Introduction

Housing plays several crucial roles for older adults: it serves as shelter, a place of family relations and shared memories, and a location for supports and services if disability occurs. But housing is also an important financial asset, and its costs are a significant portion of most household budgets. The availability of housing that is safe, affordable, and appropriate for people of all ages and incomes is an essential part of a livable community.

State Housing Profiles 2011 uses data from several sources to look at key housing indicators for older adults in every state and the District of Columbia. Most of the data come from the Census Bureau’s 2009 American Community Survey, with comparison data from the 2000 Decennial Census. The indicators cover affordability issues in great detail, but also address other characteristics of housing that impact the lives of people of all ages.

Notable Findings

Overall, this edition of State Housing Profiles finds that:

- Housing costs are becoming more burdensome for older adults, and those who rent or own with mortgages are at greater risk of affordability challenges than those who own their homes debt-free:

  Perhaps the most notable conclusion of this study is that older homeowners with mortgages, especially homeowners with incomes at or below the median, are facing housing cost burdens at very high rates. “Housing cost-burdened” describes households that use 30 percent or more of their income for housing costs. An alternative way to describe these households is that they are paying an amount that may be unsustainable for them in the long term. Nearly all (96 percent) homeowners age 50+ with mortgages who have incomes under $23,000 pay more than a sustainable amount in housing costs, and that is also true for two-thirds (67 percent) of those with incomes up to $47,000. Nationwide, for the lower two income quartiles, owners with mortgages face higher levels of housing cost burdens than renters (figure 1). For many renters and homeowners, affordability
challenges have worsened since 2000. The issues of affordability and foreclosure receive a detailed explanation below this section.

--- Homeowners with Mortgages
For those in the lowest income quartile, New Jersey, New Hampshire, Massachusetts, and Rhode Island have the highest incidence of housing cost burden for homeowners with mortgages—all have a 99 percent rate.

Alaska, Wyoming, and North Dakota have the lowest percentages of homeowners age 50+ in that income group who have mortgages and are cost burdened—Alaska is lowest with a rate of 83 percent.

--- Renters
Nevada (at 91 percent), Arizona, and Florida have the highest percentages of renters age 50+ in the lowest income quartile with unsustainable housing costs.

North Dakota, Alaska, Rhode Island, Iowa, South Dakota have the lowest percentages of renters age 50+ in the lowest income quartile with unsustainable costs.

--- 65 and older (All incomes)
Persons who are 65 and older are more likely to be retired and typically have lower incomes than those who are between the ages of 50 and 64. Lower incomes make high housing costs more of a challenge for those in this age group.

While 48 percent of renters who are 50-64 years of age have unsustainable costs, that number rises to 59 percent of those 65 and older.

For homeowners with mortgages, 33 percent of those between 50 and 64, and 48 percent of those 65 and older have housing costs at 30 percent and above. Similarly, homeowners with no mortgages follow this pattern as 10 percent of those between 50-64 and 17 percent of those 65+ are past the threshold for housing cost burden.
The percentage of homeowners who own their homes free and clear dropped, and the percentage who are still paying mortgages after age 50 rose: While the percentage of people age 50+ who rent stayed steady from 2000 to 2009 (20 percent), a tumultuous decade for the housing market meant a key shift in homeownership and stability for people age 50+. In 2000, more homeowners age 50+ owned their homes outright than owned with mortgages (40 percent of households owned with no mortgage and 38 percent had a mortgage). In 2009, only 38 percent owned with no mortgage and 42 percent owned homes with a mortgage (figure 2). A range of factors influenced this change, but the net result is that a greater percentage of older homeowners now live with the extra burden of mortgage payments and have less stability than in years past, especially when comparing the relative housing cost burdens of owners with and without mortgages. Those who are age 65 and older are more likely to own without mortgages—54 percent of this age group are homeowners who are free and clear, and 26 percent own with a mortgage.

Maryland, Colorado, Virginia, Nevada, and Utah have the highest rates of homeowners age 50+ with mortgages (figure 3). West Virginia, North Dakota, Mississippi, Louisiana, and South Dakota have the highest rates of owners age 50+ who own their homes free and clear. The District of Columbia, New York, California, Nevada, and Rhode Island have the highest rates of renters age 50+.

Households age 50+ are less likely to be married and living with a spouse than in the past: In 2009, half of households age 50+ were married with a spouse present in the home. While this is higher than the 48 percent of the 18–49 population that was married with a spouse living in the same home, it has dropped since 2000. At that time, 52 percent of people age 50+ were married and lived with their spouses. Utah, North Dakota, and Idaho have the highest percentages of households age 50+ with spouse; the District of Columbia, New York, and Massachusetts have the lowest percentages (figure 4).

Figure 2
Fewer Households Age 50+ Now Own without a Mortgage

The percentage of men age 50+ living alone has increased, while the percentage of women age 50+ living alone has declined: While women age 50+ still live alone in greater numbers than men do, this dynamic is shifting. In 2000, 24 percent of households age 50+ were women living alone and only 10 percent were men living alone.

Source:

Figure 3
Householders Age 50+ Who Own with Mortgages Are at Financial Risk

Figure 4
Percent of Householders Age 50+ That Are Married with a Spouse Present
However, in 2009, the percentage of households that were women living alone dropped to 22 percent and the percentage of households that were men living alone rose to 13 percent (figure 5). Overall, more households age 50+ consist of individuals living alone, which may be attributable to increases in male life expectancy and divorce rates since the turn of the century.

The District of Columbia, Massachusetts, and Rhode Island have the highest percentages of women age 50+ living alone; Hawaii, Utah, and Alaska have the lowest percentages.

Renters age 50+ are more likely to have a disability than are homeowners: While differences in the data sources between 2000 and 2009 make historical comparisons of disability difficult, renters face a higher rate of disability than owners. In 2009, 42 percent of renters had a disability, as did 32 percent of owners. For people age 65+, that number rises to 54 percent of renters and 42 percent of owners (figure 6). As the number of people age 65+
continues to grow, housing that meets their needs will be a significant concern.

- Mississippi, West Virginia, and Arkansas have the highest percentages of homeowners age 50+ with disabilities; Minnesota, Connecticut, and the District of Columbia have the lowest percentages.

West Virginia, Arkansas, and Kansas have the highest percentages of renters age 50+ with disabilities; Hawaii, Nevada, and California have the lowest percentages (figure 7).

- People age 50+ are more likely to live in older homes than in the past: In 2000, 39 percent of owners and 38 percent of renters lived in homes that were built before 1960. In 2009, 45 percent of owners and 48 percent of renters were in homes that were built before 1970 (figure 8). In general, housing conditions deteriorate with the increasing age of the housing stock. For owners, the age of housing stock increases with age group. (In 2009, 36 percent of 18–49-year-old homeowners, 40 percent of 50–64 homeowners, and 51 percent of 65+ homeowners lived in homes built before 1970.) These data reveal that not only are older homeowners more likely to face a disability, but they are also more likely to be in an older home that may lack energy-efficiency and accessibility features that make their living expenses less costly and can accommodate their needs.

- The District of Columbia, New York, and Massachusetts have the highest percentage of both renters and homeowners age 50+ in older housing;

- Nevada, Arizona, and Alaska have the lowest percentages of homeowners age 50+ in older housing

- Nevada, Arizona, and Florida have the lowest percentages of renters in older housing (figure 9)

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Figure 7
Percent of Households Age 50+ with any Disability

Affordability

Homeownership traditionally has been considered a hallmark of financial stability. Homes are physical investments in people’s neighborhoods, and can be an asset for owners to use to sustain themselves if times get tough. In a worst-case scenario, a home could be sold and the equity in the home would soften the blow of a financial challenge. Older adults could count on the increasing values of their homes to supplement their savings when retirement came. All of these accepted truths have changed in recent years. Between 2000 and 2009, a housing price bubble developed—prices in many “hot” markets grew substantially and peaked in the middle of the decade. For the population age 50+, the median property value rose from approximately $116,000 to $190,000 between 2000 and
2009 (unadjusted for inflation). A wide range of credit options were available for purchase, and homeownership rates increased. By 2008, the United States was in the midst of a nationwide (and worldwide) financial crisis with tightening credit that has led to housing price declines and mass foreclosures. The related recession (and subsequent job loss/unemployment) meant that millions of homeowners and renters had lower incomes. Combined with lower home prices and shrinking home equity, this trend created a loss of flexibility and stability in housing for older homeowners. As of 2009, fewer homeowners could sell their homes than in previous years, and their homes were no longer a financial safety net. For many, a higher rate from a reset in an adjustable-rate mortgage, an increase in energy costs, or a reduction in income became triggers that made a once affordable home unaffordable.

A household that spends more than 30 percent of its income on housing costs has a constrained budget for transportation, food, health care, and other expenses. A homeowner or renter who spends that amount or more is considered to be “housing cost-burdened.” Conventional wisdom has held that homeowners are more stable and at less risk for high housing costs than are renters, but this analysis finds that this conventional wisdom is not always true. In terms of monthly affordability, a greater percentage of low-income homeowners age 50+ with mortgages are cost burdened than are renters (figure 10). (Overall, renters do have more affordability challenges than homeowners, as fewer renters are in the higher income quartiles). In addition, housing costs became more of a burden for both homeowners and renters over the decade.

**Housing Cost Burden for Homeowners**

- For homeowners age 50+ with mortgages, the percentage that pay at least 30 percent of income for housing costs rose from 29 percent in 2000 to 36 percent in 2009.
- As of 2009, 15 percent of homeowners age 50+ with mortgages are using at least half of their income for housing costs.

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**Figure 10**

*Lower-Income Households Age 50+ Experience Significant Housing Cost Burdens*

Housing Cost Burden for Renters

For renters age 50+, those who pay more than 30 percent of income rose from 43 percent in 2000 to 52 percent in 2009. Thus, more than half of renters are housing cost-burdened.

— As of 2009, 28 percent of renters age 50+ use at least half of their income for housing costs.

Housing Cost Burdens by Income

The above figures are for households age 50+ of all income levels. When income differences are examined, the burden of housing costs on older adults with low and middle incomes becomes strikingly clear. Figure 10 displays housing cost burden for owners and renters for each quartile. Lower-income older adults have significant affordability challenges, regardless of ownership status.

Households age 50+ in the lowest quartile have incomes under $23,128. In this group, 78 percent of renters are burdened by housing costs, and 96 percent of homeowners with mortgages are housing cost-burdened. For a homeowner in this income group with a mortgage, it is almost certain that the household is spending a stability-threatening amount of its income on housing and associated costs. These costs include mortgage payments (on first and second mortgages and other “similar debt”), taxes, insurance, homeowners’ association fees, and energy costs. Almost half of those in this income group who own their homes debt free are similarly burdened. This analysis reveals that older households in the lowest income quartile are at a high risk of financial peril—even if they own their own homes.

The second income quartile consists of households with annual incomes between $23,128 and $47,275. While only 8% of those who own their own homes without a mortgage have housing cost burdens, both renters and homeowners who have mortgages face high rates of housing cost burden.

Trends in Housing Cost Burdens

Housing cost burdens have increased for the population age 50+ at all income levels. Figure 11 shows the increase in housing cost burden for each income quartile between 2000 and 2009.

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**Figure 11**

Housing Cost Burden by Income Quartile

![Figure 11](image)

Regional Variations in Housing Cost Burden

Housing cost burdens also vary greatly from state to state (figure 12). California and Florida are two states with relatively high costs for those who have not yet paid off their mortgages. In California, 50 percent of homeowners age 50+ with mortgages are housing cost burdened, and 22 percent are paying at least half of their incomes on housing. In Florida, 48 percent of this group is housing cost-burdened, and 23 percent are paying at least half of their incomes for housing.

North Dakota has the lowest percentage of housing cost burden for this group: Only 20 percent of homeowners with mortgages spend at least 30 percent of income on housing costs, and 7 percent are paying 50 percent of their incomes on these costs. In other words, almost 80 percent of homeowners in North Dakota are not burdened, making it the most affordable state by this measure.

Policy Issues Related to Housing Cost Burden

The high levels of housing cost burden indicate that housing markets are failing to provide millions of older people with options that meet their needs at reasonable costs. Shrinking government budgets and changing priorities have meant that the volume of subsidized housing and vouchers fails to meet the needs of the low-income older population and incentives to the private sector have not been sufficient to increase the supply to meet the need.  

In addition, individual housing choices that were affordable years ago may no longer meet changing needs as families age, and housing costs may no longer fit within a household’s budget when financial situations worsen. Although many older people desire to age in place, rising property taxes, utilities and maintenance costs or falling incomes may make that goal more difficult. These problems can be compounded by a decline in health status or other factors.

Figure 12
Percent of Homeowners Age 50+ Who Pay More Than 30% of Income on Housing

Increasing housing choices that meet the needs of older adults of all income levels is crucial to addressing the widespread issues of housing cost burden. Homes in locations with access to transportation choices and other community assets make overall household costs more sustainable for more families and older individuals.\(^4\)

Energy-efficient, universally-designed homes can lower monthly costs for renters and homeowners and help to ensure that homes are still adequate if needs change.\(^5\)

Housing-related programs and funds at all levels of government should incorporate the above principles to ensure that housing is both affordable to older adults and that taxpayer funds are used efficiently. Programs and policies that help the private sector to create these homes in the right places will also help to address the growing need.

**Foreclosure**

The AARP Public Policy Institute took an early look at the foreclosure crisis for the last six months of 2007 in *A First Look at Older Americans and the Mortgage Crisis* (released in 2008). When data were previously released, they were available only at the national level. For the first time, state-by-state foreclosure data for households age 50+ are available in this edition of *State Housing Profiles*. Using data from Experian, one of the major credit bureaus, foreclosure and delinquency rates were calculated for each state. Delinquent homeowners were defined as being between 30 and 180 days behind on their mortgages at the end of the year. This analysis found that Nevada had 1,000 foreclosures of homeowners age 50+ and the highest rate of foreclosures of any state. Several states had low rates of foreclosures and the lowest rate was in Montana—no foreclosures among people age 50+ were reported in the database for Montana during that time frame.

Foreclosures are largely a regional phenomenon—both volatile housing prices and job markets can lead to higher risk of foreclosures. In formerly hot housing markets where housing prices rose to high levels and then dropped, people might not be able to sell their houses for enough money to pay their remaining mortgage debt (and some might not be able to sell their houses at all). In markets with significant job losses, homeowners may lose income and not be able to afford their mortgage payments, and they might also encounter a market of buyers who have had their incomes cut. Tight credit markets and other national factors may impact all states, but local factors create variations among states. Behind Nevada are Michigan, Colorado, Florida, and California as the five states with the highest foreclosure rates for homeowners age 50+ at that point. Overall, that analysis found 49,980 foreclosures and 636,003 delinquencies among households age 50+ at the end of 2007. These data reflect the beginning of the drop in housing prices across the nation; as the housing crisis worsened, those figures undoubtedly rose much higher.

Targeting older adults for foreclosure prevention efforts would help states and other entities ensure that homeowners of all ages are served by those programs. Such efforts can prevent a key demographic from being overlooked and enhance the ability of older adults to stay in their homes.

**Summary**

This edition of *State Housing Profiles* comes soon after the Census Bureau released data collected during the largest housing crisis that many Americans have seen. As a result, this summary pays great attention to affordability issues facing homeowners, and demonstrates the importance of preserving and
expanding the stock of homes that are both affordable, and meet the needs of older adults. However, as the list of notable findings revealed, many other changes are happening to the housing conditions of older adults across the United States. The full edition of State Housing Profiles contains individual profiles for each state that can serve as a starting point for exploration and discussion of the changes that are happening and the housing issues that affect people in that state. The full version also includes a set of tables that allow for comparison between states on any characteristic in the profile. State Housing Profiles 2011 should be used as a resource to improve understanding of the conditions that are facing people age 50+ today. For potential solutions to these housing challenges, please see the Livable Communities chapter in The Policy Book: AARP Public Policies 2011–2012 (or any successor). That policy resource is updated every two years and is available at www.aarp.org/policybook. Please send any questions or comments about State Housing Profiles 2011 to ppi@aarp.org.

State Housing Profiles 2011 is available at www.aarp.org/statehousingprofiles. The profiles contain a range of statistics describing housing affordability and conditions for households age 50+ and other age ranges, including demographic information; characteristics of occupied units; foreclosure, reverse mortgage, and federally subsidized housing statistics; and a detailed examination of housing cost burden at every income level for renters, homeowners with mortgages, and those who own their homes free of any mortgages.

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**Endnotes**

1. The current edition of State Housing Profiles also adds new data sources that were not included in previous profiles: Foreclosures and Foreclosure Risk statistics for people age 50+ from AARP’s analysis; Home Equity Conversion Mortgages (reverse mortgages) endorsed by the Federal Housing Administration; Federally subsidized housing data for privately owned, subsidized housing, and Low Income Housing Tax Credit properties.


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