



About LeadingAge DC

LeadingAge DC is an organization of not-for-profit, mission-driven senior service providers throughout the District committed to expanding the world of possibilities for aging in the nation's capital. LeadingAge DC members serve thousands of the District's seniors in affordable housing, assisted living, skilled nursing, adult day, and home and community based services. Our members provide person-centered care through quality programs, shared values and the desire to work collectively to share best practices to help improve the field.

What is a Life Plan Community (Continuing Care Retirement Community)?

The concept of Life Plan Communities has been in existence for well over 75 years. Early Life Plan Communities were organized by not for-profit religious or fraternal groups that recognized the need to provide care to their aging members. Today there are almost 1,900 Life Plan Communities providing multi-levels of living on a single campus with over 80% of those being not-for-profit, but today's Life Plan Communities are much more than that. Life Plan Communities provide an active multidimensional life style for seniors which, improves and manages their health.

- *Living Options* – A Life Plan Community provides three levels of living options. All of these living levels provide some level of service and support to seniors. These options typically include, Skilled Nursing Care, Assisted Living and Residential Living
- *Financials* – All Life Plan Communities have unique financial structures. Similarities include:
 - Entrance Fee
 - This fee is paid upon entry to the Life Plan Communities. Depending on geographic location this fee can be anywhere from \$10,000 to \$1,000,000.
 - This fee typically entitles a resident to remain within the community at any level of living even if they run out of financial resources at no fault of their own.
 - This fee ensures that residents have access to services which may include transportation, nutrition, health care, socialization, and social support.
 - Monthly Fee
 - A monthly fee is paid that covers the cost facilities and services.
 - This fee can range from \$1,500 per month to over \$6,000 per month depending on geographic location as well as level of living.
- *Resident Demographics*
 - A typical Life Plan Communities resident is one that is planning for their future health and financial needs. They seek a living setting that will support them as they age while decreasing the burden on their children and society.

Life Plan Communities are Meeting a Great Need

Life Plan Communities are much more than a “downsizing alternative” for older adults who aren’t able or prefer not to maintain their own home. It is integrated support system. For example, Life Plan Communities offer:

- Social interaction – a home-based support network and social programs for aging in place.
- New lifestyle – freedom, choice and relaxation.
- Activities and programs – preventative, holistic care.
- Wellness programs – including on-site fitness equipment and programs.
- Peace of mind – health and social well-being ensures that the concerns of the older adults and their families are met.
- Dining options – from snack bars to complete meals provide wellness and health benefits.
- Transportation – available for physician visits, religious services, shopping, etc.
- Low-maintenance lifestyle – sheds homeowner concerns about maintaining their own home.
- Security – provides older adults and their families with peace-of-mind that they are in a safe environment and not “home alone”.

Why should a Not-For-Profit Life Plan Community (CCRC) be real property tax exempt?

The not-for-profit Life Plan Community has a charitable mission to serve seniors in the District of Columbia. They are guardians of values, crucibles of innovation, cultivators of volunteerism and stewards of the public interest.

- Not-for-profit Life Plan Communities include significant **charitable care** in their mission, providing care to those in need, as a tremendous benefit to the community, off-setting the value of the property tax exemption.
- Not-for-profit Life Plan Communities offer **education, outreach, and support to our communities** to encourage wellness and active lifestyles, at reduced or no cost to participants, off-setting the cost of a property tax exemption.
- Not-for-profits do not have owners or stockholders. Our **assets are used for the benefit of our communities** and reinvested into expanding and improving services for residents and clients.
- Imposing property taxes on not-for-profits will take already-scarce resources away from our mission to serve seniors. **Medicaid under-funds nursing home care for seniors and not-for-profits subsidize the services these older people receive.** Taxing not-for-profits would be penny-wise and pound-foolish, as many organizations would have to cut back on services or even close their doors.
- The care and services not-for-profits now provide for seniors are of far **greater value** to the District’s families and communities than the real property taxes that might be collected under the proposed legislation. Life Plan Communities provide a safety net for residents. This **decreases the financial**

and care giving burden placed on families or society. For example, this decreases the need for family members to utilize paid time off under family medical leave.

- Not-for-profit Life Plan Communities are often **large employers in the District**. The largest expense in a Life Plan Communities is staff. When unexpected expenses are imposed, resident services are often cut and therefore staff positions eliminated.
- Not-for-profit Life Plan Communities strive to be **employers of choice who develop career paths and finance education for employees**.
- Requiring a not-for-profit Life Plan Community to pay real property taxes would **increase costs for seniors who already have fixed incomes, thus depleting their resources more quickly and causing them to become eligible for Medicaid** sooner than they otherwise would, forcing the District to assume an even larger financial burden.

Why should Ingleside at Rock Creek be receiving real property tax exemption?

The not-for-profit culture benefits individuals who receive aging services and their communities.

1. Ingleside at Rock Creek has been a **not-for-profit charitable organization** in the District of Columbia for over a century. Ingleside continues to provide services to seniors from diverse backgrounds including faith, race, and income.
2. Ingleside at Rock Creek provides an **Integrated Health System to all residents despite their level of living on the campus**. Residential Living, Assisted Living, and Skilled Nursing all enjoy some degree of care management and support services that enable residents to live a full life as they age in place. These services include care management, nutrition, wellness, and transportation services. If not f
3. Ingleside at Rock Creek maintains a commitment to its residents that they will be able live at Ingleside the remainder of their life despite their financial situation. **Ingleside contributes to a resident care fund which has provided over \$1,000,000 last year** in support to residents who have run out of their financial resources. Supporting these residents decreases the financial burden on the District of Columbia.
4. Ingleside accepts non-residents into its skilled nursing home. It has recently accepted residents from the Washington Home. Approximately 23% of its skilled nursing facility residents are on Medicaid. **On average, Ingleside incurs a \$175 - \$200 per day loss per resident on Medicaid.**
5. Ingleside reaches beyond its campus and provides services to seniors in the District of Columbia through its work with Kuehner House and Northwest Neighbors Village.

Not-for-profits use their tax exemption as a catalyst for the development and dissemination of new ideas that ultimately boost economic growth.

Claire Guadiani, author of *The Greater Good: How Philanthropy Drives the American Economy and Can Save Capitalism*, writes that, "America is not generous because it is successful, it is successful because it is generous." (<http://www.clairegaudiani.com/default.aspx>).

1. Ingleside's expansion will provide ***new and innovative facilities for seniors in the District of Columbia***. The new independent living, assisted living and skilled nursing facilities will be one of the most innovative environments for seniors in the country. This will not only attract seniors to the District of Columbia but it will also retain District of Columbia seniors who, prior, may have moved out of the District to organizations in Maryland or Virginia.

Not-for-profit aging services providers are a significant source of employment and job creation which contributes to the Districts goal of "Pathways to the Middle Class."

1. Ingleside at Rock Creek ***employs over 200 employees***. It provides training and career growth opportunities. The majority of a service oriented organizations budget is staff. If expense increase often services and staff need to be decreased which would impact the District's citizens.
2. Ingleside at Rock Creek is planning to host a resident driven program, known as ***The Health Academy, in the Fall of 2016***. The Academy will provide education and training for Certified Nursing Assistants (CNA) and Home Health Aids (HHA). Accepted students have access to transportation, books, tuition, uniforms, and state exam fees at no cost to them or their families. The Health Academy will collaborate with Woodrow Wilson High School in Northwest DC. Students selected for the program will attend classes after school followed by supervised practicums. Program graduates will gain on the job experience and benefit from working with our residents, helping to make them better CNA's and HHA's.
3. Ingleside at Rock Creek supports training future leaders in the District of Columbia. From 2014 – 2015, ***Ingleside at Rock Creek trained an Administrator-in-Training (AIT) which was approved by the DC Board of Long Term Care Administrators***. The Executive Director of Ingleside of Rock Creek provided on-site training for approximately one year. In addition to the time donated to train this AIT, Ingleside provided a small salary and full benefits to enable this candidate to complete the yearlong program while residing in the District. At the end of this year long program, the Administrator-in-Training successfully passed both the District of Columbia Boards and the National Boards.

DC Must Support Seniors

The District of Columbia is seeking ways to attract and maintain residents in the District of Columbia. It claims to be committed to seniors and wants to support them being able to stay in the city where they raised their families and contributed to the community. However, currently, the tax structure does not reflect the District's commitment to seniors.

1. Tax Structure

- a. ***The District's Estate Tax is currently amongst the highest in the nation.*** Seniors are penalized for remaining in the District
- b. ***Senior Citizen or Disabled Property Owner Tax Relief is a benefit only to the District's seniors whose total federal adjusted gross income is less than \$127,600*** for the prior calendar year. This low threshold does not assist all of the seniors in the District nor encourage seniors to move to the District.

2. Fair treatment for all seniors

- a. ***Life Plan Community residents are typically those who financially plan to ensure they are not a burden on their families or society. Should this subject them to property taxes?*** Currently they are not able to take advantage of income tax deductions from property taxes or the Senior Citizen or Disable Property Owner Tax Relief simply because they have invested in a community that will care for them for life.

Real Estate Tax and Not-for-profit Life Plan Communities

State/local responses to property tax exemption lack consistency and transparency. Many states have developed multi-factor tests for exemption from real estate taxes. Specifically, Oklahoma and Kansas utilize IRS Ruling 72-124 as a test for property tax exemption for senior service organizations. In Ruling 72-124, ***the IRS determined that the relief of the distress of aged individuals as a charitable purpose was not based solely on financial considerations.*** Instead, the ruling held that older adults as a class are highly susceptible to several forms of distress, including: the need for suitable housing: physical and mental health care: civic, cultural, and recreational activities: and an overall environment conducive to dignity and independence. Thus, the IRS ruled that a facility would be deemed tax-exempt if it meets the housing, health care, and financial security needs of the aged.

Florida has a law specific to nonprofit homes for the aged that provides a \$25,000 per unit ad valorem property tax exemption with additional exemptions for common areas if the community serves a certain percentage of low income individuals. Life Plan Communities fall into the category of "home for the aged," so they are covered by the exemption.

The District's neighbor, Maryland has passed an entire code section relating to Life Plan Communities (CCRCs), including allowing independent living units as the apartments are now called, to be tax-exempt, however, the decision is done on a case-by-case basis.