



## New Assisted Living Model Cuts Cost Without Cutting Corners

Alyssa Gerace | February 17, 2014 | Comments (0)

A development company with deep roots in the senior housing industry has launched a new, more affordable assisted living model achieved through suite-sharing.

All American Assisted Living, an affiliate of Kaplan Development Group, recently opened its first community under this new model after CEO Glenn Kaplan realized not many developers were pursuing middle-class seniors. The company's existing 14-property assisted living and memory care portfolio skews heavily high-end.

"We found that no one was going after the middle markets of the country, the blue collar workers," Kaplan says. "Everyone was going after the elite. No one was going after the majority of the country, so we looked into how to bring down the cost of our services—but not the level."

The group realized that a way they could start helping residents save money was to move someone out of a two-bedroom into a one bedroom or studio, or have a studio resident move into a single-occupied two-bedroom suite. Instead of paying \$7,000 for a unit, someone sharing a two-bedroom suite with another resident could pay around \$3,000-4,000, Kaplan says.

"Although it's still expensive, it's saving money," he says. "People started embracing the idea. We sell the fact that it's companionship: there's always someone around if you want or need them to be, if you want to talk, or don't feel well, or want a companion for an activity or dining."

All American Assisted Living's first community in Hanson, Mass. opened in January 2014 and has 48 two-bedroom units, each with a shared living room and bathroom.

"In doing that we were able to bring down the size of the building substantially, which allowed construction costs to come down," says Kaplan. "Real estate taxes came down, utility bills came down, and we didn't have to buy quite as much land because it's not as big of a footprint."

Between all those savings, he adds, Kaplan Development Group was able to build a scaled down version of the high-end communities it used to build while keeping the same level of service, care, and programming. "It had to be a win-win for everybody," Kaplan says.

The Hanson community pre-leased at a “substantially” faster rate than expected, according to Kaplan, and occupancy today is “probably where most occupancies at new facilities are after 8-12 months.”

Suite residents go through a matching process that includes interviews with staff and department heads to figure out the best fit. In situations where a resident ends up not getting along with his or her suite mate, the company helps coordinate a better match.

While the new community is specifically geared toward this model, Kaplan Development Group offers similar living situations in its existing communities. The company has been involved in the senior housing space since the early 1970s and was an early pioneer of assisted living, primarily based in New York. The initial model was for 120-unit or larger communities catering primarily to high-end assisted living residents.

The plan for the All American Assisted Living model is to build between five to eight units a year.

For now, Kaplan Development Group plans to continue locating projects on the East Coast, although as the company grows its geographic focus may change. The group has another property it’s expecting to break ground on in the next two-and-a-half months that will be a duplicate of Hanson, two other properties it’s finalizing due diligence ahead of submitting plans to the local building department, and several other properties under consideration.

“It’s a new product and niche. We can go into markets where other players are, and go head-to-head with them,” says Kaplan. “The level of care and service we provide is high as any we’d provide in another facility. We’ve cut no corners.”