How Aging Americans Are Navigating (and Shaping) the Housing Market

Deciding where to live isn't easy for older Americans, as health care needs, costs, and limited options all create uncertainty

By Matthew Wells

A young couple saves up and buys a house in a leafy suburban neighborhood. After a while, they have a few kids. Those kids eventually move away to begin their own lives. The couple considers downsizing, but the neighborhood has become as much a home as their actual house. They decide to stay, unable to imagine life anywhere else. Besides, the nearest senior living community is in a different town where they'd be starting over, and they don't have long-term care insurance, so they'd have to pay completely out of pocket. On the other hand, if they stay in their home, the mortgage will be paid off in a year or two, and the house could someday provide a nest egg for their grandkids.

But as they age, the stairs up to the bedroom eventually get harder to climb for one of them. Bathing, getting dressed, and the other activities of daily living all get more difficult as time goes on. The healthier partner becomes the primary caregiver to the other, preparing food, managing medications and doctors' appointments, and installing modifications like stair ramps and wall grips to make the house safe and accessible. But even with these adjustments, it may become increasingly difficult for them to stay in their home as they age.

This story is increasingly common. Rather than downsizing to smaller, single-story homes or moving into retirement or assisted living communities, more older Americans are aging in place than ever before. And they are relying on home health care (HHC) — provided either by a loved one or health care professional — to make it possible. In doing so, they enjoy the benefits of remaining in a home and community full of memories and connections, as well as the potential to maximize the financial gains that can come from living in a home that is fully paid off and has substantially increased in value.

But such stories don't always proceed smoothly. For seniors who want to stay in their homes but are unable to care for themselves or each other, HHC providers can be prohibitively expensive, and relatively few Americans — only about 10 percent of retirees, or under 6 million people — have long-term care insurance. Also, despite efforts to expand HHC access through Medicaid, there simply aren't enough qualified workers and current government funding levels are not enough to draw more providers into the space.

Larger single-family homes can also be expensive to maintain, and installing safety modifications isn't cheap. For these and other reasons, some elderly Americans would prefer to

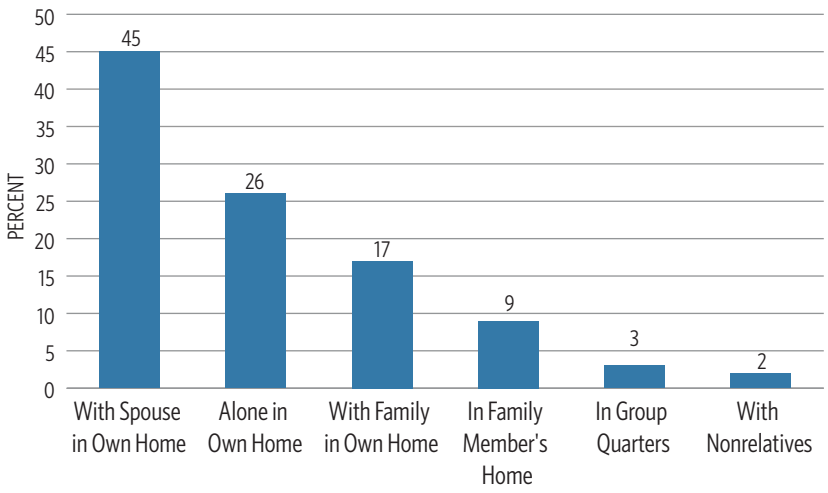
IMAGE: GETTY IMAGES

move to environments where their needs can be better met. But even for those who want to downsize or move into a senior-focused community, such options may not be available. Many cities and towns do not have sufficient suitable housing or facilities, as developers tend to focus on building single-family homes. Assisted living and retirement communities also usually require residents to largely pay out of pocket, and the cost can be out of reach for many.

As the 64 million baby boomers continue to age, what factors are driving decisions to age in place? What are the challenges to doing so safely and affordably? What viable options exist for those who would like to move? And what are the implications of those decisions for the economy, especially the housing market?

The Majority of Seniors Live in Their Own Homes

Living situations of individuals aged 65 and over, 2021



NOTES: In own home refers to older adults who live in a home where they or their spouse/partner are the head of the household. Those who live with nonrelatives only may live in their own home or another person's home. In group quarters could include skilled nursing facilities, group homes, residential treatment centers, military barracks, or correctional facilities. Percentages don't sum to 100 because of rounding.

SOURCE: Harvard University's Joint Center for Housing Studies' tabulations of U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates.

AGING IN PLACE TRENDS

The American population aged 65 and older increased to nearly 56 million, according to the 2020 census, and by 2030, one in five Americans will fall into that age group. Surveys suggest a significant majority of these people want to stay in their homes as long as possible. In 2024, AARP found that 75 percent of seniors would prefer to stay in their homes as they age, while a *U.S. News & World Report* survey that same year found 95 percent of Americans aged 55 and older said aging in place was an important goal.

In a 2024 *Economic Brief*, Richmond Fed economists John Bailey Jones and Urvi Neelakantan, along with Yue Li, an economist at the University at Albany – State University of New York, reported that those preferences are leading to changes in behavior as the share of older Americans aging in place has increased significantly in recent decades. Data from the U.S. Census and the Census Bureau's American Community Survey show that older households have become more likely to live in single-generation, owner-occupied homes. In 1970, for example, 67 percent of Americans aged 65 and older lived in homes they owned; in 2022, that share had risen to 79 percent.

These Americans are also more likely to live in houses that are probably bigger than what they need, especially if they live alone or as a couple. In 2022, 25 percent of those aged 65 and up had at least two extra bedrooms compared to only 12 percent of people between the ages of 25 and 64. Only 10 percent of seniors and 3 percent of the younger cohort reported having that extra space in 1970.

Older citizens are also now less likely to move into institutional settings such as assisted living communities or nursing homes. In 1970, 5.5 percent of this population lived in such environments; in 2022, that share had dropped to 3 percent. The data also indicate that single seniors are more likely than couples to live in group environments.

Census data show that most older adults still live in their own homes. Forty-five percent live in their home with a spouse, while approximately another quarter live alone and 17 percent live in their own home with other family members. (See chart.)

WHY MIGHT SENIORS WANT TO STAY AT HOME?

The Health and Retirement Study is an ongoing panel survey of older people. Among other important data, it captures respondents' self-reporting of their ability to perform identifiable activities of daily living (ADLs). In a follow-up *Economic Brief* published earlier this year, Jones, Neelakantan, and Yi used the survey results to understand what factors might shape an individual's calculus about whether to age in place or move to an environment with more support services, such as a nursing home.

The survey data show that the probability of entering a nursing home increases as the number of ADL limitations increases: Forty percent of seniors with four or five limitations are in such environments. (This measure, as a proxy for an individual's overall health, is more predictive of living in a nursing home than age.) Those with two to three limitations, however, are more likely to receive HHC. Being married and owning a home also reduce the likelihood of living in a nursing home. Married seniors are also less likely to receive professional HHC.

The researchers suggested that the increasing number of Americans aging at home may be tied to the increasing availability of long-term HHC. They noted this change may be coming

through two distinct channels. First, there are more married seniors than ever before. Between 1970 and 2023, the fraction of senior households with a married couple rose by 5 percentage points for those aged 65 to 79 and around 13 percentage points for households aged 80 and above. Spouses can often act as substitutes for paid care.

Second, in 1999, the Supreme Court ruled in *Olmstead v. L.C.* that in accordance with the Americans with Disabilities Act, disabled individuals, including the elderly, should remain in their local communities whenever possible rather than be moved to institutional care. This prompted Medicaid to expand support for HHC, making aging in place a more viable option for seniors: The Centers for Medicare and Medicaid Services' HHC expenditures rose by 38 percentage points between 1967 and 2023. Importantly, more than half of that increase occurred after 2000 and most of it was implemented through Medicaid. (Long-term care services are covered through Medicaid for those who qualify, while Medicare covers acute health care needs as well as shorter-term care or post-hospitalization rehabilitation.)

While some seniors may decide to age at home because the supply of HHC options has increased, the relationship could also run in the other direction. The increase in health care accessibility may be a response to the increased demand to age in place. Among the benefits that may attract seniors to staying are the comforts of familiar surroundings that make a house and community a home.

"Even when a house is no longer an optimal fit, the familiarity can be important," says Jennifer Molinsky, director of the Housing an Aging Society Program at Harvard University's Joint Center for Housing Studies. "Rather than move to a whole different community and relearn everything, you're in a familiar setting. Moving can be daunting."

Seniors might also want to remain in their homes because they want to maximize the value of their homes, increasing the eventual total they pass on to their heirs. Home prices have increased significantly over the past quarter century, according to Jones, Neelakantan, and Yi, with an average real rate of capital gains on housing of 1.9 percent per year, which is more than double the 0.8 percent annual rate from 1975 to 2000. Many markets experienced much greater increases during this high-growth period.

THE DIFFICULTIES OF STAYING PUT

The increases in funding for HHC have not necessarily translated into greater provision of that care. In a 2023 *Health Affairs* article, Amanda Kreider of the University of Pittsburgh and Rachel Werner of the University of Pennsylvania compared the size of the HHC workforce with Medicaid home and community-based services participation and found that despite increased investment, the number of HHC workers per 100 participants declined by almost 12 percent between 2013 and 2019. This number likely declined further in 2020, as the COVID-19 pandemic led elderly adults to prefer HHC over moving to group settings.

Even if professional HHC providers were readily available, staying at home and getting care can still be expensive and difficult for seniors on fixed incomes. The median national rate for private nonmedical HHC is $34 an hour, meaning a person needing 24-hour care would end up paying $816 per day. Even care for just four hours a day, which can be the minimum amount of time a firm will contract for in some cases, would add up to over $4,000 a month. If the person doesn't meet the Medicaid eligibility requirements, that cost would need to be paid out of pocket.

Karen Kopecky is an economist and policy advisor at the Cleveland Fed, and she notes that private long-term care insurance can be difficult to obtain for a number of complex economic reasons, and many seniors decide the benefits are not worth the additional costs relative to Medicaid, which is paid for by tax dollars. But to qualify for Medicaid, middle-income seniors must exhaust all their assets — aside from the home — first. (It should be noted that this dynamic is at play for both those aging at home and those who have decided to move into an assisted living facility or nursing home.)

State and local governments are doing what they can to help manage those costs. For example, Carolyn True, the director of aging and independence for Frederick County, Md., notes that the state enacted a home and community-based waiver in 2000 that would allow people who need the level of care provided in nursing homes to get equivalent Medicaid dollars to spend on in-home care. It's a good option for those who can get it, as recipients can receive the care they need and stay in their communities. The problem, she points out, is the waitlist for getting a waiver has several thousand people on it.

Without that financial assistance, many seniors must choose between paying for their care or paying for their other daily needs. In a 2025 article, Molinsky noted 34 percent of all older households were cost burdened in 2023. For elderly homeowners, the cost-burdened rate between 2019 and 2023 went from 24 percent to almost 28 percent. In terms of raw numbers, that's a jump from 6.2 million cost-burdened households in 2019 to 7.9 million in 2023. Cost concerns are especially acute for elderly renters, with 58 percent being cost burdened. That equates to 4.5 million households and an increase of 570,000 between 2019 and 2023.

Fixed incomes make it difficult to keep up with rising homeownership costs (due to property tax and insurance increases as property values increase) and rents, while those with lower incomes have little left for out-of-pocket medical costs, food, and other needs. In fact, in a separate report also from 2025, Molinsky and her colleagues Samara Scheckler and Peyton Whitney found that while one-third of households they studied in 2021 with at least one member aged 75 or older met the definition of cost-burdened, three-quarters of those households could not afford a single daily in-home care visit after paying housing and living expenses. Elderly renters are particularly impacted by these costs, as fewer than 1 in 10 could afford such daily assistance.

The Health and Retirement Study further revealed that over a third of households headed by an individual aged 50 or older could not afford the

out-of-pocket expenses that might be needed to renovate a home to improve accessibility and safety. Some of those safety issues might include radon contamination or corroded piping, as well as limited access to a second-floor bathtub or shower due to the resident being unable to climb stairs. (Medicare considers stairway chair lifts to be convenience items and typically does not cover them, although state Medicaid programs may cover them through waiver programs like the one in Frederick County.)

While financial assistance programs exist to help the elderly to modify their homes, the need is far greater than current funding levels could cover. Older adults earning less than or equal to 50 percent of their community's median income qualify for federal rental assistance, but Molinsky noted in her 2025 article that as of 2021, only 36.5 percent of those eligible received any financial help.

Ultimately, housing officials in places like Frederick County are most concerned with finding and helping the people who have too much income to qualify for assistance but not enough to make it on their own. True notes her team is eager to find the people who make "one dollar more than the eligibility limit. There's no wiggle room with that dollar, so we are trying to get creative and help those individuals."

NO OTHER PLACE TO GO?

If aging in place safely carries potentially significant financial burdens for much of the population, is it really the case that seniors prefer to stay at home? Or is it possible that something else, such as the absence of an affordable and attractive alternative, could be keeping them there?

In 2020, the Census Bureau reported that only 10 percent of the country's 115 million housing units are suitable for older residents. Nationwide, fewer than 1,900 new senior housing units opened in the fourth quarter of 2025, and inventory growth has been below 1 percent annually. According to the National Investment Center for Senior Housing and Care, occupancy levels for existing senior housing average 89 percent across 31 of the largest U.S. markets. Average occupancy rates in active adult communities sit at about 92 percent and assisted living facilities are around 88 percent full nationwide.

The reasons behind the lack of inventory are complex, involving issues with adequate labor supply and investor confidence, as well as high building costs. Affordable senior housing also requires zoning decisions that can lead to fewer single-family homes, something that may give a community pause.

The supply problem is most acute for middle-income seniors. Medicaid-eligible seniors and those who can pay out of pocket are more likely to get care at a nursing home or other community environment, but for those in the middle, a tight housing supply means higher — and out of reach — prices.

To address these shortfalls, communities are looking to change the conversation away from what new housing might look like to who will live in it. Vincent Rogers is the director of housing in Frederick County, and he is working alongside Carolyn True to inform communities that affordable senior housing in the county will be full of individuals who have lived in the county their entire lives and contributed to making it the place it is. If that housing can't be built, he reminds residents, then "our own family members might not be able to stay here."

Whether the decision to stay in place is driven by a lack of options or a genuine desire to remain at home, it has consequences for the housing market. According to Freddie Mac, aging in place may prevent younger families from entering homeownership by limiting the supply of available houses and increasing the prices of the homes that are available. The National Association of Realtors noted that the average age of first-time homebuyers was 38 in 2024, the highest ever, while the share of first-time homebuyers was the lowest ever, at 24 percent. If younger people are having a harder time finding a suitable home to buy, that delays or even eliminates their ability to begin wealth accumulation through homeownership. And the cycle doesn't stop there: To the extent people rent longer because there are so few affordable homes on the market, these would-be homeowners drive up prices in the rental market as well.

Molinsky argues that the supply problems like those in Frederick County indicate a need for deeper reflection by policymakers. "We need a much more diverse stock of housing to meet the needs of all of our diverse household shapes and types," she says. "We don't have a national aging policy, but to the extent that we do, it just assumes people want to stay in place."

She suggests that if people are given alternatives beyond going to a nursing home or staying at home — such as smaller, more easily maintained apartments and condominiums, intergenerational housing communities such as those offered by Bridge Meadows in Oregon and Treehouse Foundation in Massachusetts, or community senior housing like 2Life Communities in the Boston area — they can still live safely and affordably while maintaining their connections with each other and the people and places important to them.

"We want to keep older adults engaged and active in their communities because it keeps them young," says True. **EF**

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