



State of New Jersey
DEPARTMENT OF HEALTH

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KAITLAN BASTON, MD, MSc, DFASAM
Acting Commissioner

September 28, 2023

VIA ELECTRONIC & FIRST-CLASS MAIL

Robert C. Stanfield, Officer
117 Cypress Point
St. Simons Island, GA 31522

Re: Princeton Operator, LLC
Arbor Terrace Princeton
10 Hartwick Drive
Skillman, NJ 08558
CN# ER 2022-12311-18;01
Establish a 100-bed Assisted Living Residence
Total Project Cost: \$ 20,709,079.00
Expiration Date: September 28, 2028

Dear Mr. Stanfield:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application by Princeton Operator, LLC, for Arbor Terrace Princeton, submitted on December 1, 2022, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of a new eighty (80) unit, one hundred (100) bed assisted living residence, comprised of 66 Assisted Living and 34 Memory Care beds, to be located in the Township of Montgomery, Somerset County, at 10 Hartwick Drive in Skillman, New Jersey. This application is being approved at the total project cost as noted above.

According to the application, the assisted living units will include studios, one (1) bedroom units, and two (2) bedroom units, while the memory care space will offer various types of studio and two (2) bedroom units. All units will satisfy space and other mandated requirements as set forth under N.J.A.C. 8:36-16.1 to 16.17. The two (2) bedroom units will share a foyer/kitchenette area and will have two (2) bedrooms, each with their own respective bathrooms.

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 Princeton Operator, LLC, the proposed licensed operator, has

provided an appropriate project description as required by N.J.A.C. 8:33-5.3(a)1. The project description includes information as to the total project cost of \$20,709,079 for the construction of this new Assisted Living facility. The applicant has also addressed the balance of the requirements of N.J.A.C. 8:33-5.3(a)1, by demonstrating that there is no specialized equipment 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 \$12,425,447 and partner equity in the amount of \$8,283,632; and utilization statistics project that by the third year of operation, 93.6% resident occupancy will be achieved.

The operating costs and revenues were provided, which reflected that by the second year of operation, the total revenue would be \$8,785,302 and the expenses would be \$6,308,616, so the Applicant would show a profit of \$2,476,686. Based on the following statistics, the applicant is confident that there is a significant population of qualified individuals as justification for the proposed project in the marketplace as required by N.J.A.C. 8:33-5.1(a)1.

According to the 2010 census, the population of Somerset County was 120,837 and was expected to be near, or over, 124,133 by the 2020 census. According to the 2021 census, the population far exceeded expectations, totaling 345,647 residents. In 2018, there were approximately 51,000 residents in Somerset County who were 65 years of age or older; just 3 years later, in 2021, the number of residents in this age group exceeded 57,770 residents. With continued growth in this segment, a reasonable estimate of this 65 and overpopulation will soon cross 60,000 individuals.

Regarding the proposed Memory Care unit, the applicant notes that the Alzheimer's Association estimated that in 2018, there were 180,000 individuals over age 65 in the State of New Jersey with Alzheimer's Disease, a number that increased to 190,000 in 2020 and is expected to further increase to 210,000 in 2025. Arbor Terrace Princeton's assisted living and memory care facility therefore appears to be positioned to serve the needs of the growing senior population in Somerset County and New Jersey as a whole.

The applicant has demonstrated a history of compliance with all applicable statutes and regulations as required by N.J.A.C. 8:33-5.3(a)3. Further, the applicant states that the facility design will accommodate those with disabilities. The applicant has received functional review approval of construction plans to assure that they will meet appropriate licensing and construction standards as required by N.J.A.C. 8:33-5.3(a)(3)(i). Arbor Terrace of Princeton also pledged to meet the Medicaid occupancy requirements for Assisted Living residents as set forth in N.J.A.C. 8:36-5.1(h), attaining a ten percent level of occupied units by Medicaid-eligible persons. The Medicaid units will be disbursed throughout all units in the community. The applicant has also demonstrated that the facility is accessible to a variety of means of public transportation.

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 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 double-bedded room.

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 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 do not hesitate to 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
NJ Department of Health

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