



# CASTLEWORKS REALTY, INC.

## WHAT IS A 55+ COMMUNITY?

by Dr. Frank G. D'Angelo, JD, PhD

### INTRODUCTION

People who are 55 and older frequently consider a change in their living arrangements. Many want to explore the option of downsizing and relinquishing their responsibilities for the maintenance of their home because of retirement, healthcare concerns and changes in their family situations. Simultaneously they may also want to reinvigorate their social lives and maintain or develop an active lifestyle with friends of like minds, similar interests and values.

In addition, the aging process also introduces concerns about increased health limitations and the desire to age in a more manageable living environment. People are often concerned that as they age, their living environment is manageable with respect to their changing physical and mental health care needs.

Some people who are at this stage of life are interested in the 55+ community. If interested, it is advisable to be thoroughly informed about

the rules and regulations of the 55+ community as well as the advantages and disadvantages of this type of community living.

### What is a 55+ community?

A 55+ community is a type of housing/community that is designed to accommodate people that are at least 55 years and older. The general design and the amenities offered are meant to provide for the needs of people in this age group, as opposed to younger individuals and families.

The Federal Fair Housing Act prohibits denial of housing or real estate transactions based on race, color, religion, sex, or national origin, as well as handicap and familial status. However, age is not included under the Fair Housing Act. Consequently, it is permissible to create communities that are exclusively for older people. The rules governing a 55+ community will vary. However, there are certain fundamental rules, which govern all of these types of communities.

The first is that each household must have at least one resident who is 55 years or older. The remaining household members including spouse, partners and children do not have to be 55. However, typically a spouse is 40 or older and all children must be over 18.

Children cannot live in a 55+ community on a full-time basis. However, children and grandchildren are welcome on a short-term basis. Generally, the rules for visitation ranges from 2 to 30 days. These rules vary from community to community, therefore prospective residents should determine what the rules are regarding the duration of visitation by children and grandchildren.

#### What is the 80/20 Rule in active adult communities?

Pursuant to the Housing for Older Persons Act of 1995 (HOPA), at least 80% of the occupied units in an age-restricted community must include one resident age 55 or older, and the community must show intent to provide housing for people 55 and older. This rule pertains to the remaining 20% of the community, hence, the 20% rule.

This means that there is flexibility with respect to age for the remaining 20% of the community. For example, husband age 75 and wife age 52 reside in a 55+ community. The husband dies. Under this 80/20 rule the 52-year-old wife can continue to reside in the community despite the fact that she is under 55 years of age.

### What types of 55+ communities are available?

There are many types of 55+ communities and they generally offer amenities in a suburban setting. However, there are also many communities that focus on a particular lifestyle including; luxury communities, college towns and university communities, RV retirement parks, golf and resort communities, religious specific communities, active senior communities, single only communities and gated communities.

### What are some of the important questions and considerations when searching for a 55+ community?

Relocation to a 55+ community is a major life change and there are many personal/individual concerns that must be considered. They include:

(1) What are the neighbors like? Take some time to talk to the neighbors and get a sense of who they are, and if they live in the community full-time or part-time. Determine whether the neighbors are the kind of people that you would feel comfortable living with in the same neighborhood. Do they share your interests and values?

(2) How stable are the community's financials? Consider having a professional review the financials of the community as well. Ask for the

budget and the profit and loss statements for the present and past several years. This information should be accessible through the homeowners association (HOA). Look to see if there is a reserve fund and how the reserve fund has been utilized in the recent past. Is there money set-aside for major repairs and maintenance such as roof repairs etc.? Review all budget reports from the homeowners association.

(3) Determine who owns the property adjacent to the community and determine if there are proposed development projects and building limitations on the adjacent properties. Prospective buyers do not want a building project next-door that will alter the environment/lifestyle of the community.

(4) What are the HOA rules? Some communities restrict flags and outdoor statuary. Other communities may also limit the type and location of gardening allowed or the storage of a boat or RV on the property. It is important to review the homeowner association bylaws for restrictions and consider having a professional review them as well.

## What are the advantages and disadvantages of the 55+ community?

Some of the advantages to a 55+ community include:

- resort lifestyle atmosphere
- low property taxes
- beautiful and highly desirable locations
- peace and quiet
- home and community maintenance is provided as part of the community services

The disadvantages might include:

- lack of diversity
- medical services may not be easily accessible within the community
- living spaces tend to be smaller than a traditional home
- homeowner fees can increase depending on the cost of repairs and maintenance

## SUMMARY

A 55+ community can be a viable housing option for people who are approaching or who have entered into their retirement years. It is important to examine the particular community from a healthcare, social, legal and financial perspective in order to determine if the 55+ community is a good personal fit.

People considering this type of life choice should also consider consulting with professionals such as accountants, financial planners, attorneys and health professionals as part of the decision making process. This will help to decide if the 55+ community is a good personal choice. It would also be particularly helpful to speak with a real estate professional familiar with the 55+ community housing option as well.

For further information contact Dr. Frank G. D'Angelo, JD, PhD at Castleworks Realty. Dr. D'Angelo is a real estate professional and elder care expert who can help with real estate and housing options for aging.

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