

Testimony in support of
Nursing and Basic Care Facility Loan Guarantee Program
House Human Services Committee

January 28, 2025

HB 1550

Chairman Ruby and members of the House Human Services committee, thank you for taking the time to listen to my testimony in support of House Bill 1550. My name is Trevor Tompkins and I'm the administrator of the Lutheran Sunset Home, an 87-bed skilled nursing facility with an attached 26-bed assisted living complex located in Grafton, North Dakota. Our facility began operation in 1962 and has been serving the needs of the elderly in our community for over sixty years.

This facility was started by local churches as a 42-bed nursing home and has grown and evolved throughout the years to what it is today. While the building has been maintained well over the years, the multiple expansions have resulted in an inefficient building design. This means increased steps for staff, small and often shared bathrooms, and little personal space for residents. Much of the facility infrastructure is original to the building which means that we are one collapsed pipe away from \$100,000 plumbing bills.

When our facility began considering the future of our physical plant, the feasibility studies have shown that renovation would likely be just as costly as a replacement building and would likely result in a similarly unsatisfying building design due to our land locked status. Our census remains strong, averaging 93% over the past three years and a recent Demand Analysis projects that there is need in our community for housing for the elderly with skilled nursing, assisted living, and independent senior housing.

We have purchased land for a replacement building and I have started the loan application process with the USDA Rural Development. Our architects project building costs in North Dakota for our project to come in at \$625 per

square foot, which exceeds projected building costs in some states by over \$150 to \$200 per square foot. If those construction numbers hold true, then our financial projections put us upwards of \$20 million short of where we would need to be to service the debt with only a USDA loan. Because the current RS Means system caps our reimbursement for construction and renovation, we need to find another way to service the debt.

I feel fortunate to consider our facility financially strong – we have no debt and have reserves to draw from if needed. Yet, many small-town banks struggle to provide the amount of capital that a facility like ours needs for major projects and larger lenders are wary to loan out large amounts when our financial projections show gaps in our payment system. A loan guarantee from the Bank of North Dakota provides lenders with confidence and potentially could be used by a facility to negotiate interest rates.

Many long term care providers are experiencing the need to update their failing infrastructure and the assistance of a loan guarantee goes a long way in helping to finance these projects. Our community is eager to see our facility renewed so that it can meet the needs of future generations. Please support House Bill 1550 so that facilities like ours can continue to serve the elderly in a modernized environment that can best meet the needs of staff and residents.

Thank you for your time and consideration. I will stand for any questions you may have.

Trevor Tompkins

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