Bond Case Briefs

Municipal Finance Law Since 1971

N.J. Senior Home Offers Investors Unrated Debt: Muni Deal.

A retirement center in Voorhees, New Jersey, that's lost money for three years is selling unrated municipal bonds this week as returns on high-yield debt reach almost double the overall market.

SJF-CCRC Inc., an affiliate of the Jewish Federation of Southern New Jersey, runs Lions Gate, a continuing-care retirement community about 17 miles (27 kilometers) southeast of Philadelphia. Through the New Jersey Economic Development Authority, the nonprofit is offering $61.7 million in tax-exempt securities, principally to refinance debt on 152 apartments, 12 cottages, a 78-bed nursing facility, a 32-bed rehabilitation unit and a 70-bed assisted living center, according to bond documents.

Yields could go as high as 5.5 percent on the 30-year portion, said Andrew Nesi, executive vice president at the underwriter, Herbert J. Sims & Co. Inc., in Fairfield, Connecticut. That would be 2 percentage points higher than benchmark munis, data compiled by Bloomberg show.

"There are people who are looking for investments in this area," Nesi said. "There's not a lot of high-yield supply."

High-yield debt is earning 9.9 percent this year, compared with 5.7 percent for the $3.7 trillion municipal market, S&P Dow Jones Indices show. High-yield funds have added cash for 23 straight weeks, Lipper US Fund Flows data show.

Yield-hungry investors would have to digest some risk. The Voorhees center has posted operating losses every year since 2011 and for the first three months of this year, deal documents show. Opening the rehabilitation facility last year drove expenses higher than revenue, as not all beds were filled all the time, said Douglas Hacker, Lions Gate's chief financial officer.

Operating losses for such facilities are common for the first 10 years, Hacker said. Finances have stabilized for Lions Gate, which opened its first beds in 2006, he said.

"We have met our debt covenants," Hacker said. "We're a solid organization now and into the long-term future."

The center is joining issuers offering $4.7 billion in bonds this week, down from $9.5 billion last week.

By Romy Varghese Jun 15, 2014 5:00 PM PT

To contact the reporter on this story: Romy Varghese in Philadelphia at rvarghese8@bloomberg.net

To contact the editors responsible for this story: Stephen Merelman at smerelman@bloomberg.net Pete Young, Mark Tannenbaum

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com