Year in Review
2004
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As 2004 draws to a close, we are pleased to report that the American Seniors Housing Association has had another successful year. ASHA has made great strides in the four short years since becoming an independent association. ASHA has remained steadfast in building a solid financial foundation while significantly increasing its lobbying and research capacity, and initiating, for the first time, creative media relations efforts on behalf of the industry. We have many to thank for the remarkable progress and hope you enjoy this 2004 Year-in-Review. We look forward to seeing you at our 2005 Annual Meeting at the Four Seasons Resort, Aviara in Carlsbad, CA, January 10-11.
ASHA's 2004 Annual Meeting was held January 12-13 at the Boca Raton Resort & Club in Boca Raton, FL. With 321 members participating, nearly 75 percent of our membership was represented at this year’s Annual Meeting — the largest Annual Meeting ever. The meeting featured an array of lively, topical presentations and high-level networking at the picturesque resort. The keynote presentation, sponsored by GMAC Commercial Mortgage Corporation, was a thought-provoking analysis by Dr. Peter Linneman, Albert Sussman Professor of Real Estate Finance & Public Policy at the Wharton School of Business at the University of Pennsylvania.

For the second consecutive year, ASHA's Spring Executive Board Meeting was held in Chicago, IL in conjunction with meetings of the National Investment Center for the Seniors Housing & Care Industries’ (NIC’s) leadership. A joint program featured an in-depth presentation by Penny Pritzker of Classic Residence by Hyatt and an insightful discussion with Sheldon Goldberg, President & CEO of the Alzheimer’s Association.

A highlight of the joint ASHA/NIC meeting, and indeed a highlight for the entire seniors housing industry this year, followed when longtime ASHA member John Erickson of Erickson Retirement Communities announced a $5 million gift to start The Erickson School at the University of Maryland, Baltimore County. The Erickson School will focus on courses and research in seniors housing and aging services. On behalf of the entire ASHA membership, we thank John for his continued leadership and commitment to our profession. After a productive ASHA Executive Board Meeting, Mike Jensen, former editor of The New York Times and chief financial correspondent for NBC, delivered an entertaining and stimulating keynote presentation.

Following our Spring Executive Board Meeting, ASHA hosted a special forum in Dallas, TX focused on Employee Benefits. The day-and-a-half long symposium drew 75 benefits professionals from ASHA member firms who exchanged strategies and information.

Our Fall Meeting once again preceded the National Investment Conference, which was held for the first time in Chicago. The Fall Meeting was attended by more than 200 members of our Executive Board and Advisory Committee. William Thomas, ASHA’s Vice Chairman, presented a special award to Seniors Housing PAC Chair, Patricia G. Will of BelmontCorp, for her outstanding leadership of this year’s Seniors Housing PAC Leadership Campaign. Jim Moore of Moore Diversified Services summarized the findings from a new ASHA research project, On the Move: A Cost of Living Comparison for Independent Living Residents vs. Non-Residents. Alan Plush, MAI of HealthTrust, LLC, followed with a presentation of data summarizing recent seniors housing transaction data. The Fall Meeting concluded with a memorable keynote address by William Kristol, one of the nation’s leading political pundits and editor of The Weekly Standard.
ADVOCA CY
ASHA continues to enhance its efforts on Federal legislative and regulatory matters of importance to professional owners and operators of seniors housing. Long regarded as a well-informed, consistently thoughtful organization, ASHA’s influence on Capitol Hill has expanded with the success of the 2004 Seniors Housing PAC Leadership Campaign. Our Washington, DC-based staff has over 20 years experience in seniors housing, and coupled with our Association’s outstanding legislative counsel, ASHA is viewed as a voice of reason by policymakers, providers, and consumer advocates alike.

Our Chief Legislative Counsel, Randy Hardock of Davis & Harman, LLP, has prepared a summary of the year’s Federal legislative and regulatory developments (page 10).

SENIORS HOUSING PAC
At our Annual Meeting in January, the Executive Board announced an ambitious goal of raising $100,000 for the Seniors Housing PAC in 2004. Thanks to a well-conceived and coordinated campaign spearheaded by Patricia Will and eight dedicated Captains, ASHA’s Seniors Housing PAC raised an impressive $126,500 in 2004. The PAC funds provided important support to key members of the U.S. Senate Special Committee on Aging, U.S. Senate Finance Committee, and House Ways and Means Committee.

With a fund balance of over $140,000, the Seniors Housing PAC remains the largest, most effective PAC in the nation supporting federal candidates dedicated to the preservation and production of seniors housing. ASHA formed a Steering Committee, chaired by Dan Madsen, to oversee the disbursement strategies of Seniors Housing PAC. Other members of the Seniors Housing PAC Steering Committee include: Phil Anderson of CNL Retirement Properties, Michael Grust of Senior Resource Group, and Chuck Herman of Health Care REIT. A list of the individuals who have contributed to the Seniors Housing PAC this year can be found on page 16.

MEDIA RELATIONS
In 2004, ASHA began work on several media relations efforts with the assistance of our public relations consultant, Dan McConnell of DDB Public Relations. Among the projects completed this year were a video/DVD production that will be used to educate prospective members about the benefits of ASHA membership, as well as an educational video/DVD that will be sent to executives who agree to participate in the 2005 Seniors Housing PAC campaign effort. A Seniors Housing Crisis Communications Handbook was also produced this year, and ASHA is working on a Media Relations Guide that will focus on strategies for generating positive, free or low-cost media coverage. Additional work is underway as the American Seniors Housing Association continues to explore options for improving consumer awareness of the spectrum of seniors housing options. Industry professionals that provide important guidance on our media relations work comprise our Seniors Housing Media Relations Task Force.
ASHA continues to work collaboratively with a variety of professional and consumer organizations. ASHA and the National Investment Center for the Seniors Housing & Care Industries (NIC) have worked together on a number of research projects over the years, including the annual State of Seniors Housing data collection effort and on-going efforts to quantify seniors housing construction activity. In April, ASHA and NIC jointly announced the formation of standardized classifications for the various property types within seniors housing and care. Endorsed by the Assisted Living Federation of America (ALFA), the American Health Care Association (AHCA), the American Association of Homes and Services for the Aging (AAHSA), and the National Center for Assisted Living (NCAL), the standardized classifications are expected to help eliminate conflicting data on construction starts and supply and demand. ASHA and NIC will continue to coordinate research efforts on an ongoing basis in order to eliminate duplicative survey efforts and maximize industry resources.

2004 also marked the first time that ASHA and AAHSA have worked together (along with NIC) on a major research initiative to improve the quality of continuing care retirement community (CCRC) data. A summary of results from the most comprehensive study of CCRCs ever conducted will be released in early 2005 in a report (CCRC Profile: 2004) that ASHA, AAHSA, and NIC expect to conduct annually. ASHA and ALFA have also begun to explore collaborative research opportunities and (along with NIC) expect to collect and disseminate data on assisted living in 2005.

Collaboration also continues among the 11 industry and consumer organizations that comprise the newly created Center for Excellence in Assisted Living (CEAL), which is discussed in the Federal Policy – Legislative Review section of this report on page 12. Additionally, as a result of a very productive meeting with Sheldon Goldberg of the Alzheimer's Association, ASHA and the Alzheimer's Association have begun to partner on a host of initiatives, including the Alzheimer’s Association’s efforts to create Alzheimer’s – specific care recommendations in assisted living settings.
RESEARCH AND PUBLICATIONS
ASHA supplemented the concise information we provide in our newsletters (Seniors Housing Update, State Policy Update, Seniors Housing Research Notes, and Seniors Housing Legal Notes) by producing several new publications in 2004 in addition to those we publish annually. Among the new publications released in 2004 was a special report prepared for ASHA by HealthTrust LLC, *The Impact of Interest Rates on Seniors Housing Capitalization Rates*; a thoroughly revised *Fair Housing Compliance Guide* prepared by our legal counsel, Paul Gordon of Hanson, Bridgett, Marcus, Vlahos & Rudy; the fourth edition of the *Seniors Housing Statistical Handbook*; a Special Issue Brief prepared by Jim Moore of Moore Diversified Services that compares the costs of residing in independent living to the costs incurred by seniors who have not moved into an independent living community; and a guide on *Seniors Housing Crisis Communications* prepared by our public relations counsel, Dan McConnell of DDB Public Relations. We expect to soon release *CCRC Profile: 2004*, which is a collaborative effort between AAHSA, NIC and ASHA.

Our annual research and publication offerings released this year include: an Executive Compensation Report pre-
ASHA CONSUMER WEBSITE LAUNCHED IN DECEMBER

ASHA with help of Executive Board member Stephen Gordet of Stephen Gordet & Associates, launched a useful consumer site for older adults and their families interested in learning more about seniors housing options. Among other things, the website features a description of the different types of seniors housing and will soon feature a search engine for consumers to locate seniors housing sites owned and/or operated by ASHA member firms.

WWW.SENIORSHOUSING.ORG

2005 ASHA Research and Publication Agenda

2005 Seniors Housing State Regulatory Handbook
Executive Compensation Report
ASHA Member Property Search Engine
Benefits and Workers Compensation Report

JANUARY 2005
2005 Seniors Housing State Regulatory Handbook
AL State Regulatory Case Studies #1
2005 Annual Meeting Highlights

FEBRUARY 2005
ASHA Member Property Search Engine
Investment & Transaction Report

MARCH 2005
2005 Seniors Housing State Regulatory Handbook
AL State Regulatory Case Studies #2

APRIL 2005

MAY 2005
2005 Annual Meeting Highlights

JUNE 2005
2005 Seniors Housing State Regulatory Handbook
AL State Regulatory Case Studies #2

2005 Seniors Housing Construction Report with NIC

2005 ASHA Research and Publication Agenda

JULY 2005
2005 Seniors Housing State Regulatory Handbook
2004 ASHA 50

AUGUST 2005
2005 Seniors Housing State Regulatory Handbook
Model Residency Agreement

SEPTEMBER 2005
2005 Seniors Housing State Regulatory Handbook

OCTOBER 2005
2005 Seniors Housing State Regulatory Handbook

NOVEMBER 2005
2005 Seniors Housing State Regulatory Handbook

DECEMBER 2005
2005 Seniors Housing State Regulatory Handbook

ASHA also publishes the following newsletters: Seniors Housing Update, Seniors Housing State Policy Update, Legal Notes and Research Notes.
ACKNOWLEDGEMENTS

The continued success of the American Seniors Housing Association reflects our collective focus, passion and shared commitment to improving the lives of those residing in seniors housing communities nationwide.

We are especially appreciative of the additional financial support we receive from our members who sponsor ASHA meeting events and research.

2004 EVENT SPONSORS

2004 Annual Meeting
- ARCS Commercial Mortgage
- Commercial Inspectors
- Ferguson Partners
- GE Healthcare Financial Services
- GMAC Commercial Mortgage Finance
- Health Care REIT
- Heartstone Assisted Living
- Holiday Retirement Corp.
- Key Healthcare Finance
- Perkins & Will Architects
- Senior Housing Investment Advisors
- Senior Housing Properties Trust
- Sodexo Senior Services
- Thilman & Filippini
- Ziegler Capital Markets

SPRING EXECUTIVE BOARD MEETING
- CNL Retirement Properties
- Health Care REIT
- Marsh, USA
- Renaissance Premier Senior Living
- SeniorHousingNet/Part of the Homestore Network
- Sunrise Senior Living

Seniors Housing Employee Benefits Forum
- Mid American Group, Inc.
- Thilman & Filippini

Fall Meeting
- Aspen Retirement Corp.
- CapitalSource Finance
- Duane Morris LLP
- Health Care REIT
- GE Healthcare Financial Services

2004 RESEARCH SPONSORS

The State of Seniors Housing 2003
- American Association of Homes & Services for the Aging
- National Investment Center for the Seniors Housing & Care Industries
- PricewaterhouseCoopers
- American Retirement Corporation
- Brookdale Living Communities
- Capital Senior Living Corporation
- Classic Residence by Hyatt
- CNL Retirement Properties
- Erickson Retirement Communities
- The Fountains
- GE Healthcare Financial Services
- Guaranty Bank
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- MMA Financial
- Prudential Real Estate Investors
- Red Capital Group
- Senior Lifestyle Corp.
- Sunrise Senior Living

2004 Seniors Housing Liability Insurance Report
- Thilman & Filippini, LLC

2004 Seniors Housing Construction Report
- Bovis Lend Lease — Senior Living Group

The Impact of Interest Rates on Seniors Housing Capitalization Rates
- Erickson Retirement Communities

Seniors Housing Statistical Handbook
- National Real Estate Investor
Special thanks to our dedicated staff (Doris Kerr and Ken Preede), legal counsel (Paul Gordon of Hanson, Bridgett, Marcus, Vlahos & Rudy), legislative counsel (Randy Hardock and Jason Bortz of Davis & Harman), public relations counsel (Dan McConnell of DDB Public Relations), and research partners (Colleen Blumenthal, Michelle Liggitt, and Alan Plush of HealthTrust, LLC; John Atkinson of Thilman & Filippini; Jon Boba of Ferguson Partners; Dr. Robert Mollica of the National Academy of State Health Policy; Jim Moore of Moore Diversified Services; Harvey Singer of Redmark Real Estate Development Economics and Market Research; Matthew Whitlock of Glaser Financial; Kathryn Brod of Ziegler Capital Markets, and Robert Kramer and Anthony Mullen of the National Investment Center for the Seniors Housing & Care Industries).

Thanks also to the many organizations we worked with over the past 12 months and look forward to working with in the coming years: AARP, Alzheimer’s Association, American Assisted Living Nurses Association, American Association of Homes & Services for the Aging, American Health Care Association, Assisted Living Federation of America, Consumer Consortium on Assisted Living, Mortgage Bankers Association, National Apartment Association, National Association of Home Builders, National Center for Assisted Living, National Multi Housing Council, Paralyzed Veterans of America, and the Pioneer Network.

Finally, we would like to thank each and every member of the American Seniors Housing Association. Your continued support of our meetings, research studies, legislative efforts, and PAC are greatly appreciated. We welcome your suggestions for improvement and hope you will let us know if there is anything else we can do to better serve you.

Noah R. Levy
Chairman

William Thomas
Vice Chairman

David S. Schless
President
2004 will be remembered as a year dominated by one of the most contentious Presidential elections in memory; an underlying current that exerted a powerful restraining influence on all legislative activity. With few exceptions, Congress accomplished little of note and the President was not able to implement the bulk of his domestic policy agenda.
For ASHA, however, 2004 was a year of continued development of the organization as an effective voice on seniors housing issues in Washington. ASHA’s ongoing efforts to educate federal policymakers on our issues (including an emphasis on the appropriate role of States in regulating the industry) successfully directed Congressional oversight into areas and proposals that did not involve an onerous federal regulatory role. At the same time, ASHA worked proactively to build momentum for legislation favorable to the seniors housing industry, including support for proposals for legal reform, tax provisions that would provide incentives for the purchase of long-term care insurance, and improvements in the tax rules applicable to continuing care retirement communities. This momentum may bear fruit during 2005 as the election results, including the President’s re-election and the increase in the effective Republican majority in the Senate, hold the promise of breaking through at least some of the paralysis that has characterized the legislative landscape over the last few years.

**PROMOTING EFFECTIVE AND COST-EFFICIENT STATE OVERSIGHT OF SENIORS HOUSING**

As in the past, ASHA’s highest priority has been focusing federal policy-makers on the advantages of effective and cost-efficient state oversight of assisted living and other seniors housing. During 2004, ASHA was successful in its ongoing efforts to oppose federal regulation of the assisted living industry and in continuing to educate lawmakers on our issues.

**Studies of State Regulatory Regimes:** ASHA also continued its practice of raising awareness of state regulatory regimes. In March, ASHA released the 2004 Seniors Housing State Regulatory Handbook featuring matrices of key state licensure and regulatory requirements in all 50 states (and the District of Columbia) for assisted living residences and CCRCs. State agency contact information for assisted living residences and CCRCs is also provided in this annual publication which has been distributed to key federal decision-makers.

Also, early in the year, the Senate Aging Committee asked the General Accounting Office (GAO) to prepare a report studying “model” state regulations dealing with disclosure and other limited issues. ASHA staff met with senior GAO officials during preparation of the report and shared detailed comments to ensure that the report did not support the federal regulation of assisted living. In May, the GAO issued “Assisted Living: Examples of State Efforts to Improve Consumer Protections,” which examined effective state regulation with respect to disclosure, licensing assistance to providers, and procedures for addressing consumer complaints. The report concluded that consumers faced with choosing an assisted living facility often do not have key information, including staffing levels and qualifications, costs, and the circumstances that could lead to involuntary discharge, but did not otherwise call for federal regulation. Significantly, prior to the release of the GAO’s report, Senate Aging Committee Chairman Larry Craig (R-ID) had told ASHA that the Aging Committee would most likely hold a hearing on the report, but the hearing was scuttled after the report failed to highlight significant problems.

More recently, ASHA engaged Dr. Robert Mollica of the National Academy for State Health Policy to undertake a review of the different mechanisms that states have adopted to successfully regulate on the important issues of consumer information, and admission and retention. Dr. Mollica’s reports, which should be available early next year, will explore nine state regimes on these issues and we expect that the results of his studies will build the case that there is no single “right way” to successfully regulate on these issues.

**Media Response:** ASHA was active in correcting misinformation in the press regarding assisted living. In response to a series of articles in USA Today focusing on problems in assisted living, ASHA and other members of the Center for Excellence in Assisted Living (CEAL) submitted a letter to the USA Today editorial page emphasizing that the examples of substandard care or conduct described in its articles were unacceptable and that called on states to examine their assisted living rules. Separately, ASHA President David Schless wrote to The Washington Post editorial page emphasizing the value of purpose...
ASHA has continued to build on relationships with consumer groups (including AARP and the Alzheimer’s Association) through the regular participation in the meetings of CEAL, of which ASHA is a founding Board member. The CEAL held an Assisted Living Quality Summit at the Omni Shoreham Hotel in Washington, D.C. on December 2-3, 2004 which included discussion of issues related to satisfaction surveys, dementia care, accreditation, and technological innovation.

Earlier in the year, ASHA President David Schless participated in a special town meeting on caregiving that was part of the 2004 Annual Meeting of the National Governors Association. The town meeting was sponsored, in part, by ASHA Executive Board member firm Merrill Gardens, and was recorded by PBS for later broadcast. David also made a presentation to the Policy Committee of the White House Conference on Aging in September where he highlighted two particularly important issues for seniors housing – financing long-term care and the need for national legal reform. The once-a-decade Conference on Aging will be held on October 23-26, 2005, in Washington, D.C.

ASHA has continued its leadership role as the key source of information on the state of seniors housing and as a clearinghouse for information that assists seniors and their families with decisions. Recently, ASHA launched a new website dedicated to seniors housing consumers. The website is adjacent to the ASHA homepage (www.seniorshousing.org) and features practical information about a spectrum of seniors housing options, including worksheets for those making the decision about moving into a senior housing community. ASHA expects to add a search engine to the website that will enable consumers to search for communities that are owned and/or managed by ASHA member firms. The community listings will be free of charge to members in good standing.

**Congressional Outreach and Other ASHA Efforts:** ASHA has also expanded its efforts to educate policymakers on seniors housing issues, maintaining regular contacts with members of the Senate Aging Committee and other key policy-makers. ASHA’s efforts in that regard have benefited from the generous contributions of its members to the Seniors Housing PAC which grew by leaps and bounds during 2004. In addition, ASHA has continued the Congressional outreach program which is designed to bring Members of Congress and their staff into seniors housing communities to give them hands-on experience with the services our members provide. This year ASHA added educational information for its members on ways they might assist in getting their residents involved in the electoral process.

**Support for Legal Reform**

During 2004, ASHA continued its strong support for legal reforms that restrict baseless lawsuits, but once again those needed reforms ran aground in the Senate. The year began with a renewed push from the Bush Administration, which highlighted the need for class action and medical malpractice reform in its budget proposal for the 2005 fiscal year. Significantly, the budget noted that direct costs of America’s tort law system have almost doubled in the last decade and that the tort system is “out of control, and it is costing American jobs.” The budget called on the Congress to enact reforms that will allow businesses to “focus on creating jobs and becoming competitive, rather than fighting junk lawsuits and outrageous judgments.”

The House quickly passed a class action reform bill that would have moved class action and mass tort lawsuits into Federal courts. However, Senate Majority Leader Bill Frist (R-TN) was forced to delay a vote on the Senate-version of the bill when it became apparent that the requisite 60 votes could not be found to invoke cloture and bring the bill to a vote. Senator Frist attempted to resurrect the bill by working with a handful of Democrats to pull together a modest reform package, which was reported to have the support of 62 Senators, including 11 Democrats. The Senate, however, failed to invoke cloture when Democrats and Republicans were unable to come to agreement on how many amendments would be allowed that were not germane.

Medical malpractice legislation also ran afoul in the procedural quicksand of the Senate. The House once again passed medical malpractice legisla-
tion, which would place a $250,000 cap on non-economic damages, require a higher burden of proof for punitive damages, limit lawyers’ contingency fees, limit the number of years a plaintiff can wait before filing a health care liability action, and allocate damages in proportion to a party’s degree of fault. However, there were not enough votes in the Senate to close off debate on a comprehensive malpractice reform bill. Instead, Senator Frist opted for a strategy of taking on medical malpractice liability in segments – raising proposals that would, respectively, limit non-economic damages awarded in malpractice lawsuits against obstetricians and gynecologists, cap damages against trauma doctors and emergency room personnel, and limit the liability of good Samaritans. Those efforts, which were designed primarily to embarrass opponents of legal reform, all failed to achieve the requisite super majority in the Senate.

The good news is that the White House has sent very strong signals that enactment of legal reform will be one of the President’s highest priorities in 2005 and ASHA intends to continue its strong support of those efforts.

**BACKING TAX INCENTIVES FOR LONG-TERM CARE INSURANCE**

Momentum continued to build for tax incentives for the purchase of long-term care insurance, but the looming budget deficit continued to present the major obstacle to legislation. As in past years, the Bush Administration’s budget proposed an above-the-line deduction for long-term care insurance premiums (while at the same time, also proposing an additional personal exemption to home caregivers of family members). Influential Finance Committee Chairman Chuck Grassley (R-IA) and Ways & Means Health Subcommittee Chairwomen Nancy Johnson (R-CT) continue to lead the charge for long-term care tax incentives with proposals of their own. Despite this high level support, these issues received relatively little attention as the year progressed with the congressional tax-writing committees devoting their attention to other issues that were deemed more time sensitive.

Late in the year, long-term care issues generated some additional interest when Senators Barbara Mikulski (D-MD) and Kit Bond (R-MO) introduced the Ronald Regan Alzheimer’s Breakthrough Act of 2004 (S. 2533) with significant bi-partisan support. S. 2533 would provide an above-the-line tax deduction for long-term care insurance premiums. It also includes a $3,000 tax credit to defray long-term care expenses for individuals and their caregivers. The credit would apply to those who have been certified by a doctor as needing help with at least three activities of daily living and would be phased-out for married couples with income above $150,000 or $75,000 for single taxpayers. S. 2533 attracted 62 co-sponsors in the Senate and a companion measure in the House (H.R. 4595) had 54 co-sponsors. The impressive level of support for the bill (particularly in the Senate) suggests that there is a real possibility of some favorable action next Congress. However, any long-term care provisions will almost certainly have to be trimmed back in order to fit within the current budget realities.
ENCOURAGING TAX REFORM FOR CONTINUING CARE RETIREMENT COMMUNITIES (CCRCs)

During 2004, ASHA continued to work to ensure favorable tax treatment for all CCRCs. Today, the income tax rules provide that certain below-market loans can result in taxable income to the borrower and, in certain circumstance, the IRS has suggested that contracts with CCRC residents may be considered below-market loans. Specifically, the below-market loans rules do not apply to CCRCs that meet certain statutory requirements (“qualified facilities), to the extent that the amount involved does not exceed a dollar cap ($154,500 in 2004). For other CCRCs (“nonqualified facilities”), the IRS has announced, until further notice, that contracts with residents will not be treated as below-market loans. ASHA has supported legislative change that would align the tax treatment of qualified facilities with that afforded nonqualified facilities by lifting the cap that currently applies to qualified facilities. At the same time, ASHA has emphasized that the current treatment of nonqualified facilities should not be changed in any way. Provisions aligning the tax treatment of all CCRCs were included in Senate-passed versions of two bills S.1637 and S. 882. Unfortunately, neither of those provisions went any further in 2004. As these matters receive further consideration from Congress, ASHA will continue to work to ensure that favorable tax treatment is provided to both qualified and nonqualified CCRCs.

OTHER LEGISLATION

There have been a wide range of introduced bills and regulatory developments that could affect housing, health care, or other seniors issues. ASHA has worked to evaluate and monitor these issues for any potential impact on the seniors housing industry. Some of the issues that arose this year include:

FHA Multifamily Mortgage Insurance – ASHA is actively participating in a coalition of organizations challenging U.S. Department of Housing and Urban Development denials of FHA multifamily mortgage insurance under section 221(d)(4) for rental housing projects that intend to restrict occupancy solely to elderly households.

JOBS Bill – One bill that Congress did complete before the election was an overhaul of our international tax reform laws (the so-called “JOBS” bill). Although much of that legislation dealt with the taxation of multinational corporations, it did contain provisions that will benefit real estate investment trusts (REITs) by, among others, facilitating foreign investments in REITs and exempting several categories of loans from a test that prohibits REITs from owning more than 10 percent of the value of any other entity’s securities.

Elderly Housing Bond Legislation – Charitable giving legislation (the “CARE Act”) that had previously passed both the House and Senate included a provision that would have provided a one-year program for issuing qualified charitable bonds to finance the following facilities primarily for the benefit of the elderly: (1) licensed nursing home facilities, (2) licensed or certified assisted living facilities, (3) licensed personal care facilities, or (4) CCRCs. The bonds would be limited to $15 million or less of aggregate bond issuance per issuer per year. Despite overwhelming support in both chambers of Congress, the House and the Senate were not able to resolve substantive differences over the CARE Act and the legislation died.
In particular, GOP gains in the Senate could change the way issues are dealt with in that body. Senate Minority Leader Daschle’s defeat in South Dakota and the failure to hold any of the five Southern Senate seats vacated by retiring Democrats have led to considerable soul-searching in Democratic circles. With a number of Senate Democrats up for reelection in 2006 from states that voted for the President, there are some who see the possibility for achieving the 60 votes necessary to break Senate filibusters, at least on some issues.

Responsibility for shepherding legislation through the next Congress will fall on some new players in both the executive and legislative branches. An exodus of Bush cabinet secretaries was rapid with the departure of Attorney General Ashcroft, Secretary of State Powell, and many others. The White House economic team will lose National Economic Council Director Friedman and Council of Economic Advisers Chairman Mankiw, although Treasury Secretary Snow and OMB Director Bolton will stay. Daschle’s Senate Democratic Leadership post will be assumed by Harry Reid (D-NV), with Senators Durbin (D-IL) and Stabenow (D-MI) taking on other key leadership posts. A reshuffling of the chairmen of Senate committees is also expected. Most notably, it appears that Senator Larry Craig (R-ID) will vacate the chairmanship of the Senate Aging Committee to take over the Veterans’ Affairs Committee. Senator Gordon Smith (R-OR) is preparing to take over the leadership of Senate Aging, with Senator Herb Kohl (R-WI) to become Aging’s Ranking Democrat upon the retirement of Senator Breaux.

While the pundits will argue over whether President Bush’s 51% of the vote gives him a mandate, there is little doubt that the President will lead as if he was given clear direction by the American people. The key question is what will the President decide his mandate was for, i.e., which policies will the President pursue first? Clearly the Iraq situation and the ongoing war on terrorism will continue to require considerable attention by the White House. In contrast, the Administration’s initial domestic priorities remain very much a work in progress. Signals from the White House are that the President intends to make Social Security reform, including private Social Security accounts, his signature initiative when the new Congress convenes in January. Also likely to receive considerable attention early next year are legal reform efforts, including medical liability and class action reforms and possibly the permanent extension of at least some of the tax cuts enacted in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) that are now scheduled to sunset in 2010. Fundamental tax reform, which has been more prominent recently, appears to be moving temporarily to a back burner, with the President selecting a panel of experts to report to the Secretary of the Treasury on options for future reform.

In any event, it is worth keeping in mind that legislative victories for the Republicans will still not come easily. International developments could distract attention from the domestic agenda and the Senate rules still give the minority party considerable power to obstruct the process. If the Republicans overreach, they could unify the Democrats along with the moderate Republicans in the Senate. Moreover, any tax or spending initiatives must overcome the sizeable obstacle of a ballooning Federal budget deficit that will inevitably force Congress and the President to make difficult decisions on priorities.
Seniors Housing Political Action Committee

The American Seniors Housing Association thanks the following 2004 Seniors Housing PAC contributors:

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William Thomas
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2004 Year-In-Review

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John Atkinson
Bonnie Atkinson

URBEK®
Gil Ti

Ventas Healthcare Properties
Ray Lewis
Debbie Cafaro
Stephanie Anderson

The Vinca Group
Alice Katz
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As of December 10, 2004

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Nick Ryan
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Westlake Development Company, Inc.
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LEFT:
John D. Cobb
GE Healthcare Financial Services
STATEMENT OF PURPOSE

The American Seniors Housing Association provides leadership for the seniors housing industry on legislative and regulatory matters, advances research, education and the exchange of strategic business information, and promotes the merits of seniors housing.