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Part 2. Assessment of Senior Housing Development Trends and Best Practices

Overview of Senior Housing

The Senior Housing market has grown and changed dramatically in the past few years. One of the primary changes is that all forms of age-qualified housing products are oriented less toward services and caring for “seniors” and have moved more toward an emphasis on the lifestyle of adults at all ages and levels of ability. While terminology is difficult to change, many concur that the term senior housing is out of date with consumer preferences.

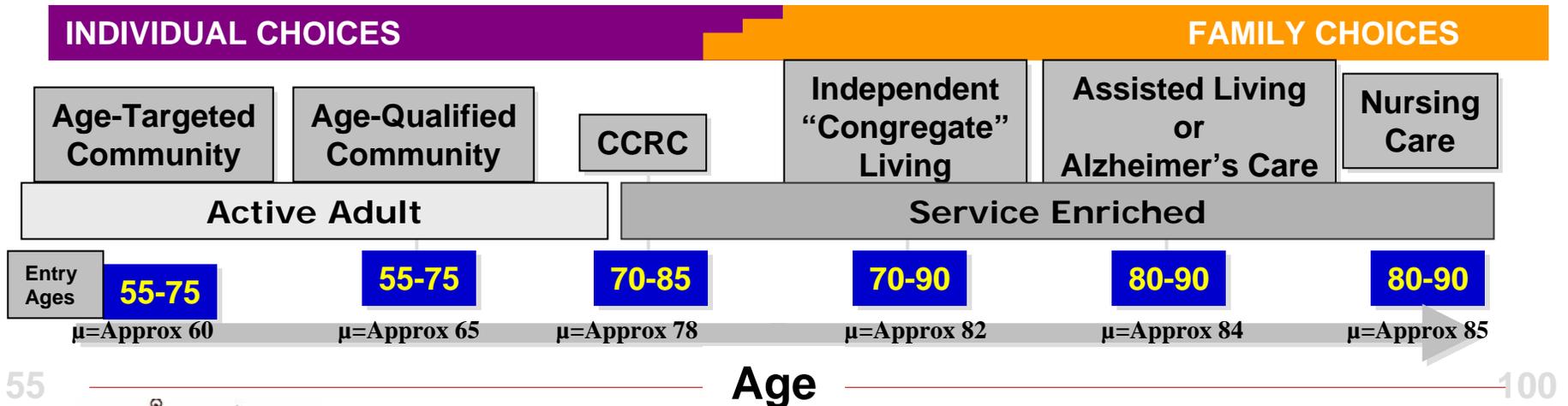
The most significant and sweeping change in the industry, at all levels of service, is the change from communities that are defined by the age of the inhabitants to communities that are defined by the lives and lifestyle of the inhabitants. The product may be reserved for persons who are 55 years of age or older, yet in today’s market the emphasis is not on age, but rather on the quality of the living experience.

This change is seen in all levels of service including active adult, independent living, assisted living, programs for persons with Alzheimer’s disease, and nursing care properties.

The Choices of Age-Qualified Housing Products in the United States - 2005

There is a comprehensive continuum of housing targeted at consumers 55 years of age and older in the United States that ranges from few, if any, services to comprehensive health care services. The services, amenities, and forms of housing are changing every day. The differences between the various age-qualified housing products become more blurred each day.

The types of housing products can be categorized in a number of ways. One category, shown in the top line of the chart below, separates age-qualified housing into products where the resident makes the choice of moving to the community and where the family makes the choice for the resident. A second category, represented by the line that reads Active Adult to Service Enriched, divides properties by whether or not the individual receives specific services such as meals, transportation, emergency response, etc. Active adult properties typically do not provide services to individuals as part of their Home Owners Association (HOA) fees, with the exception of community maintenance and lawn and landscaping services. Service-enriched properties provide increasing levels of services beginning with transportation, dining and housekeeping for independent living and encompassing personal care services such as bathing, dressing, managing medications for assisted living, and health care services in nursing care.



Classification of Age-Qualified Housing Properties

Age-Targeted or Age-Qualified

Age-targeted communities are designed and positioned to attract mature households, but they are not marketed as 55+ communities, nor do they comply with the Fair Housing Amendments Act (**Sec. 800. [42 U.S.C. 3601] Fair Housing Act**). Housing for older persons under the Fair Housing Act of 1988 is the only acceptable form of legal discrimination.

From the Fair Housing Act of 1988...

- (2) As used in this section "housing for older persons" means housing --
- (A) provided under any State or Federal program that the Secretary determines is specifically designed and operated to assist elderly persons (as defined in the state or federal program); or
 - (B) intended for, and solely occupied by, persons 62 years of age or older; or
 - (C) intended and operated for occupancy by persons 55 years of age or older, and--
 - (i) at least 80 percent of the occupied units are occupied by at least one person who is 55 years of age or older;
 - (ii) the housing facility or community publishes and adheres to policies and procedures that demonstrate the intent required under this subparagraph; and
 - (iii) the housing facility or community complies with rules issued by the Secretary for verification of occupancy, which shall--
 - (I) provide for verification by reliable surveys and affidavits; and
 - (II) include examples of the types of policies and procedures relevant to a termination of compliance with the requirement of clause (ii). Such surveys and affidavits shall be admissible in administrative and judicial proceedings for the purposes of such verification.

Age-Qualified Compared to Age-Targeted

Age-Qualified

- ❑ At least one person in each household is 55+;
- ❑ Protected by Fair Housing Act;
- ❑ Can refuse occupancy to those younger than 55 years of age (in some communities the minimum age is set at 62 years of age); and,
- ❑ Actively advertise that they provide housing for persons either 55 years of age and older or 62 years of age and older.

Age-Targeted

- ❑ Designed and marketed to mature consumers, but do not mention that age is a qualifying factor for residency;
- ❑ Product and covenants usually appeal to retirees and empty nesters and not to young families;
- ❑ Have no legal protections for discriminating against households who have younger occupants;
- ❑ Cannot deny a sale to a family; and,
- ❑ Cannot refuse occupancy to anyone.

Many builders prefer to build age-targeted active adult housing because they believe they have an opportunity to capture a greater market share if they do not label the community as “active adult” or for persons who are a certain age or older. These communities are often identified by the way they market their homes because they often use language including: care-free living, maintenance-free living, ranch-style homes, and single-story living.

Some developers build sections within their master-planned communities that have single-story homes and ultimately sell most of the homes to mature households, but they do not market these sections as age-qualified communities.

Active Adult or Service-Enriched

Active Adult and Service-Enriched Communities

Housing targeted to mature consumers is often categorized by the number and type of services that are provided. Properties that do not provide services or that provide services solely related to the upkeep and maintenance of the communities' buildings and grounds are generally referred to as **active adult**. Communities that provide services to the individual such as dining, housekeeping, social programs, transportation, and possibly personal care assistance, are referred to as **service-enriched** communities.

Typical Labels for Active Adult and Service-Enriched Communities	
Active Adult	Service-Enriched
Age-Targeted Community (single-family homes, condominiums, manufactured homes) Age-Qualified Community (single-family homes, condominiums, manufactured homes) Seniors Apartments (multi-family housing)	Independent Living Community (usually multi-family, but single-family dwellings and condominiums are becoming more common) Assisted Living Community (multi-family) Nursing Care Residence (Nursing Home) Continuing Care Retirement Community (CCRC) - A combination of multiple service levels on a single campus.

Trends. The differences between active adult and service-enriched communities continue to lessen. Many service-enriched communities are beginning to provide services a la carte and/or add sections where services are not required as part of the monthly fee. Thus, these service-enriched properties offer products that are essentially "active adult." The households who move to an "active adult" area on a service-enriched campus, however, are usually older than the households who move to an active adult community. Many consumers are opposed to about moving to communities that are age-qualified because they fear it will make them appear older.

Product Types and Average Age at Move-In

The bottom line of the chart on page 3 shows the average age of most residents when moving to each of the product types. These categories are averages, and the actual ages of individuals moving to the communities vary significantly. An 85-year-old may purchase a home in an active adult community, and there are many people younger than 60 years of age in assisted living residences. It is usually the health and abilities of an individual that determine the type of community to which he or she move.

Usually the positioning and age of a community affect the age of the people who move to the community. Communities that present a lively and opportunity-filled lifestyle, avoid ageist language, and market their product as an active lifestyle generally attract younger households. Communities with smaller residences that focus marketing on the provision of care and services attract older households.

The longer a community has been open, the older the residents. When a community first opens, the majority of residents are near the average age at entry for the product, but as a community ages the average age of the existing residents increases. Incoming residents usually reflect the same age as existing residents in communities. Or, in other words, when the prospective residents visit older communities and see that the existing residents are older, they usually look for other communities where residents are more like themselves. Hence, new communities have younger residents and older communities have older residents.

Description of Age-Qualified Housing Products

The active adult and service-enriched housing products will be defined and described in this section. The Classification for the Seniors Housing Property Types will be from the classifications endorsed by the primary organizations who represent the seniors housing industry. These organizations include:

- American Association of Homes & Services for the Aging (AAHSA)
- American Health Care Association (AHCA)
- American Seniors Housing Association (ASHA)
- Assisted Living Federation of America (ALFA)
- National Center for Assisted Living (NCAL)
- National Investment Center for the Seniors Housing & Care Industries, Inc. (NIC)

Active Adult Community (endorsed definition)

Active Adult Communities

Definition. For sale single-family homes, town homes, cluster homes, mobile homes, and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead independent lifestyles; projects are not equipped to provide increased care as the individual ages. May include amenities such as a clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fees.

Active adult communities are designed to attract the mature consumer who prefers to live in a neighborhood with others of the same age. Active adult communities may be age-targeted or age-qualified (age-restricted).

Age-targeted refers to a community that targets its product offering and marketing to persons 55-years-of-age and older, but does not choose to comply with the requirements of, nor enjoy the protections of, the Fair Housing Act of 1988 (see page 4).

Part 2. Trends: Active Adult

Example of an Active Adult Community in Prince George's County
Victoria Falls, a Central Parke 55+ Resort Community by Slenker
Land Corporation



Variations in Traditional Active Adult Communities

Active adult communities have as many variations as there are communities. The attributes that vary among these communities include the size or number of homes in the community, type of homes, price level of homes, amenities, and services.

- **Size:** Active adult communities range in size from 20 to more than 20,000 homes.
- **Type of homes:** Types of homes in active adult communities include single-family detached, single-family attached (duplex, triplex and quadplex are common), manufactured (mobile) homes, condominiums (multistory and town home style).



Variations in Active Adult Communities (continued)

- ❑ **Amenities.** Amenities often seen in active adult communities include a club house, swimming pool, fitness center, tennis courts, and golf course. Large communities such as those developed by the Del Webb Division of Pulte Homes, Lennar Corporation, K. Hovnanian Companies, U.S. Homes, Robson Communities, and others often have golf courses, restaurants and a variety of other facilities where residents may meet with and/or entertain others.
- ❑ **Services.** Active adult communities usually provide basic home owner association services related to maintaining the streets and central buildings. Some active adult communities provide lawn and landscaping services and maintenance of the exterior of the homes.
- ❑ **Gated, Guard-Gated Communities.** The level of perimeter security varies widely among active adult communities and often depends on their location. The majority of communities have an entrance gate that remains open and is there predominantly to provide a landmark and signage for the community. Some communities, particularly those in high-traffic areas, may have an electronic gate to restrict traffic flow to residents and their guests. A small proportion of communities employ security guards who operate the gates to the community. These communities tend to be located in more populated areas and may include higher priced homes.

The Market for Active Adult Communities

1. Active adult communities appear to be gaining in popularity, particularly because more communities are being built. Active adult communities are appearing in virtually every metropolitan area in the U.S., and thus are an option for people where the option was not available in most markets even just a few years ago.

2. Residents range from 55 to 80+ years of age. The amenities of the community, size and design of the homes, and positioning of the community influence the age and nature of the resident. Communities with amenities such as golf courses and other recreational amenities with larger, single-family homes are more likely to attract younger households compared to communities with small attached homes that focus on low-maintenance and community services.

Profile of Residents in Active Adult Communities

The profile of residents in each active adult community depends on a variety of factors including:

1. The age of the community: the age of residents in new communities is typically younger than the age of residents in older communities, because these residents will have lived there since the community opened. They may have had an average age of 63 years when they moved in, but after they have been there for 10 years their average age is 73 years.

2. The price of homes in communities: higher priced homes attract a more affluent market, that typically has a higher proportion of married couples.

3. The style of homes: small, single-story attached homes have a tendency to attract a slightly older age group, and more single-person households than communities with large detached homes.

Characteristics of Households in Active Adult Housing in the United States

- ❑ Average age: 73.7 years
- ❑ Gender: 44 percent male, 56 percent female
- ❑ Marital status: 61 percent married, 23 percent widowed, 15 percent single or divorced
- ❑ Work for pay (part-time or full-time)
 - Residents younger than 65 years of age: 47 percent are working
 - Residents 65 years of age and older: 20 percent are working

Source: *Understanding Seniors Housing: Demand, Choices and Behavior, 2003, National Investment Center for the Seniors Housing & Care Industries.*

Profile of Residents in Active Adult Communities

- ❑ Race/Ethnicity: 98 percent Caucasian (with the exception of properties in the Prince George's County market where it appears that the proportion of African-American households may more closely reflect the racial balance in the market area).
- ❑ There are few active adult communities in the United States that are located in markets that have high proportions of people of color. Across the United States, the proportion of home owners or residents in any form of age-qualified communities that are a race or ethnicity other than Caucasian is less than 3 percent.
- ❑ Evidence from Prince George's County, however, suggests that African-American households will purchase the active adult housing product. Although only two properties would provide any information to us about the proportion of sales made to African-American households, these two properties reveal that the majority of their buyers are African-American. The Village at Collington estimated that between 90 and 100 percent of the households in their three neighborhoods are African-American. The sales representatives at Victoria Falls estimated that 60 percent of their homeowners are African-American (the marketing agency handling the Victoria Falls account refused to verify the estimate of the sales staff).

Although all of the active adult communities were contacted, told the reason and for whom we were soliciting the information all but these two properties adamantly refused to provide the information. Many said it was illegal for them to collect this information.

The Benefits of Active Adult Housing

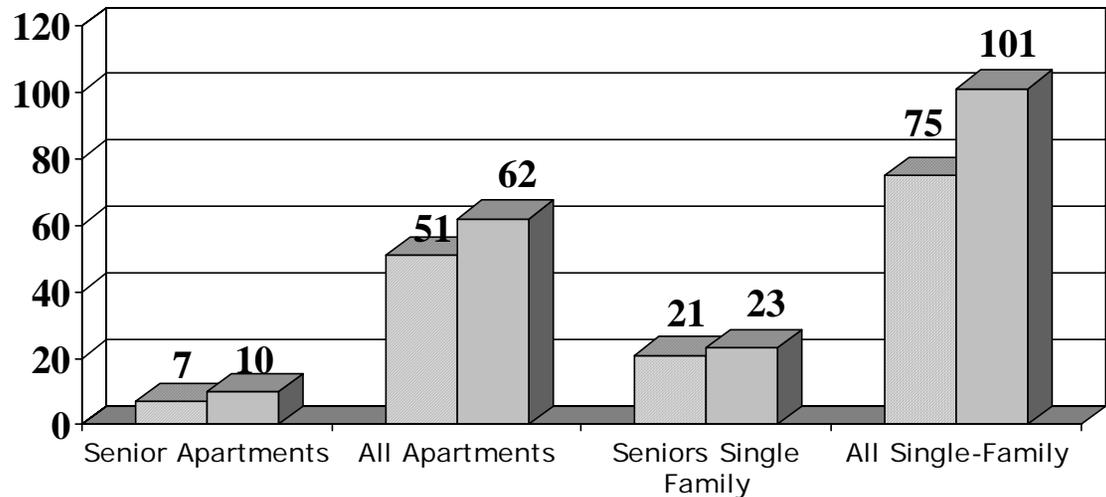
Less Impact on Traffic

Building an active adult community of 100 single-family homes can produce \$3 million in local income, \$504,000 in taxes and other local revenue for local governments and 67 new jobs. Active adult households generate fewer trips in their cars than the average household — especially at rush hour. They don't need to go to work at a specific time and they conveniently avoid getting entangled in rush hour traffic.

Less Impact on Water and Sewer Services

Local governments spend less on water and sewer services for residential developments that are age-qualified or age-targeted than they do on average households.

Average Number of Trips Generated Per 100 Housing Units: Morning Rush Hour

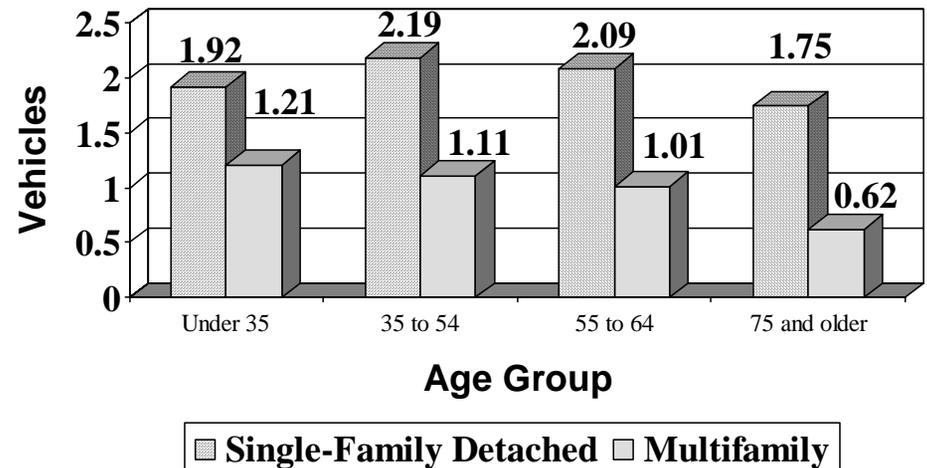


The Benefits of Active Adult Housing

Vehicles Per Household by Age of Household Head

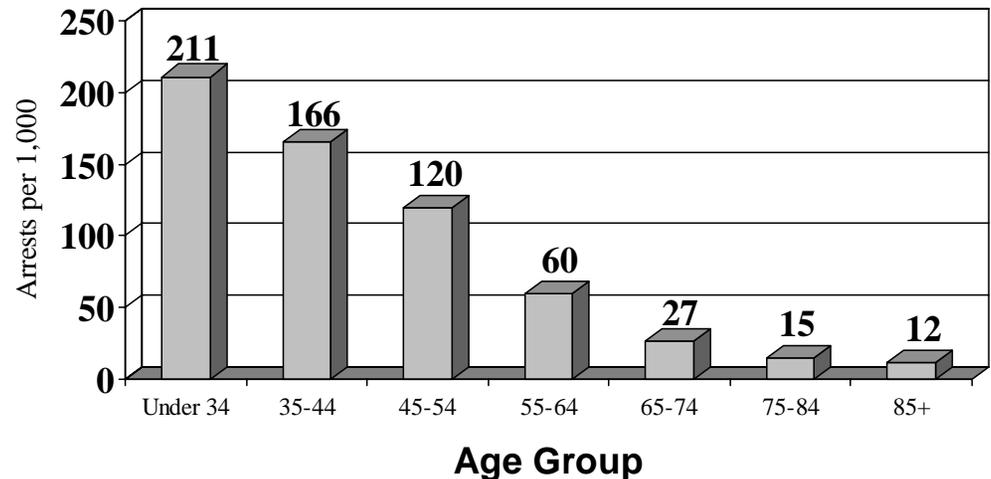
Households headed by someone 55 to 64 years of age have slightly fewer vehicles per household than those 35 to 54 years of age, but households headed by someone 75 years of age and older have approximately 20 percent fewer vehicles per household.

Number of Vehicles per Household by Age of Head of Household



The Benefits of Active Adult Housing Low Crime Rates

Arrests per 1,000 Households by Age



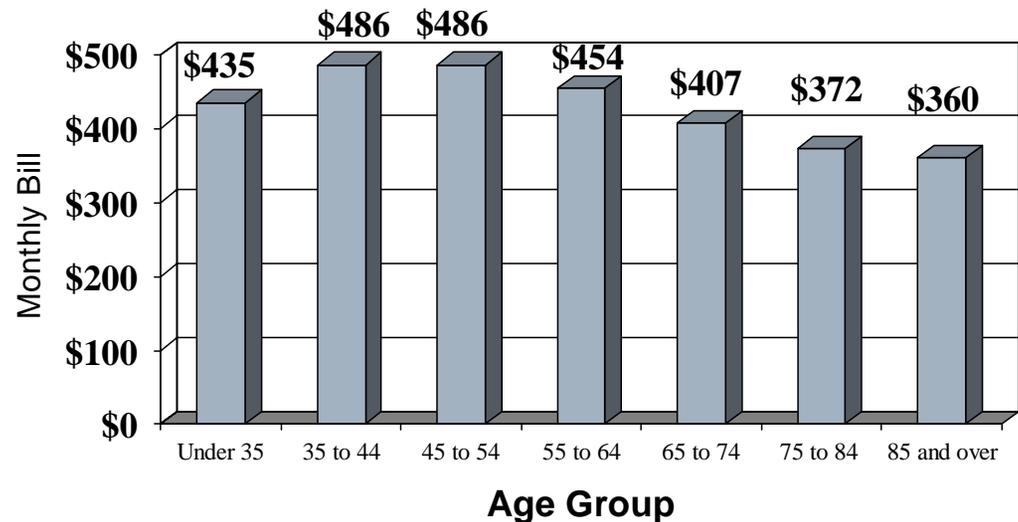
Households headed by someone 55 years of age and older are significantly less likely to be involved in crime. As age increases, the number of arrests per 1,000 individuals decreases.

The Benefits of Active Adult Housing Low Use of Community Resources

Less Impact on Water and Sewer Services

Local governments spend less on water and sewer services for residential developments that are age-qualified or age-targeted than they do on average households.

Average Water/Sewer Bills by Age of Household Head



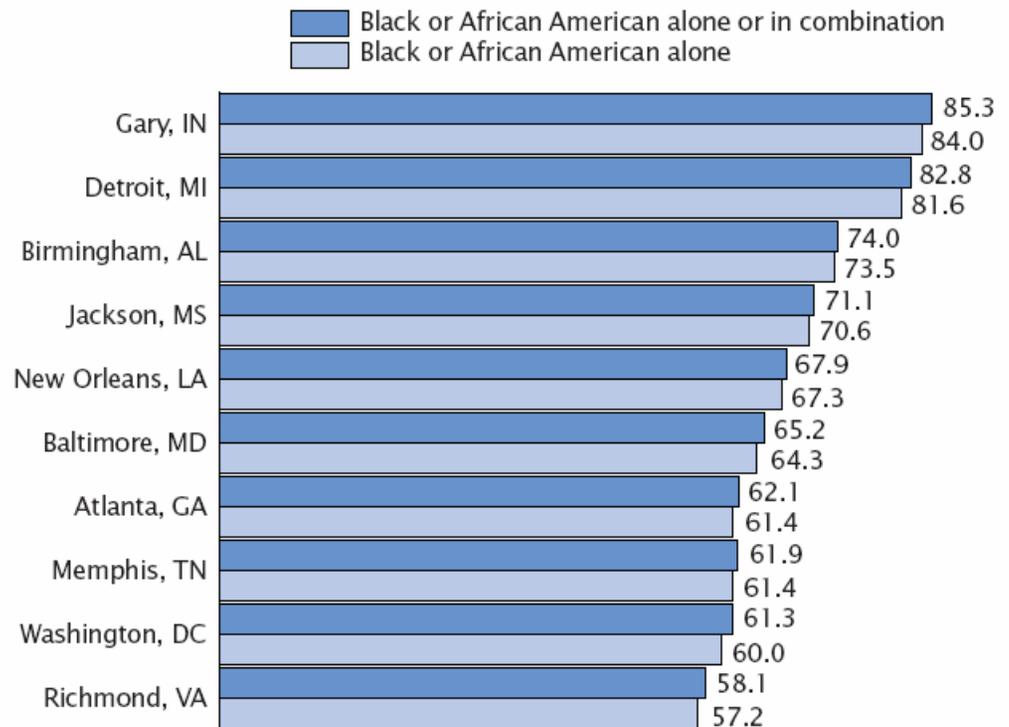
Quick Survey of Active Adult Properties in Areas Where There Are High Proportions of African American Households

The market areas around the ten communities of 100,000 or more population with the highest percentage of African-Americans and other areas in the U.S. were explored to identify active adult communities and to learn the percentage of African-American homeowners within the active adult communities. A total of 10 communities were identified in market areas where the African-American population was 20 percent or higher. Most of these markets were in areas around a few of these 10 communities.

There were no active adult properties within the market areas around Gary, IN; Detroit, MI; Birmingham, AL; Jackson, MS; Memphis, TN; Washington, DC that had African-American populations exceeding 20 percent of the total population.

Ten Places of 100,000 or More Population With the Highest Percentage of Blacks or African Americans: 2000

(For information on confidentiality protection, nonsampling error, and definitions, see www.census.gov/prod/cen2000/doc/pl94-171.pdf)



Source: U.S. Census Bureau, Census 2000 Redistricting Data (Public Law 94-171) Summary File, Table PL1.

African American Active Adult Homeowners

Among the total number of ten active adult properties identified in market areas where more than ten percent of the population is African-American, three refused to provide us any data, stating it is illegal to collect the information. It is evident, however, among the properties willing to share information, that African-American households accept and purchase the active adult product.

Percent of African-American-Households Owning Homes in Active Adult Communities in Markets with 10+ Percent African-American Households			
City	Property	Percent African American Households	
		In City	In Property
Laurel, MD	Central Parke at Victoria Falls	34.5 %	60 %
Mitchellville, MD	Signature Club at Collington	78.5 %	90 to 95 %
Olympia Fields, IL	Traditions at Olympia Fields	52.1 %	90 %
Homewood, IL	Garden at Homewood Place	17.5 %	85%
South Holland, IL	Villas of South Holland	50.8%	60%
Lansing, IL	Villas of America	10.7%	12%
Berlin, MD	River Run	32%	0%

Total Number and Percent of Properties Identified in Areas with 10+ Percent African-American Households That Provided Data on the Proportion of Sales to African-American Households		
Number of Properties Identified	Number (and Percent) Provided Data	Number (and Percent) Refused to Provide Data
10	7 (70%)	3 (30%)

Senior Apartments Market Rate (endorsed definition)

Age-Targeted Community/Senior Apartments

Definition. Senior apartments are multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities and other amenities. The apartments discussed in this section do not include subsidized apartments such as HUD 202 or Section 8 properties.

The number of senior apartments built in the last five years has increased substantially, particularly because this product has shown significant success across the United States. Developers of senior apartments are attracted to this product for the following reasons:

- Older renters have a longer tenure than younger renters;
- Older renters have less impact (wear and tear) on the building than younger renters;
- Senior apartments require fewer employees than service-enriched age-qualified housing such as independent living;
- Senior apartments, because they do not include a central kitchen and dining room, are less expensive to construct than independent living communities; and
- Senior apartments have enjoyed faster fill-up rates than independent living apartments, probably because they are less expensive than communities that include services in their monthly fees.

Example of Senior Apartments in Prince George's County

In 2001 a large number of senior apartments were financed through the Low-Income Housing Tax Credit program, while approximately one-fourth were bond financed. The properties focused on in this report, however, are market rate properties that do not rely on subsidies.

There has been an increase in the number of market rate senior apartments in the U.S. for several reasons. Many service-enriched communities, particularly those experiencing occupancy problems, have begun to lease their apartments without services to attract a younger clientele and to fill vacant units.

Senior apartments may compete significantly with independent living residences. They are not likely to have a strong impact on the market for single-family homes among the 55+ market sector. Renting is not an alternative for someone who wishes to purchase a home. A senior apartment, on the other hand, is an alternative to an apartment in an independent living community when the household does not wish to pay for additional services.



Profile of Residents in Senior Apartments

- Average Age: 77.6 years;
- Gender: 73 percent are women, 27 percent are men;
- Marital Status: 20 percent are married; 38 percent are widowed; 41 percent single or divorced;
- Race/Ethnicity: 91 percent are Caucasian.

Source: *Understanding Seniors Housing: Demand, Choices and Behavior, 2003*, National Investment Center for the Seniors Housing & Care Industries.

CCRCs Variation by Contract Type

CCRCs vary in the type of contracts that they have with their residents. These contracts differ relative to the amount of money the resident pays when entering the community and subsequently in monthly fees, and they vary relative to the types of services included in the contract.

Type A Contract: A resident typically pays an upfront fee and an ongoing monthly fee in exchange for the right to lifetime occupancy of an independent living unit and certain services and amenities. Residents who require assisted living or nursing care may transfer to the appropriate level and continue to pay essentially the same monthly fee as they were paying for independent living. This Type A contract is sometimes referred to as **“Lifecare.”**

Type B Contract: Under a Type B (Modified) contract, a resident typically pays an upfront fee and an ongoing monthly service fee for the right to stay in an independent living unit and receive certain services and amenities. A modified contract obligates a CCRC to provide the appropriate level of assisted living or nursing care to residents of independent living units, as in a life care contract, but only for a specified period of time at a specified rate that may or may not be tied directly to the independent living rate.

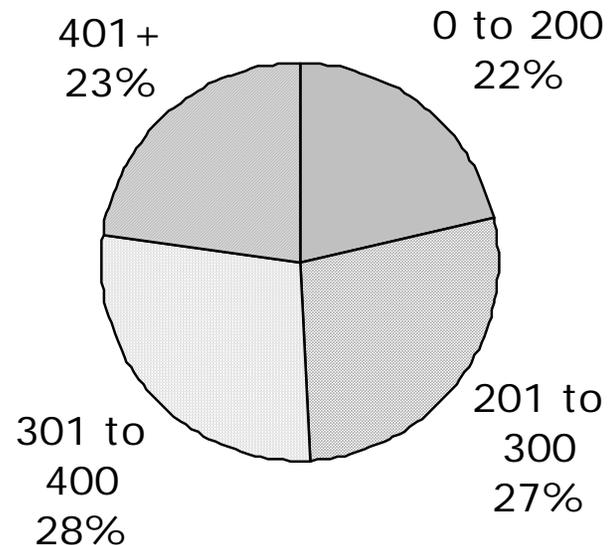
Type C Contract: A fee-for-service contract requires an entrance fee but does not include any discounted health care or assisted living services. Typically residents receive priority admission or guaranteed admission for these services. Under this contract, residents who require assisted living or nursing care pay the regular per diem rate paid by those admitted from outside the CCRC.

Source: American Seniors Housing Association, *The State of Seniors Housing, 2004.*

Size of CCRCs in Number of Units/Beds

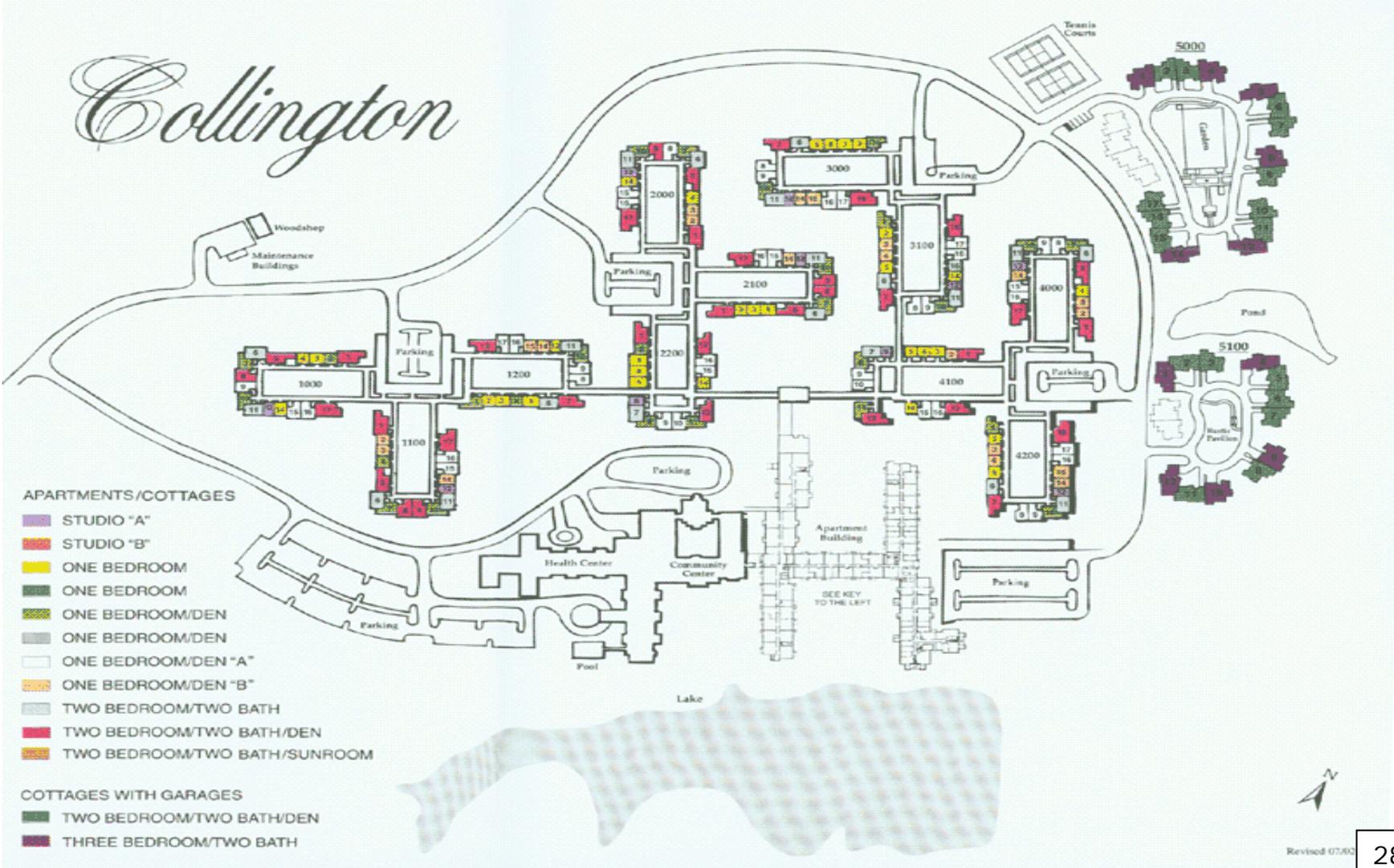
CCRCs range in size from fewer than 200 apartments or beds to more than 400 apartments or beds. The units are generally counted as apartments in independent living and beds in assisted living and nursing care. The total count of units in CCRCs is the count of apartments in independent living and beds in assisted living and nursing care.

Percent of CCRCs by Number of Units



Source: American Seniors Housing Association, *The State of Seniors Housing, 2004*.

Example of a CCRC in Prince George's County (The Collington)



Profile of Residents in CCRCs

- Average age: 77.3 years.
- Gender: 68.3 percent female, 31.7 percent male
- Marital status: 47 percent married, 44 percent widowed, 9 percent single or divorced
- Race/Ethnicity: 99 percent Caucasian
- Work for pay (part-time or full-time)
 - 0 percent full-time
 - 2 percent part-time

Source: *Understanding National Investment Center for the Seniors Housing & Care Industries Seniors Housing: Demand, Choices and Behavior, 2003.*

American Seniors Housing Association, *The Independent Living Report, 2004.*

Independent Living (endorsed definition)

Congregate Care/Independent Living Communities

Definition. Age-qualified multifamily rental properties with central dining facilities that provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and recreational activities. Such properties do not provide, in a majority of the units, assistance with daily living such as supervision of medication, bathing, dressing, toileting, etc. There are no licensed skilled beds in the property.

Variation in Independent Living Communities. Independent living communities vary by their size, whether or not they are freestanding structure or are combined with other services, their amenities and services, and whether or not the resident may “age in place” and receive assisted living services in their apartment.

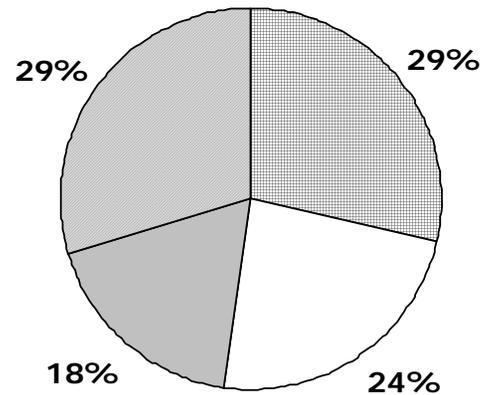
Fees. The median monthly revenue from independent living apartments is \$1,832. Fees range from as low as \$600 per month in a community with an entrance fee up to \$7,500 for a two-bedroom apartment in a luxury community.

Note: The term “congregate care” is used only infrequently.

Independent Living Communities

Independent living properties range in size from perhaps as small as a dozen apartments (units) up to 1,500 or more. The average (mean) number of independent living apartments is 136 and the median is 108.

Percent of Independent Living Communities by Number of Units



Source: American Seniors Housing Association, *The State of Seniors Housing, 2004*.

Variations in Independent Living Properties: Type of Property

A freestanding independent living community is one that provides only independent living housing and services. In contrast, there are properties that provide both independent living and assisted living housing and services.

There are two types of properties that provide both independent living and assisted living. One type segregates the independent living from the assisted living residents in separate buildings or wings. Most do not intermingle the groups for activities and dining. While this seems discriminatory, it is usually at the request of independent living residents. Contrary to what you might expect, many older adults are intolerant of other older adults with diminished capacities and do not want to be in the same areas or dining rooms with them. It is almost that they fear the difficulties of the other person are contagious, or if they are seen with other people with diminished capacity, they will be viewed the same.

Independent Living Community



Variations of Independent Living: Aging in Place

Some independent living properties by plan or by default allow independent living residents to continue living in their apartments, even though they cannot live independently any longer. Instead of moving the resident to assisted living they provide assisted living services to the resident in his/her independent living apartment. This is usually preferred by the resident receiving the services because he/she is not required to move and is able to stay in the apartment to which he/she has become accustomed.

Unfortunately, many independent living neighbors of individuals who are receiving assisted living services in what used to be an independent living apartment are unhappy about the presence of their neighbors with diminished capacities. Their unhappiness is often caused by two primary circumstances. The first is that they must encounter the persons with diminished capacities in the common areas of the community. The second, is that often they are called upon to assist residents with diminished capacities.

From focus groups conducted with independent living residents living in an “aging in place” community, ProMatura has documented many instances where a neighbor had to go to the rescue of their frailer assisted living neighbor who had fallen, become ill, or who was disoriented and wandering the halls, etc. While the independent living residents sympathize with the assisted living neighbors, they do not believe that it is fair that they should be the ones to have to look out for their frailer neighbors and be concerned about them. It is not the intention of the communities to have the residents look out for one another relative to their health and safety; however, most independent living residences are larger and not well-designed for closely monitoring residents 24 hours per day.

Profile of Independent Living Residents

- Average age: 82.6 years
- Gender: 69 percent female, 31 percent male
- Marital status: 31 percent married, 52 percent widowed, 16 percent single or divorced
- Race/Ethnicity: 99 percent Caucasian
- Work for pay (part-time or full-time)
 - 0 percent full-time
 - 2 percent part-time

Source: *Understanding National Investment Center for the Seniors Housing & Care Industries Seniors Housing: Demand, Choices and Behavior, 2003.*

American Seniors Housing Association, *The Independent Living Report, 2004.*

Assisted Living (endorsed definition)

Assisted Living Residence

Definition. State-regulated rental properties that provide the same services as independent living communities, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living, including management of medications, bathing, dressing, toileting, ambulating and eating. Many of these properties include wings or floors dedicated to residents with Alzheimer's or other forms of dementia.

Size of Residences. Assisted living residences range in size from a few units to up to 300 apartments. The median size of assisted living residences is 54 units (apartments).

Fees. The median monthly fee charged by assisted living residences in the U.S. is \$2,695. This fee usually pays for the room and board and personal care services (as listed above). There are variations in the way assisted living communities charge for their services. Some have a single all inclusive price. Other assisted living residences charge a base price for room and board and charge separately for each additional service such as medication management, bathing, assistance with toileting, escort service to meals. And some assisted living properties have tiered pricing based on the amount of service (or assistance) provided.

Variations in Assisted Living: Type of Property

Assisted living services are provided in freestanding properties where only assisted living care is provided in properties where other services are provided. Many assisted living properties include separate areas or wings where residents with Alzheimer's disease or some other form of dementia are provided care.

Some assisted living Alzheimer's care centers are freestanding and only serve persons with this disorder.

Assisted living is often provided in communities that also offer nursing care, and is usually provided in continuing care retirement communities.



Profile of Assisted Living Residents

- Average age: 85 years
- Gender: 79 percent female, 21 percent male
- Race/Ethnicity: 99 percent Caucasian

Assisted Living Residents' Needs for Assistance	
Need help with medications	86 percent
Need help with bathing	72 percent
Need help with dressing	57 percent
Need help with toileting	41 percent
Need help with transferring	36 percent
Need help with eating	23 percent

National Center for Assisted Living, *Facts and Trends: The Assisted Living Sourcebook*, 2001.

Nursing Care: Skilled and Unskilled (endorsed definition)

Nursing Home. A licensed daily rate or rental property that is technically referred to as a skilled nursing facility or nursing facility where the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may contain a minority of assisted living units.

Skilled Nursing Facility (SNF). These state-licensed long-term care facilities offer 24-hour medical care provided by registered nurses (RN), licensed practical nurses (LPN) and certified nurse assistants (CNA). They also are required to have house physicians. This facility cares for the very frail residents who are totally dependent on nursing care. This facility typically has a short-term rehabilitation unit for residents needing rehab between hospital and home.

Nursing care properties vary in the level and type of care they provide. Some provide intermediate care that has limited nursing care and provides personal care services. Skilled nursing facilities provide higher levels of care and many may offer special services.

Some nursing care providers have short-term stay facilities and cater to individuals recovering from injury, surgery or illness. Others serve a broader range of nursing care needs and may offer palliative care for persons near death.

Services. Nursing homes provide personal care and nursing care services. They vary in the amount and depth of nursing care provided.

Fees. The median per diem rate for a private nursing care bed in metropolitan areas in the U.S. is \$190 or approximately \$5,795 per month.

Nursing Care: Change on the Horizon

Nursing homes have long been dreaded by everyone. One fears spending the end of life there, and family members suffer guilt when placing their loved ones in nursing centers. Most even fear having to visit someone in a nursing home. Since, 1991, Dr. Bill Thomas has led a small but progressively growing movement to change nursing homes. Called the Eden Alternative, his movement focuses on making sure that despite their health and/or physical condition, residents of a nursing home have an opportunity for growth.

THE EDEN ALTERNATIVE TEN PRINCIPLES

1. The three plagues of loneliness, helplessness, and boredom account for the bulk of suffering among our elders.
2. An elder-centered community commits to creating a human habitat where life revolves around close and continuing contact with plants, animals, and children. It is these relationships that provide the young and old alike with a pathway to a life worth living.
3. Loving companionship is the antidote to loneliness. Elders deserve easy access to human and animal companionship.
4. An elder-centered community creates an opportunity to give as well as receive care. This is the antidote to helplessness.
5. An elder-centered community imbues daily life with variety and spontaneity by creating an environment in which unexpected and unpredictable interactions and happenings can take place. This is the antidote to boredom.
6. Meaningless activity corrodes the human spirit. The opportunity to do things that we find meaningful is essential to human health.
7. Medical treatment should be the servant of genuine human caring, never its master.
8. An elder-centered community honors its elders by de-emphasizing top-down bureaucratic authority, seeking instead to place the maximum possible decision-making authority into the hands of the elders or into the hands of those closest to them.
9. Creating an elder-centered community is a never-ending process. Human growth must never be separated from human life.
10. Wise leadership is the lifeblood of any struggle against the three plagues. For it, there can be no substitute.

Nursing Care: A New Alternative, the Green House

Dr. William Thomas initiated another innovation in nursing home care with Mississippi Methodist Services. The first four Green Houses in the nation have been housing elders since May 2004 in Tupelo, Mississippi. Conceived as part of a movement to change the culture of long-term care in America, they are designed to feel more like home than today's typical nursing home and to blend easily into their community or surroundings.

The Eden Alternative is a way to humanize existing nursing homes that were designed to the institutional standards in existence when they were built. The Green House is a new design for the physical plant of a nursing home and a new form for the delivery of service to residents.



Source: www.thegreenhouseproject.com

Nursing Home: Trends and Innovation

The Green House is a small intentional community for a group of elders and staff and is intended to be a vessel for the enactment of the most positive elderhood possible. It is a place that focuses on life, and its heart is found in the relationships that flourish there. A radical departure from traditional skilled nursing homes and assisted living facilities, the Green House alters facility size, interior design, staffing patterns, and methods of delivering skilled professional services.

Developed by **Dr. William Thomas** and rooted in the tradition of the Eden Alternative, a model for cultural change within nursing facilities, the Green House is intended to de-institutionalize long-term care by eliminating large nursing facilities and creating habilitative, social settings. Its primary purpose is to serve as a place where elders can receive assistance and support with activities of daily living and clinical care, without the assistance and care becoming the focus of their existence.

Source: www.thegreenhouseproject.com



Nursing Home: Trends and Innovation

Each elder enjoys a private room with a private bath which they decorate with their own belongings. There is easy access to all areas of the house including the kitchen and laundry, outdoor garden and patio. Safety features are built into the house to minimize injury. The small size of the Green House promotes less use of wheelchairs.

The elder is free from the limitations of an institutional schedule and lives a comfortably daily life - sleeping, eating, and engaging in activities as they choose. Meals are prepared in the kitchen and served at a large single dining table where staff and elders and visitors enjoy a pleasant dining experience called - **CONVIVIAM**. This is characterized by good fresh food, a well-set table, music and flowers, and good conversation with people who care about one another. Meal times can last over an hour and appetites are good.

Source: www.thegreenhouseproject.com



Profile of Nursing Home Residents

- Average age: 76.5 years
- Gender: 55 percent female, 45 percent male
- Race/Ethnicity: 92 percent Caucasian; 3 percent African American, 5 percent other.

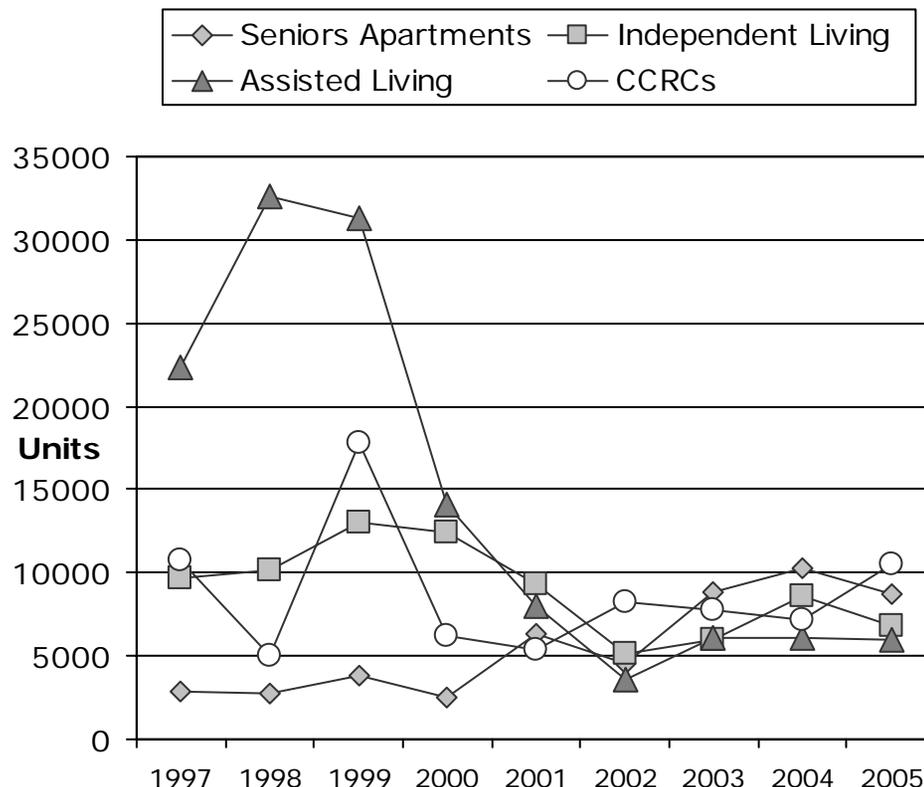
Source: *Understanding National Investment Center for the Seniors Housing & Care Industries Seniors Housing: Demand, Choices and Behavior, 2003.*

Number of Senior Housing Units Under Construction

The senior housing industry experienced a significant increase in supply between the years 1997 and 1999. This growth was predominantly led by the development of hundreds of assisted living communities at the behest of Wall Street investors. The rapid influx of assisted living product impacted negatively all facets of the industry.

This chart shows the significant boom in development of assisted living properties that occurred in the late 1990s. This over-building affected occupancies in assisted living, independent living and nursing care properties.

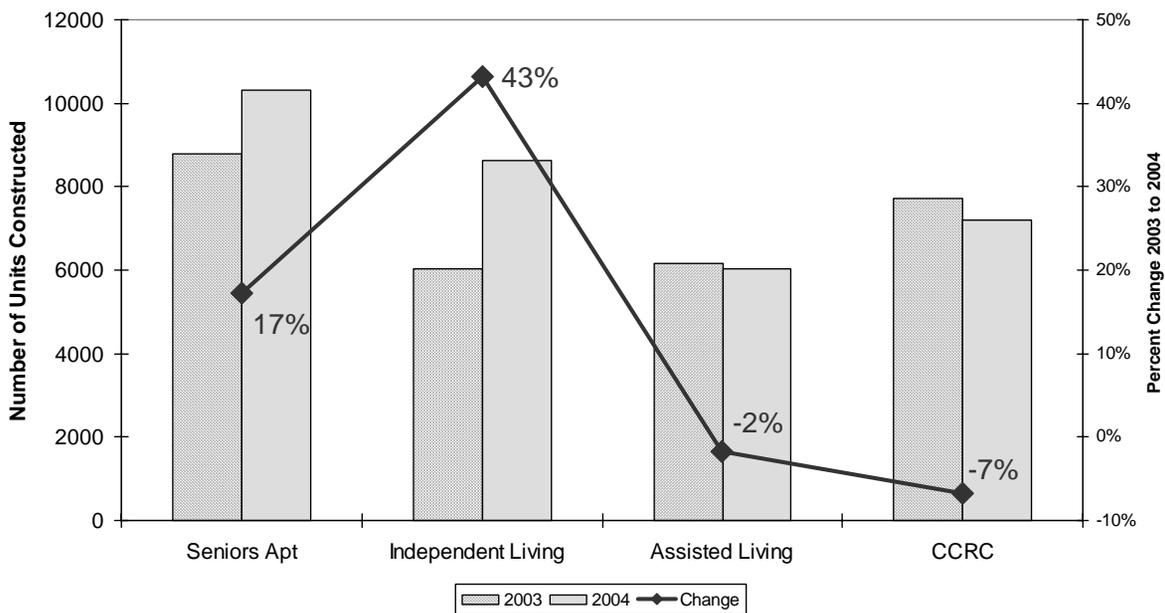
Growth in the number of assisted living and independent living properties has remained steady over the past three years, while that of senior apartments and CCRCs has shown an increase in numbers.



Source: American Seniors Housing Association, *Seniors Housing Statistical Handbook*, October 2004.
American Seniors Housing Association, *Seniors Housing Construction Report*, 2005

Age-Qualified Units (Apartments) Under Construction June 2003 and June 2004

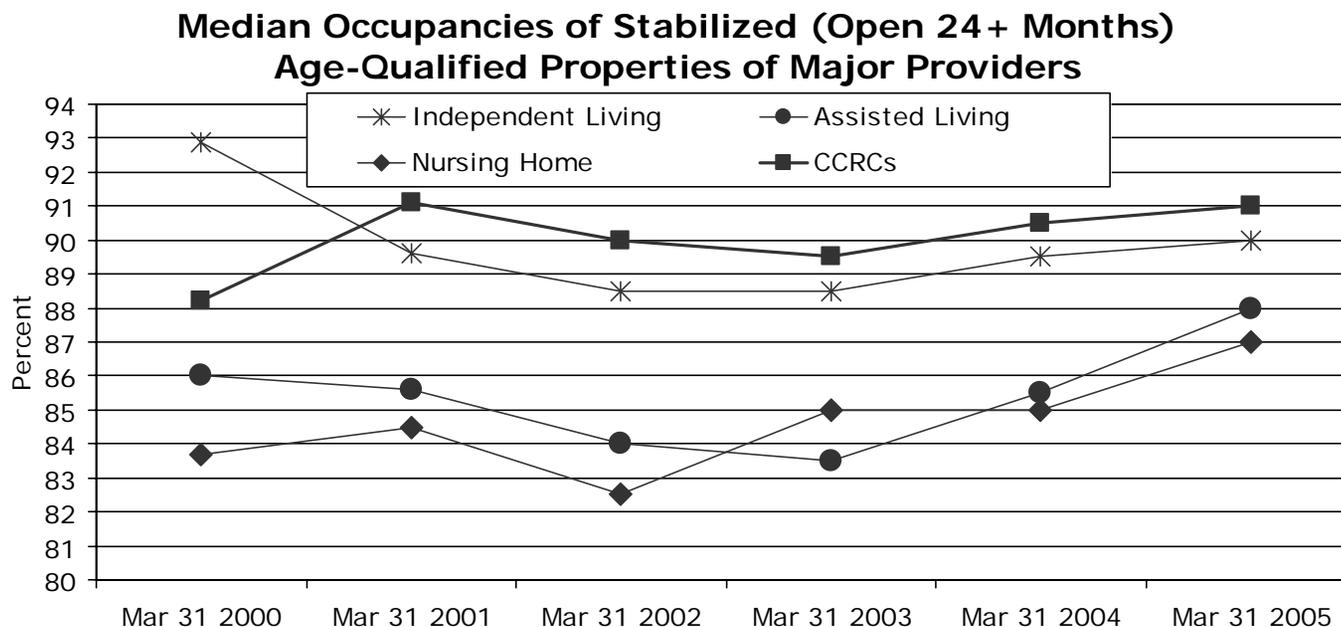
The number of senior apartment units under construction increased 17 percent and the number of independent living units increased by 43 percent between 2003 and 2004. In contrast, there were 2 percent fewer units of assisted living and 7 percent fewer units in continuing care retirement communities under construction in 2004 as compared to 2003.



Median Occupancies by Senior Housing Product Type

Source: National Investment Center for the Seniors Housing and Care Industries, Inc. (NIC), *Key Financial Indicators*, www.nic.org

Occupancies of service-enriched age-qualified housing have only begun to show a slight growth since the overbuilding in the late 1990s. Independent living occupancies at 90 percent have not returned to the level of 93 percent seen in 2000. The median occupancies of assisted living properties of major providers that have been open for more than two years is 88 percent, the highest level in more than six years. Nursing home occupancies at 87 percent are at their highest level since 2000. Occupancies of CCRCs remain stable at 91 percent.



Growth in Active Adult Housing in the United States

There are no censuses of active adult housing in the United States, with the exception of age-qualified senior apartments that are tracked by the American Seniors Housing Association. It is difficult to determine the number of active adult housing units and to monitor the growth of this sector of the industry for a variety of reasons.

1. Active adult housing developments that provide single-family homes are not monitored by any of the trade associations and are not required to register with any governmental agency. Consequently, there is not a central repository for information about active adult housing in the U.S.
2. Active adult housing developments range in size from as few as a dozen or so homes up to as many as 23,000 homes. Small builders of active adult properties often do not advertise and simply sell their age-targeted homes by word of mouth.
3. Many developers do not use terms such as, active adult, 55+, age-qualified, or retirement community when promoting their product.
4. Age-targeted housing communities avoid using terms that define them as being for persons who are 55 years of age and older, even though that is the market they are trying to attract. Sometimes these developments can be identified via the words used to market them, such as carefree living, maintenance-free housing, ranch-style homes and lifestyle communities.
5. Often when many, if not most, of the active developments sell all of their homes, the central amenities are deeded to the homeowners association and the builder no longer markets the property. Thus, there is often not a central telephone number associated with the community, the community is not listed in the yellow pages directory for the area, and homes are sold by individual realtors or by the homeowners.

Directories of Active Adult Housing

There are two directories of active adult housing in the US that are fairly complete relative to the properties that are presently selling homes. These directories are:

- *The National Directory of Lifestyle Communities*, 2005, published by Parks Development Consulting, Inc., 8912 East Pinnacle Peak, Suite 459, Scottsdale, AZ 85255. This directory lists 1,263 communities and includes all of the active adult properties in Prince George's County that have been identified. The *National Directory* lists all of the active adult properties in Prince George's County.
- The *Active Adult Living Directory*, available at www.activeadultlivingdirectory.com. This on-line directory lists 865 active adult communities.

Part 2. Trends: Industry Growth

Growth in Number of Builders Targeting 50+ Households

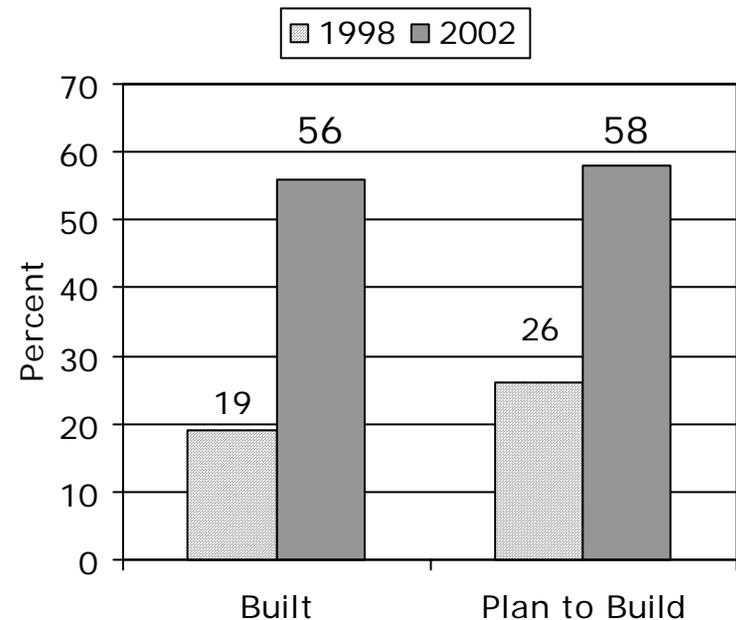
Source: NAHB, 1999, *Builder Member Survey on Seniors Housing*; and NAHB, 2003, *2003 Builder Survey: An Industry Update of Current Trends of Age-Restricted, Age-Targeted and Independent Living Communities*.

The National Association of Home Builders has conducted two surveys of home builder members, one in 1998 and one in 2002, that asked the proportion of the builder's construction that was age-targeted or age-qualified. While these studies are not representative of the entire builder market, the results suggest growth in the number of builders targeting mature households.

In 1998, 19 percent of the 1,010 builder survey respondents said they built active adult housing within the previous two years and 26 percent planned to build it in the next two years. In 2002, significantly fewer builders completed the survey (500 respondents). Among these respondents 56 percent said they built age-restricted single-family housing in 2002 and 58 percent said they planned to build it in the future.

While these two studies do not allow an apples to apples comparison, they suggest that the number of builders targeting 50+ households grew by at least 9 percent per year between 1998 and 2002.

Percent of NAHB Member Survey Respondents Building Age-Targeted Housing



Conclusions about Senior Housing Trends and Their Effect on Prince George's County

1. The age-qualified service-enriched industry is shifting from solely a rental or entrance fee product line, to forms of true ownership where the owner (condominium or cooperative) may receive the benefits of appreciation and tax deductions. Additionally, many people have a greater sense of control and satisfaction if they own their homes. It is anticipated, that with the opportunity to own their residences, a greater proportion of the 55+ market will choose age-qualified housing.
2. Adding active adult housing to a market area often will reduce the proportion of households who move to independent living, and even to a smaller extent, assisted living. Residents of active adult communities often develop supportive networks and access to home-based services and may reside in their homes longer and avoid moving to independent living or assisted living care until later stages of their lives, if at all.
3. The age-qualified housing industry has served Caucasians and national averages suggest that at least 95 percent of the households in age-qualified housing are Caucasian. The brief survey of properties located in areas where African-American households make up 20 percent or more of the population, suggest that this market sector is receptive to active adult housing.
4. Prince George's County is underserved relative to independent living, assisted living and Alzheimer's care. This is likely to be directly related to the racial composition of the county. Developers have not yet tapped the African-American market and consequently have not built in market areas where African Americans form the predominant market sector.
5. Prince George's County has a high volume of existing nursing care stock, consequently innovations in nursing care may be slow to materialize until older structures are retired.