

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, particularly those who develop age-targeted housing that is not in compliance with the *Housing for Older Persons Act*, 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.

Growth in Number of Builders Targeting 50+ Households

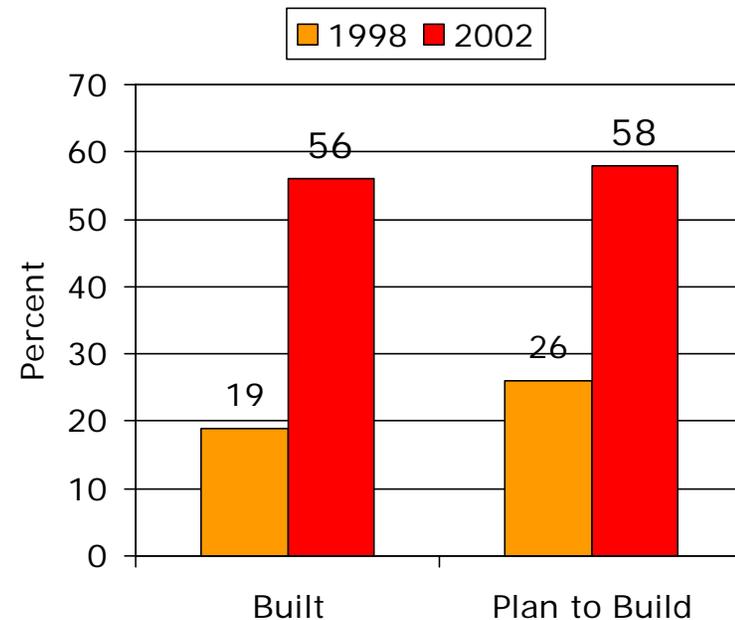
The National Association of Home Builders has conducted two surveys of home builder members, one in 1998 and one in 2002, that asked the proportion of the builder's construction that was age-targeted or age-qualified. While these studies are not representative of the entire builder market, the results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

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*.

Percent of NAHB Member Survey Respondents Building Age-Targeted Housing



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, fitness centers, swimming pools and 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 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; (this age is younger than households in independent living residences)
- 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.*

Continuing Care Retirement Communities (endorsed definition)

Continuing Care Retirement Communities (CCRCs)

Definition. Age-restricted properties that include a combination of independent living, assisted living and skilled nursing (or independent and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/co op and rental programs. The majority of the units are not licensed skilled nursing beds.

Continuing Care Retirement Communities are the second largest sector of senior housing construction after senior apartments. The number of units in CCRCs is growing rapidly for two reasons: this product is preferred by investors because as a group the product is successful and those who develop this product are seasoned builders and operators of senior housing. Another reason CCRCs occupy the second highest construction rate of senior housing products in the U.S. is because of one developer, John Erickson, Founder, Chairman of the Board and CEO of Erickson Retirement Communities. Erickson has more than 14,000 residents in 12 CCRCs that continue to grow. They are the largest developer of CCRCs in the world.

Entrance Fee versus Rental CCRCs. Some CCRCs charge residents an upfront fee, often called an entrance fee, that typically ranges from a low of \$30,000 to more than \$1,000,000 in some instances. The entrance fee is used by the developer to reduce the amount of debt on the community. Residents who pay an entrance fee usually have lower monthly service fees than those who do not pay an entrance fee.

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.

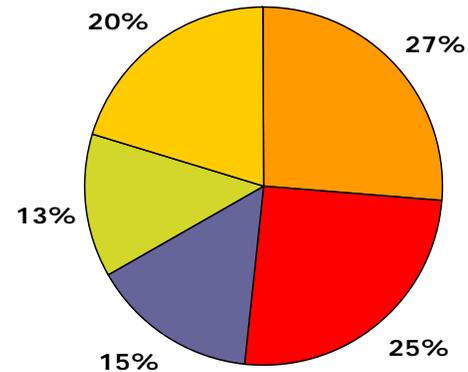
Type C Contract: A fee-for-service contract requires an entrance fee but does not include any discounted health care or assisted living services. Typically residents receive priority admission or guaranteed admission for these services. Under this contract, residents who require assisted living or nursing 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, 2007.*

Size of CCRCs in Number of Units/Beds

CCRCs range in size from fewer than 200 apartments or beds to more than 1,500 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



■ Unspecified ■ 1 to 200 ■ 201 to 300 ■ 301 to 400 ■ 401+

Source: American Seniors Housing Association, *The State of Seniors Housing, 2007*.

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

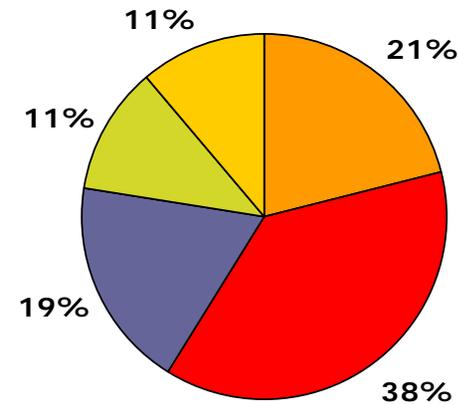
Fees. The median monthly revenue from independent living apartments is \$1,832. Fees range from as low as \$600 per month in a community with an entrance fee up to \$7,500 for a two-bedroom apartment in a luxury community.

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

Trends in 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 median number of independent living apartments is 124.

Percent of Independent Living Communities by Number of Units



Unspecified 0 to 120 121 to 160 161 to 200 201+

Source: American Seniors Housing Association, *The State of Seniors Housing, 2007*.

Variations in Independent Living Properties

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 is contagious, or if they are seen with other people with diminished capacity, they will be viewed the same.

Additionally, when you are in your advanced years and your friends begin to fail, it is depressing. Many prospective residents enter an independent living community and see people using walkers, canes and wheelchairs and cannot accept the living environment because it is hitting too close to their fears.

Independent Living Community in El Paso, Texas



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 by the presence of their neighbor with diminished capacities. Their unhappiness is often caused by two primary circumstances. The first is that they must encounter the person with diminished capacities in the common areas of the community. The second, is that often they are called upon to assist a resident 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 resident sympathizes with their assisted living neighbor, they do not believe that it is fair that they should be the ones to have to look out for their frailer neighbor and they are often concerned about their neighbor. 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 Seniors Housing: Demand, Choices and Behavior*, National Investment Center for the Seniors Housing & Care Industries 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 it 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. Licensed daily rate or rental properties that are technically referred to as a skill 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 assistant (CNA). They also are required to have a house physician. 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 one in a nursing center. 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 often with music and flowers, and good conversation with people who care about one another. Meal times can be 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.