



More people would move into senior housing if they could afford it, says an economist and author of a new study. In 10 years that will be about 7.8 million Americans 75 and older.

The Philadelphia Inquirer (TNS)

Senior housing has a problem with middle-class affordability.

There are many alluring options for the wealthy, and there's considerable financial help available for the poor. But middle-class people who need assisted living — help with daily activities and simple tasks — often find themselves priced out of the market.

#### Research looks ahead

To spur developers to come up with cheaper options before the wave of baby boomers hits old age, a group of researchers analyzed the likely needs and financial resources of the “forgotten middle” in 10 years.

In 2029, 7.8 million Americans 75 and older won't be able to afford assisted living, according to the team led by Caroline Pearson, a senior vice president at NORC, an independent research institution at the University of Chicago. These 2029 seniors will have annual financial resources of \$60,000 or less, but will make too much to qualify for Medicaid, the state and federal health insurance program for the poor.

Meanwhile, in the report published in the policy journal Health Affairs, the researchers estimated that the average annual cost of assisted living and medical needs would be \$62,000. That does not include clothing or other supplies.

Some 11 million people would find assisted living out of reach if they held onto their houses. The

# Assisted living CRISIS

The middle class is often squeezed out of the housing market

researchers said resistance to selling keeps some seniors from considering options. Selling the house can also be a problem for couples when only one of them needs assisted living.

#### 'Aging in place'

Many people say they prefer to “age in place,” but that can lead to loneliness and health problems. Marc Cohen, co-director of the LeadingAge LTSS Center @UMass Boston, said many boomers are open to moving once aging causes disability. More affordable housing would give them the option of “aging in community.”

Changes in health usually drive the need to move to assisted living. “When you're looking at the problem of aging,” Pearson said, “it is a problem that is housing and health care combined, and yet

the system doesn't think about it that way and certainly doesn't pay for it that way.”

Medicaid pays for nursing home care after people have used their other resources. It also often pays for supportive services that can help poor people stay in their homes longer. In most states it also helps pay for assisted-living services, though not housing itself. Pearson said that a big increase in the number of seniors who spend all their money and need Medicaid's help would stress the program. New York State does not pay for assisted-living expenses.

The National Investment Center for Seniors Housing and Care is a nonprofit that aims to improve access and choice, raise awareness of affordability problems and stimulate creative responses. “This study is meant to be a wake-up call,” said Beth

Burnham Mace, NIC's chief economist and a study author. She added that operators of senior housing wanted data on the size of the middle market.

#### Fewer kids to help out

Many boomers may need professional care because they've had fewer children than earlier generations. The report estimated that 60 percent of middle-income seniors in 2029 would have mobility issues and 20 percent would have three or more chronic medical conditions and difficulty with at least one activity of daily living, like feeding or bathing themselves.

On the plus side, boomers are better educated than their parents and many have earned more. The percentage of the population that can afford assisted living will also increase for some time, but Mace said,

after 2029 future seniors will have lower overall savings and be less likely to have pensions than the previous generation.

The study defined the middle market based on which individuals in 2014 would have trouble paying for assisted living if they kept their house. That was people who made more money than the bottom 41 percent of seniors and less than the top 20 percent. In 2029, the study's middle-market 75- to 84-year-olds would have annual financial resources of \$25,001 to \$74,298 in 2014 dollars.

Mace thinks more people would move into senior housing if they could afford it. She sees the middle market as the aging equivalent of “workforce housing,” that which firefighters, police officers, government workers and teachers could afford.

So far, Pearson said, “we've seen not a lot of progress from policy makers” in addressing the affordability problem. She hopes experts will now take on the challenge. “It feels like there should be some creative solutions out there.”

#### Private, government aid

The researchers suggested that the private sector could accept lower profit margins, offer less luxurious housing, take advantage of technology and subsidize middle-income residents with higher paying ones.

The government could create tax incentives, expand subsidies, expand Medicare coverage of nonmedical services and create a long-term-care benefit.