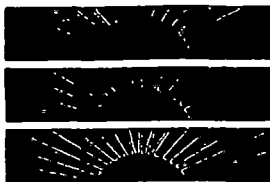


**CONCEPT EVALUATION OF
LIFE TENANCIES**

VOLUME 1: SURVEY RESULTS



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SURVEY RESULTS--
CONCEPT EVALUATION OF
LIFE TENANCIES

Submitted to:

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Vancouver, B.C.

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PART V REPORT
RAPPORT PARTIE V

FOR REFERENCE ONLY
POUR RÉFÉRENCE SEULEMENT

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ABSTRACT

During the spring of 1987, Canada Mortgage and Housing Corporation (CMHC) commissioned a market research study to survey the opinions of seniors regarding housing options for the future.

In particular, CMHC sought to determine whether seniors are interested in retirement housing held in life tenancy, rather than outright ownership. Further, information was needed on the types of housing that would be most attractive and the segments of the seniors' population that would be most interested.

A total of 600 homeowners, aged 60 or more years, were interviewed by telephone in late May and early June, 1987. Half of these people live in or near Vancouver, with the balance spread equally among the Toronto, Montreal and Halifax areas.

The report of this survey contains detailed findings on seniors' attitudes concerning housing issues, as well as their degree of interest in reverse annuity mortgages, special retirement housing units, and life tenancy housing. In addition, data are presented on the preferred size and style of life tenancy housing, and the importance to seniors of various potential features. Finally, these results are shown cross-tabulated by standard demographics (age, income, etc.) and by several measures of attitude about housing.

The format of the report includes a narrative description of the findings, highlighted with summary tables, plus a separately bound supplement of cross-tabulation exhibits.

INTRODUCTION

Canada Mortgage and Housing Corporation (CMHC) is currently reviewing the desirability of life tenancies, a housing concept designed for seniors who have significant equity in their homes but low incomes. One possible format would be condominium units that could be purchased (at a discount) for the seniors' lifetime use, after which they would revert to the owners/investors. CAMPBELL GOODELL CONSULTANTS was retained to conduct a survey of seniors to assess market interest in this concept.

OBJECTIVES

The goals of this project are to evaluate life tenancies as a housing option for seniors and to determine the most important factors in seniors' views of life tenancies.

To accomplish this, we will need to determine:

1. The level of interest in life tenancy housing among potential buyers;
2. Specific features that would be of interest (e.g., nursing care);
3. Financial parameters that would make the concept attractive to potential buyers (particularly pricing and the impact on their estates);
4. Any significant concerns among potential buyers.

METHODOLOGY

To obtain the required results within the agreed-upon budget, we conducted telephone interviews with 600 seniors who own and live in their own homes. 301 interviews were with residents of the Vancouver area, 98 in Metropolitan Toronto, 100 in the Montreal area, and 101 in and around Halifax. 42 percent of the Quebec interviews were conducted in French. Both the English and French versions of the questionnaire were approved by CMHC representatives in advance. The interviewing was conducted from our central facility in Vancouver between May 25 and June 3, 1987.

In a bound supplement of exhibits will be found cross-tabulations of the results by region, education level, language, age, gender, income, level of interest in each plan, awareness of each plan, marital status and net worth. In addition, the English and French questionnaires are included as the last exhibits in this supplement.

EXECUTIVE SUMMARY

1. Life tenancy housing attracted the interest of 16 percent of those seniors surveyed, compared to 16 percent interested in reverse annuity mortgages and 53 percent interested in special retirement housing. While not a dominant segment of the seniors' population, 16 percent does represent a sizable market. It is also possible that a more detailed presentation of features and benefits might expand the base of seniors interested in exploring this housing option.
2. Those indicating some interest in life tenancy housing tend to have the following demographic characteristics: males, aged 60-64, current income over \$20,000 per year, net worth of \$100,000-200,000. Many of these seniors expressed a preference for a higher standard of living rather than leaving an estate for their heirs, and say they might sell their current homes in the future because of the physical work involved in the home and garden. A more complete list is shown in the table on the next page.
3. Examples of life tenancy housing costs, based on the seniors' current ages, made the concept more attractive to many of those who were initially interested. This suggests an advertising/marketing approach that uses comparative cost examples to explain the concept to prospects.
4. Seniors interested in life tenancy housing expressed preferences for units containing 2 bedrooms plus a den, located in townhouses or low rise apartment buildings.
5. The availability of health care services on the premises would apparently make some seniors more likely to choose life tenancies. This is particularly significant among those who were initially interested in the concept. Other features that are considered important by those interested in life tenancy are: emergency alarm systems, full-time staff on duty, guest bedrooms for family visits, and hobby rooms.
6. These results confirm the wisdom of conducting focus group interviews among seniors to probe further into such areas as: how easy or difficult it is for seniors to grasp the concept of life tenancy, some of the lifestyle characteristics of those expressing interest in the concept, and the trade-off between estate value and affordability. These focus groups are planned as the next step in the evaluation of life tenancy housing by CMHC.

SUMMARY TABLE

DETERMINANTS OF OLDER HOMEOWNER INTEREST IN HOUSING OPTIONS

<u>Determinant</u>	<u>More Likely to be Interested in</u>		
	<u>Reverse Annuity Mortgage</u>	<u>Special Retirement Housing</u>	<u>Life Tenancy Housing</u>
Region	-	-	-
Marital Status	-	-	-
Gender	-	-	Male
Age	60-64	60-64	60-64
Education	-	-	-
Persons in home	-	-	-
Type of home	-	-	-
Language	-	-	-
Income	Over \$20K	-	Over \$20K
Home value	-	-	-
Mortgage	-	-	-
RRSPs/RRIFs	-	-	-
Savings	-	-	-
Net worth	\$100-200K	\$100-200K	\$100-200K
Years in home	-	-	-
Likes best about owning	-	-	-
Likes least about owning	-	-	-
Attitude on estate	Std.of living	-	Std.of living
Home repairs	Postponed	-	-
Regular expenses	-	-	-
Large expenses	-	-	-
Attitude on debt	Prefer loan	-	-
Attitude on selling	Might sell	Might sell	Might sell
Why might sell	-	-	Physical work
Source of advice	-	-	-
Aware of plans	-	-	-

Note: A dash (-) indicates that the survey revealed no significant differences on that determinant.

DETAILED FINDINGS

Once we had determined that we had the cooperation of a qualified respondent, we opened the questioning by exploring what seniors like most and least about owning their homes. The most frequently mentioned things that they like were independence/freedom, privacy, and specific features of the home and garden. There were no significant differences by gender, marital status, age, etc.

TABLE I. THINGS LIKED BEST ABOUT OWNING A HOME

Q1. For my first question...what are the things you like best about owning a home?

	TOTAL
	(600)
Independence/freedom	47.3%
Privacy	37.7
Specific features	30.0
Pride of ownership	15.5
Security	13.0
Lower cost	8.8
Investment/protect against inflation	4.8

* * *

The physical work of keeping the house and garden was the major thing seniors like least about home ownership, followed by the cost of maintenance. Females mentioned physical work more often and paying taxes less often than males.

TABLE II. THINGS LIKED LEAST ABOUT OWNING A HOME

Q2. What are the things you like least about owning a home?

	TOTAL	MALES	FEMALES
	(600)	(237)	(363)
Physical work	41.5%	31.2%	48.2%
Cost of maintenance	18.2	16.5	19.3
Paying taxes	14.4	21.9	9.6

* * *

Most respondents have lived in their homes more than 20 years. As might be expected, this varies directly with age.

TABLE III. NUMBER OF YEARS LIVED IN PRESENT HOME

Q3. About how many years have you lived in your present home?

	TOTAL	AGE 60-64	54-69	70-74	75-79	80+
	(600)	(165)	(181)	(121)	(71)	(46)
Less than 10 years	11.3%	18.2%	11.6%	9.9%	4.2%	4.3%
10-19 years	19.2	17.6	23.8	15.7	12.7	26.1
20-29 years	28.3	30.9	30.9	31.4	12.7	23.9
30-39 years	29.7	26.1	29.3	32.2	36.6	21.7
40+ years	11.5	7.3	4.4	10.7	33.8	23.9

* * *

The overwhelming majority of our respondents live in single family houses. As expected, French-speaking respondents are more likely to live in duplexes, row houses or townhouses than are English-speaking seniors. Unmarried seniors are slightly less likely to live in single family houses.

TABLE IV. TYPE OF HOUSING

Q4. Is your home a single family house, a duplex or row house, an apartment, a mobile home, or what?

	TOTAL	ENGLISH	FRENCH	MARRIED	NOT MARRIED
	(596)	(556)	(40)	(405)	(182)
Single family house	90.6%	91.7%	75.0%	93.8%	83.0%
Duplex, row house, town house	5.4	4.0	25.0	4.2	8.2
Apartment (condominium)	4.0	4.3	0.0	4.0	8.8
	*	*		*	

About 16 percent of our sample expressed interest in the reverse annuity mortgage as a housing option. Interest was somewhat higher in Quebec than in the other regions.

TABLE V. LEVEL OF INTEREST IN REVERSE ANNUITY MORTGAGE

Q5. If Plan 1, a reverse annuity mortgage, were available to you sometime in the future, do you think you would be very interested, somewhat interested, or would you probably not be interested?

	TOTAL	B.C.	ONTARIO	QUEBEC	MARITIMES
	(599)	(300)	(98)	(100)	(101)
Very interested	4.3%	4.0%	5.1%	7.0%	2.0%
Somewhat interested	11.7	11.0	7.1	16.0	13.9
Not interested	79.1	82.7	80.6	68.0	78.2
Depends/don't know	4.8	2.3	7.2	9.0	5.9
	*	*		*	

Special retirement housing was of interest to over half the seniors in our sample. There were no significant differences among the various demographic segments.

TABLE VI. LEVEL OF INTEREST IN SPECIAL RETIREMENT HOUSING

Q6. If Plan 2, special retirement housing, were available to you sometime in the future, do you think you would be very interested, somewhat interested, or would you probably not be interested?

	TOTAL
	(599)
Very interested	15.9%
Somewhat interested	37.2
Not interested	40.4
Depends/don't know	6.5

* * *

About 16 percent of seniors in our sample expressed interest in life tenancy housing. Younger and higher income seniors were more likely to be interested than others.

TABLE VII. LEVEL OF INTEREST IN LIFE TENANCY HOUSING

Q7. If Plan 3, life tenancy housing, were offered sometime in the future, do you think you would be very interested, somewhat interested, or would you probably not be interested?

	TOTAL	AGE					20K INCOME	
		60-64	65-69	70-74	75-79	80+	Under	Over
	(599)	(165)	(181)	(121)	(71)	(46)	(115)	(285)
Very interested	3.0%	4.8%	3.9%	1.7%	0.0%	2.2%	4.3%	4.2%
Somewhat interested	13.2	19.4	10.5	10.7	14.1	8.7	9.6	16.5
Not interested	79.6	69.1	85.6	80.2	83.1	84.8	82.8	76.5
Depends/ don't know	4.2	6.7	0.0	7.5	2.8	4.3	3.5	2.9

* * *

Nearly half the respondents claim to have heard of one or more of these housing plans, except in the Maritimes (only about 20%). Interestingly, those who are aware of the plans are no more likely to be interested in them than the rest of the sample. Reverse annuity mortgages have higher awareness in B.C. than in the other areas surveyed.

TABLE VIII. AWARENESS OF HOUSING PLANS

Q8. Before today had you ever heard of any of the ideas or plans I just asked you about? Which ones?

	TOTAL	B.C.	ONTARIO	QUEBEC	MARITIMES
	(599)	(300)	(98)	(100)	(101)
Reverse annuity mortgage	36.7%	48.8%	34.7%	24.0%	14.9%
Special retirement housing	24.8	32.9	15.3	27.0	7.9
Life tenancy housing	15.8	20.6	11.2	16.0	5.9
None	47.7	33.9	53.1	54.0	77.2
Don't know	6.5	8.6	4.1	7.0	2.0
	*	*	*		

When asked which of the three options they might use, about 7 percent chose life tenancy, compared to 45 percent choosing special retirement housing and 10 percent for reverse annuity mortgages. Those with post-university educations were more likely to choose reverse annuity mortgages than other seniors, but there were no other significant demographic differences.

TABLE IX. PLAN MOST LIKELY TO BE USED

Q9. Which one of these plans do you think you would be most likely to use in the future?

	TOTAL	ELEM. SCHOOL	SOME H.S.	GRAD. H.S.	POST H.S.	GRAD. UNIV.	POST UNIV.
	(598)	(30)	(97)	(158)	(139)	(90)	(66)
Reverse annuity	10.5%	3.3%	8.2%	13.3%	7.2%	11.1%	19.7%
Special housing	45.7	30.0	47.4	49.4	43.9	48.9	43.9
Life tenancy	7.5	10.0	9.3	8.2	9.4	3.3	4.5
None of the plans	27.8	30.0	27.8	19.0	35.3	28.9	25.8
Don't know	8.5	26.7	7.2	10.1	4.3	7.8	6.1

*

*

*

Providing an example of life tenancy housing costs, based on each respondent's age, made the plan more attractive to some, less attractive to about the same number, and made no difference to half the sample. Among people who had expressed some interest in life tenancy, twice as many said the example made it more attractive than said less attractive; again, half said the example made no difference.

TABLE X. IMPACT OF LIFE TENANCY EXAMPLE

Q10. Does this example make life tenancy housing sound more attractive, to you, less attractive, or make no difference to you?

	TOTAL	INTEREST IN LIFE TENANCY		
		Some/very	Not	Depends
	(581)	(94)	(465)	(16)
More attractive	12.7%	26.6%	9.7%	18.8%
Less attractive	12.4	13.8	12.0	18.8
No difference	49.6	48.9	50.5	31.3
Depends/don't know	5.0	8.5	3.5	12.5

*

*

*

The availability of health care services would increase interest in life tenancy housing, according to nearly half of those asked, compared to very few who felt this would make life tenancy housing less attractive. Those who had already expressed interest in life tenancy said the addition of health care increases their interest further. Seniors with interest in reverse annuity mortgages also said health care availability makes them more interested in life tenancy.

TABLE XI. IMPACT OF HEALTH CARE SERVICES ON LIFE TENANCY

Q11. If health care services were available on the premises of the life tenancy housing, how would that affect your decision on Plan 3?

	TOTAL	CLAIM TO BE SOME/VERY INTERESTED IN		
		Reverse annuity	Retirement housing	Life tenancy
	(472)	(82)	(274)	(94)
Much more likely to choose this plan	16.5%	17.1%	19.7%	28.7%
Somewhat more likely	30.3	48.8	32.8	37.2
No difference	40.0	29.3	36.9	22.3
Less likely	6.6	0.0	7.3	6.4
Don't know	6.6	4.9	3.3	5.3
	*	*	*	

Emergency alarms were the most important of the special features listed, followed by guest bedrooms for family visits and full-time staff on duty. The appeal of these features did not vary appreciably among those who had expressed an interest in various housing plans.

TABLE XII. IMPORTANCE OF SPECIAL FEATURES TO LIFE TENANCY

Q12. Life tenancy housing for seniors could include special features if enough people felt they were important. I'll read some features that have been suggested; for each one, please tell me if that would be important for you.

	TOTAL	CLAIM TO BE SOME/VERY INTERESTED IN Reverse annuity	Retirement housing	Life tenancy
	(474)	(81)	(274)	(95)
Emergency alarm system	83.4%	86.4%	89.1%	88.4%
Guest bedroom for family visits	72.4	76.5	78.9	77.9
Full-time staff on duty	70.7	81.5	76.4	80.0
No stairs	67.8	67.9	73.5	72.6
Restaurant, dining room	63.8	74.1	68.0	73.7
Hobby rooms	63.8	85.2	69.5	77.9
An area to do gardening	59.8	72.8	62.2	64.2
None/don't know	5.5	0.0	1.5	0.0
	*	*	*	

Low rise apartments and townhouses are the preferred choices for future housing, if the respondents were to move at some future date. Among those interested in life tenancy housing, townhouses are the first choice, followed very closely by low rise apartments.

TABLE XIII. PREFERRED STYLE OF FUTURE HOME

Q13. If you should decide to move at some future date, would you be more likely to choose a low rise apartment, high rise apartment, townhouse or rowhouse, or duplex?

	TOTAL	CLAIM TO BE SOME/VERY INTERESTED IN Reverse annuity	Retirement housing	Life tenancy
	(595)	(96)	(318)	(97)
Low rise apartment	35.0%	46.9%	39.0%	30.9%
High rise apartment	6.9	4.2	7.5	6.2
Townhouse, rowhouse	25.2	25.0	30.5	32.0
Duplex	8.4	11.5	8.2	11.3
Single family	4.2	3.1	3.5	4.1
None, other, don't know	18.6	9.4	11.3	15.5
	*	*	*	

Two bedrooms plus a den was the size of housing unit most preferred, with sizable numbers also preferring two bedrooms and one bedroom plus a den. In Quebec, two bedrooms plus a den was preferred by nearly half the sample. Higher income seniors also made this choice, as did those interested in life tenancy housing.

TABLE XIV. PREFERRED SIZE OF ACCOMMODATION

Q14. Again, if you were to move in the future, what size accommodation would be most appropriate for you? Would it be...

	TOTAL	QUEBEC	INCOME Over 20K	SOME/VERY INT. Life tenancy
	(598)	(100)	(285)	(97)
One bedroom	6.0%	8.2%	4.9%	4.1%
One bedroom plus a den	23.4	23.0	18.6	20.0
Two bedrooms	26.9	13.0	25.3	28.9
Two bedrooms plus a den	36.5	48.0	46.3	43.3
Other/ don't know	7.2	13.0	4.9	2.0
	*	*	*	

When asked to choose between leaving an estate or having a higher standard of living, roughly equal numbers of respondents selected each choice. A higher standard of living was preferred by Ontario and Quebec residents, while Maritimers chose to leave estates. Those interested in life tenancy chose a higher standard of living.

TABLE XV. CHOICE OF ESTATE OR STANDARD OF LIVING

Q15. If you had to choose, would it be more important to you to leave an estate to your heirs or to have a higher standard of living now?

	TOTAL	B.C.	ONT.	P.Q.	N.S.	SOME/VERY INT.- Life tenancy
	(588)	(291)	(97)	(99)	(101)	(97)
Leave estate	42.2%	44.0%	36.1%	23.2%	61.4%	23.7%
Higher std. of living	41.7	39.5	50.5	50.5	30.7	63.9
Depends don't know	16.1	16.5	13.4	26.2	7.9	12.4
		*	*	*		

Few respondents claimed to have had problems paying for home repairs. Interestingly, people who are interested in reverse annuity mortgages are more likely to have experienced this.

TABLE XVI. INCIDENCE OF POSTPONING HOME REPAIRS DUE TO COST

Q16. During the past year, have you postponed any home repairs because they cost too much?

	TOTAL	CLAIM TO BE Reverse annuity	SOME/VERY INTERESTED IN Retirement housing	Life tenancy
	(597)	(96)	(317)	(97)
Yes	14.2%	31.3%	18.3%	18.6%
No	85.8	68.8	81.7	81.4
		*	*	*

Very few respondents indicated that they have trouble paying for regular needs such as groceries and new clothes, as 96 percent said "no" when asked. About 90 percent said "no" when asked whether they sometimes have trouble paying for larger expenses like property taxes or vacations. And, some 84 percent said they would prefer to get by on less income, rather than take out a loan. Responses to these questions did not vary appreciably among demographic segments.

* * *

Over 40 percent of respondents say they might sell their homes at some future time. Not surprisingly, higher percentages of those who expressed interest in one or more of the housing options say they might sell their homes. The major reason for selling is the physical work to keep a home and garden; this was mentioned by about 46 percent of those interested in life tenancy. Health is a secondary reason. Cost of keeping a home is not an important reason, and is even less important among respondents interested in life tenancy.

TABLE XVII. POSSIBLE SALE OF HOMES

Q20. Do you think you might sell your home sometime in the future?

	TOTAL	CLAIM TO BE Reverse annuity	BE SOME/VERY INTERESTED IN Retirement housing	Life tenancy
	(600)	(96)	(318)	(97)
Yes	44.2%	65.6%	56.9%	66.0%
No	37.7	24.0	26.1	18.6
Depends/ don't know	18.2	10.4	17.0	15.4

Q.21 Why might you decide to sell?

	(326)	(68)	(214)	(72)
Physical work of home & garden	35.9%	35.3%	41.6%	45.8%
Health	25.5	16.2	24.8	19.4
Size of home	9.5	10.3	8.9	6.9
Another city, near family	6.1	5.9	2.3	4.2
Cost	4.9	10.3	6.1	2.8
Loss of spouse	3.4	2.9	3.3	4.2
Other	9.2	13.2	7.9	11.1
Don't know	3.7	1.5	3.2	5.6

* * *

More than half our sample say they do not rely on anyone other than themselves and their spouses for financial advice. There were no significant differences among those interested in the housing plans. Only females and those not married are noticeably lower.

TABLE XVIII. SOURCES OF FINANCIAL ADVICE

Q28. Who do you (and your spouse) rely on most for advice about important financial matters?

	TOTAL	MALES	FEMALES	MARRIED	NOT MARRIED
	(600)	(237)	(363)	(408)	(183)
Self/spouse	54.8%	62.4%	49.9%	65.0%	31.7%
Banker/accountant/ financial consultant	17.8	21.5	15.4	18.6	16.9
Children	16.3	7.6	22.2	16.3	31.7
Others	8.4	5.9	10.3	4.6	17.9

* * *

More than one-third of our respondents have homes they value at over \$200,000 and more than another one-third have homes worth \$100,000 to 200,000. Home values are higher in Ontario and B.C., among those with more education, and (predictably) among higher income seniors. There are no appreciable differences among those who are interested in any of the housing plans.

TABLE XIX. HOME VALUES (RESPONDENTS' ESTIMATES)

Q22. What is your best guess as to what your home would sell for if it were put on the market now?

	TOTAL	B.C.	ONT.	P.Q.	N.S.	POST UNIV.	INCOME 20K +
	(588)	(295)	(98)	(96)	(99)	(65)	(284)
\$24,999 or less	0.3%	0.3%	0.0%	0.0%	1.0%	0.0%	0.4%
\$25,000- 49,999	0.3	0.3	0.0	0.0	1.0	0.0	0.0
\$50,000- 74,999	2.6	0.3	2.0	3.1	9.1	0.0	0.7
\$75,000- 99,999	9.2	4.4	1.0	16.7	24.2	6.2	9.9
\$100,000- 149,999	19.2	15.6	6.1	27.1	35.4	15.4	22.2
\$150,000- 199,999	16.8	16.9	20.4	15.6	14.1	9.2	17.3
\$200,000 or more	36.6	46.4	57.1	15.6	7.1	56.9	46.1
Don't know	15.0	15.6	13.3	21.9	8.1	12.3	3.5
		*	*	*			

About 93 percent say they have no mortgages on their homes and all but 36 percent have RRSPs and/or RRIFs. By combining RRSPs and RRIFs, other savings and home value, then subtracting mortgages where applicable, we developed a profile of net worth for our sample.

The largest numbers of people interested in any of the three housing plans are those with net worth in the range of \$100,000 to \$199,999.

TABLE XX. NET WORTH OF RESPONDENTS

	TOTAL	CLAIM TO BE Reverse annuity	SOME/VERY INTERESTED IN Retirement housing	LIFE tenancy
	(600)	(96)	(318)	(97)
Under \$100,000	7.7%	7.3%	7.0%	7.4%
\$100,000-199,999	27.3	32.7	30.4	35.2
\$200,000-299,999	26.2	23.6	25.9	24.1
\$300,000-349,999	24.2	23.6	21.5	18.5
\$350,000 +	14.6	12.7	15.2	14.8
	*	*	*	

Complete cross-tabulation tables and copies of the questionnaires are contained in a separate volume of exhibits to this report.