SENIORS HOUSING BUSINESS®

The Magazine for Seniors Housing Real Estate and Operations

August-September 2020

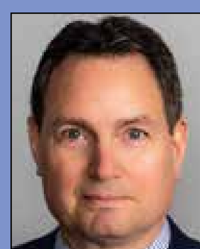
How to Adapt Design for COVID-19 24

Church Hill Village, Newtown, Conn.

■ **The SHB Interview**

Eric Mendelsohn

National Health Investors CEO carves out a niche. 52



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Editor's Letter

The ASHA 50 Grapple with COVID-19

With the fall season upon us and winter just around the corner, there is a sense of urgency to develop a safe and effective coronavirus vaccine. Drugmaker Pfizer announced in mid-September that key data from its late-stage trial will be ready for the Food and Drug Administration (FDA) to review by the end of October. Moderna and AstraZeneca, two other companies, are conducting phase three trials of coronavirus vaccines.

Even if the FDA approves a vaccine in short order, the rollout is likely going to take several months. Public health officials will want to err on the side of caution because approving vaccines too early can be risky. Senior living operators expect to battle both the coronavirus and flu season at once this year.

The good news is that eventually we're going to emerge from this COVID-19 crisis in one of two ways, says Doug Schiffer, president and COO of Allegro Senior Living and chairman of the American Seniors Housing Association (ASHA).


Matt Valley

"We're either going to get a vaccine, or we're going to get herd immunity." Until then, the industry is taking extreme measures to protect our most vulnerable population.

For more insights from Schiffer as well as ASHA President David Schless, check out the Q&A in the ASHA 50 supplement, which contains the 50 largest U.S. seniors housing owners and operators as of June 1 and is published in conjunction with *Seniors Housing Business*.

The supplement profiles Ventas executive Justin Hutchens, who leads the REIT's seniors housing portfolio in North America. The supplement also highlights ASHA and Argentum's hard-fought victory to secure some COVID-19 financial relief for private-pay assisted living operators.

There is light at the end of the tunnel.

Matt Valley

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Published by France Media, Inc.

Publisher
Richard Kelley
(914) 468-0818
rkelley@francemediainc.com

Media Advisors
(404) 832-8262
Eric Goldberg
egoldberg@francemediainc.com

Ryan Nixon
ryan@francemediainc.com

Graphic Designer
Nick Topolski

Editor
Matt Valley
(404) 832-8262
mvalley@francemediainc.com

Managing Editor
Jeff Shaw
jshaw@francemediainc.com

Contributing Writers
Lynn Peisner
Kristin Hiller

Chairman and CEO
Jerrold France

President
Scott France

Chief Financial Officer
Michael F. Jacobs

Senior Vice President, Editorial & Operations
Randall Shearin

www.francemediainc.com

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SENIORS HOUSING BUSINESS
Customer Service Department
P.O. Box 308
Skokie, IL 60076; e-mail: SRHB@omeda.com
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In this issue

Cover story

About the cover

Senior Living Corp. owns Church Hill Village, an assisted living and memory care community in Newtown, Connecticut. Banko Design created the interiors with plenty of outdoor space for safe socialization.

Lead nurturing is a priority for GlynnDevins during the pandemic. According to Jen White, senior vice president of creative and content, the ideal marketing and branding response to coronavirus concerns in senior populations can be boiled down to two parts: the first step is respond to the crisis, and then establish a content solution to virtual sales for an industry that bases most of its sales on in-person events.

Ziegler closes $199.4 million bond financing for Acts Retirement-Life Communities

Fort Washington, Pa. — Ziegler has arranged $199.4 million in bond financing for Acts Retirement-Life Communities.

Based in Fort Washington, Acts is the third-largest nonprofit seniors housing operator in the country. The company operates 26 communities in nine states with a total of 9,671 total units.

The portfolio involved in this specific financing includes 20 communities in seven states, with eight locations in Pennsylvania, four locations in Florida, three locations in Delaware, two locations in North Carolina, one location in South Carolina, one location in Georgia, and one location in Alabama.

The bond issue includes $115.1 million in tax-exempt bonds issued through the Public Finance Authority (Wisconsin), Palm Beach County Health Facilities Authority (Florida) and the Montgomery County Industrial Development Authority (Pennsylvania). The remaining $84.3 million in taxable bonds were issued through the Montgomery County Industrial Development Authority (Pennsylvania).

The proceeds of the bonds will be used to finance or refinance costs associated with the 20 communities, while also refinancing bonds from 2012 and two revolving lines of credit from Bank of America and Truist.

Love Funding provides $97.3 million in HUD loans during second quarter

Washington, D.C. — Love Funding has provided more than $97.3 million in HUD financings in second-quarter 2020.

All the loans feature long-term, nonrecourse, fixed-rate debt solutions. D.C.-based Love Funding's parent company, Midland States Bank, was able to complete short-term bridge loans to secure funding.

In the first transaction, Love Funding arranged financing for the $3.1 million acquisition of Egida Hogar San Antonio, a property located in Guayama, Puerto Rico. The borrower was able to acquire the Section 8 project and extend the affordability component by entering into a new 20-year HAP contract. The borrower was also able to realize additional savings through HUD's reduced application fee incentive for projects located in Qualified Opportunity Zones.

In the second transaction, Love Funding provided a $12.9 million

Love Funding provided $12.9 million in HUD funding for Woodlands of Arnold, an assisting living, memory care and skilled nursing facility located in Arnold, Missouri.

refinancing for Woodlands of Arnold, an assisting living, memory care and skilled nursing facility located in Arnold, Missouri.

In a third transaction, Love Funding provided an $18.2 million HUD-insured loan for Chickasaw Place, a 272-unit, Section 8 project in Memphis, Tennessee. The financing was through HUD's 223(f) program in conjunction with 4 percent Low-Income Housing Tax Credits with tax-exempt bonds allocated by the Tennessee Housing Development Agency and The Health, Education and Housing Facility Board of the City of Memphis. The HUD loan will be used to preserve and enhance the project with a scope of proposed renovation at approximately $34,800 per unit.

Love Funding also utilized HUD's Interest Rate Reduction and 223(a)(7) programs to improve cash flows at six currently HUD-insured projects by taking advantage of the low interest-rate environment.

KeyBank funds $50 million financing for two affordable properties in Georgia

Lawrenceville and Dacula, Ga. — KeyBank Real Estate Capital (KBREC) has secured $50 million of fixed-rate Freddie Mac financing for Dominium, a developer and manager of affordable housing.

The twin $25 million loans will be used for the construction of two affordable seniors housing communities — Grayson Ridge Apartments in Lawrenceville and The Preserve at Peachtree Shoals in Dacula, both suburbs of Atlanta.

Both four-story, garden-style properties will each contain 240 units for residents age 55 and older. The unit mix for both will consist of 124 one-bedroom units, 100 two-bedroom units and 16 three-bedroom units, with an average size of 1,019 square feet.

Both properties will use income averaging with tenants whose income ranges between 30 percent and 80 percent of the area median income. Construction of both properties is scheduled for completion by December 2021.

The financing for both properties was structured with Freddie Mac's Tax-Exempt Loan program, with forward construction periods and 15-year permanent loan terms.

KeyBank Community Development Lending and Investment (CDLI) provided the construction debt on the properties totaling $83 million. Local housing authorities issued 4 percent Low-Income Housing Tax Credits.

Al Beaumariage of KBREC's Commercial Mortgage Group and Kelly Frank of KeyBank's CDLI team structured the financing.

Walker & Dunlop provides $16.4 million HUD financing for Colorado skilled nursing portfolio

Rocky Ford, Paonia and Glenwood, Colo. — Walker & Dunlop Inc. has provided $16.4 million in financing for three skilled nursing facilities in Colorado.

The borrower is Madison Creek Partners. The portfolio comprises Pioneer Health Care Center, a 29-unit facility in Rocky Ford; Paonia Care & Rehabilitation, a 28-unit facility in Paonia; and Glenwood Springs Health Care, a 29-unit facility in Glenwood Springs.

Stock Snapshot

REITs	Stock symbol	Current price 9/2/20	1 month change 8/3/20	12 months change 9/3/19
CareTrust REIT	CTRE	$20.08	11.31%	-12.08%
Healthpeak Properties Inc.	PEAK	$28.56	7.61%	-15.65%
Welltower Inc.	WELL	$60.01	14.74%	-31.21%
LTC Properties Inc.	LTC	$37.30	2.67%	-20.49%
National Health Investors Inc.	NHI	$64.08	4.33%	-19.00%
New Senior Investment Group	SNR	$4.48	34.53%	-23.16%
Omega Healthcare Investors	OHI	$31.93	1.79%	-16.50%
Sabra Healthcare REIT Inc.	SBRA	$15.65	10.91%	-23.32%
Diversified Healthcare Trust	DHC	$3.93	-3.68%	-52.48%
Ventas Inc.	VTR	$43.94	16.52%	-37.16%

Publicly traded owners and managers	Stock symbol	Current price 9/2/20	1 month change 8/3/20	12 months change 9/3/19
Blackstone Group	BX	$54.46	2.64%	15.58%
Brookdale Senior Living	BKD	$2.97	6.83%	-61.97%
Capital Senior Living Corp.	CSU	$0.68	0.00%	-83.81%
The Ensign Group Inc.	ENSG	$59.94	26.48%	32.35%
Five Star Senior Living Inc.	FVE	$5.26	14.85%	3.14%
The Pennant Group	PNTG	$38.16	50.41%	n/a

Kevin Giusti led the origination team. The HUD loans will refinance existing debt.

Renovated in 1964, Pioneer Health Care Center is the only Veterans Affairs-contracted facility within 80 miles.

Paonia Health Care Center is a skilled nursing and memory care facility built in 1984.

Glenwood Springs Health Care is the sole skilled nursing facility in its area, located less than a mile from its local medical center, Valley View Hospital.

Lancaster Pollard funds $17.2 million HUD refinancing for Aaron Manor in Fairport, New York

Fairport, N.Y. — Lancaster Pollard has provided $17.2 million in financing for Aaron Manor Rehabilitation and Nursing Center, a 142-bed skilled nursing facility in Fairport, a village east of Rochester.

The FHA Sec. 232/223(f) loan will refinance several types of acquisition loans into a single payment structure. The new financing is nonrecourse and features a fixed rate.

The current owner bought the property in 2018 and improved the operations and financial performance at the facility.

Miles Kingston led the transaction for Lancaster Pollard, a division of ORIX Real Estate Capital.

MassHousing provides $32.7 million refinancing to preserve affordability at Mountain View Terrace near Boston

Stoneham, Mass. — MassHousing has provided a $32.7 million refinancing for Mountain View Terrace, a 194-unit affordable seniors housing community in Stoneham, approximately 10 miles north of downtown Boston.

The borrower is an affiliate of Atlantic Tambone Management, which will use the funds to preserve the community and expand the affordability for at least 31 more years.

Atlantic Tambone Management refinanced Mountain View Terrace through MassHousing's Multifamily Accelerated Processing (MAP)/Ginnie Mae Joint Venture Initiative with lender partner Rockport

Aaron Manor Rehabilitation and Nursing Center is a 142-bed skilled nursing facility in Fairport, New York, a village east of Rochester.

Mortgage Corp. MassHousing offers the MAP/Ginnie Mae loan program to the owners of rental housing through the U.S. Department of Housing and Urban Development (HUD).

Developed in 1981, Mountain View Terrace was refinanced by MassHousing in 2010, at which time the property was substantially renovated. The 194 units are contained in three five-story apartment buildings and four two-story townhouse buildings. There are 128 one-bedroom apartments, 50 two-bedroom apartments, 10 three-bedroom apartments and six four-bedroom apartments.

All of the units are subsidized by a federal Section 8 Housing Assistance Payment contract, which has been extended by 20 years.

Ziegler arranges $22.5 million financing for Beacon Hill at Eastgate CCRC in Michigan

Grand Rapids, Mich. — Ziegler has arranged $22.5 million in bank bonds for an expansion project at Beacon Hill at Eastgate, a 300-unit continuing care retirement community in the Eastgate neighborhood of Grand Rapids.

The borrower is Michigan Christian Home. The financing package includes a $9.8 million long-term component with a 30-year amortization and a $12.7 million short-term loan with a three-year amortization that will be retired with initial entrance fees from the project.

Built in 1960, the property currently features 170 entrance fee independent living units, 20 rental independent living apartments, 46 assisted living units, 35 memory support units and 29 skilled nursing beds.

The community has brought on Greenbrier as development consultant for the expansion, which will include demolishing a recently purchased medical office building located on the northeast corner of campus to construct a 26-unit independent living apartment building. This new structure will be joined to the existing community by an enclosed walkway.

The project also includes renovating many of the amenity areas. Beacon Hill selected BBVA as the lender.

COVID-19 Disruption Takes a Toll on Property Sales

By Matt Valley

Make no mistake about it, transaction volume in the seniors housing investment sales market has been significantly hampered by COVID-19, the respiratory disease linked to 197,000 deaths nationally as of Sept. 17.

Year-to-date through July, property and portfolio sales in the seniors housing and care sector totaled just under $5.3 billion, down 52 percent from nearly $10.8 billion during the same period a year ago, according to Real Capital Analytics (RCA). The number of properties that traded over that same period fell from 703 in 2019 to 366 in 2020, says RCA. The data is based on transactions $2.5 million and above.

Michael Gehl, chief investment officer for North Bethesda, Md.-based Housing & Healthcare Finance, attributes the slowdown in the pace of activity to heightened uncertainty.

Investors are accustomed to making decisions based on the strength of an operator, the supply-demand dynamics of a given geographical market or capital market dynamics, says Gehl.

"But a pandemic that has not happened since 1918 — and which raises questions of how long it will last and how it will play out with the flu season — creates such a level of uncertainty with regard to the cash flow that some capital has been pushed to the sidelines," explains Gehl.

Alan Plush, CEO of appraisal firm HealthTrust based in Sarasota, Florida, says the RCA figures are in line with his observations from the trenches. HealthTrust's volume of business dropped 25 percent in the latter half of March following the initial outbreak of COVID-19 in the U.S. before dipping more than 50 percent in April as the pandemic worsened. Since then, the economy has gradually improved but the rebound for the industry has been decidedly choppy, observes Plush.

The appraiser describes the second quarter as an "inflection point" — the moment the reality set in that the economic recovery was going to be a slog. Occupancies at senior living communities had slipped by several percentage points by that stage, leading to a decline in revenues while expenses related to COVID-19 continued to mount. The end result was that operators began to see significant margin compression.

"During the period April through June, there was a huge disconnect between buyers and sellers and lenders. The market was in a kerfuffle, an uproar," says Plush.

Investor outlook on cap rates shifts

At the end of 2019, the average cap rate for majority independent living communities stood at 5.6 percent compared with 6.1 percent for majority assisted living facilities and 10.2 percent for majority nursing care facilities, according to RCA. (The data research firm did not provide a second-quarter update on cap rates due to the low level of transaction activity.)

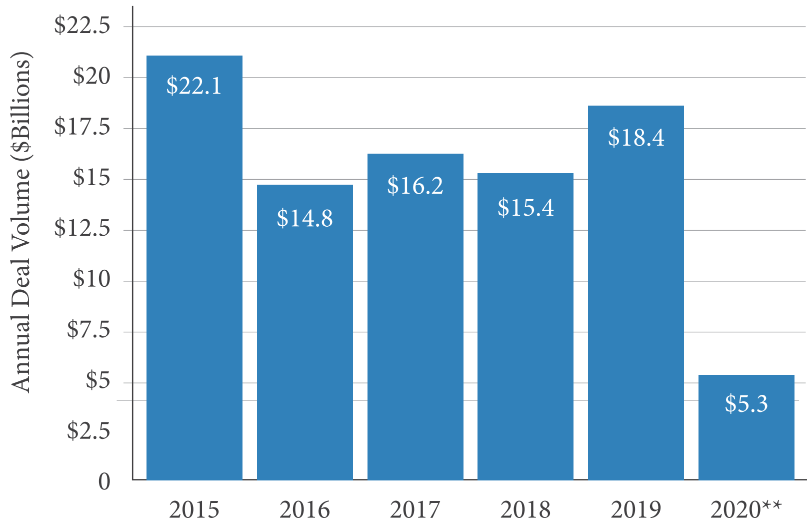
Cap rates have widened slightly for assisted living properties this year, observes Gehl. "But a lot of that has to do with Class B and C, mom-and-pop type product that has been trading and usually trades at a wider cap rate. Also, there have been occupancy declines and expense bumps that justify a wider cap rate."

Meanwhile, cap rates for skilled nursing facilities haven't moved much, says Gehl. "The facilities that have been hit hard by COVID are just not trading, and the facilities that have seen a decline in cash flow due to occupancy declines and labor/supply increases have seen mitigation through billions of dollars of stimulus money," he explains.

Investor sentiment with respect to the future direction of cap rates shifted dramatically during the first half of 2020, according to a report compiled by JLL's Valuation Advisory Seniors Housing team. In a Jan. 31 survey of more than 100 transactional professionals specializing in the seniors housing and care space, 72 percent of respondents expected no change in cap rates in the near term.

However, that survey was taken before COVID-19 swept across the U.S., leading to a heavy loss of life and a virtual shutdown of whole parts of the economy. When JLL posed that cap rate question again on May 22 to the same pool of respondents, 83 percent indicated that they expect to see an increase in cap rates as a result of COVID-19.

Tracking Property and Portfolio Sales Activity*



Through July of this year, seniors housing transaction volume totaled nearly $5.3 billion, down 52 percent from the same period a year ago.

**based on deals $2.5 million and above* ***year-to-date through July*

Source: Real Capital Analytics

"Although survey respondents expect short-term capitalization rates to increase, we expect this to be a blip on the radar as more data becomes available to the market," says Bryan Lockard, managing director of JLL's Valuation Advisory Seniors Housing division.

"Medium- and long-range investor sentiment is still strong as experts prepare for the 'silver tsunami,' with the leading-edge Baby Boomers now within a 10-year investment cycle of occupancy," adds Lockard.

JLL concludes that the conventional wisdom among investors is that cap rates will "mostly" return to pre-COVID-19 levels once the crisis passes.

Plush estimates that cap rates have risen between 25 and 50 basis points this year, but that the increase has not been uniform across the industry. Markets that have been hit by a combination of oversupply and a significant COVID-19 outbreak — Phoenix, Atlanta, and many parts of Texas and Florida fit that description — are experiencing the biggest uptick in cap rates, says Plush.

The veteran appraiser can relate to the financial strain that operators and owners of senior living communities are under as a result of COVID-19. In addition to serving as an appraiser for the past 35 years, he is the owner of Harbor Chase of Sarasota, a 108-unit assisted living and memory care facility in Florida.

At the end of February, the community's occupancy rate was 90 percent. It's now down well below that level. "We've been struggling to bounce back because property tours are limited and competition is intense," says Plush.

Sarasota was an overbuilt market heading into the pandemic, explains Plush. "We even had three buildings open during this COVID-19 pandemic. It's the dumbest thing I've ever seen in my life. So, it's just going to be a scrappy market for a long time."

Key to underwriting a deal

Deals are getting done, points out Lockard, but getting those deals across the finish line has required additional due diligence to better understand the short-term impact of COVID-19.

Each property needs to be analyzed individually, says Lockard. "Some properties have experienced little to no increase in expenses, and this should be reflected in the underwriting. On the skilled nursing side, expenses are increasing for most properties. However, government assistance has helped to mitigate these costs, and both stimulus and increased expenses should be considered in underwriting the deal." ■

1

THE PROBLEM

COVID-19 has brought to light issues that have been facing senior living communities for many years now. Preventing the spread of infection has become a critical topic as senior living communities face devastating losses due to the rapid transfer of COVID-19. One of the culprits is the shared air systems used inside senior living communities. Even by requiring residents to stay inside their own rooms, staff still cannot prevent viruses from being spread through the ventilation system. The fear of infecting residents has caused staff to restrict guests at this time, leading to many residents feeling lonely and confused.

2

THE SOLUTION

The truth is that shared air is not a new issue. Even with extreme amounts of cleaning, viruses, mold, odors, and harmful airborne chemicals can easily be spread through shared air systems. The solution comes only through targeting the true villain, the air. Core Air Systems utilize Needlepoint Bipolar Ionization Technology to neutralize and deactivate harmful airborne particles floating in the air. Core Air is a proactive technology that cleans the air 24/7 by sending billions of ions into the building. Even with communities under lock-down, staff members still have to go in and out of rooms. And, residences will eventually begin phasing guests back in. As we adjust to our new normal, Core Air Systems can put minds at ease by protecting residents, staff, and guests.

3

HOW IT WORKS

Bipolar Ionization is a natural process that occurs when UV radiation from the sun releases positively and negatively charged ions into the air. These ions then attach to a particle of the opposite charge, causing the molecule to become neutral. When attached to a harmful particle, such as a virus, the charged ion causes a chemical reaction to occur on the cell wall, rendering it harmless.
Core Air's Needlepoint Bipolar Ionizers replicate this natural process by releasing billions of ions into the air, which latch onto and neutralize the airborne particles, making them harmless even if inhaled.

"When flu season came around, the lady that runs the shelter said that in the past everyone got the flu... after the ionization was installed, there were only a couple of cases."

SALVATION ARMY CASE STUDY

According to an article about Needlepoint Bipolar Ionization posted on HVACInsider.com in 2019, "This product was installed in a Salvation Army homeless shelter in downtown Atlanta nine months ago. When flu season came around, the lady that runs the shelter said that in the past everyone got the flu because of the tight living conditions for 340 homeless people. She said after the ionization was installed, there were only a couple of cases."

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Acquisitions

Located in Tacoma, Washington, The Village Senior Living features 136 units.

MedCore Partners purchases 582-unit seniors housing portfolio in Washington, California

Washington and California — MedCore Partners and The National Realty Group, together with BMO Harris Bank and Locust Point Capital, have acquired a 582-unit independent living, assisted living and memory care portfolio in seven markets in Washington and California.

The communities in the initial acquisition include five assets in Washington:

• Birchview Memory Care in Sedro-Wooley with 60 units.

• Discovery Memory Care in Sequim with 55 units.

• The Sequoia in Olympia with 92 units.

• Cooks Hill Manor in Centralia with 72 units.

• The Village in Tacoma with 136 units.

The transaction also included two properties in California:

• Del Obispo Terrace in San Juan Capistrano with 91 units.

• Westminster Terrace in Westminster with 76 units.

MedCore plans to deploy more than $13 million of capital expenditures to improve the facilities.

The company has retained Tacoma-based Senior Services of America (SSA) as the manager of the properties. SSA has managed the communities since 2001. BMO Harris Bank provided the senior loan for the acquisition.

Kayne Anderson buys 34-property medical office, seniors housing portfolio from Welltower

Boca Raton, Fla., and Toledo, Ohio — Kayne Anderson Real Estate has acquired 27 medical office buildings and seven seniors housing communities from giant REIT Welltower (NYSE: WELL).

The medical office buildings are spread throughout the country, while the seniors housing communities are all located in Florida. MB Real Estate and Discovery Senior Living operate the portfolio.

The price and details on the locations were not disclosed.

"This portfolio is a very compelling addition to our platform — institutional-quality medical office buildings with long-duration leases and seniors housing assets with strong current cash flow and near-term value enhancements through significant capital improvements," says David Selznick, chief investment officer of KA Real Estate.

Chad Lavender and Ryan Maconachy of Newmark Knight Frank acted as advisors for Welltower on the transaction. Additionally, Wells Fargo Bank financed the seniors housing assets through its Freddie Mac business, and Capital One Bank NA led the financing syndicate for the medical office assets.

Strive Senior Living acquires seven-property operator Sutton Homes

Orlando and Winter Park, Fla. — Strive Senior Living, based in Orlando, has acquired Sutton Homes, based in Winter Park. Sutton Homes is a 25-year-old operator of seven seniors housing communities in Central Florida.

Sutton Homes is focused on memory care, and Strive will launch a new standalone memory care brand named Sanctuary by Strive to lead the new portfolio.

Strive purchased all assets of the company and will continue to operate the communities under Sutton Homes until the full rebrand to Sanctuary by Strive is completed by the end of the year. Strive also plans to fully renovate each location.

Many of these new locations are in close proximity to Strive's flagship community, Strive at Fern Park, which the buyer hopes will help it leverage operational efficiency.

"This acquisition expands our care delivery to include large and home-style communities. This allows us to better meet the varied needs of our seniors community," says Trey Vick, chief executive officer of Strive Senior Living.

"The acquisition also adds to our capacity and geographic presence to care for the residents and families impacted by Alzheimer's and dementia."

Frank Ricci of Healthcare Realty Services represented the seller, while Bobby Bridges of V 3 Commercial Advisors represented the buyer.

Ensign Group acquires 224-unit seniors housing campus in Tempe, Arizona

Tempe, Ariz. — The Ensign Group Inc. (NASDAQ: ENSG) has acquired the real estate and operations of a post-acute care retirement campus located in Tempe.

The acquisition includes Tempe Post Acute, a 62-bed skilled nursing facility, and Desert Marigold Senior Living of Tempe, a senior living center with 72 assisted living beds and 90 independent living units.

These acquisitions bring Ensign's growing portfolio to 226 healthcare operations, 24 of which also include assisted living operations, across 13 states. Ensign owns the real estate at 92 healthcare operations.

Blueprint Healthcare Real Estate Advisors brokered the transaction.

KeyBank provides $11.3 million acquisition financing for Somerset Tower Plaza in Wichita

Wichita, Kan. — KeyBank Community Development Lending and Investment (CDLI) has provided an $11.3 million tax-exempt construction and permanent bond loan for the acquisition of Somerset Tower Plaza in Wichita.

Steele Properties plans to renovate the 100-unit affordable seniors housing community. The city of Wichita issued the bonds, and the National Development Council provided $4.2 million of Low-Income Housing Tax Credit equity.

Originally constructed in 1979, the seven-story Somerset Tower Plaza is located two miles from the Wichita Central Business District. The renovation will include exterior upgrades and life-safety improvements.

The project will benefit from a U.S. Department of Housing and Urban Development Section 8 rental subsidy contract on all units, which will preserve the housing as affordable for very-low-income tenants.

Sarah Geis and Tim Gerstmann of KBREC's CDLI team structured the financing.

The Harlee Manor and Springfield Commons skilled nursing campus in Springfield, Pennsylvania, totals 173 skilled nursing beds and personal care units. The buyer, Tryko Partners, will rebrand the properties as Springfield Rehabilitation & Healthcare Center and Springfield Crossings.

CBRE arranges $14.4 million acquisition financing for two communities in metro Denver

Aurora and Lakewood, Colo. — CBRE has arranged $14.4 million in financing for the acquisition of a seniors housing portfolio in Colorado.

The borrower is a joint venture between Cadence Living and a private equity firm. The two communities, located in the Denver suburbs of Aurora and Lakewood, total 152 assisted living units and 35 memory care units.

The joint venture plans to deploy $4 million for improvements to the two communities, the names of which were not disclosed.

Aron Will, Austin Sacco and Matthew Kuronen of CBRE National Senior Housing arranged the four-year bridge loan with 36 months of interest-only payments and a one-year extension option. The lender is a regional bank.

Tryko Partners acquires 173-unit skilled nursing facility near Philadelphia

Springfield, Pa. — Tryko Partners has purchased the Harlee Manor and Springfield Commons skilled nursing campus in Springfield, approximately 12 miles west of downtown Philadelphia.

Located on more than six acres, the property totals 173 skilled nursing beds and personal care units. It will be rebranded as Springfield Rehabilitation & Healthcare Center and Springfield Crossings.

Tryko is planning to immediately start a $2.5 million improvement plan.

"[This acquisition] is a natural expansion move in an appealing market — one that we know well and in which we have established relationships with leading healthcare providers," says Uri Kahanow, director of acquisitions.

Marquis Health Services, Tryko Partners' healthcare affiliate, will operate the property. M&T Bank provided acquisition financing.

SLIB arranges sale of 90-unit RidgeCrest Health Campus in Jackson, Michigan

Jackson, Mich. — Senior Living Investment Brokerage (SLIB) has arranged the sale of RidgeCrest Health Campus, an assisted living and skilled nursing community in Jackson, approximately 75 miles west of downtown Detroit.

Built in 2010, the community features 50 skilled nursing beds and 40 assisted living units. Totaling 54,696 square feet, the property was more than 90 percent occupied at the time of sale despite the ongoing COVID-19 pandemic.

The seller was a regional owner-operator with communities across Indiana, Ohio, Michigan and Kentucky. The buyer was a Michigan-based company looking to grow its portfolio within the state.

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Highland Bridge, a redevelopment of a 122-acre Ford plant in St. Paul, has a focus on residential, featuring seniors housing, market-rate multifamily housing and 760 units of affordable housing, as well as for-sale row homes.

Massive Ford plant redevelopment in St. Paul to include seniors housing

St. Paul, Minn. — Ryan Cos. has broken ground on the redevelopment of a 122-acre former Ford plant in St. Paul's Highland Park neighborhood. Named Highland Bridge, the project has a focus on residential, featuring seniors housing, market-rate multifamily housing and 760 units of affordable housing, as well as for-sale row homes.

In addition to the project's 3,800 housing units, Highland Bridge is slated to include 150,000 square feet of retail space, 265,000 square feet of office space and 50,000 square feet of civic or institutional spaces. More than 55 acres of public space will include four new parks, biking and walking paths and two baseball fields.

Presbyterian Homes & Services will own and operate the project's senior living component. The community will offer independent living, assisted living and memory care apartments with an array of service offerings and amenities. Twin Cities-based Presbyterian Homes is a nonprofit operator and developer.

Ryan Cos. completed the purchase of the former Ford plant in December 2019. Ford began production of the Model T at the site in 1925, but the plant closed in 2011. Total project costs for the redevelopment were not disclosed.

An estimated 14,500 construction jobs will be created for the project. Once complete, an estimated 1,000 employees will be employed at the site.

"We've paid particular attention to what makes Highland Park special, and our goal is to uphold those unique qualities, to expand upon them, and to create a place where people thrive for generations," says Mike Ryan, president of north region for Ryan Cos.

Pulte Group has joined the project team as the developer of the for-sale row homes. Pulte plans to deliver approximately 320 homes that will range from 1,900 to 3,000 square feet. Prices will start in the upper $300,000s. Construction is expected to commence this winter with the first homes available in winter 2021.

Weidner Apartment Homes was selected as the primary developer for the market-rate housing at Highland Bridge. Project for Pride in Living, CommonBond Communities and Habitat for Humanity will develop the majority of the affordable housing component.

Of the affordable housing units, 380 will be reserved for those earning up to 30 percent of the area median income (AMI), 190 will be reserved for those earning up to 50 percent of the AMI and 190 will be reserved for those making up to 60 percent of the AMI. Rents will range from $675 to $1,350 per month.

Xcel Energy has partnered with Ryan Cos. with the goal of providing 100 percent renewable energy at the project. Xcel proposed a program whereby residents and businesses have the opportunity to subscribe to receive locally generated solar and hydroelectric energy to power their homes and buildings.

"[Our] goal to reduce carbon emissions 80 percent by 2030," says Chris Clark, president of Xcel Energy-Minnesota.

KT Urban receives approval for Westport Cupertino mixed-use project in California

Cupertino, Calif. — The City of Cupertino Planning Commission has approved the development of Westport Cupertino, a seniors housing and multifamily community in Cupertino. KT Urban is developing the property.

The mixed-use project has now cleared all required approvals except the City Council, which plans to review the proposal before construction can begin.

Located at 21267 Stevens Creek Blvd., Westport Cupertino will feature 206 senior living apartments, including 48 affordable units and 27 memory-care units, and 88 single-family units in a mix of row home and townhome styles. In addition, the development includes 20,000 square feet of retail. The site is located across the street from De Anza College and the Cupertino Senior Center.

Community amenities will include an onsite library, theater, lounge, restaurant, café, roof deck and terrace, medical offices and exercise rooms providing a range of activities and support for senior residents. Additionally, the project will feature below-grade parking, electrical vehicle charging stations and bicycle parking.

The project is a redevelopment of the former 71,254-square-foot Oaks Shopping Center, which sits on an 8.1-acre site. KT Urban's original plan was rejected by the City Council in 2017, but the new proposal includes the addition of seniors housing and below-market-rate units.

Project partners include Atria Senior Living, Related Cos. and C2K Architecture.

Highridge Costa completes 13-story affordable seniors housing tower in Oahu, Hawaii

Kapolei, Hawaii — Highridge Costa, in partnership with Honolulu-based Coastal Rim Properties, has completed the first phase of

Westport Cupertino will feature 206 senior living apartments, including 48 affordable units and 27 memory-care units, and 88 single-family units in a mix of row home and townhome styles. In addition, the development includes 20,000 square feet of retail.

Hale Moena Kupuna, a $130 million affordable seniors and multifamily rental community in Kapolei on the island of Oahu.

The first phase is a 13-story high-rise designated for seniors, featuring 153 affordable apartments in a mix of studio, one- and two-bedroom floor plans.

Upon full build-out, the three-phase Hale Moena Kupuna will offer two 13-story residential towers with ground-level retail and commercial space.

Community amenities include a meeting room, picnic area and a community workspace with high-speed internet access.

The development is being financed with a combination of tax-exempt bonds, tax credit equity and a $10.7 million rental housing revolving fund loan from the Hawaii Housing Finance and Development Corp.

Citibank is serving as the construction lender and Aegon is the tax credit investor.

Greenbrier Development opens CCRC on Berry College campus in Rome, Georgia

Rome, Ga. — Greenbrier Development has opened the first units at The Spires at Berry College, a continuing care retirement community (CCRC) in Rome.

The property, first announced in 2018, is located on the campus of Berry College, a private liberal arts school approximately 60 miles northwest of Atlanta.

The first 55 apartment units, as well as 26 freestanding cottage homes, are now accepting residents. The community will feature 144 apartments upon full build-out, and the units are 70 percent pre-sold.

The Berry College Board of Trustees conceived of the project, and engaged Dallas-based Greenbrier to develop it. Greenbrier Senior Living will oversee all operations. Brasfield & Gorrie was the general contractor for the project, and Ziegler Financial provided funding for the community. Laurie Steber will serve as executive director of The Spires.

Several Berry College student workers are part of the Gate of Opportunity Scholars Program, and are required to work at least 30 hours per week at The Spires. These students serve in various roles from concierge to server to housekeeping.

ZOM, Watermark acquire two development sites in South Florida

Coral Gables and West Palm Beach, Fla. — ZOM Senior Living and Watermark Retirement Communities have acquired two seniors housing development sites in Coral Gables and West Palm Beach, both cities located on the Atlantic Coast of South Florida.

The Watermark at Merrick Park in Coral Gables will comprise 196 units including independent living, assisted living and memory care, with 50,000 square feet of amenities.

The site is adjacent to the Shops at Merrick Park and across the street from a train station.

The Watermark at West Palm Beach will feature 154 units of independent living, assisted living and memory care with 30,000 square feet of amenities.

M&T Bank provided construction financing for the West Palm Beach project, while PNC Bank funded the Coral Gables project.

MSA Architects and Lemay-Escobar Design designed both communities. Verdex Construction will build the West Palm Beach property, while Kast Construction will construct the Coral Gables property.

Groundbreaking is slated for later this summer on both projects.

The developments will be the second and third communities in South Florida for ZOM Senior Living, which has another project underway in nearby Wellington. The company is a subsidiary of ZOM Living, which has developed almost 22,000 standard multifamily apartments with a total estimated value of $4.3 billion.

Watermark Retirement Communities is a seniors housing operator, managing 63 communities across 21 states, including four developments nearing completion.

The Watermark at Merrick Park in Coral Gables will comprise 196 units including independent living, assisted living and memory care, with 50,000 square feet of amenities.

Link Senior Development, Insight Senior Living launch Ativo brand with three communities planned

Portland, Ore. — Link Senior Development and Insight Senior Living have launched the Ativo Senior Living brand, with three upcoming communities currently announced in the Southwest.

The first property, Ativo Senior Living of Yuma, Arizona, is currently under construction with a planned opening in early 2021. The Portland-based company also has communities planned in Prescott Valley, Arizona; Buckeye, Arizona; Albuquerque, New Mexico; and other projects in various design phases throughout the Southwest.

"This relationship between Insight Senior Living and Link Senior Development was forged based on our mutual enthusiasm for the health, well-being and happiness of our vibrant senior population," says Ron Ziebart, president and CEO Link Senior Development.

Insight Senior Living specializes in new-development senior living communities, providing consulting during development and pre-opening and management services after opening. Link Senior Development focuses exclusively on the development and management of seniors housing.

Ativo is the Portuguese word for "active."

Realty Capital acquires 77 acres for mixed-use project in Texas to include active adult

Mansfield, Texas — Realty Capital Management has acquired 77 acres in the Fort Worth suburb of Mansfield for the development of Watson Branch, a mixed-use project.

Preliminary plans call for 10,000 square feet of retail and restaurant space, 250 single-family homes, a 190-unit active adult community by Greystar, a 350-unit apartment complex by Trinsic Residential and a 10-acre public park.

Louisiana-based First Guaranty Bank partnered with Dallas-based Realty Capital Partners to finance the acquisition of the land.

Pennrose to repurpose Mary Stone School in Massachusetts as affordable housing

Auburn, Mass. — Pennrose has closed on financing for the redevelopment of the Mary D. Stone school building in Auburn, a suburb of Worcester.

The project will turn the three-story, 1920s-era property into a 55-unit affordable seniors housing community.

Plans call for the renovation of the historic school, demolition of some later-built wings and construction of a new expansion. The property sits on 1.3 acres, and construction has commenced.

Comprising a mix of studio, one-bedroom and two-bedroom apartments, 80 percent of the units are reserved for seniors earning up to 60 percent of area median income. The remaining units will have market-rate rents.

As part of the development plan, Pennrose has contributed $25,000 to the Town of Auburn for new equipment for the public playground on the property.

SOONER STATION

UNIVERSITY NORTH PARK

NORMAN
OK

THE CLUB ROOM

MedCore Partners and The National Realty Group Announce the Construction of **Sooner Station at University North Park**

Norman, OK — Dallas-based MedCore Partners, together with The National Realty Group (TNRG) in Houston, are bringing a state-of-the-art senior living community to the Norman market. This 188-apartment development will feature 100 independent living residences, 64 assisted living apartments, and 24 memory support suites as a needed offering to the residents of Norman and surrounding areas. The campus is located at 2803 24th Avenue NW at Radius Way in University North Park.

Sooner Station was designed to offer seniors a wide range of services to support the type of hassle-free lifestyle they enjoy, while keeping them engaged in meaningful endeavors. “Sooner Station enhances quality of life because it removes the hassle and stress from everyday obligations,” Tiffany Cobern, Director of Seniors Housing Operations for MedCore, stated. “By combining concierge-level services with a Class A property, we want Sooner Station to be the retirement destination for anyone who values staying connected to all the important things – friends, family, education, fitness, worship, and giving back to their community.”

Offering inviting, indoor/outdoor dining venues kicked off the forward-thinking design of Sooner Station. But the amenities offerings go far beyond that. Starting with a sound-enhanced education and training center, Sooner Station will invite its residents and the surrounding community to participate in religious services, special interest classes, speaker sessions, featured performances, and other gatherings. The main common areas also include a salon and spa, a club room with bar seating for watching sports or hosting gatherings, a spacious fitness center, and a physician clinic to be supported by a local health system. Outdoor spaces include two al fresco dining areas, three courtyards, a large pool area designed for relaxing or socializing with friends, paved fitness trails around the campus, covered parking, and a dog park.

Perhaps the most exciting element to Sooner Station which sets it apart in the marketplace is its relationship with the University of Oklahoma Alumni Association. Sooner Station is the Senior Living Community Sponsor of the OU Alumni Association — the first time this important relationship has been forged in the Norman area. Dave Hail, Executive Director of the OU Alumni Association, said this about the relationship. **“Sooner Station’s support of the OU Alumni Association makes it a destination for OU Alumni events, meaningful reunions and connections, continuing education opportunities, OU campus visits and many other great opportunities to keep alumni in the area connected with the University. We look forward to this incredible opportunity with the support of Sooner Station.”**

Integral Senior Living, a leading operator in the senior living industry, will manage the day-to-day operations of Sooner Station. The community is anticipated to open in the fall of 2021. Priority reservations are being accepted now for studio, one-bedroom and two-bedroom residences.

For more information, please call **(405) 504-9007.**

MedCore PARTNERS   TNRG   ISL   ACRON

What kinds of marketing and outreach are you doing to attract new residents and increase move-ins?

Find creative solutions

By Joseph Jasmon
CEO
American Healthcare Management Group

We adjusted our business relationship visits and offered a helping hand to those businesses reopening with COVID-related assistance. We continue to provide virtual tours and have started a video program to introduce ourselves to the community.

We recently began to offer in-home assistance, advice and a person to call for prospects who are nervous about moving. Enhancing our online presence and working our family networks is the key.

Now more than ever we have to be creative in building and fostering our relationships with our potential families. It is our goal to be a valuable resource to the community.

Video is an essential tool

By Dan Williams
Principal, COO
Seasons Living

The pandemic has challenged our industry to think outside the box and find creative new ways to attract customers. At Seasons Living we have put a big emphasis on virtual tours showcasing our communities. Video has become an essential tool in getting the amenities we offer in front of prospects.

Much of our marketing message has changed to emphasize how we can keep our residents safe. We have created an animated video highlighting infection control to educate consumers.

We've had fun utilizing the community buses as mobile sales offices, going out to referral sources and offering curbside snacks. This has been a big hit.

A slow return to normal

By Douglas Schiffer
President, COO
Allegro Senior Living

We're working to make visiting the community more acceptable. Whether it's reassuring prospects that we're working hard to maintain the highest levels of cleanliness or setting up outside 'living rooms' so families can visit, it's important to demonstrate our ability to be welcoming in this new normal.

For prospects to become residents they have to know that they'll be safe and engaged without being cut off from their family and friends. We continue to take it a day at a time. In-person tours, rather than virtual, are beginning at our active adult and independent living communities, and it's making all the difference as we slowly return to normal.

Safety and service meet

By Ted Doyle
Vice President of Marketing & Communications
LCB Senior Living

We took a ground-up approach to post-COVID marketing feeling that, all things being equal, people who need our services are going to go where they feel most safe.

A messaging strategy was created wrapping all of the traditional benefits within the concept of safety. "Where Safety Meets Service" was launched as an integrated campaign across all channels.

At the same time, we conducted family surveys to gauge our work and received very positive feedback that we've been able to share. We're also creating robust virtual tours and have restored a real sense of life and activity within the communities.

Market the positives

By Jill Harlow
Agency Director
Watermark Retirement Communities

At Watermark Retirement Communities, we're providing residents and families with peace of mind by sharing our laser focus on safety in every area of our communities and our 30 years of experience in delivering exceptional service and care.

Watermark's marketing message reflects our longstanding approach to transformative aging — incorporating high-quality care with integrative wellness in an environment that supports daily living with an abundance of choices. Watermark communities offer a retirement lifestyle that embraces renewal and engagement with amenities and programs that enrich mind, body and spirit.

Our commitment is to lift the weight for families concerned about providing a safe and healthy lifestyle for their loved one.

Manage marketing budgets

By Rick Westermann
Vice President of Sales & Marketing, Rental
Life Care Services

In March, Life Care Services immediately reduced marketing spend across all channels hoping to redeploy it later at a higher return on investment. In June, we began to increase our pay-per-click monthly spend by closely following our digital marketing key performance indicators in each local market to maximize spend and performance.

Like many providers, we quickly adjusted our sales approach in March and April with prospective residents and referral partners to digital using Zoom, FaceTime, Google Duo, pre-recorded videos, text and targeted email campaigns. Coaching our teams and practicing mock virtual tours have been paramount to the success we have seen converting these prospects to move-ins.

Residents offer testimonials

By Heather Frahm
Chief Marketing Officer, Senior Vice President
Benchmark Senior Living

As a company built on human connections, Benchmark values honest and ongoing communication with residents and families. Since COVID-19, this dialogue has been more important than ever. That is why we asked our communities to participate in a June survey.

An impressive 87 percent of respondents indicated their impression of Benchmark stayed the same or improved since COVID-19. Meanwhile, 43 percent indicated their impression of Benchmark has improved since the pandemic, while 24 percent indicated they have a favorable impression of the the entire seniors housing industry.

The results offered insights on how we can improve and provided a treasure trove of testimonials for brochures, digital promotions and prospect letters. What carries more weight than the opinions of people who already call Benchmark home?

Create hybrid strategies

By Sarabeth Hanson
President, CEO
Harbor Retirement Associates

Our focus in our sales and marketing efforts is, of course, to maximize every effort to encourage new business and grow our census while acting responsibly to ensure that we're not putting our residents or associates at risk.

We focus on well-choreographed, high-quality virtual tours, and these will continue to be a large part of our process. Our intention is to take the lessons we've learned about the opportunities we have with the technology at hand and to incorporate them into our traditional sales process. This creates a new enhanced hybrid sales process and cadence, where the virtual tour is an enticement to come visit in person.

Above all, we are going to continue our focus on the individuals that we serve and will serve by developing deep, meaningful relationships with our prospects that will allow us to connect with them on a deeper level.

How to Adapt for COVID-19

Interior designers in the seniors housing sector place greater emphasis on antimicrobial materials, socially distant layouts and outdoor spaces.

By Kristin Hiller

Interior designers within the senior living space say they've always considered health and wellness as an integral part of their work. But today — amid the coronavirus pandemic and the vulnerability of seniors — safety and infection prevention is at the forefront of design decisions.

Karla Jackson, principal and design director with Austin, Texas-based StudioSix5, says that COVID-19 is now a long-term design consideration for her company.

"All materials for all levels of care will be expected to stand up to more rigorous cleaning protocols," she says. "Space planning considerations will be different and operations will be different. The environment will have to support new ways of performing daily tasks and managing resident access to services and amenities."

Another consideration today, according to Jackson, is how to develop personal protective equipment stations and coronavirus-related signage that fit the aesthetic of a community and "don't look like an afterthought."

Spellman Brady & Co., a firm based in St. Louis, already had specific design standards in place for infection prevention, but has put work into analyzing the need for further protocols, according to Alicia Nicolay, director of design. These design standards include finishes, furniture and even artwork.

Alicia Nicolay
Spellman Brady & Co.

Nicolay says that in addition to selecting antimicrobial surfaces, using sheet product for flooring reduces the amount of seams, which are often difficult to keep clean.

"We're trying to eliminate as many seams and pores as possible so there aren't crevices where germs can live and breathe," she explains.

Melissa Banko, founder and principal of Marietta, Georgia-based Banko Design, says that her company continues to select antimicrobial and bleachable materials in its seniors housing projects.

Interior designers are attempting to create more outdoor areas and flexible spaces due to COVID-19. Pictured are Banko Design's outdoor seating area at Everlan of Clemson, an independent living community in South Carolina.

Other considerations include durable fabrics that can be wiped and scrubbed often, as well as carpets that can be cleaned frequently and withstand heavy use.

"A long-term consideration related to product design is the ability for end users to clean and disinfect the furniture," says Dean Jarrett, vice president and general manager of Martinsville, Virginia-based H Contract, which is a Hooker Furniture company.

"It will be important for interior designers and product suppliers to utilize materials that are durable enough to stand up to the rigors of cleaning and disinfecting protocols, as well as providing guidance to end users on how to properly do so," adds Jarrett.

New considerations

Another health initiative today is touchless technology in an effort to reduce contact on surfaces.

"Touch-free fixtures and systems, as well as a greater number of automated doors, are already being requested," says Amy Cheever, associate principal and senior living practice leader for Cuningham Group, which has eight offices worldwide.

If operators don't have the budget for new equipment, they should focus on adhering to more frequent and stringent cleaning protocols, says Jackson. But fabrics that are cleanable with a bleach solution "are no more costly than those that aren't," she says. "It's just a matter of making the right specifications."

Selecting hard flooring surfaces or carpets that are bleach solution-tolerant should also not have significant impact on costs, according to Jackson.

Designers say that a new consideration as a result of COVID-19 is how to design spaces for guests to enter and exit a community safely. "We are looking at what COVID-19 guidelines mean for an entry experience that is both safe and welcoming," says Cheever.

"Although this may be more short term in some of the more stringent precautions, it provides an opportunity to look at how to continuously improve the experience for both health and hospitality," she explains.

Socially distant design

As the nation adapts to social distancing guidelines, designers are reconfiguring layouts and seating arrangements. Furniture may be placed in different spots or removed from a common area entirely.

One of the most significantly impacted areas is the dining room, according to Jarrett.

"We have seen operators temporarily stop serving in their dining rooms in favor of delivering meals directly to resident rooms," observes Jarrett. "We have also seen operators testing modified dining room seating arrangements, such as spacing tables further apart from each other and limiting seating to one resident per table."

The hearth room at Benedictine Living Community in Shakopee, Minnesota, will connect to the landscaped backyard. The property is expected to open in September.

"Touch-free fixtures and systems, as well as a greater number of automated doors, are already being requested."
— Amy Cheever, Cuningham Group

This rendering shows plans for The Ridge Pinehurst in Lakewood, Colorado, near Denver. StudioSix5 is the interior designer for the luxury community, which is scheduled to open soon.

Cheever says that COVID-19 shines a spotlight on the issue of isolation and loneliness, and she looks to design as a possible solution.

"We are studying how amenity spaces are positioned in a building, and how they can have more access to the outdoors, natural ventilation and the potential for ease of safe distancing for both visitors and residents."

At Benedictine Living Community in Shakopee, Minnesota, Cuningham Group designed the wellness room to jut directly out into the garden spaces. The design team and landscape architects coordinated the plants and interior finishes at the 183-unit independent living, assisted living and memory care community, which is slated to open this September.

Charla Goss, director of interior design for Austin, Texas-based Pi Architects, says that in addition to designing spaces that adhere to social distancing, a current design consideration is the creation of more outdoor areas or spaces that open up to the outdoors. Other features Pi is staying abreast of include HVAC upgrades for higher filtration and the creation of separate wings that could be sequestered if a community were to experience a large outbreak of COVID-19.

Indoor air quality is now a consideration for designers, according to Johnny Dagher, associate principal and architect with Orlando-based Baker Barrios. "We are implementing HVAC solutions such as bipolar ionization and integrated ultraviolet lighting, which kill and control pathogens as they move through the air," he says.

Construction costs for HVAC upgrades or health-focused interior finishes can be upwards of $50,000 for medium to large projects, says Dagher.

His advice for cost-conscious operators is to select options such as touchless light controls and faucets, which help reduce the spread of infection without breaking the bank.

Designers say that new measures related to COVID-19 are likely here to stay.

Focus must be given to more rigorous infection control measures and built-in flexibility to support physical distancing, says Jackson. "That assumption applies to any area of design where people gather, but especially to seniors housing where the populations are so vulnerable," she says.

According to Banko, the way to design for COVID-19 is to "create flexible interiors for an ever-changing world."

In other words, flexible spaces can either be left open or compartmentalized for smaller gathering areas.

Flex space offers perks

"Flexibility" is a buzzword in the design industry today that goes beyond COVID-19.

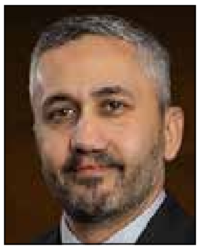
Designers say that seniors housing owners are increasingly requesting flex spaces that can be used for a broad range of activities. Creating spaces that are

Phoenix at Union Hill in Canton, Georgia, features a salon as one of its amenities. Other offerings include a pool, playground, landscaped gardens and walking paths. Phoenix Senior Living owns the 153-unit independent living, assisted living and memory care community.

multi-use helps cut costs, which is a good business model for targeting lower- to middle-income seniors, according to Nicolay.

"A lot of times there will be a space in a community that's only utilized two to three times per week," says Nicolay.

"We're trying to create spaces that can be used for multiple activities throughout the day and can be utilized a lot more. It saves on square footage and the cost to build."



Johnny Dagher
Baker Barrios

There's a huge focus on amenity spaces and a shift toward a hospitality model in today's seniors housing design and services, according to Banko. "Our clients want warm, welcoming communities full of amenities for their residents," she says. "The days of sterile, institutional-feeling seniors housing are gone."

Charla Goss
Pi Architects

This hospitality model applies to independent living, assisted living and memory care communities, according to Banko.

Melissa Banko
Banko Design

"The root of hospitality design is hosting — and that's exactly what our operations and care teams do," she says.

Banko designed a rural and equestrian-inspired theme at The Phoenix at Union Hill in Canton, Georgia, which is north of Atlanta.

The 153-unit independent living, assisted living and memory care community, owned by Phoenix Senior Living, features outdoor amenities such as a pool, landscaped gardens, walking paths, a playground and ball field.

For Goss, "surprising" is the one word that describes interior design in the seniors housing industry today.

"A lot of outside folks still have images of quaint and dainty Victorian bed and breakfast-like spaces in mind when they think about senior living," she says.

"Today's senior living is anything but that." ■

How to balance aesthetics with senior-specific needs

Interior designers in the senior living space want their communities to feel like home, but they have to balance the aesthetic demands with the specific needs of seniors. For example, they must consider the ease and movement of residents when selecting flooring so that it accommodates walkers and canes. Minimizing the variety of flooring surfaces helps ensure seniors can move around with relative ease, says Alicia Nicolay, director of design for Spellman Brady & Co.

Furniture heights, wider circulation paths, handrails in corridors and more office space to accommodate staff are some other considerations for a seniors housing project, says Karla Jackson, principal and design director with StudioSix5.

Designers should look for seating products that provide the proper heights and depths so that seniors can easily sit and rise, says Dean Jarrett, vice president and general manager of H Contract, which is a Hooker Furniture company. H Contract is currently focusing on new product development and has expanded its seating product line by nearly 50 percent over the last 18 months.

Another differentiator on senior living projects is that the audience is twofold — the design must appeal to both the resident and his or her family members. “We want the resident to feel comfortable, but we’re really selling to the family member that’s bringing his or her loved one to the community,” says Nicolay.

Pictured is the lobby and fireplace area at The Langford in College Station, Texas. The newly opened, 114-unit continuing care retirement community is situated near nature paths and Pebble Creek Country Club.

For Nicolay, a good example of design, comfort and amenities is The Langford in College Station, Texas. The newly opened, 114-unit continuing care retirement community, situated near nature paths and Pebble Creek Country Club, features “upsized condo-style flats arranged in cozy clusters,” according to the property’s website.

Melissa Banko, founder and principal of Banko Design, says that each community has its own narrative. The designer’s role is to build out the story using rhythm, scale, volume, light and color, and balance that against the property’s functionality, location and residents. “We believe that interior design is not merely decoration — it is molding, planning and shaping a space,” she says. “Color, trends and decoration may change, but good design does not.”

— Kristin Hiller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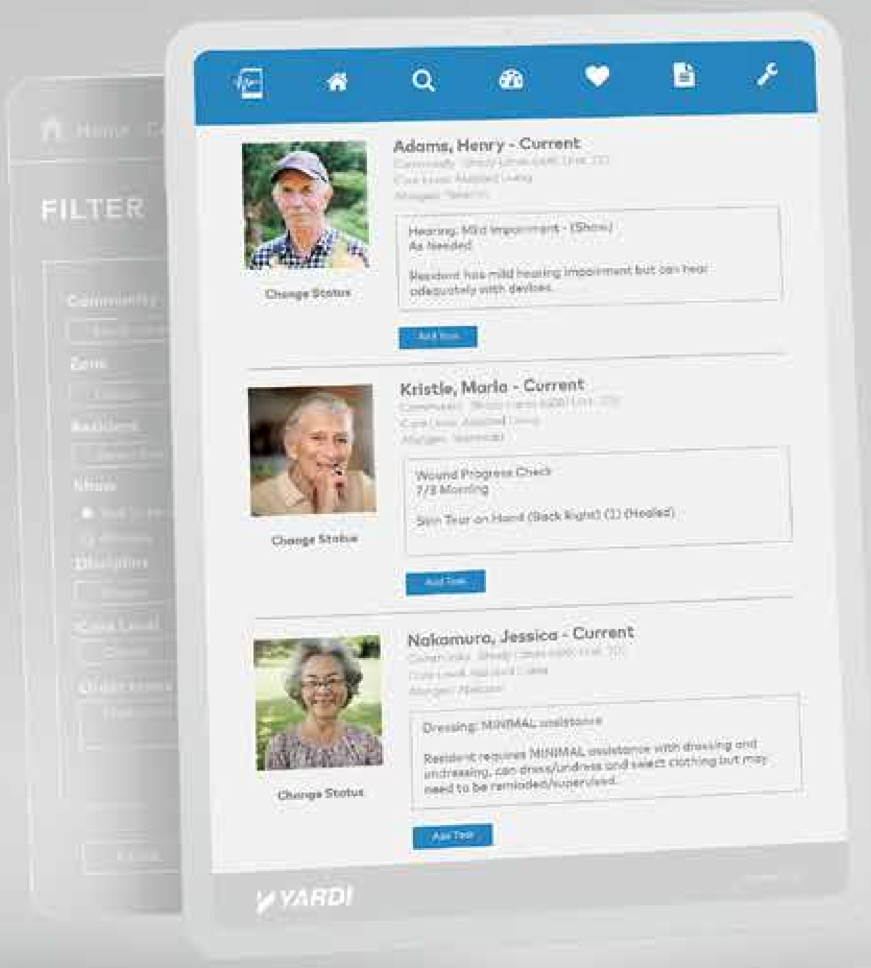

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The Elephant in the Room

Seniors housing branding needs to answer an uncomfortable, but obvious, question: Will my parents be safe here?

By Lynn Peisner

Kayne Anderson Real Estate Advisors and Watermark Retirement Communities are preparing to open The Watermark at Brooklyn Heights (pictured above) as part of Watermark's upscale Elan Collection. Watermark instituted numerous changes in the day-to-day operations of its communities that focused on safety in the areas of dining, community life, sales and marketing, and has staged reopening plans that are tailored to each community's status and location.

Senior living has been weathering a public relations fiasco since March. Media portrayals of senior communities as hotbeds of coronavirus infections played a role in ceasing move-ins as the general public has presumed that the "nursing home" presented in news reports is synonymous with all levels of seniors housing.

Marketing and branding experts, along with owners and operators, are working hard to turn that around.

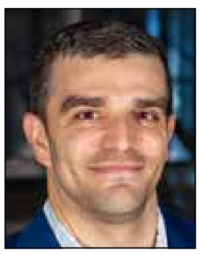
"All senior living got lumped into the same category," says Bryan Herrman, senior vice president of insights and strategy for Kansas City, Missouri-based GlynnDevins. "This is the biggest issue for the industry. There's a real need for education on defining the different levels of care, the different types of communities, and which communities are being the most impacted by the virus.

"There's a lack of understanding in the media that's causing confusion around what is the real situation within communities across the country. I think that's the biggest challenge right there."

Seniors and their families have good reason to be concerned. According to the Centers for Disease Control and Prevention (CDC), eight out of 10 COVID-19-related deaths occur in the 65-and-older age group. This reality appears to have affected occupancy in senior living communities. In early July, the National Investment Center for Seniors Housing and Care (NIC) reported that seniors housing occupancy fell 2.8 percentage points in the second quarter of 2020 from 87.7 percent to 84.9 percent. NIC experts said this is the largest quarterly decline since data reporting began in 2005.

To drill down into the numbers and understand the effect of the disease on housing trends in more detail, NIC has issued a request for proposal (RFP) for a national study on the impact of the COVID-19 pandemic on older Americans.

The study, funded by a grant from NIC, is expected to track fatalities as well as issues such as mobility at independent living, assisted living, memory care and skilled nursing properties, and compare them to metrics of people of similar age and health characteristics in non-congregate care settings. As of Sept. 18, a total of 196,277 Americans have died from COVID-19, according to the CDC.



Bryan Schachter
Watermark Retirement Communities

Educate prospects

One point most operators and marketing specialists can agree on is this: Now is not the time to deliver aggressive sales pitches to prospective new residents. Educating the public about a community's safety has taken precedence over all other marketing and branding initiatives that may have been on the table before the COVID-19 crisis.

"We have to nurture relationships during this environment versus selling," says Herrman. "Some of that has been forced upon us. But we need to rebuild confidence, trust and reputation as an industry, and to rebuild brand equity at that local level."

Brenda Bacon, president and CEO of Brandywine Living, echoes Herrman's comments, saying her priority at the moment is communicating a message of safety. That's a shift from what prospects were seeking before the age of the virus.

Valerie Whitman
Leading Response

"Prior to COVID, families were concerned about supportive health services and, of course, the lifestyle their mom or dad would have in our communities," she says. "Now, they are worried about whether their loved one will be safe in any communal environment.

"The impact of COVID on our elderly population has been astounding. The first thing I would want to know as a customer is: 'What measures are you taking to make sure my mom can be safe and social?'"

Bryan McKeever, vice president of marketing and sales for The Roche Associates based in Wilbraham, Massachusetts, says there are four main parts to the anatomy of a branding message today:

- First, drive home the point that the community is a safe place.
- Secondly, ensure a description of specific safety measures is in place.
- Thirdly, provide examples of how a community is engaging with residents while respecting social distancing.
- Lastly, point out that the community has had few, if any, cases of COVID-19 if that's the case.

"Just to give you an indication of messaging in this day and age, there's very little about the community itself, about amenities or services or the hospitality angle," says McKeever. "It's all about the safety aspect and saying, 'We're open and we're here for you.'"

Lead nurturing is a priority for GlynnDevins during the pandemic. According to Jen White, senior vice president of creative and content, the ideal marketing and branding response to coronavirus concerns in senior populations can be boiled down to two parts: the first step is respond to the crisis, and then establish a content solution to virtual sales for an industry that bases most of its sales on in-person events.

The right response

"What a difference a couple quarters make," remarks Max Newland, managing director of Kayne Anderson Capital Advisors. The Los Angeles-based company is an alternative investment firm that manages investments across multiple asset classes, including energy, real estate, credit and growth equity. Newland's comment sums up the massive retooling of marketing and branding that happened virtually overnight in senior living.

According to Jen White, senior vice president of creative and content with GlynnDevins, the ideal marketing and branding response to coronavirus concerns in senior populations can be boiled down to two parts: the first step is respond to the crisis. Then establish a content solution to virtual sales for an industry that bases most of its sales on in-person events.

"Virtual sales weren't something a lot of communities were necessarily doing before the pandemic," says White. "Having people onsite was the biggest way to showcase how wonderful a community is."

Part one of that solution means not ignoring the elephant in the room.

"Early on [in the pandemic], the big questions from our clients were, 'Do we stop talking?' 'Is this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This LeadingResponse direct mail sample illustrates the importance of ensuring your audience knows details about the safety, care and community that has been in place prior to the pandemic.

a time to go quiet?' But these communities still have to keep their pipeline filled," explains Herrman.

"And the cost of doing nothing far outweighs the cost of maintaining brand awareness during this time," continues Herrman. "So it's not a question of if we should say anything. It's more a question of what should we be saying. Our position is that this is the time to nurture, to educate, not to hard sell. But you still have to be out there talking."

Every community is different in terms of the right way to handle this challenge. In the case of The Roche Associates' client Keystone Place at Wooster Heights — a new-build, 140-unit independent living, assisted living and memory care community in Danbury, Connecticut — the primary goal was simply to not lose the sales that had already been made prior to the community's scheduled fall 2020 opening.

"Prior to COVID, the community had 55 active deposits," says McKeever. "During the pandemic shutdowns, a big part of the marketing strategy became a matter of depositor engagement and retention, so a number of virtual events and initiatives were put into place."

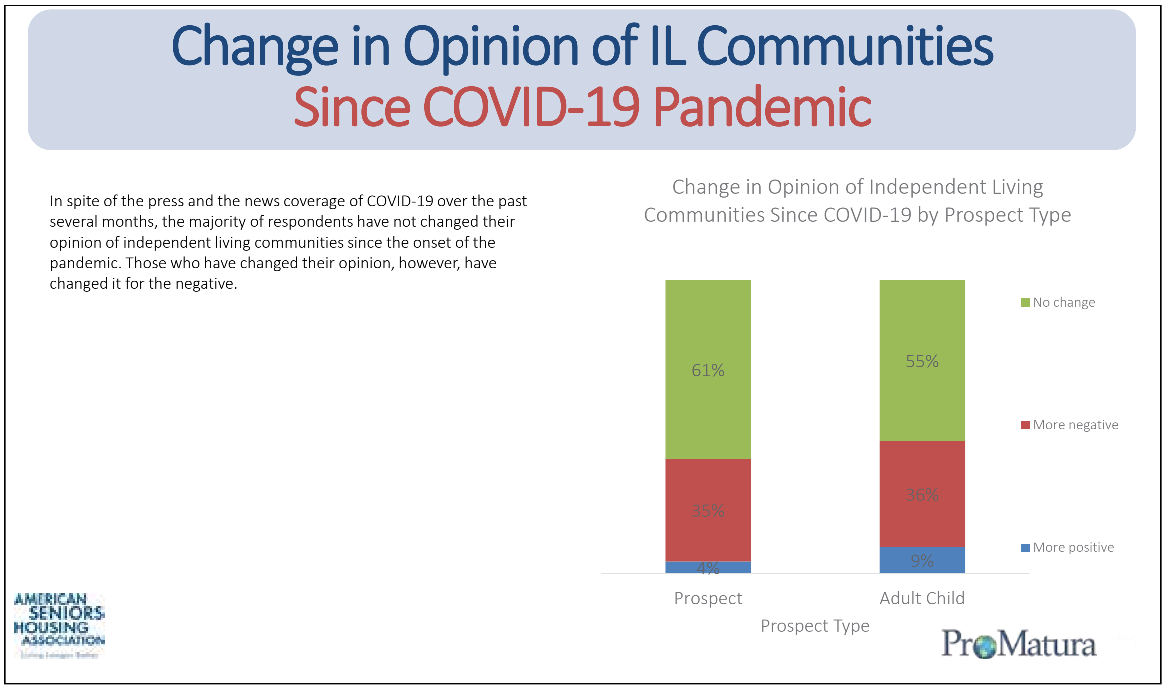
For example, every Friday the marketing and sales team holds a Zoom call with depositors to simply connect and communicate.

"The team stays engaged with those individuals, and they ease any fears," says McKeever. "We lean on the track record of Keystone Senior Management Services as an operator and the tremendous job they have done to prevent any outbreaks in their communities."

McKeever adds that sales and marketing teams are now pivoting to lead-generating activities and marketing events that provide prospects the opportunity to engage with the sales team either through small, socially distanced, in-person gatherings or virtually.

"We're providing prospects options to connect with the sales team in a manner that is most comfortable for them," says McKeever.

Brett Fails, director of digital marketing at Austin, Texas-based Threshold, says his agency focuses on educating prospects about a community's current policies



Preliminary results from a study conducted by ProMatura Group on the impact of COVID-19 on seniors housing show that those who changed their minds about independent living changed their view toward the negative. Sources interviewed for this article say the virus has mostly affected move-ins in independent living.

and ensuring they understand the availability and usefulness of virtual tours during this pandemic.

"Communities should focus on the language describing virtual tours," says Fails. "And they should ensure the creative and the ads are reflecting the current options of engagement, such as joining a VIP list or reaching out to hold a virtual tour for the prospect and their family."

In addition to holding virtual tours, many senior communities have added a tab at the top of their webpages that are dedicated to COVID, showing how the pandemic is being handled onsite. This content can consist of updates on when the staff was last tested, details of plans to begin social activities, or how the community is contributing to neighborhood safety as a whole.

"We've been rolling out aggressive testing protocols since April, specifically requiring testing for residents, family members and staff that far exceeds local Department of Health standards," says Newland. "At a few communities, we have partnered with local labs to offer testing to our residents and neighbors."

Kayne Anderson Real Estate Advisors and Watermark Retirement Communities are preparing to open The Watermark at Brooklyn Heights, part of Watermark's upscale Élan Collection.

"We operate across 21 states and are adhering to all local guidelines and have a nationwide task force in place, led by our COO who was previously with the largest hospital system in Tucson, Arizona," says Bryan Schachter, chief investment officer of Tucson-based Watermark Retirement Communities.

"There were numerous changes required in terms of day-to-day operations, including dining, community life, sales and marketing. We have developed our staged reopening plans that differ for each of our communities, based on each one's status and location," adds Schachter.

Tools for a tough job

Marketing firms are tailoring their offerings to support senior living clients. Jessica Kraft, executive vice president with Minneapolis-based Bluespire, says her company is providing specific COVID-19 content and tools so clients can build their brands and messaging, and accelerate their digital transformations to reach their target audience more effectively.

Bluespire has focused many brand implementation strategies on virtual engagement opportunities such as virtual tours and personalized digital brochures. The firm is also leaning on its C2 Mar.Tech platform, which is a tracking and management system for search engine optimization (SEO) and multi-channel campaigns.

"We are also leveraging marketing automation, content creation and communication tools — including our senior-living-specific COVID-19 content library and the COVID-19 digital command center," says Kraft.

The Roche Associates quickly developed "COVID-19 SOS Communication Products," a menu of six service packages developed to engage audiences through a variety of conduits. These conduits include virtual events such as interactive webinars and keynote speakers, social media campaigns, telemarketing, script development, real-time reporting on prospects, digital and direct marketing, and more.

Marketing during the virus isn't as easy as simply switching from in-person to online tours. A multi-pronged approach is most effective, says Joseph Roche, president of The Roche Associates. His company's pre-COVID data indicate that somewhere between 12 to 15 percent of sales can be tied back to digital marketing.

That led Roche to the obvious follow-up question: Where do the other 85 to 88 percent of sales come from?

Professional referrals, resident/family member referrals, direct mail, and in-person or virtual events are all part of a sound marketing strategy, according to Roche.

"We really did an enormous number of events, as well as all the multi-channel marketing support for those events, including follow-up phone calls by The Roche Associates' professional telecommunications team aimed at prospects and referral sources," he explains.

"These calls are designed to generate positive interactions and engagement with our sales teams. Before COVID, after COVID — if you're just relying on the internet and digital marketing, I can tell you you're not going to get the results you want," emphasizes Roche.

Valerie Whitman, vice president of senior living with LeadingResponse, says that operators should supplement tours with content that makes a property stand out. She advises seniors housing communities to provide the same type of grassroots content most other businesses are currently using in their advertising and messaging — stories about what's being done for the local community, their staff and for their audience.

"Virtual marketing events, landing pages and direct mail should be sure to utilize stories," says Whitman.

She explains that stories can be about family members visiting from outside a window or, as one LeadingResponse client is doing, allowing its staff to order their personal groceries through the senior living community's food distributor. This enables staff to skip the grocery store on the way home from work. It

As illustrated in this sample promotional piece from The Roche Associates, operators should communicate via a multi-channel marketing strategy about the major benefits of living in a senior living community.

not only makes their off-the-clock hours a little easier, it also lessens potential exposure to the coronavirus.

"Great human-interest stories are playing out across most industries, and we want to make sure senior living is doing its part to showcase what they are doing," says Whitman.

Prospects' need for safety assurances might not magically disappear after a coronavirus vaccine is developed and distributed. "I wouldn't just limit safety messaging to

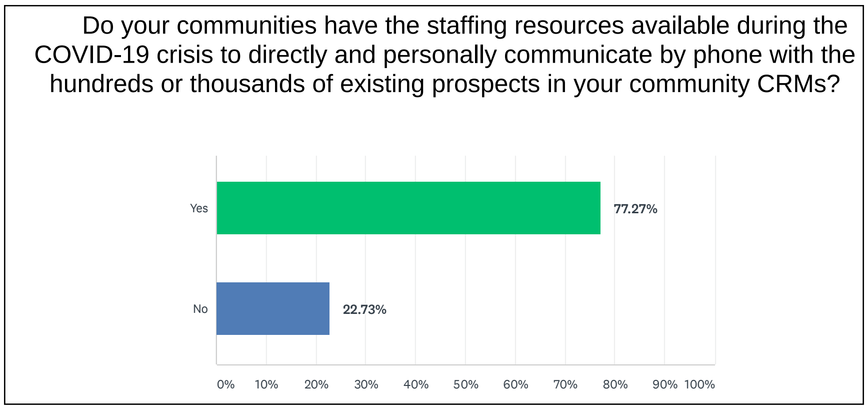
COVID-19, but other infection prevention and control measures," says Roche.

"That's the hot button, but I remember years ago at one of our communities, overnight we had 25 people in the hospital at once due to the flu. To solve the problem, we had Dr. Joan Roche, who is The Roche Associates' clinical director, evaluate what was going on."

Joan Roche found that some of the nurse's aides were not properly changing gloves as they went from room to room. Additional training and new protocols were immediately put into place regarding changing gloves after attending to each resident, and the problem cleared up within a week.

Obviously, the thing we need to focus on right now is COVID-19," says Joe Roche. "But we should also emphasize the importance of having safety measures in place for all forms of infectious diseases because they can blow through seniors communities quickly and with consequence."

Whitman agrees that it's a smart idea to make safety more of a permanent marketing tactic. "We're still providing that general community information, but we're also providing information on what we are doing to keep residents and staff safe."



This April survey conducted by The Roche Associates titled "Sales & Marketing Strategy and Tactics During COVID-19 Pandemic" revealed that the majority of communities have the ability to personally communicate by phone with their prospects. Typically, phone communications by onsite marketing teams generally are limited to the strongest leads. But Roche advises follow-up phone calls to support all marketing efforts.

That's especially true today as a growing number of consumers question what happens in the future if a terrible flu season or another novel disease strike.

"It's going to be a little different for each brand, but it's important they utilize some storytelling combined with factual data on what they're doing, and what they've been doing all along," says Whitman.

An authentic voice

Credibility is key in branding and messaging right now. Joe Roche suggests that communities place a registered nurse in the spotlight for events and marketing initiatives.

"My advice to senior living communities nationwide is to make sure you have a nurse with very good credentials on any webinar having anything to do with COVID-19. That's who all of our clients want giving their presentations."

Preliminary results from a study conducted by ProMatura Group on the impact of COVID-19 on seniors housing that were released in late June reveal that more than half of prospects shopping for assisted living or memory care indicated that having a primary care physician on site or via telemedicine is essential.

"In order to meet this customer expectation, exploring formal or informal relationships with a hospital or physician provider network will be important," says Joe Roche, adding that many communities are already spending more on staffing, equipment and services now than they originally anticipated. "That could be a major change for a lot of these assisted living communities as they try to keep pricing levels within reasonable limits, because physicians don't work for nothing."

How much money operators should invest in marketing is the age-old question. There are a lot of variables involved with calculating a marketing budget. For example, an existing community that is underperforming likely faces challenges that differ from a start-up community.

"Pre-pandemic, I would suggest many operators were not budgeting nearly enough," says Roche. "Generally, we suggest that an existing community budget at least 5 percent of revenue to generate the leads needed to meet occupancy goals. New start-up projects should be budgeting between 3 percent and 5 percent of the total construction and development costs, depending upon the size of the community, through lease-up and the achievement of 92 percent or greater occupancy."

In light of COVID-19, many operators are well advised to take a hard look at their marketing spend.

"In times of crisis or occupancy decline, operators may shift into cost-cutting survival mode, with marketing or resident dining budgets oftentimes among the first on the chopping block," says Roche.

"While fighting the virus has certainly resulted in higher expenses, I would highly caution against a marketing budget cut or deferring marketing. Now more than ever, operators need to communicate via a multi-channel marketing strategy the major benefits of living in a senior living community, and why their community is a better option than the competition."

A positive spin

While the pandemic has created a branding emergency, there are signs the situation is getting better. The ProMatura study shows that the virus has primarily affected move-ins in independent living. Seniors who are considering the possibility of making a lifestyle change are delaying their decision because they don't have an imminent care need. But the branding and marketing efforts deployed since the coronavirus outbreak began may be moving the needle on that issue.

GlynnDevins started tracking confidence and sentiment back in March, when only 22 percent of seniors and their families believed independent living was a safe place to be during a health crisis. In May, that figure rose to 33 percent.

"We believe that upward shift is a result of some of the education the communities and the industry are doing on defining the different levels of care, how those different levels are being impacted, and what communities are doing as precautions to ensure the safety of their residents," says Herrman. "We think that education is breaking through. Still, with only 33 percent of respondents believing communities are a safe place to be, we've got a lot of work to do to rebuild that confidence."

Health risks notwithstanding, the era of the coronavirus has reinforced the idea that people need personal connection and interaction to thrive. This was true for seniors living at home alone even before the virus hit, but now that need is amplified as vulnerable populations like seniors are being asked to isolate and distance. Connections that seniors may have had before with friends, neighbors, family or even a familiar store clerk have mostly been compromised.

"A lot of our clients want to show how living at a continuing care retirement community (CCRC) has advantages, even during the pandemic," says White. "No matter what happens, you're set. That's always been what a life plan community is about.

"But it's even more paramount right now with the residents having their emotional needs met and receiving emotional support. Meals are still being provided, prescriptions are still being filled, and you're still being connected, even if it's virtually, to a community of peers and friends. I think that's important." ■

Not All is Lost

Investment sales professionals express optimism for the future of seniors housing despite the pain caused by the COVID-19 pandemic.

By Jeff Shaw

Roundtable participants

Brooks Minford
Associate Director
Berkadia

Daniel Geraghty
Senior Vice President
Senior Living Investment Brokerage

Jordyn Berger
Senior Director
Walker & Dunlop

Bruce Gibson
Principal
Senior Capital Advisors

Cindy Hazzard
Broker
JCH Senior Housing Brokerage

Ted Flagg
Senior Managing Director
JLL Capital Markets

Aron Will
Vice Chairman
CBRE Capital Markets

Kris Lowes
Director
Evans Senior Investments

Richard Swartz
Vice Chairman
Cushman & Wakefield

Jeffrey Hyman
Senior Vice President
Colliers National Seniors Housing Group

Steve Thomes and Ryan Chase
Senior Managing Directors
Blueprint Healthcare Real Estate Advisors

Todd Lindblom
National Director
Marcus & Millichap

Adam Heavenrich
Managing Director
Heavenrich & Company

The pandemic that took on the world and threw the U.S. economy into disarray hit seniors housing hard. Housing an age group that's particularly susceptible to the virus has proven to be an extreme challenge.

However, those within the industry still believe in the long-term health of seniors housing as an asset class. During the Great Recession of 2007 and 2008, seniors housing fared better than many other types of real estate. While this recession is distinctly different, many expect seniors housing to fare well again.

Seniors Housing Business spoke with over a dozen brokers that work in senior living real estate and asked them about the past, present and future of this sector in light of the COVID-19 pandemic.

Seniors Housing Business: How was acquisition volume trending in the six months before the pandemic?

Geraghty: Over the past five to six years, the M&A volume has been strong and 2020 was not looking much different — we were trending toward another record year as an industry.

Berger: Acquisition volume was on a terrific trajectory pre-pandemic and slowed significantly mid-year. While we are seeing velocity starting to return, buyers are keeping their feet on the ground by implementing more conservative underwriting and making sure that any projected cash flows can actually be achieved. Additionally, they are incorporating some post-COVID-19 expenses that are here to stay, such as additional costs for infection control including personal protective equipment (PPE).

While first mortgage rates are currently lower than pre-pandemic rates, leverage has decreased causing the blended cost of capital to be very similar to pre-COVID levels.

Flagg: Heading into COVID-19, acquisition volume was consistent with recent years with the exception that larger seniors housing portfolios began to represent a historically high percentage of the total. Several large trades were put on hold as COVID-19 hit.

Hazzard: We were in line to have one of our best years ever. The good news is that we still have most of them in process. Most of our deals are moving forward, albeit at a much slower pace.

Hyman: Acquisition volume held steady through 2019, with a flurry of activity in the fourth quarter. Deals were taking longer to get to closings, as buyers and their equity were looking for longer sustained operations histories.

SHB: What have been the effects of the pandemic on acquisitions?

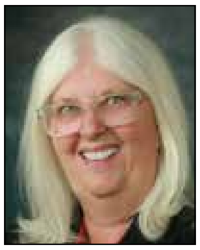
Heavenrich: Uncertainty. COVID has created a new paradigm for the assisted living income statement, which is only slowly emerging. On the revenue side, buyers must get comfortable with underwriting projected occupancy rates with uncertain demand. On the expense side, virtually every line item has to be reexamined, including staffing, insurance, equipment and training.

The counter force has been the flood of capital from private equity. In addition, the continued downward pressure on interest rates has

Blueprint Healthcare Real Estate Advisors brokered the sale of The Shoreline of Clinton, a 48-unit memory care community in Clinton, Connecticut, located on Long Island Sound east of New Haven.

translated to cheap debt for transactions.

These uncertainties are causing a slowdown in transaction volume, lower leverage transactions and higher cap rates in the short term.

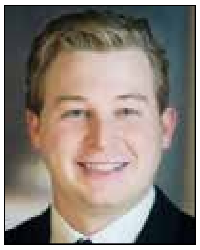


Cindy Hazzard
JCH

Minford: As with many industries, COVID–19 forced owners and operators of seniors housing to stop and think about the way they conduct their day-to-day business within the sector. Everything — building layouts, staffing, policies and procedures, geographic locations, care levels and payor sources — is being discussed amongst the owners we are speaking with.

Ultimately, it seems seniors housing operators have largely proven they are capable of safely handling and managing through these tough times and the general public is acknowledging that.

Geraghty: Generally, the transactions SLIB has closed or been working on fall into four buckets:



Daniel Geraghty
SLIB

1) Closed at the original terms.

2) Closed with a price reduction (typically 3 to 5 percent) and some extended timeframe given the inability to conduct tours or finish on-site work.

3) Timeframes of the transaction were extended or put on hold given the more conservative lending environment or underwriting uncertainty.

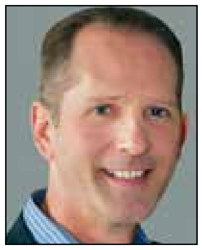
Brooks Minford
Berkadia

4) The transaction was terminated due to losing the lender, declining performance or dealing with issues related to their existing portfolio.

Additionally, it could be a combination of all four challenges.

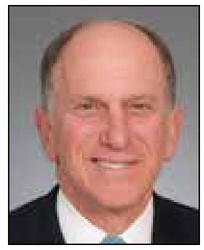
Gibson: Most owners that were contemplating selling pre-pandemic are holding off until they see more stability in perceived pricing and buy-side demand. The same is true for buyers in that many are sitting on the sidelines. Other investors have shifted focus to troubled or turnaround properties.

Flagg: There are multiple factors that complicate transactions in the current environment, including a less robust finance market, difficulties in conducting property tours and third-party inspections, and issues relating to license transfers.



Bruce Gibson
Senior Capital Advisors

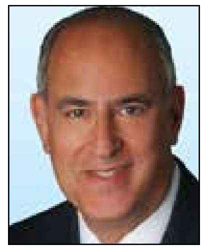
But even with all of these potential roadblocks, transactions are occurring, and we are seeing a gradual thawing of the market. JLL is working on a growing number of transactions that are likely to close this year or early in 2021. We are also seeing a significant uptick in broker's opinion of value (BOV) requests, which is often a leading indicator of transaction volume.



Richard Swartz
Cushman & Wakefield

Will: Until enough time passed to gather some empirical data about how the sector performed during the crisis, many equity investors were hesitant to commit to deals. This was due to an inability to reasonably underwrite them, let alone perform the perfunctory due diligence required with onsite visits. Now that time has elapsed, there is enough data for investors to dip their toes back in the water. The issue is now the disconnect vis a vis buyers and sellers regarding valuations.

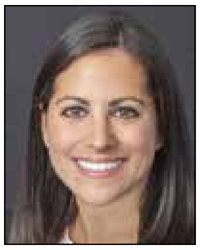
Swartz: There has been a significant slowdown in transactions during the pandemic due to transaction mechanics and uncertainty.



Jeffrey Hyman
Colliers

Starting in late May, we began to arrange virtual tours for third-party reports, which has given way to limited in-person touring and the ability to move deals along. We were also able to bring a few new properties to market.

Most deals that launched in late first quarter were subsequently pulled or otherwise put on hold. Since the early days of the pandemic there have been few opportunities to come to market, and those that have are being marketed in a more limited fashion. That said, we are increasingly seeing investors' willingness to underwrite new opportunities, which is driving some institutional owners to test the market. We have a number of Class A opportunities that we are just launching now.



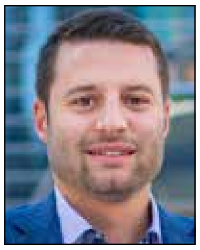
Jordyn Berger
Walker & Dunlop

Thomes: Acquisitions have slowed somewhat, particularly in March and April as everyone was scrambling to figure out what was happening at the community level as well as with capital markets. What we're seeing as the most significant impediments to closing:

1) Lack of debt capital/uncertainty of lenders

2) Ability to safely transfer operations amid COVID

3) Slowing acquisitions to ensure safe and effective operations within the current portfolio



Ryan Chase
Blueprint

SHB: What changes are we seeing related to valuations and capitalization rates during this time?

Minford: Generally speaking, we have seen pricing adjustments of roughly 10 to 20 percent depending on the deal. We typically are seeing these adjustments on communities where occupancy has been hit hard over the last few months and the buyers' previous underwriting no longer aligns with current performance. For deals that have managed to remain in a strong occupancy and revenue position, the adjustment has been minimal — this is largely attributed to interest rates remaining at such low levels.

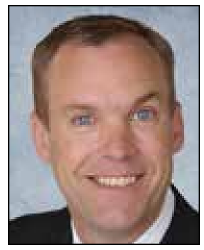
Kris Lowes
Evans Senior Investments

Berger: Valuations are now based on post-COVID operating expenses, which incorporate some items that were not present pre-COVID, including infection control expenses and heightened dietary expenses. We are seeing less aggressive forecasting year one, with operations remaining close to post-COVID status quo.

Gibson: Theoretically, values for stabilized properties in the upper tier have not been as impacted by cap rate changes as they have by occupancy dips due to the pandemic. There was already a bifurcation in the market separating Class A versus Class B and C properties in terms of cap rate margin. I believe this gap will widen in the short term, hurting B and C property values.

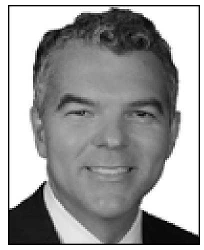
Aron Will
CBRE

Flagg: In the current environment, cap rates are not the best tool to use in valuing senior housing assets. The vast majority of assets are suffering from a decline in occupancy due to COVID-19, as well as increased expenses due to the purchase of PPE and higher payroll costs. These factors result in an impairment to NOI that will be short term and non-recurring in nature.



Todd Lindblom
Marcus & Millichap

Applying a cap rate to actual or near-term forecasted NOI effectively assumes that the short-term impairment to NOI is permanent, and this is punitive to valuations. Therefore, prudent investors in the current environment are more focused on longer-term cash flow projections where assumptions relating to post-COVID-19 occupancy improvement and expense reductions can be factored in. We find that most core and core-plus capital has not altered their long-term return expectations, but many value-add and distress buyers are seeking higher returns in the current market.



Ted Flagg
JLL

Hazzard: We have heard from several appraisers that some lenders are putting

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Kayne Anderson Real Estate (KA Real Estate) is a leading real estate private equity investor in senior housing, medical office, off-campus student housing, and self storage. As of May 31, 2020, KA Real Estate has $10.5 billion in assets under management across its opportunistic equity, core equity and real estate debt investments. KA Real Estate is part of Kayne Anderson Capital Advisors, an investment firm that manages $30.5 billion in assets under management, and has more than 30 years' experience focused on niche investing in the real estate, infrastructure, credit, and private equity sectors.

pressure to add a half percentage point to cap rates as a COVID penalty or a "just in case." As a possible balance to this, many lenders and underwriters are looking more closely at the previous two to three years for the stability of the cash flow and to verify that any dip in census and revenue will rebound after COVID-19.

Chase: I have a little soapbox campaign on cap rates in general. Cap rates are supposed to describe the risk of holding stabilized assets. The majority of transactions each year, pandemic or not, aren't stabilized. So, I would encourage the investment community to use cap rates as a secondary reference point for valuation when thinking about assigning risk.

Speaking to the overall transaction market, there are fewer institutional, large seniors housing transactions happening right now. Valuations on value-add deals are holding near pre-pandemic levels. From a macro standpoint, there are a lot of buyers who want to pursue deals now, yet there are fewer deals available on the market. So while the financial textbooks say we may expect to see higher returns demanded during a period of increased uncertainty, the practical application of having many buyers with too few goods to purchase is having an offsetting effect.

Lindblom: Regions and facilities have been affected differently. Marcus & Millichap has recently marketed several assets with essentially no COVID-19 expenses being underwritten. The facilities offer a solid census and the assets have generated significant interest in the market with numerous offers tendered. However, communities that have been impacted more significantly by the virus, with elevated PPE costs and staffing wages, are being underwritten with these costs in place, impacting asset values. We are advising clients to carefully track COVID-19-related expenses to help ensure the assets are being valued fairly.

Grandbridge's Seniors Housing and Healthcare Finance Group provided $16.6 million in financing for the acquisition of Summer Vista Assisted Living in Pensacola, Florida.

Who's still buying?

SHB: Who are the biggest buyers and sellers right now, and why? How has that changed over the last year?

Geraghty: In the current environment, we have seen local and regional operators become the most aggressive in terms of acquiring existing assets. They often partner up with a REIT or a private equity group. If they elect to purchase on their own, they typically use a conventional bank loan and/or raise equity through high-net-worth individuals or through friends and family. Many of the national or institutional capital partners have been sidelined for the time being.

Over the past year, the largest sellers have either been REITs or private owner-operators with one to five facilities in their portfolio. The REITs are mostly looking to sell some of their older, noncore, struggling assets to clean up their balance sheet and reposition their portfolio with newer assets. The private owner-operators are selling due to newer, tougher regulations within state and federal law. Many smaller owners with institutional-quality assets were also receiving strong pricing pre-COVID, which has driven transactions.

Swartz: Most buyers continue to be private equity in nature. The previous 24 months has seen a steady flow of new institutional commitments to the seniors housing space, which has resulted in strong fundraising among many private equity funds that target seniors housing. While fundraising has been impacted in 2020, we still expect in excess of $5 billion to be committed this year. With the limited amount of product to come to market in 2020, there is a significant amount of dry powder on the sidelines that is increasingly eager to be deployed.

Most of the sellers that have come to market have been publicly traded groups that seek to realign their portfolios and operator relationships, or private sellers with a limited number of distressed deals where ownership has capitulated.

Will: Private equity is still the dominant buyer category, although several of the major REITs have re-emerged and are looking at deals again. The REITs have largely been net sellers over the past few years, and this will continue for at least a few who are shifting strategies.

Flagg: Sellers currently active in the market are groups that have some compelling reason to sell. That could be the need to adjust allocations or a looming debt maturity. Another situation we are seeing is that some newer assets have not performed as anticipated, and the equity has decided to sell even if that means taking a loss. The REITs are active sellers currently, as they seek to redeploy capital into the medical office or life sciences spaces, or simply to exit certain seniors housing assets and replace them with assets that are more in keeping with their current business plans.

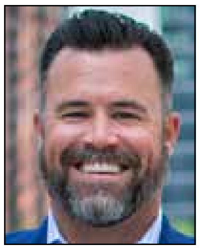
Active buyers today include private equity groups, public and private REITs, and large family offices. Foreign capital is also kicking the tires on a lot of deals but has been slow to actually transact.

Hazzard: The biggest buyers are those that have strong balance sheets and previously established banking and lending relationships. Most of the lenders we are working with are far more cautious, but still pressing forward. We are finding in general that lenders are reticent about making new loans to unproven operators and organizations.

The biggest sellers really have not changed that much. We find sellers active in pretty much every category from institutional and small portfolio, down to the individual mom-and-pop.

Lowes: There are a few REITs and private equity funds that are still active, but most have pulled out of the acquisition market as they are managing their troubled assets and dealing with the volatile capital markets issues. Any investors that do not have sector expertise (family offices, pension funds, etc.) were scared off by the potential impacts of COVID on the sector. The most active groups currently are owner-operators working to build their portfolios and value-add buyers looking to find distressed deals.

From a seller standpoint, independent and institutional groups have both been looking to sell their communities. This pandemic appears to be a tipping point for many independent owners who have been thinking about getting out of the business for a long time. On the institutional side, we are seeing a lot of owners deciding to divest distressed projects that have a long time horizon for a turnaround. It has certainly accelerated many groups' plans to take distressed deals to market.



Steve Thomes
Blueprint

Thomes: We're seeing private equity making the most significant moves, which isn't really a significant change from 2019. We're also seeing REITs opportunistically get back into the market. However, there remains significant price competition and structure flexibility offered by the private equity corner of the market, resulting in a majority of transactions being won by private groups.

Lindblom: Transaction activity currently remains constrained. That being said, owners that entered the market over the past five to 10 years as more of a real estate play are now seeing the operational complexity involved with seniors housing, and many will likely consider exiting this property type. Large owners are evaluating their portfolios and will also likely make some moves.

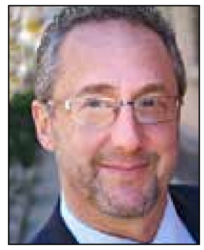
War chests of cash are being built for deployment into U.S. seniors housing properties. Several opportunistic buyers are closely monitoring the market and searching for assets that wouldn't normally become available to the marketplace.

SHB: What has surprised you the most about the marketplace for transactions since the pandemic struck in mid-March?

Berger: We were surprised by how buyers were so quick to bail on transactions, even Class A real estate. However, it was understandable, since no one knew where the bottom would be found. Now that things seem to have bounced off the bottom, we see buyers coming back to the market.

It has also been surprising and deeply encouraging to see how well onsite and corporate staff have handled the care of residents. They have been rock stars in this regard, despite so many more requirements and restrictions placed on them, along with additional pressures relating to family and friends not being able to visit residents. Staff did a terrific job of providing activities, dining and connection points without exposing residents to COVID-19.

Minford: Overall, the market seems to be responding well to acknowledging that seniors housing is a need-based business. As more operators accelerate the pace of resident move-ins, we will continue to see renewed confidence from buyers and lenders to get deals done. We have already seen buyers get creative on how they will conduct due diligence on communities they have under contract and I expect that to continue for some time, as they remain sensitive to limiting the number of visits to the buildings up until closing.



Adam Heavenrich
Heavenrich & Company

Gibson: Having seen several cycles, very little surprises me.

Hazzard: For the most part, other than deals taking longer, we are as busy if not busier than prior to the pandemic. Yes, when the pandemic first hit a significant number of deals came to a screeching halt. However, by the end of May most were coming back online. I am a bit surprised that lenders are taking their time jumping back in.

Flagg: I've seen several market cycles in my career, but this one is quite different than the ones before. The seniors housing market is influenced by the opinions and sentiment of the many individuals that influence transaction decisions.

One notable surprise is that some of the groups with capital raised and ready to deploy have not been more aggressive in seeking out deals in the current environment. I view this time as a short-term window during which investors can snap up assets at attractive prices, and I wonder why more investors are not actively seeking to do so.

Will: There was an almost visceral reaction and pullback on the part of the commercial banks in March and April. Although it wasn't long lasting, that swift initial pullback was even more severe than we witnessed in 2008. Thankfully, at least half of the lenders in our sector are back in the market.

Hyman: After the initial pause to assess how the industry would be affected, the marketplace is still robust. Both top-tier properties as well as mid-priced properties are highly desirable. It should be noted that the increases in construction costs have, pre-pandemic, focused activity on acquiring property operations. We have seen a little easing of construction costs, but expect continued strong asset acquisition activity.

Type of care matters

SHB: Which segments of seniors housing are you most bullish and bearish on right now and why? Has your opinion changed at all since the start of the pandemic?

Berger: We believe that the majority of the market segments within seniors housing remain strong in the long term. While there have been some difficult public relations challenges for our industry, we know that, ultimately, we operate within a needs-based environment and that our providers and their staff want what is best for their residents and their families. Additionally, the changes that have hit our workforce will reduce some of the staffing pressures of the past.

Gibson: There have been many negative articles on assisted living and skilled nursing over the last few years. I'm most concerned about knee-jerk legislation that may have unintended harmful consequences on investors and

MedCore Partners and The National Realty Group, together with BMO Harris Bank and Locust Point Capital, acquired a 582-unit independent living, assisted living and memory care portfolio in seven markets in Washington and California. Included in the transaction was The Village Senior Living, pictured, in Tacoma, Washington.

operators in these segments. I'm slightly more bullish on the independent living market in the near and mid-term.

Flagg: Many thought that the active adult and independent living sectors would be the hardest hit. But surprisingly, we are seeing that active adult projects are faring relatively well during COVID-19, as are many independent living properties. As these sectors will also be the first to benefit from the coming baby boomer wave hitting age 75, we are bullish on these sectors. Assisted living and memory have been hit harder in many cases, and we are hearing about more issues with COVID-19 outbreaks in memory care. But I believe these are short-term issues and expect occupancy levels to recover over time.

A silver lining of the COVID-19 pandemic is that seniors housing construction starts have fallen precipitously and are expected to remain low for some time. This will allow assets in previously saturated markets to improve occupancy over the coming years.

Chase: I'm more bullish on the higher acuity, needs-based segment of the market right now. My opinion has changed a bit since the start of the pandemic on this. We're going to see the effects of consumer preferences translate to overall lower industry performance for the independent living segment, essentially consumers holding off on the decision to move into a communal setting because they don't have to. I see the psychological impact of the pandemic playing out over the longer term in the lower acuity settings. Conversely, consumer needs should support the assisted living, memory care and skilled nursing segments.

SHB: What impact, if any, are lenders having on deal velocity?

Geraghty: Over the past four to six months, our industry has seen the lending market drastically change in terms of how it analyzes a transaction. The most significant disconnect between the borrower and lender appears to be loan-to-value (LTV) ratios as lenders have different perceptions of risk mostly due to the uncertainty surrounding COVID-19. Lenders require more equity from the borrower. Most lenders also want significant recourse for higher LTV loans. Rates have remained attractive, which is the one positive.

Gibson: There is a definite gap between supply and demand for construction lending. Although there has obviously been overbuilding in certain markets, there are still many projects in stable markets that should move forward but are slowed or killed due to inability of the sponsors to obtain debt. Even if you can obtain construction or acquisition debt, the entire process is extremely cumbersome and slows down the transaction process. This is an area that needs an industry disruptor.

Hazzard: Instead of waiting to see what the actual impact was, a surprising number of lenders totally bailed out of the seniors housing market when the pandemic first hit. I certainly agree with using caution and additional due diligence, but to walk away from an entire industry I find troubling.

Until the lenders get off the bleachers and back onto the playing floor, our industry will simply muddle along.

Lowes: At this point in the cycle, they are not slowing deals down in any capacity. There seems to be a large number of lenders still active for acquisition financing for cash-flow-positive deals.

Chase: The 'super nationals' (BMO, Grandbridge, KeyBank, Wells Fargo) are sidelined or limited at the moment. This has a direct impact on velocity of institutional, large-scale transactions — especially on the seniors housing side. Everything is deal specific, but these have the collective impact of lowering equity returns in the short run. I would expect to see a lot of loan refinancings in 2022 or 2023 that were written in 2020.

The road ahead

SHB: Looking into your crystal ball, what do the next 12 months hold for seniors housing?

Minford: Activity on our current pipeline is telling us that the next two to three months leading into the holiday season will be active as buyers and sellers want to close out the transactions currently in process. How well the industry handles any resurgence of COVID

in the winter months will have a direct impact on 2021 activity. That said, confidence does seem to be coming back and our hope is by late first-quarter 2021, the seniors housing industry would have demonstrated its capabilities to handle whatever comes its way.

Gibson: I don't see much change in the seniors housing market until there is a vaccine that has been widely distributed. While there could be decreasing occupancy due to lower move-in rates, I believe most operators have done a phenomenal job of dealing with the situation by taking appropriate precautions and implementing better training and strong safety standards. Let's all hope for a quick solution.

Hazzard: We are turning the corner. Once the general election is over, regardless of who wins, there will be huge strides toward normalcy. All the parts of the economy that were driving the seniors housing industry engine are still there. With the slowdown in new construction, we could see average census creep back up.

Lowes: There is a strong pent-up demand for new resident move-ins due to the ban on admissions most communities imposed earlier in the pandemic. Most families have a current hesitancy to move in their family members due to the lack of visitation possibilities at present. New development projects that opened before COVID will struggle the most as lease-up velocity will likely slow down. Projects currently under construction certainly face an ominous future until a vaccine arrives.

Private equity investment firm Tryko Partners acquired Hopkins Manor, a 200-bed skilled nursing facility in North Providence, Rhode Island, for $14.5 million.

Swartz: After almost no activity in May, we have valued over $2 billion of sales opportunities in the last 60 days. Given the pent-up demand of buyers, we expect to see a significant increase in transaction levels as market participants become clearer in their understanding of valuations.

Hyman: As the country continues to respond to the effects of the pandemic, there will be significant opportunities in asset acquisitions, as sellers work through their portfolios determining the best business models going forward.

SHB: What issues in our industry keep you up at night?

Berger: Providing more attractive affordable seniors housing options is critical to enhance the percentage of the target population who benefit from our products and services. We hope we continue to see new and more innovative product alternatives along the continuum, such as well-conceived active adult concepts, technology solutions and developers willing to take a risk on affordable options.

Lowes: The pandemic has caused a lot of the industry to forget the tremendous staffing issue that we faced before the pandemic. The widespread job loss certainly will help our industry attract more potential employees to the sector, but our biggest fear continues to be widespread pay structure increases.

Target has increased its minimum wage to $15 per hour, following Amazon and other companies. How long does this take to migrate over to seniors housing?

Swartz: We are concerned about the lack of distinction between skilled nursing and seniors housing in many press pieces, which seems to have inspired recent Congressional fact-finding activity targeting the seniors housing space. We are watching federal regulations and policies carefully and will calibrate expectations accordingly.

Lindblom: In many cases the media has driven a perception gap as it attributes health risks to all parts of the seniors housing spectrum.

One concern will be how the traditional onset of flu season could erroneously be attributed to COVID, creating headlines that mischaracterize the operational reality of most senior care facilities. Facilities are in a better position to manage the flu season than ever before, although some media may tell a different story. ■

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Eric Mendelsohn, CEO, National Health Investors

After five years at the helm of the longstanding REIT, this seniors housing executive has helped the company carve out a niche in secondary and tertiary markets.

By Jeff Shaw

Despite all the challenges facing seniors housing, Eric Mendelsohn is a big believer in the product.

He cut his teeth at Seattle-based Emeritus, serving as senior vice president of corporate development from 2006 to 2015. It was a period of tremendous growth for the company, culminating in giant operator Brookdale Senior Living buying Emeritus in 2014.

Emeritus' portfolio totaled 1,100 communities in 46 states at the time of its acquisition, which made Brentwood, Tenn.-based Brookdale the largest owner and operator in the country for several years. The company is still the largest operator, but has since fallen to third-largest owner behind Welltower and Ventas.

Fast facts

Company Name: National Health Investors

Founded: 1991

Headquarters: Murfreesboro, Tenn.

Portfolio: 148 communities, 12,852 units

Locations: Nationwide

Left without a job as a result of the acquisition, Mendelsohn received a call from a former colleague, Justin Hutchens at National Health Investors (NYSE: NHI), to join the team as executive vice president of corporate finance. Eight months later, Hutchens left for HCP — now known as Healthpeak Properties — and Mendelsohn took over as CEO.

Originally incorporated in 1991, NHI's current portfolio features 148 seniors housing properties totaling 12,852 units, making it one of the largest owners of seniors housing in the country. The portfolio spans the continuum of care, and has a focus on secondary and tertiary markets in the Midwest and South.

The company's stock, like all REITs, took a tumble when the COVID-19 pandemic broke out, falling from $90.79 per share on March 4 to $33.56 on March 18. The stock rallied in the ensuing months, however, closing at $63.79 per share on Sept. 17.

Seniors Housing Business spoke with Mendelsohn about his career path and strategy for managing the portfolio, as well as how the company is adjusting to the COVID-19 pandemic.

Eric Mendelsohn gives a presentation at the National Health Investors 2019 Music City Symposium in Nashville, Tennessee.

Seniors Housing Business: Walk us a bit through your career history and how you got here.

Eric Mendelsohn: Like a lot of leaders in this industry, I have a legal background and spent many years representing banks and REITs and investors in real estate transactions and financing. That gave me a good solid foundation in a lot of the disciplines that are on my desk as a REIT.

SHB: How did you end up at Emeritus?

Mendelsohn: I was doing transactions for the University of Washington — it has a large medical research and office portfolio because of the Gates Foundation. [The Bill & Melinda Gates Foundation is a large, Seattle-based charity organization that seeks to enhance healthcare and reduce poverty.]

This job was really the first time I got to switch from being a lawyer representing clients to actually being the client. As a major, grant-funded research university, we were leasing and constructing state-of-the-art labs, medical offices and clinic spaces for researchers. I got to interact with bonding agencies that financed these projects, the researchers that were going to use them, and the property owners and landlords that would provide the space.

I had my first experience with REITs in this role. We were a big tenant of Alexandria REIT (NYSE: ARE), and my peer that I dealt with at Alexandria was Peter Moglia, who is now Co-CEO of Alexandria. We still keep in touch.

These were pretty high-profile deals in Seattle.

Emeritus contacted me in 2006 with the opportunity to work for the company. In early 2006, I transitioned from heavy medical real estate to seniors housing.

I worked directly with Dan Baty, who was the CEO of Emeritus, and Ray Brandstrom, the CFO. At the time Emeritus had 120 buildings.

Shortly thereafter we merged with Summerville Senior Living, based in the East Bay area of Northern California. That was an 80-building transaction, and we were fortunate enough to combine our operations. Granger Cobb became our president and Justin Hutchens became our chief operating officer.

SHB: That's an all-star lineup.

Mendelsohn: That was the golden age of seniors housing.

That Summerville transaction occurred in the summer of 2007. That changed the character of the company tremendously. Dan Baty felt that we had the right team and the right platform to grow the company.

Of course, there was a recession right after that, so we went hunting for companies to buy. We bought several smaller companies, then ended up buying Sunwest Management, a 235-property company based in Oregon, out of bankruptcy. We did that in a joint venture with Blackstone.

Right before the Sunwest acquisition, Justin Hutchens left for NHI and we soldiered on without him. Then in 2014, after two years of marketing the company, we were purchased by Brookdale. That deal closed in December 2014 and I was out of a job.

National Health Investors owns Sagewood, a 466-unit continuing care retirement community located in Phoenix. The operator is LCS.

SHB: Is that what led to the NHI opportunity?

Mendelsohn: I looked around at various opportunities. Justin Hutchens called me from NHI and made a very compelling case that we should work together again, that I could help grow the company, and I agreed. He also pointed out that as an amateur guitar player there would be plenty of music to listen to, which was compelling. So, in January 2015, I moved to Nashville.

Here's where it gets interesting and where the conspiracy theories start. We went to a NAREIT conference and ran into Lauralee Martin, then the CEO of HCP, who said she wanted to talk to Justin. She and Justin had lunch, and I believe that's where Justin first got the idea of working for HCP.

Fast-forward five months later, Justin accepted a position as chief investment officer and later president at HCP. I became interim CEO at NHI.

No one was more surprised than I was that Justin was leaving. I had mixed feelings about it — he's a very dynamic leader. He built a great foundation for the company and I was looking forward to growing that with him.

But as much as I missed him, I was excited about the opportunity to lead a REIT and put my own mark on NHI. And I'm very grateful that in October of that year, the board decided to make me the CEO, no longer interim. That was almost exactly five years ago.

SHB: What were the differences between your positions at Emeritus and NHI?

Hutchens: At Emeritus I ran corporate development, handling acquisitions, financing, joint ventures, development and management of legal teams that support those activities. Dan Baty liked the idea of getting a two-fer, meaning both a legal and finance function from one employee.

When I got to NHI, I was tasked with corporate finance, which is generally limited to the financing and banking relationships related to NHI's corporate debt. NHI has a large bank group that funds our revolving credit facility. We also use private-placement debt from insurance companies and term loans of longer duration provided by a subset of our bank group.

The thinking at the time was that I would also work on various other projects in addition to the corporate debt.

Justin referred to me as his Swiss Army knife because of the multiple hats I previously wore at Emeritus.

Brightwater is a 229-unit continuing care retirement community located in Myrtle Beach, South Carolina, operated by Senior Living Communities.

An active role

SHB: With 148 properties totaling 12,852 units, NHI is one of the largest owners of seniors housing in the country. How do you manage a portfolio so large while ensuring each community provides quality care?

Mendelsohn: The name of the game is working closely with the operators.

Keep in mind that while we don't operate the buildings, as a capital partner we are very motivated to ensure that the residents are receiving good care and are happy with their circumstances. We check on that often.

How do we check? We visit the buildings on a regular basis. We have asset managers who travel to each building every year. We also have third-party vendors that we use to monitor licenses and surveys or inspections by state regulators. By reading and tabulating those surveys, we get a good indication of how all the operators are doing.

Then we have monthly phone calls with the communities to review operational performance. Under normal circumstances before COVID-19, we would meet face-to-face with our operators three to four times a year at conferences, be it InterFace, NIC, Argentum or ASHA. Those face-to-face meetings are a great opportunity to catch up and discuss the state of operations.

SHB: What sort of metrics do you use to determine success?

Mendelsohn: Every jurisdiction has its own peculiar survey style. Some surveys are focused on physical plant; others are focused on resident health, procedures and policies, especially in skilled nursing. So, when we're reviewing surveys, we're looking for any indication of resident care needing attention — any flags, any caution signals.

SHB: What might raise a red flag?

Mendelsohn: Medications are sometimes administered incorrectly. That's something that you have to watch out for in assisted living.

Many people are relying on the nurses' aides and the pharmacy to prepare the right amount of medication for the residents. If that isn't done perfectly every time, harm could occur. So, we focus on that activity and make sure there's no regulatory issue surrounding the building and the pharmacy and delivery of the medication.

A balanced approach

SHB: NHI spans the continuum of care, but the portfolio contains over twice as many communities in private-pay seniors housing than in skilled nursing. Do you have a preferred type of care, or is the portfolio breakdown opportunistic rather than strategic?

Mendelsohn: In the past 10 years, NHI has strived to get to the right mix of private-pay seniors housing versus government-funded skilled nursing. The mix we have now, which is roughly 30 percent skilled nursing to 70 percent private pay, is a ratio that we're comfortable with.

If I could choose right now what product to buy, I would probably lean more toward skilled nursing. That is a product that is in scarce supply. A lot of the buildings are older, and many of them are being shut down.

If you look at some of our recent deals, you'll see a skilled nursing development that just opened with developer and operator Ignite

Medical Resorts outside Milwaukee. The development is named Ignite Medical Resort Oak Creek. It's a great example of newer skilled nursing — better design and a very aesthetically pleasing product. We love that.

The future of skilled nursing is exciting because the number of skilled beds keeps shrinking as the population of potential residents keeps growing. There will always be a need for skilled nursing services as hospital stays become more expensive and services offered by skilled providers become more sophisticated. Meanwhile, newer buildings provide a desirable atmosphere for residents.

Other than that, we're opportunistic. We're looking for deals that are in areas of the country that offer value and with operators that we believe are best in class.

SHB: Tell me some more about your operators.

Mendelsohn: When deciding on an investment, it's very important to us for the operator to have a great culture. We want an operator that's in the business for the right reasons and takes care of their residents and their employees. We've noticed a great difference between operators that are in it for a buck, and operators that are in it because they care about people and like helping people.

We also want to be in business with people who are looking for a relationship, not just a capital partner. We try to be the first telephone call an operator would make if it needed funding for an acquisition or an expansion. We try and work with the operator to make it as painless as possible to achieve those goals.

In January, National Health Investors and LCS paid $133 million to acquire Timber Ridge, a 401-unit continuing care retirement community in Issaquah, Washington.

SHB: What is a telltale sign that developers are only in seniors housing for a quick buck?

Mendelsohn: They have little or no experience in building seniors housing product. Usually they have had multifamily or commercial experience prior to seniors housing. They have no knowledge about the operational challenges that the space has, whether related to regulations or resident experience. They want to leverage our contacts and funding for their fees, and they want a profitable exit without any relationship to the project after it is complete.

SHB: Before the pandemic, you were active in the acquisitions market — selling eight communities to Brookdale for $39 million and joining with LCS to buy the high-profile Timber Ridge community near Seattle for $133 million, both in January. What's your general acquisitions and dispositions strategy? What do you look for in a community?

Mendelsohn: Dispositions are tricky. The communities we sold to Brookdale were part of a deal I negotiated with Justin Hutchens when I was at Emeritus and he was at NHI. The buildings that Brookdale bought were formerly Emeritus buildings.

We're very hesitant to sell buildings as a REIT. We're a dividend-paying organization, and buying properties that are accretive to the portfolio helps us pay that dividend year after year to the benefit of our investors.

What do we look for? We look for a good market; a good physical plant; a well-run operation; healthy, happy residents; and an environment that isn't overly competitive.

NHI's footprint is mostly in the Midwest and South. That is intentional. We believe there's great value in underserved markets, and we've done well by investing in those markets.

SHB: A lot of investors target high-barrier-to-entry markets. It sounds like you choose to buck that strategy.

Mendelsohn: That's exactly right. We tend to focus on tertiary and secondary markets. We believe that smaller towns where people want to stay near their church, near their family, near their university, near their doctor have a lot of value. We found over time that these buildings do as well and generate returns similar to more expensive properties in urban, coastal markets.

SHB: How much ground-up development does NHI do, and what's your strategy?

Mendelsohn: We're very picky about ground-up development. For example, last year we completed three buildings in total. Two were private pay, one was the Ignite deal I mentioned in Milwaukee.

We look for established organizations that have a long history of building and operating seniors housing. We're not interested in journeyman developers that just want to build a building and move on to the next project after they receive their fee. We want a partner who will stick around, run the project and benefit from the design and the quality of the build.

SHB: It seems like NHI does a decent amount of lending, as well. Can you explain the level of volume and the strategy behind the financing business?

Mendelsohn: We loan to own. A good example of that is the Timber Ridge project near Seattle. We financed a mortgage on that to build Phase II. Once Phase II was complete, we had a purchase option to buy the property, which we did.

[Timber Ridge at Talus in Issaquah, Washington, features 401 units, including 330 independent living apartments, 14 assisted living apartments, 12 memory care apartments and 45 skilled nursing beds after the expansion project. NHI provided a $154.5 million loan in 2015 to recapitalize the property and fund the expansion, then joined with LCS to acquire the property for $133 million in January of this year.]

Oftentimes, providing a loan is a good way to get your foot in the door when the capital partners are ready to exit. It allows us to establish a relationship with the parties up front and have them get comfortable with us and see how well we can execute on transactions.

Pandemic takes Its toll

SHB: What has been the effect of COVID-19 on the NHI portfolio so far?

Mendelsohn: We're trying to be as transparent as possible. As a public company, we understand everyone is very interested in the impact of COVID on our business.

Every week we publish a chart that shows the impact of COVID on our buildings. I'm sad to say that as the country has been reopening, that has taken its toll on our buildings. We were recovering in May and June. The trend was very favorable. Once the reopening started, the trend reversed itself dramatically and COVID came roaring back in many of our markets.

SHB: So, what do you do now?

Mendelsohn: It's been a real challenge for us and our operators to make sure that residents are being cared for and that the business of running these buildings is maintained while ensuring the safety of employees and residents.

It's also been difficult for our operators to maintain morale. The funny thing about leadership is you really only see it when you're in a time of crisis. When things are running great, it's easy to be a leader. Things tend to run themselves. When you have a real crisis, that's when you want people to make thoughtful plans and execute them.

Eric Mendelsohn participated in the The Register's Annual Great Bicycle Ride Across Iowa (RAGBRAI), an annual seven-day bicycle ride, in 2019.

So, we've been trying to do all of that while supporting our operators as they manage through this crisis.

SHB: What can you, from the owner position, do to help operators manage the pandemic?

Mendelsohn: NHI has been very hands-on with regard to helping operators source personal protective equipment (PPE). At the very beginning, there were a lot of untrustworthy companies selling masks, gowns and face shields. We were able to identify a legitimate supplier and connect our operators with that supplier.

We've also been a good resource for the confusing stimulus programs. Many of our operators qualified for stimulus money, but didn't have the banking relationships they needed to get priority. We were able to help them by referring them to banks that we had relationships with.

In addition, we were able to help with referrals to labs to do testing of employees and residents. These are labs that are affordable and efficient. This came about through normal communications between our operators and asset management team. We have 37 operating partners in 34 states, so we were able to act as a hub of information and best practices. But that's normal course of business for NHI — we just ramped it up for COVID.

Lastly, we created a web page for all of our clients that included best practices and other resources that we developed regarding policies, procedures, signage and anything else having to do with COVID. That includes testing and interactions with residents or families.

SHB: What's something people in the industry would be surprised to find out about you?

Mendelsohn: I have a manual typewriter on my desk, and I use it to write thank-you notes to friends and business associates. It's a Hermes I got on eBay. I think it's from 1967.

SHB: Not the amateur guitar playing?

Mendelsohn: I thought about that. The fact is at this point most people know this about me. I took a poll at the office and everyone agreed that wouldn't be news to anybody. ■

Ignite Medical Resort Oak Creek is a 144-unit, recently opened skilled nursing facility in Oak Creek, Wisconsin, operated by Ignite Medical Resorts. National Health Investors funded $25.4 million in financing for the development.

COVID-19 Impacts Property Valuations

Seniors housing pricing takes a hit amid pandemic.

By James Tellatin

The COVID-19 pandemic has clearly impacted seniors housing valuations.

The market for seniors housing assets is only beginning to thaw from the pandemic's spring and summer freeze. In the absence of actual sales data priced in the pandemic, using enterprise valuations from publicly traded REITs and operating companies with large concentrations of seniors housing is a proxy to individual asset values.

Operationally, most properties are experiencing lower occupancies and higher per-resident-day operating expenses and these conditions are likely to persist for some time.

Lower mortgage rates may offset some of the negative valuation drivers from the first months of the pandemic. Government stimulus, to date, has helped operators. But, since value is based on anticipated earnings and those stimulus payments are now water under the bridge, those past payments do not transfer into present value.

Anticipated future stimulus money will factor into value. However, as of this writing, there is no certainty that private-pay seniors housing will receive further assistance. Healthcare providers, such as skilled nursing facilities, hospitals and other medical providers, have received and can expect to continue receiving stimulus.

The painful numbers

Salient factors stemming from the coronavirus pandemic globally impacting seniors housing operating results and valuations include:

• Lower occupancies as controllable move outs exceed move ins. This is a result of self-imposed reasons at the facility level and hesitation from a market that leans toward greater social distancing, which will remain a significant factor until the virus is brought under control. Data from the National Investment Center for Seniors Housing & Care (NIC) shows occupancy rates for surveyed properties with mostly independent living falling by more than 150 basis points from March to May of 2020; assisted living occupancy declined by more than 250 basis points in the same period.

• Operating expenses are difficult to rachet down in tandem with lower census levels, as some expenses are fixed and some variable expenses are increasing, like food and protective equipment.

• Existing residents are minimizing use of common area amenities for social distancing purposes, which are important factors in residents choosing seniors housing options; thus residents feel they are not receiving full value or benefits for their rent.

• Elevated risks are being built into capitalization and discount rates.

There is no question that COVID-19 has negatively impacted valuations for the healthcare and seniors housing property markets.

Cash flows are disrupted by reduced occupancy, higher operating expenses, possible lowering of rent caused by changes in demand and additional risk premiums applied to the capitalization processes.

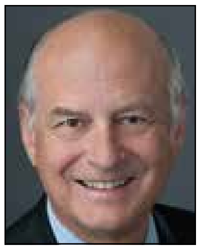
The lifeblood of an appraiser is comparable sales data, which provides guidance for capitalization rates and per-unit pricing, the paramount value markers. Given the absence of contemporary sales data in the early months of this pandemic, an appraiser will likely apply pre-COVID data and adjust the pricing to reflect current market conditions.

The equities market is liquid and provides a valuation consensus among a large and diverse group of investors. Historically, there is a correlation between valuations in the equities market and the real estate market.

Healthcare REIT enterprise valuation (equity plus current assets and liabilities) fell over 20 percent during the first half of 2020.

Looking to the past

The deterioration of equity values during the Great Recession paralleled a decline in the average per-unit price for seniors housing and nursing facility transactions during that period.



James Tellatin
Integra Realty Resources

Between 2007 and 2009, the average price for independent living and assisted living properties declined 28.5 percent, according to *Senior Care Acquisition Reports*. Capitalization rates for both property types increased by more than 100 basis points from 2007 to 2009 (spanning the depths of the recession), even though interest rates were significantly lower in 2009 than 2007.

Equity values for the "Big Three" healthcare REITs fell roughly 20 percent from Sept. 1, 2008, through Aug. 31, 2009. Roughly midway through this timespan, the average equity valuations from the Big Three were off 50 percent.

This rough comparison between the average seniors housing price trends around the time of the Great Recession displays a parallel relationship between the two markets — publicly traded REITs and individual asset values. The question today is whether or not such a relationship exists in today's market, even though the circumstances driving valuations are hugely different — global financial crisis versus global health pandemic.

Seniors housing properties are largely valued off cash flow, with most properties priced off normalized net operating income (NOI) or EBITDAR (earnings before interest, taxes, depreciation, amortization and rent).

The NOI is capitalized into value by dividing NOI by the rate to equal value. As shown in the REIT valuations, a 20 percent value decline may be caused by several scenarios:

1) NOI would drop by 20 percent, and the capitalization rate would remain unchanged.

2) NOI remains unchanged, and the capitalization rate increases by roughly 180 basis points (from 7 percent to 8.8 percent, for example).

3) More likely, NOI declines some, and the capitalization rate increases by some amount to equate to a 20 percent decline in value.

We see some REITs reducing their dividends, and also seeing their dividend yields increase, resulting in lower valuations. It is likely that going forward for some time, NOI levels will be lower and capitalization rates will be higher than before the pandemic. Quantifying these two parts of the valuation equation is difficult. For example, a 20 percent decline in value might be caused by an increase in the capitalization rate from 6.5 percent to 7 percent, and a 12 percent drop in NOI.

Many real estate investors look to Moody's Analytics' commercial property price index (CPPI) as a guide to future property values. Moody's tracks apartments, retail, office and industrial property sectors.

Moody's anticipates CPPI indices to reach low points in early 2021, with "total" real estate dropping from 100 percent in January 2020 to 85 percent in September 2020, before reaching a low of 79 percent in March 2021 or ahead of the expected arrival of an effective vaccine.

In conclusion, if the equities market is near the valley today, then over the next six to 12 months we would expect individual property values to decline approximately 10 percent to 15 percent given the experiences from the financial crisis in 2008 to 2009. The CPPI lines up with REIT valuations. So, while individual asset transaction data is nearly non-existent currently, these other references point to the uncomfortable conclusion that seniors housing property values, on average, have deteriorated.

This may be more so in the markets that were already experiencing oversaturation prior to the pandemic, and less so in markets where unmet need existed. In those markets where there is unmet need, it will be interesting to see if developers pursue or delay planned projects.

A silver lining is that taking on a development start today will likely be completed after the pandemic is resolved — let's all hope.

James Tellatin is senior managing director of Integra Realty Resources' Healthcare & Senior Housing Practice Group. He is also author of The Appraisal Institute's textbook "The Appraisal of Nursing Facilities."

Dwight Capital
Closes Acquisiton of Love Funding

The Love Funding Platform will be Rebranded and Integrated within Dwight Capital

Dwight Capital, one of the nation's largest and most prominent private commercial real estate lenders, has acquired Love Funding, the HUD lending subsidiary of Midland States Bank. As a result of this acquisition, Dwight Capital has become the largest dedicated FHA/HUD Multifamily & Healthcare financing firm in the nation and is poised to continue its industry leading HUD financing production.

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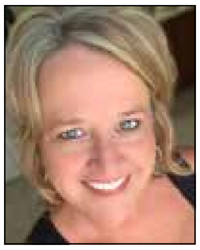
Identify Best Services for Your Affordable Community

Programming can make all the difference in keeping happy, healthy residents.

By Flynann Janisse



Flynann Janisse
Rainbow Housing Assistance Corp.

One crisis at a time is no longer an option for the multifamily industry. As seen in many other sectors, the global pandemic highlighted already broken or deficient systems, exacerbating challenges accessing quality affordable housing.

The United States was already in the midst of a national housing crisis before COVID-19, especially for seniors as baby boomers adjust their housing demands to fit their lifestyles. Now the need for quality affordable housing is dire and must be acknowledged.

The importance of access to housing is something developers working with specialized populations already know well. For example, the Housing First model acknowledges the best chance for success in any endeavor is knowing you have someplace safe to which to come home. However, the benefits are not limited to the chronically homeless. Housing is an intersection of better health outcomes, improved financial stability and everything in between.

Programming makes a difference

Affordable housing services such as medical support, exercise activities and computer training are key to helping residents reach their personal goals. Service-enriched housing programs help stabilize communities while improving the financial performance of a multifamily property.

There are benefits to both in-person and online services. However, it is the quality and caliber of the programming that make the largest impact.

When partnering with a service provider, developers must identify which services are suitable for what they want to build. Specific services cater to different demographics. For instance, services for seniors are aimed at helping this age group stay healthy, connected and active. Activities that support seniors housing residents may not necessarily be the same for individuals living in affordable housing properties serving the general population or assets with a large school-aged population.

It all starts with service-enriched housing. By folding meaningful programs and services into the fabric of quality housing, these communities offer residents much more than just a roof. Homes become a place where a real quality-of-life enhancement is possible.

Services specifically designed to improve financial and social capacities directly result in a more stable tenant population. The benefit is then carried to owners that enjoy lower turnover, increased safety and, best of all, happy residents.

This model can be tailored to any demographic and is most effective when a program plan is built using input from the tenants themselves. For family communities, service-enriched housing means creating workforce development opportunities for the adult population, enrichment programming for the youth and life-skills training for all age groups.

The benefits to senior communities are equally tangible, even more so in the context of helping this particularly vulnerable population during the COVID-19 health crisis.

Pre-pandemic programming is still incredibly important, focusing on fixed-budget financial literacy, crisis intervention, healthy lifestyles and community enrichment. In recent months, federal agencies are working with service providers as a conduit for communication about available assistance. This includes disseminating information from the USDA about food programs, getting information from the IRS in the hands of those receiving Social Security Income ensuring they receive their CARES Act stimulus, and both nationally and locally enacted renter protection programs.

Resident services have become broadly accepted as a stabilizing factor in multifamily communities, and, as such, greater emphasis is being placed on formalizing best practices that will deliver desired results.

A new certification exists for both owners and third-party providers that have developed an impactful service-enriched housing model. The Certified Organization for Resident Engagement and Services (CORES) certification is gaining traction as a standardized approach for tenant programming.

Affordable housing that offers CORES-certified programming may qualify for Fannie Mae Health Housing Rewards financing incentives. Additionally, a few states have begun to incorporate CORES in their qualification criteria when addressing housing needs as they look at developer applications for tax credits.

Know your residents' needs

To date, Rainbow is the only third-party service provider to receive the certification. Developers that offer CORES-certified services know the programming offered will meet residents' needs because a community scan (e.g. walking distance to food, transit, banks, stores, hospitals, etc.) is a critical component in the program, ensuring residents have input into the types of services they want and need.

A "community scan" is a multidimensional, descriptive analysis of a neighborhood, town or city, county, region or state. A community scan can identify needs in a community, as well as existing resources and institutions, potential partnerships and gaps in services.

When combined into a streamlined offering, available through a variety of platforms, seniors benefit tremendously from this model. A blended focus on social engagement; health and wellness; computer skills; food programs; medical care resources and referrals; and physical activities will offer something for everyone.

Medical research has documented the importance of staying physically active and eating healthy, but doing so on a fixed budget can be a challenge, particularly for those just transitioning into retirement. It is, therefore, easy to make the connection to the importance of wellness programming. However, at first glance, computer literacy may appear to stand out.

Today's seniors are more comfortable with computers and smartphones than ever and have every right to the benefits technology-based programming can offer as their family community counterparts. According to a Pew Research Center survey conducted last year, the vast majority of Americans (96 percent) own a mobile phone of some kind, while 74 percent also own a desktop or laptop computer and roughly half own tablets. Computer literacy ensures seniors can keep in contact with children, grandchildren and friends anywhere in the world.

In midst of stay-at-home orders across the country, many multifamily operators were racing to figure out how to safely keep in contact with their residents. Rainbow's LINK platform backed by our national call center, was already doing this work and easily pivoted into assisting residents, connecting them to timely community-specific information and, most importantly, fighting isolation.

Our seniors are a valuable asset with much to offer. As housing providers, we owe it to this generation to do more than have them simply age in place. Seniors should be given opportunities to enrich their lives as well as make an impact on others.

Volunteering programs build a true sense of community through networking and social activities. This win-win allows youth to benefit from a senior's age of wisdom, while at the same time giving seniors a platform to impart essential knowledge garnered from years of experience.

The senior population shaped history. The lessons learned from the Cold War and the Civil Rights Movement will be relevant as the country moves forward out of this health and economic crisis.

A properly designed, service-enriched housing model will not only curate opportunities for this enrichment to happen, but it will also foster an environment where community stabilization can happen naturally.

Flynann Janisse serves as the executive director of Rainbow Housing Assistance Corp., a nonprofit organization that provides service-enriched housing programs for residents of rental housing communities throughout the country.

Incorporating the Pandemic Experience into Design

From processes to spaces, senior living design and construction are in for a change.

By Drew Roskos

Drew Roskos
HED

Now in month six of our country's full-scale reaction to the COVID-19 pandemic, we are all embracing today's heightened awareness of public health across the board, especially in our field of senior living.

As of this writing, roughly one-third of COVID-19 cases reported have been in senior living communities. As research continues to teach us more about the spread of the virus who is at the greatest risk, we are also likely all growing in our realization of how this pandemic experience will impact the creation of the senior living facilities of the future.

Our national housing team at HED is working to layer pandemic-related design thinking in with the accumulated design understanding of best design practices. While certainly our healthcare design colleagues, and many of us working in the housing sector, have already considered traditional germ and disease flow for years, we know this pandemic will increase the expectations of occupants, developers and building visitors for decades to come — as it should.

What has not changed, though, is our insistence on keeping quality of life and resident happiness as the priority for design success. For both residents and staff, a community is only successful if it serves the needs of the occupants. So, when it comes to both quality of life and health, these groups will always warrant the most important consideration.

What we need to hold on to

Senior living communities that are in dense areas with a strong connection — both physically and programmatically — to the larger, public community will continue to be the most successful and the healthiest environments for older adults. Social connectivity, and its impact on mental and physical health, will continue to be a top priority of this population group, both during the remainder of this pandemic event and long after. It's an aspect that we can't lose sight of on the heels of this experience.

We need to continue to actively solve for those needs while also incorporating healthy design responses to today's research around this virus and other communicable diseases. Our mandate will be to find a balance between helping families be comforted by this new level of care without feeling constricted by it.

Well before we knew of COVID-19, senior living communities would change their operations or increase physical distancing as a result of busy flu seasons, pneumonia outbreaks or otherwise. Programming and scheduled activities changed to account for these concerns, and staff members wore masks, gloves and other personal protective equipment (PPE) in order to do their part in containing these germs.

But with a heightened consumer awareness of these kinds of health challenges now, we can all expect a more careful eye on the facility itself and its role in disease spread, especially when potential residents are considering their options.

Additionally, the seniors housing industry was creatively moving to utilize more external resources in fulfilling the care of their patients. From telehealth visits to video-based activity engagement, these systemic changes were already helping to reduce the outside visits from excess people.

As this shift toward external care providers, and a reduction in onsite staff continues much more on the road ahead, it is my hope that we see a balance on our facilities' accommodation of family and visits with loved ones, and less on providers.

How will we adapt?

To start, the first adaptation we need to make is to the design process itself.

From the onset of a facility's design effort, we need to be prepared to also design what we are calling a "health management overlay." This overlay should be crafted with operational leaders to ensure the feasibility of specific ideas in the event of another public health crisis, or even smaller-scale crises that we will now want to be better prepared for.

Operators must consider everything from the spatial needs of telehealth appointments to where the extra chairs are stored when social distancing; and from the creation of processing spaces to identifying places for the additional location of permanent hand washing stations. This new overlay opportunity will allow a facility to be designed with a typical health condition in mind, while preparing for these kinds of frightening atypical events as well.

When it comes to more permanent physical design changes for future facilities, there are a few that will need to be implemented without a doubt.

One of those is a greater focus on HVAC design — considering adding zones and increasing air filtration as a result of this pandemic. While mechanical systems have moved toward more efficient choices in an effort to reduce energy consumption, these new lenses of filtration effectiveness and isolation compartmentalization will take a more center-stage role in the years ahead as well.

We are also confident that outdoor spaces will be significantly re-examined in the years ahead. From the simple mathematical need to increase social distance, to a pent-up desire to be outdoors after initial quarantines evolved, we are now excited to focus on the most effective design of outdoor space for a larger variety of lifestyle needs for our seniors.

While the importance of active spaces and walking paths remain for the physical health of our seniors, we are now also eager to increase the crafting of intimate spaces where people can passively watch outdoor activities from a safe distance or gather in small groups to connect amidst the fresh outdoor air.

Another noticeable area where we all saw an immediate opportunity was technology. Those facilities that were more technology-enabled had more options when it came time to change their typical operations. From walking into and out of rooms without needing to touch switches, to hosting virtual family hangouts, technology proved to be the greatest gap creator between the haves and the have-nots. We see this continuing to drive the conversation as we create new communities moving forward.

And in the area of access control, independent living or active adult communities might see an uptick in multiple entrances, creating ways for facilities to lock down individual halls or break resident groups down into smaller groups or neighborhoods. This idea, though, will certainly not shift in the memory care or skilled nursing, where security and safety of resident arrival and departure will continue to take priority.

No need for overreaction

The most important point on the mind of our team, as we actively work on the design of new senior living facilities, is to not "react" our way into new problems.

While pandemic woes will certainly weigh heavy on the minds of operators and families for many years to come, we know there are many dimensions to health. The opportunity to learn from this unique viral experience is most certainly great, and it is an important opportunity to seize. We are excited to apply today's senior living lessons to our design process.

As always, though, we must all be careful to make long-term decisions for our buildings based on a holistic set of industry knowledge, not just around unique experiences or isolated information garnered from our journeys along the way.

Drew Roskos, AIA, LEED AP, is a housing studio leader with national integrated architecture and engineering firm HED.

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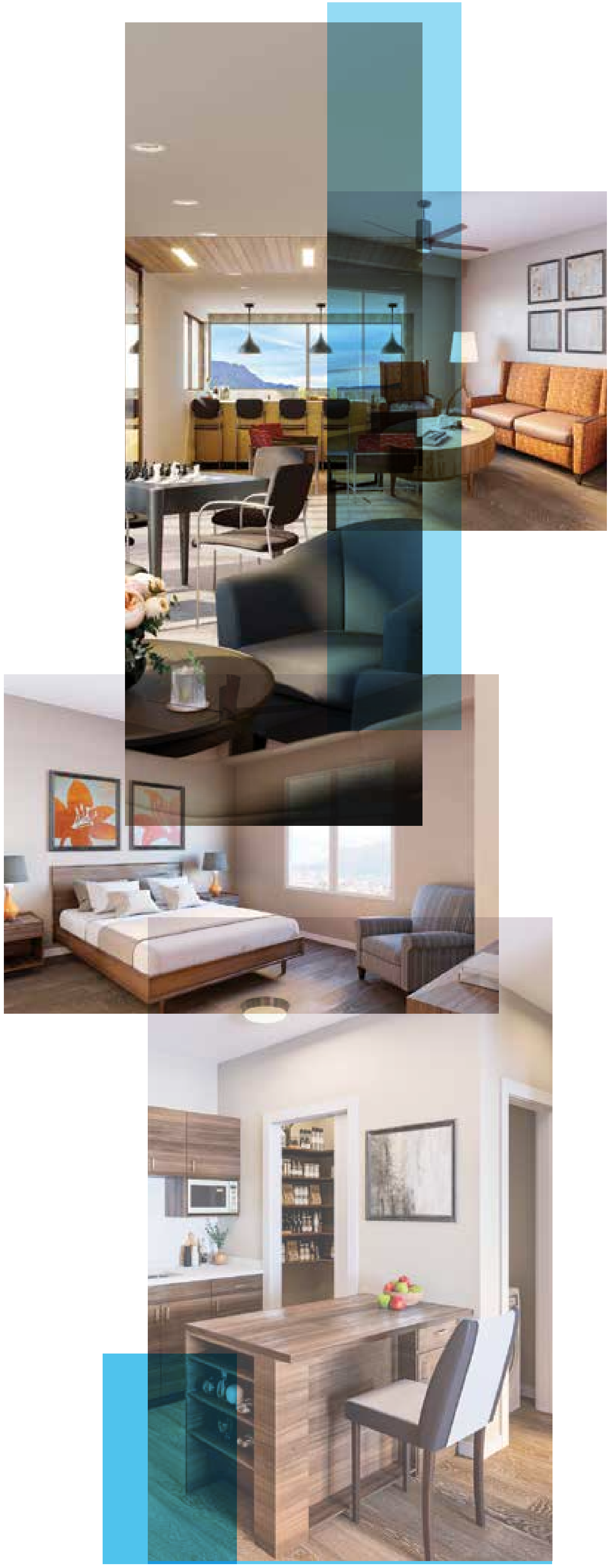

Insight Senior Living has been utilizing technology to improve sales outcomes. This year, Insight gained national recognition for its Montessori inspired community Amaran Senior Living. Insight also successfully introduced two new senior living brands, Ativo Senior Living and Worthington Manor.

As their technology partner, Eldermark, Simply Connect and NOTIFY are proud to pay tribute to Insight for its smart and innovative consulting and management services.

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