



December 9, 2020

Attorney Adam Blank
Wofsey, Rosen, Kweskin & Kuriansky, LLP
600 Summer Street
Stamford, Connecticut 06901

Re: Senior Housing Market Update

Dear Attorney Blank,

At your request and authorization, Kerin & Fazio, LLC has prepared a summary of changes within the Senior Housing market in Connecticut and the Norwalk region. The purpose of this report is to support the Norwalk Planning & Zoning Commission, and other stakeholders, in connection with a proposed Zone Text Amendment. The proposed amendment creates a defined category for the development of dwelling units designed for occupants over 60 years of age, where housekeeping, professional caregiving, meals, and other support services are offered. The purpose of the amendment is to expand housing options for seniors requiring support services, beyond traditional congregate housing to include single-family or low density multi-family residences.

The senior housing market in Connecticut is driven by three primary factors:

- Regional demographics
- The supply and type of existing senior housing
- Changes in consumer preferences and long-term care rebalancing within Connecticut

The following summary will examine the above-mentioned factors to provide an overview of major trends and challenges within the senior housing market.

Regional Demographics

As has been widely publicized over the past decades, the senior population continues to grow both on a gross basis, and as a percentage of total population. According to the CT State Data Center at UCONN, the number of residents within the Bridgeport-Stamford Labor Market Area (LMA) over the age of 65 will increase by approximately 9,600 (6.7%) by 2040. During this period, total population within the LMA is

projected to decrease by 0.4%, resulting in a higher proportion of 65 and older residents. Within the 75 and older demographic, population growth within the LMA is projected to be more robust, with annual population growth rates between 0.6% and 1.1% through 2040, compared to overall population growth of between -0.1% and +0.1%.

Types of Senior Housing

There is a range of existing senior housing types, both in terms of physical characteristics, and in support or medical services offered. Facilities that offer more support and medical services tend to be in congregate settings, where detached housing or low density developments tend to offer fewer services to residents. A summary of the major types of senior housing follows.

Active Adult Communities

Active adult communities are restricted to household with one or more residents over a certain age, typically 55 years old. Development types include single-family residences, duplexes, townhomes, or higher density flat-style units. Residents have no exterior maintenance responsibility, and there are few or no services related to medical care or assistance with activities of daily living (ADLs). Some developments include amenities such as pools, clubhouse/recreation areas, or golf courses. These developments can contain rental units, condominiums, or a combination of both.

Independent Living Facilities

Independent living facilities (ILF) are typically located within congregate settings, with maintenance-free private apartments, and a wide range of community amenities. Amenities typically include meals within a community setting, social opportunities, transportation, fitness/wellness, and salon/spa services. Independent living units are sometimes located within mixed-buildings that also contain Assisted Living services. Typically residents pay a base monthly rent for occupancy, with additional charges depending on services utilized.

Assisted Living Facilities

In terms of physical characteristics, Assisted Living Facilities (ALF) are typically similar to ILFs, with private apartment units and a range of community amenities. In addition to services offered in ILFs, residents in ALFs have access to a range of assistance including support for activities of daily living, nursing services, and some medical supervision. The majority of ALF residents require assistance with medications, bathing, and dressing. These services are provided by an Assisted Living Service Agency (ALSA), which are licensed by the State of Connecticut.

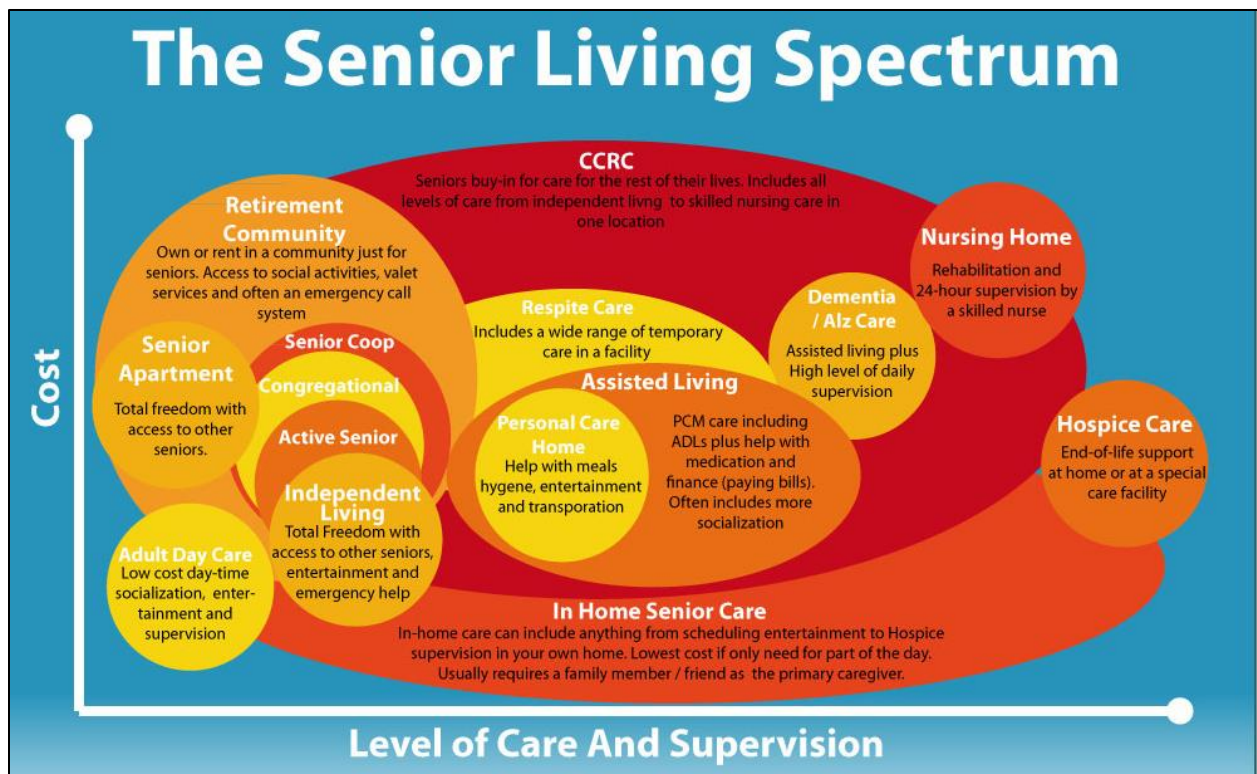
A subtype of ALFs are Memory Care facilities that cater to residents with dementia or Alzheimer's disease. Memory Care facilities can be stand-alone, or wings within a larger ALF, and feature increased supervision and security to ensure the well-being of residents. The majority of ALFs have been developed in the past 25 years, with a surge in development over the past five years. Similar to ILFs, residents pay a monthly rent and additional fees for services provided.

Skilled Nursing Facilities

Skilled Nursing Facilities (SNF) offer the most comprehensive support and medical care within the senior housing continuum. The development of a SNF requires a Certificate of Need (CON) from the State of Connecticut and the majority of SNFs were developed between 1965 and 1975. Due to the shift away from SNFs as part of the long-term care rebalancing, there has been a moratorium on new SNF beds and no new development in recent decades.

SNFs have a combination of private and semi-private rooms, and have community dining areas and rehabilitation areas. The majority of funding comes from the Medicaid program, while the Medicare program funds short-term rehabilitation for residents transitioning back to the community.

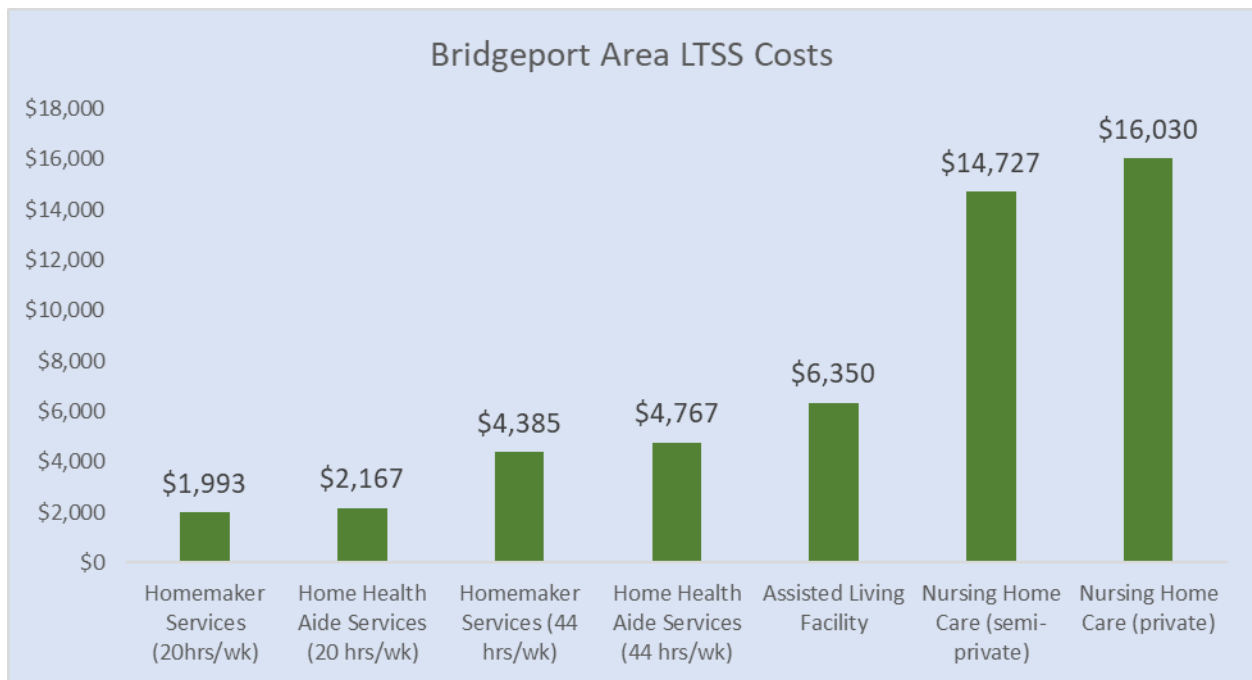
The following graphic summarizes the cost and level of care and supervision across the senior living spectrum.



Source: Seniorliving.org

Relative Cost of Care

The chart on the following page summarizes the cost of care in Assisted Living and Skilled Nursing settings, compared to homemaker and home health services within the Bridgeport region. Compared to skilled-nursing, the cost for a full-time home health aide is almost \$10,000 per month less expensive, exclusive of housing costs. Compared to an assisted living facility, a part-time (20hrs/week) home health aide is \$4,183 per month less expensive, excluding housing costs.



Source: Genworth Cost of Care Study 2019

Long-Term Care Rebalancing

Long-term care rebalancing refers to the statewide initiative to shift the provision of long-term care from institutional settings to home and community-based settings (HCBS). This shift is being driven both by consumer preferences, as residents prefer to “age-in-place” outside of an institutional setting, and by cost-saving initiatives that recognize the lower cost of HCBS.

Specifically, the long-term care rebalancing program by the State of Connecticut refers to shifting Medicaid funds away from institutional care towards HCBS. The trends in both consumer preference and cost savings hold true beyond the population served by Medicaid, and are expected to have an impact on the overall market.

The state has a goal of providing over 80% of Medicaid funded long-term care within HCBS by 2040. This would result in a reduction in demand for skilled nursing beds within the LMA from the current level of

3,062 to 1,919 by 2040. This shift will result in a continued reduction in demand for skilled nursing beds, and will likely lead to the closure of additional SNFs.

The biggest challenges identified by the state in achieving the rebalancing goals are the availability of affordable and accessible senior housing, and the transitioning of the institutional-based labor pool to home and community based settings.

Conclusion

Over the next 20 years, the demand for senior housing will be driven by demographics trends, consumer preferences, and cost incentives. Within the LMA, these trends point to the continued growth in the senior population, who increasingly prefer to age within a home and community-based setting. In addition, cost of care data indicates that cost savings can be realized outside of an institutional setting.

Given these trends, there are two primary challenges in servicing the needs of the senior population: providing safe and affordable housing, and transitioning the existing institutional-based caregiving labor force to home and community-based settings. The proposed Zone Text Amendment is consistent with current trends and consumer preferences, and could facilitate the provision of accessible housing for the growing senior population, with available services to allow residents to age-in-place. An additional consideration is the impact of the ongoing Covid-19 pandemic on the senior housing market. The skilled nursing and congregate housing markets have been particularly hard hit, which may contribute to a shift in future demand. A lower density housing option that provides support services to senior residents could be increasingly attractive relative to congregate settings.

It has been a pleasure to assist you in this assignment. If you have any questions, or if we can be of further service, please feel free to contact me.

Respectfully submitted,
Kerin & Fazio, LLC



David Herbst, MAI