

RIDING OUT THE ECONOMIC STORM

It's no secret that the recession has had a significant impact on the housing industry – and the senior sector is not immune. According to the Senior Housing Construction Trends Report – 2008, construction of senior housing units has slowed by 12% over the last year, mostly due to frozen credit markets.

With current interest rates two times higher than pre-recession rates, and the number of AAA rated banks available to provide a letter of credit in decline, traditional capital is getting difficult to come by. Yet at the same time, the need for housing remains strong.

As the Silent Generation and their Boomer children are introduced to retirement communities, the need for innovative, lifestyle-focused housing will continue to increase. And with many individuals facing a decline in the value of their real estate, there will be an increased need for options that are also affordable. Waiting for a turn in market conditions to prepare for the upcoming demand could be detrimental to business sustainability and growth. Now is the time to plan and build. The sector's outlook is positive, despite the current credit crisis. The solution to overcoming what will likely be short-term credit crunch is to find alternatives for securing capital for growth.

In rural communities, capital is often times available from local community banks, many of which have remained stable, despite the economic downturn. Tax credit financing is also available, and there are many investment companies showing an interest in the sector.

Attic Angel Prairie Point, a Continuing Care Retirement Community located in Madison, Wisconsin, is currently seeking alternative financing to fund the addition of an 87-unit apartment building to their continually-growing campus.

"We've tapped into our internal resources by utilizing the knowledge and expertise of our resident population," said Mary Ann Drescher, president of Attic Angel. "They helped us evaluate proposals, participated in long-range planning and some are even assisting with tax credit financing."

In addition to tax credit financing, Attic Angel is weathering the financial storm by cutting costs wherever possible. They have worked with contractors to reduce costs, including a reduction in property insurance. And the organization's green initiative is saving more than just trees – it's helping them save their bottom line.

Another approach to surviving in a tough economic climate is to maintain a focus on what's most important in sustaining a profitable and growing older adult community. For many, that means balancing financial health with superior resident care.

According to Steve Monroe, editor of The Senior Care Investor, "The impact on the industry from the crisis of confidence on Wall Street may be severe in the short term, but it will also result in a more inward-looking industry focusing on operations, staffing, quality of care innovation and, perhaps, cooperation, and that will benefit everyone in the long term."



CLS IN ACTION

Learn more about how your community can overcome financing challenges.

Join us at the Wisconsin Association of Homes and Service for the Aging (WAHSA) Spring Conference, May 6-8 in Stevens Point, Wisconsin.

Tom Martin, President of [Community Living Solutions, LLC](#), and Mary Ann Drescher, President of Attic Angel, will address ways to overcome the financing challenges currently facing the older adult housing market.

For more information, contact Community Living Solutions by phone at 920.969.9344 or by [email](mailto:dschacht@communitylivingsolutions.com) at dschacht@communitylivingsolutions.com.

Enlightened Perspectives is an e-newsletter published by [Community Living Solutions, LLC](#), a premiere provider of planning, design and construction solutions for the senior living industry.

If you have a topic you'd like to suggest for an upcoming newsletter, or if you have questions about creating sustainable communities for older adults, please email dschacht@communitylivingsolutions.com or call us at 920.969.9344.