

WEEKLY HOSPITAL REAL ESTATE BRIEFING: FORMER HOSPITAL BUILDINGS INCREASINGLY ADAPTED INTO HOUSING | CHN TO JV CONSTRUCTION OF BEHAVIORAL HOSPITALS

1. A recent *Wall Street Journal* article **highlighted** the growing trend of repurposing former hospital buildings into residential housing to address housing shortages, particularly in urban areas. Spending on this type of adaptive reuse more than doubled between 2022 and 2023.
2. Southwest Florida **continues** to experience a hospital construction surge. Health providers announced plans to build 65 new hospitals in Southwest Florida between 2020 and 2022, and just seven current projects account for over \$1.7 billion in investment.
3. VMG **published** a 2024 ASC roundup. Among the trends: (1) increased case volumes, particularly for specialty services like orthopedics and cardiology, (2) expanded service lines, accelerated by CMS broadening the list of reimbursable ASC services, and (3) continued consolidation of industry providers.
4. Community Health Network **announced** a joint venture with Lifepoint to construct two 120-bed inpatient behavioral health hospitals near Indianapolis. The planned expansion is in response to a community mental health needs assessment, which found that two-thirds of residents who needed treatment for serious mental health conditions did not receive it.
5. Hall Render attorney Jen Shoup published **a blog post** on economic development agreements, which provide a way for hospitals and other developers to obtain incentives to complete certain types of projects in a desired community. While the municipality may maintain certain controls over the project, the developer can often obtain economic aid, infrastructure upgrades, or preferential zoning treatment.
6. West Virginia lawmakers held **hearings** regarding the potential repeal or reform of the state's certificate of need (CON) laws. The debate centers on whether eliminating CON regulations would enhance health care access and competition or lead to overutilization and increased costs. A bill to eliminate CON requirements for all health services except hospice failed in 2024.
7. The American Hospital Association released a **report** emphasizing the unique role of long-term acute care hospitals (LTACHs) in providing specialized care for severely ill patients requiring extended hospitalization. These hospitals bridge the gap between general acute-care hospitals and post-acute settings such as skilled nursing facilities (SNFs). The report was a direct response to a recent academic paper finding that nearly all LTACHs provided care duplicative of what could have been provided in an SNF setting.
8. Cone Health **partnered** with the Greensboro, NC, Housing Authority to launch a virtual primary care office within an affordable housing community. In the space, a certified medical assistant connects patients with remote providers using digitally connected stethoscopes, blood pressure cuffs, and other medical equipment.
9. Cook Children's **announced** a \$1.25 billion 10-year expansion plan that includes a new patient tower, utility plant, and parking garage in Fort Worth, TX. The hospital will finance the project via a \$350 million bond issuance, around \$100 million in donations, and the remainder from operating cash and investments.
10. Penn Medicine **renamed** its \$1.6 billion hospital pavilion following a \$120 million gift from the Clifton family. The gift is one of the largest-ever naming gifts to a U.S. inpatient hospital.

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