

LEE LI MING
PROGRAMME IN
AGEING URBANISM

Housing for Older Population¹

United States of America

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As with United Kingdom, America's older population is in the midst of unprecedented growth. There were 39.6 million people aged 65 or older in 2009 (about one in eight Americans). By 2030, this number is projected to increase to about 72 million people (about one in five Americans) and reach more than 88 million by 2050 (120% increase from 2009). Single-person households is growing, making up 40% of all households among those aged over 70 and 60% of all households by age 80. Older women are increasingly likely to live alone. Most Americans aged 50 and older live in single-family homes that they own. But, studies indicate that high housing costs currently compel a third of those aged 65 and older to pay more than 30% of their income for

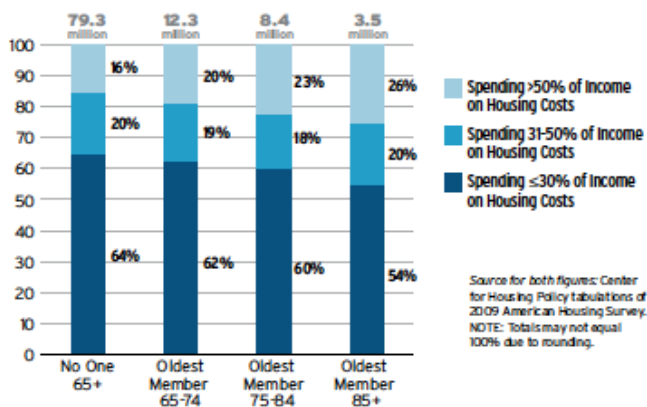
¹ This is an evolving database. We will be adding more examples and cases over time.

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homes that may or may not fit their needs, forcing many to cut back on food, health care and retirement savings (Figure 1). A growing number of national organisations and government agencies are providing elderly housing information and resources to elderly homeowners (and their families) including ways to allow them to consume housing wealth without having to sell or move out of their homes.

Figure 1: Housing Costs



Source: Center for Housing Policy (n.d.) Housing an Ageing Population.

Home Equity Conversion Mortgage Programme (HECM)

is a government insured reverse mortgage scheme where property owners aged 62 and older could convert a portion of the equity in their homes into cash and get maximum financial security during the later stages of their life. First established in 1987, the programme allows elderly homeowners to borrow a sum (large/small) from the US

Department of Housing and Urban Development (HUD) Federal Housing Administration (FHA) approved financial institution against their property. This sum could be paid out either in lump sum, line of credit or through monthly instalments. It is the dominant reverse mortgage product in the U.S., contributing over 90% of all its reverse mortgage loans.

The programme has received positive reviews and is increasingly popular because it offers borrowers tax-free monthly income without having to worry about making mortgage payments. Their homes are not owned by the financial institution and can be passed on to the heirs by ending the loan at a later stage. Also, the proceeds obtained through this method is completely the borrowers and can be spent in any way they like for as long as they wish, and they can choose the mode of payment that suits them the best.

Borrowers, however, need to comply with HECM borrower requirements in terms of age, ownership and occupancy eligibility as well as FHA property requirements (Box 1). They are required to complete HECM counselling to better understand the pros and cons of reverse mortgage, programme requirements, financial implications, borrower needs and alternatives – do you really need a reverse mortgage and can you afford a reverse mortgage? High costs, regulatory and legal barriers, moral hazard and adverse selection, lack of financial literacy and the difficulties

associated with reverse mortgage securitisation are some of the HECM programme challenges.

Box 1: HECM Borrower Requirements

Borrower Requirements:
 Be 62 years of age or older;
 Own the property outright or paid-down considerably;
 Occupy the property as your principal residence;
 Not be delinquent on any federal debt;
 Participate in a consumer information session given by US Department of Housing and Urban Development (HUD)-approved HECM counsellor.

Property Requirements:
 Must meet all FHA property standards and flood requirements:
 Single family home or 2-4 unit home with one unit occupied by the borrower;
 HUD-approved condominium project;
 Manufactured home that meets FHA requirements.

Financial Requirements:
 Income, assets, monthly living expenses and credit history may be verified;
 Timely payment of real estate taxes, hazard and flood insurance premiums may be verified.

Source: US Department of Housing and Urban Development Office of Housing Newsletter, The Bridge, 2(3), August 23 2013, p4.

Source: T. B. Bishop and H. Shan (2008) Reverse

Mortgage: A Closer Look at HECM Loans, NBER; AARP (2010) Reverse Mortgage Loans: Borrowing Against Your Home, Washington DC: AARP; US Department of Housing and Urban Development Home Equity Conversion Mortgages for Seniors http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecmhome Accessed 12 January 2015.

Naturally Occurring Retirement Community Supportive Programmes (NORC Programmes)

As with the United Kingdom, remaining in one’s home and community is generally the preferred living arrangement choice among older adults in the United States. NORC programmes are examples of an innovative, community level model within American ageing services to help the elderly age in place by bringing activities and services to these communities and neighbourhoods, especially those which have not been planned to meet elderly needs (Box 2). Started in 1986 in Penn South (2800 units in a moderate income housing cooperative), New York City, NORC programmes share the common goal of maximising the health and wellbeing of elderly residents so they can maintain their independence and remain in their homes and communities throughout later life.

Box 2: The Park La Brea NORC

Park La Brea (162 acres), developed in the 1940s and 1950s as a residential community for moderate income people, is a private apartment complex of 4200 apartment units located in 18 13-story towers. By 2000, 14% of its population (approximately 1500) was aged 65 and older. In 2003, the Jewish Family Service of Los Angeles received government funding to develop services for NORC and decided to partner the Area Agencies on Ageing of Los Angeles and a local medical centre to develop a NORC programme at Park La Brea. The programme, termed Living Independently in a Friendly Environment (LIFE), was designed to involve organisations that could offer support, provide feedback, link the programme to the wider community and create innovative approaches. The development of the programme included conducting comprehensive needs assessment, developing volunteer roles, creating a leadership training programme and an advisory council as well as programmes and services that respond to community needs and outcome measurement.

Source: S. Enguidanos, J. Pynoos, M. Siciliano, L. Diepenbrock, S. Alexman (2010) Integrating Community Services within a NORC: The Park La Brea Experience, *Cityscape* 12(2):29-45.

Originally targeted for age-integrated apartment complexes, NORC programmes have expanded nationally to all kinds (and sizes) of private condominiums, subsidised housing complexes, rental apartment buildings

and single-family homes neighbourhoods in which at least 40-50% of housing units (vary from state to state) have heads of households aged 60 or older (Box 2). Estimates suggest that over 25% of American older adults live in NORC developments. The concept is to provide older adults with support services (health and social services) within their communities so as to maximize the health of these communities. The salient features of the NORC programme model include:

- Serving older adults based on age and residence;
- Co-location of health and social services on site and embedded within communities. Services are offered by staff and by volunteers with a focus on flexibility in programme and service offerings so that the programme can adjust to the changing needs of its ageing population;
- Adopting a proactive approach to learn about the community - who lives within it, its resources, physical, social and health infrastructure - and develop a vision for the community as a good place to grow old, the needed services and supports, complementing its history, values, culture and existing resources;

- Involving older adults as service recipients and programme leaders and contributors to others' wellbeing;
- Engaging multidisciplinary partnerships and key stakeholders (a mix of public and private entities) in ageing-related issues at the community level including housing providers, service professionals, elected government officials, local businesses, civic, religious and cultural institutions and NORC residents;
- Spearheading community-wide changes and become a change agent rather than a traditional service provider;
- Serving as a vehicle for adopting other innovative approaches to promoting older adults' health and wellbeing.

NORC developments are not planned communities; they evolve as people move into (older people move in)/out (younger people move out) of the community and age in place. NORC programmes identify the community strengths as well as its environmental, health and social service gaps to develop a viable and responsive NORC programme. They identify shared interests, the people, tools and resources necessary to build relationships, strengthen social fabric and involve seniors more fully in

the community around them. NORC programmes are funded by philanthropic, private and local government grants. In a few cases (1.5% of NORC), programme participants are charged small fees in the form of membership dues or fees for services (e.g. Park La Brea charges an annual membership fee of US\$25).

Evaluation of NORC programmes suggests that these programmes significantly served more vulnerable older adults - impoverished and economically insecure individuals (predominantly female and living alone) with two-thirds aged 75 and older and one-quarter 85 and older. NORC residents were found to leave their homes more than they used to and participate in activities or events more than they used to. The assertion is that NORC developments can potentially result in better health outcomes and reduce health care costs among older adults, especially in the areas of heart disease, falls, Alzheimer's disease and post-hospitalisation nursing home admission.

Despite promising features, NORC programmes are not without challenges in implementation. These include access to long-term funding for service provision (especially in a period of limited government support for community-based ageing services), lack of existing onsite services for older adults, developing buy-in and trust between management and residents, gaining residents'

support and participation (e.g. recruiting residents to participate in needs assessment, recruiting and retaining volunteers among older adults).

Source: E. A. Greenfield, A. E. Scharlach, C. L. Graham, J. K. Davitt and A. J. Lehning (2012) An Overview of Programs in the National NORCs Ageing in Place Initiative: Results from a 2012 Organisational Survey, Rutgers, The State University of New Jersey; United Hospital Fund (2008) NORC Blueprint: A Guide to Community Action, <http://www.norcblueprint.org> Accessed 14 January 2014; B. A. Ormond, K. J. Black, J. Tilly and S. Thomas (2004) Supportive Service Programs in Naturally Occurring Retirement Communities, Washington, DC: The Urban Institute for the Office of Disability, Aging and Long-term Care Policy, U.S. Department of Health and Human Services.