



# CAMBRIDGE

Realty Capital Companies

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## PRESS RELEASE

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### SENIOR HOUSING DEVELOPERS LOOKING TO CONVERT HOTELS AND OTHER BUILDING TYPES TO MEET GROWING DEMAND FOR SENIOR HOUSING

To help house the growing number of baby boomers reaching retirement age, senior living providers continue to look for new ways to meet projected demand.

A PulsePoints blog post on the Cambridge Realty Capital Companies website, [www.cambridgecap.com](http://www.cambridgecap.com), suggests the conversion of other building types to senior housing is on the minds of some astute senior housing development professionals.

Every day in the U.S., more than 10,000 baby boomers retire. Cambridge Chairman Jeffrey Davis says building new properties is the obvious way to address the growing demand for senior housing, and new construction activity is expected to pick up now that the extreme winter weather conditions that most of the country experienced are behind us. But there are other options.

Davis says Cambridge is one of the nation's leading senior housing/healthcare lending specialists. Although the conversion process can be costly, this approach will make perfect sense for some senior living providers, he believes.

"When it comes to the types of buildings providers are exploring, defunct hotel buildings are often at the top of the list," he points out.

In the past, Davis says senior living providers have looked to the hospitality industry for ideas on amenities and other unique offerings they might adapt and use in their facilities. So it should come as no surprise that many senior housing developers are exploring opportunities with hotels as well.

He acknowledges that while the process of converting a defunct hotel into a senior living community may sound easy, there are substantive challenges that must be overcome for this to happen.

Davis says the most common challenge senior living providers face with a hotel conversion is satisfying the many different codes and regulations that apply to senior housing. For example, local regulations might call for ceilings to be at least a certain height and corridors and hallways to be at least a certain width. Also, mechanical, electrical, plumbing and fire protections systems must have certain capabilities and rooms may need to be a certain size.

In some states, multi-story assisted living facilities must be made with non-combustible materials like metal studs. However, in other states, this may not be necessary and wooden studs can be used instead.

"Obviously, before embarking on a hotel conversion project, it's important for the developer to be up to speed on all the applicable code and regulations that must be satisfied and factored into the cost of the project," Davis noted.

"Generally speaking, it's easier to convert hotels into independent living facilities because they don't have as many requirements as assisted living. Other factors to consider include the cost of adding additional amenities to the building after it has been converted," he said, adding:

"While the cost of converting a hotel into a senior housing community can be significant, it can be worth it if there is significant demand for senior housing in the area and the provider can charge rates that are high enough to generate strong revenues."

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading nursing home, [assisted living](#) and healthcare debt and equity capital providers, with more than 400 closed transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD LEAN) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions and joint ventures, sale/leasebacks, conventional and mezzanine debt financing, and the acquisition of distressed debt.

Cambridge is the creator of *The Signature Experience(TM)*, a four-step process designed to transform the traditional lender/borrower relationship and identify "ideal" capital solutions for worthy projects. The company has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly e-PULSE!(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients, as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, [www.cambridgecap.com](http://www.cambridgecap.com), and Cambridge can be reached at [\(312\) 357-1601](tel:3123571601) or via e-mail to [info@cambridgecap.com](mailto:info@cambridgecap.com).

The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap> , via Facebook at <http://www.facebook.com/cambridgecap>, via blog at [www.cambridgecap.com/blog](http://www.cambridgecap.com/blog), via YouTube at <http://www.youtube.com/user/ePulseLive>, and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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