

PA 2018-006

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Apr 17 2018

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY



The Fox Law Firm, LLC

Alvin L. (Peck) Fox
Attorney at Law

(T) 334-676-3404
(C) 334-300-1857

April 17, 2018

Alva M. Lambert
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, AL 36130

RE: Adjustment Application submitted by Smith/Packett Med-Com, LLC
Tuscaloosa County Specialty Care Assisted Living Facility

Dear Mr. Lambert:

Attached hereto please find an additional letter of support for the above-referenced filing, which could be included in Attachment 11. We would appreciate your having these placed into the appropriate file.

If you or your staff have any further questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Peck Fox" in a cursive, stylized font.

Peck Fox

Enclosures

CYNTHIA LEE ALMOND LLC
ATTORNEY AT LAW

2824 7th Street
TUSCALOOSA, AL 35401

205-523-0198
CYNTHIA@ALMONDATTORNEYS.COM

April 17, 2018

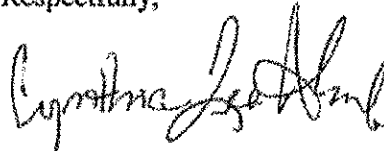
Mr. Alva Lambert
Executive Director
SHPDA
100 North Union Street, Suite 870
Montgomery, AL 36130

Dear Mr. Lambert:

I would like to offer my support, as City Councilor for Council District 3 of the City of Tuscaloosa, for the approval of the specialty care assisted living facility in my district being developed by Smith/Packet. The City of Tuscaloosa views this facility as a valuable addition to the further development of the City of Tuscaloosa and also it will help meet the needs of those in and around our city.

If I can provide further assistance of information, please contact my office.

Respectfully,



Cynthia Lee Almond
District 3 City Councilor

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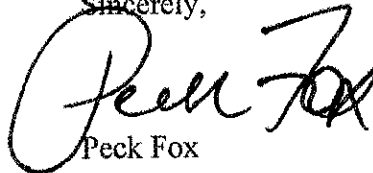
RE: Adjustment Application submitted by Smith/Packett Med-Com, LLC
Tuscaloosa County Specialty Care Assisted Living Facility

Dear Mr. Lambert:

Attached hereto please find a replacement for page 4 in the above-referenced filing, correcting an inadvertent omission of an email address. In addition, please find a letter of support to be included in Attachment 11. We would appreciate your having these placed into the appropriate file.

If you or your staff have any further questions please do not hesitate to contact me.

Sincerely,



Peck Fox

Enclosures

RECEIVED

Apr 16 2018

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

I APPLICANT IDENTIFICATION

Applicant & Contact Information

Applicant: Smith/Packett Med-Com, LLC
Hunter Smith, President
4423 Pheasant Ridge Road
Suite 301
Roanoke, VA 24014
540-774-7762

Contact: Peck Fox
The Fox Law Firm, LLC
250 Commerce Street
Suite 200A
Montgomery, AL 36104
334-676-3404
peck@foxlawfirmllc.com

Proof of Publication: No longer required following the amendment to Section 410-2-5-.04(4).

Fee: \$3500, payable to the State Health Planning and Development Agency, delivered under separate cover



TUSCALOOSA
SISTER CITIES
INTERNATIONAL

NARASHINO
JAPAN

SCHWENNINGEN
GERMANY

SUNYANI-TEKUMAN
CHINA

April 13, 2018

Mr. Thomas Stipe
2940 North Hampton Drive
Tuscaloosa, AL 35406

Dear Tom,

I read with interest the recent news coverage of the plan to develop a comprehensive senior living facility on your land off of Rice Mill Road. The need for such a facility in Tuscaloosa - offering independent, assisted, and memory care living options -- is timely and critical.

As you know, I am no stranger to the difficult task of finding suitable care for a loved one. I join many people throughout Tuscaloosa who will welcome a nice new alternative.

Best wishes for success as plans for the facility continue to develop.

Sincerely,

Lisa Keyes

PA 2018-006

RECEIVED

Mar 30 2018

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

**APPLICATION FOR AN ADJUSTMENT
TO THE ALABAMA STATE HEALTH
PLAN**

**32 SPECIALTY CARE
ASSISTED LIVING FACILITY BEDS
IN TUSCALOOSA COUNTY, ALABAMA**

**SUBMITTED BY
SMITH/PACKETT MED-COM, LLC**

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I. APPLICANT IDENTIFICATION

Applicant & Contact Information

Applicant: Smith/Packett Med-Com, LLC
Hunter Smith, President
4423 Pheasant Ridge Road
Suite 301
Roanoke, VA 24014
540-774-7762

Contact: Peck Fox
The Fox Law Firm, LLC
250 Commerce Street
Suite 200A
Montgomery, AL 36104
334-676-3404

Proof of Publication: No longer required following the amendment to Section 410-2-5-.04(4).

Fee: \$3500^{elle} payable to the State Health Planning and Development Agency, delivered under separate cover

II. PROJECT DESCRIPTION

Goal

The goal of the proposed adjustment is to provide sufficient specialized resources to be utilized by seniors, allowing for a process of aging-in-place. Authorization of additional SCALF beds within the proposed geographic area of Tuscaloosa County, and the adjacent counties which currently lack SCALF beds, will help ensure the provision of enough SCALF beds to meet the growing demand. Additionally, the most recent Statistical Update to the State Health Plan shows that five adjacent counties (Fayette, Pickens, Greene, Hale and Bibb) currently have no licensed SCALF facilities, and a need of 63 SCALF beds. This, naturally, increases the need in Tuscaloosa County, due to the regional nature of its healthcare support for the entire region. Approval of this adjustment will enhance the quality of life for seniors, while also meeting growing demand in the community, fueled in part by the increasing incidence of Alzheimer's and other forms of dementia.

While the SHCC has in recent years approved the addition of 66 SCALF beds to inventory in Tuscaloosa County, this barely covers the need for the five adjacent counties, and does not account at all for increasing incidence of need in Tuscaloosa County, or even for ongoing population growth or aging. Accordingly, this additional adjustment is needed for support of the senior population going forward.

Proposed Adjustment

The Adjustment the SHCC is requested to adopt is as follows:

410-2-4-.04 Limited Care Facilities – Specialty Care Assisted Living Facilities

(2)(e) Adjustments. The bed need, as determined by the methodology, is subject to adjustments by the SHCC. The specialty care assisted living facility bed need may need to be adjusted by the SHCC if an applicant can prove that the identified needs of a targeted population are not being met by existing specialty care assisted living facilities in the county of the targeted population.

Consistent with this provision, coupled with Section 410-2-5-.04(2)(a), the SHCC has recognized the need for an additional thirty-two (32) specialty care assisted living facility beds in Tuscaloosa County. These beds shall be approved so that they are provided through new construction for a multi-level senior living community which will provide a continuum of senior housing options on a contiguous campus under the same ownership.

The current provisions of the Alabama State Health Plan applicable to Specialty Care Assisted Living Facilities may be found at Attachment 1.

A map of the Tuscaloosa County area showing relevant existing facilities may be found at Attachment 2.

III. SERVICE AREA

The service area for this proposed adjustment is Tuscaloosa County, although consideration is also taken into account that five counties adjacent to Tuscaloosa County currently have no licensed SCALF beds. As referenced elsewhere, a map of Tuscaloosa County showing relevant existing facilities may be found at Attachment 2. A map showing the adjacent five counties and the physical relation to Tuscaloosa County may be found at Attachment 12.

IV. POPULATION PROJECTIONS

According to the Center for Business and Economic Research (“CBER”) at the University of Alabama, Tuscaloosa County has been, and remains, one of the fastest growing counties in Alabama in terms of general population, and the portion of the population aged sixty-five and older is growing at even a more tremendously rapid pace¹.

Year	Total Population	65+ Population	% of Total 65+	Data Source
2000	164,875	18,565	11.3%	2000 Census
2010	194,656	21,050	10.8%	2010 Census
2015	203,612	24,509	12.0%	CBER Estimate
2020	212,769	28,882	13.6%	CBER Projection
2025	221,743	33,432	15.1%	CBER Projection
2030	230,259	36,492	15.8%	CBER Projection
2035	238,579	38,345	16.1%	CBER Projection
2040	246,892	40,030	16.2%	CBER Projection

Such increases in 65+ population are expected to cause the need for SCALF beds in Tuscaloosa County to expand, as this population segment uses these services at a higher rate, and the numerical methodology utilized in the State Health Plan is driven by this population component.

According to the CBER at the University of Alabama², Tuscaloosa County is the seventh largest county among Alabama’s sixty-seven counties, both in terms of general population and sixth largest in terms of the population aged sixty-five and older, as of CBER’s 2019 projections. In terms of growth, however, Tuscaloosa County has been extraordinary. CBER estimates that, between 2000 and 2040, the total population of Tuscaloosa County will grow at a rate of 49.7%. Even more critically, in terms of the market population for SCALF services – the population aged 65 and older -- CBER projects that the increase in Tuscaloosa County’s population will be

¹ Copies of the projections from CBER may be found at Attachment 7.

² According to SHPDA Rule 410-1-6-.06, population estimates and projections from the Center for Business and Economic Research at the University of Alabama and data from the SHPDA Division of Data Management are considered the most reliable data available.

over 90% from 2010 to 2040, clearly showing a need for additional resources for adequate and diverse senior housing.³

Such an increase in 65+ population can be expected to have a positive impact on the need for SCALF services in Tuscaloosa County, as this group of the population uses such services at a higher rate; indeed, the numerical methodology utilized in the State Health Plan is driven by this very population component.

Additional support in the area of population and demographic growth may be found in the Preliminary Market Analysis attached hereto as Attachment 8.

³ See Attachment 7.

V. NEED FOR THE PROPOSED ADJUSTMENT

Introduction

Smith/Packett Med-Com, LLC (“Smith/Packett”), headquartered in southwestern Virginia, is one of the largest senior housing and healthcare companies in the country, specializing in the design, development, financing, marketing, strategic planning and operation of healthcare facilities. On an annual basis, Smith/Packett typically develops or acquires more than \$100 million in various senior housing care service projects, including service-enhanced senior housing and healthcare communities, independent living, assisted living, memory care, nursing homes, and medical office buildings. Currently, Smith/Packett has ownership interests in over 30 facilities throughout the eastern United States.

Tuscaloosa County, located in the heart of West Alabama, is the state’s seventh most populated county, and ranks sixth among Alabama’s 67 counties in median family income.⁴ The county has a dependable, qualified and skilled labor force. Tuscaloosa was named one of the “50 Best Places to Launch a Small Business” by Fortune Small Business. The county is home to the campuses of the University of Alabama, Stillman College, and Shelton State Community College. Tuscaloosa County has become a very desirable economic location, beginning with the decision of Mercedes-Benz to locate its first American production facility in Vance in the 1990s.

Currently, according to the Alabama Department of Public Health (“ADPH”), Tuscaloosa County has six licensed Specialty Care Assisted Living Facilities⁵ (“SCALF”), with a total of 130 licensed beds, as shown in the following table:

⁴ Data is from the 2010 U.S. Census, and the 2006-2010 American Community Survey 5-Year Estimates.

⁵ Specialty Care Assisted Living Facilities are defined by Section 410-2-4-.04(1) of the State Health Plan as “intermediate care facilities which provide their residents with increased care and/or supervision, which is designed to address the residents’ special needs due to the onset of dementia, Alzheimer’s disease or similar cognitive impairment and which is in addition to assistance with normal daily activities including, but not limited to, restriction of egress for residents where appropriate and necessary to protect the resident and which require a license from the Department of Public Health as a [SCALF] . . .” SCALFs are at times also referred to as “memory care” facilities.

Facility	Licensed SCALF Beds
Brookdale Northport SCALF	16
Martinview Assisted Living-East	16
Morning Pointe of Tuscaloosa SCALF	24
Regency Remembrance Village	26
The Tides at Crimson Village	32
Traditions Way	16
TOTAL LICENSED BEDS	130

These listings, printed from the ADPH website,⁶ may be found at Attachment 3. In addition, Tuscaloosa Senior Services, LLC d/b/a Regency Remembrance Village (“Regency”) has been awarded a Certificate of Need (“CON”) to convert thirty (30) ALF beds to SCALF beds⁷, pursuant to an adjustment approved in January 2017. At present, these beds have not yet been licensed or placed in operation. In addition, another adjustment, calling for the conversion of thirty-six (36) ALF beds to SCALF beds was approved in February 2018, pursuant to an application filed by Tuscaloosa Medical Investors, LLC d/b/a Morning Pointe of Tuscaloosa (“Morning Pointe”). Although a letter of intent to file a CON Application for these beds has been filed by Morning Pointe, no CON has yet been awarded.

The most recent Statistical Update⁸ issued by the State Health Planning and Development Agency (“SHPDA”) on October 27, 2015, shows a total bed need at that time for 111 SCALF beds in Tuscaloosa County, pursuant to the numerical methodology. The Statistical Update also shows the current inventory of 130 licensed beds; at that time, there were no additional beds that had been authorized but not licensed (the Regency adjustment and CON were subsequent to that date), resulting in a net need calculation of a negative 19 beds. However, that statistical update was prepared more than two years ago, and the large increase in 65 and over population in Tuscaloosa County as shown by CBER data included in this application for adjustment, certainly

⁶ www.adph.org

⁷ Regency was awarded CON 2796-SCALF on October 2, 2017.

⁸ A “statistical update” is an update of a specific section of the SHP to reflect more current population, utilization, or other statistical data. Such an update is made by the SHPDA staff on an as-needed basis. See Ala. Admin. Code §410-2-5-.04.

illustrates that there is a growing need for SCALF services in the county. In addition, five counties adjacent to Tuscaloosa County currently have no licensed SCALF beds according to ADPH; that same Statistical Update shows a total need in those five counties of 63 beds (Bibb -- 15; Fayette -- 14; Greene -- 7; Hale -- 12; Pickens -- 15).⁹ Therefore, in this West Alabama Region, there is actually a need shown for additional SCALF beds, even prior to the intervening population growth and increase in incidence of Alzheimer’s and other dementias.

Overlaid against this environment are the facts that is that research continues to show a growing incidence of Alzheimer’s Disease and other dementia among our senior citizens. In fact, according to the Alzheimer’s Association, it is estimated there will be a 22.2% increase in the number of persons aged 65 and older with Alzheimer’s in Alabama by the year 2025. Information from the Alzheimer’s Association is included as Attachment 9.

According to the Center for Business and Economic Research (“CBER”) at the University of Alabama, Tuscaloosa County has been, and remains, one of the fastest growing counties in Alabama in terms of general population, and the portion of the population aged sixty-five and older is growing at even a more tremendously rapid pace¹⁰.

Year	Total Population	65+ Population	% of Total 65+	Data Source
2000	164,875	18,565	11.3%	2000 Census
2010	194,656	21,050	10.8%	2010 Census
2015	203,612	24,509	12.0%	CBER Estimate
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2030	230,259	36,492	15.8%	CBER Projection
2035	238,579	38,345	16.1%	CBER Projection
2040	246,892	40,030	16.2%	CBER Projection

⁹ The next two most recent Statistical Updates (August 12, 2014 and September 18, 2012) are attached as Attachments 5 and 6, respectively.

¹⁰ Copies of the projections from CBER may be found at Attachment 7.

Such increases in 65+ population are expected to cause the need for SCALF beds in Tuscaloosa County to expand, as this population segment uses these services at a higher rate, and the numerical methodology utilized in the State Health Plan is driven by this population component.

This Adjustment Application requests thirty-two (32) SCALF beds. If the Adjustment Application is approved, Smith/Packett intends to apply for a CON to construct and operate these beds, to be placed at a campus to be developed in Tuscaloosa County. The campus to be developed by Smith/Packett would offer a full complement of senior housing options, up to and including memory care. The current plans call for 92 independent living units, 74 assisted living units, and the 32 SCALF beds.

Currently, there is a need for additional SCALF beds in Tuscaloosa County, although that need is not shown by the State Health Plan. As shown by the Preliminary Market Analysis prepared by Senior Market Research Associates and attached hereto as Attachment 8, there exists an unmet demand for SCALF beds in excess of the 32 sought in this adjustment application. The independent consultant found that the area would be under-bedded by 196 beds in 2019, growing to 279 in 2022. Regardless, only 32 SCALF beds are sought through this adjustment request. The market study may be found as Attachment 8. As discussed further in this application, addition of these beds to the available inventory in the subject area will enhance the quality of life for memory care residents and their families in the Tuscaloosa County area, as well as the five adjacent counties which currently have no licensed SCALF beds.

Why Is This Adjustment Needed?

There are multiple reasons that additional SCALF beds are needed within Tuscaloosa County:

- (1) Demand for SCALF services is growing even faster than the population;
- (2) The population and economic growth trends in Tuscaloosa are very strong, leading to a rapidly increasing demand;
- (3) There are five adjacent counties without licensed SCALF beds, resulting in Tuscaloosa County being seen as a regional market; and
- (4) There is a need to augment the availability of options for choice in living arrangements for seniors, as determined by the senior population, their families, and their caregivers.
- (5) Adding these SCALF beds to inventory would allow for development of a new, state of the art senior living community that would enhance availability of the “aging-in-place” concept in Tuscaloosa County, with the provision of independent living, assisted living and memory care all on the same campus.

Demand for SCALF services is growing faster than the population.

In the area of SCALF services, the primary age group to be served is the segment of the population aged 65 and above. Within this segment, the principal age served is over 80, and the majority of persons needing service are female.

As shown in the areas of this Adjustment Application dealing with population projections, the 65+ population of Tuscaloosa County is projected to grow by over 90% during the period from 2010 to 2040, a rate that would far surpass the figure for the State of Alabama as a whole (a 74% increase from 2010 to 2040). These projections were prepared by the Center for Business and Economic Research at the University of Alabama, which under SHPDA Rules is the preferred provider of population and demographic data. It is projected that this growth rate will continue through at least 2040.¹¹

¹¹ See Attachment 7.

Additionally, as reported by the Alzheimer's Association, more than 5 million Americans are currently living with Alzheimer's, a number that is projected to increase as high as 16 million by 2050. According to U.S. Census data, the size of the 65+ population will grow to approximately 70 million by 2030. Since age is known to be a leading risk factor for Alzheimer's disease, it is clear that the United States is faced with an exponential increase in the prevalence of Alzheimer's disease.¹²

As shown in the Preliminary Market Analysis prepared for Smith/Packett by Senior Market Research Associates of Cleveland, Tennessee, demand in the proposed geographic area will actually far exceed the adjustment sought here. The Market Study shows demand of 196 additional beds by 2019, and 279 by 2022, far exceeding the 32 sought through this adjustment request.¹³

The annual reports filed with SHPDA by SCALF providers show a significant increase in demand from 2014 to 2017. In 2014, the six licensed SCALF providers were occupied for a total of 26,424 patient days; this figure rose to 36,437 in 2017, an increase of some 38%.

Facility	Patient Days 2014	Patient Days 2015	Patient Days 2016	Patient Days 2017
Brookdale Northport SCALF	1,467	4,015	3,627	3,632
Martinview Assisted Living-East	3,422	4,396	3,999	5,231
Morning Pointe of Tuscaloosa SCALF	7,452	5,680	8,152	7,533
Regency Remembrance Village	8,315	7,665	7,402	7,429
The Tides at Crimson Village			11,712	6,927
Traditions Way	5,768	5,761	5,803	5,685
TOTAL	26,424	27,517	40,695	36,437

¹² See Attachment 9.

¹³ See Attachment 8.

Clearly, demand has been increasing for SCALF beds. This should be exacerbated going forward due to factors such as population growth, population aging, and the increase in incidence of Alzheimer's and other forms of dementia.

Strong Trends in Population Growth and Economic Expansion Support the Adjustment

Tuscaloosa County has been the site of very strong and consistent population growth, growing at a rate consistently exceeding that of the state as a whole, both in terms of total population and the cohort of those 65 and older. As shown below, this trend is projected to continue well into the future.

	% Increase in Alabama Total Population in 5 Year Period	% Increase in Tusc.Co. Total Population in 5 Year Period	% Increase in Alabama 65+ Population in 5 Year Period	% Increase in Tusc.Co. 65+ Population in 5 Year Period
2010-2015	1.6	4.6	16.1	16.4
2015-2020	1.8	4.5	11.5	17.8
2020-2025	1.8	4.2	14.0	15.8
2025-2030	1.8	3.8	10.0	9.2
2030-2035	1.9	3.6	4.3	5.1
2035-2040	1.9	3.5	2.7	4.4

Source: Center for Business and Economic Research, The University of Alabama

Tuscaloosa County's economy took a major step forward in the 1990s when the first American manufacturing plant for Mercedes-Benz was successfully recruited to Vance, Alabama. The progressive business climate, international investment and innovative public-private partnerships, the area has been recognized as a truly dynamic economy. The region has been named one of the best places in the entire nation to start and grow a business by numerous economic development and business sources, including Forbes and Kiplinger's Personal Finance magazines.

Since 2005, Tuscaloosa has experienced over \$3 billion in new construction to meet the increasing demands of the growing economy. Today, the county's economy is diverse and expanding, especially in the industrial corridor along Interstate 20/59, where automotive parts,

electronics, plastics, wood products, food products, and chemicals are manufactured and produced. This growing and dynamic economy attracts even greater population growth, leading to increased demand for the services sought through this adjustment application.

There are Five Adjacent Counties Without Licensed SCALF Beds

There are five counties adjacent to Tuscaloosa County which currently have no licensed SCALF beds according to the Alabama Department of Public Health. Those counties are Bibb, Fayette, Greene, Hale and Pickens. A map showing the location of those counties in relation to Tuscaloosa County can be found at Attachment 12. The most recent Statistical Update issued to the State Health Plan shows a total need in those five counties of 63 beds, as shown below:

County	SCALF Beds Needed
Bibb County	15
Fayette County	14
Greene County	7
Hale County	12
Pickens County	15
TOTAL	63

The result of so many of the counties around Tuscaloosa County having no SCALF beds is that Tuscaloosa – which is also centrally located in relation to those counties – has become a regional market, a factor that is not considered in the numerical methodology prescribed by the State Health Plan. This status as a regional market is created by a number of factors, including the size and central location of Tuscaloosa County in relation to the other counties, the presence of major economic growth areas in Tuscaloosa County, and the presence of a major medical center, in contrast to the smaller, community hospitals located in the other counties. This regional market status can be expected to continue for a number of years.

Options for Choice in Living Arrangements for Senior Citizens

As shown the need for additional SCALF beds in Tuscaloosa County is large – according to the preliminary market analysis prepared by an independent consultant, by the time a facility utilizing beds authorized by the adjustment sought herein could be constructed, additional need

for memory care beds in the county would be in the triple digits. By not having adequate, state-of-the-art resources for senior citizens, their families and caregivers to choose between for housing options, Alzheimer's disease and other dementias take an even more devastating toll on families and caregivers. As shown by the Alzheimer's Association, in 2016, 15.9 million family and other unpaid caregivers of persons with Alzheimer's provided an estimated 18.2 billion hours of unpaid care. Nearly 60% of Alzheimer's and dementia caregivers rate the emotional stress of their responsibilities as high or very high. Almost 40% of such caregivers suffer from depression. Due to the physical and emotions toll of caregiving, Alzheimer's and dementia caregivers incurred \$10.8 billion in additional healthcare costs of their own in 2016. Additional beds are a necessary step toward ensuring that senior citizens have choice, including the preferred method of "aging-in-place."

Seniors and their families expect and deserve to be provided with adequate residential options to have a choice, based on factors including quality, cost, access and bed availability. Not all facilities are the same, or are even comparable, and this is reflected in the current Tuscaloosa County marketplace. Unlike many other services in the healthcare arena, the selection of SCALF services are a personal choice by the senior and his or her family. The self-pay nature of the service makes this a critical personal decision without repercussions on the taxpayers of the state. The existence of a continuum of care included in the concept proposed by Smith/Packett provides an even greater enhancement to this element of choice.

Enhancement of the "Aging in Place" Concept

Adding the SCALF beds sought through this adjustment to inventory would allow for development of a new, state of the art senior living community that would enhance availability of the "aging-in-place" concept in Tuscaloosa County, with the provision of independent living, assisted living and memory care all on the same campus.

Aging-in-place is a term used to describe a person living in the residence of their choice for as long as they are able. With the provision of multiple levels of senior living in one community, that allows a senior citizen to remain a part of the same community, with limited disruption as

they age and develop new health care needs. Currently, the majority of seniors are living either with a spouse or alone in their own residence. Many of these people struggle with everyday tasks, and consequently suffer a reduction of quality of life. Provision of the range of senior housing options, in one community, that is envisioned in the Smith/Packett proposal, offers multiple options for these senior citizens.

As recently as the year 2000, there were approximately 35 million Americans over the age of 65. According to more recent estimates from the U.S. Census Bureau, by 2030 there will be more than 71 million Americans in that age group, some 20% of the projected national population. Making provisions for these persons to make conscious decisions to stay in the inhabitation of their choice for as long as they can is a step Alabama and its health planning process should fully support.

FACTS AND FIGURES ABOUT ALZHEIMER'S DISEASE¹⁴

(From the Alzheimer's Association—www.alz.org; for further information, see Attachment 9)

- Alzheimer's disease is the sixth leading cause of death in the United States. Between 2000 and 2015, deaths from Alzheimer's disease increased 123%.
- 1 in 3 seniors dies with Alzheimer's or another dementia.
- Every 65 seconds someone in the United States develops Alzheimer's.
- An estimated 5.7 million Americans of all ages are living with Alzheimer's disease. An estimated 5.5 million are 65 or older, while approximately 200,000 have younger-onset Alzheimer's.
- The number of Americans with Alzheimer's disease and other dementias will grow each year as the size and proportion of the population 65 and older continues to increase. By 2025, the number of persons 65 and older with Alzheimer's disease is estimated to reach 7.1 million – a 40% increase from 2015. By 2050, this is projected to reach 14 million.
- In 2016, an estimated 700,000 Americans 65 and older died with Alzheimer's disease.
- Alzheimer's disease takes a devastating toll on caregivers. Over 16 million Americans provide unpaid care for people with Alzheimer's or other dementia, providing over 18 billion hours of care valued at over \$232 billion.
- Nearly 60% of Alzheimer's and dementia caregivers rate the emotional stress as high or very high; about 40% suffer from depression. Due to the physical and emotional toll of caregiving, Alzheimer's and dementia caregivers had \$10.8 billion in additional healthcare costs of their own in 2016.
- Nearly one in every five Medicare dollars is spent on people with Alzheimer's or other dementias. By 2050, this will reach one in every three Medicare dollars.
- In 2018, Alzheimer's and other dementias will cost the nation some \$277 billion, including \$186 billion in Medicare and Medicaid payments.. By 2050, this figure could reach as high as \$1.1 trillion.

¹⁴

Additional information from the Alzheimer's Association may be found at Attachment 9.

Alabama Alzheimer's Statistics

- It is estimated that 2,282 Alabamians died from Alzheimer's disease in 2015. There has been a 155% increase in Alabama Alzheimer's deaths since 2000.
- In 2015, Alzheimer's was the 6th leading cause of death in Alabama. Alabama had the 8th highest Alzheimer's death rate in the United States.
- In 2018, it is estimated there are approximately 92,000 Alabamians 65 and older with Alzheimer's. It is projected that these figures will increase to 110,000 in 2025, a 20% increase.
- In 2017, it is estimated that 304,000 Alzheimer's and dementia caregivers to Alabama residents provided 346 million hours of unpaid care, with a total value of over \$4.36 billion. This resulted in an estimated increase in the cost of health care for these caregivers of \$193 million.
- In Alabama, there are almost 6,000 persons in hospice care with a primary diagnosis of dementia.
- In Alabama, the Medicaid costs of caring for people with Alzheimer's is an approximate \$839 million. It is estimated there will be an increase of almost 32% by 2025.

VI. CURRENT AND PROJECTED UTILIZATION

Use of Existing Services

SHPDA Annual Reports for all SCALFs in Tuscaloosa County were obtained and reviewed for the years 2013 through 2017. Utilization data found in those Annual Reports is summarized and presented in Attachment 10.

Based on these annual reporting cycles, the overall occupancy rate for the SCALF beds in Tuscaloosa County that SCALF providers reported as being available for use in the proposed geographic area was high. In fact, in 2013, 2014 and 2016, there was an occupancy percentage in excess of 85% of licensed beds. This shows an efficient use of existing resources, and plainly illustrates that the identified needs of the population needing to utilize SCALF services are not being adequately served by the existing SCALF methodology. Additionally, the two recent adjustment requests (and one successful CON Application) filed by existing providers seeking to convert ALF beds to SCALF status shows a need for additional SCALF beds and services that is recognized by the existing providers.

The high occupancy of existing SCALFs; the current and rapidly increasing 65+ population in Tuscaloosa County; the increasing incidence of Alzheimer's Disease and other dementias; and the reputation and abilities of Smith/Packett as a memory care provider are all positive factors that point toward Tuscaloosa County being an appropriate place for an adjustment to expand the available SCALF beds. Location of additional SCALF beds in Tuscaloosa County would enhance local access to SCALF services for residents and their families, alleviating distance concerns.

Quality of Care

In any type of health care setting, there should be a clear and paramount focus on what is best for the patient. Obtaining the right level of care at the appropriate time in treatment of a patient is critical, and has a direct impact on outcomes.

It has been determined under the State Health Plan that the presence of an adequate number of SCALF beds is critical to the provision of a full continuum of care for our seniors. Without the presence of such adequate resources and facilities, seniors may have to utilize a different, less efficient resource, or to reside at a SCALF in a different county, resulting in their removal from easy access by family, friends, and caregivers. Either of these results in a lower quality of care than can be provided by an aging-in-place alternative.

SCALFs, when coupled with Assisted Living Facility beds and Independent Living beds, can all provide cost-effective levels of senior living that help with a continuum of care in the aging process. Only by having adequate resources in all levels of care can the true aim be realized.

VIII. STAFFING

The estimated staffing for an additional thirty-two (32) SCALF beds within Tuscaloosa County would necessarily have to meet both regulatory standards prescribed by the Alabama Department of Public Health and the operational standards of the ultimate licensee(s) for the beds, following award of one or more Certificates of Need.

A specialty care assisted living facility is required to have an administrator, a medical director, at least one Registered Nurse, and a unit coordinator. In addition, SCALF facilities are required to have staff coverage meeting or exceeding the staffing ratios specified in regulation on a 24 hour per day, seven day a week basis.

The addition of these beds to the Tuscaloosa County regional marketplace would result in the addition of jobs to the local and regional labor markets. Recent estimates provided to SHPDA reflect estimated growth of 40 or more new jobs for each 16 bed SCALF component. Information regarding these new jobs will also be a required component of the CON applications filed to meet the need created by the proposed adjustment.

VIII. IMPACT ON OTHER FACILITIES

Smith/Packett does not anticipate this proposed adjustment having an impact on existing SCALFs in the subject area due to:

- (a) Over the last five annual SHPDA data reporting cycles (2013-2017), the utilization of SCALF services in Tuscaloosa County has averaged well in excess of 82%¹⁵;
- (b) The current and projected positive population factors for Tuscaloosa County;
- (c) The increasing incidence of dementia of all forms, including Alzheimer's Disease, as discussed earlier;
- (d) The presence of five adjacent counties, showing a projected need for 63 SCALF beds, and no currently licensed SCALF beds;
- (e) Enhanced local access to SCALF services in Tuscaloosa County can be expected to increase the overall use rate for SCALF services, as is typical; and
- (f) The unmet demand in the subject area, as plainly illustrated by the Market Analysis included herein as Attachment 8, shows a clear anticipation that the majority of residents of a facility created pursuant to a CON granted pursuant to this adjustment, if granted, would be new users of SCALF services, and therefore would create no detrimental impact on existing providers. The Market Analysis referenced was conducted for Smith/Packett by Senior Market Research Associates of Cleveland, Tennessee.

IX. COMMUNITY SUPPORT

Letters of Support for the proposed adjustment are presented as Attachment 11, or will subsequently be provided to SHPDA in a timely fashion as allowed by rule.

¹⁵ See Attachment 10.

X. OTHER INFORMATION

Healthcare in Tuscaloosa County

Tuscaloosa County is served by a locally-owned hospital system with multiple specialty care units. The DCH Health System has been under local ownership for more than ninety (90) years, and has evolved to offer advanced caring to the West Alabama region.

DCH Regional Medical Center is the cornerstone of the system. The medical center is licensed for 583 acute care beds, and operates specialty units in pediatrics, orthopedics, cancer and cardiology, as well as the region's most advanced trauma center and intensive care units.

Northport Medical Center has been a part of the system since 1992. The facility, with 204 licensed beds, houses several specialty services, in addition to a full range of inpatient and outpatient services. Among the specialty units are the DCH Rehabilitation Pavilion, which helps patients with spinal cord injuries, head injuries, strokes or other neurological or orthopedic disorders return to independence. North Harbor Pavilion offers safe and therapeutic programs for adults and geriatric citizens who require inpatient psychiatric treatment and care.

Outside of Tuscaloosa County, the DCH Health System operates Fayette Medical Center, which is licensed for 61 hospital beds and 122 nursing home beds. This facility has been under a lease agreement with the system since 1984.

Throughout its communities across the eastern United States, Smith/Packett works closely and cooperatively with local medical professionals to ensure that the needs of patients of those particular practices are taken into account in the delivery of program resources to area residents. Smith/Packett looks forward to continuing this pattern with the DCH Health System and other area medical professionals.

The proposed adjustment for additional SCALF beds does not directly depend upon the need for additional physicians or physician specialties in the geographic area. The selection of a physician

is a matter for determination by a resident, through consultation with the resident's family and other caregivers.

Industry

Tuscaloosa County, located in the heart of West Alabama, is the state's seventh most populated county, and ranks sixth among Alabama's 67 counties in median family income.¹⁶ The county has a dependable, qualified and skilled labor force. Tuscaloosa was named one of the "50 Best Places to Launch a Small Business" by Fortune Small Business. The county is home to the campuses of the University of Alabama, Stillman College, and Shelton State Community College. Tuscaloosa County has become a very desirable economic location, beginning with the decision of Mercedes-Benz to locate its first American production facility in Vance in the 1990s.

Leading Employers in Tuscaloosa County

(Source: Tuscaloosa County Industrial Development Authority)

Employer	Industry Group	Employees
The University of Alabama	Higher Education	10,229
DCH Regional Medical Center	Healthcare	4,496
Mercedes-Benz US International	Auto Manufacturing	3,600
County Board of Education	Public Education	2,300
City Board of Education	Public Education	1,426
Michelin/BF Goodrich Tires	Manufacturing	1,379
City of Tuscaloosa	City Services	1,309
VA Hospital	Healthcare	1,079
Northport Medical Center	Healthcare	1,079
Phifer Incorporated	Manufacturing	1,011

¹⁶ Data is from the 2010 U.S. Census, and the 2006-2010 American Community Survey 5-Year Estimates.

Additional Information on Smith/Packett Med-Com, LLC

Smith/Packett, headquartered in southwestern Virginia, is one of the largest senior housing and healthcare companies in the country, specializing in the design, development, financing, marketing, strategic planning and operation of healthcare facilities. On an annual basis, Smith/Packett typically develops or acquires more than \$100 million in various senior housing projects. These include service-enhanced senior housing and healthcare communities, independent living, assisted living, memory care, nursing homes, and medical office buildings. As one of the most active senior housing care developers in the country, Smith/Packett is also on the cutting edge of market, construction, licensing and financing issues, making it one of the most successful developers and operators. Currently, Smith/Packett has ownership interests in over 30 facilities, and is an active investor in numerous other senior care projects. Smith/Packett also has a pending application for a Certificate of Need for a facility in Montgomery County, and another adjustment application pending seeking SCALF beds in Shelby County. Should this adjustment be approved, Smith/Packett will promptly proceed to file an appropriate application for a Certificate of Need authorizing construction and operation of the SCALF beds sought through this adjustment request.

Harmony Senior Services, LLC (“Harmony”), is an affiliate of Smith/Packett, also headquartered in southwestern Virginia. Both organizations are family owned and operated, which drives the values and goals of the communities they develop together. Harmony is a fully-integrated management services company with extensive hands-on experience in the management of senior housing, bringing unique operational insight, perspective and understanding to the challenges facing senior housing communities in today’s environment. Should this adjustment, and the subsequent Smith/Packett CON Application, be successful, Harmony would serve as the manager of the senior housing community to be constructed in Tuscaloosa County.

Attachment 1:
State Health Plan Provisions
Relating to SCALF Services

Alabama Administrative Code

410. STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Chapter 410-2-4. FACILITIES

Current through Register Vol. 36, No. 4, January 31, 2018

410-2-4-.04. Limited Care Facilities - Specialty Care Assisted Living Facilities

(1)

Definition. Specialty Care Assisted Living Facilities are intermediate care facilities which provide their residents with increased care and/or supervision which is designed to address the residents' special needs due to the onset of dementia, Alzheimer's disease or similar cognitive impairment and which is in addition to assistance with normal daily activities including, but not limited to, restriction of egress for residents where appropriate and necessary to protect the resident and which require a license from the Department of Public as a Specialty Care Assisted Living Facilities pursuant to Ala. Admin. Code §420-5-20, *et seq.*

(2)

Specialty Care Assisted Living Facility Bed Need Methodology

(a)

Purpose. The purpose of this specialty care assisted living facility bed need methodology is to identify, by county, the number of beds needed to assure the continued availability, accessibility, and affordability of quality care for residents of Alabama.

(b)

General. Formulation of this bed need methodology was accomplished by a committee of the Statewide Health Coordinating Council (SHCC). The committee which provided its recommendations to the SHCC, was composed of providers and consumers of health care. Only the SHCC, with the Governor's final approval, can make changes to this methodology except that the SHPDA staff shall annually update bed need projections and inventories to reflect more current population and utilization statistics. Such updated information is available for a fee upon request. Adjustments are addressed in paragraph (E).

(c)

Basic Methodology. Considering the availability of more community and home based services for the elderly in Alabama, there should be a minimum of 4 beds per 1,000 population 65 and older for each county.

The bed need formula is as follows:

$(4 \text{ beds per thousand}) \times (\text{population } 65 \text{ and older}) = \text{Projected Bed Need}$

(d)

Planning Policies

1.

Projects to develop specialty care assisted living facilities or units in areas where there exist medically underserved, low income, or minority populations should be given priority over projects not being developed in these critical areas when the project to develop specialty care assisted living facilities in areas where there exists medically underserved, low income or minority populations is not more costly to develop than other like projects.

2.

Bed need projections will be based on a three-year planning horizon.

3.

Planning will be on a countywide basis.

4.

Subject to SHCC adjustments, no beds will be added in any county where that county's projected ratio exceeds 4 beds per 1,000 population 65 and older.

5.

When any specialty care assisted living facility relinquishes its license to operate, either voluntarily or involuntarily other than by a Certificate of Need approved transfer, or by obtaining title by a foreclosure as specified in the opinion rendered by the Alabama Attorney General, November 17, 1980, the need for the facility and its resources will automatically be eliminated from the facilities portion of the State Health Plan. The new bed need requirement in the county where the facility was located will be that number which will bring the county ratio up to

4 beds per 1,000 population 65 and older.

6.

Additional need may be shown in situations involving a sustained high occupancy rate either for a county or for a single facility. An applicant may apply for additional beds, and thus the establishment of need above and beyond the standard methodology, utilizing one of the following two policies. Once additional beds have been applied for under one of the policies, that applicant shall not qualify to apply for additional beds under either of these policies unless and until the established time limits listed below have passed. All CON authorized SCALF beds shall be included in consideration of occupancy rate and bed need.

(i)

If the occupancy rate for a county is greater than 92% utilizing the census data in the most recent full year "Annual Report(s) for Specialty Care Assisted Living Facilities (Form DM-1)" published by or filed with SHPDA, an additional need of the greater of either ten percent (10%) of the current total CON Authorized bed capacity of that county or sixteen (16) total beds may be approved for either the creation of a new facility or for the expansion of existing facilities within that county. However, due to the priority of providing the most cost effective health care services available, a new facility created under this policy shall only be allowed through the conversion of existing beds at an Assisted Living Facility currently in possession of a regular, non-probationary license from the Alabama Department of Public Health. Once additional need has been shown under this policy, no new need shall be shown in that county based upon this rule for twenty-four (24) months following issuance of the initial CON, to allow for the impact of those beds in that county to be analyzed. Should the initial applicant for beds in a county not apply for the total number of beds allowed to be created under this rule, the remaining beds would then be available to be applied for by other providers in the county, so long as said providers meet the conditions listed in this rule.

(ii)

If the occupancy rate for a single facility is greater than 92% utilizing the census data in the last two (2) most recent full year "Annual Report(s) for Specialty Care Assisted Living Facilities (Form DM-1)" published by or filed with SHPDA, irrespective of the total occupancy rate of the county over that time period, up to sixteen (16) additional beds may be approved for the expansion of that facility only. Once additional beds have been approved under this policy, no new beds shall be approved for that facility for twenty-four (24) months following issuance of the CON, to

allow for the impact of those beds at that facility to be analyzed.

7.

No application for the establishment of a new, freestanding SCALF shall be approved for fewer than sixteen (16) beds, to allow for the financial feasibility and viability of a project. Because of this, need may be adjusted by the Agency for any county currently showing a need of more than zero (0) but fewer than sixteen (16) total beds to a total need of sixteen (16) new beds, but only in the consideration of an application for the construction of a new facility in that county. Need shall not be adjusted in consideration of an application involving the expansion of a currently authorized and licensed SCALF or for the conversion of beds at an existing Assisted Living Facility.

8.

Any CON Application filed by a licensed SCALF shall not be deemed complete until, and unless:

(i)

The applicant has submitted all survey information requested by SHPDA prior to the application date; and

(ii)

The SHPDA Executive Director determines that the survey information is complete.

9.

No licensed SCALF filing an intervention notice or statement in opposition in any CON proceeding may cite or otherwise seek consideration by SHPDA of such facility's utilization data until, and unless:

(i)

The intervenor or opponent has submitted all survey information requested by SHPDA prior to the application date; and

(ii)

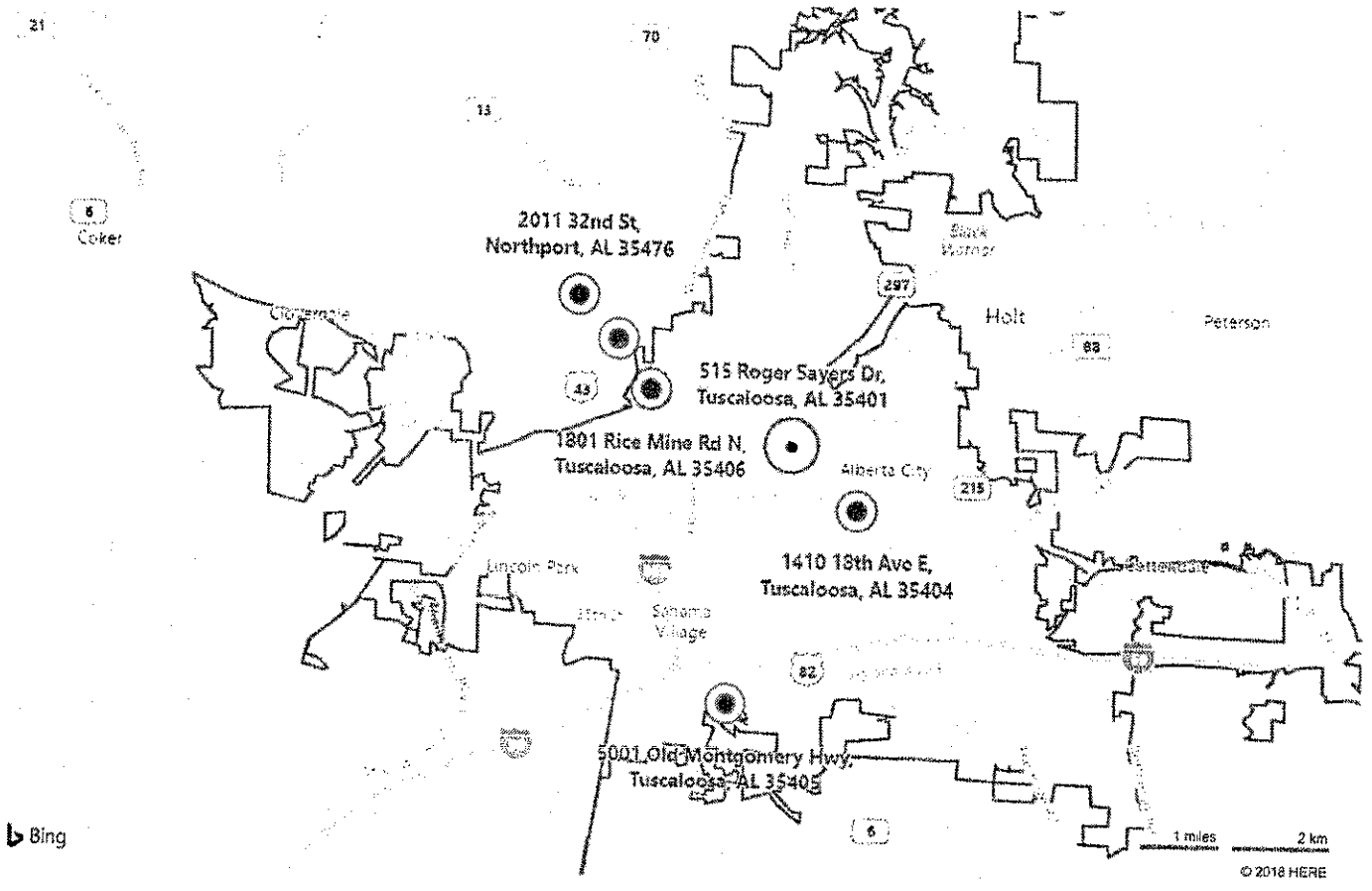
The SHPDA Executive Director determines that the survey information is complete.

(c)

Adjustments. The bed need, as determined by the methodology, is subject to adjustments by the SHCC. The specialty care assisted living facility bed need may need to be adjusted by the SHCC if an applicant can prove that the identified needs of a targeted population are not being met

by existing specialty care assisted living facilities in the county of the targeted population.	73
(f)	30
Notwithstanding the foregoing, any application for certificate of need for specialty care assisted living facility beds for which a proper letter of intent was duly filed with SHPDA prior to the adoption of the bed need methodology shall not be bound by this bed need methodology.	7
	BARBOUR
	4,034
(g)	16
The determination of need for specialty care assisted living facility beds shall not be linked to the number of existing assisted living beds in the county.	16
	0
	0
	16
SPECIALTY CARE ASSISTED LIVING BED NEED PROJECTIONS	BIBB
COUNTY	2,817
Pop 65 & Older 2006	11
4 Per 1,000 Pop 65 & Older	11
Total Beds Needed	16
Licensed Beds	0
CON Issued	-5
Net Beds Needed	BLOUNT
AUTAUGA	7,881
5,622	32
22	32
22	50
80	70
0	-88
-58	BULLOCK
BALDWIN	1,530
27,411	6
110	6
110	0
	0

Attachment 2:
Map of Proposed Geographic
Area for Adjustment



Bing

Attachment 3:
ADPH Health Care Facilities
Directory Listings for SCALF
Facilities in Tuscaloosa County

Assisted Living Facilities (Specialty Care)

Tuscaloosa County

Brookdale Northport SCALF (AL)
951 Rose Drive
Northport, AL 35476 (205) 330-1700
16 bed Group Specialty Care Assisted Living Facility
Licensee Type: Limited Liability Company
Administrator: Barbara Chatman
Fac ID: P6302 License: Regular
Medicare: N/A

Martinview Assisted Living-East
2011 32nd Street
Northport, AL 35476 (205) 333-0085
16 bed Group Specialty Care Assisted Living Facility
Licensee Type: Limited Liability Company
Administrator: Elizabeth Espy
Fac ID: P6301 License: Regular
Medicare: N/A

Morning Pointe of Tuscaloosa Specialty Care Assisted Living Facility
1801 Rice Mine Road
Tuscaloosa, AL 35406 (205) 345-1112
24 bed Congregate Specialty Care Assisted Living Facility
Licensee Type: Limited Liability Company
Administrator: Victoria Burden
Fac ID: P6303 License: Regular
Medicare: N/A

Remembrance Village
5001 Old Montgomery Highway
Tuscaloosa, AL 35404 (205) 752-5500
26 bed Congregate Specialty Care Assisted Living Facility
Licensee Type: Limited Liability Company
Administrator: Erica Peck-Love
Fac ID: P6305 License: Regular
Medicare: N/A

Tuscaloosa County

Tides at Crimson Village, The
1410 18th Ave. East
Tuscaloosa, AL 35404 (205) 632-6699
32 bed Congregate Specialty Care Assisted Living Facility
Licensee Type: Limited Liability Company
Administrator: Rebecca Dennis
Fac ID: P6307 License: Regular
Medicare: N/A

Traditions Way
515 Roger Sayers Drive
Tuscaloosa, AL 35401 (205) 347-0062
16 bed Group Specialty Care Assisted Living Facility
Licensee Type: Corporation
Administrator: Veranda Melton
Fac ID: P6304 License: Regular
Medicare: N/A

Attachment 4:
State Health Plan Statistical
Update for SCALF Facilities
Published October 27, 2015




STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
100 NORTH UNION STREET, SUITE 870
MONTGOMERY, ALABAMA 36104

October 27, 2015

MEMORANDUM

TO: Recipients of the 2014-2017 *Alabama State Health Plan*

FROM: Alva M. Lambert
Executive Director 

SUBJECT: Statistical Update to the 2014-2017 *Alabama State Health Plan*

Enclosed are statistical updates to the 2014-2017 *Alabama State Health Plan*. The following sections should be replaced:

410-2-4-.04, Limited Care Facilities (SCALF), pages 105-106.

AML/blw

Enclosure: As stated

**Specialty Care Assisted Living Facilities
Bed Need
2015**

COUNTY	Pop 65 & Older 2018	Total Beds Needed	Total Licensed Beds	Beds		Notes
				Authorized But Not Licensed	Net Beds Needed	
Autauga	8,985	36	48	0	(12)	
Baldwin	43,779	175	168	0	7	
Barbour	4,793	19	0	0	19	
Bibb	3,709	15	0	0	15	
Blount	11,033	44	50	0	(6)	
Bullock	1,793	7	0	0	7	
Butler	4,122	16	16	0	0	
Calhoun	20,413	82	140	0	(58)	
Chambers	6,622	26	16	0	10	
Cherokee	6,005	24	36	0	(12)	
Chilton	7,332	29	0	0	29	
Choctaw	2,790	11	0	0	11	
Clarke	4,793	19	0	0	19	
Clay	2,773	11	0	0	11	
Cleburne	3,002	12	0	0	12	
Coffee	8,917	36	18	18	2	*
Colbert	10,925	44	45	0	(1)	
Conecuh	2,891	12	0	0	12	
Coosa	2,529	10	0	0	10	
Covington	7,941	32	0	0	32	
Crenshaw	2,800	10	0	0	10	
Cullman	15,514	62	16	0	46	
Dale	8,309	33	0	0	33	
Dallas	7,257	29	16	0	13	
Dekalb	12,264	49	16	0	33	
Elmore	13,689	55	0	0	55	
Escambia	6,738	27	0	0	27	
Etowah	19,512	78	74	0	4	
Fayette	3,506	14	0	0	14	
Franklin	5,302	21	0	0	21	
Geneva	5,644	23	0	0	23	
Greene	1,826	7	0	0	7	
Hale	2,924	12	0	0	12	
Henry	4,114	16	0	0	16	
Houston	19,174	77	32	0	45	
Jackson	10,650	43	16	0	27	
Jefferson	101,406	406	570	86	(250)	(1),(2),(3),(4)
Lamar	3,150	13	0	0	13	
Lauderdale	19,158	77	32	0	45	
Lawrence	6,156	25	0	0	25	
Lee	18,783	75	136	0	(61)	

COUNTY	Pop 65 & Older 2018	Total Beds Needed	Total Licensed Beds	Beds		Notes
				Authorized But Not Licensed	Net Beds Needed	
Limestone	14,704	59	32	0	27	
Lowndes	1,930	8	0	0	8	
Macon	3,633	15	0	0	15	
Madison	54,797	219	192	64	(37)	(5),(6),(7)
Marengo	3,982	16	16	0	0	
Marion	6,546	26	0	26	0	(8)
Marshall	17,059	68	22	0	46	
Mobile	66,667	267	285	0	(18)	
Monroe	4,348	17	0	0	17	
Montgomery	33,625	135	178	0	(43)	
Morgan	21,332	85	78	0	7	
Perry	1,900	8	0	0	8	
Pickens	3,862	15	0	0	15	
Pike	5,215	21	16	0	5	
Randolph	4,809	19	16	0	3	
Russell	7,921	32	0	0	32	
St. Clair	15,724	63	60	0	3	
Shelby	33,968	136	128	36	(28)	(9),(10)
Sumter	2,503	10	0	0	10	
Talladega	14,359	57	16	0	41	
Tallapoosa	8,731	35	46	0	(11)	
Tuscaloosa	27,699	111	130	0	(19)	
Walker	12,512	50	14	0	36	
Washington	3,206	13	0	0	13	
Wilcox	2,107	8	0	0	8	
Winston	5,326	21	16	0	5	
TOTAL	831,288	3,325	2,688	230	408	

27-Oct-15

NOTES (Beds Authorized but not License d)

- * - AL2015-032 - Twenty/Twenty, LLC - 18 Beds (Approved 10/21/2015)
- (1) - AL2013-009, CON 2611-SCALF - St. Martin's in the Pines - 16 Beds
- (2) - AL2013-073, CON 2659-SCALF - Regency Birmingham - 38 Beds
- (3) - AL2014-004, CON 2663-SCALF - Chateau Vestavia - 16 Beds
- (4) - AL2015-021, CON 2716-SCALF - Oaks on Parkwood - 16 Beds
- (5) - AL2014-005, CON 2662-SCALF - Merrill Gardens at Madison - 32 Beds
- (6) - AL2014-024, CON 2682-SCALF - Regency Retirement Village of Huntsville - 16 Beds
- (7) - AL2014-030, CON 2685-SCALF - Redstone Military Retirement Residence Ass'n - 16 Beds
- (8) - AL2012-031, CON 2586-SCALF - St. Clair Services, Inc. - 26 Beds
- (9) - AL2010-192, CON 2691-SCALF - Noland Health Services, Inc. - 24 Beds
- (10) - AL2014-032, CON 2693-SCALF - LakeView Estates - 12 Beds

Attachment 5:
State Health Plan Statistical
Update for SCALF Facilities
Published August 12, 2014
(No longer in effect)




STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
100 NORTH UNION STREET, SUITE 870
MONTGOMERY, ALABAMA 36104

August 12, 2014

MEMORANDUM

TO: Recipients of the 2004-2007 *Alabama State Health Plan*

FROM: Alva M. Lambert
Executive Director 

SUBJECT: Statistical Update to the 2004-2007 *Alabama State Health Plan*

Enclosed are statistical updates to the 2004-2007 *Alabama State Health Plan*. The following sections should be replaced:

410-2-4-.04, Limited Care Facilities (SCALF), pages 105-106.

AML/blw

Enclosure: As stated

**Specialty Care Assisted Living Facilities
Bed Need
2014**

COUNTY	Pop 65 & Older 2017	Total Beds Needed	Total Licensed Beds	Beds		Notes
				Authorized But Not Licensed	Net Beds Needed	
Autauga	8,670	35	48	0	(13)	
Baldwin	41,999	168	157	0	11	
Barbour	4,702	19	0	0	19	
Bibb	3,616	14	0	0	14	
Blount	10,714	43	50	0	(7)	
Bullock	1,744	7	0	0	7	
Butler	4,022	16	16	0	0	
Calhoun	19,948	80	140	0	(60)	
Chambers	6,503	26	16	0	10	
Cherokee	5,845	23	36	0	(13)	
Chilton	7,136	29	0	0	29	
Choctaw	2,761	11	0	0	11	
Clarke	4,710	19	0	0	19	
Clay	2,732	11	0	0	11	
Cleburne	2,925	12	0	0	12	
Coffee	8,704	35	16	0	19	
Colbert	10,746	43	45	0	(2)	
Conecuh	2,822	11	0	0	11	
Coosa	2,448	10	0	0	10	
Covington	7,805	31	0	0	31	
Crenshaw	2,552	10	0	0	10	
Cullman	15,198	61	16	0	45	
Dale	8,119	32	0	0	32	
Dallas	7,096	28	16	0	12	
Dekalb	11,984	48	16	16	16	(2)
Elmore	13,141	53	0	0	53	
Escambia	6,622	26	0	0	26	
Etowah	19,125	77	69	5	3	(6)
Fayette	3,449	14	0	0	14	
Franklin	5,238	21	0	0	21	
Geneva	5,525	22	0	0	22	
Greene	1,759	7	0	0	7	
Hale	2,843	11	0	0	11	
Henry	3,987	16	0	0	16	
Houston	18,566	74	32	0	42	
Jackson	10,430	42	16	0	26	
Jefferson	98,898	396	538	102	(244)	(7), (8), (9)
Lamar	3,105	12	0	0	12	
Lauderdale	18,677	75	32	0	43	
Lawrence	6,032	24	0	0	24	
Lee	17,959	72	136	14	(78)	(3)

COUNTY	Pop 65 & Older 2017	Total Beds Needed	Total Licensed Beds	Beds Authorized But Not Licensed	Net Beds Needed	Notes
Limestone	14,116	56	16	16	24	(10)
Lowndes	1,883	8	0	0	8	
Macon	3,536	14	0	0	14	
Madison	52,852	211	192	48	(29)	(4), (11)
Marengo	3,907	16	16	0	(0)	
Marion	6,451	26	0	26	(0)	(1)
Marshall	16,641	67	22	0	45	
Mobile	64,810	259	285	0	(26)	
Monroe	4,240	17	0	0	17	
Montgomery	32,692	131	178	0	(47)	
Morgan	20,770	83	78	0	5	
Perry	1,879	8	0	0	8	
Pickens	3,775	15	0	0	15	
Pike	5,088	20	0	0	20	
Randolph	4,685	19	16	0	3	
Russell	7,733	31	0	0	31	
St. Clair	15,086	60	54	0	6	
Shelby	32,152	129	104	48	*	(13)*
Sumter	2,420	10	0	0	10	
Talladega	13,990	56	16	16	24	(12)
Tallapoosa	8,537	34	46	0	(12)	
Tuscaloosa	26,692	107	98	16	(7)	(5)
Walker	12,310	49	14	0	35	
Washington	3,128	13	0	0	13	
Wilcox	2,052	8	0	0	8	
Winston	5,225	21	16	0	5	
TOTAL	807,507	3,230	2,546	307	377	

12-Aug-14

NOTES (Beds Authorized but not Licensed)

- (1) AL2012-031, CON 2586-SCALF - St. Clair Services, Inc. - 26 Beds
- (2) CON 2547-SCALF - White House II - Closed 2/7/14 - CON Expires 2/6/15 - 16 Beds
- (3) CON 2534-SCALF - Azalea Place - Closed 3/10/14 - CON Expires 3/9/15 - 14 Beds
- (4) CON 1863-SCALF - Regency Manor - Closed 2/10/14 - CON Expires 2/9/15 - 16 Beds
- (5) CON 1792-SCALF - Pleasant Properties, LLC - 16 Beds
- (6) AL2012-042, CON 2599-SCALF- Oak Landing - 6 of 11 total beds licensed
- (7) AL2013-009, CON 2611-SCALF - St. Martin's in the Pines - 16 Beds
- (8) AL2013-073, CON 2659-SCALF - Regency Birmingham - 70 Beds
- (9) AL2014-004, CON 2663-SCALF - Chateau Vestavia - 16 Beds
- (10) AL2013-012, CON 2615-SCALF - Heritage ALF and Memory Care -16 Beds
- (11) AL2014-005, CON 2662-SCALF - Merrill Gardens at Madison - 32 Beds
- (12) CON 1865-SCALF - Gardens of Talladega II - Closed 2/7/14- CON Expires 2/6/15- 16 Beds
- (13) CON 2055-SCALF - Ashton Gables - 48 Beds

* CON 2442-SCALF-E (24 Beds) and Project AL2011-002-E (12 Beds) are the subjects of litigation. Current status of CON 2442-SCALF-E and Projects AL2010-190, -192, -193, -195, and AL2011-002-E will not be known until the end of litigation. Need cannot be calculated for Shelby County at this time.

Closure dates listed are as reported to SHPDA by the ADPH Division of Provider Services.

Attachment 6:
State Health Plan Statistical
Update for SCALF Facilities
Published September 18, 2012
(No longer in effect)

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
100 NORTH UNION STREET, SUITE 870
MONTGOMERY, ALABAMA 36104

September 18, 2012

MEMORANDUM

TO: Recipients of the 2004-2007 *Alabama State Health Plan*

FROM: Alva M. Lambert *amb*
Executive Director

SUBJECT: Statistical Update to the 2004-2007 *Alabama State Health Plan*

Enclosed are statistical updates to the 2004-2007 *Alabama State Health Plan*. The following sections should be replaced:

410-2-4-.04. Limited Care Facilities (SCALF), pages 105-106.

AML/blw

Enclosure: As stated

**Specialty Care Assisted Living Facilities
Bed Need
2012**

COUNTY	Pop 65 & Older 2015	Total Beds Needed	Total Licensed Beds	CON Authorized	Net Beds Needed	Notes
Autauga	8,118	32	48	0	(16)	
Baldwin	40,780	163	125	32	6	(1)
Barbour	5,255	21	0	0	21	
Bibb	3,931	16	0	0	16	
Blount	10,862	43	34	8	1	(5)
Bullock	1,852	7	0	0	7	
Butler	4,041	16	16	0	0	
Calhoun	19,336	77	123	17	(63)	(3),(4)
Chambers	6,956	28	16	0	12	
Cherokee	6,645	27	36	0	(9)	
Chilton	7,884	32	0	0	32	
Choctaw	3,296	13	0	0	13	
Clarke	5,071	20	0	0	20	
Clay	3,171	13	0	0	13	
Cleburne	2,930	12	0	0	12	
Coffee	8,480	34	16	0	18	
Colbert	10,630	43	45	0	(2)	
Conecuh	2,667	11	0	0	11	
Coosa	2,323	9	0	0	9	
Covington	7,935	32	0	0	32	
Crenshaw	2,628	11	0	0	11	
Cullman	15,717	63	16	0	47	
Dale	8,703	35	0	0	35	
Dallas	7,170	29	32	0	(3)	
Dekalb	12,219	49	32	0	17	
Elmore	11,819	47	0	0	47	
Escambia	6,793	27	0	0	27	
Etowah	18,827	75	52	0	23	
Fayette	3,843	15	0	0	15	
Franklin	5,666	23	0	0	23	
Geneva	5,529	22	0	0	22	
Greene	1,646	7	0	0	7	
Hale	2,847	11	0	0	11	
Henry	3,488	14	0	0	14	
Houston	16,442	66	32	0	34	
Jackson	10,662	43	16	0	27	
Jefferson	96,352	385	568	8	(191)	(7)
Lamar	3,102	12	0	0	12	
Lauderdale	17,405	70	32	0	38	
Lawrence	6,244	25	0	0	25	
Lee	15,386	62	150	0	(88)	

COUNTY	Pop 65 & Older 2015	Total Beds Needed	Total Licensed Beds	CON Issued	Net Beds Needed	Notes
Limestone	11,263	45	32	0	13	
Lowndes	2,354	9	0	0	9	
Macon	3,911	16	0	0	16	
Madison	46,070	184	224	0	(40)	
Marengo	3,802	15	16	0	(1)	
Marion	6,589	26	0	26	0	(6)
Marshall	15,804	63	22	0	41	
Mobile	60,145	241	285	0	(44)	
Monroe	4,239	17	0	0	17	
Montgomery	31,933	128	223	0	(95)	
Morgan	18,882	76	62	16	(2)	(2)
Perry	1,858	7	0	0	7	
Pickens	3,643	15	0	0	15	
Pike	4,897	20	0	0	20	
Randolph	4,581	18	16	0	2	
Russell	7,705	31	0	0	31	
St. Clair	13,432	54	37	0	17	
Shelby	29,135	117	152	0	(35)	
Sumter	2,064	8	0	0	8	
Talladega	14,200	57	32	0	25	
Tallapoosa	8,720	35	46	0	(11)	
Tuscaloosa	23,205	93	98	0	(5)	
Walker	13,545	54	14	0	40	
Washington	3,165	13	0	0	13	
Wilcox	2,003	8	0	0	8	
Winston	5,159	21	16	0	5	
TOTAL	776,955	3,108	2,664	107	337	

NOTES (CONs Issued)

- (1) - 2264-SCALF - LifeQuest of Florence LLC 32 Beds
- (2) - 2285-SCALF - Decatur ALF Group, LLC 16 Beds
- (3) - 2515-SCALF - Ladiga Manor, LLC 8 Beds
- (4) - 2550-SCALF - Piedmont Health Care Authority 9 Beds
- (5) - 2571-SCALF - Jacobs House, Inc. 8 Beds
- (6) - 2586-SCALF - St. Clair Services, Inc. 26 Beds
- (7) - AL2012-036 - Chateau Vestavia Hills, LLC 8 beds

18-Sep-12

Attachment 7:
Population Projections and
Demographic Tables

Alabama County Population Projections 2019-2022

	Total Population				Aged 65 and Over				White				Black and Other			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Alabama	4,923,158	4,941,485	4,958,822	4,976,516	832,669	851,496	873,930	897,028	3,444,659	3,452,634	3,459,296	3,466,156	1,478,499	1,488,851	1,499,526	1,510,360
Autauga	56,427	56,705	57,051	57,401	8,342	8,476	8,746	9,025	44,518	44,725	44,926	45,129	11,909	11,980	12,125	12,272
Baldwin	218,433	222,554	226,379	230,268	45,274	47,034	48,856	50,748	192,338	197,010	200,378	203,803	25,095	25,544	26,001	26,465
Barbour	25,797	25,633	25,482	25,333	4,767	4,820	4,872	4,925	12,942	12,832	12,723	12,616	12,855	12,801	12,759	12,717
Bibb	22,391	22,354	22,317	22,282	3,615	3,673	3,745	3,819	17,451	17,438	17,422	17,407	4,940	4,916	4,895	4,875
Blount	58,239	58,383	58,535	58,689	10,658	10,800	11,016	11,236	56,442	56,559	56,672	56,786	7,938	7,933	7,925	7,917
Bullock	10,653	10,637	10,617	10,598	1,843	1,897	1,943	1,990	2,715	2,704	2,692	2,681	7,938	7,933	7,925	7,917
Butler	19,786	19,690	19,596	19,503	4,009	4,088	4,154	4,222	10,346	10,236	10,128	10,021	9,440	9,454	9,468	9,482
Calhoun	134,458	134,221	134,009	133,800	19,688	19,886	20,228	20,576	86,339	85,896	85,485	85,076	28,119	28,325	28,524	28,724
Chambers	33,956	33,918	33,876	33,833	6,901	7,043	7,184	7,328	19,842	19,778	19,707	19,636	14,114	14,140	14,169	14,197
Cherokee	25,844	25,835	25,824	25,812	5,850	5,956	6,100	6,247	24,432	24,431	24,430	24,428	1,412	1,404	1,394	1,384
Chilton	44,233	44,308	44,404	44,501	7,042	7,159	7,323	7,490	39,141	39,214	39,287	39,360	5,092	5,094	5,117	5,141
Choctaw	12,617	12,475	12,334	12,195	2,873	2,889	2,919	2,948	7,143	7,058	6,979	6,902	5,474	5,417	5,355	5,293
Clarke	23,947	23,759	23,578	23,398	4,873	4,952	5,036	5,122	12,956	12,834	12,719	12,605	10,991	10,925	10,859	10,793
Clay	13,295	13,233	13,172	13,110	2,725	2,756	2,798	2,841	11,218	11,174	11,128	11,081	2,077	2,059	2,044	2,029
Cleburne	15,089	15,104	15,121	15,137	2,999	3,044	3,096	3,149	14,445	14,459	14,473	14,487	644	645	648	650
Coffee	52,070	52,318	52,584	52,852	8,564	8,641	8,782	8,925	41,088	41,311	41,536	41,762	10,982	11,007	11,048	11,090
Colbert	54,302	54,281	54,230	54,178	11,076	11,296	11,503	11,714	44,489	44,456	44,384	44,311	9,813	9,825	9,846	9,867
Conecuh	12,254	12,157	12,052	11,949	2,870	2,929	2,981	3,034	6,058	5,948	5,854	5,762	6,216	6,209	6,198	6,187
Coosa	10,300	10,193	10,096	10,000	2,416	2,513	2,582	2,653	7,115	7,070	7,016	6,962	3,185	3,123	3,080	3,038
Covington	37,910	37,925	37,938	37,952	8,052	8,276	8,347	8,523	32,328	32,324	32,294	32,274	5,582	5,611	5,644	5,678
Crenshaw	14,004	14,017	14,030	14,042	2,620	2,657	2,714	2,772	10,350	10,356	10,360	10,363	3,654	3,661	3,670	3,679
Cullman	82,684	82,904	83,098	83,295	15,776	16,067	16,412	16,764	80,161	80,316	80,440	80,565	2,523	2,588	2,658	2,730
Dale	49,053	48,938	48,832	48,727	8,162	8,255	8,423	8,594	38,173	38,117	38,053	37,990	10,880	10,821	10,779	10,737
Dallas	39,585	39,219	38,916	38,619	6,856	6,968	7,114	7,263	9,897	9,607	9,376	9,150	29,688	29,612	29,540	29,469
DeKalb	71,522	71,629	71,780	71,933	12,516	12,818	13,114	13,417	67,042	67,100	67,203	67,307	4,480	4,529	4,577	4,626
Elmore	83,455	83,991	84,514	85,041	13,231	13,651	14,137	14,641	64,696	65,114	65,473	65,834	18,759	18,877	19,041	19,207
Escambia	37,384	37,284	37,192	37,100	6,710	6,802	6,903	7,006	23,230	23,105	22,987	22,870	14,154	14,179	14,205	14,230
Etowah	102,339	102,137	101,956	101,777	19,387	19,670	20,002	20,340	83,544	83,265	82,997	82,730	18,795	18,872	18,959	19,047
Fayette	16,325	16,214	16,109	16,005	3,543	3,587	3,625	3,663	14,284	14,194	14,098	14,003	2,041	2,020	2,011	2,002
Franklin	31,640	31,633	31,628	31,624	5,244	5,277	5,333	5,390	29,319	29,293	29,254	29,215	2,321	2,340	2,374	2,409
Geneva	26,865	26,894	26,937	26,980	5,613	5,705	5,817	5,932	23,933	23,989	24,035	24,081	2,932	2,905	2,902	2,899
Greene	8,083	7,984	7,906	7,829	1,802	1,860	1,911	1,963	1,403	1,357	1,335	1,313	6,680	6,627	6,571	6,516
Hale	14,622	14,509	14,428	14,347	2,973	3,050	3,132	3,217	12,540	12,599	12,656	12,713	8,647	8,603	8,553	8,503
Henry	17,277	17,296	17,325	17,353	4,054	4,158	4,246	4,337	12,540	12,599	12,656	12,713	4,737	4,697	4,669	4,640
Houston	106,702	107,353	107,983	108,618	18,829	19,276	19,805	20,348	74,945	75,194	75,424	75,655	31,757	32,159	32,559	32,963
Jackson	51,882	51,736	51,600	51,464	10,760	10,962	11,177	11,397	48,528	48,379	48,239	48,099	3,354	3,357	3,361	3,365
Jefferson	661,967	662,458	662,738	663,032	104,552	106,631	109,108	111,643	348,681	347,498	346,114	344,736	313,286	314,960	316,624	318,296
Lamar	13,394	13,265	13,144	13,024	3,101	3,145	3,186	3,229	11,802	11,689	11,580	11,472	1,592	1,576	1,564	1,552
Lauderdale	92,747	92,757	92,787	92,817	18,975	19,412	19,831	20,259	81,173	81,127	81,068	81,008	11,574	11,630	11,719	11,809
Lawrence	32,444	32,260	32,111	31,963	6,064	6,141	6,273	6,408	26,505	26,394	26,283	26,172	5,959	5,866	5,828	5,791

Lee	166,574	169,234	171,473	173,743	20,111	21,095	22,010	22,964	119,730	121,554	122,953	124,369	46,844	47,680	48,520	49,374
Limestone	98,041	99,775	101,371	102,993	15,274	15,911	16,606	17,332	81,726	83,215	84,463	85,730	16,315	16,560	16,908	17,263
Lowndes	9,823	9,667	9,540	9,414	1,911	1,940	1,977	2,014	2,459	2,385	2,340	2,295	7,364	7,282	7,200	7,119
Macon	17,769	17,617	17,514	17,413	3,313	3,352	3,413	3,475	3,005	3,015	3,021	3,027	14,764	14,602	14,493	14,386
Madison	368,306	372,447	376,339	380,279	54,839	56,239	58,465	60,779	254,855	256,847	258,849	260,867	113,451	115,600	117,490	119,412
Marengo	19,337	19,162	19,057	18,954	3,924	3,979	4,047	4,117	9,058	8,929	8,866	8,804	10,279	10,233	10,191	10,150
Marion	29,719	29,604	29,473	29,343	6,508	6,595	6,684	6,775	28,213	28,095	27,958	27,823	1,506	1,509	1,515	1,520
Marshall	95,891	96,219	96,572	96,931	16,293	16,495	16,808	17,126	90,012	90,159	90,318	90,477	5,879	6,060	6,254	6,454
Mobile	417,159	417,652	418,202	418,761	67,464	68,898	70,807	72,769	249,019	248,379	247,757	247,136	168,140	169,273	170,445	171,625
Monroe	20,778	20,552	20,398	20,246	4,234	4,308	4,393	4,480	11,293	11,086	10,855	10,626	9,485	9,466	9,443	9,420
Montgomery	226,690	226,832	226,920	227,030	33,313	33,914	34,749	35,605	82,490	81,370	80,361	79,365	144,200	145,462	146,559	147,665
Morgan	119,806	119,865	119,980	120,098	20,955	21,327	21,804	22,292	100,699	100,571	100,489	100,408	19,107	19,294	19,491	19,690
Perry	9,032	8,875	8,766	8,658	1,770	1,786	1,806	1,827	2,665	2,571	2,523	2,475	6,367	6,304	6,243	6,183
Pickens	20,750	20,743	20,701	20,660	3,998	4,087	4,179	4,273	11,852	11,846	11,809	11,772	8,898	8,897	8,892	8,888
Pike	33,196	33,231	33,304	33,377	5,119	5,188	5,299	5,413	19,573	19,584	19,592	19,599	13,623	13,647	13,712	13,778
Randolph	22,512	22,483	22,460	22,437	4,775	4,847	4,952	5,058	18,000	18,010	18,015	18,019	4,512	4,473	4,445	4,418
Russell	61,471	61,932	62,346	62,764	8,664	8,959	9,181	9,408	33,407	33,605	33,757	33,910	28,064	28,327	28,589	28,854
St. Clair	89,881	90,634	91,435	92,244	14,811	15,078	15,554	16,045	80,239	80,923	81,601	82,285	9,642	9,711	9,834	9,959
Shelby	221,207	224,628	227,584	230,583	33,257	34,714	36,263	37,881	185,183	187,641	189,692	191,765	36,024	36,987	37,892	38,818
Sumter	12,692	12,588	12,498	12,409	2,466	2,537	2,612	2,689	3,019	2,971	2,938	2,906	9,673	9,617	9,560	9,503
Talladega	80,162	79,964	79,802	79,641	14,175	14,373	14,677	14,987	52,770	52,550	52,353	52,157	27,392	27,414	27,449	27,484
Tallahassee	40,350	40,213	40,107	40,001	8,608	8,694	8,860	9,029	28,338	28,162	28,018	27,875	12,012	12,051	12,089	12,126
Tuscaloosa	210,904	212,769	214,530	216,307	27,949	28,882	29,740	30,623	140,675	141,678	142,511	143,348	70,229	71,091	72,019	72,959
Walker	64,696	64,532	64,439	64,348	13,148	13,418	13,611	13,806	59,328	59,118	58,961	58,805	5,368	5,414	5,478	5,543
Washington	16,376	16,268	16,179	16,090	3,166	3,227	3,296	3,367	10,945	10,892	10,837	10,782	5,431	5,376	5,342	5,308
Wilcox	10,565	10,450	10,331	10,213	2,143	2,170	2,213	2,258	2,742	2,693	2,646	2,600	7,823	7,757	7,685	7,613
Winston	23,496	23,388	23,292	23,198	5,276	5,363	5,450	5,538	22,857	22,739	22,630	22,521	639	649	662	676

Note: These projections are driven by population change between Census 2000 and Census 2010, taking into account 2016 population estimates. Data on births and deaths for 2000 to 2010 as well as more recent data from the Alabama Department of Public Health are used to derive birth and death rates for the state and each county.

Source: U.S. Census Bureau and Center for Business and Economic Research, The University of Alabama, December 2017.

Alabama County Population 2000-2015 and Projections 2020-2040 (Middle Series)

County	Census		April 1, 2015 Estimate	2020	2025	2030	2035	2040	2017 series Change 2010-2040	
	2000	2010							Number	Percent
Alabama	4,447,100	4,779,736	4,855,847	4,941,485	5,031,739	5,124,710	5,220,021	5,319,305	539,569	11.3
Autauga	43,671	54,571	55,333	56,705	58,464	60,327	62,388	64,771	10,200	18.7
Baldwin	140,415	182,265	202,710	222,554	242,345	261,777	281,200	300,899	118,634	65.1
Barbour	29,038	27,457	26,571	25,633	24,891	24,288	23,852	23,634	-3,823	-13.9
Bibb	20,826	22,915	22,575	22,354	22,174	22,023	21,932	21,885	-1,030	-4.5
Blount	51,024	57,322	57,669	58,383	59,154	59,995	60,964	62,095	4,773	8.3
Bullock	11,714	10,914	10,729	10,637	10,538	10,414	10,321	10,271	-643	-5.9
Butler	21,399	20,947	20,185	19,690	19,233	18,909	18,691	18,558	-2,389	-11.4
Calhoun	112,249	118,572	115,713	114,221	113,195	112,529	112,025	111,723	-6,849	-5.8
Chambers	36,583	34,215	34,105	33,918	33,709	33,485	33,283	33,147	-1,068	-3.1
Cherokee	23,988	25,989	25,893	25,835	25,778	25,709	25,632	25,573	-416	-1.6
Chilton	39,593	43,643	43,938	44,308	44,793	45,388	46,109	46,953	3,310	7.6
Choctaw	15,922	13,859	13,200	12,475	11,786	11,167	10,609	10,185	-3,674	-26.5
Clarke	27,867	25,833	24,718	23,759	22,867	21,995	21,169	20,414	-5,419	-21.0
Clay	14,254	13,932	13,551	13,233	12,928	12,639	12,374	12,142	-1,790	-12.8
Cleburne	14,123	14,972	15,032	15,104	15,187	15,278	15,374	15,464	492	3.3
Coffee	43,615	49,948	51,116	52,318	53,663	55,104	56,661	58,469	8,521	17.1
Colbert	54,984	54,428	54,386	54,281	54,026	53,707	53,315	52,890	-1,538	-2.8
Conecuh	14,089	13,228	12,670	12,157	11,647	11,195	10,802	10,470	-2,758	-20.8
Coosa	12,202	11,539	10,745	10,193	9,717	9,281	8,883	8,523	-3,016	-26.1
Covington	37,631	37,765	37,848	37,925	37,994	38,044	38,083	38,096	331	0.9
Crenshaw	13,665	13,906	13,959	14,017	14,081	14,150	14,227	14,315	409	2.9
Cullman	77,483	80,406	81,809	82,904	83,897	84,776	85,636	86,350	5,944	7.4
Dale	49,129	50,251	49,549	48,938	48,411	48,022	47,871	47,780	-2,471	-4.9
Dallas	46,365	43,820	41,264	39,219	37,762	36,743	35,914	35,393	-8,427	-19.2
DeKalb	64,452	71,109	71,101	71,629	72,394	73,615	75,364	77,344	6,235	8.8
Elmore	65,874	79,303	81,357	83,991	86,641	89,231	91,708	93,933	14,630	18.4
Escambia	38,440	38,319	37,788	37,284	36,830	36,421	36,110	35,804	-2,515	-6.6
Etowah	103,459	104,430	103,156	102,137	101,245	100,612	100,280	100,127	-4,303	-4.1
Fayette	18,495	17,241	16,780	16,214	15,698	15,207	14,774	14,380	-2,861	-16.6
Franklin	31,223	31,704	31,670	31,633	31,614	31,604	31,614	31,636	-68	-0.2

Alabama County Population 2000-2015 and Projections 2020-2040 (Middle Series)

County	Census		April 1, 2015 Estimate	2017 series							Change 2010-2040	
	2000	2010		2020	2025	2030	2035	2040	Number	Percent		
Geneva	25,764	26,790	26,760	26,894	27,109	27,361	27,662	28,014	1,224	4.6		
Greene	9,974	9,045	8,498	7,984	7,601	7,326	7,102	6,907	-2,138	-23.6		
Hale	17,185	15,760	15,084	14,509	14,107	13,600	13,161	12,805	-2,955	-18.8		
Henry	16,310	17,302	17,210	17,296	17,443	17,597	17,773	17,969	667	3.9		
Houston	88,787	101,547	104,157	107,353	110,561	113,789	117,189	120,823	19,276	19.0		
Jackson	53,926	53,227	52,472	51,736	51,057	50,424	49,836	49,384	-3,843	-7.2		
Jefferson	662,047	658,466	660,367	662,458	663,999	665,244	666,342	667,433	8,967	1.4		
Lamar	15,904	14,564	13,927	13,265	12,672	12,086	11,526	11,000	-3,564	-24.5		
Lauderdale	87,966	92,709	92,713	92,757	92,914	93,309	93,804	94,385	1,676	1.8		
Lawrence	34,803	34,339	33,193	32,260	31,523	30,914	30,458	30,077	-4,262	-12.4		
Lee	115,092	140,247	156,351	169,234	180,742	191,587	201,932	211,019	70,772	50.5		
Limestone	65,676	82,782	91,400	99,775	108,021	116,015	122,976	129,617	46,835	56.6		
Lowndes	13,473	11,299	10,482	9,667	9,048	8,559	8,217	7,947	-3,352	-29.7		
Macon	24,105	21,452	19,176	17,617	17,111	16,773	16,492	16,268	-5,184	-24.2		
Madison	276,700	334,811	352,345	372,447	392,382	412,126	431,697	451,043	116,232	34.7		
Marengo	22,539	21,027	20,055	19,162	18,647	18,213	17,877	17,605	-3,422	-16.3		
Marion	31,214	30,776	30,188	29,604	28,956	28,274	27,671	27,122	-3,654	-11.9		
Marshall	82,231	93,019	94,633	96,219	98,049	100,136	102,494	105,088	12,069	13.0		
Mobile	399,843	412,992	415,278	417,652	420,497	423,579	427,278	431,909	18,917	4.6		
Monroe	24,324	23,068	21,729	20,552	19,800	19,163	18,528	17,958	-5,110	-22.2		
Montgomery	223,510	229,363	226,487	226,832	227,480	228,160	228,882	229,647	284	0.1		
Morgan	111,064	119,490	119,588	119,865	120,464	121,344	122,557	124,028	4,538	3.8		
Perry	11,861	10,591	9,703	8,875	8,343	7,925	7,632	7,479	-3,112	-29.4		
Pickens	20,949	19,746	20,733	20,743	20,535	20,289	19,985	19,668	-78	-0.4		
Pike	29,605	32,899	33,057	33,231	33,598	34,276	35,029	35,907	3,008	9.1		
Randolph	22,380	22,913	22,644	22,483	22,370	22,303	22,281	22,301	-612	-2.7		
Russell	49,756	52,947	59,673	61,932	64,037	66,162	68,385	70,490	17,543	33.1		
St. Clair	64,742	83,593	86,946	90,634	94,713	100,206	106,219	113,123	29,530	35.3		
Shelby	143,293	195,085	208,085	224,628	239,859	253,485	265,330	276,373	81,288	41.7		
Sumter	14,798	13,763	13,138	12,588	12,147	11,727	11,320	10,935	-2,828	-20.5		
Talladega	80,321	82,291	80,961	79,964	79,164	78,524	78,012	77,644	-4,647	-5.6		

Alabama County Population 2000-2015 and Projections 2020-2040 (Middle Series)

County	Census		April 1, 2015 Estimate	2020	2025	2030	2035	2040	2017 series Change 2010-2040	
	2000	2010							Number	Percent
Tallapoosa	41,475	41,616	40,911	40,213	39,690	39,214	38,794	38,442	-3,174	-7.6
Tuscaloosa	164,875	194,656	203,612	212,769	221,743	230,259	238,579	246,892	52,236	26.8
Walker	70,713	67,023	65,362	64,532	64,080	63,759	63,568	63,441	-3,582	-5.3
Washington	18,097	17,581	16,819	16,268	15,827	15,436	15,085	14,783	-2,798	-15.9
Wilcox	13,183	11,670	11,057	10,450	9,868	9,400	8,995	8,668	-3,002	-25.7
Winston	24,843	24,484	23,933	23,388	22,920	22,531	22,188	21,887	-2,597	-10.6

Note: These projections are driven by population change between Census 2000 and Census 2010, taking into account 2015 population estimates. Data on births and deaths for 2000 to 2010 as well as more recent data from the Alabama Department of Public Health are used to derive birth and death rates for the state and each county.

Alabama County Population Aged 65 and Over 2000-2015 and Projections 2020-2040 (Middle S

	Census		April 1, 2015 Estimate	2017 series							Change 2010-2040	
	2000	2010		2020	2025	2030	2035	2040	Number	Percent		
	579,798	657,792		851,496	970,464	1,067,854	1,114,008	1,144,172	486,380	73.9		
Alabama			763,724	8,476	9,917	11,466	12,563	13,882	7,336	112.1		
Autauga	4,451	6,546	7,919	47,034	56,876	66,159	72,875	78,769	48,201	157.7		
Baldwin	21,703	30,568	38,870	4,820	5,087	5,260	5,045	4,795	886	22.7		
Barbour	3,873	3,909	4,560	3,673	4,048	4,419	4,658	4,859	1,953	67.2		
Bibb	2,413	2,906	3,391	10,800	11,922	13,003	13,743	14,275	5,836	69.2		
Blount	6,558	8,439	10,109	1,897	2,139	2,237	2,139	2,050	581	39.6		
Bullock	1,543	1,469	1,640	4,088	4,431	4,619	4,573	4,460	971	27.8		
Butler	3,506	3,489	3,710	19,886	21,657	22,710	22,709	22,405	5,415	31.9		
Calhoun	15,872	16,990	18,915	7,043	7,778	8,181	8,344	8,330	2,624	46.0		
Chambers	5,928	5,706	6,361	5,956	6,711	7,272	7,610	7,798	3,147	67.7		
Cherokee	3,818	4,651	5,585	7,159	8,016	8,602	8,901	9,231	3,310	55.9		
Chilton	5,097	5,921	6,830	2,889	3,040	3,111	3,012	2,895	376	14.9		
Choctaw	2,332	2,519	2,809	4,952	5,388	5,623	5,584	5,396	1,222	29.3		
Clarke	3,764	4,174	4,570	2,756	2,973	3,192	3,245	3,267	818	33.4		
Clay	2,359	2,449	2,699	3,044	3,314	3,601	3,765	3,874	1,513	64.1		
Cleburne	1,933	2,361	2,824	8,641	9,369	9,968	10,319	10,710	3,500	48.5		
Coffee	6,171	7,210	8,264	11,296	12,369	13,091	13,206	12,983	3,520	37.2		
Colbert	8,493	9,463	10,238	2,929	3,199	3,399	3,342	3,217	855	36.2		
Conecuh	2,223	2,362	2,647	2,513	2,877	3,054	3,107	3,088	1,118	56.8		
Coosa	1,761	1,970	2,063	8,176	9,070	9,679	9,714	9,652	2,713	39.1		
Covington	6,740	6,939	7,573	2,657	2,955	3,229	3,276	3,382	1,172	53.0		
Crenshaw	2,338	2,210	2,527	16,067	17,867	19,401	19,875	20,057	7,247	56.6		
Cullman	11,342	12,810	14,666	8,255	9,130	9,662	9,600	9,334	2,575	38.1		
Dale	5,807	6,759	7,802	6,968	7,728	8,156	7,940	7,663	1,498	24.3		
Dallas	6,428	6,165	6,713	12,818	14,368	15,566	16,624	17,376	7,501	76.0		
DeKalb	8,882	9,875	11,378	13,651	16,262	18,850	20,389	21,757	12,321	130.6		
Elmore	7,071	9,436	11,677	6,802	7,324	7,529	7,404	7,405	1,593	27.4		
Escambia	5,236	5,812	6,356	19,670	21,388	22,404	22,982	23,404	6,896	41.8		
Etowah	16,560	16,508	18,296	3,587	3,779	3,909	3,838	3,675	591	19.2		
Fayette	2,976	3,084	3,373	5,277	5,563	5,767	5,777	5,808	983	20.4		
Franklin	4,637	4,825	5,114									

Alabama County Population Aged 65 and Over 2000-2015 and Projections 2020-2040 (Middle S

2017 series

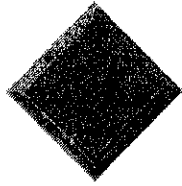
	Census		April 1, 2015 Estimate	2020	2025	2030	2035	2040	Change 2010-2040	
	2000	2010							Number	Percent
Geneva	4,203	4,674	5,260	5,705	6,289	6,799	7,093	7,157	2,483	53.1
Greene	1,470	1,454	1,587	1,860	2,127	2,222	2,149	2,016	562	38.7
Hale	2,316	2,370	2,682	3,050	3,484	3,840	3,795	3,670	1,300	54.9
Henry	2,668	3,044	3,662	4,158	4,619	4,976	5,120	5,276	2,232	73.3
Houston	12,162	14,675	17,144	19,276	22,069	24,424	25,591	26,598	11,923	81.2
Jackson	7,210	8,773	9,987	10,962	12,081	12,800	12,960	13,089	4,316	49.2
Jefferson	90,285	86,443	96,633	106,631	119,605	127,360	128,035	127,315	40,872	47.3
Lamar	2,528	2,732	2,929	3,145	3,358	3,426	3,298	3,116	384	14.1
Lauderdale	13,241	15,553	17,325	19,412	21,599	23,261	23,953	24,038	8,485	54.6
Lawrence	4,195	4,999	5,767	6,141	6,830	7,603	7,941	7,913	2,914	58.3
Lee	9,337	12,716	16,615	21,095	26,082	30,877	34,500	37,539	24,823	195.2
Limestone	7,271	10,187	12,973	15,911	19,704	23,867	26,994	29,199	19,012	186.6
Lowndes	1,646	1,655	1,873	1,940	2,130	2,268	2,198	2,025	370	22.4
Macon	3,367	3,031	3,356	3,352	3,669	3,855	3,795	3,698	667	22.0
Madison	30,015	40,873	49,579	56,239	68,286	81,478	89,022	93,437	52,564	128.6
Marengo	3,287	3,424	3,829	3,979	4,332	4,512	4,541	4,475	1,051	30.7
Marion	4,934	5,645	6,171	6,595	7,054	7,394	7,497	7,470	1,825	32.3
Marshall	11,717	13,862	15,749	16,495	18,118	19,526	20,007	20,485	6,623	47.8
Mobile	47,919	53,321	62,022	68,898	78,986	86,139	88,238	88,908	35,587	66.7
Monroe	3,363	3,618	3,949	4,308	4,751	5,075	5,133	5,076	1,458	40.3
Montgomery	26,307	27,421	31,014	33,914	38,302	41,547	42,493	43,423	16,002	58.4
Morgan	13,708	16,871	19,533	21,327	23,823	26,066	27,042	27,382	10,511	62.3
Perry	1,762	1,769	1,779	1,786	1,890	1,873	1,772	1,687	-82	-4.6
Pickens	3,293	3,336	3,663	4,087	4,567	4,963	5,032	4,858	1,522	45.6
Pike	3,727	4,211	4,853	5,188	5,769	6,094	6,207	6,178	1,967	46.7
Randolph	3,564	3,888	4,498	4,847	5,393	5,820	6,016	6,032	2,144	55.1
Russell	6,541	6,720	7,576	8,959	10,124	11,062	11,348	11,416	4,696	69.9
St. Clair	7,578	10,909	13,791	15,078	17,612	20,438	22,577	24,651	13,742	126.0
Shelby	12,179	20,627	28,016	34,714	43,182	51,263	57,471	63,447	42,820	207.6
Sumter	2,056	2,063	2,203	2,537	2,933	3,117	3,055	2,908	845	41.0
Talladega	10,655	11,591	13,412	14,373	15,957	16,911	17,283	17,519	5,928	51.1

Alabama County Population Aged 65 and Over 2000-2015 and Projections 2020-2040 (Middle Series)

	Census		April 1, 2015 Estimate	2017 series						Change 2010-2040	
	2000	2010		2020	2025	2030	2035	2040	Number	Percent	
Tallapoosa	6,872	7,193	8,274	8,694	9,556	9,991	10,037	9,889	2,696	37.5	
Tuscaloosa	18,565	21,050	24,509	28,882	33,432	36,492	38,345	40,030	18,980	90.2	
Walker	10,453	10,894	12,122	13,418	14,409	14,821	14,581	14,006	3,112	28.6	
Washington	2,246	2,590	2,932	3,227	3,589	3,854	3,932	3,872	1,282	49.5	
Wilcox	1,810	1,752	2,036	2,170	2,396	2,461	2,394	2,268	516	29.5	
Winston	3,533	4,333	4,942	5,363	5,812	6,260	6,404	6,309	1,976	45.6	

Note: These projections are driven by population change between Census 2000 and Census 2010, taking into account 2015 population estimates. Data on births and deaths for 2000 to 2010 as well as more recent data from the Alabama Department of Public Health are used to derive birth and death rates for the state and each county.

Attachment 8:
Preliminary Market Analysis
for the Development of
additional Memory Care Beds
in Tuscaloosa County, Alabama



SENIOR MARKET RESEARCH ASSOCIATES

**MARKET FEASIBILITY STUDY
FOR THE DEVELOPMENT OF AN
INDEPENDENT LIVING,
ASSISTED LIVING, AND
MEMORY CARE FACILITY
IN TUSCALOOSA, ALABAMA**

Submitted to:

Daniel L. Dorn, MBA
Senior Financial Analyst
Smith/Packett Med-Com, LLC
4423 Pheasant Ridge Rd. SW, Suite 301
Roanoke, Virginia 24014
Phone: 540-774-7762

Prepared by:

SENIOR MARKET RESEARCH ASSOCIATES
808 22nd Street NW
Cleveland, Tennessee 37311
Office: (423) 559-5292 • cell: (423) 284-0258
smra65@aol.com

Research Date: November 1-3, 2017
Report Date: November 2017

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1. SUMMARY OF FACTS & CONCLUSIONS

STATEMENT OF SCOPE AND WORK

Daniel Dorn with Smith/Packett Med-Com, LLC (The Client), has commissioned this study to determine the level of demand for a proposed independent living, assisted living, and memory care facility to be located on a tract of land at 1601 Union Chapel Road, Tuscaloosa, Alabama, 35406. The campus would consist of an independent living and assisted living facility and have a memory care component.

PERTINENT DATES

Effective Date

The conclusions in this report are effective as of November 3, 2017.

Report Date

This report was completed on November 20, 2017.

FINDINGS

Pertinent conclusions are as follows:

MARKET AREA DESCRIPTION & ANALYSIS

The proposed retirement community will be located on a tract of land at 1601 Union Chapel Road, Tuscaloosa, Alabama, 35406. Considering the lack of physical and psychological barriers, the density of the population, and the number of competing facilities in the area, we have concluded that a reasonable definition of the Tuscaloosa PMA would be all of Tuscaloosa County.

Due to the amount of competing facilities in the Tuscaloosa PMA (Tuscaloosa County), we expect that as much as 70% of the eventual resident population will come from within Tuscaloosa County.

SUPPLY AND DEMAND ANALYSIS

The PMA (Tuscaloosa County) is a densely populated area, with a growing elderly segment. The 65+ population living in the Tuscaloosa PMA represents 14.6% of the total population and from 2016-2021 this segment of the population is projected to increase by a significant 24.8%.

Our analysis shows that the PMA currently has four competitive independent living facilities, ten assisted living facilities, and six memory care facilities inside the Tuscaloosa County.

According to nationally recognized senior housing demand formulas and methodologies, we estimate an unmet demand in 2019 for 304 units of independent living, 281 units of assisted living, and 123 units of memory care. We found there to be two memory care projects in the development pipeline for the PMA.

DETERMINATION OF ACHIEVABLE RENTAL RATES

The Client proposes to develop the following campus, with unit mix and rental rates as indicated

Type	Size	Total	Monthly Rent	Rent Per Sq. Ft.
<i>Independent Living</i>				
1 BR	682 sq. ft.	24	\$2,500	\$3.67
1 BR	806 sq. ft.	18	\$2,650	\$3.29
1 BR	847 sq. ft.	12	\$2,725	\$3.22
2 BR	1,061 sq. ft.	20	\$3,050	\$2.87
2 BR	1,215 sq. ft.	12	\$3,200	\$2.63
2 BR	1,440 sq. ft.	6	\$3,475	\$2.41
Sub-total:		92		
<i>Assisted Living</i>				
Studio	357 sq. ft.	22	\$3,400	\$9.52
Studio	463 sq. ft.	12	\$3,700	\$7.99
1 BR	517 sq. ft.	18	\$3,875	\$7.50
1 BR	587 sq. ft.	12	\$4,150	\$7.07
2 BR	802 sq. ft.	10	\$4,600	\$5.74
Sub-Total:		74		
<i>Memory Care</i>				
1 BR	454 sq. ft.	6	\$5,600	\$12.33
Studio	342 sq. ft.	26	\$5,100	\$14.91
Sub-Total:		32		
TOTAL:		198		

CONCLUSION

For three reasons, we conclude that the Tuscaloosa market presents conditions conducive for the development and operation of a full-service retirement community:

1. The demand formulas show that the Tuscaloosa PMA will have an unmet demand of 304 independent living units, 281 assisted living units, and 123 memory care units by 2019. These demand estimates permit the Client to develop the campus proposed without saturating the market. In all cases, the Client's proposed campus requires the absorption of less than half the Unmet demand in the market by the year 2019.
2. The proposed facility would be located at 1601 Union Chapel Road This is a developing area of town that draws many residents from the region.

As such, we conclude that the proposed development of a new full-service retirement community at the proposed site is feasible.

2. MARKET STUDY PROCESS & SCOPE

INSPECTION

Larry Richardson conducted the physical inspection of the subject and all competitive facilities in the PMA.

DATA COLLECTION

Three types of data are normally gathered while completing a market study: 1) general, 2) specific, and 3) competitive supply and demand.

▪ General Data

General data concerns the social, economic, governmental, and environmental forces that impact a local community and the potential success of a senior housing community. General data presented in this market study is found in the Area Description and Analysis and the Neighborhood Description and Analysis Section. We have gathered the general data from a variety of sources and publications. The sources are noted in our analyses, and include the local Chamber of Commerce, city hall, and other community websites. Population, income, and housing data were provided by Alteryx Analytics. General data concerning the neighborhood is also based upon observations made during our inspection of the neighborhood.

▪ Specific Data

Data relating to the subject property is referred to as specific data. Documents we have relied upon for specific data pertaining to the subject were provided by the developer and/or the architect. Industry data was obtained from finding published by the National Investment Center for the Senior Housing and Care Industry (NIC), the Assisted Living Federation of America (ALFA), the National Center for Assisted Living (NCAL), and the National Alzheimer's Association.

▪ Competitive Supply and Demand

Specific comparable data regarding the comparable and competitive facilities in the PMA has been gathered from each market participant. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data.

DATA SOURCES

All population forecasts were derived from data provided by Alteryx Analytics, a nationwide database service agency providing current and projected population, income, and household data for any geographic unit, from block groups to Zip codes, to radius, city, county, state, and national levels.

National trends in assisted living and memory care unit mix, geographic distribution, occupancy, and resident profile information was derived from the *2010 Overview of Assisted Living*, published by the National Investment Center for the Senior Housing & Care Industry, 1997 Annapolis Exchange Parkway, Suite 110, Annapolis, MD 21401.

All memory care demand estimates were derived from nationally accepted formulas used by senior housing industries. These agencies included:

1. The National Alzheimer's Association
225 N. Alabama Avenue
Chicago, IL 60601 (312) 335-8700
2. Province Valuation Group (PVG), an Tuscaloosa-based research firm
(For further information regarding the PVG research database, call 404-869-6222)

Other documents cited in the report included:

- "Prevalence of Memory in the United States: The Aging, Demographic and Memory Study," *Neuroepidemiology* 2007; 29: 125-132.
- Bynum, J. "Characteristics, Costs, and Health Service for Medicare Beneficiaries With A Memory Diagnosis: Report 1: Medicare Current Beneficiary Survey (Lebanon, N.H.: Dartmouth Institute for Health Policy & Clinical Care, Center for Health Policy Research, January 2010).
- American Health Care Association, *Medical Condition – Mental Status CMS OSCAR Data Current Survey*, June 2008.
- "How Many Americans Have Alzheimer's Disease" Nov. 27, 2007 report from Alzheimer's Disease Education and Referral Center (ADEAR).

We have relied upon the following documents for factual information pertaining to the subject:

- Unit mix and proposed rental rate structure provided by the developer
- Project description provided by the developer
- Site data, legal description, and land value provided by the developer

We have made a diligent effort to discover any facilities proposed to be constructed in the market area. The results of our findings are discussed in detail in this report. However, we cannot guarantee that other projects may be under consideration but have not yet been announced. The conclusions in this report are based upon data available as of the effective date.

3. REGIONAL ECONOMIC ANALYSIS

INTRODUCTION

The proposed subject site is located on the north side of Tuscaloosa just across the Black Warrior River in Tuscaloosa County. Tuscaloosa is the county seat of Tuscaloosa County. Tuscaloosa is the regional center of industry, commerce, healthcare, and education for the area of west-central Alabama known as *West Alabama*. It is the principal city of the Tuscaloosa Metropolitan Statistical Area, which includes Tuscaloosa, Hale and Pickens counties and has an estimated metro population in 2017 of 241,404. Tuscaloosa is also the home of The University of Alabama, Stillman College and Shelton State Community College. While the city attracted international attention when Mercedes-Benz announced it would build its



townMaestUSA.com

first automotive assembly plant in North America in Tuscaloosa County, the University of Alabama remains the dominant economic and cultural engine in the city.

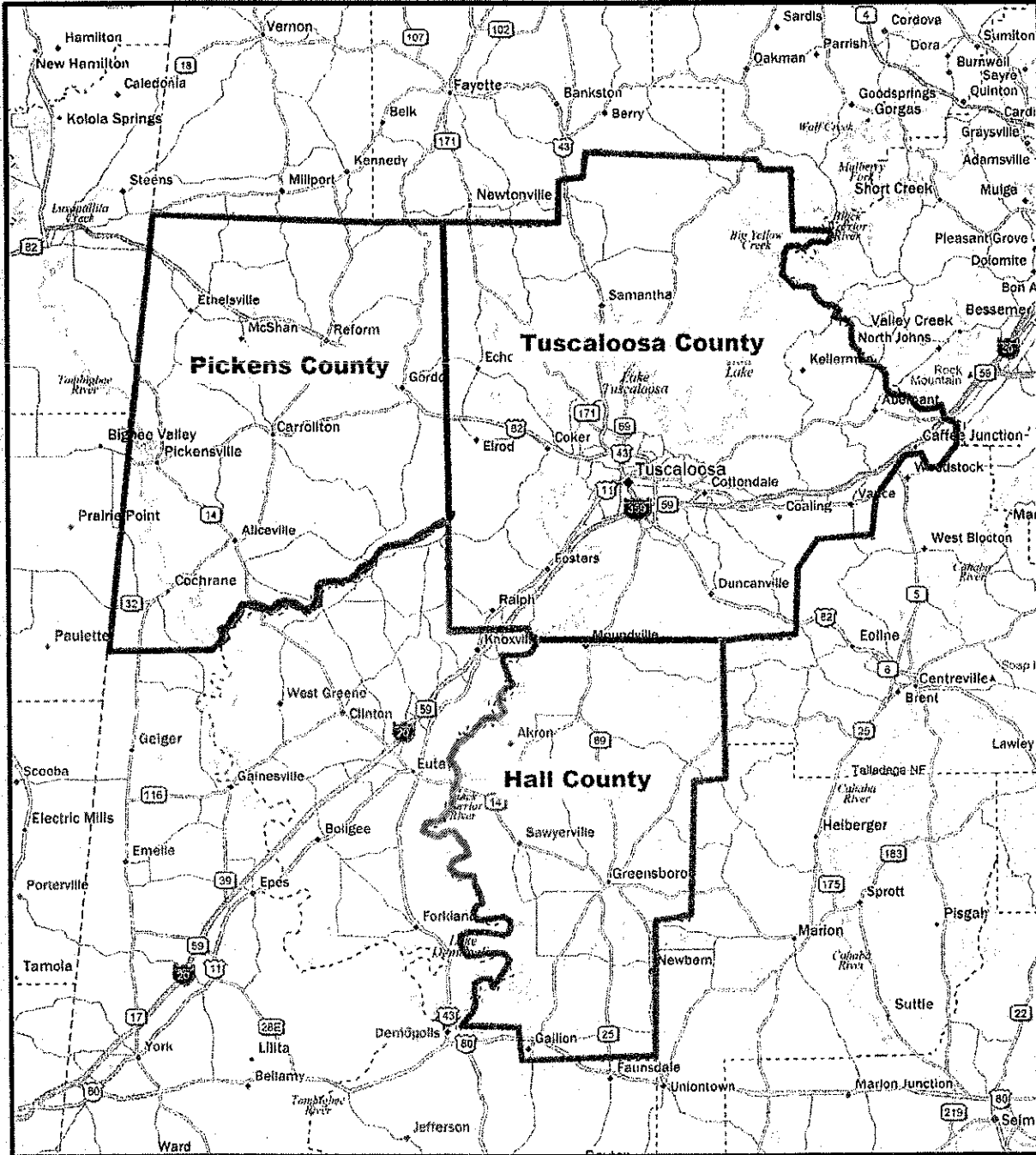
Although higher education is the bedrock of Tuscaloosa's economy, the city boasts an economy based on diverse sectors of manufacturing and service. Twenty-five percent of the labor force in the Tuscaloosa Metropolitan Statistical Area is employed by the federal, state, and local government agencies. 16.7% is employed in manufacturing; 16.4% in retail trade and transportation; 11.6% in finance, information, and private enterprise; 10.3% in mining and construction; and 9.2% in hospitality. Education and healthcare account for only 7.2% of the area workforce with the remainder employed in other services.

Tuscaloosa was ranked in the November 2009 issue of *Fortune Small Business* as one of the "50 Best Places to Launch a Small Business" (ranked #11 among metro areas with populations of 250,000 or less).

The city's industrial and manufacturing base includes BFGoodrich Tire Manufacturing, GAF Materials Corporation, Hunt Refining Company, JVC America, Nucor Steel and Phifer Wire among numerous other operations.

The map below shows the Tuscaloosa MSA:

Tuscaloosa, Alabama MSA



POPULATION TRENDS

The historical and projected population trends for the Tuscaloosa MSA are charted in the table below:

Population Growth							
Area	2000	2010	% Change 2000-2010	2017	% Change 2010-2017	2022	% Change 2017-2022
Tuscaloosa MSA	202,990	230,161	13.4%	241,404	4.9%	251,527	4.2%
Alabama	4,446,535	4,779,733	7.5%	4,910,166	2.7%	5,053,581	2.9%

Source: Alteryx Analytics

The population of the Tuscaloosa MSA increased by 13.4% from 2000-2010, compared to the growth in Alabama of 7.5%. The Tuscaloosa MSA is expected to increase and Alabama is anticipated to experience continued growth. Future population estimates for the period 2017-2022 for the Tuscaloosa MSA and Alabama are expected to change by an average of 4.2% and 2.9% respectively.

ELDERLY POPULATION

The historical and projected 65+ population trends for the Tuscaloosa MSA are charted in the table below:

65+ Population Growth								
Area	2010	% of Total Pop.	2017	% of Total Pop.	% Change 2010-2017	2022	% of Total Pop.	% Change 2017-2022
Tuscaloosa MSA	26,756	11.6%	31,136	12.9%	16.4%	37,300	14.8%	19.8%
Alabama	657,792	13.8%	771,427	15.7%	17.3%	909,122	18.0%	17.8%

Source: Alteryx Analytics

The 65+ population of the Tuscaloosa MSA increased by 16.4% from 2010-2017, compared to the growth in Alabama of 17.3%. In Alabama, the 65+ population represents 15.7% of the total population currently (2017), compared to 12.9% for the Tuscaloosa MSA. Looking ahead, both the Tuscaloosa MSA and Alabama are anticipated to experience continued growth, with future population estimates reflecting growth rates similar to those experienced in the past. For the period 2017-2022 the 65+ populations of the Tuscaloosa MSA and Alabama are expected to increase by an average of 19.8% and 17.8% respectively.

EMPLOYMENT

Tuscaloosa has been traditionally known as the Druid City because of the numerous water oaks planted in its downtown streets since the 1840s. Tuscaloosa is the regional center of industry, commerce, healthcare, and education in west Alabama. Tuscaloosa is also the home of the University of Alabama. While the city attracted international attention when Mercedes-Benz announced it would build its first automotive assembly plant in North America in Tuscaloosa County, the university remains the dominant economic and cultural engine in the city. The largest employers in the Tuscaloosa MSA are as follows:

Organization	Product	Employees
The University of Alabama	Higher Education	10,229
DCH Regional Medical Center	Medical Services	4,496
Mercedes-Benz U.S. International	Automobile Manufacturing	3,600
County Board of Education	Public Education	2,300
City Board of Education	Public Education	1,426
Michelin/BFGoodrich Tire Manufacturing	Aftermarket Tire Manufacturing	1,379
City of Tuscaloosa	City Services	1,309
Veterans Administration Hospital	Specialized Health Care	1,079
Northport Medical Center	Medical Services	1,078
Phifer Incorporated	Aluminum/Fiberglass Screening Manufacturing	1,011

The following table summarizes the current distribution of employment by industry for the Tuscaloosa MSA:

Industry	Tuscaloosa MSA Estimated Employment (in 000's)		
	Apr 2017	Sept 2017	Net Change: Apr '17 – Sept '17
Mining, Logging, & Construction	6.0	6.1	0.1
Manufacturing	16.4	17.1	0.7
Trade, Transportation, & Utilities	16.0	16.5	0.5
Information	0.7	0.7	0.0
Financial Activities	4.0	4.0	0.0
Professional & Business Services	11.0	11.3	0.3
Education & Health Services	9.0	9.0	0.0
Leisure & Hospitality	11.6	12.3	0.7
Other Services	3.5	3.4	-0.1
Government	28.3	28.9	0.6
TOTAL	106.5	109.3	2.8

SOURCE: Bureau of Labor Statistics

Total nonfarm employment for the Tuscaloosa MSA increased by 2,800 jobs from April 2017 to September 2017. Six industries experienced growth, with the highest being in Manufacturing and Leisure/Hospitality sectors, which grew by 700 jobs each.

UNEMPLOYMENT

The unemployment rate for the Tuscaloosa MSA is 3.1% (September 2017) which is below the U.S. average of 4.2%, and below the Alabama average of 3.8%. Of the 13 MSA's in Alabama, the Auburn and Huntsville MSAs reported the lowest unemployment rate at 2.9%, and the Columbus MSA reported the highest unemployment rate at 4.9%.

1.	Auburn MSA	2.9%
2.	Huntsville MSA	2.9%
3.	Daphne-Fairhope-Foley MSA	3.0%
4.	Tuscaloosa MSA	3.1%
5.	Birmingham MSA	3.1%
6.	Decatur MSA	3.2%
7.	Montgomery MSA	3.3%
8..	Dothan MSA	3.4%
9.	Gadsden MSA	3.4%
10.	Florence MSA	3.6%
11.	Anniston-Oxford-Jacksonville MSA	3.8%
	Alabama State	3.8%
12.	Mobile MSA	4.0%
	United States	4.2%
13.	Columbus MSA	4.9%

SOURCE: Bureau of Labor Statistics

HOUSING MARKET

According to Zillow.com, an online real estate search engine, the median list price for the Tuscaloosa MSA as of October 2017 is \$145,000. This figure represents an 0.5% decrease from the previous year. The table below compares the real estate trends for the Tuscaloosa MSA, Alabama, and the USA:

Housing Values Trends			
Area	Home Value Index	Change from Previous Year	One Year Forecast
Tuscaloosa MSA	\$145,000	-0.5	1.2%
Alabama	\$126,000	3.6%	3.0%
United States	\$202,700	6.9%	3.1%

Source: Zillow.com as of October 2017

INCOME TRENDS

Pertinent income data is as follows:

Independent Living, Assisted Living, & Memory Care Market Study

Income Levels			
Area	2017 Average HH Income	2017 Median Household Income	2017 Per Capita Income
Tuscaloosa MSA	\$63,093	\$46,001	\$25,661
Alabama	\$63,995	\$45,461	\$25,455

Source: Alteryx Analytics

The current Tuscaloosa MSA income levels are nearly identical to the statewide average in all three categories.

CONCLUSION

The Tuscaloosa MSA appears to have a strong and stable economy. The unemployment rate is below the national average, The jobs market is improving, and income levels are on the rise. The Tuscaloosa MSA economy looks to improve over the next few years.

4. MARKET AREA DESCRIPTION AND ANALYSIS

DELINEATION OF PRIMARY MARKET AREA

The proposed facility is to be located near at 1601 Union Chapel Road, Tuscaloosa, Alabama, 35406. This is located in the north side of Tuscaloosa County in a rural residential neighborhood.

The Primary Market Area (PMA) for any type of retirement community is generally defined as the geographic area from which the majority of the project's residents will be drawn (*majority* is usually defined as 75-80% of the facility's residents). For the most part, the primary market area of a retirement community is determined by the density of the population, the proximity of competing properties, and the ease of transit in the surrounding area. The PMA for urban facilities is generally from 5 to 10 miles, for suburban facilities 5 to 20 miles, and for small towns and rural facilities 20 to 30 miles. This is illustrated by the table below:

DISTANCE THAT RESIDENTS RELOCATE FROM			
Distance	ALF	ALF/ILF	ALF/AIZ
Less Than 5 Miles	40.0%	43.5%	26.7%
5 to 10 Miles	20.4%	20.0%	34.7%
11 to 25 Miles	20.2%	15.3%	16.7%
26 to 50 Miles	7.3%	5.9%	6.0%
More than 50 Miles	12.4%	15.3%	16.0%

SOURCE: *The Assisted Living Industry, 2009 Overview*

Several factors tend to define a market area. One important factor is density. In rural areas, it may be many miles between towns large enough to sustain services, and the residents are accustomed to driving significant distances to access services. On the other hand, in urban or suburban areas a resident may have a choice of competing facilities within a short drive of his or her home, and will normally select the more convenient facility.¹

Physical barriers can also shape market areas. For example, rivers, lakes, streams, military bases, and major highways are all barriers that can frame or define the boundaries of market areas. Barriers can also be psychological. For example, it is common for state and county lines, while invisible, to restrain the movement of prospects.

¹*Assisted Living Manual* (Published by Assisted Living Federation of America) and *Integrated Senior Care: Assisted Living and Long Term Care Manual* (Published by Thompson Publishing Group). These radii are also supported by the criteria used by many national developers of congregate care facilities.

The location of competing facilities is also a factor to consider. In market areas served by several competing facilities, the primary market area for an individual facility will be smaller since residents need not travel a substantial distance to access a convenient facility.

PHYSICAL BARRIERS

The Black Warrior River runs east-west through the middle of Tuscaloosa with only three major crossing points. Other than that, there appear to be no physical barriers that would prevent a prospective resident from coming to the Tuscaloosa site location.

PSYCHOLOGICAL BARRIERS

There appear to be no psychological barriers that would prevent a prospective resident from coming to the Tuscaloosa site location. We do not see county lines as a psychological barrier.

LOCATION OF COMPETING FACILITIES

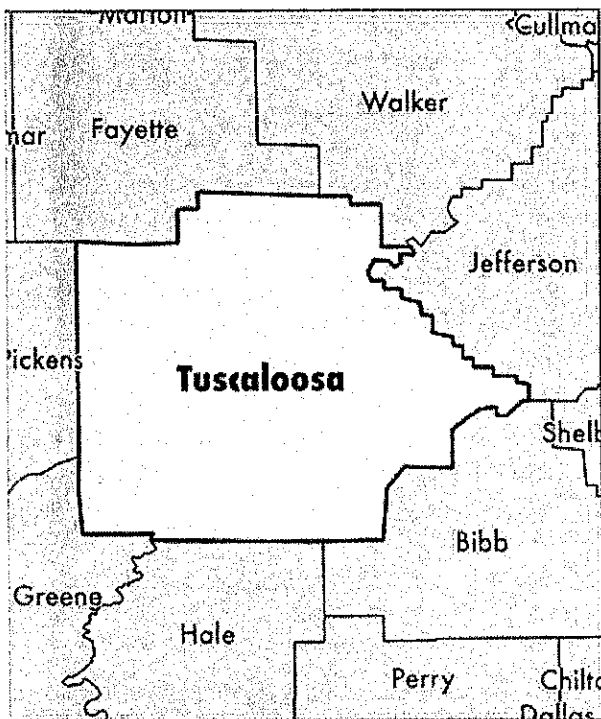
Within the Tuscaloosa PMA (Tuscaloosa County), there are four comparable independent living facilities, ten assisted living facilities, and six memory care facilities. This indicates that residents in this region have a moderate selection of senior housing options from which to choose.

MARKET AREA DELINEATION CONCLUSION

Tuscaloosa is a unified and monolithic population hub, serving as the destination for shopping, entertainment, medical, and social outlets for virtually everyone living in the county. Considering the lack of physical and psychological barriers, the density of the population (151 persons per square mile), and the number of competing facilities in the area, we have concluded that a reasonable definition of the Tuscaloosa PMA would be all of Tuscaloosa County. We anticipate that the majority of clients for the proposed retirement community (perhaps as much as 70%) will come from within the county, especially in light of the fact that there are no other comparable senior housing campuses within a 25-mile radius of the city of Tuscaloosa.

The following is a map showing the boundaries of the PMA (Tuscaloosa County).

**Tuscaloosa, Alabama Primary Market Area
(Tuscaloosa County)**



HISTORY AND CHARACTER OF AREA

Tuscaloosa is a city in and the seat of Tuscaloosa County in west central Alabama. Located on the Black Warrior River at the Atlantic Seaboard fall line of the Piedmont, it is the fifth-largest city in Alabama, with an estimated population of 99,543 in 2016.



Tuscaloosa is the regional center of industry, commerce, healthcare, and education for the area of west-central Alabama known as West Alabama. It is the principal city of the Tuscaloosa Metropolitan Statistical Area, which includes Tuscaloosa, Hale and Pickens counties and has an estimated metro population in 2017 of 241,404. Tuscaloosa is also the home of The University of Alabama, Stillman College and Shelton State Community College. While the city attracted international attention when Mercedes-Benz announced it would build its first automotive assembly plant in North America in Tuscaloosa County, the University of Alabama remains the dominant economic and cultural engine in the city.

Tuscaloosa has been traditionally known as the "Druid City" because of the numerous water oaks planted in its downtown streets since the 1840s. The city has also become known nationally for the University of Alabama's success in sports, and particularly in football. City leaders adopted the moniker "The City of Champions" after the Alabama Crimson Tide football team won the BCS National Championship in their 2009, 2011, and again in their 2012 seasons. The Tide won the College Football Playoff in the 2015 season.

In recent years, Tuscaloosa has been named the "Most Livable City in America," one of America's "100 Best Communities for Young People," one of the "50 Best College Towns," and one of the "Best Places to Launch a Small Business."

POPULATION GROWTH

Within the Tuscaloosa PMA (Tuscaloosa County) the total population is estimated to be 204,639 (2017 estimate). The population density is about 151 persons per square mile,

which is much higher than the Alabama state average of only about 95 persons per square mile.

Population Growth					
Area	2010	2017	% Change 2010-2017	2022	% Change 2017-2022
PMA	194,655	204,639	5.1%	215,131	5.1%
Alabama	4,779,733	4,910,166	2.5%	5,053,581	2.9%

Source: Alteryx Analytics

Between 2010 and 2017, the PMA population increased by 5.1%, while the state as a whole increased by 2.5%. Looking ahead, the PMA is expected to increase by 5.1% over the next five years while Alabama as a whole is expected to increase by 2.9%.

ELDERLY POPULATION GROWTH

Within the Tuscaloosa PMA the 65+ population is estimated to be 24,616, which is 12.0% of the total population living in this area. This is lower than the state average percentage, which is 15.7%.

65+ Population Growth								
Area	2010	% of Total Pop.	2017	% of Total Pop.	% Change 2010-2017	2022	% of Total Pop.	% Change 2017- 2022
PMA	21,050	10.8%	24,616	12.0%	16.9%	30,034	14.0%	22.0%
Alabama	657,792	13.8%	771,427	15.7%	17.3%	909,122	18.0%	17.8%

Source: Alteryx Analytics

Between 2010 and 2017, PMA 65+ population increased by 16.9% while the state increased by 17.3%. From 2017-2022 the 65+ population in the Tuscaloosa PMA is projected to continue to grow by 22.0%, while the state as a whole is expected to increase by 17.8%.

HOUSEHOLD GROWTH

Household growth figures are as follows:

Household Growth					
Area	2010	2017	% Change 2010-2017	2022	% Change 2017-2022
PMA	76,140	82,008	7.7%	87,942	7.2%
Alabama	1,883,786	1,934,121	2.5%	2,011,204	4.0%

Source: Alteryx Analytics

Between 2010 and 2017, PMA household growth was higher than the statewide average. From 2017-2022 the number of households in the PMA is projected to continue to increase by 7.2%, while the state as a whole is projected to grow by 4.0%.

Senior Household Growth

Senior household growth figures are as follows:

Senior Household Growth					
Area	2010	2017	% Change 2010-2017	2022	% Change 2017-2022
PMA	13,885	16,454	18.5%	20,005	21.6%
Alabama	438,808	510,939	16.4%	597,349	16.9%

Source: Alteryx Analytics

Between 2010 and 2017, PMA senior household growth showed 18.5% while the state as a whole which increased by 16.4%. From 2017-2022 the number of senior households in the PMA is projected to continue to grow by 21.6% while the state as a whole is projected to grow by 16.9%.

INCOME LEVELS

Pertinent income data is as follows:

Income Levels			
Area	2016 Average HH Income	2016 Median Household Income	2016 Per Capita Income
PMA	\$66,294	\$48,814	\$27,109
Alabama	\$63,995	\$45,461	\$25,455

Source: Alteryx Analytics

Current PMA income levels are higher than statewide averages in all three categories.

HOUSING MARKET

According to Zillow.com, an online real estate search engine, the home value index for Tuscaloosa County as of October 2017 is \$146,500. This figure represents an 0.4% decrease from the previous year and a 1.1% projected increase over the next year. The table below compares the real estate trends for Tuscaloosa, Alabama, and the USA:

Housing Values Trends			
Area	Home Value Index	Change from Previous Year	One Year Forecast
Tuscaloosa County	\$146,500	-0.4%	1.1%
Alabama	\$126,000	3.6%	3.0%
United States	\$202,700	6.9%	3.1%

Source: Zillow.com as of June 2017

CITY SERVICES & AMENITIES

Shopping and Recreational Activities

Tuscaloosa known as the shopping destination in the state of Alabama. It includes the major retail destination for the region, the University Mall, along with several other shopping centers and malls.

Major Malls & Shopping Centers include:

University Mall is the largest mall in western Alabama. It is located at the intersection of McFarland Boulevard and Veterans' Memorial Parkway in Tuscaloosa, the busiest in the city.

McFarland Mall is a regional 497,000-square-foot L-shaped shopping mall on Skyland Boulevard (U.S. Route 11) in Tuscaloosa, Alabama. Located near the interchange of Interstate 20/59 with McFarland Boulevard (U.S. Route 82).

Midtown Village is a premier shopping and dining destination for visitors and a gathering place for the community since 2007.

Medical Services

Northport is served by the **Northport Medical Center** (2700 Hospital Drive, Northport, AL 35476). This 204-bed hospital has been a part of the DCH Health System since 1992. The facility houses several important specialty services, in addition to the full range of inpatient and outpatient services

Tuscaloosa is served by **DCH Regional Medical Center** (809 University Blvd, Tuscaloosa, AL 35404). DCH Regional Medical Center is a general medical and surgical hospital in Tuscaloosa, AL, with 684 beds. Survey data for the latest year available shows that 134,115 patients visited the hospital's emergency room. The hospital had a total of 33,038 admissions. Its physicians performed 6,477 inpatient and 11,244 outpatient surgeries.

Nursing Homes

The four nearest nursing homes to the proposed site are listed in the table below.

**TUSCALOOSA, ALABAMA
Nursing Home Summary**

Facility	Beds
Heritage Health Care & Rehab 1101 Snows Mill Avenue, Tuscaloosa, AL 35406 (205) 759-5179	216
Forest Manor 2215 32nd Street, Northport, AL 35476 (205) 339-5400	182
Glen Haven Health And Rehabilitation 2201 32nd Street, Northport, AL 35476 (205) 339-5700	200
Park Manor Health And Rehabilitation 2201 Mcfarland Boulevard , Northport, AL 35476 (205) 339-5300	152
TOTAL:	750

SUITABILITY OF LAND USE

Several factors are considered when evaluating the suitability of a site for retirement community development. The selection of the site is critical because location affects the convenience for families, the visibility of the facility to drive-by traffic and potential customers, the desirability, and the cost of development. Site selection is one of the development decisions that are entirely within the discretion of the development team.

The location of the facility is clearly not the only factor that will influence the future success of a retirement community. Other factors include the quality of the management team, the dedication of the staff, and the good will of the community. However, the location of the retirement community will impact the relative appeal of the facility in the eyes of the family members as they choose which facility to place their loved one, and since the choice of sites is entirely within the control of the development team, it becomes a vital ingredient in the early planning of the health care center.

The site for the proposed Tuscaloosa retirement community was evaluated to assess the overall appeal the site offers in attracting prospects to the proposed facility. In this regard, the proposed site offers the following positive features that will enhance the marketability of the community:

Positive Site Features

1. **Residential Ambiance** – An important factor that contributes to the desirability of a site is the overall neighborhood ambiance. People want to live in neighborhoods that possess strong residential features, such as quality homes nearby, mature residential landscaping, ponds, sidewalks, and reduced traffic. Sites that have a commercial or industrial ambiance will tend to detract from customer appeal. If the site is adjacent to a factory, warehouse, railroad tracks, commercial/office buildings, auto salvage lot, utility substation, high tension power lines, or an industrial storage lot, the eye sore will discourage prospects from getting excited about taking residency and inviting their friends to come and visit.

Most communities have areas that people prefer to call “home” and areas that are generally thought of as “the wrong side of the tracks”. Try to avoid placing your facility on “the wrong side of the tracks”. Choose neighborhoods that are well regarded and popular, places with a strong residential (rather than industrial) feel.

We are satisfied that the Tuscaloosa site is located in a low density residential neighborhood surrounded by lots of undeveloped land which will give a residential feel. There are also nearby apartment complexes and another assisted living facility.

2. **Health Care Access** – Families appreciate knowing that their loved ones will be living in close proximity to health care centers, such as hospitals, so that in the event of a medical emergency, medical personnel can reach their loved one quickly. They will enjoy greater peace of mind knowing that the retirement community is within easy reach of a nearby hospital.

In this regard, the Tuscaloosa site sits just under 2.75 miles north of Northport Medical Center.

3. **Proximity to City Services** - Much of the success of a retirement community will depend on the desirability of the site in the eyes of the public (both for the future residents and employees). Proximity to city services helps to establish such “appeal”. For the residents, these services include proximity to a hospital and nursing homes (since these serve as vital referral sources). Visiting doctors do not want to have to travel very far to visit their patients, so placing a retirement community close to the medical district will foster more frequent visits by attending physicians. Other important city services include restaurants, shopping, churches, banking, and entertainment. For employees, the facility should be close to eating establishments (for lunch breaks), and public transportation (for those who need a ride to get to work).

Some retirement communities thrive in remote locations, due to the aesthetic beauty of the surrounding area, and the fact that the community is self-contained with most of the services an individual might need. But in general, it is advisable to locate the facility close to vital city services rather than placing it "out in the middle of nowhere".

The proposed site for the Tuscaloosa facility enjoys close proximity to a host of city services less than two miles away along McFarland Blvd (US 82).

4. **Visibility** - As is true with most businesses, a retirement community is benefitted by a certain degree of visibility that allows the general public to see the facility regularly as they drive by on a daily basis. On balance, high visibility is helpful, but not necessary, for the marketing of a retirement community. Sometimes visibility is obtained only on busy commercial streets that would not be suitable for senior residents. Nevertheless, keep visibility in mind as you evaluate potential sites. When it comes time for the public to seek senior housing, you would like your name to be the first one that pops into their mind - and that often happens when your business is seen every day as people drive to and from work.

There are always exceptions to this rule of thumb. Many retirement communities are located on secondary streets and rural locations, far from the crowded streets and steady drive-by traffic. While some of these facilities survive quite well, the competitive urban markets tend to favor those facilities that are frequently seen. Just remember that visibility always helps and rarely hurts a project.

The proposed site is located near the intersection of CR 47 & CR 62, two important roads in the northern region of the county. This will assure the project reasonable visibility to the routine drive-by traffic of local residents.

Attachment 9:
Fact Sheets from the
Alzheimer's Association

2018 ALZHEIMER'S DISEASE FACTS AND FIGURES

ALZHEIMER'S DISEASE IS THE

leading cause of death
in the United States

provide unpaid care for people with
Alzheimer's or other dementias

These caregivers provided an estimated
20.4 BILLION HOURS
of care valued at over

\$43.2 BILLION

Between 2000 and
2015 deaths from heart
disease have decreased

while deaths from Alzheimer's
disease have increased

123%

1 IN 3

seniors dies
with Alzheimer's
or another
dementia

It kills more than
breast cancer and
prostate cancer

COMBINED



EARLY AND ACCURATE DIAGNOSIS
COULD SAVE UP TO

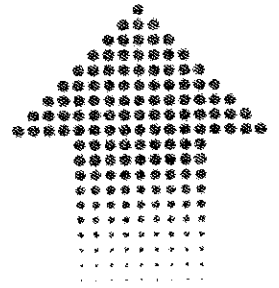
\$7.9 TRILLION
in medical and care costs

IN 2018, Alzheimer's and other
dementias will cost the nation

\$277 BILLION

BY 2050, these costs
could rise as high as

\$1.1 TRILLION



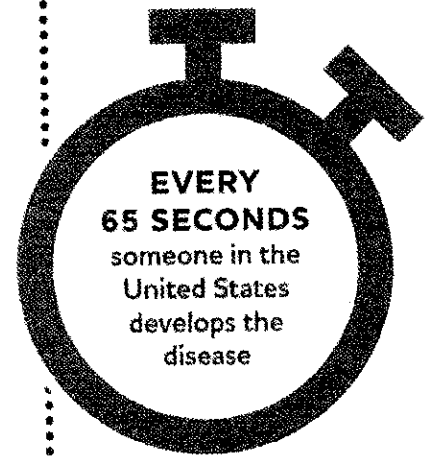
5.7
MILLION

Americans are living
with Alzheimer's

BY 2050, this
number is projected
to rise to nearly

14
MILLION

EVERY
65 SECONDS
someone in the
United States
develops the
disease



alzheimer's  association®

THE BRAINS BEHIND SAVING YOURS®

ALZHEIMER'S STATISTICS

ALABAMA

65+ NUMBER OF PEOPLE AGED 65 AND OLDER WITH ALZHEIMER'S BY AGE*

*Totals may not add due to rounding

Year	65-74	75-84	85+	TOTAL
2018	15,000	41,000	36,000	92,000
2020	16,000	43,000	37,000	96,000
2025	18,000	52,000	41,000	110,000

Estimated percentage change

19.6%

HOSPICE (2015)

5,823

of people in hospice with a primary diagnosis of dementia

20%

of people in hospice have a primary diagnosis of dementia

HOSPITALS (2015)

1,366

of emergency department visits per 1,000 people with dementia

20.7%

dementia patient hospital readmission rate

NUMBER OF DEATHS FROM ALZHEIMER'S DISEASE (2015)

2,282

6th leading cause of death in Alabama

8th highest Alzheimer's death rate in America

155% increase in Alzheimer's deaths since 2000

CAREGIVING (2017)

304,000
Number of Caregivers

346,000,000
Total Hours of Unpaid Care

\$4,367,000,000
Total Value of Unpaid Care

\$193,000,000
Higher Health Costs of Caregivers

US STATISTICS

Over 5 million Americans are living with Alzheimer's, and as many as 16 million will have the disease in 2050. The cost of caring for those with Alzheimer's and other dementias is estimated to total \$277 billion in 2018, increasing to \$1.1 trillion (in today's dollars) by mid-century. Nearly one in every three seniors who dies each year has Alzheimer's or another dementia.

MEDICAID

\$839 MILLION

Medicaid costs of caring for people with Alzheimer's (2018)

31.9%
change in costs from 2018 to 2025

MEDICARE

\$21,647

per capita Medicare spending on people with dementia (2017)

 **AIM**
ALZHEIMER'S IMPACT MOVEMENT
alzheimer's association

For more information, view the 2018 Alzheimer's Disease Facts and Figures report at alz.org/facts.

Attachment 10:
Summary of SCALF Annual
Reports Filed with SHPDA
2013-2017 for Facilities
Located in Tuscaloosa County,
Alabama

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPDA

Facility ID	Year	Facility Name	Beds	Total Patient Days	Occupancy Rate	Notes
125-S6302	2017	Brookdale Northport	16	3632	62.2	
125-S6301	2017	Martinview Assisted Living-East	16	5231	89.6	
125-S6303	2017	Morning Pointe of Tuscaloosa	24	7533	86.0	Submitted PA2018-003, seeking to convert 36 ALF beds to SCALF beds
125-S6305	2017	Remembrance Village	26	7429	78.3	
125-S6307	2017	The Tides at Crimson Village	32	6927	59.3	
125-S6304	2017	Traditions Way	16	5685	97.3	
TOTAL			130		76.8	

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPDA

Facility ID	Year	Facility Name	Beds	Total Patient Days	Occupancy Rate	Notes
125-S6302	2016	Brookdale Northport	16	3627	61.9	
125-S6301	2016	Martinview Assisted Living-East	16	3999	68.3	
125-S6303	2016	Morning Pointe of Tuscaloosa	24	8152	92.8	
125-S6305	2016	Remembrance Village	26	7402	77.8	Submitted PA2016-007, seeking to convert 30 ALF beds to SCALF beds
125-S6307	2016	The Tides at Crimson Village	32	11,712	100.0	
125-S6304	2016	Traditions Way	16	5803	99.1	
TOTAL			130		85.5	

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPDA

Facility ID	Year	Facility Name	Beds	Total Patient Days	Occupancy Rate	Notes
125-S6302	2015	Brookdale Northport	16	4015	68.8	
125-S6301	2015	Martinview Assisted Living-East	16	4396	75.3	
125-S6303	2015	Morning Pointe of Tuscaloosa	24	5680	64.8	
125-S6305	2015	Remembrance Village	26	7665	80.8	
125-S6307	2015	The Tides at Crimson Village				Initial license August 14, 2015
125-S6304	2015	Traditions Way	16	5761	98.6	
TOTAL			98		76.9	

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPDA

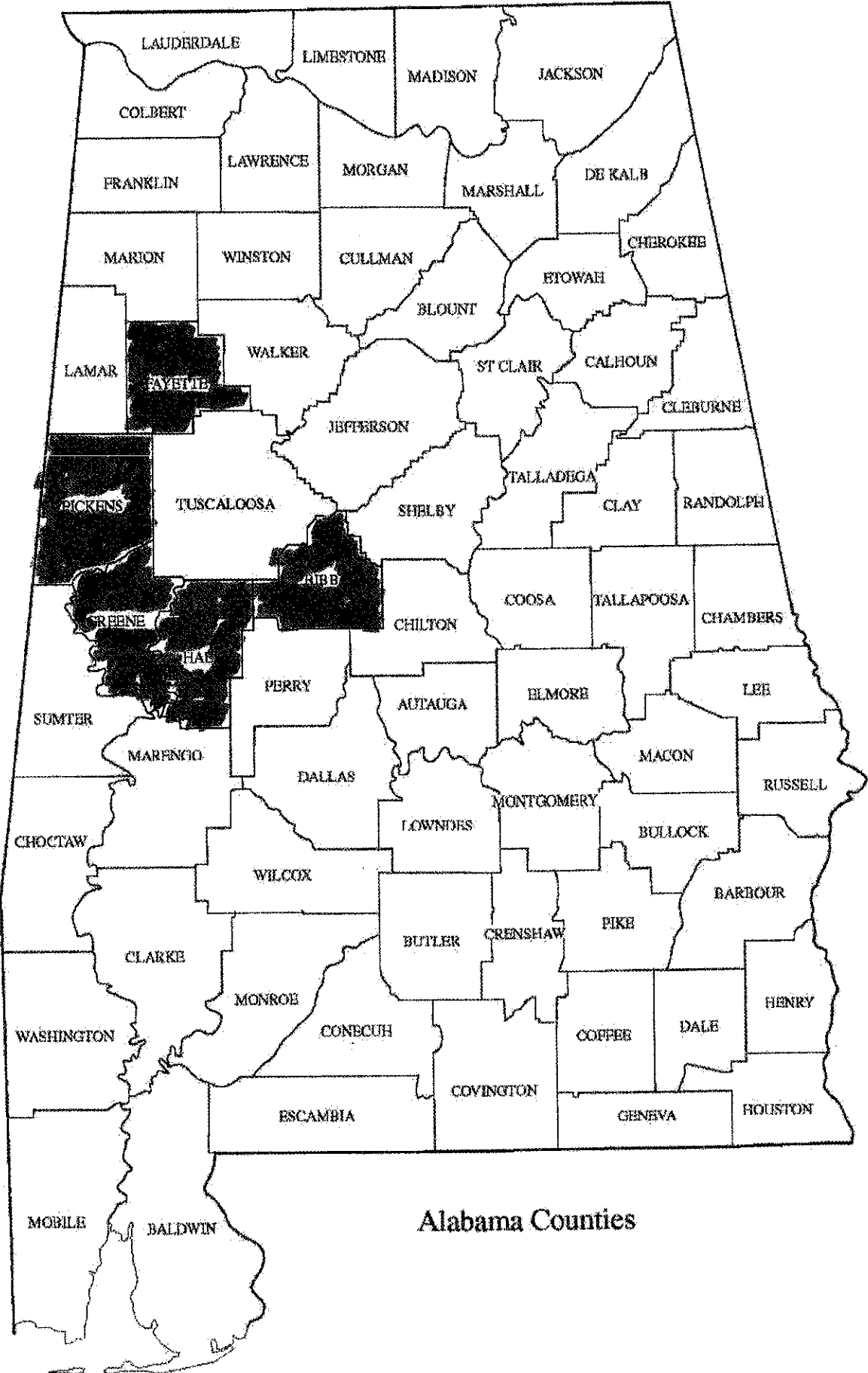
Facility ID	Year	Facility Name	Beds	Total Patient Days	Occupancy Rate	Notes
125-S6302	2014	Brookdale Northport	16	1467	60.7	Partial year of operations
125-S6301	2014	Martinview Assisted Living-East	16	3422	78.3	Partial year of operations
125-S6303	2014	Morning Pointe of Tuscaloosa	24	7452	85.1	
125-S6305	2014	Remembrance Village	26	8315	87.6	
125-S6307	2014	The Tides at Crimson Village				Initial license August 14, 2015
125-S6304	2014	Traditions Way	16	5768	98.8	
TOTAL			98		85.6	

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPDA

Facility ID	Year	Facility Name	Beds	Total Patient Days	Occupancy Rate	Notes
125-S6302	2013	Brookdale Northport	16	3640	62.3	
125-S6301	2013	Martinview Assisted Living-East	16	5635	96.5	
125-S6303	2013	Morning Pointe of Tuscaloosa	24	8205	93.7	
125-S6305	2013	Remembrance Village	26	8589	90.5	
125-S6307	2013	The Tides at Crimson Village				Initial license August 14, 2015
125-S6304	2013	Traditions Way	16	5733	98.2	
TOTAL			98		88.9	

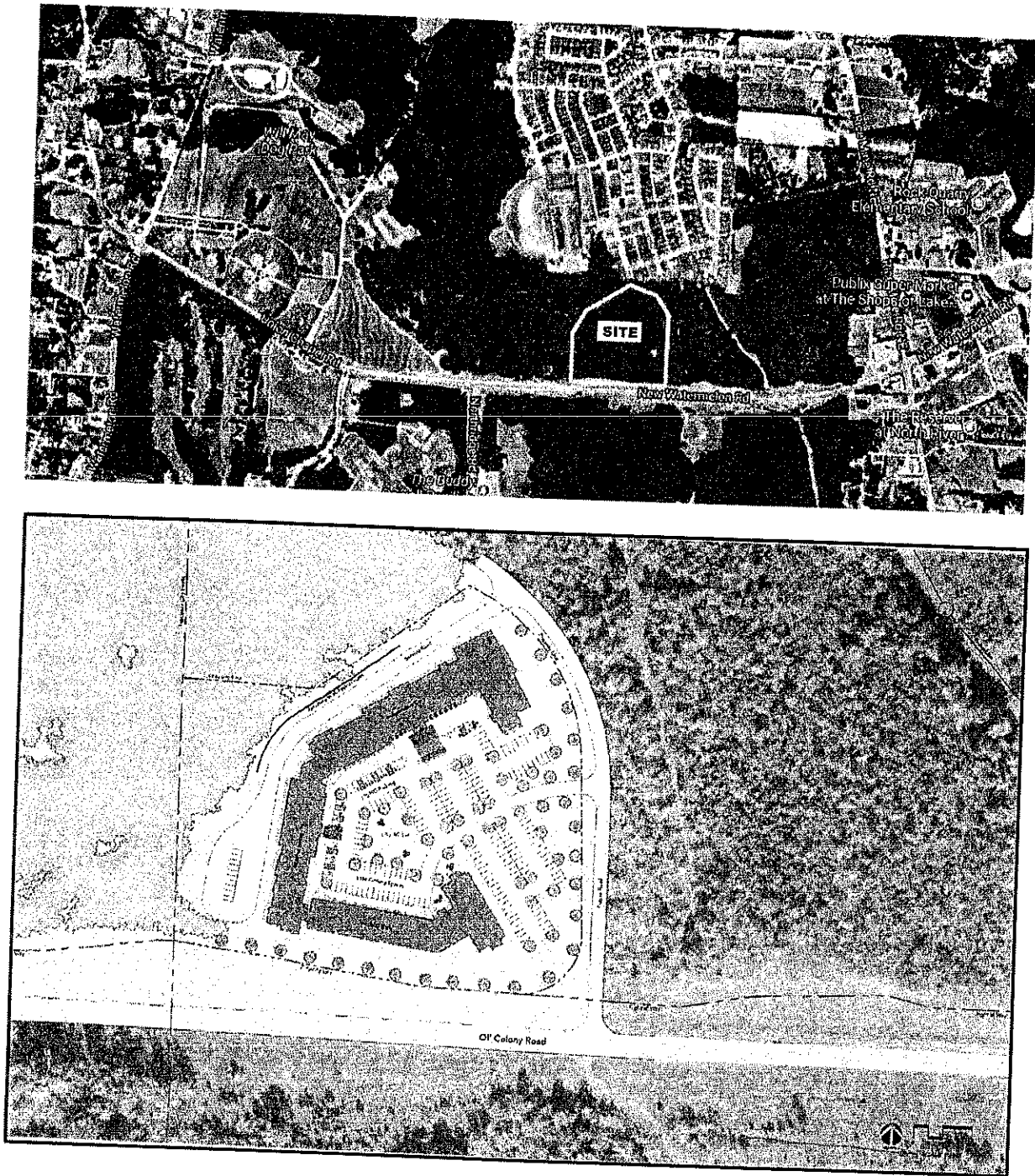
Attachment 11: Letters of Support

Attachment 12:
**Map of Tuscaloosa County and
Surrounding Counties**



Alabama Counties

AERIAL SITE MAP



CONCLUSION

Considering the lack of physical and psychological barriers, as well as the number of competitive facilities in the area, we have concluded that an appropriate primary market area (PMA) to be all of Tuscaloosa County. In this market, we believe that the majority of demand will come from the county.

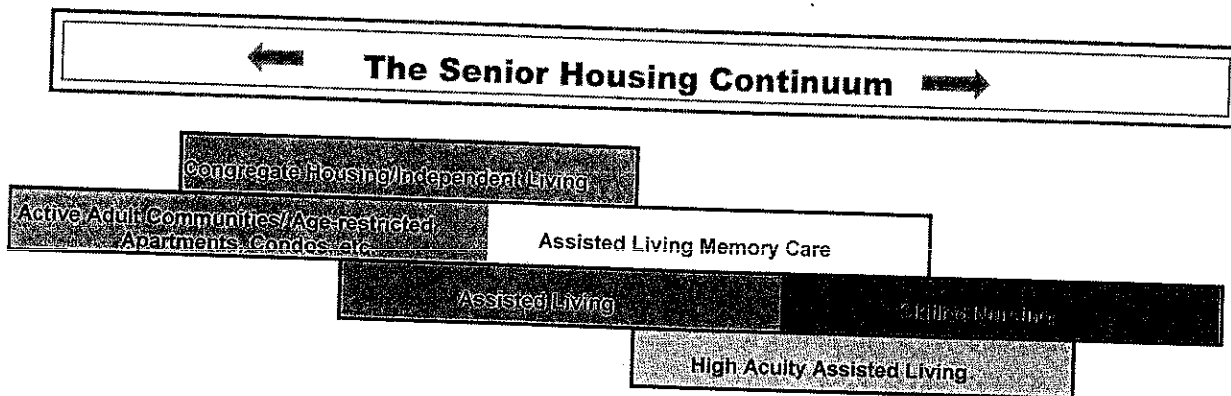
The senior segment of the population is growing. Over the next five years (2017-2022) the 65+ population is projected to increase by 22.0%.

The affluence in the Tuscaloosa PMA is above average as the median household income is \$48,814, which is higher the statewide average. This level of affluence promises to provide an income-qualified prospect pool for the proposed facility.

5. CURRENT INVENTORY AND ANALYSIS

SENIOR HOUSING SPECTRUM: AN OVERVIEW

The senior housing sector is generally composed of six segment types, defined by the level of care and amenities provided in conjunction with the living setting. The industry has developed well-defined business models for each segment.



Active Adult Communities and Senior Apartments (for-sale and for-rent): Active adult communities are typically condos, co-ops or single-family homes with minimal or no services offered. These communities have an age requirement of 55-plus and offer a number of amenities, such as clubhouses, which appeal to active adult homeowners. Senior apartments tend to be larger, multi-unit facilities with a rental payment structure. In addition to age restrictions, many communities have income restrictions because they are developed under low-income housing tax credit programs.

Independent Living Facilities (ILFs): Also known as congregate care facilities, ILFs offer a multi-family design to those seniors who are less active and who may have difficulty with routine housekeeping. These facilities are similar to senior apartments, but offer several additional services, such as meals, housekeeping, transportation and organized group activities. Residents typically rent apartments at ILFs at a premium to local market rents in order to cover the cost of common area charges and the additional services provided.

Assisted Living Facilities (ALFs): ALFs are multi-family properties with personalized support services for seniors. Typically, ALFs cater to individuals who need assistance with daily activities, but do not require nursing home care. The units and common areas are designed to accommodate a higher level of support, while still retaining the characteristics of residential apartments. ALFs are a cost-efficient alternative to in-home care because they primarily provide non-medically intensive support activities. A property that specializes in the care of residents with Alzheimer's or other forms of dementia is also

Independent Living, Assisted Living, & Memory Care Market Study

considered an assisted living property. These memory care facilities can be freestanding properties or wings or floors within a traditional assisted living property.

Skilled Nursing Facilities (SNFs): SNFs provide the highest level of care, are hospital-like in nature and are, consequently, the most expensive of all senior housing options. In addition, SNFs are also the most highly regulated of the senior housing facilities, typically requiring state licenses. Many SNFs offer acute and intensive medical care, and post-hospitalization and rehabilitation therapies. Medicare and Medicaid programs cover a large portion of these expenses, with such government reimbursements accounting for a significant portion of revenue at these facilities.

COMMUNITIES OVERVIEW

The following senior housing campuses were surveyed in Tuscaloosa County:

	Facility	Opened	ILF	ALF	MC
1	Martinview Assisted Living 2015 32 nd Street, Northport, AL 35476 (205) 333-0085	1987	---	16	16
2	North River Village 5810 Rice Mine Road NE Tuscaloosa, AL 35406 (205) 759-9875	1997	12	37	---
3	Morning Pointe 1801 Rice Mine Road Tuscaloosa, AL 35406 (205) 345-1112	2000	---	30	24
4	Heritage Village 1001 Snows Mill Ave Tuscaloosa, AL 35406 (205) 349-1011	1985	---	15	---
5	Crimson Village 1410 18 th Ave, Tuscaloosa, AL 35404 (205) 632-6699	2014	---	76	32
6	Brookdate Northport 951 Rose Dr, Northport, AL 35476 (205) 330-1700	1999	---	68	11
7	Pine Valley Retirement Community 800 Rice Valley Rd N Tuscaloosa, AL 35406 (205) 349-8700	1987	98	15	---
8	Hambriek Highlands 755 55 th Place East, Tuscaloosa, AL 35405 (205) 469-1828	2010	---	18	---
9	Regency Retirement Village 5001 Old Montgomery Hwy Tuscaloosa, AL 35405 (205) 752-5500	1992	26	66	26
10	Capstone Village 601 5 th Ave E, Tuscaloosa, AL 35401 (205) 347-0057	2005	130	13	16
TOTAL:			266	354	125

ILF = Independent Living Facility ALF = Assisted Living Facility
 MC = Memory Care

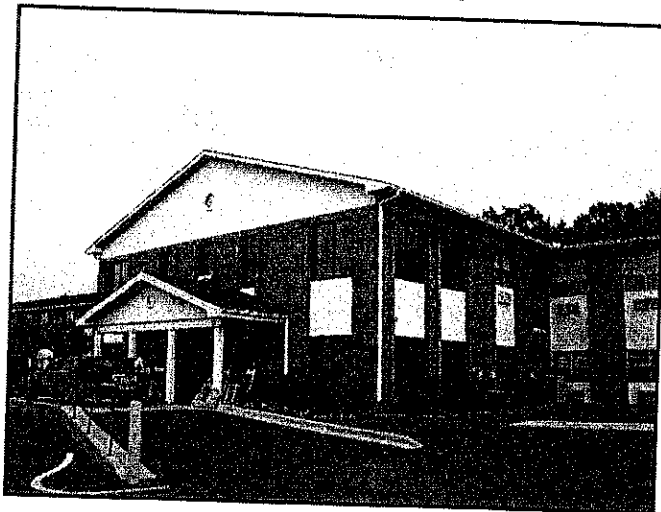
INDEPENDENT LIVING

Currently, there are four competitive independent living facilities operating within the Tuscaloosa PMA, offering a total 266 units and a current combined average occupancy of 96.2%. The table below summarizes the information for these facilities:

Facility	Total Units	Units Occ.	Studio	1-Bed	2-Bed
Regency Retirement Village 5001 Old Montgomery Hwy Tuscaloosa, AL 35405 (205) 752-5500	26	24	---	\$2,179	\$2,436 - \$2,730
Capstone Village 601 5 th Ave E, Tuscaloosa, AL 35401 (205) 347-0057	130	124	---	\$2,675 - 3,150	\$3,355 - \$4,615
Pine Valley Retirement Community 800 Rice Valley Rd N Tuscaloosa, AL 35406 (205) 349-8700	98	96	---	\$1,625 - \$2,050	\$2,300 - \$3,225
North River Village 5810 Rice Mine Road NE Tuscaloosa, AL 35406 (205) 759-9875	12	12	---	\$1,494 - \$1,591	\$2,184 - \$2,245
Total:	266	256 (96.2%)			

Below is a brief synopsis of the independent living facilities operating in the Tuscaloosa PMA:

1. **Regency Retirement Village.** This retirement community has been in operation since 1992. It is a two-story structure (which houses the assisted living and memory care components), as well as 26 patio homes. The main building has a brick exterior with a covered entry, moderate landscaping, and average curb appeal. The facility is a bit dated and looking worn and tired. The patio homes are located behind the main building lined up in a row along a cul-de-sac. The homes are all single-story structures with small front yards. Some of the homes come with a garage.

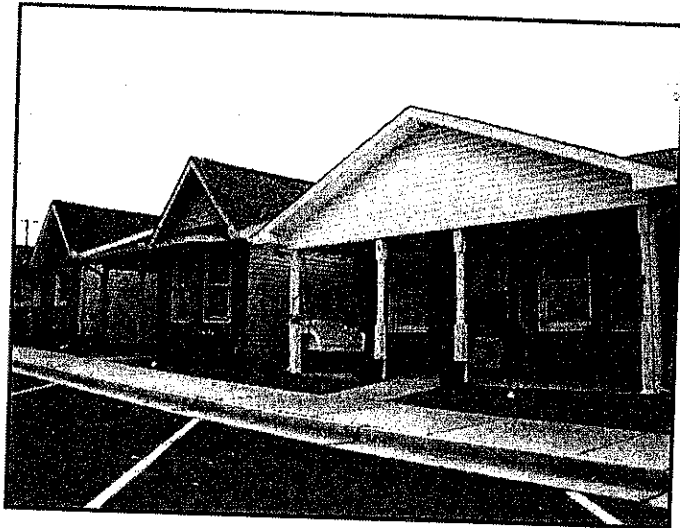


MAIN BUILDING

The rental rates for the patio homes are summarized below:

Independent Living, Assisted Living, & Memory Care Market Study

1 BR	690 sq. ft.	\$2,179
2 BR/1 Ba	875 sq. ft.	\$2,436
2 BR/1.5 Ba	875 sq. ft.	\$2,450
2 BR	1,010 sq. ft.	\$2,730
2 nd Person Fee:		\$700
Community Fee:		\$1,200
Pet Fee:		\$750



Typical Patio Homes

The services included with the rent:

- All Utilities
- Basic Cable
- Three meals a day
- Wi-Fi connection
- Scheduled Transportation
- Activities Program
- Maintenance of the homes
- Access to all ALF amenities in the main building
- Weekly housekeeping and laundry service

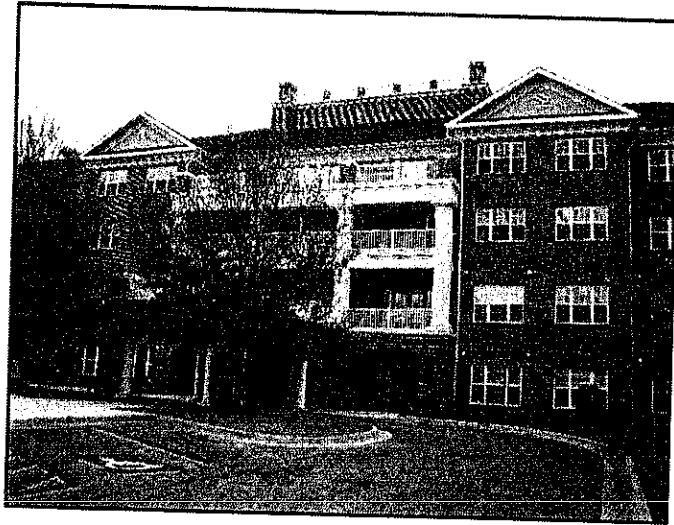
The assisted living units come in the following sizes and rents:

<i>Unit Type</i>	<i>Unit Size</i>	<i>Base Rent</i>	<i>Level of Care Fees</i>	
Companion Studio	241 sq. ft.	\$1,788	Level 1:	\$350
Standard Studio	225 sq. ft.	\$2,639	Level 2:	\$500
Deluxe Studio	340 sq. ft.	\$3,150		
1 BR	550 sq. ft.	\$3,750		
2 nd Person Fee:		\$700		
Community Fee:		\$1,200		

Memory care fees are as follows:

Companion Room	241 sq. ft.	\$3,497
Private Room	225 sq. ft.	\$4,820
Respite Care		\$250 per day

2. **Capstone Village.** This full-service retirement community is located at the intersection of University Blvd. And 6th Avenue E., at the eastern edge of the University of Alabama campus, just north of the Druid City Hospital. This elegant retirement community operates in affiliation with the University of Alabama, and consists of 108 independent living apartments, 22 patio homes, 13 assisted living units, and a 16-bed memory care facility. It opened in 2005 and enjoys near capacity occupancy in all three components.



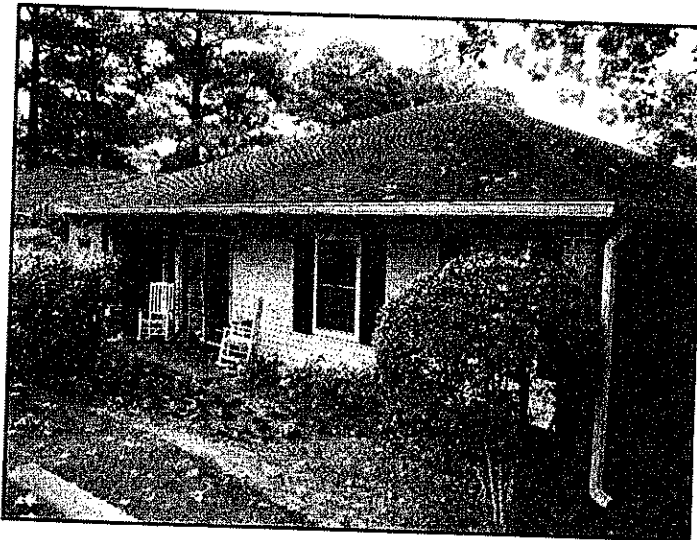
The main building is a four-story structure with brick exterior, white columns above the front entrance, a handsome covered entry, ample landscaping, and superior curb appeal. The community operates on a straight monthly rental basis, with no large entrance fee required for admission. The rental rates are summarized below:

<i>Unit Type</i>	<i>Unit Size</i>	<i>Rental Rate</i>
<i>Apartments</i>		
1 BR	758 sq. ft.	\$2,675
1 BR	855 sq. ft.	\$2,825
1 BR Large	958 sq. ft.	\$2,930
1 BR Large	1,000 sq. ft.	\$3,150
2 BR	1,096 sq. ft.	\$3,355
2 BR	1,196 sq. ft.	\$3,480
2 BR	1,398 sq. ft.	\$3,960
2 BR Large	1,485 sq. ft.	\$4,190
2 BR Large	1,638 sq. ft.	\$4,380
2 BR Large	1,936 sq. ft.	\$4,550
<i>Patio Homes</i>		
2 BR/2 Bath	1,445 sq. ft.	\$4,425
2 BR/2 Bath/Den	1,725 sq. ft.	\$4,615
2 nd Person Fee:		\$ 500
Community Fee:		\$3,500 (\$1,000 for 2 nd person)

The amenities are extensive:

- Concierge
- Outdoor covered patio
- Beauty & Barber Salon
- Lounge & Coffee Shop
- Card Room
- Guest Suites
- 10% discount at University supply store
- Discounts for tickets to sporting events
- Discounts for theatrical productions
- Free audited UA classes where applicable
- Free access to CrimsonRide Shuttle Bus
- Scheduled transportation to medical, shopping
- Room Service when necessary
- Priority to health care services, ALF & MC
- Atrium with Fireplace & seating
- Library & Computer Center
- Woodworking Shop
- Activity Room for Arts & Crafts
- Exercise Room
- 10% discount at Bama dining locations

3. **Pine Valley Retirement Community.** This retirement community has been in operation for over 30 years. It consists of a two-story apartment building with brick exterior, canopy awning at the entrance, moderate landscaping, and good curb appeal. The campus also features a neighborhood of 38 patio homes which, along with the 60 apartments, provides a total inventory of 98 independent living units. Also contained in the apartments building is an assisted living wing with 15 units. The campus is well maintained but is showing its age.



Typical Patio Home

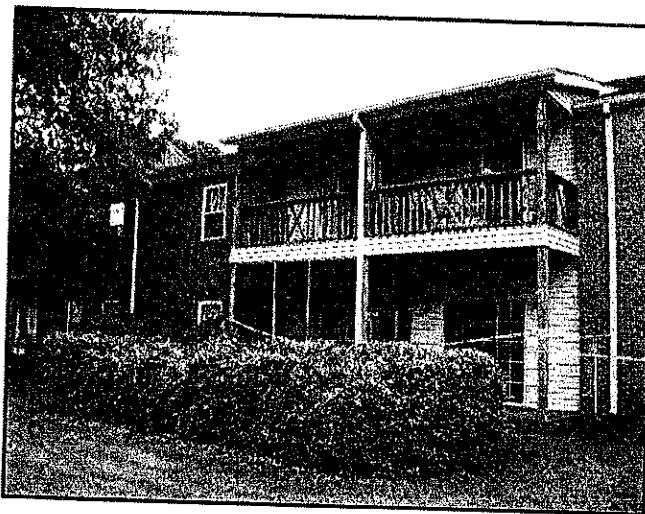
The independent living options are summarized below.

<i>Unit Type</i>	<i>Unit Size</i>	<i>Monthly Rent</i>
1 BR	475 sq. ft.	\$1,625
1 BR – Large	705 sq. ft.	\$2,050
2 BR	900 sq. ft.	\$2,300
2 nd Person Fee:		\$500

Independent Living, Assisted Living, & Memory Care Market Study

Services included with the rent:

- 24-hr nurse on site
- Emergency response systems
- Maintenance-free homes
- Landscaping & Grounds keeping
- Weekly housekeeping
- Weekly laundry service
- Scheduled Transportation
- Basic Cable TV
- Electricity
- Water/Sewer
- Trash and Garbage Removal



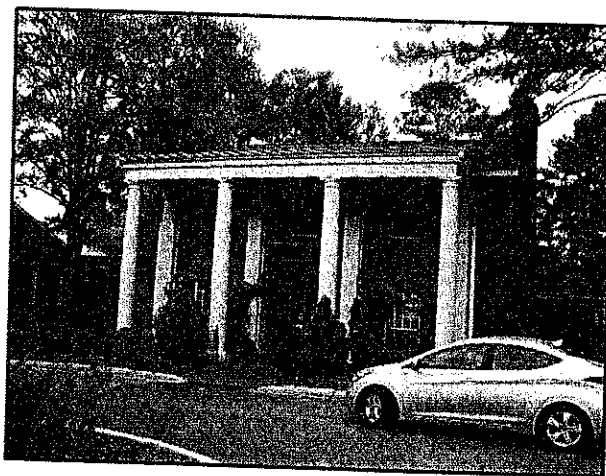
Apartment Building

Meal plans are available for an extra charge.

Breakfast: \$115 per month
 Lunch: \$185 per month
 Supper: \$135 per month

Patio Home options are summarized below:

<i>Unit Type</i>	<i>Unit Size</i>	<i>Monthly Rent</i>
1 BR	740 sq. ft.	\$2,150
2 BR	925 sq. ft.	\$2,400
2 BR – Large	1,166 sq. ft.	\$2,600
2 BR – Deluxe	1,480 sq. ft.	\$3,225
2 nd Person Fee:		\$500



4. **North River Village.** This modest community is located at the northern edge of the Tuscaloosa market. It has been open since 1997 and offers a small independent living apartment building with 12 units, as well as a separate single-story building for assisted living with 37 rooms. The independent living building is a single-story structure with brick exterior, covered entry, moderate landscaping, and average curb appeal. The campus has a large front yard with ample walking space. The asphalt driveway and parking area is showing its age, with cracks and signs of erosion.



The independent living units are priced as follows:

<i>Unit Type</i>	<i>Unit Size</i>	<i>Monthly Rent</i>
1 BR	647 sq. ft.	\$1,494
1 BR	707 sq. ft.	\$1,591
2 BR	845 sq. ft.	\$2,184
2 BR	914 sq. ft.	\$2,245
Community Fee:		\$1,000
Pet Fee:		\$100

All utilities are included with the rent, but meals are extra:

1 Meal per day	\$145 per month
2 Meals per day	\$295 per month
3 Meals per day	\$445 per month

Independent Living, Assisted Living, & Memory Care Market Study

Unit Size Analysis

The unit sizes for the above retirement communities are compared in the table below:

Facility	Studio	1 BR	1 BR Dlx	2 BR
Regency Retirement Village	---	690	---	875 - 1,010
Capstone Village	---	758 - 855	958 - 1,000	1,096 - 1,936
Pine Valley Retirement	---	475	705	900 - 1,480
North River Village	---	647	707	845 - 914
Market Average	-0-	685 sq. ft.	842 sq. ft.	1,132 sq. ft.

Rental Rate Analysis

Facility	Studio	1 BR	1 BR Dlx	2 BR
Regency Retirement Village	---	\$2,179	---	\$2,436 - \$2,730
Capstone Village	---	\$2,675 - 2,825	\$2,930 - \$3,150	\$3,355 - \$4,615
Pine Valley Retirement	---	\$1,625	\$2,050	\$2,300 - \$3,225
North River Village	---	\$1,494	\$1,591	\$2,184 - \$2,245
Market Average	-0-	\$2,160	\$2,430	\$2,886

Analysis of Services

In order to make a balanced comparison of the value of each facility's prices, we must compare the services that are included with the monthly fee. Facilities that charge a higher price but offer more services may be a better value than those that charge a slightly lower fee but skimp on services. The table below summarizes the critical services customarily offered at an independent living retirement community, in order to compare the value offered by each facility surveyed in this report.

Facility	Meals	Hskp	Cable TV	Trans	Utilities
Regency Retirement Village	3/day	Wkly	Yes	Yes	S, W, E
Capstone Village	1/day	Bi-Wkly	NO	Yes	S, W, E
Pine Valley Retirement	---	Wkly	Yes	Yes	S, W, E
North River Village	---	Wkly	Yes	Yes	S, W, E

S = sewer W = water E = electricity

ASSISTED LIVING FACILITIES

Driven by an aging population and other major social and demographic changes, as well as by increased technological support for preventing the premature institutionalization of senior adults, a variety of alternative living arrangements are being developed in America today. It is true that a significant proportion of the elderly are able to, and choose to, remain in their own homes. Some require the added support of home health care services to achieve this, and will continue to pursue this option as long as they are physically and financially able to do so.

A smaller percentage of seniors (perhaps 5 - 6%) choose skilled nursing facilities, where nursing care and other medical services are available on a 24-hour basis. However, some industry experts believe that as many as 20 - 30% of nursing home residents would be more appropriately placed in a less clinical, more residential environment, for several reasons:

1. A residential option, like an assisted living facility, is generally less expensive than a nursing home;
2. An assisted living facility offers a more social environment that encourages greater human interaction and activities;
3. An assisted living facility fosters greater independence and self-esteem, which helps to slow the aging and deterioration process.

For many seniors assisted living facilities are filling an important housing and health care need. The assisted living industry is rapidly changing in response to resident needs, family expectations, and the evolving health care environment. Once characterized as "board and care" homes providing minimal health services, today assisted living facilities provide private apartments, 24-hour individual assistance designed to meet each resident's scheduled and unscheduled needs. These services include:

- *Three meals per day prepared and served in a central dining room
- *Weekly housekeeping and linen service
- *24-hour emergency response
- *Medication reminders
- *Transportation to medical appointments and outings
- *Assistance with activities of daily living (dressing, bathing, walking, toileting, grooming, eating, etc.) as needed

Given the low cost of assisted living in comparison to home health and nursing care, and given the relative perceived value attributed to the assisted living option, it is becoming a more popular and readily available service in most communities. The tables below

Independent Living, Assisted Living, & Memory Care Market Study

compare the advantages and positive features associated with assisted living in relation to home health and nursing care.

**Perceived and Real Advantages
For Each Type of Care**

Home Health	Assisted Living	Nursing Care
Services are provided in the Customer's home	A residential, non-institutional atmosphere	Highly skilled medical care is available.
A wider variety of personal choices are offered	24-hour care and security are offered.	A wide range of services are offered on site.
The customer can remain independent longer and can age in place.	Socialization with other residents is available through both physical presence and activity programs.	24-hour medical monitoring is provided.
Increasing Medicare payment options are available.	On-site support services are offered.	Peace of mind is provided for family members.
Customers can purchase only needed services.	Peace of mind is provided for family members.	

In addition to the advantages of each of the above service options, each option carries with it certain perceived disadvantages:

**Perceived and Real Disadvantages
For Each Type of Care**

Home Health	Assisted Living	Nursing Care
Services are very expensive if not covered by a third party payer.	Services are expensive; the cost is not covered by Medicare; there is no adequate federal or state reimbursement	The setting is institutional and socialization opportunities with fellow residents are limited.
There is a limited amount of off-site services (i.e. medical)	It is sometimes difficult for an active spouse to accept.	Many of the room are semi-private, offering very little space for home furnishing
Only intermittent care is provided.	The customer must move from home.	There is an overall lack of privacy.
There is a lack of socialization opportunities	Often perceived as an "old person's place"	Residents often feel a lack of dignity and decision-making opportunity.
In some cases there is a perceived lack of caring by care givers.	There is often no medical care available on site.	SNF's are often perceived as places where people go to die
Customers often feel an invasion of privacy if the services are arranged by adult children.	There may be a lack of privacy and a surrender of a certain amount of independence.	The customer must move from home.

Tuscaloosa Competitive Analysis

There are ten assisted living facilities operating in the Tuscaloosa PMA, offering a total of 354 units and a current stabilized occupancy of 90.0%. The table below summarizes the information for these facilities.

ASSISTED LIVING FACILITIES

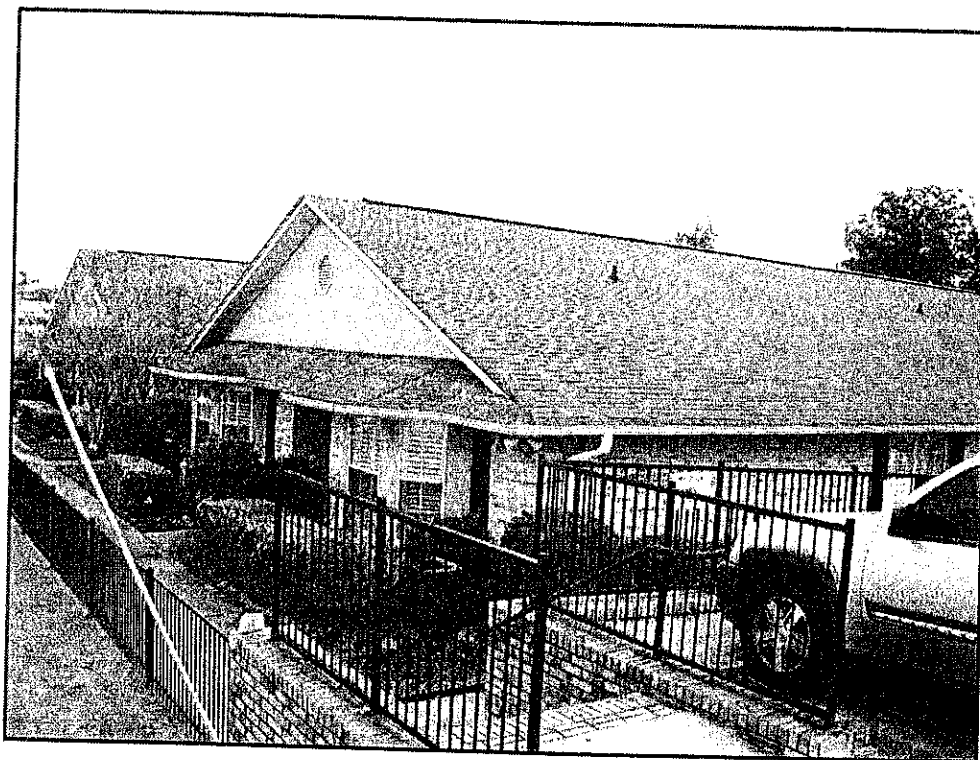
Facility	Total Units	Units Occ.	Studio	1 BR	2 BR
Martinview Assisted Living 2015 32 nd Street, Northport, AL 35476 (205) 333-0085	16	16	\$2,375	---	---
North River Village 5810 Rice Mine Road NE Tuscaloosa, AL 35406 (205) 759-9875	37	27	\$3,245	\$3,965	---
Morning Pointe 1801 Rice Mine Road Tuscaloosa, AL 35406 (205) 345-1112	30	27	\$2,365	\$2,695	---
Heritage Village 1001 Snows Mill Ave Tuscaloosa, AL 35406 (205) 349-1011	15	15	\$1,950	---	---
Crimson Village 1410 18 th Ave, Tuscaloosa, AL 35404 (205) 632-6699	76	75	\$2,300 - \$2,400	\$2,700 - \$4,100	\$4,200
Brookdale Northport 951 Rose Dr, Northport, AL 35476 (205) 330-1700	68	63	\$2,240	\$2,580	\$3,180
Pine Valley Retirement Community 800 Rice Valley Rd N Tuscaloosa, AL 35406 (205) 349-8700	15	14	\$2,850	---	---
Hambrick Highlands 755 55 th Place East, Tuscaloosa, AL 35405 (205) 469-1828	18	18	\$2,700	\$3,100	----
Regency Retirement Village 5001 Old Montgomery Hwy Tuscaloosa, AL 35405 (205) 752-5500	66	50	\$2,639 - \$3,150	\$3,750	---
Capstone Village 601 5 th Ave E, Tuscaloosa, AL 35401 (205) 347-0057	13	13	\$2,745	---	---
Total:	354	318 (90.0%)			

The following is a brief description of the facilities in the table above:

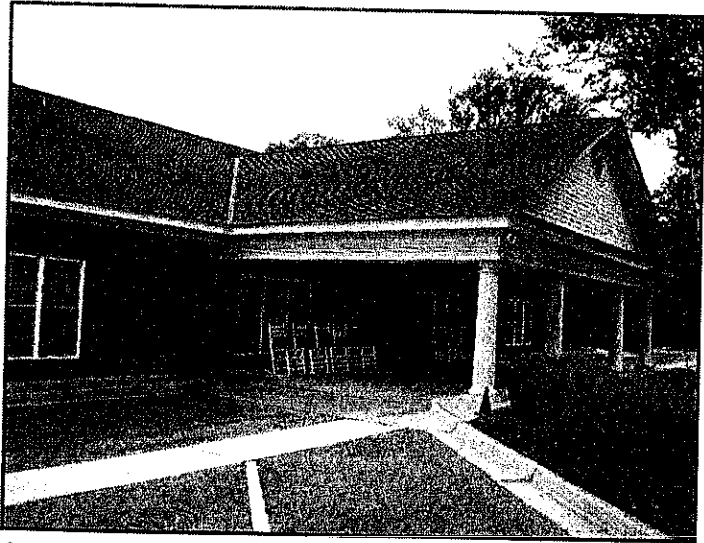
1. **Martinview Assisted Living.** This modest facility is comprised of twin buildings joined by a covered breeze way, each with 16 rooms (so designed to avoid the more stringent licensure requirements imposed on facilities with more than 16 rooms). The facility offers 16 assisted living rooms and another 16 room in the companion building for memory care residents. The resident rooms are all very small sleeping rooms (each with a private bathroom). The facility amenities are very limited. The facility has been open for over 30 years and is literally surrounded by three nursing homes (Park Manor, Glen Haven, and Forest Manor), which should guarantee the facility an excellent referral network. The neighborhood is largely commercial. The facility sits virtually at the intersection of McFarland Blvd. and Route 69 (Bridge Avenue).



Each room rents for \$2,375 a month (all inclusive).



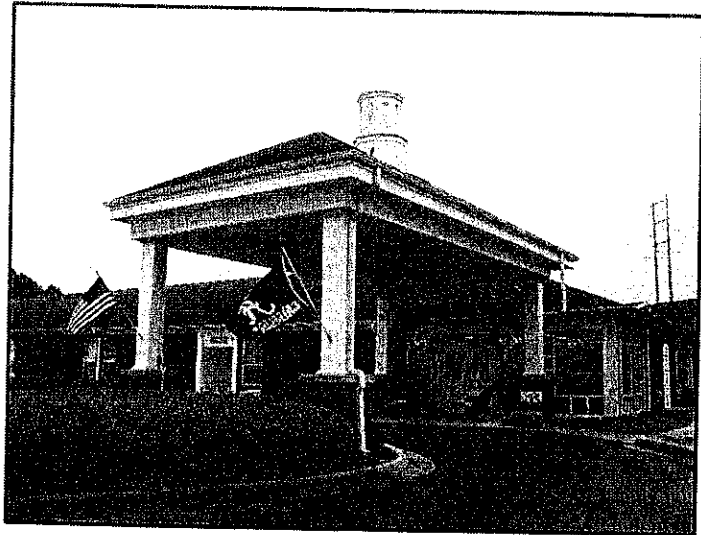
2. **North River Village.** This modest community is located at the northern edge of the Tuscaloosa market. It has been open since 1997 and offers a small independent living apartment building with 12 units, as well as a separate single-story building for assisted living with 37 rooms. The assisted living building is a single-story structure with brick exterior, covered entry, moderate landscaping, and average curb appeal. The campus has a large front yard with ample walking space. The asphalt driveway and parking area is showing its age, with cracks and signs of erosion.



The assisted living units are priced as follows:

<i>Unit Type</i>	<i>Unit Size</i>	<i>Monthly Rent</i>
Studio	350 sq. ft.	\$3,245
1 BR	460 sq. ft.	\$3,965
2 nd Person Fee		\$800
Community Fee:		\$1,000

3. **Morning Pointe.** This attractive community has been in operation since 2000. It offers a total of 30 assisted living units and a 24-bed memory care wing. The building is a single-story structure with brick exterior, covered entry, moderate landscaping, and very good curb appeal. The interiors are very attractive as well. The assisted living options are summarized below:



Studio	236 sq. ft.	\$2,365	Level of Care Fee 1;	\$575
1 BR	362 sq. ft.	\$2,695	Level of Care Fee 2;	\$875
2 nd Person Fee		\$1,250		
Community Fee;		\$1,000		

4. **Heritage Village.** This modest facility shares the parking lot with the Heritage Healthcare & Rehab Center. The assisted living center is a small 15-room facility. It is a single-story structure with brick exterior, no covered entry, minimal landscaping, and average curb appeal. The amenities and features of the interiors are institutional and drab. All of the rooms are small studios. The room rate is:



Studio: \$1,950

There are no level of care fees.

5. **Crimson Village.** This recent entry into the Tuscaloosa assisted living market has been open since 2014. It offers a total of 76 assisted living units and a 32-bed memory care wing. The building is a three-story structure with brick exterior, handsome covered entry, moderate landscaping, and average curb appeal. The building has a bland commercial look rather than the residential community that it is. The neighborhood is a mixture of commercial businesses and residential homes.



<i>Unit Type</i>	<i>Unit Size</i>	<i>Monthly Rate</i>	<i>LOC Fees:</i>
Studio	340 sq. ft.	\$2,300	Level 1: \$700
Studio Deluxe	347 sq. ft.	\$2,400	Level 2: \$1,400
1 BR	454 sq. ft.	\$2,700	
1 BR Large	687 sq. ft.	\$4,100	
2 BR	694 sq. ft.	\$4,200	
2 nd Person Fee:		\$600	
Community Fee:		\$1,000	
Pet Fee;		\$500	

6. **Brookdale Northport.** This facility has been open since November of 1999, with 79 rooms, divided into 68 assisted living rooms and an 11-room memory care wing. The facility is generally more impressive than the other assisted living facilities in the Tuscaloosa area, with a newer look, appealing covered drop-off, and close proximity to the Northport Hospital. All of the rooms have small kitchenettes (cabinets, refrigerator, sink, microwave). It is one of the few assisted living communities in Tuscaloosa that offers a two-bedroom option for assisted living clients. The assisted living options are summarized below:

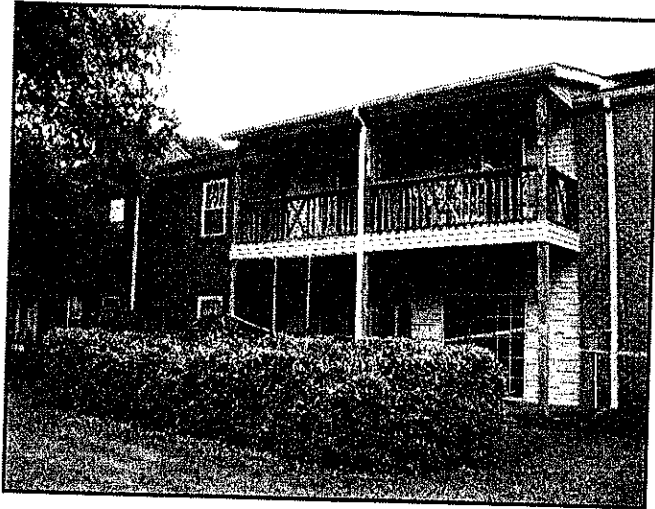


<i>Unit Type</i>	<i>Unit Size</i>	<i>Base Rent</i>
Studio	350 sq. ft.	\$2,240
One-Bedroom	506 sq. ft.	\$2,580
Two-Bedroom	750 sq. ft.	\$3,180
2 nd Person Fee:		\$800
Community Fee:		\$1,000

Level of care fees are structured on a menu a la carte basis, allowing residents to pick and choose the specific services they need. These fees generally range up to \$800 per month for a full spectrum of services.

The facility also operates an 11-room dedicated memory care wing in a separate wing of the facility. All of the rooms are studios about 200 sq. ft. in size, and the monthly fee is \$5,200, which is an all-inclusive rate.

7. **Pine Valley Retirement Community.** This retirement community has been in operation for over 30 years. It consists of a two-story apartment building with brick exterior, canopy awning at the entrance, moderate landscaping, and good curb appeal. The campus also features a neighborhood of 38 patio homes which, along with the 60 apartments, provides a total inventory of 98 independent living units. Also contained in the apartments building is an assisted living wing with 15 units. The campus is well maintained but is showing its age. The assisted living rates are summarized below:



<i>Unit Type</i>	<i>Unit Size</i>	<i>Monthly Rent</i>
Studio	340 sq. ft.	\$2,850
2 nd Person Fee:		\$1,000

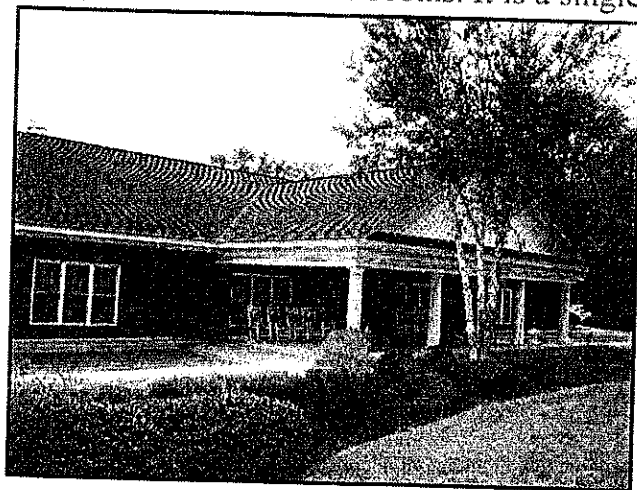
Personalized care services are priced on an a la carte menu:

- Half-Hour of Services \$10.00
- 1 Hour of Services \$15.00
- 1.5 Hours of service \$20.00
- 2.0 Hours of service \$25.00
- Medication Assistance \$2.00 per medication pass

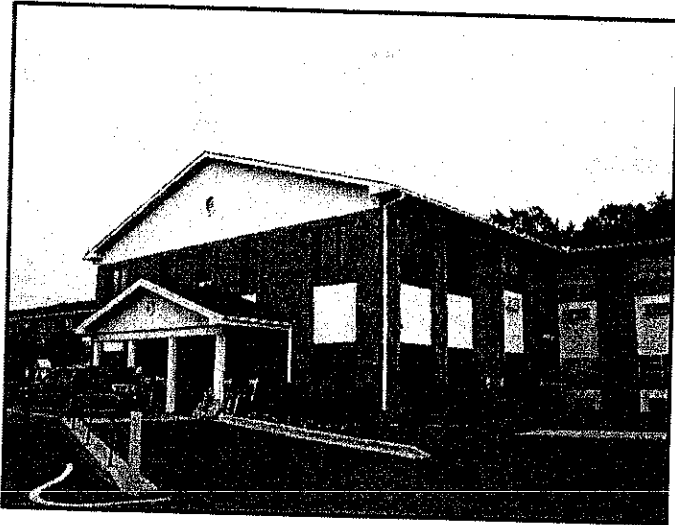
8. **Hambrick Highlands.** This modest facility offers a total of 18 rooms. It is a single-story structure with brick exterior, covered entry, moderate landscaping, and good curb appeal. It has been open since 2010 and generally runs full. The apartment options are summarized below:

Studio	200 sq. ft.	\$2,700
1 BR	400 sq. ft.	\$3,100
2 nd person Fee		\$1,100

These rates are all-inclusive.



9. **Regency Retirement Village.** This retirement community has been in operation since 1992. It is a two-story structure (which houses the 66 assisted living units and 26 memory care rooms), as well as 26 patio homes. The main building has a brick exterior with a covered entry, moderate landscaping, and average curb appeal. The facility is a bit dated and looking worn and tired. The patio homes are located behind the main building lined up in a row along a cul-de-sac. The homes are all single-story structures with small front yards. Some of the homes come with a garage.



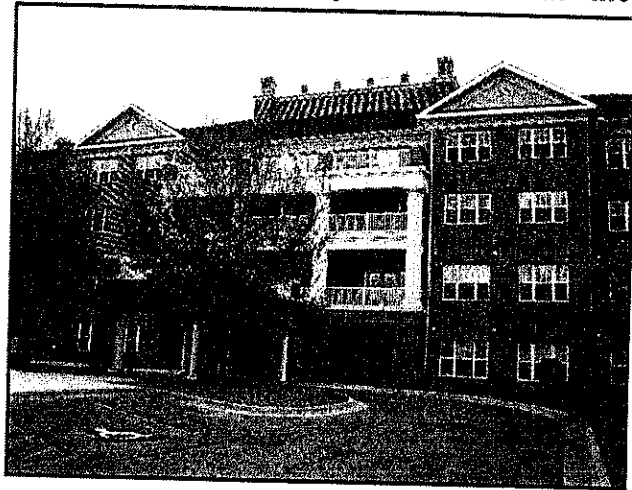
The rental rates for the assisted living units are summarized below:

<i>Unit Type</i>	<i>Unit Size</i>	<i>Base Rent</i>	<i>Level of Care Fees</i>
Companion Studio	241 sq. ft.	\$1,788	Level 1: \$350
Standard Studio	225 sq. ft.	\$2,639	Level 2: \$500
Deluxe Studio	340 sq. ft.	\$3,150	
1 BR	550 sq. ft.	\$3,750	
2 nd Person Fee:		\$700	
Community Fee:		\$1,200	

Memory care fees are as follows:

Companion Room	241 sq. ft.	\$3,497
Private Room	225 sq. ft.	\$4,820
Respite Care		\$250 per day

10. **Capstone Village.** This full-service retirement community is located at the intersection of University Blvd. and 6th Avenue E., at the eastern edge of the University of Alabama campus, just north of the Druid City Hospital. This elegant retirement community operates in affiliation with the University of Alabama, and consists of 108 independent living apartments, 22 patio homes, 13 assisted living units, and a 16-bed memory care facility. It opened in 2005 and enjoys near capacity occupancy in all three components.



The main building is a four-story structure with brick exterior, white columns above the front entrance, a handsome covered entry, ample landscaping, and superior curb appeal. The community operates on a straight monthly rental basis, with no large entrance fee required for admission. The rental rates for assisted living are summarized below:

Private Rooms	450 sq. ft.	\$2,745
Level 2:		\$730
Level 3:		\$1,110
Level 4:		\$1,515

RENTAL RATE ANALYSIS

The table below summarizes the rental rates of the facilities presented in this report.

TUSCALOOSA ASSISTED LIVING FACILITIES RENTAL RATE ANALYSIS

Facility	Studio	1 BR	2 BR
Martinview Assisted Living	\$2,375	---	---
North River Village	\$3,245	\$3,965	---
Morning Pointe	\$2,365	\$2,695	---
Heritage Village	\$1,950	---	---
Crimson Village	\$2,300 - \$2,400	\$2,700 - \$4,100	\$4,200
Brookdale Northport	\$2,240	\$2,580	\$3,180
Pine Valley Retirement	\$2,850	---	---
Hambrick Highlands	\$2,700	\$3,100	---
Regency Retirement Village	\$2,639 - \$3,150	\$3,750	---
Capstone Village	\$2,745	---	---
Market Average:	\$2,580	\$3,270	\$3,690

Levels of Care Fees

The table below summarizes the LOC charges for each facility.

TUSCALOOSA ASSISTED LIVING FACILITIES "LOC" ANALYSIS

Facility	Care Fees
Martinview Assisted Living	No LOC Fees
North River Village	No LOC Fees
Morning Pointe	\$575 - \$875
Heritage Village	No LOC Fees
Crimson Village	\$700 - \$1,400
Brookdale Northport	\$0 - \$800
Pine Valley Retirement	No LOC Fees
Hambrick Highlands	No LOC Fees
Regency Retirement Village	\$350 - \$750
Capstone Village	\$730 - \$1,110 - \$1,515

UNIT SIZE ANALYSIS

The unit sizes of the assisted living facilities in the Tuscaloosa PMA are summarized in the table below.

Unit Size Analysis (sq. ft.)

Facility	Studio	1 BR	2 BR
Martinview Assisted Living	250	---	---
North River Village	350	460	---
Morning Pointe	236	362	---
Heritage Village	250	---	---
Crimson Village	340 - 347	454 - 687	694
Brookdale Northport	350	506	750
Pine Valley Retirement	340	---	---
Hambrick Highlands	200	400	---
Regency Retirement Village	225 - 340	550	---
Capstone Village	450	---	---
Market Average:	306 sq ft	488 sq ft	722 sq. ft.

MEMORY CARE FACILITIES

Alzheimer's Disease was first described by Alois Alzheimer, a German neurologist in 1906. It is sometimes referred to as pre-senile memory, since it often occurs prior to the age of 65. However, it is most prevalent with people over the age of 85, where the incidence rate is almost 50%.

It is estimated that in 1998 nearly 4.3 million Americans over the age of 65 have Alzheimer's disease. This accounts for approximately 12.5% of the total population over the age of 65. Including all other forms of memory affecting the elderly, this population was more than six million. This incidence rate is many times higher than that of multiple sclerosis, cystic fibrosis, and most of the better known diseases of man.

Alzheimer's disease is the fourth costliest cause of death in the United States (behind heart disease, cancer, and diabetes). However, it is only the 10th leading cause of death, primarily because it is a disease related to aging and therefore does not affect the bulk of the population younger than 65 years of age.* Nevertheless, one family in three will see one of their parents succumb to this disease.

For the Alzheimer's victim there is a wide spectrum of care giving options that range from in-home assistance to full institutional nursing care, depending on the stage of Alzheimer's and the capabilities of the family:

SPECTRUM OF ALZHEIMER'S CARE OPTIONS

AT HOME		RESIDENTIAL CARE		NURSING CARE	
Attended to by loved ones	Cared for with the assistance of in-home care giver	Day care or respite care for Alzheimer's clients	Permanent residency in an assisted living facility	General nursing care	Dedicated Alzheimer's unit

Therefore, in evaluating the types of facilities that would be considered competitive to the proposed memory care program in Tuscaloosa, only the last category of the above spectrum ("residential care") must be included in the study.

*Source: "Assisted Living: Alzheimer's Disease and Related Memory," by Andrew J. MacPhernon, Volpe Brown Whelan & Co., March 1999.

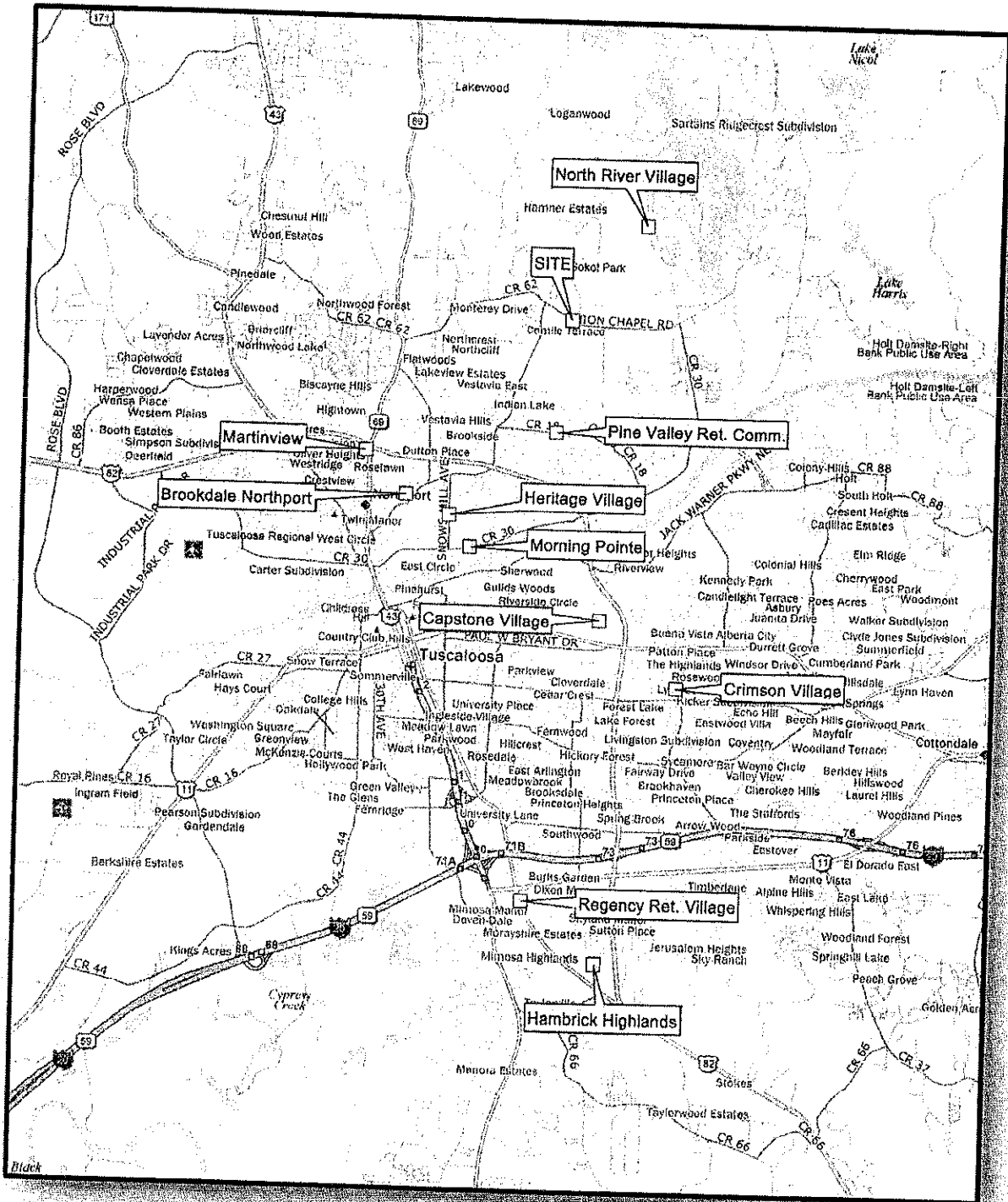
Memory Care Competitive Analysis

Currently, there are six memory care facilities in operation inside the PMA, offering a total of 125 beds and a current occupancy of 96.0%. The following table summarizes the information for these facilities.

Facility	MC Beds	Avg. Occ.	Semi-Priv.	Private Room
Martinview Assisted Living 2015 32 nd Street Northport, AL 35476 (205) 333-0085	16	16	---	\$3,475
Morning Pointe 1801 Rice Mine Road Tuscaloosa, AL 35406 (205) 345-1112	24	22	---	\$4,600 - \$4,710
Crimson Village 1410 18 th Ave, Tuscaloosa, AL 35404 (205) 632-6699	32	31	\$3,500	\$4,500
Brookdale Northport 951 Rose Dr, Northport, AL 35476 (205) 330-1700	11	11	---	\$5,200
Regency Retirement Village 5001 Old Montgomery Hwy Tuscaloosa, AL 35405 (205) 752-5500	26	24	\$3,497	\$4,820
Capstone Village 601 5 th Ave E Tuscaloosa, AL 35401 (205) 347-0057	16	16	---	\$4,585
TOTAL:	125	120 (96.0%)		

The following is a map showing the proposed site and the PMA

Tuscaloosa Competitors Locator Map



CONCLUSION

Within the Tuscaloosa PMA (Tuscaloosa County) there are four comparable independent living facilities, ten comparable assisted living facilities, and six comparable memory care facilities. The facilities operating inside of the PMA are near capacity which adds support to the contention that the region could support the development of a senior living facility.

6. PIPELINE ACTIVITY

The planning/zoning offices of the following jurisdictions were contacted about potential/pending retirement community construction.

1. **Tuscaloosa City Planning Department**, 2201 University Blvd., Tuscaloosa, AL 35401 (205) 349-0190

Two memory care projects are approved for Tuscaloosa:

- Morning Pointe Assisted Living of Tuscaloosa plans to convert 36 ALF beds to its memory care wing.
- Regency Retirement of Tuscaloosa plans to convert 30 ALF beds to its memory care wing.

When these two projects are completed, the memory care inventory will increase from 125 beds to 191 beds. These renovations will also have the effect of reducing the ALF inventory in Tuscaloosa by 66 beds, reducing the ALF inventory from 354 beds to 288 beds.

2. **Northport City Planning Department**, 3500 McFarland Blvd., Northport, AL 35476 (205) 333-3002

According to J. Scott Stephens, Planner, no independent living, assisted living, or memory care facilities under active development or construction for the city of Northport.

7. MARKET DEMAND ANALYSIS

We will now analyze demand for senior housing in the Tuscaloosa PMA (Tuscaloosa County). Our analysis will show demand estimates for 2016 (the most current data available), the likely year of the opening of the subject project, and five years from the current data year.

DEFINITION OF TARGET GROUPS

The demand estimates will be based upon the quantity of four potential “target groups” who are likely users of senior housing. Analysis of these four target groups will provide four separate indications of demand for senior housing. We will then consider the indications from each of the four demand indications in deriving our demand conclusions. The target groups are as follows:

TARGET GROUP 1

Although the vast majority of persons entering senior housing are over the age of 80, some persons between the ages of 65 and 80 do elect to live in senior housing. Therefore, the broadest potential target group for senior housing is persons age 65 and over. The number of persons 65+ is often considered in bed need methodologies adopted by various state health care planning agencies.

TARGET GROUP 2

The next potential “target group” typically examined in evaluating demand for senior housing is the number of households headed by a “householder” age 75 and over. The vast majority of senior housing residents fall into the 75+ age range.

TARGET GROUP 3

The next target group consists of the “age qualified” population that has adequate income to live in elderly housing. Many operators, including Sunrise, Alterra and Holiday Management, consider \$25,000 to be the minimum “qualifying” income. Although research has shown that many seniors with lesser income levels can afford to reside in seniors housing due to having income from other sources or assets to spend down, \$25,000 is widely considered a benchmark for the private pay market. Thus, Target Group 3 consists of the number of households with income of \$25,000+ headed by a householder age 75+.

TARGET GROUP 4

Target group 4 consists of a group referred to in the industry as “adult children”. Children and/or other relatives of seniors generally play a significant role in the placement of a senior in a senior housing facility. Market areas where there are large concentrations of persons in the 45-64 age group can often support significantly larger supply of senior housing than would be indicated through analysis of seniors already residing in the area. This is because in-migration of seniors into markets with large adult child populations is common. This phenomenon is largely due to the fact that while many elderly parents of the local residents do not currently live near their children, they will be encouraged to do so as they age in place and require greater care. When frailty and dependence occurs on the part of an aging parent, the adult children frequently elect to move their loved one closer to them so that they can help attend to their needs more frequently. Thus, Target Group 4 is the number of persons in the age 45-64 age bracket.

DISCUSSION OF ACHIEVABLE PENETRATION RATES

There are no industry standard definitions for penetration or capture rates. For the purpose of this type of analysis, a penetration rate is considered to be the number of beds or units of a specific type that should be demanded at market equilibrium within a given market area, divided by the number of persons or households of a specific type in the same market area. For example, if 100 beds of assisted living should be demanded, and there are 1,000 persons aged 65+ that reside in the PMA, the indicated penetration rate is 10%.

In order to determine the appropriate penetration rates, we have relied upon the National Demand Estimates provided in *The Case for Investing in Seniors Housing and Long Term Care Properties With Updated Projections*. Using the updated demand estimates in this study, national penetration rates are calculated in the table below. These penetration rates, derived from the most complete and authoritative study of national demand in existence, will be used as the basis for estimating demand in the subject’s market area. It should be noted that these estimates are for private-pay demand only. Demand for private and public pay accommodations are much higher. Thus, in some markets, higher penetration rates may be achievable. This will depend upon the availability of public funding.

Independent Living, Assisted Living, & Memory Care Market Study

Independent Living					
		Target Group			
		Persons 65+	Households 75+	Households 75+, Inc. \$25,000+	Persons Age 45-64
A.	Demand for Independent Living 2000 Per Revised Investment Case	706,740	706,740	706,740	706,740
B.	2000 Population/Households for Each Target Group	34,991,753	10,657,476	4,786,520	61,952,636
C.	Achievable Penetration (A divided by B)	2.02%	6.63%	14.77%	1.14%

Assisted Living					
		Target Group			
		Persons 65+	Households 75+	Households 75+, Inc. \$25,000+	Persons Age 45-64
A.	Demand for Assisted Living 2000 Per Revised Investment Case	706,146	706,146	706,146	706,146
B.	2000 Population/Households for Each Target Group	34,991,753	10,657,476	4,786,520	61,952,636
C.	Achievable Penetration (A divided by B)	2.02%	6.63%	14.75%	1.14%

INDEPENDENT LIVING DEMAND

The demand for independent living is calculated as follows:

Demand for Independent Living				
Target Group 1 – Persons 65+				
Item		YEAR		
		2017	2019	2022
A	PMA Persons Age 65+	24,616	26,783	30,034
B	Achievable Penetration Rate	2.02%	2.02%	2.02%
C	Indicated Market Area Demand (A x B)	497	541	607

Target Group 2 – Households Age 75+				
Item		YEAR		
		2017	2019	2022
A	PMA HHs Age 75+	6,814	7,278	7,975
B	Achievable Penetration Rate	6.63%	6.63%	6.63%
C	Indicated Market Area Demand (A x B)	452	482	529

Target Group 3 – Households Age 75+ With Incomes \$25,000+				
Item		YEAR		
		2017	2019	2022
A	PMA HHs Age 75+ with Incomes \$25,000+	4,431	4,921	5,656
B	Achievable Penetration Rate	14.77%	14.77%	14.77%
C	Indicated Market Area Demand (A x B)	654	727	835

Independent Living, Assisted Living, & Memory Care Market Study

Target Group 4 – Persons Age 45-64 (Adult Children)				
Item		YEAR		
		2017	2019	2022
A	PMA Persons Age 45-64	46,547	46,518	46,474
B	Achievable Penetration Rate	1.14%	1.14%	1.14%
C	Indicated Market Area Demand (A x B)	531	530	530

As the tables above reveal, each methodology yields a slightly different demand estimate. Since no one methodology is considered superior over the others, it would not be reasonable to simply embrace the most optimistic projection, nor would it be prudent to endorse the most conservative projection.

Demand Summary				
Item		YEAR		
		2017	2019	2022
	Target Group 1	497	541	607
	Target Group 2	452	482	529
	Target Group 3	654	727	835
	Target Group 4	531	530	530
	Average (mean)	533	570	625

If we take an average of the findings from each method, we arrive at a projected demand for 570 independent living units by 2019, and 625 units by 2022.

Calculation of Unmet Demand

For the purpose of estimating the need for additional units in the Tuscaloosa PMA, we must deduct all of the existing beds operating within the same market as well as pipeline units to arrive at the Total Unmet Demand for ILF units.

		2019	2022
Projected Bed Need	=	570 Units	625 Units
Current Inventory	=	- 266 Units	- 266 Units
Pipeline Units	=	- 0 Units	- 0 Units
Unmet Demand	=	304 Units	359 Units

We note that the 65+ population is expected to increase by 20.0% from 2017-2022. Thus, the market conditions are expected to continually improve.

ASSISTED LIVING DEMAND

Demand for assisted living in the Tuscaloosa PMA is calculated as follows:

Demand for Assisted Living				
Target Group 1 – Persons 65+				
Item	YEAR			
	2017	2019	2022	
A	PMA Persons Age 65+	24,616	26,783	30,034
B	Achievable Penetration Rate	2.02%	2.02%	2.02%
C	Indicated Market Area Demand (A x B)	497	541	607
Target Group 2 – Households Age 75+				
Item	YEAR			
	2017	2019	2022	
A	PMA HHs Age 75+	6,814	7,278	7,975
B	Achievable Penetration Rate	6.63%	6.63%	6.63%
C	Indicated Market Area Demand (A x B)	452	482	529
Target Group 3 – Households Age 75+ With Incomes \$25,000+				
Item	YEAR			
	2017	2019	2022	
A	PMA HHs Age 75+ with Incomes \$25,000+	4,431	4,921	5,656
B	Achievable Penetration Rate	14.75%	14.75%	14.75%
C	Indicated Market Area Demand (A x B)	654	723	834
Target Group 4 – Persons Age 45-64 (Adult Children)				
Item	YEAR			
	2017	2019	2022	
A	PMA Persons Age 45-64	46,547	46,518	46,474
B	Achievable Penetration Rate	1.14%	1.14%	1.14%
C	Indicated Market Area Demand (A x B)	531	530	530

As the tables above reveal, each methodology yields a slightly different demand estimate. Since no one methodology is considered superior over the others, it would not be reasonable to simply embrace the most optimistic projection, nor would it be prudent to endorse the most conservative projection.

Demand Summary			
Item	YEAR		
	2017	2019	2022
Target Group 1	497	541	607
Target Group 2	452	482	529
Target Group 3	654	723	834
Target Group 4	531	530	530
Average (mean)	533	569	625

When we take an average of the findings from each method, we arrive at a projected demand for 569 assisted living units by 2019, and 625 units by 2022.

Calculation of Unmet Demand

For the purpose of estimating the need for additional assisted living units in the Tuscaloosa PMA, we must deduct all of the existing units operating within the same market.

		<i>2019</i>		<i>2022</i>
Projected Bed Need	=	569 Units		625 Units
Current Inventory	=	- 288 Units	-	288 Units
Unmet Demand	=	281 Units		337 Units

Based on our calculations of projected demand, the Tuscaloosa market would appear to be under-bedded, and the projected continued growth of the 65+ population sector in the next five years (20.0%), make a new assisted living facility very viable.

MEMORY CARE DEMAND

To determine the potential need for a memory care program in a given market, we will make seven assumptions:

1. As indicated earlier, the probable extent of the Tuscaloosa PMA is assumed to be a Tuscaloosa County around the proposed site at 1601 Union Chapel Road, Tuscaloosa (Tuscaloosa County), Alabama, 3406.
2. In addition to the prospects we will expect to derive from the primary market itself, we will expect the facility to fill approximately 30% of its beds from elderly clients moving to the area from outside the market, primarily from some referrals from the peripheral communities around the Tuscaloosa area.

We also expect a small percentage of move-ins to come from seniors relocating to Tuscaloosa from other parts of the state of Alabama and even other states. This phenomenon is largely due to the fact that while many elderly parents of the local residents do not currently live near their children, they will be encouraged to do so as they age in place and require greater care.

3. Since the proposed Tuscaloosa facility would be expected to open no earlier than the year 2019, we will make population projections for determining whether or not there will be sufficient demand for the number of beds to be built.

4. We will exclude from consideration any prospect who does not earn at least \$70,000 per year. The memory care services in the proposed memory care facility will start at \$5,100 per month for a private room, which will amount to \$61,200 per year, and is 88% of \$70,000.¹ Those earning less than \$70,000 per year would not be able to afford the monthly rents. While it is likely that some of those seniors who fall below the financial threshold would be helped by their children with supplemental assistance to ensure that they could receive such care, we have no way to estimate this percentage, and will therefore consider these prospects part of the 30% in-migration referred to in Assumption #2.

**TUSCALOOSA, ALABAMA
HOUSEHOLD PROJECTIONS**

Age Groups	2017		2019		2022	
	Total	% \$70k+	Total	% \$70k+	Total	% \$70k+
55-64	14,360	39.6%	14,470	42.6%	14,636	47.2%
65-74	9,640	31.6%	10,596	35.3%	12,030	40.8%
75+	6,814	21.9%	7,278	26.6%	7,975	33.6%

SOURCE: *Alteryx*

5. **Estimating Utilization from Those Below the Income Threshold.** Not only do we expect income-qualified prospects to be candidates for the proposed facility, we also understand that a small percentage of dementia victims who fall below the income threshold (“Non Qualified”) will be placed in the facility by loved ones who will pay the monthly fee on behalf of their mother or father.

While there is no firm data on the percentage of indigent dementia residents living in an all private-pay facility, some estimates have been offered by Maxfield Research, a Minnesota-based market research and consulting firm. Maxfield Research is recognized as the leading market research firm for senior housing in the Upper Midwest. It has conducted more than 250 senior housing studies in 15 states for all types of retirement complexes ranging from "adult" buildings with few services to assisted living and skilled care facilities for the frail elderly.²

According to Maxfield Research, about 5% of indigent dementia victims aged 65-74 will obtain residential care through the benevolence of a loved one, and as many as 15% of indigent dementia victims aged 75+ will have their monthly fees paid for them as well. We will use these percentages in estimating the draw from the “Non-Qualified” prospect pool.

¹ This finding is consistent with *Pathway Senior Living* (www.pathwayseniorliving.com), who estimates that residents of assisted living facilities often pay as much as 90% of income to monthly fees.

² See www.maxfieldresearch.com.

6. **Incidence of Alzheimer's Disease.** There is some disagreement within the medical community over the prevalence of Alzheimer's Disease (AD). For example, The National Institute on Aging estimates that about 4.0 million Americans have AD, while the National Alzheimer's Association places the number at 5.3 million.³ As such, the incidence of AD may be a range from 10% of seniors to 13% of seniors.

Also, the probable incidence of Alzheimer's Disease increases at various age levels. Below is the latest information from the National Alzheimer's Association ("2010 Alzheimer's Disease Facts & Figures") and "How Many Americans Have Alzheimer's Disease" Nov. 27, 2007 report from Alzheimer's Disease Education and Referral Center, regarding the prevalence of dementia at various age levels:

Incidence of Alzheimer's Disease

1.88% of persons under the age of 65
13% of persons 65+
5% of persons 65-74
22.1% of persons 75+
9.68% of persons 75-84
50% of persons 85+

We will rely on these numbers in calculating the size of the prospect pool for dementia assisted living care, in the table below.

7. **Saturation Point or Capture Rate.** The Saturation rate is used to compare the inventory of units (or capacity) in the market to the qualified market. The Saturation Rate represents the estimated maximum number of units likely to be filled by the qualified prospect pool.

A 25% capture rate of the dementia assisted living prospect pool is considered an average estimate, according to the National Investment Center for the Senior Housing and Care Industry, a benchmark now commonly used by other senior housing research specialists (i.e. Maxfield Research, The Vinca Group, etc.). Line 10 of the table below presents the expected Saturation Rate for the Tuscaloosa market.

³ "2010 Alzheimer's Disease Facts and Figures", published by the National Alzheimer's Association, p. 9.

DEMENTIA DEMAND CALCULATION TABLE

The table below incorporates all of the assumptions presented above in order to estimate the probable need for memory care beds in the Tuscaloosa market, for both 2019 and 2022. The table first starts by estimating the number of likely dementia victims in the Tuscaloosa PMA, both income-qualified and non-income qualified, based on incidence assumptions provided by the National Alzheimer's Association and the Alzheimer's Disease Research and Referral Center (ADEAR). The table then factors in the probable draw from secondary markets to yield the total bed need for the Tuscaloosa PMA. From the total prospect pool a saturation rate of 25% is applied, to yield the maximum number of dementia units the market is likely to be able to support. After deducting the existing inventory, we are left with the Unmet Demand for additional dementia units.

Independent Living, Assisted Living, & Memory Care Market Study

MEMORY CARE DEMAND ANALYSIS

Memory Care Demand

2019 Income-Qualified Households Requiring Memory Care								
Age	% Memory	Income Qualified Hholds	# Draw from Qualified Members	Non Income Qualified Hholds	# Non-Qualified Memory	% Draw from Non-Qualified	# Draw from Non-Qualified	# Memory Total
55-64	1.88%	6,164	116	8,306	156	5%	8	124
65-74	5.00%	3,740	187	6,856	343	5%	17	204
75+	22.10%	1,936	428	5,342	1,181	15%	177	605
Total		11,840	731	20,504	1,680		202	933

2022 Income-Qualified Households Requiring Memory Care								
Age	% Memory	Income Qualified Hholds	# Draw from Qualified Members	Non Income Qualified Hholds	# Non-Qualified Memory	% Draw from Non-Qualified	# Draw from Non-Qualified	# Memory Total
55-64	1.88%	6,908	130	7,728	145	5%	7	137
65-74	5.00%	4,908	245	7,122	356	5%	18	263
75+	22.10%	2,680	592	5,291	1,170	15%	175	767
Total		14,496	967	20,141	1,671		200	1,167

Memory Care Demand Calculation			
		2019	2022
1	Calculated Market Potential	933	1,167
2	Identified Competitive Units in Market Area	191	191
3	Maximum Occupancy in Competitive Units	95%	95%
4	Adjusted Competitive Units	181	181
5	Available Prospects in Market Area (Line 1 - Line 4)	752	986
6	Percent of Added prospects from Outside the Market Area	+ 0.70	+ 0.70
7	Prospects from Outside the Market Area (Line 5 ÷ 0.70- Line 5)	322	422
8	Potential Market Area Prospects (Line 5 + Line 7)	1,074	1,408
Market Demand Computation			
9	Total Adjusted Market Potential (Line 4 + Line 8)	1,255	1,589
10	Estimated Percent of Need Met by Memory Care Units	25%	25%
11	Calculated Number of Units to Fill Total Demand	314	397
12	Less Competitive Units (Line 2)	191	191
MEMORY CARE - NET DEMAND		123	206

As the table above indicates, the Unmet Demand for memory care units in the Tuscaloosa PMA is projected to total 123 units by 2019 and 206 units by 2022.

SUMMARY AND CONCLUSIONS

Independent Living Demand

According to the bed need methodologies used by industry experts to calculate the demand for more independent living units, the Tuscaloosa PMA (Tuscaloosa County) appears to be under-bedded, with demand projected to total 304 units by 2019 and 359 units by 2022.

Assisted Living Demand

According to the bed need methodologies used by industry experts to calculate the demand for more assisted living units, the Tuscaloosa PMA appears to be under-bedded, with demand projected to total 281 units by 2019 and growing to 337 units by 2022.

Memory Care Demand

According to the bed need methodologies used by industry experts to calculate the demand for more memory care beds, the market appears to be under-bedded. The unmet demand for memory care beds is projected to reach 123 beds by 2019 and 206 beds by 2022.

8. PROJECT DESCRIPTION RECOMMENDATIONS

Based on the analysis presented in the previous chapters, we have concluded that the Tuscaloosa area has sufficient demand to warrant the development additional senior housing and related services.

ANALYSIS OF ACHIEVABLE RENTS

We observed the following range of rents and unit sizes in each of the housing components examined in our study.

Independent Living

Unit Size Analysis

Facility	Studio	1 BR	1 BR/Dlx	2 BR
Regency Retirement Village	---	690	---	875 - 1,010
Capstone Village	---	758 - 855	958 - 1,000	1,096 - 1,936
Pine Valley Retirement	---	475	705	900 - 1,480
North River Village	---	647	707	845 - 914
Market Average	-0-	685 sq. ft.	842 sq. ft.	1,132 sq. ft.

Rental Rate Analysis

Facility	Studio	1 BR	1 BR/Dlx	2 BR
Regency Retirement Village	---	\$2,179	---	\$2,436 - \$2,730
Capstone Village	---	\$2,675 - 2,825	\$2,930 - \$3,150	\$3,355 - \$4,615
Pine Valley Retirement	---	\$1,625	\$2,050	\$2,300 - \$3,225
North River Village	---	\$1,494	\$1,591	\$2,184 - \$2,245
Market Average	-0-	\$2,160	\$2,430	\$2,886

Assisted Living

RENTAL RATE SUMMARY

Facility	Studio	1 BR	2 BR
Martinview Assisted Living	\$2,375	---	---
North River Village	\$3,245	\$3,965	---
Morning Pointe	\$2,365	\$2,695	---
Heritage Village	\$1,950	---	---
Crimson Village	\$2,300 - \$2,400	\$2,700 - \$4,100	\$4,200
Brookdale Northport	\$2,240	\$2,580	\$3,180
Pine Valley Retirement	\$2,850	---	---
Hambrick Highlands	\$2,700	\$3,100	---
Regency Retirement Village	\$2,639 - \$3,150	\$3,750	---
Capstone Village	\$2,745	---	---
Market Average:	\$2,580	\$3,270	\$3,690

Independent Living, Assisted Living, & Memory Care Market Study

Levels of Care Fees

TUSCALOOSA ASSISTED LIVING FACILITIES "LOC" ANALYSIS

Facility	Care Fees
Martinview Assisted Living	No LOC Fees
North River Village	No LOC Fees
Morning Pointe	\$575 - \$875
Heritage Village	No LOC Fees
Crimson Village	\$700 - \$1,400
Brookdale Northport	\$0 - \$800
Pine Valley Retirement	No LOC Fees
Hambrick Highlands	No LOC Fees
Regency Retirement Village	\$350 - \$750
Capstone Village	\$730 - \$1,110 - \$1,515

Unit Size Analysis (sq. ft.)

Facility	Studio	1 BR	2 BR
Martinview Assisted Living	250	---	---
North River Village	350	460	---
Morning Pointe	236	362	---
Heritage Village	250	---	---
Crimson Village	340 - 347	454 - 687	694
Brookdale Northport	350	506	750
Pine Valley Retirement	340	---	---
Hambrick Highlands	200	400	---
Regency Retirement Village	225 - 340	550	---
Capstone Village	450	---	---
Market Average:	306 sq. ft.	488 sq. ft.	722 sq. ft.

Memory Care

Facility	Semi-Priv.	Private Room
Martinview Assisted Living	---	\$3,475
Morning Pointe	---	\$4,600 - \$4,710
Crimson Village	\$3,500	\$4,500
Brookdale Northport	---	\$5,200
Regency Retirement Village	\$3,497	\$4,820
Capstone Village	---	\$4,585
Market Average:	\$3,499	\$4,127

RECOMMENDED UNIT MIX AND PRICING

The Client proposes to develop a senior housing campus consisting of 92 ILF units, 74 ALF units, and 32 MC beds. The unit mix and rental rates proposed for this campus are summarized in the table below.

Type	Size	Total	Monthly Rent	Rent Per Sq. Ft.
<i>Independent Living</i>				
1 BR	682 sq. ft.	24	\$2,500	\$3.67
1 BR	806 sq. ft.	18	\$2,650	\$3.29
1 BR	847 sq. ft.	12	\$2,725	\$3.22
2 BR	1,061 sq. ft.	20	\$3,050	\$2.87
2 BR	1,215 sq. ft.	12	\$3,200	\$2.63
2 BR	1,440 sq. ft.	6	\$3,475	\$2.41
Sub-total:		92		
<i>Assisted Living</i>				
Studio	357 sq. ft.	22	\$3,400	\$9.52
Studio	463 sq. ft.	12	\$3,700	\$7.99
1 BR	517 sq. ft.	18	\$3,875	\$7.50
1 BR	587 sq. ft.	12	\$4,150	\$7.07
2 BR	802 sq. ft.	10	\$4,600	\$5.74
Sub-Total:		74		
<i>Memory Care</i>				
1 BR	454 sq. ft.	6	\$5,600	\$12.33
Studio	342 sq. ft.	26	\$5,100	\$14.91
Sub-Total:		32		
TOTAL:		198		

As shown in the prevailing rental rate tables for the current inventory on pp. 64-65, you will see that the proposed rates for the subject property fall well within the prevailing rents in the Tuscaloosa market.

Based on the estimated demand in the Tuscaloosa PMA, we conclude that the proposed retirement community campus is feasible. Especially in light of the fact that the proposed community will contain all three components: 1) independent living, 2) assisted living, and 3) memory care, this continuum of care will not only give the community a marketing edge, it will enjoy its own in-house referral system, sending residents to the higher level of care components of the campus, rather than having to go to the market to find new residents.

PROJECTED ABSORPTION RATE

Move-in rates reported by NIC MAP for the top 31 MSA's for the 2nd quarter of 2016 are as follows:

Move-In Rates from NIC MAP for Top 31 MSA's			
Property Type	Independent Living	Assisted Living	Alzheimer's (Dementia)
Net Monthly Move-In Rate of Non-Stabilized Properties Open < 24 Months	5.1	3.1	1.6

Based on the NIC MAP absorption data, we forecast an achievable absorption rate for the campus to be approximately 10 independent living, assisted living/dementia care units per month. In addition, the subject is expected to pre-lease units prior to completion. A pre-leasing figure of 20% of the ILF units is considered reasonable. Thus, taking into account an absorption rate of 10 units per month as well as a pre-leasing figure of 20%, the subject's lease-up period is forecasted to be 17 months.

ILF-ALF-MC Lease-Up Forecast

Lease-Up Forecast	
Total Primary Beds/Units	198
Forecasted Stabilized Occupancy	95%
Units Occupied at Stabilization	188
Less Pre-Leasing Figure (20%)	18
Units to Be Rented to Reach Stabilization	170
Forecasted Absorption Period (months)	17
Forecasted Net Absorption Per Month (Units)	10

APPENDIX

SENIOR MARKET RESEARCH STATEMENT OF QUALIFICATIONS

SENIOR MARKET RESEARCH ASSOCIATES

808 22nd Street, NW - Cleveland, Tennessee 37311

Office: (423) 559-5292 • cell: (423) 284-0258

E-Mail: smra65@aol.com

STATEMENT OF QUALIFICATIONS

Senior Market Research Associates has been in operation since 1995, specializing in market analysis for the senior housing industry. Larry K. Richardson serves as the President and principal market analyst for the company, based in Cleveland, Tennessee, and devoted to providing a range of consulting services to assist developers in the research, planning, and development of nursing homes, assisted living facilities, and independent living retirement communities.

Mr. Richardson brings over 25 years of experience in the senior housing field in development, research, and operations. He has served for over five years as the chief operating officer for the retirement center division of Life Care Centers of America, the nation's third largest long-term care provider. In this position he was responsible for the day-to-day operation of its 14 retirement centers in ten states, ranging in size from 95 to 226 units. Under his direction the occupancy in these centers grew to an overall average of 93.5%. In 13 of these facilities he inaugurated assisted living programs and developed policies and procedures to guide their operation. He also created an activities resource manual, marketing manual, and various management and personnel handbooks.

In addition, Mr. Richardson served seven years in the development of new nursing homes and retirement facilities, including the post of Vice President for Planning and Research for Life Care Centers of America from 1992-1995. In this capacity he supervised the preparation of Certificate of Need applications for new nursing homes, nursing home additions, and bed relocations in nine states, obtaining land use modifications with local city and county jurisdictions, and selected and negotiated the purchase of over two dozen nursing home sites. During that period he also performed over 100 market studies for potential nursing home and assisted living projects, and established criteria for the acquisition of land for senior housing projects.

As the senior analyst for Senior Market Research Associates, Mr. Richardson has conducted comprehensive consulting engagements in over 800 individual markets in 48 states and U.S. Territories, as well as consulting work in Canada, since 1995, reviewing markets for both nursing center and retirement housing potential. He has worked with clients interested in acquiring facilities to evaluate the operations of those centers.

<i>Senior Market Research Associates has performed research assignments for clients in the following states:</i>				
Alabama	Illinois	Minnesota	North Carolina	Texas
Arkansas	Indiana	Mississippi	North Dakota	Utah
Arizona	Iowa	Missouri	Oklahoma	Vermont
California	Kansas	Montana	Ohio	Virginia
Colorado	Kentucky	Nebraska	Oregon	Washington
Connecticut	Louisiana	Nevada	Pennsylvania	West Virginia
Delaware	Maine	New Hampshire	Rhode Island	Wisconsin
Florida	Maryland	New Jersey	Alabama	Wyoming
Georgia	Massachusetts	New Mexico	South Dakota	Guam
Idaho	Michigan	New York	Tennessee	Ottawa, Canada

SENIOR MARKET RESEARCH ASSOCIATES (SMRA) is experienced in conducting research for the following senior housing concepts:

- Continuum of Care Retirement Communities
- Congregate Care Retirement communities
- Independent Living Apartments
- Assisted Living Facilities
- Nursing Homes
- Specialized Alzheimer's Care Facilities

SMRA has served clients as large as the Archdiocese of Kansas City, major regional medical centers, some of the largest nursing home chains in the nation, non-profit organizations, universities, churches, mid-sized growing management companies, as well as individual entrepreneurs/developers.

Research assignments have included major metropolitan areas such as Denver, Ft. Lauderdale, Portland, Ocala, Kansas City, and Nashville, as well as small rural communities in the heart of farmland America.

SMRA market feasibility studies meets all HUD requirements for the HUD 232 LEAN Pilot Program, and 221 (d) (4) market study guidelines.

SMRA studies are used not only by lenders and investors, they are also used by the marketing and operations managers as a first look at the competitive environment within which their new facility must contend.

AN INDUSTRY LEADER

In addition to his significant industry experience derived from both operational and field research background, Mr. Richardson invests heavily in internal research and development to keep abreast of potential markets for future clients, staying on the leading edge of the ever-changing senior housing industry.

Mr. Richardson's educational credentials include a Master's Degree from California State University at Fullerton, and a Ph.D. from the University of Southern California. He has published several articles in various retirement industry periodicals, sharing operational and marketing strategies in such areas as how to utilize your residents in marketing, the importance of marketing after the sale is made, budgeting strategies in retirement center food service, and the challenges of managing multiple facilities.

He is the author of "*How to Market Your Assisted Living Facility From Start-Up to Fill-Up*", a 246-page resource guide filled with strategies to accelerate the fill-up of your facility. The book is available on Amazon.com.

He has also been a featured seminar speaker at retirement center conferences such as the National Association of Senior Living Industries (NASLI), discussing marketing and management issues, including the details of developing, marketing, and operating assisted living centers.

SENIOR MARKET RESEARCH ASSOCIATES *Planning for Success through Successful Planning*

"You did a market study for me a few years back for an ALF. I am happy to report that we built the ALF we were contemplating and it has been a *huge* success."

--Patrick Duplantis