



## Planning to move to retirement housing

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### Abstract

As the size and diversity of the older segment of our population grows, they will need increased assistance in planning for and choosing appropriate housing from the array of options offered in the marketplace. This national survey of people age 55 and older indicates interest in retirement community housing among all socioeconomic groups, but especially among women and better-educated seniors. Facilities that offer access to medical services, transportation, and shopping while providing housekeeping and personal care services along with social activities will appeal to these consumers. © 1999 Elsevier Science Inc. All rights reserved.

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### 1. Introduction

As the American population ages more attention is being focused on the housing needs and preferences of older Americans. Currently, there are more than 33 million people in the U.S. age 65 and older. As health and medical treatments improve, more people are surviving to reach and remain in the elderly population longer. In the last 40 years, the number of Americans age 85 and older has increased by more than 250%. By 2010, the 85 and older population is expected to number 6 million, a 100% increase over 1990. The Census Bureau estimates that by 2050, 20% of the U.S. population will be 65 or older (Hobbs, 1996).

The elderly population is made up of a diverse group of Americans with differing needs

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and resources. Each must choose where and how to live as they age. Changes in health, family composition, and leisure interests lead many older Americans to consider an alternative to aging in place in a traditional single-family home. The housing industry, recognizing these opportunities and constraints, is responding by providing a variety of retirement housing options that merge real estate and support services. The purpose of this paper is to review the seniors housing options currently available to older Americans and use the results of a national survey to examine the related preferences of those in or near retirement age.

## 2. Background

### 2.1. *Housing preferences*

Surveys have show that at least 80% of older Americans want to age in place (AARP, 1992; 1996). However, about 5% of elderly Americans move each year. Most of these movers change residences within the same metropolitan area or within the same region, but one-quarter move to a different state (Hobbs, 1996).

Elderly movers appear to be both pushed and pulled into moves. Younger, more affluent, healthy seniors tend to be attracted to amenity-rich retirement communities and make long-distance moves to reach them. Failing health, lack of social support, and inability to maintain the home trigger moves by older, slightly impaired seniors into a relative's home or a supportive housing situation (De Jong et al., 1995; Speare et al., 1991). These seniors are seeking help with activities of daily living (ADLs) such as bathing, dressing, and walking or instrumental activities of daily living (IADL) such as preparing meals and doing housework.

### 2.2. *Housing options*

The seniors housing industry consists of a diverse collection of housing and service offerings, including everything from traditional single-family houses to nursing homes. The levels of services and medical care provided usually defines seniors housing types, however, no standard definitions exist.

Some of the terms used to describe the offerings in the seniors housing industry include: independent living, retirement community, active adult community, rest home, congregate housing, board and care home, assisted living facility, intermediate care facility, skilled nursing facility, nursing home, continuing care retirement community, and lifecare facility. The physical design ranges from detached single-family homes to institutional facilities with semi-private bedrooms. The level of services provided ranges from none to 24-hour medical and personal services.

Independent retirement housing refers to seniors-only single-family houses, condominiums, or rental apartments that provide no personal services. Often called active adult or retirement communities, these developments may provide amenities and recreational facilities, such as golf courses. These are available in all price ranges.

Congregate care provides independent rental apartments with access to a common dining

facility. Housekeeping, recreation, and transportation services are often provided. Residents must be healthy enough to care for themselves and use outside medical services. These may cost up to \$2,000 per month, depending on the range of services offered and whether fees for service are charged separately or included in the monthly rent.

Assisted living facilities (sometimes called residential care, board and care, or sheltered care) are designed for a frailer resident. Residents occupy private or semiprivate rooms with access to central dining and activity rooms. Services include meals, assistance with ADLs and IADLs, security, emergency call system, transportation, medication management, laundry, housekeeping, and social programs. Assisted Living Facilities Association surveys indicate the average basic per-diem rate for a private room is \$72, with cost varying from \$20 to \$200 per day. This averages \$2,200 per month (ALFA, 1996). Some subsidized facilities, however, keep their rents as low as \$600 a month. Medicaid reimbursement for assisted living service costs is just getting underway through waiver programs (Brecht, 1996). Thus, most residents are private pay.

Custodial care provides unskilled nursing care 24-hours-a-day in a private unit. Skilled nursing facilities provide 24-hour-a-day nursing and medical care to residents. The average daily charge for care in a nursing home is \$127 a day, about \$3,800 a month (Levit et al., 1996). One-third of residents are private pay and Medicaid supports two-thirds.

A continuing care retirement community (CCRC) or lifecare community offers a range of living units from independent to skilled nursing facilities, often at one location. CCRCs are usually rental facilities, with or without a refundable entrance fee. Residents enter the independent units when in good health, but remain and move to more supportive housing within the facility when additional services are needed. The original concept was that the resident would pay the entrance fee to guarantee a place in whatever level of care was needed in the future, but this is evolving into a fee for service arrangement (Scribner & Dalkowski, 1998). The role of HMOs in providing health care for CCRC residents is creating a growing complication for this segment of the industry.

### *2.3. Financial resources*

Older Americans obtain the cash flow needed to pay for housing from various income sources. Few are in the workforce drawing a salary. Over 90% of Americans age 65 and older receive income from Social Security, with its benefits the primary source of income for more than 60% of the elderly and the only source of income for 14% of beneficiaries. Over two-thirds (67%) receive asset-generated income. Just under half (42%) receive pension, IRA, Keogh, 401(k) or other retirement benefits (U.S. Department of Health & Human Services, 1996). One-fourth of households headed by a senior citizen have an annual income of less than \$10,000, 41% receive between \$10,000 and \$24,999, and 23% receive between \$25,000 and \$49,999 (Hobbs, 1996). More of the seniors of the next century, especially the women, are expected to receive pension payments and those payments are expected to average higher than those current retirees receive, raising the average income of the elderly.

The median net worth of elderly households in 1991 ranged from \$104,354 for those age 65 to 69 to \$76,541 for those 75 or older, with home equity accounting for 42% of net worth (Hobbs, 1996). Interest-earning assets are also an important component of elderly net worth.

#### 2.4. *Housing choices*

Of Americans age 65 and older, 30% live alone, 55% live with a spouse, 13% live with other relatives and 2% live with nonrelatives only. A majority of elderly householders live in single-family detached houses that they own in mixed-age neighborhoods, especially younger couples with higher incomes. Three-fourths of the elderly live in metropolitan areas, with a majority in the suburbs. Although their homes may be more than 30 years old, most are physically sound (Hobbs, 1996).

Precise figures are not available for the number of elderly living in each type of seniors housing because of the variety of labels given them as well as the lack of central data collection. ASHA (1998) estimates there are approximately 15,500 professionally owned and managed seniors-housing residences in the U.S. with a total capacity of 1.6 million residents. The 2BeMA Network Inc. estimates there are 10,100 seniors apartment, congregate housing, and retirement communities in the U.S. (Kelman, 1998). The estimated number of residents of congregate facilities ranges from 200,000 to 500,000 (Feinberg, 1993). Typical residents are middle- to upper-income widows age 75 to 85 who are in good health (ASHA, 1994).

The 2BeMA Network Inc. estimates the number of assisted living facilities in the U.S. at 27,500 (Kelman, 1998). The estimated number of assisted living facility residents ranges from 500,000 to 1 million, however, confusion in the definition of housing types may overstate this number (ALFAA, 1993; Feinberg, 1993). The typical resident of assisted living facility is a widowed female in her 80s with an annual income of around \$20,000. She is suffering three ADL disabilities associated with advanced age. Many residents stay in an assisted living facility for only two to three years, then move to obtain greater care in a hospital or nursing home (ALFA, 1996).

The number of CCRCs is estimated at 1,200 (Kelman, 1998), with an estimated population of between 200,000 and 500,000 (ALFAA, 1993; Feinberg, 1993). The typical entrant to an independent unit in a CCRC is a white, better educated, higher income, widowed female in her 70s without children nearby and with few disabilities, however CCRCs tend to attract higher numbers of married couples than other types of seniors housing. The average length of stay in a CCRC is 7.5 years (ASHA, 1994; Kichen & Roche, 1990; Newcomer et al., 1995).

There are more than 18,000 nursing homes in the U.S. (Kelman, 1998) housing approximately 5% of Americans age 65 and older and nearly one-fourth of the oldest old (National Center for Health Statistics, 1995).

Still other older Americans live with family members in their homes. But increased mobility, more working women, a declining birth rate, and increasing single parenthood and divorce have led to sociological changes that contribute to younger Americans not caring for elderly family members in their homes (Scribner & Dalkowski, 1998).

#### 2.5. *Housing planning*

Most middle-aged and older Americans do not have any plans for how and where they will live during later life (AARP, 1996). Studies indicate that most older people are unfamiliar with their housing and care options, so they are not prepared to make an informed choice

(Gibler et al., 1998; Harvard & Louis Harris & Associates, 1996). The many terms, definitions, and variety of housing and service combinations available make it difficult for the elderly to compare their housing and service options. Few have any personal experience with seniors housing beyond visiting relatives or friends in nursing homes.

Seniors often believe the only option available when they can no longer care for themselves in an independent single-family house is to move to a nursing home, a place they believe people with no other choices go to die. Among those older consumers who have heard of seniors housing options, many have misconceptions, including the belief that congregate housing and CCRCs are places only for sick people and that lifecare communities only offer planned recreation and meals (Gibler et al., 1998; Harvard & Louis Harris & Associates, 1996).

Consumers who are familiar with the options cite the importance of privacy and independence in choosing their housing unit. Equally as important are supportive services within the community, especially health care, transportation, emergency call system, meal service, planned activities, and housekeeping (Gibler et al., 1998).

Older consumers are limited in their understanding of the financial aspects of seniors housing as well. Some developments offer fee-simple ownership. Others are leaseholds. The rental fee may or may not include the cost of supportive services. The CCRC and lifecare communities have often been structured with large entrance fees. Financial questions about refundability of entrance fees and health care payments by HMOs will continue to complicate this option.

The lack of knowledge and understanding of seniors housing options extends to another important group of consumers—the elderly's children. Many older residents consult family members about potential moves (AARP 1992; ALFAA, 1993). The children, especially daughters and daughters-in-law, can be very influential in seniors housing decisions.

Thus, the growing elderly American population is faced with a variety of housing options. To help these consumers make better housing choices, a better understanding of their needs and preferences is essential. The purpose of this paper is to further explore the potential consumers of retirement housing, their purposes in moving and their preferences in their housing. This is done through a survey of older Americans to identify who plans to move into retirement housing in the future and what they want in that housing.

### **3. Methodology**

As part of a larger consumer study of Americans of all ages, a national mail survey is used to learn more about the retirement housing interests of those approaching and already in retirement age. Questionnaires are mailed to 10,000 adults in a stratified random sample in which the number of people selected in each state is proportionate to the state's share of the U.S. population. A total of 1,463 usable responses are received from people age 55 and older. This age group is selected for this analysis because these people are either considering retirement housing now or will be in the near future.

The survey gathers socioeconomic information about the respondents. They are questioned whether they currently live in a retirement community and if they plan to live in one

Table 1  
Demographic characteristics of survey respondents

Characteristic	% of Respondents (n = 1,463)
Gender	
Female	36
Male	64
Race	
Black	2
White	97
Other	1
Education	
High school or less	69
At least some college	31
Age	
55–64	28
65–74	43
75 and older	29
Income	
Less than \$20,000	32
\$20,000–\$34,999	32
\$35,000–\$49,999	17
\$50,000 or more	19
Marital status	
Married	71
Not married	29
Employment status of respondent	
Retired or never employed	81
Employed	19
Employment status of spouse	
Retired or never employed	79
Employed	21

in the future. Those planning to live in retirement housing are asked what services and location characteristics are important in choosing a specific retirement community. To further understand their decision process and expectations, these respondents are asked why they think people move out of single-family homes in mixed age neighborhoods and into retirement communities.

#### 4. Results and analysis

The demographic characteristics of the survey respondents age 55 and older are presented in Table 1. This group is comprised mostly of married couples living by themselves (empty nesters). Almost half (43%) are age 65 to 74. Most are white (97%) retired (81%) males (64%) with an annual income of less than \$35,000 (64%). The majority of the respondents (69%) do not have any college education.

The survey reaches people in all regions of the country, with two-thirds of respondents from North Central and South. (Housing characteristics are presented in Table 2.) Almost all

Table 2  
Current housing situation of survey respondents

Characteristic	% of Respondents (n = 1,463)
Household size	
1	23
2	65
3 or more	12
Region	
East	18
North Central	30
South	33
West	19
Type of current housing	
Retirement	4
Non-retirement	96
Plan for future housing	
Retirement	26
Non-retirement	74

of the respondents (96%) currently live in non-retirement housing. When asked about their future housing plans, 26% of the respondents indicate plans to move into either a retirement community without health-care services, a retirement community with health-care services, or a nursing home. This may appear to be a relatively high proportion of respondents considering previous studies (AARP, 1992; AARP, 1996) have found that at least 80% of older Americans wanted to never move. However, those studies ask how strongly people agree with the statement, “What I’d really like to do is stay in my own home and never move.” This study asks in what type of housing people plan to live in the future. Thus, some seniors may be happy with their current homes and would prefer to avoid the disruption of moving, but they may realize they cannot obtain all the services there that they may want and need in the future. Thus, they may plan to move to a retirement community in the future to satisfy certain needs, not because it is their optimal choice.

A comparison of those who plan to live in retirement housing with those who do not indicates a higher interest in retirement housing among females and better-educated respondents, as is shown in Table 3. People in all age and income groups, employed and retired, married and widowed indicate a similar level of interest in retirement community living.

The higher interest among the better educated may be related to them having greater awareness and understanding of the options available in retirement housing. Thus, they would more likely recognize the benefits that retirement community housing offers. Other less-educated consumers may be under false impressions that retirement communities are simply nursing homes or that all retirement facilities are very expensive, as Gibler et al. (1998) find.

Most women are aware that they face potential widowhood in later life. Thus, they would only be practical to plan for some type of appropriate housing for an elderly person living alone.

The respondents are asked to indicate what characteristics are important in choosing a

Table 3  
Differences in those planning and not planning to live in retirement community

Characteristic	% People Planning to Live in Retirement Community (n = 381)	% People Not Planning to Live in Retirement Community (n = 1,082)	$\chi^2$	p
Gender			5.839	.016
Female	41	34		
Male	59	66		
Race			0.987	.611
Black	2	2		
White	98	98		
Other	1	1		
Education			4.353	.037
High school or less	65	71		
Some college	35	29		
Age			1.277	.735
55–64	28	27		
65–74	43	45		
75 and older	28	27		
Income			1.298	.730
Less than \$25,000	31	32		
\$25,000–\$34,999	32	32		
\$35,000–\$49,999	18	16		
\$50,000 or more	19	20		
Marital status			0.018	.895
Married	71	72		
Not married	29	28		
Employment status			0.333	.564
Retired	82	80		
Employed	18	20		
Household size			1.324	.857
1	25	23		
2	64	65		
3 or more	11	12		

home. The important considerations to those planning to live in a retirement community, based on the number who said that item is important, are: access to medical services, access to planned social activities, access to public transportation, location near hospitals and shopping centers, and access to personal and home care services, as is shown in Table 4. These findings are similar to earlier studies and reinforce the importance placed on both the social aspects of retirement community living as well as the medical and personal support services.

The respondents are also asked to indicate what they think are the reasons people move into retirement communities. The most often cited reasons are to increase social contacts and activities. Most also believe people move to retirement communities to obtain access to personal care services, to avoid household chores, or after the loss of a spouse (Table 5). Again, these respondents are indicating that the retirement community is seen as fulfilling two needs: a social need, especially for widows, and a physical/medical need for those suffering physical limitations.



Table 4  
 Preferences of those planning to live in a retirement community

Characteristic	% Rating Characteristic as Important in Choosing Retirement Community (n = 374)
Access to medical services	65
Access to planned social activities	59
Access to public transportation	58
Location near hospitals	57
Location near shopping centers	56
Access to personal & home-care services	53
Home or personal security	47
Distance from friends and relatives	47

## 5. Conclusions and recommendations

The size and composition of the U.S. elderly population is changing. As the number and diversity of this segment of our population grows, they will need increased assistance in understanding and evaluating their housing options.

Based on this survey, the interest in retirement community housing appears to cut across socioeconomic lines, indicating possible demand for a wide variety of retirement housing facilities. Better-educated consumers are more likely to plan to move to a retirement community sometime in the future, perhaps reflecting a better awareness and understanding of the housing options available.

Interest is also relatively higher among females, perhaps indicating their awareness of potential widowhood and the social life that other residents of a retirement housing community might provide at that time. This is also supported by the number of people who think the reason people move out of their homes and into a retirement community is because of loss of a spouse.

In choosing a specific retirement community, these retirees look for access to medical services (including hospitals and home care), public transportation, and shopping. They

Table 5  
 Reasons why people move out of single family homes and into retirement communities

Reason for moving	% of Respondents Planning to Move Who Think Reason Applies (n = 375)
More social contacts and activities	77
Access to personal care services	61
Unwilling/unable to do house chores	59
Loss of spouse	56
Freedom and independence	52
Reduce housing costs	50
Need continuous health care assistance	38
Closer to relatives	30

expect the retirement community to offer them greater social contacts and activities while reducing their household chores and providing personal care services. Thus, the location relative to support services and their access are critical in the selection of any retirement community. Yet, the decision will remain personal and distinctive as seniors choose housing that best suits their individual needs within their social, economic, and physical constraints.

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