

## \$300M Senior Housing Project Progresses

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By JOHN JORDAN

BRIARCLIFF MANOR, N.Y.—A massive senior housing development at the former King's College property in Briarcliff Manor, which was considered all but dead two years ago, has been resurrected and could break ground in two years, according to the developer.

Integrated Development Group reported last month that the Board of Trustees had granted a special use permit and the Planning Board approved a site plan for "The Club" project that is expected to cost more than \$300 million to develop.



A rendering of The Club project to be built at the former King's College property in Briarcliff Manor.

The Northbrook, ILL.-based developer Integrated Development is headed by Matt Phillips, a former senior vice president with Classic Residence by Hyatt that shelved a plan to build a \$350-million senior community at the King's College site back in 2006 due to escalating construction costs. Classic Residence by Hyatt had signed a contract for sale on the 59-acre parcel back in 2004 that also included Briarcliff Lodge.

Mr. Phillips, president and CEO of Integrated Development said that shortly after Classic Residence by Hyatt shelved its plan to build a 315-unit continuing care retirement community in September 2006, his recentlyformed firm (founded in January 2006) became interested in the project and eventually put forward its own proposal that calls for a fee-for-service continuing care retirement community (CCRC) that will be comprised of 325 independent living units and 60 supportive living residences.

The Club is a complete redesign of the Classic Residence proposal, he noted. Mr. Phillips said the new proposal calls for much more efficient buildings and the community will operate on a different business model that has only recently been allowed in the State of New York. As a fee-for-service CCRC, residents of The Club will only pay for health care services if and when they use them, which allows for lower monthly fees for the majority of residents, he explained.

Based on the approvals it has received and expected sales velocity of its units, Mr. Phillips projects that construction can begin on the project in 2011. The firm still has to obtain a Certificate of Authority from New York State. Integrated Development filed its application with the state in the summer of 2007 and is hopeful that it will receive the approval by the first quarter of 2009.

The major equity partner on the project is National Electrical Benefit Fund, a Washington D.C.-based pension fund that has more than \$10 billion in assets, as well as the property owner Barrington Ventures, which shortly after King's College closed in 2004 proposed its own 315-unit senior project at the site called "The Garlands of Briarcliff Manor."

"I think that with everything that is going on in the capital markets, it is a great comfort to have a pension fund to be our lead equity source," Mr. Phillips said.

A total of \$60 million in equity has been committed for the project thus far. By the spring of next year, with the closing on the land purchase, approximately \$40 million of the equity will be spent. Mr. Phillips said the purchase price for the 59-acre parcel is approximately \$32 million. The project when completed will cost in the low \$300 million range to develop.

He added that once it has received the Certificate of Authority and has closed on the land, the company plans to begin, shortly thereafter, infrastructure work at the site. He estimated the prebuilding phase will cost between \$16 million to \$17 million and will include the construction of a ballfield it will donate to the village.



The project also plans to donate \$2.25 million to the village's library, give \$500,000 for the purchase of a fire truck, and replace an old water tower on the site.

Integrated Development opened its first sales center at 1197 Pleasantville Road in Briarcliff Manor last July after receiving approval from the State of New York that it could begin marketing The Club project. The second sales center recently opened in Larchmont at 2120 Boston Post Road. Phillips said that the normal "rule of thumb" for funding senior projects is approximately 20 percent equity and a construction loan based on 80 percent of the units being pre-sold. "Obviously if we are in the market today, it is questionable whether or not those type of loans are available today. We are confident that by 2011, which is the time we will be in the market for that additional debt financing, things will have stabilized from an economic standpoint," he said.

The site will be divided into two distinct development areas. The "Lower Village" will contain 24 townhomes and 13 villas. Located on The Club's "Upper Village" will be the Aquatics, Fitness & Spa Center and the Clubhouse, along with 288 apartments. A supportive living center for 60 residents will also be located in the Upper Village, where assisted living, memory support and skilled nursing care services will be provided, company officials stated. Apartments will range in size from approximately 1,000 to 2,000 square feet; town homes will be approximately 2,200 square feet; and villas will range from approximately 2,800 to 3,200 square feet. One-time entrance fees starting at \$750,000 will be 90 percent refundable when a resident moves out. Estimated monthly fees will start at \$3,400 and will include a wide range of services, real estate taxes and utilities.

Also working on The Club project are: architectural firms Perkins Eastman of New York City, Sullivan Architecture of White Plains and Interior Design Associates of Nashville, TN. Andron Construction Company of Golden's Bridge, NY has provided preconstruction services and DirtWorks of New York City is working on the landscaping for the venture.

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