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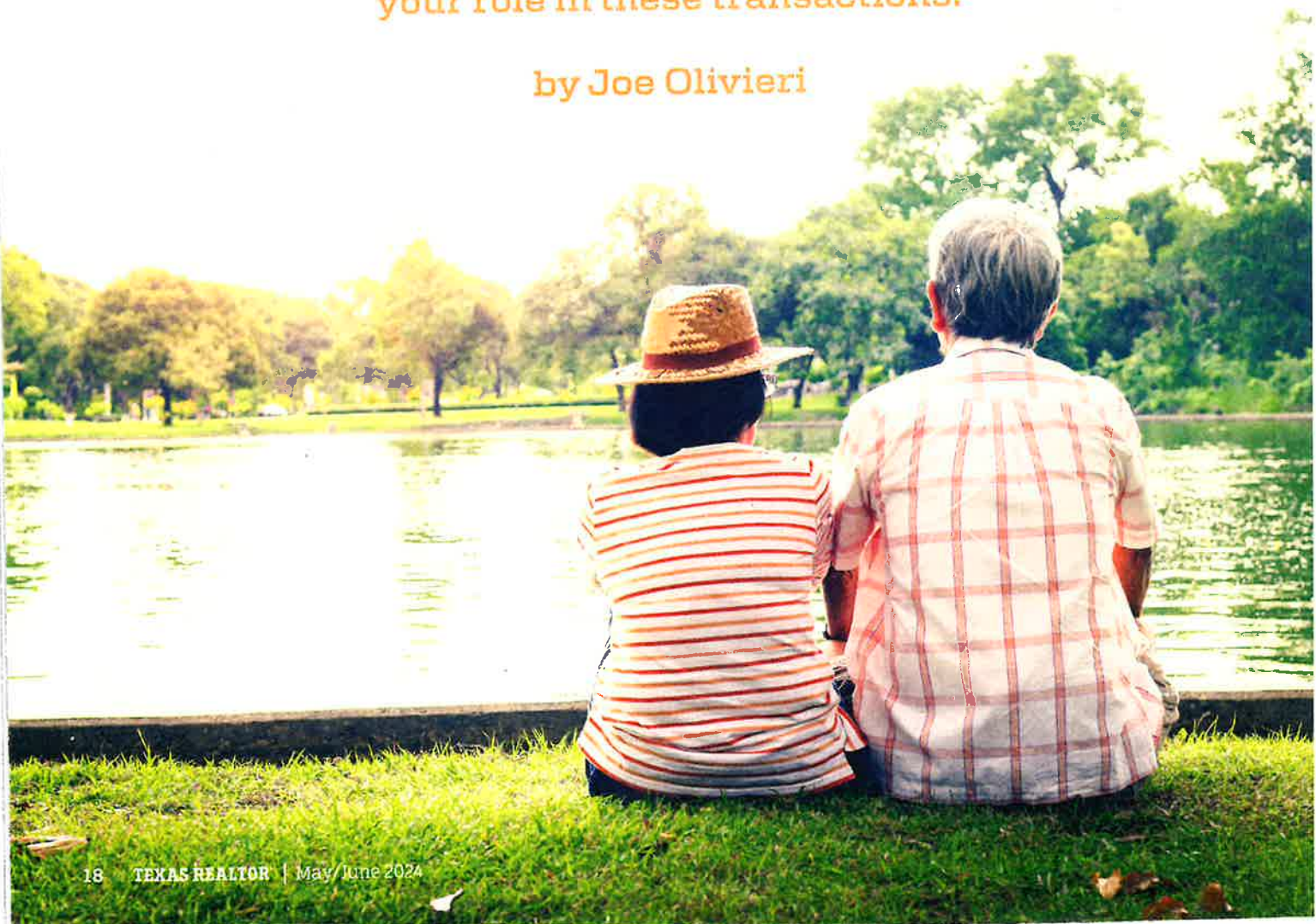


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WHAT DO YOU KNOW ABOUT RETIREMENT COMMUNITIES?

Learn more about this market and
your role in these transactions.

by Joe Olivieri



If clients ages 55 and older aren't a significant portion of your residential real estate business, they might be soon. Texas has the nation's third-largest older adult population and is projected to be home to more than 11 million residents ages 50 or older by 2030, according to Texas Health and Human Services. One way to best serve this population is to learn more about housing options that cater specifically to them.

Age-restricted communities, also called active adult or retirement communities, are becoming more common in Texas, says Zelda Cain, A2Z Real Estate Consultants Broker and Texas REALTORS® Instructor. There are more than 120 communities statewide with more being built each year.

These communities may operate a little differently than other developments. Knowing their restrictions and what they offer is important when helping your clients who may find this an attractive option. "These are communities dedicated to meeting residents' needs later in life," says Alan Burks with REALTORS® for Seniors at Ebby Halliday, REALTORS®.

Sharing Amenities with Peers

One of the most important traits about age-restricted communities is who can live there. To meet the qualifications for HUD's older-person housing exemptions, a 55-or-older community must have at least 80% of housing units occupied by at least one person age 55 or older.

The remaining 20% can be occupied by people younger than 55. In order to retain their exemptions, communities must keep track of the ages of the people living there.

Sixty-two or older communities must require everyone in the household to be 62 or older to meet HUD requirements.

Age-restricted communities can take several forms, from a gated community of freestanding homes to condominium or apartment-style buildings.

Trudy Scott of Coldwell Banker D'Ann Harper, REALTORS® says your clients may be excited to live in a community with their peers. These properties also offer a wide variety of amenities beyond what's typically found in planned developments.

"They may have communal dining areas, libraries, a business center, door-to-door pickups for laundry and trash, and grocery delivery," Zelda says. "They may also offer activities such as game nights and scheduled trips for out-of-town shopping."

Access to golf courses is a popular amenity. Some communities have private or semi-private courses onsite. Communities often advertise that residents can travel around by golf cart, even if there aren't any golf courses nearby, Burks says.

A major advantage for many age-restricted communities is the lack of home maintenance required, Scott says. Many communities are governed by a management organization that handles upkeep. If your clients are considering a community that doesn't offer that, they may be interested in how large of a lot they will need to maintain themselves or pay someone else to maintain.

Security is a big concern for clients considering age-restricted communities. Many properties have gates and patrols to protect residents. Burks says there may also be informal systems, such as volunteers or neighbors making sure a garage door wasn't left open.



A Fair Housing Exemption

How can communities restrict sales when familial status is one of the seven protected classes in the Fair Housing Act? The Housing for Older Persons Act (HOPA) amended the Fair Housing Act and its exemptions from familial status discrimination liability. HUD says facilities can lawfully refuse to sell or rent to families with minor children if the facility provides housing under a state or federal program HUD determines to be specifically designed and operated to assist elderly people, is intended for and solely occupied by people age 62 or older, or is intended and operated for occupancy for people age 55 or older.



"The important thing is to know the restrictions and be able to explain them to your clients." Zelda Cain



“Views about homeownership are changing. This trend of age-restricted communities is only going to grow.” Alan Burks

Some age-restricted communities offer a continuum of housing options: residences for independent and active seniors, assisted living options, and long-term care and hospice.

Limitations to Property Use

Potential drawbacks for age-restricted communities are the limitations for how long younger visitors can stay there. There are no set guidelines, so the rules vary by community, Zelda says. Make sure your clients know if the property has limits for temporary stays. Zelda knew of a grandmother who had to sell her home in a 62-or-older community after her daughter died. She was given custody of her granddaughter, but her granddaughter wasn't allowed to live on the property.

Just like with a homeowners association, it's important to know all the restrictions the community places on your property, Scott says. For example, you may not be allowed to park on the street overnight. Homeowners may not be able to host adult guests long-term or lease their homes as short-term rentals.

Your clients may not be able to try out the community before committing to living there. Some communities do not offer trial periods where prospective residents could stay for a week or two. There could also be a joining fee to enter the community.

Clearing Up Misconceptions About Retirement Communities

There are many misconceptions about age-restricted communities that buyers will benefit from knowing. The first is that these communities restrict the age of residents, not buyers. Anyone can buy a home in an age-restricted community, Zelda says. In the context of buying the property, your client's age doesn't matter. But you can point out that there are restrictions they may want to explore from the community's materials.

Another misconception is that these communities are overly social and boisterous, Scott says. Each community is different; your clients can likely find a property that suits their interests and lifestyle.

Don't assume every client will stay at the property full-time. Some clients are looking at age-restricted communities as a second home. They only want to live in Texas in the winter or will spend much of the year traveling, Scott adds. "I get calls inquiring from out of state about the weather, the safety of these communities, and taxes," she says.

Communities know this and market home maintenance and community security measures as being lock-and-leave, Scott says.

How You Can Help Clients Considering a Move

The first thing you as an agent should do is to educate yourself. Visit the age-restricted communities in your market and talk with the sales agents and representatives there. Learn how these communities operate: some properties will require your clients to work directly with them. "The important thing is to know the restrictions and be able to explain them to your clients," Zelda says.

Just like with any other clients, be sure to ask what their goals are. "Ask where they see themselves living for the next 20 years," Burks says.

Your clients may be thinking about what will happen to the property after they die. It's important to discuss any restrictions if the property passes to a younger family member, Zelda says. Be sure to check for guidance on how to sell properties in age-restricted communities. It is also best to advise clients to speak to an attorney regarding any questions or advice they may need concerning the restrictions and the transfer of ownership at death.

Decisions about age-restricted communities—or any real estate transaction—are a conversation, and clients and their families may not have thought through everything yet, Burks says. You can help your clients by asking questions about the lifestyle they would like to have.

"Views about homeownership are changing," Burks says. "This trend of age-restricted communities is only going to grow." ❏



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