



## Chancery Monthly

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### INDUSTRY INSIGHTS

## 4 Keys to Successful Senior Living Projects in Mixed-Use Developments

By Chuck Sudo

Senior housing as a component of mixed-use development is gaining in popularity with investors, developers and future residents alike. The trend is driven by the impending arrival of baby boomers to the senior living space and the broader shift from acute care to wellness and prevention, which is paving the way for more health-focused real estate to be integrated with traditional housing and retail.

But there are several factors for developers and providers to consider before deciding if senior housing should be a component of a mixed-use development. Here are some of the most important considerations to make before building a community within a community.

### Mitigating risk

Mixed-use reflects a broader move away from a single-use, suburban-based product and into a model more suited for dense urban environments. But it does come with a fair amount of risk.



Land, construction labor and materials costs are rising. U.S. non-residential construction starts, paced by mixed-use, increased 4% year-to-year in December 2018 and accounted for nearly 58% of total construction starts, according to the Census Bureau. In the face of such tight margins, a developer looking to build affordable senior living in a mixed-use development, for example, may find itself unable to get a community built. That is where subsidies such as tax credits and incentives become important tools to make a balance sheet work.

“Developers need to be able to leverage the kinds of federal resources a large city has access to,” Evergreen Real Estate Group President David Block told Senior Housing News. Chicago-based Evergreen has a specialty in developing and managing affordable senior apartments.

While it is not easy, it is possible to bring more affordable senior housing to mixed-use. Non-profit Senior Housing Assistance Group (SHAG) is creating senior living communities in two mixed-use centers in the Puget Sound area in the Pacific Northwest. SHAG has an “independent living light” operating model that saves on labor costs by leveraging partnerships with community organizations. Plans call for its mixed-use projects to also be mixed-income, offering rents at different price points.

This is a strategy that can make sense even for more traditional, upscale senior living communities that are part of mixed-use developments. Take Brightview West End, a Brightview Senior Living community that is part of Rockville Town Square in Rockville, Maryland. The top floor of the building has been designated as the “club level,” and offers exclusive amenities such as penthouse units and a concierge to handle transportation requests and the like — at a premium price point that helps offset the higher costs that inevitably come with urban development.



From an investor perspective, having the ability to integrate multiple uses provides risk diversification, should any one real estate product type struggle due to market headwinds. It also allows the development team to invest more in shared amenities that would otherwise be value engineered out of construction.

### Meeting consumer demand

Part of the risk mitigation is assessing the barriers to entry in a market for gaps between demand and supply, Structured Development Senior Director of Real Estate Development Jeff Berta told SHN. Chicago-based Structured found success building medical office buildings in a former industrial area of Chicago's Lincoln Park neighborhood after the area hospital, Children's Memorial, shut down in 2012. "We recognized there was a market we didn't know about," he said.

Market research is essential for providers to determine if there is lasting, sustainable demand for senior housing near a target site, Jewish Senior Living Group COO Michael Skaff told SHN. The San Francisco-based provider is undertaking a \$140 million expansion and renovation of its campus, including new affordable senior rentals and retail. "It is a trend that I can see rising, and also one that makes a lot of sense for the expensive San Francisco real estate market," he said.

Demand for senior housing in dense urban environments will grow moving forward. The coming wave of boomers have made it clear they want to live in walkable communities, preferably in 24-7 live/work/play environments. Even as new construction starts have contributed to low occupancy rates and oversupply, many urban markets with high barriers to entry urban centers remain under-supplied.



## Connecting to the surrounding community

The shared amenities within a mixed-use development are the foundation to creating a “community within a community,” Belmont Village Senior Living founder and CEO Patricia Will told SHN. Houston-based Belmont Village is actively developing senior living in mixed-use centers, including in Chicago’s Lincoln Park neighborhood.

Amenities such as high-traffic retail, fitness, courtyards and greenspace create destination locations within a mixed-use campus, for use by residents and outsiders alike, and lay the groundwork for true intergenerational living.

Central hubs should be designed with complementary programming in mind, Skaff said. Outpatient centers can co-exist with fitness and wellness centers, and continuing education programs.

Another way to become part of the larger community is to forge strategic partnerships with community groups and area businesses. This also helps to market a senior housing community to future residents.

However, as the senior living building opens its doors to the wider community, maintaining proper security measures for residents is paramount, Cynthia Shonaiya, principal at architecture firm Hord Coplan Macht, told SHN. In designing Brightview West End, she and her team had to pay special attention to the parking garage, for example, and install proper electronic locks and key fob entries.



## Adaptive reuse

The struggles endured by retail real estate are opportunities for senior living providers to fill a gap in mixed-use, Skaff said. Larger retail footprints may be demolished and redeveloped into senior housing.

In dense urban markets, this means retail can be redeveloped into senior housing at a larger scale. This has attracted interest from larger developers and health care real estate investment trusts (REITs).

Toledo, Ohio based REIT Welltower (NYSE: WELL) is redeveloping a former shopping center in Charlotte, North Carolina to include ambulatory care and multifamily. Welltower Chief Investment Officer Shankh Mitra told SHN that senior housing will become a greater component in future mixed-use projects.

Adaptive reuse offers the potential to keep costs down during construction, but it requires detailed planning as the process of converting to mixed-use means fighting what a building was originally built for, SAS Architects & Planners Partner Jim Moyer told SHN.

*Original Article*

<https://seniorhousingnews.com/2019/04/05/4-keys-to-successful-senior-living-projects-in-mixed-use-developments/>



## CORPORATE NEWS

April 22, Chancery's Chair Steve Suske and CEO Jessica Zhang visited Scarborough Finch campus of Yee Hong Center for Geriatric Care. Dr. Joseph Wong, Yee Hong's founder, Stephen Siu, President of Yee Hong Foundation and Melody Lo, Board Secretary of the Foundation accompanied Chancery team. Yee Hong and Chancery discussed at great length about future cooperation opportunities and proposed the idea of building seniors-friendly apartments. Both parties had strong confidence in the prospects for joint venture.



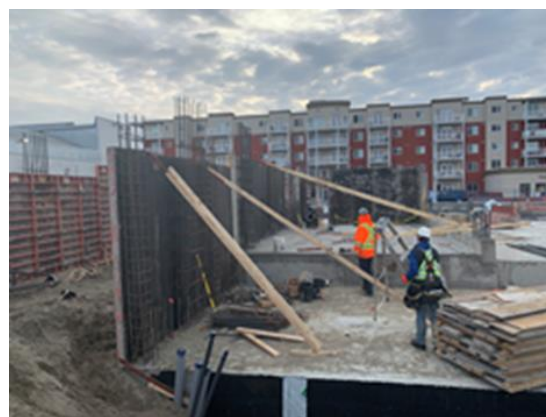
From left: Stephen Siu, President of Yee Hong Foundation; Steve Suske, Chancery's Chair; Melody Lo, Board Secretary of Yee Hong Foundation; Jessica Zhang, Chancery's CEO; and Dr. Joseph Wong, Founder of Yee Hong

## PROJECT UPDATE

### Stony Plain Project Update

*Stony Plain Active Adult Lifestyle Community is located just west of Edmonton, Alberta. When complete, the residence will be a 6-storey apartment building with 83 Active Adult Lifestyle Community suites. It will offer In-suite 24-hour emergency call systems, a recreation facility, housekeeping, laundry services, on-site management and maintenance. A main floor of commercial and retail space will provide residents with easy access to amenities such as a doctor's office, pharmacy, bistro or coffee shop.*

- We received the Full Building Permit in April 2019!
- The workers have started working on the walls and columns on the main floor and have also roughed in the drainage for the parkade.
- We have received and executed both the senior and mezzanine loan commitment letters and are now working on the PSA of the library with the Town of Stony Plain to clear the path for our first financing draw.
- 38 deposits for the suites have been received to date and the developer will continue with the open houses in the coming season.





## Surprise Project Update

*Chancery is partnered with long time Suske Capital partner, Avenir Senior Living, in the development of this 32-bed geriatric behavioral hospital in Surprise, Arizona.*

*The Surprise Behavioral Hospital will benefit from its proximity to Surprise Memory Care, which is located on the adjacent land. The Surprise Memory Care community will provide referrals to the hospital, and the hospital will allow for higher level of care for the existing residents of Surprise Memory Care.*

Since January 2019:

- Chancery conducted a successful site tour on February 27, 2019 with some of our investors.
- The hospital held a Ribbon Cutting Ceremony with over 80 guests including the Mayor of Surprise on March 20, 2019!
- The Surveyor completed site inspection on April 9.
- The behavioral hospital received Medicare license on April 23, 2019.







## UPCOMING PROJECT

The Middleton Seniors Apartments, Bradford, ON

### Project Summary

- Located in downtown Bradford, Ontario, in vicinity of a large retail plaza and the Bradford Community Center, only 5 minutes drive to Bradford Medical Center
- Designed to provide seniors with accommodation in a secure environment with access to a host of services
- 2.07 acres of development land, a 122-suite seniors apartment building with a geriatric emergency clinic on the first floor
- Construction expected to start in Summer 2019, and Opening in Spring 2021



*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](http://www.chanceryseniors.com)*