Affordable Assisted Living Case Study

Vermont Coming Home Program Demonstration Project

Cathedral Square Senior Living
Burlington, VT
August 2003

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The Coming Home Program is a partnership between the State of Vermont, NCB Capital Impact (www.ncbcapitalimpact.org), and the Robert Wood Johnson Foundation (www.rwjf.org). Funding for the Coming Home Program is provided by the Robert Wood Johnson Foundation.

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I. Prefatory Notes

1. **Purpose of Case Study**: This case study provides an illustration of how one project has been able to develop affordable assisted living. The information contained herein is designed to provide policy makers, developers, and potential sponsoring organizations with useful and detailed information about how one project made affordable assisted living work within their state's context. Through multiple case studies, the Coming Home Program hopes to provide helpful examples of affordable assisted living development and operations as well as the challenges that were overcome and those that continue.

2. **Limits of Usefulness**: Case studies of assisted living projects can often serve as illustrative examples of what may be accomplished. However, it is important to note that each assisted living project's developers and operators must respond to a multitude of unique factors, including state regulations, site conditions, local markets, and the capacities of staff and providers. While a case study may be a useful example, it cannot serve as a template for other projects. Any methods, assumptions, or other development or operational aspects contained herein require considerable analysis, modification, and endorsement by qualified professionals before they may be relied on for any other project.

3. **No Endorsement Implied:** The designation of a facility as a Coming Home demonstration project does not constitute explicit or implicit endorsement of the project's proposed or actual quality, financial soundness, plan of development, operations, or other aspects by Coming Home, the State of Vermont, NCB Capital Impact, or the Robert Wood Johnson Foundation. The case study provided herein is intended to illustrate one project's method of development, financing, and operations, and is not an endorsement of those methods either in general or for any particular assisted living project.

4. **Consumers:** Consumers considering the project described in this case study for themselves or others should not construe this case study or the project's designation as a Coming Home demonstration project as an endorsement of the facility or as an indication in any way of its quality or appropriateness for them. The Coming Home Program, NCB Capital Impact, nor the Robert Wood Johnson Foundation has not and will not examine this facility for quality, compliance, or appropriateness. For information on this facility, contact your state licensing agency.

5. **Information not Verified**: The information contained herein has been report by or collected from a variety of sources, and has not been verified by Coming Home, NCB Capital Impact, or the Robert Wood Johnson Foundation.

II. Demonstration Partners

This case study describes the development of the first 100% affordable assisted living residence in Vermont, Cathedral Square Senior Living (CSSL), located in Burlington. This project was developed under the Coming Home Program, an affordable assisted living demonstration project coordinated by NCB Capital Impact with funding from the Robert Wood Johnson Foundation. Cathedral Square Senior Living (CSSL) was developed and is owned and operated by Cathedral Square Corporation. The Vermont Department of Disabilities, Aging and Independent Living (DAIL) played a vital role in developing new policies, rules, and regulations that fostered the availability of affordable assisted living.

CATHEDRAL SQUARE CORPORATION (CSC)

Formed in 1977, is a nonprofit corporation created by the Episcopal Cathedral Church of St. Paul. Their mission is: "to provide for the housing, social services and long term care needs of Vermont's older adults and individuals with special needs." They have developed a wide range of housing programs across the state and have participated in the creation of over 40 housing communities over the past 30 years. CSC or its subsidies own seven properties and serve as general managing partner at four properties. CSC manages 23 properties ranging in size from 6 to 112 units including a 5-unit supportive housing community for unwed teenaged mothers, a 15-unit shared housing community for frail seniors located in a renovated mansion, and 112-unit manufactured housing community cooperatively owned by the residents. CSC has recently completed a mixed finance project (HUD Section 202 combined with Low Income Housing Tax Credits) with 63 apartments and commercial space on the ground floor housing four nonprofits including United Way, the Visiting Nurse Association, HomeShare Vermont and CSC.

CSC's goal in developing the assisted living residence was to provide an alternative to its low income seniors at their flagship HUD Section 202/8 site when their service needs exceeded the support available in independent housing. When HUD established the Assisted Living Conversion Program (ALCP), CSC decided to apply for these funds in the first round. The challenges CSC faced were in large part a result of the fact that HUD had not completed the implementing regulations when CSC applied for the grant; the State of Vermont did not have licensed assisted living residences regulations in place; regulations such as HIPPA had not been issued; the State of Vermont substantially revised their 1115 Medicaid long term care waiver program after CSSL opened its assisted living floors; and CSC's experience was in housing not in health care. In addition to assistance from NCB Capital Impact, the American Association of Homes & Services for the Aging (AAHSA) played a critical role serving as a contact between HUD and the ALCP recipients. Given the challenges, CSSL has been a significant success serving a population that is 100% low or moderate income and a large number of residents at Nursing Home Level Of Care (NHLOC).

NCB CAPITAL IMPACT

NCB Capital Impact, an affiliate of National Cooperative Bank, is a national nonprofit organization with a mission to provide solutions that empower underserved communities to address the problems poverty creates in America. NCB Capital Impact fills gaps where products and services do not exist, often dealing with higher credit risk, to create new customer segments. It does so through a unique combination of financial and development services and technical assistance, acting as a catalyst seeking to change the systems for delivering affordable housing and essential community services to the nation's low- income and underserved communities. The organization's primary focus is on

housing, health care, affordable assisted living, education, worker ownership, and economic and community development.

NCB Capital Impact is the National Program Office for the ***Coming Home Program,*** funded by the Robert Wood Johnson Foundation. Based in nine states (AK, AR, FL, IA, MA, ME, VT, WA, WI), this program seeks to expand the supply of affordable assisted living in underserved and rural areas. With technical assistance from NCB Capital Impact, each state is working to implement policy and program initiatives to expand the availability of high quality, affordable assisted living, sharing expertise on regulations, programs, and financing. NCB Capital Impact also provides development assistance to non-profit sponsors of affordable assisted living in these states, including a pre-development loan fund, consultation on development and operating issues, and building partnerships between facility sponsors, developers, financing agencies, and program operators. As a result of this assistance, more than 3,300 units of affordable assisted living are in development or predevelopment, with more than 450 units already operational. For more information, visit the Affordable Assisted Living page of *www.ncbcapitalimpact.org* or contact Robert Jenkens at 202-336-7653 or rjenkens@ncbcapitalimpact.org.

STATE OF VERMONT
AGENCY OF HUMAN SERVICES
DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING (FORMERLY DEPARTMENT OF AGING & DISABILITIES)

The Department is the center of the Agency of Human Services' program management and policy development with respect to older persons and persons with disabilities. They list the following goals:

1. Assist older persons and adults with disabilities to live as independently as possible.
2. Assist persons with disabilities to find and maintain meaningful employment.
3. Assure quality of care and life to individuals receiving health care and/or long term care services from licensed or certified health care providers and protect elderly and disabled adults from abuse, neglect and exploitation.

For more information, contact Richard Moffi at 802-241-4512 or Richard.moffi@dail.state.vt.us. The Department website is www.dail.state.vt.us

VERMONT HOUSING FINANCE AGENCY

The mission of VHFA is to finance and promote affordable, safe and decent housing opportunities for low- and moderate-income Vermonters. VHFA seeks to achieve this mission by facilitating access to affordable mortgage financing; stimulating the development, financing, and preservation of affordable housing; working in partnership with state government, municipalities, and the private sector; and raising awareness of the housing needs of low- and moderate-income Vermonters. VHFA's website is www.vhfa.org**.**

VERMONT HOUSING & CONSERVATION BOARD

The Vermont Housing and Conservation Board is an independent, state-supported funding agency providing grants, loans and technical assistance to nonprofit organizations, municipalities and state agencies for the development of perpetually affordable housing and for the conservation of important agricultural land, recreational land, natural areas and historic properties in Vermont.

The nine-member Board includes five citizen members appointed by the Governor, to include an advocate for low income Vermonters and a farmer, the Commissioners of the state agencies of Agriculture, Housing and Community Development, and Natural Resources, and the Executive Director of the Vermont Housing Finance Agency. VHCB is unique in the nation by using a comprehensive approach to affordable housing and community development linked with land conservation and historic preservation. Several nonprofit organizations, including Cathedral Square Corporation, work at the local level to identify and develop important projects in each community. VHCB has supported reinvestment in older housing in small town and village centers, revitalizing downtown neighborhoods where residents can walk to services, and rebuilding a sense of community while spurring other private investment. The conservation of Vermont's open and wild lands preserves the landscape that is such an integral part of the state's identity.

ROBERT WOOD JOHNSON FOUNDATION

Established in 1972, The Robert Wood Johnson Foundation (RWJF), based in Princeton, NJ, is the largest philanthropy devoted exclusively to health and health care in the United States. RWJF concentrates its grant making in four areas: to assure that all Americans have access to quality health care at reasonable cost; to improve the quality of care and support for people with chronic health conditions; to promote healthy communities and lifestyles; and to reduce the personal, social and economic harm caused by substance abuse. To accomplish these goals, RWJF uses a variety of strategies. It supports training, education, research (excluding biomedical research), and projects that demonstrate the effective delivery of health care services. Rather than paying for individual care, RWJF concentrates on health care systems and the conditions that promote better health. It has provided generous grant support to The Coming Home Program for Affordable Assisted Living since the program's inception in 1992. This information was copied from *www.rwjf.org*.

In addition to the above organizations, Senators Patrick Leahy and Jim Jeffords provided significant support to this affordable assisted living development. Senator Patrick Leahy led the effort to secure the Assisted Living Conversion Program grant from the Department of Housing and Urban Development. Senator Leahy said, "This is an innovative approach to dealing with the housing and health care needs of our elderly population. In this tight housing market, we need to ensure that Vermont seniors are not priced out of affordable assisted living units. Seniors are living longer and healthier lives and alternatives to full-time nursing care must be made available for those seniors who need them. I commend Cathedral Square for their hard work in getting us to this point." Senator Jim Jeffords obtained a special purpose grant through HUD of nearly $500,000.

III. Project Summary

A. Project Description
(at opening)

Name of Project: Cathedral Square Senior Living

Project Location: Burlington, VT

Development Period: November 1999 – October 2003

Construction Duration: 17 months

Opening Date: August 1, 2003

Lease-Up Period: 18 months

Total Dev. Costs: $3,917,246

Total Construction Costs: $3,092,437

In-Kind Contributions: Over 1000 hours of staff time devoted to this project above and beyond the time the CSC Board of Directors devoted to overseeing the project.

AL Licensure Category: Assisted Living Residence, regulations went into effect on March 15, 2003.

Number of AL Units: 28 units

Affordable AL Units: 28 (7 units are designated for individuals whose income does not exceed 100% of Area Median Income, and the remaining units are affordable to individuals from 30% to 80% of median income) Persons with incomes below 30% of median are given preference.

Rent Subsidized Units: 21 of the 28 AL units are Section 8 project based

Other Unit Types: 80 Senior Independent Living Units above the AL
Nursing Home Units - 0

Co-located Programs: The building includes 80 subsidized independent living units in addition to the 28 new assisted living units. The local Agency on Aging operates its Meals on Wheels program at CSSL preparing over 1,700 meals a week for area seniors. In addition, the University of Vermont has placed students from several health services programs as interns at CSSL.

Adjacent Services: The building is adjacent to downtown shops and services, including public transportation, churches, and a weekend farmer's market.

Service Subsidies: Medicaid home and community based services waiver at the time of opening. Currently Vermont's long-term care waiver subsidizes the personal and health care services under the program the Choices for Care Program.

B. Project Partners

Cathedral Square Corporation is the Project Sponsor, Owner, Service Provider, Housing Manager, and Project Developer.

C. Project Financing
(at opening)

Predevelopment:	Vermont Housing Finance Agency	$60,000
	NCB Capital Impact	$20,000
Equity Sources:		
	HUD Special Purpose Grant	$492,000
	CSC Reserves	$165,314
	HUD Assisted Living Conversion Program	$2,315,932
	City Trust and CDBG funds	$50,000
	CSC Working Capital Loan	$59,000
Hard Debt:	HUD 202 mortgage (existing debt):	$2,200,000
Soft Debt:	HUD HOME:	$135,000
	VT Housing and Conservation Board	$700,000

D. Project Fee Structure
(at opening)

Room and Board
Rent for a private one bedroom is $825 per month, unless income eligible for a HUD subsidized unit where you pay 30% of your income minus deductions, or 10% of your gross income (whichever is higher) for rent.

Service Costs (on August 1, 2003)

	Private Pay	Medicaid
Personal Care – Basic	$1,770/month	$0-$1,220/month
Personal Care – Tier 1	$2,740/month	$0-$2,190/month
Personal Care – Tier 2	$2,940/month	$0-$2,390/month
Meals, snacks, and housekeeping	Included above	$0-550/month

Most Medicaid beneficiaries are SSI recipients. Approximately half of CSSL's SSI residents cannot afford to pay the full cost of meals, snacks and housekeeping. Vermont's protected income level formula was revised after CSSL opened; however, SSI recipients do not receive sufficient income to meet CSSL's costs even with the benefit of Section 8 and Medicaid subsidies.

In Vermont, Enhanced Residential Care (ERC) describes a set of services provided by approved Level III Residential Care and Assisted Living Residences to eligible Medicaid participants. When CSSL opened this program was financed through a Home and Community Based Services Waiver 1915(c) and was capped at a maximum number of persons (or slots). The state could only increase the number of available slots within limits of the approved waiver. These slots were awarded to clients, not to providers. Services that may be provided under this program include nursing overview (assessment, oversight, monitoring, and routine tasks), personal care services, case management, medication assistance, recreational and social activities, support for individuals with cognitive impairments, and 24-hour, on-site supervision. Nursing tasks may be delegated to (un)licensed persons following guidelines defined by the Board of Nursing. Services must be provided in non-institutional, home-like settings. Participants must meet the nursing home eligibility criteria. Vermont has a Medicaid State Plan called Assistive Community Care Services (ACCS) that pays for the cost of a bundle of "basic care" services, primarily assistance with personal care needs (or activities of daily living). ACCS is available to persons who are not clinically eligible for nursing home level of care, but live in a licensed facility. Individuals who qualify for Medicaid are entitled to receive ACCS assuming that there is a provider willing and able to deliver the services for the reimbursement rate set by the state, about $30/day per client when the assisted living opened in 2003. .

IV. Assisted Living Project Component

A. Licensing

Project licensure category	Assisted Living Residence license.
Number of licensed units	28 units, capacity for 35
Number and percentage of assisted living units designated as private occupancy (except by the residents choice – e.g., a couple, sisters who want to share an apartment)	All units are private occupancy except by resident choice
Number of units designated for people who qualify for Medicaid or other service subsidy	Licensed to serve 11 ERC Medicaid clients
Number of actual Medicaid (or other specified subsidy) clients or units	15 including ERC and ACCS
Number of units with affordable rents regulated by capital funding or financing agreements	21 HUD, Section 8 7 Vermont Housing Conservation Board
Number of residents receiving rent subsidies and not governmental services subsidies?	6
Service payment source for residents with rent but not government service subsidies	Resident's private income and assets
Unit characteristics • apartment-style • kitchenette • private bathroom	 • Yes • Yes (microwave, mini refrigerator, sink, cabinets) • Yes

• one-bedroom (300 to 560 s.f.) • other features • single occupancy except by choice • shared occupancy • telephone jack • handicap accessible	• 100% • Yes • Yes • No • Yes • Yes, 100 % of units
Number of floors in the building	10; levels 2 & 3 include assisted living
Types of social spaces	Dining room seating 50, private dining room seating 8, wellness clinic, living room, handicap-accessible garden
Resident laundry facilities	Yes
Project type	HUD Assisted Living Conversion Project with 80 independent and 28 assisted living units in a 10-story building
Site zoning	Central Business District, mixed use
Neighborhood amenities	Shopping mall, public transportation, convenience store, lakefront recreation

Lessons learned

(1) Offices are located on the first and second floors. It would be preferable to locate all staff on the same floor.
(2) The dining room seats 50. It would be preferable to have more seating to enable more residents from the independent apartments to eat in the dining room.
(3) Two floors were converted. In retrospect converting three floors would offer greater economies of scale.
(4) Having an Ecall system with a two-way response capacity so staff can talk with residents to assess the emergency and so staff can communicate with each other. We have found many of the resident calls are non-emergency in nature, but if there is no way to check each time the system is activate staff must go and check each and every time.

B. Services

1. **Service Levels**:

Basic package: The ACCS program subsidizes services for individuals who qualify for a "pre-nursing home" level of care. To receive payment on behalf of participants in this program, a provider must be licensed as an Assisted Living Residence or as a Level III home in compliance with the Residential Care Home Licensing Regulations, and enrolled as a Medicaid provider. Services may include any or all of the following: assistance with activities of daily living (ADL), medication management, general supervision, and nursing overview.

Tier 1: The above requirements, in addition to any or all of the following: extensive assistance with early loss ADLs and assistance with no more than 2 late loss ADLs from no more than one staff person at a time, support for a moderate or lesser degree of cognitive impairment, assistance with occasional bladder or bowel incontinence, and help with behavioral needs that are easily altered on no more than 2-3 times a week, and weekly nursing oversight.

Tier 2: The above requirements, and any or all of the following: assistance with eating, extensive assistance with ADLs which can be provided by one person at a time up to a score of 10, frequent behavioral needs that consistently respond to appropriate intervention, support for moderate degree of cognitive impairments, assistance with bladder incontinence on a daily basis, assistance with bowel incontinence on a daily basis, and daily nursing oversight as needed.

Tier 3: Although CSSL would not admit someone at a Tier 3 level, residents' whose care level increases to this maximum care level can remain as long as CSSL can safely meet their needs.

Services that may be provided at additional cost: Personal telephone, cable TV, Internet access, additional housekeeping, salon services, special social outings, guest meals, air conditioning, and additional laundry. Medicaid providers are required to provide some transportation services at no cost. If additional transportation is needed, there is a charge.

Service Delivery Approach: In keeping with the philosophy of assisted living described by the Assisted Living Workgroup, National Center for Assisted Living, and Assisted Living Federation of America, Vermont's regulations define an approach to service delivery that defines this setting as different from traditional institutional settings. The goal of both assisted living and ERC is to support the decision-making, independence, individuality, and privacy of all residents. This goal can be met by respecting the privacy of residents when they are in their apartments, providing a flexible schedule for personal care assistance, and by allowing residents to refuse recommended services or make choices that entail risk. The latter can be addressed formally through the use of a "negotiated risk agreement," defined by state regulations as a process for discussing with a resident the possible negative consequences of a choice, such as refusing medical treatment or advice, and documenting the plan of care in response to the resident's choice. Finally, Vermont assisted living regulations define "aging in place" as a goal. That is, providers must offer services in a manner that permits residents whose health declines to stay at the facility, so long as the resident's care needs do not exceed those permitted by state rule, as described below.

2. Services not Available: The state regulations do not permit assisted living residences to admit residents with the following needs: ventilator or respirator care, suctioning, assistance of two people to walk or transfer from a bed or chair, or care for a stage III or stage IV decubitus (skin) ulcer. Any person who requires such care, as well as any individual who has a serious, acute illness requiring the medical, surgical, or nursing care provided by a general or special hospital, may not be admitted to an assisted living residence according to state regulations. However, if a current resident develops a need for such services or equipment, he/she may remain in the residence so long as the licensee can safely meet the resident's needs and/or an appropriate licensed provider (e.g., a third-party provider) is brought in to do so. Additional services and products that CSSL has elected not to provide include: special non-therapeutic diets (Kosher, vegetarian, etc.), money safeguarding, personal health care supplies, newspaper subscriptions, and garage or parking space. Personal toiletries are not included in the standard service package but staff shops for these and residents pay for toiletries at cost as needed. CSSL

staff shop for residents' toiletries and deliver them at no charge. The resident pays for the supplies.

3. Staffing: Under the state's Board of Nursing rules, licensed assisted living residences may hire one or more registered nurses who can delegate certain nursing tasks to unlicensed personnel. The registered nurse must provide proper training, supervision and monitoring, and retain responsibility for the health and safety of the resident. This rule gives the assisted living more flexibility in staffing and allows them to respond to individual and intermittent needs of residents and is more cost effective than a rule that requires full-time nursing regardless of resident needs.

a. Staffing ratios: The regulations do not require staffing ratios. The CSSL's initial staffing plan calls for direct care staff on a 2-2-2 schedule (day-afternoon-evening), for full time staff and an additional 2-1-0 staff for partial shifts. In addition, this staffing pattern is supplemented by a registered nurse on call at all hours, a full-time administrator, dietary staff, a full-time housekeeper, and a full-time resident services coordinator (who serves the entire building), and a part time activities coordinator.
b. Universal workers: Although the rules do not specifically define "universal workers," they do not prohibit assisted living residences from cross-training employees to cover more than one task. CSSL direct care staff also assist with housekeeping, activities, or serving meals depending on the staffing schedule and needs of specific residents.
c. Medication aides/technicians: CSSL does not employ medication aides. The state rules permit residents who are capable to self-administer medications or to receive assistance doing so. Under the nurse delegation act, an unlicensed staff member may administer medications, under the supervision and delegation by registered nurses, to designated residents. This includes procuring and storing medications, assessing the effects of medications, documentation, and collaborating with the residents' personal physicians.

4. **Services Available**:

Service Type	Service Level or Frequency	Method of Service Provision	Payment
❑ Meals	❑ 3/day ❑ Snacks/drinks	❑ In-house	❑ Separate charge
❑ Housekeeping for Resident Unit	❑ Weekly	❑ In-house	❑ In base rate
❑ Monitored Emergency Pull Cords	❑ 24/7	❑ In-house	❑ In base rate
❑ Monitored Life-Safety Systems	❑ 24/7	❑ Contracted	❑ In base rate
❑ Staffing	❑ 24/7	❑ In-house ❑ Contracted	❑ In base rate
❑ Resident Assessment & Service Planning	❑ On Admit ❑ Annual ❑ As Needed	❑ In-house	❑ In base rate
❑ Nursing Oversight	❑ 32 hr/wk for RN ❑ 82 hr/wk nursing oversight ❑ On-Call 24/7	❑ In-house ❑ Contracted	❑ Based on assessment
❑ Assistance with Unscheduled Needs	❑ 24/7	❑ In-house	❑ Based on assessment
❑ Supervision/ Protective Oversight/ Cueing	❑ 24/7	❑ In-house	❑ Based on assessment
❑ Transferring	❑ Full Assist	❑ In-house	❑ Based on assessment
❑ Toileting	❑ Full Assist	❑ In-house	❑ Based on assessment
❑ Incontinence care	❑ Full Assist	❑ In-house ❑ Contracted	❑ Based on assessment
❑ Feeding/ Eating	❑ Full Assist	❑ In-house	❑ Based on assessment
❑ Bathing	❑ Full Assist	❑ In-house ❑ Contracted	❑ Based on assessment
❑ Dressing	❑ Full	❑ In-house	❑ Based on assessment

	Assist	❑ Contracted	
❑ Grooming	❑ Full Assist	❑ In-house ❑ Contracted	❑ Based on assessment
❑ Ambulation/ Walking	❑ As allowed by AL regs	❑ In-house	❑ Based on assessment
❑ Medications	❑ Self Admin. ❑ Super-vised	❑ In-house ❑ Contracted ❑ Coordinated	❑ Based on assessment
❑ Transportation arranged & accompanied when needed	❑ Self Admin. ❑ Supervised	❑ Coordinated	❑ As arranged by resident with 3rd party provider
❑ Whirlpool bath	❑ As requested	❑ In-house	❑ In base rate
❑ Laundry provided	❑ Weekly	❑ In-house	❑ In base rate

Lessons learned:

1. Medicaid reimbursement rate is inadequate to cover the cost of services needed by residents. CSSL absorbs the loss as a result.
2. The maximum amount SSI resident can pay the assisted living residence does not cover the full cost of meals, housekeeping, or transportation. CSSL absorbs a loss of approximately $300/month on average per SSI resident.
3. Certain resident's care needs at the Tier 3 level can be met by CSSL staff but not at the Tier 3 rate of reimbursement. This leads to unnecessary discharge to a much more costly setting.
4. Out of house stays are not covered through Medicaid, so CSSL receives nothing for services during a stay at the hospital or rehab center.

C. Staffing categories and levels

Personnel Category	Total Number	FTE/week
Administrator	1	40
Direct care workers	17	63
Registered Nurse	1	32
Licensed Practical Nurse	2	56
Resident Services Coordinator (under HUD grant, for entire building)	1	40
Activities Coordinator	1	20

Dietary • Cook • Dietary aide • Server	 1 2 0	 40 105 0
Housekeeper	1	40
Maintenance (for entire building)	1	40

Lessons learned: Although the staff at CSC had experience with service-based housing, this was the first project that required hiring and training staff to provide hands-on personal care to a group of residents who might otherwise require nursing home care. The number and level of staffing required is greater than the Medicaid reimbursements support. Retaining nursing staff has been a challenge. The burden of on call coverage, coupled with the inability to financially support the number of staff nurses wanted, has led to turnover. After a year of operations, CSC recognized that assisted living units should not be managed as a stand-alone project within a larger building. With this subtle shift in thinking, they decided to hire a senior housing manager who oversees the entire building of 108 units, replacing the assisted living manager. Given that many of the assisted living residents move from within the building, and because activities in one part of the building often affect other parts (e.g., carpet cleaning, maintenance, service deliveries), it only makes sense to have one person designated to manage it all.

D. Residents

What percentage of the total residents are from the local community?	24 (86%)
Residents moved from • A private home in the community (lived alone) • A private home in the community (with family) • A nursing facility • Hospital • Another assisted living facility • Residential care facility • HUD unit within the building	 • 8 (33%) • 2 (8%) • 2 (8%) • 0 • 0 • 3 (13%) • 9 (38%)
Average age of residents	82 (range 79-102)
Female residents	83% (20)
Residents who receive Medicaid (current numbers)	54% (13) ACCS = 4 Tier 1 = 3 Tier II = 6
What percent of residents receive other subsidies? [Section 8]	21 (75%)
Private pay residents	21% (5)
Residents in each level of care category (upon opening)	Basic 46% (11) Tier I 54% (13) Tier II 0 (currently 6+)
Residents with a diagnosis of mild cognitive impairment or dementia	25% (6)

The manager says that the average resident is a woman who is very frail due to a chronic cardiovascular and respiratory condition that limits her ability to manage daily activities. This resident needs assistance with medication management, health oversight, incontinence management, dressing and showering, and talking to her doctor.

To be eligible as residents under the HUD ALCP program, residents must meet the admissions/discharge requirements as established for assisted living by State and local licensing, or HUD frailty requirements under 24 CFR891.205 if more stringent. The residents must be able to live independently but need assistance with activities of daily living (e.g., assistance with eating, bathing, grooming, dressing and home management activities).

Lessons learned: In the first year, four residents had to be transferred to a nursing home including one whose level of dementia exceeded the capacity of staff and the design of the building. She wandered, was disoriented to time and place, and ate inappropriate items (e.g., tea leaves). Other residents experienced physical health problems that required unscheduled nursing care.

The Residence

Cathedral Square Senior Living (CSSL) is a 108 unit, 10 story, concrete and steel building located on an .8 acre site in the heart of Burlington, Vermont. Apartments have a view of Lake Champlain or the city streetscape. CSSL apartments range in size from 300 to 560 square feet. CSSL is constructed to 1B building code standards, and adhere to strict fire and safety codes and standards. The fire alarm system for the entire building was replaced during the ALCP conversion with a state of the art voice enunciation system.

VI. Sponsor/Developer Description

As noted in the introduction, CSC began this new project with a wealth of housing experience. Before beginning CSSL, their first assisted living program, they sponsored an Assisted Living Forum in partnership with the Vermont Housing Finance Agency, Department of Aging and Disabilities, and housing representatives from around New England.

Although CSC had coordinated with service providers, including aging services, they had never provided direct care services 24/7. The decision to operate the assisted living program of services, including medical supervision, medication administration, and assistance with activities of daily living to nursing home-eligible persons, fit their mission of meeting the long-term care needs of older persons.

Lessons learned:

1. Projects that convert existing affordable housing into Assisted Living require a longer lease up period than initially anticipated in order to staff up to the service needs of residents in a safe and sustainable manner. This requires a substantial working capital account to cover losses in the initial year. Working capital was not a recognized expense in the HUD conversion program, so funds must be found from other sources to cover this cost.

2. Having a strong mission to provide long-term care services kept the CSC staff focused as they learned that they needed to adjust to the risk and the complications of operating a licensed facility. A small facility with a 100% affordability requirement is an extremely challenging endeavor.

X. Pre-development

Site selection: The building occupies .8 acres on a 2.7-acre site that also includes the Cathedral of St. Paul.

Architect selection: The architects who designed the Cathedral of St. Paul was selected in order to maintain design compatibility and because of their experience with large projects. NCB Capital Impact assisted by reviewing two schematic designs, providing feedback about use of common space and standard design elements of assisted living.

Building plan: This ALCP required converting two floors of a 25-year old 10-story structure made of pre-cast concrete. The renovations were planned to occur within existing party walls except where it was necessary to open a connection to a common space. Because the common walls between apartments were structural, modifying these walls would have been cost prohibitive. Twenty apartments were identified for modifications, including full handicap accessibility in each unit. An existing secondary entry into the building was modified to improve handicap accessibility and to facilitate service vehicles.

Market study: CSC considered the demand for affordable assisted living from three perspectives: the need within its existing senior housing programs, the senior population in the surrounding county, and the need for an affordable alternative to nursing home care. Cathedral Square Senior Living had been in operation as a HUD Section 202 since 1979, and eight of the 104 residents had lived there since that year. Though the age range was 32 to 99, the average age of residents was in the mid-70s. This was an aging population with an increasing level of physical impairment. An analysis of the residents indicated that over one third needed help with bathing, 18% needed help to dress, and 11% needed assistance to use the toilet. The CSC staff identified 38 residents who they believed required additional support services. Services available to residents included a Resident Services Coordinator, sponsored by HUD, and a licensed practical nurse (LPN) available 16 hours each week to assist with medication set up, and various health screening tasks. Although the local county offered several subsidized and non-subsidized housing options for older persons, affordable assisted living did not exist in Vermont. Although three existing residential care homes in the community accepted Medicaid-eligible persons under the ERC program, their total capacity to serve such individuals was capped at 8 persons.

Feasibility analysis: Based on discussions with other residential care providers, CSC believed that they could accommodate 30 ALR units. They ran numbers for 50 and then 35 units, and the ultimate number of 28 was selected due to a combination of feasibility and architectural considerations. CSC staff had hoped to renovate the ventilation system for the entire building, but opted not to do this because of the expense.

Master plan (if appropriate): The assisted living units complement the existing independent living units.

Lessons learned
There were not sufficient resources in the rehabilitation budget to upgrade the building's ventilation, and this has become a problem because the old system is not effective at controlling temperatures in hallways and some of the public spaces within the building. Staff members have remarked on the need for more storage space, especially space for wheelchairs and electric scooters, more space for housekeeping supplies, and more office space. For example, the manager has limited space for private meetings with residents and their family members, though the private dining room can be used for this purpose. One unexpected requirement from the Health Insurance and Patient Privacy Act (HIPPA) forced staff to place the copy machine in the medication room, so that medical records can be copied in privacy, and this room was not designed to accommodate a large copy machine.

XI. Financing

Financing sources, types, and quantities:
The development of CSSL combined six equity sources:

U.S. Housing and Urban Development (HUD) 202 Assisted Living Conversion Program
The Assisted Living Conversion Program (ALCP) provided the major source of financing for CSSL. The $2,315,932 ALCP grant accounts for 59% of the total development budget. This federal program provides private nonprofit owners of eligible developments with a grant to convert some or all of the dwelling units in the project into a licensed Assisted Living Facility (ALF) for the frail elderly. This grant provides funding for the physical costs of converting some or all of the units of an eligible development, including the unit configuration, common and services space and any necessary remodeling, consistent with HUD or the State's statute/regulations (whichever is more stringent). There must be sufficient community space to accommodate a central kitchen or dining facility, lounges, recreation and other multiple-areas available to all residents of the project, or office/staff spaces in the ALF. The owners must provide funding for the personal care services, either directly or through a third party, such as general state revenues, Medicaid, SSI payments, or other sources.

Cathedral Square Corporation was eligible for this grant because of its status as a private nonprofit owner of a Section 202. Other eligible grantees include nonprofits with Section 8 project-based (including Rural Housing Services' Section 515), Section 221(d)(3) BMIR, and Section 236 housing developments that are designated primarily for occupancy by the elderly for at least five years are eligible for funding. A private nonprofit of a unused/underutilized commercial property is also eligible for the ALCP. To apply, review the Notice of Funding Availability (NOFA) published in the Federal Register each fiscal year. Those who apply for the Assisted-Living Conversion Program compete for program funds allocated to each individual Multifamily HUD Office. For more information on this program: http://www.hud.gov/offices/hsg/mfh/alcp/alcphome.cfm

VERMONT HOUSING AND CONSERVATION BOARD

The second major finance source was a loan from the Vermont Housing & Conservation Board (VHCB), in the amount of $700,000 (representing 18% of the budget). The VHCB funds the acquisition, rehabilitation and construction of affordable housing by nonprofit housing organizations and includes a variety of housing projects such as rental housing, shared elderly housing, and group homes. VHCB funds help to leverage federal and private funds to develop housing to serve lower income households and individuals with special needs. All housing funded under this program must serve households earning less than 100% of area median income as defined by HUD guidelines. The affordability of the housing is secured with legal instruments (housing subsidy covenants) filed in the land records that travel with the property upon resale to ensure perpetual affordability. The VHCB has four application dates each year.

HUD SPECIAL PURPOSE GRANT

A HUD Special Purpose Grant of $492,000 accounted for 13% of the development budget. This grant was a federal appropriation made possible by Senator Jeffords of Vermont. These funds were an earmark in the Federal HUD budget for this innovative demonstration project.

HOME FUNDS

The City of Burlington provided a HOME fund loan in the amount of $135,000 (3% of the budget).

CATHEDRAL SQUARE CORPORATION (CSC)

The CSC provided two sources of development sources, including a loan from the company reserve funds ($165,314 or 4% of the development budget) and a Working Capital Loan in the amount of $50,000 (1% of the development budget). In addition, CSC covered the cost of losses within the first two years of operation. A portion of the losses were recovered from a later re-finance of the facility.

Development time-line:

Fall 1999 — CSC began discussing the feasibility of developing an assisted living residence
Nov 1999 — CSC staff toured assisted living residences in neighboring states
Mar 2000 — Vermont DAD applied to the NCB Capital Impact Coming Home Program
Mar 2000 — CSC contracted a market study and selected the architect
Apr 2000 — CSC hosted an assisted living forum sponsored by DAD and VHFA
Jul 2000 — DAD committed 11 Medicaid waiver slots to an assisted living project
Jul 2000 — CSC submitted the HUD ALCP application requesting $1.2 million (received)
Jul 2000 — CSC submitted application to HUD for Resident Services Coordinator (received)
Jul 2000 — CSC applied for $50,000 VHCB planning grant (received)
Oct 2000 — CSC applied to FHLB Affordable Housing Program (not received)
Nov 2000 — Final report to Conversion Steering Committee recommending 35 AL units and estimated predevelopment costs of $630,000
Dec 2000 — HUD awarded ALCP grant to CSC
Jan 2001 — Cathedral Church of St. Paul amends deed to extend property rights to CSC
Jan 2001 — CSC requested special purpose funds from Senator Jeffords for ALCP
Feb 2001 — CSC applied for VHFA LIHTC but withdrew application because the issues related to combining the tax credits in a HUD facility with a licensed AL program seemed too risky

Mar 2001	CSC applied for ALCP amendment for $1M from the $5 national pool
Apr 2001	CSC issues RFP for construction firm
May 2001	CSC began implementing existing tenant relocation plan to allow for building remodel
June 2001	Construction company finalized cost estimates
July 2001	CSC applied to VT Coming Home Program; received $20,000 for predevelopment
July 2001	CSC applied to City of Burlington Trust Funds; received $20,000 for predevelopment
July 2001	HUD issued guidance to local offices on how to administer ALCP funds
July 2001	CSC applied to VHCB for $700,000 grant to fund 7 units at 100% AMI (received)
Sept 2001	City Design Advisory Board recommended approval of building plan
Sept 2001	HUD Manchester approved $1.1M in additional ALCP funds to allow design change
May 2002	CSC advertised for assisted living director and HUD resident services coordinator
May 2002	Site work neared completion
June 2002	CSC staff received training on Medicaid eligibility
Oct 2002	CSC hired assisted living director
Feb 2003	Obtained Certificate of Occupancy
Mar 2003	Vermont assisted living regulations adopted March 15, 2003
July 2003	CSAL received assisted living licensure
Aug 2003	First residents moved into CSAL
Oct 2003	Grand opening celebration

Lessons learned
This project shows the importance of partnering with government agency staff. Examples include the HUD special purpose grant allocated by Senator Jeffords, VHCB's adaptation of its affordability tests to coordinate with Medicaid spend down and patient share policies, and the state's decision to allow affordable assisted living to participate in Medicaid and receive state capital funds. A larger portion of the budget than anticipated was needed to cover the cost of holding units vacant for the rehabilitation purposes, and in the lease up of the AL apartments. This required additional capital in the development budget. Lease up took 18 months. Experts in the field confirm that this is an average lease up timeframe; however, CSSL hoped for a shorter timeframe due to limited funds.

XII. Construction

Site preparation and survey: The existing building required a new life safety system throughout, including strobe lights and a voice activated fire system. However, the primary concern on this project was how to build it with the least disruption to the existing residents, both those living on the two floors that were converted to assisted living, and those in the other floors of the building.

Construction time-line: The construction period required a coordinated effort to insure that on-going access to the building was clearly defined and accessible to residents throughout the rehab period. Regular meetings with residents was an important part of the construction process, the existing conditions of the building were thoroughly examined prior to construction to minimize surprises. The most difficult part of the rehab was the building-wide improvements to the fire alarm system. The age and the condition of the building infrastructure made this a challenge.

Contractor: The contractor was J.A. Morrissey, a local, female-owned company. This company was selected, in part, through a Request for Proposals, but the qualifications included not only price, but also familiarity with value engineering and experience working in resident-occupied buildings.

Lessons learned: The contractor's sensitivity to the demands that construction places on current occupants was a necessity. Many of the residents took an interest in the construction process and were given tours as the project progressed. The residents even hosted a cook-out for the contractors when the project was complete. However, occupied construction is much more difficult as the current residents live through a period of construction and must see the benefits of this work. It can cause a riff between them vs. us; and the old section vs. the new. It is important to create a sense of community and shared experiences throughout the process.

XIII. Marketing

Marketing: CSSL did not do a great deal of marketing but did hold a few pre-opening tours for the public and for dignitaries. Most of the new residents came from the independent living units in the building; others came from the nearby community where there is a lack of affordable assisted living. However, Cathedral Square Corporation is well known in the state and is recognized as affordable, special needs, and senior housing specialists. In addition to participating in community organizations, CSC attends senior expos, has a website [http://www.cathedralsquare.org], and has print materials that describe CSSL and other projects.

Press coverage: The grand opening was very well attended including Senator Leahy, HUD officials, Vermont Housing Finance Agency, DAIL, Vermont Housing Conservation Board representatives, and other local partners. Local newspapers covered the event.

Lessons learned: After a year of operations, the manager explained that part of the marketing effort must be devoted to educating the community about the definition of assisted living and how it differs from other forms of senior housing. This is especially true in states like Vermont where assisted living is a new form of long-term care. Members of the community, including prospective residents and their families, as well as health and social service employees (e.g., hospital discharge planners, nurses, physicians, rehabilitation professionals), need to be informed about the scope of services that can and cannot be provided in assisted living.

X. First Year of Operations

Regulations

In addition to the Vermont Agency for Human Service's Department of Disabilities, Aging and Independent Living (DAIL) oversees assisted living residences the following organizations play an important role in the regulatory oversight of assisted living facilities in the state.

- **DAIL's Office of Licensing & Protection**: approves AL license and the number of ERC residents to be served. Conducts annual surveys.
- **DAIL**: establishes the ERC rate of reimbursement under Medicaid.

- **Vermont General Assembly**: the legislature appropriates funds needed to increase ACCS and ERC rates.
- **Vermont Department of Labor & Industry**: established the fire codes required at assisted living residences.
- **Office of Vermont Health Access (OVHA)**: administers the Medicaid program and oversees billing by Medicaid providers through EDS.

B. **Regulatory steps**: When CSC began planning this assisted living project, Vermont was in the process of developing assisted living regulations. CSC staff actively participated in the regulatory process by attending public meetings and providing written comments to the DAIL on three major draft regulations. In addition, CSC staff sought and received helpful advice from their colleagues at the American Association of Homes and Services for the Aging (AAHSA), a national professional organization that represents nonprofit senior housing and service providers. AAHSA lent support by advocating for aspects of the regulations that would help to keep assisted living affordable and non-institutional. In addition, NCB Capital Impact staff reviewed the draft regulations and provided feedback to both DAIL and VHFA based on their national experience.

To be a licensed Assisted Living Residence in Vermont, facilities must meet the regulatory requirements of the Residential Care Homes in addition to the Assisted Living Residence rules. Those who plan to accept residents who qualify for Medicaid must enroll as a Medicaid provider in addition to obtaining a license.

i. Plan review

ii. Licensure process: The facility is required to have a policies and procedures package in place. In Vermont each assisted living residence must complete a standardized Uniform Consumer Disclosure form. DAIL reviews the application and the Licensing and Protection Division approves it.

iii. CON (if any): Not required

iv. First survey: Surveys are conducted before the facility opens, annually, and other times as needed.

v. Staff training. Staff is required to obtain 12 hours of training per year provided by CSSL. Training in Alzheimer's or other types of dementia is offered on an annual basis.

vi. Staff certification. Medication management must be under the supervision and delegation of a registered nurse.

Medicaid & Other Public Subsidies

A. **Medicaid certification:** The DAIL co-administers the Medicaid program. They suggest that prospective providers apply at least six months in advance of a targeted opening date.

Detailed instructions for providers who want to enroll as Medicaid Waiver service providers are available on the Department website at http://www.dad.state.vt.us/dail/manuals/hbmanual or by calling the Department.

B. **Reimbursements rates**: DAIL establishes the ERC rate but is not required to review it or adjust it on a scheduled basis. Rate increases generally occur annually. The ACCS rate has been increased most years as a result of providers advocating for increases directly to the legislature. ACCS and ERC rates are below actual costs.

	Rates Upon Opening	Rates as of May 2007	
ACCS	$27.75	$33.25	per day
Tier 1	$69.75	$85.25	per day
Tier 2	$76.25	$91.75	per day
Tier 3	$82.75	$98.25	per day

C. Resident eligibility: The assisted living licensee may accept and retain Vermont residents age 65 or older or those age 18 and older who have a physical disability, who need nursing home level of care, and who meet the income and resource criteria for VT Long-Term Care Medicaid. To qualify for Medicaid, the individual must require at least one service on a daily basis including: ADLs, rehabilitation, conditions (e.g., skin ulcer), treatments (e.g., intravenous medications, pain management, tube feedings, ventilator/respirator, wound care), and psychosocial and cognitive factors. In addition to this medical eligibility screen, applicants must qualify based on financial criteria. Interested individuals should contact their local Area Agency on Aging, Home Health Agency, or Enhanced Residential Care provider for an application and assistance in completing it. The application is reviewed, then a case manager visits the client to assess health care needs. The assessment and plan of care are prioritized by the local agency so that when a Medicaid slot becomes available, the application is submitted for state review to determine whether the applicant qualifies for nursing home level of care.

Both the medical and financial assessment is conducted by a local Home Health Agency Utilization Review (UR) Nurse and reviewed by DAIL. The state requires the medical applications be turned around within 30 days of the application's completion. A prioritization score, assigned by DAIL determines which eligible person gets the next available Medicaid slot. Enrollment is limited and because applications are prioritized, applicants may be placed on a waiting list.

Lessons learned:

1. CSC learned that DAIL's allocation of 11 ERC slots to the CSSL assisted living residence could not be honored because the slots were awarded to individuals and not to providers.
2. When Vermont entered into a long-term care waiver in October 2005 this problem remained because the waiver entitled Highest Need Medicaid recipients to waiver services in the setting of their choice, but not to the High Need Medicaid recipient.

Housing Subsidies

A. **Housing subsidies**: As noted above, 21 of the units are designated as HUD Section 8 and the other 7 units must accept persons earning 100% or less of AMI based on VHCB funding rules. Because the building was originally constructed under HUD Section 202 guidelines, the income test for existing residents is up to 80% of AMI. However, as apartments turnover to new residents, the HUD rules require that at least 40% of turnovers be replaced with individuals whose income is no more than 30% of AMI.

B. **Application process:** Individuals who are interested in renting a HUD unit at CSSL apply directly to Cathedral Square. They must meet the income test described above. HUD requires that housing managers maintain a chronological waiting list and that the applicant at the top of the list receives first choice at any available unit. There is a waiting list of approximately 50 applicants.

C. **Lessons learned**: The HUD Section 8 program is a critical component of CSSL's affordability to low-income persons, both those who require only basic services such as meals and housekeeping and those who qualify for nursing home level of care. Maintaining a chronological waiting list presents several challenges. First, the time line for opening changed several times, requiring that the manager contact applicants multiple times. Second, managing a wait list is a task that must be assigned to a staff member, and applicants will expect to be contacted on a regular basis for updates. Finally, the manager felt that the timing of move-ins for an assisted living facility differed from that of independent living. Specifically, in assisted living, the health and personal care needs of residents and the capacity of staff to provide for those needs drive decisions about who to move in and when, while subsidized independent housing uses a first-come first-served approach. To deal with these challenges, CSSL currently maintains the following five waiting lists:

1. Individuals who need only basic services under the ACCS program
2. Individuals who meet nursing home level of care under the HCBS waiver
3. The individual's payment source for services (private versus Medicaid)
4. HUD Section 8 applicants (21 units)
5. Market rate applicants (7 units)

The manager calls individuals on the waiting list every six months in an effort to keep the list current. She explains that most applicants' income levels do not change over time but that their service needs change, typically by increasing to or above the level of care that can be provided in assisted living.

Rent-Up

A. **Rent-up strategy**: The strategy included moving 17 residents (70% of capacity) in during the first two months, then one to three residents each month after opening. A total of 15 residents moved in during the first two months, of whom seven were assessed as nursing home

level of care. Over the next four months, seven more residents moved in, and in the next eight months, on average one new resident moved in each month.

B. **Rent up timeline**: During the first year, the building was leasing up. It took 18 months to establish full lease up. It has been at full occupancy since with a healthy wait list.

C. **Lease-up reserve**: As stated previously, the HUD conversion program did not recognize lease up as an eligible expense of the project. Most housing programs are not aware of the high cost of initializing a licensed service program. However, the VHCB program allowed CSC to establish a $75,000 working capital account that would cover debt service and services losses during lease up. At the end of construction CSC was able to increase this working capital by approximately $50,000 due to savings during the construction period. This funding was insufficient for the losses during the lease up and initial years of occupancy. Additional capital was provided from CSC, and partially paid back through a re-finance of the property in 2003. The lack of sufficient start up funds and the on-going disparity between the reimbursement levels of Medicaid and the cost of the service program are the two most difficult problems that the project encountered. The reimbursement level continues to threaten the sustainability of the program to this day.

C. Lessons learned:

1. The CSC program was created at the same time that the AL licensure regulations were being promulgated. The construction of the project out-paced the completion of the regulations, creating a very stressful start up period.
2. As a housing organization moving into the licensed service program the learning curve was very steep. The fact that the state was just learning this process as well meant that additional time and funding was required for the set up. Almost all of the funding for the project came from housing organizations that were not used to high start up costs and did not want to fund this portion of the project. Finding capital for this part of the project is a critical, but difficult issue.
3. We did not budget enough vacancy time and turnover costs. We have doubled the turnovers we estimated due to the internal process for IL residents to be given preference to move down to AL, creating two turnovers for every one vacancy.

Staff Hiring

A. **Staff hiring schedule**: CSSL did not have a formal staff hiring schedule, but given the goal of moving a large number of residents in during the first two months, they began with 10 full-time employees, including the administrator.

B. Lessons learned:

(1) We learned that cultural competency training was important given the backgrounds of our caregivers and residents. Many of our staff come from Bosnia, the Sudan, the Congo, Tibet and other countries. CSSL offered a program called “Around the World” where staff educated residents on their rich heritage and cultures. This increased awareness and communication.

(2) There were multiple levels of training needed because: a. the state's Assisted Living regulations had only been in place for less than five months when CSSL opened therefore the regulations and documents were new to everyone; b. federal HIPPA regulations were adopted after the building had been designed and information technology had been ordered; c. the Medicaid program had never dealt with assisted living residents or the rigorous discharge restrictions unique to assisted living.
(3) Staffing levels will need to be somewhat flexible to adjust for ever changing case mixes; however, CSSL must always err on the side of more staff rather than less.
(4) With a high degree of medication delegation to unlicensed providers, nursing staff must have sufficient time to conduct trainings, testing and monitoring.

XI. Conclusions

The CSSL assisted living residence has met most of CSC's goals: a. to prevent the displacement of its independent residents; to provide an alternative to nursing homes for other low income seniors; to provide excellent quality care in apartment settings; and to save the State of Vermont hundreds of thousands of dollars in Medicaid expenditures. The project would not have been possible without the cross collaboration and coordination of multiple agencies including: HUD, VHFA, VHCB, DAIL, AAHSA, Vermont's Congressional delegation, the City of Burlington and NCB Capital Impact's Coming Home Program. However, many lessons were learned and issues were raised as to the rapid replication of affordable assisted living facilities. These lessons include:

- Deeper incentives are essential to encouraging nonprofit developers to undertake these complex projects, particularly when the Medicaid population and health care needs are both very high as a percentage of the total project.
- The state must have the authority to commit Medicaid subsidies to the project to assure an absolute guarantee of funding to the residence when the residence is prohibited from discharging residents when they reach Nursing Home Level of Care (NHLOC).
- Medicaid rates must cover costs and a Tier IV rate should be established to prevent nursing home placements.
- The "out of house" rules established for nursing homes are inappropriate for the assisted living setting.
- The state should consider creating a subsidy to supplement meals payments by SSI residents who are unable to pay the full cost.
- An organization undertaking such a project must have an endowment; a large working capital account or other reserves to absorb the losses resulting from lengthy lease ups and inadequate subsidies.
- These "high mission" and high cost projects require a Board of Directors willing to put their mission first.

XII. Attachments

Appendix I: **Development *pro forma***

Appendix II: **Project Images**

Appendix I – Development Pro Forma

Sources		
	HUD ALCP	2,315,932
	CDBG	20,000
	City Trust	25,000
	HOME	115,200
	VHCB	700,000
	CSC Residual Receipts	70,062
	VHCB (HUD Special Purpose)	492,500
	CSC Replacement Reserve	95,252
	CSC Loan to Project	59,412
	Total Sources	**3,893,358**
Uses		
Capital Costs		
	Rehabilitation/New Construction	2,593,068
	Sitework	179,518
	Survey	6,500
	Construction Contingency	100,360
	Hazardous Materials Abatement	43,000
	Permits/Fees	21,348
	AMPO	47,911
	New Construction Contingency	77,839
	Available Developer Fee	22,893
Total Capital Costs		**3,092,437**
Relocation		
	Relocation	28,927
	Lost rent/Vacancies	181,401
Total Relocation		**210,328**
Legal and Consultant Fees		
	Consultant Fee	126,000
	Market Study	15,000
	Legal/Accounting	11,000

	Architectural	276,382
	Engineering	-
Total Legal/Consultant Fees		**428,382**
Administration		
	Loan Fees	2,000
	Organizational Costs	3,000
	Working Capital	25,000
	Rent-up (Deficit Escrow) Reserve	35,000
	Marketing	60,000
	Property Appraisal	3,800
	Legal - Title and Recording	2,500
	Construction Period Insurance	17,000
	Construction Interest	3,710
Total Admin Fees		**152,010**
TOTAL PROJECT COST		3,883,158

Appendix II – Photos