

# KHJR Real Estate Advisors

## About Us



ANTELOPE VALLEY  
HOSPITAL  
A facility of Antelope Valley Healthcare District

*“Our Mission is to create places that make peoples lives better”.*

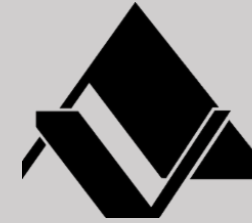
We develop high quality real estate properties that are safe, economically successful, and offer healthy lifestyles in which communities can come together to Live, Work and be Healthy.







LANCASTER HEALTH DISTRICT  
HEALTH HUB FOR THE ANTELOPE VALLEY



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# MEDICAL MAIN STREET DISTRICT

## TRANSFORMING THE ECONOMIC FUTURE OF LANCASTER



# Executive Summary

- Medical Main Street: 350 Acres
- Hospital will get financing in March 2020, and will be under construction in 2021
- KHJR's Roles:
  - Master Planner
  - Master Developer
  - Construction Management

Phase 1	Rooms/Beds	SF	Cost
Antelope Valley Hospital	300 beds	700,000 sf	\$600,000,000
Central Plant		12,000 sf	\$50,000,000
Hotel	180 rooms	259,200 sf	\$39,600,000
Parking Garage	1,100 stalls	385,000 sf	\$38,500,000
MOB		100,000 sf	\$25,000,000
Conference Facility		70,000 sf	\$28,000,000
Rehab Hospital	40 beds	40,000 sf	\$20,000,000
Psychiatric Hospital	60 beds	60,000 sf	\$30,000,000
SNF	60 beds	60,000 sf	\$30,000,000
Drug Rehab Program	24 beds	24,000 sf	\$12,000,000
Apartments	450 rooms	540,000 sf	\$105,750,000
Senior Low Income Living	100 rooms	120,000 sf	\$23,500,000
Assisted Living	100 rooms	120,000 sf	\$27,500,000
Retail		50,000 sf	\$20,000,000
Restaurants		30,000 sf	\$12,000,000
<b>Total</b>		<b>2,570,200 sf</b>	<b>\$1,061,850,000</b>



# Medical Main Street District

## Our Strategic Partners



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INTEGRATED HEALTH VILLAGES



KHJR Real Estate  
Advisors

COVENANT  
RETAIL DEVELOPMENT

SENIOR LIFESTYLE  
FAMILY-OWNED COMMUNITIES



lancaster ca  
*it's positively clear*



KAISER PERMANENTE®



JLL | *Achieve Ambitions*



Hilton



PACIFIC  
DENTAL SERVICES™



City of Hope®  
RESEARCH • TREATMENT • CURES

RAYMOND  
JAMES®

Perkins  
Eastman



SONNENBLICK  
DEVELOPMENT

SNK®  
Residential



RBB  
ARCHITECTS



SARGENT  
TOWN PLANNING

DESTINATION LANCASTER CA





# Medical Main Street District

Shared Mission



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## AVH's Mission

To be the provider of choice for all essential healthcare services in the region by partnering with others to improve the health of the Antelope Valley.



# Medical Main Street District

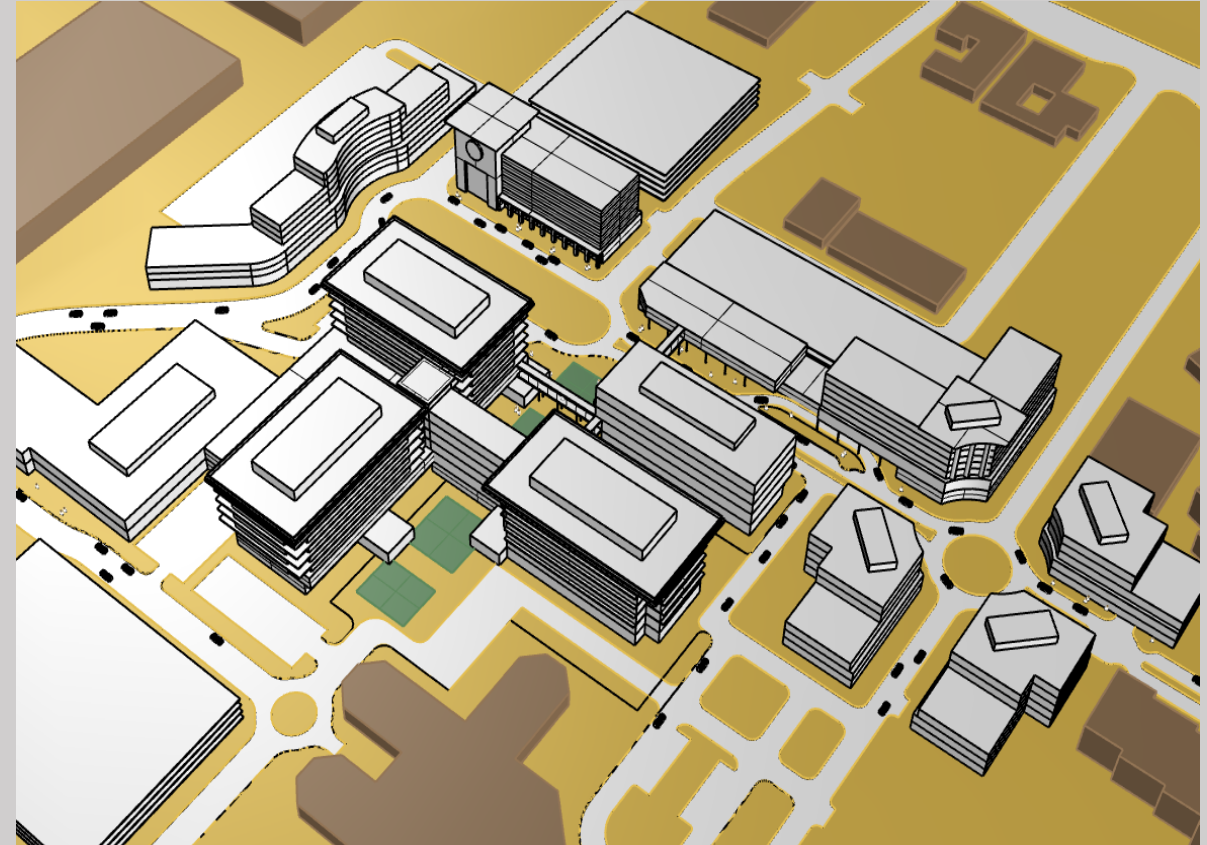
## Shared Mission

### AVMC And City of Lancaster Private / Public Partnership



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With Antelope Valley Medical Center, located in the heart of the City of Lancaster Medical Main Street District, **the shared mission is to come together to build a Public/ Private Partnership that creates the economic catalyst** that provides the people of Lancaster and the surrounding Antelope Valley area continued access to high quality healthcare, and improved social/economic benefits that position AVMC, and the City of Lancaster, as the premier destination medical, and commercial center in the Antelope Valley Region.



# Medical Main Street District

## Goals & Aspirations



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### Lifestyle & Wellness Goals

- Support the well-being of Lancaster's and Antelope Valley residents by creating a development strategy that capitalizes on re-urbanization and promotes healthy lifestyles.

### Fiscal & Economic Goals

- Build a comprehensive plan to create new jobs, grow the city's tax base and strengthening Lancaster's position in the region as an attractive market for new business to invest in.

### Civic & Community Goals

- Support a range of housing options and provide for wider range of community centered services.
- Establish Lancaster as Antelope Valley Region's dominant destination city for businesses, visitors and residents alike - driven by partner institutions like Antelope Valley Medical Center.

### Tomorrow's Workforce Goals

- Become a model city nationally, to live well, work and play in, and to attract and retain a skilled workforce from professional to industrial and the trades.





# Medical Main Street District Area Overview



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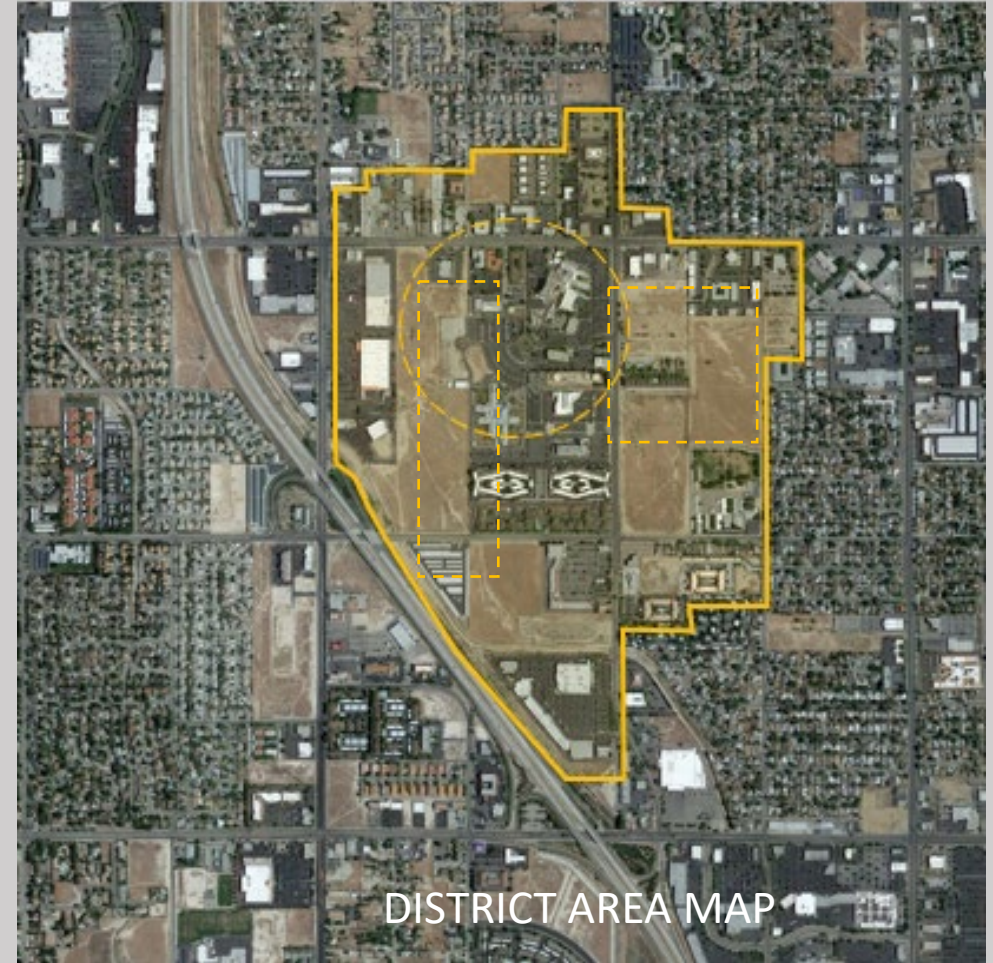
The new Hospital will serve as one of four economic drivers for the 361-acre district.

## Economic Drivers Include:

- Health & Wellness
- Retail & Hospitality
- Mult-Family Residential
- Mixed -Use Commercial

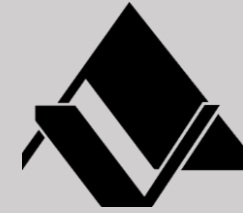
## Area:

The district stretches from 20th Street West to east of 12th Street West at Avenue J, and from north of Avenue J to the shopping center on 15th Street West north of Avenue K-containing the offices of High Desert Medical Group.



DISTRICT AREA MAP

# Medical Main Street Opportunity Zone Classification



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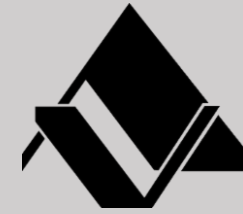
Re-Invest your Capital Gains.  
Defer or Eliminate Taxable Income.

## What are Opportunity Zones?

- Federally designated - historically capital-deprived locations with potential for future growth.

# Medical Main Street

## Why is the Opportunity Zone Important?



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- Investors can double after-tax profits in OZ, helping make Medical Main Street a more attractive investment.

Private investors can:

1. Re-invest capital gains with zero tax impact.
2. Eliminate tax on new capital gains from their investment after 10-years.



Temporary  
Deferral



Step-Up  
In Basis



Permanent  
Exclusion



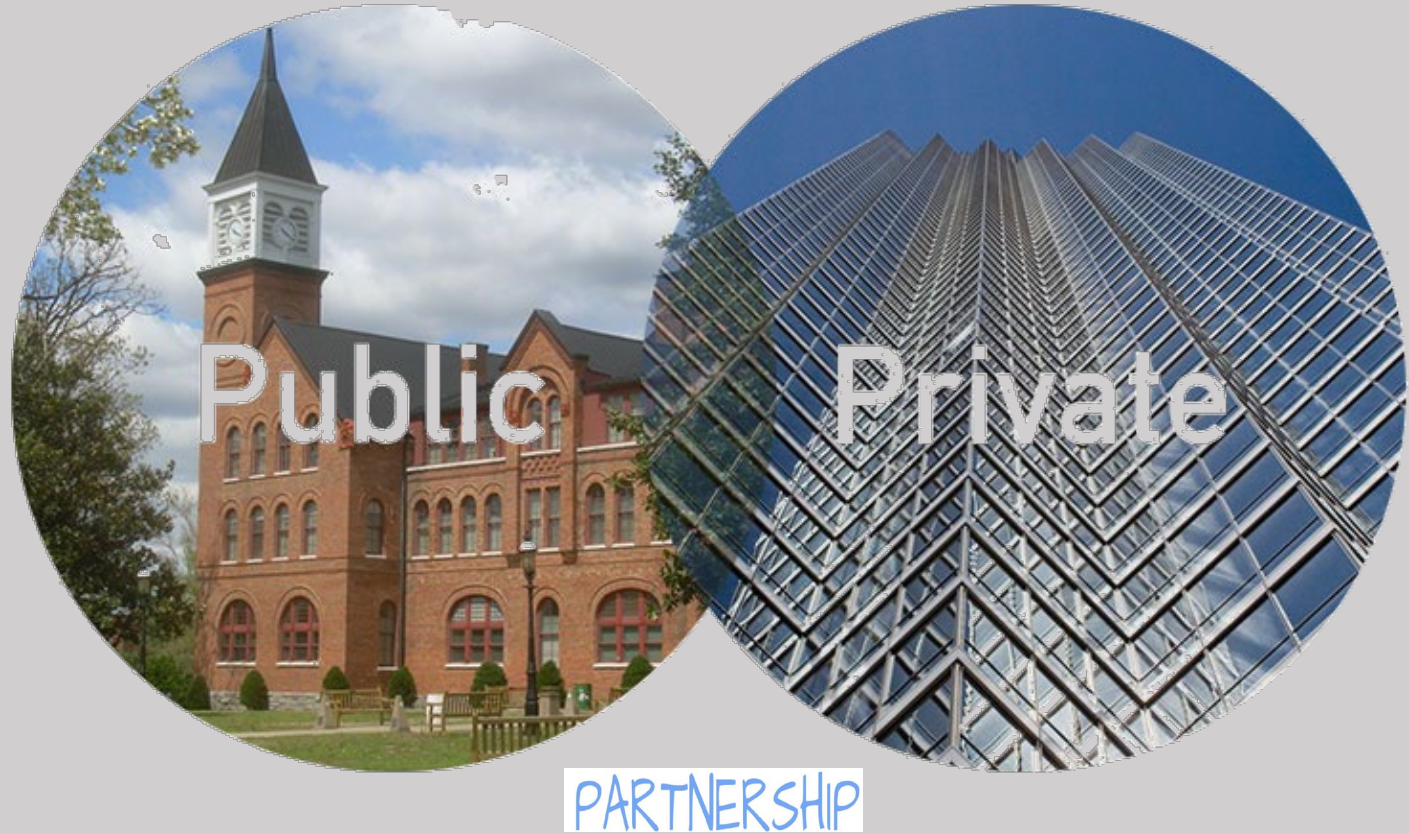
# Medical Main Street District P3's - Public Private Partnerships



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## Overview - Topics

- Characteristics & Benefits
- Project Participants
- Team Experience with P3's
- Key Factors for Successful P3's



# Medical Main Street District Characteristics & Benefits P3's



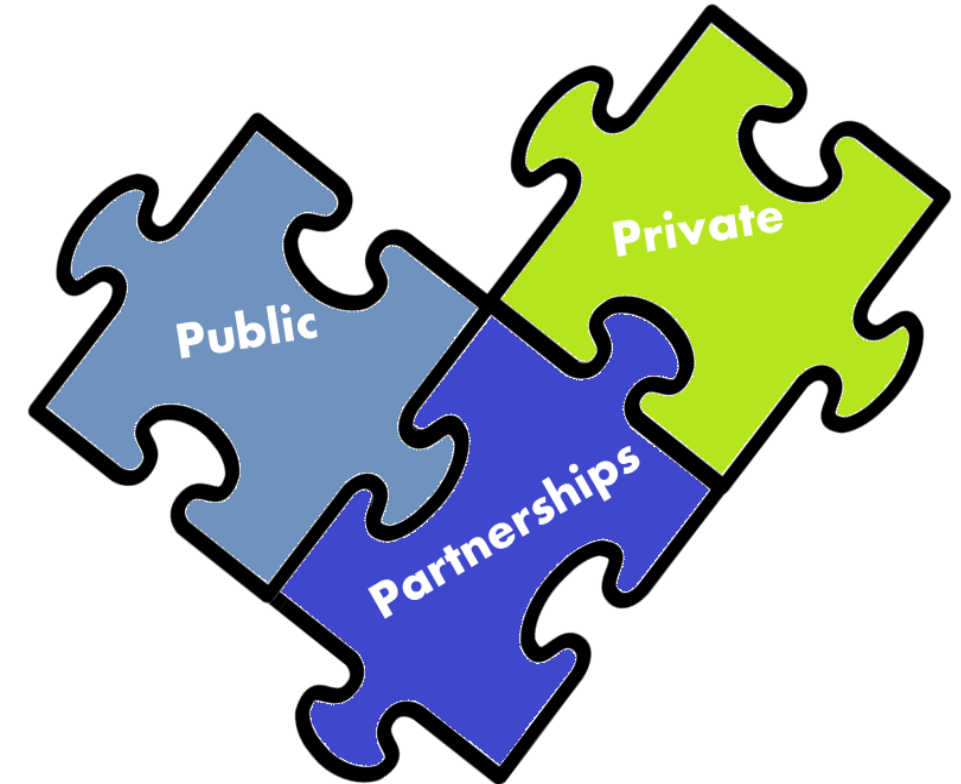
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## A P3 is defined as:

“A contractual agreement between a publicly sponsored agency (federal, state or local) and a private sector entity”.

Resources of public and private sector are shared in delivering facilities that meet a public need otherwise unmet due to a lack of financing, capacity, or other constraints. Main Benefits include risk transfer and better economic efficiencies.

*As Defined by: The National Council for Public-Private Partnerships*

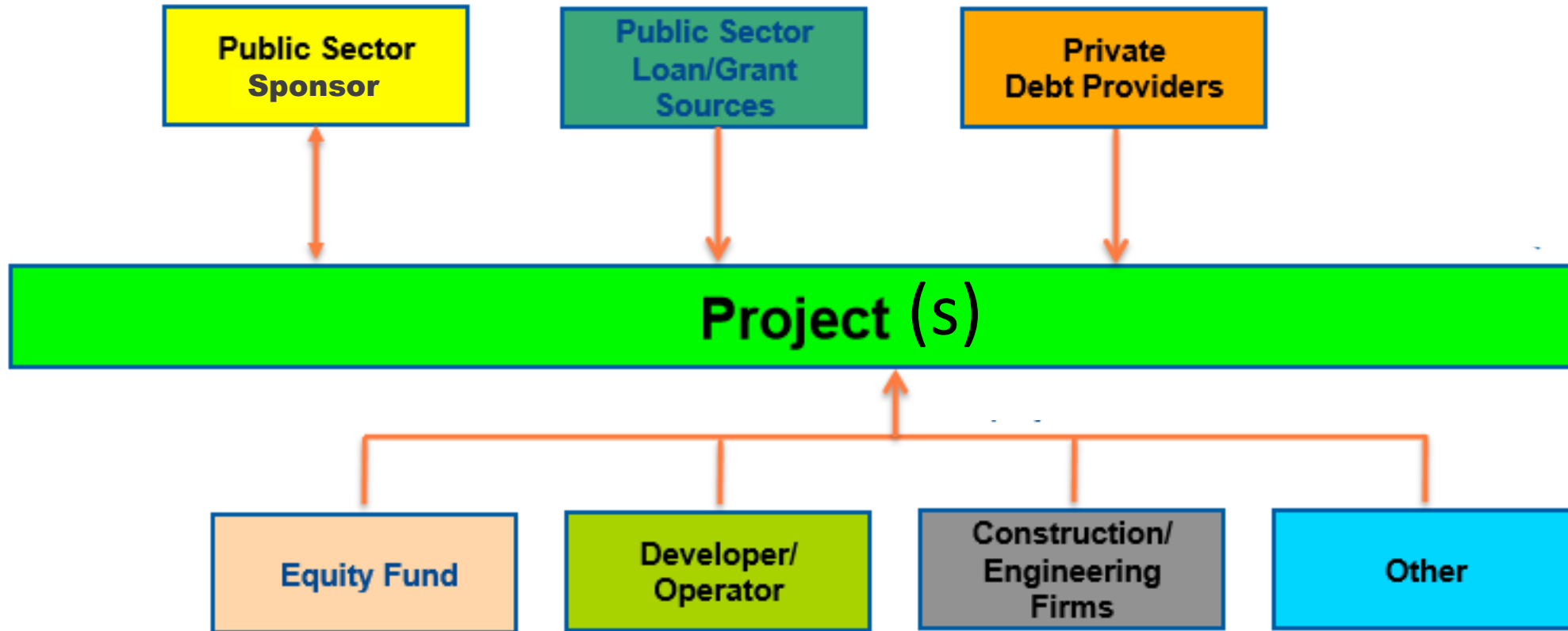


# Medical Main Street District

## Typical Project Participants



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# Medical Main Street District



## P3 Team Experience - MHHC/Memorial City District

\$600M Risk Transfer



Approximately 32 Acers

### Memorial City District

- Medical , Entertainment TIRZ District
- 1.9M sf. Mixed-Use Commercial.
- Retail, Multi-Family and Entertainment
- 1.4M sf. Healthcare & Wellness facilities + 2- 1400 car parking garages
- 32 Story Hospital with MOB & Retail.
- 200 Room Weston Hotel with Condos Connected via bridge to tower lobby & Mall.
- \$640M Investment





# Medical Main Street District

P3 Team Experience - Allentown/Lehigh Valley HC.



\$400M Risk Transfer



Approximately 10 Acres

## Allen Town Penn. City Center

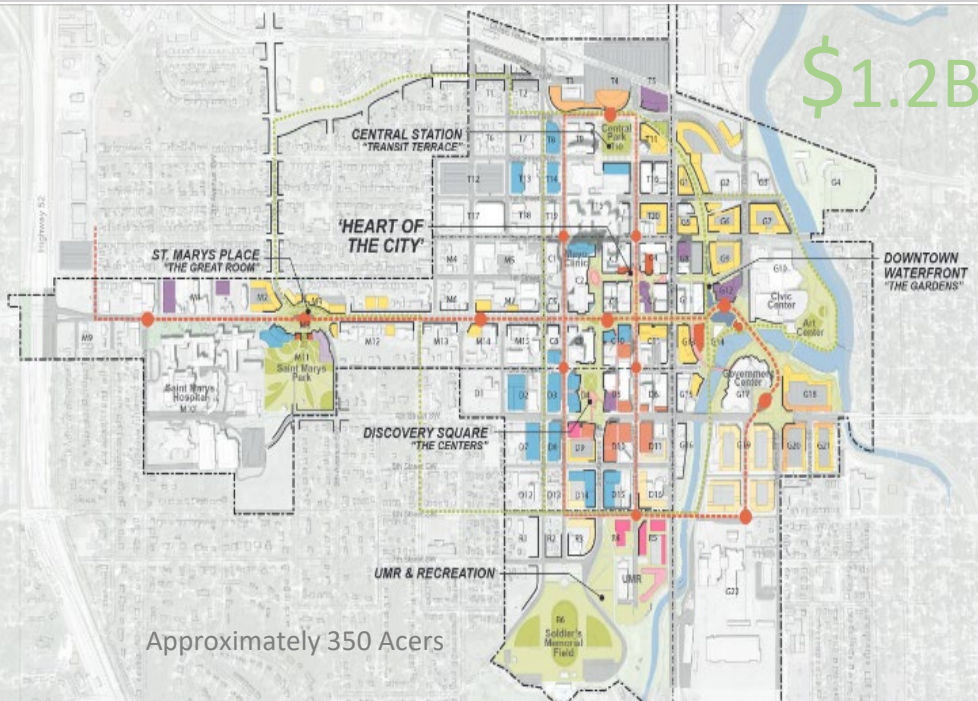
- Revitalization of 10 City Block Area.
- Opportunity Zone Designation
- Health & Entertainment Anchored Mixed-Use
- Medical and Sports / Physical Therapy
- 10,000 Seat Multi Purpose Public Arena.
- 1.2M sf of Commercial Office & Retail,
- 40,000 sf Repurposed Loft Apartments
- 1500 Car Public Parking Structure
- 240 Room Renaissance Hotel Connected to Healthcare, Retail & Arena.
- Public Outdoor Plazas and Ice Rink.
- \$400M Investment





# Medical Main Street District

## P3 Team Experience - Rochester MN./ Mayo Clinic



Approximately 350 Acres



### City of Rochester-MN. & Mayo Clinic Destination Medical District

- Mult Phased Revitalization of Over 350 Acres
- Opportunity Zone Designation
- Health , Education & Research Anchored Development
- Mixed-Use Commercial, and Mult-Family Zones.
- 6 Distinct District Communities
  1. Heart of the City Place.
  2. Central Station
  3. Downtown Waterfront
  4. Discovery Square
  5. Saint Mary's Place
  6. UMR Recreation Park
- \$230M Initial Public Investment.
- Over \$3B in Private Investments over 20 Year Period.
- Initial Master Plan completed in 2014



# Medical Main Street District

## Key Success Factors for P3 Development



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### Lessons Learned From Case Studies:

- Pick the right partners because experience is important.
- Validate the economics first and focus on identifying the social and economic benefits for the community. ( *Target X4 the investment made* )
- Negotiate a win/win that's fair for both (or all) parties.
- Focus on local outreach. Engage the public and include all stakeholders for better outcomes.
- Remain flexible and ready for change along the way
- P3's work best when public leaders are engaged, and supportive.

# Medical Main Street District

## Case Study - An Integrated Healthcare Village



- 155 Usable acres (Approx. 5.7M sf)
- Begun planning in 2007.
- Broke ground in 2012
- \$350M Initial investment
- \$1.6B ROI back to community
- Estimated completion 2025





# Medical Main Street District

A new Urban Master Plan Anchored by AVMC



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A strong district **Mixed-Use** development strategy can strengthen Lancaster as a **Destination Medical City** and enhance the economic climate — using **healthcare, Wellness-Living and tourism** as catalysts to anchor the transformation of Lancaster into the next generation.







# Medical Main Street District

## Introduction - Master Plan



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## PROGRAM & VISION STATEMENT

Medical Main Street is a large, mixed-use, multi-market anchor program supporting broad development goals driving the long-term economic vitality of the City of Lancaster, the Antelope Valley Region, and the State of California.

This destination concept relies on private/public partnership support with anchoring institutions, including Antelope Valley Hospital, and the city's human services programs working together to improve the quality of life for residents, and to drive economic growth and job creation in the region.



# Medical Main Street District

## Preliminary Findings To Date



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- Lancaster is a well-developed community with an effective downtown re-development model that's already been completed successfully.
- MMS District is large and will require a phased "*Clustered*" approach.
- Opportunity to design well-defined medical / wellness ( live, work, play) mixed use district with pedestrian / bike & hike connected *neighborhood clusters* exists.
- Major medical draw already exists. AV medical campus must be in sync with overall master to have a successful project.
- There is consistent traffic with strong daily and year-round activity.
- There is good visibility and easily accessible from multiple locations.
- Reliable communication and transportation networks already exist.
- Potential for active business recruitment and retention exist.
- Business friendly government - public leaders are engaged, supportive, and ready to provide needed resources.
- Community is supportive of AVMC hospital replacement.
- Transparent and flexible planning and zoning.
- Collaborative business and civic organizations.

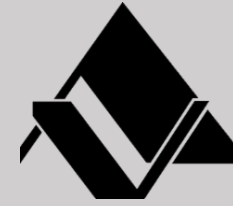






# Medical Main Street District

## City of Lancaster - Scale & Access



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## Study Area

- 350 Ac.
- Two Main Exit Points
- Scale Comparison
- Existing Hospital Campus



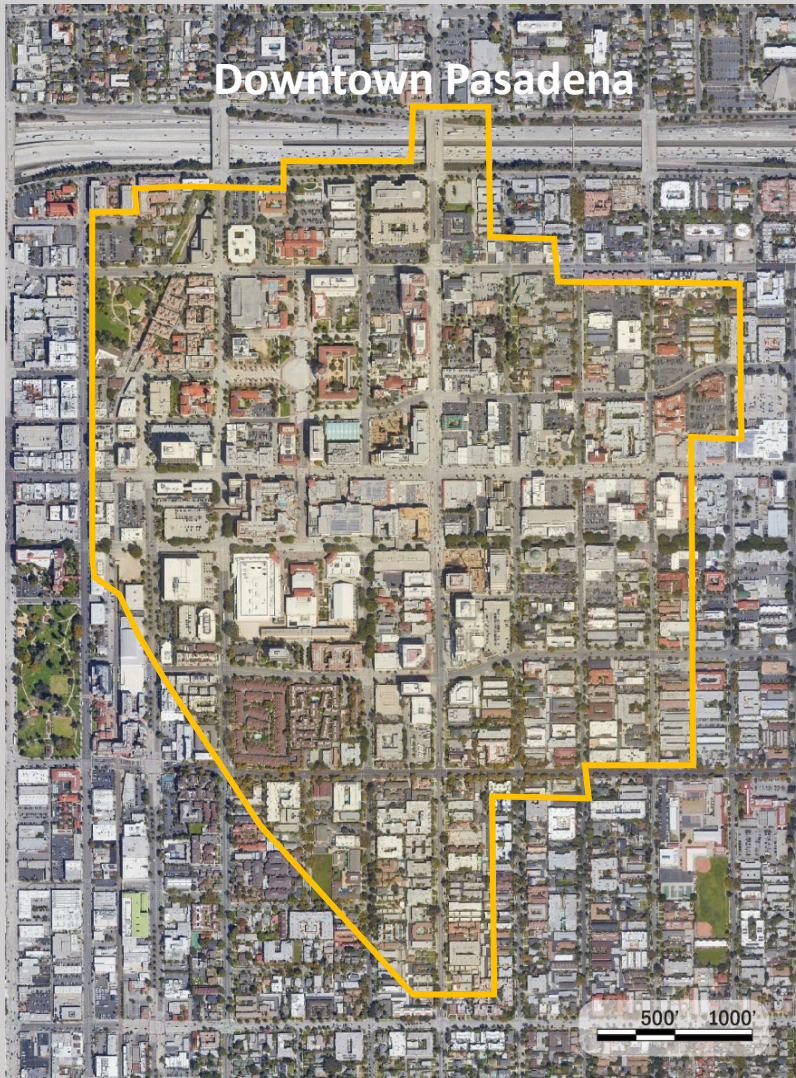


# Medical Main Street District

## Scale Comparison & Character Images



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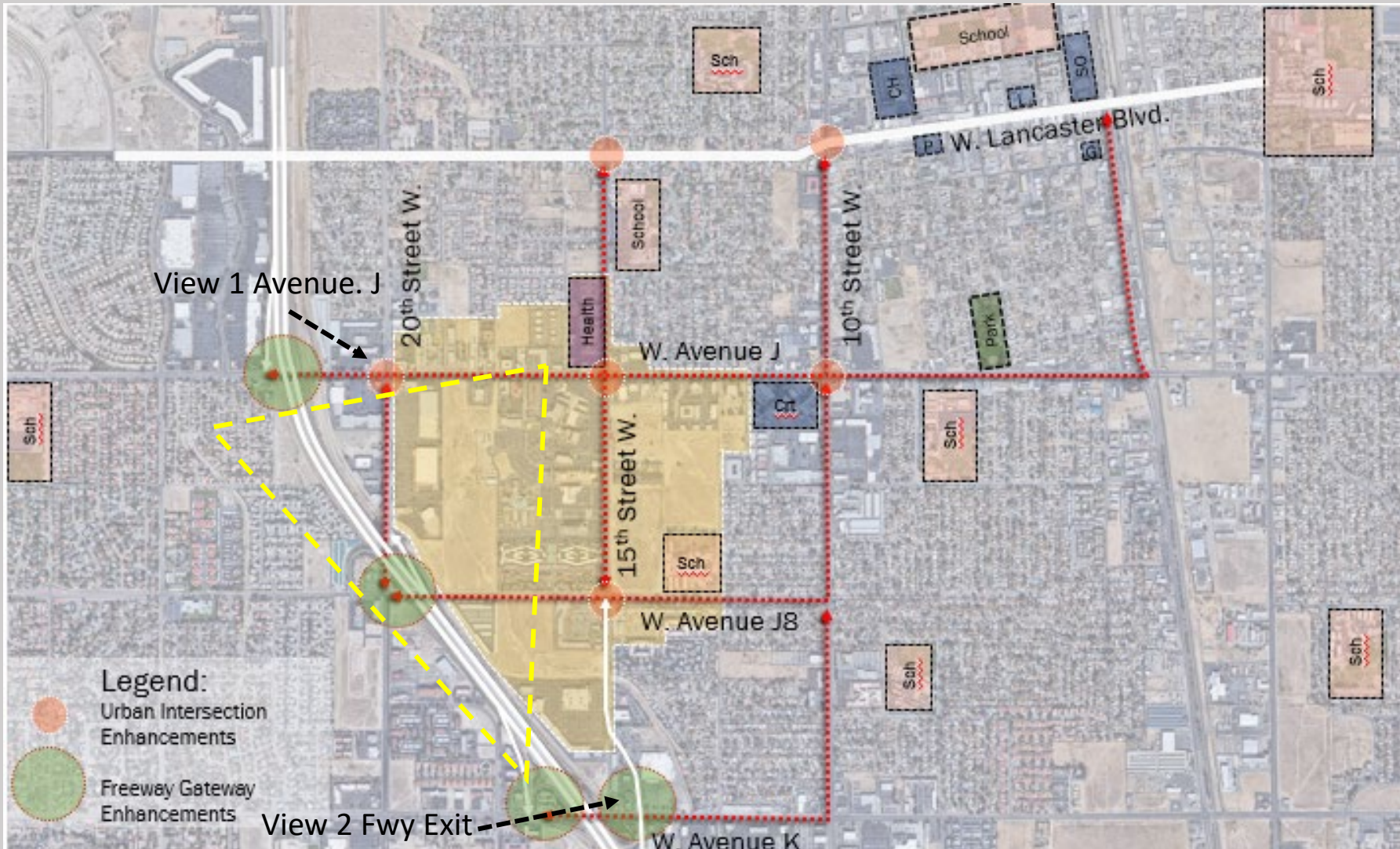


# Medical Main Street District

## Healthcare District Understanding



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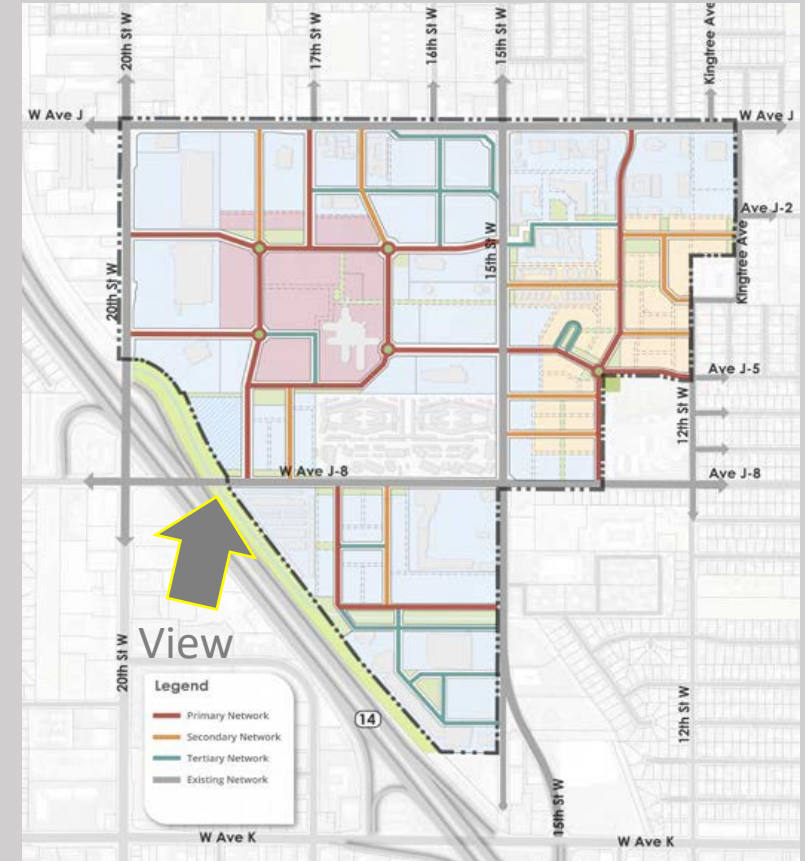
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## View Corridor Between Exits



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Experimental View of Estimated Scale and Massing of District







# Medical Main Street District

## Creating A Vibrant Main



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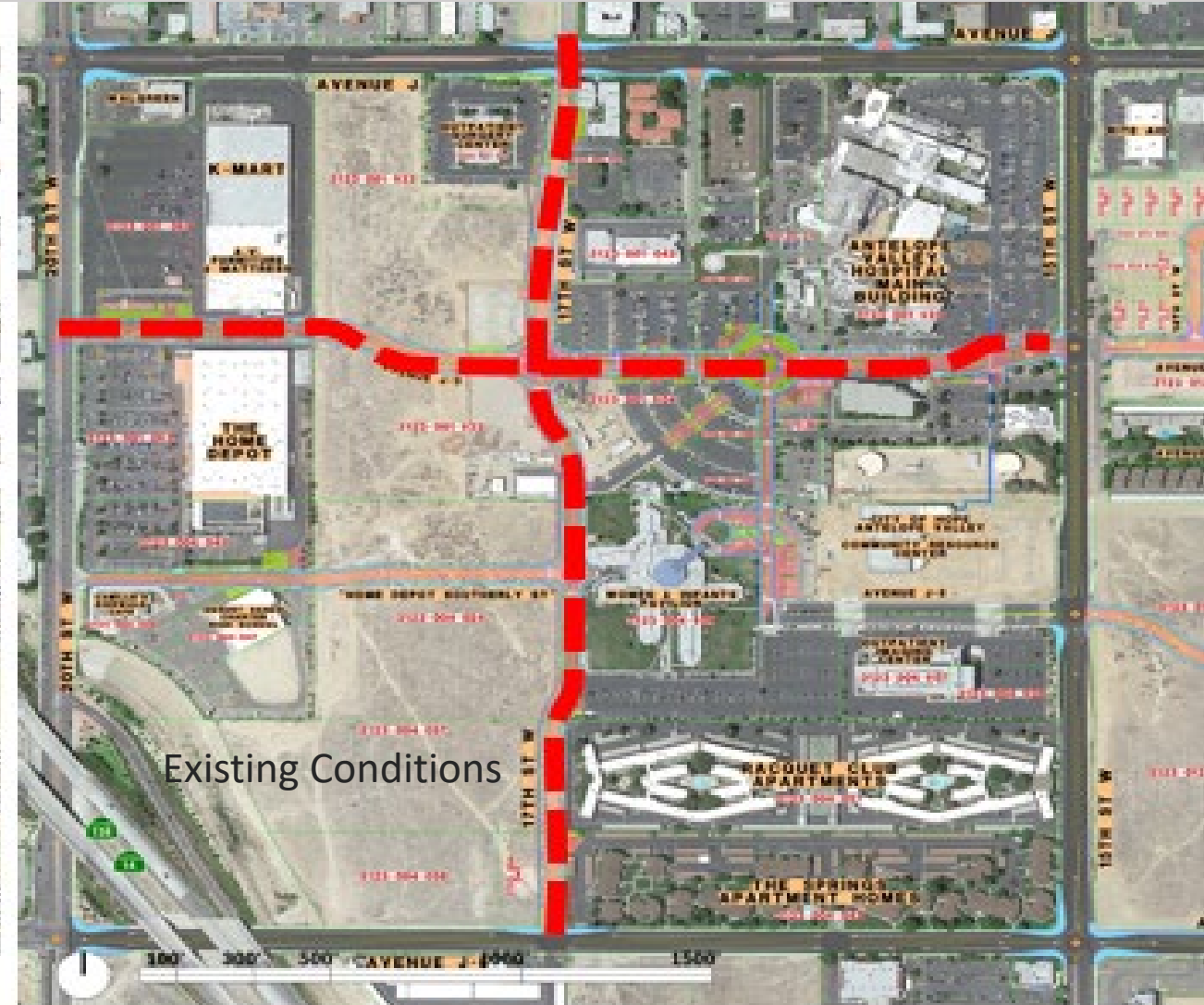
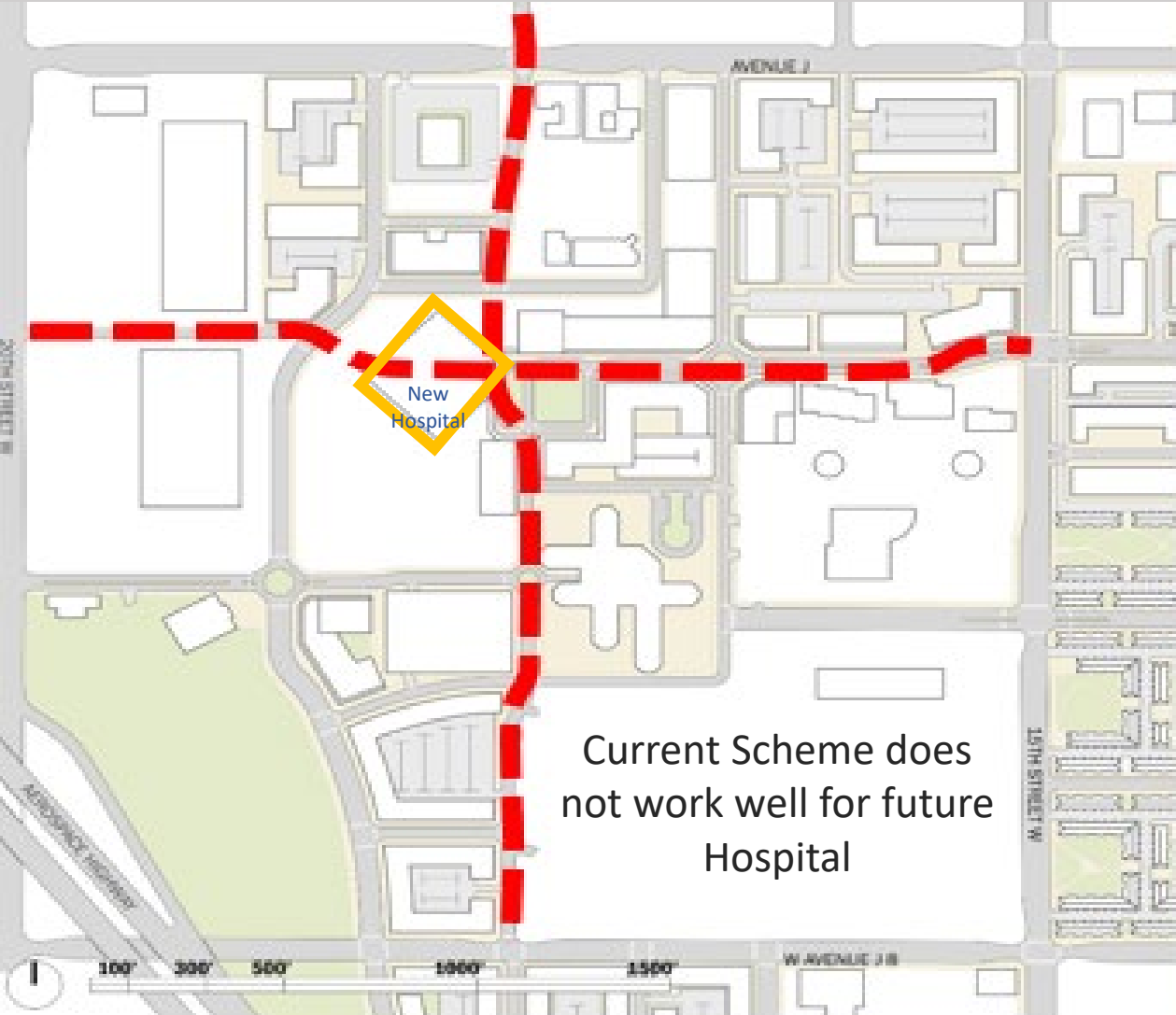


# Medical Main Street District

## 1<sup>st</sup> Metro Street Changes Approved



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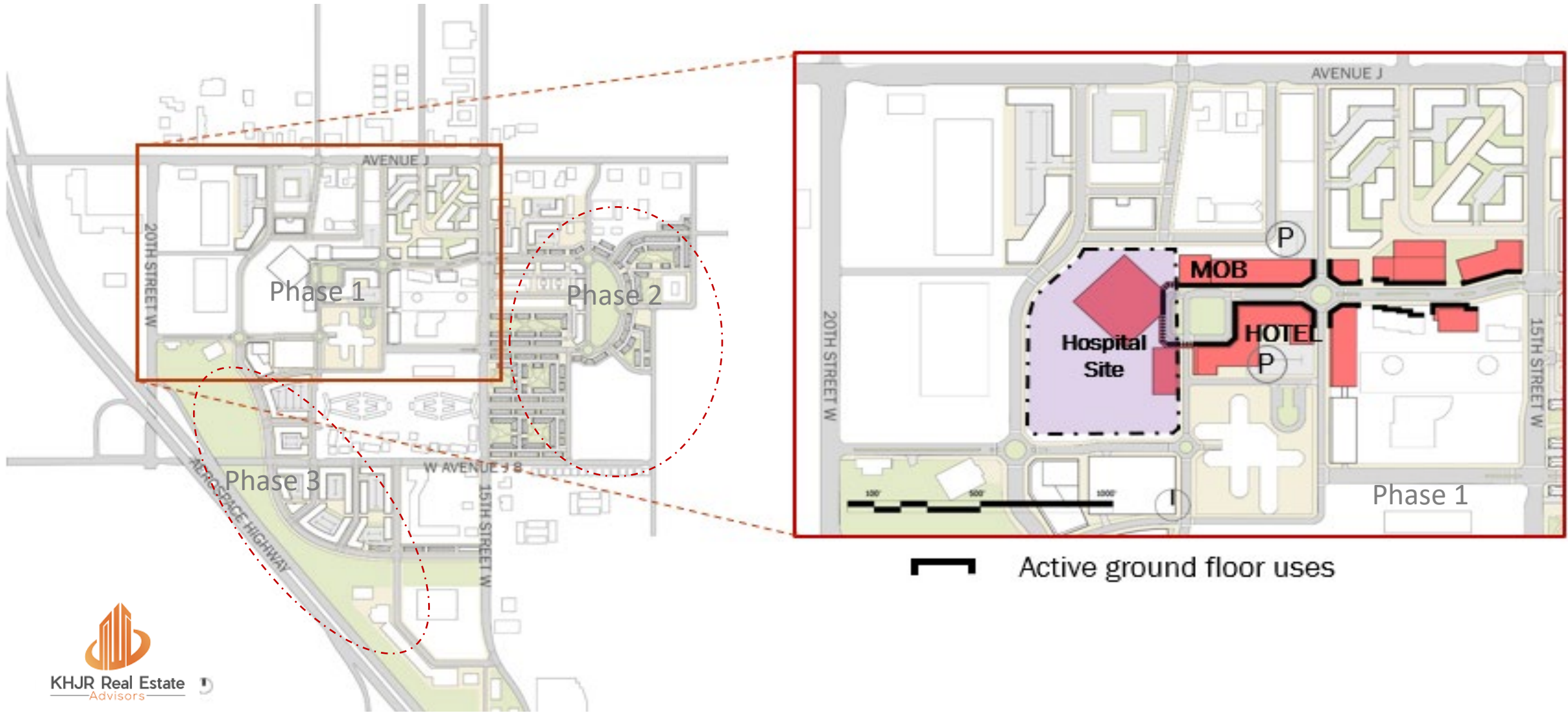


# Medical Main Street District

## Site Plan Hospital, MOB, Town Square & Hotel/Retail



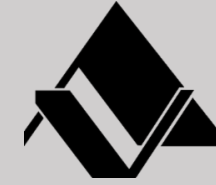
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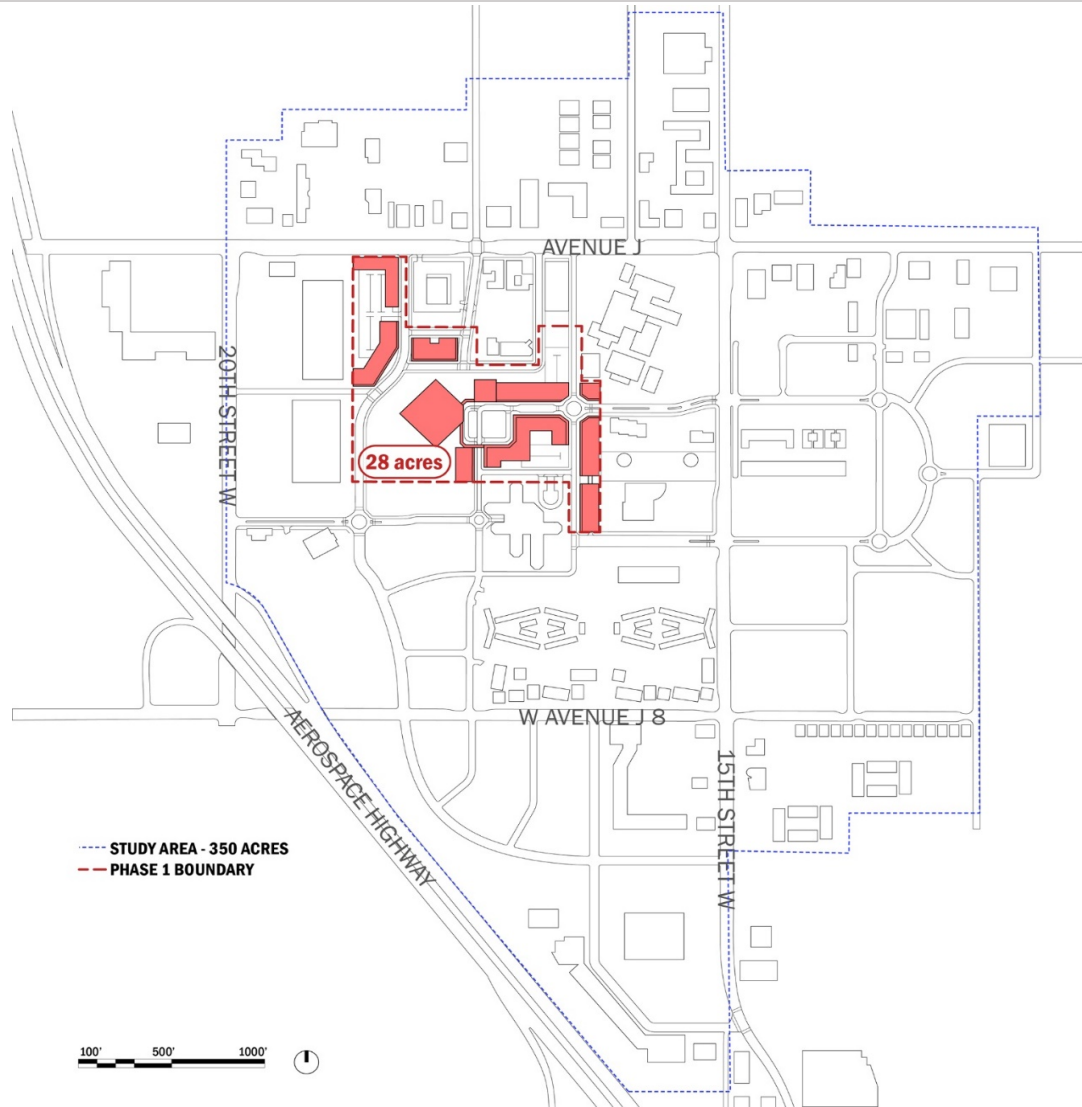


# Medical Main Street District

## Development Phase One - 28 Acres



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# Medical Main Street District

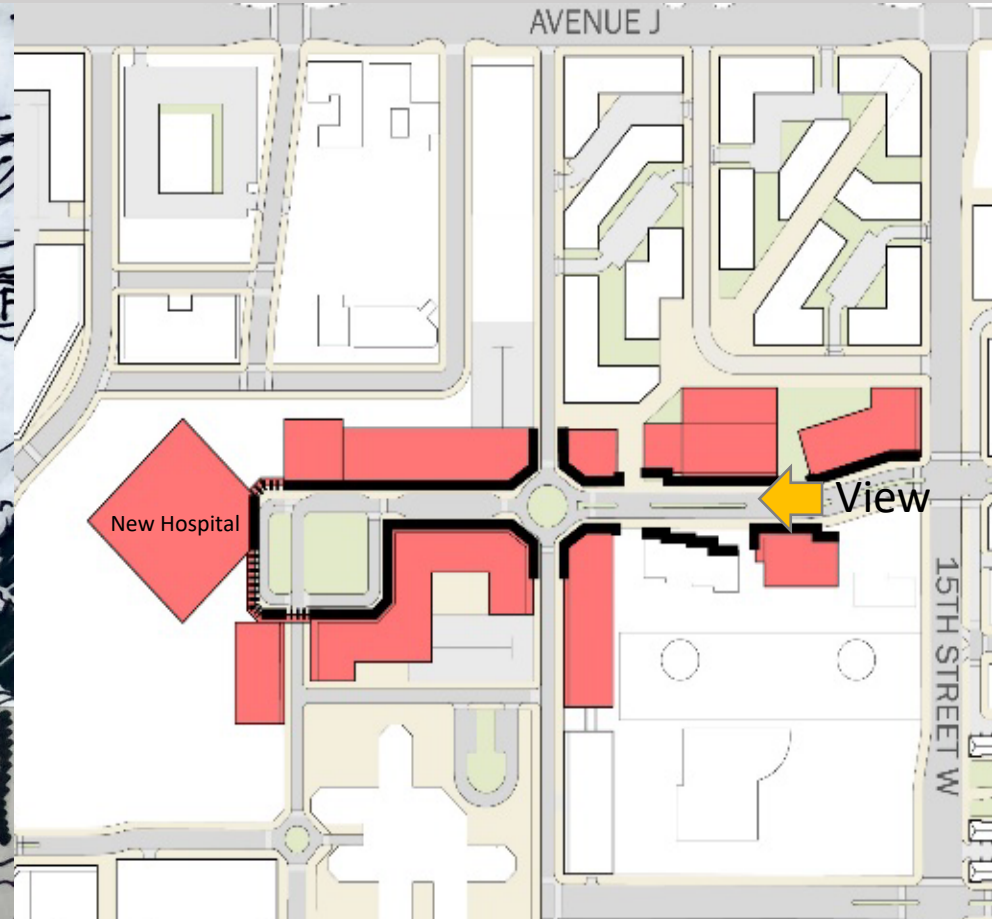
## Experimental Views - Medical Main Street



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Looking West



New Hospital

View

15TH STREET W

AVENUE J





# Medical Main Street District

## PH 1 Concept Images - Main Street



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Pedestrian Friendly Streets & Shops



Live - Work Friendly Mixed-use





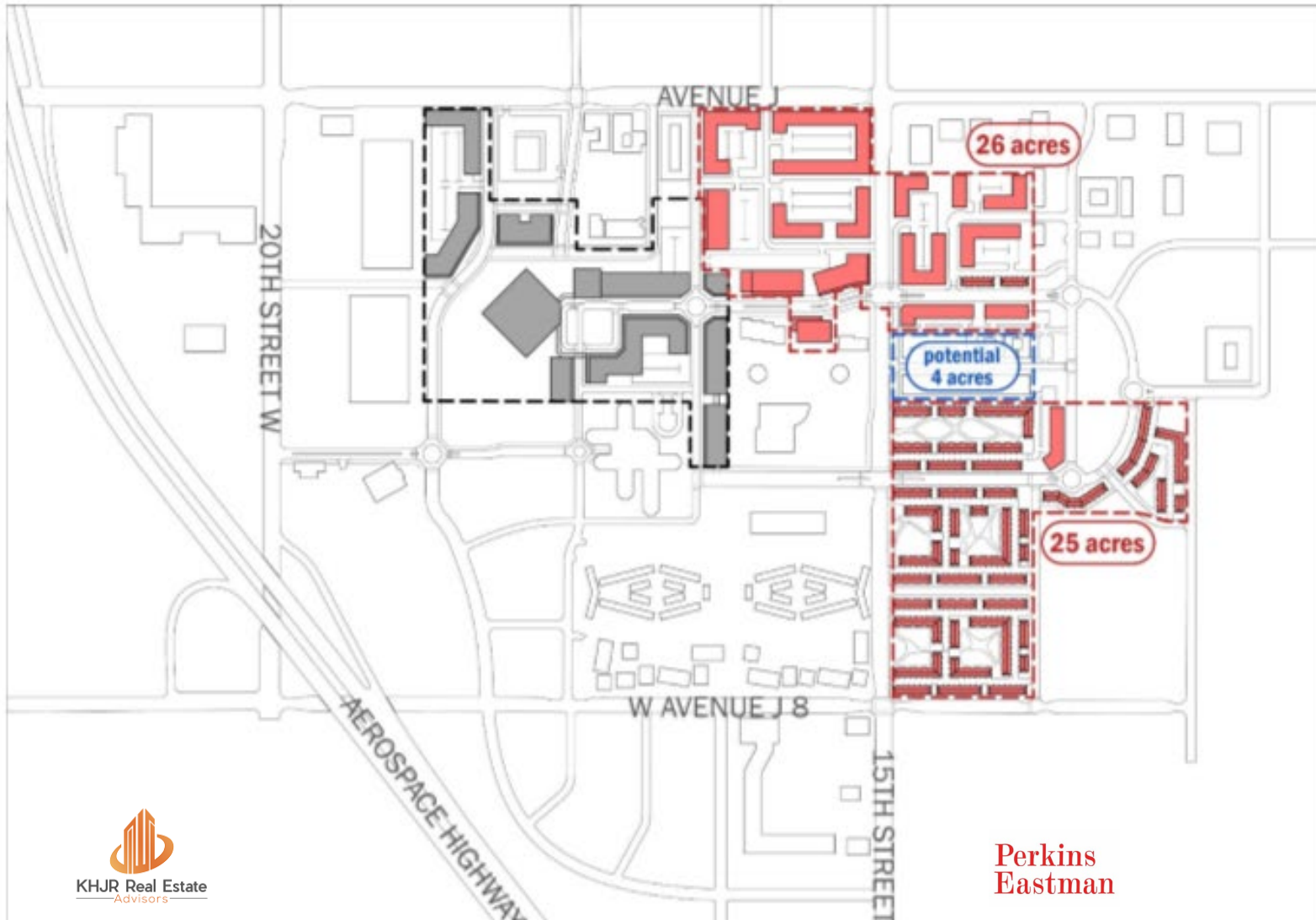


# Medical Main Street District

## Phase 2 & 2A - Neighborhood Development Clusters



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### Phase 2

	Phase Total	Cumulative
Phase 1	28 acres	28 acres
<b>Phase 2</b>	<b>51 acres</b>	<b>79 acres</b>



**Perkins  
Eastman**





# Medical Main Street District

## PH 2 Concept - Retail with Grocery & Sr. Living



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Grocery with Retail & Assisted living



Mixed - Use Pedestrian Friendly Residential





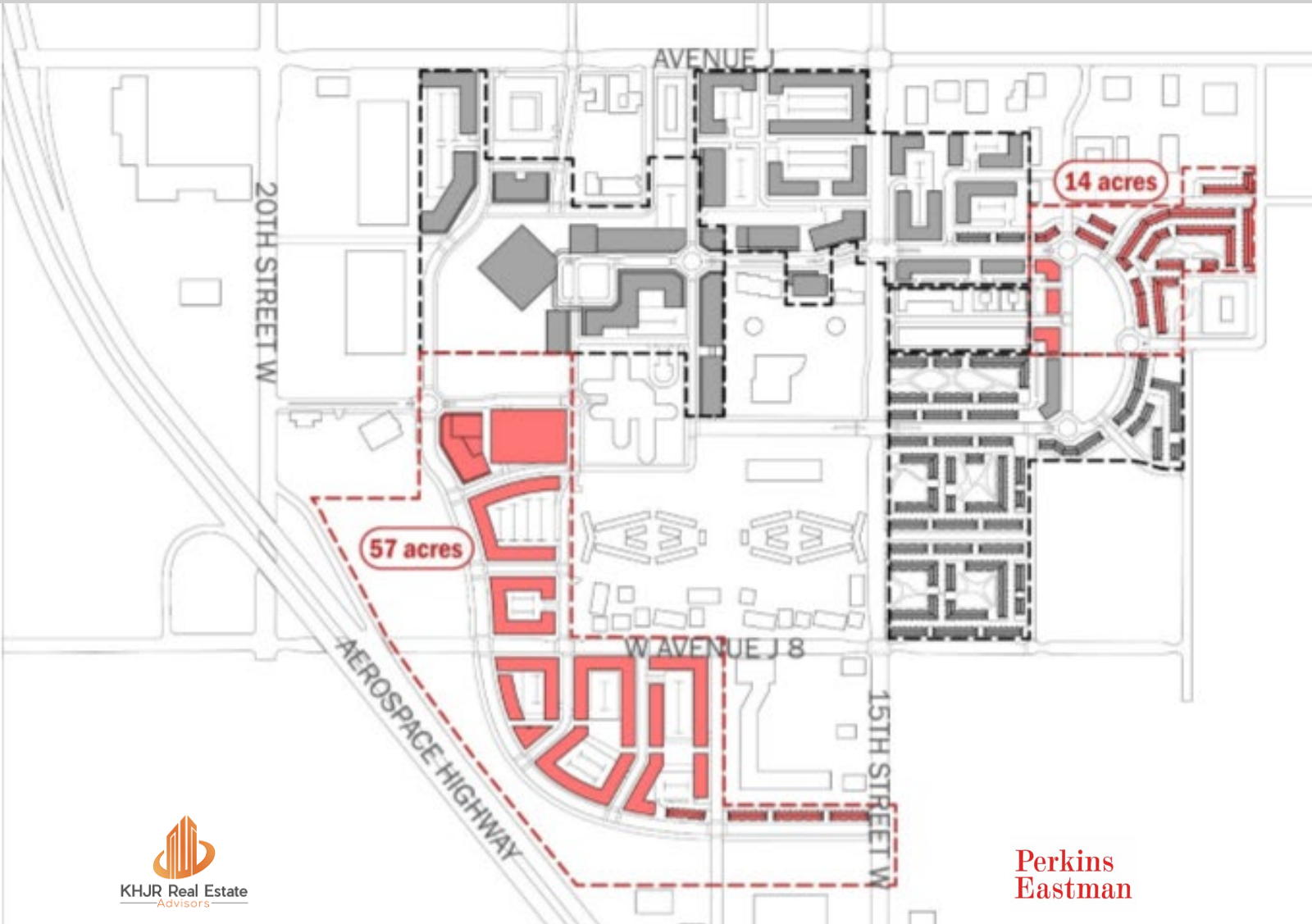


# Medical Main Street District

## Phase 3 & 3A - Neighborhood Development Clusters



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### Full Build

	Phase Total	Cumulative
Phase 1	28 acres	28 acres
Phase 2	51 acres	79 acres
<b>Full Build</b>	<b>71 acres</b>	<b>150 acres</b>



**Perkins  
Eastman**







# Medical Main Street District

## PH 3 Concept Rendering - Multi Family with Park



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Out-door Activates Friendly Spaces



Safe -Friendly Affordable Housing



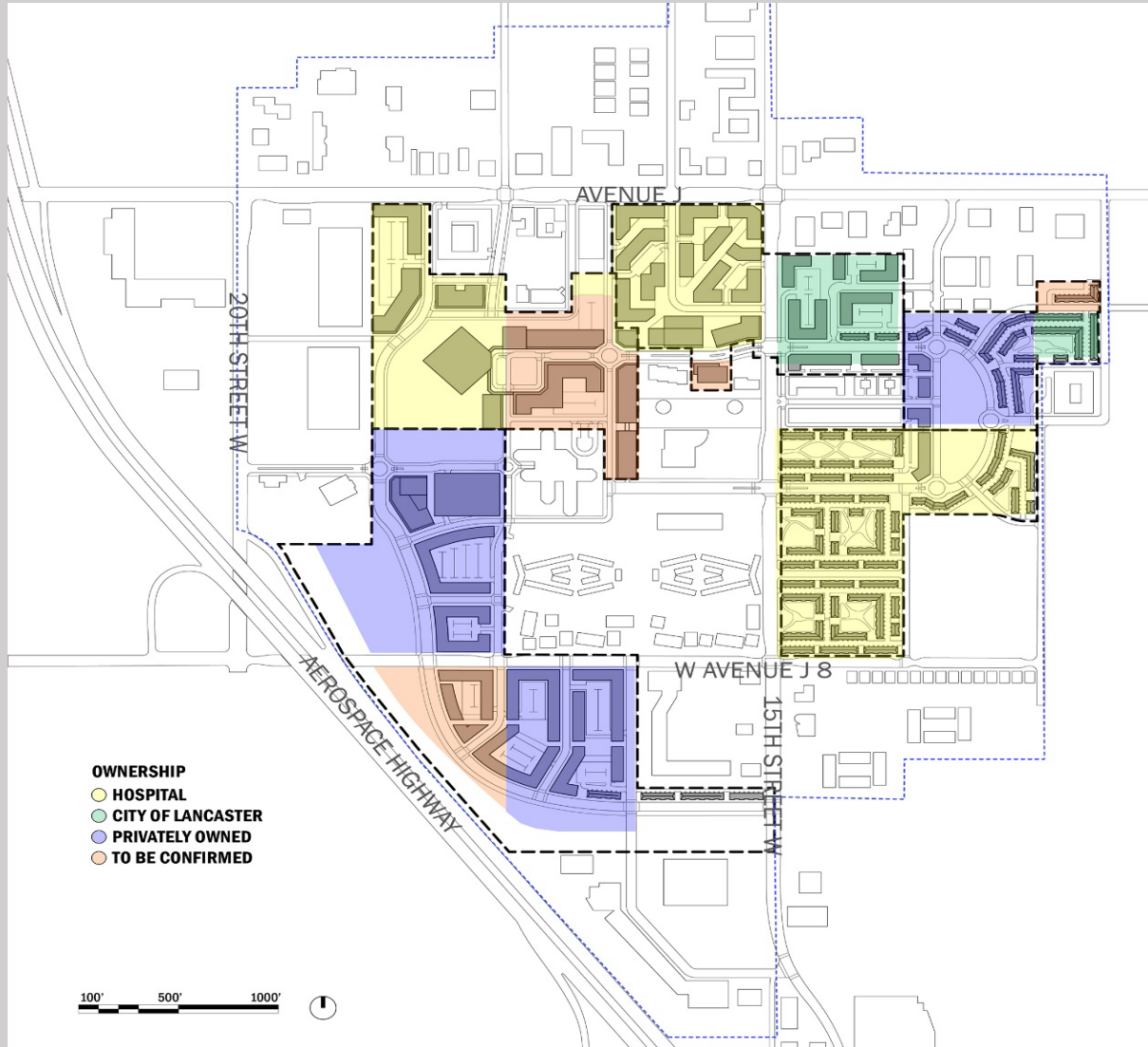




# Medical Main Street District Healthcare District Parcel Ownership Map



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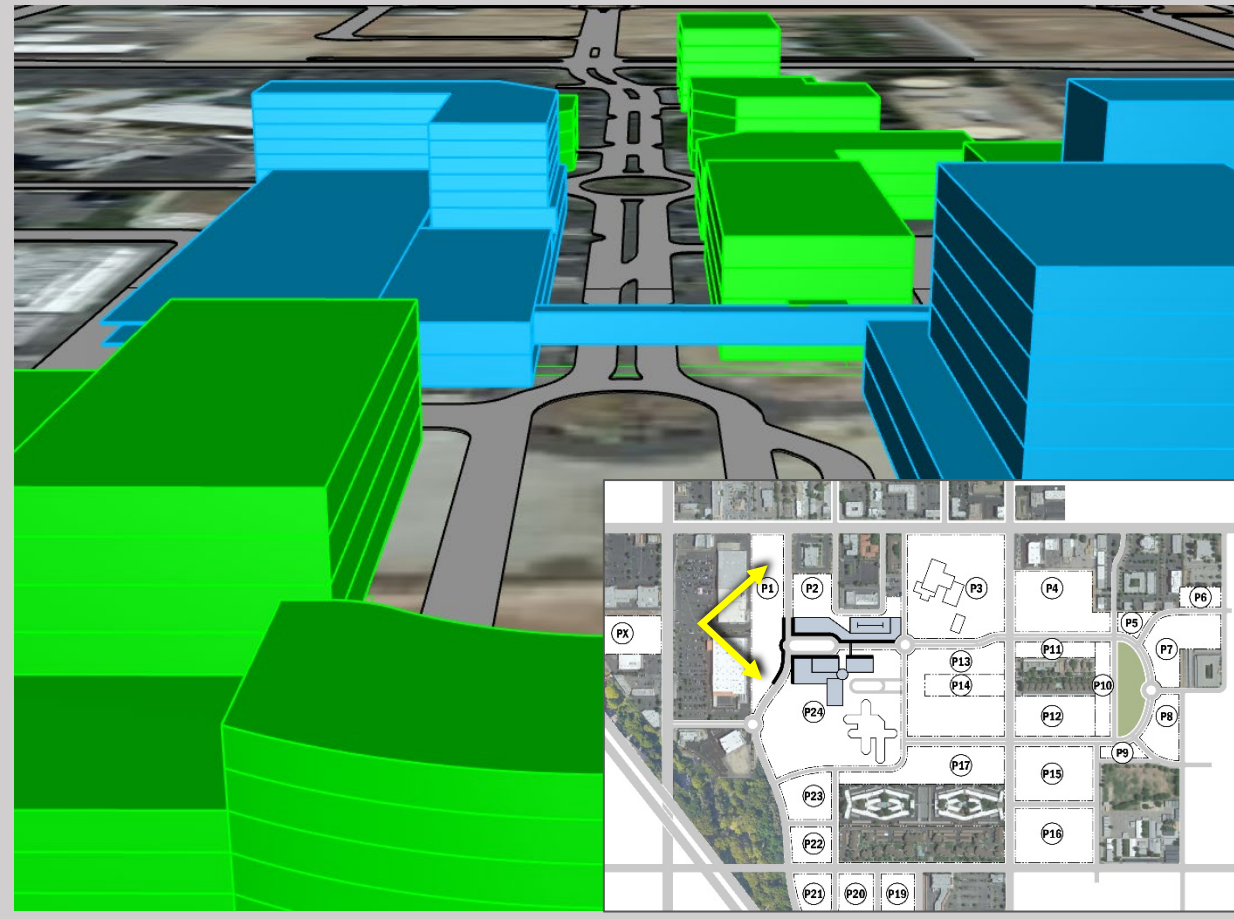
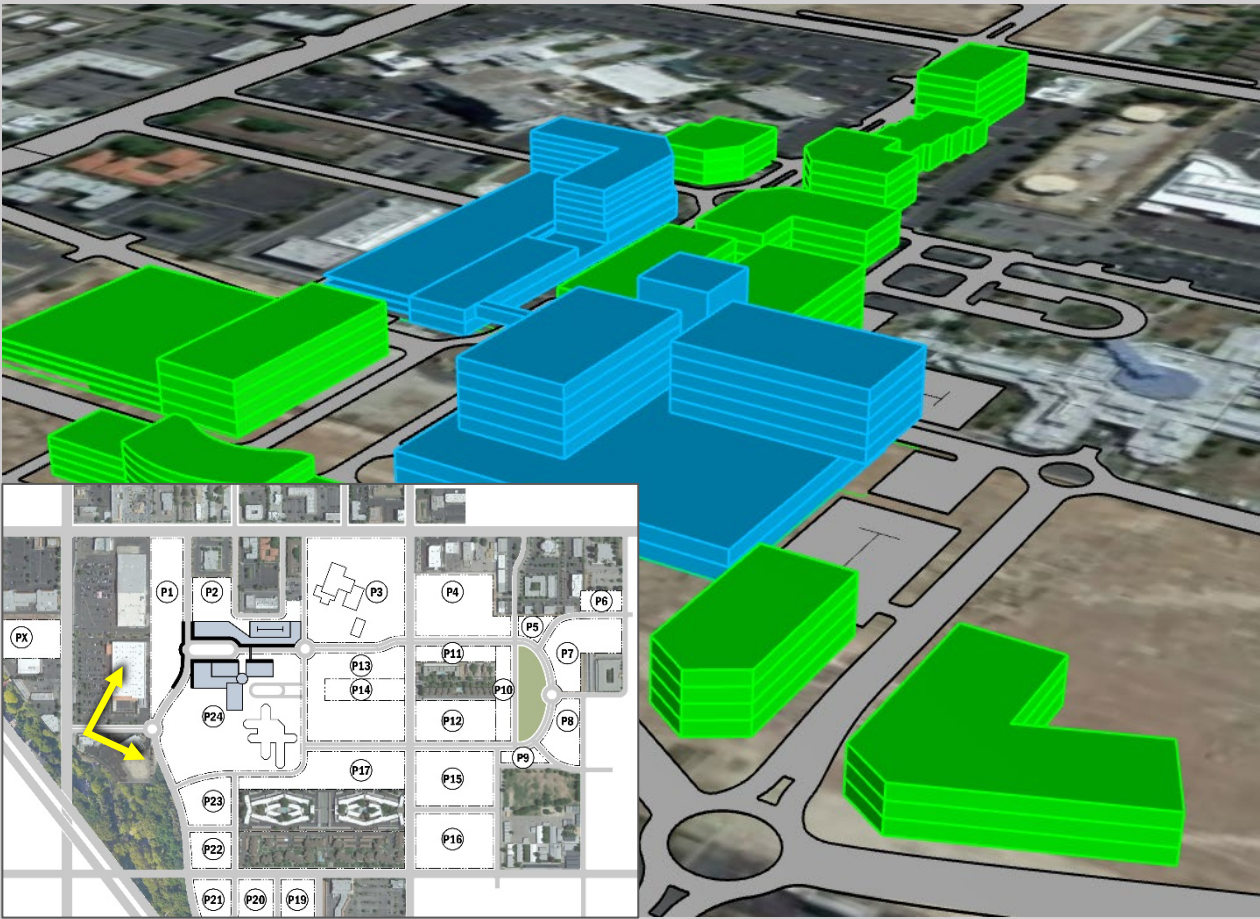


# Medical Main Street District

## Early Experimental Perspective Massing Views



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# Medical Main Street District Composite Image



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