

Past placement activity in the Housing Authority's elderly units consists of 9 elderly placed in 1988 and only 2 placed in 1987. The most recent placement in 1989 had entered their name on the list in September, 1986.

The third major elderly housing complex in Southbridge is the Lebannon Hill project constructed in the early 1970's. The complex consists of two story garden style apartments arranged around five courts. 106 of the units are one bedroom apartments while 10 are two bedroom units. Rental rates for the units are as follows: 38 apartments are controlled under the Massachusetts Housing Finance Agency's Section 236 regulations which establish rents of approximately \$345 per month; 29 apartments are subsidized under HUD regulations that set rents at 30% of income; 29 additional apartments are controlled by the State's Chapter 707 program which sets rents at 25% of income; and 20 apartments are considered market rate units but have rental rate limits set by the Massachusetts Housing Finance Agency at approximately \$452 for one bedroom apartments and \$516 for two bedroom units. This complex is currently also 100% occupied and has an estimated waiting list of 175 to 200 elderly, according to the project's manager.

Additional elderly housing available in the Southbridge area include 12 units within the 180 unit Brookside Terrace complex, comprised predominantly of subsidized family housing, and 78 units at the Heritage Green in the neighboring Town of Sturbridge. The Heritage was constructed with Section 8 funds in 1981 and consists of a total of 130 units, 52 of which are designated for low income families. This project is also 100% occupied with an estimated three year waiting list.

ELDERLY HOUSING INVENTORY  
SOUTHBRIDGE/STURBRIDGE  
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Facility -----	Funding Agency -----	No. of Elderly Units -----	Type		Waiting List -----
			1BR	2BR	
Southbridge:					
Quinebaug Plaza	EOCD	115	115	0	150
Dresser Park Apts.	EOCD	37	37	0	150
Dresser Park Apts. II *	-	42	NA	NA	-
Lebanon Hill	MHFA	116	116	0	175-200
Sturbridge:					
Heritage Green	MHFA	78	58	20	est. 3 Year
* proposed					

Potential future additions to the market area's elderly housing stock include a second phase of the Dresser Park project and a proposed new development at the rear of the renovated Wells Building. Phase II of Dresser Park would consist of 42 units with subsidized rents set at 25% of tenants' incomes while the Wells Building project would have 49 units of unsubsidized rental apartments marketed to the elderly. Both the timing and the probability of construction of either project are uncertain.

#### Elderly Housing Potentials

Elderly housing represents a strong re-use option for the site. As examined earlier in the report, the 75+ age group is projected to increase both in the Town of Southbridge and in the surrounding five-town area comprised of Sturbridge, Charlton, Dudley, Woodstock, Ct., and Union, Ct. Additionally, analysis of projected incomes of this population age group signals that growing segments of this age group may require housing alternatives other than those currently provided in the market.

Examination of incomes shows significant increases in those households who earn over \$25,000 and are thus likely to be ineligible for the subsidized housing units available in the area that are regulated by tenants' income limits. 1988 estimates for Southbridge show that 114 of the 713 households above the age of 75 have incomes of \$15,000 to \$25,000 while 71 have incomes above \$25,000. By 1993, those totals are projected to increase to 183 and 159, respectively. In the surrounding towns of Sturbridge, Charlton, Dudley, Woodstock, Ct., and Union, Ct., the 75+ year old households earning \$15,000 to \$25,000 are expected to rise from 179 to 242 between 1988 and 1993 while those earning over \$25,000 are expected to increase from a total of 178 to 411. These income increases

coupled with trends in overall population aging bode well for potential development of elderly housing units within the market area.

Given the demographic data regarding elderly population growth and incomes and the current pent-up demand evidenced in part by the waiting lists at the existing elderly housing complexes within Southbridge, it is our opinion that there is a potential for development of 75 to 100 elderly housing units at the Hamilton Mills site. A prospective mix for the elderly units could be 50% unsubsidized/market rate units and 50% subsidized units based on similar income units for many of the town's existing units. This mix conservatively assumes a 20% capture of those 150 to 200 individuals on the waiting lists for subsidized units at the Dresser Park, Lebanon Hill, and Quinebaug Plaza projects with the remaining subsidized and market rate units being marketed to the growing elderly populations of Southbridge and the surrounding communities. The units could be constructed as 80% one bedroom and 20% two bedroom units. Discussions with local housing officials and an examination of the existing elderly complexes signals a potential need for two bedroom units.

#### Nursing Home Market Characteristics

In an effort to fully understand the full range of residential options for Southbridge's elderly, we have also examined the existing nursing and convalescent home bed supply in the local area. The bed designations or "levels" put forth in the following text refer to the level of care available in the facilities, with Level I/II beds offering 24 hour skilled nursing care as well as restorative and therapeutic services and Level III beds offering routine nursing care, assistance with activities of daily living, and periodic availability of skilled services. Level IV refers to protective supervision for

residents who do not routinely require nursing or medical services.

Within the tri-community area of Southbridge, Sturbridge, and Charlton, there are currently only 125 Level I/II nursing home beds, all of which are in the Providence House, Southbridge's sole nursing home. The Providence House also has an additional 101 Level III beds. In Charlton, the Charlton Manor Rest Home and Masonic Home comprise an additional 35 Level IV and 100 Level III and 69 Level IV beds, respectively. The closest alternative Level II/III beds are located in Webster, almost ten miles from Southbridge, where a total of 164 Level I/II beds and 165 Level III beds are part of four facilities - the Oakwood Convalescent Center, Webster House, Webster Manor, and Lanessa Extended Care. Other more distant facilities include the Sandalwood Convalescent in Oxford, Quabog Nursing Home in West Brookfield, and Beaumont and Northbridge Nursing Homes in Northbridge.

Discussions with representatives of both the office of Tri-Valley Elder Services in Southbridge and the Town's Harrington Memorial Hospital further indicate that there is a shortage of nursing home beds within the tri-community area. Both parties described difficulties in placing local residents as well as discharged patients from the hospital in existing facilities that are within proximity of the Town. In addition, the State's Determination of Need office in their April, 1989 report identified the need for 344 Level II nursing beds in the central Massachusetts Health Service Area, HSA-2, of which Southbridge is part.

Recently, however, the State approved applications from five projects - two in Worcester, two in Shrewsbury, and one in Leicester - which has increased the State total of Beds Approved but Not Yet Licensed (BANYL) to 693 in HSA-2. The

HAMILTON MILL SITE  
NURSING AND REST HOMES IN SURROUNDING COMMUNITIES  
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Town -----	Facility -----	Bed Quota -----	Nursing Home Bed Designations/Levels			
			I	II	III	IV
Southbridge	Providence House	226	41	84	101	0
Primary Market:						
Charlton	Charlton Manor Rest Home	35	0	0	0	35
	Masonic Home	169	0	0	100	69
Secondary Market:						
Oxford	Sandalwood Convalescent	77	0	25	52	0
Spencer	Lincoln Hill Manor	30	0	0	0	30
Webster	Oakwood Convalescent	81	0	41	40	0
	Webster House	43	0	0	43	0
	Webster Manor	123	41	41	41	0
	Lanessa Extended Care	82	0	41	41	0
West Brookfield	Brookhaven Rest Home	22	0	0	0	22
	Quabog Nursing Home	129	0	83	46	0
	Westbrook Heights Rest Home	26	0	0	0	26
Other:						
Northbridge	Beaumont Nursing Home	142	41	41	60	0
	Northbridge Nursing Home	118	0	58	60	0

recent additions to the BANYL supply have closed the HSA-2 gap between identified bed need, the sum of 3,401 "Need Via Planning Area" beds and 85 "New York Medicaid Patients", and the 3,010 "Licensed Supply" beds, creating a Long-Term Care Bed surplus of combined "Licensed Supply" and BANYL at this point in time.

#### Nursing Home Market Potentials

The ability to develop a nursing home facility on the Hamilton Mills site is dependent upon the State's future assessment of Long-Term Care Bed Need and whether the projects comprising the BANYL supply of Health Service Area No. 2 – the five most recently approved Long-Term Care facilities and the previously approved but not yet constructed facilities – move forward. Preliminary analysis of both demand and supply factors signal development potentials for a new facility if either the BANYL supply is reduced in the short term or greater need is identified by the State in the future. In terms of demand, facilities providing nursing care and assisted living are likely to be generated regionally as aging trends in the population continue through the first half of the decade. In addition to the increases in the 75+ population both in Southbridge and in surrounding communities that are highlighted earlier in this report, the 80–84 and 85+ age groups, segments of the population likely to be strong components of nursing home bed demand, are also projected to experience significant growth. Projections by the Massachusetts Institute of Social and Economic Research (MISER) call for a 20.4% increase between 1990 and 1995 in the 80–84 population, from 719 to 866 individuals, and a 16.7% increase in the 85+ population, from 514 to 600, in the four towns of Southbridge, Sturbridge, Charlton, and Dudley. In addition, according to population projections by the

CACI organization, the 85+ population within a 20 mile ring centered by Southbridge is expected to increase 18.5% from 5,838 to 6,920 while the 75+ population is projected to increase 14.3% from 27,574 to 31,514.

In terms of supply, the apparent shortage of nursing home beds in the local area provides an opportunity for a new facility at the Hamilton Mills site if there is a reduction in the BANYL supply in HSA-2. Current placements in nursing homes situated outside the local area as distant as Worcester could be accommodated within the new facility. It also seems likely that the market share of nursing home placements in the existing Providence House facility could be attracted by a newly constructed complex and that in-migration of elderly from communities outside the local market area would occur. Based on the demographic trends discussed above and the current supply of licensed beds in the region, it is our opinion that there is potential for a facility consisting of approximately 100 to 125 Level II and Level III beds at the Hamilton Mills site if there are either necessary reductions in the HSA-2 BANYL supply due to projects not moving forward in the short term or there are future reassessments by the State regarding the number of long-term care beds they will license within the region.



## SECTION IV

### RECOMMENDATIONS

From our analysis of demographic and economic trend data and our examination of current conditions in Southbridge's residential, industrial, retail, and commercial office markets, it is our opinion that two potential redevelopment options exist for the Hamilton Mills site: redevelopment of the site for industrial space users or redevelopment of part of the property for elderly housing with a portion of the land available for a nursing care facility if there are reductions in the BANYL supply and/or increases in the State's assessment of long-term care bed need.

It is our opinion that the most attractive redevelopment option for the site would be a program comprised of 75 to 100 units of elderly housing and 100 to 125 long term nursing care beds with an added potential for 50 to 60 apartments for assisted living. Critical to the use of the site for congregate/assisted living units and valuable to the marketing of the elderly housing will be the presence of facilities providing skilled nursing care and therapy. The operations of the nursing home facility provide and complete a continuum of elder care that will be attractive to those individuals seeking independent living as well as those who only need assistance with activities of daily living and some occasional nursing services.

We also find that under an elder care complex development scenario there is an opportunity for construction of 10,000 to 15,000 square feet of retail and

office space on the site located along the eastern edge of the property fronting West Main Street/Route 131. Potential retail uses would be convenience oriented, serving both the residents of the complex as well as Route 131 traffic and the residential neighborhoods south of the site, and could include a pharmacy, small grocery/general store, and a restaurant. Potential office uses could include medical offices and public and not-for-profit agencies serving the needs of the elderly.

The opportunity to fully reuse the site under what we believe is the optimal redevelopment scenario, an elder care complex featuring a combination of elderly housing, nursing care, and assisted living units, however, is dependent on State approval for a nursing care facility. Thus, without reductions in the HSA-2 BANYL supply or increases in the State's assessment of bed need, full development of the site with a nursing home facility component may not be feasible in the short term.

The second most attractive redevelopment option for the site as well as the most appropriate short term option is in our opinion partial development of the property for an elderly housing complex of 75 to 100 units, leaving land available for a future potential nursing home facility. Though we believe the marketing of the elderly apartments would be enhanced by the existence of a full continuum of elder care facilities, we find that market supply and demographic factors provide a strong opportunity for a well designed development of elderly residences.

Finally, an alternate but, in our opinion, less attractive redevelopment option for the site is industrial use. Though reuse of the site for industrial

space users seeking 20,000 to 30,000 square foot facilities is in our opinion physically possible, legally permissible, and financially feasible, we do not believe that industrial redevelopment of the site will achieve the maximally productive use of the land. Specifically, given difficulties in fully developing the site's 11 acres for industrial purposes due to topographical and zoning constraints and given estimated market costs for industrial land ranging from \$35,000 to \$50,000 per acre, we find that industrial redevelopment of the site will achieve a lower value for the land than reuse as a mix of elderly housing and long term care facilities.