NIC

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The Secret to Lending Success, Even in a Pandemic: A Conversation with Greystone's Scott Thurman

Scott Thurman

How does a healthcare lender actually increase its volume during a pandemic? Scott Thurman has the answers. He is senior managing director at Greystone, the top FHA-HUD healthcare and multifamily lender. NIC Chief Economist Beth Mace recently asked Thurman how Greystone has managed to succeed in difficult times. He says some underwriting guidelines have changed, but Greystone is still a relationship lender partnering with borrowers for the long term. Thurman also tells Mace about recent deal flow and where the sector is headed. Here's a recap of their conversation.

Mace: What's your specific role at Greystone?

Thurman: I am the Chief Credit Officer of the FHA 232 Healthcare platform and voting member of the loan committee for healthcare bridge loans. Greystone is based in New York. My office is in Vancouver, Washington.

Mace: Can you tell us about Greystone, and what financing options you offer for healthcare, nursing care, and senior housing?

Thurman: We offer products for healthcare financing. These include FHA mortgage insurance, Fannie Mae and Freddie Mac agency loans, bridge loans for healthcare and senior housing, and a tax-exempt bond financing program. If one of those financing options doesn't fit, we have a number of other banking and commercial relationships that we can tap, as well as private equity sources.

Mace: Greystone was the Number 1 FHA-HUD healthcare and multifamily lender for the agency's 2020 fiscal year ending September 20, 2020 and was also among the Top 10 for Fannie Mae DUS and Freddie Mac lenders in 2020. Can you provide us some more detail?

Thurman: We've had a great year. We originated commitments for 191 HUD-insured loans totaling $3.48 billion for multifamily and healthcare properties.

Mace: That's notable considering the impact of the pandemic on business. What was your secret?

Thurman: We took a strong stance during COVID, with FHA in particular, helping to shape how the FHA and other lenders looked at the business. We made sure those financing options stayed available during the pandemic through industry associations and with our relationships at Greystone. We reminded FHA that it was created in the wake of the Great Depression, during difficult times, like these. We've continued to do business throughout the pandemic, working through the challenges. I'm really proud of the fact that we were the Number 1 FHA combined healthcare and multifamily lender last year, and it's my goal to hold on to the Number 1 spot. We expect to exceed $1 billion in FHA healthcare lending this year.

Mace: How is 2021 shaping up? Are you anticipating greater deal flow as 2021 progresses into 2022? What factors will affect this pattern?

Thurman: We are expecting greater deal flows as 2021 progresses and into 2022.

One of the key drivers will be the eventual COVID recovery. I'm pleased to see in the news that the public senior housing companies reported increased occupancies across their portfolios. As we see recovery, I expect acquisition and refinancing activity to be more robust. Interest rates are at all-time lows. There was even a sub 2% rate on a 35-year HUD loan, for a day, in 2021. Bridge lenders are coming back into senior housing which will help acquisitions and turnaround financing. Bridge lending was a robust program for us before the pandemic, but activity slowed in 2020 to 2021. Lenders will start coming off the sidelines and deals that couldn't be refinanced before will have better metrics and hopefully will be able to continue to take advantage of the incredible rate environment.

Mace: The Federal Reserve says interest rates are going up, maybe in 2023. Will that prompt borrowers to refinance now?

Thurman: Yes, borrowers will want to take advantage of today's low rates, but there will always be lending activity no matter the rates. One of the reasons I gravitated to healthcare was that it's not quite as rate sensitive as multifamily lending. Interest rates will not impact the loan amount I can offer, though rates do affect the net income for the operator. If borrowers can take advantage of permanent financing in the next year, they should absolutely do so.

Mace: Does Greystone lend to the growing and popular active adult sector? If so, how do you underwrite this property type? Is it more like multifamily or senior housing?

Thurman: Yes, we lend in that sector, and we get more and more inquiries about it every day. Our best products for active adult are agency loans from Fannie Mae and Freddie Mac, and our tax-exempt bond program. Active adult is challenging for the FHA program simply because the property fits between the requirements of the multifamily and healthcare offerings. We can underwrite senior apartments, without services, like a multifamily apartment project. FHA/HUD also has a 55 and older age restriction unless it's an existing low-income tax credit development. The FHA/HUD 232 program requires that the property be licensed and regulated. There are narrow zones where you might be able to finance an unlicensed facility in some states. In terms of underwriting, the more services that are offered, the more the property is underwritten like senior housing. An age-restricted apartment style project with limited services is underwritten more like a multifamily property.

Mace: Is there any difference in the way you underwrite senior housing compared with other property types within your healthcare real estate business?

Thurman: Properties that provide more care are more complicated to underwrite. For skilled nursing, we look at a number of factors, such as the CMS star rating and the complex operational aspects of the business. We evaluate skilled nursing properties on a daily per resident rental rate. Alternatively, we analyze senior housing and active adult on a monthly rental rate, more like a multifamily property. Also, demand varies by property type and economic conditions. During the Great Recession, the drop in housing values resulted in slower absorption rates in the independent living and active adult segments. But, with memory care and skilled care, there is a "need" component. Seniors can only stall a move into a facility before they or their families feel they need appropriate care.

Mace: A lot of lenders worked hand-in-hand with their borrowers during 2020 on forbearance and restructurings. Has that continued into 2021?

Thurman: We've been surprised at how few transactions on the healthcare side have gone into forbearance or restructurings in 2020, and even less so in 2021. Our FHA healthcare portfolio is 85% skilled nursing. The government stepped up to help that industry to make sure it survived. Greystone definitely lowered debt service as a strategy, and we did a number of interest rate reductions or note modifications and refinancings. The Mortgage Bankers Association has also been issuing results showing that forbearance has been on the decline over the last six months.

Mace: What do you look for in a sponsor? Has that changed since the pandemic? Are your considerations now the same as they were before the pandemic?

Thurman: The world has changed. Experience is still key. The pandemic has underscored the importance of an experienced sponsor who has been through a down cycle or a big challenge. Financial strength is more of a focus. Sponsors have had to bring money to the table to keep their projects afloat if they were hit by COVID and could not add residents. The biggest change is how we evaluate infectious disease control at facilities, and the importance of staffing. Pre-pandemic, we were talking about staffing challenges, and the pandemic has only highlighted that staffing is key. We are seeing the effect of extended unemployment benefits and increases in minimum wages. A worker may be able to make as much money at a fast-food restaurant as at an assisted living facility and not have to deal with the threat of COVID. That poses significant challenges to hire quality candidates and hold onto staff when opportunities like that are equal. Additionally, we are looking at shared unit configurations, especially in skilled nursing facilities. Shared units can be conducive to the spread of infectious disease. We conduct a stress analysis on three-bed units to gauge operations if they are converted to two-bed wards. We don't adjust the underwriting, but we evaluate the downside on a debt coverage basis. On the assisted living and memory care side, if shared or semi-private units are present, our preference is for a two-bed unit, or a divided room, especially if the unit is occupied by two unrelated individuals.

Mace: When do you turn a lending opportunity down? Are there any immediate red flags?

Thurman: A lack of experience, low CMS ratings across a skilled nursing portfolio, or those not eligible for FHA financing based on their physical or operational characteristics, or license status. Those factors might stop us from moving ahead immediately, but Greystone views this as a relationship business. There may not be an opportunity today, but we try to help clients overcome those obstacles and figure out how to find the financing option that works for them in the interim. Sometimes we can't meet the request because the sponsor wants more proceeds than we can provide.

Mace: How has the pandemic re-shaped the industry and how you underwrite a deal?

Thurman: The biggest underwriting challenge is trying to figure out what constitutes a stabilized property. What is the value of an asset when the occupancy has been reduced because of state rules or admission policies? How do we evaluate property stabilization pre- and post-pandemic? We grapple with these questions on a deal-by-deal basis.

Mace: What is your view of the senior housing sector through 2022?

Thurman: I have a positive perspective about the industry, especially the need-based settings of assisted living, memory care, and skilled nursing. They do not get enough credit for their contributions as a relief valve for the hospitals and helping them get through the pandemic. I'm hopeful that we are through the worst of it. We have vaccines, and despite the emergence of the delta variant and perhaps others, operators have rallied and know what to do. The industry and resident attitudes have adjusted to a new norm, and I think we'll see improvement in the sector, though it may be more gradual than we'd like. The sector is in a good place, and there are opportunities out there. Our founder and CEO Steve Rosenberg started a nonprofit to acquire facilities and run them as nonprofit enterprises to provide more affordable healthcare throughout the country. As a company, we're excited by that endeavor and know that most skilled nursing facilities are truly, at their essence, affordable care as over 60% of the residents are supported by Medicaid.

Mace: What else would you like our readership to know about Greystone?

Thurman: Greystone has a talented pool of senior housing and healthcare experts. The talent here is exceptional, we have a combined 120 years plus of healthcare lending experience on just my FHA Executive Team! I've been in this lending space for more than 25 years, and that is not an anomaly here. That makes Greystone a very senior housing and healthcare friendly space. We understand the business and partner with our borrowers. That's how we've increased our volume during difficult times and driven Greystone to be the Number 1 FHA-HUD healthcare and multifamily lender.

Where Are the Workers? And Other Pressing Questions: Fall Conference Headliner and Influential Economist Paul Krugman Weighs In

Paul Krugman

Anyone who follows the news knows that high profile economist Paul Krugman has a lot of opinions. The emeritus professor at Princeton University is a New York Times opinion columnist who regularly critiques the intersection of American politics and the economy.

Attendees at NIC's Fall Conference in Houston have the opportunity to hear Krugman in person as he shares the stage with former U.S Treasury Secretary Lawrence H. Summers for a spirited back and forth on the U.S. economy.

NIC Chief Economist Beth Mace recently caught up with Krugman in advance of his appearance. As one who often takes a deep dive into the numbers herself, Mace asked Krugman what he worries about (housing affordability) and what he doesn't (inflation). Overall, he's surprisingly optimistic.

What follows is a recap of the two economists' wide-ranging conversation on current issues, along with a glimpse into the future.

Mace: What's top of mind for you as we talk on the last day of August in 2021?

Krugman: I'm focused on two questions: How much has the recovery been derailed by the delta variant? Will we have the V-shaped recovery we thought was coming? The situation has been more troubling than we expected. My other thought is that, 10 years from now, we hopefully won't think much about the pandemic, but our lives will be shaped a lot by whether we actually did invest in infrastructure and human development. The fate of the Administration's ambitious Build Back Better agenda to create jobs, cut taxes, and lower costs for working families is the big issue. It's still unclear if or how big a legislative package will pass.

Mace: What impact, if any, might the end of the war in Afghanistan have on the direction of the U.S. economy?

Krugman: Zilch. The U.S. is a very, very big economy. Our wars are small, in terms of GDP. Pundits make comments about the $2 trillion we spent, but as a share of GDP it's a rounding error. This is not like the 1970s' Mideast wars that could disrupt the oil supply.

Mace: What about Hurricane Ida in Louisiana?

Krugman: We'll have to see. There's a lot of oil refining capacity down there. This has been the summer of bottlenecks. Many have been the result of pandemic dislocations, but then there are these crazy events. I have no sense whether the hurricane or the ship that got stuck in the Suez Canal is a bigger event in terms of the world economy. But we didn't need this storm, and climate change is producing more extreme weather events.

Mace: The largest ongoing challenge for the senior housing and care sector is

attracting and retaining labor. Is the post-pandemic contraction in the labor force, with workers staying on the sidelines permanent? Do we need to raise wages and create a higher living wage standard? Are there any near term and longer-term solutions for labor shortages in the U.S.? Should we alter immigration policies?

Krugman: Higher wages will happen. Immigration reform could help but probably won't happen given the political climate. Even though extended unemployment benefits are expiring, people in face-to-face service occupations who were forced to stop working just don't want to go back to their jobs. We gave people with horrible jobs and poor pay a vision of what it's like not to do those jobs and what alternatives are available. To get people back into those jobs, we are going to have to pay significantly more.

Mace: Some people were getting paid more in unemployment benefits than when they were working. Isn't that a factor?

Krugman: The original benefits at the height of pandemic were designed to replace the earnings of the average worker. As it turned out, the people who were laid off were not the average worker but in jobs that paid less than an average wage. The CARES Act entitled those receiving jobless benefits to get a weekly supplement of $600, which was reduced to $300. So, it was a generous benefit. Job losses were concentrated in the non-supervisory and leisure and hospitality sectors where weekly earnings average $450. But the extra benefit is going away. Half of the states cancelled the extra benefit early, but you cannot see the effect in the data. That suggests that other things are going on. You're seeing labor shortages all over the Western world. Countries that don't have this enhanced benefit policy—such as the U.K. which relied on furloughs—are having huge labor shortages. Basically, the pandemic led a lot of people to question whether it was worth doing that kind of job for what they were being paid.

Mace: But at some point, people will need to work.

Krugman: The right way to think about it is not that people don't want to work at all, though there may be some. The drop in labor force participation is concentrated in those over 55. Many people may have just decided to retire early. Also, a lot of people are going to demand a higher wage to work in sectors like leisure and hospitality when they have the chance to work in retail or manufacturing where there's less stress and higher pay.

Mace: Will employers in the leisure and hospitality as well as non-supervisory sectors have to raise wages?

Krugman: People don't want to do certain jobs, and they should be paid more to take them. That's the way the market is supposed to work. And, if you're worried about inflation, that's one of the things I've been working on. We are seeing wage increases among leisure and hospitality and non-supervisory workers because they were so poorly paid to begin with. The overall effect on the economy is smaller than you might think. The average wage has not moved that much even if you do get 20% increases in wages for leisure and hospitality and non-supervisory workers. It's not that hard an adjustment, but it takes a while for everyone to settle in. Wages are sticky downwards. It's hard to cut wages. Wages are sticky upwards too. Employers are reluctant to raise wages. We will have labor shortages until we sort this all out.

Mace: What is the path of economic growth for the next 12 months? Fed officials see real GDP growth slipping back to 3.3% by the end of 2022 (latest Fed estimates), large by pre-pandemic historic standards, but down significantly from 6.6% annualized real GDP growth in the second quarter of 2021. Consumers are flush with savings, and businesses with money to invest. Where do you think the economy is headed? Are we headed into a slow-growth, high inflation stagflation?

Krugman: I'm not sure what the GDP number will be, but I think we will have powerful growth by historical standards. Even though the growth may be lower than we thought because of labor force issues, there is still a fair amount of slack in the economy, and people are sitting on a lot of money. So, there is every reason to think, if the Delta variant starts to subside, we will see a rapid-clip recovery for the next year. After that, it will be a story about productivity. How high will the employment-to-population ratio get? Will it ever get back to the pre-pandemic level? I don't know, I suspect not quite. Then it's about output per worker hours. And there are hints that may have picked up. The pandemic may have rather weirdly been an innovation forcing event that will lead to years of productivity growth.

Mace: The fiscal year-to-date federal budget deficit is $2.1 trillion, up from $1.9 trillion at the same point in fiscal 2020. The $1.8 trillion American Rescue Plan, the $900 billion Coronavirus Response and Relief Supplemental Appropriations Act, and lingering stimulus from a trio of major pandemic legislation in spring 2020 have all pumped up this year's federal budget deficit to $2.1 trillion, up from $1.9 trillion at the same point in fiscal 2020. Without this spending, the economic recovery would have been much weaker. Are you worried about overall growth when this stimulus is removed, and more broadly, are you concerned about the U.S. budget deficit? Does this keep you up at night?

Krugman: We are in a very low interest rate environment. That is not a sudden event. It has been drifting that way for a long time. Real interest rates are negative. The Administration's forecast includes a line for real net interest payments, and those are negative for the next few years even assuming all the spending proposals are passed. The stock of debt the nation owes looks big, but the cost of serving it is actually negative. I can't see the deficit as a problem.

Mace: Would you have said that about the deficit 10 years ago?

Krugman: Ten years ago, I was pretty relaxed about deficits and debt, but not as relaxed as I am now. Ten years ago, it looked like low interest rates were at least in part a temporary phenomenon and would rise somewhat back to historically normal levels. But the debt changed, and research has changed. I did a lot of my intellectual formation during the '80s when interest rates were significantly higher than growth rates. But now we know that was an extremely exceptional period.

Mace: Are you worried about the economy overheating and inflation? Are recent indicators of inflation transitory in nature or indicative of a more permanent shift in inflation? The much-anticipated speech by Federal Reserve Chairman Jerome Powell at the Fed's Jackson Hole Symposium was dovish as he doubled down on the transitory factors that have boosted inflation recently. Where do you stand in this argument? Is there a wage-price spiral setting in? Is recent pick up in prices just bringing us back toward the Fed's targeted inflation goal? Is inflation always bad?

Krugman: The Fed is amazingly serene about inflation. I think they're right. I'm on "team transitory." The important thing is to stay alert and keep an eye on it. If we see inflation is not just hotel rooms and used cars but starting to settle into the economy as a whole, then we need to tighten. But that doesn't look like an immediate issue.

Mace: What are some of your concerns with respect to the U.S. economy? Significant and worsening income inequality? The impacts of climate change?

Krugman: It's not clear that income inequality is actually getting worse. We had soaring inequality until the 2000s and now it appears to be stable though at an intolerable level. It should be addressed, but it's not clear that that's an ongoing threat. Climate change is an existential threat, and we are not close to bringing it under control. This a tragedy because the technology is there to have large carbon reductions at relatively low costs. The renewable revolution changes the arithmetic totally. Fairly moderate incentives would make a huge difference, but it's up in the air whether we will do that.

Mace: Any thoughts on senior housing and the demographic shifts underway as baby boomers age?

Krugman: Though senior housing is a specific niche, it is part of the general housing issue. We have a huge affordability problem across half the country. The problem is artificial because it's created by restrictions on construction. Housing is not a core part of the national debate, but it is perhaps more important than any other policy in terms of the economic condition of the country.

Mace: NIC did a study on the need for middle-income housing for seniors last year with NORC at the University of Chicago. We are trying to bring a spotlight to the issue before it's a crisis.

Krugman: My amateur view is that one of the core ways we might be able to provide housing for seniors is to make use of the most effective mass transit system ever devised: the elevator. I live in an apartment building with a fair number of people with mobility issues. An apartment building with an elevator is suitable for people with limited mobility. We don't build enough affordable apartments for seniors.

Mace: What makes you optimistic?

Krugman: The age of technological breakthroughs is not over. People talk about the failures of the pandemic, but the vaccines were developed at an incredible speed. We are seeing the development of a lot of physical world technologies like energy advances. I'm hopeful that some of our problems may be easier to solve than we thought. And despite the horrific nature of our political life, I think society is holding together pretty well. I am a child of the '70s in many ways when social order was seen as collapsing, and that hasn't happened. The ability of people to live with each other, politics aside, is far better than a lot of us expected it to be. I am fairly optimistic about society.

Thoughts from NIC's Chief Economist—The Delta Variant, Research Findings, and More

By Beth Burnham Mace

Beth Burnham Mace

What a difference a few short summer months can make. Seemingly, COVID-19 just won't go away. Over the Fourth of July, it seemed much had normalized after 18 months of pandemic-related social distancing and isolation, mask wearing, and anxiety. By the Labor Day holiday, a new, yet familiar, weakening in confidence and attitudes started to take root due to the rapid spread of the very contagious Delta variant. Mandatory mask wearing and required proof of COVID vaccinations were taking root in many schools, universities, and businesses to slow a further wave of outbreaks. And, unfortunately for some parts of the country, the spread of the virus has been so rapid and broad-based that hospital capacity is nearly full, and those with COVID as well as those with other hospital-required illnesses cannot receive adequate medical care.

Delta Variant

Indeed, the delta variant has turned the clocks back, with confirmed new case counts mounting once again. In July 2021, national case counts had dropped back to less than 13,000 on a seven-day weekly average according to Johns Hopkins Coronavirus Resource Center, down from nearly 300,000 in January 2021. And as of late August, case counts were averaging more than 150,000 per day. Further, ICU capacity was less than 6% in the state of Florida, while total state-wide hospital rooms were at 86% occupancy. A bit more than 31% of the total state's hospital beds were dedicated to COVID patients in week ending August 29, 2021, the most in over one year, per Johns Hopkins data.

For those who are vaccinated, the health risks of the delta variant are less severe than earlier mutations of the coronavirus, although breakthrough cases are emerging and increasing. With the recent CDC recommendation of a third booster shot for those who have already received two shots, the risks of severe illness should retreat further. For those who are not vaccinated, the severity of infection and risk of fatality remain high. Fortunately, most residents in skilled nursing and senior housing properties have been vaccinated, so serious illness is mitigated for most older adults in congregate settings.

That said, analysis by NIC of CDC data does show case counts rising in skilled nursing facilities. According to recent CMS data compiled by NIC's Skilled Nursing COVID-19 Tracker, 4.8% of skilled nursing facilities (SNFs) reported newly confirmed cases among residents for the week ending August 1, 2021. Half of these facilities had a vaccination rate among staff below 49%, which is 12 percentage points below the national average rate of staff fully vaccinated. As has been reported elsewhere, the pandemic is likely not over for the unvaccinated. Unfortunately, this includes skilled nursing facilities with low vaccination rates among staff and residents according to analysis by NIC.

Vaccinations

As an organization, NIC fully supports COVID-19 vaccinations if for no other reason than the data shows they are safe and keep people (including residents and staff) largely out of harm's way. More broadly, NIC supports all efforts to keep healthcare settings safe. The recent CMS mandate that all nursing care staff must be vaccinated as a condition for those facilities to continue receiving federal Medicare and Medicaid funding announced on August 18 will be challenging for a sector already beset by labor challenges. With roughly 62% of SNF staff vaccinated, a further shortage of workers may be an unintended consequence if nursing care workers quit to work in healthcare settings that do not require a similar mandate. NIC believes that workers across all healthcare settings should be required to get vaccinated, barring health and religious exemptions. With the recent FDA approval of the Pfizer vaccine, it's hoped that more nonvaccinated individuals will feel comfortable receiving immunization shots.

Economic Impact

The economic impact of the delta variant has yet to fully play out, but there is evidence that travel is slowing based on various mobility measurements such as TSA checkpoint numbers and New York City subway turnstiles entries. During the early days of the pandemic, mobility measurements were often good predictors of broader economic trends because a slowdown in mobility generally translated into weaker business activity and ultimately slower economic growth. Data from Kastle on return-to-work intentions are also showing signs of slowing, while many larger employers are postponing return to office policies to 2022.

Further, retail sales data for July showed that consumer spending and activity was slowing, which could reflect renewed virus concerns. The University of Michigan survey showed a decline in consumer confidence as well. Additionally, supply chain disruptions have continued as the delta variant upends factory production in Asia and disrupts shipping, posing more shocks to economic growth as well as inflation. The effects of the delta variant are also on the minds of the Federal Reserve, with the minutes from the July FOMC meeting showing that Fed officials saw the delta variant as posing a downside risk to the outlook, noting that "several participants…would adjust their views on the appropriate path of asset purchases if the economic effects of the new strains of the virus turned out to be notably worse than currently anticipated." This is an important comment when considering the path of Fed policy since the pace of easing asset purchases will largely influence the rate and speed of changes in interest rates, which in turn will shape future economic growth, labor market conditions, and inflation.

For those with a keen interest in the economy and its projected possible path forward, there will be a provocative exchange of ideas between two of the nation's well known economic thinkers, Paul Krugman and Lawrence H. Summers, at the upcoming NIC Fall Conference, November 1 - 3 at the Houston Marriott Marquis. Moderated by Angela Mago of Key Commercial Bank, the session is sure to be interesting. Krugman is a Nobel Prize winning economist and professor emeritus of Princeton University's Woodrow Wilson School. Summers is the former Secretary of the U.S. Treasury and president of Harvard University, and served in many U.S. executive branch administrations.

New Research on the Impact of COVID on Older Adults

While COVID is still not in the rearview mirror, more research on the effects of COVID on congregate settings thus far continues to emerge. There was the recently released NORC at the University of Chicago study that NIC funded through a grant that showed the disparate effects of the pandemic on different senior housing and care settings. The study results showed that about two-thirds of independent living properties (67%), assisted living properties (64%), and memory care properties (61%) experienced no COVID-19-related deaths. Thirty-nine percent (39%) of skilled nursing facilities experienced no COVID-19-related deaths during the same period. Also, among the study's key findings was that COVID-19 mortality rates across senior housing settings increased as the health and caregiving complexity of residents increased, with the highest percentages occurring in memory care settings and skilled nursing facilities. Memory care units faced particular challenges with infection control, since seniors who have cognitive impairments are more likely to require additional care and support for basic needs.

Further, an August article written by Judith Graham in Kaiser Health News provided a good summary of other research results, with one conclusion being that older adults living in their own homes and apartments had a significantly heightened risk of dying from COVID last year—and more than previously understood. "Though deaths in nursing homes received enormous attention, far more adults who perished from COVID lived outside institutions." When fatality counts were examined from the perspective of "excess deaths," where excess deaths refer to a death count higher than the number expected based on historical data, an HHS study documented that 40% occurred in nursing homes, but a larger portion, nearly 60%, were seniors living in other settings.

Dr. Daniel Sessler, chair of the department of outcomes research at the Cleveland Clinic sums up recent research by saying, "This is a more accurate picture of the true toll of COVID. As it turns out, the greatest increase in deaths (from the virus), in terms of both raw numbers and an increased risk of dying, was in the community, not in long-term care residents."

These findings certainly suggest that the effects of COVID on older adults is complex and is still being studied, examined, and understood. Toward this end, NIC has just initiated more research with NORC at the University of Chicago to compare COVID outcomes of older adults living in congregate settings to those in the community at large by considering risk factors such as health conditions and demographic characteristics. Results of the research should be available in Spring 2022.

In wrapping up and as always, I appreciate and welcome your comments, thoughts, and feedback.

Beth

A New Generation of Leaders

Since the early days of NIC three decades ago, the senior housing and care sector's growing demand, needs-based model, recession-resistance, and glowing financial performance has drawn increasing attention from investors, driven in part by NIC's efforts to improve transparency within the industry. Investment and innovation have improved by leaps and bounds over the past 30 years. But the industry, both on the capital side and within operations, has struggled to meet its own expanding demand for talent as it grows and evolves to meet the needs of older Americans and their families.

By the early 2000s, it became clear to the NIC Board of Directors and senior staff that it would require a new generation of motivated, well-prepared leaders, in both capital provider and operational roles, for the senior living industry to be able to offer access and choice to America's ever-expanding and aging cohort of older adults in need of housing and care. At the time, young analysts, investors, and operators entering the sector, many of whom were graduates of major real estate and MBA programs, had virtually no exposure to the senior living industry. However, senior living is unlike any other property type of commercial real estate.

Unlike other commercial real estate, there were no academic programs focused on senior housing. Students and young professionals in related programs, such as hospitality and lodging, who might otherwise find the senior housing sector appealing, were generally unaware of its existence – or its potential rewards. NIC recognized this disconnect as a significant challenge. In the mid-aughts, senior staff began to reach out to the nation's leading graduate programs in commercial real estate. The outreach became a long-term effort to catalyze new programs that would both recruit top talent and prepare a new generation of leaders and professionals to lead the sector into a future that would demand high levels of passion, talent, and entrepreneurialism.

NIC staff reached out to MBA and real estate programs at Cornell University, the University of Wisconsin, Massachusetts Institute of Technology, Johns Hopkins University, Harvard University, Stanford University, the University of Pennsylvania, the University of Chicago, and Northwestern University, and one of the nation's leading programs in Gerontology, at the University of Southern California's Davis School of Gerontology. Additionally, new sector-specific programs were launched at Washington State University in 2011, and with heavy involvement from NIC, at the University of Maryland, Baltimore County in 2004, and at Boston University in 2021.

Early on, NIC recruited current and former board members to participate on panels at these institutions, often where they were alumni. NIC leaders began to travel to many programs and share their insights, experience, and enthusiasm with students who might consider a career in the sector. Then-CEO, Robert Kramer, NIC's late Co-founder Tony Mullen, NIC Chief Economist Beth Mace, and NIC COO Chuck Harry, among other senior staff at NIC, began to visit classrooms across the country, in an effort to help students better understand what a career in senior living might look like. Today, NIC's Future Leaders Council members help to fill that role, regularly speaking to students across the country.

NIC also provided modest grants to those institutions that were interested in launching graduate and undergraduate programs specific to senior housing and care. NIC provided seed money, and worked with several industry leaders, who shared NIC's

view that the sector required properly educated new talent. Several have generously provided funding and personal support to programs across the country.

Erickson School of Aging Studies at UMBC

The first NIC investment was to establish a scholarship fund at the Erickson School of Aging Studies at UMBC, with two awards of $100,000 each, given in the names of industry legends Bill Colson of Holiday Retirement, and John Erickson of Erickson Senior Living – which both men matched, totaling $400,000 for the fund overall.

NIC was also instrumental in establishing the Anthony Mullen Scholarship Fund at the Erickson School of Aging Studies at UMBC. "Tony Mullen, in particular, was tireless in his pursuit of the establishment of academic programs in seniors housing and care," according to Kramer. "Tony had a passion for educating young leaders to come into the senior living industry. He devoted countless hours to designing and delivering executive education courses, first at the Johns Hopkins University, and then at the Erickson School of Aging Studies at UMBC." For that reason, NIC led the effort to establish the endowment in Mullen's name. Nearly a half-million dollars has been raised to date, donated by companies and individuals in the senior living industry. NIC continues to help new programs across the country, both through initial funding and access to leaders and experts.

Cornell Institute for Healthy Futures

Several graduate and undergraduate programs at top universities are now producing talented young people as well as mid-career executives who are excited to enter careers in senior living. According to Brooke Hollis, executive director of the Cornell Institute for Healthy Futures, NIC was instrumental in getting the school's senior housing and care program up and running - but there were other influencers. At Cornell, current NIC board member and Cornell alumnus John Rijos got personally involved, donating both time and money to get a program running. "John Rijos began lobbying our hotel school Dean," says Hollis, who believes that senior housing is a great fit for hospitality students. At the time, Rijos was co-President and COO of the nation's largest senior housing company, Brookdale Senior Living. "People from Welltower came out as well, as did representatives from ASHA. We marketed the new program to students across campus, in sociology, city planning, architecture, et cetera, and said, "look at it as 'Plan B'." For many students who were otherwise unaware of the opportunity, the 'Plan B' has become a new passion and a career path.

Hollis sees many opportunities for his students, particularly those with an entrepreneurial spirit. He points out that graduates who understand the field can achieve a much quicker rise through the ranks than in hospitality or commercial real estate career tracks, with plenty of career flexibility. "It's a unique angle. People don't appreciate the opportunities in this field yet. They are thinking about hospitality careers – but those skill sets are very transferable and hugely valuable. They could be managing operations and solving real problems, from finance to development, and in a much shorter time than many traditional career paths."

Boston University's School of Hospitality Administration

Boston University's School of Hospitality Administration is among several graduate schools launching new concentrations in senior living. Leora Halpern Lanz, faculty chair, Master of Management in Hospitality, also sees flexibility and opportunity for

her students. "This is very much a practical program," says Lanz, who describes a program that is, "geared toward producing marketable employees." Senior Living is the newest of six concentrations now available, but, according to Lanz, "everything we do and teach is transferrable, from traditional lodging and restaurants right into senior living. What we are trying to do is to open the minds of students coming into our program to spread the breadth of what hospitality means."

Granger Cobb Institute for Senior Living at Washington State University

One of the nation's oldest hospitality programs, dating back to 1936, can be found at Washington State University. But the school's senior living program is more recent. Dr. Nancy Swanger, the founding director of the Granger Cobb Institute for Senior Living, was approached 11 years ago by numerous leaders in senior living, beginning with Jerry Meyer of Aegis Senior Living, Bill Pettit of Merrill Gardens, Tana Gall, then of Leisure Care, and Granger Cobb of Emeritus. "They created the curriculum, they found the people to come across the mountains to teach it, and we did that for several semesters." Today the program, named for the late industry leader who was instrumental in getting the program up and running, is housed more formally under the Carson College of Business. The College offers a major in Senior Living Management, as well as courses specific to senior living for other business and hospitality majors, including courses in human development and aging.

The Institute is about to launch a minor in senior living and also offers a non-credit certificate online program for industry professionals and those interested in transferring their skills to the industry. "This isn't a graduate program," says Swanger, "we want students to go out and make a difference in communities." Students have to earn 1,000 hours of paid community experience to graduate. "This isn't just something you'll learn out of a book and hope it all makes sense. We want it to be very applied and engaging." Looking ahead, Swanger sees a need for more programs to inspire young people, particularly those looking to move up quickly. Discussing the ambitions of her Generation Z students, the oldest of whom is 25 today, Swanger said, "It has to be meaningful, purposeful work. Not just a job…senior living is a perfect fit. You get to make a difference in the life of a resident every single day."

University of Southern California Leonard Davis School of Gerontology

At the University of Southern California Leonard Davis School of Gerontology, the first senior living-focused program was an executive certificate program, offering a single credit for an intense three-day weekend course. Next year, the program will graduate its first cohort of Master's degree students. Senior Associate Dean, Maria Henke, had initially hoped for eager 22-year-olds, but found instead that professionals already working in the field were attracted to the program. "They like networking and collegiality, shared stories and experiences," Henke explained. "They're very busy with families, with Little League games and school, so we've adjusted to their schedules." Students can take as little as one course at a time, generally completing the program and getting their degree in two years and a summer.

Henke's vision is to fill a void of leadership in the industry. She would like her students to help reimagine how the industry serves residents, particularly Baby Boomers, integrating gerontology, anticipating not only biological but sociological needs, values, and culture. The program addresses legal and regulatory issues as well, and prepares students for financial, marketing, and branding aspects of the industry.

NIC's early efforts to help academia accommodate the needs of the industry have begun to bear fruit both for the industry and for a new generation of ambitious, talented students. Whether offering practical, rubber-meets-the-road training and experience for managers, or more senior-leadership oriented advanced degrees, students and professionals now have more avenues to discover – and secure - the rewards of a career in senior living.

NIC helps students secure connections and internships, as another means to encourage careers for talented young leaders. Every year, NIC, through the leadership of its Future Leaders Council, encourages the industry to offer paid internship programs, and helps match those programs with talent from over twenty schools, including many of the same academic institutions discussed above. NIC's internship page can be found here. NIC also provides grants for select students to travel to and participate in major NIC events, including the premier national event of the year for the industry, the NIC Fall Conference. Nominations are submitted through the academic institution and awarded by NIC. Read these NIC Insider pieces, January 2020 and March 2019, to learn more about the scholars' experience at 'the NIC.'

NIC is also a sponsor of Vision 2025, an effort to amplify the growth and development of talent within senior care administration. The group focuses on helping to meet the demands of an ever-increasing senior population, with the goal of creating 25 robust university and college programs and 1,000 paid internships across the industry.

In part two of this article, to be published in next month's NIC Insider, we will get to know some of the students and recent graduates who are exploring senior living today.

NIC Internship Program Connects Companies with Students from Top Universities for Experience in Senior Housing

By Tom Mathisen, SVP Managing Director – Development, LCS

Tom Mathisen

Now in its eleventh year, the NIC Internship Program pairs students from highly regarded programs at top-tier universities with leading firms in the senior housing and care sector for real world experience exploring careers in the industry.

The program aims to attract and develop talented students at the graduate and undergraduate levels, increase the awareness within the academic community of the unique dynamics, challenges, and opportunities within the senior housing and care industry, and provide value to participating companies, interns, and universities alike.

An initiative of NIC's Future Leaders Council, the Internship Program creates visibility for the sector at leading universities, and among students pursuing a diverse range of degrees. Internship opportunities may include roles in finance, real estate, hospitality, human resources, asset management, community operations, and even technology. Companies offering internships in the past have included REITs, large banks, national and regional operators, private equity firms, and consulting firms. These, however, are merely examples. All organizations with direct involvement in senior housing and care are encouraged to participate in the program.

"Now is the time to invite motivated and talented individuals into our sector," said Dana Scheppmann, chair of the Future Leaders Council. "A continuous need for improvement and innovations exists, and this program seeks to, in part, enhance that effort."

Future Leaders Council members work with universities to promote the opportunities among students. Campus recruitment and promotions drive students to the NIC website where they can search for jobs. All applications are submitted to hiring companies directly.

Nearly thirty universities are included in NIC Internship Program outreach, offering access to top students nationwide. Schools include Cornell University, the University of Wisconsin, Washington State University, the University of Southern California (USC), University of Maryland, Baltimore County (UMBC), the University of North Carolina at Chapel Hill, the University of Texas, Ohio State University, and the University of Florida. The full list can be found on our website.

To have your company's internships posted as part of the NIC Internship Program, please email us at internship@nic.org no later than September 17. Include a copy of the job description(s), your company logo (jpeg format), as well as student application instructions (website link, contact email address, etc.). Internship opportunities received by NIC will be posted on nic.org.

Seniors Housing & Care Industry Calendar 2021

9/13 - 9/15	Argentum Senior Living Executive Conference & Executive Director Leadership Institute (Phoenix, AZ)
9/14	2021 Rock Health Summit (San Francisco, CA or Virtual)
9/14 - 9/16	North Carolina Senior Living Association (NCLA) Fall Convention & Trade Show (Concord, NC)
9/20 - 9/23	NAREIT REITworks: 2021 Virtual Conference
9/22 - 9/24	LeadingAge Minnesota Annual Meeting & Leadership Forum (Virtual)
9/27 - 9/29	Healthcare Innovation & Investment Conference (Chicago, IL)
9/27 - 9/29	Texas Health Care Association Convention & Trade Show (Austin, TX)
9/29 - 9/30	Massachusetts Assisted Living Association Annual Conference, Moving Forward Together (Virtual)
9/30	Home Health Care News FUTURE Conference (Chicago, IL)
10/3 - 10/5	Senior Living Innovation Forum (SLIF) Conference (Palm Springs, CA)
10/6 - 10/8	Ziegler Senior Living Finance + Strategy Conference (Tucson, AZ)

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