



State of New Jersey
DEPARTMENT OF HEALTH
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Commissioner

August 2, 2023

VIA ELECTRONIC & FIRST-CLASS MAIL

Ben Wells, President
SHI-IV Tinton Falls LLC
100 Jericho Quadrangle Suite 142
Jericho, New York 11753

Re: SHI-IV Tinton Falls, LLC
All American Assisted Living at Tinton Falls
CN# ER 2022-02271-13;01
Establish a 112-bed Assisted Living Residence
Total Project Cost: \$ 23,071,297.00
Expiration Date: August 2, 2028

Dear Mr. Wells:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application by SHI-IV Tinton Falls LLC for All American Assisted Living at Tinton Falls, submitted on February 1, 2022, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of a new 112-bed assisted living residence, including 88 Assisted Living and 24 Memory Care beds, to be located in Monmouth County at 1530 West Park Avenue in Tinton Falls, New Jersey. This application is being approved at the total project cost as noted above.

The Department has taken into consideration the applicable regulations for the services subject to expedited review (i.e., N.J.A.C. 8:33-5.3 and 8:33H-1.7) and the Department finds that SHI-IV Tinton Falls, the proposed licensed operator, has provided an appropriate project description. The project description includes information as to the total project cost of \$23,071,297.00 for the construction of this new Assisted Living facility.

The operating costs and revenues were provided, which reflect that by the second year of operation, the total revenue would be \$6,901,453 and the expenses would be \$5,179,476, so the Applicant would show a profit of \$1,721,977. The Applicant represents that, based on an independent third-party analysis by MDS Market Research (MDS),

there is a significant demand in the surrounding area to justify this facility. The Applicant states the proposed facility will offer a more affordable product to a larger demographic population because of the expected pricing, providing services to individuals who could otherwise not afford assisted living.

No specialized equipment is involved as this is an Assisted Living facility providing supportive services to a largely independent population. The source of funds was listed as bank loans in the amount of \$13,842,778 and partner equity in the amount of \$9,228,519. Utilization statistics project that 89% resident occupancy will be achieved by the third year of operation.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) referenced the principals' experience in the development and operation of Assisted Living facilities in New Jersey, as well as the current and future demand for senior housing in the market area, including the need for the provision of services for the memory impaired. The Applicant stated that the facility design will accommodate those with disabilities, including a 24-bed Memory Care wing. The Applicant will ensure that all residents of the area, particularly the medically underserved, will have access to services "at a more affordable price." In accordance with N.J.A.C. 8:33-5.3(a)(2), the Applicant stated, "we reserve 10% of the units for low-income residents" and stated this residence would be operated in compliance with the regulatory requirement for admission of Medicaid residents as well as providing services to the memory impaired. The proposed facility is accessible by public transportation. Documentation that the Applicant will meet appropriate licensing and construction standards pursuant to N.J.A.C. 8:33-5.3(a)(3)(i), is assured as the Applicant states the facility is being built according to architectural plans identical to the plans approved for All American Assisted Living at Washington Township, License #08A012. In addition, the Applicant has demonstrated a track record of substantial compliance with the Department's licensing standards in accordance with N.J.A.C. 8:33-5.3(a)(3)(ii). There are no outstanding regulatory compliance events reported in either the New Jersey or out-of-state facilities which are owned, managed, or operated by the Applicant.

As a condition of this approval, a semi-private room can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption, or friends who have consented in writing as part of the admission agreement to the living arrangement. The admission agreement should note that the resident is aware he or she will share a single toilet/bath in the unit and acknowledges there are higher health risks associated with due shared occupancy and cohabitation. Under no circumstances shall any resident be coerced or compelled to agree to a semi-private room.

Please be advised that this approval is limited to the application as presented and reviewed. The application, related correspondence, and any completeness questions and responses are incorporated and made a part of this approval. An additional review by the Department may be necessary if there is any change in scope, as defined at

N.J.A.C. 8:33-3.9. However, a change in the cost of an approved certificate of need is exempt from certificate of need review subject to the following:

1. The Applicant shall file a signed certification as to the final total project cost expended for the project at the time of the application for licensure for the beds/services with the Certificate of Need and Healthcare Facility Licensure Program.
2. Where the actual total project cost exceeds the certificate of need approved total project cost and is greater than \$1,000,000, the Applicant shall remit the additional certificate of need application fee due to the Certificate of Need and Healthcare Facility Licensure Program. The required additional fee shall be 0.25 percent of the total project cost in excess of the certificate of need approved total project cost.
3. The Department will not issue a license for beds/services until the additional fee is remitted in full.

Furthermore, pursuant to N.J.S.A. 26:2H-12.16 and N.J.A.C. 8:36-5.1(h), a new facility that is licensed to operate as an assisted living residence or comprehensive personal care home shall have a Medicaid occupancy level of 10 percent within three years of licensure. The 10 percent Medicaid occupancy level shall be met through conversion of residents who enter the facility as private paying persons and subsequently become eligible for Medicaid, or through direct admission of Medicaid-eligible persons. The 10 percent Medicaid occupancy level shall be continuously maintained by a facility once the three-year licensure period has elapsed. The Department will monitor that this condition threshold is met and maintained during the duration of licensure.

The Department, in approving this application, has relied solely on the facts and information presented. The Department has not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented as part of this application, the Department may take appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the New Jersey Attorney General.

Any approval granted by this Department relates to certificate of need and/or licensing requirements only and does not imply acceptance by a reimbursing entity. This letter is not intended as an approval of any arrangement affecting reimbursement or any remuneration involving claims for health care services.

This approval is not intended to preempt in any way the authority to regulate land use within its borders and shall not be used by the Applicant to represent that the Department has made any findings or determination relative to the use of any specific property.

Please be advised that services may not commence until a license has been issued by Certificate of Need and Healthcare Facility Licensure Program to operate this facility. A survey by Department staff will be required prior to commencing services.

The Department looks forward to working with the Applicant to provide high quality of care to the assisted living residents. If you have any questions concerning this Certificate of Need approval, please contact Michael J. Kennedy, Executive Director, Division of Certificate of Need and Licensing at Michael.Kennedy@doh.nj.gov.

Sincerely,

Robin C. Ford

Robin C. Ford, MS
Deputy Commissioner
Health Systems

cc: Stefanie J. Mozgai, DOH (Electronic mail)
Michael J. Kennedy, J.D., DOH (Electronic mail)
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