

# Housing Issues and Options for Older Adults

Presented by Mary Kay Browne, JD  
Massachusetts Councils on Aging  
Special Projects Director

Sharon Council on Aging  
September 13, 2018



# My Goals

- 1. Describe the systemic housing challenges of older adults**
- 2. Identify some options**
- 3. Confront cultural norms that can block seeing or tackling problems**
- 4. Prepare you to pull more from today's speakers**



# What you'll be able to do after today...



Use your new knowledge to make informed choices, seek help, and take action to improve your housing situation and overall financial and mental well-being.

# *“Somewhere...We’ll find a new way of living”*

There’s a place for us  
Somewhere a place for us  
Peace and quiet and open air  
Wait for us  
Somewhere

There’s a time for us  
Someday a time for us  
Time together with time to spare  
Time to look, time to care  
Someday!

Somewhere  
**We’ll find a new way of living**

We’ll find a way of forgiving  
Somewhere

There’s a place for us  
A time a place for us  
Hold my hand and we’re halfway  
there  
Hold my hand and I’ll take you  
there  
Somehow  
Someday  
Somewhere

[West Side Story, Leonard Bernstein Lyrics.  
https://genius.com/Leonard-bernstein-somewhere-film-lyrics](https://genius.com/Leonard-bernstein-somewhere-film-lyrics)

# What's the Problem?

## **Elder Economic Insecurity caused by:**

High housing costs

High medical costs

Living longer than ever

No pensions

Low SS retirement income

Social Security alone isn't  
enough

Slowly depleting savings

Financial abuse for some

- Living in **houses and apartments that are too expensive for 1 person to afford.**
- Older adults living alone often suffer from **social isolation.**

# The Economic Security Elder Index

- The Elder Index measures how much income a retired older adult requires to meet his or her basic needs—without any public or private assistance.
- It measures basic expenses for older adults age 65+ living in the community.

# So What? Here's some facts about Social Security:

- The average payment/month in 2018 is \$1,414 per retired worker and \$737 for their spouse.
- Remember: the 'average' check for most women will be less than men, based upon their historically disparate earnings levels.
- The maximum benefit for a retired worker in 2018 is \$2,788.
- **Among elderly Social Security beneficiaries, 21% of married couples and 44% of unmarried adults rely on Social Security for nearly all (90-100%) of their income!**

**Remember:** One gets smaller Social Security checks when collecting prior to full retirement age.

(source: SSA)

Start Collecting at:	Full Retirement Age of 65	Full Retirement Age of 66	Full Retirement Age of 67
62	80%	75%	70%
63	86.7%	80%	75%
64	93.3%	86.7%	80%
65	100%	93.3%	86.7%
66		100%	93.3%
67			100%



# 2018 Federal Poverty Level

2018 Federal Poverty Level (FPL) Guideline Tables					
Family Size	100%	135%	140%	145%	150%
1	\$12,140	\$16,389	\$16,996	\$17,603	\$18,210
2	\$16,460	\$22,221	\$23,044	\$23,867	\$24,690

- Among elderly Social Security beneficiaries, 21% of married couples and about 44% of unmarried persons rely on Social Security for 90-100% of their income.
- 2018 average social security monthly payment: \$1,414. (\$16,968/year.)

# Norfolk County, MA (last updated 2016)

<b>Expenses/Monthly and Yearly Totals</b>	<b>Owner w/o Mortgage</b>	<b>Renter, one bedroom</b>	<b>Owner w/ Mortgage</b>	<b>Owner w/o Mortgage</b>	<b>Renter, one bedroom</b>	<b>Owner w/ Mortgage</b>
<b>Housing (inc. utilities, taxes &amp; insurance)</b>	\$844	\$1,224	\$2,101	\$844	\$1,224	\$2,101
<b>Food</b>	\$256	\$256	\$256	\$470	\$470	\$470
<b>Transportation</b>	\$225	\$225	\$225	\$348	\$348	\$348
<b>Health Care (Good)</b>	\$483	\$483	\$483	\$966	\$966	\$966
<b>Miscellaneous</b>	\$362	\$362	\$362	\$526	\$526	\$526
<b>Index Per Month</b>	\$2,170	\$2,550	\$3,427	\$3,154	\$3,534	\$4,411
<b>Index Per Year</b>	\$26,040	\$30,600	\$41,124	\$37,848	\$42,408	\$52,932

# Common retirement myth

#1. That you'll spend significantly less as a retiree than you did during your working years.

- In fact, healthcare increases for most retirees.
- Homeowners spend more over time on property taxes and maintenance.
- In fact, for many seniors, the only cost that actually ends up decreasing in retirement is commuting.
- Most expenses inevitably climb or stay roughly the same unless major lifestyle changes are made.

# Help!

## Housing Costs are Too High!!



# What Does Affordable Housing Mean?

Answer: Paying less than 30% of income on housing.

Families who pay more than 30 % of their income for housing are considered moderately cost burdened.

Families who pay more than 50% of their income are considered severely cost burdened.

They likely have difficulty affording other necessities such as food, clothing, transportation and medical care.

**In MA in 2014, 48% of all renters were moderately cost burdened, meaning they paid more than 30% of their income on rent.**

# MA Rent Levels are Higher than National Average

- **Boston MA (has a rental market with costs twice as high as the nation.)**
- **The cost of renting in Boston is 240% the national average.**

- **Boston, MA**

- 1 BR \$1900
- 2 BR \$2,300
- 3 BR \$2,650

- 

- **Cambridge, MA**

- \$1,400 1 bedroom
- \$1,750 2 bedroom
- \$2,300 3 bedroom

- Sources: April 29, 2016 - Rent.com and <https://www.rentrange.com/boston-ma/>

- **Brockton**

- 1 BR \$1,000
- 2 BR \$1,200
- 3 BR \$1,400

- **Lawrence**

- 1 BR \$1,150
- 2 BR \$1,250
- 3 BR \$1,410

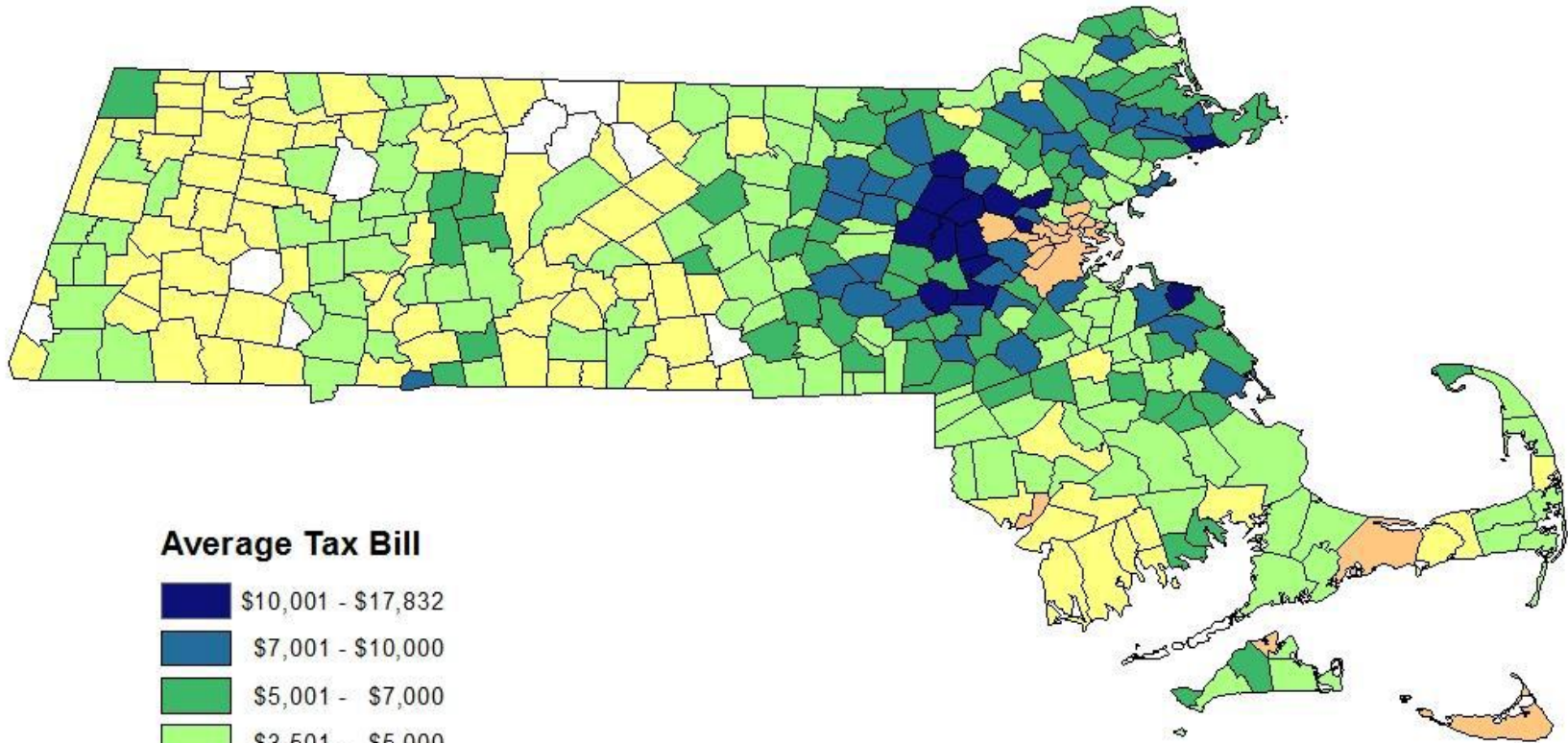
- **Springfield**

- 1 BR \$800
- 2 BR \$920
- 3 BR \$1050

- **Pittsfield**

- 1 BR \$780
- 2 BR \$900
- 3 BR \$1,000

# FY14 Average Single Family Tax Bill



## Average Tax Bill

- Dark Blue: \$10,001 - \$17,832
- Medium Blue: \$7,001 - \$10,000
- Green: \$5,001 - \$7,000
- Light Green: \$3,501 - \$5,000
- Yellow: \$674 - \$3,500
- Orange: Cities and towns with the Residential Exemption
- White: Cities and towns with insufficient data



# Municipal Databank

## Average Single Family Tax Bill

Data current as  
of 09/04/2018

PAYING TOO  
MUCH PROPERTY



## Sharon, MA

- 1988 Average Tax Bill: \$2080
- 2017 average property tax bill: \$10,378

# Property Tax Rates

- 2018 median residential tax rate is \$15.10 per \$1,000
- **Tax rates in Massachusetts** are determined by cities and towns.
- They are expressed in dollars per \$1,000 of assessed value (often referred to as mill rates).
- For example, if your assessed value is \$500,000 and your **tax rate** is 15.10, your total annual **tax** would be \$7,550.

# Top 20 Towns with the Highest Average Tax Bills

*“The highest average tax bills in fiscal 2016 (July 2015 to June 2016) were in the 20 towns where homes often cost \$1 million plus.*

*All but 6 — Manchester-by-the-Sea (average tax bill of \$11,760), Wenham (\$10,159), and Winchester (\$10,948) in the north, and Cohasset (\$11,483), **Sharon (\$10,148)**, and Westwood (\$10,312) in the south — are in the western suburbs of Boston.”*

# Key Topics for Today:

## #1 - Affordability

- Property Taxes
  - Deferring or reducing local property taxes
  - Using a State Income Tax Credit for excess housing costs
- Energy Costs
  - Install more Energy Efficient devices
- Use of Home Equity via Reverse Equity Mortgage
  - For renovations
  - For stream of income
- Earn Rental Income
  - Home Sharing with a boarder
  - Temporary housing via B&B programs
- Moving into more affordable housing

# Key Topics for Today:

## #2 - Suitability

**Does your current housing feature problems such as:**

- Excessive bedrooms and other space to heat
- Inaccessibility features
  - Washer dryer in basement? Full bath on second floor?
- Coordinating repairs and ongoing maintenance of home and yard/gardens
- Social isolation
- Risk of falls
- Accumulation of excess personal property
- High per person utility costs (solo vs. shared)
- Near to family and friends or far away
- Walkable pedestrian neighborhood or not?

# “Suitability” changes as we change...

## First Home

- Close to work and /or schools
- Many BRs and family room space
- Large Yard
- charming features and DIY renovations okay
- 2 or 3 car parking

## Final Home

- Close to friends and favorite hobbies, and later, health care providers
- 1-2 BRs fine
- Less lawn, the better
- Maintenance free please!
- 1 car – and no shoveling wanted



The Panelists today will help you learn about

## **SOLUTIONS TO CONSIDER**

# 3 Types of Property Tax Relief

## **Town Programs permitted by State Law**

(by local option)

- Tax Deferrals
- Elderly Tax Exemptions
- Senior Work Programs



## **State Income Tax Credit Program:**

- Senior Circuit Breaker Refundable Tax Credit



## 41 A Deferral – Delay Paying Taxes (“a low interest loan from town”)

- **Defer Tax:** May defer all or part of the annual bill\*, until the amount deferred equals 50% of property value
- **Eligible Age:** 65 years and older
- **Income Limit:** Set by each town, capped at Circuit Breaker Limit
- **Interest rate:** Set by town and cannot be greater than 8%/per year.
- **Application:** File annually
- **Repayment Terms:** Payment due when the owner conveys the property via a sale, a gift, or at death via probate.

# Exemptions

## A Fixed Dollar Amount Set by Each Town

### Eligibility for Homeowner

- Be 65 or older
- Meet annual income and asset limits
- Occupy the property as his/ her **domicile** (your principal and legal home where your family, social, civic, economic life is centered)
- Apply annually by town deadline (typically when annual property tax bills are mailed)

# Senior Property Tax Work Off Programs

Homeowner earns an abatement that reduces their annual property tax. Must work in a municipal department. Paid minimum wage per hour worked.

- **Eligible Age:** 60 years and above.
- **Other Eligibility Factors:** Some towns set a maximum income level.
- **Value of Abatement/Reduction:** Up to \$1500/year (as of 2017). Max value set by town as well as maximum number of people who may earn an abatement.
- Amount earned is not considered income for state income tax purposes.

# “Circuit Breaker” Refundable Income Tax Credit - \$1,080 for 2017 tax year

- A income tax credit for adults age 65 +
- Homeowner can get a credit if their property taxes plus half of water/ sewer bill exceeds 10% of their annual income.
- Renters can use the credit if their rent exceeds 25% of their annual income.
- Adults can get this income tax credit even if they owe no state income taxes – any balance will be paid to the older adult.
- Also, you can use the credit at the same time using property tax exemptions and / or senior tax work off programs.

## Circuit Breaker, *continued*

### **Income Eligibility (2017):**

- \$57,000 – Single
- \$72,000 - Head of Household
- \$86,000 – Married and filing jointly

**Maximum Home  
Value:**  
\$747,000

- **25% Rule for Renters:**  
*The law assumes it is reasonable for 25% of rent goes toward property taxes.*
- The credit will equal the amount by which your rental payments exceeds 25% of your income, capped by the maximum credit of \$1,080 in 2017.

# Next: Energy Cost Reduction Strategies

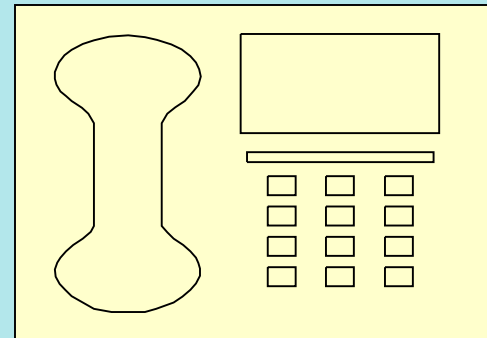
- LIHEAP
- Weatherization Programs
- Utility-funded Energy Efficiency Programs
- Utility Discount /Assistance Programs



# Massachusetts Low Income Home Energy Assistance Program (LIHEAP)

- Fuel assistance for low-income renters and homeowners.
- Eligibility is based on household gross annual income.
- **2018 Income Eligibility:**
  - 1 person - \$34,380
  - 2 person - \$44,958

Ask your Council on Aging for the phone number of local LIHEAP program office.



# The Weatherization Assistance Program

## **For low-income households enrolled in LIHEAP, SSI and TAFDC**

- Includes installation of weather stripping, caulking, storm windows, insulation, and other materials as well as burner testing, tune-up, and minor repairs.
- Massachusetts HEATLINE toll-free at: 800-632-8175



# For Households w/o LIHEAP - Energy Efficiency Programs

- Free home energy use assessments
- Rebates on light bulbs, fixtures, clothes dryers, dehumidifiers, advanced power strips, and energy-saving showerheads, etc.
- Guidance and cash rebates on new efficient boilers, water heaters, central air conditioning systems and more.
- Installation at no cost or with a reduced fee of 75% off, (up to \$2,000 in savings), toward the installation of approved insulation improvements.
- Contact your local utility company or DHCD: 617-573-1400.

## Next: Tapping Home Equity

### What is a Reverse Mortgage?

- A reverse mortgage is...
  - A loan against the home that allows qualifying senior homeowners to convert their home equity into cash
  - A loan that does not require monthly payments
  - A loan that requires repayment only when the last surviving borrower leaves the home permanently
  - Also know as a **Home Equity Conversion Mortgage (or HECM)** and is federally insured by HUD

# Many Good Reasons for Using a Reverse Equity Mortgage

- To pay off an existing mortgage and relieve household budget
- To pay for necessary home repairs/modifications
- To pay for past due taxes & maintain insurance
- To pay for a large expense
- To have access to additional funds for the future, if needed
- To improve their quality of life

# How does it work?

- Works just like a regular mortgage **but in reverse.**
- No payments are required & the borrower can receive money from the mortgage lender in several different ways
  - As a monthly payment sent for a certain term, or
  - As a lump sum at closing, or
  - As a line of credit to draw from as needed, or
  - As a monthly tenure payment sent as long as the borrower lives in the home, or
  - As a combination payment



# How much money can you get?

- The lender will determine this based on:
  1. The property value
  2. The youngest borrower's age (of couple)
  3. The interest rate used
- Its usually between 40-60% of the home value is available.
- The younger the borrower the lower the sum loaned.

# Impartial Counseling Requirement

- Counseling is required by HUD through a 3<sup>rd</sup> party housing counselor who is specifically trained in the HECM program.
- MA has several federally designated counseling agencies
- Counseling plays a vital role in the overall process of getting a reverse mortgage.
  - The counselors job is to be impartial and go over the advantages and disadvantages
  - The counselor explores all options with the borrower
  - The counselor will help locate any resources to help them save money on any expenses

# How Can We Empower Older Adults?

- To stay in their current home AND make needed changes
  - Modify physical structure
- Make it more affordable
  - Tap equity
  - Use tax exemptions, deferrals and credits
  - Take in boarders

- Or, to move to a more suitable place
  - Closer to other people
  - Better access to the commercial center or public transit
  - Lower monthly costs
  - Better physical plant
  - More amenities
  - Maintained by someone else

# Home Sharing / Getting a Roommate or Housemate (aka Boarder)





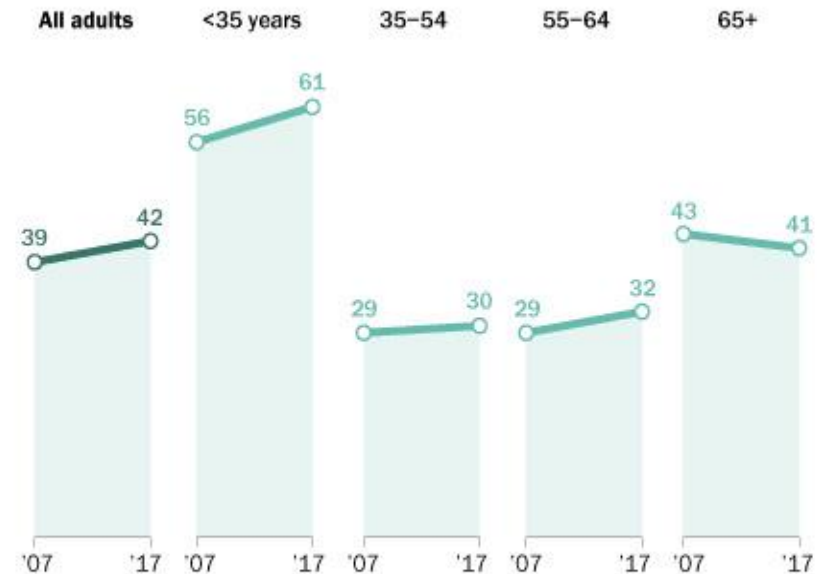
# We are Social Animals, but ....

Just over 41% of older adults do not have a spouse or partner.

All other age groups are also experiencing an increase in **living 'unpartnered'**.

## A growing share of Americans are 'unpartnered'

*% of adults without a spouse/partner present, by age*



Note: Unpartnered adults are those without a spouse/partner present.  
Source: Pew Research Center analysis of 2007 and 2017 Current Population Survey, Annual Social and Economic Supplement (IPUMS).

PEW RESEARCH CENTER

# Is living alone...

Healthy?



Or not....?



# Living Alone is not Financially Feasible in MA for most older adults

- **Boston MA has a rental market with costs twice as high as the nation.**
- **The cost of living in Boston is 240% more than the national average.**
- **Boston, MA**
  - 1 BR \$1900
  - 2 BR \$2,300
  - 3 BR \$2,650
- **Cambridge, MA**
  - \$1,400 1 bedroom
  - \$1,750 2 bedroom
  - \$2,300 3 bedroom
- Sources: April 29, 2016 - Rent.com and <https://www.rentrange.com/boston-ma/>
- **Brockton**
  - 1 BR \$1,000
  - 2 BR \$1,200
  - 3 BR \$1,400
- **Springfield**
  - 1 BR \$800
  - 2 BR \$920
  - 3 BR \$1050
- **Lawrence**
  - 1 BR \$1,150
  - 2 BR \$1,250
  - 3 BR \$1,410
- **Pittsfield**
  - 1 BR \$780
  - 2 BR \$900
  - 3 BR \$1,000

# Nationwide, there is a severe imbalance between rents and incomes for older adults

For renters with incomes **less than \$15,000/year**, 84% are cost burdened (paying more than 30%)

In fact, an astonishing 77% are ***severely cost burdened*** (pay more than 50% of their income on housing costs.)

Source: Harvard University, Joint Housing Center

For renters with incomes **between \$15,000 - \$29,999/year**, 77% are still cost burdened

Of those, 37% are **severely cash burdened** (pay more than 50%.)



# Friendships are a Big Deal

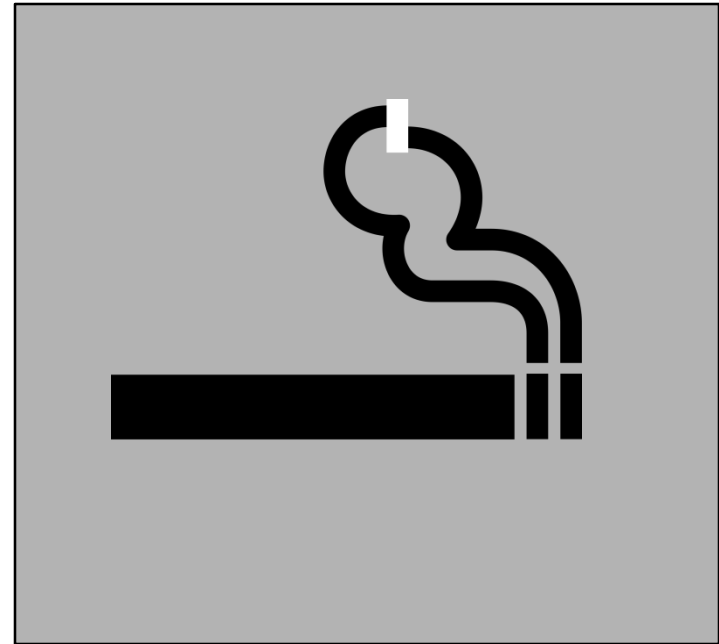
*“Ironically, just at the time that we may need others more in our life to get around, to help with daily tasks, to talk with, we find ourselves utterly alone.”*

- Janet Seckel-Cirrotti,  
Executive Director, FriendshipWorks

# The negative impact of *social isolation*

Studies show  
social isolation  
can be as  
dangerous as  
smoking

15 cigarettes a  
day.



# Why People Like to Home Share

## 3 Main Reasons

1. Many like having companionship.
2. Others look to balance their budgets by sharing expenses.
3. In a few cases, people need help with some household tasks to remain living comfortably in their home. The boarder takes on some tasks and gets a lower rent.



# Some boarders may want to pay a lower rent in exchange for doing chores & errands

- Housekeeping
- Laundry
- Shoveling snow
- Driving to appointments
- Meal preparation
- Feeding and/or walking pets
- Grocery Shopping
- Yard maintenance





# Home Sharing - An Idea Whose Time Has Come (Back)

- See *MCOA's Home Sharing Guide* to learn:
  - Things to consider as one prepares to share housing with a housemate or co-tenant
  - Pros and Cons
  - How to go about it
  - Sample lease



## *“Home Sharing In Massachusetts – An Idea Whose Time Has Come”*

The Guide explains the 5 steps for sharing your housing:

1. Let the word out within your social circles that you seek a housemate/roommate.
2. Conduct a telephone screen first with interested parties.
3. Meet promising candidates in person - interview them for suitability with your lifestyle (e.g. your preferences re smoking, pets, company, over night guests, parking spots, etc.
4. Conduct Background and Reference Checks – e.g. verify current employment with employer and speak with current or recent landlord.
5. Complete a Written Lease, using sample lease as a guide.

# Learn Basic Landlord Duties

To be a competent landlord, you need to abide with a few basic rules.

- Read the MA Consumer Affairs & Business Regulations' handy ***Massachusetts Consumer Guide to Landlord Rights and Responsibilities***. Download it from:  
<http://www.mass.gov/ocabr/docs/landlordrights.pdf>
- Also, you may call for advice on landlord/tenant questions at their Consumer Hotline –  
(617) 973-8787 Toll Free (888) 283-3757.

Or, is it...



# Any enormous task is easier when broken into manageable steps:

1. Get a list of all the housing options in your area.
2. Get a copy of MCOA's simple "Work Plan for Moving". Use it to define your preferred amenities, your space needs, and draft a timetable.
3. Talk with people you like and would be comfortable living with.
4. Visit viable options and compare costs, amenities, and wait times (if any).
5. Start downsizing by discarding and donating some of your possessions. For help finding places to donate or recycle goods, get MCOA's Fact Sheet "How to Downsize One's Stuff via Several Manageable Steps"



# You can improve your financial and social well being

1. Confront social norms for living alone that result in poorer social health and financial insecurity for many.
2. Make changes in your housing situation to maximize your economic security and social well being.
3. Don't fear talking with friends about sharing housing expenses - there are lots of resources to help you set up a comfortable agreement for each person.



# Handouts

- *MCOA's Time to Share Guide*
- *A work plan for arranging all the steps of a move*
- *A fact sheet on how to rid yourself of furniture, books, electronics and other excess possessions*



# In closing...



- Thank you for attending today!
- Please use and share these tools with others.

