The Seniors Housing Business Interview

David Schless

oversees new chapter in ASHA’s 23-year history

The association responsible for giving a voice to seniors housing is going to great lengths to map out its next strategic moves.

By Matt Valley

David Schless is the first and only president of the American Seniors Housing Association (ASHA) that its members have ever known. After 21 years at the helm, he can rattle off the names of the industry’s pioneers and key players without hesitation, almost as if they were extended family members. That’s one advantage of possessing institutional knowledge.

Based in Washington, D.C., ASHA began as a Seniors Housing Committee within the National Multi Housing Council (NMHC; now named National Multifamily Housing Council) in 1991 before being spun off in 2000.

Before joining NMHC as a vice president in 1991, Schless worked for two years as a researcher with the National Association for Senior Living Industries. The timing of his arrival at NMHC was perfect. By the early 1990s, a number of apartment owners and operators were expressing their interest in the independent living business.

“You had companies like Marriott Senior Living Services and Classic Residence by Hyatt, and a number of companies within NMHC, like Holiday Retirement and Capital Senior Living, that were really beginning to focus their energy on senior living,” recalls Schless. “They approached NMHC and asked, ‘Would it be conceivable for you to try and do for the senior living industry what you’ve done for multifamily housing since the late 1970s?’ It really came together that way.”

NMHC was the ideal organization for incubating what became ASHA, emphasizes Schless. “They were just a powerhouse organization led by an incredible group of multifamily executives. They were very focused and very well run. For me, being 25 years old or so at the time, I was a sponge. I had such a great opportunity to learn from an organization that did so many things right.

And because NMHC was stable financially, we just didn’t have the pressure that a lot of start-ups faced in having to try and get people to join just because they needed money. We could focus on quality not quantity.”

Today, ASHA has approximately 400 members and plays a critical role in providing leadership for the senior housing industry on legislative and regulatory matters, research, education and the exchange of strategic business information. Schless has officially served as president of the organization since 1993. During that time the industry has matured, diversified, attracted an abundance of new capital sources, weathered a few recessions and proven its mettle to investors.

Seniors Housing Business recently interviewed Schless to discuss the organization’s past, present and future and its distinct culture.

Seniors Housing Business: David, merger talks between ASHA and the Assisted Living Federation of America (ALFA) recently ended with the consensus that a merger is not feasible at this time, and maybe never. ASHA now is in a strategic planning process regarding the future direction of the association and the development of new initiatives. Have you completed that plan and can you share some of the highlights with us?

David Schless: We have not completed the plan, and it will take us a number of months to do so. We’re still early in the process. What I can say is that we have committed to a very intensive, multi-faceted strategic planning effort. We’ve conducted a survey of the members. A lot of the work tied to the strategic planning will flow from that detailed survey.

The membership is diverse. We will get as much feedback as we can in a very open, transparent process. It’s a very healthy exercise for us at this juncture in ASHA’s life cycle. The process is one that I’m very enthusiastic about. It really will allow us to focus our resources and energies where they need to be in the next five-year period and beyond.
The goal is to present the recommendations from the strategic planning committee to the ASHA Board in the fall. Hopefully, we’ll be in a position to begin implementing this work this year, but we’re really looking at 2015.

**SHB:** Has ASHA previously developed a comprehensive strategic plan before, or is this the first of its kind?

**Schless:** Like most organizations, we’ve done strategic planning every three years or so. For us, this will definitely be the deepest, most extensive strategic planning that we’ve ever done. We’ve certainly surveyed the membership on a number of occasions, but not directly in the context of the strategic planning process. This one is clearly different. We’ve engaged a very well respected firm, The NAPA Group, based in Novato, CA, to assist us.

**SHB:** How would you grade the organization with regard to achieving its objectives?

**Schless:** The driving force behind ASHA’s creation was to provide a voice for the industry on advocacy matters, particularly federal advocacy. I’m extremely proud of what the organization has accomplished. If you go back to that founding period, the for-profit side of the industry did not have a voice on Capitol Hill. We’ve done a very good job addressing that issue.

Certainly, the creation of the Seniors Housing PAC (Political Action Committee) and the strides that we made with the PAC have helped us to develop longstanding relationships with important members of both political parties on key committees that impact seniors housing business.

So, during the past 23 years, seniors housing has gone from having no voice to having a very strong and sustained voice that is committed to representing the industry.

**SHB:** Specifically, how does having a voice help?

**Schless:** We’ve always been a champion of state oversight for seniors housing and assisted living as opposed to federal oversight. That’s been a consistent top priority for us over the whole span of ASHA’s existence. You really have an opportunity to tell your story.

We’ve encountered many legislators who, when you refer to seniors housing, are thinking of a nursing home or something else.

Having that opportunity to tell the industry’s story and get into detailed conversations about the tremendously positive impact that senior living has on the elderly and their families — and the role that we play in the long-term care delivery system — is really important for us.

And, we played the instrumental role in permanent changes to the tax code with respect to entrance fee payments. Those changes were very important to the CCRC (continuing care retirement community) business. Prior to the changes that were made in the early 2000s, a resident’s entrance fee payment over a certain amount of money was treated as a below-market loan, and as a result triggered a negative tax event for the consumer.

Our position was that these are consumers paying privately for their long-term care. They are not using taxpayer money for their care. Why are we penalizing them?

We also spearheaded the effort leading to the only change Congress has ever made to the Fair Housing Amendments Act, eliminating some very problematic requirements for seniors housing operators.

We have very strategically used our resources to help on key state matters as well. We have collaborated on numerous occasions to initiate some positive things like tort reform in Florida and Texas, and of course, have tried to help with a number of negative bills in a variety of states.

**SHB:** Any other accomplishments come to mind?

**Schless:** If you go back to when ASHA started in 1991, the industry had virtually no data at that point. One of the most important steps we took was to publish a number of detailed case studies (with financials) in the early 1990s that helped lend credibility to the idea that if you were interested in investing in seniors housing, it was possible to do so profitably.

I can still remember those case studies. We were able to convince Bill Colson of Holiday Retirement Corp., Chuck Lyttle of Leisure Care, Bill Sheriff of American Retirement Corp. and John Erickson of Erickson Retirement Communities to help us. Those were really crucial case studies.

ASHA played a significant role helping to give the industry credibility with potential investors and the capital markets. After we compiled those case studies, we began working with the hospitality group of what was then Coopers & Lybrand (now PricewaterhouseCoopers) to collect and disseminate operating metrics. The very first year that we conducted “The State of Seniors Housing” survey, many people couldn’t fill out the survey. Few knew what the revenue and expenses looked like for this sector. (The annual survey tracks operational performance across the industry, including financial results per occupied unit, staffing ratios and labor costs).

At the time, there was a sense that everyone had the Colonel’s secret recipe. There was a reticence to share data, and I think our research had a real impact on the industry’s evolution. Obviously, NIC (National Investment Center for the Seniors Housing & Care Industry) deserves much credit, as well.

**SHB:** Why does ASHA champion the idea of having states provide oversight of assisted living versus adopting a federal standard?

**Schless:** If you were to have taken a one-size-fits-all approach to the business, you would really have a very different business than exists today.
This is an industry that has really been driven and shaped by the marketplace, by consumers and their families’ desires. If you had this standardized approach, you would have a lot less choice for the consumer. What works well in the state of Oregon might not be as desirable to consumers in Georgia or New York.

By and large, the states have done a very good job of staying on top of changes and working with a variety of interested groups to ensure that, as the product evolves, the state is doing what it needs to do to ensure quality.

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SHB: Can you gaze into the future and tell us how consumer demand 10 to 15 years from now might be similar to, or different than, what we see in today’s marketplace?

Schless: There are always different ways to look at any type of long-term projection because you are basing it on current consumption patterns. As always, the uncertainties include changing consumer preferences and technologies and the impact of government, all of which could affect future demand.

Right now we are in somewhat of a trough due to the impact of the Great Depression (the period 1929–1939 featured low U.S. birth rates).

Demand for the product will take off in that period from 2020 to 2030.

If everything held true from where we are right now, you would probably expect to see seniors housing demand grow by somewhere around 75 percent from now to 2030, with much growth 2020 and beyond.

SHB: Let’s talk a little bit more about ASHA. Is the organization in good financial shape? What are the annual dues?

Schless: Over the past 14 years, the organization has been incredibly successful in terms of its financial strength. There are probably very few trade associations that are as strong financially relative to the size of our budget as ASHA is. We’ve been extremely efficient in how we run the organization, and people have always appreciated that efficiency.

During the first 10 years of the organization, all of our finances were commingled with the NMHC. When we spun off from NMHC, we were 10 years old, but it was a start-up. I recall that we applied for a Staples credit card and were denied. We had nothing. We had amazing people on the Board at the time who committed an additional $5,000 beyond their membership dues to help fund the spinoff. NMHC was also very generous and gave us a loan at a very attractive interest rate at the time. So, we were really starting fresh.

In terms of the current dues, we have three different membership levels: the Board membership is $12,500 annually, the Advisory Committee is $5,000, and Associate membership is $2,500.

SHB: How has the composition of the membership changed over time?

Schless: When we spun off from NMHC, we had about 150 members. Today, we have around 400 members.

When we first started, the membership probably had more of an independent-living orientation. But very quickly we gained members who were involved in different aspects of the business, from senior apartments to assisted living to memory care and CCRCs. Our members have typically been companies with a presence in a particular market, or regional or national companies, as well as active lenders and investors in the senior living space.

SHB: As you reflect on your 20-plus years with ASHA, what are the big takeaways for you personally? What were the lessons learned?

Schless: My job title has stayed the same, but the job has been very different at different phases.

We had the start-up and the incubation period with NMHC from 1991 to 2000. I was young, and I learned a lot.

We have stayed very true to the original guiding principles of the organization. We knew that we were going to focus on federal advocacy and research and have unique meetings at a C-suite level for active participants in the space. Those are still things that are very much part of our DNA.

We’ve always been intent on providing the membership with a very good value.

One of the reasons the organization has been very successful over this period of time is that people get very good bang for their buck. They see value in it. It is not an accident that we’ve had a tremendous retention rate among members.

I go back to the very beginning of ASHA. What always stands out to me was a culture in part infused by the NMHC, and certainly some was unique to the participants who were involved in ASHA’s formation. I have to mention Bill Colson, who was never a chairman of ASHA but who had an enormous influence over the group. (Colson died from colon cancer in 2007 at the age of 66.)

We built a culture where you had people competing in different markets across the United States and Canada, with a tacit recognition that a rising tide lifts all boats.

Bill epitomized this openness and was always willing to share his thoughts. You could call him up, or approach him at a meeting with a question about anything at all that Holiday Retirement was doing and he would take the time and answer the question honestly. This openness and sharing was crucial to the industry and something we cherish so many years later.

ASHA Events

2014

September 30—October 1
Fall Meetings
Sheraton Chicago Hotel & Towers
Chicago, IL
Executive Board & Advisory Committee

November 6-7
Chairman’s Circle Event
Loews Ventana Canyon
Tucson, AZ
Seniors Housing PAC Chairman’s Circle
Contributors

2015

January 26-27
Annual Meeting
St. Regis Monarch Beach
Dana Point, CA
Executive Board, Advisory Committee
& Associate Members

May 13-15
Spring Executive Board Meeting
The Ritz Carlton
Dallas, TX
Executive Board Members
*Date & Location tentative

September 29-30
Fall Meetings
The Gaylord Hotel
National Harbor, MD
Executive Board & Advisory Committee
(prior to the 2015 NIC Conference)

ASHA Walks to End Alzheimer’s

The American Seniors Housing Association (ASHA) is a proud partner with the Alzheimer’s Association in the fight to end Alzheimer’s disease. Alzheimer’s disease is the sixth leading cause of death in the United States today, impacting an estimated 5.4 million individuals.

ASHA has created a National Team in the Walk to End Alzheimer’s, the nation’s largest event to raise awareness and funds to end Alzheimer’s disease. In 2013, ASHA’s member companies formed nearly 2,000 teams, and raised over $3 million for the Alzheimer’s Association.

The Walk to End Alzheimer’s unites the entire community in a display of combined strength and dedication in the fight against this devastating disease. We encourage you to participate in one of 600 Walks held nationwide.

The funds raised support vital research, advocacy efforts and essential programs and services for those afflicted with this disease. In addition, your actions, both through fundraising and participating in events, help to change the level of Alzheimer’s awareness in your community. Learn more at alz.org/asha.