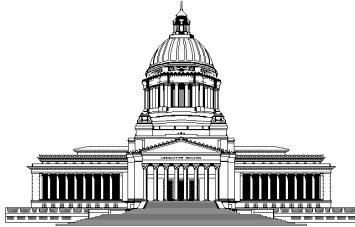


**CAPITAL STUDY
OF THE DDD
RESIDENTIAL
HABILITATION
CENTERS**

REPORT 02-12

REPORT DIGEST

DECEMBER 4, 2002



STATE OF WASHINGTON

JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

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Background

The Division of Developmental Disabilities (DDD), within the Department of Social and Health Services (DSHS), operates five residential habilitation centers (RHCs) for qualified developmentally disabled citizens. These large institutions provide 24-hour residential housing for individuals needing institutional care. The facilities are Frances Haddon Morgan Center, Fircrest School, Rainier School, Yakima Valley School, and Lakeland Village; they are located in Bremerton, Shoreline, Buckley, Selah, and Medical Lake, respectively.

Lakeland Village first opened in 1915, and five other institutions were added as the DDD institutional population grew.¹ At their peak in 1967, the RHCs housed a combined population of over 4,000 residents. Since then, the state's institutional population has declined. Currently, just over 1,100 residents live in these facilities. This decline reflects the national trend where the current population in DD institutions is roughly one-fifth of the peak population in 1967.

Mandate

As the resident populations continue to decline, and as the aging facilities require more capital investment, the state must look at options for the future of these five institutions. Consequently, the Legislature, in its 2001-03 Capital Budget, directed JLARC to:

Conduct a study of the possible alternative uses of the land and facilities currently used by state operated residential habilitation centers and nursing facilities for persons with developmental disabilities.

JLARC staff worked with two real estate appraisal firms to determine the current and potential uses and values of the five facilities.

Findings

Highlights of the findings from this JLARC study include:

- **None of the facilities is limited to serving only its current population.** The institutions do serve unique populations, but specialized services at one can be replicated at any other facility with the proper staffing.
- **All five campuses are under-utilized and have some capacity for growth.** The institutions currently serve fewer residents than their capacity, and all campuses could be enlarged to serve more residents.
- **All five campuses suffer some degree of functional or external obsolescence.** Due to building ages and changes in service delivery philosophies, many of the buildings on each campus experience some level of decreased utility as RHCs.

¹ One institution, Interlake School, closed in 1994.

- **Local zoning will constrain the potential alternative uses of each campus.** All five RHCs are located in cities, some of which have zoning ordinances restricting the type of use that can occur on these properties.
- **The RHCs can be ranked in terms of their relative worth to the state as DDD institutions.** From highest to lowest “value in use,” they are:
 1. Rainier School
 2. Yakima Valley School
 3. Lakeland Village
 4. Frances Haddon Morgan Center
 5. Fircrest School

Conclusions

1. **Frances Haddon Morgan Center and Fircrest School** have **potential alternative uses and market values**. By either selling the property to the City of Bremerton or avoiding state lease costs elsewhere, the **Frances Haddon Morgan Center** could generate approximately **\$2.9 million** for the state, in both ongoing and one-time costs. And, after subtracting various liabilities of **Fircrest School**, potential revenue for and/or savings to the state could be approximately **\$32.7 million**.
2. **Fircrest School** has a high potential market value, but **has complicating factors**: the land on which Fircrest campus sits is divided between DSHS-managed land and the Department of Natural Resources (DNR)-managed trust land; the DNR-managed portion is limited in its use under a land lease between DNR and DSHS; the DSHS portion would be difficult to develop on its own due to its awkward shape and location; long-term tenant leases limit the alternative uses of the campus.
3. **Lakeland Village, Rainier School, and Yakima Valley School** have **excess property** (residential, agricultural, and timber land) that can be sold with no impact on current institutional operations. If excess parcels of lands were sold, they could potentially generate approximately **\$7.7 million** for the state. Additionally, if the timber were harvested from the excess property at Rainier, it could generate an additional \$5.7 to \$7.0 million in revenue to the state.
4. The immediate campuses at **Lakeland Village, Rainier School, and Yakima Valley School** have **no significant marketable value** beyond their current use.

Recommendations

Recommendation 1: Real Estate Services, Division of State Services, Department of General Administration should develop options to dispose of excess property identified by JLARC’s consultants at Lakeland Village, Rainier School, and Yakima Valley School. Such options should maximize the investment return to the state.

Recommendation 2: The Department of Social and Health Services (DSHS) should synthesize this report and two other documents relating to the future of the RHCs: the Stakeholders Workgroup progress report and the Fircrest Campus Master Plan. The resulting synthesis should address projected future institutional needs for developmentally disabled individuals in Washington State, anticipated changes in the type of care needed by institutional residents, and alternative or combined use scenarios for each RHC campus. DSHS should present this collection of information and alternatives to the Legislature by September 2003.