Formation

of

Baby Boomers Co-op, Boomers Collaborative

~~Draft Prospectus~~

Interested in addressing what urban planners are referring to as the "missing middle" in more affordable housing and in supporting baby boomer artisanal and professional service-oriented entrepreneurial efforts, as well as promoting a sense of community for ourselves and other baby boomers, Boomers Collaborative organizers propose developing a hybrid housing-artisanal (or makers) and small business incubator (ASBI) Collaborative. Firm in the belief that the Collaborative model will enhance our chances to better weather early retirement, as well as help us be better prepared for end-of-life financial demands, we seek to partner with others to build a new kind of mixed-use, mixed-income retirement community. To these ends, we propose a mixed-use plan for multi-family housing, adhering to thoughtful LEED (leadership in energy and environmental design) practices for sustainability *and* an ASBI (studio space, a wood and metal shop, a commercial kitchen, office space, a storefront, and event space)—*a model of great appeal to resident members, mixed-use tenants, ASBI participants, and the surrounding community, alike!*

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Boomers' Collaborative & Mall, LLC

Email: boomerscollaborative@gmail.com
Facebook: www.facebook.com/boomerscollaborative/
Twitter: @OhBoomer

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ADVISORY COMMITTEE

Boomers Collaborative organizers seek community advisors for as much input as possible. Names are added as we reach out to prospective baby boomers and area leaders …

Beth Corbett, Director, Austin Collaborative Business Association

Elaine Curry, Baby Boomer; Assessment Specialist, Pearson PLC; Organizer and Board Member, Boomers Collaborative Co-op

Brian Donovan, Former Director, Austin Collaborative Business Association

Susanna Finnell, Baby Boomer; University Faculty/Administrator, Retired; Board Member, Boomers Collaborative Co-op

Lee Follender, Baby Boomer; Owner and Senior Business Coach, AWARE Consulting Services

Hannah Frankel, founding member of La Reunion (Hannah is helping organize the Collaborative community and advocate for Boomers Collaborative Co-op with local affordability experts and the City.)

Kim Garmany, Membership and Development Director, College Houses

Carol Lilly, Baby Boomer; Technical and Grant Writer, Texas General Land Office; Former Residential Designer, Home Builder, Urban Planner, and Housing Program Coordinator; Founder & Consultant, Boomers' Collaborative & Mall; Lead Organizer and Board member, Boomers Collaborative Co-op.

Cloud Mason, Baby Boomer; Systems Administrator, McDonald Observatory; Organizer, Boomers Collaborative Co-op

Karen Meschke, Baby Boomer; Retired Contract Specialist, TXDOT; Meeting and Event Volunteer Coordinator; Organizer and Board Member, Boomers Collaborative Co-op

Ryan Nill, founding member and Treasurer of La Reunion Collaborative Apartments (Ryan is helping organize the Collaborative community and advocate for Boomers Collaborative Co-op with local affordability experts and the City.)

Jan Pomeroy, Baby Boomer; Artist, Bookkeeper, and Graphic Designer; Organizer and Board Member, Boomers Collaborative Co-op

Barry Silverberg, Director, Center for Nonprofit Studies

John Vinson, Baby Boomer; Attorney at Law, Board Member of Wheatsville Co-op; Organizer, Boomers Collaborative Co-op

Names of additional committee members, pending.

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THE NEED

To meet retirement or near retirement needs, many baby boomers need solutions for …

- **Greater economic security through small and part-time entrepreneurial pursuits**
- **More affordable and sustainable housing**
- **Communal support**

THE DRIVERS

Many baby boomers—often with limited financial resources, including many with lingering recession-stressed 401(k) retirement or government pension plans—have found it increasingly difficult to keep and compete for jobs. In a rapidly changing digital world, today's hiring managers value business and social technology skills over life and work experience and worry more about the impact of health care
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costs on their bottom lines; therefore, many baby boomers are often passed over and left to fend for themselves (Ingemunson 2011).

As a result, this group of seniors is finding it increasingly difficult to locate and maintain affordable, sustainable housing.[1] Facing these economic stressors ("… only 64% of workers between the age of 55 and 64 have saved an amount equal to one year of income" [Are Boomers Headed … 2014] and only 21% of all baby boomers think they can afford to retire [McWhinnie 2015]), they are now the largest segment of the U.S. population (40%) embarking on entrepreneurial pursuits (Stangler 2014).

If this was not enough, the divorce rate among baby boomers has also been rising (Clary and Jones 2012). As a consequence, these baby boomers may also need greater economic security and more affordable housing, as well as more opportunities for social interaction.

Other baby boomers, whether single or attached, simply seek opportunities to be part of a vibrant and supportive community—many hope to find creative, intentional, and thoughtfully-planned retirement solutions.

THE PROPOSED SOLUTION

We propose adopting a mixed-income, largely market-driven approach to create an upscale, trendy, *and* more affordable, senior housing project. Combining small residential units with mixed-use light commercial/retail space (including an artisanal and small business incubator [ASBI], supporting artisanal and professional services pursuits of interest to many retirees), we think we have a retirement solution likely to be of interest to significant numbers of baby boomers. We want to develop a 55+ housing Collaborative that addresses the living, entrepreneurial, and social needs of many among this group.

To minimize risks, we intend to adopt only proven strategies, including:

- Establish and build a senior housing Collaborative for the residents to own and manage, attracting Austinites, not speculator-investors and enhancing the financial stability of residents.
- Adopt a mixed-use approach to land development to spread risk and add a revenue stream.
- Include a small business incubator for the needs of resident members and other baby boomers likely to be interested in incubator space and a retail/food service venue for their products.
- Incorporate LEED (Leadership in Energy and Environmental Design) development practices to enhance sustainability of facilities and resources.
- Entice complementary businesses to help bring retail traffic to the ASBI storefront.
- Adhere to best practices in micro-enterprise—jury and test products/services; only make, create, or offer that which sells.

Lone Star Court (see fig. 1, below) at the Domain in Austin has a unique 1950's look. Its character helps drive its appeal. Boomers COLLABORATIVE would adopt an equally appealing theme to attract Austinites.

[1] From personal and anecdotal knowledge of waiting lists for affordable housing in Austin, Texas.

Fig. 1, Photograph of *Lone Star Court*. lonestarcourt.com. Lone Star Court. Web. 2 Nov. 2014.

The Missing Middle

By offering some apartments at market rates through a limited equity arm of the co-op and others on a sliding scale through a non-profit arm, Boomers COLLABORATIVE hopes to begin addressing what urban planners often refer as the "missing middle" in available housing.

> HousingWorks Austin and the Urban Land Institute Austin hosted a Technical Assistance Panel (TAP) on March 31 and April 1 to explore strategies to develop, finance and market housing that is affordable to middle income families (Bradford 2013).

In this same blog, Bradford refers to a report by Opticos Design. Upon delving further into Opticos' reporting, we learn that …

> Missing Middle housing is about providing … high-quality, medium-density options that appeal to both aging Baby Boomers and Millennials. … housing choices … that are built within an existing or newly created walkable urban context (Opticos [2014]).

National Trends in Senior Collaborative Housing from 1978–2012

As can be seen in the graph in fig. 2, below, seniors are investing more and more in Collaborative housing models, doing so to help assure their economic viability in retirement. Unsurprisingly, the Senior Collaborative Housing foundation predicts that "… as the baby boom generation reaches retirement age and considers the many lifestyle choices available, the Collaborative housing model is predicted to gain ever greater popularity" (SCF 2014).

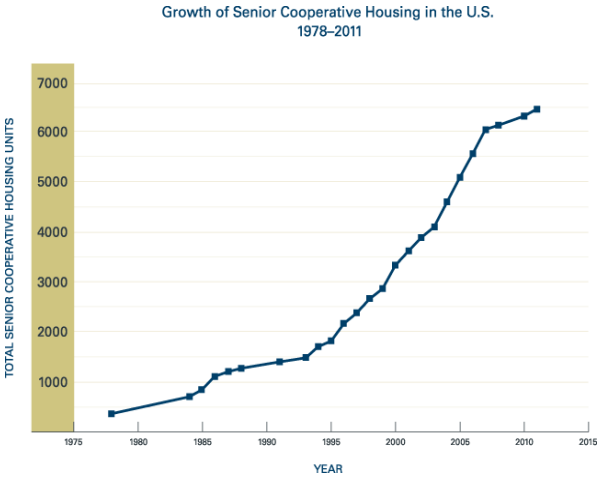


Fig. 2, Graph of "Growth of Senior Collaborative Housing in the U.S. 1978-2011." (SCF 2014)

Goal

Boomers COLLABORATIVE intends that the properties be self-sustaining and independent of reliance upon the ASBI for operating revenues.

This will leave the ASBI free to serve its members to the fullest extent possible, allowing entrepreneurs to grow and develop without undue overhead costs. Only fees for insurance, utilities, maintenance, and any accruable taxes will be passed through on a pro-rata and membership-level basis.

LEGAL STRUCTURE

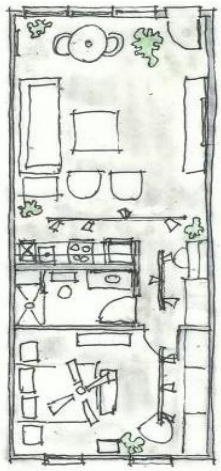
As envisioned, Boomers COLLABORATIVE will be a hybrid co-op consisting of a shared-equity arm holding the entire property in Collaborative partnership with a non- or zero-equity arm. The shared-equity arm will offer traditional leases to mixed-use, light commercial and retail tenants and shared-equity co-op shares for residential tenancy (80%). The non-equity arm will function as a non-profit and administer the ASBI and offer non- or zero-equity residential leases to qualifying baby boomers (20%).

ASSUMPTIONS

In an effort to take advantage of economies of scale, we are looking at modular construction for the residential units and conventional construction for all common and mixed use space. We propose the following as minimum estimates of space needs:

- A total of no less than 80 residential units preliminarily planned as follows:
  - 90%—1/1 (one-bedroom/one-bath) modular units of proximately 640 square feet (See proposed 1/1 Modular Floor Plan in fig 3, below.)
  - 10%—2/2 (two-bedroom/two-bath) modular units of approximately 1000 square feet

  Note: *Designated handicapped-accessible units will have larger baths, less living space, and appropriate fixtures, cabinets, and wardrobes. All other units will accommodate resident use of wheelchairs and walkers.*
- Ground floor commercial lease space of (square footage based on numbers of residential units to accommodate—ranging from approximately 24,000 to 30, 000 square feet).



1/1 Modular Floor Plan
Approx. 640 sq. ft.

Notes:
Compact appliances
Instant water heater(s)
All-tile shower & floor in bath
Curbless shower with seat
Grab bars in shower & blocking in bath walls for additional bars, if needed
Bamboo or simulated-wood floors, elsewhere
Track lighting (eliminating need for more expensive cabinet/wardrobe lighting)
Motel (PTAC) Heat Pumps

Fig. 3, Proposed 1/1 Modular Floor Plan. (Designed by Carol Lilly, Nov. 2014)

We estimate share costs under share loans through the National Collaborative Bank for 1/1 units to be approximately $119,000 and approximately $176,000 for the 2/2 units.

All property taxes, insurance, utilities and maintenance would pass directly through to commercial, retail, and residential tenants in the form of monthly occupancy and co-op membership fees, respectively.

If developed in a viable urban village, we assume that we will operate at a conservative 85 percent occupancy rates for commercial and retail tenancy. We assume that all residential units will be sold before opening.

SWOT ANALYSIS

As is apparent from SWOT analysis, the positive strengths and opportunities far outweigh the few negative weaknesses and threats.

Strengths

- Affordable and competitive (not only to residents, but also to commercial tenants).
- Addresses Missing Middle in available housing in urban areas.
- Supportive environment--developed as a community (residents will have closer community ties to each other because it is a co-op)
- Democratic business structure (residents own and operate, helping members hold on to resources and continue to build needed equity for retirement[2])
- Sustainable (because of thoughtful LEED design considerations and Green initiatives)
- Convertible (also because of thoughtful design and attention to demographic needs—the project can later be converted to an assisted-living facility to accommodate later retirement needs)
- Tangibly beneficial to residents and wider community (see Expected Outcomes and Benefits, below)

The following factors may also be considered strengths:

- The ASBI and commercial tenants are likely to pull in other baby boomers interested in patronizing other baby-boomer businesses.
- The use of modular construction techniques for residential units to control construction costs on this segment will take advantage of economies of scale, making it simpler for the co-op to act as contractor to trim-out each unit.
- The completed property, if the co-op should decide to dissolve, looks like any other mixed-use residential property and can be marketed and sold as condos.

Weaknesses

- Housing co-ops in Texas are generally associated with student housing; therefore, lack of understanding of senior co-ops and the combined nature of the project (senior co-op and ASBI) present public education challenges
- Modular construction is also not typical

Opportunities

- Offer training to replicate model for other markets
- Use event space for community services, not just for-profit events
- Offer instruction in subject areas of interest and concern to co-op members
- Publish the Boomers COLLABORATIVE story

Threats

- Overvalued market
- Construction cost overruns
- Rising costs of construction materials and labor
- Other affordable housing
- Other small business incubator models
- Other co-working models
- Poor jurying of products for gallery/gift shop sales
- Although run by a board of directors, the democratic nature of a co-op can lead to polarization and disagreements

[2] This puts seniors and their families in better positions to handle the often extreme costs associated with the end of life. Further, members of the co-op maintain an ability to continue to contribute—important and beneficial for themselves, their families, and the wider community.

Through marketing and management measures to emphasize the positives in Collaborative business structures, as well as addressing the weaknesses in a detailed, frank, and forthright manner, we should be effective in responding to all concerns.

Recognizing opportunities to grow beyond the launch date and understanding threats beforehand, the co-op can better shape its strategies and procedures. As for an over-valued market, many baby boomers can't wait. Indeed, this is yet another driver influencing our decision to create a Collaborative. And, very cognizant of this threat, we are taking additional steps to drive down costs for ourselves and for our commercial tenants.

Selecting a skilled management team will be crucial, and any team selected will require monitoring. If necessary, outside consultants can be brought in for training. Otherwise, marketing Collaborative structure benefits; adopting proven micro-enterprise practices; and instituting policies for how to deal with disagreements will be essential elements of the co-op's business plan.

EXPECTED OUTCOMES AND BENEFITS

Beyond SWOT analysis and, as demonstrated by existing co-ops and small business incubators, resident-participants benefit from sharing entrepreneurial space, equipment, and resources. The wider community benefits because they have a physically and socially healthier group of seniors capable of contributing to societal needs. Partners receive important recognition.

Specifically,

Resident participants will have on site …

- A commercial kitchen for cooking, baking, catering, and project café/grill ventures.
- A studio for artisanal production and light manufacturing (of art, household furnishings, garments, jewelry …).
- Because this is Austin, a small sound studio for musician artists.
- A Collaborative garden for their personal and commercial use.
- A shop for wood- and metal-working/project maintenance.
- Business offices for co-op, property management, and ASBI uses, including shared-space for professional services members.
- A store-front for retail (gift shop), gallery, and café/grill space.
- Common space for events.

As suggested, the wider community gains …

- An economically viable and mentally and physically healthier aging group in less need of community support.
- A social (and business) unit in a position to contribute and provide support (training and mentoring) to others.

In addition, Boomers COLLABORATIVE is likely to spur economic development and job growth, especially for youth and recent high school and college graduates. Younger workers will increasingly be needed to manage newer technologies, work as interns and aides, and handle café/grill and delivery kinds of services for ASBI participants.

The developer or partners are no less important because they influence trends and future development.

Undoubtedly, partners will experience ...

- Remuneration at market or near market rates.
- Achievement in innovation.
- Professional fulfillment by providing a market solution to a social need.

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