



*Resident celebrating at
NoHo Senior Arts Colony,
North Hollywood, California.
Developed by Meta Housing Corporation.
Photo courtesy of Meta Housing Corporation*

The Senior Rental Housing Wave

A Wide Variety of Products and Approaches for Success

Affordable senior housing comes in many different flavors today. Just consider the following examples, all low-income housing tax (LIHTC) developments:

- **NoHo Senior Arts Colony, North Hollywood, Calif.** This sharp looking, low-rise development in the NoHo Arts District of Los Angeles, 20% affordable units and 80% market-rate, provides residents not only with quality apartments and amenities but also plenty of interesting and creative activities – classes in screenwriting, poetry, meditation, and yoga, as well as game and movie nights and concerts. Moreover, the building has a ground-floor stadium-style performing arts theater (The Road on Magnolia) with its own marquee and entrance where a professional theater group (The Road Company) holds its performances, and some of the seniors volunteer as docents, ticket takers, and the like. NoHo is one of three “senior arts colonies” completed so far by Los Angeles-based Meta Housing Corporation;
- **Riverside Landing at Delaware Place, Delaware, Ohio.** Under construction by Miller-Valentine Group, based in Dayton, Ohio, this development will feature two product types on the same site for seniors aged 55 or older: one- and two-bedroom apartments (49 units) in a four-story central elevator-served building, and single-story, two-bedroom “cottage-style villas” (14 units) situated around the main building. The main building will contain common areas, amenities, and programs and activities shared by all of the residents.
- **Reddick Senior Residence, Franklin, Tenn.** Opened in late 2013, this new three-story building with one- and two-bedroom apartments was developed by a partnership between The Michaels Development Company, of Marlton, N.J., and the Franklin Housing Authority (FHA), as the first of multiple phases by FHA to replace its obsolete public housing stock with modern communities. The development contains 48 LIHTC units, 40 of which are also ACC (pub-

Senior Housing, continued on page 25

Senior Housing, continued from page 24

lic housing) units. FHA and Michaels are trying to obtain project-based vouchers for the 8 LIHTC-only units, and exploring the possibility of seeking federal approval for conversion of the current subsidies for the 40 ACC units to project-based Section 8 under the Rental Assistance Demonstration program.

- **Riverside Neighborhood, Detroit, Mich.** Two faith-based Michigan nonprofits are spearheading the development of this multi-part senior living campus on a former industrial site, in partnership with other organizations, agencies, and levels of government. Completed so far is a renovated main building containing affordable assisted living apartments, a PACE center, and a pharmacy. Additional pieces will be a HUD Section 202 project, an outdoor recreational and enrichment area, and mini-nursing homes called Green Houses® (see article on p. 4);
- **Chimes Terrace, Columbus, Ohio.** This single building, a former HUD Section 202 project owned and operated by Columbus-based National Church Residences (NCR), is being redeveloped by the non-profit to be half affordable independent apartments for seniors (LIHTC units) and the other half – a separate wing – into a licensed affordable assisted living facility. To make the project possible, NCR paid off the 202 mortgage, divided the building into two separate condominiums, and obtained housing tax credits for the independent apartments component.

Diversity of Senior Housing

The preceding examples illustrate the wide variety of affordable senior rental housing products being developed with the use of low-income housing tax credits. These senior communities are diverse in physical design, amenities, activities, and services, and in the degree to which they accommodate and support “aging in place” to enable residents to stay as long as possible.

Seniors housing generally is housing for seniors 55 years of age and older or 62 and older. HUD Section 202 supportive housing projects for the elderly, for instance, are restricted to seniors 62 and older.

According to developers, market analysts, and others, some of the factors that determine or influence the design, size, location, and target resident population of an affordable senior rental housing property are:

- Requirements, incentives, preferences, or points in the state’s qualified allocation plan for its competitive 9% LIHTC program. Some, for instance, require or reward the location of senior developments near public transit, shopping, and health care providers, and favor developments that will provide or arrange services for residents;
- Federal accessibility and state/local building code requirements;
- The local market, such as the type(s) of rental housing that seniors in the community want, need, and can afford. Other factors are the type of market (i.e., urban, suburban, rural);
- The project budget;
- The availability of gap funding sources and subsidies; and,

Senior Housing, continued on page 26



Patterson Pointe Senior Residence, Bloomington, Indiana. Developed by Miller-Valentine Group

Photo courtesy of Miller-Valentine Group

Senior Housing, continued from page 25

- The developer's particular philosophy, strategy, or mission.

One big advantage for developers is the large and growing number of older Americans in the U.S. "There's such a large demand for



Rob Vogt

senior housing, particularly for affordable apartments," says market analyst Rob Vogt, a partner at Columbus, Ohio-based Vogt Santer Insights. Because of hefty demand, LIHTC developments for seniors seldom have trouble leasing up and staying full. "In the last three years I don't think I've come across a single market where I've felt like senior affordable housing



Twin Lake Senior Villas, Rantoul, Illinois. Developed by Miller-Valentine Group.

Photo courtesy of Miller-Valentine Group

was overbuilt," says Brian McGeady, director of multi-family development and a partner at Miller-Valentine Group, which develops senior LIHTC projects in the Midwest, Southeast, and Southwest.



Brian McGeady

Photo courtesy of Miller-Valentine Group

Two Common Product Types

Vogt, who does market studies for tax credit projects nationwide, says he's seeing two prevalent types of LIHTC projects for seniors being built these days:

- The three- or four-story, elevator-served single building with double load corridors, containing about 60 to 80 units plus amenities and common areas for activities and services. According to Vogt, these tend to do better in urban neighborhoods and seem to attract older seniors – in their 70s and 80s, often single females; and,
- "Cottage-style" developments, comprised of single-story dwellings, from detached units to clusters of 2 to 4 units in a building. These each have a separate entrance, often porches or patios, and sometimes also an attached one-car garage. Usually located in suburban or rural areas, where land prices are less than for urban sites, Vogt says these projects tend to attract "younger" seniors in their 60s and early 70s, often former homeowners seeking a more maintenance-free lifestyle.

Senior Housing, continued on page 28



M I C H E L
A S S O C I A T E S L T D

R E L I A B I L I T Y . C R E A T I V I T Y . R E S U L T S .

Michel Associates, LTD. specializes in the Equity Financing of Low-Income Housing Tax Credit properties.

Our team consistently delivers:

- COMPETITIVE PRICING
- FLEXIBLE STRUCTURING
- PERSONAL SERVICE
- TECHNICAL EXPERTISE

For more information, please contact:

KENNETH J. MICHEL
Managing Director
KenM@MichelLtd.com
(617) 261-4646 ext.11

PETER B. TALBOT
Managing Director-Origination
PeterT@MichelLtd.com
(207) 775-4400

www.MICHELlTD.com

Senior Housing, continued from page 26

“I think over the past couple of years we’ve seen far more single-story [LIHTC] development that we had seen in the past, whether that be duplexes or town-house style or the fourplex,” says H. Blair Kincer, a partner at Novogradac & Company LLP in its Bethesda, Md. office.” He said the fourplex design “seems to becom- ing more popular.”

“We have two primary [LIHTC] product types that we utilize for seniors,” says Miller-Valentine Group’s Brian McGeady. Both are for independent seniors, gen- erally 55 and older.



Photo by Debbie Smartt

Reddick Senior Residence, Franklin, Tennessee. Developed by The Michaels Development Company and Franklin Housing Authority

One product, McGeady said, is the three- or four- story elevator-served single-building with interior hall- ways, which typically attract older seniors. “That’s more interior hallways, amenities in the same building,” he said, “and they’re either in an L or an X shape so that the corridors aren’t too long for residents to get to com- mon areas and amenities in the center of the building.”

The second product type, McGeady said, is the “senior villa.” These are developments comprised of sin- gle-story cottage-style units with attached one-car garages, a small front porch and rear patio, two bed- rooms and one and a half baths, and an attached one- car garage. A separate clubhouse building has a leasing office and common areas and amenities. This product tends to attract many younger seniors in the 55 to 65 age bracket. “We have found that product to work

exceptionally well in rural markets,” says McGeady, though it is also possible in suburban and, to a lesser degree, urban markets.

He said each affordable senior development is one of the two product types, with the exception of three communities, including Riverside Landing at Delaware Place, where Miller-Valentine Group combines both product types on the same site.

About 80% of Miller-Valentine Group’s senior LIHTC communities are new construction and about 20% acquisition/rehab. The company utilizes primarily 9% housing tax credits rather than 4% credits with tax- exempt bond financing, and typically partners with a local nonprofit.

“The most challenging thing [in trying to develop affordable senior rental housing] is just getting the tax credits,” says McGeady. Another struggle, he added, is obtaining gap funding sources.

Senior LIHTC projects generally tap the same gap funding sources as family tax credit projects, such as federal HOME program dollars, Federal Home Loan Bank Affordable Housing Program monies (Miller-Valentine is using these more), and state or local housing trust funds. Other than HUD Section 202 capital advance grants, there generally aren’t any major funding or gap sources

limited to senior rental housing.

A not uncommon example is Reddick Senior Residence, an \$8.5 million “mixed-finance” develop- ment for low-income seniors that Michaels Development Company and the Franklin Housing Authority financed using \$6.6 million in equity generated by 9% housing tax credits, a \$1 million soft loan (housing trust fund dollars) from the Tennessee Housing Development Agency, and a soft loan from SunTrust Bank, which was also the equity investor and con- struction lender, according to Michaels Development President Ava Goldman. In a new twist, the bank’s soft loan was collateralized by \$500,000 pro-



Ava Goldman

Senior Housing, continued on page 29

Senior Housing, continued from page 28

vided by the housing authority.

Goldman said the development, built on land owned by the housing authority, has been a big success. "We had a tremendous response. The property was ready for occupancy in October, we had the grand opening in November, and it was rented up almost instantaneously."

Advantages of Senior Developments

Besides strong demand resulting from current demographics, additional advantages of affordable senior rental developments are that they generally experience less wear-and-tear and have lower turnover rates than family projects. Senior residents tend to stay longer, with their tenancy usually ending due to death or failing health requiring them to move to a nursing home or assisted living facility.

McGeady, though, said senior developments tend to lease up a bit slower than properties targeting families. "You usually have a longer decision-making process," he notes.

He said Miller-Valentine Group begins marketing an affordable senior development the day the company receives a tax credit award, putting up a sign on the site with a phone number that gets answered 24/7 by a call center. Names of the potential applicants who've called are placed on a list. "We really start marketing hard six months before we open," says McGeady, "and start qualifying our applicants from an income perspective 60 days before we feel we are going to open. We've generally opened the doors with between 15 and 30 residents moving in that first month."

Vogt says that the affordable senior projects that he has seen struggle have usually been those in poor locations and some of those creating apartments from the conversion and adaptive reuse of historic buildings, such as former schools or hotels. Some historic buildings can be tough to reconfigure to create functional, attractive, and accessible apartments and common spaces and some can have higher utility costs, he indicated.

Good Design is Important

Good design is very important at senior LIHTC properties, which typically have multiple common area to accommodate a variety of activities, programs, and

services. These can be for light health checks and maintenance by visiting nurses, recreational or social activities, exercise classes, or computer centers. On-site resident coordinators – part- or full-time or shared with other properties – are common at many developments. Vogt said one new amenity he is seeing more often at senior projects are walking trails – usually in rural and suburban locations.

Many senior developments reflect Universal Design principles that recognize and address the effects of aging, such as easier to use lever door handles rather than doorknobs, or multiple grab bars in and around bathtubs and showers.

Some design features reflect consumer preferences. For example, developer Lowell Barron II, president of The Vantage Group, based in Pfyffe, Ala., discovered that seniors living in affordable single-story cottage-style units like their front door to face the front door of other units so that they can keep an eye on each other – they feel more secure. This design feature was incorporated at one of his newest LIHTC developments, called The Vinings at Greencastle in Clarksville, Tenn.

He said another important design feature for senior units are functional floor plans with adequate turning radiuses in case the resident – using a wheelchair or walker – has mobility limitations. Also important is being aware of potential hazards that can cause falls. "Falls are the most dangerous thing to a senior," says Barron, who once developed and operated private-pay assisted living facilities.

A Customized Approach

Meta Housing Corporation, which develops affordable and mixed-income rental communities in California, mostly in the greater Los Angeles metro area, has its own customized approach and philosophy about what makes for a successful senior project. According to founder and president John Huskey, the silver bullet is the combination of a good location, a design that provides both quality housing and multiple gathering spaces of different sizes to facilitate interaction by residents, meaningful activities and programs that give residents a sense of fulfillment and enjoyment, and achieving the proper mix



John Huskey

Photo courtesy of Meta Housing Corporation

Senior Housing, continued on page 30

Senior Housing, continued from page 29

of residents wherever possible by selecting people with different personalities, talents, interests, skills, and degrees of willingness to get involved.

Meta Housing, established in 1993, has developed 51 rental communities, of which 39 are senior housing projects.

Meta Housing's approach and strategy grew out of the results of a 1990s University of Southern California study that compared resident attitudes and the level of resident participation (measured by the percentage of residents who visited the property's clubhouse during the week) at a portfolio of senior projects previously developed by Huskey with other senior properties in a control group. The portfolio properties had more meaningful activities and programs and greater resident participation. The study sought to identify the reasons why residents participated, and what changes could be made in the design and programs at senior rental communities to boost participation.

"We came to some findings that are now pretty well recognized but were pretty surprising at the time," says Huskey. "One was that things like creative writing classes, dramatic writing classes, and theater groups were as likely to cause a project to be financially successful and the residents to be active as were some of the more typical things – excursions, trips, and things like that. That there were an awful lot of people interested in what was then called self-improvement."

Another finding, Huskey mentions, was the "Norm Factor," named after the gregarious bar customer in the TV show *Cheers*. According to Huskey, the presence of popular extroverts at a property clubhouse can increase resident participation – up to a point, at which too many can be a turnoff for other residents.

Another insight was finding out what the residents who never or seldom visited the clubhouse were doing. According to Huskey, "We discovered that even in really good senior projects, an awful lot of the people were spending their time in their unit, not interacting with oth-



Photo courtesy of Meta Housing Corporation

*Long Beach Senior Arts Colony, Long Beach, California
Developed by Meta Housing Corporation*

ers and doing things that potentially were not healthy. If they were already grieving they tended to wallow in it. There were more alcoholics than we ever thought, and there were more people dependent on various kinds of drugs, prescribed and otherwise, just to pass the time."

Through the design of its senior projects and the specific activities offered, Meta Housing seeks to create a vibrant community of engaged and happy residents and curb isolationism.

Meta Housing's trademark concept among its senior housing projects is its "senior arts colonies." Three have been completed and two others are under construction. These projects provide not only apartments but also exercise facilities and other amenities and enrichment activities and classes, such as in screenwriting, creative writing, art, dance, yoga, and other areas. Huskey likens these to community colleges for seniors, suggesting that engaged, involved, and fulfilled senior residents are happier, healthier, and live longer.

He said that a lesson learned from multiple Meta Housing senior properties was that the most successful programs were those that combine some creative activity, such as a writing class; a definite timetable, meaning a deadline for a class product; and an end to the program such as a recital or display of the produced work. Services and activities at most of Meta Housing's senior

Senior Housing, continued on page 31

Senior Housing, continued from page 30

properties are coordinated by an innovative nonprofit service provider called EngAGE. Some of the classes and activities are conducted by volunteer residents.

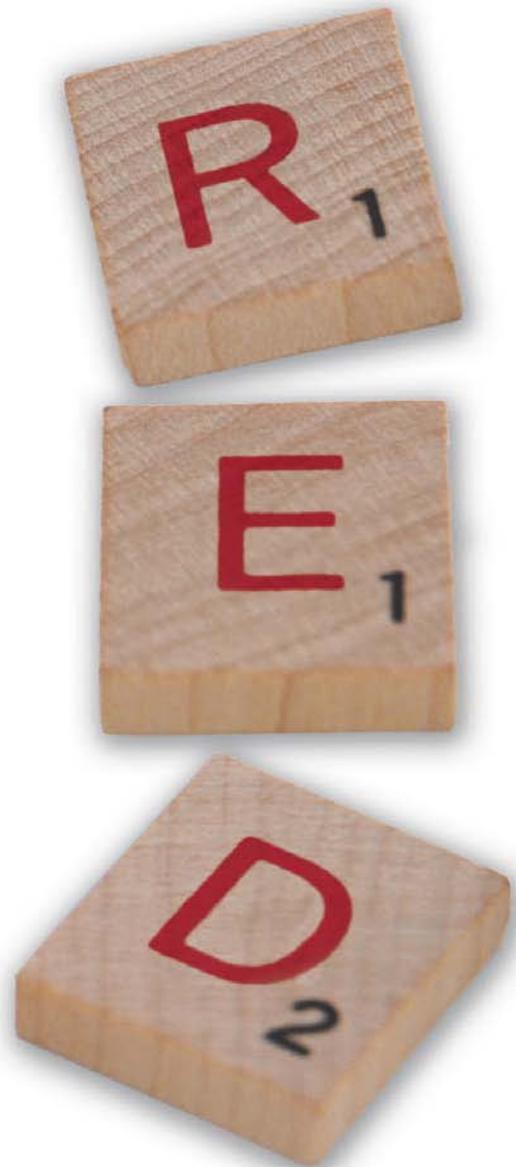
Huskey said each property is designed with multiple spaces of different sizes where residents can gather formally, such as for classes, social events, or to exercise – to less formal spots where a few friends can get together. Another example, to promote interaction, might be a balcony where a semi-involved resident can check out a painting class below to decide whether to join. Huskey describes these kinds of spaces “as room for the marginally non-involved to be nudged softly, in an area where maybe they do want to go but need that little extra push.”

Meta Housing also believes that the success of a senior project depends on having the right mix of senior residents – of different interests, skills, talents, and personalities, from extroverts to introverts and those in between. These include both residents eager to participate in programs, classes, and other activities as well as residents willing to share their knowledge and skills by teaching classes.

At each of Meta Housing’s senior arts colony projects, which give preference in occupancy to arts-oriented individuals though are open to all qualified applicants, the selection of tenants is driven by a set of guidelines developed by a committee made up of the third-party property management company, the service provider, and an attorney for the city. Using information received about applicants from questionnaires (e.g., such as their interests) and sometimes also interviews, applicants are ranked on an “interested party list” in the order reflecting the degree to which each applicant has the preferred characteristics in the guidelines. The property manager uses the guidelines to select tenants. “Meta has no direct involvement in picking or not picking any particular individual or household that moves in,” says Huskey.

The same general approach is applied to some extent at Meta Housing’s other senior rental communities.

“We want to create an intentional community,” says Huskey, who adds, “I really like taking the marginal non-participants and allowing them to blossom into a fully engaged person. I like to hear the story about the person who was afraid to paint or write who got enthusiasm as he or she took the class.” **TCA**



It’s your move.
Make it with **RED.**

The nation’s #1 originator for
FHA/Ginnie Mae loans in 2012

Mortgage Bankers Association, March 2013

Consistently a Top Fannie Mae Lender for
Seniors Housing

 www.redcapitalgroup.com
800.837.5100

