



RHarper Consulting Update

Take-Aways from the Leading Age Conference



Roger Harper, Principal of RHarper Consulting Group, provides development consulting services to the senior housing industry.

I just returned from the latest Leading Age Expo and Conference in Dallas, TX. For those of you who are not familiar with Leading Age, it is the primary industry and advocacy organization for the not-for-profit sector of the senior housing industry. This annual conference usually draws around 10,000 participants, in addition to Leading Age's spring conference in Washington, DC and state and regional events throughout the year.

Regardless of your organization's structure, for-profit or not, these are particularly interesting and informative events to attend. The keynote speakers are nationally recognized in their fields, and hundreds of vendors, suppliers and service providers display their wares and services. Just touring the Expo hall and visiting the Idea House is the most condensed and comprehensive learning experience available to those active in our industry.

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I had the opportunity to connect with a number of colleagues and industry professionals at this year's Dallas conference, and here are my take-aways:

- **For-profits are currently much more active than not-for-profits.** I first started hearing about this trend last year from the design community. Their for-profit clients had become much more active, and now have supplanted their not-for-profit clients as leading sources of new projects and billings. This activity is primarily focused on assisted living, memory care, skilled nursing and transitional care projects. Funding is primarily coming from the REITS, but HUD and conventional financing are available as well.
- **The more aggressive and better managed not-for-profits are coming off the sidelines and undertaking new projects.** These organizations have realized that all of the answers on health care reform and reimbursement will be a long time coming, and they simply can't afford to wait. In other words, they have determined they don't have to know everything before they do anything.
- **Scale of projects is particularly critical, and most are looking for the smallest project that can provide an acceptable return on investment in the shortest period of time.** Large capital expenditures (\$20MM+) are very difficult to get buy-in by sponsors. The underwriting of new capital projects has become so conservative that, in order to proceed, the required reserves are rendering the projects infeasible due to over-leverage.
- **The more successful organizations have not addressed succession planning.** This is a more subtle, but still important, impediment to new project development in the not-for-profit sector. Senior management in these organizations has aged in place, and no longer has the motivation to undertake new initiatives, project repositioning, address cultural changes, or take other actions necessary to keep their organizations as market leaders. A more strategic approach to succession planning is necessary by the governance structures and Boards of these organizations.

All in all, it was a great conference and I enjoy it more every year. I strongly urge everyone with an interest in senior housing to attend next year. The conference will be held in Nashville and promises to be a great time again.

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.