

Profile of Older Households in Minnesota

Summer 2012

Planning, Research, and Evaluation



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Overview

This report describes the senior population in Minnesota in two ways. First, a statewide analysis provides a broad overview of the state with specific data using indicators. The statewide analysis utilizes the 2010 American Community Survey one-year sample obtained through the integrated Public Use Microdata Series.¹ The statewide analysis replicates the information and structure from a report by the Center for Housing Policy: *Housing an Aging Population*.² Second, the county level analysis includes more detail geographically, but is more limited in indicator specificity. The county level analysis utilizes the 2006-2010 American Community Survey, 5 year summary file through the Census. The county analysis includes selected maps for the state, and a comparison of Traverse and Scott counties for several indicators. These counties are highlighted for comparison because Traverse has the largest proportion of the population age 65 and older in the state, while Scott County has the smallest, and they provide example of a rural and urban county. Following the analysis, a brief summary of policy implications is provided that reflect the key findings described next.

1. Key Findings

Some key findings in the following report include:

- **Minnesota's population is aging.** In 2010, 23% of households have a member who is age 65 or older, and an additional 41% are between 45 and 64 (baby boomers). (See Figure 1 on page 3).
- **Income declines** after retirement age. Two out of five households over age 65 have annual incomes less \$28,000 (50% of the state median). (See Figure 7 on page 6).
- **Disability rates** are higher among older households who are least able to afford residential adaptation or in-home help. (See Figures 3 and 4 on page 4).
- **Housing cost burden** increases as households grow older. Nearly one quarter of all households age 65 and older are very low income and spend more than 30% of their incomes on housing. One third of the poorest households over age 65 spend at least half of their incomes on housing. Cost burden is more prominent in urban areas. (See Figure 9 on page 7).
- **Rural counties** of the state have a larger share of older households, these counties also maintain higher homeownership rates as the population ages. (See Figures 12 and 13 on page 9).

¹ US Census PUMS Source: Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek, Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database], Minneapolis: University of Minnesota, 2010.

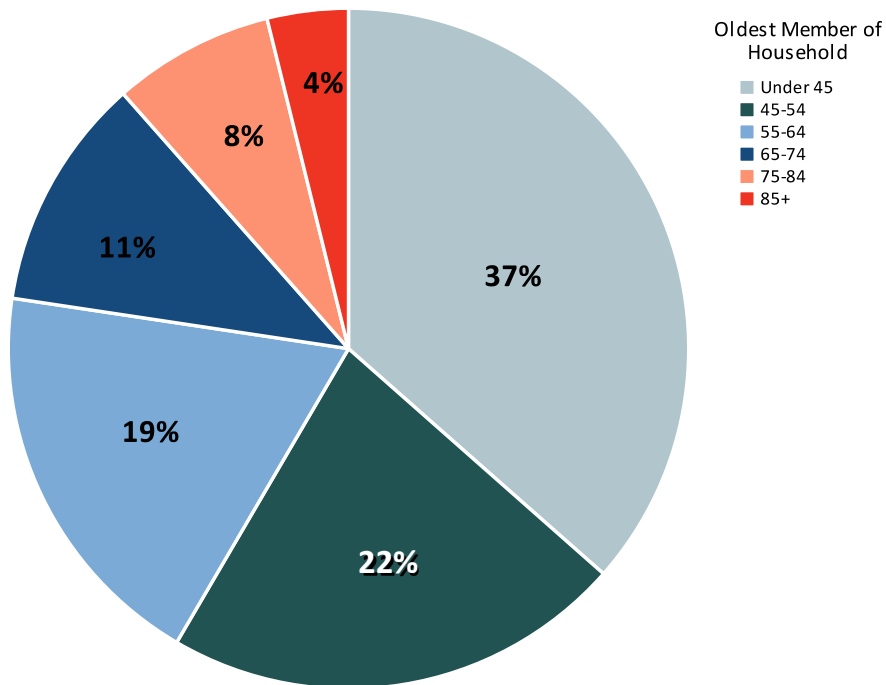
² Barbara Lipman, Jeffrey Lubell, and Emily Salomon, *Housing an Aging Population*, Center for Housing Policy: Washington, DC, April 2012.

2. Statewide Analysis

2.1. Housing Demand

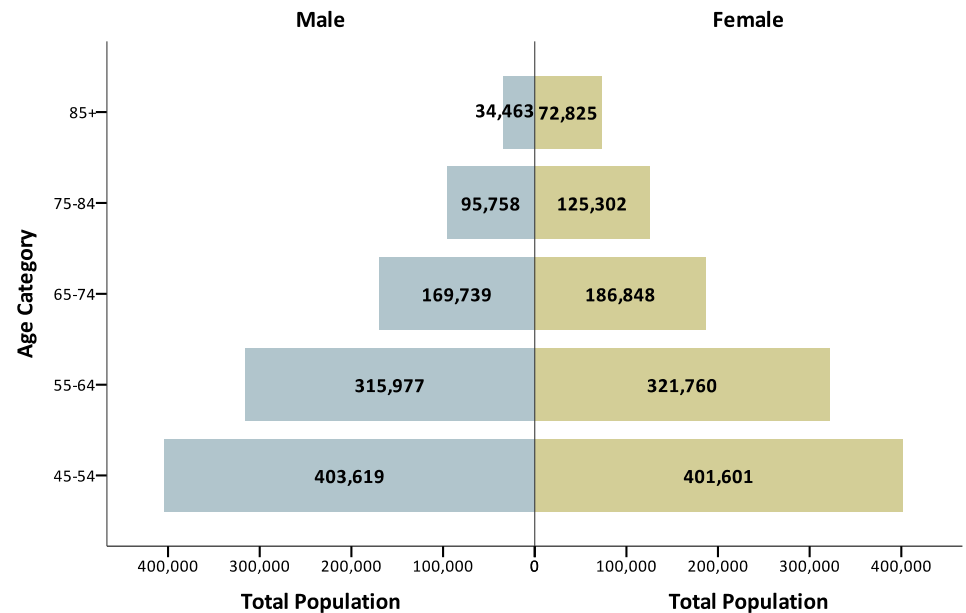
In 2010, nearly 475,000 – or 23% of the state’s 2.1 million households³ – included at least one member aged 65 or older. In addition, in nearly 550,000 households (41%), the oldest person in the household is between 45 and 64 years old (a baby boomer). In addition, the ratio of female to male increases with each age group after age 55. Females are more likely to be single-head-of-households after this age as well; of females over 65, 45% live alone, increasing to 80% for those aged 85 and older.

Figure 1- Age Distribution of Households in 2010



³ Households do not include person residing in group quarters.

Figure 2 - Age Distribution by Gender for People 45 and Older



Higher rates of disability occur among those least able to afford residential adaptation or in-home help.

Rates of disability are related to age. For the state, nearly 15% of households include one or more members with a disability. Older households experience rates well above the average, 21% for those aged 65-74, rising to 67% for those aged 85 and up. (See Figure 3).

Older households at lower incomes are more likely to have disabilities. Of households with incomes at or below 50% of the area median and a member age 65 or older, 45% have a member who is disabled (see blue bar on left side of figure 4). Disability rates decrease with higher incomes. Disability rates are also disproportionately higher for renters than owners. In total, 162,000 households over the age of 65 have a disability, and over half of these households have annual incomes below \$28,000 (the state median income is \$55,500).

While a larger proportion of renting seniors have disability, there are more senior homeowners with disability in the state (57,700 renter households with disability and over 104,000 homeowners with disability). This occurs because there are more homeowners than renters in the state

Figure 3 - Percent of Households with Disabilities by Age, 2010

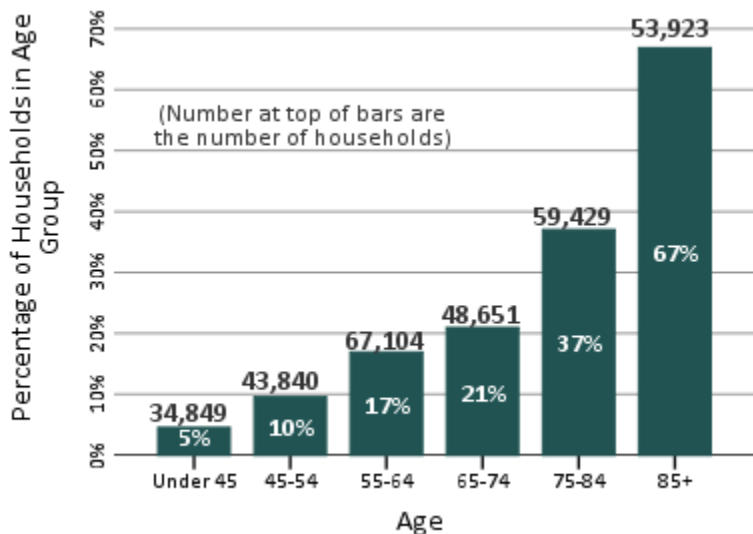
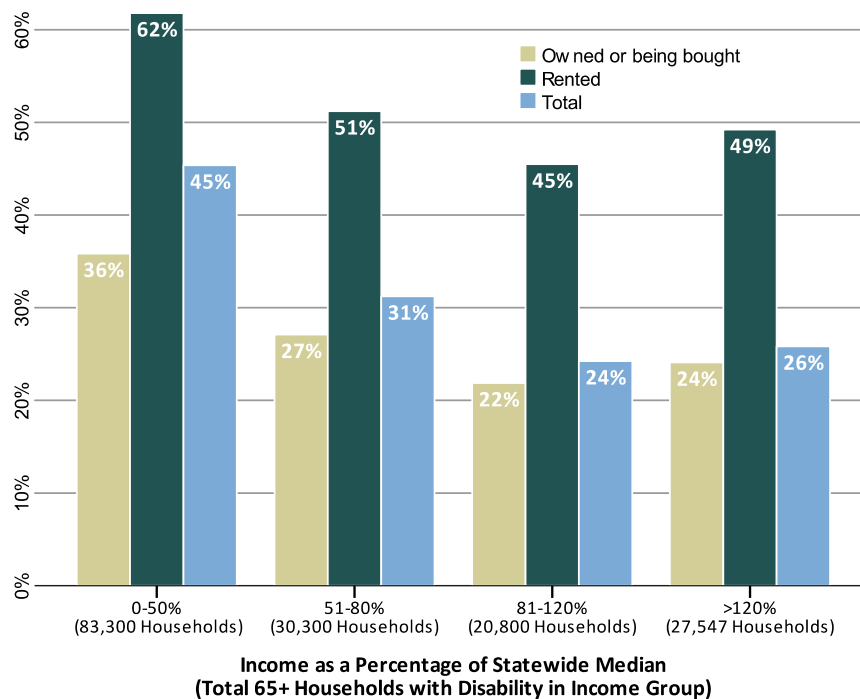


Figure 4 - Percent of Households age 65 and Older with a Disability by Income and Tenure

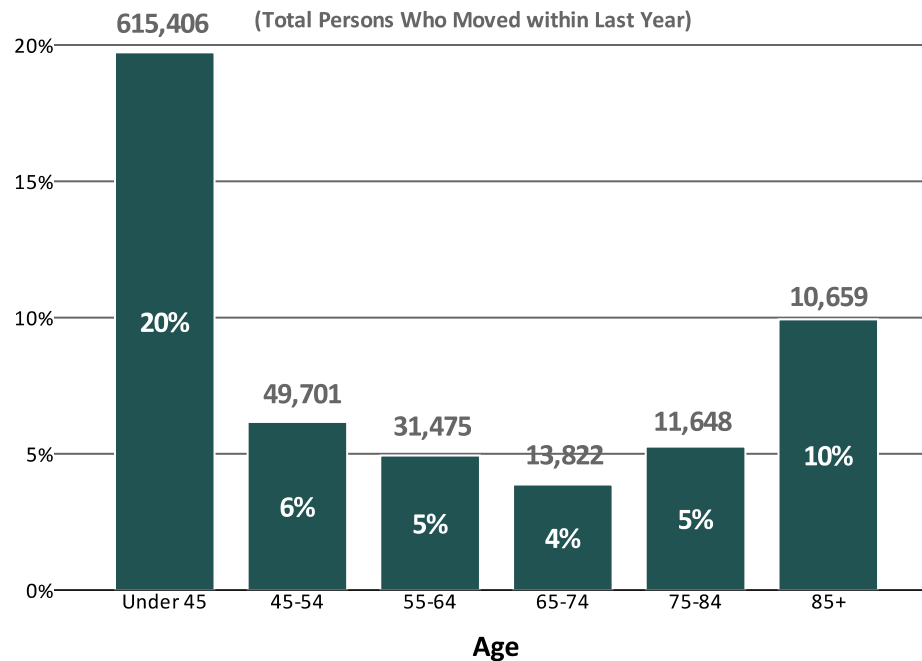


Source for charts on this page: US Census American Community Survey, PUMS, 2010.

The proportion of older Minnesotans who moved within the last year doubles from 5% to 10% after ages 85.

The proportion of individuals who moved within the past year decreases with each age group, until age 75. Between Age 75-64 and 85+, the proportion doubles to 10%. Over 36,000 of households age 65 and up moved in the last year.

Figure 5 - Percent of Population who Moved within the Last Year, by Age



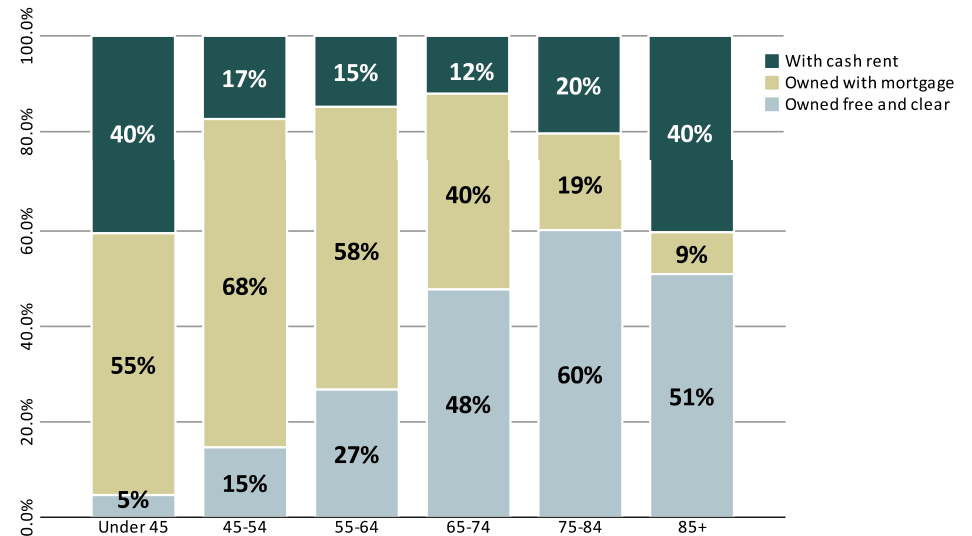
Source for chart on this page: US Census American Community Survey, PUMS, 2010.

2.2. Housing Costs

Homeownership rates rise through age 74, along with proportion who own their homes free and clear.

The homeownership rate hovers between 83% and 88% for households with members between age 45 and 74, with an increasing proportion of homeowners owning their home free and clear. For homeowners age 75-84, the homeownership rate drops to just below 80%; however, the proportion of homeowners who own their home free and clear is the highest amongst all age groups. Interestingly, the rate of homeownership decreases to 60% for those aged 85+, the same level as households under 45.

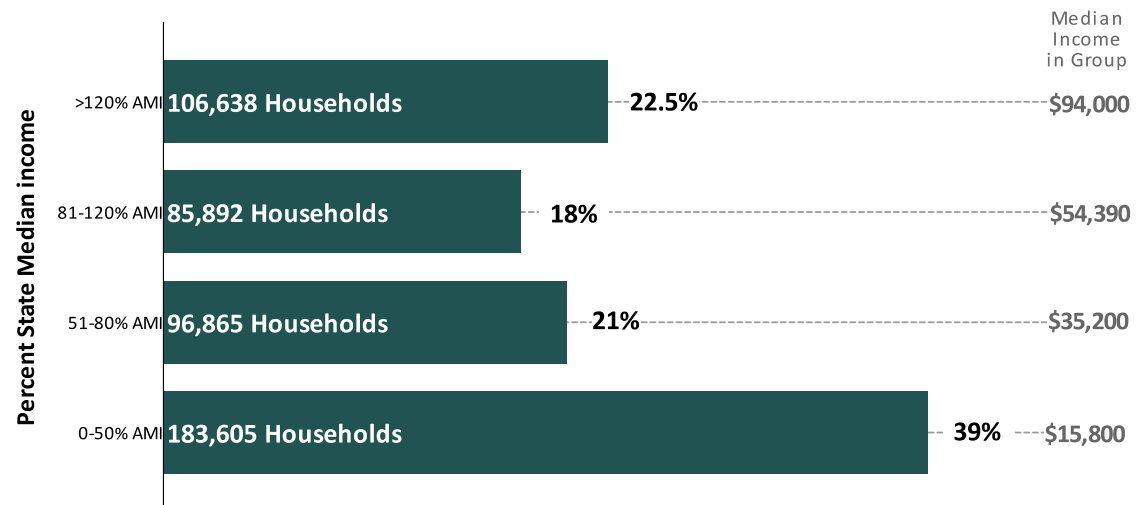
Figure 6 - Percent Homeownership and Renting by Age



Nearly 40 percent of households with members 65+ have very low income, less than half state's median income.

183,605 older households – 39% - have an annual household income less than \$28,000 (state median is \$55,500). The median income in this group is less than \$16,000.

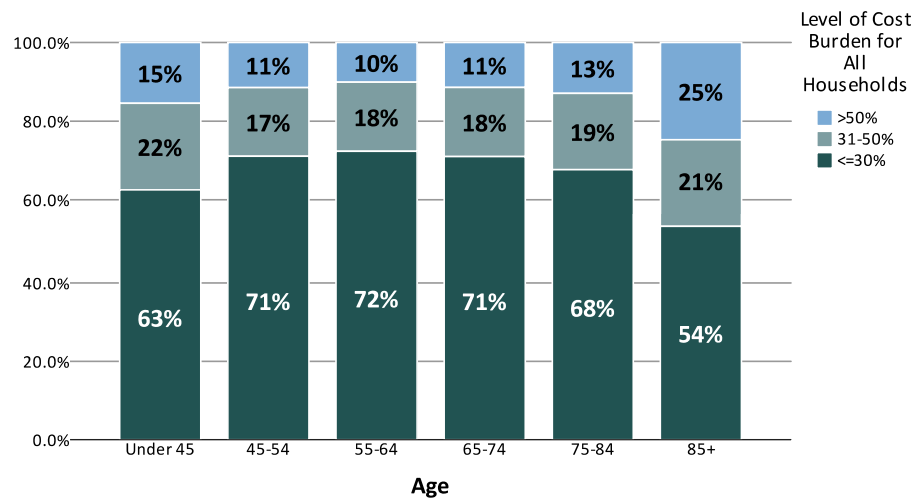
Figure 7 - Share of 65+ Households by Income Group



Housing cost burden increases as households grow older, nearly 50% of households with a member 85 or older spend over 30% of income on housing.

Older households are more likely than younger households to be cost burdened by housing. Rates of cost burden among households with members age 45-74 are essentially constant, with 17-18% of households spending 31-50% of income on housing, and 10-11% spending more than 50% of their income on housing. The rate of severe cost burden increases dramatically for households age 85 and up, with 25% of households spending greater than 50% of income on housing

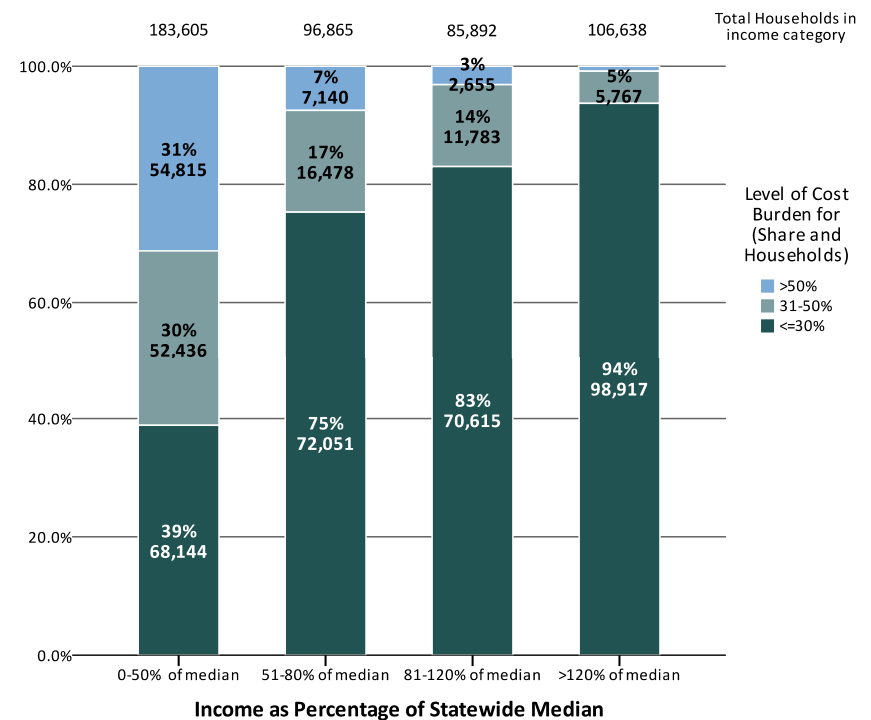
Figure 8 – Percentage of Cost Burdened Households, by Age



One in three of the poorest households age 65 and up spent over 50% of income on housing.

Not surprisingly, cost burden increases as income decreases. The level of cost burden for very low income households (less than 50% of state median income) is significant. Statewide, over 107,000 households have a member age 65+, have a very low income, and are cost burdened. (These households are represented by the top two sections of the far left bar in Figure 9). Of the very low income households age 65 and above, 31% are severely cost burdened, nearly four and a half times greater than the severe cost burden rate for those older households with incomes between 51-80% of state median.

Figure 9 – Percentage of Cost Burdened Age 65+ Households, by Income Level



Source for charts on this page: US Census American Community Survey, PUMS, 2010.

3. County Analysis

3.1. Housing Demand

Older populations comprise a larger share of the population in rural counties.

Over twenty percent of Minnesota counties (19 of 87) have greater than 20% of their population over the age of 65. These counties are highlighted in Figure 10 in red and are predominantly in the southwest and central parts of the state. Traverse County in west central Minnesota has the highest proportion of older households – 26.6% - while Scott County in the Twin Cities Metro has the lowest proportion of older households – 7.2%. Because of the age differences, these two counties are highlighted for comparison in each of the county-based indicators.

Scott County has more variability in its age distribution for populations over 45, dropping steadily from 8% for the 45-49 age group to 1% for 85 and older. (See Figure 11).

Figure 11 - Age Distribution of Households for Scott and Traverse Counties

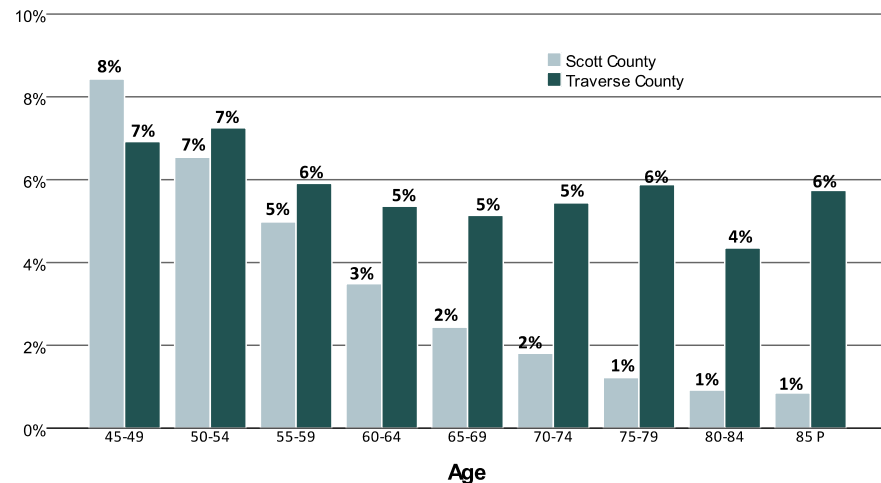
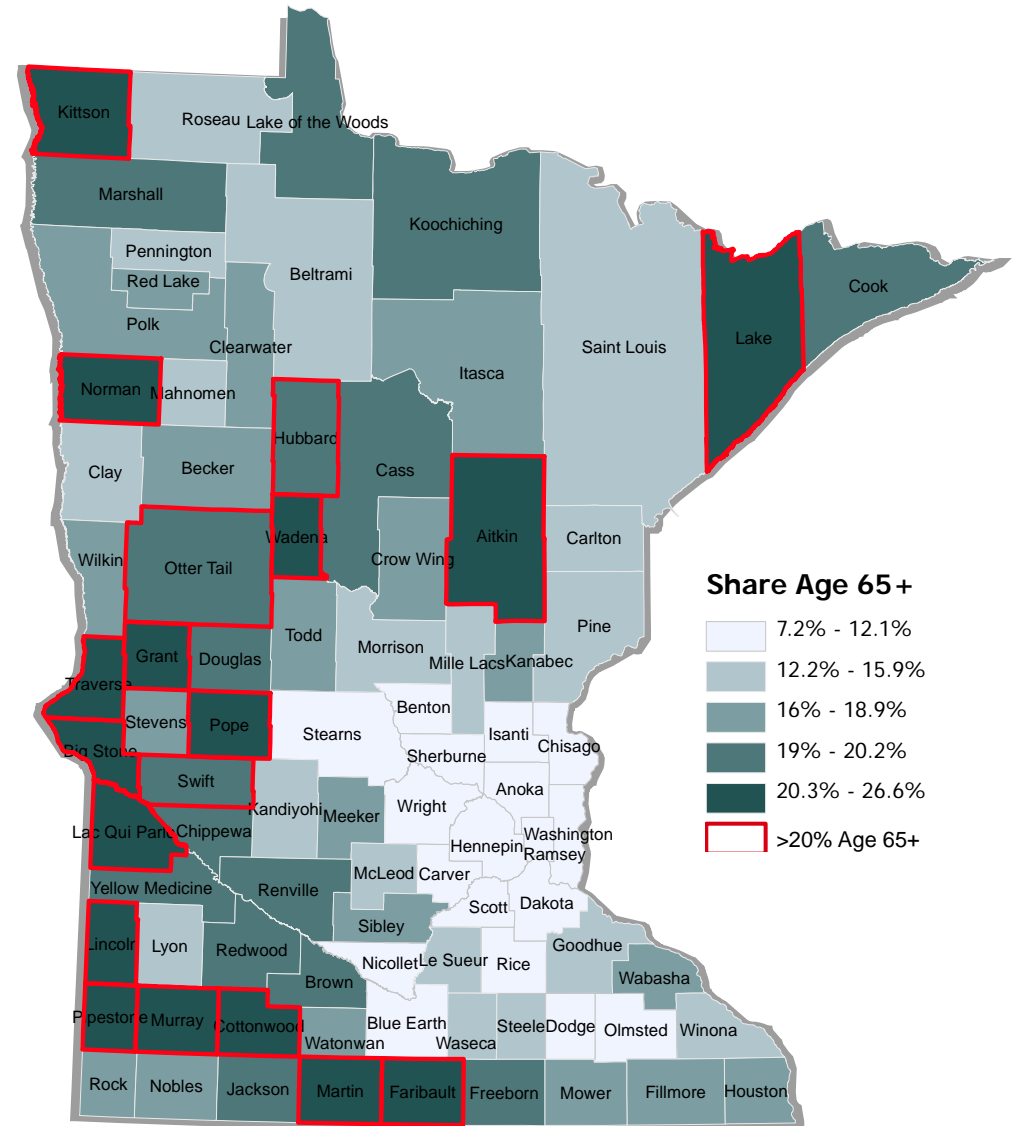


Figure 10 – Share of Population in County Age 65 and Older



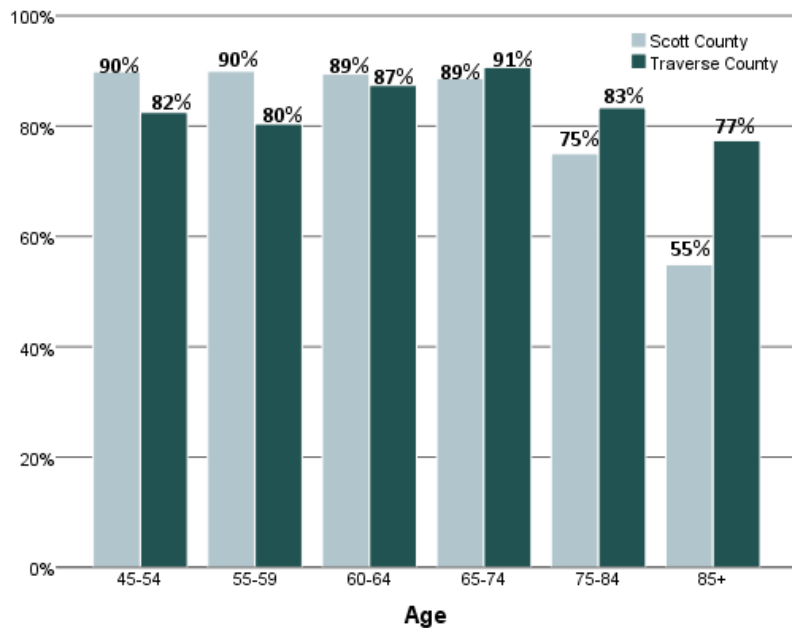
Source for chart and map: Minnesota Housing analysis of American Community Survey 2006-2010.

While homeownership rates statewide drop significantly for households over age 85, the drop is not experienced by all counties.

Traverse County is among eight counties (see counties outlined in red in Figure 12) where homeownership rates among the oldest households (85 and older) are greater than 74%, the state average homeownership rate for *all* households.

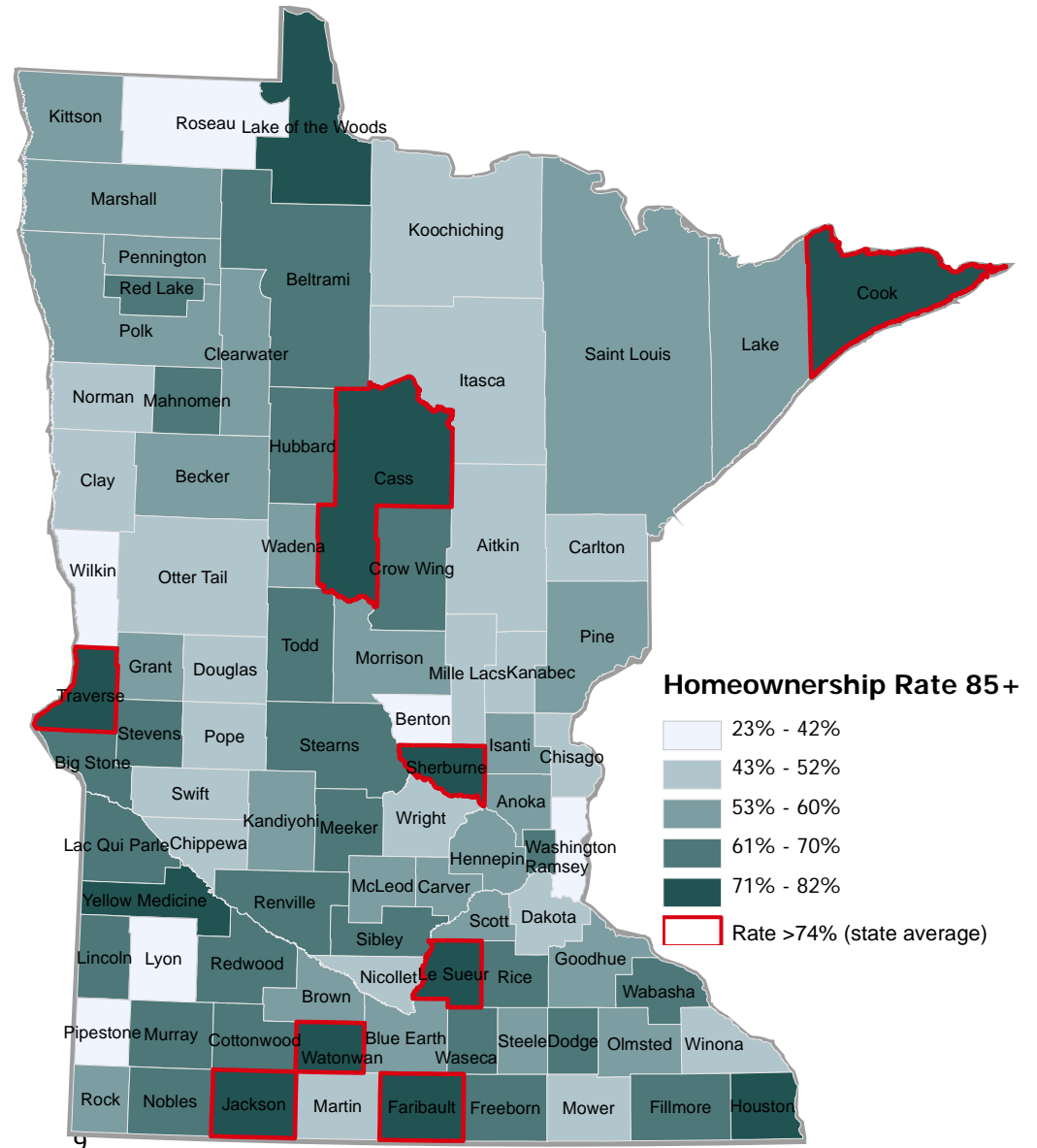
Scott County follows the patterns for the state, with significant drops in homeownership for households age 65 to 74, down to 55% for households age 85 and up. (See Figure 13).

Figure 13 - Homeownership Rate by Age for Scott and Traverse Counties



Source for chart and map: Minnesota Housing analysis of American Community Survey 2006-2010.

Figure 12 - Homeownership Rate for Households 85 and Older, by County



3.2. Housing Costs

Two thirds of Minnesotan households over age 65 have annual incomes less than \$50,000.

The share of older households (householder age 65 and greater) in Minnesota with annual incomes less than \$50,000 ranges between 55% and 84% by county. Urban counties generally have the smallest share of older households with lower incomes, while clusters of counties in the central and northwestern parts of the state have the highest share of older households with low incomes. (See Figure 14).

In Scott County, 59% of older households have annual incomes less than \$50,000, while 76% of older households in Traverse County have incomes less than \$50,000. (See the two sets of bars on the left of Figure 15).

Figure 15 - Income Distribution in Scott and Traverse Counties for Ages 65+ and 45-64

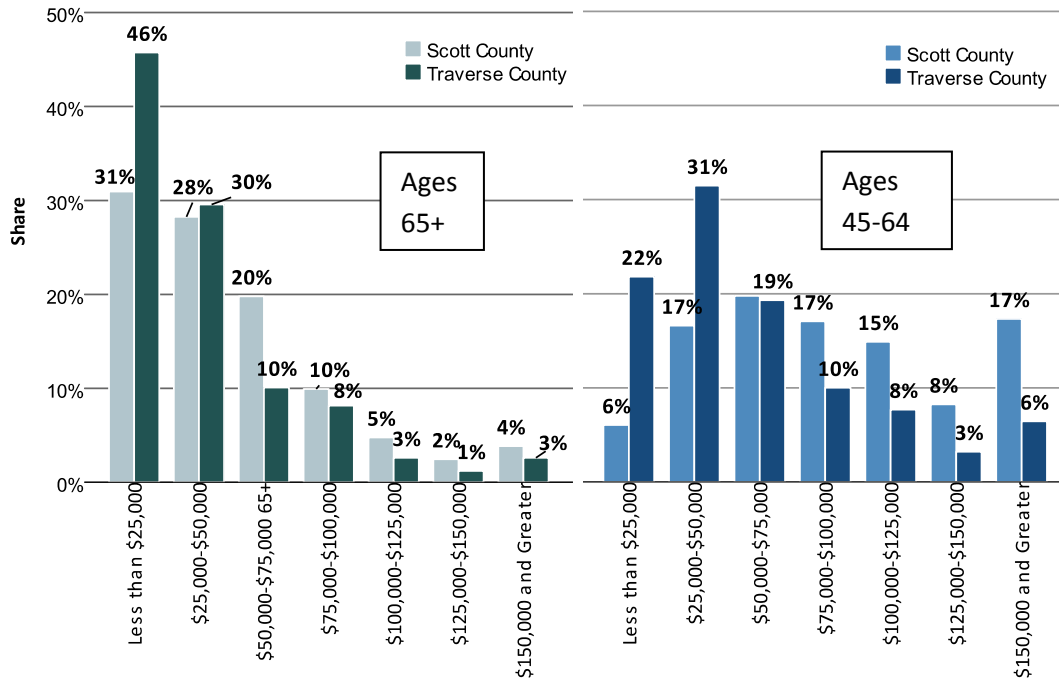
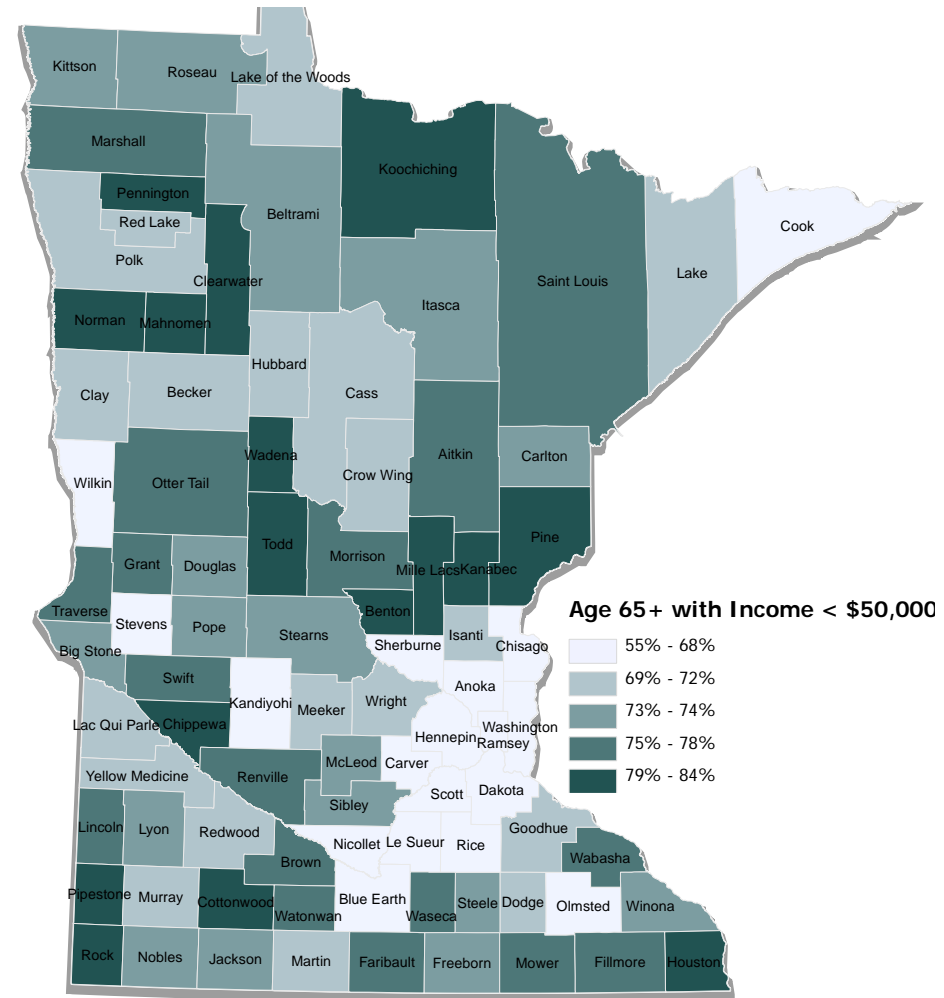


Figure 14 - Share of Households Age 65+ with Incomes <\$50,000



Source for chart and map: Minnesota Housing analysis of American Community Survey 2006-2010.

Housing cost burden increases with age, and is more prominent in urban areas.

Older homeowners and renters are more likely to spend more than 30% of income on housing costs in urban areas than in rural areas. Across the state, the cost burden rate is significantly higher for renters than homeowners, as shown in the maps on this page.

For Scott and Traverse counties, there is a 20 percentage point difference in the rate of cost burdened renters (52% of older renter households in Scott County, and 32% in Traverse).

Share of Households Age 65 + Paying 30% or More of Income on Housing

County	Homeowners	Renters
Scott	27%	52%
Traverse	20%	32%

Figure 16 – Percent of Renters Age 65 and Older by County who are Cost Burdened

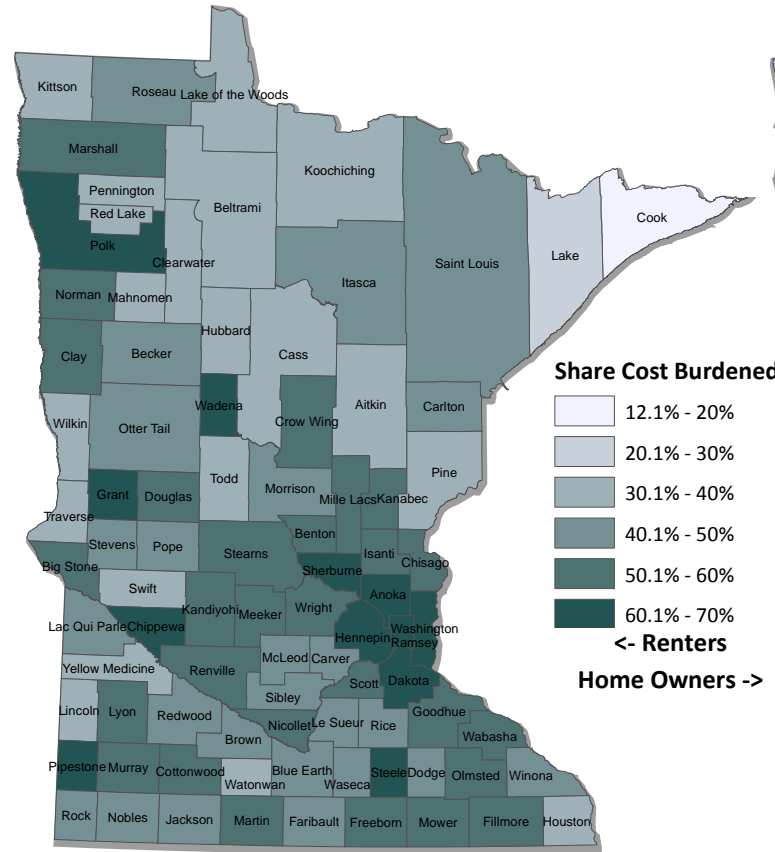
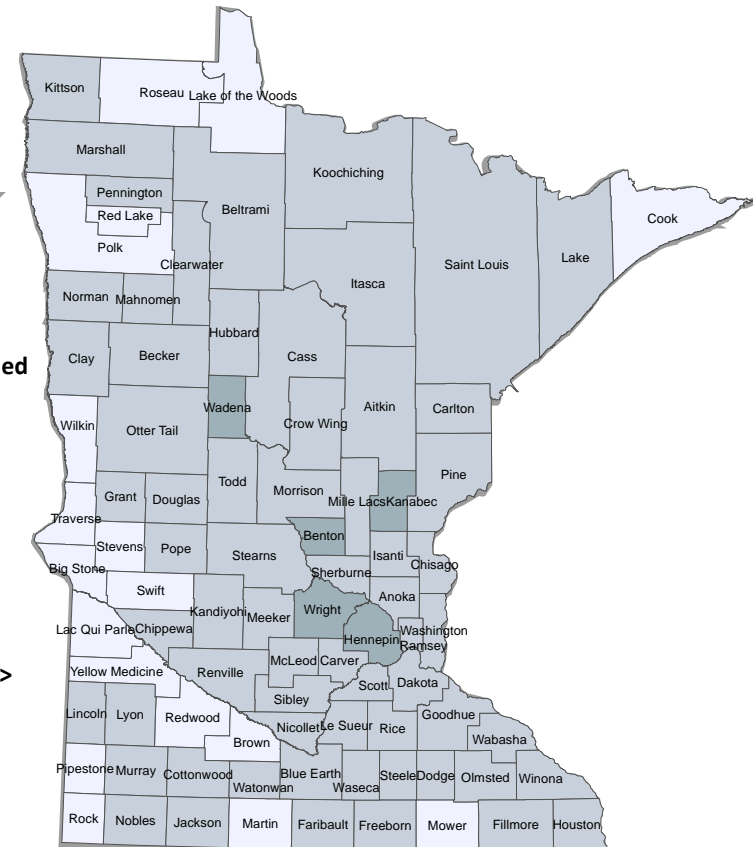


Figure 17 – Percent of Homeowners Age 65 and Older by County who are Cost Burdened.



Source for table and maps: Minnesota Housing analysis of American Community Survey 2006-2010.

4. Policy Implications

As Minnesotans age, the need for affordable housing increases – income declines, cost burdened rates increase, and disability rates increase. These trends are even more prominent in rural areas of the state.

- In 2010, over 180,000 older households (containing a person age 65 and older) had annual incomes less than \$28,000 (less than half the state median). With a median income in this group of only \$16,000, housing costs would need to be \$400 per month to be considered affordable. (See Figure 7 on page 6).
- Households with a disability are older, poorer, and disproportionately renters. Policies to increase affordable rental opportunities should include accessibility as a key priority. (See Figures 3 and 4 on page 4).
- Housing cost burden rates increase as households grow older. Cost burden is more likely for renters than homeowners, possibly because homeowners with higher incomes are more likely to own their homes without a mortgage as they grow older. Cost burden is more prominent in urban areas for both homeowners and renters, yet pockets of high levels of cost burden do exist in rural parts of the state (as shown in Figures 16 and 17 on page 11). Older homeowners need rehabilitation opportunities that do not add to cost burden.
- Some counties have significant need for senior housing services today. For example, rural parts of the state have higher proportions of populations age 65 and older. Other counties will have higher need in 20 years, (age 45-64).
- Rural parts of the state, including Traverse County, witness higher proportions of seniors aging in place, where homeownership rates stay relatively high as they age even among very low-income households. High rates of homeownership may reflect a lack of alternative housing options. (See Figures 12 and 13 on page 9).

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