Don't Tear Up Any Cornfields for Me

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INTRODUCTION

In the Green Valley Active Adult Community (AAC) Planned Unit Development (PUD) proposal, the Frederick County Board of County Commissioners (BOCC) is being asked to approve the conversion of hundreds of acres of agricultural land to an age-restricted, golf-course-centered, retirement community, in anticipation of approximately 1,100 Baby Boomer households—ones much like my own.

Much of the knowledge and expectations for retirement come from our society's experience with the pre-boomer generations. The nation's leading developers of age-restricted retirement communities and others have conducted significant research into the Baby Boomer housing market. As a direct result of that research, these leaders have discovered that Baby Boomers are not their parents. So, these retirement development leaders are moving away from the golf-course-centered, age-restricted, retirement community prototype. It seems sensible that we try to learn from the leaders in retirement community development, as we attempt to deal with this AAC PUD application and others like it.

I hope to persuade the Frederick County BOCC that the Baby Boomer retirees are significantly different than previous retirement generations, so that no public decisions will be based on anticipation of a market that does not exist, or that does not exist to the degree the local development community would have us believe

BACKGROUND

1. The history of the senior exemption spans 45 years. The Fair Housing Act (FHA) of 1968 made it possible for senior living facilities to deny housing to those under age 62, without being sued for discrimination based on familial status. The 1988 Fair Housing Act amendments (FHAA) exempted senior-housing properties in which at least 80 percent of the qualified units were occupied by at least one person who was 55-years old or older. President Bill Clinton removed the requirement that senior housing have "significant facilities" for seniors in order to get the exemption, when he signed the Housing for Older Persons Act (HOPA) in 1995.[1]

Significant facilities included things typically needed by seniors, such as health care, dining facilities, etc. The removal, therefore, of this requirement was quite controversial, because many felt that senior housing could then discriminate against children, even though there was no obvious need to do so. As the Republican Policy Committee said, "Discrimination against children in housing that is designed to serve the legitimate needs of elderly residents is thus allowed under the 1988 Act. Discrimination is not allowed, however, against children just because elderly people do not want to be around them, nor should it be…This bill will change that 1988 law to give old people the right to discriminate against children solely because they do not like living in the same community with them."[2]

Despite the removal of the requirement for significant facilities, the goal of the HOPA is to increase opportunities for senior housing, not to deny housing to families with children. HUD allows the senior facilities to disallow children, but makes it clear that such facilities do not have to exclude children in order to qualify for the senior exemption.[3] As Linowes and Blocher's Roger Winston, explains, "Although there is a recognized need for communities for older persons,

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[1] US Department of Housing and Urban Development, "Significant Recent Changes," *Fair Housing and Equal Opportunity, Programs Administered by FHEO,* 2002. See www.hud.gov:80/offices/fheo/progdesc/title8.cfm. Legal authority: Fair Housing Act, 42 U.S.C. 3602, et seq; 24 CFR Parts 100, 103, and 104.

[2] Don Nickles, Chairman, Republican Policy Committee. "Housing for Older Persons Act, H.R. 660, Synopsis," *Senate Record*, 1994.

[3] US Department of Housing and Urban Development, "Significant Recent Changes," *Ibid.*

there remains a highly protected goal of preventing housing discrimination."[4]

Maryland's criteria for the senior exemption are substantially equivalent to the Federal criteria.[5]

2. The development of age-restricted golf-course-centered retirement communities spans nearly five decades. There are many senior housing facilities across the nation, both publicly assisted and private. One of the most popular types has been the master-planned retirement community. The first age-restricted, master-planned retirement community was Youngtown, Arizona, which opened nearly 50 years ago and has since grown to around 3,000 residents.[6] Later, Del Webb began building its prototypical Sun Cities, which have become synonymous with retirement for the pre-boomer generation: thousands of acres of sprawling retirement dwellings in age-segregated communities, centered on golf courses somewhere in the Sun Belt. In July of 2001, Del Webb merged with Pulte Homes to become the nation's largest home builder.[7]

TRENDS

Knowledge of trends in both retirement living and golf course building are critical to making sound public investment decisions in Frederick County. How the Frederick County BOCC responds to these trends will affect the quality of life in Frederick County for years to come.

1. The Baby Boomer market trend is away from age-restricted communities and toward intergenerational—or "inclusive"—communities.

National real estate surveys indicate that **only 2.4 percent** of Baby Boomers said they would actually choose to live in age-restricted communities, with **more than half** of the respondents specifically preferring multigenerational communities.[8,9]

Del Webb, the nation's leader in retirement community development, has already begun building inclusive communities, in order to cater to the preferences of the Boomers. In 2001, Del Webb reported to the *Chicago Tribune* that it is building an Anthem community in Henderson, Nevada, near Las Vegas, where two of its three sections are not age-restricted.[10] In another article that same year, the *Chicago Tribune* quoted Terry Bennet, a Del Webb salesman, as he described an Anthem village near Phoenix as being "an all ages dreamland…anchored by a massive children's park with wading fountains…a baseball diamond and a hockey rink for young in-line skaters (and) a miniature 'Daisy Mountain Railroad…This is the next generation of active communities."[11] In *Housing Zone*, Del Webb's Anne Mariucci, senior vice president in charge of family and country club communities, said, "We see a future trend of all demographic groups, in particular aging baby boomers, seeking out a diverse and inclusive living environment. These groups are not as accepting of a formal age-restricted environment, and we're keenly aware of that in our future planning."[12]

2. The Baby Boomers market trend is away from golf-course retirement and toward communities with green spaces and walking trails.

In his 1999 *Housing Economics* article, Ashok Chaluvadi reported, "…there is a net move away from golf among people over 50 years, based on a pattern

[4] Roger D. Winston, Partner in Charge of Common Interest Development Group, Linowes and Blocker LLP (Silver Springs, MD), "TOP TEN LEGAL DOs AND DONTs FOR AGE-RESTRICTED COMMUNTIES," *In the News,* 2002. See paragraph on "HOPA."

[5] Maryland Code, Article 49B, Section 20. Definitions (l). See also Maryland Legal Assistance Network (MLAN), "Maryland Fair Housing Law: Maryland Code, Article 49B, Sections 19-36," 2002, for a review of the Maryland Fair Housing Law.

[6] Charles Kelly, "Youngtown is living up to its name," *Arizona Republic,* July 10, 2001.

[7] Del Webb, "About Del Webb," *www.delwebb.com.*

[8] Staff Article, "Boomers Edging Back to Urban Areas," *Realty Times*, May 17, 1999.

[9] National Association of Home Builders (NAHB) Research Center. Web site: www.nahbrc.org., Senior Research. 2002.

[10] Allison E. Beatty, "The New Housing Lure," *Chicago Tribune*, July 25, 2001.

[11] Brandon Loomis, "Fleeing the AZ Sprawl," *Chicago Tribune*, March 5, 2001.

[12] Rob Fanjoy, Assoc. Ed., "The Ballad of Boomer Retirement," *Housing Zone*, April 2000. See www.housingzone.com.

observed over the last ten years… Nongolfers who buy homes in golf communities by far outweigh the golfers, because many still enjoy the greenbelts, otherwise known as fairways."[13] Research from the National Association of Home Builders concurs that Boomers do not consider golf courses among the amenities they must have.[14]

The reason is that Boomers do not plan on retiring in the same sense as the pre-Boomers. Between 60% and 80% (depending on the survey) of Boomers indicate they will continue to work at least 20 hours per week after retirement, with many saying they will begin new careers or will go back to school.[15, 16] So, with many Boomers anticipating a working retirement, the time for playing golf will not likely increase for that group.

Building more golf courses is unnecessary—we have too many already. In 2001, reporter Blaine Harden of the *New York Times (NYT)* reported a glut of golf courses in the United States. Harden discovered that in the last decade too many courses had been built that are too expensive, take too much time to play, and are often too hard for a nation of weekend hackers**.**[17] He described the competition for golfers as "cutthroat" and reported that many courses have been for sale for years without takers. Nationally, business is off by 30% or more in many areas, because "too many golf courses" means fees are too low to pay for course maintenance. Because so many courses are competing for the same golfers, the price wars ensure that the rates will not go up soon.[18]

Darrin B. Davis, senior project director at the National Golf Foundation, puts the blame squarely on the shoulders of the residential development community, who dressed up high-end housing with even higher-end golf courses that often cost more than $7-million: "What you had was an almost crazed influence of real estate development without paying close attention to the marketplace. Golf was seen more and more as the amenity that sells the project." [19] Mr. Creed of marketing giant Price Waterhouse Coopers explained that many developers know they will lose money on fancy courses, but in the past they more than recovered their golf losses by charging premium prices on houses. Once all the houses sold, he said, "…developers often sold their course to management companies, at 50 to 70 cents on the dollar." [20]

On both public and private golf courses nationwide, golfers aren't playing as much as they used to play.[21] George Marderosian, president of Clubhouse Capital, a company that lends money and advises banks on golf courses, stated in a recent *Shoreline* article that "Aside from courses around major metropolitan areas like New York, Philadelphia and Boston where it's often hard to get a tee time, golf along the eastern seaboard has gone soft."[22]

On top of the market trends, Del Webb has started to build retirement communities without golf courses, and it has entered the metro-DC market with Falls Run in Fredericksburg, Virginia—an active adult community without a golf course. Ready to open in the near future, Falls Run is on the previous site of the Ellerslie Colonial estate (the historic home still stands nearby). The 225-acre community lists many amenities for the active adult retirees it seeks to attract, but golf is not one of them. Outdoors there will be tennis court, bocce ball courts and walking trails that wind through the meadows and woodlands of the community. A 16,000 square foot Recreation Center will be the focus of the Falls Run community, and there

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[13] Ashok Chaluvadi, "Golf Communities," *Housing Economics,* July 1999.

[14] National Association of Home Builders (NAHB) Research Center, *Senior Research 2002,* www.nahbrc.org.

[15]Del Webb*, www.delwebb.com, 2000. Also reported in The Housing Zone, "The Ballad of Boomer Retirement," by Rob Fanjoy, April 28, 2000.*

[16] NAHB, *Ibid.*

[17] Blaine Harden, *Ibid.*

[18] David Droschak, "Buyers Market, Cut-throat competition is hitting the fairways as a greater supply of courses chase fewer golfers," *2002 Golf Directory: The State of Golf Today*, 2002.

[19] Blaine Harden, *Ibid.*

[20] Blaine Harden, *Ibid.*

[21] Gerry Dulac, "Golf 2002: Rounds are down as golf industry feels economic pinch," *Pittsburgh Post-Gazette,* December 8, 2002.

[22] Mary Miller, "Baby Boomer Retirees. What Do They Want? Where Will They Go?" *Shoreline,* September 2001. (Citizens for a Better Eastern Shore)

will even be a business center with high-speed internet access.[23]

3. The Baby Boomer market is moving toward aging in place or moving back to established urban areas—near community services—on Main Street USA.

Some Baby Boomers will stay in the suburbs, because they grew up there or live there now. A majority of Boomers surveyed, though, indicated a preference for housing in older urban communities—within walking distance of traditional services such as libraries, schools (including colleges and other adult continuing education opportunities), and hospitals. So far, the new research shows that a majority of Boomers want to retiree in communities like the ones in which they raised their families, because they seek "…a less hectic pace, an affordable lifestyle, in other words, they say, 'Main Street America.'" [24]

THREATS

1. Agricultural lands, environmental resources, and the viability of our existing local golf courses are threatened by developers who build golf course retirement communities without market justification.

Based on recent trends, golf consultants warn that golf is in a correction mode and that those thinking about developing a golf course get an objective feasibility update. They specifically warn that the market research for Boomers is significantly different than for pre-boomers, so pre-boomer retiree demographics cannot be applied to the boomer market.[25] Without an understanding of the new Boomer market or the golfing industry in relation to the Boomer market, it is easy to speculate that gross mistakes will be made if uninformed planners, developers, and the Frederick County BOCC assume that the original Sun City formula is still the way to go. Because we have many golf courses in the county already, because golf courses consume so much land, and because golf courses have potentially significant impacts to water use and water quality, the county must insist that there is ample third-party market justification, before any more cornfields or pastures are torn up for them.

2. Exempting age-restricted communities from the Adequate Public Facilities Ordinance (APFO) test for schools threatens to cost taxpayers millions of dollars in unplanned school services down the road.

It seems only common sense not to exempt age-restricted developments from the standards set forth in the APFO, because age restrictions are not necessarily permanent. As discussed previously, no federal or state laws will prohibit minor children from occupying an otherwise qualifying unit in a senior housing development, because the goal of the HOPA is to increase opportunities for seniors without denying housing for families with children.[26] Also, if the enforcement of age restrictions against minors depends upon the will of the Boomers—a group that has a stated preference for inclusive communities, then I believe age-restrictions will likely fail.

Let me tell you what happened to Youngtown, Arizona, the nation's first age-restricted community that I mentioned earlier. In the 1980s, Youngtown approved seniors-only housing districts and mandated that all residents had to be 55 years or older. In 1999, the Arizona Attorney General said that the town was violating state law by trying to order a 17-year-old boy out of the home of his grandparents. Soon after, the citizens of Youngtown voted to rescind all the community's age

[23] Del Webb, *www.delwebb.com/activeadult/Virginia/fallsrun/amenities.html,* 2002.

[24] Mary Miller, *Ibid.* See also the position paper entitled "Aging in Place" by the Partners for Livable Communities, August 2001.

[25] Hermes Golf Management, "Update your feasibility, Importance of a feasibility update," www.golfmak.com, 2002.

[26] Department Of Housing And Urban Development, *Implementation of The HOPA of 1995,* Final Rule, Supplementary Information, pp. 16326-7. The HOPA "allows but does not require under-aged heirs, or minors under the age of 18 years of age, to reside in or visit housing for persons who are 55 years of age or older. HUD philosophically supports a compassionate community which has provisions allowing some flexibility where the exemption would not be destroyed by that flexibility."

restrictions. Voila! Youngtown was open to all ages, and in the blink of an eye it needed schools. By year 2000, the census reported a third of the population of Youngtown was less than 54 years old, with nearly 300 residents being less than 18 years old. By the fall of 2001, the town's first school opened its doors.[27]

Just to get an idea of how many children could occupy a typical 1,000-unit AAC, I offer the following hypothetical, but entirely possible, scenarios.

Scenario 1—No one under 55 years of age. In this scenario, the Home Owners Association (HOA) of a hypothetical AAC required that no one under 55-years of age could occupy a unit. Nevertheless, within three years of opening there were 60 minor children living in the AAC. It could happen, easily, because staff members are allowed to live on site with minor children, and minors are allowed to live in seniors-only units, if they are caretakers of their disabled parents or grandparents.[28,29] So, if three or four staff members reside on site with two or three minor children apiece and if about five percent of the seniors are disabled and have minors residing with them as caretakers, then the school-age population could easily be 50 or 60—even in a community that requires everyone to be 55 years of age or older.

Scenario 2—The 80/20 rule. In this scenario a hypothetical AAC began as a community in which all occupants had to be age 55 or older. Within a few years, the HOA voted to apply the 80/20 rule. In doing so, the HOA stipulated that at least 80 percent of the units would be for seniors only, with no one under age 55 allowed in those units. In not more than 20 percent of the units, the HOA voted to allow families with minor children without any age restrictions. The HOA met the federal and state requirements for the senior exemption. The potential school-age population in this hypothetical scenario, though, grew quickly to over 600 students, due to the number of minors the family units, the number of minors in staff units, and the number of minor caregivers living with disabled parents or grandparents in the seniors-only units.

Scenario 3—No restrictions against minors. In this hypothetical scenario, a Boomer-led HOA voted to rescind all restrictions against minor children, leaving only the requirement that 100 percent of the units have at least one occupant 55 years of age or older. This reorganization met the requirements of the senior exemption.[30] When asked why they rescinded the age restrictions against minors, the hypothetical Boomer-led HOA would likely cite two primary reasons: (1) it detested policing the ages of the residents and (2) it chose to meet both the letter AND THE SPIRIT of the Fair Housing law (increasing housing for seniors without denying housing to families with young children). Bottom line, in this scenario—less than ten years after the developer was exempted from meeting the requirements of the APFO for schools—the taxpayers had to shoulder the entire cost of educating anywhere from 1,000 to 2,000 school-aged children who lived in the active adult community.

3. Traditional builders and developers, lacking an understanding of the Baby Boomer market research, may build too far away from traditional community services, resulting in the taxpayers footing the bill for unplanned health care and emergency services facilities.

In *Builder Online,* Andy Detterline, director of sales and marketing for the McKee Group, who builds active-adult housing in Pennsylvania, Maryland, and Delaware, states, "More seniors will retire in their hometowns as more backyard resort-style communities are built...Unfortunately, this may cause traditional home builders and developers to make a lot of mistakes as they jump into what they perceive to be a lucrative market and try to catch up on the learning

[27] Charles Kelly, "Youngtown is living up to its name," *Arizona Republic,* July 10, 2001.

[28] Sec. 100.305 (e) (3), 24 CFR Subtitle B, Ch. 1 (4-1-02 Edition).

[29] Department of Housing and Urban Development, *Implementation of the HOPA*, p. 16328. "This provision ensures that a community or facility seeking to authorize the reasonable accommodation for a resident who, because of a disability requires an attendant, including family members under the age of 18, residing in a unit in order for that person to benefit from the housing will not have its exemption adversely affected by permitting the accommodation. The authority for this provision arises under the Act's requirement that reasonable accommodations be provided to persons with disabilities." Emphasis added.

[30] 100.306 (d), 24 CFR Subtitle B, Ch. 1 (4-1-02 Edition).

curve. For example, builders get into trouble when they build too far away from community services." [31] Such, traditional services include grocery shopping, libraries, churches, schools, health care, and emergency services, etc.

It is significant that Del Webb has always located its retirement communities near health care facilities,[32] and that Del Webb even built a hospital in the original Sun City. Why? Because, even though the term "active-adult community" has a nice ring, the reality is that 79 percent of young retirees between the ages of 51 and 59 reported they were forced to retire because of their health, and 11 percent reported they retired due to a family member's health.[33] Older retirees, those over 65, accounted for 36 percent of all hospital stays and 49 percent of all days of care in hospitals in 1997.[34] Health care facilities, including ambulance and emergency medical care, are surpassingly important to seniors.

So, regardless of cost, if health care facilities do not exist nearby and if the developers are not required to build them or contribute to them, then the entire cost of such facilities will fall upon the taxpayers.

OPPORTUNITIES

The Frederick County BOCC has the opportunity to study the Baby Boomers, to reinvest in our existing communities, to improve and apply the APFO, and to reevaluate the way we plan for development impacts that span more than one planning region.

[31] Christina B. Farnsworth, "Sales and Marketing to Lifestyle," *Builder Online*, December 20, 2001. *Builder Online* is a web publication of *Builder Magazine.* Other related articles in Builder Online include: Curry, Pat. "Big Builders, Northern Exposures," April 4, 2002; Evans, R. E. Blake. "Heading Back East, Forget the desert; the retirement boom is in the Mid-Atlantic" April 4, 2002.

[32] Del Webb, *Sun City Communities by Del Webb, Where Dreams Live On*, 2002, p. 11.

[33] National Academy on an Aging Society, "What are the Attitudes of Young Retirees and Older Workers?" *Data Profiles: Young Retirees and Older Workers,* February 2001, p.6.

[34] American Association of Retired Persons (AARP) and the Administration on Aging (AoA) of the U.S. Department of Health and Human Services, *A Profile of Older Americans,* 1999, p. 14.

1. Take the opportunity to understand the Baby Boomer population.

Current market research about the Baby Boomer generation paints a picture of this next wave of retirees that is very different from previous generations of retirees. Research, much of it funded by the development and golfing industries themselves, indicates that Boomers may have significantly different expectations for retirement than their parents did. Most will not cease working, will want to stay in the same area where they now live, will want to live in age-inclusive communities near traditional community services, and will likely play much less golf.

2. Take the opportunity to direct reinvestment to our existing communities, where most Boomers want to go.

The Frederick County BOCC has the opportunity to put our precious tax dollars into our existing communities, where the majority of Baby Boomers have indicated they wish to retire—where public infrastructure already exists. I urge you to take the opportunity to find ways to provide the Boomer market with housing choices that actually help our communities, while preserving the outlying areas of Frederick County. Order the NAHB senior research, and study it.

3. Take the opportunity to improve the APFO and to apply it—in its entirety—to the Green Valley AAC PUD and every other such development proposal in the future.

In most areas of impact analysis, the Frederick County APFO may be sufficient. Two areas, however, may have fatal flaws, when analyzed in conjunction with the Boomer market data.

One such area is health care. As discussed earlier, poor health is one of the foremost reasons for early retirement. It is prudent to assume that seniors will continue to be significant users of health care facilities. Consider strengthening the tests for health care and emergency services to the APFO by including medically recommended response times.

Another area is schools. As discussed earlier, it is always possible to have several dozen minor children in senior retirement communities, due to resident staff families and minor caretakers of disabled seniors. Depending on the desire of the residents of the community, there could be many more minor children on site. I believe that Boomers lack the desire to become age police, because they have indicated a strong preference for multi-generational communities in every market study I have found. So, if the developer is courting the Boomer retirement market, don't ask whether there will be children living in the community, ask "How many?" and "How soon?"

4. Take the opportunity to consolidate the New Market and Urbana Planning Regions.

A bi-product of the discussion of the Green Valley AAC PUD has been the focus it placed on the division between New Market and Urbana Planning Regions. Though this PUD is officially within the Urbana Planning Region, it is nestled up against the New Market Planning Region. Clearly, we should be considering the impacts of this PUD to both planning regions at the same time. Frederick County BOCC has the opportunity to acknowledge the historic and ongoing relationships between these two regions—commercially and culturally—by consolidating them. A consolidated region will allow the Frederick County BOCC to conduct the kind of impact assessments necessary to ensure the success of the entire southeastern quadrant of the county for the years ahead.

CONCLUSION

In general, many of the market assumptions made by the Green Valley AAC PUD development team are at odds with what I learned about the Baby Boomer market. I believe erroneous assumptions were made about whether there will be children at the AAC, about whether Boomers in fact desire such a community, about whether an additional golf course can be justified anywhere in the county, and about whether it is smart to even plan for such a large scale development in the southeastern quadrant of Frederick County until the Urbana and New Market Planning Regions are consolidated.

Instead of golf-course-centered, age-restricted retirement communities in the middle of cornfields, the market data clearly shows that Boomers prefer to age in place or to move to community centers near traditional services, and research shows that proximity to health care is of surpassing importance to this age group. The golf industry data indicates there are too many golf courses competing for too few golfers, that Boomers will likely play less golf than previous retirement generations, and that no other golf courses should be built without impartial market justification.

Time is of the essence, I believe, because we should be focusing on our existing, intergenerational communities, getting ready for the true Boomer housing trend "back to Main Street USA." I urge you to insist that the public and private sectors get up to speed on the recent research on both Boomers and golf, so that Frederick County does not sacrifice precious resources--fiscal, agricultural, environmental, etc.--on the alter of erroneous market data.

I am a typical boomer and I close with this clarion call: don't tear up any cornfields for me.

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