


Wellness attracts the middle-income market

A stylized illustration of a cityscape. The buildings are represented by various shades of green and yellow, with some having circular cutouts. A large, bright yellow sun with rays is in the upper right, partially obscured by a light green cloud. The background is a gradient from light blue at the top to dark blue at the bottom. The foreground features a wavy, yellow-green shape that resembles a path or a field.

**Wellness dimensions uniquely
frame senior living's value for
the next generations of residents**

Hosted by International Council on
Active Aging

May 2021

About the ICAA Forum

The ICAA Forum brings together thought leaders from many organizations—both private and public—to form a think tank that develops strategies to turn the challenges facing senior living providers into opportunities. Launched in 2005, the meetings forge connections among industry leaders while promoting understanding and cohesive action around the ultimate goal: health and quality of life as people age.

Organizer: Colin Milner, CEO, International Council on Active Aging, colinmilner@icaa.cc

Facilitator: Tom Kehner, theDifference Consulting, <https://thedifferenceconsulting.com/>

Report author: Patricia Ryan, Content Development, p3ryan@cox.net

www.icaa.cc/conferenceandevents/forums.htm

About International Council on Active Aging®

The International Council on Active Aging has led, connected and defined the active-aging industry since 2001. Founded in the belief that unifying the efforts of organizations focused on older adults benefits both the people they reach and the organizations themselves, ICAA's vision is shared by over 10,000 organizations. ICAA's support of the active-aging industry includes industry research reports, program development, market development, education and research on healthy aging and wellness, strategy development, public relations campaigns and recognition programs.

ICAA Education, Inc., a sister company, develops and delivers courses to help active-aging professionals build needed skills and knowledge to impact older-adult wellness and the business bottom line.

www.icaa.cc

International Council on Active Aging®

#603 - 1112 West Pender Street
Vancouver, BC, Canada V6E 2S1
866-335-9777 or 604-734-4466

Sponsors



Contents

4. EXECUTIVE SUMMARY

Wellness culture attracts the middle-income older adult

6. VALUE

The middle-income market matters

New models are differentiators
Economics meets the middle-income market

10. PEOPLE

Imagine the people in the middle-income market

Choose your niche

Involve staff, residents and family members

New staff roles are needed
Invest in current and future staff
Structure intern, volunteer and resident work programs

14. CULTURE

Prioritize wellness culture, programs and relationships

Assume a resident-involved wellness culture
Forge well-being through lifestyle choices
Motivate engagement

Bridge to the greater community for revenue and diversity

Add revenue through customers and memberships
Transportation is a necessity
Outreach to community groups and organizations
What makes effective partnerships?

19. PLACE

Adapt the built environment

Environmental health is a priority
Technology-capable infrastructure is required
Redesign living spaces for size and privacy
Require flexible, user-friendly common spaces

Reimagine food and dining

Emphasize high-quality food and nutrition education
Devise flexible pricing plans
Reimagine restaurants

24. PLAN

Explore opportunities and challenges for business models

Shift attitudes and spreadsheets
Reformat connections with health care
Reframe thinking about the middle-market brand
Wellness is the solution

26. DETAILS

Resources
Endnotes

Copyright 2021 International Council on Active Aging.
All rights reserved.

Executive summary

ICAA Call to Action: Reclaim health and well-being for older people by integrating wellness throughout all organizational strategies and operations.

WELLNESS CULTURE ATTRACTS THE MIDDLE-INCOME OLDER ADULT

As the senior living industry evolves, each organization's leadership and advisors are planning their next iteration. Before the necessities of the COVID-19 pandemic changed the course of all operations, industry chatter included talk about preparing for the boomer generation (people born 1946-1964), a conversation that expanded in 2019 with the release of a report detailing why current models of senior living are unaffordable to all but those with the highest incomes.

Faced with the reality of the financial resources of older adults (median income in US households headed by a person 65 or older was \$64,023 in 2018),¹ industry leaders and investors began looking at ways to make senior living more affordable within acceptable profit margins.²

Recognizing that the philosophy of wellness, anchored by the dimensions of wellness, is a key to reaching middle-income older adults, as well as the boomer age group, the International Council on Active Aging (ICAA) convened leaders influencing the policies that guide senior living at the ICAA Forum, May 2021.

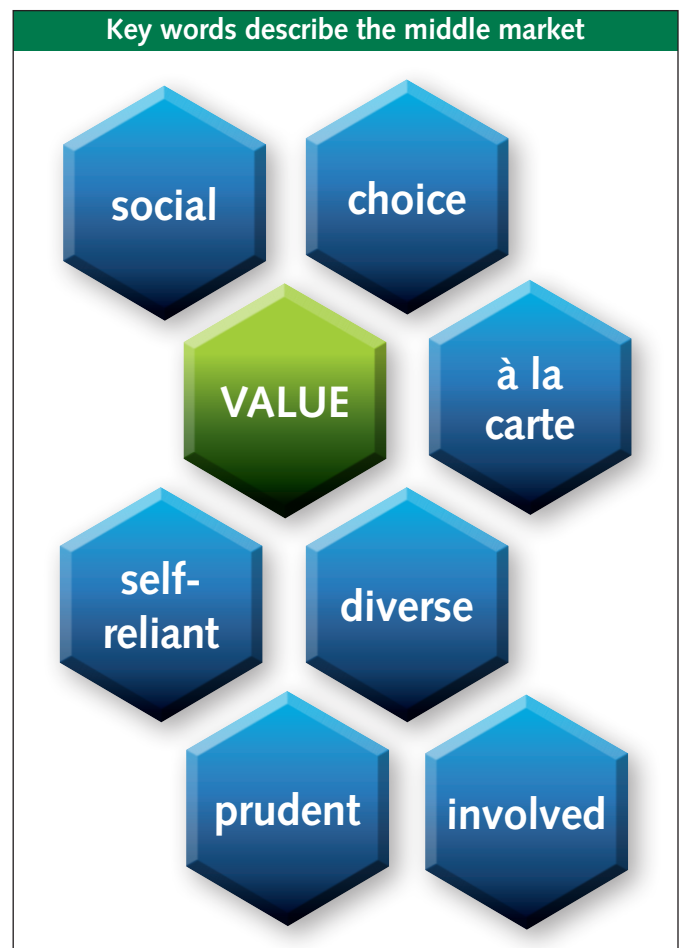
Colleagues at the Forum included executives and senior managers of age-qualified real estate, independent living, assisted living and memory care, in both free-standing and combined properties, such as continuing care/life plan communities. Industry suppliers contributed expertise drawn from their experiences across many types of organizations.

Over two days, Forum colleagues discussed how a wellness culture across all its dimensions is a flexible framework for crafting strategies to reach the large and growing population of middle-income older adults. Their goal was to develop wellness-based approaches that enable an engaging, affordable lifestyle for new residents and customers that is equally cost-effective and sustainable for organizations.

Some senior living organizations are already developing new products aimed at those within the middle-income market. These are characterized by cuts to services and/or staff. The risk is that so many reductions will further distort the view of senior

living, already suffering from a perception problem. Will middle-income properties be perceived as affordable housing, or “seniors” apartments?

The opportunity to rebuild—and maintain—a positive view of senior living as a distinctive home defined by a comfortable, enriching environment is available by prioritizing the wellness lifestyle, across all the dimensions. Because the wellness framework embraces all areas of a person's life, it infuses every service and amenity available at a property. A wellness culture likewise frames the staff and leadership, crossing boundaries



Source: International Council on Active Aging 2021

to focus everyone toward the same goals, and aiding the well-being of staff as well as residents and customers.

The word “customer” surfaces throughout this report. Customers are nonresidents who pay to access a restaurant, amenity or program, thus generating revenue and introducing people to the value of the community. Forum colleagues viewed the larger community as an extension of the senior living property, with people, services and programs flowing between the two. This view agrees with an equally robust concept developed during the ICAA Forum 2020.³

With the knowledge that wellness provides the lifestyle that enlivens environments, Forum colleagues offered many ideas for crafting middle-income opportunities, with a clear eye on cost. Their solutions called for a reduction in elegance (but never function), an increase in lifestyle options, redesign of food service and synergies with the larger community.

Key concepts

- People in the middle-income market, which overlaps with boomers, may be younger and healthier than people who enter communities in their eighties because of need.
- Demographics demonstrate that the populations of middle-income adults and boomers are more diverse, less heterogenous and have a higher level of expectation than older generations. Organizations will have to determine the niche they can fill to reach a portion of the group.
- Communities will emphasize lifestyle opportunities and comfortable residences, with residents/customers able to choose from a menu of services. The ability to choose and sustain a lifestyle will be very important.
- For the middle-income market, nursing care and assistance for people with a higher level of disability may not be offered, replaced by reliable technology for telemedicine and referrals to local providers. Or, residents will be able to receive assistance in their apartments, paying privately for the care.
- Staff members will benefit from investment in their training and compensation. New roles will be required, and the wellness/lifestyle staff will be optimized to support residents and customers.
- Some staff will be replaced by technology, whether smart appliances, robot deliveries or communication vehicles.
- Residents and customers will be active in selecting, developing and, when appropriate, leading programs and activities.
- Residents may continue to work, either because of desire or need. Their access to places of work will give residents the income to continue living at a middle-income residence and pay for à la carte items on the services menu.

- A smoother flow between a property and the outside community will develop, bringing resources into the community and sending resources out of it. This will pave the way for “without walls” services, which could include basic health support.
- Restaurants, programs and property amenities will be open to nonresidents who pay for services.
- Adaptive reuse of spaces within building will extend the options for an efficient use of the real estate. Renovations to existing living units will make them attractive to the supposed interests of the person with a middle income.
- Executives will recognize that the services and programs framed by the wellness dimensions do generate revenue or lower costs, and that wellness staff have the experience to enhance these options.

An engaging lifestyle, reimagined dining, clever use of space and appropriate staffing can give residents and customers options to maintain their health, sense of well-being and life satisfaction. Those elements make a community very attractive to a person who looks for value, choice and autonomy.

This is a pivotal time for senior living as the industry’s future hangs in the balance. Returning to business as usual may lead to a slow decline and obsolescence. Reimagining how mission is delivered requires considerable change management. Armed with the lessons of rapid change forced by the COVID-19 pandemic, forward-looking organizations have the potential to deliver their missions in new ways.

Wellness dimensions

Emotional: managing feelings, coping with challenges

Environmental: indoor & outdoors, design, atmosphere

Intellectual, cognitive: creative & intellectual pursuits, problem solving

Physical: nutrition, sleep, exercise, limiting stress, health care

Professional, vocational: maintaining or improving skills, being productive

Social: interacting with others for mutual benefit

Spiritual: meaning/purpose in life, exploring beliefs and values

Value

“How do you create the magnet of community that brings people in on their own or through word of mouth? Our regenerative community is stage-based, not age-based, for people who are interested in continuing to learn. It's not just about where you live, it's how you live.”

—Chip Conley, Founder, MEA Regenerative Community

THE MIDDLE-INCOME MARKET MATTERS

The industry's interest in older adults with “middle” incomes was inspired by the size of the middle-income population, a desire to reach the large boomer population and the forces already impacting senior living as it is today.

What exactly does “middle-income” mean? Sandwiched somewhere in between people with low incomes who qualify for government programs and those with high incomes who are financially secure, the middle-income range depends on the region of the country where a person lives, the cost of living locally and factors such as occupation and saving history.

The cost of living and income opportunities in a rural area differ from those in metropolitan areas. For example, the estimated 2019 median income of individuals 65 years and older, based on the householders age, was \$35,631 in Mississippi, \$59,434 in Maryland and \$67,985 in Hawaii, according to data from the American Community Survey.⁴ Each of these median incomes falls within the middle-income market.

To account for regional differences, Pew Research Center estimated middle income to be about 67% to 200% of the median annual household income.⁵ The OECD used a similar range of 75% to 200% of median annual income.⁶ In 2019, the report from the National Investment Center estimated the annual income of people 75 and older ranged from \$25,000–\$95,000 (modeled from 2014 data).⁷ And in a *LeadingAge 2020* article, a partner at CLA (CliffLarsonAllen) estimated middle incomes began at 80% of the median income in a market.⁸

With an estimated 14.4 million middle-income people 75 years and older by 2029,⁷ an income level likely to overlap the sought-after population of boomers (estimated at 73 million) who will turn 65 by 2030,⁹ the number of older adults in the next generations is high enough to attract attention. (There will be an estimated 34 million people 75 years and older in 2030, and likely a percentage will fall in the middle-income range by the end of the decade.¹⁰)

Even before the pandemic, senior living was facing headwinds. Residents entering the community at an average age of 83 years,¹¹ often with disability or illness, require or will soon require assistance. Staffing for caregiving and nursing is an ongoing challenge. The perception of “senior living” is poor, often confused with negative press about nursing homes. The media and general public do not discriminate between the types of properties. And, the structure of communities may not be as interesting for boomers as it was for the Silent Generation.

Leaders in the industry want to attract younger and healthier residents—or residents with chronic conditions who can manage on their own with education. Residents who stay longer in the most independent level of living possible provide a solid cash flow. Those who participate in wellness offerings report a high quality of life and refer the community to their friends,¹² all positive and desirable outcomes for the business side.

Blowing a gale is the industry's name: senior living. Although a useful term for economists and insiders to describe the industry as a whole, it does not explain the differences among types of properties to consumers or often

the media. Nor does it position a community for people who do not consider themselves to be seniors.

Separating industry jargon from new community models could go a long way toward positioning for the next decade. In this report, the terms “new mid-market concept” or “middle-income concept” are used to reinforce a distinct positioning.

New models are differentiators

Throughout this report, opportunities exist to differentiate a middle-income concept. Forum colleagues viewed a mid-market community as an active neighborhood in the larger surrounding community, assuming residents and customers are in control of their lives, and viewing amenities and services through a wellness lens—wellness as the framework for attitudes and operations. An integral part of this concept is that staff members and managers are recipients of wellness just as residents and customers are.

Note: In this report, financial wellness refers to the financial stability and sustainability of older adults in the middle-income market and to the financial stability and sustainability of the organization.

To differentiate the new model along the wellness framework:

Separate a mid-market community from existing properties using a new name and marketing, positioned as a brand extension. A new name and concept free the business to experiment without undermining the brand experience at the traditional parent. [Financial wellness]

Locate the new mid-market brand within the larger community and open the door. The “larger community” could be a suburb or small town as well as a metropolitan area. If a new location is not possible, transportation is. Residents will access grocery stores, libraries and health care in the larger neighborhood, and neighbors will pay for the quality services and amenities at the community. [Environmental, physical, intellectual, social wellness]

Decrease quantity and increase quality. Changes in the services offered and the built environment plus technology can reduce the number of staff members, the number of meals served to residents, and the size or number of amenities. Quality becomes the priority, with many programs and activities, well-trained and supported staff members, excellent food service and excellence in management. [Financial, physical, professional wellness]

Assume costs will be offset by revenue generated when the community services and amenities are available to nonresidents and paying guests. Memberships are an

option that allow the community to control the number of members. Quality of product and service will be key. [Financial wellness]

Unbundle services to allow residents and customers to pay for what they want and need. The mid-market concept assumes no large entrance fees or prepackaged services. There’s a reason why cable companies with their packages are losing customers. [Financial wellness]

Become highly skilled in forming partnerships with organizations and individuals that can be contracted to offer some services/amenities. They in turn can access the community’s amenities and expertise. Some partners may be appropriate for a cost-sharing relationship. [Financial, professional wellness]

Welcome a multigenerational perspective by partnering with a developer of multifamily buildings, joining with the redevelopment of malls into housing with amenities, and recognizing that people of all ages benefit one another. Intergenerational activities and pursuits bring young and old together. (Emotional, intellectual, social wellness)

Positioning is important. Be clear that your mid-market concept is affordable, but is not subsidized affordable housing.

“Making amenities available to the broader market allows more spend and doesn’t rely directly on your residents. Whether that’s the guest coming for dinner or going to the spa or seeing your physician or taking advantage of some of your educational programs, these all generate income. The integration of parts building the bigger pie.”

—Michael G. Tompkins, Partner, Hutchinson Consulting

As communities and society begin to open up as pandemic concerns ease, occupancy rates are beginning to improve, in part because the slowdown of new construction is allowing demand to ease oversupply. The forces pressing on the industry and nursing care during the pandemic made apparent the gap between well-capitalized and managed operators versus those that struggled.¹³ As organizations plan their strategies for the next 10 years, the middle-income market presents a new opportunity.

There will always be a group of older adults with the income plus assets necessary to pay the fees required to live in some combination of independent living, assisted living, memory

Value

care and nursing care with services like dining, activities and health care. According to the consumer information website of the American Seniors Housing Association, independent living and assisted living could cost \$1,500-\$6,000 a month, with some services additional. The entrance fee at a continuing care/life plan community can be \$100,000 or more, followed by monthly fees of \$1,000-\$5,000.¹⁴

However, the amounts required to live in the current models of housing plus services may not be within reach of many older adults who do not have the jobs, pensions and home ownership rates their parents and elders had. Older adults may have lost income during the pandemic due to job losses. While many are homeowners, an increasing number are renters. (People age 55 and over contributed about two-thirds of rental housing growth from 2004-2019.¹⁰) Homeowners with equity in the house often sell the property to fund a move, and that money must sustain them for the rest of their lives. People who rent do not have housing equity, and still need to sustain a lifestyle.

The suggestion that 5.9 million older adults (US) would be able to afford seniors housing if annual costs were cut by \$15,000, estimated by NORC at the University of Chicago in 2019,⁷ probably was an eye-opener for owners, managers and investors.

Investors and capital providers have found senior living to be a reliable asset since it has been less impacted by the ups and downs of other real estate markets and there is a substantial consumer base given the aging of the population. Real estate analysts project that senior living will be slow to recover from the pandemic because of the related cost increases, loss in occupancy and bad press, but that over the long term the industry remains sound because of demographics and probable demand.^{13,15}

At the NIC Investor Summit that followed release of the 2019 paper on senior living for the middle-income market, financiers said they looked for experienced operators, steady cash flow and the potential number of residents or customers. There was an understanding that the pool is going to be very large if the price for housing and services is right.^{16,17} It seems reasonable that these criteria will remain.

Ownerships and investors will need to realign expectations of profit, but the size of the middle-income and boomer markets suggests that opportunities for cash flow will be available for decades with the right model. An element of the right model is the revenue that can be produced when the middle-income community is open to the public so fees help cover costs.

Executives and accountants may not be aware of the revenue that well-managed lifestyle/fitness programs and facilities already bring in, or how much could be realized with fee-for-service offerings. In a 2020 ICAA survey,¹⁸ administered before the pandemic shut-down, 70% of respondents said nonresidents accessed their fitness program after paying a fee and 65% accessed the dining services. They reported using seven sources of revenue or donations to fund the wellness programs. With a new mid-market model that assumes there will be fees and wellness staff educated on managing the financing, the revenue generated would be increased.

The pre-pandemic models and profit levels of traditional senior living are more understood by boards, executives, investors and financiers than are middle-income strategies with little track record. Developing a new market carries risk. The forces already pressuring the industry, and the arrival of the middle-income and boomer populations suggest that the greater risk is doing nothing.

Potential middle-income model compared to other age-qualified housing

General overview only. Availability of options depends on the location and the services provided. Housing/amenities/services can vary widely among organizations.

Features	Middle-income properties	55+ apartments, developments	Private homes	Traditional seniors living
Function-friendly grab bars, no-step entries, wide doorways, single-level	Yes	Maybe	No	Maybe
Voice-activated lights, etc., smart appliances	Yes	Maybe	Maybe	Maybe
Broadband and internet available	Yes	Maybe	Maybe	Yes
Health care provided on-site	Maybe	No	No	Depends on property
Health care in home	Depends on property	Maybe	Maybe	Depends on property
Chef-prepared quality food options	Yes	No	No	Yes
Food options in larger neighborhood	Yes	Yes	Yes	Maybe
Planned and unintentional social connections	Yes	Maybe	Maybe	Yes
Nearby neighborhood for restaurants, movies, grocery, etc.	Yes	Yes	Maybe	Maybe
Outdoor recreation, parks, walkways	Yes	Yes	Maybe	Maybe
Multiple choices of activity, hobby, learning, fitness	Yes	Depends on property	Maybe	Yes
Nonresidents pay to access restaurant, services, amenities	Yes	NA	No	Maybe
Entrance fees	No	Maybe	No	Depends on property
A la carte pricing	Yes	NA	NA	No
Packages of services and amenities	No	No	No	Yes

Sources: ICAA Forums 2020, 2021; National Association of Home Builders; Harvard Joint Center for Housing Studies; AARP

People

“A key driver is the trends and opportunities stemming from a profoundly changing consumer profile. Boomers represent the new longevity economy and have distinctly different needs, preferences and, importantly, expectations. I think we in the industry need to be prepared to respond to those.”

—Joseph McCarron, CEO, WELLPOINT Community

IMAGINE THE PEOPLE IN THE MIDDLE-INCOME MARKET

Middle-market and middle class are terms often used interchangeably, but somewhat inaccurately. “Middle class” is as much about a person’s perception as it is of finances, based on lifestyle, home, family and living standards, with hard work and education tossed in. An income range, however, crosses over all social class distinctions: For example, occupations with a 2020 median annual wage/salary of \$60,000-\$79,000 in the US includes a mix of blue-collar and white-collar jobs: aircraft mechanics, school psychologists, budget analysts, claims adjusters, teachers, special effects animators and ship engineers.¹⁹

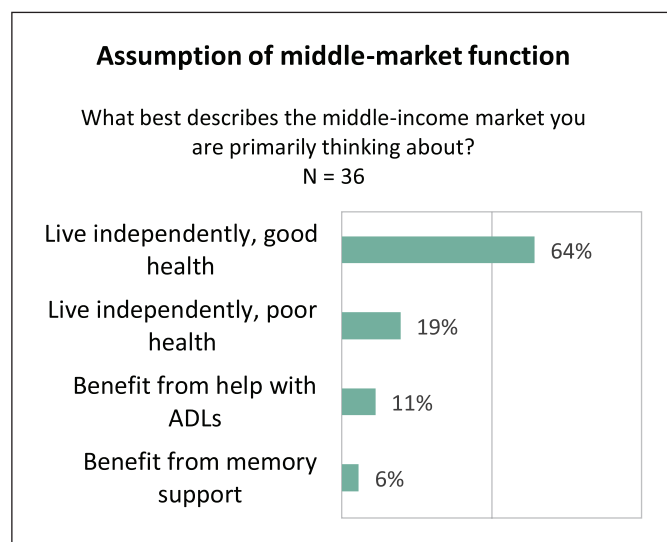
However, people are more than numbers and occupations. Age alone and income alone do not assure where people will live or the lifestyle they choose. Like the “older adult” market, the middle-income population is large in number and diverse in culture.

In the United States, there were 52.4 million people 65 years and older in 2018. Among them 23% were Hispanic, African American, Asian, Native American or Hawaiian/Pacific Islander. Over one-quarter of them lived alone, with more women than men on their own. In 2019, 10.7 million individuals 65 years and older were working or actively looking for work. By 2040, there may be about 80.8 million older people in the US.¹

In Canada, there were 6.8 million people 65 years and older (2020), an older population projected to grow over the next decade as the boomers age.²⁰ This group will include people with Asian heritage and a smaller proportion of those from Europe.

The older populations will be more ethnically diverse, be willing to work and accustomed to being on their own. A proportion will have chronic health conditions or mobility limitations. The common lifestyle-related health concerns of hypertension, diabetes, overweight and heart disease can be managed through wellness: good nutrition, physical activity, adequate sleep, stress management and spiritual/social connections. Environmental wellness adaptations can keep those with limitations moving and active.

Keenly aware that the profile of middle-income customers varies widely, Forum colleagues sought to identify characteristics that probably apply to this group. It may



Source: Colleagues at the ICAA Forum, May 2021

be that they used their experience working in senior living combined with their own preferences as individuals with middle incomes.

“Middle-income residents are like any other. They would like to have as many amenities as possible, but it needs to be an economically sustainable lifestyle for them. They gravitate toward a community culture where they feel they fit in and are comfortable. Today they are looking for a smaller footprint home with less maintenance but plenty of things to be involved in and a hospital nearby if they get sick.”

—Ginger Anzalone, Vice President and President of Amenity Division, Vesta Property Services

- **Value** is the priority. People with middle incomes want to pay for what they need or use. Even people with higher incomes are fiscally conservative and seek value in their purchases. They may avoid paying for packages of products/services that include items they do not want.
- After value, **lifestyle** is the differentiator that attracts people to a community. Experiences create the lifestyle for those with “champagne tastes on a beer budget.” A variety of activities, organized by dimensions of wellness, appeal to those at different stages of life and functional ability.
- **Choice** in experiences, services and living options is a strong motivator. This group wants products that are customized, relevant and cost-effective.
- Being **independent** and making their own decisions is a trait shared by the residents in current properties. It is likely accompanied by the desire to maintain friendships, family relations and social connections.

- **Work** is a source of income and purpose. It was assumed that this group contains older adults who are working full-time or part-time.
- People know their local grocery store, doctors, clubs and community and probably want to continue using these **familiar** places.

As the populations of the United States and Canada age, people are becoming more diverse in ethnicities and cultures, and fewer follow traditional paths of marriage and occupation. The consensus among Forum colleagues was that each organization, and individual properties within a portfolio, must determine its own middle-income customer profile. The variations among people, place and environment are too strong to attempt a one-size-fits-all strategy.

Choose your niche

Put aside income and outline the characteristics of a group you can serve. Looking beyond the numbers provides more insight into who among middle-income people may be interested in your offerings, because of preference or need.

Culture: how people see themselves, their behaviors, attitudes, identity

Attainments: occupation(s) past and current, education, qualifications

Affiliations: groups and beliefs, regional preferences

Geography: urban, rural, suburban, midwest, northeast, south, west

Aspirations: lifestyle, children’s welfare, finances, health

Source: Adapted from Reeves, Guyot & Krause (2018).²¹

People

INVOLVE STAFF, RESIDENTS AND FAMILY MEMBERS

A building may have beautiful features and spaces, but it is the people within the walls that bring life and purpose. The staff members who welcome, deliver services and lead programs create the positive atmosphere and portray a wellness culture.

Staff members are the singular asset that will define the middle-market concept. Residents become accustomed to their kitchen counters and window shades and a visit to the café or fitness class becomes routine. Fortunately, staff members who are competent and creative provide the new class, menu updates and social opportunities that keep residents and visitors engaged.

One of the consequences of the COVID-19 pandemic was the self-reflection workers engaged in. Some people decided to try a new career path, others preferred remote work and did not want to return to offices. The health care workforce diminished, from illness, burnout or change of heart. Issues of child care and safety remain. Reconsidering how staff are supported and enveloping them in the wellness culture may aid the mid-market concept attract and retain staff.

When the quantity of workers is reduced, the quality must increase. Forum colleagues believed that investing in staff members is the cost-effective opportunity to improve service levels and provide the lifestyle desired by the middle-income market.

New staff roles are needed

- A concierge-type position to help residents and guests utilize the technologies to order meals, make appointments and join virtual engagement opportunities and assist with their personal technologies.
- A health and wellness coach²² would provide a personalized experience and help individuals choose how to maintain their health and well-being. (Certified health and wellness coaches are part of integrated health

care teams, thus building a connection to medical providers.) While a traditional activities/engagement director is needed to plan events and entertainment, a health and wellness coach works one-to-one to ask the questions that help a person find self-directed change.

- As facilitators, staff introduce newcomers to the people who may share their interests, goals and sense of humor. The marketing staff person, who has the first and most lasting contact with a new resident, has an important role in introducing the other team members.
- The universal worker concept, where one person contributes in several areas, was discussed. Needs driven by the COVID-19 pandemic proved that department walls break down, and many staff members pitched in to do what was needed. This culture of help where needed is part of the future.

Invest in current and future staff

- Develop people already working in the community, in any position, who have purpose and passion so they can grow in the current role or a new one. This investment will breed loyalty to the organization.
- Provide the same wellness opportunities to staff that are provided to residents/customer so they can model the wellness culture.
- Encourage staff members to add specialized skills to their capabilities by providing the training that enables them to work with different populations and wellness dimensions.
- Provide income opportunities for staff. For example, staff with basic skills provide services/activities for the entire population, while professionals with specialized skills (e.g., high level masseuses or fitness instructors) lead general activities plus provide fee-for-service options within their specialty.

“Senior living may need to relax policies on having residents doing paid work at the community, maybe as security, greeters, servers. We would need to be very clear about the abilities a person needs to get paid to do those things. Most communities avoid it now, but we may have to invite residents to work where they live over the next 10 years to stay full.”

—Karen Lloyd, Director of Lifestyle, Friendship Village of Bloomington, a Lifespace Community

Structure intern, volunteer and resident work programs

- Volunteers complement staff by leading programs and assisting in multiple areas. A dedicated volunteer coordinator is needed to make a volunteer program successful. Find volunteers at schools, colleges, service clubs and among residents and family members.
- Craft internships or externships to aid students in social work, nursing, administration, fitness, music and other areas get real-world experience while augmenting staff. Paid internships are a proven way for both the intern and the organization to gain the most benefit. Internships likewise pave a career path for future employees.
- Evaluate the risk/reward of hiring residents to work as staff members. People in the middle-income ranges may need to work. A careful selection of part-time positions where a resident’s skills can contribute with strict qualifications and typical personnel review policies may enable people to afford to live at the community while relieving pressure on staff members.

- Enable a resident to work outside the community by providing transportation or connections to public transportation services. A staff coordinator can use relationships with colleges, museums and other community partners to discover open positions.

Additional ideas for recruiting and retaining staff were developed during the November 2020 ICAA Forum, *Future-proof your senior living community*, including tactics for housing, workforce wellness, technology and benefits.

However you name the wellness, lifestyle, engagement, fitness or activities staff, during the pandemic those workers immediately switched to delivering quizzes, art projects, fitness and education by paper door-to-door, through in-house communication systems and by partnering with online sources. Many became producers as they learned how to film in-house staff leading activities. Guided by the wellness dimensions, the contributions of these staff members helped maintain the physical, emotional and intellectual health of isolated residents.

Staff members in the lifestyle/engagement, fitness and dining areas may seem like the low-hanging fruit to cut when reducing costs. Yet, these positions are the ones that create the lifestyle so preferred by older adults, and manage with a smile the day-to-day contacts with residents, community partners and the general public.

These positions deliver the brand promise and marketing message of the organization, negotiate cost-saving trades, provide public benefit and support the health and well-being of older adults, leading to longer lengths of stay. They also tend to have lower turnover than other positions, which is valuable to the organization’s operations. Those are all good reasons to hire and retain a full complement of wellness experts.

Culture

Wellness is derived from our ability to understand, accept and act upon our capacity to lead a purpose-filled and engaged life. In doing so, we can embrace our potential (physical, emotional, spiritual, intellectual, social, environmental, vocational) to pursue and optimize life's possibilities.

—International Council on Active Aging

PRIORITIZE WELLNESS CULTURE, PROGRAMS AND RELATIONSHIPS

When services are reduced or replaced to make a community affordable for the middle market, the wellness culture and a vibrant lifestyle fill the gap. Older adults are active participants in developing and directing the wellness culture, which involves all leaders and staff, in every role, in providing services and experiences that enable older adults to participate in life-affirming choices, programs and activities.²³

Awareness of their health was elevated among older adults during the pandemic, adding to the wellness pursuits of the boomer generation. When possible, elements of the physical dimension of wellness moved outdoors, with walking, yoga, and fitness classes appearing on front lawns, and dining moving onto patios and sidewalks. In the post-pandemic environment, providing a wellness center to enhance healthy living was more attractive to 72% of senior living executives responding to a 2021 Perkins Eastman survey, indicating a realization that boomers will seek many wellness options wherever they live.²⁴

Recognizing that older adults are capable and are accustomed to handling their own lives, the wellness culture allows them to be a citizen of the neighborhoods where they live, play and work. Like the examples of interconnectedness in Blue Zone communities, everyone has something to contribute in the wellness culture.

Assume a resident-involved wellness culture

- Establish a culture of contribution by asking residents how they want to contribute to the community, and

what skills they can bring to services, programming and their neighbors.

- Encourage residents to suggest speakers, educators and experts in their areas of interest. Then ask the person how they will implement the program or class. If the individual is not willing to help implement the program, it is likely not a high priority.
- Recruit leaders from within. Residents, staff and family members have years of experience in their occupations, hobbies and pastimes, along with raising families, volunteering and negotiating social relationships. They represent a variety of nationalities and ethnicities. How can these be shared both inside and outside the community?
- Define the requirements for residents or staff members to lead an activity or class. A list of criteria for the qualities the community needs in a presenter or partner is an objective means for insuring outside and inside people meet the standard. Investigate scope of practice issues and adhere to them for the safety and well-being of everyone.
- Support resident initiative to use space in the community for public and personal benefit. For example, residents in one community opened a store to sell the excess furniture they had when moving from a private home into the smaller community living space. Running the store themselves encourages physical, intellectual and vocational wellness.

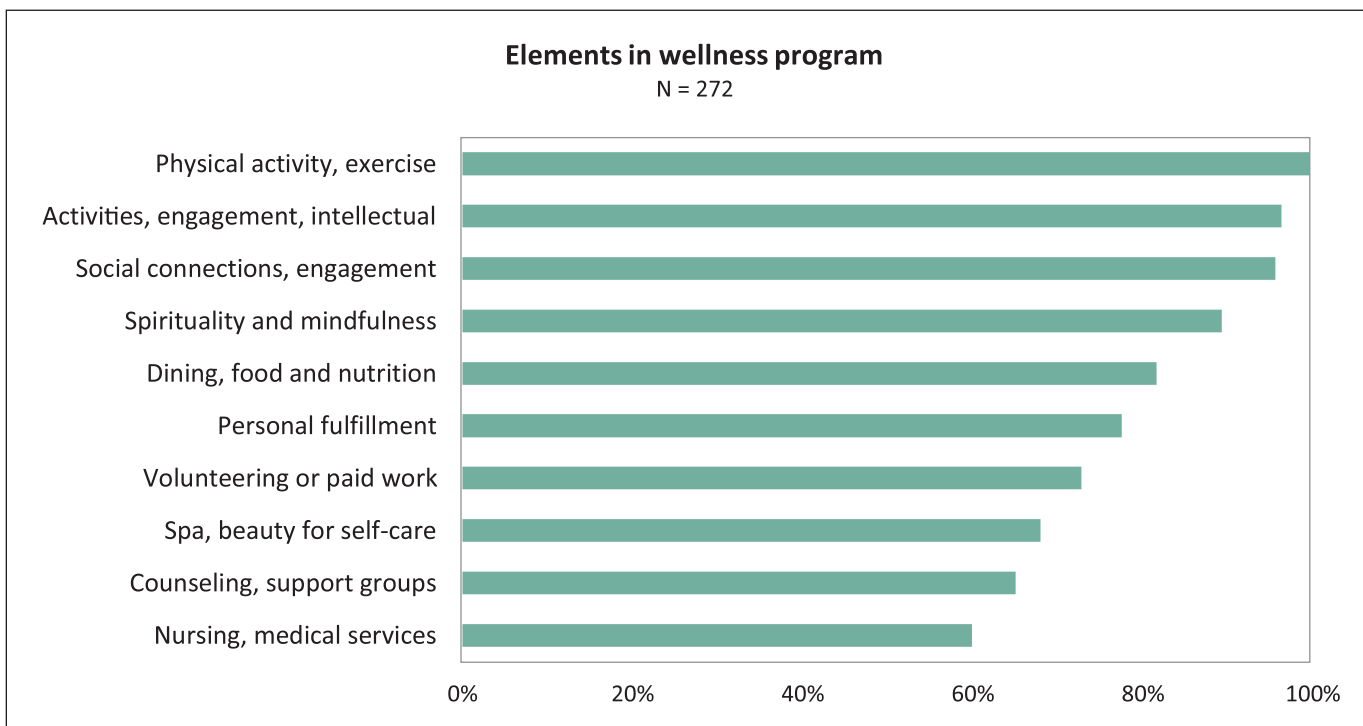
- Invite resident input on the hours when food service, amenities and programs are available. When people are working outside the community, they may need more access earlier in the morning or later in the evening.

Forge well-being through lifestyles choices

- Write a menu of amenities and programs, some free for residents and others fee-based, that people can choose to plan a personalized agenda of emotional, intellectual, physical and vocational pursuits. A health and wellness coach will be very helpful to guide people in selecting the choices most appropriate for their needs, interests and pocketbook.

- Add evidence-based programs such as a Matter of Balance or SilverSneakers that are purpose-driven and available through insurance companies. As fee-based programs, they generate revenue.

- Install a proactive assessment process to identify people’s needs before they move into crisis. For example, evaluate falls risk or discover if a person could benefit from extra support to rebuild a social network.
- Encourage people to go outdoors by providing accessible walkways with signs/decals to indicate steps walked or a parcours style activity. Host special



Source: ICAA Environments for Wellness Survey, 2020

Culture

outdoor activities, such as a presentation by a master gardener, to give people a reason to go outdoors for the emotional and spiritual benefits.

“Cost-effectiveness is a natural outcome of wellness if done well. People will be healthier when the seven dimensions of wellness are incorporated. We all know that recruiting and resident move out (death and relocation) are huge costs (referral, marketing, etc.).”

—Maura Feaheny, Vice President of Development & Strategy, Charter Senior Living

Motivate engagement

- Incentivize participation in wellness programs by providing a reduction in rent when identified outcomes are met, or giving vouchers for a meal in the dining room after completing an education series or fall prevention seminar.
- Make it fun. People will gain wellness benefits when they are having fun, a message more likely to encourage participation than saying it is for health. People are not likely as motivated to exercise or take a computer course or whittle wood if there is an atmosphere of criticism and excessive discipline.
- Ask residents about their interests and experiences. Surveys, comment cards and personal interactions are methods for discovery, repeated on a regular basis. Interests change over time.

Forum colleagues agreed that people seek purpose in their lives. “Purpose” is a reason to get up in the morning, use or improve skills and contribute to others. Research shows that a sense of purpose in older adults is associated with better health, physical ability and satisfaction with life.^{25,26}

When residents or partners suggest programs, the wellness manager would do well to emphasize those that involve active participation rather than passive viewing. Engaging in activities that support a sense of purpose will help residents and customers maintain their health and feelings of well-being over a longer period of time.²⁷

BRIDGE TO THE GREATER COMMUNITY FOR REVENUE AND DIVERSITY

Whether a CCRC/life plan community or a “seniors” apartment building, properties exist within or near a larger town, city or neighborhood. (Some large age-qualified real estate developments are cities in their own right.) Senior living properties located in metropolitan areas (defined as an urban center, suburbs and rural areas influenced by urban center) can lower operational costs because fewer inclusive services are needed when residents can access the amenities and services (grocery stores, community centers, retail) available in the larger community.

For people who currently live in the area, the ability to use familiar services and engage in favorite pastimes counteracts fears of being isolated in an age-qualified community, especially when lower costs mean the community is more affordable. The larger community by its nature is multigenerational, even if the senior living community is not.

Forum colleagues believed that aggressive outreach to exchange resources with the surrounding community benefits people who live in and near the property, adds diversity to programming and helps make housing attractive to those in the middle market by generating revenue or controlling costs. In addition, there is a lot of marketing value when more people visit the community, or the community in effect goes to them.

Add revenue through customers and memberships

- After investing in well-appointed wellness centers and high-level programs, charge fees to cover costs. Respondents to an ICAA survey reported that

nonresidents paid a fee to access the fitness center (70%) and lectures and arts programs (56%).¹⁸ This model has a history of success.

- Over the past few years, communities have added or renovated restaurants and bistros. Open these to the public to utilize the amenity and generate revenue. Take advantage of previous investments in kitchens and chefs to create a dining destination.

Transportation is a necessity

- Provide lighted sidewalks and paths to make it easy to walk or roll into and out of the property. Avoid having people walk through parking lots. Walking benefits health and relieves pressure on in-house transportation services.

- Provide transportation to bus stops, light rail stations and other public transportation options when these are not within walking distance.
- Alert residents to options for services designed for older adults, such as accessible vans. Volunteers may provide rides in the area. Taxis and ride-sharing platforms like Uber and Lyft are transportation options.

Outreach to community groups and organizations

- Build partnerships with the organizations already hosting community residents. This indicates that residents are interested in these activities and that the organizations are friendly to older adults.



Source: International Council on Active Aging 2021

Culture

- Identify spaces in the community that are not used all the time, such as an auditorium or large meeting room. Rent the space or exchange it with local community groups, such as high schools or active adult community centers.
- Recognize that programs and classes, one day or a series, can be offered off-site in community centers, Ys, schools, libraries and other locations. There is a two-way street between the groups and organizations you partner with.
- Invite a family member, volunteer or community leader who is active in the local community and has established a reputation to lead activities. This introduces them to the community's options and builds relationships.
- Access the authors, curriculums, art and technology available at libraries. Bring library programs to the community or residents to the library.
- Expand art and craft programming by contacting regional arts boards to discover artisans who teach classes. Or establish an artist-in-residence program. The community provides space; the artist brings all the equipment.

"Environment does include the surrounding community. One in which you can walk to the drug store, to your favorite restaurant, to your dentist or doctor, etc. That would be among the ideal situations."

—Tom Wyllie, Director of Innovation & Wellness, Presbyterian Villages of Michigan

Some communities are a distance from the larger area, perhaps because a large tract of land was available. Maximize transportation options and evaluate the programs, amenities and surrounding property. Would ecology classes, nature walks

What makes effective partnerships?

- Compatible missions and purpose.
- Mutual benefit for each partner.
- Equal quality standards and good reputations.
- Mutual respect.
- Commitment to agreed-upon level of quality and services.
- Capacity to provide the expected services.
- Clear roles and responsibilities.
- Written agreements.
- Each partner has a dedicated person responsible for the agreement.
- Accountability by each partner against agreed upon outcomes.

Sources: Forbes Business Development Council (2018) and Leca (2017)^{28,29}

and lectures from residents who were university professors bring people onto the property? Can the lectures and activities be sent into the larger community? Is the community a model of environment sustainability that can be showcased?

Increasing access to the general public means residents as well as staff need education on the rationale and value to them of engaging with visitors. Residents may not be comfortable with the general public using the facilities and services because of security concerns or a sense of ownership. A thoughtful approach to explaining that allowing a controlled number of the general public paying to use the amenities brings in revenue that helps keep the resident costs affordable. Adapted security procedures to address concerns are appropriate.

Place

“Some residents say they don't necessarily love the grandeur put into some of the communities, they simply want functional, comfortable spaces. And someone who is in the middle market is likely to prioritize usable spaces instead of fancy furniture or the grand chandelier.”

—Jessica Daily, National Director of Resident Programs, Senior Lifestyle

ADAPT THE BUILT ENVIRONMENT

As is the case today, private homes remain a major competitor to senior living. People may not consider moving to a congregate housing unless need drives them. An engaging lifestyle coupled with adapted housing and common areas may overcome move-in reluctance.

Consumers desire flexibility in amenities, and value a walkable community, closeness to nature and access to care without leaving home, found a survey of senior living executives collected by architectural firm Perkins Eastman.²⁴ New models were also on the minds of the survey respondents, who were interested in increasing flexibility and choice for residents, and providing apartments-for-life so residents can age in place and receive assistance if needed without having to move.

Adaptive reuse is an approach to renovating an existing structure for purposes other than what it was designed for. Forum colleagues believed that older buildings could be renovated and traditional interiors updated or replaced to meet the preferences and pocketbooks of middle-market older adults. Since only one-quarter of investment-grade senior living properties were less than 10 years old in 2019,¹¹ there is plenty of opportunity to adapt current buildings.

Rapidly altering buildings and grounds to accommodate the need for social distancing and isolation during the coronavirus pandemic proved that senior living adaptations are possible—and likely to become permanent.

Environmental health is a priority

- Maintain procedures put into place during the pandemic to keep residents, families and staff safe. Infrastructure for clean air, sound quality, filtration systems, sanitation and cleaning will continue into the future.
- Light, natural and installed, is important for well-being. Plan for windows, circadian cycles, automatic brightening and softening of light.
- Design a no-touch type of environment, with voice-activated and smart lights, doors, and such. A no-touch environment may reduce costs for cleaning supplies and frequency of cleaning schedules.
- Outdoor areas for eating, activities and individual pursuits will remain popular after the pandemic. Fresh air and access to nature have a positive effect on physical and mental health.

Technology-capable infrastructure is required

- People in all walks of life have access to telephones, computers, a variety of internet-enabled services, education and entertainment. Potential customers will assume that reliable technology will be available when they move to new housing.
- Over the past year, the need for wiring and wireless was evident as Zoom programs, remote work, kiosks, online menus, telemedicine and the electricity needed

Place

for power became normal. From a future-proofing perspective, adding technology-capable infrastructure is a necessity. There may be an opportunity to use the American Rescue Plan to enhance technology in communities.

- Full-time management and support by people who are expert at a variety of devices is the companion to the technologies themselves. Residents and staff need initial training and ongoing support to use all the tech that is saturating senior living. An ICAA survey showed that staff did not consider online help or manager's training to be effective.¹⁸
- Investigate new technologies, such as using robots to deliver meals or packages.
- When writing the technology roadmap, include methods to capture data on wellness, quality of life and length of stay in relation to program participation and other numbers that show the value of the new mid-market model living environment.

“Value will be the key consideration. A couple moved from a high-end assisted living residence to an all-income location. They said they noticed three differences: no flowers on the table, placemats instead of tablecloths and it was \$600 less. They weren't looking for a country club and felt their income would last longer.”

—Rick Banas, Vice President of Development & Positioning, Gardant Management Solutions

Redesign living spaces for size and privacy

- Since remaining in a private home is embedded into the desires of many older people, free-standing cottage homes, perhaps with a small area of green space, may

be preferred. Small homes are more attractive than previously (Perkins Eastman) and smaller building, perhaps with about 150 units, are easier to fill and staff.

- Increase the size of apartments to give residents space to entertain guests in their homes. Include a larger kitchen, or a kitchen available to rent that allows for gatherings.
- An extra room that allows a place for grandchildren, an office or visitors, along with the larger kitchen, will balance the need to be independent and connected with living in a congregate setting.
- Add the small but vital elements so people can age safely in their home, such as grab bars, curbless showers, low thresholds and wide doorways.

Require flexible, user-friendly common spaces

- When adding new living spaces, likewise increase the common spaces. Otherwise there will not be room for people to gather and benefit from all the expanded lifestyle programming and service options.
- Develop spaces where people can leave their apartment without having to be with a large group. For example, a smaller café with Wi-Fi, smaller meeting rooms, business center, quiet room. Designate space for cooperative work and activities: movement, art, photography, reading, games, knitting/sewing, fitness, engaging with others.
- Flexible spaces that can be increased and decreased or quickly reset for different events will be critical. Adapt large spaces such as theaters or community rooms with air walls or other options to allow this.
- Consider planning multiple uses in a single large space. For example, surround an exercise area with computers and a coffee station. After exercise, people can enjoy a

cup of coffee or check email. Peer learning could occur with exercisers learning about computers and tech-confident people trying exercise.

- If fewer staff members are needed, then empty spaces they once used, such as administration offices or break rooms, can be repurposed as a business center or meeting room.
- Convert a large, elegant dining room into a space to host weddings, graduations and other special events. Kitchen facilities are already in place, and residents may work as greeters, photographers or other helpers.
- Intentionally design space to encourage movement without labeling it “exercise.” For example, wayfinding prompts to encourage people to go farther down a hallway or go outdoors. Make stairways attractive and easy to access, position activities that people walk to. Atrium style areas invite people to visit and explore.
- When new construction is possible, plan for single level buildings or a mix of living units and common areas/amenities on single floors.
- Expand service areas for deliveries of meals, clothes, supplies and other packages because online ordering and delivery will continue into the future. Staff members will be needed to sort the packages and get them to the proper person or place.
- Make outdoor access flexible by installing rolling garage doors that can be raised on nice days for immediate contact with outside. Like restaurants and commercial spaces that have these, garage doors or similar devices can be installed in a variety of areas.

There is powerful marketing value for a mid-market concept with age-friendly and environmentally-friendly buildings featuring indoor and outdoor spaces. Older homeowners have a house, but these tend to be older buildings that require maintenance and repair. Only 3.5% of all homes in the US (2011) had accessibility features like bathroom grab bars or wider doorways.³⁰ Having these features fuels the apartment-for-life approach while, practically, reducing the risk of falls or need for assistance. Moving into a mid-market property could save the older residents money.

The concept of adaptive reuse led to blue sky thinking during the Forum. One idea for properties constrained by their footprint is to purchase a floor in a nearby office

building, where many floors are empty because of the new culture of remote working. Renovate that floor for a new wellness center or other function to expand amenities. Another was to partner with developers repurposing empty malls into residences, which give enough space for multigenerational living.

More suggestions for adapting interior and exterior spaces are available in the ICAA 2020 Forum report, *Future-proof your senior living community*.

REIMAGINE FOOD AND DINING

Dining services are a major cost, considering investments in kitchens, multiple dining areas and staff. For people with middle incomes, as well as future residents with higher or lower incomes, flexibility is the watchword. As one Forum colleague mused, how would people experience dining outside of senior living? They might cook at home, go to a restaurant, order food delivered or visit family and friends. The mid-market concept could offer a similar experience, with a cook-friendly kitchen in the residence and adaptations to dining services.

As pandemic restrictions lifted, people enjoyed having someone else do the cooking. Supporting local restaurants was the most common food-related action 50% of boomers took in 2021 according to a recent survey (45% also tipped servers more).³¹ The pandemic fueled app-based delivery services such as DoorDash, Uber Eats and Postmates, each of which is based in a large number of locations. These dining habits may decline somewhat, but not go away.

There was agreement that dining and food options are excellent sources for nutrition and social connections. How nutrition and dining are delivered inspired multiple options.

Emphasize high-quality food and nutrition education

- Use a variety of food and nutrition choices, balancing nutrition and indulgence. Evaluate menus to reduce some items and emphasize those with nutritional benefits. Choose foods that are familiar to most people, but have elevated nutrition. For example, a higher proportion of protein or vitamins and minerals that benefit older adults.
- Complete the farm-to-table cycle while engaging several dimensions of wellness by partnering with a master gardener to help residents and staff plant a garden, then harvest the produce for the culinary staff to use when preparing food.

Place

- Explore partnerships with food vendors and manufacturers to supply prepared, healthy cuisine to remove food preparation from in-house staff. A branded food product may be an option.

Devise flexible pricing plans

- To meet the need for choice and affordability, develop à la carte meal plans. For example, the community provides one meal, such as lunch or dinner, and the resident is responsible for the other meals.
- Offer tiers of meal programs at different price points. When all meals are packaged into fees, residents may be reluctant to visit an outside restaurant because they have already paid for the meal at that community.
- Help residents access tech-enabled delivery services, such as Uber Eats, DoorDash and Grubhub, to provide them with options when à la carte meal plans are in place. Create your own tech-enabled app so they can order from your kitchen if it is prepared to provide take-out meals.

“Food can bring such a great experience, creating opportunities for conversations and education for our residents. I’m definitely seeing from a culinary standpoint a need for education around ingredients, recipes and food as medicine. So people are comfortable cooking those recipes, using those ingredients. I think that’s so important.”

—Adam Grafton, Senior Corporate Executive Chef, Morrison Living

Reimagine restaurants

- Replicate the model developed by restaurants during the pandemic by creating a ghost kitchen to prepare healthy, tasty meals that can be delivered or picked up.

Similar to what people are ordering now from a favorite restaurant, the foods would be chef-prepared and high quality.

- Consider more casual dining places that are compatible with current eating habits. For example, bistros, grab-and-go marketplaces, pub-style venues, coffee shops with limited menus.
- Outdoor dining was popularized during the pandemic and people learned to enjoy it. With flexible spaces top of mind, consider doors that swing open between bistros and patios, or hosting lunches and special events outside. A survey from the National Restaurant Association found that 84% of boomers favored allowing restaurants to continue to set up tables on a sidewalk, parking lot or street, which indicates that outdoor options would draw this group to a community while expanding capacity for residents.³²
- Borrow the concept of long tables where people sit with friends and with strangers to encourage social interactions, both planned and unintentional.
- Consider nearby restaurants, bistros and other eating places as part of the community’s neighborhood. Cross-promotion of menus, vouchers or discounts and possibly transportation can help residents stay connected with the larger community while easing pressure on the in-house food service.

Social connections and nutrition are both needed for health and quality of life. A healthy diet is one of the wellness elements that helps prevent or manage lifestyle illness. Food service will play an important dual role in new models, providing for the residents and the paying guests who live in the larger community.

Plan

“You don’t think about the car industry as having one brand, so I don’t think there’s going to be a brand that is universal. Being everything to everyone is not economically feasible in our high-end business, so how is it going to be economically feasible in the middle market? There’s going to be carve-outs where certain operators excel in niche areas.”

—Max Mosky, Director of Analytics, Morrison Living

EXPLORE OPPORTUNITIES AND CHALLENGES FOR BUSINESS MODELS

The viability of a business model that serves middle-income residents while retaining mission and profitably for organizations surfaced, paradoxically, during the pandemic crisis. Rapid operational shifts proved that leadership and staff can change.

- Department silos disappeared as workers crossed boundaries to help where needed.
- Boxed, delivered meals and tech-delivered programming became the norm.
- Building spaces were converted for multiple uses and quick resets.
- Interpersonal connections, clean and safe housing and transparency were more important to residents than high-end amenities.

Maintaining the cooperative attitudes and accelerating the commitment to avoiding a return to business as usual will be the north star guiding plans for the new middle-income market concept.

Shift attitudes and spreadsheets

For several years of ICAA Forums, colleagues have noted the need for new models of senior living. Adjusting to the middle-income market may be the stimulus that forces the industry to take action. Making the shift requires changing

assumptions of what is in a community. Is there health care? On-site or off-site? Three meals a day included, or one meal included? Residents only or residents and nonresidents?

The reality is that assumptions and mindsets have to change. The older adult population is more ethnically diverse, with the Latino culture a rising share in addition to African American, Asian and other cultures. Religions are more diverse. Living arrangements are more diverse, with an increase in single people, either through divorce, widowhood or preference, and multigenerational households, which increase as children move in because of pandemic job losses.

Much has already been written about the attitudes and interests of people born between 1946-1964, the boomers who are in their sixties and seventies and increasing in number daily. The boomers will fit into the middle-income market for housing, and they will have no compunction about declining a place that doesn’t meet their expectations.³³

A new model can mean sometimes dramatic changes in the culture and assumptions of the people who advise and work for the organization. When the mindset of board members and staff is to “care for” residents rather than help residents care for themselves, or keep them safe by keeping them sedentary, a new group of residents who take care of themselves may not seem a fit. Less reliance on reimbursements for health care may seem risky. But, as a well-known phrase states: past performance does not guarantee future results.

Plan

The Forum consensus that middle-market consumers want to pay for services à la carte rather than in packages requires a different approach to accounting and pricing. Revenue is less consistent and the lifestyle services that can make a community attractive may not be the ones residents are willing to pay for (that's where facilitating staff and coaching can help). A comprehensive plan would include designing technology at the back end to do the heavy lifting of scheduling and supplies.

One way to expand capabilities and economies of scale is through affiliations and acquisitions. A larger well-managed organization could bring more capital and economies to the new middle-income concept; a smaller, well-managed organization can be nimble. If two partners decided to share investment costs and resources, economies could occur.

Occupancy is the key metric for the combination of real estate and services provided by senior living. Being more affordable, and distinguished from low-income housing and high-end communities, the mid-market concept could have no trouble maintaining a high level of occupancy, with cash flow enhanced by so many fees-based options.

Zoning restrictions and a variety of regulations from the federal, state/province and local levels impact senior living now, and probably will affect a mid-market concept. The type of restrictions/regulations will depend on the property location and services offered. For example, reimagining and renovating a current property that already meets zoning requirements, or focusing on lifestyle rather than in-house health care, may open the door to new ways of meeting or avoiding some requirements.

Reformat connections with health care

Organizations with assisted living, memory care and nursing care cannot suddenly turn off those services. The need for assistance or availability of care when needed is a reason why new residents arrive in their early eighties with health concerns.

If health care is the priority of the organization, then expanding services into the community and developing relationships with health care providers is an option. In

“Coming up with the right product at the right price is key. Developers need to say, I might not make as much profit, but it's a bottomless market you're building into.”

—Ian Jones, President, BGI Group

the US, there may be opportunities to become a provider, or a partner to providers, approved by insurers offering Medicare Advantage plans. Older adults qualifying for Medicaid in the US may be eligible for the Program of All-Inclusive Care for the Elderly (PACE) or live in a state with federal Medicaid dollars distributed through Home and Community-Based Services waivers. Affiliations with health care has potential for providing care in a person's home—on-site or off-site—with some costs absorbed through the government program.

Some organizations will maintain and increase the health care they provided during the pandemic, a strategy that can ease properties with assisted living and nursing care into the health care continuum. As the number of 65+ adults increase, so does the prevalence of chronic health conditions and mobility impairment, which could drive demand for care services. Technologies to increase staff efficiency and monitor operations will moderate operational costs.

Another approach is to provide access to health care through partnerships. Just as therapy services are often provided by a rehabilitation company in a suite on the property (sometimes sharing space and equipment with the fitness staff), so could space be provided on-site for a physician group that offers a daytime clinic during the week.

Reframe thinking about the middle-market brand

The vision of what you want to accomplish lives in the organization's mission statement; the brand name identifies that purpose. How well the purpose is achieved is found in the promise of the brand, the value and experience residents

and customers can expect when they see your name and product. An organization’s brand name and services may be developed by executives, but it is the staff members who deliver the brand promise and who help create the atmosphere of value and experience.

Forum colleagues stated that it is not possible to create a universal brand promise for the middle-income market because the people in it are so diverse, and the culture differs depending on the region and area, e.g., urban versus rural. Each organization will establish its own methods to serve the middle-income older adult. Try developing the middle-market brand from a different direction: first, identify the culture, services, programs and home you can provide to the market niche you plan to reach, then refine the brand and its promise.

As each organization develops its own mission for the middle-market, words that could become part of the brand promise were suggested at the Forum: safety, security, comfort, vibrant lifestyle, diversity, value, trust, reliable.

Wellness is the solution

A wellness program (and facilities) is already in place at many communities (meaning all of the dimensions, not only fitness), which indicates that operators have resources and experience available.

There is a disconnect between the understanding and value proposition of wellness and what executives and staff believe. This must be changed for wellness—lived through individual and organizational actions—to anchor the reason why people happily move into a middle-market residence and/or pay for services offered to the larger community.

“Wellness washing,” where a few activities and entertainments are called “wellness,” will not lead to success. As noted by the combined ratings of managers and staff in the importance/performance analysis (“Wellness culture importance v. effectiveness”), a barrier to developing a culture that appeals to boomers and those in the middle-income market means the board of directors and executives need a better understanding of the value of wellness. Then, staff must be hired who do not fall back on “it’s not my job,” but who recognize that the new middle-income market concept is about engaged lives, living as well as possible.

Leadership and staff with a fresh perspective can create the new model that works effectively and meets its mission. Just as middle-income older adults are sandwiched between low-income and high-income people, so will a new mid-market community—identified by the new name that separates it from traditional models—need to carve out its space between low-income housing and high-end senior living. The vibrant wellness lifestyle, offered with a comfortable home and reasonable pricing, accomplishes this.



Source: ICAA State of Wellness Survey, 2019

Details

Resources

Creating a path towards the 'next normal' in senior living

Strategies for buildings, staff, technology, culture, perceptions

https://www.icaa.cc//listing.php?type=white_papers

Foundation for wellness certificate course

Value of wellness, research, case studies, detail on seven dimensions

<https://www.icaa.cc/certificate/foundation/reasons.htm>

Future-proof your senior living community

Models of built and unbuilt environments, culture, workforce, technology

https://www.icaa.cc//listing.php?type=white_papers

The business case for wellness programs in senior living

Measures of revenue, length of stay, occupancy, cost savings, marketing

https://www.icaa.cc//listing.php?type=white_papers

Framing the return on investment (ROI) in wellness staff

Outcomes of resident/customer/staff satisfaction, referrals, revenue, social accountability

www.icaa.cc//listing.php?type=white_papers

Creating a blueprint for a wellness-based community

Philosophy, essential principles, action steps, checklist

https://www.icaa.cc/business/wellness_blueprint.htm

Transforming the way we fund, staff and operate programs to meet boomers' expectations

Psychographics, expectations, health care issues

https://www.icaa.cc//listing.php?type=white_papers

Endnotes

Survey and research data typically provide a record of information collected prior to the publication date. Many statistics relevant to senior living and middle incomes are from 2019 or 2018, the most recent years information is available. Projections are forward-looking and fairly consistent across sources.

1. Administration on Aging. (2020). 2019 Profile of Older Americans. <https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2019ProfileOlderAmericans508.pdf>
2. Sudo, C. (2020, May 17). Covid-19 Makes Quest for Middle-Market Senior Living More Urgent Than Ever. Senior Housing News. <https://seniorhousingnews.com/2020/05/17/covid-19-makes-quest-for-middle-market-senior-living-more-urgent-than-ever/>
3. Ryan, P. (2020). Future-proof your senior living community. International Council on Active Aging, ICAA Forum 2020. https://www.icaa.cc//listing.php?type=white_papers
4. US Census. (n.d.) 2015-2019 American Community Survey 5-Year Estimates. Accessed June 1, 2021.
5. Kochhar, R. (2018). The American middle class is stable in size, but losing ground financially to upper-income families. Pew Research Center. <https://www.pewresearch.org/fact-tank/2018/09/06/the-american-middle-class-is-stable-in-size-but-losing-ground-financially-to-upper-income-families/>
6. Organisation for Economic Co-operation and Development (OECD). (2019). Under Pressure: The Squeezed Middle Class. OECD Publishing, Paris. <https://doi.org/10.1787/689afed1-en>.

7. Pearson, C. F., Quinn, C. C., Loganathan, S., et. al. (2019). The Forgotten Middle: Many Middle-Income Seniors Will Have Insufficient Resources For Housing And Health Care. *Health Affairs*, 38:5. <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2018.05233>
8. Mitchell, J. (2020). Defining Our Terms: What is the Middle Market? *LeadingAge Magazine*, 10(2), March-April. <https://leadingage.org/magazine/march-april-2020/What-is-the-Middle-Market-V10N2>
9. America Counts Staff. (2019, December 10). 2020 Census Will Help Policymakers Prepare for the Incoming Wave of Aging Boomers. *US Census*. <https://www.census.gov/library/stories/2019/12/by-2030-all-baby-boomers-will-be-age-65-or-older.html>
10. Molinsky, J. (2020). Ten insights about older households from the 2020 State of the Nation's Housing report. *Housing Perspectives*, Harvard Joint Center for Housing Studies. <https://www.jchs.harvard.edu/blog/ten-insights-about-older-households-2020-state-nations-housing-report>
11. National Investment Center. (2020). *NIC Investment Guide: Investing in Seniors Housing & Care Properties, Sixth Edition. Executive Summary*. Available at <https://www.nic.org/analytics/publications/investment-guide/>
12. ICAA/ProMatura Wellness Benchmarks. (2017). *The National Benchmarks Report*. International Council on Active Aging. Available at <https://www.icaa.cc/business/benchmarks.htm>
13. Marcus & Millichap Research Services. (n.d.). 2021 U.S. Seniors Housing Investment Outlook. Available at <https://www.marcusmillichap.com/research/market-report/multiple-markets/2021-us-seniors-housing-investment-outlook>
14. Where You Live Matters. (2021, May 21 update). What Does it Cost? Where you live matters. Powered by ASHA. <https://www.wherelyoulivematters.org/what-does-it-cost/>
15. McCrorle, S., Payne, H. & Lennard, A. (2021, January). Seniors housing industry overview Canada. Cushman & Wakefield. Available at <https://www.cushmanwakefield.com/en/canada/insights/2021-canadian-seniors-housing-industry-overview>
16. Adler, J. (2019, June 26). Investor Summit Jump Starts Conversation for More Middle-Market Seniors Housing: A Three-Part Series. *National Investment Center. NIC Cares Blog*. <https://blog.nic.org/blog/investor-summit-jump-starts-conversation-for-more-middle-market>
17. Bowers, L. (2019, May 22). 5 insights from NIC's Middle Market Investor Summit. *McKnight's Senior Living*. <https://www.mcknightsseniorliving.com/home/news/5-insights-from-nics-middle-market-investor-summit/>
18. International Council on Active Aging. (2020). *ICAA Environments for Wellness*.
19. Bureau of Labor Statistics. (2021). *Occupational Outlook Handbook*. U.S. Department of Labor. <https://www.bls.gov/ooh/home.htm>
20. Statistics Canada. (2021). Older adults and population aging statistics. https://www.statcan.gc.ca/eng/subjects-start/older_adults_and_population_aging
21. Reeves, R. V., Guyot, K. & Krause, E. (2018, May). *Defining the middle class: Cash, credentials, or culture?* Brookings. <https://www.brookings.edu/research/defining-the-middle-class-cash-credentials-or-culture/>

Details

22. National Board for Health and Wellness Coaching. (n.d.). What do health & wellness coaches do? <https://nbhwc.org/>
23. ICAA Wellness Programs Workgroup. (2014). Key elements for developing a wellness program for older adults. International Council on Active Aging. https://www.icaa.cc/listing.php?Page=4&c=&listing_search_value=&type=white_papers
24. Perkins Eastman. (2021). The State of Senior Living 2021 Survey: An Opportunity for Change. Available at <https://www.perkinseastman.com/white-papers/the-state-of-senior-living-2021-survey-an-opportunity-for-change/>
25. Kim, E. S., Kawachi, I., Chen, Y. & Kubzansky, L.D. (2017). Association Between Purpose in Life and Objective Measures of Physical Function in Older Adults. *JAMA Psychiatry*. 2017;74(10):1039–1045.
26. Alimujiang, A., Wiensch, A., Boss, J., et al. (2019). Association Between Life Purpose and Mortality Among US Adults Older Than 50 Years. *JAMA Network Open*. 2019;2(5):e194270.
27. Kim, E. S., Shiba, K., Boehm, J. K., and Kubzansky, L. D. (2020). Sense of purpose in life and five health behaviors in older adults. *Preventive Medicine* 2020;139(106172).
28. Forbes Business Development Council. (2018, December 18). Eight Important Elements Of Successful Business Partnerships. *Forbes*. <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2018/12/18/eight-important-elements-of-successful-business-partnerships/?sh=5ff109006128>
29. Leca, S. (2017, May 8). What Makes a Partnership Successful? Lead Change Group. <https://leadchange.com/what-makes-a-partnership-successful/>
30. JCHS. (2019). Housing America's Older Adults. Joint Center for Housing Studies of Harvard University.
31. International Food Information Council. (2021). 2021 Food & Health Survey. <https://foodinsight.org/2021-food-health-survey/>
32. National Restaurant Association. (2021, March). Consumers want to keep 'streeteries' in place beyond the pandemic. <https://restaurant.org/articles/news/consumers-want-to-keep-streeteries-in-place>
33. International Council on Active Aging. (2018). Transforming the way we fund, staff and operate programs to meet boomers' expectations. ICAA Forum 2018. https://www.icaa.cc/listing.php?type=white_papers

NOTES

A series of horizontal dotted lines for writing notes.



INTERNATIONAL
COUNCIL ON
ACTIVE AGING 

603-1112 West Pender Street
Vancouver, BC, V6E 2S1
Toll-free: 866-335-9777
Tel: 604-734-4466
www.icaa.cc