



A New Day and New Trends in Senior Housing Development

By Ecumen, the innovative leader in senior housing and services, empowering individuals to live richer and fuller lives.

An Introduction

Say goodbye to drab, institutional environments with long dimly lit hallways, awful food and cheerless common areas. The possibility of facing years, or even months, in these institutions – many developed as nursing homes in the 1960s and 1970s – once fomented a sense of dread among people.

Today senior housing is a whole new world. The next generation of seniors will be more diverse, better educated and have more disposable income than their predecessors. The senior market is emerging to offer a plethora of options ranging from master-planned communities to high-rise senior developments in 24-hour neighborhoods to affiliation-sponsored housing catering to lifelong learners, religious affiliation and even sexual orientation.

“Choice” is the dominant theme in senior housing development today. Many seniors will stay at home. Others will move to a larger neighborhood setting where an entire continuum -- from independent living to assisted living to memory and nursing care if needed -- will be available at one location.

The senior market will be a booming category for the foreseeable future. Approximately 78 million Americans were born between 1946 and 1964 – the Baby Boom and the Silent Generation (born from 1925-1945) before them – are now retiring and seeking, in many cases, new living arrangements. Over the next 25 years, seniors will double in number to 70 million and represent 20 percent of the population – a first in the United States.

General Trends In Senior Housing

Institutional senior living is declining in the United States. In fact, the U.S. Census Bureau recently reported that about 7.4% of Americans aged 75 and older lived in nursing homes in 2006, compared with 8.1% in 2000 and 10.2% in 1990. Many of yesterday's nursing homes are today's short-stay rehabilitation care centers, helping people return to their home.

In place of nursing homes comes new senior housing designed to “build community,” rather than isolate people. They feature community centers, spas, fitness and wellness centers and ample space and privacy.

WHAT'S HOT

- A focus on creating places where people “want” to live, not where they “need” to live.
- Housing that allows people to seamlessly move from independent living to health services if needed.
- Lifelong learning and wellness centers that go beyond basic fitness to help people age vitally and successfully.
- Partnerships with churches, colleges and others to foster vibrant communities and intergenerational relationships.
- Technology that promotes independence and wellness.

WHAT'S NOT

- Institutional, cookie-cutter design. (*People don't want it.*)
- A hospital “feeling.” (*These are people's homes and they are increasingly patterned after resorts.*)
- One-sized fits all service and amenity packages. (*Customer choice is essential.*)
- Prepackaged food delivered from elsewhere. (*Bad food means goodbye customers.*)
- A philosophy that aging is simply the end of life. Aging (which we're all doing) is about living, even at the very end of life.

Ward Isaacson, principal with Pope Architects in St. Paul, says new senior housing has more welcoming design features, such as a lots of natural light, natural wood highlights, fitness and wellness centers, fine arts venues, a move to green, sustainable development, computer rooms and libraries, well-appointed meeting rooms for book clubs, Rotary Club meetings and other social groups, and on-site “main streets” with cafes, banking, and retail stores. They’re communities built on the premise that “aging is all about living.”

Many of the housing projects he’s working on today include vibrant interior courtyards that create a “town square” where people can grab a scone, a cup of Starbucks and a seat to read *The New York Times* or *Wall Street Journal* or meet with friends. Open, grand

stairwells and fireplace lounges and libraries are commonly found in new senior developments.

In senior apartments, residents find everything they loved about their home – kitchens, dishwashers, washer and dryer, large closets, and outdoor decks and garden areas – with one important caveat, says Isaacson. The residence is right-sized, so people have space they use rather than waste.

Windows bring in natural light and unobtrusive, simple-to-use HVAC monitors control heating and cooling. New residences are also pre-wired for access to the Internet and cable or satellite television.

Location and Affiliation-Related Developments

Several trends are evolving in senior housing, including the strategic selection of locations for communities and a subtle trend toward basing membership on interests or affiliations, says Andy Carle, who is an assistant professor at George Mason University and director of George Mason's Assisted Living/Senior Housing Administration program. What follows is a snapshot of the market.

Location

- Downtowns are attractive neighborhoods for seniors. The short distance to shopping, recreation, and service providers make it an appealing choice for active seniors.
- City neighborhoods and suburban areas with walkable streetscapes. The debate for many seniors and their families is should parents stay in their neighborhoods or move to senior developments in their children's neighborhoods. "That's a huge question," says Carle.
- Natural environments have great appeal. Some senior communities border state parks, lakes, oceans, rivers and other natural assets. Connective trails offer people scenic pathways from their homes through adjoining wetlands. Many communities also have outdoor plazas and walking trails within the development's grounds.
- Large senior-only developments. A handful of developers build entire continuum-of-care senior communities for thousands of residents complete with their own downtowns and access to trails and dozens of other amenities.
- Though some communities with more than a thousand units are still being built, the trend is falling off due to increasing land prices and the expense of operating them. Sun City in Arizona, for example, is the kind of development that no longer may be feasible.

Affiliation Housing

The affiliation component of senior housing is also growing in significance. Carle points to retirement communities in San Francisco for Asian Americans, in Santa Fe for gays, lesbians and transgender individuals and in Texas for recreational vehicle owners. These niches will grow as seniors seek housing connected to their ethnicity, sexuality, religion, education, housing type or, perhaps, hobbies.

“Boomers are going to demand a lot more choices in senior housing and what we need is a portfolio of products to address that,” Carle told an Australian newspaper last year. Other affiliated housing options growing in popularity are:



Building Community Through Affiliations

Luther Park of Sandpoint opened in 2008. Idaho’s first Catered Living senior community, is owned by First Lutheran Church of Sandpoint and managed by Ecumen. Both are members of the Evangelical Lutheran Church in America (ELCA). Catered Living combines independent living, assisted living and memory care on one site.

Luther Park is physically connected to First Lutheran Church of Sandpoint and greatly expands the intergenerational focus at First Lutheran, making Sandpoint a “great place to grow up and grow old.”

- **Religious affiliation.** “Building community is such an important part of many religious faiths,” notes Dana Wollschlager, director of real estate development for Ecumen, a non-profit senior housing

- **College affiliation.** Senior housing on or near college campuses has been enormously popular. Called “university-based retirement communities” (UBRC), these developments meet five criteria Carle established: Being near a university; a formal agreement for provision of senior programming; continuum of care services; a documented financial relationship between university and the developer; and 10 percent or more of residents connected to the university as alumni, former staff, faculty, et cetera. More than 100 campuses boast senior housing, a number Carle expects to increase by another 400 within 20 years.
- **Healthcare affiliation.** Living near easy-access healthcare options, such as a hospital, or medical specialty clinics is growing in desirability. Ecumen and others are developing housing that is focused solely on people living with the

challenges of dementia or Alzheimer's. That need is growing rapidly, as someone develops Alzheimer's every 72 seconds.

Current Market Choices

The senior housing market is dominated by six to eight different housing configurations covering ages from 55 to 90 and older. The

market falls into two distinct categories – communities for younger retirees making their own individual choices on where to live and residences for seniors needing healthcare services.

Most Active Senior Housing Markets

Here were the Top 10 cities for senior housing development in 2006:

City	Units
Chicago	3,188
Dallas	2,871
New York	2,150
San Francisco	2,104
Philadelphia	1,938
Seattle	1,679
San Antonio	1,536
Los Angeles	1,376
Houston	1,238
Denver	1,065

Sources: American Seniors Housing Association, National Investment Center, and Dallas Morning News

Active Adult Communities

Oxford, Miss.-based Promatura, a market and consumer research company specializing in 50+ adults, defines an "active adult" category as places where "residents generally lead independent lifestyles; projects are not equipped to provide increased care as the individual ages." They range in size from 20 to 20,000 residents

and are often "age-targeted" or "age-qualified":

- **Age-targeted communities:** These are marketed to mature consumers but do not mention age as a qualifying factor and they cannot discriminate on the basis of age. The average move-in age is 60.

- **Age-qualified:** These residences have at least one person 55 or older. They can refuse residents younger than 55 or 62. The average move-in age is 65.

The age-targeted and qualified often offer single family homes, townhouses or condominiums. They do not offer the services of assisted living, nor meals, although on-site restaurants are available. Other amenities and services include landscaping, street maintenance, clubhouses, pools, fitness centers, tennis courts, computer labs and golf courses. Some communities are gated, or have a guard monitoring traffic. Residents tend to be younger than other senior communities, have higher incomes, are more likely to be married and to have residents still working.

Service Enriched Housing

More service enriched housing with onsite health services usually covers assisted living, Alzheimer's care and nursing care. Ecumen offers a hybrid product called "catered living," which combines independent living, assisted living, and often memory care, making it easy for a person to stay in the location they enjoy even if they have growing healthcare needs.

These developments offer ala carte options such as dining, housekeeping, laundry, personal care, and assistance with bathing, dressing and managing medications.

CCRCs

Larger service enriched housing communities, called Continuing Care Retirement Communities or CCRCs, have grown in popularity over the past decade and offer a range of independent housing from single-family homes to condominiums and apartments within a neighborhood setting for a monthly package fee, ranging from several hundred dollars to several thousand dollars in addition to an upfront entry fee that can range from five figures to \$1 million-plus based on the community.

CCRCs accounted for about one-third of the approximate 40,000 senior housing units built nationally in 2006. Many are taking their cue from resorts, eliminating a central dining room and creating a variety of dining options from casual restaurants to luxury dining; having well-equipped on-site fitness centers with personal trainers; and a variety of on-site shopping opportunities.

As members of the community age they can continue living within the CCRC's neighborhood but may move to new homes offering greater levels of healthcare services or have the healthcare delivered to them.

Assisted Living

Communities that offer assisted living typically provide a basic service package and then an ala carte menu of options for residents. They have licensed onsite health professionals, meals, kitchens and

kitchenettes, medication reminders and administration and a host of other services. Assisted living communities are especially attractive to seniors who require a higher level of care, but desire significant independence. Ecumen's catered living product combines independent living, assisted living and memory care in one rental community.

Memory Care

People with dementia or Alzheimer's often need more specialized care, especially as the disease progresses. Memory care living arrangements are designed to allow for people to move about freely and safely within well-defined areas. Professionals are specially trained to deal with people living with the challenges of dementia or Alzheimer's.

The more sophisticated communities feature technology allowing residents to live in their residence yet be monitored by new technological tools, such as unobtrusive sensor technology, which alerts caregivers to significant changes in their behavior. Ecumen introduced a product in its communities two years ago called QuietCare. It allows a family member to receive continual updates of their loved one, spot small health issues before they grow, and it improves information sharing between residents, family members, and health care professionals.

Technology is going to play an increasingly large role in senior housing – from preventive health care to lifelong learning to social networking – as future customers expect technology to be an important, integral part of their life.

Service Delivered Outside of Bricks and Mortar

This delivery model offers a plethora of potential services – such as respite care, home care options, meal delivery – directed by families and/or concierges, who set up a suite of services for their customers that might include semi-weekly visits from a care provider, daily visits by a nutritionist and respite services that give family caregivers a break, says Wollschlager.

According to Wollschlager, more senior communities are moving into this area, which better integrates a continuum of services in addition to other advantages. It allows seniors to stay in their homes for longer periods of time because of collaboration with a care coach and other professionals. It provides an attractive option for working adult children who live with or near their parents since respite services cover the same hours, in many cases, as the traditional business day.

“This is a big growth area and wide open area of innovation for the senior housing and aging services professions,” says Wollschlager.

Other Options

Cooperatives where people buy shares and have access to common services have become increasingly popular. The United States also is beginning to see neighborhoods join together to create membership models, where people stay in their homes, but have access to a wide variety of social options, learning opportunities, health and wellness choices and health care. Beacon Hill Village in Boston is perhaps the best known of these models. Ecumen brought the concept to Minneapolis, joining with the Mill City neighborhood to create Mill City Commons. Co-housing, where seniors live together and share common areas, is growing in popularity in Scandinavian countries, notes Carle, and could become a larger part of the senior community landscape in the U.S.

Conclusion

Today seniors represent the largest demographic in the housing market. No longer do families and singles dominate the market for homes and condos. As the Baby Boom retires – historically the largest population of Americans ever to gain seniority in such large numbers and over such a long period or time – it will fundamentally drive transformation in the senior housing market.

And that is why the senior housing market will continue to change and evolve. The future will be one where choice prevails, where seniors will have a palette of housing opportunities ranging from

staying in their own homes with the help of concierges or care coaches to assisted living and resort-style continuing care communities. They will continue to have a growing number of communities where they can live as they age through the late phases of their lives without changing addresses as they move from active senior living to a time when they need care. If they desire, they can even attach themselves to communities based around university or other affiliation.

For seniors with fewer financial resources, the choices will not be as great, but they will be more expansive than in the past, when nursing homes represented the only option for people living on government aid. Community-based services are growing and will have to continue to expand to keep seniors of all income levels out of institutional, high-cost settings.

In a sense, the same forces driving new product development in other sectors of the economy mirrors the senior housing market. Consumers want to pick from many options, not one, or two, or even three. That same commitment to customization, or at least to an emphasis on variety, will impact the senior housing market just about every other aspect of our society. Today marks a new dawn in the senior housing and services profession.

