



# **Initial Demand Assessment for Senior Housing in Lamberton, Minnesota**

Subject site Location:

**Lamberton, Minnesota**

Prepared for:

**City of Lamberton**

Prepared by:

**Viewpoint Consulting Group, Inc.**

Date:

**November 29, 2022**



November 29, 2022

To: Valerie Halter  
**City of Lambertton**

From: Jay Thompson  
**Viewpoint Consulting Group, Inc.**

RE: Demand Assessment for Senior Housing in Lambertton, Minnesota

## **Introduction**

This memorandum provides an initial assessment of the demand for senior housing in Lambertton, Minnesota. The purpose of this initial assessment is to broadly assess the depth of demand in the draw area.

Potential demand in the primary draw area is calculated based on an evaluation of demographic and economic growth trends and characteristics as they relate to the potential demand for senior housing, including independent, assisted living, memory care. The portion of unmet demand in the primary draw area that can be captured by a new development in Lambertton is shown in the demand tables.

## Primary Market Area Definition

The subject site (“Site”) for the proposed senior housing development is in Lamberton, Minnesota. Lamberton is community of 777 people (2022 estimate) in Redwood County in southwestern Minnesota. Larger communities in the surrounding area are Redwood Falls to the north (28 miles), Sleepy Eye to the east (28 miles), Windom to the south (32 miles), and Marshall to the northwest (40 miles).

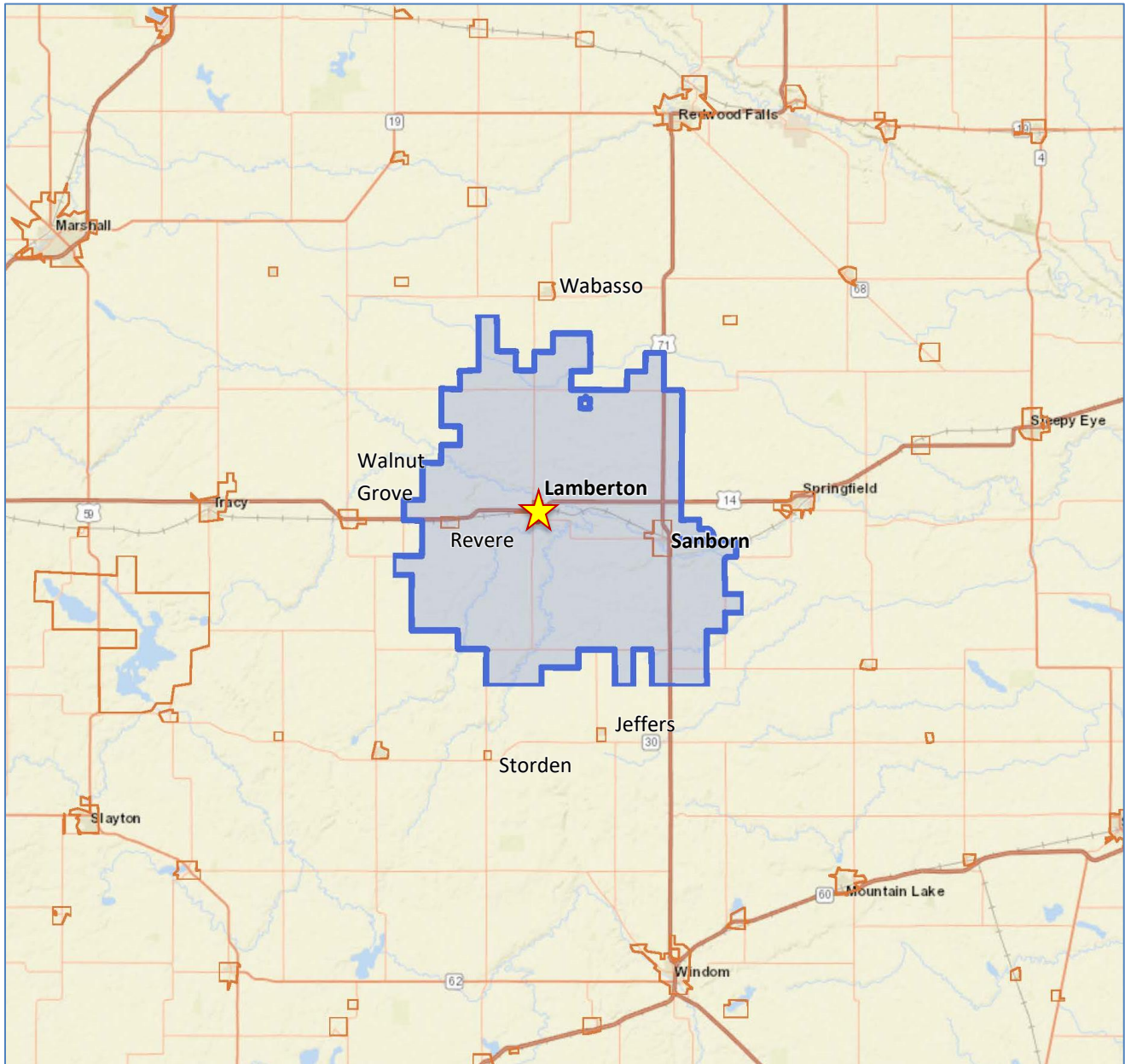
Based on Lamberton’ location, characteristics of its surrounding rural area, location of senior housing in surrounding communities, and our knowledge of senior housing draw areas, it is estimated that senior housing on the Site would draw approximately 80% of its residents from a draw area (Primary Market Area, or “PMA”) that includes the zip codes for the communities below. After Lamberton, the largest of these two communities is Sanborn (323). Revere has a population of 89. They are generally too small to support senior housing themselves and since they are a five miles (Revere) and eight miles (Sanborn) away, many of their residents would likely consider senior housing in Lamberton as a first housing choice.

56083	Sanborn
56152	Lamberton
56166	Revere

The remaining portion of the demand (20%) would come from outside the PMA, particularly seniors living in communities just outside the PMA as well as some parents of adult children living in the PMA. Many potential residents from outside the PMA would likely be drawn from Storden and Jeffers, which share the same School District with Sanborn and Lamberton.

A map of the PMA is shown on the following page.

### Primary Market Area



## **Demographic Analysis**

Tables 1 through 5 on Pages 6 through 8 show key economic and demographic variables related to the demand for senior housing in the PMA (age distribution of the senior population and household base, senior household income, senior homeownership rates, and estimated home values). The demographic and home value data is from ESRI, a national demographics firm.

The key demographic and economic findings are summarized on the following pages.

### **Senior Population and Household Trends**

- ▶ The total population in the PMA was estimated at 2,276 in 2022. The population decreased by 7.4% from 2010 to 2022. The overall population is projected to decline slightly over the next five years – to 2,244 in 2027.
- ▶ While the overall population in the PMA decreased by 7.4% from 2010 to 2022, the senior population (age 65+) increased by an estimated 3.5%, growing from 597 seniors in 2010 to 618 in 2022. The age 75+ population is the primary target market for senior housing with services. The age 75+ population declined by an estimated 13.8% (-45 seniors). The growth of younger seniors stemmed from the leading edge of the baby boom generation entering their mid-60s during the 2010s.
- ▶ The age 75+ population is projected grow by 22.1% (+62 seniors) in the PMA over the next five years, reaching 281 in 2027. This growth is largely due to the first baby boomers turning age 75 in 2021.
- ▶ Lamberton has an estimated population of 777 in 2022, of which an estimated 106 are ages 75 and over. This equates to Lamberton accounting for 34% of the PMA’s overall population and 38% of its age 75+ population.

### **Senior Household Incomes**

- ▶ Incomes in the PMA are below average compared to Greater Minnesota. The estimated median income of age 75+ households in the PMA in 2022 is \$34,601 and Greater Minnesota’s median was estimated at \$37,870 for this age group. This indicates that a below average percentage of seniors in the PMA could afford market rate housing.

- ▶ The target market for senior housing with support services is generally senior households age 75 and older with incomes of at least \$40,000 (plus some lower-income senior homeowners). In 2022, an estimated 72 households age 75 and older had incomes of at least \$40,000. By 2027, about 84 households age 75 and older are projected to have incomes of at least \$45,000 (increased from \$40,000 to adjust for inflation). It should be noted that senior housing with personal care services will primarily serve seniors age 80+. Also, since assisted living is need driven, seniors with lower incomes are still candidates for private pay housing if they have home equity or other savings that they can utilize to pay for the costs.

### **Senior Household Tenure**

- ▶ Seniors who own their homes have an additional source of income through the sale of their home that can be utilized for assisted living. As Table 4 illustrates, as of 2010, a high percentage of seniors in the PMA are homeowners. There is a drop in the homeownership rate among the age 85+ population as rental housing becomes much more predominant as seniors' care needs rise and/or they no longer desire to maintain a single-family home.

### **Home Value Trends**

- ▶ Seniors can use the proceeds from the sale of their home to offset the cost of senior housing. The median home value in the PMA was estimated at \$132,524 in 2022. That is lower than Greater Minnesota's median of \$237,409. This indicates that a lower-than-average percentage of seniors would likely be able to afford market rate housing.
- ▶ A senior selling their home for \$132,000 could receive an investment return of approximately \$300 monthly from the sale (sale price minus 7% sales agent fees, and a 3% annual return on their investment). If a senior uses the full home sale proceeds towards the cost of alternative housing, the home sale proceeds would cover the costs at an assisted living facility (about \$3,500 per month) for about three years. At a memory care facility (about \$6,000 per month), the same amount of home sale proceeds would last close to one and a half years.

**Table 1**  
**Senior Population Growth Trends and Projections**  
**Primary Market Area**  
**2000 to 2027**

Age	2000	2010	2022	2027	Change, 2022 to 2027	
					No.	Pct.
55 to 59	176	173	181	169	-12	-6.6%
60 to 64	151	189	173	181	8	4.6%
65 to 69	129	156	166	170	4	2.4%
70 to 74	151	115	171	156	-15	-8.8%
75 to 79	131	93	122	151	29	23.8%
80 to 84	121	101	71	103	32	45.1%
85+	111	132	88	89	1	1.1%
<b>Total 65+</b>	<b>643</b>	<b>597</b>	<b>618</b>	<b>669</b>	<b>51</b>	<b>8.3%</b>
<b>Total 75+</b>	<b>363</b>	<b>326</b>	<b>281</b>	<b>343</b>	<b>62</b>	<b>22.1%</b>
<b>Total Population</b>	<b>2,935</b>	<b>2,457</b>	<b>2,276</b>	<b>2,244</b>	<b>-32</b>	<b>-1.4%</b>
<i>Lamberton</i>	<i>859</i>	<i>809</i>	<i>777</i>	<i>764</i>	<i>-13</i>	<i>-1.7%</i>
<i>Redwood County</i>	<i>16,815</i>	<i>16,059</i>	<i>15,245</i>	<i>15,077</i>	<i>-168</i>	<i>-1.1%</i>
<i>Greater Minnesota</i>	<i>2,277,423</i>	<i>2,454,358</i>	<i>2,553,223</i>	<i>2,569,790</i>	<i>16,567</i>	<i>0.6%</i>
<i>Minnesota</i>	<i>4,919,479</i>	<i>5,303,925</i>	<i>2,780,843</i>	<i>2,856,228</i>	<i>75,385</i>	<i>2.7%</i>

Sources: ESRI; Census Bureau; Viewpoint Consulting Group, Inc.

**Table 2**  
**Senior Household Growth Trends and Projections**  
**Primary Market Area**  
**2000 to 2027**

Age	2000	2010	2022	2027	Change, 2022 to 2027	
					No.	Pct.
55 to 64	187	203	188	180	-8	-4.3%
65 to 74	164	173	201	194	-7	-3.5%
75+	240	206	168	201	33	19.6%
<b>Total 65+</b>	<b>404</b>	<b>379</b>	<b>369</b>	<b>395</b>	<b>26</b>	<b>7.0%</b>
<b>Total Households</b>	<b>1,178</b>	<b>1,069</b>	<b>976</b>	<b>961</b>	<b>-15</b>	<b>-1.5%</b>
<i>Lamberton</i>	<i>392</i>	<i>369</i>	<i>341</i>	<i>334</i>	<i>-7</i>	<i>-2.1%</i>
<i>Redwood County</i>	<i>6,674</i>	<i>6,580</i>	<i>6,254</i>	<i>6,201</i>	<i>-53</i>	<i>-0.8%</i>
<i>Greater Minnesota</i>	<i>873,673</i>	<i>969,478</i>	<i>1,019,195</i>	<i>1,027,154</i>	<i>7,959</i>	<i>0.8%</i>
<i>Minnesota</i>	<i>1,895,127</i>	<i>2,087,227</i>	<i>2,284,103</i>	<i>2,314,482</i>	<i>30,379</i>	<i>1.3%</i>

Sources: ESRI; Census Bureau; Viewpoint Consulting Group, Inc.

**Table 3**  
**Household Incomes by Age of Householder**  
**Primary Market Area**  
**2022 and 2027**

<b>2022 Households by Age</b>			
Income	55 - 64	65-74	75+
<\$15,000	13	15	15
\$15,000 to \$24,999	11	15	35
\$25,000 to \$34,999	10	23	35
\$35,000 to \$49,999	18	32	32
\$50,000 to \$74,999	57	48	17
\$75,000 to \$99,999	29	29	11
\$100,000 to \$149,999	35	25	15
\$150,000+	15	14	8
<b>Total</b>	<b>188</b>	<b>201</b>	<b>168</b>
Median HH Income	\$65,873	\$55,752	\$34,601
<i>Redwood County Median HH Income</i>	<i>\$67,942</i>	<i>\$55,058</i>	<i>\$34,285</i>
<i>Greater Minnesota Median HH Income</i>	<i>\$79,031</i>	<i>\$61,931</i>	<i>\$37,870</i>
<b>2027 Households by Age</b>			
Income	55 - 64	65-74	75+
<\$15,000	11	9	17
\$15,000 to \$24,999	8	12	34
\$25,000 to \$34,999	9	25	41
\$35,000 to \$49,999	21	35	37
\$50,000 to \$74,999	34	30	15
\$75,000 to \$99,999	23	24	13
\$100,000 to \$149,999	54	42	29
\$150,000+	20	17	15
<b>Total</b>	<b>180</b>	<b>194</b>	<b>201</b>
Median HH Income	\$81,215	\$61,109	\$37,532
<i>Redwood County Median HH Income</i>	<i>\$76,435</i>	<i>\$60,784</i>	<i>\$39,591</i>
<i>Greater Minnesota Median HH Income</i>	<i>\$90,308</i>	<i>\$73,526</i>	<i>\$45,713</i>
Sources: ESRI; Viewpoint Consulting Group, Inc.			



**Table 4**  
**Tenure by Age of Householder**  
**Primary Market Area**  
**2010**

Households	Owners		Renters	
	No.	Pct.	No.	Pct.
Age 55 to 64	185	91.1%	18	8.9%
Age 65 to 74	152	87.9%	21	12.1%
Age 75 to 84	111	88.1%	15	11.9%
Age 85+	58	72.5%	22	27.5%
<b>Total</b>	<b>506</b>	<b>86.9%</b>	<b>76</b>	<b>13.1%</b>
Total Age 65+	321	84.7%	58	15.3%
Total Age 75+	169	82.0%	37	18.0%
<i>Greater Minnesota</i>				
Age 65+		78.7%		21.3%
Age 75+		71.1%		28.9%
<i>Minnesota</i>				
Age 65+		77.4%		22.6%
Age 75+		70.0%		30.0%

Sources: ESRI; Viewpoint Consulting Group, Inc.

**Table 5**  
**Estimated Home Values**  
**Primary Market Area**  
**2022**

	Median Home Value	Average Home Value
PMA	\$132,524	\$196,574
<i>Lamberton</i>	<i>\$120,000</i>	<i>\$198,769</i>
<i>Redwood County</i>	<i>\$150,990</i>	<i>\$203,639</i>
<i>Greater Minnesota</i>	<i>\$237,409</i>	<i>\$271,195</i>
<i>Minnesota</i>	<i>\$291,906</i>	<i>\$330,526</i>

Sources: ESRI; Viewpoint Consulting Group, Inc.

## Competitive Assisted Living Supply

Table 6 shows the inventory of senior housing properties in the PMA that provide competition to a new development in Lamberton. As Table 6 shows, there are no competitive properties. Because of the lack of supply, Table 6 also lists properties in surrounding communities which generally constitute alternative options for seniors wanting or needing senior housing. These properties would not be directly competitive, however. For each property, Table 6 provides information on location, year built, distance to Lamberton, and number of units by service-level (independent, assisted living, and memory care). The following are key highlights about the competitive supply.

- ▶ There are no existing senior housing with services properties, which offer independent, assisted living, or memory care in Lamberton or the PMA. Lamberton contains a skilled nursing facility that is licensed for 50 beds (Valley View Manor). There are apartments attached to the nursing home, but they were converted from age-restricted (senior) to general-occupancy (open to all ages).
- ▶ Outside the PMA, the closest senior housing properties to Lamberton are in Walnut Grove, Wabasso, Springfield, Tracy, and Westbrook. These communities are 10 to 22 miles from Lamberton and again, represent alternative options for PMA seniors if no units locally are available. Likewise, the properties in these neighboring communities primarily serve their local residents. Beyond these communities, other senior housing options are available in Sleepy Eye, Redwood Falls, Windom, and Marshall – or larger communities about 30 to 40 miles from Lamberton.
- ▶ Serenity Suites opened in Wabasso in 2018 with 15 units, including nine units for assisted living and six units for memory care. Most properties with memory care housing are larger. For example, Vista Prairie at Garnette Gardens in Redwood Falls has 60 assisted living and 18 memory care units. Boulder Creek/Estates in Marshall has 77 independent units, 48 assisted living units, and 31 memory care units.

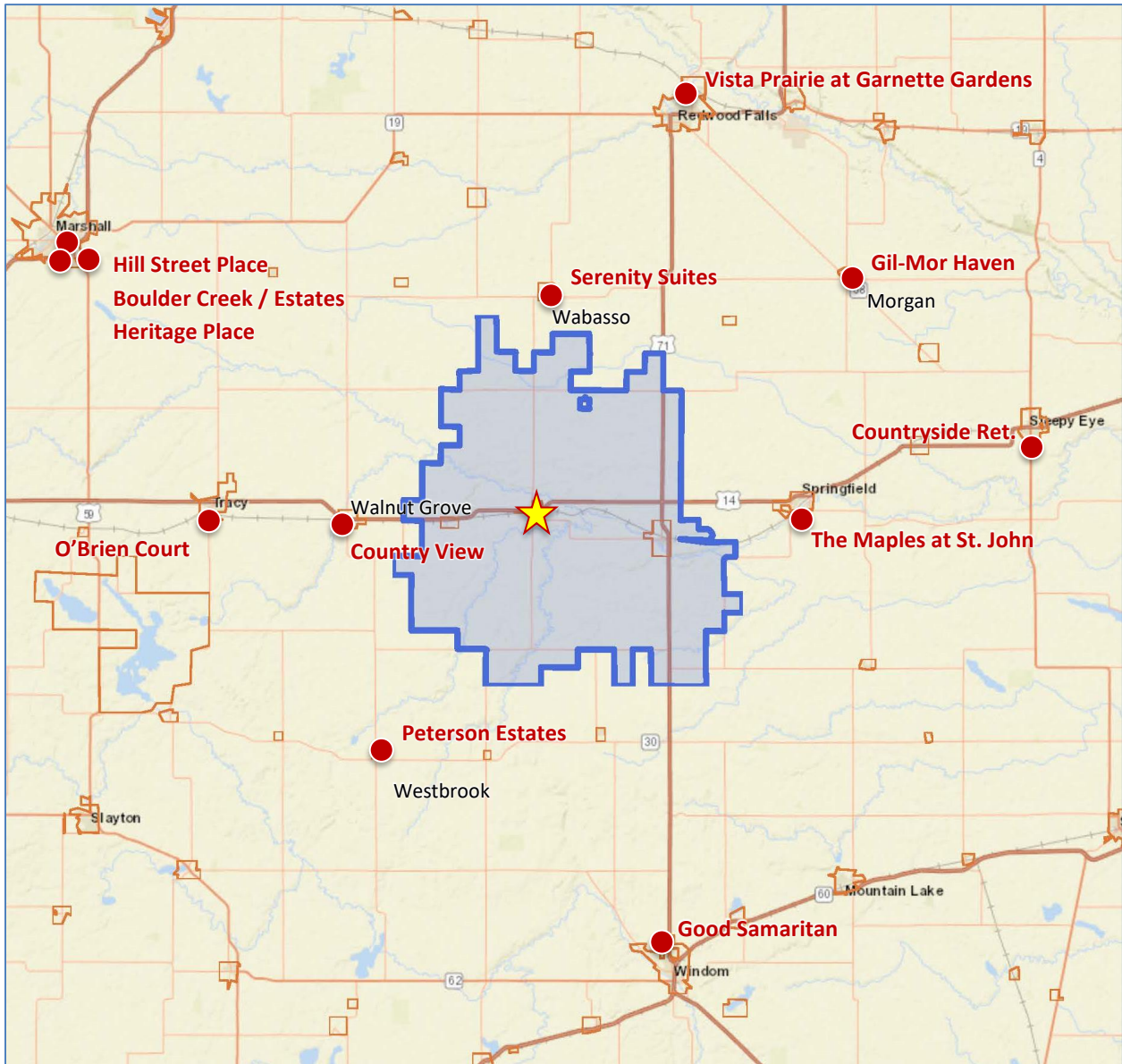
**Table 6**  
**Senior Housing Supply In and Near the PMA**  
**November 2022**

Property Name	City	Year Built	Miles from Lamberton	-- Number of Units		
				Independent	Assisted Living	Memory Care
-- None --				-	-	-
<b>Total</b>				<b>0</b>	<b>0</b>	<b>0</b>
<i><u>Non-Competitive Outside the PMA</u></i>						
<i>Counry View Senior Living</i>	<i>Walnut Grove</i>	<i>n.a.</i>	<i>10</i>	<i>-</i>	<i>28</i>	<i>-</i>
<i>Serenity Suites</i>	<i>Wabasso</i>	<i>2018</i>	<i>13</i>	<i>-</i>	<i>9</i>	<i>6</i>
<i>The Maples at St. John</i>	<i>Springfield</i>	<i>2007</i>	<i>14</i>	<i>-</i>	<i>26</i>	<i>-</i>
<i>O'Brien Court</i>	<i>Tracy</i>	<i>1994</i>	<i>19</i>	<i>34</i>	<i>-</i>	<i>-</i>
<i>Peterson Estates</i>	<i>Westbrook</i>	<i>n.a.</i>	<i>22</i>	<i>24</i>	<i>-</i>	<i>-</i>
<i>Countryside Retirement</i>	<i>Sleepy Eye</i>	<i>1986</i>	<i>28</i>	<i>-</i>	<i>53</i>	<i>-</i>
<i>Vista Prairie at Garnette Gardens</i>	<i>Redwood Falls</i>	<i>2005</i>	<i>28</i>	<i>-</i>	<i>60</i>	<i>18</i>
<i>Gil-Mor Haven</i>	<i>Morgan</i>	<i>2010</i>	<i>29</i>	<i>16</i>	<i>-</i>	<i>-</i>
<i>Good Samaritan Windom</i>	<i>Windom</i>	<i>1996</i>	<i>32</i>	<i>28</i>	<i>24</i>	<i>-</i>
<i>Hill Street Place</i>	<i>Marshall</i>	<i>1987</i>	<i>40</i>	<i>81</i>	<i>-</i>	<i>-</i>
<i>Boulder Creek / Estates</i>	<i>Marshall</i>	<i>1998</i>	<i>40</i>	<i>77</i>	<i>48</i>	<i>31</i>
<i>Heritage Place</i>	<i>Marshall</i>	<i>2013</i>	<i>40</i>	<i>-</i>	<i>-</i>	<i>20</i>
Sources: Viewpoint Consulting Group, Inc.						

## Senior Housing Development Pipeline

No new senior housing developments that would add to the competitive senior housing were identified in the PMA.

### Senior Housing Near the PMA



## Senior Housing Demand Calculations

Tables 7 through 12 provide demand calculations for the number of senior housing (independent, assisted living, and memory care units) that can be supported in the PMA in 2022 and 2027. Demand for assisted living and memory care housing is calculated for market rate (“private pay”) and Elderly Waiver units. The demand tables also show the estimated portion of unmet demand that a new development in Lamberton could capture.

The Elderly Waiver program funds home- and community-based services for people ages 65 and older with an annual income below \$13,596 (singles) and assets below \$3,000 and require the level of care provided in a nursing home but choose to reside in the community. Single seniors with incomes above the limit are still eligible for the program with a spenddown. The Elderly Waiver cost for an individual cannot be greater than the estimated nursing home cost for that same individual.

### Independent Senior Living

As shown in Table 7, unmet demand for independent living housing at a site in Lamberton is calculated for 13 units in 2027. The following points summarize the demand methodology.

The target market for independent living housing is senior households age 75+ with incomes of \$40,000 or more plus households with incomes between \$30,000 and \$40,000 who would qualify with the proceeds from a home sale. There would also be some limited demand from seniors under age 75. These seniors are the “age/income-qualified base.” A capture rate – or “penetration rate” – is applied to the income-qualified base of younger and older seniors. The penetration rates are based on the penetration rates being achieved for independent senior housing in communities across the State. Applying the penetration rates to the age/income-qualified base results in demand for 14 independent units in 2022, growing to 16 units in 2027.

It is estimated that seniors currently residing outside the PMA will generate 20% of the total demand for independent senior housing. This demand from outside the PMA increases total demand to 18 units in 2022 and 20 units in 2027. This demand from outside the PMA will consist primarily of seniors living just outside the PMA plus some parents of adult children living in the local area.

Next, the number of existing competitive units is subtracted from total demand. Since there are no competitive independent units, unmet demand remains for 18 units in the PMA in 2022. No pending developments were identified that would increase the competitive supply by 2027. Unmet demand potential in the PMA is calculated for 20 units in 2027.

**Table 7**  
**Independent Senior Housing Demand Calculation**  
**Primary Market Area**  
**2022 and 2027**

	2022	2027
A 65 to 74 Households in the PMA	201	194
B Percent income-qualified	78%	76%
C Potential penetration rate of independent living housing	0.5%	0.5%
D Income-qualified 65-74 households in the PMA (A x B x C)	1	1
E 75+ Households in the PMA	168	201
F Percent income-qualified	57%	54%
G Potential penetration rate of independent living housing	14%	14%
H Income-qualified 75+ households in the PMA (E x F x G)	13	15
I Total demand for independent housing from the PMA (D + H)	14	16
J Estimated percent of demand from outside the PMA	20%	20%
K Total demand for independent living units in the PMA (I / (1- J))	18	20
L Competitive independent living supply	0	0
<b>M Unmet independent living demand in the PMA (K - L)</b>	<b>18</b>	<b>20</b>
N Estimated percent of unmet demand capturable by a site in Lamberton	65%	65%
<b>O Independent living demand on a site in Lamberton (M x N)</b>	<b>11</b>	<b>13</b>
Source: Viewpoint Consulting Group, Inc.		

No single location or development can capture all the demand in a draw area. Based on the geographic size of the PMA, Lamberton's positioning within the PMA, and the unlikeliness than another development would get built elsewhere in the PMA, it is estimated that a new independent Living development in Lamberton could capture 65% of the unmet demand potential. This results in unmet demand for 11 independent living units in 2022, increasing to 13 units in 2027.

### **Market Rate Assisted Living Demand**

As shown in Table 8, there is unmet demand for 15 market rate assisted living units at a new development in Lamberton in 2027. The demand calculated in Table 8 is for market rate (“private pay”) units and does not include additional demand from lower-income seniors who could utilize the Elderly Waiver program to pay for services. The points listed below summarize the demand methodology.

The primary market for assisted living housing in the PMA is seniors ages 75 and over needing assistance with Activities of Daily Living (ADLs). Based on data from the Health and Aging Chartbook that was conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics, the percentage of seniors unable to perform, or having difficulty with, ADLs ranges from 25.5% of seniors ages 75 to 79, 33.6% of seniors ages 80 to 84 and 51.6% of seniors ages 85 and over. Applying these percentages to the senior population in the PMA results in the total age-qualified population needing assistance with ADLs.

To afford market rents, these seniors will generally need incomes of at least \$50,000 or have assets available through the proceeds received from the sale of their home. Overall, it is calculated that about 51% of the senior population in the PMA in 2022 is income-qualified for market rate assisted living housing.

An estimated 30% of the age/income-qualified seniors needing assistance will need/choose assisted living housing. The remaining 70% will be able to remain in their homes by receiving home health care services or will live in other less service-intensive senior housing. This percentage also takes into account that many seniors are not living alone and will be able to remain in their existing homes with assistance from their spouse/partner.

Seniors who currently reside outside the PMA will generate an estimated 20% of the demand for assisted living senior housing – increasing total demand in the PMA to 19 units in 2022 growing to 23 units in 2027.

The next step in calculating demand is to subtract competitive supply from total PMA demand. No existing or pending competitive units were identified. Thus, unmet demand remains for 19 units in the PMA in 2022 growing to 23 units in 2027.

It is estimated that a new development in Lamberton can capture 65% of the unmet demand potential in the PMA. This capture rate results in unmet demand for 12 market rate assisted living units in 2022, increasing to 15 units in 2027.

**Table 8**  
**Market Rate Assisted Living Demand Calculation**  
**Primary Market Area**  
**2022 and 2027**

	<u>2022</u>	<u>2027</u>
A 75 to 79 Population in the PMA	122	151
B Percent needing ADL assistance	25.5%	25.5%
C Estimated population needing ADL assistance (A x B)	31	39
D 80 to 84 Population in the PMA	71	103
E Percent needing ADL assistance	33.6%	33.6%
F Estimated population needing ADL assistance (D x E)	24	35
G 85+ Population in the PMA	88	89
H Percent needing ADL assistance	51.6%	51.6%
I Estimated population needing ADL assistance (G x H)	45	46
J Total 75+ population needing ADL assistance (C + F + I)	100	119
K Percent of PMA population income-qualified	51.0%	52.2%
L Total income-qualified population needing ADL assistance (J x K)	51	62
M Potential penetration rate of assisted living housing	30%	30%
N Total demand for assisted living units (L x M)	15	19
O Estimated percent of demand from outside the PMA	20%	20%
P Total demand for assisted living units in the PMA (N / (1-O))	19	23
Q Competitive assisted living supply	0	0
<b>R Unmet assisted living demand in the PMA (P - Q)</b>	<b>19</b>	<b>23</b>
S Estimated percent of unmet demand capturable by a site in Lamberton	65%	65%
<b>T Assisted living demand on a site in Lamberton (R x S)</b>	<b>12</b>	<b>15</b>
Source: Viewpoint Consulting Group, Inc.		



### **Elderly Waiver Assisted Living Demand**

The calculation of unmet demand for Elderly Waiver assisted living units is shown in Table 9. The methodology to calculate unmet demand for Elderly Waiver assisted living is the same as for market rate assisted living, with the exception being the income-qualified calculation. The following paragraphs summarize the demand methodology.

Like market rate, the primary market for Elderly Waiver assisted living housing is seniors ages 75 and over needing assistance with activities of daily living (ADLs). Applying the percentages of seniors unable to perform or having difficulty with ADLs to the senior population in the PMA results in the total age-qualified population needing assistance with ADLs.

The income-qualified base is seniors with incomes below about \$30,000, or the maximum income to qualify for the program with a spenddown. About 40% of the senior population in the PMA is income-qualified for Elderly Waiver assisted living housing in 2022.

An estimated 30% of the age/income-qualified market needing assistance with daily living will choose assisted living housing. Applying a penetration rate of 30% to the age/income-qualified base needing assistance results in demand for 12 Elderly Waiver units in the PMA in 2022.

Seniors who currently reside outside the PMA will generate an estimated 20% of the demand for assisted living senior housing – increasing total demand in the PMA to 15 Elderly Waiver units in 2022 growing to 18 units in 2027.

The next step in calculating demand is to subtract competitive supply from total PMA demand. No existing or pending competitive units were identified in the PMA. Thus, unmet demand remains for 15 Elderly Waiver units in 2022 growing to 18 units in 2027.

Again, no single location or development can capture all the demand in a draw area. It is estimated that a new development in Lamberton can capture 65% of the unmet Elderly Waiver demand potential in the PMA. A 65% capture rate results in unmet demand for a new development in Lamberton with 10 Elderly Waiver units in 2022, increasing to 12 units in 2027.

**Table 9**  
**Elderly Waiver Assisted Living Demand Calculation**  
**Primary Market Area**  
**2022 and 2027**

	2022	2027
A 75 to 79 Population in the PMA	122	151
B Percent needing ADL assistance	25.5%	25.5%
C Estimated population needing ADL assistance (A x B)	31	39
D 80 to 84 Population in the PMA	71	103
E Percent needing ADL assistance	33.6%	33.6%
F Estimated population needing ADL assistance (D x E)	24	35
G 85+ Population in the PMA	88	89
H Percent needing ADL assistance	51.6%	51.6%
I Estimated population needing ADL assistance (G x H)	45	46
J Total 75+ population needing ADL assistance (C + F + I)	100	119
K Percent of PMA population income-qualified	40.2%	40.2%
L Total income-qualified population needing ADL assistance (J x K)	40	48
M Potential penetration rate of assisted living housing	30%	30%
N Total demand for assisted living units (L x M)	12	14
O Estimated percent of demand from outside the PMA	20%	20%
P Total demand for assisted living units in the PMA (N / (1-O))	15	18
Q Competitive assisted living supply	0	0
R <b>Unmet assisted living demand</b> in the PMA (P - Q)	<b>15</b>	<b>18</b>
S Estimated percent of unmet demand capturable by a site in Lamberton	65%	65%
T <b>Demand on a site in Lamberton</b> (R x S)	<b>10</b>	<b>12</b>
Source: Viewpoint Consulting Group, Inc.		

### **Market Rate Memory Care**

Table 10 calculates unmet memory care demand at a new development in Lamberton for seven units in 2027. The following points summarize the demand methodology.

Demand is calculated by multiplying the PMA age 65+ population in 2022 and 2027 by the incidence rate of Alzheimer's/dementia (based on data from the Alzheimer's Association: Alzheimer's Disease Facts & Figures). An estimated 78 seniors living in the PMA as of 2022 had memory impairment.

Due to the high cost of memory care housing, the income needed to afford market rate memory care is much higher than independent and assisted living housing. The income-qualified base for memory care housing is defined as 80% of households with incomes of at least \$85,000 plus 40% of homeowners with incomes below \$85,000.

The majority of seniors with dementia are able to live independently with the assistance of a caregiver, while those in the latter stages of dementia require intensive medical care that is only available in skilled nursing facilities. Some also choose other types of housing like adult foster care. An estimated 25% of age/income-qualified people with memory impairment constitute the market for memory care housing.

An estimated 20% of the demand for memory care housing would come from seniors residing outside of the PMA. This additional demand brings the total demand within the PMA to 10 units in 2022 growing to 11 units in 2027.

The competitive supply is then subtracted from the total demand to reveal unmet demand. No existing or pending developments were identified in the PMA. Thus, unmet demand remains for 10 units in the PMA in 2022 growing to 11 units in 2027.

It is estimated that a new development in Lamberton can capture 65% of the unmet demand potential in the PMA. This results in unmet demand for a new development in Lamberton for six units in 2022, increasing to seven units in 2027.

**Table 10**  
**Market Rate Memory Care Housing Demand Calculation**  
**Primary Market Area**  
**2022 and 2027**

	2022	2027
A 65 to 75 Population	337	326
B Dementia incidence rate	1.5%	1.5%
C Estimated population with Dementia (A x B)	5	5
D 75 to 84 Population	193	254
E Dementia incidence rate	18.0%	18.0%
F Estimated population with Dementia (D x E)	35	46
G 85+ Population	88	89
H Dementia incidence rate	43.0%	43.0%
I Estimated population with Dementia (G x H)	38	38
J Total population with Dementia (C + F + I)	78	89
K Percent of population income-qualified	39.9%	41.2%
L Total income-qualified population needing assistance (J x K)	31	37
M Potential penetration rate of specialized memory care housing	25%	25%
N Total demand for memory care units (L x M)	8	9
O Estimated percent of demand from outside the PMA	20%	20%
P Total demand for memory care units in the PMA (N / (1- O))	10	11
Q Competitive memory care supply	0	0
<b>R Unmet memory care demand in the PMA (P - Q)</b>	<b>10</b>	<b>11</b>
S Estimated percent of unmet demand capturable by a site in Lamberton	65%	65%
<b>T Memory care demand on a site in Lamberton (R x S)</b>	<b>6</b>	<b>7</b>
Source: Viewpoint Consulting Group, Inc.		

### **Elderly Waiver Memory Care**

Table 11 calculates unmet Elderly Waiver memory care demand at a new development in Lamberton with seven units in 2027. The methodology to calculate unmet demand for Elderly Waiver memory care is the same as for market rate memory care, with the exception being the income-qualified calculation. The income-qualified base is the same as for assisted living – seniors with incomes below about \$30,000, or the maximum income to qualify with a spenddown.

An estimated 78 seniors living in the PMA as of 2022 have a memory impairment. An estimated 40% are income-qualified for the Elderly Waiver program, or 31 seniors in 2022. It is estimated that 25% of the qualified population are a market for memory care housing. This results in demand for eight Elderly Waiver memory care units in the PMA in 2022.

An estimated 20% of the demand for Elderly Waiver memory care housing would come from seniors residing outside of the PMA. This additional demand brings the total demand within the PMA to 10 units in 2022 growing to 11 units in 2027.

No existing or pending developments were identified in the PMA. Thus, unmet demand remains for 10 units in the PMA in 2022 growing to 11 units in 2027.

It is estimated that a new development in Lamberton can capture 65% of the unmet demand potential in the PMA. This results in unmet demand for a new development in Lamberton for six Elderly Waiver units in 2022, increasing to seven units in 2027.

**Table 11**  
**Elderly Waiver Memory Care Housing Demand Calculation**  
**Primary Market Area**  
**2022 and 2027**

	2022	2027
A 65 to 75 Population	337	326
B Dementia incidence rate	1.5%	1.5%
C Estimated population with Dementia (A x B)	5	5
D 75 to 84 Population	193	254
E Dementia incidence rate	18.0%	18.0%
F Estimated population with Dementia (D x E)	35	46
G 85+ Population	88	89
H Dementia incidence rate	43.0%	43.0%
I Estimated population with Dementia (G x H)	38	38
J Total population with Dementia (C + F + I)	78	89
K Percent of population income-qualified	40.2%	40.2%
L Total income-qualified population needing assistance (J x K)	31	36
M Potential penetration rate of specialized memory care housing	25%	25%
N Total demand for memory care units (L x M)	8	9
O Estimated percent of demand from outside the PMA	20%	20%
P Total demand for memory care units in the PMA (N / (1- O))	10	11
Q Competitive memory care supply	0	0
<b>R Unmet memory care demand in the PMA (P - Q)</b>	<b>10</b>	<b>11</b>
S Estimated percent of unmet demand capturable by a site in Lamberton	65%	65%
<b>T Memory care demand on a site in Lamberton (R x S)</b>	<b>6</b>	<b>7</b>
Source: Viewpoint Consulting Group, Inc.		

## Demand Summary

The initial demand calculations are summarized in Table 12. The age 75+ population in the PMA is projected to grow by 22% over the next five years, which should lead to increased demand for senior housing. Total unmet demand in the PMA is projected for 55 total market rate units for all three service levels of housing in 2027. The estimated portion of unmet demand that can be captured by a new development in Lamberton is 65%, which equates to 13 independent units, 15 assisted living units, and seven memory care units (36 total units). There would also be demand for 19 Elderly Waiver assisted living and memory care units in a new development.

**Table 12**  
**Summary of Initial Demand Calculations**  
**Primary Market Area**  
**2022 to 2027**

	Total PMA Demand	Competitive Supply	Unmet PMA Demand	Unmet Demand at a site in Lamberton
<b>2022</b>				
<b>Market Rate Housing</b>				
Independent Living	18	0	18	11
Assisted Living	19	0	19	12
Memory Care	10	0	10	6
<b>Total</b>	<b>47</b>	<b>0</b>	<b>47</b>	<b>30</b>
<b>Elderly Waiver Housing</b>				
Assisted Living	15	0	15	10
Memory Care	10	0	10	6
<b>Total</b>	<b>25</b>	<b>0</b>	<b>25</b>	<b>16</b>
<b>2027</b>				
<b>Market Rate Housing</b>				
Independent Living	20	0	20	13
Assisted Living	23	0	23	15
Memory Care	11	0	11	7
<b>Total</b>	<b>55</b>	<b>0</b>	<b>55</b>	<b>36</b>
<b>Elderly Waiver Housing</b>				
Assisted Living	18	0	18	12
Memory Care	11	0	11	7
<b>Total</b>	<b>29</b>	<b>0</b>	<b>29</b>	<b>19</b>

Source: Viewpoint Consulting Group, Inc.