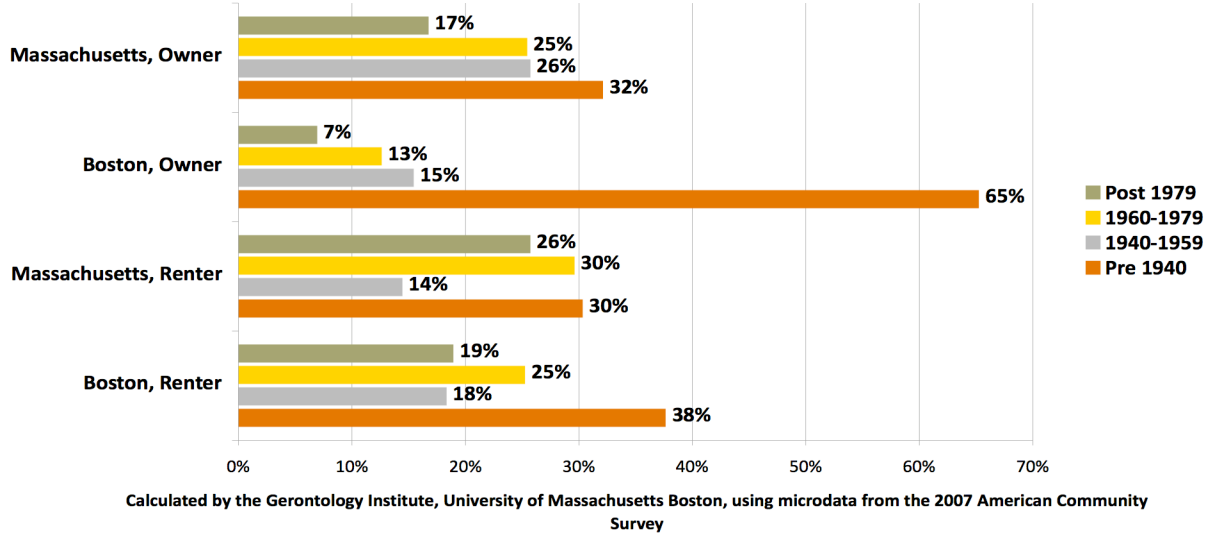
The physical characteristics of the homes lived in by older householders differ substantially between owners and renters and are also distinctively different in the city of Boston. Figure 10 shows that virtually all older renters live in apartment buildings, with much smaller shares living in single-family homes. Massachusetts owners primarily live in single-family detached housing, but the majority of older owners within the city of Boston live in apartment buildings.



A large share of the housing occupied by older householders in the Commonwealth is quite old. In Massachusetts as a whole, nearly three-fifths of the older homeowners live in homes that are at least 40 years old, and nearly one-third live in homes that are 60 years old or older. Almost two-thirds of the older homeowners in Boston live in homes that are at least 60 years old (see Figure 11). Insofar as older housing may have fewer amenities and higher costs for repair and upkeep, the age of housing in Massachusetts (and especially in Boston) may be a particularly challenging aspect of owning a home.

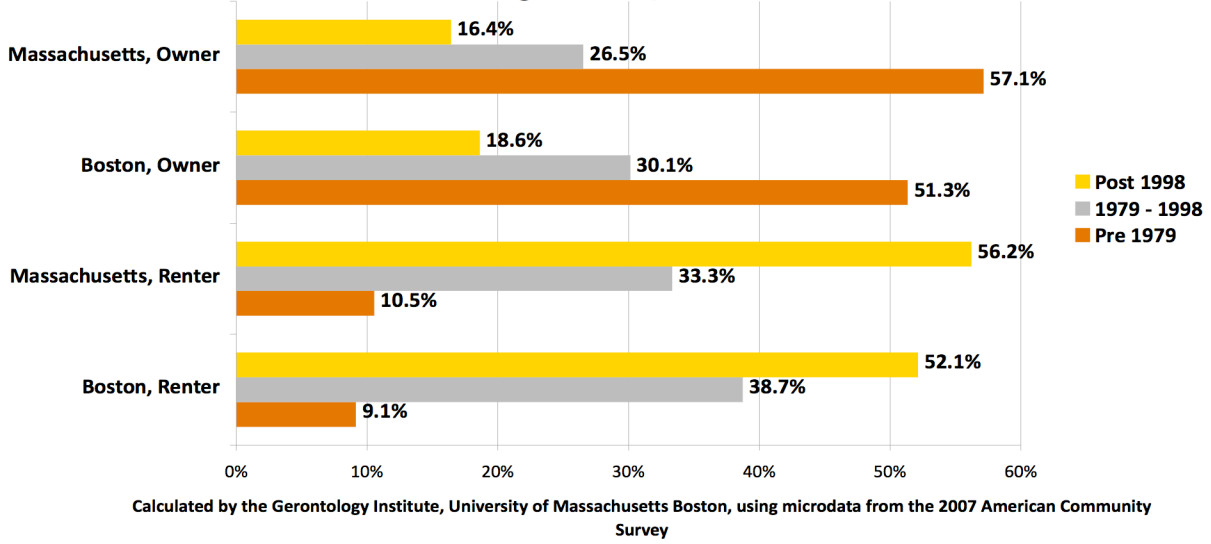
In comparison, the average renter lives in newer housing. Over half of the older renters in Massachusetts live in housing build since 1960, with more than a quarter of the renters live in housing no more than 25 years old. Although the condition of this housing is not known, newer housing may have amenities that many older householders would find desirable (such as elevators in multi-family apartment buildings).

Fig 11: Age of residence by ownership status, % of householders age 65 & over, 2007

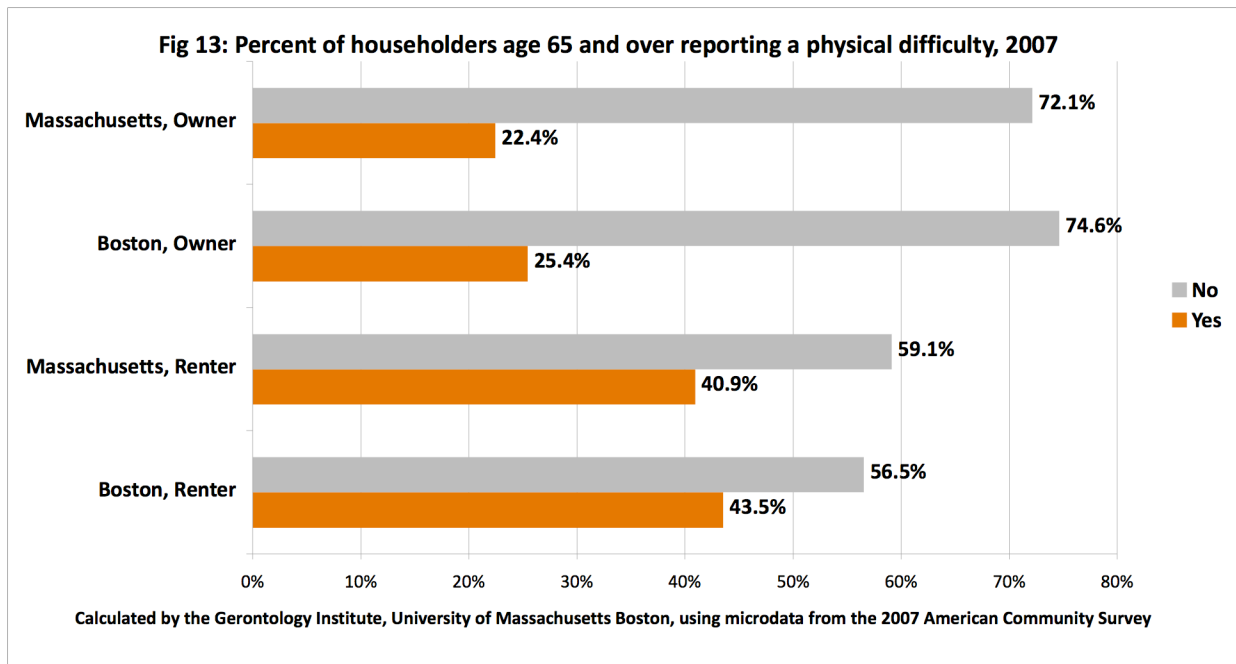


Many older householders in Massachusetts have lived in their current residences for a very long time, especially when living in an owned home. Most senior homeowners have lived in their current residence for at least 30 years (see Figure 12). Among these long-standing residents, it is likely that attachment to the residence and surrounding neighborhood is quite high. Renters report shorter durations of residence on average. Although a significant share of older renters reports moving into their current residence more than 20 years ago, the majority moved into their rental housing within the previous 10 years.

Fig 12: Year moved into residence by ownership status, percent of householders age 65 & over, 2007



It may be that many older renters owned homes in the past and moved into rental housing fairly recently, upon loss of a spouse or upon incurring health problems that challenged their ability to keep up with an owned home. Indeed, many older householders do report having a long-lasting condition that "substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying" (U.S. Bureau of the Census, questionnaire for the 2000 Census of Population). Over one in five older homeowners and more forty percent of the older renters report having a physical difficulty (see Figure 13).



Conclusion

Housing represents a key resource for many seniors in Massachusetts. Large shares of the population aged 65 and over own their homes, although homeownership is far more prevalent among those who are in their 60s and early 70s, those who are white, who are not Latino, who are married, and those with higher incomes. Among the substantial segment of older homeowners with paid-off mortgages, homes represent a significant source of wealth that may be drawn on for future income needs. However, some older homeowners, especially those who are still paying mortgages, experience high current relative costs for housing, with many experiencing very heavy cost burdens. Recent increases in fuel costs are likely to push these cost burdens higher still. Although we have no information on the physical condition of the owned homes, many are quite old and may expose the

owner to substantial additional costs for upkeep and repair. Moreover, because many older homeowners report limitations in their physical activities, some may be unable to perform needed maintenance themselves.

In comparison, renters have fewer economic resources than their homeowner counterparts, and they experience far higher cost burdens on average. Four out of ten older renters are paying at least 35% of their total incomes for housing costs (rent and utilities). Because many older renters report few financial resources to begin with, high housing cost burdens represent a substantial source of disadvantage. This disadvantage is disproportionately concentrated among the oldest-old, the racial and ethnic minority populations, single individuals, and those reporting limitations in their physical activities, all of whom have higher risks of renting a home.

Good quality, affordable housing forms a central component of quality of life. Most seniors in Massachusetts are "aging in place" in the community, often in homes and neighborhoods in which they have lived for many years. Information presented in this report identifies significant disparities in the extent to which subgroups within the older population have access to affordable housing and potentially, in their ability to continue aging in place. Resources and support directed toward reducing the housing cost burden on seniors, and facilitating their ability to maintain their homes, would be beneficial. Improving the supply of affordable and accessible rental housing is also desirable.

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For more information on the characteristics of householders and homeowners age 65 and older in Massachusetts:

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