



SENIOR LIVING INVESTMENT ADVISORS – REAL ESTATE DEVELOPMENT – ASSET MANAGEMENT

SITE MARKET ANALYSIS & PROJECT FEASIBILITY

REPORT For "CONFIDENTIAL"



Site Name: Santa Anita Village

Site Address: "CONFIDENTIAL"

Site Research Boundary: 15-minute drive time (Similar to 5-10 mile radius)

EXECUTIVE SUMMARY & PROJECT FEASIBILITY

Flatiron Development Group's (FDG) overall objective for this engagement was to consider the following senior living services and their feasibility for this potential development site:

- Independent Living Apartment Units (IL)
- Assisted Living Apartment Units (AL)
- Alzheimer's/Special Care Units in an Assisted Living Setting (also referred to as Memory Care or MC)

The highlights and executive summary of our analysis include the following findings:

- All three market segments IL, AL & MC have the depth of market demand that make them a feasible development opportunity for this site.
- Due to the location and lack of amenities surrounding the site, IL would not be the highest and best use.
- A mix of AL and MC units would be the best market segments to focus on.
- The rents for the AL market segments should range from \$4,800 to \$6,900 (Studio, 1, and 2 bedroom)
- The rents for the MC market segments should range from \$7,300 to \$8,000 (Companion, Studio, and 1 bedroom)
- Based on our analysis we would recommend a current mix of approximately 80% AL units and 20% MC units to base the conceptual plan on.
- The initial assumptions for the concept plan are:
 - 3 to 4 acres rectangular site at the entry of the property [REDACTED]
 - 2 to 3 story elevation
 - Reception, Dining, Commercial Kitchen and Laundry, Common Areas, MC and AL neighborhoods on the first floor
 - AL units and common area amenities on the second floor.
 - AL neighborhoods that incorporate universal design to allow for MC conversion / expansion neighborhoods in the future.

Contents of this Report:

Section 1 of this report presents a suggested definition of the proposed senior housing product characteristics and capture rates.

Section 2 summarizes the Primary Market Area (PMA) definition, Demographics and the unit absorption analysis. Exhibit B contains the ESRI Senior Life demographic data report FDG used for the "CONFIDENTIAL" market.

Section 3 presents information on the Senior housing communities in this PMA. Field work and analysis for this engagement was completed in over the past 3 weeks; therefore, the analysis and conclusions contained herein reflect market conditions as of this time frame. **Exhibit C** contains the notes from FDG's Mystery Shop efforts that provided data for our rent and unit mix analysis.



Section 1: Definition of the proposed senior housing product characteristics, capture rates and services being recommended and evaluated for this potential development.

Following is a detailed discussion of the capture rate/demand analysis for each of the proposed senior living services being considered for the subject new development on the [REDACTED] development campus.

Professional Market Feasibility opinion is based upon the detailed quantitative results of this market feasibility study and FDG's significant national experience in evaluating successful Senior housing communities. It is our specific opinion that there is sufficient size and depth of the age- and income-qualified target market to prudently introduce new Senior Housing into this market area - from a quantitative perspective.

This opinion considers both existing communities and planned/ announced competition as well as annual unit turnover - the re-filling of existing occupied units due to natural resident attrition that will occur at mature competitive communities.

It is FDG's understanding and recommendation that it is likely that a total of 130 living units will be approved for the subject site. Based on our quantitative supply and demand analysis, the age 75+ capture rates and a driving tour of the "CONFIDENTIAL" primary market area, FDG is suggesting that the development should include a mix of assisted living units and Alzheimer's/memory care units in an assisted living setting. Specifically, we have outlined a development consisting of 130 assisted living units that include an initial 46 Alzheimer's/memory care units.

Preliminary definition of Senior housing service characteristics.

The following information is a discussion of the capture rate/demand analysis for each of the living arrangements evaluated in this market study. While there have been various industry standards for maximum acceptable capture rates for an individual project in a specific market area, an industry figure of approximately 5% evolved over time and was historically considered an acceptable market/development risk for IL monthly

- No sophisticated competitive analysis (important issues such as competitive unit turnover, etc. are now being addressed)

Now, in addition to more detailed age and income demographic screening and pragmatic competitive analysis, the FDG capture rate model for independent living (IL) now factors out Seniors who are estimated to need assistance with the **activities of daily living (ADLs)**.

These Seniors are excluded from the potential pool of independent living prospects as it is assumed that they no longer qualify for the independent living lifestyle. Based on this more detailed screening criteria, the industry is now considering up to 10% as an acceptable acuity-adjusted capture rate for independent living units.



Assisted Living Capture Rates - Assisted living capture rates have historically been calculated in a similar manner to independent living - based on age- and income-qualifying criteria. It has been FDG's experience, however, that assisted living involves a more highly need-driven situation. The typical age profile for residents in assisted living is late 70s/early 80s and they have a need for assistance with the activities of daily living (ADLs).

According to the National Center for Assisted Living, the average elderly assisted living resident is an 83 to 85-year-old female who is ambulatory but needs assistance with one or two ADLs, most likely bathing and possibly dressing or toileting. She also probably needs or accepts some assistance with transportation, shopping, preparing meals, housework, taking medication and managing money.

On average, the oldest resident in an assisted living facility designed for the elderly is 97 years old, while the youngest is 65 years old. Although most elderly assisted living residents are women due to women's longer life expectancy, approximately one-fourth (26%) are male. In addition to screening for age and income and the impact of competition and turnover, the demand model for assisted living also factors in levels of incidence for the estimated need for assistance with the activities of daily living.

This ADL screening also ensures that there is no overlap or double counting of the prospects being evaluated for the independent living versus the assisted living lifestyle. It is FDG's opinion that an individual assisted living community should not count on capturing more than 20% of this specific age qualified, income qualified and need-driven target population in order to achieve stabilized occupancy. The final assessment of the independent living and assisted living capture rates are obviously influenced by the specific product being developed and existing market conditions within the defined PMA at the time of the analysis.



Section 2: The Primary Market Area (PMA) definition, Demographics and the unit absorption analysis.

Upon consideration of the Trade area, natural geographic boundaries, transportation systems and travel patterns, the "CONFIDENTIAL" Primary Market Area (PMA) is defined by including the following Freeways and geographical boundaries forming the outside limits

North—
East —
West —
South



Market Boundary Map





2.1 - Overview Analysis Result:

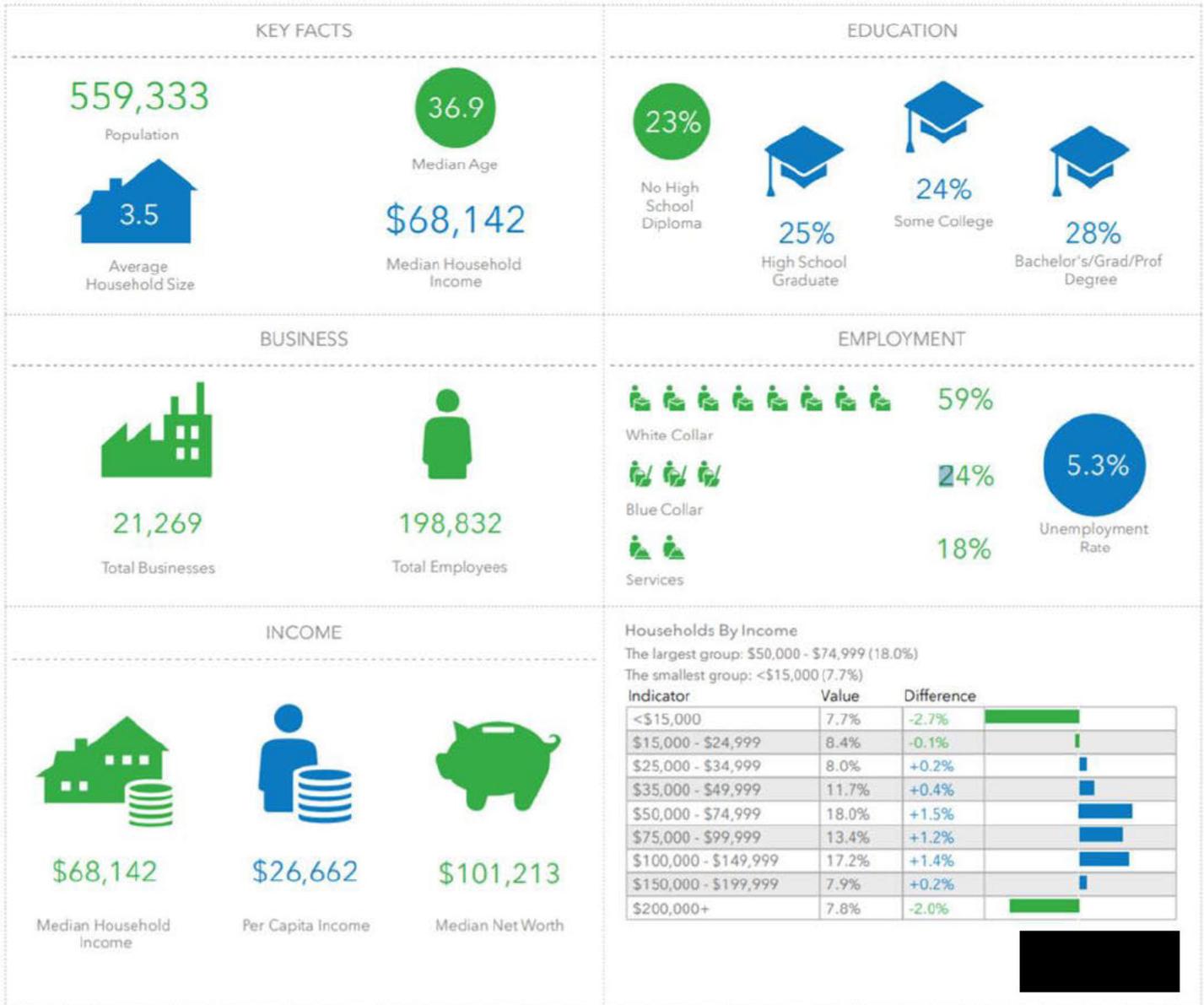
This market has strong existing and projected future demand for IL, AL, and MC market segments. Each of these senior housing service types currently demonstrate very high occupancy. Based on the results of our market demographic and net unmet demand for senior housing demonstrated by the analysis below, FDG strongly recommends proceeding on to the next step of this project with a AL and MC mix of services. FDG can add value and support to the entitlement, construction process and operations team selection process as it proceeds.

2.2 – Market Demographics & Map:

Market Demographics (Based off of ESRI data found in Exhibit B)

Market Demographics Summary				
Category	Within 10-Min Drive Time	Within15-Min Drive Time	State Average	National Average
Total Population	253,751	567,811	41,166,386	341,323,594
65+ Population*	17.30%	16.50%	16.10%	17.60%
75+ Population*	7.70%	7.20%	6.90%	7.30%
85+ Population*	2.20%	2.00%	1.90%	2.00%
Median Income*	\$79,710	\$80,554	\$86,333	\$62,316
Average Home Value*	\$820,058	\$808,361	\$728,952	\$330,843
<i>* Using 2024 Census Projections</i>				
· 75+ Population within 15 min drive time is		99%	of the National Average	
· 85+ Population within 15 min drive time is		100%	of the National Average	

Demographic Profile of the Market:



Demographic Density Heat Map





2.3 - Market Analysis:

Exhibit 2.3 IL/AL/MC Unmet Demand

Estimates of Demand							
2019							
15 Min Drive Time Market	2019	Penetration	Area Gross	Estimated	Net	Net 12-Mo	Net 12-Mo
	Pop. 75+	Rate	Demand	Units & Beds	UnMet	Private Pay	Other
			2019	in Use	Demand	Demand	Demand
Independent Living Units	35,873	7.15%	2,565	558	2,007	988	1,019
Assisted Living Beds	35,873	4.92%	1,764	912	852	419	433
Memory Care Beds	35,873	2.01%	721	192	529	261	269
2024							
15 Min Drive Time Market	2024	Penetration	Area Gross	Estimated	Net	Net 12-Mo	Net 12-Mo
	Pop. 75+	Rates	Demand	Units/Beds	UnMet	Private Pay	Other
			2024	in Use	Demand	Demand	Demand
Independent Living Units	40,952	7.15%	2,928	558	2,370	1,167	1,204
Assisted Living Beds	40,952	4.92%	2,013	912	1,101	542	559
Memory Care Beds	40,952	2.01%	824	192	632	311	321

Flatiron’s Market Analysis Methodology:

FDG engaged the services of ESRI, Vision LTC and NIC MAP to provide and analyze the demographics of the marketplace, using state-of-the-art and current demographic data. Our Senior Housing Competitor information comes from NIC MAP which is a best in class Senior Housing market research subscription service with a national reputation. FDG also engaged ESRI demographic & geospatial application, as well as their Age by Income Report, Household Age by Income Report, and Senior Life Report.

Below is a breakdown of how FDG researches Market Unmet Demand:

FDG begins by researching the demographic data from ESRI within our chosen market area. The market area will depend on the density of the market (urban, suburban, rural) and where we believe people are living in that market and will “travel for services”. This is often a 10- or 15-minute drive time surrounding a site or market center, which would equate to a 5 to 10-mile area.

These demographics are entered into FDG’s proprietary algorithm that takes into consideration the aged population (specifically the seniors 75+) and affluence of that demographic cohort. With this demographic information entered, the FDG algorithm produces the expected penetration rate in the market and how many beds the market demand will bear. This established the Gross Unmet Demand.

For market supply of competing Senior Housing properties, FDG uses NIC MAP and/or Vision LTC which tracks existing supply of all senior housing products and construction projects that are in process in the market. These services allow FDG to look at existing occupancies, rent averages, number of beds, etc.



NIC MAP provides good baseline data, but because it is user generated (meaning that the industry reports project statistics to NIC) FDG also employs several additional efforts to finalize supply data. We use online resources like Seniorhomes.com, Senioradvisor.com, etc. to find communities that NIC MAP and Vision LTC did not count. FDG also makes calls to the city, county to find out if there are any applications into the city or county to get approval to develop or build a senior community. Finally, we make phone calls to each of the competitive communities to confirm the current number of beds, confirm rents and confirm occupancy. **Exhibit C contains the notes from FDG's Mystery Shop efforts.**

Once FDG determines the qualifying supply we are left with a Net Unmet Demand. For example, if we determined there were 200 beds of Unmet Demand and there are 112 beds in supply, construction or development we would deduct those from the 200 Gross Unmet Beds to have 88 beds of Net Unmet Demand. If we needed to develop 82 beds in the market to provide a large enough yield on cost (industry average is 8 to 9% yield on cost) then we would likely pass on this market. Along with a 9% yield on cost threshold, FDG typically considers a 19 to 25% margin between Net Unmet Need and our planned development unit count as a critical threshold for success.

All the capture rates for the independent living and assisted living apartment units are based on both qualifying annual cash flow income and the estimated impact of the investment of home equity in the defined PMA for those Seniors who own a home.

It is FDG's opinion that the capture rates for each of these living arrangements are conservative, realistic and well within acceptable and recognized industry standards.

As discussed earlier, the threshold over which the capture rate for any one community should not exceed is 10% for independent living and 20% for assisted living - based on the pragmatic screening criteria outlined herein.

It should be noted that, while there appears to be demand for independent living in this PMA, it is FDG's opinion that the more need-driven products of assisted living and Alzheimer's/memory care (MC) will represent the most synergistic addition to the Santa Anita Village campus - given the total number of units that can be accommodated at the site and its location.

Why Independent Living would not be appropriate for this development site:

1. **AL and MC senior housing services are needs based and command higher rents than IL.** Though IL has a strong demand in this market, AL and MC are also in similar high demand. The highest and best use and financial outcome for investing in a senior housing development on this site would be to develop AL and MC services instead of IL.
2. **There are limited surrounding amenities** – shopping, dining, pharmacy, entertainment, etc. One of the most important criteria for Active Adult and Independent Living development sites is close proximity or adjacency to an anchor grocery store such as Albertsons or Whole Foods.

See Local Amenities list and proximity map below.

7-11 and Shady Brady's unfortunately are not a draw for IL Residents.



3. **Low walk score of 61-** most new IL developments consider a walk score below 70 as a No Go for feasibility.

A 2002 survey by AARP Public Policy Institute found that people over age 50 listed lack of walkability part of barriers to walking. “Older adults perceive poor sidewalks, the absence of resting places and dangerous intersections as barriers to walking.” Likewise, a 2007 study in the American Journal of Public Health found areas with higher walkability scores were linked with older residents’ general satisfaction and doing more walking for exercise.

A Centers for Disease Control and Prevention survey found that only 32.5 percent of Americans over the age of 65 don’t have regular physical activity. That means more seniors than ever desire an active lifestyle and seek opportunities to stay active. Living in a walkable neighborhood gives options for walking right out your front door.

Information on Walk Score Methodology:



Walk Score measures the walkability of any address using a patented system. For each address, Walk Score analyzes hundreds of walking routes to nearby amenities. Points are awarded based on the distance to amenities in each category. Amenities within a 5-minute walk (.25 miles) are given maximum points. A decay function is used to give points to more distant amenities, with no points given after a 30-minute walk.

Walk Score also measures pedestrian friendliness by analyzing population density and road metrics such as block length and intersection density. Data sources include Google, Factual, Great Schools, Open Street Map, the U.S. Census, and places added by the Walk Score user community.

Walk Score® Description

90–100 Walker's Paradise

Daily errands do not require a car.

70–89 Very Walkable

Most errands can be accomplished on foot.

50–69 Somewhat Walkable

Some errands can be accomplished on foot.

0–49 Car-Dependent

Most errands require a car.



FDG stands ready to discuss this data and recommendation against IL development in more detail.

Alzheimer's Assisted Living Capture Rate/Demand Model Assumptions

Exhibits 2.3 (above) and 2.4 (below) present a detailed analysis of the supporting rationale and key assumptions involved in the capture rate analysis for assisted living and memory care units.

It should be noted that these capture rate/demand models have been expressed in the 2019 and projected 2024 timeframes in order to attempt to be consistent with the potential time frame for any proposed new development to be ready for occupancy and the absorption of units.

FDG has also evaluated the potential for dedicating some assisted living units to the care of residents with higher levels of Alzheimer's disease or other related dementia (MC).

These units would offer similar services and amenities as would be provided for traditional assisted living residents; however, the personal care services would be more frequent/intensive and the physical space would be specially designed to be secure and to effectively care for the special needs/requirements of these residents. FDG's partners have specialized in the design and development of world class Memory Care communities and programs for over 20 years.

FDG has conducted a significant amount of internal research and development and has developed a model which is conservative, realistic and considers all the relevant key factors and assumptions with regard to this very specialized type of MC living arrangement.

Exhibit 2.4 shows the calculation for computing the weighted average level of MC incidence for age 75+ households in the "CONFIDENTIAL" PMA. FDG has conservatively assumed that all the potential residents will be age 75+ and have given the appropriate (heavier) weighting to the age 85+ cohort using the levels of incidence.

Most of the competitors are licensed as RCFE with separate designated units for MC and other dementia care. The difference among facilities appears as residents develop special needs for acute care and/or medically complex cases. All the facilities will discharge their residents when they get sick to a nursing home or a hospital and hope for their return after they get physically stronger. Most of these facilities will discharge residents as they progress through the middle and later stages of Alzheimer's / dementia. FDG's proposed concept plan will benefit from the referrals of its competitors given our history of developing communities with clinical outcome success and with high acuity cases.

Due to the rising number of seniors diagnosed with Alzheimer's / dementia, the market is quickly expanding. Many owners of senior housing groups see this growth as an opportunity for profit. Unfortunately, unlike FDG, some companies build facilities without doing adequate research and before planning specialized MC neighborhoods and programs for the residents.

Within the next couple of years, "CONFIDENTIAL" will be impacted by a significant growth of Assisted Living facilities. Some will include separate units for MC residents. However, none of the facilities offers the unique programs and quality of care that FDG can program and offer through our concept development plan and Senior Housing services mix.



Since some potential competitors are currently under construction, it would be difficult for FDG to evaluate adequately the programs and services of the facilities to come. However, from the information gathered in the marketplace and our knowledge of competitor's model programs for MC in other markets, FDG concluded that its competitors would not attempt to serve the behaviorally or medically complex Alzheimer's / dementia cases in an Assisted Living environment.

From the following detailed analysis, we were able to determine that the market is underserved, and that FDG's proposed concept plan has the potential to gain a considerable share of the market.

FDG can program, develop and offer a type of service designed to meet the continuing needs of assisted living and dementia cases from high functioning cases through to the end of life. The background and expertise of FDG at providing care for the behaviorally and medically complex cases with outstanding clinical outcomes and superior customer satisfaction does not exist in the primary or secondary market area with the exception of Silverado Senior Living communities which are more than a 10 to 15 minutes' drive time to the "CONFIDENTIAL"

Because of our reputation, the uniqueness of our designs and programs, and the quality of our development services, FDG's building programs and final architectural plan will enjoy a competitive advantage over other providers in the "CONFIDENTIAL" market area.

Additional PMA Data Analysis for Memory Care

FDG employed an additional analysis specific to the incidence of dementia in the senior population in order to further substantiate our recommendation for a development with at least 40 to 50 memory care beds available. (see **Exhibit 2.4**) Overall, our analysis shows that there is a low absorption rate needed to fill an additional 50 MC beds in this market., This is a further positive finding to substantiate the development of MC on this site.

Key input variables to the MC capture rate/demand model included:

FDG used senior households with a minimum income of \$50,000 to further segregate the overall senior population that can afford private pay Senior Housing options.

The incidence rate used for Alzheimer's Disease for the age cohort of 75 to 84 at 18.7% is low. There are current national studies that demonstrate the number should be 24.4%. However, we did not change the numbers. The incidence rate used for the 85+ age-cohort of 47.2% is current with the national studies.

A MC capture rate of 20% was utilized for all the age income qualified households.

~~In Households less than 75 years are conservatively~~ In Households less than 75 years are conservatively excluded for the following reasons:

2. Households with less than an annual income of \$50,000 are excluded.
3. Individuals who currently reside in nursing homes are excluded.
4. Adult children moving parents into the primary market area to live near them are excluded.
5. Drawing residents from the secondary market in the area has been excluded. We know from FDG's experience of operating in LA County that over 35% of the residents come from outside of the 10 to 20-mile PMA.

Exhibit 2.4 - Alzheimer's / MC Beds Assessment

Market Analysis "CONFIDENTIAL"

Minimum Household Income : \$50,000

Percentage of Households Likely to have Alzheimer's Resident

Age	Alzheimers Need Estimated by American Medical Association
75-84	18.00%
85+	47.20%

ALZ / MC ASSESSMENT		2019	2024
TOTAL HHLDS 75+ / HHLID INCOME: \$50k	TOTAL	3,015	3,991
HOUSEHOLDS LIKELY TO HAVE ALZHEIMER'S		932	1,167
LESS ALL EXISTING BEDS*		192	272
QUALIFIED HOUSEHOLD POOL		740	895
DEMAND OF BEDS AT CAPTURE RATE OF:	20.00%	148	179
Required Capture Rate to Fill Community if Bed	50	6.76%	5.59%
* 2024 Projected growth in beds at 20 beds a year over the next 4 years			
** Required Capture Rates below 15% are a positive indicator for MC absorption			

Please note that this data does not include any factor for the importation of parents by adult children. In 2019 there were an estimated 10,546 people between the age cohorts of 55-59, with earnings in excess of \$50,000 per year in the PMA. These adult children represent additional demand as they move their parents near them. However, no additional numbers have been added to the demand for beds within this analysis.



Section 3 - Information on the Senior housing communities in this PMA.

List of Local Competition

Map Pin No.	Property Name	Property Address	City	State	Zip Code	Year Opened	Distance	IL	AL	MC	Total
1	"CONFIDENTIAL"					1989	2.62	0	103	0	103
2						1980	2.73	200	0	0	200
3						1911	2.82	0	37	0	37
4						1997	2.88	0	60	0	60
5						1987	2.92	0	65	0	65
6						1968	3.18	0	26	0	26
7						1950	3.30	106	30	8	144
8						1986	3.62	0	81	0	81
9						2015	4.47	0	41	34	75
10						1918	4.56	12	123	20	155
11						1931	4.58	41	8	0	49
12						2005	4.59	0	35	17	52
13						1981	5.03	81	5	0	86
14						2020	5.03	0	98	13	111
Total								440	712	92	1,244



Average Rent & Occupancy

Segment Data

	Occupancy				Average Rent		RPI
	Inventory	4Q2019	Quarterly Change	Annual Change	4Q2019	Annual Change	4Q2019
Seniors Housing	1,151	94.4 %	156 bps	414 bps	\$5,123	0.2 %	\$4,844
IL	458	95.9 %	197 bps	184 bps	\$4,779	-0.3 %	\$4,593
AL	614	93.2 %	114 bps	668 bps	\$5,235	1.0 %	\$4,884
MC	79	94.9 %	253 bps	-253 bps	\$6,246	-1.8 %	\$5,989

Unit Data*

Segment	Unit Type	Inventory	Unit Mix	Occupancy	Average Rent	Entrance Fee
Independent Living	Studio	250	23.9 %	97.6 %	\$4,609	N/A
Independent Living	1 Bedroom	97	9.3 %	Protected	Protected	Protected
Independent Living	2 Bedroom	89	8.5 %	Protected	Protected	Protected
Assisted Living	Studio	425	40.6 %	92.9 %	\$4,774	N/A
Assisted Living	1 Bedroom	140	13.4 %	92.9 %	\$5,927	N/A
Assisted Living	2 Bedroom	8	0.8 %	Protected	Protected	N/A
Memory Care	Studio	26	2.5 %	Protected	Protected	N/A
Memory Care	1 Bedroom	7	0.7 %	Protected	Protected	N/A
Memory Care	2 Bedroom	4	0.4 %	Protected	Protected	N/A

*Data for unknown unit types are excluded from this data set. Data will not tie out with segment data table.
Source: NIC MAP® Data Service.

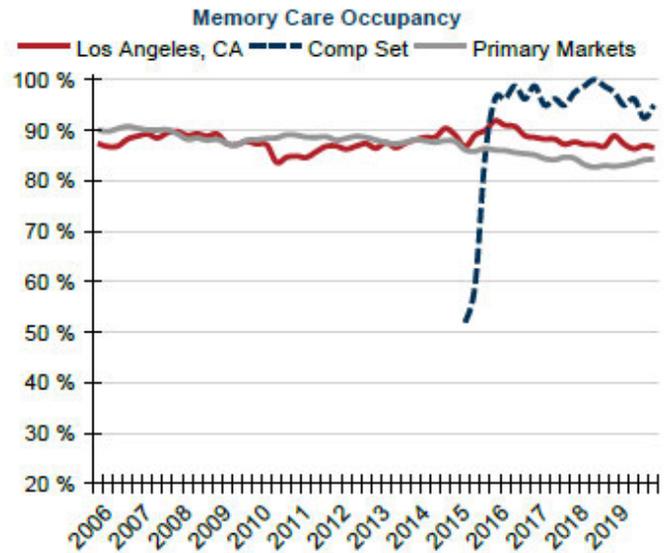
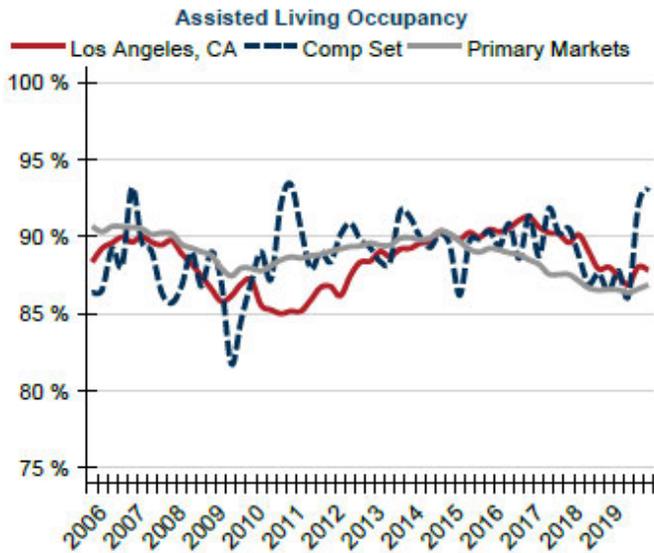
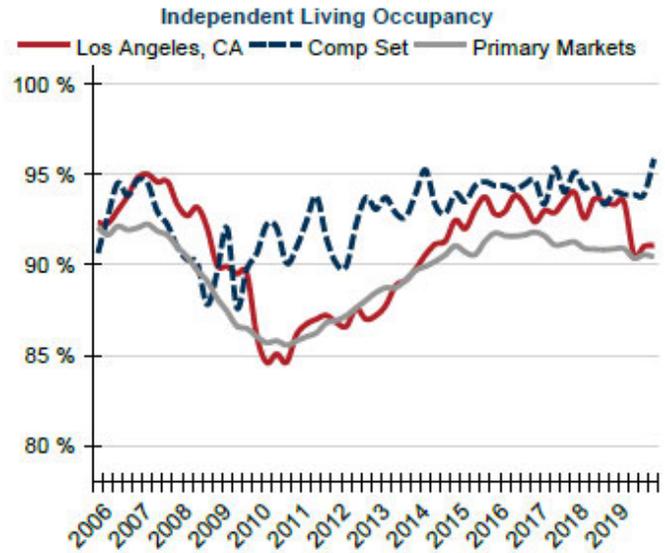
Actual Occupancy from Mystery Shop Calls

Project:		Bed Capacity				Available Bed				Occupancy %		
LOCATION: "CONFIDENTIAL"		Bed Capacity				Available Bed				Occupancy %		
Competitors List		Bed Capacity				Available Bed				Occupancy %		
#	Community	IL	AL	MC	Total	IL	AL	MC	Total	IL	AL	MC
1	"CONFIDENTIAL"	100	70	30	200	15	7	0	22	85%	90%	100%
2	"CONFIDENTIAL"	n/a	60	n/a	60	n/a	0	n/a	0	n/a	100%	n/a
3	"CONFIDENTIAL"	n/a	65	n/a	65	n/a	2	n/a	2	n/a	97%	n/a
4	"CONFIDENTIAL"	n/a	149	n/a	149	n/a	49	n/a	48.5	n/a	67%	n/a
5	"CONFIDENTIAL"	n/a	35	17	52	n/a	3	0	3	n/a	91%	100%
6	"CONFIDENTIAL"	n/a	98	13	111	n/a	n/a	n/a	0	n/a	n/a	n/a
7	"CONFIDENTIAL"	n/a	80	n/a	80	n/a	8	n/a	8	n/a	90%	n/a
8	"CONFIDENTIAL"	n/a	55	20	75	n/a	5	0	5	n/a	91%	100%

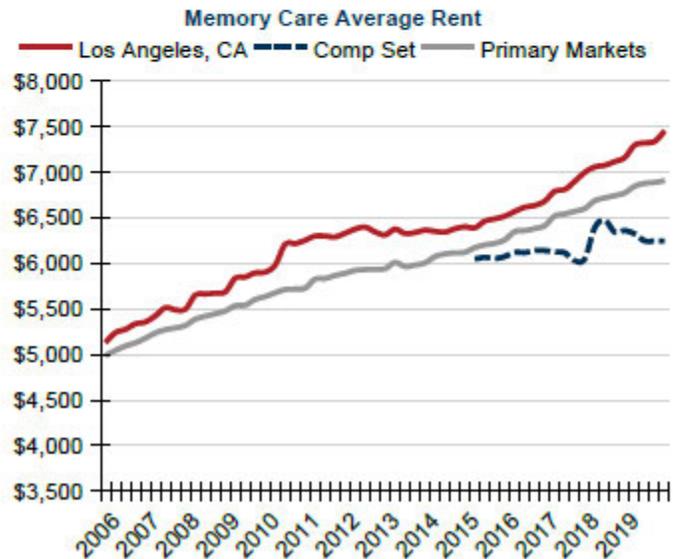
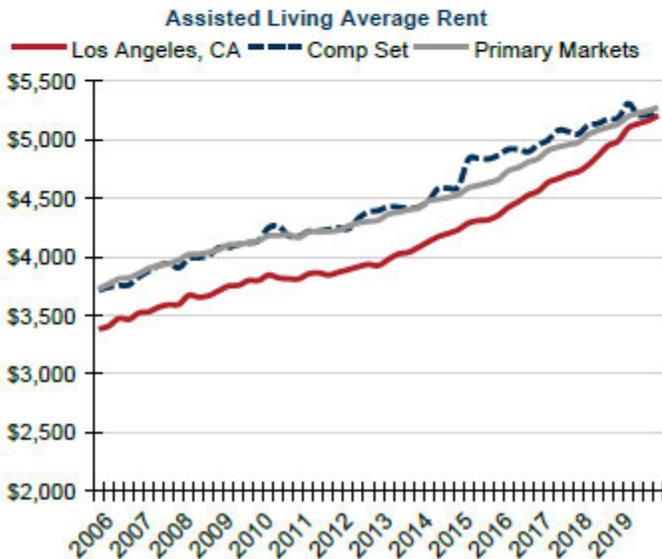
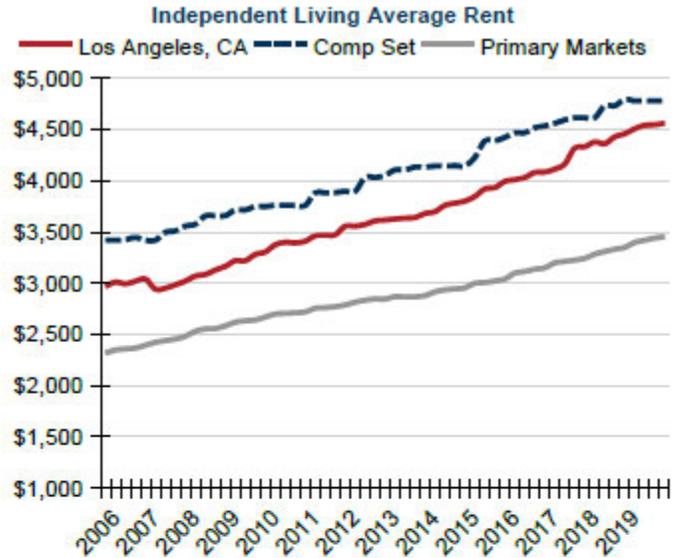
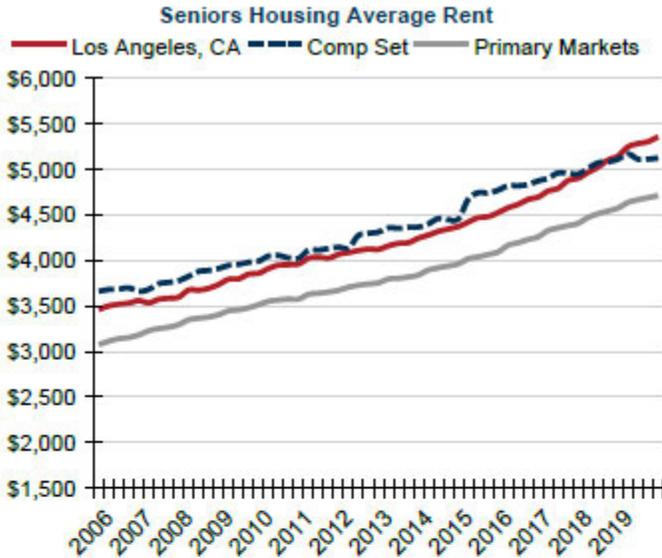
(*) Total 200 beds, need to verify IL, AL, MC bed quantity

Service Type:	IL	AL	MC
Mystery Shop Average:	n/a	90%	100%
NIC Report Average:	n/a	93%	95%
Combined Average:	n/a	91%	98%

Occupancy Trends



Average Rental Rate Trends



Project Feasibility, Concept Plan Recommendations, Pro forma Assumptions:

Based on the in-depth analysis FDG has completed on the "CONFIDENTIAL" Market Area and **Based off the success and strong census of other senior housing communities in the market, FDG's Market analysis, and the Net Unmet Demand of 419 AL residents and 261 MC residents which exceed the industry standard of 19% above the planned project bed capacity the following recommendations are made to guide the concept planning (see Draft Concept Plans) and initial proforma (Exhibit A) for the site:**

Pro forma & concept Plan Assumptions:

FDG has started with some general assumptions based on our market research. We plan to engage in a discussion with "CONFIDENTIAL" to further refine this general concept plan and the **Draft Proforma that is attached in Exhibit A of this report.**

- The rents for the AL market segments should range from \$4,800 to \$6,900 (Studio, 1, and 2 bedroom)
- The rents for the MC market segments should range from \$7,300 to \$8,000 (Companion, Studio, and 1 bedroom)
- Based on our analysis we would recommend a current mix of approximately 80% AL units and 20% MC units to base the conceptual plan on.
- The initial assumptions for the concept plan are:
 - 3 to 4 acres rectangular site at the entry of the property off "CONFIDENTIAL".
 - 2 to 3 story elevation depending on what the County will allow.
 - Reception, Dining, Commercial Kitchen and Laundry, Common Areas, MC and AL neighborhoods on the first floor
 - The community will be approximately 100,000 sq. feet or more.
- Below is a useful graphic from Weitz, one of FDG's General Contracting partners that shows the latest construction costs for the various service types of Senior Housing:



WINTER 2019	CITY INDEX OF 100				WICHITA, KS MID-LEVEL CITY INDEX 85.6	
	MID-LEVEL		HIGH-LEVEL		LOW	HIGH
	LOW	HIGH	LOW	HIGH		
Independent Living	\$156	\$186	\$176	\$236	\$134	\$159
Cottages	\$126	\$148	\$173	\$215	\$108	\$127
Assisted Living	\$180	\$233	\$243	\$286	\$154	\$200
Skilled Nursing	\$207	\$242	\$261	\$333	\$177	\$207
IL Commons	\$256	\$325	\$332	\$408	\$219	\$278
Under Building Parking	\$90	\$124	\$123	\$158	\$77	\$106
Sitework	Excluded		Excluded		Excluded	

Additional Services and Path forward

Based on the positive outcomes of FDG's Market Study and Feasibility Analysis for a AL and MC Senior Housing Development, "CONFIDENTIAL" is encouraged to move forward with the following steps to successfully invest in senior housing and work with FDG to avoid potential pitfalls that other new developers to this space have encountered:

- **Guide the Concept Plan to Final Construction Drawings** – FDG can consult with "CONFIDENTIAL" and the Architect they select to establish the best possible design and interior program for Assisted Living and Memory Care. With FDG's background in operations and development of Senior Housing there is not an immediate rush to establish a management agreement with an Operator. FDG can provide consulting and operational programming needed to design and efficiently program amenities into building plan. For instance, FDG understands the value and has implemented universal design into previous Senior Housing developments to allow Assisted Living units and neighborhoods to easily and cost effectively convert to Memory Care units as they are needed over time. This allows more existing residents to age in place and strengthens the long-term census and maximizes the investment through recapitalization or sale.
- **Labor Analysis and Leadership Referral:** Finding the right caregivers and leaders for a Senior Housing Development is an ongoing challenge. FDG offers an in-depth analysis of Labor Availability for Senior Housing and can connect our partners with operations and clinical leaders in the industry.

On the surface there seems to be adequate market rate and affordable housing as well as mass transit options in the immediate area (see map below) to allow for Mid to Lower Income Senior Services Care Givers to access this site. FDG can help substantiate this important aspect of Senior Housing feasibility.



- **Operations Partner Referrals and RFP-** FDG has partnered with many of the top Senior Housing Operators and have strong personal relationships with most of the CEO's in the Industry. FDG can help narrow down which operational partners would be best to approach and partner with on this development opportunity. FDG can also facilitate an RFP process to align the best operations company with "CONFIDENTIAL"



- **Entitlement Support** – FDG has successfully entitled other successful local Senior Housing developments in Southern California, including expansions and ground up development in local Cities such as Azusa, Alhambra, Brea, Burbank, Los Angeles, Tustin and Thousand Oaks. We have successfully responded to the common concerns that Neighbors and local Politicians have when it comes to Senior Housing, such as Emergency vehicle concerns, resident safety, elopement concerns, parking and traffic. FDG can bring our expertise to the table to help support "CONFIDENTIAL" Entitlement Consultant.
- **General Contractor Recommendations and RFP / Bid Management** – FDG has a short list of Architects, Engineers and General Contractors that have experience building Senior Housing Developments. Similar to finding the right operations partners, FDG can help "CONFIDENTIAL" select the right professionals to bid the project.
- **Senior Housing Construction Management, Building Commissioning and Licensing Services**
The partners at FDG have developed over 60 Senior Housing communities in several states throughout America. There have been many lessons learned in the process. FDG can apply our experience and the lessons we have learned during the construction process, building commissioning and licensing with the Department of Social Services, to make sure "CONFIDENTIAL" avoids common pitfalls that will save time and improve the long term value of the development.
- **Asset Management** -Once the building is licensed and open for residents to move in, FDG can support "CONFIDENTIAL" and the operations company they have partnered with to improve lease up to stabilization and provide a valuable third party verification that the community opening budget is spent wisely.

Conclusion

FDG's Principals have extensive knowledge of the Senior Living industry with a combined experience of over 40 years. FDG also has strong relationships with senior living industry resources such as Operators, Architects, Engineers, General Contractors, etc., which will help the overall development save valuable time and money.

Flatiron Development Group's experience and dynamic capacity allows us to function as a consultant, advisor, and developer. FDG has extensive experience in operations and Senior Housing design and programming. FDG does not operate as the typical consultant or developer, we develop a project with the Owner and Operator's mindset from the very inception through the feasibility phase, oversight during development, and follow through during operation to community census stabilization, where the maximum value of "CONFIDENTIALS" investment will be realized.

Flatiron Development Group is available to review the findings of this report and continue to work with "CONFIDENTIAL" to further refine the draft concept plan and proforma to meet your investment goals and objectives.