

'Active Adult' Housing Loses Luster

By ANTOINETTE MARTIN

A FEW years ago in New Jersey, housing complexes for those 55 and older were proliferating, with new projects seeming to pop up and sprawl out nearly anywhere with acreage — be it urban, suburban or rural.

As the housing slump persists, however, the bloom is off the rose for the "active adult" sector — perhaps even more so than for the overall market. One factor may be the disinclination of would-be buyers to lower their price expectations on the houses they have lived in for decades.

Jeffrey Otteau of the Otteau Appraisal Group is offering brokers and developers new data showing reduced demand for such housing around the state, and a large inventory of unsold units.

At the Rivervue at Hoffman's Marina project in Brielle, the original price range on 14 new units was \$900,000 to \$2.2 million. But earlier this year, after half had been sold, the remaining seven were made available in the \$675,000 to \$1.2 million range.

Last month at Rivervue, a "live free for one year" deal was instituted and led to three quick sales of remaining units, said Tom Neumaier, the marketing director for the builder, the Robertson Douglas Group. Under the program, buyers who provide a down payment of 25 percent are guaranteed that their mortgage payments, taxes, association fees and all other costs will be paid for the following 12 months, he said.

"Given the problem of purchasers who have an existing home to sell in a slow market, and who are trying to avoid a double mortgage payment, we came up with this idea to give them peace of mind," Mr. Neumaier said.

Right now, he said, would-be buyers with a house on the market are advised that "an existing home that is priced right will sell."

"We have found a lot of people struggling with what has happened to the value of an existing home over the past two years, making them reluctant to make the move as empty nesters," he said. "But what we try to help



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The Rivervue at Hoffman's Marina in Brielle, above, sold its remaining units through an incentive program. Wanaque Reserve by Del Webb, below, has exceeded 2007 levels of sales.



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them understand is that prices are also down on the new house they will buy, and they will really come out O.K."

Douglas Fenichel, a spokesman for the developer K. Hovnanian Homes, said that since buyers over 55 had most likely owned their homes for a long time, they should have built up enough equity to "price it competitively when they put it up for sale, and still make some money."

Paul Schneier, the president of Pulte Homes' metropolitan New York-New Jersey division, made the same point in explaining why sales this year at his company's Wanaque Reserve by Del Webb complex, in Bergen County, had exceeded 2007 levels.

"This community attracts many buyers from Bergen County and Rockland County," Mr. Schneier said. "These are affluent areas where people already

own homes in prime locations, and have probably built a lot of equity in those homes, and won't have as much of a problem selling them to move to Wanaque."

Nevertheless, Mr. Otteau said it was clear that virtually all developers of age-restricted housing had significantly reduced asking prices for their units over the last two years. Several developers — although not K. Hovnanian — conceded that to be true.

Market reports indicate that sales are lagging, inventory is swollen and an increasing number of older home owners are choosing to "age in place," as Mr. Otteau put it, meaning they will remain in their homes awhile longer with the hope that the market will shift and values will again rise.

Mr. Otteau said he knew of nine planned projects that had been scrapped because of weak

market conditions.

Of course, developers and builders may tend to disagree about whether their individual projects might be in trouble, and some can point to certain projects where sales are hot.

Just last month, said Don Bompensa, a Lennar company executive, there were people sleeping in the parking lot overnight to be the first to make offers on 25 new units being built alongside the golf course at Greenbriar Oceanaire in Waretown.

"We are honestly not surprised," said Mr. Bompensa, president of Lennar's New Jersey division. "We've been developing this premier active-adult community since 2001, and have sold more than 900 of the 1,400 single-family homes to date — including 27 in the month of August alone."

Also, K. Hovnanian, which developed the Four Seasons brand of over-55 condominiums, announced last week that it had begun construction of several dozen new two-bedroom two-bath units at the Four Seasons at Great Notch community.

The announcement had been preceded by another less positive one from the publicly held K. Hovnanian: On Sept. 3, it reported its eighth consecutive quarterly loss. But at Great Notch, sales have continued to be relatively lively, said Sean Mulhall, the community manager.

Other K. Hovnanian executives cited a pent-up demand for over-55 housing priced in the low \$400,000's, particularly at Great Notch, which is only 12 miles from Manhattan.

"Active-adult communities is one of the only segments of the market where we are adding units," said Mr. Fenichel of K. Hovnanian, "because they're selling."

But that optimism aside, Mr. Otteau cited several recent instances in which developers had asked local authorities to lift, or at least ease, age restrictions for projects approved as "active adult." In consideration of poor market conditions, he said, restrictions were dropped at projects in Bound Brook, Hackensack, Maplewood, Fort Lee and Morris Township.