



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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WHAT'S KEEPING SENIOR HOUSING OWNERS UP AT NIGHT?

In a changing world, senior housing/healthcare owners and operators have plenty to toss and turn about on sleepless winter nights. Or, for that matter, on nights that fall at any other time of year.

Cambridge Realty Capital Chairman Jeffrey A. Davis says a changing of the political guard at the White House always brings uncertainties. But this time around, we appear to be dealing with a course correction unlike any that has gone before.

Cambridge is one of the nation's leading senior housing/healthcare lenders and one of the top FHA-approved HUD lenders in the country. The company has closed senior housing/healthcare loans totaling more than \$5 billion.

"It looks like fundamental disagreements regarding the best way to care for the nation's aging population - and what the government's role should be - will be with us for the foreseeable future," he noted.

Other things that might keep owner/operators up at night are rising interest rates, local and national minimum wage hikes, and issues related to government regulations, he said.

"Assisted living owners, especially for higher-end private pay buildings, will not find rising wages to be a major issue. But the same cannot be said for buildings in lower demographic areas and third-party payors buildings, and more affordable buildings where an increase in the minimum wage might provide some cause for concern."

If anything, Mr. Davis says government regulations are becoming less cumbersome, not more. But there's this: AARP, the nation's largest lobby for senior citizens, is opposing Republican proposals to transform Medicaid into a state block grant program. The concern is that this could cause hardships for low-income seniors, including those in senior care dwellings.

AARP argues that moving from the current Medicaid structure to a block grant, which gives the state a fixed amount, could shift costs to states and their taxpayers. The fear is that as seniors age, the rising needs of the chronically ill and those with some form of dementia will make it difficult for some states to meet increased Medicaid costs.

The AARP group also expressed concerns about per-capita caps, which provide a fixed amount of federal funding per person but allow for growth in Medicaid rolls. But it's unclear how Congress would determine the baseline amount of the caps for individuals in each state, Mr. Davis said.

In a letter to House lawmakers, AARP indicated it was concerned about how the caps would be created for children, adults and seniors. And it was especially concerned about setting caps at a time when pre-beneficiary spending for poor seniors is likely to increase in future years as the baby boomer generation ages.

Mr. Davis points out that opposition from AARP comes as four Senate and House committees are starting to craft legislation for Obamacare, which expanded Medicaid in 32 states. Working through all this could prove to be a real nightmare, he observed.

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 senior housing and healthcare debt and equity capital providers, with more than 400 closed senior housing 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, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

Cambridge is the creator of *The Signature Experience*[™], 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 Capital Wisdom(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, and Cambridge can be reached at (312) 357-1601 or via e-mail to 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 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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