

SENIORS HOUSING UPDATE

ASHA Upcoming Meetings Calendar

2021 MID-YEAR MEETING

NEW July 26-27

Hyatt Regency Lake Tahoe
Incline Village, NV

Due to the cancellation of the in-person 2021 Annual Meeting, we are pleased to extend the invitation to attend this meeting to all three levels of membership.

2021 FALL EXECUTIVE BOARD MEETING

October 11

Sheraton Grand Hotel
Chicago, IL

2021 CHAIRMAN'S CIRCLE EVENT

November 10-11

Hotel Bennett
Charleston, SC

2022 ANNUAL MEETING

January 24-26

Arizona Biltmore
Phoenix, AZ

STAY TUNED:

*Regional Roundtables
dates and locations
to be determined.*

Progress So Far in Overcoming COVID-19 and a Look Ahead

ASHA Executive Committee Weighs In on the Future for Senior Living

Almost a year after the COVID-19 pandemic was unleashed and swept across the globe, senior living has withstood and answered this catastrophic crisis by learning, adapting and determinedly pushing ahead.

Recovery is underway, but a return to operations reminiscent of the days prior to the pandemic may not arrive until 2022. Vaccination progress among residents during the last two months has brought the promise of long-awaited relief, although staff willingness to participate has been a mixed bag so far.

In the near term, meanwhile, one of the greatest challenges still to be overcome is the new COVID-19 strain that threatens to become dominant as it spreads more rapidly and is more difficult to stop.

These are some of the observations and insights that came from ASHA's Executive Committee during a January 20 discussion. The committee has been meeting bi-weekly since the onset of the pandemic last March.

Members of ASHA's Executive Committee are Chairman Doug Schiffer, Allegro Senior Living; Vice Chairman, Jerry Frumm, Senior Lifestyle; Treasurer, Kathryn Sweeney, Blue Moon Capital Partners; Secretary, Lynne Katzmann, Ph. D., Juniper Communities; and Seniors Housing Political Action Committee Chairman, Richard Hutchinson, Discovery Senior Living.

They agreed that operators' greatest focus during the next several months will be on vaccinations and rebuilding census. To accomplish this the industry will continue to work toward strengthening public confidence, while building upon best practices that emerged during the crisis. In addition, senior living must

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2021 Mid-Year Meeting Dates Moved – New Dates: July 26 & 27

Due to concerns about the rollout of the vaccination process, ASHA has moved the dates of the Mid-Year Meeting from mid-June to July 26 -27, 2021.

The Mid-Year Meeting will be held at the picturesque Hyatt Regency Lake Tahoe Resort in Incline Village, NV. Additional information about registration will be sent later this spring.

Please contact Doris Maultsby at dmaultsby@seniorshousing.org for information about available sponsorship opportunities. ▲



also adjust to a shift in capital markets trends driven by these challenging economic times.

Summing up the industry's prevailing outlook, Schiffer commented that the ability to overcome the fallout from COVID-19 is "assuming the fear side of this pandemic is put to bed. At what point will our industry be looking through the windshield and not at the rear-view mirror. When will we start acting proactively instead of reactively?"

Vaccine Rollout

Vaccination at senior living communities during the past two months has been a very positive development, Frumm said, "but one that will take some time and effort in order to get our



MEMBERS OF ASHA'S EXECUTIVE COMMITTEE

are [A] Chairman Doug Schiffer, Allegro Senior Living; [B] Vice Chairman, Jerry Frumm, Senior Lifestyle; [C] Treasurer, Kathryn Sweeney, Blue Moon Capital Partners; [D] Secretary, Lynne Katzmann, Ph. D., Juniper Communities; and [E] Seniors Housing PAC Chairman, Richard Hutchinson, Discovery Senior Living.

staff to fully buy in. Our industry continues to discuss how we are encouraging (in some cases mandating) people to be vaccinated. Residents seem to be very willing to get the vaccine.

"As a national operator in the major markets, we see a mixed bag in the willingness for staff to be vaccinated. For some, they'll see that those from the first wave of inoculations survived, and hopefully they'll be more willing to take the vaccine at the second clinic day. We're not mandating that our staff get vaccinated, but we're showing our teams that we're serious about it. Those who have been vaccinated are getting the best shifts and the best hours. The others move to the back of the line."

Katzmann said the health crisis will worsen before it gets better. "The number of cases from the new strain is doubling weekly," she said. "By March, it will have become the dominant strain. It spreads quickly and is difficult to stop. Expect U.S. cases and deaths to rise. The next six weeks are going to be tough, but the LTC Vaccination Program will work. President Biden invoking the Defense Protection Act will help to increase supply, especially for those in need. Distribution issues are being sorted out now, and in the next few weeks improvement from [those adjustments] will be noticeable."

Schiffer said, "It's going to come down to who will the winner be between the vaccine rollout and the spread of the new strain?"

Sweeney sees that, from an investor's standpoint, "The crisis is in the 11th hour. By mid-March, we'll be through the inoculation process at senior living communities. Then, the remainder of 2021 will be about dealing with the collateral damage. Communities will focus on rolling out new visitation protocols and trying to restore normalcy because not all family members will have been vaccinated. This time also will be spent looking to rebuild trust and confidence for all involved."

Regaining Public Confidence

Hutchinson said the public has not lost confidence in senior living. "For

occupancy, I believe that the recovery has already started and that it should translate to the end of Q1 with us seeing an uptick in occupancy rates industry-wide," he said.

"Other than the first month or two when everyone in the world was a bit tense about how to combat the spread, I have overwhelmingly had the feeling that our consumers believe we are doing everything possible – plus some – to keep them safe."

Sweeney said to create and maintain trust, "it's crucial that operators express full transparency when communicating. We need to share details on what our safety protocols are now and what they'll be in the future. We need to talk about our lessons learned through all of this – and by doing so, it will give us a competitive advantage."

Frumm called for a return to what the industry's fundamental messaging was pre-COVID and pre-vaccine in addition to a focus on the safety and infection control information being provided. "Help residents and prospective residents to understand the value proposition that comes with senior living," he said. "Isolation has been a big negative for many people during the pandemic, and our communities can help to address that."

Schiffer said putting communities' vaccination efforts out in front will lead to strong outcomes because "most are feeling that the vaccine is the saving element in all of this, so we need to promote that fact," he said. He noted that marketing messages will shift 180 degrees to one where the industry promotes the health care it can provide to residents more than lifestyle.

Katzmann said that for her, 2021 won't necessarily be a return to what we were as an industry pre-pandemic, but what we are now. "In 2020, we've learned that we're good at caring for people; that we know how to change; that our technology is getting better. We need to harness these new skills. Ours is a product that is needed today, as well as something people will want tomorrow. We can highlight that we can manage chronic illness and

enable our residents to live a most-engaged life.”

Real Estate, Operations and Compensation

Sweeney anticipates changes coming in the real estate and operations sides.

“Operators are discovering how well connected they are to medical care,” she said. “In the past, communities were adjacent medical care; now they must be connected to it.”

Community design-wise, she said developers should now create larger, intentional outdoor spaces and that there’s going to be more attention paid to Wi-Fi, telehealth, touchless functions and air flow.

Schiffer agreed, adding, “Wi-Fi is crucial because of all the video calls that will be made going forward,” he said. “Including outdoor heating is important. We are adjusting our current developments now to account for these things.”

Hutchinson said that operators’ systems will change in several ways, including placing more focus at the local and regional levels, as well as more incentive to improve the technology that drives the communities.

“Companies need to ask, ‘How do you support your most important platform – the local and regional operations – in the most efficient way?’” he said. “They have the most intimacy with their operations. Investors have an expectation now that our communities will have QA processes, are more sophisticated overall, and have the IT support that they need to work effectively. What does this mean for smaller operators? How will they do that? This could lead to changes in how they are compensated.”

He said one scenario leads to investors switching to base fees and then performance-related fees (both annual and longer-term success mechanisms that act like ownership) that provide incentive for operators to include those additional supportive services to the community operations that ultimately will lead to better and more stable performance.

Frumm said, “Everything will be on the table, but we need to acknowl-

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ASHA WELCOMES NEW BOARD MEMBERS



ASHA is pleased to announce the election of the following new Executive Board Members during the January 26 Executive Board Meeting:

LifeStar Living

[F] Joel Anderson, President and CEO

Lytle Enterprises

[G] Jill Ashton, Senior Vice President



ReNew REIT

[H] John Getchey, Chief Investment Officer

Trustwell Living

[I] Larry Cohen, Chief Executive Officer

White Oak Healthcare Partners

[J] Jason Dopoulous, Managing Partner



The Executive Board also approved these new representatives from existing ASHA Board Member firms:

Bridge Seniors Housing Fund Manager

[K] Blake Peeper, Partner and Co-Chief Investment Officer



Oakmont Management Group

[L] Kevin Tyler, CFO and CIO

PGIM Real Estate

[M] Trace Wilson, Executive Director

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edge that professional operators have invested heavily in programming, support and technology, and that compensation needs to reflect these investments. Changes in our operations have been a continuum over the years, and the pandemic has sped all of this up. We are all taking a closer look at each element of our operations. We're scrutinizing, looking for ways we can continue to improve."

He added that with regard to expectations, owners/investors, especially those committed to the industry long term, want in-depth information about operations, sales and marketing, maintenance, programming and more on the clinical side of things.

"They often have the in-house expertise to parse through the information today," he said, "and some try to assist in best-practice sharing between operators. Additional focus on risk management and human resource support will happen as well."

Capital Markets

Sweeney said that one thing in the industry's favor is that Boomers are now first beginning to reach their 80s, so there's going to be more senior living demand.

"Long-term investors carry a 10-year timeline, and no asset class besides senior living has that kind of support right now," Sweeney said. "The appetite for senior living hasn't changed, but the experience has – in capital letters. Private equity that might have gotten in recently is gone now. It has moved on."

She pointed out that "capital swings during a crisis. It sloshes around the globe in a reactionary way. It creates opportunities for investors to come in; usually private investors. Any that are getting in now, are getting in at the recent lows."

Hutchinson said that the buy/sell proposition has changed, perhaps forever. "The days of underwriting steady 95% occupancy with non-stop annual 3.5% increases are over," he said. "The cost of building communities will include additional pressure for including preventive systems/spaces, which will also increase pressure on the unlevered returns."

Sweeney pointed out that investors' returns are based on what comes after [finance's] closing day. "The interest alignment needs to be made into a true partnership that allows for more involvement for both sides," she said.

Despite the current environment and COVID-related headwinds each member of the ASHA Executive Committee agreed that senior living will emerge stronger and better positioned to serve older adults for decades to come. ▲



BERNICE HOMAN, a 30-year resident of Willamette Oaks in Eugene, OR after receiving her first COVID vaccine on January 31st at age 103. Bernice's birthday is right around the corner and she will be 104 when she receives her second vaccine. Willamette Oaks is owned and operated by the ASHA Executive Board member, Advent Group. ▲

For further information on any of the topics in this *Seniors Housing Update*, please contact:

David Schless

202.494.8682
dschless@seniorshousing.org

Jeanne McGlynn Delgado

202.885.5561
jeanne@seniorshousing.org

Doris Maultsby

202.885.5562
dmaultsby@seniorshousing.org

Meghan "Megs" Bertoni

202.885.5571
mbertoni@seniorshousing.org

Sheffield "Sheff" Richey

202.885.5563
srichey@seniorshousing.org

Paul Bergeron

703.434.0280
pbergeron@seniorshousing.org

For access to all links referenced in this Seniors Housing Update, please login to the "Members Area" of the ASHA website (www.ashaliving.org) and select **ASHA Updates > 2021**.

To receive login credentials, contact Meghan Bertoni at mbertoni@seniorshousing.org.