



LEADINGAGE ANNUAL MEETING + EXPO
October 28-31, 2018
Pennsylvania Convention Center | Philadelphia, PA
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Session 32-G
Extending Housing and Services to the Middle Market

Introductions



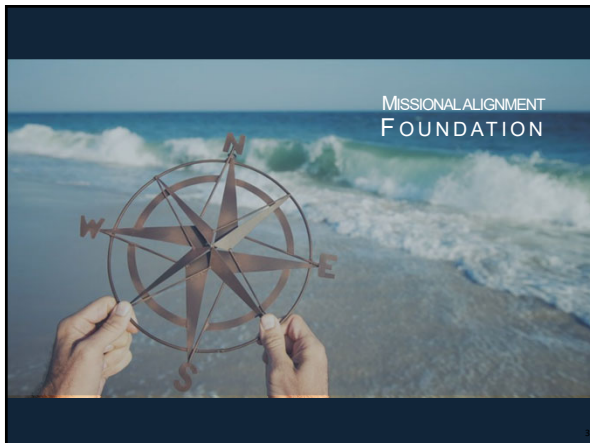
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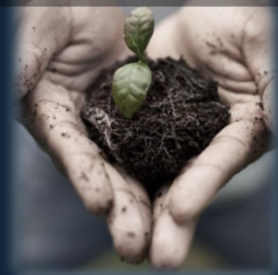
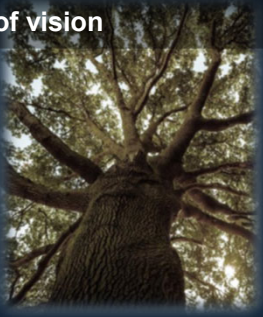


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MISSIONAL ALIGNMENT FOUNDATION

The power of vision

Developing strategic initiatives



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graph LR
    A[Mission & Vision] --> B[Goals/Aspirations  
Objectives/Results]
    B --> C[Opportunities]
    C --> D[Prioritize]
    D --> E[Today's Strategic Planning  
results in 4 to 6 Key Strategic Initiatives]
  
```

Today's Strategic Initiatives

- Growth:
 - Expansion/multi-site
 - Partnership/Affiliation
 - New Markets
 - Expanded Demographic
- Emerging services
- Campus repositioning
- Program delivery
- Marketplace relevance
- Care models
- Niche services
- Gaps in services



Strategic Drivers of Middle Market Housing and Services

- Missional alignment
- Gaps in service-left to Not-for-Profits to fill
- Upcoming demographic with less resources, limited income and assets
- Planning for 2030 'boom'
- Expand into new demographic pool
 - Feeder for other programs and services
- Create multi-sites without straining main campus amenities

7

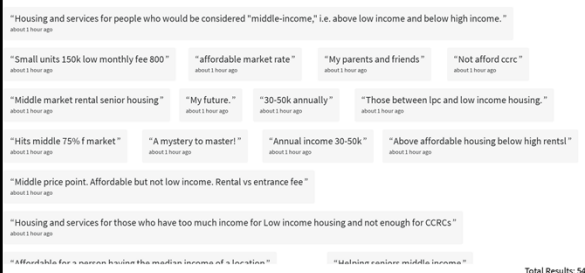
This session includes opportunities to participate in anonymous audience polls using your smartphone. Please type pollev.com/rtps into your web browser (not search) now. It is not case sensitive.



8

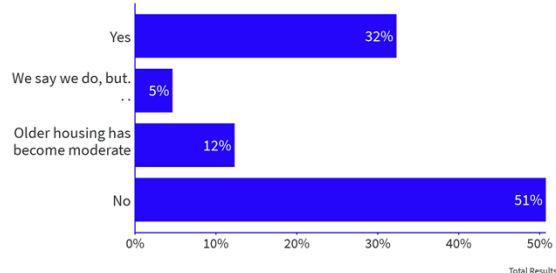
What is Middle Market Housing?

Respond at [PollEv.com/rtps](https://pollev.com/rtps)



Does your community offer Middle Market Housing?

Respond at [PollEv.com/rtps](https://pollev.com/rtps)



Need for Middle Marketing Housing

Affordable Moderate Market Rate

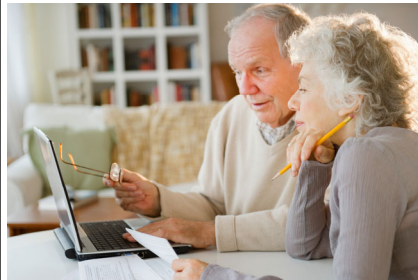
11

Types of Senior Living

Type	Description	National Median Annual Cost
Independent Living Communities	Residents are Independent	\$24,000 – 60,000
Assisted Living Facility	Private apartments; staffed for assistance	\$43,200
Memory Care	Secured area in assisted living or skilled nursing	\$42,000 – 79,200
Residential Care Homes	Private residential homes adapted to accommodate limited number of residents	\$26,400 – 40,800
Nursing Home Care	24-hour monitoring and medical assistance (semi-private and private)	\$80,300 – 91,250
Home Health Aide Services	Range from weekly visits to 24-hour care	\$41,600
Adult Day Health Care	Half-day or full-day care at the center with transportation option	\$17,940
Respite Care	Short-term stay; typically less than a month	\$19,500 – 52,000

12

Need for Middle Marketing Housing



Average Baby Boomer goal: \$45,500 / year in retirement income

Average retirement portfolio: \$136,200 in assets approximately \$9,129 per year or a \$37K shortfall (BlackRock)

Source: Time Magazine April 2016

13

Need for Middle Marketing Housing



50% of households 55+ have no retirement savings¹

40% of the 65+ population would fall below poverty level without SSI²

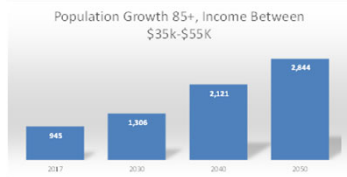
Source: (1) Bipartisan Policy Center - Healthy Aging Begins At Home (2) National Center for Assisted Living

14

Addressing Middle Market Income Needs

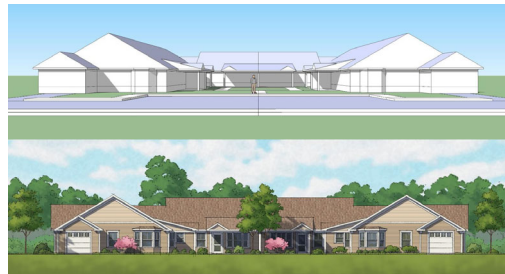
Income Levels

- 15% of households 85+ fall into \$35k-\$55k.
- \$35k-\$55k cohort is projected to triple from 945,000 to 2.8 million from 2017-2050.
- 85+ growth is projected to be highest between 2030-2040 at 62%.



Today's Middle Marketing Housing

Six-Plex Garden Villas

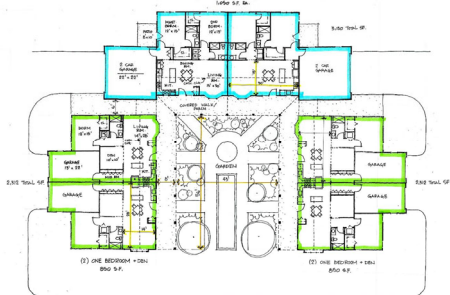


15

Today's Middle Marketing Housing

Six-Plex Garden Villas

Four Communities



17

Moderate Size/Maximum Livability

529 SF / 1 Bedroom Apartment



18

Moderate Size/Maximum Livability

529 SF / 1 Bedroom Apartment



19

Moderate Size/Maximum Livability

529 SF / 1 Bedroom Apartment



20

Moderate Size/Maximum Livability

529 SF / 1 Bedroom Apartment



Moderate Size/Maximum Livability

529 SF / 1 Bedroom Apartment



Moderate Size/Maximum Livability

529 SF / 1 Bedroom Apartment



Repurposing Opportunities



- Abandoned warehouses
- Underperforming retail properties
- Shopping centers
- Former corporate campuses

Repurposing Opportunities



Repurposing Opportunities



Rental Models

Boomers Competing With Millennials for U.S. Urban Rental Housing

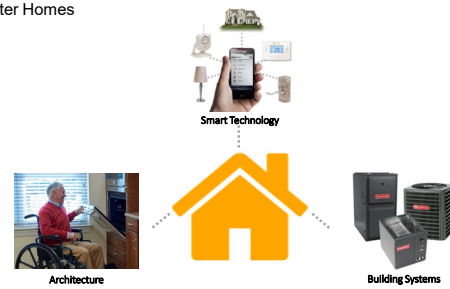
Victoria Stilwell
July 21, 2015 – 5:00 AM EDT



Mike Abelson at his apartment in Bethesda, Maryland. Photographer: Drew Angerer/Bloomberg
Source: Bloomberg Business

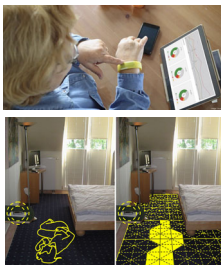
Aging in Place

Smarter Homes



Aging in Place

Smarter Homes



Integration of devices and apps

- Open Architecture
- Wi-Fi
- Bluetooth

Aging in Place

Smarter Homes



Importance of assessing the local market

- Satellite site within proximity to main campus
- Tangible separation between product types
- Limits congestion of main campus services and amenities
- Fits within strategic goals and parameters for product type
- Ability to tie in product with community assets
- Potential for redevelopment and reuse opportunities
- Strategically locate product among target demographic and home values

- Near US Interstate
- Frontage along major area roadways
- Drive-by visibility
- Room for expansion in future
- Residential and commercial neighborhood

5 acre site, within 4 miles of main campus



Market Research Process

- Primary and secondary market areas
- Demographic trends, net worth, income & age
- Quantitative and qualitative competitive analysis
- Economic trends, real estate, development
- Consumer and stakeholder insights
- Assessment of market depth for services

Primary Market Area

A critical assumption



Demographic Trends

- Age
- Income
- Average Net Worth

Competitive Analysis

- Quantitative
- Qualitative



Economic Trends



37

Planned Development



38

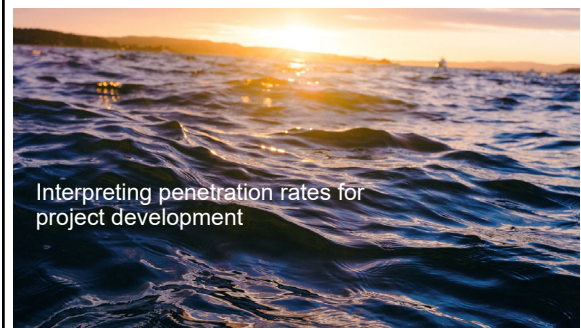
Consumer insights



- Survey of Target Market
- Focus Groups

39

Market Depth



40

Design Considerations



- ✓ Rectilinear footprint
- ✓ Simple roof construction
- ✓ Larger building / more units
- ✓ Balconies under main roof structure or Mediterranean style
- ✓ Wooden stairs
- ✓ 13R (residential) sprinkler system

41

Design Considerations



- ✓ System selection / payback
- ✓ Natural ventilation strategies
- ✓ Emergency power options
- ✓ LED lighting

42

Design Considerations



- ✓ Wood-frame / panelized construction
- ✓ Single elevator / size
- ✓ Minimal masonry

43

Design Considerations



- ✓ Upgrades vs Standardization
- ✓ Limit finish package options
- ✓ Builder-grade cabinetry, lighting, plumbing

44

Design Considerations



- ✓ Plastic laminate countertops
- ✓ Vinyl base
- ✓ Carpet / sheet vinyl

45

Design Considerations



- ✓ Vinyl double-hung windows
- ✓ Consider ventless dryers
- ✓ Create interest with color!

46

Design Considerations

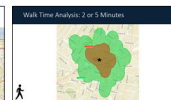
Community Partnerships



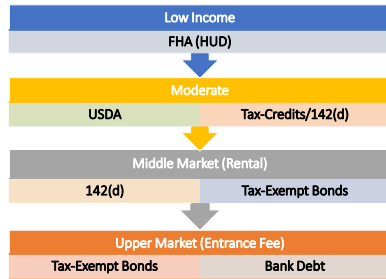
- Wellness
- Restaurant dining options
- Outside amenities
 - Neighboring country club
 - Recreation center / YMCA / JCC
 - University Partnerships
 - Library

47

- Reduces need to duplicate amenities on campus that are accessible in the community
- Strategic spending of construction dollars
- Create synergies with the greater community
- Brings brand recognition to community partners and local residents
- Can tout "walkability" to area attractions



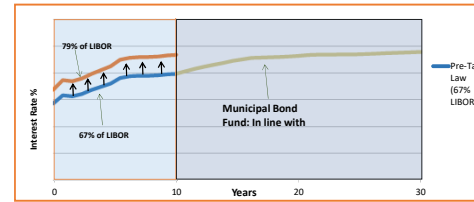
Financing Vehicles



49

Interest Rate Trends

Changes to Yield Curve from 2017 Tax Cut

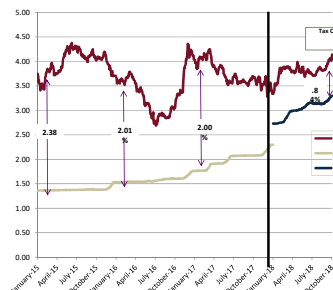


*Data from: Bloomberg and BBA/TCM Data

50

Interest Rate Trends

Historical "Baa" Interest Rates vs. Variable Bank Direct Purchase

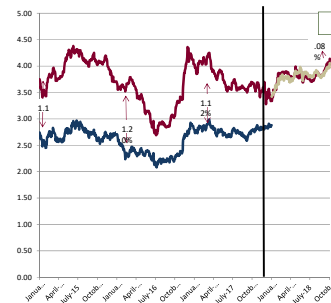


*Data from: Bloomberg and BBA/TCM Data

51

Interest Rate Trends

Historical "Baa" Interest Rates vs. Synthetic Fixed Bank Direct Purchase



*Data from: Bloomberg and BBA/TCM Data

52

Sample Sources & Uses

	Heritage Green Tax Credit	Tallahassee Tapestry 142(d)	CrestView Traditional Tax-Exempt
Sources			
Tax-Exempt Bonds	\$ 18,675,000	\$ 30,843,767	\$ 32,375,640
Taxable Bonds		\$ 2,025,000	\$ 1,425,000
Equity			
Tax Credits	\$ 10,840,750		
Partner's Equity	\$ 7,126,454	\$ 3,500,000	
Deferred Development Fee	\$ 2,141,500	\$ 1,849,500	
Total Sources	\$ 31,641,704	\$ 38,218,267	\$ 33,800,640
Uses			
Total Project Costs	\$ 28,384,556	\$ 26,497,819	\$ 24,157,000
Other Fund Deposits			
Working Capital	\$	\$ 3,228,697	\$ 1,000,000
Capitalized Interest Fund	\$ 1,261,541	\$ 3,455,048	\$ 4,418,400
Debt Service Reserve Fund	\$ 1,243,665	\$ 2,586,762	\$ 2,530,323
	\$ 2,505,206	\$ 9,270,507	\$ 7,948,723
Delivery Date Expenses - COI	\$ 751,942	\$ 2,449,941	\$ 1,694,917
Total Uses	\$ 31,641,704	\$ 38,218,267	\$ 33,800,640
	Renovate 555 Units	205 Unit Conversion, 44 New	New Construction
		66 ILU's, 62 ALU's, 24 MEC's	

Questions & Discussion



Thank you for your time!




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57