

MASSACHUSETTS ASSOCIATION OF REALTORS®

2011 CONVENTION

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One for the Money Two for the Show and Three for the Boomer...Now Buy, Buy, Buy

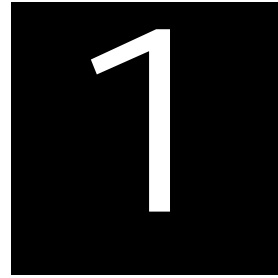
Leisure Homes, Second Homes and Age Restricted Housing

RE55R06

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Age Restricted Housing

General Statistics

- The fastest growing segment of the current population is age 75+ and 4 out of 5 are women.
- 83% of Seniors are property owners and 63% own their home free and clear
- 2.4 million U.S. households 55 and over in age-restricted housing
- 36% of Massachusetts population is 45 or older

Senior Market

Baby Boomers - Pre-Retiree

Ages 40 to 58

Approximately 79 million



Every minute from now until 2014, seven baby boomers in this country will turn 50 years old,

More mobile and more demanding than other generations

Have greater earnings but lack savings

Will probably work past 65 because of lack of savings

May end up supporting both their children and their parents

Will want more than one "home" (vacation as well as residence)

7% want to live in age-restricted housing for people 55 and older

50% of boomers age 50-59 plans to purchase new homes for retirement

The number of people 50-69 is expected to increase by 87% over the next 15 years.

The Veteran Generation - Active Retiree

Ages 59 to 85

Approximately 24 million and growing

Concerned with maintaining image while downsizing to small houses.

Security, access to medical facilities, shopping, health and fitness facilities important

Biggest fear is outlasting their assets

The Full Retiree

Ages 86 to 103

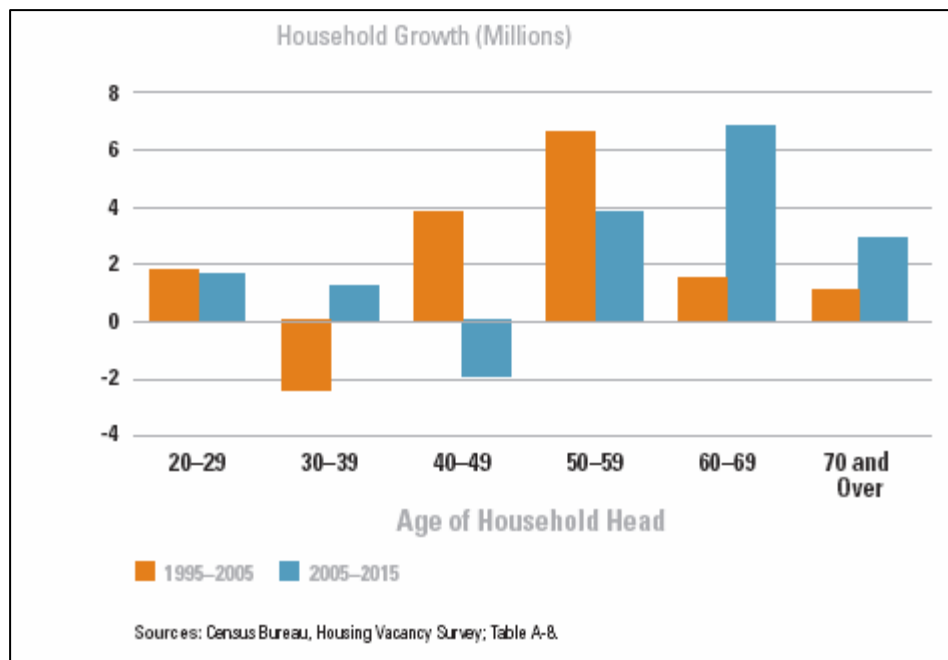
Approximately 65 million

Three out of ten have lived in same home for over 30 years

Grew up in the Depression

Most households are male dominated with long-term marriages

Need reduced home maintenance and concerned with security and on-site health care



The Housing for Older Persons Act eliminated the requirement that a housing complex provide significant facilities and services for persons 55 or older. Before it was enacted, properties such as condominiums and cooperatives had to specify that programs were offered to meet the physical and social needs of older persons. It also provided a "good faith" defense for real estate practitioners who rely on a community's written claim that it

is, in fact, exempt from those provisions.

The Housing for Older Persons Act requires that the housing must be intended and operated for persons 55 years of age or older; that at least 80 percent of the units must be occupied by at least one person 55 years of age or older; and that the community must obey policies demonstrating its intent to qualify for this exemption.

In the early 1990s, the big public companies developed large 90- to 120-bed properties in the heavily populated Northeast and Midwest, later shifting activity to the Sun Belt and West Coast when their original target markets became glutted. Competing with the new properties were facilities owned by religious organizations and 20- to 24-bed private properties.

Likely future players will be smaller, privately held companies as well as spin-offs from larger public companies. Like the office sector, senior housing is categorized by class, to indicate level of care, amenities, and construction quality. Class A properties can command \$90,000–\$120,000 per bed; Class B properties, \$70,000–\$90,000; and Class C properties, \$50,000–\$70,000.

Senior housing incorporates features such as wide doorways; step-free entries and showers; and handrails and grab bars. NAHB offers remodelers a Certified Aging-in-Place Specialist and a Certified Active Adult Specialist in Housing designation programs.

July 12, 2005

Mass.: State Sees Boom in Senior Housing

A recent Citizens' Housing and Planning Association survey is reporting a surge in homebuilding aimed at residents aged 55 and older in Massachusetts.

The research shows that at least 10,000 units for senior citizens have either been built or started in the last five years, and another 14,000 are currently being planned. Overall, age-restricted housing accounted for between 10 percent and 15 percent of new housing built in Massachusetts from 2000 to 2004.

The boom comes amid a growing senior population and increasing interest in smaller homes based in "active adult" communities that are restricted to older residents. Despite the growing demand, Aaron Gornstein of the Citizens' Housing and Planning Association warns that the surge in new developments could flood the market, leading to unfinished developments and unsold units.

In addition, state officials and town residents are raising concerns about the boom in age-restricted housing, saying municipalities may be purposely encouraging such development because seniors require fewer public resources than families with school-age children. Developers disagree, saying families are welcome to move into the homes abandoned by elderly residents and that seniors do take some money from municipal budgets, though not as much as schoolchildren.

Source: *Boston Globe* (07/09/05); Shartin, Emily

2

Leisure and Second Homes

Usage

- seasonal,
- recreational, and
- occasional-use properties
- Investment property defined as "property held for current income as well as a potential profit upon its sale"

Geographical considerations:

- water,
 - mountains,
 - desert climates,
 - local amenities,
-

- sports focus,
- natural attractions.

Property Types:

- single family residence,
- apartments,
- condominium (form of ownership),
- gated communities,
- age restricted communities

Location amenities

- water,
 - golfing.
 - sporting activities,
 - theme parks,
 - weather
-

Characteristics of Vacation Homes:

- Second-home median price
- Distance between primary and vacation home
- Location of vacation home
- Structure of vacation homes
- Value of vacation homes
- Accessibility
- Benefits of area attractions and amenities
- Factors involved in emerging trends towards vacation homeowner's willingness to travel nationally and internationally (i.e. affordable air travel, technology and telecommunications, climate and weather).

Investment Analysis/ Property Criteria.

Things to consider when talking to clients about vacation, or second homes:

- What is the primary use,
 - enjoyment, or
 - investment,
 - family use,
 - rentals,
 - other
-

- Tax consequences
- Short term rental laws
- Short or long term ownership
- Financing options
- Exit strategy
- 1031 exchange option
- Insurance availability and affordability
- Location and amenities
- Health care, assisted living, senior care
- Price range
- Proximity to water, resort area
- Airport
- Northeast considerations: Country Club memberships waiting time and costs

Development & Growth Issues:

Resort areas

- Higher percentage of vacation homes and investment homes.
 - Amenities and services are essential to the "getaway" experience,
 - The ability to rent the property and to the sense of the second home being a good financial investment.
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- These services are dependent on the availability and retention of a labor force and workforce housing is a critical element in attracting and keeping a stable workforce.
- Insurance costs

Workforce Challenges for Resorts:

- Housing affordability problems in the United States have become more pervasive
- Over 14 Million owner and renter households spend more than half their incomes on housing in 1999
- Poor-quality housing is particularly widespread in rural areas
- Restrictions on land development and exclusionary zoning practices are making it difficult for the market to produce housing that low-income people can afford
- As the supply contracts, production flags, and household growth adds to demand, the mismatch between the supply of low cost rentals and the number of households who need them will likely grow.

Environmental considerations

- Environmental law liability issues be aware of actual as well as the potential liability.
 - Become familiar with common environmental issues in market area
 - Do not give "expert" advice of environmental issues
 - environmental audit
 - Reinforcing the need for full disclosure from sellers when listing properties.
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109 STAT. 787 PUBLIC LAW 104–76—DEC. 28, 1995

Public Law 104–76

104th Congress

An Act

To amend the Fair Housing Act to modify the exemption from certain familial status discrimination prohibitions granted to housing for older persons.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Housing for Older Persons Act of 1995”.

SEC. 2. DEFINITION OF HOUSING FOR OLDER PERSONS.

Section 807(b)(2)(C) of the Fair Housing Act (42 U.S.C. 3607(b)(2)(C)) is amended to read as follows:

“(C) intended and operated for occupancy by persons 55 years of age or older, and—

“(i) at least 80 percent of the occupied units are occupied by at least one person who is 55 years of age or older;

“(ii) the housing facility or community publishes and adheres to policies and procedures that demonstrate the intent required under this subparagraph; and

“(iii) the housing facility or community complies with rules issued by the Secretary for verification of occupancy, which shall—

“(I) provide for verification by reliable surveys and affidavits; and

“(II) include examples of the types of policies and procedures relevant to a determination of compliance with the requirement of clause (ii). Such surveys and affidavits shall be admissible in administrative and judicial proceedings for the purposes of such verification.”.

SEC. 3. GOOD FAITH ATTEMPT AT COMPLIANCE; DEFENSE AGAINST CIVIL MONEY DAMAGES.

Section 807(b) of the Fair Housing Act (42 U.S.C. 3607(b)) is amended by adding at the end the following new paragraph:

“(5)(A) A person shall not be held personally liable for monetary damages for a violation of this title if such person reasonably relied, in good faith, on the application of the exemption under this subsection relating to housing for older persons.

“(B) For the purposes of this paragraph, a person may only show good faith reliance on the application of the exemption by showing that—

46 USC 3601

note.

Housing for
Older Persons

Act of 1995.

Dec. 28, 1995

[H.R. 660]
