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Anti-poverty impact of home equity conversion plans for local elderly

Howard, Sue Ann, Ph.D.
The Ohio State University, 1987

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ANTI-POVERTY IMPACT OF HOME EQUITY CONVERSION PLANS FOR LOCAL ELDERLY

DISSERTATION

Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy in the Graduate School of The Ohio State University

by

Sue Ann Howard, B.S.S.W., M.S.W.

* * * * *

The Ohio State University

1987

Dissertation Committee

Dr. Keith Kilty
Dr. Virginia Richardson
Dr. Richard Florida

Approved by:

[Signature]
Adviser

College of Social Work
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1987
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<td>Military, United States Navy</td>
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<tr>
<td>1971</td>
<td>BSSW - The Ohio State University, Columbus, Ohio</td>
</tr>
<tr>
<td>1972-73</td>
<td>Field Placement - Nisonger Center, The Ohio State University, Columbus, Ohio</td>
</tr>
<tr>
<td>1973-74</td>
<td>Field Placement - Program for the Study of Crime and Delinquency, The Ohio State University, Columbus, Ohio</td>
</tr>
<tr>
<td>1974</td>
<td>Laboratory Assistant - School of Social Work, The Ohio State University, Columbus, Ohio</td>
</tr>
<tr>
<td>1974</td>
<td>M.S.W. - The Ohio State University, Columbus, Ohio</td>
</tr>
<tr>
<td>1974-78</td>
<td>Research Specialist, Franklin County Childrens Services, Grove City, Ohio</td>
</tr>
<tr>
<td>1978-79</td>
<td>Program Evaluator, Department of Community Services, City of Columbus, Columbus, Ohio</td>
</tr>
<tr>
<td>1979-81</td>
<td>Lead Contract Specialist, Department of Community Services, City of Columbus, Columbus, Ohio</td>
</tr>
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1981-84 Special Assistant to the Director, Department of Community Services, City of Columbus, Columbus, Ohio

1984 to present Assistant Administrator, Division of Neighborhood Services, Department of Human Services, City of Columbus, Columbus, Ohio

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CHAPTER I

GENERAL INTRODUCTION

PURPOSE OF RESEARCH

This study explored options the public sector can develop to increase the disposable income of poor elderly homeowners. It looked at what may be defined as a public/private partnership between local government and individuals. The study examined how public dollars can be spent now to enhance the quality of life for low income elderly homeowners with the understanding that the dollars will be returned to the local government at some later date.

The study provides information that can be used by public officials and advocacy groups to support the implementation of new programs that will reduce the effect of poverty and improve the living conditions of the elderly. The study develops a profile of the low-income elderly in the Columbus Metropolitan Area and compiles data on the housing characteristics of the elderly, the quality of the neighborhoods and the value of houses owned by poor elderly.
This study demonstrates how publicly funded equity conversion plans can be employed to enable poor elderly to remain in their homes, in the community, and increase their income. Economically, older people living on low and/or fixed income cannot afford upkeep, utilities, insurance and property taxes on their homes. Consequently they are forced into other living arrangements with relatives or public housing. Numerous researchers have reported that it is highly undesirable to move the elderly out of their homes and their familiar environment unless absolutely necessary (Fried, 1963; Hartman, 1977; Weinberg and Atkinson, 1979; Fried 1982) This creates unnecessary pressures of living and denies the elderly the privilege of living independently in their own home.

This study is based on the assumption that there is a growing number of elderly in the city, living at or below the poverty level, who, if given adequate options, would elect to participate in programs that reduce poverty for them, enable them to live comfortably in their homes and secure additional services.

A study conducted by Northwest Counseling Services supports this assumption. This study found that residents of Columbus Center City are older, their income
is lower, the housing stock is older and the percentage of income being paid for housing represents a higher portion of total income the whole of the City of Columbus (Northwest Counseling Services, Report, 1986).

**Objectives of Research**

There are several facts to be taken into consideration when dealing with Home Equity Conversion as an income-maintenance program. Home equity conversion is not appropriate as an income source for all older people. Home equity is more appropriate for the old-old than the young-old because of shorter life expectancies. Single individuals who own homes valued at $80,000 and over will receive larger benefits than individuals whose homes are valued at $25,000 and less. These facts do not argue against equity conversion. Instead, they support the development of a variety of home equity arrangements for those people who need and desire them.

Elderly homeowners in general are faced with a wide spectrum of problems ranging from poor health, high cost of health care, aging housing stock, high cost of home maintenance, fixed income and maintenance of an adequate standard of living. The problems are compounded for the poor elderly homeowner. They
experience numerous problems in living that affect their biological and physiological well-being. They often are unable to meet their basic needs for food, shelter, health care, and recreational activity. Chen (1980) found that low-income elderly spend more than 50% of their income for food and shelter with little being left for other things. The HUD Report (1985) found that many elderly homeowners have a variety of financial problems, including a "too-high" portion of income going toward maintenance expenditures and property taxes. The conversion of the equity in their homes into cash is one solution to the problem. However, because of the diversity in the population as well as the value of the properties held, a macro-level response is needed.

It is in the best interest of the elderly and the country-at-large to create a variety of public and private options for income maintenance. It will become even more important in future years as the elderly population increases. Researchers predict that by year 2000, 13 percent of the population will be 65 and older and by 2030, 23 percent will be 65 and over. Currently, only 5.5 percent of the elderly are institutionalized which means most are in their homes in the community (Bates 1985).
The 1983 National Housing Survey found that 29 percent, or 15 million households, are headed by individuals at least 62 years old. The rate of homeownership is 78 percent for household heads 62 to 69 years old, and 70 percent for those 70 and over. Sixty percent of the elderly homeowners own their homes free-and-clear. Therefore, they are in a position to use the equity in their homes as income.

Goldstein (1972) states that environmental factors such as the condition and location of the elderly home, the neighborhood and available services and facilities can play a supportive or inhibiting roles to the elderly. In addition to environmental factors, a vital factor enabling the elderly to maintain dignity as well as a sense of independence and security is an assured adequate income.

Given the fact that many elderly own their own home, it is appropriate to view the home as a means of sustaining an adequate income as long as the elderly can retain occupancy rights, if they so choose. Poor elderly may benefit most from programs offering equity conversion with the right of continued occupancy. Many are struggling to survive in mortgage free, deteriorating, over-taxed homes whose low fair market value
defies the financial benefit of selling. They generally cannot find better affordable housing. The supply of subsidized housing is limited and federal support of additional subsidized housing is near extinct. Therefore, poor elderly have few options. In addition, they generally prefer to remain in their own home, no matter how unsafe and unsanitary, as opposed to living in subsidized housing.

The primary objective of this research was to determine the need for equity conversion mechanisms for poor elderly in the City of Columbus, based upon the current condition of their housing, housing related expenses (taxes, insurance, etc.) and income. The Older American Act declares that older people are entitled to suitable housing and an adequate income in retirement (Older American Act 1965). Clearly, many elderly are not enjoying these entitlements. Since the federal government has not gone far enough in the past to ensure these entitlements, this research examined new policy initiatives to determine if a public response to the problems of aging and poverty can make a significant impact.

The secondary objective was to determine the potential social and economic impact of three equity
conversion instruments, deferred loans for home maintenance, remainder interest and sale/leaseback by investors and children. Social impacts are alterations in people's living conditions that occur in conjunction with new policies and are seen by those affected as significant social events (Finsterbusch, 1981). Economic impacts are alterations in people's income or jobs. Indexes of economic welfare captures a family's command of all goods and services. The traditional money income measure of economic welfare is inadequate, as property income and asset ownership must be considered also (Moon and Smalensky, 1977).

No one mechanism can meet the needs of all elderly. Therefore, each mechanism was analyzed to determine its most beneficial aspects. Two of the mechanism have the potential to generate additional income, while all permit a saving and redirection of existing income. Estes (1983) thinks the only way to experiment with public policy is to put a program in place and then evaluate it. This research examined the benefit of these programs using hypothetical situations.

Like previous research (Jacobs, 1980 Chen, 1983) on the issue of equity conversion, this research used data from the 1982 Annual Housing Survey, published in
1984, to examine the need and potential impact of three equity conversion mechanisms on the income and living situation of the poor elderly in the Columbus Metropolitan Area. Although ten percent (or 96,295) of the citizens of the Metropolitan Area are over sixty-five, both the city and the state have fallen short in the development of policies to address additional income needs of the elderly.

OVERVIEW OF THE PROBLEM

This research identified two social problems as the focus of study, population aging and poverty. Maddox and Campbell (1986) observed that the recognition of population aging as a social problem is recent. Problems of aging individuals and population involve the biology of senescence, societal values and public policies that encourages discrimination on the basis of age in the allocation of resources (Maddox and Campbell, 1986). Zopf, 1986, however, thinks it is inaccurate to view old age as a social problem, instead he views it as a time beset by particular problems that arise more from the social system than from the aging process itself. There is, however, some congruence between Zopf's and Maddox and Campbell's view of population
aging. Zopf points out that the aging of America's population produces a network of social, economic and political consequences, many of which are serious social problems because the system is poorly prepared to deal with such a large influx of older citizens (Zopf, 1986 p. 94).

The number and proportion of older adults is increasing rapidly, as the average life expectancy increases. Demographers suggest this trend will increase well into the twenty-first century. The U.S. Bureau of Census projections of elderly population growth indicates the percentage of elderly 65 and over will increase gradually from the 1980 level of 11.3%. However, in 2025 there will be a significant jump from 13.1% to 19.5% in the number of people sixty-five and over, see Appendix E, (Zopf, 1986 p. 16). Maddox, 1982, contends that the most rapid growing population category is that of persons over 80 years of age.

According to Hans and Maddox, 1982, "epidemiologist and social scientists have documented the association between aging and impaired functioning. Biomedical, behavior, and social scientific research has identified the types and extent of problem areas related to human aging. And, research has documented the extent to which
the majority of older adults remain socially integrated and competent, and the possibility that some decremental aspects of aging may be modifiable".

The above summary of findings of various disciplines by Hans and Maddox is supportive of Neugarten's assessment of aging. Neugarten, 1982, defines aging as a multifaceted process involving biological, psychological, and social changes.

The manifestation of these changes vary from culture to culture, from person to person, and from function to function (Helander and Hans 1982). There is less debate whether poverty is or is not a social problem. It clearly fits the classic definition of a social problem as defined by Jansson, 1984.

Social problems are specific conditions in the external world that are perceived as sufficiently bothersome or harmful to merit social intervention. Social problems include deprivation of material resources, of economic opportunity and of personal rights. Social problems are not clear cut, a host of political, value, and cultural factors influence whether, when, and by whom specific conditions are labelled as social problems. (Jansson, 1984, p. 7)

Poverty in old age is a problem related to the pension system (Desabie, 1978, Van Langendonck, 1981) and to the underprivileged status of some sections of the population, women and minorities. Comparisons are often
made to ascertain what group of people suffer disproportionately from specific problems—the poor are contrasted to non-poor and the elderly with the nonelderly.

Society needs to develop policies for distributing economic, medical, and other resources to specific groups. This research will examine policy options that can be implemented to ameliorate the conditions resulting from a deprivation of income for a section of the elderly population.

This section elaborates on why population aging and poverty are viewed as social problems.

**Population Aging—A Social Problem**

Living to old age has many positive connotations, so why is the aging population more of a social problem now than in the past? Gaber (1975) suggests that the aging population is a problem because there are over five times as many elderly now as at the turn of the century. There is a larger population of older individuals. Older people are retiring earlier, and the working population must pay the cost of ten to thirty years of retirement. Health problems and the cost of care are factors to be considered with regard to the elderly. Society has no physical space nor social role
for large numbers of older people. Older people vote and that gives them significant political clout, which could lead to a disproportionate allocation of resources.

Loether (1975) thinks that population aging is a social problem because people are living longer now than they did in earlier years. Rosenwaike (1985) notes that prior to the twentieth century, old age and aging were not viewed as problems to be solved. However, the changes in the numbers and proportions of the elderly and their characteristics, behavior and expectations have turned aging into a dilemma needing resolution. Rosenwaike cites the following reasons for the new problem of population aging: it is accompanied by a declining ratio of producers to consumers; it signifies increased dependency and needs; it places extraordinary demands and pressures on health and related social service systems.

**Size of Aging Population**

The aging of populations is a worldwide phenomenon that has tremendous implications for political leaders and all helping professions. The 1980 U.S. Census counted 25.5 million persons aged 65 or over nationally, which is 11.3 percent of the population. Ohio's elderly
accounted for 1,168,784 (21.8%) of that number, including the Columbus Metropolitan Area population of 96,295. Nationally, 15.6 million elderly are under age 75; 7.7 million between 74 and 84; and 2.2 million 85 and older. In Ohio, 706,554 elderly are under 74; 354,480 are between 75 and 84; and 109,890 are 85 and older (Poverty in Ohio 1985). The elderly population breakdown for the Columbus SMSA is as follows: 65-74 years, 58,220; 75-84 years, 29,339; and 85 plus, 8,736 (Ohio Data User Center).

The proportion of females in the older population is greater than in the population at large and greatest of all among persons 85 and over (Burdman, 1986). Because of the diversity, spanning a 30-to-35 year age range, and differential aging patterns within this population, some authors have attempted to stratify subpopulations within the aging population. Rosenwaike (1985) identities three subpopulations of the aged. The "young old," those 65 to 74; the "old old," 75 to 85, and "extreme aged," at 85 plus. These definitions are, of course, arbitrary. Different authors use different chronological ages, as well as other factors, to define the subpopulations. This research used chronological age, only, to define the subpopulation under study.
Gerontologists have pondered the definition of the term "aging" only to conclude there are many kinds of aging, such as chronological aging, functional aging, industrial aging and biological aging. Growing old is a continuum of the life process, as each person grows in a different way (Saul, 1983).

Profile of the Aging

Streib (1983) points out that there is a decline in family size and a tendency for the children of the "old old" and the "extreme old" to be old also. Combined, these factors necessitate that outside agencies assume primary responsibility for the provision of services. Rosenwaike (1985) thinks the rising levels of income and education among the elderly will imply a demand for more and better health care and other programs tailored to their needs, as well as a greater ability to seek out such services. In order to fulfill their expectations the elderly will be forced to maximize personal assets to enhance the quality of their lives.

Approximately 71 percent of the 65 and older population own their own homes, and 84 percent are free of mortgage debt. Nationwide, the elderly tend to live in much older homes, wherein 40% live in houses built prior to 1939 (Conference Mayors Report 1985).
Older people are much healthier than ever in a lifetime. Eighty-six percent of the 65 and older are healthy, able to get around by themselves and live independently. Twenty percent are still working full-time (Butler & Lewis, 1982).

Agranoff (1983) states that by the end of the next century, nine out of every ten older Americans will live in cities. This trend will require mayors and other local officials to become more aware of the unique needs, contributions, and problems of the elderly. A survey by the American Association of Retired People in 1983 found that about half (45%) of those 65 and over lived in seven states: California, New York, Florida, Illinois, Ohio, Pennsylvania, and Texas.

The elderly experience a drop in income in excess of 50 percent when they enter retirement. For example, the mean income for all American families in 1980 was $23,974, while the mean for families with householders aged 65 and older was only $16,918 (Zopf, 1986, p. 186). When compared with all families elderly income was 71 percent. The difference in pre- and post-retirement income was greatest when compared to the most productive years, which are defined as between 45 and 54. The average family income for families between the ages of
45 and 54 was $30,279 in 1980. There is a 45 percent difference between the income of the elderly and this age group. Since individuals may retire as early as fifty-five, this may explain the observed $2960 drop in income for families 55 through 64 (income $27,319). Further aging is associated with a continued decline in income, placing a higher proportion of the elderly in lower income brackets. Some are even forced into poverty as health care cost and inflation erode their financial resources. Ideally, this should not happen. Many income maintenance advocates, especially Schulz (1977), think a reasonable retirement goal is "to maintain a living standard in retirement that is not too different from that experienced during a period of years just prior to retirement." To maintain living standards in retirement requires replacement rates of about 65 to 75 percent of gross pre-retirement income (Schulz 1977, p. 33).

**Definition of Poverty**

The definition of poverty has changed over time, as well as the indicators of poverty. The official poverty standards are set by a Council of Economic Advisors. They are based purely on money income and ignore other aspects of deprivation, with no account
taken for poor quality housing or health care (Atkinson 1983). Poverty indicators were set at $4,775 single persons and $6,023 for couples in 1983.

The definition of poverty status used in Ohio is based upon the annual federal income poverty guidelines and the need standard upon which Ohio public assistance payments are based. The poverty income guidelines in 1985, at 100% of the poverty level, revealed an income of $5,250 for a family of one and $7,050 for a family of two. These income figures are used to define poverty in this research (Report, Poverty in Ohio, 1985).

The American response to problems of poverty has been distinctively shaped by English Poor Law precedent, our federated form of government, our economic productivity, and the characteristics of the poverty population (Flynn 1975).

The first settlers in America imported the Elizabethen concept that giving public relief to those in need was a proper function of the government. In 1647, the colonial legislature in Rhode Island announced the "poor law" principles that stressed public responsibility for the poor. This was buttressed by other principles of English poor law—specifically, local responsibility, family responsibility, and residency requirement of legal settlement (Quadagno, 1986).
Problems of Poverty

One of the major characteristics of poverty is it restricts options. The Special Committee on Aging Report found that one out of every seven elderly persons (3.9 million) lived in poverty in 1981. For many, the first time in their lives they face poverty is as they age and move into retirement. Entry rates into poverty are highest among aged women, minorities, those who live alone, and among those who are not married, do not work and depend exclusively on Social Security.

According to the 1980 Census, the elderly have experienced an overall decline in poverty in recent years but they continue to have a high poverty rate relative to younger persons. As a result of the enactment of large increases in benefits in the late 1960's and a cost-of-living escalator clause for the Social Security Program, the increasing coverage of older persons under a variety of public and private pension plans, and the implementation of new income support programs, the relative economic status of the older population has improved dramatically (Fowles, 1983). Only 11.6% of the young old (65-69) lived in poverty in 1980, compared to 21.6 percent in 1970. Although the extreme elderly (85 plus) enjoyed a significant decrease
in poverty over the same time period, 21.6 percent still lived in poverty in 1980. When the subpopulations are grouped, we find over 15.1 percent of those 65 and over are living below the poverty level. Individuals not living with a spouse or another relative had a median income of only $4,652; over 20 percent of these had income under $3,000 (Burdman, 1986).

The poverty rate among the elderly in Ohio is greater than all other age groups, except children and young adults. Persons 65 and older are also most likely to be "near poor", at 125 percent of the poverty level. Ohio's poverty rate for those 65 and older exceeded the national elderly poverty rate for 1980 by 1.4 percent. The median family income for Ohio families was $20,710 in 1980. Families with household heads 65 or older had a median income of $12,882 in 1980. For Ohio's elderly, social security and in-house care, such as Passport, appear to be the primary tool by which the elderly can be kept out of poverty and self-sufficient longer (Report, Poverty in Ohio, 1985).

Research has shown that public benefits to the elderly have increased, but they have not been targeted to help those who need them most (Estes and Newcomer, 1983). Crystal (1982) argues that policy for the aging
subsidizes the larger population at the expense of those who are poor and chronically ill. Crystal highlights his argument by pointing out that "in spite of the much-heralded decline in poverty in the 1970's (a decline that stopped in 1978 and has been reversed) the substantial gap between the mean and median income of the elderly has not been diminished." An unrecognized fact is that the decline in poverty in the 1970's was not evenly distributed.

Poverty is highly associated with race, sex, age and living arrangements (Crystal, 1983). Burdman (1986) found that one of eight (13 percent) elderly whites was poor, compared to one-third (35 percent) of elderly blacks and one-fourth (27 percent) of elderly Hispanics. Warlick (1985) reported that two out of three poor elderly persons are female and two-thirds of them live alone. Abramowitz (1985) found that the average retirement income for women was $362 a month in 1982, compared to $470 for men. The fact that Social Security is the only source of income for 58 percent of the elderly explains why women more often than men live in poverty. Social Security benefits are based upon earnings and years in the work force. Many of the "young old" women and most of the "old old" women worked in low paying
jobs and experienced interrupted working careers, therefore, their retirement earnings are low.

New retirees fare better than individuals who retired ten to 15 years ago (Sherman 1985). Many new retirees now enter retirement with multiple sources of income: social security, a second pension, savings and asset income, including home equity (Springer, 1985). Nevertheless, a significant percent still enter retirement in poverty. Springer (1985) noted that the median total income was $4,670 for 23 percent of the elderly in 1982.

All elderly have not benefitted equally from the allocation of economic resources. There is still an unacceptable high incidence of poverty among subpopulations based on statistics presented by Burdman, Warlick, Abramowitz and Springer. Poverty within subpopulations has important implications for the living arrangements, quality of life for those affected and type of social services to which they have access.

Income disparities are even greater, if unequally distributed tax subsidies are considered. Crystal (1982) and Olson (1982) assert that tax benefits for public and private pensions (including those for federal workers, railroad employers, and veterans; tax credits
for the elderly; and the benefits of recent federal tax legislation) all favor those elderly who are in the higher-income brackets rather than those in the medium-or-lower-income brackets.

Boskin (1986) views the situation from a different perspective. He suggests, with some validity, that if non-cash benefits, such as subsidized food, housing and medical care were considered, the incidence of poverty among the elderly in the United States in 1982 would be reduced from 14.6 to 3.5. This argument can be challenged on the basis that an assessment of the market value of in-kind goods and services is subjective. The income status of the elderly can vary considerably with different interpretations of the impact of in-kind benefits. Also, the elderly must still pay out-of-pocket for certain medical care, food, and housing services (Binstook, 1983). Rich and Baron, 1984, observed that many older people are repelled by the red tape involved in becoming certified for food stamp and by the seemingly large effort for a comparatively small return. This observation is consistent with comments I have heard regarding the value of food stamps. My 90 year old grandfather says the $12 in food stamps is not worth the trouble he has to go through to get the stamps.
Nearly one-half of all homeowners living at or below the poverty level are 65 years of age and older (Pension World, 1981). Turner and Loether (1982) point out that the proportion of the budget spent on housing by the elderly (34 percent) is substantially higher than for younger age groups, who spend roughly 23 percent of their income on housing. This is not because of large mortgages, it is because the homes of the elderly are generally old and often in need of major repairs. Those most dependent on Social Security income have the highest housing expense burden and the highest rate of inadequate maintenance and facilities (National Report on Social Welfare, 1981). Loether (1975) states that a large percent of the elderly are not financially able to rehabilitate their homes. Many spend over one-third of their incomes on housing even when they are mortgage free because of rising property taxes. The report "Poverty in Ohio 1985" stressed the fact that the housing needs of the poor in Ohio is alarmingly high. The Ohio Housing Finance Agency has identified some indicators of need that have particular relevance to this research—namely, economic burden and inadequate housing. "Burdened households" are those which have an annual income of less than $15,000 and spend at least
35% of its income on gross rent or monthly owner cost. Housing costs in excess of $438 per month constitute an economic burden for households earning less than $15,000. The measure of inadequate housing includes living units built prior to 1940 which have housing values of $15,000 or less for houses with fewer than five rooms and $22,500 or less for houses with five rooms or more (Report, Poverty in Ohio, 1985).

The person-environment interaction between housing quality and health of the occupants is difficult to disentangle. Poverty or low-income obscures the relationship because it is negatively associated with both poor housing and disability. For example, barely adequate household income may result in improperly heated units that are also lacking adequate humidification which may increase the risk of respiratory infections for occupants. As well, falls and injuries are more likely to occur on staircases that are poorly lit or lack stair rails.

In addition to housing and health, poverty also limits social interaction, access to health care and mobility of the elderly.

Congress passed the Older Americans Act of 1965 because of the concern for the problems faced by old
people. This Act provides for the establishment of an Administration on Aging. The objectives of the Act are: an adequate income; the best possible physical and mental health; suitable housing; full restorative services; opportunity for employment without discrimination and retirement in health, honor and dignity.

With the decline in federal spending on domestic programs, state and local officials must begin to look for innovative approaches to deal with poverty and the unique needs of all the elderly. Storey poses two salient questions regarding the long-term implications of retirement policies. "Will society come to rely more on personal savings in retirement? Will a major restructuring of Social Security be attempted?" (Storey, 1985, p. 378).

INCOME MAINTENANCE INTERVENTIVE STRATEGIES

The Federal Government has played a major role in assuring a degree of financial security for most Americans since 1935. Several approaches to income security have been implemented. One, the government has attempted to replace lost wages due to retirement, death, disablement, or unemployment of a breadwinner. Two, the government has attempted to provide assistance
or welfare that is means-tested. A number of interventive mechanisms were spawned given these two approaches to income security. The primary federal activities were social security, unemployment compensation, various tax provisions, regulations of fringe benefits in the private sector, supplemental security income for aged, blind, or disabled and in-kind assistance such, as food stamps and housing subsidies (Storey, 1985, pp. 361-392).

There is overwhelming evidence that these activities have not addressed the needs of all the elderly in the past and there is no reason to believe they will in the future.

Without adequate income, older people are not only unable to purchase needed goods and services, they also may be unable to pay property taxes and maintain the upkeep of their homes. These conditions not only adversely affect the elderly, but the neighborhood and community as well. Society, in general, and social work, specifically, has an obligation to pilot new interventive strategies. Social workers are expected to help people experience increased satisfaction and function more adequately. Social workers are advocates as well as helpers. They seek new services, new policies, and new legislation. Brieland (1975) recalls that social
workers have a long history in the provision of income maintenance and housing services, but they have had limited involvement as policy makers in income maintenance and housing. This, however, should not be a deterrent to greater future involvement. Because of the associated social cost of poverty almost all members of society should have a vested interest in eliminating poverty. Poverty diminishes the welfare of everyone to varying degrees. Flynn (1975) thinks innovative programs that directly increase the welfare of taxpayers by relieving them of the necessity for supporting aged parents should have considerable appeal. Taylor and Chatters (1986) caution that both practitioners and policy makers should be aware of the importance of developing and implementing policy that preserves and strengthens existing social networks.

Loether (1975) states that society, in general, needs to take an active interest in its older generation and strive to improve their lot—to make it possible for them to live out their lives in dignity. We have a real stake in the welfare of the elderly, because if we survive long enough, we will be the elderly of the future. In spite of the fact that Social Security and pension plans have enhanced the quality of life for
older people, inflation ravages the pocketbooks of senior citizens more severely than others because they are living on fixed incomes at or below the poverty level. Even older Americans with more adequate incomes are spending proportionately more than younger citizens for necessities like housing, utilities, food, and health care. For the "old old" (75 plus), their financial condition is often complicated by increasing ill health (Agranoff, 1983; Gold, 1985; Goldstein, 1972).

Traditionally, the federal government has administered programs for the elderly. However, a fundamental change is emerging and local governments are becoming more involved in the planning, funding and administration of programs benefitting the elderly. Currently, the growing aged population presents an escalating need for all kinds of new understanding, new knowledge, and new services on every level, individual, family and community. Local governments and other community actors and helping professionals will have to engage in new approaches to the problems of population aging and poverty. In the future, with limited resources and greater flexibility, local governments will find themselves trying innovations.
The elderly will probably have a better chance of getting their ideas on the local agenda and gaining political support then at the national level. Strong advocacy groups can exert pressure on local politicians to gain support for programs favorable to them. In an environment of limited resources, politicians will be forced to make tough decisions between competing interest groups.

Saul (1983) offers several strategies that may be employed in the development of policy options. One, continued changes in social policy to recognize and meet the needs of elderly persons through flexible need-meeting programs. Two, retooling our political system to introduce innovative methods and forms of communication that put legislators and councilmen in closer touch with their constituents.

Successful aging depends not only on a single individual's capacity to cope and adapt, but on the commitment of society towards meeting needs and enabling people to live and function to the best of their abilities.

**INNOVATIVE POLICY OPTIONS**

A preponderance of public policy options for income security have been adopted and implemented over the
past decade. The scope of these policies range from an infusion of public dollars to creative ways for the private sector and individuals to develop savings plans that address the need for income security in old age.

Turner (1985) identifies two tax provisions that have been legislated that will affect the housing choices and income needs of the elderly. The one-time exclusion of capital gains on the sale of homes and the deductions of interest payments on home mortgages. The capital gains provision encourages the older persons to sell their home and move into less expensive housing without incurring a tax liability.

Additional tax provisions promoting independent living and increased household income includes the double tax exemption for the elderly and exemptions for dependents.

Two relatively new public options to help the impoverished homeowner while living in the property are housing vouchers and the provision of in-kind home maintenance services (Struyk, 1985). Vouchers provide a cash grant to income eligible homeowners on the condition that the dwelling meet minimum standards. The voucher itself can be spent on housing or for anything else, as long as the dwelling meets minimum
standards. Under the in-kind maintenance services approach, an agency provides services directly to the household for a small fee ($25) to join the program. This service then frees up money that would have been needed for maintenance to be used elsewhere.

The list of public programs promoting independent living and increased income for the elderly includes such programs as Medicare, Medicaid, Escort Services, Meals On Wheels, Homemaker Assistance, Passport Services, shelter workshops, shelter care, senior citizen centers, emergency energy assistance and home sharing arrangements, to name a few. President Reagan's recent proposal to create a medicare-based catastrophic health insurance plan by expanding medicare benefits by limiting the out-of-pocket cost of hospital care to no more than $2,000 for an unlimited number of days of hospital care is heralded by some as a myopic approach to the long-term care needs of the elderly (Barger, Whitman and Walsh 1987). Nevertheless, it offers a small percentage of the elderly and their family limited economic security from financial ruin resulting from extended hospital stays.

The reality of a growing population of elderly and the impact on the economy has fostered legislation that
encourages individuals to save for their own retirement. As an example, individual retirement account (IRA's) legislation, legislative changes in the 401(K) salary reduction program and changes in the defined contribution and benefit plans (Paul, 1982). Lambert and Trowbridge say the defined benefit plan is retrospective as well as prospective. The plan can recognize in its benefit formula service with the employer before the inception of the plan. Therefore, the allocation of company contribution is based on years of service and age. Unlike the defined benefit plan, the direct contribution plan is prospective, benefits arise only from employee and employer contributions, and there can be no contributions until the plan begins. Salary or service prior to the plan's inception is ignored.

Profit-sharing can also serve as a source of retirement income (Halon and Metzger, 1982). It offers flexible funding, vesting, reallocation of forfeitures, pre-retirement death benefits and installment payouts during retirement, as a way to help the retiree cope with inflation.

Additional innovative policy options for meeting the needs of the elderly are: state and local tax relief (freezes, deferrals and exemptions); reverse annuity
mortgages; split equity loans; and deferred loans for home improvement and repairs. Although innovative policy options are being tested in select localities, often this is occurring with little systematic planning, assessment and analysis. Research and demonstration studies focusing on how state and local governments and the private sector have developed policies that influence the action of markets, institutions, and individuals, have identified six basic approaches. These tools are: regulation and deregulation, tax policy change, administrative reform, public-private sector collaboration, promotion of self-help, and advocacy by the private sector (Gollub and Chmura, 1985).

Traditionally, people with fixed incomes were advised to put their equity to work by selling their homes and investing the proceeds. Recently, home equity conversion plans have evolved from the fundamental idea that equity, converted into cash, can boost buying power and improve the quality of life for many elderly.

This research assessed the feasibility of implementing the above policy options on a citywide (Columbus) basis and analyzed the economic impact of such policies. Many of these policy options which are publicly funded as well as other privately funded options have been implemented on an ad hoc basis in Ohio and other states.
Maine, Wisconsin, New York and several other states have developed several policy options for the elderly to utilize the equity invested in their home. Ohio is among the seventeen states that are using state taxing authority to alleviate the housing cost of the elderly due to property taxes. Nationally, a number of programs have been implemented such as: tax deferrals, circuit breakers and homestead exemptions.

So far in Columbus at the local government level, little direct attention, if any, has been devoted to meeting the income needs of poor elderly homeowners. Indirectly, the city affects the income needs of elderly through its housing policy. The housing needs of the older citizens are considered in the context of the regular community planning process. In compliance with federal requirements of the Community Development Block Grant Program, the city prepares a Housing Assistance Plan which includes considerations for elderly housing needs. Also, elderly housing needs are addressed through programs that are targeted to specific populations such as the low-income in specific neighborhoods in the city. Although the programs are not designed specifically for the elderly, many are eligible due to their low income status and by virtue of their residence in a target neighborhood.
Until recently, the City made grants up to $10,000 available to the elderly in targeted neighborhoods for home repairs and weatherization. This, of course, increased the elderly's disposable income and improved the quality of their living condition. Given the current and proposed cut back in federal funds, it was incumbent upon the City to maximize its financial resources. Therefore, the City changed its policy and moved to the deferred zero interest loan up to $27,000 for necessary repairs for the elderly and low income residents in targeted area who spends thirty percent or more of their income on housing expenses.

Clearly, this is an income maintenance interventive strategy, but it was not viewed as such in its development. This research examined the characteristic of the elderly population in the Columbus Metropolitan Area and their current living conditions and determined that many could benefit financially if income maintenance were the goal of the deferred loan program. In reality, I do not think it makes a difference whether the program has an income maintenance focus on safe, decent, sanitary living condition focus as long as the end results help the elderly and reduce the problems of poverty.
IMPLICATIONS OF DEALING WITH PROBLEMS

The federal response to all domestic problems is limited with an emphasis on decentralization. Currently, the federal government is struggling to keep the primary income maintenance program, Social Security, afloat with an increasing aging population and fewer people supporting the system. Future help from the federal level is not likely to be forthcoming. The 1985 HUD report specifically takes a stand against federal participation in reverse mortgages, stating "... we do not see a role for the Federal Government in the market for reverse mortgages because this market is developing in the private sector and with State programs, and there is no signs of market failure." (HUD Report 1985, p. 78). The report acknowledges that other mechanisms may be more appropriate for elderly homeowners and it suggests that private sector and state programs are doing well in the promotion of acceptance of home equity conversion instruments.

Fortunately, many states are taking an active role in the development and promotion of equity conversion instruments. Ohio has developed a very supportive position on several of the mechanisms, however, the City of Columbus has not yet publicly addressed the issue of
income maintenance and the elderly. This research could serve as a catalyst to stimulate discussion and action if the economic climate is supportive.

According to Estes (1983) serious questions can be raised concerning state and local commitment to long-term planning and coherent public policy in the face of growing fiscal constraints and intensified political pressures that occur when decision making and resource allocations are brought closer to home. An article in Sunday, December 7, 1986 Columbus Dispatch suggests nationally "City mayors are lacking a clear-cut agenda" in the wake of massive cuts in funding to domestic programs and changes in tax laws. Columbus is in relative good shape because of a healthy local economy, but it may be overly optimistic to think the city will embark upon new policy initiatives in the near future.

The profession of Social Work has a history of dealing with poverty and aging problems. However, the profession has not prepared its members to deal effectively with the creation and utilization of new resources. Home equity has been identified as a potential source of income for the elderly including the poor elderly. Social workers can now start to look critically at their clients and reassess their resources
to determine what type of policies and programs are in the best interest of their elderly client population. Social workers can and should take an advocacy role in policy and program development. In addition, they should provide information and counseling to their clients on appropriate mechanism. In order to validate their position, they should monitor and evaluate the progress and outcome of programs that are operational. Do the programs really provide additional income or income savings for the elderly and under what conditions?
CHAPTER II
CONCEPTUAL FRAMEWORK

HISTORICAL PERSPECTIVE: NATIONAL

In order to formulate policy choices for the future, we need to understand the past and access the current and future social and economic environment. The evolution of income maintenance policies for the aged has been incremental.

In 1657, one common solution to old age dependency was to assign the person's property over to the community in exchange for care for life, usually through boarding arrangements. During the eighteenth century, government units beyond the local town intervened in the provisions for old age security. Courts in Massachusetts changed the way inheritances were transmitted. A law was passed enabling women to sell their real property in order to support themselves.

The Civil War pension system was enacted into law in 1862 for the "respectable aged". The system was designed to aid those who were disabled as a direct consequence of military activity and to provide for women and children of deceased soldiers.
The period between 1895 and WWI has been termed the Progressive Era. During this period, emphasis was placed on increased state intervention into local affairs. State began to regulate functions previously left to local governments. Social reformers advocated a national pension scheme that would preserve the dignity and self-respect of the elderly. The first attempt to establish general old-age assistance, independent of the Poor Law, was made in Arizona in 1914. A law was enacted granting a pension of $15 a month for all persons over sixty. Many unions began implementing pension programs in the early decades of the twentieth century. The first union pension plan was established by the Granite Cutler's International in 1905 (Quadagno, 1986).

The most successful lobbying organization for old age pension bills was the Fraternal Order of Eagles. They committed themselves to campaign for state old age pensions at the Grand Aerie National Policy-Making Convention of 1921. The campaign called attention to old-age dependency as a great and growing social problem in America. An agrarian society turned industrial had less and less economic use for older people. Consequently, this meant an increase in old age dependency. The Eagles were largely responsible for the fact that 11 states
had old-age pension laws on their books by 1930, whereas no state had had such a law in 1921. The laws were not a solution, since they required local funding and did not compel local compliance. The social insurance movement was revived in 1929 by Abraham Epstein. The movement placed emphasis upon income redistribution as an aim of social insurance, insisting that government, as well as the employer and the employee, must contribute to an insurance fund.

The American Association of Old Age Security picked up on the issue when the New Era collapsed and the New Deal began. The Association prepared a bill that was introduced into Congress in 1927, calling for a federal grants-in-aid to states for adopting old age insurance laws. The bill died in Committee. A revised bill was introduced in Congress by Representative Connery in 1930, which called for federal grants-in-aid, totaling one-third of the costs of old age pensions, to states adopting acceptable old-age laws. The bill was favorably reported out of the Labor Committee of the House and the Pension Committee of the Senate in early 1934, but Roosevelt did not endorse it because he wanted comprehensive legislation. Roosevelt appointed a special committee on Economic Security to prepare legislation
to meet the needs of the elderly, the unemployed and unemployment insurance. The measure calling for social security that was reported out of Committee was attacked on the grounds that it would discourage thrift, encourage shiftlessness, and destroy individual initiative. A social welfare bill was reported out of the House in April of 1935. The Senate finally acted favorably on the bill in May. The Wagner-Lewis Social Security Bill was signed into law on August 14, 1935. The Act excluded those most direly needful of it. The initial benefit to the covered aged was $10 to $85 a month, which was low by depression standards (Davis, 1986).

Housing legislation also emerged out of the shattering experience of the Great Depression; namely, the Federal Home Loan Bank System. Other legislation created the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration (FHA), the long-term self-amortizing mortgage, low-rent public housing and the Federal National Mortgage Association. This legislation enabled many of today's elderly to become homeowners (Jacobs, et al., 1982).
General Income Maintenance Policies

Income maintenance policies were developed to reduce the magnitude of deprivation and the inequalities between the poor and non-poor. The goal was to bring the poor up to a standard of living whereby they could meet their basic needs for food and shelter.

Most tax supported governmentally funded, income maintenance programs are means-tested. These programs distribute income to persons who meet specific income and other criteria. The most familiar means-tested income maintenance programs are: Aid to Families with Dependent Children (AFDC), Supplementary Income Program (SSI), and local general assistance (GA).

In-kind, income maintenance programs, such as medicaid, food stamps, energy assistance and rent subsidies are also means-tested. These programs distribute services or goods to persons who meet certain eligibility standards, established by government policies.

Non-means-tested income maintenance programs are called Social Insurance Income Programs. Although these programs serve an income maintenance function they are financed by payroll deductions of employees and employers. These programs provide income to citizens, regardless of income, who encounter certain life events such as
retirement (Social Security), unemployment (unemployment insurance), and work related injury (workman's compensation). These programs are designed to cushion the economic hardship that accompany certain life events. Some social insurance programs, also, provide goods or services, such as medicare.

One of President Roosevelt's goals was to develop comprehensive legislation that would address the conditions of economic security for the entire population. Although, Roosevelt fell short of his goal, the Social Security Act of 1935 did provide for the twin problems of unemployment and inadequate demand. The retirement and old-age assistance provisions of the Act sought to reduce unemployment by removing older workers from the labor force; thereby, opening up jobs for younger workers. This stimulated consumption through the distribution of cash benefits, as well as, through the increased purchasing power of new workers (Brodsky, 1983, p.222).

A closer look at the types and impact of income maintenance policies for the elderly is provided in the next section.

Income Maintenance Policies for Elderly

Unions, pioneered the development of income maintenance policies by developing pension plans for their
older workers as early as 1905. By 1929, 329, industrial pension programs had been established. These programs covered railroads, public utilities, metal trades, oils, banking and insurance, electrical apparatus and supply companies (Quadogno, 1986).

The main purpose of the social security system was to provide a minimum of income and services essential to decent human existence (Rich and Baum, 1984, p.58). Originally, benefits were to be paid to retired workers only. However, the Act was expanded to cover survivors and dependents, disabled worker's dependents, and provide health insurance. Public programs and expenditures on behalf of older American's have increased dramatically since the passage of the Social Security Act in 1935.

Efforts to provide a secure and adequate retirement income have resulted in a mix of private pensions, public employee and veterans pensions, and government programs. Nevertheless, social security is the centerpiece of financial support for the elderly. Many of the new public and private programs designed, to directly or indirectly, provide additional financial help to the elderly affect a relatively small proportion of the aged population.
The list of private and public systems providing income maintenance assistance to the elderly is varied. Included are private pension plans, federal civilian retirement system, state and local retirement system, railroad retirement and military retirement. Private pension plans have increased drastically since the 1950's. These plans provide income assistance to employees of specific companies and unions.

The Civil Service Retirement and Disability System was established in 1920. It provides for retirement at age seventy or after thirty years or more of service. Federal civilian workers are covered under this system.

State and Local Retirement Systems provide benefits to state and local government retirees. The first legislation, in 1857, providing retirement benefits to public employees covered policemen injured in the line of duty.

Congress passed the Railroad Retirement Act in 1953. Originally, the plan was developed to enable older railroad workers to retire, thus, enabling younger workers to become employed.

Military retirement provides income assistance to the elderly but it is based upon years of service not age. After twenty years of service members of the military are eligible to receive inflation protected
pension for the rest of their lives. Retirement age is generally between thirty-eight and forty-five.

The Federal Government has also instituted a range of programs to augment the financial resources of older persons, either directly or indirectly. Included are tax benefits, energy conservation, weatherization assistance, legal services, and housing subsidies.

Housing and the Elderly

Substantial federal action in housing did not come until the period of the Great Depression when the credit system failed and the economy was in deep trouble. The danger of financial collapse was averted by the creation, in 1933, of the Home Owners Loan Corporation. A system of mortgage insurance was established in 1934 with the creation of the Federal Housing Administration. The end result was that millions of families were able to purchase homes (Rice and Baum 1984).

The poor and elderly, however, were excluded from the benefits of the above legislation. Generally, federal aid to the elderly has benefitted renters more than the homeowners. Elderly individuals have benefitted from many federal housing programs because of income status and not because of age. Housing legislation benefitting the elderly is identified in Figure 1.
<table>
<thead>
<tr>
<th>SECTION</th>
<th>PROGRAM</th>
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<tr>
<td>Title II</td>
<td>Low-income Public Housing</td>
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<tr>
<td>202</td>
<td>Direct loans for Housing for Elderly and Handicapped</td>
</tr>
<tr>
<td>231</td>
<td>Mortgage Insurance to Builders of Housing for the Elderly</td>
</tr>
<tr>
<td>221(d)3</td>
<td>Multifamily Rental Housing</td>
</tr>
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<td>221(d)4</td>
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<td>Nursing Home Mortgage Insurance</td>
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<td>8</td>
<td>Low-income Rental Assistance</td>
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<td></td>
<td>- Existing</td>
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<td></td>
<td>- New Construction</td>
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<td>- Rehabilitation</td>
</tr>
<tr>
<td>312 and 115</td>
<td>Rehabilitation Loans and Grants</td>
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FIGURE 1
PRINCIPAL HUD HOUSING PROGRAMS
FOR THE ELDERLY
Most federal housing programs have been criticized as "inequitable" because they reach only a small percentage of the very poor, and as "inappropriate" because they have "little to offer" those classified as poor homeowners (Rick and Baum, 1984). This is a fair criticism, public policy relating to housing for the elderly has had little impact. The number of people affected had been relatively small. Future government policies to assist the elderly should provide for a range of programs for those with the greatest need. Since the needs of a heterogeneous population will differ, the true value of future programs cannot be measured in terms of how many people will benefit. Instead, the focus of attention should be creating enough programs to meet the diversity of needs of the elderly. We must stop telling our poor elderly, "sorry you are too poor for help". Resources must be manipulated to ensure greater equality within the aging population.

Income Maintenance and Housing

A variety of public and private strategies are being pursued to enhance the future income status of the elderly. Developing strategies for unlocking home equity and other nonliquid assets is just one. Senator
John Heinz (Senate Housing, 1982) cited statistics before the U.S. State Committee on Aging that indicated Americans over sixty-five owned 12,500,000 homes. And, the total value of equity held by older Americans was estimated to be over $600 billion. Some elderly own million dollar homes while some own five thousand dollar homes. If all elderly homeowners are to have an opportunity to benefit equally from the equity in their homes a range of programs that are not necessarily comparable, must be developed. The measure of benefit must be relative to individual conditions. Something as simple as a new water heater or new faucets may benefit the poor elderly, as much or more than the equity income of $500 a month would a moderate income elderly person.

According to Binstook (1983), millions of older persons are clustered just above the line of poverty and their condition is not substantially different from those who are under the poverty line. Borzilleri (1980) thinks an extra twenty-five dollars a week could remove about three million elderly out of official poverty.

Many new approaches have been proposed and implemented to allow the elderly to make greater use of their homes. Still, more are needed if the poor and near poor elderly are to reap the maximum benefit from their
homes. This research examined several ways poor and near poor elderly, in particular, could benefit from the equity in their homes. These include sale leaseback arrangements, remainder interest plans, and deferred payment rehabilitation loans.

Other approaches that have been implemented or that are being discussed are:

- Reverse Annuity Mortgages (RAM) to benefit homeowners with low income and high equity;
- Home sharing and accessory housing;
- Modification of Section 8 by paying operating expenses to homeowners;
- The use of condominiums by the elderly who would sell their larger home and invest the proceeds in a modest condominium.

In the past, Ohio, like other states was slow to assume the responsibility for the welfare of its poor and elderly. This is clearly evident in the review of Ohio's response to relief problems from the New Deal forward.

**HISTORICAL PERSPECTIVE: OHIO**

Between 1929 and 1933, Ohio groped with the problem of providing relief for an increasing number of citizens. The Federal Emergency Relief Administration, operating
through the State Relief Commission, provided the major defense against the miseries of the Great Depression from 1933 to 1935 (Maurer, 1975). Politics in Ohio hampered the distribution of relief to the poor in the state. A pension plan was funded in 1933 to aid impoverished persons aged 65 plus, who had resided in the state for 15 years. The plan offered a monthly grant of $25 to eligible recipients (400,000). Only 36,543 of the eligible recipients received benefits in 1934 averaging $6.54 a month.

The conservative attitude of the politicians in Ohio resulted in delayed implementation of categorical aid programs under the Social Security Act. Ohio resisted the idea of relief for the unemployed and the unemployable, thereby creating a poor federal state relationship. The Federal Government went more than halfway, creating relief programs and funding them. The governor of Ohio refused to increase old-age assistance payments from $30 to $40, although federal action required an increase in state contributions. Politicians were reluctant to raise taxes to support welfare reform, therefore, Ohio's dependence on the Federal Government grew into the late forties.
The first official recognition of the problems of aging by Ohio's state government came when a Commission on Aging met in 1957 to study the problems of elderly citizens to assist the governor in arriving at solutions to the problems of the elderly (Report, Ohio's Older People, 1973). The Commission disbanded because of a lack of funding. Later, Ohio was successful in establishing an Ohio Commission on Aging. Following the passage of the Older Americans Act, the Commission was dissolved and a Division of Administration on Aging was established. Through the Older American Act, federal funds totaling over $2 million were made available to Ohio for fiscal years 1966 through 1970.

The major findings of a study of elderly Ohioans' unmet needs found that:

- Only one in six elderly Ohioans' has any earnings.
- Only 5 percent of the older population has more than $200 per year income from interest, dividends and rents.
- Retirement incomes average only about half the level of pre-retirement incomes.
- Social Security and Aid for the Aged are the sole source of income for about half of Ohio's elderly people.
The average benefits from Social Security and Aid for the Aged, either separately or combined, do not provide an income above the poverty line.

(Report, Ohio's Older People, p. 128, 1972)

Sixteen years later, these findings are still valid for many of Ohio's elderly. Clearly, there is a need to examine other policy options for income maintenance.

According to 1982 Annual Housing Survey Data, many of the elderly in Ohio own their homes. This high rate of home ownership, combined with projections of even higher rates in the future, suggest that policymakers should examine how this asset can be used to relieve the precarious income situations of elderly homeowners. The concentration of income and health problems among elderly homeowners point to the need to expand the availability of resources to elderly homeowners.

Home equity conversion is a mechanism that will allow elderly homeowners to transform their accumulated equity into a source of supplemental monthly income or income savings. This mechanism is gaining recognition and several methods have been developed and implemented by the public, nonprofit and private sectors in a number
of locations. Therefore, it is appropriate to examine how an income maintenance policy that supports the use of the equity in the elderly's home will benefit local elderly.

**DEVELOPMENT OF SOCIAL WELFARE POLICIES**

Social welfare policies are collective strategies to address social problems. According to Jansson, 1984, social problems define the boundaries of all social welfare policy. Policies are directed toward redressing specific forms of material, developmental and physical deprivations and inequalities in society. Advocates and politicians propose or initiate policies, because they believe conditions in the external world require social interventions. Proposed policies are assessed to determine if they can reduce the severity or incidence of the conditions that have been labelled as a social problem. In the deliberation of policies, formulators must decide: (1) whether a specific condition in the external world constitutes a social problem; (2) how large or important is a specific problem; (3) which intervention strategy should be chosen; (4) which consumers should receive program benefits or services; (5) how programs should be designed and financed;
(6) who should participate in program decisions; and
(7) how the relative success of policies and program
should be gauged (Jansson, 1984, p.19).

One's conceptual framework influences the analysis
of the cause of a social problem. It, also, influences
the kinds of information sought, how the information is
interpreted, and the kinds of intervention favored.

When a social problem, such as poverty, is perceived
to be caused by incongruences between persons and their
environment an ecological perspective or framework maybe
used to identify the cause of the problem and the inter­
vention strategy. Therefore, one would examine the
environmental factors that cause the deprivation, such
as lack of sufficient income, inability to secure income
and other causitive agents. The definition of cause
then dictates the type of policy that will be developed
to modify the external condition.

In the case of elderly poverty, a myraid of social
policies have been formulated and implemented dating
back to the eighteenth century. Included are income
maintenance policies, health care policies and housing
policies.
Social Welfare Policy Analysis

Gilbert and Specht (1986) offer a framework for analyzing the generic choice inherent in the design of social welfare policy. This framework distinguishes and dissects the components of the structure of the policy design. It is appropriate for this research, which looks at a proposed income maintenance policy, that permits the use of the equity held in the elderly's home. The framework focuses on the common elements of social welfare policy that can be used to analyze pieces of programs. The major advantage of this framework is it provides a meaningful set of concepts that are applicable to and provide insight into a wide range of policies.

The proposed social welfare policy is in the functional field of income maintenance, the problem areas addressed are population aging and poverty. In general, social welfare policies are seen as choices among principles or guidelines to determine what benefits are to be offered, to whom, how these benefits are to be delivered, and how they are to be financed. The four major dimensions of choice are expressed in the form of the following questions:
1. What are the bases of social allocation?
2. What are the types of social provisions to be allocated?
3. What are the strategies for the delivery of these provisions?
4. What are the methods of financing these provisions?

These dimensions of choice can be measured along three axes examining: the range of alternatives within each dimension; social values that lend support to these alternatives; and theories or assumptions that are implicit in these alternatives.

Figure 2 illustrates the elements of the dimensions of choice outlined in Gilbert and Specht's (1986) framework for Social Welfare Policy Analysis. It provides a graphic presentation of the major elements (who, what, how, and why) examined in the analysis of the proposed home equity conversion policy.

The basis of social allocation addresses the "who" of social welfare policy. In the proposed income maintenance policy the "who" is poor elderly homeowners. The nature of social provisions refer to the forms in which benefits are delivered. This research explored and identified what benefits were available and the mode of
Theories
- Elderly will use home equity if they can remain in house

Alternatives
- Choice of who
- Choice of what
- Choice of mode
- Choice of how financed

Figure 2.
exchange. The alternative strategies for delivering social provisions entails identifying how the benefits will be transferred to eligible consumers. Will increased income be realized through deferred loan payment, sale leaseback arrangements and remainder interest plans? Delivery strategies refer to the alternative organizational arrangements among distributors and consumers of social welfare benefits in the context of local community systems.

The major alternatives in financing social welfare policies concern whether the funding source is public, private or mixed. The best methods for financing the proposed policy were explored as part of the research.

The values shaping the development of the proposed income maintenance policy are rooted in the desire to enhance the maximum potential in individuals and groups. The values are delineated somewhat in the principles shaping the Older Americans Act. The Act was established in keeping with the traditional American concept of the inherent dignity of the individual in a democratic society. Congress declared, among other things, that the older people of our Nation are entitled to:

- an adequate income in retirement,
- the best possible physical and mental health,
suitable housing, independently selected,
retirement in health, honor and dignity.

And, it is the responsibility of the governments of the United States, the state, and the political subdivision to assist the elderly secure these entitlements (Older Americans Act of 1965, 1976).

An analysis of the proposed policy involves theories and assumptions about the consumers, delivery systems, methods of finance, and types of social provisions. The proposed policy is based on the assumption that the homes of the poor elderly have sufficient equity to be converted to income. The concept of home equity conversion developed out of a theoretical base that the homes of the elderly represent a significant financial investment that can be liquidated if appropriate options were developed. The theory of home equity conversion is based upon the assumption that the elderly will use the equity in their homes if they could continue to live in them.

Other assumptions important to analyzing a policy of income maintenance through equity conversion along the dimensions of choice are: poor elderly will use money that they save from deferring certain expenses to improve the quality of their lives; poor elderly can
overcome their desire to leave an inheritance for their heirs; the public sector can secure funds to support the equity conversion options; and equity conversion plans can be simplified so the elderly and the general public understand them.

In January of 1985, the federal Department of Housing and Urban Development, the Administration on Aging and the Federal Council on Aging sponsored a national conference on home equity conversion for the elderly to bring national attention to it as a potential approach to address various housing needs.

The review of the literature reveals how state and local governments and the private sector are currently using equity conversion for income maintenance for the elderly.
CHAPTER III
REVIEW OF THE LITERATURE

DEVELOPING INCOME MAINTENANCE POLICIES

The future economic well-being of the elderly and other taxpayers depends on a complicated system of interrelated policies or reactions induced by it. Boskin (1986) thinks the complicated interaction of policies affecting retirement and the heterogeneity among current and prospective elderly individuals and households make it very difficult to fashion a single overall system.

Personal ideologies and cultural values will influence future income maintenance policy development. These ideologies and values will determine how the problems of aging and poverty are defined, how multiple solutions are viewed, and how a choice is made as to which problems to address. Newcomer (1983, p. 251) identifies three fundamental conditions that have dominated the evolution of policy and services for the elderly over the past fifty years.

"(1) We have been unwilling to impose incentives or sanctions that would produce a rate of capital
formation sufficient to meet the income needs of the population as it retires. One consequence of this action is that a large proportion of the elderly population lives at or near the poverty level.

(2) The health care system has been characterized by a fee for service structure in which the provider, rather than the payee, is the decision maker relative to the range and cost of services.

(3) The social service system is characterized by funding and operation at largely symbolic or token levels, rather than being adequate to the needs of the public."

Nelson (1982 p. 18) describes what he calls "three tiers to public policy." There is a standard for the poor, which is subsistence; a standard for the middle and downwardly mobile lower-middle-income elderly, which is social adequacy; and a standard for the high-income elderly, which is maintenance of their high income both before and after retirement.

The three tiers are evident in current public policies that shape the lives of the elderly. Crystal (1982) states that current policies for the aging subsidizes the larger population who are healthy and financially secure at the expense of those who are poor and
 chronically ill. As a result of this practice, Boskin (1986) contends that current public retirement policies in the United States are in deep trouble. He believes recent changes in retirement policies have contributed to rather than calmed the impending crisis. Major programs -- Social Security and Medicare -- are viewed as entitlements and are paid irrespective of the financial need of recipients with little concern about national affordability.

Boskin thinks the recent changes in the funding of Social Security and Medicare only provided a short-term solution to a long-term problem. This, of course, has serious implications for the ever increasing elderly population and society in general.

Demographic trends suggest that the number of older people is growing twice as fast as the total population. Over the next fifty years, nearly one-half of our nation's population growth will be due to increases among the elderly age group. The Columbus Citizen Journal (1984) published an article on November 8, 1984, stating that life expectancy has been significantly extended because of the decline in premature deaths from chronic ailments such as strokes and the prevention of some cancers. The article stated that ten or twelve of every 100,000
Americans will live to age one-hundred and at least a third of them will be physically active, mentally alert and free of any major active disease. These statistics have serious implications for national, state and local governments who must begin to create comprehensive income maintenance and social policies that address the needs of a diverse aging population. Clearly, aging in America presents a challenge to both the public and private sectors to create opportunities for the release of skills, energy and resources of older people.

In 1984, data from the Social Security Administration Study, Income of the Population 55 and Over, showed that for 58 percent of the aged, social security was the only retirement pension. The median retirement income for this population was $6,310. When the social security program began, it was assumed that retired persons would have at least three sources of income: social security, a second pension, and asset income. This monumental dependence on Social Security and bleak predictions for the future of Social Security present a pressing need for policy makers and the helping professions to examine more closely the assets of the elderly and develop strategies for utilization of those assets. One strategy that is currently being promoted is the conversion of home equity into income.
HOME EQUITY AS INCOME

Home equity is defined as the market value of an owned home less any outstanding mortgages (Sullivan et al. 1985). Historically, the elderly's homes have been viewed as an illiquid asset that is only valuable when it is sold. Home ownership makes a significant contribution to a household's wealth, and homeowners in general hold greater amounts of assets than renters.

Home equity represents a significant share of household assets, and is a major determinant of the composition and amount of total assets held (Sullivan et al. 1985). Relatively few older homeowners ever use their major asset as a source of income. They choose to remain in their home for as long as they can, therefore, many older homeowners are asset-rich and income poor. Home equity conversion mechanisms enable older persons to convert part of their home equity into income while they remain in the home.

Early research suggests that the utilization of home equity opens up a new dimension of living for elderly homeowners and provides an additional source of income. Ken Scholen, a pioneer in home equity conversion, makes several observations about the potential of home equity. "Home equity conversion provides the greatest
economic advantage to those most likely to need home care services—low-income, single persons living alone, aged 75 and older. Home equity carries a built-in bias against institutional health care. Home equity conversion can promote better targeting of public health care dollars. Home equity financing for home care maybe a key element in consumer acceptance, since most elderly prefer in home care to institutional care" (Scholen, 1983).

Home equity conversion is a public and private policy issue. The key ingredient for establishing a home equity conversion program is a sound funding base. The program cannot work without an infusion of dollars today for a product that will not pay-off until sometime in the future. A basis question then arises. Who can afford to invest large sums of money in a program that provides no immediate return? Private lending institutions having a history in the housing market are readily singled out. However, traditional lending institutions are in business to make a profit. Therefore, the goals of the lending institutions conflict with the goals of home equity conversion programs. If equity conversion programs are to work in the best interest of the elderly, they will deprive lending institutions of liquid cash
flow and place a fixed uncollectable debt on institutions that cannot be sold on the secondary market. Public funds may be necessary to demonstrate to the private sector that home equity conversion programs can work. Even when the private sector takes the initiative, it may be necessary to combine public funds with private funds in order to buy down the interest on private dollars so the elderly can receive maximum benefit from the equity in their homes and allow private lending institutions to realize the profit necessary to make the program attractive to them.

Traditionally, the public sector has taken the initiative in the development of high risk programs and programs designed to benefit the truly needy. Social Security is a prime example. The argument for public funding of home equity conversion is similar to the argument Boskin makes for continued public handling of social insurance programs, "private markets are unlikely to provide actuarially fair annuities." Boskin (1986) asserts that we need a welfare system for the indigent elderly and for those who have not, or could not, adequately prepare for their old age.

The public sector can do a lot to advance equity conversion programs. The first priority is to remove
the legal barriers to private participation. Second, remove the uncertainties that presently exist in the tax treatment of reversed annuities. Third, reduce the risk to potential investors. Fourth, foster pilot research and demonstration efforts. Fifth, protect consumers against potential fraud and abuse (Guttentag, 1980).

The 1983 Housing and Urban-Rural Recovery Act called for a report to Congress on the potential for home equity conversion mortgages to improve the financial situation of elderly households, the acceptance of such mortgages in the private market, the risk incurred by lenders and whether or not to authorize a federal insurance program.

The study prepared by the Department of Housing and Urban Development (1985) found there is no need for a federal program to insure Reverse Annuity Mortgages. It concluded that such mortgages may not be in the best interest of elderly homeowners. This is a conservative view, based upon an aggregate assumption of homogeneity in the elderly population. The authors also forgot to mention that the Federal Home Loan Bank Board authorized the nation's two thousand Federal Savings and Loan Associations to include the Reverse Annuity Mortgage (RAM) among their mortgage instruments (Rich and Baum,
1984). On the positive side, the study found that the income elderly homeowners receive through a reverse annuity mortgage could make them more self sufficient, reduce the cost of institutionalization and enable them to maintain their properties in good condition. The report concludes that the elderly have other, less risky ways of converting their home equity into income. These include selling the home, sale/leaseback, renting out rooms or obtaining short-term loans secured by the equity. The three equity conversion plans examined in this research are low risk options.

Since different people have different needs, there is a role for both the public and the private sector in the creation of innovative income maintenance programs. Kaufman and Paulsen (1983) point out that it is society's challenge to determine how to transform or convert the equity that elderly homeowners have stored up into a stream of income, without requiring them to move.

Douglas Nelson (1980) conducted a descriptive study in Wisconsin for the Wisconsin Bureau of Aging, in which he attempted to identify and describe the older population and their needs. The Wisconsin Bureau of Aging was guided by the principle that old people want to, and should, remain as independent and as self-directed as long as they possibly can.
Nelson used data from interviews conducted for the 1975 Wisconsin Annual Housing Survey to validate and refine the assumptions. One, there are a significant number of older individuals whose disposable income is insufficient to meet their needs, but who have significant resources or wealth in the form of homestead equity. Two, among these there is a potential willingness given the appropriate mechanism to actually convert and consume the wealth represented in their homes in order to improve their standard of living or to expand their range of economic choice. While the analysis of the Annual Housing Survey data supported Nelson's assumption, he points out that the factors examined did not adequately address the individual economic behavior and choice.

In addition to using existing data to refine his assumptions, Nelson conducted a statewide survey to test the hypothesis that "there are very definite and discrete market segments that exist with respect to home equity dissavings." Nelson employed the standard research techniques of pre-testing of the survey instrument, selecting the population, identifying sample size and selecting and training interviewers. In his analysis of the data, he found that the survey had a number of
limitations which confounded the data. The primary limitation was programs were unfamiliar to most of the respondents so they were unable to state choices. He also found that the most valuable pieces of information from the survey were the number of people expressing initial interest in home equity conversion, and the receptivity of the respondents. As well, the survey indicated with a fair degree of accuracy that interest in home equity conversion is related to certain demographic and attitudinal characteristics (see Appendix F).

Raymond J. Struyk (1980) conducted an exploratory study to answer the question, "what fraction of their income must the elderly devote to housing in order to enjoy a high standard of living?" Struyk used data tapes from the 1974 Annual Housing Survey as his source of data. His data base was supplemented by data from the Bureau of Labor Statistics (BLS) and other sources to determine what the elderly should spend on housing. The BLS estimated that a retired couple requires only sixty-five percent of pre-retirement earnings to have the same standard of living as their non-retired counterpart. Struyk accepted the general rule that holding housing expenses fixed would require about thirty
percent of income to be spent on housing after retirement, while maintaining the overall living standard at a pre-retirement level required twenty-five percent of income.

Controlling for location, household type, and tenure, Struyk found twenty-nine percent of all elderly-headed households spent more than thirty percent of their income on housing. However, there was a sharp variance among groups of the elderly. Rural elderly households spent substantially less on housing than their urban counterparts. Husband-wife households had the lowest housing expenditures, two-thirds devoted less than twenty percent of their incomes to routine housing expenditures. Sixty-eight percent of the single elderly spent over twenty percent of their income on housing. Two out of three of the 1.1 million households with incomes under $2,000 spent over thirty percent of their income on housing, two out of five of them spent fifty percent or more. Renters, of course, spent more of their income on housing than homeowners.

These findings had significant policy implications. This study was done in 1977, and it pointed to the need for an equity conversion program which was in its infancy stage at that time. The "reverse mortgage" idea originated in France, and previous work by Struyk in 1976
indicated the elderly in this country appeared to show little interest in giving up their equity holdings.

The limitation of this study was that it underestimated housing expenses because the data did not include costs of maintaining and repairing a unit. In spite of this limitation, the study did establish a need for action.

Research examining consumer response to home equity conversion plans, the impact of loan plans on banks, the relevance of home equity conversion plans to social security beneficiaries has been conducted by Weinrobe, Merrill and Associates, Langdon, League of Saving Institutions and Springer. These findings are presented in the next section.

PRIVATE SECTOR INITIATIVES

There are two basic types of equity conversion plans, loans and sales. Loan plans allow the elderly homeowner to borrow money on the property that is to be paid back from the equity in the property after death or some prearranged time. Sale plans allow elderly individuals to sell some or all of the equity in their house while retaining occupancy rights. There are many variations of each plan as shown in Figure 3.
TYPES OF EQUITY CONVERSION PLANS

Loans

Public Loans

Property tax deferral
Home repair and improvements

Private Loans

Deferred payment reverse mortgage
Interest only reverse mortgage

Private Loans with Annuity

Fixed Debt reverse Annuity mortgage
Limited rising debt reverse
Annuity mortgage

Sales

Public Sales

Sale leaseback
Remainder interest

Private Sales

Sale leaseback
Remainder interest

Scholen and Chen 1980 p. 78.
Currently, there is a modest number of private and public sector programs that allow the elderly to convert their home equity to income. Some, by design, are more appropriate for higher-income homeowners than lower-income homeowners. The HUD study found that elderly households who own their own homes without mortgage debt have total equity of $548 billion, based on the 1983 Annual Housing Survey. However, the potential demand for equity conversion arrangements is estimated at $206 billion or less. Lower-income homeowners will not receive enough income from many of the private plans to make it worthwhile and higher-income homeowners do not need the extra cash. Therefore, HUD thinks the size of the potential market is limited to the middle and low-income elderly homeowners.

The most definitive study to date on the market potential of equity conversion programs was done by Bruce Jacobs (1980). Jacobs' research was based on the 1977 Annual Housing Survey data. Jacobs selected his sample from interviews carried out in seven communities around the country. His research draws a demographic profile of 1,575 older homeowners and analyzes the potential impact of four plans providing lifetime income. The study determined net yearly payouts, percent of current income and anti-poverty impacts of two types of
reverse mortgages, poverty tax deferral, and sale leasebacks. The study findings indicated that approximately one-fourth of all homeowners aged sixty-five and over with incomes below poverty line could bring their income out of poverty through home equity conversion. For poor homeowners aged seventy-five or more, the corresponding figure was two-fifths. Approximately half of all homeowners aged seventy-five and over with incomes below 1.5 times the poverty line could raise their incomes by twenty-five percent—and a quarter by fifty percent or more.

Although Jacobs' research is defined as one of the best pieces of work available, one must be cognizant of the fact that Jacobs made a number of assumptions about his data that are not clearly delineated in his study. He projected current and future income based upon inflation factors, since his base data had been collected several years earlier by the U.S. Department of Housing and Urban Development. Several questions can be raised about the effect of maturation on the data as well as the reliability of the data when it was originally gathered. Jacobs also made several projections based on income and interest rate and it is not clear if he looked at each factor as it related to different regions
of the country. Although national interest rates and inflation rates are cited, both rates can differ based upon where one lives. Also, interest rates and inflation rates fluctuate fairly rapidly. We have seen a drastic decrease in both interest and inflation rates over the past six years.

Alexander Chen (1980) used 1976 Annual Housing Survey data to simulate the effect on initial income of four alternative reverse mortgages, had they been available to elderly homeowners living in the Baltimore Standard Metropolitan Statistical Area (SMSA). His research is exploratory, wherein he attempts to answer the question, "what is the effect of four reverse mortgage instruments—Life-Expectancy Term Fixed Payment, Life-Expectancy Graduated Payment, Ten Year Term Fixed Payments, and Ten Year Graduated Pay-out—on income and utility expenses for the elderly in the Baltimore SMSA who own their own home free and clear of mortgage?"

The results of the study indicate that first-year payouts can have a substantial effect on the incomes of some households, and have the ability to defray utility expenses. Specifically, low and moderate income families are found to enjoy large increases in income. The simulations demonstrated that reverse mortgages, designed to
address the borrower's mortality risk and risk of diminishing purchasing power, can provide elderly homeowners who are most likely to be in need of additional economic support with a source of income available for current consumption.

Chen used statistics that are generally accepted as appropriate for the analysis of social data, frequency tables, tests of relationship and correlations. He was careful to explain figures that may be easily misinterpreted. For example, he points out that households with income at the low end of the scale (less than $3,000 a year) will experience a greater percentage increase in income since relatively minor payments would achieve this result, whereas, high income households would need a larger payout in order to raise income significantly.

The strongest point of the study is that it can be replicated in other cities since housing surveys are conducted for most large metropolitan areas.

One of the weaknesses of the study is, several of the categories in the variable--household type--include the income of members of the household that are not elderly. Therefore, findings reveal that couples and single persons living with others have high household incomes. The problem is not the fact this population
was included in the study, but the fact that the researcher did not address the implications in his findings. Specifically, the income findings overstate the income status of the elderly. Also, the income of the household may not have an effect on the economic well-being of the elderly. Two, the researcher did not explain the statistical test used to arrive at the findings that first year results demonstrate how the socio-economic characteristics of households interacted with the four reverse-mortgage instruments.

The first in-depth analysis of consumer response to home equity conversion was done by Weinrobe in 1984. The analysis covered the first one-hundred and fifty (150) transactions completed by the San Francisco Development Fund's Reverse Annuity Mortgage (RAM) program and Buffalo's Home Equity Living Plans (HELP) program. The analysis highlighted similarities and differences in the two programs. The average age and income of RAM participants were 76 and $10,000 respectively. The average age and income of HELP participants were 73 and $7,000. The average home value in the RAM plan was $150,000 while the average value in the HELP program was $25,000. Both programs offered a choice to consumers, but in both cases the consumers favored a single option.
In California, they chose reverse mortgages rather than sale leasebacks. In Buffalo, they chose lump sum cash payments rather than lifetime annuities. The study also found that the most predictive factors associated with a decision to convert home equity into income were the amount of equity in the home, the ratio of income to equity, the desire to remain in the home for life, the age of the head of household, and a history of having ever refinanced the home.

Research conducted by Sally R. Merrill of ABT Associates (1983) "Home Equity and the Elderly" reported that unless home equity conversion plans become more widely available, the majority of older Americans are unlikely to derive significant retirement income from their most important financial asset.

The research examined conventional means of cashing in on home equity, such as selling a home and buying a less expensive one or moving into rental property. It found that less than 3% of elderly-headed households move each year. Among those who move, there is an increase rather than a decrease in home equity. And, elderly-headed households having low income and low liquid assets were the group least likely to move at all.
William H. Langdon's dissertation, 1984, "An Analysis of the Economic Impact of Various Reverse Annuity Mortgages Upon a Saving and Loan Association," found that reverse mortgages have a positive impact on a lending institution's return on assets.

Langdon developed a computer model of a saving and loan association, and simulated the impact of six different reverse mortgage instruments at various funding levels within the association's lending portfolio. The analysis demonstrated that the Association's overall return on assets increased with the percent of assets used to fund reverse mortgages. The average price of homes included in this simulation analysis was $100,000.

Research findings by the U.S. League of Savings Institutions (1983) point up the importance of older consumers to the future health of financial institutions. The League found that persons aged 65 and over are by far the fastest growing segment of saving depositors. In 1982, over one-third of the deposits held by savings institutions belonged to individuals 65 and over. The significance of the research is that it suggests savings institutions should create other ways to serve the elderly beyond holding their money. Since banks do engage in limited charitable endeavors, participation in home
equity conversion plans is within the scope of possibilities. The League's Chief Economist, James W. Christian (1983) suggests moving aggressively to anticipate the unique credit needs, in the later stages of the life cycle, serves the interests of lending institutions and their most important customers. For me, this implies saving institutions will likely be taking a greater role in the implementation of equity conversion plans.

Philip B. Springer (1985) uses data from the Retirement History Study to illustrate the relevance of home equity conversion plans for Social Security beneficiaries. Springer compared various demographic groups in terms of their dependence on social security benefits and examined each group in terms of available home equity and home equity potential under several conversion plans. He concluded that no one plan is better than any other, since one's choice of plans depends on specific objectives and the risks one wants to incur, as well as the income generated.

Schmittgrund (1985) describes the outcome of three private sector plans, Century Plan also known as Individual Retirement Mortgage Account (IRMA), Fouratt Plan of California, and Grannie Mae.
The Century Plan was developed by American Homestead Corporation, a mortgage bank in New Jersey. The plan offers reverse mortgages with a guarantee of income to age 100. This plan is spreading throughout the country. The Century Plan is now available in Columbus, and it is affiliated with Bank One. So far, seven loans have been made over a six month period. In late 1985, 225 loans had been made nation wide. The plan was implemented in 1983.

The Fouratt Plan is a sales-leaseback program that guarantees the seller the right of lifetime occupancy. A portion of the purchase price is paid to the seller as a downpayment and the remainder is amortized with equal monthly payments with a fixed interest rate. The buyer is responsible for major repairs and maintenance, property taxes, as well as fire and casualty insurance.

Grannie Mae is offered by Family Backed Mortgage Association which was formed in 1983. Grannie Mae directs its appeal to the homeowner's high tax bracket children. It provides tax shelter for the children and income for the parents. The program allows the elderly with substantial equity in their homes to sell for cash to their children or an investor.
PUBLIC SECTOR INITIATIVES

The major development in the advancement of home equity conversion was the creation and funding of the National Center for Home Equity Conversion in Madison, Wisconsin in 1980. This center operated the Home Equity Conversion Project funded by the Administration on Aging. The basic goal of the project was to promote the development of financial mechanisms that unlock home equity for older Americans. The project's basic approach was to stimulate and coordinate a growing network of individuals and resources in the overall development process. The network included potential consumers who wanted to learn about the services that were being developed; potential suppliers who saw a growing need and who wanted to develop services to meet those needs; policy makers to aid and shape the development process; and information mediators to report on the development of the process. The center became the national resource and clearinghouse on home equity conversion. (Home Equity Training and Information Project, 1984).

The central public policy message promoted by the Home Equity Conversion Project was the development of sound home equity conversion mechanisms. The project developed policies on housing and income related issues.
In January, 1982, the project developed federal policy recommendations for upgrading the affordability, habitability and appropriateness of housing for older Americans. The recommendations pointed out barriers to the development and implementation of sale leasebacks, reverse mortgages, deferred payment loans, and home equity construction loans. Income recommendations related to the interaction of home equity conversion revenues with means-tested public benefit program regulations.

The U.S. Senate Special Committee on Aging held a hearing on home equity conversion in July of 1982 in Washington, D.C. The Committee Chairman, Senator John Heinz, convened the hearing to evaluate the need for federal action in this area. Individuals speaking at the hearing emphasized the fact that each specific instrument raises unique regulatory and statutory issues. They also stressed the need for consumer counseling and safeguards. They also addressed the need for IRS guidelines on sale leasebacks, policy decisions on the interaction of home equity conversion with public benefit programs, and a revenue mortgage insurance demonstration program (1982 Hearing, Special Committee on Aging).

In 1982, the White House Conference on Aging and the President's Commission on Housing recommended that
ways be found to make equity conversion more available across the nation. This push was in response to an awareness of the growing numbers of elderly who owned their own home but had varying needs. It also supported the notion that older people should have a choice of living arrangements which includes staying in familiar surroundings and neighborhoods.

July, 1984, the staff of the Special Committee on Aging for the United States Senate prepared an information paper titled, "Turning Home Equity into Income for Older Homeowners." The paper was prepared to provide information to elderly homeowners, lenders, and investors. The committee's support of home equity conversion mechanism was based upon the belief that some of the available conversion mechanisms may be advantageous to some older people (Special Committee on Aging. U.S. Senate, 1984).

Statewide studies have been completed in state governmental agencies in Florida and Hawaii, analyzing the potential for home equity conversion. Both studies were in response to legislative resolution. In Ohio, Governor Celeste organized a task force in October of 1984, to develop programs and incentives to more effectively use current resources to meet low income and rural elderly housing needs; to develop recommendations
regarding home equity conversion options for older homeowners; to identify ways to make housing rehabilitation and energy conservation programs more effective in reaching older homeowners; and to examine the emerging kinds of elderly housing and continuum of care concepts from the standpoint of protecting the elderly in existing and developing facilities (Elderly Housing Task Force Report, 1985, pp. 1-2).

The Task Force developed four specific recommendations regarding home equity conversion options. They were:

- The Ohio Housing Finance Agency and the Ohio Department of Aging should develop and promote a model linking home equity conversion to lower interest private financing for housing for the elderly.

- State agencies should work with financial institutions in Ohio to facilitate reverse annuity mortgages (RAMs) through existing lenders in Ohio.

- A private sale-lease back model should be developed in Ohio as a means of exploring its feasibility for application to serve older adults.
Ohio Housing Finance Agency and Ohio Department of Taxation should explore the feasibility of and need for property tax deferral program for older people (Elderly Housing Task Force Report, 1985, pp. 3 & 4).

A number of national organizations have endorsed the concept of home equity conversion, provided appropriate consumer safeguards are implemented (Gold, 1985). Safeguards recommended by the National Center for Home Equity Conversion and the American Association of Retired Persons:

- Legal and financial counseling for homeowners considering these plans.
- An insurance program to protect homeowners against loss of property due to misrepresentation and fraud.
- Strict laws and penalties for those who attempt to exploit older people through high pressure sale tactics, inadequate disclosure and deceit.

The public sector currently participates in both loans and sales plans that enable the elderly to convert home equity into income. Most of the plans do not offer cash but charge of certain expenses, property tax, home repair, and health care, as a lien against the property.
The first statewide deferred payment loan program was developed by the Wisconsin Department of Development Neighborhood Conservation Program. The program started in late 1979 and early 1980. Public and private non-profit agencies made deferred payment loans to low-income elderly homeowners in certain targeted neighborhoods requiring rehabilitation. State funds have been used to provide approximately $4.6 million in loans for home repairs that averaged $6,900 to 688 homeowners as of the end of 1984. New Jersey also makes low-interest home improvement loans or life grants to older homeowners in designated neighborhoods, which do not have to be repaid until the title is transferred.

In South Carolina, homeowners whose monthly incomes are too small to qualify for conventional loans can use deferred payment loans or zero interest self-amortizing loans paid from monthly rents, to create an income-producing unit in their home, which will provide greater monthly income. The city of Columbia, South Carolina, implemented the zero interest self-amortizing loan program in 1980. The program was developed in response to the problem of displacement associated with neighborhood revitalization. The program was designed to help elderly, handicapped, and low-to-moderate income persons.
The profit realized by homeowners varies, depending upon rent, number of units, and size of units. Profits range anywhere between $10 to $175 per month (Columbia, South Carolina Booklet).

Seventeen states — Alaska, California, Colorado, Florida, Georgia, Illinois, Iowa, Massachusetts, Michigan, New Hampshire, Oregon, Tennessee, Texas, Utah, Virginia, Washington, and Washington D.C. — have property tax deferral programs which allow the elderly to postpone payment of all or a portion of the property tax liability until death or sale of the property. The eligibility criteria varies for each state. The interest charged on the deferred amount ranges from 0 to 10 percent (HUD, Home Equity Conversion Report, 1985).

Other forms of property tax relief programs that enable the elderly to save a portion of existing income are circuit-breaker programs, property tax freeze and tax exemptions. Circuit-breaker programs are available in 30 states. Twenty-one of the states limit eligibility to the elderly. Circuit-breaker programs are state-funded and take the form of a state income tax credit, a direct payment to qualified individuals, or a state payment to the local government that lost the tax revenue. Property tax freeze programs are available in three
states (Connecticut, South Dakota and Texas). This program provides for fixing the property tax liability at the same point in time in which the property owner reaches 65. Homestead exemptions or credits are available in 37 states, including Ohio. In 13 of these states, the program is limited to the elderly and disabled. This program may be either state or locally financed and operates by subtracting a given dollar amount from assessed valuation before computing the tax liability (ACIR, Significant Features of Fiscal Federalism, 1984).

The Home Equity Living Plan, Inc. (HELP) of Buffalo, New York, is a publicly sponsored home equity conversion program. The program was first implemented in August, 1981. It is funded by $1.3 million in Community Development Block Grant (CDBG) funds. The HELP program is a split equity arrangement. The homeowner is guaranteed a lifetime tenancy estate to the property, and the public body becomes the owner of a remainder interest. The homeowner retains the title to the house until death, after which the public body will take title to the house and sell it to recover its investment. HELP performs all major maintenance and pays property tax and insurance. HELP also makes cash payments to the homeowner based upon life expectancy and home value in the form of
monthly checks or a one-time lump sum upon closing. As of May of 1985, the program had served 76 homeowners (Weinrobe, 1985 and HELP brochures 1981, 1984).

Another public sector supported program is the San Francisco Development Fund (SFDF). This program was developed in 1981 by four San Francisco Bay Area lenders and is administered by the non-profit SFDF. As of mid-1984, 125 RAMS with a mean monthly payment of $850 had been made. Although publicly funded, the program does not target the low income elderly. Funding for the program comes from the Federal Home Loan Bank Board of San Francisco, the San Francisco Foundation, the Ford Foundation, and more recently the Administration on Aging (Schnittgrund, 1985).

Florida enacted a reverse mortgage insurance fund in 1984, but as of January, 1985, no reverse mortgages had been insured. The Connecticut Housing Finance Authority established a reverse mortgage program in 1985, using $5 million to make 8% reverse mortgages to low income elderly homeowners. No transactions have yet been closed (HUD, HEC, Report, 1985).

This literature review illustrates how equity conversion mechanisms can be used to increase the income of the elderly homeowner. More importantly, the review
reveals that the needs of the low income elderly cannot be met through private programs developed by for-profit institutions because of the value of their homes. Some of the public sector programs also pose certain barriers for the low income elderly, much like Social Security. The less the value of the home, the less equity income can be drawn from it. We do not disregard Social Security as an income maintenance program because some elderly receive minimum benefits due to the fact that they did not contribute much to the program during their working lives. Therefore, we should not demonstrate less enthusiasm for equity conversion instruments as income maintenance programs because they do not offer the low income elderly the same level of financial benefit as the non-low income elderly. The literature review indicates public sector participation in equity conversion programs is crucial if the aging housing stock is to be maintained and displacement minimized for the low income elderly. The choice between repairing a leaking roof or paying property tax and eating is a difficult one. Nevertheless, it is a choice many of Columbus' elderly are forced to make daily.
CHAPTER IV
METHODOLOGY

SOURCE OF DATA

A secondary analysis of data from the 1982 Annual Housing Survey was conducted to determine if there was a market for equity conversion mechanisms for poor elderly in Columbus and access the potential impact of certain equity conversion mechanism on the income of the elderly. The housing survey provides information on the following variables: occupancy and vacancy characteristics, utilization characteristics, structural and plumbing characteristics, equipment and fuel, financial characteristics, household characteristics and neighborhood characteristics of occupied units. These data were collected by personal interviews from April through December, 1982, by the Bureau of the Census.

A computerized microdata tape of individual respondent's records was obtained for the Columbus Standard Metropolitan Statistical Area from Data User Services Division, Customer Services, Bureau of the Census, Washington, D.C., for a cost-per-reel charge.
Another secondary source of data was findings from Nelson's (1980) Wisconsin Survey, that identified certain demographic characteristics unique to individuals who are likely to be interested in equity conversion plans. This data was used to identify characteristics of a potential elderly market.

Supplemental data was collected by adding questions related to home equity conversion to a follow-up questionnaire for the Gender Difference in Adjustment to Retirement study conducted by Ohio State School of Social Work Professors Kilty and Richardson. The additional questions were designed to determine the level of awareness and interest in participation in equity conversion plans among local residents.

SUBJECTS

The primary data base for this research was the 1982 Annual Housing Survey. Findings from both the Wisconsin Survey and the Gender Difference in Adjustment to Retirement Survey were used to compliment the research. Therefore, details of the sample, design and procedures will be treated only briefly in this research.

The 1982 Annual Housing Survey sample size for the Columbus Ohio Standard Metropolitan Statistical Area
(SMSA) was 4,250 of the population, (1982 Annual Housing Survey, 1984) approximately 929,100. A "select if" program command identified 351 persons 65 and over who owned their own home from a total of 554 elderly. Therefore, the sample for this research consisted of 351 homeowners, 65 years old and older, who live in the Columbus SMSA. According to the 1982 Annual Housing Survey findings, 38 percent (42,500) of the elderly owned and occupied their own home. This sample is proportionately representative of the elderly population living in the Columbus Metropolitan Area (M.A.), based upon statistics provided by the State of Ohio Data Users Center. In 1980, 96,295 individuals (10 percent of the population) 65 and older lived in the Columbus Metropolitan Area. This area includes the following counties: Delaware (population 57,693); Fairfield (population 96,120); Franklin (population 898,345); Licking (population 124,394); Madison (population 34,974); Pickaway (population 42,597); and Union (population 31,005). There was a substantial increase in population between 1980 and 1985. The source of this information was the State of Ohio Data Users Center, 1985.

Of the 351 individuals interviewed for the 1982 Annual Housing Survey, 57 percent lived in the central
city, while 43 percent lived outside of the central city. A T-test of differences revealed no significant differences between the central city population and the out of central city population when the following variables were examined: age and value/income ratio. However, there was a significant difference, below 0.5, between the two groups for the variables income and property value. The out-of-central city population had a higher mean income and property value than the central city population.

The age range of the sample was 65 to 95. The age breakdown was as follows: 227 young old (65-74); 99 old old (75-84); and 25 extreme aged (85 plus). There were 214 males and 137 females in the sample.

The majority of the sample were white (315), while 35 were black or other. Over 50 percent (193) of the sample were married. The marital status of the balance of the sample were 128 widowed, 15 divorced and 15 never married. As expected, women head of households were overrepresented (97%) in the unmarried category. Only, 12 percent of the men were unmarried.

The educational achievement of the sample ranged from no schooling to three to six years of college for 19. Most (225) completed the twelfth grade. Only 24
had less than an eighth grade education and 102 had an education above eighth grade but less than a twelfth grade education.

Income calculations were computed three ways in the AHS data; for each individual in the household, for the total family, and for the total household. While total family income (median $12,000) and total household income (median $12,900) did not differ greatly, this research used total family income in the data analysis. Total family and total household incomes differed slightly because of the household composition. Eighty-eight percent of the households were occupied by one to two individuals while the balance (12%) contained three to seven persons. Family income included amounts reported by related persons who were members of the family at the time of the interview (Annual Housing Survey). Family income ranged from zero for one family to $50,000 for 22 families. The mean income was $16,690, with a standard deviation of $13,306. Over 15 percent of the families had incomes less than $5,250, which is defined as 100% of the poverty level for a family of one.

The finding from the Wisconsin Survey was based upon telephone interviews with 549 randomly selected Wisconsin homeowners, aged 65 and over, conducted in
January, 1980 by the Wisconsin Survey Research Laboratory. The purposes of the survey were to assess interest in alternative dissaving concepts and to identify variables that would dispose consumers toward choosing the following equity conversion plans, reverse mortgage, reverse mortgage with annuity, sale leaseback, and tax postponement (Kummerow, 1981).

The Gender Difference in Adjustment to Retirement Study was designed to examine gender differences in adjustment to retirement, service utilization, and satisfaction with services (Richardson and Kilty, 1986). The sample included 117 women and 125 men from a broad range of workers, representing various socioeconomic and ethnic backgrounds. Most (215) were homeowners, while 27 were renters. A purposive sampling strategy was used to select subjects.

**DESIGN**

This research examined the antipoverty impact of three equity conversion plans by conducting a secondary analysis of the 1982 Annual Housing Survey public-use data tape compiled by the U.S. Bureau of Census. The primary objective of the research was to determine if there was a need and a potential market for home equity
conversion plans in the Columbus SMSA, based upon certain economic and social indicators. The secondary objective was to determine the income maintenance features inherent in the following equity conversion plans, deferred payment loans, sale leaseback and sale with remainder interest.

An analysis of the cross-sectional data was conducted to draw attention to the needs of Columbus' elderly and to demonstrate how alternative policy choices can be developed and implemented to address income maintenance and other related needs.

The variables studied provided detailed information on the characteristics of the occupants of the household, physical and economic aspects of the housing unit and the neighborhood. One hundred and seventy-three variables, from a list of over nine hundred variables, were selected for the study. Variables were selected based upon their applicability to the research questions. Many variables were combined to generate new variables that provided a comprehensive description of certain conditions and a better response to the research questions.
The following research questions were developed to explore the research objectives.

1. Is there a significant number of elderly homeowners in the Columbus Metropolitan Area whose income is insufficient to meet their basic needs?

   A. Basic needs were defined as:
      (1) home maintenance
      (2) property tax
      (3) health care
      (4) utilities
      (5) insurance
      (6) food

   B. A "significant number" was defined as a number equal to or greater than the reported 15 percent poverty level for the elderly, nationally.

   C. Insufficient income--there were two indicators of insufficient income. One, the elderly's income was less than 100 percent of the defined poverty level of Ohio, which was $5,250 for a family of one and $7,050 for a family of two. Two, the
elderly spend 35 percent or more of their annual income on housing related expenses, mortgages, maintenance, utilities, insurance and property tax.

2. What is the "as-is" value of the homes of the poverty income elderly?
   A. "As-is" value was defined, in the survey, as the respondents' estimate of how much their property would sell for if it were for sale.

3. Is there a relationship between total family income and the "as-is" value, or estimated value, of the elderly's home?

4. Is there an elderly market in the Columbus Metropolitan Area to take advantage of home equity conversion plans?
   A. Elderly Market was defined as:
      (1) elderly owning and living in substandard housing
      (2) elderly living at or near poverty level
      (3) elderly with health problems or physical limitations
      (4) elderly whose property value was disproportionately higher than their income
(5) elderly with only one source of income
(6) elderly whose housing expenses exceed 35 percent of their income.

5. What percentage of the elderly population is most likely to be attracted to home equity conversion plans?

A. Potential program participants have certain characteristics according to the Wisconsin Survey.

(1) age less than 75
(2) married
(3) male
(4) education over 9 years
(5) income over $5,000
(6) home repairs needed

6. Do the following equity conversion mechanisms--deferred payment home repair loans, sale lease-back, and remainder interest--have the potential for increasing the elderly's economic and social well-being?

A. Increases in economic and social well-being were defined as:

(1) free-up existing income for other things;
(2) mechanism covers out-of-pocket cost currently incurred by the elderly;
(3) elderly actually receives cash benefits;
(4) improved housing conditions.

**MAJOR VARIABLES**

The primary emphasis of this research was on determining the need and market for select equity conversion plans and assessing the income maintenance features of these plans. The variables chosen to explore the research questions were placed in one of two categories for the purpose of examining the statistical relationship between variables; independent (also prediction) variables and dependent (also criteria) variables.

Based upon the research questions, the following variables were broadly defined as independent variables: demographic characteristic of elderly (age, education, marital status, race, sex), homeownership, family income, income source (social security, pensions, investments, assets and interest), value of housing, conditions of neighborhoods, (streets, orders, noise, crime, availability of resources) and equity conversion income.

The dependent variables were: homeownership expenses (maintenance, mortgage, tax, utilities and insurance), physical conditions of housing units (holes, cracks,
The level of measurement for most of the variables was nominal. Generally, the data produced from this level of measurement consist of frequency counts or tabulation of numbers of occurrences in each variable under study (Elipson et.al., 1982). However, nominal data in some cases were dummy-coded and treated as a higher level of measurement in the analysis of the data. Ordinal and interval level measurement were treated as continuous for the purpose of data analysis and statistical test selection.

**MATERIALS**

The study was conducted using data gathered through interviews with residents in the Columbus Standard Metropolitan Statistical Area for the 1982 Annual Housing Survey. A public use data tape and codebook were purchased through the Ohio Data user center.

A map of the Columbus Metropolitan Area is included in the Appendix.
DESCRIPTION OF ANNUAL HOUSING SURVEY PROCESS

The sample size for the 1982 Annual Survey was 4,250 designated housing units in the Columbus, Ohio Standard Metropolitan Statistical Area. Surveys were distributed proportionately between the Central City and the balance of SMSA based upon the distribution of total housing units in each sector. The sample was selected from housing units enumerated in the 1970 Census and updated by a sample of addresses from building permits to include units constructed since 1970.

The process of selecting housing units is described below.

Housing units were designated for the 1982 survey based on the following criteria:

- All sample housing units that were interviewed in the 1978 survey and remained in sample after the 1982 panel reduction. Some homes surveyed in 1978 were eliminated from the 1982 survey.

- All sample housing units that were Type A (noninterview renters), or Type B (non-interviews), in the 1978 survey and remained in sample after the 1982 panel reduction.
- All sample housing units that were selected from a listing of new residential construction building permits issued since the 1978 survey and remained in sample after the 1982 panel reduction.

- All sample housing units that were added to sample segments in the nonpermit universe since the 1978 survey and remained in sample after the 1982 panel reduction.

- All sample house units which, until 1978, did not have a chance of selection (The Bureau 1984).

This data base was selected because previous research on the topic has claimed it to be the most comprehensive and reliable for this type of investigations. It was used by Chen (1980), Jacobs (1981), Nelson (1975) and Struyk (1974). As well, the alternative of collecting my own data was ruled out, because of the reported limited success given the time and money that it would require.

The questionnaires for the 1982 Annual Housing Survey were the conventional type on which interviewers went from house to house, interviewed subjects and recorded the information by marking a precoded check
box or by writing in entries. A copy of the questionnaire is included in the Appendix A.

VALIDITY AND RELIABILITY

Most data collection instruments are plagued by validity and reliability questions. Nationally designed instruments are no different, although extra care and expense go into the development of these instruments. The survey questionnaire was examined by a variety of users of housing data and field tested, and the results were evaluated to determine if the instrument measured what it claimed to measure: general housing characteristics, indicators of housing and neighborhood quality, financial characteristics and characteristics of recent mover households.

The validity of instrumentation refers to the degree to which the behavior being measured corresponds to the phenomena under research (Campbell and Stanley, 1966). Reliability refers to that quality of a measurement that suggests the same data is collected each time in repeated observations of the same phenomena (Babbie, 1973).

Although the instrument was found to have face validity, a number of problems are associated with this
type of instrument. The major problem is the length of the questionnaire. Other factors that affect the validity and reliability of the instrument are definitional difficulties, differences in the interpretation of questions, inability or unwillingness of respondents to provide correct information, coding error and inability of some groups to understand the questions. It is very difficult to control these problems, often referred to as nonsampling errors, because of the number of possible sources of error.

The fact that the same questionnaire is used repeatedly, some of the nonsampling errors can be measured and appropriate adjustments made. Studies are conducted to measure for content error, the accuracy of the data collected for enumerated housing units. The errors are measured by interviews, record checks and other surveys (The Bureau, 1984).

**DATA ANALYSIS TECHNIQUES**

The SPSS statistical package was the primary tool used to analyze and display data. A variety of statistical procedures were employed in the analysis of the data. Descriptive statistics were used to summarize the data and illustrate the distribution of variables.
The selection of inferential statistical test were dictated by the levels of measurement, the questions to be answered and assumptions of each test.

This research used Pearson's Correlation Coefficients to measure the association and the strength of the relationship between variables. The Pearson's Correlation test was selected because it summarizes the strength of the relationship and has defined guidelines that facilitate the clear interpretations and communication of findings. It produces a single measure. In addition, Pearson's is a symmetric measure, which means it allows the researcher and opportunity to measure the strength of association without declaring independent or dependent variables. The covariation is compared to the amount of variation in both the x and the y variables. Like all measures of associations, +1 indicates a perfect relationship between the two variables. It is important to note the size of the correlation coefficient is affected by the size of sample as well as the variability in the values of the independent variables. Generally, a Pearson's correlation of 0.4 is considered to be moderate since there are so many other factors compounding the relationship in the real world. Correlation between +0.10 and +0.29 are considered low association and +0.50
to +0.69 are considered substantial, while +0.70 to +0.99 are considered very strong (Kweit & Kweit, 1981).

The primary assumption's that governs the use of Pearson's r is the assumption of linearity of relationship between two variables.

Scatter grams were used in this research to visualize the linear relationship between the two variables. A scatter diagram is a graphic device used to visually summarize the relationship between two variables (Elisfon et.al. 1982).

T-tests were used to test the difference in subpopulations within the sample. Theoretically the use of Student's T depends on the assumption that the underlying population is normally distributed. Assuming that observations are independent and random, the sample means and sample variances are independent only where the population is normally distributed (Elisfon et.al. 1982).

The T-statistic is based on a known distribution, mean, and an estimated distribution, standard deviation. The T-distribution is similar to the normal distribution, but is tends to be flatter with more pronounced tails. Associated with each T-distribution is a factor referred to as degrees of freedom. As the degrees of freedom increase, the T-distribution approaches the shape of a normal distribution (Kachigan, 1982).
Formulas developed by program experts were used to analyze the economic benefits of the three equity conversion instruments studied. Each formula is summarized in Chapter Five.

PROTECTION OF HUMAN SUBJECTS

The Census Bureau's confidentiality guidelines prescribed that individuals and specific addresses will remain anonymous. The Annual Housing Survey microdata provide essentially all the information obtained from each household except for name and address; therefore, protection of human subjects was not an issue.
CHAPTER V
ANALYSIS OF DATA

RESULTS

The presentation in this chapter has been developed around the six research questions. Each question is restated and the results are discussed in terms of both descriptive and inferential statistics. This chapter contains tables and graphs highlighting the distribution of the data. There is also a brief discussion of the data and statistics used in the analysis as well as an elaboration on the outcome of the analysis. Each question is answered based upon the distribution of the data.

Question One

Is there a significant number of elderly homeowners in the Columbus Metropolitan Area whose income is insufficient to meet their basic needs? This question was explored using demographic variables, income variables, housing expense variables, housing condition variables and health and physical functioning variables.
from the 1982 AHS, raw data base. One undisputed indicator of insufficient income is the poverty guideline used by the state to determine need-based payments, which is $5,250 for a single individual and $7,020 for a couple. The inadequacy of this income is more pronounced when individuals with poverty level incomes spend 35 percent or more of their income or housing expenses. Some individuals with incomes above the poverty level also spend more than 35 percent of their income on housing expenses, which means they are burdened financially and cannot meet many of their basic needs because of insufficient income. Basic needs were defined as home maintenance, health care, home assistance, food, clothes and leisure.

Singularly and collectively, the above variables identified the number and percent of elderly people in the Columbus Metropolitan Area whose income was insufficient to meet their basic needs. Descriptive statistics were used to summarize and describe the distribution of the values of the variables under examination. The level of measurement for the variables was both nominal and continuous.
Elderly Profile

The unit of analysis in this study was the householder. Householder was defined in the AHS as the first household member 18 years or over who owned the sample unit (Bureau of Census, 1984). The following demographic variables were used to identify the Columbus Metropolitan Area Elderly homeowners; age, household composition, sex, race, marital status, and education.

The age range of the population was 65 through 95. The mean age was 73. Over half of sample (64.7%) were identified as young old, between the ages of 65 and 74, Table 1. The median age of the elderly homeowners was 72. The age distribution of the sampled was highly skewed to the left, as shown in Figure 4.

Since the majority of the households were occupied by married couples, this study looked at the age of the second person in the household. Overall, the second person in the household was younger than the householder. Many (38.4%) were less than 65. Only 16.8 percent were classified as old old or extremely old. The average age of the second person in the household was 65, while the median age was slightly higher, at 66 years, see Table 2.
TABLE 1

AGE OF HOUSEHOLDER

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number = 351</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 - 74, Young Old</td>
<td>227</td>
<td>64.7</td>
</tr>
<tr>
<td>75 - 84, Old Old</td>
<td>99</td>
<td>28.3</td>
</tr>
<tr>
<td>85 - 95 Extreme Old</td>
<td>25</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Mean = 73
Median = 72
Mode = 69
FIGURE 4

FREQUENCY DISTRIBUTION OF AGE OF HOUSEHOLDER
TABLE 2

AGE OF SECOND PERSON IN HOUSEHOLD

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number = 224</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 65</td>
<td>86</td>
<td>38.4</td>
</tr>
<tr>
<td>65 - 74 Young Old</td>
<td>100</td>
<td>44.8</td>
</tr>
<tr>
<td>75 - 84 Old Old</td>
<td>34</td>
<td>15.1</td>
</tr>
<tr>
<td>85 - 95 Extreme Old</td>
<td>4</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Mean = 65
Median = 66
Mode = 66
An examination of the composition of the elderly households revealed that the majority (54.4%) of the units were occupied by married couples. A large percentage (31.1%) was occupied by single females, while a much smaller percentage (5.1%) was occupied by single males. Other living arrangements included other female and male householders and one married couple living with a nonrelative. Other female and male householder categories included households with male or female householders who were married, but the spouses were absent. The household composition breakdown is shown in Table 3. The average number of people living in a household was 1.8.

The majority (61%) of the households were headed by men. Women were the head of the household in only 39 percent of the units surveyed. The high proportion of male headed households was directly related to marital status. Fifty-five percent of the units in the survey were occupied by married couples, see Table 4.

The racial breakdown, for the households surveyed, showed that the elderly homeowning population in the Columbus Metropolitan Area was predominately white (89.7%). Only 10 percent of the elderly homeowners
### TABLE 3

**HOUSEHOLD COMPOSITION BY AGE OF HOUSEHOLDER**

<table>
<thead>
<tr>
<th>Composition 65+</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married couple families, no nonrelative</td>
<td>191</td>
<td>54.4</td>
</tr>
<tr>
<td>One person household, female</td>
<td>109</td>
<td>31.1</td>
</tr>
<tr>
<td>Other female householder</td>
<td>25</td>
<td>7.1</td>
</tr>
<tr>
<td>One person household, male</td>
<td>18</td>
<td>5.1</td>
</tr>
<tr>
<td>Other male householder</td>
<td>7</td>
<td>2.0</td>
</tr>
<tr>
<td>Married couple, male householder with nonrelatives</td>
<td>1</td>
<td>0.3</td>
</tr>
</tbody>
</table>
were black, while an even small percent (.3%) were other, see Table 4.

The majority (73.8%) of elderly homeowners completed twelve years of school. Of those completing twelve years of school, 19.4 percent also attended college for two to four years. A few, 7.7 percent, attended college for five to six years, see Table 4.

Income

Family income, income received by members of the family for the 12 months prior to the interview, ranged from a low of "zero to $5,000" to a high of "$50,000 or more" as shown in Table 5. Income was categorized in increments of $5,000 at the lower range and $10,000 at the upper range. Income was top coded at $50,000, therefore, $50,000 equaled $50,000 or more. The median family income as $12,000, mean $16,690 with a standard deviation of $13,306. Thirty-one percent of the single families had incomes below the poverty level of $5,250, while 10.9 percent of the couples had incomes below the $7,020 poverty level. Only seven of the forty-one households occupied by three or more persons had incomes below the poverty level for their family size. Poverty level income was collapsed into increments of one thousand
<table>
<thead>
<tr>
<th>Variable categories</th>
<th>Number = 351</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>214</td>
<td>61.0</td>
</tr>
<tr>
<td>Female</td>
<td>137</td>
<td>39.0</td>
</tr>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>315</td>
<td>89.7</td>
</tr>
<tr>
<td>Black</td>
<td>35</td>
<td>10.0</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>193</td>
<td>55.0</td>
</tr>
<tr>
<td>Widowed</td>
<td>128</td>
<td>36.5</td>
</tr>
<tr>
<td>Divorced</td>
<td>15</td>
<td>4.3</td>
</tr>
<tr>
<td>Never married</td>
<td>15</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Education completed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 8th grade</td>
<td>24</td>
<td>6.8</td>
</tr>
<tr>
<td>8th - 11th Grade</td>
<td>102</td>
<td>29.1</td>
</tr>
<tr>
<td>12th Grade</td>
<td>130</td>
<td>37.0</td>
</tr>
<tr>
<td>2 - 4 yrs. college</td>
<td>68</td>
<td>19.4</td>
</tr>
<tr>
<td>5 - 6 yrs. college</td>
<td>27</td>
<td>7.7</td>
</tr>
</tbody>
</table>
TABLE 5
TOTAL FAMILY INCOME

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - 5000</td>
<td>45</td>
<td>12.8</td>
</tr>
<tr>
<td>5001 - 10000</td>
<td>99</td>
<td>28.2</td>
</tr>
<tr>
<td>10001 - 15000</td>
<td>70</td>
<td>19.9</td>
</tr>
<tr>
<td>15001 - 20000</td>
<td>41</td>
<td>11.7</td>
</tr>
<tr>
<td>20001 - 30000</td>
<td>40</td>
<td>11.4</td>
</tr>
<tr>
<td>30001 - 40000</td>
<td>19</td>
<td>5.5</td>
</tr>
<tr>
<td>40001 - 49999</td>
<td>15</td>
<td>4.2</td>
</tr>
<tr>
<td>50000 - plus</td>
<td>22</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Mean = 16,690
Median = 12,000
S.D. = 13,306
dollars. The distribution of income by household size is shown in Table 6.

A closer analysis of family income revealed that the mean and median income for single households was $10,805 and $7,754 respectively. Over half of the single households had incomes below the current federally established very low income level of $10,900. Two person households fared a little better when compared to the current very low income level of $12,500, only 39.3 percent had very low incomes. The median income for two person household was $14,890, double that of single person households, while the mean was $18,903.

Income breakdown by age of householder revealed that 75-84 year old households had the lowest mean and median income, $11,803 and $9,552. The young old, 65-74 year old households has the highest mean and median income, $19,258 and $14,388 respectively. Figure 5 shows there was a weak negative correlation, -0.29 between age and income. There is a significant drop in income as the householder ages.

The amount of family income was directly related to the number of incomes, Table 7. Families with multiple sources of income had a higher mean income than families with a single source of income. The source of income
### TABLE 6

**POVERTY LEVEL INCOME BY HOUSEHOLD SIZE**

<table>
<thead>
<tr>
<th>Income</th>
<th>Household Single (P=127/38)</th>
<th>Household Couple (P=183/20)</th>
<th>Household 3 or more (P=41/7)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $1000</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>1000-1999</td>
<td>4 (3.2)</td>
<td>-</td>
<td>1 (2.4)</td>
</tr>
<tr>
<td>2000-2999</td>
<td>5 (4.0)</td>
<td>2 (1.1)</td>
<td>-</td>
</tr>
<tr>
<td>3000-3999</td>
<td>5 (4.0)</td>
<td>3 (1.5)</td>
<td>-</td>
</tr>
<tr>
<td>4000-4999</td>
<td>16 (12.8)</td>
<td>4 (2.2)</td>
<td>1 (2.4)</td>
</tr>
<tr>
<td>5000-5999</td>
<td>*8 (6.4)</td>
<td>7 (3.5)</td>
<td>1 (2.4)</td>
</tr>
<tr>
<td>6000-6999</td>
<td>-</td>
<td>3 (1.5)</td>
<td>-</td>
</tr>
<tr>
<td>7000-7999</td>
<td>-</td>
<td>-</td>
<td>3 (7.3)</td>
</tr>
<tr>
<td>8000-8999</td>
<td>-</td>
<td>-</td>
<td>1 (2.4)</td>
</tr>
</tbody>
</table>

**Total percent poverty**

- Household Single: .30
- Household Couple: .11
- Household 3 or more: .17

*Count stopped at $5250

The percentage of households with poverty level income was .19.
FIGURE 5

FAMILY INCOME BY AGE OF HOUSEHOLDER
TABLE 7
NUMBER OF INCOMES PER FAMILY

<table>
<thead>
<tr>
<th>Incomes</th>
<th>Number = 350</th>
<th>Percent</th>
<th>Mean Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>48</td>
<td>13.7</td>
<td>$5,931</td>
</tr>
<tr>
<td>2</td>
<td>92</td>
<td>26.2</td>
<td>$12,075</td>
</tr>
<tr>
<td>3</td>
<td>114</td>
<td>32.6</td>
<td>$17,194</td>
</tr>
<tr>
<td>4</td>
<td>67</td>
<td>19.1</td>
<td>$22,890</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
<td>5.7</td>
<td>$27,312</td>
</tr>
<tr>
<td>6</td>
<td>7</td>
<td>2.0</td>
<td>$46,038</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>.5</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

Mean = 3
Median = 3
was a stronger determinant of total income than the number of family incomes, Table 8.

Households in the AHS sample received income from the following sources: wage salary, self-employed, social security and railroad, estates, trust or dividend, interest or bond, rental, welfare, public assistance, unemployment compensation, workers compensation, government employee pensions or annuities, regular contributions and other. The highest single source of nonworking income was government employee pensions, minimum $120, maximum $45,000, mean $7,447 and median $5,750. The majority of the elderly, 91 percent in the sample, realized income from social security and or railroad retirement. The maximum income from this source was $19,416 with the median and mean being $5,939 and $6,160 respectively. The working and the self employed elderly enjoyed the highest annual income. In 57 households the head of the household worked while a second person in the household worked in 40 households. The mean and median income from wages and salaries for the householder was $14,241 and $10,000 respectively. The mean and median income for the second person in the household was $10,687 and $9,879. The householder was self employed in 32 percent of the households.
### TABLE 8

**SOURCES OF INCOME AND CORRELATES**

<table>
<thead>
<tr>
<th>Source</th>
<th>Number</th>
<th>Percent</th>
<th>Correlation with Total Income</th>
<th>Mean Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security &amp; Railroad Retirement</td>
<td>319</td>
<td>91</td>
<td>.29*</td>
<td>$ 6,160</td>
</tr>
<tr>
<td>Interest on bonds</td>
<td>240</td>
<td>68</td>
<td>.41*</td>
<td>$ 2,990</td>
</tr>
<tr>
<td>Private pension &amp; annuities</td>
<td>137</td>
<td>37</td>
<td>.51*</td>
<td>$ 4,269</td>
</tr>
<tr>
<td>Estate, trust or dividends</td>
<td>72</td>
<td>21</td>
<td>.50*</td>
<td>$ 5,526</td>
</tr>
<tr>
<td>Wages &amp; salary person 1</td>
<td>57</td>
<td>16</td>
<td>.65*</td>
<td>$14,241</td>
</tr>
<tr>
<td>Wages &amp; salary person 2</td>
<td>40</td>
<td>11</td>
<td>.45*</td>
<td>$10,686</td>
</tr>
<tr>
<td>Government Employment Pension</td>
<td>38</td>
<td>11</td>
<td>.39*</td>
<td>$ 7,447</td>
</tr>
<tr>
<td>Rental</td>
<td>26</td>
<td>7</td>
<td>.61*</td>
<td>$ 2,860</td>
</tr>
<tr>
<td>Self employed</td>
<td>22</td>
<td>6</td>
<td>.73*</td>
<td>$25,378</td>
</tr>
<tr>
<td>Veterans Payments</td>
<td>19</td>
<td>5</td>
<td>.10</td>
<td>$ 1,836</td>
</tr>
<tr>
<td>Else</td>
<td>8</td>
<td>2</td>
<td>.16</td>
<td>$ 4,213</td>
</tr>
<tr>
<td>Welfare, Public Assistance</td>
<td>7</td>
<td>2</td>
<td>.07</td>
<td>$ 1,634</td>
</tr>
<tr>
<td>Farm self-employed</td>
<td>7</td>
<td>2</td>
<td>.07</td>
<td>$ 128</td>
</tr>
<tr>
<td>Regular Contribution</td>
<td>3</td>
<td>.9</td>
<td>-.37</td>
<td>$ 3,198</td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td>2</td>
<td>.6</td>
<td>0</td>
<td>$ 5,932</td>
</tr>
<tr>
<td>Worker's Compensation</td>
<td>2</td>
<td>.6</td>
<td>0</td>
<td>$ 5,234</td>
</tr>
</tbody>
</table>

*P < .01
Self employed households had a mean income of $25,378 and a median income of $20,000. Self employed income was reported to be as low as $150 for one person and as high as $50,000 or more for seven households.

Income Insufficient to Meet Basic Needs

Nineteen percent of the households had annual incomes below the poverty level, $5,250 for a single person and $7,050 for a couple. Many, 13.4 of the households spent 35 percent to more of their income on housing related expenses, leaving little for food, clothes, medical and other expenses. Thirty-five percent of poverty level income was $1,837 for a single person and $2,467 for a couple. Seven percent of the households spent more than 50 percent of their income on housing expenses.

Housing related expenses included the cost of mortgages, property tax, insurance, utilities, water and sewage, garbage pick-up and maintenance. Eighty-five percent of the elderly homeowners sampled owned their home free and clear. The fifteen percent who had mortgages paid as little as $69 a month to a high of $600. The average monthly mortgage was $207 and the median was $163. Monthly electrical cost
ranged from $5 to $300. The average monthly cost was $138 and the median was $30. Monthly gas cost ranged from $6 to $179. The average monthly cost was $62 and the median cost was $60. Fourteen percent of the elderly used oil or coal for heating. The annual cost of these materials ranged from $25 to $1,500. The mean annual cost was $398 and the median was $175. The annual cost of the fire and hazard insurance ranged from $50 to $900. The average annual cost was $213 and the median cost was $168. Yearly real estate taxes ranged from $5 to $2,600. The mean yearly tax was $508 and the median was $400. Yearly water and sewage cost ranged from $20 to $850. The mean and median yearly cost was $143 and $125 respectively. Twenty-eight percent of the AHS elderly homeowning population indicated they paid for garbage collection. Garbage fees ranged from $1 to $162. The mean and median annual fee was $60. See Table 9 for a summary of housing expenses.

Monthly expenses were converted to yearly expenses in order to compute the percentage of annual income devoted to housing expenses. All housing expense items were added together to get an annual housing expense figure for each household. Total household income was divided into the annual housing expense variable to
<table>
<thead>
<tr>
<th>Expenses</th>
<th>Number</th>
<th>Percent</th>
<th>Mean/ Median Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric, monthly</td>
<td>351</td>
<td>100</td>
<td>38/30</td>
</tr>
<tr>
<td>Fire &amp; hazard insurance</td>
<td>342</td>
<td>97</td>
<td>213/168</td>
</tr>
<tr>
<td>Real estate taxes</td>
<td>341</td>
<td>97</td>
<td>508/400</td>
</tr>
<tr>
<td>Gas, monthly</td>
<td>326</td>
<td>93</td>
<td>62/60</td>
</tr>
<tr>
<td>Water &amp; Sewage</td>
<td>313</td>
<td>89</td>
<td>143/125</td>
</tr>
<tr>
<td>Garbage</td>
<td>99</td>
<td>28</td>
<td>60/60</td>
</tr>
<tr>
<td>Mortgage, monthly</td>
<td>54</td>
<td>15</td>
<td>207/163</td>
</tr>
<tr>
<td>Oil &amp; Coal</td>
<td>48</td>
<td>14</td>
<td>398/175</td>
</tr>
</tbody>
</table>
determine the percent of annual income used for routine housing expense. Figure 6 shows the correlation between family income, for all households and cost of housing expenses. There was a strong negative correlation \(-.42\), between income and housing expenses. Poverty level households spend a higher proportion of their income on housing expenses than non-poverty level.

Housing Deficiencies

The survey did not inquire about the cost of maintenance. Therefore, this researcher assumed that obvious housing deficiencies resulted because of defrayed maintenance which can be attributed to insufficient income to make necessary repairs. Indicators of housing deficiencies were cracks and holes in the walls, holes in the floor, broken plaster, peeling paint, broken heating equipment, cold rooms not used, rodents, and leaky roofs. As shown in Table 10, a small percentage of the sample population had housing deficiencies. Low income households had more housing deficiencies than did higher income households. The most frequently reported deficiencies were rodents 8.6 percent, rooms cold not used 8.0%, leaking roofs 6.3%, and peeling paint 4.8%. 
Correlation = -.42
P .05

FIGURE 6
FAMILY INCOME BY HOUSEHOLD EXPENSES
<table>
<thead>
<tr>
<th>Deficiencies</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cracks in wall or ceiling</td>
<td>15</td>
<td>4.3</td>
</tr>
<tr>
<td>Holes in floor</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Broken plaster</td>
<td>16</td>
<td>4.6</td>
</tr>
<tr>
<td>Peeling paint</td>
<td>17</td>
<td>4.8</td>
</tr>
<tr>
<td>Broken heating equipment</td>
<td>15</td>
<td>4.3</td>
</tr>
<tr>
<td>Signs of rats</td>
<td>30</td>
<td>8.6</td>
</tr>
<tr>
<td>Leaky roof</td>
<td>22</td>
<td>6.3</td>
</tr>
<tr>
<td>Rooms cold, unused</td>
<td>28</td>
<td>8.0</td>
</tr>
</tbody>
</table>
A test of association was done using Pearson's Correlation to determine if there was an association between income and various housing deficiency variables. Only one deficiency (peeling paint) was found to be marginally associated with income, significant at the 0.09 level. Other deficiencies were found to be significantly related to one another at the 0.05 level and below; for example, cracks in the ceiling and walls were related to broken plaster, peeling paint, rats and leaky roof; broken plaster was related to peeling paint and leaky roof.

Health Care Needs

In addition to maintenance needs, the research also looked at health care needs and physical limitations. Seventy-six percent of the elderly households reported having one or more of the following health care problems:

- Paralysis
- Chronic stiffness or deformity of back or spine
- Other troubles with back or spine
- Arthritis or rheumatism
- Chronic stiffness or deformity
- Missing legs, feet or toes
- Missing arms, hands, or fingers
- Cerebral palsy
- Effects of strokes
- Blindness or serious trouble seeing
- Deafness or serious trouble hearing
- Effects of heart attack
- Any other heart trouble
- High blood pressure, hypertension diabetes
- Cancer or other tumor growth or cyst
- Asthma
- Other lung problems
- Convulsions or epileptic seizures
- Other

The most frequently reported problems for elderly households were arthritis or rheumatism 35%, high blood pressure 28%, heart trouble 13%, trouble hearing 11%, diabetes 11% and trouble seeing 9%.

A few, 9%, elderly reported problems getting in and out of the house and getting around inside the house, 5%. A small percentage needed assistance to function better, 6%, while some 8% used special equipment to function better. Table 11 shows the number and percent
**TABLE 11**

**HOUSEHOLDS WITH HEALTH PROBLEMS AND PHYSICAL LIMITATIONS**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health problems</td>
<td>265</td>
<td>75.5</td>
</tr>
<tr>
<td>Problems getting in and out of house</td>
<td>30</td>
<td>8.6</td>
</tr>
<tr>
<td>Difficulty going up and down stairs</td>
<td>24</td>
<td>12.9</td>
</tr>
<tr>
<td>Difficulty getting around in house</td>
<td>19</td>
<td>5.4</td>
</tr>
<tr>
<td>Difficulty using bath or kitchen facilities</td>
<td>15</td>
<td>4.3</td>
</tr>
</tbody>
</table>
of households with health problems and physical limitations. Health problems and physical limitations naturally carry a financial burden resulting from doctors visits and the purchase of medication and pain relievers. Pearson's Correlation test of association revealed there was a slight but significant relationship between income and health, correlation 0.12, and income and physical limitation, correlation 0.11.

A Pearson's Correlation test was also used to determine if there was an association between age of household, health and physical limitations. A negative but significant association existed between age, health and all physical limitation variables. Table 12 provides a summary of correlates for variables discussed earlier in this section.

The analysis of key variables revealed that a substantial number, over 15% of the elderly homeowners in the Columbus Metropolitan Area had incomes insufficient to meet their basic needs.

**Question Two**

What is the "as-is" value of the homes of poverty income elderly? The AHS interviewers asked respondents to estimate how much their property would sell for if
TABLE 12
SUMMARY OF CORRELATES

<table>
<thead>
<tr>
<th>Variables</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income with peeling paint</td>
<td>.07***</td>
</tr>
<tr>
<td>Cracks with broken plaster</td>
<td>.43*</td>
</tr>
<tr>
<td>Cracks with peeling paint</td>
<td>.21*</td>
</tr>
<tr>
<td>Cracks with leaky roof</td>
<td>.17*</td>
</tr>
<tr>
<td>Broken plaster with peeling paint</td>
<td>.52*</td>
</tr>
<tr>
<td>Broken plaster with leaky roof</td>
<td>.33*</td>
</tr>
<tr>
<td>Peeling paint with leaky roof</td>
<td>.38*</td>
</tr>
<tr>
<td>Rats with leaky roof</td>
<td>.09**</td>
</tr>
<tr>
<td>Family income with age of householder</td>
<td>-.29*</td>
</tr>
<tr>
<td>Family income with health problems</td>
<td>.12*</td>
</tr>
<tr>
<td>Family income with problem getting in and out of house</td>
<td>.11*</td>
</tr>
<tr>
<td>Age of householder with health problems</td>
<td>-.12*</td>
</tr>
<tr>
<td>problems getting in and out of house</td>
<td>-.24*</td>
</tr>
<tr>
<td>difficulty with stairs</td>
<td>-.11*</td>
</tr>
<tr>
<td>difficulty getting around in house</td>
<td>-.18*</td>
</tr>
<tr>
<td>difficulty with bath and kitchen facility</td>
<td>-.14*</td>
</tr>
</tbody>
</table>

Pearson Product-Moment Correlation Coefficients
where 1 indicates strongest association.

*p .01
**p .05
***p .10
it were for sale. Respondents selected property values within a range, for example $15,000-$17,499. The average, as well as the median, property value range selected by the respondents was $45,000-$49,999. The value range selected most frequently, by 11% of the respondents was $40,000 - $44,900. Only, 5% of the respondents estimated the value of their property less than $20,000. Seven percent estimated the value of their property at $100,000 or more. Generally, the estimated values clustered in the neighborhood of $25,000-$99,999. Estimated housing values along with the population distribution are presented in Table 13.

Table 14 provides a breakout of estimated housing values for families whose income was below the defined poverty level of $5,250 for individuals and $7,050 for couples. Poor elderly by-in-large own homes of a lesser value than the non-poor. The mean and mode property value for poverty-income elderly was $30,000-$39,900 compared to $50,000-$54,999 for the non-poor.

In addition to the estimated value of the property, other variables were identified that generally influence the "as-is" value of property such as, age of house, number of rooms, number of bedrooms, baths, and garage, plumbing, heating equipment, air conditioning and water
<table>
<thead>
<tr>
<th>Value Range</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td>10,000 - 14,999</td>
<td>7</td>
<td>2.0</td>
</tr>
<tr>
<td>15,000 - 19,999</td>
<td>6</td>
<td>1.7</td>
</tr>
<tr>
<td>20,000 - 24,999</td>
<td>15</td>
<td>4.3</td>
</tr>
<tr>
<td>25,000 - 29,999</td>
<td>26</td>
<td>7.4</td>
</tr>
<tr>
<td>30,000 - 39,999</td>
<td>50</td>
<td>14.3</td>
</tr>
<tr>
<td>40,000 - 49,999</td>
<td>71</td>
<td>20.2</td>
</tr>
<tr>
<td>50,000 - 59,999</td>
<td>49</td>
<td>14.0</td>
</tr>
<tr>
<td>60,000 - 69,999</td>
<td>37</td>
<td>10.6</td>
</tr>
<tr>
<td>70,000 - 79,999</td>
<td>32</td>
<td>9.1</td>
</tr>
<tr>
<td>80,000 - 99,999</td>
<td>28</td>
<td>7.9</td>
</tr>
<tr>
<td>100,000 - 149,999</td>
<td>15</td>
<td>4.3</td>
</tr>
<tr>
<td>150,000 - 249,999</td>
<td>10</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Mean = $45,000 - 49,999

Median = 45,000 - 49,999
TABLE 14

ESTIMATED VALUE OF PROPERTY OF
POVERTY HOUSEHOLDS

<table>
<thead>
<tr>
<th>Value Range</th>
<th>Number 59</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5000 - 9,999</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>10,000 - 19999</td>
<td>5</td>
<td>8.5</td>
</tr>
<tr>
<td>20,000 - 29999</td>
<td>15</td>
<td>25.5</td>
</tr>
<tr>
<td>30000 - 39999</td>
<td>10</td>
<td>16.9</td>
</tr>
<tr>
<td>40000 - 49999</td>
<td>13</td>
<td>22.1</td>
</tr>
<tr>
<td>50000 - 59999</td>
<td>7</td>
<td>11.9</td>
</tr>
<tr>
<td>60,000 - 69999</td>
<td>4</td>
<td>6.8</td>
</tr>
<tr>
<td>70,000 - 79999</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>90000 - 99999</td>
<td>1</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Mean $30,000 - $39,999
Mode $30,000 - $39,999

*Fifty-nine households reported incomes at or below the defined poverty levels of $5,251 for one person and $7,021 for two people.
source. Table 15 gives a description of the housing units. Some 35%, of the units were built in 1939 or earlier. Eighty percent of all the units were built prior to 1959, which means most of the units were 30 years old and older. Only 4% of the units were built between 1972 and 1981.

The mean and median number of rooms per unit was six while most units, 32%, had five rooms. Only sixteen units (5%) had nine or more rooms. These units had from one to six bedrooms. The mean number of bedrooms was two, while the mode and median were three. Fifty-one percent of the units contained three bedrooms. Fifty-eight units contained at least one complete bathroom. Only 2% of the units had no flushing capacity.

Most, 83%, of the units had carports or garages. Ninety-nine percent had complete plumbing facilities. Ninety-two percent of the units had central furnaces. Only, three percent of the units used room heaters or fireplace stoves for heating. Thirty-seven percent of the units had central air, while 19% used room units. Ninety-two percent of the units received water from a public or private system. Overall, the description of the units owned by the poor elderly did not differ much from the units owned by non-poor elderly. Most,
TABLE 15
DESCRIPTION OF HOUSING UNITS

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Structure Built</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1939 earlier</td>
<td>122</td>
<td>34.8</td>
</tr>
<tr>
<td>1940 - 1949</td>
<td>59</td>
<td>16.8</td>
</tr>
<tr>
<td>1950 - 1959</td>
<td>99</td>
<td>28.2</td>
</tr>
<tr>
<td>1960 - 1964</td>
<td>34</td>
<td>9.7</td>
</tr>
<tr>
<td>1965 - 1968</td>
<td>22</td>
<td>6.3</td>
</tr>
<tr>
<td>1969 - 1970</td>
<td>3</td>
<td>.9</td>
</tr>
<tr>
<td>1972 - 1975</td>
<td>8</td>
<td>2.4</td>
</tr>
<tr>
<td>1976 - 1980</td>
<td>4</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Number of Rooms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three</td>
<td>3</td>
<td>.9</td>
</tr>
<tr>
<td>Four</td>
<td>42</td>
<td>12.0</td>
</tr>
<tr>
<td>Five</td>
<td>112</td>
<td>31.9</td>
</tr>
<tr>
<td>Six</td>
<td>111</td>
<td>31.6</td>
</tr>
<tr>
<td>Seven</td>
<td>45</td>
<td>12.8</td>
</tr>
<tr>
<td>Eight</td>
<td>22</td>
<td>6.3</td>
</tr>
<tr>
<td>Nine and more</td>
<td>16</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Number of Bedrooms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One</td>
<td>12</td>
<td>3.4</td>
</tr>
<tr>
<td>Two</td>
<td>127</td>
<td>36.2</td>
</tr>
<tr>
<td>Three</td>
<td>179</td>
<td>51.0</td>
</tr>
<tr>
<td>Four</td>
<td>28</td>
<td>8.0</td>
</tr>
<tr>
<td>Five</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>Six</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td><strong>Water Source</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public-Private System</td>
<td>323</td>
<td>92.0</td>
</tr>
<tr>
<td>Individual well</td>
<td>28</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Means of sewage disposal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public sewer</td>
<td>316</td>
<td>90.0</td>
</tr>
<tr>
<td>Septic tank</td>
<td>34</td>
<td>9.7</td>
</tr>
<tr>
<td>Privy</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Description</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Carport or Garage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>290</td>
<td>82.6</td>
</tr>
<tr>
<td>No</td>
<td>61</td>
<td>17.4</td>
</tr>
<tr>
<td><strong>Complete Plumbing Facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>349</td>
<td>99.4</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>.6</td>
</tr>
<tr>
<td><strong>Number of Bathrooms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One complete</td>
<td>203</td>
<td>58.2</td>
</tr>
<tr>
<td>Two complete</td>
<td>38</td>
<td>10.9</td>
</tr>
<tr>
<td>More than two</td>
<td>34</td>
<td>9.7</td>
</tr>
<tr>
<td>Flush</td>
<td>68</td>
<td>19.5</td>
</tr>
<tr>
<td>No flush</td>
<td>6</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Type of Heating Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central furnace</td>
<td>323</td>
<td>92.0</td>
</tr>
<tr>
<td>Hot water</td>
<td>9</td>
<td>2.6</td>
</tr>
<tr>
<td>Room heaters</td>
<td>8</td>
<td>2.3</td>
</tr>
<tr>
<td>Built-in electric</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>Heat pump</td>
<td>3</td>
<td>.9</td>
</tr>
<tr>
<td>Fireplace stove</td>
<td>3</td>
<td>.9</td>
</tr>
<tr>
<td>Pipe furnace</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td><strong>Type of Air Conditioning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>128</td>
<td>36.5</td>
</tr>
<tr>
<td>Room units</td>
<td>66</td>
<td>18.8</td>
</tr>
<tr>
<td>No</td>
<td>157</td>
<td>44.7</td>
</tr>
</tbody>
</table>
53.3 percent, of the householders rated their home as an excellent place to live. Other, 32.2 percent rated their home as a good place to live, while 10.5 percent rated their home as a fair place to live.

The condition of the neighborhood has a strong influence on the value of property and the marketability of the property. Over forty percent of the householders rated their neighborhood as an excellent place to live. Other, 41 percent and 15 percent rated their neighborhood as a good or fair place to live. Less than one percent rated their neighborhood as a poor place to live. Table 16 describes some key conditions of the neighborhood.

Overall, the majority of households felt adverse living conditions were nonproblematic. Street and highway noise was not a problem for 67.8 percent of the households. Street and road repair was not a problem for 84.9 percent of the households. Neighborhood crime was not a problem for 77.4 percent of the households. Trash junk and litter was not a problem for 84.3 percent of the households. Boarded and abandoned houses were not a problem for 94.6 percent of the household. And, odors of smoke or gas was not a problem for 91.1 percent of the households.
<table>
<thead>
<tr>
<th>Condition</th>
<th>Condition Not Present</th>
<th>Condition Present</th>
<th>Not Bad Enough To Move</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Street &amp; Highway Noise</td>
<td>238</td>
<td>67.8</td>
<td>84</td>
</tr>
<tr>
<td>Street &amp; Road Need Repair</td>
<td>297</td>
<td>84.9</td>
<td>32</td>
</tr>
<tr>
<td>Neighborhood Crime</td>
<td>271</td>
<td>77.4</td>
<td>41</td>
</tr>
<tr>
<td>Trash, junk &amp; Litter</td>
<td>295</td>
<td>84.3</td>
<td>32</td>
</tr>
<tr>
<td>Boarded &amp; Abandoned House</td>
<td>331</td>
<td>94.6</td>
<td>16</td>
</tr>
<tr>
<td>Industrial &amp; Business Activity</td>
<td>290</td>
<td>82.9</td>
<td>56</td>
</tr>
<tr>
<td>Orders of Smoke or Gas</td>
<td>319</td>
<td>91.1</td>
<td>19</td>
</tr>
</tbody>
</table>
Accessibility of resource also influence the value of property and make neighborhoods more desirable places to live. Some key resources are police protection, outdoor recreation, hospital or clinics, public transportation, availability of neighborhood shops, shopping center, grocery and drug stores within one mile. Table 17 shows the householders assessment of the adequacy of neighborhood resources.

The analysis the data revealed that the mean "as-is" value of poverty income householders was $30,000-$39,999, approximately ten thousand less than the "as-is" value of non-poverty level householders homes.

**Question Three**

Is there a relationship between total family income and the "as-is" value or estimated value of the elderly's home? Pearson's Correlation Coefficient was run to determine if there was a relationship between total family income and the "as-is" value of the elderly's home. Pearson's Correlation Coefficient was selected as the statistical test of choice because it not only provided information on the relationship of the two variables, it also provided information on the strength of the relationship.
<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Protection Satisfactory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>311</td>
<td>88.6</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>3.7</td>
</tr>
<tr>
<td>Do not know</td>
<td>27</td>
<td>7.7</td>
</tr>
<tr>
<td>Outdoor Recreation Satisfactory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>265</td>
<td>75.5</td>
</tr>
<tr>
<td>No</td>
<td>50</td>
<td>14.2</td>
</tr>
<tr>
<td>Do not know</td>
<td>36</td>
<td>10.3</td>
</tr>
<tr>
<td>Hospitals or Clinics satisfactory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>298</td>
<td>84.9</td>
</tr>
<tr>
<td>No</td>
<td>47</td>
<td>13.4</td>
</tr>
<tr>
<td>Do not know</td>
<td>6</td>
<td>1.7</td>
</tr>
<tr>
<td>Public transportation satisfactory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>206</td>
<td>76.0</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>3.7</td>
</tr>
<tr>
<td>Do not know</td>
<td>55</td>
<td>20.3</td>
</tr>
<tr>
<td>Satisfactory neighborhood shopping facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>312</td>
<td>89.1</td>
</tr>
<tr>
<td>No</td>
<td>37</td>
<td>10.6</td>
</tr>
<tr>
<td>Do not know</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td>Shopping/Grocery/Drug Stores within one mile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>295</td>
<td>83.8</td>
</tr>
<tr>
<td>No</td>
<td>50</td>
<td>16.2</td>
</tr>
</tbody>
</table>
The analysis revealed there was a strong association, correlation 0.52, between total family income and the "as-is" value of the elderly's home. Family income ranged between $749 to $50,000. Property value ranges were established and continuously coded from one to twenty-nine.

Shown in Figure 7 is a scattergram of the two variables visually depicting the strength of the relationship between the two variables. The closer the dots are to the imaginary line the stronger the degree of association. The Pearson Correlation of 0.52 and R squared of 0.27 indicated a relative strong linear relationship between the variables.

Few elderly with incomes over $18,000 own homes valued less than $35,000. (See Appendix D for the actual property value of the coded ranges). The value of the property held by poor elderly ranged from a low of $5,000 to a high of $99,999. It was largely clustered in the $25,000 to $60,000 price range.

The AHS computed a value-income ratio for each housing unit by dividing the value of the housing unit by the total money income of the family. The ratio was computed separately for each housing unit and was rounded to the nearest tenth (Bureau of Census, 1984). The
Correlation = .52
P = .05

FIGURE 7
FAMILY INCOME BY PROPERTY VALUE
decimal point is implied in the coded data. Therefore, 2 becomes 0.2 and 12 becomes 1.2. The value-income ratio ranged from 0 to 9.6. The mean value-income ratio was 3.8 and the median value-income ratio was 3.4. Value-income ratio was not computed for thirty-five households because the family reported no income or a net loss. The histogram in Figure 8 depicts the distribution of value-income ratio.

These findings suggest many elderly lived in property valued much greater than their income. The rule of thumb in the real estate market is that people should not buy a home valued at more than 3.5 times their income. A value/income ratio in excess of 3.5 suggests many elderly can afford to pull some equity out of their homes to be used as income, see Figure 9, value income by age.

A T-test was used to determine if there was a difference between the value/income ratio for poverty level and nonpoverty level households. The population was divided by selecting out those households whose income fell in the poverty category based on family size. The results of the test indicated there was a significant difference between the computed value/income ratio of the two groups T-Value = 8.49, significance probability
FIGURE 8
FREQUENCY DISTRIBUTION OF PROPERTY VALUE INCOME RATIO
Correlation = .16
P .05

FIGURE 9
VALUE INCOME BY AGE OF HOUSEHOLDER
less than 0.01. The mean value income ratio for poor elderly was 60 and 34 for non-poor with a standard deviation of 25 and 18.4 respectively. Overall the poor elderly property value was much greater than their income.

The scattergram in Figure 10 revealed that the value/income ratio of lower income householders was greater than non-low income households. The correlation was -0.60 with a probability less than 0.01.

Using two key variables, as-is property value and value income ratio this research found evidence of a strong association between family income and the value of the elderly's property.

**Question Four**

Is there an elderly market in Columbus to take advantage of home equity conversion plans? Earlier in Chapter Three, an elderly market was defined as elderly homeowners who lived in substandard housing, had incomes at or below defined poverty level and had health and/or functional limitations. They also had housing expenses that exceeded 35% of their income, and their property value/income ratio was disproportionately high (more than 3.5). In addition they had only one source of income; and their income was at or near poverty level.
Correlation = .60
P = .05

FIGURE 10
VALUE INCOME RATIO BY FAMILY INCOME
This research found a significant number of elderly in each of the identified categories. The categories were overlapping, many individuals often fell in more than one category. This may or may not mean that these individuals will be better targets for an equity conversion marketing appeal.

The sample studied in this research represents approximately 40 percent of elderly home owning population according to 1980 census data for Columbus Metropolitan Area. Although the number of potential equity conversion participants in the sample appeared to be small, when the sample percentages were applied to the entire elderly homeowning population the market potential was termed moderated. Table 18 identifies the indicators of market potential along with number and percent of individuals affected in the sample. More importantly, however, the table identifies a potential market population from the universe of homeowning elderly by applying the sample percentages to the total universe. AHS statistics for 1982 indicated there were 42,500 housing units in the Columbus Metropolitan Area owned and occupied by elderly 65 years and older. This figure is considerably less than the often quoted national figure, that 71% of the elderly population are homeowners.
### TABLE 18

**INDICATORS OF MARKET POTENTIAL**

<table>
<thead>
<tr>
<th>Sample Number</th>
<th>Percent</th>
<th>Potential Number in Universe (42,500)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home valued over $25,000</td>
<td>318</td>
<td>91</td>
</tr>
<tr>
<td>Pay real estate taxes</td>
<td>280</td>
<td>81</td>
</tr>
<tr>
<td>Health and/or physical limitations</td>
<td>265</td>
<td>76</td>
</tr>
<tr>
<td>Disproportionately high property value to income ratio</td>
<td>166</td>
<td>48</td>
</tr>
<tr>
<td>Poverty level income</td>
<td>66</td>
<td>19</td>
</tr>
<tr>
<td>Expense exceeds 35% of income</td>
<td>45</td>
<td>13</td>
</tr>
<tr>
<td>Only one source of income</td>
<td>43</td>
<td>12</td>
</tr>
<tr>
<td>Sub standard housing</td>
<td>30</td>
<td>09</td>
</tr>
</tbody>
</table>

Note: Each category identifies a condition that is appropriate for one of the many different equity conversion instruments. For example, individuals who pay tax, may choose to participate in a tax deferral plan. As well, poverty level individuals may elect to participate in an income producing plan.
Nevertheless, Table 18 showed there was a moderate to substantial elderly market in Columbus Metropolitan Area for equity conversion programs. The potential market varies from 38,675 to 3,825. The high number is based upon the assumption that elderly owning property valued at $25,000 or higher have some equity in their home that could be liquidated through appropriate equity conversion instruments. The low figure is based upon the assumption that elderly homeowners living in substandard housing would be candidates for deferred payment home repair loans.

Age alone is a significant indicator of market potential, which means all individuals in the sample and all individuals 65 and older are potential markets. The population was divided into three categories, young old, old old and extreme aged because all things being equal older individuals can increase their total income more by participating in equity conversion plans than younger individuals. This result from the fact most equity take-out plans are based on predicted life expectancy. The older one becomes the shorter the life expectancy.

The data revealed that 35 percent of the sample was over seventy-five and could realize an increase in
income by participating in an equity conversion plan. The 85 year old plus population could realize even greater income by participating in equity conversion plans. The findings indicated the market potential for equity conversion plans was moderately strong in the Columbus Metropolitan Area.

Question Five

What percentage of the elderly population is most likely to be attracted to home equity conversion plans? A survey of older homeowners developed by the Home Equity Conversion Project in Wisconsin identified certain variables that predisposed consumers toward choosing one equity conversion plan over another. The following variables were identified as determinates of potential users of equity conversion plans—age, education, persons in household, marital status, income and sex. The Wisconsin Older Homeowner Survey found that individuals with certain characteristics were more likely to say they would participate in home equity conversion plans than other individuals. Those in the 65-69 year old bracket were more likely to say they would participate than other age groups. More college educated individuals said they would participate than those who were lesser
educated. Elderly individuals with 3 or more persons in the households were more likely to participate, as were those who were never married. Elderly with incomes over $10,000 and male elderly also expressed an interest in participating in equity conversion plans. The alternative plans offered the interviewees by the Wisconsin Survey were reverse mortgage, reverse annuity mortgage, sale with life lease and tax postponement. The responses shown in Table 19 is a modified version of the responses to the Wisconsin Survey. The percent of responses by variable categories were adopted for respondents electing no plan. The responses for individuals electing one of the four plans were collapsed under a single category called "Use a plan."

The percentage of the elderly population in the AHS with comparable characteristics were compared to the population in the Wisconsin Survey to determine the size of a potential population in the Columbus Metropolitan Area. Based upon the findings of the Wisconsin Survey, the research assumption was that Columbus elderly population 65-69 years old with some college, who lived in a household of three or more people, never married, had an income of $10,000 or more and were male were most likely to be attracted to one or more of the home
### TABLE 19

PERCENT MOST LIKELY TO USE EQUITY CONVERSION PLANS

<table>
<thead>
<tr>
<th>Determinants</th>
<th>Wisconsin Survey</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Plan</td>
<td>Use a Plan</td>
<td>AHS Population</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75-69</td>
<td>37</td>
<td>63</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>70-74</td>
<td>44</td>
<td>56</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>75+</td>
<td>63</td>
<td>37</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 or less years</td>
<td>58</td>
<td>42</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>9-12 years</td>
<td>40</td>
<td>60</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>*Same college</td>
<td>38</td>
<td>62</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Persons in household</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>58</td>
<td>42</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>42</td>
<td>58</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>*3 more</td>
<td>33</td>
<td>67</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>38</td>
<td>62</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Divorced</td>
<td>30</td>
<td>70</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Widowed</td>
<td>64</td>
<td>36</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>*Never married</td>
<td>25</td>
<td>75</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Than $5,000</td>
<td>62</td>
<td>38</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>$5,000-$9,000</td>
<td>41</td>
<td>59</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>*$10,000-$14,999</td>
<td>36</td>
<td>64</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>$15,000 plus</td>
<td>36</td>
<td>64</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Male</td>
<td>37</td>
<td>63</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>54</td>
<td>46</td>
<td>39</td>
<td></td>
</tr>
</tbody>
</table>

* Highest percent in category favoring use of a plan
equity conversion plans developed to date. The percentage of the AHS population represented in these categories suggested that a substantial number of the Columbus homeowning elderly population may be attracted to some type of equity conversion plan. The percentage of the never married in the AHS was extremely low, however, there were no data indicating this category was more influential than any other. Therefore, the percentages in the other determinant categories reduced the significance of the low four percent in the never married category.

Findings from questions placed on the Gender Difference in Adjustment to Retirement Study Survey were not as favorable toward home equity conversion as the researcher had expected them to be. This may be attributed to the focus of the study as well as the type of people in the sample resulting from the sample selection technique. Although, 60 percent of the people interviewed had heard of equity conversion programs, only 35 percent indicated they would be in favor of using the equity in their home as extra income. The reason given for not wanting to use their home equity indicated a predisposition to the use of the equity in their homes if conditions so warranted. Most, 87 percent would not use the
equity in their home simply because they did not need the money. Since they did not have a need for the equity in their homes, over 50 percent expressed a desire to leave their homes to their heirs. Seventeen percent said they would use the equity in their home to improve their standard of living. The balance, 22 percent said it would depend on the situation or they did not know what they would do.

The characteristic of the Gender Difference population was atypical of the normal population as shown in Table 20. A comparison with the AHS population point out clear differences in income, education and age. There was no significant relationship between the age, gender, education, number in household, marital status and favoring use of home equity as shown in Table 21. However, there was a significant relationship between income and favoring use of home equity.

**Question Six**

Do the following equity conversion instruments, deferred payment home repair loans, sale/leaseback and remainder interest, have the potential for increasing the elderly's economic and social well-being? The analysis of available data determined that, in one way
<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 110</td>
<td>110</td>
<td>47</td>
</tr>
<tr>
<td>62 or older</td>
<td>124</td>
<td>53</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than high school</td>
<td>15</td>
<td>6.4</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>93</td>
<td>39.7</td>
</tr>
<tr>
<td>A.A., R.N., etc.</td>
<td>6</td>
<td>2.6</td>
</tr>
<tr>
<td>4 years college</td>
<td>72</td>
<td>30.8</td>
</tr>
<tr>
<td>Masters or Post</td>
<td>39</td>
<td>16.7</td>
</tr>
<tr>
<td>Doctorate</td>
<td>9</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Persons in Household</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One</td>
<td>41</td>
<td>17.5</td>
</tr>
<tr>
<td>Two</td>
<td>133</td>
<td>56.8</td>
</tr>
<tr>
<td>Three</td>
<td>60</td>
<td>25.6</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>122</td>
<td>52.1</td>
</tr>
<tr>
<td>Female</td>
<td>112</td>
<td>47.9</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 30,000</td>
<td>64</td>
<td>28.2</td>
</tr>
<tr>
<td>30,000 - 45,000</td>
<td>94</td>
<td>41.4</td>
</tr>
<tr>
<td>45,000 - or more</td>
<td>69</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Never married</td>
<td>14</td>
<td>6.0</td>
</tr>
<tr>
<td>Married</td>
<td>171</td>
<td>73.1</td>
</tr>
<tr>
<td>Divorced &amp; separated</td>
<td>22</td>
<td>9.4</td>
</tr>
<tr>
<td>Widowed</td>
<td>27</td>
<td>11.5</td>
</tr>
</tbody>
</table>
### TABLE 21

**GENDER DIFFERENCE POPULATION CHARACTERISTICS BY FAVORING USE OF EQUITY**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percent Yes</th>
<th>Percent No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 62</td>
<td>22.8</td>
<td>77.2</td>
</tr>
<tr>
<td>62 or older</td>
<td>26.4</td>
<td>73.6</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than high school</td>
<td>9.1</td>
<td>90.9</td>
</tr>
<tr>
<td>High School diploma</td>
<td>26.4</td>
<td>73.6</td>
</tr>
<tr>
<td>A.A., R.N., etc.</td>
<td>16.7</td>
<td>83.3</td>
</tr>
<tr>
<td>4-year college</td>
<td>29.7</td>
<td>70.3</td>
</tr>
<tr>
<td>Masters/Post</td>
<td>22.9</td>
<td>77.1</td>
</tr>
<tr>
<td>Doctorate</td>
<td>0</td>
<td>100.0</td>
</tr>
<tr>
<td>Persons in Household</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One</td>
<td>27.3</td>
<td>72.7</td>
</tr>
<tr>
<td>Two</td>
<td>23.6</td>
<td>76.4</td>
</tr>
<tr>
<td>Three</td>
<td>25.5</td>
<td>74.5</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>25.2</td>
<td>74.8</td>
</tr>
<tr>
<td>Female</td>
<td>24.0</td>
<td>76.0</td>
</tr>
<tr>
<td>*Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $30,000</td>
<td>38.9</td>
<td>61.1</td>
</tr>
<tr>
<td>30,000-45,000</td>
<td>17.9</td>
<td>82.1</td>
</tr>
<tr>
<td>45,000-or more</td>
<td>23.9</td>
<td>76.1</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Never married</td>
<td>18.2</td>
<td>81.8</td>
</tr>
<tr>
<td>Married</td>
<td>24.5</td>
<td>75.5</td>
</tr>
<tr>
<td>Divorced/separated</td>
<td>26.7</td>
<td>73.3</td>
</tr>
<tr>
<td>Widowed</td>
<td>26.9</td>
<td>73.1</td>
</tr>
</tbody>
</table>

*Chi Square 7.79
Significance .02*

Chi Square indicates there is a relationship between income and favoring use of home equity.
or another each one of these instruments had the potential to function as an income maintenance program, thereby improving the economic and social well-being of the elderly. The program may take the form of income savings or income generation. In reality the real value of any instrument will be determined based upon the needs, wants, values, and preferences of the target population.

An analysis of the AHS data revealed that the value of the property owned by Columbus elderly was substantial. Many elderly, 48%, owned property where the value of the property far exceeded their income. Fifty percent of the elderly with poverty level incomes owned property valued at $30,000 and greater (Table 22). Single poverty level householders owner property valued as high as $75,000–$79,999, while two person poverty level householders property value went as high as $90,000–$99,999. Only seven poverty level householders owned poverty valued at less than $20,000.

The value of the less than $20,000 properties, as well as other properties suffering from deferred maintenance, could be increased through deferred payment home improvement loans.
## TABLE 22
PROPERTY VALUE OF ONE AND TWO PERSON POVERTY HOUSEHOLDS

<table>
<thead>
<tr>
<th>Property Value</th>
<th>Poverty Level (39)</th>
<th>Poverty Level (20)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One Person Household</td>
<td>Two Person Household</td>
</tr>
<tr>
<td>$5,000-9,999</td>
<td>1 (2.6)</td>
<td>1 (5.0)</td>
</tr>
<tr>
<td>10,000-19,999</td>
<td>4 (10.3)</td>
<td>1 (5.0)</td>
</tr>
<tr>
<td>20,000=29,999</td>
<td>9 (23.1)</td>
<td>6 (30.0)</td>
</tr>
<tr>
<td>30,000=39,999</td>
<td>9 (23.1)</td>
<td>1 (5.0)</td>
</tr>
<tr>
<td>40,000=49,999</td>
<td>7 (18.0)</td>
<td>6 (30.0)</td>
</tr>
<tr>
<td>50,000-59,999</td>
<td>4 (10.3)</td>
<td>3 (15.0)</td>
</tr>
<tr>
<td>60,000=69,999</td>
<td>3 (7.7)</td>
<td>1 (5.0)</td>
</tr>
<tr>
<td>70,000-79,999</td>
<td>2 (5.2)</td>
<td></td>
</tr>
<tr>
<td>90,000-99,999</td>
<td></td>
<td>1 (5.0)</td>
</tr>
</tbody>
</table>

| Mean          | $30,000-$34,999    | $35,000-$39,999    |
| Median        | $35,000-$39,999    | $40,000-$44,999    |
Deferred Payment Loans

Columbus City Council authorized use of deferred payment home improvement loans up to $27,000 in August of 1986, in designated targeted areas. These loans are not restricted to the elderly. Any low-moderate income property owner occupying the property may qualify for a deferred loan if housing expenses exceeds 35% of their income. Data for the eight month period show the elderly have been slow to take advantage of this program. Only ten persons (sixty years of age and over) had taken advantage of this loan program as of March of 1987.

The most common form of housing disinvestment by the elderly is under-maintenance. Deferred payment loans can be used to upgrade the quality and affordability of homes. This includes weatherization which means a saving in energy cost and fewer health risks associated with poor housing. Also included are housing modifications which help the elderly function better in their home, such as ramps, rails, grab bars, door latches and some security measures.

The primary purpose of deferred payment home repair loan is to improve the conditions of the property, make it a safe and sanitary place to live and upgrade the housing stock in the neighborhood. Therefore, the first
assumption that one must make when illustrating the benefits of deferred payment home repair loans is that the property has code deficiencies that are dangerous to the health and safety of the occupant(s). Another critical assumption that one must make is that a property valued at $20,000 or less is in poorer conditions and the health and safety of the occupant is threaten. As well, the occupant is likely spending a disproportionate amount of income on minor repairs and energy cost. Given these assumptions, the benefits of deferred payment home repair loans were assessed in this research in terms of income savings, the elimination of health and safety deficiencies and increased property value.

It was difficult to attach a specific dollar amount to income savings and the elimination of health and safety deficiencies. However, it is safe to assume that certain home improvements, like weatherization, will reduce utility cost, while other improvements will enhance the elderly's surroundings and create more comfortable living conditions. The case illustrations highlight some of the benefits of deferred payment home repair loans.

Seven cases were, randomly, selected from the list of households with incomes below poverty level. Table
23 summarizes some of the key characteristics of the selected households—age, sex, marital status, income, household expenses, property tax, housing conditions, physical limitations of householder, and property value.

Housing deficiencies, for example; leaky roof, peeling paint, and inadequate electricity, were evident in three of the cases example. An estimated rehab cost was determined based upon a set of hypothetical assumptions about each property. In cases where there were noted deficiencies rehab cost included the cost of repair for those deficiencies and other associated repairs. In cases where no obvious deficiencies were noted, rehab cost included weatherization (new windows, insulation and doors), security measures, minor plumbing and general indoor and outdoor painting. Rehabilitation cost was determined independent of property value. However, loan amounts are determined based upon post rehabilitation property value. The formula used by the City of Columbus to determine the maximum loan that the property will support is:

\[
\text{As-is-Value of Property} + \text{Estimate of rehab cost} = \\
\text{After Rehab Value} \times \text{Discount (10\%)} = \text{Value After Discount} - \text{All Property Liens} = \text{Maximum City Loan}
\]
TABLE 23

KEY CHARACTERISTICS OF HOUSEHOLDS

<table>
<thead>
<tr>
<th></th>
<th>Age</th>
<th>Sex</th>
<th>Marital Status</th>
<th>Income</th>
<th>Annual Household Expenses</th>
<th>Tax</th>
<th>Conditions</th>
<th>Limitations</th>
<th>Property Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case #1</td>
<td>67</td>
<td>Fe</td>
<td>S</td>
<td>$4,544</td>
<td>$1,998</td>
<td>$192</td>
<td>No</td>
<td>No</td>
<td>$40,000-44,999</td>
</tr>
<tr>
<td>Case #2</td>
<td>71</td>
<td>Fe</td>
<td>S</td>
<td>$1,380</td>
<td>$ 719</td>
<td>$284</td>
<td>No</td>
<td>No</td>
<td>$70,000-74,999</td>
</tr>
<tr>
<td>Case #3</td>
<td>81</td>
<td>Fe</td>
<td>S</td>
<td>$4,080</td>
<td>$ 912</td>
<td>$ 40</td>
<td>Yes</td>
<td>Yes</td>
<td>$10,000-12,000</td>
</tr>
<tr>
<td>Case #4</td>
<td>87</td>
<td>Fe</td>
<td>S</td>
<td>$4,924</td>
<td>$1,328</td>
<td>$205</td>
<td>No</td>
<td>Yes</td>
<td>$25,000-27,499</td>
</tr>
<tr>
<td>Case #5</td>
<td>70</td>
<td>M</td>
<td>M</td>
<td>$5,400</td>
<td>$1,176</td>
<td>0</td>
<td>No</td>
<td>Yes</td>
<td>$45,000-49,000</td>
</tr>
<tr>
<td>Case #6</td>
<td>77</td>
<td>M</td>
<td>S</td>
<td>$4,315</td>
<td>$1,380</td>
<td>$330</td>
<td>Yes</td>
<td>Yes</td>
<td>$55,000-59,999</td>
</tr>
<tr>
<td>Case #7</td>
<td>83</td>
<td>M</td>
<td>M</td>
<td>$3,600</td>
<td>$ 815</td>
<td>0</td>
<td>Yes</td>
<td>Yes</td>
<td>$45,000-49,999</td>
</tr>
</tbody>
</table>
Based upon the City's current practice of evaluating after rehabilitation value of a property, all properties can benefit from a deferred home improvement loan. The city assumes, probably incorrectly, that every dollar invested in the property will increase its value by that amount. In the real world, this is not the case, some improvements may not increase the value of the property at all. This, however, is not a problem for the city nor the homeowner since the programs operates outside the normal market place.

The benefits can be enumerated as follows: (1) the investment will improve living conditions and eliminate conditions dangerous to health and safety; (2) the investment will reduce energy cost; (3) the investment will reduce the need for nuisance expenditures to fix periodic breakdowns; (4) the investment will increase the value of the property and improve the condition of the neighborhood; (5) no payments are due until death of householder or transfer of property and (6) payback is based on principle only, as no interest is charged for the use of the money. Clearly, this is a bonanza for elderly homeowners with housing deficiencies.

Table 24 illustrates how property values can be improved through rehabilitation and shows how loan
TABLE 24
CASE ILLUSTRATIONS OF DEFERRED PAYMENT LOAN PLAN

<table>
<thead>
<tr>
<th>Case</th>
<th>Property Value</th>
<th>Rehab Loan</th>
<th>Maximum Loan</th>
<th>After Rehab Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1</td>
<td>$29,999</td>
<td>$10,000</td>
<td>$36,000</td>
<td>$39,999</td>
</tr>
<tr>
<td>Case 2</td>
<td>74,999</td>
<td>5,000</td>
<td></td>
<td>79,999</td>
</tr>
<tr>
<td>Case 3*</td>
<td>12,499</td>
<td>20,000</td>
<td>29,249</td>
<td>32,499</td>
</tr>
<tr>
<td>Case 4</td>
<td>27,499</td>
<td>10,000</td>
<td>30,000</td>
<td>37,499</td>
</tr>
<tr>
<td>Case 5</td>
<td>49,999</td>
<td>5,000</td>
<td>49,499</td>
<td>54,999</td>
</tr>
<tr>
<td>Case 6*</td>
<td>59,999</td>
<td>6,000</td>
<td>59,400</td>
<td>65,999</td>
</tr>
<tr>
<td>Case 7*</td>
<td>49,999</td>
<td>10,000</td>
<td>54,000</td>
<td>59,999</td>
</tr>
</tbody>
</table>

*Housing deficiencies obvious, leaky roof, peeling paint and inadequate electricity.
amounts are determined. Going one step farther, one can see how these loans maintain the owners investment even after the loan is paid back after the death of the owner.

**Sale Leaseback**

A sale leaseback arrangement offers some of the same income saving benefits as the deferred loan. In addition, it is also income generating. In a sale leaseback arrangement, the householder trades the uncertainty of future appreciation and increases in taxes, insurance, and upkeep for the relative certainty of alternative earnings, and a lifetime lease with limits on future rent increases.

A sale leaseback arrangement is more complicated than a deferred payment loan and it generally takes place between the householder and a relative or an investor. The transaction begins with two pieces of data, the appraised value of the property and an elderly homeowner. Negotiations begin with the determination of a sale price which is lower than the appraised value of the property. A discount is factored in because the purchase has certain constraints; namely, the buyer must rent the property to the seller under a rental
agreement that is satisfactory to the seller. This rental agreement maybe less than desirable to the purchaser. The size of the discount is dependent upon the age of the seller, the specific terms of the rental agreement, and the financing terms of the mortgage. It may vary from 10 to 30 percent. Commercial lenders discounts would be higher than private deals. Financing of the sale price may take the form of a cash payment, a third party lender or seller financing. It is to the sellers advantage to finance the sale by taking back a note. The sale price is then divided into a down payment and an amount to be financed. The terms of the "note" is written for a specific term of maturity and at a specific interest rate. The combination of rate, term of maturity and a specific interest (fixed or variable) determine the gross monthly income to the seller. All of these points are negotiable and become a part of the note and mortgage and the lease. One formula for deriving purchase price, down payments, monthly payments and rent is as follows:

\[
\text{Appraised Value} - \text{Discount Percent} = \text{Sale Price}
\]

\[
\text{Down Payment} (\% \text{ of purchase})
\]

\[
\text{Monthly Payments} - \text{Rent} = \text{Net Income} \times 12 \text{ Months} = \text{Annual Income}
\]
Illustrations were developed in Table 25 for the cases described in Table 23. As a rule, life expectancy is tied the youngest one of a couple, unless otherwise specified. The assigned discount point was 10 percent of the appraised value, the required down payment was 20 percent of the purchase price, and the balance was financed at 10 percent over a term tied to life expectancy. The amount of rent was based of 40 percent of the monthly payment.

Males will receive a higher cash flow than women the same age. Because of life expectancy predictions, older householders will receive a higher income than younger householders. A house with an equity value as low as $27,499 can significantly increase an extreme aged persons income. In addition to the obvious increases in income shown in the table, income savings were also realized from non-payment of taxes and major maintenance expenses. The tax savings for the cases in Table 23 ranged from $40 to $330 a year. The lease should clearly spell out which party is responsible for what expenses. Generally, expenses that preserve or protect the property are the landlord's responsibility (Weinrobe, 1983).


<table>
<thead>
<tr>
<th></th>
<th>Estimated Value</th>
<th>Sale Price</th>
<th>Down Payment</th>
<th>Term</th>
<th>Rent</th>
<th>Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1</td>
<td>$29,999</td>
<td>$27,000</td>
<td>$5,400</td>
<td>16.5</td>
<td>$89</td>
<td>$1,608</td>
</tr>
<tr>
<td>Case 2</td>
<td>74,999</td>
<td>67,500</td>
<td>13,500</td>
<td>14.8</td>
<td>234</td>
<td>4,188</td>
</tr>
<tr>
<td>Case 3</td>
<td>12,499</td>
<td>11,250</td>
<td>2,250</td>
<td>8.6</td>
<td>52</td>
<td>936</td>
</tr>
<tr>
<td>Case 4</td>
<td>27,499</td>
<td>24,750</td>
<td>4,950</td>
<td>6.3</td>
<td>142</td>
<td>2,544</td>
</tr>
<tr>
<td>Case 5</td>
<td>49,999</td>
<td>45,000</td>
<td>9,000</td>
<td>16.5</td>
<td>149</td>
<td>2,676</td>
</tr>
<tr>
<td>Case 6</td>
<td>59,999</td>
<td>54,000</td>
<td>10,800</td>
<td>8.8</td>
<td>246</td>
<td>4,440</td>
</tr>
<tr>
<td>Case 7</td>
<td>49,999</td>
<td>45,000</td>
<td>9,000</td>
<td>8.6</td>
<td>208</td>
<td>3,756</td>
</tr>
</tbody>
</table>

Notes:  
- Estimated value is assumed to be appraised value. There is a 10% discount on appraised value to determine sale price.  
- Downpayment is 20% of sales price.  
- Term for cases five and seven determined by spouse's age rather than the husband's age.  
- Rent is 40% of monthly payments.
The down payment can be put in a bank to earn interest or for the purchase of an annuity that will protect against income loss if the householder lives beyond the term of maturity and wishes to continue living in the house. The lease agreement should address this issue, as well as a new rental arrangement.

**Remainder Interest**

A remainder interest plan patterned after the public supported plan in Buffalo New York (Home Equity Living Plan, HELP) would provide a combination of the features discussed in the deferred loan plan and sale leaseback plan. In exchange for an agreement to relinquish the property title upon their death, elderly householders receive immediate property rehabilitation, free rent, a lifetime maintenance contract, reduced responsibility for property insurance, payment of all property taxes, a choice between a monthly annuity for life or a lump sum cash payment and a guarantee that they may remain in their home for the rest of their life.

The initial rehabilitation work is "in kind" to the householder. It is not charged to the householder although it is a component of his/her income. The cash received by the householder is based on unimproved
property value, expected appreciation, required rate of return, and life expectancy (Guttentag, 1982).

The present value of the residual equity can be determined using the following formula:

\[ P_v = iv \times \frac{(1+p)^n}{(1+r)^n} \]

- \( P_v \) = present value of the residual equity
- \( iv \) = initial value
- \( P \) = expected appreciation (6% Buffalo HELP rate)
- \( r \) = required rate of return (6% Buffalo HELP rate)
- \( n \) = term in years

In Table 26, illustrations were developed to show the annual income flow for men and women who own property valued at various amounts.

Research on the program in Buffalo, found most elderly preferred a lump-sum payment to annuity income. The selection of a lump sum payment over annuity does not change the plans benefits. The cash received by the participant (whether lump sum or annuity) is based exclusively on demographic characteristics and unimproved property value. Since rehab work improves the value of the property, participants are able to live in a more
### TABLE 26
**CASE ILLUSTRATION OF REMAINDER INTEREST PLAN**

<table>
<thead>
<tr>
<th></th>
<th>Estimated Value</th>
<th>Life Expectancy</th>
<th>Sex</th>
<th>Annuity Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1</td>
<td>$29,999</td>
<td>18.5</td>
<td>Fe</td>
<td>$2,868</td>
</tr>
<tr>
<td>Case 2</td>
<td>74,999</td>
<td>14.8</td>
<td>Fe</td>
<td>7,859</td>
</tr>
<tr>
<td>Case 3</td>
<td>12,499</td>
<td>8.6</td>
<td>Fe</td>
<td>1,864</td>
</tr>
<tr>
<td>Case 4</td>
<td>27,499</td>
<td>6.3</td>
<td>Fe</td>
<td>5,252</td>
</tr>
<tr>
<td>Case 5</td>
<td>49,999</td>
<td>*16.5</td>
<td>M</td>
<td>4,780</td>
</tr>
<tr>
<td>Case 6</td>
<td>59,999</td>
<td>8.8</td>
<td>M</td>
<td>8,792</td>
</tr>
<tr>
<td>Case 7</td>
<td>49,999</td>
<td>*8.6</td>
<td>M</td>
<td>7,456</td>
</tr>
</tbody>
</table>

*Life expectancy and annuity based on spouse's age.*
valuable house without charge and with no reduction in cash income (Weinrobe, 1985 p. 540).
CHAPTER 6
SUMMARY AND CONCLUSIONS

SUMMARY OF STUDY

This research was conducted as a partial fulfillment of my doctoral requirements, and as a fulfillment of my personal curiosity to explore an option that is much talked about but seldom implemented. My interest in housing is an outgrowth of my work in the City Division of Neighborhood Services in the development and implementation of housing programs to conserve the City's older housing stock. My interest in the elderly results not only from the fact that this population is growing in numbers and becoming very visible but because of my personal relationship with my young old parents and extreme old grandparents.

These two variables (elderly and housing) come together for those of us in the helping profession when there is a disparity in one or both variables. How does one help a homeowners elderly person who is forced by financial limitations to make a choice between
eating and medicine, or heat and lights? How does one help an elderly person make a decision about a house they love but cannot afford because of maintenance demands? All of these problems point to a lack of income. Therefore, the real question is what options are available to create alternative income maintenance programs that will begin to address the needs of the poor and near poor without burdening the nation's already overtaxed budget?

Over the last fifteen years, researchers and politicians have been looking at ways in which the elderly's most valuable asset can be unfrozen for use in old age. The review of the literature indicated there is no one best way to do this. Therefore, any proposed policy initiatives must take into account the diversity of the population as well as the diversity of need.

This research examined options that the public sector can develop to increase the disposable income of the poor elderly. The research looked specifically at the plight of the elderly in the Columbus Metropolitan Area, based upon data collected for the 1982 Annual Housing Survey. This narrow focus was taken in order to demonstrate the magnitude of local need. Therefore,
based on local need, the development of alternative policies for income maintenance can be pursued locally.

The objectives of the research were to determine the need for equity conversion mechanisms to relieve poverty for poor elderly and to determine if the implementation of three particular instruments—deferred payment loans, sale leaseback and remainder interest would have an antipoverty effect.

Poverty is a problem nationally for 15 percent of the elderly. While the percent sounds small the number of affected people are in the millions because of the large population. While we do not view the aging process as a problem, being older is a problem for the frail elderly, many single elderly females and the elderly who have always been poor.

Income maintenance has a turbulent history, dating back to the pre-New Deal Era. Even then, the poorest of the poor were on the fringe of assistance. Gilbert and Specth offers a model for policy analysis that permits the examination of an income maintenance policy, based upon the conversion of home equity into income. The key elements of the model are social allocation, provisions to be allocated, service delivery strategy and methods of financing. In this
research, the proposed service is offered to the poor elderly who are homeowners, to allow them to use the equity in their homes for income. The proposed method of providing service is through public sector linkages that are financed by the public sector.

The findings were based upon a secondary analysis of 1982 Annual Housing Survey Data collected by the Census Bureau for the Columbus Standard Metropolitan Statistical Area. Raw data for 351 individuals over 65 years old were examined to determine magnitude of need, property value, relationship of income to property value and market potential. Supplemental data were used from the Wisconsin Survey and the Gender Difference in Adjustment to Retirement Study to look at market potential. Specific formulas were used to determine the income maintenance features of the deferred payment loan, sale leaseback and remainder interest conversion plans. The results of the findings are discussed in this chapter, along with practical and theoretical implication as well as future research.

**DISCUSSION OF FINDINGS**

This chapter discusses the meaning and importance of the finding in the previous chapter. This chapter
has been organized into the following units: summary of results, discussion of reason for contradictory results, theoretical implications of results, practical implications of results, and suggestions for further research.

The summary of results section summarizes the results separately for each question, and describes how the findings relate to other research discussed in the literature review. The other topics were treated in a global manner with specific reference to a question when applicable.

**Question One**

Is there a significant number of elderly homeowners in the Columbus Metropolitan Area whose income is insufficient to meet their needs?

An examination of the indicators of insufficient income (poverty level income, more than 35% of income for housing expenses) and the indicators of need (home maintenance, housing expenses and health) revealed there is a substantial number (more than 15 percent), of elderly homeowners in Columbus M.A. whose income is insufficient to meet their basic needs. Thirty-one percent of the single-person households and 10.9
percent of the two-person households had income below the poverty level. Overall, 19 percent of the population had incomes below the poverty level. This is higher than the national average of 15%, reported by Zopf, 1986.

The extreme old population had the lowest income, which confirmed Burdman's, 1986, findings that a larger number of the old old live in poverty than the young old. A significant but negative correlation was found between the variables, age of householder and total family income. The young old had a higher income than the old old and extreme old. Poverty level families spent a higher proportion of their income on housing expenses than did non-poverty level households. A number of households (13 percent) spent more than 35% of their income on housing expenses. Similar findings were reported by Struyk, 1980, in his research, on housing and income needs of older americans. He found that 29% of all elderly spent more than 30% of their income on housing.

One or more housing deficiencies were found in 8 percent of the households. This percent is similar to the one found nationwide in the 1981 AHS. Many (8.8%) of the nation's elderly homeowners' homes were defined
as inadequate. This number jumped to 14.8% for low-income households (Greenstein, 1985).

Seventy-five percent of the households had health problems, some of which resulted in certain physical limitations. There was a significant (P < .01) correlation between health problems and income, as well as certain housing deficiencies and income.

These findings reflect the magnitude of problems experienced by a segment of Columbus Metropolitan Area elderly whose incomes were insufficient to meet their needs. They are important because they point to some real gaps in the current income maintenance system that needs correcting. They also suggest that there is a need for careful reevaluation of the distribution and allocation of current resources. They beg the question whether all available resources are being maximized in the provision of a stream of income to poor elderly households. The income deficit experienced by subjects in the sample gain meaning when the percents are applied to the total population. When the poverty level (19 percent) of the sample was computed for the entire elderly population, we found that 18,296 of the 96,295 elderly in the Columbus M.A. may be affected.
There are certain consequences of poverty that adversely affect the social and economic well-being of individuals, as shown in the discussion that follows. Clearly the distribution of income for housing related expenses portrayed in the sample indicted many elderly were not able to allocate money for home maintenance, health care, food, clothes, transportation and leisure. Poverty level households were naturally stressed. Real problems arise when these households spend 35% or more of their income on housing expenses. They have less than $3,500 for a single household, and $4,500 for two person households, left to distribute to other needs. Many had even less than that amount because their income was well below poverty level. Nearly 13 percent of the population had incomes of $5,000 and less.

The elderly tend to forego home maintenance, especially painting and large repairs (such as roofs), when money is tight. This was demonstrated in this research. Although not significant, approximately five percent of the households exhibited evidence of deferred maintenance, such as peeling paint, or cracked and broken plaster. Over five percent of the households showed evidence of leaky roofs which was a
serious problem because of the damage that results from extended periods of leaking. Moreover, the seriousness of this problem is magnified because elderly households living in and near poverty level will experience difficulty saving enough money to take care of such a large expense. Roof replacement can range from $2,000 to $7,000, depending on the size and age of the house. Unlike other needs, there are few resources in the community to assist with this need. Elderly outside of the City's rehabilitation assistance target area call the City of Columbus, Division of Neighborhood Services routinely, seeking assistance for roof repairs. These calls are referred to Emergency Services in the Department of Jobs Development. However, leaky roofs are not generally viewed as an emergency. Therefore, this need goes unfulfilled unless a social service agency in town can meet the need. The city, state and federal governments provide assistance to the elderly to reduce the level of financial hardship experienced in meeting health care needs. Nevertheless, due to rigorous guidelines and the high cost of medical treatment and medicine, elderly still experience high medical costs. The city's health centers, state medicaid, and federal medicare relieves the hardship for
many elderly. Health problems are endemic to the elderly population which was demonstrated by the fact that over 75 percent of the elderly households in the sample indicated they had health problems. Many had what may be termed as long-term costly ailments, arthritis or rheumatism, 35%; high blood pressure, 28%; and heart trouble, 13%.

Frequent television advertising targeted to the elderly prey on the fears of elderly for better health care coverage including prescription coverage and hospitalization. The elderly who need the extra coverage most are least likely to be able to afford it. A local organization on the south side of Columbus conducted a survey of Franklin County senior citizens in 1984 on health issues including prescription medications. It found that two out of three surveyed said they could not afford to buy either part or all of their prescribed drugs (Rubin, 1984).

Local agencies like the Geriatric Service Organization assist some low-income elderly with home care using Title XX, United Way, and city funds. This agency always has a waiting list, although the service is not advertised widely due to the agency's limited capacity.
Currently, Governor Celeste's budget is being criticized for reducing the budget for programs that assist the poor and elderly. Without increased state government support, the number of elderly having difficulty meeting health care needs will increase. The idea of less state support devastates the low-income elderly currently experiencing problems in meeting health care needs and cause problems for those heretofore not affected.

Recently, President Reagan proposed to create a medicare-based catastrophic-health-insurance plan to free the elderly from the fear of catastrophic illness. This plan has been criticized by many because it only aids three percent of the elderly population.

An article in the Citizen-Journal in June, 1984 by Rubin pointed out that some elderly in Columbus face frustrating choices. Should they buy the medication they need to control their high blood pressure, diabetes or other ailment, or should they spend money on groceries? Unlike other needs, food and clothing needs may not be as profound as other needs. Food stamps and local food pantries help elderly meet their food needs. Also, elderly tend to eat less, as well as less costly food. The numbers suggest that elderly
with incomes under $5,000 who spend 35% of their income on housing cannot afford to allocate as little as $100 a month to food. Low-income elderly generally do not spend much on clothing either by choice of lack of affordability.

Transportation is another big need of the elderly. Except for public transportation, transportation is costly to the elderly. Taxi rides are prohibitive, almost $2 to sit in the cab. The ownership, maintenance and repair of a car is ever more costly. Payments to relatives and neighborhoods for transportation probably is the most frequent mode of transportation for low-income elderly, second to public transportation.

Local social service agencies, like CMACAO, help to reduce transportation costs for grocery shopping and medical visits. COTA Good-As-Gold card and Operation Mainstream help reduce the cost of public transportation. Publicly assisted transportation is limited by capacity and elderly access. Many low-income elderly are housebound because they cannot afford transportation.

Outside leisure activities are unknown to many low-income elderly. They do not take cruises,
vacations to Florida, or day-long shopping trips like the more affluent elderly. Many cannot afford to go to the many local senior citizen centers sponsored by the city and state. Church is the main outlet for most low-income elderly.

Mayer, 1985, reported in the Washington Post that numerous studies have shown that as a whole the elderly have more money to spend for luxury items than other segments of the American Population. This is true, even in the Columbus M.A., which means the inequities of early life continues into old age.

As evidenced in this study, great diversities and disparities exist within the elderly population. Support for this was demonstrated in an article in the Columbus Dispatch, January 20, 1987. The headline was, "Millions of Elderly in Financial Bind". Although, Census reports show persons over 65 tend to be richer on the average than the rest of the population, this average is distorting the real problems faced by men forced out of work by disabilities from low-paying jobs, and workers forced to retire early because of layoffs and corporate consolidations. Also, forgotten are the 8 million elderly persons - many of whom are widows in their 80's who have no or very little
pension. Studies show that 28 percent of this population had incomes of less than $100 per week. Some of these people showed up in this research, 15 percent of the sample population had incomes of less than $100 per week, or $5,200 per year.

Homeowning elderly, unlike other low-income elderly, have unutilized options that are ripe for exploration. Many of the problems discussed above can be addressed through new income maintenance policy innovations, designed to unlock the equity in homes of the elderly.

**Question Two**

What is the "as-is" value of the homes of poverty income elderly? Based upon the householder's estimate, property values for poverty income elderly ranged from $5,000 to $99,999. The mean and mode property values were $30,000 to $39,999.

These estimates were purely subjective and based upon personal attachment, rather than market value or appraised value. All loan plans require a third party analysis of the property before equity transactions are finalized. Appraising is not an exact science, consequently, there may be a wide variation in property value.
between appraisers who appraise the property based upon the reason for an appraisal. Bank appraisers are probably the most conservative. The appraised value of property is heavily influenced by the condition of the neighborhood and the selling price of similar properties in a defined area.

Despite the subjective nature of the estimated value of the properties the above finding is important and implies two things. One, most poverty income elderly own property of substantial value, and two, some poverty income elderly are living in inadequate houses. Although, it was not reflected when housing deficiencies were examined, experience in the housing rehabilitation area suggests that many of the homes valued at less than $20,000 were suffering some serious defects. Many of these defects require periodic expenditures for repairs and contribute to high energy expenditures. Naturally, this is a hardship on the over-taxcd income of the poor elderly. Clearly, viable alternatives need to be developed and implemented that will redistribute this money to other needed areas and at the same time improve the housing and living conditions of the poor elderly.
For the large number of poor elderly who are denying themselves needed services while sitting on vast amounts of illiquid equity, innovative policies must be developed that will encourage the elderly to use the equity in their homes. Ignorance, fear and lifestyle are barriers that must be overcome before the vast majority of elderly can view their most valuable asset as income. Although the elderly saved for years and religiously deposited monthly payments on their property as they would do in a savings account or annuity, many view this effort as saving for someone else, children, relatives, rather than themselves.

Factors that normally influence the value of property, such as age, size, mechanics, neighborhood and accessibility to other services indicate, overall, that the elderly's property have market appeal. This appeal could be lost through disinvestment on the part of the poor elderly, as well as the near poor. For the elderly, studies have shown that disinvestment in the home is related to age and income. While age is an uncontrolled variable, income can be adjusted by turning home equity into liquid income and implementing programs to conserve the housing stock of the elderly. Housing conservation is not only important for the enhancement of the community, it is also important for
the elderly householder who may some day need to relocate and would, therefore, want to obtain his/her equity.

The property values found in the 1982 AHS undoubtedly have increased. Therefore the as-is value of the homes of poverty income elderly has also increased beyond the $30,000-$39,999 range.

**Question Three**

Is there a relationship between total family income and the "as-is" value or estimated value of the elderly's home? An analysis of the data, property value and family income, revealed a significant relationship, \( r = .52 \), between the two variables. This was important because it provided one more piece of evidence to support the fact the elderly's homes represent a substantial part of their gross assets. Springer, 1985, and others have also shown that the elderly's homes represent a major portion of the elderly's assets.

It was no surprise that by-and-large higher income elderly lived in more expensive homes. However, it was interesting to find that many poverty level elderly lived in homes of substantial value. Which means, this
group has the resources to increase their income if a vehicle existed for them to liquidate all or part of their equity. Clearly, their home is their single largest asset. Unfortunately, today in Columbus, they are limited in their opportunity to take advantage of the sizeable equity in their homes. They cannot convert the equity of their homes into income for use in meeting monthly expenses.

There is one, low profile, program in Columbus sponsored in the private sector--Individual Reverse Mortgage Account (IRMA). IRMA was developed by American Homestead Mortgage corporation in Mount Laurel, New Jersey. IRMA offers monthly tax-free cash advances as low as $100 and as high as $700, as long as the elderly live in their homes. An optional immediate large cash advance followed by regular monthly tax-free cash advances are also available. The amount of the monthly payments is based on the value of the house, age of the owner at the time of the loan, the interest rate on the loan, and the percentage of future increases in value that will be shared with the lender (IRMA brochure). The program was implemented here in May, 1986. At last count, 7 elderly had taken advantage of the program. Before the Subcommittee on
Housing and Consumer Interest, Scholen, 1985, stated that the growth of the market for home equity conversion will likely be small at first and grow slowly. Referring back to the data, it is important to emphasize that the mean property value-income ratio for poor elderly was 6.0. This is what Scholen, Weinrobe and others mean when they refer to the fact that many elderly are house rich and cash poor.

This finding also shows that while there is an association between property value and income, factors other than income influence the value of one's home. One strong influence is the state of the housing market, what other homes are selling for at a given point in time. What one personally thinks his home is worth to him, may or may not be based on the knowledge of the selling price of homes in the area. Lastly, the condition of the house and the neighborhood are strong intervening variables affecting the estimated value of one's home.

A warning is appropriate as I conclude this discussion. There is often a difference in the estimated value of a property and the appraised value. Most equity conversion instruments require an appraiser to determine the value of a property. However, if
there is a wide variation between what the owner thinks his/her property is worth, based upon his knowledge of sales in the area, the appraisal can be rejected. A review appraisal can be requested. In the final analysis, if the homeowner feels he/she is being taken advantage of he/she can decide not to participate in the program.

**Question Four**

Is there an elderly market in Columbus to take advantage of home equity conversion plans? Based upon the findings, there is a moderate market in the Columbus Metropolitan Area for home equity plans. The indicators of market potential showed figures ranging as high as 38,675 and as low as 3,825. The high represents the number of elderly with homes valued over $25,000, while the low represents the estimated number of elderly with substandard housing conditions. A realistic market potential is probably somewhere between ten and fifteen thousand. Simply because, many elderly with high incomes, here defined as over $15,000, would have little need to draw the equity out of their home to meet monthly expenses unless they have pressing health care needs. And, many of the elderly
with low valued homes would not reap significant benefits from an equity conversion instrument that yields a cash flow. Also, some elderly would not consider using the equity in their home because they value it as a family heirloom.

The indicators of market potential in Chapter Five illustrate the diversity of need among the elderly. This diversity of need requires a variety of instruments to meet these needs. For example, individuals living in substandard housing can benefit from a deferred payment home repair loan. Substandard housing is inclusive of the following deficiencies, cracks and holes in walls and ceilings, peeling paint, broken and non-working heating and electrical equipment, broken landings and hand rails, leaky roofs and signs of rodents. The elimination of such deficiencies would increase health and safety and free up cash that is being devoted to emergency repairs.

Individuals spending 35 percent or more of their income on housing expenses may need extra cash to meet routine needs. While individuals with health problems may need extra cash to secure needed medical care. Scholen, 1980, identified some of the same market potentials for home equity. He observed that low
income, single persons living alone, the old, old, and those in need of home care are the potential markets for home equity programs.

It is important that we include within the definition of a potential market the full range of needs unique to individuals rather than make broad sweeping generalizations. The success of equity conversion programs will rest with the diversity and uniqueness of a package of programs that can be developed and marketed on an individual level.

**Question Five**

What percentage of the elderly population is most likely to be attracted to home equity conversion plans? Findings developed based upon the determinants defined in the Wisconsin Survey indicated many Columbus M.A. elderly would likely be attracted to some type of home equity conversion plan. The responses of the population surveyed in the Gender Difference Study found that 25 percent of the sampled population would be attracted to home equity conversion plans.

Twenty-five percent is a respectable percentage and should be taken seriously in the development of long-term plans and policies affecting the elderly.
Scholen and others caution that the real market for home equity conversion programs is likely to be small at first. Therefore, pilot plans should start small. If pilot plans provide satisfactory services for participants at a reasonable price and with acceptable risks, then the overall market for the idea can be expected to expand. On the other hand, if the first plans do not perform well, then consumer caution and skepticism will contract the market.

Education and counseling are key marketing tools. Both of the populations interviewed for the studies discussed above had limited, if any, real knowledge about equity conversion plans. There are a number of barriers that will prevent the elderly from participating in equity conversion plans, of which the most common is disinformation. This is evident in the City's experience with deferred loans.

When the city reduced its grant program and implemented the deferred loan program, we thought we would need to mount an education and awareness campaign to attract elderly to the program. Now, based upon an eight-month track record, we know we are going to have to do more than we are doing. If we want to help the elderly who are in need of serious home repairs and
conserve our older neighborhoods, we must develop an information campaign.

Since the Wisconsin Survey, other researchers, Springer, Scholen and Weinrobe, have found in their evaluation of the operation of equity conversion plans that elderly with certain characteristics can benefit from participation in equity conversion plans more than others. The extreme aged will receive a higher income from all plans. People with only one source of retirement income can increase their income by participating in equity conversion plans. Although single men would receive a higher income because of the longevity factor, women without spouses generally have lower incomes and are more in need of additional income. The frail homebound elderly with a relatively short-life expectancy can benefit most from cash payments.

Belling, Kenney and Scholen (1985) think future development in home equity conversion will focus on the use of home equity to finance in-home care and long-term care insurance. Recent research sponsored by the Robert Wood Johnson Foundation indicated substantial numbers of homeownering elders can finance long-term care insurance using the equity in their homes (Belling et al. 1985).
The percentage of the elderly population in Columbus and nationwide who are likely to be attracted to home equity conversion will increase as the number of suitable plans increase.

**Question Six**

Do the following equity conversion instruments, deferred payment home repair loans, sale leaseback and remainder interest, have the potential for increasing the elderly's economic and social well-being? An analysis of the findings revealed that each of the above-identified instruments had the potential for increasing the elderly's economic and social well-being. Economic well-being was evaluated in terms of increased disposable income, actual increase in new dollars and income savings. Social well-being was evaluated using less tangible subjective indicators. In essence, the research looked at whether barriers to self-sufficiency were reduced. Also, if factors that affected the health and safety of the individual were minimized; and if opportunities for greater social interaction were created. The research assumed that an increase in income reduced individuals worries about making ends meet and provided the elderly some
alternative choices as to how to cope with environmental situations. While deferred payment loans do not provide new dollars, they will free up old dollars, make the substandard housing units more affordable, and conserve the neighborhood. The states of Wisconsin and New Jersey have demonstrated that the deferred payment loan can improve the housing condition of the elderly and conserve older neighborhoods. The condition of the neighborhood is important to the quality of life of all residents, but more so to the poor elderly because of their limited mobility and need to feel secure in their immediate environment. Under maintenance contributes to neighborhood decay and the introduction of undesirable elements in the neighborhood, resulting in a decrease in property values.

In Columbus, and probably most cities where such programs are operational, deferred payment loans actually contribute to an increase in homeowner equity. Although the equity is encumbered by a lien, it still represents an asset to the homeowner. When the time comes that the elderly can no longer afford to remain in the home, the income from the sale of the property, after satisfaction of the lien, will be greater than if the elderly were to divest themselves of the property through lack of maintenance.
Over the years, Columbus has done a fairly good job conserving its older neighborhoods. However, a more concerted focus on assisting elderly homeowners with major repairs would further eliminate deteriorating older homes, and even allow some elderly to remain in their homes longer. Greenstein (1985) reports on a 1979 Federal National Mortgage Association survey, which found that home upkeep was the number one force that impelled retirees to move.

In this analysis, sale leaseback arrangements emerged as a viable income maintenance instrument. Some elderly, especially very low-income elderly, can double their income, for example, in the illustrations one householders income went from $4080 to $8,266 annually. In addition, they can experience an income savings of ten to twenty percent by relinquishing responsibility for property taxes and insurance and major maintenance. Similar increases in income were documented by Springer, (1985) in his evaluation of the benefits of sale leaseback arrangements. For example, he demonstrated that a 79 year old widow, with an $80,000 home could increase her income by $8,633 annually.
In this arrangement, the homeowner sells his home to an investor who immediately leases it back to the seller for life. This arrangement is not new; it is really a form of land contract sale with some modifications. Farm families have engaged in this sort of transaction for years. Unlike the deferred loan, this arrangement is rather complex both financially and legally. Certainly, the homeowner's interest should be represented by an attorney. One other serious obstacle is the yet unanswered federal tax consequences of sale leaseback arrangements. Scholen (1985) points out that the federal tax code does not clearly spell out the extent that a seller's occupancy rights may be safeguarded without jeopardizing the tax status of the transaction. For a substantial number of individuals in the AHS, a sale leaseback arrangement could mean the difference between poverty and non-poverty, as demonstrated in the case illustrations.

The public variant of the remainder interest plan contains strong features of the deferred payment loan and the sale leaseback arrangement. Participants can benefit by improving the quality and affordability of their housing conditions as well as enjoy cash income and cash savings. In exchange for relinquishing title
at death, the homeowner receives immediate property rehabilitation a lifetime maintenance contract, payment of all property taxes and a monthly cash annuity for life, or a one-time lump sum cash payment.

As illustrated in the tables in Chapter 5, annual incomes can be increased substantially for the old old and extreme old. The higher the value of the home, the greater the income. It is evident in the case illustrations that equity income may equal or surpass regular income. Although specific reasons were not pinpointed, the model in Buffalo found that most elderly preferred a lump sum payment to a monthly annuity. It is conceivable that the elderly's desire to capitalize on their equity up front was precipitated by the nature of the arrangement. Upon the death of the owner or at such time as he/she no longer occupies the property, the remainder of the interest in the property falls to the lienholder. Unlike the deferred loan and the sale leaseback plans, nothing is left in the estate. Therefore, elderly who need additional money but still want to leave something for their heirs exercise their option to take their money out up front and invest it. The HELP plan in Buffalo found that this option was the catalyst that made the program work.
The Buffalo program was supported by a one-time infusion of Community Development Block Grant funds. The program is currently in a maintenance status, all of the money in the program has been allocated. No new deals have been made in over a year. The nonprofit organization is now in the process of selling houses left as a result of the death of owners, according to a telephone conversation in late March, 1987 with the program operator.

All of the home equity conversion plans discussed here have the capacity to minimize the effects of, and in some cases eliminate, poverty for some elderly. These findings were consistent with those reported by Jacobs in 1980. He found that 25% of all homeowners over 65 could bring their income out of poverty through home equity conversion.

The sale leaseback plan and the remainder interest plan are income generating, therefore, they are excellent income maintenance mechanisms. The deferred payment home repair plan is income savings. Consequently, its key features are the reduction in housing expenses and the conservation of the homeowner's equity, as well as the neighborhood. It
can be viewed as income maintenance in the same context as food stamps, energy credits and medicare. No one plan is better than the other. In fact, they should not be evaluated in comparative terms. The goal is to create a mix of equity conversion plans that will respond to the diversity of needs of the elderly.

**Disaggregating the Elderly**

Although, the findings support the fact that the home equity conversion plans examined offer hope to financially impovished elderly, it is inappropriate to generalize these findings to the entire elderly population. The elderly is not a homogenous group. Therefore, discussions about the elderly must focus on subgroups of the elderly. The population can be disaggregated using a number of variables, for example; age, race, gender and health.

When age is the key variable, subgroups of elderly can be broken down into categories of young old (65-74), old old (75-84) and extreme aged (85 plus). Individuals within each subgroup differ based upon health, race, gender and income. According to Zopf (1986) and Burdman (1986), the extreme aged is the fastest growing population. Recent census reports
indicate that the rate of poverty, approximately 22 percent, is highest among this subgroup. The high rate of poverty in this subgroup may be explained by the fact that this subgroup has exhausted most of its private savings over the twenty years of retirement and, therefore, depend largely on Social Security. Other contributing factors may be low paying jobs during the working years and high medical expense associated with ill health.

Homeowners, in this subgroup can benefit, more than any other subgroup, from the home equity plans examined in this research. The remainder interest plan may be the most beneficial, because it would meet the dual needs of deferred home maintenance and increased cash flow. However, no, one, plan is better than another. Each plan must be evaluated based on unmet needs. During the evaluation process, certain facts must be taken into consideration. One, older individuals will realize a higher cash flow return from plans offering cash benefits than younger individuals. Two, individuals cannot take any more equity out of the property than they have in it. And, three, homes suffering from deferred maintenance are better candidates for deferred payment loan plans than plans offering a cash flow.
In this research, age was combined with other descriptive variables to identify unique subgroups of elderly. When the elderly population was disaggregated based on race, black and other minorities were found to have a higher rate of poverty than whites. Census data for 1980 revealed a poverty rate as high as 35 percent for black elderly and 27 percent for Hispanic elderly, compared to 13 percent for white elderly (Zopf, 1986). It is a fact that black and other minorities enter old age with a history of low income and substandard housing. These factors combine to make them potential candidates for the deferred payment loan plan or the remainder interest plan.

When the elderly were broken into subgroups based upon gender by income, females were most often clustered in the lower income group. Warlick (1985) reported that two out of three poor elderly persons are female and two-thirds live alone. The average monthly income for this subgroup was $362 in 1982 (Abramowitz, 1985). In addition to low monthly income, the subgroup often experience home maintenance problems. Maintenance and upkeep on an old house is expensive largely because of labor cost. Elderly women, both poor and near poor, can realize a substantial income
savings by participating in deferred home repair loan plans. If additional income was needed, the remainder interest plan could meet both the home maintenance and income needs.

Often, the old old and the extreme aged can be divided into subgroups of healthy and frail elderly. The frail elderly, more than the healthy, experience high medical cost and a need for in-home-care. This subgroup, more than any other subgroup discussed so far, has a need for additional income to support medical expenses. Therefore, the frail elderly who own homes with substantial equity are potential candidates for sale leaseback arrangements.

Although some plans appear to be more appropriate to meet a certain set of needs than others, decisions to create equity conversion plans should not be based solely on this type of analysis. It is the responsibility of human service professionals and policy makers to create a range of mechanisms that will allow elderly to select plans that will best meet their needs with the least cost.

Potential Cost

Equity conversion plans are relatively new,
therefore, they have a long way to go before they become household words. Many elderly people, especially the poor, are cautious consumers. They are determined to hold onto what they have and they are suspicious of programs that sound too good to be true. On more than one occasion, loan officers with the City of Columbus have had elderly people reject the grants to repair their homes simply because they could not believe the government would just give them $10,000. Many elderly do not trust the government to deal with them fairly. And, they trust lending institutions and private individuals even less.

Admittingly, all equity conversion plans pose certain cost and uncontrollable risk for the elderly. The deferred loan plan is the least costly and poses fewer risks. The plan places a permanent lien on the property which is due at the time of property transfer or death of the owner. If an elderly person needs to sell his/her property to move into other living arrangements he/she may not net much money from the sale because the property may have been overly improved for the neighborhood. Whereas, an elderly person may have been able to net four or five thousand dollars from the sale of an unimproved property, this amount
may be greatly reduced or lost if costly improvements are made and property value in the area is depressed. Another risk that participants face is the inability to use the property to secure other loans even when there is enough equity in the property. Most private lenders want to be in first position in a mortgage which means the government would have to relinquish its position which is unlikely.

The remainder interest plan poses a different set of disadvantages. All current and future equity in the property is signed away, and the risk of net loss exist in the event of an early death. Also, the owner cannot move from the property without losing all the plan's benefits (Springer, 1985). If the participant is on a means-tested income maintenance program, the additional cash may jeopardize existing benefits. There is always the risk that the sponsoring agency may default on its commitment to service all major maintenance and repairs and the elderly may end up having to put money into the property.

Of the three plans examined in this research, the sale leaseback is the most costly and carries the greatest risk. This plan is more complicated than the two discussed above. It involves the services of both
a realtor and an attorney to draw up sales agreements and lease agreements. First of all, the individual pays for the contingencies in the contract by having to discount the selling price 10 to 20 percent below market value. The individual does not benefit from future appreciation since he/she assumes the status of a leasee. In order to maximize the benefits of the transaction, the individual has to take back the note, which places him/her in a vulnerable position in case of default. The risks of losing public benefits are greatest in this transaction. Also, the tax status of the transaction for both the seller and the buyer is questionable until Congress passes legislation clarifying it. The individual's taxable income increases; therefore, he/she is likely to experience an increase in taxes.

The known costs and risks of equity conversion plans will increase as we gain more experience with the programs and unanticipated consequences have any opportunity to play themselves out. Also, as the range of programs develop and the number and type of suppliers increase the potential for abuse, misuse, misinformation, misunderstanding and poor product development will be great. Scholen (1980) thinks
regulations alone will not prevent problems. He advocates the need for competent counseling and guidance for the consumers. Here is where social workers can play a major role.

The investors, both public and private, incur certain costs and risks in equity conversion programs. The primary risk is the risk that the elderly will abuse the property and not provide day to day maintenance. Also, cash is tied up for an uncertain period of time. Because of inflation, the value of the dollar decreases over a period; therefore, income received after the death of the property owner may not be enough to support the long-term operations of a program. Clearly, in a sales leaseback arrangement the investor will lose on his investment if the seller lives a long time and rent remains low. This is not a money making deal for an investor and the tax write-off is questionable at this time.

**SUMMARY OF FINDINGS**

Overall, findings of this research were consistent with findings of studies discussed in the Review of the Literature. The percentage of elderly at or below poverty level (19%) was somewhat higher than the
national average of 15 percent. Older, elderly, homeowners, generally, had lower incomes than the younger elderly. Many, 13%, spent over 35% of their income on housing expenses, compared to the 29% that Jacobs found in his study. Although, over 91% of the elderly received social security and or railroad retirement, few (13%) Columbus Metropolitan Area elderly depend on a single source of income. Nationally, according to Springer (1985) social security was the only sound of income for 58 percent of the elderly.

The value of the property held by the elderly was substantial. It ranged from less than $10,000 to over $150,000. The average value was between $45,000 and $49,999. The value of poor elderly's property was slightly less, averaging between $30,000 and $39,000. Weinrobe and Springer, however, have demonstrated that homes valued as low as $25,000 have the potential to generate cash income.

A Pearson's Correlation test indicated there was a fairly strong association between family income and "as-is" property value. Many elderly lived in homes that had a much greater value than their income. A T-test revealed a significant difference between poor and
non-poor property value income ratio. Proportionately, the value of poor elderly's property was much greater than their income. This finding confirms Nelson's (1980) that, "a significant number of older individuals whose disposable income is insufficient to meet their needs have significant resources in the form of home equity."

Based upon a number of indicators, it was apparent that there is an elderly market in Columbus to take advantage of home equity conversion plans. Many elderly experienced the following difficulties: poverty level incomes, high housing expenses, medical problems, and a single source of income. Many also had a substantial amount of equity locked-up in their homes.

The percentage of the elderly population that is likely to be interested in converting the equity in their homes into cash will vary based upon need, the type of plans available, and the risk involved. Nelson (1980) identified a list of determinants of older home-owner interest in equity conversion plans. The list is included in the appendix.

Case illustrations confirmed that all of the equity conversion mechanisms studied had the potential
to either generate extra cash or facilitate cash savings. The amount of income generated was determined by type of plan, age of the participant and the value of the property. Chen, 1980, found that households with income at the low end of the scale (less than $3,000 a year) will experience a greater percentage increase in income, since relatively minor payments would achieve this result. Weinrobe, Jacobs and others agree that the greater the value of the home the greater the equity income.

APPLICATION OF CONCEPTUAL FRAMEWORK

Policies addressing the income maintenance needs of the elderly population are essential in order to assure the increasing numbers of older persons a measure of economic security. Wide economic disparities between groups (minorities and women) within the elderly population is evidence that social intervention is needed to assist those experiencing severe deprivation. This research identified the economic disparities in the Columbus Metropolitan Area's elderly population, examined the value of the frozen assets held by elderly population; and reviewed the potential impact of mechanisms that can unlock the
frozen assets of the elderly population. AHS data were used to provide information on the prevalence, incidence, and rate of poverty in the Columbus Metropolitan Area, elderly homeowning population.

The ultimate goal of the research was to demonstrate how an income maintenance policy using home equity conversion could benefit a subpopulation of the elderly. The first step to achieving this goal was to determine if poverty was a problem, and if so to what extent were the elderly affected. The findings showed that poverty was a problem for over 19 percent of Columbus Metropolitan Area elderly population.

Having established poverty as a problem, for a substantial number of Columbus M.A. elderly, the research looked at intervention strategies that can be used to raise the elderly's income above poverty level or ameliorate the impact of poverty. Three equity conversion mechanisms were used to demonstrate how the elderly's income can be increased through use of the equity in their homes. Deferred payment loans enable the elderly to redirect money from home maintenance to other areas of need. Sale leaseback and remainder interest plans actually generate additional cash for the elderly. Case illustrations demonstrated that the
elderly's income can be increased two and three fold, through the use of these mechanisms.

Developing strategies for unlocking home equity and other nonliquid assets is one way to enhance the future income status of the homeowning elderly population. Historically, policy makers have demonstrated a preference for coping with public problems through incremented modifications of existing policies rather than new policy initiatives (Brodsky, 1985). This approach to policy development may not be adequate to meet current and future needs of elderly persons. Nationally, current policies addressing the income needs of the elderly leave millions of elderly to suffer the effects of poverty, ill health, and inadequate social services. Future policies, however, need to be innovative, exploratory, and diverse enough to meet the needs of a heterogenous older population.

Gilbert and Specht's framework for social welfare policy analysis provides a way for looking at a set of policy choices that evolve from the design of home equity conversion programs. They define the components of policy design as dimensions of choice. Their analytical framework provides insight into a wide range of policies. It includes analysis of designs to guide
implementation of programs at both the micro and macro-level.

Most social welfare policies entail benefit allocations. Income maintenance policies are no exception. The process of designing an income maintenance policy using home equity requires four types of decisions: (1) those related to the bases of social allocation; (2) those concerned with types of social provisions; (3) those regarding strategies of delivery; and (4) those related to modes of finance. Each of these decisions is evaluated along three axes: (1) the range of alternatives; (2) the social values that lend support to the alternatives; and (3) the theories or assumptions implicit in these alternatives.

The application of the framework outlined above permitted an analysis of the income maintenance policy proposed in this research. Using Gilbert and Specht's framework as a guide for policy analysis, this study identified who will benefit from an income maintenance policy and what the benefits will be. The study, also, identified how the benefits will be delivered and financed. Decisions regarding who, what and how were influenced by the values, theories and alternatives identified in Chapter II.
In summary, this research identified the poor elderly as the primary beneficiaries of the proposed income maintenance policy. These individuals will benefit from increased cash income, income savings, and improved living conditions. Services will be delivered by public and private organizations and individuals. Funds for such policy initiatives will be from public and private sources.

CONCLUSIONS BASED ON STATED OBJECTIVES

Economically, older persons living on low and/or fixed incomes often cannot afford the upkeep and utilities of their home. Many are often placed in the position of making choices between competing needs, such as housing versus personal or personal versus medical needs. Housing needs were defined as maintenance, minor and major, utilities, taxes and insurance. Personal needs were limited to food, clothing, transportation and leisure. Medical needs were self-explanatory, medication, doctor bills, and assisted living devices. The development and implementation of home equity conversion programs can provide a new resource base for the elderly to better meet their needs by allowing them to use their home equity without relinquishing occupancy rights.
This research provided sufficient evidence to support the need for the development of equity conversion mechanisms that will increase the annual incomes of Columbus Metropolitan Area elderly. The percentage of the elderly living at or near poverty is higher than the national average of fifteen percent. Generally, the poor elderly relied on only one source of income. A large percentage of the poor elderly spent over 35 percent of their income on housing-related expenses. Many poor elderly neglected maintenance and upkeep of their property because of insufficient income. A higher than expected percentage had health problems which naturally placed an additional burden on their already burdened incomes. These findings, therefore, suggest that there is a need to create additional programs that have strong income maintenance features.

Based on the magnitude of need evidenced in the research, it is appropriate to assume there is a market for some type of equity conversion program in the Columbus area. The findings established the fact that the elderly have substantial equity in their homes that can be made income producing if the right kind of equity conversion plans were developed. In addition to the development of equity conversion plans, sound risk
protection devices must be structured along with an educational component.

The illustrations demonstrated how three plans (two public and one private) can provide cash benefits as well as cash savings for poor elderly. As expected, older individuals with average or above average homes will benefit more from programs offering cash benefits than the young old or anyone owning property with very low equity. On the other hand, both poverty level and low income elderly with property deficiencies or maintenance needs can benefit from equity conversion plans offering cash savings through home rehabilitation. Plans offering rehabilitation features not only benefit the elderly, they also offer public benefits in terms of neighborhood preservation and an increased tax base.

These findings are specific to the Columbus Metropolitan Area. Other areas with older or younger populations and different housing conditions may not find the same results. Although the results are area-specific, the three plans are not. Analysts can replicate this analysis for other areas since identical Annual Housing Surveys are conducted for other metropolitan areas.
In spite of the needs and benefits shown in this research, home equity conversion is not for everyone. It, like many of the existing income maintenance programs, cannot help the poorest of the poor who do not have sufficient equity in their home. In some cases it may not be economically feasible to rehabilitate some of the elderly's homes. Home equity conversion does not create nor increase wealth. It only allows one to use what is there. It involves costs and risks, and it reduces one's estate.

IMPLICATIONS OF FINDINGS

Theoretical Implications

The findings of this research confirmed, or were consistent with, the findings of other researchers. Low income elderly do own homes of substantial value. Many elderly spend a disproportionate amount of their income on housing expenses. A significant number of elderly rely upon one source of income while sitting on their most valuable asset. The poor elderly have a range of unmet needs. Deferred loans, sale leaseback arrangements and remainder interest plans can increase
the income of poor elderly significantly. The public sector, except for one-on-one deals, offers the highest income flow for poor and low-income homeowners because there is not a profit motive. Private sale leaseback arrangements with children and some investors offers a stream of income and minimizes certain risks as long as the homeowner takes back the note rather than involving third party lenders.

A 1985 study by the Office of Policy Development and Research of the Department of Housing and Urban Development arrived at similar results. This study identified two reasons for providing equity conversion mechanisms for the elderly. First, home equity conversion instruments could result in public savings to the extent that the increased cash flow permits elderly homeowners to provide their own support. Secondly, the existence of home equity conversion instruments might prevent or retard the deterioration of the housing stock due to under-maintenance by the elderly.

Although different instruments were studied, Chen (1983) found that equity conversion will provide low and moderate income families, who are most likely to be in need of additional economic support, a source of income available for current consumption. Weinrobe,
(1985) reported that the idea of using public fund to acquire title to residential properties of the elderly, while allowing them to remain in them is viable. Also, elderly homeowners with property valued at less than $25,000 can benefit from some equity conversion plans.

Jacobs, Scholen and others arrived at similar findings when they looked at various equity conversion plans. If a plan is consistent with the needs of the elderly and is sensitive to housing values, it will benefit the elderly homeowner.

Newman (1985) thinks housing policy for the elderly is likely to have a different "look" in the future. Housing policies will entail an integrated approach to shelter, income, and long-term care problems of the frail elderly. The fact that the majority of, even, the very low income elderly own their own home is of particular concern for policymakers (Zais, et al, 1982).

If the income and housing needs of the elderly of the future are to be treated effectively, public and private sectors must begin to develop a set of appropriate policy options, like those examined here, to help local elderly. Some of the options may draw from the experience of other communities (Gollub and
In addition to the plans studied, other options may include reverse mortgages, complete tax exemptions, and maintenance vouchers.

Practical Implications

This analysis provides public officials and local organizations with a framework for developing equity conversion programs. This research can be used both as a needs assessment and a feasibility analysis for policy development and the implementation of equity conversion programs. The development of home equity conversion programs in Columbus, as well as in other cities, will require four basic ingredients, warned Scholen (1985). First, the equity plan must meet the real needs of older homeowners at a reasonable cost and with sufficient safeguards. Second, potential consumers must have complete and detailed information about the plan, plus access to legal advice and financial council. Third, public policymakers must remove legal and regulatory barriers and establish positive incentives for the development and use of sound plans needed by an informed public. And fourth, the public media, professions and organizations concerned about the well-being of older Americans must closely monitor
and objectively report on the development process, both the pitfalls and the progress.

The results of this research can and should influence housing policy development relative to elderly housing. Housing advocates and income maintenance advocates can share in the development of programs that will achieve dual aims. Decent, safe, secure and sanitary housing can be provided while increasing the income flow and/or savings of the elderly. Equity conversion programs have the potential to result in direct savings to the government and could lead to better use of the scarce resources of the medicaid program.

These findings are important because it is in the public interest, as well as humanitarian, to make home equity conversion programs available to older people who need and desire them. In light of the limited but much needed home care, there is a specific and compelling public interest in assuring the frail elderly an opportunity to finance their home care with their own resources. Therefore, local providers and funders of services to the elderly should have a particular interest in this research.
The equity conversion mechanisms studied offered a viable neighborhood preservation component. Therefore, based on these findings, city officials should take a closer look at how the housing needs of older homeowners are being met. Lack of attention to elderly housing needs during their lifetime leads to boarded and abandoned houses upon the death of the elderly. The heirs cannot sell the property for what they think it is worth and it is unfit for habitation without a major investment for rehabilitation; therefore, it sits idle and further deterioration occurs.

Finally, this research provides a framework for assessing the income needs of the elderly. The empirical results of this research are impressive. The incomes of some poverty level households can be increased by 30 to 40 percent using either the sale leaseback or remainder interest model. This provides income maintenance policy developers a justification to develop and support the concept of home equity conversion.

SUGGESTIONS FOR ADDITIONAL RESEARCH

Additional research is needed to assess the long-term effects of the three plans—deferred payment repair loans, remainder interest and sale leaseback.
Specifically, longitudinal studies can provide insight into the return of public dollars invested in the rehabilitation of properties, the equity benefit realized by the elderly's estate upon death, the risks to the public funder that home equity will be less than the outstanding debt on the property, the risks and costs associated with failure to honor lease agreements, and the cost associated with the homeowner exceeding the terms of the mortgage sale. The whole sale leaseback arena needs particular scrutiny in terms of what happens to the lease arrangement when the buyer dies or sells the property, and what happens when he is adversely affected by tax laws and devaluation of the property.

Despite the documented benefits, development and implementation of home equity conversion plans have been slow and sporadic. Research is needed to explore the rationale for this. Some preliminary speculation points to the doubts and fears of the elderly about the equity conversion process. Other factors identified as contributors to the slow development are institutional and regulatory constraints on the national and local levels.
Finally, empirical assessments need to be conducted on the actual impact of programs that are well established in order to determine if the actual benefits are equal to or greater than expected program benefits.
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- "Perspectives on Housing Needs and the Continuum of Care" by Robert J. Newcomer and Joel P. Weeden, pp. 3-9.

- "Demographic Influences on the Future Housing Demand of the Elderly" by Sandra J. Newman, pp. 21-32.

- "Future Housing Assistance Policy for the Elderly" by Raymond J. Struyk, pp. 53-64.

- "Housing Preferences and Choices: Implications" by Powell M. Lawton, pp. 65-68.

- "Housing and Shelter for Frail and Nonfrail Elders: Current Options and Future Directions", by Joel P. Weeden, Robert J. Newcomer and Thomas O. Byer's, pp. 181-188.


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- "Housing and Community Development" by Raymond Struyk, John Tuccillo, and James P. Zais, pp. 393-440.

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- "Define Benefit and Defined Contribution Plans: An Overview", by Trowbridge, Charles Lambert, pp. 3-39
- "Profit Sharing: Philosophy and Features" by Walter Halon and Bert L. Metzger, p.


- "Perspectives of the Elderly Poor," by Alex Waeffler, pp. 47-49.
- "Perspectives on the Black Elderly," by Letha A. See, Yung-Ping Chen and Ken Scholen, pp. 61-63.
- "Public Sector Role," by Jack Guttentag.


- "Income, Economic Status, and Policy Toward the Aged" by Marilyn Moon and Eugene Smolensky, pp. 45-61.
"Pensions in a General Scheme of Income Transfers" by Nelson McClung, pp. 95-106.


**Facsimile of the Annual Housing Survey Questionnaire: 1982**

**Section I - Continued (TRANSCRIBE FROM CONTROL CARD)**

<table>
<thead>
<tr>
<th>10. Structure originally built (cc 6d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[  ] April 1, 1970 or later</td>
</tr>
<tr>
<td>[  ] 1969 to March 31, 1970</td>
</tr>
<tr>
<td>[  ] 1960-1964</td>
</tr>
<tr>
<td>[  ] 1950-1959</td>
</tr>
<tr>
<td>[  ] 1940-1949</td>
</tr>
<tr>
<td>[  ] 1939 or earlier</td>
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</table>

<table>
<thead>
<tr>
<th>11. Access to cc 6q</th>
</tr>
</thead>
<tbody>
<tr>
<td>[  ] Direct</td>
</tr>
<tr>
<td>[  ] Through another unit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12. Occupation status (cc 6q)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[  ] Regular Occupied - Skip to section XA, page 3</td>
</tr>
<tr>
<td>[  ] Vacant - End transcription</td>
</tr>
<tr>
<td>[  ] URE Occupied - Skip to section XA, page 4</td>
</tr>
</tbody>
</table>

**NOTES**

**QUESTIONNAIRE ITEMS TO BE FILLED FOR NONINTERVIEWS AND VACANT INTERVIEWS**

<table>
<thead>
<tr>
<th>NONINTERVIEWS</th>
<th>TYPE A</th>
<th>TYPE B</th>
<th>TYPE C</th>
<th>VACANT INTERVIEWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.D. Items</td>
<td>I.D. Items</td>
<td>I.D. Items</td>
<td>I.D. Items</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-5</td>
<td>2-5</td>
<td>2-5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7a</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7b</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7c</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7d</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8a</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8b</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8c</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8d</td>
<td>Section I page 4</td>
<td>Section I page 4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE** - Fill item 1 only if ANS-52 is not labeled or if control number on label is incorrect.

**NOTE** - In item 5b enter the relationship of the person providing the information for the noninterview or vacant interview, e.g., manager, agent, or neighbor. If no one was consulted, leave item 5b blank.
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

**Section II—Regular Use, and Vacant Interviews**

1. How many rooms are in this house (apartment)?
   - Number of rooms
   
2. How many bedrooms are in this house (apartment)?
   - Number of bedrooms
   
3. Does this house (building) have complete kitchen facilities? That is, a kitchen sink with piped water, a refrigerator and a range or a cooktop which are available for your use (the use of the intended occupants)?
   - Yes — For this household only
   - Yes — Also used by another household
   - No

4. Does the water for this house (apartment) come from a public or private system, an individual well, or some other source such as a spring, cistern, river, stream, etc.?
   - A public system or private company
   - An individual well
   - Some other source — Specify below

5. What means of sewage disposal does this house (building) have?
   - Public sewer
   - Septic tank or cesspool
   - Chemical septic tank
   - Septic field
   - Use facilities in another structure
   - Other — Specify

**Vacant interview — Skip to 7**

**GAS**

- From underground pipes serving the neighborhood
  - Bottled, tank, or LP
  - Fuel oil
  - Kerosene, etc.
  - Electricity
  - Coal or coke
  - Wood
  - Solar heat
  - Other fuel
  - No fuel used

**Notes**

See item A, page 12

See item A, page 10

See item A, page 6

**Section III—Vacant Interviews**

1. Mobile home or trailer (no permanent room attached) — Skip to item 2a
   - One, detached from any other building
   - One, attached to one or more buildings

2. Does this house (building) have complete bathroom facilities? That is, a bath or shower, and a washbasin with piped water.
   - Yes — For this household only
   - Yes — Also used by another household
   - No

3. Does this house (building) have complete plumbing facilities? That is, hot and cold piped water, a flush toilet and a bath or shower, which are available for the use of the intended occupants of this house (apartment)?
   - Yes — Are these facilities ONLY for the use of the intended occupants?
   - Yes — Used for this household only — Add 4
   - No — Also used by another household — Skip to 5

4. A complete bathroom is a room with a flush toilet, a bath or shower, and a washbasin with piped water.
   - A half bathroom has at least a flush toilet or a bath or shower, but does not have all the facilities for a complete bathroom.
   - How many complete bathrooms and half bathrooms does this house (apartment) have?
   - More than 2 complete bathrooms
   - 2 complete bathrooms
   - 1 complete bathroom
   - 1 complete bathroom plus a half bath with flush toilet
   - 1 complete bathroom plus a half bath with no flush toilet
   - 0 complete bathrooms
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

<table>
<thead>
<tr>
<th>Section III - VACANT INTERVIEWS - Continued</th>
<th>Section III - VACANT INTERVIEWS - Continued</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. What type of heating equipment does this house (apartment) have? (MARK heating equipment to be used most) SHOW FLASHCARD B</td>
<td>9. Does this place have 10 acres or more? CHECK ITEM A</td>
</tr>
<tr>
<td>Note pump</td>
<td>Yes, 10 acres or more</td>
</tr>
<tr>
<td>Stream or hot water system</td>
<td>No, less than 10 acres</td>
</tr>
<tr>
<td>Room heater(s) with fan or vent</td>
<td>VACANCY STATUS (see item 6b, page 5)</td>
</tr>
<tr>
<td>Room heater(s) without fan or vent</td>
<td>FOR RENT OR (FOR RENT OR FOR SALE)</td>
</tr>
<tr>
<td>Room heater(s) with burning gas, oil, or kerosene</td>
<td>One-unit structure on less than 10 acres — Skip to item 11</td>
</tr>
<tr>
<td>Room heater(s) without burning gas, oil, or kerosene</td>
<td>One-unit structure on 10 acres or more — Skip to item 12, page 7</td>
</tr>
<tr>
<td>Fireplaces, stoves, or portable room heaters</td>
<td>Temporary-unit structure or a mobile home on wheels — Skip to item 11</td>
</tr>
<tr>
<td>Other</td>
<td>FOR SALE ONLY</td>
</tr>
<tr>
<td>6a. Is this unit intended for year-round use, for occupancy only on a seasonal basis, or for use by migrant workers?</td>
<td>REGULAR OWNERSHIP</td>
</tr>
<tr>
<td>6b. Is this house (apartment) for rent, for sale only, rented or occupied, sold not occupied, held for occasional use, or something else?</td>
<td>One-unit structure on less than 10 acres and there is no commercial establishment or medical or dental office on the property — Ask item 10</td>
</tr>
<tr>
<td>6c. To the Census Bureau, a cooperative is property, which is owned by a cooperative. Each shareholder is entitled to occupy an individual unit. In this what you mean when you say this is a cooperative?</td>
<td>All others — Skip to item 14, page 7</td>
</tr>
<tr>
<td>a) Yes</td>
<td>A CONDOMINIUM — Ask item 10</td>
</tr>
<tr>
<td>b) No</td>
<td>A COOPERATIVE — Skip to item 14, page 7</td>
</tr>
<tr>
<td>6d. How many months has this house (apartment) been vacant?</td>
<td>ALL OTHERS (see item be and od, page 8)</td>
</tr>
<tr>
<td>6e. Is the unit boarded up?</td>
<td>Other vacant, units rented or sold, units held for occasional use, seasonal, and similar units — Skip to item 12, page 7</td>
</tr>
<tr>
<td>6f. Are there any buildings (other than this building) with windows broken or boarded up on this street?</td>
<td></td>
</tr>
</tbody>
</table>

### OBSERVATION
- Are there any building(s) (other than this building) with windows broken or boarded up on this street? | Yes |
- Is this unit occupied? | No |

### OBSERVATION
- Room heater(s) with fan or vent | Yes |
- Room heater(s) with burning gas, oil, or kerosene | No |
- Room heater(s) without burning gas, oil, or kerosene | Yes |
- Fireplaces, stoves, or portable room heaters | Yes |
- Other | No |

### OFFICE USE ONLY
- Skip to 7 |
- Skip to 9 |
- For rent, for sale or for rent | No |
- For sale only — cooperative ownership — Ask 6c |
- For sale only — condominium ownership | Yes |
- Owned, not occupied | No |
- Sold, not occupied | Yes |
- Held for occasional use | No |
- Other vacant — Specify in Notes | No |

### OFFICE USE ONLY
- Yes |
- No — Rent 6b and correct the entry | No |
- Less than 1 month | Yes |
- 1 month up to 3 months | Yes |
- 3 months up to 6 months | Yes |
- 6 months up to 12 months | Yes |
- 1 year up to 2 years | Yes |
- 2 years or more | Yes |

### OBSERVATION
- Less than 1 month | Yes |
- 1 month up to 3 months | Yes |
- 3 months up to 6 months | Yes |
- 6 months up to 12 months | Yes |
- 1 year up to 2 years | Yes |
- 2 years or more | Yes |

### OTHERS (see item be and od, page 8)
- Other vacant, units rented or sold, units held for occasional use, seasonal, and similar units — Skip to item 12, page 7 | Yes |

### OTHERS (see item be and od, page 8)
- Other vacant, units rented or sold, units held for occasional use, seasonal, and similar units — Skip to item 12, page 7 | Yes |
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

<table>
<thead>
<tr>
<th>Section III - VACANT INTERVIEWS - Continued</th>
</tr>
</thead>
<tbody>
<tr>
<td>12a. In addition to rent, does the tenant also pay for electricity?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No, included in rent 3) No, electricity not used</td>
</tr>
<tr>
<td>12b. In addition to rent, does the tenant also pay for gas?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No, included in rent 3) No, gas not used</td>
</tr>
<tr>
<td>12c. In addition to rent, does the tenant also pay for water?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No, included in rent or no charge</td>
</tr>
<tr>
<td>12d. In addition to rent, does the tenant also pay for all, coal, kerosene, wood, or any other fuel?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No, included in rent 3) No, these fuels not used or obtained free</td>
</tr>
<tr>
<td>12e. In addition to rent, does the tenant also pay for groceries (food and/or) collection?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No</td>
</tr>
<tr>
<td>13. Is this house (apartment) part of a condominium?</td>
</tr>
<tr>
<td>(CC) 1) Yes, part of a condominium 2) No</td>
</tr>
<tr>
<td>14. How many rooms in this house (apartment) do NOT have hot-air ducts or registers, radiators, or room heaters? Do not count the kitchen or bathroom(s)?</td>
</tr>
<tr>
<td>(CC) 1) None 2) 1 room 3) 2 rooms 4) 3 or more rooms</td>
</tr>
<tr>
<td>15. Does each room in this house (apartment) have a working electric wall socket (wall plug)?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No</td>
</tr>
<tr>
<td>16. Is the wiring in this house (apartment) concealed in the walls or in metal covering? Do not count appliance cords, extension cords, or chandelier cords.</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No</td>
</tr>
<tr>
<td>17a. Is it necessary to go through any bedroom to get to any bathroom?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No</td>
</tr>
<tr>
<td>17b. Is it necessary to go through any bedroom to get to any other room?</td>
</tr>
<tr>
<td>(CC) 1) Yes 2) No</td>
</tr>
</tbody>
</table>

**CHECK ITEM B**

| (See item 2e, page 4) |
| 1. One-unit structure, or a mobile home or trailer - Skip to 20 |
| 2. Two-or-more-unit structure - Continue with item 2a |

**OBSERVATION**

| 18a. Are the public halls in this building lighted? |
| (CC) 1) Yes 2) No |
| 18b. Are the light fixtures in working order? |
| (CC) 1) Yes 2) No |
| 18c. Are there loose, bucked, or missing steps on any common stairways inside this building or attached to this building? |
| (CC) 1) Yes 2) No |
| 18d. Are all stair railings firmly attached? |
| (CC) 1) Yes 2) No |

| 19a. Is there a basement in this house (building)? |
| (CC) 1) Yes 2) No |
| 19b. A basement is an enclosed space in which persons can work or store under all or part of the building. |
| (CC) 1) Yes 2) No |

Section IV - REGULAR (OR URE) INTERVIEWS

**TRANSCRIBE**

| 1. Line number of household respondent (See item 5a, page 1) |
| (CC) 1) 1 2 3 4 5 |

**HOUSING CHARACTERISTICS**

| 2a. Relationship to reference person |
| Householder member |
| Number |
| 2b. Age |
| 2c. Marital status |
| (Per person 84) |
| 2d. Race (CC 16) |
| 2e. Sex (CC 17) |

**Note — Complete the services utility section of this section for the following CODES**

1 - White 2 - Negro 3 - Other
### Section II A - REGULAR (OR URE) INTERVIEWS - Continued

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- 1st</td>
<td>4th</td>
</tr>
<tr>
<td></td>
<td>- 11th</td>
<td>12th</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1961 or earlier</td>
</tr>
<tr>
<td></td>
<td>After March 1, 1970</td>
<td>- Yes - Code 1, No - Code 2.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes - Code 4, No - Ask 4a.</td>
</tr>
<tr>
<td>6. Use of telephone (age 30+)</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

### Section II E - REGULAR (OR URE) INTERVIEWS

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>7a. Are your living quarters owned or being bought by you or by someone else in your household?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>b. Are your living quarters rented for each by you or by someone else or occupied without payment of cash?</td>
<td>Yes - Code 1, No - Code 2.</td>
<td></td>
</tr>
<tr>
<td>c. To the Census Bureau, a cooperative is property which is owned by a corporation. Each shareholder is entitled to occupy an individual unit. Is this what you mean when you say this is a cooperative?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>d. How many mobile homes are in this group?</td>
<td>1-5</td>
<td>6-99</td>
</tr>
<tr>
<td>e. Is any part of this property used as a medical or dental office?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>f. How many years (if any) are in this house (building) that is, has had cold and hot water, a flush toilet and a bath or shower, which are available for your use?</td>
<td>Yes - For this household only</td>
<td>No - Ask 10b.</td>
</tr>
<tr>
<td>g. Are they owned as a cooperative or condominium?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>h. Are your living quarters rented for each by you or by someone else or occupied without payment of cash?</td>
<td>Yes - Code 1, No - Code 2.</td>
<td></td>
</tr>
<tr>
<td>i. To the Census Bureau, a cooperative is property which is owned by a corporation. Each shareholder is entitled to occupy an individual unit. Is this what you mean when you say this is a cooperative?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>j. How many living quarters, both occupied and vacant, are there in this house (building)?</td>
<td>1</td>
<td>2-3</td>
</tr>
</tbody>
</table>

**Office Use Only**

### Observation

- **B.** How many mobile homes are in this group? **10.** Do you have complete plumbing facilities in this house (building), that is, has hot and cold water, a flush toilet and a bath or shower, which are available for your use?
### Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

#### Section DB - REGULAR (OR URE) INTERVIEWS - Continued

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. Does this place have 10 acres or more?</td>
<td>Yes, Skip to B; No.</td>
<td>1-Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2-No</td>
</tr>
</tbody>
</table>

#### CHECK ITEM A

#### RURAL

- 1 Regular units OR Special Place units coded 85-88 (box 1 marked in item 61) - Go to part 2 below
- Special Place units not coded 85-88 (box 2 marked in item 61) - Skip to Check Item B

#### URBAN

- All Regular and Special Place units (box 3 marked in item 61) - Skip to Check Item B

<table>
<thead>
<tr>
<th>Part 2 (See item 17)</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>On 10 acres or more - Ask 18a</td>
<td>Yes, Skip to B; No - Skip to Check Item B</td>
<td>1-Yes</td>
</tr>
<tr>
<td>On less than 10 acres - Skip to IB</td>
<td></td>
<td>2-No</td>
</tr>
</tbody>
</table>

#### CHECK ITEM B

<table>
<thead>
<tr>
<th>TENURE (See items 7a and 7b, page 10)</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned as a Cooperative - Skip to Check Item F, page 16</td>
<td></td>
<td>1-Yes</td>
</tr>
<tr>
<td>Owned as a Condominium - Ask 19, page 13</td>
<td></td>
<td>2-No</td>
</tr>
<tr>
<td>Owned or being bought (Regular ownership)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If this is a -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile home or trailer on less than 10 acres (&quot;No&quot; marked in item 17a)</td>
<td>Yes, Skip to Item 28, page 14</td>
<td>1-Yes</td>
</tr>
<tr>
<td>and there is no commercial establishment or medical or dental office on</td>
<td></td>
<td>2-No</td>
</tr>
<tr>
<td>the property (&quot;No&quot; in items 8c and 8d) - Ask Item 29, page 13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All others - Skip to Check Item F, page 16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### RENTED FOR CASH

<table>
<thead>
<tr>
<th>If this is a -</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-unit structure on less than 10 acres (&quot;No&quot; marked in item 17a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and there is no commercial establishment or medical or dental office on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the property (&quot;No&quot; in items 8c and 8d) - Ask Item 29, page 13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two or more units structure on mobile home or trailer - Skip to Item 28, page 14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### OCCUPIED WITHOUT PAYMENT OF CASH RENT

<table>
<thead>
<tr>
<th>If this is a -</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-unit structure on less than 10 acres (&quot;Yes&quot; marked in item 17a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two or more units structure on mobile home or trailer - Skip to Item 28, page 14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Section DB - REGULAR (OR URE) INTERVIEWS - Continued**

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>12a. Do you have a central air conditioning, either individual room units or a central system?</td>
<td>Yes; No, Skip to 140</td>
<td>1-Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2-No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>a. Which house?</th>
<th>Options</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>One - unit structure on 10 acres or more (&quot;Yes&quot; marked in item 17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and there is no commercial establishment or medical or dental office on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the property (&quot;Yes&quot; in items 8c and 8d) - Ask Item 19, page 13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All others - Skip to Check Item F, page 16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

### Section 27B—Regular (or Unique) Interviews—Continued

#### 19. How much do you think this property, that is, house and lot, condominium unit, would sell for on today's market?

- ( ) Less than $10,000
- ( ) $10,000 to $19,999
- ( ) $20,000 to $29,999
- ( ) $30,000 to $39,999
- ( ) $40,000 to $49,999
- ( ) $50,000 to $59,999
- ( ) $60,000 to $69,999
- ( ) $70,000 to $79,999
- ( ) $80,000 to $89,999
- ( ) $90,000 to $99,999
- ( ) $100,000 to $124,999
- ( ) $125,000 to $149,999
- ( ) $150,000 to $199,999
- ( ) $200,000 to $249,999
- ( ) $250,000 to $299,999
- ( ) $300,000 or more

#### SHOW FLASHCARD C

**20.** Do you own this mobile home (trailer) site?

- ( ) Yes
- ( ) No

#### 21a. In regard to the mortgage (loan), what were the required payments to the lender? If more than one mortgage (loan) on this property (mobile home or trailer), give the total amount of the payments.

- ( ) Separate loans on the mobile home and site property, combine amounts.
- ( ) Other—Specify

#### 21b. In regard to the mortgage (loan), do the required payments include:

1. ( ) Real estate taxes on this property?
2. ( ) Fire and hazard insurance?
3. ( ) Other—Specify

#### NOTE

- Ask 21b for all categories before going 21c.

22. What is the monthly rent?

23. (1) Do you pay for electricity?

- ( ) Yes
- ( ) No

24. In regard to the mortgage (loan), what were the required payments to the lender? If more than one mortgage (loan) on this property (mobile home or trailer), give the total amount of the payments.

- ( ) Separate loans on the mobile home and site property, combine amounts.
- ( ) Other—Specify

25a. (1) Do you pay for gas?

- ( ) Yes
- ( ) No

25b. (1) In the past 12 months, what was the average MONTHLY cost for electricity?

- ( ) $ _______ 00

25c. (1) In the past 12 months, what was the average MONTHLY cost for gas?

- ( ) $ _______ 00

25d. (1) In the past 12 months, what was the average YEARLY cost for electricity?

- ( ) $ _______ 00

25e. (1) In the past 12 months, what was the average YEARLY cost for gas?

- ( ) $ _______ 00

25f. (1) In the past 12 months, what was the average YEARLY cost for real estate taxes (Do not include taxes in errors from previous years.)

- ( ) $ _______ 00

26a. In regard to the mortgage (loan), what were the required payments to the lender? If more than one mortgage (loan) on this property (mobile home or trailer), give the total amount of the payments.

- ( ) Separate loans on the mobile home and site property, combine amounts.
- ( ) Other—Specify
### Section 24 - Regular (or URE) Interviews - Continued

**CHECK ITEM D**

(See item 86, page 72)

1. Mobile home or trailer (no permanent room attached) - Ask 27
   All others - Skip to 28

#### 30a

- In the past 12 months, how much did the family spend on gasoline, oil, and any other fuel?
  - Yes: Included in rent or no charge
  - No: Included in rent or no charge

- In addition to rent, do you pay for electricity?
  - Yes: Included in rent or no charge
  - No: Included in rent or no charge

- In addition to rent, do you pay for gas?
  - Yes: Included in rent or no charge
  - No: Included in rent or no charge

- In addition to rent, do you pay for water?
  - Yes: Included in rent or no charge
  - No: Included in rent or no charge

- In addition to rent, do you pay for garbage (solid waste) collection?
  - Yes: Included in rent or no charge
  - No: Included in rent or no charge

- In addition to rent, do you pay for garbage (solid waste) collection?
  - Yes: Included in rent or no charge
  - No: Included in rent or no charge

---

### Section 25 - Regular (or URE) Interviews - Continued

**CHECK ITEM E**

(See item 8, page 72)

1. Furnished
   - Yes
   - No

2. Unfurnished
   - Yes
   - No

---

### Section 26 - Regular (or URE) Interviews - Continued

**CHECK ITEM F**

(See item 9, page 72)

1. Furnished
   - Yes
   - No

2. Unfurnished
   - Yes
   - No

---

**Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued**
### Section VI - REGULAR INTERVIEWS - Continued

**NOTE** - Ask 35a for all categories before asking 35b.

(If non-income for reference person and all household members 15+ RELATED TO REFERENCE PERSON by blood, marriage, or adoption)

35a. In the past 12 months, did any member of this family (including any household members 15+) living in this household, receive any money from -

1. Social Security or Railroad Retirement payments?  
   - Yes [x]  
   - No [ ]

2. Interest on savings accounts or bonds?  
   - Yes [x]  
   - No [ ]

3. Estates, trusts or dividends?  
   - Yes [x]  
   - No [ ]

4. Net rental income?  
   - Yes [x]  
   - No [ ]

5. Welfare payments or other public assistance such as SSI?  
   - Yes [x]  
   - No [ ]

6. Unemployment compensation?  
   - Yes [x]  
   - No [ ]

7. Worker's compensation?  
   - Yes [x]  
   - No [ ]

8. Government employee pensions?  
   - Yes [x]  
   - No [ ]

9. Veterans payments?  
   - Yes [x]  
   - No [ ]

10. Private pensions or annuities?  
    - Yes [x]  
    - No [ ]

11. Child or child support?  
    - Yes [x]  
    - No [ ]

12. Regular contributions from persons not living in this household?  
    - Yes [x]  
    - No [ ]

13. Anything else?  
    - Yes [x]  
    - No [ ]

**NOTE** - Exclude income previously reported. Probe if an amount in item 35a is identical to an amount in item 33 or 34. Indicate that amounts are correct by marking this box [ ].

**CHECK ITEM**

(See Control Card items 11h, 11c, and 14)  

Household contains household member 15+ and NOT RELATED TO THE REFERENCE PERSON by blood, marriage, or adoption - Ask 35a, page 18

[] All others - Skip to Check item H, page 20

---

### Section VII - REGULAR INTERVIEWS - Continued

35b. How much was received from (source of income) in the past 12 months?

- Salary, wages, tips, and commissions before taxes and deductions?  
  - Yes [x]  
  - No [ ]

- Interest on savings accounts or bonds?  
  - Yes [x]  
  - No [ ]

- Estates, trusts or dividends?  
  - Yes [x]  
  - No [ ]

- Net rental income?  
  - Yes [x]  
  - No [ ]

- Welfare payments or other public assistance such as SSI?  
  - Yes [x]  
  - No [ ]

- Unemployment compensation?  
  - Yes [x]  
  - No [ ]

- Worker's compensation?  
  - Yes [x]  
  - No [ ]

- Government employee pensions?  
  - Yes [x]  
  - No [ ]

- Veterans payments?  
  - Yes [x]  
  - No [ ]

- Private pensions or annuities?  
  - Yes [x]  
  - No [ ]

- Child or child support?  
  - Yes [x]  
  - No [ ]

- Regular contributions from persons not living in this household?  
  - Yes [x]  
  - No [ ]

- Anything else?  
  - Yes [x]  
  - No [ ]

**NOTE** - Ask 38b for each "Yes" response in 38a. Ask 38a (and 38b as appropriate) for all categories before asking 38b.

38a. In the past 12 months, did any member of this household (15+ NOT RELATED TO REFERENCE PERSON by blood, marriage, or adoption) receive any money from -

- Social Security or Railroad Retirement payments?  
  - Yes [x]  
  - No [ ]

- Interest on savings accounts or bonds?  
  - Yes [x]  
  - No [ ]

- Estates, trusts or dividends?  
  - Yes [x]  
  - No [ ]

- Net rental income?  
  - Yes [x]  
  - No [ ]

- Welfare payments or other public assistance such as SSI?  
  - Yes [x]  
  - No [ ]

- Unemployment compensation?  
  - Yes [x]  
  - No [ ]

- Worker's compensation?  
  - Yes [x]  
  - No [ ]

- Government employee pensions?  
  - Yes [x]  
  - No [ ]

- Veterans payments?  
  - Yes [x]  
  - No [ ]

- Private pensions or annuities?  
  - Yes [x]  
  - No [ ]

- Child or child support?  
  - Yes [x]  
  - No [ ]

- Regular contributions from persons not living in this household?  
  - Yes [x]  
  - No [ ]

- Anything else?  
  - Yes [x]  
  - No [ ]

**NOTE** - Exclude income previously reported. Probe if an amount in item 38a is identical to an amount in item 36 or 37. Indicate that identical amounts are correct by marking this box [ ].
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

### Section I: REGULAR INTERVIEWS—Continued

<table>
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<td>37b: (1) S</td>
<td>37b: (1) S</td>
<td>37b: (1) S</td>
<td>37b: (1) S</td>
<td>37b: (1) S</td>
<td>37b: (1) S</td>
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<tr>
<td>38a: How much did...</td>
<td>38b: How much did...</td>
<td>38c: How much did...</td>
<td>38d: How much did...</td>
<td>38e: How much did...</td>
<td>38f: How much did...</td>
</tr>
<tr>
<td>receive from &lt;source&gt; in the past 12 months?</td>
<td>receive from &lt;source&gt; in the past 12 months?</td>
<td>receive from &lt;source&gt; in the past 12 months?</td>
<td>receive from &lt;source&gt; in the past 12 months?</td>
<td>receive from &lt;source&gt; in the past 12 months?</td>
<td>receive from &lt;source&gt; in the past 12 months?</td>
</tr>
</tbody>
</table>

### Section II: RECENT MOVERS SUPPLEMENT

- **CHECK ITEM H**
- **CHECK ITEM I**
- **CHECK ITEM J**
- **CHECK ITEM K**
- **CHECK ITEM L**
- **CHECK ITEM M**
- **CHECK ITEM N**
- **CHECK ITEM O**
- **CHECK ITEM P**
- **CHECK ITEM Q**
- **CHECK ITEM R**
- **CHECK ITEM S**
- **CHECK ITEM T**
- **CHECK ITEM U**
- **CHECK ITEM V**
- **CHECK ITEM W**
- **CHECK ITEM X**
- **CHECK ITEM Y**
- **CHECK ITEM Z**

**NOTES**

**NOTE**—Exclude income previously reported. Prove if an amount in item 38c is identical to an amount in item 36, 37b, or 37b. Indicate that identical amounts are correct by marking this box.
Section V - RECENT MOVERS SUPPLEMENT - Continued

46. Please look at this card.

SHOW FLASHCARD D

What are the reasons . . . (Reference person) moved FROM that residence?

[More information given]

Section V - RECENT MOVERS SUPPLEMENT - Continued

47. Of the reasons you just mentioned, what was the MAIN reason . . . (Reference person) moved FROM that residence?

[More information given]

FAMILY

14 [ ] Neighborhood overcrowded
15 [ ] Change in racial or ethnic composition of neighborhood
16 [ ] Crime
17 [ ] Wanted neighborhood with children
18 [ ] Wanted neighborhood without children
19 [ ] Wanted better neighborhood
20 [ ] Wanted more expensive place or better investment
21 [ ] Wanted to own residence
22 [ ] Wanted better house
23 [ ] Wanted to rent residence
24 [ ] Wanted residence with more conveniences
25 [ ] Lower rent or less expensive house
26 [ ] Wanted change of climate
27 [ ] Displaced by urban renewal, highway construction, or other public activity
28 [ ] Displaced by private action
29 [ ] Schools
30 [ ] Natural disaster
31 [ ] Other - Specify

OTHER

22 [ ] Neighborhood overcrowded
23 [ ] Change in racial or ethnic composition of neighborhood
24 [ ] Crime
25 [ ] Wanted neighborhood with children
26 [ ] Wanted neighborhood without children
27 [ ] Wanted better neighborhood
28 [ ] Wanted more expensive place or better investment
29 [ ] Wanted to own residence
30 [ ] Wanted better house
31 [ ] Wanted to rent residence
32 [ ] Wanted residence with more conveniences
33 [ ] Lower rent or less expensive house
34 [ ] Wanted change of climate
35 [ ] Displaced by urban renewal, highway construction, or other public activity
36 [ ] Displaced by private action
37 [ ] Schools
38 [ ] Natural disaster
39 [ ] Other - Specify

EMPLOYMENT

1 [ ] Job transfer
2 [ ] To look for work
3 [ ] To take a new job
4 [ ] Retired or left U.S. Armed Forces
5 [ ] Promotion
6 [ ] Commuting reasons
7 [ ] To attend school
8 [ ] Other employment reasons - Specify

INTERVIEWER INSTRUCTION

Two or more boxes marked in item 46 - Ask 47

If only ONE box is marked in item 46 - Transcribe code to item 47 and list Check item 4, page 23

47. Box number of MAIN reason
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

### Section X - RECENT MOVERS SUPPLEMENT - Continued

**CHECK ITEM**

| 1 | "W" entered in item 47 - Ask 48a |
| 2 | "II" entered in item 47 - Skip to 48b |
| 3 | "I" entered in item 47 - Skip to page 24 |

**48a. Did you want or need lower rent or a less expensive house because...?**

1. "W" entered in item 47 - Ask 48a
2. "II" entered in item 47 - Skip to 48b
3. "I" entered in item 47 - Skip to page 24

**NOTE:** Work all answers given.

**SHOW FLASHCARD F**

**b. Why you displaced because -**

1. **Income reduced**
2. **Housing costs greatly increased**
3. **Other - Specify**

Skip to 48b, page 24

**Page 254**
### Section V - Recent Movers Supplement - Continued

**INSTRUCTION**
- Enter for each unit or mobile home.
- Total for each building.

#### 52. How many rooms were in . . . 's (Reference person) previous residence?

- [ ] Yes
- [ ] No

#### 53. How many bedrooms were in . . . 's (Reference person) previous residence?

- [ ] Yes
- [ ] No

#### 54. How many persons were living in . . . 's (Reference person) previous residence at the time . . .

- [ ] Yes
- [ ] No

#### 55. Were there complete plumbing facilities in the building where . . . 's (Reference person) previous residence was located?

- [ ] Yes
- [ ] No

#### 56. How many living quarters, both occupied and vacant, were in the building where . . . 's (Reference person) previous residence was located?

- [ ] Yes
- [ ] No

#### 57a. Was . . . 's (Reference person) previous residence or being bought by someone in the household?

- [ ] Yes
- [ ] No

#### 57b. Was . . . 's (Reference person) previous residence occupied by a cooperative or condominium?

- [ ] Yes - Skip to Check Item 4, page 25
- [ ] No - Skip to Check Item 5, page 25

#### 58a. Was it rented for cash rent or occupied without payment of cash rent?

- [ ] Yes
- [ ] No

#### 58b. Was it rented for cash rent or occupied without payment of cash rent?

- [ ] Yes
- [ ] No

#### 59. What was the value of the property when . . .

- [ ] Less than $5,000
- [ ] $5,000 - $9,999
- [ ] $10,000 - $14,999
- [ ] $15,000 - $19,999
- [ ] $20,000 - $24,999
- [ ] $25,000 - $29,999
- [ ] $30,000 - $34,999
- [ ] $35,000 - $39,999
- [ ] $40,000 - $44,999
- [ ] $45,000 - $49,999
- [ ] $50,000 - $54,999
- [ ] $55,000 - $59,999
- [ ] $60,000 - $64,999
- [ ] $65,000 - $69,999
- [ ] $70,000 - $74,999
- [ ] $75,000 - $79,999
- [ ] $80,000 - $84,999
- [ ] $85,000 - $89,999
- [ ] $90,000 - $94,999
- [ ] $95,000 - $99,999
- [ ] $100,000 - $104,999
- [ ] $105,000 - $109,999
- [ ] $110,000 - $114,999
- [ ] $115,000 - $119,999
- [ ] $120,000 - $124,999
- [ ] $125,000 - $129,999
- [ ] $130,000 - $134,999
- [ ] $135,000 - $139,999
- [ ] $140,000 or more

#### 60. Was that house or place of 10 acres or more?

- [ ] Yes - Skip to page 27
- [ ] No

**CHECK ITEMS**

- [ ] Yes - Skip to page 27
- [ ] No

---

**Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued**
### Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

#### Section V: RECENT MOVERS SUPPLEMENT—Continued

82. Was the house (apartment) in a public housing project that is, was it owned by a local housing authority or other local public agency?  
![Radio buttons](Yes/No)

83. Was the rent for that house (apartment) subsidized, that is, was the rent lower because the Federal, State, or local government was paying part of the cost?  
![Radio buttons](Yes/No)

**NOTE**—Ask 64a for all categories before entering 64b. (Exclude places "in addition to rent" for bedrooms occupied without payment of cash rent.)

64a. (1) In addition to rent, did ... (Reference person) pay for electricity?  
![Radio buttons](Yes/No)  
- $0

64a. (2) In addition to rent, did ... (Reference person) pay for gas?  
![Radio buttons](Yes/No)  
- $0

64a. (3) In addition to rent, did ... (Reference person) pay for water?  
![Radio buttons](Yes/No)  
- $0

64a. (4) In addition to rent, did ... (Reference person) pay for garbage (land waste) collection?  
![Radio buttons](Yes/No)  
- $0

**NOTE**—Ask 64b only for these categories in 64a which were answered "Yes."

64b. (1) What was the average MONTHLY cost for electricity?  
- $0

64b. (2) What was the average MONTHLY cost for gas?  
- $0

64b. (3) What was the YEARLY cost for water?  
- $0

64b. (4) What was the YEARLY cost for all, coal, kerosene, wood, and any other fuel?  
- $0

64b. (5) What was the YEARLY cost for garbage (land waste) collection?  
- $0

### Section VI: HOUSING QUALITY AND STATE OF REPAIR SUPPLEMENT

**CHECK ITEM 0**  
(See Check Item H, part 2, page 20)

1. Reference person moved into this house or apartment before February 1982  
- Yes  
- No

2. If yes, go to port 2 below  
- Yes  
- No

**NOTE**—Ask 64b only for these categories in 64a which were answered "Yes."

64b. (1) In addition to rent, did ... (Reference person) pay for electricity?  
![Radio buttons](Yes/No)  
- $0

64b. (2) In addition to rent, did ... (Reference person) pay for gas?  
![Radio buttons](Yes/No)  
- $0

64b. (3) In addition to rent, did ... (Reference person) pay for water?  
![Radio buttons](Yes/No)  
- $0

64b. (4) In addition to rent, did ... (Reference person) pay for garbage (land waste) collection?  
![Radio buttons](Yes/No)  
- $0

**INTRODUCTION**—Now I have some questions concerning problems you may have experienced in your home.

67. During the time period of December 1981 through February 1982, were your house (apartment) to cold for 24 hours or more that it created you discomfort?  
- Yes  
- No

68. During the time period of December 1981 through February 1982, when your regular heating system was working, did you, at any time, have to use additional sources of heat because your regular system did not provide enough heat? (Additional sources of heat may be the kitchen stove, a fireplace, or a portable heater.)  
- Yes  
- No

69. How many rooms in this house (apartment) do not have hot water registers, radiators, or room heaters? Do not count kitchen or bathroom(s).  
- None  
- 1 room  
- 2 rooms  
- 3 or more rooms

70a. During the time period of December 1981 through February 1982, was there a breakdown in your heating equipment? That is, was it completely unusable for 8 consecutive hours or more?  
- Yes  
- No

b. How many times did that happen?  
- 1  
- 2  
- 3  
- 4 or more

71a. During the time period of December 1981 through February 1982, did you completely close certain rooms for a week or longer because you couldn't get them warm? Include kitchen and bathroom(s).  
- Yes  
- No

b. Which rooms?  
- Living room  
- Dining room  
- One or more bedrooms  
- Other—Specify

**NOTES**  
(See Check Item 19, part 2, page 20)
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

### Section II - Housing Quality and State of Repair Supplement - Continued

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>72. Did you have a lack of Sanitation, or do you suffer too much</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>73. During the time period of December 1981 through</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>74. Is the lighting in this house (apartment) concealed</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>75. Is it necessary to go through the hallway or basement?</td>
<td></td>
<td></td>
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<tr>
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<td></td>
<td></td>
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<tr>
<td>76. Are the stairs railings firmly attached?</td>
<td></td>
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</tbody>
</table>

### Notes

See Check Item H, page (70)

CHECK ITEM Q

**Reference person lived here last 90 days**

- Yes - Ask 78a
- No - Skip to 80

**78a. Does the door leading to your house (apartment) in the last 90 days**

- Yes - Ask 78b
- No - Skip to 79a
- Don't know

**78b. How many times did this happen?**

- 1
- 2
- 3 or more
- Not at all

**79a. At any time in the last 90 days have you seen any mice, rats, or signs of mice or rats in this house/building?**

- Regularly
- Only when needed
- Irregularly
- Not at all

**80. Is there a basement in this house/building?**

- Yes
- No

**81. Does the roof of this house/building leak?**

- Yes
- No

**82. What kind of mortgage (loan) do you have?**

- Federal Housing Administration
- Veterans Administration
- Farmers Home Administration
- Other mortgage

**83. Is this house (apartment) part of a condominium?**

- Yes, part of a condominium
- No

**84. In view of all the things we have talked about, how would you rate this HOUSE (building) as a place to live - would you stay?**

- Excellent
- Good
- Fair
- Poor
### Section X - RECENT MOVERS SUPPLEMENT - Continued

<table>
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<tr>
<th>Item</th>
<th>Question</th>
<th>Yes/No</th>
<th>Page</th>
</tr>
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<tbody>
<tr>
<td>62.</td>
<td>Was that home (apartment) in a public housing project? Was it, was it owned by a local housing authority or other local public agency?</td>
<td></td>
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</tr>
<tr>
<td>63.</td>
<td>Was the rent for that home (apartment) subsidized?</td>
<td></td>
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</table>

**Note:** Ask item 64 for all categories before asking 65. (Exclude stress "in addition to rent" for sample units OCCUPIED WITHOUT PAYMENT OF CASH RENT.)

<table>
<thead>
<tr>
<th>Item</th>
<th>Question</th>
<th>Yes/No</th>
<th>Page</th>
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</thead>
<tbody>
<tr>
<td>64a.</td>
<td>In addition to rent, did... (Reference person) pay for electricity?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>64b.</td>
<td>In addition to rent, did... (Reference person) pay for gas?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>64c.</td>
<td>In addition to rent, did... (Reference person) pay for water?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>64d.</td>
<td>In addition to rent, did... (Reference person) pay for garbage (food waste) collection?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Section XI - HOUSING QUALITY AND STATE OF REPAIR SUPPLEMENT

**Check Item O**

- See Check Item H, part (3), page 200
- (1) Reference person moved into this house or apartment before February 1982
  - Yes - Go to part (2) below
  - No - Skip to 13, page 29

**Check Item I**

- (1) See item (1) (Heating Equipment), page 11
  - Box 7 or 8 marked - Read introduction and ask 67
  - Box 9 marked - Read introduction and skip to 13, page 29
  - All others - Read introduction then skip to 68

**Introduction:**

How I have some questions concerning problems you may have experienced in your home.

<table>
<thead>
<tr>
<th>Item</th>
<th>Question</th>
<th>Yes/No</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>66.</td>
<td>During the time period of December 1981 through February 1982, was your house (apartment) ever cold for 24 hours or more that it caused you discomfort?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>67.</td>
<td>During the time period of December 1981 through February 1982, when your regular heating system was working, did you, at any time, have to use additional sources of heat BECAUSE YOUR REGULAR SYSTEM DID NOT PROVIDE ENOUGH HEAT?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>68.</td>
<td>How many rooms in this house (apartment) do not have hot water or regular, reliable, or room heaters? Do not count kitchen or bathrooms.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>69.</td>
<td>How many rooms in this house (apartment) do not have hot water or regular, reliable, or room heaters? Do not count kitchen or bathrooms.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Check Item J**

- (1) Yes
  - Yes
  - No - Skip to 21a

**Check Item K**

- (1) Yes
  - Yes
  - No - Skip to 21a

**Check Item L**

- (1) Yes
  - Yes
  - No - Skip to 21a

**Check Item M**

- (1) Yes
  - Yes
  - No - Skip to 21a

**Check Item N**

- (1) Yes
  - Yes
  - No - Skip to 21a
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

**Section VI - HOUSING QUALITY AND STATE OF REPAIR SUPPLEMENT - Continued**

72. During the time period of December 1981 through February 1982, was your house (apartment) so cold for 24 hours or more that it caused you discomfort?  
   [☐] Yes  ☐ No

73. Does each room in this house (apartment) have a working electric wall outlet (wall plug)?  
   [☐] Yes  ☐ No

74. Is it necessary to go through any bedroom to get to any bathroom?  
   [☐] Yes  ☐ No

75a. Is it necessary to go through any bedroom to get to any other room?  
   [☐] Yes  ☐ No

**CHECK ITEM P**  
(See item 86, page 16)  
[☐] One-unit structure, or a mobile home or trailer — Skip to Check Item Q, page 16  
[☐] Two-or-more-unit structure — Ask 76a

**OBSERVATION**

76a. Does the public halls in this building have light fixtures?  
   [☐] Yes  ☐ No

b. Are the light fixtures in working order?  
   [☐] Yes  ☐ No  ☐ All in working order  ☐ Some in working order  ☐ None in working order

77a. Are these stairs, broken, or missing steps on any common stairways inside this building or attached to this building?  
   [☐] Yes  ☐ No

b. Are all stair railings firmly attached?  
   [☐] Yes  ☐ No  ☐ No stair railings

**NOTES**

---

**Section VII - HOUSING QUALITY AND STATE OF REPAIR SUPPLEMENT - Continued**

78a. Have you or your family or guests turned off the electric fuses or breaker switches in your house (apartment) in the last 90 days?  
   [☐] Yes — Ask 78b  ☐ No — Skip to 79a

b. How many times did this happen?  
   [☐] 1  ☐ 2  ☐ 3 or more

79. At any time in the last 90 days has there been any mice or rats, or signs of mice or rats in this house (building)?  
   [☐] Yes — Ask 80  ☐ No

b. Is this house (building) serviced by an exterminator for mice or rats regularly, only when needed, irregularly, or not at all?  
   [☐] Regularly  ☐ Only when needed  ☐ Irregularly  ☐ Not at all

80a. At any time in the last 90 days has there been any mice or rats, or signs of mice or rats in this house (building)?  
   [☐] Yes — Ask 81  ☐ No

b. Is this house (building) serviced by an exterminator for mice or rats regularly, only when needed, irregularly, or not at all?  
   [☐] Regularly  ☐ Only when needed  ☐ Irregularly  ☐ Not at all

81. Does the rear of this house (building) leak?  
   [☐] Yes  ☐ No  ☐ Don’t know

82. What kind of mortgage (loan) do you have?  
   [☐] Federal Housing Administration  [☐] Veterans Administration  [☐] Farmers Home Administration  [☐] Other mortgage

83. Is this house (apartment) part of a condominium?  
   [☐] Yes, part of a condominium  ☐ No

84. In view of all the things we have talked about, how would you rate this HOUSE (building) as a place to live — would you say it is excellent, good, fair, or poor?  
   [☐] Excellent  ☐ Good  ☐ Fair  ☐ Poor
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

### Section XIII - NEIGHBORHOOD QUALITY SUPPLEMENT

**NOTE** - Ask all categories in 86a before asking 86b. The following questions are concerned with different aspects of your PRESENT neighborhood. Here is a list of conditions which many people have on their streets. Which, if any, do you have?

1. Street (highway) noise?...
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

2. Streets or sewers continuously in need of repair, or open ditches?...
   - [ ] Yes
   - [ ] No

3. Neighborhood crime?
   - [ ] Yes
   - [ ] No

4. Trash, litter, or junk in the streets (food), or on empty lots, or on properties in this neighborhood?...
   - [ ] Yes
   - [ ] No

5. Boarded-up or abandoned structures?...
   - [ ] Yes
   - [ ] No

6. Indecent, business, arson, or other nonresidential activities?...
   - [ ] Yes
   - [ ] No

7. Odors, smoke, or gas?
   - [ ] Yes
   - [ ] No

**NOTE** - If "Yes" was answered for one or more of the categories in 86a, ask 86b.

**NOTE** - Ask ALL categories in 86a before asking 86b. The following questions are concerned with neighborhood services. Do you have -

1. Satisfactory police protection?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

2. Satisfactory outdoor recreation facilities such as parks, playgrounds, or swimming pools?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

3. Satisfactory hospitals or health centers?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

**NOTE** - If "Yes" was answered for one of more categories in 86a, ask 86b.

---

### Section XIII - NEIGHBORHOOD QUALITY SUPPLEMENT - Continued

86a. Is there public transportation for this area?
   - [ ] Yes
   - [ ] No - Skip to 86c

b. Is it satisfactory?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

c. Anyone in the household (Do you) use public transportation at least once a week?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

86b. Do you have satisfactory neighborhood shopping, that is, grocery stores or drug stores?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know
   - [ ] Skip to Check Item 5

b. Are any of these stores within one mile of here?
   - [ ] Yes
   - [ ] No

### CHECK ITEM 5

1. (first item, page 1)
   - [ ] Regular Interview - Go to part (1) below
   - [ ] Telephone Interview - Skip to 90

2. (See page 121 below)
   - [ ] Household members 5 through 13 years of age - Ask 86b
   - [ ] No household members 5 through 13 years of age - Skip to 86b

86c. Does your child (Do your children attend a public elementary school or a private elementary school?)
   - [ ] Public elementary school
   - [ ] Private elementary school
   - [ ] Other school
   - [ ] Does not attend school

b. Is the public elementary school that children living at this address attend (would usually satisfactory)?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

c. Is this public elementary school within one mile of here?
   - [ ] Yes
   - [ ] No
   - [ ] Don't know

10. In view of all the things we have talked about, how would you rate this neighborhood as a place to live — would you say it is excellent, good, fair, or poor?
    - [ ] Excellent
    - [ ] Good
    - [ ] Fair
    - [ ] Poor

### CHECK ITEM 6

(See page 121 below)

- [ ] Regular Interview - Read introduction on page 34 and ask 91a
- [ ] Telephone Interview - Go to Check Item 7, page 40
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

### INTRODUCTION

The next few questions are about the ability of people in this household to get around in or use the home. Some people are limited in what they can do because of continuing poor health or a physical problem of long duration.

**SHOW FLASHCARD 1**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paralysis of any kind</td>
<td>01</td>
</tr>
<tr>
<td>Chronic stiffness or deformity of the back or spine</td>
<td>02</td>
</tr>
<tr>
<td>Other trouble with back or spine</td>
<td>03</td>
</tr>
<tr>
<td>Arthritis or rheumatism</td>
<td>04</td>
</tr>
<tr>
<td>Chronic stiffness or deformity of the foot, leg, arm, or hand</td>
<td>05</td>
</tr>
<tr>
<td>Missing legs, feet, or toes</td>
<td>06</td>
</tr>
<tr>
<td>Missing arms, hands, or fingers</td>
<td>07</td>
</tr>
<tr>
<td>Cerebral palsy</td>
<td>08</td>
</tr>
<tr>
<td>Effects of stroke</td>
<td>09</td>
</tr>
<tr>
<td>Blindness or serious trouble seeing</td>
<td>10</td>
</tr>
<tr>
<td>Deafness or serious trouble hearing</td>
<td>11</td>
</tr>
<tr>
<td>Effects of heart attack</td>
<td>12</td>
</tr>
<tr>
<td>Any other heart trouble</td>
<td>13</td>
</tr>
<tr>
<td>Other - Specify</td>
<td>14</td>
</tr>
<tr>
<td>High blood pressure, hypertension</td>
<td>15</td>
</tr>
<tr>
<td>Diabetes</td>
<td>16</td>
</tr>
<tr>
<td>Cancer or other tumor, growth, or cyst</td>
<td>17</td>
</tr>
<tr>
<td>Asthma</td>
<td>18</td>
</tr>
<tr>
<td>An, other lung problem such as Tuberculosis, Chronic Bronchitis, or Emphysema</td>
<td>19</td>
</tr>
<tr>
<td>Convulsions or epileptic seizures</td>
<td>20</td>
</tr>
<tr>
<td>Other - Specify</td>
<td>21</td>
</tr>
</tbody>
</table>

**NOTE - Ask all categories in 92b before asking 92a.**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty going in or out of this house (apartment or building)</td>
<td>22</td>
</tr>
<tr>
<td>Difficulty going up or down stairs either inside or outside of this house (apartment or building)</td>
<td>23</td>
</tr>
<tr>
<td>Difficulty getting inside this house (apartment or building)</td>
<td>24</td>
</tr>
<tr>
<td>Difficulty using the bathroom facilities, kitchen equipment, or other equipment in this house (apartment)</td>
<td>25</td>
</tr>
</tbody>
</table>

**NOTE - Ask 92b only for those categories in 92a which were answered "Yes."**

---

271
### Section XV - HOUSING MODIFICATION SUPPLEMENT - Continued

#### ITEM U

**CHECK**

- If "Yes," mark all answers given.

---

**SHOW FLASHCARD J**

**NOTES**

- Extra handrails or grab bars
- Ramps
- Elevators or stair lifts...
- Extra-wide doors or hallways...
- Door handles instead of knobs...
- Raised lettering or braille...
- Push bars on doors...
- Sinks, faucets, or cabinets...
- Wall sockets or light switches...
- Bathroom designed for wheelchair use...
- Specialized equipment telephone...
- Flashing lights...
- Any other features - Specify...

---

#### ITEM V

**CHECK**

- If "Yes," mark all answers given.
- Extra handrails...
- Elevators...
- Extra-wide doors...
- Door handles...
- Raised lettering...
- Push bars...
- Other - Specify...

---

#### ITEM W

**CHECK**

- If "Yes," mark all answers given.
- Extra handrails...
- Elevators...
- Extra-wide doors...
- Door handles...
- Raised lettering...
- Push bars...
- Other - Specify...

---

#### ITEM X

**CHECK**

- If "Yes," mark all answers given.
- Extra handrails...
- Elevators...
- Extra-wide doors...
- Door handles...
- Raised lettering...
- Push bars...
- Other - Specify...

---

#### ITEM Y

**CHECK**

- If "Yes," mark all answers given.
- Extra handrails...
- Elevators...
- Extra-wide doors...
- Door handles...
- Raised lettering...
- Push bars...
- Other - Specify...

---

#### ITEM Z

**CHECK**

- If "Yes," mark all answers given.
- Extra handrails...
- Elevators...
- Extra-wide doors...
- Door handles...
- Raised lettering...
- Push bars...
- Other - Specify...

---

**OFFICE USE ONLY**

---

**Page 36**
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

<table>
<thead>
<tr>
<th>Line number</th>
<th>Line number</th>
<th>Line number</th>
<th>Line number</th>
</tr>
</thead>
<tbody>
<tr>
<td>114 - 120</td>
<td>114 - 120</td>
<td>114 - 120</td>
<td>114 - 120</td>
</tr>
<tr>
<td>121 - 130</td>
<td>121 - 130</td>
<td>121 - 130</td>
<td>121 - 130</td>
</tr>
<tr>
<td>131 - 140</td>
<td>131 - 140</td>
<td>131 - 140</td>
<td>131 - 140</td>
</tr>
<tr>
<td>141 - 150</td>
<td>141 - 150</td>
<td>141 - 150</td>
<td>141 - 150</td>
</tr>
<tr>
<td>151 - 160</td>
<td>151 - 160</td>
<td>151 - 160</td>
<td>151 - 160</td>
</tr>
</tbody>
</table>

### NOTES

- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra wide doors...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
- Extra handrails...
- Ramps...
- Elevator...
- Door handle...
- Door bars...
- Push bars...
- Other — Specify...
- Yes
- No
### Introduction

The following instructions are provided with each copy of this form. For each question, there is a list of possible answers, and the correct answer should be circled. Each worker should answer items 98 through 104 for himself (herself) if available.

- Ask item 97b for each person (Yes mark item 11c). List the "No" box if the household member volunteered at any time while working. Ask item 97a for each person with a "Yes" answer above the line number. Mark the "No" box if any worker is not available at the time of interview and ask these items of the respondent.
<table>
<thead>
<tr>
<th>Section IX - JOURNEY-TO-WORK SUPPLEMENT - Continued</th>
</tr>
</thead>
</table>

**SHOW FLASHCARD N**

b. What is ... a MAIN reason for driving alone?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
</tr>
</tbody>
</table>

**SHOW FLASHCARD P**

100. What is ... the MAIN reason for using (Specify entry in item 90a) to get to work?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>No one's license</td>
<td>10</td>
</tr>
<tr>
<td>No car, truck, or van available</td>
<td>10</td>
</tr>
<tr>
<td>Commuter pass on bus</td>
<td>10</td>
</tr>
<tr>
<td>Parking space or problems</td>
<td>10</td>
</tr>
<tr>
<td>Driving license</td>
<td>10</td>
</tr>
<tr>
<td>Faster than car, truck, or van</td>
<td>10</td>
</tr>
<tr>
<td>Other main reason</td>
<td>10</td>
</tr>
</tbody>
</table>

b. In addition to public transportation, does ... usually use a car, truck, or van for part of the trip to work? Do not include commute.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
</tr>
</tbody>
</table>

101. Does it usually take the same location to begin work week day?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
</tr>
</tbody>
</table>

102a. How many minutes does it usually take to get from home to work?

<table>
<thead>
<tr>
<th>Minutes</th>
<th>Number</th>
</tr>
</thead>
</table>

102b. What time does ... usually leave for work?

<table>
<thead>
<tr>
<th>Time</th>
<th>Number</th>
</tr>
</thead>
</table>

103. How many miles does ... travel from home to work?

<table>
<thead>
<tr>
<th>Miles</th>
<th>Number</th>
</tr>
</thead>
</table>

OR

<table>
<thead>
<tr>
<th>Less than 1 mile</th>
<th>Number</th>
</tr>
</thead>
</table>

104a. In what city, town, village, or borough does ... usually work?

| City, town, village, or borough | Number |

104b. Is ... a place of work inside the incorporated limits of (Specify entry in 104a)?

| Yes | 10 |
| No (in unincorporated area) | 10 |
| Don't know | 10 |

104c. In what county and state is ... a place of work located?

<table>
<thead>
<tr>
<th>County</th>
<th>State</th>
<th>Number</th>
</tr>
</thead>
</table>

OR

| Outside the United States | Number |

105. Does ... work a place of work?

| Place of work | Number |

106. What is the MAIN reason that ... does not use public transportation to get to work?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rides alone</td>
<td>10</td>
</tr>
<tr>
<td>Carpool</td>
<td>10</td>
</tr>
<tr>
<td>Bus or streetcar</td>
<td>10</td>
</tr>
<tr>
<td>Subway or elevated</td>
<td>10</td>
</tr>
<tr>
<td>Railroad</td>
<td>10</td>
</tr>
<tr>
<td>Taxi or cab</td>
<td>10</td>
</tr>
<tr>
<td>Motorcycle or moped</td>
<td>10</td>
</tr>
<tr>
<td>Bicycle</td>
<td>10</td>
</tr>
<tr>
<td>Other type of vehicle</td>
<td>10</td>
</tr>
<tr>
<td>Walks only</td>
<td>10</td>
</tr>
<tr>
<td>Work at home</td>
<td>10</td>
</tr>
</tbody>
</table>

107a. In addition to the car, (truck), (van), does ... usually use public transportation for any part of the trip to work?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
</tr>
</tbody>
</table>

107b. What kind of public transportation does ... use for any part of the trip to work?

| Reason | Number |

107c. What is the MAIN reason that ... does not use public transportation to get to work?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rides alone</td>
<td>10</td>
</tr>
<tr>
<td>Carpool</td>
<td>10</td>
</tr>
<tr>
<td>Bus or streetcar</td>
<td>10</td>
</tr>
<tr>
<td>Subway or elevated</td>
<td>10</td>
</tr>
<tr>
<td>Railroad</td>
<td>10</td>
</tr>
<tr>
<td>Taxi or cab</td>
<td>10</td>
</tr>
<tr>
<td>Motorcycle or moped</td>
<td>10</td>
</tr>
<tr>
<td>Bicycle</td>
<td>10</td>
</tr>
<tr>
<td>Other type of vehicle</td>
<td>10</td>
</tr>
<tr>
<td>Walks only</td>
<td>10</td>
</tr>
<tr>
<td>Work at home</td>
<td>10</td>
</tr>
</tbody>
</table>

107d. In addition to the car, (truck), (van), does ... usually use public transportation for any part of the trip to work?

| Reason | Number |

107e. What kind of public transportation does ... use for any part of the trip to work?

| Reason | Number |

107f. What is the MAIN reason that ... does not use public transportation to get to work?

| Reason | Number |

109. What is the MAIN reason for using (Specify entry in item 90a) to get to work?

| Reason | Number |

110. What is the MAIN reason for driving alone?

| Reason | Number |

111. Does it usually take the same location to begin work week day?

| Reason | Number |

112. How many minutes does it usually take to get from home to work?

| Minutes | Number |

113. What time does ... usually leave for work?

| Time | Number |

114. How many miles does ... travel from home to work?

| Miles | Number |

OR

| Less than 1 mile | Number |

115a. In what city, town, village, or borough does ... usually work?

| City, town, village, or borough | Number |

115b. Is ... a place of work inside the incorporated limits of (Specify entry in 115a)?

| Yes | 10 |
| No (in unincorporated area) | 10 |
| Don't know | 10 |

115c. In what county and state is ... a place of work located?

<table>
<thead>
<tr>
<th>County</th>
<th>State</th>
<th>Number</th>
</tr>
</thead>
</table>

OR

| Outside the United States | Number |

116. Does ... work a place of work?

| Place of work | Number |

117a. In addition to the car, (truck), (van), does ... usually use public transportation for any part of the trip to work?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
</tr>
</tbody>
</table>

117b. What kind of public transportation does ... use for any part of the trip to work?

| Reason | Number |

117c. What is the MAIN reason that ... does not use public transportation to get to work?

| Reason | Number |
### Section IX - Journey-to-Work Supplement - Continued

#### SHOW FLASHCARD P

100. What is ... 's MAIN reason for using a (Specify entry in Item 99a) to get to work?

- [ ] No driver's license
- [ ] Cheaper than car, truck, or van
- [ ] No parking costs or problems
- [ ] No driving strain
- [ ] Fatter than car, truck, or van
- [ ] Other main reason

b. In addition to public transportation, does ... usually use a car, truck, or van for part of the trip to work? Do not include motorcycle.

- [ ] Yes
- [ ] No

101. Does ... usually report the same location to begin work each day?

- [ ] Yes
- [ ] No. Go to INTERVIEWER INSTRUCTION below

102a. How many minutes does it usually take ... to get from home to work?

- [ ] Minutes

102b. How many miles does ... travel from home to work?

- [ ] Miles
  - [ ] Less than 1 mile
  - [ ] 1-10
  - [ ] 11-20
  - [ ] 21-30
  - [ ] 31-40
  - [ ] 41-50
  - [ ] 51-60
  - [ ] 61-70
  - [ ] 71-80
  - [ ] 81-90
  - [ ] 91-100
  - [ ] 101-120
  - [ ] Over 120

102c. In what city, town, village, or borough does ... usually work?

- City, town, village, or borough

b. Is ...'s place of work inside the incorporated limits of town of city, town, village, etc., listed in 104a? (Specify)

- [ ] Yes
  - [ ] No

(If no incorporated
  - [ ] Unincorporated

103. What county and State is ...'s place of work located?

- County
- State

OR

- Outside the United States

#### INTERVIEWER INSTRUCTION

If reference person, go to Check Item W, page 46.

If not reference person, go to next worker, or if last worker, go to Check Item X, page 48.

### NOTES
Facsimile of the Annual Housing Survey Questionnaire: 1982—Continued

Section IX - JOURNEY-TO-WORK SUPPLEMENT - Continued

SHOW FLASHCARD P

100a. Who is ... 's MAIN reason for using a (Specify entry in item 100b) to get to work?

____ (m) ' CJ

- No driver's license
- No car, truck, or van available
- Cheaper than car, truck, or van
- No parking costs or problems
- No driving skills
- Faster than car, truck, or van
- Other main reason

101. Does ... usually report to the same location to begin work each day?

____ (m) ' CJ

- Yes
- No - Go to INTERVIEWER INSTRUCTION below

102a. How many minutes does it usually take to get from home to work?

____ Minutes

102b. What time does ... usually leave for work?

____ a.m.

103. How many miles does ... travel from home to work?

____ Miles

OR

- Less than 1 mile

104a. In what city, town, village, or borough does ... usually work?

City, town, village, or borough

105a. Is ... 's place of work inside the incorporated limits of Home of city, town, village, etc., listed in 104a?

____ (m) ' CJ

- Yes (in incorporated area)
- No (in unincorporated area)
- Don't know

106a. In what county and State is ... 's place of work located?

County

State

OR

____ (m) ' CJ

- Outside the United States

OFFICE USE ONLY

INTERVIEWER INSTRUCTION

- Go to next worker or if last worker, go to Check Item X, page 48.

NOTES

(See Check Item H, part (2), page 20)

☐ Reference person moved here during the past 12 months - Read the introduction below and ask 105.

☐ Reference person did not move here during the past 12 months - Go to next worker or if last worker, go to Check Item X, page 48.

INTRODUCTION

The following questions are concerned with how ... (Reference person) usually traveled to work while living at his/her previous residence.

105. Did ... (Reference person) have a job while living at ... (Reference person)'s previous residence?

____ (m) ' CJ

- Yes
- No - Go to INTERVIEWER INSTRUCTION below

106. At the time ... (Reference person) lived in his/her previous residence, was ...'s (Reference person)'s usual place of work the same as it is now?

____ (m) ' CJ

- Yes
- No

107. What was ... 's (Reference person) principal means of transportation to work?

____ (m) ' CJ

- Car
- Truck
- Van
- Drive alone
- Carpool
- Bus or trolleycar
- Subway or elevated
- Railroad
- Taxi or limousine
- Motorcycle or moped
- Bicycle
- Other type of vehicle
- Worked only
- Worked at home - Go to INTERVIEWER INSTRUCTION below

108. Did ... (Reference person) usually report to the same location to begin work each day?

____ (m) ' CJ

- Yes
- No - Go to INTERVIEWER INSTRUCTION below

109. How many minutes did it usually take ... (Reference person) to get from home to work?

____ Minutes

110. How many miles did ... (Reference person) travel from home to work?

____ Miles

OR

- Less than 1 mile

INTERVIEWER INSTRUCTION

- Go to next worker or if last worker, go to Check Item X, page 48.

NOTES

(See Check Item I, part (2), page 20)
### Section X - Interviewer Observation Items

<table>
<thead>
<tr>
<th>CHECK ITEM X</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular, URE, or Vacant - Go to item III</td>
<td></td>
</tr>
<tr>
<td>Type A or Type B - Go to item III</td>
<td></td>
</tr>
<tr>
<td>Type C - Enclose completed AWS-97 and go to Control Card item 39</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBSERVATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>111. Are there abandoned buildings on this street?</td>
<td></td>
</tr>
<tr>
<td>Yes, one</td>
<td></td>
</tr>
<tr>
<td>Yes, more than one</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBSERVATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>112. What is the condition of streets and roads in this neighborhood?</td>
<td></td>
</tr>
<tr>
<td>No repairs needed</td>
<td></td>
</tr>
<tr>
<td>Minor repairs needed</td>
<td></td>
</tr>
<tr>
<td>Major repairs needed</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBSERVATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>113. Is there trash, litter, or junk on the streets (roads), on empty lots, or on properties in this neighborhood?</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Minor accumulation</td>
<td></td>
</tr>
<tr>
<td>Moderate accumulation</td>
<td></td>
</tr>
<tr>
<td>Heavy accumulation</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>CHECK ITEM Y</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular or URE Interview - Go to Control Card item 38a</td>
<td></td>
</tr>
<tr>
<td>Vacant Interview - Go to Control Card item 39</td>
<td></td>
</tr>
<tr>
<td>Type A - Go to Control Card item 39</td>
<td></td>
</tr>
<tr>
<td>Type B - Enclose completed AWS-97 and go to Control Card item 39</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OFFICE USE ONLY</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>012</td>
<td></td>
</tr>
<tr>
<td>013</td>
<td></td>
</tr>
<tr>
<td>014</td>
<td></td>
</tr>
</tbody>
</table>

NOTES
Definition of Terms

Annuity
A series of payments made at regular intervals over the lifetime of the recipient or for a predetermined period.

Deferred Annuity
An annuity under which payments do not begin until a specified period of time after the annuity is purchased.

Dissave
To spend more on current consumption than is received in income during the period.

Home Equity
The value of a home less any mortgage or other lien secured by the home.

Home Equity Conversion Plan
Any public or private mechanism, device, or instrument for accomplishing home equity conversion.
Reverse Annuity
Any home equity conversion plan that includes an annuity.

Mortgage
Any instrument that creates a lien against real estate as security for the payment of a debt.

Deferred Payment Loan
A loan upon which the borrower is not required to pay interest or principal until death or prior sale of the home.

Interest Only or Nonrepayable Loan
A loan upon which the borrower is required to pay current interest charges but may defer principal payments until death or prior sale of the home.

Rising Debt Loan
A loan whose outstanding balance increases over time.

Reverse Annuity Mortgage (RAM)
Any reverse annuity purchased with the proceeds of an interest only loan.

Fixed Debt RAM
A reverse annuity mortgage that involves an interest only loan of fixed amount.

Rising Debt RAM
A reverse annuity mortgage that involves an interest only loan on which the loan balance rises until
repayment upon death of the borrower or prior sale of the home.

**Limited Rising Debt RAM**

A reverse annuity mortgage that involves an interest only loan on which the balance rises for a specified period and is level thereafter.

**Reverse Insurance**

A reverse annuity mortgage offered by a single life insurance company.

**Individual Reverse Mortgage Account (IRMA)**

A reverse mortgage that guarantees income to age 100.

**Reverse Mortgage**

A deferred payment or interest only loan or a series of such loans for which a home is pledged as security.

**Split Equity**

The division of homeownership rights into parts—for example, (1) the right to lifetime residency (i.e., a life estate) and (2) the right to occupy and/or sell the home and receive all proceeds after the life estate has ended (i.e., a remainder interest).

**Split Equity Reverse Annuity**

Any reverse annuity in which homeownership rights are divided into parts.
Sale Leaseback

The sale of a home to a buyer who immediately leases it back to the seller.

Reverse-Shared-Appreciation Mortgage

A new approach to home equity conversion. RSAM is a mortgage loan to an elderly homeowner, paid out in monthly installments at a below-market rate, in exchange for a share in the appreciation of the home over the life of the contract. The loan balance, including accrued interest plus the lender's share of appreciation, is due on the sale of the property or the death of the homeowner.
FIGURE 11

STANDARD METROPOLITAN STATISTICAL AREA
## Range of Property Values

<table>
<thead>
<tr>
<th>PROPERTY VALUE</th>
<th>VALUE RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>LESS THAN $ 5,000</td>
</tr>
<tr>
<td>02</td>
<td>$ 5,000 - $ 7,499</td>
</tr>
<tr>
<td>03</td>
<td>$ 7,500 - $ 9,999</td>
</tr>
<tr>
<td>04</td>
<td>$10,000 - $12,499</td>
</tr>
<tr>
<td>05</td>
<td>$12,500 - $14,999</td>
</tr>
<tr>
<td>06</td>
<td>$15,000 - $17,499</td>
</tr>
<tr>
<td>07</td>
<td>$17,500 - $19,999</td>
</tr>
<tr>
<td>08</td>
<td>$20,000 - $22,499</td>
</tr>
<tr>
<td>09</td>
<td>$22,500 - $24,999</td>
</tr>
<tr>
<td>10</td>
<td>$25,000 - $27,499</td>
</tr>
<tr>
<td>11</td>
<td>$27,500 - $29,999</td>
</tr>
<tr>
<td>12</td>
<td>$30,000 - $34,999</td>
</tr>
<tr>
<td>13</td>
<td>$35,000 - $39,999</td>
</tr>
<tr>
<td>14</td>
<td>$40,000 - $44,999</td>
</tr>
<tr>
<td>15</td>
<td>$45,000 - $49,999</td>
</tr>
<tr>
<td>16</td>
<td>$50,000 - $54,999</td>
</tr>
<tr>
<td>17</td>
<td>$55,000 - $59,999</td>
</tr>
<tr>
<td>18</td>
<td>$60,000 - $64,999</td>
</tr>
<tr>
<td>19</td>
<td>$65,000 - $69,999</td>
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<td>20</td>
<td>$70,000 - $74,999</td>
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<td>21</td>
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<td>22</td>
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<tr>
<td>25</td>
<td>$125,000 - $149,999</td>
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<tr>
<td>26</td>
<td>$150,000 - $174,999</td>
</tr>
<tr>
<td>27</td>
<td>$200,000 - $224,999</td>
</tr>
<tr>
<td>28</td>
<td>$250,000 - $299,999</td>
</tr>
<tr>
<td>29</td>
<td>$300,000 OR MORE</td>
</tr>
<tr>
<td>99</td>
<td>OUT OF UNIVERSE</td>
</tr>
</tbody>
</table>
### TABLE 27

Projected Numbers and Percentages of People 65 and Over, 1980-2050

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population (000)</th>
<th>Population 65+ (000)</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>226,505</td>
<td>25,544</td>
<td>11.3</td>
</tr>
<tr>
<td>1985</td>
<td>238,648</td>
<td>28,673</td>
<td>12.0</td>
</tr>
<tr>
<td>1990</td>
<td>249,731</td>
<td>31,799</td>
<td>12.7</td>
</tr>
<tr>
<td>1995</td>
<td>259,631</td>
<td>34,006</td>
<td>13.1</td>
</tr>
<tr>
<td>2000</td>
<td>267,890</td>
<td>35,036</td>
<td>13.1</td>
</tr>
<tr>
<td>2025</td>
<td>301,022</td>
<td>58,636</td>
<td>19.5</td>
</tr>
<tr>
<td>2050</td>
<td>308,856</td>
<td>67,060</td>
<td>21.7</td>
</tr>
</tbody>
</table>


*Census data.

Projections based on Series II assumptions.
### TABLE 28

Determinants of older homeowner interest in equity conversion plans—Wisconsin, 1980.

<table>
<thead>
<tr>
<th>Determinants</th>
<th>More Likely to be Interested if</th>
<th>Nondeterminants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital status</td>
<td>Married</td>
<td>Assets</td>
</tr>
<tr>
<td>Sex</td>
<td>Male</td>
<td>Home value</td>
</tr>
<tr>
<td>Age</td>
<td>Less than 75 years of age</td>
<td>Years in home</td>
</tr>
<tr>
<td>Education</td>
<td>More than eight years of schooling</td>
<td>Number of children</td>
</tr>
<tr>
<td>Income</td>
<td>Income over $5,000</td>
<td>Size of community</td>
</tr>
<tr>
<td>Persons in home</td>
<td>More persons in home</td>
<td>Property taxes</td>
</tr>
<tr>
<td>Home repairs</td>
<td>Postponed due to cost</td>
<td>Need to use savings</td>
</tr>
<tr>
<td>Large/emergency expenses</td>
<td>Have trouble paying for</td>
<td></td>
</tr>
<tr>
<td>Attitude toward debt</td>
<td>Prefer loan to getting by on less</td>
<td></td>
</tr>
<tr>
<td>Attitude toward leaving estate</td>
<td>Prefer better standard of living now</td>
<td></td>
</tr>
<tr>
<td>Prior awareness</td>
<td>Had heard of plans</td>
<td></td>
</tr>
<tr>
<td>Source of advice</td>
<td>Rely on professionals rather than children</td>
<td></td>
</tr>
</tbody>
</table>

Source: Wisconsin Older Homeowner Survey.
TABLE 29

Years of Life Expectancy at Various Elderly Ages, 1900-02 and 1980

<table>
<thead>
<tr>
<th>Year and Age</th>
<th>White Male</th>
<th>White Female</th>
<th>Black Male</th>
<th>Black Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900-02</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65</td>
<td>11.5</td>
<td>12.2</td>
<td>10.4</td>
<td>11.4</td>
</tr>
<tr>
<td>70</td>
<td>9.0</td>
<td>9.6</td>
<td>8.3</td>
<td>9.6</td>
</tr>
<tr>
<td>75</td>
<td>6.8</td>
<td>7.3</td>
<td>6.6</td>
<td>7.9</td>
</tr>
<tr>
<td>80</td>
<td>5.1</td>
<td>5.5</td>
<td>5.1</td>
<td>6.5</td>
</tr>
<tr>
<td>85</td>
<td>3.8</td>
<td>4.1</td>
<td>4.0</td>
<td>5.1</td>
</tr>
<tr>
<td>1980</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65</td>
<td>14.2</td>
<td>18.5</td>
<td>13.5</td>
<td>17.3</td>
</tr>
<tr>
<td>70</td>
<td>11.3</td>
<td>14.8</td>
<td>11.1</td>
<td>14.2</td>
</tr>
<tr>
<td>75</td>
<td>8.8</td>
<td>11.5</td>
<td>8.9</td>
<td>11.4</td>
</tr>
<tr>
<td>80</td>
<td>6.7</td>
<td>8.6</td>
<td>6.9</td>
<td>9.0</td>
</tr>
<tr>
<td>85</td>
<td>5.0</td>
<td>6.3</td>
<td>5.3</td>
<td>7.0</td>
</tr>
</tbody>
</table>


Death-registration states only.
### TABLE 30

Median and Relative Income of Persons, by Age and Sex, 1980

<table>
<thead>
<tr>
<th>Age</th>
<th>Median Income (Dollars)</th>
<th>Per Cent of Median</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Both Sexes</td>
<td>Male</td>
</tr>
<tr>
<td>15+</td>
<td>7,944</td>
<td>12,530</td>
</tr>
<tr>
<td>15-19</td>
<td>1,736</td>
<td>1,801</td>
</tr>
<tr>
<td>20-24</td>
<td>6,612</td>
<td>7,923</td>
</tr>
<tr>
<td>25-34</td>
<td>11,173</td>
<td>15,580</td>
</tr>
<tr>
<td>35-44</td>
<td>12,254</td>
<td>20,037</td>
</tr>
<tr>
<td>45-54</td>
<td>11,927</td>
<td>19,974</td>
</tr>
<tr>
<td>55-64</td>
<td>9,420</td>
<td>15,914</td>
</tr>
<tr>
<td>65-69</td>
<td>6,150</td>
<td>8,953</td>
</tr>
<tr>
<td>70+</td>
<td>4,872</td>
<td>6,545</td>
</tr>
</tbody>
</table>