

## **Key Highlights of Older Americans**

### **Presented as background to support a multi-use residential development for older Americans**

**More than 50 million Americans are or will be in search of securing housing for aging in Place and if that is not possible then having housing needs movement options within their community.**

#### **Demographic Characteristics:**

1. Those ages 65 to 74 were the largest among the three age groups, numbering 28.7 million or 58 percent of the 49.2 million older population.
2. There were more females than males, especially at the oldest ages. For those ages 65 to 74, there were 89 males for every 100 females, compared with 53 for the population 85 and older.
3. The older population was largely white alone, non-Hispanic (or “white” in this instance), especially among the oldest. More than 80 percent of the population 85 and older was white, compared with 61 percent white for the overall U.S. population.

#### **Social and Housing Characteristics:**

1. Although most of the older population had been married at some point in their lives, a majority of females age 85 and older (72 percent) were widowed while more than half of their male counterparts (54 percent) were still married.
2. **The likelihood of living in a family household diminished with age, from 73 percent among people between ages 65 and 74 to 48 percent for those 85 and older. Conversely, people living alone almost doubled from 22 percent for the younger age group of older Americans to 39 percent for the oldest.**
3. About 9 out of 10 older whites and blacks were born in the United States compared with about 4 out of 10 older Hispanics and 1 out of 10 older Asians — a reflection of Hispanics and Asians being more recent migrants to the United States with migration much more likely among young adults.
4. A greater share of older males than older females had at least a bachelor’s degree.
5. The homeownership rate (the percentage of all occupied housing units that are owner-occupied) was highest among people ages 65 to 74 (79 percent). It was also higher for the two other older age groups (79 percent and 69 percent, respectively) compared with the rate for all ages (63 percent).

#### **Economic Characteristics:**

1. The most common type of household income received in the past 12 months among the population 65 and older was social security (90 percent).

2. Noncitizens 65 and older were most likely to be in service occupations (36 percent), while native-born citizens of the same age were most likely to be in management, business, science, and arts occupations (42 percent).
3. Earnings went from the most common form of income among the population under age 65 to the least common for the population 65 years and older. However, among the population age 65 and older who did work, the median earnings for those with a bachelor's degree or higher was over two and half times the amount earned by those with less than a high school degree in the same age group (\$76,060 compared with \$28,520).
4. The percentage of people in poverty was lower for the population age 65 and older than for the total population but a higher percentage of older women (about 11 percent) than older men (about 7 percent) were in poverty. The poverty rate for Asians 85 and older was even higher, at 18 percent.

### **Summary:**

Most Americans are likely to need some form of assisted living as they age. The writer believes that this is best accomplished in an environment that starts with the goal of living in an age restricted single-family housing unit that is in a community that provides a group of services and progressive living as needed on a fee for service basis. Those services could be: exterior home maintenance, landscape maintenance, dining, recreation through an association or preferably a proper management entity tied in with Senior Apartments, Assisted Living, Rehabilitation Services, Physical Therapy, Memory Care and Nursing Care.

### **From the Kiplinger Letter:**

The long-term outlook for health-care-focused real estate is tantalizing. Kevin Brown, an equity analyst at Morningstar, notes that the "80-and-older population, which spends more than 4 times on healthcare per capita than the national average, should almost double over the next 10 years."

**Welltower** ([WELL](#), \$63.14) is strongly positioned to capitalize on this trend. The real estate investment trust owns over 1,200 health-care properties spanning everything from hospitals and skilled nursing facilities to medical office buildings and senior housing.

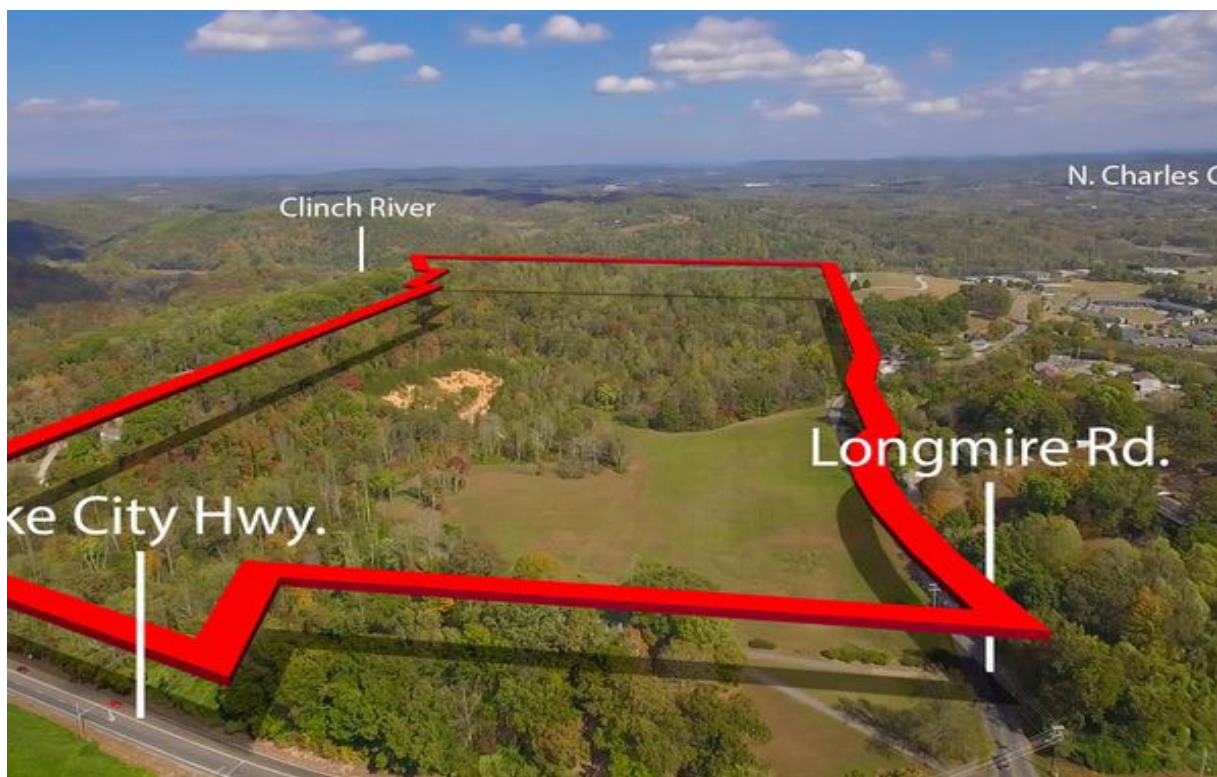
The business is managed conservatively. Besides its property diversification, Welltower maintains an investment grade credit rating and deriving over 90% of its rent from private pay sources, rather than depending on Medicare and Medicaid reimbursements which can fluctuate due to regulatory changes. Management's disciplined strategy has enabled Welltower to pay uninterrupted dividends since 1971, and that trend seems likely to continue given the industry's long-term prospects.

Because of this I believe a well-planned and expertly managed development for seniors with a progressive housing and care plan would be highly profitable. An example of the progressive care portion of a development of this nature including senior apartments is Monroe Village in Monroe Township, NJ. Their website is <https://monroevillageonline.org/living-options/independent-living/>. This website defines the senior independent living portion of the proposed development far more completely than the writer could in this document. Another facet of this development could be age restricted single-family housing

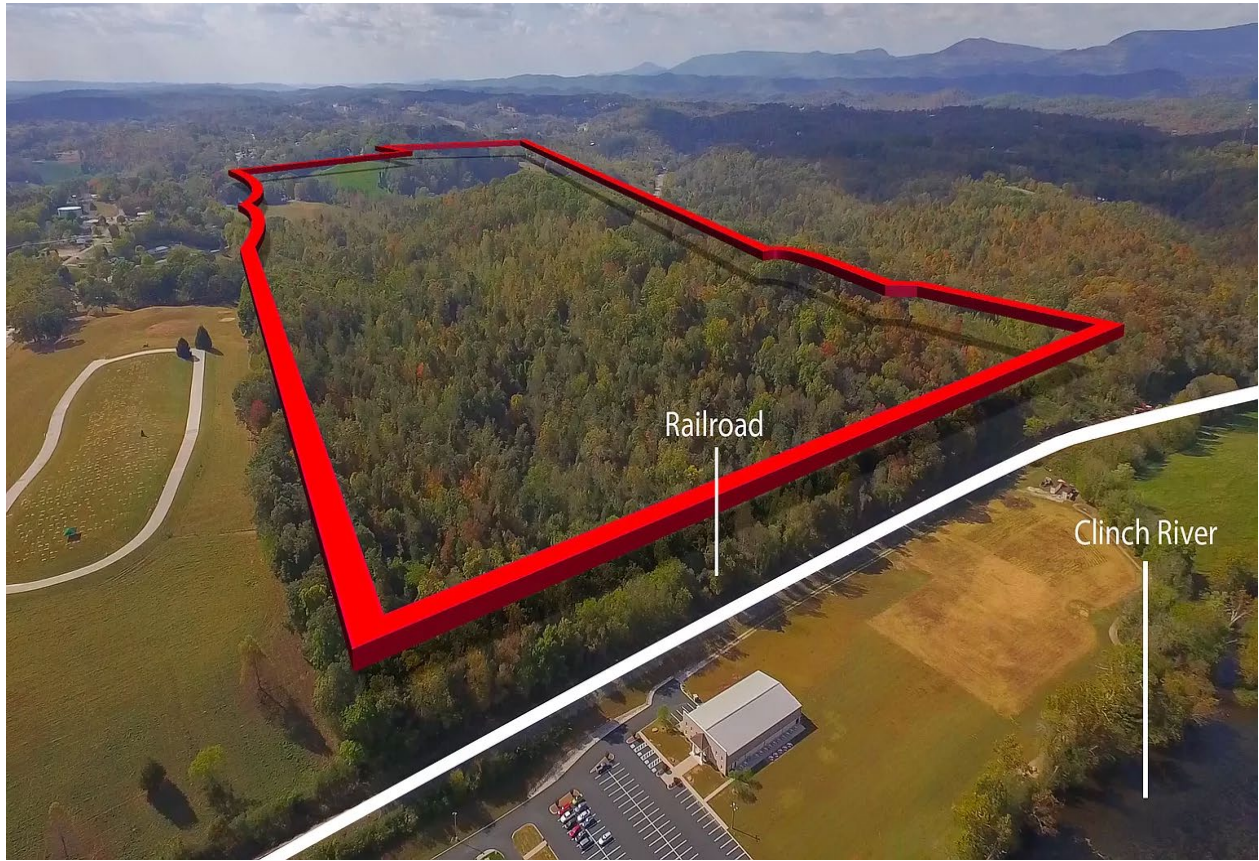
owned fee simple by the resident. The residents could buy into progressive living and receive priority placement in the more structured portion of the development. Additionally, they could be customers for the company buying personal services (i.e. travel to shopping, hair care, personal care, house cleaning), maintenance, and food services (delivered and in-din9ng from the development restaurant) all services are to profit based fee for service.

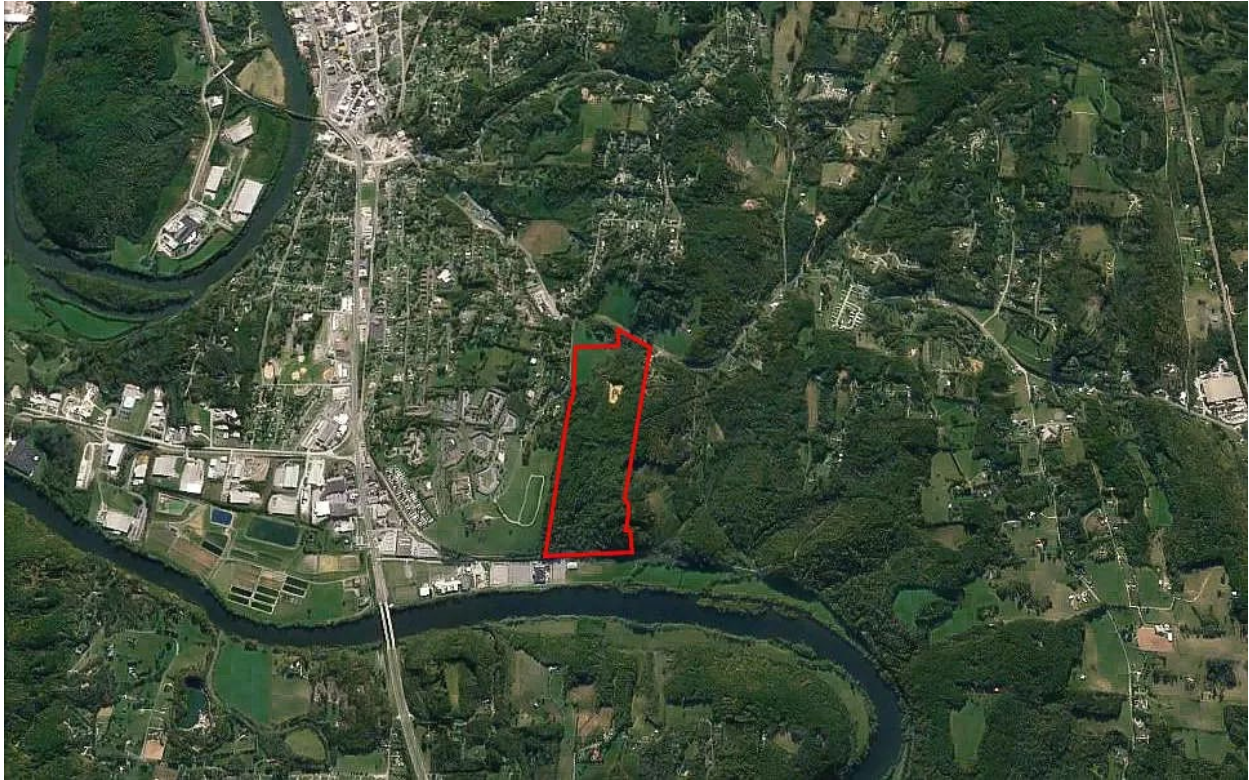
### **The Property:**

The proposed development property is located in Clinton, TN a small city in the eastern section of the state. The property is a 15-minute drive to Knoxville, 10 Minutes to Oak Ridge and 35 minutes to the regional airport. Clinton has full-time paid paramedic and fire service with the headquarters station less than a mile from the property. This property is divided into two sections one approximately 89 acres and the other around 7 acres. They two portions are contiguous. The land has been vacant for over 50 years and prior to that was a farm. As you will see from the photos the land has mountain and river views.



The notch in the front of this photo is the additional acres contained in the second track.





### **Background**

The city of Clinton is located in Anderson County, just a short drive outside of Knoxville. It is served by the airport designator TYS. The drive to Nashville (one of the fastest growing areas in the USA) is in the range of 2.5 hours. As you stroll through the downtown district, you'll be in awe at all the specialty shops that make up this charming community. Market Place is an antique lover's dream, surrounded by a comic and collectibles shop, a glass studio, jewelry store, as well as cafes and bakeries – so be ready to shop and grab a bite to eat! Down the street are multiple Clinton City Parks, a large green space and recreational facility where residents can join sports leagues, walk or ride their bikes along the pathways, or gaze out onto the Clinch River, the site of a new Riverfront Development of shopping and dining. The Clinch River is also one of the world's greatest trout fishing streams.

The city lies in direct junction with Route 61, Route 25W, and I-75, residents can easily experience the Great Smoky Mountains National Park, Little Ponderosa Zoo, and River Ridge Farm – a horseback riding and horse-and-buggy guided tour, the Museum of Appalachia and many fishing, sporting and hunting areas.

### **Rent Trends**

As of January 2020, the average apartment rent in Clinton, TN is \$566 for one bedroom, \$693 for two bedrooms, and \$715 for three bedrooms. Apartment rent in Clinton has increased by 1.7% in the past year. This yields a monthly rent run of \$0.6588 per foot square. Willow Run the

newest of the Clinton Apartment Complexes is currently advertising apartment space for a monthly rent run of \$1.27 per foot square. This along with the high occupancy rate of the apartments in Clinton indicate a need for more diversified rental offerings that will produce higher value rent runs.

Beds	Avg Sq Ft	Avg Rent
1 BR	810	\$834
2 BR	1,021	\$1031
3 BR	1,165	\$1479

\*It is important to note that all existing rental units in Clinton are rented except for 3 available units in Willow Run Apartments that has just built two new buildings. Of the apartments included in this survey of Clinton Units there are no “luxury apartments” or units designed for a renter that is willing to pay for a higher value unit. In a review of these units they are constructed in a style to indicate that the building cost in today’s dollars would be ~\$1.25 per square foot not including the property.

### Ratings

---

WALK SCORE®

**32** Car-Dependent

BIKE SCORE: **28** Somewhat Bikeable

### Demographics

---

Statistic	Value
Per Capita Income:	\$42,547
Median Household Income:	\$50,700
Population Density:	243 per square mile
Total Population:	885,631 people
Average Age:	40 years old
Square Miles:	13.00 square miles
Average Rent:	\$566 per month
Monthly Rent Change:	1.70%

### Additional Opportunity

In addition to the senior development and apartment development portion of the proposed development I believe there is a need in Clinton for Senior Single family rental unit houses. As of this writing there are only three houses available for rent. It looks like the monthly rent run-on single-family houses would yield \$1.25 per square foot. These rental houses could be constructed in the range of \$125.00 per square foot not including property cost.

### Developed Infrastructure Land Cost

The plus or minus 90.98-acre land plot is offered at a cost of \$1,250,000.00. This amount of land yields gross developable square footage of 3,963,089. Under the most stringent of development restrictions the buildable square footage should no less than 50% or 1,981,545 square feet. This yields a cost per square foot for buildable land of \$0.6308 and total land square footage of \$0.3154.

#### Estimated Development Cost after contractor and professional provider consultation these are initial conservative estimates:

Cost of land	\$2,200,000.00
Buildable square feet	2,050,805
Developable square footage total	3,728,703
Cost of land buildable square foot	\$1.0727
Total Cost of Land	\$0.5900

Cost of roads, utilities, telephone, internet, water, sewer infrastructure to support development	\$3,150,000.00
cost of buildable square foot for infrastructure	\$1.5360

Estimated legal cost for planning and subdivision	\$300,000.00
cost of buildable square foot for legal	\$0.1463

Estimated Architectural design and engineering work	\$550,000.00
cost of buildable square foot for design and engineering	\$0.2682

Developed Infrastructure land cost for buildable square foot **\$1.95**

#### All costs are per square foot not including Developed land cost\*

Estimated cost to build single family rental housing \$125.00

Estimated cost to build basic apartments with sprinklers \$136.00

Estimated cost to build higher quality senior apartments with sprinklers \$145.00

Estimated cost to build assisted living, memory care, advanced care housing \$1.75

\*All costs are good faith estimates after consultation with professionals with experience in this arena. It is the responsibility of the buyer to perform their own due diligence. The only cost within the control of the writer is the land cost. It is extremely difficult to determine what type of construction could be chosen by an individual developer and this could drastically effect building cost. In example considering a total mixed

development of the parcel of land of approximately 85.6 acres the cost to build basic family rental housing would be \$135.00 construction cost plus \$2.15 of developed land cost or a total of \$137.15 per foot. A basic single family 1500 square foot rental unit would cost \$205,725.00 to produce ready to rent. At a rent run of \$1.02 monthly this home would produce a gross monthly rent of \$1530.00. If the full cost of the house was applied to the annual gross yield would be  $\$18,360/\$205,725 = 8.92\%$ . The writer understands that this is a gross not net yield. Based on advertising of comparable basic new construction offerings in the proposed area of new construction the home would have an estimated initial retail offering value of \$141.00 per square foot or \$210,000.00. From review comps on current closed sales the sale price per square foot is running in the \$2.00 average range. The writer believes because of the values from comp for sale ads in the area, that the construction cost used in this modeling are current and possibly overstated on a per square foot completed basis.

The writer believes, based on the vistas offered by the property, that a mixed-use development of this property as described within the document would be a stable and highly profitable development for an interested party. The components could be:

- Senior family housing for rent or sale
- Assisted living units that are moderately decorated
- Memory Care units that are moderately decorated
- Nursing Care units that are standard
- Re-hab units that are moderately decorated
- Senior family apartments
- A medical services development to support the seniors and the development as well as the surrounding community
- Balance of the property with normal housing or apartments.

With a mixed-use development an investor could produce a long-term income producing property plus property management opportunities.

Some other developments like suggested:

[Gain Peace of Mind | Erickson Living \(ericksonseniorliving.com\)](http://ericksonseniorliving.com)

[Senior Living Communities in NJ & DE | Springpoint Senior Living \(springpointsliving.org\)](http://springpointsliving.org)

[Senior Living Community in Monroe NJ | Monroe Village \(monroevillageonline.org\)](http://monroevillageonline.org)

[Parker Life | Home | New Jersey-based aging services organization](http://parkerlife.org)