



# **The Elderly Population in Hawaii**

: Current Living Circumstances and Housing Options

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Research and Economic Analysis Division

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STATE OF HAWAII



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## Table of Contents

1. Introduction	1
2. Elderly population in Hawaii	1
Growth of the elderly population	1
Aging within the elderly population	3
3. Housing characteristics of the elderly in Hawaii	4
Households with an elderly person	4
Homeownership and housing cost burden of elderly householders	4
Living arrangements for the elderly	6
4. Elderly population living in poverty	8
5. Housing options available to the elderly	11
Aging in place	11
- Affordable rental housing for the elderly	11
- Elder care at home	12
Living with assistance	13
- Assisted living facilities	13
- Adult residential care homes	13
- Skilled nursing facilities	14
Cost of living with assistance	14
- Medicare and Medicaid	15
6. Concluding remarks	16

### **List of Tables**

Table 1.	Households and population in Hawaii in 2020	2
Table 2.	Population at age 85 and over (% of the 65-and-over population)	3
Table 3.	Housing cost burden of elderly householders, 2015-2019 average	5
Table 4.	Elderly population by household type and by county, 2015-2019 average	7
Table 5.	Percentage of renters among the elderly by county, 2015-2019 average	8
Table 6.	Estimates of people living in poverty in 2020 for selected elderly groups	9
Table 7.	Poverty rates by different measure, 2017-2019 average	10
Table 8.	Median owner cost and median gross rent, 2019	10
Table 9.	Affordable rental housing units, 2021	12
Table 10.	Capacity of elderly living with assistance facilities, 2020-2021	14
Table 11.	Cost of assisted living and skilled nursing facilities for the elderly, 2020-2021	15

### **List of Figures**

Figure 1.	Growth of elderly population in Hawaii: history and projection	2
Figure 2.	People with a disability in Hawaii (% of total population in the age group)	3
Figure 3.	Households with at least one person at age 65 and over	4
Figure 4.	Homeownership by the age of the householder, 2015-2019 average	5
Figure 5.	Elderly population by household type and by position in the household, 2015-2019 average	6
Figure 6.	Poverty rates of selected elderly groups in Hawaii, 2015-2019	9

## 1. Introduction

We are living in the era of rapid change in the population structure which affects people of all ages. In Hawaii, almost one in five persons is now at age 65 or older and more than a third of all households has at least one person at age 65 or older in their household. The elderly population is expected to continue increasing at a much faster rate than the overall population until 2030, when all baby boomers will be 65 or older.

The rapid demographic transformation caused by the aging population has raised many questions about the impacts on various aspects of our societies. The health care industry, Social Security, the housing market, and the labor market are all affected. Some questions or challenges must be addressed at the federal level, and others need to be addressed by local governments or communities.

To establish a better understanding of the current and upcoming housing needs of Hawaii's aging population, this report examines the current housing and living circumstances of the elderly population in Hawaii along with the housing options available to them and their current capacity. Section two overviews key trends of population aging that we have experienced so far as well as projections for the future. Section three provides a statistical portrait of current housing and living characteristics of the elderly population in Hawaii, followed by section four which identifies and estimates the elderly groups who are more vulnerable to financial difficulty. Various living options for the elderly and their current capacity in Hawaii are presented in section five and concluding observations are provided in section six.

## 2. Elderly population in Hawaii

### Growth of the elderly population

How many elderly people do live in Hawaii, when the elderly population is defined as persons aged 65 and over? The most up-to-date and accurate number would be the counts from the 2020 decennial census. However, the results from the decennial census are not available by age group yet. As of December 2021, total number of households, total population by race and voting age population have been released.

The official 2020 Census count of resident population in Hawaii was 1,455,271, slightly lower than the latest DBEDT population projection, for an average annual growth of 0.7% between 2010 and 2020. The DBEDT long-range projections has projected that the share of the age 65 and over population would increase from 14.3% in 2010 to 19.1% in 2020.<sup>1</sup> This report estimated the size of the age 65 and over population in Hawaii in 2020 by applying the projected shares for 2020 to the 2020 counts of total population from the 2020 Census. The age 65 and

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<sup>1</sup> Hawaii State Department of Business, Economic Development and Tourism (DBEDT), *Population and Economic Projections for the State of Hawaii to 2045*, 2018

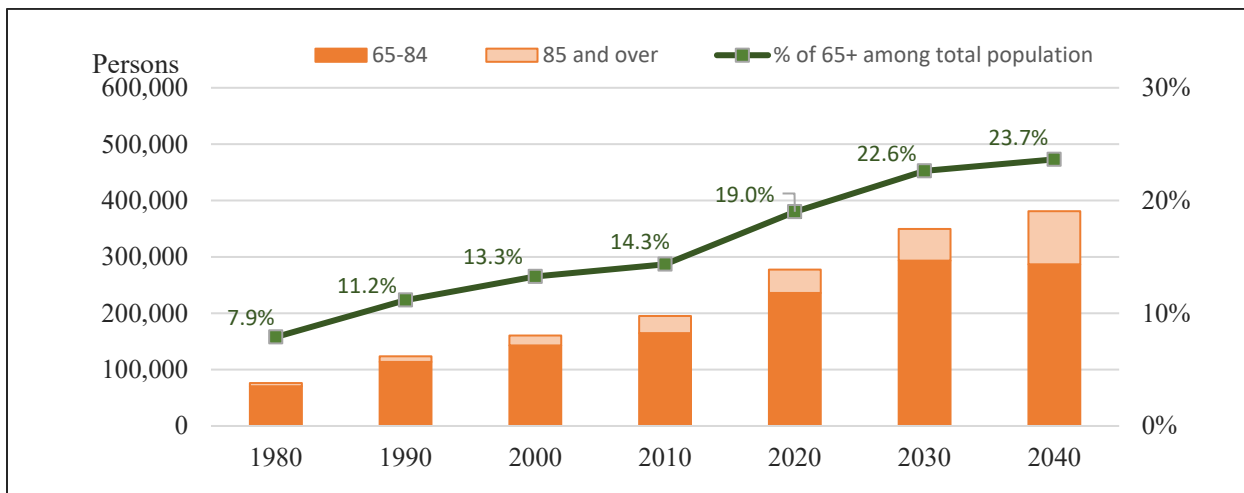
over population in Hawaii was estimated at 277,200 for 2020, more than 40% larger than its size in 2010 and a 3.6% average annual growth between 2010 and 2020 (Table 1).

Table 1. Households and population in Hawaii in 2020

	State of Hawaii	Honolulu County	Hawaii County	Maui County	Kauai County
Total households in 2020 (2020 decennial census)	490,267	336,412	73,021	56,122	24,712
Total population in 2020 (2020 decennial census)	1,455,271	1,016,508	200,629	164,836	73,298
Share of population 65 and over in 2020 (DBEDT estimates)	19.0%	18.3%	21.9%	19.2%	21.1%
Population 65 and over in 2020 (DBEDT estimates)	277,200	186,000	44,050	31,650	15,500

The aging of baby boomers is the main contributor to the rapid changes in the population structure observed in the recent decades. Baby boomers are typically defined as persons who were born between 1946 to 1964. When the last census was taken in 2010, the oldest baby boomers were 64 years old. In 2020, the baby boomers were at the age of 56-74, which means that a significant portion of baby boomers entered the elderly age group between 2010 and 2020. With the remaining baby boomers turning 65 in the next decade, we will continue to see the rapid increase in the elderly population between 2020 and 2030. The latest DBEDT long-range projection projected the share of the age 65 and over population will further increase to 22.6% of total population by 2030. The growth of the elderly population is expected to slow down after 2030 when all baby boomers will be 65 years old or older.

Figure 1. Growth of elderly population in Hawaii: history and projection



Source: DBEDT Population and Economic Projections for the State of Hawaii to 2045 with adjustments to reflect the actual counts of total population from the 2020 Decennial Census

## Aging within the elderly population

The age of 65 is commonly used to define the elderly population. This is because people are eligible for Medicare at 65 and until recently, 65 was the age for full Social Security retirement benefits. For those reasons, people aged 65 and over were often put in one group in statistics and studies on the elderly population. However, aging within the elderly is another important phenomenon that we need to keep in mind. Being 65 years, 75 years, or 85 years old has different health and financial implications to the people themselves and to the governments or societies they are living in. With delayed retirement, many people between the ages of 65 and 75 still work and live independently without any additional assistance, while the elderly over 85 years old are more likely to need various assistances from their family and community.

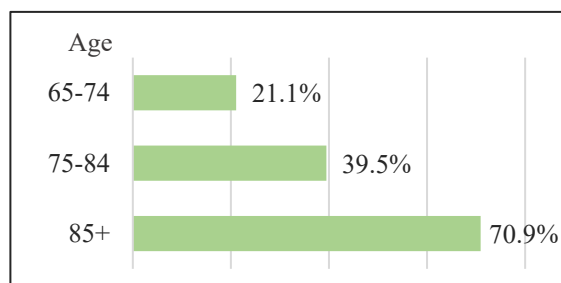
Besides the aging of baby boomers, increasing life expectancy plays an important role here. In the latest population projection for the nation released in February 2020, the U.S. Census Bureau projected that in 2030 the life expectancy of the U.S. will be 2 years higher than the life expectancy in 2017 and another 3.9-year increase between 2030 and 2060.<sup>2</sup>

Table 2. Population at age 85 and over (% of the 65-and-over population)

	People 65+	People 85+	% of 85+ among 65+
2010	195,138	30,238	15.5%
2020*	277,200	41,600	15.0%
2030*	349,700	56,300	16.1%
2040*	381,000	94,200	24.7%

\* DBEDT estimates or projections

Figure 2. People with a disability in Hawaii (% of total population in the age group)



Source: Author calculation using Public Use Microdata Sample of the 2015- 2019 American Community Survey

Table 2 presents the size and share of Hawaii’s 85-and-older population projected in the latest DBEDT long-range projection. The 85-and-older population accounted for less than one fifth of the 65-and-over population in 2010. The percentage of people aged 85 and over is projected to remain similarly until 2030 when baby boomers will still be at the age of 66-84. Starting from 2030, however, we will see a rapid increase in the population aged 85 and over as baby boomers further age and the advances in healthcare help them live longer. This projection implies that by 2040, one in every four elderly people in Hawaii will be aged 85 and over. With no question, the level of resources from governments and community support needed would be much higher when the elderly population is composed of a higher proportion of the “oldest old.” According to the estimates from the 2015-2019 American Community Survey, on average 21.1% of people aged 65-74 have at least one disability whereas 39.5% of people aged 75-84 have a disability. When people reach an age of 85 and older, 70.9% have at least one disability.

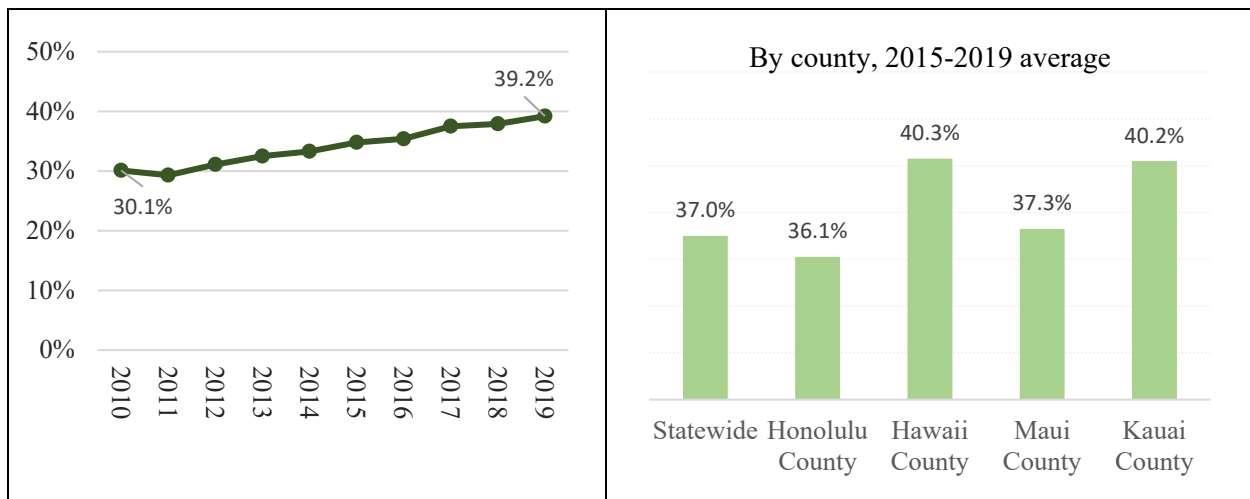
<sup>2</sup> U.S. Census Bureau, Living Longer: Historical and Projected Life Expectancy in the United States, 1960 to 2060, February 2020

### 3. Housing characteristics of the elderly in Hawaii

#### Households with an elderly person

The impact of the growing elderly population was more perceivable at the household level. Although the estimated share of elderly population in 2019 was less than 20% of the total population, the share of households with at least one elderly person in the household was estimated at 39.2%. This was nearly a 10 percentage points increase from 30.1% in 2010. Looking at the share by county, the share was relatively higher in Hawaii and Kauai County with about 40% of total households having at least one elderly person in the household during the 2015-2019 period.

Figure 3. Households with at least one person at age 65 and over



Source: U.S. Census Bureau, American Community Survey, various years, Table DP04

#### Homeownership and housing cost burden of elderly householders

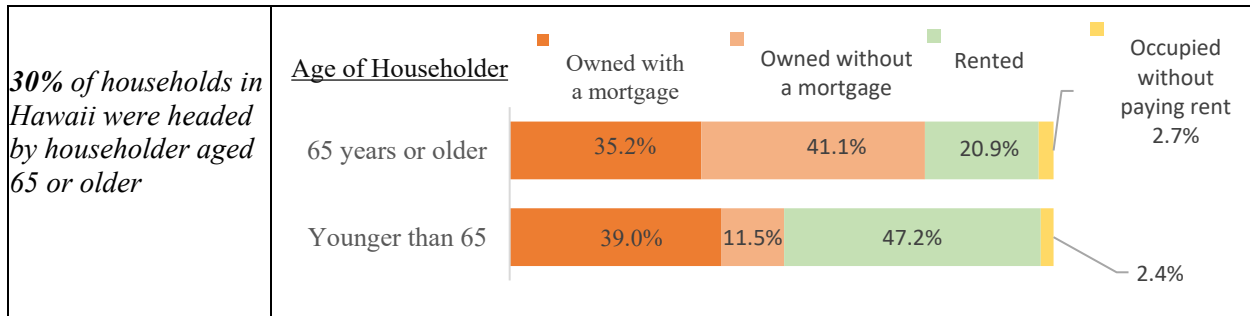
In general, households headed by an elderly person have higher homeownership rates, as older people had more years to accumulate wealth. When we define an elderly household as the household that is headed by a person at age 65 or over, about 30% of total households in Hawaii in the 2015-2019 period were elderly households. This proportion is smaller than 37.0%, the proportion of households with at least one elderly person in the household during the period. Having an elder person in the household doesn't necessarily mean that the household is headed by the elderly person. Some elderly people live with the head of the household, such as a parent, sibling, or other relatives of the householder. If it is the case, the elderly person is not likely to be the person who takes the main financial responsibility for the household.

Figure 4 presents homeownership status by age of the householder. The elderly households showed a significantly higher homeownership compared with the households headed by a younger-than-65 householder: 50.4% vs. 76.3%. Notably the proportion of the households owned without a mortgage was much higher among the elderly householders. On average,



41.1% of the elderly householders owned a home without a mortgage, whereas only 11.5% of householders younger than 65 had a home without a mortgage.

Figure 4. Homeownership by the age of the householder, 2015-2019 average



Source: Author calculation using Public Use Microdata Sample of 2015-2019 American Community Survey

However, more than one third of elderly householders still had a mortgage to pay, which could be a financial burden to a population that often lives with reduced and fixed income after retirement. Among the elderly homeowners with a mortgage during the 2015-2019 period, 43.1% spent more than 30% of their household income for mortgage(s) and other owner costs.<sup>3</sup> About half of them spent more than 50% of their household income.

High housing cost burden is more serious problem among elderly renters. While the payment for mortgage(s) will end at certain point, rent must be paid without maturity. Also, rent payment will increase with inflation over time and tends to fluctuate with housing market conditions. During the 2015-2019 period, more than half of elderly renters in Hawaii spent at least 30% of their household income for gross rent, and nearly one third of elderly renters were paying more than 50% of their household income as housing costs.<sup>4</sup>

Table 3. Housing cost burden of elderly householders, 2015-2019 average

	Owner cost/Gross rent (percentage of household income)		
	Over 30%	(30-50%)	(over 50%)
Among elderly homeowners (with or w/o mortgage)	26.6%	13.6%	13.0%
- homeowners with mortgage(s)	43.1%	21.6%	21.5%
- homeowners without a mortgage	12.6%	6.8%	5.8%
Among elderly renters paying rent	56.3%	26.2%	30.1%

Source: Author calculation using Public Use Microdata Sample of the 2015-2019 American Community Survey

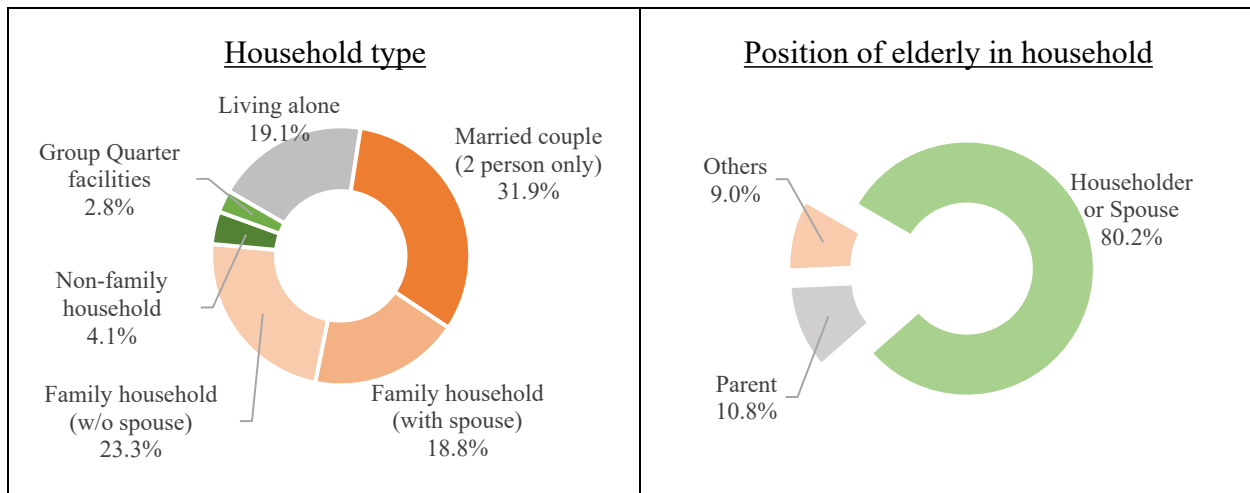
<sup>3</sup> Owner costs include not only payments for mortgages but also home insurance, property tax, utilities, and the monthly condominium fee or homeowner’s association fee.

<sup>4</sup> Gross rent is the contract rent plus the estimated average monthly cost of utilities and fuel if there are paid by the renter.

## Living arrangements for the elderly

Compared with other age segments of the population, the elderly population is more likely to live alone or live in a smaller household setting. During the 2015-2019 period, about 24% of total households in Hawaii were one person households. However, the population living alone was only 8.0% of the total population. Among the elderly population, the percentage of those living alone was much higher. For the same period, 19.1% of the elderly population lived alone. The share of elderly persons living alone increases with age, with 25% of those at age 85 or older living alone. An additional 23.3% of the elderly population lives with other family member(s) without spouses. Added together, 42.4% of total elderly population in Hawaii were living without spouses, either because they were never married, they divorced, or they were widowed by death of their spouse. Conversely, it was estimated that 50.7% of the elderly population was living with their spouses in the same household: 31.9% living with their spouses only and 18.8% living with their children or other family members as well in the same household. Most of the elderly people were heads of the household, either as the householder or the spouse of the householder. However, about 20% of the elderly population were living as other household members such as parents, relatives of the householder, or an unrelated person with the householder.

Figure 5. Elderly population by household type and position in household, 2015-2019 average



Source: Author calculation using Public Use Microdata Sample of the 2015-2019 American Community Survey

Table 4 presents the shares of each household type among the elderly population and among the elderly renters, estimated using the Public Use Microdata Sample of the American Community Survey (ACS) conducted between 2015 and 2019.<sup>5</sup> Compared with other counties, more elderly people in Hawaii County lived alone or lived with their spouse only.

<sup>5</sup> Many basic indicators from the American Community Survey (ACS) are readily available from tabulations by the Census Bureau and the statistics are available separately for all four counties in Hawaii if it is the case. Since this detailed information was not available from the Census Bureau tables, it had to be estimated from the ACS Public Use Microdata Sample (PUMS). Kauai County is not big enough to be separately reported in PUMS and is combined with Maui County.

Household types for elderly renters looked quite different than elderly owners. In general, the average household size of renters is smaller than the size of homeowners. The percentage of those living alone were much higher among renters. Of elderly people who were living in a rented house during the 2015-2019 period, 34.6% lived alone, about 15 percentage points larger than its percentage among all elderly population. The percentage of people living in non-family households was also higher among elderly renters, especially in neighbor island counties.

Table 4. Elderly population by household type and by county, 2015-2019 average

	Statewide	Honolulu County	Hawaii County	Maui and Kauai Counties
<b>Among total elderly population</b>	100%	100%	100%	100%
Living alone	19.1%	18.5%	23.0%	18.1%
Married couple -no other family member	31.9%	29.0%	39.7%	36.0%
In family household (with spouse)	18.8%	20.6%	11.5%	18.5%
In family household (without spouse)	23.3%	25.2%	18.4%	20.4%
Living in non-family households	4.1%	3.5%	5.9%	4.7%
In group quarter facilities	2.8%	3.2%	1.5%	2.3%
<b>Among the elderly renters</b>	100%	100%	100%	100%
Living alone	34.6%	35.1%	35.4%	31.8%
Married couple -no other family member	24.4%	24.9%	23.8%	22.9%
In family household (with spouse)	10.9%	12.5%	3.8%	10.2%
In family household (without spouse)	23.8%	22.7%	25.9%	26.9%
Living in non-family households	6.2%	4.8%	11.1%	8.2%

Source: Author calculation using Public Use Microdata Sample of 2015-2019 American Community Survey

Regardless of their position in the household, nearly 80% of the elderly population lived in an owned home during the 2015-2019 period, either with or without mortgage(s). Table 5 presents homeownership and household types from a different perspective: the percentage of renters by household type. Compared with elderly people living with family, elderly people living alone or living in non-family households were more likely to be renters. Of the elderly people living alone, 37.4% were estimated to be renters. The percentage of elderly renters living alone was estimated especially high in Honolulu County. Over 40% of elderly people living alone in Honolulu County were estimated to be renters. On the contrary, probably due to relatively lower housing price than other counties, a much smaller percentage, 27.1%, of elderly people living alone in Hawaii County were estimated to be renters.

Table 5. Percentage of renters among the elderly by county, 2015-2019 average

	Statewide	Honolulu County	Hawaii County	Maui and Kauai Counties
Renters among all elderly (65+)	21.3%	22.4%	17.9%	19.9%
Renters among elderly living alone	37.4%	41.3%	27.1%	34.3%
Renters among elderly in family household	16.5%	17.4%	13.6%	15.6%
Renters among elderly in non-family household	31.4%	29.9%	33.3%	33.5%

Source: Author calculation using Public Use Microdata Sample of 2015-2019 American Community Survey

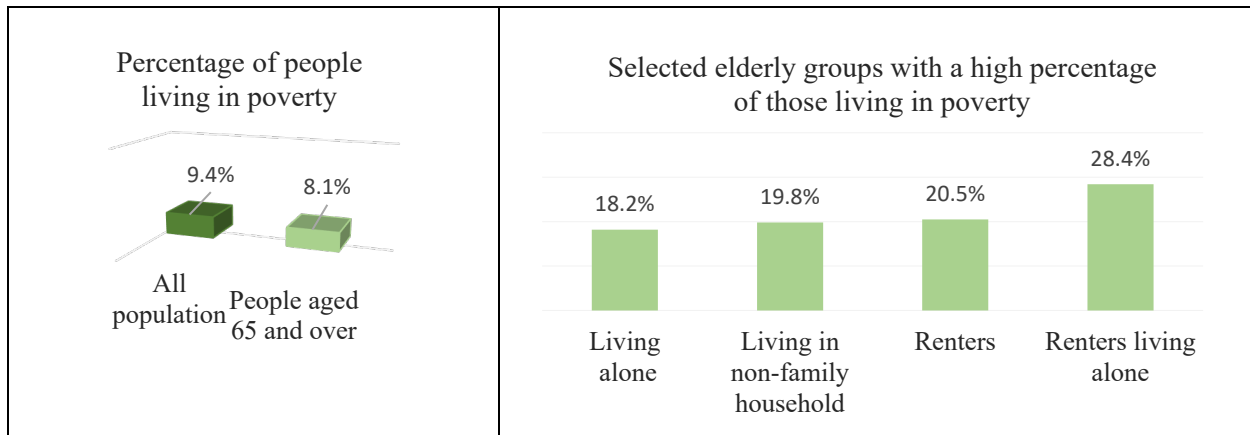
#### 4. Elderly population living in poverty

Although the retirement age has been pushed back with improved health condition and increased life expectancy, many elderly people no longer hold jobs and now live on a reduced and fixed income. Financial sustainability is a big challenge if an elderly person does not have sufficient resources to support themselves until the end of their life. The size of people living in poverty is the most commonly used indicator of those who struggle financially and need safety nets to meet basic needs.

To determine who is in poverty, the Census Bureau presets a set of money income thresholds that vary by family type and size, and the age of the family members. The thresholds are determined as the minimum amount of income needed to cover basic needs, which does not include non-food cost. If a family's total income is less than the family's threshold, then everyone in that family is considered in poverty. That is the official measure of poverty used by many government programs as the guideline for income eligibility for the program. According to the official measure of poverty, the percentage of those living in poverty is lower among the elderly than among the total population: 8.1% among the elderly population vs. 9.4% among the total population in Hawaii during the 2015-2019 period. This is mostly due to Social Security income. An estimated 89% of the households headed by an elderly householder in Hawaii had Social Security income during the 2015-2019 period.

Although the overall poverty rate for the elderly population was lower than that of other age segments, poverty rates were significantly higher among certain subgroups. Figure 6 presents the poverty rate of selected subgroups that had especially high poverty rates. Poverty rates of the elderly population who lived in a rented house, who lived alone, or lived in a non-family household were all much higher at around 20%. Among the elderly people who lived alone without owning a house, nearly 30% of them were in poverty during the 2015-2019 period.

Figure 6. Poverty rates of selected elderly groups in Hawaii, 2015-2019 average



Source: American Community Survey 2015-2019, Table DP04 and calculation using Public Use Microdata Sample

Table 6 presents the numbers of people in poverty among the selected elderly subgroups, estimated by applying the estimated poverty rates to the estimated total elderly population and elderly renters. Statewide, about 22,000 elderly people were estimated to live in poverty in 2020. Since renters and those living alone had a higher poverty rate, about half of the elderly population living in poverty were renters and about half of the elder renters living in poverty were living alone. As will be shown in the next section, the current inventory of affordable rental housing for the elderly population in Hawaii barely covers the estimated number of elderly renters who live in poverty.

Table 6. Estimates of people living in poverty in 2020 for selected elderly groups

	Statewide	Honolulu County	Hawaii County	Maui County	Kauai County
% of living in poverty among 65+ (2015-2019 average)	8.1%	7.8%	9.8%	8.1%	6.4%
65+ population, 2020	277,200	186,000	44,050	31,650	15,500
-living in poverty	(22,070)	(14,280)	(4,280)	(2,530)	(980)
65+ living in rented home, 2020	57,340	40,400	7,780	6,150	3,010
-living in poverty	(11,700)	(8,390)	(1,920)	(1,000)	(390)
65+ living alone in rented home, 2020	19,700	14,150	2,640	1,980	970
-living in poverty	(5,600)	(4,150)	(730)	(520)	(200)

Source: Estimates by authors using 2015-2019 poverty rates from ACS table DP04 and estimates using PUMS

One thing to note is that the official measure of poverty considers the cost of food consumption only, without considering other costs. Also, the same thresholds are used for all fifty states in the U.S. For these reasons, the official measure understates poverty problems in the areas with high living costs. To address the limitations of the official poverty measure, the Census Bureau provides Supplemental Poverty Measure as well as official measures since 2011. Unlike the

official measures, the supplemental measure takes non-cash benefits such as tax credits and housing subsidies into account. It also includes non-food costs such as housing costs and out-of-pocket medical costs in the calculation of income thresholds.

The Census Bureau publishes the supplemental poverty rates by state using 3-year data. The supplemental poverty rate was higher than the official poverty rate in sixteen states including Hawaii for the 2017-2019 period. The overall poverty rate in Hawaii was 13th lowest in the nation under the official measure, but, due to high housing costs, Hawaii’s rate was 9th highest when the supplemental measure was applied (Table 7). The median monthly owner cost and median gross rent in Hawaii was about 50% higher than the medians in the U.S. in 2019 (Table 8).

Table 7. Poverty rates by different measure, 2017-2019 average

	Official measure	Supplemental measure
US	11.5%	12.5%
Hawaii	9.4%	13.4%
(Rank of Hawaii)	(13 <sup>th</sup> lowest)	(9 <sup>th</sup> highest)

Source: U.S. Census Bureau, The Supplemental Poverty Measure: 2019

Table 8. Median owner costs and median gross rent, 2019

	Honolulu County	Hawaii County	Maui County	Kauai County	State of Hawaii	US average
Median monthly owner costs among housing units with a mortgage	\$2,670	\$1,738	\$2,432	\$2,326	\$2,472	\$1,609
Median gross rent among housing units paying rent	\$1,774	\$1,215	\$1,615	\$1,326	\$1,651	\$1,097

Source: U.S. Census Bureau, American Community Survey 2019, Table DP04

Compared with the poverty rate of total population, the poverty rate of the elderly population is lower under the official measure but higher under the supplemental measure. This is mostly due to out-of-pocket medical expenses among the elderly population, which is factored in the supplemental measure but not in the official measure. The Census Bureau publishes the poverty rate of various subgroups of the population, including the elderly population, at the state level using the official measure. Using the supplemental measure, the Bureau publishes the poverty rate of the elderly only at the national level. However, a study done by Cubanski et al. has shown that the elderly poverty rate was roughly twice as large under the supplemental measure than under the official measure in ten states including Hawaii. The study estimated that 15.7% of the people at age 65 and older in Hawaii lived in poverty during the 2015-2017 period, about double the 8.0% estimated under the official measure for the period. <sup>6</sup>

<sup>6</sup> Henry Kaiser Family Foundation, Cubanski, Juliette., et al., *How Many Seniors Live in Poverty?*, November 2018

## 5. Housing options available to the elderly

Whether living with family or living on their own, most elderly people would prefer to stay at home as they get older, also known as aging in place. However, when an elderly person can no longer live in their own home due to their declining physical abilities, increased health risks, or diminishing mental health capacity, they must make decisions for more appropriate living arrangements. When determining a suitable living option, one must first determine the level of care they require. A person who does not require medical care or help with basic daily activities are considered independent and can continue to live in a traditional home environment.

Someone who needs assistance with basic daily activities such as getting dressed or washing but do not require skilled medical services may choose to live in an assisted living facility (ALF) or an adult residential care home (ARCH). If a person requires 24-hour health care services, then it is necessary for them to live in a facility with skilled nursing staff.

### **Independent Living**

- Conventional housing
- Affordable housing for the elderly
- Independent living in a retirement community

### **Living with Assistance**

- Assisted living facilities (ALF)
- Adult residential care home (ARCH)
- Skilled nursing (nursing home)

### **Aging in place**

Elderly people who can live in familiar surroundings, close to family and friends, and avoid institutional living arrangements often report better health outcomes and happier lives. Aging in place is also the most economical living option for the elderly, especially when their home is already paid for or they live with family. However, due to high housing costs in Hawaii, aging in place can be very challenging to many elderly people with low and moderate income. As presented in Table 8 in the previous section, the median monthly owner costs and the median gross rent in Hawaii was about 50% higher than the U.S.

### *Affordable housing for the elderly*

Subsidized affordable housing options help some elderly people pay for housing. According to the inventory list of affordable rental housing from the Hawaii Housing Finance and Development Corporation, there were 26,167 units in 359 affordable rental projects in Hawaii in 2021.<sup>7</sup> Among those, about one third were exclusively reserved for older residents, with age requirements of either 55 or 62.

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<sup>7</sup> Two elderly housings in Maui, with 83 and 81 units each, that opened in 2021 were added to the HFDC's May 2021 list. Hale Makana O Moi'ili'ili, a new senior affordable rental project in Honolulu to be completed in 2023, is not included in the counts.

Table 9. Affordable rental housing units, 2021

	All affordable rental housing			Reserved for the elderly <sup>1</sup>		
	Number of housing projects	Units		Number of housing projects	Units	
		Number	Share (%)		Number	Share (%)
State total	359	26,167	100%	117	8,135	100%
Honolulu County	205	19,131	73.1%	60	5,820	71.5%
Hawaii County	66	2,850	10.9%	26	943	11.6%
Maui County	55	2,828	10.8%	21	1,036	12.7%
Kauai County	33	1,358	5.2%	10	336	4.1%

1. Includes five projects in the category of “Special Need” that were exclusively for the elderly

Source: Hawaii Housing Finance & Development Corporation, Affordable Rental Housing Inventory List

Subsidized affordable rental housing offers elderly residents a home at monthly rate significantly lower than market price. Affordable rental apartments often have income thresholds, requiring that tenants make no more than 30% to 60% of the local area median income (AMI). Some elderly apartment complexes have a strict 50% AMI requirement while some elderly housing complexes offer multiple units with differing income requirements. However, most affordable rental housing units have long waiting lists, only accepting new applications once a year.

For very-low-income elderly residents, there is also a federal housing choice voucher program, known as Section 8. The Section 8 program was primarily made for families but also applies to elderly people, aged 62 or older. The elderly people who are at or below 50% of the local area median income (AMI) set by the United States Department of Housing and Urban Development (HUD) can apply for the Section 8 voucher. The program provides vouchers to eligible elderly people to help reduce the cost of housing. Housing assistance is provided on behalf of elderly residents who can then choose their own housing location, including single family homes, townhouses, and apartments. A housing option is accepted if the property meets the voucher requirements, and the landlord is willing to sign a rental agreement accepting the voucher assistance.

### *Elder care at home*

Additional elder care services are often needed to help the people successfully age in place and maintain both their physical and mental health. An elderly person and their family may need help with in-home custodial care, transportation, community connection, family caregiver relief, nutrition plans and regular health monitoring. In Hawaii, there are many community-based support services to aid the people as they age in place. However, these services are usually only available to the proportion of the population that can pay out-of-pocket. Medicare insurance is available for elderly people with health issues requiring skilled nursing care, but only under



certain conditions. Medicaid can help cover at-home services for someone aging in place, but only for the those in poverty.

### Living with assistance

If an elderly person can no longer live independently, there are elderly living facilities and long-term care options to assist in their care. The important factors people must consider when choosing an elderly living facility are the health care services provided, cost, location, amenities, and housing availability.

### *Assisted living facilities*

Assisted living facilities (ALF) are privately owned facilities offering small houses or apartment dwellings, designed to maximize the independence of an aging senior while providing 24-hour access to individual resident needs. Attractive amenities are offered at ALFs, such as meal preparation, personal care, cleaning services, emergency call systems, transportation, and recreational activities. Assisted living facilities are generally for elderly residents who need intermittent or occasional help with daily care but do not require the skilled nursing assistance that a nursing home would provide. However, some ALFs offer multiple care options, with the goal of allowing residents to “age in place.” Various ALFs offer independent, assisted living, memory care and skilled nursing arrangements which allow residents to continue living in their same community as their health care needs change with age. Within the state there are a total of 17 assisted living facilities with a total of 2,367 assisted living units. Assisted living units often have the capacity to accommodate up to two residents. Assisted living facilities are heavily concentrated in Honolulu County, with 87.4% of total capacity in the county. The proportion of ALFs in Honolulu County are higher than the county’s share of total elderly population in Hawaii, which was estimated at 67.1% for 2020. Each neighbor island county offers one ALF each to their communities.

### *Adult residential care homes*

Another elderly assistance living option is an Adult Residential Care Home (ARCH). These are individual home facilities in residential neighborhoods, licensed and regulated by the Hawaii State Department of Health. Care providers are required to have special training as a certified nurse assistant and must offer custodial care to their residents. There are four licenses for ARCH facilities. The licenses differ by capacity limitations and care provider restrictions. ARCH type 1 facilities have a capacity limit of 5 people and are only for elderly residents who require custodial care. ARCH type 2 facilities have a greater capacity than type 1 facilities, but otherwise have the same requirements. Expanded ARCH type 1 and type 2 facilities allow for a percentage of residents who require a skilled level of nursing care.

According to the list of ARCH licenses from the Hawaii State Department of Health, there were a total of 456 ARCHs in Hawaii with a total of 2,619 licensed beds as of October 2021. Around 87% of the ARCH facilities (89% of the total beds) were in Honolulu County.

### Skilled nursing facilities

If an elderly person requires 24-hour skilled nursing supervision, they and their families may consider a skilled nursing facility (SNF), commonly known as nursing homes. SNFs offer skilled medical services such as diabetes support, medication management, advanced wound care, tube feedings and pain management in a home-like facility. Due to the level of healthcare provided by licensed healthcare professionals, skilled nursing facilities are the most expensive type of care for the elderly. According to Health Care Utilization Report from the Hawaii State Department of Health, there were 47 licensed skilled nursing care facilities with 4,470 beds available in 2020. Among those, 26 facilities were identified as exclusively or mostly for elderly residents.<sup>8</sup> Around 66% of the total beds in the skilled nursing facilities for the elderly were in Honolulu County.

Table 10. Capacity of elderly living with assistance facilities, 2020-2021

	Assisted living facilities <sup>1</sup>			Adult residential care home			Skilled nursing facilities for the elderly <sup>2</sup>		
	Facility	Units		Facility	Beds		Facility	Beds	
		Number	Share		Number	Share		Number	Share
State total	17	2,367	100%	456	2,619	100%	26	2,743	100%
Honolulu County	14	2,069	87.4%	397	2,336	89.2%	19	1,806	65.8%
Hawaii County	1	123	5.2%	41	185	7.1%	2	346	12.6%
Maui County	1	93	3.9%	12	72	2.7%	2	344	12.5%
Kauai County	1	82	3.5%	6	26	1.0%	3	247	9.0%

<sup>1</sup> Some independent living units at the same location as the assisted living units were included when separate counts for each type were not available.

<sup>2</sup> Facilities that are exclusively or mostly for elderly residents.

Source: Hawaii State Department of Health, Office of Health Care Assurance, *Combined ARCH-Expanded ARCH Vacancy Report-By-Area*, (October 2021), *Assisted Living Facilities* (October 2021) and DBEDT facility review. Hawaii State Health Planning and Development Agency, *Health Care Utilization Report*, 2020

### Cost of living with assistance

Most elderly people living with assistance are required to pay for their care out-of-pocket. Rents at assisted living facilities (ALFs) range from approximately \$3,800 to \$8,800 per month. The rent is determined by the level of care needed from each resident and the number of people living in a unit, for up to two people per unit. The monthly payments usually include daily meals, utilities, and cable/Internet, as well as access to community amenities and events.

Adult Residential Care Homes (ARCHs) have varying average monthly costs of approximately \$1,200 to \$6,500, depending on the level of care needed by the resident. If skilled nursing care is

<sup>8</sup> DBEDT facility review of the facility websites and inquiries to the facility

needed, the cost is higher. Type 2 ARCH homes have additional safety requirements to accommodate the increased occupancy levels. Due to these additional costs, Type 2 care home rates tend to be 30-50% higher compared to Type 1 ARCH homes.

Skilled nursing facilities have the highest costs due to the level of care they are equipped to provide. The prices vary based on the level of care a patient needs, intermediate care (ICF) or skilled nursing care (SNF), and the privacy options available. As of December 2020, daily rates were in the range of \$315-\$585 for a semi-private bed in the 26 skilled nursing facilities that were identified as exclusively or mostly for elderly residents.

Table 11. Cost of assisted living and skilled nursing facilities for the elderly, 2020-2021

	Assisted living facility <sup>1</sup>	Skilled nursing facilities for the elderly (semi-private)
Honolulu County	\$3,800 - \$8,800/month	\$315 - \$585/day
Hawaii County	\$4,000 - \$5,700/month	\$441/day
Maui County	\$4,700 - \$7,200/month	\$345/day
Kauai County	\$4,700 - \$6,500/month	\$417 - \$481/day

<sup>1</sup> Does not include Continuing Care Retirement Community (CCRC) fees. A CCRC, also known as a life plan community, is an ALF requiring an entrance fee in addition to regular monthly rent.

Source: Hawaii State Health Planning and Development Agency, *Health Care Utilization Report*, Table 21 and DBEDT facility review.

### *Medicare and Medicaid*

Medicare and Medicaid are available for certain types of care for elderly people who meet the requirements. When a person is at age 65 or older or under the age of 65 with certain disabilities, they can enroll in Medicare, a federal health insurance program. Medicare helps cover the costs of hospitalization, skilled nursing facility care, hospice care and home health care. Some assisted living facilities offer skilled nursing beds which can accept Medicare patients. Expanded ARCH homes that are trained to offer skilled nursing care can also accept Medicare patients. However, Medicare does not cover long-term care costs; it is only applicable for short-term (up to 100 days) hospital or skilled nursing stays.

Elderly people with limited income and resources may enroll in Medicaid if they meet a certain income eligibility. Medicaid is a joint federal and state program that helps with medical costs for low-income people, based on the poverty level. Medicaid can help cover intermediate care or skilled nursing care beyond the short-term limitations of Medicare if the elderly person is eligible.

## 6. Concluding Remarks

This report examined the current housing and living circumstances of the elderly population in Hawaii and the housing options available to them.

When independent living is no longer possible, there are three types of assisted living housing options available: assisted living facilities, Adult Residential Care Homes, and Skilled Nursing Facilities. The combined capacity of these facilities in Hawaii is about 10,000 persons, when double occupancy is assumed for all two-person units in the assisted living facilities. While the occupancy of an assisted living facility varies by the quality of the services, price, and location, not many facilities were at its full capacity. This must be partially because many elderly people prefer to live in their own home for as long as possible and partially because the demand for the assisted living is limited by the affordability of these housing options. Although people work longer than before, nearly 80% of the elderly population in Hawaii do not work anymore and often live on a fixed and reduced income after their retirement. Without sufficient savings or support from governments, the monthly or daily cost of these facilities are out of reach to many elderly people who live on low or moderate income.

The combined capacity of about 10,000 persons at assisted living housings can accommodate less than 4% of the total elderly population in the state, and most elderly people in Hawaii live in their conventional home, either owned or rented. Homeownership of the elderly households was 76.3% during the 2015-2019 period, about 26 percentage points higher than the homeownership rate for non-elderly households. However, the burden of mortgage(s) or rent payment must be felt much heavier among the elderly if they do not own the home or still have a mortgage to pay while their income is limited.

The poverty rate measures the size of people who struggle financially to meet their basic needs. In 2020, about 22,000 elderly people in Hawaii were estimated to live in poverty under the official federal poverty measure. About half of them were renters and about half of elderly renters living in poverty lived alone. In Hawaii, there are 8,135 affordable rental housing units exclusive reserved for the elderly. This capacity of affordable rentals for the elderly barely covers the elderly renters living in poverty under the official measure. However, poverty among the elderly populations tends to be underestimated under the official measure, especially in areas with high housing costs because the official measure does not consider basic needs other than food consumption. Using the supplemental poverty measure that factors in the costs of non-food basic needs and geographical differences in living cost, a study has estimated that the poverty rate among the elderly in Hawaii was 15.7% for the 2015-2017 period, almost twice as high as the rate under the official measure. It explains why all affordable rentals for the elderly in Hawaii have a long waiting list. Due to high housing prices and rents in Hawaii, housing subsidies are especially critical to elderly residents living with financial difficulty in Hawaii.