

Comfortable seating and shade matter—they matter a great deal when it comes to resident satisfaction and word-of-mouth referral. Image courtesy of Dr. Susan Rodiek

Creating an enhanced return on investment

in assisted living communities

There are numerous rewards for integrating outdoor environments into assisted living communities, and a relatively small annual investment can result in a big return

by Professor Geoffrey Booth and Susan Rodiek, PhD

As we move through the chapters of our lives, patterns of behavior and choice are reinforced, and fond memories of the places that trigger these memories become increasingly important to life satisfaction and well-being. For older adults, times spent in back yards and on family outings are part of these memories. For this reason, assisted living communities that successfully balance the interconnection between the indoor and outdoor living environments can significantly enhance their competitive attraction, reduce the risk to their net cash flows and reinforce their return on investment (ROI).

Getting the balance right between the real estate opportunity, the real estate offer and the return was the subject of research completed in 2011 at the College of Architecture at Texas A&M University's Center for Health Systems & Design, and soon to be published in the *Health Environments Research and Design Journal (HERD)*.

The value of outdoor environments

Demographics fuel real estate demand and drive returns. The phenomenology of place—qualities that give real estate particular meaning and attraction—along with comparative price and convenience, determine choice in residential location. Taken together, these elements constitute the opportunity upon which developers and owners of assisted living communities can capitalize.

Last year, the first wave of Baby Boomers turned 65 years of age. United States census projections indicate that the number of persons ages 65 years and over will increase from 40 million (in 2011) to 72 million by the year 2030.¹ Life expectancy and the general level of wellness of this segment of the post-World War II American demographic are driving a wave of development in assisted living communities for older adults. These centers, due to their greater emphasis on homelike atmosphere and personal autonomy for older adults, are proving to be a particularly appealing residential alternative to nursing facilities.

The Boomers were America's suburban pioneers. They raised their families and anchored their working lives around a detached house on a residential lot with a front and back yard that provided high levels of amenity and satisfaction. This suburban lifestyle in many ways defined and reinforced a quality of life that very much depended on the physical interconnection between the indoors and the outdoors.

Views and physical interconnection from inside the house to the landscaping in the front and back yards enhanced not only esthetics, but also the satisfaction of suburban living and family recreation. Many fond memories of family life were created in these environments, and therefore it is not surprising that this phenomenology of place becomes the benchmark for subsequent selection of residential location. *Quality of life*, it can be argued, has been and continues to be the defining mantra of the Baby Boom generation, and much of the investment to achieve this quality of life was evidenced in the suburban family home.

Is cost a barrier to providing outdoor access?

With the growing market competition among assisted living communities, we

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are likely to see a bifurcation [division] in quality between properties that carefully integrate the indoor and outdoor quality of life at these centers, and those that do not—or do it so poorly that they miss the opportunity to enhance their net cash flow and return on investment. Residents in assisted living spend the majority of their time at the community. Therefore, the physical environment and the ability to move from the indoor to the outdoor living environments at such centers determine the quality of life of residents during a significant portion of the remaining years of their lives. The basic functional and psychosocial needs of residents can be frustrated through inconsiderate or poor design.

Several studies have found that the ability to spend time outdoors, in both safety and comfort, is ranked by retirement community residents as one of the most important attractions in selecting their places of residence.^{2,3,4} Features such as “green, landscaped grounds,” and outdoor places for “enjoying nature, talking to friends and looking at plants” assume particular importance. The health benefits for such residents include increased physical activity, better calcium and vitamin D absorption, improved mood and reduced stress.⁵⁻¹⁰ All of these benefits lead to the conclu-

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Inexpensive seating, shade structures, and strategic mature tree planting maximize outdoor utilization and resident satisfaction. Image courtesy of Dr. Susan Rodiek

sion that spending time outdoors is a vital resource for staying healthy in old age. Healthy residents cost less in terms of staff required to assist and cater to their needs; they also have increased life expectancy, and therefore increased duration of stay at the assisted living center.

The capital improvement and recurrent maintenance and management of outdoor living space and natural areas in assisted living communities do not require an exorbitant expenditure, but rather a careful alignment with resident needs. This is essential not only to the utilization of the outdoor areas, but also to resident and visitor recommenda-

tions of the community to, and for, future residents. Cost-effectively designed outdoor space can both improve the quality of life for residents and improve the financial performance of the center in terms of net rental income due to higher occupancy levels from increased word-of-mouth referrals. It was this gap in knowledge that was the focus of the Texas A&M research project.

Maximizing return on investment

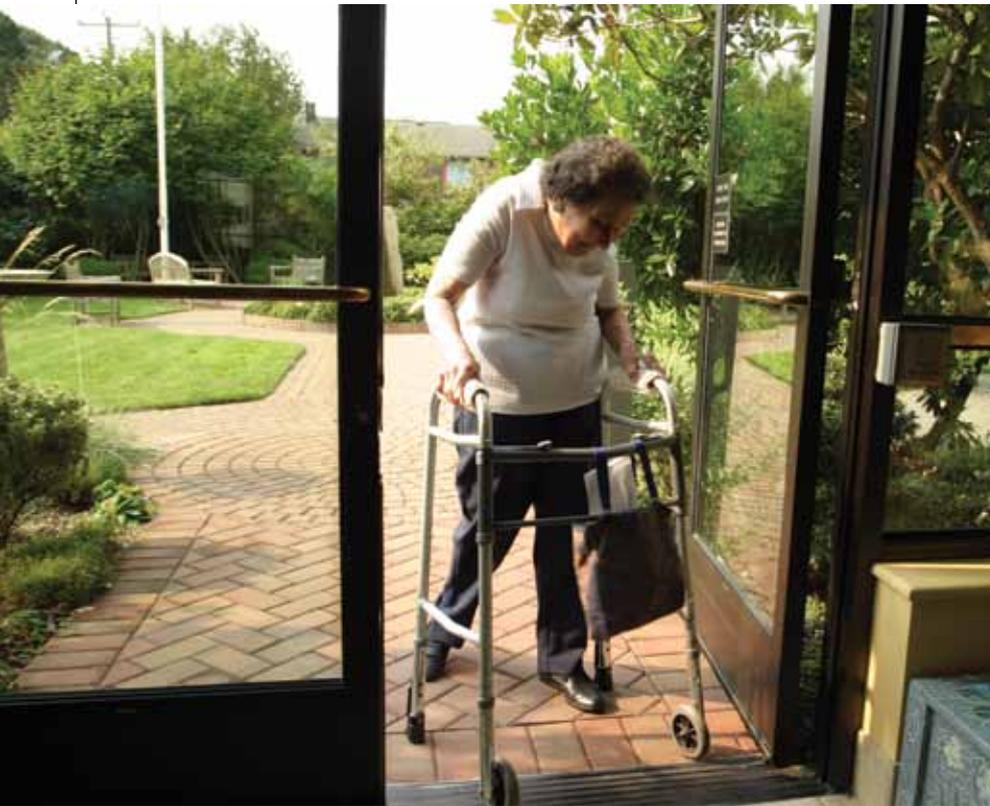
The phenomenology of place is a major determinant of real estate value. Throughout our lives we reward places that resonate with our needs, through acquisition or patterns of use that serve

to increase that real estate's value. This is well understood with respect to the decision to purchase the family home or the often-subliminal patterns of repeat patronage of retail facilities. It is not as well understood with respect to the choice of assisted living communities, where this phenomenology of place—exemplified by qualities that give real estate particular meaning and attraction—is even more important. Why? Most residents will spend most of the remaining years of their lives living in such a center without the levels of mobility they enjoyed in suburban

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Make it easy, safe and convenient to transition between indoor and outdoor environments in older-adult communities. Image courtesy of Dr. Susan Rodiek

living or without full-time employment. The importance is also due to the desire of family members to see their relatives living comfortably and contentedly in their advancing years.

Because the transition to an assisted living community can be a defining time of life for all members of the family, the comparative ease and comfort of that transition can have a major impact on word-of-mouth referrals. In research conducted by the Texas A&M team, 1,140 residents in 68 assisted living centers from three diverse geographic regions of the United States were surveyed in order to compare outdoor environments with outdoor usage and resident satisfaction.^{11,12}

The team found that residents' dissatisfaction with outdoor areas tends to concentrate on four main aspects:

- Doorways that are difficult to use
- Walkways that are either poorly designed or unsafe
- Seating that is uncomfortable or inadequate
- Areas that are lacking shade

Dissatisfaction with one or more of these elements adversely impacted residents' use of outdoor environments at the communities, and as a consequence, word-of-mouth referral to future residents and their families.

Rectifying these elements of resident dissatisfaction could, in most cases, be achieved either through minor refinement of the centers' existing maintenance program and budget, or through modest addition to the annual capital budget. Frequently, it would involve:

- Adjustment to door hardware and openings
- The planting of a mature tree, or provision of umbrellas or canopies to provide shade, or the relocation of existing seating from exposed areas to better shaded and attractive locations
- The repair of uneven or damaged pathways
- The replacement of uncomfortable seating, or where such seating did not previously exist, the addition of comfortable seating in attractive locations¹³

The research revealed that in communities where this was done, residents were highly satisfied, expressing a view that the living environment had been designed with careful attention to their preferences and needs. These very same elements, when found to be lacking at other centers, attracted unsatisfactory resident responses, and resulted in diminished use of outdoor areas.

These findings revealed the importance of detailed design, layout, location and maintenance of outdoor areas in assisted living communities. These outdoor areas were listed as important by residents because they variously provided freedom of movement; social spaces in which to interact with other residents; natural areas in which to stroll, sit and reflect; and a welcome change from being indoors.

Modest investment fulfills wishes

The "wish lists" in the findings were predominantly related to doorways, walkways, seating and shade, as below:

- Doorways were important as they were the points of access.
- Walkways could make the outdoor experience pleasurable, or conversely, if poorly constructed or maintained, hazardous.

- Seating, if poorly located or uncomfortable, could make the outdoor experience unappealing.
- Shade was important to both comfort and length of stay outdoors.

In the communities where residents found doorways, walkways, seating and shade to be *unsatisfactory*, issues could be rectified with the addition of a modest annual capital investment of around US\$5,000 per community, and improved management and alignment of the annual maintenance program and budget.

Based on the statistical analysis undertaken in this study, it was found that this modest annual expenditure—targeted so as to remedy resident dissatisfaction—would generate an estimated four percent increase in new residents, resulting in over US\$170,000 of in-

creased revenue per year for an assisted living center of 100 residents.

Recommendations for industry developers

Outdoor areas in assisted living communities are often used for marketing and public relations purposes. Websites, advertisements and brochures feature attractively landscaped grounds replete with beautiful flower beds, lush green gardens and enticing views. For Boomers who value the outdoors, such images resonate and attract. However, they are just as effective in a marketing sense for older age groups, and most importantly, for those family and friends who are likely to have a role in the selection of the assisted living community. The potential value of outdoor areas in assisted living centers extends far beyond their marketing value.

These outdoor areas need to be accessible and usable—not just esthetic. If the landscaping of these outdoor areas is merely ornamental, it is less likely to enhance the psychological well-being or improve the physical health of residents. Evidence-based design of these spaces, effectively targeting residents’ needs and desires, can make these outdoor areas both attractive and functionally relevant. The design of outdoor areas based mainly on their photogenic properties may not only waste investment capital, but can create problems of access, safety, comfort and lack of enjoyment, which residents find unsatisfactory.

At the opposite end of the spectrum is the temptation to focus investment

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on indoor space and program issues, with outdoor space relegated to the tail end of the construction or operational process, when funds become tight and quality suffers. What was evident from this research is that outdoor space is comparatively less expensive than indoor space, and can significantly contribute to resident satisfaction and the positive perception of assisted living communities by both potential residents and their families. Cost-effectively designed outdoor space can both improve the quality of life for residents and improve the financial performance of the community in terms of net rental income due to higher occupancy levels from increased word-of-mouth referrals. ☺

Note: The final results of the study will be published as “Can Better Outdoor Environments Lead to Cost Benefits in Assisted Living Facilities through Increased Word-of-Mouth Referrals?” by S. Rodiek, M. M. Boggess, C. Lee, G. J. Booth, & A. Morris, in the *Health Environments Research and Design Journal* 6, 1, slated for January 2013, available at <http://www.herdjournal.com/me2/default.asp>.

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