

BUSINESS

Assisted living facilities spread on LI as population ages

Real estate investors view them as attractive alternatives to other commercial developments.

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Among the assisted living projects being built on Long Island is Amber Court's 141-unit residence in Smithtown, seen here on Oct. 19, 2017. Photo Credit: Newsday / John Paraskevas

Assisted living centers are springing up on Long Island — with at least seven from major operators planned in the next two years — as the population ages, and as local and national developers favor building them over other classes of commercial real estate.

Developers such as the Engel Burman Group of Garden City, Benchmark Senior Living of Massachusetts and Amber Court Assisted Living Communities of New Jersey are building facilities in Jericho, Garden City, Dix Hills, Mount Sinai, Woodbury and two in Smithtown. The facilities can cost \$30 million to \$50 million to build.

Those facilities join roughly 87 assisted living centers already on Long Island, up from about 64 in 2007, according to data from the New York State Department of Health reviewed by Newsday.

“Our industry is in vogue,” said Edward Burnett, chief financial officer of Virginia-based Sunrise Senior Living, an international senior housing company that operates nine assisted living facilities on Long Island.

Assisted living operators say that the average age of a resident in their facilities is around 85. The number of Long Island residents 80 and older has grown from 111,002 in 2006 to 133,163 in 2016, according to U.S. Census Bureau estimates.

“That trend is just going to continue over the next 10 to 20 years as both the larger baby boomer generation continues to age and also just as life expectancy is increasing,” said Christopher Jones, senior vice president and chief planner of the Regional Plan Association, a Manhattan-based think tank that studies economic issues in the metropolitan area.

Assisted living — a concept that first saw a boom in construction in the 1990s — offers seniors rental residences in buildings with abundant communal spaces, on-site aides and kitchen staffs, coordinated activities and entertainment options. The facilities generally cater to seniors who can mostly live independently, but may need assistance with getting dressed or managing medication. Many facilities charge more for higher levels of care.

Nursing homes, in contrast, function as licensed clinical facilities for the sick and elderly. Medicaid pays for long-term care at nursing homes for those who qualify.

Most assisted living properties require that tenants pay out of pocket. With a few exceptions, most operators are not eligible for Medicaid reimbursement because, unlike nursing homes, they are not clinical facilities.

Recent average costs for assisted living residences were \$6,209 per month in Nassau and \$5,910 per month in Suffolk. The cost covers room rent, hospitality services, meals and services to support activities of daily living, according to the National Investment Center for Seniors Housing & Care, a not-for-profit data provider in Annapolis, Maryland.

Some assisted living offerings operate inside of “continuing care retirement communities.” Typically they provide a range of services and housing options for seniors, including regular apartment housing all the way through nursing homes. Many require residents to make large entrance down payments — ranging from \$50,000 to hundreds of thousands of dollars — to secure housing and long-term care for the rest of their lives.

Nursing homes on Long Island, in comparison, can charge double or more the monthly cost of assisted living. Local nursing homes on average charge about \$14,200 a month, according to data from Genworth Financial, an insurance company based in Richmond, Virginia.

Assisted living operators are attracted to Nassau and Suffolk counties for their dense populations and residents' generally high income.

"In general, Nassau County and Suffolk County certainly are of a higher income level compared to some of the other counties that you might see in the New York metro area," said Beth Burnham Mace, chief economist and director of outreach for the National Investment Center.

Financing to build assisted living facilities has come from real estate investors looking for alternatives to retail, office and multifamily residential projects, Burnett of Sunrise said.

Sunrise operates 321 communities in the United States, Canada and the United Kingdom. While the facilities are operated by Sunrise, "the lion's share" are owned by publicly traded real estate investment trusts, Burnett said.

"Real estate investors everywhere are looking for what else can we invest in, and a lot of people have said, look at assisted living," he said.

Occupancy rates — a key indicator of strength in commercial real estate — for senior housing overall, a broader category that includes independent senior housing, assisted living facilities and memory care facilities, was 91.5 percent in Nassau and 92.4 percent in Suffolk, according to third-quarter data from the National Investment Center for Seniors Housing & Care.

The largest locally headquartered assisted living company is Engel Burman Group, the privately owned developer behind Bristal Assisted Living. Engel Burman, which opened its first Bristal in 1998, now operates 16 in the New York metro area, 12 of them on Long Island.

Engel Burman opened a facility in Lake Success this year for residents with dementia. The facility is run in partnership with Northwell Health.

The developer is working on another four assisted living facilities on the Island. It oversees more than \$300 million in construction annually, up from about \$100 million less than a decade ago, said Scott Burman, a partner at the company.

There are “tremendous barriers to entry here,” he said. High property costs, taxes, limited buildable land and zoning hurdles make the Island “extremely difficult for people to get their projects built.”

But the company’s understanding of local municipal zoning and permitting processes gives it an advantage in building here, he said.

“There’s a couple of other players who are starting to find their way into the market,” Burman said. “The ones who are finding their way have been trying for quite some time.”

Benchmark Senior Living, a Massachusetts-based operator of 55 senior living communities in the Northeast, worked for six years before beginning construction on its first Island location — Whisper Woods — in Smithtown this year. The company plans a second site in Woodbury.

Since the region’s zoning and permitting processes can be a “challenge,” breaking into the Long Island market requires operators “to be patient and have patient capital,” said Sarah Laffey, senior vice president of capital for Benchmark. “Long Island in particular has been a focus for us in terms of bringing new growth and new opportunities for the company.”

The region’s economics make it worth the wait, she said. “Long Island is a strong economic area with strong housing values and incomes that provide a good ability for folks to be able to afford the product.”

Atria Senior Living, which operates nearly 200 facilities in the United States and Canada — 12 of them on Long Island — said in a statement the Island continues “to be one of the best markets for senior housing.” Among other factors, the operator said, the region’s relatively low penetration rate for senior housing and anticipated demand from aging baby boomers make it a desirable place to grow their business.

High costs can deter seniors from looking into assisted living.

“I think assisted living is great, but I just always thought it was for people with money,” said Island Park resident Gloria Marsala, 76, who lives independently in an age-restricted apartment. “If I ever needed it, I don’t think I could get in,” said the retired medical transcriptionist and former Brooklyn resident.

Amber Court Assisted Living Communities is one of the few operators on Long Island that can use Medicaid dollars to cover care for its residents through a state initiative called the Assisted Living Program. The program, created in the 1990s, requires participating operators to meet certain requirements — such as having a licensed home care agency — to be selected.

Amber Court, founded in 1968, has four locations, in New York and New Jersey.

The operator's nearly complete 141-unit building in Smithtown has already received 140 deposits and is expected to open at the end of the year. Residents whose assets shrink below the \$14,000 threshold, and who are deemed medically eligible after an assessment, can use Medicaid to pay for medical care they receive, though they must pay for rent. Amber Court said it helps residents apply for Medicaid benefits.

"There's a lot of new assisted living right in the same space, but they're not Medicaid-funded," said Claire Bukzin-Hakim, executive vice president of both Amber Court and the Empire State Association of Assisted Living, which represents assisted living operators. While she said the sector has grown "enormously" in some respects locally, the need for affordable assisted living for middle-income earners is huge.

"The need is continuing to grow," she said.

111,002: Long Island residents 80 and older in 2006

133,163: Long Island residents 80 and older in 2016

Source: U.S. Census Bureau estimates

\$6,209: Average monthly cost for assisted living in Nassau

\$5,910: Average monthly cost for assisted living in Suffolk

Source: National Investment Center for Seniors Housing & Care

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