

Aging in Place Study

The Aging in Place study is a multi-phase research project being conducted by researchers at The Ohio State University, in partnership with a certified reverse mortgage counseling agency, ClearPoint Credit Counseling Solutions, with funding from The MacArthur Foundation and The U.S. Department of Housing and Urban Development (HUD). Additional funding for study extensions has been provided by the U.S. Social Security Administration (SSA) as part of the Retirement Research Consortium through the University of Michigan Retirement Research Center.

The overall goal of the *Aging in Place* study is to provide a better understanding of whether, and under what circumstances, reverse mortgages lead to increased financial security, well-being and independence in older age. Ours is the first study to link detailed, longitudinal client data, transaction data and survey data, to empirically evaluate the link between the decision to obtain a reverse mortgage, the receipt of the reverse mortgage, and outcomes of financial security and other indicators well-being.

Research Team

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Research Program (2012-2017)

The Aging in Place research program is divided into three components:

1. Empirical Modeling of Reverse Mortgage Borrower Behavior
 - Take-up of HECMs and other equity extraction products among seniors
 - HECM technical default, including property tax and insurance default
 - HECM loan terms, withdrawal behaviors and termination outcomes
 - Home equity borrowing including HECMs and financial outcomes
2. Survey of Counseled Seniors
 - Longer term well-being of seniors who were counseled for a HECM between 2006 and 2011
 - May 2014-July 2015, about 2,000 respondents: (1) current HECM borrowers, (2) terminated HECM borrowers, and (3) seniors who sought counseling but did not get a reverse mortgage.
3. Post Origination Monitoring Pilot

- Randomized field experiment to evaluate the impact of post-closing (1) offers of counseling and (2) reminders about HECM obligations.
- Launched January, 2015 by Clearpoint Credit Counseling Solutions with 3,000 HECM borrowers who closed on loans between 2012 and 2014.
- Outcomes evaluated in 2017 through borrower survey, credit report and loan data

Publications and Reports

Analysis of HECM Tax and Insurance Defaults

- Research Paper: “An Analysis of Default Risk in the Home Equity Conversion Mortgage Program.” *Journal of Urban Economics*. Available online at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2468247
- Policy Brief: “Reverse Mortgages: Reducing Financial Risk While Preserving Access,” The MacArthur Foundation, https://www.macfound.org/media/files/HHM_Reverse_Mortgages_-_Reducing_Financial_Risk_While_Preserving_Access.pdf
- Policy Brief: “Reducing Default Rates of Reverse Mortgage Borrowers,” Center for Retirement Research at Boston College, http://crr.bc.edu/wp-content/uploads/2016/07/IB_16-11.pdf

HECM Take-Up Rates and House Prices

- Research Paper: “Spatial Variation in Reverse Mortgage Usage: House Price Dynamics and Consumer Selection.” *The Journal of Real Estate Finance and Economics* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2458183

Comparison of HECM Take-Up Rates and Other Home Equity Borrowing Channels

- Research Paper: “Unlocking Home Equity: Credit Constraints, House Prices and the Federally Insured Reverse Mortgage,” Working Paper (Revisions in Progress); https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2727204

Longer Term Experiences of HECM Borrowers and Non-Borrowers (survey data)

- Survey Report: “Aging in Place: Analyzing the Use of Reverse Mortgages to Preserve Independent Living Summary Report of Survey Results”. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2749368
- Research Paper: “Reverse Mortgage Motivations and Outcomes: Insights From Survey Data,” *Cityscape* <https://www.huduser.gov/portal/periodicals/cityscpe/vol19num1/article4.html>

Financial Outcomes for Senior Home Equity Borrowers (including HECMs)

- Research Paper: “How Home Equity Extraction and Reverse Mortgages Affect the Credit Outcomes of Senior Households”. Michigan Retirement Research Center. <http://www.mrrc.isr.umich.edu/publications/papers/pdf/wp351.pdf>
- Policy Brief: <http://www.mrrc.isr.umich.edu/publications/briefs/pdf/rb351.pdf>