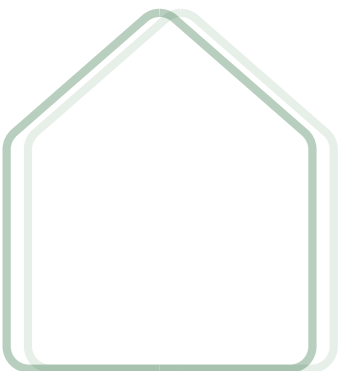


Housing for aging residents: Proposals for DeForest and Windsor

*Real Estate 365/765:
Residential Health*



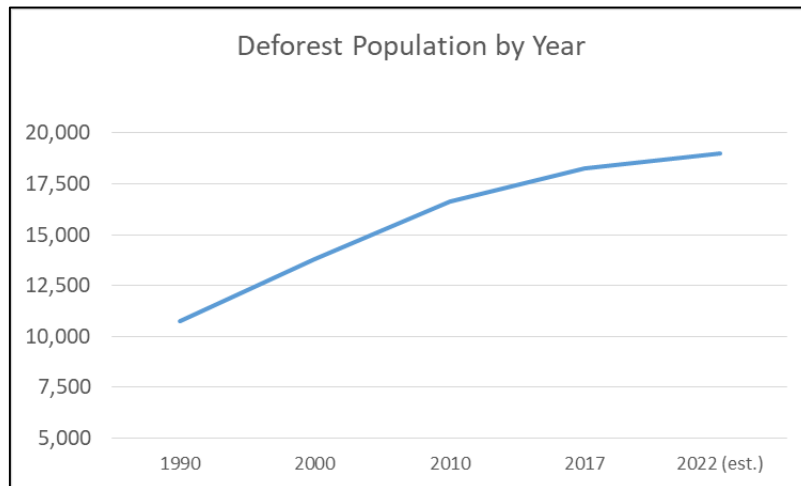
Overview

The purpose of this report is to provide the Village of DeForest with information regarding future residential health property development in the Village of DeForest and Windsor. This report will analyze demographics of the aging population and propose solutions to meet future housing needs. This project proposal will contain the current residential property inventory and provide examples of potential housing options as well as development cost estimates and price estimates.

This project does not include site selection and full development planning. Rather, this project is an overview and feasibility study of the need for health-related housing for seniors.

Demographics

Current Age Demographic of DeForest & Windsor



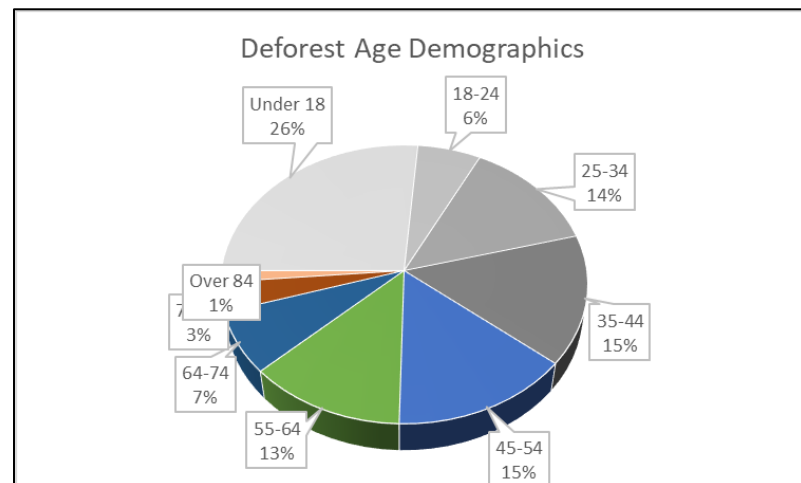
DeForest continues to grow, with 4.2% in population growth projected over the next five years.

If DeForest continues to attract new business and industry, the population growth is likely to further accelerate, although it is likely that this new population will be younger (IE under 55 yrs old).

Additionally, beyond 2022, this growth is likely to accelerate as Madison and Sun Prairie grow and expand, eventually approaching the outskirts of Windsor/DeForest.

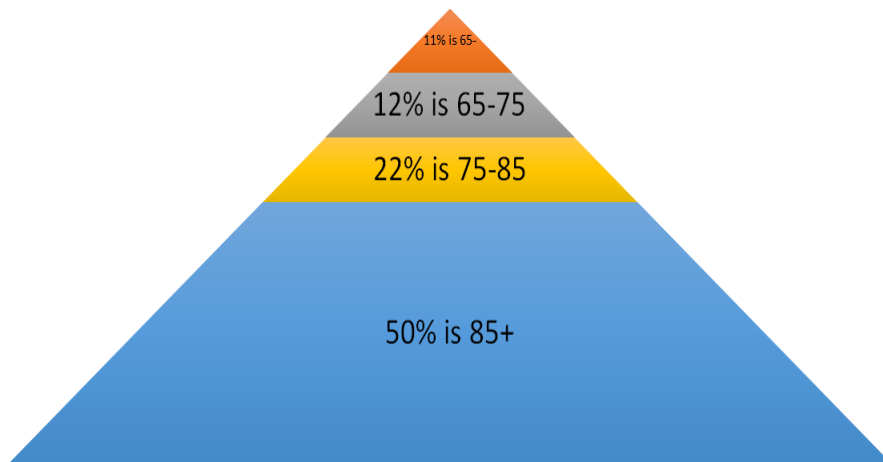
In 2017, DeForest/Windsor had an average age of 34.8. Therefore, DeForest/Windsor has an overall younger generation than the rest of the US (average age of 37.8) and Wisconsin (39).

However, even in 2017, more than 25% of the population is over 55 years. This represents nearly 5,000 residents who are retired or will be retiring by 2030 and may require different housing needs than today.



Source: EASI Demographics 5 miles rung study from DeForest City Center

Age of People Living in Assisted Living



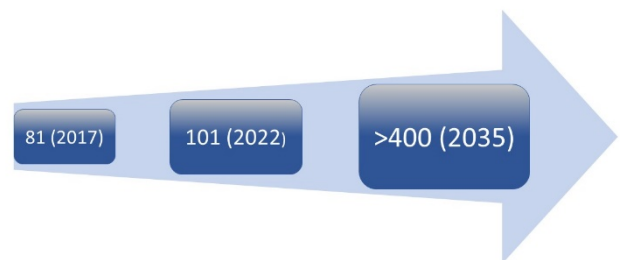
As individuals age, their demand for senior living facilities increases. As can be seen, there is some demand for senior living centers (both independent and assisted living) in those under age 75. However, as individuals reach their 80's, the demand for senior-living facilities increases dramatically.

Forecasting Demand

Currently there are 81 individuals in need of senior-living facilities in 2017, but by 2022 this need will increase by 20%, or 101 people by 2022.

Beyond 2022, demand is likely to increase dramatically as the Baby Boomers who reside in DeForest/Windsor will hit the age where independent, assisted, and skilled nursing facilities become needed. For example, by 2030 more than 4,250 residents of DeForest/Windsor will be over 75 years old, and by 2035 over 6,200 residents will be over 75 (assuming no migration within the current population). The result will be a significant increase in assisted-living demand beyond 2025.

DeForest Senior Living Trends

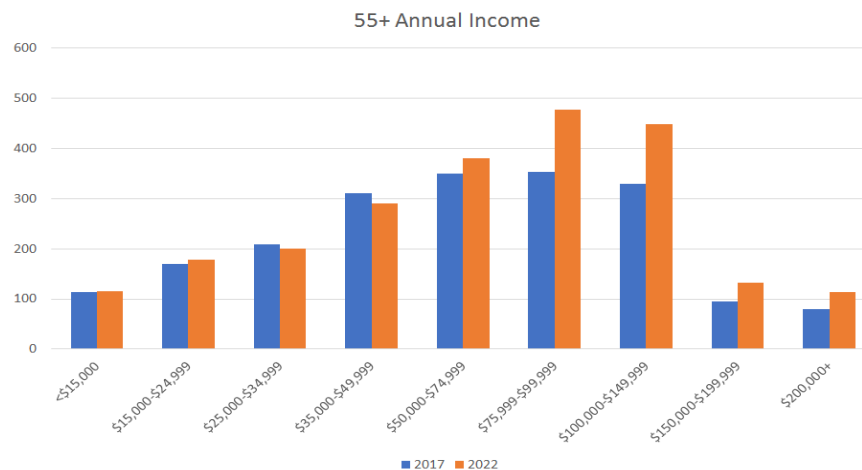


Average Pension Provisions

| | 2017 | 2022 |
|--|---------------------|---------------------|
| DeForest Median Household Income | \$62,144.00 | \$75,141.00 |
| National Average | \$73,298.00 | |
| DeForest Estimated Retirement Savings | \$88,173.97 | \$106,614.97 |
| National Average | \$104,000.00 | |
| Average Home Price | \$221,796.00 | \$264,512.00 |
| Average Net Worth | \$309,969.97 | \$371,126.97 |

The chart above reflects the predicted pension provisions of the average person in DeForest based on national data and averaged DeForest data. Currently, the average net worth of DeForest/Windsor households is \$310,000, and in 2022 household net worth is expected to increase to approximately \$370,000. As a result, the residents of DeForest are likely to have the means to pay for retirement living facilities, but they may need lower-cost housing solutions and/or some subsidized housing to live comfortably through their retirement.

Segment of Annual Income for Individuals 55+



The majority of DeForest/Windsor households with individuals age 55+ have a significantly higher average salary than the average U.S. household of \$53,900 and the Wisconsin average of \$53,400 (according to U.S. Census Bureau). Therefore, demand in DeForest would likely be for mid-level assisted living facilities, with some demand for affordable senior housing as well as some deluxe senior housing.

What Seniors are Looking for in Living Communities

Most of the population over 65 years old lives independently and prefers to live independently. Even among those aged 80 and over, more than three-quarters live in their own homes and most wish to “Age in place”, and if not “in place” then within the same familiar community.

However, the nation’s housing inventory lacks basic accessibility features for seniors, such as simple grab bars. Additionally, many live in difficult-to-navigate, multiple-level homes. As a result, seniors may need to move to new, more accessible single-level housing with smaller yards as they age. Additionally, the nation’s transportation and pedestrian infrastructure is ill suited for those who do not drive, which ends up isolating these older adults from friends and family.

The last thing a senior wishes to do is leave their lifestyle for a hospital type retirement community. Rather, most senior wish for the same things that younger individuals wish for including:

- Safe neighborhoods
- Proximity to health care facilities
- Proximity to entertainment and recreation
- Proximity to family/friends
- Convenient public transportation
- Private space

The current trend is for seniors to progress slowly through several stages of housing, only needing institutional, hospital-style housing in the last stages. Rather, the typical progression is:

- Owner occupied housing
- Independent living facility (either apartment style or single structure housing in a senior community)
- Assisted living facility
- Memory care facility
- Skilled nursing facility

Although time spent in each stage varies, typically a senior will spend the most amount of time in the independent living facility, then progress through the next stages as conditions require. There are different financing options for each stage, including self, federal and state funding. Funding requirements are different for each individual and outside the scope of this report.

Current Residential Health Inventory and Housing Options

| Communities | Pets | 24-Hour Staffing | Memory Care | Personal Care Services | Access to Therapy | Restaurant Style Dining | Scheduled Transportation | Parking |
|---|------|------------------|-------------|------------------------|-------------------|-------------------------|--------------------------|---------|
| Artisan Assisted Living & Memory Care | | X | | X | X | X | X | |
| DeForest Area Community & Senior Center | | | X | | | | | |
| DeForest Elderly Housing | | | | | | | | |
| Fountainhead Homes | | | X | X | | | X | |
| Jefferson Square | X | | | X | X | | | X |
| Oakridge Living | | X | X | X | X | | X | X |
| Parkside Assisted Living | | X | | X | | X | X | X |
| Parkside Village | X | | | X | | | | X |
| Serenity House | X | X | | | | X | | X |
| Tender Reflections of DeForest | | X | X | X | | X | | |
| Williamstown Bay | | | | X | | | | |

- For this chart, we categorized the services provided into the categories above (pets, 24-hours staffing, memory care, personal care services, access to therapy, restaurant-style dining, scheduled transportation and parking).
- We included several services into the personal-care category, such as laundry, personal shopping, beauty and barber shop, spa and housekeeping.
- Additionally, the access to therapy heading includes physical, occupational and speech therapy.
- Lastly, these categories do not encompass all the features provided at these senior communities. For instance, the DeForest Area Community & Senior Center, DeForest Elderly Housing, and Williamstown Bay do provide services; however, they are either gathering or resource centers for seniors or are restricted to low income individuals, and thus their services are limited.

Independent Living Facilities

Jefferson Square: DeForest, WI

Summary

Jefferson Square is an age 55+ independent-living community with 62 units and a clubhouse. All units have two bedrooms, an attached garage, four season porch, and gas fireplace. Units are purchased on a life-lease basis. Services include snow plowing, lawn care, trash removal, and appliance maintenance. A variety of health services are provided as needed.

Square Footage

- Unit in Complex:
 - Roughly 1440 square feet

General Amenities

- Meals provided
- Onsite and offsite organized activities
- Indoor and outdoor common areas
- Beauty and barber services
- Wheelchair accessible showers
- Resident parking
- Pets allowed

Additional Services

- Respite available
- Nursing staff and physicians on call
- Physical, occupational, and speech therapy, podiatrist, and dentist available
- Complimentary transportation
- Aging in place, including hospice care
- Onsite homecare

Contact Information

Address: 717 DeForest St, DeForest, WI 53532

Phone Number (Pricing and Availability): (866) 694-5332

Parkside Village: DeForest, WI

Summary

Parkside Village is an age 55+ independent-living community offering a variety of living options. Residents can choose between apartment-style or ranch-style homes. The emergency-call system offers an added sense of security for otherwise independent older adults.

Rent and Square Footage

- Apartments:
 - 1 Bedroom: 818 square feet
 - \$119,900
 - 2 Bedroom, 2 Bathroom: 1098-1132 square feet
 - \$147,900-152,900
- Ranch-Style Homes:
 - Partridgeberry: 1,572 square feet
 - \$189,900
 - Gingerberry: 1,572 square feet
 - \$174,900 to \$179,900
 - Baneberry: 1,572 square feet
 - \$189,900

General Information

- Library, pool parlor, media leisure area, game room
- Housekeeping available
- Barrier-free living (no staircases)
- Pet friendly
- Chore assistance available
- Emergency call system
- Buyback options
- Resident parking
- Grocery delivery available

Contact Information

Address: 6800 Parkside Circle, DeForest, WI 53532

Phone Number: 608-846-4640

Website: <http://www.theparksidevillage.com/index.html>

Williamstown Bay: DeForest, WI

Summary

Williamstown Bay is a 55+ senior-apartment community for independent living. It is an affordable apartment complex, meaning resident income must fall below the Dane County maximum income limit. There are 34 apartment-style units which are leased on a 12-month basis. Williamstown Bay is located in a quiet residential neighborhood just a short walk from shopping centers, groceries stores, and hair salons. It is also located close to the DeForest Area Community & Senior Center where individuals can receive meals and engage in social activities.

Rent and Square Footage

Call for leasing information

General Information

- Air conditioning, cable ready, ceiling fans, high speed internet access, yard, balcony
- Business center, community room, community kitchen, dining room
- Onsite events
- Controlled access
- Disability access
- Extra storage, garages available
- Onsite maintenance and management
- Laundry on each floor

Contact Information

Address: 500 Bassett St. DeForest, WI 53532

Phone Number (Leasing): 608-238-2600

Multi Services Living Facilities

Artisan Assisted Living & Memory Care: DeForest, WI

Summary

Artisan Assisted Living & Memory Care is comprised of a network of 11 communities located throughout the state of Wisconsin. The organization provides a variety of lifestyle options including residential-care apartments, assisted living, memory care, short-term stay, and therapy partner facilities. Artisan Assisted Living & Memory Care is considered a premier senior-living company, providing unique resources in the areas of therapeutic arts, life enrichment, customized culinary dining experience, and complimentary wellness assessments and programs. The facility specializes in Alzheimer's and Dementia care.

Rent and Square Footage

Apartments:

- 200 square feet
- Rent varies, starting around \$3,000 per month

General Information

- Art and expressive therapy such as music, painting, poetry, and movement
- Life enrichment activities such as organized chess, cooking classes, and individual or group exercise classes
- Home-cooked meals and restaurant-style dining
- Complimentary wellness assessments
- Maintenance-free living
- Weekly housekeeping, personal laundry and linen services
- Bill payment
- Scheduled transportation available

Additional Services

- 24-hour staffing
- Personal-care services
- Access to occupational, physical, and speech therapy
- Assistance with scheduling medical appointments
- Assistance with activities of daily living such as medication management, dietary monitoring, and personal-escort assistance

Contact Information

Address: 206 N. Main St. DeForest, WI 53532

Phone Number (Leasing): 608-843-4386

Phone Number (Facility Contact): 608-846-6999

Website: <http://www.artisanseniorliving.com/>

Fountainhead Homes: DeForest, WI

Summary

Founded in 2000, Fountainhead Homes consists of 5 homes, three of which are in DeForest. Young House and Keyes House were both opened in 2015 on Savannah Drive, right across the street from UW and Meriter clinics, providing easy access to clinical services. Raymond House is located on Southbound Drive. Each home serves no more than eight residents and has a low staff-to-resident ratios to deliver “exceptional care” tailored to the evolving needs of each resident. Fountainhead Homes is a “home for life” for residents and is equipped to care for their progressing healthcare needs, up to and including palliative care.

Rent and Square Footage

Bedrooms:

- 1600 square feet in addition to private bathroom
- Rent varies from \$4,800 to \$7,000

General Information

- Three home-cooked meals per day including fresh, local produce and meat
- Private rooms (furnished if needed)
- Group gathering spaces with fireplaces
- Daily and weekly housekeeping and laundry services
- Personal shopping services
- Daily activities planned by staff including a variety of daily exercise activities
- Prearranged gatherings, events, and outside groups regularly brought in for entertainment

Additional Services

- Non-ambulatory Community Based Residential Care Facility (CBRF) licensed for:
- Advanced Age Services
 - Physically disabled (chronic illness)
 - Alzheimer’s and Dementia
 - Emotional disturbance and mental illness
- Medication management
- Assistance with all cares of daily living (CDLs) as necessary
- Coordination of appointments and transportation
- Regular contact with all healthcare providers
- 24/7 care
- Alarmed homes

Contact Information

Address: PO Box 46010, Madison, WI 53744

Phone Number: 608-347-0366

Website: <http://fountainheadhomes.org/>

Oakridge Living: Windsor, WI

Summary

Oakridge Living consists of three Class “C” CBRF’s serving residents who require ambulatory, semi-ambulatory, and non-ambulatory care. CBRF’s are facilities in which residents may not be physically or mentally capable of responding to an electric alarm and exiting the facility without help or verbal or physical prompting. Locations provide a “home away from home” feel and one-on-one time and attention that caters to the needs of individual residents.

Rent and Square Footage

- Assisted Living
 - Studio: 340 square feet: Rent (all inclusive): from \$2,750
 - 1 Bedroom: 460-554 square feet: Rent (all inclusive): from \$3,000
- Memory Care
 - Studio: 460-554 square feet: Rent (all inclusive): from \$4,585

General Amenities

- Multiple living space options (private bedrooms with shared bathrooms) Short term and temporary stay options
- Security features (24-hour controlled access, 24-hour up and awake night staff, controlled access garage, door alarms, fire sprinkler systems)
- Room amenities (air conditioning, cable hook up, private telephone, wheel-in shower, walk-in shower, wheelchair access)
- On-site services (activity director, beautician, housekeeping, laundry room, laundry service, TV, media room and theaters)
- Daily rate based off of extent of stay and level of care

Additional Services

- Contract for on-call nursing care
- Physician care by routine visit
- Personal care: Activities of daily living (ADLs), catheter management, foot care, assistant with sitting, standing, walking and getting in and out of bed, using the restroom and medication management
- Physical therapy provided as a care service
- Behavioral support
- Health condition care
- Memory care (services for Alzheimer’s and Dementia care)
- Long-term care insurance and private funds accepted as payment sources

Contact Information

Address: 6797 Valiant Dr. Windsor, WI 53598

Phone: 608-846-9316

Website: <https://www.oakridgelivingwi.com>

Parkside Assisted Living: DeForest, WI

Summary

Founded in 2006, Parkside Assisted Living provides residents with a therapeutic environment set in the farmland and rolling-hills of De Forest, WI. Located 10 minutes from downtown Madison, residents enjoy the convenience of nearby hospitals, shopping and entertainment while receiving the best in healthcare. Residents and families receive valuable peace of mind knowing that a certified nurse is on staff 24 hours a day. Parkside Assisted Living's mission is to "provide a lifestyle that fosters independence, actively engages the mind, invigorates the body and nurtures the spirit while offering you and your loved ones the peace of mind you deserve."

Rent and Square Footage

- Assisted Living
 - RENT: starting at \$3,775/month
 - Studio: 430 square feet
 - 1 Bedroom: 575 square feet
 - 1 Bedroom + Den: 700 square feet
 - 2 Bedroom, 1 Bathroom: 750 square feet
 - 2 Bedroom, 2 Bathroom: 850 square feet

General Amenities

- Beauty shop and spa
- Main and private dining rooms
- Library, lounges and theatre
- Reserved resident parking
- Individually controlled heat and air
- Daily and weekly housekeeping and laundry services
- Utilities and basic cable included

Additional Services

- 24/7 emergency call response
- Daily up-and-about check
- Personalized care plans
- Professional service, clinical, and nursing staff available 24 hours/day
- Meals provided and made with seasonal, locally sourced ingredients
- Transportation services

Contact Information

Address: 6902 Parkside Cir. DeForest, WI 53532

Phone Number: 608-713-0600

Website: <http://www.seniorlifestyle.com/property/parkside/#services>

Serenity Homes: DeForest, WI

Summary

Serenity House is an age 60+ memory care facility specializing in Dementia care. Facility staff provide 24-hour care for seniors with Alzheimer's disease and Dementia. They offer a secured facility to maintain the safety of residents.

Rent and Square Footage

- Single room w/out bathroom
 - Rent: \$3,400 (cares not included)
- Single room w/ bathroom
 - Rent: \$3,600 (cares not included)
- Shared room
 - Prices vary based on levels of care

General Information

- Resident parking available
- Meals provided
- Activities onsite
- Outdoor and indoor common areas
- Pets (dogs and cats) allowed

Additional Services

- Insulin injections and blood sugar tests administered
- Reminders to perform activities of daily living for memory care patients
- Secured facility to ensure safety of memory care patients
- Incontinence management
- Transfer assistance with mechanical lifts
- Wheelchair accessible facility and showers
- Hospice care available
- 24-hour staffing
- Visiting nurses, podiatrist, physical therapist, occupational therapist, and speech therapist

Contact Information

Address: 504-506 Bassett St. DeForest, WI 53532

Phone Number: 608-846-8610

Tender Reflections of DeForest: DeForest, WI

Summary

Tender Reflections is an assisted living facility specializing in memory care. The facility is managed by the Sanctuary Care Group, LLC of Chippewa Falls, WI. They have 5 locations throughout the state including one in DeForest. They accept private pay and family care, offer competitive rates, and extend a 10% discount to veterans.

Rent and Square Footage

Call for leasing information.

General Information

- Three prepared meals daily
- Private and public gathering areas
- Activities and recreation provided by staff
- Housekeeping, flat linen, and personal laundry services
- Private and companion bedrooms
- Guest internet
- Salon and barbershop
- Outdoor courtyards

Additional Services

- Residential care services: hygiene, grooming, dressing, bathing, eating, toileting, and ambulatory assistance
- Customized resident care plans
- Monthly health monitoring
- Medication and incontinence management
- Wheelchair accessible
- Respite care services
- Optional third party services: pharmacy, physical, occupational or speech therapy, companion services, transportation, physician services, laboratory services, podiatry services, hospice services, and home healthcare
- 24/7 onsite supervision
- Building designed specifically for memory care

Contact Information

Address: 4897 Innovation Dr, DeForest, WI 53532

Phone Number: 608-842-2696

Website: <http://tenderreflectionsal.com/index.html>

Other Senior Facilities

DeForest Area Community & Senior Center: DeForest, WI

Summary

The DeForest Area Community & Senior Center provides a gathering and resource center for seniors in the DeForest, Windsor, and Vienna communities. Through a variety of activities, events, and groups, the center helps seniors remain active and connected socially.

Additional Services

- Open weekdays, 9 AM - 4 PM
- Variety of activities and programs including community education, cultural events, fitness and exercise, social events, volunteering, and group trips
- Support group for individuals with memory loss and their caregivers
- Durable medical equipment loan program for short-term equipment use
- Lunch served every weekday at the center with transportation provided or delivered to homes

Contact Information

Address: 505 N Main St, DeForest, WI 53532

Phone Number: 608-846-9469

Website: <http://www.DeForestcenter.org/>

Development Proposals

We looked at potential development costs for subsidized, low-income and multi-situational housing facilities. While looking into the types of properties that are currently available for citizens within the village, we found a considerable lack of affordable housing options for seniors and single-family housing alternatives. Upon assessing the property options, there was a notable deficiency in independent living and rent-flexible options. While memory care and nursing homes are vital options for older individuals who need specialized assistance, the transition out of single-family homes to assisted living generally begins with independent living arrangements on an integrated campus. Thus, it is especially important for the city to consider the well-rounded development of an integrated campus with an emphasis on increasing mid-level and affordable housing options.

Because current inventory consists of 30-35 independent senior units, we decided to increase these types of units first. While highly-skilled nursing facilities have an ever-increasing demand as life expectancy increases, an alternative to high-cost, highly-skilled, 24-hour care is needed. While single units are often utilized for this, additional larger and separated units within a larger campus (like that of the Parkside Village facility) gives us a model plan.

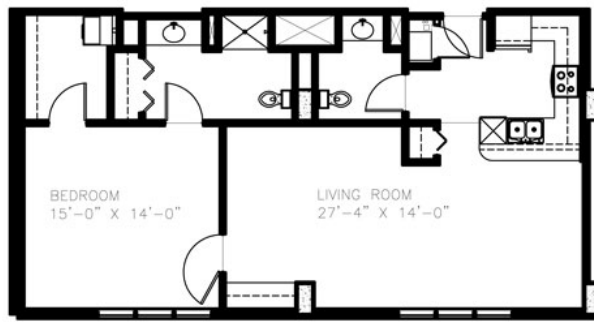
Without complete knowledge of zoning restrictions and the ability of the village in alleviating building height limits, it is hard to be 100 percent exact in our estimates. In any case, our development proposals attempt to avoid potential zoning infractions. However, modifying current zoning restrictions for prospective facilities would greatly benefit the community and the village.

Proposal 1: 40 Unit, Large Community Space, Multi-Stage Facility

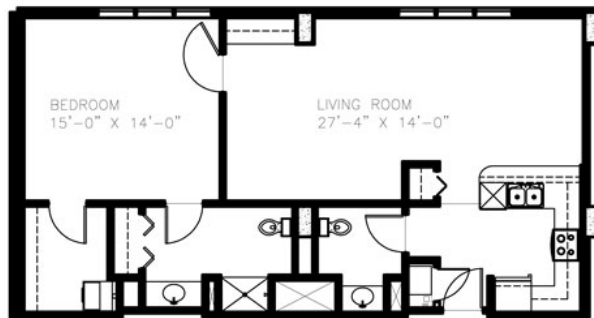
This project would have a mix of single and two bedroom apartments with an average 1,000 sq feet per apartments. The price would be approximately \$2 per square foot, therefore rents would arrive around \$2,000 on average. This price also allows for nice amenities at a manageable cost of living.

- 40 units, mostly independent living
- 1,000 sq foot single bedroom apartments
- Rent: \$2,000 a month
- 8,000 sq feet of common space
- \$9.5 million capital budget (without WHEDA or TIFF financing)
- For local residents who are downsizing from a single family home

Below is a sample floor plan for the 1000 sq foot single bedroom apartments from Capital Lakes



TYPE D



TYPE D (MIRRORED)

Comparables

The class took a look at the Capitol Lakes' facilities in downtown Madison where a two-bedroom unit of 2,000 square feet of independent living costs approximately \$4,500 per month (with very high amenities) in addition to the \$450,000 cost of buying a life interest in the apartment. Unlike Capitol Lakes, our proposal for independent living within DeForest proposes a more manageable and lower cost-efficient option to those living unwilling or unable to pay the high costs of living associated with a facility like Capitol Lakes..

Assisted Living, Memory Care, and Skilled Nursing Facility

The greatest demand in the next ten years will be for an independent living facility. As a result, we are proposing just building the independent-living apartments first. Then in five to ten years, consider adding an assisted living and memory care facility in the same complex when there would be greater demand for such facilities.

Summary

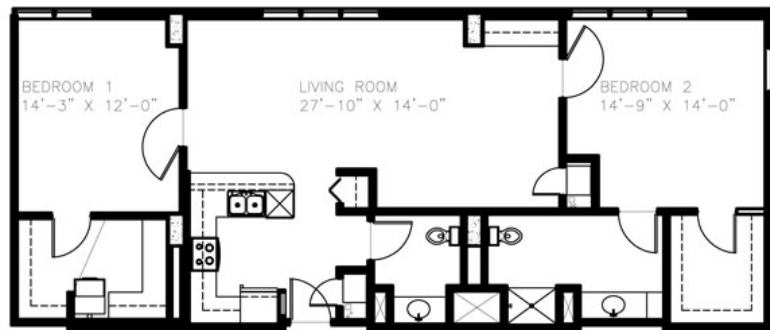
We find that high-amenity projects, like Capital Lakes in Madison, don't necessarily make sense in a smaller community like the village of DeForest. So while this proposal does have a significant amount of community/common space, it would have less amenities than a deluxe facility like Capital Lakes. Additionally while smaller units were considered, with residents moving from large, single-family homes to apartments, it is believed that larger units will be needed in order to better attract residents to the independent-living facility.

Proposal 2: Mixed Use Independent Only Living

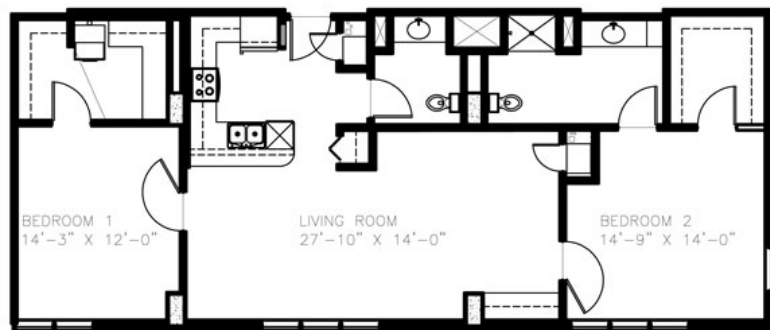
Our second development proposal is larger and tries to increase the space in each unit and decrease the common area. This will allow us to decrease the costs per square foot by 10%, but also include additional amenities with commercial space, such as a coffee shop or convenience store. By including commercial space, the hope is to allow residents to interact with the greater community in the village.

- 55 Units, all independent living
- 1,200 sq feet average unit (mostly two-bedroom units)
- Rent: \$2,271 a month
- 12,000 feet of common area
- 1000 square feet of commercial
- \$13.2 million capital budget
- For Local residents who are downsizing from a single family home

Below is a sample floor plan for the 1,250 sq foot single bedroom apartments from Capital Lakes for a comparison.



TYPE B



TYPE B (MIRRORED)

Comparables

By reducing the cost per square foot and including commercial space, this facility could offer resident space similar to Capital Lakes in downtown Madison, but at nearly half the cost of a unit.

Assisted Living, Memory Care, and Skilled Nursing Facility

This complex would have no additional care services and residents would have to relocate for such services.

Summary

As with the previous proposal, high amenity projects like Capital Lakes in Madison don't necessarily make sense in a smaller community like the Village of DeForest. However, by having a larger facility we were able to spread out the cost of common areas among more units. As a result, this proposal has 50% more common space overall than the first proposal and commercial space that would also be attractive to the community.

Terminology

RCAC : Residential Care Apartment Complex is an independent apartment complex where five or more adults reside. This includes a private sleeping and living area, in addition to a kitchen and private bathroom. It is a form of Assisted Living. Services are provided by the complex, which include supportive services (i.e. housekeeping and transportation), personal assistance (i.e. meal plan or bathing), nursing services, and emergency assistance

CBRF:Community-Based Residential Facilities, or CBRFs, is a place where 5 or more unrelated people live together in a community setting.. Similar to a RCAC, adults can receive care, treatment, or services that are above the level of room and board, for up to three hours a week. The difference between a CBRF and a RCAC is mostly related to regulatory and building laws by state. CBRFs are technically entities of the state, and its members or occupants are thus protected by the state. RCAC occupants are not protected by the state. So if a legal issue came up, the plaintiff will not be represented by the state and will have to hire their own legal protection.

Group Home:Group Home is a place where 3 or 4 adults who are not related to the operator reside and receive care, treatment or services that are above the level of room and board and that may include up to 7 hours per week of nursing care per resident.

NORC:A Naturally Occurring Retirement Community is an age-integrated living environment for individuals and families of all ages. They are housing developments or neighborhoods not originally planned for older people, but evolved into a community of residents who are predominantly 60 years old or older. NORCs can offer and coordinate services for care based on individual needs. Benefits for this model include that residents are able to age in a comfortable environment and live independently as long as possible.

Two types of NORCs:

- (1) A multi-unit housing development or complex (for example, apartment building, condominium complex, mobile home park);
- (2) A defined geographic area (for example, neighborhood, community, town, city).

CCRC: Continuing Care Retirement Communities are part independent living, part assisted living and part skilled nursing home. Guaranteeing lifetime housing is a positive, as when the level of needs for assistance increases, residents can be moved into a higher level of care, such as a nursing care facility. This offers peace of mind for family members who are considering enrolling loved ones into a CCRC. According to AARP, there are three types of contracts:

- *Life Care or Extended Contract*: “This is the most expensive option, but offers unlimited assisted living, medical treatment and skilled nursing care without additional charges.”
- *Modified Contract*: “This contract offers a set of services provided for a set length of time. When that time is expired, other services can be obtained, but for higher monthly fees.”
- *Fee-for-Service Contract*: “The initial enrollment fee may be lower, but assisted living and skilled nursing will be paid for at their market rates.”

Independent Living: Ideal for individuals who can still live independently but enjoy having access to assistance when needed. Independent living communities provide their residents with convenient access to dining, medical care, entertainment and more. The independent living lifestyle offers residents a safe living environment, but with minimal assistance. Hospitality services are typically available.

Assisted Living: great option for individuals who have difficulty with daily activities at home. Residents at assisted living communities are free to live an independent lifestyle, but also receive regular support for a range of daily activities ranging from cleaning to meal preparation. Housekeeping and maintenance services are often included in the monthly rental of an apartment, along with laundry services, utilities, transportation and meals. In addition to enjoying the peace of mind that comes from this maintenance-free lifestyle, residents can take advantage of a full calendar of events, activities, out-trips, and countless opportunities for social engagement.

***Note on choosing between assisted living and independent living:**

Many communities offer both assisted and independent living options and residents are able to adjust their lifestyle based on their changing needs. Even if your loved one is not in need of assistance at this point in their life, changing care needs may dictate a need for services in the near future. Tour the community and speak with staff members and residents to gain the information you need to make the right decision.

Memory Care: is a distinct form of long-term skilled nursing that specifically caters to patients with Alzheimer's disease, dementia and other types of memory problems. Memory care units usually provide 24-hour supervised care within a separate wing or floor of a residential facility. Physical layout and security of memory care wards is designed to better suit Alzheimer's and dementia patients, so that wandering behavior is minimized and the environment is pleasant and easy to navigate.

Skilled Nursing: is a high level of medical care that must be provided by trained individuals, such as registered nurses (RNs) and physical, speech, and occupational therapists. These services can be necessary over the short term for rehabilitation from an illness or injury, or they may be required over the long term for patients who need care on a frequent or around-the-clock basis due to a chronic medical condition.

ADL: Activities of Daily Living are tasks performed by each individual on a daily basis that are essential to independent living.

The Five ADLS:

- 1) Bathing: personal hygiene and grooming
- 2) Dressing: dressing and undressing
- 3) Transferring: movement and mobility
- 4) Toileting: continence-related tasks including control and hygiene
- 5) Eating: preparing food and feeding

A person in need of support of one or more Activities of Daily Living may be a candidate for assisted living. It may also be the case that an individual who does not need assistance with ADLs may also benefit from the amenities of an assisted living facility, especially when this person needs assistance with one or more IADLs

Financial Models

Proposal 1: 40 Unit, Large Community Space, Multi-Stage Facility

(Adapted from Fundamentals of Real Estate Development - James A. Graaskamp)

| | | | | |
|------------------------|---|---------------------------|-----------|---------------------|
| Assumptions | Site acquisition Cost | \$ 15,000 | p/unit | \$ 600,000 |
| Efficiency | Residential Area | Hard Cost per Square Foot | 40,000 | \$ 130.00 /sf |
| 20% | Common Area | Hard Cost per Square Foot | 8,000 | \$ 95.00 /sf |
| | Commercial Area | Hard Cost per Square Foot | 0 | \$ 75.00 /sf |
| Unit #s | | | 48,000 | \$ 5,960,000 |
| 40 | | | | |
| Avg. Sq. Ft. | Number of underground parking stalls | | 40 | |
| 1,000 | Cost per underground parking stall | | \$ 15,000 | /stall unit |
| | Appliances / Furniture / Equipment | | \$ 5,000 | \$ 200,000 |
| Commercial | Soft Cost as a percent of total Hard Cost | | 20% | \$ 1,352,000 |
| Sq. Ft. | | | | |
| 0 | Construction Budget | | | \$ 7,912,000 |
| Tax Credit Rate | Developer Fee | | 12% | \$ 949,440 |
| 85% | | | | |
| | Total Capital Budget | | | \$ 9,461,440 |
| | Less: City Contribution | % of Cost | 0.00% | 0 |
| | Less: Tax Credit Equity | % of Units | 0.00% | 0 |
| | Net Capital Budget | | | \$ 9,461,440 |

| | |
|---------------------|-------------------------|
| Loan to Cost Ratio | 80% |
| Mortgage Loan | \$ 7,569,152 |
| Loan Fee | 1.25% |
| Loan Rate | 6% |
| Loan Term | 25 years |
| Debt Service | \$ 557,775 /year |

| | |
|---|-------------------|
| Gross Cash Equity Required | \$ 1,986,902 |
| Tax Incremental Financing / City Funds | \$ - |
| Net Cash Equity Required | \$ 1,986,902 |
| Required Cash on Cash Return | 8% |
| Cash Throw Off Required for Equity | \$ 158,952 |

| | | | |
|---|-----------------|-----------------------------------|-------------------------|
| Net Operating Income | | | \$ 716,727 |
| Net Leasable Area | Residential | 100% 40,000 sf | |
| | Commercial | - sf | |
| Operating Expenses | Residential | \$3,000 PUPY (w/o property taxes) | \$ 120,000 |
| | Commercial | \$ 3.75 /sf/year | \$ - |
| Property Tax | CAP Rate | 6.00% | |
| | Tax Rate | 2.5300% | \$2,452 \$ 98,092 |
| Effective Gross Revenue Required | | | \$ 934,819 |
| Vacancy Loss | Vacancy Rate | 6.12% | \$ 57,211 |
| Gross Potential Revenue | | | \$ 992,030 /year |
| Residential Unit Analysis | | | |
| Avg.Sq.Feet p/unit | Number of units | Per Unit Rent | |
| 1000 | 40 | \$ 2,067 | |
| Per Square Foot Monthly Rent | | \$ 2.07 | |
| Commercial Space Analysis | | | |
| Total Square feet | Avg Cost P/SqFt | Total Revenue | |
| 0 | \$ 13.50 | \$ - | |
| Total Rent Required (Refer to Note Below) | | | |
| | Residential | \$ 24.80 /sf/year | |
| | Commercial | \$ 13.50 /sf/year | |
| | Total | \$992,000* | |
| *should be roughly equal to Gross Potential Revenue | | | |

Notes and assumptions

- No TIFF, WHEDA, or Historic Credits were used.
- Assume available debt and equity funding is available. Due to brevity of class, further financing planning could not be accomplished.

Proposal 2: Mixed Use Independent Only Living

(Adapted from Fundamentals of Real Estate Development - James A. Graaskamp)

| | | | | |
|------------------------|---|---------------------------|--------|----------------------|
| Assumptions | Site acquisition Cost | \$ 15,000 | p/unit | \$ 750,000 |
| Efficiency | Residential Area | Hard Cost per Square Foot | 60,000 | \$ 120.00 /sf |
| 20% | Common Area | Hard Cost per Square Foot | 12,000 | \$ 90.00 /sf |
| | Commercial Area | Hard Cost per Square Foot | 1,000 | \$ 75.00 /sf |
| Unit #s | | | | \$ 8,355,000 |
| 50 | | | | |
| Avg. Sq. Ft. | Number of underground parking stalls | 55 | | |
| 1,200 | Cost per underground parking stall | \$ 15,000 | /stall | \$ 825,000 |
| | Appliances / Furniture / Equipment | \$ 5,000 | unit | \$ 250,000 |
| Commercial | Soft Cost as a percent of total Hard Cost | 20% | | \$ 1,886,000 |
| Sq. Ft. | Construction Budget | | | \$ 11,066,000 |
| 1,000 | Developer Fee | 12% | | \$ 1,327,920 |
| Tax Credit Rate | Total Capital Budget | | | \$ 13,143,920 |
| 85% | Less: City Contribution | % of Cost | 0.00% | 0 |
| | Less: Tax Credit Equity | % of Units | 0.00% | 0 |
| | Net Capital Budget | | | \$ 13,143,920 |

| | |
|---------------------|-------------------------|
| Loan to Cost Ratio | 80% |
| Mortgage Loan | \$ 10,515,136 |
| Loan Fee | 1.25% |
| Loan Rate | 6% |
| Loan Term | 25 years |
| Debt Service | \$ 774,866 /year |

| | |
|---|-------------------|
| Gross Cash Equity Required | \$ 2,760,223 |
| Tax Incremental Financing / City Funds | \$ - |
| Net Cash Equity Required | \$ 2,760,223 |
| Required Cash on Cash Return | 8% |
| Cash Throw Off Required for Equity | \$ 220,818 |

| | | |
|--|--|---------------------------|
| Net Operating Income | | \$ 995,683 |
| Net Leasable Area | Residential 100% 60,000 sf Commercial 1,000 sf | |
| Operating Expenses | Residential \$3,000 PUPY (w/o property taxes) Commercial \$ 3.75 /sf/year | \$ 150,000 \$ 3,750 |
| Property Tax | CAP Rate 6.00% Tax Rate 2.5300% | \$2,695 \$ 134,752 |
| Effective Gross Revenue Required | | \$ 1,284,185 |
| Vacancy Loss | Vacancy Rate 6.12% | \$ 78,592 |
| Gross Potential Revenue | | \$ 1,362,777 /year |
| Residential Unit Analysis | | |
| Avg. Sq. Feet p/unit | Number of units | Per Unit Rent |
| 1200 | 50 | \$ 2,271 |
| Per Square Foot Monthly Rent | | \$ 1.89 |
| Commercial Space Analysis | | |
| Total Square feet | Avg Cost P/SqFt | Total Revenue |
| 1,000 | \$ 13.50 | \$ 13,500 |
| Total Rent Required (Refer to Note Below) | | |
| Residential | \$ 24.80 /sf/year | |
| Commercial | \$ 13.50 /sf/year | |
| Total | \$1,501,500* | |

*should be roughly equal to Gross Potential Revenue

Notes and assumptions

- No TIFF, WHEDA, or Historic Credits were used.
- Assume available debt and equity funding is available. Due to brevity of class, further financing planning could not be accomplished.
- Assume commercial space would be a whit box, multi-year lease.

Bibliography

Terms

- ❖ <https://www.dhs.wisconsin.gov/guide/rcac.htm>
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- ❖ <https://aging.ny.gov/LivableNY/ResourceManual/Housing/III2d.pdf>
- ❖ http://www.aarp.org/relationships/caregiving-resource-center/info-09-2010/ho_continuing_care_retirement_communities.html



About UniverCity Year

UniverCity Year is a three-year partnership between UW-Madison and one community in Wisconsin. The community partner identifies sustainability and livability projects that would benefit from UW-Madison expertise. Faculty from across the university incorporate these projects into their courses with graduate students and upper-level undergraduate students. UniverCity Year staff provide administrative support to faculty, students and the partner community to ensure the collaboration's success. The result is on-the-ground impact and momentum for a community working toward a more sustainable and livable future.

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