



State of New Jersey
DEPARTMENT OF HEALTH

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Commissioner

May 21, 2024

VIA U.S. FIRST CLASS & ELECTRONIC MAIL

Robert C. Stanfield
Florham Park Senior Living Operator, LLC
117 Cypress Point
St. Simons Island, GA 31522

Re: Arbor Terrance Florham Park
CN #ER 2023-08332-14;01
Establish a 100-Bed Assisted Living Residence
Total Project Cost: \$22,120,000
Expiration Date: May 21, 2029

Dear Mr. Stanfield:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application by Florham Park Senior Living Operator, LLC (Applicant), submitted on July 1, 2023, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of Arbor Terrance Florham Park, a new 100-bed assisted living residence to be located at 302 Columbia Turnpike in Florham Park, Morris County. This application is being approved at the total project cost as noted above.

The Department has considered the applicable regulations for the services subject to expedited review (i.e., N.J.A.C. 8:33-5.3 and 8:33H-1.16). The Department finds that Florham Park Senior Living Operator, LLC, the proposed licensed operator, has provided an appropriate project description. The project description includes information as to the total project cost of \$22,120,000 for the construction of this new assisted living facility. The operating costs and revenues were provided, which reflected that by the second year of operation, total expected revenue would be \$8,785,302 and total expected expenses would be \$6,308,616, so the Applicant would show a profit of \$2,476,686 by the second year. In terms of services affected, this proposed facility will provide the option of providing services, including memory care, in an assisted living setting to meet increasing

demand in the Morris County vicinity, a geographic area with a growing senior population. This project will allow the facility to offer residents of the service area enhanced access to care and, given the growing population of individuals 65 and older and those with Alzheimer's Disease, will not negatively affect other existing assisted living facilities in the area. No specialized equipment is involved as this is an assisted living facility providing supportive services including a memory care unit, double occupancy units, and single occupancy units for a largely independent population. The source of funds includes private equity and a commercial bank construction loan. Utilization statistics project a 67.6% occupancy rate will be achieved after one year of operation and a 93.6% occupancy rate after two years of operation.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) referenced that the facility will promote aging in a homelike setting with supportive health and social services that will maintain independence, individuality, privacy, and dignity for residents. The facility will provide alternatives to nursing home care in Morris County, including to frail and disabled persons and those suffering from dementia, through individual and group programming tailored to residents' individual needs. The Applicant will assure that all residents of the area, particularly the medically underserved, will have access to services (N.J.A.C. 8:33-5.3(a)(2)), and states that this residence will operate in compliance with the regulatory requirement for admission of Medicaid residents and will provide services to the memory impaired. Documentation that the Applicant will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)) is shown by the project narrative, which contains information on the facility services and includes a statement that appropriate licensing and construction standards shall be met. Architectural plans will be submitted for review by the Department and the Department of Community Affairs. In addition, the Applicant has no track record compliance issues with the Department's licensing standards (N.J.A.C. 8:33-5.3(a)(3)(ii)) as it does not own, manage, or operate other licensed healthcare facilities in New Jersey other than the newly operational Arbor Terrace Basking Ridge, which was licensed to operate on December 8, 2023.

As a condition of this approval, a double-bedded room can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption, or those 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 may share a single toilet/bath in the unit and acknowledges there are higher health risks associated with shared occupancy and cohabitation. Under no circumstances shall any resident be coerced or compelled to agree to a double-bedded 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 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 do not hesitate to contact Michael J. Kennedy, Executive Director, Division of Certificate of Need and Licensing at Michael.Kennedy@doh.nj.gov.

Sincerely,



Jeff Brown
Deputy Commissioner
Health Systems
New Jersey Department of Health

- c: S. Mozgai, DOH (Electronic mail)
- M. Kennedy, DOH (Electronic mail)
- K. Morris, DOH (Electronic mail)
- A. McCray-Reid, DOH (Electronic mail)
- J. Kasko, DOH (Electronic mail)
- F. Gigliotti, DOH (Electronic mail)
- C. Stanfield, Braemar Partners (Electronic mail)
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- S. Bierhoff, Buchanan Ingersoll Rooney (Electronic mail)