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Mar 02 2018

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

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March 1, 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  
Shelby County Specialty Care Assisted Living Facility

Dear Mr. Lambert:

In reviewing the adjustment application submitted earlier regarding the above-referenced matter, we found a scrivener's error on page 17. Accordingly, we are submitting the attached correction page, which we would appreciate your having placed in the appropriate file.

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

Sincerely,

Peck Fox

Enclosure

## 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 four annual SHPDA data reporting cycles, the utilization of SCALF services in Shelby County has twice been well in excess of the 92% considered to be an efficient occupancy rate<sup>22</sup>;
- (b) The current and projected positive population factors for Shelby County;
- (c) The increasing incidence of dementia of all forms, including Alzheimer's Disease, as discussed earlier;
- (d) Enhanced local access to SCALF services in Shelby County can be expected to increase the overall use rate for SCALF services, as is typical; and
- (e) 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.

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<sup>22</sup> See Attachment 10.

PA 2018-005

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Feb 23 2018

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

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

**38 SPECIALTY CARE  
ASSISTED LIVING FACILITY BEDS  
IN SHELBY COUNTY, ALABAMA**

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

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## **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 Shelby County will help ensure the provision of enough SCALF beds to meet the growing demand. This will enhance the quality of life for seniors, while also meeting growing demand in the community.

## **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 if 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-eight (38) specialty care assisted living facility beds in Shelby County. These beds shall be approved so that they provide 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 Shelby County area showing relevant existing facilities may be found at Attachment 2.

## **APPLICANT & CONTACT INFORMATION**

Applicant: Smith/Packett Med-Com, LLC  
Hunter Smith, President  
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Proof of Publication: To be provided to SHPDA under separate cover within the time mandated by rule.

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



## 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.

Shelby County, located just south and east of Birmingham in northern central Alabama, is the state’s fifth most populated county<sup>1</sup>, and ranks first among Alabama’s 67 counties in per capita income.<sup>2</sup> Recently, Shelby County was found to have the strongest economy in the state of Alabama, and to be one of the three counties – of the sixty-seven – with the highest quality of life in the state according to a study by the Alabama State University Center for Leadership and Public Policy.

Currently, according to the Alabama Department of Public Health (“ADPH”), Shelby County has only three licensed Specialty Care Assisted Living Facilities<sup>3</sup> (“SCALF”), with a total of 124 licensed beds:

Facility	Licensed SCALF Beds
Lakeview Estates	76
Memory Care at Somerby at St. Vincent’s 119	24
Specialty Care at Danberry at Inverness	24

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<sup>1</sup> Population estimates from the Center for Business and Economic Research, University of Alabama. See Attachment 7.

<sup>2</sup> Data is from the 2010 U.S. Census, and the 2006-2010 American Community Survey 5-Year Estimates.

<sup>3</sup> 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.

These listings, printed from the ADPH website,<sup>4</sup> may be found at Attachment 3. In addition, Noland Health Services (“Noland”) has been awarded a Certificate of Need (“CON”) for 24 SCALF beds<sup>5</sup>, but these beds have not yet been licensed. The most recent Statistical Update<sup>6</sup> issued by the State Health Planning and Development Agency (“SHPDA”) on October 27, 2015, shows a total bed need for 136 SCALF beds in Shelby County, pursuant to the numerical methodology. The Statistical Update also shows a then-current inventory of 128 licensed beds; at that time, there were also an additional 36 beds that had been authorized but not licensed (24 to Noland and 12 to Lakeview Estates<sup>7</sup>), resulting in a net need calculation of a negative 28 beds. However, that statistical update was prepared more than two years ago, and the large increase in 65 and over population in Shelby County as shown by CBER data included in this application for adjustment, certainly illustrates that there is a growing need for SCALF services in the county. Accordingly, the Statistical Update shows no net need for additional beds in Shelby County; that leads to the adjustment proposed herein.<sup>8</sup>

However, a historical look at actual occupancy in Shelby County’s SCALF beds shows that, as recently as 2016, an additional 16 SCALF beds were licensed and operating in Shelby County, since Shangri-La was still operating until May 31, 2016<sup>9</sup>. Even with that facility closing at the end of May, taking those 16 SCALF beds out of operation, the facilities in the county reported an occupancy rate of over 95% -- the second consecutive year that the county had occupancy of that level. Lastly, also according to these annual data reports, the 16 licensed SCALF beds from Shangri-La have yet to be adequately replaced to return sufficient choice and availability to the county’s senior population.<sup>10</sup>

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<sup>4</sup> [www.adph.org](http://www.adph.org)

<sup>5</sup> The beds for Noland were awarded pursuant to a CON application filed in 2010, by order of SHPDA dated December 31, 2014.

<sup>6</sup> 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.

<sup>7</sup> The Lakeview beds have subsequently been licensed.

<sup>8</sup> The next two most recent Statistical Updates (August 12, 2014 and September 18, 2012) are attached as Attachments 5 and 6, respectively.

<sup>9</sup> Since Shangri-La was operating until May 31, 2016, it was included in the SHPDA inventory as of the most recent Statistical Update, dated October 27, 2015.

<sup>10</sup> Information regarding Shelby County SCALF occupancy, drawn from annual reports filed with SHPDA by the providers, is included as Attachment 10.

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, the population of Shelby County is 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 pace<sup>11</sup>.

Year	Total Population	65+ Population	% of Total 65+	Data Source
2000	143,293	12,179	8.5%	2000 Census
2010	195,085	20,627	10.6%	2010 Census
2015	208,085	28,016	13.5%	CBER Estimate
2020	224,628	34,714	15.5%	CBER Projection
2025	239,859	43,182	18.0%	CBER Projection
2030	253,485	51,263	20.2%	CBER Projection
2035	265,330	57,471	21.7%	CBER Projection
2040	276,373	63,447	23.0%	CBER Projection

Such increases in 65+ population can be expected to cause the need for SCALF services in Shelby County to expand, as this group of the population needs such services at a higher rate, and the numerical methodology utilized in the State Health Plan is driven by this very population component.

This Adjustment Application requests thirty-eight (38) 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 the portion of Shelby County within the

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<sup>11</sup> Copies of the projections from CBER may be found at Attachment 7.

municipal limits of the City of Hoover. The campus to be developed by Smith/Packett would offer a full complement of senior housing options, up to and including memory care.

Currently, there is a need for additional SCALF beds in Shelby County, 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 38 sought in this adjustment application. Although the market feasibility study focused primarily upon a smaller, 5-mile radius of the planned Smith/Packett site, and the Plan Revision Procedures section of the State Health Plan (Ala. Admin. Code Section 410-2-5-.04) does allow an adjustment to be requested, and approved, based upon a portion of a county, this request is instead for the county as a whole. Despite the geographic limitation in the market study (the 5-mile radius), the independent consultant found that the area in question would be under-bedded by 82 beds in 2020, growing to 124 in 2022; certainly, for the entirety of Shelby County, the shortage would be even greater. Regardless, only 38 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 Shelby County area.

## **WHY IS THIS ADJUSTMENT NEEDED?**

The following are some of the reasons that additional SCALF beds are needed within the proposed geographic area:

- (1) Demand for SCALF services exceeds the available supply of beds;
- (2) Demand for SCALF services is growing even faster than the population;
- (3) There is a need to respond further to the removal of beds from inventory over the last few years; 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.

### **Demand for SCALF Services Exceeds the Available Supply of SCALF Beds**

Market demand for SCALF services in Shelby County has been significant in recent years. This is clearly shown by the occupancy rate for SCALF beds as reported by SCALF operators to SHPDA on an annual basis, which was 95% or greater in both 2015 and 2016. In fact, for the four most recent reporting years, the overall occupancy rate has been 88%.

It is important to note that, based on these annual reports filed with SHPDA by SCALF operators and the closure of Shangri-La in 2016, the total number of available patient days in Shelby County SCALFs at present basically equals the occupied patient days in 2016 – in fact, that occupancy figure, based on current available beds, would have been 98.5%, clearly an unsustainable level.

Clearly, demand for SCALF services is in excess of the available supply.

**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 Shelby County is projected to grow by 208% 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. Moving forward to look at the period from 2020 to 2040, the rate of growth for this population segment in Shelby County is projected to be 83%, while the State as a whole projects at 34%.<sup>12</sup>

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.<sup>13</sup>

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 82 additional beds by 2020, and 124 by 2022, exceeding the 38 sought through this adjustment request.<sup>14</sup>

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<sup>12</sup> See Attachment 7.

<sup>13</sup> See Attachment 9.

<sup>14</sup> See Attachment 8.

**The current inventory of resources in the area includes SCALF beds that – although authorized – have yet to be placed in service.**

The most recent Statistical Update to the 2014-2017 Alabama State Health Plan, published by SHPDA on October 27, 2015<sup>15</sup>, shows a total bed need for 136 SCALF beds in Shelby County, pursuant to the numerical methodology. The Statistical Update also shows a then-current inventory of 128 licensed beds; there were also an additional 36 beds that had been authorized but not licensed (24 to Noland and 12 to Lakeview Estates<sup>16</sup>), resulting in a net need calculation of a negative 28 beds. However, that statistical update was prepared more than two years ago, and the large increase in 65 and over population in Shelby County as shown by CBER data included in this application for adjustment, certainly illustrates that there is a growing need for SCALF services in the county. Accordingly, the Statistical Update shows no net need for additional beds in Shelby County; that leads to the adjustment proposed herein.

However, as clearly illustrated by the annual data reports filed by SCALF operators with SHPDA, the SCALF beds available in Shelby County have fluctuated in recent years:

Facility	Beds 2014	Beds 2015	Beds 2016	Beds 2017
Lakeview Estates	64	64	64	76
Memory Care at Somerby at St. Vincent's 119	24	24	24	24
Specialty Care at Danberry at Inverness <sup>17</sup>			24	24
Shangri-La <sup>18</sup>	16	16	16	
TOTAL	104	104	128	124

Currently, the Alabama Department of Public Health (“ADPH”) shows 124 beds as being licensed. However, pursuant to an order of SHPDA dated December 31, 2014, also dealt with SCALF beds in Shelby County. Under that order, Noland Health Services was granted 24 beds

<sup>15</sup> See Attachment 4.

<sup>16</sup> The Lakeview beds have subsequently been licensed.

<sup>17</sup> Specialty Care at Danberry at Inverness was initially licensed on September 8, 2015.

<sup>18</sup> Shangri-La closed on May 31, 2016.

pursuant to its application from Project AL2010-192; at this time, those beds have never been licensed or placed into service. However, it is clear from the market analysis performed by Senior Market Research Associates, included as Attachment 8, that the need for memory care beds in Shelby County is in excess of the current inventory under the State Health Plan.

### **Options for Choice in Living Arrangements for Senior Citizens**

As shown the need for additional SCALF beds in Shelby County is large – according to SHPDA data reports, the demand in 2016 would have basically equaled supply in 2017, due to the closure of Shangri-La -- and the most likely population grouping to need SCALF services is growing at a rapid rate. By not having adequate resources for senior citizens, their families and caregivers to choose between for housing options, Alzheimer’s disease and other dementias take a 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.”



## **FACTS AND FIGURES ABOUT ALZHEIMER'S DISEASE<sup>19</sup>**

(From the Alzheimer's Association—[www.alz.org](http://www.alz.org); for further information, see Attachment 8)

- Alzheimer's disease is the only cause of death in the top 10 in America that cannot be prevented, cured or slowed.
- 1 in 3 Seniors dies with Alzheimer's or another dementia.
- Alzheimer's disease is the sixth leading cause of death in the United States.
- An estimated 5.4 million Americans of all ages are living with Alzheimer's disease. An estimated 5.2 million are 65 or older.
- 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 13.8 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. 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.
- Someone in the U.S. develops Alzheimer's disease every 66 seconds.

### **Alabama Alzheimer's Statistics**

- It is estimated that 1885 Alabamians died from Alzheimer's disease in 2014.
- In 2016, there were approximately 89,000 Alabamians 65 and older with Alzheimer's. It is projected that these figures will increase to 110,000 in 2025, a 26.4% increase.
- In 2016, it is estimated that 303,000 Alzheimer's and dementia caregivers to Alabama residents provided 345 million hours of unpaid care, with a total value of \$4.36 billion. This resulted in an estimated increase in the cost of health care for these caregivers of \$177 million.

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<sup>19</sup> Additional information from the Alzheimer's Association may be found at Attachment 9.

## POPULATION PROJECTIONS

According to the Center for Business and Economic Research (“CBER”) at the University of Alabama<sup>20</sup>, Shelby County is the fifth largest county among Alabama’s sixty-seven 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, Shelby has been extraordinary. CBER estimates that, between 2000 and 2040, the total population of Shelby County will grow at a rate of 92.9%. Even more impressively, in terms of the market population for SCALF services – the population aged 65 and older -- CBER projects that the increase in Shelby County’s population will be 208% from 2010 to 2040, clearly showing a need for additional resources for adequate and diverse senior housing.<sup>21</sup>

Such an increase in 65+ population can be expected to have a positive impact on the need for SCALF services in Shelby 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.

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<sup>20</sup> 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.

<sup>21</sup> See Attachment 7.

## **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 four annual SHPDA data reporting cycles, the utilization of SCALF services in Shelby County has twice been well in excess of the 92% considered to be an efficient occupancy rate<sup>22</sup>;
- (b) The current and projected positive population factors for Montgomery County;
- (c) The increasing incidence of dementia of all forms, including Alzheimer's Disease, as discussed earlier;
- (d) Enhanced local access to SCALF services in Shelby County can be expected to increase the overall use rate for SCALF services, as is typical; and
- (e) 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.

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<sup>22</sup>

See Attachment 10.

## **USE OF EXISTING SERVICES**

SHPDA Annual Reports for all SCALFs in Shelby County were obtained and reviewed for the years 2014 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 Shelby County that SCALF providers reported as being available for use in the proposed geographic area was high. In fact, in both 2015 and 2016, there was an occupancy percentage in excess of 95% of reported beds. This is clearly 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.

The high occupancy of existing SCALFs; the current and rapidly increasing 65+ population in Shelby 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 Shelby County being an appropriate place for an adjustment to expand the available SCALF beds. Location of additional SCALF beds in Shelby 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.

## **STAFFING**

The estimated staffing for an additional thirty-eight (38) SCALF beds within Shelby 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 Shelby County 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.

## **NAMES OF PATIENTS DENIED SERVICES**

Included in the Organizational Outline provided in Section 410-2-5-.05 of the Alabama Administrative Code is the instruction to provide the names of individuals denied services of the type covered by a proposed adjustment. However, various laws and regulations restrict the listing of such persons, and state laws and regulations may prevent the State Health Planning and Development Agency from receiving the names of patients, residents, families and caregivers.

The Applicant has attempted to achieve the same goal herein by providing quantitative data concerning availability of services.

## **PHYSICIANS COMMITTED TO INVOLVEMENT**

Shelby County is home to an outstanding medical center in Shelby Baptist Medical Center. Additionally, a number of other outstanding facilities are located in Jefferson County, just to the north.

Shelby Baptist Medical Center (“Shelby Baptist”)<sup>23</sup> is a 252-bed acute care hospital located in Alabaster. Shelby Baptist’s history dates back to the 1950s, when the hospital was constructed with funding from the Hill-Burton Act, opening originally with only 35 beds. The hospital is now staffed by over 1000 professionals, offering a full range of services to meet the diverse needs of its patients, including fast, life-saving response times for patients with chest pains or stroke symptoms, cardiology, orthopedics, and psychiatric care. The emergency department is one of the busiest in the state, with over 51,000 visits each year. The hospital is a part of the Brookwood Baptist Health System, and has almost 200 physicians on its medical staff.

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.

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.

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<sup>23</sup>

<https://www.brookwoodbaptisthealth.com/our-locations/shelby-baptist-medical-center-location>

## INDUSTRY

Shelby County, located in the central Alabama, is the state's fifth fourth most populated county, and ranks first among Alabama's 67 counties in per capita income.<sup>24</sup> Although the county has a long history in agriculture, the economy now focuses on utilities; finance and insurance; and business management, with large segments in healthcare, retail and education. The county is home to the campus of the University of Montevallo<sup>25</sup>. According to the Birmingham Business Alliance, Shelby County has emerged as a viable business destination with two separate markets for corporate operations.

Recently, Shelby County was found to have the strongest economy in the state of Alabama, and to be one of the three counties – of the sixty-seven – with the highest quality of life in the state according to a study by the Alabama State University Center for Leadership and Public Policy.

### Leading Employers in Shelby County

(Source: Greater Shelby County Chamber of Commerce)

Employer	Industry Group	Employees
Shelby County Board of Education	Education	2491
Southern Company/Alabama Power	Electricity	1706
Wal-Mart	Retail	1647
EBSCO Industries, Inc.	Publishing	1254
Shelby Baptist Medical Center	Healthcare	1125
Publix Supermarkets	Grocery	1047
DST Health Solutions	Healthcare Consulting	700
FIS Global	Software	668
Shelby County Government	Government	615
University of Montevallo	Education	490

<sup>24</sup> Data is from the 2010 U.S. Census, and the 2006-2010 American Community Survey 5-Year Estimates.

<sup>25</sup> <https://datausa.io/profile/geo/Shelby-county-al/>



## **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, Alabama.

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.

## **LETTERS OF SUPPORT**

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

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. 2, November 30, 2017

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.

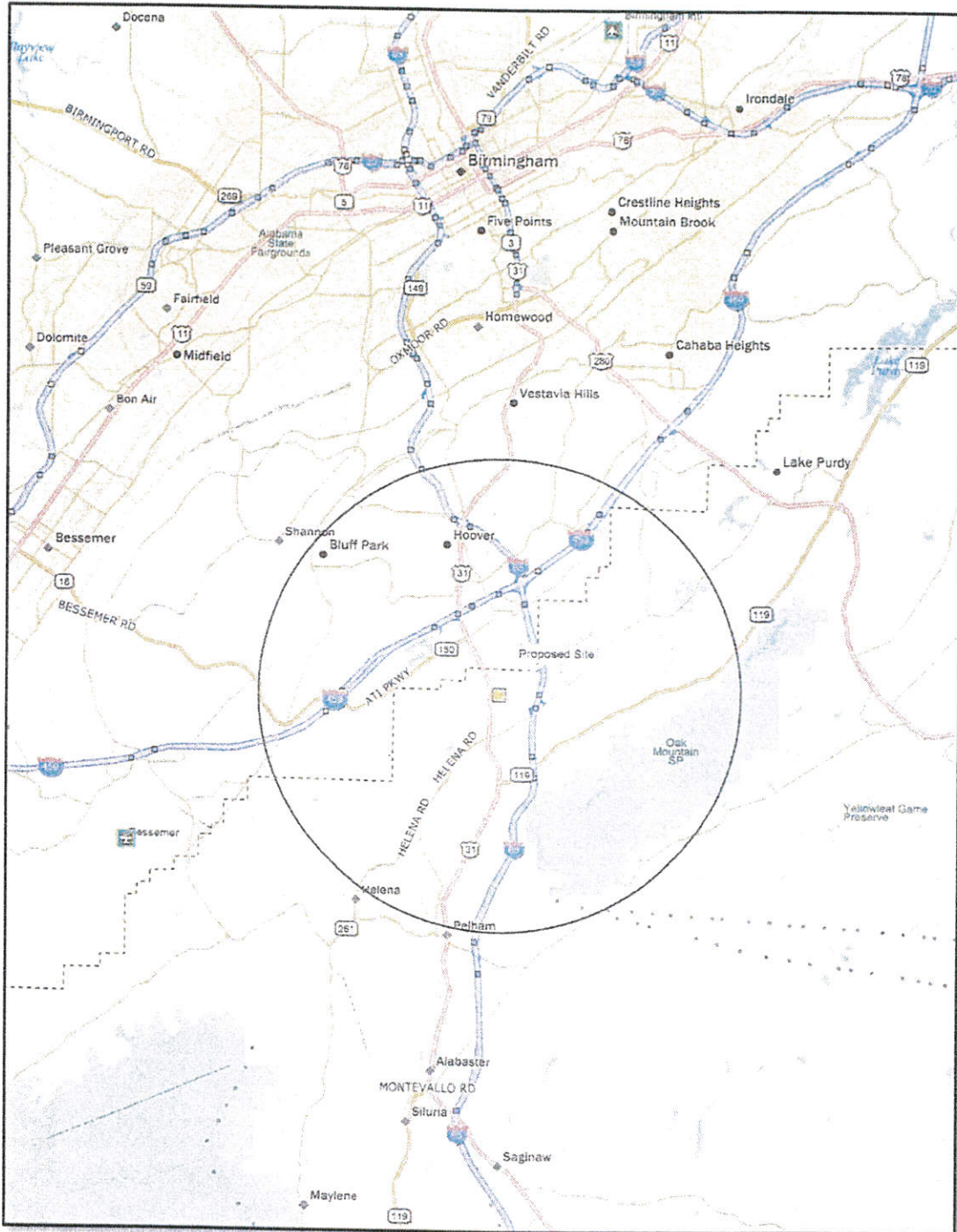
(e)

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.	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
<b>SPECIALTY CARE ASSISTED LIVING BED NEED PROJECTIONS</b>	BIBB
<b>COUNTY</b>	2,817
<b>Pop 65 &amp; Older 2006</b>	11
<b>4 Per 1,000 Pop 65 &amp; Older</b>	11
<b>Total Beds Needed</b>	16
<b>Licensed Beds</b>	0
<b>CON Issued</b>	-5
<b>Net Beds Needed</b>	BLOUNT
<b>AUTAUGA</b>	7,881
5,622	32
22	32
22	50
80	70
0	-88
-58	BULLOCK
<b>BALDWIN</b>	1,530
27,411	6
110	6
110	0
	0

Attachment 2:  
Map of Proposed Geographic  
Area for Adjustment

Hoover, AL PMA (5-mile radius)



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



Assisted Living Facilities (Specialty Care)

**Shelby County**

Lakeview Estates  
2634 Valleydale Road  
Birmingham, AL 35244 (205) 981-0001  
76 bed Congregate Specialty Care Assisted Living Facility  
Licensee Type: Limited Liability Company  
Administrator: Callie Simmons  
Fac ID: P5903 License: Regular  
Medicare: N/A

.....

Memory Care at Somerby at St. Vincent's One Nineteen  
200 One Nineteen Blvd.  
Hoover, AL 35242 (205) 745-4600  
24 bed Congregate Specialty Care Assisted Living Facility  
Licensee Type: Limited Liability Company  
Administrator: Andrea Silas  
Fac ID: P5905 License: Regular  
Medicare: N/A

.....

Specialty Care at Danberry at Inverness  
235 Inverness Center Drive  
Hoover, AL 35242 (205) 443-9500  
24 bed Congregate Specialty Care Assisted Living Facility  
Licensee Type: Limited Liability Company  
Administrator: Jaclyn E. Gardner  
Fac ID: P3724 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 Authorized But Not Licensed	Net Beds Needed	Notes
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	16	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	2,600	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	
<b>TOTAL</b>	<b>831,288</b>	<b>3,325</b>	<b>2,688</b>	<b>230</b>	<b>408</b>	

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)



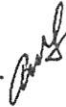
STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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		Notes
				Authorized But Not Licensed	Net Beds Needed	
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	
<b>TOTAL</b>	<b>807,507</b>	<b>3,230</b>	<b>2,546</b>	<b>307</b>	<b>377</b>	

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	
<b>TOTAL</b>	<b>776,955</b>	<b>3,108</b>	<b>2,664</b>	<b>107</b>	<b>337</b>	

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
<b>Alabama</b>	<b>4,923,158</b>	<b>4,941,485</b>	<b>4,958,822</b>	<b>4,976,516</b>	<b>832,669</b>	<b>851,496</b>	<b>873,930</b>	<b>897,028</b>	<b>3,444,659</b>	<b>3,452,634</b>	<b>3,459,296</b>	<b>3,466,156</b>	<b>1,478,499</b>	<b>1,488,851</b>	<b>1,499,526</b>	<b>1,510,360</b>
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	193,338	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	1,797	1,824	1,863	1,903
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	114,458	114,221	114,009	113,800	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	8,644	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	6,038	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	8,176	8,347	8,523	32,328	32,314	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	5,975	5,906	5,875	5,844	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	33,524	33,574	33,624	33,674
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	5,939	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	170,443	171,625
Monroe	20,778	20,552	20,398	20,246	4,234	4,308	4,393	4,480	11,293	11,086	10,955	10,826	9,485	9,466	9,445	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
Tallapoosa	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	22,522	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)

*2017 series*

County	Census		April 1, 2015 Estimate	2020	2025	2030	2035	2040	Change 2010-2040	
	2000	2010							Number	Percent
<i>Alabama</i>	<i>4,447,100</i>	<i>4,779,736</i>	<i>4,855,847</i>	<i>4,941,485</i>	<i>5,031,739</i>	<i>5,124,710</i>	<i>5,220,021</i>	<i>5,319,305</i>	<i>539,569</i>	<i>11.3</i>
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		
Adams	25,764	26,790	26,760	26,894	27,109	27,361	27,662	28,014	1,224	4.6		
Blount	9,974	9,045	8,498	7,984	7,601	7,326	7,102	6,907	-2,138	-23.6		
Chilton	17,185	15,760	15,084	14,509	14,107	13,600	13,161	12,805	-2,955	-18.8		
Cherokee	16,310	17,302	17,210	17,296	17,443	17,597	17,773	17,969	667	3.9		
Clay	88,787	101,547	104,157	107,353	110,561	113,789	117,189	120,823	19,276	19.0		
Cook	53,926	53,227	52,472	51,736	51,057	50,424	49,836	49,384	-3,843	-7.2		
Crawford	662,047	658,466	660,367	662,458	663,999	665,244	666,342	667,433	8,967	1.4		
Cullman	15,904	14,564	13,927	13,265	12,672	12,086	11,526	11,000	-3,564	-24.5		
DeKalb	87,966	92,709	92,713	92,757	92,914	93,309	93,804	94,385	1,676	1.8		
Dale	34,803	34,339	33,193	32,260	31,523	30,914	30,458	30,077	-4,262	-12.4		
DeKalb	115,092	140,247	156,351	169,234	180,742	191,587	201,932	211,019	70,772	50.5		
Etowah	65,676	82,782	91,400	99,775	108,021	116,015	122,976	129,617	46,835	56.6		
Franklin	13,473	11,299	10,482	9,667	9,048	8,559	8,217	7,947	-3,352	-29.7		
Gene	24,105	21,452	19,176	17,617	17,111	16,773	16,492	16,268	-5,184	-24.2		
Greene	276,700	334,811	352,345	372,447	392,382	412,126	431,697	451,043	116,232	34.7		
Hale	22,539	21,027	20,055	19,162	18,647	18,213	17,877	17,605	-3,422	-16.3		
Jefferson	31,214	30,776	30,188	29,604	28,956	28,274	27,671	27,122	-3,654	-11.9		
Lamar	82,231	93,019	94,633	96,219	98,049	100,136	102,494	105,088	12,069	13.0		
Lawrence	399,843	412,992	415,278	417,652	420,497	423,579	427,278	431,909	18,917	4.6		
Lee	24,324	23,068	21,729	20,552	19,800	19,163	18,528	17,958	-5,110	-22.2		
Madison	223,510	229,363	226,487	226,832	227,480	228,160	228,882	229,647	284	0.1		
Marion	111,064	119,490	119,588	119,865	120,464	121,344	122,557	124,028	4,538	3.8		
Marshall	11,861	10,591	9,703	8,875	8,343	7,925	7,632	7,479	-3,112	-29.4		
Martin	20,949	19,746	20,733	20,743	20,535	20,289	19,985	19,668	-78	-0.4		
Meigs	29,605	32,899	33,057	33,231	33,598	34,276	35,029	35,907	3,008	9.1		
Mobile	22,380	22,913	22,644	22,483	22,370	22,303	22,281	22,301	-612	-2.7		
Monroe	49,756	52,947	59,673	61,932	64,037	66,162	68,385	70,490	17,543	33.1		
Montgomery	64,742	83,593	86,946	90,634	94,713	100,206	106,219	113,123	29,530	35.3		
Morgan	143,293	195,085	208,085	224,628	239,859	253,485	265,330	276,373	81,288	41.7		
Murphy	14,798	13,763	13,138	12,588	12,147	11,727	11,320	10,935	-2,828	-20.5		
Nash	80,321	82,291	80,961	79,964	79,164	78,524	78,012	77,644	-4,647	-5.6		

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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 memory care facility to be located on a tract of land at 2410 Parkway River Road, Hoover, Alabama, 35244. Below are the findings and recommendations from that investigation.

### **PERTINENT DATES**

#### **Effective Date**

The conclusions in this report are effective as of July 19, 2017.

#### **Report Date**

This report was completed on July 26, 2017.

### **FINDINGS**

Pertinent conclusions are as follows:

### **MARKET AREA DESCRIPTION & ANALYSIS**

The proposed memory care facility will be located on a tract of land 2410 Parkway River Road, Hoover, Alabama, 35244. 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 Hoover PMA would be a 5-mile radius around the proposed project site in Hoover.

Due to the amount of competing facilities in the Hoover PMA (5-mile radius), we expect that as much as 70% of the eventual resident population will come from within the 5-mile radius.

### **SUPPLY AND DEMAND ANALYSIS**

The PMA (5-mile radius) is a densely populated area, with a growing elderly segment. The 65+ population living in the Hoover 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 five memory care facilities inside the 5-mile radius.

According to nationally recognized senior housing demand formulas and methodologies, we estimate an unmet demand in 2020 for 82 units of memory care. We found there to be no active senior living projects in the development pipeline for the PMA.

## DETERMINATION OF ACHIEVABLE RENTAL RATES

Our concluded achievable rental rates for the subject are as follows (2020 dollars):

### CAMPUS SUMMARY

Type	Size	Total	Monthly Rent	Rent Per Sq. Ft.
<i>Memory Care</i>				
Studio	350 s.f.	45	\$5,000	\$14.29
<b>TOTAL:</b>		<b>45</b>		

## CONCLUSION

For three reasons, we conclude that the Hoover market presents conditions conducive for the development and operation of a full-service memory care facility:

1. Demand formulas show that the Hoover PMA will have an unmet demand for 82 memory care units by 2020.
2. The Hoover PMA has no new competitive facilities in the pipeline.
3. The proposed facility would be in close vicinity to Riverchase Galleria Mall shopping area. This is a developing area of town draws many residents of the region to the area.

As such, we conclude that the proposed development of a new full-service memory care facility 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 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 Hoover-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 south end of Hoover just across the Jefferson County line in Shelby County. Hoover is a part of the Birmingham Metro Statistical Area which we will refer to as the Birmingham MSA. The MSA is made up of seven counties centered around Birmingham which are Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby, and Walker. The population of the Birmingham MSA as of 2016 is 1,158,597.

Birmingham occupies Jones Valley, flanked by long parallel mountain ridges (the tailing ends of the Appalachian foothills) running from north-east to south-west. The valley is drained by small creeks (Village Creek, Valley Creek) which flow into the Black Warrior River. The valley was bisected by the principal railroad corridor, along which most of the early manufacturing operations began.

Red Mountain lies immediately south of downtown. Many of Birmingham's television and radio broadcast towers are lined up along this prominent ridge. The "Over the Mountain" area, including Shades Valley, Shades Mountain and beyond, was largely shielded from the industrial smoke and rough streets of the industrial city. This is the setting for Birmingham's more affluent suburbs of Mountain Brook, Vestavia Hills, Homewood, and Hoover. South of Shades Valley is the Cahaba River basin, one of the most diverse river ecosystems in the United States.

Sand Mountain, a smaller ridge, flanks the city to the north and divides Jones Valley from much more rugged land to the north. The Louisville and Nashville Railroad (now CSX Transportation) enters the valley through Boyles Gap, a prominent gap in the long low ridge. Ruffner Mountain, located due east of the heart of the city, is home to Ruffner Mountain Nature Center, one of the largest urban nature reserves in the United States.

The economy of Greater Birmingham is the most diversified of any metropolitan area in Alabama. Many of the region's major employers are located in Birmingham and Jefferson County. The economy of Birmingham ranges from service industries such as banking and finance to health-related technological research and heavy industry. The University of Alabama at Birmingham (UAB) is Alabama's largest employer as well as the area's largest, with some 20,000 employees. The area is world headquarters for Regions Financial, one of the nation's top 10 banks, and Books-A-Million, the second largest book retailer in the United States.

The map below shows the Birmingham MSA:



## TRANSPORTATION

Greater Birmingham is at the convergence of four major interstate highways: Interstate 65 (which connects Mobile and Chicago), Interstate 20 (which connects Dallas and Atlanta), Interstate 59 (which connects New Orleans and Chattanooga), and Interstate 22 (which connects Birmingham and Memphis).

Interstate 459, completed in 1984, forms a southern bypass around Birmingham. It runs through portions of Bessemer, Vestavia Hills, and Trussville, and forms a main route through the primary city of Hoover. Interstate 422, the future Birmingham Northern Bypass is planned to run from the current I-20/59/459 interchange near Bessemer to Interstate 59 and US Route 11 near Argo. It is planned to be completed by 2048.

Four U.S. highways, US-31, US-11, US-78, and US-280, run through Greater Birmingham. US-31 parallels Interstate 65 for its entire route, including Greater Birmingham. US-280 runs southeast of the city, connecting it with Auburn and Auburn University. US-31 and 280 merges in Homewood to form the Elton B. Stephens Expressway known locally as the Red Mountain Expressway. This expressway goes through a geologic cut through Red Mountain, connecting downtown Birmingham to its southern suburbs. US-78 parallels Interstate 22 to the northwest of Birmingham, and Interstate 20 to the east. US-11 parallels Interstate 59 for its entire route. All four of these highways meet in downtown Birmingham.

## POPULATION TRENDS

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

Population Growth							
Area	2000	2010	% Change 2000- 2010	2016	% Change 2010- 2016	2021	% Change 2016- 2021
Birmingham MSA	1,128,047	1,158,597	7.2%	1,158,597	2.7%	1,202,337	3.8%
Alabama	4,446,535	4,779,733	7.5%	4,897,864	2.5%	5,037,764	2.9%

Source: Alteryx Analytics

The population of the Birmingham MSA increased by 7.2% from 2000-2010, or an annual rate of 0.72%, compared to the growth in Alabama of 7.5%, or 0.75% per year. The Birmingham MSA is expected to increase and Alabama is anticipated to experience continued growth. Future population estimates for the period 2016-2021 for the

Birmingham MSA and Alabama are expected to change by an average of 3.8% and 2.9% respectively, or 0.76% per year for the Birmingham MSA and 0.58% per year for Alabama.

## ELDERLY POPULATION

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

65+ Population Growth								
Area	2010	% of Total Pop.	2016	% of Total Pop.	% Change 2010-2016	2021	% of Total Pop.	% Change 2016-2021
Birmingham MSA	146,139	13.0%	168,306	14.5%	19.4%	201,013	16.7%	19.4%
Alabama	657,792	13.8%	750,867	15.3%	14.1%	884,420	17.6%	17.8%

Source: Alteryx Analytics

The 65+ population of the Birmingham MSA increased by 19.4% from 2010-2016, compared to the growth in Alabama of 14.1%. In Alabama, the 65+ population represents 15.3% of the total population currently (2016), compared to 14.5% for the Birmingham MSA. Looking ahead, both the Birmingham 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 2016-2021 the 65+ populations of the Birmingham MSA and Alabama are expected to increase by an average of 19.4% and 17.8% respectively, or 3.88% per year for the Birmingham MSA and 3.56% per year for Alabama.

## EMPLOYMENT

The University of Alabama at Birmingham (UAB) is Alabama's largest employer as well as the area's largest, with some 20,000 employees. The area is world headquarters for Regions Financial, one of the nation's top 10 banks, and Books-A-Million, the second largest book retailer in the United States. The largest employers in the Birmingham MSA are as follows:

Alabama Power	AT&T (formerly BellSouth)
Blue Cross/Blue Shield of Alabama	Compass Bancshares
Drummond Company	EBSCO Industries
Energen	HealthSouth
Hibbett Sports, Inc.	McWane, Inc.
Royal Cup Coffee, Inc.	Torchmark
Southern Research Institute	University of Alabama at Birmingham
Sloss Industries	Vulcan Materials Company
Liberty National Life Insurance Co. (part of Torchmark)	

Regions Financial Corporation (merged with AmSouth)  
Wells Fargo (formerly SouthTrust and then Wachovia)

## UNEMPLOYMENT

The unemployment rate for the Birmingham MSA is 4.1% (April 2017) which is below the U.S. average of 4.4%, and below the Alabama average of 5.4%. Of the 13 MSA's in Alabama, the Mobile MSA reported the highest unemployment rate at 6.7% for November 2016, and the Auburn MSA and Huntsville MSA reported the lowest unemployment rates among Alabama MSA's with an unemployment rate of 3.8%. Below is a summary of the unemployment rates for the 13 Alabama MSA's, Alabama, and the United States for April 2017:

1.	Auburn MSA	3.8%
2.	Huntsville MSA	3.8%
3.	Daphne-Fairhope-Foley MSA	3.9%
4.	<b>Birmingham MSA</b>	<b>4.1%</b>
5.	Montgomery MSA	4.2%
6.	Tuscaloosa MSA	4.2%
7.	Decatur MSA	4.3%
8.	Dothan MSA	4.3%
	<b>United States</b>	<b>4.4%</b>
9.	Gadsden MSA	4.5%
10.	Florence MSA	4.8%
11.	Anniston-Oxford-Jacksonville MSA	5.0%
12.	Mobile MSA	5.3%
13.	Columbus MSA	5.4%
	<b>Alabama State</b>	<b>5.4%</b>



SOURCE: Bureau of Labor Statistics

As the table above shows, all of the MSA's were at or below the state average for unemployment for April 2017.

## HOUSING MARKET

According to Zillow.com, an online real estate search engine, the median list price for the Birmingham MSA as of June 2017 is \$133,400. This figure represents an 4.0% increase from the previous year. The table below compares the real estate trends for the Birmingham MSA, Alabama, and the USA:

Housing Values Trends			
Area	Home Value Index	Change from Previous Year	One Year Forecast
Birmingham MSA	\$133,400	4.0%	3.4%
Alabama	\$126,400	3.4%	2.9%
United States	\$200,400	7.4%	3.2%

Source: Zillow.com as of June 2017

## INCOME TRENDS

Pertinent income data is as follows:

Income Levels			
Area	2016 Average HH Income	2016 Median Household Income	2016 Per Capita Income
Birmingham MSA	\$70,169	\$48,879	\$27,692
Alabama	\$62,185	\$44,272	\$24,758

Source: Alteryx Analytics

The current Birmingham MSA income levels are above the statewide average in all three categories.

## CONCLUSION

The Birmingham MSA appears to have a strong and stable economy. The Birmingham MSA economy looks to improve over the next few years. Home values are improving, The unemployment rate for the Metro area is below the statewide and national average, and median household income is above the statewide average.



## 4. MARKET AREA DESCRIPTION AND ANALYSIS

### DELINEATION OF PRIMARY MARKET AREA

The proposed facility is to be located near at 2410 Parkway River Road, Hoover, Alabama, 35244. This is located in the southside of Hoover just south of county boundary between Jefferson and Shelby Counties. The proposed site is located in the north side of Shelby County.

The Primary Market Area (PMA) for any type of senior service center 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 memory care center 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/ALZ
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.<sup>1</sup>

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.

<sup>1</sup>*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**

There appear to be no physical barriers that would prevent a prospective resident from coming to the Hoover site location.

### **PSYCHOLOGICAL BARRIERS**

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

### **LOCATION OF COMPETING FACILITIES**

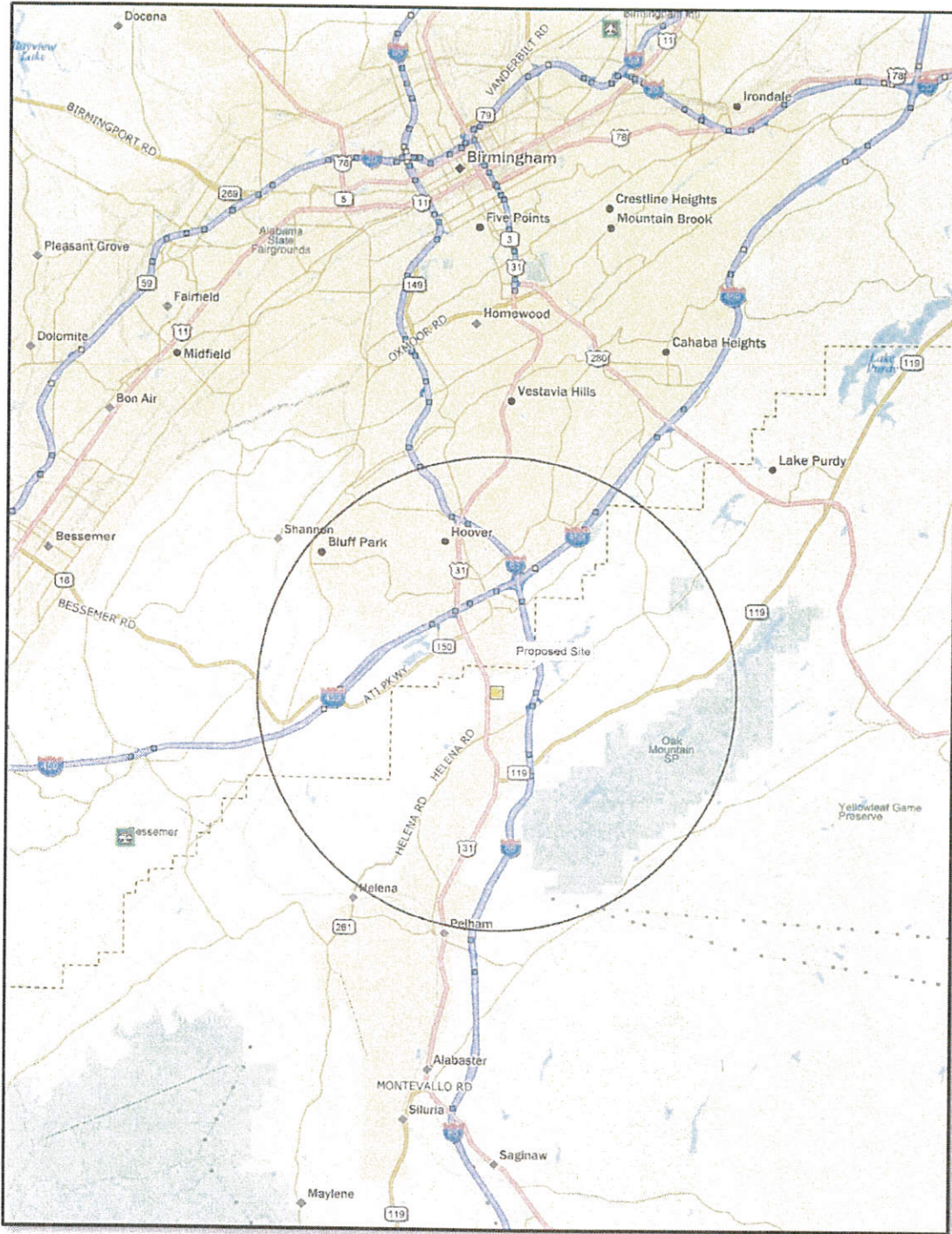
Within the Hoover PMA (5-mile radius), there are five memory care facilities in operation. This indicates that residents in this region have a moderate selection of senior housing options from which to choose.

### **MARKET AREA DELINEATION CONCLUSION**

Considering the lack of physical and psychological barriers, the density of the population (1,329 persons per square mile), and the number of competing facilities in the area, we have concluded that a reasonable definition of the Hoover PMA would be a 5-mile radius around the proposed site at 2410 Parkway River Road, Hoover, Alabama, 35244. We anticipate that the majority of clients for the proposed memory care center (perhaps as much as 70%) will come from within the PMA (5-mile radius).

The following is a map showing the boundaries of the PMA (5-mile radius) in relation to the project site.

Hoover, AL PMA (5-mile radius)



## HISTORY AND CHARACTER OF AREA

### About Hoover - Government Structure

Mayor-Council form of government

Seven "at large" council members

City Council is responsible for:

Passing resolutions and ordinances

Adopting the budget

Appointing certain boards and committees

Mayor is responsible for:

Carrying out the policies and ordinances of the Government

Appointing certain boards and committees

Mayor and City Council are elected on a:

Nonpartisan basis

Concurrent four-year terms that begin in November of the election year

The Government provides a full range of services including general administration, planning and zoning, public improvements, E911, police, fire, inspections, municipal court, streets and sanitation, recreation, library and cultural events, and sewer.

### About Hoover - Geography, Population, and History

Hoover was incorporated in 1967. The city is located in southern Jefferson County and northern Shelby County in north central Alabama. In 1968 the Hoover population was 410 and the population has grown to more than 83,000 today. This makes Hoover the six largest city in the state of Alabama. The city takes up approximately 48 square miles.

## POPULATION GROWTH

Within the Hoover PMA (5-mile radius) the total population is estimated to be 104,349 (2016 estimate). The population density is about 1,329 persons per square mile, which is much higher than the Alabama state average of only about 99 persons per square mile.

Population Growth					
Area	2010	2016	% Change 2010-2016	2021	% Change 2016-2021
PMA	100,510	104,349	3.8%	112,759	8.1%
Alabama	4,779,733	4,897,864	2.5%	5,037,764	2.9%

Source: Alteryx Analytics

Between 2010 and 2016, the PMA population increased by 3.8%, while the state as a whole increased by 2.5%. Looking ahead, the PMA is expected to increase by 8.1% over the next five years while Alabama as a whole is expected to increase by 2.9%.

## ELDERLY POPULATION GROWTH

Within the Hoover PMA the 65+ population is estimated to be 15,274, which is 14.6% of the total population living in this area. This is lower than the state average percentage, which is 15.3%.

65+ Population Growth								
Area	2010	% of Total Pop.	2016	% of Total Pop.	% Change 2010-2016	2021	% of Total Pop.	% Change 2016-2021
PMA	12,881	12.8%	15,274	14.6%	18.6%	19,058	16.9%	24.8%
Alabama	657,792	13.8%	750,867	15.3%	14.1%	884,420	17.6%	17.8%

Source: Alteryx Analytics

Between 2010 and 2016, PMA 65+ population increased by 18.6% while the state increased by 14.1%. From 2016-2021 the 65+ population in the Hoover PMA is projected to continue to grow by 24.8%, 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	2016	% Change 2010-2016	2021	% Change 2016-2021
PMA	40,738	42,191	3.6%	45,660	8.2%
Alabama	1,883,786	1,930,441	2.5%	2,006,372	3.9%

Source: Alteryx Analytics

Between 2010 and 2016, PMA household growth was higher than the statewide average. From 2016-2021 the number of households in the PMA is projected to continue to increase by 8.2%, while the state as a whole is projected to grow by 3.9%.

### Senior Household Growth

Senior household growth figures are as follows:

Senior Household Growth					
Area	2010	2016	% Change 2010-2016	2021	% Change 2016-2021
PMA	8,278	9,736	17.6%	11,935	22.6%
Alabama	438,808	498,571	13.6%	580,936	16.5%

Source: Alteryx Analytics

Between 2010 and 2016, PMA senior household growth showed 17.6% while the state as a whole which increased by 13.6%. From 2016-2021 the number of senior households in the PMA is projected to continue to grow by 22.6% while the state as a whole is projected to grow by 16.5%.

## INCOME LEVELS

Pertinent income data is as follows:

Income Levels			
Area	2016 Average HH Income	2016 Median Household Income	2016 Per Capita Income
PMA	\$97,110	\$69,909	\$39,321
Alabama	\$62,185	\$44,272	\$24,758

Source: Alteryx Analytics

Current PMA income levels are much 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 Hoover as of June 2017 is \$261,900. This figure represents an 0.7% increase from the previous year and a 2.8% projected increase over the next year. The table below compares the real estate trends for Hoover, Alabama, and the USA:

Housing Values Trends			
Area	Home Value Index	Change from Previous Year	One Year Forecast
Hoover	\$261,900	0.7%	2.8%
Alabama	\$126,400	3.4%	2.9%
United States	\$200,400	7.4%	3.2%

Source: Zillow.com as of June 2017

## **CITY SERVICES & AMENITIES**

### **Shopping and Recreational Activities**

Birmingham is known as the shopping destination in the state of Alabama. It includes the major retail destination for the region, the Riverchase Galleria mall, along with several other shopping centers and malls.

#### **Major Malls & Shopping Centers include:**

Riverchase Galleria, a 1,570,000-square foot, enclosed-mall in the southern suburb of Hoover. Anchors include Sears, Macy's, J. C. Penney, Belk, and Von Maur.

Brookwood Village, an 816,000-square-foot, enclosed mall in the suburbs of Homewood and Mountain Brook. It is anchored by Macy's and Belk and also includes a 42,000-square-foot grocery-anchored retail component.

The Summit, a large, upscale lifestyle center near the Cahaba Heights neighborhood. The center contains Saks Fifth Avenue, Belk, Barnes & Noble, and local department store, Gus Mayer.

Pinnacle at Tutwiler Farm, a lifestyle center in the eastern suburb of Trussville that is anchored by Belk, Best Buy, and J. C. Penney.

The Shops at Grand River, an outlet mall in the eastern suburb of Leeds. The development also contains a to-be-constructed residential area, Barber Motorsports Park, and a Bass Pro Shops.

### **Medical Services**

The closest hospital to the proposed site in Hoover is:

#### **Grandview Medical Center**

3690 Grandview Parkway  
Birmingham, AL 35243  
(205) 971-1000

Grandview Medical Center is a brand new 372-bed tertiary care hospital that provides comprehensive healthcare services to patients in Birmingham and surrounding communities. Conveniently located on Highway 280, Grandview offers diverse specialties from heart care to labor and delivery to robotic-assisted surgery. Specialty units include a

Level III trauma center, certified Chest Pain Center, recognized stroke center, cardiac cath lab and neonatal, surgical and medical intensive care.

Nursing Homes

Within the Hoover PMA (5-mile radius) there are four nursing homes in operation, offering a total of 381 beds. The table below summarizes the information for these nursing homes.

**HOOVER, ALABAMA  
Nursing Home Summary**

Facility	Beds
<b>SOUTH HAVEN HEALTH AND REHABILITATION, LLC</b> 3141 OLD COLUMBIANA ROAD BIRMINGHAM, AL 35226 (205) 822-1580	101
<b>ASPIRE PHYSICAL RECOVERY CENTER AT HOOVER, LLC</b> 575 SOUTHLAND DRIVE HOOVER, AL 35226 (205) 721-6200	118
<b>BROOKDALE GALLERIA WOODS SKILLED NURSING FACILITY</b> 3850 GALLERIA WOODS DRIVE BIRMINGHAM, AL 35244 (205) 985-7537	30
<b>DIVERSICARE OF RIVERCHASE</b> 2500 RIVERHAVEN DRIVE BIRMINGHAM, AL 35244 (205) 987-0901	132
<b>TOTAL:</b>	<b>381</b>

**SUITABILITY OF LAND USE**

Several factors are considered when evaluating the suitability of a site for memory care center 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 memory care center. 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 memory care center 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 Hoover memory care center 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 Hoover site is located in a low density commercial neighborhood surrounded by lots of undeveloped land which will give a residential feel. There are also nearby apartment complexes and an 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 memory care is within easy reach of a nearby hospital.

In this regard, the Hoover site sits just under seven miles to Grandview Medical Center.

3. **Proximity to City Services** - Much of the success of a memory care 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 memory care center 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 Hoover facility enjoys close proximity to a host of city services less than a mile away especially the Riverchase Galleria just over a mile north.

4. **Visibility** - As is true with most businesses, a memory care center 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 memory care centers 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 in east Hoover would sit just off US-31 and within close proximity to Interstate 65. A busy shopping area (Riverchase Galleria) has lots of people coming to this area and many other businesses surround the largest mall in Alabama.

## 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 5-mile radius around the proposed site. In this market, we believe that the majority of demand will come from the PMA, with a secondary draw likely to come from the other areas just outside of the PMA.

The senior segment of the population is growing. Over the next five years (2016-2021) the 65+ population is projected to increase by 24.8%.

The affluence in the Hoover PMA is above average as the median household income is \$69,909, much higher the statewide average. This level of affluence promises to provide an income-qualified prospect pool for the proposed facility.

The proposed site location will work well for a memory care facility and has been proven successful by other nearby facilities.

## 5. CURRENT INVENTORY AND ANALYSIS

### SENIOR HOUSING SPECTRUM: AN OVERVIEW

The senior housing sector is generally composed of five 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.

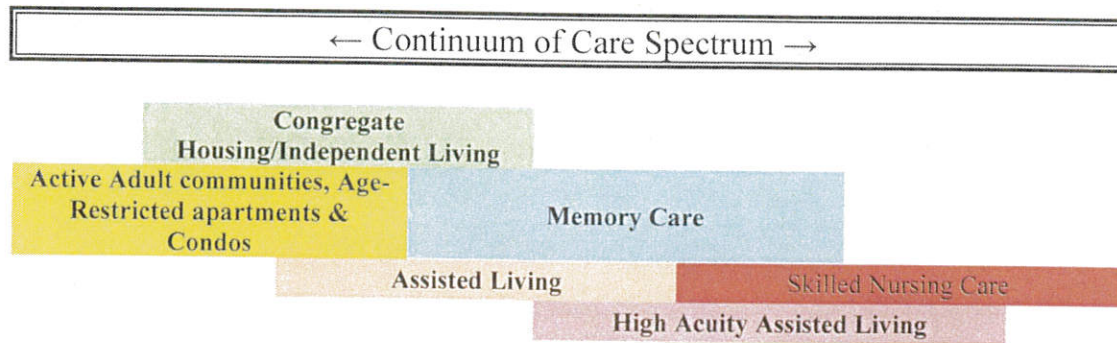
**Active Adult Communities and Senior Apartments (for-sale and for-rent):** Active adult communities are typically condos, co-ops or single-family homes with minimal or no services offered. These communities have an age requirement of 55-plus and offer a number of amenities, such as clubhouses, which 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 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.



## 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 10<sup>th</sup> 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:

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

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 Hoover, only the last category of the above spectrum ("residential care") must be included in the study.

**Memory Care Competitive Analysis**

Currently, there are five memory care facilities in operation inside the PMA (5-mile radius), offering a total of 178 units and a current occupancy of 87.8%. The following table summarizes the information for these facilities.

COMPETITIVE MEMORY CARE COMMUNITIES

Facility	MC Units	Avg. Occ.	Semi-Priv.	Priv. Room
<b>Country Cottages</b> 4000 Greenwood Drive Hoover, AL 35216 (205) 987-0847	16	14	-----	\$3,775
<b>Lakeview Estates</b> 2634 Valleydale Road Birmingham, AL 35244 (205) 981-0001	64	58	\$3,300 - \$3,600	\$3,600 - \$4,300
<b>Morningside of Vestavia Hills</b> 2435 Columbiana Road Birmingham, AL 35216 (205) 822-4773	24	22	-----	\$4,500 - \$5,300
<b>Rittenhouse Village</b> 570 Southland Drive Hoover, AL 35226 (205) 823-2393	71	64	-----	\$3,600 - 4,200
<b>River Highlands at Birmingham</b> 1851 Data Drive Hoover, AL 35244 (800) 499-1017	22	15*	-----	\$5,495 - \$6,495
<b>Total:</b>	197	173 (87.8%)		

NOTE: **River Highlands** recently went through an entire remodel and is still in the fill-up process after reopening. When this facility is left out, occupancy in the market is at 90.3%.

The following is a brief description for each memory care facility in the Hoover PMA:

1. **Country Cottages.** This community is located near the intersection of Interstate 459 and Interstate 65. The community offers assisted living and memory care in three different buildings called cottages. Each cottage has 16 units. The campus has a long black top driveway that gives it a private feel. At the end of the drive the three buildings are arranged in a horseshoe shape. All three buildings are single story and have red brick exterior. The curb appeal is moderate as it feels like a step below compared to the other facilities surveyed in this report. The pricing information for memory care is as follows:



<i>Unit Type</i>	<i>Size</i>	<i>Monthly Fee</i>
Studio	222 sqft	\$3,775

The pricing is quoted as All-Inclusive but if a resident is requiring more attention than typical they have undisclosed care fees that they add on to the monthly fee.

2. **Lakeview Estates.** This community is located east of the proposed site on Valleydale Road. The community is just one building completely dedicated to memory care offering 64 units.

The campus is large with two ponds near the road and a long driveway leading to the building behind the two ponds. The building itself is two stories with yellow siding exterior and a brown asphalt shingle roof. The landscaping is moderate and curb appeal is good. The ponds are why it is called Lakeview Estates and this adds an element of curb appeal. Inside, they have two separate areas for early and late stages of memory loss. The pricing information for memory care at Lakeview Estates is as follows:



<i>Unit Type</i>	<i>Monthly Fee</i>
Semi-Private	\$3,300 - \$3,600
Private	\$3,600 - \$4,300

Lakeview Estates has care levels on top of the base rate:

Care Level 1	\$170
Care Level 2	\$330
Care Level 3	\$440
Care Level 4	\$550

Lakeview estates also has medication management fees:

Med Mgmt 1	\$220
Med Mgmt 2	\$440



3. **Morningside of Vestavia Hills.** This community is located on the very edge of the PMA (5-mile radius) to the north in Vestavia Hills. The community is operated by Five Star Senior Living and offers 90 independent living apartments, 49 assisted living units, and a 24-unit memory care wing. The building itself is two stories at the front but built into a hill and has three stories in the rear. The exterior has all white siding with black window shutters and a flat roof. The building has a dated style but is upkept nicely and gives a nice curb appeal. There is two separate porte cochere entrances at each end of the building. The building is actually two separate square buildings that are connected at the front. Both buildings have an interior courtyard. The following shows the pricing information for memory care at Morningside of Vestavia Hills:



<i>Unit Type</i>	<i>Size</i>	<i>Monthly Fee</i>
Studio	308 sqft	\$4,500 - \$4,600
Studio	360 sqft	\$4,700 - \$4,800
Studio	368 sqft	\$3,950
One Bedroom	452 sqft	\$5,300

Other fees include:

Community Fee	\$1,500
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4. **Rittenhouse Village.** This community is located north of the proposed site in Hoover. Rittenhouse Village is operated by Discovery Senior Living and is completely dedicated to memory care. The building is single story with red brick exterior with a large courtyard in the center. The building is built in a large square with long hallways which many wandering residents like to walk the halls. The building is old which can be seen as you walk around there are some needs of updating and improving. But the community has solid curb appeal and is operated by a large senior living company and seems to be doing well. The pricing information for memory care at Rittenhouse Village is as follows:



<i>Unit Type</i>	<i>Monthly Fee</i>
Small Studio	\$3,600
Large Studio	\$4,200

The community has care levels that range up to \$650 on top of the base rate.

5. **River Highlands of Birmingham.** This community is located in Hoover and offers assisted living and memory care. The community change ownership to Omega Communities a few years ago and has went through an entire remodel and rebranding. As a newly renovated senior living community, River Highlands features 85 assisted living units and 22 memory care apartments. Residents have access to a wide range of services, amenities and programs designed with a focus on whole-person wellness and life fulfillment. The amenities include neighborhood living rooms and lounge areas, library with computer center, multipurpose room, a variety of dining venues including a bistro featuring restaurant-style meals, fitness center, beauty salon and barber shop, movie theater, billiards room, and beautiful courtyard gardens with fountains, walking paths and covered seating. The memory care is located on the first floor and the courtyard is split in half for assisted living on one side and memory care on the other side. The facility is still in the fill-up stage since undergoing the remodel. The assisted living is just starting to fill up the third floor and the memory care is about 2/3 full. The pricing information for memory care at River Highlands is as follows:



<i>Unit Type</i>	<i>Monthly Fee</i>
Small Studio	\$5,495
Large Studio	\$6,495

The memory care at River Highlands is All-Inclusive.

**Rental Rate Analysis**

All operating memory care facilities reviewed in this report were evaluated for their rental rates. All of the facilities offer a private option and all but one of the facilities advertises a semi-private option. The table below summarizes the rental rates of the four facilities presented in this report.

**MEMORY CARE FACILITIES COMPETITIVE ANALYSIS**

Facility	Semi-Private	Private
Country Cottages	-----	\$3,775
Lakeview Estates	\$3,300 - \$3,600	\$3,600 - \$4,300
Morningside of Vestavia Hills	-----	\$3,950 - \$5,300
Rittenhouse Village	-----	\$3,600 - \$4,200
River Highlands	-----	\$5,495 - \$6,495
<b>Average:</b>	<b>\$3,450</b>	<b>\$4,524</b>

**Level of Care Fees**

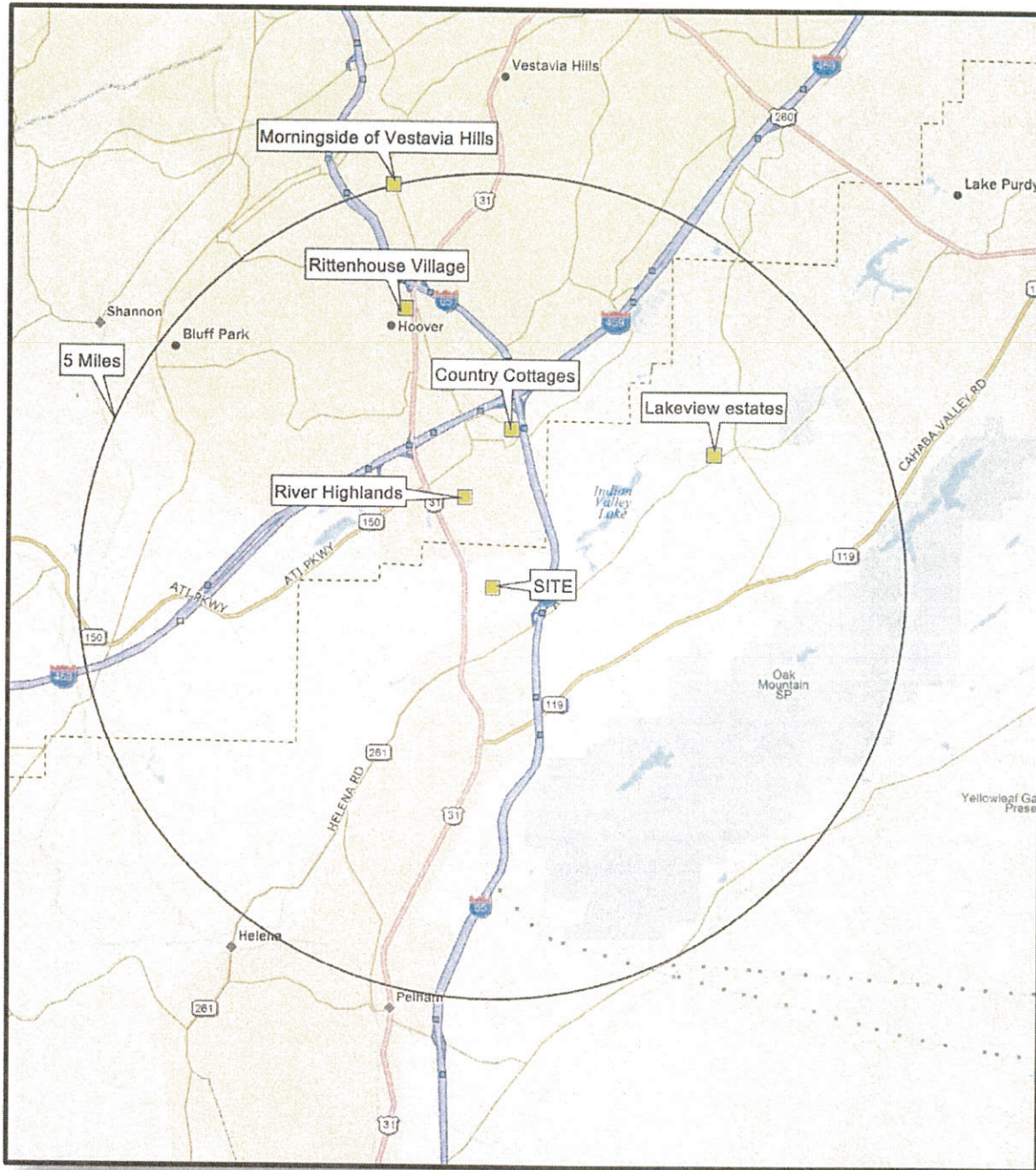
Some of the facilities add level of care fees to the base rate for memory care residents. The following table summarizes those additional fees.

**HOOVER MEMORY CARE LEVEL OF CARE FEES**

Facility	Level of Care Fees
Country Cottages	Undisclosed Care Fees
Lakeview Estates	\$170 - \$330 - \$440 - \$550 (med mgmt \$220 - \$420)
Morningside of Vestavia Hills	All-Inclusive
Rittenhouse Village	Care Fees Ranging up to \$650
River Highlands	All-Inclusive

The following is a map showing the proposed site and the PMA which is a 5-mile radius.

Hoover, AL Competitors Locator Map



### **Alternative Senior Housing**

There are some small board and care homes operating in the Hoover PMA. Most of these homes are only licensed for less than 16 beds. These board and care homes are too small to offer the types of services and amenities of a private pay assisted living facility. We do not consider these to be competitive to the subject property.

There are also some senior apartments in the area. Most of these are “affordable” which typically take 30% of a resident’s income for rent and have income restrictions to qualify. Also, these senior apartment communities do not have a dining room or offer meals which separates them from an independent living facility.

### **CONCLUSION**

Within the Hoover PMA (5-mile radius) there are five 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 memory care center construction.

### **Hoover Building Department**

2020 Valley Road  
Hoover, AL 35244  
(205) 444-7522

According to the Hoover Building Department, there currently are no independent living, assisted living, or memory care facilities under active development or construction for the city of Hoover.

### **Vestavia Hills Planning Department**

1032 Montgomery Hwy  
Vestavia Hills, AL 35216  
(206) 978-0179

According to the Vestavia Hills Planning Department, there currently are no independent living, assisted living, or memory care facilities under active development or construction for the city of Vestavia Hills. There is one independent living facility that just finished construction and opened recently. The facility is called Cahaba Ridge and is located outside of the PMA about 6 miles northeast from the proposed site.

### **Shelby County Planning Department**

1123 County Services Drive  
Pelham, AL 35124  
(205) 620-6650

According to the Shelby County Planning Department, there currently is one assisted living project going through the site plan approval stage. The development is to be located near the intersection of US-280 & Eagle Point Parkway. There are no more details about the project until the site plans are approved. This is located outside of the PMA and is eight miles northeast of the proposed site.

**Indian Springs Village**

2635 Cahaba Valley Road  
Indian Springs Village, AL 35124  
(205) 982-1755

According to the Indian Springs Village, there currently are no independent living, assisted living, or memory care facilities under active development or construction for the Village of Indian Springs.

**Helena Planning Department**

816 Hwy 52E  
Helena, GA 35080  
(205) 663-2161 ext. 221

According to the Helena Planning Department, there currently are no independent living, assisted living, or memory care facilities under active development or construction for the city of Helena.

**Conclusion**

We found only one new pipeline project in the area but it is located outside of the PMA, eight miles northeast from the proposed site in the Inverness area of Shelby County. The project is to be assisted living and is early planning stages as the site plans are yet to be approved.



## 7. MARKET DEMAND ANALYSIS

### 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 Hoover PMA is assumed to be a 5-mile radius around the proposed site at 2410 Parkway River Road, Hoover (Shelby County), Alabama, 35244.
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 Hoover area.

We also expect a small percentage of move-ins to come from seniors relocating to Hoover 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 Hoover facility would be expected to open no earlier than the year 2020, 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 \$65,000 per year. The memory care services in the Primary Market Area averages \$4,524 per month for a private room, that amounts to \$54,288 per year, and is 83% of \$65,000.<sup>1</sup> Those earning less than \$65,000 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.

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

HOOVER, ALABAMA  
HOUSEHOLD PROJECTIONS

Age Groups	2017		2020		2022	
	Total	% \$65k+	Total	% \$65k+	Total	% \$65k+
55-64	7,779	68.8%	8,063	73.5%	8,252	76.7%
65-74	5,485	44.4%	6,423	53.0%	7,049	58.8%
75+	4,543	34.7%	5,006	40.6%	5,314	44.5%

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.<sup>2</sup>

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.

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.<sup>3</sup> As such, the incidence of AD may be a range from 10% of seniors to 13% of seniors.

<sup>2</sup> See [www.maxfieldresearch.com](http://www.maxfieldresearch.com).

<sup>3</sup> “2010 Alzheimer’s Disease Facts and Figures”, published by the National Alzheimer’s Association, p. 9.

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 Hoover market.

## 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 Hoover market, for both 2020 and 2022. The table first starts by estimating the number of likely dementia victims in the Hoover 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 Hoover 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.

Hoover, Alabama, Memory Care Market Study

MEMORY CARE DEMAND ANALYSIS

Memory Care Demand

2020 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%	5,926	111	2,137	40	5%	2	113
65-74	5.00%	3,404	170	3,019	151	5%	7	177
75+	22.10%	2,032	449	2,974	657	15%	98	547
<b>Total</b>		<b>11,362</b>	<b>730</b>	<b>8,130</b>	<b>848</b>		<b>107</b>	<b>837</b>

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%	6,329	119	1,923	36	5%	2	121
65-74	5.00%	4,145	207	2,904	145	5%	7	214
75+	22.10%	2,365	523	2,949	562	15%	98	621
<b>Total</b>								<b>956</b>

Memory Care Demand Calculation			
		2020	2022
1	Calculated Market Potential	837	956
2	Identified Competitive Units in Market Area	197	197
3	Maximum Occupancy in Competitive Units	95%	95%
4	Adjusted Competitive Units	187	187
5	<b>Available Prospects in Market Area (Line 1 - Line 4)</b>	<b>650</b>	<b>769</b>
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)	278	330
8	<b>Potential Market Area Prospects (Line 5 + Line 7)</b>	<b>928</b>	<b>1,099</b>
Market Demand Computation			
9	Total Adjusted Market Potential (Line 4 + Line 8)	1,115	1,286
10	Estimated Percent of Need Met by Memory Care Units	25%	25%
11	Calculated Number of Units to Fill Total Demand	279	321
12	Less Competitive Units (Line 2)	197	197
<b>MEMORY CARE - NET DEMAND</b>		<b>82</b>	<b>124</b>

As the table above indicates, the Unmet Demand for memory care units in the Hoover PMA is projected to total 82 units by 2020 and 124 units by 2022.

## SUMMARY AND CONCLUSIONS

### 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 exceed 82 beds by 2020 and 124 beds by 2022.

## 8. PROJECT DESCRIPTION RECOMMENDATIONS

Based on the analysis presented in the previous chapters, we have concluded that the Hoover 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 in each of the housing components examined in our study.

#### Memory Care

Memory Care Rental Rate Analysis

Facility	Semi-Private	Private
Country Cottages	-----	\$3,775
Lakeview Estates	\$3,300 - \$3,600	\$3,600 - \$4,300
Morningside of Vestavia Hills	-----	\$3,950 - \$5,300
Rittenhouse Village	-----	\$3,600 - \$4,200
River Highlands	-----	\$5,495 - \$6,495
<b>Average:</b>	<b>\$3,450</b>	<b>\$4,524</b>

#### Memory Care Level of Care Fees

Memory Care Level of Care Fees Analysis

Facility	Level of Care Fees
Country Cottages	Undisclosed Care Fees
Lakeview Estates	\$170 - \$330 - \$440 - \$550 (med mgmt \$220 - \$420)
Morningside of Vestavia Hills	All-Inclusive
Rittenhouse Village	Care Fees Ranging up to \$650
River Highlands	All-Inclusive

### RECOMMENDED UNIT MIX AND PRICING

Based on the estimated demand in the Hoover PMA (5-mile radius), we conclude that the proposed memory care campus is feasible.

**Memory Care Component**

The memory care program would function as a free-standing center, with a locked door to control resident movement throughout the building. The memory care center would have a total of 45 units.

**CAMPUS SUMMARY**

Type	Size	Total	Monthly Rent	Rent Per Sq. Ft.
<i>Memory Care</i>				
Studio	350 s.f.	45	\$5,000	\$14.29
<b>TOTAL:</b>		<b>45</b>		

**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	Alzheimer's (Dementia)
Net Monthly Move-In Rate of Non-Stabilized Properties Open < 24 Months	1.6

Based on the NIC MAP absorption data, we forecast an achievable absorption rate for the campus to be approximately two memory 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 MC units is considered reasonable. Thus, taking into account an absorption rate of two units per month as well as a pre-leasing figure of 20%, the subject's lease-up period is forecasted to be 17 months.

MC Lease-Up Forecast	
Lease-Up Forecast	
Total Primary Beds/Units	45
Forecasted Stabilized Occupancy	95%
Units Occupied at Stabilization	43
Less Pre-Leasing Figure (20%)	9
Units to Be Rented to Reach Stabilization	34
Forecasted Absorption Period (months)	17
Forecasted Net Absorption Per Month (Units)	2

## APPENDIX

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### 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***

Attachment 9:  
Fact Sheets from the  
Alzheimer's Association



# ALZHEIMER'S STATISTICS ALABAMA

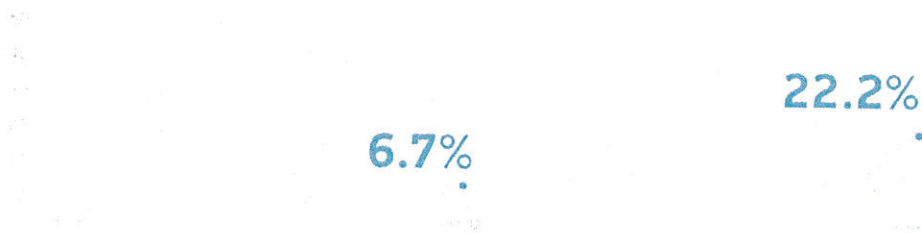
alzheimer's  association®  
THE BRAINS BEHIND SAVING YOURS.™

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

Year	65-74	75-84	85+	TOTAL
2017	15,000	40,000	36,000	90,000
2020	16,000	43,000	37,000	96,000
2025	18,000	52,000	41,000	110,000

\* Total may not add due to rounding

### Percentage change from 2017



## U.S. 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 **\$259 billion** in 2017, 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.

## HOSPICE

# of people in hospice with a primary diagnosis of dementia

**5,891**

% of people in hospice with a primary diagnosis of dementia

**21%**

## MEDICAID COSTS OF CARING FOR PEOPLE WITH ALZHEIMER'S, 2017

**\$797**  
MILLION

% change in Medicaid costs from 2017 to 2025

**37%**

## # NUMBER OF DEATHS FROM ALZHEIMER'S DISEASE IN 2014

**1,885**

**6th** leading cause of death in Alabama

**9th** highest Alzheimer's death rate in America

**111%** increase in Alzheimer's deaths since 2000



For more information, view the **2017 Alzheimer's Disease Facts and Figures** report at [alz.org/facts](http://alz.org/facts).

## NUMBER OF ALZHEIMER'S AND DEMENTIA CAREGIVERS, HOURS OF UNPAID CARE, AND COSTS OF CAREGIVING

Year	Number of Caregivers	Total Hours of Unpaid Care	Total Value of Unpaid Care	Higher Health Costs of Caregivers
2016	303,000	345,000,000	\$4,359,000,000	\$188,000,000

Search

- About Us
- eNewsletter
- Message Boards
- Action Center
- Advocate
- Walk to End Alzheimer's
- Shop
- Donate

24/7 Helpline: 1.800.272.3900

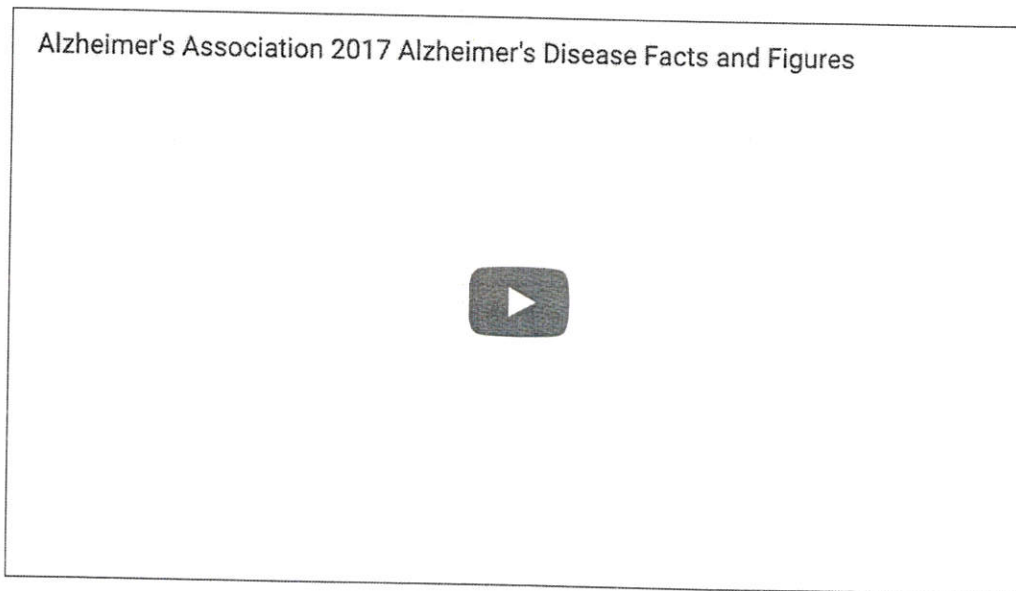
Find your chapter: ZIP GO search by state

- In My Area
- Alzheimer's & Dementia
- Life with ALZ
- Research
- Professionals
- We Can Help

alz.org > Living with Alzheimer's >> Home

Text size: A A A

# 2017 ALZHEIMER'S DISEASE FACTS AND FIGURES



Download the Full Report:



Download the Infographic:

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- QUICK FACTS
- PREVALENCE
- MORTALITY
- CAREGIVERS
- COSTS
- SPECIAL REPORT
- ALZHEIMER'S IN EACH STATE

## QUICK FACTS



SHARE THE FACTS:



## PREVALENCE

The number of Americans living with Alzheimer's disease is growing — and growing fast. An estimated 5.5 million Americans of all ages have Alzheimer's disease.

Of the estimated 5.5 million Americans living with Alzheimer's dementia in 2017, an estimated 5.3 million are age 65 and older and approximately 200,000 individuals are under age 65 and have younger-onset Alzheimer's.

- One in 10 people age 65 and older (10 percent) has Alzheimer's dementia.
- Almost two-thirds of Americans with Alzheimer's are women.

- African-Americans are about twice as likely to have Alzheimer's or other dementias as older whites.
- Hispanics are about one and one-half times as likely to have Alzheimer's or other dementias as older whites.

Because of the increasing number of people age 65 and older in the United States, particularly the oldest-old, the number of new cases of Alzheimer's and other dementias is projected to soar. Today, someone in the United States develops Alzheimer's dementia every 66 seconds. By mid-century, someone in the United States will develop the disease every 33 seconds.

**1 in 10**

people age 65 and older has Alzheimer's disease.

GET INVOLVED.

JOIN THE CAUSE

## MORTALITY

**Alzheimer's disease is the sixth-leading cause of death in the United States. It is the fifth-leading cause of death among those age 65 and older and a leading cause of disability and poor health.**

As the population of the United States ages, Alzheimer's is becoming a more common cause of death. It is the only top 10 cause of death that cannot be prevented, cured or even slowed.

Although deaths from other major causes have decreased significantly, official records indicate that deaths from Alzheimer's disease have increased significantly. Between 2000 and 2014, deaths from Alzheimer's disease as recorded on death certificates increased 89 percent, while deaths from the number one cause of death (heart disease) decreased 14 percent.

Among people age 70, 61 percent of those with Alzheimer's are expected to die before the age of 80 compared with 30 percent of people without Alzheimer's — a rate twice as high.

**89 percent**

Increase in deaths due to Alzheimer's between 2000 and 2014. Deaths from Alzheimer's have nearly doubled during this period while those from heart disease — the leading cause of death — have declined.



## INVEST IN A WORLD WITHOUT ALZHEIMER'S.

DONATE

### CAREGIVERS

**In 2016, 15.9 million family and friends provided 18.2 billion hours of unpaid assistance to those with Alzheimer's and other dementias, a contribution to the nation valued at \$230.1 billion.**

- Approximately two-thirds of caregivers are women, and 34 percent are age 65 or older.
- 41 percent of caregivers have a household income of \$50,000 or less.
- Approximately one quarter of dementia caregivers are "sandwich generation" caregivers — meaning that they care not only for an aging parent, but also for children under age 18.

Alzheimer's takes a devastating toll on caregivers. Compared with caregivers of people without dementia, twice as many caregivers of those with dementia indicate substantial emotional, financial and physical difficulties.

More than

**15 million**

Americans provide unpaid care for people with Alzheimer's disease and other dementias.

## CARING FOR SOMEONE WITH ALZHEIMER'S?

GET RESOURCES

### COST TO NATION

**The costs of health care and long-term care for individuals with Alzheimer's or other dementias are substantial. Dementia is one of the costliest conditions to society.**

Total payments in 2017 for all individuals with Alzheimer's or other dementias are estimated at \$259 billion. Medicare and Medicaid are expected to cover \$175 billion, or 67 percent, of the total health care and long-term care payments for people with Alzheimer's or other dementias. Out-of-pocket spending is expected to be \$56 billion.

Health care costs increase with the presence of dementia.

- People with Alzheimer's or other dementias have twice as many hospital stays per year as other older people.
- Medicare beneficiaries with Alzheimer's or other dementias are more likely than those without dementia to have other chronic conditions.

- People with Alzheimer's or other dementias make up a large proportion of all elderly people who receive adult day services and nursing home care.

Total per-person health care and long-term care payments in 2016 for Medicare beneficiaries with Alzheimer's or other dementias were over three times as great as payments for other Medicare beneficiaries. Average per-person out-of-pocket costs for Alzheimer's and other dementias are almost five times higher than average per-person payments for seniors without these conditions.

Total annual payments for health care, long-term care and hospice care for people with Alzheimer's or other dementias are projected to increase from \$259 billion in 2017 to more than \$1.1 trillion in 2050. This dramatic rise includes more than four-fold increases both in government spending under Medicare and Medicaid and in out-of-pocket spending.

**\$259 billion**

2017 marks the first time total payments for caring for individuals living with Alzheimer's or other dementias will surpass a quarter of a trillion dollars.

TAKE ACTION.

BECOME AN ADVOCATE

## SPECIAL REPORT — ALZHEIMER'S DISEASE: THE NEXT FRONTIER

In the history of medicine, one means to progress is when we make the decision that our assumptions and definitions of disease are no longer consistent with the scientific evidence, and no longer serve our health care needs. The arc of scientific progress is now requiring a change in how we diagnose Alzheimer's disease. Both the National Institute on Aging – Alzheimer's Association (NIA-AA) 2011 workgroup and the International Work Group (IWG) have proposed guidelines that use detectable measures of biological changes in the brain, commonly known as biological markers, or biomarkers, as part of the diagnosis.

The development and validation of Alzheimer's disease biomarkers — including those detectable in the blood or cerebral spinal fluid, or through neuroimaging — is a top research priority. It has the potential to markedly change how we diagnose Alzheimer's disease and, as a result, how we count the number of people with this disease.

As research advances a biomarker-based method for diagnosis and treatment at the earliest stages of Alzheimer's disease, we envision a future in which Alzheimer's disease is placed in the same category as other chronic diseases, such as cardiovascular disease or diabetes, which can be readily identified with biomarkers and treated before irrevocable disability occurs.

LEARN ABOUT OUR COMMITMENT TO RESEARCH.

READ MORE

# ALZHEIMER'S DISEASE FACTS IN EACH STATE

The [2017 Alzheimer's Disease Facts and Figures](#) report contains data on the impact of this disease in every state across the nation. Click below to see the effect that Alzheimer's is having in your state.

**REGISTER NOW** 

## Plan ahead

daily living safety  
planning legal decisions  
driving stress support  
community finances

## Message boards



## Contact us

24/7 Helpline:  
1-800-272-3900

Find Your Local Chapter

## Get help and support

- I have Alzheimer's
- I am a caregiver
- I am a care professional
- I am a physician
- I am a researcher

## Get the facts

- 10 warning signs & symptoms
- What is dementia
- What is Alzheimer's
- 7 stages of Alzheimer's
- Treatments

## Get Involved

- Make a donation to fight Alz
- Walk to End Alzheimer's
- Become an advocate



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### National Headquarters

Alzheimer's Association National Office, 225 N. Michigan Ave., Fl. 17, Chicago, IL 60601  
Alzheimer's Association is a not-for-profit 501(c)(3) organization.

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**Our vision is a world without Alzheimer's**

Formed in 1980, the Alzheimer's Association is the world's leading voluntary health organization in Alzheimer's care, support and research.

Attachment 10:  
Summary of SCALF Annual  
Reports Filed with SHPDA  
2014-2017 for Facilities  
Located in Shelby County,  
Alabama

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHIPDA

Facility ID	Year	Facility Name	Miles to Projected Site*	Days In Operation	Beds	Total Patient Days	Occupancy Rate	Notes
117-S5911	2017	Lakeview Estates	4.8	365	76	19227	69.3	
117-S5905	2017	Memory Care at St. Vincent's 119	12.4	365	24	8265	94.3	
117-S3724	2017	Specialty Care at Danberry at Inverness	11.2	365	24	8411	96.0	
117-S5913	2017	Shangri-La SCALF	25.0					Facility closed May 31, 2016
TOTAL					124	35903	79.3	

\* Distance is derived from using mapquest.com and addresses for existing facilities as shown on the ADPH website.

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHIPDA

Facility ID	Year	Facility Name	Miles to Projected Site*	Days In Operation	Beds	Total Patient Days	Occupancy Rate	Notes
117-S5911	2016	Lakeview Estates	4.8	366	64	23424	100.00	Occupancy calculation on report appears in error, but report shows no vacant patient days.
117-S5905	2016	Memory Care at St. Vincent's 119	12.4	366	24	8288	94.6	
117-S3724	2016	Specialty Care at Danberry at Inverness	11.2	366	24	8628	98.2	
117-S5913	2016	Shangri-La SCALF	25.0	366	16	4223	72.1	Facility closed May 31, 2016
TOTAL					128	44563	95.1	

\* Distance is derived from using mapquest.com and addresses for existing facilities as shown on the ADPH website.

SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPPA

Facility ID	Year	Facility Name	Miles to Projected Site*	Days In Operation	Beds	Total Patient Days	Occupancy Rate	Notes
117-S5911	2015	Lakeview Estates	4.8	365	64	23130	99.0	
117-S5905	2015	Memory Care at St. Vincent's 119	12.4	365	24	8749	99.9	
117-S3724	2015	Specialty Care at Danberry at Inverness	11.2					Facility licensed September 8, 2015
117-S5913	2015	Shangri-La SCALF	25.0	365	16	4466	76.5	Facility closed May 31, 2016
TOTAL					104	36345	95.7	

\* Distance is derived from using mapquest.com and addresses for existing facilities as shown on the ADPH website.



SUMMARY OF SCALF ANNUAL REPORTS FILED WITH SHPDA

Facility ID	Year	Facility Name	Miles to Projected Site*	Days In Operation	Beds	Total Patient Days	Occupancy Rate	Notes
117-S5911	2014	Lakeview Estates	4.8	365	64	17743	76.0	
117-S5905	2014	Memory Care at St. Vincent's 119	12.4	365	24	8261	94.3	
117-S3724	2014	Specialty Care at Danberry at Inverness	11.2					Facility licensed September 8, 2015
117-S5913	2014	Shangri-La SCALF	25.0	365	16	4592	78.6	Facility closed May 31, 2016
TOTAL					104	30596	80.6	

\* Distance is derived from using mapquest.com and addresses for existing facilities as shown on the ADPII website.

Attachment 11:  
Letters of Support



OFFICE OF THE MAYOR  
City of Hoover

---

Frank V. Brocato  
*Mayor*

February 22, 2018

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

Dear Mr. Lambert:

I would like to offer my support, as Mayor of the City of Hoover, for the approval of the specialty care assisted living beds at the Crossings at Hoover Senior Housing Facility.

The City of Hoover views this housing facility as a valuable addition to the further development of Hoover and it will help meet the needs of those in and around our city.

If I can provide any further assistance or information, please do not hesitate to contact my office.

Best,

A handwritten signature in cursive script that reads "Frank V. Brocato".

Frank V. Brocato  
Mayor