



Waveny Care Network

A Continuing Care Retirement Community for New Canaan

June, 2009

Harry T. Rein, Chairman

Edward V. O'Hanlan, Immediate Past Chairman

Board of Directors

Waveny Care Network



A Need has Been Demonstrated

- For more than thirty years, the New Canaan community has formally recognized the need and desire to be self-sufficient in providing health services to its older adult population. Evidence supporting New Canaan's objective to achieve a seamless continuum of care is abundant and recurrent:
- **New Canaan Residents 65 Years of Age & Older 2006 Needs Assessment**
- **New Canaan 2003 Plan of Conservation & Development**; New Canaan P& Z Commission
- **New Canaan Health & Human Services Needs Assessment 2000**; United Way of New Canaan, Inc.
- **Assisted Living Study Group: Findings and Recommendations, 1999**; Assisted Living Study Group
- **New Canaan Ten-Year Plan 1998-2008**; New Canaan Long Range Planning Task Force
- **Elder Care Market Assessment and Planning Recommendations, 1995**; *Gerontological Services, Inc.*
- **Report of Findings to Waveny Care Center 1995**; *Constellation Senior Services*
- **Growing Older in New Canaan: A Report on Elder Care Services, 1994**
- **Market Analysis for Lifespan Systems, Inc. New Canaan, Connecticut, 1989**



Statewide Census Projections

Projected Growth of Age 65+ Population in Connecticut

- Neither the U.S. Census Bureau nor Claritas project growth rates for specific age and income household groups past 2009; however, the Census Bureau does provide some projected population estimates by state.
- The age 65+ population (not households) in CT is expected to increase by 54% over the next twenty years, from 515,600 in 2010 to 794,400 in 2030.

| | 2010 | 2020 | 2030 |
|---------------------------------------|---------|---------|---------|
| Age 65+ Population in CT Projections | 515,600 | 642,500 | 794,400 |
| Rate of Increase from Previous Column | | 24.6% | 23.6% |



Age 75+ Households in Primary Market Area By Income Level (2004)

- Age and income qualified households are indicative of the depth of the market for senior housing.
- Based on our Target Market (seniors age 75 or older with annual incomes in excess of \$75,000 to \$100,000) there are estimated to be approximately 3,500 to 5,200 age and income qualified households in the PMA in 2004.

| Number of Age 75+ Households in the Primary Market Area | | | |
|--|--------------|--------------|--------------|
| Household income levels | \$75,000+ | \$100,000+ | \$125,000+ |
| \$ 75,000 - \$ 99,999 | 1,660 | - | - |
| \$ 100,000 - \$ 124,999 | 995 | 995 | - |
| \$ 125,000 - \$ 149,999 | 570 | 570 | 570 |
| \$ 150,000 - \$ 199,999 | 721 | 721 | 721 |
| \$ 200,000 - \$ 249,999 | 490 | 490 | 490 |
| \$ 250,000 - \$ 499,999 | 501 | 501 | 501 |
| \$ 500,000 + | 218 | 218 | 218 |
| Total households | 5,155 | 3,495 | 2,500 |

Source: RLS, Claritas



Elder Flight

- As a direct result of not fully addressing these identified needs, scores of long-time residents have departed New Canaan to obtain services elsewhere.
- Losses experienced to date by our community in terms of the economic, social, volunteer, political, educational, philanthropic and religious contributions of these former residents are both irreplaceable and incalculable.



History of Waveny Care Network's CCRC Development Efforts

- Committed to responding to the community's eldercare needs, Waveny has steadily made steps toward achieving a full continuum of care since the 1970s:
 - **Waveny Care Center; Skilled Nursing, 1975**
 - **Adult Day Program at Waveny Care Center, 1975**
 - **New Canaan Inn; Independent Living, 1981**
 - **Brown Geriatric Evaluation Clinic, 1998**
 - **The Village at Waveny Care Center; Assisted Living for memory loss, 2001**
 - **Merger of Waveny/New Canaan Inn, 2002**



History of Waveny Care Network's CCRC Development Efforts

- Since 2004, Waveny's strategic goal has been to achieve a Continuing Care Retirement Community to complete a comprehensive continuum of care for New Canaan.
- Waveny has assembled a team of consultants, second-to-none in the eldercare industry, that has studied the local market and demographics, and confirmed the needs identified by the aforementioned Town studies.



Perkins Eastman



Site Considerations are Critical

- **Asking Price** (Impact on viability, economic diversity and density of project)
- **Acreage** (Impact on project density and viability)
- **Favorable Topography** (Impact on design/engineering/construction costs)
- **Wetlands** (Development constraints)
- **Permitting Obstacles** (Zone change, anticipated neighbor opposition, impact on development costs and delay)
- **Proximity to Waveny Campus** (Minimize duplication of services)
- **Favorable Location Attributes** (Proximity to town senior services, churches, mass transportation, convenient access to retail and shopping)
- **State Highway Access** (less traffic impact)
- **Availability of Town Water and Sanitary Sewer** (Impact on design/engineering/construction costs)



Impacts of Asking Price for Private Land

- **Single-greatest Non-construction Expense**
 - For the benefit of a private owner
 - Only benefit to Town is conveyance tax
- **Direct Negative Impacts to CCRC**
 - Limits economic diversity among residents
 - Drives up entrance fees and monthly charges
 - Increases annual debt service
 - Requires higher density of project
- **Direct Negative Impact to the Town**
 - Loss of real property tax revenue



Benefits of Leasing Public Land

- **Reduces Project Expense Structure**
 - Lower resident entrance fee, unit costs and monthly charges
 - Greater opportunity for economic diversity reflective of demographic make-up of Town
 - Scholarship program
 - Rental units
 - May contribute to more favorable bond rating
 - Viability not density driven
- **Benefits to the Town**
 - Steady, dependable stream of revenue to Town
 - CCRC revenue could fund open space maintenance/acquisition
 - Increased town involvement in project design and plan



Sites Considered

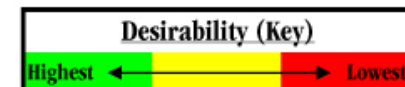
- **While a variety of challenges and obstacles have bore unfruitful results at several sites, Waveny is undeterred and seeks to deliver upon its mission to the community through the continued pursuit of a CCRC.**
- **Potential New Canaan CCRC Sites:**
 - Lapham Road Property
 - Windsome Farms
 - St. Mark's
 - Dan's Highway (Two Sites)
 - Clark Property
 - Merritt Apartments
 - Lumber Yard
 - Grove Street
 - Weed Street
 - Irwin Park
 - New Canaan Nature Center



Waveny Care Network

Sites Considered for CCRC

| | Acreage | Asking Price Public vs. Private Land | Anticipated Traffic Concerns | Distance to Town Center & RR Station | Distance to Waveny Campus | Favorable Topography | Permitting Obstacles | % Wetlands | Town Water & Sewer |
|---|---------|--|------------------------------------|--|---------------------------------|-------------------------|-------------------------|------------|-----------------------|
| Lapham Road West Side of Lapham Road | 50 | | Hwy | 1.78 5 mins | 0.33 <1 min | | | | |
| Winsome Farms 367 Lukes Wood Road | 61 | | Hwy | 4.15 10 mins | 5.43 14 mins | | | | |
| St. Mark's 111 Oenoke Ridge | 6 | | Hwy/Res | 0.58 2 mins | 1.86 6 mins | | | | |
| Dan's Highway (1) 104 Dan's Highway | 52 | | Res | 3.24 8 mins | 4.45 12 mins | | | N/K | |
| Dan's Highway (2) 195-197 Dan's Highway | 24 | | Res | 3.32 8 mins | 4.67 13 mins | | | N/K | |
| Clark Smith Ridge/ Michigan Road | 23 | | Hwy | 3.17 7 mins | 4.79 11 mins | | | | |
| Merritt Apartments 162 Park Street | <10 | | Res | 0 | 1.26 3 mins | | | N/K | |
| Grove Street Town Center | <10 | | Res | 0 | 1.27 3 mins | | | N/K | |
| Lumber Yard Town Center | <10 | | Res | 0 | 1.27 3 mins | | | N/K | |
| Weed Street 369 Weed Street | 17 | | Res | 1.49 3 mins | 1.49 3 mins | | | N/K | |
| Irwin Park 848 Weed Street | 37 | | Res | 1.1 4 mins | 2.16 6 mins | | | N/K | |
| NC Nature Center 144 Oenoke Ridge | 40 | | Hwy/Res | 0.68 2 mins | 2.02 6 mins | | | N/K | |





Windsome Farms and St. Mark's

Windsome Farms – In 2004, at the suggestion of the First Selectman, the Waveny Board approached the owners of the Windsome Farms property with the express objective of purchasing land for CCRC development. **Ultimately, the project was deemed economically unfeasible for a number of reasons including the asking price of the land, infrastructural issues and geography.** Costs would have rendered a finished development on this site unaffordable for a large sector of the targeted New Canaan senior population.

St. Mark's – Waveny revisited CCRC plans when approached by St. Mark's Church about the possibility of purchasing a parcel of land adjacent to New Canaan Inn. Negotiations began in earnest between Waveny and the congregation in 2007. Despite the best efforts of both parties and the overwhelming support and official endorsement of St. Mark's congregation, this project, too, was ultimately deemed economically impractical.00



Why Lapham Road?

- **Circumstances have effectively brought us full circle to the recommendation made decades ago in town studies that identified the undeveloped Waveny property on Lapham Road as the most ideal and sensible location for such a project.** In fact, the site was Waveny's original choice to pursue before Windsome Farms was suggested.
- Perfectly situated with the closest possible proximity to the main Waveny campus, the accuracy and insight of the 1999 Assisted Living Study Group's recommendation remains timely appropriate:

“The approval of the [Lapham Road Site] is critical to the project. There are no viable alternative sites in town, and even if there were, the costs of acquiring private land and obtaining financing would put rates at the new facility out of reach of moderate and lower income groups.”



Why Lapham Road for Waveny?

- **No Asking Price** (Lease arrangement with Town facilitates start-up, economic diversity of project)
- **Acreage** (Less than 1/3 of 50 acre site; opportunity to enhance open space component)
- **Favorable Topography**
- **Wetlands** (1/3 of 50-acre site leaves adequate development envelope)
- **Permitting Obstacles** (In Waveny Zone, minimal impact on residential neighbors)
- **Immediate Proximity to Waveny Campus**
- **Favorable Location Attributes** (Proximity to Lapham Community and Senior Center, Waveny Park, Fields and Trails, Town Swimming Pool, Carriage Barn, YMCA, Talmadge Hill Train Station, convenient access to Town, Churches, Retail and Shopping)
- **State Highway Access** (State Rt. 106 and Waveny Park minimize traffic impacts)
- **Availability of Town Water and Sanitary Sewer**

| | Acreage | Asking Price Public vs. Private Land | Anticipated Traffic Concerns | Distance to Town Center & RR Station | Distance to Waveny Campus | Favorable Topography | Permitting Obstacles | % Wetlands | Town Water & Sewer |
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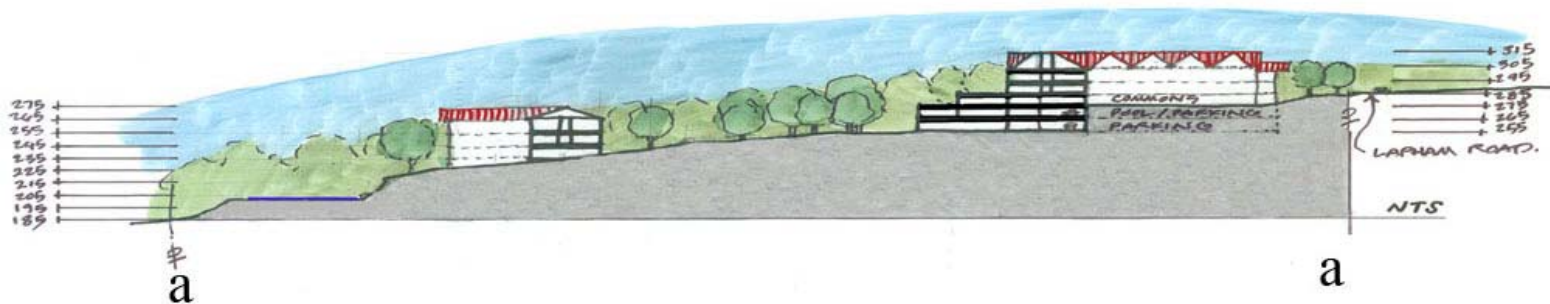
Why Lapham Road for Town?

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 - Scholarship program
 - Rental units
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- **Benefits to the Town**
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Project Profile

- Elevation decreasing from Lapham Road enables project to have minimal impact on Waveny viewshed.
- Project displaces current leaf mulch operation, thereby minimizing significant reduction in open space.
- Remainder of open space (35 acres) and Waveny Park in general can be improved or protected through project revenues.



Waveny CCRC Concept New Canaan CT

NTS

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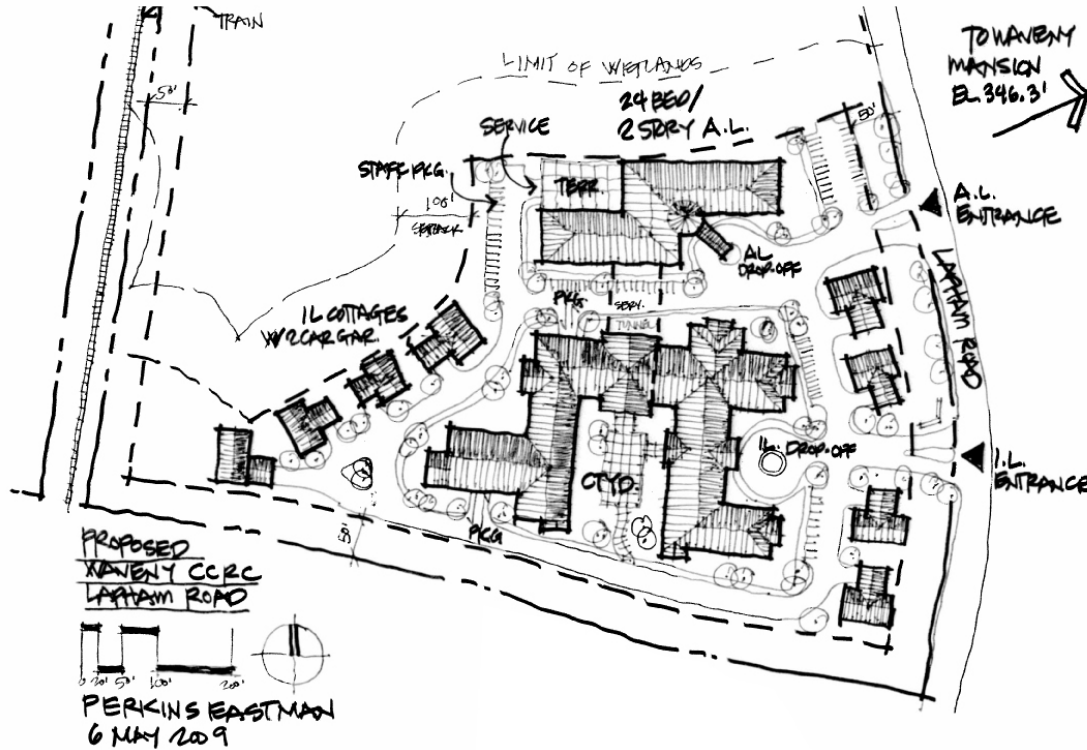
Site Section

Perkins Eastman



Project Profile

Preliminary Draft Site Plan



Waveny CCRC Concept New Canaan CT

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Preliminary Schedule for Development

The development of the Project is proposed to occur on the following timeline:

- **Development period** **Through 2011**
 - Requisite local and state approvals and pre-marketing of independent living apartments and cottages
- **Begin construction** **January 2012**
- **Construction complete** **December 2013**
- **Fill independent living apartments, cottages and assisted living units** **2014 and 2015**
- **First full year of stabilized operations** **2016**



Operating Assumptions Contract Type and Inflation

- **The Project will offer a Lifecare (Type A) option**
 - Monthly service fee remains unchanged regardless of the resident's level of care (with allowances for inflation).
- **A 90% refundable entrance fee pricing option** is assumed to be offered for the Independent Living apartments and cottages.



Operating Assumptions Definitions and Benefits

- **Continuing Care Retirement Community (CCRC):**
 - The American Association of Homes and Services for the Aging (AAHSA) defines a CCRC: “A Continuing Care Retirement Community provides or arranges for housing and health-related services to an older person under an agreement or agreements effective for the life of the person or for a specified period greater than one year.”
- **Type A (Extensive Contract)**
 - Under a Type A or Extensive Contract, a resident typically pays an upfront entrance fee and an ongoing monthly fee for the right to live in an independent apartment and also receive certain services and amenities. Residents who require assistance or healthcare may receive some services in their apartment or may move to an assisted living or skilled nursing portion of the community, but pay essentially the same monthly fee they were paying in their apartment.
- **Federal Income Tax Benefits for CCRC Residents**
 - According to the current rules and regulations of the Internal Revenue Service (IRS), a portion of each resident’s entrance fee and monthly service fees may be deducted as an itemized medical expense.



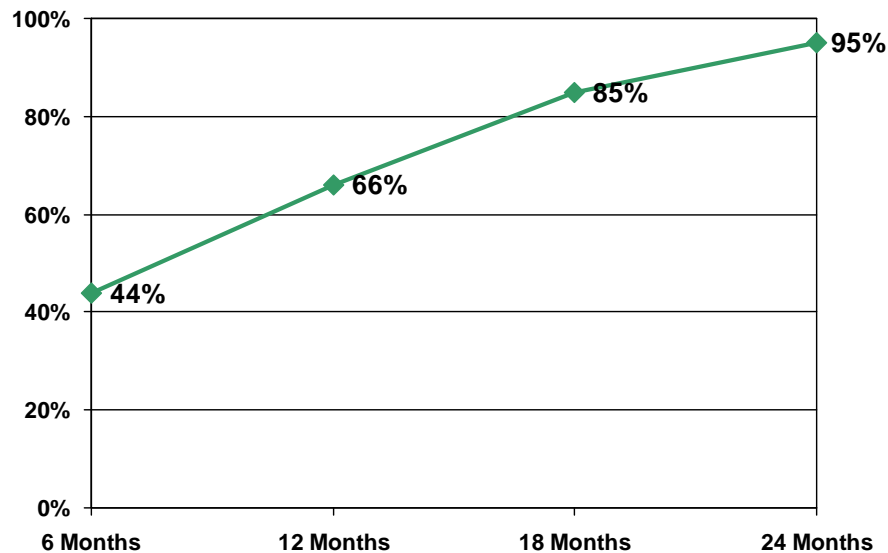
Typical Services and Amenities Under Type A Contract

- **Stately dining room with daily meal choice (lunch or dinner)**
- **Flexible meal plans**
- **Extensive schedule of activities**
- **Weekly housekeeping and linen service**
- **Banking and Postal Services**
- **Transportation for shopping and medical appointments**
- **Utilities (except phone) including basic satellite/cable TV**
- **Apartment maintenance and appliance repair**
- **24-hour emergency call system monitored by licensed staff**
- **Priority access to assisted living and skilled nursing care**
- **Fitness, Wellness, Entertainment and Recreational programs and resources**



Occupancy Assumptions Independent Living

- **Fill-up is projected to occur during the 24 months following construction completion. Projected single person occupancy levels during fill-up follow:**

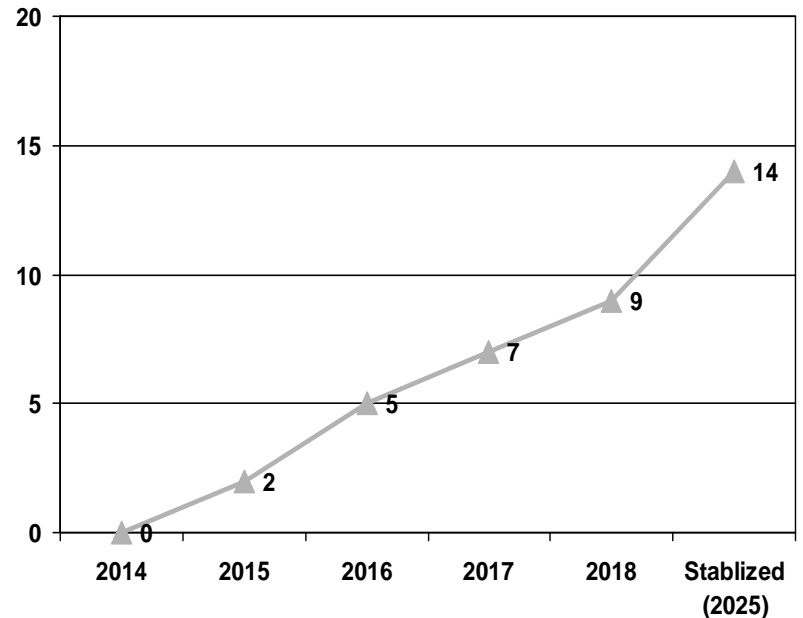


- **Stabilized occupancy is projected at 95%**
- **Couples percentage is projected to be 50% in 2014 and to decline to 46% by 2016**



Occupancy Assumptions Assisted Living

- It is projected that the assisted living units of the project will initially be filled with direct entrants at an average fill rate of 2 units per month.
- Independent living residents are assumed to occupy the assisted living units of the Project for assisted living and dementia care. The following estimates of utilization are based on actuarial data for new projects, adjusted for the size of the Project. Actuarial data does not segregate dementia services as they have historically been provided in both skilled and assisted living settings.





Jobs

- Departmental staffing (FTE's) and salaries were projected based on RLS' experience at similar retirement communities. Skilled nursing projection based on Waveny's experience.
- Departmental staffing levels at stabilized occupancy follow:

| Department | FTEs |
|---|--------------|
| Administration, Resident Services and Marketing | 11.8 |
| Maintenance and Security | 10.6 |
| Dining Services | 27.5 |
| Housekeeping and Laundry | 16.5 |
| Assisted Living | 21.0 |
| Skilled Nursing | 22.7 |
| Total FTEs * | 110.1 |
| FTEs per Independent Resident | 0.38 |
| Target FTEs per Independent Resident | 0.35 to 0.40 |
| Weighted Average Salary – 2009\$ | \$43,800 |

*One FTE (Full Time Equivalent) = 40 hours/week. This should equate to approximately 150 employees.



Financial Benefits to Town of New Canaan

- Property taxes and the lease payments will ultimately be negotiated as part of the land lease/land use process and vary project to project.
- For purposes of this analysis, property taxes/lease payments are projected as follows:
 - Annual expense in 2014 dollars in excess of \$1M
 - Assumed inflation at 4% per year thereafter
- Town to determine allocation of annual payments to best fit its strategic plan/budget.



Affordability

Facts:

- **Approximately 70% of proposed CCRC units have entrance fees under \$1M**
- **90% of entrance fee refundable for all units**
- Residents typically use proceeds from the sale of their primary residence to fund CCRC entrance fee
- Median assessed New Canaan home = \$1,700,000*
- Average New Canaan home sale price = \$2,172,840**
- Although monthly fees are projected to increase 4% annually, monthly fee *does not* increase between independent living, assisted living or skilled nursing residence.
- Currently, the average private room skilled nursing rate in Fairfield County ranges between \$12,000 and \$13,500 per month.



Affordability

- We are committed to a project pricing structure that reflects the economic diversity of the Town of New Canaan.
- Entrance fees will likely range between approximately \$550K and \$1.5M with 70% of units expected to have entrance fees under \$1M.

All units are well-below the 2008 average home price and median assessed value in New Canaan.

- Based on preliminary operating forecasts, the project should generate sufficient cash after stabilization to establish a significant endowment to assist residents who cannot afford the full cost of their fees.



Next Steps

The decision to allow use of the Lapham Road site for a CCRC requires support from the Town governing bodies:

- Parks and Recreation Commission
- Board of Selectmen
- Planning and Zoning Commission (preliminary),
Environmental Commission, Conservation Commission
- Board of Finance
- Town Council
- Planning and Zoning Commission (design/final approval)



Transparent Legal Process

- As cited repeatedly in past studies, reports and assessments, **a CCRC at Lapham Road would be consistent with deed restrictions and in accordance with the Long Range Plan directive regarding development upon the Waveny property.**
- Waveny’s legal counsel has advised that the **CCRC concept including a life care contract** entitling residents to access to ongoing and increasing healthcare services is consistent with the “health” use deed restriction for the Waveny property.
- A decision by the Town to allow a CCRC on Lapham Road will be reviewed by the Attorney General and confirmed in a declaratory action before the Connecticut Superior Court.



Next Steps

Should the Town permit Waveny to utilize the Lapham Road site for a CCRC, we can then begin the process of project implementation, which will include:

- **Design Process and Applications for Approval to Environmental Commission, Conservation Commission and P&Z Commission**
 - Opportunity for Town and public input at public hearing sessions
- **Obtaining pre-construction financing**
- **Regulatory approvals by the State of Connecticut**
- **Marketing of CCRC**
- **Permanent construction financing** (after 70% of units have been pre-sold)
- **Construction**
- **Operations**



A Plea for Objectivity

- **We must resist seeing this proposal as pitting the Town's open space goals against its Eldercare needs.**
- Both are important; however:

Open space goals can be achieved and enhanced through proactive Town policies and citizen contributions,

whereas

the loss of each member of New Canaan's elder population is unique and irreplaceable.



Conclusion

- **A CCRC on Lapham Road can help meet New Canaan's Open Space goals and Eldercare needs simultaneously.**
 - Stem elder flight by providing a full continuum of care
 - Fund Open Space enhancements, assets and acquisitions through lease revenues
- **We owe it to our Town and community to mesh together these laudable and important civic priorities.**