



Jeffrey Davis

CEO and Founder

Cambridge Realty Capital Companies

In this Voices interview, Skilled Nursing News sits down with Cambridge Realty Capital Companies CEO and Founder Jeffrey Davis to learn how Cambridge helps SNFs become ideal government partners, and how SNFs can boost revenue to upgrade buildings.

Editor's note: This interview has been edited for length and clarity.

Cambridge Realty Capital Companies is one of the nation's leading nursing home, assisted living and health care debt and equity capital partners. To learn more about how Cambridge can help your operation, visit cambridgecap.com.

The Voices Series is a sponsored content program featuring leading executives discussing trends, topics and more shaping their industry in a question-and-answer format. For more information on Voices, please contact sales@agingmedia.com.

Q: Skilled Nursing News:
You founded
Cambridge in 1983.
What did you see
that led you to create
the company?

Jeffrey Davis: I founded the company before we started to do what we have been doing the last 25 years or so. I just felt that I wanted to be in a company that did not have internal conflicts, and if there was an opportunity; I wanted to attack it. If there was not an opportunity, I wanted to continue working in the way I was. I just thought there were lots of opportunities and I wanted to do it the way I wanted to do it. That was the reason rather than getting involved in a bureaucratic structure.

Q: Skilled Nursing News:
Tell us then about
Cambridge. What
is the company's
philosophy for
working with skilled
nursing providers
and operators?

Davis: I think most skilled nursing home providers view life similarly to how we view it. They are very entrepreneurial. What we try to do is help them figure out what their capital partner is looking for, whether for HUD or any other type of financing.

We focus on the terms and conditions of the loan. If you have different types of challenges going on, how do you address them? Skilled nursing providers are not always great at communicating their company mission, so we help them share their mission when appropriate. We are dealing with classic entrepreneurs and making sure they understand what their financing partner is looking for. That is how we look at it.



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Q: Skilled Nursing News:
One of your strongest
goals is to help SNF
operators become
the best possible
government partners
that they can be.
What are the top
two or three ways
in which Cambridge
helps SNFs become
those ideal partners?

Davis: We spend a lot of time helping them focus on and sharing the metrics that lenders look for. One of those ways you can do that is have a great financial team, which sometimes they do and sometimes they do not. That is where Cambridge steps in and helps them communicate. What is important to understand is that their challenges are not necessarily detrimental to what they are trying to accomplish. What is important is that you are paying attention to your challenges — that you are addressing them, realizing they are important and prioritizing them as such.

I would say a lot of what goes on is helping them prioritize and focus on what star rating means to lenders and a variety of these different types of ways you can address challenges and make sure they're smoothed out. You don't want them to be in a panic if you will. Make sure that you communicate in such a fashion that people know it is not your first rodeo — that you have done this before. Those are the ways we help people.

Q: Skilled Nursing News:
How does Cambridge encourage more dialogue and alignment between the government and SNFs?

Davis: I would say there are a lot of good resources out there for operators to use. We are big fans of AHCA (American Health Care Association) and how they communicate on behalf of operators. They did a great job through 2020. I think SNFs can learn a lot from them. That is the way that I think a lot of this alignment takes place: by working with the organizations here to boost a SNF's mission and goals. We encourage membership and encourage being active in the organization.

Q: Skilled Nursing News:
Going along with that, how does Cambridge help SNFs make reimbursement easier?

Davis: It is really just a function of knowing your numbers and realizing that each state has a different set of reimbursements. That is super important because every state runs their health care department differently. Because of that, building a relationship with the surveyors is very important, and we encourage that. SNFs should be transparent with their data. That's really what it's all about. Even though theoretically you are supposed to treat everybody the same, it doesn't work that way. I think trying to make your surveyor's job easier and helping them is definitely the way to go.

Q: Skilled Nursing News:
How does Cambridge create incentives for SNF owners to upgrade their buildings?

Davis: That's a very challenging question because historically most of the incentives for upgrading the buildings come with additional revenue that comes through some form of prior reimbursement that is in place. That is not the case in most matters today, because reimbursement doesn't really encourage a lot of upgrading or new construction. We therefore try to help operators figure out where this additional revenue can come from, or if there can be a strong case from AHCA for upgrading facilities. They should be very involved in the process.



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In a world without changing rates, that revenue has to come from increasing census, which operators can do by offering different programs in their buildings. We don't claim to know all the different programs that exist, but we do know that having different programs and being on great terms with your referral hospitals goes a long way with creating the revenue for the upgrades that you might need.

Q: Skilled Nursing News:
How does Cambridge help drive the creation of new buildings in markets that don't have them?

Davis: Our way of creating new buildings is by bringing the capital to the creation. We cannot decide if it is a good market or a bad market or need. There are different things that we need to do, including competition studies and market dynamics — things like that. The question is, if there is a real need in the market, how can you as a SNF operator communicate the need in such a way that whoever is part of the decision-making process will work in the same direction that you want to go in? You have to know how strong your competitors are, what vintage properties are there, and of course whether there truly is a market. That is the key to new construction.

Q: Skilled Nursing News:
2020 was a brutal year, but there's reason for hope in 2021. What makes you hopeful this year about the senior housing industry?

Davis: First of all, the demand for senior housing, and especially skilled nursing facilities, was strong before the pandemic hit. There is no reason it is not going to continue to be strong, because the need is based on aging and demographics. There is a strong need to support the baby boomers who are moving into this age group, as the average age of boomers is now 75.

Secondly, while yes, it was a brutal year, the vaccine is definitely having its impact and the COVID infections have significantly gone down. In that sense, hope is a function of how you, as an operator, communicate the changes you have made to address the pandemic and make your buildings a safe environment.

The restrictions that happened over the last six months came from both CDC as well as the state in which the facility is located. They were not focusing at all on the residents' needs to see their family, socialize in the facility, engage with their fellow residents and more. They were just trying to keep people healthy, and threw out the list of mental health that is highly important with senior housing facilities. I would say we need to focus on how you can make your building attractive because the demand will be there. The question is really where residents go.



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I think even nursing homes need to realize that they are not just caretakers — they're communicating and trying to create the kind of experiences that make a lot of sense to the family. I would say that how you really do your work gives hope to a lot of people.