

2. EXECUTIVE SUMMARY

The results of the report point to a number of conclusions with implications for MSHDA policy regarding senior housing. This Executive Summary addresses three major elements of the study: demographics, which introduces broad characteristics of the market; propensity to move; and facility preference and demand.

The conclusions and recommendations presented in this section are a synthesis of the research involving results of the demographic analysis, facility manager surveys, focus groups, key informant interviews, and a general population survey.

A. Housing Preferences of Seniors

The 55+ population takes in multiple age cohorts with a difference of 30+ years between the oldest and youngest seniors considered in this study. As such, there is as much variation in housing demand and need within the over 55 population as there is in the under 55 population. Alternately stated, a 55 year old with a life expectancy of about 80 years is only halfway through their period of being a householder.

The findings of this study bear out that younger seniors will act and behave more like the non-senior portion of the population in their housing preferences than Middle and Oldest¹ seniors aged 75 and older.

Aging in place is the preferred mode of living for most seniors regardless of age cohort. Seniors have high rates of homeownership, and low movership rates. Most moves by seniors are made out of necessity, not choice. Accessibility improvements (barrier-free improvements, installation of an alarm system, or other needs), community-based approaches for living support, or an increase in Medicaid waivers to help seniors defray the cost of home health care are all possible policy responses to this issue.

Lower income seniors are more likely to move into a senior apartment unit. Lower income seniors are more likely to be renters, and as such are more likely to move into an income-based senior apartment when eligible. Higher income seniors are more likely to be homeowners and age in place.

Cost is an issue. The elderly are increasingly subject to lower fixed incomes as they continue to age, and the recent downturn in the housing market has impaired the value of many seniors' largest asset – their home. In the past the sale of a house formed the basis for a large portion of a senior household's ability to pay for senior care or assisted living. Given these trends, and the fact that seniors are widely expected to increase as a percentage of the Michigan's population, it seems there will be an increased need for housing solutions that bundle shelter and services at a reasonable price. This is especially important in rural areas and urban centers, which are two areas of the state that have not seen much of this type of development in the past, and are also home to the least affluent seniors in the state.

Need for Senior Housing Increases with Age. Disability information suggests that living alone is not a tenable strategy for all Seniors, and renting starts to become more common among Middle Seniors, reaching a maximum in the Oldest Senior group. These facts, along with the relatively small supply of existing rental housing in rural areas, point to a market need for alternate housing scenarios, starting among seniors aged 75 or older.

Since rental housing is generally less expensive than buying a home, it can fill part of the need for the elderly population given the right product type. Most seniors tend to live in single-family detached housing prior to (and often including) the time where disability starts to impede independent living. By creating housing opportunities

¹ For the purposes of this study, seniors were categorized by age as follows:

- Near Senior – 55 to 64 years
- Younger Senior – 65 to 74 years
- Middle Senior – 75 to 84 years
- Oldest Senior – Over 84 years

that closely resemble their former homes, renting is a more attractive option to households looking for alternatives. Ranch-style “cottages” can be an important part of this equation, especially in rural areas where land costs are lower, and larger rental project footprints are possible.

These projects, if they are well-conceived and built towards the market, would probably help with the provision of services. Even if constructed on a small scale to serve smaller communities in rural areas (between 12 and 24 units, they could serve to aggregate demand for services, and perhaps bring down costs, at least compared to what individuals would pay on their own.

Many of these same considerations can be used in urban areas as well. The opportunities for creating this housing are greater in cities, due to the larger number of people likely to move, and the greater diversity of housing stock. This allows developers more freedom to match their market’s desire for a particular housing type. Retrofitting older developments (which are numerous in Urban Centers) with an eye to allowing long-term tenants to age in place is an important part of an elderly housing strategy, as is making it easier for owners to tap into service provision to further aid an aging-in-place strategy.

B. Factors that Induce Seniors to Move

As aging in place is the preferred mode of living, policy programs, location studies, and market studies must incorporate clear and consistent assumptions about the drivers that cause various senior groups to seek new apartment-style senior housing projects. The following are suggested measures for seniors’ propensity to move into a senior housing facility.

Age. Most seniors who move to a senior housing facility will be 75 or older. This was identified in both the facility manager survey (Table 15 on page 65) and the general senior population survey (Figure 13 on page 94).

Distance. Most seniors will move locally, 25 miles or fewer.

Household size. There is a clear preference for single family housing, and the number one reason that seniors would consider moving to senior housing is the inability to maintain a current residence. These results support the assumption that most residents of independent living and congregate facilities will be one person households. The exception is congregate and CCRC² facilities, which can be expected to attract some two person households based on their convenience and quality of life benefits, although the cost of these facilities will limit their draw to high-income or wealthy senior households.

Current Tenure. Current owners will move to congregate, CCRC, or assisted living facilities, but not independent living facilities. Current renters will move to senior apartments, but not CCRCs.

Income. Income will be a key determinant for the kind of senior apartments in which renters would consider moving. If qualified, most seniors would consider an income-restricted apartment. Over 80% of higher income households will choose single family residences. “Higher income households” are households with an annual income of \$50,000 or more.

² CCRC = Continuing Care Retirement Communities

C. Senior Housing Features and Amenities

The following table shows significant relationships between demand/need for facility features and amenities and demographic characteristics.

The table was developed based on respondents' answers to various questions about their demographic characteristics. These included age, income, household size, location of current residence, tenure (i.e. own or rent current home), length of residence in current home, gender, employment status, and monthly income (before taxes).

These demographic characteristics – age, income, and settlement type – define the differences among seniors in terms of demand/need for senior housing facility features and amenities.

Note that employment is not included in the following table because it has a strong inverse relationship to age. Younger and employed senior groups' housing demand is very similar, and in many respects is closer to the general population's demand than senior housing demand. It is not until seniors become older (generally over age 75) and retired that demand is evident for "common" senior housing features and amenities.

Table 1. Facility Features and Amenities and Neighborhood Features Summary

Feature	Age	Income	Settlement Type ³
Accessibility Features⁴	Importance increases with age	No relationship	No relationship
Convenience Features⁵	Importance decreases with age	Importance increases with income	More important in exurban and urban areas
Community Amenities⁶	Walking paths, pets, and computer centers are more important to younger seniors	In-unit laundry facilities were important to over 90% of lower income residents, roughly the same percentage as higher-income residents	Walking paths & clubs/activities more important in exurban areas Computer centers & mini movie theatres more important in exurban and urban areas
Neighborhood Features⁷	Parks/recreation and fitness facilities are more important to younger seniors	Restaurants and fitness facilities are more important to higher income seniors	Grocery stores, pharmacies, hospitals, restaurants, fitness facilities, and libraries are more important in exurban and urban areas

³ Refer to page 10 for a description of the rural, exurban, regional center, and urban settlement types.

⁴ Accessibility features include: one-story, shower only, bathtub with zero step entrance, first floor bedroom, minimal step entry, wide hallways, grab bars in bathrooms, emergency response, accessible bathroom design, and room for a caregiver.

⁵ Convenience features include: laundry in apartment, patios/balconies, dishwasher, security system, garage/carport, walk-in closets, energy efficient appliances, high-speed internet, and additional storage.

⁶ Community features include: walking paths, central kitchen, common laundry, computer center, library/lounge, transportation, theatre, pets allowed, and clubs/activities.

⁷ Neighborhood features include: Pharmacies, grocery stores, medical services, hospitals, restaurants, places of worship, parks/recreation, fitness facilities, and libraries.

