

Young At Heart

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As the 78 million baby boomers near retirement age, they're demanding communities that will cater to their more active lifestyles. Find out what they want and how you can prepare.

When Raul and Cathy Solorio were looking for a retirement community, they drew a circle around their hometown of Anaheim, Calif., mapping out a 50-mile radius. Within that target area, the couple searched for a community with people their age who had similar interests.

In time, the Solorios found their home at Sun Lakes Country Club, an active-adult community of 3,000 units in Banning, Calif., that offered the proximity, security and amenities they were seeking.

"We wanted to stay close to our kids and grandkids. Our parents were not around our children during their retirement and we decided that we weren't going to do that," says Raul. "Staying nearby allows us to be closer to and more involved with our grandchildren."

Like many other retired couples, the Solorios wanted to maintain a high quality of life, but didn't want to be too far from their family. In that respect, the couple is representative of the baby boomers, who will begin retiring in force about 2011. When they do, they are expected to change our communities dramatically. By 2030, nearly one in five Americans—71.5 million people—will be 65 or older.

Developers are responding to the changing demographics by creating more communities that cater to active adults. However, association board members, community managers and recreation directors are the ones who truly make a community active. To stay competitive in this changing market, it's critical to understand what these new retirees need and want—and how they differ from previous generations.

THE GENERATION GAP

Unlike previous generations of retirees, many baby boomers still view themselves as young. And to them, young doesn't mean spending an afternoon in a rocking chair.

Retirement facilities used to be designed to provide safety and save money rather than offer a lifestyle. GI-generation retirees, who lived through some of America's most financially straining eras, weren't as accustomed to recreational exercise or organized social activities. Instead they were frugal with their earnings and considered retirement an end to their working days.

Baby boomers, who are concerned with health and physical fitness, hold a much different outlook. Living through eras of radical social change and freedom, baby boomers view retirement as a new chapter in life, not the last. They are showing the world that getting older does not mean acting or feeling old—and they have the disposable income to prove it.

Many baby boomers expect to continue to work during their retirement, unlike previous generations. According to the 2005 Merrill Lynch New Retirement Survey, 71 percent of the adults surveyed plan to work after what has traditionally been known as retirement age. The most commonly cited reason was a desire to stay mentally and physically active. It's becoming common to find retirees pursuing second careers, such as teaching or consulting, which provide the freedom to alternate work and leisure.

"People are retiring from the corporate world at a much younger age. However, many of them continue to be productive members of our workforce beyond the age of 65. They find working and being active important aspects to growing old vibrantly," says Tim Taylor, vice president of large-scale management for Professional Community Management of California, who has been managing active-adult communities for more than 20 years.

The lifestyle differences of baby boomers are prompting developers to shift from traditional to active-adult communities. The buying power and the influence of 78 million baby boomers have greatly increased this segment of the residential real estate market.

"Traditional senior communities revolve around a few components—the security of a guarded entrance, the occasional pool and low-maintenance housing and common areas," Taylor says. "These communities lack active elements, which have become essential to today's seniors."

The popularity of leisure sports such as golf and tennis, along with a heightened awareness of healthy eating, has made health and fitness a major trend in senior living. Developers are now incorporating these elements into the design due to retirees' increased concern for quality of life and rising health care costs.

Active-adult communities are designed to appeal to active individuals 55 years or older. Most provide residents a number of leisure and social pastimes.

"We see more people entering the senior demographic with diverse interests. Active-adult communities allow seniors to establish social networks and develop new friendships with peers," says Dave Schreiner, vice president of active-adult business development for Pulte Homes, a large developer of adult communities.

Until recently, areas like Southwest Florida and Arizona have been prime destinations for seniors. However, with more retirees wanting to stay near their hometowns and families, these areas are not as popular as they once were. According to a 2005 Del Webb survey, 59 percent of younger baby boomers (ages 41 to 49) and 50 percent of older baby boomers (ages 50 to 59) plan to move when they become empty nesters or retire. About 47 percent of those who plan to move would like to stay within three hours of their family. In addition, 66 percent of those boomers would move for a better community lifestyle, the survey found.

Pulte Homes, which has more than 47 active-adult communities throughout the country, outfits its communities with fitness centers, multiple swimming pools, tennis courts, golf courses, art studios and large clubhouses for games, dining and dancing.

These recreational elements within a variety of housing—including town homes, villas, modular homes, manufactured homes and condominiums—reflect the lifestyle of the typical baby boomer.

Active-adult communities are popping up everywhere across the country because baby boomers desire the amenities of a five-star hotel, but not at the cost of traveling hundreds of miles from home. Usually not considered a resort destination, Middlesex, N.J., is home to the Regency at Monroe, an active-adult community that includes a golf course designed by Arnold Palmer; hiking trails; a community garden; and a clubhouse with a lounge, a ballroom and a state-of-the-art fitness center.

Less than an hour outside of Dallas, many retirees have found their desired lifestyle at Robson Ranch, an active-adult community in Denton, Texas. Robson Ranch features energy-efficient homes, championship golfing, on-site restaurants, a clubhouse with an auditorium, a salon and nearby shopping, art and sporting activities.

STEP IT UP

With more developers understanding the retirement desires of this generation, there is an increased need for management companies that specialize in adult communities. In addition to general management, managers of active-adult communities are tasked with creating a sense of community and coordinating recreational activities. These communities often host hundreds of clubs that are as diverse as bridge, paddleball, tap dancing and support groups for singles. Some management companies staff these communities with on-site activity directors and support staff to coordinate everything from club meetings and gala balls to performances by entertainers and day trips to tourist locations.

Because these communities are service-oriented and amenity-focused, the demand for support is extremely high. It is essential that these communities have an actively involved management staff that can provide hospitality services to meet the various requests by homeowners.

Managers of active-adult communities usually provide unique services that aren't found at traditional retirement communities. These can include personalized support services such as transportation to medical appointments or high-end services such as vacation planning. Some residents may need an immediate response to situations that don't require the police department or emergency medical services. Sometimes residents have maintenance problems, such as clogged sinks, which require a quick helping hand. In these cases, a seasoned management staff is vital to making sure that all issues and situations are addressed in a timely fashion and handled with care.

EXTREME MAKEOVER

As active-adult communities gain popularity, boards of existing retirement communities are left wondering how this will affect them. The answer depends on how board members decide to deal with this challenge.

Typically built 10 to 30 years ago, traditional senior communities are at a disadvantage when competing with active-adult communities for prospective buyers. Older communities often lack today's standard amenities and may show signs of age. Because of this, baby boomers may be reluctant to buy a home in these communities.

To stay competitive, older communities must invest in a variety of amenities to revitalize them. By doing this, a community can prevent losing existing homeowners and prospective home buyers.

To increase its attractiveness to buyers, Sun Lakes Country Club Homeowners Association in California invested about \$3.5 million over the past eight years to improve its facilities. The community spent \$2.5 million to enlarge and remodel its main clubhouse to include a full-service restaurant, a roomier lounge for more weekend entertainment and a larger ballroom with improved stage and lighting equipment. The community also spent \$750,000 to remodel a second clubhouse, which now includes a 2,000-square-foot fitness center with the latest exercise equipment and personal video screens.

If a community chooses not to make improvements, it may face declining property values if houses are difficult to sell. Ultimately, it could be forced to raise homeowner assessments because of shrinking revenues.

Management companies and boards should understand the value of investing in a community more than the typical homeowner. Elderly homeowners, including many on fixed incomes, may be hesitant to pay higher fees to make the improvements. Some homeowners are reluctant to pay for amenities because they believe they won't experience the full benefits. They fear that their

hard-earned dollars will help build an Olympic-sized swimming pool or other amenity that only the next generation will enjoy.

Although these concerns are understandable, improvements should be made for the greater good and success of the community—and, to protect property values. It is important for boards and managers to work together to educate homeowners on the need for the upgrades and to gain the support of the community. A community's longevity, in the time of the baby boomers, will greatly depend on the decisions made today.

As with most difficult issues, education is the key. Do your research. Start by analyzing the competition. What do they have that you don't? What segment of the retired population are you trying to attract? Conduct an owner survey to see what current owners need and want. Hold open forums with homeowners to discuss the need to update your facilities and keep the community well-maintained. Use your newsletter to communicate the results of your research. Let your homeowners know what you are doing, why you're doing it and how they will benefit. Even if they don't personally see the need for clubhouse renovations, they might enjoy using it with their grandchildren.

Active-adult communities are increasingly popular. These communities are the future standard of senior living. In the coming years, traditional senior communities will have to find ways to compete or they will struggle to survive. Forward-thinking boards and managers will help this kind of long-term planning.

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RESOURCE: *Boomer Shock, Preparing Communities for the Retirement Generation*, by Ellen Hirsch de Haan, Esq., with case study by Arthur W. Brown. Retail: \$20. CAI Members: \$12.

To order, visit www.caionline.org/bookstore.cfm or call CAI Direct at (888) 224-4321.

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