

Wanting Senior Housing Is Easy. Paying For It Isn't.

Julienne Gage | July 18, 2018

As baby boomers retire and average life expectancy will likely surpass the current age of 78, they want convenient housing, great healthcare and lively amenities — but how that will be paid for is another matter.



Courtesy: Julienne Gage

Healthcare Realty Advisors Director of Real Estate Chad Costello moderated a panel featuring Palace Group principal and VP Haim Dubitzky and DPR Construction project executive Kevin Dean

Funding was the big challenge discussed at Bisnow's State of South Florida Healthcare and Senior Living event at the Westin in Fort Lauderdale Tuesday.

"Just to get out of your house and into independent living, you're looking at \$4,500 minimum," said Haim Dubitzky, principal and vice president at the Palace Group, which develops senior living communities. "A lot of people haven't done that mental calculation."

That is his base estimate for all monthly living expenses at his facilities, and he says those can climb all the way to \$15K a month.

Seniors want convenience and healthy social lives, Dubitzky said, especially as their neighbors from single-family neighborhoods move or pass away. Dubitzky said that seniors often spend \$10K to \$40K a year to create the circumstances for aging in place.

"That's how much they're going to spend for their independence, but they're so lonely," he said. "That's usually the back breaker for them."

OceanLand Investments founder and President Jean Francois Roy agreed. Roy's company has developed numerous multifamily condos in South Florida, and his current project, the \$215M Riverwalk Residences of Las Olas in downtown Fort Lauderdale, is a luxury tower that looks chic and modern, but also incorporates memory care and health facilities.

Roy said these units were designed for the top 5% of earners who want property that will appreciate, as well as a social network.

"Baby boomers want to be with other baby boomers, and they really like to party together," said Roy, noting that residents in his developments like to hold regular barbecues and go out together to dinners and events. "They socialize a lot. We never saw much of that in the past."

But the golden years aren't so shiny for everyone, Housing Trust Group President and CEO Matt Rieger said. He said affordable housing in South Florida is in such high demand that he could lease a brand-new, 150-unit multifamily development in one day, and have a 300-person waiting list the day after that.

"I really don't have turnover in those units, because if I'm charging reduced rents, the people in these buildings aren't leaving them," he said, adding that many of these units don't become available until the tenant dies. "We

need to devote enough resources politically to meet this supply-and-demand problem."

DPR Construction Project Executive Kevin Dean said his company is finding ways to build senior living and medical facilities faster, cheaper and smarter. He is working on a 185K SF senior living facility in Tampa, incorporating prefabricated components such as bathroom pods and prebuilt walls.

"We're seeing a ton of time savings, and when there's a waiting list, all we want to do as contractors is build faster," Dean said.

Rieger said his company can also address funding and land constraints by renovating already existing structures and making them LEED certified. This environmental certification is a prerequisite to qualify for federal housing funds, and also a good way to lower the costs of utilities and maintenance.



Courtesy: Julienn Gage

Ocean Land Investments founder Jean Francois Roy and Housing Trust Group President and CEO Matt Rieger

But in the end, there is only so much the private sector can and will do to provide for the lower-end senior consumer, who may be struggling to live on

less than \$2K a month, the panelists agreed. "Anyone who can figure out how to crack that nut, we welcome you to the game," Rieger said.

"The numbers don't make sense, because if you're going to have an activities director, a chef, etc., you can't do it on \$2K per person," Dubitzky said.

He said that the U.S. has the money, but needs more political will.

Rieger noted that the federal government this year boosted funds available for developing affordable housing by 12.5%, but more needs to be done.

"We really just need the federal government to devote more resources to this," Rieger said. "Until that happens, I hate to say this, but it's like rearranging deck chairs on the Titanic."



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