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Senior Housing and Senior Living
Western US Development Plan

Senior Consulting, LLC (SC) serves as developer, co-developer or owner's representative for senior living and Senior Housing projects. Tim Cassidy is the CEO and Principal. Recent completed projects include Independent Living/Assisted Living/Memory Care in Connecticut and Assisted Living/Memory Care with concurrent support for a new church in a small Master Plan in Tennessee. SC has entitled sites in New York and the Midwest and is entertaining partners or a sale.

SC seeks to identify a multi-family or mixed use developer and potential owner/operator who seeks to seize an opportunity to expand their portfolio in, or into, Senior Housing. With our support as outlined to follow, the realistic and minimum goal should be 1,000 units completed in five years, and potentially 2,000 units in seven years.

Independent Living (IL) is our focus, which typically means an unlicensed facility (unlike Assisted Living [AL] and/or Memory Care [MC]) where one to two meals/day, as well as weekly or bi-weekly housekeeping/laundry are included in monthly rental rates. Other services and amenities can include a pool, spa, exercise facilities, Lifelong Learning Programs and/or a wellness center, theater, art and activities room, game room, store, tech center with conference room, bistro and restaurant. In our crossover to Senior Housing (SH) modeling with somewhat larger apartments, we include all or most of these amenities/services, with the meals, housekeeping and laundry optional.

For over 18 months, the National Investment Conference on Seniors Housing (www.NIC.org) has warned operators and investors alike of overbuilding and the saturation of AL/MC in most major metros. SC has seen this first hand. In three major metros where we conducted over 25 overlapping studies that included visits to comparable facilities we found only good AL/MC demand in two when we expect great demand in order to proceed with development. We did see great demand for IL in three of these markets.

Hawthorn and Resorts Lifestyle are two of the largest developers of IL only with their projects typically 124-140 units in a single three to four story building. Others, like Greystar on a national basis or IREG in Texas, develop 170-200 units or more. Currently, SC is targeting 170 units in a major metro project that has nearly half a million people within a 17 minute drive.

We prefer sites that are walkable to both shopping and restaurants. As such, we are able to attract the emerging older baby boomers and target younger residents with an average age of 75 versus 80.8 years old as the average age in new IL as per industry studies.

Please see our January 24, 2018 white paper on Senior Housing Trends below:

http://seniorlivingdeveloper.com/wp-content/uploads/2018/01/Senior-Housing-Trends-Emerging-Models-1-24-18.pdf

Key conclusions are as follows:

- More and more IL facilities only offer meals and services from housekeeping to laundry to transportation on an optional basis or in bundled packages.

- Concierge services are becoming more common and comprehensive in larger facilities.

- Technology continues to play an increasing role with business centers that have conferencing capabilities within the facility or resident units equipped with the ability to regularly interact with family, friends and health care professionals.

- Several floors or wings have smaller full apartments surrounding common areas, like an AL facility with sitting areas, a large kitchen and wellness center staffed with an on-site home health agency to allow residents to age in place.

- Walkability is more and more important to baby boomers soon to become senior living residents. Hence, sites in urban neighborhoods and Master Planned communities should be targeted in markets for the next generation of SH.

- Adult children continue to play an important role in their parent's move to SH with many seniors becoming more and more open to relocating close to family. Hence, there are added benefits in developing within fast growing metros.

Therefore, our preferred model is a minimum of 150 units up to 200 units that looks and feels like a Best of Class, forward thinking IL. It is different in that meals, housekeeping, laundry and other services are optional, with concierge units and wings that are an alternative to AL, or potentially licensed as such with small apartments to further differentiate the facility from the competition with added layers of programming and amenities. The community will offer a fiscal and care alternative to aging in place, with wellness centers staffed with a home health agency(ies) and interactive technologies for communicating with medical professionals.

Design and operational planning will not only reflect the wave of upcoming baby boomers, but also provide flexibility for markets that evolve and expand or may be affected by swings in the economy. This was the case during the Great Recession from December 2007 through February 2010, when Continuing Care Retirement Communities (CCRC's) saw lower occupancy rates than IL that again had lower occupancy rates than AL/MC. Therefore, we see the merit in IL facilities that are at least partially built to AL codes, and potentially licensed as AL even if not operating as such to a large extent or at all in the early years of operations.

Please see the below chart on fasting growing major metros in the Western US:

Growth of Major Population Areas in the West[1]			
MSA	Rank[2]	Population	Growth percentage[3]
Los Angeles, CA	2	13,310,447	3.75%
San Francisco, CA	11	4,679,166	7.93%
Phoenix, AZ	12	4,661,537	11.18%
Riverside, CA	13	4,527,837	7.17%
Seattle, WA	15	3798992	10.44%
Denver, CO	19	2,853,077	12.17%
Portland, OR	25	2,424,955	8.94%
Sacramento, CA	27	2,006,418	6.85%
Las Vegas, NV	29	2,155,664	10.47%
Salt Lake City, UT	48	1,186,187	9.04%
Tucson, AZ	53	1,016,206	3.67%
Fresno, CA	56	979,915	5.32%
Albuquerque, NM	60	909,906	2.57%
Bakersfield, CA	62	884,788	5.38%
Oxnard/Thousand Oaks/Ventura, CA	67	849,738	3.21%
Stockton/Lodi, CA	77	733,709	7.06%
Boise City, ID	81	691,423	12.14%
Ogden/Clearfield, UT	85	654,417	9.59%
Provo/Oram, UT	92	603,309	14.52%
Spokane, WA	98	556,634	5.47%
Modesto/Merced, CA	102	541,560	5.27%
Santa Rosa, CA	107	503,070	3.97%
Reno, NV	114	457,667	7.58%

1 Does not include Texas, the Plains or Hawaii, with Honolulu the 54th largest market.
[2] Rank among all Metropolitan Statistical Areas (MSAs) in the U.S.
[3] The MSAs in this chart are ordered by growth percentage between the years 2010 and 2016, according to data from the U.S. Census Bureau.

From 2001-2006, Tim spent over five years working full time in California including over 20 facilities/projects, splitting his time between there and a home office in New Jersey. Only a few were development facilities versus existing facilities, but he and his small team (including Gene Bradfield, General Counsel at the time who passed away in 2015) were hands on. This included being a hospital’s project representative for their long term care expansions that enabled us to become very familiar with State processes that have changed little since that time and also apply to senior living. OSHPD, the State agency on approvals, can be slow and challenging, plus many counties and local jurisdictions have environmental and other expectations that can substantially increase time and costs for entitlement, let alone construction costs. Hence, while there are surely

California opportunities and we would be would be open to northern California to co-venture as part of a platform in other states; SC prefers to target other markets.

Focus would be fast growing markets, including Salt Lake City, Ogden and Provo markets in Utah growing at 9.04%, 9.59% and 14.52% respectively with a population of 2.5M population collectively; Boise, ID, with a population of 700K growing at 12.14% and one top 20 metros, and Denver, CO (12.17% growth in six years over the Bay Area's still very respectful 7.83% growth that is comparable to the fastest growing Midwest Market).

Reno, NV, is growing at a rate of 7.58%; with Sacramento, CA at a respectable 6.85% growth may be considered later. With the exception of Denver, all markets are a two to six hour drive from Reno, making Reno (or nearby town) an ideal base of western operations. Hence, in the same week Tim can personally be hands on in 3-4 markets.

Conclusion

SC has demonstrated a consistent ability to assess many (sometimes overlapping) markets concurrently. Plus, with separate in-house engineering support combined with local civil engineering support, we can assess many sites in many markets concurrently.

SC expects direct expenses of entitlement, including travel expenses, to be paid by the lead development partner in a timely manner, in addition to receiving a monthly payment of $40,000 per month based on markets referenced above for overhead and staff including Tim's commitment of 24 hours/week, a full time dedicated assistant, 32 hours/week for Market Analyst (not including costs for expected third party reports), siting support and 32 hours/week for an in-house engineer. These payments would be treated as an advance against delivery of fully approved, entitled site(s), with SC receiving $6,000 unit on the first project, and $5,000/unit in projects thereafter, an estimated one third of equity typically created through our efforts, payable at Closing. At the option of the lead partner, SC can receive $7,500/unit, with $2,500/unit payable at Closing and $5,000/unit invested as a 5-10% limited partner in the completed project depending on terms.

Once contracted, SC will maintain separate Dropbox business plans for each market and each project, in addition to providing memos for review of lead developer on ongoing basis on decisions/expenses that require lead partner approval, as well as summary reports. Lastly, Tim will be available to attend meetings at the lead partner's corporate office every 6-8 weeks to review project status reports.