



Chancery Monthly

July 2020 (Issue No.32)

INDUSTRY INSIGHT

Covid-19 Propels Shift Toward More Health Care-Focused Model of Senior Living

By Tim Regan

As a result of Covid-19, some senior living providers are shifting their operational model from one that primarily emphasizes hospitality and socialization to one that focuses on high-quality clinical care.

This shift could be a watershed moment for the industry, which has long debated whether the private-pay senior living product is — and should be — primarily a hospitality or health care offering.

At the outset of the pandemic, some industry watchers hoped for a quick recovery. But with no end in sight for the coronavirus, senior living providers are now making more permanent changes to their communities and operations in order to survive and thrive in the current era. New communities are opening with increasingly sophisticated infection control measures built in, and providers are tweaking their marketing and staffing models to emphasize health care expertise with future residents in mind.

All of this has helped push the industry toward a new normal that is more focused on medical care than before the pandemic. Just ask Tom Laborde, former COO and new infection control and safety officer at Aegis Living, a Bellevue, Washington-based senior living provider that operates 32 assisted living and memory care communities.

“For the longest time, our focus was on making sure that we were giving outstanding care to our residents, but with a social model,” Laborde told Senior Housing News. “Well, that focus has changed ... and we have to make sure that health care is a greater focus in our communities, as well.”



In-house expertise

Covid-19 is a disease that disproportionately affects older adults — and that fact is weighing on prospective residents and their loved ones. Although senior living customers still by and large trust the industry, they are also more afraid to engage with it than before.

“So many people are afraid of either coming into a senior living situation or having a parent go into one,” Laborde said. “The way that we’re managing this [is by] creating one the safest environments you can have.”

Aegis has helped create that safe environment in part by bolstering its own in-house infection control expertise. The provider in June formed a coronavirus advisory council composed of seven physicians and medical experts representing various disciplines including epidemiology, immunology, geriatrics, psychology and naturopathy. The council is slated to meet four times annually, with other meetings as needed. The provider is using that new expertise to better educate and equip its staff to deal with the rigors of Covid-19.

“I think all of us in the industry are becoming a lot savvier with some of the procedures that, before all this happened, were commonplace in hospitals,” Laborde said. “That’s an example of how our industry has been required to be more medically focused.”

Aegis has also made a concerted effort to employ cutting-edge infection control technology in its communities. Aegis since February has employed Covid-19 screening capabilities from touchscreen visitor management system Accushield.

Aegis is planning to install and pilot “air-scrubbing” devices from RGF Environmental Group in its new communities as they open. Additionally, the company has struck a partnership to produce hypochlorous acid, an EPA-approved and Green Seal-certified disinfectant that isn’t toxic to humans. Aegis can disperse the disinfectant using an electrostatic fogger, which is useful for cleaning the air and hard-to-reach surfaces throughout a community.



The company's new marketing efforts focus on infection control, with advertising bearing slogans such as: "When the going gets tough, the tough keep singing, dancing and painting," and, "It's a scary world out there. Not as much in here."

"We're talking about our infection control practices, [and] we're talking about some of the technologies we're implementing," he explained. "We've got to help alleviate the fear that's out there by letting people know what we're doing to keep them safe."

Designing for infection control

Just as providers are modifying their operations for the new pandemic age, they are also changing the way their communities are designed.

Specifically, Covid-19 is causing senior living architects to incorporate more hospital-like features into their designs, according to Walter Marin, Founder of Marin Architects. Based in New York City, Marin Architects focuses on hospitality, educational and commercial design projects, including some senior living.

"We are working on ways where we can bring the hospitals and health care services to our senior living clients," Marin told SHN. "An obvious response to post-Covid-19 senior living will be [a move toward communities] with mechanical systems like a hospital."

Already, there are communities opening today with enhanced infection control measures built into the design.

One such example is Evin at Oconomowoc, a roughly \$24 million senior living community from Wauwatosa, Wisconsin-based Koru Health. The 83-unit community is slated to open later this year with a type of hospital-grade air purification system also utilized by the UW Health University Hospital in Madison, Wisconsin, and the Mayo Clinic, according to Koru Health President and Founder Andy Lange.



“We were in the branding and marketing process right when Covid hit, so we were listening to customers and we were trying to understand their fears and the hurdles they had to making a lifestyle change,” Lange said.

The community will also have a touchless lock and key system, commercial laundry and washers aimed at infection control, a video-capable entry system for visitors and residents and a UV water purification system.

Although Koru Health was already thinking about upgrading the new community’s infection control standards prior to Covid-19, the pandemic has only underscored how important those discussions will be in future communities. Specifically, Lange believes that future customers will see infection control as yet another box to check on their must-have list — although what’s on that list can vary by market, with greater population density creating more concern related to communicable diseases.

“Somewhere that has a higher population ... I think those folks are going to be much concerned about infection control,” Lange told SHN. “Whereas people from a smaller area ... may be aware of it, but it may be less of a factor that is driving their decision.”

Koru Health is not the only provider to debut a community that emphasizes infection control design.

Developer Braemar Partners and operator Greenbrier Senior Living are collaborating on an 88-unit senior living community set to open next year in the Austin, Texas, suburb of Bee Cave. The community, Longleaf Bee Cave, will come with HEPA filtration systems, disinfectant UV lighting and anti-microbial surfaces to combat Covid-19 and other infectious diseases.

Still, while Covid-19 has pushed the industry to move in favor of providing more clinical services, that doesn’t mean senior living should abandon hospitality and become institutional, either, said Brenda Bacon, Brandywine Living’s president and CEO.

“We never really declared ourselves an industry; are we health care or hospitality?” Bacon asked during an SHN Changemakers interview earlier this year. “If Covid has taught us anything, it has taught



us that we are health care, but it doesn't mean that we have to be health care in the traditional sense of a hospital or a nursing home.”

Original Article

<https://seniorhousingnews.com/2020/07/23/covid-19-propels-shift-toward-more-health-care-focused-model-of-senior-living/>

Developer Avenida Sees Active Adult Proving Its Recession Resilience

By Tim Mullaney

Construction recently wrapped on Avenida Naperville, a 146-unit active adult community near Chicago. This is just one project in a robust pipeline from Newport Beach, California-based developer Avenida — and Managing Partner Robert May remains bullish on active adult despite Covid-19 challenges.

Part of his optimism has to do with the resilience of these communities in the midst of the pandemic, as well as his confidence in future demand, he told Senior Housing News.

Projects started this year will be completed in about two years, with another 18 months or so of lease-up after that. Meanwhile, the huge cohort of baby boomers will continue to age into the prime target demographic for active adult communities, which Avenida has found to be in the range of 70 years old to 75 years old, May told SHN.

Covid-19 has affected “every aspect of our business,” he said, and the first month or so of the pandemic sent a “shockwave” through the company and the sector as a whole.

But Avenida found its footing. Operationally, Avenida properties pivoted to new ways of maintaining resident safety and engagement, such as doing hallway happy hours and supporting residents’ use of technology to connect with loved ones.



Locations raffled off iPads and smartphones each month, while on-site staff dedicated time to helping residents learn how to use Zoom and other platforms and apps. “The ability of our residents to use technology on a daily basis took a quantum leap,” May said.

On the business side, rent collections have been “terrific,” while sales leads stayed in touch to learn how properties were being secured and what the resident experience is like in this time. Throughout Covid-19, 75% of Avenida communities have written new leases each month, and move-ins have happened every month, with precautions in place.

“As we expected, this product type has proven to be resilient — it’s proven to be recession resistant from the standpoint of our residents; they felt safe, they paid on time,” May said.

Covid-19 has suppressed occupancy across the continuum of senior living, as properties have been largely locked down. Conventional wisdom states that demand will come back most quickly for assisted living and other needs-based products, while active adult and independent living may be slower to recover, particularly if consumers are concerned about infection risks in communal living settings.

But May believes that active adult communities have a strong story to tell about the benefits of communal living — including having support structures in place for safety and some measure of socialization — during the pandemic.

“Without exception, those who would express their feelings said, ‘I’m so much happier here than I was in my home that I left,’” he said. “I feel safer, I feel better in this environment than if I was still at home.”

Original Article

<https://seniorhousingnews.com/2020/07/01/developer-avenida-sees-active-adult-proving-its-recession-resilience/>

PROJECT UPDATE

Stony Plain Project Update

Stony Plain Active Adult Lifestyle Community is located just west of Edmonton, Alberta. When complete, the residence will be a 6-storey apartment building with 83 Active Adult Lifestyle Community suites. It will offer In-suite 24-hour emergency call systems, a recreation facility, housekeeping, laundry services, on-site management and maintenance. A main floor of commercial and retail space will provide residents with easy access to amenities such as a doctor's office, pharmacy, bistro or coffee shop. Below is the progress update and pictures from the site.

- The work on roofing has completed.
- Elevator installation has completed on one side of the building and is progressing on the other side, with an expected full completion in August 2020.
- Our electricity provider is onsite to connect power and install meters.
- The work on flooring has progressed to the 3rd floor while the millwork loading has commenced on the 6th floor.
- The model suite is close to completion and expected to open in July 2020.
- We completed the 10th draw of the senior loan in June 2020.
- We continue to receive tremendous interests from residents around town and have now recorded an 89% pre-lease of our suites.





Lindsay Project Update

Lindsay Retirement Residence will offer Independent and Assisted Living accommodations and will include a variety of spacious suites and amenity spaces. There is also potential to include several Memory Care Units that will provide additional care options for the seniors in Lindsay and offer a full continuum of care model. The facility will offer a full complement of Dietary, Wellness and Life Enrichment programs tailored to meet the needs of the community and the residents. Below is most recent project update.

- Our Site Plan Application is under review by the Town of Lindsay. Planning staff comments were received in mid-May, three weeks later than anticipated. We are working towards a re-submission by mid-July for final approval and would expect to have Site Plan Approval by late Q3/early Q4 2020.
- Planning Staff are in favor of the development, and initial staff comments were minor. We anticipate working drawings can begin once the July submission is made. Our Building Permit submission is projected to be made in Q3 2020.
- Our construction manager and their sub-trades are committed to moving forward with the project and have invested in the safety of their workers with PPE and increased infection control practices.
- Once a revised Site Plan Application is submitted, we will refine our financial model, update the construction budget, and move forward with financing. This includes the equity raise and debt financing required to fund the development, construction and lease-up of the project.



Surprise Project Update

Chancery is partnered with long time Suske Capital partner, Avenir Senior Living, in the development of this 32-bed geriatric behavioral hospital in Surprise, Arizona. The Surprise Behavioral Hospital will benefit from its proximity to Surprise Memory Care, which is located on the adjacent land. The Surprise Memory Care community will provide referrals to the hospital, and the hospital will allow for higher level of care for the existing residents of Surprise Memory Care. Below is most recent project update.

- To cope with the Covid-19 pandemic and ensure the ultimate safety of the patients and staff, our behavioral hospital has been operating in a conservative manner and opened half of the beds for patient intake. Over the last quarter, the occupancy has remained relatively steady where we recorded an average daily occupancy of 13.1, 13.2 and 14.2 patients in April, May and June, respectively. The hospital will open the remaining beds for patients once deemed safe to do so.
- Nevertheless, the behavioral hospital continues to meet our expectations with respect to revenue and profit margin and achieved operational break-even as of May 2020.
- The Medicare number of our hospital was recorded in the system after our previous report and the hospital has since been submitting bills to and collecting funding from the Federal and State healthcare systems, as well as private insurers.

Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over \$5 billion.

For more information about our company and projects, please visit www.chanceryseniors.com