



## MARKET STUDY

Winchester Assisted Living - Proposed  
15860 Winchester Boulevard  
Los Gatos, Santa Clara County, CA 95030

As of August 1, 2023

### Prepared For:

Swenson  
777 N 1st Street, 5th Floor  
San Jose, CA 95112

### Prepared By:

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Cushman & Wakefield File ID: 23-38032-900320-001



Winchester Assisted Living - Proposed  
15860 Winchester Boulevard  
Los Gatos, Santa Clara County, CA 95030



Cushman & Wakefield Western, Inc.  
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August 3, 2023

Mr. Mike Black  
Senior Development Manager  
**Swenson**  
777 N 1st Street, 5th Floor  
San Jose, CA 95112

Re: Market Study  
In an Market Study Report

**Winchester Assisted Living - Proposed**  
15860 Winchester Boulevard  
Los Gatos, Santa Clara County, CA 95030

C&W File ID: 23-38032-900320-001

Dear Mr. Black:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our market study on the property referenced above. Accompanying this letter is a report that contains a detailed identification of the property, factual data concerning the property and its surroundings, comparable market data, appropriate analyses, and conclusion. Please note that Cushman & Wakefield Western, Inc. is not part of the development team, owner of the subject, nor affiliated with any member of the development team engaged in the development of the property. This report has been prepared in accordance with the Code of Ethics and Standards of Professional Practice of the Appraisal Institute. Further, the report is intended to comply with the Uniform Standards of Professional Appraisal Practice.

This report was prepared for Swenson and is intended only for their specified use. It may not be distributed to or relied upon by other persons or entities without written permission of Cushman & Wakefield Western, Inc.

The market study analyzes the market conditions for a proposed 125 unit, assisted living/memory care facility to be situated on a 1.31-acre parcel of land in Los Gatos, Santa Clara County, CA.

As agreed with the Client of this report, we have not made a physical inspection of the site of this proposed assisted living/memory care facility. However, we are familiar with Los Gatos and its market area having worked on numerous senior housing properties throughout the greater Silicon Valley region. This information has been used in the study of need and demand for new assisted living/memory care units.

Our review covered the following areas as outlined by the scope of work:

- Research of the proposed site and its neighborhood;
- Site characteristics;
- Determination of the subject's primary market area;
- Research of the competing assisted living/memory care facilities in the defined primary market area;
- Confirmation of census mix by payor type, rental structure, occupancy level, and resident characteristics at the competing facilities;
- Analysis of senior demographics in the subject's primary market area;
- Determination of market support for the subject as a proposed assisted living/memory care project through the analysis of demographics and market conditions.

## Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

- We have assumed the facility will obtain the licenses and certifications as described in the report.
- It is assumed that the proposed improvements are constructed in a quality manner in accordance with the information communicated to us by the developer. If the design or quality differs from that which has been considered herein, the conclusions could be impacted accordingly.

## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

- Our achievable rental rate conclusions are based upon the subject being complete and stabilized for its proposed use as of the current date.

We have no interest in the project or relationship with the ownership or sponsorship entities and our compensation is not contingent on this project being approved and/or funded.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

**CUSHMAN & WAKEFIELD WESTERN, INC.**



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## Summary of Salient Facts and Conclusions

The following is an executive summary of the information that we present in more detail in the report.

### BASIC INFORMATION

<b>Common Property Name:</b>	Winchester Assisted Living - Proposed
<b>Address:</b>	15860 Winchester Boulevard Los Gatos, CA, 95030
<b>County:</b>	Santa Clara

### SITE INFORMATION

<b>Land Area:</b>	<b><u>Square Feet</u></b>	<b><u>Acres</u></b>
<b>Total Land Area:</b>	56,889	1.31
<b>Site Shape:</b>	Rectangular	
<b>Site Topography:</b>	Gentle Slope	
<b>Frontage:</b>	Good	
<b>Site Utility:</b>	Good	

### PROPERTY INFORMATION - AS PROPOSED

<b>Type of Property:</b>	Assisted Living/Memory Care
<b>Building Area</b>	
<b>Number of Units:</b>	125 Units
<b>Gross Building Area:</b>	81,633 SF
<b>Quality:</b>	Good
<b>Assessment Information:</b>	
<b>Assessing Authority</b>	Santa Clara County
<b>Assessor's Parcel Identification</b>	529-11-013, -038, -039 & -040

### DATE OF PROPERTY AND MARKET RESEARCH

<b>Start Date of Research:</b>	August 1, 2023
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## Market Area Characteristics

- **Occupancy:** The current reported occupancy of the Primary Market Area comparables surveyed, which were not in lease-up, ranged from 88 to 100 percent. Rent 1 and 6 were in lease-up and were between 24 and 68 percent occupied. None of the facilities surveyed were underperforming.
- **Payor Characteristics:** For assisted living/memory care, the only payor type is private pay. State-pay or Medicaid is not a payor source for assisted living/memory care.
- **Proposed Inventory:** Bascom Senior Living and Cambrian Park Plaza Assisted Living are both in planning process of two assisted living/memory care facilities that will include 253 units. These are anticipated to be completed in 2026. These are both located within three miles of the subject. Upon completion, these will be a direct competition to the subject. However, the subject property would have a full year of leasing prior to having overlapping absorption timelines.
- **Barriers to Entry:** State approval or certificate of need (CON) is not required for development of new

assisted living/memory care units in CA. The site proposed for the subject facility would accommodate a development such as that proposed.

- The current zoning would appear to allow for development of a project such as the subject, subject to a conditional use permit and two variance requests. Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. This study is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this assignment, as agreed to with the client.
- We are not aware of any other potential barriers to entry in this marketplace.

## Market Feasibility

The occupancy for competitive assisted living/memory care units in the proposed subject's Primary Market Area is currently averaging 92 percent, excluding the two facilities in lease-up. Operators in this market indicated that they have not found the need to offer concessions to stimulate or maintain occupancies.

## Assisted Living Units

The following chart summarizes the asking rates for assisted living units in the proposed subject's Primary Market Area that were described previously.

Assisted Living													
Unit Type		Unadjusted Market Range				Unadjusted Market Average							
		Unit Size (SF)		\$/Month		Unit Size (SF)		\$/Month					
Studio		300	-	500	\$4,590	-	\$6,720	362	-	380	\$5,568	-	\$5,568
One-Bedroom		450	-	745	\$5,000	-	\$9,220	547	-	568	\$7,238	-	\$7,238
					Market Range			Market Averages					
					\$/SqFt/Month			\$/SqFt/Month					
Studio					\$10.79	-	\$19.76	\$11.46 - \$19.76					
One-Bedroom					\$10.06	-	\$18.08	\$10.54 - \$18.08					

The data indicates an overall range for assisted living units from approximately \$4,590 to \$9,220 per month, or \$10.06 to \$19.76 per square foot per month, depending upon unit type. The indicated ranges include a base level of assisted living services. The upper end of the range for each unit type is represented by property's that are generally the newer facilities offering a full range of assisted living services, while the lower ends of the range are reflected by facilities of a lesser quality and/or offering reduced services in the monthly rent.

Based on our analysis, the following chart summarizes our estimate of probable assisted living unit sizes and rental rates for a senior project such as the subject in the Los Gatos area.

SUBJECT - Probable Rental Ranges - Assisted Living				
Unit Type	Unit Size (SF)	Subject Range		Subject Range
		\$/Month		\$/SqFt/Month
Studio	353 - 496	\$5,500 - \$6,500		\$13.10 - \$15.58
One-Bedroom	511 - 677	\$8,000 - \$9,000		\$13.29 - \$15.66

We emphasize that these ranges are based on the data available and represent the general range of potentially achievable rates for assisted living units within a good quality project. These ranges are noted as falling within the current per square foot per month ranges in the Primary Market Area, but are considered achievable based on the

growing dynamics of the area, as well as the physical and locational characteristics of the proposed subject development.

## Memory Care Units

The following chart summarizes the asking rates for memory care units in the proposed subject's Primary Market Area that were described previously.

Memory Care																			
Unit Type		Unadjusted Market Range					Unadjusted Market Average												
		Unit Size (SF)		\$/Month			Unit Size (SF)		\$/Month										
Studio		132	-	445	\$6,300	-	\$15,000	283	-	317	\$9,794	-	\$10,194						
		Market Range					Market Averages												
		\$/SqFt/Month					\$/SqFt/Month												
Studio		\$14.16 - \$98.48					\$14.16 - \$74.24												

The data indicates an overall range for memory care units from approximately \$6,300 to \$15,000 per month or \$14.16 to \$98.48 per square foot per month, depending upon unit type. The indicated ranges include a base level of personal care services. The upper end of the range for each unit type is represented by property's that are generally the newer facilities offering a full range of memory care services with all-inclusive care, while the lower ends of the range are reflected by facilities of a lesser quality and/or offering reduced services in the monthly rent.

Based on our analysis, the following chart summarizes our estimate of probable memory care unit sizes and rental rates for a senior project such as the subject in the Los Gatos area.

SUBJECT - Probable Rental Ranges - Memory Care				
Unit Type	Unit Size (SF)	Subject Range		Subject Range
		\$/Month		\$/SqFt/Month
Studio	362 - 556	\$8,000 - \$9,000		\$16.19 - \$22.10

We emphasize that these ranges are based on the data available and represent the general range of potentially achievable rates for memory care units within a good quality project. These ranges are noted as falling within the current per square foot per month ranges in the Primary Market Area, but are considered achievable based on the growing dynamics of the area, as well as the physical and locational characteristics of the proposed subject development.

Furthermore, these estimated rents are based on rates currently being received in the marketplace and, as the subject is proposed and would not likely be completed for at least 18 to 24 months, they likely do not represent potentially higher rates that may be achieved at that point in time.

## Facility Design Review - Assisted Living/Memory Care

All of the assisted living/memory care facilities in this market offer well-appointed living accommodations offering, studio and one-bedroom living units. The proposed subject facility will compete at the upper-range of the marketplace, and the facility design and appointments are consistent with the operator's proposed resident targeting.

The facility's centrally located common area includes the following:

- Lobby
- Lounges
- Two dining rooms
- Fitness center
- Theater
- Library
- Activities room
- Game room

There are also a number of smaller lounge areas planned throughout the campus. The facility will offer separate common areas for assisted and memory care residents. We have provided copies of the floor plans and site plans in the addenda.

According to the American Seniors Housing Association (ASHA), new construction projects typically provide common area ratios equate to approximately 40 percent common area for assisted living.

Based on the proposed unit configuration, the subject's common area ratio is 38 percent, which appears in line with the marketplace.

## Subject's Strengths and Weaknesses

### Subject's Strengths:

- **Age/Condition/Design:** The existing product type in the subject's Primary Market Area is generally older more modestly appointed and reflect more basic living designs. The subject sponsors plan on developing a facility generally similar to the top-end of the existing product type.
- **Age/Condition/Design:** The subject sponsors plan on developing a facility targeting a high-end price point, and accommodations will be modernly appointed, at or above the level of polish as found at the upper-end of the marketplace. The subject facility will accept both private pay residents only. Our survey of the marketplace found a shortage of affordable accommodations for seniors.
- **Care Offered:** The facility will offer assisted living and memory care. This will allow many residents to age in place.
- **Demographics:** Between 2022 and 2027, the population within the PMA is expected to increase by 0.16 percent per year, according to Experian Marketing Solutions. While this is below the national rate 0.67 percent per year for the same period, the population will increase through construction and absorption. The demographic and market data indicate that there appears to be adequate demand for the proposed subject in its Primary Market Area. The existing facilities, although inferior to comparable with the proposed subject, appear to be performing well.
- **Seniors as a Percentage of the Population:** In 2022, 8.7 percent of the PMA's total population was above the age of 75. This is above the national average of 7.0 percent. However, the 75+ cohort is expected to grow at an annual rate of 2.9 percent, which is below the national rate of 4.0 percent.

### **Subject's Weaknesses:**

- **Proposed Competition:** Bascom Senior Living and Cambrian Park Plaza Assisted Living are both in planning process of two assisted living/memory care facilities that will include 253 units. These are anticipated to be completed in 2026. These are both located within three miles of the subject. Upon completion, these will be a direct competition to the subject. However, the subject property would have a full year of leasing prior to having overlapping absorption timelines.
- **Barriers to Entry/Possibility of New Competition:** There is an ample supply of available properties in the PMA which are available for redevelopment into senior housing. Considering that, as well as the positive population growth trends, there will continually be the possibility of new supply being added to the area.
- **Absorption Risk:** The property is anticipated to open in the year 2025 and the PMA will also have two other new projects anticipated to open during the subject's absorption timeline. This will place added competitive pressures to the subject.

### **Conclusions**

The well-appointed facilities in this market appear to be performing well and we expect this to continue as the demographics point to a continuation of the growth of the senior market. The proposed facility is considered to represent a very marketable project in the context its Primary Market Area. Based on this, as well as the design and resident accommodations planned, the project should meet with good success if developed within a reasonable period of time.



## Property Photographs

AERIAL PHOTO



WESTERN ELEVATION





NORTHERN ELEVATION



SOUTHERN ELEVATION





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# Introduction

## Scope of Work

### Overview

This market study required collecting primary and secondary data relative to the subject property. The depth of the analysis is intended to be appropriate in relation to the significance of the issues as presented herein. We did not make a physical inspection of the subject property. We investigated the general regional economy as well as the specifics of the subject property's local area. Our analysis covered the following areas:

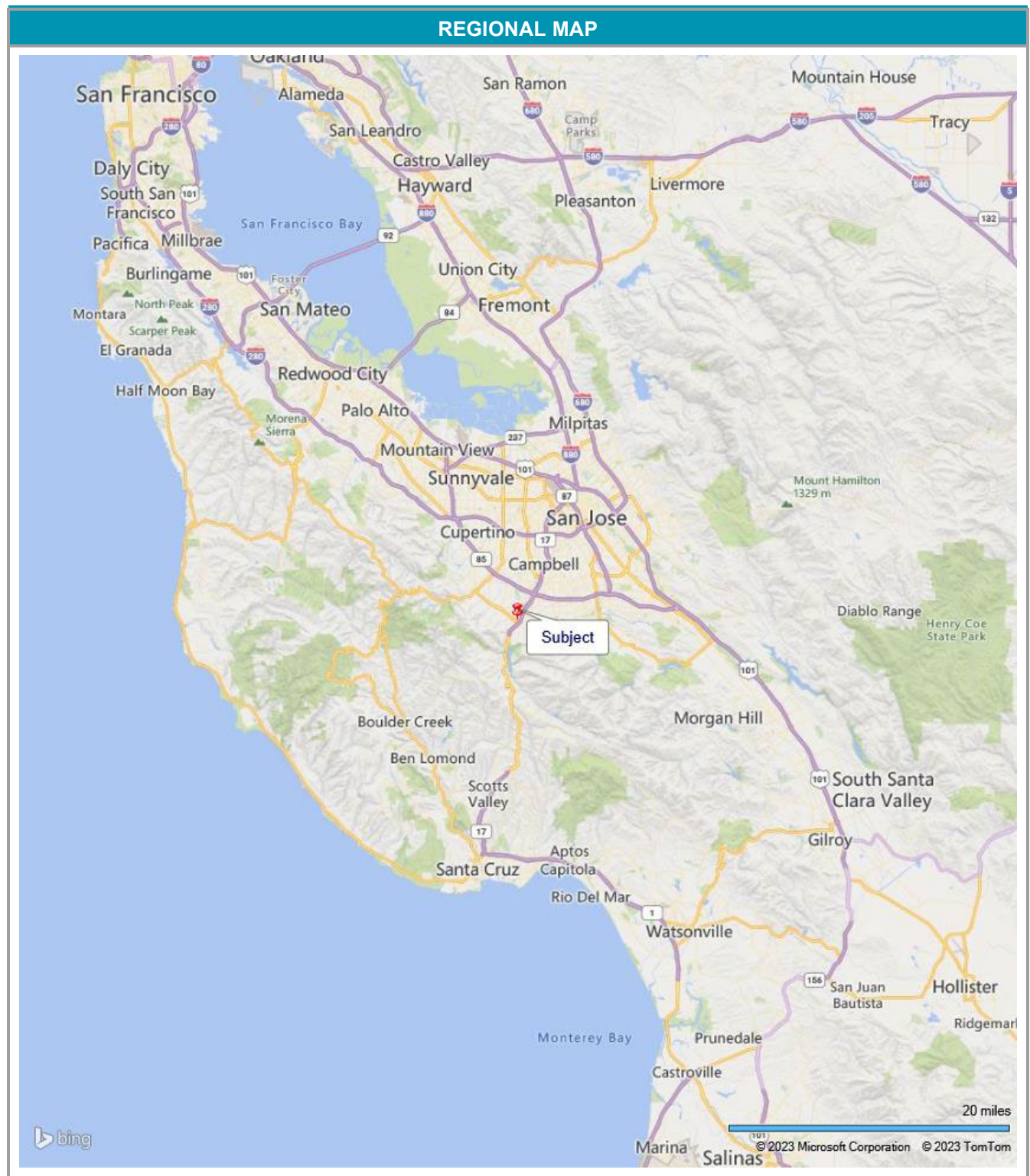
- Research of the proposed site and its neighborhood;
- Site characteristics;
- Determination of the subject's primary market area;
- Research of the competing assisted living/memory care facilities in the defined primary market area;
- Confirmation of census mix by payor type, rental structure, occupancy level, and resident characteristics at the competing facilities;
- Analysis of senior demographics in the subject's primary market area;
- Determination of market support for the subject as a proposed assisted living/memory care project through the analysis of demographics and market conditions.

The data have been analyzed and confirmed with sources believed to be reliable, in the normal course of business, leading to the conclusions set forth in this report. The process involved utilizing generally accepted market-derived methods and procedures considered appropriate to the assignment.

Cushman & Wakefield Western, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all market study reports. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Gerald V. Rasmussen, MAI, FRICS. In addition to a qualitative assessment of the market study report, Gerald V. Rasmussen, MAI, FRICS is a signatory to the market study report and concurs in the conclusions set forth herein.

## Regional Analysis



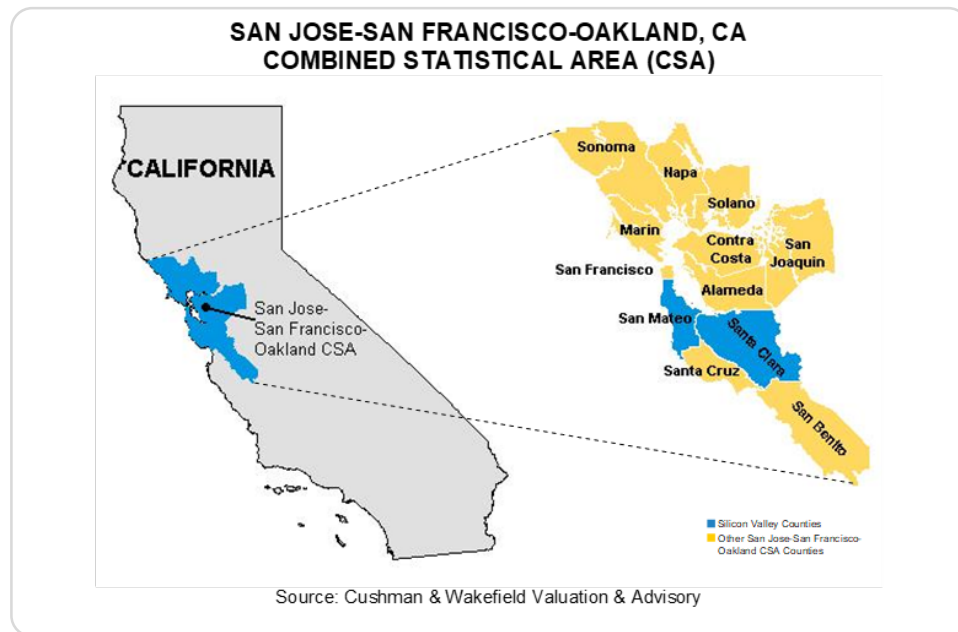
# Silicon Valley Regional Market Analysis

## Introduction

Silicon Valley encompasses 1,740 square miles of land and is comprised of San Mateo County and Santa Clara County. San Mateo County is essentially the peninsula formed by the San Francisco Bay and the Pacific Ocean (save for the city and county of San Francisco at its northern tip). Santa Clara County lies at the south end of the San Francisco Bay and is much larger geographically than San Mateo County. Silicon Valley is part of the greater San Jose-San Francisco-Oakland Combined Statistical Area (CSA).

## Map

The following map highlights the Silicon Valley within the San Jose-San Francisco-Oakland CA Combined Statistical Area (CSA):



## Macro Trends

The economy continues to recover and evolve from the impacts of the pandemic and the economic crisis that followed. Right now, inflation remains elevated and the Federal Reserve's interest rate hikes are further compounding market volatility. With this, it is important to take in mind that data lags, and industry participants are still trying to accurately determine some of the effects these events will, or have had, on the commercial real estate market. In other sections of the report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. For this market analysis section of the report, we ask that you keep in mind that some macro trends may not affect the subject property directly.

## Current Trends

Silicon Valley is one of the top commercial real estate markets in the United States and the region is recovering faster than the rest of the Bay Area. Behind an improving employment situation, the Silicon Valley region contains a total labor force of roughly 1.5 million individuals, according to the Joint Venture Silicon Valley's Institute for

Regional Studies, and is at its highest level since February 2020 as of March 2023. Additionally, the unemployment rate in the Silicon Valley measured 3.1% at the end of March 2023, rising 0.6 percentage points in a year-over-year comparison. Comparatively, the unemployment rate for the state of California was 4.8% and 3.6% for the nation over the same period. Furthermore, San Mateo County maintained the lowest unemployment rate in California, with an unemployment rate of 2.8%, and Santa Clara County ended March 2023 with an unemployment rate, at 3.2%.

Further highlights are as follows:

- In June 2020, San Jose city council approved the CityView Plaza in downtown San Jose. Jay Paul Co. plans to convert the nine buildings into a roughly 3.8 million square foot modern office campus. The project is expected to build six interconnected buildings, with nearly two acres of outdoor bridges and roof gardens, two-story connecting bridges and an 80,000-square-foot fitness facility. The first phase includes the 19-story Tower A near Market Street and Park Avenue, which is slated for completion by fourth quarter 2024. Once completed it is expected to accommodate up to 17,000 employees. Demolition of the former Bank of California at 199 Park Avenue started in late 2021 to make way for CityView Plaza. Recently, the state Court of Appeal confirmed that the city of San Jose's decision to demolish several buildings on the eight acre site of CityView Plaza after facing backlash from preservationists that opposed the project.
- In May 2023, Silicon Valley Bank (SVB) was forced to shut down as the bank's investment decreased in value and the bank's clients withdrew large amounts of money as the national economy faced challenges brought on by the Federal Reserve's multiple interest rate increases over the last year. This was one of the largest bank closures since the financial crisis of 2008. Prior to the shutdown, SVB was the sixteenth-largest bank in the United States. The bank saw consistent growth throughout the pandemic but high inflation and rising interest rates made many of SVB's customers face financial troubles, which led them to withdraw funding from their accounts. This forced SVB to sell some of the bank's investments at a loss, losing \$1.8 billion, to cover the withdrawals. In March 2023, the parent company of SVB, SVB Financial Group, filed for bankruptcy and First Citizens Bank bought all the deposits and loans the failed bank later that month.
- Silicon Valley faced a wave of layoffs through year-end 2022 as Amazon and other tech giants located in the region are dealing with cost-cutting actions to support long term growth. Amazon is laying off over 18,000 jobs companywide and Salesforce announced that it would be shedding 10% of its staff as these tech firms struggle in the current economic environment. Higher interest rates have hurt hiring in the tech sector as well as a lack of demand for tech products. Additionally, tech layoffs rose 649% in 2022, according to a report by Challenge, Gray & Christmas. The early stages of the COVID-19 pandemic drove revenue and companies hired too many and too fast, leading to the current situation. Major employers to announce job cuts in the Silicon Valley include Google, Meta, Cisco Systems and Twitter.
- Rapid growth among tech firms and others pushed demand for office, retail and industrial space, increasing rents, and encouraged developers to build. Google is redeveloping its 875,000 square feet North Bayshore property that will include office, residential, retail and community spaces. In June 2019, Google announced it will repurpose \$750 million of Mountain View's campus to rezone for residential use and \$250 million for the financing of 1,400 affordable housing units. The plans for construction call for the development to be completed in eight phases. The first two phases are expected to add 3,000 homes. Additionally, Google expects to build out the massive development over the next 30 years and the tech giant's proposal will commit \$42 million for transportation upgrades and a large conservation area to preserve the natural habitat.



- A new office building is being built by Hunter Storm, the main developer of Coleman Highline, as demand for office space by tech companies continues to rise in the Silicon Valley. Hunter Storm has been approved to deliver a 292,500 square foot office building on a 4.5 acre lot at 1155 Coleman Avenue. The developer was approved by the San Jose Planning Department in May 2023. Construction is set to begin at some point in 2023 and the new office building will be able to accommodate more than 1,000 employees. The new building will complete the Coleman Highline campus, which includes 1.5 million square of office space, two hotels, retail space and 1,600 apartment units. Roku, Verizon Communications and TikTok have already established office footprints at Coleman Highline and the new building is likely to attract another notable office tenant. Additionally, the developer's confidence in the Silicon Valley remains strong as Cityline Sunnyvale, a mixed-use project, is entering its final phase of construction. Once completed, Cityline Sunnyvale will deliver more than one million square feet in new office space in the heart of Sunnyvale's financial district.

## Demographic Characteristics

Both Santa Clara and San Mateo counties are highly desirable but expensive places to live, which is reflected in the region's demographics. Moody's Analytics reports that the cost of living in the Silicon Valley is 78% higher when compared to the U.S. Silicon Valley residents have annual incomes that are almost double the national average. Because of the region's R&D and high-tech industries, it is recognized as having one of the most educated populations in the nation.

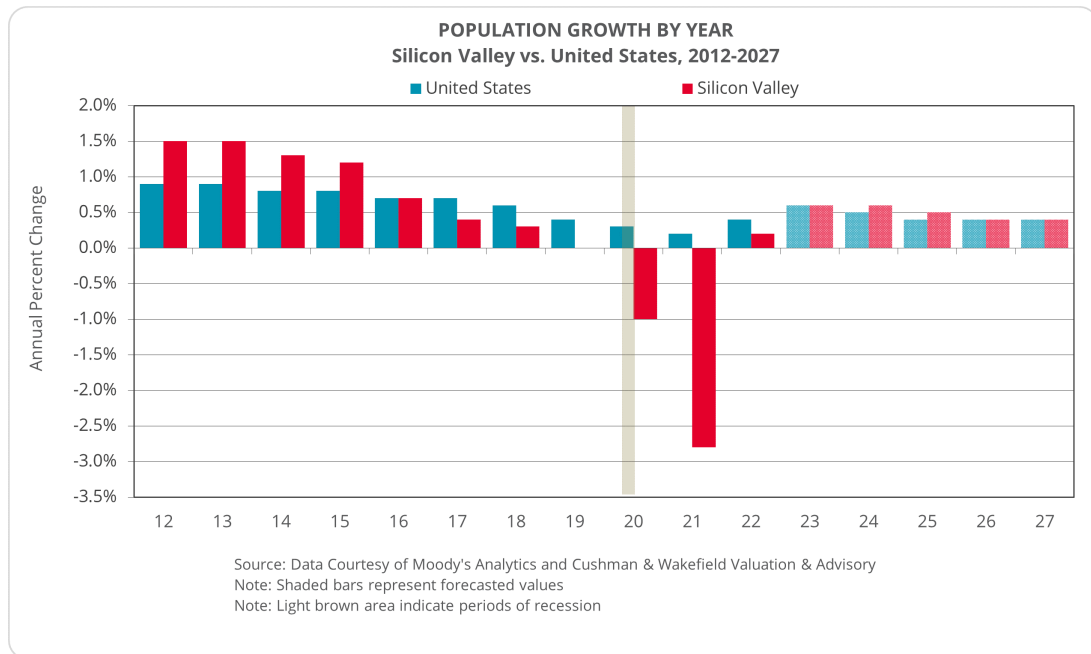
The following chart compares the demographic characteristics of Silicon Valley with those of the United States:

Demographic Characteristics Silicon Valley vs. United States 2022 Estimates		
Characteristic	Silicon Valley	United States
Median Age (years)	38	39
Average Annual Household Income	\$191,838	\$96,357
Median Annual Household Income	\$137,076	\$66,422
Households by Annual Income Level:		
<\$25,000	8.5%	18.2%
\$25,000 to \$49,999	9.9%	20.0%
\$50,000 to \$74,999	9.8%	17.4%
\$75,000 to \$99,999	8.8%	13.3%
\$100,000 plus	63.0%	31.1%
Education Breakdown:		
< High School	11.3%	12.1%
High School Graduate	14.6%	27.1%
College < Bachelor Degree	22.6%	28.8%
Bachelor Degree	27.8%	19.7%
Advanced Degree	23.7%	12.2%
Source: © 2022 Experian Marketing Solutions, Inc. •All rights reserved• Cushman & Wakefield Valuation & Advisory		

## Population

The Silicon Valley regional population growth has trailed national population growth, averaging 0.2% annually from 2012 through 2022. During the same time period, Silicon Valley's population growth has trailed national population expansion by an average of 40 basis points and is forecast to increase to an average annual growth rate of 0.5% through 2027. Over the decade, Silicon Valley's population grew at a lower rate compared to the nation due to weak performance from the following counties: San Mateo (0.0%).

The following chart compares population growth between Silicon Valley and the United States:



The following table shows Silicon Valley's annualized population growth:

Annualized Population Growth Silicon Valley 2012-2027						
			Forecast	Forecast	Compound Annual Growth Rate	Compound Annual Growth Rate
Population (000's)	2012	2022	2023	2027	12-22	23-27
United States	314,688.6	333,287.6	335,190.6	340,522.0	0.6%	0.4%
<b>Silicon Valley</b>	<b>2,579.6</b>	<b>2,623.5</b>	<b>2,640.4</b>	<b>2,691.1</b>	<b>0.2%</b>	<b>0.5%</b>
San Mateo County	740.0	740.4	746.8	769.0	0.0%	0.7%
Santa Clara County	1,839.7	1,883.1	1,893.6	1,922.1	0.2%	0.4%

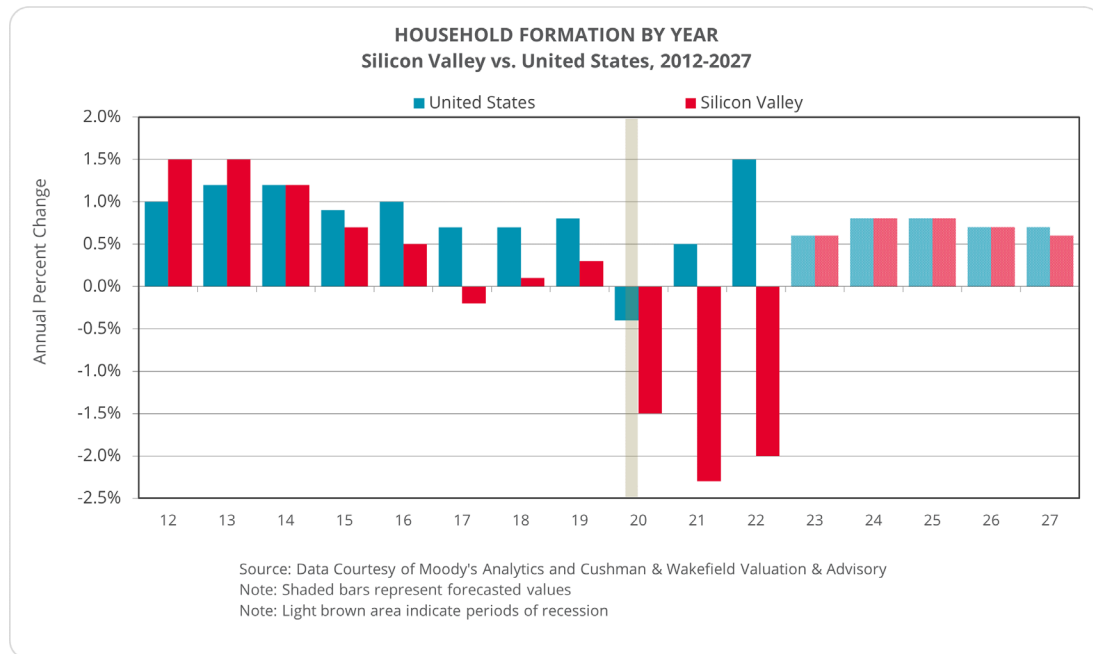
Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

## Households

Generally, a region's household formation trends are directly tied to its overall population growth, as an increase in the population drives demand for real estate. From 2012 through 2022, the Silicon Valley regional household formation growth rate has trailed national expansion, averaging -0.2% annually. In the same ten-year period, Silicon Valley's household formation growth has trailed national growth by an average of 100 basis points and is forecast to increase to an average annual growth rate of 0.7% through 2027.



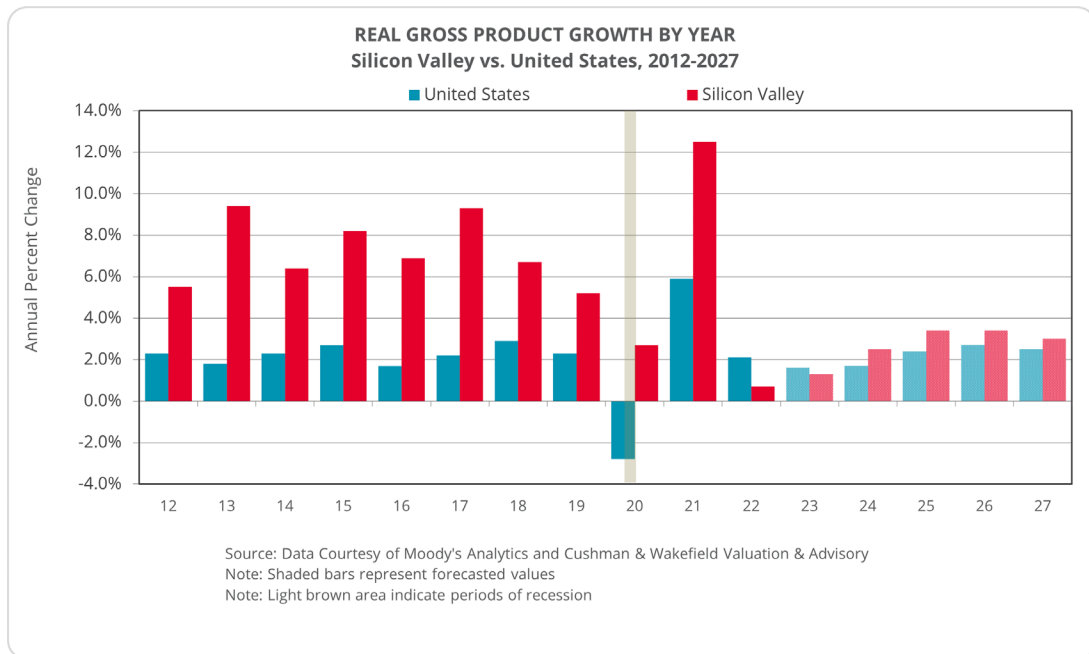
The chart below compares household formation growth between Silicon Valley and the United States:



## Gross Metro Product

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in a given region. Economic growth in Silicon Valley has beat national economic expansion over the decade, averaging 6.8% annually from 2012 through 2022. Over the decade, Silicon Valley GMP has beat national expansion by an average of 470 basis points and is forecast to decrease to an average annual growth rate of 3.1% through 2027.

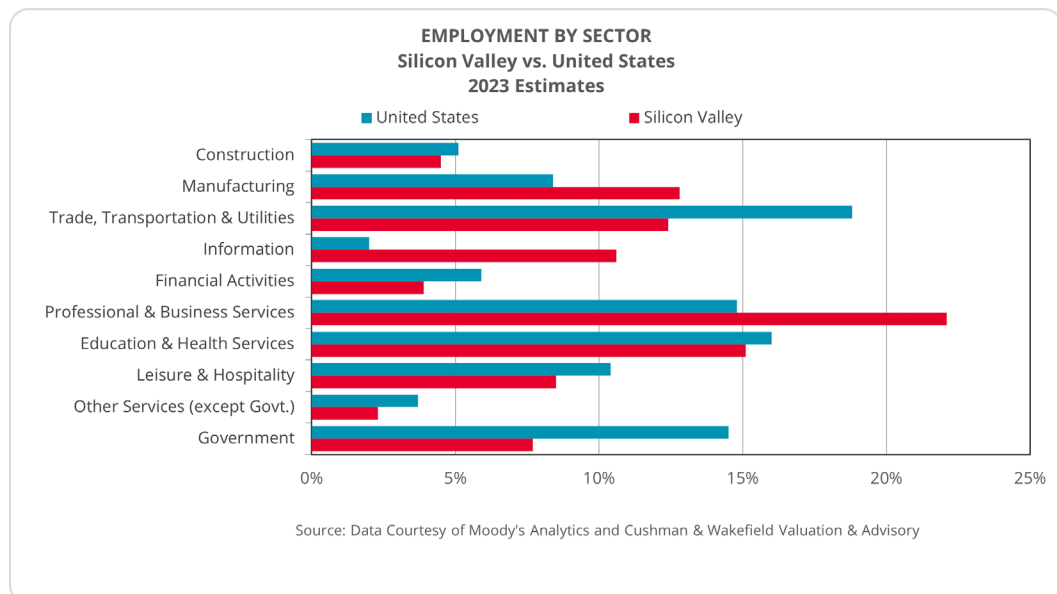
The chart below compares gross product growth by year for Silicon Valley and the United States:



## Employment Distribution

The Professional & Business Services sector dominates Silicon Valley as the largest employment sector with roughly 22.1% of the regional workforce, compared to 14.8% on the national level. Silicon Valley offers a diverse mix of industry employment with the Education & Health Services and Manufacturing sectors accounting for 15.1% and 12.8% of total employment, respectively. Together, these three industries comprise 50% of the region's share of employment.

The following chart compares non-farm employment sectors for Silicon Valley and the United States:



## Major Employers

The following table lists Silicon Valley's largest employers:

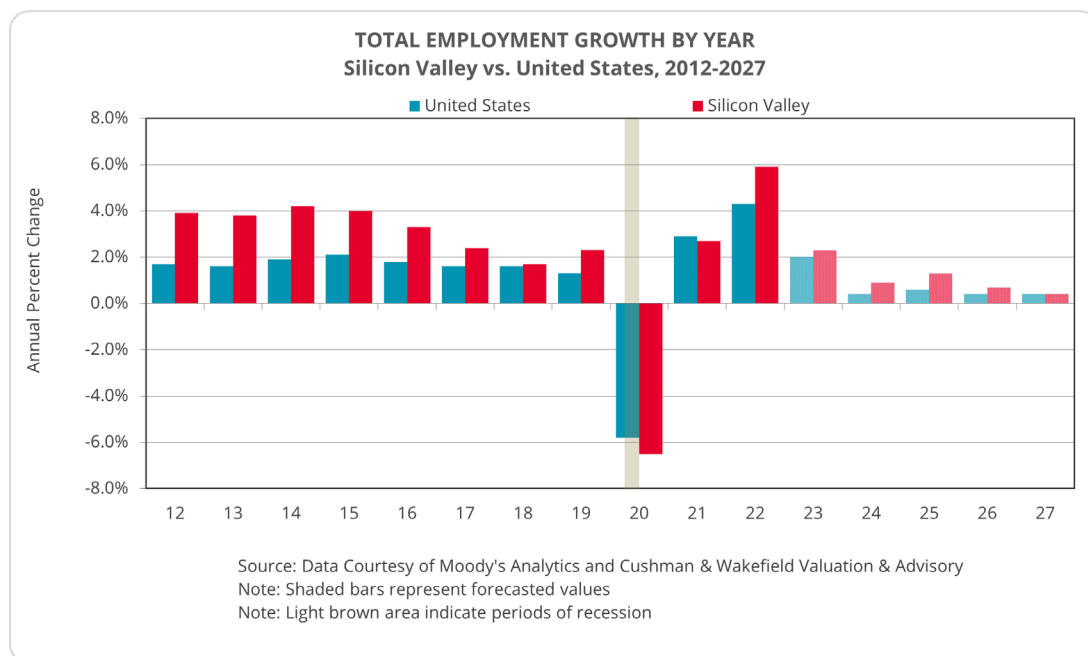
Major Employers Silicon Valley		
Company	No. of Employees	Business Type
Apple Inc.	25,000	Technology
Alphabet Inc.	20,000	Technology
Stanford University	16,919	Education
Cisco Systems Inc.	15,700	Telecommunications
Kaiser Permanente	12,500	Healthcare
Intel Corporation	10,801	Healthcare
Tesla Inc.	10,000	Manufacturing
Facebook Inc.	9,385	Technology
University of California, Berkley	8,258	Education
Oracle Corporation	6,750	Technology

Source: Silicon Valley Business Journal and Cushman & Wakefield Valuation & Advisory

## Employment Growth

From 2012 through 2022, the Silicon Valley regional employment growth has beat national expansion, averaging 2.3% annually. During the same time period, Silicon Valley's employment growth has beat national expansion by an average of 100 basis points and is forecast to decrease to an average annual growth rate of 0.8% through 2027. Over the decade, Silicon Valley's employment grew at a higher rate compared to the nation due to strong performance from the following counties: San Mateo (2.6%).

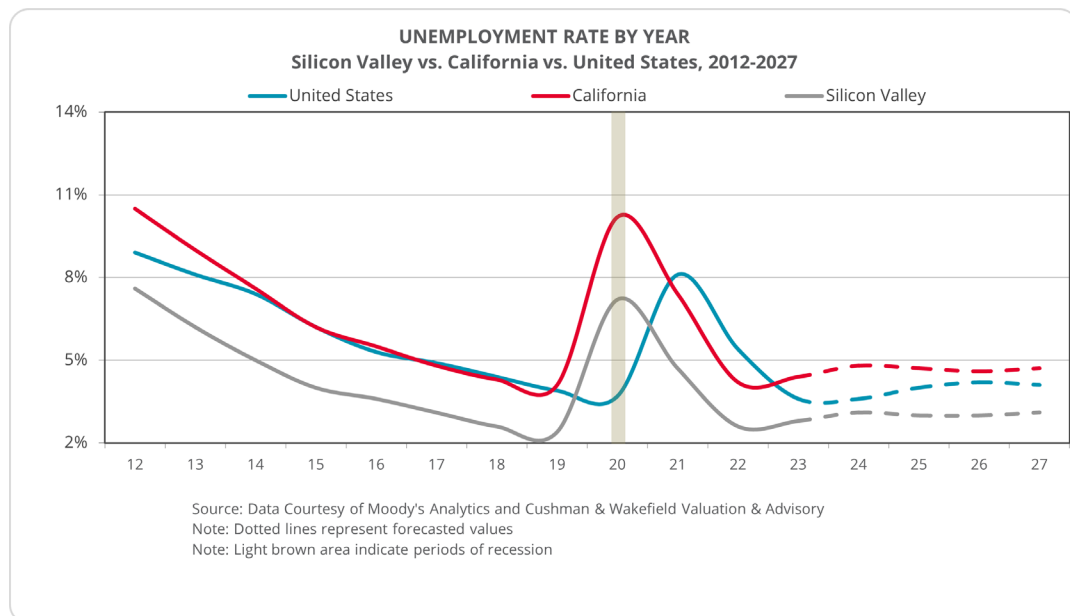
The following chart illustrates employment growth for Silicon Valley and the United States:



## Unemployment

From 2012 through 2022, the Silicon Valley regional unemployment rate decreased at an average annual rate of 10.2%, compared to the nation's unemployment rate which decreased at an average annual rate of 7.7%. Silicon Valley's unemployment rate is forecast to increase by an average annual rate of 2.3% between 2023 and 2027. The following counties contributed to the decrease in Silicon Valley's unemployment rate over the decade: Santa Clara (-10.5%).

The graph below illustrates unemployment rates for Silicon Valley, the State of California, and the United States:



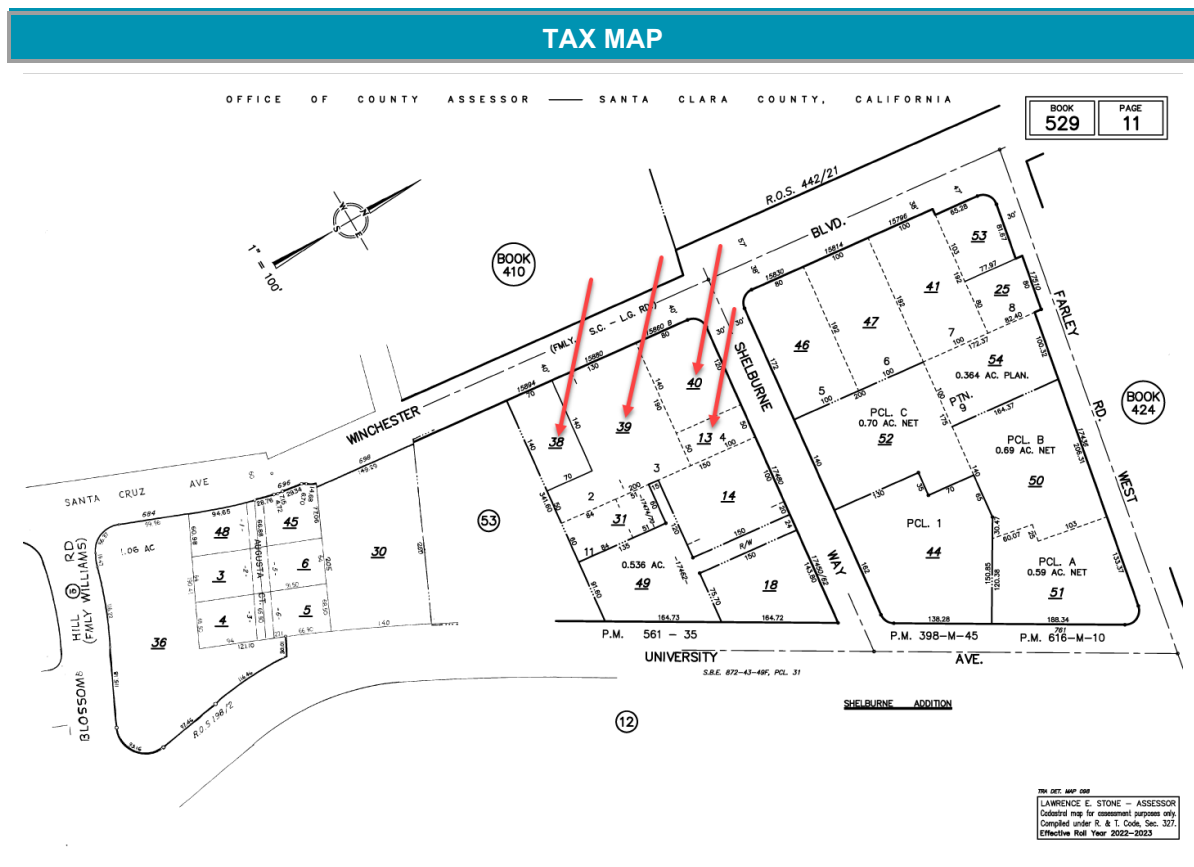
## Conclusion

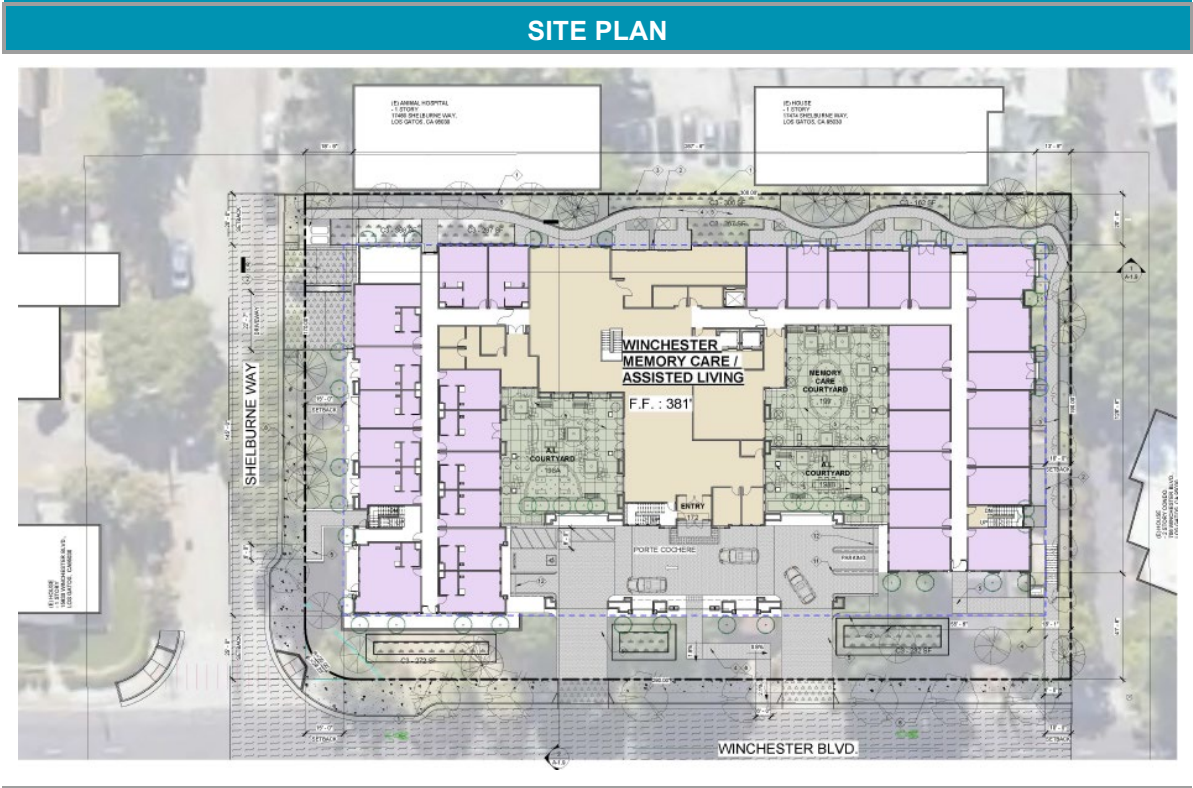
Silicon Valley's economy is one of the strongest metropolitan regions in the nation, aided by high-value-added technology services, rising payrolls, and healthy consumer confidence. At the end of March 2023, the region saw its unemployment trend higher over the previous year, climbing to 3.1% but sits below state and national levels. On the downside, however, are regulatory burdens, high business and living costs, along with rising land costs in the region. Additionally, Silicon Valley's tech sector is dealing with mass layoffs from some of the region's top employers like Meta and Twitter. These factors lead some companies to move to less expensive locations and others moved outside California, where there are tech workforces such as Utah, Washington, Texas and Oregon. The collapse of SVB in March 2023 also created significant headwinds for the financial sector in the region and nationally. Moreover, companies have embraced work from home and hybrid work models, a trend that is likely to continue moving forward, allowing residents to leave the region for more affordable areas nearby Silicon Valley. Nevertheless, Silicon Valley's exceptionally talented workforce, ability to attract capital, and legacy of entrepreneurship will guide it through a period of adjustment to high costs that are a consequence of its own success. Through the near term, Silicon Valley's recovery will closely mirror that of the U.S., but job growth is expected to slow over the same period as recession fears disrupt investment in hiring and market activity.

## Site Description

Location:	15860 Winchester Boulevard Los Gatos, Santa Clara County, CA 95030 The property is located at the southeast corner of Winchester Boulevard and Shelburne Way.
Shape:	Rectangular
Topography:	Gentle slope
Land Area:	1.310 acres
Frontage:	Good
Access:	Good
Visibility:	Good
Soil Conditions:	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s).
Utilities	The site is served by all typical utilities, including water, sewer, electricity, and natural gas.
Site Improvements:	The site improvements will include asphalt and concrete paved parking areas, curbing, signage, landscaping, exterior lighting and drainage.
Land Use Restrictions:	We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Flood Panel:	National Flood Insurance Rate Map Community Panel Number 06085C-0376-H (5/18/09).
Flood Zone:	FEMA Zone X500:  Areas of moderate flood hazard from the principal source of flood in the area and determined to be between the limits of the 1.0 percent annual chance floodplain and the 0.2 percent annual chance floodplain. Mandatory flood insurance purchase requirements may apply.  The flood zone determination and other related data are provided by a third-party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

Wetlands:	We were not given a wetlands survey. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a competent engineering firm.
Seismic Hazard:	The site is not located in a seismic hazard area. The entire region, however, is prone to earthquake activity.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.
Overall Functionality:	The subject site appears to be functional for the intended senior housing use.







## Improvements Description

The subject site is located in a suburban area of Los Gatos, Santa Clara County, CA. The site area, based on the information provided, contains 1.31 acres. The site has a gentle slope, has good utility, good access, good frontage and good visibility.

The proposed unit mix is as follows.

UNIT MIX				
Winchester Assisted Living - Proposed				
Description	No. Units	No. Primary Beds*	Unit Sq.Ft.	Total Sq.Ft.
<b><u>Assisted Living</u></b>				
Studio	101	101	393	39,711
One-Bedroom	6	6	589	3,531
Subtotals/Averages	<b>107</b>	<b>107</b>	<b>404</b>	<b>43,242</b>
<b><u>Memory Care</u></b>				
Studio	18	18	409	7,353
Subtotals/Averages	<b>18</b>	<b>18</b>	<b>409</b>	<b>7,353</b>
<b>Totals</b>	<b>125</b>	<b>125</b>	<b>405</b>	<b>50,595</b>

Preliminary design characteristics for the proposed property indicates the facility will contain approximately 125 units and will be licensed for at least 125 assisted living beds.

As proposed, the 2-3-story building will contain approximately 81,633± square feet of gross building area. Design features to the property would include restaurant style dining, private dining room, movie theatre, lounge and game rooms, library, crafts room, activities room, sitting and socializing common areas, library, outdoor courtyards, etc. Units would have full amenities, including good quality cabinetry, countertops, kitchenettes (AL only), washer/dryer appliances, forced air heating/air conditioning, walk-in closets, fire and smoke monitors, and personal emergency response systems.

### Unit Sizes

We reviewed recent construction projects of Class A assisted living communities and found the following unit size ranges:

- Studio – 300 sq. ft. for a standard design and 450 sq. ft. for a Studio Deluxe unit;
- One-Bedroom – 450 sq. ft. to 750 sq. ft. and up to 950 for a large unit with a den;
- Two-Bedroom – 600 sq. ft. to over 1,000 sq. ft. for a large unit with a den and two bathrooms;

Independent living units will be commensurately larger, accounting for a full kitchen as well as the addition of larger living spaces, washer/dryer, and typically a balcony.

Communities targeting a lower-pricing structure will typically fall towards the lower-end of this sq. ft. range.

## Common Area Ratios

We have summarized in the following table historical design characteristics for the three traditional senior living property types.

DESIGN CHARACTERISTICS						
	Independent Living		Assisted Living		CCRCs	
	Common Area	Rentable Area	Common Area	Rentable Area	Common Area	Rentable Area
2009	33.3%	66.7%	42.0%	58.0%	27.4%	72.6%
2010	33.2%	66.8%	42.2%	57.8%	26.8%	73.2%
2011	33.7%	66.3%	43.3%	56.7%	29.6%	70.4%
2012	29.7%	70.3%	34.9%	65.1%	24.5%	75.5%
2013	32.4%	67.6%	42.6%	57.4%	31.1%	68.9%
2014	32.2%	67.8%	41.2%	58.8%	33.6%	66.4%
2015	32.4%	67.6%	48.3%	51.7%	26.5%	73.5%
2016	32.0%	68.0%	45.4%	54.6%	24.1%	75.9%
2017	30.1%	69.9%	45.9%	54.1%	28.5%	71.5%
2018	28.0%	72.0%	42.0%	58.0%	28.0%	72.0%
2019	26.0%	74.0%	40.0%	60.0%	26.0%	74.0%
2020	31.0%	69.0%	40.0%	60.0%	37.0%	63.0%
Averages	31.2%	68.8%	42.3%	57.7%	28.6%	71.4%
<b>Subject</b>	---	---	<b>38.0%</b>	<b>62.0%</b>	---	---

Source: American Seniors Housing Association (ASHA)

As seen, the average common area ratio for assisted living/memory care facilities is near 40 percent of the total building area. Common area ratios for all senior housing have remained relatively consistent over the last decade.

Based on the proposed unit configuration, the subject's common area ratio is 38 percent, which appears reasonable based on ASHA standards.

# Senior Living Industry Overview

## Independent Living

Congregate care or independent living units are designed for seniors who pay for some congregate services (i.e. housekeeping, transportation, meals, etc.) as part of the monthly fee or rental rate, and who require little, if any, assistance with activities of daily living. Residents of congregate/independent living units may also receive some health care services provided by in-house staff or an outside agency. Congregate units may be part of an “age in place” residence, a property that provides assisted living services, or a continuing care retirement community.

Independent living communities, particularly rental communities, are the least heavily monitored and the least governed by state regulations of all senior housing communities. In some states, this has resulted in a fair degree of flexibility in providing additional services.

Over the last decade, retirement communities have been attracting an older and somewhat frailer population than originally anticipated. The average age of entrance into an independent living facility is between the late 70's and early 80's, rather than the late 60's and early 70's as originally anticipated.

## Assisted Living

The emergence of assisted living in the 1990s as an option in the long-term care continuum for elders represented the convergence of social, political, economic and treatment trends. Prior to this time, most dependent seniors had only two long-term care options: be cared for by a family member or enter an institutionalized nursing home. Today, these limited options are inadequate to serve the diverse needs of the elderly population. For many elderly, individual nursing homes are overly intensive, expensive and institutional. In response, assisted living is a favored form of long-term care for those seniors with moderate to intermediate care needs.

Although the general characteristics and philosophy behind assisted living are consistent throughout the country, there is no consensus on a legal definition of this term. Some states enacted laws using the term assisted living; however, in most jurisdictions, licensure statutes contain a variety of programs and services. In referring to residential housing and services, most state licensing laws use terms such as: adult homes, personal care homes, homes for the aged, supportive living facilities, residential care facilities, board and care homes, elderly group homes, congregate care housing and senior housing.

Typically, a resident will have a compact studio or efficiency apartment with a private bathroom. The living space may or may not include a kitchenette (sink and small refrigerator), a living room or storage space. Economics generally dictate the size of the private living space, which can range from a small one-room efficiency of less than 300 square feet to a large two-bedroom apartment of 750± square feet or larger.

Assisted living residences also provide for a considerable amount of common space for the residents. Newer assisted living facilities generally allocate approximately 40 percent of the total gross square footage of the building to common areas. Such space includes dining rooms, libraries, lounges, activity centers, kitchens and laundry rooms. The size of an assisted living facility depends on many variables, including market forces and site constraints. Most new freestanding facilities typically provide 40 to 100+ units.

The level of service in assisted living facilities varies substantially. However, there are certain basic services generally offered including:

- 24-hour a day on-site supervision or access to an emergency call system;
- Two or three meals and regular snacks are available;
- Light housekeeping and laundry services are available;

- Some level of daily personal care from the facility staff;
- A personalized health care plan delineating how a resident's health care needs may be addressed; and
- Recreational activities, social services and transportation resources.

An objective of assisted living is to enable residents to age in-place. Thus, the level of personal care, congregate services or health care services may be adjusted upwards as needed. However, this may prove difficult if residents need increasing amounts of nursing care since state law may limit or prohibit skilled nursing care in assisted living facilities. Despite this issue, there is a growing trend by states to extend the scope of assisted living services far into the long-term care continuum.

The typical assisted living resident needs assistance with approximately two ADLs. While the number of ADLs with which a person needs assistance is used clinically as a measure of dependency, such dependency does not necessarily mean that medical care is required. In assisted living facilities, residents generally have at least one ADL dependency, and it is not uncommon that they have as many as three or four.

## Memory Care

In a 2020 study by the Alzheimer's Association (2020 Alzheimer's Disease Facts and Figures), Alzheimer's disease is the most common cause of dementia among people age 65 and older, accounting for 60 to 80 percent of cases. The report indicates that studies have consistently shown that active management of Alzheimer's and other dementias can improve the quality of life of affected individuals and their caregivers.

The risk factors for dementia and Alzheimer's disease are age, genetics and family history. Age is the greatest of these three risk factors. The percentage of those with Alzheimer's dementia increases dramatically with age:

- 3 percent of people age 65-74
- 17 percent of people age 75-84
- 32 percent of people age 85 or older

Currently, an estimated 5.8 million Americans aged 65 or older have Alzheimer's disease. Of these 5.8 million, 80 percent are age 75 or older. The number of Americans with Alzheimer's is increasing every year because of the steady growth in the older population, and this number will continue to increase and escalate rapidly in the coming years as the baby boom generation ages.

The report further found:

- Of people aged 85+, 32 percent have Alzheimer's disease.
- In 2011, the first baby boomers turned 65. By 2029, all baby boomers will be at least 65 years old.
- By 2025, the number of people age 65 and older with Alzheimer's disease is estimated to reach 7.1 million — a 22 percent increase from the 5.8 million age 65 and older currently affected in 2020.
- In 2020, the 85-years-and-older population includes about 2.1 million people with Alzheimer's disease, or 35 percent of the Alzheimer's population. When the first wave of baby boomers reaches age 85 (in 2031), over 3.0 million people age 85 and older will have Alzheimer's.
- Total annual payments for health care, long-term care and hospice for people with Alzheimer's disease and other dementias are projected to increase from \$305 billion in 2020 to more than \$1.1 trillion in 2050 (in 2020 dollars). Medicare and Medicaid currently cover most of the costs of care.
- Studies indicate that people age 65 and older survive an average of four-to-eight years after a diagnosis of Alzheimer's dementia, yet some live as long as 20 years with Alzheimer's dementia.

## Occupancy Patterns

Occupancy data compiled by the American Seniors Housing Association (ASHA), and published in *The State of Seniors Housing 2022*, for the various senior housing community types (congregate, assisted and CCRCs) has been summarized in the following table.

MEDIAN STABILIZED OCCUPANCY RATES (NATIONAL)						
Senior Housing Facilities - All Communities						
Property Type	2016	2017	2018	2019	2020	2021
<b>Independent Living</b>						
(Independent Only)	93.2%	89.6%	89.2%	87.3%	84.2%	80.9%
(Independent With Assisted Living)	91.6%	89.9%	87.5%	90.1%	84.5%	82.0%
<b>Assisted Living</b>						
(Assisted Only)	88.7%	89.5%	90.2%	88.2%	82.4%	78.4%
(Assisted with Memory Care)	89.4%	89.3%	90.2%	86.5%	81.9%	81.4%
<b>CCRCs (for &amp; non-profit)</b>	90.5%	89.9%	90.0%	89.4%	84.7%	85.4%
<b>All Communities</b>	90.2%	89.7%	89.6%	87.8%	82.9%	81.1%

Source: American Seniors Housing Association

The above table shows median performance. For upper quartile performance, occupancy levels were about 10 percent higher than the above, showing an "All Communities" average of 92.0 percent for the upper quartile.

The above metrics exclude properties opened less than two years, as these are assumed to be in lease up. Further, due to the impact from the pandemic, the publication also excluded facilities that reported figures below 65 percent, as those are assumed to be distressed.

According to the NIC MAP® Data Service, Q1 of 2023 performance reflected:

- Independent Living occupancy was 85.2 percent in Q1 2023, unchanged from the prior quarter. Occupancy is 450 bps below its pre-pandemic level of 89.7 percent.
- Assisted Living occupancy in Q1 2023 was 81.2 percent, up 70 bps from the prior quarter. Occupancy still low by historic standards and is at 330 bps below its pre-pandemic level of 84.5 percent in Q1 2020.
- Nursing home occupancy was 81.3 percent in Q1 2023, an increase of 130 bps from the prior quarter. This improvement in occupancy has been greater for nursing care than assisted living or independent living, but the overall decline in occupancy for nursing care since the pandemic was more severe. Occupancy is still well below the pre-pandemic occupancy of 86.6 percent in the first quarter of 2020.
- CCRC occupancy was 87.3 percent in Q1 2023, an increase of 20 bps from the prior quarter. Entrance-fee CCRCs continued to significantly outperform their rental-based counterparts in terms of occupancy at 88.8 percent versus 84.3 percent.

The average length of stay in a senior housing facility also varies with the facility type. Following is a table that sets forth the average length of stay, based on data compiled by ASHA and published in *The State of Seniors Housing 2022*.

AVERAGE RESIDENT LENGTH OF STAY (Stated In Months)											
Property Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Independent	29.2	37.9	31.2	32.0	31.1	32.1	35.9	37.3	34.0	n/a	30.8
Assisted Living	21.7	22.0	21.5	23.4	20.8	22.2	26.9	22.4	24.4	25.2	20.2
Memory Care	21.3	n/a	n/a	n/a	n/a	n/a	16.2	16.6	17.1	19.1	n/a
Comb. Assisted & Memory Care	n/a	23.9	24.1	23.0	21.9	21.4	20.9	23.0	20.9	22.3	22.1
All CCRC (excl. SNF)	64.2	71.5	78.0	70.8	59.0	55.9	63.0	71.5	58.0	110.5	77.7
Entrance Fee CCRC - IL Units	91.9	98.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Entrance Fee CCRC - AL Units	27.5	29.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: American Seniors Housing Association

For independent living property types, the average length of stay has decreased slightly in 2021 but assisted and memory care length of stays have remained relatively consistent.

## Absorption Trends

In our experience, typical patterns for initial absorption of new residents for all facility types is strong in the first month, but then tapers off during the following months and second and third years.

Absorption rates are influenced by the strength of the residential market, as prospective residents choose to delay entry, or are unable to move as they await the sale of their home.

According to the NIC MAP® Data Service, Q1 of 2023 monitor report, absorption in Q4 reflected the seventh consecutive quarter that absorption exceeded inventory growth.

The pace of inventory growth appeared to decelerate in Q1, with inventory increasing by 1,016 IL units, and 1,098 AL/MC units. This continues to be relatively weak by historical standards and has contributed to the increase in occupancy. In Q1 2023, there were about 35,300 units remaining in the construction pipeline, down 29.7 percent from the fourth quarter of 2019 prior to the pandemic.

## Acquisition Market

According to *The Senior Care Acquisition Report, 27<sup>th</sup> Edition 2022*, published by Irving Levin Associates, Inc., after two years into the COVID-19 pandemic, the seniors housing industry hit an occupancy low in early 2021, but began to recover throughout the year. However, the recovery has been uneven due to variants and labor issues, protracting the time needed to stabilize occupancy.

New construction starts have slowed considerably, which should help existing communities fill empty beds. Demographics will be a boon to the seniors housing industry, but not for at least another five years.

Acquisition activity in 2021 nearly matched 2019's volume (443 versus 455 deals), based on publicly announced transactions. Including the off-market deals, deal volume likely topped 600 transactions in 2021.

The debt markets loosened in 2021, enabling buyers to buy at such a pace and such a scale. The transaction process also eased throughout the year, as property visits resumed, due diligence could be completed, and bid-ask spreads came down. Activity really began to surge at the end of 2020, when 126 transactions were announced in the fourth quarter.

Buyers flocked to the market in 2021 to acquire properties offering attractive yields, especially compared with other commercial real estate sectors. Skilled nursing deal activity dropped off in 2021, accounting for just 30 percent of all deals in 2021 versus 42 percent in 2020. Meanwhile, assisted living/memory care communities rose in prominence, from 33 percent of all deals in 2020 to a plurality of 44 percent in 2021. Independent living remained

the same at 11 percent of both years' deal activity, while active adult/age-restricted apartments fell in proportion from 11 percent to 9 percent. Lastly, CCRC's made up 6 percent of sales in 2021, versus 3 percent in 2020.

There were four deals worth over \$1 billion in 2021, compared with none in 2020. The largest was DigitalBridge Group's \$3.21 billion sale of its healthcare assets, including a large MOB portfolio and nine hospital assets, to an investment group that includes two real estate investment firms: Highgate Capital Investments and Aurora Health Network. Ventas' \$2.3 billion, or \$185,000 per unit, acquisition of New Senior Investment Group was next, followed by Welltower's purchase of Holiday Retirement's entire owned portfolio of 86 independent living communities for \$1.58 billion, or \$152,000 per unit. Finally, Harrison Street Real Estate Capital acquired 24 seniors housing communities formerly owned by Healthpeak Properties for \$1.2 billion, or \$547,000 per unit.

As such, numerous sales like these helped lower the average price paid per unit in the seniors housing sector to \$182,300, from \$196,000 in 2020 and \$244,200 in 2019, a record-high. That is a 7 percent decrease in the average. Dealmakers pointed out that there were simply very few sales of stabilized, high-quality communities in 2021, as those owners had more power to raise monthly rent to offset increased labor and care costs.

But as construction costs remain high, more investors looking to increase their seniors housing holdings will inevitably turn to the acquisition market, thereby pushing prices back up. If the sector can continue to make occupancy gains in 2022, and labor costs level off, then average values could rise significantly.

The report indicated the following average price points for IL/AL properties:

AVERAGE PRICE PER UNIT FOR IL/AL			
	IL/AL	IL Only	AL Only
2012	\$156,800	\$138,800	\$164,000
2013	\$164,000	\$191,950	\$150,600
2014	\$208,200	\$246,800	\$188,700
2015	\$189,900	\$192,900	\$189,200
2016	\$206,700	\$228,200	\$193,650
2017	\$223,200	\$230,100	\$221,250
2018	\$203,400	\$238,100	\$186,400
2019	\$244,200	\$233,600	\$248,400
2020	\$196,200	\$232,500	\$174,700
2021	\$182,300	\$177,400	\$186,800

*Source: The Senior Care Acquisition Report, 27th Edition, 2022*

For combined independent/assisted living, the report indicates that the volume of "B" quality assets sold in 2021 helped to lower the average price paid to \$182,300 per unit in 2021, compared with \$196,200 in 2020. Dealmakers pointed out that there were simply very few sales of stabilized, high-quality communities in 2021.

For the upper quartile (25 percent grouping of highest priced unit sales), was \$200,353 per unit in 2020, compared with \$245,499 per unit in 2020. Here again, the dearth of high-quality property sales caused the upper quartile to fall. As a comparison, the upper quartile typically ranged from \$325,000 to \$360,000 per unit pre-COVID-19.



For assisted living in 2021, “A” properties sold for an average of \$386,200 per unit in 2021, down from \$405,100 per unit in 2020. We note that the supply for high-quality “A” assets dried up in 2021 as most operators stayed on the sidelines. Demand was strong, but there was a very limited supply of these assets in 2021. For Class “B” assets, the average sale price increased in 2021 to \$152,500 per unit, as compared to \$119,100 in 2020.

Other statistics are shown in the chart below:

Assisted Living Operating/Valuation Statistics: "A" vs. "B" vs. "C" Properties Sold in 2021			
	"A" Properties	"B" Properties	"C" Properties
Average NOI per Unit	\$17,500	\$10,400	\$6,700
Average Operating Margin	19.2%	19.4%	16.0%
Average Occupancy	75.4%	77.0%	75.0%
Average Cap Rate	7.3%	7.8%	7.9%

Source: *The Senior Care Acquisition Report, 27th Edition, 2022*

For assisted living in 2020, the “A” properties saw an average NOI per unit of \$17,500, down from \$26,000 per unit in 2020. However, both “B” and “C” properties saw an increase in their NOI, up from \$8,600 in 2020 to \$10,400 in 2021 for “B” properties, and up from \$3,600 in 2020 to \$6,700 in 2021 for “C” properties.

Independent Living Operating/Valuation Statistics: "A" vs. "B" vs. "C" Properties Sold in 2021			
	"A" Properties	"B" Properties	"C" Properties
Average NOI per Unit	\$14,200	\$8,500	\$4,800
Average Operating Margin	37.0%	30.0%	22.0%
Average Occupancy	76.0%	75.0%	72.0%
Average Cap Rate	4.8%	6.9%	7.9%

Source: *The Senior Care Acquisition Report, 27th Edition, 2022*

In terms of region, the report indicated the following performance:

AVERAGE PRICE PER UNIT FOR IL/AL			
	2019	2020	2021
Northeast	\$263,700	\$232,600	\$226,400
Southeast	\$267,100	\$200,300	\$178,300
North Central	\$142,100	\$118,500	\$151,200
South Central	\$178,000	\$172,000	\$148,900
West	\$293,300	\$240,400	\$247,800

Source: *The Senior Care Acquisition Report, 27th Edition, 2022*

The West region had the highest average price per unit at \$247,800, reflecting high land costs, high barriers to entry and high-income markets. Most regions failed to surpass their 2019 average per-unit prices.

## CA Assisted Living Environment

### Definition and Licensure

The California Department of Social Services, Community Care Licensing Division (CCLD), is the State Agency responsible for approving, monitoring, and regulating Residential Care Facilities for the Elderly (RCFE) per the California Code of Regulations, Title 22, Division 6, Chapter 8. California also has Adult Residential Facilities (ARF) which regulated by the California Code of Regulations, Title 22, Division 6, Chapter 6.

Any individual or legal entity providing or intending to provide care and supervision to the elderly in a residential facility must obtain a current valid license. A license is not transferable. The licensee must notify the licensing agency and all residents receiving services, or their representatives, in writing as soon as possible and in all cases at least 30 days prior to the transfer of the property or business, or at the time that a bona fide offer is made, whichever period is longer. In all other instances, including a change in licensee, type of license, or location of the facility, the licensee must notify the licensing agency and all residents receiving services, or their responsible persons, in writing as soon as possible and in all cases at least 30 days prior to the effective date of that change. In the case of change of ownership or licensee a new application for license must be submitted by the prospective new licensee.

### Statewide Statistics

As of February 2023, California has 7,336 licensed RCFEs in the State with 164,497 beds, 111 licensed RCFE-CCRCs with 34,883 beds, 5,686 licensed ARFs with 38,372 beds, and 92 ARFs with Special Health Care Needs that have 439 beds.

### Dementia Requirements

RCFEs may admit residents who are diagnosed by a physician as having dementia if certain requirements are met, including annual medical assessment, adequate supervision, enhanced physical plant safety requirements, and an appropriate activity program.

### Public Financing

The Assisted Living Waiver (ALW) was approved in 2009 and was funded through 2014 then extended until February 28, 2024. The ALW is a Home and Community-Based Services waiver that was created by legislation that directed the California Department of Health Care Services to develop and implement the project to test the efficacy of assisted living as a Medi-Cal benefit.

The goal of the ALW is to:

- Facilitate a safe and timely transition for Medi-Cal eligible seniors and persons with disabilities from a nursing facility to a community home-like setting in a RCF, an ARF or public subsidized housing, utilizing ALW services; and
- Offer eligible seniors and persons with disabilities, who reside in the community, but are at risk of being institutionalized, the option of utilizing ALW services to develop a program that will safely meet his/her care needs while continuing to reside in a RCF, ARF, or public subsidized housing.

To be eligible for ALW, an individual must meet all of the following criteria: age 21 or older; have full-scope Medi-Cal eligibility with zero share of cost; have care needs equal to those of Medi-Cal-funded residents living and receiving care in nursing facilities; willing to live in an assisted living facility or public subsidized housing; and willing to live in an assisted living setting located in one of the following counties providing ALW services: Alameda, Contra

Costa, Fresno, Kern, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara and Sonoma.

The ALW requirement considers both the applicant's income as well as their assets. Medi-Cal reimburses for the services provided to residents enrolled in the ALW, however the resident is required to pay room and board. In 2023, for those with the Social Security Income (SSI) of \$1,477.83, the personal need allowance for the participant's personal needs is \$35.00. Each participant must be assessed by an R.N. Care Coordinator from a Care Coordination entity. The assessment will determine the participants' Tier of Care. The payment rates by tier are:

PAYMENT RATES	
Assisted Living Services:	
Tier 1	\$84/participant/day
Tier 2	\$101/participant/day
Tier 3	\$115/participant/day
Tier 4	\$133/participant/day
Tier 5	\$200/participant/day
Care Coordination	\$320/month
Nursing Home Transition Coordination	\$1,600

# Management and Operations Overview

## Management Overview

According to the developer, they have not yet selected their operating partner for the subject property. It was noted that they will choose a seasoned operator to manage the property, targeting is at the high-end of the private pay marketplace. This market study assumes competent management will be in place.

## Regulations and Health Matters

The facility will be licensed as a Residential Care Facility for the Elderly (RCFE) by the CA Department of Social Services. The facility will be licensed for at least 125 assisted living beds. Typically, newer facilities are licensed for additional beds to allow for a spouse to reside in the same unit (i.e. second persons).

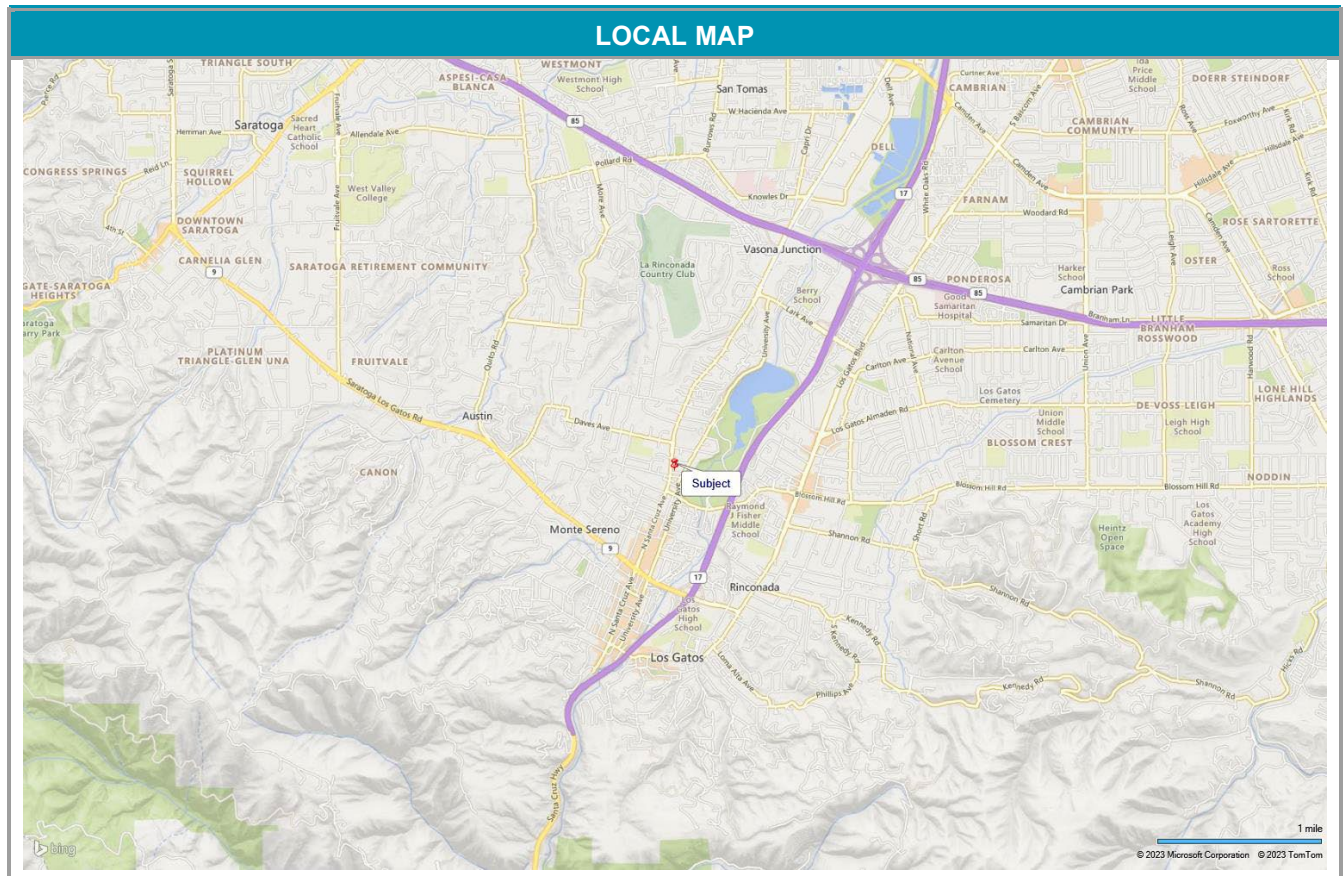
## State Monitoring

The State of CA regularly surveys licensed assisted living/memory care facilities. Proper adherence to state regulations is assumed.

# Competitive Market Analysis

## Location Overview

The property is located in the community of Los Gatos. Generally, the boundaries of the immediate area are Highway 85 to the north, Highway 9 to the south, Los Gatos Boulevard to the east and Quito Road to the west. The Central Business District is ¼ mile south the subject property.



## Neighborhood Analysis

The facility is located in a suburban location in an area characterized by residential and commercial development. Land in the subject's neighborhood is approximately 95 percent developed, with most improvements in good condition. The age of the improvements vary widely with some houses still in use that appear to date to the 1940s, as well as some newer residential developments that appear to date to the last 10-20 years. Overall the local area appears to be complementary to the subject facility.

## Nearby and Adjacent Uses

- North Single-family residences and various office and commercial uses
- South Multi-family residences and various commercial uses
- West Single-family residences
- East Vet clinic, offices and various commercial uses

## Special Hazards or Adverse Influences

There are no detrimental uses in the local area that would impact the subject's use. The general area is not subject to flooding according to FEMA maps. No unusual noise pollution was observed. No noxious odors were observed at or near the subject and none were reported.

## Access

Local area accessibility is generally good, relying on the following transportation arterials:

Local:	<p>The subject property is accessed along Winchester Boulevard, a moderately trafficked roadway.</p> <p>The subject is located in close proximity to Highway 17, which travels northward into San Jose and southward into the community of Santa Cruz. The subject also enjoys good proximity to other moderately trafficked arterials traversing the town and county.</p>
Regional:	<p>The subject is located approximately seven miles from egress/ingress to Interstates 280 and 880, and these arterials provide the most convenient north-south travel connection to other major arterials including access to Interstate 680 and Highway 101, approximately 10 miles to the northeast of the subject.</p>
Transportation Systems:	<p>The subject is located in a suburban market area, and the primary method of transportation is automobile. Public transportation is available through the Valley Transportation Authority (VTA) bus system, which serves Los Gatos as well as a number of suburban communities.</p>

## Medical Services

There are also numerous medical clinics and private physician offices in the PMA. The subject's location is mostly residential but with good proximity to a main medical services corridor in the town. The Good Samaritan Hospital is located approximately 1 ½ miles northeast of the subject. The hospital and surrounding on-campus buildings offer a full range of medical services including primary care, specialty care, imaging and out-patient surgery. In addition, a full service 24-hour emergency room is available as well as life flight transportation, when necessary.

## Location Attributes Conclusion

Based on our review of the facility and their offering, the subject's location appears to be a suitable location for the facility, and the neighborhood is conducive to the proposed use.

## Primary Market Area

The first step in analyzing the competitive market for the subject is delineating its primary market area (PMA). The PMA is typically described as either a defined radius around the subject, zip codes, or it can be the county or township in which the property is located.

In order to delineate the subject's PMA, our analysis evaluated industry trends, an interview with the subject's management, as well as representatives at the competitive properties we used in our analysis. We also consider natural boundaries; density of the population; work and commuting patterns; location of retail, health and service centers; locations of other housing options; and major transportation corridors.



## Physical Barriers

There are no significant physical barriers in the immediate proximity of the subject that are believed to limit the subject's market area.

## Psychological Barriers

The subject's market area is not constrained by any known psychological barriers.

## Industry Trends

National surveys conducted by two senior housing associations regarding relocation trends for senior housing is presented below. These figures denote the percentage and distances involved of residents who have relocated to a senior housing project.

RELOCATION TRENDS – SENIOR LIVING FACILITIES				
	ASSISTED LIVING	ASSISTED & MEMORY CARE	ASSISTED & INDEPENDENT LIVING	CCRC
Under 5 Miles	40.0%	26.7%	43.5%	52.2%
5 – 10 Miles	20.4%	34.7%	20.0%	16.4%
11 – 25 Miles	20.0%	16.7%	15.3%	13.4%
26 – 50 Miles	7.3%	6.0%	5.9%	6.0%
Over 50 Miles	12.4%	16.0%	15.3%	11.9%
<i>Source: AAHSA – 2009 Overview of Assisted Living</i>				

Both assisted and independent living facilities exhibit similar relocation patterns, while facilities with memory care exhibit wider relocation patterns, typical as often families will need to travel further to find a secured memory care facility to meet their needs.

## Local Trends

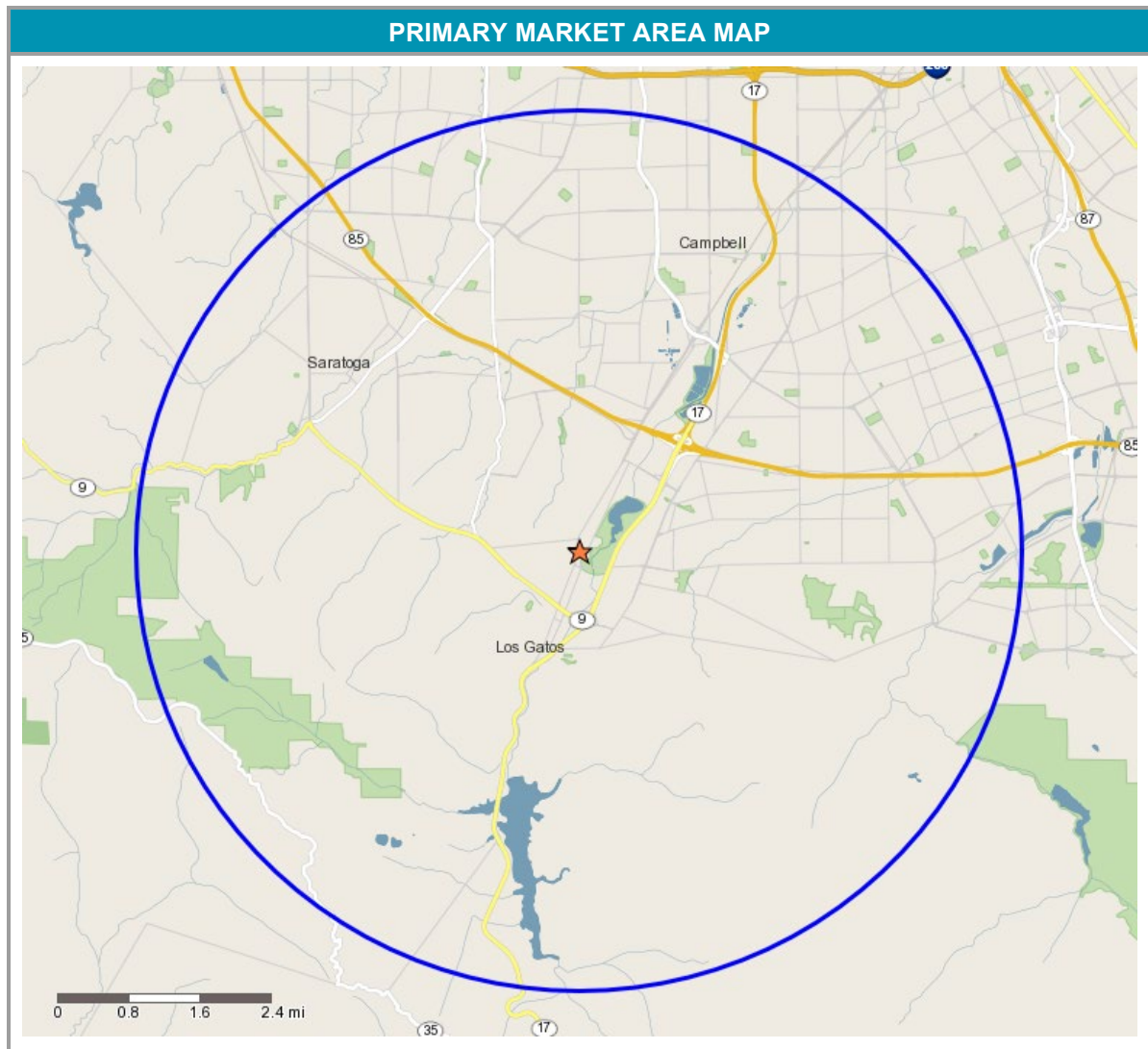
Considering the physical and psychological barriers, population density, discussions with market participants, and the competing facilities' concentration, we have determined the PMA of the subject to encompass an area of a 5-mile radius from the site. In this market, we believe that the majority of demand will come from the PMA. Discussions with operators and market participants indicate 75 percent of the residents will emanate from the PMA. Although a property like the subject may also attract residents from outside of the area, the geographic 5-mile radius is considered to represent the primary draw for the subject.

Residents also relocate to Los Gatos to either retire or be near their adult children that work in the area. Adult children are often the driving force in the decision making process for their parents.

## Market Area Delineation Conclusion

Based on our knowledge of the local market, we have determined the PMA of the subject to encompass an area of approximately 5-mile radius of the site.

The map of the PMA is shown below.



## Supply/New Construction

### Existing Facilities

Because of the subject's levels of personal care services, and type of amenities, personal care or boarding homes in the market do not generally compete directly with the subject. However, the following charts detail the number of senior living units in the subject's market area that pose direct and indirect competition to the subject. We note that the table may include facilities located in both the subject's primary market area and secondary market area for all known properties offering the product types studied in this report.

MARKET AREA SUPPLY							
Facility Name	Distance from Subject in Miles	Competitive Percentage	Total IL	Total AL	Total MC	Total Units	In PMA?
<b>Comparables</b>							
Belmont Village Los Gatos	2.52	52%	0	119	27	146	Yes
Merrill Gardens at Campbell	3.58	38%	0	126	24	150	Yes
Campbell Village	3.61	38%	0	59	13	72	Yes
Palm Villas Campbell	2.60	51%	0	0	24	24	Yes
Cedar Creek Alzheimers and Dementia Care Center	1.54	67%	0	0	29	29	Yes
MorningStar at West Valley	4.83	26%	0	0	41	41	Yes
<b>Other Inventory</b>							
Villa Fontana	4.02	34%	0	71	25	96	Yes
Our Lady Of Fatima Villa	3.25	42%	0	37	0	37	Yes
Saratoga Retirement Community	2.44	53%	143	88	14	245	Yes
The Terraces Of Los Gatos	1.03	77%	175	45	16	236	Yes
Princess Lodge	2.31	55%	0	0	16	16	Yes
Westgate Villa Assisted Living / westwoods	4.08	33%	0	32	0	32	Yes
<b>SUBJECT</b>		100%	0	107	18	125	Yes
<b>Totals</b>			318	684	247	1,249	
<b>Total Computed % Competitive Inventory</b>			<b>210</b>	<b>371</b>	<b>125</b>	<b>706</b>	

\* PMA - Primary Market Area

**Assumptions and Methodology for Determining Comparable Properties :** All known properties offering the product types studied in this report are listed. Properties not considered reasonably comparable to the subject project may be excluded from the competing unit count for purposes of calculating supply. Also, adjustments in competing unit counts are made to all competing properties in the column labeled "Competitive Percentage" which represents the area of overlapping circles using Pythagorean theorem.

The above chart reflects all inventory overlapping the subject's PMA. We included the distance from the subject, which provides a 'Competitive Percentage' figure, calculated based on the percentage of overlap of each property's PMA, assuming a PMA identical to that of the subject. This percentage is presented here, and will be used further on to apply to isolate existing inventory for our supply and demand analysis.

## Selection of Comparables

The subject's PMA includes a total of 13 communities; however, we selected our survey comparables based on both proximity as well as similarity of the facility. We excluded several 6-bed room and board facilities as they are inferior to the subject will not compete with the subject property.

## Proposed Units

Regarding planned or pending projects in the subject's PMA, discussions with local providers and municipal planning departments indicated that there are two comparable assisted living facilities planned at this time. Because of the retirement draw of the market area, it would be reasonable to assume that the PMA could possibly see some new development through the mid-term.

Our analysis will only include those facilities likely to be complete within the coming 24-36 months. These facilities are set forth in the following table.

COMMUNITIES UNDER CONSTRUCTION OR PROPOSED								
Facility Name	Distance from Subject in Miles	Competitive Percentage	Total IL	Total AL	Total MC	Total Units	In PMA?	Year Complete
SUBJECT		100%	0	107	18	125	Yes	2025
Bascom Senior Living	3.75	36%	0	93	0	93	Yes	2026
Cambrian Park Plaza Assisted Living	2.98	46%	0	160	0	160	Yes	2026
<b>Totals</b>			0	360	18	378		

TOTAL EXISTING & UNDER CONSTRUCTION OR PROPOSED				
Facility Name	Total IL	Total AL	Total MC	Total Units
Total 2022 Computed % Competitive Inventory	210	371	125	706
Total 2023 Computed % Competitive Inventory	210	371	125	706
Total 2024 Computed % Competitive Inventory	210	371	125	706
Total 2025+ Inventory	210	584	143	938

\* PMA - Primary Market Area

**Assumptions and Methodology for Determining Comparable Properties:** All known properties offering the product types studied in this report are listed. Properties not considered reasonably comparable to the subject project may be excluded from the competing unit count for purposes of calculating supply. Also, adjustments in competing unit counts are made to all competing properties in the column labeled "Competitive Percentage" which represents the area of overlapping circles using Pythagorean theorem.

## Occupancy Patterns

### Industry Statistics

Occupancy data compiled by the American Seniors Housing Association (ASHA), and published in *The State of Seniors Housing 2022*, for the various senior housing community types (congregate, assisted and CCRCs) has been summarized in the following table.

MEDIAN STABILIZED OCCUPANCY RATES (NATIONAL)						
Senior Housing Facilities - All Communities						
Property Type	2016	2017	2018	2019	2020	2021
<b>Independent Living</b>						
(Independent Only)	93.2%	89.6%	89.2%	87.3%	84.2%	80.9%
(Independent With Assisted Living)	91.6%	89.9%	87.5%	90.1%	84.5%	82.0%
<b>Assisted Living</b>						
(Assisted Only)	88.7%	89.5%	90.2%	88.2%	82.4%	78.4%
(Assisted with Memory Care)	89.4%	89.3%	90.2%	86.5%	81.9%	81.4%
<b>CCRCs (for &amp; non-profit)</b>	90.5%	89.9%	90.0%	89.4%	84.7%	85.4%
<b>All Communities</b>	90.2%	89.7%	89.6%	87.8%	82.9%	81.1%

Source: American Seniors Housing Association

The above table shows median performance. For upper quartile performance, occupancy levels were about 10 percent higher than the above, showing an "All Communities" average of 92.0 percent for the upper quartile.

The above metrics exclude properties opened less than two years, as these are assumed to be in lease up. Further, due to the impact from the pandemic, the publication also excluded facilities that reported figures below 65 percent, as those are assumed to be distressed.

### Competitive Market Area

The following table summarizes the competitive properties and their reported occupancy levels. Please note that not all of these properties may fall within the defined market area of the subject; however, earlier in this section, we defined the total competitive supply in the subject's primary market area for all known properties offering the product types studied in this report.

The below chart reflects only the inventory we surveyed as rental comparables. We will further on include the total other inventory within the subject's PMA for our supply/demand analysis.

DEFINED COMPETITIVE FACILITIES		
Facility Name	Total AL+MC	Occupancy Level
Belmont Village Los Gatos	146	68%
Merrill Gardens at Campbell	150	88%
Campbell Village	72	88%
Palm Villas Campbell	24	100%
Cedar Creek Alzheimers and Dementia Care Center	29	93%
MorningStar at West Valley	41	24%
<b>SUBTOTAL</b>	<b>462</b>	<b>77%</b>
Subject	125	0%
<b>SUBTOTAL + SUBJECT</b>	<b>587</b>	<b>60%</b>

Facility Name	Total MC Only	Occupancy Level
Belmont Village Los Gatos	27	68%
Merrill Gardens at Campbell	24	88%
Campbell Village	13	88%
Palm Villas Campbell	24	100%
Cedar Creek Alzheimers and Dementia Care Center	29	93%
MorningStar at West Valley	41	24%
<b>SUBTOTAL</b>	<b>158</b>	<b>71%</b>
Subject	18	0%
<b>SUBTOTAL + SUBJECT</b>	<b>176</b>	<b>64%</b>

The current reported occupancy of the comparables surveyed, which were not in lease-up, ranged from 88 percent to 100 percent. The subject is expected to compete at the upper-end of the marketplace.

The Belmont Village Los Gatos facility opened in 2022 and remains in lease-up with 99 of their 146 units occupied. MorningStar at West Valley recently opened in July 2023 and was reported to have filled 10 of their 41 units.

We also compared the subject's local market performance to that of their overall MSA, shown below.



MAJORITY AL									
METRO TRENDS									
	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth <sup>1</sup>
2Q2023	33	2,843	79.7%	81.4%	7	3	7	781	3.2%
1Q2023	33	2,840	79.5%	81.8%	65	-3	7	781	7.1%
4Q2022	33	2,843	77.2%	79.8%	67	-8	7	781	8.9%
3Q2022	33	2,851	74.6%	79.6%	37	-19	7	781	9.6%
2Q2022	33	2,870	72.8%	84.4%	109	147	7	781	7.4%
1Q2022	32	2,723	72.8%	81.8%	-107	-6	5	539	2.4%
2021	32	2,729	76.5%	81.7%	73	284	5	539	3.3%
2020	30	2,445	82.4%	83.3%	-87	175	3	441	1.0%
2019	30	2,270	92.6%	94.0%	88	90	2	294	4.3%

MAJORITY AL									
Submarket	Stabilized Occupancy	YoY Rent Growth	AL Average Rent per Unit	MC Rent per Unit	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
San Benito	Protected	Protected	Protected	No Data	0.0%	25	1.2%	Protected	0
Santa Clara	81.4%	3.1%	\$8,635	\$11,490	27.7%	2,818	4.1%	176	-27

Source: NIC MAP® Data Service

According to the NIC MAP® Data Service, Q2 of 2023 Metro Market Report, the average occupancy rate for stabilized properties that are mostly assisted living across the San Jose MSA is 81.4 percent. The occupancy is slightly above the national occupancy of 80.0 percent for assisted living within primary markets suggesting the larger market is similarly competitive than other primary markets around the country. However, the occupancies of the facilities in the PMA show slightly higher occupancy levels, indicating the need for additional assisted living beds, similar to the subject property.

## Senior Demographics

We evaluated the current and future market potential by analyzing demographic trends and the supply of senior housing in the facility's market area. As discussed earlier, although a property like the subject may also attract residents from outside of the area, the geographic market area within a radius of approximately 5-mile is considered to represent the primary draw for the subject.

Demographic data used in our analysis was provided by © 2022 Experian Marketing Solutions, Inc. •All rights reserved•. The data includes figures for the most recent census year in 2010, 2022 estimates and projections for the years 2027 and 2032. For purposes of this analysis, we relied upon the 2022 estimates for current demographic information.



## Senior Population/Growth Rates

An analysis of the PMA's senior population and growth demographics for the subject's primary area (PMA) relative to the U.S. will yield insight into the nature of the PMA, as shown in the following chart.

POPULATION STATISTICS					GROWTH RATES				
PMA - Miles		USA			PMA - Miles		USA		
5 Miles					5 Miles				
<u>2010</u>	<u>Population</u>	<u>%</u>	<u>Population</u>	<u>%</u>	<u>2010-2027</u>	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
Total *	244,509		308,745,632		Total *	2.9%	0.2%	11.5%	0.6%
65+	34,156	14.0%	40,267,997	13.0%	65+	47.5%	2.3%	61.3%	2.9%
75+	16,601	6.8%	18,554,562	6.0%	75+	50.4%	2.4%	53.5%	2.6%
85+	5,075	2.1%	5,493,435	1.8%	85+	54.5%	2.6%	34.6%	1.8%
<u>2022</u>	<u>Estimate</u>				<u>2010-2022</u>				
Total *	249,517		333,040,841		Total *	2.0%	0.2%	7.9%	0.6%
65+	44,648	17.9%	56,175,236	16.9%	65+	30.7%	2.3%	39.5%	2.8%
75+	21,623	8.7%	23,371,819	7.0%	75+	30.2%	2.2%	26.0%	1.9%
85+	7,086	2.8%	6,730,574	2.0%	85+	39.6%	2.8%	22.5%	1.7%
<u>2027</u>	<u>Projection</u>				<u>2022-2027</u>				
Total *	251,540		344,351,218		Total *	0.8%	0.2%	3.4%	0.7%
65+	50,369	20.0%	64,940,768	18.9%	65+	12.8%	2.4%	15.6%	2.9%
75+	24,962	9.9%	28,484,173	8.3%	75+	15.4%	2.9%	21.9%	4.0%
85+	7,841	3.1%	7,394,641	2.1%	85+	10.7%	2.0%	9.9%	1.9%

\* Total population unadjusted for age

\* Total population unadjusted for age

Source: © 2022 Experian Marketing Solutions, Inc. •All rights reserved•

C&W Projection - Applying 2022-2027 growth rate to trend to 2032									
<u>2032</u>					<u>2027 - 2032</u>				
Total *	253,579		356,045,706		Total *	0.8%	0.2%	3.4%	0.7%
65+	56,822	22.4%	75,074,065	21.1%	65+	12.8%	2.4%	15.6%	2.9%
75+	28,817	11.4%	34,714,804	9.8%	75+	15.4%	2.9%	21.9%	4.0%
85+	8,676	3.4%	8,124,228	2.3%	85+	10.7%	2.0%	9.9%	1.9%

As seen from the data, the senior population is growing moderately in terms of absolute numbers and as a percentage of total population.

In 2022, 8.7 percent of the PMA's total population was above the age of 75. This is above the national average of 7.0 percent. However, the 75+ cohort is expected to grow at an annual rate of 2.9 percent, which is below the national rate of 4.0 percent. Over the next five years, the total 75+ population growth is expected to be 15.4 percent in the subject's PMA as compared to 21.9 percent nationally.

Aging of baby boomers contributed to a significant increase of 5,470 people (+31.2 percent) in the 65-74 population between 2010 and 2022. As this group ages, most cohorts age 65+ are predicted to see increases in the PMA over the next five years, particularly the 65-74 and 75-84 age groups, which are projected to grow 10.3 percent (2,382 people) and 17.8 percent (2,584 people) respectively.

Comparatively on a national basis, the 65-74 and 75-84 age groups are projected to grow 11.1 percent and 26.7 percent between 2022 and 2027. The subject's PMA indicates a lower percentage growth of elderly population as compared to the national average.

## Adult Children Population/Growth Rates

We also analyzed population trends for what the industry refers to as "adult children." This segment of the population generally plays a significant role in the placement of a senior in a senior housing facility. This is especially true as many seniors or elderly will relocate to be near their adult children or relatives. This fact is widely recognized by senior housing operators who indicate that market areas exhibiting a higher concentration of adults

between the age of 45 and 65 can generally support a much larger supply of senior housing than would be shown through analyzing only the percentage of seniors currently residing in the market area. This situation is more prevalent with regard to higher levels of care such as assisted living and nursing. The following charts summarize the population and growth statistics for the subject's primary area (PMA) relative to the U.S. for these age groups.

POPULATION STATISTICS - ADULT CHILDREN					GROWTH RATES - ADULT CHILDREN				
	PMA		USA			PMA		USA	
<b>2010</b>	<b>Population</b>	<b>%</b>	<b>Population</b>	<b>%</b>	<b>2010-2027</b>	<b>Total</b>	<b>Annual</b>	<b>Total</b>	<b>Annual</b>
Total *	244,509		308,745,632		Total *	2.9%	0.2%	11.5%	0.6%
45-64	71,491	29.2%	81,489,472	26.4%	45-64	0.7%	0.0%	0.6%	0.0%
<b>2022</b>					<b>2010-2022</b>				
Total *	249,517		333,040,841		Total *	2.0%	0.2%	7.9%	0.6%
45-64	73,832	29.6%	83,695,846	25.1%	45-64	3.3%	0.3%	2.7%	0.2%
<b>2027</b>					<b>2022-2027</b>				
Total *	251,540		344,351,218		Total *	0.8%	0.2%	3.4%	0.7%
45-64	71,969	28.6%	81,973,135	23.8%	45-64	-2.5%	-0.5%	-2.1%	-0.4%

\* Total population unadjusted for age

\* Total population unadjusted for age

Source: © 2022 Experian Marketing Solutions, Inc. •All rights reserved•

C&W Projection - Applying 2022-2027 growth rate to trend to 2032									
<b>2032</b>					<b>2027 - 2032</b>				
Total *	253,579		356,045,706		Total *	0.8%	0.2%	3.4%	0.7%
45-64	70,153	27.7%	80,285,883	22.5%	45-64	-2.5%	-0.5%	-2.1%	-0.4%

During the next five years the PMA's adult child population is expected to decline at a rate of -0.51 percent annually. Comparatively on a national basis, the 45-64 age group is projected to decline by -0.42 percent between 2022 and 2027.

Millennials have surpassed baby boomers as the nation's largest living generation, according to population estimates released in April 2016 by the U.S. Census Bureau. Millennials, whom we define as those ages 18-34 in 2016, now number 75.4 million, surpassing the 74.9 million baby boomers (ages 51-69). For a few more years, Gen Xers are projected to remain the "middle child" of generations – caught between two larger generations of the millennials and the boomers. Thus, the aging of baby boomers past the age of 65 coupled with the smaller Gen Xers generation accounts for the national decline of the 45-64 age group.

Overall, adult children are expected to contribute positively towards living options for the subject and its market area.

## Income and Households

In addition to the absolute number and growth of the elderly population, the number of households with appropriate income levels will dictate the actual population available to support the subject. Statistics on income levels are typically presented by the household. We note that in the case of the elderly, most households include at least a single adult. For comparison purposes it is therefore reasonable to utilize the household statistics. Furthermore, the housing cost and income requirements for a second person are significantly less than the primary occupant.

Compared with the competition, the subject's quoted monthly rates fall within the upper portion of the range. To afford the various accommodations at the subject, we estimate that an average annual income of \$91,800 would be necessary. For this calculation, we utilized the subject's entry point of a private studio unit at \$6,500 per month or \$78,000 per year, as calculated in the Income Capitalization Approach to value. We assumed that a resident would spend approximately 85 percent of their income on housing, meals and utilities. The balance of the income is required for taxes, insurance, and personal needs. By dividing the \$78,000 by 85 percent we arrive at an average income of \$91,800, rounded.

This is a conservative assumption given that there are a significant number of elderly who are receiving some form of adult child subsidy. Furthermore, these indicators are somewhat skewed given that recent findings suggest that the elderly are spending down their assets (liquid assets such as stocks and bonds) and other income from the sale of their house while residing in senior living facilities. Given the relatively short term of stay anticipated in these facilities, it is reasonable to assume that there would be a greater spend-down of assets. Reference is made to the findings in the State of Seniors Housing Report, 2022 published by the Americans Senior Housing Association (ASHA), which cites the average length of stay in an assisted living facility to be approximately 20 months and independent living facilities indicated 31 months.

This same report reflected an average length of stay of 78 months within the independent and assisted living combined components of a CCRC, however, entrance fee CCRCs typically exhibit a longer length of stay than their rental CCRC counterparts.

The indicated income level does not account for child subsidies or a sale of a home. According to the Experian report, approximately 64.7 percent of the householder population are homeowners in the PMA and the median housing value was reported to be \$1,000,000 in 2022. Given that the elderly population typically own their residence free and clear, it is reasonable to assume that there would be additional income available from the sale of a residence, which could be amortized over the length of stay. Given the average price of a house and that the majority of the elderly own their houses free and clear, we assumed that this cash would provide for additional income of say \$20,500 annually or a safe rate of return of 2.00 percent of the investment (2.00 percent x \$1,000,000).

Additionally, we considered the contribution of other payment sources. In our review of the 2009 Overview of Assisted Living, we find the following:

PRIMARY PAYMENT SOURCES				
	ASSISTED LIVING	ASSISTED & MEMORY CARE	ASSISTED & INDEPENDENT LIVING	CCRC
Self	59.1%	63.5%	82.6%	77.9%
Family	9.8%	14.7%	7.0%	5.9%
Long-Term Care Insurance	6.3%	7.1%	3.5%	5.9%
Medicaid	18.9%	12.2%	5.8%	4.4%
SSI / State Supplement	3.8%	1.9%	1.2%	0.0%
VA	0.7%	0.0%	0.0%	0.0%
Unknown	1.4%	0.6%	0.0%	5.9%

*Source: Overview of Assisted Living, a collaborative research project of AAHSA, ASHA, ALFA, NCAL & NIC*

After accounting for home ownership (\$91,800 - \$20,500 = \$71,300), as well as the contribution by family, insurance, etc., an annual income qualifier of \$71,300 per year is indicated.

We considered the estimated rental rates of the subject's inventory, as well as the average rental rates of the competitive inventory, against which the penetration ratio study is computed. Along with adjustments for the sale of a home, accelerated drawdown of assets and contributions from family members, we applied the following income qualifiers for our upcoming demand analysis:

- \$75,000 for assisted living and memory care inventory;

Income qualifying households are shown in the below table:

INCOME STATISTICS				
Income Qualifying Households				
PMA - Miles				
5 Miles			USA	
Assisted Living/Memory Care Qualification:			\$	75,000
2022	Total	%	Total	%
* Total 65+	26,003	---	34,905,651	---
65+	14,805	56.9%	11,152,082	31.9%
75+	6,693	25.7%	4,148,791	11.9%
2027				
* Total 65+	29,054	---	40,134,723	---
65+	19,133	65.9%	15,802,110	39.4%
75+	9,185	31.6%	6,468,872	16.1%

\* Unadjusted for Income

INCOME STATISTICS - GROWTH RATES				
Income Qualifying Households				
PMA - Miles		USA		
5 Miles				
<u>65+</u>	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
* Total 65+	11.7%	2.2%	15.0%	2.8%
65+	29.2%	5.3%	41.7%	7.2%
75+	37.2%	6.5%	55.9%	9.3%

\* Unadjusted for Income

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For assisted living and memory care, we found that for households with incomes over \$75,000 within our PMA in 2022, there were 14,805 for the 65+ age group and 6,693 for the 75+ age group. The number of households earning \$75,000 or more in the PMA is anticipated to increase over the next five years at an annual average rate of 5.3 percent for age 65+ households and 6.5 percent per year for age 75+ households.

Overall, these figures appear to be consistent with population trends.

## Introduction to Penetration Analysis

Penetration rates help measure the degree to which a market is either underserved or saturated. The analysis determines the needed capture rate of the qualified market to achieve stabilized occupancy. A needed component of this analysis is the market's stabilized occupancy level. At any given time, a particular market's occupancy level may be impacted by new inventory which is still in lease-up, reflecting an overall occupancy level which is not considered stable. Generally a barometer indicating a healthy market for a penetration analysis, for developers of these communities, would be from 91 percent to 95 percent. We consider a market occupancy level of 91 percent or higher to bode favorably in our penetration analysis conclusion.

The current reported occupancy of the comparables surveyed, which were not in lease-up, ranged from 24 percent to 100 percent. Average occupancy levels of the facilities we surveyed were 76.8 percent for assisted and memory care beds, and 70.8 percent for memory care alone.

Overall the subject's market occupancy level appears to be in line with a good market for potential development or expansion. However, in the next sections, we will examine the individual components comprising the market's supply and demand, as well as forecasts for the next five years.

We note that penetration rates should be considered in context of other market factors, as not all markets have the same utilization rates of senior housing. Other considerations in our analysis include:

- Occupancy levels in the market;
- Absorption experience, especially if the market's vacancies are concentrated in older obsolete stock while new inventory is enjoying swift absorption;
- The number of proposed units in the primary market area, as multiple projects in lease-up at the same time may result in protracted absorption periods;

- The design of the assisted living units at the project and alternatives for potential assisted living residents, for example, if the subject's units will meet a specific targeted need which is currently lacking;
- The internal demand if offered in a continuing care setting, or if the new facility will be adjacent to a strong feeder source;
- Wait list activity;
- Length of stay;
- Market awareness, as the utilization rates of senior housing differ in different regions;
- The developer's specific marketing plans and brand draw;

We will discuss our findings in the upcoming penetration analysis.

## Comparison of Supply and Demand Estimates

### Assisted Living

Demand for assisted living housing is need driven, which reduces the qualified market to only the portion of seniors who need assistance. According to data from the *Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2012* by the U.S. Department of Health and Human Services, about 4.9 adults between 65-74 years of age required the help of another person with activities of daily living such as eating, dressing, or bathing. Among adults aged 75 and over, about 11 percent required the help of another person with ADLs.

We estimate that households with incomes of \$75,000 or more in the PMA would qualify for private pay assisted living. As previously discussed, we estimate that a portion of demand for assisted living units (25 percent) will come from outside of the PMA.

The following table summarizes our conclusions of supply and demand for assisted living.

DEMAND ESTIMATES FOR ASSISTED LIVING (INCLUSIVE OF MEMORY CARE)									
		2022		2023		2024		2027	
		Age of Householder		Age of Householder		Age of Householder		Age of Householder	
		65-74	75+	65-74	75+	65-74	75+	65-74	75+
Households with Incomes Greater Than:	\$ 75,000	8,112	6,693	8,479	7,060	8,846	7,427	9,947	9,185
Multiplied by Potential Capture Rate*		<u>2.0%</u>	<u>11.0%</u>	<u>2.0%</u>	<u>11.0%</u>	<u>2.0%</u>	<u>11.0%</u>	<u>2.0%</u>	<u>11.0%</u>
Equals Potential Demand		162	736	170	777	177	817	199	1,010
<b>Potential Demand in PMA</b>		<b>898</b>		<b>946</b>		<b>994</b>		<b>1,209</b>	
Plus Demand From Outside PMA @25%		<u>299</u>		<u>315</u>		<u>331</u>		<u>403</u>	
<b>Equals Total Demand Potential</b>		<b>1,198</b>		<b>1,262</b>		<b>1,325</b>		<b>1,612</b>	
Minus Existing and Pending Competitive Supply		<u>496</u>		<u>496</u>		<u>496</u>		<u>728</u>	
<b>Total Unmet Demand Potential</b>		<b>702</b>		<b>766</b>		<b>829</b>		<b>885</b>	

\*The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2012 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with ADLs.

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Our analysis shows that the PMA has an under-supply of assisted living in the current year, with unmet demand for 702 beds indicated. This is supported by the occupancies among the competitive assisted living facilities.

There are three facilities (including the subject) that are expected to be delivered within the next 24-36 months. The addition of these communities will likely impact occupancies among stabilized communities in the short term but should be readily absorbed by the market within two years of opening.

## Memory Care

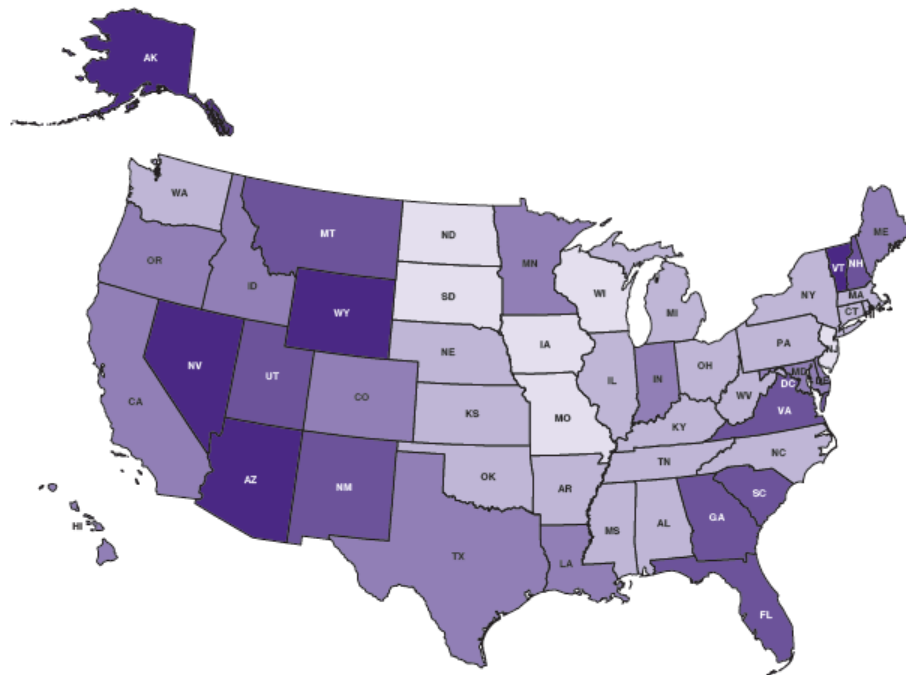
Demand for memory care is a subset of overall assisted living demand. The facility's license for assisted living is often the same for memory care; however, some states require added certification for facilities with a secured unit. Furthermore, it is not uncommon for a facility to adapt the rooms in servicing either standard assisted living or memory care, based on the demands of the marketplace.

We previously determined demand for all assisted living, including memory care.

According to the NIC MAP® Data Service, Q4 of 2022 CBSA Segment Report indicated that there were 475,447 assisted living units and 167,847 memory care units in the top 141 metro markets. Thus, the combined assisted living and memory care supply was 643,294 units. The memory care assisted living supply figure in turn equated to 26.1 percent of the total assisted living supply. The average occupancy of stabilized communities, excluding those in lease-up, was 82.1 percent for assisted living and 82.0 percent for memory care, indicating that demand between the two segments is near a balanced level.

Projected Increases Between 2020 and 2025 in Alzheimer's Dementia Prevalence by State

6.7% - 12%    12.1% - 17.3%    17.4% - 22.6%    22.7% - 27.9%    28.0% - 33.3%



Change from 2020 to 2025 for Washington, D.C.: 1.1%

Created from data provided to the Alzheimer's Association by Weuve et al.<sup>AS208</sup>

As shown in the figures above, from 2020-2025, every state across the country is expected to experience an increase of at least 6.7 percent in the number of people with Alzheimer's due to increases in the population age 65 and older. The West and Southeast are expected to experience the largest percentage increases in people with Alzheimer's from 2020-2025.

According to one study using data from the Established Populations for Epidemiologic Study of the Elderly (EPSE), approximately 491,000 people age 65 or older will develop Alzheimer's dementia in the United States in 2020.

The typical percentage allocation of secured memory care assisted living units among major operators such as Atria Senior Living, Brookdale Senior Living Inc., and Sunrise Senior Living, Inc. is 30 percent of total assisted living units. Based upon this, we will estimate demand for memory care at 30 percent of total assisted living demand.



We estimate that households with incomes of \$75,000 or more in the PMA would qualify for private pay memory care. The following table summarizes our conclusions of supply and demand for memory care assisted living.

DEMAND ESTIMATES FOR MEMORY CARE ASSISTED LIVING									
		2022		2023		2024		2027	
		Age of Householder		Age of Householder		Age of Householder		Age of Householder	
		65-74	75+	65-74	75+	65-74	75+	65-74	75+
Households with Incomes Greater Than:	\$ 75,000	8,112	6,693	8,479	7,060	8,846	7,427	9,947	9,185
Multiplied by Potential Capture Rate*		<u>2.0%</u>	<u>11.0%</u>	<u>2.0%</u>	<u>11.0%</u>	<u>2.0%</u>	<u>11.0%</u>	<u>2.0%</u>	<u>11.0%</u>
Equals Potential Demand		162	736	170	777	177	817	199	1,010
<b>Potential Demand in PMA</b>		<b>898</b>		<b>946</b>		<b>994</b>		<b>1,209</b>	
Plus Demand From Outside PMA @25%		299		315		331		403	
<b>Equals Total Demand Potential</b>		<b>1,198</b>		<b>1,262</b>		<b>1,325</b>		<b>1,612</b>	
Multiplied by Potential MC Specific Capture Rate (30%)**		<u>359</u>		<u>378</u>		<u>398</u>		<u>484</u>	
Minus Existing and Pending Competitive Supply		<u>125</u>		<u>125</u>		<u>125</u>		<u>143</u>	
<b>Total Unmet Demand Potential</b>		<b>234</b>		<b>253</b>		<b>272</b>		<b>340</b>	

\*The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2012 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with ADLs.

\*\*Based on the typical percentage allocation of secured memory care assisted living units among major operators such as Atria Senior Living, Brookdale Senior Living Inc., and Sunrise Senior Living, Inc.

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Our analysis shows that the PMA has an under-supply of memory care assisted living in the current year, with unmet demand for 234 beds indicated. This is supported by the occupancies among the competitive memory care assisted living facilities.

## Conclusion

Considering the physical and psychological barriers, population density, discussions with market participants, and the competing facilities' concentration, we have determined the PMA of the subject to encompass an area of approximately 5-mile radius of the site. In this market, we assumed that 75 percent of the residents will come from this PMA.

In 2022, 8.7 percent of the PMA's total population was above the age of 75. This is above the national average of 7.0 percent. However, the 75+ cohort is expected to grow at an annual rate of 2.9 percent, which is below the national rate of 4.0 percent. In terms of the seniors housing market, the market area is considered to be an aging-in-place market.

Overall our findings for the subject's PMA reflected positive population and senior demographics trends, as well as positive growth of seniors as a share of population, as the early cycle of the baby boomers contributes to shifting population trends. However, during the next five years nationally and in most markets, we will see a decline of the 45-64 age groups, considered the adult children population for most senior housing prospective residents.

Our analysis shows that the PMA has an under-supply of assisted living/memory care inventory in the current year. This is supported by the occupancies among the competitive facilities, which reported occupancy levels of 92 percent for assisted and memory care beds, excluding those in lease-up. These occupancies are above the national occupancy of 86.5 percent for assisted living within primary markets suggesting the market is similarly competitive than other primary markets around the country.

Based on the PMA demographics, existing seniors housing occupancies, and the aging senior housing product currently in place, there appears to be a need for the subject in the PMA. Given the proposed location, amenities, services and design, the subject should be capable of reaching and maintaining a stabilized occupancy up to 24 months following completion of construction.

## Assumptions and Limiting Conditions

"Report" means the market study or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

## Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this market study.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Jordan H. Cline and Gerald V. Rasmussen, MAI, FRICS did not physically inspect the property.
- We have not performed prior services involving the subject property within the three-year period immediately preceding the acceptance of the assignment.
- No one provided significant real property market study assistance to the persons signing this report.
- As of the date of this report, Gerald V. Rasmussen, MAI, FRICS has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Jordan H. Cline has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.



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# Glossary of Terms and Definitions

The following definitions of pertinent terms are taken from The Dictionary of Real Estate Appraisal, Seventh Edition (2022), published by the Appraisal Institute, as well as other sources.

## Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

## Extraordinary Assumptions

An extraordinary assumption is defined by the *USPAP* (2022-2023 Edition) as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”

Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

## Hypothetical Conditions:

A hypothetical condition is defined by the *USPAP* (2022-2023 Edition) as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

## Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.) See also exposure time.

## Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

## Addenda Contents

Addendum A: Senior Demographics  
Addendum B: Property Exhibits  
Addendum C: Qualifications of the Market Analysts



## Addendum A: Senior Demographics

CW Senior Life Summary for My Site, 15860 Winchester Blvd, Los Gatos, CA, 95030, trade area of 5 mile(s):

**Senior Life Summary Report**

Date: July 28, 2023

**Population by Age**

5 mile(s)						
<b>5 Year Projection Total Population</b>	251,540					
<b>Current Year Total Population</b>	249,517					
<b>2000 Census Total Population</b>	242,040					
<b>2010 Census Total Population</b>	244,509					
<b>Growth 2000 to 2010</b>	1.02%					
Description	2000 Census	%	Current Estimate	%	5 Year Projection %	
<b>Total Population</b>	242,040		249,517		251,540	
<b>Age 45 - 54</b>	34,854	14.40%	38,598	15.47%	36,561	14.54%
<b>Age 55 - 64</b>	22,808	9.42%	35,234	14.12%	35,408	14.08%
<b>Age 65 - 74</b>	16,327	6.75%	23,025	9.23%	25,407	10.10%
<b>Age 75 - 84</b>	9,743	4.03%	14,537	5.83%	17,121	6.81%
<b>Age 85+</b>	3,368	1.39%	7,086	2.84%	7,841	3.12%
<b>Age 65+</b>	29,437	12.16%	44,648	17.89%	50,368	20.02%
<b>Household Income by Age of Householder</b>						
<b>Median Household Income</b>	\$92,648		\$188,698		\$215,946	
<b>Householder Age 65 - 74</b>	9,378		12,754		13,893	
Income < \$ 15,000	870	9.28%	720	5.64%	555	4.00%
Income \$ 15,000 - \$24,999	1,026	10.94%	643	5.04%	589	4.24%
Income \$ 25,000 - \$34,999	994	10.60%	661	5.18%	585	4.21%
Income \$ 35,000 - \$49,999	1,367	14.58%	921	7.22%	808	5.82%
Income \$ 50,000 - \$74,999	1,883	20.08%	1,696	13.30%	1,408	10.13%
Income \$ 75,000 - \$99,999	1,065	11.35%	1,464	11.48%	1,243	8.95%
Income \$ 100,000 - \$124,999	621	6.62%	1,060	8.31%	1,002	7.21%
Income \$ 125,000 - \$149,999	490	5.22%	833	6.53%	863	6.21%
Income \$ 150,000 - \$199,999	530	5.66%	1,654	12.97%	2,087	15.02%
Income \$ \$200,000+	532	5.67%	3,100	24.31%	4,752	34.21%
<b>Median Household Income</b>	\$54,654		\$104,947		\$144,780	
<b>Householder Age 75 - 84</b>	NA		8,828		10,299	
Income < \$ 15,000	NA	NA	1,051	11.91%	915	8.88%
Income \$ 15,000 - \$24,999	NA	NA	709	8.03%	685	6.65%
Income \$ 25,000 - \$34,999	NA	NA	719	8.14%	651	6.32%
Income \$ 35,000 - \$49,999	NA	NA	776	8.79%	784	7.61%
Income \$ 50,000 - \$74,999	NA	NA	1,144	12.95%	1,067	10.36%
Income \$ 75,000 - \$99,999	NA	NA	781	8.85%	793	7.70%
Income \$ 100,000 - \$124,999	NA	NA	647	7.33%	753	7.31%
Income \$ 125,000 - \$149,999	NA	NA	520	5.89%	674	6.55%
Income \$ 150,000 - \$199,999	NA	NA	594	6.72%	888	8.63%
Income \$ \$200,000+	NA	NA	1,888	21.38%	3,089	30.00%
<b>Median Household Income</b>	NA		\$76,535		\$110,186	
<b>Householder Age 85 and Older</b>	NA		4,421		4,862	
Income < \$ 15,000	NA	NA	509	11.51%	423	8.69%
Income \$ 15,000 - \$24,999	NA	NA	342	7.74%	304	6.26%
Income \$ 25,000 - \$34,999	NA	NA	388	8.77%	351	7.23%
Income \$ 35,000 - \$49,999	NA	NA	359	8.12%	324	6.66%
Income \$ 50,000 - \$74,999	NA	NA	560	12.66%	473	9.73%
Income \$ 75,000 - \$99,999	NA	NA	396	8.96%	349	7.18%
Income \$ 100,000 - \$124,999	NA	NA	437	9.89%	485	9.97%
Income \$ 125,000 - \$149,999	NA	NA	302	6.83%	354	7.29%
Income \$ 150,000 - \$199,999	NA	NA	183	4.13%	297	6.10%
Income \$ \$200,000+	NA	NA	945	21.37%	1,503	30.90%
<b>Average Household Income</b>	\$109,772		\$214,120		\$254,390	
<b>Median Household Income</b>	\$81,779		\$160,024		\$191,309	
<b>Per Capita HH Income*</b>	\$41,196		\$80,765		\$95,965	
<b>Median Value</b>	\$506,899		\$1,000,000		\$1,000,000	
<b>Owner Occupied</b>	59,950		60,737		61,163	
<b>Renter Occupied</b>	30,885		33,163		33,539	

\* Current Year Per Capita HH Income = Aggregate Household

\*\* Not all 2000 variables are available in 2010 data.

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**Demographic Trend Summary for My Site, 15860 Winchester Blvd, Los Gatos, CA, 95030, trade area of 5 mile(s):****Demographic Trend Summary****Geography: 5 mile(s)****Date: July 28, 2023**

	2000		2010		2022		2027		Percent Change	
	Census	%	Census	%	Estimate	%	Projection	%	2000 to 2010	2022 to 2027
Total Population	242,040		244,509		249,517		251,540		1.0%	0.8%
Total Households	90,835		91,512		93,900		94,702		0.7%	0.9%
Employed Civilian Population 16+	125,326		115,108		138,170		143,469		-8.2%	3.8%
Blue Collar	25,170	20%	23,258	20%	27,770	20%	28,663	20%	-7.6%	3.2%
White Collar	100,156	80%	91,850	80%	110,400	80%	114,806	80%	-8.3%	4.0%
Q3 2022 Employees	n/a		n/a		85,265		n/a		n/a	n/a
Q3 2022 Establishments*	n/a		n/a		11,453		n/a		n/a	n/a
Population by Age										
	2000		2010		2022		2027		Percent Change	
	Census	%	Census	%	Estimate	%	Projection	%	2000 to 2010	2022 to 2027
0 to 4	15,483	6.4%	14,743	6.0%	12,142	4.9%	12,052	4.8%	-4.8%	-0.7%
5 to 14	33,673	13.9%	33,215	13.6%	29,884	12.0%	28,435	11.3%	-1.4%	-4.8%
15 to 19	13,435	5.6%	15,114	6.2%	15,275	6.1%	14,733	5.9%	12.5%	-3.5%
20 to 24	10,390	4.3%	11,136	4.6%	12,138	4.9%	13,355	5.3%	7.2%	10.0%
25 to 34	35,149	14.5%	27,055	11.1%	30,545	12.2%	29,308	11.7%	-23.0%	-4.1%
35 to 44	46,811	19.3%	37,598	15.4%	31,053	12.4%	31,319	12.5%	-19.7%	0.9%
45 to 54	34,854	14.4%	43,008	17.6%	38,598	15.5%	36,561	14.5%	23.4%	-5.3%
55 to 64	22,808	9.4%	28,483	11.6%	35,234	14.1%	35,408	14.1%	24.9%	0.5%
65 to 74	16,327	6.7%	17,555	7.2%	23,025	9.2%	25,407	10.1%	7.5%	10.3%
75 to 84	9,743	4.0%	11,526	4.7%	14,537	5.8%	17,121	6.8%	18.3%	17.8%
85+	3,368	1.4%	5,075	2.1%	7,086	2.8%	7,841	3.1%	50.7%	10.6%
Median Age	37.7		41.0		43.1		44.0		8.8%	2.0%
Households by Income										
	2000		2010		2022		2027		Percent Change	
	Census	%	Census	%	Estimates	%	Projections	%	2000 to 2010	2022 to 2027
\$0 - \$15,000	5,737	6.3%	5,574	6.1%	4,139	4.4%	3,192	3.4%	-2.8%	-22.9%
\$15,000 - \$24,999	4,775	5.3%	5,326	5.8%	2,820	3.0%	2,484	2.6%	11.5%	-11.9%
\$25,000 - \$34,999	5,921	6.5%	5,270	5.8%	3,374	3.6%	2,842	3.0%	-11.0%	-15.8%
\$35,000 - \$49,999	9,009	9.9%	7,921	8.7%	4,472	4.8%	3,834	4.0%	-12.1%	-14.3%
\$50,000 - \$74,999	16,238	17.9%	12,057	13.2%	7,785	8.3%	6,104	6.4%	-25.7%	-21.6%
\$75,000 - \$99,999	12,848	14.1%	10,738	11.7%	7,717	8.2%	6,080	6.4%	-16.4%	-21.2%
\$100,000 - \$149,999	17,532	19.3%	19,656	21.5%	13,924	14.8%	12,022	12.7%	12.1%	-13.7%
\$150,000 +	18,869	20.8%	24,970	27.3%	49,667	52.9%	58,143	61.4%	32.3%	17.1%
Average Hhld Income	\$109,772		\$138,445		\$214,120		\$254,390		26.1%	18.8%
Median Hhld Income	\$81,779		\$97,361		\$160,024		\$191,309		19.1%	19.6%
Per Capita Income	\$41,196		\$51,961		\$80,765		\$95,965		26.1%	18.8%

\*Establishment counts include D&amp;B business location records that have a valid telephone, known SIC code and D&amp;B rating as well as exclude cottage industries (businesses that operate from a residence)

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Experian Data Methodology

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## Addendum B: Property Exhibits



PROJECT INFORMATION

PROJECT ADDRESS: 15860 - 15894 WINCHESTER BLVD., LOS GATOS, CALIFORNIA 95030

ACCESSOR PARCEL NUMBERS: 529-11-13 529-11-38 529-11-39 529-11-40

TYPE OF CONSTRUCTION : IB - FULLY SPRINKLERED PER NFPA 13 (SEPARATE PERMIT)

OCCUPANCY GROUP : R2.1

SITE AREA : 56,889 S.F. (1.31 ACRES)

NO PUBLIC FUNDS FOR THIS PROJECT

APPLICABLE CODES:

2019 CALIFORNIA GREEN BUILDING STANDARDS CODE (MANDATORY MEASURES)  
2019 CALIFORNIA BUILDING CODE  
2019 CALIFORNIA MECHANICAL CODE  
2019 CALIFORNIA ELECTRICAL CODE  
2019 CALIFORNIA PLUMBING CODE  
2019 CALIFORNIA FIRE CODE  
2019 CALIFORNIA ENERGY CODE

DEFERRED SUBMITTALS LIST:

THE FOLLOWING ITEMS ARE A DEFERRED SUBMITTAL:

- FOR THE PURPOSES OF THIS SECTION, DEFERRED SUBMITTALS ARE DEFINED AS THOSE PORTIONS OF THE DESIGN THAT ARE NOT SUBMITTED AT THE TIME OF THE APPLICATION AND THAT ARE TO BE SUBMITTED TO THE BUILDING OFFICIAL WITHIN A SPECIFIED PERIOD.
- DEFERRAL OF ANY SUBMITTAL ITEMS SHALL HAVE PRIOR APPROVAL OF THE BUILDING OFFICIAL. THE ARCHITECT OR ENGINEER OF RECORD SHALL LIST THE DEFERRED SUBMITTALS ON THE PLANS AND SHALL SUBMIT THE DEFERRED SUBMITTAL DOUCMENTS FOR REVIEW BY THE BUILDING OFFICIAL.
- SUBMITTAL DOCUMENTS FOR DEFERRED SUBMITTAL ITEMS SHALL BE SUBMITTED TO THE ARCHITECT OR ENGINEER OF RECORD WHO SHALL REVIEW THEM AND FORWARD THEM TO THE BUILDING OFFICIAL WITH A NOTATION INDICATING THAT THE DEFERRED SUBMITTAL DOCUMENTS HAVE BEEN REVIEWED AND THAT THEY HAVE BEEN FOUND TO BE IN GENERAL CONFORMANCE WITH THE DESIGN OF THE BUILDING. THE DEFERRED SUBMITTAL ITEMS SHALL NOT BE INSTALLED UNTIL THEIR DESIGN AND SUBMITTAL DOCUMENTS HAVE BEEN APPROVED BY THE BUILDING OFFICIAL.

THE FOLLOWING ITEMS WILL BE DEFERRED SUBMITTALS:

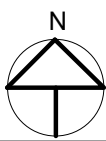
1. FIRE SPRINKLERS
2. FIRE ALARM SYSTEM
3. EMERGENCY RESPONDER RADIO COVERAGE
4. TWO-WAY COMMUNICATION SYSTEM



WINCHESTER MEMORY CARE / ASSISTED LIVING

15860 - 15894 WINCHESTER BLVD., LOS GATOS, CALIFORNIA 95030

VICINITY MAP:



PROJECT DIRECTORY:

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PH: (408) 245-4600 - EXT. 125

SHEET INDEX:

0 - GENERAL	4 - ARCHITECTURAL	
A-0.0 TITLE SHEET	A-1.1 SITE PLAN	A-3.7 ROOF SCREEN ANALYSIS - PERSPECTIVES
A-0.1 BLUEPRINT FOR A CLEAN BAY	A-1.3 SITE - DEMOLITION	A-4.0 OVERALL BUILDING ELEVATIONS
A-0.2 PROJECTION INFORMATION	A-1.4 SHADOW STUDY	A-4.1 BUILDING ELEVATIONS - WEST
T-1 SITE - EXISTING TREES	A-1.5 OVERALL EXISTING ELEVATIONS	A-4.2 BUILDING ELEVATIONS - NORTH
T-2 ARBORIST REPORT	A-1.6 OVERALL EXISTING ELEVATIONS	A-4.3 BUILDING ELEVATIONS - SOUTH
T-3 ARBORIST REPORT	A-1.7 OVERALL EXISTING ELEVATIONS	A-4.4 BUILDING ELEVATIONS - EAST
T-4 ARBORIST REPORT	A-1.8 FIRE ACCESS PLAN	A-4.5 COURTYARD ELEVATIONS - ASSISTED LIVING
	A-1.9 FIRE ACCESS SECTIONS	A-4.6 COURTYARD ELEVATIONS - MEMORY CARE
	A-1.10 STREETSCAPE ELEVATIONS & PHOTOS	A-5.1 RENDERING - WEST ELEVATION
2 - CIVIL	A-2.0 GROUND FLOOR	A-5.2 RENDERING - PERSPECTIVE FROM WINCHESTER
C1.1 EXISTING CONDITION	A-2.1 1ST FLOOR	A-5.3 RENDERING - SOUTH ELEVATION
C2.1 LOT MERGER SITE PLAN	A-2.2 2ND FLOOR	A-5.4 RENDERING - PERSPECTIVE FROM GARDEN/GROUND LEVEL UNIT
C3.1 SITE GRADING PLAN	A-2.3 3RD FLOOR	A-5.5 RENDERING - NORTH ELEVATION (SHELBURNE WAY)
C3.2 SECTIONS	A-2.4 ROOF	A-5.6 RENDERING - PERSPECTIVE FROM SHELBURNE
C4.1 SITE UTILITY PLAN	A-2.5 ROOF DRAIN AREA PLAN	A-5.7 RENDERING - AERIAL FROM SHELBURNE
C4.2 SITE UTILITY PLAN	A-3.0 RENDERING - NORTH ELEVATIONS COMPARISON	A-5.8 RENDERING - AERIAL FROM WINCHESTER
C5.1 STORMWATER CONTROL PLAN	A-3.1 RENDERING - EAST ELEVATIONS COMPARISON	A-6.1 MATERIALS AND COLORS
C5.2 TYPICAL STORMWATER DETAILS	A-3.2 NORTH - SHELBURNE ELEVATION - VARIANCE EXHIBIT	A-7.1 PHOTOS OF PROPERTY
C6.1 EROSION CONTROL PLAN	A-3.3 SOUTH - FACING RESIDENTIAL ELEVATIONS - VARIANCE EXHIBIT	
C6.2 EROSION CONTROL DETAILS	A-3.4 BUILDING SECTIONS	
C6.3 POLLUTION PREVENTION	A-3.5 BUILDING SECTIONS	
	A-3.6 ROOF SCREEN ANALYSIS - BUILDING SECTIONS	
3 - LANDSCAPE		
LS-1.0 SCHEMATIC LANDSCAPE		
LS-2.0 SCHEMATIC LANDSCAPE		
LS-3.0 SCHEMATIC LANDSCAPE		
LS-4.0 SCHEMATIC LEGENDS		
LS-5.0 SCHEMATIC MATERIAL		
LS-6.0 SCHEMATIC PLANTING		

PROJECT DESCRIPTION:

THE DESIGN INTENT FOR THIS PROJECT WAS TO CONVEY A HILLSIDE ESTATE FEEL WITH AN ITALIAN REVIVAL INFLUENCE THAT FEATURES SUCH ELEMENTS AS A TILED ROOF WITH DEEP SET DECORATIVE EAVES, PICTURE FRAMED WINDOWS, SYMMETRICAL FACADES, COLUMNS, AND BALUSTRADES. WHEN PLANNING THIS PROJECT WE WANTED TO MAINTAIN THE ORIGINAL RHYTHM OF THE NEIGHBORHOOD BY REPLACING THE EXISTING THREE HOMES ON THE SITE WITH A STRUCTURE THAT REFLECTED THE SAME THREE PART RHYTHM FACING ONTO WINCHESTER BOULEVARD. THESE THREE SEGMENTS OF THE BUILDING ARE LOCATED IN ROUGHLY IN THE SAME LOCATION AS THE ORIGINAL HOMES WITH THE MOST SOUTHERN OF THESE WINGS STEPPING DOWN TO SECOND STORY. THIS WAS DONE AS A WAY OF CREATING VISUAL INTEREST THROUGH ASYMMETRY AS WELL AS A WAY TO SEGUE BETWEEN OUR PROJECT AND THE NEIGHBORING TOWNHOMES TO THE SOUTH OF OUR DEVELOPMENT. OUR PROJECT STEPS DOWN EVEN FURTHER ON EITHER END OF THE BUILDING ENTRANCE WITH A FRAMED ENTRY / EXIT TO THE PORTE COCHERE.

THIS SENIOR HOUSING PROJECT CONSIST OF 18 MEMORY CARE UNITS AND 107 ASSISTED LIVING UNITS FOR A COMBINED TOTAL OF 125 UNITS. IN ADDITION TO THESE LIVING UNITS, THIS PROJECT HAS TWO SEPARATE DINING ROOMS, A COMMERCIAL KITCHEN, THEATER, LIBRARY, GREAT ROOM, AND OTHER COMMON USE SPACES THROUGHOUT. THE OUTDOOR SPACES INCLUDE BOTH COMMON USE AREAS WHICH CONSIST OF THREE DIFFERENT LANDSCAPED COURTYARDS AT THE FIRST FLOOR PODIUM LEVEL AS WELL AS PRIVATE USE PATIOS OFF OF THE GROUND FLOOR GARDEN UNITS TO THE SOUTH AND EAST OF OUR PROJECT.

Consultant:

Revisions:

Revision Schedule		
1	Planning Response #1	07/20/21
3	Planning Response #3	12/10/21
4	Planning Response #4	04/04/22

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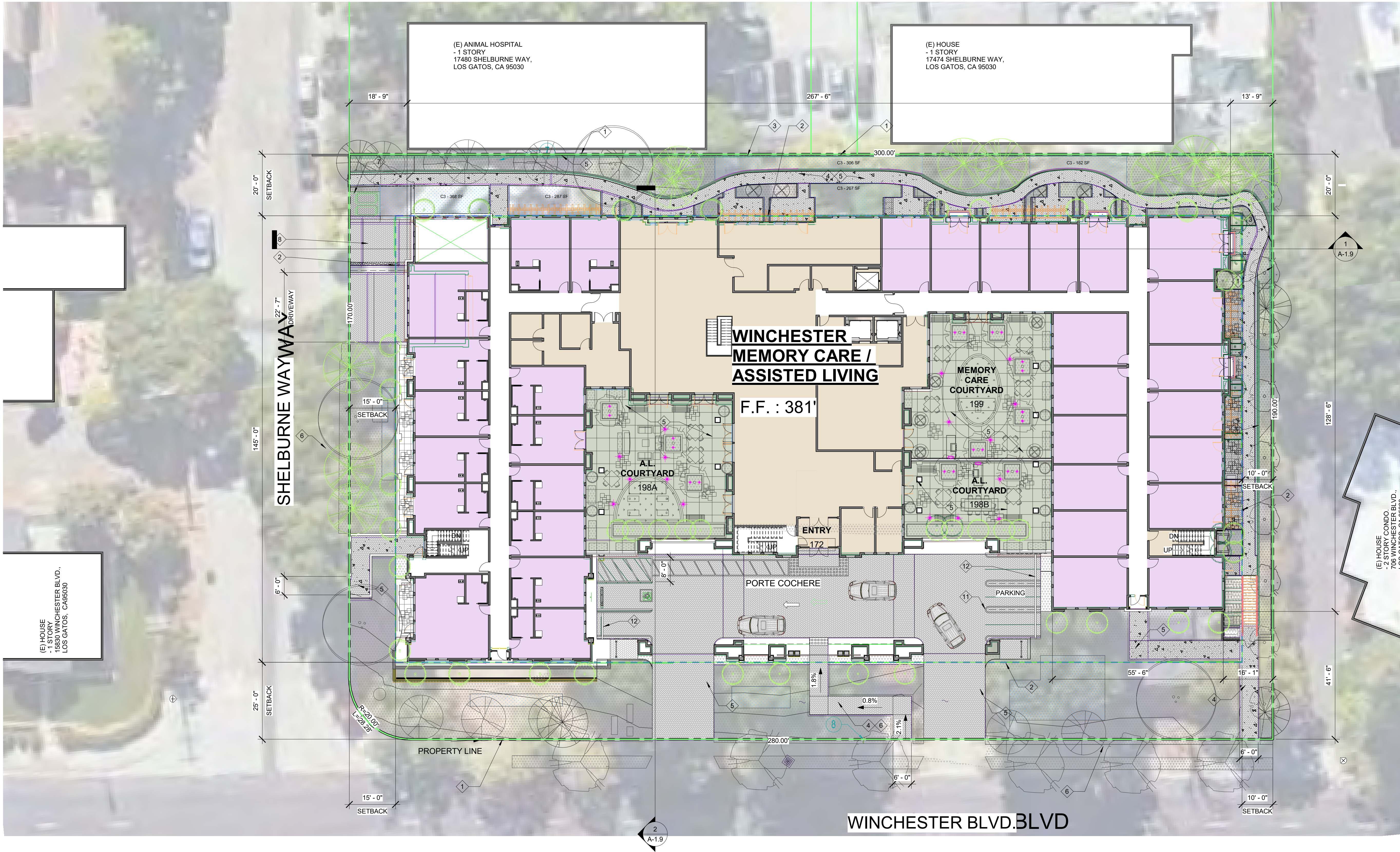
WINCHESTER MEMORY CARE /  
ASSISTED LIVING  
PLANNING REVIEW NO. 21 1724  
15860 - 15894 WINCHESTER BLVD., LOS GATOS, CA  
TITLE SHEET

Date: APRIL 01, 2021  
Scale: AS NOTED  
Drawn by: DM, EY, IL  
Job #: 20-9215

Sheet

A-0.0





1 SITE PLAN  
1/16" = 1'-0"

### GENERAL NOTES :

- A. ROOF RAINWATER LEADERS ARE TO BE DISCHARGED ONTO ENERGY DISSIPATORS (SPLASH BLOCKS) AT ALL LOCATIONS. NO IMPROVEMENTS SHALL OBSTRUCT OR DIVERT RUNOFF TO THE DETRIMENT OF AN ADJACENT DOWNSTREAM OR DOWN SLOPE PROPERTY. INSTEAD, STORMWATER TO BE TREATED ONSITE BY MEANS OF BIOTREATMENT. PLEASE SEE CIVIL STORMWATER MANAGEMENT PLAN FOR MORE INFORMATION.

### PLAN KEYNOTE :

- |   |  |    |  |
|---|--|----|--|
| 1 | PROPERTY LINE  | 8  | LOADING AREA   |
| 2 | SETBACK LINE   | 9  | KNOX KEY SWITCH: FINAL LOCATION TO BE APPROVED BY FIRE DEPT. |
| 3 | SPLIT FACE CMU WALL ADJACENT TO NEIGHBOR'S WALL, 6'-0" H. TYP. | 10 | 6' HEIGHT METAL GATE AND FENCE                               |
| 4 | ACCESSIBLE WALK  | 11 | DOUBLE STRIPING PER TOWN CODE §. 29.10.115(D)(7)             |
| 5 | PAVER: S.L.D.  | 12 | CONTINUOUS CURB WHEEL STOP PER TOWN CODE §. 29.10.155(H)(1)  |
| 6 | CONCRETE SIDEWALK; S.C.D.                                      | 13 | BICYCLE RACK; RIBBON STYLE ITO HOLD FIVE BIKES PER RACK      |
| 7 | TRASH STAGING AREA   |    |  |

### PLAN LEGEND :

- |   |   |
|---|---|
|   | EXISTING TREE, SEE ARBORIST REPORT (SHEET T-2 TO T-4) FOR SIZE AND LOCATION                           |
| # | TREE NUMBER, SEE SHEET T-1 AND SEE ARBORIST REPORT (SHEET T-2 TO T-4)                                 |
|   | BIO SWALE GRASS (C3 AREA) SEE CIVIL SHEET C5.1 STORMWATER CONTROL PLAN FOR SPECIFICS AND CALCULATIONS |

Consultant:

### Revisions:

#### Revision Schedule

1	Planning Response #1	07/20/21
2	Planning Response #2	11/01/21
3	Planning Response #3	12/10/21
4	Planning Response #4	04/04/22

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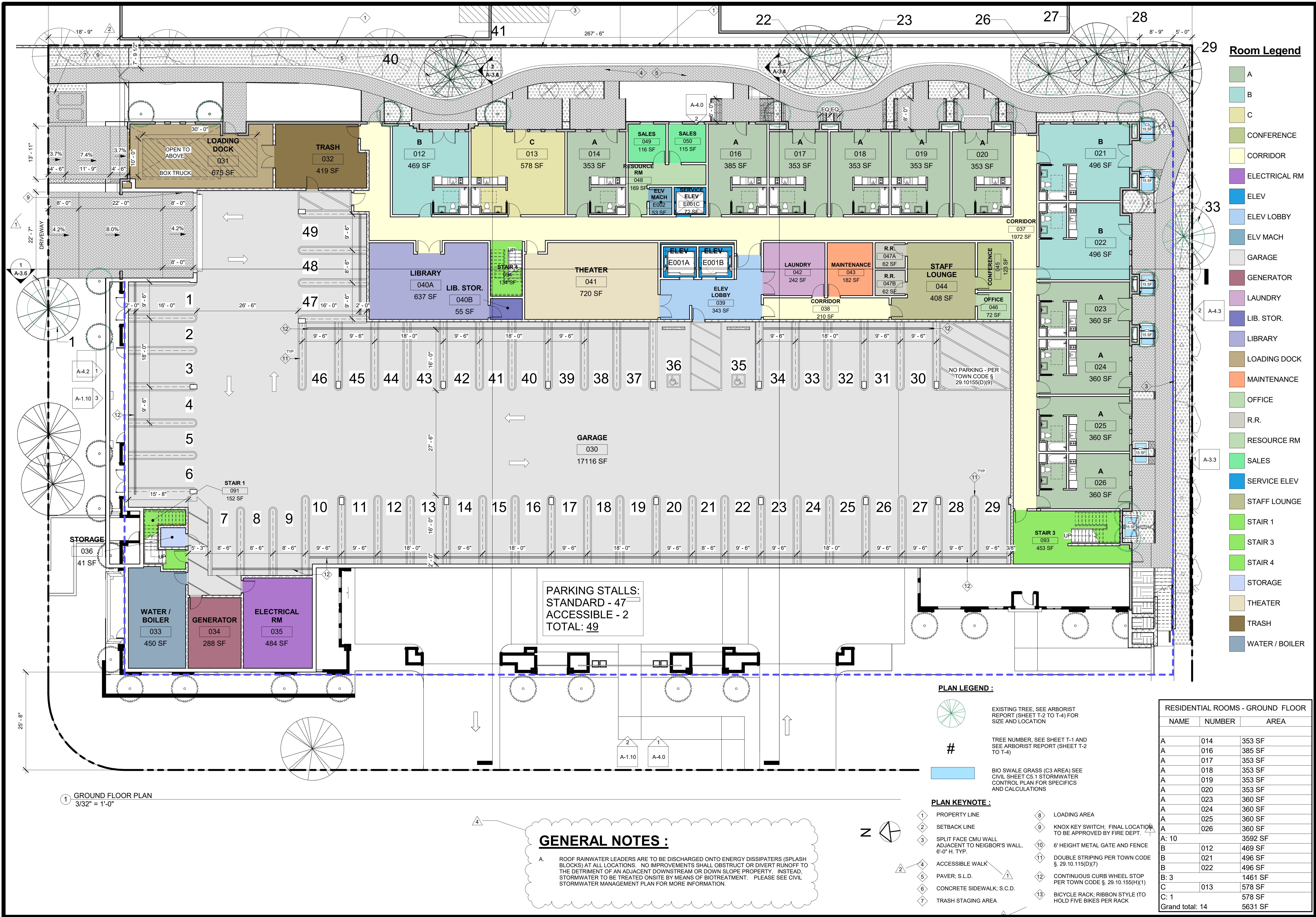
WINCHESTER MEMORY CARE /  
ASSISTED LIVING  
PLANNING REVIEW NO. 21 1724  
15860 - 15894 WINCHESTER BLVD., LOS GATOS, CA  
SITE PLAN

Date: **APRIL 01, 2021**  
Scale: **AS NOTED**  
Drawn by: **DM, EY, IL**  
Job #: **20-9215**

Sheet

A-1.1



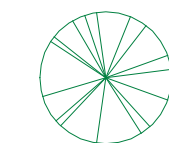


1 GROUND FLOOR PLAN  
3/32" = 1'-0"

### GENERAL NOTES :

A. ROOF RAINWATER LEADERS ARE TO BE DISCHARGED ONTO ENERGY DISSIPATORS (SPASH BLOCKS) AT ALL LOCATIONS. NO IMPROVEMENTS SHALL OBSTRUCT OR DIVERT RUNOFF TO THE DETRIMENT OF AN ADJACENT DOWNSTREAM OR DOWN SLOPE PROPERTY. INSTEAD, STORMWATER TO BE TREATED ONSITE BY MEANS OF BIOTREATMENT. PLEASE SEE CIVIL STORMWATER MANAGEMENT PLAN FOR MORE INFORMATION.

### PLAN LEGEND :



EXISTING TREE, SEE ARBORIST REPORT (SHEET T-2 TO T-4) FOR SIZE AND LOCATION

#

TREE NUMBER, SEE SHEET T-1 AND SEE ARBORIST REPORT (SHEET T-2 TO T-4)



BIO SWALE GRASS (C3 AREA) SEE CIVIL SHEET C5.1 STORMWATER CONTROL PLAN FOR SPECIFICS AND CALCULATIONS

### PLAN KEYNOTE :

- |  |  |
|--|--|
| 1 PROPERTY LINE  | 8 LOADING AREA   |
| 2 SETBACK LINE   | 9 KNOX KEY SWITCH; FINAL LOCATION TO BE APPROVED BY FIRE DEPT. |
| 3 SPLIT FACE CMU WALL ADJACENT TO NEIGHBOR'S WALL, 6'-0" H. TYP. | 10 6' HEIGHT METAL GATE AND FENCE                              |
| 4 ACCESSIBLE WALK  | 11 DOUBLE STRIPING PER TOWN CODE § 29.10.115(D)(7)             |
| 5 PAVEMENT, S.L.D.   | 12 CONTINUOUS CURB WHEEL STOP PER TOWN CODE § 29.10.155(H)(1)  |
| 6 CONCRETE SIDEWALK, S.C.D.                                      | 13 BICYCLE RACK; RIBBON STYLE ITO HOLD FIVE BIKES PER RACK     |
| 7 TRASH STAGING AREA   |  |

### Room Legend

- |                |                |
|----------------|----------------|
| A              | CONFERENCE     |
| B              | ELEV           |
| C              | ELEV LOBBY     |
| CONFERENCE     | ELV MACH       |
| CORRIDOR       | GARAGE         |
| ELECTRICAL RM  | GENERATOR      |
| ELEV           | LAUNDRY        |
| ELEV LOBBY     | LIB. STOR.     |
| ELV MACH       | LIBRARY        |
| GARAGE         | LOADING DOCK   |
| GENERATOR      | MAINTENANCE    |
| LAUNDRY        | OFFICE         |
| LIB. STOR.     | R.R.           |
| LIBRARY        | RESOURCE RM    |
| LOADING DOCK   | SALES          |
| MAINTENANCE    | SERVICE ELEV   |
| OFFICE         | STAFF LOUNGE   |
| R.R.           | STAIR 1        |
| RESOURCE RM    | STAIR 3        |
| SALES          | STAIR 4        |
| SERVICE ELEV   | STORAGE        |
| STAFF LOUNGE   | THEATER        |
| STAIR 1        | TRASH          |
| STAIR 3        | WATER / BOILER |
| STAIR 4        |                |
| STORAGE        |                |
| THEATER        |                |
| TRASH          |                |
| WATER / BOILER |                |

RESIDENTIAL ROOMS - GROUND FLOOR		
NAME	NUMBER	AREA
A	014	353 SF
A	016	385 SF
A	017	353 SF
A	018	353 SF
A	019	353 SF
A	020	353 SF
A	023	360 SF
A	024	360 SF
A	025	360 SF
A	026	360 SF
A: 10		3592 SF
B	012	469 SF
B	021	496 SF
B	022	496 SF
B: 3		1461 SF
C	013	578 SF
C: 1		578 SF
Grand total:	14	5631 SF

Consultant:

Revisions:

Revision Schedule

1	Planning Response #1	07/20/21
2	Planning Response #2	11/01/21
4	Planning Response #4	04/04/22

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GROUND FLOOR

Date: **APRIL 01, 2021**

Scale: **AS NOTED**

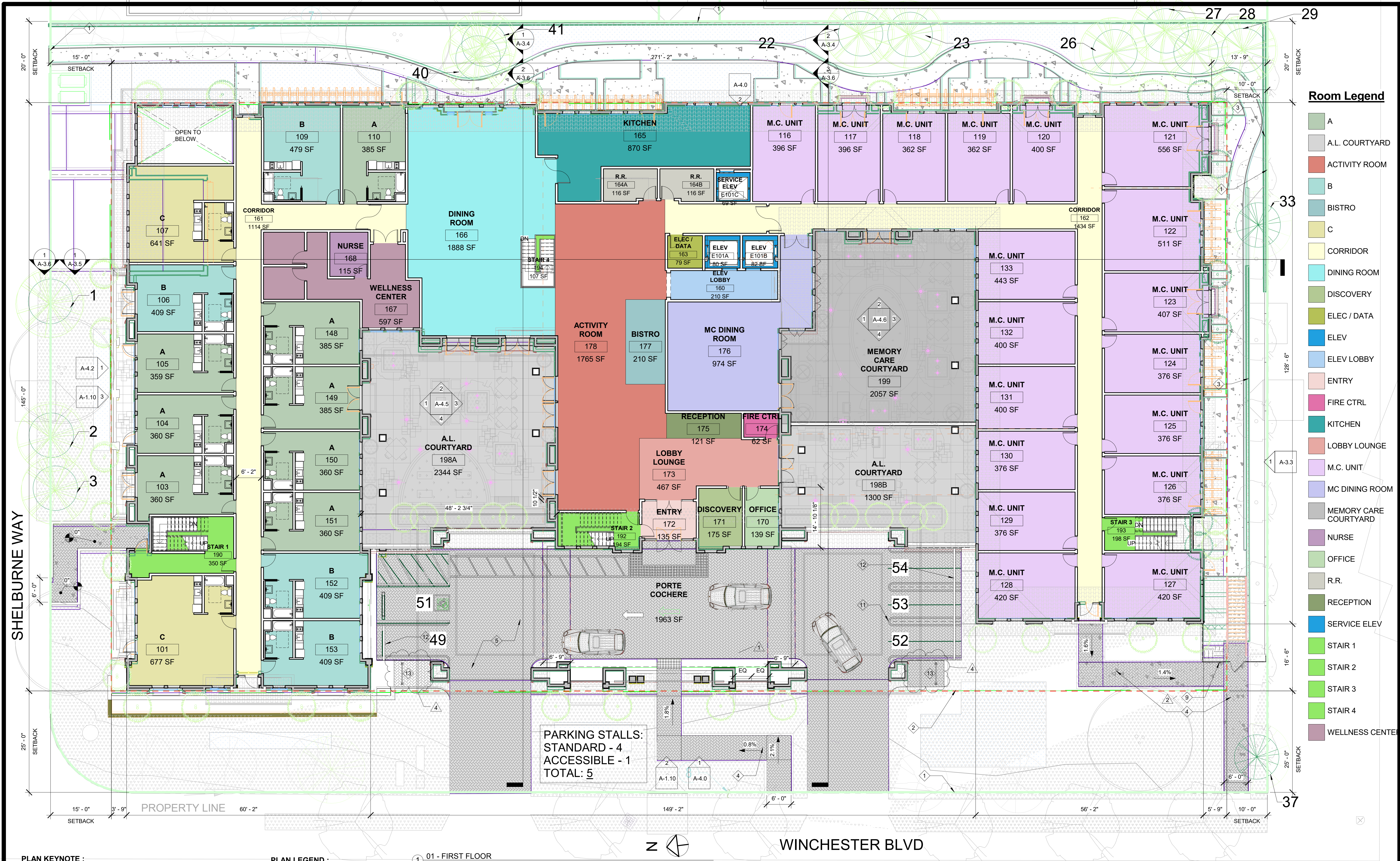
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2	Planning Response #2	11/01/21
4	Planning Response #4	04/04/22

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1ST FLOOR

- PLAN KEYNOTE:**
- 1 PROPERTY LINE
  - 2 SETBACK LINE
  - 3 SPLIT FACE CMU WALL ADJACENT TO NEIGHBOR'S WALL, 6'-0" H. TYP.
  - 4 ACCESSIBLE WALK
  - 5 PAVES; S.L.D.
  - 6 CONCRETE SIDEWALK; S.C.D.
  - 7 TRASH STAGING AREA
  - 8 LOADING AREA
  - 9 KNOX KEY SWITCH; FINAL LOCATION TO BE APPROVED BY FIRE DEPT.
  - 10 6' HEIGHT METAL GATE AND FENCE
  - 11 DOUBLE STRIPING PER TOWN CODE § 29.10.115(D)(7)
  - 12 CONTINUOUS CURB WHEEL STOP PER TOWN CODE § 29.10.155(H)(1)
  - 13 BICYCLE RACK; RIBBON STYLE ITO HOLD FIVE BIKES PER RACK

- PLAN LEGEND:**
- 01 - FIRST FLOOR  
3/32" = 1'-0"
- #
- EXISTING TREE, SEE ARBORIST REPORT (SHEET T-2 TO T-4) FOR SIZE AND LOCATION
- TREE NUMBER, SEE SHEET T-1 AND SEE ARBORIST REPORT (SHEET T-2 TO T-4)
- BIO SWALE GRASS (C3 AREA) SEE CIVIL SHEET C3.1 STORMWATER CONTROL PLAN FOR SPECIFICS AND CALCULATIONS

RESIDENTIAL ROOMS - FIRST FLOOR			
NAME	NUMBER	AREA	
A	103	360 SF	
A	104	360 SF	
A	105	359 SF	
A	110	385 SF	
A	148	385 SF	
A	149	385 SF	
A	150	360 SF	
A	151	360 SF	
A	152	409 SF	
A	153	409 SF	

RESIDENTIAL ROOMS - FIRST FLOOR			
NAME	NUMBER	AREA	
A	151	360 SF	
A: 8		2955 SF	
B	106	409 SF	
B	109	479 SF	
B	152	409 SF	
B	153	409 SF	
B: 4		1707 SF	

RESIDENTIAL ROOMS - FIRST FLOOR			
NAME	NUMBER	AREA	
C	101	677 SF	
C	107	641 SF	
C: 2		1319 SF	
M.C. UNIT	116	396 SF	
M.C. UNIT	117	396 SF	
M.C. UNIT	118	362 SF	

RESIDENTIAL ROOMS - FIRST FLOOR			
NAME	NUMBER	AREA	
M.C. UNIT	119	362 SF	
M.C. UNIT	120	400 SF	
M.C. UNIT	121	556 SF	
M.C. UNIT	122	511 SF	
M.C. UNIT	123	407 SF	
M.C. UNIT	124	376 SF	


RESIDENTIAL ROOMS - FIRST FLOOR			
NAME	NUMBER	AREA	
M.C. UNIT	125	376 SF	
M.C. UNIT	126	376 SF	
M.C. UNIT	127	420 SF	
M.C. UNIT	128	420 SF	
M.C. UNIT	129	376 SF	
M.C. UNIT	130	376 SF	

RESIDENTIAL ROOMS - FIRST FLOOR			
NAME	NUMBER	AREA	
M.C. UNIT	131	400 SF	
M.C. UNIT	132	400 SF	
M.C. UNIT	133	443 SF	
M.C. UNIT: 18		7351 SF	
Grand total: 32		13331 SF	







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RESIDENTIAL ROOMS - THIRD FLOOR		
NAME	NUMBER	AREA

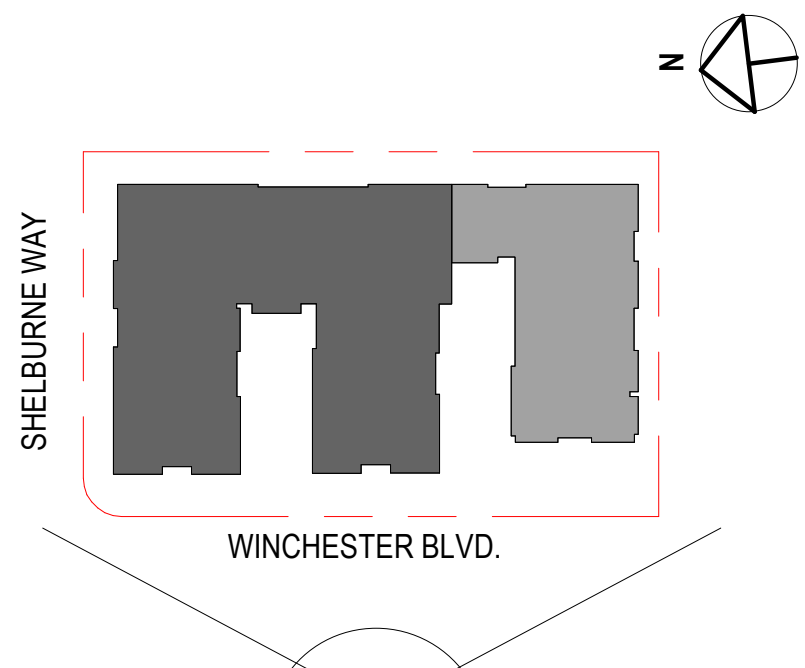
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DEVELOPMENT REVIEW RESUBMITTAL #4 : APRIL 4, 2022





RENDERING - WEST ELEVATON (WINCHESTER BOULEVARD)



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RENDERING - WEST ELEVATION

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RENDERING - PERSPECTIVE FROM WINCHESTER BOULEVARD LOOKING NORTH - EAST



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RENDERING - PERSPECTIVE FROM  
WINCHESTER

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RENDERING - SOUTH ELEVATION



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RENDERING - SOUTH ELEVATION

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RENDERING - PERSPECTIVE OF GARDEN / GROUND LEVEL UNITS



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RENDERING - PERSPECTIVE FROM  
GARDEN/GROUND LEVEL UNIT

Date: **APRIL 01, 2021**  
Scale: **AS NOTED**  
Drawn by: **DM, EY, IL**  
Job #: **20-9215**

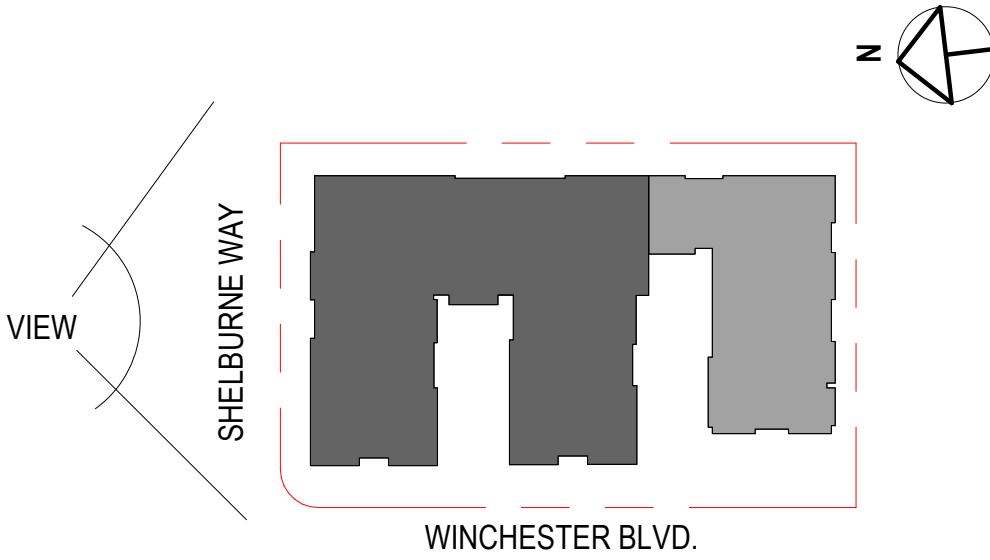
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RENDERING - NORTH ELEVATON (SHELBURNE WAY)



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RENDERING - NORTH ELEVATON  
(SHELBURNE WAY)

Date: **APRIL 01, 2021**  
Scale: **AS NOTED**  
Drawn by: **DM, EY, IL**  
Job #: **20-9215**

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① RENDERING - PERSPECTIVE FROM SHELBURNE WAY LOOKING SOUTH - WEST  
12" = 1'-0"

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RENDERING - PERSPECTIVE FROM  
SHELBURNE

Date: **APRIL 01, 2021**  
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RENDERING - AERIAL FROM SHELBURNE



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RENDERING - AERIAL FROM  
SHELBURNE

Date: **APRIL 01, 2021**  
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RENDERING - AERIAL FROM WINCHESTER



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RENDERING - AERIAL FROM  
WINCHESTER

Date: **APRIL 01, 2021**  
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## Addendum C: Qualifications of the Market Analysts



**Jordan H. Cline** Senior Director

Practice Group Member – Senior Housing | Healthcare Industry Group  
Practice Group Member – Automotive Dealership Group  
Practice Group Member – Industrial Specialty Group  
Practice Group Member – Retail Specialty Group  
Practice Group Member – Living Practice Group

Valuation & Advisory  
Cushman & Wakefield Western, Inc.

### Professional Expertise

Mr. Cline is a Certified General Real Estate Appraiser with over 20 years of appraisal experience. Mr. Cline has completed previous work throughout all of Northern California and Northern Nevada. Appraisal and consulting assignments have included single and multifamily residential (apartments, Low-Income Housing Tax Credits, and mobile home parks), commercial (retail and office), industrial (warehouse and manufacturing), cold storage facilities, restaurants (fast food and sit down), senior care (independent, assisted living, skilled nursing, congregate care and room and board), healthcare (MOB's, ambulatory and plastic surgery centers, locked psychiatric hospitals, and behavioral health facilities), service stations (gas station, c-store and car wash), car washes (self-serve, flex-serve and full-service), auto dealerships, movie theaters, hotels and motels, mini-storage (self-storage) facilities, vacant land (improved and unimproved) and residential subdivision (feasibility and valuation).

In 2022, Mr. Cline personally prepared valuations on numerous properties exceeding \$4.1 billion in aggregate value and 18.6 million square feet.

Mr. Cline began his real estate appraisal career in January 2003 at his father's residential appraisal firm, Placer Appraisal/WHC Review, as a Real Estate Analyst in Colfax, California with responsibilities including timely appraisals of land, single family residences and two to four-unit residential income properties and performed administrative compliance audits for various banks.

In July 2003, Mr. Cline originally joined Cushman & Wakefield in San Jose, California as an Associate with responsibilities including data collection, research, and assisting Senior Appraisers with report production.

In May 2004, Mr. Cline moved to the Sacramento, California area and began working as a Real Estate Analyst at BEC Appraisal & Consulting, Inc. in Folsom, California with responsibilities including the appraisal of industrial and commercial property, including shopping centers, office buildings and residential properties over five units throughout Northern California. In October 2007, Mr. Cline was promoted to Vice President/Senior Appraiser at BEC Appraisal & Consulting, Inc. with responsibilities including managing client relationships, procuring new clients and assignments, providing assistance to and overseeing trainee appraisers and production of commercial appraisals of industrial and commercial property.

In January 2013, Mr. Cline rejoined Cushman & Wakefield in Sacramento, California as an Associate Director where he was responsible for managing client relationships, procuring new clients and assignments and production of commercial appraisals of industrial and commercial property throughout Northern California and Northern Nevada. Mr. Cline was promoted to Director in March 2015 and Senior Director in June 2020 within Valuation & Advisory.

## **Memberships, Licenses, Professional Affiliations and Education**

- Practicing Affiliate, Appraisal Institute (#444403)
- Certified General Real Estate Appraiser in the following states:
  - California – AG036234
  - Nevada – A.0206873-CG
- Attended Sierra College and completed the following real estate courses:
  - Real Estate Principles
  - Real Estate Appraisal Procedures
  - Real Estate Appraisal
  - Real Estate Finance
- As of the current date, Mr. Cline has completed the requirements under the continuing education program of the Appraisal Institute. Appraisal coursework includes but is not limited to the following:
  - Real Estate Appraisal Principles
  - Real Estate Appraisal Procedures
  - Basic Income Capitalization
  - National Uniform Standards of Professional Practice, USPAP 2022-2023 Update
  - National Uniform Standards of Professional Practice, USPAP
  - Business Practices and Ethics
  - Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
  - Appraisal of Assisted Living Facilities
  - Appraisal of Medical Office Buildings
  - Appraisal of Automotive Dealerships
  - Green Buildings: Principles & Concepts
  - Appraisal of Fast-Food Facilities
  - Appraisal of REO and Foreclosure Properties
  - Managing Appraiser Liability
  - That's a Violation

## **Other Accomplishments and Awards**

- Eagle Scout, Boys Scouts of America
- Committee Member & Cubmaster for Pack 555 of the Boy Scouts of America in Rocklin, California
- Scoutmaster for Troop 220 of the Boy Scouts of America in Rocklin, California
- Golden Empire Council – Boy Scouts of America – Discovery District Assistant Finance Chair
- Beaded Wood Badge trained participant
- Staff member for Whitney Jr Wildcats youth football program

## CALIFORNIA



## NEVADA





**Gerald V. Rasmussen, MAI, FRICS** Executive Managing Director

Valuation & Advisory  
Practice Group Leader | Senior Housing / Healthcare  
Cushman & Wakefield of Connecticut, Inc.

### Professional Expertise

Mr. Rasmussen joined Cushman & Wakefield of Connecticut, Inc. in November of 2001. He is the National Practice Leader for the Valuation & Advisory Senior Housing/Healthcare Industry group. As Practice Group Leader, he oversees a team of 35 professional appraisers, all of whom have extensive senior housing and healthcare experience. Combined, the group has completed in excess of 10,000 healthcare related valuation assignments.

Prior to joining Cushman & Wakefield in 2001, Mr. Rasmussen worked for BA Appraisals, Inc. in New York City where he was a Senior Appraiser from January 1985 until 1986. In August of 1986, he began working for Moran & Associates, Inc. in Stamford, CT until November 2001 when he joined Cushman & Wakefield's Valuation & Advisory.

Mr. Rasmussen has been a member of the Connecticut Real Estate Appraisal Commission since April, 1996. He has been involved with and written decisions that have impacted not only the laws of Connecticut, but have impacted the appraisal industry on a national basis.

He has been a member and an officer of the Connecticut Chapter of the Appraisal Institute serving as its President in 2000. He received the prestigious Louise Lee and Y.T. Lum Award from the Appraisal Institute's Education Trust Fund as the Honoree of the Year in 2001. He has been recognized numerous times by the Connecticut Chapter of the Appraisal institute for his contributions to the Real Estate Appraisal community.

Mr. Rasmussen has been a Board Member and officer including serving as President of the Connecticut Real Estate Education Foundation. This group funds various programs and studies that have impacted the appraisal community and the industry.

### Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI 8203). As of the current date, Gerald V. Rasmussen, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Fellow, Royal Institution of Chartered Surveyors (FRICS)
- Commissioner, Acting Chairman, State of Connecticut Real Estate Appraisal Commission
- Bachelor of Science in Business Administration, Long Island University, Cum Laude

- Certified General Real Estate Appraiser in the following states:

State	License Number
Alabama	G00866
Alaska	134750
Arizona	31710
Arkansas	CG-3351
California	AG043979
Colorado	CG100023222
Connecticut	RCG.0000510
Delaware	X1-0000640
Georgia	330331
Hawaii	CGA 1176
Idaho	CGA-4521
Illinois	553001939
Indiana	CG40801017
Iowa	CG03284
Kansas	G-3141
Kentucky	5222
Louisiana	G4152
Maine	CG1749
Maryland	32215
Massachusetts	5613
Michigan	1201073219
Minnesota	40527154
Mississippi	GA-893
Missouri	2017017862
Montana	REA-RAG-LIC-10306

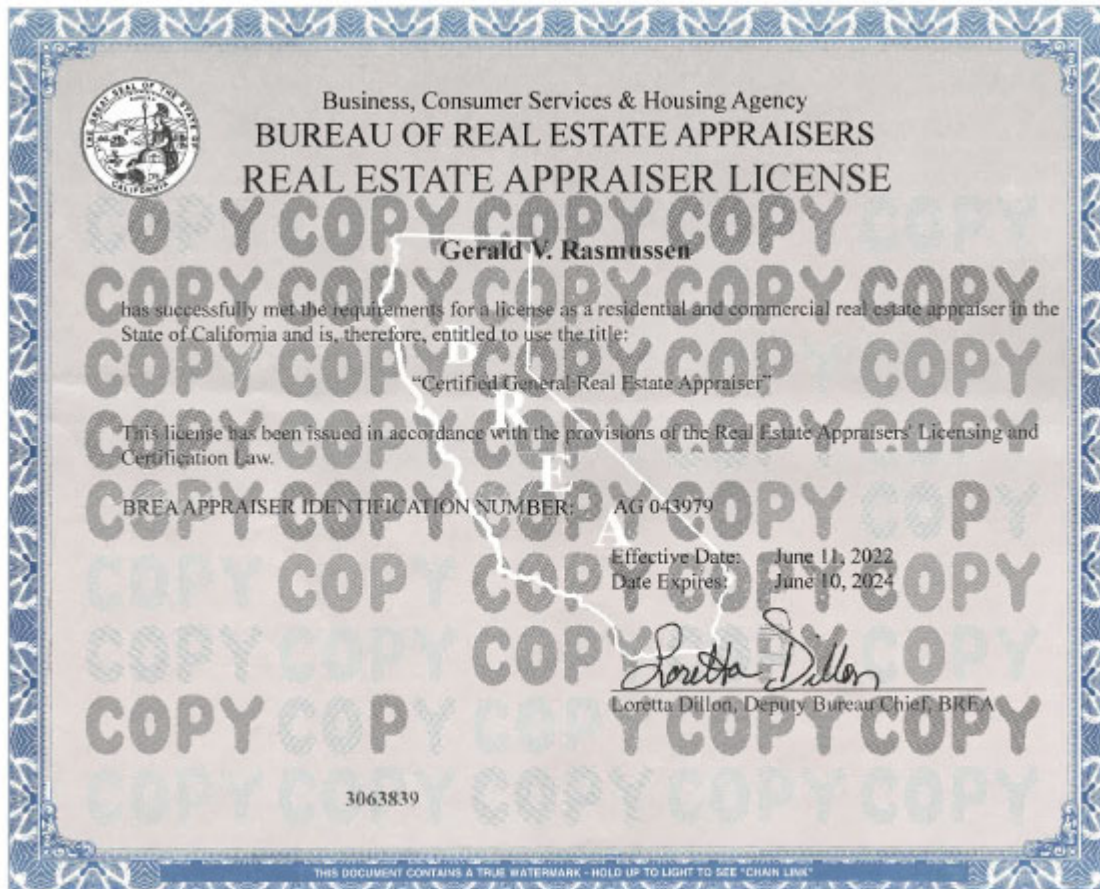
State	License Number
Nebraska	CG212178R
Nevada	A.0207542-CG
New Hampshire	NHCG-745
New Jersey	42RG00160200
New Mexico	03555-G
New York	46000001881
North Carolina	A6766
North Dakota	CG-21758
Ohio	2008000510
Oklahoma	13246CGA
Oregon	C001178
Pennsylvania	GA003449
Rhode Island	CGA.0A01362
South Carolina	AB .6415 CG
South Dakota	1430CG
Tennessee	4306
Texas	TX-1337775-G
Utah	6825683-CG00
Vermont	80.0075939
Virginia	4001013534
Washington	1101813
Washington D.C.	GA12052
West Virginia	CG439
Wisconsin	1412-10
Wyoming	AP-1645

#### Other Awards and Achievements

- Fair market rent reset between these two companies of 179 Skilled Nursing and Long Term Acuity Hospitals (LTAC) located in 35 states.
- A multi-year tax appeal of a high-end Continuing Care Retirement Community.
- Portfolios: He has been involved with a significant number of the largest portfolios occurring in the marketplace in the past year. These include portfolios of Skilled Nursing, Assisted Living and dementia facilities.
- Mr. Rasmussen has also been involved with the revaluation of all commercial properties in Stamford, Connecticut, Wallingford, Connecticut and Glen Cove, New York for tax assessment purposes.
- His experience has included a significant amount of court testimony, having been qualified as an expert witness in the U.S. Federal Bankruptcy, New York State Supreme, Connecticut Superior and Connecticut Housing Courts



## CALIFORNIA



## NEVADA



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