



An Update of Market Demand for Independent Living and Assisted Living in Hannibal, Missouri

Prepared for:

Mennonite Homes Association, Inc.
Hannibal, Missouri

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I. Summary of Findings

Study Objectives and Methodology

- CliftonLarsonAllen LLP (“CLA”) was engaged by Mennonite Homes Association, Inc. dba Beth Haven (“Beth Haven”) to update the Demand Analysis portion of the Market Assessment conducted for Beth Haven in 2011 (the “Original Study”) and updated in 2016 for independent living and assisted living senior housing in Hannibal, Missouri.
- The study consisted of demographic analysis including senior population and household growth, age distribution, household income, senior household tenure trends, home values and analysis of the current competitive market-rate senior housing (including pending projects). The study also provides an updated estimate of potential for future demand for the Beth Haven (the “Community”) Market Area.

Key Findings

- Population growth projections for 2024 in the Market Area show continued increases in all of the senior age cohorts with the age 65-to-74 sub-group projected to have the strongest growth at 3.1 percent annually. The age 75-to-84 and 85 & over cohort have projected growth rates of 1.1 percent and 0.8 percent, respectively.
- Senior household trends closely parallel the population trends. The age 65-to-74 cohort is estimated to grow by 2.9 percent annually through 2024, reaching 2,274 households.
- An estimated 47.4 percent of Market Area senior households age 75-and-over have incomes of \$35,000 or more in 2019 (703 households) and 30.8 percent have incomes of \$50,000 or more (457 households). This represents a base of older senior households that could afford market-rate housing-with-services.
- The value of a seniors’ home is important to senior housing in that many seniors will utilize the proceeds of the sale of a home to pay for senior housing. The median home value in the Market Area is estimated at \$125,329 in 2019 by Environics Analytics, nearly doubling since 2000.
- The Market Area has limited senior living facilities. There is one existing independent living community in the Market Area, with rents too low to be comparable. And, there is one existing assisted living community in the Market Area, with limited comparable units.
- Per local sources, there are no pending senior housing projects in the approval stages or under construction in the Market Area that are anticipated to be comparable with the Community.
- Demand was calculated for independent living and assisted living in the Market Area. Moderate demand is shown for independent living and assisted living at rent levels of \$1,900 per month or less for independent living and up to \$3,850 for assisted living.
- Based upon demographic trends and unit demand calculations, it appears there is support of additional independent living and assisted living units in the Beth Haven Market Area.

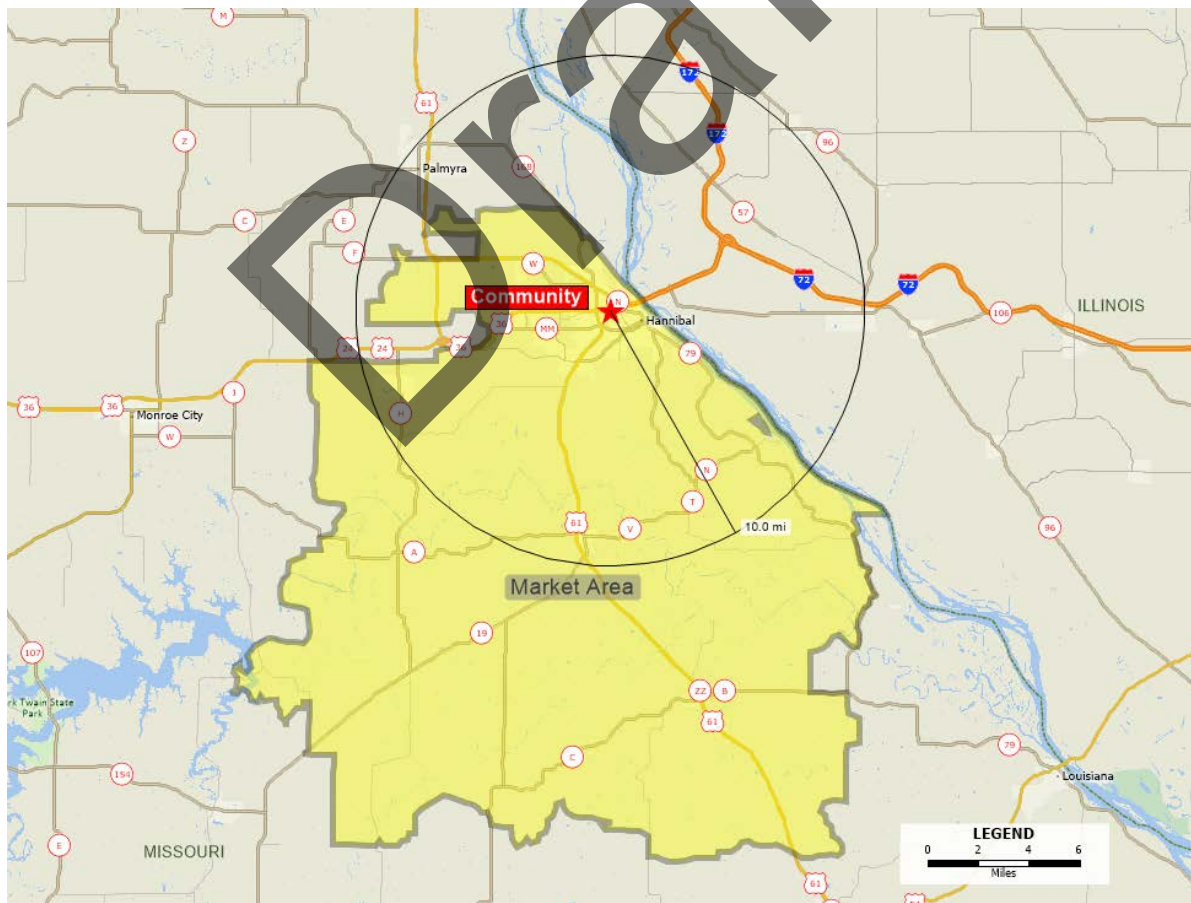


II. MARKET AREA DEFINITION

A Market Area was defined for this study based on the estimated primary draw area of seniors interested in moving to senior housing in Hannibal. The Market Area uses the same ZIP Code boundaries used in the 2016 study and was based on the ZIP Codes of residents at Beth Haven, geographic barriers, transportation patterns, discussion with representatives of Beth Haven and our knowledge of the draw areas for senior housing. The following ZIP Codes (with their respective US Postal Services names) were included in the Market Area:

- 63401, Hannibal
- 63436, Center
- 63441, Frankford
- 63459, New London

The Market Area is bordered on the east by the Mississippi River and extends approximately four miles to the north, 10 miles to the west and 15 to 20 miles to the south. The following presents a map of the Market Area:



Source: Maptitude



III. DEMOGRAPHIC REVIEW

In order to measure the market potential for additional senior housing, CLA updated key demographic data related to the senior population and household base in the Market Area. Tables 1 through 5 present this data.

For purposes of this analysis, “senior” refers to persons or householders who are at least 65 years old. Tables break information into three sub-groups within the senior cohort: age 65-to-74, 75-to-84 and age 85-and-over. Tables show the information for the State of Missouri (or the “State”) for comparison purposes.

Data for 2000 and 2010 is from the U.S. Census Bureau (“U.S. Census”) while estimates for 2019 and projections for 2024 are from Environics Analytics (“Environics”), a national demographic data services firm.

Senior Population and Household Growth – 2000-2024

Senior Population

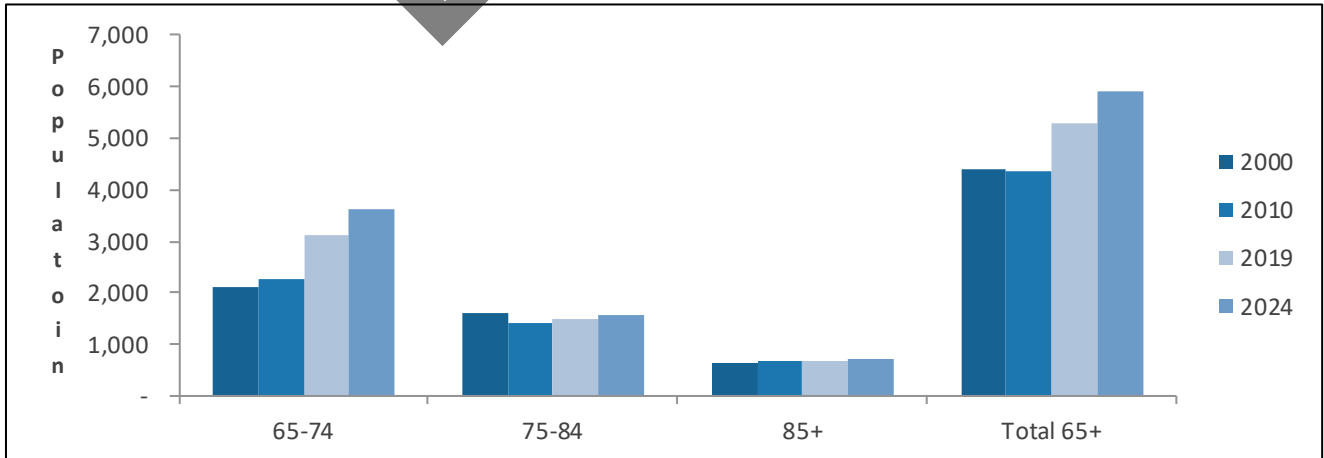
- There were an estimated 4,357 persons age 65-and-over in the Market Area in 2010, approximately the same number as in 2000. By 2024, the Market Area is estimated to reach 5,922 persons, a 35.9 percent increase from 2010.
- The age cohort expecting the largest growth from 2010 to 2019 is the 65-to-74 group. From 2010 to 2019 the 65-to-74 cohort is projected to grow by 3.7 percent annually, compared to 3.6 percent annually in Missouri. This cohort is projected to grow by 3.1 percent annually from 2019 to 2024, compared to 3.5 percent in Missouri. This growth reflects the aging of the Baby Boom generation, persons’ born between 1948 and 1964.
- From 2019 to 2024, the majority of growth amongst seniors age 75-and-over is projected to be from the 75-to-84 cohort, which is projected to grow at 1.1 percent annually, compared to 2.0 percent projected for the state of Missouri for the same age group.
- The age 85-and-over cohort is projected to grow at 0.8 percent annually from 2019 to 2024, a faster annual growth rate than from 2010 to 2019.



**TABLE 1
MARKET AREA SENIOR POPULATION GROWTH
2000 - 2024**

	Total Age 65 & Over				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	4,392	4,357	5,292	5,922	-0.1%	2.2%	2.3%
Missouri	755,379	838,294	1,049,858	1,202,647	1.0%	2.5%	2.8%
	Age 65-74				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	2,108	2,261	3,123	3,643	0.7%	3.7%	3.1%
Missouri	393,226	450,490	616,653	731,538	1.4%	3.6%	3.5%
	Age 75 -84				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	1,626	1,433	1,485	1,567	-1.3%	0.4%	1.1%
Missouri	263,582	274,025	302,020	332,980	0.4%	1.1%	2.0%
	Age 85 & Over				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	658	663	684	712	0.1%	0.3%	0.8%
Missouri	98,571	113,779	131,185	138,129	1.4%	1.6%	1.0%

Sources: Environics Analytics and U.S. Bureau of the Census



Senior Households

Household trends are a more important indicator of housing demand than population since households represent occupied housing units. The following are key points from Table 2:

- Senior household trends closely parallel the population trends in the Market Area with the most significant growth projected for the 65-to-74 age cohort from 2010 to 2024.
- In the Market Area, the number of households in the age 65-to-74 cohort is estimated to have increased by 3.5 percent annually from 2010 through 2019, with continued projected growth of 2.9 percent annually through 2024 for a total growth of 836 households from 2010 to 2024. By comparison, Missouri is estimated to see growth of 3.4 percent annually from 2010 to 2019 and 3.3 percent annually is projected from 2019 to 2024.
- Households in the 75-to-84 cohort grew by 0.4 percent annually in the Market Area from 2010 to 2019, and this growth rate is estimated to ramp up to 1.1 percent annually from 2019 to 2024. In comparison, the number of 75-to-84 households in Missouri is estimated to grow at 0.9 percent annually from 2010 to 2019 and 1.8 percent annually is projected from 2019 to 2024.
- The age 75-and-over cohort, the key age group for senior housing and services, is projected to add 73 households from 2019 to 2024, or approximately 15 households per year.
- Demand is likely to increase further in the Market Area through the 2020's as the Baby-Boom generation ages into their mid to upper 70s. The oldest baby boomer begins turning age 75 in 2021.

Age 75+ Proportion of Total Population and Households

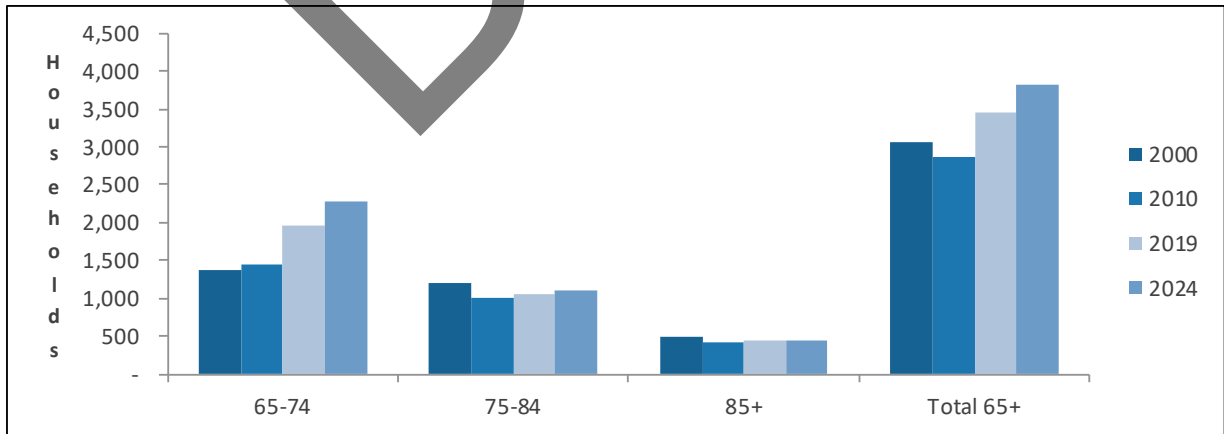
- Table 3 shows that both the Market Area and Missouri are projected to see continued increases in the proportion of senior (75-and-over) population and households. Note that the percentage increases in Table 3 are for the full periods, not an average annual increase as shown in Tables 1 and 2.
- Estimates show the Market Area posted a slight decrease in population from 2010 to 2019 of 1.3 percent and is projected to remain flat over the next five years to 2024. The state of Missouri is projected to have population growth through 2024, at an overall rate of 1.6 percent.
- The proportion of senior population/households age 75-and-over (the key market for housing-with-services) to total population/households is shown in the bottom half of Table 3. The 75-and-over population percentage of the total population was at 7.4 percent in 2010. It is projected to increase to 8.1 percent by 2024 in the Market Area. The proportion of 75-and-over households is also projected to increase, from 12.6 percent in 2010 to 13.8 percent in 2024.
- The Market Area has historically had a higher proportion of age 75-and-over populations and households than the state of Missouri and that trend continues through 2024.



**TABLE 2
MARKET AREA SENIOR HOUSEHOLD GROWTH
2000 - 2024**

	Total Age 65 & Over				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	3,061	2,864	3,451	3,830	-0.7%	2.1%	2.1%
Missouri	503,851	549,475	675,359	767,369	0.9%	2.3%	2.6%
	Age 65-74				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	1,369	1,438	1,968	2,274	0.5%	3.5%	2.9%
Missouri	254,942	286,833	386,295	454,967	1.2%	3.4%	3.3%
	Age 75 -84				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	1,191	1,015	1,048	1,106	-1.6%	0.4%	1.1%
Missouri	186,098	188,381	204,233	223,453	0.1%	0.9%	1.8%
	Age 85 & Over				Annual Percentage Change		
	2000	2010	2019	2024	2000-2010	2010-2019	2019-2024
Market Area	501	411	435	450	-2.0%	0.6%	0.7%
Missouri	62,811	74,261	84,831	88,949	1.7%	1.5%	1.0%

Sources: Environics Analytics and U.S. Bureau of the Census



**TABLE 3
TOTAL POPULATION AND HOUSEHOLD GROWTH - MARKET AREA
2000 - 2024**

	HISTORICAL		ESTIMATE/PROJECTION		CHANGE					
	U.S. Census		Environics		2000-2010		2010-2019		2019-2024	
	2000	2010	2019	2024	No.	Pct.	No.	Pct.	No.	Pct.
Total Population										
Market Area	28,118	28,496	28,117	28,103	378	1.3%	-379	-1.3%	-14	0.0%
Missouri	5,595,211	5,988,927	6,141,815	6,241,756	393,716	7.0%	152,888	2.6%	99,941	1.6%
Total Households										
Market Area	11,057	11,315	11,263	11,298	258	2.3%	-52	-0.5%	35	0.3%
Missouri	2,194,608	2,375,611	2,452,321	2,497,815	181,003	8.2%	76,710	3.2%	45,494	1.9%

AGE 75+ AS PERCENT OF TOTAL POPULATION/HOUSEHOLDS

	2000	2010	2019	2024
Population				
Market Area	8.1%	7.4%	7.7%	8.1%
Missouri	6.5%	6.5%	7.1%	7.5%
Households				
Market Area	15.3%	12.6%	13.2%	13.8%
Missouri	11.3%	11.1%	11.8%	12.5%

Sources: U.S. Census, Environics Analytics

Senior Household Incomes

- Table 4 shows income data for the Market Area and Missouri estimated for 2019 and projected to 2024. The table shows that the 2019 estimated median senior household income in the Market Area (\$40,453) is slightly lower than the household income in Missouri (\$41,808) for the age 65-and-over age group overall.
- The median income declines with age:
 - Market Area seniors age 65-to-74 have an estimated median income of \$46,568 compared to \$48,434 for Missouri in 2019;
 - Market Area seniors age 75-to-84 have an estimated median income of \$35,902 compared to \$36,543 for Missouri in 2019;
 - Market Area seniors age 85-and-over have an estimated median income of \$25,752 compared to \$28,894 for Missouri in 2019.
- The table also shows that an estimated 47.4 percent of Market Area senior households age 75-and-over have incomes of \$35,000 or more in 2019 (703 households) and 30.8 percent have incomes of \$50,000 or more (457 households). This represents a base of older senior households that could afford market-rate housing-with-services.



**TABLE 4
MARKET AREA SENIOR HOUSEHOLD INCOME
2019 & 2024**

	Market Area					Missouri				
	2019		2024		2019-2024 Change	2019		2024		2019-2024 Change
	Number	Percent	Number	Percent		Number	Percent	Number	Percent	
Age 65-74										
Less than \$25,000	530	26.9%	560	24.6%	5.7%	91,125	23.6%	96,812	21.3%	6.2%
\$25,000 - 34,999	201	10.2%	221	9.7%	10.0%	44,502	11.5%	48,256	10.6%	8.4%
\$35,000 - 49,999	325	16.5%	362	15.9%	11.4%	63,567	16.5%	70,577	15.5%	11.0%
\$50,000 - 74,999	426	21.6%	503	22.1%	18.1%	71,264	18.4%	83,256	18.3%	16.8%
\$75,000 - 99,999	286	14.5%	345	15.2%	20.6%	43,474	11.3%	53,088	11.7%	22.1%
\$100,000 - 149,999	129	6.6%	174	7.7%	34.9%	42,424	11.0%	56,893	12.5%	34.1%
\$150,000 - \$199,999	46	2.3%	73	3.2%	58.7%	12,645	3.3%	18,727	4.1%	48.1%
\$200,000 or more	25	1.3%	36	1.6%	44.0%	17,294	4.5%	27,358	6.0%	58.2%
Subtotal	1,968	100.0%	2,274	100.0%	15.5%	386,295	100.0%	454,967	100.0%	17.8%
Median Income *	\$46,568		\$49,743		6.8%	\$ 48,434		\$ 52,951		9.3%
Age 75-84										
Less than \$25,000	378	36.1%	371	33.5%	-1.9%	66,276	32.5%	67,369	30.1%	1.6%
\$25,000 - 34,999	134	12.8%	132	11.9%	-1.5%	31,479	15.4%	32,738	14.7%	4.0%
\$35,000 - 49,999	187	17.8%	192	17.4%	2.7%	36,892	18.1%	39,330	17.6%	6.6%
\$50,000 - 74,999	197	18.8%	221	20.0%	12.2%	34,759	17.0%	39,215	17.5%	12.8%
\$75,000 - 99,999	100	9.5%	116	10.5%	16.0%	16,327	8.0%	19,368	8.7%	18.6%
\$100,000 - 149,999	31	3.0%	41	3.7%	32.3%	10,793	5.3%	14,033	6.3%	30.0%
\$150,000 - \$199,999	14	1.3%	21	1.9%	50.0%	4,075	2.0%	5,832	2.6%	43.1%
\$200,000 or more	7	0.7%	12	1.1%	71.4%	3,632	1.8%	5,568	2.5%	53.3%
Subtotal	1,048	100.0%	1,106	100.0%	5.5%	204,233	100.0%	223,453	100.0%	9.4%
Median Income *	\$35,902		\$38,758		8.0%	\$ 36,543		\$ 38,993		6.7%
Age 85+										
Less than \$25,000	212	48.7%	208	46.2%	-1.9%	36,478	43.0%	36,099	40.6%	-1.0%
\$25,000 - 34,999	56	12.9%	59	13.1%	5.4%	13,364	15.8%	13,513	15.2%	1.1%
\$35,000 - 49,999	59	13.6%	62	13.8%	5.1%	11,708	13.8%	12,192	13.7%	4.1%
\$50,000 - 74,999	62	14.3%	67	14.9%	8.1%	11,687	13.8%	12,704	14.3%	8.7%
\$75,000 - 99,999	31	7.1%	36	8.0%	16.1%	5,100	6.0%	5,808	6.5%	13.9%
\$100,000 - 149,999	13	3.0%	13	2.9%	0.0%	4,188	4.9%	5,256	5.9%	25.5%
\$150,000 - \$199,999	0	0.0%	1	0.2%	#DIV/0!	633	0.7%	927	1.0%	46.4%
\$200,000 or more	2	0.5%	4	0.9%	100.0%	1,673	2.0%	2,450	2.8%	46.4%
Subtotal	435	100.0%	450	100.0%	3.4%	84,831	100.0%	88,949	100.0%	4.9%
Median Income *	\$25,752		\$27,333		6.1%	\$ 28,894		\$ 30,705		6.3%
Total Age 65+										
Less than \$25,000	1,120	32.5%	1,139	29.7%	1.7%	193,879	28.7%	200,280	26.1%	3.3%
\$25,000 - 34,999	391	11.3%	412	10.8%	5.4%	89,345	13.2%	94,507	12.3%	5.8%
\$35,000 - 49,999	571	16.5%	616	16.1%	7.9%	112,167	16.6%	122,099	15.9%	8.9%
\$50,000 - 74,999	685	19.8%	791	20.7%	15.5%	117,710	17.4%	135,175	17.6%	14.8%
\$75,000 - 99,999	417	12.1%	497	13.0%	19.2%	64,901	9.6%	78,264	10.2%	20.6%
\$100,000 - 149,999	173	5.0%	228	6.0%	31.8%	57,405	8.5%	76,182	9.9%	32.7%
\$150,000 - \$199,999	60	1.7%	95	2.5%	58.3%	17,353	2.6%	25,486	3.3%	46.9%
\$200,000 or more	34	1.0%	52	1.4%	52.9%	22,599	3.3%	35,376	4.6%	56.5%
Total	3,451	100.0%	3,830	100.0%	11.0%	675,359	100.0%	767,369	100.0%	13.6%
Median Income *	\$40,453		\$43,678		8.0%	\$ 41,808		\$ 45,557		9.0%

Note: Percentages may not add up to 100.0 due to rounding.

* Some medians are estimated based on weighted averages of median incomes of sub-groups.

Source: Environics Analytics



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Senior Household Tenure

Table 5 presents data on the owner/renter status of senior households in the Market Area and the state of Missouri from the U.S. Census. The following are key points from the table:

- In 2010, 75.5 percent of Market Area senior households owned their housing, representing more than 2,161 households. This was below the ownership percentage for Missouri at 79.6 percent.
- Home-ownership tends to decline with age as older persons move from single-family homes (typically owned housing) to multi-family housing (typically rental housing) in order to shed the responsibilities of home maintenance. In the Market Area, 80.5 percent of seniors age 65-to-74 owned their housing compared to 73.2 percent of seniors age 75-to-84 and 63.5 percent of seniors age 85-and-over.
- The table shows that there were approximately 1,000 seniors age 75-and-over who owned their homes in 2010, representing a base of households who could sell their homes and use the equity to help pay for market-rate senior housing (if there was little or no debt against their home). Data from the Consumer Financial Protection Bureau shows that in 2011 nearly 80 percent of seniors' age 75-and-over had no debt on their home.

Housing Values

The value of a seniors' home is important to senior housing in that many seniors will utilize the proceeds of the sale of a home to pay an entrance fee or the monthly service fee, or will invest the proceeds and apply the income from the investment to pay for a portion of alternative housing. In the case of assisted living, seniors may draw down assets in order to pay for housing and care, which would include the proceeds from the sale of their home.

The home values as estimated by Environics for 2000 and 2019 are shown below:

Market Area:

- 2000: \$63,625
- 2019: \$125,329

Missouri:

- 2000: \$87,068
- 2019: \$164,782

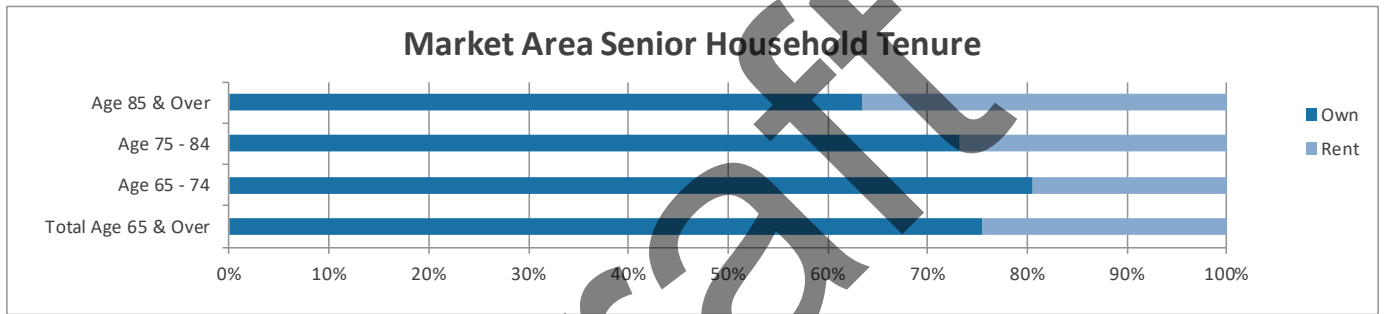
According to the Environics estimates, home values have nearly doubled in the Market Area, increasing by \$61,704 or 97.0 percent from 2000 to 2019.



TABLE 5
MARKET AREA SENIOR HOUSEHOLD TENURE
2010

	Total Age 65 & Over			Age 65 - 74			Age 75 - 84			Age 85 & Over		
	Total	Own	Rent	Total	Own	Rent	Total	Own	Rent	Total	Own	Rent
Number:												
Market Area	2,864	2,161	703	1,438	1,157	281	1,015	743	272	411	261	150
Missouri	549,475	437,316	112,159	286,833	237,805	49,028	188,381	149,928	38,453	74,261	49,583	24,678
Percent:												
Market Area	100.0	75.5%	24.5%	100.0	80.5%	19.5%	100.0	73.2%	26.8%	100.0	63.5%	36.5%
Missouri	100.0	79.6%	20.4%	100.0	82.9%	17.1%	100.0	79.6%	20.4%	100.0	66.8%	33.2%
Note:	Percentages may not add up to 100.0 due to rounding											

Source: 2010 U.S. Census



IV. SENIOR HOUSING MARKET REVIEW

Comparable Senior Living Communities in the Market Area

There is very little market-rate senior housing in the Market Area although there are quite a few independent living buildings for low-income seniors. As in the Original Study, CLA identified only two independent living buildings in the Market Area without income restrictions, including Beth Haven Pleasant View. In addition, there is only one assisted living building in the Market Area that has limited comparable units as the majority is lower income with housing and services paid by Medicaid. While this may reflect the lower incomes of seniors in the Market Area compared to the State of Missouri (and surely compared to wealthier communities), it may also indicate an unmet need for seniors with higher incomes who desire alternative housing but who currently have no options in Hannibal or surrounding communities.

Table 6 presents data on the market-rate senior living communities in the Market Area.

TABLE 6 SENIOR HOUSING SUPPLY - MARKET AREA JUNE 2019		
Community Name	Independent Living	Assisted Living
Beth Haven - Pleasant View	9 ⁽¹⁾	35
Levering Regional Health	0	35 ⁽²⁾
Luther Manor ⁽³⁾	19	0
Total	28	70

Source: CLA's database and internet research in June 2019.

Notes:

- (1) Beth Haven - Pleasant View independent living units represent only the market-rate units on campus.
- (2) Levering Regional Health has a high number of Medicaid patients. We have assumed 7 units are private pay in the demand calculations.
- (3) Luther Manor's independent living units have very low rents and are thus not included in the competitive supply.

Pending Senior Housing Developments in the Market Area

CLA contacted the city of Hannibal as well as Marion County to find out about any planned or proposed senior housing developments. There are no plans or filings for new independent living or assisted living facilities were found in the Market Area based upon our research. One pending senior housing development, the revitalization of the former St. Elizabeth Hospital in Hannibal, was noted in the 2016 demand analysis update. That project remains stalled.



V. DEMAND ANALYSIS

Demand Analysis for Market-Rate Senior Housing

Demand for independent living and assisted living was calculated for 2019 and 2024 based upon the proportion of the age/income-qualified market likely to move to senior housing using several alternative minimum monthly rent levels. The tested rents were in 2019 dollars and estimated demand is presented for 2019, 2021, and 2024.

Demand for the proposed units was measured by applying a maximum penetration rate to the qualified market for each of the selected minimum monthly rent levels. For independent living a 10.0 percent penetration rate was used and 30.0 percent was used for assisted living. In a healthy senior housing market, these penetration rates are considered reasonable since they relate specifically to the age/income qualified group for the specific types of senior housing, not senior households overall. Existing projects were subtracted from gross demand resulting in demand available for new construction.

These demand calculations are summarized in Table 7 with the detailed calculations included in Appendix A.

Independent Living Units

- Demand for market-rate independent living units with minimum rents of \$1,600 per month (in 2019 dollars) estimated at 72 units in 2021 and 71 units in 2024.
- Demand for market-rate independent living units with minimum rents of \$1,900 per month (in 2019 dollars) estimated at 57 units in 2021 and 56 units in 2024.
- Demand for market-rate independent living units with minimum rents of \$2,250 per month (in 2019 dollars) estimated at 33 units in 2021 and 30 units in 2024.

Assisted Living Units

- Demand for market-rate assisted living units with minimum rents of \$3,400 per month (in 2019 dollars) was estimated at 64 units in 2021 and 65 units in 2024.
- Demand for market-rate assisted living units with minimum rents of \$3,850 per month (in 2019 dollars) was estimated at 51 units in 2021 and 51 units in 2024.



TABLE 7
MARKET AREA DEMAND SUMMARY
2019 - 2024

	Estimated Demand		
	2019	2021	2024
INDEPENDENT SENIOR HOUSING:			
\$1,600/Month in 2019 dollars	72	72	71
\$1,900/Month in 2019 dollars	59	57	56
\$2,550/Month in 2019 dollars	34	33	30
ASSISTED LIVING SENIOR HOUSING:			
\$3,400/Month in 2019 dollars	64	64	65
\$3,850/Month in 2019 dollars	51	51	51

Source: CliftonLarsonAllen LLP

Demand Methodology

Demand for independent living and assisted living units was calculated for each of the minimum monthly rent ranges using the methodology that follows. To be conservative, we have calculated demand based on income-qualification only, including the investment income that could be produced from the proceeds of the sale of a single-family home. In reality, many seniors will actually spend down assets to live in assisted living or memory care assisted living rather than move to a nursing home. Some may also rely on financial assistance from relatives, notably adult children.

Independent Living Demand Methodology

Demand for independent living units was calculated for each of the minimum monthly rent ranges using the following methodology:

- All senior householders age 75 and over will be a market for the independent living units. The experience of other independent senior housing communities has shown that for new projects typically up to 20 percent of residents may be under the age of 75. To be conservative we have assumed that no one under age 75 will be a market for independent living senior housing.
- A senior will utilize 50 percent of their income for independent living housing (this is reasonable considering the level of services provided, including one meal per day).
- Senior homeowners will have additional income potential from the untapped equity in their home or the ability to allocate some of their home-sale proceeds to pay an entry fee. Additional income to be used for alternative housing was calculated using the following assumptions:
 1. The value of a senior's home is approximately 90 percent of the average sales price (due to deferred maintenance and dated décor that is typical of seniors' homes).
 2. Selling costs are approximately 6.0 percent of the sales price of the home.



3. Average annual investment return is 4.0 percent, net of a 20 percent tax rate on earnings.

These households are then multiplied by the home-ownership rate to determine the number of homeowners who could afford the minimum rent through the resale of their home.

- The applicable monthly fee options for 2019 were trended to 2024 to match the income data provided by Environics Analytics.
- A penetration rate of 10.0 percent was applied to the age and income-qualified household base to estimate the base of persons who would be interested in moving to independent living senior housing.
- It is assumed the number of senior households is evenly distributed within the income categories.
- Competitive units with rents of approximately 80 percent (or more) of those tested were subtracted from the calculated gross demand to estimate net demand for new product.
- An allowance of 10 percent was used to account for persons moving from outside of the Market Area.

Assisted Living Demand Methodology

- A senior will utilize 80 percent of their income for assisted living (this is reasonable considering the level of services included in the monthly fee). Thus, a potential resident of the assisted living portion of the Project will need an annual pre-tax income of at least \$34,770 (based on the minimum monthly service fee of \$3,400) or \$40,565 (based on the minimum monthly service fee of \$3,850).
- For homeowners who are able to draw on the proceeds of the sale of their home, an annual income of \$30,000, \$35,000, or \$40,000 was used, respectively, for the different rent levels. This assumption allows those owning a home to be included as qualified households in light of the additional potential financial resources from the net home sales proceeds.
- For assisted living demand, a different proportion of income-qualified households within each age group is applied to determine the number of seniors that need assistance with the activities of daily living (ADL). The PAN (personal assistance need) index was developed based upon national surveys of seniors' needs. This proportion is 5.7 percent for seniors at 65-to-74 (3 or more ADLs), 30.8 percent for seniors age 75-to-84 (1 or more ADLs), and 50.8 percent for seniors' age 85-and-over (1 or more ADLs).
- It is assumed the number of senior households is evenly distributed within the income categories.
- A penetration rate of 30 percent is applied to the age/income/ADL qualified market to determine the unit potential for assisted living. This is the group that is unable to receive support in their home, either because they live alone, or because their spouse and/or family members are unable to provide the level of care needed.
- Approximately 10 percent of the demand will come from households outside the Market Area who are 1) living near to, but outside of the Market Area, 2) returning to the area from retirement communities or 3) moving to be near adult children.
- 2019 minimum monthly rents were inflated by 3 percent annually to 2024 to reflect estimated rents in 2024 dollars.



Market Support for Planned Housing Concept

Based upon the following, there appears to be market support for additional independent living and assisted living units:

- There remains modest senior population and household growth in the Market Area.
- Senior household incomes are similar to those in Missouri.
- Limited senior living competition in both independent living and assisted living, which could signal a possible niche market in the Market Area.
- There appears to be demand for additional market-rate senior housing, but at moderate rent levels.
- No additional comparable independent living or assisted living pending projects in the Market Area.

Mennonite Homes Association, Inc. should continue to monitor the Market Area for future senior housing developments that may be proposed.

Development Suggestions

Based on the research conducted for this study, there appears to be support for additional independent living and assisted living units in Hannibal. The potential for development over the next three years is suggested as follows:

- 30-to-35 units of independent living
- 25-to-30 units of assisted living

The ability to fill these units will be based in part on a healthy economy and housing market, however, based on the demand estimates and assuming that approximately 60 percent of 2021 demand is developed, these numbers are reasonable. For the Original Study we provided suggestions that included development of a possible new campus elsewhere in Hannibal. While this might still be appropriate if a good location could be found, we continue our recommendation from subsequent studies that expansion of the current Pleasant View would be more prudent.

Disclaimer

The objective of this engagement was to collect and analyze as much data on the market as outlined in the Process Outline. CLA assumes no responsibility for matters legal in character. Certain information and statistics contained in this report, which are the basis for conclusions contained in the report, have been provided by other independent sources. While we believe this information is reliable, it has not been independently verified by us and we assume no responsibility for its accuracy. The conclusions in the report are based on our best judgments as market research consultants. CLA disclaims any express or implied warranty of assurance or representation that the projections or conclusions will be realized as stated. The result of the proposed project may be achieved, but may also vary due to changing market conditions, changes in facts that were the basis of the conclusions in the report or other unforeseen circumstances.

Note that this updated Demand Analysis should in no way be used to finance a project. A full market Feasibility Study should be conducted prior to making a decision to proceed with a project. The success of any given project is also dependent on appropriate building design, aggressive marketing and competent management. This document is for the internal-use-only of Mennonite Homes Association, Inc. and should not be distributed to third parties.



Appendix A

Draft



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APPENDIX A-1
MARKET AREA INDEPENDENT LIVING DEMAND CALCULATION
MARKET-RATE SENIOR HOUSING
MINIMUM RENTS OF \$1,600/Month in 2019 dollars
2019

Age/Income-Qualified Market		
	Age 65 to 74	Age 75 and Over
Households with incomes of \$31,600 - \$38,399	N/A	120
Multiplied by the home-ownership rate (2010): Total income-qualified homeowners		x <u>70.4%</u> 85
Add households with incomes of \$38,400 or more:		+ 647
Include renters and home owners Total income-qualified homeowners		x <u>100.0%</u> 647
Total		= 732
Proportion age-qualified:		100% 732
<hr/>		
Total age/income qualified:		732
Primary potential demand (assuming a penetration rate of 10%-10%):	73	- 73
Add: An allowance for residents outside of the market area at 10%	<u>8</u>	<u>8</u>
Subtotal	81	81
Subtract: Competitive units in the market area:	<u>(9)</u>	<u>(9)</u>
Total Market Area Demand for Independent Units (Net)	<u>72</u>	<u>72</u>
Average Market Area Demand for Independent Units	<u><u>72</u></u>	

Source: Environics Analytics
 U.S. Bureau of the Census
 CliftonLarsonAllen



APPENDIX A-2
MARKET AREA INDEPENDENT LIVING DEMAND CALCULATION
MARKET-RATE SENIOR HOUSING
MINIMUM RENTS OF \$1,600/Month in 2019 dollars
2024

Age/Income-Qualified Market

	Age 65 to 74	Age 75 and Over
Households with incomes of \$36,600 - \$44,499	N/A	134
Multiplied by the home-ownership rate (2010): Total income-qualified homeowners		x <u>70.4%</u> 94
Add households with incomes of \$44,500 or more:		+ 625
Include renters and home owners Total income-qualified homeowners		x <u>100.0%</u> 625
Total		= 719
Proportion age-qualified:		100% 719
<hr/>		
Total age/income qualified:	719	
Primary potential demand (assuming a penetration rate of 10%-10%):	72	- 72
Add: An allowance for residents outside of the market area at 10%	<u>8</u>	<u>8</u>
Subtotal	80	80
Subtract: Competitive units in the market area:	<u>(9)</u>	<u>(9)</u>
Total Market Area Demand for Independent Units (Net)	<u>71</u>	<u>71</u>
Average Market Area Demand for Independent Units	<u><u>71</u></u>	<u><u>71</u></u>

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-3
MARKET AREA INDEPENDENT LIVING DEMAND CALCULATION
MARKET-RATE SENIOR HOUSING
MINIMUM RENTS OF \$1,900/Month in 2019 dollars
2019

Age/Income-Qualified Market

	Age 65 to 74	Age 75 and Over
Households with incomes of \$38,800 - \$45,599	N/A	112
Multiplied by the home-ownership rate (2010): Total income-qualified homeowners		x <u>70.4%</u> 79
Add households with incomes of \$45,600 or more:		+ 529
Include renters and home owners Total income-qualified homeowners		x <u>100.0%</u> 529
Total		= 608
Proportion age-qualified:		100% 608
<hr/>		
Total age/income qualified:	608	
Primary potential demand (assuming a penetration rate of 10%-10%):	61	61
Add: An allowance for residents outside of the market area at 10%	<u>7</u>	<u>7</u>
Subtotal	68	68
Subtract: Competitive units in the market area:	<u>(9)</u>	<u>(9)</u>
Total Market Area Demand for Independent Units (Net)	<u>59</u>	<u>59</u>
Average Market Area Demand for Independent Units	<u><u>59</u></u>	

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-4
MARKET AREA INDEPENDENT LIVING DEMAND CALCULATION
MARKET-RATE SENIOR HOUSING
MINIMUM RENTS OF \$1,900/Month in 2019 dollars
2024

Age/Income-Qualified Market		
	Age 65 to 74	Age 75 and Over
Households with incomes of \$45,000 - \$52,899	N/A	118
Multiplied by the home-ownership rate (2010): Total income-qualified homeowners		x <u>70.4%</u> 83
Add households with incomes of \$52,900 or more:		+ 499
Include renters and home owners Total income-qualified homeowners		x <u>100.0%</u> 499
Total		= <u>582</u>
Proportion age-qualified:		100% 582
<hr/>		
Total age/income qualified:	582	
Primary potential demand (assuming a penetration rate of 10%-10%):	58	- 58
Add: An allowance for residents outside of the market area at 10%	<u>6</u>	<u>6</u>
Subtotal	65	65
Subtract: Competitive units in the market area	<u>(9)</u>	<u>(9)</u>
Total Market Area Demand for Independent Units (Net)	<u>56</u>	<u>56</u>
Average Market Area Demand for Independent Units	<u><u>56</u></u>	

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-5
MARKET AREA INDEPENDENT LIVING DEMAND CALCULATION
MARKET-RATE SENIOR HOUSING
MINIMUM RENTS OF \$2,550/Month in 2019 dollars
2019

Age/Income-Qualified Market

	Age 65 to 74	Age 75 and Over
Households with incomes of \$54,400 - \$61,199	N/A	70
Multiplied by the home-ownership rate (2010): Total income-qualified homeowners		x <u>70.4%</u> 50
Add households with incomes of \$61,200 or more:		+ 341
Include renters and home owners Total income-qualified homeowners		x <u>100.0%</u> 341
Total		= 391
Proportion age-qualified:		100% 391
<hr/>		
Total age/income qualified:	391	
Primary potential demand (assuming a penetration rate of 10%-10%):	39	- 39
Add: An allowance for residents outside of the market area at 10%	<u>4</u>	<u>4</u>
Subtotal	43	43
Subtract: Competitive units in the market area:	<u>(9)</u>	<u>(9)</u>
Total Market Area Demand for Independent Units (Net)	<u>34</u>	<u>34</u>
Average Market Area Demand for Independent Units	<u><u>34</u></u>	

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-6
MARKET AREA INDEPENDENT LIVING DEMAND CALCULATION
MARKET-RATE SENIOR HOUSING
MINIMUM RENTS OF \$2,550/Month in 2019 dollars
2024

Age/Income-Qualified Market

	Age 65 to 74	Age 75 and Over
Households with incomes of \$63,100 - \$70,899	N/A	90
Multiplied by the home-ownership rate (2010): Total income-qualified homeowners		x <u>70.4%</u> 63
Add households with incomes of \$70,900 or more:		+ 291
Include renters and home owners Total income-qualified homeowners		x <u>100.0%</u> 291
Total		= 354
Proportion age-qualified:		100% 354
<hr/>		
Total age/income qualified:	354	
Primary potential demand (assuming a penetration rate of 10%-10%):	35	- 35
Add: An allowance for residents outside of the market area at 10%	<u>4</u>	<u>4</u>
Subtotal	39	39
Subtract: Competitive units in the market area:	<u>(9)</u>	<u>(9)</u>
Total Market Area Demand for Independent Units (Net)	<u>30</u>	<u>30</u>
Average Market Area Demand for Independent Units	<u><u>30</u></u>	

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-7
MARKET AREA ASSISTED LIVING DEMAND
MINIMUM RENTS OF \$3,400/Month in 2019 dollars
2019

AGE 65 - 74

a. Households with incomes of \$51,000 or more		895	
b. Estimated households with incomes of \$30,000 - \$50,999	443		
c. Times home-ownership rate, (2010)	x 80.5%		
d. Equals homeowners w/incomes \$30,000 - \$50,999		356	
e. Total income-qualified households		1,251	
f. Times percent who need assistance	x 5.7%		71

AGE 75 - 84

a. Households with incomes of \$51,000 or more		341	
b. Estimated households with incomes of \$30,000 - \$50,999	262		
c. Times home-ownership rate, (2010)	x 73.2%		
d. Equals homeowners w/incomes \$30,000 - \$51,000		192	
e. Total income-qualified households		533	
f. Times percent who need assistance	x 30.8%		164

AGE 85+

a. Households with incomes of \$51,000 or more		106	
b. Estimated households with incomes of \$30,000 - \$50,999	89		
c. Times home-ownership rate, (2010)	x 63.5%		
d. Equals homeowners w/incomes \$30,000 - \$51,000		57	
e. Total income-qualified households		162	
f. Times percent who need assistance	x 50.8%		82

Total Assisted Living Market Base		318	
Multiplied by penetration potential @ 30%	x 30.0%		
Equals current total demand from local seniors		95	
Add: Demand from outside market area/@10%			11
Equals total assisted living demand		106	
Minus: Existing Assisted Living Units/Beds		(42)	
Total Demand for Assisted Living Units		64	

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-8
MARKET AREA ASSISTED LIVING DEMAND
MINIMUM RENTS OF \$3,400/Month in 2019 dollars
2024

AGE 65 - 74

a. Households with incomes of \$59,100 or more	948	
b. Estimated households with incomes of \$34,770 - \$59,099	550	
c. Times home-ownership rate, (2010)	x 80.5%	
d. Equals homeowners w/incomes \$34,770 - \$59,099	<u>443</u>	
e. Total income-qualified households	1,391	
f. Times percent who need assistance	x 5.7%	<u>79</u>

AGE 75 - 84

a. Households with incomes of \$59,100 or more	331	
b. Estimated households with incomes of \$34,770 - \$59,099	275	
c. Times home-ownership rate, (2010)	x 73.2%	
d. Equals homeowners w/incomes \$34,770 - \$59,099	<u>202</u>	
e. Total income-qualified households	532	
f. Times percent who need assistance	x 30.8%	<u>164</u>

AGE 85+

a. Households with incomes of \$59,100 or more	97	
b. Estimated households with incomes of \$34,770 - \$59,099	88	
c. Times home-ownership rate, (2010)	x 63.5%	
d. Equals homeowners w/incomes \$34,770 - \$59,099	<u>56</u>	
e. Total income-qualified households	152	
f. Times percent who need assistance	x 50.8%	<u>77</u>

Total Assisted Living Market Base	321	
Multiplied by penetration potential @ 30%	x 30.0%	<u>96</u>
Equals current total demand from local seniors		96
Add: Demand from outside market area/@10%		<u>11</u>
Equals total assisted living demand		107
Minus: Existing Assisted Living Units/Beds		<u>(42)</u>
Total Demand for Assisted Living Units		<u><u>65</u></u>

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-9
MARKET AREA ASSISTED LIVING DEMAND
MINIMUM RENTS OF \$3,850/Month in 2019 dollars
2019

AGE 65 - 74

a. Households with incomes of \$57,800 or more	779	
b. Estimated households with incomes of \$35,000 - \$57,799	458	
c. Times home-ownership rate, (2010)	x 80.5%	
d. Equals homeowners w/incomes \$35,000 - \$57,799	<u>368</u>	
e. Total income-qualified households	1,148	
f. Times percent who need assistance	x 5.7%	<u>65</u>

AGE 75 - 84

a. Households with incomes of \$57,800 or more	288	
b. Estimated households with incomes of \$35,000 - \$57,799	248	
c. Times home-ownership rate, (2010)	x 73.2%	
d. Equals homeowners w/incomes \$35,000 - \$57,799	<u>182</u>	
e. Total income-qualified households	469	
f. Times percent who need assistance	x 30.8%	<u>145</u>

AGE 85+

a. Households with incomes of \$57,800 or more	89	
b. Estimated households with incomes of \$35,000 - \$57,799	78	
c. Times home-ownership rate, (2010)	x 63.5%	
d. Equals homeowners w/incomes \$35,000 - \$57,799	<u>50</u>	
e. Total income-qualified households	138	
f. Times percent who need assistance	x 50.8%	<u>70</u>

Total Assisted Living Market Base	280	
Multiplied by penetration potential @ 30%	x 30.0%	
Equals current total demand from local seniors	<u>84</u>	
Add: Demand from outside market area/@10%		<u>9</u>
Equals total assisted living demand		93
Minus: Existing Assisted Living Units/Beds		<u>(42)</u>
Total Demand for Assisted Living Units		<u>51</u>

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen



APPENDIX A-10
MARKET AREA ASSISTED LIVING DEMAND
MINIMUM RENTS OF \$3,850/Month in 2019 dollars
2024

AGE 65 - 74

a. Households with incomes of \$66,900 or more		791	
b. Estimated households with incomes of \$40,565 - \$66,899	568		
c. Times home-ownership rate, (2010)	x 80.5%		
d. Equals homeowners w/incomes \$40,565 - \$66,899		<u>457</u>	
e. Total income-qualified households		1,248	
f. Times percent who need assistance	x 5.7%		<u>71</u>

AGE 75 - 84

a. Households with incomes of \$66,900 or more		262	
b. Estimated households with incomes of \$40,565 - \$66,899	270		
c. Times home-ownership rate, (2010)	x 73.2%		
d. Equals homeowners w/incomes \$40,565 - \$66,899		<u>198</u>	
e. Total income-qualified households		459	
f. Times percent who need assistance	x 30.8%		<u>141</u>

AGE 85+

a. Households with incomes of \$66,900 or more		76	
b. Estimated households with incomes of \$40,565 - \$66,899	84		
c. Times home-ownership rate, (2010)	x 63.5%		
d. Equals homeowners w/incomes \$40,565 - \$66,899		<u>54</u>	
e. Total income-qualified households		129	
f. Times percent who need assistance	x 50.8%		<u>66</u>

Total Assisted Living Market Base		278	
Multiplied by penetration potential @ 30%	x 30.0%		<u>83</u>
Equals current total demand from local seniors		83	
Add: Demand from outside market area/@10%			<u>9</u>
Equals total assisted living demand		93	
Minus: Existing Assisted Living Units/Beds		<u>(42)</u>	
Total Demand for Assisted Living Units		<u><u>51</u></u>	

Source: Environics Analytics
U.S. Bureau of the Census
CliftonLarsonAllen

