

Housing Cost *Burden* Casts a Shadow Over Older People's Future

FACT SHEET

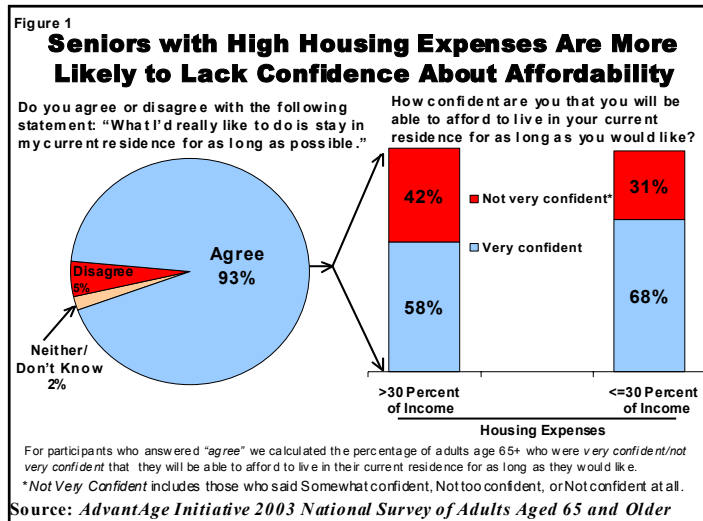
March 2004

Despite the overwhelming preference of older Americans to remain living in their current homes for as long as possible, the *AdvantAge Initiative 2003 National Survey of Adults Aged 65 and Older* finds that overall, one third (34%) of seniors are not confident that their housing will remain affordable as they age (not shown). Those who face high housing costs are among the least confident (Figure 1).

The survey finds that older adults with limited retirement incomes have difficulty not only coping with high housing expenses but also paying for basic life necessities, such as food, utilities, and medical care.

HOUSING COST BURDEN¹

According to a federally determined formula, when housing expenses² exceed 30 percent of an individual's income, the individual is said to have housing cost *burden*. When housing costs exceed 50 percent of income, it is considered a *severe burden*.



An elder-friendly community strives to provide a range of appropriate and affordable housing options for older people, particularly those with limited means.

The AdvantAge Initiative survey reveals that nearly one-third (31%) of the nation's older residents, or **more than 10 million adults age 65 and older in the U.S.**, have housing cost *burden* (Figure 2), and about one of six (15%) have *severe burden* (not shown).

SOME GROUPS AT HIGHER RISK FOR HOUSING COST BURDEN

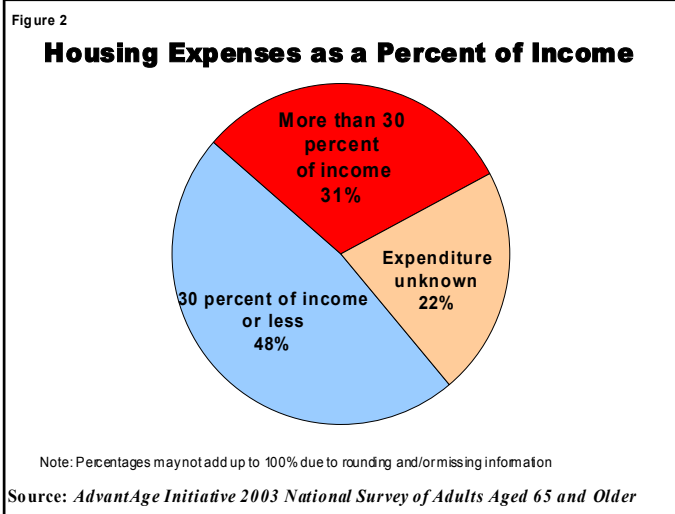
Low income and minority³ seniors are more likely to face housing cost *burden*. Nearly two thirds (63%) of older adults with incomes under 200% of poverty have housing cost *burden* compared with one of five (19%) elders with incomes over 200% of poverty (Figure 3), and nearly two of five (37%) low income elders face *severe burden* compared to only five percent of those with higher incomes (not shown). Similarly, black (51%) and Hispanic (39%) older adults are significantly more likely than older whites (28%) to face housing cost *burden* (Figure 3), and twice as likely as whites to have *severe burden* (27% blacks and Hispanics vs. 13% whites, not shown).

Elders living in the Northeast are notably more likely than those living in the Midwest, South, or West to have housing cost *burden* and *severe burden* (Table 1).

Table 1: Housing Expenses as a Percent of Income by Region

Housing Expenses	Northeast	Midwest	South	West
>30 percent of income "housing cost burden"	38%	27%	28%	31%
>50 percent of income "severe burden"	20	15	12	15

Source: *AdvantAge Initiative 2003 National Survey of Adults Aged 65 and Older*



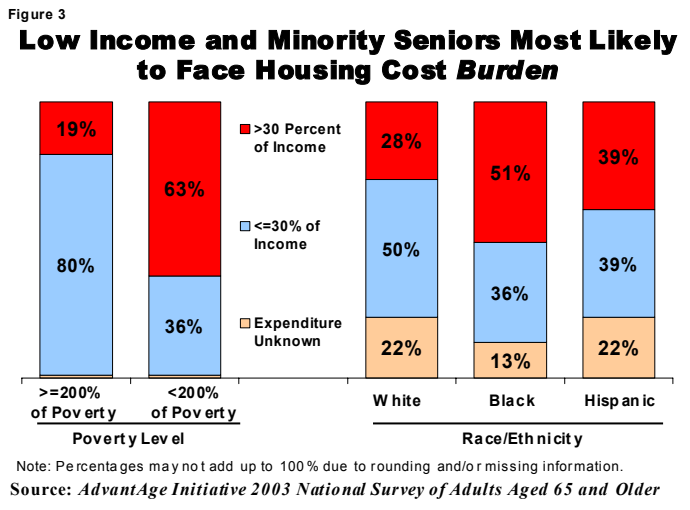
¹U.S. Department of Housing and Urban Development, <http://www.hud.gov/offices/cpd/affordablehousing/index.cfm>

²Housing Expenditure was calculated based on outlays for rent or mortgage, real estate taxes, association/condo fees, and utilities as a percentage of income. Participants for whom sufficient information was not available were classified in the category expenditure unknown.

³The survey sample was categorized into four mutually exclusive race categories: White non-Hispanic, Black non-Hispanic, Hispanic, and Other. The category "Other" includes American Indian/Alaskan Native, Asian, Native Hawaiian/Other Pacific Islander, mixed race, and some other race. Due to the small number of respondents in the category "Other," separate analysis for this category is not performed. In all analyses, White means "White non-Hispanic," Black means "Black non-Hispanic."

⁴A federal poverty measure based on poverty guidelines issued each year in the Federal Register by the U.S. Department of Health and Human Services. According to the 2002 guidelines, a person in a one-person household was considered below 200% of poverty if his/her annual income was below \$17,720. In the survey, 36% of seniors were classified below 200 percent of poverty, 37% at or above 200 percent of poverty, and 27% in the category "poverty unknown" due to incomplete information on income.





Renters, who generally have lower incomes than homeowners, pay a larger percentage of income on housing than homeowners do and are significantly more likely to face housing cost *burden* (61% renters vs. 24% homeowners) as well as *severe burden* (34% renters vs. 11% homeowners) (not shown).

PEOPLE WITH HIGH HOUSING COSTS HAVE TROUBLE PAYING FOR OTHER NECESSITIES

With housing costs taking a big bite out of seniors' retirement income, there may not be enough money to cover other necessities. The majority of older adults with housing cost *burden* say that the amount of money they have does not take care of their necessities very well (Figure 4).

In fact, they are significantly more likely than seniors with lower housing expenses to say they did not have enough money to pay

Table 2: Problems Paying for Basic Needs by Housing Expenses

In the past 12 months there were times when...	Total	Housing Expenses	
		>30 Percent of Income	<=30 Percent of Income
There was not enough money to:			
Pay rent, mortgage, or real estate taxes	3%	7%	1%
Pay utility bills	5	10	2
Fill a prescription for medicine	8	15	6
Follow up on tests and treatments recommended by a doctor	5	9	3
Obtain dental care (including checkups) or eyeglasses	13	22	8
Skipped or cut the size of a meal because there was not enough money for food	4	9	2

Source: *AdvantAge Initiative 2003 National Survey of Adults Aged 65 and Older*

The *AdvantAge Initiative 2003 National Survey of Adults Aged 65 and Older*, a random digit dial (RDD) telephone survey conducted by International Communications Research (ICR) from April 16, 2003, to June 22, 2003, consisted of 30 to 35 minute telephone interviews in English and Spanish with a nationally representative sample of non-institutionalized adults age 65 years and older. The study oversampled non-institutionalized African Americans and Latinos aged 65 and older, and adults aged 85 and older. The final data were weighted to the parameters of the adult population aged 65 and older using the U.S. Census Bureau's March 2002 Current Population Survey (CPS) to produce representative results for the 33,575,435 non-institutionalized adults aged 65 and older in the 48 contiguous states in the United States.

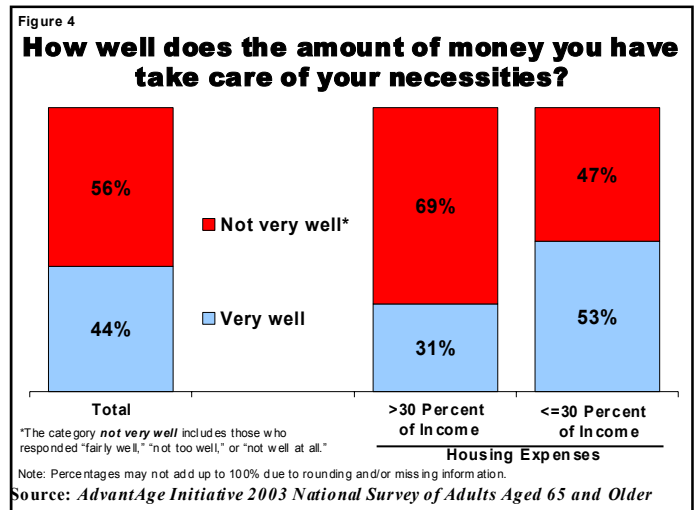
The AdvantAge Initiative National Survey was supported by the Atlantic Philanthropies, Inc.

For additional information contact the AdvantAge Initiative at: advantageinitiative@vnsny.org

for basic necessities such as rent, mortgage, or real estate taxes (7% vs. 1%) and utility bills (10% vs. 2%) (Table 2).

Expenditure on housing is only one component of the financial stress faced by elders with housing cost *burden* (Table 2).

- Fifteen percent report a time in the past year when they did not fill a prescription for medication due to costs, two-and-half times the rate (6%) of seniors with lower housing expenses;
- Nearly one of ten (9%) failed to follow up on tests and treatments recommended by a doctor, three times the rate (3%) of those with lower housing expenses; and
- Nearly one quarter (22%) failed to obtain dental care or eyeglasses, compared with one of twelve (8%) seniors whose housing expenses are lower.
- One of ten (9%) say they skipped or cut the size of a meal because there was not enough money for food compared with two percent of seniors whose housing expenses are lower.



This Fact Sheet was prepared by Elisabeth Simantov, Ph.D. and Mia R. Oberlink, M.A.

The Center for Home Care Policy and Research is an independent research center within the Visiting Nurse Service of New York and the only provider-based research organization in the nation focusing on home health care policy. Its mission is to promote the delivery of high quality, cost-effective care in the home and community, and support informed decision making by policy makers, managers, practitioners, and consumers of home and community based services.



Center for Home Care Policy and Research
Visiting Nurse Service of New York