

Assisted Living Matters

A COMING HOME CASE STUDY

Cathedral Square, Vermont

Coming Home Demonstration Project Executive Summary

NCB Capital Impact implemented the Coming Home Program in 1992 with funding from the Robert Wood Johnson Foundation to make high quality, high service assisted living available to Medicaid eligible individuals as a nursing home alternative. This case study describes the development of Cathedral Square Senior Living (CSSL), the first 100% affordable assisted living residence in located Burlington, Vermont. Cathedral Square Senior Living was developed as a demonstration project through the Coming Home Program. For the purposes of this case study, assisted living is defined as the housing with services category offering private apartments and high levels of service to nursing-home eligible seniors. The Cathedral Square Corporation were pioneers in the state due to the very fact that at the inception of the project the state regulatory structure for Medicaid reimbursement for assisted living and the HUD Assisted Living Conversion Program had not been programmatically implemented.



The distinguishing features of this project are:

- Rehabilitation and conversion of an existing HUD 202 project
- Blending of independent and assisted living apartments within one building to maintain the independence of the ever-aging community population.

The Coming Home Program was a thirteen year initiative managed by NCB Capital Impact and funded by the Robert Wood Johnson Foundation. Based in nine states (AK, AR, FL, IA, MA, ME, VT, WA, WI), this program mission was to expand the supply of affordable assisted living in underserved and rural areas. With technical assistance from NCB Capital Impact, each state implemented 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 provided 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.

PROJECT OVERVIEW

Cathedral Square Senior Living (CSSL) is a HUD Assisted Living Conversion Project with 80 independent and 28 assisted living units in a 10-story building located in Burlington, Vermont. The facility rehabilitated this existing building in order to meet the physical standards for the assisted living licensing. The facility is a combination of independent and assisted living. There are 80 independent living units and 28 assisted living apartments. Located near downtown Burlington,

residents benefit from nearby amenities including the farmer's market, places of worship, public transportation and grand views of Lake Champlain. The building provides apartments ranging in size from 300 to 560 square feet. Seven units are designated for individuals with incomes not

exceeding 100% area median income while the remaining units are affordable to individuals with incomes at 30% to 80% area median income. The facility gives preference to individuals with incomes below 30% median income.

SPONSORING ORGANIZATION

Formed in 1977, Cathedral Square Corporation (CSC) is a nonprofit organization 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 and its subsidiaries 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

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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).

BUILDING DESIGN

Cathedral Square Senior Living is a ten story residential building made of concrete and steel located on a .8 acre site overlooking Lake Champlain. The building was originally constructed in 1979 and was converted through the HUD Assisted Living Conversion Program (ALCP) to provide increased services for residents.

The 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. CSSL is constructed to IB 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.



The facility offers 108 one-bedroom apartments ranging in size from 300 to 560 square feet, a combination of 80 independent living and 28 assisted living units. All of the assisted living units are divided between the second and third floors of the facility. Each assisted living apartment unit is fully accessible and includes a kitchenette with refrigerator, microwave, sink and storage cabinets. These single occupancy units also provide a private accessible bathroom and telephone hookup. Common areas of the facility include a dining room that can accommodate up to 50 residents in one seating, a private dining room with seating for 8, a wellness clinic, a living room and a handicap-accessible garden. The building is located in the heart of Burlington's Central Business District, which provides easy access for residents to amenities such as public transportation, shopping, places of worship and lakefront recreation.

SERVICE AVAILABILITY

Basic package: The ACCS program subsidizes services for individuals who qualify for “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.

FEE STRUCTURE

Room and Board

Rent for a private one bedroom is \$825 per month, unless income eligible for a HUD subsidized unit where residents pay 30% of their income minus deductions, or 10% of their 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

Cathedral Square residents make use of the Enhanced Residential Care program, which is a Home and Community Services Waiver 1915(c). 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.

RESIDENT PROFILE

The Cathedral Square facility provides assisted living to 28 residents who are in need of a greater level of service offered in the independent living floors of the building. Seventy-five percent (75%) of the assisted living residents use a housing subsidy in order to cover the room and board cost. Fifty-four percent (54%) are Medicaid clients with the remaining resident paying privately for their services. When the facility opened, forty-six percent (46%) of the residents were at the basic level of personal care services while the balance of the residents needed the Tier 1 level of service. Twenty-five percent (25%) of the residents have a mild cognitive impairment. The average resident is a woman, 82 years of age who is very frail due to a chronic cardiovascular and respiratory condition that limits her ability to manage daily activities. Typically this resident needs assistance with medication management, health oversight, incontinence management, dressing and showering, and talking to her physician. Large portions (86%) of the residents are from the local area and moved to the facility from a personal residence when they could no longer live by themselves at home. Thirteen percent (13%) of the residents were living in a residential care facility and eight percent (8%) were living in a nursing home before locating in the assisted living facility.



MARKET ANALYSIS

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.

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PROJECT FINANCING

The development of CSSL combined six equity sources including the HUD Assisted Living Conversion Program, Community Development Block Grant, HOME funds, Vermont Housing Conservation Board, Cathedral Square Corporation reserves and contribution from the City Trust fund for a total of \$3,893,358. Total capital costs for the project \$3,092,437 with the balance in soft costs and relocation of existing residents.

Many affordable housing assisted living projects rely upon a combination of financing sources infuse the projects with enough subsidies to allow the facility to charge an affordable room and board fee that is manageable for residents on SSI. While Cathedral Square was unique in its conversion of an existing HUD 202 project, typical financing sources for affordable housing development including Low Income Housing Tax Credits, Federal Home Loan Bank's Affordable Housing Program, U.S. Department of Housing and Urban Development HOME funds, grants from local municipalities or foundations and deferred development fees.



DEVELOPMENT PROFORMA		
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

LEASE UP EXPERIENCE

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. The HUD ALCP program does 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 Vermont Housing Conservation Board program allowed CSC to establish a \$75,000 working capital

account that would cover debt service and services losses during lease up. Additional capital was provided from CSC, and partially paid back through a re-finance of the property in 2003. The lease up strategy included moving 17 residents (70% of capacity) in during the first two months, then one to

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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. The project took eighteen months to establish full lease up and has been at full occupancy since with a healthy waiting list.

PROJECT SUCCESSES

The CSSL assisted living residence has met most of CSC's goals: 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.

For more information and to access the entire Cathedral Square case study, including a more in depth discussion on the staffing, services and lessons learned, please visit www.ncbcapitalimpact.org.

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