



Market Needs and the Economic Impact of LeadingAge Virginia Members

September 13, 2018

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Executive Summary

Over the next two decades, Virginia's senior population (aged 65 and above) is projected to increase by 51.4 percent – from 1.3 million in 2017 to 1.9 million in 2040. During this period, Virginia's total population is only expected to increase by 20.4 percent – from 8.5 million in 2017 to 10.2 million in 2040. LeadingAge Virginia works with a range of member organizations to help meet the needs of the aging Virginia population. LeadingAge Virginia is the professional association representing the not-for-profit continuum of aging services throughout Virginia, including nursing homes, adult day, assisted livings, home and community based services, life plan/continuing care retirement communities, and senior housing.

The central focus of this report is the economic impact of LeadingAge Virginia members. In 2016 (the latest year for which data are available), LeadingAge Virginia's 133 not-for-profit member organizations served a total of 18,000 seniors: 13,000 in CCRCs, 3,600 in other types of residential settings, and 1,300 in day programs. They employed an estimated 18,000 mission-oriented staff across all skill levels in 108 client-serving locations (for which we could estimate information out of a total of 121). Members' total ongoing purchases (\$1.1 billion), including payroll (\$595 million), generated an estimated total economic impact of \$1.9 billion. This included \$44 million in direct and indirect state and county taxes and \$166 million in federal taxes. LeadingAge Virginia CCRC communities alone provided services to 13,000 residents with an economic impact of \$1.4 billion based on \$828 million in direct expenditures, employing 12,000 directly with a total of 16,000 jobs in the state linked to CCRCs.

CCRCs account for 75% of LeadingAge Virginia's economic impact. Necessarily, much of this report focuses on them. CCRCs are both central in LeadingAge Virginia membership and are important residential and care options for Virginia's rapidly growing population of seniors. CCRCs are institutional entities that meet the health and lifestyle needs of older adults as they age. CCRCs typically include independent living units, assisted living units, and nursing care. With this continuum of care, CCRC residents need not leave the community as their health and functional abilities decline. CCRCs therefore are a type of serviced real estate – that is, real estate bundled with a set of guaranteed services which are partially prepaid. However, given shifting economic and demographic trends in the marketplace, a number of CCRCs are beginning to expand services beyond their campuses. CCRCs are now increasingly positioning themselves as Life Plan Communities in order to emphasize that the majority of their residents do not need intensive medical care.

Licensed through the Virginia State Corporation Commission, there are 53 CCRCs in Virginia; 42 are LeadingAge Virginia members. The member organizations are led by volunteer, unpaid board members that are business leaders in the broader community. Almost all (51) provide independent living, 45 offer assisted living, 33 operate nursing care (another 11 operate assisted living), and 6 have dementia care. Occupancy rates are nearly 90 percent for the independent and assisted living units with a degree of variation among the 53 communities.

CCRCs are concentrated in or near major metropolitan areas and in selected retirement areas within the state. The annual cost of living/care in a CCRC is determined in part by land costs. As a consequence, to balance demand and cost, CCRCs may increasingly locate near the suburban frontier of the largest, rapidly-growing metropolitan areas – in Northern Virginia, Norfolk, and Richmond – over the next few decades.

Two decades from now, in 2040, CCRCs are projected to house 24,840 residents and employ 22,149 workers. CCRCs' total ongoing purchases (\$[1.5 billion), including payroll (\$798 million), will generate an estimated total economic impact of \$2.6 billion, including \$61 million in direct and indirect state and county taxes and \$229 million in federal taxes.

Beyond our projection horizon, insufficient wealth accumulation may constrain or prevent subsequent cohorts of seniors from considering CCRCs as realistic residential and care options in their maturing years. Recently, in anticipation of this potentiality, CCRCs have extended their circles of care beyond their core clientele to include individuals with a net worth below their normal requirements and to seniors in the local community opting to age in place. As they continue to do so, they will increasingly need to deal with the effects of growing income inequality and with the impacts of rising health threats, such as obesity and its consequences, on aging cohorts.

Above and beyond their economic impact, LeadingAge Virginia member organizations contribute significantly to their communities through benevolent and charitable

contributions and activities. The breadth of these contributions is difficult to quantify with existing data, but both financial contributions and community support are identified in this report. Developing standard methods for documenting contributions to their communities will allow greater specificity of their impact. In addition, a strategy for simultaneously broadening economic impact and strengthening commitment to diversity through the adoption of inclusive sourcing policies, procedures, and practices is outlined.

Study Contributions

Special thanks to the organizations who gave beyond their annual dues to make this project a reality:

Goodwin House; LifeSpire of Virginia; Pinnacle Living; Shenandoah Valley Westminster-Canterbury; United Church Homes & Services; Village at Orchard Ridge; Westminster-Canterbury on Chesapeake Bay; Westminster Canterbury Lynchburg; Westminster Canterbury of the Blue Ridge; and Westminster Canterbury Richmond.