

State of New Jersey

DEPARTMENT OF HEALTH

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Lt. Governor

PHILIP D. MURPHY

JEFFREY A. BROWN Acting Commissioner

September 9, 2025

VIA ELECTRONIC AND FIRST-CLASS MAIL

David Holland Vice President, Development Brightview Senior Living 218 N. Charles Street, Suite 220 Baltimore, Maryland 21201

Re:

Brightview East Brunswick CN # ER 2024-08356-12:01

A New Assisted Living Residence Total Project Cost: \$27,468,019 Expiration Date: September 9, 2030

Dear Mr. Holland:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (CN) application submitted by Brightview East Brunswick Operator, LLC (the Applicant) on August 23, 2024, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of a new 93-bed Assisted Living Residence (ALR) to be located at 509 Cranbury Road in East Brunswick, New Jersey, within Middlesex County. This application is being approved at the total project cost as noted above.

The facility will be a newly constructed, four-story, 93-bed Assisted Living Residence, consisting of 84 units (75 single-occupancy and 9 double-occupancy). Of the 93 beds, 26 units (25 single-occupancy and 1 double-occupancy) will be designated within a secured program specifically designed to serve residents with Alzheimer's disease and other dementias.

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 N.J.A.C. 8:33H-1.16). The Department finds that Brightview East Brunswick Operator, LLC, the proposed licensed operator, has provided an appropriate project description. The project description includes information that there is a total project cost of \$27,468,019, which includes land, project, major moveable equipment, architectural, engineering, and financing costs. Brightview East Brunswick Operator, LLC stated that this new ALR will be located at a site with an Independent Living component. Brightview East Brunswick Operator, LLC reported that the total expenses for the facility would be \$4,777,416 and the revenue would be \$4,186,319, resulting in a loss of \$591,097 in the first year of operation.

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However, estimates of costs and revenues for the second year reflect that the facility will realize a profit by the end of that year. The source of funds was listed as a mix of bank loans and private investor equity, including the ultimate owner/investors of Brightview Senior Living VIII-C. Based on Brightview East Brunswick Operator, LLC's projected utilization statistics, the new ALR would attain an average of five (5) residents moving into the community during each month of the first 12 months, estimating that sixty (60) residents will reside at the facility by the end of its first year, providing the facility with a 67% occupancy rate achieved after 12 months of operation. There is no specialized equipment involved in this project, as this is an ALR facility providing supportive services, including a Alzheimer's/Dementia Care Program, in single and double occupancy units.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) referenced a significant demand for assisted living in this area given the current and projected demographics and census information. The applicant further notes that this new assisted living residence will help satisfy the demand and provide a much-needed service to the aging population in that the facility will provide an important residential care alternative for seniors who require assistance with daily activities as well as assistance for those who live with dementia. Specifically, there will be a designated and secure area within this facility specially designed for those with memory care needs, including measures to prevent wandering outside the facility, trained staff, activities designed for those with cognitive impairments, and a secured outdoor courtyard. The construction and operation of Brightview East Brunswick is reportedly expected to have a positive impact on the overall community by providing supportive services to seniors and creating job opportunities that will stimulate the local economy. Lastly, the applicant asserts there will be no adverse impact on existing local services providers.

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 confirmed that this residence will be operated in compliance with the regulatory requirement for admission of Medicaid residents. In addition, the Applicant expects to achieve the 10% Medicaid eligible threshold within three years of licensing and will maintain this level of utilization thereafter. Furthermore, Brightview East Brunswick Operator, LLC has demonstrated a track record of substantial compliance with the Department's licensing standards as set forth in N.J.A.C. 8:33-5.3(a)(3)(ii), as there was no significant regulatory compliance events reported in the New Jersey facilities that are owned, operated or managed by the Applicant. Brightview East Brunswick Operator, LLC has confirmed that they have reviewed and will comply with all the ALR regulatory requirements found in N.J.A.C. 8:36.

Documentation that the Applicant will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)) was submitted. The review of the architectural floor plans for the new building is underway; the Department will send a final letter with the results of this review.

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

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licensure. Please be advised that this condition shall also apply to all new operators/owners upon the approval of transfer of ownership transactions by the Department.

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.

An additional review by the Department may be necessary if there is any change in scope, as defined at <u>N.J.A.C.</u> 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:

- 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.

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. The Department, in approving this application, has relied solely on the facts and information presented to us. We have 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 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 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.

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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 via email at Michael.Kennedy@doh.ni.gov.

Sincerely,

Stefanie Mozgai Deputy Commissioner Health Systems

New Jersey Department of Health

- c: J. Rodriguez, DOH (Electronic mail)
 - M. Kennedy, DOH (Electronic mail)
 - K. Morris, DOH (Electronic mail)
 - L. Alexopoulos, DOH (Electronic mail)
 - A. Ventura, DOH (Electronic mail)
 - K. Gigliotti, DOH (Electronic mail)
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 - S. Marker, Brightview Senior Living (Electronic mail)
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 - J. Kaveney, Greenbaum Rowe, Smith & Davis LLP (Electronic mail)