

What do seniors spend on housing?

by Warren Clark

Canada's senior population has grown rapidly over the past three decades, from 1.8 million in 1971 to 4.1 million in 2004. By 2026, the number of seniors is expected to reach about 7.8 million and will represent 21% of the population. Today's seniors are living longer and healthier lives than those of earlier generations, and technological and medical advances are allowing them to live on their own for longer periods. Nonetheless, age brings limitations that affect where, how and with whom people live. One of the concerns that seniors may face is affordable housing. This may be a particular concern for those seniors who lose a spouse and are faced with reduced household income while shelter costs remain unchanged.

Using data from the 2001 Census of Population and the 2002 General Social Survey (GSS) this article looks at who seniors live with and the affordability of their homes.

Where do seniors live?

According to the 2001 Census, while the vast majority of seniors aged 65 and over live in private households (93%), the remaining 7% reside in collective dwellings (primarily healthcare institutions such as nursing homes and hospitals). Institutional residency is age-related, increasing from 2% among seniors aged 65 to 74 to 32% among those aged 85 and over. Since the early



CST What you should know about this study

For the purposes of this article "seniors" refers to the population aged 65 and over. Housing affordability problems refer to those households where 30% or more of household income is spent on shelter costs including rent, electricity, heating fuel, water or other municipal services, mortgage or loan payments for the dwelling, property taxes and condominium fees. If a senior lives in one of these households then they are said to have a housing affordability problem. Data used to analyze housing affordability of seniors exclude farm, band, and reserve households; households with incomes of zero or less; and households whose shelter costs equal or exceed household income. Data for this article come from the 2001 Census of Population and the 2002 General Social Survey (GSS).

The 2002 GSS is a telephone survey covering the population in the 10 provinces who have land telephone lines, primarily private households. This survey focused on aging and social support. Approximately 25,000 respondents were randomly selected from a list of individuals aged 45 and over based on a sample frame from the Canadian Community Health Survey. Data were collected over an 11-month period from February to December 2002.

1980s, the rate of institutionalization of seniors has declined, as home-care programs and community support have enabled them to stay in their homes longer.

Data from the 2001 Census show that about 69% of seniors who live in private dwellings live in houses, 29% in apartment buildings and 1% in mobile homes. As seniors age,

however, their housing preferences shift towards apartments (both rental and condominium). By age 85 and over, the percentage of private householders who live in houses dips to 58%, while the share of those in apartments rises to 41%. This shift in housing preferences may be related to home downsizing because of the loss of a spouse, the desire to do less maintenance or to pay lower shelter costs, or the need for improved accessibility to accommodate activity limitations. Despite this trend, selling the family home seems to be the exception rather than the rule for most seniors; overall, they are far less likely to move than younger adults.

Nearly half of seniors live with their spouse

Health status and the ability to do everyday tasks play a central role in the living arrangement options of older people.¹ According to the 2001 Census, 45% of seniors lived only with a spouse or common-law partner, 27% lived alone, 18% resided with their children or grandchildren (with or without their spouse present), 7% were in an institution and 3% lived with others (relatives or non-relatives).

Seniors share housing with their children for different reasons. Sometimes they move in with their children for help and support after the death of their spouse, because of failing health or the loss of a driver's license. In other cases, the care receiver-caregiver relationship may be reversed, with the senior providing care to a child or grandchild. In addition, co-residence may be influenced by the children's economic need rather than their parents' declining health and resulting need for care. In fact, of all seniors living with their adult children, over half (53%) were in households where a senior was the sole maintainer of the household, whereas about one-quarter (28%) were in households where an adult child was the sole maintainer.

Yet, some groups of seniors were more likely than other groups to

live with their children. In 2001, immigrants (29%), visible minorities (56%), and seniors living in large cities (24%) were more likely to live with their children than the Canadian-born (13%), those not in a visible minority group (16%) and seniors living in small urban communities with between 10,000 and 25,000 people (12%). Also, those seniors from the bottom income quintile,² excluding institutionalized seniors, were more likely to live with their children than those from the top income quintile (21% versus 14%).

The living arrangements of seniors have changed somewhat over the past 20 years. The percentage of seniors living alone and the percentage

living with a spouse have increased while the percentage living with their children has remained almost the same. As the gap between men's and women's life expectancies narrows, more seniors may have a spouse present, a key factor in being able to continue living in conventional housing as spouses provide support to each other. Meanwhile, the percentage of seniors in institutions has declined.

Most research shows that older persons with higher incomes are more likely to live independently, suggesting that privacy and independence are "purchased" by those who can afford to do so. According to the 2002 GSS, 86% of widows with higher

GST	Widows and widowers with higher income and fewer children are more likely to live alone	
	% living alone	
	Widows	Widowers
Total	77	72
Age		
65-74	76	66
75-84	78	77
85 and over	73	71
Personal income		
Less than \$20,000	72	68
\$20,000-\$39,999	83	85
\$40,000 and over	86	76
Self-assessed health		
Excellent	83	85
Very good	81	75
Good	80	74
Fair	79	75
Poor	67	F
Number of living children		
0	91	95
1	83	87
2	83	82
3	81	74
4	79	69
5	78	67
6 or more	72	67

F Too unreliable to be published.
Source: Statistics Canada, General Social Survey, 2002.

incomes lived alone compared with 72% of those with lower incomes. The presence of adult children and seniors' health status also influence living arrangements. Those with many adult children, for example, are less likely to live alone than those with few children, and those in poor health are less likely to live alone than those in excellent health. Most seniors prefer independent living in their family home but for some, living with their children or others may be an economic necessity or part of their cultural tradition.

Housing affordability problems increased for lower income seniors between 1981 and 2001

Although few seniors move for financial reasons, a considerable number still feel the strain of paying shelter costs³ on a limited income. One measure used in housing research to gauge housing affordability is the ratio of shelter costs to gross

household income. In this article, households are considered to have housing affordability problems if 30% or more of their before-tax household income is spent on shelter. However, it is possible that these households could have found other "acceptable housing"⁴ in their local area, but for whatever reason they chose to stay where they were.

In 2001, about 640,000 seniors (18%) had housing affordability problems. While the average household incomes of seniors increased by 20% between 1980 and 2000 in constant dollars, the prevalence of affordability problems for seniors changed only slightly: from 17% to 18% over the same period. Although this was a very small shift overall, affordability problems grew for those seniors in the lowest household income quintile, from 45% in 1981 to 52% in 2001, with nearly all of this change occurring after 1991. Seniors in higher income

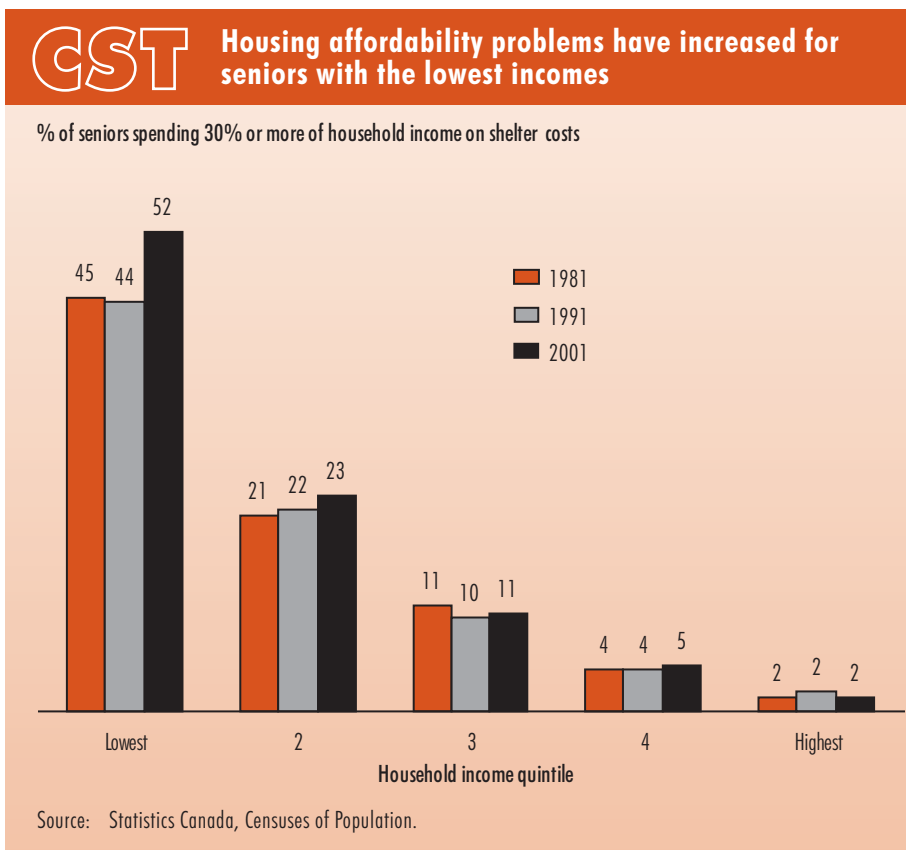
households were less likely to have housing affordability problems and experienced little change between 1981 and 2001.

Not surprisingly affordability problems were linked to living arrangements of seniors. Seniors who lived alone were most likely to have housing affordability problems (38%), followed by seniors living with others (12%), senior couples (10%) and those living with their children (10%). Lone seniors have lower household incomes and are more likely to be older than senior couples, circumstances that contribute to the disparity in affordability problems. Affordability problems for lone seniors have grown from 35% in 1981.

Housing affordability problems were more likely not only among seniors living alone but also among senior renters, residents of large cities,⁵ women, those over age 85, visible minorities and recent immigrants. The affordability problems of senior renters were linked to living alone as over half were in this situation.

Seniors living alone in large cities were more likely to rent (55%) than those in rural and small town (RST) Canada (31%).⁶ And senior renters living alone were the most likely group to experience housing affordability problems (61% in large cities and 49% in RST Canada). In contrast, only 21% of senior homeowners living alone had housing affordability problems (29% in large cities and 14% in RST Canada). Senior renters living with their spouse were much less likely to have affordability problems (28%).

When one spouse dies, household income usually declines. Although shelter costs may not change much, a larger percentage of household income is spent on these expenditures because of the loss of income. In 2000, household income for senior couples averaged \$51,000 compared with \$23,000 for widows living alone.



Seniors aged 65 and over

Characteristics of seniors	% with housing affordability problem ¹	Average monthly shelter cost (2001 \$)	Average household income in the previous year ('000s of 2001 \$)
Historical data			
1981	17	439	39.8
1986	17	445	41.1
1991	16	486	45.7
1996	18	503	44.2
2001	18	535	47.7
2001			
Men	14	537	52.2
Women	22	534	44.1
Age			
65-74	16	545	50.8
75-84	20	517	44.1
85 and over	27	541	40.2
Living arrangement			
Alone	38	457	24.5
Spouse only	10	502	50.9
Children	10	730	73.5
Others	12	597	55.2
Tenure			
Owned	10	510	53.1
Rented	44	615	30.8
Size of community			
Rural and small town ²	12	373	36.8
10,000-24,999	16	429	39.1
25,000-249,999	18	468	41.8
250,000-999,999	19	547	49.4
1,000,000 and over	23	676	57.4
Visible minority			
Yes	22	863	68.0
No	18	510	46.1
Immigration status			
Immigrants	20	643	55.2
Recent immigrants	24	1,046	71.4
Canadian-born	19	491	44.6

Note: Shelter costs include rent, electricity, heating fuel, water or other municipal services, mortgage or loan payments for the dwelling, property taxes and condominium fees.

1. Percent of seniors living in households who spent 30% or more of their before-tax household income on shelter costs.
2. "Rural and small town" (RST) refers to the population living outside the commuting zone of larger urban centres—specifically, outside census metropolitan areas (CMAs) and census agglomerations (CAs). RST includes all municipalities with urban populations of 1,000 to 9,999 and rural areas, where less than 50% of the employed individuals commute to the urban core of a CMA/CA.

Source: Statistics Canada, Censuses of Population.

Women have higher life expectancy than men and tend to be younger than their spouse. As a result, they are more likely to find themselves living alone in their senior years. Because senior women on average also had weaker attachment to the labour force during their working lives, their pension incomes are lower. It is therefore not surprising that senior women are more likely to experience housing affordability problems than men (22% versus 14%).

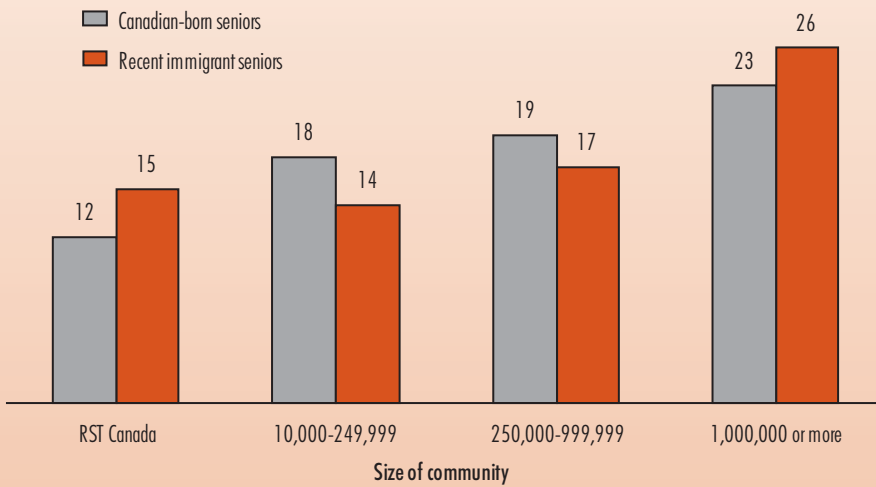
Seniors in large cities are more likely to have affordability problems than those in small communities

Seniors living in large cities usually have higher shelter costs and higher average household incomes than those living in smaller cities and rural areas. In large cities, 23% of seniors had housing affordability problems compared with 12% of seniors living in rural and small town Canada. This difference is associated with the higher cost of housing in large cities. In 2001, seniors in large cities had about 80% higher shelter costs than those who lived in RST Canada.

Seniors in visible minority groups and recent immigrants are more likely to have housing affordability problems

Seniors who are visible minorities or recent immigrants⁷ were more likely to live in housing that exceeded the housing affordability benchmark than seniors who were not in a visible minority group or who were Canadian-born. This is partly because two-thirds of visible minority and recent immigrant seniors are concentrated in Toronto and Vancouver where shelter costs are very high. Removing the effect of community size, recent immigrants and visible minority seniors are almost equally likely to have affordability problems as Canadian-born and non-visible minority seniors.

% of seniors spending 30% or more of household income on shelter costs



Note: RST Canada refers to the population living outside the commuting zone of larger urban centres—specifically, outside census metropolitan areas (CMAs) and census agglomerations (CAs). RST includes all municipalities with urban populations of 1,000 to 9,999 and rural areas, where less than 50% of the employed individuals commute to the urban core of a CMA/CA.

Source: Statistics Canada, Census of Population, 2001.

Visible minority seniors and recent immigrant seniors were also more likely to experience crowding⁸ and, as noted earlier, were more likely to live with their children, especially those living in large cities. The high shelter costs in the large cities where visible minorities and recent immigrants are concentrated may contribute to crowding. Those visible minority and recent immigrant seniors living in smaller communities are less likely to have affordability problems and crowding than those living in large cities.

High-priced homes add to affordability issues

Although senior homeowners are less likely to have housing affordability problems than senior renters, about 1 in 10 had an affordability problem. However, many experiencing such problems had much wealth locked up in their homes. In fact, according to the 2001 Census, 21% of senior homeowners with affordability problems had homes valued in the top quarter of homes in their neighbourhood.⁹ Those who owned valuable homes had, on average,

higher household incomes and also higher shelter costs, but those with homes valued at \$400,000 and more were more likely to have housing affordability problems than those with homes valued at less than \$100,000 (12% versus 9%). This is not surprising, as those with high value homes are more likely to live in large cities where shelter costs are higher and to pay higher property taxes, heating, electricity and fees for municipal services.

Interestingly, those seniors who owned high-value homes were equally likely to have housing affordability problems regardless of the size of the community they lived in. In contrast, those seniors with low-value homes (less than \$100,000) were about twice as likely to have affordability problems if they lived in a large city (14%) than in RST Canada (7%).

Summary

The majority of seniors live in houses, but as they age their preference shifts towards apartments. Most seniors live with a spouse, but as they grow older, larger and larger proportions, especially of women, live alone. Ultimately, health problems, death of a spouse, or the difficulties of maintaining a large house may encourage them to move elsewhere. Sometimes that may mean moving in with a son or daughter or vice versa. However, housing affordability problems exist for many seniors, especially for those living alone, renters and seniors living in large cities.



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1. Mutchler, J.E. and J.A. Burr. 2003. "Living arrangements among older persons— A multilevel analysis of housing market effects" *Research on Aging* 24, 6: 531-558.
2. Seniors were divided into five groups or quintiles based on their personal income. Each quintile represents one-fifth of all seniors. Quintiles are created by ranking seniors in ascending order of income and partitioning the seniors into five groups such that the estimated number in each group is the same.
3. Shelter costs include rent, electricity, heating fuel, water or other municipal services, mortgage or loan payments for the dwelling, property taxes and condominium fees.
4. Canada Mortgage and Housing Corporation (CMHC) uses the term "acceptable housing" to refer to housing that is in adequate condition (does not require major repairs), is of suitable size and is affordable (costing less than 30% of before-tax household income). A household is said to be in "core housing need" if its housing falls below at least one of these standards and if it would have to spend 30% or more of its before-tax income to pay the median rent of alternative local housing that meets all three standards. In 2001, 20% of households did not meet the affordability

standard (i.e. paid 30% or more of their before-tax household income on shelter costs) and of these about 7 in 10 were in core housing need. See CMHC. 2004. "The adequacy, suitability and affordability of Canadian housing." *Socio-economic Series* 04-007.

5. Includes census metropolitan areas (CMAs) with populations of 1 million or more people in 2001. This includes the CMAs of Toronto, Montréal, Vancouver and Ottawa-Gatineau.
6. "Rural and small town" (RST) refers to the population living outside the commuting zone of larger urban centres – specifically, outside census metropolitan areas and census agglomerations (CAs). RST includes all municipalities with urban populations of 1,000 to 9,999 and rural areas where less than 50% of the employed individuals commute to the urban core of a CMA or a CA.
7. Recent immigrants are those who arrived in Canada between 1996 and 2001.
8. The dwelling does not have enough bedrooms for the size and make-up of the occupying household.
9. Neighbourhoods refer to census tracts for large CMAs and CAs and to census subdivisions for untraced smaller CAs. Census tracts have populations of about 5,000 people.

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