



MEMORY LOSS

Developer halts work on Creswell senior-care complex as contractors clamor for payment

BY CHRISTIAN WIHTOL

Construction companies and their workers say an Arizona-based developer has stiffed them nearly \$1.5 million for their work building an elder-care complex in Creswell that sits unfinished and deserted.

Flagstaff, Arizona-based Inspired Healthcare Capital had been promising this year to open its two-building 48-unit assisted living and memory care center on Emerald Parkway on the east side of Interstate 5. But the glass doors are now taped over with cardboard. The interior is barren and unfinished, littered with copper and plastic piping, and boxes of joint compound and wire. Pallets of antibacterial soap and construction materials sit outside.

It's unclear when or if the place will open.

Eight construction companies and dozens of workers have filed lien claims saying they are owed nearly \$1.5 million for their work. One contractor, an electrical company, has sued in Lane County Circuit Court seeking payment.

Inspired Healthcare's other Oregon project, constructing a 48-bed assisted living and memory care complex south of Roseburg, has also stalled and is unfinished.

Roseburg landscaper Patrick O'Connor has filed a lien seeking more than \$80,000 for his work on the Creswell site this summer. Early on in the job he sensed trouble, he says.

"There were red flags all over the place," including Inspired Healthcare being slow to pay and management caring little about the work being done, O'Connor says.

"It's disheartening," he says. Contractors "are out a tremendous amount of money."

O'Connor says he did some landscaping at the Roseburg site, but quickly halted work there when payments ceased.

WEALTHY INVESTORS

Inspired Healthcare, with roughly three dozen senior complexes around the country, faces financial shortfalls and is under investigation by the federal Securities & Exchange Commission, according to recent announcements by law firms that are scrutinizing the company. *Eugene Weekly* was unable to reach Inspired Healthcare for comment.

Nationwide, developers eager to cash in on the demand for senior-care facilities may have over-built, recent industry reports suggest.

Founded in 2016, Inspired Healthcare is a private-equity company, raising money from wealthy investors to build, buy or remodel elder-care complexes. The company promises high returns but provides scant financial disclosure to investors, the law firms say.

Each Inspired Healthcare complex is a separate legal entity. The Creswell project, which cost upward of an estimated \$17 million, is owned by Inspired Senior Living of Creswell Development LLC. It was supposed to be managed by the Volante branch of Inspired Healthcare, but Inspired Healthcare recently shut down that arm, the law firms say.

News that the Creswell project had failed to open was first reported by *The Chronicle* newspaper.

The many financial claims against the project have not been previously reported. Nor has the shuttering of the Roseburg construction project.

FLURRY OF CLAIMS

Those harmed in the Creswell project include dozens of electricians owed a total of \$137,000 in pension and other fringe benefit contributions for work they performed this year and last, according to the lien filed by four worker pension plans against the development.

The biggest claimant thus far is Mars Construction of Roseburg, which says it is due \$521,000 on \$2 million worth of work it performed.

Seattle-based North Coast Electric Co. says it is owed \$269,254, much of it for work dating to 2024. North Coast sued in Lane County Circuit Court last month seeking payment, including, if necessary, through a foreclosure sale of the Creswell complex. Inspired Healthcare has not yet responded to the lawsuit.

Landscaper O'Connor's claim shows he was paid \$76,000, but is still owed \$82,219 for plants, mulch, other materials, labor and equipment rental. He installed an irrigation system for the extensive landscaping, but says he's not sure the owner has turned it on. Blackberry bushes, grass and weeds are already popping up through the mulch.

The liens on the Creswell property have all been filed in the last several months.

When a property owner fails to pay a building contractor, the contractor's first step is to file a lien against the property with the county clerk's office. After a set amount of time, and if the property owner still hasn't paid up, the contractor can sue and seek remedies, including foreclosure sale of the property — although such sales are rare.

"We don't know what's going to happen. There are so many claims," O'Connor says.

LOOKING FOR INVESTORS

Law firms nationwide are publicly soliciting people who invested with Inspired Healthcare and now want their money back. Inspired Healthcare recently stopped making payments to investors and is seeking new funding, the law

firms say.

Inspired Healthcare used the Securities & Exchange Commission Regulation D method to raise money from wealthy and supposedly sophisticated investors, the law firms say.

"These [Regulation D] offerings come with limited SEC reporting, minimal liquidity, and reduced investor protections compared to public securities," says the website of Bakhtiari & Harrison, a Los Angeles law firm seeking to represent unhappy Inspired Healthcare investors.

"Only about 10 to 15 of [Inspired Healthcare's] 35 senior-living communities are reported to remain financially viable — a troubling performance rate that suggests widespread risk to investors," the law firm warns.

LAND PURCHASES

An arm of Inspired Healthcare bought the Creswell land in 2021 for \$983,168, according to the deed. There are no public records showing how Inspired Healthcare funded the property purchase or the construction work.

The exteriors of the two Creswell buildings are finished, including painting. But the interiors remain incomplete. The bedrooms and common areas lack any furniture. Cabinets sit wrapped in their delivery coverings. Stray tools and materials are evidence of workers quickly walking off the job. The project abuts a busy small- and large-animal veterinary clinic.

In 2021, an arm of Inspired Healthcare bought the Douglas County land, off Interstate 5 south of Roseburg, for \$750,000, the deed shows.

Construction at the Roseburg property is less advanced than at the Creswell location. The worksite is deserted and the buildings have been surrounded tightly with security fencing. The California-based construction manager that Inspired Healthcare hired to oversee the Roseburg and Creswell projects has filed liens claiming it is owed \$106,000 on the Roseburg job and \$36,000 on the Creswell job.

Bricks \$ Mortar is a column anchored by Christian Wihtol, who worked as an editor and writer at The Register-Guard in Eugene 1990-2018, much of the time focused on real estate, economic development and business. Reach him at Christian@EugeneWeekly.com.

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