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## 2010 VERMONT HOUSING NEEDS ASSESSMENT

### *Vermont's Growing Number of Elders*

This assessment was conducted by Vermont Housing Finance Agency for the Vermont Department of Economic, Housing and Community Development, with financial and technical support from the Vermont Housing & Conservation Board, Vermont Agency for Human Services, and Vermont State Housing Authority.

Based on national and state data, this assessment estimates current housing needs in Vermont and projects trends for the next five years. Results focus on housing needs among the state's 55,000 lower income households that have incomes at or below \$41,000, approximately 80% of the state median.

[An explanation of the study's methodology is online.](#)

Prepared by staff of  
**VERMONT HOUSING  
FINANCE AGENCY**

Written by  
**Maura COLLINS**

Reviewed by  
**Leslie BLACK-PLUMEAU**

Designed by  
**Craig BAILEY**

Cover photo: Sam Falzone  
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## VERMONT'S GROWING NUMBER OF ELDERS

### Summary

- Households headed by someone aged 65-74 are the fastest growing segment of the Vermont population, according to estimates from the U.S. Census Bureau data and projections from Nielsen/Claritas. Between 2005 and 2014, the number of households in this age group will increase by an estimated 13,285 while the number of younger households declines by 2,988.
- Most new Vermont households headed by an elder (someone 65 or older) will own their homes. However, the number of elderly, lower income renter households (with incomes less than 80% of median) is expected to increase by an estimated 1,255 between 2009 and 2014.
- Elderly Vermont homeowners have homes valued at \$222,531 on average and 70% have no mortgage outstanding, according to 2007 data from the U.S. Census Bureau.
- As of May 2009, about 563 Vermonters had Home Equity Conversion Mortgages--reverse mortgages which allow elderly households to receive cash payments against the equity in their homes, if the accumulated equity has reached a certain threshold.
- About 50% of Vermont's stock of subsidized rental housing is expressly for the elderly and/or disabled (6,324 units). An estimated 8,713 lower income elderly households rent homes in Vermont.

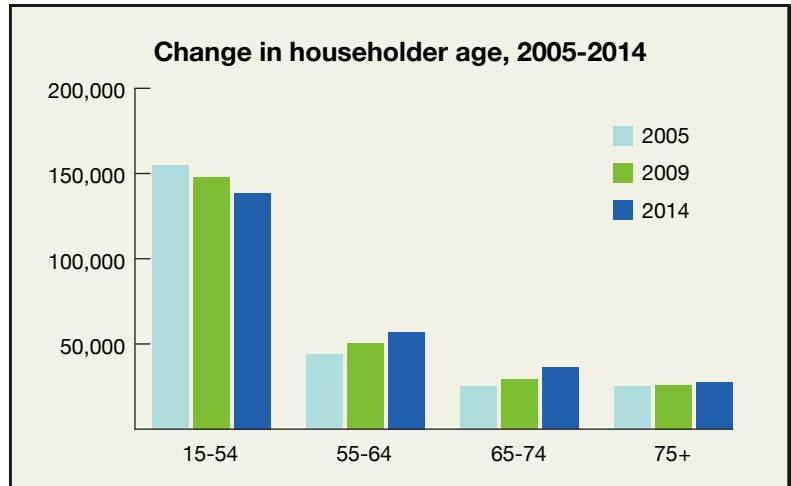
## Demographics

The number of Vermonters will increase by 4 percent between 2005 and 2014. As this growth occurs, the large Vermont baby boom generation is aging, life expectancy is increasing, and the health of our elder population is improving. As a result, there will be fewer Vermont households headed by someone younger than 55 in 2014 than there were in 2005. At the same time, there will be an increase in older Vermont householders.

Between 2005 and 2014, the number of households headed by someone younger than 65 will decrease by 2,988 while those over 65 will increase almost 4.5 times as much: 13,285.

Baby Boomers (born 1946-1964) will be between 50 and 68 years old in 2014 but interestingly, many are still not likely to be moving en masse into elderly housing developments since recent trends show that people are often older and more frail before moving into age-restricted housing or housing with supportive services. Burlington Housing Authority data shows that the average age at entrance was between 70 and 75 years old for the past four years.<sup>1</sup> The Brattleboro Housing Authority has also seen a rising average age at entrance.<sup>2</sup>

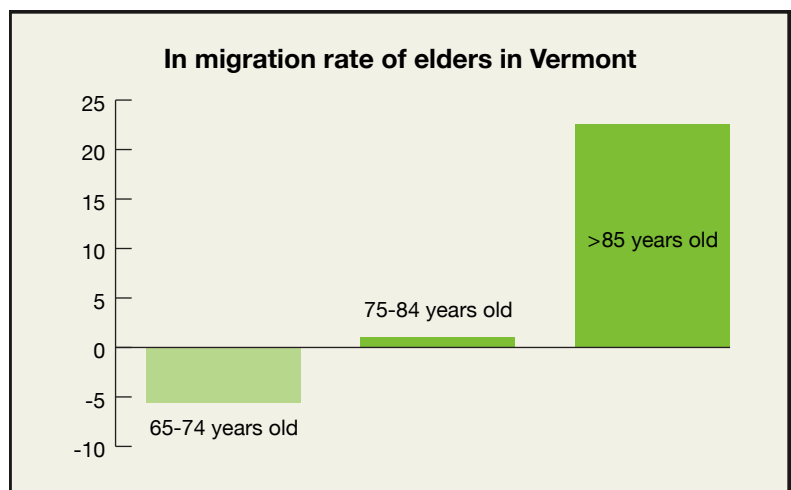
Interestingly, Vermont has a relatively high rate of 85+ year olds who move into Vermont from other states. Overall, the state's net migration rate of people aged 65+ is just 0.2 percent, although the New England rate is -11.7 percent, meaning New England is losing more elders than it's gaining. When looking at elders aged



SOURCE: VHFA ANALYSIS OF INFORMATION FROM THE U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 2005 TABLE 25007, AND NIELSEN CLARITAS

### Brattleboro Housing Authority average age in elderly/disabled subsidized housing

Decade admitted	1980s	1990s	2000s
Average age	63.9	67.1	69.0



SOURCE: U.S. CENSUS BUREAU, [INTERNAL MIGRATION OF THE OLDER POPULATION: 1995 TO 2000](#).

85+, Vermont's net migration rate is 22.6 percent, well over the New England rate of 6.4 percent.<sup>3</sup>

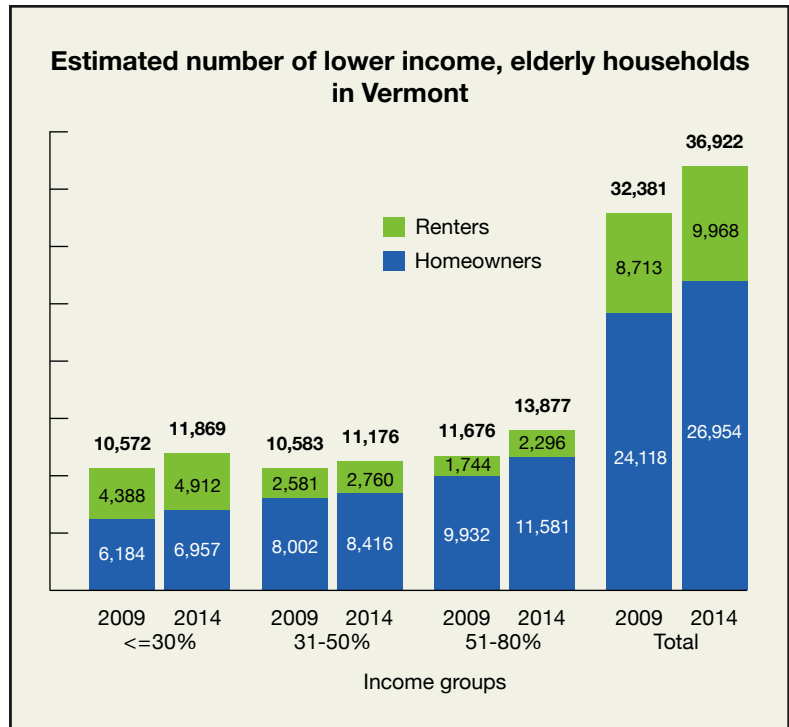
## Demand for Housing

### Tenure Choice and Income

Both the number of renter and homeowner elderly (65+) households will increase by 17% and 15%, respectively. The good news is that the number of elderly renter and owner households earning 95% or more of the median income will increase by a combined 23% between 2009 and 2014. This is the income group with the greatest growth, followed closely by renters and homeowners earning between 50% and 80% of median.

Regardless of age, it's important to remember that the lower a household's income, the less likely they are to afford their housing whether it be owned or rented. To the extent that Vermont will have 23,045 elderly households earning less than 50% of the median income (therefore in the bottom quartile of incomes), housing assistance is likely to continue to play a critical role in supporting Vermont's elderly population.

Once a household buys a home, research shows that it's unlikely to convert back to being a renter unless out of necessity (such as health needs). Research shows that "...in the absence of a precipitating shock — death of a spouse or entry of a family member into a nursing home — families are unlikely to discontinue home ownership. And even when there is a precipitating shock, discontinuing ownership is the exception rather than the rule." The research goes on to say, "Overall, the fraction of homeowners changes little after age 70."<sup>4</sup>



## Assets

About 70% of Vermont home owners over 65 have no mortgage, compared with 23% of younger owner households.<sup>5</sup> Older home owners also live in homes with lower values on average than owners under 65 years old, so those with mortgages have average monthly payments about \$200 less per month.

	Home owner <65	Home owner 65+
With a mortgage, deed of trust, etc.	108,557	12,114
Average payment	\$911.10	\$703.00
No mortgage	31,869	28,554
Average home value	\$236,547	\$222,531

SOURCE: AMERICAN COMMUNITY SURVEY 2005-7, U.S. CENSUS BUREAU, SPECIAL TABULATION BY CENTER FOR RURAL STUDIES.

The table to the right is based on national research, but limited available Vermont data shows that the same findings would likely be true in the Green Mountain State. As householders age, they become both more likely to own a home and more likely to own their home outright with no mortgage. While the value of homes peak when householders are between 55 and 64 years old, mortgage values steadily decline, indicating older homeowners have far more equity in their homes than their younger counterparts.

The assets an elderly household has can affect their eligibility for subsidized housing even if their income qualifies.

Generally, the estimated or imputed income from an asset (such as expected dividends from an investment) is counted as income when determining eligibility, regardless of whether or not the household chooses to receive the income.<sup>6</sup> While this may rule out many available housing options, it also complicates identifying the level of need among low-income elderly households in the state. Many elderly households may appear to be “low-income” although they have considerable non-liquid assets.

## Reverse mortgages

Because of the equity elderly homeowners have in their homes, and often times their limited or fixed incomes, some choose to use a federally insured Home Equity Conversion Mortgage (HECM). HECMs, also known as reverse mortgages, allow homeowners with sufficient equity in their homes to receive some of that equity as cash, and a federally-insured mortgage is written usually allowing for payback after the home is sold, or the homeowner dies.

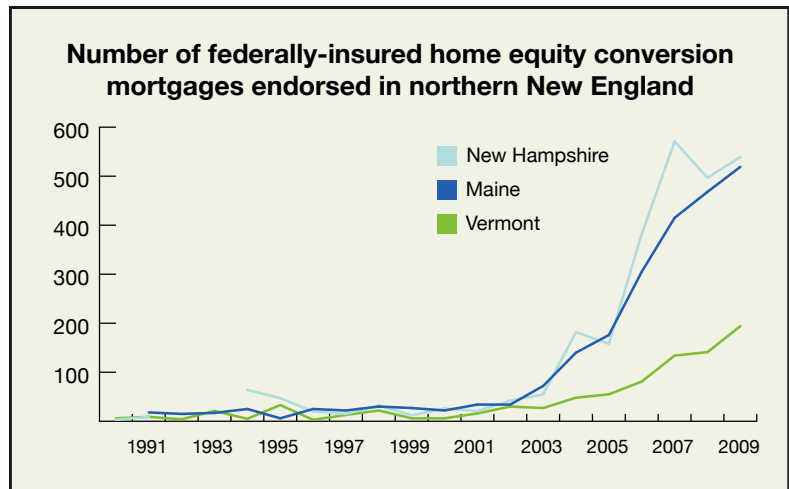
HUD’s report through the end of September 2009, showed that there are 616 active HECM mortgages in Vermont. The graph on the following page shows the northern New England states and the number of HECM loans originated each year. As shown, the popularity of this tool has been increasing, although

## Homeownership and mortgage debt by age of household head

Age	Homeownership rate	Median home value	% without mortgage	Median mortgage value
25-34	49.9%	\$137,000	9.1%	\$108,000
35-44	68.3%	\$160,000	8.0%	\$110,000
45-54	77.3%	\$170,000	16.3%	\$97,000
55-64	79.1%	\$200,000	35.6%	\$83,000
65+	83.3%	\$140,000	69.6%	\$43,000

SOURCE: NATIONAL BUREAU OF ECONOMIC RESEARCH. [THE HOUSING WEALTH OF THE AGED.](#)

Vermont has not seen the same run-away spike as New Hampshire and Maine.<sup>7</sup> The lower prevalence of these loans in Vermont relative to other states is likely due in large part to the long-standing low number of federally-insured mortgages in Vermont. Additionally, in 2009 the Vermont State Legislature passed legislation limiting future reverse mortgages to federal programs only and mandates FHA (or equivalent government-backed) insurance.<sup>8</sup>



SOURCE: U.S. HOUSING AND URBAN DEVELOPMENT, HOME EQUITY CONVERSION MORTGAGES, CHARACTERISTICS

## WHAT IS COUNTED AS “HOUSEHOLD INCOME”

Not all of the resources households use to cover their living expenses are counted as “income”, especially those that are lump sum receipts of funds or in-kind income, in estimates that describe the state’s population.

COUNTED as income	NOT COUNTED as income
Amounts reported separately for wage or salary income	Capital gains
Net self-employment income	Money received from the sale of property (unless the recipient was engaged in the business of selling such property)
Interest, dividends, or net rental or royalty income or income from estates and trusts	The value of income “in kind” from food stamps, public housing subsidies, medical care, employer contributions for individuals, etc.
Social Security or railroad retirement income	Withdrawal of bank deposits
Supplemental Security Income (SSI)	Money borrowed
Public assistance or welfare payments	Tax refunds
Retirement, survivor, or disability pensions	Exchange of money between relatives living in the same household
All other income	Gifts and lump-sum inheritances Insurance payments Other types of lump-sum receipts

SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 2007 SUBJECT DEFINITIONS.

### Age discrimination in housing

An August 2005 report by the U.S. Office of the Comptroller of the Currency (OCC) states that, “Using [Home Mortgage Disclosure Act] data along with data from 18 fair lending exams recently conducted by the OCC, between 1996 and 2001, we find no evidence of systematic discrimination on the basis of age or gender.”<sup>9</sup>

While similar fair housing testing hasn’t been done to date in Vermont, the Vermont Human Rights Commission and other agencies are available to follow up on discrimination complaints as they occur. An Analysis of Impediments to Fair Housing study was completed by the state in 2006 and while elders are included as a class protected by fair housing laws, there were no barriers or recommendations that specifically addressed age discrimination in housing.

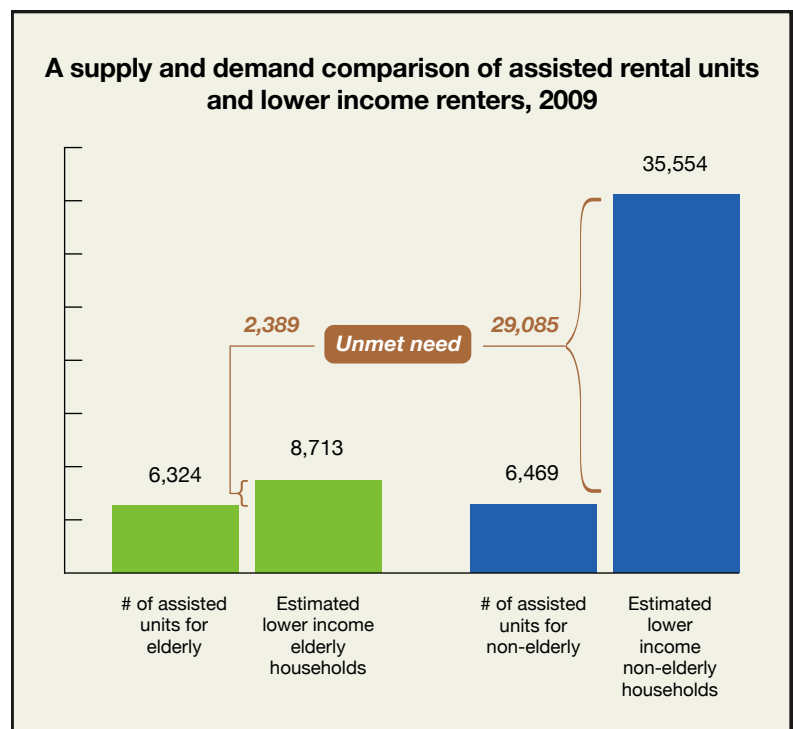
### Supply of age-restricted housing

Just about all housing units are available to people who are elderly, because Fair Housing regulations prohibit the discrimination of housing based on a householder’s age. By contrast, there are provisions in the Fair Housing Act that allow for housing to be limited to only elderly households, defined as those 55 or 62 years or older.

In addition, specialized housing units with varying levels of supportive services are limited to people who are elderly, or those with disabilities. There is a separate Fact Sheet with more information about units for elders with special housing needs.

### Affordable housing

In Vermont, there are 12,793 housing units in the Directory of Affordable Rental Units (DoARH), which includes units funded by all major federal and state housing programs. Of those, 3,400 were age restricted, and an additional 2,650 were limited to either adults with disabilities or elders.<sup>10</sup> Some non-designated subsidized units are also occupied by older Vermonters. The comparison of subsidized rental units available to low-income renters in 2009 can be seen below. An estimated 73 percent of the low-income elderly rental households in the state have the potential of having their housing needs met through existing age-restricted subsidized housing. This compares to just 18 percent for non-elderly low-income renter households.



SOURCE: VHFA ANALYSIS OF INFORMATION FROM THE VERMONT DIRECTORY OF AFFORDABLE RENTAL HOUSING AND ESTIMATES PROVIDED BY NIELSEN CLARITAS.

Note: “Assisted” units include all units in Vermont projects that received public project-based financing. “Estimated lower income households” include households with incomes less \$41,000 (80% of the 2009 median).

### *Ripple effect of creating elderly units*

A private development company, Green Mountain Development Group, surveyed residents of three subsidized housing projects for elders in Vermont and New Hampshire. 171 tenants who responded to their survey had moved into their current homes in the subsidized project from the local area, potentially freeing up local units in the local market. Of those, 54 had previously rented apartments for \$500 or less and an additional 53 sold homes or condos for \$100,000 or less.<sup>11</sup>

### *Community versus congregate living*

Community-based housing is experiencing increased pressure to care for people who historically have been served by group living such as nursing homes. Vermont's Department of Assisted and Independent Living reports that, "Vermonters have increasingly expressed their preference to receive long term care services at home as evidenced by a contraction of the state's institutional capacity. Over the last twelve years, 600 Vermont nursing facility beds have closed (from roughly 3,900 to 3,300) shifting care into the home and community-based system." The report goes on to say that, "although nursing homes contribute significantly to the state's long term care system, they house only 3.3% of Vermonters age 65 and older and 12.5% of those aged 85 and older. Individuals 85 years old and older have shown a precipitous drop in their use of nursing homes over the last 14 years. This is most likely a result of increased use of home based services, declining

### Daily reimbursement rate, 2009

Community housing	
Residential care homes	\$62.25
Assisted living residences	\$67.44
Nursing home	
Rate range depending on provider	\$127.58 to \$231.81

SOURCE: VERMONT DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING, [MEDICAID CLAIMS CODES AND REIMBURSEMENT RATES](#) AND [NURSING HOME RATE SETTING: MEDICAID RATE LIST](#)

disability and poverty rates, and greater housing options such as Assisted Living."<sup>12</sup>

As more frail elders choose home based and community based housing options, the cost of housing and providing necessary supportive services for this population has transferred from nursing homes to private affordable housing providers. Reimbursement rates for Residential Care Homes (RCH) and Assisted Living Residences (ALR) are much lower than comparable nursing home rates, despite similar levels of care provided.

A report by Vermont Housing Finance Agency in 2007 reported, "Nursing homes, Assisted Living Residences, and Residential Care Homes struggle each year to stay under budget and above water financially. Without adequate reimbursement, some RCHs and ALRs will not be able to continue to offer low-income seniors the housing they will desperately need in the future."<sup>13</sup>

### Resources available

The Vermont Department of Disabilities, Aging, and Independent Living (DAIL) website has an extensive list of publications online examining nursing home occupancy, community based services, and annual updates to its Shaping the Future of Long Term Care and Independent Living publication which studies trends and changing demographics.

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- 1 Data provided by Burlington Housing Authority for Decker Towers, South Square and North Champlain apartments for calendar years 2005-2008.
  - 2 Data provided by Brattleboro Housing Authority for three developments: Hayes Court, Melrose Terrace, and SEA for current residents.
  - 3 [\*Internal Migration of the Older Population: 1995 to 2000\*](#). US Census Bureau. August 2003. Page 4.
  - 4 [\*Aging and Housing Equity: Another Look\*](#). National Bureau of Economic Research. November 2001. Abstract.
  - 5 American Community Survey 2005-2007. US Census Bureau. Special tabulation by UVM's Center for Rural Studies.
  - 6 [\*Determining Asset Income\*](#). US Department of Housing and Urban Development. Imputed income is estimated for assets with little or no income (such as land that is not rented) through by applying a HUD-established "passbook rate" to the cash value of assets exceeding \$5,000. The passbook rate as of September 2009 is 0.02.
  - 7 [\*Home Equity Conversion Mortgages Characteristics\*](#). US Dept. of Housing and Urban Development. September 2009.
  - 8 [\*Vermont Governor Signs Reverse Mortgage Legislation\*](#). Reverse Mortgage Advisor. June 2009.
  - 9 [\*Searching for Age and Gender Discrimination in Mortgage Lending\*](#). Office of Comptroller of the Currency. August 2005. Abstract.
  - 10 [\*Vermont Directory of Affordable Rental Housing\*](#). June 2009.
  - 11 Letter to New Hampshire Housing Finance Agency from Green Mountain Development Group dated June 14, 2000.
  - 12 [\*Shaping the Future of Long Term Care and Independent Living\*](#). Vermont Department of Disabilities, Aging and Independent Living. June 2008. Page i.
  - 13 [\*Housing and the Needs of Vermont's Aging Population\*](#). Vermont Housing Finance Agency. September 2007. Page 5.