



## PROJECT ALEX

# FEASIBILITY STUDY

## Executive Summary

Prepared by Ground Floor Partners for Syladium Fund - March, 2017

## Disclaimer

Our task in this study was to evaluate the feasibility of Project ALEX. The mission of Project ALEX is “to provide a living and working environment for semi-independent disabled adults; helping to promote independence while still keeping families close to provide social interactions.” Our research included a survey of parents with disabled children, interviews with parents and service providers, and visits to other residential facilities for the disabled. We also spent many weeks reviewing a large number of articles, databases, reports, and websites. We looked at all of the factors that could impact the success or failure of Project ALEX. Our findings are detailed in this report.

In the end, the determination whether or not a project is feasible just comes down to an opinion. Our opinion, based on roughly six months of research and many dozens of hours of analysis and debate, is that Project ALEX is feasible. With the right location, a solid leadership team, competent and empathetic management and staff, sufficient funding, knowledgeable and experienced advisers, a solid plan, strong execution, and some luck, Project ALEX can become a great success story. However, our research also indicates that going from idea to reality will not be easy. Accordingly, our report includes lists of risks and challenges, success factors, and suggested next steps.

Healthcare, housing and labor are three of the most complicated and heavily regulated areas in the United States. Project ALEX involves all three. It is impossible to cover every single contingency in a limited time for such a complicated project. Furthermore, the disabled housing landscape is a moving target and organizational reporting requirements are lax. Annual reports and financials vary significantly from one year to the next. Marketing brochures and websites often have different numbers for volunteers, residents, revenues and staffing levels. In some cases, the numbers changed from month to month as websites were updated.

Another issue is that each organization really is different. They have different services, programs, residential mixes, and staffing models, so comparing one organization to another is extremely difficult. Most of the organizations we looked at compete with each other for grants, donors and government funding. They have a strong incentive to adjust their numbers to minimize taxes and maximize donations, and they do not want outsiders to be able to easily rank competing organizations according to transparent metrics.

Despite possible minor errors, gaps, or inconsistencies in our findings, we are confident we got the big picture right: *Project ALEX is feasible.*

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## Executive Summary

Project ALEX seeks to provide a living and working environment for semi-independent disabled adults, helping to promote independence while keeping families close to promote social interactions. By including families as a residential population, Project ALEX will enter uncharted territory. The two groups are usually divided, unless the family and their adult child live together in one home.

Illinois consistently ranks as among the worst states for people with disabilities. Out of the 50 states and the District of Columbia, United Cerebral Palsy ranked Illinois 47<sup>th</sup> overall and 49<sup>th</sup> in promoting independence. Compounding the current lack of support for the disabled community is Illinois' poor financial position; Illinois has operated without a budget for over a year. The state's lack of support for the disabled community and its tendency to slow-pay reimbursements has hurt the disabled housing market. A huge gap exists between supply and demand for disabled housing, and demand is winning. Every organization we investigated is operating at capacity and has a long waiting list.

The disabled residential landscape continues to evolve from the days of mass institutionalization. The next generation of disabled housing combines community integration, mutually beneficial partnerships, and decreasing dependence on state and federal funding. Disabled housing groups are shifting their attention away from the government and leaning more heavily on fundraising. There are signs of donor fatigue. Most foundations avoid startups and instead focus on established non-profits with proven track records. In response, many non-profits are becoming very creative. Donations come in many forms besides cash: land, buildings, building supplies, architectural design services, developer services, telecommunication systems, and program development services.

Scale is an important consideration. The loss of one or two residents can have an outsized impact on a very small community. On the other hand, starting out with too many people can quickly lead to chaos. Our research and analysis led us to conclude the optimal starting size for Project ALEX is somewhere between 50 and 150 units. We settled on 30 families and 30 disabled adults as our base case. At this size Project ALEX has enough residents so that it feels like a real community, but not so many that residents don't all know each other. This size also offers plenty of room to grow.

Hundreds of other factors will impact the cost of Project ALEX. To make our discussion more concrete, we considered two different options, which we call "Less" and "More" for obvious reasons. The "Less" version strips out much of the common space, reduces quality, and offers a bare bones approach to staffing and organizational structure. The "Less" option may have difficulty engaging the community, and will have to depend more on outsourced services. At the other end of the spectrum is the "More" scenario. This option includes LEED building accreditation, a more robust staffing and organizational structure, and more common space. The "More" version would be a hub of activity, creating additional revenue streams and employment opportunities, while bringing members of the surrounding community into Project ALEX. The "More" version is more expensive, but it is also much more vibrant.

Most organizations start small with a simple service offering and then grow by adding new services and amenities over time. This growth usually occurs in phases. Project ALEX will also need to grow in phases, since phased growth reduces risk and lowers startup funding requirements. Project ALEX might start with something close to the "Less" option, and then move toward the "More" option over time. However, we also outline several other possible starting points, most of which would require less startup capital than either of these two options

Outsourcing will allow Project ALEX to do more with less early on in its lifespan. Grounds keeping, engineering, janitorial work, security, meal preparation, skills training and various healthcare and social services can be performed effectively by third party contractors. These services can later be transferred to in-house employees when the time is right.

Partnerships will be critical for the success of Project ALEX. Strong partnerships allow residents to benefit from services that Project ALEX would not otherwise be able to provide (due to staffing, equipment, space and/or budget constraints). Partners can provide healthcare services, program development, work-related skills training, recreation, day-programming, transportation, etc.

A strong, focused leadership team will reduce risk, drive growth, and ensure all residents are treated fairly. From the start, Project ALEX will need an experienced Executive Director and at least a few administrative staff. The Executive Director will work closely with the Board of Directors to coordinate operations, plan for the future, and foster a caring community. It is important that the Board of Directors include residents and outside professionals to create balance.

While Project ALEX is feasible, many open issues will have to be addressed before Project ALEX can become a reality. The two greatest challenges are funding (both initially and ongoing) and transitions. Project ALEX will almost certainly need to raise money from outside sources to start. The amount of outside money needed will depend on a variety of factors, including the number of residents, the scope of services offered on site, and the number and quality of amenities. In any case, Project ALEX will need to raise larger and larger amounts of money each year as the community grows. Transitions are another big question mark. What happens if a disabled adult child wants to leave, but his or her family wants to stay? Will families and adult children be required to move in and move out together? What happens if the family wants to leave but their disabled adult child wants to stay? Our research suggests that a one-to-one ratio of families and adult disabled children could work, but it will be difficult to maintain.