

Lucas: Welcome to Bridge the Gap Podcast the senior living podcast with Josh and Lucas. An exciting episode today, we want to welcome Rick D'Amico. He's the VP of The Belaire Group LLC, and he's also involved in Sage and EFA, welcome to the show.

Rick: Good morning, glad to be here.

Lucas: Yes, good to see you. We've had some really good conversations about the things that we are aligned with. You know, the mission of Bridge the Gap is to educate, inform, and influence. And we know that you're very involved and have a long track record and career of making sure that there's positive outcomes for older adults. And you have a specific focus on senior living and are not just on the fringe. You're very involved in helping to make sure that these are great outcomes. So Rick, you know, you have a diverse background. You probably could have gone into any sector. Why do you think that senior living is so important?

Rick: Appreciate the question and it's a privilege to be here this morning today. When you think about the whole of our industry and the impact of those we serve it is a rewarding career in that, you know, the work we do, the environments that we build, the programs that are delivered by the operators, our clients, we're helping people thrive later in their lives. They're not done when you turn 70, 80, you still want environments that help you live your best life and abundant life for some. And it's wonderful, it's something I really enjoy every day when I get up and I think about the impact this can have on a resident, on staff members, their daily work, and what trends are we paying attention to to help them. And then of course just helping families live their best life and their golden years.

Lucas: What are your roles and what are your specific roles at Sage and DFA?

Rick: So let's say I'm on the board of trustees and have been on the board since 2016, specifically an industry advocate. Sage stands for the Society for the Advancement of Geriatric and Geological Environments. So I suppose, senior living and also healthcare. And there's certainly some crossover when you start to move into assisted living, skilled nursing in those environments. We're looking at healthcare in the same way that they're looking at senior living, again, looking for best practices, how to care for people, how to make sure they're comfortable at every stage of their lives. So Sage is really focused on just some of the joy that comes with being a provider. It's made up of operators, it's made up of thought leaders, professors, universities are represented and of course developers. But along with a significant membership of architects and engineers. So all of those that work in the industry to advance programs and also to advance the environment are very important. I also chair the annual remodel and renovation awards. This'll be my third year to do that with Environments for Aging. We're happy that it'll be in Chattanooga, Tennessee, so nearby you Josh. And so looking forward to being part of an event that again brings thought leadership together with the doers and those can make a change in our industry.

Lucas: You know, you're the VP at the Belaire Group, and you've come alongside operators in the not-for-profit sector and for-profit sector to come and help them with their developments, owners, operators, acquisitions, things like that. But you're also even more involved from even a mitigation

standpoint. We're just coming out of 2020 and you know, COVID was a big thing, still is a big thing in senior living. We're about to enter into more of a tumultuous weather season around the Gulf and Atlantic coast. We've got storms and hurricane seasons, stuff like that. How have you, I mean, coming out of 2020, what are the new things that are most important for owners and operators even, you know, as they're developing properties or just managing their portfolio?

Rick: Well, I think two things are always true, know your market. And so, you know, Market Demand announced the study will tell you who lives there, the depth of the market, and you build a program around that. So as a developer that's always key, but know your market too. And what do residents live with if they've been there for 30 years and like you say, you're in the Gulf coast, how do they prepare for, what do they expect during a hurricane environment? Let's say they expect that they'll have resources, they'll plan for those events and a lot of resources available to them during that event. So, you know, simple things, making sure you have enough water, making sure you have enough food, you get ready for that. So as a person transitions into a senior living community whatever size that is, they want to know that the operator has those same resources or would think the same way to have resources available. Like COVID, you know, we're not done eating, but we no longer go to the main dining room to do that. Operators had to think about how they were going to get food safely to the residents. They got very creative, some I know every third day they knock on the door with three days of meals. And then as we sort of transitioned out of that I think we're rethinking about some of these traditional spaces, like a large dining room that really was dormant for all the 2020, because people weren't allowed to gather in there. So we're seeing a shift to maybe smaller dining rooms. You can think of it like a country club, you always had the main dining room, but you have adjacent rooms. So maybe we don't need to call them private dining. They're just smaller segmented areas with perhaps in that same several thousands of square feet that could become safer. Outdoor dining venues, if you're in Texas, that sounds nice. You know, you've got lots of months of warmer weather, but then you've got some months that are just really, really hot. You have misters and fans and conditioned covered spaces and then where you have environments like California and some of our clients out there, they're landlocked. They don't have a lot of green space or a lot of room to get outside. So we're rethinking these spaces, how many and what type that allow flexibility movement of the residents. And of course the staff, you know, they've got to come to if you're knocking on people's doors, just to deliver food, it's rare that they're probably going to stop you and ask you about your day and want to talk. And it's also an opportunity for that frontline worker to say, you know, Mrs or Mrs. Smith, maybe they didn't answer the door as quickly, or maybe I saw something that leadership can follow up with and make sure they're okay.

Lucas: So, as a follow-up to that, you know, Josh with you being a developer operator in this space, I think that a bigger question that we continue to have and a conversation that we continue to have is, what is the next phase for the senior living industry coming out of 2020? There's so many changes. There's so much opportunity. We've got technology, we've got design, we've got the built environment, we've got a bunch of different things to consider that Rick has even brought up. How do you think that this plays into the future of the remaining for 2021 and kind of what are the opportunities?

Josh: Well, you know, Rick touched on a lot of them. But one of the themes that excites me is it's, you know, we've kind of been placed as a society and then as an industry, whether you're in healthcare or true senior living there's a lot of variety there, but we're all kind of facing this. We have faced this pressure cooker. And I think one of the things that comes out of those tough situations is creative thinking and re-imagining, and that's what I have seen that is most encouraging to me. And just to kind

of reiterate some of the things that Rick was touching on, whether it's really sitting down and planning and thinking and developing strategies in how you design, how you redesign, what technology is going to be effective versus what is just technology for technology's sake, you know, what is really improving residents lives.

I'll tell you something else that we talk so much about the resident front, because obviously that's what we design around and that's what we build our programs around. But I think it's caused us to kind of take a step back and think about that very important sector. We call our team members, our employee base, because now one of the trends that I'm seeing is there's a lot more thought going into designing communities and some spaces around, well how are we protecting our teams? How are we putting plans in place, whether it's our design or our supply chain, or our ability to safely manage the team members while they're at work, or Lucas we've talked to people on this podcast that actually had to shelter in place for lack of a better term, and people that lived in the communities because they were so committed to their team members and to their residents. So how do we even accommodate and have flexible spaces when you need to convert for those kinds of things? So I'm actually really encouraged by what it has forced us to all come together. And I think about you guys in Texas, you are actually a great example. One of the things I love to see through really bad circumstances is that when life hits Texans hard, they really rally together and they just get it done. They don't wait on the Calvary to come in and try to save him. You see neighbors helping neighbors and I think that through this experience is where we're seeing senior living operators, really helping senior living operators. And we're seeing the developers talking to the operators. And I think through that, that's when we really have meaningful change. So I think what might've happened over this last year or so is that through this pressure cooker, we've actually probably advanced ourselves as an industry 10 years faster maybe than what we would have had disaster calamity not happened.

Rick: Josh, I really like your optimism and how you summarize that can-do attitude and share it. I spend a lot of time in the Midwest and looking elsewhere around the country, that tenacity, that ability to just say those that are nimble, those that can shift a little bit and are willing to try a few things, as you say, be creative. I think they have found success and what does it do to their brand? If you are already an operator with an existing brand and things that you do for your community residents and staff included, will you want to always be at the forefront? You always want to be that recognized leader in your community, and no matter where you go, because you know, outside of those that we serve, because they live in these communities or they're operating these communities when you've got a market behind them saying, is this really what I want? Do I want to live in an environment with 130 other units? And perhaps what risk is that to me the next coronavirus that comes or would I rather age out in my home, and we need to assist with that mentality. We need to say, Hey, this is still the best option for a lot of levels. I mean we're seeing the CDC is talking to the senior living communities on a weekly call in Texas, through Texas leading age being an advocate for those members they're setting out calls with direct lines. Steve Healthcare on a national level is saying, this is what's working, not just in your local community. This is something that you should apply and help with. And so you turn that around and you say to potential residents, we have the best information about how to mitigate this to your point earlier, how are we mitigating all of these realities? You're right there, you're better off knowing what medication you take and what to do after you get it, because we have reliable, consistent information. So, there's probably a little bit of a dean in the industry. I know the census at a lot of communities has gone down, but we're also hearing the interest remains. And those that are savvy are figuring out how to get new residents to come in and of course take care of those that are still there.

Josh: Well Rick, it is encouraging, one of our partners Enquire in their benchmark data, you know, Lucas, we've been hearing some encouraging numbers about inquiries and virtual tours and in-person tours starting to pick up to even pre COVID time. And I think another one of the things that I've just seen such an improvement on that I think is something that our industry really needed and operators are doing a phenomenal job, is the communication. And some of that is through implementing better technologies that equip them for better communication. But it was really amazing how almost overnight you saw companies and operators that maybe hadn't updated their website in years. And it was this stagnant, boring site. And you're like, that just tells me nothing about the community. All of a sudden they're using those tools on a daily basis to communicate with their families, their loved ones, other healthcare providers about what was going on and giving updates.

And I think that transparency that was kind of created through this and kind of forced upon us, that's something that is going to go a long way at helping change the perception in our industry. When we kind of put all the cards out there on the table and kind of opened the front door for lack of a better term for the consumer, that's not educated on our industry to see what a great job we do in communicating and caring for our teams and our residents. I just think that's going to be a very positive thing for the trajectory of our industry.

Rick: I was in Georgetown, North of Austin last week, and I was talking to the operator there and they are so outward facing meaning to the community as a whole, the city of Georgetown. For instance, they were meeting with religious leaders to say, look, whether you're a family member here or you're living in one of our communities, we're still a resource center, a place of information, if you will, the whole community. If you need to ask a question from our staff, call. If you go to our website to your point, you'll see data that comes from the CDC to the state of Texas, to the Texas LeadingAge Organization, that's public. And it's a gateway, well, it's a reminder of why they're a community player and have been there 40 plus 50 plus years. And as the lifecycle goes on they're telling the community as a whole, you know, we're not asking you to necessarily come over here and live here. Of course we'd like that, but we are asking you to think of us as being thought leaders and providing information that's reliable and important, and that helps an adult child make a decision about a parent, maybe that's living at home, not even in one of our communities and what we're doing.

Lucas: So go ahead, Josh.

Josh: Well, I was just going to ask Rick, you know, I would hate to let the opportunity pass, being able to talk to you and our listeners to be able to listen in on this conversation. But I think for a lot of reasons, you are a unique developer, because one of those reasons is because you're not so just narrowly focused on like one development model and you really get out there and educate and are looking at a lot of different diversity and change and a change maker. Are there any emerging models of development and types of developments in what we would consider healthcare or senior living. These kinds of aging services that you're starting to scratch out or you're hearing about that would be cooled to kind of explore over the coming months and years?

Rick: Yeah, absolutely. And just to share with everyone, a lot of our clients are FA or non-for-profit faith-based operators. So you know that a moment ago, and it sounded a bit paternalistic and how you're taking care of residents. I don't want to over or understate that there is just a bottom line isn't every decision they make, because they're mission-driven, that's important in some of the things that they do. But looking at trends from operator, developer operators perspectives, I think this issue about how to meet the middle market, doesn't go away. I think repurposing places now that aren't, that have not typically been senior living environments, for instance, you know, the remaking of them, all the re-imagination of them, all the reimagination of real estate classes like business parks. Is there an opportunity to bring senior living to a suburban community that might have at one time, a robust business park? Well, you have to change ordinances and allow for residential living where you might not have it, repurposing hotels, repurchasing motels, there's a lot of discussion about that. And the regulatory environments in each state are unique. So you need people like us to help you, match that opportunity with what's allowable or no kind of agenda, but to bridge that gap, if you have a city, you know, that's not thinking about how we help people age and live their best life with some creative thinking, as you mentioned earlier, they're going to be behind. We've got so much in front of us that's being underutilized, underused and a market that grows and grows and grows every day.

I like what you said about staffing. We have seen a little bit of a movement away from senior living at the start of this pandemic. It was the aging population and most at risk. So it, by default if you were a care provider you were also at risk. And you talked earlier about some staff members wanting to stay home, cause those are fully committed to the job and work they do, but they're also anxious and scared that they might get someone at their homes sick. And so there was some flight in an industry that sometimes has scarcity. Certainly in Florida, they can't find enough care providers to take care of an aging population. So we have to think about what attracts that care provider to your communities, to your projects in a way that says, hey, it's safe to work here, we value our employees. And maybe it's environmental too. We've got, I'm not sure yet what it is, but you know, maybe it's something like if you needed to spend the night here you could, or during a weather event, like we talked about in the early part of this call, come to us if you need water, if you need food and you can't get it at the grocery store, you can't get toilet paper. Maybe we have some surplus or we can find a way to help our employees take home things for their needs. So, trends or opportunities, certainly there's a lot of them. I just wanna take one more second in terms of the business model, what remains is with your finance investors is making sure that they see this as a value that they want to put their money in these communities. And some of the big investments that were made in 2018, 2019, and all your covenants to keep census that's been hit. And we want to make sure that there's still a significant amount of money that wants to get in this industry. We need to make sure that they understand it's still the right value proposition.

Josh: So Rick, along with that question, you touched on and kind of opened the door for me to ask the next question. So, let's talk just for a minute to the portion of our audience that is developers and maybe they've been sidelined through COVID and they have not been developing anything. And they're about to enter the game again, so to speak, and start developing some communities they're looking to do some new and innovative things. Are there questions that are being asked now by the capital markets, by the financial markets, by the investors that you're hearing asked that you weren't hearing that prior to COVID? Is there anything special going on that a developer needs to be prepared to answer

Rick: Well on construction costs, logistics, what we're seeing, for instance, in the lumber industry. I read a wall street journal article over the weekend. It's a learner's pricing, basically four times higher than they

were this time last year, that's remarkable. The start of the COVID, if an employee in a lumberyard was sick, they shut it down. So it was a very real event, supply lines, logistics and moving lumber across the country. At the same time, single family homes are being built. You've got this interest to build. So, not to say that that's unique in any year when you're planning and modeling, putting together your program, but I would pay attention to the logistics side for every construction division to say what's likely to happen here. Oil and gas has been so low for the last year. If you're modeling, you know, looked at one rate, what's it going to be six months from now? So how do those conversations with the best contractors out there, census and fill up your covenants, I think pay attention to the details there. Certainly the pandemic we were losing residents, census was going down interest in living in these communities. Like we talked about earlier make sure you're not hurting yourself or your client and those discussions and what you can do there. And then lastly, scarcity among care providers and employees was driving through again, central Texas, and there's a store called Bucky's big gas station, big brand, they're offering cashiers \$18 an hour. Wow. You know? Yeah. And so your frontline employee that can go work at a grocery store or gas station might feel safer for some of what we mentioned earlier or they're in rural environments and it's easier to get to, or anyways, \$18 an hour is a lot. So, operators need to think about the cost of attracting, retaining employees, and quality employees at all levels.

Josh: Wow. So I actually just saw Lucas, he let this slip, I saw him actually typing in Bucky's online application. He was actually applying at Bucky's while we were on this presentation.

Lucas: I have a part-time position at Bucky's already.

Rick: Yeah. Lucas is three weeks paid vacation, \$18 as a cashier. So for any of your listeners, if they're thinking, hey, what do we need to do? But Lukas, Josh, I appreciate the question about what a developer should be, because again, as a consultant versus you as a developer operator we want to advise our clients to look at start times durations planning departments. Here's another one planning departments. You know, they ask their employees to go home. Well, they don't have all the resources you and I might have if we're already used to doing that. And then the planning department's relying a little more on third-party assistance. So, you know, an engineering review might be out of the hand. So your timeline, when you get to your approvals, your review and approval, if you're modeling 90 days, I would easily put it in 120, 150 days. Again, clients in Oakland, same thing. And we're seeing that we're seeing that all over the country.

Josh: Man, this is good information. I know our listeners are gonna probably be tearing the email and social down to try to get to you to ask more questions. And of course now you've given the tip line to Bucky's. And you know Lucas is already there, no telling how many others

Rick: Well call me first, I might see if I can get a referral if you're filling out that application.

Lucas: Well, man Texans, we love our Bucky's man. You can stop in, get some gas, get some brisket, you could buy a bathing suit or a cooler and pretty much anything you want. So get your carwash. So, we appreciate that Rick, we're going to put all of your information in our show notes. I know that you're active on LinkedIn, you're active in engagement in these committees and also you do speaking and

training and education. Thanks for what you're doing and spending time with us this morning here on the Bridge the Gap Network, it's been privileged. Gentlemen, thank you. Thanks to everybody for listening to another great episode of Bridge the Gap.