

Attainable Housing for Healthcare Workers

A Critical Need and Emerging Solution



Michael's
COMMUNITIES THAT *lift* LIVES





Hospital Staffing Crisis Meets Housing Crisis:

How Strategic Partnerships Can Solve Both

Healthcare workers form the backbone of our communities, providing essential services that impact the health and well-being of millions. However, these vital employees are increasingly part of the “missing middle,” who face challenges finding housing near their workplaces that they can afford. This white paper examines the impact of the housing shortage among healthcare workers, as well as the increasing strain this lack of workforce housing is having on healthcare systems’ recruitment and retention efforts and their overall operational costs. It also offers the solutions being pursued by leading healthcare systems engaged in innovative partnerships with private-sector real estate developers to create “Attainable Housing.”

Attainable housing, sometimes called Workforce or Middle Market Housing, refers to housing that is affordable to people earning between 80 and 120 percent of an Area’s Median Income. In other words, these are people who earn too much to qualify for traditional government subsidy programs, but not enough to afford housing in the communities where they work. This problem is particularly acute in fast-growing urban and ex-urban communities.

The housing affordability crisis affects workers across many sectors, but it poses unique challenges

for the healthcare industry. When healthcare employees cannot afford to live near hospitals and medical facilities, they have longer commutes, increased stress, and potential staffing shortages that can impact employee morale and patient care. Addressing this issue is crucial not only for the well-being of healthcare workers but also for maintaining strong, resilient healthcare systems and healthy communities.



If there’s one thing in healthcare that patients really struggle with, it’s turnover in their caregivers. The better we do with keeping people here, the better the relationships, the better care that we’re able to provide. Workforce stability is as important as recruitment and retention.”

-Michael Spigel, PT, MHA
President and CEO, Good Shepherd Rehabilitation

The Housing Affordability Crisis and Healthcare Workers

A comprehensive study by the Center for Housing Policy, titled “Paycheck to Paycheck,” examined the housing affordability gap for key healthcare workers across 210 metro areas in the United States. The findings paint a stark picture of the housing challenges faced by these essential workers. For instance, in Long Island, New York, medical billing clerks would have to allocate over half their income to rent a two-bedroom home at a fair market rate.

Healthcare workers who live in high-cost urban areas are particularly vulnerable, and the widening gap between housing costs is creating a systemic barrier for these employees, which in turn creates barriers for hospital systems and other healthcare providers to find and retain their workforce, pushing up operational costs.

The statistics are especially concerning given the projected growth in healthcare jobs. The U.S. Chamber of Commerce anticipates an increased demand for healthcare and pharmaceutical workers, expecting more than 3.3 million new jobs over the next seven years. The Bureau of Labor Statistics expects the sector to create about 45% of all projected job gains from 2022 to 2032.



Wages are not rising as quickly as rents or home prices in many metropolitan areas, and this is creating a severe housing cost burden for health industry workers.”

-Janet Viveiros
NHC Research Associate





This trend is not limited to specific regions – it’s a nationwide crisis. Mark Runyon, Executive Vice President and Chief Financial Officer of Tampa General Hospital, notes, “Home prices in this market have experienced significant escalation. Many people are relocating from other parts of the country to the Sunbelt for various reasons. Florida is an excellent state in which to do business and live. As a result, a significant demand for housing in the area has driven up home prices. Unfortunately, that means that rentals are not cheap; even rental homes are following the trend of rising home prices. So, it just continues to go up and up.”

Impact on Healthcare Systems



Financial strain

Healthcare workers forced to spend a disproportionate amount of income on housing have less for other essentials.



Longer commute

Unable to afford nearby housing, many workers face long, stressful commutes that impact quality of life and job performance.



Recruitment and retention challenges

Hospitals and medical facilities struggle to attract and retain staff when attainable housing is scarce.



Potential staffing shortages

Lack of nearby affordable housing can lead to staffing shortages that impact patient care, particularly in rural areas.



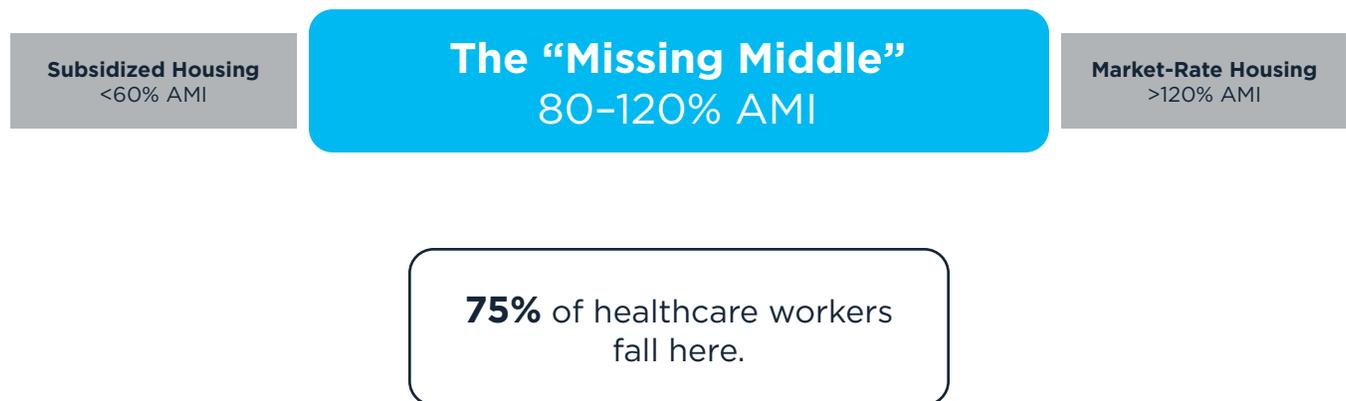
Community instability

When essential workers cannot afford to live in the communities they serve, it affects the overall social fabric and economic health of those areas.

Attainable housing is a direct lever to reduce turnover, stabilize shifts, and mitigate the financial premium paid for contract labor.

The Solution: Attainable Housing

The Michaels Organization, a leader in affordable housing for the past 50 years, is creating a new segment of the housing market: attainable housing for healthcare workers.



Attainable housing refers to rental communities that are affordable to workers across the income spectrum, typically serving individuals earning between 80% to 120% of an area’s median income. This income range covers approximately 75% of hospital employees who need affordable housing solutions, but who earn too much to qualify for traditional housing subsidies.

Attainable housing also serves as a crucial stepping stone on the path to homeownership. By providing affordable living options, it allows hardworking individuals and families to allocate more of their income towards savings. This financial breathing room is often the key that unlocks the door to the American dream of owning a home.

Solutions in Action: Healthcare Housing Partnerships

Innovative partnerships are emerging between healthcare systems and housing developers to create attainable housing solutions. These collaborations leverage the unique strengths and resources of each partner to address housing needs while supporting workforce stability. Tapping the expertise of a developer that can provide turnkey solutions from conception to completion allows healthcare professionals to concentrate on healthcare, while the developer delivers the housing.

These partnerships typically include:

- Assessing individual staff housing needs through focus groups, surveys, and market analysis
- Identifying available or underutilized land or buildings already owned by the healthcare system that can be used for housing development
- Conducting preliminary underwriting to determine financial viability
- Collaborating with local governments to streamline approvals and access incentives
- Identifying potential sources of private capital as part of the project's financing



While hospitals aren't traditionally providers of housing, creating housing solutions for their workforce helps them recruit and retain the best and the brightest, while reducing overall operational costs."

-Milton Pratt
Executive Vice President, The Michaels Organization

CASE STUDIES

The Residences at LSU Health

(New Orleans, LA)

The Michaels Organization partnered with LSU Health Sciences Center to develop student and healthcare faculty housing in New Orleans' Medical Service District.

KEY ASPECTS:

- 473 units with 579 beds in a 10-story community
- \$102 million investment adjacent to the medical campus
- Full kitchens and in-unit laundry in all apartments
- Amenities including study spaces, fitness center, and swimming pool
- Built using prefabricated construction to maintain affordability



The development serves medical students and faculty seeking proximity to campus while providing economical housing options. The project demonstrates how strategic partnerships between educational institutions and housing developers can create tailored solutions that support healthcare workforce development.

CASE STUDIES

Tampa General Hospital

(Tampa, FL)

Tampa General Hospital is addressing the housing needs of its workforce through a multifamily development project.

KEY ASPECTS:

- Approximately 160 units, including one, two, and three-bedroom apartments
- Targeted at individuals earning between 80% and 120% of the area median income (AMI)
- Priority given to employees of Tampa General Hospital and its affiliates
- Inclusion of childcare services and other modern amenities
- Accessing state financing incentives

Qualenta Kivett, EVP and Chief People and Talent Officer, shared the key reason for the project is to increase engagement and remain in alignment with culture to care for team members both at and away from work. She said: “In addition to building, we are also working through various partnerships to ensure housing security. Through this work, we expect to see an increase in specific elements of our engagement and benefits surveys, a decrease in housing support requests through our McNichols Team Member Assistance Fund—an emergency assistance program to support team members during times of need, and ultimately, a decrease in turnover. Our goal is sustainable solutions that allow for housing security for our diverse team member population.”



The project demonstrates the potential for healthcare systems to collaborate with government entities to address housing affordability.

As Mark Runyon, CFO of Tampa General Hospital, explains: “I think we’re all aligned in the goal, we all see the need, we want to try and meet it, it’s just that we can do so much and then we’re going to need some support from these other governmental agencies.”

CASE STUDIES

Corewell Health

(Grand Rapids, MI)

Corewell is a not-for-profit healthcare system operating in Michigan, headquartered in Grand Rapids, Michigan. With over 60,000 employees, Corewell is one of Michigan's largest employers. As a healthcare leader, Corewell has undertaken an ambitious plan to develop a 119 unit medical residency apartment building for first year residents. Michaels was procured by Corewell Health to serve as an Owner's Representative to help navigate challenges unique to multi-family housing.

Currently under construction, The Karl and Patricia Betz Resident Physician Living Center is a housing complex near Corewell Health's Grand Rapids medical campus that will ease the housing burden for resident and fellow physicians, helping them feel supported as they begin their careers and encouraging them to stay and practice in Michigan.

Corewell Health, although experienced in building hospitals, selected Michaels as its developer owner's representative because Michaels could offer expertise in attainable housing development. As the developer's owners representative, Michaels has primary responsibility and oversight for design management, safety, quality, schedule, cost control, contract negotiation, and management of general contractor and owner vendors, as well as procurement.



“

Residency is a critical phase of a physician's career, and finding housing can add immense stress. By addressing one of the most immediate challenges for residents and fellows, we are creating a smoother, more supportive experience to pave the way for a physician's life-long career in Michigan.”

-Candace Smith-King, M.D.
Vice President, Academic Affairs, Corewell Health

CASE STUDIES

Oliver Station

(Camden, NJ)

Oliver Station is a three-story, mixed-use community built on a long-unused parcel in Camden, NJ's Whitman Park neighborhood. The 60,000-square-foot, multi-use building will feature 47 apartments on the community's second and third floors and a 5,350-square-foot medical practice operated by Virtua Health on the ground floor.

The medical practice's patients, including Oliver Station residents, benefit from easier access to Virtua's extensive network of providers, including social workers, behavioral health clinicians, and other specialists.

The modern apartment-style homes at Oliver Station are designed for individuals 55-and-older and their families. Each apartment will contain living and dining areas, full kitchens with abundant cabinet space, full baths, and one to two bedrooms. The homes will also offer ample closets and Energy Star-rated appliances. The building will offer on-site laundry facilities, as well as approximately 5,200 square feet of community space and property management and maintenance team workspace.

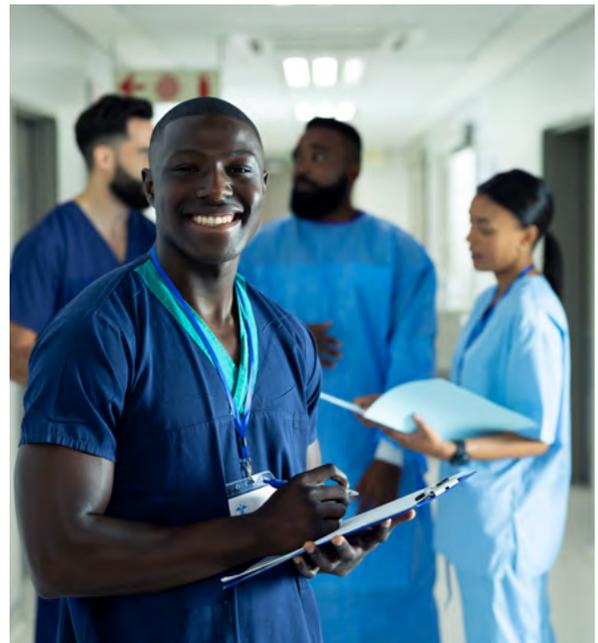


Oliver Station is the first community in South Jersey to pair medical offices and affordable homes through the New Jersey Housing and Mortgage Finance Agency's Hospital Partnership Subsidy Program. The program supports the construction of mixed-use communities near hospitals – creating safe, stable housing with convenient access to health care services. Through this program, the agency matches funding contributions from participating hospitals. Virtua pledged \$4 million in support of Oliver Station.



The lack of attainable housing for healthcare workers is a complex crisis with far-reaching impacts on individuals, healthcare systems, and communities. However, innovative partnerships between healthcare organizations and housing developers offer a promising path forward. By combining the resources, expertise, and mission-driven focus of both sectors, these collaborations can create targeted housing solutions that support both worker well-being and community health.

Ensuring that healthcare workers can afford to live in the communities they serve is essential for maintaining strong, resilient healthcare systems and healthy communities for all. In addition, healthcare systems committed to helping their employees also benefit from the “culture of caring” about their workforce.



The time for action is now. By addressing the attainable housing crisis for healthcare workers, we can strengthen our healthcare workforce, improve community health outcomes, and build more equitable and vibrant communities for generations to come.

Learn more from Michaels' experts about how we can help your healthcare organization address workforce housing challenges.

CONTACT:

Milton Pratt Executive Vice President, Development

E: mpratt@tmo.com

Laura Zaner Vice President, Marketing

E: lzaner@tmo.com

The Michaels Organization



Michaels

COMMUNITIES THAT *lift* LIVES

THE Michaels ORGANIZATION

DEVELOPMENT | MANAGEMENT | CONSTRUCTION | INVESTMENT

P.O. Box 90708, Camden, NJ 08101 | 856 596 0500 | www.TMO.com