Introduction to ORCF & Its Programs

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Overview

- Office of Healthcare Programs (OHP) consists of:
  - Office of Residential Care Facilities (ORCF)
  - Office of Hospital Facilities (OHF)
  - Office of Architecture and Engineering (support office)
Overview

• OHP’s mortgage insurance programs enable affordable financing of healthcare facilities
  
  • Section 232 Mortgage Insurance for Nursing Homes, Assisted Living Facilities, Board & Care Homes
  
  • Section 242 Mortgage Insurance for Hospitals
Role of FHA in Helping Private Lenders Serve the Healthcare Market

FHA facilitates the construction, refinancing or purchase of healthcare facilities through private lenders

Credit enhancement provided by FHA facilitates lending to facilities and in markets which might otherwise be underserved

Without FHA: fewer facilities built, modernized, or refinanced, limiting access to health care services and increasing operating costs
ORCF – Office Locations
ORCF – Basic Organization

Office of Residential Care Facilities (ORCF)
Roger Lewis, Director

Production
Tim Gruenes, Director

Asset Management
Philip Head, Director

Policy, Risk Analysis and Lender Relations
John Hartung, Acting Manager

Operations
Nicole Johnson, Acting Manager

Program Integrity
Jennifer Buhlman
Statutory Authority 12 USC 1715w

- Mortgage Insurance for:
  - Nursing Homes
  - Intermediate Care Facilities
  - Assisted Living Facilities
  - Board and Care Homes

- Further details/requirements are at:
  - 24 CFR 232
  - Handbook 4232.1 REV 1
Examples of ALF and SNF

**Bellaire at Stone Port**
Bellaire at Stone Port (aka Cathcart Assisted Living Center) is located in Harrisonburg, Virginia, approximately 120 miles northwest of Richmond.

The brick and horizontal siding clad building contains 64 Assisted Living units and 24 Memory Care units. The memory care units are located in a private one-story wing.

**Woodlands at Hampton Woods**
Woodlands at Hampton Woods is located in Poland, Ohio, approximately 80 miles southeast of Cleveland.

The 241a Supplemental Loan was used for the construction of a 26-bed skilled nursing addition to an existing 121-bed Assisted Living and Skilled Nursing facility financed with a 232/223(f) loan.
12 USC 1715w – Definition of Nursing Home

- Public, Proprietary, Private, For-Profit or Non-Profit Facility

- Licensed or Regulated by State (municipality in some cases)

- For “care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but we require skilled nursing care and related medical services…”

- Nursing care and medical services are “prescribed by, or are under the general direction of, persons licensed to provide such care or services” under State law.
12 USC 1715w – Definition of Intermediate Care Facility

- Proprietary facility or Private Non-Profit corporation facility or association licensed facility or regulated by the State (or municipality if not state-regulated).

- Accommodates “persons who, because of incapacitating infirmities, require minimum but continuous care but are not in need of continuous medical or nursing services”
12 USC 1715w – Definition of Assisted Living Facility

A Public facility, Proprietary facility or facility of a Private Non-Profit corporation that –

- Is Licensed or Regulated by the State (or municipality/subdivision in some cases)

- Provides supportive services to assist residents in daily living activities (e.g. dressing, eating, bathing, laundry, preparing meals, shopping, obtaining and taking medication, housework, managing money, in/out of bed, etc.)

- Provides separate dwelling units for residents; each of which may contain a full kitchen and bathroom, and which may contain common rooms and other facilities appropriate for the provision of supportive services to the residents
12 USC 1715w – Definition of Assisted Living Facility

Assisted Living Facilities must be the for care of “frail elderly persons,” defined by 42 USC 8011k:

- Frail Elderly means “an elderly person who is unable to perform at least 3 activities of daily living adopted by the Secretary for purposes of this program..”

- Elderly Person means “a person who is at least 62 years of age”
The Villa at Westhampton, Long Island, NY

The Villa at Westhampton, located in Long Island, New York, is ORCF’s 124th construction loan to welcome residents!

The new construction, two-story classically styled building contains 57 assisted living beds and 24 memory care beds. The first floor contains two memory care wings, each with their own day room and dining area, and two assisted living wings. The facility has a central core area with a library, theatre, café, and community dining room. The second floor contains four wings of assisted living units, plus a generously-sized lounge and other activity areas.
12 USC 1715w –Definition of Board & Care Home

- Any Residential Facility providing room, board, and continuous protective oversight, that is...

- Regulated by a State pursuant to Section 1616(e) of the Social Security Act [42 USC 1382e(e)], that at the time of application...

- Has demonstrated compliance with 1616(e)
Other Section 232 Considerations

- In ALF’s, HUD has historically allowed a small number of “Independent Living” Beds (< 25%)

- Section 232 cannot insure facilities with “Life Fees”

- Statutorily defined facility types don’t always dovetail with state licensure or CMS language

- “Board and Care” has been used in limited circumstances.

- ORCF focuses on being true to the statute under all these circumstances
ISSUES WITH 232’s ON CAMPUS WITH OTHER TYPES

- Being on the same campus as non-232 can add value/marketability.

- Can also be problematic. Potential complexities:
  - Subdivisions
  - Common Walls
  - Easements
  - Land Leases
  - Shared Staff, Services and Facilities
ISSUES WITH 232’s ON CAMPUS WITH OTHER TYPES

Assurances are needed to show that the Section 232 project is stand-alone, possibly necessitating:

- Subdivision
- Land Leases
- Easements
- Condo Agreements
- Maintenance Agreements
- Expense Allocation Agreements
- Other Service Agreements