

NEW ENGLAND

U P D A T E

Senior Housing: An Aging — but Growing — Market for New England Contractors

The popular image of the retiring New Englander as a person heading south is a faulty one, according to a recent "Senior Housing Forecast Conference" given by the National Association Home Builders' National Council on Senior Housing. The conference found that, largely because most retirees stay in place, the New England region will be among those with the largest growth over the next few decades in the percentage of the population older than 65.

This growth will make New England one of the nation's most significant senior housing markets after the Sun Belt states, and has important implications — and potential surprises — for builders and remodelers of all sizes and business profiles. "This growing market will present a lot of opportunities for contractors in the years to come," says the NAHB's George Genung. "But it is a market that is very unforgiving of those who misunderstand it."

Moving versus "aging in place." The first thing to understand about the senior market, say experts, is that most people stay close to home when they retire. Over 75% of all seniors



Simply knowing about accessible products such as this counter-level dishwasher will not be enough, say experts, to work successfully with the growing senior housing market; you must know the market's particular needs and expectations as well.

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retire within 50 miles of their primary residences, and most of those stay in the homes they lived in when they retired.

As a result, most of the nation's growing senior housing market is scattered all over the map. New England happens to contain a particularly high number of people over 65 already (14%, compared to a national average of 12.8%) and is projected to have faster growth than the national average in almost every sector of the over-50 segment of the population over the next 20 years.

Two types of opportunities. Clearly, New England contractors will be working increasingly with older customers. NAHB's Genung notes that such customers create two distinct housing markets. One is seen in the growing trend for large, multi-unit developments

known in the trade as "congregate facilities" or "continuing-care retirement communities." These planned communities offer specially designed private residences, social, recreational, and logistical services, and in some cases,

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health-care facilities so residents needn't move if their health declines. Such developments attract an increasing portion of the 25% of retirees who move. Building such facilities, of course, is left mainly to larger contractors and developers.

The other market — one smaller builder-remodelers are far more likely to work with — is the 75% of seniors who stay in their homes or move short distances away, but who have special construction or remodeling needs to make their homes more comfortable or safer.

A market with unique demands. Successfully plugging into either of these markets requires understanding not only these construction requirements, but the distinctive needs, prejudices, and desires of this sector of the population.

Several conference participants, for instance, noted that

the senior population can be broken down into two fairly distinctive age groups. Many of those who came of age before World War II and are now 65 or older retain a frugality borne of living through the Great Depression, and tend to be wary of extravagances and luxuries. Seniors born after about 1930, however, generally have a more relaxed attitude towards money, and are more likely to indulge in custom features such as hot tubs or speciality items or finishes.

All seniors, however, tend to be committed to a firm budget, because they must usually make finite retirement assets last an indefinite amount of time. They also tend to have high expectations regarding quality and service. While they usually want less space than younger homeowners do, they often insist on generous space in main living and dining areas (which should be large enough for extended family

gatherings), kitchens and baths, storage areas, and (because they expect visitors) second bedrooms. In addition, they may have certain specific age- or health-related needs such as including increased general and task lighting, wide doorways, halls, and bathroom spaces to accommodate wheelchairs, grab bars (or reinforcement for same) in bathrooms, easy-to-grasp door, plumbing, and cabinet hardware, and special kitchen cabinetry or counters.

To obtain more technical, business, and market research information on senior housing, order the NAHB's "Senior Housing Industry Leaders," a compilation of papers presented at recent NAHB shows and conferences, available from the NAHB Bookstore (call 800-368-5242) for \$20. You can also find a wealth of senior housing information on the World Wide Web; Senior Resource makes a good starting place. ■

Vt. Grants Tax Credits — to Barns

In an effort to encourage renovation and preservation of its hundreds of barns, Vermont has customized a federal tax credit program for historic buildings to apply to anyone who meets certain guidelines while buying and renovating an old barn. As long as the barn renovation costs more than the property did (not including the cost of the barn itself) and the renovation meets the guidelines of the Registry of Historic Places, the buyer-renovator receives a federal income tax credit of 20% of the renovation cost.

One of the first barns to qualify under this program was bought and renovated by a pair



John Siebert and Jim Converse of Biscayne Builders, Richmond, Vt., were the first to take advantage of Vermont's program to give tax credits for barn restoration. The barn now houses their offices as well as those of two subs.

of contractors, John Siebert and Jim Converse of Birdseye Building, for use as their office. Siebert and Converse bought the historic Bates Barn in Richmond, Vt., in the late 1980s, and renovated it over an eight-month period. The barn, like many, was in bad disrepair. The partners bought it for a good price, fixed it up, and subsequently won designation of the barn on the National Register of Historic Places, which in turn made it eligible for the tax cred-

it. They now share the space with Northridge Woodworking (a sometime sub).

For more information on the Historic Rehabilitation Investment Tax Credit, contact Curtis Johnson at 802/828-3047 or by e-mail at cjohnson@gate.dca.state.vt.us; a Web page also offers information on the tax credit. For a 40-page booklet on renovating barns, contact the Preservation Trust of Vermont (104 Church St., Burlington, VT 05401; 802/658-6647). ■

Mass. "Builder of The Year" Weathered Some Bad Ones

Says Quality and Restraint Keys to Success

When Richard A. McCullough got into spec building, he dove right in. "Bought 30 acres in Springfield, Mass.," he recalls, "and we put 100 homes in there. These were in the eleven to fifteen thousand range — that was the house, the land, everything. First house I sold was eleven-five, and I made a thousand on it. I thought I was doing pretty good."

This was in 1953, "the beginning of the whole tract development era," McCullough recalls, and McCullough quickly sold all hundred units. Since then he has built many hundreds more, ranging from \$10,000 ranches to million-dollar luxury homes. He has endured and even prospered through some of the toughest housing slides this country has seen, including the precipitous crash of 1990. This continued success, and his life-long reputation for building



Richard A. McCullough

quality and treating both subs and customers well, recently brought him selection by the Massachusetts Home Builders Association as its "Builder of the Year" for 1996.

McCullough is still around, he says, "because I never got too far ahead of myself. I learned early that every balloon bursts." This prudence cost him sales in busy times, he says, but helped him survive down markets.

A one-time pilot who entered construction in the early 1950s when he bought, renovated, and sold a series of old houses in Springfield, McCullough says his strategy from the earliest

days was to out-quality the next guy. In those first tract houses, this meant such things as stuccoing and painting the concrete basement walls. "I still finish all my cellars," says McCullough. "It makes the place feel nicer when the customer walks through it. My cellars sell."

As the years went by, this concern with quality led McCullough to build increasingly expensive homes. By the boom years of the 1980s, he was building homes in the half-million dollar range — and selling them before the wallboard was up. In those times particularly, says McCullough, the pressure to grow was intense.

"I could have sold a lot more houses if I'd hired more people and expanded," he says. "But I didn't because I figured I'd lose my quality control."

McCullough works with only a few finish carpenters of his own employ and a small stable of subs he has great faith in. He pays more and demands higher quality. As a result, he says, even though he was building mostly spec homes in the 1980s, he had little inventory on hand when the bottom fell out in 1990. Even as it was, he got stuck with two houses. He sold one in nine months; the other took three years.

Today, McCullough has about a half-dozen homes going at a time, all custom. And while he hasn't sworn off building spec houses ("they're just so much easier to build than custom homes," he says), he's willing to do it only when times are right.

"There are just a handful of golden rules in this business," he says. "Treat your employees and subs well so you keep a good nucleus of people. Build as close to perfection as you can. Know when to build spec and when not to."

"And never get too far out in front of yourself." ■



A recent home by McCullough.