

Housing Strategies to Improve Healthcare Employee Well-Being

Boost Employee Recruitment, Retention, and Overall Health

March 22, 2022 | Danielle Bergner



About the Presenter



Hall Render and Hall Render Advisory Services serve as an extension of your in-house team. We help health care clients manage complicated and time-consuming projects and processes that are part of any real estate endeavor. Our attorneys and advisors coach, advise, and guide our clients through real estate challenges with **pragmatic, objective and conflict-free** advice that has earned us the trust of hospital and health system clients nationwide.

Danielle Bergner works with hospitals and health systems nationally to develop hospital-centered housing strategies and action plans. She is a housing industry expert with 17 years of experience representing housing authorities, redevelopment agencies, for-profit and non-profit developers, hospitals and health systems.

Program Overview

- A National Emergency – Healthcare Workforce Challenges
- A Two-Pronged Problem – Lack of Available Housing and Lack of Affordable Housing
- Strategies – How Hospitals Can Support the Creation and Availability of *Permanent* Housing Options for Employees

Healthcare Workforce Challenges: *A National Emergency*

In a recent letter to Congress, the American Hospital Association states that the ***workforce challenges facing hospitals “are a national emergency that demand immediate attention from all levels of government and workable solutions.”***

“Hospitals are facing a critical shortage of workers. With 23% of hospitals reporting a critical staffing shortage to the government, ***hospitals have seen a decrease of nearly 105,000 employees since February 2020. This has resulted in an increased reliance on contract labor from health care travel staffing firms, which have been charging hospitals exorbitant rates for labor,*** thereby driving up expenses for hospitals and further exacerbating hospitals’ financial challenges.”

Source: AHA Letter to U.S. House of Representatives Energy & Commerce Committee, March 1, 2022; Becker’s Hospital Review, March 3, 2022

AHA urges Congress to address health care workforce challenges

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In a letter (<https://www.aha.org/lettercomment/2022-03-01-aha-provides-information-congress-re-challenges-facing-americas-health>) submitted to the House Energy and Commerce Committee in advance of an Oversight and Investigations Subcommittee hearing (<https://energycommerce.house.gov/committee-activity/hearings/hearing-on-lessons-from-the-frontline-covid-19s-impact-on-american>) today on the pandemic’s impact on the health care workforce, AHA called the challenges facing America’s health care workforce as the country enters the third year of the COVID-19 pandemic a national emergency that demands immediate attention

Housing Headlines:

Housing Increasingly Cited as Contributing to Healthcare Workforce Challenges

High housing costs preventing some workers from taking healthcare jobs

Nationwide Trends and Door County's Housing Shortage are Leading to Staffing Shortages at DCMC

Housing for hospital workers called 'crisis'

Florida hospitals say potential staffers can't find affordable housing

Housing crunch means Montana hospitals can't find, keep workers

How 2 hospitals in tourist towns are using employee housing to fight staff shortages

A Perfect Housing Storm – Two Prongs: Lack of Available Housing and Lack of Affordable Housing

(1) Lack of Available Housing

Available housing inventory has decreased in many markets nationally. In some cases, with peak inventory less than 40% of what it was two years ago. Demand far outpacing supply.

(2) Lack of Affordable Housing

Housing is considered affordable if it costs less than 30% of a household's income. Constrained supply, combined with escalating costs, a prolonged period of low mortgage rates, record inflation and other pandemic-fueled factors (e.g. remote work/second homes) have created a perfect storm for the housing market.



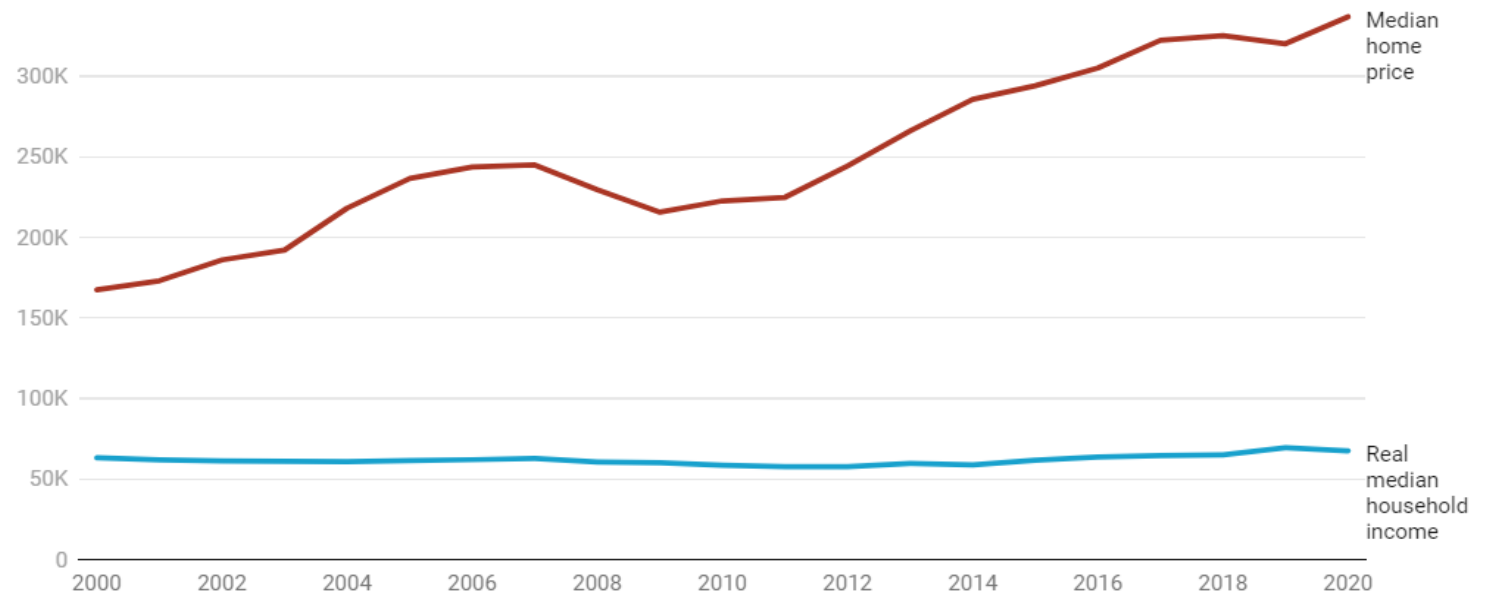
Hospitals are
Innovating...

... Because the
problem is,
unfortunately,
only getting
worse

“When you’re haying and the baler breaks and there’s a thunderstorm coming, you got to figure out how to fix the baler and get the hay up in the barn.”

- Shawn Tester, CEO, Northeastern Vermont Regional Hospital

Median Home Price and Household Income, 2000-2020





Housing Strategies for Hospitals and Health Systems

*Boosting Employee Recruitment, Retention, and Overall
Well-Being Through Housing*

Housing Strategies

Overview

- Direct Benefit Programs
- Master Lease Model
- Housing Acquisition and Development
- Community Land Trust Partnerships
- Public Housing Authority Partnerships
- Regional Housing Initiatives

There is no “one-size-fits-all” approach. A successful strategy often involves layering a number of different approaches.

Direct Benefit Programs

Employer-Assisted Housing Programs: Assistance may be provided in a variety of ways, including through **down payment grants or loans** and **rental subsidies**.

Requires development of formal policies that address eligibility, repayment and forgiveness terms, education and credit counseling.

Example: Beaufort (SC) Memorial Hospital homebuyer assistance program

<https://www.beckershospitalreview.com/compensation-issues/south-carolina-hospital-offers-employees-up-to-10k-for-homebuyer-assistance.html>

Housing Tools: Online portal that connects hospital employees with area landlords, and invites landlords to connect available inventory with hospital employees.

Example: St. Luke's Health System Boise

<https://www.stlukesonline.org/for-employees/housing-support>

*Other non-housing examples: Child Care, Tuition Assistance, Mental Health programs <https://www.beckershospitalreview.com/workforce/the-noncompensation-perks-health-systems-are-providing-to-retain-talent.html>



Master Lease Model

Basic Mechanics:

- Hospital “master” leases homes and apartments, then subleases to hospital employees, often with the assistance of a contracted residential property manager.

Benefits:

- Master leasing housing units allows a hospital to better **control inventory availability** over time, ensuring to the greatest extent possible that units are available for hospital employees when needed. A master leasing strategy can also be a **fast** way for a hospital to secure housing inventory, assuming inventory is available.
- Appealing to landlords as a reliable revenue stream.

Challenges:

- Master lease rents can be higher than what hospitals can recoup through subleases, requiring financial subsidy.
- In some markets, there may be no inventory available to master lease.

Example: Vail Health Renews Master Lease at Middle Creek Village:

<https://www.vaildaily.com/news/eagle-valley/master-leasing-is-gaining-interest-in-eagle-county/>

Housing Acquisition & Development

Roof Above, Ascent Real Estate Capital acquire Windsor Park apartments for \$47.7M

Sep 1, 2020, 10:00am EDT

A Charlotte nonprofit organization and local real estate firm have acquired a naturally occurring affordable housing property in the Windsor Park neighborhood.



KENAN G. SWAIM
Roof Above and Ascent Real Estate Capital purchased a 341-unit property off Eastway Drive, at 3317 Magnolia Hill Drive, for \$47.7 million.

Roof Above and Ascent Real Estate Capital purchased a 341-unit property off Eastway Drive, at 3317 Magnolia Hill Drive, for \$47.7 million last month, according to Mecklenburg County real estate records. Naturally occurring affordable housing, or NOAH, refers to units that rent below market rate but don't use public subsidy like tax credits.

The new owners of the property, HillRock Estates, intend to preserve the apartments as affordable housing but will also use at least 20% of the units to house Charlotteans facing chronic homelessness.

- Increasingly, hospitals and health systems are purchasing land for future development, purchasing existing housing units, and helping to finance the construction of new affordable housing units as a strategy to create and support **permanent** housing options.

Examples:

- Atrium Health partnership creates 341 affordable apartments with 20% of the units “set aside” for hospital employees.
- Martha’s Vineyard Hospital purchases 26 acres for future housing development:
<https://www.mvtimes.com/2022/03/14/housing-hospital-workers-called-crisis/>

Community Land Trust Partnerships



- Community Land Trusts are mechanisms for ensuring the long-term affordability of housing, often accomplished through deed restrictions or the CLT retaining ownership of the land.

Examples:

- The Maggie Walker Community Land Trust (VA), which was funded in part by Bon Secours Mercy Health, buys and rehabs homes, then sells them at a reduced price. (Community Investment Strategy)
- Hospital sells or donates surplus land to a CLT for development subject to long-term affordability restrictions and right of first opportunity for hospital employees (Hospital Employee Strategy)

Public Housing Authority Partnerships



- Public Housing Authorities are often mission-aligned with hospitals when it comes to advancing the affordable housing needs of a community.
- PHAs also possess unique financial resources and knowledge that can be helpful in advancing an affordable housing development.

***Example:** Denver Health partnership with the Denver Housing Authority to repurpose a surplus hospital administrative building for 110 units of housing. Sources include LIHTC and Ground Lease financing provided by the hospital system.*

Regional Housing Initiatives

In less populated areas, a successful strategy will often require a regional approach to incentivize development of new housing units.

Example: Southeastern Colorado housing initiative led by regional economic development agency with state and federal funding. Regional agency leads RFQ/RFP and contracting process. One participant, the Kiowa County Hospital District, donates land with agreement to purchase completed duplex home to be used for hospital employee housing needs.

<https://theprowersjournal.com/2021/12/housing-construction-project-moves-forward-for-southeast-colorado/>



Consider a Phased Approach

Phase I: Vision, Goals, and Asset Identification

- Establish the vision and measurable, attainable goals for the program
- Identify Land, Building and Financial Resources
- Identify Stakeholder and Partner Resources

Phase II: Organize the Team and Develop the Plan

- Stakeholder Engagement
- Plan / Program Development

Phase III: Plan Implementation

- Contracting and land acquisition, if applicable
- Program Implementation

Practical Takeaways

- First, understand the problem in your market – availability vs. affordability.
- Recognize there is no “one-size-fits-all” solution. Multiple approaches are often needed.
- Consider a phased approach to make strategy development and implementation more manageable.

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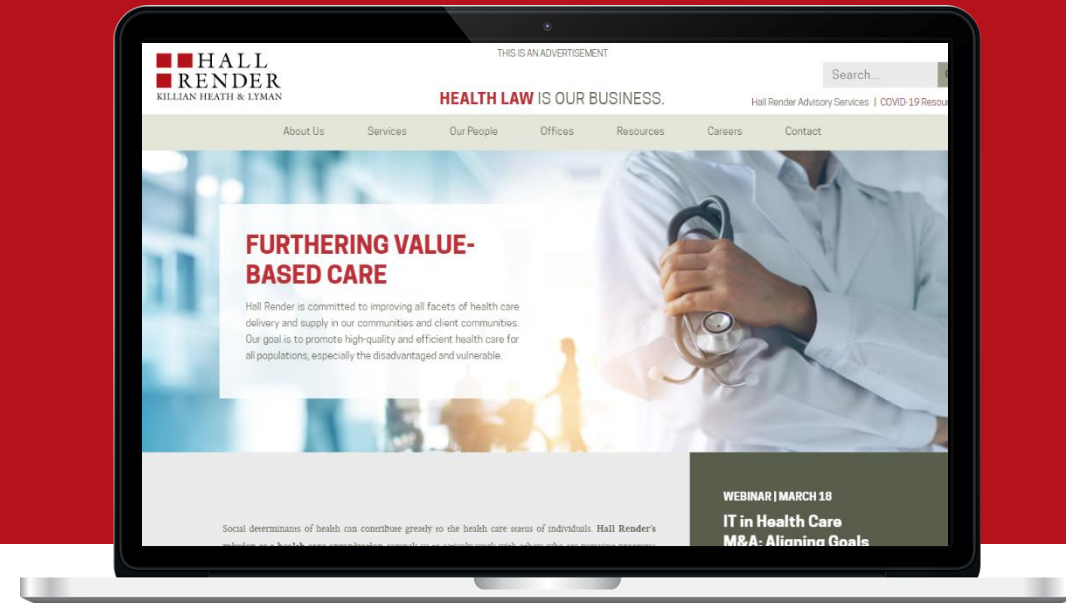
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