



Coming Home[®]: Affordable Assisted Living

An RWJF national program

SUMMARY

Coming Home[®]: Affordable Assisted Living (Coming Home) was a 13-year, \$13-million national program created in 1992 by the Robert Wood Johnson Foundation (RWJF) and NCB Capital Impact (formerly NCB Development Corporation) to develop affordable assisted living models, with a focus on smaller and rural communities and low-income seniors.

Affordable assisted living typically refers to licensed residential projects that provide apartment-style housing together with supportive services (e.g., help with personal care, meals, housekeeping and medication management) to older residents, at least 25 percent of whom are financially eligible for state Medicaid programs.

Key Results

Coming Home demonstrated that assisted living can be created as a viable alternative to institutional long-term care for people with incomes as low as the federal SSI payment. Although there are regulatory and financial obstacles, these can be overcome through partnerships and joint programs among relevant state agencies and project sponsors.

As of September 2008, *Coming Home*, managed by NCB Capital Impact's NCB Development Services (NCBDS), had resulted in a total of 50 completed projects comprised of 1909 units of affordable assisted living located in 13 states:

- The 50 completed affordable assisted-living facilities have ranged from 5 to 110 units and are located in:
 - Alaska (five facilities; 46 units)
 - Arkansas (four facilities; 176 units)
 - California (two facilities; 84 units)
 - Colorado (one facility; 40 units)
 - Florida (five facilities; 329 units)
 - Illinois (five facilities; 210 units)

- Iowa (five facilities; 132 units)
 - Maine (three facilities; 108 units)
 - Massachusetts (two facilities; 137 units)
 - Oregon (one facility; 50 units)
 - Vermont (five facilities; 209 units)
 - Washington (six facilities; 216 units)
 - Wisconsin (six facilities; 172 units).
- In October 2008, staff at NCB Capital Impact indicated that five of 40 additional demonstration projects underway were likely to be built, adding 235 additional units of affordable assisted living.

The National Program Office

NCB Capital Impact, the national program office for *Coming Home* is a national nonprofit organization that fosters community development by providing technical assistance, pre-development financing and permanent debt to nonprofit community-based organizations nationwide.

NCB Capital Impact changed its name from NCB Development Corporation in 2006. This report covers a period from 1992 through the program's end in 2007. For simplicity, this report refers to the organization by its new name, NCB Capital Impact, throughout.

Funding

In October 1992, the RWJF Board of Trustees granted \$6,531,516 to NCB Development Corporation for a six-year period. In July 1999, the Board granted \$6,499,913 for a five-year period to advance the development of rural affordable assisted living by helping states create a supportive policy environment, demonstrate the viability of financing for the facilities, and build partnerships between state agencies and nonprofit service providers.

THE PROBLEM

Older Adults in Rural America

America's rural communities contain the nation's highest concentrations of older people. In 1992, older adults made up about 15 percent of the rural population, compared to 12 percent in urban areas, and in many rural communities, as many as 25 percent of the residents were older adults.

Given the aging of the U.S. population and the migration of young people out of rural communities, the concentration of older residents in rural areas was expected to intensify between 1992 and 2002.

Older adults with chronic disabilities need health care, personal care and social services that rural communities are often unable to provide in sufficient quantity or duration, especially for low-income seniors.

Affordable assisted-living housing arrangements offer a nursing home alternative when older adults require more assistance than they can obtain in their home. In 1992, affordable assisted living was almost nonexistent in rural areas of the United States. As a consequence, many rural older adults were forced to leave their home communities or were prematurely institutionalized in nursing homes in order to receive needed services.

Assisted Living

In many urban and suburban communities, integrated systems of care have been developed linking health and social services for the frail elderly, including assisted-living residences. Assisted living is residential care that combines rental apartment living with supportive services to aid with the activities of daily living.

These services may include personal care, housekeeping, linen service, meals, medication management and 24-hour oversight. Health care services may be available through staff employed by the residence or through an arrangement with contracted providers. Definitions of assisted living vary from state to state due to specific regulations covering eligibility and service inclusion.

Monthly fees in assisted-living residences can range from \$1,800 to \$5,000, putting assisted living out of the reach of seniors with annual incomes below \$25,000. Of the 10.2 million households of people 75 years old and older, 65 percent have incomes under \$25,000 a year, and cannot afford assisted living.

In order to make assisted living affordable for people with low incomes, Medicaid funds must be made available to affordable assisted-living facilities. Medicaid is a state and federal health benefit program for the poor who are aged, blind or disabled, or members of families with dependent children.

Each state sets its own income eligibility standards for its Medicaid program within federal parameters as well as the mix of services and products that are reimbursed under this program. It is the primary funder of long-term care services for low-income seniors; the majority of Medicaid funds are used to pay for care in skilled nursing facilities.

Over the past 20 years, many state-based Medicaid programs, in partnership with the federal government, have begun to direct a portion of Medicaid appropriations to various

demonstration programs that support frail seniors in their own homes and apartments. In so doing, they seek to delay or prevent early or inappropriate nursing home placement.

Some states, such as Colorado, Oregon and Washington, have had years of experience using Medicaid funding in assisted living and have a number of facilities in operation. Other states, such as Illinois, are moving quickly to develop assisted-living facilities. Many other states have only begun to think through their approach to providing reimbursement for this level of care.

In order to use Medicaid funds to support care outside of skilled nursing facilities, states must first apply for and receive approval from the Centers for Medicare & Medicaid Services (CMS) for a Medicaid waiver.

Once CMS has approved the waiver, the state agency that oversees programs for the elderly and the state Medicaid program must develop a set of regulations that identifies the types of supportive services that will be eligible for reimbursement, as well as the level of reimbursement. Often these regulations will require approval by the state legislature before they can take effect.

When considering alternatives to skilled nursing care, states typically will evaluate three different models for supportive services:

- Board and care institutions (commonly referred to as personal care facilities), which provide single-room occupancy and a very minimal set of services, primarily dietary.
- Assisted-living housing, which combines rental housing with a range of supportive services that are provided on site, and are calibrated to each resident's level of need for assistance with activities of daily living at any given time.
- A service model that coordinates supportive services from various agencies into the private home or apartment of the elderly individual, but does not include housing development.

Barriers to Expansion

Three barriers inhibit the expansion of affordable assisted living for the rural frail elderly:

- Lack of technical expertise about how to successfully develop and manage these facilities.
- Lack of access to low-cost capital that can bring the housing component into a price range that is affordable to low-income elderly.
- Lack of experience with integrating various levels of assisted living into the services that are reimbursed by the Medicaid program; only a few states have begun this process.

CONTEXT

Improving the quality of care and support for people with chronic health conditions has been a long-standing goal of RWJF. One of the strategies to achieve that goal is to increase the capacity of communities to meet the supportive care needs of chronically ill people.

Since the 1980s, RWJF has funded projects and programs to provide supportive care to people with chronic health conditions and dementia and to develop affordable models of assisted living.

In 1983, RWJF funded the Interfaith Volunteer Caregivers Program to provide volunteer caregiving to people of all ages with chronic health conditions. Building on this work, in 1993, RWJF established the national program *Faith in Action*[®] (see the [Program Results](#)), which funds local faith groups who volunteer to care for their neighbors who have long-term health needs.

In 1987, RWJF created the national program *Dementia Care and Respite Services Program*, the first national adult day services demonstration program. Building on this work, in 1992, RWJF funded the national program *Partners in Caregiving: The Dementia Services Program* to determine whether the lessons from the demonstration program could be applied to a new groups of sites. See the [Program Results](#).

RWJF has also supported efforts to combine health and housing for people with chronic health conditions. In partnership with the Pew Charitable Trusts, and the Ford Foundation, RWJF underwrote the establishment of the Corporation for Supportive Housing to promote the development of special needs housing for people with chronic health conditions (see [Program Results](#) on ID#s 018047 and 019309).

RWJF's continued support for the Corporation for Supportive Housing has culminated in a national effort to significantly reduce chronic homelessness in major urban areas over the next decade. The corporation has developed the Health and Housing Integrated Service Network (HHISN) model, which is permanent housing that integrates the financing and organization of health and social services to provide more effective treatment and support for chronically ill and chronically homeless persons (ID#s 043050 and 051162). See the Special Report, "[More than a Place to Live.](#)"

RWJF and Pew also each provided about \$1 million in funding to the Child Welfare League of America, which worked with public housing authorities and tenant organizations to improve and add health and social services to public housing to better assist residents (see [Program Results](#) on ID#s 024750 and 028565).

PROGRAM DESIGN

Before *Coming Home*, RWJF had funded two assisted-living projects in rural North Carolina (ID# 000015) and a planning grant to NCB Capital Impact to assess the feasibility of establishing a program such as *Coming Home* and planning site selection criteria, funding sources, and program marketing (ID# 019575).

The assisted-living projects were located Roanoke-Amaranth and Scotland Neck, N.C.

- In Roanoke-Amaranth (ID# 008495), the project, sponsored by the local primary health center, included the development of a continuum of care that ranged from market-rate independent-living units to a skilled nursing facility.
- In Scotland Neck (ID# 000015), the acute care hospital was converted to a facility that provided a continuum of care.
- In both cases, the sponsoring facilities worked closely with the state office of rural health, which expanded services to include the provision of long-term care through affiliation with an existing health care provider.

While these projects demonstrated the potential for the successful development of a continuum of chronic care in an underserved rural area, both experienced significant delays due to a lack of pre-development working capital and problems accessing adequate capital financing.

Following a review of those projects and the problems they encountered, RWJF made a planning grant to NCB Capital Impact (ID# 019575) to identify the criteria that could be used to select a limited number of rural sites that could develop model programs of affordable assisted living.

NCB Capital Impact analyzed possible sources of funding for potential projects and developed technical assistance to help sites design their projects and apply for financing. In addition, they put together an approach to market this program to state offices of rural health and other rural organizations, which, in turn, would help to identify potential sites for building assisted-living facilities.

THE PROGRAM

National Program Office

The *Coming Home* national program office was housed at NCB Capital Impact in Washington (formerly in Oakland, Calif.). NCB Capital Impact, a tax-exempt, 501(c)3 nonprofit corporation, is a community development bank organized in 1982 under the laws of the District of Columbia pursuant to a congressional charter.

Its primary mission is 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. It acts 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.

NCB Capital Impact is affiliated with the National Cooperative Bank, which provides financial and technical assistance to eligible community development corporations and cooperative enterprises nationwide.

It was established by Congress in 1978 and was reconstituted as a cooperatively owned financial institution in 1981. A cooperative bank is owned by its borrowers, and the borrowers receive dividends based on the profits generated by the bank's businesses.

Since its inception, NCB Capital Impact has worked to develop 30,000 units of affordable housing, 10,000 jobs for low-income individuals, 43,352 school seats, 3,100 affordable assisted-living units for senior citizens and persons with disabilities, and 2 million square feet of community health center space serving 150,000 patients annually.

Under the auspices of NCB Capital Impact, the *Coming Home* national program office created a new company in 1997 called NCB Development Services (NCBDS). NCBDS is a limited liability company created to separate certain technical-assistance functions from lending activities. It is also a private nonprofit 501(c)3 company.

The primary mission of NCBDS is to foster community development, providing technical assistance and pre-development financing to the same kinds of qualified groups as are served by NCB Capital Impact.

National Program Office Staff

- Robert Jenkins served as the program director and was the deputy director from 2000 to 2005.
- David Nolan served as the program director from its inception until 2005.
- John Rimbach served as deputy director from inception until 1998.
- Candace Baldwin and Andrew Weaver also worked on the program.

The staff provided technical assistance and development assistance to nonprofit sponsors of affordable assisted living, including a pre-development revolving loan fund set up by RWJF, and consultation on development and operating issues. The national program

office also built partnerships between facility sponsors, developers, financing agencies and program operators.

Staff worked closely with business analysts and loan officers at NCB Capital Impact on the analysis of each development project. The chief executive officer of NCB Capital Impact also worked with the national program office staff as they defined the long-term business plan for NCBDS, the actual development entity.

In addition to providing funds for the development of model assisted-living facilities that could be replicated, RWJF was also interested in building the long-term capacity of NCB Capital Impact and NCBDS.

Thus, one objective of NCB Capital Impact and NCBDS under *Coming Home* was to develop a permanent line of business that would continue to provide technical assistance and financing to affordable assisted-living projects after the program ended.

Planning and Development Work

The *Coming Home* staff was most active in the feasibility study process that was undertaken to determine if there was demand for this type of affordable housing, and if the type of available capital financing programs and state Medicaid reimbursement systems could support affordable units.

During this stage, in addition to working with state agencies responsible for Medicaid and for housing finance, the *Coming Home* staff worked with an affordable assisted living sponsor for each potential location to identify sources of funds that could be used to cover the project's pre-development costs (e.g., site acquisition, feasibility studies and engineering studies) incurred early in the project.

A sponsor is typically a nonprofit organization that has had some experience with housing development and is interested in developing facilities for the elderly that combine affordable housing and supportive services. Some sponsors are active in a number of states—for example, a multistate health care system with a housing subsidiary.

A background in health care was not essential, but most sponsors have had experience in managing the delivery of health care, particularly health services provided to the elderly. Sponsors included organizations such as:

- Nursing homes
- Regional hospital systems that also develop housing
- Retirement facilities

It was also important that the sponsors had access to their own internal sources of capital to cover some of the up-front pre-development costs and, in some cases, access to longer-

term financing in the event public sources of long-term financing (e.g., state housing programs) were not available.

For the supportive services component of affordable assisted living, the *Coming Home* staff worked with potential sponsors of assisted-living facilities and state Medicaid agencies to make sure that the appropriate waiver approvals were obtained from the Centers for Medicare & Medicaid Services (CMS) and that the design of the supportive services would work within the state's regulatory requirements.

For the housing component of affordable assisted living, the *Coming Home* staff worked with potential sponsors of assisted-living facilities and state housing finance agencies to identify federal, state and local affordable housing grant and loan programs that could be potential sources of permanent financing for these facilities.

State housing programs have had a long history of combining federal, state and local affordable housing appropriations and creating below-market financing for a range of affordable housing facilities. However, staff at these housing programs often does not understand the link between bricks and mortar and supportive services.

They are familiar with single- and multi-family housing developments, and even with housing for the elderly, but they are not familiar with underwriting the financing for a facility that would in part be supported through Medicaid revenues.

Coming Home staff facilitated communication between the entities responsible for regulatory oversight of the supportive services component and the agencies responsible for approving the housing financing.

Along with providing access to pre-development capital and structuring both the construction and the permanent project financing, national program office staff offered guidance on project feasibility, development and planning; and the modeling of financing and operations assumptions.

Additionally, they worked closely with state Medicaid agency representatives to obtain waivers from CMS and/or approvals for demonstration projects when these mechanisms were the most effective venues for obtaining Medicaid reimbursement for supportive services in the proposed affordable assisted-living facilities.

National program office staff also provided referrals and access to consultants or development partners to facilitate a project or augment a project team.

Because of the highly variable nature of state and local conditions such as zoning, reimbursement and public financing programs, each potential site was reviewed closely, requiring substantial time in the field by national program office staff.

Following the preliminary evaluation of a site, feasibility and marketing studies were undertaken by staff or consultants to determine the demand for chronic care services and the financial viability of the proposed assisted-living facility. The national program office remained "hands on" at all stages of project development.

Projects reached a formal implementation stage when memorandums of understanding were signed by local project sponsors and NCB Capital Impact. Once a memorandum of understanding was signed, the projects moved through the stages of pre-development, construction and permanent financing.

In the Roanoke-Amaranth and Scotland Neck projects, access to capital, especially pre-development capital, was the major impediment to timely completion of these projects. The availability of this capital through the RWJF-funded [revolving loan fund](#) allowed project sponsors to undertake a timely assessment of project feasibility, and, if the study was positive, proceed with funding numerous other "soft costs" associated with the pre-development activities that lead to actual construction of the facility.

Technical Assistance

Key to the success of the development process and to producing affordable models of assisted living was the identification of long-term permanent capital resources which are usually a blend of federal, state and commercial financing programs.

In addition to identifying the best commercial financing for the project, the *Coming Home* staff worked with sponsors to obtain public financing that allowed each affordable assisted-living facility to keep the rent portion of the monthly fees as low as possible.

These financing programs are usually sponsored by state and/or federal programs that provide tax incentives and/or debt or equity financing at below-market or "concessionary" terms. Concessionary terms include:

- Below-market interest rates
- Grant and/or equity programs
- Loan forgiveness programs
- Longer amortization terms
- A more flexible financing package

This allowed the sponsor to lower the effective operating cost of the facility. Because these financing programs often have overlapping and sometimes conflicting criteria for determining funding eligibility, sponsors used the *Coming Home* staff's assistance to:

- Identify the mix of appropriate public programs to which they should apply for financial resources.
- Complete the process of applying for funds.
- Work with underwriters to understand how affordable assisted living fits the program and how it operates.
- Negotiate the terms of the funding commitment.

Since sponsors were predominately service providers, not real estate developers, the national program office staff provided, among other things, the real estate development expertise sponsors lack.

Since the development of each facility was often the first in a region and sometimes in a state, the national program office staff devoted a significant amount of time to recruiting and educating the sponsors, working with state authorities and obtaining the necessary financing.

While the actual construction and leasing of units in the affordable assisted-living facility to elderly tenants could take 12 to 18 months, the development period (pre-construction) could easily extend to several years because of the time involved in undertaking the initial feasibility study, obtaining the financing and completing all the other pre-development activities.

In fact, while access to capital was initially thought to be the key barrier to timely development, *Coming Home* staff learned that a good deal of the time required to create projects was involved in resolving the challenges inherent in coordinating the myriad independent decisions and processes associated with working with multiple parties on both the housing development and supportive services sides.

Coming Home staff spent most of their time "shepherding" these processes in each of the sites to make sure the sites stay on their respective timetables.

In 1992, after completion of this planning stage, RWJF established *Coming Home* with a six-year grant commitment of approximately \$6.5 million. A portion of these funds, \$4.3 million, provided the capitalization for the revolving loan fund for distribution to sites. The balance supported the staffing, technical assistance and project development activities of the national program office.

Coming Home worked with states to implement policy and program initiatives to expand the availability of high-quality, affordable assisted-living facilities, with a focus on smaller and rural communities and low-income seniors.

Phase 1: Technical Assistance

From 1992 to 1998 (Phase 1), *Coming Home* provided technical assistance and access to capital through the revolving loan fund (more information below) for rural communities to help them develop affordable assisted living and related community-based systems of chronic care. No direct grants were made by RWJF to individual sites.

NCB Capital Impact focused on building relationships with states, sponsors and developers who were interested in building affordable assisted-living facilities.

In most cases this required that the *Coming Home* staff worked closely with the state agencies responsible for services for the elderly and housing. Different agencies in each state oversee reimbursement of the supportive services component and the process of obtaining access to permanent financing for the housing component. *Coming Home* staff identified potential sponsors of the assisted-living housing in each of the states in which they were working.

Phase 2: Technical Assistance

From 1999 through 2007 (Phase 2), *Coming Home's* strategy shifted to helping states create a supportive policy and program environment for the creation of affordable assisted living, including:

- Financing, regulatory and Medicaid programs
- Building partnerships among state agencies, housing developers and nonprofit providers to formulate those policy and program solutions
- Continuing to provide technical assistance to affordable assisted living demonstration projects

The program included three integrated components:

- *Grants to state government* to encourage expansion or implementation of regulatory, reimbursement and financing environments that would facilitate demonstrations of affordable assisted living. States were expected to provide cash or in-kind support.
- *The revolving loan fund* for feasibility assessment and pre-development capital to nonprofit sponsors of affordable housing, to encourage providers to focus development efforts on low-income seniors.
- *Technical assistance* in all phases of planning and implementation, including policy analysis, financial analysis and facilitating communication among stakeholders.
 - An example of technical assistance related to policy analysis was working with Medicaid to adapt a state's home and community-based services waiver for assisted living and helping to coordinate housing and service regulations.

- Financial analysis covered areas such as working with nonprofit social health care providers to access public and private funds for services and housing.
- The national program office facilitated communication among various stakeholders, from providers to state agencies to bankers, and provided information about emerging best practices in affordable assisted living.

In Phase 2, RWJF also made 10 direct grants to sites as well as maintaining the revolving loan fund. *Coming Home Phase 2* provides more information on these grants.

The Revolving Loan Fund

Through an \$8-million revolving loan fund managed by *Coming Home* staff, RWJF funds, together with NCB Capital Impact matching funds, were made available directly through NCBDS in the form of grants and loans.

A revolving loan fund is a pool of funds initially capitalized by some outside party, in this case by RWJF's grant. The funds are loaned to borrowers and generally repaid in a fairly short period of time.

These funds can then be lent to another borrower. As a result, a fixed amount of funds is recycled within a short period of time. This can result in a large number of projects being undertaken.

The key to this leverage is the borrower's ability to attract longer-term permanent financing that will "take-out" the shorter-term revolving loan funds and free them up to be available for other borrowers.

Although originally intended for pre-development and permanent financing, the *Coming Home* program ended up lending the funds primarily for very early-stage expenses associated with undertaking feasibility and other planning studies for these assisted-living facilities. If the facility was built, the funds then were counted as part of the total construction cost of the assisted-living facility.

These early-stage expenses are typically referred to as pre-development capital. Pre-development capital is the most difficult capital to raise for a project because it is so high-risk. Feasibility or planning efforts may be suspended after determining that a project may not meet operating or financing thresholds that have been established for feasibility. If this happens, there is no source of funds to repay the loan or no asset than can be sold to generate proceeds to repay the loan. Unlike a construction or a permanent loan that is secured by an asset, pre-development loans are not secured by any asset.

Once permanent financing is obtained for the facility, the pre-development capital is repaid to the revolving loan fund, and those repaid funds are available to cover new pre-development costs for another project.

Any loans that are not repaid-and there are a number of these loans when lending high-risk pre-development capital-reduce the size of the revolving loan fund unless there is a separate loan-loss reserve that exists to cover such losses. In the case of *Coming Home*, the combination of interest earnings on idle loan funds early in the program, as well as nominal interest charges on outstanding loans, more than offset any loan fund losses.

The revolving loan funds leveraged development of projects. Many of them would not have reached the stages of approval for construction and permanent financing had they not been able to access revolving loan funds to cover the costs of the pre-development work. In addition to access to pre-development capital, the *Coming Home* staff also accessed the revolving loan fund for other purposes, such as funds for site acquisition and construction loans.

While these uses are not as common, they illustrate the need for a source of funds that can be drawn down for a wide range of purposes, to keep a project moving when more traditional sources may not be available or may be delayed for administrative reasons.

Having this flexibility, and being able to respond to unanticipated delays or need for bridge financing until more permanent financing is available, is another important contribution of the revolving loan fund.

COMING HOME PHASE I (1992 TO 1998)

Site Selection

Although the program funding was authorized in November 1992, the national program office did not begin to solicit proposals until March 1994 for a number of reasons.

- Initially there were differences of opinion between RWJF, NCB Capital Impact, and the consultants who worked on the original planning grant about both how the program should be structured and the role of the national program office.
- Also during this time, the individual who initially had been recruited to be the program director had to decline the position for personal reasons.
- The time it took to recruit staff and for those staff to work with RWJF and NCB Capital Impact to reach consensus on how the program would support the development of the model assisted-living facilities was longer than expected, resulting in further delay.

When the *Coming Home* program began in late 1992, NCB Capital Impact staff believed that they would eventually work with up to six sites that would become models of different types of local partnerships that could be replicated in other rural communities.

The criteria that would be used to select these sites had been developed through the planning grant (ID# 019575).

Upon selection, it had been thought that each site would each receive approximately \$600,000 to \$800,000 from the revolving loan fund that would go toward the total cost of developing a facility, with these funds used for any number of purposes ranging from pre-development expenses to "writing down" the costs of permanent financing.

Eligibility Criteria

In addition to setting up a direct funding mechanism, national program office staff identified three eligibility criteria for partnerships to develop affordable assisted-living facilities, with three different types of health care providers serving as the sponsor: (1) community health centers; (2) acute care hospitals; and (3) consortia of rural health, housing and social service providers.

The eligibility criteria were named in the initial program materials that were disseminated to potential sponsors:

- A sponsor had to be community-based and demonstrate a relationship to the community it served either through its form of governance or through its policy-setting apparatus.
- Project planning and development had to be facilitated through a community-based nonprofit organization whose directors represented the community served and were key participants in the development and operating structure-an eligibility criteria applied to any NCB Capital Impact customer.
- Project ownership had to be structured in such a way that any operating surpluses generated by the proposed project were put back into providing services to the community or went towards creating greater affordability in each project.

In the call for proposals, priority was also given to sites that met the following criteria:

- **Organizational capacity and leadership.** The sponsor, in combination with members of the project team, had to possess the internal capacity and depth of management to undertake, develop and manage the proposed project.
- **Demographic profile and need.** The sponsor had to demonstrate justification of the demand for housing and long-term care services and a population base large enough to support the development of services and facilities in the community, demographic support for project location and size and evidence that operating revenue was obtainable within the existing market.
- **Cooperative venture.** The sponsor/developer had to demonstrate a desire and ability to work cooperatively with local health care providers, housing and economic development organizations, and other community groups.

- **State agency support.** The sponsor had to present evidence of support and cooperation from the one or more state agencies responsible for facilitating the creation of affordable housing and promoting the availability of appropriate services for elderly persons in a residential setting, knowledge of regulatory requirements and financing/funding conditions, and ability to control compliance with them.
- **Existing health care services.** The sponsor had to be committed to integrating primary care services into the service continuum provided at the site.
- **Financial viability.** The sponsor had to show evidence not only of a history of financial stability, and while it was not a requirement, it was additionally helpful if it could demonstrate that it had access to internal equity resources.
- **Resource impact on the national program office.** There had to be a positive answer to the question: Would the time and money necessary to be invested by the national program office produce a proportional value added?

Program Evolution From Phase 1 to Phase 2

Some of the original assumptions—both about the structure of *Coming Home* and about the financing of the affordable assisted-living projects—changed as the *Coming Home* staff gained experience developing various facilities in several rural areas and learned certain lessons.

While *Coming Home* staff continued to use the final seven criteria listed in the previous section to evaluate whether NCB Capital Impact would become involved in the development of a facility in Phase 2, the initial three eligibility criteria did not turn out to be practical requirements or conditions:

- Although some of the facilities developed in Phase 2 did have a partnership with a local health care provider, this partnership model was not a requirement.
- All projects were part of a community-based planning process, but some of the developers were from outside the community.
- Although all developers turned out to be nonprofit organizations, that was no longer a requirement.
- Generating operating surpluses was dropped as a requirement. Planning efforts typically showed that these facilities—particularly those that were entirely comprised of affordable units—would, at the best, have only small surpluses.

Challenges Identified

At the same time that some of the original assumptions about structure and financing were being revised, the *Coming Home* staff and the early project sponsors and developers

identified four challenges that could result in roadblocks to successful completion of a *Coming Home* project:

- 1. The lack of flexible funds available early in a project's conception made it difficult to undertake the feasibility and market studies.** Once the project had been determined to be feasible, flexible funds were also required for the soft costs associated with getting the project into development: planning meetings, architectural and engineering plans, site acquisition, zoning issues, legal agreements between partners, etc. There was no source for these funds other than the internal resources of a developer or sponsor, or those of another entity that was willing to provide these early-stage high-risk funds with the knowledge that some projects would be discontinued and the funds might not be paid back. This was where RWJF's revolving loan fund proved to be invaluable.
- 2. Even with adequate pre-development funds, an inexperienced developer or sponsor would have a difficult time shepherding all the participants in a project through the myriad decisions that had to be made from the pre-development stage through construction.** National program office staff found that developers and sponsors could lack experience with everything from zoning to public financing programs; this could often be a significant barrier to completing a successful project. Identifying developers with experience in other kinds of housing development projects to come into a rural area and then charting the specific needs for technical assistance of a new sponsor were key responsibilities for the staff in the national program office.
- 3. Developers and sponsors lacked expertise in the area of housing financing, particularly state and local housing financing loan and grant programs.** The "affordability" of assisted-living facilities rests in part on the developer's or sponsor's ability to work with the state's housing agencies, and, in some cases, bond authorities, to educate these agencies on the nature of affordable assisted-living facilities and to craft an approach for including these projects in the allocations of various public financing programs. The below-market, concessionary financing terms associated with public financing can go a long way in reducing the monthly costs of the housing component of these facilities.
- 4. Developers needed to work with state offices on aging to explore reimbursement options for the supportive-services component of assisted-living facilities.** Tremendous variation existed among state Medicaid programs and many states had not established a mechanism of reimbursing for care other than that provided in a skilled nursing facility. In the absence of Medicaid coverage for services provided by assisted living, the national program office staff often partnered with the sponsor to educate policy-makers about the role of assisted-living facilities in the continuum of care for the elderly. Then, they worked with policy-makers to determine the project's eligibility for state waiver or demonstration programs that redirected Medicaid reimbursement to new approaches to care. If a state reimbursed for some or all of the assisted-living services, it was critical that the developer or sponsor factor into their

planning and operations assumptions the specific requirements of the regulations associated with that reimbursement process. It was not possible to target the very low-income senior without Medicaid support on the service side.

Changes to the Program for Phase 2

As a result of identifying these four key challenges to the development of assisted-living facilities, the national program office staff made four changes to the structure of the *Coming Home* program for Phase 2:

1. The relationship between the revolving loan fund and permanent financing.

Originally, the revolving loan fund was to be the source of pre-development and permanent financing capital, estimated at \$600,000 to \$800,000 per site, for a small number of sites. Instead of using the fund to make large permanent financing loans as had been originally anticipated, the national program office used the revolving loan fund to provide enough funds to a project to leverage the permanent financing it needed.

This took the form of feasibility and pre-development loans and, in some cases, flexible financing for other components of the project that might be required.

Coming Home staff found that there were a fairly significant array of financing programs for low-income rental housing, housing for the elderly, nursing homes and other acute care facilities. Access to these sources of permanent facility financing was a function of a number of variables, including development track record, the specific type of housing that was being constructed, and the level of competition from other housing developers within a state or municipality.

One of the key challenges for developers who were trying to access public financing for affordable assisted-living facilities was that there was no dedicated financing program on the state or federal level for such facilities as there were for other developments—for example, state funding streams for low-income multi-family housing, federal funding streams for Section 202 elderly housing, or federal mortgage insurance programs for nursing homes or hospitals.

As a result, the *Coming Home* projects had to compete for public financing with other more longstanding and familiar housing and health care facility projects. Already in short supply, the financing resources available from local, state and federal programs were even more difficult to access when the applicant had little or no history with a state funding agency.

With their experience in other more traditional low-income housing financing programs, the *Coming Home* staff were able to extend their technical assistance services beyond pre-development financing to permanent financing, working with developers to structure the best financing package that could be obtained for a project, often blending multiple sources of both public and private financing.

The most typical of these packages included some combination of the following sources of funds: sponsor equity; low-income housing tax credits; HOME Investment Partnership Program; foundation grants; Community Development Block Grants; and tax-exempt bonds. Each is described below.

- **Sponsor equity.** Increasingly, the national program office looked for sponsors who were able to access their own internal funds for a portion of the permanent financing of the facility. An ability to lower the amount of debt financing translated into lower costs of operating the facility and greater affordability for seniors.
- **Low-income housing tax credits.** The most common source of equity financing in low-income housing production is federal low-income housing tax credits, which are allocated by each state to housing projects. These credits are packaged by the developer or sponsor and sold to corporations or financial intermediaries who purchase them to receive a stream of tax benefits. The corporation pays the sponsor/developer the present cash value of the stream of multi-year tax benefits; those funds typically cover 50 percent or more of a project's cost.

Since its enactment in 1986 as part of section 42 of the Internal Revenue Code, this tax credit has played an increasingly significant role in the development of all types of rental housing in the United States. The federal program is managed at the state level, with each state's allocation of housing tax credits based on its population.

The tax credits have almost exclusively been used to finance senior-independent rental and multi-family rental housing for low-income residents, as well as some single-room occupancy housing for the homeless. Typically, they have not been used for special-needs housing. In order to receive an allocation of tax credits, a developer of an affordable assisted-living facility needs to compete with other types of housing projects that have had a longer history of allocations from state agencies.

Many of the *Coming Home* demonstration projects were allocated credits. There was no other form of financing, save an outright grant, that could have as significant an effect on decreasing the ongoing operating costs of a facility as the raising of equity funds through the sale of tax credits.

- **HOME Investment Partnership Program.** The HOME Program was established under the National Affordable Housing Act of 1990 and provides funding to eligible states, local governments, and eligible Community Housing Development Organizations for the purpose of developing affordable housing for persons of low and very low incomes. Many of these funds are designated for projects in the form of grants, forgivable loans or low-interest loans, all of which lower the cost of permanent debt financing that must be undertaken for the balance of the project.

- **Foundation grants.** Most large national foundations do not provide support for capital projects. If they do make a capital grant, it is typically an exception to guidelines for a special project, such as a project located in the home city of the founders. However, there are a number of regional and local foundations that may entertain requests for a capital grant or program-related loans (loans made on concessionary terms for a charitable purpose) for a project located in the foundation's immediate region.
- **Community Development Block Grants (CDBG).** The U.S. Department of Housing and Urban Development (HUD) annually allocates funds for housing and economic development activities to urban and rural municipalities across the country. These funds are used for a variety of housing and economic development projects, and access to them by nonprofit and for-profit housing developers is very competitive.

One way municipalities address the excess demand for these funds is to set a ceiling on the dollar amount of a CDBG grant per unit of housing and to require that the developer or sponsor demonstrate commitments from other sources, both public and private, to cover the balance of each unit's costs.

CDBG funds have been used in conjunction with both tax credits and HOME funds to provide modest amounts of grant financing for affordable housing projects. In rural areas, CDBG funds are often tied to new job creation, not to the number of affordable units being built. Hence, these funds have not been a significant source of permanent financing for these facilities.

- **Tax-exempt bonds.** Prior to 1997, the federal government set a ceiling on the amount of debt that could be issued by a nonprofit organization through the vehicle of tax-exempt bonds. Acute care hospitals and multi-hospital health systems could easily reach this \$150 million ceiling with one or several bond issues for facility renovations.

Subsequent to 1997, the federal government did away with the ceiling, and nonprofit organizations that have the capacity to carry additional debt may issue bonds for more than \$150 million. For affordable assisted-living facility developers that are affiliated with a particular acute care facility or health system with a strong debt rating, the lifting of the ceiling may allow those institutions to look to their own internal debt capacity for financing.

The interest rate and amortization terms on tax-exempt debt are very attractive compared to taxable alternatives. Some of the terms will vary depending on whether the debt carries the rating of the parent tax-exempt organization or is issued on an unrated basis based solely on project feasibility.

2. **Instead of focusing on working with a small number of model sites to which significant levels of funding would be provided, the national program office decided to strengthen and expand its role as technical-assistance provider.** The

Coming Home staff began to work in as many states as was feasible to assist new developers and experienced developers to expand their capacity to build affordable assisted-living facilities. Focusing on its role as technical-assistance provider allowed the national program office to evaluate and work with a range of different potential developers.

While the *Coming Home* staff did work with developers that only undertake a single project, it became clear early in the *Coming Home* program that limiting development efforts to those involving a single health care provider or a limited number of partnerships formed by local health care providers would not translate into any long-term capacity building in the area of development expertise, or the ability to replicate these facilities on a regional basis.

Locally based health care providers were local in both operations and in their long-term strategy, and once a facility was built to service its local market, the health care institution/developer typically did not have any incentive to expand into other regions.

Additionally, since both the housing financing and the health care supportive services reimbursement issues were driven by state agencies, demonstrating a track record gained through undertaking and successfully completing a number of projects turned out to be an important factor in working with state agencies.

Coming Home staff found that one of the keys to a successful project was to find a sponsor that had development expertise and, if possible, internal equity capital that could be used for some of the early-stage financing of feasibility and/or pre-development costs not covered by the revolving loan fund.

These projects had complicated relationships with multiple parties associated with everything from zoning, to conveyance of property, to provision of supportive services, and they involved negotiating with state, federal and local sources of public financing.

Assuming the underlying fundamentals for a project were in place (sufficient market demand for units, demographics, etc.), identifying a developer that had experience in these areas was a key factor in the success of managing a project to completion.

Additionally, if the sponsor had internal funds to cover some of the early-stage planning costs of a project, that could move a project's timetable along much more quickly. Finally, experience and a history of working with various local and state housing agencies that determine allocations of public funds for the permanent financing of these facilities was probably one of the most, if not the most, important factors in obtaining permanent financing from public sources.

- 3. The program modified its goal of providing 100 percent affordable units in each of the assisted-living facilities that was built.** The affordability of an assisted-living facility was a function of two conditions: the amount of equity and the terms of the

permanent financing obtained for the facility; and the presence or absence of a state reimbursement system for the supportive services that would be provided in the assisted-living facility.

In order to develop units that are affordable to individuals whose income is at or below 80 percent of the region's median income, it was necessary for the developer to obtain all or a portion of the debt financing from public sources that could offer below-market concessionary terms for their financing.

In addition to public programs that provided concessionary debt financing, the use of low-income housing tax credits allowed the developer to obtain equity at little or no cost and decrease the level of debt that needed to be carried to finance the facility. This translated into the developer's ability to offer rental units at a price that was affordable.

If one or both of these conditions were absent, it was still possible to build assisted-living facilities, but only a portion of the units could be affordable.

Coming Home staff found that unless a developer could access both significant public financing at concessionary terms, and the assisted-living facility was built in a state with a Medicaid system that was favorable to providing reimbursement for some or all of the supportive services, it could not have 100 percent affordable units.

More than likely, a developer would be faced with the necessity of building a facility that combined both market-rate and affordable units, which offered the developer the ability to access some cross-subsidization for the supportive services component of the housing from the fees for the market-rate units.

Each situation had its own set of financing and reimbursement circumstances that drove the percentage of "affordable" units. In certain cases, *Coming Home* staff found that including market-rate units was a requirement of the community because it would not support a facility that targeted only one segment of the population and excluded others based on income.

- 4. There was an increasing demand by developers for the national program office's technical assistance in working with state agencies on aging to educate policy-makers about the affordable assisted-living model of care.** Affordable assisted-living projects that qualified for Medicaid reimbursement for the supportive services component and Supplemental Security Income (SSI) payments for the housing component were rare.

Only a few states provided Medicaid reimbursement for the supportive services components of assisted-living facilities and SSI payments for the housing portion. However, policy-makers in a number of states had begun to explore the provision of Medicaid reimbursement for various home- and community-based alternatives to nursing home placement. Other states were evaluating different models of providing housing and health services to the elderly, and a number of them had developed

waiver programs and demonstration projects that provided funding for selected alternatives to nursing homes.

These programs were most often funded under what is referred to as home- and community-based waiver programs, in which the state agreed to set-aside a portion of its Medicaid funds to support new alternative models of care as long as the care being provided was no more expensive than the current modalities that were approved for Medicaid reimbursement.

Along with other forms of technical assistance provided to sponsors and developers about the development and financing of these facilities, the national program office staff spent a significant amount of their time working with policy-makers at the state level to educate them about the assisted-living model of care and help them to evaluate alternative mechanisms for reimbursement. The national program office worked with state policy-makers in all nine grantee states to evaluate how they might approach reimbursement for services and housing provided by assisted-living facilities.

Phase 1 Program Evaluation

RWJF funded an evaluation of the *Coming Home* program through a grant to the Heller School of Public Policy at Brandeis University (ID# 034699). The evaluation was undertaken by James J. Callahan, Jr., Ph.D., director of the Policy Center on Aging at the Heller School.

It reviewed how the Phase 1 approach to affordable assisted living for the elderly fits into other long-term care housing and service models; what lessons could be gleaned for future affordable assisted-living housing efforts; and the financing and policy requirements to take a program of this type to scale.

The evaluation began during the summer of 1998 and was completed in May 1999. It involved:

- Four field visits (encompassing 10 actual and potential sites), telephone interviews of an additional six sites
- A focus group with residents
- Interviews with more than 20 assisted-living stakeholders
- Review and analysis of *Coming Home* documents and assisted-living literature
- A meeting of a review panel to discuss the findings

See [Appendix 1](#) for a list of panelists.

Evaluation Findings

The evaluators reported the following findings from the *Phase 1 Evaluation of Coming Home*:

- **The most critical element in the program's success was the revolving loan fund.** All those interviewed said that the availability of pre-development capital made the difference between going ahead or not. Obtaining risk capital for affordable assisted living is not easy in any situation, but was especially difficult in rural areas, which tended to lack private foundations, substantial individual resources and banks willing to invest.
- **NCBDS's technical assistance was the second critical element in the program's success.** Respondents emphasized the national program office's importance in putting together the financing package and accessing low-cost capital.

All the sites that proceeded to development made use of the revolving loan fund, financial modeling, financial packaging and architectural consultation (reported to be especially useful, along with facility models, since the sites had had no experience with building assisted living). The *Coming Home* staff also helped many sites conduct market and feasibility studies, and work with state agencies.

The evaluators and the review panel agreed on the following conclusions about Phase 1 of the program:

- **The availability of the revolving loan fund and technical assistance crucially strengthened the mission-driven, nonprofit agencies that were needed to advance the program, allowing them to continue to compete in the field.**
- ***Coming Home's* focus on affordability has performed an important service.** Because it has shown that it is possible to develop affordable assisted living, the program has kept the issue on the policy agenda and has enlightened and motivated policy-makers, state agencies, lenders and nonprofit sponsors.

COMING HOME PHASE 2 (1999 TO 2007)

In July 1999, RWJF authorized Phase 2 of *Coming Home* and provided an additional \$7.8 million in funding (ID# 036072). Phase 2 sought to:

- Advance the development of affordable assisted living by helping states create a supportive policy environment
- Demonstrate the viability of financing the facilities
- Build partnerships among state agencies, housing developers and nonprofit providers

Also, *Coming Home* was expanded to support the development of models of assisted living that focused on low-income, frail seniors.

Phase 2 incorporated the following recommendations from the evaluation of Phase 1:

- *Coming Home* should continue its focus on affordability and develop long-term capacity as a national resource for affordable assisted living.
- *Coming Home* should develop a more conscious marketing strategy, including: (1) producing and disseminating widely materials about the program and the process of developing affordable assisted living; (2) targeting likely states and local sponsors with in-depth outreach, including a formal process for polling selected national organizations with knowledge of state capacities; and (3) networking with national organizations dealing with assisted living.
- *Coming Home's* focus should continue to be in rural areas, where both money and sponsors were scarce and where the national program office had unique expertise.
- *Coming Home* should engage Medicaid agencies, housing finance agencies and Departments of Aging as potential lead agencies for state programs. They had expertise and resources, and were needed as willing partners.

The expanded program provided technical assistance, grants and loan funds to states to:

- Create a more favorable regulatory and reimbursement environment to support affordable assisted living
- Work with local nonprofit service providers to develop two or more demonstration projects in each state that integrate affordable assisted living with the larger community-based continuum of care

The program also provided more generalized technical assistance to non-grantee states and communities.

In November 1999, RWJF and NCB Capital Impact disseminated a call for proposals to all states. Some 29 states submitted letters of interest and 18 states submitted full proposals. In February 2001, *Coming Home* awarded three-year grants to nine states.

- State of Alaska Department of Administration, Division of Senior Services (ID# 041322; \$300,000; January 2001 to April 2004)
- Arkansas Department of Human Services (ID# 041323; \$299,900; February 2001 to May 2007)
- State of Florida Department of Elder Affairs (ID# 041390; \$296,618; February 2001 to December 2005)
- State of Iowa Department of Elder Affairs (ID# 041324; \$299,988; January 2001 to June 2002)
- State of Maine Department of Human Services (ID# 041325; \$156,046; January 2001 to August 2005)

- Commonwealth of Massachusetts Executive Office of Elder Affairs: (ID# 042113; \$220,623; June 2001 to May 2005)
- State of Vermont Agency of Human Services, Department of Aging and Disabilities (ID# 041348; \$299,994; January 2001 to January 2007)
- State of Washington Department of Social and Health Services (ID# 041391; \$228,548; February 2001 to July 2006)
- State of Wisconsin, Wisconsin Housing and Economic Development Authority (ID# 041327; \$293,510; January 2001 to August 2006)

Barriers and Accomplishments in the Nine States

The applications from each of these nine states included a commitment from the three critical state agencies (Medicaid, regulatory and housing finance) to form a partnership and work cooperatively to create or modify state policies and programs required to support affordable assisted living. National program office staff worked closely to support each state's team, providing technical assistance and strategic guidance to overcome identified policy and program obstacles as follows:

Alaska had an existing Medicaid waiver program, appropriate regulations, and housing finance programs in place at the start of the grant to support affordable assisted living. The policy and program obstacles in Alaska included:

- Very small rural or frontier communities lacking skilled long-term care professionals and economies of scale:
 - Lack of development and operational assessment capacity for affordable assisted living in the state
 - Lack of technical capacity to support rural and frontier communities' assessment needs and implement solutions

Alaska's policy and program accomplishments included:

- Developed a comprehensive business planning guide with an Alaska-specific financial feasibility assessment tool
- Provided numerous trainings to demonstration sponsors and potential sponsors on how to use guides and tools created by the NPO (see [Communications](#))
- Delivered significant technical assistance on affordable assisted living to state agencies, funders, and policy-makers to support affordable assisted living initiatives
- Continued focus on state and stakeholder affordable assisted living initiatives after Phase 2, including a state-financed update to the Alaska Phase 2 affordable assisted

living business planning guide (released 2008) and technical assistance financed by the Denali commission

Arkansas: The policy and program obstacles in Arkansas included:

- Lack of policy framework and program structure to support affordable assisted living (i.e., no regulations, Medicaid waiver, or permitting process)
- Opposition to creating an affordable assisted living program from competing providers (residential care and nursing home providers)
- Limited access to real estate development and service subsidies

Arkansas' policy and program accomplishments included:

- Created and implemented an affordable assisted living Medicaid waiver program, including an unusual and important annual rate adjustment to cover inflation
- Wrote, negotiated, and implemented assisted living regulations
- Created a "Permit of Approval" process and methodology for determining need
- Created an affordable assisted living "set-aside" policy under Arkansas' low-income housing tax credit program to provide funding for one or more demonstration projects each year
- Created sample Arkansas affordable assisted living policies and procedure manuals
- Continued focus on state affordable assisted living initiatives after Phase 2 through a federal Center for Medicare & Medicaid Services Real Choices grant

Florida had a Medicaid waiver program and appropriate assisted living regulations in place at the start of the grant. The policy and program obstacles in Florida included:

- The waiver did not support development of affordable assisted living due to low reimbursement amounts, waiting lists, and the concern from providers that waiting lists would create significant vacancies after opening.
- Florida's housing finance agency did not support using its subsidy programs, including low-income housing tax credit programs, to create affordable assisted living due to resource allocation limits, uncertainty regarding affordable assisted living's viability, and a sense that Medicaid could or should pay for the housing costs. In addition, Florida's scoring for its unified application for housing subsidies created a disadvantage for affordable assisted living.
- There was a lack of access to information regarding Florida's affordable assisted living program and available providers.

Florida's policy and program accomplishments included:

- Implementation of a two-year Medicaid priority eligibility requirement for Phase 2 demonstration residents providing immediate access to Medicaid support for qualified residents and eliminating the vacancy issue
- Education of key Florida housing finance agency staff regarding Medicaid's statutory prohibition against supporting housing costs, the need for affordable assisted living, and why housing financial agency participation was essential
- Modification of the housing finance agency's unified application scoring system to eliminate barriers to affordable assisted living
- Obtaining the first Florida low-income housing tax credit program award to affordable assisted living
- Stakeholder education to create comfort within the housing finance agency and the investor community that affordable assisted living is a viable business model
- Development of alternative public housing and the federal Housing and Urban Development (HUD) 202 Assisted Living Conversion Program financing approaches to expand affordable assisted living financing options beyond constrained low-income housing tax credit program
- A pilot housing finance agency loan program for affordable assisted living
- A state maintained consumer and provider information [website](#) for affordable assisted living
- State support for a permanent position to continue the successful initiatives started under Florida's Phase 2 project

Iowa had existing and appropriate state regulations for affordable assisted living and used an existing home- and community-based services waiver program to fund affordable assisted living services. The policy and program obstacles in Iowa included:

- Iowa's waiver program did not anticipate 24-hour staffing or service availability. Existing providers and staff were uncertain how to bill for affordable assisted living services in the context of the home- and community-based services program
- Financing and equity options were limited for affordable assisted living projects

Iowa's policy and program accomplishments included:

- Waiver program rules were interpreted and clarified in the context of affordable assisted living.
- Billing practices were clarified, assuring affordable assisted living providers that sufficient reimbursement existed to operate required service programs.
- A low-income housing tax credit set-aside was created to support the development of affordable assisted living.

- Additional financing models for affordable assisted living were created using the federal Department of Agriculture (USDA) Rural Development's Community Facilities Loan Program as well as HUD's Assisted Living Conversion Program grant initiative.

Maine had a limited, state-funded affordable assisted living program and appropriate regulations to support affordable assisted living when selected to join *Coming Home* Phase 2. Maine's housing finance agency was a leader in funding housing with service programs at the time of acceptance. The policy and program obstacles in Maine included:

- Limited state general revenue funding for affordable assisted living
- Regulatory obstacles to implementing a Medicaid waiver approach
- Lack of a viable high-service affordable assisted living model
- Lack of housing funding and priority for affordable assisted living

Maine did not succeed in implementing a Medicaid waiver program or housing finance program to fund greater access to affordable assisted living.

Massachusetts entered *Coming Home's* Phase 2 with a Medicaid state plan benefit supporting affordable assisted living as an entitlement as well as appropriate regulations. Massachusetts' housing finance agency also had an existing program to use low-income housing tax credits to finance affordable assisted living. The policy and program obstacles in the state included:

- High development costs
- The housing finance agency's focus on mixed-income developments with very small percentages of Medicaid
- Lack of viable models for affordable assisted living
- Lack of coordinated technical assistance to support affordable assisted living development

Massachusetts' policy and program accomplishments included:

- Development of public housing and HUD 202 affordable assisted living models to reduce development costs and provide a majority Medicaid model
- Trainings for potential affordable assisted living providers to disseminate viable models
- Providing a state Phase 2 project officer to coordinate technical assistance

Vermont lacked affordable assisted living regulations as well as a Medicaid program to cover service costs. The Vermont housing finance agency had experience with financing

housing with services programs but had not financed an affordable assisted living project. The policy and program obstacles in the state included:

- A lack of state policies and programs to support affordable assisted living
- High development costs and limited land availability
- Limited development and operational capacity in the state

Vermont's policy and program accomplishments included:

- Implementation of affordable assisted living regulations
- Implementation of a Medicaid waiver program
- Development of affordable assisted living models utilizing multiple funding streams to address high development costs
- Intensive technical assistance delivered through a close partnership between state and national program office staff
- Ongoing state technical assistance program after the end of Phase 2

Washington entered Phase 2 with a Medicaid waiver benefit supporting affordable assisted living as well as appropriate regulations. The policy and program obstacles in Washington included:

- A lack of coordination between agencies, leaving providers without a clear sense of how to proceed
- A lack of state housing finance agency programs to support affordable assisted living and a determination that low-income housing tax credits could not be used to finance affordable assisted living in Washington because of the state's combined housing and service reimbursement methodology
- The lack of development capacity in rural areas

Washington's policy and program accomplishments included:

- State *Coming Home* Phase 2 staff created a coordinated state training approach to affordable assisted living
- Multiple state workshops built development capacity and connected rural projects to resources
- Alternate financing strategies were developed using USDA Rural Development Community Facilities loans to compensate for the lack of access to low-income housing tax credits

Wisconsin entered Phase 2 with a Medicaid waiver benefit supporting affordable assisted living as well as appropriate regulations. The policy and program obstacles in the state included:

- Uncertainty that low-income housing tax credits could be used in affordable assisted living due to low-income housing tax credit program restrictions against mandatory services and "frequent or continual" nursing services
- Numerous interpretive issues regarding Medicaid billing, waiting list preferences, food stamps, and other subsidies necessary for a viable affordable assisted living model
- Limited coordination between agencies making the low-income housing tax credits question and others difficult to resolve
- A lack of development capacity in rural areas, including access to information and financial models

Wisconsin's policy and program accomplishments included:

- Resolved low-income housing tax credit eligibility issues, clearing the way for the use of these credits in affordable assisted living
- Additional points for housing with services were added to the state's low-income housing tax credits application scoring, facilitating awards to affordable assisted living
- Continued emphasis on affordable assisted living by state housing finance agency (e.g., two low-income housing tax credit awards were made to affordable assisted living in 2008)
- Interpretive guidance to clarify waiting list priorities, access, and compliance was issued
- Conducted numerous workshops to encourage and educate potential developers and providers
- Developed and distributed a Wisconsin-specific financial feasibility assessment tool
- Created and maintained a Wisconsin affordable assisted living website with resources designed to support development capacity and disseminate information

COMMUNICATIONS

The NPO created the following resources and disseminated them through mailings, conferences, trainings, trade associations, government agencies, the website developed in Phase 2, and a variety of media opportunities. Some of these materials are available on

the NCB Capital Impact website, although the section formerly devoted to *Coming Home* has been taken down.

- *Affordable Assisted Living Financial Feasibility, Operations, and Development*: The NPO created multiple products that jointly comprise the affordable assisted living manual. Each product can be used by Medicaid and housing finance agency staff for policy or program guidance. Each product may also be used by a provider or developer to assess and formulate a proposed affordable assisted living project or advocate for reforms needed to support such a program.
 - *State Assisted Living Policies and Options*: A manual providing policy-makers, Medicaid program staff, and regulators an overview of what types of policies and programs are required to support affordable assisted living. The manual provides examples of different state approaches for each issue identified.
 - *Affordable Assisted Living Technical Assistance Development Manual*: A manual providing a detailed overview of the affordable assisted living development process and the resources required. It is designed to be used in combination with a day-long training NPO staff offered repeatedly throughout *Coming Home* Phase 2.
 - *Affordable Assisted Living Development Flow Chart*: A concise graphic representation of the process described in the affordable assisted living Development Manual above.
 - *Affordable Assisted Living Underwriting Manual*: A manual developed from a one-day training that outlines the underwriting process and considerations for financing affordable assisted living. The manual is designed to be used in combination with videos derived from a one-day underwriting training conducted by the national program office and Massachusetts housing finance agency staff.
 - *Affordable Assisted Living Brochure*.
 - *Affordable Assisted Living Interactive Feasibility Tool*: An affordable assisted living feasibility model designed to help organizations understand the components of affordable assisted living and determine if an affordable assisted living project is feasible for their community. The model provides both an Excel Workbook and detailed written instructions.
 - *Assisted Living in Rural Markets*: A report detailing the characteristics of rural Alabama markets. The report provides insight into how standard market study assumptions will need to be adjusted, including market areas and capture rates, to reflect rural market characteristics. The report's audience includes policy makers, underwriters, and providers.

- *State Assisted Living Practices and Options: A Guide for State Policymakers*: a resource for policy-makers when considering new assisted living regulations or revisions to existing regulations.
- *Affordable Assisted Living Case Studies*: Four case studies of successful *Coming Home* Phase 2 affordable assisted living models are provided as examples to inspire other organizations to create affordable assisted living. The case studies are also designed to show policy-makers and advocates what is possible and what is required to create affordable assisted living. Edited versions of the case studies are available on www.rwjf.org. See the [Project List](#).
- Two [videos](#) of affordable assisted living projects, one in Ullin, Ill. and the other in Bentonville, Ark.
- *Affordable Assisted Living Policies and Procedures Manual*: A full affordable assisted living policies and procedures (operations) manual example was created by NPO staff working with an operations consultant. The manual is available for any organization for use as a guide to creating their own operating policies and procedures.
- *Annual Affordable Assisted Living Pre-Conference*: The NPO provided annual full-day workshops and conference sessions on affordable assisted living throughout Phase 1. These workshops and programs were held at or in coordination with the major long-term care provider association annual meetings, policy-maker conferences, and advocacy summits. The NPO also organized annual *Coming Home* Phase 2 program meetings to share successes, best practices, and ongoing challenges. The information collected at all of the NPO's conference sessions was used to inform the direction of the program.
- *Lessons Learned Updates*: The NPO provided regular updates on lessons learned to *Coming Home* Phase 2 partners through one-on-one technical assistance activities, regular state and national conference presentations, the *Coming Home* Phase 2 website, print articles, and media outlets.

The *Coming Home* staff worked with Illinois State University (ID# 030051) to develop a video presentation of the development of the assisted-living facility in Ullin, Ill. See [Appendix 2](#).

OVERALL PROGRAM RESULTS

Coming Home demonstrated that assisted living can be created as a viable alternative to institutional long-term care for people with incomes as low as the federal SSI payment. Although there are regulatory and financial obstacles, these can be overcome through partnerships and joint programs among relevant state agencies and project sponsors.

As of September 2008, *Coming Home* had resulted in a total of 50 completed projects comprised of 1909 units of affordable assisted living located in 13 states. These totals greatly exceeded *Coming Home's* goal of 16 projects:

- The 50 completed affordable assisted-living facilities have ranged from 5 to 110 units and are located in:
 - Alaska (five facilities; 46 units)
 - Arkansas (four facilities; 176 units)
 - California (two facilities; 84 units)
 - Colorado (one facility; 40 units)
 - Florida (five facilities; 329 units)
 - Illinois (five facilities; 210 units)
 - Iowa (five facilities; 132 units)
 - Maine (three facilities; 108 units)
 - Massachusetts (two facilities; 137 units)
 - Oregon (one facility; 50 units)
 - Vermont (five facilities; 209 units)
 - Washington (six facilities; 216 units)
 - Wisconsin (six facilities; 172 units).
- In addition, in October 2008, staff at NCB Capital Impact indicated that five of 40 additional demonstration projects underway were likely to be built, adding 235 additional units of affordable assisted living.

In Phase 2, the revolving loan fund had:

- Total committed dollars: almost \$2.4 million to Phase 2 demonstrations.
- The average loan commitment was \$96,000, with a range of \$3,750 to \$175,000. The median commitment was \$100,000.
- \$1.533 million of the commitments were disbursed: \$519,000 had been repaid, \$815,000 was outstanding and \$199,000 had been forgiven (two loans).

See the [Project List](#) for links to case studies on four states: Arkansas, Florida, Vermont and Washington. Based on the case studies produced by the national program office, each includes the overall needs and goals identified for the state program, the partnerships, initial challenges, demonstration project development process and state lessons.

Results of Phase 1

During Phase 1, *Coming Home* achieved the following results:

- Ten affordable assisted-living facilities were completed in five states. Assisted living facilities of 30 to 54 units were built in Arkansas (one facility), California (two facilities), Colorado (one facility), Illinois (five facilities) and Oregon (one facility).
- Twenty-nine projects conducted feasibility studies and then discontinued plans to build affordable assisted-living facilities based upon the results of the feasibility studies.
- Key players in the development of affordable assisted-living facilities demonstrated that they were willing to work toward the development of affordable assisted-living facilities. State agencies—both Medicaid and housing finance authorities—demonstrated that they were willing to make the necessary reimbursement and regulatory changes to create affordable assisted-living facilities. Nonprofit social health providers demonstrated that they were willing to act as project sponsors.

Examples of Projects Built in Phase 1

JARF/Kokoro, San Francisco, Calif.

This project was constructed on urban renewal land donated by the city of San Francisco. Forty of the 54 units are affordable and 14 are market rate. Tax-exempt bond financing was used to finance the project. The total cost was \$13 million.

The city of San Francisco provided a \$2 million loan. The project received a grant from the Federal Emergency Management Agency. It also received private donations from San Francisco's Japanese community. Construction started in early 2001 and was completed in October 2003.

Mesa Vista, Battlement Mesa, Colo.

Mesa Vista is part of Battlement Mesa, a master-planned retirement community. It has 40 units of affordable assisted living. The community included a five-acre parcel that had been set aside for assisted living. The developer of the retirement community, Battlement Mesa Company, did not originally design it to include an assisted-living component and offered to donate this parcel to the local sponsor of the assisted-living facility, Senior Housing Options.

This project was financed through:

- \$2.833 million U.S. Department of Agriculture Rural Development loan (40-year term at a fixed rate of 5 percent)
- \$500,000 HOME grant from the Colorado Housing and Finance Authority

- \$167,000 Affordable Housing Program (AHP) award. AHP is a private banking effort to assist in the creation of affordable housing that is run by the Federal Home Loan Bank through member banks in regions around the country

The state of Colorado has approved Medicaid reimbursement for elderly assisted-living services (as has Oregon). The Colorado Department of Public Health and Environment licenses assisted-living facilities for Medicaid eligibility.

This project was completed in June of 1999 and the business planning advance has been repaid in full.

Big Muddy River Apartments 1 (River to River Residential Corporation), Murphysboro, Ill.

The second of four facilities that were developed by River to River Corporation, it includes 50 units of affordable assisted living at a cost of \$4.5 million. The financing included \$2.3 million in low-income housing tax credits, a \$2.15 million Illinois Housing and Development Authority loan and \$50,000 sponsor equity. The project also received a \$100,000 working-capital grant from the Retirement Research Foundation.

The project received a waiver from the Illinois Nursing Home Act and Illinois Department of Aging for the sponsor to also be the service provider. Supportive services are reimbursed through the Illinois Department of Aging's Medicaid program.

Orchard House Assisted Living (Benedictine Nursing Center), Mt. Angel, Ore.

Some 65 units were constructed on land owned by the sponsor adjacent to the sponsor's skilled nursing facility; 50 of the units are for different levels of assisted living and 15 units of foster-care housing are for Alzheimer's care.

Fifty residents of the facility receive funding for both housing and supportive services under the state of Oregon's Vision 2000 Program—a program that allows nursing-home-eligible individuals to reside in any community setting and provides a more residential level of care.

The residents of the new facility came from the skilled nursing home located on the campus of the new facility; 50 nursing home beds were taken out of service once the assisted-living facility was complete.

The facility was entirely financed through tax-exempt bond funds. The project is 100 percent affordable and is fully occupied. The total cost was \$6.6 million; construction began in August 1997 and was completed in July 1998.

Results of Phase 2

During Phase 2, *Coming Home* achieved the following results:

- As of September 2008, the program facilitated the development of 40 operating demonstration projects, totaling 1403 units in nine states. This greatly exceeded its goal of 16 projects. These projects generally served individuals eligible for Medicaid-funded services as well as persons paying privately. This "mixed-income" approach helped ensure financial viability, guarded against market and public program risks, and allowed projects to serve a broad range of individuals in the community. The percentage of units reserved for persons with low-incomes varied from 15 percent (a minimum imposed by *Coming Home* Phase 2) to 100 percent. Projects were located in the following states:

- Alaska

- Bayview Terrace Assisted Living, Kodiak, 12 units
- Hillside House, Wrangell, 5 units
- Knik Manor, Wasilla, 9 units
- Mountain View Manor, Petersburg, 12 units
- Rendezvous Assisted Living, Ketchikan, 8 units

- Arkansas

- Eagle Mountain Retirement Center, Batesville, 46 units
- Gardens at Osage Terrace, Bentonville, 45 units
- Whispering Knoll I, Pine Bluff, 45 units

- Florida

- Magnolia Gardens, Pinellas Park, 110 units
- Palm Avenue Baptist Towers, Tampa, 42 units
- Palm Terrace Assisted Living, Tampa, 73 units
- Titusville Towers, Titusville, 41 units
- Wesley Haven, Pensacola, 63 units

- Iowa

- Adel Manor, Adel, 24 units
- Cedar Place, Story City, 22 units
- Emerson Point, Iowa City, 54 units
- Oenota Housing, Decorah, 16 units
- South Crest Manor, Waukon, 16 units

- Maine
 - Northwood Village, Ashland, 6 units
 - Penobscot Indian Nation, Indian Island, 6 units
 - Round Pond Village, Round Pond, 96 units
- Massachusetts
 - Fenno House, Quincy, 39 units
 - Pine Oaks, Harwich, 98 units
- Vermont
 - Cathedral Square, Burlington, 28 units
 - Converse Home, Burlington, 67 units
 - Farrell Street Project, South Burlington, 63 units
 - Vernon Hall, Vernon, 38 units
 - West River Valley, Townsend, 13 units
- Washington
 - Bay Vista Commons, Bremerton, 72 units
 - Klondike Hills, Republic, 16 units
 - LaDow Court, Garfield, 16 units
 - Quail Hollow, Chewelah, 16 units
 - Spiritview at Pine Lake, Issaquah, 90 units
 - Elder Hamlet, Lopez Island, 6 units
- Wisconsin
 - Garden Place, Milwaukee, 62 units
 - Independence Plus, Madison, 16 units
 - McKee Park, Madison, 20 units
 - One Penny Place, Woodruff, 26 units
 - Villa Rita, Superior, 24 units
 - Villa Vista, Hurley, 24 units

State and national program office staff also helped numerous other organizations examine the viability of affordable assisted living through multiple trainings, tools development and dissemination, and one-on-one technical assistance. Together, staff provided specific and intensive technical assistance to 84 Phase 2 demonstration projects.

Examples of Affordable Assisted Living Facilities Completed During Phase 2:

The Gardens at Osage Terrace, Bentonville, Ark.

The Gardens at Osage Terrace (The Gardens) is 45-unit model of affordable assisted living. The service and rent charges are affordable to people with incomes as low as \$564 per month (the 2004 Federal SSI payment amount).

The Arkansas Department of Human Services Division of Aging and Adult Services, Office of Long-Term Care and Arkansas Development Finance Authority partnered on the project. The Community Development Corporation of Bentonville/Bella Vista developed and owns The Gardens, and Mercy Health Systems of Northwest Arkansas provides the services (e.g., staffing assessments, care and meal delivery, and services billing).

The Gardens was Arkansas's first affordable assisted-living facility. See the case study on the [Arkansas Coming Home Project](#) for more information. Also, view the video on the project, available through NCB Capital Impact's [website](#).

Helen P. Piloneo Assisted Living, Pinellas Park, Fla.

Helen Piloneo Assisted Living is a 110-unit, 100 percent affordable, assisted-living project.

The Florida Department of Elder Affairs partnered with the Florida Housing Finance Corporation (the state housing finance authority) and the Agency for Healthcare Administration (the regulatory agency for both assisted living and Medicaid). The Pinellas County Housing Authority served as the demonstration sponsor, contracting with MIA Management Consultants to provide the services. See the Program Results on the [Florida Coming Home Project](#) for more information.

Titusville Towers, Titusville, Fla.

Titusville Towers is a 110-unit public housing affordable assisted living project. The Titusville Housing Authority converted an existing independent senior living high rise to an assisted living licensed facility.

Through a limited partnership with MIA Management Consultants, the Titusville Housing Authority rehabilitated the existing building without any displacement of

residents. The state approved assisted living license overlays the entire building. This license is required by the state in order for the property to operate as assisted living and provides the regulatory structure for the provision of services and building design. Units that are currently independent living are able to become assisted living units as the needs of the residents in those units increase.

This allows the residents to remain within familiar surroundings and have their needs met. At the time of rehabilitation completion, 57 units were designated as assisted living units and 63 units remained as independent living.

The Florida Department of Elder Affairs partnered with the Florida Housing Finance Corporation (the state housing finance agency) and the Agency for Healthcare Administration (the regulatory agency for both assisted living and Medicaid) to create the resources necessary for the project to successfully complete the conversion.

Cathedral Square Assisted Living, Burlington, Vt.

Cathedral Square is the first 100 percent affordable assisted living residence in Vermont. This facility, which opened in 2003, has 28 units and was part of the HUD Assisted Living Conversion Project.

Twenty-one units receive Section 8 subsidies and are affordable to individuals who have incomes at or below 50 percent of area median income. Through a partnership with the Vermont Housing Conservation Board, the facility was able to subsidize seven units for individuals whose income does not exceed 100 percent of Area Median Income.

The building includes 80 subsidized independent living units in addition to the 28 new assisted living units. The local Agency on Aging operates its Senior Meals program at the building five days per week. Caseworkers from this agency help older residents access community resources. A Meals-on-Wheels program also is operated through this facility.

In addition, the University of Vermont offers students in nursing, physical therapy, dental hygiene, dentistry, and social work the opportunity for practical training with older clients.

The State of Vermont, Agency of Human Services, Department of Aging and Independent Living, Vermont Housing Finance Agency, Vermont Housing & Conservation Board partnered with the Cathedral Square Corporation on the project.

Wisconsin

Five of the six affordable assisted living projects—with a combined 199 units—received tax credit awards worth more than \$22.5 million. This made a big difference in making affordable assisted living a real option in Wisconsin communities. One of the projects, Garden Terrace, worked with the Wisconsin Housing and Economic Development

Authority (the RWJF grantee in the state) on the application to include a cooperative ownership component after the 15-year compliance period-making it possibly the first cooperative affordable assisted living facility in the country.

SIGNIFICANCE OF THE PROGRAM

The Center for Excellence in Assisted Living (CEAL) voted in December 2007 to commend RWJF and NCB Capital Impact for the accomplishments of the *Coming Home* program over the last 14 years. CEAL is a joint initiative of the AARP, Alzheimer's Association, the four major trade associations-the Assisted Living Nurses Association, Paralyzed Veterans Association, the Pioneer Network (the leading long-term-care organization), the Consumer Consortium on Assisted Living-and NCB Capital Impact. CEAL's President, Don Redfoot (AARP), made the motion and will draft the resolution.

Two other awards were also received for work on *Coming Home* projects:

- Conchy Bretos, who led one of the earliest Phase 2 demonstration projects in Florida, received the Purpose Prize for her work with affordable assisted living. The Purpose prize provides five \$100,000 awards per year to people over age 60 "who are taking on society's biggest challenges."
- The Washington Phase 2 program's approach and accomplishments were recognized by Harvard University's Ash Institute as one of the 50 leading innovations in government in 2006.

LESSONS LEARNED

The following policy, program and evaluation lessons were learned from *Coming Home*:

- The policy lessons are related to developing policies that promote the development of affordable assisted living.
- The program lessons cover how policies and programs need to be implemented to avoid unintentional obstacles to development and operations.
- The evaluation lessons were generated from the evaluation of Phase 1 of *Coming Home*.

Policy Lessons

1. **Sufficient subsidy programs need to be available for the real estate and services pieces of assisted living.** Single source capital grants or subsidized loan programs greatly expedite the creation of affordable assisted living. The more programs that must be layered together to create affordable projects, and the more competitive those programs are, the smaller the pool of organizations willing or able to take on the challenge. (National Program Office)

2. **Cross agency partnerships are critical to the success of affordable assisted living.** Due to the complex and often conflicting requirements of the multiple programs that regulate and subsidize assisted-living projects, agencies need to work together to eliminate barriers while allowing state objectives to be achieved. *Coming Home* states with fully committed and effective cross-agency partnerships have been better at moving initiatives forward. (National Program Office)
3. **Pre-development loan programs are critical to encourage and enable mission-driven organizations to pursue an assisted living project.** Without access to capital and a risk-sharing arrangement with the lender, many communities do not have access to the funds required to explore a project. Even where organizations have the required capital, they are often unwilling to risk it on a project with so many uncertainties. The availability of the *Coming Home* pre-development loan program, as well as similar state programs, have been credited by several of the states as essential to their accomplishments. (National Program Office)
4. **State agency technical assistance and outreach to community organizations achieves significant results.** Community organizations need expert state assistance to understand the complex regulatory and subsidy systems and, equally important, to know they have an advocate within the state system. Many demonstration programs indicated that they would not have undertaken an affordable assisted-living project without knowing that they had state staff members to assist them when they ran into obstacles. Expert assistance from development and operations consultants also is critical to moving demonstration projects forward. Mission-driven organizations willing to take on challenging and low-margin projects often lack expertise in one or more areas of development, finance and operations. The combination of initial, grant-funded technical assistance from NCB Capital Impact, followed by in-depth technical assistance from project consultants funded through the program's pre-development loan, provided demonstration organizations with the technical capacity to explore projects. *Coming Home's* continued role as an adviser throughout the development process provided demonstration organizations an expert adviser to help them evaluate recommendations and options provided by consultants. Many of the demonstration projects identified the availability of expert consultants together with access to *Coming Home* staff as advisers as an important factor in their decision to move forward. (National Program Office)
5. **Cost-savings data showing the advantage states gain from implementing or expanding an affordable assisted-living program is a powerful tool in policy debates.** The *Coming Home* program found that in it is particularly helpful in resolving slow state response times, program conflicts, conflicting information, and obtaining interpretations and clarifications. (National Program Office)
6. **State and federal subsidy programs save an average of 62 percent when a nursing home-eligible Medicaid recipient can be served in affordable assisted living.** (Derived from NCB Capital Impact 2003 data for Arkansas, Florida, Iowa, Maine, Massachusetts and Washington.) (National Program Office)

7. **Fears of the "woodwork" effect still prevent some states from implementing large assisted-living programs.** The woodwork effect is the concern that large numbers of eligible recipients will come out of the woodwork and overwhelm the system if attractive alternatives to nursing homes are available. It has been largely dismissed by researchers and the states that have implemented large scale Medicaid programs for assisted living. However, concern regarding the "woodwork effect" continues to limit the creation or expansion of Medicaid funded assisted living programs in some states. (National Program Office)
8. **Low state reimbursements for assisted living often limit the interest of high-quality providers to only the most mission-driven.** To develop new, high quality affordable assisted-living resources in states where rates cannot be raised, the specific needs of mission-driven organizations willing to operate affordable assisted living at cost need to be identified and addressed. Programs to encourage and support these organizations are critical to increasing supply. (National Program Office)

Program Lessons

9. **State programs need to operate efficiently and in a cooperative manner.** Some of the *Coming Home* program demonstrations were hampered by slow Medicaid eligibility determinations, slow payments, insufficient payments, delayed licensing processes, adversarial survey agencies and disinterested or unapproachable finance agencies. Once state policy and program problems become widely known, other organizations are unwilling to consider developing an affordable assisted-living project. (National Program Office)
10. **Service and real estate subsidies may present barriers even when they are in place and well funded.** Subsidy program design may present as much of a barrier to creating affordable assisted living as the absence of the program. For example, if complex affordable assisted-living deals must compete with simpler, independent housing projects for funding and investors, they usually do not do well. The low-income housing tax credit program does not work well with rural (i.e., small) projects due to investor and underwriters' preference for large deals that spread their fixed costs over large transactions. State *Coming Home* programs that created incentives in their real estate and service programs for affordable assisted-living programs had the greatest success in creating new affordable assisted-living resources. (National Program Office)
11. **State program personnel need to be readily accessible to solve problems and creatively address obstacles identified by affordable assisted living projects.** One way to ensure this is to provide sufficient staffing and include project facilitation in their evaluation. *Coming Home* demonstration project sponsors had the best access to state staff for problem solving where the staff's evaluations included producing affordable assisted-living projects. State *Coming Home* programs that included full time staff in their project work plan and budget also were best able to provide the time required to identify policy and program issues, coordinate cross-agency problem

solving, develop initiatives, assist demonstrations and manage the program toward its goals. (National Program Office)

12. **State agency personnel need access to persons in authority to provide flexible and rapid solutions to program problems in order to keep project sponsors involved in the effort.** *Coming Home* programs staffed by high-level agency personnel, or with the active support and involvement of high-level staff, were best able to move difficult issues to resolution. (National Program Office)
13. **Access to experts for technical assistance on combining housing and service policies is critical for state policy-makers and program administrators in their efforts to identify and solve barriers to affordable assisted living.** Several *Coming Home* states felt that without access to this specialized consulting, they would have been unable to craft successful programs and solutions. (National Program Office)

Evaluation Lessons

14. **The sponsors that proceeded to development seemed to be mission-driven organizations with a commitment to the poor/aged/needy.** For example, Illinois' Shawnee Health Services is a community action agency serving migrant workers, coal miners with black lung, and poor elders. Benedictine in Oregon is driven by the mission of ministry to the poor. Senior Housing Options in Colorado has as its mission to house low-income persons in Colorado. The *Coming Home* program allowed these organizations to fulfill and expand their missions. They did not need to be sold on affordable assisted living. (Evaluator)
15. **Sites that did not proceed also cited their organizational mission as the force motivating their initial contact with *Coming Home*. However, they were frustrated at the slowness of influencing policy changes and concerned about regulations being too restrictive.** Most of those that did not proceed expressed a sense of futility about too many sets of regulations and the mismatches between state financing opportunities, licensing issues, Medicaid reimbursement, and the needs of low-income people. More than half the sites that did not proceed were potentially viable, but the sponsors decided not to take a risk and/or there were difficulties accessing Medicaid and/or housing funds. According to national program office staff, sponsors not taking risks either were unwilling to change their modus operandi to meet the different needs of frail elders, or the project did not return the financial margins deemed necessary to the sponsor. (Evaluator)
16. **Staff in state agencies involved with this program was found to be creative and competent.** Oregon has led the country in using assisted living to reduce their nursing home population. Both Illinois and Colorado staff have been creative in linking home and community-based waivers to a variety of residential sites. For a number of years, Iowa has had an interdepartmental team (HART team) providing assistance to assisted-living developers. In Arkansas, the Aging Services Division lent support and followed through to help the community development corporation, building on good

existing community-based services. The national program office appears to have recognized which talents existed at the state level and adjusted their technical assistance to fit specific state situations. (Evaluator)

17. **For a project to proceed, state policy must be reasonably supportive, the sponsors must be mission driven and tenacious, and the national program office must bring these qualities together with funding and technical assistance.** (Evaluator)
18. **The initial site identification process produced a number of appropriate sites but the process appeared serendipitous.** (Evaluator)
19. **The absence of state policy on Medicaid reimbursement for community-based care is still a major roadblock to developing affordable assisted living.** Less than a handful of states have any defined Medicaid program that provides reimbursement for the supportive-services component of assisted living. Looking ahead to a possible renewal of this program, RWJF staff may wish to consider funding a related effort aimed at assessing the cost/benefit of the assisted-living model of care relative to the skilled nursing facilities model. Dissemination of such an analysis along with case studies of how these facilities are financed in states such as Oregon and Colorado would provide valuable tools to national program office staff as they work with policy-makers in various states that have only begun to explore other care options for reimbursement. Similar state policy challenges have been faced by another RWJF program, Corporation for Supportive Housing, which focuses on providing technical assistance and financing for permanent housing for the chronically mentally ill and for persons with AIDS, and could benefit from a cost/benefit analysis of different housing options. (Evaluator)
20. **At each point along the continuum of housing and care for the elderly, both for-profit and nonprofit developers have produced similar types of facilities.** The perception is that the nonprofit developers afford access to lower-income elderly. It would be a helpful addition to the literature on assisted-living facilities if information was available that compared both the scope of for-profit and nonprofit development of these facilities across the country and whether there is a significant difference in the socio-economic characteristics of their resident populations. (Evaluator)

FINAL THOUGHTS AND SUGGESTIONS FOR FUTURE RESEARCH

Regulatory and financial obstacles to affordable assisted living can be overcome through partnerships and joint programs among relevant state agencies and project sponsors.

While the *Coming Home* program was able to devise practical solutions to barriers in each program state, partners in the program often had to improvise because information that could have guided decisions did not exist.

The *Coming Home* staff offered the following suggestions for future research that would help states (given the definition of assisted living promulgated by each state) refine their programs and better support organizations interested in developing affordable assisted living:

1. ***Reimbursement Rates:*** States lack a reliable method for establishing Medicaid reimbursement rates for assisted living designed to attract good quality providers. This often results in insufficient or inappropriate incentives to develop or operate affordable facilities. Poorly constructed rates can also provide inappropriate incentives for providers to discharge or retain residents. Reliable methods for setting reimbursement rates need to be researched, developed and documented to guide state programs. Appropriately designed rates would spur development of affordable assisted living, help states allocate scarce resources more effectively and better achieve states' policy and program goals for assisted living.
2. ***Comparative Cost and "Woodwork" Effect:*** Although the daily reimbursement rate for assisted living is typically much less than for nursing facilities, state Medicaid and budget staff are uncertain whether committing dollars to assisted living actually saves the state money overall. To provide states with the information they need to make critical budget decisions, research is needed on the total per-person cost to state and federal programs when a similar person lives in assisted living or a nursing home. Research is also needed to identify whether people are more likely to enter the state's Medicaid program to obtain assisted living or to obtain nursing home services, and at what rate for each.
3. ***Nontraditional Organizations' Role in Affordable Assisted-Living Resource Development:*** The potential for nontraditional community organizations, that is organizations not currently involved in housing or services, to become sponsors of affordable assisted living is largely undocumented. Understanding their potential is important because traditional housing or service organizations do not always exist in communities with a need for affordable assisted living. Even where a housing or service organization does serve the area, they often do not have an interest in providing affordable assisted living or in working with very low-income individuals. It would be helpful to states designing programs to foster the development and provision of affordable assisted living to know the interest, capacity and needs of nontraditional organizations. With this information, states could make better decisions about program design, support and funding.
4. ***Resource Needs for Organizations Developing Affordable Assisted Living:*** Facilitating the development of affordable assisted-living demonstrations was a requirement of the *Coming Home* program. Some of the organizations assisted by the state succeeded in their efforts, and other, equally mission-driven groups in the same state did not. Research on why some organizations succeed and others do not would help states better understand what they need to do to modify their current programs to help more committed organizations to succeed.

AFTERWARD

After the program ended, the lessons and tools continued to support follow-up initiatives in most of the original Phase 2 states: Alaska, Arkansas, Florida, Iowa, Vermont, Washington and Wisconsin as well as in California, Louisiana, Maryland, Oklahoma and the District of Columbia.

The work of *Coming Home* has been imbedded in NCB Capital Impact's [Center for Long-Term Supports Innovations](#), which is part of its Community Solutions Group. This center is a direct outgrowth of the feasibility study RWJF funded under *Coming Home*. It focuses on affordable assisted living as well as other community-based strategies—realizing *Coming Home's* goals of using assisted living as a foundation for a variety of community-based services.

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APPENDIX 1

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APPENDIX 2

Dissemination Grant

Photographic and Videotape Documentary on the *Coming Home* Project in Southern Illinois

Illinois State University (Normal, Ill.)

\$42,345 (March 1997 to October 1998) ID# 030051

Contact

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Summary

This project has produced a video and still photographic record of the development of *Coming Home's* assisted-living project in Ullin, Ill.

In addition to an archive of still photographs, the central product of this grant is a 20-minute broadcast-quality information [videotape](#) that documents the transitions of frail and chronically ill elderly people from their current living arrangements to the assisted living facility in Ullin.

It also includes interviews with the principals involved in developing this project (sponsor, mayor, supportive services provider, etc.) and the staff from the national program office.

The project director is an assistant professor at Illinois State University and directs the university's Rural Documentary Collection and Documentary Photography Program.

Dissemination

The videographic and photographic products have been used by the national program office for the *Coming Home* program to provide a visual record of the development of the facility and its first residents.

Product Availability

The products produced under this grant are also available at cost through the Rural Documentary Collection located at the university.

PROJECT LIST

Reports on a selection of the projects managed under this National Program are listed below. Click on a project's title to see the complete report, which typically includes a summary, description of the project's objectives, its results, post-grant activities and a list of key products.

- [Coming Home: Vermont Project Develops First Affordable Assisted-Living Facility \(August 2004\)](#)
- [Loans, Tax Credits, Grants, Finance Coming Home Assisted-Living Project in Arkansas \(August 2004\)](#)
- [Regional Workshops Supported Washington Coming Home Assisted-Living Projects—Lead to Development of Model Project \(August 2004\)](#)
- [Support by State Gives Momentum to Florida Coming Home Assisted-Living Project \(August 2004\)](#)