EXHIBIT NO. 1

City of Alexandria, Virginia

MEMORANDUM

19
4-22-03

DATE: APRIL 17, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER

SUBJECT: CLOSING THE ALEXANDRIA RESIDENTIAL CARE HOME, REUSE OF THE FACILITY AND RECEIPT OF THE ASSISTED LIVING STUDY GROUP REPORT

ISSUE: Consideration of the closing of the Alexandria Residential Care Home (ARCH) and the reuse of the ARCH facility, and receipt of the report from the Assisted Living Study Group.

RECOMMENDATIONS: That City Council:

(1) Approve closing the ARCH assisted living program effective once the current residents have been relocated;

(2) Receive the Assisted Living Study Group Report (Attachment I) and approve its recommendation to establish a new Assisted Living Work Group;

(3) Refer the Assisted Living Study Group's recommendation for expansion of the City's Companion Services program to the Department of Human Services for implementation no later than the FY 2005 Budget; and

(4) Schedule for the May 17 public hearing the staff recommendations for reuse of the ARCH facility at 716/718 North Columbus Street.

The Commission on Aging, at its regular meeting on April 10, voted unanimously to recommend that City Council approve the recommendations listed above, and not close the ARCH until the employees find other employment.

BACKGROUND: The Alexandria Residential Care Home, at 716/718 North Columbus Street, is owned by the City of Alexandria and is designed to serve 10 frail elderly adults who require 24-hour care and assistance with daily living activities. The ARCH is operated by the Office of Aging and Adult Services (OAAS) in the Department of Human Services, and has been open since 1987. Services provided by the ARCH include housekeeping, meals, administration of medications, personal care, social services, recreation and social activities.

In June 1984, City Council approved the use of 716 North Columbus Street, a vacant and boarded property acquired under the City's Blighting Influences Program, as a home for six elderly residents. In January 1985, before 716 North Columbus was renovated, City Council approved the acquisition of 718 North Columbus Street (the adjoining townhouse which was for sale on the private market) to be used in conjunction with 716 North Columbus to serve a total of 10 elderly residents. The City used Community Development Block Grant (CDBG) funds for the purchase and rehabilitation of both houses. The total purchase price for both houses was $188,500, and renovations cost an additional $126,196.

The ARCH has been operating since 1987 as a Licensed Home for Adults, serving 10 residents at a time who were not able to live in the City independently, but who did not qualify for a nursing home. As time went by, however, residents referred to the ARCH were increasingly more physically disabled and had psychiatric or medical needs beyond the scope of care available through ARCH staff, but still short of nursing home eligibility. Because of State Licensure requirements for a higher staff-to-resident ratio when serving persons who develop dementia while living in the ARCH and the increasingly complex needs of the residents, the budget required to operate the ARCH increased over the years.

In 1996, staff recommended to City Council that the ARCH program be closed and the funding be used to provide in-home services to a larger number of seniors in the Ladrey and Annie B. Rose senior residences. That approach was initially supported by the Commission on Aging, but when the families of the residents asked City Council not to close the ARCH, the Commission reversed its position. City Council decided to keep the ARCH open.

In 2002, the Department of Human Services had the ARCH Supervisor position reclassified to a Nurse Supervisor in order to meet the increasingly complex medical and mental health needs of the ARCH residents.

The FY 2003 approved operating budget for the ARCH is $342,259. Revenue sources are $130,000 in State auxiliary grant revenues and $212,259 in General Fund. The $130,000 State auxiliary grant requires a 20 percent cash match of $26,000. Because there are only two residents at the ARCH, both of which are auxiliary grant fund-eligible, the auxiliary grant revenues (which are all of the revenues that the ARCH will earn this year) that will be collected in FY 2003 will be only $51,642. This would result in the City General Fund payments to the ARCH of $290,617 or $78,358 higher than the FY 2003 budget. The ARCH budget supports the 24-hour, 7-day a week operation with 4 full time Companion Aide positions, one part time on-call Companion Aide position and 3 temporary staff (2 of whom job-share the Nurse Supervisor position). The FY 2002 actual cost per bed was $3,244 per month.

DISCUSSION: The staff recommendation to close the ARCH program is based on the need to find a more appropriate and cost efficient way to provide assisted living services to Alexandria seniors in need. What follows is a discussion of the issues surrounding the closing of the ARCH, the Assisted Living Study Group's report, options for assisted living in Alexandria and possible reuse of the ARCH facility.

Closing the ARCH assisted living program. There are three principal reasons to close the ARCH: 1) the condition of the residents referred to the ARCH, 2) the physical facility of the ARCH, and 3) the cost to operate the ARCH.

1. Condition of the clients referred to the ARCH. In FY 2003, several residents had to be discharged from the ARCH to nursing homes or other placements, and currently, only two residents remain. New residents have not been placed in the ARCH because recent referrals to the ARCH have been seniors who have advanced dementia, mobility or balance deficits, and alcoholism, and required services which the ARCH is unable to provide.

This is a trend that has been evolving over the past several years. Seniors that are referred to the ARCH have had, at their initial assessment, increasingly more significant health, medication and mobility issues than in years past. We have also seen the same trend at the Adult Day Services Center. Reasons for this change may be that seniors are staying in their own homes longer through the use of other programs, such as the Department of Human Services' Companion Services and the Red Cross Friendly Visitor programs, and support from their families. Even when seniors have been determined to be appropriate for initial admission to the ARCH, often their health and mental status has quickly deteriorated, which has required the City to double the number of staff on duty to keep the ARCH compliant with Licensure requirements.

2. Physical layout of the ARCH. A prime difficulty with the ARCH is its physical layout, specifically the stairs into the facility, and the two steep staircases to the second floor where 8 of the 10 residents have their bedrooms. These characteristics of the facility make it not well suited for frail elderly residents or those with mobility issues. There is no elevator in the facility and residents living on the second floor must be able to walk up and down steep stairs. According to Licensure requirements, in case of an emergency, all ARCH residents must be able to exit the building within a safe and reasonable time frame with only one verbal or physical cue. This is extremely difficult for many senior adults, and practically impossible for seniors with moderate dementia or physical impairments.

3. Cost to operate the ARCH. The actual FY 2002 cost per bed of $3,893 per month is still not a cost efficient approach for assisted living when compared to other alternatives. To make an assisted living program economically feasible, the fixed costs (e.g., staff, supplies, meals, overhead) must be spread over a higher number of beds and common facilities. For example, the 73-bed assisted living facility at Culpepper Gardens in Arlington costs about $1,800 per month per bed because operating costs and a commercial kitchen are shared with 267 independent living units. As noted in the Assisted Living Study Group's report, Fairfax County staff estimated the per resident cost of their Lincolnian assisted living facility in 2002 at $2,500 per month. The new 77-bed Birmingham Green assisted living facility, owned by Alexandria and other Northern Virginia jurisdictions, will cost about $2,100 per month per bed. This assisted living facility is also co-located with a nursing home.

The annual budget for the ARCH consists of payments made by the residents, supplemented by the City and the State Auxiliary Grant program for eligible residents. In FY 2002, all but three residents in the ARCH were subsidized through the Auxiliary Grant program. To be eligible for the Auxiliary Grant program a person's income cannot exceed $966 per month. The amount an individual pays monthly is determined by taking the individual's monthly income, subtracting $62 for a personal allowance, and then subtracting that result from the State-set maximum auxiliary grant amount of $966. The difference, if any, is the amount of the Auxillary Grant. The City then pays 20% and the State pays 80% of the amount of the Auxiliary Grant. The result is that the resident's payment and the Auxiliary Grant still only total $966 per month. Additional City General Fund monies are needed to make up the difference between $966 and the cost of care. In FY 2002, where the total per bed cost was $3,893 per month, the State Auxiliary Grant covered $56,641 (of which the City paid 20 percent or $11,328), the three private pay residents paid $48,492 and the City paid the remaining cost of $284,171.

For these reasons, staff has concluded that the ARCH is no longer able to well serve the elderly population needing assisted living at the level of care we are experiencing, and is too costly an operation, and that the City funds now assigned to the ARCH could serve more seniors more effectively in other ways. Therefore, the recommendation is to close the ARCH, assist the two residents in the facility to relocate and pursue the recommendations of the Assisted Living Study Group contained in Attachment I and discussed below.

<u>Report from the Assisted Living Study Group</u>. In 2000, the Health Committee of the Alexandria Commission on Aging, at the request of staff from the Alexandria Redevelopment and Housing Authority (ARHA), initiated a study group to look at issues of resident care at the Ladrey and Annie B. Rose senior residences. Health Committee Chair Stefanie Reponen chaired the study group which included representatives from ARHA, the two senior residences (Ladrey and Annie B. Rose), and the City Departments of Health, Human Services, Housing, and Mental Health, Mental Retardation and Substance Abuse.

The Committee formed two study groups: (1) the care coordination group which began meeting in July, 2000, and (2) the assisted living study group which began meeting in November 2000.

The care coordination group completed its study which led to a Memorandum of Understanding among the agencies providing services in the Ladrey and Annie B. Rose senior residences. Each agency identified the services it was prepared to offer and agreed to coordinate those services with the other members of the group by having regular meetings to address case issues and share information.

The assisted living study group looked at the needs of the seniors living in Ladrey and Annie B. Rose, and at models of affordable assisted living that exist in the Washington, D.C. metropolitan area that could be replicated in Alexandria. Based on its findings, the Group made two recommendations: (1) that the City's Companion Services program in the Department of Human Services be expanded to assist additional low-income persons to remain in their own homes for as long as possible, and (2) that a new Assisted Living Work Group be formed to develop concrete options for expanding affordable assisted living for Alexandria seniors. The work group could include, be not necessarily be limited to, two members of the Commission on Aging's Housing Committee, and staff from ARHA and the City's Department of Human Services and Office on Housing. The group would be charged with developing, for Council review, specific proposals for the expansion of affordable assisted living opportunities for Alexandria seniors, along with a funding or financing plan for every such proposal. In the event a non-profit housing development corporation is created in the City, as recommended in a recent memorandum from the City Manager to Mr. Euille and Ms. Woodson, we would see this Assisted Living Working Group working very closely with the corporation.

Commission on Aging supports closing the ARCH. As stated above, the Commission on Aging, at its regular meeting on April 10, voted unanimously to recommend that City Council approve the recommendations of the City Manager, and not to close the ARCH until the employees find other employment.

Status of current ARCH residents and staff. Staff met with the two residents and their families to explain the staff proposal to close the ARCH and the decision-making process, and to assure them that staff would be available to help the families locate assisted living facilities for both of the current residents. The families indicated they understood the reasons for closing the ARCH and that, if the ARCH closes, they would like the staff's assistance in finding another placement.

The proposal to close the ARCH and the process for making the decision was also explained to the four full time and one part time City staff currently working at the ARCH. The City's policy is to place full time employees in another position in the City when a program is closed. With regard to part time and temporary employees, the City's policy is to assist these employees with finding another position, but there is no guarantee of a position. All of the full time and part time employees have begun looking at the employment opportunities within and outside the City.

Reuse of the ARCH facility. The staff recommendation is that the reuse of the ARCH facility be set for public hearing on May 17. At that time, the public can present ideas for reuse. In preparation for the public hearing, staff is suggesting that two ideas be considered along with those that may come from the public hearing. Below is a brief discussion of each idea. If City Council should decide, after the public hearing, to pursue one or both of these ideas further, staff would return to City Council with more detailed plans.

1. Homeownership. One reuse option involves restoring the ARCH facility to two separate townhouses and selling each townhouse through the City's Homeownership Assistance Program or Moderate Income Homeownership Program, depending on the income of the purchaser. An architect, under contract with the City, has walked through the two properties and estimated that the cost of renovating the two structures could be somewhere between $200,000 and $300,000. The renovation includes adding a kitchen to one unit and replacing much of the basic plumbing, heating/air conditioning and electrical systems, because they were all combined when the facility was made into one unit.

If this option were chosen, staff would recommend the use of federal HOME Investment Partnerships funds for this rehabilitation project. The City's Draft Consolidated Plan One Year Action Plan for FY 2004 contains $268,478 designated as City Special Project that could be used for this purpose. The City could contract for the rehabilitation or could partner with the Alexandria Redevelopment and Housing Authority or a non-profit housing developer for the rehabilitation. The two homes could then be sold either through the City's regular homeownership programs for low or moderate income first-time home buyers, or could possibly be designated for purchase by an ARHA public housing or Section 8 resident. Such a purchaser could benefit from low interest rate SPARC[1] mortgages, and, if applicable, Section 8 homeownership funds. Since the facility was purchased with CDBG funds and is owned by the City, the CDBG funds would only have to be paid back if the facility is not used for a CDBG-eligible purpose. Selling the houses though the City's homeownership programs or through ARHA would be considered a CDBG-eligible purpose.

2. Mentor Foster Home Program. Another option that is a CDBG-eligible reuse is a Mentor Foster Home. Mentor Foster Homes have live-in supervision, and provide a safe living environment for foster care youth which supports personal growth and independence, while facilitating transition out of the foster care system. Up to four youth, between the ages of 18 and 21, could live in the ARCH facility at one time. Youth selected for the home would be those who can reside in an independent living program. They would be enrolled in an educational or vocational training program and would be employed or secure employment within 60 days of entering the home. Each youth can receive a monthly independent living stipend of up to $644, depending on their income. They would pay a monthly rental payment of $200 which is deposited into a savings account and released to the youth when they transition from the home. Each youth would receive training on money management, housekeeping, food management, emergency and safety skills and interpersonal skills.

The mentor provides evening supervision every day, demonstrates skills necessary for self-sufficiency, and serves as an advocate for the youth. The mentor could receive $16 a day for each youth in the home, and a reduced rental payment. The mentor would be responsible for his or her own personal expenses. The Alexandria Division of Social Services' Independent Living Coordinator would meet with each youth weekly to offer consultation, feedback, and independent living skills training in areas such as educational and career planning. Group independent living training could be offered in the home on a bi-monthly basis and would utilize Social Services staff and community volunteers who have been screened and trained. The home could utilize other Alexandria City agencies and resources such as the Alexandria Adolescent Health Center, *Job*Link and the Alexandria Mental Health Center.

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[1] Sponsoring Partnerships and Revitalizing Communities (SPARC) is a Virginia Housing Development Authority (VHDA) program that offers first trust mortgages at rates either ½ percent or 1 percent below VHDA's regular rate for mortgage monies. The City has an allocation of mortgage funds at both rates, and ARHA has an allocation of SPARC monies at ½ percent below regular rates.

The monthly independent living stipends for the youth and the funds to pay the mentor would come from the Comprehensive Services Act. The monthly cost of utilities (gas, electric, water and the telephone) would be shared between the mentor and the youth. Based on actual Fiscal Year 2002 operating expenses for the ARCH, the shared monthly expenses of the house at full occupancy is estimated at $130 per person. The City's General Services Department could continue to provide general building maintenance and repairs. The mentor foster home must be licensed by the Virginia Department of Social Services and the State's Office of Interdepartmental Regulation.

A mentor home would meet an important need in the City's foster care system. A majority of the Human Service Department's youth in independent living are residing outside of the City due to the high cost of living and the unwillingness of licensed foster homes to accept placement of teenagers. This mentor home would give our foster care youth the opportunity to remain in Alexandria, while receiving the supportive services they need from the agency, the community, and each other as they move toward independent living.

FISCAL IMPACT: The FY 2004 Proposed Department of Human Services budget includes $315,352 for the ARCH. This is about $27,000 less than the FY 2003 operating budget because at the time the FY 2004 budget was prepared last fall, the intention was to hire full time staff in place of temporary staff. A $130,000 revenue budget was assumed. Should the City Council approve the staff recommendation to close the ARCH, there would be $185,352 in direct FY 2004 General Fund monies and $26,000 in local match to the Auxillary Grants for a total of $211,352 which could be used for the expansion of the Companion Services program or for senior assisted living developed by the Assisted Living Work Group in FY 2004.

ATTACHMENT: Assisted Living Study Group Report

STAFF:
Jack Powers, Director of Community Programs
Suzanne Chis, Director of Social Services
Beverly Steele, Interim Director of Human Services
Bob Eiffert, Deputy Director of Housing
Mildrilyn Davis, Director of Housing

Attachment

ASSISTED LIVING STUDY GROUP

FINAL REPORT

MARCH 2003

Members:

Stefanie Reponen, Chair
Carol Augustine
Alice Charity
Mildrilyn Davis
William Dearman
Bob Eiffert
Michael Gilmore
William Harris
Arlene Hewitt
Charles Konigsberg, Jr., M.D.
Connie Lennox
Ron Lyons
Archie Morris
Jack Powers
Lisa Puma
Beverly Steele
Margo Tolliver
Cindy Wallace
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Assisted Living Study Group Report

I. Background of the Committee

In 2000, at the request of staff from the Alexandria Redevelopment and Housing Authority (ARHA), the Health Committee of the Alexandria Commission on Aging initiated a study group to look at issues of resident care at the Ladrey and Annie B. Rose senior residences. Chaired by Health Committee Chair Stefanie Reponen, the study group included representatives from ARHA, the two senior residences, and the City Departments of Health, Housing, Human Services, and Mental Health, Mental Retardation and Substance Abuse.

The group decided to focus on two major issues: care coordination at the two senior residences and the need for affordable assisted living. The care coordination group began meeting in July 2000 and the assisted living group began meeting in November 2000.

From the outset, the Assisted Living Study Group was concerned about the needs of residents at the two senior residences. ARHA Executive Director William Dearman told the group that residents of the buildings were "aging in place," and that their care needs were far beyond what ARHA could reasonably provide. But ARHA staff are reluctant to evict tenants who can no longer care for themselves because there is usually no affordable assisted living option available to them in the City. [NOTE: The City's Alexandria Residential Care Home, the ARCH, is an assisted living facility with a capacity of 10 beds. The City has one bed for a low income person at Sunrise of Alexandria. These beds are usually full.]

The group requested that staff conduct some sort of needs assessment to ascertain the level of need that existed in the two buildings. The results of that assessment were presented to the group in July 2001 and are included in the next section of this report.

The group also decided to look at models of affordable assisted living that exist in the metropolitan area to see what might be applicable to the situation here. A discussion of those options is in Section IV. of this report.

II. Statement of Need and Report of the Limited Needs Assessment conducted by staff

Members of the Ladrey/Rose Care Coordination Team completed Uniform Assessment Instruments (UAIs) on residents of the two buildings who were at some risk of being unable to live independently. In addition, social workers in the Office of Aging and Adult Services (OAAS) completed UAIs on at-risk persons living elsewhere in the community. All of the persons assessed were low income, making them likely to be eligible for the Auxiliary Grant. The study was conducted in the spring of 2001, and represents a "snapshot" of the needs at that time.

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Determining the need for assisted living placement using the UAI is defined in the Virginia Department of Social Services Manual. To qualify for assisted living through the Auxiliary Grant, individuals must have deficiencies in two or more activities of daily living, or be rated deficient in terms of one or more behavior patterns. The seven activities of daily living (ADLs) are: bathing, dressing, toileting, transferring, eating/feeding, bowel function and bladder function. Behavior patterns that indicate deficiencies are: (1) wandering once weekly; (2) wandering more than once weekly; (3) abusive, aggressive or disruptive behavior once weekly; (4) abusive, aggressive or disruptive behavior more than once weekly; and (5) comatose. Instrumental activities of daily living (IADLs) are not counted toward the determination of the need for assisted living, but are included in the UAI, and are a determinant of the frailty of an individual. IADLs include: meal preparation, housekeeping, laundry, money management, transportation, shopping, using the telephone, and home maintenance.

The study included 107 assessments, 38 completed by members of the Ladrey/Rose Care Coordination Team excluding OAAS staff, and another 69 completed by OAAS staff. Twelve of the 69 individuals assessed by OAAS staff were residents of Ladrey or Rose, and the rest live elsewhere in the community. There were no duplicates among the Ladrey/Rose assessments.

Results of the study showed that a total of 59 individuals (55%) qualified for assisted living: 13 in Ladrey or Rose, and 46 in the community. 57 of the 59 who qualified for assisted living did so on the basis of limitations in ADLs, while an additional two qualified on the basis of behavioral limitations alone. Of the 48 who did not qualify for assisted living, most had deficiencies in IADLs that required in-home services to help them maintain their independence.

In a follow-up study, OAAS Social Work staff looked at the needs of the persons who qualified for assisted living. The greatest needs were for medication management and monitoring, and for 24 hour supervision. About half of the 59 needed those services. Somewhat fewer than half needed home health care for a chronic disease, or a visiting nurse to administer health care. Other needs included respite for family caregivers, additional Companion Services hours (currently limited to 20 hours per week per client), help with bill paying, intensive mental health counseling, financial assistance, and additional social supports.

Community supports that were already in place and in use by these individuals included family assistance (the largest source of caregiving), Meals-on-Wheels, Companion Services, Medicaid personal care, mental health counseling, Senior Taxi and DOT paratransit, Food Stamps, Tax Relief or Rent Relief, cooling and fuel assistance, and legal assistance.

Areas of the City where the clients lived by zip code were: 40% in 22314 (Old Town and Parker Gray; slightly over half (55%) of the clients in this zip code were residents of Ladrey/Rose); 26.7% in 22304 (Duke Street area from the Masonic Temple west through Landmark); 13.3% in 22301 (Del Ray area); 10% in 22305 (north Beverly Hills, Warwick Village and Arlandria); and 3.3% each in 22302 (Beverly Hills), 22311, and 22312 (West End west of I-395).

The studies did not include asking the clients if they would be willing to move to an assisted living facility if one were available and affordable.

The study looked only at persons who are currently receiving services either through the City's Office of Aging and Adult Services or ARHA. The study did not include persons whose incomes make them ineligible for these services, i.e. over the current income limit of $1,475 per month for a one person household or $1,928 per month for a two person household. Persons with incomes under about $2,500 per month can not afford private assisted living at facilities in this area, where prices range from $2,000 to $4,500 per month for care. They must also find in-home or other services in the private market, where companion services average about $14 per hour. Quantifying the overall community need for affordable assisted living would require a study far beyond the resources available to the Assisted Living Study Group.

The population needing these kinds of services will continue to grow. The elderly population is increasing, especially those age 75 and over, the segment of the population most likely to need assisted living. The 75 to 84 year old age group in Alexandria grew by 17.7% from 1990 to 2000; the 85 and over age group in Alexandria grew by 23.6%.

III. Current options for care for a resident who would benefit from assisted living

As noted in the previous section, a number of community supports are available for persons who need extra care. But for someone who needs 24 hour supervision or medication management, assisted living may be the only option.

The State of Virginia helps pay for assisted living for very low income persons through the Auxiliary Grant (AG). The AG supplements the individual's income up to $966 per month to cover the full cost of care for assisted living. This compares to $2,000 to $4,500 per month for care at private assisted living facilities in this area. The only private facilities that accept the AG as full payment are in other parts of the state.

If a person reaches a point where they require assisted living, a social worker from the Office of Aging and Adult Services (OAAS) performs an assessment to qualify the person for the AG. Once the person is qualified, the social worker will look for an appropriate assisted living placement. As mentioned previously, the only options for AG recipients in Alexandria are the 10 bed ARCH, or the one AG bed set aside at Sunrise.

Another option is Birmingham Green in Manassas, a skilled nursing and assisted living facility jointly owned by the City of Alexandria and the Counties of Fairfax, Fauquier, Loudoun and Prince William. Alexandria currently uses 11 beds for Alexandria residents at the Birmingham Green assisted living facility.

If there are no beds available at those facilities, then the social worker must look in other parts of the state. Facilities that accept the AG as payment range from small family-run operations to

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large facilities of 40 to 80 beds. Alexandria uses facilities in Richmond, Covington and Winchester, to name a few. Moving a person to one of these more distant locations frequently cuts them off from their community ties here in Alexandria.

In October 2002, Alexandria had 64 AG recipients. Of those, 4 lived in the ARCH or Sunrise, 11 lived at Birmingham Green, and the balance (49) were placed out of the Northern Virginia area.

Persons whose incomes are greater than the amount of the AG can also qualify for these out-of-area facilities, since the facilities will accept $966 per month for the full cost of care. For example, a person with an income of $1,200 per month could conceivably pay the full cost of their care at a facility that only charges $966 per month.

As noted in Section II above, persons with incomes under about $2,500 per month can not afford private assisted living at facilities in this area, where prices range from $2,000 to $4,500 per month for care.

IV. Existing Models and Options for Affordable Assisted Living

The Committee looked at several different local facilities that provide assisted living. Staff visited the Lincolnian in Fairfax County and Culpepper Garden in Arlington County. The full group heard presentations from representatives of Culpepper Garden, INOVA Sunrise Assisted Living, and Kensington Gardens in Montgomery County, Maryland. Brief summaries of the visits/presentations follow. In addition, staff has provided a description of the publicly owned Birmingham Green Adult Care Residence and their application for HUD 202 and 811 funds to replicate the Culpepper Garden model.

NOTES FROM SITE VISIT TO THE LINCOLNIAN, FAIRFAX COUNTY, VA

The Lincolnian is the residential portion of the Lincolnia Regional Senior Center, which is owned and operated by Fairfax County. The residential portion houses 52 assisted living and 26 independent living residents. The land for the Center was donated and Fairfax County paid for the construction of the facility with its own funds, incurring no debt. Total cost for the facility was $7.8 million in 1988-89, but the facility includes assisted living, independent living, adult day care, a senior center and a full commercial kitchen.

Currently, the County's Department of Housing pays facility costs. The County maintains the building and contracts for management and services. The management, including food service for all program components (independent living, assisted living, senior center, adult day care), is handled by Sunrise. The amount of the current contract with Sunrise is just over $1 million per year. Sunrise is involved in the admissions process, but the waiting list is maintained by the County's Division of Family Services. The County estimates their per resident cost in 2002 at $2,500 per month.

The County provides the following staff:

Social worker	4 days/week
Mental health worker	4 days/week
Psychiatrist	8 hrs/week spread over 2 days

HOME monies are used to provide rent subsidies for independent living residents. State Auxiliary Grants are used for 50% of the assisted living residents; the rest pay 60% of income.

The County General Fund provides approximately 45% of the operating budget. Additional revenues are provided by residents and program participants.

CULPEPPER GARDENS, ARLINGTON COUNTY, VA

Mr. William Harris, Executive Director of Culpepper Gardens, presented information on their assisted living facility. [NOTE: Mr. Harris has since retired and is currently a member of the Alexandria Commission on Aging and Chair of its Housing Committee.]

Culpepper Gardens is owned and operated by the Arlington Retirement Housing Corporation (ARHC) and consists of 340 residential units for the elderly: 267 independent living units (Culpepper I, funded with federal Section 236, and Culpepper II, funded with federal Section 8) and 73 assisted living units (Culpepper III).

The assisted living portion, Culpepper III, was developed with a combination of $5.2 million in HUD Section 202 funding along with $1.4 million in Arlington County Affordable Housing Investment Fund/HOME monies. ARHC provided $200,000 - $300,000 of its own funds. The County's assistance is in the form of a residual receipts, deferred payment loan secured by a second trust on the property. At the time of approval, the County did not expect that the facility would generate sufficient income to repay the loan.

The Section 202 monies funded the development of the project, but also come with Project Rental Assistance Contract (PRAC) funding. As of March 2000, the project has a five-year contract for $318,000 per year. This assistance can be used only toward rent and may not be used to subsidize meals or care. Of the $1600 per month cost per resident, $485 is rent, $315 covers meals and snacks, and $800 is for care. All who are eligible are asked to apply for Auxiliary Grants. Whatever is not funded by the rental subsidy or AG must be paid from the residents' own funds, or, in come cases, the Tom Floyd Fund, which is funded partially by ARHC ($36,000) and partly by Arlington County ($60,000).

Culpepper III shares overhead, maintenance, insurance, and a commercial kitchen with the rest of the property. According to Mr. Harris, Culpepper III would not work as a stand-alone facility. It is viable only because of the absence of a mortgage (the Section 202 capital funding does not have to be repaid as long as eligible people are being served), and the economies of scale from sharing costs with Culpepper I and II.

INOVA/SUNRISE ASSISTED LIVING

Harley Tabak, Vice President of Alternate Care Services for INOVA Sunrise, discussed their involvement in public-private partnerships for affordable assisted living. As noted above, INOVA Sunrise is the contract operator of Fairfax County's Lincolnian. They are also partnering with Fairfax County in the development of a 60 bed assisted living facility that will use tax credits as a source of funding. The county donated the land for the project. The project is intended to be affordable to a person whose income is 60% of area median (currently $36,540 for a single person). The project plans to keep its cost to $60 per resident per day, or an average of about $1,825 per month or $21,000 per year. Mr. Tabak noted that on-going operational funding is the biggest problem. They have identified Medicaid waivers or the use of Section 8 Housing Choice Vouchers as possible sources of additional funding. The project should be completed and ready for occupancy in 2003. [NOTE: Virginia has no plans to apply for a Medicaid waiver for assisted living.]

KENSINGTON GARDENS

Ms. Carol Woodson of the Montgomery County, Maryland Housing Opportunities Commission, addressed the group regarding their assisted living project at Kensington Gardens. The Housing Opportunities Commission (HOC) is similar to a public housing authority, and owns and operates various types of publicly-subsidized housing that serve Montgomery County.

The HOC began planning for the Kensington Gardens project in 1986. Montgomery County donated 8.2 acres of land with the stipulation that 20% of the units be for low-income persons. Using $19 million in bond financing, the HOC built 210 housing units in three buildings: two for assisted living and one for independent living. In the assisted living units, they have 140 beds, 26 of which are in a locked unit for dementia care.

In HOC's experience, the average cost of care is about $2,000 per month per resident. Market rates for the assisted living units are $2,000 to $2,200 per month for a shared unit; $2,500 to $3,200 for a private unit; and $3,200 to $3,800 for a two room suite. Forty-two residents are low income and pay between $200 and $2,000 per month (depending on income) for their care. The balance of the residents pay market rates.

Ms. Woodson noted that HOC has had a very difficult time making the project work. Expenses exceeded income immediately. Their biggest shortfalls came in staffing and food costs. They fired their first contract operator after three years for non-performance, and fired their second contract operator after two years for the same reason. After the third contract operator allowed occupancy to fall to 74%, HOC decided to sell. However, they would have sustained a huge loss, so they finally decided to hire extra HOC staff to micro-manage the contractor. HOC staff "seized control" of the management and told the contractor exactly what to do. Since that time, they worked their way up to 94% occupancy and hoped to have a balanced budget for the first time in FY 2002.

Another problem that Ms. Woodson noted was tension between the market rate and subsidized residents. Market rate residents feel that their rates are inflated to cover the cost of the subsidized residents, causing some resentment.

THE ALEXANDRIA RESIDENTIAL CARE HOME (ARCH)

The ARCH is a ten bed assisted living facility owned and operated by the City for frail elderly Alexandrians. In 1984 and 1985, the City purchased two adjoining townhouses and combined them to create the facility. Six full-time City staff operate the facility, which provides meals, laundry, medication management, case management and other services to its residents. The ARCH is licensed by the Virginia Department of Social Services (as are all the Virginia facilities listed here). The average cost of care had been around $2,700 per month, but recently costs have gone over $3,000 per month per resident.

BIRMINGHAM GREEN

As mentioned above, Birmingham Green is a skilled nursing and assisted living facility in Manassas that is jointly owned by the City of Alexandria and the Counties of Fairfax, Fauquier, Loudoun and Prince William.

The assisted living facility is a 60 bed facility that was built in 1927. It is in desperate need of replacement. In May, the five owning jurisdictions approved applications to the federal Department of Housing and Urban Development (HUD) for funds to replace the current facility. One application is for the HUD Section 202 program for housing for the elderly, defined by HUD as persons age 62 and over. Birmingham Green applied for funds to build a 77 bed facility with 202 funds. The cost of this facility is estimated at $7 million. The other application is for the HUD Section 811 program for adults over the age of 18 with disabilities. Birmingham Green applied for funds to build a 15 bed facility with 811 funds. The cost of this facility is estimated at $1.5 million.

In November 2002, HUD approved the two applications. The project is now in the beginning design stages. The HUD funds are estimated to cover 85% to 90% of the cost of the new facilities, estimated at $8.5 million. Additional costs for site development and improvements will increase the total project cost. Average monthly per resident cost is estimated at $2,100.

The combined capacity of the two facilities will increase the total number of beds from 60 to 92. If the beds were assigned to jurisdictions in the same proportion as currently, Alexandria's share would increase from 11 to16 beds.

CONVERTING PART OF AN EXISTING FACILITY

Another option the Assisted Living Study Group discussed was converting a floor or floors in an existing building to assisted living. ARHA was not interested in converting a floor of the Ladrey building because it would decrease the stock of independent living units. The owner of Annie B. Rose expressed some interest, if they could use their project based Section 8 subsidies in conjunction with the AG. While a State official confirmed that a project-based section 8 subsidy would not be counted as income in determining eligibility for the AG, a HUD Official indicated that the AG would count as income under the Section 8 program, thereby reducing the Section 8 subsidy available to the individual. This problem has not been fully resolved.

V. Cost Estimates for an Affordable Assisted Living Facility

As noted above, facility costs vary, but the average per-unit development cost for an efficiency apartment in a facility of around 70 units is $90,000 to $100,000 per unit. That average price includes all other building costs, such as hallways, elevators, common areas, etc., but not a central kitchen (both Culpepper Garden and Birmingham Green have pre-existing commercial kitchens in adjacent buildings). Adding a full commercial kitchen would increase the cost.

The prime source of capital funds seems to be the HUD 202 and 811 programs. These sources are especially attractive because they are more like grants that do not require a repayment unless the facility is sold or its use changes. These funds also include the ongoing Project-based Rental Assistance Contract (PRAC) that provides additional monthly rental assistance for each unit in the facility.

Another source of funds is the Low Income Housing Tax Credit program administered by the State. Housing tax credits are being used in Fairfax County at the new Coppermine Place development for independent living for the elderly and persons with disabilities. The Virginia Housing Development Authority, which operates the program, has proposed new rules that would set aside 22% of the tax credits for special needs housing, including assisted living. Birmingham Green intends to apply for tax credits for its new facilities to provide additional capital funding to supplement the HUD funds.

A third source of capital funding for a public facility is bond financing. A major drawback to this kind of financing is that it must be repaid, adding significantly to the operating costs of a facility. As noted above, that is one of the problems for Kensington Garden.

Finally, it should be noted that operating costs are not included in capital costs. While HUD 202 and 811 funds come with a project-based rental assistance contract (PRAC) that subsidizes each resident's rent, care costs are not covered, and must come from some other source. The Auxiliary Grant can raise a resident's income to $966 per month, but costs above that must come from some other source. In the case of Culpepper Garden, the monthly cost-of-care subsidy figure for an AG recipient can be as high as $600 per month. The Assisted Living Study Group has not been able to identify a dedicated, on-going source for these additional operating funds. Monthly per resident costs range from $1,600 at Culpepper Garden to over $3,000 per month at the ARCH.

VI. Alternatives for Possible Further Study

The Assisted Living Study Group developed the following list of possible options for further study:

No facility expansion options

1) In the short term, to eliminate the need for capital costs, seek new grant or other funding to increase care available in people's homes, including increased hours for companion care and an expansion of the type of services available, such as nurses, case managers or providing medication management.

2) Consider an adult foster care program.

Facility expansion options - small scale to large scale

3) Increase the number and location of group homes in the City (ARCH-like model, but could be privately run). Homes with a capacity greater than eight persons would also face the difficulty of gaining land use approval (special use permits).

4) In an existing federally subsidized, multi-unit building, consider dedicating a floor to residents needing 24-hour care access (assisted living). This option would have the effect of reducing the number of affordable units for independent-living seniors, however, and could require a HUD waiver or regulation change to make it effectively combine with the Auxiliary Grant (as referenced at top of page 8).

5) Consider the feasibility of a partnership with an existing continuing care retirement community to add units to their existing facilities. This is dependent on several factors, including whether any of the existing facilities have the ability (under land use/zoning) to expand operations. In Alexandria, it appears that 2 of the 3 continuing care communities would not be able to expand under current zoning.

6) Build or acquire a new building for a mixed-income (subsidized to market rate) assisted living facility.

7) Pursue a regional partnership to build (or expand) a regional facility in Northern Virginia - but perhaps not in Alexandria. Expanding Birmingham Green is one approach, but a partnership even closer in with either Arlington or Fairfax may be another approach.

All of the facility expansion options would require an operating subsidy of some sort to make them work for low income persons, since the Auxiliary Grant payments would not cover the full cost of operating.

VI. Recommendations

City staff have met and discussed the options listed above. In light of current interest and possibilities for affordable assisted living in Alexandria, staff makes the following recommendations:

1) Expand in-home services: The overwhelming majority of persons wish to remain in their own homes for as long as possible. Providing in-home services is the best way to meet this desire and also save money. In-home services only exceed the cost of assisted living when the services are required for more than about 200 hours per month. The existing Companion Services Program in the Department of Human Services has a waiting list of persons who need this service. Expanding the program could eliminate the waiting list. In addition, adding in-home medication management - a service not currently available to low income persons - could prevent some individuals from requiring assisted living. The medication management could be handled by hiring a Licensed Practical Nurse or Certified Nursing Assistant with medication management certification.

2) Explore the establishment of an affordable assisted living facility: One option could be purchasing assisted living beds at the Oak Springs Assisted Living Facility in Arlington County, should the County choose to buy the facility (the facility is currently closed and the property is for sale). The County is considering that option now. In addition, a new Assisted Living Work Group should be formed to explore other options to provide affordable assisted living to Alexandrians. The Work Group would include two members of the Commission on Aging's Housing Committee, and staff from the Alexandria Redevelopment and Housing Authority, the City's Department of Human Services and the Office of Housing. One task for the Work Group will be to determine the number of assisted living beds actually needed in the community. A second task will be identifying ongoing sources of funds to subsidize the cost of care.