

Market Analysis Issues for Age Restricted Housing

National Council of Housing Market Analysts

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Part I

Subsidized Elderly Designated Housing with Services: Opportunities and Challenges



The Housing Market of the Future Demands More Senior Designated Housing – Baby Boomers and Longevity

Americans 65+ in 2000 = 53 million

85+ in 2000 = 4.2 million

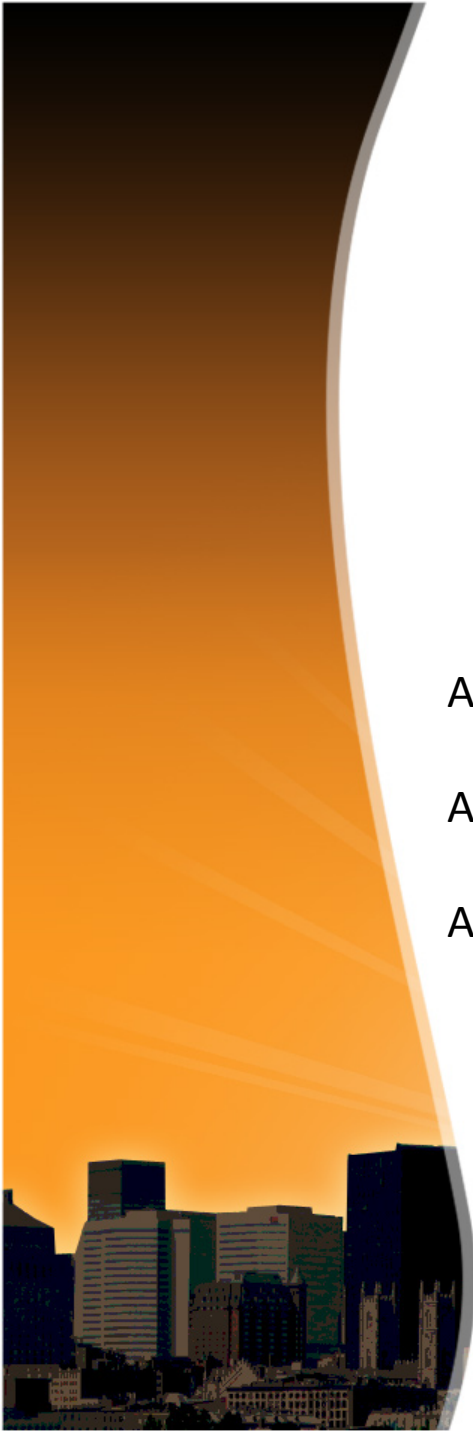
Americans 65+ in 2030 = 73 million


85+ in 2030 = 9 million

Americans 65+ in 2060 = 90 million

85+ in 2060 = 18.2 million

(*Bi-Partisan Policy Center Housing Commission Report, February 2013)





The Greater Percentage of the Larger, More Frail Elderly Population Will Be Living in Poverty and in Need of Housing and Medical Subsidies

- Longevity
- Lack of sufficient retirement savings
- Increased cost of medical care




The Big Take Away

Coordination of Subsidized Housing and Services Is A Matter of National Security

- Budget deficit is a serious threat to America's national security
- 3 biggest drivers in future government spending are defense spending, Social Security and Medicare/Medicaid
- 2 biggest costs for older Americans – medical and housing

Cost effectively bringing together housing and medical services for our growing senior population, particularly for lower income households, can curb the growth of the national debt



Marketing Challenge: Polarized Program Models for Housing and Services May Require Separate Marketing

Housing Programs

(Public Housing, Section 8, 202, LIHTC, USDA, others)

Federally Driven Requirements

Dependent on

Income/Location

Move toward location-based models

Service Programs

(Nursing Home, Assisted Living, PACE, Adult Day, non-licensed)


State Driven Requirements

Dependent on

Income/Location/ADLs

Move toward community-based models

licensed vs. non-licensed service facilities



Marketing Challenge: Market Rate and Subsidized Service Models are Underwritten Differently

Market Rate Housing – Multiple Options – Assisted Living, Nursing Care, CCRC and other models are based on the assets of the client and intertwined services and housing costs

Affordable/Subsidized Housing – Few Options – Already over a third of units in the Federal rental assistance portfolio are senior, thus income qualified, however, residents must also qualify for services, in part based on ADL's

Models for Leveraging Subsidized Housing with Senior Service Programs

- Co-location
- Full Integration Models



Case Study of Co-Location Model Using LIHTC – Germantown House in Philadelphia

- Rehabilitated \$23.2 million, 133 unit elderly designated senior residence
- Added 12,000 sq. ft. commercial facility built-to-suit to service provider with assigned census tract separately financed
- Condominium structure used to break-out commercial and residential
- Services provided under National PACE program – nursing home without walls
- Long term lease with service provider structured to help census
- Negotiated joint employee who helped “cross-market”, thus worked with residents to help them quality for both programs.



Case Study: William

Co-Locating Affordable Housing and Services Results in Significant Savings and Improves Quality of Life

At age 75, William:

- ✓ Was retired, and relying on Social Security as sole income
- ✓ Developed chronic diabetes
- ✓ Required walker
- ✓ Was placed in a nursing home after the death of his wife
- ✓ Suffered severe depression after losing his family ties and frequent visits with his grandchildren



Case Study: William



Following his move to Germantown House, William:

- ✓ Received high quality housing and support services to assist his daily activities
- ✓ Met new friends and had his grandchildren for “overnight” visits
- ✓ Had an affordable rent for life

William’s move from nursing home care resulted in a 24% reduction in Medicaid costs (\$14,000 per year overall savings, 50% paid by state, 50% paid by federal).

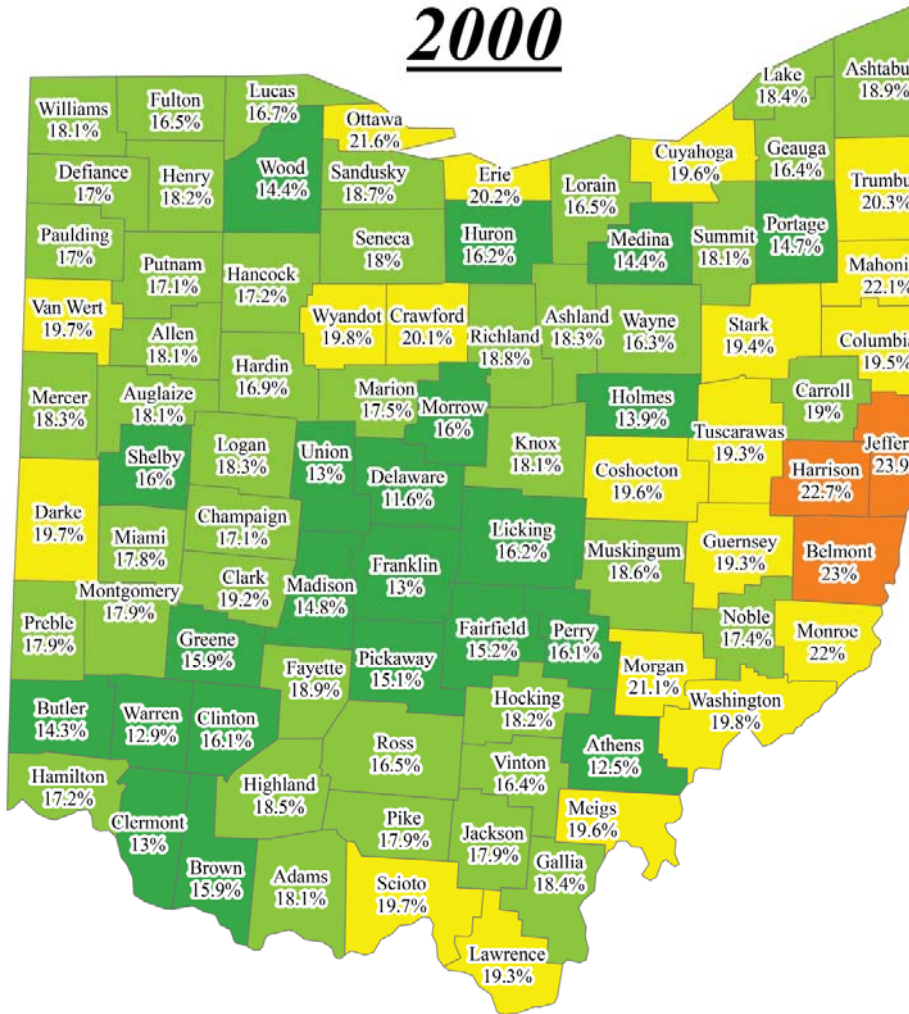
About National Church Residences

Integrating affordable housing and enhanced services

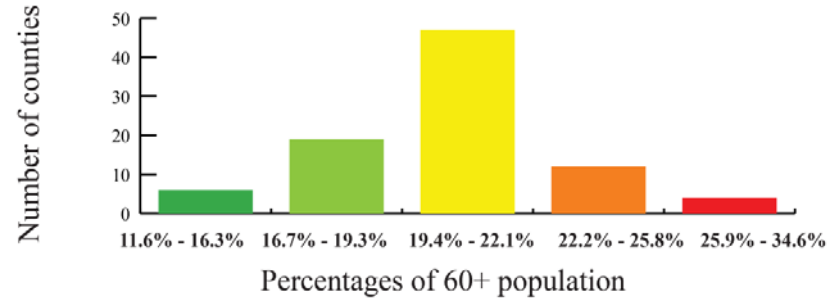
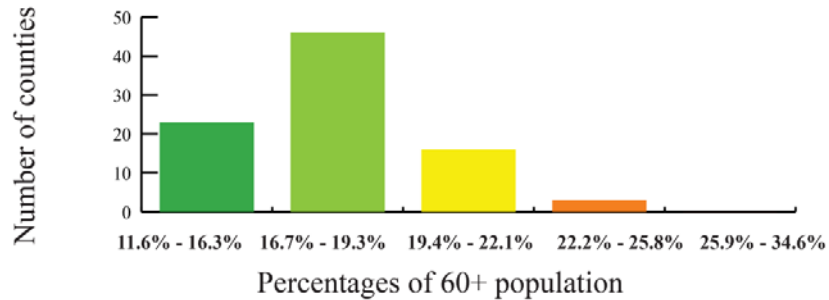
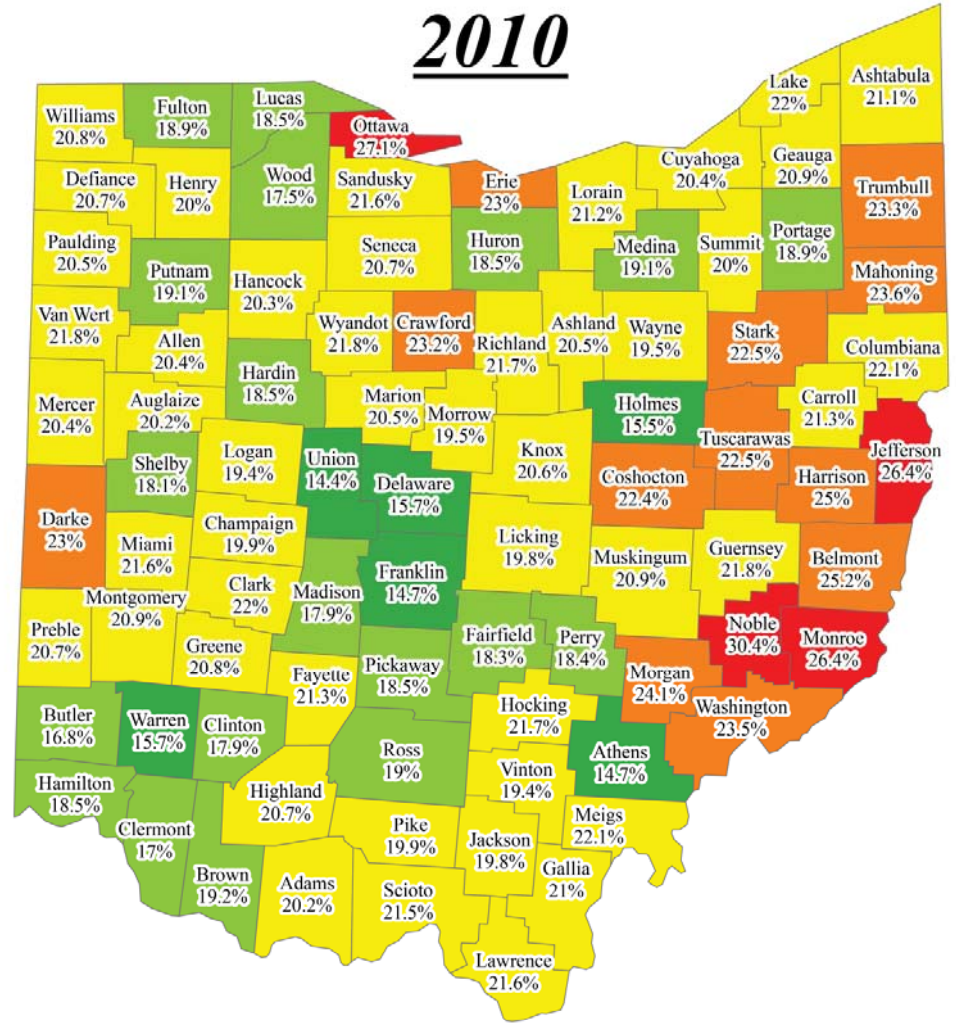
330+ communities in 28 states and Puerto Rico

- 289 Senior Housing Communities (19,143 units)
- 21 Family Housing Communities (1,658 units)
- 5 Supportive Housing Communities (450 units)
- 5 Assisted Living/Skilled Nursing Facilities
- 3 Home and Community Based Service Agencies serving 450 clients
- 6 Adult Care Centers serving 560 clients
- 6 Continuing Care Retirement Communities
- Over 200 Service Coordinators
 - \$34,000,000 in grant funding for service coordination

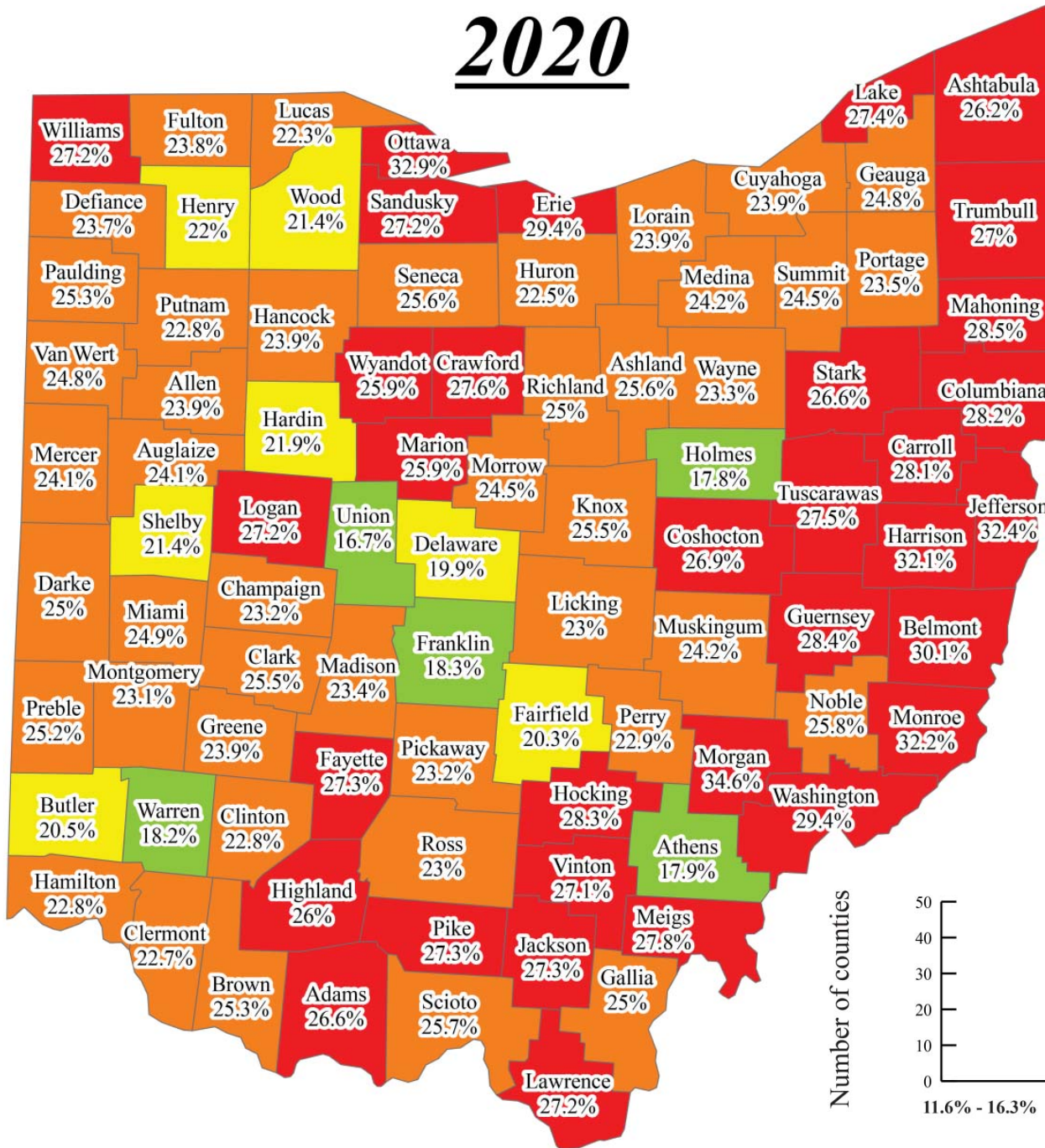
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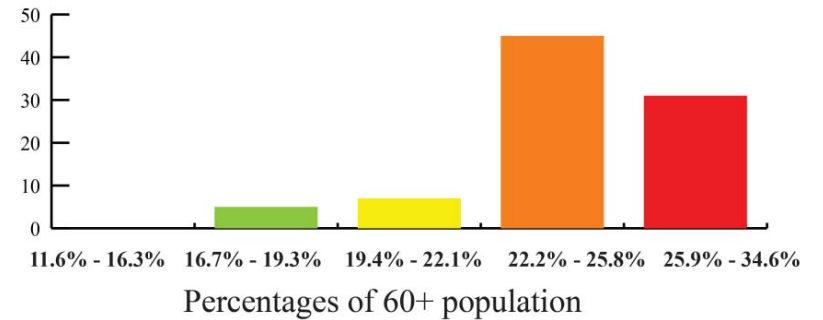
2010



2020



Number of counties



Percentages of 60+ population



National Church Residences
EXCELLENCE THAT TRANSFORMS LIVES

HOUSING AND SERVICES: A PLATFORM FOR COST-EFFECTIVE HEALTH CARE

TWO RECENT CASE STUDIES



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CHIMES TERRACE

HUD's Assisted Living Conversion Program

Funding to convert HUD funded elderly communities all or in part to Assisted Living Facilities

Resident's Rent is Subsidized

Services will be funded through Ohio's Assisted Living Medicaid Waiver



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Generations of AL



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	Styglers Commons	Portage Trails Phase 1	Hopeton Village Phase 1	Portage Trails Phase 2	Hopeton Village Phase 2	Chimes Terrace	Walnut Creek
Converted Units	33	32	16	39	25	24	40
Model	100% Assisted Living	Partial Assisted Living		40% Assisted Living/ 60% Independent Living LIHTC		100% Service Enriched Housing	
ALCP Grant	\$2,258,247	\$5,040,351	\$2,119,286	\$3,972,699	\$3,988,867	\$3,573,701	\$3,284,302

CHIMES TERRACE

"A TRANSFORMATIONAL PRESERVATION"

EXISTING PROJECT STRUCTURE

Owner: National Church Residences of Johnstown, Ohio
 Entity Type: Non-Profit
 Section 8 Units: 60
 Debt Structure: HUD 202 Direct Loan
 Population Served: Independent Living for the Elderly and Disabled



****One building, one owner, one resident population, one purpose****

FUTURE PROJECT STRUCTURE

INDEPENDENT LIVING

Owner: Chimes Terrace Senior Housing Limited Partnership
 Entity Type: For-Profit
 Section 8 Units: 36
 Financing: Low-Income Housing Tax Credits (LIHTC);
 Bridge Loan (Ohio Preservation Loan Fund)
 Debt Structure: HUD 221(d)(4)
 Population Served: Independent Living for the Elderly and Disabled

ASSISTED LIVING

Owner: National Church Residences of Johnstown, Ohio
 Entity Type: Non-Profit
 Section 8 Units: 24
 Financing: Assisted Living Conversion Program (ALCP)
 Debt Structure: Conventional Debt (Mercy Loan Fund)
 Population Served: Qualified Residents for Assisted Living Needs

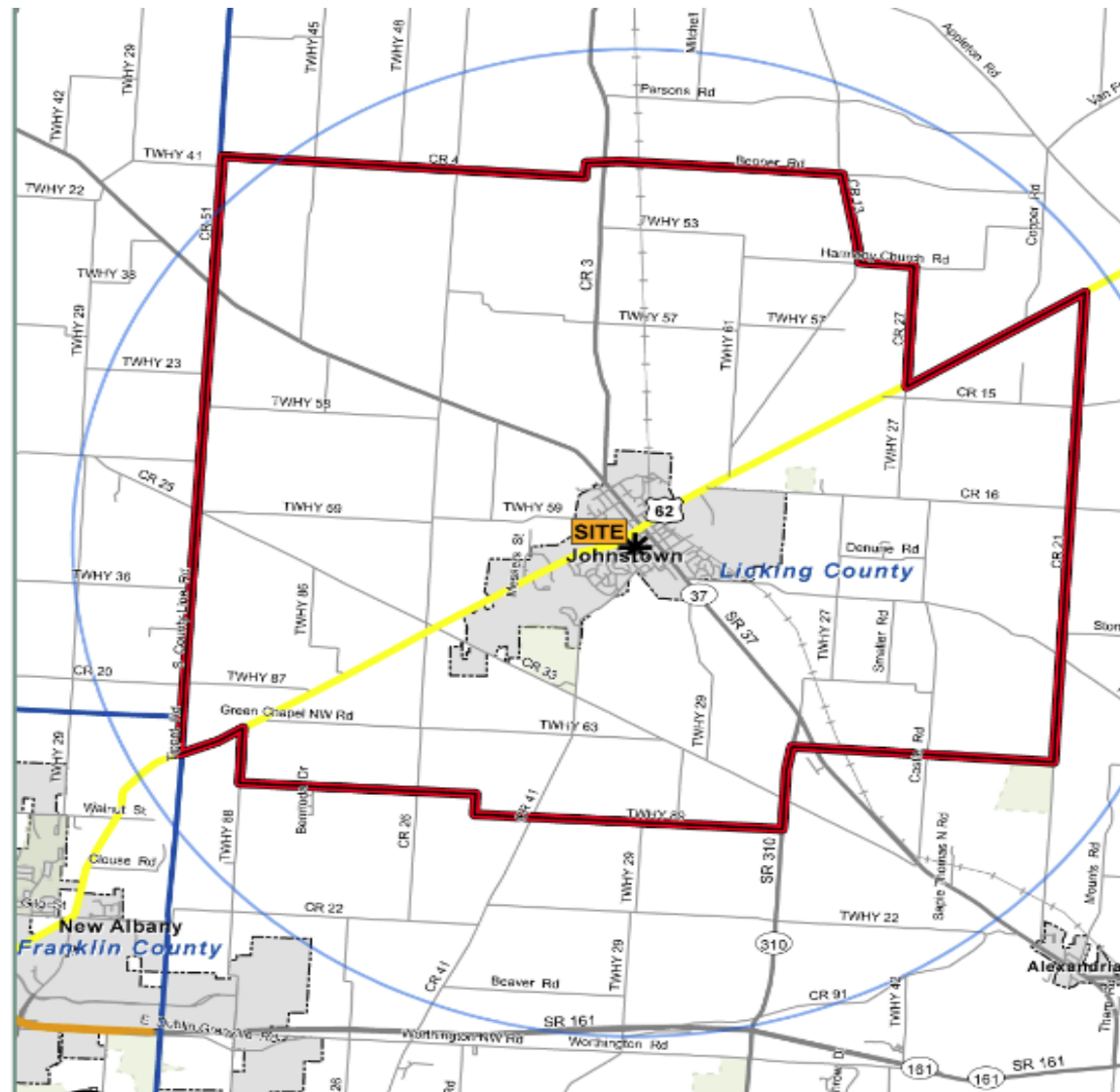
****One building, two owners, two resident populations, two purposes****





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Market Characteristics Chimes Terrace

- Rural community; somewhat isolated
- Limited choices for seniors
- Few seniors are renters
- Seniors tend to stay in homes as long as possible
- 97 units of a Tax Credit cottage design opened in 2001 to 2011 (with some three-bedroom units)



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Market Characteristics Chimes Terrace

- Project dropped age requirement from 62+ to 55+
- Unlikely project could be supported w/o Section 8
- Conventional assisted-living charges rates at a minimum of \$2,500 per year (\$37,000 per year)

Chimes Terrace Source and Uses

Construction and Permanent

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	<u>LIHTC/ALCP</u>		<u>LIHTC</u>		<u>ALCP</u>	
	Units	60	Units	36	Units	24
<u>Sources</u>	Amount	Per unit	Amount	Per unit	Amount	Per unit
1st Mortgage	\$2,135,000	\$35,583	\$2,135,000	\$59,306	\$0	\$0
Unidentified Conventional 1st Mortgage	\$615,000	\$10,250	\$0	\$0	\$615,000	\$25,625
LP Federal, State Equity, GP Equity	\$3,966,395	\$66,107	\$3,966,395	\$110,178	\$0	\$0
ALCP Grant	\$3,573,701	\$59,562	\$0	\$0	\$3,573,701	\$148,904
Acquired Reserves	\$161,106	\$2,685	\$161,106	\$4,475	\$0	\$0
Bridge Loan	\$2,000,000	\$33,333	\$2,000,000	\$55,556	\$0	\$0
NCR Seller Note	\$304,214	\$5,070	\$304,214	\$8,450	\$0	\$0
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources	\$12,755,416	\$212,590	\$8,566,715	\$237,964	\$4,188,701	\$174,529
<u>Uses</u>	Amount	Per unit	Amount	Per unit	Amount	Per unit
Acquisition Costs	\$1,720,000	\$28,667	\$1,720,000	\$47,778	\$0	\$0
Construction Costs	\$5,404,050	\$90,068	\$2,394,611	\$66,517	\$3,009,439	\$125,393
Contingency	\$540,054	\$9,001	\$239,115	\$6,642	\$300,939	\$12,539
Professional Fees, Financing Costs, Soft Costs	\$1,196,594	\$19,943	\$660,746	\$18,354	\$535,848	\$22,327
Developer Fee	\$546,806	\$9,113	\$496,806	\$13,800	\$50,000	\$2,083
Total Financing Costs	\$452,429	\$7,540	\$452,429	\$12,567	\$0	\$0
Total Tax Credit and Syndication Costs	\$92,716	\$1,545	\$92,716	\$2,575	\$0	\$0
Total Start Up Costs, Reserves and Escrows	\$762,767	\$12,713	\$470,292	\$13,064	\$292,475	\$12,186
Repayment of Bridge Loan	\$2,040,000	\$34,000	\$2,040,000	\$56,667	\$0	\$0
Total Uses	\$12,755,416	\$212,590	\$8,566,715	\$237,964	\$4,188,701	\$174,529



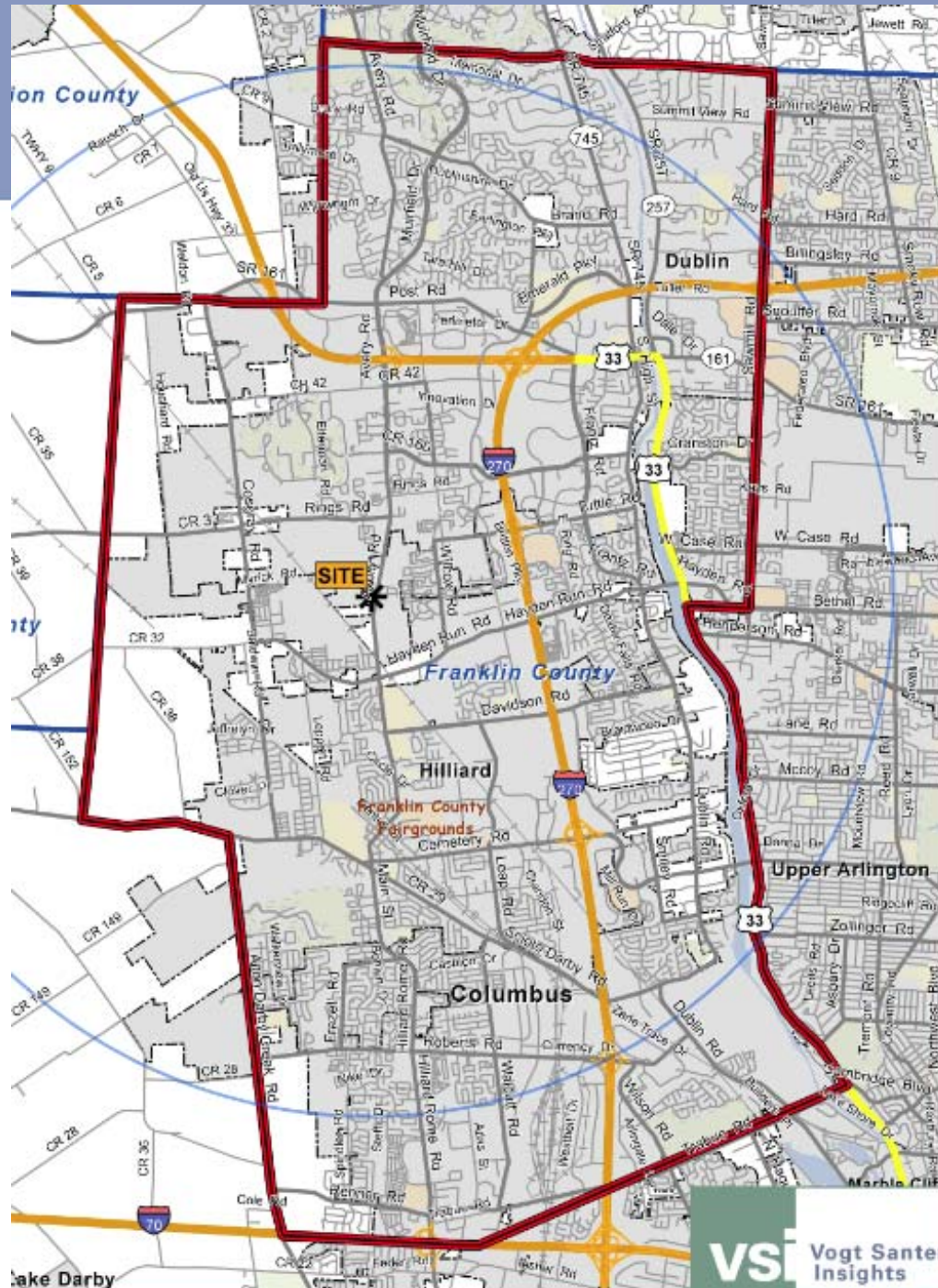
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AVONDALE AT DUBLIN

Affordable and Market Rate Housing onsite





Lake Darby



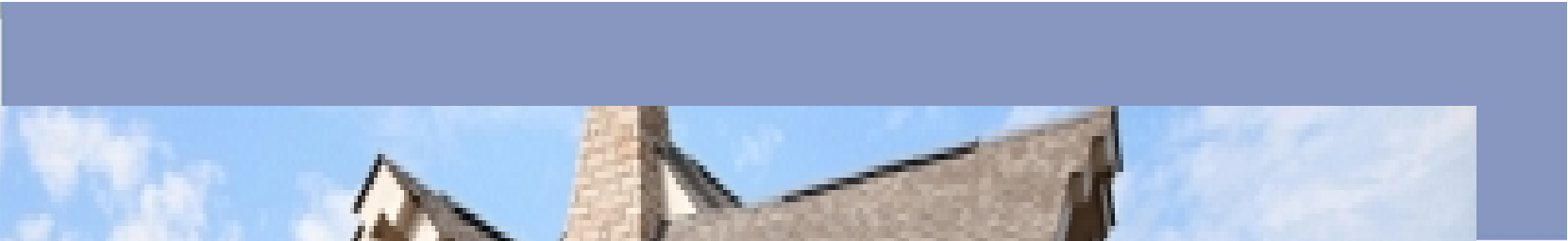
Market Characteristics Avondale

- Dublin is one of the most desirable communities in Central Ohio.
- Virtually no affordable housing.
- One of only a few sites in area with Vouchers
- Low share of senior renters (although strong growth trends).

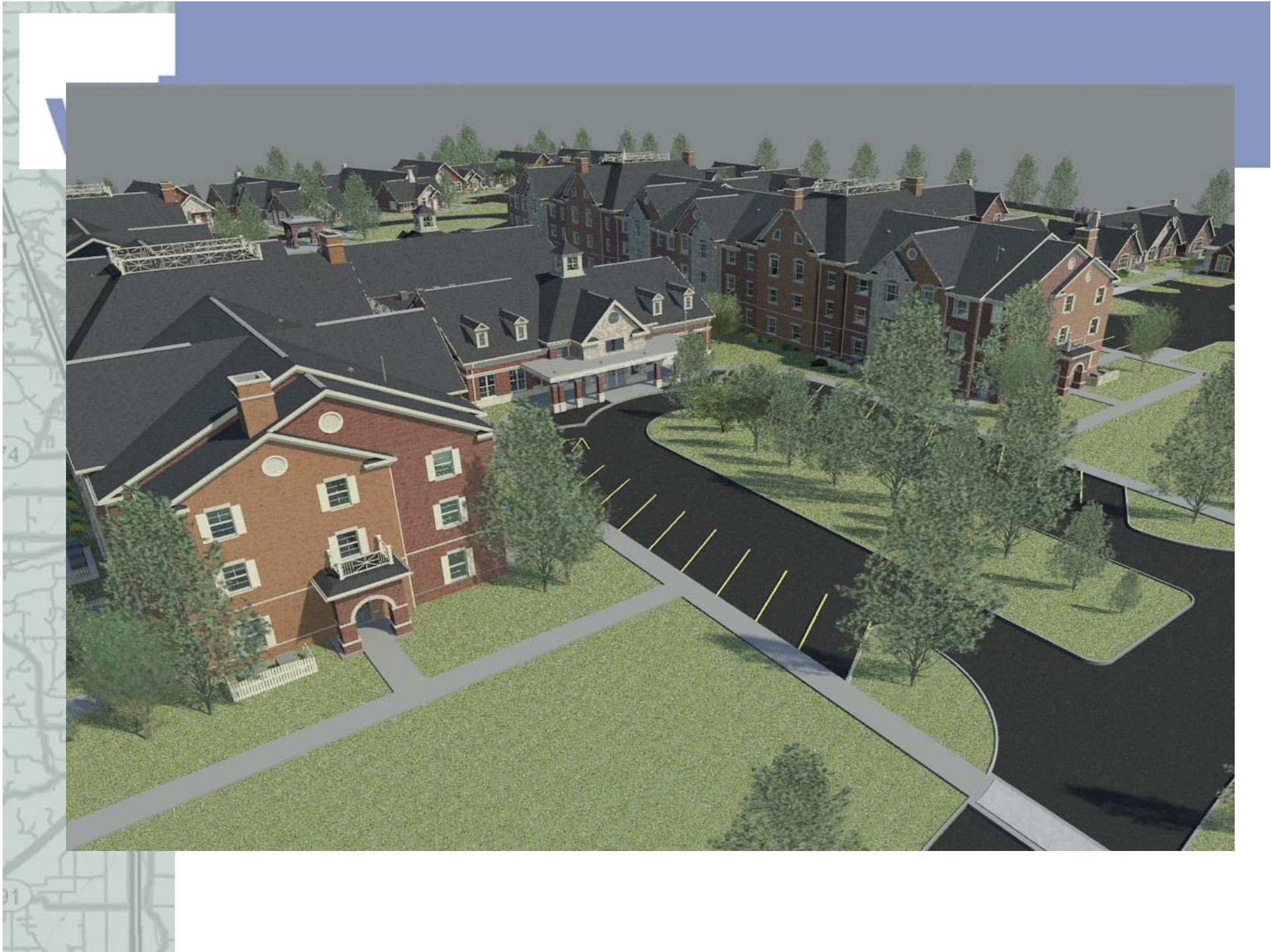


Market Characteristics Avondale

- Capture rate is relatively high in spite of fairly large market area.
- Market contains large share of children decision makers
- Property and area is so desirable mixed income works well.









Summary/Services

- 100 Units (50 in mid-rise/50 cottages)
 - 19 market rate and one manager unit
 - 80 rent restricted, of which 58 had project based rental assistance
 - Phase II (74 LIHTC units) and Phase III (26 market units) moving forward
- Services
 - Adult Day Care on-site (leased)
 - Certified by Ohio Department of Aging (ODA)
 - Enhanced community room and dining facilities
 - Includes medical office suite and care coordinator office
 - Phase I did not include commercial kitchen
 - Onsite care coordinator
 - Visiting nurse practitioner
 - Service Packages available for more intensive/regular services
 - Meals, laundry, cleaning and transportation



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QUESTIONS?

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