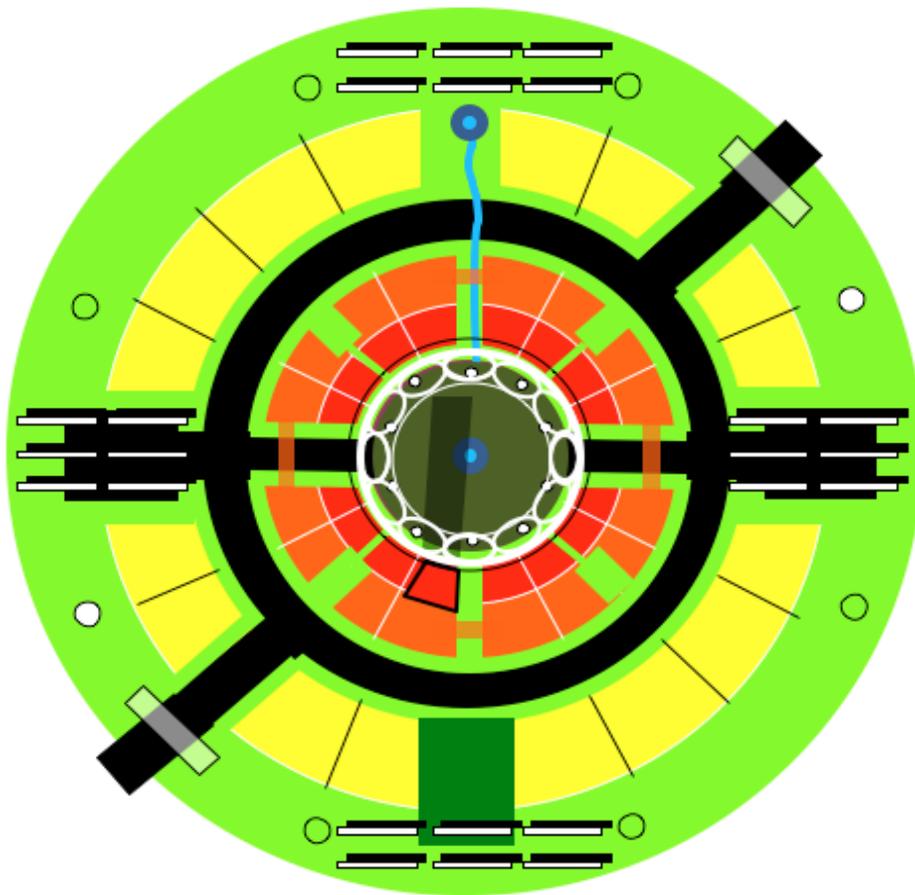


Housing Market Study

Living Wisdom Village: Elders Creating Community

Prepared For: Living Wisdom Village Board of Directors

Prepared By: Kim Smoyer, Smoyer & Associates





Smoyer
ASSOCIATES

July 1, 2016

Living Wisdom Village Board of Directors
Crestone, Colorado

Board Members,

The primary purpose of the market study is to provide Living Wisdom Village (LWV) Board of Directors with detailed information about the market before proceeding to the preliminary design phase of the project. The study assesses the existing demand and supply for the LWV project and answers specific questions needed to refine the project concept and approach.

The information in this market analysis was compiled through the following processes:

- Defining a project description, primary market area (PMA) and secondary market area (SMA) with the LWV Board of Directors and considering the proximity of other communities with senior housing options available.
- Researching, gathering and analyzing socio-demographic data for the defined PMA and SMA.
- Profiling independent living (IL) and senior apartments near the PMA and SMA.
- Projecting the demand for general independent and senior housing in the PMA and SMA.
- Incorporating the Adams State University (ASU) student public opinion survey outcomes and analysis into the findings.
- Developing conclusions and recommendations related to potential development.

The information provided in the document can be used to promote the LWV project. However, this document is not assignable to lenders and/or syndicators that are parties to the development's financial structure. It is our recommendation that once the LWV Board has completed the project design phase of the project they consider conducting a professional feasibility study that revisits the marketability of the refined project.

Sincerely,

Kim Smoyer
Smoyer & Associates

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Executive Summary

There is a current demand and there will be a future demand for a new senior housing community within Saguache County (primary market area - PMA) and the surrounding counties of Alamosa, Chaffee, Mineral, and Rio Grande (secondary market area - SMA - which includes Saguache County). The PMA has a current excess demand for new independent living units. Saguache County has a current excess demand of 12 independent living units which will grow to 20 in 2021. There are no existing independent living communities in the PMA, and there are no projects planned. There is also demand for independent living within the SMA as well. The market has a current excess demand of 83 independent living units which will grow to 147 units by 2021.

Within the PMA, the senior housing market has a current excess demand of 93 senior apartment units of which 55 units are market rate and 38 units are low-income. The SMA has a current excess demand of 422 senior apartment units of which 375 are market rate and 47 units are low-income. Current market occupancy supports this demand with all surveyed comparables in the area having high occupancy rates with waiting lists. There are no new senior living apartment developments planned in the PMA or SMA.

The projected increasing number of qualified seniors living in the area results in strong demand for new senior housing development in the region. There is immense future potential for this type of project as the senior housing market is strong and because of the expected population growth of those 65 years and older in the region.

The time is upon the Living Wisdom Village Board of Directors and the Saguache County government to move quickly to bring this concept to a reality.

Project Description

Project Name: Living Wisdom Village (LWV): *Elders Creating Community*

Boundaries of the Study

The study will answer specific questions needed to refine the project concept and approach.

The following questions will be addressed in this study:

1. What are the indirect economic constraints?
2. What are the trends and size of the future market and what percentage of the overall market can be attracted to the proposed development?
3. What is the market-determined price range?
4. What type of development is justified by market demand?
5. How many, and how large should the units be?
6. What amenities should be provided?
7. What is the optimum product in the market: sales units, rentals or a combination?

The goal of the market study is to find the point where supply and demand intersect to supply the right quantity of a good at the right price. Since the world is complex and dynamic, that exact point can never be identified. Therefore, accumulation of information on as many factors as possible goes into making an educated guess.

The educated guess of a market analysis is based on four basic components:

- the project description,
- a demand assessment,
- a review of supply, and
- a synthesis.

The first three steps review detailed market information and note the implications for the proposed project. The final stage draws conclusions from those implications. By using this outline, the document maintains the path of logic that lead to the study's conclusions.

Assumptions and Limiting Conditions

This market analysis assumes that market trends will remain constant and will not consider major shifts. It also assumes that a use will be operated the same as other similar uses. Other limitation factors include the following:

- There is no exact location or site designated for the LWV.

- The LWV is a unique concept; there are few comparable properties.
- Information furnished by others, upon which all or portions of this analysis are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
- Use of the report for another purpose other than that which has been defined in the report could result in inaccurate or inappropriate conclusions.
- The real estate and healthcare markets are constantly fluctuating and changing. It is not possible to predict or in any way warrant the conditions of a future market.

Project Description

The Living Wisdom Village: *Elders Creating Community* (LWV) Board of Directors (a project of Crestone Peaks Alliance a local 501 (c) 3 nonprofit organization) proposes a primarily senior housing community in Crestone, Saguache County, Colorado. The LWV would be a 4-acre, fully accessible, village-scale housing development with a resident population (at full build out) of approximately 60 elders (55 years and older) and may include persons with disabilities (of any age). The village will be comprised of 4 quadrants surrounding a central commons/plaza. Each one-acre quadrant will include 3 attached studio units (484 sq. ft.), 4 one-or-two-bedroom attached units (726-968 sq. ft.) and 4 single-family detached courtyard dwellings (min. of 750 and max. of 2400 sq. ft.) with one-car garage. Amenities included in each unit are as follows:

- Studio apartments include a small efficiency kitchenette, an accessible toilet and shower, a foyer closet, a sitting area, a screened bedroom with a built-in closet/storage wall, and a utility closet.
- One-or-two-bedroom apartment units include an air lock entry and foyer closet, efficiency kitchen and dining area, living/sitting area, one or two bedrooms with closets, accessible toilet and shower, and a utility closet with stackable washer/dryer rough-in.
- Detached single-family courtyard dwellings include air lock entry and foyer closet, kitchen and dining areas, living room, up to three bedrooms with closets, accessible toilet and shower, utility closet, and a washer/dryer rough-in.

Additionally, each quadrant will offer 5 allocated spaces for commercial and/or other designated communal uses. The village perimeter will include 32 surface parking spaces, solar arrays, a park, community gardens, a loop trail, and welcoming gateway entries.

With a strong emphasis on community, the village will provide an environment in which elders are encouraged and supported in making a contribution, and where they maximize the quality of their lives – one that allows for privacy and community, as well as professional consultation and support. The village offers

independent and semi-independent living with varying degrees of assistance available on a self-directed, a self- or shared- funded and an as-needed basis.

Identification of Market Boundaries

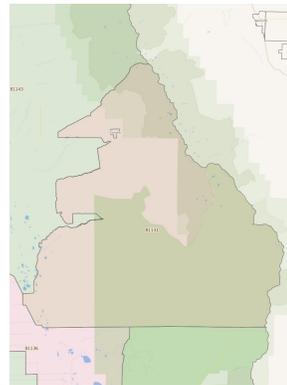
The Town of Crestone and the adjacent Baca Grande subdivision are located 12 miles east of CO 17 on Road T, 191 miles southwest of Denver, Colorado and 188 miles north of Santa Fe, New Mexico. The town population was 144 at the 2010 US Census and more recently (2014) projected at 152.ⁱ The population within a seven-mile ring around the Town of Crestone (including much of the Baca Grande subdivision) was 1162 (2010 US Census) and is projected at 1287 (in 2017).ⁱⁱ

Crestone was officially established on November of 1880 after the discovery of gold. Mining and ranching fueled the early economy of the town. The Town of Crestone was incorporated on March 29, 1901. When mining was no longer cost effective, Crestone entered into a long, slow decline. In 1971, the Arizona Land and Cattle Company platted one of its properties for land development and formed the Baca Grande Subdivision. This community helped revitalize Crestone, which became the commercial center for Baca Grande residents. Presently, it is a destination for summer vacationers, hikers, climbers, retirees, and sacred-based tourism. The Crestone/Baca area, which includes both the Town of Crestone and the Baca Grande subdivision, is a culturally diverse community and international spiritual epicenter with all major world religions represented among the 19 active spiritual centers, including a Native American church, a Hindu temple, a Zen center, a Carmelite monastery, and several Tibetan Buddhist centers amongst others.

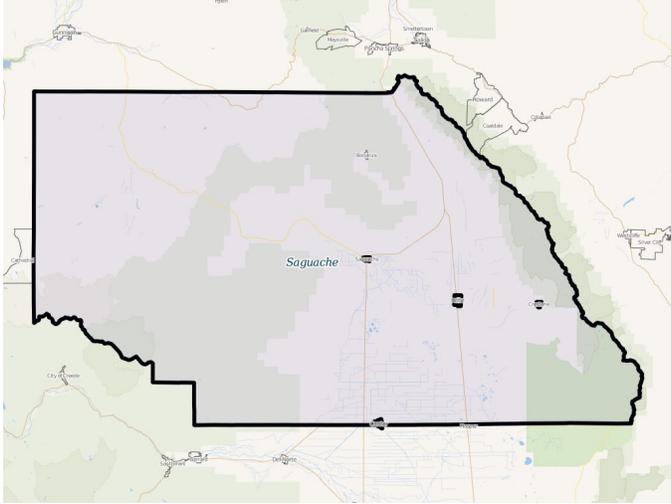
The Crestone/Baca area is located in Saguache County, Colorado with a population of 6108 (2010 US Census) and a more recent (2014 projection) population of 6469.ⁱⁱⁱ This small community, at the foot of the western slope of the Sangre de Cristo Range, is in the northern part of the San Luis Valley. Saguache County is one of six counties that make up the larger San Luis Valley (SLV) region.



Town of Crestone



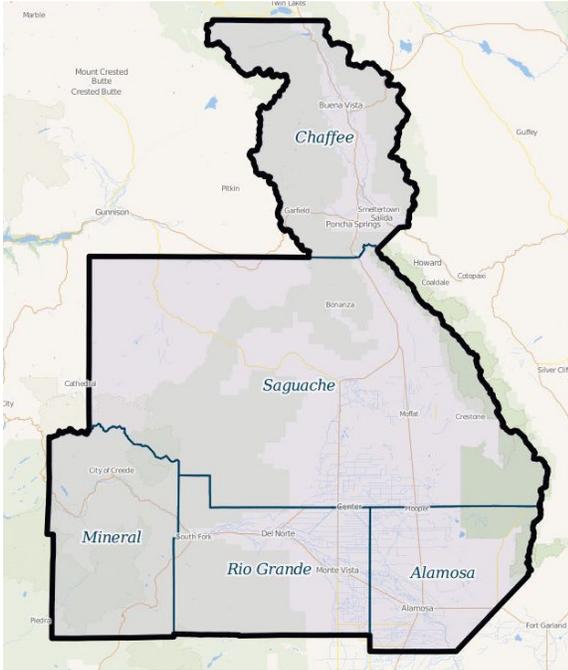
Crestone/Baca Area
(Zip Code 81131)



The Living Wisdom Village will be located within the Crestone/Baca Grande area in Saguache County. Both the Town of Crestone and Saguache County offer basic municipal services to area residents. Public school students attend classes at either the Crestone Charter School or Moffat Schools; both are part of the Moffat Consolidated School District #2, which serves the county. The Crestone-Baca Library and a fieldwork office of Colorado College also serve the area. The primary circulation area of the

Crestone Eagle (published monthly) includes the towns of Alamosa, Crestone, Del Norte, Hooper, Moffat, Saguache, Salida, and Villa Grove. Local businesses belong to the Saguache Chamber of Commerce, which includes businesses from throughout the county and the SLV region. The Town of Crestone has several businesses that also serve the near-by Baca Grande subdivision. These include a branch of local credit union, several churches, a natural foods grocery store and deli, mercantile, gallery, gift, and thrift stores, cafés, and a liquor store. Built in 1880, the Crestone School, (now the community building), is a Nationally Registered Historic site.

These factors suggest that the LWV’s primary market area (PMA) is Saguache County. The PMA has 6,238 (2016 projected) inhabitants and is located in census tract 9776.



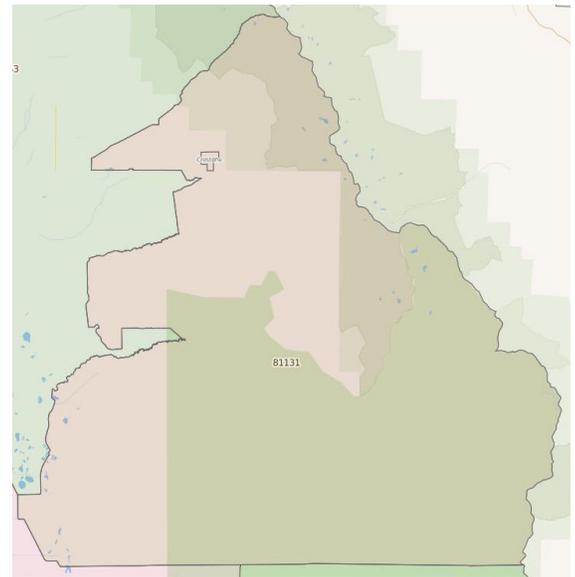
The secondary market area (SMA) includes three counties in the San Luis Valley that surround Saguache County to the south including Rio Grande, Alamosa and Mineral; and Chaffee county which is outside the SLV to the north of Saguache County. Total population of the SMA is as follows:

SMA Counties	Population	
	2010	2016 Projection
Alamosa	15,445	16,223
Chaffee	17,809	18,604
Mineral	712	701
Rio Grande	11,982	11,509
Saguache	6,108	6,238
Totals	52,056	53,275

The LWV will most likely appeal to members of the immediate Crestone/Baca community, including seasonal as well as Saguache County residents. Areas outside of Crestone and the Baca Grande are sparsely populated lands, and neighboring towns are extremely small. Sixty percent (1,223,352 of a total county acreage of 2,027,715) of the county is national forest and federal and state owned land.^{iv} In addition to the Secondary Market Area, the LWV may also attract households from beyond adjacent counties (particularly the Denver, Boulder, and Ft. Collins areas) and other neighboring states (Santa Fe, MN) due to the international, national- and state-wide appeal of its spiritual centers and their global affiliates and due to other direct connections with Crestone/Baca area residents.

Project Location

The LWV Board of Directors has not yet determined an exact location for the development of the Living Wisdom Village. It may be located within the limits of the Town of Crestone or near the Town of Crestone and Baca Grande Subdivision. For the purposes of this study we will call the location “Crestone/Baca area” which includes both the Town of Crestone and the Baca Grande Subdivision limits (zip code 81131). The LWV Board has no intention of locating the development outside of this Crestone/Baca area. In fact, the proximity of the LWV to the Crestone/Baca area is a defining characteristic and attribute that will impact its marketability.



Section 1 Project Description: Key Findings, Conclusions & Recommendations

Key Findings

- The Living Wisdom Village (LWV) project, at full build-out, proposes 12 studio units (484 sq. ft.), 16 one-or-two bedroom units (726-968 sq. ft.) and 16 single-family detached units (min. of 750 and max of 2400 sq. ft.) for a total of 44 units.
- The proposed LWV perimeter will include 32 surface parking spaces, solar arrays, a park, community gardens, a loop trail, and welcoming gateway entries.
- The proposed LWV will offer independent and semi-independent living with varying degrees of assistance available on a self-directed, a self- or shared- funded and an as-needed basis.
- The Primary Market Area (PMA) includes the entirety of Saguache County. The Secondary Market Area (SMA) includes Alamosa, Chaffee, Mineral, Rio Grande and Saguache Counties.

- The proposed LWV project will be built within the Crestone/Baca area (which includes both the Town of Crestone and the Baca Grande Subdivision limits).

Conclusions

- The proposed LWV project is a distinctive concept due to the unique organizational structure and governance plan. This is not a typical senior housing project.
- Due to the remote and rural nature of the Crestone/Baca area the market area is wider than typical market areas in other metropolitan and urban areas.
- There is an even wider draw for the LWV due to the international, national- and state-wide appeal of its spiritual centers and their global affiliates and due to other direct connections with Crestone/Baca area residents.

Recommendations

- We recommend that when making decisions about the organizational structure (self-governing) you provide a varying mix of LWV leaders and community leaders. Consider the nature of senior life and the amount involvement required to maintain and sustain the village.
- We recommend marketing the project to the wider region (SMA) and international, national and state-wide senior populations. This will be a key factor in the success of the LWV project.

Industry Overview

The seniors housing market includes several segments that serve different needs. Included in this group are senior apartments, independent living communities, assisted living residences, skilled nursing facilities, and continued care retirement communities. The proposed Living Wisdom Village concept will be either a senior apartment community or an independent living community. In this section, all the various types of senior housing segments are described for housing market comparison purposes.

Senior Apartments

Senior apartments are usually referred to as rental active adult communities. Operationally and physically, these properties are a blend of apartment complexes and independent living communities. Unit doors are accessible via the exterior of the building and meals or housekeeping services are not offered. Social activities are usually available and other unit amenities often include a full kitchen, washer and dryer, balcony or patio, and window treatments.

Senior apartments can be either market rate apartments or subsidized, affordable housing alternatives. Affordable senior apartments are age-restricted apartments that generally take two forms of age restriction. The first type is for seniors age 55 years or

older; these apartment complexes require that at least one person in each apartment be age 55 years or older and that no more than 20% of residents in the entire complex be under the age of 55 years. The second type is restricted to seniors of age 62 years or older, and no residents may be under this age. Rental rates for those affordable senior apartments are typically 30% of the resident's income with various levels of income qualifications depending on the facility and location.

Independent Living Communities

Independent Living Communities (ILCs) significantly grew in popularity in the 1980s due to the increasing demand for senior housing needs. They operate identically to assisted living residences but do not provide assistance with activities of daily living. They often contain all the same amenities as assisted living residences but may also include swimming pools, covered parking, and a higher quality of dining experience. ILCs are physically similar to hotels with the most notable difference being a large dining room and commercial kitchen. They range in size from 150 units to 300 units. Similar to apartment complexes, units contain separate bedrooms and kitchens. However, most residents choose to use the community's dining room which typically prepares three meals a day with one to two meal per day included in the residents' monthly fees. Additional resident meals and guest meals can almost always be purchased separately. Monthly fees typically include, two meals a day, all utilities except telephone, maintenance, weekly housekeeping and linen service, social activities, and use of community amenities. ILCs costs vary depending on the size of the unit and the geographic location. According to *aPlaceforMom's Guide to Senior Housing & Care*, the average cost of a one-bedroom, independent living or retirement community in the U.S. in 2014 was \$2,750 per month, although communities that are less hospitality oriented can cost significantly less.^v

The primary difference between ILCs and assisted living residences is that residents who reside in the ILC must be mentally and physically capable of performing all of the activities of daily living (ADLs). Marketing is more intensive at independent living communities because occupancy is less need driven and more of a personal lifestyle choice for seniors. Modern development trends include cottage or villa style unit apart from main building housing more hotel-like independent and/or assisted living units. Most communities offering independent living also provide some form of assisted living component to offer a continuum of care.

Assisted Living Facilities

Assisted Living Facilities (ALFs) are hotel-like facilities which serve elderly individuals who need assistance with the tasks or activities of daily living but do not require 24-hour skilled nursing care. Many facilities offer separate areas for Alzheimer's disease or other forms of dementia, where these individuals receive more intensive supervision. The objective of assisted living is to maintain or enhance residents' ability to live as independently as possible in a homelike environment that offers on-site medical

services. Services are provided largely to private-pay, long-term residents but many states are developing regulatory structures to provide assisted living reimbursement under Medicaid for lower income seniors. According to *aPlaceforMom's Guide to Senior Housing & Care*, the average cost of a one-bedroom, assisted living apartment in the U.S. in 2014 was \$3,500 per month. Studio and two-bedroom assisted living apartments varied accordingly. Factors affecting cost include: type of residence, size of unit, types of services provided, geographic location and level of luxury.^{vi}

The assisted living sector will continue to grow, as seniors aged 85 and older are currently the fastest growing segment of the US population.

Skilled Nursing Facilities

Skilled Nursing Facilities (SNFs), or nursing homes, are for seniors who require 24-hour monitoring and medical assistance. Typical nursing home residents suffer from severe, debilitating physical or mental conditions that leave them unable to care for themselves. They may be bedridden, wheelchair-bound, or have medical needs that require daily skilled nursing care. SNFs provide not daily assistances with activities such as bathing, eating, dressing, cooking and housekeeping, but also intensive, long-term medical care to seniors with serious health conditions in a fully staffed and monitored facility. The cost of nursing home care depends on the length of a resident's stay. Short-term stays are generally for those who have been hospitalized due to injury or illness and require supervised care while recovering. Fortunately, most short-term care is covered by Medicare for those eligible to receive benefits. Factors affecting cost include: size of room, whether a room is private or semi-private and geographic location. According to *aPlaceforMom's Guide to Senior Housing & Care*, the national median cost of a semi-private room in a skilled nursing facility in the U.S. in 2013 was \$212 a day; and a private room was \$240 a day.^{vii}

The table below (*Table 1*) provides additional information about the various types of senior housing options that are currently available across the country.

SENIOR HOUSING & CARE QUICK REFERENCE

	INDEPENDENT LIVING COMMUNITIES	SENIOR APARTMENT BUILDINGS	ASSISTED LIVING COMMUNITIES	MEMORY CARE/ DEMENTIA CARE	RESIDENTIAL CARE HOMES	SKILLED NURSING	IN-HOME CARE	ADULT DAY SERVICES	RESPIRE CARE
AVERAGE AGE	75	65	80	80	80	Varies	Varies	Varies	Varies
COST	\$2,000-\$5,000 per month	\$400-\$1,900 per month	\$3,500-\$10,412 per month	\$3,500-\$6,600 per month	\$1,000-\$8,000 per month	\$6,000-\$13,000 per month	\$20-\$39 per hour	\$60-\$215 per day	\$90-\$250 per day
MEALS PER DAY	Meal Plan Options	None	3+	3+	3+	3+	None	1+	1-3
MEDICATION MANAGEMENT	No*	No	Yes	Yes	Yes	Yes	Varies	Varies	Yes
DIABETES MANAGEMENT	No	No	Varies	Varies	Varies	Yes	Varies	No	Most Yes
INCONTINENCE CARE	No	No	Most Yes	Yes	Most Yes	Yes	Yes	Varies	Yes
PERSONAL CARE	No*	No	Yes	Yes	Yes	Yes	Yes	Varies	Yes
ALZHEIMER'S CARE	No	No	Varies	Yes	Varies	Varies	Yes	Yes	Varies
NURSES ON-SITE	No	No	Varies	Varies	Varies	Yes	Varies	Varies	Varies
MOBILITY ASSISTANCE	No	No	Most Yes	Yes	Most Yes	Yes	Yes	Yes	Most Yes
ACCEPTS WHEELCHAIRS	Varies	Varies	Most Yes	Yes	Most Yes	Yes	Yes	Yes	Most Yes
TRANSPORTATION	Yes	No	Yes	Yes	Varies	No	Varies	Varies	Varies
HOUSEKEEPING	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Most Yes
PERSONAL LAUNDRY	No	No	Yes	Yes	Yes	Yes	Yes	No	Most Yes

*Home Health Companies may be available to contract these services on-site.

Table 1

National Trends in Senior Housing

According to the National Real Estate Investor, the National Investment Center for Seniors Housing & Care (NIC) reports that, within the senior housing sector generally, independent living facilities are driving the growth in the market, with occupancy rates rising. The NIC said the fourth quarter (2015) report showed occupancy at independent living facilities rose to 91.3 percent, continuing an upward trend. National Real Estate Investor reported that senior housing occupancy first surpassed the 90 percent mark in the third quarter 2014. The rates of occupancy at independent living facilities outpaced those at assisted living facilities, which had 89.3 percent occupancy in the fourth quarter. ^{viii}

Favorable market fundamentals, a compelling investment thesis, an improving economy and obtainable credit at attractive rates have contributed to vigorous sales, with U.S. senior housing and nursing care transaction volumes rising to more than \$23 billion for the 12 months ended June 2015, according to Real Capital Analytics and the National Investment Center for Seniors Housing & Care (NIC).^{ix}

According to *The State of Seniors Housing 2014* national survey, the same-story, year-over-year comparisons indicate the following trends in senior housing:

- Year-over-year occupancy has generally increased at about a 1% annual rate
- Property revenues have generally increased but not by more than 5% annually
- Operating expenses in general have increased by up to 5% or 10%
- Labor cost increases have outpaced other operating expense increases
- Operating margins have therefore deteriorated, but only slightly
- Net Operating Income (NOI) has also deteriorated slightly, except in Continuing Care Retirement Communities (CCRC) where rising labor costs have been offset, and where NOI increased about 5% based on revenue increases

Since 2010, same-store performance has generally improved:

- In revenues, by about 2% annually
- In NOI, an annual improvement but somewhat less than that, all based on occupancy increases of from one to three percent annually^x

Design Trends in Senior Housing

Due to the considerable increase in baby boomers shaping the senior housing market industry, communities today must provide amenities and interiors at a high level. The following are current trends in senior housing design:

- **Designing with flexibility and the future in mind.** Spaces must be open, flexible and able to be used for various activities and gatherings.
- **Boutique amenities.** Older adults' preferences are revolutionizing fundamental designs related to daily services, such as dining.
- **Amenity spaces that attract the local community.** Now, many developers are inviting the outside community in by positioning community offerings as public services and making them easily accessible.
- **Strong use of biophilic design and colors stemming from nature.** Incorporating

nature in this way has shown to positively affect those in the space by reducing stress and improving cognitive performance, emotions and mood.

- **Emphasis on wellness programs.** Many communities are choosing to add resort-caliber spas and fitness rooms, as their residents are seeking a mind, body and soul interaction all on-site.
- **Resort-style, short-term rehab.** Communities are finding that these older adults are more interested in hotel- and hospitality-style amenities than are the current residents.
- **Influx of 55+ restricted housing.** Age-restricted housing styles are luring leading-edge boomers, the first of the boomers to be born and become seniors, because of nearby attractions, resort-style amenities and ease of maintenance.
- **Integrated use of technology.** Communities are incorporating USB connections into millwork and Wi-Fi throughout, as well as creating keyless room entry.
- **Greater use of LED lighting.** LED bulbs emit higher lumens than standard bulbs, have lower maintenance costs and offer long-term cost savings, which makes them a perfect pairing with senior living environments.^{xi}
- **Seeking more sustainable environments.** Sustainable design concerns have come to senior living and are an increasingly important factor in the design and operational goals of new projects.

The following statistics were reported in the *State of Senior Housing 2014*.

Area	Independent Living	Independent/ Assisted Living	Assisted Living
Common Area (SF)	33,099	40,774	21,096
Net Rentable Area (SF)	68,943	99,807	28,482
Total Area (SF)	102,042	140,581	49,578

Source: State of Senior Housing 2014

Area	Independent Living	Independent/ Assisted Living	Assisted Living
Common Area (SF)	32.4%	29.0%	42.6%
Net Rentable Area (SF)	67.6%	71.0%	57.4%

Source: State of Senior Housing 2014

Area	Independent Living	Independent/ Assisted Living	Assisted Living
Lower Quartile	523	500	311
Median	658	565	384
Upper Quartile	740	893	520

Source: State of Senior Housing 2014

Area	Independent Living	
	Living	Assisted Living
Studio % of Total	14%	48%
One-Bedroom % of Total	55%	46%
Two-Bedroom % of Total	31%	6%

Source: State of Senior Housing 2014

Nature of the Business

Senior apartments differ from most senior housing communities in that they do not provide services to residents such as healthcare services, meals, housekeeping or transportation. Most senior housing communities have staffing, services and the physical plant of communities that are specifically designed to meet the long-term needs for those requiring independent living, assisted living or skilled nursing services.

Community Amenities: Typical feature of a senior apartment complex include the following:

- Large one and two-bedroom units
- Clubhouse that includes multi-use room with kitchen, library, study, computer room and conference room.
- On-site laundry facility
- Social activities
- Garden landscaping
- Parking
- Access to transportation
- Extra storage space
- Gated community

In addition to the above features at a senior apartment community, a typical independent living community would also include:

- Meal service
- Weekly housekeeping with laundry service
- Scheduled transportation
- Beauty and barber salon
- Gift shop
- Main dining room
- Private dining room
- Personal laundry facilities

Unit Amenities: New senior apartment and independent living units are typically equipped with the following amenities:

- Wall to wall carpeting or hardwood floors with tile bathrooms
- Window treatments
- Central heat and air conditioning
- Full kitchens
- Cable TV ready
- Washer and dryer hookups
- Patio or balcony

Section 2 Industry Overview: Key Findings, Conclusions & Recommendations

Key Findings

- There are distinctions between each of the senior housing segments that serve different needs and that define the scope of a project.
- There is a current upward trend in senior housing investment due to the growth of the senior housing market nationally.
- Nationally, occupancy has increased at about a 1% annual rate, property revenues have increased by 5% annually, and operating expenses have increased by 5% to 10%.
- Design trends include flexibility, boutique amenities, inclusion of local community, design and color from nature, wellness programs, resort-style amenities, age restricted, integrated use of technology, LED lighting and sustainable design practices.
- The average unit size (nationally) for independent living units ranges from 523 to 740 sq. ft.
- The (national) unit mix for independent living is as follows: studios are 14%, one-bedrooms are 55% and two-bedrooms are 31%.
- Amenities provided at independent living and senior apartments is different. Independent living provides meal service, housekeeping, transportation and other such amenities.

Conclusions

- The proposed LWV project most closely resembles a senior apartment community or an independent living community.
- The senior housing market is strong and this is a good time to consider investing in this market.
- Many of the design trends listed have been incorporated into the LWV concept.
- Many of the amenities listed have been incorporated into the LWV concept.

Recommendations

- We recommend that the LWV consider a combination of senior apartments and independent living units.
- We recommend that the LWV incorporate additional design trends that are listed in the report into the project design.
- We recommend that the LWV include amenities that align with independent living as well as senior apartments into the project.

Demographic Data Overview

Aging In the United States, Colorado and the Region



Figure 1 – Source: AARP Foundation

The AARP Foundation sponsored a 2014 report by The Joint Center for Housing Studies at Harvard University titled, *Housing in America's Older Adults – Meeting the Needs of an Aging Population*. According to the report, "America's older population is in the midst of unprecedented growth. With the aging of the large baby-boom generation and increased longevity, the 50-and over population is projected to increase about 20 percent by 2030, to 132 million. In just 15 years, one in five people will be at least aged 65. Ensuring that these older adults have the housing they need to enjoy high-quality, independent, and financially secure lives has thus taken on new urgency not only for individuals and their families, but also for the nation as a whole."^{xii} The AARP infographic in Figure 1 provides a national perspective on aging and housing in the US.

The Colorado State Demography Office's report titled, *Aging in Colorado*, substantiates that what is reported on the national level is also happening here in Colorado. The report states that "the older population in Colorado is an important and growing segment of its population. Colorado has the 4th lowest share among states of its population over the age 65, yet between 2000 and 2010 its population 65 and over grew by 32% (133,552) compared to the state as a whole which grew by 17%. Colorado's growth in its 65 plus population was 4th fastest in the US. Historic migration to Colorado has led to a current age distribution with very few people over the age 65 (11%) and a larger share younger than 65. However, aging of the younger population, especially the 'Baby Boomers' born between 1946 and 1964 is

forecast to increase the population over 65 by 150% between 2010 and 2030.

Chart 1 below shows the change in age group between 2000 and 2010. For all age groups younger than 45, the population grew at or below the state growth rate of 17% (shown dark horizontal line). The fastest growing 5-year age group was the 60-64 increasing by 86% or 124,695. The chart also shows there was a decline in the population 35-44. This decline is due to both the “Baby Boomers” aging out of the age cohort and the “Baby Bust” following the ‘Baby Boom’.”^{xiii}

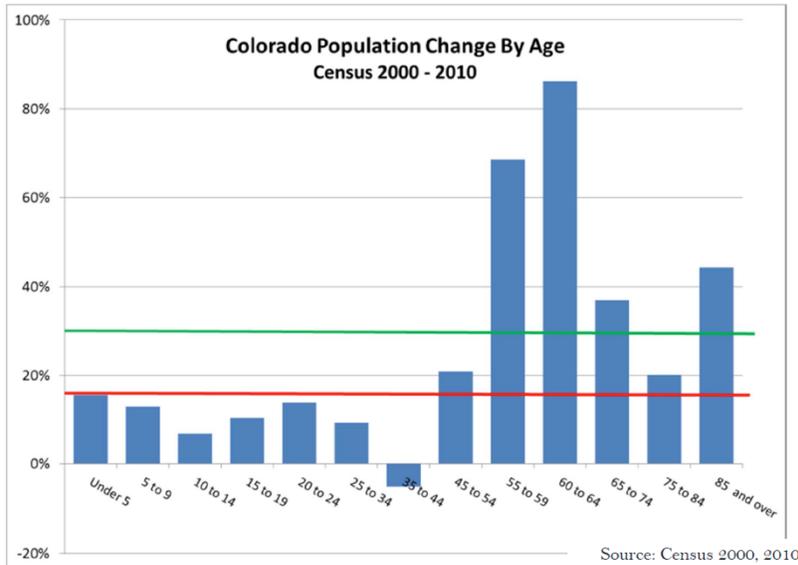
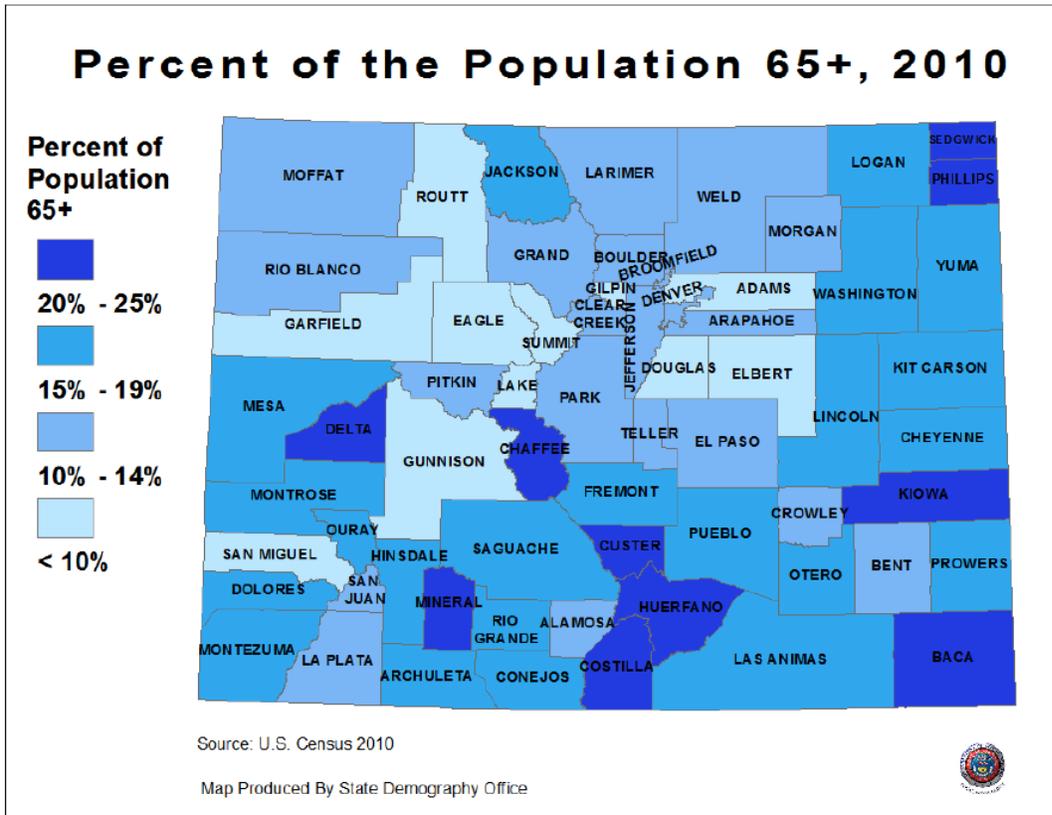


Chart 1 - Source: *Aging In Colorado Report* (State Demography Office)

The *Aging in Colorado* report goes on to say, "The median age in Colorado is 36.1 meaning that 50% of the population is older than 36.1 and 50% is younger. Map 1 shows the percent of the population over 65 years old by county. The darkest shades of blue show the largest share of the population over 65. The Eastern Plains and **San Luis Valley regions of the state have the largest share of their population over 65.** However, over 45% of all Coloradans over 65 live in the four counties of Jefferson, Denver, El Paso and Arapahoe. The share of the population over 65 ranges from a high of 25% in Huerfano County to a low of 5% in Eagle County. Colorado’s share of the population over 65 is 11% and the US average is 13%.”^{xiv}

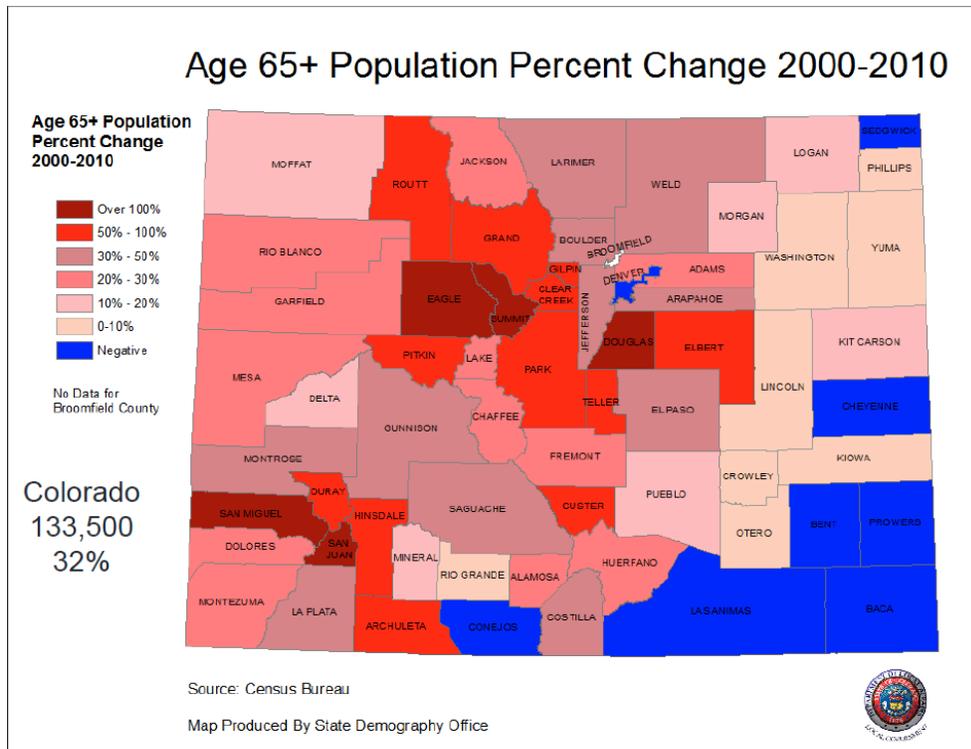
Map 1 shows the growth in population over 65 by county.



Map 1 - Source: Aging In Colorado Report (State Demography Office)

Population Totals and by 65+ by County

County	2000 Total	2000 Share		2010 Total	2010 Share		Total Ch. 2000 - 2010	Pct. Ch. 2000-2010
		2000 65+	65+		2010 65+	65+		
Alamosa	14,966	1,440	9.6%	15,445	1,752	11.3%	312	21.7%
Chaffee	16,242	2,762	17.0%	17,809	328	19.8%	761	27.6%
Mineral	831	144	17.3%	712	164	23.0%	20	13.9%
Rio Grande	12,413	1,822	14.7%	11,982	1,945	16.2%	123	6.8%
Saguache	5,917	641	10.8%	6,108	893	14.6%	252	39.3%



Map 2 - Source: *Aging In Colorado Report* (State Demography Office)

The aging of Colorado is a significant change for two primary reasons: 1. Colorado currently does not have a large share of its population over 65 due to its migration pattern and 2. the “Baby Boomers” age 46-64 in 2010 are 1.3 million strong in Colorado and will be entering the over 65 age cohort over the next 20 years. As mentioned earlier, Colorado has the 4th smallest share of its population over 65, 11% vs 13% for the US. Take a current relatively small number of 65+, 549,629 and add 1.3 million “Baby Boomers” and you get a significant shift. Contrary to some beliefs, Colorado does not have a disproportionately large share of “Baby Boomers”. They are 26% of the population and number 1,346,000 strong but their share of the state’s population ranks 21st in the US.

Between 2010 and 2020 Colorado’s 65+ population is forecast to increase by 61% growing from 549,629 (Chart 1) to 891,970. **This current decade will be the fastest growing decade for the population over 65.** By 2030 the population over 65 is forecast to be 1,242,000. The majority of the increase in the population over 65 will be due to aging rather than migration. After 2030 the growth rate for the 65+ is expected to slow to a similar rate as the total population, an annual average rate of 1.5%. The leading edge of the “Baby Boomers” (aged 55-64 in 2010) will be aging into the 65-74 age cohort by 7% per year or 70% between 2010 and 2020. The US population of the same age will be increasing by 4.2% per year, again demonstrating that Colorado is different than the US average.

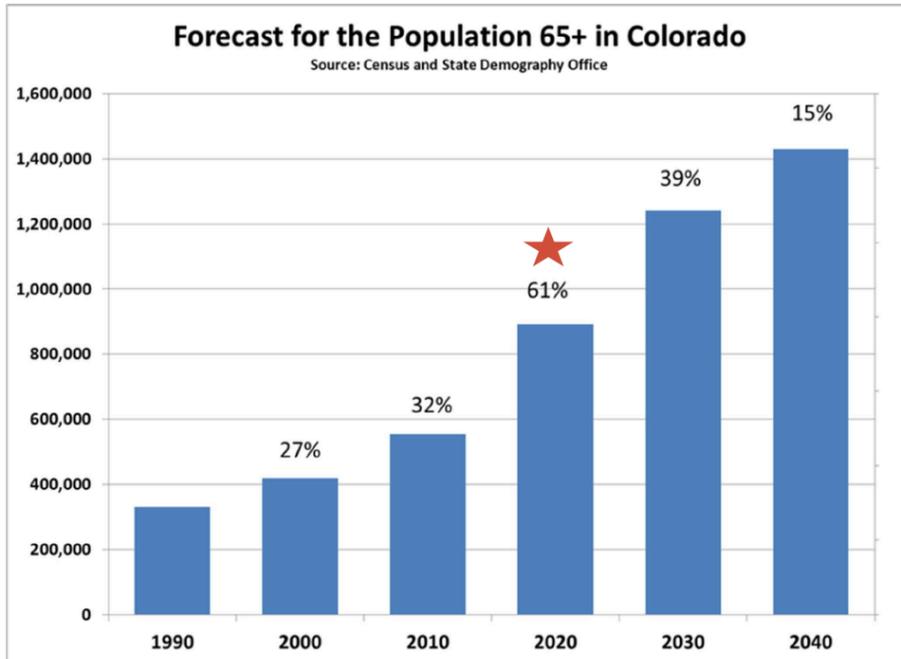
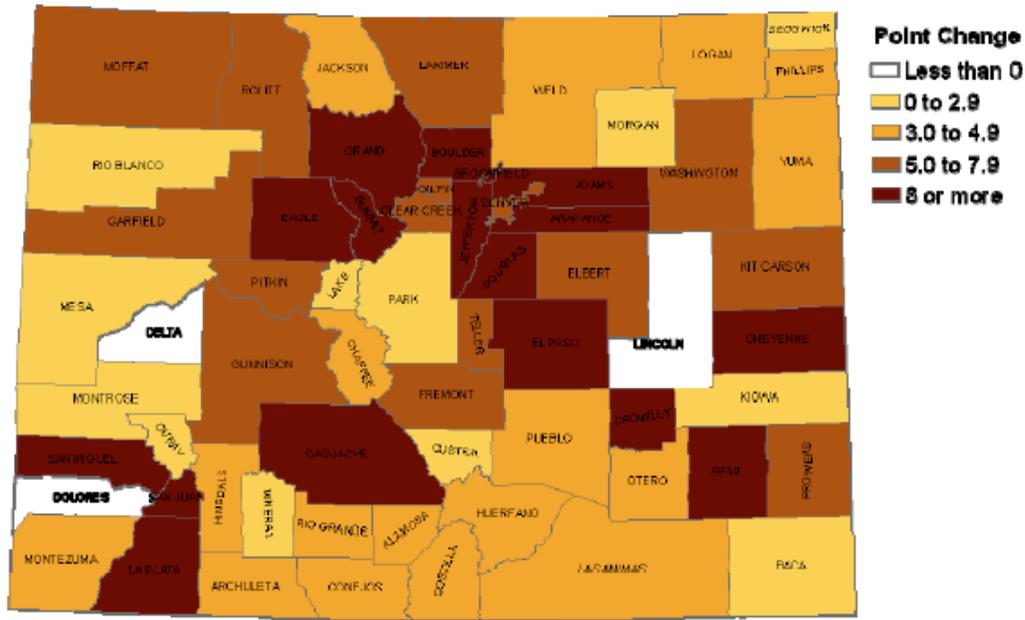


Chart 2- Source: Aging In Colorado Report (State Demography Office)

The forecast growth by county will depend on its current age structure and the migration by age pattern. The current (2010) youngest counties (fewest people over 65) are forecast to age the fastest where the older counties (larger share over 65) will change the least. Map 3 shows from darkest to lightest the fastest growing counties for the 65+ population from 2010 to 2030. Forecast of the population by age by county are as follows:

County	Forecast Population Totals and 65+ by County 2010-2040								Percentage Change for the 65+		
	2010 65+	2010 Total Pop.	2020 65+	2020 Total Pop.	2030 65+	2030 Total Pop.	2040 65+	2040 Total Pop.	Pct Ch. 2010-2020	Pct Ch. 2020-2030	Pct Ch. 2030-2040
Alamosa	1,752	15,445	2,712	17,860	3,542	21,734	3,641	25,949	55%	31%	19%
Chaffee	3,523	17,809	5,325	23,052	6,302	27,700	6,314	30,208	51%	18%	9%
Mineral	164	712	254	870	263	959	211	1,001	55%	3%	4%
Rio Grande	1,945	11,982	2,600	13,887	3,037	15,520	3,059	16,492	34%	17%	6%
Saguache	893	6,108	1,505	7,101	1,725	8,132	1,650	8,940	69%	15%	10%



Map 1 - Source: *Aging in Colorado Report (State Demography Office)*

The *Aging in Colorado* report concludes with the following statement, “The older population in Colorado is an important and growing segment of its population. State and local governments need information on aging populations to implement, evaluate and aid programs that plan services for older adults. It is important to understand the size of the growth itself and why it is so significant in some areas of the state. Baby Boomers have always been in Colorado, first impacting grade schools, then high schools, then universities and the labor force. Now the “boomers” will impact the concept of ‘retirement’ and ‘aging’. The labor force, economy, housing, transportation, health care and public finance will all be impacted by the aging in Colorado. The fastest growth in the 65+ population is this current decade 2010-2020. Colorado must be ready to confront both the challenges and opportunities this growth generates.”^{xv}

County (PMA)/Region (SMA) Analysis

The following chart illustrates the recent and forecasted demographics in both Saguache County (PMA) and the secondary market area (SMA) which includes Saguache County:

Summary of Saguache County (PMA) Demographics

	Census 2000	Census 2010	Estimate 2016	Projection 2021
Population	5,917	6,108	6,238	6,436
Households	2,331	2,652	2,756	2,877
Median Income	\$25,495	\$30,430	\$37,754	\$42,483

Source: Nielsen, Senior Life & US Census

Summary of Aggregate Regional (SMA) Demographics

	Census 2000	Census 2010	Estimate 2016	Projection 2021
Population	50,369	52,056	53,275	55,009
Households	19,571	21,393	22,203	23,213
Median Income	\$31,198	\$40,523	\$42,650	\$46,082

Source: Nielsen, Senior Life & US Census

In the Primary Market Area (PMA) of Saguache County, total population growth from 2000 to 2010 was 3.23% and from 2010 to 2016 it was 2.13% resulting in a current population estimate of 6,238. The population is expected to grow over the next five years and is projected to be 3.17% from 2016 to 2021, with a population projection of 6,436 in 2021.

In the Secondary Market Area (SMA) the regional aggregate total population growth from 2000 to 2010 was -0.34% and from 2010 to 2016 is was 1.23% resulting in a current population estimate of 53,275. The population in the region is expected to increase over the next five years and is projected to be 2.48% from 2016 to 2021, with a total regional population projection of 55,009 in 2021.

Saguache County (PMA) total household growth from 2000 to 2010 was 1.3% per year and is estimated at 0.64% between 2010 and 2016, resulting in a current estimate of 2,756 households. The number of PMA households is expected to grow over the next five years at a rate of 0.86% to 2,877 in 2021.

The regional (SMA) aggregate total household growth from 2000 to 2010 was 0.89% per year and is estimated at 0.62% per year between 2010 and 2016, resulting in a current estimate of 22,203 households. The number of SMA households is expected to grow over the next five years at a rate of 0.89% to 23,213 household.

Saguache County (PMA) housing demographics (2014) are as follows:

Saguache County Housing Demographics (2014)

Total housing units:	3889
Occupied housing units:	2598
Vacant housing units:	1291
Homeowner vacancy rate:	5.8%
Rental vacancy rate:	4.0%
Owner-occupied housing units:	1782
Renter -occupied housing units:	816
Owner-occupied housing units with a mortgage:	900
Owner-occupied housing units without a mortgage:	882
Median resident age:	45.2
Average household size of owner-occupied unit:	2.3
Average household size of renter-occupied unit:	2.54
Median value of owner-occupied units:	\$142,200
Gross rent median of occupied units paying rent:	\$639
No rent paid:	123
Median monthly housing costs for units with a mortgage:	\$1,041
Median monthly housing costs for units without a mortgage:	\$294
Year house built - 2010 or later:	24
2000 to 2009	713
1990 to 1999	775
1980 to 1989	542
1970 to 1979	474
1960 to 1969	240
1950 to 1959	220
1940 to 1949	148
1939 or earlier	753

Source: US Census Fact Finder

In Saguache County, the average household income in 2016 is estimated at \$51,870 while the median is \$37,754. 69% of households were owner-occupied with a median home value of \$141,2904. Renter-occupied housing units accounted for 31% of total occupied units with the median gross rent amount of \$639.

Demographics of the senior population within Saguache County (PMA) consist of the following:

Saguache County (PMA) Senior Demographics

Age Bracket	Census 2000			Pop. Growth	Census 2010		
	Pop. (5,917)	%	Median Income (\$29,495)	3.23%	Pop. (6,108)	%	Median Income (\$30,430)
Age 45 - 54	1000	16.9%	\$31,927		927	15.2%	\$37,339
Age 55 - 64	618	10.4%	\$25,726		1102	18.0%	
Age 65 - 74	362	6.1%	\$21,638		596	9.8%	
Age 75 - 84	217	3.7%	\$18,026		228	3.7%	\$18,636
Age 85+	61	1.0%	\$14,999		69	1.1%	
Age 45 and over	2258	38.2%	-		2922	47.8%	-
Age 55 and over	1258	21.3%	-		1995	32.7%	-
Age 65 and over	640	10.8%	-		893	14.6%	-
Age 75 and over	278	4.7%	-		297	4.9%	-
Age 85 and over	61	1.0%	-		69	1.1%	-

Age Bracket	Pop. Growth	Estimate 2016			Pop. Growth	Projection 2021		
	2.13%	Pop. (6,238)	%	Median Income (\$37,754)	3.17%	Pop. (6,436)	%	Median Income (\$42,483)
Age 45 - 54		792	12.7%	\$50,000	643	10.0%	\$56,830	
Age 55 - 64		1202	19.3%	\$46,434	1208	18.8%	\$52,723	
Age 65 - 74		811	13.0%	\$33,448	946	14.7%	\$39,599	
Age 75 - 84		292	4.7%	\$23,143	340	5.3%	\$24,671	
Age 85+		84	1.3%	\$19,773	96	1.5%	\$21,042	
Age 45 and over		3181	51.0%	-	3233	50.2%	-	
Age 55 and over		2389	38.3%	-	2590	40.2%	-	
Age 65 and over		1187	19.0%	-	1382	21.5%	-	
Age 75 and over		376	6.0%	-	436	6.8%	-	
Age 85 and over		84	1.3%	-	96	1.5%	-	

Source: Senior Life, Nielsen

Source: https://dola.colorado.gov/demog_webapps/pagCategory.jsf

State of Colorado - State Demography Office

http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_5YR_B19049&prodType=table

The total population of seniors age 65 and over in Saguache County (PMA) is projected to change by 69% from 2010 to 2020.

Saguache County (PMA)

2010 65+	893
2010 Total Pop.	6,108
2020 65+	1,505
2020 Total Pop.	7,101
2030 65+	1,725
2030 Total Pop.	8,132
2040 65+	1,650
2040 Total Pop.	8,940
Pct Ch. 2010-2020	69%
Pct Ch. 2020-2030	15%
Pct Ch. 2030-2040	10%

Source: Aging In Colorado, State Demography Office

The regional counties (SMA) housing demographics are as follows:

Regional (SMA) County Housing Demographics (2014)

	Alamosa	Chaffee	Mineral	Rio Grande	Saguache	Regional Aggregate
Total housing units:	6,627	10,170	1,248	6,637	3,889	28,571
Occupied housing units:	5,993	7,735	375	4,741	2,598	21,442
Vacant housing units:	634	2,435	873	1,896	1,291	7,129
Homeowner vacancy rate:	1.5%	1.3%	3.9%	2.5%	5.8%	3.0%
Rental vacancy rate:	3.4%	8.5%	22.5%	4.8%	4.0%	8.6%
Owner-occupied housing units:	3,523	5,855	320	3,132	1,782	14,612
Renter-occupied housing units:	2,470	1,880	55	1,609	816	6,830
Owner-occupied housing units with a mortgage:	2,175	3,308	143	1,820	900	8,346
Owner-occupied housing units without a mortgage:	1,348	2,547	177	1,312	882	6,266
Median age:	30.8	48.9	61.2	40.6	45.2	45.3
Average household size of owner-occupied unit:	2.64	2.13	1.82	2.52	2.3	2.28
Average household size of renter-occupied unit:	2.3	2.37	1.64	2.28	2.54	2.23
Median value of owner-occupied units:	\$142,100	\$265,700	\$280,200	\$126,300	\$142,200	\$142,200
Gross rent median of occupied units paying rent:	\$622	\$817	\$663	\$569	\$639	\$639
No rent paid:	88	78	18	129	123	436
Median monthly housing costs for units with a mortgage:	\$1,034	\$1,444	\$1,378	\$1,049	\$1,041	\$1,049
Median monthly housing costs for units without a mortgage:	\$331	\$325	\$415	\$365	\$294	\$331
Year house built - 2010 or later:	18	67	3	56	24	168
2000 to 2009	847	2,438	241	982	713	5221
1990 to 1999	942	1,942	263	1,007	775	4929
1980 to 1989	940	726	212	795	542	3215
1970 to 1979	1,453	2,000	173	856	474	4956
1960 to 1969	615	807	56	692	240	2410
1950 to 1959	629	511	75	559	220	1994
1940 to 1949	249	186	26	358	148	967
1939 or earlier	934	1,493	199	1,332	753	4711

Source: US Census Fact Finder

In the region (SMA), the aggregate average household income in 2016 is estimated at \$57,971 while the median aggregate is \$41,394. 68% of households were owner-occupied with an aggregate median home value of \$218,452. Renter-occupied housing units accounted for 32% of total occupied units with the median gross rent amount of \$639.

Demographics of the senior population within the Region (SMA) consist of the following:

Regional County Senior Demographics (SMA) (includes PMA)

Age Bracket	Census 2000			Average Pop. Growth	Census 2010		
	Pop. (50,369)	%	Median Household Income (\$31,804)	-0.34%	Pop. (52,056)	%	Median Household Income (\$39,871)
Age 45 - 54	7534	15.0%	\$41,392		7837	15.1%	\$44,867
Age 55 - 64	4982	9.9%	\$40,000		7995	15.4%	
Age 65 - 74	3777	7.5%	\$27,917		4790	9.2%	
Age 75 - 84	2274	4.5%	\$19,167		2520	4.8%	\$30,926
Age 85+	781	1.6%	\$15,000		967	1.9%	
Age 45 and over	19348	38.4%	-		24109	46.3%	-
Age 55 and over	11814	23.5%	-		16272	31.3%	-
Age 65 and over	6832	13.6%	-		8277	15.9%	-
Age 75 and over	3055	6.1%	-		3487	6.7%	-
Age 85 and over	781	1.6%	-		967	1.9%	-

Age Bracket	Average Pop. Growth	Estimate 2016			Average Pop. Growth	Projection 2021		
	1.23%	Pop. (53,275)	%	Median Household Income (\$41,394)	2.48%	Pop. (55,009)	%	Median Household Income (\$44,807)
Age 45 - 54		6255	11.7%	\$50,000	5603	10.2%	\$57,748	
Age 55 - 64		8312	15.6%	\$46,434	8271	15.0%	\$52,723	
Age 65 - 74		6167	11.6%	\$41,184	7311	13.3%	\$47,157	
Age 75 - 84		2740	5.1%	\$24,752	3060	5.6%	\$27,347	
Age 85+		1071	2.0%	\$19,818	1159	2.1%	\$21,042	
Age 45 and over		24545	46.1%	-	25404	46.2%	-	
Age 55 and over		18290	34.3%	-	19801	36.0%	-	
Age 65 and over		9978	18.7%	-	11530	21.0%	-	
Age 75 and over		3811	7.2%	-	4219	7.7%	-	
Age 85 and over		1071	2.0%	-	1159	2.1%	-	

Source: Senior Life, Nielsen

Source: https://dola.colorado.gov/demog_webapps/pagCategory.jsf

State of Colorado - State Demography Office

http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_5YR_B19049&prodType=table

The total population of seniors age 65 and over in the region (SMA) is projected to change by an average of 53% from 2010 to 2020.

Regional Counties (SMA)	
2010 65+	8,277
2010 Total Pop.	52,056
2020 65+	12,396
2020 Total Pop.	62,770
2030 65+	14,869
2030 Total Pop.	74,045
2040 65+	14,875
2040 Total Pop.	82,590
Pct Ch. 2010-2020	53%
Pct Ch. 2020-2030	17%
Pct Ch. 2030-2040	10%

Source: Aging In Colorado, State Demography Office

Section 3 Demographic Data Overview: Key Findings, Conclusions & Recommendations

Key Findings

- America’s older population is in the midst of unprecedented growth. 50 and over population is projected to increase about 20% by 2030 to 132 million.
- Colorado’s growth in its 65 plus population was 4th fastest in the US. “Baby Boomers” (born between 1946 and 1964) is forecast to increase the population over 65 by 150% between 2010 and 2030.
- The San Luis Valley and Eastern Plains regions have the largest share of their population over 65.
- Saguache County (PMA) had a percent change of age 65+ population from 2000 to 2010 of 39.3%; and a 69% change in 65+ population from 2010 to 2020.
- The SMA is forecast to have a percent change of age 65+ population from 2010 to 2020 of 69%.

Conclusions

- The older population is an important and growing segment and local governments need information on aging populations to implement, evaluate and aid programs for seniors.
- In both the PMA and the SMA, the fastest growth in the 65+ population is this current decade 2010 to 2020.

Recommendations

- We recommend that the LWV Board recognize that the window of time to accomplish the project is upon you. The peak of the senior population growth is in 2020 – so this project needs to move quickly to the construction phase.

Indirect Economic Factors

Zoning

The Town of Crestone has zoning regulations that may impact the project if it is located on a site that does not conform to the assigned usage. Although each zone district is primarily intended for a predominant type of use, such as dwellings in residential districts, there are a number of uses which may or may not be appropriate in a particular district, depending upon, for example, the location, nature of the proposed use, character of surrounding development, traffic capacities of adjacent streets and potential environmental effect. These factors may dictate that the circumstances of development should be individually reviewed.^{xvi} This would require an application for approval of conditional use.

Saguache County land use regulations will also impact the LWV if the selected location is within an unincorporated area in Saguache County. All of the unincorporated area of Saguache County is included in an agricultural district, unless otherwise specifically designated.^{xvii} For this reason the LWV will be required to obtain a conditional use permit under Article IV of the Saguache County Land Development Code, section IV.2.1.2 Conditional Uses.

Soil Conditions and Topography

Soil and water are the most important natural resources of Saguache County. Sheep and cattle, crops produced on irrigated farms, and timber are marketable products derived from the soil. Water used for irrigation is obtained from the Rio Grande Rive, Saguache Creek, and small streams and from irrigation wells varying in depths and the amount of water they yield. Some of the irrigation wells and many stock-water and domestic wells are flowing artesian well. The water resource is vital to the agriculture of the area.^{xviii}

Soil conditions and general topography of the land chosen for the LWV will need to consider where septic tanks or sewage systems are anticipated. These factors increase in importance with the size of the development and when raw land is brought into productive use. Adequate analysis of the land's topography will help determine the amount and cost of grading, road configuration, and the best location for such utilities as sewage treatment and water holding tanks. Without a LWV site determined, it is difficult to predict which of these factors will have any impact on the project.

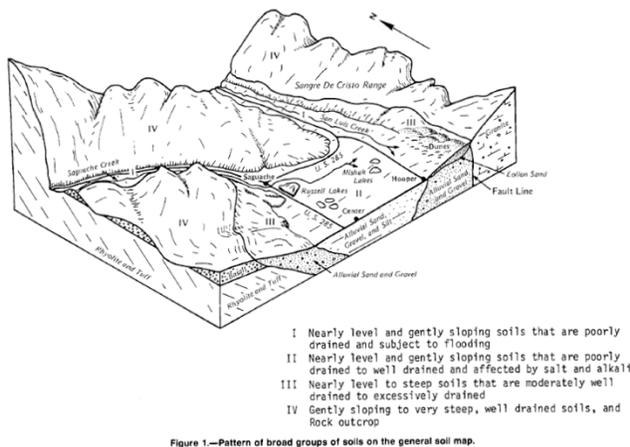
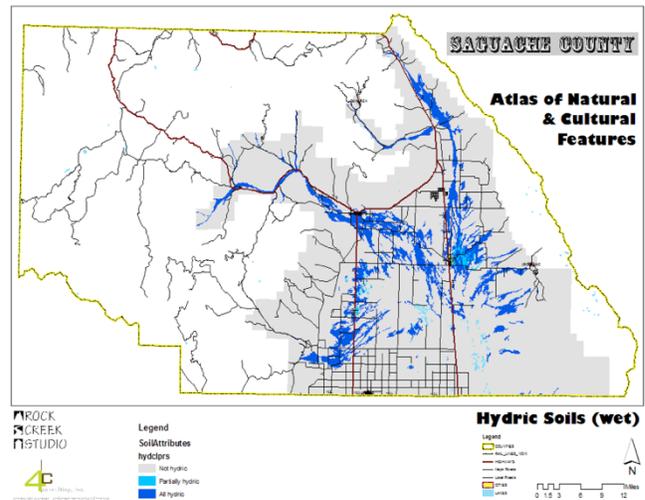


Figure 1.—Pattern of broad groups of soils on the general soil map.



Utilities

Water and sanitation in the unincorporated territory of Saguache County are provided almost exclusively by private wells and septic systems. Exceptions to this are the Baca Grande Water and Sanitation District, which serves the mountain portion of the Baca Grande Subdivision, and the Lazy K-V Estates subdivision, which has a privately-owned water system.

If city water and sewer facilities are presently available at LWV's chosen site there will be less complications to consider in planning, design and financing of the project. However, if LWV chooses a site that is not previously served by city utilities, the development problems could become so complex and costly to solve that the project would not be feasible. In the absence of existing city-supplied utilities, sewage treatment facilities will generally take the form of either a standard central treatment system that is very costly or septic tank systems that require certain spatial requirements and soil conditions that may not exist on a particular site. These factors will also impact the project costs and should be considered when locating a building site.

Additionally, if the site is located within the boundaries of the Baca Grande Water & Sanitation District then rules associated with this special district will apply. A factor which may impact the project if future costs for services rise or the special district imposes additional or increased assessments. If the project is located in the unincorporated part of Saguache County, there will be specific regulations that also apply which could impact project costs.

Xcel Energy and Center Municipal Light & Power are distributors of both electric and natural gas energy. The San Luis Valley and Gunnison Rural Electric Cooperatives distribute electricity only. Propane is a widely used energy source for residents and

businesses and there are several providers of this utility.

Cellular and “land-line” phone, satellite, internet, and cable services are available within Saguache County. Service providers include Centurylink and Colorado Central Telecom. The County has high mountains on three of its sides, and there are certain areas of reduced coverage for some cellular and high speed internet services; however, these areas are acquiring coverage by the installation of new cell towers throughout the Valley.^{xix}

Transportation Linkages

The multimodal transportation system in the region includes numerous state highways, eight general aviation airports, one commercial service airport, and two intercity bus services (with stops in Alamosa, Salida and Buena Vista). There are 10 local/human service transit providers in the region.^{xx}



Multimodal Transportation System At-A-Glance

1,450 lane miles—6.3 percent of the state system

1.8 million VMT—2.3 percent of state VMT

8 general aviation airports—Blanca, Central Colorado Regional in Buena Vista, Leach Field in Center, Mineral County Memorial in Creede, Astronaut Kent Rominger in Del Norte, Monte Vista Airport in Monte Vista, Saguache Municipal in Saguache, and Harriet Alexander in Salida

1 commercial airport—San Luis Valley Regional

10 local/human services transit providers

2 intercity bus providers:

- Chaffee Shuttle
- Black Hills Stage Lines

Transportation linkages to the project will have minimal impact. The Crestone/Baca area is isolated and is primarily serviced by one County Road. However, time and distance to major sources of employment, commercial activities, schools, healthcare and recreational facilities could be a factor in the comparison to existing or planned competitive projects.

Healthcare Systems

Hospitals: Hospitals throughout the region include Heart of the Rockies Regional Medical Center (Salida), San Luis Valley Health (Alamosa), and Rio Grande Hospital & Clinics (Del Norte). The Crestone/Baca area is almost equidistance between all three of these hospitals (approximately 55 miles). Valley-Wide Health Systems has medical clinics throughout the region as does Rio Grande Hospital & Clinics. Each county also has its own Public Health Department which provides limited services.

While the region is fortunate to have 3 hospitals, in most cases they are not equipped to handle specialized problems such as severe head traumas and tumors, invasive heart/cardiovascular procedures, difficult obstetrical concerns, neonatal services, and severe trauma in general. These patients are being transported to Denver, Albuquerque, and other larger cities by ambulance or helicopter.^{xxi}

Pharmacies: There are a number of pharmacies located in the region however none of them are within the Crestone/Baca area or Saguache County (PMA). The closest pharmacies by county include the following:

Alamosa County

- Alamosa Pharmacy - 108 Blanca Avenue, Alamosa,
- City Market Pharmacy - 131 Market St, Alamosa
- Safeway Pharmacy - 1301 Main St, Alamosa
- San Luis Valley Pharmacy - 2431 Main St #5
- Valley-Wide Health Systems, Inc. Pharmacy - 1710 First St, Alamosa
- Walmart Supercenter - 3333 Clark St, Alamosa

Chaffee County

- Walmart Pharmacy - 7865 US 50, Salida
- Safeway Pharmacy - 232 G St, Salida

Rio Grande County

- Rio Grande Pharmacy - 650 Grand Ave., Del Norte
- Jack's Market - 222 Solar Ave., Monte Vista

Ambulance Services: "As of 2013, there were 23 ambulance units covering 7,178 square miles, or one ambulance per 299 square miles. The small number of units and large number of square miles to cover to reach one of the three hospitals is a primary concern. Three air ambulance services provide emergency flights out of the region." ^{xxii} Emergency Medical Services provides EMT services to the area population and has a new state of the art ambulance with 24/7 availability. These services are covered through the Baca Grande Property Owners Association budget.

Physicians: "Physicians, nurses, and specialized technicians are in short supply, due in part to the lower income population and ability to pay. Specialized physicians such as orthopedic surgeons, urologists, ENTs, radiologists, cardiologists, and ob-gyns are hard to retain due to lower pay and working conditions. SLV Health and VWHS have restructured their pay system for doctors, and are working towards better recruitment and retention. Other health services have good coverage in the region. Physical therapy centers are usually based in nursing homes, with aging population the largest clientele." ^{xxiii}

Grocery Stores: The Crestone/Baca area has two grocery stores that would be available to the residents of the senior housing community. In addition, there are a number of grocery stores located in adjacent communities throughout the PMA and SMA areas. The following grocery stores are located within the Crestone/Baca area:

- Crestone Mercantile - 182 E. Galena Ave., Crestone
- Elephant Cloud Market - 200 Cottonwood St., Crestone

Parking

In the Town of Crestone there are specific parking regulations for off-street parking and loading as per Regulation X: Off-Street Parking and Loading. Section X-11 lists the parking requirements for specific uses including Resident Uses, specifically, "Housing restricted to aged, disabled, etc.: one-half space per unit." ^{xxiv} The planned parking allotment of 32 surface parking spaces for the LWV conforms to the regulations for the Town of Crestone.

If the designated LWV is within unincorporated Saguache County, there will be specific "open space" requirements (if a Subdivision or Planned Unit Development format is used) that may impact the project. According to Saguache County Land Development Code's Open Space Requirement reads, "The plan shall provide a percentage as

calculated by a formula of the total area to be dedicated or reserved for 'open space' land, exclusive of required parking and streets."^{xxv}

Environmental Impacts

The principle concerns with regard to the project's impact on air, water and noise pollution are minimal. Special attention should be paid to the land planning and landscaping concepts in an effort to enhance rather than to detract from the physical qualities of the future site.

There are several wild animal habitats that exist in the Crestone/Baca area and Saguache County including: eagles, big horn sheep, black bear, elk, geese, Gunnison sage grouse, lynx, moose, mule deer, and pronghorn.

Governmental Impacts

The project's potential impact on essential government services is limited to police and fire protection. It is not anticipated that the requirements of the LVW will exceed the existing capacity of community services since it is anticipated that most of the future residents of the LVW will come from within the county. Therefore, the projected population at full development will not appreciably alter prevailing ratios of police and firefighters and thus will provide little concern that the development would put a strain on the ability of the government to provide essential services.

Prevailing Public Attitudes

The LVW Board of Directors partnered with the Adams State University, School of Business, to conduct a region-wide public opinion survey. Three marketing students were supervised by Assistant Professor of Marketing, Liz Thomas Hensley, PhD, to develop an online survey. The online survey was created in February 2016 and in March 2016 the students distributed the online survey link to the list of contacts obtained from LVW Board members. The list of contacts included a total of 122 names and addresses; primarily in and around the Crestone/Baca area. These 122 contacts received a postcard in their mail box in March asking them to take the survey. Responses were collected from April through May 2016 using SurveyMonkey and a total of 85 individuals completed the survey.

The following analysis of the SurveyMonkey data was provided by Dr. Liz Thomas Hensley:

A postcard was sent to a supplied mailing list and to the post office boxes in Crestone. The URL link to the survey on Survey Monkey was on the post card. One limitation was some of the people who received the post card had a hard time typing the URL in properly and had troubles opening the link.

There were 85 responses. 58% of the respondents were men, 38% were women, and 4% preferred not to answer. 12% were younger than 50, 38% were between the ages of 51-65, 50% were over the age of 66. The majority (90 %) of the respondents classified themselves as white/Caucasian.

Question 4 asked the respondents what was their average household income. This question did not give valuable information. The reason is that many of the respondents are not working full-time or working at all. This was realized by the responses to question 5. 69% of the respondents stated they were retired or worked part-time. Obviously, that means, for many, household income is not the primary source for some of their budgetary monies. The responses to this question did not help assess their ability to pay for a space in the Living Wisdom community.

43% of the respondents are single and 55% are in a relationship or are married. 86% of the respondents live in Crestone (this is not surprising as most of the postcards were sent to Crestone addresses). 25% of the respondents have lived in Crestone for 1-5 years, 26% lived in Crestone for 6-10, years, 33% lived in Crestone 11-20 years, and 16% lived in Crestone for 20 years or more. These results were fairly evenly distributed. The words that were used the most often when asked why did you decide to move to Crestone are: spiritual, community, mountains, quiet, beauty, alternative, and nature. The previous residence that was mentioned the most was: Santa Fe, Denver, Boulder, Front Range, and Durango.

74% of the respondents own their home currently. 21% currently rent and the other 5% do something other than rent or own.

55% of the respondents see themselves living in a senior living community at some point of their life. 40% of the respondents see themselves living in a senior living community in Crestone. Many of the 60% that said no did explain that they just did not know at this point if that would be an option for them or if they were going to make that choice in the future.

When looking at the 40% (27 respondents) who could see themselves living at a senior living community in Crestone - 33% see themselves moving there in under 10 years, 56% see themselves moving there in over 10 years, and 11% are unsure of when they think the move would happen.

The Living Wisdom: Elders Creating Community is known in the Crestone community. 81% of the total respondents have heard of Living Wisdom: Elders Creating Community. Some of the ways that were mentioned the most on how they heard about the Living Wisdom Community are: word of mouth, meetings, friends, Crestone Eagle, and the survey request postcard.

Many activity options (14) were given for the respondents to rank. The top five were dining, provided transportation, quiet space, wi/fi, and exercise area.

The question of what would bring you joy each day if you lived in the Living Wisdom community produced the following responses: community, nature, friends, good food, quiet, and solitude.

Many would be interested in oversight responsibilities as a member of the Living Wisdom community. There were many comments of the need of more clarification and what this responsibility would look like.

At this point 88% of the 27 that see themselves living at a senior living community in Crestone do not feel they have any special needs or requests in order to maintain their Independence. Nurse, health care, massage, physical therapy, and exercise were the top terms mentioned when asked what health services would you like available in the senior living community.

Of the ones interested in the Living Wisdom community 10% would be willing to pre-buy, 24% would be willing to buy a unit, 37% would prefer to rent, and only 5% would like to see a time share. 24% could not make a decision until they had more information about costs.

80% of the respondents found the website useful. When asked about other thoughts and concerns about the project many responses were made. Things from costs, to privacy, to allowance of animals, to medical concerns were mentioned.

This research has supported the fact that there is interest in the Living Wisdom community in Crestone. The recommendation would be to do further research. Because the target market is an older demographic the survey could be set up so volunteers can encourage participation in person and have laptops or tablets with the survey set up. At this point facilitated focus groups would be beneficial to get some feedback on specific needs and wants. The time has come to research how this vision can become a reality.

Section 4 Indirect Economic Factors: Key Findings, Conclusions & Recommendations

Key Findings

- Both the Town of Crestone and Saguache County have zoning regulations for non-conforming use.
- Water and soil are important natural resources in the Crestone/Baca area.
- Utilities such as water and sanitation in unincorporated Saguache County are provided exclusively by private well and septic systems. The exception to this are the Baca Grande Water and Sanitation District and Lazy K-V Estates subdivisions which have privately-owned water systems.

- There are a wide variety of transportation options throughout the region. However, the Crestone/Baca area is remote and not directly serviced by bus routes.
- There are no hospitals or pharmacies in the PMA; however, there is an ambulance service that provides service to the Crestone/Baca area.
- There are healthcare providers of all types in the SMA region.
- There are both parking and open-space requirements within the Town of Crestone and Saguache County.
- The project's impact on essential government services is limited to police and fire protection.
- The prevailing public attitude findings are primarily from within the Crestone/Baca area; very few are from the greater Saguache County region and none from outside the PMA.
- Twenty-seven (27) survey respondents (out of the 85 total respondents) stated that they would see themselves living in a senior housing community in Crestone at sometime in the future.

Conclusions

- Whether the location of the LWV project is within the Town of Crestone or Saguache County there will be zoning regulations that impact the project.
- Adequate analysis of the land's topography will help determine the amount and cost of grading, road configuration and best location for utilities.
- If city water and sewer facilities are available at the LWV chosen site there will be less complications to consider in planning, design and financing the project.
- If LWV chooses a site not served by city utilities, the problems could become so complex and costly to solve that the project would not be feasible.
- Time and distance to major sources of employment, commercial activities, healthcare and recreational facilities could be a factor in marketability of the project.
- Impact on air, water and noise pollution are minimal.
- The requirement of the LWV will not exceed the existing capacity of community services.

Recommendations

- We recommend that when considering a location for the project, the LWV Board be very clear about the specific zoning impacts for each of the locations selected. These may impact the affordability of the project.
- We recommend that when choosing a location for the LWV, the Board consider soil and general topography as factors in septic tanks or sewage systems decisions.

- We recommend that when choosing a location for the LWV, consideration be made for utilities. A clear cost analysis needs to be conducted to be sure that the utility costs do not make the project undoable.
- We recommend that when marketing the project, the LWV Board consider clearly describing the nature of this remote area and provide solutions for the transportation issues inherent in the rural location.
- We recommend that when designing the final LWV, the LWV Board consider parking and open-space requirements when choosing a location for the project.
- We recommend that special attention be paid to the land planning and landscaping concepts in an effort to enhance rather than to detract from the physical qualities of the future site.
- We recommend that the LWV Board consider expanding the public opinion survey to the larger SMA region and other potential market areas outside of the Crestone/Baca area.
- We recommend keeping an open line of communications with the Crestone/Baca community, particularly the 27 survey respondents who said they would actually be interested in living in this community in the future.

Direct Economic Factors - Market Conditions

Supply – Description of Current Inventory

The senior housing market in the PMA is very limited with zero (0) independent living housing options and only one (1) senior/disabled subsidized apartment complex in the Town of Center. The only assistance for seniors is through the PCP Agency that is part of the Saguache County Department of Public Health which provides in-home personal care and home-making services to approximately forty-two (42) clients in Saguache County.

The senior housing market in the SMA region is comprised of two (2) independent living communities and nine (9) senior and senior/disabled apartments. All of these senior housing options are located at distances between 56 to 76 miles from the Crestone/Baca area. The following is a compilation of the senior housing supply within the PMA & SMA:

PMA & SMA Supply Summary

Property	Type	Location	Total # of		Total # of Market Rate Units
			of Units	Subsidized Units	
The Bridge at Alamosa	Independent Living	Alamosa (SMA)	70	0	70
Legacy at Monte Vista	Independent Living	Monte Vista (SMA)	35	12	23
IL Sub-TOTAL			105	12	93
Mountain View Manor	Senior Apartments	Monte Vista (SMA)	33	31	2
Sunrise Manor	Senior Apartments	Buena Vista (SMA)	40	40	0
La Hacienda	Senior Apartments	Del Norte (SMA)	24	24	0
Casas De Rio Grande	Senior Apartments	Del Norte (SMA)	28	28	0
Cielo Vista Apartments	Senior & Disabled Apartments	Center (PMA)	24	23	1
Casita De la Luna	Senior & Disabled Apartments	Alamosa (SMA)	28	27	1
Mount Blanca View Apartments	Senior & Disabled Apartments	Alamosa (SMA)	24	22	2
Trotten Manor	Senior & Disabled Apartments	Alamosa (SMA)	26	19	7
Salida Apartments	Senior & Disabled Apartments	Salida (SMA)	48	43	5
SA Sub-TOTAL			275	257	18
TOTALS			380	269	111

The Land Use office in Saguache County (PMA) indicated that there are currently no independent living or senior housing apartments either being built or planned to be built. There have been rumors that there is a possibility that The Bridge at Alamosa may be interested in obtaining a vacant building, within the Crestone Town limits, to possibly provide an assisted living option in Crestone. After speaking to Carol Riggerbach, the rumor is incorrect. Carol was asked to be a resource and provide some advice to a group interested in assisted living options in Crestone. An assisted living project would not impact the viability of the LWV project.

Carol did provide additional information about an independent living project currently in the development phase in Poncha Springs (in the SMA) called Poncha Mesa that includes approximately 50 units of assisted living and an undetermined independent living option (to be build as needed/requested) that will break-ground in the fall of 2016 and expects to open its doors in the fall of 2017.

In order to obtain a better understanding of the regional senior housing market, below are the primary competitors, summarized in the following tables:

Primary Competitors - Rental Rate Summary

Property	Rates (per month)	Units
The Bridge at Alamosa	\$3,675 - \$6,500	70
Legacy at Monte Vista	\$2,320 - \$4,490	35
Mountain View Manor	\$250 - \$699 (30% of AGI)	33
Sunrise Manor	\$250 - \$600 (30% of AGI)	40
La Hacienda	\$525 - \$600 (30% of AGI)	24
Casas De Rio Grande	\$525 - \$600 (30% of AGI)	28
Cielo Vista Apartments	\$563 - \$709 (30% of AGI)	24
Casita De la Luna	\$540 - \$645 (30% of AGI)	28
Mount Blaca View Apartments	\$550 - \$744 (30% of AGI)	24
Totten Manor	\$493 - \$648 (30% of AGI)	26
Salida Apartments	(not provided) 30% of AGI	48
Total		380

Primary Competitors - Occupancy Summary

Property	Overall Occupancy	Wait List
The Bridge at Alamosa	93% (65 out of 70)	Yes - 4
Legacy at Monte Vista	100% (4 out of 4) for duplex and 93% (29 of 31) for apt bldg.	No
Mountain View Manor	81% (26 out of 32)	No
Sunrise Manor	100% (40 out of 40)	Yes - 18
La Hacienda	100% (24 out of 24)	Yes - 8
Casas De Rio Grande	89% (25 out of 28)	Yes - 4
Cielo Vista Apartments	100% (24 out of 24)	Yes - 0
Casita De la Luna	100% (27 out of 27)	Yes - 14 (1BR) & 2 (2BR)
Mount Blaca View Apartments	97% (22 out of 24)	Yes - 0
Totten Manor	92% (24 out of 26) Two are not occupied due to fire damage.	Yes - 0
Salida Apartments	Not provided	Not provided

Demand Analysis

Primary Market Area (PMA): INDEPENDENT LIVING

The analysis of demographic statistics utilizes the latest available data from The Nielsen Company's Senior Life report for the PMA obtained in April 2016.

A major factor in estimating potential market demand for communities involves an analysis of the number of residents with the PMA that are qualified for residency in terms of age and income level. Prospective residents for an independent living community are generally 75 years of age or older and have sufficient income or assets to cover monthly rental fees and other living expenses.

Estimating demand for senior living services is very qualitative and varies between markets. The demand process begins with a senior population. The following chart summarizes the senior population as well as adult children within the PMA:

Saguache County (PMA) Senior Demographics

Age Bracket	Census 2000		Census 2010		Estimate 2016		Projection 2021	
	Pop.	%	Pop.	%	Pop.	%	Pop.	%
Total Population	5917		6108		6238		6436	
Age 45 - 54	1000	16.9%	927	15.2%	792	12.7%	643	10.0%
Age 55 - 64	618	10.4%	1102	18.0%	1202	19.3%	1208	18.8%
Age 65 - 74	362	6.1%	596	9.8%	811	13.0%	946	14.7%
Age 75 - 84	217	3.7%	228	3.7%	292	4.7%	340	5.3%
Age 85+	61	1.0%	69	1.1%	84	1.3%	96	1.5%
Age 45 and over	2258	38.2%	2922	47.8%	3181	51.0%	3233	50.2%
Age 55 and over	1258	21.3%	1995	32.7%	2389	38.3%	2590	40.2%
Age 65 and over	640	10.8%	893	14.6%	1187	19.0%	1382	21.5%
Age 75 and over	278	4.7%	297	4.9%	376	6.0%	436	6.8%
Age 85 and over	61	1.0%	69	1.1%	84	1.3%	96	1.5%

Chart 2 - Source: Nielsen Senior Life Report

The demand rates utilized are derived from a series of studies on needs of the elderly. The Agency for Healthcare Research & Quality (AHRQ) provides practical health care information, research findings, and data to help make health care safer, higher quality, more accessible, equitable and affordable. AHRQ developed a study that indicated the need for assistance with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL) by age cohort 65 to 74, 75 to 84 and 85 and older. IADL includes transportation, meals and housekeeping. Since the target market for senior living facilities are seniors over the age of 75, the upper two age cohorts have been utilized. According to the American Seniors Housing Association (ASHA), the mean age of independent living residents is 80.6, with most residents moving in between the ages of 75 to 84.

NEED FOR ADL or IADL

Ages 75 to 84	47.20%
Ages 85 and over	72.40%

Source: Agency for Healthcare Research & Quality

The following chart applies the rates of those requiring assistance for one ADL or IADL to the age-qualified population to arrive at total age-qualified demand for the PMA.

2016 OVERALL DEMAND

Age	75 - 84	85+
Population	292	84
Acuity Demand Rate	x 47.2%	72.4%
Age and Acuity Qualified Demand	138	61
Total Age and Acuity Qualified Demand	199	

2021 OVERALL DEMAND

Age	75 - 84	85+
Population	340	96
Acuity Demand Rate	x 47.2%	72.4%
Age and Acuity Qualified Demand	160	70
Total Age and Acuity Qualified Demand	230	

The above demand figures estimate total age-qualified and acuity-qualified demand for seniors housing service within the PMA. The next step is to narrow the demand estimate to those who can afford senior housing services and are therefore income qualified. As with many services, income levels are a major factor that influences the type of care seniors will seek.

The average cost of independent living in Colorado is \$2,286. Independent living costs range from \$1,145 to \$4,060 depending on location and other factors. In the comparable market place costs range from \$2,320 to \$6,500 per month. For calculation purposes in this study, a minimum monthly fee of \$3,506 would be required for a one bedroom/one bath unit in the PMA. This amount, multiplied by 12 months and assuming that the rental fee would account for 60% of all living expenses, indicates that a minimum annual income of \$75,438 would be required for private pay independent living residency.

Since the target resident will pay for senior housing services with after-tax dollars but the demographic data reports pre-tax income, the study adjusts the required income levels for taxes assuming an average 15% tax rate. Applied to the required income by a factor of 0.85 to calculate the before-tax income level required for residency as detailed in the following chart.

Recognizing that many individuals will sell a primary residence prior to moving into a seniors housing community, the estimated number of households that could use interest on home equity to fund residency at the independent living community is used. According to Nielsen Senior Life report, 69% of seniors in the PMA own their

residences that have a median value of \$141,904. According to a Housing Assistance Council report titled, *Housing an Aging Rural America: Rural Seniors and their Homes*, “over 83.2 percent of rural and small town senior households are owner occupied compared to 78.9 percent of all elderly households and 66.6 percent of all households nationally. Moreover, 74.9 percent of rural and small town households with at least one individual over the age of 65 own their homes outright and no longer make mortgage payments.”^{xxvi} Assuming the average equity ratio of 75% and investment in these proceeds at a safe rate of 4%, these households have an additional \$2,937 to contribute towards annual income.

These Nielsen estimates do not include other sources that could also fund residency such as stocks, bonds and other liquid assets or assistance from family members. Therefore, an additional 5% of income has been estimated to be attributable to these sources for a contribution of \$4,125 for independent living residents. Subtracting these income sources results in adjusted annual income of \$75,438 for independent living residency, as shown in the following chart.

PMA ANNUAL INCOME NEEDED		
		Independent Living
Minimum Monthly Fee		\$3,506
Monthly Fee as Percentage of Monthly Income	÷	60%
Monthly Income Needed (After Tax)		\$5,844
Annualized	×	12
Annual Income Needed (After Tax)		\$70,125
Tax Rate	÷	15%
Annual Income Needed (Before Tax)		\$82,500
Less Additional Income From Home Equity	—	\$2,937
Less Additional Income From Other Sources (5%)	—	\$4,125
Adjusted Annual Income Needed (Rounded)		\$75,438

Senior householders within the PMA have the following breakdown of income levels:

PMA HOUSEHOLDER INCOME (AGES 75-84)

Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	73	25.98%	79	23.65%
\$15,000 - \$24,999	92	32.74%	100	29.94%
\$25,000 - \$34,999	36	12.81%	44	13.17%
\$35,000 - \$49,999	41	14.59%	47	14.07%
\$50,000 - \$74,999	18	6.41%	27	8.08%
Over \$75,000	21	7.47%	37	11.08%
Total	281	100%	334	100%

PMA HOUSEHOLDER INCOME (AGES 85+)

Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	21	33.33%	22	30.14%
\$15,000 - \$24,999	22	34.92%	24	32.88%
\$25,000 - \$34,999	7	11.11%	10	13.70%
\$35,000 - \$49,999	7	11.11%	7	9.59%
\$50,000 - \$74,999	2	3.17%	4	5.48%
Over \$75,000	4	6.35%	6	8.22%
Total	63	100%	73	100%

Those with insufficient income are likely to require care from family members or friends, considered to be informal caregivers. Those with sufficient income to cover the costs of senior housing will likely choose to do so if needed rather than become a burden on their loved ones. Those whose income exceeds approximately \$100,000 per year have the option to choose between home health, senior housing, and informal care. It is estimated that 50% of those earning over \$75,000 will elect the full range of services that senior housing offers to accommodate their needs and live in an environment with their peers.

For private pay independent living, based on the income ranges of \$50,000 to \$75,000, and 50% of those earning above \$75,000, there are 10.90% of seniors that are currently income qualified for residency, which will change to 15.85% by 2021. These calculations are shown in the table below.

PMA INCOME QUALIFICATION RATIO - INDEPENDENT LIVING

		2016	2021
75+ Households with income \$75,000 and above		25	43
% Household >\$75,000 choosing against Home Health (50%)	+	13	22
Total		38	65
Number of Total Senior Householders	÷	344	407
Income Qualified Demand Ratio		10.90%	15.85%

Applying these ratios to the age-qualified population results in the number of total age and income qualified seniors for private ay independent living as shown below:

PMA - AGE, ACUITY & INCOME QUALIFIED DEMAND - INDEPENDENT LIVING

Year		2016	2021
Age and Acuity Qualified Demand		199	230
Percent with Qualifying Income	×	10.90%	15.85%
Age, Acuity & Income Qualified Demand		22	36

Using an estimated PMA population acuity mix based on a regional average that is supported by this type of area since there are no independent living communities in the PMA. Experience firms (who conduct market studies throughout the country) find this measure to be reliable in metropolitan areas and reconcile to 25.0% for independent living. However, due to the nature of this rural region and absence of independent living communities, we will use 50% market share rate. Applying this percentage to the qualified demand results in the following gross demand figures:

PMA - INDEPENDENT LIVING MARKET SHARE

Year		2016	2021
Age, Income & Acuity Qualified Demand		22	36
Market Share	×	50%	50%
Total Independent Living Demand		11	18

The next step in determining demand is to apply a migration rate to the overall senior population within the PMA. The migration rate is an estimated percentage of seniors moving into or out of the PMA. One of the primary reasons elderly move to another market is to move closer to their children. Consequently, every market will contain a percentage of seniors who are willing to in-migrate or out-migrate from or to an outside market. In order to estimate the overall migration, we have looked at the adult children population (ages 45-64) within the defined market.

A high proportion of adult children to seniors over 75 will result in an in-migration of seniors and a large draw from secondary markets. A low proportion of adult children will result in an out-migration of seniors resulting in a smaller draw from the secondary markets. The PMA contains 1,994 adult children aged 45-64 and 376 seniors aged 75 and over. The ratio of adult children to seniors aged 75 and older is 5.30 for the market, which is 124.1% of the national average of 4.27. This indicates in-migration patterns in the PMA.

To quantify the in-migration, we have used data from the *Overview of Assisted Living* which surveyed resident relocation distances. According to the data, 36.5% of residents residing in independent living communities relocated from over 11 miles, which may be attributed to the location of adult children. We then multiply this component of demand by 124.1% ratio of the typical proportion of adult children to result in an adult children demand component of 45.3% for the PMA. The resulting difference from the survey data represents the PMA migration level and direction, which in this case indicates in-migration of 9.7% (45.3% - 35.6% = 9.7%)

The following chart displays the final steps of subtracting current and proposed supply from gross demand to arrive at a final net or excess demand for senior housing services. However, there are no independent living communities with the PMA, so the gross demand figure is the same as the net demand figure:

PMA - NET DEMAND - INDEPENDENT LIVING		
Year		2016 2021
Gross Demand		11 18
In-Migration	+	9.7% 9.7%
Total Gross Demand		12 20
Less: Supply	-	0 0
Net Independent Living Demand		12 20

Based on the above calculations there is currently excess demand in the market in the amount of 12 independent living units, indicating an undersupplied market. The supply/demand relationship changes to a net demand of 20 units in 2021 assuming no other unexpected facilities are added and the current demographic trends continue.

Secondary Market Area (SMA): INDEPENDENT LIVING

The same process is used to calculate the SMA demand for independent living. The analysis of demographic statistics utilizes the latest available data from The Nielsen Company's Senior Life report for the SMA obtained in April 2016. The following chart summarizes the senior population as well as adult children within the SMA:

Secondary Market Area (SMA) includes PMA Senior Demographics

Age Bracket	Census 2000		Census 2010		Estimate 2016		Projection 2021	
	Pop.	%	Pop.	%	Pop.	%	Pop.	%
Total Population	50,369		52,056		53,275		55,009	
Age 45 - 54	7,534	15.0%	7,837	15.1%	6,255	11.7%	5,603	10.2%
Age 55 - 64	4,982	9.9%	7,995	15.4%	8,312	15.6%	8,271	15.0%
Age 65 - 74	3,777	7.5%	4,790	9.2%	6,167	11.6%	7,311	13.3%
Age 75 - 84	2,274	4.5%	2,520	4.8%	2,740	5.1%	3,060	5.6%
Age 85+	781	1.6%	967	1.9%	1,071	2.0%	1,159	2.1%
Age 45 and over	19,348	38.4%	24,109	46.3%	24,545	46.1%	25,404	46.2%
Age 55 and over	11,814	23.5%	16,272	31.3%	18,290	34.3%	19,801	36.0%
Age 65 and over	6,832	13.6%	8,277	15.9%	9,978	18.7%	11,530	21.0%
Age 75 and over	3,055	6.1%	3,487	6.7%	3,811	7.2%	4,219	7.7%
Age 85 and over	781	1.6%	967	1.9%	1,071	2.0%	1,071	1.9%

Chart 3 - Source: Nielsen Senior Life Report

The demand rates utilized are derived from a series of studies on needs of the elderly. The Agency for Healthcare Research & Quality (AHRQ) provides practical health care information, research findings, and data to help make health care safer, higher quality, more accessible, equitable and affordable. AHRQ developed a study that indicated the need for assistance with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL) by age cohort 65 to 74, 75 to 84 and 85 and older. IADL includes transportation, meals and housekeeping. Since the target market for senior living facilities are seniors over the age of 75, the upper two age cohorts have been utilized. According to the American Seniors Housing Association (ASHA), the mean age of independent living residents is 80.6, with most residents moving in between the ages of 75 to 84.

NEED FOR ADL or IADL

Ages 75 to 84	47.20%
Ages 85 and over	72.40%

Source: Agency for Healthcare Research & Quality

The following chart applies the rates of those requiring assistance for one ADL or IADL to the age-qualified population to arrive at total age-qualified demand for the SMA.

SMA - 2016 OVERALL DEMAND

Age		75 - 84	85+
Population		2740	1071
Acuity Demand Rate	x	47.2%	72.4%
Age and Acuity Qualified Demand		1,293	775
Total Age and Acuity Qualified Demand			2,069

SMA - 2021 OVERALL DEMAND

Age		75 - 84	85+
Population		3060	1159
Acuity Demand Rate	x	47.2%	72.4%
Age and Acuity Qualified Demand		1,444	839
Total Age and Acuity Qualified Demand			2,283

The above demand figures estimate total age-qualified and acuity-qualified demand for seniors housing service within the SMA. The next step is to narrow the demand estimate to those who can afford senior housing services and are therefore income qualified. As with many services, income levels are a major factor that influences the type of care seniors will seek.

The average cost of independent living in Colorado is \$2,286. Independent living costs range from \$1,145 to \$4,060 depending on location and other factors. In the comparable market place costs range from \$2,320 to \$6,500 per month. For calculation purposes in this study, a minimum monthly fee of \$3,506 would be required for a one bedroom/one bath unit in the SMA. This amount, multiplied by 12 months and assuming that the rental fee would account for 60% of all living expenses, indicates that a minimum annual income of \$75,438 would be required for private pay independent living residency.

Since the target resident will pay for senior housing services with after-tax dollars but the demographic data reports pre-tax income, the study adjusts the required income levels for taxes assuming an average 15% tax rate. Applied to the required income by a factor of 0.85 to calculate the before-tax income level required for residency as detailed in the following chart.

Recognizing that many individuals will sell a primary residence prior to moving into a seniors housing community, the estimated number of households that could use interest on home equity to fund residency at the independent living community is used. According to Nielsen Senior Life report, 68% of residents (age 45+) in the SMA own their residences that have a median value of \$218,452. According to a Housing Assistance Council report titled, *Housing an Aging Rural America: Rural Seniors and their*

Homes, “over 83.2 percent of rural and small town senior households are owner occupied compared to 78.9 percent of all elderly households and 66.6 percent of all households nationally. Moreover, 74.9 percent of rural and small town households with at least one individual over the age of 65 own their homes outright and no longer make mortgage payments.”^{xxvii} Assuming the average equity ratio of 75% and investment in these proceeds at a safe rate of 4%, these households have an additional \$4,456 to contribute towards annual income.

These Nielsen estimates do not include other sources that could also fund residency such as stocks, bonds and other liquid assets or assistance from family members. Therefore, an additional 5% of income has been estimated to be attributable to these sources for a contribution of \$4,125 for independent living residents. Subtracting these income sources results in adjusted annual income of \$73,919 for independent living residency, as shown in the following chart.

SMA ANNUAL INCOME NEEDED		Independent Living
Minimum Monthly Fee		\$3,506
Monthly Fee as Percentage of Monthly Income	÷	60%
Monthly Income Needed (After Tax)		\$5,844
Annualized	×	12
Annual Income Needed (After Tax)		\$70,125
Tax Rate	÷	15%
Annual Income Needed (Before Tax)		\$82,500
Less Additional Income From Home Equity	—	\$4,456
Less Additional Income From Other Sources (5%)	—	\$4,125
Adjusted Annual Income Needed (Rounded)		\$73,919

Senior householders within the SMA have the following breakdown of income levels:

SMA HOUSEHOLDER INCOME (AGES 75-84)

Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	419	21.44%	445	20.22%
\$15,000 - \$24,999	414	21.19%	435	19.76%
\$25,000 - \$34,999	289	14.79%	317	14.40%
\$35,000 - \$49,999	326	16.68%	353	16.04%
\$50,000 - \$74,999	250	12.79%	295	13.40%
Over \$75,000	256	13.10%	356	16.17%
Total	1,954	100%	2,201	100%

SMA HOUSEHOLDER INCOME (AGES 85+)

Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	237	31.10%	246	29.36%
\$15,000 - \$24,999	186	24.41%	195	23.27%
\$25,000 - \$34,999	117	15.35%	129	15.39%
\$35,000 - \$49,999	92	12.07%	99	11.81%
\$50,000 - \$74,999	66	8.66%	83	9.90%
Over \$75,000	64	8.40%	86	10.26%
Total	762	100%	838	100%

Those with insufficient income are likely to require care from family members or friends, considered to be informal caregivers. Those with sufficient income to cover the costs of senior housing will likely choose to do so if needed rather than become a burden on their loved ones. Those whose income exceeds approximately \$75,000 per year have the option to choose between home health, senior housing, and informal care. It is estimated that 50% of those earning over \$75,000 will elect the full range of services that senior housing offers to accommodate their needs and live in an environment with their peers.

For private pay independent living, based on the income ranges of \$50,000 to \$75,000, and 50% of those earning above \$75,000, there are 17.67% of seniors that are currently income qualified for residency, which will change to 21.82% by 2021. These calculations are shown in the table below.

SMA - INCOME QUALIFICATION RATIO - INDEPENDENT LIVING

		2016	2021
75+ Households with income \$75,000 and above		320	442
% Household >\$100,000 choosing against Home Health (50%)	+	160	221
Total		480	663
Number of Total Senior Householders	÷	2716	3039
Income Qualified Demand Ratio		17.67%	21.82%

Applying these ratios to the age-qualified population results in the number of total age and income qualified seniors for private ay independent living as shown below:

SMA - AGE, ACUITY & INCOME QUALIFIED DEMAND - INDEPENDENT LIVING

Year		2016	2021
Age and Acuity Qualified Demand		2,069	2,283
Percent with Qualifying Income	×	17.67%	21.82%
Age, Acuity & Income Qualified Demand		366	498

Using an estimated SMA population acuity mix based on a regional average that is supported by this type of area since there are no independent living communities in the SMA. Experience firms (who conduct market studies throughout the country) find this measure to be reliable in metropolitan areas and reconcile to 25.0% for independent living. However, due to the nature of this rural region and absence of independent living communities, we will use 50% market share rate. Applying this percentage to the qualified demand results in the following gross demand figures:

SMA - INDEPENDENT LIVING MARKET SHARE

Year		2016	2021
Age, Income & Acuity Qualified Demand		366	498
Market Share	×	50%	50%
Total Independent Living Demand		183	249

The next step in determining demand is to apply a migration rate to the overall senior population within the SMA. The migration rate is an estimated percentage of seniors moving into or out of the SMA. One of the primary reasons elderly move to another market is to move closer to their children. Consequently, every market will contain a percentage of seniors who are willing to in-migrate or out-migrate from or to an outside market. In order to estimate the overall migration, we have looked at the adult children population (ages 45-64) within the defined market.

A high proportion of adult children to seniors over 75 will result in an in-migration of seniors and a large draw from secondary markets. A low proportion of adult children will result in an out-migration of seniors resulting in a smaller draw from the secondary markets. The SMA contains 14,567 adult children aged 45-64 and 3,811 seniors aged 75 and over. The ratio of adult children to seniors aged 75 and older is 3.82 for the market, which is 89.52% of the national average of 4.27. This indicates out-migration patterns in the SMA.

To quantify the in-migration, we have used data from the *Overview of Assisted Living* which surveyed resident relocation distances. According to the data, 36.5% of residents residing in independent living communities relocated from over 11 miles, which may be attributed to the location of adult children. We then multiply this component of demand by 89.52% ratio of the typical proportion of adult children to result in an adult children demand component of 32.7% for the SMA. The resulting difference from the survey data represents the SMA migration level and direction, which in this case indicates in-migration of -3.8% (32.7% - 36.5% = -3.8%)

The following chart displays the final steps of subtracting current and proposed supply from gross demand to arrive at a final net or excess demand for senior housing services. There are two (2) independent living communities with the SMA with a total of 93 market rate units.

SMA - NET DEMAND - INDEPENDENT LIVING			
Year		2016	2021
Gross Demand		183	249
In-Migration	+	-3.8%	-3.8%
Total Gross Demand		176	240
Less: Supply	-	93	93
Net Independent Living Demand		83	147

Based on the above calculations there is currently excess demand in the market in the amount of 83 independent living units, indicating an undersupplied market. The supply/demand relationship changes to a net demand of 147 units in 2021 assuming no other unexpected facilities are added and the current demographic trends continue.

Primary Market Area (PMA): SENIOR APARTMENTS

Next we analyze the demand for senior apartments in the PMA. A major factor in estimating potential market demand for communities involves an analysis of the number of residents within the PMA that are qualified for residency in terms of age and

income level. Prospective residents for senior apartments can be from 55 years of age and older.

Senior apartment units are less expensive than independent living and therefore allow for lower income ranges for the qualified demand. Also, many senior apartment communities in the area offer subsidized rental assistance for those residents who cannot afford market rates. As a result, we have broken out the market share between market rate and subsidized income qualified resident.

Estimating demand for senior living services is very qualitative and varies between markets. Our demand process begins with a senior population. The following chart summarizes the senior population as well as adult children within the PMA:

Saguache County (PMA) Senior Demographics

Age Bracket	Census 2000		Census 2010		Estimate 2016		Projection 2021	
	Pop.	%	Pop.	%	Pop.	%	Pop.	%
Total Population	5917		6108		6238		6436	
Age 45 - 54	1000	16.9%	927	15.2%	792	12.7%	643	10.0%
Age 55 - 64	618	10.4%	1102	18.0%	1202	19.3%	1208	18.8%
Age 65 - 74	362	6.1%	596	9.8%	811	13.0%	946	14.7%
Age 75 - 84	217	3.7%	228	3.7%	292	4.7%	340	5.3%
Age 85+	61	1.0%	69	1.1%	84	1.3%	96	1.5%
Age 45 and over	2258	38.2%	2922	47.8%	3181	51.0%	3233	50.2%
Age 55 and over	1258	21.3%	1995	32.7%	2389	38.3%	2590	40.2%
Age 65 and over	640	10.8%	893	14.6%	1187	19.0%	1382	21.5%
Age 75 and over	278	4.7%	297	4.9%	376	6.0%	436	6.8%
Age 85 and over	61	1.0%	69	1.1%	84	1.3%	96	1.5%

Chart 4 - Source: Nielsen Senior Life Report

The demand rates utilized are derived from a series of studies on needs of the elderly. The Agency for Healthcare Research & Quality (AHRQ) provides practical health care information, research findings, and data to help make health care safer, higher quality, more accessible, equitable and affordable. AHRQ developed a study that indicated the need for assistance with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL) by age cohort 55 to 64, 65 to 74, 75 to 84 and 85 and older. IADL includes transportation, meals and housekeeping.

NEED FOR ADL or IADL	
Ages 55 to 64	6.7%
Ages 65 to 74	31.4%
Ages 75 to 84	47.2%
Ages 85 and over	72.4%

Source: Agency for Healthcare Research & Quality

Unlike independent living communities, senior apartments do not provide services to their residents. Therefore, residents living in senior apartment communities do not require any form of assistance with activities of daily living (ADL) or instrumental activities of daily living (IADL).

The above chart displays the rates for seniors who need assistance with at least one ADL or ISDL. Since we know the need for assistance rate with at least one ADL or IADL, we can obtain the percentage of seniors who do not require any assistance by taking the inverse rate. This allow us to find the demand rates for the senior apartment market, as seen below:

NO NEED FOR ADL or IADL	
Ages 55 to 64	93.3%
Ages 65 to 74	68.6%
Ages 75 to 84	52.8%
Ages 85 and over	27.6%

The following charts apply the rates of those not requiring assistance for ADL or IADL to the age-qualified population to arrive at the total age-qualified demand for the PMA.

PMA - 2016 OVERALL DEMAND (SA)					
Age		55 - 64	65 - 74	75 - 84	85+
Population		1202	811	292	84
Acuity Demand Rate	x	93.3%	68.6%	52.8%	27.6%
Age and Acuity Qualified Demand		1,121	556	154	23
Total Age and Acuity Qualified Demand					1,855

PMA - 2021 OVERALL DEMAND (SA)					
Age		55 - 64	65 - 74	75 - 84	85+
Population		1208	946	340	96
Acuity Demand Rate	x	93.3%	68.6%	52.8%	27.6%
Age and Acuity Qualified Demand		1,127	649	180	26
Total Age and Acuity Qualified Demand					1,982

The above demand figures estimate total age-qualified and acuity-qualified demand for seniors housing within the PMA. The next step is to narrow the demand estimate to those who can afford senior apartments and are therefore income qualified.

For senior apartments, based on market rates, a minimum monthly fee of \$499^{xxviii} would be required for a one bedroom/one bath unit. This amount, multiplied by 12 months and assuming that the rental fee would account for 30% of all living expenses, indicates that a minimum annual income of \$19,960 would be required for private pay senior apartment residency.

Since the target resident will pay for senior housing with after-tax dollars but the demographic data reports pre-tax income, we have adjusted the required income levels for taxes assuming an average 15% tax rate. We have applied to the required income by a factor of 0.85 to calculate the before-tax income level required for residency as detailed in the following chart.

Recognizing that many individuals will sell a primary residence prior to moving into a senior housing community, we have also estimated the number of households that could use interest on home equity to fund residency at the senior apartment community. According to Nielsen Senior Life report, 69% of seniors in the PMA own their residences that have a median value of \$141,904. According to a Housing Assistance Council report titled, *Housing an Aging Rural America: Rural Seniors and their Homes*, "over 83.2 percent of rural and small town senior households are owner occupied compared to 78.9 percent of all elderly households and 66.6 percent of all households nationally. Moreover, 74.9 percent of rural and small town households with at least one individual over the age of 65 own their homes outright and no longer make mortgage payments."^{xxix} Assuming the average equity ratio of 75% and investment in these proceeds at a safe rate of 4%, these households have an additional \$2,937 to contribute towards annual income.

These Nielsen estimates do not include other sources that could also fund residency such as stocks, bonds and other liquid assets or assistance from family members. Therefore, an additional 5% of income has been estimated to be attributable to these sources for a contribution of \$1,174 for independent living residents. Subtracting these income sources results in adjusted annual income of \$19,371 for independent living residency, as shown in the following chart.

PMA ANNUAL INCOME NEEDED (SA)

		Senior Apartments
Minimum Monthly Fee		\$499
Monthly Fee as Percentage of Monthly Income	÷	30%
Monthly Income Needed (After Tax)		\$1,663
Annualized	×	12
Annual Income Needed (After Tax)		\$19,960
Tax Rate	÷	15%
Annual Income Needed (Before Tax)		\$23,482
Less Additional Income From Home Equity	-	\$2,937
Less Additional Income From Other Sources (5%)	-	\$1,174
Adjusted Annual Income Needed (Rounded)		\$19,371

Additionally, we have considered demand from lower income seniors in the area who qualify for rental assistance. Section 8 rental assistance is a federal housing program which provides housing assistance to low-income renters. The assistance comes in the form of rental subsidies, limiting the monthly rent payment of the assistance recipient. To qualify for Section 8 assistance, the resident must be a low-income person (below 50% of the Area Median Income).

HUD calculates the area median family income by using data from the US Census. The 2016 Census Median Income estimate for Saguache County, Colorado was \$42,200^{xxx}. Next we determine what income level is qualified for the subsidized rental assistance. To qualify for rental assistance, the resident must be a low-income person defined as below 50% (or 30% depending on the type of assistance) of the median area income (AMI). The income level in the PMA for a family of four to qualify for low-income rental assistance which is denoted as income levels below \$30,000. These calculations are shown below.

FY 2016 INCOME LIMIT SUMMARY - PMA

FY 2016 AMI = \$42,200	1 Person	2 Person	3 Person	4 Person
Very Low (50%) Income Limits	\$21,000	\$24,000	\$27,000	\$30,000
Extremely Low (30%) Income Limits	\$12,600	\$16,020	\$20,160	\$24,300
Low (80%) Income Limits	\$33,600	\$38,400	\$43,200	\$48,000

Source: U.S. Department of Housing and Urban Development

For our analysis, we have used the income limit for a one-person income limit. A one-person family income limit is calculated as \$21,000 as indicated in the table above. After determining the market rate income needed and establishing the rental assistance

income limit, we can determine how many residents in the PMA that are income qualified. Senior householders with the PMA have the following breakdown of income levels:

PMA HOUSEHOLDER INCOME (AGES 55-64) - SA				
Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	144	17.96%	130	15.74%
\$15,000 - \$24,999	40	4.99%	34	4.12%
\$25,000 - \$34,999	108	13.47%	101	12.23%
\$35,000 - \$49,999	143	17.83%	126	15.25%
\$50,000 - \$74,999	182	22.69%	202	24.46%
Over \$75,000	185	23.07%	233	28.21%
Total	802	100%	826	100%

PMA HOUSEHOLDER INCOME (AGES 65-74) - SA				
Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	93	17.48%	98	15.38%
\$15,000 - \$24,999	124	23.31%	122	19.15%
\$25,000 - \$34,999	58	10.90%	66	10.36%
\$35,000 - \$49,999	92	17.29%	106	16.64%
\$50,000 - \$74,999	59	11.09%	83	13.03%
Over \$75,000	106	19.92%	162	25.43%
Total	532	100%	637	100%

PMA HOUSEHOLDER INCOME (AGES 75-84) - SA				
Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	52	23.85%	57	21.84%
\$15,000 - \$24,999	70	32.11%	76	29.12%
\$25,000 - \$34,999	29	13.30%	34	13.03%
\$35,000 - \$49,999	34	15.60%	40	15.33%
\$50,000 - \$74,999	16	7.34%	23	8.81%
Over \$75,000	17	7.80%	31	11.88%
Total	218	100%	261	100%

PMA HOUSEHOLDER INCOME (AGES 85+) - SA				
Income Levels	2016		2021	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	21	33.33%	22	30.14%
\$15,000 - \$24,999	22	34.92%	24	32.88%
\$25,000 - \$34,999	7	11.11%	10	13.70%
\$35,000 - \$49,999	7	11.11%	7	9.59%
\$50,000 - \$74,999	2	3.17%	4	5.48%
Over \$75,000	4	6.35%	6	8.22%
Total	63	100%	73	100%

Those with insufficient income are likely to require care from family members or friends, considered to be informal caregivers. Those with sufficient income to cover the costs of senior housing will likely choose to do so if needed rather than become a burden on their loved ones. For private pay senior apartments, based on the income ranges of \$25,000 and above, we consider 64.95% of seniors to currently be income qualified for residency, which will change to 67.50% by 2021. These calculations are shown in the table below.

PMA - INCOME QUALIFICATION RATIO - SENIOR APARTMENT				
			2016	2021
55+ Households with income	\$25,000 to \$75,000		737	781
	\$75,000+	+	312	432
Total			1049	1213
Number of Total Senior Householders		÷	1,615	1,797
Income Qualified Demand Ratio			64.95%	67.50%

For low-income senior rental assistance, based on income below \$25,000, we consider 35.05% of seniors to currently be income qualified for residency, which will change to 31.33% in 2021. These calculations are shown in the table below.

PMA - INCOME QUALIFICATION RATIO - SENIOR APARTMENT RENTAL ASSISTANCE				
			2016	2021
55+ Households with income	\$0 - \$25,000		566	563
Number of Total Senior Householders		÷	1,615	1,797
Income Qualified Demand Ratio			35.05%	31.33%

Applying these ratios to the age-qualified population results in the number of total age and income qualified seniors as shown below:

PMA - AGE, ACUITY & INCOME QUALIFIED DEMAND - SENIOR APARTMENTS				
Year			2016	2021
Age and Acuity Qualified Demand			1,855	1,982
Percent with Qualifying Income		×	64.95%	67.50%
Age, Acuity & Income Qualified Demand			1,205	1,338

PMA - AGE & INCOME QUALIFIED DEMAND - SENIOR APARTMENTS RENTAL ASSISTANCE				
Year			2016	2021
Age and Acuity Qualified Demand			1,855	1,982
Percent with Qualifying Income		×	35.05%	31.33%
Age, Acuity & Income Qualified Demand			650	621

Up to this point, we have estimated the total number of prospective residents within the PMA who are qualified for residency based on their age, acuity, and income. However, these cannot simply be added together since doing so would involve double-counting since a majority of these prospective residents will be homeowners. Therefore, the next step in our analysis is determining the proportion of senior renter households to the total number of senior households. This allows us to define the senior apartment market share. The following table displays the current senior housing mix within the PMA.

TENURE BY AGE OF HOUSEHOLDER		
	2016	
Total Households	2,756	1,615
Owner Occupied	1,905	
Householder 55 to 64 Years	589	30.92%
Householder 65 to 74 Years	442	23.20%
Householder 75 to 84 Years	164	8.61%
Householder 85 and over	43	2.26%
Total Owner Households 55+	1,238	
Renter Occupied	851	
Householder 55 to 64 Years	213	25.03%
Householder 65 to 74 Years	90	10.58%
Householder 75 to 84 Years	54	6.35%
Householder 85 and over	20	2.35%
Total Renter Households 55+	377	
Renter to Total Households 55+	23.34%	

There are a total of 1,615 senior households (55 and older) of which 377 are renter households. Therefore, the ratio of renter households to total households for seniors 55 and older is 23.34%. Applying this percentage to the qualified demand results in the following gross demand figures:

PMA - MARKET RATE SENIOR APARTMENTS - MARKET SHARE		
Year	2016	2021
Age, Income, & Acuity Qualified Demand	1,205	1,338
Percent of Renter Households, 55+	× 23.34%	23.34%
Total Senior Apartment Demand	281	312

PMA - RENTAL ASSISTANCE SENIOR APARTMENTS - MARKET SHARE		
Year	2016	2021
Age & Income Qualified Demand	650	621
Percent of Renter Households, 55+	× 23.34%	23.34%
Total Senior Apartment Demand	152	145

The following chart displays the final step of multiplying gross demand by a capture rate then subtracting current and proposed supply from this to arrive at a final net or excess demand for senior apartments.

PMA - NET DEMAND - MARKET RATE SENIOR APARTMENTS			
Year		2016	2021
Gross Demand		281	312
Capture Rate	×	20.0%	20.0%
Total Demand After Capture Rate		56	62
Less: Supply	—	1	1
Net Senior Apartment Demand		55	61

PMA - NET DEMAND - RENTAL ASSISTANCE SENIOR APARTMENTS			
Year		2016	2021
Gross Demand		152	145
Capture Rate	×	40.0%	40.0%
Total Demand After Capture Rate		61	58
Less: Supply	—	23	23
Net Senior Apartment Demand		38	35

We have applied a capture rate to the gross demand total to represent the actual amount of units that can reasonably be accepted in the market. A senior-restricted project can capture up to 40% of the low-income anticipated demand and 20% of the moderate-income anticipated demand. The senior-restricted capture rates are higher than the general occupancy capture rates due to the fact that there is significant growth in senior households and there is a limited supply of available senior housing, particularly for lower income senior households in this rural region.

The above calculations result in a current excess demand of 55 market rate senior apartment units and excess demand of 38 rental assistance units, indicating an undersupplied senior apartment market. By 2021, the supply/demand relationship for each segment changes to an excess demand of 61 market rate senior apartment units and an excess demand of 35 rental assistance units, assuming no unexpected communities are added and the current demographic trends remain the same. The measure of the supply/demand relationship indicates that the market is undersupplied with respect to market rate senior apartment units in the PMA. This is a steadily growing market, and senior housing communities should remain stable and with continued strong occupancy over the foreseeable future.

Secondary Market Area (SMA): SENIOR APARTMENTS

Next we analyze the demand for senior apartments in the SMA. A major factor in estimating potential market demand for communities involves an analysis of the number of residents within the SMA that are qualified for residency in terms of age and

income level. Prospective residents for senior apartments can be from 55 years of age and older.

Senior apartment units are less expensive than independent living and therefore allow for lower income ranges for the qualified demand. Also, many senior apartment communities in the area offer subsidized rental assistance for those residents who cannot afford market rates. As a result, we have broken out the market share between market rate and subsidized income qualified resident.

Estimating demand for senior living services is very qualitative and varies between markets. Our demand process begins with a senior population. The following chart summarizes the senior population as well as adult children within the SMA:

Secondary Market Area (SMA) includes PMA Senior Demographics

Age Bracket	Census 2000		Census 2010		Estimate 2016		Projection 2021	
	Pop.	%	Pop.	%	Pop.	%	Pop.	%
Total Population	50,369		52,056		53,275		55,009	
Age 45 - 54	7,534	15.0%	7,837	15.1%	6,255	11.7%	5,603	10.2%
Age 55 - 64	4,982	9.9%	7,995	15.4%	8,312	15.6%	8,271	15.0%
Age 65 - 74	3,777	7.5%	4,790	9.2%	6,167	11.6%	7,311	13.3%
Age 75 - 84	2,274	4.5%	2,520	4.8%	2,740	5.1%	3,060	5.6%
Age 85+	781	1.6%	967	1.9%	1,071	2.0%	1,159	2.1%
Age 45 and over	19,348	38.4%	24,109	46.3%	24,545	46.1%	25,404	46.2%
Age 55 and over	11,814	23.5%	16,272	31.3%	18,290	34.3%	19,801	36.0%
Age 65 and over	6,832	13.6%	8,277	15.9%	9,978	18.7%	11,530	21.0%
Age 75 and over	3,055	6.1%	3,487	6.7%	3,811	7.2%	4,219	7.7%
Age 85 and over	781	1.6%	967	1.9%	1,071	2.0%	1,071	1.9%

The demand rates utilized are derived from a series of studies on needs of the elderly. The Agency for Healthcare Research & Quality (AHRQ) provides practical health care information, research findings, and data to help make health care safer, higher quality, more accessible, equitable and affordable. AHRQ developed a study that indicated the need for assistance with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL) by age cohort 55 to 64, 65 to 74, 75 to 84 and 85 and older. IADL includes transportation, meals and housekeeping.

NEED FOR ADL or IADL

Ages 55 to 64	6.7%
Ages 65 to 74	31.4%
Ages 75 to 84	47.2%
Ages 85 and over	72.4%

Source: Agency for Healthcare Research & Quality

Unlike independent living communities, senior apartments do not provide services to their residents. Therefore, residents living in senior apartment communities do not

require any form of assistance with activities of daily living (ADL) or instrumental activities of daily living (IADL).

The above chart displays the rates for seniors who need assistance with at least one ADL or ISDL. Since we know the need for assistance rate with at least one ADL or IADL, we can obtain the percentage of seniors who do not require any assistance by taking the inverse rate. This allow us to find the demand rates for the senior apartment market, as seen below:

NO NEED FOR ADL or IADL	
Ages 55 to 64	93.3%
Ages 65 to 74	68.6%
Ages 75 to 84	52.8%
Ages 85 and over	27.6%

The following charts apply the rates of those not requiring assistance for ADL or IADL to the age-qualified population to arrive at the total age-qualified demand for the SMA.

SMA - 2016 OVERALL DEMAND (SA)					
Age		55 - 64	65 - 74	75 - 84	85+
Population		8,312	6,167	2,740	3,060
Acuity Demand Rate	x	93.3%	68.6%	52.8%	27.6%
Age and Acuity Qualified Demand		7,755	4,231	1,447	845
Total Age and Acuity Qualified Deman					14,277

SMA - 2021 OVERALL DEMAND (SA)					
Age		55 - 64	65 - 74	75 - 84	85+
Population		8,271	7,311	3,060	1,159
Acuity Demand Rate	x	93.3%	68.6%	52.8%	27.6%
Age and Acuity Qualified Demand		7,717	5,015	1,616	320
Total Age and Acuity Qualified Deman					14,668

The above demand figures estimate total age-qualified and acuity-qualified demand for seniors housing within the SMA. The next step is to narrow the demand estimate to those who can afford senior apartments and are therefore income qualified.

For senior apartments, based on market rates, a minimum monthly fee of \$499 ^{xxxi} would be required for a one bedroom/one bath unit. This amount, multiplied by 12 months and assuming that the rental fee would account for 30% of all living expenses, indicates that a minimum annual income of \$19,960 would be required for private pay senior apartment residency.

Since the target resident will pay for senior housing with after-tax dollars but the demographic data reports pre-tax income, we have adjusted the required income levels for taxes assuming an average 15% tax rate. We have applied to the required income by a factor of 0.85 to calculate the before-tax income level required for residency as detailed in the following chart.

Recognizing that many individuals will sell a primary residence prior to moving into a senior housing community, we have also estimated the number of households that could use interest on home equity to fund residency at the senior apartment community. According to Nielsen Senior Life report, 69% of seniors in the SMA own their residences that have a median value of \$218,452. According to a Housing Assistance Council report titled, *Housing an Aging Rural America: Rural Seniors and their Homes*, “over 83.2 percent of rural and small town senior households are owner occupied compared to 78.9 percent of all elderly households and 66.6 percent of all households nationally. Moreover, 74.9 percent of rural and small town households with at least one individual over the age of 65 own their homes outright and no longer make mortgage payments.”^{xxxii} Assuming the average equity ratio of 75% and investment in these proceeds at a safe rate of 4%, these households have an additional \$4,522 to contribute towards annual income.

These Nielsen estimates do not include other sources that could also fund residency such as stocks, bonds and other liquid assets or assistance from family members. Therefore, an additional 5% of income has been estimated to be attributable to these sources for a contribution of \$1,174 for senior housing residents. Subtracting these income sources results in adjusted annual income of \$17,786 for independent living residency, as shown in the following chart.

SMA ANNUAL INCOME NEEDED (SA)		
		Senior Apartments
Minimum Monthly Fee		\$499
Monthly Fee as Percentage of Monthly Income	÷	<u>30%</u>
Monthly Income Needed (After Tax)		\$1,663
Annualized	×	<u>12</u>
Annual Income Needed (After Tax)		\$19,960
Tax Rate	÷	<u>15%</u>
Annual Income Needed (Before Tax)		\$23,482
Less Additional Income From Home Equity	—	\$4,522
Less Additional Income From Other Sources (5%)	—	<u>\$1,174</u>
Adjusted Annual Income Needed (Rounded)		<u>\$17,786</u>

Additionally, we have considered demand from lower income seniors in the area who qualify for rental assistance. Section 8 rental assistance is a federal housing program which provides housing assistance to low-income renters. The assistance comes in the form of rental subsidies, limiting the monthly rent payment of the assistance recipient. To qualify for Section 8 assistance, the resident must be a low-income person (below 50% of the Area Median Income).

HUD calculates the area median family income by using data from the US Census. The 2016 Census Median Income estimate for SMA is \$42,200^{xxxiii}. Next we determine what income level is qualified for the subsidized rental assistance. To qualify for rental assistance, the resident must be a low-income person defined as below 50% (or 30% depending on the type of assistance) of the median area income (AMI). The income level in the PMA for a family of four to qualify for low-income rental assistance which is denoted as income levels below \$30,000. These calculations are shown below.

ALAMOSA COUNTY- FY 2016 INCOME LIMIT SUMMARY - SMA

FY 2016 AMI =	\$51,200	1 Person	2 Person	3 Person	4 Person
Very Low (50%) Income Limits		\$21,000	\$24,000	\$27,000	\$30,000
Extremely Low (30%) Income Limits		\$12,600	\$16,020	\$20,160	\$24,300
Low (80%) Income Limits		\$33,600	\$38,400	\$43,200	\$48,000

CHAFFEE COUNTY - FY 2016 INCOME LIMIT SUMMARY - SMA

FY 2016 AMI =	\$61,200	1 Person	2 Person	3 Person	4 Person
Very Low (50%) Income Limits		\$21,450	\$24,500	\$27,550	\$30,600
Extremely Low (30%) Income Limits		\$12,850	\$16,020	\$20,160	\$24,300
Low (80%) Income Limits		\$34,300	\$39,200	\$44,100	\$48,950

MINERAL COUNTY - FY 2016 INCOME LIMIT SUMMARY - SMA

FY 2016 AMI =	\$70,200	1 Person	2 Person	3 Person	4 Person
Very Low (50%) Income Limits		\$24,600	\$28,100	\$31,600	\$35,100
Extremely Low (30%) Income Limits		\$14,750	\$16,850	\$20,160	\$24,300
Low (80%) Income Limits		\$39,350	\$44,950	\$50,550	\$56,150

RIO GRANDE COUNTY - FY 2016 INCOME LIMIT SUMMARY - SMA

FY 2016 AMI =	\$46,500	1 Person	2 Person	3 Person	4 Person
Very Low (50%) Income Limits		\$21,000	\$24,000	\$27,000	\$30,000
Extremely Low (30%) Income Limits		\$12,600	\$16,020	\$20,160	\$24,300
Low (80%) Income Limits		\$33,600	\$38,400	\$43,200	\$48,000

SAGUACHE COUNTY - FY 2016 INCOME LIMIT SUMMARY - SMA

FY 2016 AMI =	\$42,200	1 Person	2 Person	3 Person	4 Person
Very Low (50%) Income Limits		\$21,000	\$24,000	\$27,000	\$30,000
Extremely Low (30%) Income Limits		\$12,600	\$16,020	\$20,160	\$24,300
Low (80%) Income Limits		\$33,600	\$38,400	\$43,200	\$48,000

Source: U.S. Department of Housing and Urban Development

Aggregate Medians	\$51,200	\$21,000	\$24,000	\$27,000	\$30,000
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For our analysis, we have used the income limit for a one-person income limit. A one-person family income limit is calculated as \$21,000 as indicated in the table above. After determining the market rate income needed and establishing the rental assistance income limit, we can determine how many residents in the SMA that are income qualified. Senior householders with the SMA have the following breakdown of income levels:

SMA HOUSEHOLDER INCOME (AGES 55-64) - SA				
	2016		2021	
Income Levels	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	718	14.24%	641	12.70%
\$15,000 - \$24,999	557	11.05%	500	9.90%
\$25,000 - \$34,999	529	10.49%	493	9.77%
\$35,000 - \$49,999	792	15.70%	718	14.22%
\$50,000 - \$74,999	919	18.22%	937	18.56%
Over \$75,000	1,528	30.30%	1,759	34.85%
Total	5,043	100%	5,048	100%
SMA HOUSEHOLDER INCOME (AGES 65-74) - SA				
	2016		2021	
Income Levels	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	597	14.93%	641	13.42%
\$15,000 - \$24,999	555	13.88%	590	12.36%
\$25,000 - \$34,999	459	11.48%	508	10.64%
\$35,000 - \$49,999	651	16.28%	721	15.10%
\$50,000 - \$74,999	725	18.13%	894	18.72%
Over \$75,000	1,012	25.31%	1,421	29.76%
Total	3,999	100%	4,775	100%
SMA HOUSEHOLDER INCOME (AGES 75-84) - SA				
	2016		2021	
Income Levels	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	419	21.44%	445	20.22%
\$15,000 - \$24,999	414	21.19%	435	19.76%
\$25,000 - \$34,999	289	14.79%	317	14.40%
\$35,000 - \$49,999	326	16.68%	353	16.04%
\$50,000 - \$74,999	250	12.79%	295	13.40%
Over \$75,000	256	13.10%	356	16.17%
Total	1,954	100%	2,201	100%
SMA HOUSEHOLDER INCOME (AGES 85+) - SA				
	2016		2021	
Income Levels	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	237	31.10%	246	29.36%
\$15,000 - \$24,999	186	24.41%	195	23.27%
\$25,000 - \$34,999	117	15.35%	129	15.39%
\$35,000 - \$49,999	92	12.07%	99	11.81%
\$50,000 - \$74,999	66	8.66%	83	9.90%
Over \$75,000	64	8.40%	86	10.26%
Total	762	100%	838	100%

Those with insufficient income are likely to require care from family members or friends, considered to be informal caregivers. Those with sufficient income to cover the costs of senior housing will likely choose to do so if needed rather than become a burden on their loved ones. For private pay senior apartments, based on the income ranges of \$25,000 and above, we consider 68.68% of seniors to currently be income qualified for residency, which will change to 71.29% by 2021. These calculations are shown in the table below.

SMA - INCOME QUALIFICATION RATIO - SENIOR APARTMENT				
			2016	2021
55+ Households with income	\$25,000 to \$75,000		5,215	5,547
	\$75,000+	+	2860	3622
Total			8075	9169
Number of Total Senior Householders		÷	11,758	12,862
Income Qualified Demand Ratio			68.68%	71.29%

For low-income senior rental assistance, based on income below \$25,000, we consider 26.60% of seniors to currently be income qualified for residency, which will change to 28.71% in 2021. These calculations are shown in the table below.

SMA - INCOME QUALIFICATION RATIO - SENIOR APARTMENT RENTAL ASSISTANCE				
			2016	2021
55+ Households with income	\$0 - \$25,000		3,128	3,693
Number of Total Senior Householders		÷	11,758	12,862
Income Qualified Demand Ratio			26.60%	28.71%

Applying these ratios to the age-qualified population results in the number of total age and income qualified seniors as shown below:

SMA - AGE, ACUITY & INCOME QUALIFIED DEMAND - SENIOR APARTMENTS			
Year		2016	2021
Age and Acuity Qualified Demand		14,277	14,668
Percent with Qualifying Income	×	68.68%	71.29%
Age, Acuity & Income Qualified Demand		9,805	10,456

SMA - AGE & INCOME QUALIFIED DEMAND - SENIOR APARTMENTS RENTAL ASSISTANCE			
Year		2016	2021
Age and Acuity Qualified Demand		14,277	14,668
Percent with Qualifying Income	×	26.60%	28.71%
Age, Acuity & Income Qualified Demand		3798	4211

Up to this point, we have estimated the total number of prospective residents within the SMA who are qualified for residency based on their age, acuity, and income. However, these cannot simply be added together since doing so would involve double-counting since a majority of these prospective residents will be homeowners. Therefore, the next step in our analysis is determining the proportion of senior renter households to the total number of senior households. This allows us to define the senior apartment market share. The following table displays the current senior housing mix within the SMA.

SMA TENURE BY AGE OF HOUSEHOLDER		
	2016	
Total Households	22,203	
Owner Occupied	15,081	
Householder 55 to 64 Years	3,920	
Householder 65 to 74 Years	3,373	
Householder 75 to 84 Years	1,585	
Householder 85 and over	526	
Total Owner Households 55+	9,404	
Renter Occupied	7,122	
Householder 55 to 64 Years	1,123	
Householder 65 to 74 Years	626	
Householder 75 to 84 Years	369	
Householder 85 and over	236	
Total Renter Households 55+	2,354	11,758
Renter to Total Households 55	20.02%	

There are a total of 11,758 senior households (55 and older) of which 2,354 are renter households. Therefore, the ratio of renter households to total households for seniors 55 and older is 20.02%. Applying this percentage to the qualified demand results in the following gross demand figures:

SMA - MARKET RATE SENIOR APARTMENTS - MARKET SHARE			
Year		2016	2021
Age, Income, & Acuity Qualified Demand		9,805	10,456
Percent of Renter Households, 55+	×	20.02%	20.02%
Total Senior Apartment Demand		1963	2093

SMA - RENTAL ASSISTANCE SENIOR APARTMENTS - MARKET SHARE			
Year		2016	2021
Age & Income Qualified Demand		3,798	4,211
Percent of Renter Households, 55+	×	20.02%	20.02%
Total Senior Apartment Demand		760	843

The following chart displays the final step of multiplying gross demand by a capture rate then subtracting current and proposed supply from this to arrive at a final net or excess demand for senior apartments.

SMA - NET DEMAND - MARKET RATE SENIOR APARTMENTS			
Year		2016	2021
Gross Demand		1963	2093
Capture Rate	×	20.0%	20.0%
Total Demand After Capture Rate		393	419
Less: Supply	—	18	18
Net Senior Apartment Demand		375	401

SMA - NET DEMAND - RENTAL ASSISTANCE SENIOR APARTMENTS			
Year		2016	2021
Gross Demand		760	843
Capture Rate	×	40.0%	40.0%
Total Demand After Capture Rate		304	337
Less: Supply	—	257	257
Net Senior Apartment Demand		47	80

We have applied a capture rate to the gross demand total to represent the actual amount of units that can reasonably be accepted in the market. A senior-restricted project can capture up to 40% of the low-income anticipated demand and 20% of the moderate-income anticipated demand. The senior-restricted capture rates are higher than the general occupancy capture rates due to the fact that there is significant growth in senior households and there is a limited supply of available senior housing, particularly for lower income senior households in this rural region.

The above calculations result in a current excess demand of 375 market rate senior apartment units and excess demand of 47 rental assistance units, indicating an undersupplied senior apartment market of a total of 422 units. By 2021, the supply/demand relationship for each segment changes to an excess demand of 401 market rate senior apartment units and an excess demand of 80 rental assistance units, assuming no unexpected communities are added and the current demographic trends remain the same. The measure of the supply/demand relationship indicates that the market is undersupplied with respect to market rate senior apartment units in the SMA. This is a steadily growing market, and senior housing communities should remain stable and with continued strong occupancy over the foreseeable future.

Section 5 **Direct Market Factors:** Key Findings, Conclusions & Recommendations

Key Findings

- The current senior housing market in the PMA is very limited with zero (0) independent living options and one (1) senior/disabled subsidized housing option.
- The current senior housing market in the SMA region is comprised of two (2) independent living communities and nine (9) senior and senior/disabled apartments. All of which are location at distances between 56 to 76 miles from the Crestone/Baca area.
- The PMA has a current excess demand of 12 independent living units, and the SMA has a current excess demand of 83 independent living units, this will grow to 20 units in the PMA and 147 units in the SMA in 2021.
- In the PMA, the senior apartment market has a current excess demand of 93 units of which 55 units are market rate and 38 units are rental assistance units, which will grow to 61 market rate units and decrease slightly to 35 rental assistance units totaling 96 units by 2021.
- In the SMA, the senior apartment market has a current excess demand of 422 units of which 375 units are market rate and 47 units are rental assistance units, which will grow to 401 market rate units and 80 rental assistance units totaling 481 units by 2021.
- This demand (in both the PMA and SMA) is supported by the market occupancy of close to 100% and waiting lists at many of the senior apartments in the market.

Conclusions

- The supply/demand analysis indicates that the senior housing market is undersupplied in Saguache County and the surrounding counties of Alamosa, Chaffee, Mineral and Rio Grande counties.
- Based on the above analysis, we have concluded that there is a market for both new independent living and senior apartment units.
- By offering rental assistance housing to residents, the senior apartment community will be able to attract both low-income and market rate residents and obtain a larger market share.
- The PMA and SMA can reasonable support a senior housing community containing 5 - 15 studios, 30 - 40 one-bedroom units, 10 - 20 two-bedroom units.
- The outlook for a new senior housing community in the market areas is favorable.

Recommendations

- We recommend that the LWV Board keep abreast of the development of the future independent living project in Poncha Springs. This may impact the project in the future.
- We recommend that the LWV Board consider an appropriate combination of both market rate and low-income senior housing options. This will be based on future design considerations and financing options.

Overall Project Marketability

The senior housing market is currently strong with market occupancy high and many of the communities having waiting lists. The primary competitors for this development would be The Bridge at Alamosa, Legacy at Monte Vista and the Cielo Vista Apartments in Center (Saguache County) which are the closest to the Crestone/Baca area. All three of these communities have over 93% occupancy rates and waitlists.

The Bridge at Alamosa has above average rates for the market, but is a newer complex developed in 2007. This community offers only fair market rent units and does not accept any subsidies. Their current waitlist is at 4 for all sized units. The community is located in Alamosa which has major shopping centers, is close to the regional airport and is within minutes of the San Luis Valley Health.

Legacy at Monte Vista is about half the size of the Bridge at Alamosa with a total of 35 units. Like The Bridge, Legacy at Monte Vista has both independent and assisted living options. Unlike the Bridge, it has both fair market and subsidized units. The community is located near a residential area in Monte Vista which is 17 miles from Alamosa. Legacy at Monte Vista is located 2 miles from Monte Vista's small downtown.

Lastly, Cielo Vista Apartments in Center is the closest complex to the Crestone/Baca area and is one of the smallest among all of the comparables with just 24 units. This community is for seniors 55 years of age and older and people with disabilities. It has primarily subsidized housing (with one unit at fair market rate which houses the complex manager).

Based on our analysis of the local market comparables and detailed examination of pricing, unit types, unit size and relative occupancies, we find that a mix of studio, one-bedroom and two-bedroom units will be well supported in the market in the Crestone/Baca area. Those competitors who are performing best appear to be The Bridge at Alamosa and Legacy at Monte Vista, both of which require deposits for their units. Legacy at Monte Vista offers market rates for their units while The Bridge at Alamosa rates are in the higher range when compared to competitors. Therefore, we find it best to use Legacy at Monte Vista from which to base the development rents and unit mix since it is more indicative of the market.

A reasonable number of community amenities should be offered, though not to the point as to convey a sense of “extravagance” to prospective residents which may convey that prices are too high. Alternatively, conservative, quality features should be offered which give a high sense of value to residents and justify prices slightly higher than aged and deteriorating competitors.

Overall Project Marketability: Independent Living

There are currently no independent living communities within the PMA and only two (2) in the greater SMA (which covers a distance of over 70 miles in either direction from the Crestone/Baca area). The demand analysis results indicate that there is currently demand for 12 independent living units in the PMA, and the SMA has a current excess demand of 176 independent living units. There is moderate growth of 20 units in the PMA and 240 units in the SMA by 2021.

Unit Type and Mix: Modern independent living communities are making transitions from smaller studio units to a majority of larger units including one, two and three-bedroom floor plans. Today’s seniors seek comfort, ambience, and the perception of good value. Studio or alcove units offered in older communities are facing serious marketing challenges today because they are too small and hard to sell. Modern designs typically avoid these unit types except when offered in limited numbers in order to provide options for individuals at the lowest end of the desired income spectrum.

Depending on desired pricing points, the majority of units should be priced and targeted towards what will be believed to be the most typical residents. Current developers have shifted towards having a majority of one-bedroom units, with 50-80% two-bedroom units and less than 10% overall, if any, studio or alcove units. A typical moderately priced ILC might have five studios, 95 one-bedrooms (two to three size options), and 50 two-bedroom units, while a higher priced community might offer more options for two-bedrooms and have overall no studios, 85 one-bedrooms (two sizes) and 65 two-bedrooms (two sizes).

The market contains a majority of studio and one-bedroom units with fewer two-bedroom units offered. We find it most appropriate for newly constructed units to be primarily studio, one-bed and two-bedroom configuration, with more one-bedroom units than two-bedroom units. Therefore, our analysis for independent living units results in approximately 15 studio units, 40 one-bedroom units, and 20 two-bedroom units being appropriate in the Crestone/Baca area.

Summary: In making a recommendation of the type, size and pricing of units, the expected quality of the subject should be analyzed in terms of its competitors. A higher-quality community seeking higher-income residents should pursue larger units

with more two-bedroom options, while something targeting mid-range or low-middle income residents would likely perform better with more one-bedroom units and possibly a handful of studios for the most price-conscious consumer. The most important factor to consider when designing and pricing independent living units will be the prospective residents' perception of value. Consumers are willing to pay more for a product, though they must have the impression that they are getting a good value for their money when doing so, otherwise they may opt for a less-expensive alternative and save on the monthly rate.

There are no independent living comparables in the immediate market area, so if the community offers independent living services such as meals, housekeeping or transportation, prospective residents will likely evaluate the property's pricing on an a-la-carte basis at the cost of providing those services themselves. Overall pricing for independent living would likely be 10% to 20% higher than the market rate of the comparable senior apartment units plus approximately \$350 per month for meals, \$75 per month for weekly housekeeping, and per-trip transportation charges.

Physical features of the community should include a welcoming entrance and ample parking dispersed throughout the campus in close proximity to housing. Exterior design features such as decorative landscaping, interesting roof lines and elevations, and breaking up a typical "flat-wall" exterior will all help to enhance the community and appeal to prospective residents.

Interior features such as decorative baseboard, trim, crown molding, carpeting, tile or hardwood should be seen throughout. Living units should pay attention to kitchen and restroom features and finishes, window treatments, and space provided in closets and counter space. The units should include central heat, washer and dryer hookups, cable TV ready, and patio and balconies depending on where the unit is located.

Overall Project Marketability: Senior Apartments

For senior apartments, there is currently demand for 93 units in the PMA and 422 units in the SMA. Growth is moderate in the SMA with a future demand of 570 units by 2021. The combination of moderate demand along with strong growth provides a strong indication that a new senior apartment community would be well accepted by the market and be able to absorb and fill units within a reasonable amount of time, typically under two years.

Unit Type and Mix: The majority of the comparable communities contain only one-bedroom units with only one community even offering any two-bedroom units (a total of 9 two-bedroom units out of a total of 202 senior apartment units). Only one of the comparables offers studio units, and all 28 of the units are studios. The trends in the senior apartment market is toward larger unit types. We find that it is most appropriate for newly constructed units to be primarily one-bedroom and studio unit configuration,

with fewer two-bedroom units. Studios should be limited to 5-10% of the overall senior apartment unit count. This results in 5 studio units, 30 one-bedroom units, and 10 two-bedroom units.

Unit Type and Size: The following data displays unit size within each comparable specific unit types offered.

COMPARABLE UNIT TYPE AND SIZE			
Community	Studio	One- Bedroom	Two- Bedroom
	Sq. Ft.	Sq. Ft.	Sq. Ft.
Mountain View Manor	-	580	-
Sunrise Manor	-	600	-
La Hacienda	-	540	-
Casas De Rio Grande	540	-	-
Cielo Vista Apartments	-	570	-
Casita De la Luna	-	648	814
Mount Blanca View Apartments	-	525	-
Totten Manor	-	525	-
Salida Apartments	-	Not provided	Not provided
Average	540	570	814
Median Size	540	570	814

Of the units offered within the market, there are only one that offered studios which are 540 square feet. One-bedroom averaged 570 square feet with a median of the same number. There was only one community that offered a two-bedroom unit which are 814 square feet. The average increase in size from a one-bedroom to two-bedroom unit is approximately 245 square feet. This likely consists of 100 to 150 square feet of bedroom space while the rest would be living areas and kitchen space.

Of the comparable communities we found that there are none that would be used as an ideal model for the proposed LWV because they are over 15 years old. Much has changed in senior apartment design in those years especially with the new wave of tiny home development throughout the region. Additionally, there was only one community offering studios that were sized comparably or larger than the one-bedroom units at two of the other sites. Therefore, we believe that the development of a senior apartment community should have studio units from 400 to 500 square feet this is more inline with industry standards. The one-bedroom units should be around 570 to 670 square feet and two-bedroom units around 800 to 900 square feet.

Unit Type and Price: The following data displays price ranges of different senior apartment unit types at the comparable communities. Average minimum and maximum is computed using only those communities that offer each specific type, while the median rate is considered to be an average of the aggregate minimum and maximum rates.

COMPARABLE UNIT TYPE AND PRICE

Community	Studio		One-Bedroom		Two-Bedroom	
	Min.	Max.	Min.	Max.	Min.	Max.
Mountain View Manor	-	-	\$699	\$699	-	-
Sunrise Manor	-	-	\$600	\$600	-	-
La Hacienda	-	-	\$600	\$600	-	-
Casas De Rio Grande	\$525	\$600	-	-	-	-
Cielo Vista Apartments	-	-	\$563	\$709	-	-
Casita De la Luna	-	-	\$540	\$540	\$645	\$645
Mount Blaca View Apartments	-	-	\$550	\$744	-	-
Totten Manor	-	-	\$493	\$648	-	-
Salida Apartments	-	-	Not provided	Not provided	Not provided	Not provided
Average Min/Max	\$525	\$600	\$578	\$649	\$645	\$645
Median Rate	\$563		\$613		\$645	

Based on the above analysis and market data, the price points for the one-bedroom and two-bedroom units should be as follows: studios should be priced between \$420 and \$525; one-bedroom units prices ranging from \$599 to \$704; and two bed-room units ranging from \$840 to \$945. The units should also include a deposit of approximately \$400.

Summary: We recommend that the proposed LWV target units size, price and mix as follows:

SENIOR APARTMENT UNITS

	Studio		One-Bedroom		Two-Bedroom	
	Min.	Max.	Min.	Max.	Min.	Max.
Size Sq. Ft.	400	500	570	670	800	900
Rate	\$420	\$525	\$599	\$704	\$840	\$945
Mix	5	15	30	40	10	20

HUD Rental Assistance Programs

This proposed senior apartment development should also offer rental assistance through HUD, as is common in the market and may be required for financial feasibility. Rental assistance is a type of housing subsidy that pays for a portion of a renter’s monthly housing costs, including rent and tenant paid utilities. This housing assistance can come in the form of Section 8 Housing Choice Vouchers, project-based Section 8 contracts, public housing, USDA Rental Assistance (in Section 515 properties) as well as HUD Section 202 and 811 properties. HUD operates programs (listed above) that designate assisted housing development for either low-income elderly residents alone or for low-income elderly residents and residents with disabilities. The primary HUD

program that provides housing for low income elderly households is the Section 202 program. This is the only HUD program that provides housing exclusively for elderly and was established in 1959. The Section 221 (d)(3) below-market interest rate and Section 236 programs are mortgage subsidy programs that provide housing for all age levels but may designate properties specially for elderly households. Lastly, the public housing and Section 8 project-based housing programs also have projects dedicated to elderly households.

The largest Section 202 housing program for the elderly is the only HUD program that provides housing exclusively for the elderly. According to the Government Accountability Office, this program offers the most designated elderly housing of more than 390,000 units to elderly residents. From 1990 to present, the financing scheme of the Section 202 Program was changed, replacing loans to developers with capital advances. The capital advances do not accrue interest, and developers need not pay them back as long as properties are made available to very low income elderly housed for at least 40 years. Tenant's income eligibility, assistance, the greater of 30% of adjusted income or 10% of gross income.

For Section 8 based housing, currently there are approximately 120,000 units dedicated to elderly households receiving project based rental assistance. One of the main differences of this program is that the developer must continue to reserve some units for disabled households; this amount is either the number of units occupied by disabled families in 1992 or 10%, whichever is lower. Also, if owners are unable to rent units to elderly families, they may give preference to near-elderly disabled families. Income eligibility is 50% of median area income, and the tenant rate is the greater of 30% of adjusted income or 10% of gross income.

Besides providing housing, HUD operates four programs that are available to provide services for elderly residents who live in HUD-subsidized buildings which consist of the Congregate Housing program, Service Coordinator program, the Resident Opportunity and Self Sufficiency (ROSS) program, and the Assisted Living Conversion program. Three of the four programs - Congregate Housing program, Service Coordinator program and Assisted Living Conversion - base their services on whether residents are considered to be either frail elderly or at-risk elderly and provides grants to HUD-assisted developments to convert all or a portion of the units to assisted living to allow the residents to age in place.

To determine whether an individual is a frail elderly or at-risk elderly depends on the ability to engage in activities of daily living (ADLs). The five most common ADLs HUD assessed are listed below, noting that medication management or oversight is not considered an ADL.

1. Eating, which includes cooking and serving food
2. Dressing
3. Bathing, which includes getting in and out of the shower/tub

4. Grooming
5. Home management, which includes housework, shopping and laundry.

Also, the Congregate Housing Service Program contains a sixth ADL which focus on the senior's ability to ambulate (getting in and out of chairs walking to the bathroom). The goal for the Congregate Housing Service Program was to make funds available to HUD housing facilities to provide services to elderly residents to prevent or delay senior resident of Section 202 and public housing programs from moving into nursing homes by providing meals, support services such as case management, personal care and transportation.

HUD service coordinators work with residents to provide a wide range of services. These include the arrangement of transportation, meal services, housekeeping, medication management, visits from nurses, dentistry, haircuts, and social activities. Funding for the Service Coordination Program is awarded on a competitive basis. To qualify, 25% of residents in a development must be considered frail elderly, or at-risk elderly, or disabled elderly. In addition, applicants must show they have no other funds available to pay for a service coordinator.

Eligibility to senior residents who are age 62 or older and are unable to perform at least three ADLs to some degree are considered frail, while those who are unable to perform one or two ADLs are considered at-risk. Note, however, that each of the three programs specifies that residents must be able to participate in ADLs at some minimal level. For example, residents must be able to fee, dress and wash themselves, take care of their personal appearance, and must be mobile (including use of a wheelchair). In the Congregate Housing and Assisted Living Conversion programs, residents qualify for assistance on an individual basis, while in the Service Coordinator program, entire buildings are eligible for services, if a high enough percentage of residents are frail or at-risk. In the ROSS program, services are available whether residents are frail or not.

In 2000, the HUD Appropriations Act created the Assisted Living Conversion Program (ALCP) to allow HUD subsidized facilities for elderly residents to modify some or all units and common areas to accommodate elderly person and persons with disabilities who require additional assistance in order to remain in their units.

Other Government & Non-Government Programs, Services & Funding Sources

Due to the nature of the organizational structure of the proposed project and the fact that it is a nonprofit 501(c)3 organization, there are many different types of funding sources available. The type of organizational structure and the type of residents (seniors, low-income, etc.) will impact the availability of funding. The following is a list of potential funding sources that may be applicable depending on the final focus of the population and the project direction:

Government Sources (National, State and Local Levels)

Source: U.S. Department of Housing and Urban Development (HUD)

Name: Section 202 Supportive Housing for the Elderly Program

Description: HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable.

Type: HUD provides interest-free capital advances to private, nonprofit sponsors to finance the development of supportive housing for the elderly. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years.

Website: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/eld202

Source: Housing Assistance Council

Name: Rural Senior Housing Initiative

Description: Small grants program for local nonprofits that are developing, preserving or repairing homes for low-income seniors and loans to rural senior housing projects for both rental and homeownership.

Type: Grants and loans

Website: <http://www.ruralhome.org/component/content/article/425-ruralseniors>

Source: USDA - Rural Development

Name: Rural Community Development Initiative Grants

Description: This program provides funding to help non-profit housing and community development organizations support housing, community facilities, and community and economic development projects in rural areas.

Type: Providing technical assistance to sub-grantees on strategic plan development and accessing alternative funding sources.

Website: <http://www.rd.usda.gov/programs-services/rural-community-development-initiative-grants>

Source: USDA - Rural Development

Name: Community Facilities Direct Loan & Grant Program in Colorado

Description: This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

Type: Direct Loans: 7 CFR Part 1942, Subpart A and Grants: 7 CFR Part 3570, Subpart A or a combination of the two.

Website: <http://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>

Source: USDA – Rural Development

Name: Multi-Family Housing Direct Loans

Description: This program provides competitive financing for affordable multi-family rental housing for low-income, elderly, or disabled individuals and families in eligible rural areas.

Type: Direct and competitive loans

Website: <http://www.rd.usda.gov/programs-services/multi-family-housing-direct-loans>

Source: USDA – Rural Development

Name: Multi-Family Housing Loan Guarantees

Description: The program works with qualified private-sector lenders to provide financing to qualified borrowers to increase the supply of affordable rental housing for low- and moderate-income individuals and families in eligible rural areas and towns.

Type: Loans from approved lenders.

Website: <http://www.rd.usda.gov/programs-services/multi-family-housing-loan-guarantees>

Source: USDA – Rural Development

Name: Rural Housing Site Loans

Description: Rural Housing site loans provide two types of loans to purchase and develop housing sites for low- and moderate-income families: Section 524 loans are made to acquire and develop sites for low- or moderate-income families, with no restriction as to the method of construction. Low-income is defined as between 50-80% of the area median income (AMI); the upper limit for moderate income is \$5,500 above the low-income limit.

Type: Site loans are made to provide financing for the purchase and development of housing sites for low- and moderate-income families.

Website: <http://www.rd.usda.gov/programs-services/rural-housing-site-loans>

Source: Colorado Department of Local Affairs (DOLA) - Division of Housing

Name: Home Investment Partnership Program (HOME)

Description: HOME was created by the National Affordable Housing Act of 1990 and HOME funds provide competitive funding to local government, non-profit, and private developers. The purpose of the HOME Program is to provide a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or ownership or provide direct rental assistance to low-income people.

Type: Loans and grants.

Website: <https://www.colorado.gov/pacific/dola/home-program>

Source: Colorado Department of Local Affairs (DOLA) - Division of Housing

Name: Housing Development Grant Fund (HDF)

Description: The HDGF program is a competitive grant that provides funds for acquisition, rehabilitation and new construction. The Fund was created by the Colorado state treasury and consists of monies allocated to the Colorado Affordable Housing Construction Grants Fund by the General Assembly. HDG funds improve, preserve or expand the supply of affordable housing; finance foreclosure prevention activities in Colorado and acquisition of housing and economic data necessary to advise the State Housing Board on local housing conditions.

Type: Grants

Website: <https://www.colorado.gov/pacific/dola/housing-development-grant-funds-hdg>

Source: Colorado Department of Local Affairs (DOLA) - Division of Housing

Name: Housing Development Loan Fund (HDLF)

Description: The HDLF program was created to meet federal matching funds requirements. This fund makes loans for development, redevelopment or rehabilitation of low- or moderate-income housing. Loans provided through HDLF require collateral.

Type: Loans

Website: <https://www.colorado.gov/pacific/dola/housing-development-loan-fund-hdlf>

Source: Colorado Department of Local Affairs (DOLA) - Division of Housing

Name: Housing Development Loan Fund (HDLF)

Description: The HDLF program was created to meet federal matching funds requirements. This fund makes loans for development, redevelopment or rehabilitation of low- or moderate-income housing. Loans provided through HDLF require collateral.

Type: Loans

Website: <https://www.colorado.gov/pacific/dola/housing-development-loan-fund-hdlf>

Source: Colorado Department of Local Affairs (DOLA) - Division of Housing

Name: Colorado Housing Investment Fund (CHIF)

Description: The CHIF was created with \$13.2 million from the Attorney General's custodial funds to address Colorado's need for affordable rental housing.

Type: Loans

Website: <https://www.colorado.gov/pacific/dola/colorado-housing-investment-fund-chif>

Private Foundation Sources (National and State Levels)

Source: Anschutz Family Foundation, Denver, Colorado

Description: The Foundation encourages endeavors that strengthen families and communities and advance individuals to become productive and responsible citizens. There is a special interest in self-sufficiency, community development, and programs

aimed at the economically disadvantaged, the young, the elderly, and the disabled. The Foundation is also dedicated to funding efforts in rural Colorado.

Type: Grants

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

Source: Daniels Fund, Denver, Colorado

Description: The Fund reflects Bill Daniels' personal vision and experience, and addresses the following areas of need: Aging - The focus is on ensuring older adults achieve maximum independence and quality of life by supporting in-home services, community engagement, and end of life/palliative care.

Type: Grants - Building Funds

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

Source: MacArthur Foundation, Chicago, Illinois

Name: Housing Grants

Description: Our \$150 million Window of Opportunity: Preserving Affordable Rental Housing initiative seeks to preserve and improve affordable rental housing nationwide by showing that housing preservation is a cost-effective way to extend past investment in housing; strengthen families and communities; and encourage a wide mix of partners to invest in and preserve such housing. The initiative is yielding the evidence, models, momentum, and leadership for policy reforms that position preservation as a central approach to meeting U.S. housing needs.

Type: Grants and long-term capital to local, regional, and national nonprofit affordable housing owners whose operations cover nearly every state

Website: <https://www.macfound.org/info-grantseekers/grantmaking-guidelines/housing-grant-guidelines/>

Source: The Cooperative Development Foundation, Washington, D.C.

Program: Jacob Kaplan Revolving Loan Fund for senior housing cooperatives

Description: The Cooperative Development Foundation (CDF) is a charitable family of funds that promotes self-help and mutual aid in community, economic, and social development through cooperative enterprise. CDF administers a number of grant and loan funds dedicated to various aspects of cooperative economic development. Each fund is governed by its own board of trustees and has its own unique focus. Issues addressed by the funds include: supporting seniors living in rural areas; and, cooperative housing for seniors.

Type: Grants

Website: <http://www.cdf.coop>

Source: AARP Foundation, Washington, D.C.

Program: Housing Grants

Description: AARP Foundation's grantmaking focuses on supporting and advancing effective solutions to help vulnerable older adults transform their lives today and secure the essentials for their future. We're working side by side with other organizations to

reach more people, work more efficiently and make resources go further. We seek to support organizations whose evidence-based interventions can make a direct impact on the low-income 50+ and that align with our strategic priorities.

Type: Grants

Website: <http://www.aarp.org/aarp-foundation/grants/current-opportunities/>

Other Private Equity Capital Opportunities

Source: Capital Seniors Housing, Washington, D.C.

Description: Capitol Seniors Housing is a real estate private equity firm with an exclusive focus on acquiring and investing in the development of seniors housing communities. Since 2003, CSH has invested more than \$1.0 billion on behalf of its joint venture partners.

Website: <http://capitolseiorshousing.com>

Source: Lancaster Pollard, Columbus, OH

Description: Lancaster Pollard has experience financing new construction and substantial rehabilitation or renovation projects with a variety of funding structures, including taxable and tax-exempt bonds, private placements, commercial credit enhancements and loans from government agencies and government-sponsored enterprises, including the FHA/HUD Sec. 232 LEAN program, USDA guaranteed loan programs and Fannie Mae Senior Housing Program. In fact, Lancaster Pollard was the number one FHA LEAN Lender from FY 2010 to FY 2015, according to HUD data. And because we have access to the full range of and flexibility to multi-track financing options, we can change financing structures to take advantage of lower interest rates and/or more favorable covenants and terms.

Website: http://www.lancasterpollard.com/senior_living/new-construction-or-substantial-rehabilitation.aspx

Section 6 Overall Project Marketability: Key Findings, Conclusions & Recommendations

Key Findings

- Primary competitors for independent living units for the LWV would be The Bridge at Alamosa and Legacy at Monte Vista.
- There are currently no independent living communities within the PMA and only two (2) in the greater SMA (which covers a distance of over 70 miles in either direction from the Crestone/Baca area).
- The independent living market contains a majority of studios (59) ranging in square footage from 100 to 389) and one-bedroom units (39) ranging in square footage from 471 to 725 with fewer two-bedroom (7) units offered (902 sq. ft.).
- Prices for independent living in the SMA region range from \$2320 to \$6500 per month.

- Primary competitors for senior apartments would be Cielo Vista Apartments (in Center).
- The majority of the comparable senior apartment communities contain only one-bedroom units with only one community even offering any two-bedroom units (9 units) and one offering studios (28 units).
- In the PMA, senior apartment average size is 570 square feet for a one-bedroom unit.
- In the SMA, senior apartments average 540 square feet for studio units, 570 for one-bedroom units and 814 for two-bedroom units.
- Prices for senior apartments in the PMA and SMA range from \$493 to \$709. Almost all are subsidized and residents pay 30% of their adjusted gross income.
- There are many rental housing assistance programs available through HUD.
- There are other governmental (USDA Rural Development) and non-governmental sources available for development and financing the LWV project.

Conclusions

- A higher quality community seeking higher income residents should pursue larger units with more two-bedroom options, while something targeting mid-range or low-middle income residents would likely perform better with more one-bedroom units and studios.
- Depending on desired pricing points, the majority of units should be priced and targeted towards what will be believed to be the most typical residents.
- The most important factor to consider when designing and pricing independent living units will be the prospective residents' perception of value.
- It is most appropriate for newly constructed units to be primarily studio and one-bed and two-bedroom configuration, with more one-bedroom units than studio and two-bedroom units.
- Overall pricing for independent living would likely be 10% to 20% higher than the market rate of the comparable senior apartment units plus approximately \$350 per month for meals, \$75 per month for weekly housekeeping, and per-trip transportation charges.
- The design for the physical features of the proposed project aligns with the market standard and many of the current trends.
- The design for the interior features of the proposed project aligns with the market standard and many of the current trends.
- It is most appropriate for newly constructed units to be primarily one-bedroom and studio unit configuration, with fewer two-bedroom units. Studios should be limited to 5-10% of the overall senior apartment unit count.

Recommendations

- We recommend for independent living units (marketed to the SMA) approximately 15 studio units, 40 one-bedroom units, and 20 two-bedroom units being appropriate for the Crestone/Baca area.
- We recommend for senior apartments units (marketed to either the PMA or SMA) 5 studio units, 30 one-bedroom units, and 10 two-bedroom units.
- We recommend that specific funding research be conducted to determine appropriate finance structure once the LWV project has been more clearly defined. The final decisions regarding design, resident population and other factors will play a part in determining which sources are best suited for the final project.

APPENDICES

The following have been made available in electronic versions:

Appendix A - Senior Life Report (The Nielsen Company)

Appendix B - Supply Demand Worksheet

ENDNOTES

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