

SENIOR HOUSING

PRIORITIES

DRAFT

CDA																				
Common Council																				
Community Development																				
Economic Development																				
Mayor's Office																				
PCED																				
Planning																				

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OVERVIEW

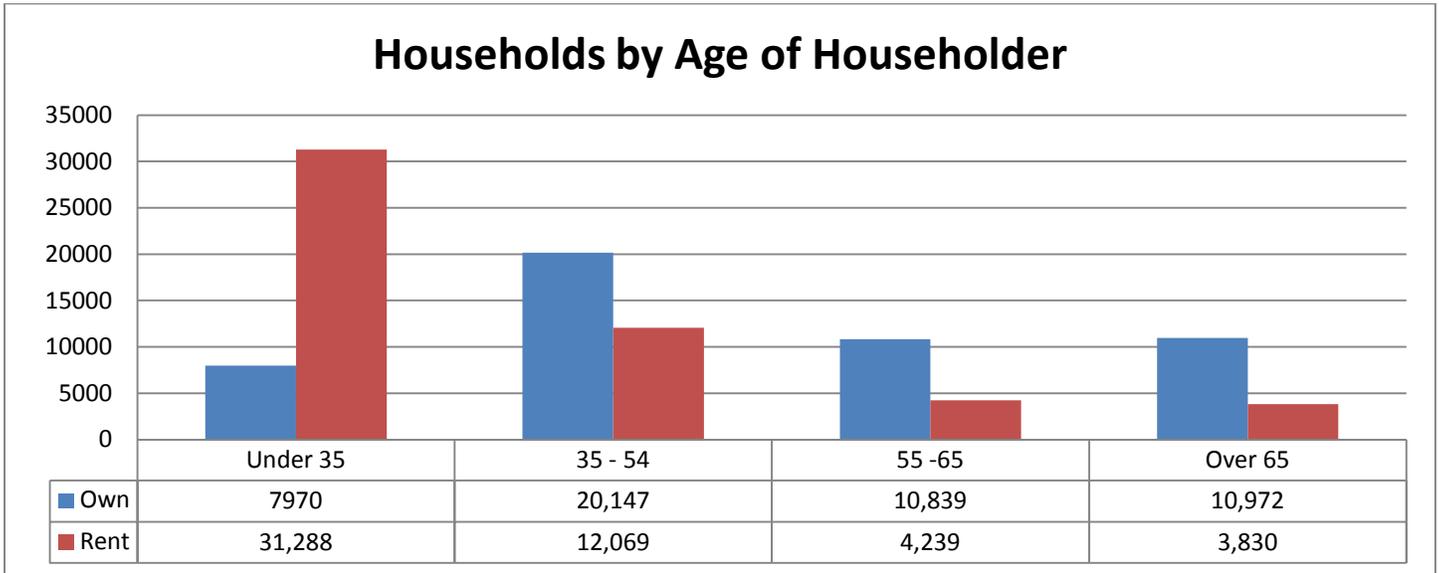
DEMAND

For the purposes of this report, senior housing demand will be defined as any household that has a member age 65 or above. Where possible data will be shown for all households that have a senior member, however a number of data sets will only reflect households where the primary householder is age 65 or older because of how data are reported by the Census.

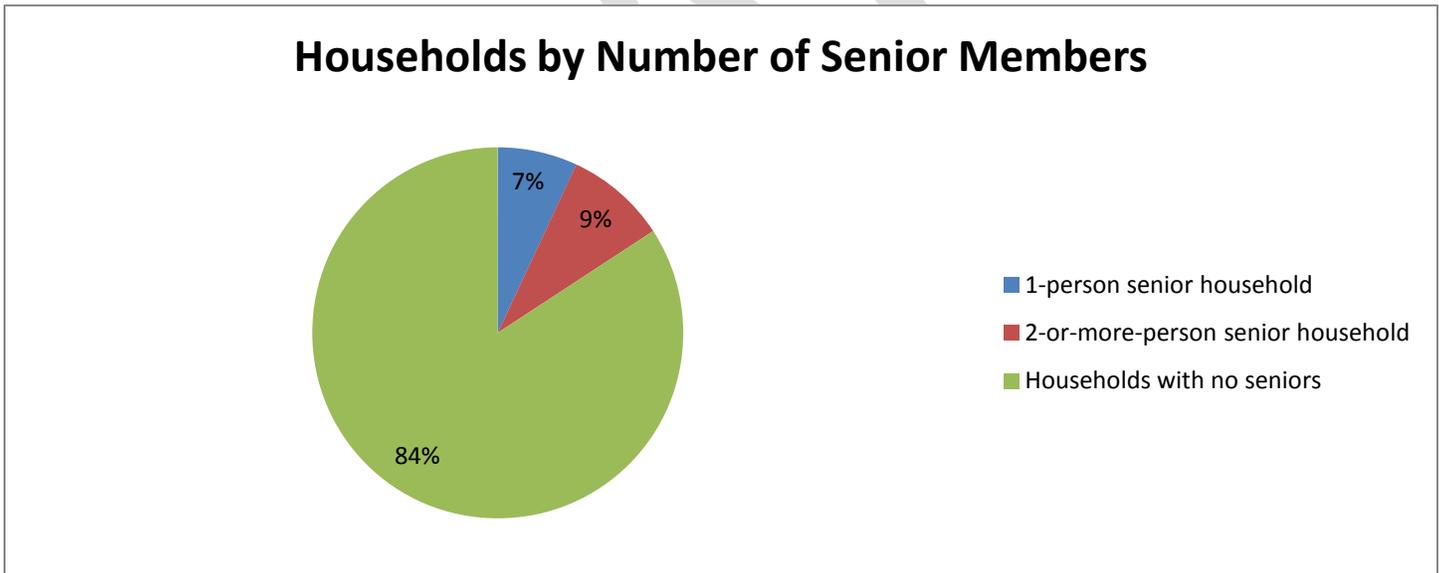
The vast majority of the 65 and over population currently lives independently rather than in institutional care facilities. Many are still in the workforce, with younger members of this age group juggling work, care for children, and care for parents. Even among individuals aged 85 and over, more than 60% own their home. Aging in place is the preference of most people as shown in a recent AARP survey of 1,600 people aged 45 and older. **73% percent strongly agreed that they would like to stay in their current residences as long as possible, while 67 percent strongly agreed that they would like to remain in their communities as long as possible (AARP).** The decision to move from their existing homes is triggered by retirement, children moving from the home, a disability, or death of a spouse that changes their housing needs and preferences. In addition to these changing needs and preferences, cost constraints can become a greater concern for those living on fixed incomes, but financial constraints also prevent people from adapting to their changing circumstances. In the same AARP survey, **24% of survey respondents expressed a preference to stay in their homes for as long as possible because they could not afford to move.**

DEMOGRAPHICS

While senior households make up a relatively a relatively small percentage of households, they represent a significant portion of Madison’s owner-occupied housing.



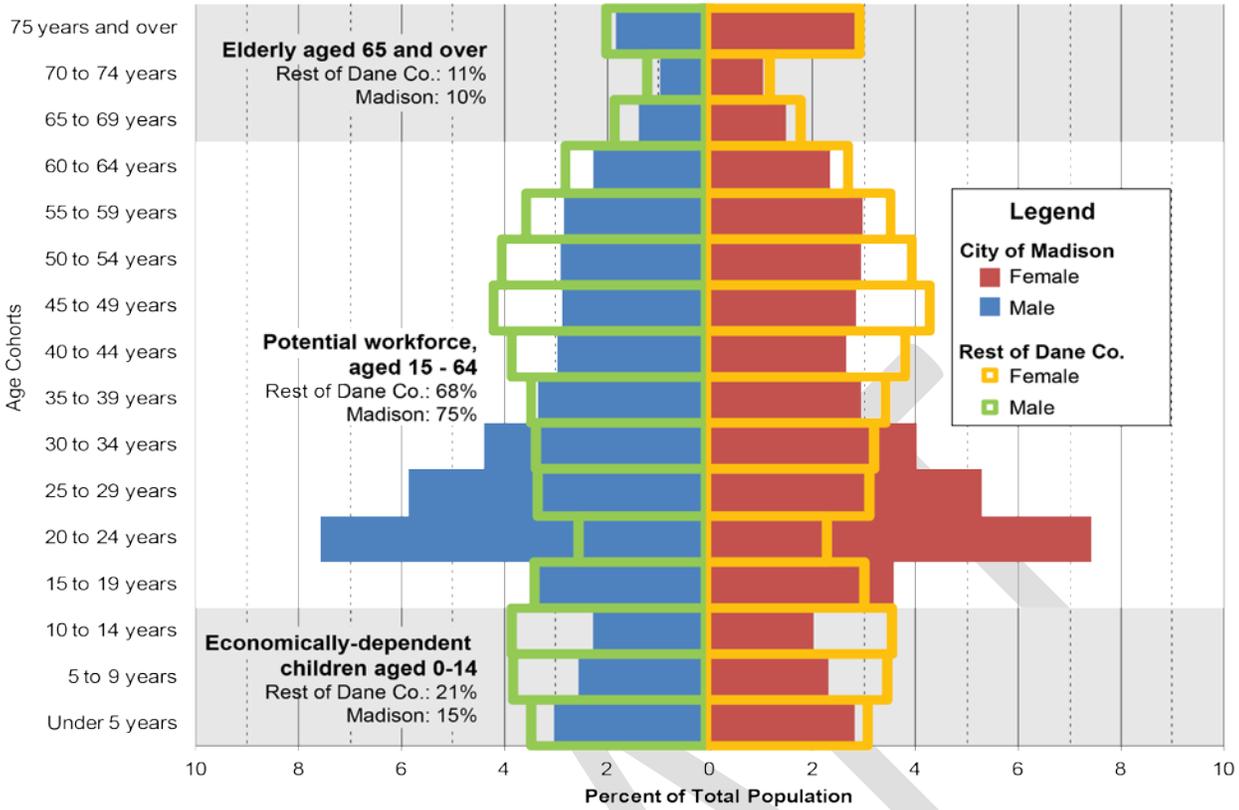
Source: 2010-2012 3-year American Community Survey



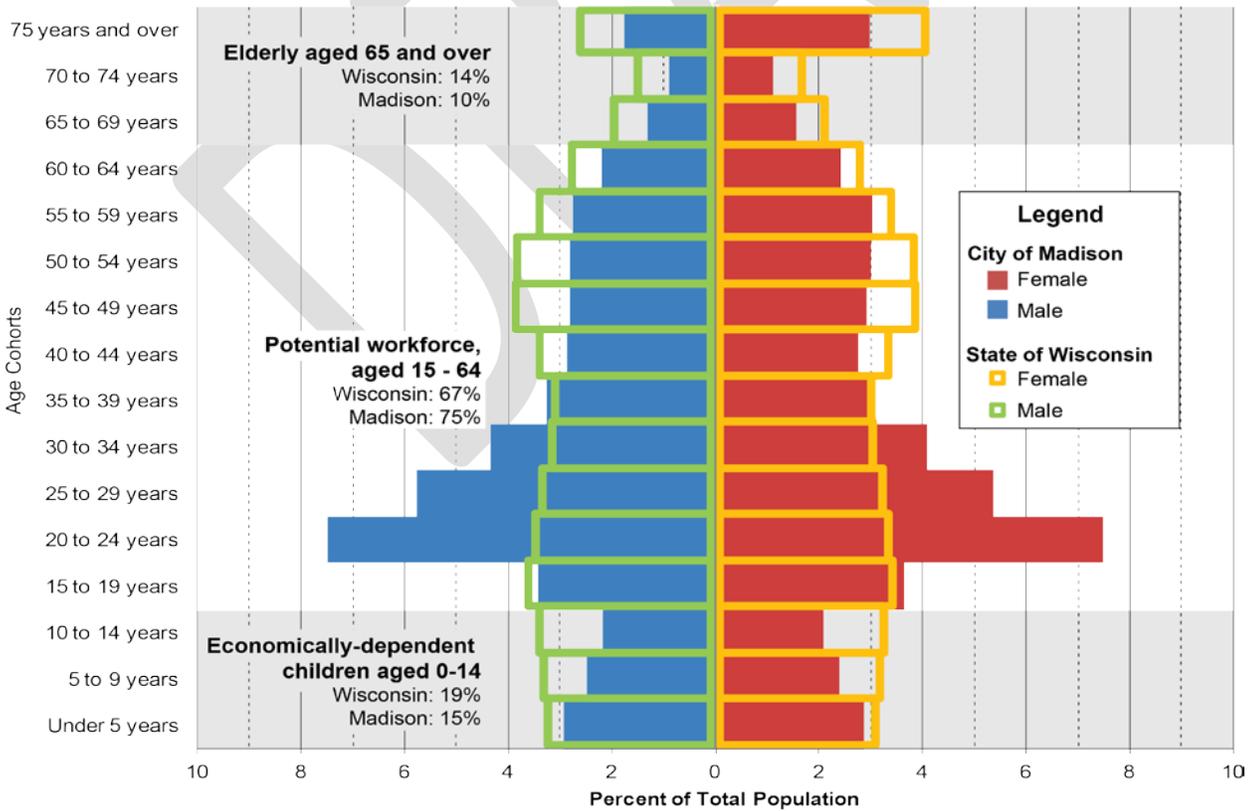
Source: 2010-2012 3-year American Community Survey

Compared to the rest of Dane County and Wisconsin, seniors make up a significantly smaller percentage of the population. **While Madison also has a comparatively small percentage of Baby Boomers (ages 45 – 64 in the 2010 Census), this age cohort will drive a significant increase in demand as they age.**

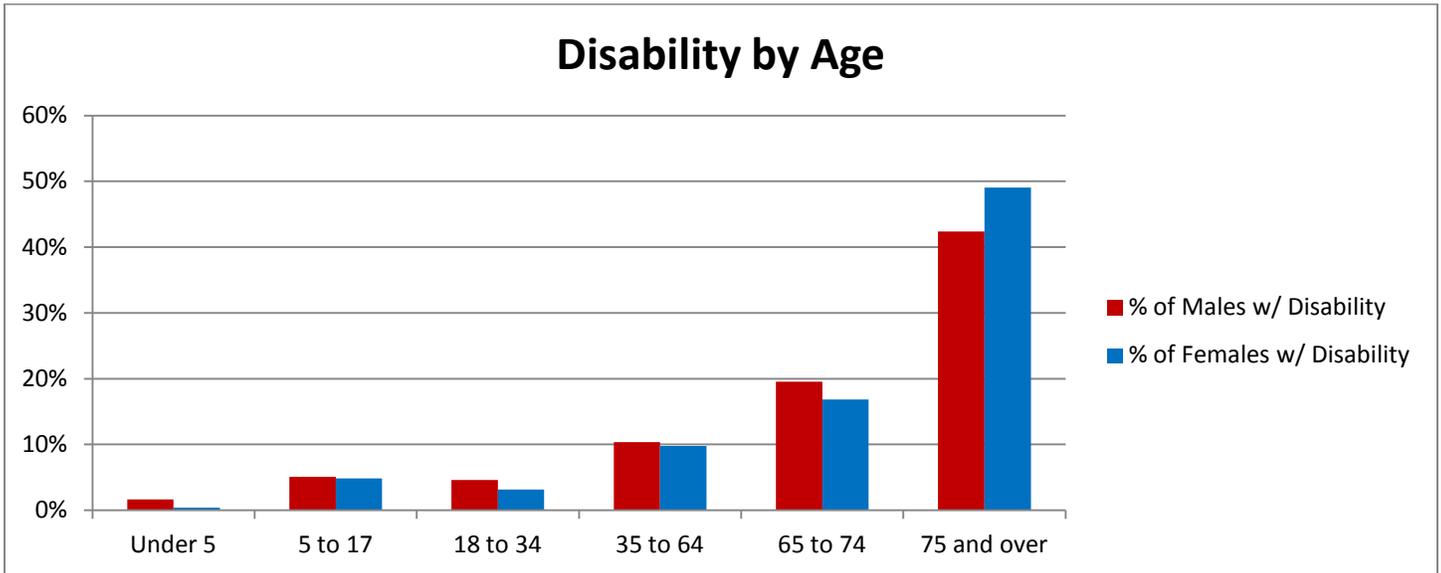
City of Madison vs. Rest of Dane Co.: Age



City of Madison vs. Wisconsin: Age

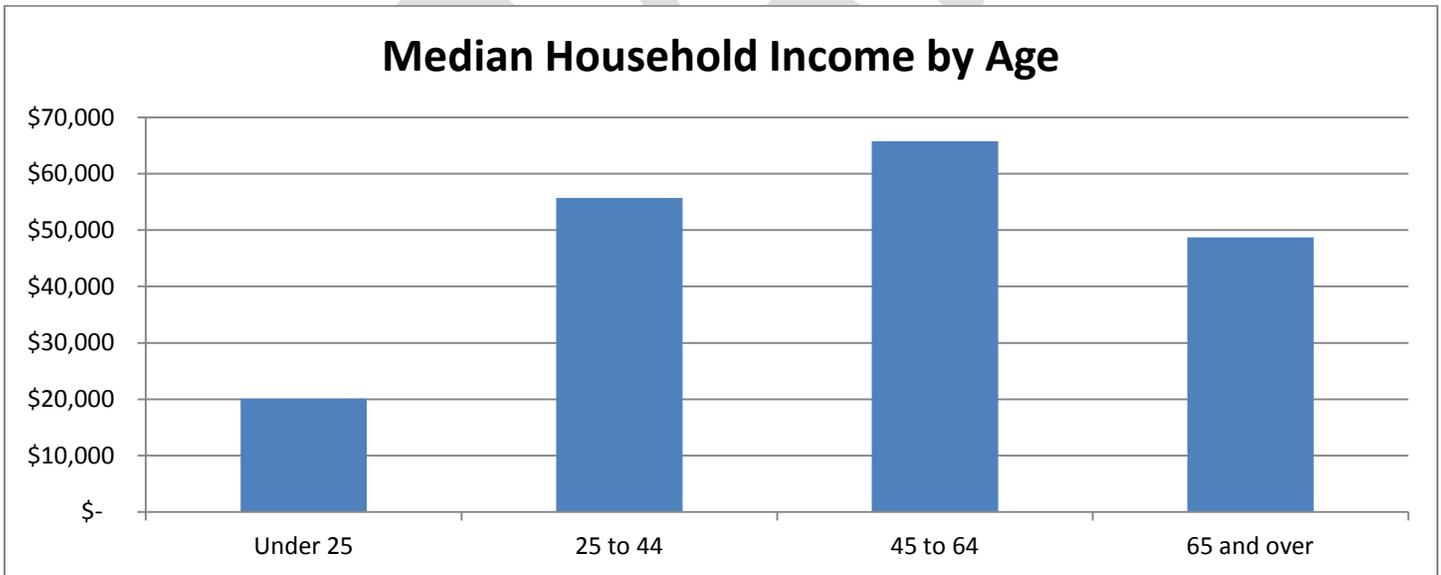


While staying healthier and living longer than ever before, most older adults and their families eventually face the challenges of aging, particularly disability. The rate of disability is twice as high amongst individuals 75 and older compared to 65 to 74 year olds. **This increase in rates of disability is a major driver of demand for housing designed for and serving seniors.**

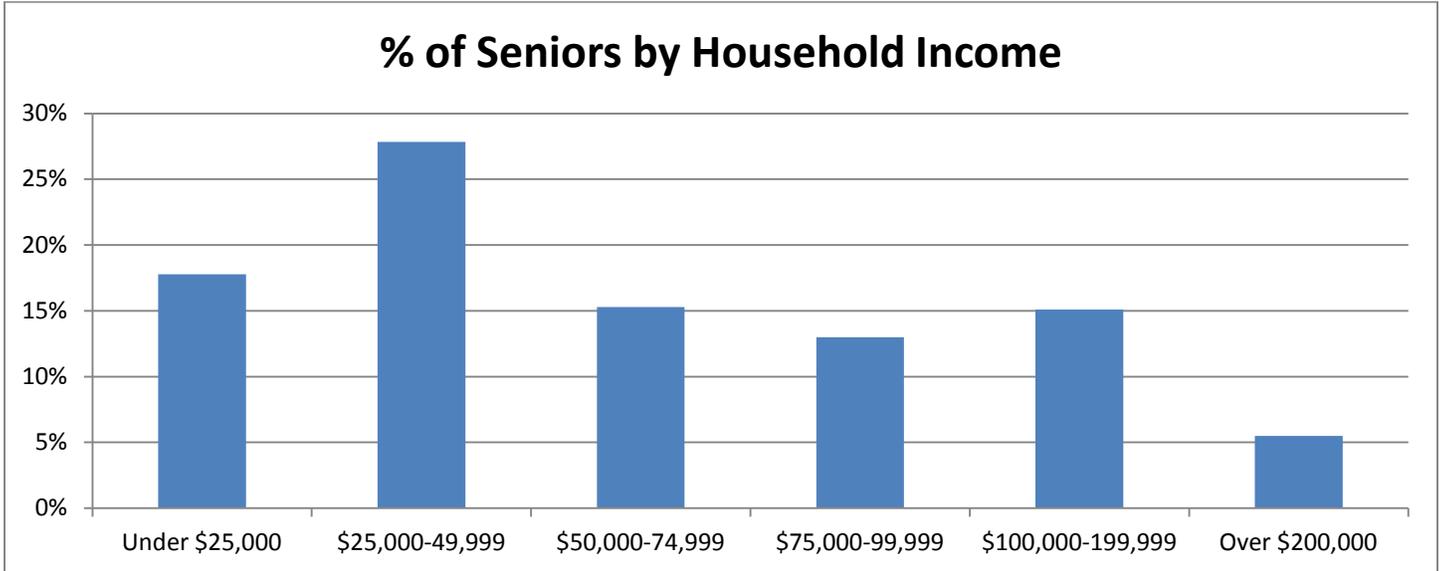


Source: 2010-2012 3-year American Community Survey

Income is the third major driver of demand for senior housing. Median household income drops with age. The typical income of a senior household is \$48,736 compared to \$65,758 for households age 45-64, a 25% reduction.



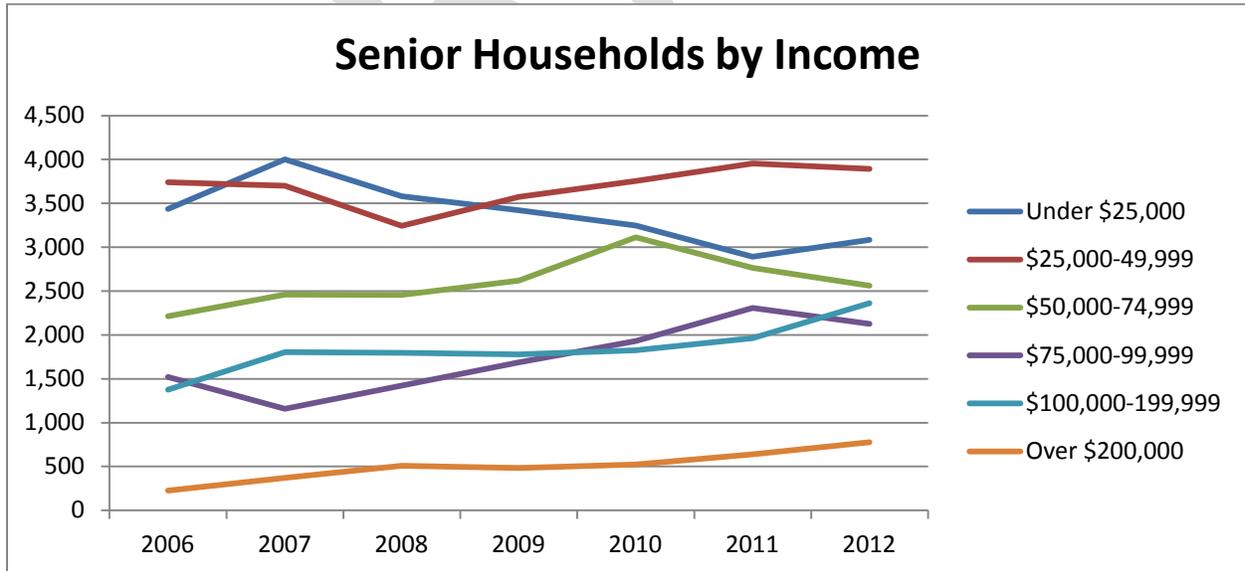
Source: 2010-2012 3-year American Community Survey



Source: 2010-2012 3-year American Community Survey

However, the fastest growing groups of seniors are those with incomes above \$75,000, while the number of very low income seniors is shrinking. Since 2007, the City of Madison has added approximately:

- 1,300 new senior households
- **-900 households with incomes below \$25,000 (~40% of Median Household Income)**
- 200 household with incomes below \$50,000 (~80% of Median Household Income)
- 100 households with incomes below \$75,000 (~120% of Median Household Income)
- 1000 households with incomes below \$100,000 (~200% of Median Household Income)
- 550 households with incomes below \$200,000 (~400% of Median Household Income)
- 400 households with incomes above \$200,000 (~400% of Median Household Income)



Source: 2010-2012 3-year American Community Survey

TRENDS

- Madison’s population **growth is fueled by households at the top (>\$75,000) of the income spectrum**

- The number of senior households will increase substantially at the end of the decade as Baby Boomers age
- Disability

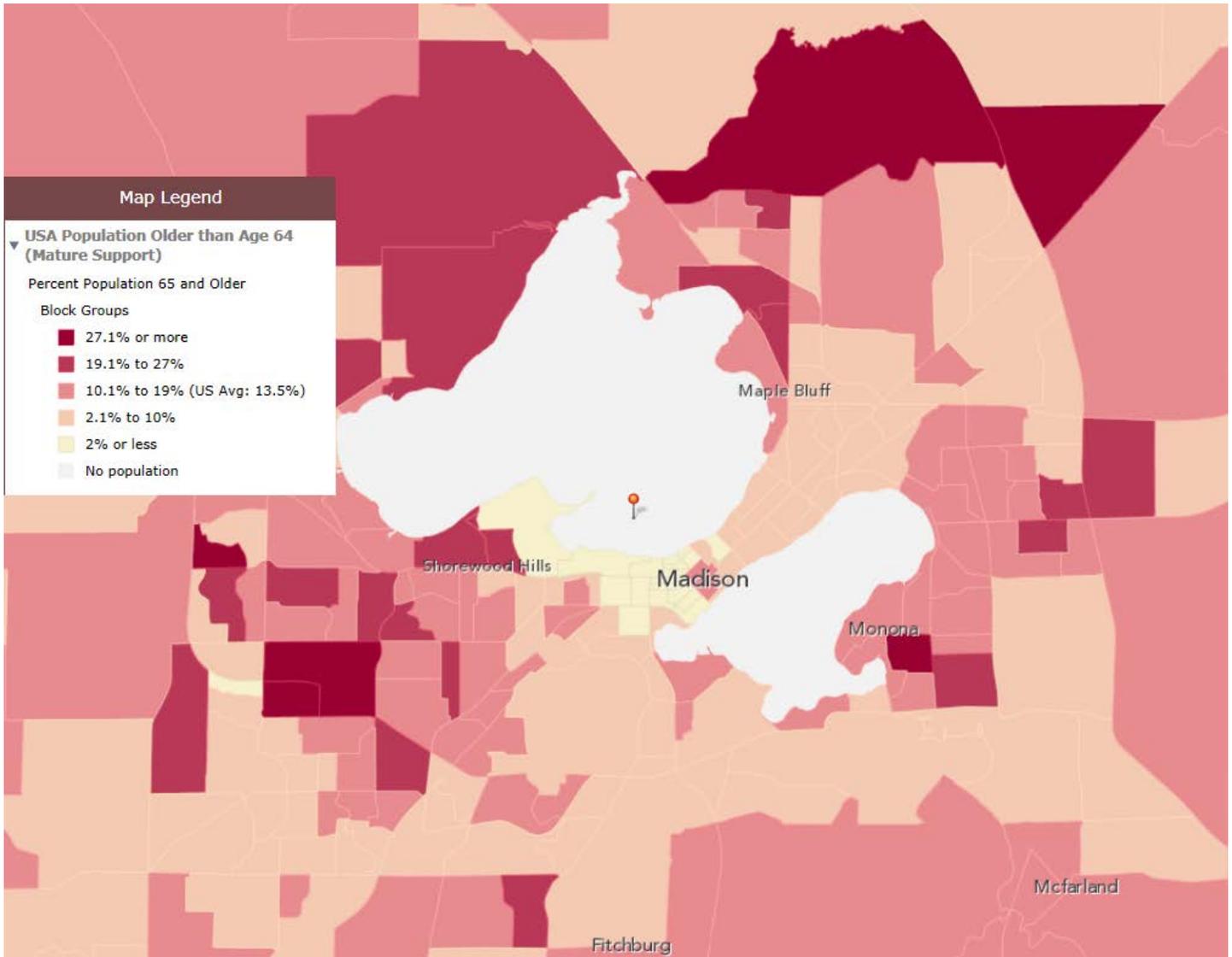
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SUPPLY

The supply of senior housing is divided among a variety of property types ranging from owner occupied single family homes to multifamily facilities offering a wide range of senior focused services.

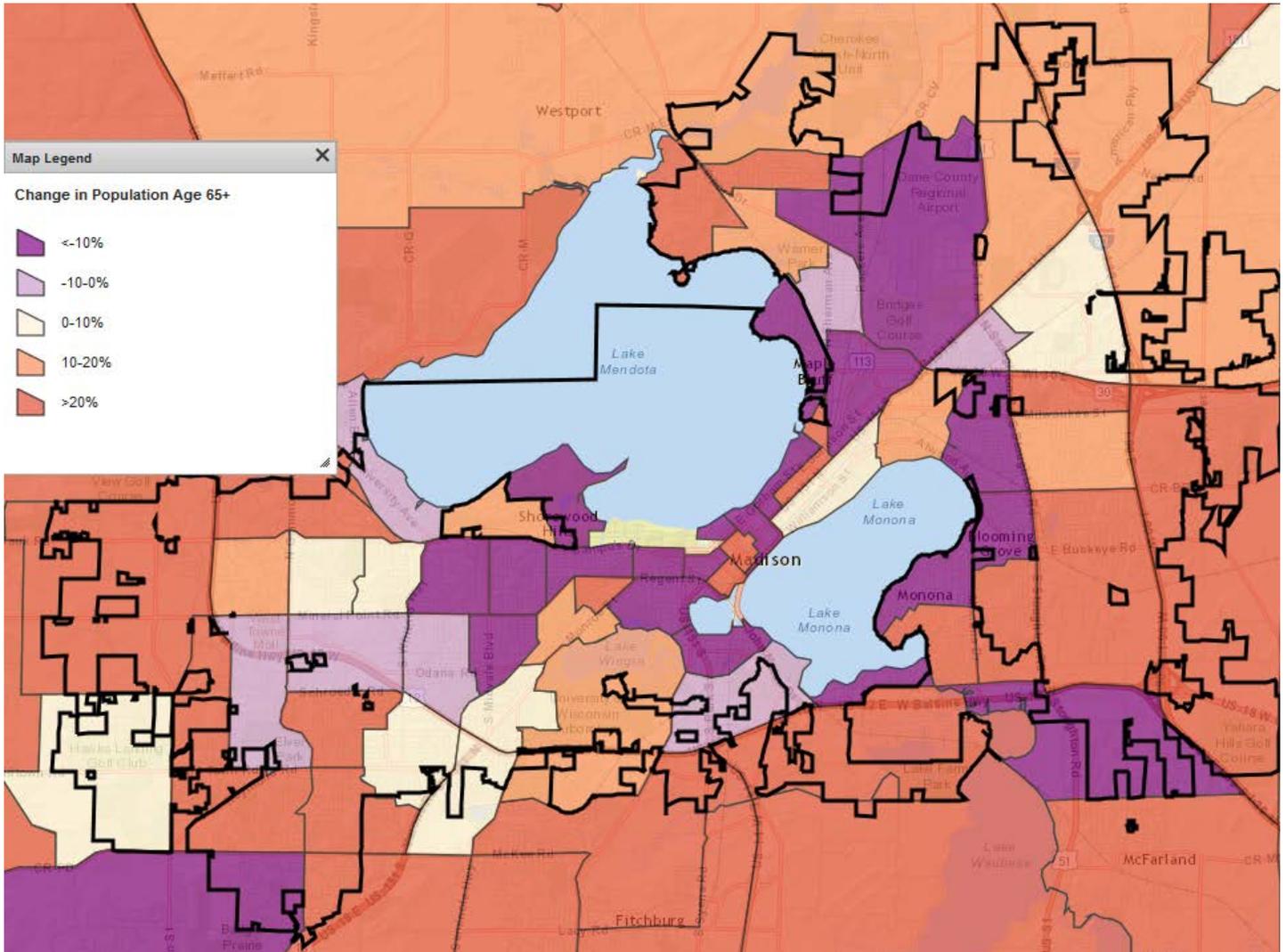
LOCATION

The concentration on senior households varies greatly across the city, with large concentrations on the east and west sides likely reflecting large multifamily senior developments. The concentration of seniors is particularly low in the areas near downtown.



Source: 2010-2012 3-year American Community Survey

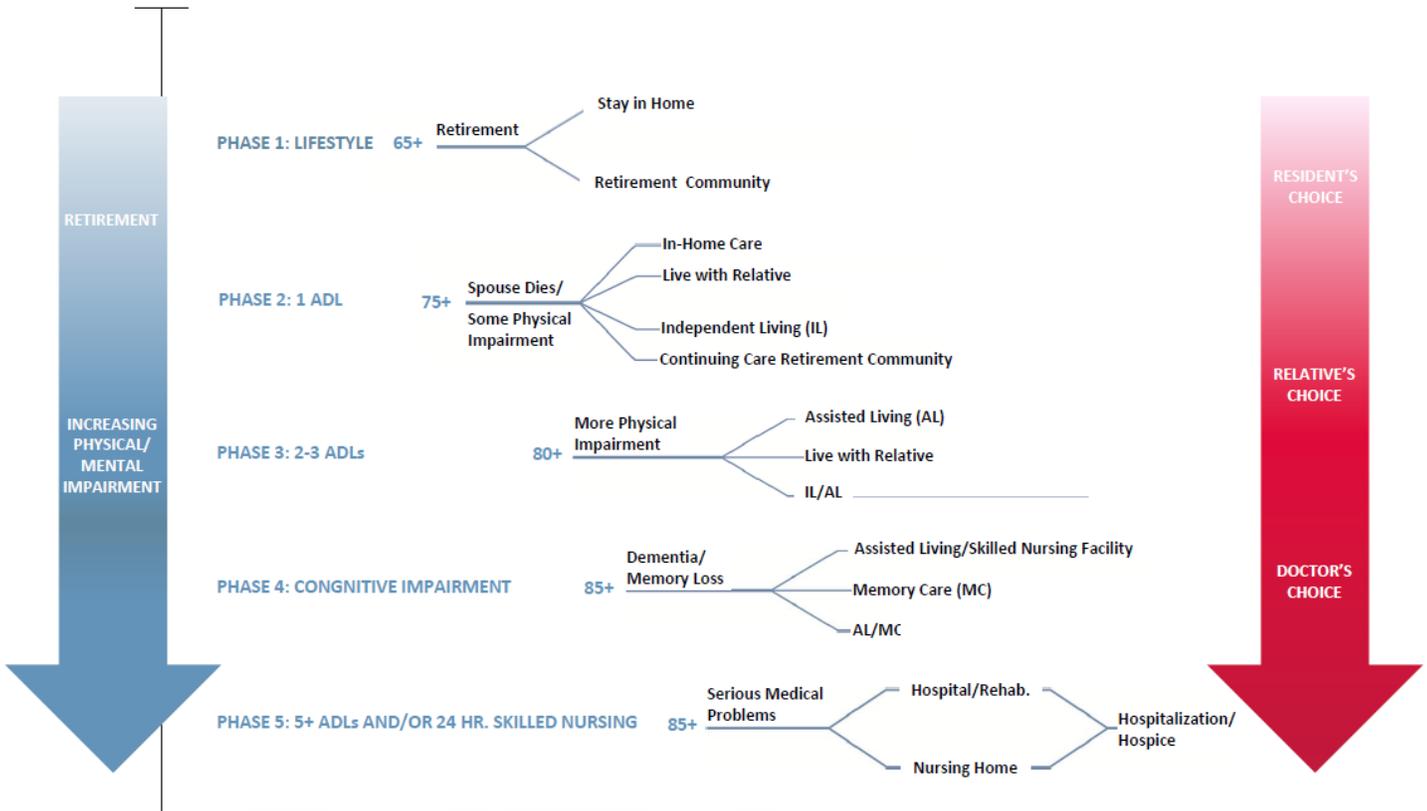
This pattern is exacerbated by the growth pattern in senior populations, with large amount of growth on the edges of the city and reductions in senior populations near the city center. This is likely caused by a combination of existing populations aging in place as well and migration.



Source: HUD CPD Maps

SENIORS HOUSING PROPERTY TYPES

Senior housing supply is delivered on a continuum from standard market rate housing with no amenities, to housing with hospitality services included, all the way to housing that provides healthcare services. As you move along this spectrum, the housing becomes further removed from real estate fundamentals and more closely resembles healthcare. Because of this, the report will limit its scope and not cover memory care, skilled nursing, and hospice care.



AGING IN PLACE

The Centers for Disease Control and Prevention (CDC) defines aging in place as “the ability to live in one’s own home and community safely, independently, and comfortably, regardless of age, income, or ability level.” If needed, those aging in place may receive care or assistance by paid or unpaid (often family) caregivers. Aging in place is best undertaken with preparation, including adaptations of physical space, modes of transportation, or other facets of life in advance of physical or cognitive need. Aging in place may reflect a desire to maintain their current living arrangements or may occur simply by default. For some, it may involve moving to other homes that are more comfortable, safe, affordable, and/or convenient within their current community or to locations with more resources or closer to family.

According to senior advocates and service providers, the key elements to successful aging in place are:

- affordable, secure, and physically accessible housing
- affordable, safe, and reliable transportation alternatives for those unable or unwilling to drive
- opportunities to engage in recreational, learning, cultural, volunteering, and/or social experiences
- options for in-home health care and/or assistance with activities of daily living (ADLs) if needed to preclude a move to congregate care

RETIREMENT (ACTIVE ADULT) COMMUNITIES

For-sale single-family homes, townhomes, 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 an independent lifestyle; projects are not equipped to provide increased care as the individual ages. May include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

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.

INDEPENDENT LIVING COMMUNITIES

Age-restricted 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 social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc. There are no licensed skilled nursing beds in the property.

ASSISTED LIVING RESIDENCES

State regulated rental properties that provide the same services as independent living communities listed above, 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 (ADLs) including management of medications, bathing, dressing, toileting, ambulating and eating. These properties may have some nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents with Alzheimer's or other forms of dementia.

A property that specializes in the care of residents with Alzheimer's or other forms of dementia that is not a licensed nursing facility should be considered an assisted living property.

SKILLED NURSING

Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) or nursing facilities (NF) 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 include a minority of assisted living and/or Alzheimer's/dementia units.

CCRCS

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

NEW SUPPLY

According to experts in the field, the Madison market does not have a large number of projects in the pipeline for the immediate future. Rather developers are exploring land acquisitions with the intent of planning significant developments to come online in roughly 10 years when the bulk of Baby Boomers begin to make the transition to independent and assisted living. In the near term, more modest developments will be focused on replacing aging stock and filling in underserved submarkets.

Independent Living Project on North side

FINANCE/FUNDING

The majority of funding for multifamily senior rental housing comes from traditional debt and equity sources as with any market rate rental housing.

LOW-INCOME

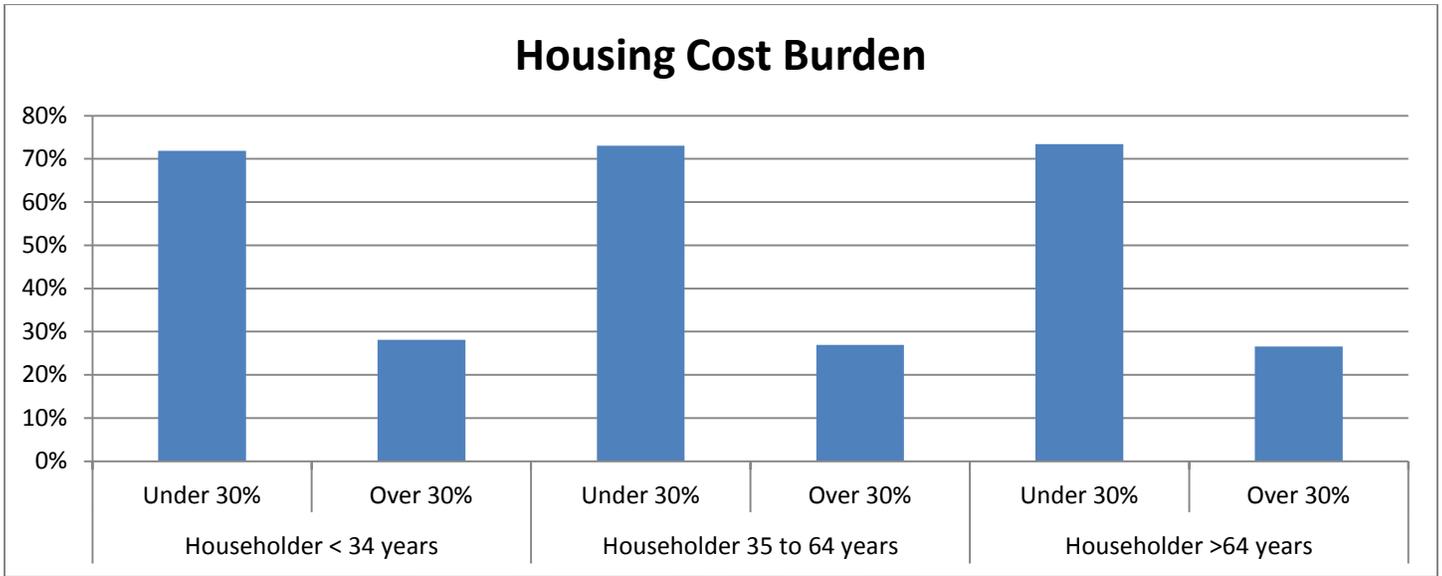
- Low Income Housing Tax Credits (LIHTC)
 - In Wisconsin credits are awarded by WHEDA according to its Qualified Allocation Plan which is updated on a biennial basis
 - Credits are converted to cash equity by a direct buyer or syndicating partner
 - After syndication, funds typically cover 70% of building cost
 - Annual competitive process to secure, very complicated
 - While small amounts of LIHTC (4% credits) are available on a non-competitive basis, more units are created with the more robust competitively awarded 9% credits
 - The maximum award per development \$8,500,000 in credit, with no limit on the maximum number of units
 - **Has a senior housing set-aside and awards points for accessibility features**
 - Can be used in new construction and acquisition/renovation
 - Requires occupants to earn less than 50% or 60% AMI with incentives to reach lower income populations
 - Requires property to stay affordable for 30 years
 - Requires property to pay property taxes
- Section 202
 - Nationally, \$400 million proposed for FY2014 budget, a \$26 million increase
 - HUD capital advances to finance the construction, rehabilitation or acquisition of structures that will serve as supportive housing for very low-income elderly persons
 - Provides rent subsidies for the projects to help make them affordable
 - Development must be operated by a private nonprofit and is not receiving a majority of its operational funding from the public body

CHALLENGES

The challenges faces the senior housing market are direct results of the demand drivers; lower incomes drive housing cost burden, the demographic shift caused by aging Baby Boomers drives a need for new units in the medium term, and high rates of disability amongst seniors drives a need to connect senior housing to services and amenities.

HOUSING COST BURDEN

The percentage of cost burdened



Source: 2010-2012 3-year American Community Survey

FUTURE DEMAND GROWTH

Looming Baby Boomer Wave

CONNECTION TO SERVICES

Senior population growth is concentrated further from the urban core/amenities

SOLUTIONS

LOCAL

Senior LGBT Cohousing at Union Corners

NATIONAL MODELS

INCREASE RANGE OF HOUSING TYPES

- Subsidize Senior Housing Construction
 - Reduced Park Impact Fees
 - Affordable Housing Fund
- Transit Oriented Development
 - Encourage production of more diverse and flexible housing, including mixed-use developments with housing located near services and amenities
 - Develop mass transit systems tailored to the needs of older adults
 - Routes to access healthcare, grocery, and services from senior housing developments
 - Enhanced accessibility and safety measures near transit stations or bus stops
 - Increased routes during non-peak times
- Accessory Dwelling Units
 - Allow construction of accessory dwelling units for those wishing to downsize, reduce their housing costs, or house a live-in caregiver
- Intergenerational Housing
 - Develop housing suitable for intergenerational living and/or flexible enough to accommodate changing household needs
- Encourage Dispersion of Senior Housing development
 - Promote construction of more rental housing throughout the area providing additional housing options for older adults preferring to remain in their current communities

SUPPORT AGING IN PLACE

- Subsidize Senior Housing Renovation/Retrofits
 - Offer incentives that reduce housing cost burdens and allow older households to modify and maintain their homes to accommodate disabilities
- Improve Residential Care Options