



Chancery Monthly

March 2020 (Issue No.28)

INDUSTRY INSIGHTS

Tech, Development Trends Help Bridge Middle-Market Senior Housing Gap

By Chuck Sudo

While the senior living industry grapples with how to meet the massive future demand for middle-market senior housing expected to grow over the next decade, the present is less grim than the past for seniors navigating their housing options, particularly in urban environments.

Technology has made it possible for seniors to have meals and groceries delivered to their doorsteps. Ridesharing platforms such as Uber and Lyft can ferry seniors door-to-door. And wireless technology has made communication easier than it was a decade prior.

This allows younger seniors to remain active and age in place longer in traditional multifamily stock, holding off the transition to senior housing, according to Condor Partners Partner Michael McLean, Jr.

“The world is better for middle-income seniors than it ever has been,” he said during an event Thursday hosted by real estate news and events company Bisnow. That said, McLean’s company is focused on developing market-rate communities, and he sees very real impediments to building middle-market senior living communities.

The issue with building more senior housing — especially middle-market product — is its difficulty to finance. Land, materials and construction labor costs continue to rise, putting added pressure on development pro formas. And that is in addition to the understanding that building senior housing is already more expensive, because of its extensive service component.



Unless a senior housing development is subsidized through financing mechanisms such as low-income housing tax credits, most developers and operators need to build market-rate housing, in order to make their numbers work.

Moving toward urbanization

As private-sector companies puzzle through the middle-market dilemma, they may want to learn from or even partner with public sector organizations that are already serving this demographic.

In Chicago, the Chicago Housing Authority (CHA) partnered with Evergreen Real Estate to build co-located senior apartments atop new Chicago Public Library branches. The two organizations are also working together on an innovative senior living community in a defunct hospital. In total, CHA owns and operates 59 affordable senior communities in the Second City, and the majority of residents are middle-class seniors, Chief Development Officer Ann McKenzie said.

Financial returns on middle-market senior housing may not be as lucrative as in high-end private pay senior living, but the bigger impediment for public-private partnerships might be the complexity of these projects. For the hospital adaptive reuse effort, CHA and Evergreen had to go so far as to have a state law changed, in order to build independent living and supportive living units under the same roof. Still, these efforts suggest a path forward for senior living at a lower price point.

CHA's senior communities serve as an alternative to pricier independent living or active adult communities, in part because they have found ways to operate on leaner staffing models. The agency has an ambassador program where active seniors receive discounts on rents in exchange for organizing activities at a building and monitoring neighbors who may need help with their daily routines.

Urban markets provide a greater density of, and access to, employees that utilize public transportation to get to and from jobs. This extends to suburbs bordering a major city's limits.

Access to public transportation is also important with residents, who place a priority on access to Chicago's "L" system and particularly its bus routes when looking to move, McKenzie said.

That's because the surrounding neighborhoods serve as amenities for seniors in CHA communities.



“Who wants to have groceries delivered, when a [resident] can walk to a supermarket and pick up groceries to cook meals for them and their neighbors,” she said.

These perks of urban senior housing development extend beyond middle-market products, McLean pointed out. Older adults of all income levels are attracted to housing in communities where transportation and amenities are within walking distance. Developers and operators are coming around to this reality but have been slow to evolve the traditional senior living model, in his estimation.

“The vast majority of senior living is the same exact thing where you go to one building after another after another and it all looks very much the same. [Senior living has] been slow to catch up on many of the psychographic preferences that our aging community has — when you look at the data, [the preferences are] very similar to millennials,” he said.

Original Article:

<https://seniorhousingnews.com/2020/03/01/tech-development-trends-help-bridge-middle-market-senior-housing-gap/>

Project Update

Allandale Station Retirement Residence

Located in downtown Barrie, Allandale Station Retirement Residence offers independent supportive living and assisted living care options, including nursing services, nutritious meals, housekeeping, and planned activities. Below is the most recent update and pictures from the site.

- Allandale Station Retirement Residence opened, as scheduled, on October 1, 2019. The construction team continued to address minor deficiencies, but by the end of the year they had completed all of their work.
- Advances on our construction and lease-up financing with First National Financial LP are being processed monthly, without delay, allowing us to ensure all of our suppliers are paid in a timely fashion.
- The fourth quarter of 2019 was busy with residents moving in and settling into their new home. We also welcomed many familiar faces and visitors from the community who were excited to see our beautiful building first-hand.



- In October, we hosted a Fall Open House with seasonal treats and live entertainment. We had almost 100 attendees and secured new deposits as a result of the event. We also hosted “An Afternoon of Comedy” in November, which provided some comic relief ahead of the holiday season. The event gave some of our hot prospects an opportunity to return to the residence for another visit, which resulted in some new deposits. Our Christmas Celebration and Open House on December 13th welcomed many new prospects to Allandale Station where festive refreshments were enjoyed together with holiday entertainment, including a group of merry carolers. This final event of 2019 was a success and we were able to secure 8 new deposits before the year ended.
- In addition to our larger events, Allandale has hosted a number lunch and learns for various local groups and the hospital to further promote referrals from our community partners.
- By the end of October, Allandale Station had 44 occupied suites, with 57 residents. Allandale Station’s first month occupancy exceeded our expectations and the numbers continued to increase as the quarter moved forward. As of December 31st, the occupancy at Allandale Station was 74 occupied suites, with 91 residents.







Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over \$5 billion.

For more information about our company and projects, please visit www.chanceryseniors.com