



ESG and Senior Housing:

Leading the Way in
Sustainable and
Responsible Real Estate

WHITE PAPER

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INTRODUCTION

Environmental, Social, and Governance (ESG) criteria have emerged as essential factors in assessing the sustainability and ethical impact of investments across various industries. In the realm of real estate, the senior housing sector stands out as a prime example of how these principles can be effectively integrated. Remarkably, senior housing has been ahead of the curve in adopting ESG principles, even before the term gained widespread recognition. This white paper explores how the senior housing sector aligns with ESG principles and highlights its proactive stance in fostering sustainable and socially responsible environments.

UNDERSTANDING ESG

ESG refers to a set of criteria used to evaluate a company's operations and its impact on society and the environment. According to McKinsey & Co.'s 2023 ESG Report, ESG investing seeks positive returns and long-term impact on society, the environment, and business performance. The three core components of ESG are:

- **Environmental (E):** This criterion focuses on a company's environmental impact, including energy consumption, waste management, resource utilization, and carbon footprint.
- **Social (S):** This criterion examines how a company manages relationships with employees, suppliers, customers, and communities. It encompasses labor practices, diversity and inclusion, and community engagement.
- **Governance (G):** This criterion involves the internal practices and policies a company uses to govern itself, including leadership, executive pay, audits, internal controls, and shareholder rights.

SENIOR HOUSING & ESG:

A Natural Alignment

The senior housing sector has long embraced principles that align with ESG criteria, demonstrating leadership in sustainable and socially responsible practices.

Environmental Initiatives

Sustainable Building Practices: Senior housing facilities have historically integrated sustainable building practices, focusing on energy efficiency, water conservation, and the use of renewable energy. These efforts reduce environmental impact and promote long-term sustainability. For example, many senior housing operators invest in energy-efficient systems, green building materials, and sustainable landscaping.

Biophilic Design: Biophilic design, which aims to connect residents with nature, is another trend that has long supported environmental and social well-being. By incorporating natural elements such as indoor plants, natural light, and outdoor gardens, senior housing facilities can improve residents' mental and physical health. This design philosophy not only enhances the living experience but also aligns with ESG principles by promoting a healthier environment.

Social Initiatives

Quality of Life: Senior housing inherently focuses on improving the quality of life for its residents. This includes providing safe, comfortable, and supportive living environments. High standards for healthcare, recreational activities, and social engagement are integral to the sector, directly contributing to the well-being of residents.

Inclusive Hiring and Workforce Development: The senior housing sector has demonstrated a commitment to diversity and inclusion, often leading the way in equitable hiring practices. Many senior housing operators prioritize inclusive hiring, ensuring diverse representation within their workforce. Additionally, initiatives such as competitive compensation, benefits packages, and professional development programs help attract and retain top talent.

Community Engagement: Senior housing communities are deeply embedded in their local environments, often engaging in community events, volunteer efforts, and partnerships with local organizations. These activities foster strong community ties and enhance social capital, benefiting both residents and the broader community.

Governance Initiatives

Ethical Management: Strong governance practices are crucial in senior housing, ensuring transparency, accountability, and compliance with regulatory standards. Ethical management practices include transparent reporting, responsible financial management, and adherence to high standards of care and service.

Resident and Employee Voices: Incorporating the voices of residents and employees in decision-making processes is a hallmark of good governance in senior housing. Many senior housing communities have resident councils or advisory committees that provide feedback to management, ensuring that the needs and preferences of residents are considered. Similarly, employee feedback mechanisms contribute to a positive and responsive workplace culture.

CONCLUSIONS

The senior housing sector's alignment with ESG principles underscores its role as a leader in sustainable and socially responsible real estate. Through initiatives in sustainable building, biophilic design, inclusive hiring, community engagement, and robust governance, senior housing operators have demonstrated a long-standing commitment to ESG values. As demand for safer, healthier, and more equitable living environments continues to grow, the senior housing sector's proactive stance on ESG will remain a key driver of its success and appeal. By staying ahead of the curve on ESG, senior housing not only meets the evolving expectations of residents and investors but also contributes to a more sustainable and socially responsible future.

N21 GROUP LLC

Elevating ESG in Senior Living

N21 Group LLC, a privately-owned company, is a pioneering force in the senior housing sector, exemplifying a commitment to ESG principles while introducing innovative, faith-based communities. Focused on the development of Assisted Living, Memory Care, and Independent Living facilities, N21 Group is involved in the entire life cycle of each project—from initial conceptualization through development, lease-up, and stabilization. This comprehensive approach ensures the creation of high-quality assets and enhances value across all projects.

N21 Group is dedicated to de-institutionalizing the senior housing market, delivering the highest quality experience for residents. By integrating senior housing projects within church settings, N21 is fostering environments that transcend traditional senior living facilities. This unique approach not only caters to the immediate needs of communities but also establishes a powerful differentiator, positioning N21 projects at the forefront of innovation in the senior housing sector.

N21's faith-based senior living communities offer a holistic approach to care, emphasizing physical, emotional, and spiritual well-being. This model ensures that residents receive comprehensive support, fostering a sense of community and belonging. The integration of faith-based principles in daily operations enhances the overall living experience, setting a new standard for senior housing.

N21 Group stands as a pioneer in the senior housing industry, disrupting traditional models and delivering exceptional value and returns. By embracing ESG principles and integrating faith-based living, N21 ensures unmatched satisfaction for residents, families, and stakeholders. This innovative approach not only enhances the quality of life for residents but also sets a new benchmark for sustainable and socially responsible senior housing.

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