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Saint John's hopes to begin project in 2009

The Business Journal of Milwaukee - by [Rich Kirchen](#)

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With the housing slump and tight financial markets already delaying the project twice, **Saint John's on the Lake** executives hope to break ground this year on a \$46 million, 21-story upscale senior apartment project.

They acknowledge financing has yet to be arranged, but said they expect to finalize that within the next few weeks.

The nondenominational east side Milwaukee retirement community, 1840 N. Prospect Ave., had announced the project in late 2007 and originally planned to open by early 2010. Executives later postponed the completion date to early 2011 and now have pushed it back to mid-2011.

"We're still very actively involved with putting something together," said spokesman Rick Romano.

Romano said the nonprofit organization is pursuing creative ways to finance the 100-unit, 290,000-square-foot independent living project. Saint John's already runs a 250,000-square-foot facility on the site.

Representatives of Ziegler Capital Markets and St. John's are weighing multiple strategies for financing and haven't decided the ultimate direction, said Romy McCarthy, a senior vice president with Ziegler.

"The timeline is not unusual relative to a project of this size and complexity," McCarthy said.

Credit has been tight for senior living projects since at least mid-2008. Attaining financing remains difficult and such projects have been squeezed out of the market, said Nick Bauer, a senior health care consultant at MBO Cleary in Milwaukee.

If the deal is to get done, St. John's probably will need to invest 10 percent equity in the project, or about \$4.6 million, Bauer said.

"They've had some pretty significant challenges over there," Bauer said.

John Sauer, executive director of the **Wisconsin Association of Homes & Services for the Aging**, said senior housing projects have also been hurt by the housing slump. If prospective residents can't sell their homes or can't attract a high enough price, they're less likely to pay a deposit on a new apartment, he said.

"A number of organizations are evaluating their building plans and what seniors are really looking for and can afford," Sauer said.

New law

Another concern is legislation signed by Gov. Jim Doyle this week that requires senior housing units valued at \$239,000 or more to face property tax. That law could hurt a project's ability to recruit residents, Sauer said.

Saint John's officials don't have enough information on the new law to determine its impact on the project, Romano said.

One positive is that Saint John's has received commitments from prospective tenants for nearly 75 percent of the units, Romano said. To reserve a unit, prospective tenants must be at least 62 and make a 10 percent deposit, which typically runs in the \$30,000 to \$40,000 range, he said.

Tenants would be required to pay an "entrance fee" of \$138,000 to \$540,000 plus a monthly fee of \$2,000 to \$3,000, Romano said.

Saint John's officials continue holding meetings with prospects and sending them newsletters with updates. The organization just signed another prospective tenant this week, Romano said.

With the project delayed until mid-2011, some seniors actually are more comfortable about committing a deposit because they expect the



Rendering provided by Saint John's on the Lake

Saint John's on the Lake executives hope to break ground this year on a \$46 million, 21-story upscale senior apartment project. The east side Milwaukee retirement community, 1840 N. Prospect Ave., would have 100 units.

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housing market to improve by then, Romano said.

Saint John's continues working with the original professional services firms on the project: Developer **Witz Co.** of Madison; **Perkins Eastman**, Chicago, and **Continuum Architects & Planners**, Milwaukee, as architects, and **VJS Construction Services** of Pewaukee as the contractor, Romano said.

"We feel real confident," Romano said. "It's just that putting the deal together takes time — it always does."

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