



Seniority, Inc White Paper Redevelopment - Transitioning Current Residents

I. Summary

The first baby boomers hit Social Security age in 2008. Boomers (people born between 1945 and 1965) are on the retirement horizon and see things in a different light than the generations that have preceded them...philosophically, socially and financially.

If your community fails to attract the baby boomers in the next decade as boomers “come of age” for retirement marketing, financial failure can be expected. Maintaining census will be a constant struggle. The boomers are one target market the senior housing profession cannot afford to ignore. The buying influence of this population cohort has already been demonstrated as boomers assist with senior housing selections for aging parents. Boomers look beyond fresh paint and landscaping and seek style and quality. For the mature campus, repositioning and redevelopment may require replacing or dramatically altering existing structures and infrastructures within the community.

While planners prepare to redevelop for future generations of residents, the current resident base must remain in focus. Community planners struggle to prepare the way for future generations of residents without alienating the current resident population. Often times, existing residents are housed in locations intended for redevelopment. Top providers plan for the provision of service for residents who initiated service agreements prior to the community’s announcement of the redevelopment effort realizing that a legal responsibility exists to provide service as contracted.

Upon move-in, incoming residents quickly become acclimated to their homes, routines, pricing structures and contracts. Deliberate periodic redevelopment by mature communities is necessary and redevelopment means change and possible displacement for current residents.

Herein lies the conflict: successful communities must redevelop to attract a new generation of residents despite the fact that redevelopment imposes stress on the current resident population. Both populations are crucial to the community’s health and the two populations have differing needs and expectations. In this article, solutions to the conflict and turmoil imposed by redevelopment are explored. Solutions presented seek to minimize the dissatisfaction that causes alienation of current residents in established senior communities undergoing significant redevelopment.



Characteristics of Critical Populations

1. Boomers

Boomers control more than eight trillion dollars in assets, more than 70 percent of the disposable dollars in the United States.¹ Members of this sizable age cohort view retirement more as an opportunity to change gears than to be put out to pasture. To remain competitive, today's senior housing development must reposition to attract the next generation of seniors. Nothing dated, deteriorated or dreary will do. Boomers envision retirement living as relocation to a permanent vacation more than escaping to a place of quiet living with less yard work. Retirement for this generation is viewed not as stepping out of active life, but as moving into a phase of life that allows more time for travel, recreation and fellowship.

Despite the vast number of boomer retirees, according to recent research by investment leader Charles Schwab, only about 27% of the boomers' market segment has adequately saved for retirement.² If you plan to tap into the emerging "grey gold" market, which is a necessity to remaining viable, prepare to compete. Despite the fact that there are estimated to be over 78 million baby boomers approaching retirement age³, according to Schwab, only a fraction will have planned and saved adequately to afford a discriminating lifestyle. To win the attention of the affluent boomer who desires a home-like resort with features and amenities not available in the current home, the successful provider will position themselves accordingly.

2. Current residents:

Current residents have a legal and emotional contract with the owner/operator of the retirement community. Expectations are based upon agreements that occurred at entry into the community. Residents report that the decision to move to a continuing care retirement community is difficult and stressful. The move to a continuing care retirement community often involves downsizing, leaving behind beloved neighbors and perhaps leaving a familiar city. Change, which is difficult for many adults, is especially upsetting to seniors who have experienced emotionally challenging transitions such as loss of health, partner or lifestyle.⁴ The owner's presentation and orchestration of the redevelopment effort determines the resident's perception of inclusion or displacement during the process and impacts satisfaction long after the transition is complete.

II. Challenges to Redevelopment

1. Space:

If the community owns acres of virgin land or has the ability to purchase land adjacent to the existing senior living campus, the development options are abundant. Community leaders may elect to build out in phases, taking into account all the latest and most marketable housing plans.

¹ Kansas City Star, July 28, 2008

² "Baby Boomer Reality Check", Rande Spiegelman, VP of Financial Planning, Schwab, April 23, 2008

³ US Census Bureau, Public Information Office

⁴ Merck Manual of Geriatrics, Chapter 15, "Effects of Life Transitions"



New homes will reflect contemporary pricing structures and popular service agreements for incoming residents.

If the community is not blessed with an excess of land, and most existing communities are not, decision making becomes more complex. Tear down the high rise? Bulldoze the outdated cottages? Limited development space requires planners to identify the optimum use for the land to meet the organization's long term goals. Community leaders may phase out existing structures plagued with declining profit margins and salability. Outdated structures may be replaced with updated homes gradually. Aging structures may be replaced as residents move through the continuum, move out of the community or pass away.

2. Aesthetics:

The purpose of redevelopment is to improve the marketability of the property. Updating the property helps the organization reposition to attract future residents. Replacing existing structures with new more modern accommodations or erecting new structures adjacent to existing aging resident accommodations provides a challenge for planners. New, modern accommodations may appear out of place when located adjacent to older structures. Pockets of the community may be so

dated that to leave them intact for a prolonged period of time would negatively impact the community's "curb appeal" prompting planners to accelerate the phase out timeline. Accelerated phase out timelines may create additional financial pressure on the organization and more complex transitioning scenarios that impact residents.

3. Research:

Careful research must be completed prior to redevelopment. Marketing feasibility studies including demand analysis are necessary to determine if area demographics support the project. A financial proforma is required to determine the financial feasibility of the planned redevelopment. Together the results of the studies will be factored into the organization's decision regarding approaches to redevelopment and measured against the organization's long-term goals. If the business plan includes branching out into an area of the continuum of care not currently in place, or an expansion of an existing level of care, it would be wise to engage the expertise of a sales and marketing consulting firm early in the planning process.

4. Contractual Obligations:

Moving current residents from one residence to another in an attempt to accommodate new construction can pose a legal challenge for providers. The size of the accommodation, location, market rates and amenities package may differ from that outlined in the original service agreement. Current residents are unlikely to respond favorably to new product offerings if additional entry fees or increased monthly fees are involved, even if the higher fees include enhanced service packages and improved accommodations.

Redeveloping organizations are encouraged to seek legal counsel when intentions include altering a service agreement or relocating a resident. Operator/owners who are upgrading components of the site plan to improve marketability for future use should be advised not to



anticipate current residents to fund the expansion or redevelopment. If a resident's current accommodation is being eliminated or renovated for the long term betterment of the physical site and to improve marketability, it is recommended that the financial proforma reflect accommodations for the current pool of residents at rates below advertised market rates.

III. Resident Relocation Plan

1. Developing a Master Site Plan:

"It takes less time to do a thing right, than it does to explain why you did it wrong."⁵

Identifying long term goals for your organization in a strategic planning effort is an important first step to the long term success of the redevelopment effort. Professional facilitators are valuable allies in the strategic planning process. Involve all business partners, board members and staff in the goal setting process as each party will ultimately be called upon to communicate, and perhaps defend, decisions made during the strategic planning process.

Once the management and staff are on board and accept full ownership of the organization's long term goals, the next step is to develop a master site plan for the entire campus. A cohesive master plan is imperative for successful redevelopment. During the planning process, outline multiple redevelopment strategies to obtain the end result.

The strategies may include:

- Full site re-development
- Phased re-development that divides the project into sections
- Residence specific plans that target one residence at a time

Communicate regularly with all business partners, board members and staff as planning efforts move forward to garner continued acceptance and support.

2. Establishing Project Goals:

"If you don't know where you are going, any road will take you there."⁶

Once the master site plan is defined, establish project timelines, goals and budgets. A comprehensive timeline includes estimates of completion times from architects, contractors and suppliers. Sales projections are included as are communication plans with current residents and the greater community.

Set budget goals for each phase of development. Budget considerations should include demolition, infrastructure and building expenses and as well as communications expenses that

⁵ Henry Wadsworth Longfellow

⁶ Lewis Carroll



relate to residents and the greater community. Factor in the short term and long term revenue that will be generated during your planning and development timeframes.

Set goals that limit the personal and financial impact of redevelopment for residents. Include residents in the development process to increase support through the transition. Finally, be aware of the project cost relating to manpower, time and emotional energy for all involved.

3. Customization and Contractual Considerations Pertaining to Residents: “Contract details are less important than simply pleasing the resident.”⁷

When a resident move is initiated by the owner for the owner’s convenience, the location, footage and amenities of a new environment generally differ from what is outlined in the service agreement or contract. In preparation for redevelopment communications, define the core differences between each resident’s current contract and the services, amenities and benefits of a new proposed location. The challenge is to determine strategies to meet or exceed the organization’s minimum requirement as outlined in the contract or service agreement initially signed. The provider’s task is to please the resident, not to duplicate the original service agreement. The exchange with the resident is a negotiation and argumentative postures, tones and approaches should be avoided. Involve families and other appropriate parties in discussions depending upon the level of care and the desire of the resident.

4. Pricing Analysis:

Conduct a pricing analysis for the resident relocation plan. Each resident option under consideration impacts the financial proforma. While the ultimate goal for redevelopment is future revenue and marketability, the more immediate goal is to minimize loss for a specific, planned period of time while maintaining relationships.

5. Obtaining Resident Support with Financial Incentives:

Reward current residents financially when an owner initiated move causes inconvenience. Providing incentives and rewards demonstrates that the provider understands the impact and nuisance of redevelopment to current residents. The rewards garner support of the project as demonstrated by residents who continue the residency relationship and support the effort verbally.

Incentives may include discounted entry fees and monthly fees. Offer incentives such as free moving, complimentary decorator service, meal vouchers, car washes or passes to campus beauty parlors or gift shops. If the senior housing development does not offer the aforementioned amenities, look to surrounding community vendors who offer similar services and purchase awards for use as resident incentives. The purpose is for the current resident to feel privileged and important. Be creative!

⁷ Alan Hale, Executive Director, The Village at Manor Park



6. Resident Transitioning Options:

Transitioning options fall into two general categories:

- A one-time move to a permanent new location
- A temporary move during construction or renovation

A one-time permanent move relocates the resident to a home of approximately the same size, level of care and fee structure on the campus. Permanent moves are common when a senior development is utilizing existing undeveloped land or a new land purchase for construction. One-time permanent resident relocation within the senior housing community also occurs when demolition of the resident's originally contracted dwelling is part of the redevelopment effort.

The advantage of a permanent move is that only one move is required. As the resident watches the construction progress and is exposed to the marketing buzz, excitement about the new home is generated. The disadvantage to the property owner of permanently relocating an existing resident to a new or fully renovated residence is the loss of potential revenues that would be generated if a new resident were attracted to the community at higher market rates.

Moving a resident to a temporary home while construction occurs on a mature campus may be unavoidable if an existing structure is being replaced or completely remodeled. One advantage to moving residents away from the construction site is improved safety for the resident and less ongoing distraction from construction activity. Another advantage to moving residents from a redevelopment site is improved accessibility and efficiency for work crews involved in the development effort. The disadvantages of temporary resident relocation are added expense incurred by the community for moving services and move related stress for the resident. The cost of temporary housing must also be factored into the proforma.

7. Communications Plan:

Relevant and viable communication with current residents is crucial to the success of transitioning mature communities through redevelopment. Throughout the master planning process fully engage owners, board members, sponsors and staff with goals and the working business plan. Organize a communication's plan directed to all stakeholders and the community at large.

“Make sure you fully prepare your business partners. Before going to residents, make certain that you have unwavering support from board members and staff. Business leaders will receive complaints from residents and should be prepared to support the business model. In order to answer the concerns of residents, employees and board members must have a thorough understanding of the issues and problems and they must grasp how the business plan will positively impact the situation. Select a trusted and respected spokesperson for the organization.



Choose a spokesperson that holds the confidence of residents, board members, staff and local community leaders.”⁸

Hire, or re-assign, a staff member to serve as the resident relocation specialist or transitions manager. The transitions manager will create a written communications plan for residents, their families or legal representatives. The transitions manager becomes the primary liaison between residents and upper management.

It is the transitions manager responsibility to organize a group meeting to inform residents of project goals and redevelopment plans. As indicated previously, the spokesman for the meeting is the highest senior housing development administrator or a highly regarded professional who has achieved stakeholder confidence. A high ranking official from the community is frequently in attendance. Meeting content includes an overview of the business challenge, solutions identified by planners and a clear statement of an action plan that demonstrates a commitment to continued service for the resident. The meetings purpose is to include residents in the flow of information resulting in reduced friction and conflict.

Transition managers frequently hold “Preview Parties” for residents. During the event informational packets containing sample floor plans, elevation drawings and a list of amenities are provided. Packets include an appointment card with a suggested date and time for a personal meeting with the transitions manager.

Private meetings are important to ensure that residents understand the issues and reasons for the upcoming change. Logistics and details such as relocation dates, floor plans and service expectations are also addressed. The meetings create an avenue for residents to voice concerns or ask questions that may not have been satisfied during group meetings.

8. Achieve Resident Support with Involvement

It is important to identify resident leaders and influencers as well as those residents that may be expected to resist change. Influencers require extra time and attention from the transitions manager. Clear communication with leaders and outspoken residents increases the acceptance from the community at large and minimizes gossip and negative “chatter”. Enlist interested parties to participate in focus group meetings. Invite leaders to serve on a committee such as design, landscaping, ground breaking and grand -opening celebrations. Residents can be included by becoming block leaders for the new neighborhood. Outspoken resident influencers provide valuable insights into attitudes and concerns among residents and have proven to be a helpful resource for transitions managers.

IV. Strategies

After completing the master site plan, resident relocation plan and communications plan, create a transitions checklist. The checklist is a simple chart that identifies tasks necessary to the

⁸ David Slack, Aging Research Institution



transition period with a person or persons assigned to be responsible for each task with a projected date of completion. The transition check list provides clear, at-a-glance communications for team members.

V. Conclusion

“He who stops being better stops being good.”⁹

Redevelopment is risky, expensive, labor intensive, disruptive and completely necessary for aging senior housing developments. To stop updating and improving is to stop attracting the next wave of seniors. To lose future markets is to signal the end of the road for your community’s profitability within the next two decades. Redevelopment is not a demonstration of greed, but rather a necessity for future financial stability as the organization strives to attract new seniors year after year. Not-for-profit developments must demonstrate savvy business knowledge to compete in today’s market.

Transitioning current residents through the redevelopment process is a delicate and difficult process. Successfully planning for resident transitioning takes time and expertise that your staff may not possess. Call upon Seniority for the expertise to steer you through the difficult waters of redevelopment as it relates to transitioning current residents. Our consultants will partner with you to evaluate the multiple plans and strategies needed for a successful transition.

⁹ Oliver Cromwell