

MEMORANDUM

TO: Tom Hart
Carrie Beach
Mildrilyn Davis
MaryAnn Griffin
Bob Eiffert
John Freeman
FROM: Bill Harris
DATE: July 1, 2010
SUBJECT: Summary of Remarks on Affordable Assisted Living

I don't know how you will summarize the presentations on tonight's meeting, or how the information will be used, but in case it might be helpful I'm sending the following brief summary of affordable assisted living information.

THE NEED IS GREAT

1. There are three facilities in Alexandria dedicated to independent living for low-income elderly people 62 and older (Annie B. Rose, Ladrey and Claridge House), and they all have frail residents that need the care an assisted living facility could provide.
2. The Office on Aging and Adult Services (OAAS) regularly gets calls for information about affordable assisted living.
3. Many of the speakers emphasized the need based on their personal experience
4. A market study in 2004 commissioned and paid for by Volunteers of America confirmed the need.
5. The HUD Consolidated Plan reports the need.

THERE ARE TOO FEW AFFORDABLE ASSISTED LIVING FACILITIES IN NORTHERN VIRGINIA AND NONE IN ALEXANDRIA

1. Fairfax County has funded both construction and ongoing operations for a few facilities, but they are only for Fairfax residents.
2. Birmingham Green's Willow Oaks has 77 units, 14 of which are available to Alexandrians.
 - a. These few units do not begin to meet the need.
 - b. The facility is 35 miles from Alexandria, and there is no public transportation.
3. Culpepper Garden has 73 units, but gives priority admission to the elderly residents in it's 267 independent living apartments. There virtuously no possibility for direct admission by an Alexandrian.
4. Chesterbrook Residences in McLean (Falls Church) has 97 units. While it is open to all it has full occupancy and a waiting list.

BUILDING NEW FACILITIES MUST OVERCOME MANY OBSTACLES

1. Land is scarce and expensive in Alexandria.
2. Zoning requires a Special Use Permit which gives an opportunity for NIMBY opposition, which is generally strong, making approval by city councils or county boards difficult.
3. There is no longer good subsidized capital financing available.
 - a. HUD 202 is in HUD's budget for FY 2010 but not for FY 2011
 - b. The use of HUD 202 capital grants with project based RAP (Rental Assistance Program) which was used to fund Culpepper Garden and Willow Oak's is no longer an option for licensed assisted living.
 - c. LIHTC (Low Income Housing Tax Credits) can be used only to fund construction of living space,

- and not any of the space for central food, care, and other care and support service needed in an assisted living facility.
- d. Lenders are leery of loaning money on the basis of an income stream that requires several layers of income: (enumerated below)
4. The cost of buildings, furnishing and equipment require many layers of funding.
 - a. Contributions from the local government
 - i. Seed money is often needed by a nonprofit sponsor
 - ii. Develop loans at low or no interest.
 - iii. Permanent financing with no or very low interest.
 - b. Tax exempt bonds
 - c. Contributions from the nonprofit sponsor from fundraising efforts.
 - d. Other possible creative financing.
 5. Operating income must come from multiple sources
 - a. The Medicaid Waiver program used by most states to fund operations is not available in Virginia.
 - b. The AG program is totally inadequate. A facility that takes an AG resident must agree to accept the current amount of \$1,279 a month as payment in full for rent, food, and care, and prohibits soliciting funds from other sources on behalf of the AG recipient.
 - c. Residents payments from personal income, which is only partial payment toward costs.
 - d. Residents payments from limited assets, which generally last only a few months at best.
 - e. Contributions from the local government
 - i. Examples
 - (1) Fairfax County made a one time contribution of \$500,000 to Chesterbrook Residents toward an endowed care fund, provided the Board matched it dollar for dollar within one year, which the Board did. The Board continues to fund-raise for care services.
 - (2) Arlington County makes regular contributions to Culpepper Garden to subsidize a predetermined number of assisted living residents.
 - (3) Six jurisdictions in Northern Virginia all pay a large percentage of the costs to operate Willow Oaks. Alexandria currently pays \$185,271 annually for 14 residents which amounts to \$1,103 per person per month.

BUILDING NEW ASSISTED LIVING FACILITIES IS A CHALLENGE, BUT NOT IMPOSSIBLE

Chesterbrook Residences is a model that can be replicated. It was developed as a public/private partnership between Chesterbrook Residences, Inc, a 501(c)(3) nonprofit organization, and Fairfax County. The Board is sponsored by three faith based organizations—two protestant and one Jewish. It serves a **“mixed-income”** population: five extremely-low-income; 44 low-income; and 48 moderate-income.

NOTE: While all the presenters talked about “affordable” as applying to “low-income” people, **no facility should house only low-income residents.** To do so is not good socially or economically. **There is also a great need for assisted living for people with moderate incomes who cannot afford the current charges of the area’s market rate facilities.** Chesterbrook Residences meets both needs, and any facility built in Alexandria should also meet both needs.

Following are some basic elements in the development of Chesterbrook Residences which should be considered in replicating it:

- a. Nonprofit 501(c)(3) sponsor and owner
- b. Dedicated board of directors
 - i. Strong commitment to seeing the project through
 - ii. Strong development and financial skills

- iii. Strong political connections
 - iv. Willingness to solicit donations
 - c. Mixed-income residents (suggested mix)
 - i. 25% low-income
 - ii. 50% low- to moderate-income
 - iii. 25% moderate income
 - d. Free land
 - e. Local government support
 - i. Financial
 - (1) Seed money
 - (2) Long-term, low-interest loan
 - (3) Ongoing support of operations
 - ii. Zoning approval
 - (1) Special Use Permit required
 - (2) Extra density and/or height as needed
 - (3) Consideration of parking relief
 - f. Layered sources of operations revenue
 - i. Residents' income
 - ii. Residents' assets
 - iii. Auxiliary Grants – very limited and totally inadequate.
 - (1) \$1279 a month – current amount in 2009 and 2010
 - (2) Medicaid waivers – should the state ever apply for them
 - iv. Housing Choice Vouchers dedicated for use by the very-low- and low-income residents
 - v. Family contributions
 - vi. Local government support
 - (1) Development
 - (2) Permanent financing loan
 - (3) Operating subsidies
 - vii. Charitable donations
 - (1) Endow a care fund
 - (2) Current use
 - (3) Faith based organizations provide a “scholarship (for lack of better word)” to provide the subsidy required by one or more residents.
 - (4) Foundation grants
 - (5) Other creative ways?
 - viii. Mixed use facility – Like the “firehouse/housing”
 - ix. Other creative financing

Housing for Everyone is Good Urban Planning

Presentation by Bob Eiffert, 07-01-10

- Discuss housing trends and types (national stats)
 - declining household size (fewer households with children, a stat already mirrored in Alexandria)
 - Housing type will change to smaller attached or multi-family units
 - Large homes and large lot homes will decline in demand
 - Transit-oriented development will increase

- Universal Design – a group of design principles or concepts
 - What every household can use, regardless of age or ability
 - 0 – 3 – 4 – 5 Rule
 - Master BR and bath on entry level
 - Counter heights adjustable
 - Lever door hardware
 - Most adaptable to multi-family housing
 - Most difficult in townhomes

- Visitability
 - The same 0 – 3 – 4 – 5 Rule as UD
 - One accessible bathroom on the entry level
 - Adaptable to all housing types, including townhomes

- Affordability
 - Partner with a non-profit for HUD 202 Housing (elderly) or 811 Housing (persons under 62 with disabilities)
 - Preserve existing (refer to John Freeman)
 - Look at all sizes, including SROs

- Increased Density
 - Increased density allows for better urban, transit-oriented, pedestrian-friendly design (STOP the pavers!)
 - Increased density is the ONLY legal means that jurisdictions in Virginia have of leveraging affordable housing in new development
 - Likely locations include Potomac Yard, Eisenhower Valley and Landmark areas
 - Others could follow (i.e. BradLee, areas along Duke Street)

- Resources
 - AARP (show booklets)
 - MWCOG/GMU Conference