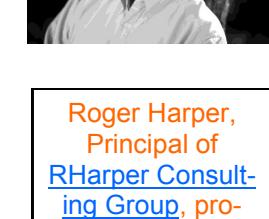


RHarper Consulting Update

The Graying of Our CCRCs



In the late 1980s, as I was beginning my career in continuing care retirement communities, a tremendous number of communities emerged and the concept of full service campus care became an accepted and desirable lifestyle. Our industry responded to these successful communities by providing more communities, with broader ranges of services and amenities, serving a retiring population which demanded active lifestyles and had the resources to afford the programs and services provided.

By and large, these CCRCs were successful and continue to serve their populations effectively. However, our feasibility and project concepts were flawed in a very material way. The populations were static; the resident population that moved in at the beginning of the project at an advanced median age – let's say 78 – has remained with the community and has aged in place, requiring and receiving more services. Due to superior care and medical advances, the initial population has remained essentially intact twenty years later, and the median age of the many CCRCs has risen dramatically.

This aging-in-place phenomenon has driven many repositionings of CCRCs over the past ten years, as they have struggled to attract a "younger" target market. Newer facilities with modern amenity packages and a broader range of services certainly appeal to seniors of any age, and modernizing your facilities is an essential part of any CCRC repositioning. However, recognizing the differences in your current resident population and the target market you wish to attract is essential. Ideas to consider as you look at repositioning your CCRC:

Consider the actuarial status of your current population and incoming residents. If the median age of your community is over eighty-four, and new residents/prospects reflect that same median age, turnover due to mortality/morbidity, use of resident care services, and frailty issues will be setting your strategic course whether you plan for it or not. Your current residents more strongly establish the image of your community than do your facilities, and this is a critical element to recognize as you embark on strategic planning of your market repositioning.

Who speaks for your target market? A successful repositioning requires the participation and support of many different constituencies. Often, the most vocal and demanding are the existing residents - the most important referral source for new residents. Unfortunately, the perspective and needs of your existing residents may not be completely aligned with the programs, facilities, and services desired by your target market. Resolving these conflicts when one of the stakeholders is not at the table is challenging, but must be successfully navigated to effectively attract and integrate new residents into the community.

Build maximum flexibility into your planning. If the past two years have taught us anything, it is that just because you planned it, doesn't mean it will happen. There are a number of very well-thought-out repositionings and new CCRC projects that have been forced into the market because they had only one way out – stick to the plan, close the financing, and hope economic recovery occurs in time to meet projections. Many are facing bond covenant violations and worse as the market continues to show a very bumpy road to recovery. Be sure that your team has expertise on board which has the creativity, resources, and experience to guide you in the planning and implementation of your strategic repositioning.

Today, we see a generation of successful CCRCs that are experiencing occupancy challenges due to aging-in-place or other market issues. We need to have a broad vision of all the factors affecting occupancy and financial success, including not only the residents we serve, but also those we strive to serve as we address planning to overcome these challenges. Understanding how our target market perceives our CCRC and closing those gaps to meet their value expectations is the key element to success.

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.

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