

**RATING ACTION COMMENTARY****Fitch Affirms Lifespace Communities, Inc., IA's Series 2021B Rev Bonds at 'BBB'; Outlook Stable**

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Fitch Ratings - New York - 29 Apr 2026: Fitch Ratings has affirmed the \$30 million series 2021B revenue bonds issued by the Iowa Finance Authority on behalf of Lifespace Communities, Inc. (Lifespace) at 'BBB'.

The Rating Outlook is Stable.

The bonds are being reoffered in connection with the conversion of the series 2021B bonds to a term rate mode on May 15, 2026.

**RATING ACTIONS****ENTITY / DEBT** ⚡**RATING** ⚡**PRIOR** ⚡

Lifespace Communities (IA)

Lifespace Communities (IA)  
/General Revenues/1 LT

LT

BBB Rating Outlook Stable Affirmed

BBB Rating Outlook  
Stable

## [VIEW ADDITIONAL RATING DETAILS](#)

The rating and Outlook reflect Lifespace's continued ability to meet Fitch's expectations for stronger operating and cash flow performance, due to successful capital projects and improved independent living unit (ILU) occupancy. They also incorporate the effect of the Waterford phase II project, including additional debt and Fitch's expectations for financial performance following project stabilization.

## SECURITY

The bonds are secured by a pledge of unrestricted obligated group (OG) receivables and mortgage on certain property.

## KEY RATING DRIVERS

### Revenue Defensibility - 'a'

#### *Large, Geographically Diversified Platform; Improving ILU Occupancy*

Lifespace's large, geographically diversified platform is the core strength of its revenue defensibility, mitigating single-site demand and pricing risk. Lifespace OG operates life plan communities (LPCs) in seven states, none of which account for more than 12% of the OG's gross revenue.

Lifespace OG has experienced improved ILU occupancy since the post-pandemic period, standing at 86.5% in 2025. Fitch believes this is evidence that the organization is on a trajectory toward achieving sustained 90% ILU occupancy over the next several years. Markets generally have solid socioeconomic indicators. Competition varies by community.

Presale start for Waterford phase II was delayed due to unforeseen delays in the Florida Office of Insurance Regulations (OIR) approval process. Lifespace nevertheless identified 24 prospects (62% of new ILUs), all of which have converted to presales

with 10% deposits. The small number of ILUs planned and the velocity of conversions to presales indicate that Lifespan will be able to fill the project and generate sufficient entrance fees to repay short-term debt.

## **Operating Risk - 'bbb'**

### ***Improved Operations; Moderated Debt Burden; Waterford Phase II***

Lifespace's operating risk reflects its predominantly Type A contract mix, track record of adequate cost management and substantial debt-funded capex, with projects expected to enhance Lifespace OG's competitive positioning. As ILU occupancy has improved, so have Lifespace OG's operations, with an operating ratio of 99.4%, net operating margin (NOM) of 8.7% and NOM-adjusted of 24.8% in 2025.

Lifespace is proceeding with Waterford phase II, which will add 39 new ILUs, 24 new assisted living units (ALUs) and 16 memory support units (MSUs). Expected project cost is approximately \$90 million, scaled back from original plans estimated at nearly \$175 million, to be funded with series 2026A-C bonds, with the series 2026Cs to be repaid with initial entrance fees. Ongoing campus redevelopment projects are progressing on time and on budget. Future acquisitions (none identified at this time) are expected to be accretive with limited liquidity support that Fitch expects will be immaterial to the OG's rating.

Through its repositioning projects and expanded footprint, Lifespace OG has started to improve its capital-related metrics, despite considerable debt-funded capital investment and borrowing for payments to the Edgemere residents' trust. Following the series 2026 transaction, Fitch estimates Lifespace's pro forma long-term MADS will increase to about \$67.0 million, representing 17.2% of revenue and 0.7x revenue-only MADS coverage in 2025. Lifespace OG's debt-to-net available ratio was 7.7x in 2025 and has moderated as campus redevelopment projects have stabilized and occupancy improves.

## **Financial Profile - 'bbb'**

### ***Weak Cash-to-Adjusted Debt, but Expectations for Improvement***

Lifespace's debt-funded strategic capex has kept its cash-to-adjusted ratio low at 25.3% as of YE25. However, pro forma MADS coverage improved to 1.7x as of FY25 due to successful fill of completed projects. Lifespace had 201 days cash on hand (DCOH) as of FY25, which Fitch considers neutral to the assessment of the OG's financial profile.

Fitch's forward-looking scenario analysis shows Lifespace's financial profile improving over the next five years, even in a stress case, with modest cushion for operating volatility and execution risk of capital projects.

Fitch's forward-looking analysis also includes deposits to the Edgemere resident trust from Lifespace's internal cash flow. The analysis assumes Lifespace can defer these payments if a deposit would reduce liquidity below 250 DCOH or trigger a default under the master trust indenture.

### **Asymmetric Additional Risk Considerations**

No asymmetric risks are relevant to the rating.

### **RATING SENSITIVITIES**

#### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

-- A reversal of the current improvement in ILU occupancy could suggest a lower revenue defensibility assessment and could pressure the rating;

-- Sustained low cash-to-adjusted debt coupled with a reversal of the current trend of improving operating performance could compress MADS coverage to 1.3x or lower.

#### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

-- Positive rating action is unlikely pending the completion of Lifespace's capital projects, including Waterford phase II. Over time, cash-to-adjusted debt sustained at about 75% throughout Fitch's stress case would support positive rating momentum.

### **PROFILE**

Headquartered in Des Moines, IA, Lifespace is one of the largest life-plan communities (LPC) systems in the country, with 15 LPCs in seven states. The OG operates 2,792 ILUs, 270 ALUs, 149 MSUs and 739 SNF beds. Operating revenues totaled \$380.4 million in 2025 (FYE Dec. 31).

## **DATE OF RELEVANT COMMITTEE**

01-Apr-2026

## **Sources of Information**

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## **FITCH RATINGS ANALYSTS**

**Margaret Johnson, CFA**

Senior Director

Primary Rating Analyst

+1 212 908 0545

[margaret.johnson@fitchratings.com](mailto:margaret.johnson@fitchratings.com)

Fitch Ratings, Inc.

Hearst Tower 300 W. 57th Street New York, NY 10019

**Margot Johnston**

Senior Analyst

Secondary Rating Analyst

+1 212 908 0254

margot.johnston@fitchratings.com

**Kevin Holloran**

Senior Director

Committee Chairperson

+1 512 813 5700

kevin.holloran@fitchratings.com

**MEDIA CONTACTS**

**Katherine Jones**

New York

+1 212 908 0823

katherine.jones@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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**APPLICABLE CRITERIA**

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\) \(including rating assumption sensitivity\)](#)

[U.S. Public Finance Not-For-Profit Life Plan Community Rating Criteria \(pub. 21 Feb 2025\) \(including rating assumption sensitivity\)](#)

## **APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v2.0.1 (1)

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Iowa Finance Authority (IA)

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