Developing Assisted Living Facilities -
A Municipality Perspective

by

David P. Errico

Bachelor of Science
Villanova University
1994

Submitted to the Department of Urban Studies and Planning
Fulfillment of the Requirements for the Degree of

MASTER OF SCIENCE
in Real Estate Development
at the

Massachusetts Institute of Technology

September 1994

©1994 David P. Errico
All rights reserved

The author hereby grants to MIT permission to reproduce and to distribute publicly paper
and electronic copies of this thesis document in whole or in part.

Signature of Author

David P. Errico
Department of Urban Studies and Planning
August 2, 1994

Certified by

Langley Keyes
Professor of City Planning
Thesis Supervisor

Accepted by

William C. Wheaton
Chairman
Interdepartmental Degree in
Real Estate Development

MASSACHUSETTS INSTITUTE
OF TECHNOLOGY

OCT 0 4 1994
DEVELOPING ASSISTED LIVING FACILITIES-
A MUNICIPALITY PERSPECTIVE

by
David P. Errico

Submitted to the Department of Urban Studies and Planning
on August 2, 1994 in partial fulfillment of the requirements for the Degree of
Master of Science in Real Estate Development

ABSTRACT

The purpose of this study is to analyze how a community, Winchester, Massachusetts, has addressed the issue of affordable housing for its elderly citizens by examining the potential reuse of a former elementary school as an assisted living facility.

The first chapter examines how changes in demographic statistics, specifically, the increase in the number of elderly citizens in the United States have created a need and demand for both developers and municipalities to address the housing concerns of an aging population.

Throughout the past century there have been numerous forms of housing alternatives for senior citizens including nursing homes, special needs housing, retirement communities, elderly subsidized housing, senior centers and Adult Day Care facilities.

As the needs and wants of the elderly have changed, so have the housing options available to the elderly, such as Continuing Care Retirement Communities and Congregate Life Care Facilities. The latest housing option, which has received much interest during the past few years, is that of Assisted living.

The purpose of Chapter II is to analyze the physical, marketing and financial aspects of developing an Assisted Living Facility.

Assisted living Facilities are thought to be an ideal housing source for elderly, filling a void which lies between totally independent housing and that of nursing home care. The target market is the frail elderly that do not need the 24 hour care, yet are in need of care with some levels of their Activities of Daily Living (ADL's).

Chapter III will examine how a municipality, Winchester, Massachusetts, has approached the process of developing an assisted living facility in their community.
Chapter III analyzes the elderly demographics and housing needs of Winchester's elderly residents; it addresses the potential re-use of an elementary school for an Assisted living Facility; and it will develop a Request for Proposal (RFP) for would-be developers.

Chapter III analyzes the process by which developing an assisted living facility came into the public housing policy of the Town of Winchester and the implication of that process for other communities, which may become involved in elderly housing developments through public or public/private initiatives.

Thesis Supervisor:    Langley Keyes

Title:            Professor of City Planning
# TABLE OF CONTENTS

**CHAPTER I**
Impact of U.S. Demographic Issues on The Development of Assisted Living Facilities................................................................. 5

**CHAPTER II**
What is Assisted Living? .............................................................................................................................................. 11

**CHAPTER III**
Building Assisted Living into a Municipalities Housing Policy - A case study of Winchester, Massachusetts.................................................... 20

**CHAPTER IV**
Conclusions.................................................................................................................................................................. 37

**BIBLIOGRAPHY**................................................................................................................................................................. 41

**INTERVIEWS** .................................................................................................................................................................... 44

**APPENDIX A**.................................................................................................................................................................. 46

**APPENDIX B**.................................................................................................................................................................. 51

**APPENDIX C**.................................................................................................................................................................. 56
CHAPTER I

IMPACT OF U.S. DEMOGRAPHIC ISSUES ON
THE DEVELOPMENT OF ASSISTED LIVING FACILITIES
IMPACT OF U.S. DEMOGRAPHIC ISSUES ON
THE DEVELOPMENT OF ASSISTED LIVING FACILITIES

Demographic data relating to the elderly population in the United States, (See Appendix A), suggest that there will be significant increases in the need for housing the elderly population. Assisted living facilities are a relatively new senior housing option that many municipalities are examining as a means to house the aging American.

However, many municipalities will find that, because Assisted living facilities are a relatively new form of senior housing, there will be many challenges to bring this form of housing from the idea stage to the development stage. Foremost, is the fact that there are relatively few proven developers and managers of assisted living facilities. Second, funding for both start-up and operation of these facilities is not in abundance. Also, elderly typically have smaller fixed incomes and have difficulty in their ability to pay for their housing needs. The elderly, because of their reduced strength and mobility may have greater housing needs These housing needs may be in the form of specially designed buildings, amenities, transportation, medical and dietary services.

On top of this is the fact that for most elderly, leaving their home or apartment for an institutional environment is not desired. Leaving a familiar environment can be a tremendously stressful move for both the elderly and their families. There are many changes occurring, at the state and federal level, in the licensing and regulation of assisted living facilities. These facts give an indication of how difficult it can be to bring assisted living facilities into public housing policy.

Fortunately, there are many organizations that are, on a national level, playing important roles in the advancement of assisted living facilities as a viable and well managed senior housing alternative. Organizations such as the Assisted Living Association of America (ALFAA), the America Association of Retired Person (AARP), and the Center for Vulnerable Populations have conducted extensive studies pertaining to the advancement of assisted living facilities into public housing policy.

A conversation with Robert Jenkins of the Public Policy Institute and the AARP in Washington D.C. highlighted several issues that the AARP is working on that municipalities should be aware and concerned about.

As Jenkins commented:

The AARP views assisted living as a strong viable alternative to nursing homes. It is offers seniors a far better chance for improved quality of life once they leave
their home. Assisted living facilities fosters independent lifestyle versus a
dependent lifestyle like that of nursing homes. Assisted living facilities are also
good for the country financially, as they are much more cost effective than
nursing homes, because assisted living facilities offer graduated levels of care and
give the resident the level care that they needs.

The AARP views several issues at the municipality level that could hinder the
development of bringing assisted living facilities into housing policy. The first is
regulatory constraints and the second is zoning. Both of these issues, if not controlled,
could have the impact of raising costs and stymieing efforts to promote assisted living
facilities.

Speaking on the issue of regulatory or licensing constraints, Jenkins had this to say:

Stringent admission and retention standards impede creation of models that allow
disabled elderly to age in place in residential settings. Municipalities have to keep
an innovative and flexible mind when addressing the possibility of bringing an
assisted living facility into their community. An example might be life-safety
issues, where a community might make some concessions. In some communities,
they might have a code that says in a fire, all resident have to be out in 3 minutes
or less. Well, maybe, there could be some flexibility for an assisted living
facility, as long as the essential safety standards can be maintained.

The AARP believes that local housing policies could also enhance the growth of assisted
living facilities by establishing floating building standards for building stock already in
existence.

On the issue of zoning, Jenkins stated the AARP is very concerned about the flexibility of
municipalities;

Towns and cities have to work towards mediating and facilitating neighborhood
disputes that arise when a developer wants to build or rehab a building for an
assisted living facility. If municipalities don’t do this, there is always the chance
that the states will come in with preemptive zoning that will supersede the zoning
at the local level.

According to the AARP, for assisted living facilities to achieve its potential as a new,
more humane and more cost effective form of long-term care, it must be recognized as a
distinct new model. Assisted living facilities should be viewed as serving people with
wide ranges of disabilities, many of whom are now in nursing homes. Assisted living
facilities, however, will not and should not replace nursing homes entirely; nursing
homes are still needed to care for people with unstable medical conditions, or who are so
cognitively disables that they would not perceive or benefit by the enhanced
environments of an assisted living facility. Given the wide availability and desirability of home care, assisted living facilities should be recognized as a setting for people who already have some needs for personal care service and oversight rather than a setting for people who seek hotel and housekeeping services only.

The AARP and organizations like it are intimately involved with issues that relate to the development of assisted living facilities on a local level. For example, the AARP is working to modify pending legislation in the State of Massachusetts, relating to the licensing and regulation of assisted living facilities in that state. As Jenkins pointed out;

Working with local levels representatives, the AARP will analyze bills that would effect assisted living facilities and work to align such bills with the AARP’s philosophy of how assisted living facilities should or should not be controlled. Everything we can do at our level impacts the local levels as far as keeping costs down, easing regulations and promoting development. These in turn will allow municipalities to be able to bring assisted living into their housing policy and have a chance for providing more affordable units within a development.

Before a municipality becomes completely intoxicated by the overwhelming demographic statistics and the potential for assisted living residences, there has to be consideration given to the fact that elderly housing is not ordinary housing, nor is it a simple real estate development. It is highly a specialized field which incorporates social, medical and housing issues.

Industry professionals have different classifications for elderly groups. Commonly, individuals between 65 and 74 are referred to as the "young elderly", individuals between 75 and 84 are referred to as the "middle elderly" and those over 85 are referred to as the "old elderly". Another segment references are: The "Go-Go" group which referred to individuals fully self sufficient; the "Slow-Go" group who need some level of assistance but can generally care for themselves; and the "No-Go" group who require continuous nursing care.

The young elderly are typically just retired, are in good health and have full independence. The retirement industry has catered to this group with housing which features recreational and social activities. This elderly housing sector is predominately used by the wealthy or upper middle class of elderly individuals who can afford to pay for the services described.

---

1 Assisted Living in the U.S.: A New Paradigm for Residential Care for the Frail Older Persons?
The middle elderly are typically at a stage in life when they can live independently in life, yet need some assistance in preparing meals, cleaning, bathing and taking medications. This group is concerned about loss of spouse, health care and security. The middle elderly are in need of a specialized housing arrangement to service their individual needs.

The old elderly usually are faced with a more serious illness or infirmary and require practically 24 hour professional care. Nursing homes have typically filled the need for elderly falling within this segment.

As people age, their lifestyles change. Their requirements for everyday life change and their housing needs change. As people get older, both their physical and mental well-being become dependent on others such as family, friends or institutions such as nursing homes, hospitals or elderly housing.

Since 1900 life expectancy has increased 27 years. Since 1940, life expectancy has increased nine years with only two of these years being relatively healthy years, free from disabling chronic illness. Despite advances in medical technologies, the last years of elderly lives are often accompanied by complex problems of acute and chronic illness. In 1993, 21% of elderly over 85 years old required assistance with activities of daily living (ADL's). However, among all elderly only 35% require nursing home care. Below is a table showing the percentage of elderly needing assistance in daily Living:
The predominance of residence in elderly housing tend to be female and single, widowed or divorced. These facts reflect both demographic and housing preferences. Approximately 75% of older elderly are women, who tend to dominate the 75 + year-old population. In part, this is a result of women having longer life-spans. There are 1.78 women for every man among the 75+ year-old population group. Additionally, men who are widowed or divorced tend to remarry, while women do not; largely because there are not enough available men. A comparison of living arrangement preferences for the two sexes reveals that 15% of men live alone, compared to 40% for women.

People over 65 in need of housing have historically been lumped into one group with similar interests, economic status and need for medical attention. Recent options for seniors were to move in with family or friends, or move into a hospital or nursing home. Today these options are inadequate for seniors, their families and society. The driving force behind the development of new housing and health care opportunities has been the varied lifestyle preferences of senior citizens.

4 Real Estate Research Corporation, Rental Retirement Housing - New Opportunities. Prepared for the National Housing Partnership, Date Unknown.
A specific housing demand that has arisen is one that can provide adequate medical services for frail elderly that are still physically able to live independently and are not in need of an institutional environment such as a nursing home or hospital. The form of housing that has come to meet that need is known as an Assisted Living Facility.

**Summary**

It can be assumed that many cities and towns are aware of the demographic changes in the elderly population mentioned in Chapter 1. Municipalities continue to receive increasing requests for assistance from seniors looking for housing. As public officials grapple with ways to help seniors find housing, new ideas or options like assisted living become very attractive.

Unfortunately, many times when public policy changes or initiatives are needed in order to convert an idea into a reality, there is a process of education, discussion and planning that must occur. It is this process that the Town of Winchester, Massachusetts recently went through. In 1990 the Town of Winchester began a process of determining housing needs, identifying a specific senior housing program (assisted living) and initiating a plan of action.

Before discussing the planning and implementing aspects of development, this study will examine what an assisted living facility is from a physical, financial and social perspective. Chapter II will useful to a community that has a conceptual idea that an assisted living facility would be a great source of senior housing, but does not know enough about it to begin the planning and development process.
CHAPTER II

WHAT IS ASSISTED LIVING?
WHAT IS ASSISTED LIVING?

The previous chapter illustrated how the demographic changes in the elderly population are creating a high demand for elderly housing. It was also discovered that a relatively new form of senior housing, assisted living, could be a viable source to fill that demand. The first question many city planners or housing advocates might ask is; what is assisted living? This should not be surprising because assisted living only been around for about ten years. It seems logical that in order for municipalities to promote or initiate assisted living facilities in their town or city, they must first understand what exactly an assisted living facility is. The following will analyze the physical, financial, marketing and management aspects relating to assisted living facilities by discussing the following issues:

1. The Evolution of the Assisted Living Industry
2. Residents of an Assisted Living Facility
3. Assisted Living Characteristics
4. Marketing Aspects of an Assisted Living Facility
5. Financing Aspects of an Assisted Living Facilities

Even though many of the issues discussed in this section might be more important to the developer of an assisted living facility, towns and cities will become more comfortable with an assisted living facility in their community if they have the knowledge of these basic fundamentals of developing an assisted living facility. This section will illustrate the basic elements of financing, building and managing this relatively new type of elderly housing.

1. Evolution of the Assisted Living Industry:

Elderly have historically had few options when looking at housing opportunities that provide a combination of shelter and care. As the elderly population has increased significantly, as shown in Part I of this study, so have the variations in lifestyles and medical needs increased with elderly citizens. The senior housing industry has become aware of these variations and has sponsored various housing programs geared to specific target markets of the elderly population. Such developments have included golf course communities, retirement communities and senior only complexes.

Only ten years ago, the options of seniors were to move into a nursing home, or move in with a family member. Today these options are not accepted by elderly, families of elderly and by society. Nursing homes are institutional, provide intensive levels of care and are expensive, especially for those that are frail but in relatively good health. The changing dynamic of the American family have also altered the ability of children to take care of their frail parents. The medical and health care community have continuos

---

7 National Development of New England; Real Estate Finance Association Seminar, March 24, 1994
pressure to reduce costs. The combination of these factors have forced senior housing
developers, advocates and municipalities to effectively create new housing opportunities
to meet the changing housing needs of the aging American. 8

The housing void, as seen by many senior housing advocates was for elderly who were
well enough that they did not need the extensive care of nursing homes, yet were in need
of assistance with activities of daily living. The concept of an assisted living facility was
created in an effort to provide housing for elderly who fell into that category. Below is a
example of the housing options for seniors:

| ASSISTED LIVING |
|-----------------|-----------------|-----------------|-----------------|
| Totally Independent Living |
| Independent Community Congregate Care |
| VOID Nursing Homes |
| Hospitals |

While there have been housing options available in the middle section as shown above,
the options are relatively new and have had certain levels of disappointments with market
penetration. Assisted living facilities, attempts to service a large segment of the elderly
population; seniors that are frail but not in need of extensive medical services. 9

Differences in the socioeconomic groups have excluded certain segments of the elderly
population from receiving housing and medical services. This is especially true of the
middle class, who are unable to obtain government support and who do not have the
financial resources to access upscale retirement communities. The middle class is the
largest demographic segment of the elderly population with the greatest total purchasing
power. Surprisingly, it is the middle class of elderly who are, in many ways, excluded
from many housing options. Assisted living facilities target the middle class of elderly as
their prime customer. 10

2. **Residents of Assisted Living Facilities:**
Assisted living facilities respond to the needs of seniors who wish to live independently,
but need certain levels of services including: privacy, security and 24 hour staff
availability.

One central issue in the assisted living concept lies in its ability to provide care “as
needed” with Activities of Daily Living (ADL’s). Utilization of assisted living facilities

---

8 National Development of New England; Real Estate Finance Association Seminar, March 24, 1994
9 National Development of New England; Real Estate Finance Association Seminar, March 24, 1994
10 Lanzikos, McDonough & Associates, Real Estate Finance Association Seminar, March 24, 1994,
    Assisted Living: A Primer for the Potential Sponsor.
is need driven. Assisted living facilities provides services, which respond to individuals who have difficulties in performing the Instrumental Activities of Daily Living (IADL’s). It should be noted that the relative ability of the “well” elderly to accomplish IADL’s is very different from the chronic health care status of residents in nursing homes. The major difference is that assisted living residents are physical frail and/or cognitively impaired, while nursing home residents are sick and in need of constant skilled nursing care.11

The typical resident of an assisted living facility is a frail older women in her eighties. The typical resident has difficulty with performing their Instrumental Activities of Daily Living (IADL’s) including shopping and home maintenance. Assisted living residences also service those seniors who have problems with their Activities of Daily Living (ADL’s), such as bathing, dressing and eating. Residents could also have a combination of problems with both IADL’s and ADL’s and/or possibly have some cognitive impairments. According to the National Center for health Statistics, two-thirds of people between 75-84 are independent in all IADL or ADL categories. However, for the age group over 85, only one-third remain completely independent. Of interest to assisted living advocates, is that approximately 34% of the people who are 85 and older need assistance with IADL’s and at least two ADL’s. This is also the target group for developers and advocates of assisted living facilities.12

This segmentation is shown as follows:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Not ADL/ IADL Dependent</th>
<th>Dependent on IADL only</th>
<th>Dependent on 1-2 ADL’s</th>
<th>Dependent on 3-4 ADL’s</th>
<th>Dependent on 5-7 ADL’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>75-84</td>
<td>64.9%</td>
<td>8.4%</td>
<td>17.4%</td>
<td>3.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>85+</td>
<td>33.8%</td>
<td>11.5%</td>
<td>23.6%</td>
<td>8.9%</td>
<td>22.2%</td>
</tr>
</tbody>
</table>

Source: National Center for Health Statistics
Long Term Care for the Functionally Disabled Elderly

3. **Characteristics of an Assisted Living Facility:**

According to a report by National Development of New England, a developer of assisted living facilities, the principals of an assisted living facility are as follows:

To provide an attractive environment which corresponds to the abilities, needs and preferences of the frail elderly.

To provide personal programs and services which promote the continued health and independence of frail residents.

To provide a distinct product which compliments and relieves the overburdened health care system.

To provide a product at an affordable price to reach the previously undeserved middle class income market.

**Characteristics of Assisted living**

**Location:**

According to the US census, only 3% of retirees move out of their home state. This runs contrary to the belief that most seniors move to the south or retirement areas. The greatest preference for seniors is to remain located in the same town or city in which they have established firm roots and relationships. Seniors also prefer to live in an area that is very accessible to activities, versus in a secluded location. Ingredients for a successful site include easy accessibility, safe and attractive surroundings, access to public transportation, and proximity to amenities and other health care providers.

**Architecture:**

Seniors absolutely do not want to live in a facility that gives the impression of an institutional/hospital environment. Residents want a home-like atmosphere that gives them a private residence. Architectural features would include attractive lobbies, professionally designed rooms and common areas, elegant dining facilities, beauty and barber shops, exercise and activity areas, convenience store and a library.

**Personal Programs and Services:**

Many of the residents of assisted living facilities have initial issues of loneliness and isolation due to death of spouse. They might also have decreasing mobility issues to frailty and/or health. Assisted living facilities are geared to promote opportunities for residents to become and remain socially active. Common area facilities, activity programs and peer participation all encourage social interaction.
The availability of regular services is an attractive benefit which assisted living facilities offer to residents. While the level of services provided varies based on resident preferences, typical services include three meals per day, housekeeping, scheduled and private transportation. Other services that could be provided include assistance with daily living tasks, medication and nutritional management, 24-hour supervision and emergency calls, laundry and linen service, and shuttle van service.

**Health Care:**
Most of the health care needs of frail seniors can be met through on-site staff supervision and integration of the facility staff with local health care providers. The health care services are typically coordinated by a registered nurse who directs all resident care services. A management team will be responsible for resident assessment, resident monitoring, and supervision of resident staff aide. The resident staff aides provide daily assistance with the specific needs of each resident (bathing, grooming, dressing, etc.). This around-the-clock supervision and assistance ensures that help is always available and that an experienced medical professional will be familiar with the needs and changes in the health status of each resident. Health care staff usually include professionals such as registered nurses, administrators, dietitians, activities coordinators, resident aides, and 24-hour on-call physicians.

Systems are also established so that, as soon as more intensive medical attention is needed for a resident, the local health care community is accessed for that particular medical need. Typically, relationships are established with community physicians, pharmacies, medical equipment firms, and local home health care organizations.

**Affordability:**
The upper-income elderly are more likely to elect to pay the high costs of home-based nursing care or move into an upscale retirement community. The middle market of elderly in the $25,000 to $50,000 income bracket are the largest segment of the elderly population. Assisted living facilities target this middle-income group by keeping costs at approximately 60% of nursing home rates. Accommodation at assisted living facilities are on a rental basis only without any long-term commitments or equity investments. Rental rates may vary between $1,500 and $3,500 per month depending on the services provided by the facility or required by the resident.

**4. Marketing Aspects of Assisted Living Facilities:**
Assisted living will require the provider to market services on a regular basis and to have marketing materials readily available. Especially in districts where many projects are being developed, the provider of assisted living will depend on marketing as a crucial aspect of the business. The competitive impact of these similar projects, as well as competition from home health care service providers, must be recognized, understood and taken into consideration when developing marketing strategies. Included in marketing strategies will have to be ways to perpetually observe other developments by...
competitors. The competitive environment is highly fragmented. Major categories of competitors are: "Mom and Pop Homes, National/Regional private firms, non-profit firms and home health care." The level of competition makes it critical to develop marketing strategies. Included in a successful market program will be an in-depth market analysis phase which will allow the provider to understand all the of issues faced in marketing the development.  

A useful market analysis must strive to accomplish three important objectives. These objectives are:

1. develop a conceptual model of the program the sponsor is proposing to be tested;
2. quantify the number of potential residents/clients who need services and are income qualified for the proposed program; and
3. determine the target consumers' willingness to pay for the benefits your programs offer.

These objectives for a market analysis are targeted because one major goal of a market analysis for assisted living projects should be to anticipate and define the nature of demand for the assisted living facility to be developed and/or service to be offered. Probably more so than in any other industry, a big difference exists between the need for the service being provided and a consumer in reality buying it. For older people who may need the services of an assisted living community, the decision to move is complicated; involving not only need but also being able to afford the service and being willing to move from home to the location of the development. Therefore, the developer of an assisted living residence must give the potential "buyer" a reason to move. Since this aspect is important, a market analysis helps the developer under the buyer's perspective and enables the potential sponsor to avoid costs mistakes and to refine the 'product' offered to meet the demands of the customers.

5. **Financing aspects of Assisted Living Facilities:**
Assisted living facilities have typically been financed by local savings and loan institutions, commercial banks, and through tax exempt bonds. Due to recent changes in tax and banking laws, the assisted living industry can expect to experience higher equity requirements, increased financial analysis and demand for experienced marketing and management teams.

---

Many lenders have avoided financing assisted living residences because the operations are very complicated, because assisted living facility are a single source structure and would be difficult to convert to an alternative use and lenders are leery of bad publicity if foreclosure becomes an issue.

Within the federal government, the U.S. Department of Housing and Urban Development’s section 232 of the national Housing Act, Mortgage Insurance Program for residential Care Facilities is an option for credit enhancement for assisted living facilities. The program has recently been expanded to specifically address assisted living facilities. The intent of the program is to insure up to 90% of the real estate portion of the loan. Section 202 of the National Housing Act provides grants for the construction of supportive housing sponsored by not for profit agencies. Also, in some states, quasi-public finance authorities have shown interest in financing assisted living facilities through taxable and non-taxable bond offerings. Massachusetts through a program called, Elder Choice, has funded two assisted living facilities which were under construction in 1994. 16

It is anticipated that lenders will become more willing to participate in the funding of proposed projects and to provide discounted interest rates and closing costs. The success of today’s developers and sponsors will ultimately set the stage for the financing options of tomorrow.

**Summary**

As assisted living facilities become more recognized by the general public and health care professionals, so will the likelihood that municipalities will accept this form of senior housing into their strategic housing plans for elderly residents.

Chapter I identified a problem: A growing population of aging Americans and a need for housing to meet a specific group of elderly - the frail elderly well enough physically to not need constant medical attention, yet not able to live totally independent.

Chapter II identified a possible solution; an assisted living facility. After analyzing the physical, financial, marketing and management aspects of assisted living, it appears this form of senior housing could help fill the housing void of a large segment of the elderly population.

Unfortunately, having a solution does not cure a problem unless the solution is used. In other words, if a municipality is not going to implement an assisted living program, the demand of elderly housing will continue to grow. The last logical step is to therefore,

---

figure out how to initiate programs that will turn the concept of an assisted living facility into a reality.

One such community that wanted to explore the possibility of incorporating an assisted living facility into their housing strategy was Winchester, Massachusetts. In 1990, as part of a Comprehensive Housing Action Plan (CHAS) looked at various housing options available for its elderly population.

What follows in Chapter III is an analysis of what Winchester did as far as bringing an assisted living facility into their public housing policy. Chapter III will also offer a model for analyzing the potential reuse of an existing building, known as the former Mystic Elementary School, in Winchester for an assisted living facility. Finally, Chapter III will offer a model for a Request for Proposal (RFP) for use in soliciting bids from potential developers to reuse the Mystic School as an assisted living facility.
CHAPTER III

BUILDING ASSISTED LIVING INTO A MUNICIPALITIES’ HOUSING POLICY - A CASE STUDY OF WINCHESTER, MASSACHUSETTS
In 1992 Winchester began a process of examining the possibility of bringing an assisted living facility into their public housing policy. This chapter will analyze the process Winchester took in order to implement assisted living facilities into their public housing policy. In addition, the study will create a model, by which, a community such as Winchester could use to determine the feasibility of developing an assisted living facility in an existing structure. The report will also offer a potential model (in the form of a Request for Proposal) that a community could use in order to solicit potential developers of an assisted living facility.

Specifically, this section will address the following issues:

a. What and who were the determinants for proposing an assisted living facility in Winchester, Massachusetts?

b. What is the current market and sources of housing and services available to elderly in Winchester?

c. What measures, via a feasibility study, should the Town of Winchester take in order to analyze the potential of reusing a publicly owned building.

d. The study will also offer an outline of a proposed Request for Proposal (RFP) for potential developers of an assisted living facility in the Town of Winchester.

This model for the feasibility study and the RFP will be structured to address the reuse of the former Mystic Elementary School as an assisted living facility.

e. Finally, this section will offer some conclusions as to what may be some of the risks and rewards to the Town of Winchester with regard to developing an assisted living facility at the Mystic School.

a. **What and who were the determinants for proposing an assisted living facility in Winchester, Massachusetts?**

Winchester, like many municipalities is very interested in addressing the housing needs of its elderly citizens. As part of its public policy, Winchester is grappling with ways to provide clean, safe and affordable housing for its seniors. Tom Schmidt, two-time member of the Board of Selectmen revealed that elderly housing gets much support in Winchester because,
Elderly housing is hard to fight politically. Who is going to be against it? Family housing on the other hand conjures up terrible images that people and neighborhoods fight.

In November of 1992, the Winchester Board of Selectmen adopted a report known as the Comprehensive Housing Affordability Strategy (CHAS). This report was prepared by the Town of Winchester as part of the National Housing Affordability Act of 1990. The community believed that the adoption of CHAS would serve to provide a framework to identify housing needs specific to the Town and strategies for dealing with all affordable housing issues in the community.

The CHAS for Winchester was prepared under the guidance of the Winchester Housing Partnership Board (WHPB) and a technical assistant. According to Allan Rodgers, WHPB member,

CHAS offered a good opportunity to do some thinking and planning on housing issues, instead of reacting to housing needs. CHAS brought forward a variety of needs and concerns in the Town. Not surprisingly, the Council on Aging was the strongest proponent of elderly housing issues and they did an excellent job of promoting their position in a balanced and professional manner.

As Rodgers noted,

Elderly housing has always had strong support in Winchester. During the 1980’s, a non-profit organization ‘The Winchester Housing Corporation’ was created to look into congregate housing needs.

After a series of data collecting, public hearing and board meetings a final document was drafted in April of 1992. Consequently, a series of meetings were held to focus on three major needs categories: families, elderly and special needs groups. For the purpose of this study, the issues of elderly housing in Winchester will be discussed.

The WHPB held various meetings attended by individuals and organizations interested in housing issues in Winchester. Interestingly, one of the organization dealing with housing issues, the Winchester Housing Authority (WHA) had a lesser role in the development of a housing policy that promoted assisted living facilities. As John Suhbier, member of the WHA pointed out,

The WHA is restricted with a rather narrow role in town and try to focus on low income housing issues. The WHA also got a less than receptive response from the Economic Office of Community Development (EOCD) pertaining to assisting living facilities. They saw it as too expensive. We had to be pragmatic. If EOCD
would not support the idea and fund it, we were probably better off promoting other programs. Besides, Winchester has much support for elderly housing without the WHA getting involved. The Council on Aging have clearly been most active and vocal on elderly housing issues and the Selectmen have been very supportive. Politically, elderly housing has always been more readily accepted than family housing, which is what the WHA has tried to promote.

Selectmen Schmidt concurs that the Council on Aging is a strong lobbyist for elderly housing issues,

They obviously have the intellectual capital and resources to make things happen. Their strength is their energy and they are the catalyst that makes thing happen.

During the CHAS meeting issues were raised and strategies were offered for addressing housing problems. Information from local housing providers, social service agencies, housing advocates, public officials, and citizens was sought to create a document that depicted the housing needs in Winchester as accurately as possible. There seemed to be a consensus as to what CHAS did for melding many housing issues from many groups. As John Suhbier, member of the WHPB and the WHA pointed out,

The CHAS defined and articulated the needs and concerns of many groups for affordable housing in Winchester. It laid everything out for debate which was great. CHAS also identified options as brought forward by various interested parties.

Allan Rodgers, WHPB member added,

There seemed to be an agreement that there would not be competition for attention among the various organizations. Each group had their own goals and objectives; family, elderly, and special needs housing activist each presented their facts, requests and possible options.

As far as the elderly housing needs in Winchester, it became apparent to the WHPB that elderly housing was a issue for many residents and housing advocates, especially the Council on Aging (COA) and its Chairman, Bob Erickson. As pointed out previously, many groups and individuals had high praise for the way that the COA went about its business of promoting elderly housing in Winchester. Bob Erickson gives some indication to how and why the COA has been successful.

Our first goal was to get funding for professional staff to help us work with elders. After we got that pretty well nailed down we looked at the most important issue and we said that housing would be the main focus. So we formed a sub-committee of the COA to focus on and identify elderly housing issues and needs
in Winchester. We started in about 1990 and for about 18 months worked on what amounted to study that identified our position and what we thought would be necessary to help our position. It so happens that as this sub-committee finished it finding, the CHAS was been formulated.

Like others interviewed, Erickson agreed that CHAS went along way to helping the process of promoting housing issues in Winchester.

CHAS was done very thoroughly with all kinds of public discussion and every element in town that might want to say something got a chance to say something. CHAS was extremely important and the end result of that report was to confirm what our housing sub-committee found out, which was that Winchester, demographically, has a high percentage of senior citizens and an aging citizenry.

When asked why the senior citizens of Winchester seemed to have had success with promoting their issues, Erickson remarked,

Well its a combination of a few things; the high number of elderly in town, and population that gets involved, that is organized and is committed to the community. I might add that the Jenks Center is another reason we have so many elderly getting involved. The Jenks is one of the jewels in the state as far as elderly meeting places. The building is a beautiful place that is downtown, so its very visible. It is a place where seniors can come to talk, get organized and formulate ideas and planning.

During the process of developing CHAS, the Council on Aging and other housing advocates identified locations for housing. Among several of the potential sites was the former Mystic School on Main Street, near the Medford Town line. The building had been annexed by the School Committee and control of the building was transferred to the Board of Selectmen. During the past few years many groups vied for control of the building for uses including a church, a library, a youth center, low income family housing development and elderly housing.

The Selectmen created a committee to analyze the potential for reuse of the building. As Selectmen Tom Schmidt pointed out,

Politically elderly housing is much easier to bring through the process. CHAS was looking for initiatives and we though that elderly housing made sense as far as the re-use of the Mystic School. We had learned much about elderly housing and assisted living from the Gables, another elderly housing development in Winchester, and were familiar and comfortable with the idea of assisted living.
During the creation of CHAS, there was also in-depth discussion about the reuse of the Mystic School. Allan Rodgers of the WHPB notes that,

We actually looked at several public buildings. We had wide ranging discussion about the reuse of the Mystic School among others. We had public hearings and invited many people to discuss the issue. It was really the Board of Selectmen that took the ball and carried forward the notion of reuse of the Mystic School.

Not everyone was keen on the reuse potential. As John Suhbier mentioned,

EOCD was not high on assisted living facilities and they also thought that reuse was not cost effective.

Even with the COA, the Mystic School was not the first choice. Bob Erickson points out,

When the discussion of excess schools came up in around 1991, we wanted the Lincoln School which right in the center in town and was lot bigger. But we had to defer to the educational needs of the town. Once the educational decision was made and the Mystic School was turned over to the Selectmen, the directives of the CHAS took over, which advocated using the Mystic School for elderly housing.

The Mystic School re-use committee made recommendations that the Mystic School might be suitable for elderly housing. When asked why assisted living facility became a target for use in the Mystic School, Erickson answered,

Knowledgeable people in the COA came to recognize that assisted living facilities would meet the market needs of elderly who were in a certain income bracket. We have two nursing homes in Winchester and there are several higher priced options in town for elderly. An assisted living facility would allow a lot of people to fit into that situation. We felt that senior population would be very receptive to a development that would allow them to stay in town, remain relatively independent, yet get some of the services that they needed as they deteriorate physically.

**Summary**
The conclusion as to what and who were the impenitence for addressing the need for elderly housing in Winchester was that a strong, organized and active elderly organization such as the Winchester Council on Aging was quite successfully able to show the Winchester Housing Partnership Board and the Board of Selectmen that there were needs for elderly housing in Winchester and most significantly affordable housing for the frail elderly.
As Chairman of the COA, Bob Erickson pointed out,

Our analysis of the town’s elderly by our housing sub-committee was that we needed housing for the middle-gap of seniors; those making between $20,000 and $40,000 per year. Those making less might be eligible for Medicaid or public housing; those making more could afford to live in higher price developments like the Gables. This is why we thought an assisted living facility could be perfect as far as meeting our housing needs.

Another important result of The Comprehensive Housing Affordability Strategy (CHAS) was that the report became a structured analytical format for the Town’s leaders (Board of Selectmen) to address the issue of implementing a public housing policy that would promote developing affordable housing for frail elderly in Winchester.

b. What is the current market and sources of housing and services available to elderly in Winchester?

In order to assess the needs of elderly in Winchester and the probability of success of an assisted living facility in that community, this study will analyze all the available sources of elderly housing and services available to the elderly in Winchester.

The author believes that in order to accurately project or predict the success of an assisted living facility, such in-depth analysis is required in order to determine what quantities of housing may be needed; and what levels of services are needed and not needed in an assisted living facility.

A. Community Profile

Winchester is a stable community which is attractive not only to young families with children, but to long-time residents. A fair number of these long-time residents are getting older but wish to remain in Winchester. According to the U.S. Census, in 1970 person 65 years and over represented 10% of Winchester’s population, while in 1990 that number increased to 14%. The most dramatic change was between 1980 and 1990 in the 85 year and older group realized a 40% increase.
The following table shows the population of Winchester residents from 1970-1990 according to age:

### Age Composition - Winchester, Massachusetts, 1970-1990

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5</td>
<td>1,660</td>
<td>965</td>
<td>1,257</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>5-14</td>
<td>4,864</td>
<td>3,113</td>
<td>2,434</td>
<td>15%</td>
<td>-22%</td>
</tr>
<tr>
<td>15-24</td>
<td>3,216</td>
<td>3,529</td>
<td>2,370</td>
<td>17%</td>
<td>-33%</td>
</tr>
<tr>
<td>25-34</td>
<td>2,364</td>
<td>2,846</td>
<td>2,964</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>35-44</td>
<td>2,778</td>
<td>2,691</td>
<td>3,390</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>45-54</td>
<td>2,963</td>
<td>2,573</td>
<td>2,564</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>55-64</td>
<td>2,220</td>
<td>2,310</td>
<td>2,168</td>
<td>11%</td>
<td>-6%</td>
</tr>
<tr>
<td>65-74</td>
<td>1,353</td>
<td>1,502</td>
<td>1,680</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>75-84</td>
<td>703</td>
<td>865</td>
<td>1,008</td>
<td>4%</td>
<td>17%</td>
</tr>
<tr>
<td>85+</td>
<td>148</td>
<td>307</td>
<td>432</td>
<td>1%</td>
<td>41%</td>
</tr>
<tr>
<td>Total</td>
<td>22,269</td>
<td>20,701</td>
<td>20,267</td>
<td>100%</td>
<td>98%</td>
</tr>
<tr>
<td>Median</td>
<td>34.1</td>
<td>31.0</td>
<td>34.6</td>
<td>38.4%</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** U.S. Census

Within the elderly population in Winchester, a major concern is the number of seniors over 75 years of age. These are the people more likely to conform to the definition of "Frail Elderly". The Massachusetts Executive Office of Elder Affairs defines frail elderly as "elders who are service dependent for one or more of the ADL’s (Activities of Daily Living). ADL’s listed are bathing, dressing, eating, transferring from bed to bathroom and ambulating.

According to the 1990 Census, 23% or 652 persons over 65 years of age in Winchester have mobility or self-care limitation. Such limitations are difficulties with personal needs such as dressing, bathing, getting around the house, or leaving the house. Approximately 248 of these seniors are institutionalized, which leaves 404 persons who need assistance, but may not be receiving care in their own home.
Income levels of persons over 65 were not available in the 1990 Census, but there were figures for those who fell below the poverty level. There were 99 persons over 65 years old who were considered below the poverty level in Winchester. This represents 3.5% of the population. Projecting the current population between 55 and 64 years old into the 1990’s indicates that there will be a continuing increase in Winchester’s Elderly population.

**Household Characteristics**

The housing pattern for seniors closely reflects that of the general household in Winchester in that approximately 75% or 641 of the seniors own their home. Of the seniors who are 65 years and over, 23% are living alone and 75% of those persons are female. Another characteristic is that 30% of the person living in their homes moved in prior to 1970. This is indicative of a stable elderly population, but also may indicate that the housing units may be not in good condition or in need of repair.

**Elderly Persons by Household Type; Winchester**

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total persons 65+ years old</strong></td>
<td>2,674</td>
<td>3,120</td>
</tr>
<tr>
<td><strong>Live in a Family Household</strong></td>
<td>1,848</td>
<td>2,140</td>
</tr>
<tr>
<td><strong>Live in a Non-family Household</strong></td>
<td>617</td>
<td>720</td>
</tr>
<tr>
<td><strong>Male Living Alone</strong></td>
<td>85</td>
<td>108</td>
</tr>
<tr>
<td><strong>Female Living Alone</strong></td>
<td>511</td>
<td>544</td>
</tr>
<tr>
<td><strong>Institutionalized</strong></td>
<td>199</td>
<td>248</td>
</tr>
</tbody>
</table>

Source: U.S. Census

of people in this age group. More than 56% of those interviewed were widows or single women and 19 were married couples. Of the married couples, six had one partner so handicapped that he/she was totally cared for by the spouse. Almost all those interviewed had some chronic health problem and were under the care of a physician.  

---

17 1990 U.S. Census
18 1986 Survey sponsored by the Winchester Council on Aging
In terms of housing, 71% seniors lived in their home for a range of 10-88 years. Only 12 of those interviewed considered or admitted to a need for outside help or institutional care. Others who lived alone and expected a change in their housing arrangement, “refused to think about it”. In response to survey questions: “Have you ever thought things might change so that you would have to move?”, there was a much denial. A sample of typical responses were: “Maybe to a nursing home, but I have no specific plans”, (87 year old single woman); “I don’t give it much thought” (85 year old single man); “I’d shoot myself!”, (81 year old widow, whose doctor advised her not to live alone). Approximately 50% surveyed were at risk of requiring outside help because they had one or no support person and because they had never made plans to cover the loss of the support person or a sudden emergency need. The Council on Aging proposed an “Aging in Place” program, in response to the needs identified in the survey. The program is geared to help seniors who wish to stay at home rather than find alternative housing. 

**Renters and Owners By Age Group; Winchester**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Owner Occupied</th>
<th>Renter Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 to 24 Years Old</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>25 to 34 Years Old</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>35 to 44 Years Old</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>45 to 54 Years Old</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>55 to 64 Years Old</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>65 to 74 Years Old</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>75+ Years Old</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: U.S. Census

**Survey of Seniors over 75 Years of Age**

In 1986 a survey was conducted to examine the needs of seniors in Winchester over 75 years of age. The survey, which was sponsored by the Winchester Council on Aging, included interviews of 70 households and 109 people. The survey was to determine the problems and service needs

In some ways the seniors in Winchester are “over housed”, in that they are living in large homes, which require daily maintenance and repairs which are beyond their means. Home repairs and maintenance can also be a significant drain for a senior citizens on a

---

19 1986 Survey sponsored by the Winchester Council on Aging
fixed income. The other dilemma is that seniors who wish an alternative housing arrangement, may be unable to stay in the Town of Winchester due to lack of affordable housing. Winchester is where many seniors wish to stay in because it is the community with their friends, family, church, etc. Assistance to seniors may be in the form of minimal intervention to adapt the home or provide services to enable the elderly to stay in their existing residence. Thus the elderly citizens are both a group in need and a resource for housing in the Town of Winchester.

**Inventory of Available Housing and Services**

**Zoning for the Elderly in Winchester**

In 1988, the Winchester Town Meeting approved the Independent Elderly Housing District (IEH) as an Overlay District to provide a housing alternative and supplement to public elderly housing. The Overlay District requires a special permit that can increase the density and reduce the number of required parking spaces. It also includes affordable housing requirements that can be fulfilled by the developer by means of one of the following:

1. Set aside up to 10% of the units in the project for affordable housing;
2. Provision of affordable housing units on another site within the community;
3. Payment to the Winchester Housing Fund

One development in Winchester, the Gables, utilized the provisions of the IEH Zoning District. The developer fulfilled the affordable housing requirements by contributing $511,000 to the Winchester Housing Fund. In general, the Town may use the funds to purchase, rehabilitate, or construct units of affordable housing.  

**Housing**

Seniors who would like to leave their homes for alternative housing within Winchester have limited choices. Of the 517 units of housing specifically designed for seniors, only 130 are affordable to low income persons. The remainder are market rate units that cater to upper income seniors. A listing of alternative housing arrangements for seniors in Winchester are listed as follows:

**Independent Living**

Condominium developments and apartments offer an independent living arrangement without the burden of home ownership and maintenance. This option can be particularly appealing to seniors who are still physically active. Seniors interested in this form of housing are faced with limited supply of affordably priced condominiums and apartments. According to recent housing

---

data, condominiums in Winchester were selling for a median price of $191,000, while apartments were renting for $755 per month.

**Low Income Elderly Housing**

All of the elderly housing owned or administrated by the Winchester Housing Authority is independent living. The WHA operates 112 one bedroom apartments for seniors under the State Chapter 667 program. Mary Murphy Apartments on Palmer Street have 52 units, four of which are handicap accessible. The Dougherty Apartment complex on Westly Street has 60 units, also with four handicap accessible units. Eligibility requirements at these two sites include a minimum age of 62 years and incomes below 50% of the median poverty line. The rent is set at 30% of the adjusted income of the resident. For quite some time, there have been long waiting lists for these two developments. The third project for low-income seniors is Noonan Glen on Hemingway Street. This project was developed in 1982 through federally assisted mortgage funds. It is a project based Section 8 facility, which allows certificates to run with the units and not the tenants. There are 18 units for independent living that were built on this former elementary school site.

**Congregate Housing**

This form of housing covers a broad range of living arrangements designed to integrate the shelter and service needs of different groups of older people. Housing in this category varies widely, but generally consists of a self-contained living unit with a smaller or modified kitchen. Facilities include a common dining room and social activity space where residents may share at least one meal per day. Medical and skilled nursing services are not provided on the premises. Congregate housing has been a popular form of elderly housing in Massachusetts, as State and Federal funding programs have encourage construction for more than twenty years. The Gables in Winchester, is a cross between congregate care and life care. There is the availability of nursing care when and if needed. Also, there is no endowment fee and no guarantee of life care housing or medical services.

Two facilities, most immediate to Winchester, that closely fits the description of congregate care are the Country Club Heights and New Horizons in the neighboring city of Woburn. Country Club Heights is a privately run facility with housekeeping, one meal and activities. It has 100 apartments, complete with kitchens and private bathrooms.

Within Winchester, another congregate care home is the Mount Vernon house. This facility, which is also licensed as a Level IV nursing facility, is targeted to seniors of any age who are looking for a rest home environment. The Mount Vernon House requires residents to function independently. Residents are transferred to a skilled nursing home or hospital if the need arises. The Mount
Vernon House is licensed by the state for 16 beds, which are contained within two large older homes that were joined together. Residents have their own bedroom and bath with housekeeping and laundry services provided. Meals are provided, as is transportation to doctor’s offices and social activities. The entrance requirements include an endowment fee that is partially refundable. Financial arrangements are adjusted on an individual basis.

**Life Care or Continuing Care Retirement Communities (CCRC')**

This living arrangement is sometimes referred to as “Life Care Facilities” and is targeted to elderly in the 75-85 year old range. The services at these facilities include boarding and lodging. Additionally, nursing, medical or health related services are included for the duration of the persons life. These residents are interested in living arrangements that offer more security in the form of safety from intruders, loneliness, or debilitating health. Residence are usually comprised of independent living units. An array of services are available including meals, housekeeping, transportation to social activities, medical services and ultimately skilled nursing care. Most CCRC’s require sizable endowment fees in addition to a monthly maintenance fee. The assumption is that seniors who choose this form of housing have cashed-in their equity from their homes in order to get the complete coverage and security that this form of housing offers. There is a growing number of Life Care Facilities adjacent to Winchester. Most of these developments are targeted to the middle and upper income seniors. Such facilities include Carelton Willard Village in Bedford and Brookhaven in Lexington.

**Nursing Homes**

Nursing homes are licensed by the Commonwealth of Massachusetts on four levels, depending on the level of assistance that residents need. The most intensive are Levels I and II, which are similar and usually grouped together. The patients in Level III can help themselves, while Level IV covers elderly who are able to leave and return to the facility. Winchester has two nursing homes; the Winchester Nursing Home and the Aberjona Nursing Home.

**Home Sharing**

The concept of seniors sharing homes with unrelated persons has been discussed by the Council on Aging and within various civic groups. Many seniors, who own their own home are sometimes described as “house rich and cash poor” because they occupy a large older house that was once home to a growing family. Though these seniors want to continue living in the community they have lived in for so long, they may be unable to keep up with the maintenance and financial burdens of owning a home, or they may need assistance with everyday living functions. Under certain circumstances, such elderly may consider sharing a portion of their house in exchange for the security of living in their own house. According to the Winchester Council on Aging, such programs have worked in
other communities, where a third party facilitates matches between elderly home owners and house renters. Examples of matches would be a senior citizens with a single parent in need of lower cost housing. The type of match would depend on the needs of the homeowner and the size of the house. Community concerns about controlling the number of individuals per dwelling, modifications to the house, and potential parking problems can be taken into account through a special permit.\textsuperscript{21}

A summary of elderly housing options available in Winchester and in the surrounding communities can be found on the following page:

\textsuperscript{21} Comprehensive Housing Affordability Strategy, Town of Winchester, November 16, 1992, pp. 9-19.
## Housing Options for Winchester Senior Citizens

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Life-Care</td>
<td>Life-Care</td>
<td>Congregate</td>
<td>Congregate</td>
<td>Independent</td>
<td>Independent</td>
<td>Life Care</td>
<td>Nursing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship</td>
<td>Non-profit</td>
<td>For-profit</td>
<td>For-profit</td>
<td>For-profit</td>
<td>Non-profit</td>
<td>Housing Auth</td>
<td>Housing Auth</td>
<td>Non-Profit</td>
<td>For-Profit</td>
<td></td>
</tr>
<tr>
<td>Age/Mobility/Limits</td>
<td>65</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>Senior</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of Units</td>
<td>143</td>
<td>205</td>
<td>125</td>
<td>100</td>
<td>75</td>
<td>18</td>
<td>52</td>
<td>60</td>
<td>16</td>
<td>123</td>
</tr>
<tr>
<td># of beds</td>
<td>160</td>
<td>41</td>
<td>52</td>
<td>18</td>
<td>41</td>
<td>16</td>
<td>123</td>
<td></td>
<td></td>
<td>122</td>
</tr>
<tr>
<td>Type of Units</td>
<td>1 &amp; 2 bed</td>
<td>1 &amp; 2 bed</td>
<td>St, 1 &amp; 2 bed</td>
<td>St, 1 &amp; 2 bed</td>
<td>Studio, 1 bed</td>
<td>1 bed</td>
<td>Level IV</td>
<td>I, II &amp; III</td>
<td>I, II, III</td>
<td></td>
</tr>
<tr>
<td>Meals</td>
<td>1 per day</td>
<td>1 per day</td>
<td>2 per day</td>
<td>2 per day</td>
<td>3 per day</td>
<td>no</td>
<td>no</td>
<td>3 per day</td>
<td>3 per day</td>
<td>3 per day</td>
</tr>
<tr>
<td>Social</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Medical Services</td>
<td>Nursing</td>
<td>Nursing</td>
<td>full-time Nurse</td>
<td>Dr. &amp; Nurse visits</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Monthly Costs</td>
<td>$1,022 - $1,310</td>
<td>$1,050 - $2,900</td>
<td>$2,700+</td>
<td>$1,200 - $2,100</td>
<td>$990</td>
<td>30% of income</td>
<td>30% of income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment</td>
<td>$60-120,000</td>
<td>$120 - 400,000</td>
<td>None</td>
<td>None</td>
<td>$50 - 150,000</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Varies</td>
</tr>
<tr>
<td>Income to qualify</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>below 50% of median</td>
<td>below 50% of median</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
c. **Development of a feasibility study that the Town of Winchester could use in order to analyze the potential of reuse of the former Mystic Elementary School as an assisted living facility**

The feasibility study is a crucial step in the development process. A feasibility study could be used to determine whether a building (Mystic School) has the physical qualities to become an Assisted Living facility. (Appendix B is an example of a feasibility study that could be used for the re-use of the Mystic School as an Assisted Living Facility).

Peter Tedesco is a Vice President at the Mount Vernon Group, a real estate consulting firm specializing in feasibility studies of assisted living facilities. Tedesco had some opinions why municipalities should conduct a feasibility as part of the planning process;

> First off, most towns and cities just don’t have the staff to conduct the level of research that is needed to analyze a building or a site for an assisted living facility. A consultant can come in with the experience necessary to make prudent recommendations to a municipality. A consultant is going report on issues ranging from the physical suitability of a site, to the financial aspects dealing with financing and cost estimation. Often, these studies will speed up the process and many times make sure the town or city does not spend money carelessly.

Currently, Winchester is in the process of having a feasibility study done on the Mystic School. If the report shows that the building is suitable for an assisted living facility, then the next step will be to have a request for proposal (RFP) drawn up for potential individuals or organizations, who wish to be considered as a developer for this site as an assisted living facility.

d. **Creating a Request for Proposal (RFP) for potential developers of an assisted living facility in the Town of Winchester.**

If the feasibility study shows positive results such as, the proposed building is adaptable for residential construction and the market is suited for an assisted living facility from a demographic and income standpoint, then the next step in the development process is to solicit bids from potential developers. This part of the process involves generating a request for proposal (RFP) that will explain to potential developers exactly what the municipality wants such as architectural style, addressing neighborhood concerns and providing a certain level or number of affordable units.

As Peter Tedesco points out,

> The RFP process is totally essential for a municipality to keep control of what they want built or not built in their community. It also provides certain levels of
protection for the town and it serves to eliminate confusion in the development process.

A proposed Request for Proposal (RFP) that Winchester could use for implementing such a program is shown in Appendix B.

**Ranking Criteria**

After the RFP’s have been submitted to the municipality, the Board of Selectmen or the governing agency, should review and rank each redevelopment proposal based upon the criteria outlined below:

1. Offer price, condition of sale and anticipated tax revenue for the Town of Winchester, which may be generated by the redevelopment.

2. Feasibility of the project.

3. Contribution to the Town of Winchester in terms of proving affordable housing units for Winchester senior citizens.

4. Appeal of the proposal from a land use, architectural, community and neighborhood perspective.

**Summary**

The preceding has shown that Winchester went through a process whereby an interested group, the Winchester Council on Aging, actively pursued the possibility of bringing an assisted living facility to their community. They did this by conducting research on the housing needs of elderly in Winchester. The COA then presented their finding through a formalized plan of the Town, called the Comprehensive Housing Affordability Strategy (CHAS). This plan was then reviewed by the governing board of the Town, the Board of Selectmen, who decided to implement a development process for an assisted living facility in Winchester. The Selectmen did this by requesting a feasibility study of a particular building in the Town and plan to choose a developer through a Request for Proposal process.

As previously mentioned, the Town of Winchester is currently at the stage of choosing a consultant to conduct a feasibility study of the Mystic School. Although the process has not been completed, there are several conclusions that can be drawn from the process that Winchester has gone through to the point of the feasibility study. Those conclusions are discussed in the next chapter.
CHAPTER IV

CONCLUSIONS
What are some of the lessons learned with bringing assisted living into the Town Winchester.

The lesson learned in Winchester, that might be applied to other communities, is that in order to get an assisted living facility, there needs to be the following:

1. One group or organization, in the Winchester case a non-profit, must be the catalyst for bringing assisting living into the town or city. The group needs to be professional, well informed and know how to act politically in order to get an idea through the political process.

The Council on Aging was such a group in Winchester. It wasn’t just their energy that made assisted living a possibility. It was careful planning that included hiring professional staff, conducting market research and compiling there data in a professional manner.

2. The municipality and the groups advocating an assisted living facility need to define their goals through a strategic plan identifying issues, problems and methods for implementing solutions to the problem.

As an example, the Council on Aging was able to use the Comprehensive Housing Affordability Strategy as a vehicle to define and articulate their housing needs. Today’s public officials and agencies are always reaching for funding sources to satisfy the needs of so many individuals and groups. The CHAS was a document that clearly identified needs and costs. The CHAS certainly does not guarantee funding, but it does allow for analysis to be made on the many different needs. CHAS also probably helps groups and public officials make decisions faster, because all the information is in one report.

In addition to CHAS the Council on Aging conducted independent research and market analysis of elderly housing needs in Winchester.

The Selectmen, when contemplating reuse of a Town owned building for assisted living, requested that an independent sub-committee be commissioned to make conduct an analysis of the reuse.

3. There needs to be a willingness to go through the political process. Even having a group like the Council on Aging and a report like CHAS, there is still the “political process”. No matter how small or big the town or city, there is always the political process. Those that are unwilling to go through the process will probably lose. The political process is going through numerous public meetings, talking to public officials,
neighborhood groups and other housing advocates. This is a process that might take months or even years to ultimately achieve a consensus to go forward with an idea.

Winchester was no exception. Even though the Council on Aging was promoting elderly housing, which was politically correct in Winchester, they still had to adhere to the process. It can be assumed that if the COA did not conduct their research, go to the CHAS meetings, talk to the selectmen, neighbors and other groups, then there probably would not be an assisted living facility coming to Winchester. As Selectmen Tom Schmidt stated,

The COA did a great job of promoting their cause. They followed the process to the point of making others including the Selectmen and the neighbors comfortable with their project.

All of these reports and studies for the assisted living proposal occurred during the three year period of 1990 -1993. This point highlights the fact that public policy is a process that usually does not happen very quickly because it requires significant amounts of data, research, opinions, public hearings and discussions.

John Suhbier, member of the Winchester Housing Authority and the Winchester Housing Partnership Board concurs that the process is everything,

The real challenge is getting the job done. The way the job gets done is to work through the process, form consensus and move your ideas into reality. Not everyone is willing to do that.

**What may be some of the risks and rewards to the Town of Winchester with regard to developing an assisted living facility at the Mystic School.**

There are two rewards if there is a successful development of an assisted living facility at the Mystic School. The first is that if the project is successful, it will help fill a housing gap for a growing elderly population in Winchester. Specifically, the project will help seniors who are in need of affordable housing and a certain level of services that they can no longer provide for themselves.

The second reward to the Town is that there could be a financial incentive to Winchester by selling the Mystic School to a developer. As part of the development of the Mystic School, the Town of Winchester has two options with the disposition of the building which they own. The Town could sell the building for a price determined in the feasibility study, or it could choose to give or lease the building to a developer in return for an increased number of affordable units.
There are certainly risks involved in developing assisted living facilities. There are the obvious financial and operational risks that are inherent with the development of any real estate or business venture. However, some of the risks specific to the Winchester case are as follows:

1. There is the risk that the Mystic School may not be big enough to achieve the economies of scale and thus make the building an economically viable endeavor.

2. There could be market saturation with another assisted living facility already in the Town.

3. There is the potential that new legislation for assisted living facilities could increase costs of operating such business and thus increase costs to the users.
BIBLIOGRAPHY
Bibliography


Comprehensive Housing Affordability Strategy (November, 1992) A report by the Winchester Housing Partnership Board.


Bibliography Continued...

U.S. Census. (1990)


Winchester Zoning By-Laws, Winchester, MA
INTERVIEWS
Interviews:

- Bob Erickson, Chairman - Winchester Council on Aging, Winchester, MA.
  Date: June 15, 1994

- Robert Jenkins, AARP - National Health Policy Institute, Washington, D.C.
  Date July 31, 1994

- Allan Rodgers, Member - Winchester Housing Partnership Board, Winchester, MA
  Date: July 22, 1994

- Tom Schmidt, Former Winchester Selectmen, Winchester, MA
  Date: July 18, 1994

- John Suhbier, Member - Winchester Housing Authority & Winchester Housing Partnership Board, Winchester, MA
  Date: July 20, 1994

- Pete Tedesco, Vice President - Mt. Vernon Group, Winchester, MA.
  Date: July 28, 1994
APPENDIX - A

Demographics

The demographic data in Appendix, unless otherwise noted, is principally from a Report by the Special Committee on Aging presented to the 100th Congress of the United States (1987).

The most telling facts regarding elderly housing issues is demographic data, which reveals that Americans aged 65 and above are growing at twice the rate of the overall population, and that the 85 and older group is growing most rapidly of all. Further enhancing the demand side of elderly housing is the fact that while there were 31 million people over the age of 65 in 1990, the number is expected to increase to 52 million by the year 2020. In 1900, one in twenty-five Americans was age 65 over. In 1985, there was one in nine at least 65 years old. This phenomenon, fueled by the aging of the U.S. Baby Boom generation, will witness a projected 60% increase in elderly citizens for the years 1990-2020.

According to the U.S. Senate Special Committee on Aging, by the year 2030, there will be more elderly than young people in the population. Specifically, 22% of the population will be 65+, while 21% will be under 18 years old. The report added that the 85+ population is expected to more than triple in size between 1980 and 2030, and nearly seven times larger in 2050 than in 1980. The striking growth of this age group witnessed by a population of 123,000 people 85+ in 1900 to 2.2 million in 1980 and a projected 15 million in 2050. In 1987, approximately 26% of the U.S. population was over 50. This group is projected to increase to 38% by the year 2030. This dramatic facts are due largely to increasing life expectancy, the high birth rate in the years before World War I, and ultimately, the aging baby boomers.

The proportion of elderly to younger population groups is significant because as the percentage of younger subgroups diminishes, so does the availability of informal and free care-giving. This care is often provided by the younger children or friends of the elderly. While 75% of the care non-institutionalized elders receive is informal, i.e. family or friends, changes in family values, decreases in intergenerational living arrangements, increases in geographic separations, and the influx of women into the work-place have made informal care less available than in previous years. As this sources of informal care decrease, the needs and demands of caring for the elderly will most certainly increase.

The Senate Committee on Aging has also revealed that 7 million older people needed a variety of long-term care service in 1990. This number is projected to increase to 12 million by the year 2020. Although the elderly account for only 12% of the population today, they consume one-third the nations health care budget.
The U.S. Census has extensive data relating to demographic, social, economic and various other information on population and households. The Census has categorized the elderly as individuals 65 years old and over. As the elderly population has increased dramatically during the past few decades, the U.S. government and the retirement industry have found it necessary to further segment the elderly class. As such, the elderly are classified into three groups; 65-74; 75-84; and 85 and older.

Households and Income Statistics
Another important statistic relating to the development of elderly housing is data relating to number of households and household composition. While the total population of elderly 65 and over is a smaller percentage of the total population, this group represents a higher percentage of the population who are head of households. According to 1990 Census data, 64% of elders 65-74 years old are head of household, while 62% are head of household in the 75 years and older group. The high percentage of head of Household is due to deaths and divorces, which result in increasing numbers of one adult households. The percentage diminishes for elders over 75 years old as many require institutional care or move-in with a family member.

The elderly rely on two sources of income for housing and living needs. The first comes from Social Security benefits. Between 1968 and 1983, the share of income for elderly families provided by Social Security benefits grew from 22.9% to 34.3%. The second form of income for elderly comes from asset income. During the period of 1968 to 1983, the share provided by asset income increased from 14.6% to 20.9%. Approximately 1/3 of the elderly have no asset income. Typically, the lower income groups derive a much smaller share of their income from the asset income as compared to the elderly in the more affluent group. At the same time, the share contributed by earnings fell from 48.2% to 28%.

Generally, elderly people have less cash than those under people 65 years old. However, there are several non-cash factors that improve the financial well-being of elderly people. Issues such as preferential tax treatment, paid off mortgages, Medicare, Medicaid and food stamps assist elderly, particularly those less well off financially. Elderly financial resources are usually limited to saving accounts, real and personal property, stocks, bonds, insurance policies, and pension sources such as IRA's, Keogh's and other tax-deferred profit sharing plans.

Today's seniors and people who will become seniors during the next 20 years are much more affluent than in previous generation. They will realize the cumulative benefits of Social Security, pension plans and equity appreciation in their homes. These seniors of today and tomorrow control 50% of the nations discretionary income. Importantly, seniors over 75 account for 12% of the population today, but account for more than 30% of all money spent on health care and related housing.

22 1990 U.S. Census
Retirement Trends and Labor Force Data
Retirement is occurring earlier and is for longer periods than ever before. During the past 80 years, the amount of time spent in retirement for the average American male increased from 3% in 1900 to 20% in 1990. This increase coincided with the early retirement trend where some two-thirds of the elderly retired before 65 years of age.

Labor Force drops off significantly among the elderly as they age. In 1986, 45% of the men age 62 - 64 were in the labor force, while only 25% in the 65-69 bracket and 10% in the over 70 year old bracket were in the labor force. It is anticipated that in the future there will be greater numbers of working couples and female retirees, who probably will have better retirement incomes because of larger pension incomes and return on investments.

Health Status and the Needs of the Frail Elderly
There are many differences in the medical needs between young and old people. There are even apparent differences between the different levels of the elderly. Health status is probably the largest single determinant of what an individual's needs are, as far as, housing and medical services needs.

Fundamentals aspects of the elderly' health status is critical for anyone entering the elderly housing market. Most elderly view their health positively. Even if elderly are chronically ill, two out of three elderly describe their health as good or excellent. Income is directly related to an older person's perception of health. Approximately 25% of those with incomes above $20,000 describe their health as excellent, compared to only 12% of those of the same age with incomes less than $10,000.

Approximately 80% of all elderly have at last some sort of mild disability or chronic condition. These ailments might be related to arthritis, hypertensive disease, heart conditions and hearing impairments. About 20% of elderly person have some degree of disability which limits activities. Only a small portion are severely disabled, although the chance of being severely limited increase with age. For example, some 60% of the oldest elderly are limited to some degree in daily activities.

The possibility of becoming hospitalized because of chronic disease or becoming disabled increase dramatically with age. Severe chronic illness can prevent elderly from functioning independently, increasing the need for long-term care. It is estimated that by the year 2020, approximately 7.2 million people will require special care and assistance in order to remain independent. That number jumps to 14.4 million by the year 2050.

Three out of every four elderly die from heart disease, cancer or stroke. Though heart disease has been declining recently, it is still a major cause of death for elderly. Death rates for the elderly have been diminishing during the past four decades. As medical advances are made, this trend can be expected to continue. Elderly are the heaviest users
of health services. They are hospitalized twice as often and stay twice as long compared to the younger population and use twice as many prescription drugs.

Only about 5% of the elderly are in nursing homes at any given time. However, approximately 205 of elderly will spend some time in a nursing home during their lifetime. The numbers of elderly requiring to stay in a nursing home is expected to rise as the elderly population rises. Financial assistance programs like Medicare and Medicaid assist the utilization of nursing homes. Almost two thirds of all personal health care costs relating to elderly services are expended from government sources.

Elderly spent approximately 15% of their income for their health costs in 1990. Out-of-pocket health related expenditures by the elderly were spent as follows: 42% on nursing homes; 31% on other care; 21% on physicians; and 6% on hospitals.

The elderly represent 29% of all health care costs. Increases in long-term health care costs have exacerbated the national health care crisis. In 1990, while the elderly comprised 5% of all Medicaid recipients, they consumed 23% of the expenditures. The U.S. will struggle to cover Medicaid expenditures which are expected to rise 120% between 1990 and 1996. 23

Location of elderly is also reveals some pertinent data. More than half of the elderly live in 8 states: California, New York, Florida, Pennsylvania, Texas, Illinois, Ohio and Michigan. In 1980, for the first time ever, more elderly lived in suburbia than in downtown locations.

Since 1900 life expectancy has increased 27 years. Since 1940, life expectancy has increased nine years with only two of these years being relatively healthy years, free from disabling chronic illness. Despite advances in medical technologies, the last years of elderly lives are often accompanied by complex problems of acute and chronic illness. In 1993, 21% of elderly over 85 years old required assistance with activities of daily living (ADL’s). However, among all elderly only 35% require nursing home care. Below is a table showing the percentage of elderly needing assistance in daily Living:

The predominance of residence in elderly housing tend to be female and single, widowed or divorced. These facts reflect both demographic and housing preferences. Approximately 75% of older elderly are women, who tend to dominate the 75 + year-old population. In part, this is a result of women having longer life-spans. There are 1.78 women for every man among the 75+ year-old population group. Additionally, men who are widowed or divorced tend to remarry, while women do not; largely because there are not enough available men. A comparison of living arrangement preferences for the two sexes reveals that 15% of men live alone, compared to 40% for women.

APPENDIX B

I. FEASIBILITY ANALYSIS (Overview) 24

The analysis of the Mystic School for potential re-use as an Assisted Living facility contains the following components:

(1) Analysis of the existing conditions of the properties;
(2) Develop a public participation program;
(3) Suitability of Mystic School for Assisted Living
(4) Market analysis of uses deemed appropriate for the property;
(5) Cost analysis;
(6) Funding Source Analysis
(7) Cash flow/financial analysis for potential re-use of the property
(8) Implementation strategy; and
(9) Generate an RFP for the development of the Mystic School as an Assisted Living Facility.

Below is a detailed description of Sections 1 through 9 of this proposal.

1. Existing Conditions Analysis

a. Data Collection: Collect and review all reports and any other pertinent data available for the property including building plans, feasibility reports, structural reports, site plans and zoning regulations. This information will be used to analyze the property, as well as provide insight into the adaptability of the structure as an Assisted Living Facility.

b. Building Analysis: Make a preliminary survey of the building on the property in an effort to supplement information previously assemble for the property. This will include both building components, parking conditions, ingress/egress analysis, and infrastructure analysis.

24 Mount Vernon Group; Real Estate Advisors, Winchester, MA
c. **Historical Structure Analysis**: Conduct a preliminary assessment of the historical significance of the buildings on the property including a review of local and state Historical Commission files on the property.

d. **Structural Analysis**: In an effort to determine the suitability of the property for reuse into housing, a structural review of the property, using a structural engineer, must be made.

e. **Land-Use Analysis**: Review all zoning and land-use regulations and determine what is legally permissible on the site and what requirements are associated for each use (i.e. parking, setback, access, fire protection, etc.). This analysis will also include meetings with all interested parties to define the needs/concerns of the community and the neighborhood. This analysis will define what uses are politically, legally, and physically appropriate on the property. Identify any zoning changes and/or special permits which may be required.

2. **Public Participation Program/Goals and Needs**
Meet with the Selectmen, task force members, state personnel, neighborhood groups, and various town agencies (i.e. Planning Board, Housing Partnership Board, Fire and Police Departments, and Conservation Commission) in an effort to solicit local needs, concerns, and re-use considerations. This information will assist us in prioritizing the short- and long-term concerns of the community and the neighborhood.

Hold public hearing in an effort to obtain support for a preliminary redevelopment plan. Professional graphics and economic forecasting reports should be available for review and comment by the general public.

3. **Suitability of Site as an Assisted Living Facility**
Determine criteria for an economically feasible assisted living facility as applied to the re-use of the Mystic School. Criteria will cover:
Site Issues:
- Project acreage / Topography
- Parking
- Zoning / Licensing matters
- Political / Neighborhood concerns

Design Issues:
- Facility size
- Unit size
- Unit mix
- Structural Issue

Density Issues:
As with any type of development, there are certain economies of scale which must occur to make a project feasible. Therefore, explore the possibilities of adding to the existing building to increase project size.

4. Market Analysis
Conduct a preliminary market analysis to determine the relative demand for an Assisted Living Facility at the Mystic School. The market analysis is one of the most time-consuming and important elements of this report. In order to properly evaluate the viability of an Assisted Living Facility, an analysis of the market for the use must be conducted from both a supply and demand viewpoint. For an Assisted Living Facility, the market analysis will include:

a. **Inventory of competing properties in terms of:**
   1) market rents;
   2) location attributes;
   3) tenant profile; and
   4) project amenities.

b. **An analysis of the demand for an Assisted Living Facility including:**
   1) occupancy rates for competing properties;
   2) discussions and/or interviews with tenants and owners, and various professionals in the area who are knowledgeable about the use being considered; and
   3) a review of demographic and/or economic data relevant to the use being considered.
5. **Cost Analysis**

Produce a preliminary cost analysis for an Assisted Living Facility at the Mystic School. The analysis should include both the hard and soft costs for the anticipated renovation. An analysis of the property from the perspective of the end user will be conducted and redevelopment costs identified. Acquisition, construction (i.e. architectural, site, structural, mechanical composites of the building), demolition, infrastructure, amenities, debt service, and associated soft costs would be detailed in this analysis. Develop conceptual site plans. These plans, as well as the existing plans, will be used as a basis for estimating costs.

6. **Funding Sources Analysis**

Provide committees with various funding sources available to the financing of an assisted living facility. Both conventional sources (i.e. banks, and insurance companies) as well as subsidized sources (MHFA and HUD) need to be explained. Also the use of investment tax credits will be incorporated into this analysis.

7. **Cash Flow/Financial Analysis**

Conduct a pro-forma cash flow analysis for the redevelopment plan proposed. Using the cost and market information from Sections 4 and Section 5, identify the revenues and operating costs associated with the intended use. Various financial strategies, should be explored including an analysis of any local, state, and/or federal loans, grants, or subsidies available for both the capital costs of rehabilitating the structures, as well as operating subsidies. Because the building may be designated as an historical structure, the availability of tax credits will be explored. Tax credits are extremely valuable and if available, should be obtained by a prospective developer.

8. **Implementation Strategy/Impact Analysis**

Prepare an implementation strategy for the proposed re-use option. This will include an identification of the various legal, physical, and economic issues, which the re-use option is dependent upon, including:

- infrastructure upgrades;
- traffic and parking issues and impacts and offer solutions to minimize these impacts;
- zoning and land use approvals; and/or the development of a new zoning district for the property, which will allow flexibility of development options;
- rehabilitation/building addition costs and restructures
APPENDIX C

Development of a Request for Proposal (RFD) for the Development of an Assisted Living Program in Winchester

Selected information from Section 1 through 8 of the feasibility study should be used to prepare a draft Request for Proposal (RFP) for potential developers according to the Commonwealth of Massachusetts Procurement Guidelines.

1. Instructions, Submissions and Evaluations

Instruction to Developers

This section would give any guidelines that the developer would be required to adhere to for both completing the RFP and/or fulfilling the obligations of the RFP if selected by the Board of Selectmen. Such guidelines might deal with dates required for submission and completion of work or quality and substance of work to be completed.

Redevelopment Philosophy

The Redevelopment Philosophy is a chance for the Selectmen to stress in writing to the potential developer what the municipality wants as an end product. For example, the Selectmen in Winchester would want the following to be part of the redevelopment philosophy:

1. To preserve the Mystic School’s superstructure and exterior architectural detail.
2. To provide a plan that will be sensitive to the needs and concerns of the neighborhood.
3. To potentially generate revenue for the Town in the form of proceeds from a sale and/or annual tax revenues.
4. To maximize the number of affordable housing units available to Winchester Senior Citizens.

Public Hearing and Meeting Requirements

This section would make it clear to the developer how many times he or she must meet with public boards, officials, civic organizations or neighborhood groups. From the municipality standpoint, it is best to have the developer available as much as possible, but probably some agreed upon number of meetings will be required to satisfy the potential developer.

Request for Proposal Submissions

Each potential developer who chooses to respond to the RFP must include in the offer the following information:

---

25 Mount Vernon Group; Real Estate Advisors, Winchester, MA

57
1. **Terms and Conditions of Sale** in a Purchase and Sale Agreement provided the Town of Winchester Counsel. The Developer should outline the terms conditions of the offer including prices, financing arrangements, any contingencies and the anticipated closing date.

In some instances the Town may consider leasing the property for as long as 99 years. In those instances, the Town would require that the Developer disclose the same information under the sale option, as listed under 1. **Terms and Conditions of Sale** above.

**Disclaimers**

This section would indemnify the Town, in that all sections of the RFP including instructions, specifications, drawings, reports and other documents are accurate to the best of the Town’s knowledge.

The section would also clearly indicate that the Town is not liable for any loss, injury, or damage, or claim for injury caused by or resulting from any errors or inconsistencies, or omissions in the information provided by the Town or by the existence of any subsurface or latent physical conditions which differ from what may have been described by the Town. The term damage shall include all costs, expenses and liabilities incurred in connection with any claim or any proceedings relating to the property discussed.

Other important documents that the Town should require of the potential Developer include:

1. Certificate of Non-Collusion
2. Tax Compliance Certificate
3. Disclosure Statement - Disposition of Real Property

2. **Developer Qualifications**

Each firm submitting a proposal should respond to the qualification information as listed below:

1. **Financial Standing** - Enclose most recent financial statements (i.e. income statements and balance sheet) for the company - audited if available.
2. **Experience** - Enclose a statement outlining the firm’s experience with major building rehabilitation by citing specific projects.
3. **Track Record** - Outline the firm’s track record as it relates to successful relationships with municipalities, lending institutions, government agencies neighborhood groups.
4. **Ability to Obtain Financing** - Provide evidence that the firm can obtain financing for the proposed development.
5. **Development Team** - List all firms or individuals that will be involved in this project, including joint venture partners, lenders, architects, engineers and/or other consultants.

6. **Narrative of Redevelopment Proposal** - Include a detailed narrative of the firm’s redevelopment proposal including:

   - Preliminary Site Plans
   - Parking requirements
   - Estimated rehabilitation costs
   - Preliminary market analysis
   - Preliminary cash flow analysis
   - Time schedule breakdown

7. **Contribution to the Town** - Outline how the redevelopment proposal will contribute to the Town from a financial and social perspective.

3. **Zoning Issues and Development Guidelines**

   **Zoning Issues**

   As previously mentioned in 1988, the Winchester Town Meeting approved the Independent Elderly Housing District (IEH) as an Overlay District to provide a housing alternative and supplement to public elderly housing. The Overlay District requires a special permit that can increase the density and reduce the number of required parking spaces. It also includes affordable housing requirements that can be fulfilled by the developer by means of one of the following:

   1. Set aside up to 10% of the units in the project for affordable housing;
   2. Provision of affordable housing units on another site within the community;
   3. Payment to the Winchester Housing Fund

   **Development Guidelines/Preservation Restrictions**

   In addition to the special permit which would be required for this redevelopment proposal, the Selectmen, along with any committees, various town boards, neighborhood or civic groups should establish guidelines to assist or inform the potential developer of the concerns pertaining to the redevelopment of this site. Such areas of concern, which should be listed might be:

   1. The facade
   2. The landscaping
   3. Access to and from the site
   4. Parking Areas
   5. Maintenance & Management
4. Historical Designation (if appropriate)

Status of Historical Structure Designation
The Town of Winchester should, if it has not already done so, designate the Mystic School as a certified historical structure with both the State of Massachusetts Historic Commission and the National Historic Structure Designation.

The advantage of having the Mystic School designated as a historical structure is that tax credits would accompany the designation. Section 251 of the Tax Reform Act of 1986 (IRC Section 46 and 48) permits an owner to elect a 20% tax credit on qualified rehabilitation expenditures incurred from January 1, 1987 in connection with certified rehabilitation. Under such rehabilitation, the structures may be used for industrial, commercial, or rental residential purposes.

The Certified historic structure must be substantially rehabilitated with qualified expenditures exceeding the greater of $5,000 or the adjusted basis of the building. The adjusted basis is generally the actual cost of the property, minus the costs of the land, plus any capital expenditures, minus any depreciation already taken. The expenditure test to qualify for the tax credit program must be made within 24-month period or over a 60-month period for phased projects if written architectural plans and specifications are completed before the rehabilitation begins.

Generally, almost all rehabilitation expenses qualify for the 20% investment tax credit including related architectural, engineering, and general contractor’s fees. Items not eligible for the tax credit include:

1. Any costs for the building or the site
2. Construction interest
3. Costs associated with an enlargement of the building

5. Building Description

Architectural and Structural Information
The report should include a detailed interior and exterior description of the building condition, including construction materials. Included would be an analysis of the roof, heating and cooling systems, facade, floors, walls and ceilings. A complete set of floor plans should also be included to show the size and dimensions of each floor and room. Two outside services which should be used include a licensed architect and structural engineer.

An analysis of the structural capacities of each of the floors should be made by the structural engineer. The engineer will be testing the capacities of these floors for the proposed redevelopment of the building as a residential building.
Any renovation to the building will require barrier-free accessibility. The analysis of handicapped access must be analyzed for both:

1. Site Access
2. Building Accessibility

Another issue that must be addressed is the life safety concern when rehabilitating an older building. Such analysis must be made, usually by a Code Consultant, to determine what will be required to make such a rehabilitation comply with all current State Life Safety Codes. Examples would be fire separation walls, stair size requirements, handrails, exit stairs, doors, fire-rated materials, and how the building complies with the energy conservation provisions of the State Building Code.

**Hazardous Materials - Asbestos/Lead Paint/Oil Tanks...**

A visual inspection of the property, by a professional consultant, should be made to determine what quantifies, if any, of hazardous materials may be on the premises. The purpose of the survey is to:

1. Quantify the amount, type, location and condition of hazardous materials
2. Evaluate the potential hazard exposure
3. Recommend abatement action and estimate abatement costs.