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# $6.65M earmarked for group homes

## $$ to be acquired through bond sale

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As much as $6.65 million in tax exempt bonds have been earmarked for the purchase and operation of group homes for mentally retarded adults on Staten Island.

It is believed to be the largest single block of funding for the acquisition of group homes in the borough under liberalized financing laws enacted in 1989.

Funds for the purchase of five free-standing residences and a group of six apartments in the same building, are to be generated by a bond sale later this year by the State Medical Care Facilities Finance Agency (MCFFA), a public benefit corporation that has traditionally financed hospital and nursing home construction.

Three years ago, a state law was enacted allowing non-profit operators of group residences to obtain financing through MCFFA to meet the growing demand for more community-based facilities. As other possible sources of funding dry up in the wake of budget cuts, MCFFA bonds seem to be the financing of necessity for struggling non-profits.

A public hearing on the issuance of $115 million worth of the tax exempt bonds to finance the Island group residences and 107 others throughout the state has been set for Nov. 6 at 7 p.m. in the MCFFA offices at 3 Park Ave., Manhattan.

Of the six Island sites, three are currently occupied and operational by the agencies listed as the would-be purchasers; one is under construction; and two are in the planning and development stage.

"These bonds are a savings to the taxpayer," commented Ron R. Byrne, a spokesman for the state Office of Mental Retardation and Development Disabilities (OMRDD), the state agency which oversees how the non-profits spend the funds.

Instead of using scarce tax levy money for capital construction and acquisition, the state issues bonds which are purchased by investors because of their exemption from federal, state and city taxes.

Further, Byrne said that while taxpayers and group home oppo- nents frequently cite the high co[st] of providing care in small, com- munity-based residences, cos[ts] would actually be much high[er] without the availability of sta[te] bond financing.

In the case of group home at 5[…] Galloway Ave., Westerleig[h] which opened in April, the Assoc[i]ation for the Help of Retarde[d] Children (AHRC) said its bon[d] proceeds will be used to retire [a] bridge loan from a commerci[al] bank that was used to buy an[d] renovate the property. The no[…]

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profit is expected to secure up to $900,000 from the MCFFA bond sale for the Galloway Avenue residence, which houses 10 mentally retarded adults.

"MCFFA comes at a lower rate of interest," commented Robert Gundersen, associate director of the Manhattan-based agency. "It not only covers the purchase and renovation, but it pays back the state for other capital improvements, including time spent by staff before the project opened."

## Security of ownership

The availability of lower-cost financing from MCFFA also helps to give renter non-profits the security of ownership. "Whenever there's an opportunity to purchase, it's to the advantage of the agency," explained Joan Hodum, executive director of Staten Island Aid, which has been leasing a 10-person group home at 149 Sharrott Ave., Pleasant Plains, for nearly two years.

"With a lease, you're always subjected to the interests of the owner," she said, alluding the possibility that the agency could be asked to move. "And we wouldn't want to subject our clients to that."

Similarly, the Island-based On Your Mark, which last spring began leasing seven apartments in the Imperial Towers at 55 Austin Pl., Tompkinsville, will use $1.3 in MCFFA financing to purchase those apartments for its 17 adult clients.

While purchase price information was not immediately available, OMRDD and the non-profits themselves uniformly noted that the amount of financing quoted by MCFFA for each project significantly exceeds the hard costs of buying the properties and renovating them.

With the exception of the Westerleigh and Pleasant Plains homes, in fact, the other four sites, including the block of apartments, are listed as needing in excess of $1 million worth of financing.

## Projected ceiling

Both Byrne at OMRDD and Jack Deacy, a spokesman for MCFFA, point out that the MCFFA figures represent only a projected ceiling of the total cost of each project and include contingency fees and other expenses that may not have to be paid. "We find that frequently, when the final budgets come in, the amount of financing required is usually much lower than the one projected by the agency," Deacy said.

Byrne also noted that the per project financing costs also include big ticket items like special equipment required by residents, such as ramps and electronic lifts, as well as furniture, carpeting, architects and attorneys' fees, closing costs, and in some cases, the entire first year's operating expenses, including staff salaries, insurance and utilities.

"A 10-person home may be staffed 24 hours by seven employees 52 weeks a year — that's several hundred thousand dollars right there," he said.

The other Island home sites awaiting MCFFA funds are:

● An existing house at 71 DeKay St., West Brighton, which is to be renovated shortly by On Your Mark for occupancy next year by 10 retarded adults. Total projected MCFFA financing is listed as no more than $1.05 million.

● A newly built home nearing completion at 19 Faber St., Port Richmond, to house 10 retarded adults, is expecting as much as $1.3 million in MCFFA financing. The operator is the Brooklyn-based Independent Living Association.

● Another Independent Living group home is planned for a vacant site at 144 Ocean Ave., South Beach, requiring as much as $1.3 million in MCFFA financing. This home, however, has not yet won the approval of Community Board 2.

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