

**SENIOR HOUSING FEASIBILITY STUDY
PHASE I: NEEDS AND MARKET ANALYSIS**

**SUBMITTED TO:
CITY OF SUISUN CITY COMMUNITY DEVELOPMENT DEPARTMENT
ATTENTION: APRIL WOODEN
COMMUNITY DEVELOPMENT DIRECTOR
701 CIVIC CENTER BOULEVARD
SUISUN CITY, CALIFORNIA 94585**





March 15, 2011

City of Suisun City Community Development Department
701 Civic Center Boulevard
Suisun City, California 94585

Attention: April Wooden

Re: Senior Housing Feasibility Study
Phase I: Needs and Market Analysis

Ladies and Gentlemen:

At your request, the following is a consulting report regarding your need for Phase One of a feasibility study of the seniors housing market in Suisun City, California. The purpose of this analysis is to identify sites within the downtown area that are appropriate for the development of housing targeted toward low-income to moderate-income older adults (age 55 and over). The analysis is intended to be used for internal decision making, is subject to the assumptions and limiting conditions and certifications in the attached report, and may not be used for any other purpose or date.

We have determined that there is a demand for a new seniors housing community within Suisun City. The Suisun City area has a current excess demand for new independent living units. The market has a current excess demand of 321 independent living units which will grow to 365 units by 2015. There are currently no independent living communities in the area with none planned in the area.

The Suisun City area has a net senior apartment demand of 179 market rate units and 32 low-income units. Current market occupancy supports this demand with all surveyed comparables in the area at 100% occupancy with waiting lists. There are no new senior apartment developments planned in the area.

The projected increasing number of qualified seniors living in the area results in strong demand for a new senior housing development at this location, whether it is offered as an independent living community or as senior apartments. After determining that there is unmet demand within the market area, we compared the different sites located within Suisun City where it would be appropriate to develop a seniors housing community. We find that three sites within the defined area would be suitable for a new seniors housing community and ultimately conclude that the ideal site is located at the intersection of Lotz Way and Marina Boulevard.

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Complete descriptions of the properties, together with the sources of information and the bases of our estimates, are stated in the accompanying sections of this report.

Respectfully Submitted,

PRINCIPLE VALUATION, LLC

Principle Valuation LLC

PV10.0459



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SECTION 1. INTRODUCTION

PURPOSE AND INTENDED USE

The purpose of this analysis is to identify sites within the downtown area that are appropriate for the development of housing targeted toward low-income to moderate-income older adults (age 55 and over). The analysis will be used for internal decision making. Its use for any other purpose or date may invalidate the analysis. The intended user of this report is the City of Suisun City Community Development Department. The use of this report by any other user may invalidate the analysis.

INSPECTION DATE AND EFFECTIVE DATE OF ANALYSIS

The sites were inspected by Michael Baldwin during the week between October 14, 2010 and October 20, 2010. The effective date of analysis is October 20, 2010.

SCOPE OF WORK

In order to analyze the market, we have inspected the different development sites, the neighborhood, and the general market area in October 2010. We have analyzed demographic makeup of the market and its immediate area. We have surveyed all of the comparable residences in this market area to assess typical demand and rental rates in the Primary Market Area (PMA). We believe that most or all discoverable and pertinent market information has been obtained and considered. In our analysis of demographic statistics we utilized the latest available data from Claritas (2010).

For this project, we first performed a market analysis on Solano County and Suisun City. By performing a market analysis at the county and city level it allows us to determine the demand, if any, for seniors housing. After we established that there was a demand, we examined each site to decide the best location for the seniors housing community. We took into consideration the size, location, feasibility, accessibility, and the general surrounding area. Then we narrowed our search down to the top three sites and concluded on the best one for the project. We gathered information on comparables, both in the PMA and in the surrounding area, to determine the number of units, the size of the units, and the market rates for each type of unit.

As a part of this process we have obtained and verified data with local market participants (owners and operators of comparable residences), state regulatory agencies as well as Solano County and the City of Suisun City governing officials. The data has been examined, analyzed, and reconciled based on our knowledge of the local seniors housing market and similar markets. The scope of this analysis included a physical inspection of the sites, a detailed review of the comparable properties, and an analysis of regional and neighborhood trends.

This analysis has addressed no issues of law, engineering, code conformance, insect or rodent infestation, or contamination by or discharge of asbestos or other hazardous materials, unless specifically identified in the body of the report. The analysis has accordingly been completed under the assumptions and limiting conditions and the certifications presented in this report.



COMPETENCY STATEMENT

Principle Valuation, LLC, specializes in the valuation of healthcare and senior living properties. We are competent in the appraisal and market analysis of skilled nursing facilities, assisted living residences, independent living communities, Continuing Care Retirement Communities (CCRCs), office and medical-office buildings, and acute-care and behavioral health (psychiatric) hospitals, as delineated in the professional qualifications provided in this report.



SECTION 2. PROJECT CONCEPT

Suisun City has identified a need for housing that is accessible to low-income residents aged 55 and older. At present, the City has only one senior living development, a 104-unit complex with 16 units that are restricted for very low-income seniors. However, 83% of Suisun City senior renters are low, very low, or extremely low-income.

The Suisun City 2009-2014 Housing Element has established objectives and programs to respond to the City's unmet need for seniors housing. The Housing Element identifies adults age 55 and over as a population group with special needs in relation to housing and states that the City will plan and encourage the development of housing to meet the housing needs of special population groups. Program 3.A.4 of the Housing Element provides that the City will cooperate with nonprofit housing corporations and for-profit developers specializing in housing for adults 55 years of age and above to accommodate housing that meets the needs of this age group. A specific action included in this program states that the City will assist developers in locating suitable sites for senior housing development.

Suisun City has identified the downtown area as an ideal location for new development. The City has established a Priority Development Area (PDA) downtown and adjacent to the Amtrak train station with the intent of creating a location where the day-to-day needs of residents of high-density housing are met in a pedestrian-friendly area served by transit. This analysis will determine how mixed-income or low-income seniors housing might be compatible within this part of the downtown area, analyze the availability of related needs for seniors, and identify specific sites for the development of seniors housing units.

INDUSTRY OVERVIEW

The seniors housing market includes several segments that serve different needs. Included in this group are skilled nursing facilities, assisted living residences, independent living communities, senior apartments, and continuing care retirement communities. The proposed property in Suisun City is contemplated to be either a senior apartment community or an independent living community. In this section, we have also described the other segments of the seniors housing market for comparison of service offerings.

SENIOR APARTMENTS

Senior apartments are typically referred to as rental active adult communities. Physically and operationally, the properties are a blend between apartment complexes and independent living communities. Unit doors are typically accessible via the exterior of the building, and meals or housekeeping services are not offered. However, social activities are almost always available. Unit amenities typically include a full kitchen, washer and dryer, balcony or patio, and window treatments.

Senior apartments can be either market rate apartments or subsidized, affordable housing alternatives. Affordable senior apartments are age-restricted apartments that generally take two forms of age restriction. One type is for seniors age 55 years or older; these apartment complexes



require that at least one person in each apartment be age 55 or older and that no more than 20% of residents in the entire complex be under the age of 55 years. The second type is restricted to seniors of age 62 years or older, and no residents may be under this age. Rental rates for these affordable senior apartments are typically 30% of a resident's income with various levels of income qualifications depending on the facility and location.

INDEPENDENT LIVING COMMUNITIES

Independent living communities (ILCs) significantly grew in popularity in the 1980s due to increasing demand for senior accommodations. They operate identically to assisted living residences but do not provide assistance with activities of daily living. They often contain all of the same amenities as assisted living residences but may also include swimming pools, covered parking, and a higher quality dining experience. ILCs are physically similar to hotels with the most notable difference being a large dining room and commercial kitchen. They typically range in size from 150 units to 300 units. Similar to apartment complexes, units contain separate bedrooms and kitchens. However, most residents choose to use the community's dining room which typically prepares three meals per day with one or two meals per day included in residents' monthly fees. However, additional resident meals and guest meals can almost always be purchased separately. Monthly fees typically include two daily meals, all utilities except telephone, maintenance, weekly housekeeping and linen service, social activities, and use of community amenities.

The primary difference between ILCs and ALRs is that residents who locate in an independent living community must be physically and mentally capable of performing all of the activities of daily living (ADLs). Marketing is more intensive at independent living communities because occupancy is less need driven and more of a personal lifestyle choice for seniors. Modern development trends include cottage or villa style units apart from a main building housing more hotel-like independent and/or assisted living units. Furthermore, most communities offering independent living also provide some form of assisted living component to offer a continuum of care.

ASSISTED LIVING RESIDENCES

Assisted Living Residences (ALRs) are hotel-like facilities which serve elderly individuals who need assistance with the tasks or activities of daily living but do not require 24-hour skilled nursing care. Many facilities offer separate areas for Alzheimer's disease or other forms of dementia, as these individuals do not require round-the-clock skilled nursing care but do require more intensive supervision than typical assisted living residents. The objective of assisted living is to maintain or enhance residents' ability to live as independently as possible in a homelike environment that offers on-site medical services. Services are provided largely to private-pay, long-term residents, but many states are developing regulatory structures to provide some assisted living reimbursement under Medicaid for lower income seniors.

Looking ahead, Standard & Poor's expects the assisted living sector to grow, as individuals aged 85 and older—a group representing the largest number of users of long-term healthcare services—are currently the fastest growing segment of the US population.



According to Managed Care Digest Series/Senior Care Digest 2009, the number of assisted living facilities (ALFs) across the nation continued to grow to 15,070 in 2009 from 14,955 the year before. Meanwhile, the share of such facilities that were corporate owned also rose slightly, to 28.9% from 27.9% in 2008. Brookdale Senior Living Inc., by far the largest assisted living facility chain in the nation continued to expand in 2009, adding 24 new facilities for a total of 540 across 35 states. Sunrise Senior Living, the second largest chain, operated 313 facilities in 2009, down from 348 in 2008.

SKILLED NURSING FACILITIES

Skilled nursing facilities (SNFs), or nursing homes, provide residents with routine long-term care, including daily dietary, social, and recreational services, and a full range of pharmaceutical services and medical supplies. A nursing home provides skilled nursing and rehabilitation services to people who are unable to care for themselves. Nursing homes are predominantly stand-alone facilities, but may also be part of a hospital or retirement setting. Sub-acute care is generally for patients who have been discharged from an acute care hospital but are too sick to return home and need continued complex and intensive medical services. Skilled nursing units resemble hospital rooms with most residents residing in semi-private rooms.

According to the American Health Care Association (AHCA), as of September 2010 there were 15,668 licensed nursing facilities with a combined total of 1,669,647 beds in the United States. Since reaching a high of 1.7 million licensed beds in 2004, the number of nursing home beds in the U.S. has dropped more than 4%. This decline in nursing home bed count coincided with a sharp growth in several other long-term care options, most notably assisted living residences.

Nationwide median occupancy was 87% of licensed beds. Of these facilities, 5% are licensed for only Medicare and 4% are licensed for only Medicaid; 2% of beds are non-certified. Almost all facilities are dually certified for Medicaid and Medicare, and there are few private-pay only facilities across the country. Since most facilities rely heavily upon government reimbursement, changes in reimbursement policies can materially impact facility profitability. Although a notable 96.7% of all U.S. nursing homes were Medicare-certified in 2009, this percentage was down from 98.1% in 2008. In the future, health care reform legislation may continue to expand the requirements that nursing homes need to meet in order to become Medicare-certified.

Given cost pressures, many SNFs have converted segments of their facilities to provide rehabilitation, sub-acute care, or other higher-margin business lines. Many nursing home chains have developed expertise in skilled rehabilitation therapies: occupational, physical, speech, and respiratory. Special care units for AIDS, Alzheimer's, hospice, ventilator, and rehabilitation account for 7% of all nursing beds with Alzheimer's care representing 73% of these specialized units and rehabilitation representing 13%. Only 7% of nursing homes nationwide are hospital-based; 68% are for-profit, 26% are not-for-profit, and 6% are government-owned.

The average size is 107 beds per facility, but there is a trend toward building smaller nursing facilities and decertifying excess beds as market preferences shift toward private rooms while older facilities contain three-bed and four-bed wards or a large percentage of semi-private rooms for two unrelated seniors.



Nursing homes are reducing their exposure to Medicaid revenue. According to Managed Care Digest Series/Senior Care Digest 2009, the number of Medicaid admissions per nursing home fell 9.3% between 2008 (58.9) and 2009 (53.4). In spite of a moderate drop in the total number of nursing home residents between 2007 (1.41 million) and 2009 (1.38 million), total admissions per nursing home—spurred by higher Medicare admissions—rose 7.4%, to 266.9 admissions per facility from 248.5 in 2007.

Medicare Part A covers a patient's stay in a nursing home for up to 100 days, but only if the care required can be provided solely in this type of facility. Various provisions of the Patient Protection and Affordable Care Act (which is arguably aimed primarily at the nonelderly population) that address payment and delivery systems reform are expected to have some impact on nursing homes and their residents.

CONTINUING CARE RETIREMENT COMMUNITIES

A Continuing Care Retirement Community (CCRC) is a seniors housing community offering a continuum of care among all three traditional levels of seniors housing: independent living, assisted living, and skilled nursing. CCRCs are designed so that residents typically move into the community's independent living component and age in place through to the assisted living and skilled nursing components.

CCRC pricing structures take two broad forms: rental or endowment. Buy-in communities do not directly compete with rental communities because the two pricing structures attract different profiles of residents. The rental format is identical to typical seniors housing fee structures whereby residents pay monthly market rent depending on the level of care that they require. Residents enter the facility at any care level, but admission priority is given to current residents moving from a lower level of care.

In the endowment fee structure, residents move into the independent living portion of the community by paying a buy-in fee ranging anywhere from \$25,000 to over \$1 million depending on the quality of the facility, amount of refund offered, and level of healthcare benefits included. The endowment fees typically provide residents with guaranteed residency at the community regardless of changes in health conditions or the exhaustion of their funds as in most not-for-profit communities, transferring the risk of healthcare cost inflation to the community.

The refundable portion of the endowment is traditionally reduced by 10% upon move-in and 2% per month thereafter, but many communities also offer plans which guarantee refund of 50%, 90%, or 100% of the endowment upon move-out or death; however, communities require higher entrance fees for higher refund percentages.

Furthermore, buy-in CCRCs are classified as either Type A, B, or C depending upon the amount of healthcare benefits included in the entrance fee. "Type A" CCRCs are referred to as Lifecare communities because the entrance fee includes all future healthcare costs. In the 1970s and 1980s some communities underestimated future healthcare costs and did not have enough financial reserves to pay for its healthcare obligations. These communities now frequently seek accreditation by various agencies such as the Continuing Care Accreditation Commission (CCAC) to assure



residents that they offer high quality services and will have sufficient reserves to provide the promised healthcare.

Communities offering a modified healthcare contract are referred to as “Type B” CCRCs. These contracts guarantee access to skilled nursing care but only pay for a certain number of days per year or per lifetime. Use of skilled nursing care beyond the included number of days is typically provided at a discounted rate. Since these contracts provide for less healthcare benefits, entrance fees are lower than in Lifecare formats. Finally, “Type C” CCRCs are fee-for-service communities which do not provide any healthcare benefits and correspondingly have the lowest entrance fees.

NATIONAL TRENDS IN SENIORS HOUSING DESIGN

Development of assisted living residences has slowed in recent years while independent living units typically comprise 20% to 30% of the new development. At present, as market fundamentals remain strong except for declining occupancies due to the slowness of the residential real estate market, a number of operators and developers are beginning to consider development. We find that the biggest hurdle for these operators and developers is finding financing and sites that are appropriate and affordable.

The following statistics were reported in the *State of Seniors Housing 2010*. Skilled nursing statistics were not reported in the study.

MEDIAN SQUARE FOOTAGE BY COMMUNITY TYPE

Area	Independent Living	Assisted Living	CCRC
Common Area	34,936	19,713	94,577
Net Rentable Area	69,890	27,276	251,166
Gross Building Area	104,910	50,791	363,232

Source: State of Seniors Housing 2010

MEDIAN SQUARE FOOTAGE PERCENTAGE BY COMMUNITY TYPE

Area	Independent Living	Assisted Living	CCRC
Common Area	33.3%	42.0%	27.4%
Net Rentable Area	66.7%	58.0%	72.6%
Gross Building Area	100.0%	100.0%	100.0%

Source: State of Seniors Housing 2010

We find that the better-designed communities have the common areas centrally located, ideally with some amenity (library, auditorium, etc.) located on each floor. Most properties contain one to four stories and many now also feature cottage units with private garages.

Newer communities are also more likely to include exercise amenities and opportunities for its residents. In some instances, these opportunities consist of interior and exterior walking paths, landscaped gardens, and a main common area requiring residents to walk a farther distance from their units to the activity room, dining room, beauty shop, etc. Other communities have gone as far as to provide an exercise room, exercise classes, swimming pools, and other



recreational amenities. Recent development trends for specialized Alzheimer's assisted living have included the construction of separate areas which serve to separate dementia residents by acuity to improve the quality of care.

NATURE OF THE BUSINESS

Senior apartments differ from most senior housing communities in that they do not provide services to residents such as healthcare services, meals, housekeeping, or transportation. Most senior housing communities have staffing, services, and the physical plant of communities that are specifically designed to meet the long-term needs for those requiring independent living, assisted living or skilled nursing services.

COMMUNITY AMENITIES

As a senior apartment complex, the proposed property should have the following typical features:

- Large one and two-bedroom units
- Clubhouse that includes multi-use room with kitchen, library, study, computer room, and conference room.
- On-site laundry facility
- Social activities
- Garden landscaping
- Parking
- Swimming pool
- Access to transportation
- Extra storage space
- Gated community

In addition to the above features at a senior apartment community, a typical independent living community would also include:

- Meal Service
- Weekly housekeeping with laundry service
- Scheduled transportation
- Beauty and barber salon
- Gift shop
- Main dining room
- Private dining room
- Personal laundry facilities

UNIT AMENITIES

New senior apartment and independent living units are typically equipped with the following



amenities:

- Wall-to-wall carpeting or hardwood floors with tile in bathrooms
- Window treatments
- Central heat and air conditioning
- Full kitchens
- Cable TV ready
- Washer and dryer hookups
- Patio or Balcony

Since the existing senior apartment communities in the area offer these unit amenities and are well received, the proposed Suisun City property should offer these amenities also.



SECTION 3. MARKET ANALYSIS

REGION/CITY ANALYSIS

DEMOGRAPHIC OVERVIEW – SOLANO COUNTY

The following chart illustrates the recent and forecasted demographics within Solano County:

SUMMARY OF SOLANO COUNTY DEMOGRAPHICS				
	Census 1990	Census 2000	Estimate 2010	Estimate 2015
Population	340,397	394,542	418,180	433,389
Households	113,421	130,403	137,634	142,489
Median Income	N/A	\$54,998	\$70,508	\$76,748

Source: Claritas, Inc.

Total population growth in the county from 1990 to 2000 was 1.49% per year and is estimated at 0.58% between 2000 and 2010, resulting in a current population estimate of 418,180. The population is expected to grow over the next five years at a rate of 0.72% to a population of 433,389 in 2015.

Total household growth from 1990 to 2000 was 1.41% per year and is estimated at 0.54% between 2000 and 2010, resulting in a current estimate of 137,634 households. The number of households is expected to grow over the next five years at a rate of 0.70% to 142,489 households in 2015.

In Solano County, the average household income was \$64,228 while the median was \$54,999. The median year homes were built was 1977, and 65.2% of households were owner-occupied with a median home value of \$177,780. Renter-occupied housing units accounted for 34.8% of total households with the average contract rent of \$721 per month in 2000. Demographics of the senior population within Solano County consist of the following:

SOLANO COUNTY SENIOR DEMOGRAPHICS									
Age Bracket	Census 2000			Estimate 2010			Estimate 2015		
	Population		Median Income	Population		Median Income	Population		Median Income
Age 55 – 64	30,148	7.6%	\$60,743	47,957	11.5%	\$77,937	55,836	12.9%	\$85,947
Age 65 – 74	20,246	5.1%	\$39,099	26,012	6.2%	\$51,153	32,765	7.6%	\$57,461
Age 75 – 84	13,265	3.4%	\$30,140	15,910	3.8%	\$40,101	16,719	3.9%	\$44,741
Age 85+	3,915	1.0%	\$24,439	6,605	1.6%	\$33,718	7,375	1.7%	\$37,926
Age 55 and over	67,574	17.1%	-	96,484	23.1%	-	112,695	26.0%	-
Age 65 and over	37,426	9.5%	-	48,527	11.6%	-	56,859	13.1%	-
Age 75 and over	17,180	4.4%	-	22,515	5.4%	-	24,094	5.6%	-
Age 85 and over	3,915	1.0%	-	6,605	1.6%	-	7,375	1.7%	-

Source: Claritas, Inc.



The total population of seniors age 55 and over is estimated to have grown 3.63% per year between 2000 and 2010 and is projected to grow at 3.15% per year to a total of 112,695 seniors in 2015. As of 2000, 78.9% of seniors age 55 and over lived in owner-occupied homes while 21.1% of seniors were renting.

In 2010, there are 47,957 adult children aged 55-64 while the total population of seniors 75 and over is 22,515, equating to a ratio of 2.13 adult children to seniors; this ratio is above the national ratio of 1.86. Adult children accounted for 7.6% of the population in 2000, and this figure increased to 11.5% in 2010 and is expected to increase to 12.9% by 2015. This increasing adult children population may increase demand and occupancy levels for seniors housing facilities in the county over the next five years.

DEMOGRAPHIC OVERVIEW – SUISUN CITY

The following chart illustrates the recent and forecasted demographics within Suisun City:

SUMMARY OF SUISUN CITY DEMOGRAPHICS				
	Census 1990	Census 2000	Estimate 2010	Estimate 2015
Population	22,789	26,118	27,357	28,283
Households	6,726	7,987	8,434	8,765
Median Income	N/A	\$61,699	\$80,705	\$88,529

Source: Claritas, Inc.

Total population growth in the city from 1990 to 2000 was 1.37% per year and is estimated at 0.46% between 2000 and 2010, resulting in a current population estimate of 27,357. The population is expected to grow over the next five years at a rate of 0.67% to a population of 28,283 in 2015.

Total household growth from 1990 to 2000 was 1.73% per year and is estimated at 0.93% between 2000 and 2010, resulting in a current estimate of 8,434 households. The number of households is expected to grow over the next five years at a rate of 0.77% to 8,765 households in 2015.

Within Suisun City, the average household income was higher at \$66,301 with a median of \$61,699. The median year homes were built was 1983, and 73.6% of households were owner-occupied with a median home value of \$163,915. Renter-occupied housing units accounted for 26.4% of total households with the average contract rent of \$738 per month in 2000.

Demographics of the senior population within Suisun City consist of the following:



SUISUN CITY SENIOR DEMOGRAPHICS

Age Bracket	Census 2000			Estimate 2010			Estimate 2015		
	Population		Median Income	Population		Median Income	Population		Median Income
Age 55 – 64	1,674	6.4%	\$63,797	3,087	11.3%	\$84,545	3,678	13.0%	\$92,774
Age 65 – 74	886	3.4%	\$48,362	1,408	5.1%	\$66,582	1,954	6.9%	\$73,214
Age 75 – 84	460	1.8%	\$28,298	603	2.2%	\$42,717	710	2.5%	\$47,188
Age 85+	143	0.5%	\$23,889	240	0.9%	\$36,000	268	0.9%	\$41,176
Age 55 and over	3,163	12.1%	-	5,338	19.5%	-	6,610	23.4%	-
Age 65 and over	1,489	5.7%	-	2,251	8.2%	-	2,932	10.4%	-
Age 75 and over	603	2.3%	-	843	3.1%	-	978	3.5%	-
Age 85 and over	143	0.5%	-	240	0.9%	-	268	0.9%	-

Source: Claritas, Inc.

The total population of seniors age 55 and over is estimated to have expanded by 5.37% per year between 2000 and 2010 and is projected to expand at 4.37% per year to a total of 6,610 seniors in 2015. As of 2000, 76.6% of seniors age 55 and over lived in owner-occupied homes while 23.4% of seniors were renting.

In 2010, there are 3,087 adult children aged 55-64 while the total population of seniors 75 and over is 843, equating to a ratio of 3.66 adult children to seniors; this ratio is far above the national ratio of 1.86. Adult children accounted for 6.4% of the population in 2000, and this figure increased to 11.3% in 2010 and is expected to increase to 13.0% by 2015. This increasing adult children population may increase demand and occupancy levels for seniors housing facilities in the city over the next five years.

AREA MAP



TRANSPORTATION

Suisun City lies east of the intersection of I-80 and SR-12. I-80, a major east-west route of the Interstate Highway System, has its western terminus in San Francisco, California. From there it heads east across the Bay Bridge to Oakland, where it turns north and crosses the Carquinez Bridge before turning back northeast through the Sacramento Valley. I-80 then goes northeast and east over the Sierra Nevada mountain range before crossing into the state of Nevada within the Truckee (River) Canyon. State Route 12 is a state highway in California that travels in an east-west direction from Sebastopol, in Sonoma County, to State Route 49 just north of San Andreas in Calaveras County.

Suisun/Fairfield station is an Amtrak station in Suisun City, California, close to the city of Fairfield. It is served by the Amtrak Capitol Corridor commuter rail line between Auburn and San Jose through Oakland. Connecting bus service is provided by Fairfield and Suisun Transit.

The closest major airports to Suisun City are Oakland International Airport and Sacramento International Airport. Both are served by major airlines to destinations across the US and abroad.

HEALTHCARE SYSTEMS

NorthBay Medical Center is the closest hospital to Suisun City. NorthBay is a short term acute care, voluntary nonprofit, controlled hospital containing 132 beds. The hospital's services include: cardiovascular, emergency, neurosciences, oncology, orthopedic, hemodialysis, home health, hospice, inpatient surgery, obstetrics, radiology/nuclear medicine/imaging, rehabilitation therapies, intensive care unit, neonatal intensive care, and wound care. The hospital has an Approved Cancer Program.

Other hospitals in the area include Vaca Valley Hospital, a sister facility of NorthBay, located in Vacaville, and Sutter Solano Medical Center which is located in Vallejo.

PHARMACIES

There are a number of pharmacies located near the development sites. These include:

- Rite Aid Pharmacy – 135 Sunset Avenue, Suisun City, CA
- Raley's Pharmacy – 270 Sunset Avenue, Suisun City, CA
- CVS Pharmacy – 300 Travis Boulevard, Fairfield, CA
- Walgreens Store Fairfield – 1955 W. Texas Avenue, Fairfield, CA
- Target – 2059 Cadenasso Drive, Fairfield, CA
- Raley's Pharmacy – 3001 Travis Boulevard, Fairfield, CA
- Safeway – 2401 Waterman Boulevard, Fairfield, CA
- Wal-Mart Pharmacy – 300 Chadbourne Road, Fairfield, CA

With so many pharmacies located near all the development sites, it gives residents various options of which pharmacy to use.



DOCTORS' OFFICES

There are a sufficient number of doctors' offices located around Fairfield, California that would be able to support the development of a senior housing community in Suisun City. The following doctors' offices are within a short distance of Suisun City.

- Simon Chan, Inc. – 1127 Texas Street #A, Fairfield, CA
- Hanger Orthopedics Group – 712 1st Street, Fairfield, CA
- Dr. George E. Stock, MD – 1234 Empire Street, Fairfield, CA
- Nephrology Medical Associates of CA: Ong Steven MD – 650 Empire Street, Fairfield, CA
- Davita-Fairfield Dialysis Center – 604 Empire Street, Fairfield, CA
- Northbay Cardiology Associates – 830 Union Avenue, Fairfield, CA
- Dr. Carol R. Mendoza, MD – 1745 Enterprise Drive, Fairfield, CA

GROCERY STORES

Suisun City has three grocery stores that would be available to the residents of the seniors housing community. In addition, there are a number of grocery stores located just a few miles away in Fairfield that residents would also have access to. The following are grocery stores located near the development sites.

- Asian Market – 311 Marina Center, Suisun City, CA
- Suisun Port of Call Grocery – 715 Main Street, Suisun City, CA
- Raley's Supermarket – 270 Sunset Avenue, Suisun City, CA
- Safa Market – 1731 N Texas Street, Fairfield, CA
- Food Max – 1833 N Texas Street, Fairfield, CA
- Raley's Supermarket – 3001 Travis Boulevard, Fairfield, CA
- Safeway – 2401 Waterman Boulevard, Fairfield, CA
- Fali Halal Food Store – 1239 Western Street, Fairfield, CA

PRIMARY MARKET AREA

The Primary Market Area (PMA) is defined as the geographical area from which approximately 70% to 80% of a property's residents are drawn. For senior living communities, the PMA is generally not larger than a 10-mile radius, but the PMA may be larger in rural areas and smaller in urban areas.

The identification of a PMA is the most important step in a market analysis. Most of the analysis that is contained in this report is based on the characteristics of the population and the services that are provided within the PMA.

The *2009 Overview of Assisted Living* completed by the Assisted Living Federation of America (ALFA) in conjunction with AAHSA, ASHA, NCAI and NIC indicates that typical assisted living residences draw approximately 60% of their residents from within 10 miles and 80% from within 25 miles. This trend concurs with most communities that we have valued that indicate 70% to 80% of

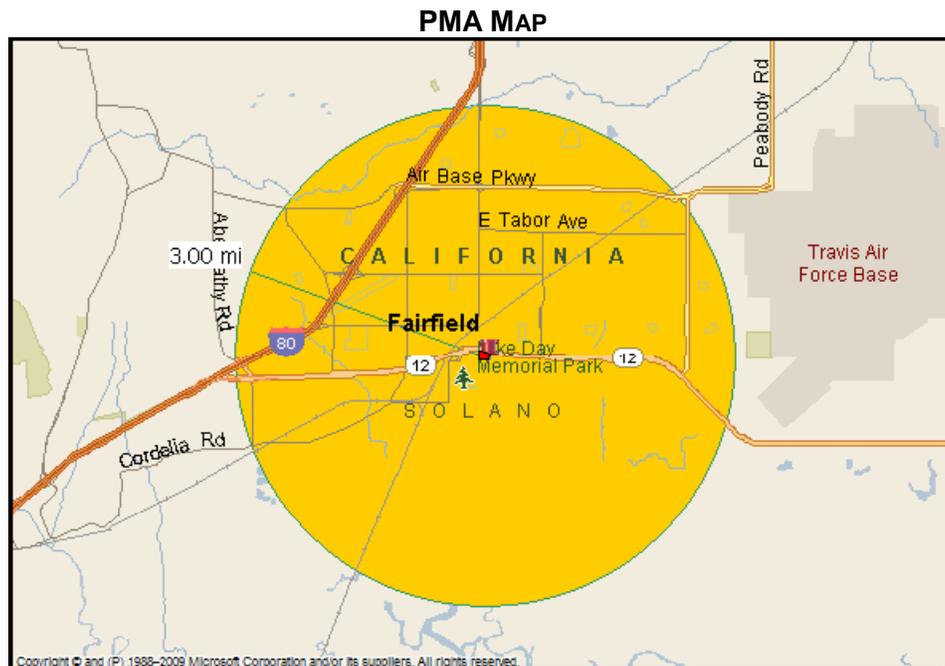


the residents come from within 15 miles; however, there can be notable exceptions. For example, the Atlanta market has a strong adult child population which draws elderly parents into the area and enables some residences in the market to attain an immigration level of 50% or higher, indicating that 50% of the residents came from outside the PMA. Therefore, we interviewed the local supply to assess demand patterns.

To determine a site-specific PMA, we have attempted to gather support for estimating the appropriate boundaries that exist for a particular market. A specific PMA is based upon natural and socioeconomic borders. Our efforts include several interviews with informed individuals such as other care providers, nursing home administrators, hospital discharge planners or social workers, analysis of the market demographics, as well as qualitative characteristics of the market. It is also important to note that the boundaries of a primary market may change over time.

Market areas are often bounded by psychological boundaries. Psychological boundaries are geographical lines or borders that many prospective residents will not cross in order to receive senior living services. These lines or borders are physical, cultural or social. Identifying these boundaries is crucial to the defining of the PMA. These boundaries may include waterways, mountain ranges, county, city or state lines, roadways, railroads, and neighborhoods. To define the PMA, we began our analysis at the subject site and spiraled outward. We interviewed senior living providers, real estate agents, hospital discharge planners, government officials, and various others in the area as necessary to define the PMA.

Based on our research of the regional market, we define the PMA as a three-mile radius from Suisun City. A map of the PMA is shown below:



DESCRIPTION OF CURRENT INVENTORY

We visited all types of seniors housing communities in the Suisun City market. The seniors housing market in the PMA is comprised of six senior housing apartments (339 market rate units and 244 Section 8 units). In addition to the senior apartments in the PMA, we also analyzed secondary senior apartments that were within a 15-mile radius of the PMA and were comparable to the type of senior housing Suisun City would develop. This allowed us to better understand the entire seniors housing market in and around this area. The following is a compilation of the seniors housing supply within the PMA:

SUPPLY SUMMARY

Property	APT Units		Section 8 Units	
	2010	2015	2010	2015
Senior Manor	42	42	18	18
Jefferson Plaza	17	17	7	7
Casa De Suisun	73	73	31	31
Parkway Plaza	-	-	99	99
Woodcreek Commons	67	67	29	29
Dover Woods	140	140	60	60
Total	339	339	244	244

Dover Woods and Parkway Plaza were the only two properties that specifically broke out how many Section 8 units they had. Therefore, we have estimated the amount of Section 8 units for Senior Manor, Jefferson Plaza, Casa De Suisun, and Woodcreek Commons based on 30% of the total units offered at each property. This is a typical percentage seen for this market and is the same ratio that Dover Woods offers.

The building/planning department at Fairfield indicated that there are currently no independent living or senior apartments either being built or planning to be built. We have heard rumors that there is a speculatively planned assisted living development in Fairfield, but this would not likely be competitive to the contemplated property in Suisun City.

In order to obtain a better understanding of the local seniors housing market, we have identified the development's primary competitors, summarized in the following tables:

PRIMARY COMPETITORS – RENTAL RATE SUMMARY

Name	Rates (per month)	Beds
Senior Manor	N/A	60
Jefferson Plaza	N/A	24
Casa De Suisun	\$735	104
Parkway Plaza	N/A	99
Woodcreek Commons	\$925 - \$1175	96
Dover Woods	\$682 - \$991	200



PRIMARY COMPETITORS – OCCUPANCY SUMMARY

Property	Overall Occupancy	Wait List
Senior Manor	100%	Yes
Jefferson Plaza	100%	Yes
Casa De Suisun	100%	12
Parkway Plaza	100%	77
Woodcreek Commons	100%	Yes
Dover Woods	100%	40

DEMAND – PRIMARY MARKET AREA: INDEPENDENT LIVING

In our analysis of demographic statistics we utilized the latest available data from Claritas (2010).

A major factor in estimating potential market demand for communities involves an analysis of the number of residents within the PMA that are qualified for residency in terms of age and income level. Prospective residents for an independent living community are generally 75 years of age or older and have sufficient income or assets to cover monthly rental fees and other living expenses.

Estimating demand for senior living services is very qualitative and varies between markets. Our demand process begins with a frail senior population. The following chart summarizes the senior population as well as adult children within the PMA:

PMA SENIOR DEMOGRAPHICS						
Population by Age	2000		2010		2015	
	Census	%	Estimate	%	Projection	%
Total Population	91,027		94,969		98,154	
Age 55 - 64	6,781	7.4%	9,993	10.5%	11,823	12.05%
Age 65 - 74	4,939	5.4%	5,718	6.0%	6,855	6.98%
Age 75 - 84	2,648	2.9%	3,446	3.6%	3,622	3.69%
Age 85 and over	764	0.8%	1,301	1.4%	1,508	1.54%
Age 65 and over	8,351	9.2%	10,465	11.0%	11,985	12.21%
Age 75 and over	3,412	3.7%	4,747	5.0%	5,130	5.23%
Age 85 and over	764	0.8%	1,301	1.4%	1,508	1.54%

Source: Claritas, Inc.

The demand rates utilized are derived from a series of studies on the needs of the elderly. The Agency for Health Care Policy and Research developed a study that indicated the need for assistance with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL) by age cohort 65 to 74, 75 to 84, and 85 and older. Instrumental activities of daily living include transportation, meals, and housekeeping. Since the target market for senior living facilities are seniors over the age of 75, we have utilized the upper two age cohorts.



NEED FOR ADL OR IADL

Ages 75-84	47.2%
Ages 85 and over	72.4%

Source: Agency for Health Care Policy and Research

The following charts apply the rates of those requiring assistance for one ADL or IADL to the age-qualified population to arrive at total age-qualified demand for the PMA.

2010 OVERALL DEMAND

Age	75-84	85+
Population	3,446	1,301
Acuity Demand Rate	x 47.2%	72.4%
Age and Acuity Qualified Demand	1,626	942
Total Age and Acuity Qualified Demand	2,568	

2015 OVERALL DEMAND

Age	75-84	85+
Population	3,622	1,508
Acuity Demand Rate	x 47.2%	72.4%
Age and Acuity Qualified Demand	1,709	1,092
Total Age and Acuity Qualified Demand	2,801	

The above demand figures estimate total age-qualified and acuity-qualified demand for seniors housing services within the PMA. The next step in our analysis is to narrow the demand estimate to those who can afford senior housing services and are therefore income qualified. As with many services, income levels are a major factor that influence the type of care seniors will seek.

For independent living, based on market rates, a minimum monthly fee of \$1,800 would be required for a one bedroom / one bath unit. This amount, multiplied by 12 months and assuming that the rental fee would account for 60% of all living expenses, indicates that a minimum annual income of \$36,000 would be required for private pay independent living residency.

It is inappropriate to utilize an average rent as we are estimating the actual demand for units in the price range. Using an average rent would skew the data by excluding demand for the most affordable unit types.

Since the target resident will pay for seniors housing services with after-tax dollars but the demographic data reports pre-tax income, we have adjusted the required income levels for taxes assuming an average 15% tax rate. We have applied to the required income by a factor of 0.85 to calculate the before-tax income level required for residency as detailed in the following chart.



Recognizing that many individuals will sell a primary residence prior to moving into a seniors housing community, we have also estimated the number of households that could use interest on home equity to fund residency at the independent living community. According to Claritas, 61% of seniors in the PMA own their residences that have a median value of \$259,197. The National Association for Senior Living Industries estimates that almost 90% of the homes owned by the 75+ age group are owned free and clear (<http://www.rmfpcc.com/alerts/2010/8-9-10/8-9-10.pdf>). Assuming an average equity ratio of 90% and investment in these proceeds at a safe rate of 4%, these households have an additional \$5,684 to contribute towards annual income.

While the slowness of the single-family residential housing market may make it difficult for some seniors to tap this equity source to afford living in a seniors housing community, companies such as Elderlife Financial Services are proliferating to provide funding options to help seniors transition before their home sells. Assisted living occupancies nationwide have not significantly dropped since the housing market's slowness began, and we therefore do not believe that the current slowness of the residential real estate market impacts the income qualifications of seniors.

These Claritas estimates do not include other sources that could also fund residency such as stocks, bonds, and other liquid assets or assistance from family members. Therefore, we have estimated an additional 5% of income to be attributable to these sources for a contribution of \$2,118 for independent living residents. Subtracting these income sources results in adjusted annual required income of \$35,000 for independent living residency, as shown in the following table.

ANNUAL INCOME NEEDED		
		IL
Minimum Monthly Fee		\$1,800
Monthly Fee as Percentage of Monthly Income	÷	60%
Monthly Income Needed (After Tax)		<u>\$3,000</u>
Annualized	x	12
Annual Income Needed (After Tax)		<u>\$36,000</u>
Tax Rate	÷	15%
Annual Income Needed (Before Tax)		<u>\$42,353</u>
Less Additional Income From Home Equity	-	\$5,684
Less Additional Income From Other Sources	5% -	\$2,118
Adjusted Annual Income Needed (Rounded)		<u>\$35,000</u>

Senior householders within the PMA have the following breakdown of income levels:



PMA HOUSEHOLDER INCOME (AGES 75-84)

Income Levels	2010		2015	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	277	14.18%	248	12.35%
\$15,000 - \$25,000	350	17.92%	296	14.74%
\$25,000 - \$35,000	286	14.64%	328	16.33%
\$35,000 - \$50,000	402	20.58%	355	17.68%
\$50,000 - \$75,000	315	16.13%	365	18.18%
\$75,000 - \$100,000	150	7.68%	172	8.57%
Over \$100,000	173	8.86%	244	12.15%
Total	1,953	100%	2,008	100%

PMA HOUSEHOLDER INCOME (AGES 85+)

Income Levels	2010		2015	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	102	19.03%	107	17.43%
\$15,000 - \$25,000	106	19.78%	104	16.94%
\$25,000 - \$35,000	73	13.62%	82	13.36%
\$35,000 - \$50,000	101	18.84%	115	18.73%
\$50,000 - \$75,000	74	13.81%	98	15.96%
\$75,000 - \$100,000	34	6.34%	45	7.33%
Over \$100,000	46	8.58%	63	10.26%
Total	536	100%	614	100%

Those with insufficient income are likely to require care from family members or friends, considered to be informal caregivers. Those with sufficient income to cover the costs of senior housing will likely choose to do so if needed rather than become a burden on their loved ones. Those whose income exceeds approximately \$100,000 per year have the option to choose between home health, senior housing, and informal care. Based on our experience in various markets nationwide, we've estimated that 50% of those earning over \$100,000 will elect the full range of services that seniors housing offers to accommodate their needs and live in an environment with their peers.

For private pay independent living, based on the income ranges of \$35,000 to \$100,000, and 50% of those earning above \$100,000, we consider 47.63% of seniors to currently be income qualified for residency, which will change to 49.71% by 2015. These calculations are shown in the table below.



INCOME QUALIFICATION RATIO – INDEPENDENT LIVING

	2010	2011	2012	2013	2014	2015
75+ Households with Income \$35,000 to \$100,000	1,076	1,091	1,106	1,120	1,135	1,150
% Households > \$100,000 choosing against Home Health 50% +	110	118	127	136	145	154
Total	1,186	1,209	1,233	1,256	1,280	1,304
Number of Total Senior Householders	÷ 2,489	2,516	2,542	2,569	2,595	2,622
Income Qualified Demand Ratio	47.63%	48.06%	48.49%	48.91%	49.31%	49.71%

Applying these ratios to the age-qualified population results in the number of total age and income qualified seniors for private pay independent living as shown below:

AGE, ACUITY, & INCOME QUALIFIED DEMAND – INDEPENDENT LIVING

Year	2010	2011	2012	2013	2014	2015
Age and Acuity Qualified Demand	2,568	2,615	2,661	2,708	2,754	2,801
Percent with Qualifying Income x	47.63%	48.06%	48.49%	48.91%	49.31%	49.71%
Age, Acuity, & Income Qualified Demand	1,223	1,257	1,290	1,324	1,358	1,392

We have estimated the PMA population’s acuity mix based on a regional average that is supported by this type of area since there are no independent living communities in the PMA. We find this measure to be reliable in metropolitan areas and have accordingly reconciled to 25.0% for independent living. Applying this percentage to the qualified demand results in the following gross demand figures:

INDEPENDENT LIVING MARKET SHARE

Year	2010	2011	2012	2013	2014	2015
Age, Income, & Acuity Qualified Demand	1,223	1,257	1,290	1,324	1,358	1,392
Market Share x	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Total Independent Living Demand	306	314	323	331	340	348

The next step in determining demand is to apply a migration rate to the overall senior population within the PMA. The migration rate is an estimated percentage of seniors moving into or out of the PMA. One of the primary reasons elderly move to another market is to move closer to their children. Consequently, every market will contain a percentage of seniors who are willing to immigrate or outmigrate from or to an outside market. In order to estimate the overall migration, we have looked at the adult children population (ages 55 – 64) within the defined market.

A high proportion of adult children to seniors over 75 will result in an immigration of seniors and a large draw from secondary markets. A low proportion of adult children will result in an outmigration of seniors resulting in a smaller draw from the secondary markets. The PMA contains 9,993 adult children aged 55-64 and 4,747 seniors aged 75 and over. The ratio of adult children to seniors aged 75 and older is 2.11 for the market, which is 113.4% of the national average of 1.86. This indicates immigration patterns in the PMA.



To quantify the immigration, we have used data from the *2009 Overview of Assisted Living* which surveyed resident relocation distances. According to the data, 36.5% of residents residing in independent living communities relocated from over 11 miles, which we attribute to the location of adult children. We then multiply this component of demand by 113.4% ratio of the typical proportion of adult children to result in an adult children demand component of 41.4% for the PMA. The resulting difference from the survey data represents the PMA migration level and direction, which in this case indicates immigration of 4.9% (41.4% - 36.5% = 4.9%).

The following chart displays the final step of subtracting current and proposed supply from gross demand to arrive at a final net or excess demand for senior housing services. However, there are no true independent living communities within the PMA, so the gross demand figure is the same as the net demand figure:

NET DEMAND – INDEPENDENT LIVING						
<u>Year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gross Demand	306	314	323	331	340	348
Immigration	+ 4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
Total Gross Demand	321	330	338	347	356	365
Less: Supply	- 0	0	0	0	0	0
Net Independent Living Demand	321	330	338	347	356	365

Based on the above calculations there is currently excess demand in the market in the amount of 321 independent living units, indicating an undersupplied market. The supply/demand relationship changes to a net demand of 365 units in 2015 assuming no other unexpected facilities are added and the current demographic trends continue.

DEMAND – PRIMARY MARKET AREA: SENIOR APARTMENTS

After determining the demand for independent living, we analyzed the demand for senior apartments in the PMA. A major factor in estimating potential market demand for communities involves an analysis of the number of residents within the PMA that are qualified for residency in terms of age and income level. Prospective residents for senior apartments can be from 55 years of age and older.

Senior apartment units are less expensive than independent living and therefore allow for lower income ranges for the qualified demand. Also, many senior apartment communities in the area offered Section 8 rental assistance for those residents who cannot afford market rates. As a result, we have broken out the market share between market rate and Section 8 income qualified residents.



Estimating demand for senior living services is very qualitative and varies between markets. Our demand process begins with a senior population. The following chart summarizes the senior population as well as adult children within the PMA:

PMA SENIOR DEMOGRAPHICS						
Population by Age	2000		2010		2015	
	Census	%	Estimate	%	Projection	%
Total Population	91,027		94,969		98,154	
Age 55 - 64	6,781	7.4%	9,993	10.5%	11,823	12.05%
Age 65 - 74	4,939	5.4%	5,718	6.0%	6,855	6.98%
Age 75 - 84	2,648	2.9%	3,446	3.6%	3,622	3.69%
Age 85 and over	764	0.8%	1,301	1.4%	1,508	1.54%
Age 65 and over	8,351	9.2%	10,465	11.0%	11,985	12.21%
Age 75 and over	3,412	3.7%	4,747	5.0%	5,130	5.23%
Age 85 and over	764	0.8%	1,301	1.4%	1,508	1.54%

Source: Claritas, Inc.

The demand rates utilized are derived from a series of studies on the needs of the elderly. The Agency for Health Care Policy and Research developed a study that indicated the need for assistance with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL) by age cohort 55 to 64, 65 to 74, 75 to 84, and 85 and older. Instrumental activities of daily living include transportation, meals, and housekeeping.

NEED FOR ADL OR IADL	
Ages 55-64	6.7%
Ages 65-74	31.4%
Ages 75-84	47.2%
Ages 85 and over	72.4%

Source: Agency for Health Care Policy and Research

Unlike independent living communities, senior apartments do not provide services to their residents. Therefore, residents living in senior apartment communities do not require any form of assistance with activities of daily living (ADL) or instrumental activities of daily living (IADL).

The above chart displays the rates for seniors who need assistance with at least one ADL or IADL. Since we know the need for assistance rate with at least one ADL or IADL, we can obtain the percentage of seniors who do not require any assistance by taking the inverse rate. This allows us to find the demand rates for the senior apartment market, as seen below.

NO ASSISTANCE WITH ADL OR IADL	
Ages 55-64	93.4%
Ages 65-74	68.6%
Ages 75-84	52.8%
Ages 85 and over	27.6%



The following charts apply the rates of those not requiring assistance for ADL or IADL to the age-qualified population to arrive at total age-qualified demand for the PMA.

2010 OVERALL DEMAND				
Age	55-64	65-74	75-84	85+
Population	9,993	5,718	3,446	1,301
Acuity Demand Rate	x 93.4%	68.6%	52.8%	27.6%
Age and Acuity Qualified Demand	9,328	3,923	1,819	359
Total Age and Acuity Qualified Demand				15,430

2015 OVERALL DEMAND				
Age	55-64	65-74	75-84	85+
Population	11,823	6,855	3,622	1,508
Acuity Demand Rate	x 93.4%	68.6%	52.8%	27.6%
Age and Acuity Qualified Demand	11,037	4,703	1,912	416
Total Age and Acuity Qualified Demand				18,068

The above demand figures estimate total age-qualified and acuity-qualified demand for seniors housing within the PMA. The next step in our analysis is to narrow the demand estimate to those who can afford senior apartments and are therefore income qualified.

For senior apartments, based on market rates, a minimum monthly fee of \$800 would be required for a one bedroom / one bath unit. This amount, multiplied by 12 months and assuming that the rental fee would account for 30% of all living expenses, indicates that a minimum annual income of \$32,000 would be required for private pay senior apartment residency.

It is inappropriate to utilize an average rent as we are estimating the actual demand for units in the price range. Using an average rent would skew the data by excluding demand for the most affordable unit types.

Since the target resident will pay for seniors housing with after-tax dollars but the demographic data reports pre-tax income, we have adjusted the required income levels for taxes assuming an average 15% tax rate. We have applied to the required income by a factor of 0.85 to calculate the before-tax income level required for residency as detailed in the following chart.

Recognizing that many individuals will sell a primary residence prior to moving into a seniors housing community, we have also estimated the number of households that could use interest on home equity to fund residency at the senior apartment community. According to Claritas, 61% of seniors in the PMA own their residences that have a median value of \$259,197. The National Association for Senior Living Industries estimates that almost 90% of the homes owned by the 75+ age group are owned free and clear. Assuming an average equity ratio of 90% and



investment in these proceeds at a safe rate of 4%, these households have an additional \$5,684 to contribute towards annual income.

While the slowness of the single-family residential housing market may make it difficult for some seniors to tap this equity source to afford living in a seniors housing community, companies such as Elderlife Financial Services are proliferating to provide funding options to help seniors transition before their home sells. Assisted living occupancies nationwide have not significantly dropped since the housing market's slowness began, and we therefore do not believe that the current slowness of the residential real estate market impacts the income qualifications of seniors.

These Claritas estimates do not include other sources that could also fund residency such as stocks, bonds, and other liquid assets or assistance from family members. Therefore, we have estimated an additional 5% of income to be attributable to these sources for a contribution of \$1,882 for senior apartment residents. Subtracting these income sources results in adjusted annual required income of \$30,000 for senior apartment residency, as shown in the following table.

ANNUAL INCOME NEEDED			
			SR Apt
Minimum Monthly Fee			\$800
Monthly Fee as Percentage of Monthly Income		÷	30%
Monthly Income Needed (After Tax)			<u>\$2,667</u>
Annualized		x	12
Annual Income Needed (After Tax)			<u>\$32,000</u>
Tax Rate		÷	15%
Annual Income Needed (Before Tax)			<u>\$37,647</u>
Less Additional Income From Home Equity		-	\$5,684
Less Additional Income From Other Sources	5%	-	\$1,882
Adjusted Annual Income Needed (Rounded)			<u>\$30,000</u>

Additionally, we have considered demand from lower income seniors in the area who qualify for rental assistance. Section 8 rental assistance is a federal housing program which provides housing assistance to low-income renters. The assistance comes in the form of rental subsidies, limiting the monthly rent payment of the assistance recipient. To qualify for Section 8 assistance, the resident must be a low-income person (below 50% of the Area Median Income).

HUD calculates the area median family income by using data from the 2000 Census. The 2000 Census Median Income for Solano County, California was \$60,597. (Since HUD uses area definitions based on the calculation of Fair Market Rents, the 2000 Census Median shown above will not match Census publications as HUD uses special tabulations of Census data specific to HUD's area definitions.) Since the data is based upon income levels from 2000, it has to be multiplied by an adjusted local update factor and then multiplied by the annual trending



multiplier to bring the median family income estimate to the effective date of April 1, 2010 which is used for FY 2010 HUD Median Family Income calculation. These calculations are shown below:

HUD MEDIAN FAMILY INCOME CALCULATION		
Solano County FY 2010 Median Family Income		\$60,597
Adjusted Local Update Factor	x	1.2588
Trending (3.0% for 1.25 years)	x	1.03764
FY 2010 Area MFI Estimate		<u>\$79,150.66</u>
Rounded FY 2010 MFI Estimate		<u>\$79,200</u>

Source: U.S. Department of Housing and Urban Development

Next, we have to determine what income level is qualified for the Section 8 rental assistance. To qualify for Section 8 rental assistance the resident must be a low-income person defined as below 50% of the median family income. To find this we multiply HUD's rounded 2010 median family income estimate by 50% resulting in an area median income level of \$39,600 which is rounded to \$40,000. This represents the income level in the PMA for a family of four to qualify for low-income Section 8 rental assistance which is denoted as income levels below \$40,000. These calculations are shown below.

SECTION 8 INCOME LIMIT		
Rounded FY 2010 MFI Estimate		\$79,200
50% Below Area Median Income	x	50%
Section 8 Income Limit		<u>39,600</u>
Rounded Section 8 Income Limit		<u>\$40,000</u>

Source: U.S. Department of Housing and Urban Development

The median family income adjustment is based on a four person family. Once this is established, calculations of income limits for other family sizes can be determined. For our analysis, we have used the income limit for a one-person family. A one-person family income limit is calculated as 70% of the four-person income limit. Therefore, the area median family income limit is \$39,600 which is then multiplied by 70% to equal \$27,720. HUD rounds to the nearest \$50 for a one-person family income limit of \$27,750, and for our analysis using the demographic data we have rounded to \$28,000. These calculations are shown below.

ONE-PERSON FAMILY INCOME LIMIT		
Median Family Income Limit		\$39,600
70% of MFI Limit	x	70%
One-Person Family Income Limit		<u>27,720</u>
Rounded One-Person Family Income Limit		\$27,750
Rounded for Demographics Analysis		<u>\$28,000</u>

Source: U.S. Department of Housing and Urban Development



After determining the market rate income needed and establishing the Section 8 income limit, we can determine how many residents in the PMA that are income qualified. Senior householders within the PMA have the following breakdown of income levels:

PMA HOUSEHOLDER INCOME (AGES 55-64)

Income Levels	2010		2015	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	441	7.99%	466	7.25%
\$15,000 - \$25,000	342	6.19%	367	5.71%
\$25,000 - \$35,000	354	6.41%	366	5.69%
\$35,000 - \$50,000	700	12.68%	733	11.40%
\$50,000 - \$75,000	1,118	20.25%	1,210	18.82%
\$75,000 - \$100,000	994	18.00%	1,136	17.67%
Over \$100,000	1,573	28.49%	2,150	33.45%
Total	5,522	100%	6,428	100%

PMA HOUSEHOLDER INCOME (AGES 65-74)

Income Levels	2010		2015	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	295	9.26%	301	8.07%
\$15,000 - \$25,000	339	10.64%	358	9.60%
\$25,000 - \$35,000	333	10.45%	349	9.35%
\$35,000 - \$50,000	564	17.70%	565	15.14%
\$50,000 - \$75,000	706	22.16%	879	23.56%
\$75,000 - \$100,000	433	13.59%	479	12.84%
Over \$100,000	516	16.20%	800	21.44%
Total	3,186	100%	3,731	100%

PMA HOUSEHOLDER INCOME (AGES 75-84)

Income Levels	2010		2015	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	277	14.18%	248	12.35%
\$15,000 - \$25,000	350	17.92%	296	14.74%
\$25,000 - \$35,000	286	14.64%	328	16.33%
\$35,000 - \$50,000	402	20.58%	355	17.68%
\$50,000 - \$75,000	315	16.13%	365	18.18%
\$75,000 - \$100,000	150	7.68%	172	8.57%
Over \$100,000	173	8.86%	244	12.15%
Total	1,953	100%	2,008	100%



PMA HOUSEHOLDER INCOME (AGES 85+)

Income Levels	2010		2015	
	Number of Households	Percent of Total	Number of Households	Percent of Total
Under \$15,000	102	19.03%	107	17.43%
\$15,000 - \$25,000	106	19.78%	104	16.94%
\$25,000 - \$35,000	73	13.62%	82	13.36%
\$35,000 - \$50,000	101	18.84%	115	18.73%
\$50,000 - \$75,000	74	13.81%	98	15.96%
\$75,000 - \$100,000	34	6.34%	45	7.33%
Over \$100,000	46	8.58%	63	10.26%
Total	536	100%	614	100%

Those with insufficient income are likely to require care from family members or friends, considered to be informal caregivers. Those with sufficient income to cover the costs of senior housing will likely choose to do so if needed rather than become a burden on their loved ones. For private pay senior apartments, based on the income ranges of \$30,000 and above, we consider 75.22% of seniors to currently be income qualified for residency, which will change to 78.02% by 2015. These calculations are shown in the table below.

INCOME QUALIFICATION RATIO – SENIOR APARTMENT

		2010	2011	2012	2013	2014	2015
55+ Households with Income	\$30,000 to \$100,000	6,114	6,234	6,354	6,474	6,594	6,715
	\$100,000+	2,308	2,498	2,688	2,877	3,067	3,257
Total		8,422	8,732	9,042	9,352	9,662	9,972
Number of Total Senior Householders		11,197	11,514	11,831	12,147	12,464	12,781
Income Qualified Demand Ratio		75.22%	75.84%	76.43%	76.99%	77.51%	78.02%

For low-income Section 8 rental assistance, based on income below \$28,000, we consider 22.92% of seniors to currently be income qualified for residency, which will change to 20.22% by 2015. These calculations are shown in the table below.

INCOME QUALIFICATION RATIO – SENIOR APARTMENT SECTION 8

		2010	2011	2012	2013	2014	2015
55+ Households with Income	\$0 to \$28,000	2,566	2,570	2,573	2,577	2,581	2,585
Number of Total Senior Householders		11,197	11,514	11,831	12,147	12,464	12,781
Income Qualified Demand Ratio		22.92%	22.32%	21.75%	21.21%	20.71%	20.22%

Applying these ratios to the age-qualified population results in the number of total age and income qualified seniors as shown below:



AGE, ACUITY, & INCOME QUALIFIED DEMAND – SENIOR APARTMENT

Year	2010	2011	2012	2013	2014	2015
Age and Acuity Qualified Demand	15,430	15,957	16,485	17,013	17,540	18,068
Percent with Qualifying Income	x 75.22%	75.84%	76.43%	76.99%	77.51%	78.02%
Age, Acuity, & Income Qualified Demand	11,606	12,102	12,599	13,097	13,596	14,096

AGE & INCOME QUALIFIED DEMAND – SENIOR APARTMENT SECTION 8

Year	2010	2011	2012	2013	2014	2015
Age and Acuity Qualified Demand	15,430	15,957	16,485	17,013	17,540	18,068
Percent with Qualifying Income	x 22.92%	22.32%	21.75%	21.21%	20.71%	20.22%
Age, Acuity, & Income Qualified Demand	3,536	3,561	3,586	3,609	3,632	3,654

Up to this point, we have estimated the total number of prospective residents within the PMA who are qualified for residency based on their age, acuity, and income. However, these cannot simply be added together since doing so would involve double-counting since majority of these prospective residents will be homeowners. Therefore, the next step in our analysis is determining the proportion of senior renter households to the total number of senior households. This allows us to define the senior apartment market share. The following table displays the current senior housing mix within the subject's PMA.

TENURE BY AGE OF HOUSEHOLDER

Total Households	29,270
Owner Occupied	18,376
Householder 55 to 59 Years	1,592 8.66%
Householder 60 to 64 Years	1,334 7.26%
Householder 65 to 74 Years	2,488 13.54%
Householder 75 to 84 Years	1,290 7.02%
Householder 85 and over	244 1.33%
Total Owner Households 55+	6,948
Renter Occupied	11,414
Householder 55 to 59 Years	411 3.60%
Householder 60 to 64 Years	388 3.40%
Householder 65 to 74 Years	610 5.34%
Householder 75 to 84 Years	467 4.09%
Householder 85 and over	119 1.04%
Total Renter Households 55+	1,995
Renter to Total Households 55+	22.31%

There are a total of 8,943 senior households (55 and older) of which 1,995 are renter households. Therefore, the ratio of renter households to total households for seniors 55 and older is 22.31%. Applying this percentage to the qualified demand results in the following gross demand figures:



MARKET RATE SENIOR APARTMENTS - MARKET SHARE

Year	2010	2011	2012	2013	2014	2015
Age, Income, & Acuity Qualified Demand	11,606	12,102	12,599	13,097	13,596	14,096
Percent of Renter Households, 55+	x 22.3%	22.3%	22.3%	22.3%	22.3%	22.3%
Total Senior Apartment Demand	2,589	2,700	2,811	2,922	3,033	3,145

SECTION 8 SENIOR APARTMENTS - MARKET SHARE

Year	2010	2011	2012	2013	2014	2015
Age & Income Qualified Demand	3,536	3,561	3,586	3,609	3,632	3,654
Percent of Renter Households, 55+	x 22.3%	22.3%	22.3%	22.3%	22.3%	22.3%
Total Senior Apartment Demand	789	794	800	805	810	815

The following chart displays the final step of multiplying gross demand by a capture rate then subtracting current and proposed supply from this to arrive at a final net or excess demand for senior apartments.

NET DEMAND – MARKET RATE SENIOR APARTMENTS

Year	2010	2011	2012	2013	2014	2015
Gross Demand	2,589	2,700	2,811	2,922	3,033	3,145
Capture Rate	x 20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Total Demand After Capture Rate	518	540	562	584	607	629
Less: Supply	- 339	339	339	339	339	339
Net Senior Apartment Demand	179	201	223	245	268	290

NET DEMAND – SECTION 8 SENIOR APARTMENTS

Year	2010	2011	2012	2013	2014	2015
Gross Demand	789	794	800	805	810	815
Capture Rate	x 35%	35%	35%	35%	35%	35%
Total Demand After Capture Rate	276	278	280	282	284	285
Less: Supply	- 244	244	244	244	244	244
Net Senior Apartment Demand	32	34	36	38	40	41

We have applied a capture rate to the gross demand total to represent the actual amount of units that can reasonably be accepted in the market. A senior-restricted project can capture up to 35% of the low-income anticipated demand and 20% of the moderate-income anticipated



demand. The senior-restricted capture rates are higher than the general occupancy capture rates due to the fact that there is significant growth in senior households and there is a limited supply of available seniors housing, particularly for lower income senior households in the Suisun City area.

The above calculations result in a current excess demand of 179 market rate senior apartment units and excess demand of 32 Section 8 rental assistance units, indicating in undersupplied senior apartment market. By 2015, the supply/demand relationship for each segment changes to an excess demand of 290 market rate senior apartment units and an excess demand of 41 Section 8 rental assistance units, assuming no unexpected communities are added and the current demographic trends continue. This measure of the supply/demand relationship indicates that the market is undersupplied with respect to senior apartment units in the PMA. This is a steadily growing market, and seniors housing communities should remain stable and with continued strong occupancy over the foreseeable future.

CONCLUSION

Our supply/demand analysis indicates that the seniors housing market is undersupplied in Suisun City. Based on the above analysis, we have concluded that there is a market for both new independent living and senior apartment units. The market has a current excess demand of 321 independent living units which will grow to 365 units by 2015. The senior apartment market has a current excess demand of 211 units of which 179 units are market rate and 32 units are Section 8, which will grow to 290 market rate units and 41 Section 8 units totaling 331 units by 2015. This high demand is supported by the market occupancy of 100% and waiting lists at majority of the senior apartments in the market. By offering Section 8 rental assistance to residents, the senior apartment community will be able to attract both low-income and market rate residents and obtain a larger market share.

Taking all indications together, we believe that the market can reasonably support a senior housing community containing 50-60 one-bedroom units and 40-50 two-bedroom units. We believe that the outlook for a new senior housing community in this market is favorable.



SECTION 4. PARCEL ANALYSIS

We have analyzed eleven different parcels for the development of a seniors housing community in Suisun City. The parcels have been identified by ID number, size of the lot in acres, and the current owner. After gathering all of this information, we mapped and identified the different locations. This allowed us to distinguish the differences between each parcel. We found that the site specific details such as size, utility access, zoning, parking ratio, and easement concerns/considerations were very similar. The parcels did vary in size, but they were all adequate sizes to build a seniors housing community on.

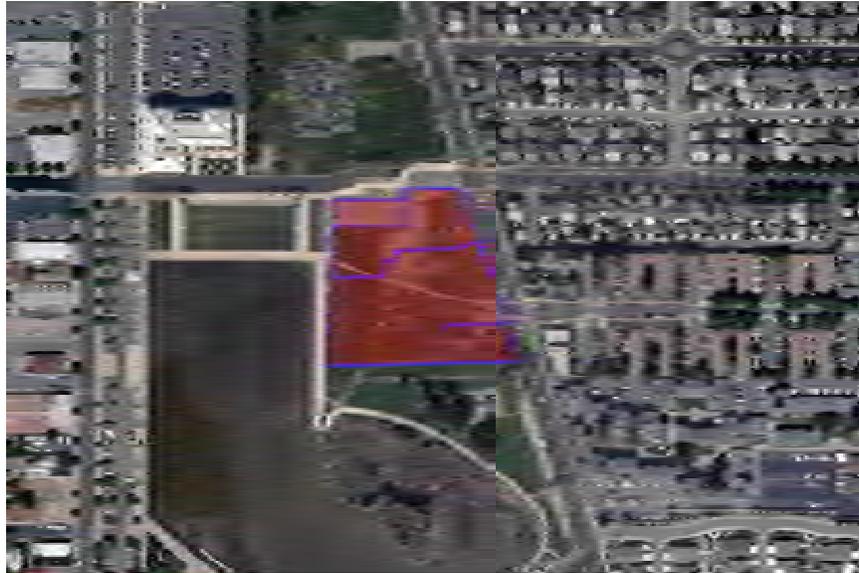
We took into account accessibility to the site, its visibility, the land uses surrounding the site, and access to transit and services such as groceries, physicians, and the senior center. These proved to be the most distinguishable characteristics that differentiated each site. After determining each feature, we ranked them on a scale of 1-5, 1 being the worst and 5 being the best. Therefore, if the site had an average characteristic it was rated a 3, above average ranged from 4-5, and below average from 1-2. This amounted to a total rating for each site. We then considered the top three sites for our recommendation.

POTENTIAL SITES

The following pages contain detailed profiles of each parcel.



SITE ONE



Intersection: Civic Center Boulevard and Driftwood Drive

Parcel ID's:	Lot Acres:	Ownership:
0032-091-170	0.31	Suisun City Redevelopment Agency
0032-091-180	0.88	Suisun City Redevelopment Agency
0032-091-190	1.92	Suisun City Redevelopment Agency
0032-091-200	0.36	Suisun City Redevelopment Agency
Total	3.47 Acres	

Accessibility: This site contains above average access because it is located on Civic Center Boulevard.

Visibility: This site contains above average visibility because of its location on Civic Center Boulevard which is one of the main roads in Suisun City.

Surrounding Land Uses: This site is surrounded by the Hampton Inn and Suites, residential houses, and is located on the waterfront.

Transit: This site is in close proximity to the transit stop at Almond Street and Civic Center Boulevard giving it average access to transit services.

Services: This site is located within a ½ mile walking distance of downtown retail and restaurants, and it is within a couple blocks of City Hall. Grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip.



SITE ONE RATING	
Features	Rating
Accessibility	4
Visibility	4
Surrounding Land Uses	2
Transit	3
Services	3
TOTAL	16

Overall: This site had total rating of 16. This site contains above average accessibility and visibility by being located on Civic Center Boulevard, a main road into downtown Suisun City. Although this site is in close proximity to the transit stop at Almond Street and Civic Center Boulevard and is within walking distance of downtown retail and restaurants, grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip. The site contains a very unique location by being located on the waterfront which would provide scenic views for seniors residing in the complex. This waterfront coverage is a valuable amenity that is unique to the area. As a result, we do not believe the highest and best use for this site to be the development of a seniors housing community. It would not be able to achieve the highest return and use of this location. Instead, a mix use development would be more ideal and would be able to obtain the maximum return on this site. After taking all these characteristics into consideration, this site received an overall rating of 16.



SITE TWO



Intersection: Civic Center Boulevard and Lotz Way

Parcel ID's:	Lot Acres:	Ownership:
0032-061-240	0.08	Suisun City Redevelopment Agency
0032-061-250	0.14	Suisun City Redevelopment Agency
0032-061-260	0.13	Suisun City Redevelopment Agency
0032-061-270	0.14	Suisun City Redevelopment Agency
0032-061-280	0.07	Suisun City Redevelopment Agency
0032-061-290	0.07	Suisun City Redevelopment Agency
0032-061-300	0.14	Suisun City Redevelopment Agency
0032-061-310	0.14	Suisun City Redevelopment Agency
0032-061-320	0.28	Suisun City Redevelopment Agency
0032-061-330	0.24	Suisun City Redevelopment Agency
0032-061-340	0.14	Suisun City Redevelopment Agency
0032-061-350	0.14	Suisun City Redevelopment Agency
0032-061-360	0.14	Suisun City Redevelopment Agency
Total	1.85 Acres	

Accessibility: This site contains above average access because it is a corner parcel located on Lotz Way and Civic Center Boulevard.

Visibility: This site contains above average visibility because of its location on Lotz Way and Civic Center Boulevard which is one of the main roads leading into downtown Suisun City.

Surrounding Land Uses: This site is surrounded by the Amtrak Station parking, residential houses, vacant land, and the Hampton Inn and Suites.

Transit: This site is in close proximity to the transit stop at Almond Street and Civic Center Boulevard which gives it average accessibility.



Services: This site is located within a ½ mile walking distance of downtown retail and restaurants, and it is within a couple blocks of City Hall. Grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip.

SITE TWO RATING	
Features	Rating
Accessibility	5
Visibility	4
Surrounding Land Uses	3
Transit	3
Services	3
TOTAL	18

Overall: This site contains above average accessibility and visibility by being a corner parcel located on Lotz Way and Civic Center Boulevard, a main road into downtown Suisun City. Although this site is in close proximity to the transit stop at Almond Street and Civic Center Boulevard and is within walking distance of downtown retail and restaurants, grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip. This site also contains a long a narrow shape that may make site planning for a seniors housing community to be difficult. After taking all these characteristics into consideration, this site received an overall rating of 18.



SITE THREE



Intersection: Marina Boulevard and Rio Vista Road

Parcel ID's:	Lot Acres:	Ownership:
0032-230-370	14.56	Suisun City Redevelopment Agency
0032-230-290	15.42	Suisun City Redevelopment Agency
Total	29.98 Acres	

Accessibility: This site contains above average access by being a corner parcel located off Highway 12 and Marina Boulevard.

Visibility: This site contains above average visibility because of its location off Highway 12 and Marina Boulevard

Surrounding Land Uses: This site is surrounded by commercial and office buildings, residential houses, Highway 12, and the railroad.

Transit: This site is in very close proximity to the transit stop at Almond Street and Civic Center Boulevard, but contains average accessibility to it as residents would have to cross Highway 12 to reach it.

Services: Approximately one mile via walking or bike path along Highway 12 leads to Sunset and Heritage Shopping Plazas, and an alternate route traveling on Buena Vista to Sunset is also approximately one mile. The Marina Shopping Center is located in close proximity across Highway 12. Grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip.



SITE THREE RATING	
Features	Rating
Accessibility	5
Visibility	5
Surrounding Land Uses	3
Transit	3
Services	3
TOTAL	19

Overall: This site contains above average accessibility and visibility by being a corner parcel located on Marina Boulevard and Highway 12. Although this site is in close proximity to the transit stop at Almond Street and Civic Center Boulevard it would require residents to cross Highway 12. It has average accessibility by being located approximately one mile via walking or bike path along highway 12 to Sunset and Heritage Shopping Plazas. Marina Shopping Center is located in close proximity, but would require residents to cross Highway 12. Grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip.

This site is large enough to encompass a mix of retail, business support services and a mix of housing from single-family residential to multifamily uses. At this site it would be ideal to consider development of a seniors housing community parallel to Marina Boulevard and South Buena Vista; this would allow the front portion to be retained for commercial use. However, this is the largest site Suisun City has available to develop. By developing a lone 100-unit community, it would not guarantee the development of the surrounding site due to the current economy. The community could appear to be out of place and lose its curb appeal if it remains the only freestanding building on-site without any additional development. After taking all these characteristics into consideration, this site received an overall rating of 19.



SITE FOUR



Intersection: Lotz Way and Main Street

Parcel ID's:	Lot Acres:	Ownership:
0032-042-120	0.27	State of California
0032-042-130	0.69	State of California
0032-042-640	2.35	State of California
Total	3.31 Acres	

Accessibility: This site contains above average accessibility because it is a corner parcel located on Lotz Way and Main Street, a leading street into downtown Suisun City.

Visibility: This site contains above average visibility because of its location on Lotz Way and Main Street which is one of the main roads leading into downtown Suisun City. It also receives above average visibility from Highway 12 located directly north of this parcel.

Surrounding Land Uses: This site is surrounded by Highway 12, Sea Breeze Mobile Home Park, Hampton Inn and Suites, a parking lot, and the Amtrak Station.

Transit: This site is located directly across from the transit stop at Almond Street and Civic Center Boulevard giving it above average access to transit services.

Services: This site is within walking distance of downtown Suisun City and within a ½ block from the Marina Shopping Center. Grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip.



SITE FOUR RATING	
Features	Rating
Accessibility	4
Visibility	4
Surrounding Land Uses	2
Transit	5
Services	3
TOTAL	18

Overall: This site contains above average accessibility and visibility by being a corner parcel located on Lotz Way and Main Street, a main road into downtown Suisun City. This site has the best access to transit services as they are located directly to the west of the parcel. It is within walking distance of downtown Suisun City and the Marina Shopping Center. It is currently utilized as an Amtrak parking lot with concrete as its only infrastructure. The site could be easily relocated to the parcel to the North. At this site grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip. This site is surrounded by roadways closely hugging the perimeter of the site, so noise could be an issue. After taking all these characteristics into consideration, this site received an overall rating of 18.



SITE FIVE



Intersection: Driftwood Drive and Travis Court

Parcel ID's:	Lot Acres:	Ownership:
0032-081-110	0.99	Sheldon Oil Co
0032-081-320	0.52	Engell Arthur J
0032-082-140	0.76	Engell Arthur J
Total	2.27 Acres	

Accessibility: This site contains above average accessibility because it is located on Travis Court and Driftwood Drive right off Main Street.

Visibility: This site contains below average visibility because of its location on Travis Court off Driftwood Drive. Travis court is a dead end street and therefore is not a main thoroughfare in the city. This makes for minimal traffic along this road, creating below average visibility.

Surrounding Land Uses: This site is mainly surrounded by industrial buildings.

Transit: This site is located a few blocks from the transit stop at Almond Street and Civic Center Boulevard, and is located within a ½ block of the Main Street and Driftwood Drive bus stop giving it above average access to transit services.

Services: This site is located within close proximity of downtown Suisun City. Grocery shopping, physicians, and Suisun City senior center visits would require a bus trip. We understand that the City is encouraging development of restaurants, nightclubs, and other late-



night entertainment uses in the downtown area, but these services are not desired by most seniors.

SITE FIVE RATING	
Features	Rating
Accessibility	5
Visibility	2
Surrounding Land Uses	4
Transit	4
Services	4
TOTAL	19

Overall: This site contains above average accessibility but below average visibility by being located on Travis Court and Driftwood Drive off Main Street. This site is within walking distance to the transit services located at Almond Street and Civic Center Boulevard and the bus stop at Main Street and Driftwood Drive. It is located in close proximity to downtown Suisun City, but grocery shopping, physicians, and Suisun City senior center visits would require a bus trip.

This site is a great location because it would provide a redevelopment to an area of older buildings with vacancies. A new development such as a seniors housing community would revamp this area, but the anticipated late-night entertainment uses planned by the City would not benefit from this development as much as one catered to a younger population.

A drawback to this site is that developing a community here would require the relocation of the existing tenants, and the area would still have an industrial appearance to it. Depending on the configuration of the community, possible reconfiguration of streets may become necessary. Typically, seniors prefer to reside in communities located in an area with less noise pollution. Due to the rail road and remaining industrial business, this may not be possible at this location. After taking all these characteristics into consideration, this site received an overall rating of 19.



SITE SIX



Intersection: Driftwood Drive and Benton Court

Parcel ID's:	Lot Acres:	Ownership:
0032-052-210	0.37	Engell Brothers
0032-081-020	0.19	Sarup Kishmore C
0032-081-030	0.20	Fennie Dana
0032-081-040	0.20	Kontogiannis Spiros & Rochelle
0032-081-050	0.20	Fad-Engell Company
0032-081-060	0.28	Fad-Engell Company
0032-081-070	0.19	Engell Arthur J
0032-081-310	0.68	Fad-Engell Company
0032-081-110	0.99	Sheldon Oil Co
0032-081-320	0.52	Engell Arthur J
Total	3.82 Acres	

Accessibility: This site contains above average accessibility because it is located on Travis Court and Driftwood Drive right off Main Street.

Visibility: This site contains below average visibility because of its location on Travis Court off Driftwood Drive. Travis court is a dead end street and therefore, is not a main thoroughfare in the city. This makes for minimal traffic along this road creating below average visibility.

Surrounding Land Uses: This site is mainly surrounded by industrial buildings and the rail road.

Transit: This site is located a few blocks from the transit stop at Almond Street and Civic Center Boulevard, and is located within a ½ block of the Main Street and Driftwood Drive bus stop giving it above average access to transit services.



Services: This site is located within close proximity of downtown Suisun City. Grocery shopping, physicians, and Suisun City senior center visits would require a bus trip.

SITE SIX RATING	
Features	Rating
Accessibility	5
Visibility	2
Surrounding Land Uses	4
Transit	4
Services	4
TOTAL	19

Overall: This site contains above average accessibility, but below average visibility by being located on Travis Court and Driftwood Drive off Main Street. This site is within walking distance to the transit services located at Almond Street and Civic Center Boulevard and the bus stop located on Main Street an Driftwood Drive. It is located in close proximity to downtown Suisun City, but grocery shopping, physicians, and Suisun City senior center visits would require a bus trip.

This site would be a great location by providing a redevelopment to an area of older buildings with vacancies. A new development such as a seniors housing community would revamp this area. One drawback to this site is that developing a community here would require the relocation of the remaining tenants, and the area would still have an industrial appearance to it. Depending on the configuration of the community, possible reconfiguration of streets may become necessary. Typically, seniors prefer to reside in communities located in an area with less noise pollution. Due to the rail road and remaining industrial business, this may not be possible at this location. After taking all these characteristics into consideration, this site received an overall rating of 19.



SITE SEVEN



Intersection: Main Street and SR-12

Parcel ID's:	Lot Acres:	Ownership:
0032-042-720	0.73	GIMLI Ltd
0032-042-790	1.69	GIMLI Ltd
0032-042-740	0.30	GIMLI Ltd
Total	2.72 Acres	

Accessibility: This site contains average accessibility because it is located on Main Street, but on the north side of Highway 12 which makes it only accessible by Main Street.

Visibility: This site contains above average visibility because of its location on Main Street next to Highway 12.

Surrounding Land Uses: This site is mainly surrounded by the rail road, vacant land, and Highway 12.

Transit: This site is located in close proximity to the transit stop at Almond Street and Civic Center Boulevard giving it average access to transit services.

Services: This site is located within close proximity of downtown Suisun City, but grocery shopping, physicians, and Suisun City senior center visits would require a bus trip.



SITE SEVEN RATING	
Features	Rating
Accessibility	3
Visibility	4
Surrounding Land Uses	1
Transit	3
Services	2
TOTAL	13

Overall: This site contains average accessibility and above average visibility by being located on Main Street next to Highway 12. This site is within close proximity to the transit services located at Almond Street and Civic Center Boulevard and to downtown Suisun City, but grocery shopping, physicians, and Suisun City senior center visits would require a bus trip. This site would provide development to a vacant parcel with limited uses. However, this site is surrounded by major roadways and rail road closely hugging the perimeter of the site, so noise pollution would be an issue. Safety for tenants could be an issue, since an elevated pedestrian walkway connects the train station of Suisun City to the Fairfield side of railroad tracks. Overall, developing a community on this parcel would not be ideal mainly due to the surrounding land uses that make this parcel isolated from downtown Suisun City. After taking all these characteristics into consideration, this site received an overall rating of 13.



SITE EIGHT



Intersection: Cordelia Street and West Street

Parcel ID's:	Lot Acres:	Ownership:
0032-200-210	2.35 Acres	Bryan jay M & Gail E
Total	2.35 Acres	

Accessibility: This site contains below average accessibility because it is located on Cordelia Street which is in the southwest area of Suisun City. Its location in a residential neighborhood is not walking-friendly since it is far from retail and other establishments.

Visibility: Although this site contains average visibility from Cordelia Street, there is very little surrounding land uses with very low traffic in the area making this parcel below average for visibility.

Surrounding Land Uses: This site is mainly surrounded by multi-family housing, the rail road, and vacant land.

Transit: This site is located in close proximity to Cordelia Road and West Street bus station, but would require a bus trip to the transit stop at Almond Street and Civic Center Boulevard giving it average access to transit services.

Services: This site is located on the southwestern edge of Suisun City, but grocery shopping, physicians, and Suisun City senior center visits would require a bus trip.



SITE EIGHT RATING	
Features	Rating
Accessibility	2
Visibility	2
Surrounding Land Uses	2
Transit	3
Services	3
TOTAL	12

Overall: This site contains below average accessibility and visibility by being located on Cordelia Street in the southwest edge of downtown Suisun City where there is very low traffic and surrounding land uses. This site is within close proximity to Cordelia Road and West Street bus station, but would require a bus trip to the transit stop at Almond Street and Civic Center Boulevard giving it average access to transit services. Grocery shopping, physicians, and Suisun City senior center visits would require a bus trip. Similar to other sites near the railroad, noise pollution may be an issue to seniors. Seniors typically prefer to reside in quiet areas that are secure and walking distance to grocery stores. This site does not provide these features. Overall, developing a community on this parcel would not be ideal mainly due to the surrounding land uses and its accessibility and visibility. After taking all these characteristics into consideration, this site received an overall rating of 12.



SITE NINE



Intersection: Marina Circle and Whispering Bay Lane

Parcel ID's:	Lot Acres:	Ownership:
0032-322-160	0.33	Stinson Incorporated
0032-322-170	0.39	Stinson Incorporated
0032-322-180	0.36	Whedbee Larry T
0032-322-190	0.46	Stinson Incorporated
0032-322-200	0.27	Stinson Incorporated
0032-322-210	0.27	Stinson Incorporated
0032-322-220	0.27	Stinson Incorporated
Total	2.35 Acres	

Accessibility: This site contains below average accessibility because it is located on Marina Circle which is the farthest southeast corner of Suisun City.

Visibility: This site contains average visibility from Marina Circle, but when its location is taken into account it has below average visibility due to the low traffic count in this area.

Surrounding Land Uses: This site is mainly surrounded by residential housing, the Suisun Pacific Marina and Storage, and the marina.

Transit: This site is one of the farthest from any kind of bus or rail service making it below average access to transit services.

Services: Grocery shopping, physicians, visits to Suisun City Senior Center, plazas, and downtown would not be accessible on foot, and would require a bus trip.



SITE NINE RATING	
Features	Rating
Accessibility	2
Visibility	2
Surrounding Land Uses	3
Transit	1
Services	2
TOTAL	10

Overall: This site contains below average accessibility and visibility by being located in the farthest southeast section of Suisun City on Marina Circle. This site has below average access to transit services because it is one of the farthest from any bus or rail transit system. This site would provide waterfront views to the senior community and a sense of security due to its location within a residential area. Boat/RV storage would most likely not become a noise nuisance to seniors compared to the railroad. Grocery shopping, physicians, visits to Suisun City Senior Center, plazas, and downtown would not be accessible on foot. Also, a rezone from SFR to MF would be needed, causing an impact on the residential streets.

Overall, developing a community on this parcel would not be ideal mainly due to the surrounding land uses and because of its below average accessibility and visibility. After taking all these characteristics into consideration, this site received an overall rating of 10.



SITE TEN



Intersection: Cordelia Street and School Street

Parcel ID:	Lot Acres:	Ownership:
0032-152-180	7.44	Suisun Redevelopment Agency
Total	7.44 Acres	

Accessibility: This site contains below average accessibility because it is located on Cordelia and School Street which are located in the southwest area of Suisun City.

Visibility: Although this site contains average visibility from Cordelia Street, it is a residential neighborhood with very little traffic in the area, making this parcel below average for visibility.

Surrounding Land Uses: This site is mainly surrounded by multi-family housing, the rail road, and vacant land.

Transit: This site is located in close proximity to Cordelia Road and West Street bus station, but would require a bus trip to the transit stop at Almond Street and Civic Center Boulevard giving it average access to transit services.

Services: This site is located within close proximity of downtown Suisun City, but grocery shopping, physicians, and Suisun City senior center visits would require a bus trip.



SITE TEN RATING	
Features	Rating
Accessibility	2
Visibility	2
Surrounding Land Uses	2
Transit	3
Services	3
TOTAL	12

Overall: This site is vacant and is the site of the former middle school. It is located to the North of existing multifamily apartments. This site contains below average accessibility and visibility by being located on Cordelia Street where there are residential surrounding land uses and low traffic in this area. This site is within close proximity to Cordelia Road and West Street bus station, but would require a bus trip to the transit stop at Almond Street and Civic Center Boulevard giving it average access to transit services. Grocery shopping, physicians, and Suisun City senior center visits would require a bus trip. Similar to other sites near the railroad, noise pollution may be an issue to seniors. Seniors typically prefer to reside in quiet areas that are secure and walking distance to grocery stores. This site does not provide these features.

According to public records, a portion of the site is contaminated (Brown Field), requiring clean up. Overall, developing a community on this parcel would not be ideal mainly due to its contamination, the surrounding land uses, and the parcels below average accessibility and visibility. After taking all these characteristics into consideration, this site received an overall rating of 12.



SITE ELEVEN



Intersection: Lotz Way and Marina Boulevard

Parcel ID's:	Lot Acres:	Ownership:
0032-281-100	3.95	Fairfield City
0032-281-090	1.60	Richardson Del
0032-281-060	1.19	Stinson Incorporated
0032-281-110	1.61	Turner Val
0032-281-130	1.25	Turner Val
Total	9.60 Acres	

Accessibility: This site contains above average accessibility because it is a corner parcel located on Lotz Way and Marina Boulevard just off Highway 12.

Visibility: This site contains above average visibility because of its location on Lotz Way and Marina Boulevard. It also receives above average visibility from Highway 12 located directly north of this parcel.

Surrounding Land Uses: This site is surrounded by Highway 12, residential homes, and the Marina Shopping Center.

Transit: This site is located approximately ½ mile from the transit stop at Almond Street and Civic Center Boulevard giving it above average access to transit services.

Services: This site is within walking distance of downtown Suisun City and directly adjacent to the Marina Shopping Center. Grocery shopping, physicians, and visits to Suisun City Senior Center would require a bus trip.



SITE ELEVEN RATING	
Features	Rating
Accessibility	5
Visibility	5
Surrounding Land Uses	5
Transit	4
Services	4
TOTAL	23

Overall: This site contains above average accessibility and visibility by being a corner parcel located on Lotz Way and Marina Boulevard and by also being located just off Highway 12. The Amtrak Station is within ½ mile from this site giving this site above average access. It is within walking distance of downtown Suisun City and it is adjacent to the Marina Shopping Center which may be accessed on foot by Lotz Way.

Development of this site would assist in drawing new tenants to the shopping plaza that is currently undergoing extensive renovations. The two most southwest parcels, owned by Turner Val, totaling 2.86 acres would be ideal for the 100-unit senior housing community. Grocery shopping, physicians, Heritage, Sunset Shopping Plazas, and the Suisun City Senior Center are within one mile of this site. The Waterfront District's Main Street is also within one mile of the site. This would allow the hard corner on Marina and SR-12 to be available for future commercial development, possibly a pharmacy, as well as retaining the City of Fairfield parcel for future retail due to exposure on SR-12. The only drawback is that depending on configuration of the site, a seniors housing community at this location might lead to heavier traffic on Lotz Way alongside residential homes. After taking all these characteristics into consideration, this site received an overall rating of 23.

SELECTION OF IDEAL SITE

After reviewing and taking into consideration all of the different variables of each site, we have concluded to the top three sites that would make the best locations for a senior housing community. The ideal site would be located in a quiet area, have nearby transportation options, and be proximate to social activities and retail establishments.



SITE SUMMARY

Site Number	Rating	Intersection
Eleven	23	Lotz Way and Marina Boulevard
Five	19	Driftwood Drive and Travis Court
Three	19	Marina Boulevard and Rio Vista Road
Six	19	Driftwood Drive and Benton Court
Two	18	Civic Center Boulevard and Lotz Way
Four	18	Lotz Way and Main Street
One	16	Civic Center Boulevard and Driftwood Drive
Seven	13	Main Street and SR-12
Eight	12	Cordelia Street and West Street
Ten	12	Cordelia Street and School Street
Nine	10	Marina Circle and Whispering Bay Lane

SITE THREE

This site has one of the top locations and is our third recommendation for a seniors housing development. It is large enough to encompass the entire seniors housing community while allowing for other uses such as a mix of retail and single-family to multifamily residential housing. This site would be able to incorporate walking and bike paths along Highway 12 to Sunset and Heritage Shopping Plazas. An alternate route traveling on Buena Vista to Sunset is approximately one mile. The Marina Shopping Plaza is also within walking distance of this site. This site meets many of the needs that would be required of a seniors housing community by being in close proximity to hospitals, grocery stores, and pharmacies, and allowing for senior activities.

However, the site does contain a few drawbacks. First, this site is located on the north side of Highway 12. By having the seniors housing community located here, seniors will have to cross this busy highway to get to the Waterfront District, which is a major drawback. Second, this site is the largest parcel of land that Suisun City has to develop. The development of a senior housing community on this site would only use a portion of the site, leaving a large amount of undeveloped land. The remaining site would have to be developed in order to sustain the success of this community. The development of a lone approximately 100-unit complex would not guarantee the development of the surrounding area due to the currently sluggish economy. This could result in the community losing its curb appeal and looking out of place by being the only development on the site.

SITE FIVE

This site has one of the best locations by being located off of Main Street and therefore, is our second recommendation for a seniors housing development. It is close to the waterfront and downtown giving it above average accessibility. This site is within walking distance to the Amtrak station and is conveniently located to the bus stop at Main Street and Driftwood Drive giving it above average access to transit. This site is a prime location in Suisun City that is currently being underutilized with the current improvements. Developing a seniors housing community on this site would provide a redevelopment to an aging area of vacant, older



buildings; on the other hand, the City's planned late-night entertainment uses in the downtown area would benefit more from a housing development catering to a younger population.

However, the major problems that we foresee with this site are that the development would require the relocation or buy-out of the current owners and tenants. Even after accomplishing this, the area would still have an industrial appearance to it. It also might be necessary to reconfigure the layout of the street depending on the configuration of the community. Although transportation is close, it would be necessary for grocery shopping, physician visits, and visits to the Suisun City Senior Center. This area also has heavy noise pollution due to the railroad and remaining industrial business in this area. Overall, we feel that this location does meet some of the criteria for a senior housing community, but it is considered inferior when compared to Site Eleven.

SITE ELEVEN

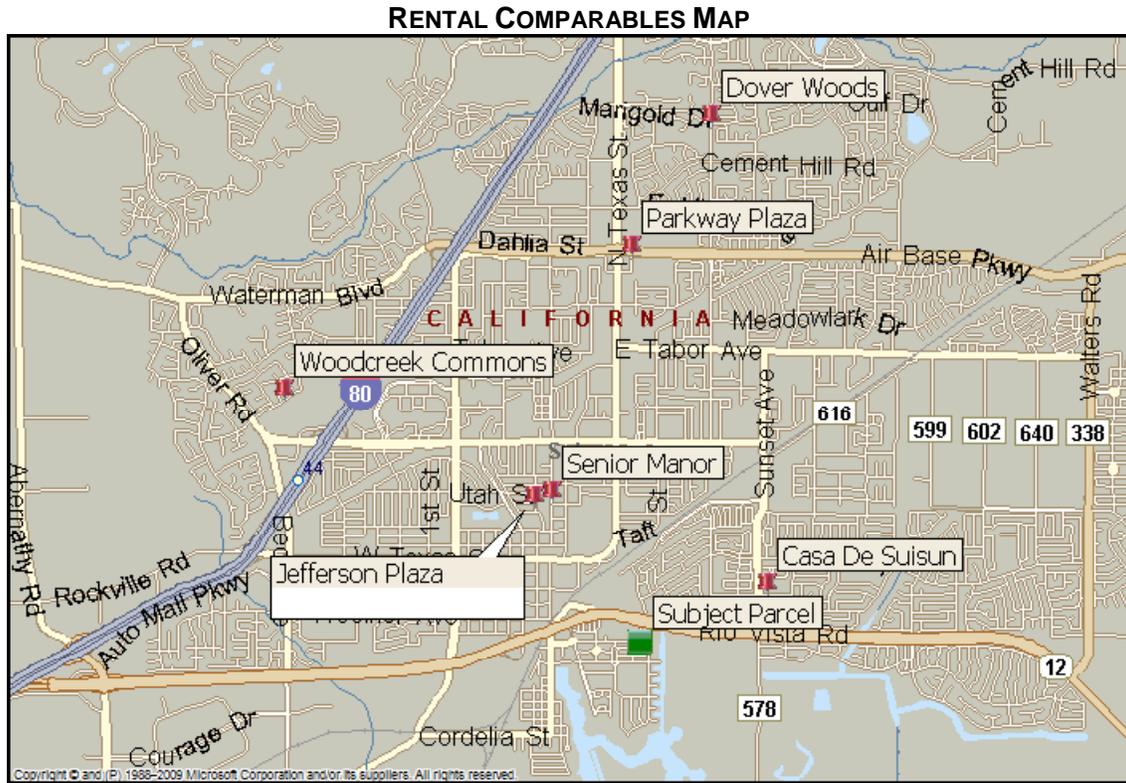
Site eleven is the parcel of land on which we recommend the senior housing community to be developed. This site has one of the best locations and is large enough to encompass the entire seniors housing community. It contains above average accessibility and visibility by being located on Lotz Way and Marina Boulevard and by also being located just off Highway 12. The Amtrak Station is within ½ mile from this site which is within walking distance giving this site above average access to transit services. This site is adjacent to the Marina Shopping Center which can be accessed on foot by Lotz Way. The shopping center is currently undergoing renovations, and the development of a seniors housing community here would help draw in more new tenants. The Heritage, Sunset Shopping, and the Suisun City Senior Center are also conveniently located within one mile of this parcel. It is also conveniently located to the Waterfront District's Main Street. By developing this site instead of Site Three, it allows for Suisun City to develop future retail on Site Three due to its exposure on Highway 12.

The only negative influence that we see by developing a seniors housing community on this site is that it could lead to heavier traffic on Lotz Way alongside the residential homes. Overall, this site contains the right location, size, and access for a seniors housing community. This location offers convenient access to shopping, walking, activities, grocery stores, hospitals, doctors' offices, pharmacies, and transportation.



SECTION 5. COMPETITIVE ANALYSIS

The following map identifies the primary competitors, which is followed by detailed profiles of each community:



RENTAL COMPARABLE ONE



Property Identification

Property Type Senior Housing
 Property Name Dover Woods
 Address 2801 Dover Ave Fairfield
 Ownership Type Dover Fairfield LP St-Anton Management
 Verification Confirmed with Dione Bullock, Operations Manager (707) 429-8966, on October 27th, 2010 by Michael Baldwin

Physical Data

Senior Apartments 200 Units
 Total Number of ILC Beds 74
 Year Opened 2002
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 11.65
 Acres 8.07 Acres
 Units Per Acre Approx. 25

Occupancy

Senior Housing 55+
 Section 8

Waitlist

40

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

\$682 - \$833
 \$810- 991

Deposit

\$250
 \$250

Unit Size

673
 930

Amenities & Services

Units offer private balcony, washer /dryer hook up, window coverings, private patio, cable ready with large closets and central air and heat (electric). Common areas offer outdoor pool, business center, covered/uncovered parking, club house, wireless internet, fitness center.

Remarks

Two story, 200-unit senior apartments complex developed in 2002 in Fairfield. The property offers both fair market units and affordable housing units. It accepts Section 8 vouchers, and currently there is a waitlist of approximately 40 residents for all sized units. Income Limits: 50% 60%

1 Person \$28,200- \$33,840

2 Persons \$32,250 - \$38,700

3 Persons \$36,250 - \$43,500

4 persons \$40,300 - \$48,360

5 persons \$43,500 - \$52,200

Located a short distance from Solano Athletic Club and nested with an area of multifamily and single-family residential housing. Mission Village shopping center within one mile and within five miles of Solano mall and North Bay Medical Center.



RENTAL COMPARABLE TWO



Property Identification

Property Type Senior Housing
 Property Name Senior Manor
 Address 1101 Union Ave Fairfield
 Ownership Type Fairfield Housing Authority
 Verification Confirmed with (707) 422-2944, on October 27th, 2010 by Michael Baldwin
 Parcel # 0173-010-210

Physical Data

Senior Apartments 60
 Year Opened N/A
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) Approx. 2
 Units Per Acre Approx. 33

Occupancy

Senior Housing
 Section 8

Waitlist

Yes

Turnover

1-2 per month

Types

Unit Type

N/A

Rental Range

N/A

Deposit

N/A

Unit Size

N/A

Amenities & Services

Gated and fenced.

Remarks

Two story, 60-unit senior housing complex operated by Fairfield Housing Authority.



RENTAL COMPARABLE THREE



Property Identification

Property Type	Senior Housing
Property Name	Jefferson Plaza
Address	1050 Jefferson Fairfield
Ownership Type	Fairfield Housing Authority
Verification	Confirmed with Manager (707) 428-7392 on October 27th, 2010 by Michael Baldwin

Physical Data

Senior Apartments	24 Units
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	N/A

Occupancy

Senior Housing 55+
 Section 8

Waitlist

Yes

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

N/A
 N/A

Deposit

N/A
 N/A

Unit Size

N/A
 N/A

Amenities & Services

Gated complex.

Remarks

This is a single-story, 24-unit senior housing complex located in an area of multifamily and single-family residential housing developments. On the outskirts of downtown Fairfield, the complex is located within walking distance to the local post office and physician offices. The downtown center is within 1/2 mile and includes shopping, a comedy theater, government service buildings, retail uses, and restaurants.



RENTAL COMPARABLE FOUR



Property Identification

Property Type Senior Housing
 Property Name Casa De Suisun
 Address 322 Merganser Drive Suisun City
 Ownership Type Senior Housing Association VIII
 Verification Confirmed with Jan Davenport; Operations Manager (707) 426-0481, on October 27th, 2010 by Michael Baldwin
 Parcel # 0173-010-210

Physical Data

Senior Apartments 104 Units
 Year Opened N/A
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 3.18
 Units Per Acre Approx. 33

Occupancy

Senior Housing 55+
 Section 8

Waitlist

12

Turnover

1-2 per month

Types

Unit Type

1 Bedroom / 1 Bath

Rental Range

\$735

Deposit

\$400

Unit Size

500

Amenities & Services

All one bedroom units with common area and library. Washer and dryer available on each floor and on-site parking. Intercom entry system for secure building access. Rooms have large walk-in closets, wall to wall Berber carpeting, individually controlled heating and air conditioning, individual storage units, all electric kitchen with built-in breakfast counter, garbage disposals, multi-cycle dishwashers, electric range and oven, energy efficient refrigerators, and the units are cable TV ready. The community offers complete laundry facilities. Pets are also allowed with management approval and a deposit is required.

Remarks

This is a two-story, 104-unit senior apartment complex developed in 2002 in Suisun City. The property offers both Fair Market Units and accepts Section 8 vouchers. Currently there is a waitlist of approximately 12 residents for all sized units. This complex offers residents a wide range of activities to participate in, including: exercise, computer classes, Bingo, cards, crafts, hot lunches on weekdays, and monthly dinner dances. It is located across from two major shopping centers and is within minutes of the North Bay Medical Hospital.



RENTAL COMPARABLE FIVE



Property Identification

Property Type	Senior Housing
Property Name	Parkway Plaza
Address	188 East Alaska Ave Fairfield
Ownership Type	North Bay Human Development Corporation
Verification	Confirmed with Operations Manager (707) 429-3511 on October 27th, 2010 by Michael Baldwin
Parcel#	0034-130-390 & 0034-130-370

Physical Data

Senior Apartments	99 Units
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	3.07
Units Per Acre	32
Date of Earliest Termination	N/A

Occupancy

Senior Housing 62+
 Section 8

Waitlist

77

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath

Rental Range

30% of Income

Deposit

N/A

Unit Size

N/A

Amenities & Services

Gated community features beautiful lawns, gardens, individual gardening plots for tenants. Community room with billiards and barbecue facilities and fenced parking.

Remarks

This community is comprised of five three-story buildings with a total of 99 self-contained, one-bedroom apartments with a laundry on the second floor of each building designed for independent living. Four of the units are accessible to the physically disabled, and six units are semi-accessible to the physically disabled. CHDC was Project Sponsor for development of the facility and currently manages the property for the owner, North Bay Human Development Corporation, with a loan from HUD under the 202, Section 8 program. The waiting list is approximately two years.



RENTAL COMPARABLE SIX



Property Identification

Property Type	Senior Housing
Property Name	Woodcreek Commons
Address	1625 Woodcreek Drive Fairfield
Ownership Type	Dover Fairfield LP St- Anton Management
Verification	Confirmed with Debbie Whaley Operations Manager (707) 425-1962 on October 27th, 2010 by Michael Baldwin

Physical Data

Senior Apartments	96 Units
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	N/A

Occupancy

Senior Housing 55+
 Section 8

Waitlist

Yes

Turnover

N/A

Types

Unit Type

Rental Range

Deposit

Unit Size

One Bedroom	\$925-\$945	\$400	776
Two Bedrooms	\$1150-\$1175	\$400	900

Amenities & Services

Gated community, recreation room with fireplace and library. Heated pool and spa. Fireplace and washer/dryer in every unit. Private patio/balcony. Large walk-in closets, and assigned light covered parking, ample storage and full kitchen.



RENTAL COMPARABLE SEVEN



Property Identification

Property Type Senior Housing
 Property Name Ascension Arms
 Address 301 Butte Street Vallejo
 Ownership Type Ascension Services Inc.
 Verification Confirmed with Judy Huffman; Manager (707) 644-2666, on October 27th, 2010 by Michael Baldwin
 Parcel # 0055-160-080

Physical Data

Senior Apartments 74 Units
 Year Opened 1965
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Earliest Termination Date 3/1/2017
 Acres 1.98 Acres
 Units Per Acre Approx. 37

Occupancy

Senior Housing 62+
 Section 8

Waitlist

No
 Currently full

Turnover

N/A

<u>Types</u>	<u>Unit Type</u>	<u>Rental Range</u>	<u>Deposit</u>	<u>Unit Size</u>
	1 Bedroom / 1 Bath	\$589	includes utilities	550
	Studios	\$553	includes utilities	350

Amenities & Services

50 studios and 25 one-bedroom, manager resides on site since 1993. All units include full kitchen with walk in shower. The average age is 76. Little house out back available for tenant parties, crafts and library. Parking available in front and off street.

Remarks

This is a two-story, 74-unit senior apartments complex developed in Vallejo. It has a Section 202 HUD Funding source, 75 assisted units including Section 8. The Section 8 units include 42 project based units and five vouchers. Other subsidy units include 75 section 202 units. This project was part of the Ascension outreach project many years ago and is managed by a religious non-profit corporation. Due to this manager's length of employment and residing at the complex, for the past 18 years she was the only manager that understood needs of seniors residing at subsidized housing and willing to share this information. The residents at this complex are in the need of services to assist with the basic ADLs and medication management.

The City of Vallejo filed bankruptcy a couple of years ago, and services have been reduced considerably or eliminated. Public Health nurses no longer visit residents who need assistance with medication management, and IHSS (In Home Supportive Services program) does not provide skilled services and many residents who do not have family in the area to step into the IHSS worker role. Many of residents need to access food give-away programs but lack transportation to the source. Also, some residents are blind and others suffer from dementia and require assistance with medication management. Due to this lack of services available through the city and county, residents utilize the emergency room for services and at times benefit from a physician's order for temporary home care services. In respect to affordable assisted living, the manager was not aware of any facilities that provide assisted living services at an affordable cost.



RENTAL COMPARABLE EIGHT



Property Identification

Property Type Senior Housing 50+
 Property Name Saratoga
 Address 1101 Burton Drive Vacaville
 Ownership Type Saratoga Vacaville LP St Anton Management
 Verification Confirmed with Brenda, Manager (707) 451-7400, on October 27th, 2010 by Michael Baldwin
 Parcel # #0131-030-820

Physical Data

Senior Apartments 108 Units
 Year Opened 2000
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 11.65
 Acres 4.49 Acres
 Units Per Acre 24
 Earliest Date of Subsidy Termination 12/1/2039

Occupancy

Senior Housing
 Section 8 & Tax Credits

Waitlist

75

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

\$682 - \$833
 \$810- \$991

Deposit

\$250
 \$250

Unit Size

693
 928

Amenities & Services

Units offer private balcony, washer /dryer hook up, dishwasher, window coverings, private patio, cable ready with large closets, central air and heat (electric). Community areas offer outdoor pool, business center, covered/uncovered parking, detached available garages, wireless internet, fitness center. The services department offers everything from Japanese language lessons

Remarks

This is a two story, 108-unit senior apartment complex developed in 2000 in Vacaville. The project was developed under the Residential Overlay District Ordinance by supporting development of apartments on vacant commercial lands that are appropriate sites for multifamily development. The apartments are located within a short walk from the Vacaville Cultural Center which offers numerous classes and entertainment programs throughout the year. The property is adjacent to Emeritus at Vacaville, an assisted living facility, and its rates are significantly higher than the Saratoga apartment tenant could afford. Shopping at Vacaville Commons, Power Plaza, Super Wal-Mart, and the Vacaville Factory Stores are located 1/2 mile from the complex. Vacaville Community Center and North Bay Vacaville Hospital are also located less than 1/2 mile away. The property offers both Fair Market Units and Affordable Housing Units. It accepts Section 8 vouchers, and currently there is a waitlist of approximately 75 residents.

Rents based on total maximum gross household incomes, with the minimum requirement being two times the rent.

30% Rent One Bedroom \$418
 40% Rent One Bedroom \$569
 50% Rent One Bedroom- Two Bedroom \$720 & \$865
 60% Rent One Bedroom- Two Bedrooms \$871 \$1046



RENTAL COMPARABLE NINE



Property Identification

Property Type	Senior Housing 62+
Property Name	Autumn Leaves
Address	2470 Nut Tree Rd Vacaville 95687
Ownership Type	Vacaville Senior Housing Group- private, non profit
Verification	Confirmed with Maria; Manager (707) 446-5548, on October 27th, 2010 by Michael Baldwin
Parcel #	0135-244-130

Physical Data

Senior Apartments	56 Units
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	1.37
Units Per Acre	41
Earliest Date of Subsidy Termination	2010

Occupancy

Senior Housing 62+
 Section 8 & 202

Waitlist

33

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath

Rental Range

Project based

Deposit

N/A

Unit Size

N/A

Amenities & Services

All units open up to inside of building, secure building with elevator.

Remarks

This complex has affordability agreements with Judithwith an expiration in 2010. All 56 units have project-based Section 8 assistance since the project was constructed under the HUD 202 / Section 8 funds and provides both studios and one-bedrooms to elderly and disabled renters. For Section 8 and 202 units, tenants pay a maximum of 30% of their income for rent with eligibility limited to those with incomes of 50 percent or less of the area median income. The redevelopment 20% using Set Aside Funds (Low Income Housing Funds) have been used to subsidize rents of rental units for lower and moderate income households. There are approximately 33 residents on the wait list. The complex surrounded by several multifamily and single-family residential housing complexes and is located across the street from Creek Side Shopping Center, which offers Raley's grocery store. It is adjacent to a 7/11 and AutoZone and is less than 1/2 mile from Elementary and High schools. There is a bus stop in front of the community.



RENTAL COMPARABLE TEN



Property Identification

Property Type Senior Housing 60 +
 Property Name Casa De Vilarrasa
 Address 383 East I Street Benicia & 921 E. 4th St.
 Ownership Type Benicia Housing Authority
 Verification Confirmed with Julie Peterson Executive Director (707) 746-6019 X 15
 Parcel # 0089-061-140 & 0089-061-150

Physical Data

Phase 1 40 Units
 Phase 2 40 Units
 Acres Total 1.98
 Units per Acre 40
 Year Opened 1984 & 1986
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 1.98
 Units Per Acre 40

Occupancy

Senior Housing
 Senior Housing

Waitlist

Yes
 Yes

<u>Types</u>	<u>Unit Type</u>	<u>Rental Range</u>	<u>Deposit</u>	<u>Unit Size</u>
	One Bedroom	Section 8	N/A	N/A

Amenities & Services

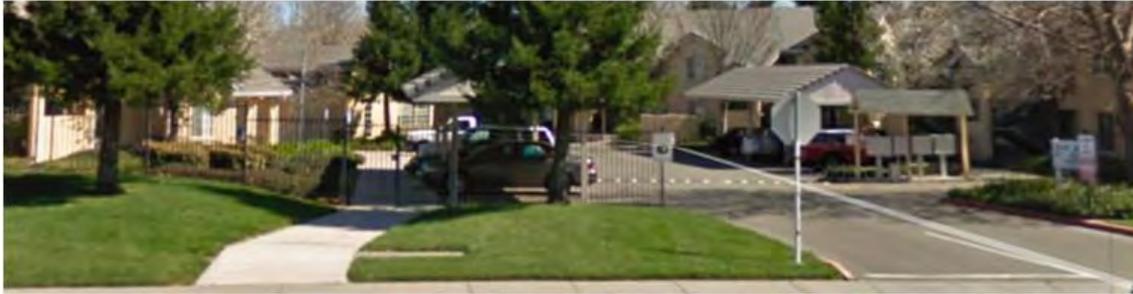
All units consist of one bedroom and bathroom and tenants have access to spacious lobby area and a community room. Located within a mile of Mission Village Shopping Center, 5 miles of Solano Mall and North Bay Medical Center.

Remarks

Benicia Housing Authority manages the 80 units of senior housing under a master lease. The State subsidizes 52 of the 80 units through the Rental Housing Construction Program. The property was built in two phases in 1984 & 1986, and about half of the State's required 30-year affordability period remains in effect. Tenants typically pay 25% of their income toward the total cost of rent and utilities. Market rate units are also available to seniors. The complex is located less than one mile from Benicia Marina and 1/2 mile from Solano Square shopping center.



RENTAL COMPARABLE ELEVEN



Property Identification

Property Type Senior Housing
 Property Name Country Garden
 Address 1200 Burton Drive Vacaville
 Ownership Type Country Garden Senior Apartments
 Verification Confirmed with Marina Spencer, Operations Manager (707) 455-8609 on October 27th, 2010 by Michael Baldwin
 Parcel # 0131-440-170

Physical Data

Senior Apartments 64 Units
 Year Opened N/A
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) N/A
 Acres 3.07
 Units Per Acre Approx. 21
 Earliest Date of Termination N/A

Occupancy

Senior Housing 55+

Waitlist

No
 Currently Full

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath

Rental Range

\$825 - \$855
 Section 8 voucher

Deposit

\$475

Unit Size

660

Amenities & Services

Unit offers fully equipped kitchen with range and dishwasher, disposal and refrigerator. Large bedroom with walking closet, and either a private fenced patio area or balcony. Clubhouse equipped with kitchen, complete laundry facility restrooms, television and hosts regular holiday parties and events. Large library of books and puzzles available to tenants. Close covered assigned parking provided to each tenant.

Remarks

This is a two-story complex surrounded by fence with remote access. The apartments are located within a short walk from the Vacaville Cultural Center which offers numerous classes and entertainment programs throughout the year. Access to and from the complex is provided from both I-80 and I-505 and via the major thoroughfares of Nut Tree Road and Elmira Road to the North and East. Vacaville City Coach stops adjacent to the property. This property is down the block from Emeritus at Vacaville assisted living facility where rates are significantly higher than the Country Garden apartment tenant could afford. Shopping is available 1/2 mile away at Vacaville Commons, Power Plaza, Wal-Mart Supercenter and the Vacaville Factory Stores that offer several restaurants and dozens of other retail stores and gift shops. Vacaville Community Center and North Bay Vacaville Hospital are also located less than 1/2 mile away. The property offers both Fair Market Units and Affordable Housing Units. It accepts Section 8 vouchers, and currently there are 21 residents utilizing vouchers.



RENTAL COMPARABLE TWELVE



Property Identification

Property Type	Senior Housing
Property Name	Redwood Shores
Address	400 Redwood St Vallejo
Ownership Type	Redwood Shores Senior Housing
Verification	Confirmed with Barbara Hawkins; Operations Manager (707) 645-1800, on October 27th, 2010 by Michael Baldwin
Parcel #	0051-010-520

Physical Data

Senior Apartments	120 Units
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	3.75
Earliest Date of Termination	3/31/2052
Units Per Acre	32

Occupancy

Senior Housing 62+

Waitlist

Yes

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

Section 202 Section 8
 Project based.

Deposit

N/A

Unit Size

N/A

Amenities & Services

Units offer one bedroom and bathroom. Two laundry facilities available at complete, library and community room. Also includes an extension of the city's scenic walking trails.

Remarks

This is a two-story, 120-unit senior apartment complex developed in 1997 in Vallejo by BRIDGE, a non-profit affordable housing developer, working with the City of Vallejo to develop this extremely low-income senior complex. This development provides a scenic location overlooking San Pablo Bay. The property accepts both Section 8 vouchers and Section 202 affordable housing units. Currently there is a waitlist, which is closed and will reopen in March 2011. Tenants currently pay approximately 30% of adjusted income as rent. The average age is between 80-90, older than at most senior apartment communities.



RENTAL COMPARABLE THIRTEEN



Property Identification

Property Type Senior Housing
 Property Name Bay View Vista
 Address 445 Redwood Street, Vallejo
 Ownership Type Solano Vista II Housing INV LP Managed by ConAm
 Verification Confirmed with Cody Marriet, Manager (707) 649-2656, on October 27th, 2010 by Michael Baldwin

Physical Data

Senior Apartments 194 Units
 Year Opened 2002
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 5.31
 Units Per Acre Approx. 36.5
 Earliest Date of Termination 3/1/2062

Occupancy

Senior Housing 55+

Waitlist

Yes

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

\$695
 \$940 - \$1006

Deposit

\$350
 \$500

Unit Size

517
 720

Amenities & Services

Interior amenities include fully equipped kitchens, emergency call systems, private patio or balcony. Community features computer lab, library, pool, spa and a variety of educational and recreational services administered by service coordinator. Also includes business center, high speed internet access.

Remarks

This is a three-story, 194-unit gated senior apartments complex developed in 2002 in Vallejo. It is located near the White Slough Lagoon, within walking distance to the Napa River Marina, Serene transit center, shopping center, library, banks, and Kaiser hospital system. The Vallejo Ferry Terminal is located two miles from the complex. The entire property was financed through tax credits with 80% of the units based on 60% of AMI and 20% based on 50% of published AMI. There are approximately 35 Section 8 voucher residents, and of the 112 assisted units, 77 Section 8 units were bond financed. This property is adjacent to Solano Vista which is also managed by ConAm.



RENTAL COMPARABLE FOURTEEN



Property Identification

Property Type Solano Vista Senior Housing
 Property Name Builders Alliance for Affordable Housing Managed by ConAM
 Address 40 Valle Vista Ave Vallejo
 Ownership Type N/A
 Verification Confirmed with Manager (707) 642-7231, on October 27th, 2010 by Michael Baldwin
 Parcel # 0051-010-540

Physical Data

Senior Apartments 200
 Total Number of ILC Beds 74
 Year Opened N/A
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 3.42
 Units per acre 28
 Earliest date of Termination 2/2/2062

Occupancy

Senior Housing 55+
 Section 8

Waitlist

Yes

Turnover

N/A
 N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

N/A
 N/A

Deposit

N/A
 N/A

Unit Size

N/A
 N/A

Amenities & Services

Units offer private balcony, washer /dryer hook up, window coverings, private patio, cable ready with large closets and central air and heat (electric). Common areas offer outdoor pool, business center, covered/uncovered parking, club house, wireless internet, and a fitness center.

Remarks

This is a two-story, 200-unit senior apartments complex developed in Vallejo. It is surrounded by other seniors housing complexes and commercial points of interest. It offers fair Market units and affordable housing units, and project based Section 8 is available with 36 vouchers present. It is adjacent to Bay View Vista, which is also managed by ConAM.



RENTAL COMPARABLE FIFTEEN



Property Identification

Property Type	Senior Housing
Property Name	Rose Gardens
Address	1717 California Drive Vacaville
Ownership Type	Rose Garden Apartments
Verification	Confirmed with Donna Dean (707) 448-7036 on October 27th, 2010 by Michael Baldwin
Parcel #	0132-041-610

Physical Data

Senior Apartments	167 Units / 115 for Seniors
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	8.64
Acres	N/A

Occupancy

Senior Housing
 Section 8

Waitlist

Yes

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath
 2 Bedroom / 1 Bath

Rental Range

\$825-\$875
 \$925-\$975

Deposit

N/A
 N/A

Unit Size

650
 825

Amenities & Services

Fully gated 2 story 55+ community includes full kitchen appliances, generous closet space, private patio or balcony, double pane windows, small pets allowed with deposit, management team on site, public transportation available on Alamo Drive and walking distance to shopping. Easy access to I-80. Large clubhouse with TV, kitchen, and library. Pot luck one a month.

Remarks

This is a two-story senior housing complex that offers a mix of market rate rents and accepts Section 8 vouchers.



RENTAL COMPARABLE SIXTEEN



Property Identification

Property Type Senior Housing
 Property Name Walnut Grove Senior Living
 Address 1101 Alamo Drive Vacaville
 Ownership Type N/A
 Verification Confirmed with Gail Tyler, Manager (707) 452-9772, on October 27th, 2010 by Michael Baldwin

Physical Data

Senior Apartments 117 Units
 Year Opened N/A
 Condition of Improvements Average
 Gross Building Area (Square Feet) N/A
 Land Area (Acres) 11.94
 Units Per Acre N/A

Occupancy

Senior Housing
 Section 8

Waitlist

Yes

Turnover

N/A

Types

Unit Type

1 Bedroom / 1 Bath

Rental Range

\$940-\$1010

Deposit

\$400

Unit Size

650

Amenities & Services

Main gate nicely landscaped with cascading waterfall. Each 650 square foot unit includes fully equipped kitchen, range, dishwasher, disposal and frost free refrigerator. Each unit offers a large bedroom with 2 walk-in closets, patio or balcony storage closet, and a spacious bathroom. Each unit includes an energy efficiency hydroid heating and air conditioning system. Extra large recreation room for individual or group activities. Equipped with a kitchen complete laundry facility restroom and big screen television. There is also a small library available. Each unit offers covered, assigned parking. Complex offers pool and spa.

Remarks

This is a two-story complex conveniently located within walking distance of Golden Hills Plaza, anchored by Savmax foods, Mailboxes Etc., Golden 1 Credit Union, laundry, 98-Cent Store, Radio Shack and more. Restaurants within 1 mile include McDonald's, Kentucky Fried Chicken, Jack in the Box, Pizza Hut, Port of Subs, Stir Fry, Donuts & Coffee and the Nutrition Shoppe. Outlet stores are within two miles, and it is within two blocks from Downtown Vacaville and City Hall. Recreational facilities available to the residents within three miles include two movie theaters totaling 20 screens. Across the street on Alamo Drive is the Three Oaks Community Center, including recreation center, tennis courts, and a public swimming pool.



RENTAL COMPARABLE SEVENTEEN



Property Identification

Property Type	Senior Housing
Property Name	Poppy Garden
Address	200 Demarest Drive Vacaville
Ownership Type	N/A
Verification	Confirmed with Property Manager (707) 448-7462, on October 27th, 2010 by Michael Baldwin

Physical Data

Senior Apartments	80
Year Opened	N/A
Condition of Improvements	Average
Gross Building Area (Square Feet)	N/A
Land Area (Acres)	N/A

Occupancy

Senior Housing
 Section 8

Waitlist

No

Turnover

N/A

Types

Unit Type

2 Bedrooms

Rental Range

\$1045-\$1075

Deposit

N/A

Unit Size

937

Amenities & Services

Fully gated community with washer and dryer hook up available in each apartment. Apartments include kitchen appliance, hydronic heating and air conditioning, and private deck or patio. Each resident receives an assigned car port. Furnished clubhouse with large screen television.

Remarks

This property is located within one block of Raley's Shopping Center and is walking distance to restaurants, pizza parlors, and retail stores. Vaca Valley Hospital and all medical facilities are with a few blocks, and city transportation is with one block.



CONCLUSION OF COMPETITIVE ANALYSIS

The senior housing market is currently very strong with market occupancy of 100% and a majority of the communities having waitlists. The primary competitors for this development would be Casa De Suisun, Jefferson Plaza, and Senior Manor which are the closest to the recommended development site. All three communities are currently 100% occupied and waitlisted.

Casa De Suisun has below average rates for the market, but is a newer complex developed in 2002. This community offers both fair market rent units and accepts Section 8 rental assistance. Their current waitlist is at 12 for all sized units. The community is located across from two major shopping centers and is within minutes of the NorthBay Medical Hospital.

Jefferson Plaza is the smallest community among the comparables since it only has 24 units. This community is for seniors 55 years of age and older. It has both market rate rents and accepts Section 8 rental assistance. The community is located in an area of multifamily and single-family residential housing developments. It is also located within a half-mile of the downtown center which includes shopping, a comedy theater, government service buildings, retail, and restaurants.

Lastly, Senior Manor is another smaller complex with only 60 units operated by the Fairfield Housing Authority. This is a gated and fenced community that offers both market rates and Section 8 rental assistance.

Based on our analysis of the local market comparables and detailed examination of pricing, unit types, unit size, and the relative occupancies, we find that a mix of one-bedroom and two-bedroom units will be well supported in the market at this location. Those competitors who are performing best appear to be Dover Woods and Woodcreek Commons, both of which require deposits for their units. Dover Woods offers market rates for their units while Woodcreek Commons rates are in the higher range when compared to the competitors. Therefore, we find it best to use Dover Woods from which to base the development rents and unit mix since it is more indicative of the market.

A reasonable number of community amenities should be offered, though not to the point as to convey a sense of “extravagance” to prospective residents which may convey that prices are too high. Alternatively, conservative, quality features should be offered which give a high sense of value to residents and justify prices slightly higher than aged and deteriorating competitors.

OVERALL PROJECT FEASIBILITY CONCLUSION: INDEPENDENT LIVING

There are currently no independent living communities within the PMA, and after conducting our demand analysis the results indicate that there is currently demand for 321 independent living units. There is moderate growth at around nine units per year resulting in a demand for 365 units by 2015.



UNIT TYPE AND MIX

Modern independent living communities are making transitions from smaller studio units to a majority of larger units including one, two, and three-bedroom floor plans. Today's seniors seek comfort, ambience, and the perception of good value. Studio or alcove units offered in older communities are facing serious marketing challenges today because they are too small and hard to sell. Modern designs typically avoid these unit types except when offered in limited numbers in order to provide options for individuals at the lowest end of the desired income spectrum.

Depending on desired pricing points, the majority of units should be priced and targeted towards what will be believed to be the most typical residents. Current developers have shifted towards having a majority of one-bedroom units, with 50-80% two-bedroom units and less than 10% overall, if any, studio or alcove units. A typical moderately priced ILC might have five studios, 95 one-bedrooms (two to three size options), and 50 two-bedroom units, while a higher-priced community might offer more options for two-bedrooms and have overall no studios, 85 one-bedrooms (two sizes), and 65 two-bedrooms (two sizes).

The market contains a majority of one-bedroom and two-bedroom units. We find it most appropriate for newly constructed units to be primarily one-bedroom and two-bedroom configuration, with an approximately equal number of each. Therefore our analysis for independent living units results in 60 one-bedroom units and 40 two-bedroom units being appropriate at the subject site. Studios, if offered, should be limited to 5-10% of the overall independent living unit count.

INDEPENDENT LIVING SUMMARY

In making a recommendation of the type, size, and pricing of units, the expected quality of the subject should be analyzed in terms of its competitors. A higher-quality community seeking higher-income residents should pursue larger units with more two-bedroom options, while something targeting mid-range or low-middle income residents would likely perform better with more one-bedroom units and possibly a handful of studios for the most price-conscious consumer. The most important factor to consider when designing and pricing independent living units will be the prospective resident's perception of value. Consumers are willing to pay more for a product, though they must have the impression that they are getting a good value for their money when doing so, otherwise they may opt for a less-expensive alternative and save on the monthly rate.

There are no local independent living comparables in the immediate market area, so if the community offers independent living services such as meals, housekeeping, or transportation, prospective residents will likely evaluate the property's pricing on an a-la-carte basis at the cost of providing those services themselves. Overall pricing for independent living would likely be 10% to 20% higher than the market rate of the comparable senior apartment units plus approximately \$350 per month for meals, \$75 per month for weekly housekeeping, and per-trip transportation charges.



Physical features of the community should include a large, welcoming main entrance which will primarily serve the independent living and main administrative offices and reception area. Parking should be dispersed throughout the campus, with plentiful parking in close proximity. Exterior design features such as decorative landscaping, interesting roof lines and elevations, and breaking up a typical “flat-wall” exterior will all help to enhance the community and appeal to prospective residents.

Interior features such as decorative baseboard, trim, and crown molding, carpeting, tile, or hardwood should be seen throughout. Living units should pay attention to kitchen and restroom features and finishes, window treatments, and space provided in closets and counter space. The units should include central heat and air conditioning, washer and dryer hookups, cable TV ready, and patio or balconies depending on what floor the unit is located.

OVERALL PROJECT FEASIBILITY CONCLUSION: SENIOR APARTMENT

For senior apartments, there is currently demand for 913 units. Growth is strong at around 45 units per year resulting in a demand of 1,135 units by 2015. The combination of significant demand along with strong year-to-year growth provides a strong indication that a new seniors apartment community would be well accepted by the market and be able to absorb and fill units within a reasonable amount of time, typically under two years.

UNIT TYPE AND MIX

The majority of the comparable communities contain only one-bedroom and two-bedroom units, with only one community (Ascension Arms) offering studio units. As Ascension Arms is one of the oldest communities and appears to be the last to conform to trends which involve the transition from smaller unit types to larger units, we find that it is most appropriate for newly constructed units to be primarily one-bedroom and two-bedroom configuration, with an approximately equal number of each. Studios, if offered, should be limited to 5-10% of the overall senior apartment unit count. This results in 50 to 60 one-bedroom units, 40-50 two-bedroom units, and if offered, up to 10 studio units.

UNIT TYPE AND SIZE

The following data displays unit size within each comparable community's specific unit types offered.



COMPARABLE UNIT TYPE AND SIZE

Community	Studio Square Feet	One-bedroom Square Feet	Two-bedroom Square Feet
Casa De Suisun	-	500	-
Woodcreek Commons	-	776	900
Dover Woods	-	673	930
Rose Gardens	-	650	825
Walnut Grove Senior Living	-	650	-
Poppy Garden	-	-	937
Saratoga	-	693	928
Country Garden	-	660	-
Bay View Vista	-	517	720
Ascension Arms	350	550	-
Average	350	630	873
Median Size	350	650	914

Of the units offered within the market, there was only one community that offered studios which are 350 square feet. One-bedrooms averaged 630 square feet with a median size of 650 square feet, and two-bedrooms averaged 873 square feet with a median size of 914 square feet. The average increase in size from a one-bedroom to two-bedroom unit is approximately 250 square feet. This likely consists of 100 to 150 square feet of bedroom space while the rest would be living areas and kitchen space.

Of the comparable communities we found that Dover Woods was the most ideal community from which to model the proposed property due to its modern design and amenities and larger unit sizes which have proven to be successful in this market. The development of a senior apartment community should have any offered studio units around 350 to 400 square feet while its one-bedroom units should be around 625 to 675 square feet and two-bedroom units around 875 to 925 square feet.

UNIT TYPE AND PRICE

The following data displays the price range of different senior apartment unit types at the comparable communities. Average minimum and maximum is computed using only those communities that offer each specific type, while the median rate is considered to be an average of the aggregate minimum and maximum rates.



COMPARABLE UNIT TYPE AND PRICE

Community	Studio		One-bedroom		Two-bedroom	
	Min	Max	Min	Max	Min	Max
Casa De Suisun	-	-	\$735	\$735	-	-
Woodcreek Commons	-	-	\$925	\$945	\$1,150	\$1,175
Dover Woods	-	-	\$682	\$833	\$810	\$991
Rose Gardens	-	-	\$825	\$875	\$925	\$975
Walnut Grove Senior Living	-	-	\$940	\$1,010	-	-
Poppy Garden	-	-	-	-	\$1,045	\$1,075
Saratoga	-	-	\$682	\$833	\$810	\$991
Country Garden	-	-	\$825	\$855	-	-
Bay View Vista	-	-	\$695	\$695	\$940	\$1,006
Ascension Arms	\$553	\$553	\$589	\$589	-	-
Average Min/Max	\$553	\$553	\$766	\$819	\$947	\$1,036
Median Rate	\$553		\$793		\$991	

Based on the above analysis and market data, the price points for the one-bedroom and two-bedroom units should be similar to those at Dover Woods. This range would put pricing for the development at approximately \$775 to \$825 for one-bedroom units, which is consistent with the median rate of the comparables, and it is also within Dover Woods' price range. Two-bedroom units should be priced around \$925 to \$975 which is slightly lower than the median rate of the comparables but in the higher range of Dover Woods' rates. Studios, if offered, should be priced much lower at \$550 to \$650 per month. The units should also include a deposit of approximately \$300.

SENIOR APARTMENT SUMMARY

We recommend that the proposed development target units sized and priced somewhere around those at Dover Woods. Dover Woods is also the most ideal comparable in terms of quality and is superior to older communities like Ascension Arms. We recommend a unit mix of approximately 50-60 one-bedrooms, 40-50 two-bedrooms, and 0-10 studios. Below are the recommended unit size, rate, and mix.

	Studio		One-bedroom		Two-bedroom	
	Min	Max	Min	Max	Min	Max
Size Sq. Ft.	350	350	625	675	875	925
Rate	\$550	\$600	\$775	\$825	\$925	\$950
Mix	0	10	50	60	40	50

HUD ASSISTANCE PROGRAMS

This proposed senior apartment development should also offer rental assistance through HUD, as is common in the market and may be required for financial feasibility. HUD operates five programs that designate assisted housing development for either low-income elderly residents



alone or for low-income elderly residents and residents with disabilities. The primary HUD program that provides housing for low income elderly households is the Section 202 program. This is the only HUD program that provides housing exclusively for elderly and was established in 1959. The Section 221(d)(3) below-market interest rate and Section 236 programs are mortgage subsidy programs that provide housing for all age levels but may designate properties specially for elderly households. Lastly, the public housing and Section 8 project-based housing programs also have projects dedicated to elderly households.

The largest Section 202 housing program for the elderly is the only HUD program that provides housing exclusively for elderly households. According to the Government Accountability Office, this program offers the most designated elderly housing of more than 268,000 units to elderly residents. From 1990 to present, the financing scheme of the Section 202 Program was changed, replacing loans to developers with capital advances. The capital advances do not accrue interest, and developers need not pay them back as long as properties are made available to very low income elderly housed for at least 40 years. Tenant's income eligibility, 80% of area median income and tenant rate for units with Section 8 project based rental assistance, the greater of 30% of adjusted income or 10% of gross income.

For Section 8 based housing, currently there are approximately 200,000 units dedicated to elderly households receiving project based rental assistance. One of the main differences of this program is that the developer must continue to reserve some units for disabled households; this amount is either the number of units occupied by disabled families in 1992 or 10%, whichever is lower. Also, if owners are unable to rent units to elderly families, they may give preference to near-elderly disabled families. Income eligibility is 50% of median area income, and the tenant rate is the greater of 30% of adjusted income or 10% of gross income.

Besides providing housing, HUD operates four programs that are available to provide services for elderly residents who live in HUD-subsidized buildings which consist of the Congregate Housing program, Service Coordinator program, the Resident Opportunity and Self Sufficiency (ROSS) program, and the Assisted Living Conversion program. Three of the four programs—Congregate Housing, Service Coordinator, and Assisted Living Conversion—base their services on whether residents are considered to be either frail elderly or at-risk elderly and provides grants to HUD-assisted developments to convert all or a portion of the units into assisted living to allow the resident to age in place.

To determine whether an individual is a frail elderly or at-risk elderly depends on the ability to engage in activities of daily living (ADLs). The five most common ADLs HUD assessed is listed below, noting that medication management or oversight is not considered an ADL.

1. Eating, which includes cooking and serving food
2. Dressing
3. Bathing, which includes getting in and out of shower/tub
4. Grooming
5. Home management, which includes housework, shopping, and laundry.

Also, the Congregate Housing Service Program contains a sixth ADL which focus on the



senior's ability to ambulate (getting in and out of chairs walking to the bathroom). The goal for the Congregate Housing Service Program was to make funds available to HUD housing facilities to provide services to elderly residents to prevent or delay senior residents of Section 202 and public housing programs from moving into nursing homes by providing meals, support services such as case management, personal care, and transportation.

HUD service coordinators work with residents to provide a wide range of services. These include the arrangement of transportation, meal services, housekeeping, medication managements, visits from nurses, dentistry, haircuts, and social activities. Funding for the Service Coordinator Program is awarded on a competitive basis. To qualify, 25% of residents in a development must be considered frail elderly, or at risk elderly, or disabled elderly. In addition, applicants must show they have no other funds available to pay for a service coordinator.

Eligibility to senior residents who are age 62 or older and are unable to perform at least three ADLs to some degree are considered frail, while those who are unable to perform one or two ADLs are considered at-risk. Note, however, that each of the three programs specifies that residents must be able to participate in ADLs at some minimal level. For example, residents must be able to feed, dress, and wash themselves, take care of their personal appearance, and must be mobile (including use of a wheelchair). In the Congregate Housing and Assisted Living Conversion programs, residents qualify for assistance on an individual basis, while in the Service Coordinator program, entire buildings are eligible for services if a high enough percentage of residents is frail or at risk. In the ROSS program, services are available whether residents are frail or not.

In 2000, the HUD Appropriations Act created the Assisted Living Conversion Program (ALCP) to allow HUD subsidized facilities for elderly residents to modify some or all units and common areas to accommodate elderly person and persons with disabilities who require additional assistance in order to remain in their units. In speaking with James Emerson, CEO of Westminster Communities and former CARF President, he stated that some grantees of ALCP funds end up returning the funds since the grant monies are for rehabilitation, developments, and staff training, instead of ongoing operations. Especially in states similar to California that either do not offer or have limited Medicaid waiver slots, the project's rental revenue is not enough for the community to survive on a low-income elderly person's contribution to rent and service.

SUCCESSFUL OPERATORS OF AFFORDABLE SENIOR HOUSING COMPLEXES IN CALIFORNIA

Due to the complexity of the HUD program applications for development of low-income elderly housing and because of difficulties obtaining financing to develop an assisted living community, Suisun City may consider an alliance with a large not-for-profit organization. This will ideally be an organization based in California that has experience in providing a full range of services to seniors from rental apartments to independent and assisted living and the coordination of case management services. We identified two organizations that might be of interest to Suisun City for the development of a seniors housing community.



RETIREMENT HOUSING FOUNDATION - LONG BEACH, CA (WWW.RHF.ORG)

RHF is a not-for-profit organization of 157 communities in 24 states, Washington D.C., Puerto Rico, and the US Virgin Islands. RHF provides housing and services to more than 16,000 older adults, economically disadvantaged families, and people with disabilities. RHF offers the following in California:

- Independent Living Communities: Auburn, Lancaster, Long Beach, Placerville, Poway, Sacramento, Stockton and Sun City.
- Assisted Living Residences: Auburn, Lancaster, Long Beach, Placerville, Poway, Sacramento, Stockton and Sun City
- Skilled Nursing Facilities: Auburn, Lancaster, Long Beach, Placerville, Sacramento, Stockton
- Memory Care Residences: Placerville and Sun City
- Respite Care: Auburn, Long Beach and Sun City
- Affordable Living with Persons with Disabilities: Anaheim, Rancho Cordova, Redding and Sacramento
- Affordable Housing for Families: Vacaville's Autumn Leaves and an additional 70 more throughout California.

CHRISTIAN CHURCH HOMES OF NORTHERN CALIFORNIA – OAKLAND, CA (WWW.CCHNC.ORG)

A private not-for-profit corporation providing affordable quality housing in caring communities for over 40 years and caring for over 6,000 residents. They currently have 60 properties in six states: California, Colorado, Florida, Missouri, Oregon, and Texas. They are the largest not-for-profit, low-income senior housing provider in Northern California.

CCH provides affordable quality housing in caring communities by developing housing with partners, managing housing (at their own and sites owned by other not-for-profit organizations), and by providing service coordination that makes caring communities possible. They have approximately 54 communities throughout California with a higher concentration in Northern California.



SECTION 6. CONCLUSION

We have determined that there is a demand for a new seniors housing community within Suisun City. The Suisun City area has a current excess demand for new independent living units. The market has a current excess demand of 321 independent living units which will grow to 365 units by 2015. There are no existing independent living communities in the area, and there are no new projects planned.

The senior apartment market has a current excess demand of 211 senior apartment units of which 179 units are market rate and 32 units are low-income. Current market occupancy supports this demand with all surveyed comparables in the area at 100% occupancy with waiting lists. There are no new senior apartment developments planned in the area.

The projected increasing number of qualified seniors living in the area results in strong demand for a new seniors housing development at this location. After determining that there is unmet demand within the market area, we compared the different sites located within Suisun City where it would be appropriate to develop a senior housing community. We find that three sites within the defined area would be suitable for a new seniors housing community and ultimately conclude that the ideal site is located at the intersection of Lotz Way and Marina Boulevard.



APPENDICES



ASSUMPTIONS AND LIMITING CONDITIONS

We strive to clearly and accurately disclose the assumptions and limiting conditions that directly affect a valuation analysis, opinion, or conclusion. This analysis report has been made with the following general assumptions and limiting conditions. All analyses and conclusions in this analysis are based on the following Assumptions and Limiting Conditions, Definitions and Concepts, and Identification of the Subject Property. Recognizing the premises of the analysis is vital to this analysis assignment and to the analyses and conclusions that grow out of these premises. This analysis is expressly subject to the following:

1. By use of this valuation report, you agree to be bound by these Assumptions and Limiting Conditions.
2. No opinion is expressed for matters that require legal expertise, specialized investigation or knowledge beyond that customarily employed by valuation industry standard. No investigation has been made of, and no responsibility is assumed for, the legal description or legal matters related to the asset(s) being valued, including title or encumbrances. Title to the asset(s) is assumed to be good and marketable unless otherwise stated. The asset(s) is (are) assumed to be free and clear of any liens, easements or encumbrances unless otherwise stated.
3. Information furnished by others, upon which all or portions of this analysis are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
4. Use of the valuation report for another purpose other than that which has been defined in the report could result in inaccurate or inappropriate conclusions.
5. Neither this report nor any portions thereof including, without limitations, any conclusions as to value, the identity of Principle Valuation or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated shall be disseminated to third parties by any means or included or referred to in any Securities and Exchange Commission filing or other public document without the prior written consent and approval of Principle Valuation.
6. Any forecasts of income and expenses are not predictions of the future. Rather, they are our best estimates of current market and management thinking on future income and expenses. We make no warranty or representation that these forecasts will materialize. In addition, it is understood that through this valuation, you accept and take responsibility for any such projections as being realistic and reflective of market conditions as of the analysis date. Additionally, it is understood that such projections represent your realistic projections. The real estate and healthcare markets are constantly fluctuating and changing. It is not our task to predict or in any way warrant the conditions of a future market; we can only reflect what the investment community, as of the date of the engagement, envisions for the future in terms of rates, expenses, and supply and demand.
7. The valuation estimates are based on the status of the local business economy and the purchasing power of the dollar as of the date of the valuation report, unless otherwise stated in the report.
8. Valuation assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. If the need for subsequent services related to a valuation assignment is contemplated, special arrangements acceptable to Principle Valuation can be made under separate agreement.



9. We are not required to give testimony in court with reference to the valuation or the report, unless otherwise previously arranged. If required to give such testimony or produce documents for the court on matters related to this engagement, you agree to reasonably compensate us for such services. These services and other additional services provided beyond the scope of the engagement letter will be billed separately.
10. We reserve the right to make adjustments to the analyses, opinions and conclusions set forth in this report as it may deem necessary by consideration of additional or more reliable data that may become available. However, we have no responsibility to update the report for events and circumstances occurring after the report date.
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national, government or private entity or organization have been, or can readily be, obtained or renewed for any use on which the value estimate contained in this report is based.
12. Full compliance with all applicable federal, state and local zoning, use, environmental and similar laws and regulations is assumed, unless otherwise stated.
13. Responsible ownership and competent property management are assumed.
14. Unless otherwise stated in this report, we have no knowledge of the existence of hazardous material on, or in, the property; however, we are not qualified to detect such substances. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, or industrial wastes may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on, in, or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.
15. 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 valuation. You may wish to obtain an expert in this field.
16. Our description and valuation of the improvements, including, but not limited to the heating, plumbing, and electrical systems is based on the assumption that they will be in normal working condition; no liability is assumed for the soundness of any structural member.
17. This is a consulting report. All supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report.



MICHAEL B. BALDWIN, MAI
VICE-PRESIDENT

EXPERIENCE

Mr. Baldwin has completed hundreds of seniors housing, hospital, and other healthcare property appraisals, market studies, feasibility studies, and other consulting assignments nationally. His expertise includes the valuation of business enterprises, real estate, and personal property for existing as well as proposed continuing care retirement communities, independent living communities, assisted living residences, skilled nursing facilities, hospitals, medical office buildings, and ambulatory surgery centers. Mr. Baldwin has assisted lenders, developers, operators, brokers, and litigators with their valuation and consulting needs in the seniors housing and healthcare industry.

PROFESSIONAL HISTORY

- 2008 to present - Vice President, Principle Valuation, LLC
- 2007 to 2008 - Senior Associate, HealthTrust, LLC
- 2005 to 2007 - Associate, HealthTrust, LLC
- 2004 to 2005 - Junior Accountant, Westchester General Hospital

EDUCATION

University of Chicago Booth School of Business, MBA candidate

Appraisal Institute, designated MAI member

- (2009) Analyzing Operating Expenses
- (2009) Appraising From Blueprints and Specifications
- (2009) Feasibility, Market Value, Investment Timing: Option Value
- (2009) Evaluating Commercial Construction
- (2009) National Uniform Standards of Professional Appraisal Practice (USPAP)
- (2009) Fair Housing
- (2007) Advanced Applications
- (2007) Report Writing and Valuation Analysis
- (2007) Advanced Sales Comparison and Cost Approaches
- (2007) Highest & Best Use and Market Analysis
- (2007) Advanced Income Capitalization
- (2006) Business Practices and Ethics
- (2006) Inverse Condemnation: An Appraiser's Dilemma
- (2006) Single Family Fraud Awareness
- (2006) Scope of Work: Expanding Your Range of Services
- (2006) National Uniform Standards of Professional Appraisal Practice (USPAP)
- (2006) Florida State Law for Real Estate Appraisers

Florida State University, Bachelor of Science in Finance and Bachelor of Science in Real Estate, Magna Cum Laude, 2004

- (2004) Real Estate Appraisal, Real Estate Market Analysis, Real Estate Finance, Real Estate Feasibility Analysis, Legal Environment of Real Estate

LICENSES

Arizona Certified General Real Estate Appraiser	#31692
Colorado Certified General Real Estate Appraiser	#100032626
Florida Certified General Real Estate Appraiser	#RZ3238
Illinois Certified General Real Estate Appraiser	#553.0001824
Indiana Certified General Real Estate Appraiser	#CG41001283
Ohio Certified General Real Estate Appraiser	#2009001032
Florida Real Estate Broker	#BK3154877



MATTHEW A. KOJS
APPRAISAL ANALYST

EXPERIENCE Mr. Kojs has training in the fields of real estate, valuation, and finance. Education received was from a four-year accredited university and real estate specific courses consisted instructed by full time in-practice lawyers, brokers, and appraisers, and investors.

Following graduation Mr. Kojs started his appraisal career in 2010 with Principle Valuation, LLC, a company specializing in healthcare and seniors housing appraisals, and is currently under direct supervision of Michael Baldwin, MAI and Certified General Appraiser in six states. Experience includes the valuation of the business enterprise, real estate, and personal property associated with numerous continuing care retirement communities, independent living communities, assisted living residences, skilled nursing facilities, and hospitals.

PROFESSIONAL HISTORY

- 2010 to present – Appraisal Analyst, Principle Valuation, LLC
- 2009 to 2010 – Senior Associate, Cambridge Realty Capital, LLC

EDUCATION Appraisal Institute

- (2011) Basic Appraisal Procedures

DePaul University, Bachelor of Science in Real Estate, 2010

- (2010) Real Estate Market Analysis and Valuation
- (2010) Urban Planning
- (2010) Real Estate Investment
- (2009) Real Estate Law
- (2009) Real Estate Finance
- (2008) Real Estate Analysis

