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Affordable retirement complex developers desire IRB financing

New Mexico Business Weekly - by [Kathi Schroeder](#) NMBW Managing Editor

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An Albuquerque group plans to build an affordable, assisted living, rental complex in the metro region with a rare twist -- no entry fee. And the shareholder/investors are hoping their project will qualify for about \$15 million in industrial revenue bonds.

The lack of an entry fee, which can run into six figures at some upscale retirement complexes, helps make this project more affordable for middle income retirees and is anticipated to be a selling point for potential residents, age 62 and older, say the shareholders, who include George Lovato, president of **BH Capital Ltd.** of Albuquerque.

Lovato also is the project's corporate financial consultant. He says he and two other unnamed shareholders are hoping to entice "up to 10 additional" investors to become shareholders. The current shareholders would not disclose what they've invested in the project.

Jack Booth, who would manage the complex and serve as its CEO, has more than 25 years experience in health care facility administration. A former executive director of Albuquerque's 340-unit **La Vida Llena** retirement community for **American Baptist Homes of the West of California**, he made the initial pitch for the project to Lovato. Lovato says ten percent of the complex would be set aside for qualified, low income residents whose living expenses would be subsidized by a nonprofit foundation developed by the shareholders.

The four founder/shareholders are in early discussions to explore the possibility of securing IRBs from Sandoval County, saying they like the growth potential there for their proposed 265-unit/bed, \$15 million complex, called the Cielo Azul Retirement Community. The bonds would be used primarily for the construction of the retirement complex. The shareholders project 400-plus reservations within the first nine months of 2006, and hope to achieve enough pre-sales of the leases or unit spaces within 60 days to initiate their property acquisition plans. They are currently looking for a site.

New Mexico cities and counties are authorized to issue industrial revenue bonds (IRBs) for the purpose of providing project financing and/or to allow projects to qualify for certain tax incentives. Lovato says qualifying for them would contribute to Cielo Azul's ability to keep costs low. A spokesman for Sandoval County Manager Debbie Hays says tax exempt housing bonds or private activity bonds, which are managed by the State Board of Finance, also might be an option for the project.

Cielo Azul ("blue skies") would contain two five-story wings with 20 apartments of varying sizes per floor for mostly able-bodied residents; a ground-level (with an enclosed outdoor walking path) Alzheimer's complex with 20 beds; 45 assisted living units; a dining hall and multi-purpose room; an athletic center and swimming pool for residents, and for use by local groups like the **Arthritis Foundation**.

A library and pharmacy as well as retail space for services like a barber shop/beauty salon also would be located on an 8.5- to 12-acre site. Along with scheduled social activities and transportation for shopping or physician visits, monthly fees would cover housekeeping and maintenance services for each unit and a daily meal. Residents would be able to build on those basics by choosing from a menu of daily and monthly services, with single bedroom units starting around \$1,700 per month. A \$500 reservation deposit would be held in escrow and could be applied toward the first month's rent.

A new report issued Oct. 31, the "MetLife Market Survey of Assisted Living Costs," says the average monthly base price for assisted living services nationally rose by 15 percent from 2004 to 2005. Conducted for the **MetLife Mature Market Institute** in Westport, Conn., by **LifePlans Inc.**, residents in Boston pay the most, \$4,629 per month, versus Jackson, Miss., with an average \$1,642 per month. Albuquerque's average monthly assisted living fee was \$2,580 in 2005, according to the national study.

People don't realize getting old is this expensive, observes Lovato.

"They don't want to be a burden on their family, but they're tired of maintaining a home," he notes about people who seek assisted living services.

The **Assisted Living Federation of America** says more than one million adults live in some 20,000 assisted living residences, some of them owning rather than renting their units. A 2002 Census profile on six counties in central New Mexico showed more than 132,000 individuals were aged 60 or older that year. Next year, the oldest of the baby boomers start turning 60 and that population group is projected to grow to more than 69 million between 2010 and 2030, according to the 2005 White House Conference on Aging.

ALFA says the typical assisted living resident is a widowed or single woman in her 80s, the majority of whom pay privately or through a long-term care insurance policy. Although such facilities have not traditionally been funded through Medicaid, the federal government's health care program for seniors, a number of states have started covering some services through Medicaid waiver programs.

"I could not have lived nor afforded to live where I worked, so that's why I wanted to create Cielo Azul as an affordable living experience," adds the 57-year-old Booth.

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