



Lunalilo Home  
Master Plan  
Review Report  
August 2015



LUNALILO HOME  
MASTER PLAN  
BACKGROUND

Contents

Background	2
Lunalilo Home’s History	2
Purpose of the Initiative	3
Stakeholders	4
Purpose of the Review	5
Final Results	5
Findings	6

Lunalilo Home was established by the will of King William Charles Lunalilo. His will established a perpetual trust to be administered by three Trustees to be appointed by the Justices of the Hawaiian Supreme Court. The purpose of the Trust was to build a home to accommodate the poor, destitute, and infirmed people of Hawaiian blood or extraction, with preference given to elderly people. The will charged the Trustees with selling all of the estate’s land to build and maintain the Home.

**Lunalilo Home’s history**

In 1879, the land for the first Lunalilo Home was granted to the estate by the Hawaiian government and consisted of 21 acres in Kewalo/ Makiki Makai of the President Roosevelt High School. The construction of the original Lunalilo Home at that site was paid for by the sale of estate lands. The original Lunalilo Home was completed in 1883 to provide care for 53 residents. An adjoining 39 acres for pasture and dairy was conveyed by legislative action to the Estate in 1888.

After 44 years, the Home in Kewalo had deteriorated and become difficult and costly to maintain. The Trustees located a 20-acre site in Maunalua on the slopes of Koko Head, owned by the estate of Bernice Pauahi Bishop and consisting of farmland and buildings leased to the Radio Corporation of America (RCA). The Maunalua site was purchased by the Brown family (John li Estate, Ltd.) and given as a gift to Lunalilo Home in memory of their mother, Irene li Holloway, daughter of John li, who was a close friend of King Lunalilo’s father. With Court approval in 1927, the Kewalo/Makiki property was subdivided and sold. The proceeds from the sale were then used to purchase and renovate the RCA’s buildings in Maunalua to accommodate 56 residents.

In 1959, with the advent of Henry Kaiser’s development of the Bishop Estate’s land of Maunalua surrounding Lunalilo Home, agricultural



land was altered for residential and commercial purposes and the area later became known as Hawai'i Kai. In 1969, Lunalilo Home developed 15 acres of its property into a residential tract of 80 leasehold lots, leaving the remaining five acres devoted to the Home.

Pursuant to Hawai'i State law pertaining to leasehold-to-fee conversion, in 1983, under terms approved by the Circuit Court, the Trustees sold all of the residential lots. Lunalilo Home temporarily ceased operations from 1997 to 2001 to undertake major renovations to its structure. Upon reopening, it was licensed by the State Department of Health as an Adult Residential Care Home (ARCH) to accommodate 42 residents.

In recent years, Lunalilo Home has added elderly services including adult day care, respite care, meals-to-go, and caregiver support programs. While continuing to focus on serving Hawaiians, the Home has also opened its doors and services to non-Hawaiians, and provides care for *kūpuna* of all ethnicities.

### **PURPOSE OF THE INITIATIVE**

This grant is classified as an Office of Hawaiian Affairs (OHA) Board of Trustees (BOT) initiative. At the BOT meeting on September 5, 2013, the Board approved an appropriation of \$100,000 for this initiative.

To assist Lunalilo Home in furthering the ability to implement their services, this initiative provides funding to Lunalilo Home to develop a master plan that includes a maintenance study, masterplan drawings, cost estimate, and business plan.

Per the proposal submitted by the Executive Director of Lunalilo Home on February 27, 2014, the elements of the aforementioned master plan are as follows:

#### **Deferred Maintenance Study of Existing Home**

This study investigates the condition of the existing Lunalilo Home facility and determines the extent of repairs and renovations to bring the building into conformance with current codes and best practices.

#### **Conceptual Master Plan Drawings**

- Summary of Land Use and Building Permitting Procedures. Schedule and submission requirements.
- Space Program outlining functional requirements and square footages of indoor and outdoor spaces in addition to existing home.



### Conceptual Master Plan Drawings (Continued)

- Conceptual Masterplan including drawings of:
  - ◊ Site plan sketch
  - ◊ Sketch rendering of project
  - ◊ 1<sup>st</sup>, 2<sup>nd</sup>, and roof floor plan sketches
  - ◊ Longitudinal and transverse building section sketches
  - ◊ Building elevation sketches
  - ◊ Parking and loading plan sketches
  - ◊ Conceptual site and outdoor venue plans
  - ◊ Square footages of indoor and outdoor spaces provided in Masterplan

### Preliminary “Order of Magnitude” Cost Estimate

This study is prepared based on the Conceptual Masterplan Drawings and consists of the following:

- Estimate of construction costs based on cost per square foot
- Estimate of furniture, fixtures, and equipment (FFE) based on cost per square foot

### Conceptual Business Plans For Up to 3 Senior Care Business Lines

Each business plan is between three to four pages with spreadsheets and a narrative write-up. The reports may explore on a conceptual level the following topics:

- Description of service and markets
- Pricing
- Operation and costs
- Breakeven analysis

## STAKEHOLDERS

There are four groups of stakeholders with an involvement and interest in this initiative: (1) OHA, (2) Lunalilo Home, (3) Group 70 International, and (4) Lunalilo Home’s beneficiaries who are the recipients of services provided by Lunalilo Home.

The responsibilities of OHA and Lunalilo Home are outlined in the service contract. The role of Group 70 International is in turn negotiated between themselves and Lunalilo Home. OHA is the funding source for this initiative while Lunalilo Home is the recipient of funds who in turn has contracted with



### STAKEHOLDERS (Continued)

Group 70 international to complete the aforementioned deliverables.

### PURPOSE OF THE REVIEW

The purpose of this review is to report the final results of this initiative and what impact the completion of this contract would have to the benefit of Lunalilo Home's beneficiaries. This review highlights the results achieved during the period of November 1, 2013 to the end of the agreement on October 31, 2014.

### FINAL RESULTS

By the end of the contract period, Group 70 International submitted the following deliverables to Lunalilo Home in the form of a consolidated document, and a copy was also provided to OHA. The deliverables are attached to this review as an appendix.

#### Conceptual Master Plan Drawings

During this period, representatives of Lunalilo Home continuously met with representatives of Group 70 International to review and discuss: Lunalilo Home's strategic plans, the changing elderly care environment; expectations of consumers; payment sources and cost considerations; visits with other similar facilities; space utilization; and architectural style preferences.

The outcome of these discussions and progressive architectural designs resulted in the development and delivery of "Conceptual Master Plan Drawings" that included: Overall site plan for new structures and renovation of the existing structure inclusive of two floors, roof plan, and a basement plan; area plan; perspective rendering; elevation mapping; and model pictures.

#### Order of Magnitude Cost Estimate and Deferred Maintenance Study

Group 70 International arranged for a team comprised of architects, civil engineers, landscape architects, structural engineers, mechanical engineers, electrical engineers, and cost estimators to survey and assess the property and its structures to do a physical assessment of the Lunalilo Home structure in order to document its observed physical and site condition. Additionally, the study investigates land use and zoning, as well as codes and standards for the four existing buildings. The results of these assessments were used to formulate a rough order of magnitude estimate for deferred maintenance to include repairs and improvements at the main buildings at Lunalilo Home.



### Conceptual Business Plan

Based on the cost of renovating the existing Lunalilo Home structure, and the cost of an additional building to expand the number of beds to service residents, a conceptual pro forma was developed taking into consideration comparable 2014 community rates for different levels of elder care, as well as a 70% finance structure. Accompanying this conceptual business plan is a preliminary project schedule.

### FINDINGS

Due to the fact that there were no program activities that warranted the use of performance outcomes and measurements, Lunalilo Home did meet their contractual obligations by having the deliverable documents completed.

Lunalilo Home reported that the deliverables gives Lunalilo Home the possible opportunity to conduct fundraising, should Lunalilo Home's Trustees decide to do so. Additionally, the reports may be incorporated into a proposed field scan in the area of elder care to further assess the community's needs and wants, both Hawaiian and non-Hawaiian to better understand the current and future market for elder care, assess potential opportunities for impactful service and growth, and to develop a sustainable business plan.



APPENDIX



# Lunalilo Home

*Caring for Kūpuna – Preserving a Legacy*





**Table of contents**

1. Narrative / Preliminary Project Schedule
2. Overall Site Plan - First Floor
3. Overall Site Plan - Second Floor
4. Overall Roof Plan
5. Overall Basement Plan
6. Area Plans / Schedule
7. Perspective Renders
8. Elevation
9. Model Pictures
10. Unit Counts / Spreadsheets

**Executive Summary**

The proposed new Lunalilo Home ARCH project serves a strong demand for specialized Adult Residential Care in Hawaii. The project is intended to fulfill the mission of King Lunalilo Trust to provide care for senior people of Hawaiian descent.

The project consists of two separate components:

- A new ARCH building of approximately 65,000 sf with facilities for 84 beds
- A renovation of the existing Lunalilo Home building to provide 29 beds compliant with modern ARCH standards.

**Site Planning**

Approximately 2 acres of the 5 acre site is reserved for future development. In the meantime, the reserved land is used for an open air parking lot (which can be converted to structured parking) and a park at the north east corner of the site for residents and neighbors.

The new ARCH building is sited to create a large landscaped courtyard with the existing Lunalilo Home building. This larger courtyard will form the bigger community identity of this project.

A vehicular approach up a moderate hill culminates in a circular turnaround and porte cochere of the new ARCH building. A drop off area is also included for the existing Lunalilo Home building. The approach is intended to accentuate the view of Hawaiian roofs of the public spaces.

The kitchen, loading area, mechanical room, and other back of house spaces are located below grade in a limited basement area. The functional service activities are therefore hidden from view. (It may consider an underground tunnel connecting the existing building with the new building.

**New Arch Building (Please see Plans)**

The new ARCH building has been designed to enable the maximum amount of flexibility in providing appropriate types of care to senior patients of different stages of aging. The cluster concept with 11 bed beds per floor allows residents to retain a cognitive sense of smaller communities within a larger community. Each cluster has a strong identity for wayfinding with its own uniquely themed garden courtyard and a small dining/game lounge. Residents can have a choice of dining and socializing in the larger community or staying within their smaller community. Nursing stations with view corridors through each cluster are located at appropriate areas throughout the building.

The new studio units average approximately 425 sf and the new 2BR apartments, average 750 sf. These units all have their private bathrooms and meet contemporary standards for senior residential care. The new units will enable Lunalilo Home to charge more competitively for their services.

Public spaces include an open Entry lobby with co-wed ceiling and a view to a landscaped garden to welcome visitors with generous, warm Hawaiian hospitality. Large Dining and Community spaces with screen doors which allow for flexibility in housing different group sizes are provided. The Activity Room on the 2nd floor is a Muzantine space which allows for visual connection between two levels.

As a great preceadts through the new building, the sequence of different themed gardens related to each individual cluster is revealed. The guests are also able to see vistas of the Main Courtyard of the project.

**Renovation of Existing Lunalilo Home**

- The purposes of renovating the existing Lunalilo Home building are to:
- Upgrade rooms to contemporary senior care residential standards.
  - Relocate Adult Day Care from current location.
  - Modify kitchen to a warming kitchen. The new Main Kitchen will be relocated at new building.

**Upgrade of Rooms**

- Currently, the existing Lunalilo Home building has 43 beds. However,
- Many of the beds are placed in multiple bed configurations in rooms.
  - Bathrooms are typically community bathrooms located down the hallway.
  - Corridors are only 5' wide.

These conditions are perceived to be substandard for contemporary senior home care facilities.

The renovation provides 29 beds in 25 single rooms and 2 double suites. Each of the rooms and suites has private bathrooms.

Corridors have been widened to 8' wide. Due to the corridor widening, it was necessary to relocate the existing elevator.

**Relocation of Adult Day Care**

The existing modern Adult Day Care building will be demolished to make room for the Park and parking lot. A new Adult Day Care space serving 30 Daycare patients (approximately 1,200 sf) will be relocated in the existing Lunalilo Home building. Since the Daycare facility has proved to be consistently profitable service, enlargement to 50 Daycare patients may be considered.

**Construction Cost and Revenue Projection**

Construction costs and revenue projection for both the new building and the renovation have been provided. The new building seems to be a very feasible project with strong rate of return. The renovation appears to be only marginally feasible.

**Schedule**

A project schedule has been provided. A duration of 4.5 years seems to be likely for implementation.



Overall Site Plan - First Floor



- ROOM LEGEND**
- Bedroom
  - Circulation
  - Land
  - Nurse Station



- 7. Entry
  - 8. Large Activity Room
  - 9. Dining
  - 10. Reception/Offices
  - 11. Residential Cluster
  - 12. Cluster Living/Dining Room
  - 13. Nurse Station
  - 14. Garden
  - 15. Courtyard
  - 16. Ramp to Basement
- Kitchen  
Laundry  
Storage

- LEGEND**
- Existing ARCH Building (26,000 sf total)
1. Removex /Lobby lobby
  2. Removex /Clubs for Welcoming Reception - Temporary & Accessibility
  3. Removex Portion of Existing Building for ACO (Bamald's existing AOC Building)
  4. Existing commercial kitchen converts to use for prep/warming/storage/laundry
  5. New Dropoff
  6. New Parking - 50 of grade stalls
- New ARCH Building (2 Series - 63,000 sf total)
- Units:
- 72 1BR
  - 6 2BR
  - 78 Units total (84 Beds)



Overall Site Plan - Second Floor



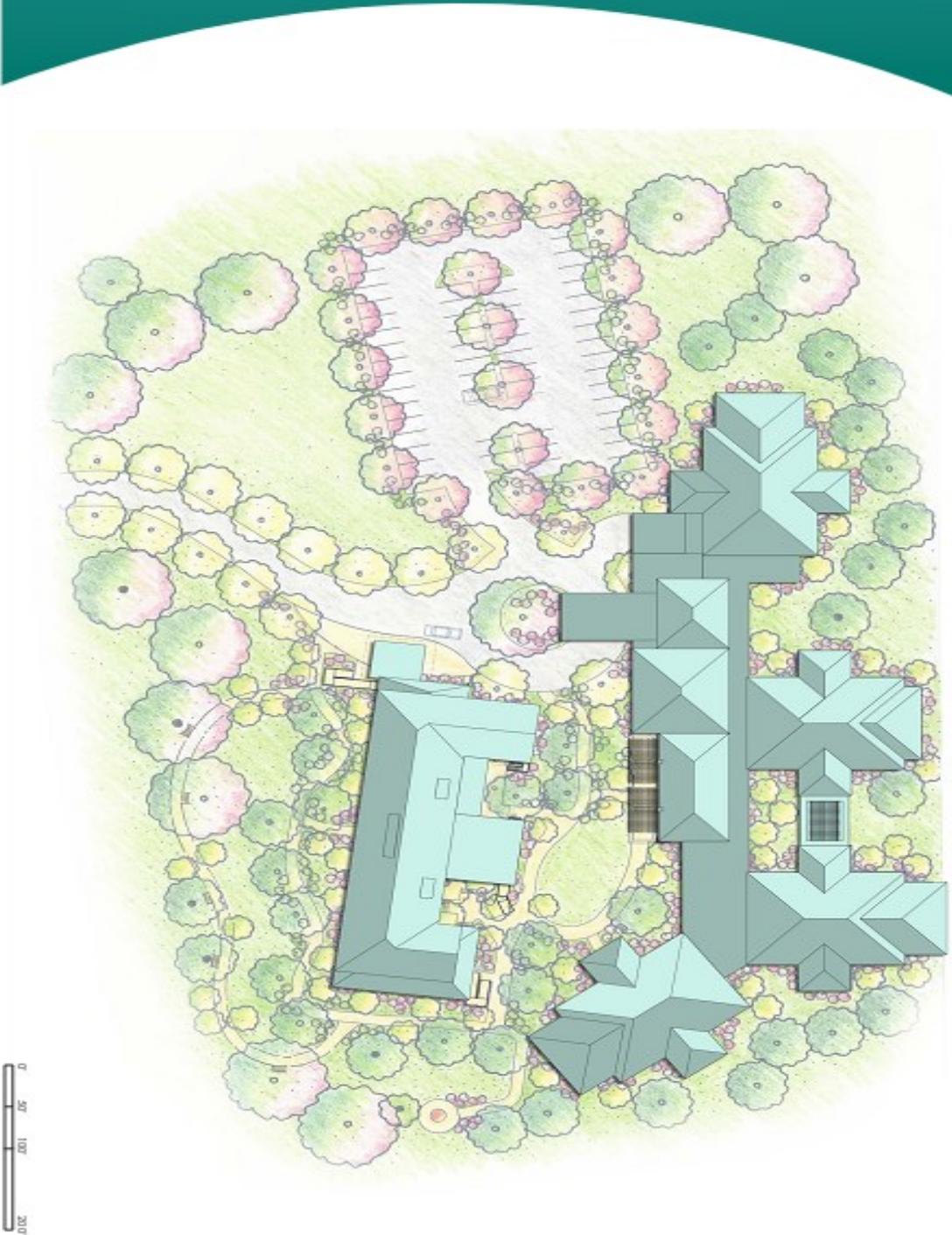
- LEGEND**
- Existing ARCH Building (26,000 sq ft)
1. Renova's second floor of existing ARCH Building for Assisted Living
- New ARCH Building**
2. Residential Cluster
  3. Cluster Living/Dining Room
  4. Nurse Station
  5. PT/Massage
  6. Exercise Room
  7. Activity Room
  8. Floor Dining/Activity
  9. Activity Mezzanine
  10. Activity (Below)
  11. Green Roof Terrace

- ROOM LEGEND**
- Bathroom
  - Circulation
  - Green Roof
  - Terrace
  - Nurse Station



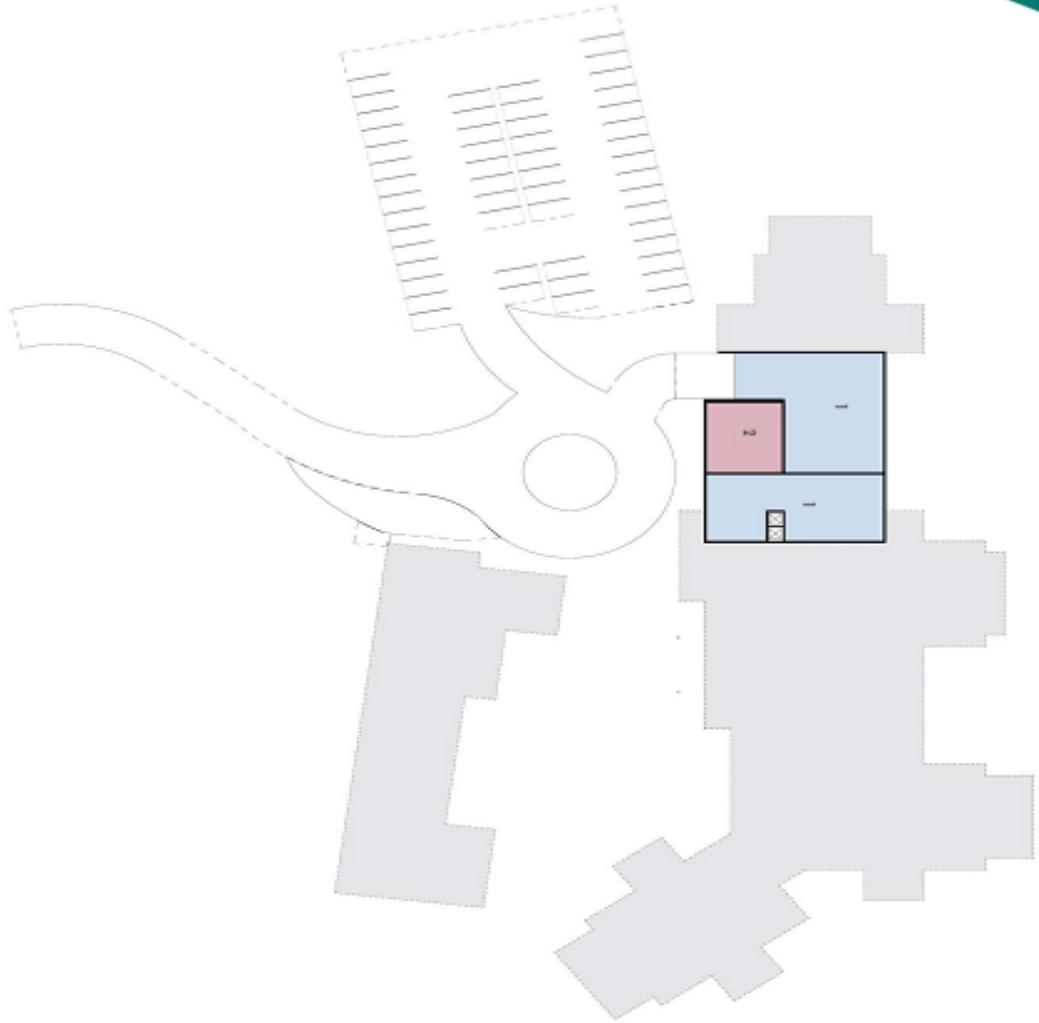


Overall Roof Plan





Overall Basement Plan



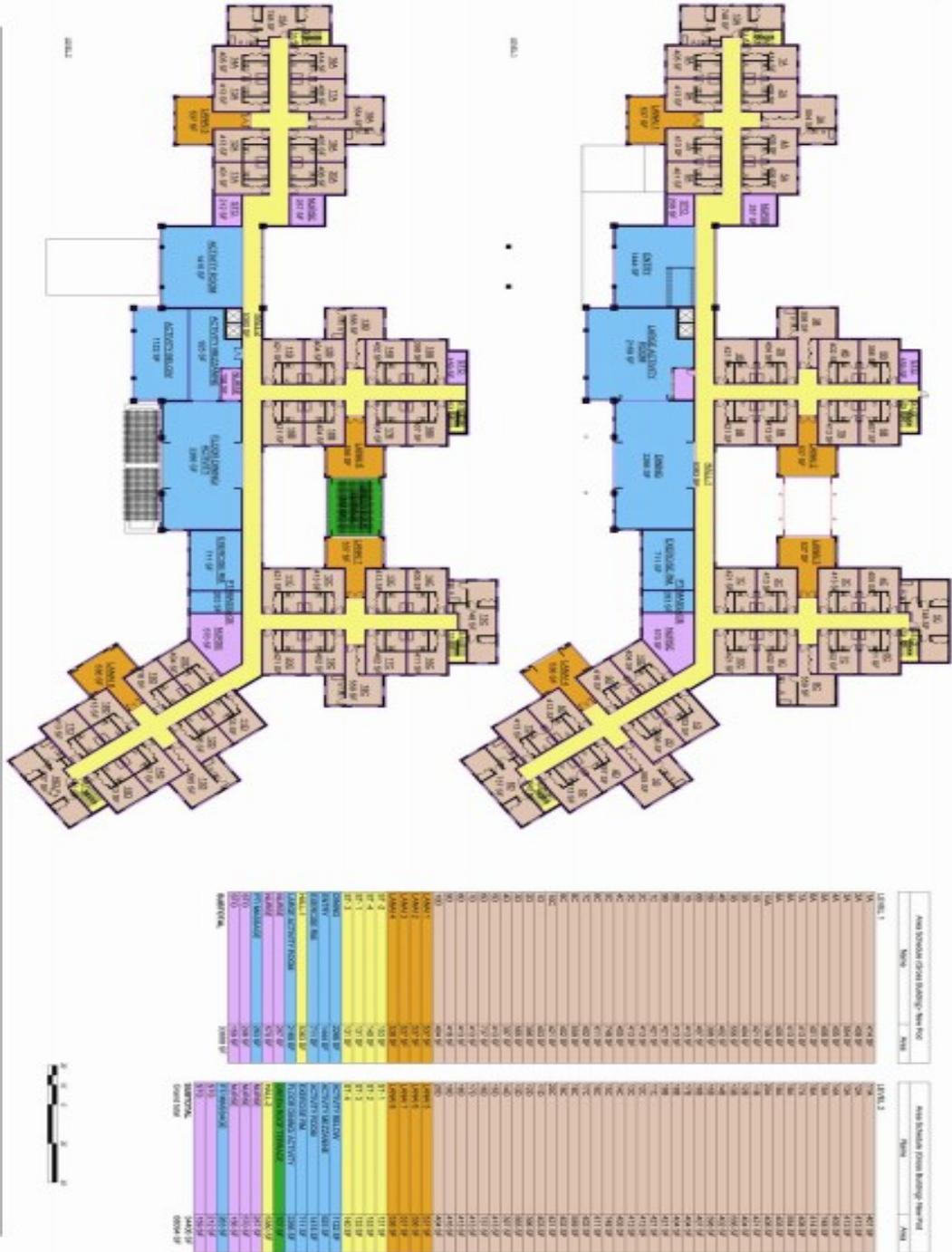
LEGEND  
New ARCH Building  
1. Landing/BCH  
2. Kitchen

ROOM LEGEND  
Kitchen  
Loading Area



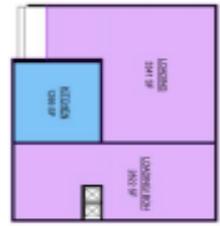


Area Plan/Schedule





Area Plan/Schedule



Area Schedule (Square Footage)	
Room	Area
LIVING	2341 SF
BEDROOM	1208 SF
LOUNGE/REAR	2833 SF
Overhead	1502 SF

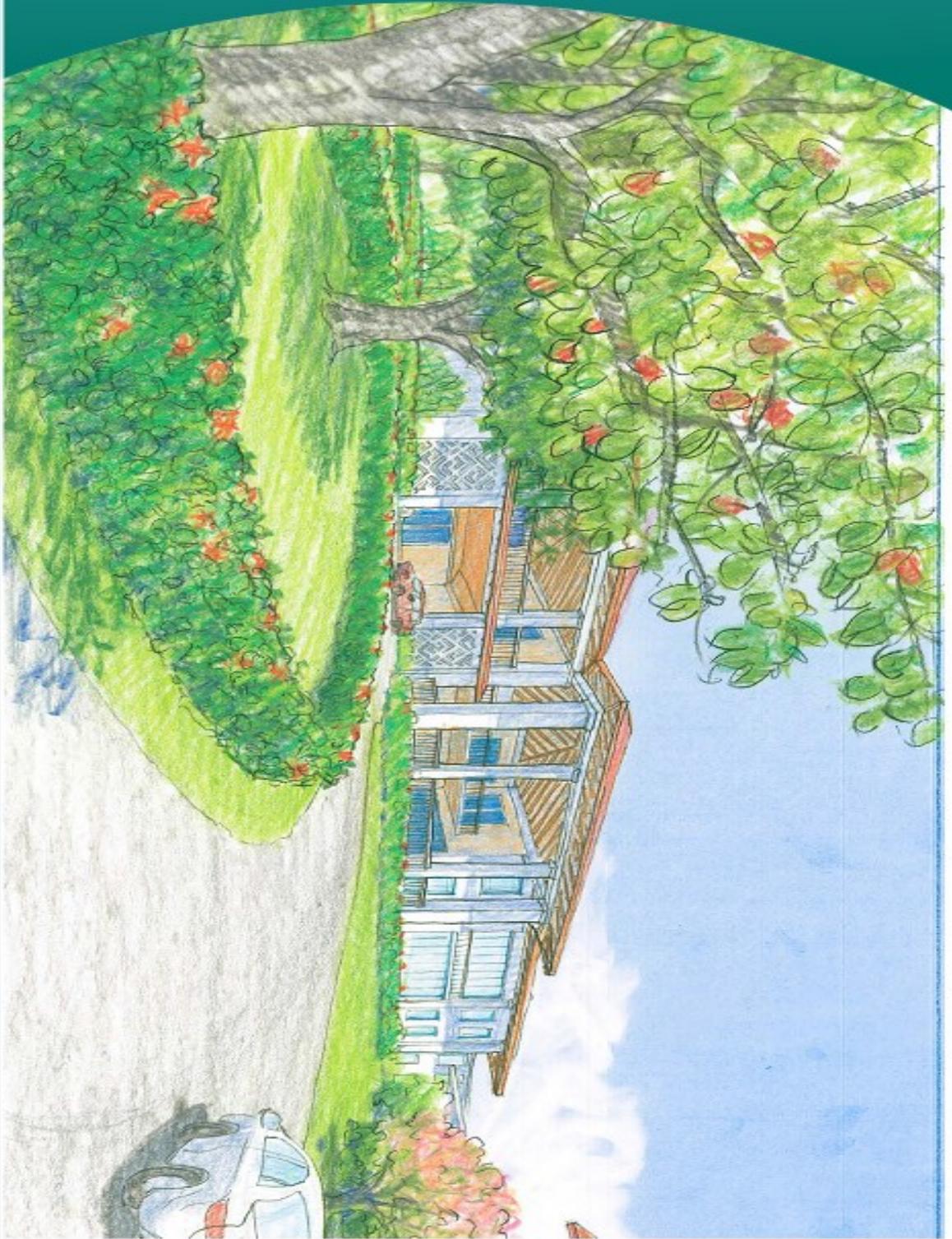
Area Schedule from building approved

Room	Area
1	2175 SF
2	2013 SF
3	2251 SF
4	1817 SF
5	1817 SF
6	2193 SF
7	2863 SF
8	4213 SF
9	2131 SF
10	2131 SF
11	1817 SF
12	1817 SF
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Room	Area
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100	1817 SF



Perspective Renders





Perspective Renders





Elevation





Model Pics





NEW BUILDING CONSTRUCTION COSTS

	No. of Beds	SF	Total Gross Area	\$ per sqft	Cost
<b>Pod A</b>					
Studio Unit	18	425	7,650	\$ 520	\$ 3,978,000
2 BR Unit	2	748	1,496	\$ 520	\$ 777,920
Janit Common Area	1	537	537	\$ 520	\$ 279,240
<b>Pod B</b>					
Studio Unit	18	425	7,650	\$ 520	\$ 3,978,000
2 BR Unit	0	748	-	\$ 520	\$ -
Janit Common Area	1	537	537	\$ 520	\$ 279,240
<b>Pod C</b>					
Studio Unit	18	425	7,650	\$ 520	\$ 3,978,000
2 BR Unit	2	748	1,496	\$ 520	\$ 777,920
Janit Common Area	1	537	537	\$ 520	\$ 279,240
<b>Pod D</b>					
Studio Unit	18	425	7,650	\$ 520	\$ 3,978,000
2 BR Unit	2	748	1,496	\$ 520	\$ 777,920
Janit Common Area	1	537	537	\$ 520	\$ 279,240
<b>Public Spaces</b>					
2nd Flr Dining	1	2,226	2,226	\$ 500	\$ 1,113,000
1st Flr Large Activity Room	1	2,169	2,169	\$ 500	\$ 1,084,500
2nd Flr Pwdch Entry	1	1,444	1,444	\$ 500	\$ 722,000
2nd Floor Activity Mezzanine	1	2,340	2,340	\$ 500	\$ 1,170,000
2nd Floor Dining/Activity	1	2,266	2,266	\$ 500	\$ 1,133,000
<b>Functional Spaces</b>					
Nurse	5	362	1,810	\$ 300	\$ 548,000
Storage	8	185	1,480	\$ 150	\$ 222,000
Hall-1	1	5,383	5,383	\$ 150	\$ 807,450
Hall-2	1	5,380	5,380	\$ 150	\$ 807,000
Physical Therapy	2	263	526	\$ 250	\$ 131,500
Service	2	711	1,422	\$ 250	\$ 355,500
Green Roof Terrace	1	707	707	\$ 200	\$ 141,400
<b>Buildout</b>					
Coating	1	3,341	3,341	\$ 200	\$ 668,200
Kitchen	1	1,299	1,299	\$ 600	\$ 779,400
BCH	1	2,822	2,822	\$ 300	\$ 846,600
<b>CONSTRUCTION TOTAL</b>			64,389		\$ 29,887,270
Professional Fees					\$ 2,988,727
Entitlements					\$ 298,873
Construction Management					\$ 896,658
Permitting Fees					150,000
<b>TOTAL</b>					\$ 34,221,488

Unit Courts/Spread sheets

NEW BUILDING PROJECTED REVENUES AND EXPENSES

REVENUES	No. of Beds	Monthly Rent	Annual Rent	Monthly Total	Annual Total	
Studio A Units	64	\$ 8,300	\$ 97,200	\$518,400	\$ 6,220,800	
Studio B Units	8	\$ 8,300	\$ 99,600	\$ 66,400	\$ 796,800	
2 BR Units	12	\$ 8,300	\$ 97,200	\$ 97,200	\$ 1,166,400	
<b>TOTAL REVENUES</b>	84		\$ 294,000	\$682,000	\$ 8,184,000	
<b>EXPENSES</b>						
Construction Financing - Assume 30% Cash - 70% Finance						
	Cash	Finance	# of Pym	Interest Rate	Monthly Payment	Annual Payment
Major Rqire	\$ 10,266,446	\$ 23,955,041	360	0.50%	\$ (148,623)	\$ (17,734,773)
	Cost per Patient per Year					
Facility Management	\$ (1,553)		84		\$ (10,871)	\$ (130,452)
Human Resource	\$ (40,998)		84		\$ (286,986)	\$ (3,443,832)
Administration	\$ (1,229)		84		\$ (8,688)	\$ (103,236)
Insurance	\$ (645)		84		\$ (3,835)	\$ (45,788)
Marketing and Promotion	\$ (338)		84		\$ (2,352)	\$ (28,224)
Professional Fees and	\$ (648)		84		\$ (4,522)	\$ (54,264)
Supplies	\$ (3,717)		84		\$ (26,039)	\$ (312,228)
Utilities	\$ (2,832)		84		\$ (19,824)	\$ (237,888)
<b>TOTAL EXPENSES</b>					\$ (506,615)	\$ (6,079,375)
<b>INCOME</b>						
Revenue	Monthly	Annual				
Revenue	\$ 682,000	\$ 8,184,000				
Expenses	\$ (506,615)	\$ (6,079,375)				
Income	\$ 175,385	\$ 2,304,625				
Return	26%	26%				

Unit Courts/Spread sheets



Unit County/Spreadsheets

Unit County/Spreadsheets

EXISTING BUILDING RENOVATION COSTS					
	No. of Beds	SF	Total/Gross Area	\$ per sq ft	Cost
Beds	29	338	9,802	\$ 500	\$ 4,901,000
29 Beds					
Public Spaces					
Adult Day Care	1	1,689	1,689	\$ 400	\$ 675,600
Dining	1	948	948	\$ 400	\$ 379,200
Conced/Land	1	1,163	1,163	\$ 300	\$ 348,900
Reception Offices	1	485	485	\$ 200	\$ 97,000
Lobby	1	2,752	2,752	\$ 300	\$ 825,600
Functional Spaces					
Nurse	2	66	132	\$ 200	\$ 26,400
Waiting Kitchen	1	694	694	\$ 150	\$ 104,100
Storage	6	123	738	\$ 150	\$ 110,700
Elevator Shaft	2	115	230	\$ 300	\$ 69,000
H#1 2	1	1,900	1,900	\$ 150	\$ 285,000
<b>CONSTRUCTION TOTAL</b>			<b>26,533</b>		<b>\$ 7,822,500</b>
Professional Fee					\$ 782,250
Entitlements					\$ 78,225
Construction Management					\$ 234,675
Permitting Fees					41,000
<b>TOTAL</b>					<b>\$ 8,958,650</b>

EXISTING BUILDING PROJECTED REVENUES AND EXPENSES						
REVENUES						
	No. of Patients	Monthly Rate	Annual Rate	Monthly Total	Annual Total	
Beds	29	\$ 6,000	\$ 72,000	\$174,000	\$ 2,088,000	
Adult Day Care	30	\$ 2,500	\$ 30,000	\$ 75,000	\$ 900,000	
<b>TOTAL Revenues</b>			\$ 102,000	\$249,000	\$ 2,988,000	
EXPENSES						
Construction Financing - Assume 30% Cash - 70% Finance						
	Cash	Finance	# of Pay	Interest Rate	Monthly Payment	Annual Payment
Mortgage	\$ 2,687,995	\$ 6,271,095	360	0.50%	<b>(\$73,988)</b>	<b>(\$267,378)</b>
	Cost per Patient per Year	Patients				
Facility Management	\$ (1,553)		29		\$ (47,531)	\$ (1,388,942)
Human Resource Administration	\$ (40,998)		29		\$ (1,209,942)	\$ (35,641)
Insurance	\$ (1,229)		29		\$ (35,641)	\$ (1,055,805)
Marketing and Promotion	\$ (545)		29		\$ (15,705)	\$ (46,037)
Other Expenses	\$ (386)		29		\$ (11,192)	\$ (32,744)
Professional Fees and Contractors	\$ (646)		29		\$ (18,724)	\$ (54,671)
Supplies	\$ (3,717)		29		\$ (108,393)	\$ (325,793)
Utilities	\$ (2,832)		29		\$ (82,128)	\$ (246,384)
<b>TOTAL Expenses</b>					<b>(\$162,917)</b>	<b>(\$51,955,002)</b>
Income less Adult Daycare						
	Monthly	Annual				
Revenues	\$ 249,000	\$ 2,988,000				
Expenses	<b>(\$362,397)</b>	<b>(\$4,395,000)</b>				
Income	\$ 11,083	\$ 132,998				
Return	6%	6%				
Income with Adult Daycare						
	Monthly	Annual				
Revenues	\$ 249,000	\$ 2,988,000				
Expenses	<b>(\$362,397)</b>	<b>(\$4,395,000)</b>				
Income	\$ 86,083	\$ 1,032,998				
Return	35%	35%				



LUNALILO HOME PRELIMINARY PROJECT SCHEDULE																
	1st Year				2nd Year				3rd Year				4th Year			
	1Q	2Q	3Q	4Q												
Design and Architecture																
Zoning Entitlements																
Submit for Building Permit				◆												
Contractor Interviews and Bids																
Select Contractor							◆									
Pick up Building Permit								◆								
Construction																
Certificate of Substantial Completion															◆	
Obtain Certificate of Occupancy															◆	



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