



Adel Assisted Living Case Study – Adel, Iowa

Project Name: Adel Assisted Living

Project Location: 504 Van Fossen Drive, Adel, IA 50003

Development period: December 2002 through January 2006

Construction duration: November 2004 through January 2006

Opening date: February 1, 2006

Total Project Cost: \$3,494,000 (including congregate meals site)

Total Construction Costs: \$2,360,000

Number of Assisted Living Units: 24 units

Affordable Assisted Living Units: 24 units

Building Design: One story, U-shaped building. 22,000 total square feet (12,000 square feet in rental units). Maximum hallway space provides gathering points and safe passage for persons with mobility issues.

Site:

Physical layout: Located on 3.4 acres (purchased for \$24,000) on the southwest corner of Adel. Adjacent to independent senior housing units.

Architect: Dale McKinney, M+ Architects, Sioux City

Special design considerations: Created a new congregate meals site for the city of Adel on the campus.

Operator/Service provider description:

Housing: Community Housing, Inc. (nonprofit housing developer)

Services: HomeCare Services of Adel

Adjacent Services: Senior housing on same campus; grocery store pharmacy within one mile; public transportation provided.

Service Subsidies: Medicaid

Rent Subsidies: Accepts Housing Choice Voucher (Section 8) and Home- and Community-Based Services Rent Subsidy Program

Project Fee Structure:

Board fee = \$350 for first person; \$275 for second person

Rents = \$510 to R539

Services = Level 1 = \$775 per month

Level 2 = \$945 per month

Level 3 = \$1,200 per month

Services Available: Personal and health-related care; medication management; meals; public transportation; activities.

Staffing Configuration:

One Program Coordinator

One R.N.

Resident Assistants (five full-time and two part-time)

Nutrition staff (three part-time)

Activities coordinator (one part-time)

Billing support from corporate office

Marketing efforts: Began marketing in November, prior to opening in February. On-site manager met with local church and civic organizations. Marketing materials were developed (brochures & fliers), and radio and print ads were placed with local media.

Pre-development issues: The greatest difficulty was in coordinating communication with the three different organizations involved in the development of the program. The developer worked with the service agency, and the nonprofit governing board of the senior housing property on campus. Plans had to be approved by all three organizations, which necessitated a considerable amount of communication during the development and construction processes.

Financing issues: Funding sources for Adel Assisted Living included a conventional loan, a HOME loan from the Iowa Department of Economic Development's Housing Fund, Low-Income Housing Tax Credit equity. The cost of relocating/replacing the commercial kitchen equipment located in the old congregate meals site was underestimated and required the developer to request a loan from IFA's Home- and Community-Based Services (HCBS) Revolving Loan Fund to construct the congregate meals site. The Low-Income Housing Tax Credit program's per-unit cost cap was exceeded, primarily because the program built a very large parking lot to accommodate seniors using the congregate meals site. The HCBS Revolving Loan Fund helped to offset the financing shortage.

Construction issues: The site required considerable dirt work to allow for construction of a road to the property. Efforts to regrade the property to allow for proper drainage and for construction of the road cost approximately \$75,000. An additional \$40,000 was required to construct a parking area large enough to accommodate visitors to the congregate meals site.

First Year of Operation: Occupancy ramp-up has been reflective of the original pro forma. As of November 2006, the program had 22 out of 24 units filled and was processing additional applications. The program has a positive cash flow with 22 units filled.

Experience with Subsidy Programs: Medicaid system is cumbersome, and the reimbursement is not high enough to cover cost of care for tenants with high acuity levels. Rent subsidy programs are a critical component in allowing the tenant to retain some funds for personal use.

Summary: Construction overruns necessitated seeking alternative funding sources for construction of the kitchen and dining room, which are also used as a congregate meal site. The program experienced some difficulty in creating a system to bill waiver services, because the Department of Human Services would not recognize the service provider (HomeCare Services) as the assisted living provider, because the name on the assisted living application (Adel Assisted Living) did not match the name of the service provider. This is an issue unique to programs that are not served by a Medicare/Medicaid certified home health agency. HomeCare Services is seeking Medicare certification, which will allow them to both streamline the reimbursement process and seek the higher level of reimbursement allowed to Medicare/Medicaid certified home health agencies.

The program has been well supported and received by the community. The previous congregate meals site was in very poor condition, and seniors have appreciated the new and spacious dining room offered at Adel Assisted Living. The meals site also serves as a good marketing tool, as it brings seniors from the community to the property, giving them a level of comfort and appreciation for the program and staff.