



## Regional Council of Mayors

June 7, 2012

*The 4<sup>th</sup> Annual Housing Summit of the Urban Land Institute also served as the June meeting of the Regional Council of Mayors.*

### **ULI MINNESOTA 4<sup>TH</sup> ANNUAL HOUSING SUMMIT**

#### **What's Next? Boomer Generation Housing**

##### ***New Preferences, New Responses***

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 Terwilliger Center <http://www.uli.org/ResearchAndPublications/Fellows/McIlwain.aspx>. “In the late 1960s, they fought in Vietnam or against the war in Vietnam. They all listened to rock-and-roll. They all did drugs. 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 than those of earlier generations, McIlwain said:

- They are better educated—although not as well educated as their children.
- 80 percent are white. The demographic changes in ethnic diversity are happening for those at younger ages.
- 80 percent 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.
- They are physically healthier than seniors of the past.

Most people over 65 are living where they were before they turned 65, McIlwain said, and say they are not interested in moving, “but we’ve noticed that there has been a limited, but definite, move from suburbs to central cities.”

Many seniors want to be in a more urban area, which may be in a central city but also may be in a suburban town center with transportation, amenities and walkability that seem urban.

McIlwain said that retirees’ moves to warm places have generally stopped for two reasons:

- People are worried they can’t sell their homes.
- Seniors want to be close to their children and grandchildren. “I think the boomers are much closer to their kids than they were to their parents. Families are coming together.”

Most senior housing is not going to be attracting baby boomers for another 10–15 years, but there’s a great opportunity—and great need—for new housing styles:

- Stylish apartments, with fewer rules and the flexibility to suit residents with different lifestyles.
- Urban units. “This is a generation that is going to be much more attracted to urban-style senior housing.”
- Housing designed for people actively engaged in the world.
- State of the art technology.
- Connected to state-of-the-art health care.

The group to watch right now, the “canaries in the coal mine,” is what McIlwain called the Silent Generation, those ages 67 to 80. There are 28.1 million in that age range today, and many of them are looking for new ways to handle retirement.

### ***What’s Needed—and What Will be Available***

At least half of the baby boomers will be looking for a different kind of senior housing than senior generations ahead of them—but the options that would be appealing may not be available.

National and local experts agreed, in general, about senior housing trends.

**Dan Cinelli**, principal at Perkins Eastman and a founder of the Society for the Advancement of Geriatric Environments <http://www.sagefederation.org/>, said that in the United States, the design of senior apartments hasn't changed much in the last 25 years, but flexible, customized spaces could be attractive to people who don't think they want to go into senior housing.

The House for Betty research project <http://iahsa.wordpress.com/2012/03/04/house-for-betty-design-for-ageing-from-perkins-eastman/> at Perkins Eastman (named after Cinelli's late mother-in-law) is exploring housing design that adapts for seniors if they develop memory problems and dementia, but that is attractive to seniors who do not have memory problems. Cinelli says that House for Betty kinds of units cost about 10 percent more than a single-family home.

**Julie Murray**, director of real estate for Ecumen <http://www.ecumen.org/> in the Twin Cities, said a survey of Minnesota baby boomers <http://www.ecumendevlopment.org/aging-whitepapers/13-the-ecumen-age-wave-study-baby-boomer-s-insights-on-aging/> showed that "they want to live at home, not in institutions. But it may not be the home where they've been for the past 30 or 40 years."

Baby boomers want to live in multigenerational communities that are close to activities that reflect their interests, whether it's paid work, volunteer opportunities or social and arts institutions. Ecumen is now doing niche housing, focusing on seniors' interests. One project in the Pacific Northwest, in collaboration with a university, will place senior housing between student housing and the university campus, with arts and culture opportunities nearby.

In the Twin Cities, Mill City Commons <http://www.millcitycommons.org/homepage> is an example of a new way to do senior housing, Murray said. It's a nonprofit, membership-based organization that offers seniors a wide variety of services they can access without moving into a senior building.

**Rodney Harrell**, senior policy advisor for AARP <http://www.aarp.org/research/ppi/>, agreed 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 <http://www.aarp.org/home-garden/housing/info-09-2011/state-hp-2011.html>.

Harrell said it's important to remember that there are two significantly different groups of baby boomers and seniors: 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.

**Mary Tingerthal**, commissioner of Minnesota Housing <http://www.mnhousing.gov/>, said her department has just embarked on a research framework 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 from, 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, the set of strategies and options is radically different.”

**Polly Nyberg**, consultant to the Neighborhood Development Collaborative <http://www.n-d-c.org/> at the University of Maryland School of Architecture, said new kinds of development for senior housing are more likely to happen at the local level than through national organizations.

The Neighborhood Development Collaborative put together a seminar in 2005 that included organizations doing senior housing. “We concluded that there would be a profound set of options for seniors,” Nyberg said. But in 2010, a second seminar showed that the economic downturn had greatly impacted the choices that national organizations could offer <http://minnesota.uli.org/Events/~media/DC/Minnesota/SrHousingDesignDevelopment.ashx>. The conclusion of the second seminar was that “all development happens locally.”

## **Q & A**

### ***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 those options in the next 1—15 years, but they were also doubtful about how much could be accomplished because the economy, the political climate—and the boomers themselves.

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 get out of the silos. Cinelli said that Trinity Health in Livonia MI <http://www.trinity-health.org/> is in a pilot program for eldercare services that is trying to break down silos.

Harrell said boomers are not going to live in traditional senior housing. “They’ll be in apartments, in single-family homes,” he said. He said the best solution is to design housing that can be adapted for an aging person or a young family, in areas where they can remain active.

Although retirement for boomers is imminent, Harrell said people don’t think about what kind of senior housing they might want—other than their current home—until they are ready to access it.

### ***Aging in place***

Aging in place, currently the desire of most seniors—and baby boomers—creates difficulties in everything from getting the appropriate services to keeping the home kept up to slowing diversity and movement in a community.

“People are amazingly adaptable, and people tend to get comfortable,” said Harrell. “People will stay in their home no matter what the condition is, no matter what sacrifices they have to make.”

There are services available, several said, but seniors have to have money to pay for them. Tingerthal said Minnesota is a leader in looking outside the traditional income requirements of Medicaid so that seniors don’t have to “spend down” all of the savings to get services. “There’s a lot of room for creative thinking,” she said.

Caren Dewar, executive director of ULI Minnesota, said there is a definite negative when seniors stay in their homes. “As seniors age in place, it reduces housing choices for younger people,” she said. “As we create opportunities for older people to remain in their homes, it reduces the chances for communities to revitalize with younger residents.”

George Tourville, mayor of Inver Grove Heights, said that when young people can’t find affordable homes in a community, it’s also more difficult to pass bond issues and ordinances that are important to younger families. “Boomers will dominate local politics if they’re still living in the suburbs in the late 70s and 80s,” said McIlwain.

### ***The future***

Although there are interesting ideas being developed, McIlwain was not very positive about the options that will be developed because of the economic and political climate. “I see us significantly cutting back on a lot of programs, including housing programs,” he said. “The actual dollars and cents aren’t 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 whole heck of a better place.”

## **METRO WATCH**

### **Housing + Transportation Cost Calculator**

A new online tool, the Housing + Transportation Cost Calculator (<http://apps.cnt.org/msp/>), lets those looking for housing, planners, policy makers, developers and others look at the cost of housing and transportation to jobs or other activities find the relative numbers and evaluate the real costs.

Elizabeth Ryan of the Family Housing Fund said that people looking for a place to live look at rent or mortgage costs as being of paramount importance, “but typically, transportation costs are not considered.

The online tool is customized for the 13-county MSA. It was created by the Center for Neighborhood Technology, supported by the Family Housing Fund and developed by ULI Minnesota and the Regional Council of Mayors.

Cathy Capone Bennett, ULI Minnesota, demonstrated the tool, using an address in Richfield and one in Rogers. Although the average housing costs in Richfield were higher than in Rogers, if driving to and from a job in Minneapolis was necessary, the total cost was less.

For more information about the Housing + Transportation Cost Calculator, contact Cathy Bennett at 651.257/4613 or [cathycbennett@frontiernet.net](mailto:cathycbennett@frontiernet.net).

### **Second Mayor Lampi YLG Scholarship awarded**

Thomas Campbell has been named the 2012 recipient of the Lampi Scholarship from the Young Leaders Scholarship Fund. This scholarship, which provides a one-year ULI young leader membership and registration for all local education programs, was named in honor of the late Steve Lampi, mayor of Brooklyn Park and an active member of ULI Minnesota and the Regional Council of Mayors. Donations to the Scholarship Fund are appreciated.

### **COMING UP**

The July RCM meeting will be 11:30 am–1:30 pm, Monday, July 9 at Dorsey & Whitney.

RCM meetings are held on the second Monday of every month at Dorsey & Whitney. Mayors are encouraged to email Caren Dewar with their suggestions for topics to add to the agenda.