



LIBERTY Senior Living

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June 1, 2021

VIA EMAIL ONLY

Lisa Pittman, Assistant Chief
Julie M. Faenza, Project Analyst
Certificate of Need Section, NC DHSR, NC DHHS
809 Ruggles Drive
Raleigh, NC 27603

RE: Project J-12055-21, Liberty Healthcare Properties of Chatham County, LLC and Liberty Commons Nursing and Rehabilitation Center of Chatham County, LLC d/b/a Kempton of Chatham (collectively, the “Applicants”), Written Comments

Dear Ms. Pittman and Ms. Faenza,

Pursuant to N.C. Gen. Stat. 131E-185(a1)(1), Liberty Healthcare Properties of Chatham County, LLC and Liberty Commons Nursing and Rehabilitation Center of Chatham County, LLC (together, the “Applicants”) hereby submit the following comments related to the competing application filed in regard to the 57 bed deficit identified in the 2021 North Carolina State Medical Facilities Plan (“SMFP”). The following competing application also seeks approval to relocate ACH beds into Chatham County.

Project ID #	Applicant
J-12074-21	Chatham Propco, LLC and Chatham Opco, LLC – The Landings of Chatham Park

Based on our analysis, our Kempton of Chatham application represents the most effective alternative for meeting the adult care home needs of Chatham County. We appreciate your consideration of our comments in your review process.

Best Regards,

Timothy Walsh
Senior Financial Analyst
Liberty Senior Living
TWalsh@libertyseniorliving.com
(910) 332-1982

COMMENTS ON PROJECT ID# J-12074-21
THE LANDINGS OF CHATHAM PARK

1. In response to Question A.5a on page 20, The Landings fails to check change of scope for previously approved project(s), even though the project is a change of scope to Project L-11818-19. In fact, The Landings fails to address anywhere its' application the project is a change of scope, even stating, "this proposal does not involve a Change of Scope or Cost Overrun."
2. In response to Question C.1 on page 36, The Landings states, "the applicants will employ... Personal Care Aides (PCAs), Certified Nursing Assistants (CNAs), Medication Technicians (Med-Techs), Supervisors in Charge (SICs), and a Resident Care Coordinator (RCC)". However, in Form H of Section Q (pg. 137), only CNA's are listed (of this group) as projected staff for the facility. Without an accurate accounting for operating staffing costs, the income projections in Form F.2b, are not reliable and thus are not reasonable.
3. In response to Question C.4 on page 53, The Landings states that Liberty Homecare and Hospice wrote a letter of support for their application and asserted in that letter that "The Landings at Chatham Park would be a great asset in the efforts to improve quality care and reduce healthcare costs for the citizens of Chatham County." In its' application, The Landings claims further that "Liberty Homecare and Hospice has enjoyed a longstanding working relationship with ALG Senior LLC, the company contracted to manage The Landings of Chatham Park." Liberty HomeCare and Hospice is an affiliated entity of the Applicants. The Applicants have proposed its own Application to move beds into Chatham County, and, therefore, would not support an unaffiliated company proposing the same. More importantly, the support letter received (Exhibit C.4 of The Landings Application) is from a Ms. Debbie Dallas. Ms. Dallas resigned employment with Liberty HomeCare and Hospice effective as of 2/17/2020, one year and two months before the date of the "support" letter. Liberty HomeCare and Hospice did not write this letter of support or authorize Ms. Dallas or any other party to write such a letter on behalf of Liberty HomeCare and Hospice. We advise the Department to review the comments submitted by Holly MacDonald, President of Liberty HomeCare and Hospice, detailing this misrepresentation. **The Applicants, and Liberty HomeCare and Hospice, emphatically deny this support letter.**
4. In response to Question I.1b on page 88, The Landings does not explain why it is necessary for each ancillary or support service checked to be provided.
5. In response to Question I.2 on page 89, The Landings again state they will work with hospice and home health providers (including Liberty Homecare & Hospice Services). **The Applicants, and Liberty HomeCare and Hospice, want to again emphatically deny Liberty HomeCare and Hospice's support of the The Landings' application.**
6. In response to Question K.3a on page 94, The Landings refers to Exhibit K.3 for a letter from the architect for the project. Exhibit K.3 (on page 124 of the Exhibits) does not include any signature or architect listed, only a projected cost/square foot and the total estimated

square footage. A letter without a signature does not verify that the content of the letter is even affirmed by the architect.

7. In response to Question K.4, The Landings lists the site address and references the site availability in a letter from Preston Development Company in Exhibit K.4 (pages 128-132 of the Exhibits). The Chatham County Property Record card (the "Property Card") listed in the Exhibit identifies the site as being a total of 25.14 acres. The listed land value on the Property Card is \$2,958,300. However, this Property Card is dated 2/17/2020 and is not current. The current Property Card (attached to this letter) displays the appraised land value at \$3,267,500. More importantly, though, it details the sales history of the site. The property was sold to Chatham Development One, Inc. (an entity not affiliated with The Landings) on 7/28/2015 for \$4,227,500.

In response to Form F.1a in Section Q (Page 128), The Landings lists the purchase price of land at \$1,500,000 and states in their methodology the "purchase price of land was determined by performing a market analysis of the target area, focusing on price per acre of potentially suitable sites that could yield a parcel of the appropriate size."

- A. The letter from Preston Development Company in Exhibit K.4 (page 128 of the Exhibits) does not mention any price per acre or if the site could be split into separate parcels. Therefore, it is assumed the full 25.14 acres would need to be purchased. As referenced above, the tax appraisal value alone is \$3,267,500 and the sale price of the available lot was \$4,227,500.
- B. Furthermore, if the site was being legitimately pursued, wouldn't The Landings have requested from Preston the definite price per acre in order to confirm the accuracy in their assumptions?
- C. Theoretically assuming the site could be split into separated parcels, a 10-acre site for \$1,500,000 in this area would be a significant under-valuation of the property. The site was purchased for \$4,227,500, which computes to \$168,158/acre. If the Sellers were willing to sell at cost, a 10-acre site would still cost \$1,681,580, \$181,580 more than The Landings projected in Form F.1a.
- D. The proposed site is listed as Lot #10. The surrounding area Lots include Lots #1-9. Lots 1, 4, and 8 have all been sold by Chatham Development One Inc. to unaffiliated purchasers. Lot 1 was sold for \$327,273/acre, Lot 4 was sold for \$300,521/acre, and Lot 8 was sold for \$275,000/acre. This calculates to an average sale price of \$301,000/acre and does not include property appreciation (lots 1,4 and 8 were sold 3-5 years ago). Arm's length transactions of surrounding lots is the most reasonable approach to determine the cost of a site. Therefore, utilizing the correct methodology, a 10-acre site would cost \$3,010,000, double the price proposed in The Landings CON Application.

If capital costs were not correctly identified, this could cause major delays in the overall development of the project. At a minimum, a cost overrun (of more than 115%) of the capital expenditure proposed would constitute a change of scope/cost-overrun application needing to be submitted and approved.

8.

- A. In response to Section O on page 110, The Landings is expected to answer how “an applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.” In response to these questions, The Landings simply describe the standard operating regulations for an adult care home and references generic oversight by a QA Team. The Landings does not describe any quality assurance plan or provide a copy to any quality assurance program.
- B. Additionally, on Page 110, The Landings states to “See Form O, Section Q page X”. Form O is not listed in Section Q, or anywhere in the Application.
- C. Furthermore, on Page 110, The Landings states “the Facility will hire a Director of Resident Care (DRC), to oversee the clinical components of daily operations, including but not limited to medication program, resident assessments and care plan development and ongoing training; and a Resident Care Coordinator (RCC), to oversee scheduling and direct care staff in the community.” Neither of these jobs (Director of Resident Care nor Resident Care Coordinator) are listed in Form H of the Application or described in the Assumptions. Without an accurate accounting for operating staffing costs, the income projections in Form F.2b are not reliable and thus are not reasonable.
- D. Moreover, on Page 111, The Landings fails to answer Question O.4, requesting documentation that adult care homes supported by ALG Senior LLC have provided quality care during the 18 months preceding submission of the Application.

Based on The Applicants review of Project J-12074-21, The Landings should be denied for the following reasons:

Criterion (3) – The Landings lists certain employee jobs that are not included in Form H. The Landings cannot serve the population proposed if it is understaffed. Additionally, The Landings misrepresented Liberty HomeCare and Hospice as being in support of its’ application. Therefore, The Landings failed to identify a need.

Criterion (4) – The Application is not confirming to Criteria 3, 5, 7, 8, 12, and 20. An application that cannot be approved cannot be an effective alternative.

Criterion (5) – The Landings referenced multiple staff positions throughout the application that were then not listed in Form H. Without an accurate accounting for operating staffing costs, the income projections in Form F.2b, are not reliable and thus are not reasonable.

Criterion (7) – The Landings referenced multiple staff positions throughout the application that were then not listed in Form H. Therefore, the Landings failed to show adequate health staffing.

Criterion (8) – The Landings identified Liberty HomeCare and Hospice as a supporter of the project and included a support letter in the Exhibits. Liberty HomeCare and Hospice did not write this letter of support or authorize former employee Ms. Dallas or any other party to write such a

letter on behalf of Liberty HomeCare and Hospice. Therefore, the Landings failed to demonstrate that the proposed service would be coordinated with the existing health care system.

Criterion (12) – The Landings submitted an architect cost verification letter that was not signed. Additionally, the land value is not adequately identified or confirmed. Therefore, The Landings failed to certify the cost and, therefore, inadequately demonstrated the cost of the project.

Criterion (20) - The Landings failed to deliver evidence that quality care has been provided in the past.

Chatham County Property Record Card

DATE 4/28/21 CHATHAM CO TAX DEPARTMENT PAGE 1
 TIME 11:07:23 PROPERTY CARD PIN... 9752 00 18 6885 PROG# AS2006
 USER CHNICK FOR YEAR 2021
 CHATHAM DEVELOPMENT ONE INC **PARCEL ID.. 0090944** LOCATION... 294 SUTTLES RD PITTSBORO
 DEED YEAR/BOOK/PAGE.. 2015 1809 0167 ASSESSMENT NONE .00 .00
 PO BOX 3557 PLAT BOOK/PAGE.. 2018 0332 OWNER ID.. 1354783
 LEGAL DESC:LOT #10 DISTRICT.. 201 PITTSBORO CITY
 TOWNSHIP... 5 CENTER
 CARY NC 27519- NBRHOOD... PI037 HWY 64/15-501 BYPASS
 DESCRIPTION COMMERCIAL 2021 REVIEW RYAN
 MAINTAINED.. 10/26/2020 BY CHRVINCENT VALUED.. 3/23/2021 BY CHRVINCENT
 VISITED..... 9/27/2019 BY JKH PREV PARCEL 0007101 ROUTING#..
 PARCEL STATUS... ACTIVE CATEGORY.. REAL & LISTED PERSONAL

 * LAND VALUED BY NEIGHBORHOOD BASE RATE METHOD *

SALES HISTORY									
DEED BK/PAGE	SALE DATE	SALES INSTRUMENT	DISQUALIFIED	SALE AMOUNT	STAMP AMOUNT	DEED NAME			
1809 0167	12/30/2015	SPLIT	OTHER			CHATHAM DEVELOPMENT ONE, INC.			
1809 0167	7/28/2015	COMBINE	OTHER			CHATHAM DEVELOPMENT ONE, INC.			
1809 0167	7/28/2015	WARRANTY DEED	QUALIFIED	4,227,500	8,455.00	CHATHAM DEVELOPMENT ONE, INC.			
1761 1015	7/25/2015	SPLIT	OTHER			CHATHAM PARK INVESTORS, LLC.			

LAND SEGMENTS													
LND #	ZONE	STRAT CODE	LAND TYPE/CODE	LAND QTY	AVERAGE LAND RATE	DPT%	SHP%	LOC%	SIZ%	OTH%	TOP%	TOT ADJ	CURRENT FMV
2	PDD	100	AC CU	25.140	129,972.16	.00	.00	100.00	.00	.00	.00		3,267,500
TOTAL PARCELS													
				LAND /25.04	IMPROVEMENTS / OVR			TOTAL LAND/IMPROVE	TOTAL LAND		FMV2020	VALUE	
				FMV.....	3,267,500	0	3,267,500		2,958,300		2,958,300		
				APV.....	3,267,500	0	3,267,500				2,958,300		

----- COMMENTS -----
 +26.464 AC. FROM #60745 PER DB 1809-167.
 +24.037 AC. FROM #7101 PER DB 1809-167.
 +2.177 AC. FROM #80309 WHICH WAS VOIDED & COMBINED INTO THIS PARCEL PER DB 1809-167.
 +0.300 AC. FROM #83663 WHICH WAS VOIDED & COMBINED INTO THIS PARCEL PER DB 1809-167.
 +0.197 AC. FROM #7099 WHICH WAS VOIDED & COMBINED INTO THIS PARCEL PER DB 1809-167.
 +2.930 AC. FROM #80308 WHICH WAS VOIDED & COMBINED INTO THIS PARCEL PER DB 1809-167.

Chatham County Property Record Card (con't)

DATE 4/28/21
TIME 11:07:23
USER CHNICK
CHATHAM DEVELOPMENT ONE INC

CHATHAM CO TAX DEPARTMENT
PROPERTY CARD
FOR YEAR 2021

PAGE 2
PIN... 9752 00 18 6885 PROG# AS2006

PARCEL ID.. 0090944

+0.434 AC. FROM #83665 WHICH WAS VOIDED & COMBINED INTO THIS
PARCEL PER DB 1809-167.

CAD FILE BD #14163 SURVEY BY WITHERS & RAVENEL. A PICTURE
IS WORTH A THOUSAND WORDS.

-3.148 AC. SPLIT INTO LOT #1 (#91257) PER PB 2015 291-298.
-3.478 AC. SPLIT INTO LOT #2 (#91258) PER PB 2015 291-298.
-3.662 AC. SPLIT INTO LOT #3 (#91259) PER PB 2015 291-298.
-2.885 AC. SPLIT INTO LOT #4 (#91260) PER PB 2015 291-298.
-3.129 AC. SPLIT INTO LOT #5 (#91261) PER PB 2015 291-298.
-2.432 AC. SPLIT INTO LOT #6 (#91262) PER PB 2015 291-298.
-3.436 AC. SPLIT INTO LOT #7 (#91263) PER PB 2015 291-298.
-2.000 AC. SPLIT INTO LOT #8 (#91264) PER PB 2015 291-298.
-3.284 AC. SPLIT INTO LOT #9 (#91265) PER PB 2015 291-298.
-3.76 AC. SPLIT INTO RD. R/W. PER PB 2015 291-298.

DB 1831-764: DECLARATION OF MAINTENANCE COVENANT & GRANT
OF PROTECTION EASEMENTS FOR STORMWATER CONTROL FACILITIES.

DB 1831-780: SUBDIVISION IMPROVEMENT AGREEMENT BETWEEN
CHATHAM DEVELOPMENT ONE, INC. & THE TOWN OF PITTSBORO.
PLAT 2015/291-298 LOT 10
BOUNDARY LINE AGREEMENT PER DB 2021/974 & PER PLAT 2018/332-
ACRES CHANGED