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LCS Acquires Equity Stake in Senior Living Portfolio JV with Harrison Street

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LCS recently entered a joint venture partnership with Chicago-based investment firm Harrison Street Real Estate Capital to acquire an equity position in nine senior living communities in the greater Minneapolis region of Minnesota.

The market-rate rental communities have a total 1,166 residential units. Two of the properties are independent living communities, and the remaining seven offer assisted living, with one of those providing memory care services. LCS is assuming management and marketing services for the portfolio through CRSA, an LCS subsidiary.

The communities are:

- Earle Brown Terrace, in Brooklyn Center, Minn.
- Heathers Estates, in Crystal, Minn.
- Heathers Manor, in Crystal, Minn.
- Meridian Manor, in Wayzata, Minn.
- The Rivers, in Burnsville, Minn.
- The Timbers, in Apple Valley, Minn.
- Tradition, in Brooklyn Park, Minn.
- Waterford Estates, in Brooklyn Park, Minn.
- Waterford Manor, in Brooklyn Park, Minn.

Harrison Street was already the majority investor in the nine properties, and LCS is stepping in as the new key principal, minority investor, and managing member of the portfolio, replacing Harrison Street's previous partner Lang Nelson. The new joint venture includes assuming the communities' existing debt, most of which is through Fannie Mae.

The Des Moines, Iowa-based company plans to use the new management and equity partnership to improve efficiencies, enhance operations, and increase occupancy at the properties.

While the communities are performing relatively well in terms of operation and occupancy, some of the assets will need additional focus, says Joel Nelson, executive vice president and chief investment officer.

The majority of the communities are experiencing occupancy rates in the low 90 percentile, says Nelson, but CRSA management will give immediate attention to improving the occupancy of three communities.

The Tradition, originally a condominium project that was recently acquired by Harrison Street/Lang Nelson and converted into independent and assisted living units, is still in fill-up mode. Waterford Manor—another relatively new asset—and Earle Brown Terrace, a historical high-rise building, are two more communities that will benefit from attention focusing on improving overall operations and occupancy.

"This is precisely the kind of opportunity that LCS is looking for as part of our capital deployment strategy," says Nelson of the joint venture. While in the past LCS has solely looked for third party management contracts, it is now positioned to provide equity investments into communities with its partners and currently has an equity stake in more than 25 communities.

Written by [Alyssa Gerace](#) ^[1]