



# Senior Homeowner Initiative: Key Findings

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## OVERVIEW

As the Senior Homeowner Initiative enters its fifth year, the Center for NYC Neighborhoods is focused on determining the major challenges facing the city's low- to middle-income (LMI) senior homeowners; assessing whether the program is still meeting the needs of this growing demographic; and identifying what service gaps still exist. The findings of this report are based on feedback from a focus group and one-on-one interviews with seniors.

In addition to the challenges they face as homeowners, we also wanted to discover who seniors turn to for trusted advice and resources as well as where they go to obtain guidance about housing issues. We also wanted to learn what homeownership means to them and why they value it.

## METHODOLOGY

On April 17, 2019, the Center partnered with JASA- Legal Services for the Elderly in Queens to host a focus group consisting of eight homeowners ages 64 to 82 from various neighborhoods in Queens. The City Bar Justice Center also connected the Center with three senior homeowners of various ages living in Brooklyn, the Bronx, and Queens for one-on-one phone interviews. A total of four men and seven women representing various ethnicities participated. The responses are not for general public use. However, some have consented to being publicly identified and have their stories told for advocacy and funding purposes if necessary.

Questions fell into the following four categories: (1) trusted sources for homeowner issues, (2) finances, (3) repairs and mobility, and (4) the value and meaning of homeownership.

## FINDINGS

- I. Trusted Sources (in order of most to least mentioned)
  - A. **Friends, family, and neighbors:** An overwhelming majority turn to friends, family, and neighbors as their top source for advice, referrals, and guidance on homeownership issues. Word of mouth is the most powerful connector to resources and services.
  - B. **Community institutions:** Churches, senior centers, and community boards are popular sources to learn about resources and programs.
  - C. **Government:** Elected officials' constituency offices, 311, our partners, and other city agencies are also considered trustworthy sources.

- D. **Other:** Utility companies and bar associations were also mentioned by two to three participants. Companies like ConEd have recommended resources to people who request payment plans.
- E. **Method of selecting a service:** To find the best contractor for services such as repairs, many get advice and referrals from trusted sources, then compare the estimates with others they find online, ones they used in the past, and through other means. Some reach out to people they know with relevant expertise, such as a family member who works in construction. To find the most affordable but dependable contractor or services, some often go with those that have personal connections such as friends and family members.

## II. Challenges

### A. Affordability

#### 1. Retirement and fixed income:

- a) Participants who are retired all mention the difficulty of owning a home while living on a fixed income. Those who are still working beyond retirement age are doing so not by choice but by necessity so that they can afford their living expenses. One participant who recently retired and has a spouse retiring soon is worried that they may have a hard time with living costs once that spouse retires. Those who are retired would like to get additional income or work part time to **supplement their fixed income**, but worry that the extra income would jeopardize their Social Security income.
- b) Some are also still **supporting other family members**, and may rely on the income derived from caring for other family members to make ends meet. One is even caring for the children of his deceased friend.
- c) For those who have resolved their foreclosures through loan modifications, they are seeing their payments increase after a number of years due to the **step-up of interest rates** through programs like HAMP. As many of them have very little disposable income, an increase in housing payments may lead them to re-default.

#### 2. Rising living costs:

- a) Many mention the rise of property values making their taxes and mortgages more costly and less affordable. Some mentioned that **housing costs account for more than half to 80% of their total income**, even with appropriate tax exemptions in place.
- b) Others mention the medical costs and out-of-pocket medical expenses that also eat up their incomes.

- c) Most juggle their finances carefully and often incur debt in order to pay bills. One participant uses her credit cards to pay her living expenses and pays the minimum installments each time, resulting in **increased credit card debt** and interest charges. Others borrow from friends and family, but have difficulty paying them back or do not know when they will be able to do so. They also typically prefer to pay over the phone or at the store so that they can **negotiate a late payment or an extension**. Couponing is also another common cost-saving strategy.
- d) Those who have older houses with more space complained of **high utility bills** and may confine themselves to a smaller space within the house to use less heat and/or electricity.
- e) Some admit that they have skipped meals to pay bills, and others depend on the inexpensive meals (\$1.50-2) offered at senior centers to save costs. One participant mentioned not taking necessary medications and skipping out on medical appointments to get by. This indicates that these seniors sometimes **prioritize fiscal obligations over their health**.
- f) A common reason for falling behind on housing payments is the death of or separation from a family member who contributed income. The loss of an income stream left many to deal with a **crisis budget**.

### 3. Costly repairs

- a) Most participants have owned their homes for decades, or took over the home from their parents. These properties have aged considerably and require renovations and repairs.
- b) Almost all participants noted that their properties need repairs that they can't afford to make. Some require serious repairs and **live in conditions that are unsafe and may be hazardous**, such as roof leaks, mold, and electrical issues.
- c) Participants generally try to do minor repairs themselves, and some take pride in being able to do them at their age. For those who are in more financial difficulty, doing **makeshift and superficial repairs** (plastering leaky pipes, painting) is common instead of fixing the underlying issue. To save money, many rely on friends, family, and fellow church members to do repairs, even while knowing that some of them do not have the expertise to do full or quality repair work.
- d) Some **prioritize repairing external or publicly visible parts** of the property, even if they pose less of a hazard than interior repairs because they take pride in owning a home and do not want to give the impression that they cannot take care of their house.
- e) Most complain that contractors inflate prices and material costs, and that **searching for a reliable and quality contractor is difficult**. They observed that contractors are less trustworthy and dependable today than they were in the past. They reported needing to weed through

contractors more carefully, and some are unaware of the difference between licensed and unlicensed contractors. One mentioned needing to have a flexible contractor who will let customers pay in installments. Another mentioned paying a large amount to a contractor only to have the work redone due to the poor quality of the contractor's work.

- f) The focus group found that **repair programs are too inflexible** when it comes to outstanding liens, title issues, and tax and mortgage defaults. Repairs increase the value of the home and repair liens from these programs attaches to the property, which typically get resolved or paid before a transfer or sale. Whether or not the owner is in default is of little importance.

#### B. Tenant issues

1. Those who receive rental income complain about bad tenants. All have experienced **nonpayment of rent and destruction of property**, and many worried about the burden of bringing an eviction proceeding. As they rely on their rental income to pay their mortgage or property tax, non-paying tenants typically lead to a default or foreclosure.
2. Many expressed the need for **small landlord education**, especially when it comes to rights and screening for quality tenants.

#### C. Scams and solicitations

1. Many homeowners in New York City are experiencing a stable and sometimes steep rise in property values, which not only increases property taxes but also the property's value as a good investment. Consequently, most participants are regularly solicited by investors, scammers, and real estate professionals to sell their properties. These solicitations can come in the form of repeated phone calls, letters, and the occasional in-person solicitation. The **frequency and aggression of these solicitations increase** when the homeowner's default or foreclosure becomes public record, necessitating most to screen their calls that can result in missing important calls or a delay in responding. This environment creates an added stress to an already anxious senior homeowner.
2. Scammers also target seniors and, particularly senior homeowners who have mortgage-free properties but are cash-strapped. Some participants are fighting **partition and deed theft scams**, and most see suspicious mailers that look official. At least three participants were scammed by family members and another by an unscrupulous attorney.

#### D. Mobility, safety, and health

1. Living in the outer boroughs, at least half of the participants are **car owners** and prefer the convenience of driving to run errands, commute to work, and to attend medical appointments. They find that the insurance, car payments, parking fees, and car maintenance costs are worthwhile so that they are able to get around. A couple mentioned the horrors of using Access-A-Ride, where the ride arrived hours late or did not come at all.
2. Many who have retired complained about the difficulty of navigating the health insurance and benefits options and processes, such as Medicare and Medicaid. Those who have insurance coverage noticed that **out-of-pocket medical expenses are rising** and are worried about being able to afford medical expenses going forward as they age.
3. Those whose homes need major repairs have expressed **concern over their safety**. However, one participant mentioned that she was too embarrassed to tell anyone about it.
4. When considering the need to have a roommate to increase income, some worry about whether or not they would feel safe with a stranger living with them.
5. Others who entertain the option of relocating to a more affordable neighborhood question whether or not they would be able to get around safely.

III. Value and meaning of homeownership (in order of most to least mentioned)

- A. Even with the hardships they experienced from owning a home, all participants are generally grateful and proud to be homeowners. What they value the most is that owning their own homes gives them **peace of mind and a sense of security** as they age. Not being beholden to landlords and knowing that they independently own a valuable asset makes them feel secure and independent. There is a strong sense of pride and accomplishment in being able to own a home and giving their families more financial security. That pride can be evidenced in the way some participants prioritize aesthetic or outside improvements over necessary internal improvements that affect their health and safety. Having more privacy also adds to their peace of mind.
- B. Another value for homeownership is the **investment** factor. Those who have families purchased their homes to give their children their own private space and an asset for their future, thereby creating or enhancing inter-generational wealth. Those without children purchased their homes as a financial investment, or took over the house from their parents to realize that inter-generational investment. They mentioned the tension between converting the equity or value of the property into actual cash while keeping the property for future generations.

- C. An important value that some participants mentioned is the **sense of community** when they put down roots in a neighborhood (which also relates back to investment in that they are investing in their communities). All the participants have lived in their homes for decades, with some inheriting them from their parents. The ease of getting around in a familiar neighborhood and knowing neighbors and other community members becomes more important as they age and become less mobile. All participants enjoyed the community aspect of being a long-time stakeholder in their neighborhoods, and some are unwilling to move out of their homes because they want or need to stay in their neighborhoods.
- D. Some also mentioned that their house represents a physical connection to their past, creating a strong **emotional attachment** to the actual property. They like living in a house where they grew up or where their children grew up, and they can see things that remind them of the past. This nostalgic element may make it difficult for seniors and other homeowners to let go of the house even if it hurts them more financially to keep the house.

## RECOMMENDATIONS

The following are ideas derived from the findings and direct suggestions from focus group members:

- A. Create or increase awareness of programs that educate senior homeowners on:
  - 1. Estate planning options, processes, and limitations, also covering whether or not it's best to sell the home or keep it for the next generation based on the homeowner's goals and financial situation, and dealing with co-owners within the family.
  - 2. Techniques and a plan for homeowners who are about to retire so they can afford to keep their homes and pay for living expenses after retirement, including ideas for self-employment and supplemental income, budgeting without incurring fees or more debt, cost-saving tips, and getting over the shame to ask for free help or resources.
  - 3. Understanding reverse mortgages and their risks.
  - 4. The rights and obligations of being a small landlord, including how to properly screen for potential tenants and how to evict bad tenants. Currently, the few courses available such as HPD's [Property Management Classes](#) are not well-known.
  - 5. The different types of scams affecting senior homeowners and what they can do to prevent or mitigate scams, such as deed theft, contractors overcharging or doing shoddy work, and estate issues and financial abuse by family members.

6. Coordinating fixed income benefits with earned income to maximize all income sources and possibilities, such as how to receive full Social Security benefits while working, how to best utilize caregiver income from sources like Medicaid when caring for another person(s), and self-employment possibilities after retirement.

B. Promote or advertise the following tools and resources:

1. The Dept. of Consumer Affairs' licensed contractor lookup web tool.
2. Financial counseling targeting seniors transitioning into retirement.
3. The local bar association's help or referral line to find more professional and trustworthy attorneys, and to connect to legal services.
4. A management company servicing small landlords.
5. Caregiver resources and programs, as many seniors are also caregivers.
6. Case management for navigating Medicare and Medicaid.

C. Concentrate outreach to senior homeowners in the following manner:

1. Explicitly encouraging word-of-mouth referrals about resources and programs through current and past clients, community leaders, and events.
2. Present on programs and resources at senior centers, community board meetings, and church events.
3. Connect and create referral lines with utility companies and unions.
4. Create or participate in support or affinity groups for homeowners experiencing financial issues and foreclosures as most focus group participants found the group sharing experience to be cathartic and educational. These groups can be divided by other areas of interest such as small landlords, reverse mortgages, and health benefits.
5. Proactively reach out to seniors before they stop working, as many can't afford to retire comfortably and may not realize they need to continue to earn a higher income.

D. Advocate for reform on the following programs:

1. More flexible repair programs where the program requirements take into account the challenges that seniors face with affordability and clearing title. For instance, repair programs should have the flexibility to permit seniors in mortgage or debt default to receive repairs, as a lien will be placed on the

property and will be dealt with if the property is sold or foreclosed on. Also, advocate for programs that address health and safety repair issues, as those become barriers for other types of repair programs such as weatherization.

2. More transparency of loss mitigation options and guidelines, and enhanced education on loss mitigation processes and options.

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