

**Board of Zoning Adjustment
Staff Report**
October 5, 2015



Case No:	15CUP1031
Request:	Rehabilitation Home
Project Name:	Landmark Rehabilitative Medicine
Location:	4418 Malcolm Avenue
Owner:	Jewish Hospital & St. Mary's Healthcare
Applicant:	Simsbury Associates, Inc.
Representative:	Dinsmore & Shohl, LLP
Jurisdiction:	Louisville Metro
Council District:	15 – Marianne Butler
Case Manager:	Jon E. Crumbie, Planner II

REQUEST

- Conditional Use Permit (CUP) for a rehabilitation home per 4.2.31 of the Land Development Code (LDC)

CASE SUMMARY/BACKGROUND/SITE CONTEXT

Existing Zoning District: R-5

Proposed Zoning District: R-5

Existing Form District: TN

Existing Use: Vacant

Proposed Use: Rehabilitation Home

Minimum Parking Spaces Required:

- One parking space on site shall be provided for each staff person, plus two spaces for each five residents, or five clients served by the rehabilitation home. Parking shall be reduced to one space per five residents/clients if the rehabilitation home serves persons with disabilities that preclude operation of an automobile.

Existing Parking Spaces: 17

Plan Certain Docket #: N/A

Site Context

- The site is a dual frontage lot that sits between La Salle Avenue and Malcolm Avenue, immediately northwest of Hazelwood Avenue.
- The site lies in the R-5 Residential Single Family Zoning District and Traditional Neighborhood Form District.
- The site has two existing structures with an enclosed recreation area between them and was previously used as a Psychiatric Residential Treatment Facility (PRTF).
- Parking on the site is located on the northeast corner of the lot and consists of 17 spaces.

Background

As defined by the LDC, a "Rehabilitation Home" is a building or group of buildings providing residence for persons recovering from the effects of drug or alcohol abuse, psychiatric disorders, or as a condition of their parole or probation. Such homes may provide counseling in educational, vocational, or other areas by a paid or

volunteer staff and generally have 24-hour-a-day supervision. This definition does not apply to residential care facilities regulated by KRS 100.982.

The site was developed after receiving approval for a Category 3 Review, a CUP for a PRTF, and a modification of the CUP in 2007.

The existing CUP approved for the subject site was for “Hospitals, Clinics, and Other Medical Facilities” per 4.2.29 of the LDC.

The applicant would like to operate a nonmedical and nonhospital based alcohol and other drug abuse treatment center and, therefore, requests a CUP for a “Rehabilitation Home” per 4.2.31 of the LDC.

LAND USE/ZONING DISTRICT/FORM DISTRICT TABLE

	Land Use	Zoning	Form District
Subject Property			
Existing	Vacant	R-5	TN
Proposed	Rehabilitation home	R-5	TN
Surrounding Properties			
North	Single family residential	R-5	TN
South	Church and vacant lots	R-5	TN
East	Vacant lots and single family residential	R-5	TN
West	Surgery center	OR-2	TN

PREVIOUS CASES ON SITE

B-66-05VW: An application for a CUP with variances and waivers to allow off-street parking in an R-5 zoning district on properties known as 4311, 4313, 4317, 4321 Churchman Avenue and being in Louisville Metro.

B-211-06VW: Approval of an application for a CUP to allow a psychiatric residential treatment facility in an R-5 zoning district; and variances and waivers from the Land Development Code for encroachments into the required yards and landscaping reductions; and a Category 3 review.

B-9238-07: Approval of a modification for a CUP granted under B-211-06VW to allow the two proposed structures to be enlarged and to allow an additional reduction in the Landscape Buffer Area along the north and south property lines.

APPLICABLE PLANS AND POLICIES

Cornerstone 2020
Land Development Code

STANDARD OF REVIEW AND STAFF ANALYSIS FOR CONDITIONAL USE PERMIT

1. Is the proposal consistent with the applicable policies of the Comprehensive Plan?

STAFF: The proposal is consistent with the guidelines of the Comprehensive Plan. Landscape waivers and variances were approved under the prior proposals mentioned in the previous cases on site section of the staff report.

2. Is the proposal compatible with surrounding land uses and the general character of the area including such factors as height, bulk, scale, intensity, traffic, noise, odor, drainage, dust, lighting, appearance, etc?

STAFF: The proposal is compatible with surrounding land uses and the general character of the area as it would use the existing structures and parking.

3. Are necessary public facilities (both on-site and off-site), such as transportation, sanitation, water, sewer, drainage, emergency services, education, recreation, etc. adequate to serve the proposed use?

STAFF: The proposal has been approved by Transportation Planning and MSD. The Louisville Fire District #4 did not comment on the proposal.

4. Does the proposal comply with the following specific standards required to obtain the conditional use permit requested?

Rehabilitation homes may be allowed in any district upon the granting of a Conditional Use Permit and compliance with the listed requirements. There are 5 requirements and item A., B., C., and D. have been met. Item E. must be determined by the Board.

- A. If using an existing residential building constructed contemporaneously with the surrounding neighborhood, its exterior appearance shall not be substantially altered.
- B. New construction within an area having an established front building setback shall be constructed at the average setback line or the minimum front yard of the form district, whichever is less. Structures adjacent to residential uses or zoning districts shall increase side yards by 10 feet for each story over two.
- C. One parking space on site shall be provided for each staff person, plus two spaces for each five residents, or five clients served by the rehabilitation home. Parking shall be reduced to one space per five residents/clients if the rehabilitation home serves persons with disabilities that preclude operation of an automobile.
- D. One freestanding sign not to exceed 10 square feet and 4 feet in height shall be allowed.
- E. The Board shall add any additional restrictions necessary to mitigate nuisances or adverse effects.

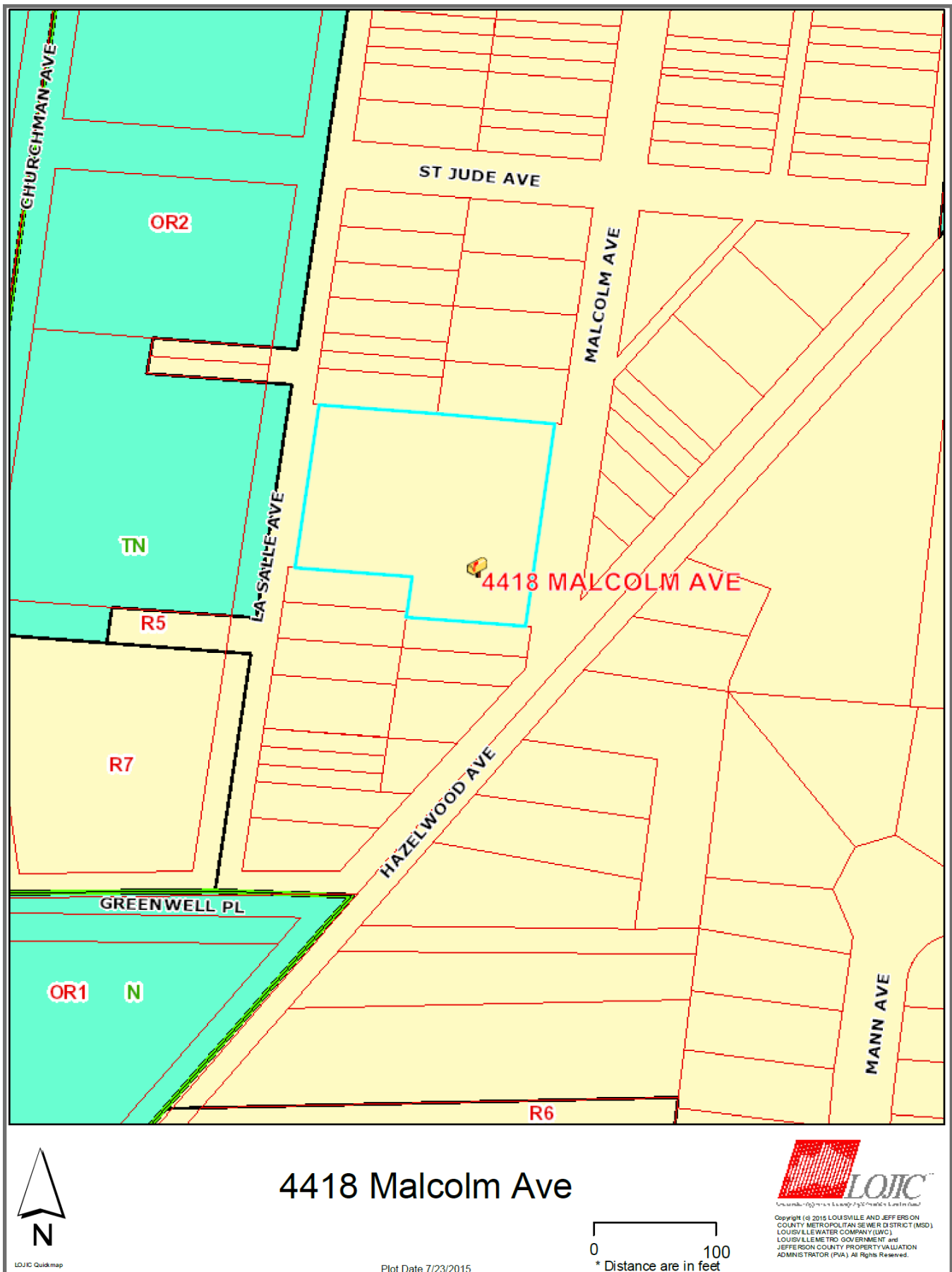
TECHNICAL REVIEW

There are no outstanding technical review items.

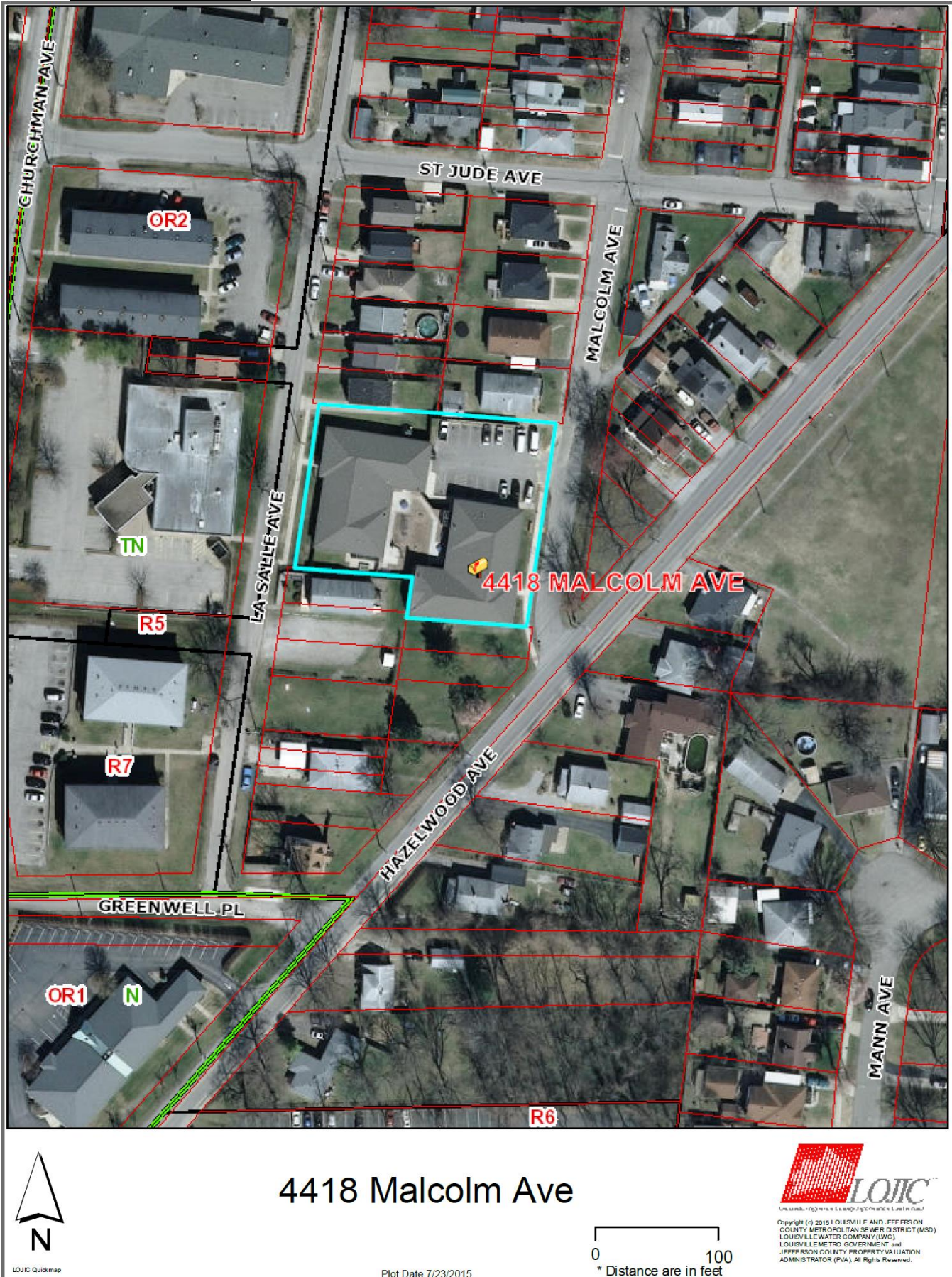
ATTACHMENTS

1. Zoning Map
2. Aerial Photograph
3. Cornerstone 2020 Staff Checklist
4. Proposed Conditions of Approval

1. **Zoning Map**



2. Aerial Photograph



Landmark Recovery of Louisville

A Project Description by Simsbury Associates

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Opportunity Beckons

Simsbury Associates Inc will form Landmark Recovery of Louisville, LLC, to develop a 11,052 square foot former psychiatric hospital in the South Central Hazelwood neighborhood of Louisville Kentucky at 4418 Malcolm Avenue and 4419 La Salle Avenue into an 18 unit, private pay substance abuse detoxification center in order to meet a growing need for addiction care. We believe the relatively low cost of acquisition, the limited development risk, and the location in an underserved market provide a strong opportunity as reflected in the financial model. While of course this model is speculative, it is based upon the results from similar existing facilities. While the amount and the terms of the raise are negotiable, a calculation based on an 800 K raise shows an investor Internal Rate of Return of 104% over the first five years solely on the basis of projected operating cash flow. A potential liquidity event could significantly increase this IRR.

The facility intends to attract private payers (including insurance) from metropolitan Louisville and other population centers in the Ohio River Valley who need drug and alcohol detoxification. According to the Bureau of Labor Statistics, the Alcohol and Drug Detoxification and Rehabilitation industry will grow 31% between 2012 and 2022, more than triple the projected growth rate of the economy as a whole. Driving this growth is the Affordable Care Act, which fundamentally alters the payment model for the industry. Previously, only Pennsylvania required health insurers to cover 30 days of substance rehabilitation. In contrast, the ACA requires all insurance plans to pay for a minimum of 30 days of treatment. Thus, an industry previously focused on either pampering the wealthy or serving those poor enough to qualify for Medicaid is rapidly expanding in order to serve the middle market.

The Right Company

Simsbury Associates is positioned for success due to both its experience and its local connections. Founded in 1985, Simsbury has developed over 37 historic rehabilitations certified by the National Park Service. Currently, the company owns and operates six Assisted Living properties in three states, so it is well versed in the challenges of operating health care facilities.

The principals of Simsbury have roots in Louisville, and in the addiction and treatment field. The founder began his development career in Louisville, while the Vice President was raised there where his family owned commercial and medical properties including The Healing Place, a low-income Substance Rehabilitation Center in downtown Louisville.

Ideal Location

We further believe Louisville, Kentucky is an ideal location because there are no similar private pay treatment centers of this type in the area. John Walsh, an addiction counselor in Louisville over the past 40 years, has not referred a client to a local facility since 1981; he does not believe there is a local facility that provides quality care of the type his clients require. Within Louisville itself, the build site is located in a neighborhood known as South Central Hazelwood. Its location just 10 minutes from the Louisville International Airport is important because facilities often attract clients from other states and regions and so airport accessibility is important.

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The facility intends to cater to the middle market because, according to the 2008 National Survey of Substance Abuse Treatment Centers, higher end private rehabilitation centers are disproportionately located in "destination states" like California, Arizona, and Florida. In fact, California alone hosts 16% of all substance abuse centers. Conversely, many states in the South and Midwest lack the access to the number of quality treatment centers their populations could support. While high net wealth individuals can afford to travel to luxurious destinations for treatment, many middle class people cannot. Furthermore, because the most critical year of an addict's recovery is the first year out of rehab, access to local treatment is even more imperative for clients unwilling or unable to relocate their jobs and families to destination states. Thus, the expansion of substance abuse treatment to mid-market will likely result in a need for more treatment centers in under-served markets in the South and Midwest.

Development Plans

The building was purpose built for in-patient rehabilitation, and minimal refurbishment is necessary to achieve our goals. We expect to need roughly \$100,000 to outfit the space for the needs of a detoxification center. This will cover cosmetic improvements, and furniture, fixtures and equipment.

Operational Plans

Our financial model gives an overview of our expected staff levels and positions, and shows that we plan to maintain low patient to nurse ratios, ensuring high quality treatment in a safe environment.

Supplemental Materials

In addition to this narrative, we are submitting:

- Financial Pro-Forma projections
- An explanation of assumptions made in the Pro Forma

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CUP PRE-APPLICATION

DEVELOPER'S LETTER OF EXPLANATION

July 03, 2015

PROPERTY ADDRESS...

Former Kentucky One (PRTF) Buildings -2010
4418 Malcolm Ave & 4419 La Salle Ave
Louisville KY 40215

EXISTING CONDITIONS...

THE PROPERTY

The property is currently owned by the Jewish Hospital & Saint Mary's and has been unoccupied for approximately one year.

SITE ELEMENTS

The existing site consists of 2 separate structures newly constructed circa 2010 for the expressed purpose of housing a Psychiatric Residential Treatment Facility. Operations were managed by the current owner (a Hospital). The site has seventeen 17 off street parking spots plus a BOZA Waiver for four (4) additional off street parking spots (on Malcolm Ave in front of the building) which were developed for the property's exclusive use. Primary access is off Malcolm Ave, with additional access off La Salle Ave.

BUILDINGS

There are two one-story buildings built architecturally identical, one facing Malcolm Ave and the other La Salle Ave. Each is 5,526 square feet containing 9 residential units each. Between the two structures is a large joint recreation/outside common area.

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PROPOSED PROGRAM OVERVIEW...

LANDMARK RECOVERY OF LOUISVILLE

"Becoming Well Again Through..."

Rehabilitative Medicine

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Landmark Recovery of Louisville will operate as a small specialized alcohol and other drug residential facility for detoxification, with an aim towards partnering with other health care operators in the community to refer its detoxification clients to progressive resources along the rehabilitative medicine path.

Our mission is to provide that initial care needed to safely begin this journey for people rebuilding their lives with hope, independence and dignity, advocating for their full inclusion in all aspects of community life.

What is rehabilitative medicine?

Rehabilitative medicine involves the evaluation, diagnosis and treatment of patients with limitations as a result of a disease or treatments associated with a disease. The goal of rehabilitative medicine is to improve the health, independence, productivity, functional performance and participation in life's activities for people who have disabling conditions and diseases.

It's a medical specialty with expertise in defining limitations in ability and restoring and enhancing function. It looks at all the individual's conditions and the impact on the person's over-all functional status — physical ability, adaptation for self-care, cognitive skills and behavioral performance. It's mind-body integrative medicine. It considers the patient and the social supports — family and caregivers, and society. Specialized care plans begin first with a safe, private detoxification from any abused substances.

It's a growing medical specialty. What's fueling growth?

Patients' needs and demands are changing. They are looking for comprehensive care that is restorative and provides hope and healing, beyond just improvements in a functional ability.

Patients want to rebuild their lives with hope, independence and dignity, advocating for their full inclusion in all aspects of community life.

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Facility Services & Programs

Landmark Recovery of Louisville will specialize in the delivery of state of the art detoxification services for individuals suffering from alcoholism and other drug addiction that is often co-occurring with behavioral disorders including depression, anxiety, and bi-polar disorder.

Our mission is to help people rebuild their lives with hope, independence, and dignity advocating for their full inclusion in all aspects of community life.

Landmark's detoxification program will operate as that hopeful, first crucial step along a continuum of a comprehensive curriculum and variety of holistic, traditional, and alternative treatment options the industry now seeks to develop through the collaborative efforts of our experienced and dedicated multidisciplinary treatment team of psychiatrists, therapists, and physicians. Thus, facilitating patients and their families making lifelong changes necessary to maintain health and wellness in all aspects of their lives.

Licensing:

The facility will be dually licensed by the State of Kentucky Cabinet for Health and Family Services as both an Alcohol and Other Drug abuse treatment Entity (**AODE**), and as a Behavioral Health Services Organization (**BHSO**) as well with regard to requirements for staffing, patient care, and physical plant.

Accreditation:

In addition, the facility will seek accreditation from Nationally recognized organizations such as the Joint Commission (JAHCO) and Carf International (CARF).

The Joint Commission is an independent, not-for-profit organization that accredits and certifies more than 19,000 health care organizations and programs in the United States. Joint Commission accreditation is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards.

The Commission on Accreditation (CARF) is an independent nonprofit accreditor of health and human services providers. The mission of CARF is to promote the quality, value, and optimal outcomes of services through a consultative accreditation process and continuous improvement of services that center on enhancing the lives of the persons served.

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SITE

Use of the existing site elements will remain as were their intended uses when this property was last in operation (approximately one year ago).

The parking lot will be used solely for staff use. Residents will BY POLICY not be allowed visitors or parking privileges during stays for detox treatment periods. The nature of the Rehabilitative Home's operations requires this restriction for residents possessing such driving disabilities caused by alcohol and other drug addictions. It is anticipated there will be no requirement for resident or visitor parking accommodations in any case.

The buildings were constructed and compliant in 2010. However reasonable and smart modifications for ADA accessibility, security and fire/emergency service access will be a primary consideration in the plan of operation. Upgrades, (if any) will be integrated with design expertise, including preserving and embellishing the site's hardscape/landscaping so as to present an appealing curbside and neighborhood presence.

The existing structures will remain in tact with little or no construction other than cosmetic painting and finishes. The interior spaces were purpose built already for short term residential living making this an ideal conversion from an operating standpoint. There are no major changes anticipated

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SIMSBURY
ASSOCIATES

REAL ESTATE DEVELOPMENT

July 23, 2015

RE: Conditional Use Permit for Landmark Recovery of Louisville located on approximately .6618 +/- acres on the North side of Hazelwood Ave, between Malcolm Ave and La Salle Ave, (Former Our Lady of Peace Psychiatric Hospital 4418 Malcolm Ave and 4419 La Salle Ave.

Dear Neighbor,

We are writing to invite you to a meeting we have scheduled to present neighbors with our preliminary plan for Landmark Recovery of Louisville to be located within the existing buildings at the former Our Lady of Peace PRTF Hospital Facility on Malcolm and La Salle Avenues. A Meeting to discuss the plan with interested neighbors will be held on;

Tuesday, August 4th at 6:00 PM at the Kentucky One Health – St. Mary & Elizabeth Hospital General Assembly Room

The General Assembly Room is accessed through the main entry to the hospital (opposite side of Churchman) at 1850 Blue Grass Ave. As you enter the main lobby turn right and follow the signs towards the healthy lifestyle center and administration. The general assembly room will be on your right. Entry can also be gained directly through the external door to the right of the main entry with signage for the healthy lifestyle center.

If you cannot attend the meeting but have questions or concerns, please call our attorney Robert Maddox at Dinsmore and Shohl LLP at (502) 540-2341, or our development representative Bill Giovannucci at (781) 849-7722, x109.

Thank you,

Bill Giovannucci, VP Development
Simsbury Associates, Inc.

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Cc: Councilor Marianne Butler, Metro Council District 15
Mathew Doyle, Case Manager Louisville Metro Planning and Design Services
Robert Maddox, Partner with Dinsmore and Shohl, LLP
Clifford F. Boyle, President of Simsbury Associates Inc.

14 STORRS AVENUE, BRAINTREE, MA 02184 (781) 849-7722

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8-4-2015 Landmark Recovery

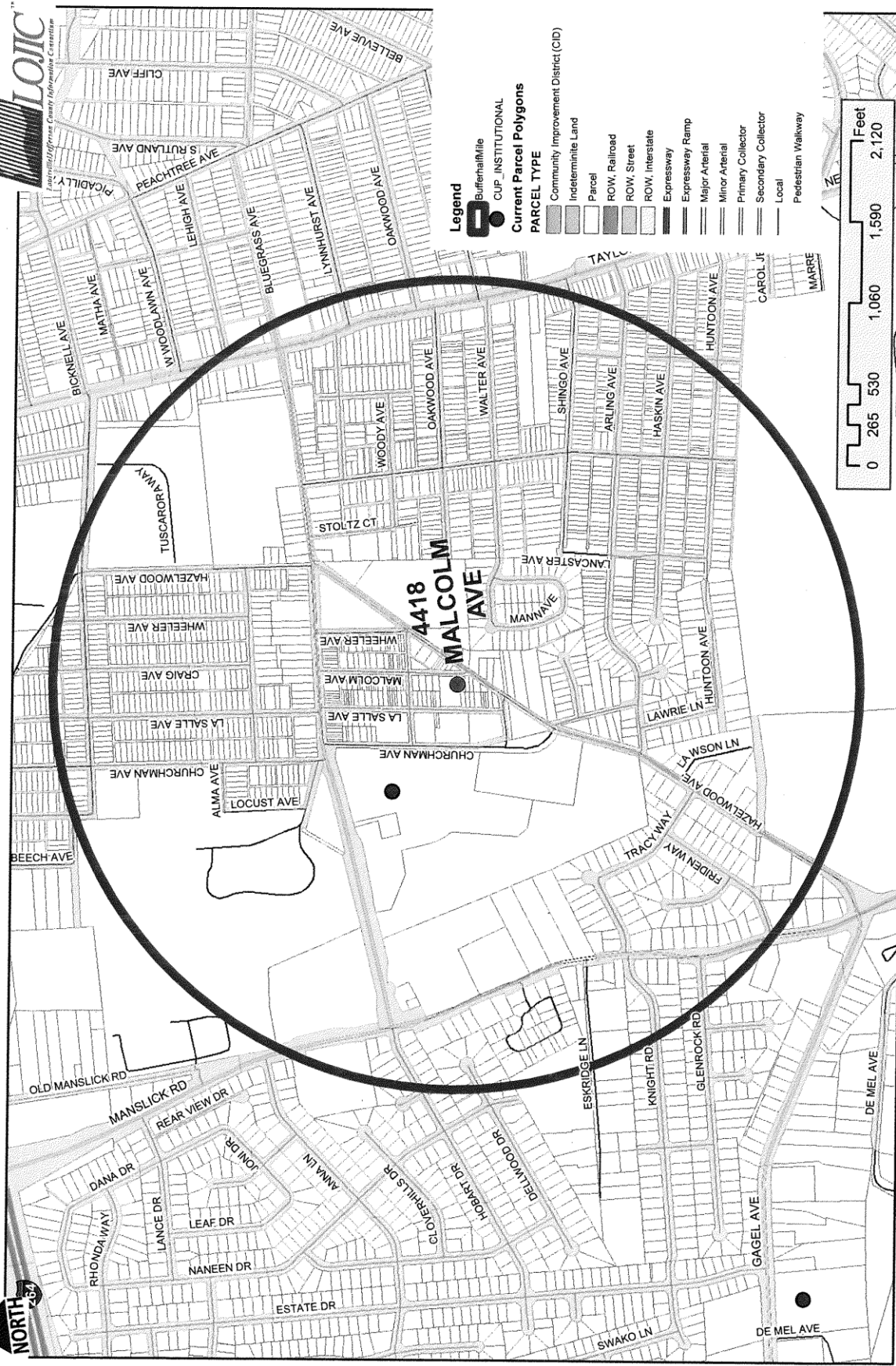
Sample Neighborhood Meeting Attendance Sheet

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(SUNPROB)

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 Cartographer L. Wells ArcGIS9.2 Maps/People/3Crumbie/Hikes8-5X11.mxd Date: 2015 July



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Conditions of Approval

1. The site shall be developed in strict compliance with the approved development plan (including all notes thereon). No further development shall occur on the site without prior review and approval by the Board.
 2. The Conditional Use Permit shall be "exercised" as described in KRS 100.237 within two years of the Board's vote on this case. If the Conditional Use Permit is not so exercised, the site shall not be used for a rehabilitation home without further review and approval by the Board.
 3. All conditions of approval from prior cases B-66-05VW, B-211-06VW, and B-9238-07 are still in effect.
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