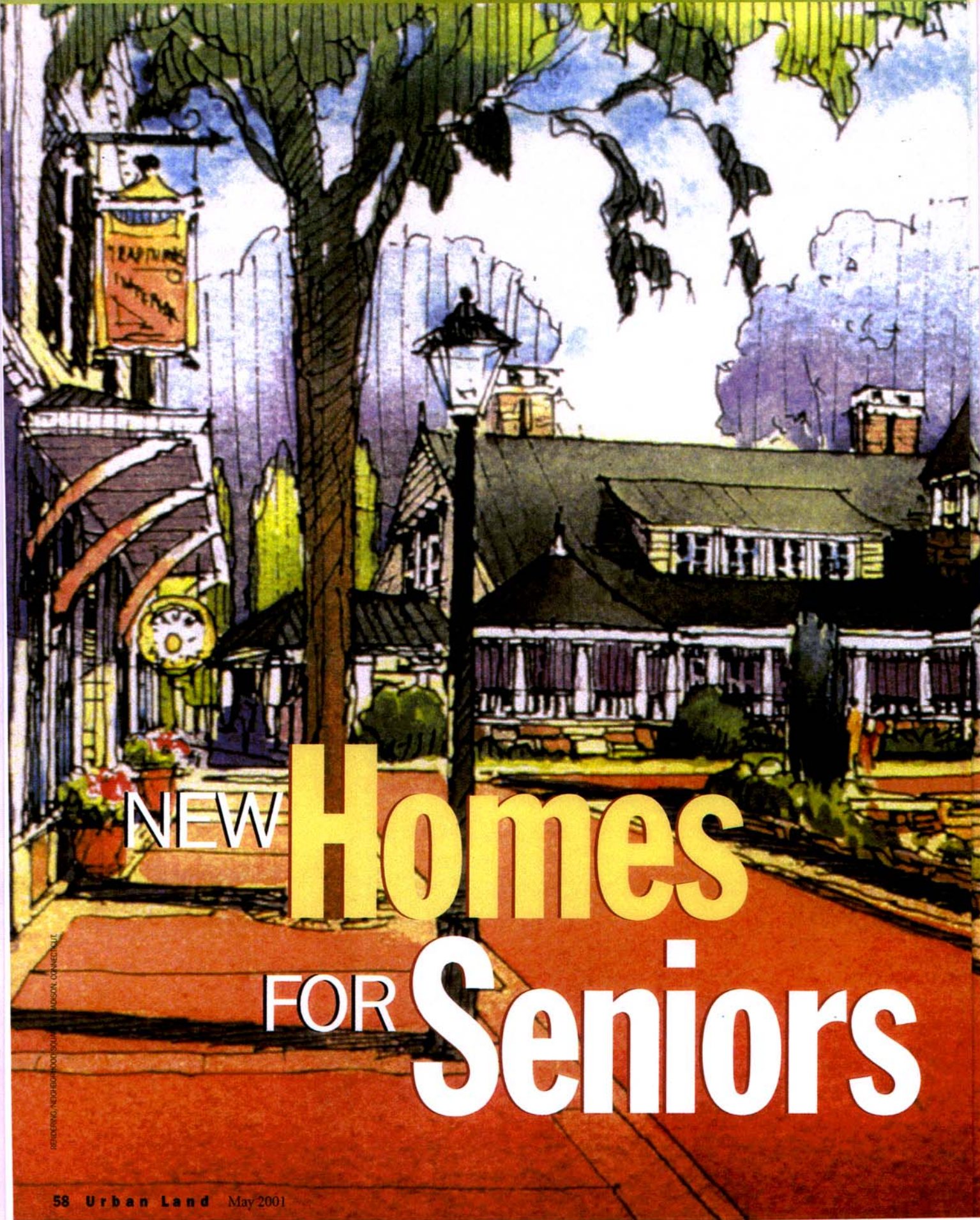
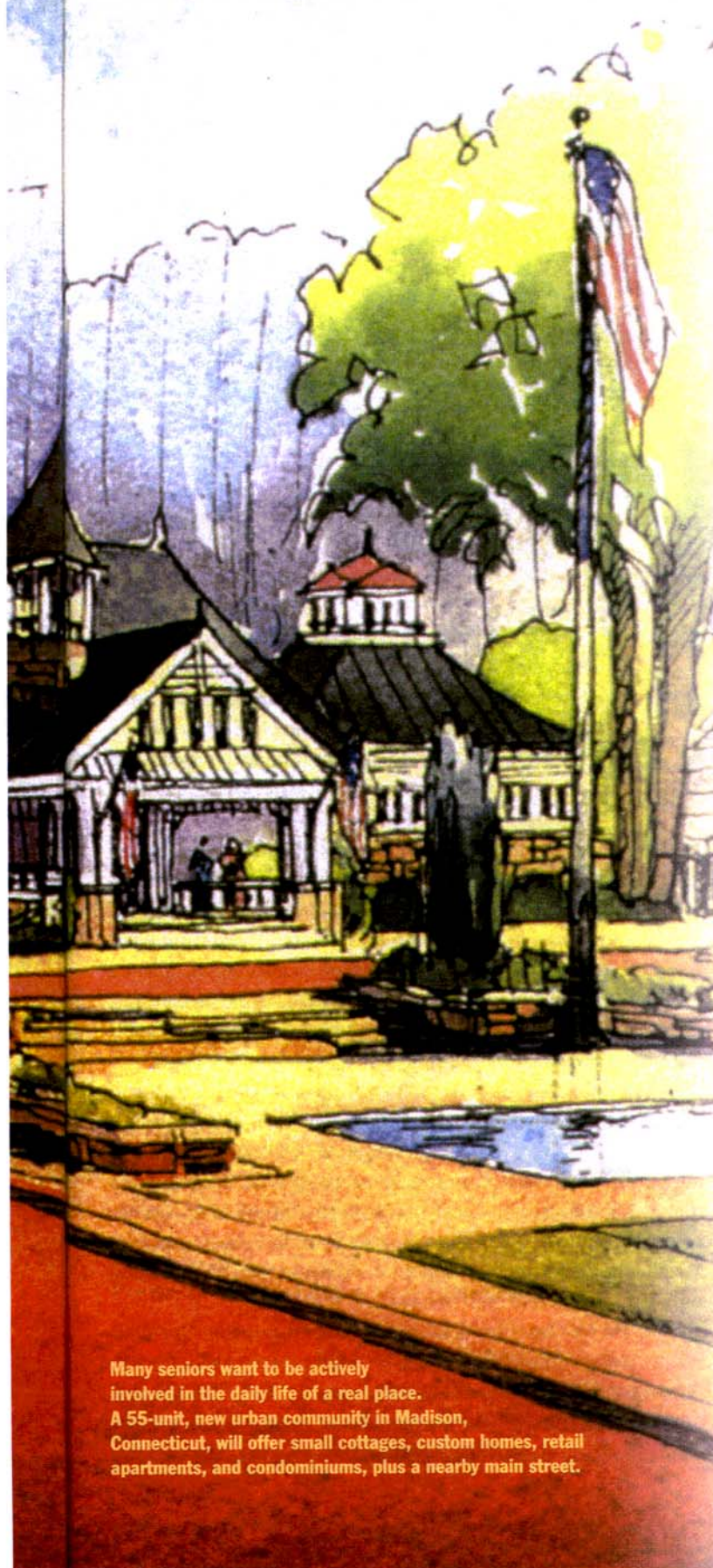


CRAIG WITZ



NEW Homes FOR Seniors

Could today's new urban communities be the model for the retirement communities of tomorrow?



Many seniors want to be actively involved in the daily life of a real place. A 55-unit, new urban community in Madison, Connecticut, will offer small cottages, custom homes, retail apartments, and condominiums, plus a nearby main street.

New urbanism is a rapidly spreading development trend, with new types of neighborhoods based on old planning concepts being built around the country. Proponents of new urbanism note that prior to World War II, multiuse zoning, by integrating housing, retail, and businesses, created neighborhoods and fostered interpersonal connections. In contrast, the post-World War II shift to single-use zoning, the growth of suburbia, and an unhealthy dependence on the automobile resulted in a loss of a sense of place and a break in people's connections with neighbors and neighborhoods. In response, new urban neighborhoods are attempting to resurrect the pedestrian-friendly, mixed-use, neighborhood-focused designs of the past. But the question is, will people over the age of 55, 65, or 75 want to live in these communities?

The first new urban communities, also referred to as traditional neighborhood developments (TNDs) or neotraditional communities, were built in the 1980s and met with mixed success. "The first projects had a rocky road: developers had to educate city officials on this new concept and the projects were often design-driven rather than market-driven," explains Shelley Poticha, executive director of the Congress for New Urbanism in San Francisco. Poticha contrasts recent developments that "are much more market savvy in their approach and have been successful from both a market and financial perspective."

Seeing not only more success, but also a "trend to more urban and suburban infill, rather than some of the surreal greenfield developments we saw in the past," Neil Takemoto, executive director of the National Town Builders Association, a trade group of neotraditional developers, remarks: "The market is already there and the neighborhood may already be accustomed to the type of densities proposed in a new urban environment."

Approximately 300 new urban communities have been proposed or built in 36 states. Approximately half of these are under construction or completed, and half are in the planning stages. Of these 300-plus communities, slightly more than half are located in just six states: California, Colorado, Florida, Maryland, North Carolina, and Texas.

Congregate Housing in Neotraditional Communities

Many of these TNDs have designated land for the development of congregate seniors' housing, and a handful of these seniors' communities have been built. Congregate seniors' housing is typically described as independent apartments that come with a selection of available services such as dining, housekeeping, activities, and transportation. The market for this type of product is typically middle- to upper-income households aged 70 and above.

Including congregate seniors' housing in a TND can provide tangible benefits to the developer. The relatively small impact that seniors' housing produces on traffic and city infrastructure and its

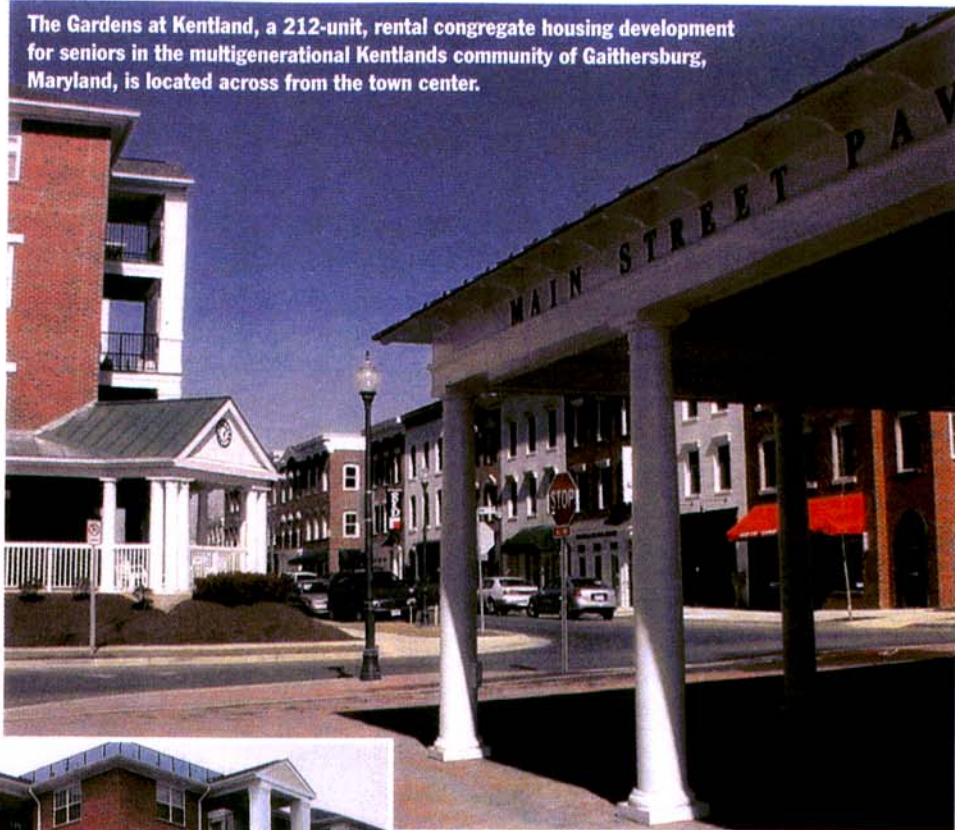
lack of impact on schools can help the developer achieve the necessary densities. Seniors' housing also can add instant consumer spending to the retail town center of the TND. Many town centers have a chicken-or-egg problem: How does the town center attract retail tenants without close-by households; and how does the development attract the households without stores in the town center? (See "Changing the Grid," *Urban Land*, July 2000.) Adding 50 or 100 seniors' housing units in a congregate building close to the town center can quickly add income-qualified households, oftentimes more quickly than by building and selling the same number of single-family houses.

The Gardens at Kentlands is a three-year-old, 212-unit, rental congregate housing development for seniors in the Kentlands community in Gaithersburg, Maryland. Located across from the town center, the Gardens helps support the TND's retail component while providing a set of amenities to senior residents. The Gardens essentially has both internal and external common areas. Its internal common areas are typical of most congregate living communities, including dining room, exercise room, library, and other activity rooms. Residents also have easy access to a variety of its close-by external common areas. "Residents are across the street from a hair salon, two cafés, a dry cleaner, an art gallery, and boutique shops," notes Shirley Bliss, a Kentlands leasing consultant. "Residents can take a short walk down the street to a grocery store, a department store, a movie theater, and a bookstore. The Main Street Pavilion will have a farmers' market several days a week, plus bands and entertainment during the summer."

Interestingly, 90 percent of the Gardens residents, whose average age is 77, have come from out of state, primarily to be closer to children living in Gaithersburg.

While developing seniors' housing in a TND may help the developer with obtaining zoning and building a critical mass of retail buyers for the town center, it also provides special challenges. Se-

The Gardens at Kentland, a 212-unit, rental congregate housing development for seniors in the multigenerational Kentlands community of Gaithersburg, Maryland, is located across from the town center.



niors may enjoy the extra amenities offered in a TND, but the developer of congregate housing still must rely on traditional market analysis and trade areas when siting and sizing the project. "Some early developers thought there would be such a strong attraction to these communities that they could bend the rules," comments Todd Zimmerman, managing director of Zimmerman/Volk Associates, in Clinton, New Jersey, who conducts market analysis for new urban developments. "But there is nothing about TND that allows you to overturn the fundamental rules of real estate market analysis." For congregate seniors' housing, this means that a minimum number of age- and income-qualified senior households must reside in the market area. This may be possible for an infill suburban or urban TND but difficult for a greenfield development.

Middleton Glen is a 55-unit, nonprofit congregate living project in the Middleton Hills community in Middleton, Wisconsin, a suburb of Madison. A 150-acre, multiphase TND with a mix of single-family, townhouse, condominium, and live/work units, Middleton Hills offers a small retail town center that will expand as the community grows. Located just 40 miles from Taliesin, Frank Lloyd Wright's home and studio, all of the buildings in the TND are based on Wright-inspired design themes.

Like the Gardens, Middleton Glen offers its residents the typical congregate housing amenities, including a dining room, a coffee shop, a library, a fitness room, and a woodworking shop. Though on-site health care facilities are not offered, residents have priority access to off-site assisted-living and nursing facilities provided by

Meriter Retirement Services, its local nonprofit sponsor. Middleton Glen's senior residents also can take advantage of the external amenities of the Middleton Hills neighborhood. They can, for example, have breakfast or lunch at a café in the town center, use neighborhood parks and walking paths, or frequent the hair salon or one of the other retail businesses in the nearby live/work units.

The choice of the site for Middleton Glen was not based solely on its location in a TND. Of equal importance was the strong demographics for a seniors' project in the established neighborhoods surrounding Middleton Hills. "The Middleton Hills TND is located on the very edge of the city but connects to an older, established neighborhood on one side," says Sam Essak, regional development director for Middleton Glen's second phase. "Thus, there were already well over 1,500 age- and income-qualified households within a few miles of the site." Being adjacent to an established market of age- and income-qualified seniors helps explain much of Middleton Glen's success. The project was 100 percent committed before construction was completed, and ground breaking on a 50-unit second phase is planned this summer.

Some developers have been hesitant about developing congregate communities in TNDs because of potential resistance from seniors. While many 70-plus seniors owned their first home in—and are likely to have fond memories of—the kind of neighborhoods that TND replicates, some developers think that conservative seniors may be put off by their perceptions of neotraditional communities as funky, rigidly controlled architectural-ly, or quasi-socialist.

However, explains Diane Dorney, who was involved in the early marketing of the Gardens and now produces *The Town Paper*, a monthly newsletter for 15,000-plus residents and developers of new urban communities, "Seniors are attracted to these communities because they address their needs better than traditional housing for seniors, and because seniors do not want to be disconnected from the community."

The Next-Generation Active Adult Community?

Rather than carving out a portion of the community for congregate seniors' housing, some new urban developers are taking a different approach. They are marketing the entire development to seniors and, in the process, making the case that this may be the active adult, or even congregate, model of the future.

Middleton Glen, a 55-unit, nonprofit congregate living project located in a 150-acre, traditional neighborhood development (TND), Middleton Hills, in Middleton, Wisconsin, offers a small retail town center that will expand as the community grows.



Instead of pitching to the 70-plus seniors who typically reside in congregate housing, these developers are directing projects to baby boomers, the oldest of whom are 55 this year. More educated, with higher incomes and better health than any other generation at that age, they will most likely redefine maturity and retirement.

The new urbanism model could be the future of active adult housing, predicts Joel Embrey, president of HomeTown Neighborhoods, a development and consulting group that currently is developing Amelia Park, the first neotraditional neighborhood in northeast Florida. "I am not a neotraditional developer who happens to do seniors' housing. I am a senior marketer who found new urbanism and realized that it is a much more attractive option for many seniors," he notes. Amelia Park, a 106-acre infill development located one mile from the Atlantic Ocean on Amelia Island, currently contains 70 single-family houses and townhouses, and is planned to have 421 residential units, 70,000 square feet of retail, and a variety of civic uses. Construction is underway on a pedestrian-friendly town center that will include a YMCA, shops, offices, and 40 rental apartment units.

Although Amelia Park technically is not age restricted, more than 80 percent of its residents are over the age of 50. Forty percent

Top-Selling MPCs

Although the top-selling master-planned communities (MPCs) in 2000 spanned the continent, all but two of the top-selling communities are still clustered in the Sunbelt. This is the result of rapid population increases, strong employment growth, affordable housing (in many of the markets), large tracts of available land, and plenty of sunshine.

Summerlin and Irvine Ranch, located in Irvine, California, are the top two best-selling MPCs for 2000, with 3,173 and 2,377 home sales, respectively. Both of these communities have been in the top three since 1994. In fact, Summerlin has been the fastest-selling MPC in the country in all but one year since Robert Charles Lesser & Co. (RCLCO) began tracking sales in 1994. Summerlin has averaged annual sales of 2,613 since 1994, more than annual total new home sales in many metropolitan areas in the country. Sales have steadily climbed at Summerlin, up 38 percent in 2000 from 2,306 in 1994.

Irvine Ranch has held the number two position since 1999 and been in the top three since 1994. Its sales have averaged 1,879 since 1994, with the last two years averaging more than 2,300 sales.

For the first time since 1994, Highlands Ranch is not one of the top three best-selling communities in 2000, mostly due to the new ownership's redesign of the remaining product and limited release of land to builders, as well as to the fact that the community is nearing the final phases of development. Highlands Ranch was the best-selling MPC in 1996 and the second-best seller in 1994, 1995, 1997, and 1998. This community has averaged 1,963 sales annually since 1994. Unlike Summerlin, which experienced fairly even growth, Highlands Ranch experienced a large jump in 1996, after which sales leveled off at approximately 2,300. (See Figure 1.)

In 2000, the average annual new home sales pace at the top ten best-selling master-planned communities declined slightly after growing 10 percent from 1998 to 1999. The decline is led by declines of 49 percent and 41 percent, respectively, for Highlands Ranch and Aliso/Mission Viejo (the latter is rapidly approaching sellout). (See Figure 2.)

FIGURE 1: SALES PROGRESS OF THREE MASTER-PLANNED COMMUNITIES OVER PAST SIX YEARS

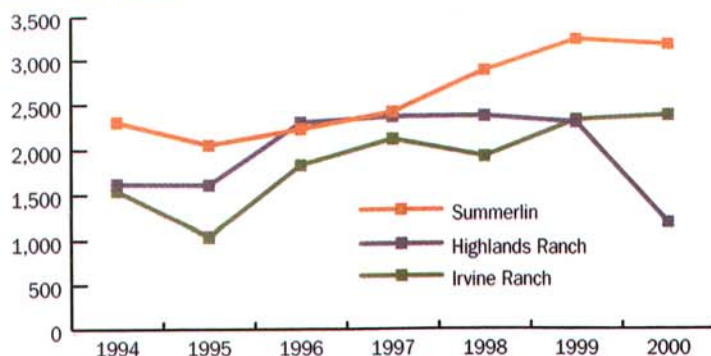


FIGURE 2: TOP 15 BEST-SELLING MASTER-PLANNED COMMUNITIES FOR 1999-2000

MPC Name	Developer	2000 MPC Metro Area	Rank	Annual Sales	
				1999	2000
Summerlin	The Howard Hughes Corporation	Las Vegas	1	3,233	3,173
Irvine Ranch	Irvine Community Development Corporation	Orange County, CA	2	2,327	2,377
The Villages	The Villages	Orlando/Ocala	3	1,514	1,849
Weston	Arvida/JMB Partners	Fort Lauderdale	4	1,409	1,728
The Woodlands	The Woodlands Operating Company	Houston	5	1,381	1,679
Anthem Las Vegas	Del Webb Corporation	Las Vegas	6	954	1,446
Anthem Phoenix	Del Webb Corporation	Phoenix	7	879	1,190
Aliso/Mission Viejo	Shea Homes	Orange County, CA	8	2,003	1,181
Highlands Ranch	Shea Homes	Denver	9	2,300	1,180
Sun City Grand	Del Webb Corporation	Phoenix	10	1,347	1,061
Total Top Ten				17,347	16,864
Average Top Ten				1,735	1,686
Sun City Lincoln Hills	Del Webb Corporation	Sacramento	11	618	937
Ladera Ranch	Rancho Mission Viejo	Orange County, CA	12	216	835
Cinco Ranch	Terrabrook	Houston	13	609	779
The Brooks	The Bonita Bay Group	Naples/Fort Myers	14	565	764
South Riding	Toll Brothers, Inc.	Washington, D.C.	15	695	749
Total Bottom Five				2,703	4,064
Average Bottom Five				541	813
Total Top 15				20,050	20,928
Average Top 15				1,337	1,395

The data are based on a voluntary survey and some MPCs might not have responded to the survey.

Source: Robert Charles Lesser & Co.

The Woodlands in Houston, Texas, recorded its best year ever in 2000 with 1,679 sales (a 21.6 percent increase), increasing from the number seven position to number five. Among the top five MPCs, Weston, now in the number four position, up from number six in 1999, saw the most rapid increase in sales over 1999. With a 22.6 percent increase, Weston also had a recordbreaking year in 1999.

The only new entry into the top ten this year was The Villages, a large retirement community near Orlando, Florida, at number three. It replaced South Riding, now in the number 15 position. Del Webb, based in Phoenix, Arizona, has a recordbreaking four communi-

ties in the top ten list, beating out its previous record of three communities in 1999. No other developer has ever had more than two communities in the top ten. Three of the Del Webb communities experienced more than 35 percent growth in sales in 2000.

Another notable change is that all of the communities in the top ten had more than 1,000 home sales. In 1999 and 1998, seven communities in the top ten had sales above 1,000. Until 2000, the highest number of communities achieving this impressive sales pace was eight, which occurred in 1997 and 1994.

The five communities rounding out the top 15 list had a more impressive average increase (50 percent) in sales in 2000 than did the top ten. The highest increase was at Ladera Ranch (287 percent), which was in its second year of sales, after a less than full year of sales in 1999. Controlling for this community, the average increase in sales among the other four (30 percent) is still impressive. Most of the last five communities in Figure 2 are fairly new, and should be contenders for the top ten positions in future years.—Melina Duggal, a senior consultant in the Washington, D.C., office of Robert Charles Lesser & Co., a national real estate advisory firm and author of the 2000 annual MPC survey, from which this information is drawn

Instead of designating part of a community for congregate seniors' housing, some new urbanist developers are marketing the entire development to this group. More than 80 percent of the residents of Amelia Park, a 106-acre, nontraditional neighborhood on Amelia Island in northeast Florida, are over the age of 50. Underway is a pedestrian-friendly town center that will include a YMCA, shops, offices, and apartments.



are partially or fully retired, and a substantial number of residents are in their 70s, 80s, and 90s. Many have moved from the Northeast and the Midwest. "This is an environment where people can live independently much longer than in a traditional subdivision or active adult seniors' community," says Embrey. "The design provides for active, independent aging in place as an alternative to relocation to age-segregated facilities." According to Embrey, Amelia Park is creating an infrastructure of services that will allow residents to age in place. These include meals on wheels, visiting nurses and home health care, and a telemedicine system, which involves Internet-based video and voice communication between residents and their doctors and permits 24 medical tests, including electrocardiogram and blood pressure monitoring. Embrey believes baby boomers will perceive age-restricted communities as dinosaurs and instead will be attracted to more integrated communities that also cater to their changing lifestyles and health needs. "New urban communities can deliver the same services as age-restricted communities, but in an environment that seniors prefer," he says.

A similar approach is taken by Steve Maun, president of Leyland Development in Tuxedo, New York. Leyland is in the planning stages on two age-segregated (55-plus), new urban communities: a 250-unit development in Warwick, New York, and a 260-unit project in Madison, Connecticut. Both projects will offer a mix of single-family and multifamily designs, including small cottages, custom homes, rental apartments, and condominiums. Common areas within each development will include a general store, a café, meeting rooms, a post office, and an exercise room. Some concierge services such as dry cleaning and grocery delivery will be offered. Both projects are infill developments close to an established downtown. Maun believes that seniors will be attracted by the community space provided in the developments as well as by the amenities in the nearby main street. These two communities are not based on the model of a leisure-focused central clubhouse as offered in a typical active adult community. Instead, Maun proposes that "seniors want to be actively involved in the daily life of a real place, to be close to the library and coffee shop, and to have opportunities nearby to work or volunteer."

New urbanists are split as to whether age segregation is necessary or even desirable for a TND trying to attract seniors. Market analyst Zimmerman argues that "while cities will often require age segregation as part of the approval process, putting seniors into age-segregated communities is unnecessary in a TND. The same result can be achieved through age-associated program design."

A hybrid model—seniors' neighborhoods in a multigenerational TND village—is the answer, says Myril Axelrod, president of Marketing Directions Associates, in New Fairfield, Connecticut. "Baby

boomers will want it both ways: the ability to live with people in a similar life stage but continuing to be fully integrated in a larger community, and a TND does this better than traditional active life communities," she adds. "Our focus groups show that baby boomers don't want to be isolated in age-segregated colonies. They may change jobs, work fewer hours, or change their lifestyle, but few see themselves as retiring in the traditional sense."

This, of course, raises the question of how appealing a traditional retirement community will be to a retirement generation that does not even see itself as truly retired. On the other hand, will the nonconformist baby boom generation's aversion to rules make its members disinclined to live in a TND with its many rules, some of which (for example, all homes must have front porches to encourage neighbor interaction) are sociologically based and some of which (for example, porches must be painted an approved color) are purely driven by the design bias of the developer or architect?

There are more questions than answers at this point. "We do know that seniors want to be part of a larger community, they want to be actively engaged in life, they want to participate in cultural activities, and they want opportunities to volunteer their services—they do not want just leisure and golf," says Toby Israel, market research consultant/environmental psychologist of Princeton, New Jersey, who conducts focus group research for developers of new urban communities. "But will baby boomers want to be segregated in age-based colonies? Will they accept or reject the leisure-focused active adult community? Or will new urban communities or perhaps university-based communities be the model of the future?"

For reasons of economics and life span, there were few retirement communities before World War II. Instead, seniors either stayed in their homes or lived with family. As TNDs turn back the clock on neighborhood design and town planning, these communities may also provide a catalyst to abandon—or adapt—age-segregated retirement communities in favor of alternatives integrating both old and new concepts of seniors' housing. ■

CRAIG WITZ, A SENIOR HOUSING DEVELOPMENT CONSULTANT BASED IN OREGON, WISCONSIN, WAS INVOLVED IN THE DEVELOPMENT OF THE MIDDLETON GLEN PROJECT LOCATED IN MIDDLETON, WISCONSIN.

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UrbanLand

A surreal collage of various cars, including a silver station wagon, a red Volkswagen Beetle, and a black sedan, embedded into a rough, layered concrete wall. The cars are positioned at different heights and angles, creating a sense of being stuck or trapped within the structure.

Stuck?

Going Nowhere Fast

Transit Trends

Housing Scales

Denver

