



State of New Jersey  
**DEPARTMENT OF HEALTH**

PO BOX 360  
TRENTON, N.J. 08625-0360

[www.nj.gov/health](http://www.nj.gov/health)

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*Commissioner*

April 19, 2024

**VIA ELECTRONIC & FIRST CLASS MAIL**

Ms. Colleen Thompson  
Assistant Administrator  
Daughters of Israel  
1155 Pleasant Valley Way  
West Orange, New Jersey 07052

Re: Daughters of Israel Assisted Living  
1155 Pleasant Valley Way  
West Orange, New Jersey 07052  
New Assisted Living Residence  
CN ER# 2023-04320-07;01  
Total Project Cost: \$ 37,001,888  
Expiration Date: April 19, 2029

Dear Ms. Thompson:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application for Daughters of Israel Assisted Living, a non-profit entity, for the establishment of an Assisted Living (AL) residence with 64 licensed beds, 40 of which will be designated for those with memory impairments. Pursuant to N.J.A.C. 8:33-5.1(a)(4), the Applicant's licensed operator, Daughters of Israel Assisted Living, will establish this newly-constructed AL residence to be located at the same address as their existing long term care (LTC) facility in Essex County, which is the Daughters of Israel Pleasant Valley Home (License 030703).

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-1.16). The Department finds that Daughters of Israel Assisted Living has provided an appropriate project description. The licensed operator has proposed the establishment of this new Assisted Living residence as a first step in their future planning to create a Continuing Care Retirement Community, with different levels of care, on the existing campus.

Another phase of their planning, after the AL residence is opened, would be to operate long-term care (LTC) facility beds within the newly constructed building, to replace the existing LTC building. The operator understands that this application is related only to the establishment of an AL facility and any proposed changes to the LTC license and any potential relocation of long-term care beds would necessitate separate submissions and Department approval.

The project description includes information that there is a total project cost of \$37,001,888 for the construction of this new AL residence, which as noted prior, may include LTC facility beds at a future point. Daughters of Israel reported that the total revenue for the facility would be \$7,075,412 and the expenses would be \$9,031,350 which shows the facility would sustain a loss in the first year. The Applicant stated that they will be able to realize a profit within the second year when there is sustained occupancy with the related income from the new AL units. There is no specialized equipment involved as this is an AL facility providing supportive services to a largely independent population. The source of funds was listed as equity from the licensed operator and additional financing. Daughters of Israel Assisted Living anticipates that residents can start to be admitted to the AL in mid-2025 and, based on projected utilization statistics, the new AL residence would attain 45% occupancy by the end of 2025. By the end of 2026 and going forward, Daughters of Israel predicts that 90% occupancy can be sustained.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) is that the results of a market feasibility analysis completed for Daughters of Israel showed a significant need for AL services in this community, including for individuals with memory impairments. This proposed AL residence would provide a placement option for skilled nursing facility residents from the existing Daughters of Israel home whose condition has improved, enabling them to move to a lower level of care. The residence would also provide access to an AL level of care for new admissions from the community. The intent of this additional service is to provide access to different levels of care, both through the current skilled nursing facility and this new AL residence, on one campus with Independent Living units to be added in a separate building later, so that residents can “age in place” within one community. The aim is to provide for residents’ continuity of care within this campus.

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 confirm that this residence will be operated in compliance with the regulatory requirement for admission of Medicaid residents. The operator stated they are committed to serving the community, including those with limited financial resources.

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 Daughters of Israel’s past performance in the provision of LTC facility services. There is a review underway of the architectural plans for the new building; the Department will send separate letters on the final results of this review related to Assisted Living and Long-Term Care. In addition, Daughters of Israel has demonstrated a track record of substantial compliance with the Department’s licensing standards (N.J.A.C. 8:33-5.3(a)(3)(ii)) for their existing LTC facility. Any

regulatory compliance events reported for this LTC facility have been addressed by the Applicant. The licensed operator reported that they do not own, manage or operate any other licensed health care facilities in New Jersey or out-of-state, other than the existing LTC facility.

It must be noted that all the rooms contemplated for this project are designated as single occupancy. Please be aware that if Daughters of Israel decides to apply to the Department to convert any of the rooms to semi-private status, as a condition of approval, the Department will require that the semi-private rooms can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption, or others 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 that 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 semi-private room.

Please be advised that this approval is limited to the proposal 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 in N.J.A.C. 8:33-3.9. However, in accordance with N.J.A.C. 8:33-3.9(a) 1-3, a change of cost of an approved certificate of need is exempt from certificate of need review but 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 license 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 the beds/services until the additional fee is remitted in full.

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, the Department may take administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

Any approval granted by the Department relates to certificate of need and/or licensing requirements only and does not imply acceptance by a reimbursing entity. This document 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 any municipality's 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 the 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](mailto:Michael.Kennedy@doh.nj.gov).

Sincerely,

*Robin C. Ford*

Robin C. Ford, MS  
Deputy Commissioner  
Health Systems  
New Jersey Department of Health

cc: Colleen Thompson, Assistant Administrator, Daughters of Israel  
Stefanie J. Mozgai, DOH (Electronic mail)  
Michael J. Kennedy, J.D., DOH (Electronic mail)  
Kara Morris, DOH (Electronic mail)  
Carol Hamill, DOH (Electronic mail)  
Luisa Alexopoulos, DOH (Electronic mail)  
Keira McRae-Wiggins, DOH (Electronic mail)  
Ellen Kenny, DOH (Electronic mail)  
Intake Unit, DOH (Electronic mail)