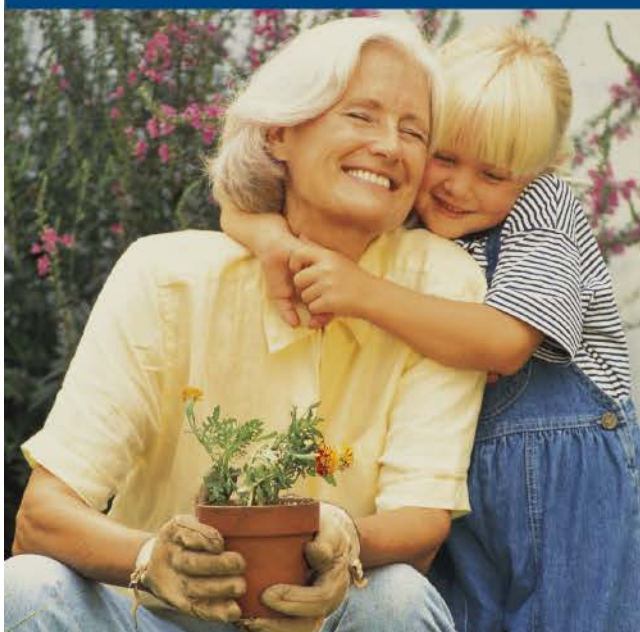




Changing Course for Redevelopment Success



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American Baptist Homes of the West (ABHOW)

Course Code: 115039D

Douglas Pancake Architects, Inc.

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Learning Objectives

At the end of this program, participants will be able to:

1. Implement design strategies into memory care environments that will compensate for residents missing cognitive skills and strengthen residents remaining skills.
2. Implement design and phasing strategies that will minimize the physical and emotional impact to residents living in a retirement community undergoing major building replacement projects.
3. Implement programming and design strategies in the creation of health and wellness programs for aging residents in a CCRC
4. Implement programming and design strategies in the creation of a cluster-design, household-model skilled nursing and rehabilitation therapy facility supporting new care delivery philosophy.

Agenda

- History of changes for redevelopment at Terraces at San Joaquin Gardens and lessons learned from the Operations perspective
- The Dynamic Funding Process from the CFO perspective
- The Changing Development Process from the VP of Development's perspective
- The Dynamic Design Process from the Architect's perspective

History/Original Plan

- Built in 4 phases starting in 1966 on 30 acres near a shopping mall and Fresno State College

Existing Buildings

Independent Living

174 Apartments

Memory Support

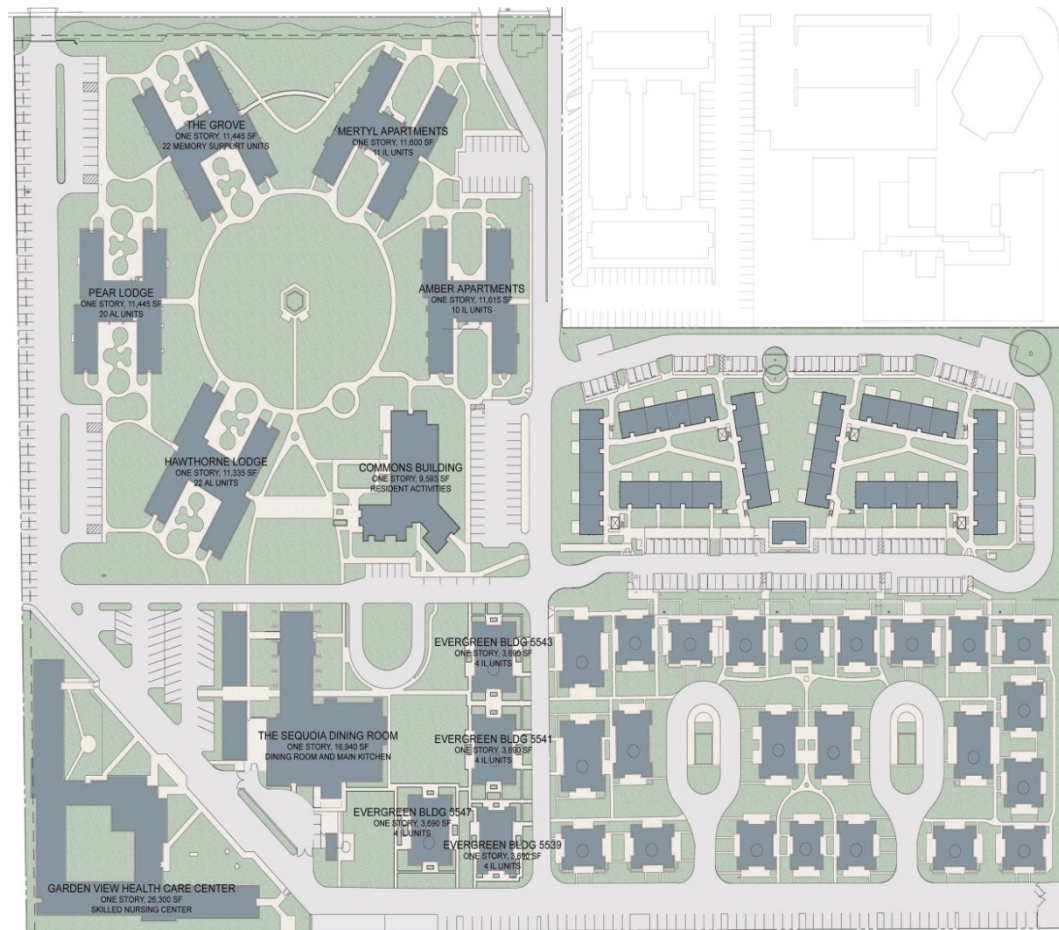
22 Apartments

Assisted Living

42 Apartments

Skilled Nursing

86 Beds



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Assessment of Redevelopment & Need

- 1998 Redevelopment Plan
- Poor entrance from Fresno St., minimal curb appeal
- 25 acre overgrown landscape, over one thousand mature trees, two landscape designs and deteriorating sidewalks
- West side of campus flooded during rain
- Building Issues
 - Old and outdated SNF, AL & Dining Rm.
- Program Issues
 - No Special Care Unit for memory loss
 - No Fitness Center for lifting weights
 - Swimming pool not heated



HAWTHORN LODGE

ED & VP Regional Manager Vision

- Vision Development
 - 1998 Redevelopment Plan Goals – 2000 recession
 - Do what you can with the resources you have
 - Landscape remedial plan – destination gardens
 - Flooding – 3 year fix
 - Fitness Center – Educate, share vision, raise money
 - Converted “H” building into a delayed egress AL special care unit for ALZ on a shoe string budget
 - Use combined experience and research to envision a picture of the future
 - Cruise ship services – Boomers and choices – multiple restaurants – spa services
 - What do I want in a SNF?
 - Private rooms
 - Home environment with kitchen, living room, dining room and fireplace
- Vision and Program drive design



Initial Funding Ideas

- Phase I financed with internal unrestricted cash from “capital reimbursements” from a 2006 financing
- Phase II would reimburse use of internal cash
- Community “spun out” of Obligated Group to seek financing
 - In Dec. 2006, Phase II financing projected to occur March 2008
 - Protect the core credit, non-recourse to the Obligated Group
 - Attract more capital than could be secured in Obligated Group
- Spin out still a strategy, but
 - Oct. 2011, Phase IIB financing projected to occur June 2012, smaller scope
 - To finance at affordable rates , need protection of core credit during construction.

Phase I

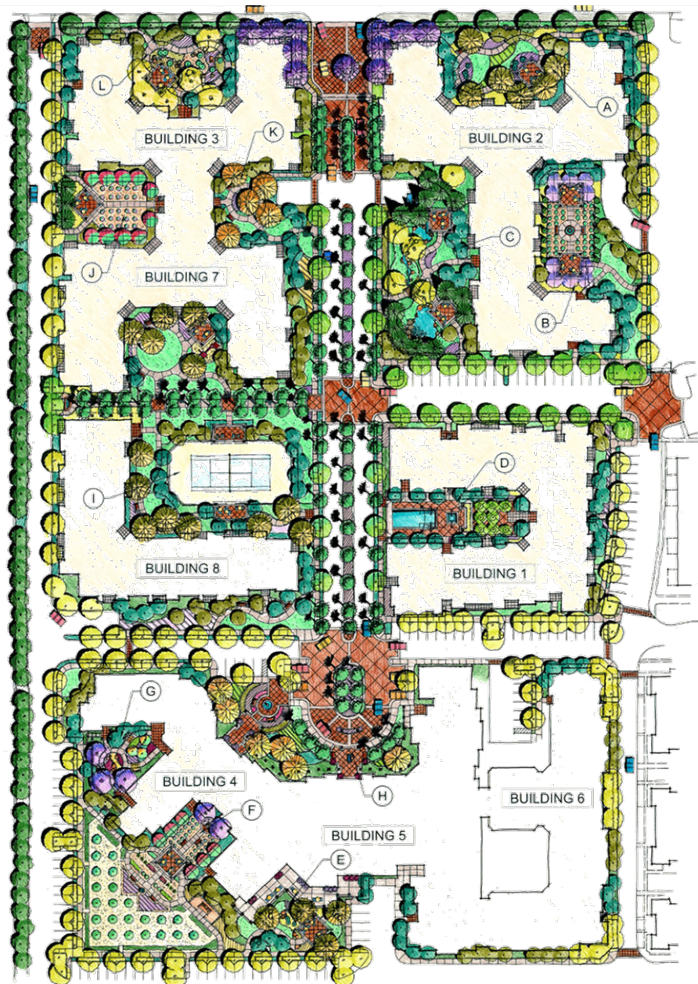
- Entitlement process for other two projects using 2006 borrowing delayed
 - Carved out \$23 million of \$48 million available restricted funds to use in “friendly” development environment
 - Initial entrance fees not required for debt pay-down
 - Created tremendous flexibility

Initial Redevelopment Design (Original Redevelopment Plan)

- When developing Master Plan, strive to relocate a resident no more than once



Initial Landscape Plan



A. ELM COURT

Theme Tree - Evergreen Elm
Passive Curvilinear Walkways
Benches
Covered Seating Pavilion
Flowering Shrubs and Vines
Butterfly Garden

B. CYPRESS COURT

Theme Tree - Italian Cypress
Formal Rose garden
Benches
(2) Covered Seating Pavilions
Flowering Shrubs and Vines
Fountain / Water Feature

C. REDWOOD COURT

Theme Tree - California Redwood (cultivar)
Passive Curvilinear Walkways
Benches
(2) Covered Seating Pavilions
Flowering Shrubs and Vines
Boulder / Waterfall Fountain Feature and Pond

D. MAGNOLIA COURT

Theme Tree - Southern Magnolia (cultivar)
Swimming Pool and Spa (partially covered)
Multi-Purpose Activity Terrace
Flowering Shrubs and Vines

E. OAK COURT

Theme Tree - Holly Oak
Passive Curvilinear Walkways
Benches
Covered Seating Pavilion
Flowering Shrubs and Vines
Contemplative Boulder / Rock Garden

F. MYRTLE COURT

Theme Tree - Crape Myrtle
Cut Flower / Vegetable Garden
Benches
Covered Seating Pavilion
Fountain / Water Feature
Flowering Shrubs and Vines
Citrus / Stone Fruit Orchard (semi-dwarf varieties)
(2) Tool Sheds

G. MAPLE COURT

Theme Tree - Japanese Maple
Alzheimer Sensory Garden
Benches
Looped Walking Course
Flowering Shrubs and Vines
Butterfly / Hummingbird Garden

H. TULIP COURT

Theme Tree - Tulip Tree
Benches
Fountain / Water Feature
Flowering Shrubs and Vines

I. ALDER COURT

Theme Tree - White Alder
Passive Curvilinear Walkways
Benches
(3) Covered Seating Pavilion
Flowering Shrubs and Vines
Tennis Court
Open Lawn Areas
Inter-generational Tot-Lot Area
Fountain / Water Feature

J. CEDAR COURT

Theme Tree - Deodar Cedar
Formal Rose garden
Covered Seating Pavilion
Flowering Shrubs and Vines
Bird Garden

K. SWEET GUM COURT

Theme Tree - Liquidambar (cultivar)
Passive Curvilinear Walkways
Benches
Flowering Shrubs and Vines
Butterfly / Hummingbird Garden

L. PALO VERDE COURT

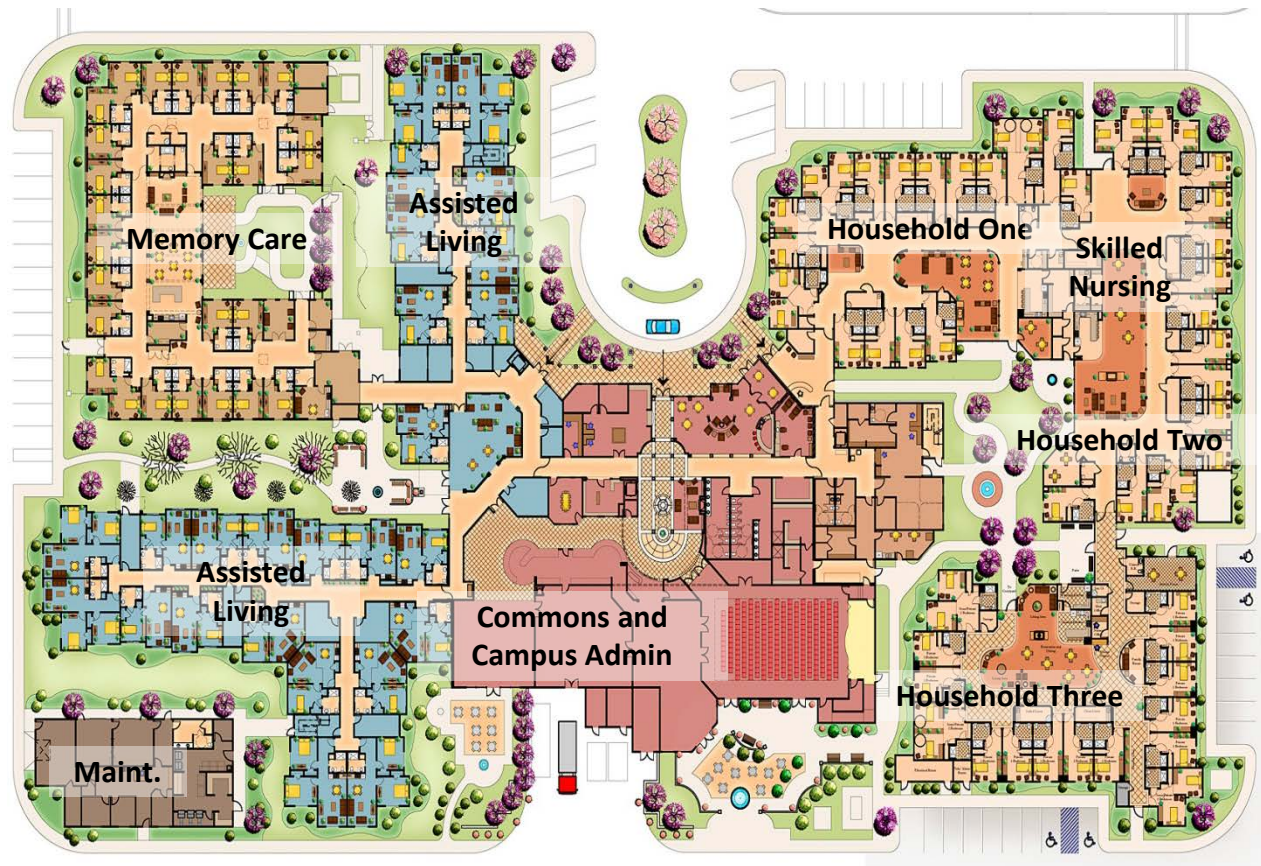
Theme Tree - Palo verde
Passive Curvilinear Walkways
Benches
Covered Seating Pavilion
Flowering Shrubs and Succulents
Contemplative Boulder / Rock Garden



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Site Plan Impacted by Innovation

- Design evolves to reflect changing care model
 - Incorporation of household model care center



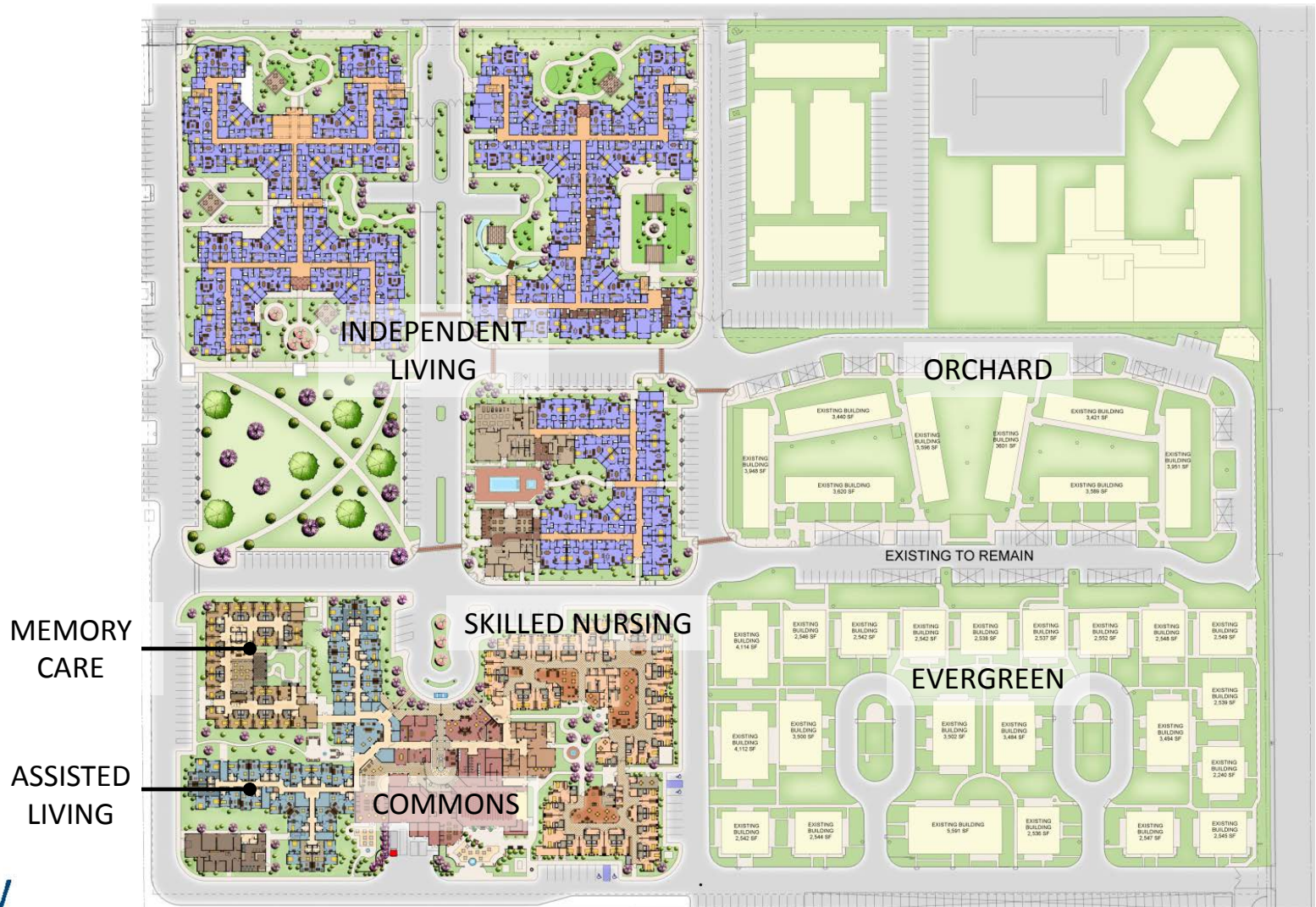
Household Skilled Nursing Design

- Design changes to reflect changing care model
 - Innovative design for SNF based upon the household model.
 - The first all cluster design/household SNF model in CA
 - Regulatory hurdle
 - OSHPD approved – success story



REVISED SNF HOUSEHOLD PLAN

Revised Site Plan



Phase II Construction

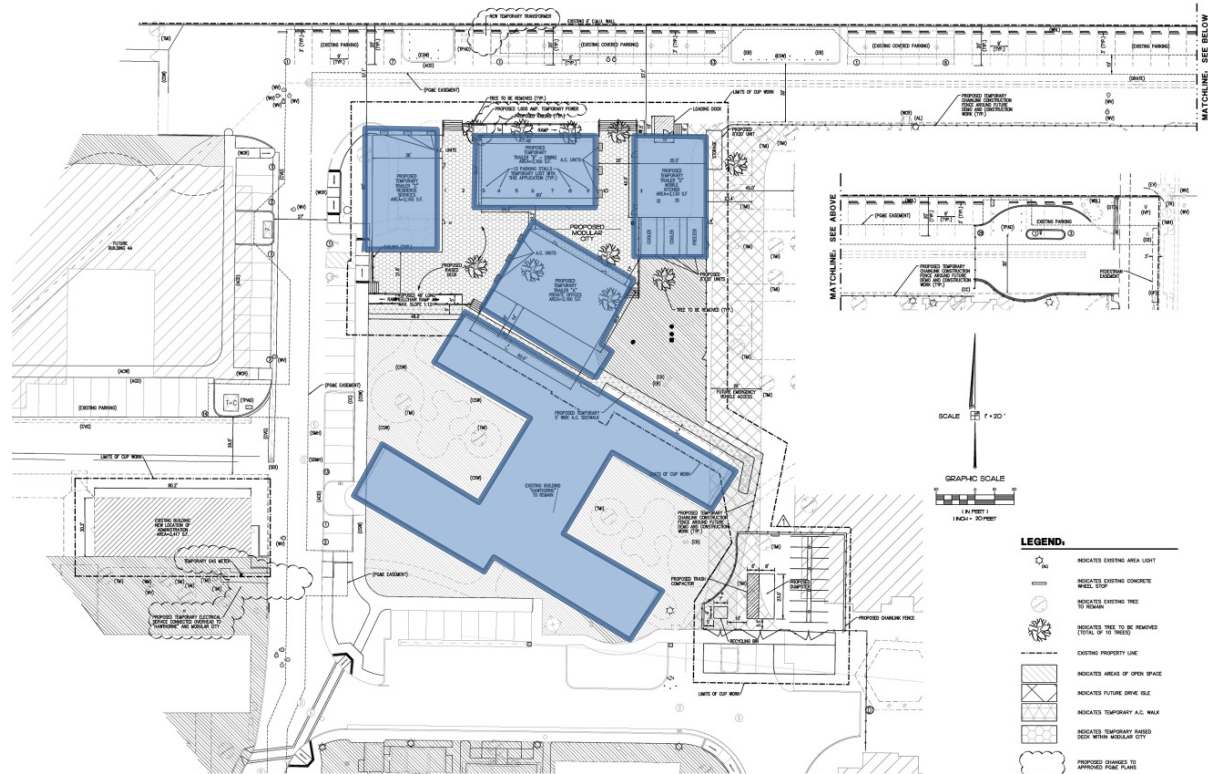
- Keeping operation functions running
 - Offsetting regulatory requirements imposed on existing buildings
 - Postponing the existing Health Center generator upgrade
 - Using the emergency generator specified for Bldg. 6 for the existing Health Center
 - Temporary trailers vs. outfitting temporary space

Site plan for the San Joaquin Gardens Commons project. The plan shows several buildings: a large red building on the left, a green building at the top center, a blue building in the center, and several green buildings on the right. A red building is also at the bottom center. The plan includes parking areas, landscaping, and various annotations. A blue circle highlights a specific area in the center. The plan is oriented with North at the top. A matchline is shown at the bottom.

- 

Phase II Construction

- Develop a trailer city where no other accommodations are available
- Temporary location with convenient and safe access
- Build inviting outdoor gathering space

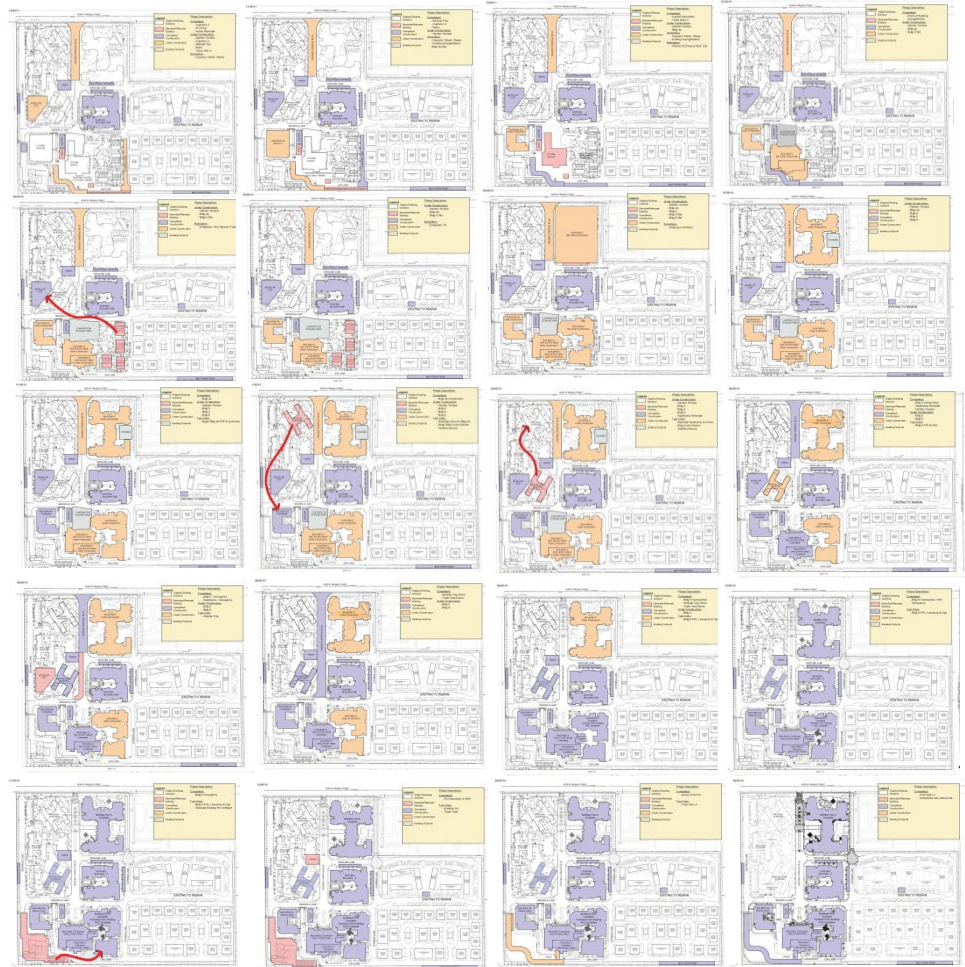


Phase II Construction

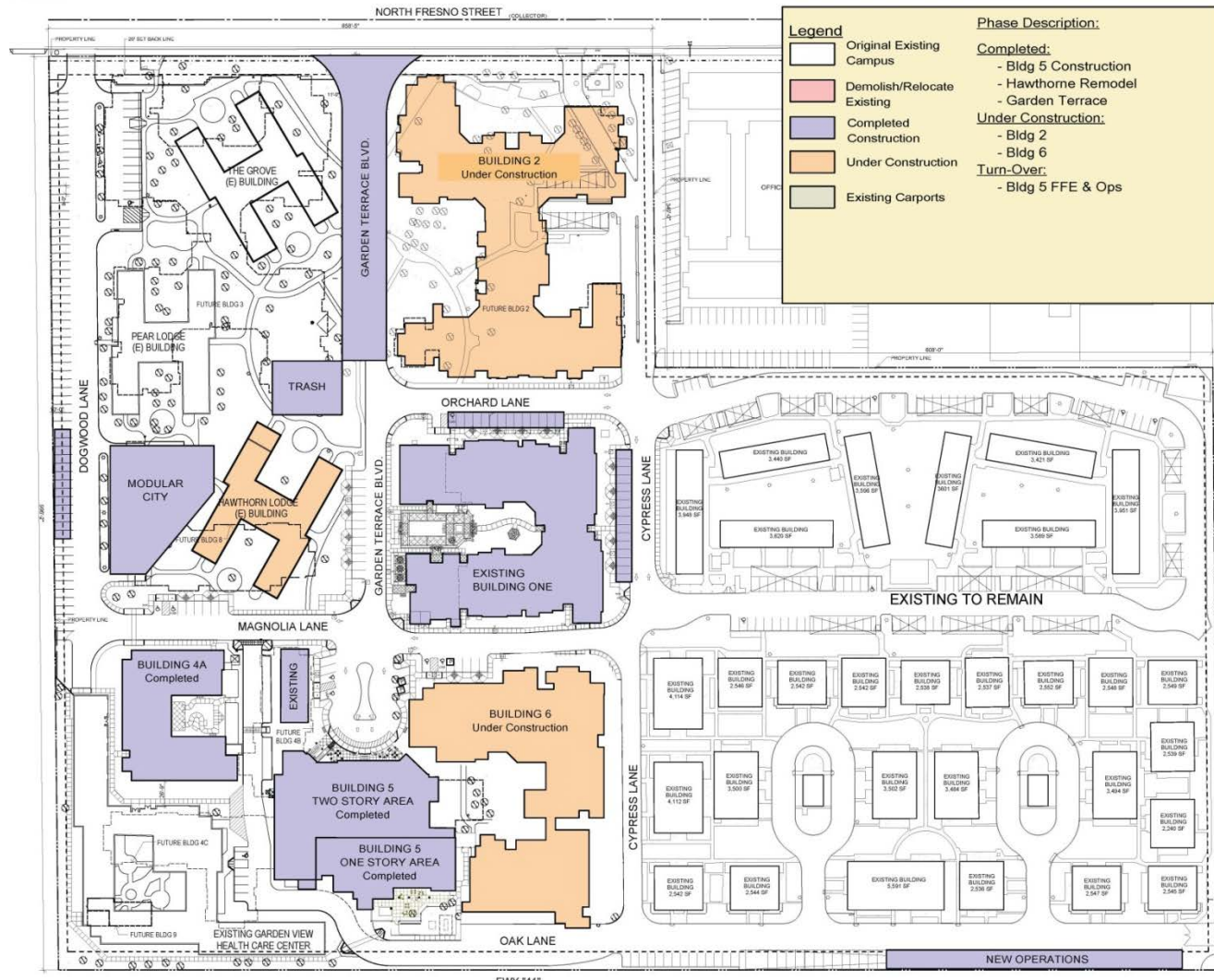
- Existing building approvals can be impacted with temporary building conditions
 - Preserve originally permitted allowable building limits
 - Additional protection required by Fresno Fire Department: Noncombustible north wall
 - Systems required now but not after final site infrastructure is completed
- Use green building options to offset required city mitigations
 - Achieving Fresno Green Certification mitigated some of the requirements in meeting our entitlements responsibilities
- Don't underestimate the volume of details

Construction Sequencing Matrix

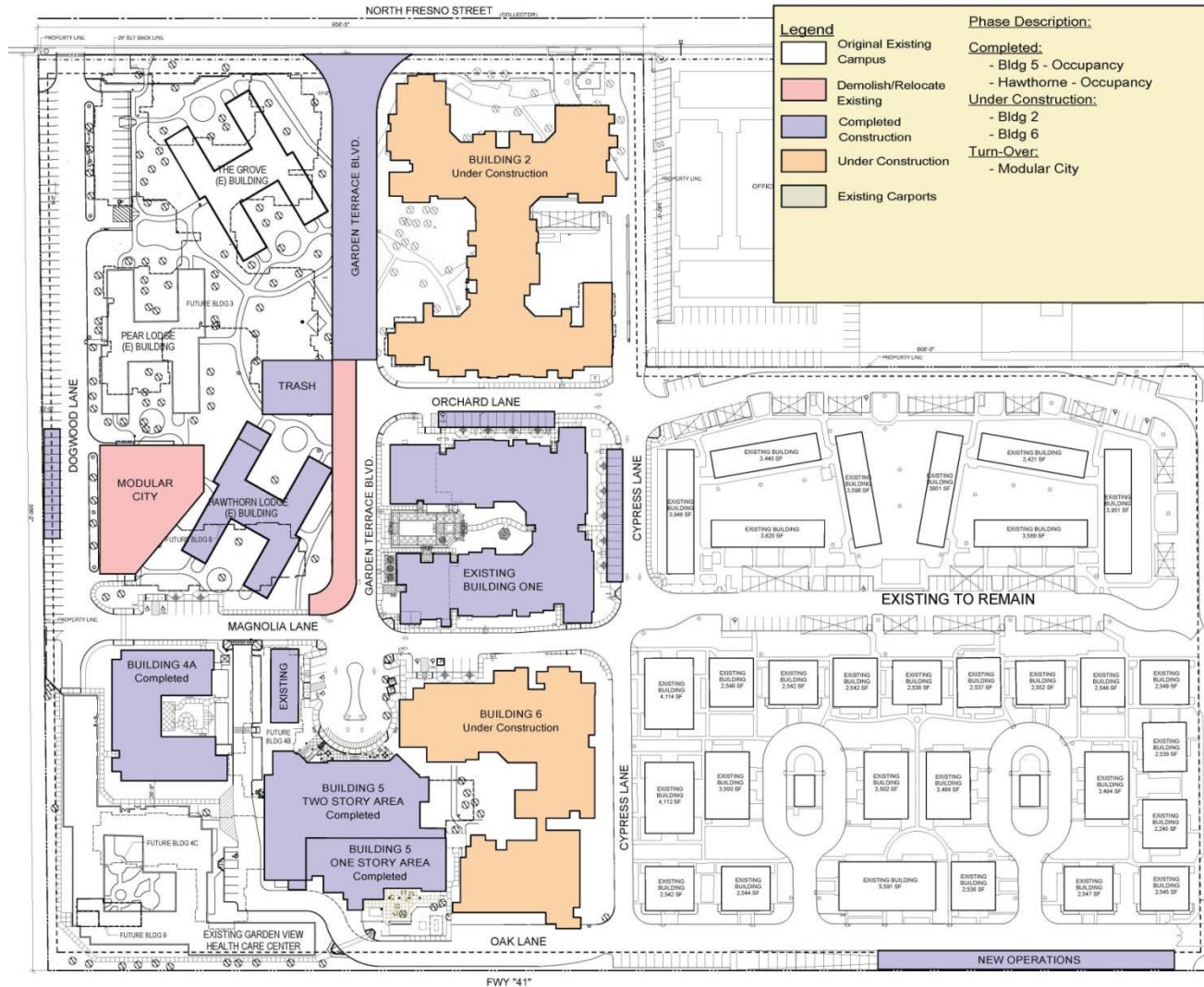
- To assure complete scoping of required work on a complex project prepare a site-plan based sequencing plan
- Develop with substantial input from architect, contractor and operations staff
- Review edited plan with all stakeholders after each major revision – you'll be surprised at what you didn't think of!



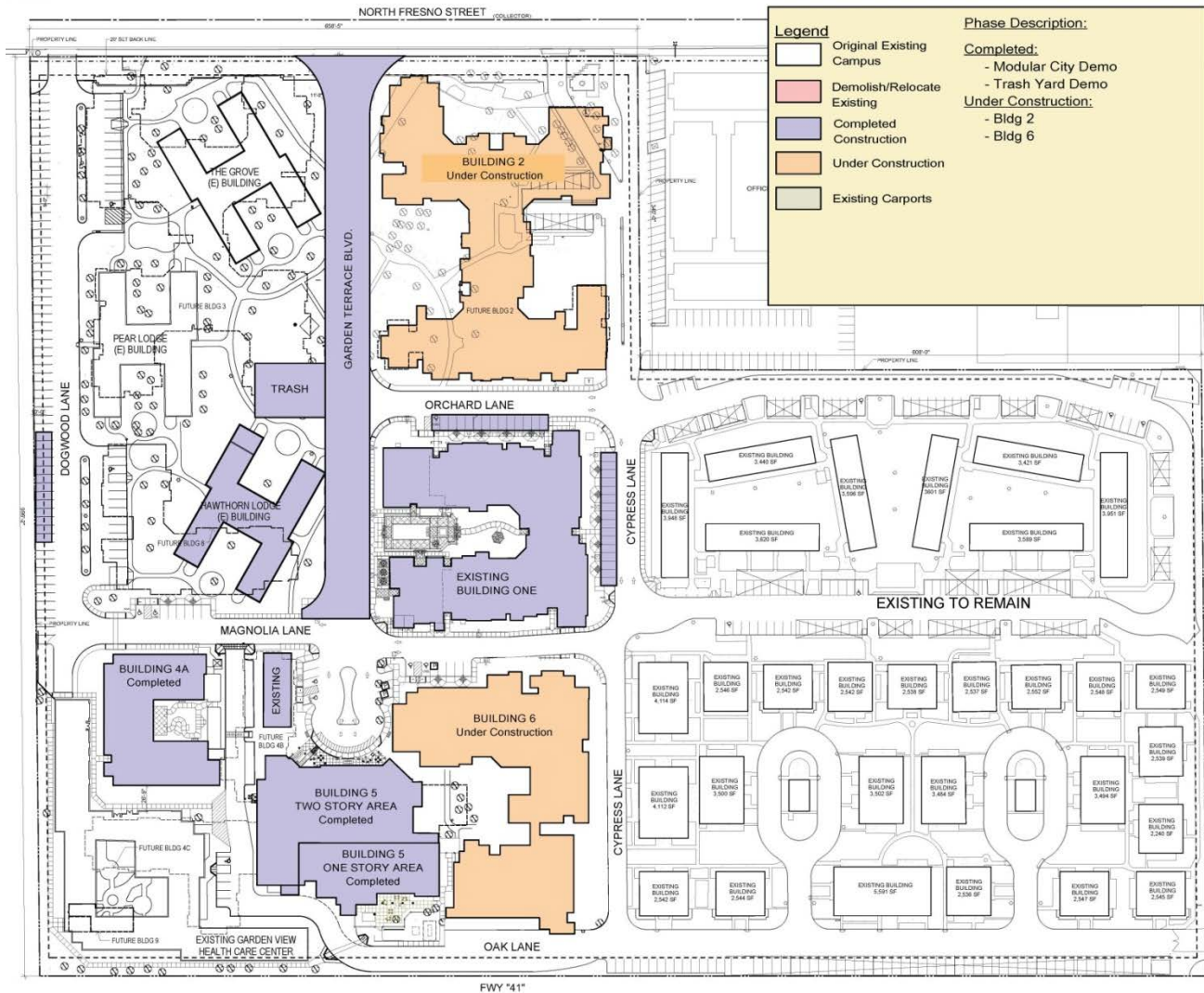
Construction Sequencing



Construction Sequencing

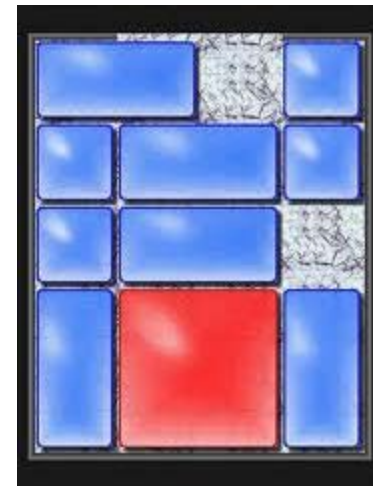


Construction Sequencing



Initial Redevelopment Design (Original Redevelopment Plan)

- Campus operation financially positive and full
- How do you initialize redevelopment without significantly impacting your existing revenue stream?
 - Chicklet puzzle solution



Phase I

- Provide campus amenities with the first delivery so the current residents benefit early













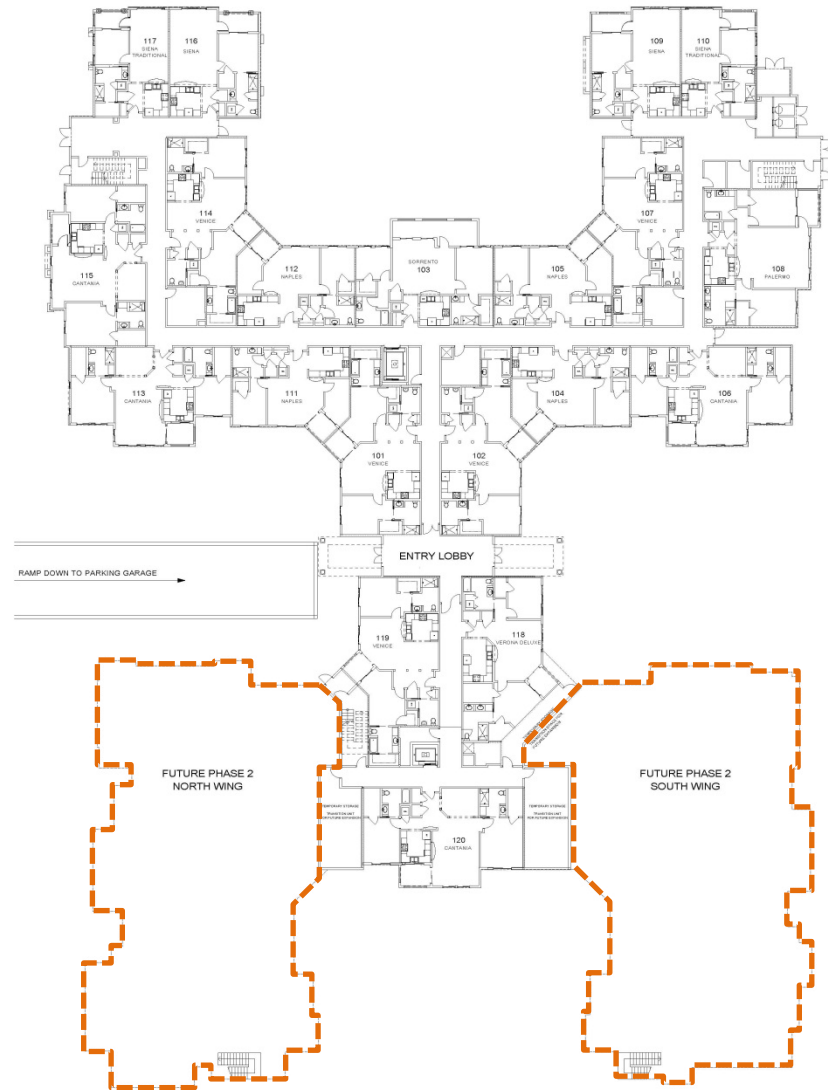
Phase II: Exploring Alternatives to Achieve Financing

- In slow sales environment, explore whether reducing the number of apartments by breaking up phases or buildings might shorten time to a financeable project



Phase II: Exploring Alternatives

- Scaled back Independent Living
 - Unit Count Reduced in Bldg. 3

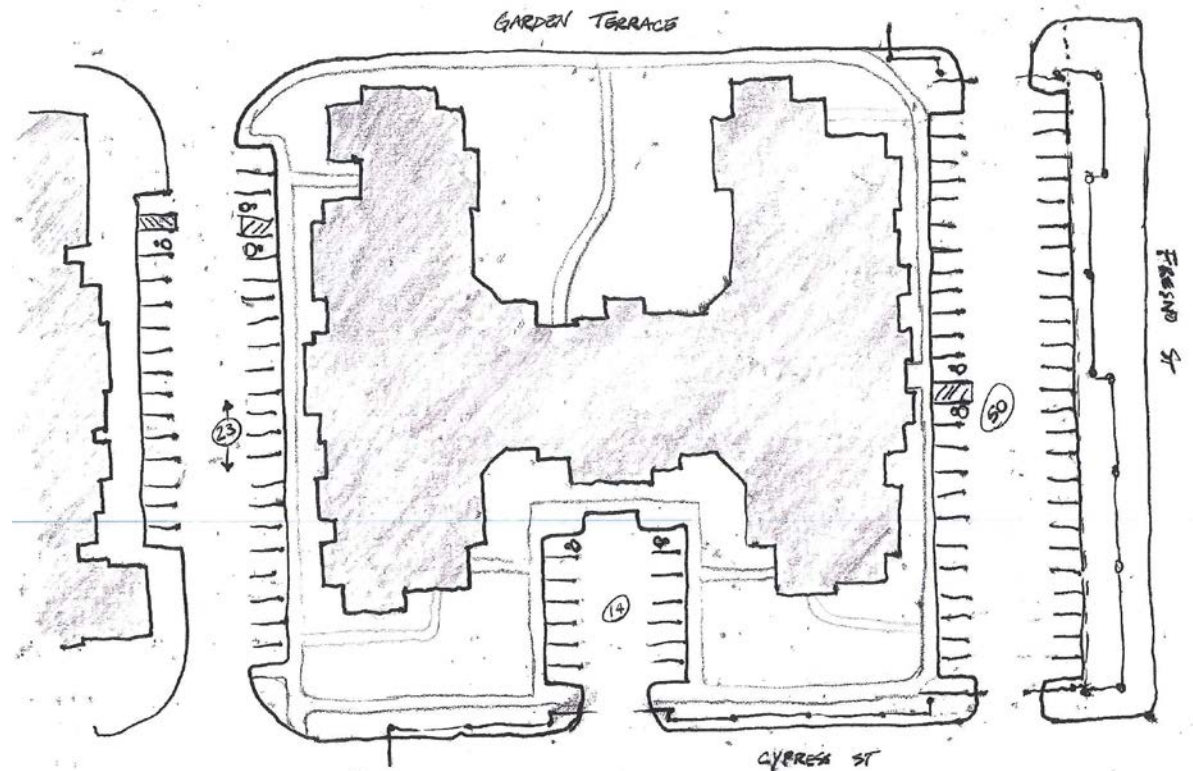


- Scaled back Independent Living
 - Removed Bldg. 3



Phase II: Exploring Alternatives

- Scaled back Independent Living
 - Omit garage in Bldg. 2 (reduced building to 56 apartments)

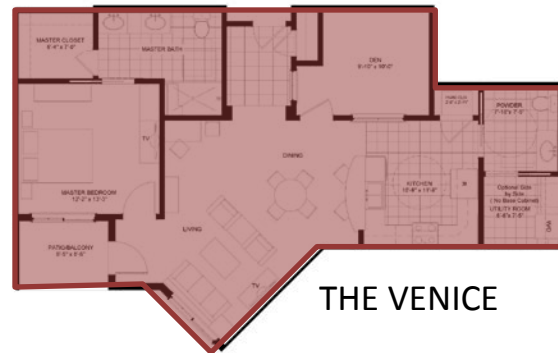


Phase II: Exploring Alternatives

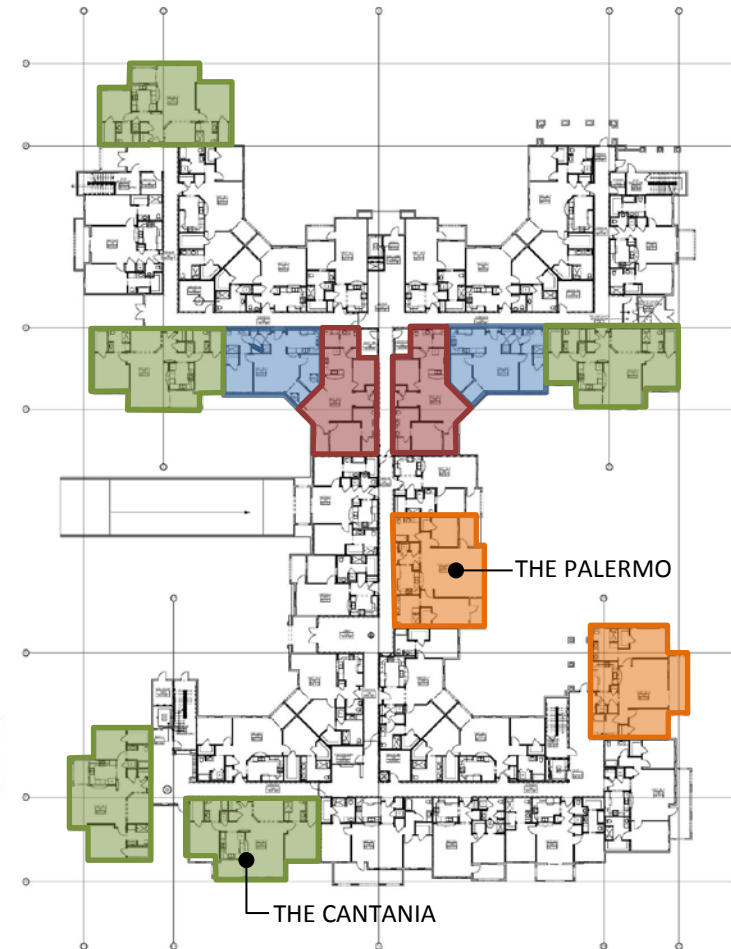
- Reconsidered Unit Mix
 - Redesign Bldg. 2 to incorporate top selling apartment designs



THE NAPLES



THE VENICE



Phase II: Iteration Due to Economy and Resulting Delays

- Permit Expiration
 - Project faced added drawing revision and construction hard cost due to permit expiration
 - Some jurisdictions developed a policy to extend permit life
 - Understand Building Department's policies and develop a strategy around approval, permit issuance, extension, picking up permit within designated period to begin construction and performing minimal work to keep permit active
- Code Cycle Changes 2008-2011
 - Projects being permitted under new code can add significant cost
 - Accelerate drawings to allow submission prior to code change

Phase II: Iteration Due to Economy

- Need to continue redevelopment due to the campus not showing well
 - Still not reaching presales goal
 - Existing campus losing occupancy
 - Financing environment tenuous
 - How do you proceed?
 - Leverage initial entrance fees from Phase I
 - Tier other sources of capital
 - Pray



Remaining Residential Apartment Upgrades Needed

- Tired older homes have limited appeal
- Dated product adjacent to new product will show poorly – experience elsewhere shows no one wants to live on the “cheap” side of campus
- Opportunity to resolve landscape issues – leveling slope, widening sidewalks, improving lighting, etc.







Remaining Residential Apartment Upgrades Needed

- Advantages of engaging design talent to help solve the problem
- Size contractor to the job – not affordable without smaller scale contractor



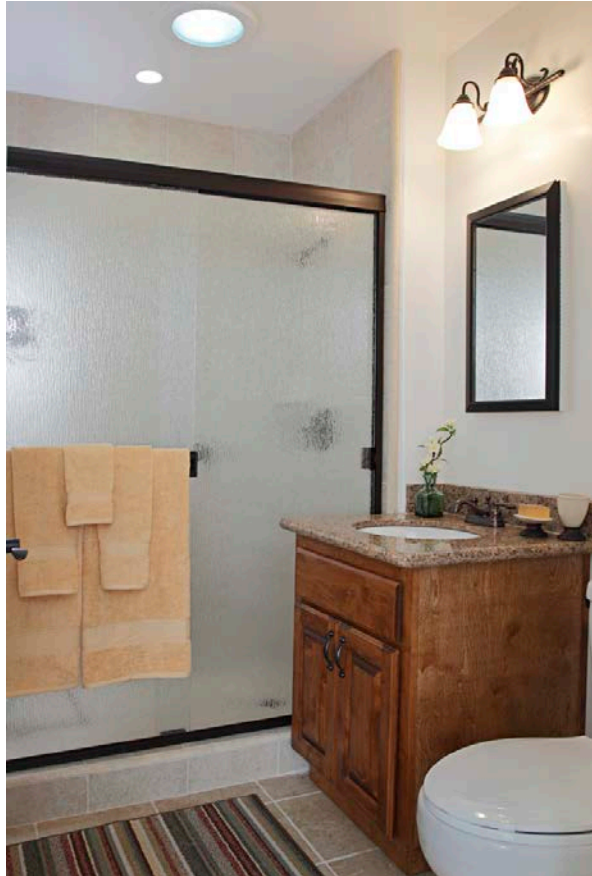








Remaining Residential Apartment Upgrades Needed



Remaining Residential Apartment Upgrades Needed-Financing

- Relocate residents to facilitate remodeling phases large enough to impact the feel of the neighborhood and lower per apartment cost
- Phase construction to reduce capital outlay
 - Used Phase I entry fees to renovate Evergreen
 - Return construction costs with first generation of entry fees
 - Evergreen entry fees replenished pool for Phase II (total potential \$15 Mil.)
 - Marketing Results of Villa Project
- Phase EV I learning curve applied to Phase II
 - EV I – command and control of 5 apartments
 - EV II – Residents control of 22 apartments
 - EV III – Off line until Phase II is full
 - Delay Implementation to avoid internal competition



Remaining Residential Apartment Upgrades Needed - Orchard

- Minimal cost upgrade to lower cost apartments can still benefit product
- Implement new aesthetic in order to avoid having older buildings stand out
- Implement in phases in order to spread cost



Evolution Marketing Plan and Structure

- Original Marketing Plan
 - Green field approach with model
 - Two marketing teams
- Evolved Marketing Plan to complete Phase II pre-sales
 - Reduced RL apartments to be built to accommodate financing
 - Combined sales teams
 - Developed different sales incentives and entrance fee options to increase stagnant pre-sale results
- Lesson Learned – stay involved and attend marketing events when you can

Phase IIB Plans

- Three-legged stool
 - 75% Pre-Sales
 - 90% Existing campus Occupancy
 - Affordable Financing Environment
- Exploring traditional construction loan with a forward commitment for take out by state insurer
- First time to be attempted under a new statute
 - Minimizes negative arbitrage
- Design Implications
 - Keep options open/flexible
- Funding to Complete reduced scope
 - \$70 Mil. Scope

Challenges Going Forward

- Retaining depositors through a lengthy development process
- Continuing real estate value and market concerns
- Managing resident services during reconstruction of the Commons Bldg.
- Maximizing existing residents' morale
- Continuing competition with ourselves

Lessons Learned

- Good assessments are crucial
- Vision and program drive design
- Do what you can with what resources you have
- Master plan the entire campus: Evergreen/Italian Villa conversion
- Be flexible to constant and creative change
- Be a team player with a great attitude
- Communicate-Communicate-Communicate!
- Changing Marketing strategies are critical for success

Thank you for your time!

QUESTIONS??

**This concludes The American Institute of Architects
Continuing Education Systems Course**

American Baptist Homes of the West

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