

US **Builders** Review

WINTER 2015 EDITION I

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Diverse interior products and services for the
growing senior care industry

HDC Development Companies LLC

Bringing together congregate housing expertise

Produced by Lindsay Jeffries & Written by Molly Shaw

Since 1970 the HDC Development Companies LLC (HDC) team has facilitated the development of more than 4,000 senior housing units and numerous other multifamily, health care and commercial projects. Today, the company works with some of the nation's biggest names in the senior housing and assisted-living sector, such as The Covenant Group, the Good Samaritan Society and Scenic Development.

The Minnesota-based general contracting and construction management firm was one of the first to pave the Midwest's way in the congregate housing market. Hollis Helgeson, the original founder of HDC, owned a nursing home and saw the need for a housing style that could connect loved ones in various stages of their retirement and care.

"Sometimes one partner is ready to enter a nursing home

and needs more care and assistance than the other," shares Jim Lemke, now co-owner of HDC. "Congregate facilities offered a better range of services to assist all stages of care, from cleaning services to nurses. Hollis paved the way for this kind of facility in the Minnesota region."

Matching the market

In 2001 Lemke and partner Roger Holtberg purchased HDC as the original owner reached retirement. "We have maintained our niche in the health care and senior living markets," says Lemke. "As the years passed we moved from nursing homes to assisted-living homes, because the market has shifted. Nursing homes have now become rehabilitation centers and do not serve the same purpose as they used to, so we've diversified into assisted-living and more independent-living facilities."





Since its inception, HDC has been a pivotal player in thousands of senior housing units and facilities. This vast experience allows HDC to provide clients with expertise in development, market analysis, architect and site selection, supervision and much more. “Our role is general contractor-construction manager; we used to do more on the development side, but we found it’s more efficient to manage as a general contractor,” says Lemke. “That’s the direction the industry as a whole is moving. More and more general contractors do not have their own crews, because it’s more efficient to subcontract.”

as Illinois. According to Lemke, developers and subcontractors alike follow HDC far and wide, because the company has built a trusted reputation for high-quality projects over the years.

“Because we sub everything out, it’s very important to manage relationships,” explains Lemke. “Communication can be a huge obstacle on a project so knowing the people you’re working with and how they like to work is key.”

HDC’s framing and drywall contractors have partnered with the company for many years, but Lemke says

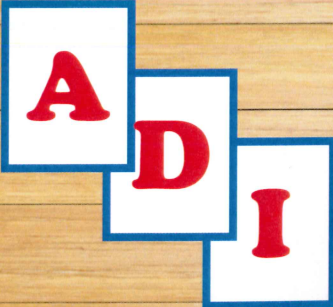
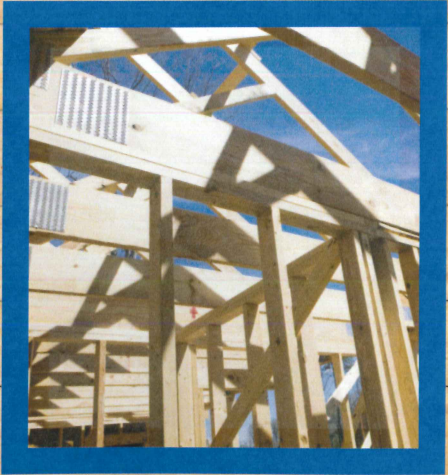
Leveraging a strong team

As a management firm, HDC pulls from a trusted, well-established subcontractor base, but also has superintendents on the grounds at every site. “Over the years, no matter where we go, we’ve established a great sub network and we know who can get the job done and who can’t,” explains Lemke.

Although HDC’s roots are in Minnesota, the company is registered in 14 states and serves clients throughout the upper Midwest, from Montana to Wyoming, Iowa to Kansas, North Dakota, as far south as Oklahoma and as far east

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the recession has taken a toll on the subcontractor pool. "In recent years, we've had to switch from mom and pop contractors to large corporations with traveling crews, because many of the smaller companies went out of business during the recession. Personally, we'd like to see more mom and pop companies re-enter the market."

Over the years, HDC has worked with many subcontractors, both large and small. "Many of the large subcontractors have followed us from region to region," Lemke details. "We also use many of the smaller subcontractors from the area we are working in to complete our projects."

Senior living specialists

HDC relies on a network of close subcontractors to deliver facilities across the Midwest for big-name

facility owners and managers, such as The Covenant Group (Covenant Group), the Good Samaritan Society and Scenic Development.



"We work for Covenant Group, one of the nation's top senior living specialists," shares Lemke. "We recently completed the Covenant Place of Lenexa in Kansas. This was a unique project, because it was situated on a hillside of bedrock. We had to drill into the bedrock and install caisson piers with a rebar cage filled with concrete to stabilize the 135,000-square-foot facility."

In Bixby, Okla., HDC is just breaking ground on another Covenant Group congregate and assisted-living development. "We've built in an option in the plans for a skilled nursing/enhanced assisted-living wing, because this market sector is growing rapidly," shares Lemke. "This site includes 46 independent living units and 34 assisted-living units."

In Ames, Iowa, HDC is starting a 107-unit Continuing Care Retirement Community, which consists of independent care, assisted-living care and skilled nursing living for Scenic Development, a senior facility developer/management team out of Kansas City.

In Grand Rapids, Minn., the Majestic Pines project is almost finished, which consists of 73 assisted-living and memory care pods. A unique feature of this project is a large therapy pool, which is used



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by both residents and community members for rehabilitation.

Diversity delivers through the recession

While the senior living health care sector remains HDC's foothold, Lemke says the company was forced to get a little creative through the economic downturn, drawing on multifamily management experience. "At the start of 2008, we had four senior projects lined up and all four got put on hold as the banks tightened up financing," recounts Lemke. "Around the same time, a developer in North Dakota called and asked us to bid work building market-rate apartments for the region's oil boom."

This launched HDC's expansion into North Dakota and the company is still running crews in the state today. "The recession didn't really hurt us, because we entered the North Dakota multifamily market at the right time," tells Lemke. "There's still much underway; coming up, a \$23 million project, a 93-unit phase one facility in Watford City, followed by a 107-unit phase two, also in Watford City."

Over the last decade Lemke says HDC has grown into a large company, not just in employees and geographic range, but in volume. "It's because we produce a good product and developers and subcontractors see that and want to follow us," he says. "We've assembled a great team over the years and it's taken us far." A great team, forged in relationships and unmatched expertise, makes HDC Development Companies LLC a leader in the senior living congregate housing market in the Midwest. •

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