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RETIREMENT

Faith-Based Housing That Meets Evolving Needs



LAURA PEDRICK FOR THE NEW YORK TIMES

FEELING OF COMMUNITY Residents at Pennswood Village in Bucks County, Pa., a "spiritually vibrant" retirement community founded on Quaker values.

By JENNIFER PRESTON

WHEN Elaine Daniels turned 60, she made a small deposit on an apartment at Pennswood Village in Bucks County, Pa., knowing that one day she might want to move into the retirement community founded on Quaker values.

In November, at age 78, she finally did. "I didn't want to worry any more about the roof leaking or shoveling snow," said Ms. Daniels, an artist who had previously lived in nearby New Hope, Pa. "I did not have a husband. I did not have a child. I wanted to go someplace that would take care of me the rest of my life."

Ms. Daniels chose what is called a continuing care retirement community, which provides a range of care from independent and assisted living to skilled nursing. Some are faith-based, like Pennswood, where she now lives independently in a newly renovated apartment with access to three dining rooms, various services, including health care and shuttle bus service, and excursions to chamber music concerts in Princeton, N.J.

She said she was drawn to the Quaker influence. "It is a very welcoming place," she said. "It is not necessarily religious. It is about caring for the mind, body and spirit. I fit very nicely. I am an atheist. I don't really believe in anything except that I am Jewish by faith."

It took longer than she expected, though. Caught in the real estate slump, her home remained on the market for three years before she could sell it and use the proceeds toward the hefty entrance fee at Pennswood. These communities are among the most expensive options for retirement living, with entry fees ranging from \$60,000 to \$500,000.

The economic downturn several years ago hit the housing market hard, and continuing care retirement communities and other retirement developments were no exception. Many would-be residents struggled to sell their homes. Occupancy rates fell. Waiting lists vanished at popular communities, including Pennswood Village. Projects were delayed or canceled. A few went bankrupt.

But today, such communities, while still a small segment of the overall market for seniors, are seeing an increase in occupancy rates and development, according to an industry analysis by Ziegler, an investment bank based in Chicago.

Occupancy rates reached 90 percent nationally by the end of 2013 and even higher in the Northeast and Mid-Atlantic regions. Eighteen new continuing care retirement communities are expected to open this year and next, up from the eight forecast last September.

Gradual growth is expected after 2015, on the order of 15 to 30 new developments a year, said Daniel Hermann, the head of investment banking at Ziegler. He estimated that residents of such communities represent just 3 to 5 percent of people who can afford them.

Only a few hundred continuing care retirement communities operated in the United States when a group of Quakers set out to establish Pennswood Village in the 1970s in Newtown, Pa., as a "spiritually vibrant" retirement community. It was modeled after the first continuing care retirement community in the Delaware Valley, started by Quakers in Gwynedd, Pa., west of Philadelphia.

Communities fit for independent people and those who need care.

Since then, the number of such communities has grown nationally to about 1,900, with some 650,000 residents. That growth is expected to continue as more baby boomers retire and expect to live longer than their parents.

About 80 percent of the communities are owned and operated by nonprofit organizations, according to Ziegler. Of those, about three-quarters are run by faith-based organizations. Most are affiliated with the Catholic, Lutheran, Methodist or Presbyterian churches.

Fewer than 10 percent of the residents at Pennswood Village are Quakers. And fewer than 25 percent are Lutherans at the nine continuing care retirement centers in Missouri and Illinois that are operated by Lutheran Senior Services, the 10th-largest nonprofit housing provider in the nation.

"We have 18 pastors to serve our residents, their families and our staff," said the Rev. John Kotovsky, president and chief executive of Lutheran Senior Services, based in St. Louis. "Our goal is to help individuals maximize their potential spiritu-

ally, physically, mentally and emotionally. We are not there to convert anyone but to help nurture spiritual life."

While a for-profit company has to keep an eye on the bottom line, Mr. Kotovsky said, the focus for Lutheran Senior Services was on "our mission to help people live life to the fullest; we put everything back into the ministry."

He said that approach had led to a culture shift from an institutional model to a household model, where residents live in small groups of about a dozen people with access to their own kitchen and dining area.

John Diffey, the president of the Kendal Corporation, a Quaker-affiliated nonprofit company that operates 13 continuing care retirement communities in eight states, said such a community "is not a product" but "a living community."

For many people, these communities are not an affordable option. At Pennswood, the entry fee ranges from \$98,800 to nearly \$400,000, depending on the size of the apartment and the number of people living in it. In addition, the monthly fee runs from \$2,900 to \$7,600, depending on the level of services. Some communities are less expensive, some more. Others, mostly for-profit communities, offer fee-for-service and rental contracts. What residents get in return is security — and insurance for the future: If their health declines, they can get the care they need on site.

"Once someone is accepted, no one is ever asked to leave if they exhaust their finances through no fault of their own," said Jennifer Doone, marketing director for Pennswood. "That's one of the reasons people look at nonprofits, especially faith-based communities."

Mr. Diffey of Kendal said trust distinguished faith-based communities from others, particularly for-profit communities.

"People are making one of their most important financial decisions," he said. "This is for the balance of their remaining life. In the end, it is a trust decision. Who do you trust? The faith-based organizations tend to be doing this as part of their faith-based mission."

While 258 licensed continuing care retirement communities operate in Pennsylvania, New York has only nine, primarily because of strict financial regulations.

The Hebrew Home at Riverdale, in the Bronx, hopes to become the first such community in New York City, said Daniel A. Reingold, its president and chief executive. "There is a huge need, and so we want to get this up," Mr. Reingold said. "We are looking at creating a model for baby boomers. It is not just a housing model. It is a long-term care insurance model for the tsunami that is coming."

What will be interesting in the future, said Larry Minnix, the president of LeadingAge, which is based in Washington and represents 6,000 nonprofit organizations providing services for seniors, "is how the options change as the market changes."

Mr. Minnix predicted three developments in the next 10 years. One is increased attention to lower-income people, who are now priced out of these communities. Another is to add an "at home" option for people not ready to move into a community but want the services these operations provide and a guarantee of lifelong care when they become ready. Some communities, including Lutheran Senior Services, are already offering such programs. Finally, he said, he envisioned an expanding array of services, including "features that you find at the nicest of spas and at prices that are reasonable."

Ultimately, Mr. Minnix said, he expected the R for retirement to be dropped from C.C.R.C.

"If you take the image of older people and retirement off it, these places have a lot of appeal to baby boomers," he said. "They're used to quality, convenience, to come and go as you please."