

**URBAN LAND INSTITUTE/MINNESOTA 4th ANNUAL HOUSING SUMMIT
What's Next? Boomer Generation Housing: New Preferences, New
Responses**

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INTRODUCTION

The University of Maryland's School of Architecture, Design and Preservation, and The Neighborhood Development Collaborative, a national housing nonprofit, produced and hosted two "Senior Housing Design and Development" symposiums in 2005 and 2010. The events marked a unique opportunity for leading national policy makers, academics, developers and architects to examine the future of senior housing in America. The results were published in previous *Real Estate Review* articles. However, the conclusions are briefly restated here:

The field continues to explode with research and ideas. The senior population, including minority seniors, continues to grow. The downturn of the economy has had, and will continue to have, enormous effects on developers, architects, policy makers and home owners. National and local policy continues to play an important role in determining what gets built and what doesn't. European and other international models continue to produce housing that is generally more community friendly and creative than the United States' counterparts.

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Meanwhile, the westernization of some cultures, such as India, is producing more stand-alone facilities and less multigenerational living - the opposite of the past. Experiments in creating new designs are occurring at all levels - through architects, informal community based efforts, etc. - at incremental levels, as predicted in 2005. Technology, particularly medical technology, and other advances, as well as local neighborhood service delivery models, are giving future seniors the option they desire most - aging in place. However, while seniors will have many resources at their disposal, their enthusiasm for a healthy, happy senior living situation may be dampened by continued economic pressures, and, the fact that dementia will occur in 50-70% of upcoming seniors.

On June 7, 2012, the Urban Land Institute of Minnesota held their 4th Annual Housing Summit in Minneapolis. The title of the event was: "What's Next? Boomer Generation Housing: New Preferences, New Responses." The University of Maryland/Neighborhood Development Collaborative team provided help in organizing the event, including bringing two speakers to the table from their 2010 symposium - Rodney Harrell, senior policy advisor from AARP, and, Dan Cinelli, architect from Perkins Eastman. Perkins Eastman is a national architecture and design agency with some focus on senior housing. John

Mcllwain from Urban Land Institute in Washington, D.C., was the keynote speaker.

This event was a chance to share the results of the University of Maryland's 2005 and 2010 symposiums, on this important and growing topic - and to gain a Minnesota perspective, by other panelists.

Much of the data and conclusions were the same for the symposiums and the Urban Land Institute event. This was partially true because of the overlap of speakers at both events. Mcllwain did note, however, that nationally, many baby boomers, while living longer, will outlive their income. However, the Minnesota perspective, described later in detail, provided unique findings: 1) resources and opportunities are much more limited in Minnesota rural areas versus urban areas; 2) specific concern was noted for lower income seniors, who will have limited housing choices; 3) the pros and cons of the aging in place model were discussed; 4) the economic disparity among home owners versus renters was noted; and, 5) there is local concern about public funding being available for any future senior housing options.

Below is the summary of the Urban Land Institute/Minnesota event, as prepared by the organization, and reprinted with their permission.

SUMMARY OF THE 4TH ANNUAL HOUSING SUMMIT

There are going to be a lot of seniors by the end of the year 2020 - 17 million more than today - and where and how they want to live is just beginning to be debated. Will aging baby boomers (born between 1946 and 1964) act like those who are currently in their 80s or older?

"Remember who they were," said John K. McIlwain, senior resident fellow at the Urban Land Institute's Terwilliger Center. "They started movements...It's been a groundbreaking change generation, whether you like what they've done or not."

The characteristics of the aging baby boomers are different from those of earlier generations, McIlwain said:

- They will live longer than any older group in history.
- They are better educated than older seniors - although not as well educated as their children.
- About 80% are white. Demographic changes in ethnic diversity are happening for those at younger ages.
- About 80% are homeowners.

- They are economically better off than other generations and were hurt less by the recession than those younger than them. "Senior income is holding pretty steady."
- They are working longer, some because they want to rebuild retirement funds that were hit by the recession, some simply because they want to contribute - although not necessarily in the same kind of work they did for most of their careers. Many will outlive their retirement income.

Most people over 65 are living where they were before they turned 65, McIlwain said, and say they are not interested in moving, or can't because their homes are underwater. If they move, they may choose to move back to where they grew up, where housing is cheaper, or near other family members.

"But we've noticed that there has been a limited, but definite move from suburbs to central cities." He stated that "Many seniors want to be in a more urban areas, which may be in a central city, but also may be in a suburban town center that seems urban, with transportation, amenities and walkability.

Most senior housing is not going to attract baby boomers for another 10-15 years, but there's a great opportunity, and need, for new housing styles that include the following criteria:

- Stylish living, with fewer rules and the flexibility to suit residents with different lifestyles.
- Urban units, or urban-style housing.
- Housing designed for those actively engaged in the world.
- Housing that has state-of-the-art technology.
- Housing connected to state-of-the-art health care.

Mcllwain talked about the "silent generation," those who are ages 67 to 80. There are 28.1 million people in this category, and many of them are looking for new ways to manage their retirement. Their choices, in part, begin to pave the way for the baby boomer generational choices.

What's Needed - And What Will Be Available

At least half of the baby boomer generation will be looking for a different kind of housing than the senior generation ahead of them. Mcllwain's research suggests that the options which are appealing, may not be available.

Other national and local experts on the event panel concurred with Mcllwain about the trends:

Dan Cinelli, principal at Perkins Eastman and a founder of the Society for the Advancement of Geriatric Environments, said that the design of senior housing in America has not changed much in 25 years. Customized and flexible spaces can be created, and attractive to people who do not want institutional senior living. Cinelli's group has created some international models that reflect individualized choice, as well as some model single-family homes for persons/families where dementia is evident.

Julie Murray, director of real estate for the Minnesota based company, Ecumen, said that a survey of Minnesota baby-boomers showed that people want to live at home, not in institutions. However, it may not be the home they've lived in for the past 30-40 years. She continues to state that "Baby boomers want to live in multigenerational communities that are close to activities that reflect their interests - whether paid work, volunteer opportunities or involvement with, for example, social and arts institutions."

Murray states that Ecumen is now doing niche housing, focusing on the seniors interests. One project based in the Pacific Northwest, is being developed in conjunction with a university, and will place senior housing between student housing and the university campus, with arts and cultural opportunities nearby. Also, Mill City Commons, in the Twin Cities, is a nonprofit, membership based

organization that offers seniors a wide variety of services they can access without moving into a senior facility.

Rodney Harrell, senior policy advisor for AARP, agreed that the research shows that most seniors want to age in place - in their current residences. "Now, many are going to be forced to do that, given their economic state," he said. AARP profiled housing for seniors state-by-state to determine demographics and interests. He also said that it is important to remember that there are two significant different groups of baby boomers - homeowners and renters. "There's a huge disparity between homeowners and renters," he said. "When we're talking about older adults, we're not talking about one group."

In Minnesota, the median household income for homeowners over age 50 was \$59,969 in 2009; for renters, it was \$19,960. The recession has had a severe impact on the housing market: a 34% decline in home sales since 2004 and an 82 percent drop in building permits.

The rapid growth in the suburban population as well as two big population shifts will occur in Minnesota. The number of metro residents over age 65 will double by 2030. And the number of racial and ethnic minorities will continue to rise. People of color now account for nearly 20 percent of the metro population. That's modest by national standards, but a big change for the Twin Cities. Over the last decade, the Twin Cities' population of color grew by 50 percent, while the white population actually fell just slightly. Meanwhile large gaps persist between whites and non-whites in income, educational achievement and home ownership. Nearly 80 percent of white house holders own homes compared to less than half of minority householders. The 38 percentage point gap between the two groups is the biggest gap among the nation's 25 largest metro areas. Craig Helmstetter, Researcher, Wilder Foundation's Minnesota Compass project, 2011.

Mary Tingerthal, commissioner of Minnesota Housing, said that her department has just embarked on research to address the housing needs of low and moderate income aging adults. "We're trying to understand what we have in place right now and what we have to build, both in housing and in services," she

said. Demographics for aging populations differ quite a bit across the state, she said. For example: People 85 and older constitute 1 percent of the population in Scott County. Some 55 percent of them own their homes. People 85 and older constitute 6 percent of the population in Traverse County and 77 percent of them own their homes. "There are a limited number of housing options available in Traverse county," Tingerthal said. Outside of the metro area, the set of strategies and options is radically different.

Polly Nyberg, consultant to the Neighborhood Development Collaborative and the University of Maryland/School of Architecture reported on the two symposiums from 2005 and 2010 on the future of senior housing in America. The 2005 symposium concluded, among many other findings, that there will be a variety of creative options for the up coming seniors. The 2010 symposium concluded that the downturn in the economy and high rate of dementia (70%) among the next generation of seniors is putting a damper on some of the enthusiasm found in 2005 - findings consistent with McIlwain and Harrell. However, the local codes affect, positively or negatively, as much of the planning and implementation of senior housing as any other factor.

Creative Options

All of the panelists pointed to the need to be creative about senior housing options for baby boomers, who will begin to utilize these options within the next

1-15 years. However, there was concern about the economy, political climate, and boomers themselves that may limit the options.

Harrell said the "silos" of housing, healthcare and transportation fail to recognize the relationship among those factors, but the institutional history of HUD, DOT and HHS makes it difficult to coordinate services. Cinelli said that Trinity Health in Livonia, Michigan, has created a pilot program for eldercare services that will address these concerns.

Harrell said boomers are not going to live in traditional senior housing. "They'll be in apartments, in single-family homes," he said. He concludes that the best solution is to design housing that can be adapted for an aging person for a young family, in geographic areas where they can remain active. And, Harrell also states that people do not think about what kind of senior housing they might want until they are ready to access it.

Aging in Place

Aging in place is, according to AARP, the preferred option of about 90% of seniors or up-coming seniors. However, this does provide the challenges of access to services, home maintenance, and movement within the community - according to some of the Minnesota audience of the event. Harrell counters the concerns by saying, "People are amazingly adaptable, and people tend to get

comfortable; They will stay in their home no matter what the conditions are, and no matter what sacrifices they have to make."

Several panelists stated that services in Minnesota are available, but the seniors have no money to pay for them. Tingerthal said Minnesota is a leader in looking outside the traditional income requirements of Medicaid so that seniors do not have to spend down their savings to get services. "There's a lot of room for creative thinking," she said.

Caren Dewar, executive director of Urban Land Institute/Minnesota, and host agency of the event, said that "As seniors age in place, a potential down side is that it reduces housing choices for younger people, reducing the chance for community revitalization."

Cathy Bennett, Manager of the Regional Council of Mayors Housing Initiative for Urban Land Institute/Minnesota noted, in response to the event, that "Communities with a full range of housing choices will be better prepared to respond to the aging of the demographics. If aging residents have quality and affordable housing options to move into, in their own neighborhoods, this frees up the existing housing stock for younger residents; increasing community regeneration necessary to support local businesses, community services and schools." She also noted that the Regional Council of Mayors, a non-partisan

platform for 50 Mayors in the twin cities region, has focused on housing, including senior housing, as one of four initiatives over the past several years. Based upon their work and in discussions with suburban and central city policy leaders and staff, that "the overarching theme and regional trend is that low household turnover has resulted in an increase rate of aging in place - older households not moving. This results in fewer options for younger households. The challenge for cities is to provide housing options and programs that retain aging residents while at the same time ensuring that there are opportunities for younger families - all necessary for community stability and economic prosperity."

George Tourville, mayor of Inver Grove Heights, said that when young people can not find affordable homes in a community, it is more difficult to pass bond issues and ordinances that are important to younger families. This fact, incidentally, is strongly disputed by the National Association of Homebuilder's 50+ research unit, which states no negative influence on city service usage, nor voting patterns with seniors in the community - even on something as important to young families as school bond issues. McIlwain stated that boomers will dominate local politics if they are still living in the suburbs in their late 70s and 80s.

The Senior Housing Future

Although "there are interesting ideas being developed," McIlwain thinks the economic and political climate of the future may lessen the options for future senior housing. "I see us significantly cutting back on a lot of programs, including housing programs," he said. "The actual dollars and cents are not going to increase, despite the increase in need, unless someone can come up with a way for the private sector to develop this housing at a much lower cost. Cinelli, however, said "If policy can get out of the way in terms of what creativity could solve...I think we'll be in a better place." (End of Summary)

AN ADDITIONAL NOTE ABOUT SENIOR HOUSING FINDINGS IN MINNESOTA

While the Urban Land Institute event provided much insight into the future of senior housing in Minnesota, there was a Minnesota event in 2011 that substantiated and expanded upon many of the above findings, and is worth noting here. Reporting on this "Sensible Land Use Coalition" event, Writer Steve Berg states in a piece in Minnpost, in January, 2011, that "It will be years before the housing market resembles its former self, and even then the dominant demographics and lifestyle patterns of the last half-century won't be coming back. Minneapolis-St. Pauls' next market will be pent-up and bipolar: aging baby

boomers looking eagerly for smaller homes (if they can afford to unload their bigger ones); and young people, without the secure jobs of the past, looking for bargains and convenience. He continues to note that the inner suburbs offer a favorable advantage, with a large stock of "postwar ramblers at reasonable prices." These homes are also accessible to jobs and shopping, and tend to have a larger mix of housing types (apartments, townhomes etc.) - appealing to younger and older markets. The central cities and outer suburbs, meanwhile, have a large array of housing stock, and lots of older and smaller homes. However, the cost is too high for new buyers, who are also concerned about the quality of the school systems. The downtown rental market, and the rental market in general are becoming more attractive to the younger market, who have less job security than older residents. Berg also notes that in 2002, 22 percent of Minnesotans paid more than 30 percent of their income for housing; by 2009, 34 percent were in that predicament." And, according to Zillow.com, homes in Minnesota-St. Paul lost 9 percent of their value in 2010, compared to the average 5 percent loss nationwide.

Developers at the event, including local Bonestroo, will say that the style of the homes built in the '50s and '60s are not attractive to today's younger buyers. Programs to retrofit them have met limited success, and that some older suburbs may have to try harder. Developers are likely to look for smaller projects with fewer risks in the years ahead, the developers believe. Cathy Bennett, from this

and the Urban Land Institute event, suggests that the biggest challenge ahead may be "to determine whether developers can build smaller infill homes close to services at an affordable price."

CONCLUSION

As predicted in the 2005 symposium on senior housing at the University of Maryland, the field will experience profound change, and that the change will occur incrementally, over a period of about 20 years. The Minnesota data and observations provide an example of a state addressing such changes. The challenges are enormous, and the outcomes still unfolding. Stay tuned as the senior housing tsunami begins to hit.