LUNA & GLUSHON

A Professional Corporation

DENNIS R. LUNA
(1946-2016)

16255 VENTURA BOULEVARD, SUITE 950
ENCINO, CALIFORNIA 91436
TEL: (818) 907-8755
FAX: (818) 907-8760

February 14, 2022

VIA EMAIL

Los Angeles City Council
Planning and Land Use Management Committee
200 N. Spring Street
Los Angeles, CA 90012

Re: Council File #20-1624-S1
VTT-82107/ENV-2019-5735-SCEA
10822 Wilshire Blvd./10812 W. Ashton Ave.

Honorable Councilmembers:

Our firm represents Westwood Neighbors for Sensible Growth ("WNSG"), a large group of single and multi-family residents surrounding the proposed 12-story, 176,580 square foot eldercare facility with 176 units and shared amenity spaces with an existing church, a new, expanded childcare facility and church administrative offices at 10822 West Wilshire Boulevard and 10812 West Ashton Avenue ("Project").

I. The Findings for a Tract Map Cannot be Made with Substantial Supporting Evidence

a. The Proposed Map is Not Consistent with the General Plan, Westwood Community Plan, and Wilshire-Westwood Scenic Corridor Specific Plan.

The Westwood Community Plan sets forth the following issues currently existing in the Community Plan area:

- Need to maintain the low-density character of single-family neighborhoods and avoid encroachment into adjacent neighborhoods from other uses, commercial off-street parking, or spill-over traffic.

- Lack of transition in scale, density and character of multiple housing and commercial uses adjacent to single family homes.

It further sets forth the following goals and objectives:

- Preserving and enhancing the positive characteristics of existing residential neighborhoods while providing a variety of compatible housing opportunities.

- Preserving and enhancing the positive characteristics of existing uses which provide the foundation for community identity, such as scale, height, bulk, setbacks and appearance.

- Protect existing single family residential neighborhoods from new out-of-scale development and other incompatible uses.

- Protect the quality of residential environment and promote the maintenance and enhancement of the visual and aesthetic environment of the community.

- Promote neighborhood preservation, particularly in multi-family neighborhoods.

- To preserve and enhance the varied and distinct residential character and integrity of existing residential neighborhoods.

Furthermore, the Specific Plan, which was specially amended recognizing that the then-existing zoning along the Scenic Corridor could result in a solid wall of high-rise buildings with very little useable or publicly visible open space and severe shadow impacts, sets forth the following:

- Confirms that the trend and intensity of development which has occurred and is continuing to occur on Wilshire results in a concomitant increase in traffic.

- Confirms that the purpose of the development standards established in the Plan is to minimize traffic and parking problems along Wilshire Boulevard, enhance the aesthetic qualities of the Specific Plan area, encourage more open space, reduce the impact of high-density residential development and reduce the impact of shadows caused by high-rise buildings within and adjacent to the Specific Plan Area.

- Requires that a proposed Project over six stories or 75 feet in height **shall make <u>every effort to minimize the Shadows caused</u> by the Project on residential lots adjacent to the Wilshire-Westwood Scenic Corridor and to maximize air and light between buildings**.

The Project, as proposed, fails to comply with all of these Community and Specific Plan requirements. The Project fails to maintain and preserve the low-density character of single-family neighborhood behind it and the multi-family neighborhood immediately next door, lacks transition of scale, and is the definition of out-of-scale development (seeking a laundry list of deviations from Code) adjacent to single family uses. It is the very type of Project, contributing to "a solid wall of high-rise buildings" on Wilshire Boulevard, that the Specific Plan was amended to avoid. **It utterly fails to "make every effort" to minimize the shadows caused on residential lots adjacent to the Wilshire-Westwood Scenic Corridor and to maximize air and light between buildings.** [Exhibit 1].

Accordingly, the Project **<u>is not</u>** in substantial conformance with the purposes, intent and provisions of the Westwood Community Plan or Wilshire-Westwood Scenic Corridor Specific Plan.

b. <u>The Design of the Subdivision and Proposed Improvements are Likely to Cause Substantial Environmental Damage.</u>

As discussed below, the SCEA is inadequate under CEQA. Accordingly, this finding cannot be made with substantial supporting evidence.

II. <u>The City Has Failed to Comply with CEQA</u>

a. <u>The Project does not Qualify As a Transit Priority Project ("TPP"), and Therefore may not Utilize a SCEA</u>

In accordance with law, the SCEA (*see* p. 3.0-1) provides: SB 375 allows the City of Los Angeles, acting as lead agency, to prepare a SCEA as the environmental CEQA clearance for TPP's that are consistent with SCAG's RTP/SCS.

Here, the Project **does not qualify as a TPP**, and, therefore, the City cannot utilize a SCEA for CEQA compliance purposes.

Public Resources Code § 21155(b) defines a TPP as a development project that contains at least 50 percent residential use, provides a minimum density of at least 20 units per acre, and is located within one-half mile of a major transit stop or transit corridor.

A qualifying residential project for purposes of TPP status is defined in *Public Resources Code § 21159.25* as follows:

> "Residential or mixed-use housing project" means a project consisting of multifamily residential uses only or a mix of multifamily residential and nonresidential uses, with at least two-thirds of the square footage of the development designated for residential use.

Here, the Project **is not** comprised solely of "multifamily residential uses." Furthermore, evidence has been submitted that the Project does not qualify because its non-residential uses (not fully repeated herein but incorporated by reference) exceed the thresholds provided in *Public Resources Code § § 21159.25 and 21155(b).*

Instead of discussing such evidence, or any evidence for that matter, regarding the proposed residential and non-residential uses at the Project, the Initial Study in the SCEA for the Project makes the unsupported assumption that the zoning of the Project site necessarily renders this a residential Project. That assumption is not only unsupported, but also incorrect. An Eldercare Facility, as proposed, is not even a "by right" use on this residentially zoned site. Therefore, the concept that this Project is necessarily a residential use is incorrect and unsupported. The City Council should note that this issue has been litigated and Courts have rejected efforts to use the zoning to characterize the nature of a proposed land use differently from its actual functionality. *Concerned Dublin Citizens v. City of Dublin* (2013) 214 Cal.App.4th 1310.

In response to this criticism, the City asserts that the term "eldercare facility" is defined in the LAMC as a residential use. But the problem is that there is no substantial evidence to support the finding here that the uses proposed will actually be residential. Again, the City cannot rely on the underlying zoning or the Zoning Code itself to characterize the nature of a proposed land use differently from its actual functionality. *Concerned Dublin Citizens*, *supra*.

Simply stated, the proposed operations of the Project render it more akin to a **commercial**, rather than a residential use: the 24-hour care and outside assistance, provided scale of the proposed food service (resembles more closely a hotel or a hospital than a multi-family residential use), guest services, numbers of employees plus the nature of the work they will provide, proposed childcare facility, worship facilities and related functionalities, etc. Councilmembers will note that even the financial feasibility analysis by RCLCO Real Estate Advisors, submitted by the Applicant itself, demonstrates that the Project is not a residential use. [Exhibit 2].[1] Therefore, by proposing the SCEA, the City is failing to recognize the functionality of the proposed Project as a commercial use.

Furthermore, a TPP is, on its face, meant to be for purposes of building residential uses near transit for the purpose of encouraging public transit use. But, based on the transportation profile of the consumers of the Project – **pre-school children, Alzheimer patients and the elderly, the Project is unlikely to generate any or any appreciable amount of transit use**. Accordingly, it fails as a TPP based upon the legislative history of the SB 375, as well as the law's plain language.

b. The Project is not Consistent with the General Land Use Designation, Density, Building Intensity and Applicable Policies Specified in the RTP/SCS Prepared by SCAG

The Project specifically seeks a laundry list of discretionary entitlements and deviations from the Los Angeles Municipal Code including the Zoning Code. Accordingly, it is not consistent with the general use designation, density, building intensity, and applicable policies specified for the Project area in the RTP/SCS prepared by SCAG.

---

[1] The RCLCO Report is also not only faulty [Exhibit 3], but the ultimate conclusions of the RCLCO Report have been debunked. [Exhibit 4].

The Councilmembers will also note that the SCEA's Initial Study fails to actually examine land use conflicts posed by the Project and its deviations. In the context of "land use and planning," in order to be legally adequate, a CEQA document must identify and discuss, as part of its substantive disclosure requirements, inconsistencies between the Project and applicable general plans and regional plans. The SCEA fails to adequately do so. Instead, the SCEA Initial Study states that the Project does not seek any adjustments or an exception but rather seeks approval from the Zoning Administrator under the Eldercare Facility zoning law of a 12-story and 153-foot building. The SCEA Initial Study then concludes that with these approvals, there will be no "conflict." Such unsupported conclusion not only plays fast and loose with not only the scope of the requested entitlements, but also fails to provide clear information as required under CEQA.

c. The Project Description is Inadequate

The Project Description contained within the SCEA provide a superficial description of the Project which omits material facts that relate to whether the Project has the potential for significant environmental impacts. The stated number of dwelling units is misleading, the total resident capacity not provided, and the description of services provided at the Center vaguely set forth. Statistics regarding ambulatory needs and capacity are missing. The SCEA also lacks a complete project setting.

d. The Discussion of Transportation Impacts is Unsupported by Substantial Evidence

Rather than evidence, the SCEA provides assumptions and speculation regarding transportation impacts from the Project, and in particular with regard to the elderly served by the Project as well "pass-by trips." The SCEA repeatedly claims a "reduction" in trips but fails to substantiate this claim with evidence. Indeed, the evidence is to the contrary.

Moreover, the SCEA fails to identify the methodology used to determine transportation impacts. Although it states that a "custom" methodology was used, no such customization is scrutinized and in other parts of the SCEA directly contradicted by traditional transportation methodology.

Finally, the SCEA's finding of no impact with regard to whether the Project would substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment) is completely devoid of any, let alone substantial, evidence. Based on the SCEA's own Project Trip Generation, Table 7-1, the expanded day care center will generate 457 daily trips, an **increase of 417 trips** over existing on Ashton Avenue, a small residential street which intersects with Malcom Avenue, another small residential street. The traffic generated on Ashton and Malcom Avenues will cause detrimental conditions for the single-family residents residing on those streets. Again, it is clear to everyone, and was expressly noted as a concern by the Westwood Community Design Review Boardmembers, that by placing the location of the parking entrance to the garage almost immediately off of Ashton Avenue, the Project operations will be such that the vast majority of persons coming to enter and exit off of Ashton: school drop offs/pick-ups, emergency vehicles, non-emergency medical personnel and services, deliveries, staff to the eldercare facility, etc. In other words, essentially everyone except people coming to the church will access off of Ashton. Accordingly, the Project will substantially increase hazards at this location due to incompatible uses. Presumably because the Applicant has completely failed to recognize these impacts, as discussed hereinabove, the SCEA also fails to even mention, let alone analyze or mitigate the impacts of such incompatible uses.

III. Conclusion

For all of the reasons set forth above the within Appeal should be granted.

Thank you for your consideration.

Very truly yours,

LUNA & GLUSHON

A Professional Corporation

ROBERT L. GLUSHON

EXHIBIT 1

EXHIBIT 1

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE
ASSISTED LIVING FACILITY

10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SPRING EQUINOX MARCH 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

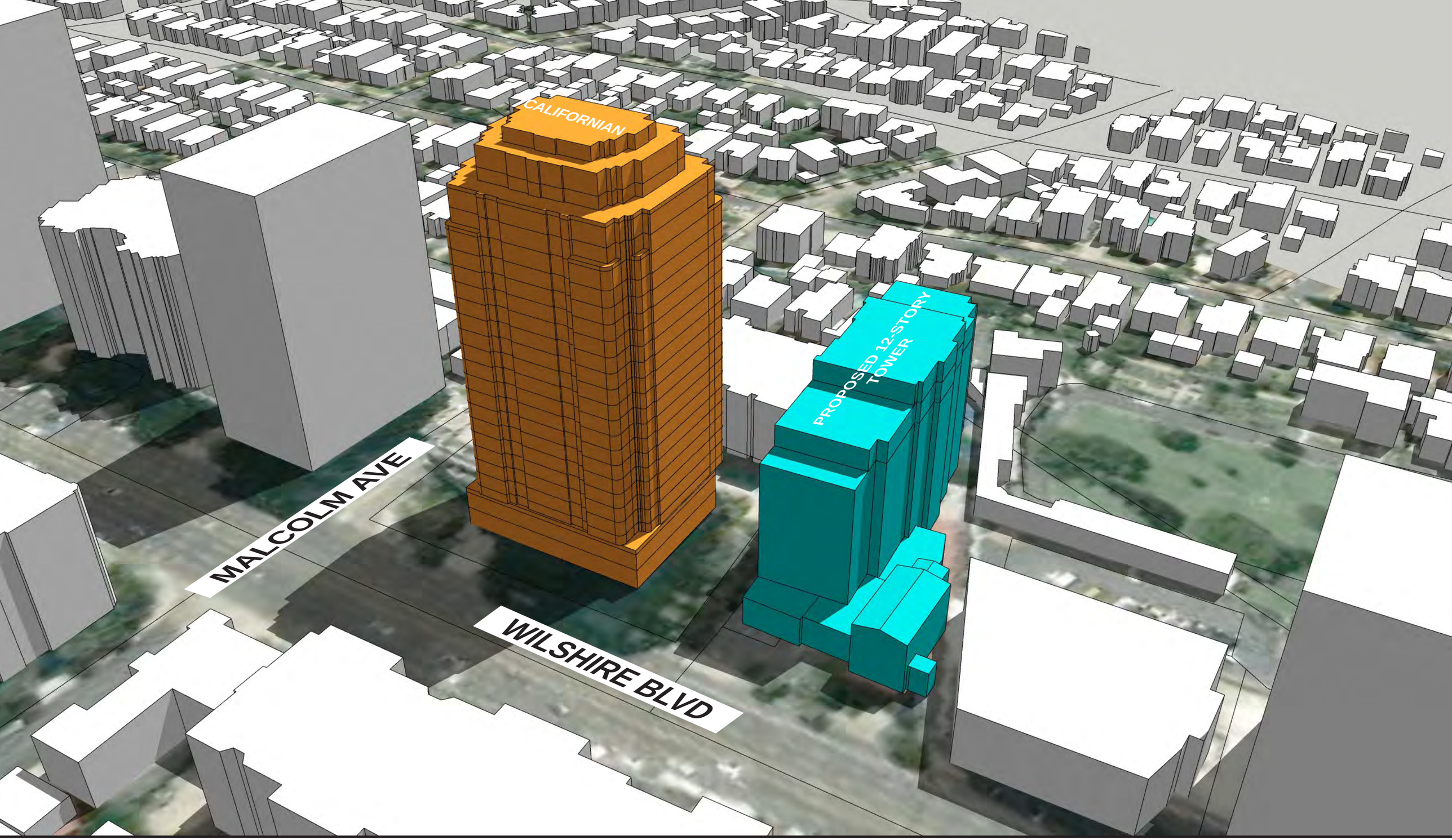
SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SPRING EQUINOX MARCH 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SPRING EQUINOX MARCH 21
12:00 PM



NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SPRING EQUINOX MARCH 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SPRING EQUINOX MARCH 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SPRING EQUINOX MARCH 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SPRING EQUINOX MARCH 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SPRING EQUINOX MARCH 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

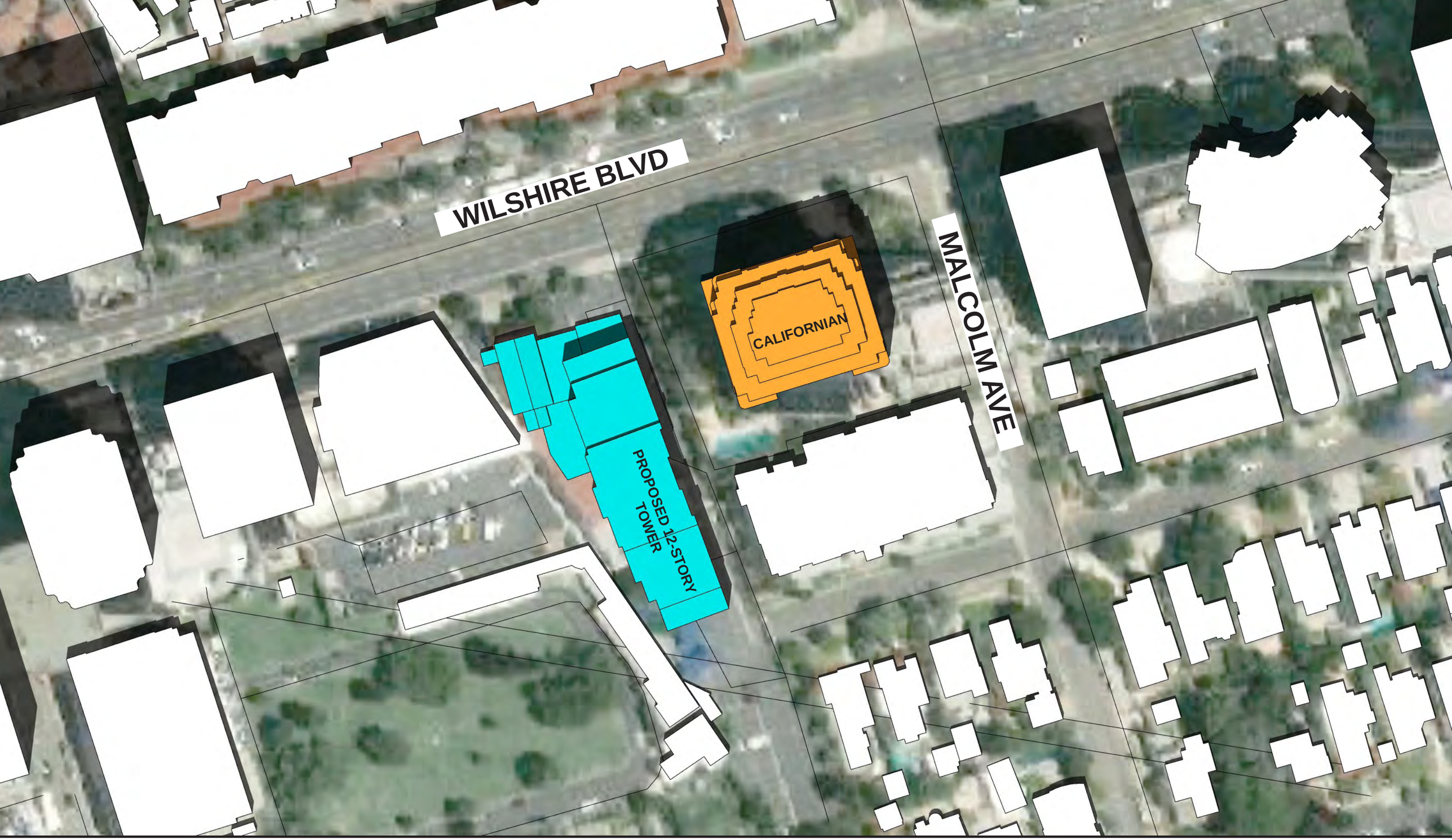
SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SUMMER SOLSTICE JUNE 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SUMMER SOLSTICE JUNE 21
9:00 AM



NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SUMMER SOLSTICE JUNE 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SUMMER SOLSTICE JUNE 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SUMMER SOLSTICE JUNE 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SUMMER SOLSTICE JUNE 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
SUMMER SOLSTICE JUNE 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
SUMMER SOLSTICE JUNE 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
FALL EQUINOX SEPTEMBER 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
FALL EQUINOX SEPTEMBER 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
FALL EQUINOX SEPTEMBER 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
FALL EQUINOX SEPTEMBER 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
FALL EQUINOX SEPTEMBER 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
FALL EQUINOX SEPTEMBER 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
FALL EQUINOX SEPTEMBER 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
FALL EQUINOX SEPTEMBER 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
WINTER SOLSTICE DECEMBER 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
WINTER SOLSTICE DECEMBER 21
9:00 AM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
WINTER SOLSTICE DECEMBER 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
WINTER SOLSTICE DECEMBER 21
12:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
WINTER SOLSTICE DECEMBER 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
WINTER SOLSTICE DECEMBER 21
3:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

PLAN VIEW
WINTER SOLSTICE DECEMBER 21
6:00 PM

NADEL
ARCHITECTURE + PLANNING

SHADOW STUDY
PROPOSED BELMONT VILLAGE ASSISTED LIVING FACILITY
10822 WILSHIRE BLVD.
LOS ANGELES, CA
2020 - 02 - 27

3D VIEW
WINTER SOLSTICE DECEMBER 21
6:00 PM

EXHIBIT 2

EXHIBIT 2

RCLCO
REAL ESTATE ADVISORS

FINANCIAL FEASIBILITY ANALYSIS

PROPOSED ELDERCARE FACILITY

LOS ANGELES, CALIFORNIA

Prepared for Belmont Village Senior Living
March 25, 2021

ABOUT RCLCO

Since 1967, RCLCO has been the "first call" for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 50 years and thousands of projects–touching over $5B of real estate activity each year–RCLCO brings success to all product types across the United States and around the world.

Learn more about RCLCO at www.RCLCO.com.

REPORT AUTHORS

Project Director:

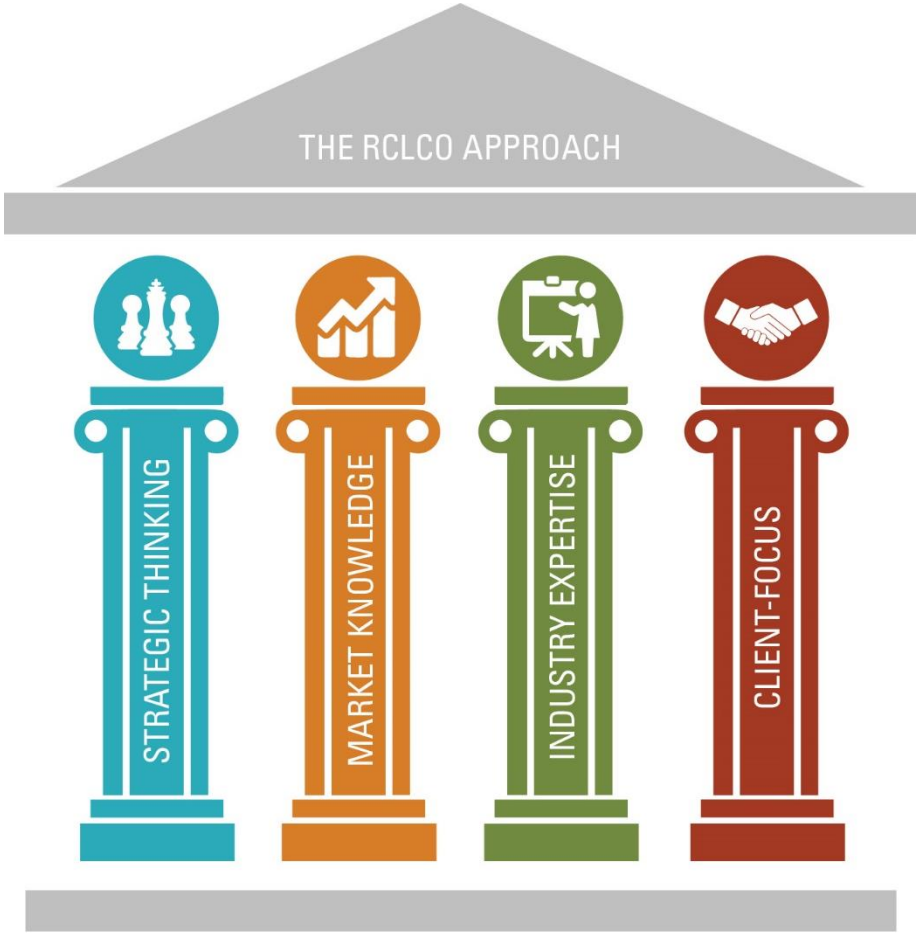
Derek Wyatt, Managing Director

- P: (310) 203-3035 | E: DWYATT@RCLCO.COM

Project Manager:

Jordan LaMarche, Senior Associate

- P: (310) 752-9032 | E: JLAMARCHE@RCLCO.COM



CONTENTS & OBJECTIVES

OBJECTIVES

Belmont Village Senior Living ("Belmont" and "Developer") is evaluating the development potential of an eldercare facility, located in the Westwood neighborhood of Los Angeles at 10822 Wilshire Boulevard ("Subject Property"). The proposed project will be developed on the existing surface parking lot of the Westwood Presbyterian Church ("Church"). The Developer will build the project under a long-term ground lease with the Church. The Church and the Developer will have relationship of a landlord (Church) and tenant (Developer), with tenant paying landlord annual rent in exchange for the right to build the facility upon landlord's property. There is no financial partnership between Developer and Church, and the Church will not have a financial interest in Developer's operating business.

While current zoning allows a maximum FAR of 8:1, it also restricts height to six stories and 75 feet, and it is understood that this scale is not a financially feasible development for this product type due to unique elements of eldercare facilities and the ways in which they differ from other forms of multifamily development.

Against this background, RCLCO was engaged to provide a third-party Financial Feasibility Analysis of four development scenarios, including traditional multifamily apartments and eldercare facilities. Analytical objectives of the Financial Feasibility Analysis included the following:

- Constructed a static financial model using Belmont's model, background materials, market study, zoning and entitlement documents, focusing on yield on cost to measure financial feasibility.
- Addressed the reasonableness of the inputs through industry expertise and market research (including construction cost, rental revenue, and operating expense assumptions)
- Provided conclusions with respect to the feasibility or infeasibility of each development scenario.

KEY CONCLUSIONS

RCLCO
REAL ESTATE ADVISORS

Based on RCLCO's analysis of the financial model and understanding of financial feasibility for multifamily and eldercare developments, our conclusions are as follows:

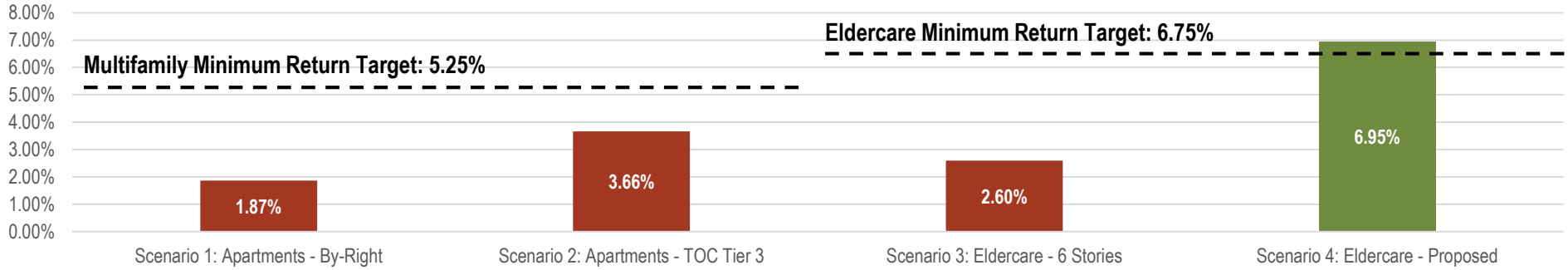
- The multifamily development scenarios that include the by-right zoning and TOC Tier 3 zoning (Scenarios 1 and 2) **are not financially feasible** because the return on total development cost falls below the minimum threshold that would attract investment capital to a multifamily project, defined as a 5.25% threshold return (market capitalization rate of 4.25% plus 100 basis points).
  - In these two scenarios, the total yield on cost ranges from 1.87% (Scenario 1) to 3.66% (Scenario 2).
- The eldercare development Scenario 3 that includes the current, by-right zoning **is not financially feasible** because the return on total development cost falls below the minimum threshold that would attract investment capital to an eldercare project, defined as a 6.75% threshold return (market capitalization rate of 5.25% plus 150 basis points)
- The development scenario that includes the increased building height to accommodate FAR and other deviations (Proposed Project; Scenario 4) **is financially feasible**, as it would produce a yield on cost of 6.95%, above the minimum feasibility threshold developers and investors expect.
- Without the requested building height and zoning deviations, the project could not be built. Therefore, the requests are not designed merely to increase profitability or enhance returns – but instead are essential to enable the construction and viability of an eldercare facility at the Subject Property.

RCLCO selected these financial feasibility thresholds because they represent typical benchmarks that a lender would expect for a typical multifamily or eldercare development before deciding to proceed with financing.

- Return on total development cost, which is calculated as net operating income (i.e., gross income less an allowance for vacancy and operating expenses) divided by total development cost (i.e., land costs, hard costs, soft costs, and financing costs), is frequently used by the real estate industry as an initial project feasibility screening measure.
- The minimum threshold for return on development cost, which we assumed as 100 basis points for multifamily and 150 basis points for eldercare above the applicable market capitalization (or "cap") rate for new development at this location, accounts for entitlement and construction risk on the part of the developer and is typically the return that a developer would be expected to show in order to attract outside capital to the project.

The basis for the above conclusions is summarized on the subsequent pages. The assumptions used in these analyses are included with more detailed pro formas in the appendix.

Summary of Investment Feasibility (Yield on Cost)



Source: Belmont Village Senior Living; RCLCO

SITE & BUILDING CONSTRAINTS

- There are several factors that constrain the development potential of the Subject Property:
  - **Zoning**: The Subject Property is not uniformly zoned. The southern portion of the site, comprising approximately ½-acre, is zoned R-1 One-Family Dwelling. The northern portion of the site, comprising approximately 1.1 acres, is zoned R-5 Multiple Dwelling and is currently occupied by the Westwood Presbyterian Church Sanctuary. Eldercare facilities are permitted in the R-5 zone, but not in the R-1 zone. Therefore, the eldercare care facility is restricted to the portion of the property within the R-5 zone. However, Developer is requesting approval for the subterranean garage and stairwell to encroach beneath a portion of the R-1 zone.
    - The R-5 zone ordinarily permits a floor area ratio (FAR) of 10:1 with no height limit. Because the portion of the Subject Property that is zoned R-5 is within the Wilshire-Westwood Scenic Corridor Specific Plan area, the overall maximum FAR is reduced to 8:1 and height is restricted to six stories and 75 feet (without an Eldercare Permit). Residential density is also limited within the Specific Plan to 100 dwelling units per acre.
    - The City of Los Angeles will permit projects that meet specified criteria to exceed certain development standards prescribed by the Specific Plan, including building height. Two such exceptions are for (a) licensed residential care facilities using the Eldercare Facility Unified Permit and (b) multifamily projects that include low-income housing on site in designated areas with nearby mass transit under the Transit-Oriented Communities (TOC) ordinance.
    - Because the Subject Property is eligible for the TOC Tier 3, a multifamily project that includes a specified percentage of extremely low, very low and/or low-income housing units on site could be developed that would enjoy a number of incentives from the City of Los Angeles. These incentives may include (a) up to 70% increase in permitted residential density, (b) reduced minimum off-street parking requirements, (c) reduced minimum open space and/or setback requirements, and (d) and additional two stories / 22 feet of permitted building height.
    - For traditional apartment developments at the Subject Property, the primary limiting factors in terms of development potential would be the density (units per acre) and height restriction (six stories and 75 feet for base zoning and up to eight stories and 97 feet for TOC Tier 3 scenario).
    - The Developer of the proposed project is requesting an Eldercare Permit (among other discretionary approvals) under which certain deviations from underlying standards in the Los Angeles Municipal Code and the Specific Plan would be permitted. The proposed program (176 units and 12 stories) reflects the need for an eldercare facility to provide a minimum number of units to achieve economies of scale from operations and development of a minimum requirement of both common areas and staffing/services. The proposed project reflects a similar scale (176 units) to Belmont's existing property just east of this site, but a taller building given the configuration of the available and development lot area at the Subject Property.
  - **Preservation & Replacement of Church Facilities**: The existing Church sanctuary sits at the northwest corner of the property. This building is a historic resource under the California Environmental Quality Act (CEQA), and will be preserved in its current location.
  - **Lot Configuration**: The irregular and narrow shape of the site, along with the presence of the church Sanctuary, that will remain in place, limits what can be configured on the Subject Property.

Source: Belmont Village Senior Living; RCLCO

PROJECT SCOPE

- RCLCO examined the financial returns of four total development scenarios. These scenarios feature varying degrees of zoning density and land use, including:
  - Scenario 1 features a by-right apartment development which utilizes the current zoning. Based on the zoning of the Subject Property, the project is projected to support the maximum density of 101 units permitted by the specific plan, but is limited in FAR by what can be achieved in a 6 story building. Given these constraints, the project is projected to support an average unit size of 813 square feet, for a total of 82,140 net residential square feet. The project overall would feature 102,675 gross square feet and 252 parking spaces.
  - Scenario 2 features an apartment development with TOC (Transit Oriented Community) Tier 3 zoning. This density bonus allows for an FAR of 11.6:1 with affordable units included in the development program. Given the lot size, density bonus, height restriction (eight stories and 97 feet), and number of units, this Scenario 2 program features 146,000 gross square feet, and 116,800 net residential square feet across 172 units,18 of which would be affordable units, with an average unit size of approximately 678 square feet. Due to the TOC zoning of the development, Scenario 2 would only require 86 parking spaces, however given market demand for parking, the model assumes 172 parking spaces (one per unit).
  - Scenario 3 features an eldercare development utilizing the current zoning. Given the project constraints described on page 5, primarily regarding the height and shape of the site, a base program could accommodate 93 units and 102,661 gross square feet. Seeking to maximize the allowable development potential, this development would feature 93 independent living, assisted living, and memory care units, with an average size of 569 square feet. Of these 93 units, 23 would be independent living, 44 would be assisted living, and 26 would be memory care. This program leads to a total of 51,669 net residential square feet, 102,661 gross square feet, and 72 parking stalls.
  - Scenario 4 features an eldercare development utilizing the Belmont Village Senior Living proposed height increase, which would allow for the necessary scale (number of units and supporting areas) to support a project that would be feasible. With the proposed height increase the project includes a guestroom count of 176, leading to 106,016 net residential square feet, 182,731 gross square feet, and 126 parking stalls. Of these 176 units, 53 would be independent living, 77 would be assisted living, and 46 would be memory care. This development program would feature a range of unit sizes, leading to an average unit size of 863 square feet for the independent living, an average unit size of 538 square feet for the assisted living units, and 410 square feet for the memory care units.
- Considerations for Eldercare Facilities:
  - Eldercare facilities are different than traditional multifamily buildings in terms of how much common area and other non-rentable space is required. Conventional apartment and condominium buildings require corridors and vertical circulation similar to eldercare facilities, and some may include amenity spaces as well. However, as illustrated in detail on Page 7, eldercare facilities require substantial additional common areas to support residents and staff. Included among these additional programmatic spaces that are common to virtually all eldercare facilities are a common dining room, commercial kitchen, public bathrooms, activity and socialization spaces for residents, and administrative space for staff. Furthermore, even elements that are common to both multifamily and eldercare facilities such as corridors and elevator shafts are oversized in eldercare facilities to accommodate wheelchairs, walkers, and gurneys. After accounting for these additional common spaces, the smaller six-story eldercare facility (Scenario 3) would be limited to a total 93 units.
  - It should be noted for Scenario 3 and Scenario 4 that a mix of assisted living and memory care units is more attractive to the market as residents can “age in place” at one facility and family members do not need to move their loved ones when the service and care at a facility are no longer adequate for their level of care.

Note: Gross Square Feet indicated in the scenarios in this study may differ from the way FAR is calculated per LAMC Zoning Code.

RCLCO REAL ESTATE ADVISORS

NET RENTABLE AREA FOR ELDERCARE FACILITIES

- A primary objective of eldercare facilities is to promote wellness via socialization. The space available for programming within an eldercare facility is therefore key in ensuring high quality care and the well-being of seniors in these facilities. Additionally, the important operational needs of the staff and the continuous care of the residents requires additional space within the facility.
- Based on these factors and in order to operate effectively, an eldercare facility must be provided with substantial common areas and back-of-house space that cannot be significantly reduced even if the number of living units within the facility is reduced. The area of non-programmatic elements such as corridors, vestibules, and elevator lobbies, along with some common areas, can be reduced with a lower resident population, however many programmatic spaces require the same square footage regardless of the number of residents.
  - Given the particular constraints of the Subject Property, these required spaces create a strain on a smaller-scale project under Scenario 3, where the square footage that is net rentable (generates income) represents only approximately half (50%; referred to as the efficiency ratio) of the gross square feet in the project.
  - The Proposed Project provides additional scale in terms of number of units and provides a higher efficiency ratio of 58%, which provides more attractive operations and revenue potential for the project.
- For comparison, the common areas in traditional apartment buildings are typically limited to common areas such as the lobby, leasing center, gym, other amenity spaces. Particularly given the more limited level of service provided in these developments, the efficiency ratio is significantly higher, at approximately 80% for Scenarios 1 and 2.

Program Characteristics; Scenarios 1-4

	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4
	APARTMENTS - BY-RIGHT	APARTMENTS - TOC TIER 3	ELDERCARE - 6 STORIES	ELDERCARE - 12 STORIES
PROJECT CHARACTERISTICS				
Independent Living Units	0	0	23	53
Assisted Living Units	0	0	44	77
Memory Care Units	0	0	26	46
Market-Rate Multfamily Units	101	154	0	0
Affordable Multifamily Units	0	18	0	0
Total New Units	**101**	**172**	**93**	**176**
Net Residential Square Feet	82,140	116,800	51,669	106,016
Gross Square Feet [1]	102,675	146,000	102,661	182,731
Efficiency Ratio (Net / Gross SF)	80%	80%	50%	58%
Parking Spaces	252	172	72	126

Note: Gross Square Feet indicated in the scenarios in this study may differ from the way FAR is calculated per LAMC Zoning Code.

Source: Belmont Village Senior Living; RCLCO

PROJECT DEVELOPMENT

- **Land:** Since the property would be developed as part of a ground lease, the initial land costs as part of construction budget would be $0.
- **Hard Costs:** Hard costs are assumed to include direct construction costs as well as parking, with the total hard cost numbers varying significantly between the four scenarios. The hard costs for the apartments are $300 per net rentable square foot, consistent with mid-rise construction (six to eight stories) in Los Angeles. The hard costs for the eldercare development outlined in Scenario 3 are approximately $555 per net rentable square foot and the hard costs for the eldercare development outlined in Scenario 4 are approximately $454 per net rentable square foot. The significantly higher costs for Scenario 3 reflect the relatively expensive infrastructure (e.g., commercial kitchens, etc.) and programmatic spaces that require the same square footage regardless of the number of residents. In addition to these hard construction costs, RCLCO assumes a cost of $114,503 per parking stall, a relatively high estimate given the configuration of the site and the significant costs for below grade parking.
- **Soft Costs:** Soft costs include a variety of indirect construction expenses, including architecture & engineering, financing fees, building permit fees, and developer fees, among a variety of other categories. Refer to Exhibit 2 for greater detail on soft costs.

PROJECT OPERATIONS

- **Revenue – Apartments**
  - Rents for new, comparable market-rate apartment units near the Subject Property average between $3.64/SF and $4.83/SF (refer to Exhibit 5). We assume that the Subject Property could achieve average apartment rents of $3,720 for a 813-square foot unit in Scenario 1 ($4.57/SF) and $3,300 for a 679-square foot unit in Scenario 2 ($4.86/SF).
    - The difference in unit size is due to the zoning and density limits assumed in each scenario, and the rental rates used are consistent with rents achieved by comparable apartments in Westwood. Refer to Exhibit 5 for greater detail on the comparable communities used to derive rents at the Subject Property.
  - Affordable units, which would be required in Scenario 2, are assumed to have an average rental rate of $0.64/SF, or $438 for an average-sized, 689-square foot unit, based on the HCIDLA's 2020 rent schedules.
  - Other Revenue: Additional income is projected to be 2% of revenue per month, including pet rent, additional parking revenue, amenity fees, and others.
- **Revenue – Eldercare**
  - Rents for independent living units are assumed to average $10,000 per month per bed for Scenario 3 and Scenario 4. Care revenue for assisted living units is assumed to average $150 per month per unit.
  - Rents for assisted living units are assumed to average $12,600 per month per bed for Scenario 3 and Scenario 4. Care revenue for assisted living units is assumed to average $780 per month per unit.
  - Rents for memory care units are assumed to average $13,350 per month per bed for Scenario 3 and Scenario 4. Care revenue for memory care units is assumed to average $1,200 per month per unit.
  - Other Revenue: Other income is projected to be $125 per month per unit, including guest meals, salon revenues, 2nd person fees and other revenue.
- **Vacancy:** Vacancy and credit loss of 5% is included for independent living units, assisted living units, memory care units, and market-rate/affordable units, consistent with typical underwriting and stabilized occupancy rates in the market.

- **Operating Expenses**
  - Ground rent payment between the developer/operator and the landlord is estimated to be 6% of the value of the land, estimated to be $22 million, which translates to an annual ground rent payment of $1,320,000. This is consistent with the land values for transactions of unentitled development sites in West Los Angeles (refer to Exhibit 6).
  - Maintenance, Utilities, and other common operating expenses represent base costs to operate the associated land use, including utility costs, maintenance staff, equipment rent, and contract services. These costs range from $228,000 to $912,000 depending on the density and type of development.
  - Annual property taxes were assumed to be 1.2% of the combined land cost and hard and soft costs (improvements), leading to a range of $1,200,000 to $1,768,000 in property tax expenses between the four scenarios.
  - Insurance is assumed at the typical property insurance rates for mid-size multifamily and eldercare facilities, ranging from $21,500 to $445,000.
  - Management fees of 3% and 6% of revenue are assumed for market-rate apartments and eldercare, respectively, industry standard for each land use. These rates lead to management fee range of $222,000 to $1,544,000 depending on the scenario.
  - The costs above represent general expenses that are consistent with both apartment and eldercare developments. Seniors housing expenses, or costs unique to the eldercare developments outlined in Scenarios 3 and 4, include costs that are required for the operation of eldercare specific amenities, services, and care, such as nursing, marketing and admissions, dining, housekeeping, and resident activities. The unique seniors housing operations accounts for an additional expense of approximately $7.1 million for Scenario 3 and approximately $9.6 million for Scenario 4.
  - The main driver of the seniors housing operating expense category is the large employee count required to provide a minimum level of care and service expected at an eldercare facility.
    - Scenario 4, or the Belmont eldercare proposed scenario, requires a full-time equivalent staff of 123 employees, of which 64 are related to resident care, and the remaining are spread between marketing and admissions, dietary, housekeeping & laundry, activities, and general and administrative duties.
    - Scenario 3, or the eldercare facility that complies with the current development regulations, would require a full-time equivalent staff of 89 employees, of which 41 are related to resident care, while the other expense categories remain relatively the same as in Scenario 4.

Seniors Housing Specific Expenses

	SCENARIO 3		SCENARIO 4	
	ELDERCARE - 6 STORIES		ELDERCARE - 12 STORIES	
		UNITS		UNITS
Independent Living		23		53
Assisted Living		44		77
Memory Care		26		46
Total		93		176
	FTE	ANNUAL COST	FTE	ANNUAL COST
Administration	16	$1,425,971	16	$1,425,971
Resident Care	41	$1,434,001	64	$2,484,838
Food Services	22	$1,187,286	28	$1,710,981
Housekeeping & Laundry	2	$195,548	4	$256,219
Activities & Programs	3	$362,089	4	$411,933
Transportation Costs, Drivers & Valets	5	$196,895	7	$259,206
Resident Referral Fees, Marketing & Ads		$350,531		$466,896
Bonuses, Benefits, Workers Comp		$1,672,547		$2,353,603
Training & Recruitment		$233,992		$270,213
Total	89	$7,058,860	123	$9,639,858

Source: Belmont Village Senior Living; RCLCO

YIELD ON COST

RCLCO arrived at Total Development Cost and Net Operating Income figures given the assumptions presented on the previous page and in greater detail in Exhibit 2. We assume that most of the categories/line items related to development costs, revenues, and operating expenditures presented in this analysis hold true in each development scenario on a "per foot" or "per dwelling unit" basis, with the exception of several fixed line items. The variable costs, revenues, and expenses are multiplied by the total net residential square feet in each development scenario to arrive at the respective totals in each scenario, meaning that the difference in revenues, expenses—and returns—is due to variances in the scale of each development scenario, and the associated land use.

To assess the financial feasibility of each development scenario, we employed a commonly-used industry metric—yield on cost—to measure the return on total development cost in each scenario. Yield on cost is calculated by dividing the stabilized net operating income (gross rental and care income, less vacancy and operating expenses) by the total development cost (the sum of land acquisition costs, hard costs, and soft costs). Investors and lenders typically require a yield on cost equal to the market capitalization rate ("cap rate") plus a spread to reflect the developer's risk. The spread is typically 100 basis points for multifamily apartments and 150 basis points for eldercare projects, the higher spread reflecting the increased risk associated with an operationally intensive business. Based on recent transactions of comparable apartment communities in Los Angeles, the market cap rate for these product types in this location are assumed to be 4.25% for multifamily apartments and 5.25% for eldercare facilities. Given these cap rates, plus 100 basis points for multifamily and 150 basis points for eldercare, the target yield on cost for this project would be 5.25% and 6.75%, respectively. Refer to Exhibit 4 for comparable transactions and cap rate data.

Given these assumptions, the **proposed Scenario 4, which includes an eldercare development with an increase in height and other deviations to accommodate the permitted density and FAR, is the only financially feasible option** of the four presented scenarios. The proposed Eldercare project exceeds the industry standard feasibility threshold by only 0.20%, which demonstrates that the deviations requested through the Eldercare Permit are necessary to produce a viable project. Without the requested deviations, the project could not be built. Therefore, the requests are not designed merely to increase profitability or enhance returns – but instead are essential to enable the construction and viability of an eldercare facility at the Subject Property.

Investment Feasibility by Development Scenario

Scenario	Type	Total Development Costs (Land, Hard, & Soft)	Net Operating Income (Gross Income less Vacancy & Operating Expenses)	Yield on Cost (NOI/Total Cost)	Minimum Threshold	Financially Feasible? (Above Minimum Threshold)
Scenario 1	Scenario 1: Apartments - By-Right	$75,378,598	$1,408,654	1.87%	5.25%	NO
Scenario 2	Scenario 2: Apartments - TOC Tier 3	$78,675,327	$2,878,329	3.66%	5.25%	NO
Scenario 3	Scenario 3: Eldercare - 6 Stories	$94,367,429	$2,450,274	2.60%	6.75%	NO
Scenario 4	Scenario 4: Eldercare - Proposed	$141,839,829	$9,856,919	6.95%	6.75%	YES

Source: Belmont Village Senior Living; RCLCO

RCLCO
REAL ESTATE ADVISORS

DISCLAIMERS

CRITICAL ASSUMPTIONS

RCLCO REAL ESTATE ADVISORS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and real estate markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

According to the National Bureau of Economic Research (NBER), the US economy entered a recession in March 2020, and the extent of the damage to the economy and the ability to rebound from a still unfolding disruption are unknown.. These events underscore the notion that stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is particularly difficult to predict inflection points, including when economic and real estate expansions will end, and when downturn conditions return to expansion.

Our analysis and recommendations are based on information available to us at the time of the writing of this report, including the likelihood of a downturn, length and duration, but it does not consider the potential impact of additional/future shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology. As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, any project and investment economics included in our analysis and reports should be “stress tested” to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause unacceptable levels of risk or failure.

In addition, and unless stated otherwise in our analysis and reports, we assume that the following will occur in accordance with current expectations by market participants:

- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- Competitive supply (both active and future) will be delivered to the market as planned, and that a reasonable stream of supply offerings will satisfy real estate demand
- Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

RCLCO
REAL ESTATE ADVISORS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

RCLCO
REAL ESTATE ADVISORS

APPENDIX: SUPPORTING EXHIBITS

LIST OF EXHIBITS

RCLCO REAL ESTATE ADVISORS

Exhibit 1

Summary of Financial Feasibility
Belmont Village of Westwood
Los Angeles, California

	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4
	APARTMENTS - BY-RIGHT	APARTMENTS - TOC TIER 3	ELDERCARE - 6 STORIES	ELDERCARE - 12 STORIES
PROJECT CHARACTERISTICS				
Independent Living Units	0	0	23	53
Assisted Living Units	0	0	44	77
Memory Care Units	0	0	26	46
Market-Rate Multfamily Units	101	154	0	0
Affordable Multifamily Units	0	18	0	0
Total New Units	**101**	**172**	**93**	**176**
Net Residential Square Feet	82,140	116,800	51,669	106,016
Gross Square Feet [1]	102,675	146,000	102,661	182,731
Efficiency Ratio (Net / Gross SF)	80%	80%	50%	58%
Parking Spaces	252	172	72	126
DEVELOPMENT				
Land	$0	$0	$0	$0
Hard	$56,171,594	$57,471,242	$71,799,164	$107,224,542
Soft	$19,207,004	$21,204,085	$22,568,265	$34,615,287
Total	**$75,378,598**	**$78,675,327**	**$94,367,429**	**$141,839,829**
OPERATIONS (UNTRENDED)				
Revenue	$4,368,872	$5,991,769	$13,866,240	$25,845,540
Expenses	($2,960,218)	($3,113,440)	($11,415,966)	($15,988,621)
Net Operating Income	**$1,408,654**	**$2,878,329**	**$2,450,274**	**$9,856,919**
FEASIBILITY - YIELD ON COST				
Yield on Cost	**1.87%**	**3.66%**	**2.60%**	**6.95%**
Cap Rate	4.25%	4.25%	5.25%	5.25%
+ Spread to Cap Rate	1.00%	1.00%	1.50%	1.50%
=Target Yield on Cost	5.25%	5.25%	6.75%	6.75%
Feasible?	**NO**	**NO**	**NO**	**YES**

[1] *Gross Square Feet indicated in the scenarios in this study may differ from the way FAR is calculated per LAMC Zoning Code.*

Source: Belmont Village Senior Living; RCLCO

Exhibit 2

Static Financial Model
Belmont Village of Westwood
Los Angeles, California

ASSUMPTIONS	SCENARIO 1 APARTMENTS - BY-RIGHT	SCENARIO 2 APARTMENTS - TOC TIER 3	SCENARIO 3 ELDERCARE - 6 STORIES	SCENARIO 4 ELDERCARE - 12 STORIES
PROJECT CHARACTERISTICS				
LOT AREA	44,264	44,264	44,264	44,264
INDEPENDENT LIVING				
# of Units			23	53
Avg. Unit Size			830	863
Net Residential SF			19,090	45,744
ASSISTED LIVING				
# of Units			44	77
Avg. Unit Size			510	538
Net Residential SF			22,440	41,428
MEMORY CARE				
# of Units			26	46
Avg. Unit Size			390	410
Net Residential SF			10,139	18,844
MARKET RATE UNITS				
# of Units	101	154		
Avg. Unit Size	813	678		
Net Residential SF	82,140	104,400		
AFFORDABLE UNITS				
# of Units	0	18		
Avg. Unit Size	0	689		
Net Residential SF	0	12,400		
TOTAL RESIDENTIAL UNITS				
# of Units	101	172	93	176
Avg. Unit Size	813	679	556	602
Net Residential SF	82,140	116,800	51,669	106,016
Total Parking Stalls	252	172	72	126
Gross SF [1]	102,675	146,000	102,661	182,731

Page 1 of 4

Exhibit 2

Static Financial Model
Belmont Village of Westwood
Los Angeles, California

	ASSUMPTIONS	SCENARIO 1 APARTMENTS - BY-RIGHT	SCENARIO 2 APARTMENTS - TOC TIER 3	SCENARIO 3 ELDERCARE - 6 STORIES	SCENARIO 4 ELDERCARE - 12 STORIES
ACQUISITION & LAND COSTS					
Ground Lease (rent payment reflected in Annual Pro Forma)		$0	$0	$0	$0
Total Acquisition & Land Costs		**$0**	**$0**	**$0**	**$0**
HARD COSTS					
Hard Costs (Eldercare - 12 Stories)	$454.49 /NRSF				$83,049,478
Hard Costs (Senior Living - 6 Stories)	$555.50 /NRSF			$57,027,751	
Hard Costs (Market-Rate/Affordable)	$300.00 /NRSF	$24,642,000	$35,040,000		
Hard Costs (Underground Parking)	$114,503 /space	$28,854,756	$19,694,516	$8,244,216	$14,427,378
Eldercare Contigency	10% of above			$6,527,197	$9,747,686
Multifamily Contigency	5% of above	$2,674,838	$2,736,726		
Total Hard Costs		**$56,171,594**	**$57,471,242**	**$71,799,164**	**$107,224,542**
SOFT COSTS					
Architecture & Engineering	$16 /GSF	$1,616,674	$2,298,850	$1,642,576	$2,923,696
Fees & Permits	$15 /GSF	$2,424,000	$3,388,000	$1,539,915	$2,740,965
Financing & Ops Reserves	15.0% of Hard	$8,425,739	$8,620,686	$10,769,875	$16,083,681
Other Soft Costs	7.0% of Hard	$3,932,012	$4,022,987	$5,025,941	$7,505,718
Developer Fee	5.0% of Hard	$2,808,580	$2,873,562	$3,589,958	$5,361,227
Total Soft Costs		**$19,207,004**	**$21,204,085**	**$22,568,265**	**$34,615,287**
TOTAL DEVELOPMENT COSTS		**$75,378,598**	**$78,675,327**	**$94,367,429**	**$141,839,829**

Page 2 of 4

Exhibit 2

Static Financial Model
Belmont Village of Westwood
Los Angeles, California

	ASSUMPTIONS	SCENARIO 1 APARTMENTS - BY-RIGHT	SCENARIO 2 APARTMENTS - TOC TIER 3	SCENARIO 3 ELDERCARE - 6 STORIES	SCENARIO 4 ELDERCARE - 12 STORIES
REVENUES (UNTRENDED)					
ASSISTED LIVING					
Gross Residential Rental Income - Independent Living Units	$10,000 /Unit			$2,760,000	$6,360,000
Gross Residential Rental Income - Assisted Living Units	$12,600 /Unit			$6,652,800	$11,642,400
Gross Residential Rental Income - Memory Care Units	$13,350 /Unit			$4,165,200	$7,369,200
Gross Care Revenue - Independent Living Units	$150 /Unit			$41,400	$95,400
Gross Care Revenue - Assisted Living Units	$780 /Unit			$411,840	$720,720
Gross Care Revenue - Memory Care Units	$1,200 /Unit			$374,400	$662,400
Other Revenues	$125 /Unit			$139,500	$264,000
Total Gross Income		**$0**	**$0**	**$14,545,140**	**$27,114,120**
Vacancy & Credit Loss - Assisted Living Units	5.00% of Rental Income			($678,900)	($1,268,580)
Total Net Effective Revenue		**$0**	**$0**	**$13,866,240**	**$25,845,540**
MARKET RATE					
Gross Residential Rental Income - Market-Rate Units - By-Right	$4.57 /NRSF	$4,508,640			
Gross Residential Rental Income - Market-Rate Units - TOC Tier 3	$4.86 /NRSF		$6,088,920		
Gross Residential Rental Income - Affordable Units - TOC Tier 3	$0.64 /NRSF		$94,536		
Other Income - Market-Rate/Affordable Units	2.00%	$90,173	$123,669		
Total Gross Residential Income		**$4,598,813**	**$6,307,125**	**$0**	**$0**
Vacancy & Credit Loss - Market-Rate/Affordable	5.00%	($229,941)	($315,356)		
Total Net Effective Revenue		**$4,368,872**	**$5,991,769**	**$0**	**$0**
TOTAL REVENUE		**$4,368,872**	**$5,991,769**	**$13,866,240**	**$25,845,540**

Page 3 of 4

Exhibit 2

Static Financial Model
Belmont Village of Westwood
Los Angeles, California

	ASSUMPTIONS	SCENARIO 1 APARTMENTS - BY-RIGHT	SCENARIO 2 APARTMENTS - TOC TIER 3	SCENARIO 3 ELDERCARE - 6 STORIES	SCENARIO 4 ELDERCARE - 12 STORIES
OPERATING EXPENSES					
OPERATING EXPENSES					
Utilities		($384,140)	($424,082)	($499,793)	($911,924)
Repairs & Maintenance		($192,070)	($212,041)	($228,034)	($352,681)
Seniors Housing Expenses	See Exhibit 3			($7,058,860)	($9,639,858)
Property Tax	1.20% Land, Hard, & Soft	($904,543)	($944,104)	($1,233,192)	($1,768,015)
Insurance		($21,500)	($24,000)	($244,113)	($445,409)
Ground Rent Payment	$22,000,000 6.00%	($1,320,000)	($1,320,000)	($1,320,000)	($1,320,000)
Management Fees - Market-Rate	3.00% Rev.	($137,964)	($189,214)		
Management Fees - Seniors	6.00% Rev.			($831,974)	($1,550,732)
Total Operating Expenses		**($2,960,218)**	**($3,113,440)**	**($11,415,966)**	**($15,988,621)**
Operating Expense Ratio		*68%*	*52%*	*82%*	*62%*
TOTAL OPERATING EXPENSES		**($2,960,218)**	**($3,113,440)**	**($11,415,966)**	**($15,988,621)**
NET OPERATING INCOME		**$1,408,654**	**$2,878,329**	**$2,450,274**	**$9,856,919**

[1] *Gross Square Feet indicated in the scenarios in this study may differ from the way FAR is calculated per LAMC Zoning Code.*

Source: Belmont Village Senior Living; RCLCO

RCLCO REAL ESTATE ADVISORS

Exhibit 3

Senior Living Operating Expenses
Belmont Village of Westwood
Los Angeles, California

	SCENARIO 3		SCENARIO 4	
	ELDERCARE - 6 STORIES		ELDERCARE - 12 STORIES	
		UNITS		UNITS
Independent Living		23		53
Assisted Living		44		77
Memory Care		26		46
Total		93		176
	FTE	ANNUAL COST	FTE	ANNUAL COST
Administration	16	$1,425,971	16	$1,425,971
Resident Care	41	$1,434,001	64	$2,484,838
Food Services	22	$1,187,286	28	$1,710,981
Housekeeping & Laundry	2	$195,548	4	$256,219
Activities & Programs	3	$362,089	4	$411,933
Transportation Costs, Drivers & Valets	5	$196,895	7	$259,206
Resident Referral Fees, Marketing & Ads		$350,531		$466,896
Bonuses, Benefits, Workers Comp		$1,672,547		$2,353,603
Training & Recruitment		$233,992		$270,213
Total	89	$7,058,860	123	$9,639,858

Note: Full-time Equivalents (FTE) and Annual Costs include high fixed costs for operations of a senior living facility.

Source: Belmont Village Senior Living; RCLCO

Exhibit 4

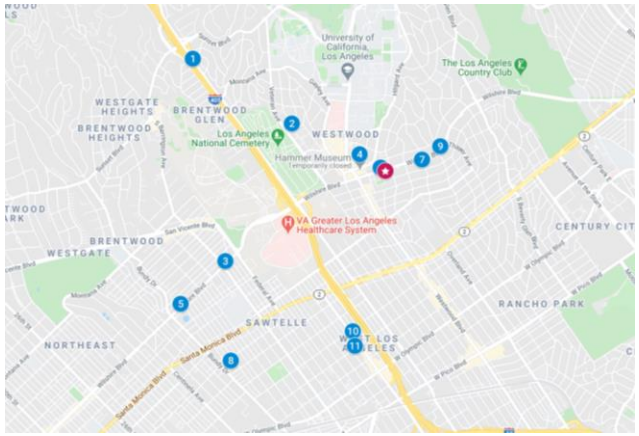
Comparable Transactions
Market-Rate Multifamily and Seniors Housing
Los Angeles, California

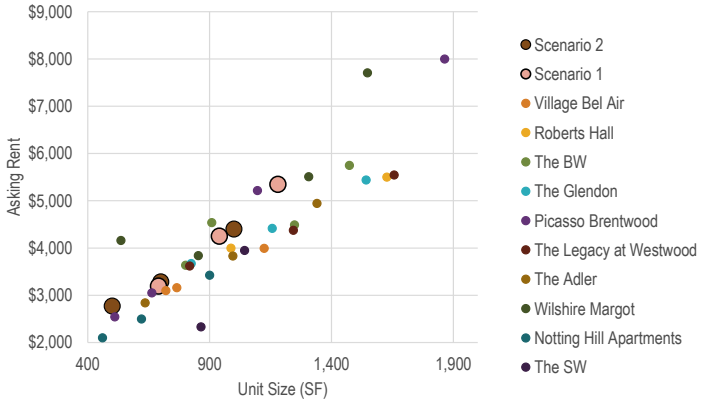
NAME	ADDRESS	SALE DATE	YEAR BUILT	UNITS	PRICE	$/UNIT	CAP RATE
MARKET-RATE MULTIFAMILY							
Venice on Rose	512 Rose Ave	9/9/2020	2012	70	$65,000,000	$928,571	4.00%
Maya	535-547 S Kingsley Dr	7/15/2020	2018	72	$32,400,000	$450,000	4.30%
nVe Fairfax	639 N Fairfax Ave	12/18/2019	2018	63	$36,000,000	$571,429	4.00%
The Pearl on Wilshire	687 S Hobart Blvd	12/17/2019	2018	346	$170,870,000	$493,844	4.20%
Multi-Property Sale	1601 Beloit Ave (Part of Multi-Property Sale)	1/31/2019	1966	33	$3,688,328	$111,768	4.50%
The 5550	5550 Hollywood Blvd	10/12/2018	2017	280	$148,000,000	$528,571	4.30%
Average				**144**	**$75,993,055**	**$514,030**	**4.22%**
SENIORS HOUSING							
Clearwater South Bay	3210 Sepulveda Blvd	11/1/2018	2014	109	$62,725,000	$575,459	5.00%
Portfolio Sale	Various, Southern California	3/29/2019	2003 (Avg.)	265	$104,000,000	$392,453	4.81%
Portfolio Sale	Various, Southern California	5/1/2019	2016 (Avg.)	200	$113,000,000	$565,000	5.50%
Average				**191**	**$93,241,667**	**$487,326**	**5.10%**

Source: Real Capital Analytics; CoStar; RCLCO

Exhibit 5

Comparable Multifamily Communities
Los Angeles, California
January 2021





MAP KEY	COMMUNITY	YEAR BUILT	YEAR LAST RENOVATED	# OF UNITS	AVG. SF	AVG. MARKET-RATE RENT	AVG. MARKET-RATE $/SF
RCLCO COMPETITIVE COMMUNITIES							
1	Village Bel Air	2012	2021	58	1,049	$3,826	$3.65
2	Roberts Hall	2018	N/A	48	1,027	$4,094	$3.99
3	The BW	2013	N/A	78	1,021	$4,238	$4.15
4	The Glendon	2008	2017	350	1,037	$4,159	$4.01
5	Picasso Brentwood	2019	N/A	81	674	$3,144	$4.66
6	The Legacy at Westwood	2001	2016	187	1,181	$4,303	$3.64
7	Wilshire Victoria	2010	N/A	58	1,463	$6,885	$4.71
8	The Adler	2008	N/A	118	1,010	$3,908	$3.87
9	Wilshire Margot	2007	2020	198	933	$4,507	$4.83
10	Notting Hill Apartments	2017	N/A	52	678	$2,718	$4.01
11	The SW	2019	N/A	76	815	$2,856	$3.51
	Weighted Average	**2009**	**2018**	**185**	**1,008**	**$4,122**	**$4.09**
SUBJECT SITE							
★	Scenario One			101	813	$3,720	$4.57
	Scenario Two			172	679	$3,300	$4.86

Source: CoStar; Axiometrics; Community websites; RCLCO

Exhibit 6

Comparable Land Transactions
Los Angeles, California

Address	Sale Date	Lot Area (SF)	Lot Area (AC)	Purchase Price	$/Land SF	$/AC
2107-2121 Westwood Blvd (Part of Multi-Property Sale)	4/13/2020	27,014	0.62	$16,200,000	$600	$26,120,606
11261 Santa Monica Blvd	12/13/2019	26,636	0.61	$13,750,000	$516	$22,485,691
2027-2033 S Beverly Glen Blvd (Part of Multi-Property Sale)	10/24/2019	12,413	0.29	$5,950,000	$479	$20,877,193
9988 Wilshire Blvd	8/1/2019	23,335	0.54	$12,250,000	$525	$22,867,276
10448-10460 Santa Monica Blvd (Part of Multi-Property Sale)	6/20/2019	15,405	0.35	$9,400,500	$610	$26,577,608
11600 Santa Monica Blvd	6/19/2019	28,358	0.65	$16,000,000	$564	$24,577,573
11700 W Santa Monica Blvd	5/3/2019	12,981	0.30	$7,500,000	$578	$25,167,785
2352-2356 S Sepulveda Blvd	4/30/2019	12,728	0.29	$4,715,000	$370	$16,136,208
1721 Colby Ave	1/9/2018	19,602	0.45	$8,325,000	$425	$18,500,000
Average		**19,830**	**0.46**	**$10,454,500**	**$527**	**$22,964,847**
Subject Site		**44,264**	**1.02**	**$22,000,000**	**$497**	**$21,650,099**

Source: CoStar; Real Capital Analytics; RCLCO

RCLCO

REAL ESTATE ADVISORS

AUSTIN

221 West 6th Street, Suite 2030
Austin, TX 78701

LOS ANGELES

11601 Wilshire Boulevard, Suite 1650
Los Angeles, CA 90025

ORLANDO

964 Lake Baldwin Lane, Suite 100
Orlando, FL 32814

WASHINGTON, DC

7200 Wisconsin Avenue, Suite 1110
Bethesda, MD 20814

EXHIBIT 3

EXHIBIT 3

RCLCO EXHIBIT 3 - IRREGULARITIES

AVERAGE SALARIES SCENARIO 3

Admin - $89,123.20

Resident care - $34,975.60

Food service - $53,967.60

Housekeeping -$97,774

Activities - $120,696.30

Benefits, Costs of hiring, WC, training, etc which are - $2,257,070 / 89 = $25,360 per employee

AVERAGE SALARIES SCENARIO 4

Admin - same

Resident care - $38,825.60

Food services - $61,106.50

Housekeeping - $64,054.80

Activities - $102,983.30

Transportation - $37,029.40

Benefits, Costs of hiring, WC, training, etc which are - $3,090,712 / 123 = $25,127.70 per employee

QUESTIONS

- $34,975 average salary substantiates the argument made against the SCEA that these employees cannot live anywhere near this project because they cannot afford the high cost of housing and therefore are more likely to drive. The record contains no substantial evidence in support of the argument that Project qualifies as a SCEA on the grounds users will take public transportation;
- Food service - $53,967.60 and $61,106.50 costs cannot be in line with standard food service costs for an elder care facility or even a high end restaurant, Without supporting data, these numbers do not constitute substantial evidence in support of the attempt to show a hardship or in support of the SCEA because common sense suggests they are not credible;
- Housekeeping - $97,774 and $64,054.80 costs cannot be in line with standard housekeeping service costs for an elder care facility. Also, without explanation of the disparity in the average annual salary between Scenario 3 and Scenario 4. This data is not credible;

- Activities - $120,696.30 and $102,983.30 costs cannot be in line with standard the costs to provide activities at an elder care facility. Also, what explains the disparity in the average annual salary between Scenario 3 and Scenario 4. This data is not credible;
- For Scenario 3, Applicant states they will have 3 FTE for activities for the population of 93, 70 of whom are memory care plus assisted living. That translates into 1 staff person for 23.33 persons to assist clients with walking, playing, lectures, etc. This cannot be in line with the staffing of a quality elder care facility which Belmont claims it will be;
- For Scenario 4, Belmont states it will have 4 FTE for activities for the population of 176, 123 of whom are memory care plus assisted living. That translates into 1 staff person for 31 persons. This cannot be in line with the staffing of a quality elder care facility which Belmont claims it will be;
- There is no line item for FTE for medical services. This seems like a significant oversight since 28% and 26%, respectively will be memory care residents/patients;
- +/- $25,360 per employee for Benefits, Costs of hiring, WC, training, etc seems very high where 84% of the employees (103/123 and a total of $3.1 million in Scenario 4) are low-wage service workers with salaries likely to range between $25,000 - $35,000;
- There is no data to determine how many vehicle miles 123 low wage workers will generate each day? Without supporting evidence, including data raised in the questions stated above, there is no substantial evidence to support the stated and unstated assumptions about transit consumption related to the Project related to the issue of whether the Project is entitled to CEQA review using SCEA;
- How does the average daily vehicle trips generated by 123 low wage workers + vehicle trips caused by 53 independent living units x 2 residents in each unit (123+106 = a total of +/- 229 possible "vehicles" per day and therefore the possibility of up to 438 vehicle trips per day) compare with Scenario 2, 172 apartments? The failure to provide reliable supporting data to address reasonable inferences that arise out of the admitted facts pertaining to the likelihood of intense use of personal vehicles undermines the Applicant's desire to qualify for streamlined CEQA analysis using a SCEA; and
- Each of these representation of the so-called "facts" to support the argument of hardship raise questions about the accuracy or reliability of RCLCO's numbers and its application to avoid a complete review of the Project under CEQA. Without supporting data, these numbers that raise unexplained discrepancies and do not equate with common sense, cannot constitute substantial evidence in support of the claims for which they have been submitted.

EXHIBIT 4

EXHIBIT 4

THE CONCORD GROUP

CITYWIDE PLANNING COMMISSION
HEARING DATE OF OCTOBER 4, 2021;
AGENDA ITEM 7. VTT-82107-1A
Council District: 5 – Koretz
CEQA:ENV-2019-5735-SCEA
Council File No. 20-1624
Plan Area: Westwood
Related Cases: ZA-2018-3422-ELD-CU-DRB-SPP-SPR-1A; DIR-2020-3896-DRB-SPP; DIR-2020-3896-DRB-SPP-P

369 San Miguel Drive, Suite 265
Newport Beach, California 92660

251 Kearny Street, 6TH Floor
San Francisco, California 94108

201 W. 5TH Street, 11TH Floor
Austin, TX 78701

725 Ponce De Leon Ave, Suite 315
Atlanta, Georgia 30306

Market Intelligence in Support of Podium Low-Rise Apartment and Senior Living Development at 10822 Wilshire Blvd

Date of Report:
November 1, 2021

Prepared For:
Westwood Neighbors for Sensible Growth

Executive Summary

To: **Westwood Neighbors for Sensible Growth**
From: The Concord Group
Date: October 2021
Re: **Market Intelligence in Support of Podium Low-Rise Apartment and Senior Living Development at 10822 Wilshire Blvd**

The Concord Group ("TCG") was engaged by the Westwood Neighbors for Sensible Growth ("WNSG") to review a financial feasibility analysis dated March 25th 2001 ("the Report") concerning the development opportunity at 10822 Wilshire Boulevard. WNSG required a rigorous analysis of the financial assumptions (revenue and cost) underpinning three development scenarios for the property:

1. Scenario 1 – Apartment development, per by-right zoning;
2. Scenario 2 – Apartment development, per TOC Tier 3 zoning;
3. Scenario 3 – Eldercare development, per by-right zoning.

The Report determined that none of the three development scenarios are financially viable. The conclusion is based on financial underwriting of the three scenarios, each determining a return on total development cost that falls below the minimum threshold that would attract investment capital to a multi-family or eldercare project. TCG's own market driven analysis of key underwriting assumptions produces financial viability results that are inconsistent with the Report's conclusions.

In particular, TCG concludes that Scenarios 2 and 3 are financially viable, generating required return on cost metrics that will attract investment capital. TCG's positive evaluation of Scenarios 2 and 3 is based on market-based revenue and cost conclusions that are materially different from underwriting in the Report. During the past five years, TCG has completed more than 50 property market assessments in the greater West Los Angeles marketplace, covering a variety of land uses, including multi-family and eldercare development opportunities. Based on this deep experience, TCG concludes that several key revenue and cost assumptions are inconsistent with those utilized by developers and investors active in multi-family and eldercare development.

TCG's underwriting of Scenario 2 yields a return on cost of 5.40%, above the minimum threshold identified by the Report (5.25%) to attract multifamily investment capital. TCG's analysis of Scenario 3 yields a return on cost of 7.27%, also above the minimum threshold identified by the Report (6.75%) to attract eldercare investment capital. To facilitate an analysis of TCG's differing conclusions, TCG modeled, side-by side, the Report and TCG underwriting of both the multi-family and eldercare opportunities (*Exhibits A1 and B1*). The following text summarizes key underwriting differences between TCG and the Report with respect to Scenarios 2 and 3 that supports our conclusions.

Scenario 2 – Apartment Development, per TOC Tier 3 Zoning (*Exhibit A1*)

TCG's concluded financial viability of Scenario 2 is rooted in the following revenue and cost metrics that are materially different from those cited in the Report. All other underwriting assumptions not delineated below are consistent with the Report:

- **Revenue Potential for Market Rate Apartments**
  - TCG concluded to an average rent of $3,800 per market rate unit, or $5.62 PSF, a level 15% higher than that recommended in the Report ($4.42 PSF);
  - Monthly rent conclusions in the Report are excessively conservative considering the project's premier Wilshire Boulevard address;
  - TCG conducted a detailed market analysis of relevant Class A competition in Westwood and the Wilshire Corridor, positioning the project mid-market relative to 1-bedroom and 2-bedroom alternatives (*Exhibits A3 and A4*).

- **Parking Cost**
  - The Report models a cost of $114,503 per parking space, a level higher than any developer pro-forma viewed by TCG with underground parking;
  - TCG utilized a parking cost of $70,000 space (39% lower), a cost consistent with that underwritten by developers active in greater urban Los Angeles.

- **Return on Cost Target**
  - TCG's survey of Class A, low-rise apartment building trades in urban Los Angeles over the past four years indicates an average capitalization rate of 3.9% (*Exhibit A6*);
  - TCG concurs with the Report's targeted 100 basis point spread between cap rate and return on cost.
  - The market driven return on cost threshold is 4.91%, lower than the Report's concluded target of 5.25%.

Per the changes above, Scenario 2 yields a return on cost of 5.40%, meeting the minimum threshold identified by the Report (5.25%) to attract multi-family investor capital. As such, Scenario 2 is financially viable.

Scenario 3 – Eldercare Development per By-Right Zoning (*Exhibit B1*)

TCG's concluded financial viability of Scenario 3 is predicated on the following revenue and cost metrics that are materially different from those used in the Report. All other underwriting assumptions not delineated below are consistent with the Report:

- **Revenues**

  - Net Rentable Area and Unit Count
    - The Report assumes a 50% ratio of net leasable to gross building area;
    - TCG's analysis of eldercare projects of similar scale (80-115 units) indicates that a ratio of 60-65% is targeted by developers of more "boutique" projects;
    - As such, TCG finds market support for 100 senior living units, 7.5% more than the Report's indicated yield of 93 units.

  - Monthly Revenue
    - Gross income generated by the eldercare facility is higher than that concluded in the Report, based on:
      - Unit count variance, as described above;
      - Detailed recommendations of unit mix and rents per care level and bedroom type (*Exhibits B2, B3 and B4*).
    - TCG's monthly net revenue calculation is 7.3% higher than the Report, per the above factors.

- **Operating Expenses**

  - Staffing Expense
    - The Report concludes to an elevated staffing ratio of 0.96 full-time-equivalent staff ("FTE") to eldercare unit;
    - TCG's experience working with national developers of eldercare housing of similar scale projects (80-115 units) indicates a market-driven ratio of 0.7 FTE to unit characterizes successful senior living operations;
    - Furthermore, TCG finds that the Report's assumption of an average wage of $79,313 per FTE is elevated, but does not challenge this assumption;
    - TCG's concluded staffing expense is 21% less than underwriting in the Report, fully based on the difference in staffing ratios outlined above.

  - Management Fee
    - The Report utilized a management fee of 6%;
    - TCG utilized a management fee of 5%, a level in alignment with other large-scale operators of senior living communities regionally and nationally.

- Development Costs
    - Parking Costs
        - TCG utilized the same parking costs per space as outlined in Scenario 2;
        - TCG parking costs are 39% less than in the Report.
    - Hard and Soft Costs
        - The Report concludes to an average development cost of $1.015M per eldercare unit (excluding land), a level that is more than two times the multi-family construction cost in Scenario 2 ($457K/unit) and unprecedented for senior living;
        - TCG reduced hard (excluding parking, per the changes above) and soft costs by 25%, generating an overall development cost of $695K per unit (31.5% less than the assumption in the Report).

Per the changes above, Scenario 3 yields a return on cost of 7.27%, meeting the minimum threshold identified in the Report (6.75%) to attract multi-family investor capital. As such, Scenario 3 is financially viable.

***

This assignment was completed by Yijia Yang, under the direction of Michael Reynolds.

EXHIBIT A1

FINANCIAL MODEL
10822 WILSHIRE BOULEVARD
OCTOBER 2021

	Scenario 1 - by Right			Scenario 2 - TOC Tier 3			
MF Development Scenario:	**The Report**	**TCG**	**Variance**	**The Report**	**TCG**	**Variance**	**Comment / Increment**
Project Description							
Apartments							
Market Rate	101	101	0.0%	154	154	0.0%	
Affordable	0	0	0.0%	18	18	0.0%	
Total	101	101	0.0%	172	172	0.0%	Same unit count assumptions
Average Unit Size (SF)	813	813	0.0%	679	680	0.1%	Differential due to rounding
Net Rentable SF	82,140	82,100	0.0%	116,800	116,925	0.1%	
Efficiency Ratio	80%	80%		80%	80%		
Gross SF	102,675	102,625	0.0%	146,000	146,156	0.1%	
Parking Spaces	252	252	0.0%	172	172	0.0%	Required by Specific Plan - TCG parking analysis indicates a market average of 1.5 spaces per unit - see Exhibit A5
Parking Ratio	2.50	2.50	0.0%	1.00	1.00	0.0%	
Revenue							
Monthly Rent (PSF)							
Market Rate	$4.57	$5.50	20.4%	$4.86	$5.62	15.5%	See Exhibit A2 to A4; premier Wilshire Boulevard address to command near top-of-market rents
Affordable	---	---		$0.64	$0.64	0.0%	
Blended	$4.57	$5.50	20.4%	$4.42	$5.09	15.3%	
Annual Rent	$4,504,558	$5,422,800	20.4%	$6,192,790	$7,148,339	15.4%	
Other Income							Per competitive developer pro-formas - includes: parking, storage, RUBS, late fees, app fees, pet rent, etc.; note fewer parking spots in scenario 2
% Rent	2.0%	4.0%		2.0%	2.0%		
Annual	$90,091	$216,912	140.8%	$123,856	$142,967	15.4%	
Total Gross Income	$4,594,649	$5,639,712	22.7%	$6,316,646	$7,291,306	15.4%	
Vacancy Loss							
Percentage	5.0%	5.0%		5.0%	5.0%		Per the Report; industry standard
Annual	($229,732)	($281,986)	22.7%	($315,832)	($364,565)	15.4%	
Total Revenue	**$4,364,916**	**$5,357,726**	**22.7%**	**$6,000,814**	**$6,926,741**	**15.4%**	
Operating Expenses							
Op Ex, Less Land Lease	($1,640,218)	($1,640,218)	0.0%	($1,793,440)	($1,793,440)	0.0%	Per the Report
% of Total Revenue	38%	31%		30%	26%		
NOI 1	$2,724,698	$3,717,508	36.4%	$4,207,374	$5,133,301	22.0%	Without land lease
Land Lease	($1,320,000)	($1,320,000)	0.0%	($1,320,000)	($1,320,000)	0.0%	Is this "financial hardship" for the Church?
Op Ex + Land Lease	($2,960,218)	($2,960,218)	0.0%	($3,113,440)	($3,113,440)	0.0%	
% of Total Revenue	68%	55%		52%	45%		
NOI 2	$1,404,698	$2,397,508	70.7%	$2,887,374	$3,813,301	32.1%	With land lease

EXHIBIT A1

FINANCIAL MODEL
10822 WILSHIRE BOULEVARD
OCTOBER 2021

	Scenario 1 - by Right			Scenario 2 - TOC Tier 3			
MF Development Scenario:	**The Report**	**TCG**	**Variance**	**The Report**	**TCG**	**Variance**	**Comment / Increment**
Development Costs							
Land Acquisition	$0	$0	0.0%	$0	$0	0.0%	
Hard Costs							
Non Parking	$24,642,000	$24,630,000	0.0%	$35,040,000	$35,077,500	0.1%	$300 PSF, per the Report
Parking							
per Space	$114,503	$70,000	-38.9%	$114,503	$70,000	-38.9%	Per Developer pro-formas
Total	$28,854,756	$17,640,000		$19,694,516	$12,040,000	-38.9%	
Contingency	$2,674,838	$2,113,500		$2,736,726	$2,355,875	-13.9%	5% of Hard Costs; per the Report
Total Hard Cost	$56,171,594	$44,383,500	-21.0%	$57,471,242	$49,473,375	-13.9%	
Per NSF	$684	$541		$492	$423	-14.0%	
Per GSF	$547	$432		$394	$338	-14.0%	
Soft Costs							
Total	$19,207,004	$19,207,004	0.0%	$21,204,085	$21,204,085	0.0%	Per the Report
Total Development Costs	**$75,378,598**	**$63,590,504**	-15.6%	**$78,675,327**	**$70,677,460**	**-10.2%**	
Per NSF	$918	$775	-15.6%	$674	$604	-10.3%	Considered to be elevated based on analysis of competitive developer underwriting
Per GSF	$734	$620	-15.6%	$539	$484	-10.3%	
Per Unit	$746,323	$629,609	-15.6%	$457,415	$410,915	-10.2%	
Return on Cost Calculation							
NOI 2	$1,404,698	$2,397,508	70.7%	$2,887,374	$3,813,301	32.1%	NOI (includes land lease)
Total Development Costs	$75,378,598	$63,590,504	-15.6%	$78,675,327	$70,677,460	-10.2%	
ROC	**1.86%**	**3.77%**		**3.67%**	**5.40%**		
Target ROC							
Cap Rate	4.25%	3.91%		4.25%	3.91%		See Exhibit A6
Spread	100	100		100	100		Basis point spread above cap rate
Target	**5.25%**	**4.91%**		**5.25%**	**4.91%**		
ROC vs. Target	(339)	(114)		(158)	**48**		**Basis Point Differential; Market Feasible**

EXHIBIT A2

PROGRAM RECOMMENDATIONS
10822 WILSHIRE BOULEVARD
OCTOBER 2021

TCG Programming Recommendation & Rents

Unit Type	Beds	Units Num.	Units Perc.	Unit Size	Rent $	Rent $/sf
Scenario 1						
Studio	0	8	8%	475	$2,900	$6.11
1-Bed	1	49	49%	700	$3,900	$5.57
2-Bed	2	44	44%	1,000	$5,400	$5.40
Total		**101**		**82,100**	**$451,900**	
Average				**813**	**$4,474**	**$5.50**
Scenario 2						
Studio	0	44	26%	450	$2,750	$6.11
1-Bed	1	89	52%	675	$3,750	$5.56
2-Bed	2	39	23%	950	$5,175	$5.45
Total		**172**		**116,925**	**$656,575**	
Average				**680**	**$3,817**	**$5.62**

Programming Rationale

- TCG programmed to the targeted net rentable area identified by RCLCO, under both scenarios
- Scenario 1 contemplates a large mix of two-bedroom units (44%) and one-bedrooms (49%)
  - Unit sizes per bedroom configuration are smaller, on average, than current competition in Westwood
  - Smaller unit sizes generate compelling "chunk" rent discount to newer, expensive Class A product
- Scenario 2 contemplates smaller unit sizes per bedroom configuration, with a more significant allocation of units in 1-bedroom (52%) and studio (26%) configurations

Positioning Rationale

- Project's location along West LA's prestigious Wilshire Corridor merits upscale / luxury multi-family product with rents near the top of the Class A market
- Generally, chunk rents are discounted to newer, Class A product delivered in the 2010s and in line with early to mid 2000s vintage product
- Chunk rents are positioned at a premium to 1980s vintage apartments

Aerial

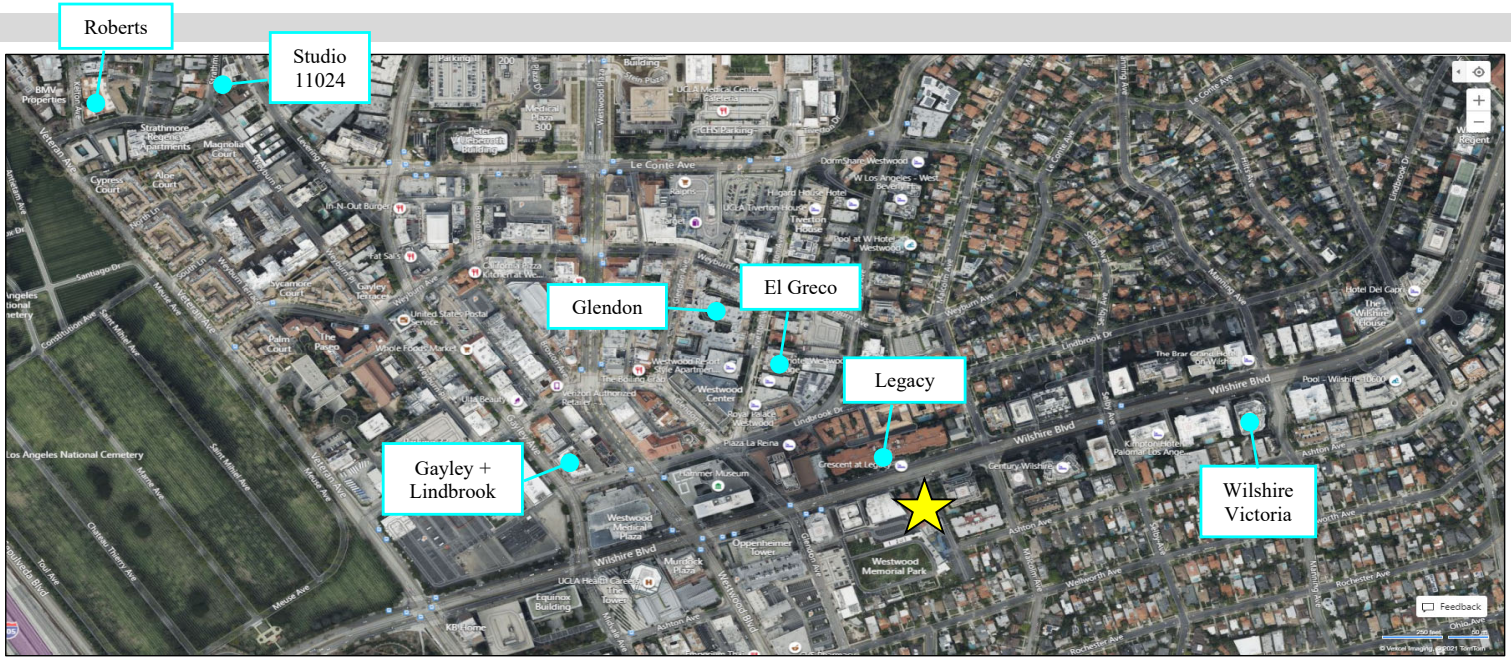


EXHIBIT B1

FINANCIAL MODEL
10822 WILSHIRE BOULEVARD
OCTOBER 2021

	Scenario 3 - Eldercare 6s									
	The Report				TCG					
MF Development Scenario:	**IL**	**AL**	**MC**	**Total**	**IL**	**AL**	**MC**	**Total**	**Variance**	**Comment / Increment**
Project Description										
Units by Care Type	23	44	26	93	0	75	25	100	7.5%	See assumption below
Average Unit Size (SF)				556		665	400	599	7.8%	Exhibit B2
Net Rentable SF				51,669				59,875	15.9%	
Efficiency Ratio				50%				58%		See Sage Glendale & Sunrise Playa Vista (60%+)
Gross SF				102,661				102,661	0.0%	Same GSF assumption
Parking Spaces				72				72	0.0%	
Parking Ratio				0.77				0.72	-7.0%	
Revenue										
Monthly Revenues		*per Unit*								
Rent	$10,000	$12,600	$13,350	$1,131,500		$11,717	$13,000	$1,203,750	6.4%	Greater mix of AL; TCG assumes no IL
Care Fees	$150	$780	$1,200	$68,970	$150	$780	$1,200	$88,500	28.3%	
Other	$125	$125	$125	$11,625	$125	$125	$125	$12,500	7.5%	
Total Gross Income	**$10,275**	**$13,505**	**$14,675**	**$1,212,095**	**$275**	**$12,622**	**$14,325**	**$1,304,750**	**7.6%**	Larger unit count
Annual Gross Income				$14,545,140				$15,657,000	7.6%	
Vacancy Loss										TCG applied 5% vacancy loss to all units (AL & MC); the Report applies this loss only to the AL units, with zero vacancy loss for MC
Percentage				4.7%				5.0%		
Annual				($678,900)				($782,850)	15.3%	
Total Revenue				**$13,866,240**				**$14,874,150**	**7.3%**	
Operating Expenses										
Staffing Expenses										
Staff (FTE)				89				70	-21.3%	Based on Ratio below
Staff/Unit				0.96				0.70	-26.9%	The Report ratio elevated above industry norm for similar scale project (0.6 to 0.7)
Salary / Staff				($79,313)				($79,313)	0.0%	Per the Report; Average wage per FTE considered high compared to other projects analyzed by TCG in Southern California
Total Staff Expenses				**($7,058,860)**				**($5,551,912)**	**-21.3%**	
per Unit				($75,902)				($55,519)	-26.9%	
Other Operating Expenses										
Utilities				($499,793)				($499,793)	0.0%	
Repairs / Maintenance				($228,034)				($228,034)	0.0%	
Property Tax				($1,233,192)				($1,233,192)	0.0%	
Insurance				($244,113)				($244,113)	0.0%	
Management Fees				($831,974)				($743,708)	-10.6%	The Report - 6% Revenue; TCG - 5% Revenue
Total Other Expenses				**($3,037,106)**				**($2,948,840)**	**-2.9%**	
Total Operating Expenses				**($10,095,966)**				**($8,500,752)**	**-15.8%**	
% of Total Revenue				73%				57%		Similar to the Report Scenario 4 underwriting
NOI 1				$3,770,274				$6,373,398	69.0%	Without land lease

EXHIBIT B1

FINANCIAL MODEL
10822 WILSHIRE BOULEVARD
OCTOBER 2021

	Scenario 3 - Eldercare 6s									
	The Report				TCG					
MF Development Scenario:	**IL**	**AL**	**MC**	**Total**	**IL**	**AL**	**MC**	**Total**	**Variance**	**Comment / Increment**
Land Lease				($1,320,000)				($1,320,000)	0.0%	Is this "financial hardship"?
Op Ex + Land Lease				($11,415,966)				($9,820,752)	-14.0%	
% of Total Revenue				82%				66%		
NOI 2				$2,450,274				$5,053,398	106.2%	With land lease
Development Costs										
Land Acquisition				$0				$0	0.0%	
Hard Costs										
Non Parking				$57,027,751				$42,770,813	**-25.0%**	See Comment Below
Parking										
per Space				$114,503				$70,000	-38.9%	See MF scenario; $70K/space per TCG's analysis of
Total				$8,244,216				$5,040,000	-38.9%	developer pro-formas in urban LA
Contingency				$6,527,197				$4,781,081	-26.8%	10% of hard costs, per the Report
Total Hard Cost				$71,799,164				$52,591,895	-26.8%	
Per NSF				$1,390				$878	-36.8%	
Per GSF				$699				$512	-26.8%	
Soft Costs										
Total				$22,568,265				$16,926,199	**-25.0%**	Per the Report
Total Development Costs				**$94,367,429**				**$69,518,093**	**-26.3%**	$1M+ per unit ($919 per GSF) is incredibly high -
Per NSF				$1,826				$1,161	-36.4%	TCG revised total costs (non-parking) down 25%,
Per GSF				$919				$677	-26.3%	driving to an average cost per unit that is
Per Unit				**$1,014,704**				$695,181	-31.5%	approximately 50% higher than the Report's
										Scenario 2 cost ($457K/Unit)
Return on Cost Calculation										
NOI 2				$2,450,274				$5,053,398	106.2%	NOI (includes land lease)
Total Development Costs				$94,367,429				$69,518,093	-26.3%	
ROC				**2.60%**				**7.27%**		
Target ROC										
Cap Rate				5.25%				5.20%		See Exhibit B5
Spread				150				150		Basis point spread above cap rate
Target				**6.75%**				**6.70%**		
ROC vs. Target				(415)				**57**		Basis Point Differential; Market Feasible

EXHIBIT B2

PROGRAM RECOMMENDATIONS
10822 WILSHIRE BOULEVARD
OCTOBER 2021

TCG Programming Recommendation & Rents

Unit Type	Beds	Units Num.	Units Perc.	Unit Size	Rent $	Rent $/sf
Scenario 3						
AL						
Studio	0	25	33%	475	$8,750	$18.42
1-Bed	1	40	53%	700	$12,500	$17.86
2-Bed	2	10	13%	1,000	$16,000	$16.00
Subtotal		**75**		**49,875**	**$878,750**	
Average				**665**	**$11,717**	**$17.62**
MC						
Private	0	25	100%	400	$13,000	$32.50
Subtotal		**25**		**10,000**	**$325,000**	
Average				**400**	**$13,000**	**$32.50**
Total	**Total**	**100**		**59,875**	**$1,203,750**	
Average				**599**	**$12,038**	**$20.10**

Scenario 4 - Not Modeled

TCG Care Fees

- TCG assumes an average care fee of $780 in Assisted Living, well within the range surveyed
  - Care levels range from $700 to $3,400 in the competitive set
- TCG assumes an average care fee of $1,200 in Memory Care, well within the range surveyed
  - Care levels range from $600 to $4,500 in the competitive set

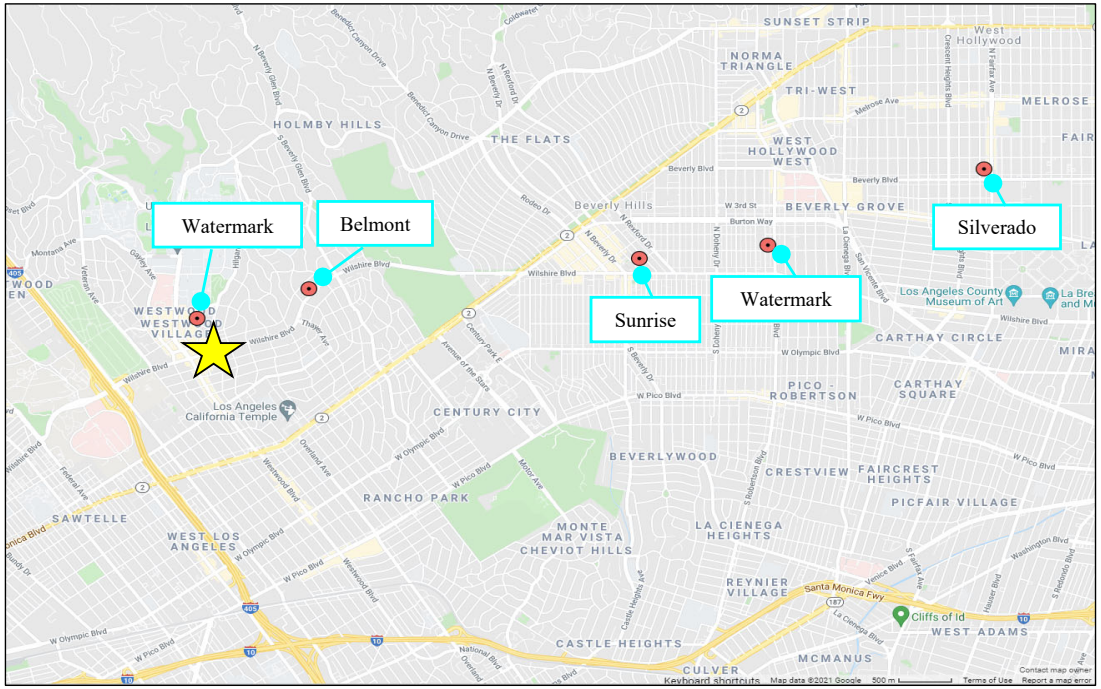
Positioning Rationale

- TCG positioned rents (exclusive of care fees) in line with best-in-class comparables in the West Los Angeles marketplace

Programming Rationale

- TCG targeted the same gross square footage utilized by RCLCO; based on an analysis of two like projects in urban Los Angeles (Sage Glendale and Sunrise Playa Vista), TCG utilized a net to gross ratio of +/- 60%, generating a total unit count of 100
- Given the boutique scale of the project (+/- 100 units), TCG recommends an AL / MC only community (no IL offering), similar to Sunrise and Watermark
- Unit sizes per care type and bedroom count are slightly larger than the average of the competitive set
- TCG assumed a mix of 75% AL and 25% MC, consistent with like size projects in greater Los Angeles
- The average unit size is slightly larger than that assumed by RCLCO (+/- 8%)

Competitive Set

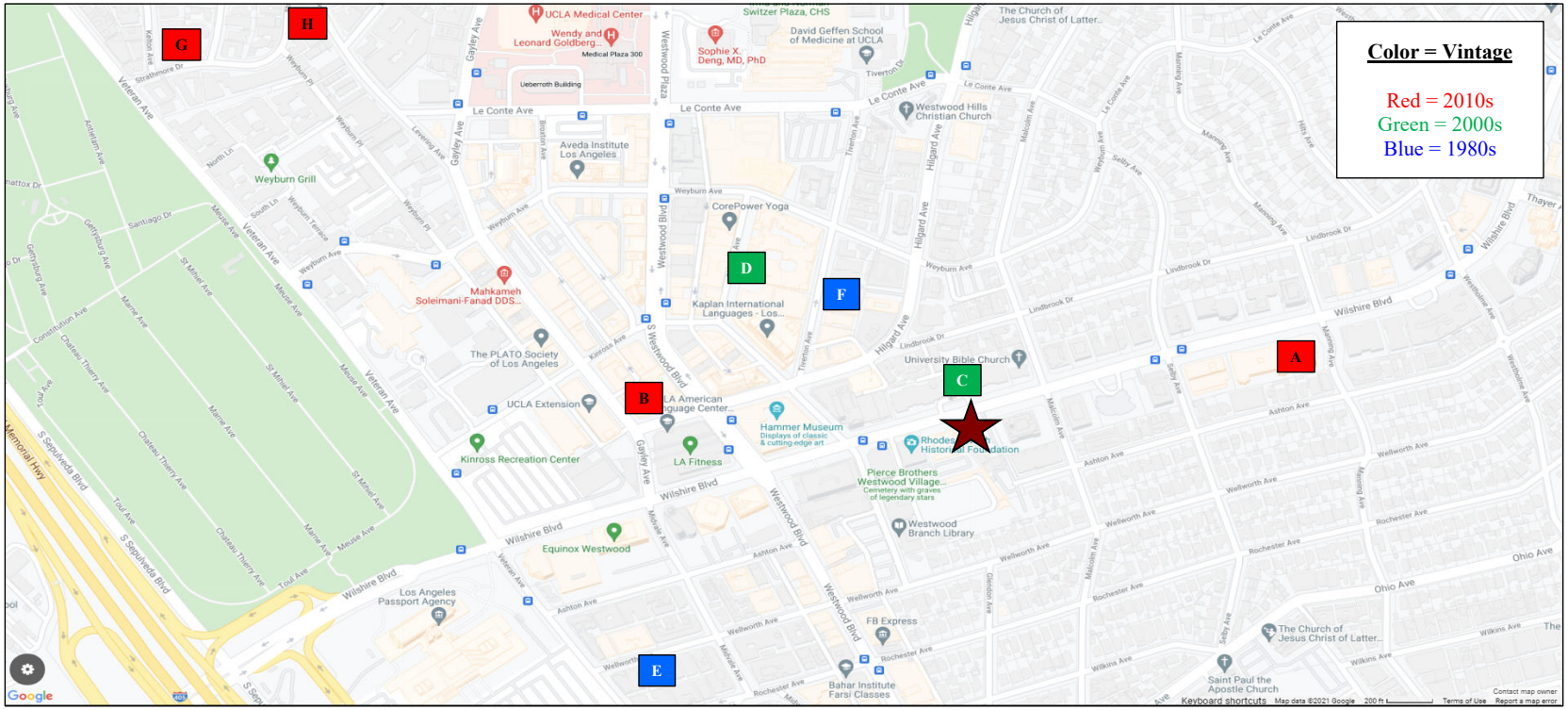


APPENDIX

EXHIBIT A3

APARTMENT RENT COMPARABLES
WESTWOOD MARKET AREA
OCTOBER 2021

Map Key	Project	Units	Year Built	Elev.	AC	Studio Size	Studio Rent $	Studio Rent $/sf	1-Bed Size	1-Bed Rent $	1-Bed Rent $/sf	1-Bed + Den Size	1-Bed + Den Rent $	1-Bed + Den Rent $/sf	2-Bed Size	2-Bed Rent $	2-Bed Rent $/sf	Townhome Size	Townhome Rent $	Townhome Rent $/sf
1-Bed Sort																				
A	Wilshire Victoria	58	2010	6-7s	0.65				1,228	**$5,470**	$4.45	1,363	$5,845	$4.29	1,731	$7,995	$4.62			
B	Gayley + Lindbrook	34	2015	4s	0.38				1,030	**$4,650**	$4.51				1,320	$6,697	$5.07			
C	Legacy Westwood	187	2000	6s	1.88				873	**$4,247**	$4.86				1,189	$5,739	$4.83			
	Scenario 1					**475**	**$2,900**	**$6.11**	**700**	**$3,900**	**$5.57**				**1,000**	**$5,400**	**$5.40**			
	Scenario 2					**450**	**$2,750**	**$6.11**	**675**	**$3,750**	**$5.56**				**950**	**$5,175**	**$5.45**			
D	The Glendon	350	2008	5s	4.24				813	**$3,710**	$4.56				1,167	$4,557	$3.91	1,483	$5,637	$3.80
E	Plaza Apartments	112	1985	5s	1.08				675	**$2,950**	$4.37				950	$3,918	$4.12			
F	El Greco Lofts	112	1987	5-6s	0.49	405	$2,380	$5.88	708	**$2,900**	$4.10									

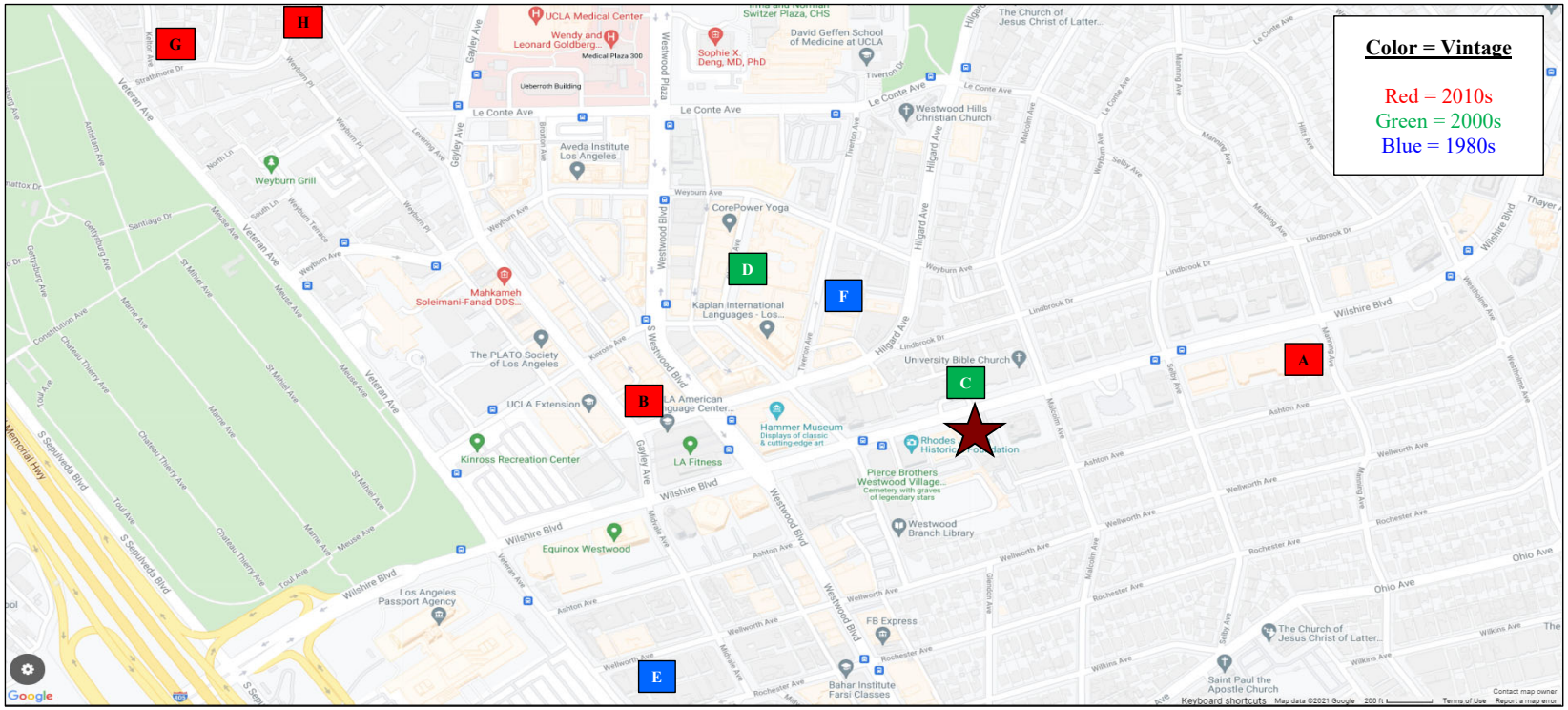


Source: Appendix 1

EXHIBIT A3

APARTMENT RENT COMPARABLES
WESTWOOD MARKET AREA
OCTOBER 2021

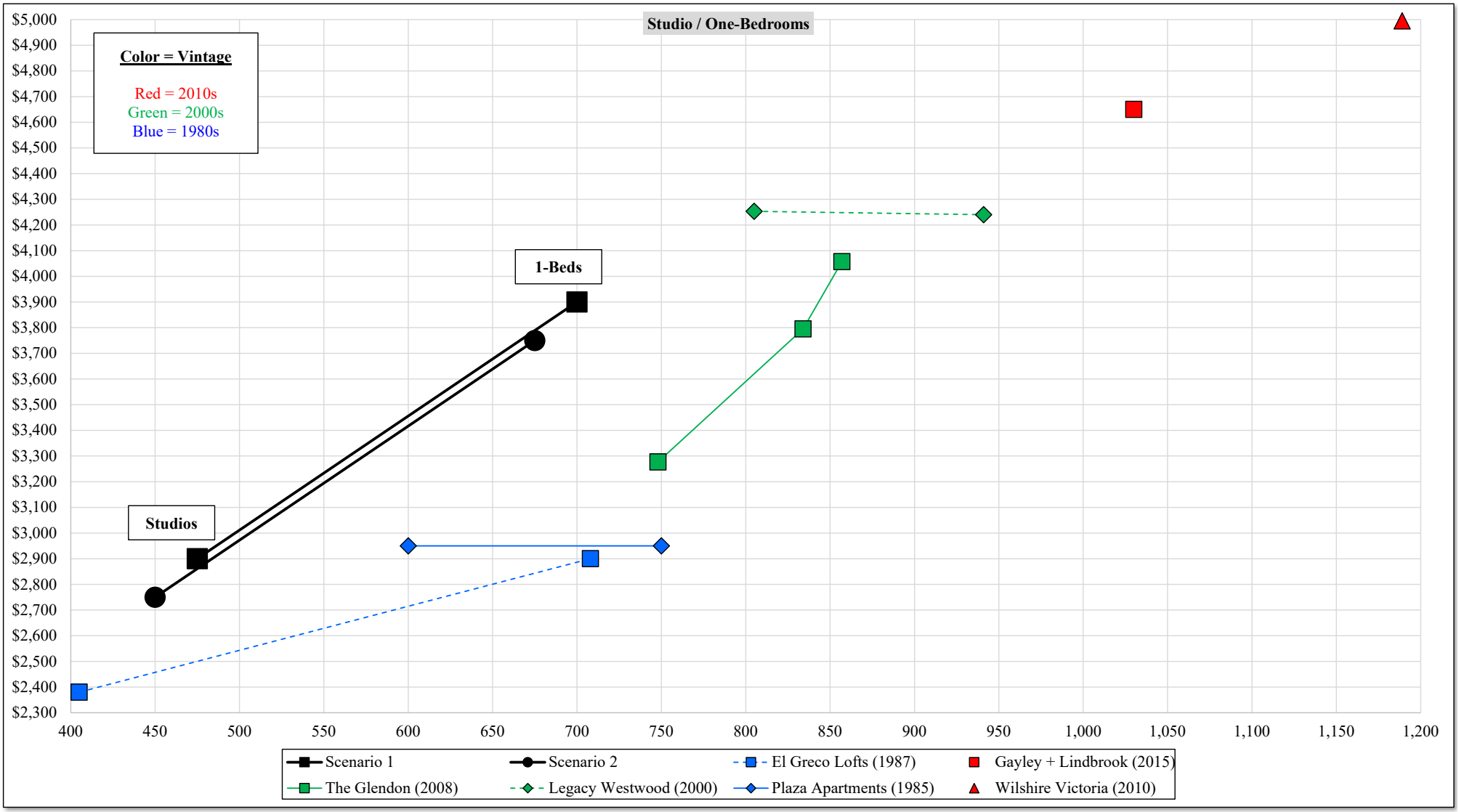
Map Key	Project	Units	Year Built	Elev.	AC	Studio Size	Studio Rent $	Studio Rent $/sf	1-Bed Size	1-Bed Rent $	1-Bed Rent $/sf	1-Bed + Den Size	1-Bed + Den Rent $	1-Bed + Den Rent $/sf	2-Bed Size	2-Bed Rent $	2-Bed Rent $/sf	Townhome Size	Townhome Rent $	Townhome Rent $/sf
2-Bed Sort																				
A	Wilshire Victoria	58	2010	6-7s	0.65				1,228	$5,470	$4.45	1,363	$5,845	$4.29	1,731	**$7,995**	$4.62			
B	Gayley + Lindbrook	34	2015	4s	0.38				1,030	$4,650	$4.51				1,320	**$6,697**	$5.07			
C	Legacy Westwood	187	2000	6s	1.88				873	$4,247	$4.86				1,189	**$5,739**	$4.83			
	Scenario 1					**475**	**$2,900**	**$6.11**	**700**	**$3,900**	**$5.57**				**1,000**	**$5,400**	**$5.40**			
	Scenario 2					**450**	**$2,750**	**$6.11**	**675**	**$3,750**	**$5.56**				**950**	**$5,175**	**$5.45**			
D	The Glendon	350	2008	5s	4.24				813	$3,710	$4.56				1,167	**$4,557**	$3.91	1,483	$5,637	$3.80
H	Studio 11024	31	2015	5s	0.48										892	**$4,200**	$4.71			
G	Roberts Hall	48	2018	4s	0.66										950	**$4,000**	$4.21			
E	Plaza Apartments	112	1985	5s	1.08				675	$2,950	$4.37				950	**$3,918**	$4.12			



Source: Appendix 1

EXHIBIT A4

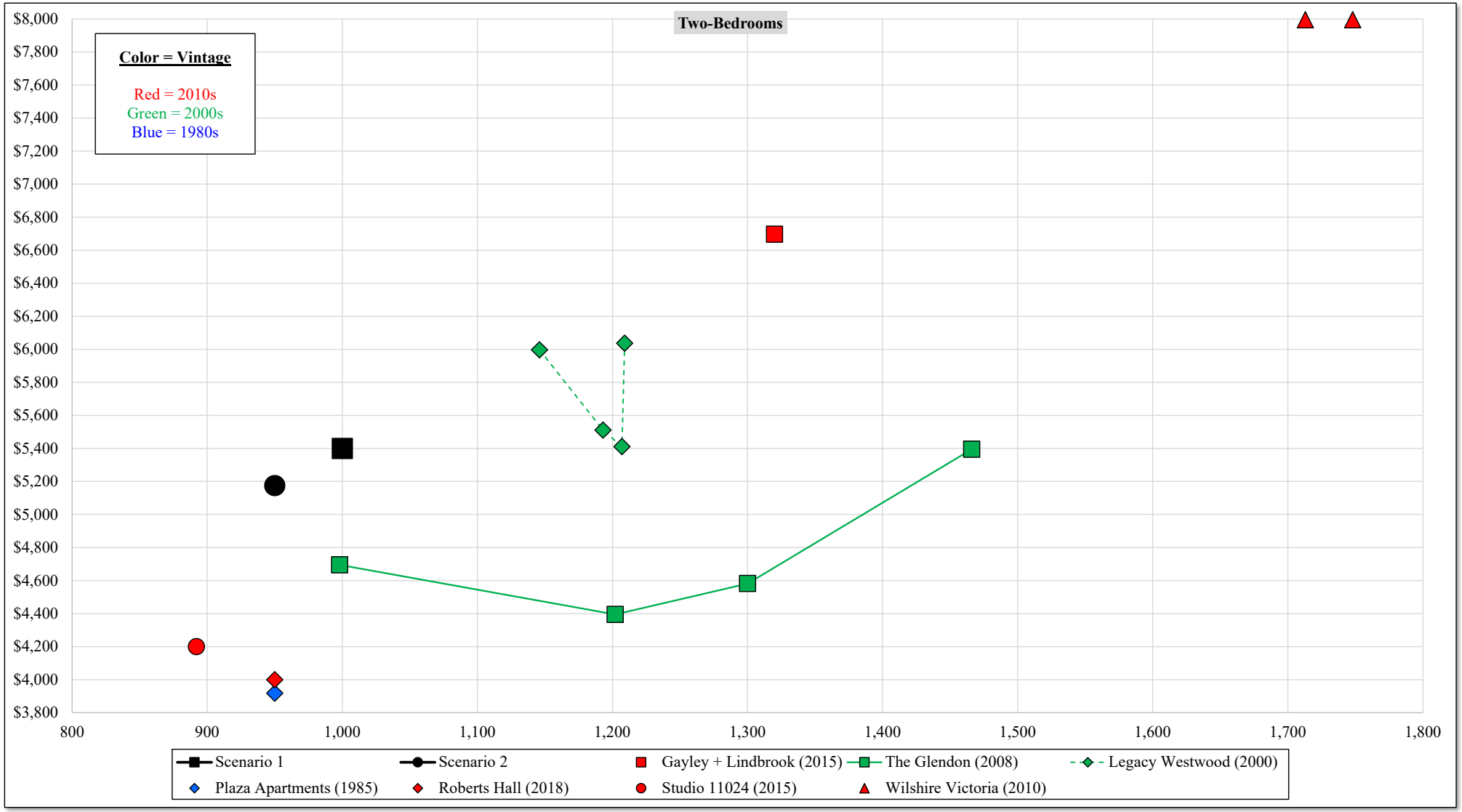
RENT TO SIZE GRAPH
WESTWOOD MARKET AREA
OCTOBER 2021



Source: Appendix 1

EXHIBIT A4

RENT TO SIZE GRAPH
WESTWOOD MARKET AREA
OCTOBER 2021

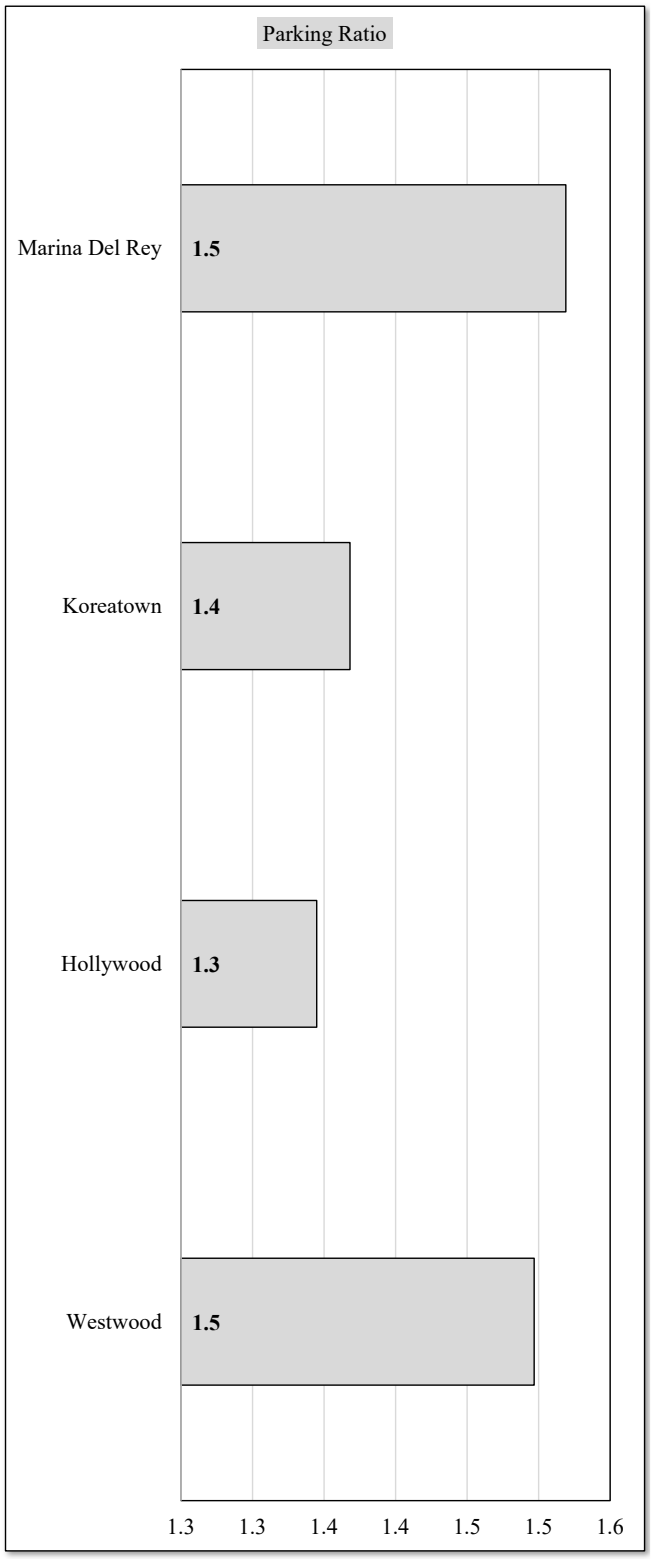


Source: Appendix 1

EXHIBIT A5

PARKING RATIOS
SELECT LOS ANGELES SUBMARKETS
OCTOBER 2021

Project	Built/ Reno	Units	(1) Park. Spaces	(2) Park. Ratio	Park. Cost	Pot. Rev/Mo
Westwood						
Legacy Westwood	2000	187	471	**2.52**		
The Glendon	2008	350	467	**1.33**		
Gayley + Lindbrook	2015	34	45	**1.32**		
El Greco Lofts	1987	112	111	**0.99**		
Plaza Apartments	1985	112	96	**0.86**		
Total		**795**	**1,190**	**1.5**		
Average		**159**	**238**	**1.5**		
Hollywood					*December 2019*	
The Huxley	2014	187	728	**3.9**	$25	$18,200
The Avenue Hollywood	2011	178	300	**1.7**	$150	$45,000
Sunset Vine Tower	2010	64	100	**1.6**	$250	$25,000
The 5550	2017	280	414	**1.5**	$100	$41,400
Sunset + Vine	2004	300	408	**1.4**	$100	$40,800
The Highland Residences	2016	76	80	**1.1**	$150	$12,000
1724 Highland	2010	270	270	**1.0**	$0	$0
El Centro	2018	507	468	**0.9**	$75	$35,100
Alaya Hollywood	2010	218	200	**0.9**	$0	$0
1600 Vine	2009	283	210	**0.7**	$0	$0
Total		**2,363**	**3,178**	**1.3**		
Average		**236**	**318**	**1.3**		
Koreatown					*December 2019*	
The Pearl on Wilshire	2018	346	710	**2.1**	$60	$42,600
Avana on Wilshire	2008	159	322	**2.0**	$0	$0
3033 Wilshire	2016	190	302	**1.6**	$100	$30,200
30Sixty	2018	226	305	**1.3**	$100	$30,500
Luna on Wilshire	2018	209	275	**1.3**	---	---
The Vermont	2014	464	600	**1.3**	$125	$75,000
Next on Sixth	2017	398	500	**1.3**	$75	$37,500
The View	2013	168	185	**1.1**	$100	$18,500
The Rhys	2019	69	70	**1.0**	$0	$0
K2 LA	2016	177	177	**1.0**	$100	$17,700
Westmore	2013	127	110	**0.9**	$95	$10,450
The Abbey	2016	110	60	**0.5**	$110	$6,600
Total		**2,643**	**3,616**	**1.4**		
Average		**220**	**301**	**1.4**		
Marina Del Rey					*December 2019*	
Tribeca Urban	2014	77	233	**3.0**	$125	$29,125
Villas at Montecito	2013	309	648	**2.1**	$100	$64,800
Villas at Playa Vista	2015	703	1,432	**2.0**	$100	$143,200
Villas at Malibu	2015	490	998	**2.0**	$100	$99,800
R3	2017	76	150	**2.0**	$150	$22,500
Breakwater	1969	224	328	**1.5**	$200	$65,600
Stella	2013	244	280	**1.1**	$0	$0
The Modera	2018	374	400	**1.1**	$200	$80,000
Mariposa at Playa Del Rey	2004	354	268	**0.8**	$80	$21,440
Pacific Place	2008	430	247	**0.6**	$80	$19,760
Total		**3,281**	**4,984**	**1.5**		
Average		**328**	**498**	**1.5**		

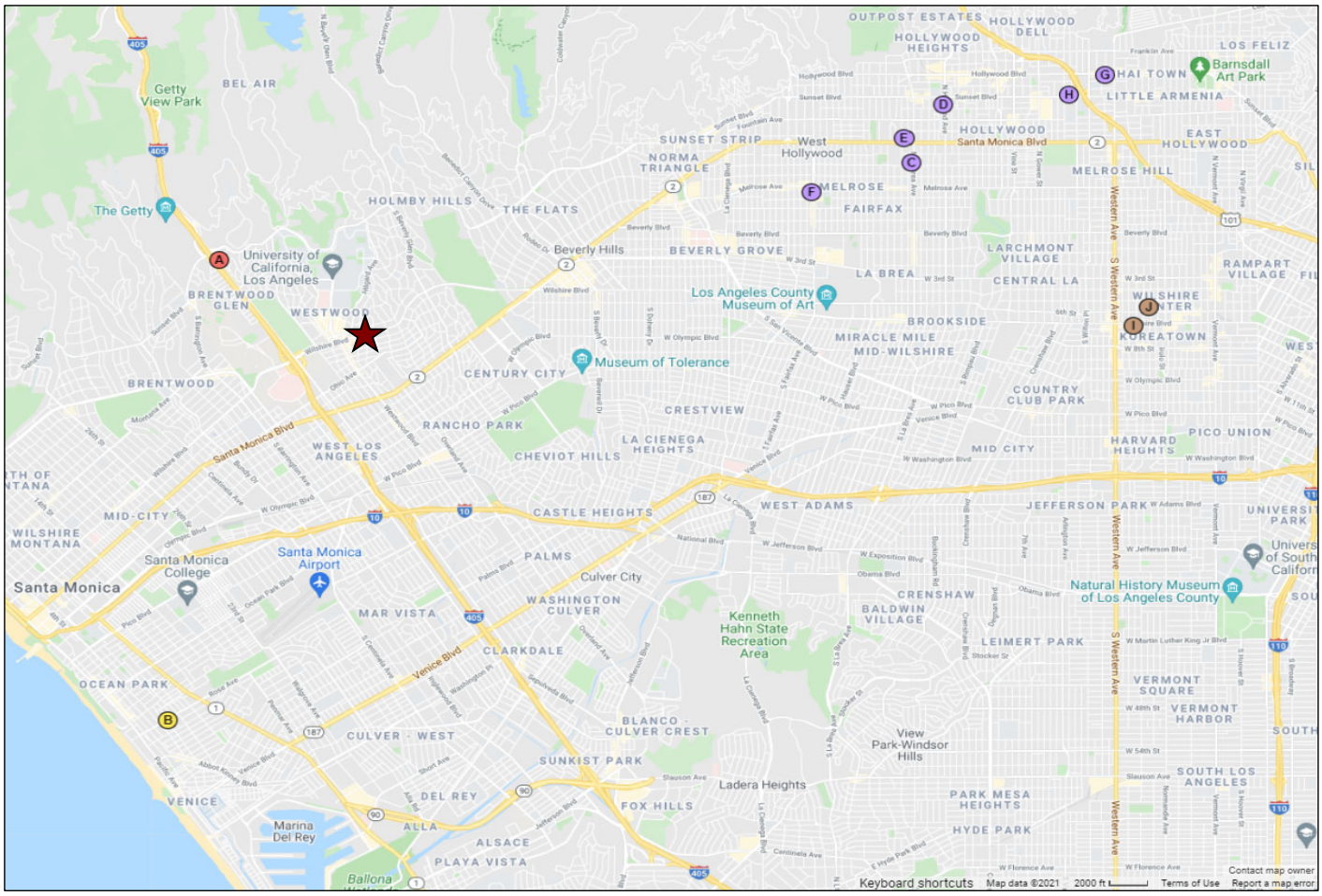


(1) Number of residential parking stalls only. For multi-use projects, number excludes any retail/ office parking stalls.
(2) Parking ratio calculated with figures given to TCG during survey.

EXHIBIT A6

BUILDING TRADES (LOWRISE, BUILT 2010+)
GREATER WEST LOS ANGELES, HOLLYWOOD AND KOREATOWN
LAST FOUR YEARS ENDING LATE OCTOBER 2021

Map Key	Project	City	Street	Year Built	Units	Sale Price $Ms	Sale Price $000s/ Unit	Cap Rate	Sale Date	Buyer	Seller	Retail (SF)
Westwood / Brentwood												
A	Villa Bel Air	Los Angeles	130 S. Sepulveda Blvd	2011	59	$40.3	**$682**	3.3%	Dec-19	Mercury TIC	RW Selby	
Venice Beach												
B	Venice on Rose	Venice	512 Rose Ave	2012	70	$65.0	**$929**	4.0%	Sep-20	TA Realty	AvalonBay	9,300
Hollywood / Melrose												
C	Angelene	West Hollywood	915 N. La Brea Ave	2016	179	$124.7	**$696**	4.0%	Dec-20	JP Morgan Chase	HPG	33,500
D	The Highland	Hollywood	1411 N. Highland Ave	2016	76	$52.0	**$684**	3.6%	Jul-18	GK Management	LMC	2,500
E	Domain	West Hollywood	7141 Santa Monica Blvd	2016	166	$103.2	**$622**	na	Aug-19	DWS	Trammell Crow	9,300
F	nVe Fairfax	Los Angeles	639 N. Fairfax Ave	2018	63	$36.0	**$571**	4.0%	Nov-17	Benedict Canyon	Micropolitan	
G	The 5550	Los Angeles	5550 Hollywood Blvd	2017	280	$148.0	**$529**	4.3%	Oct-18	Vanbarton Group	Wood Partners	12,000
H	MetWest	Los Angeles	5837 W. Sunset Blvd	2016	79	$38.0	**$481**	3.5%	Apr-19	Cypress RE	Cornerstone	
Koreatown												
I	The Pearl	Los Angeles	687 S. Hobart Blvd	2018	346	$170.9	**$494**	4.2%	Dec-19	Hankey Inv.	CityView	8,300
J	Maya	Los Angeles	535 S. Kingsley Dr	2018	72	$32.4	**$450**	4.3%	Jul-20	Omninet Capital	Jamison	
				Straight Average			**$614**	**3.9%**				

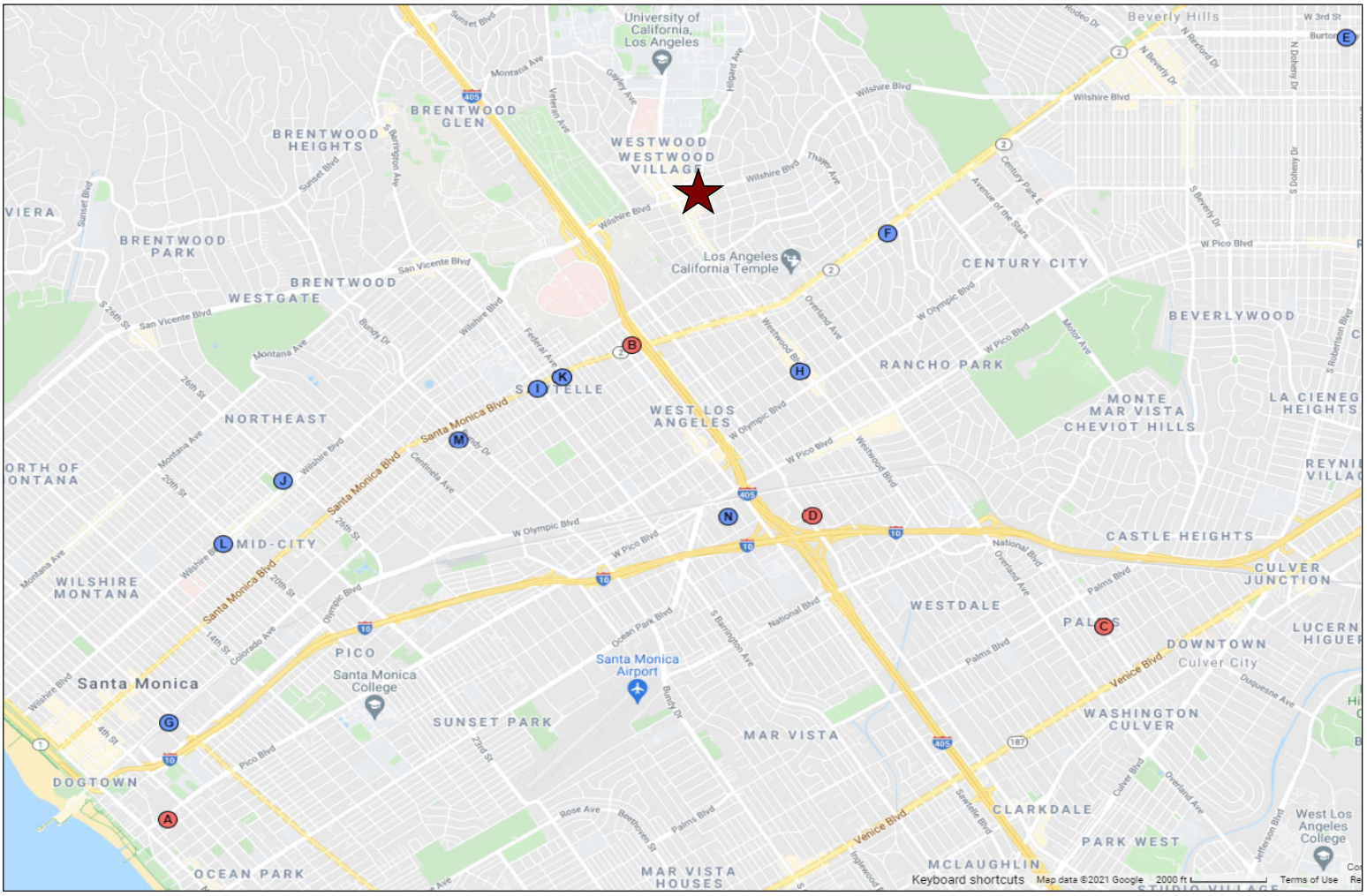


Source: Appendix 1

EXHIBIT A7

LAND SALES
WEST LOS ANGELES / SANTA MONICA
LAST THREE YEARS ENDING LATE OCTOBER 2021

Map Key	Street Address	Zip Code	AC	Sale Price $Ms	Sale Price $Ms/ AC	Sale Price $Ms/ Door	Sale Date	Buyer	Seller	Notes
Confirmed Entitlements										
A	234 Pico Blvd	90405	1.29	$36.0	**$27.9**	$0.34	12/30/20	USAA Real Estate	Tooley Investments	Entitled for 105 apartments and 11K retail
B	11261 Santa Monica Blvd	90025	0.61	$13.8	**$22.5**	$0.12	12/13/19	Wiseman Development	BLT Enterprises	Entitled for 119-units MF; TOC; 6s
C	3638 Motor Ave	90034	0.34	$7.3	**$21.5**	$0.12	9/30/20	Good Health	Raffi Shirinian	Entitlements for 62 du MF
D	2600 S. Sepulveda Blvd	90034	0.45	$6.1	**$13.6**	$0.18	11/15/19	Darius Khakshouri	Ben Leeds Properties	Entitlements for 34 du MF
	Total		**2.69**	**$63.2**	**$23.5**					
	Average		**0.67**	**$15.8**	**$23.5**					
Zoning										
E	8844 Burton Wy	90211	0.61	$27.4	**$44.9**	$0.65	6/21/19	Crescent Heights	Temple Emanuel	Plans for 42 MF units; R4 zoning
F	10460 Santa Monica Blvd	90025	0.35	$9.4	**$26.9**	$0.14	6/20/19	Olympic Barrington Partnership	Roland Patterson	Plans for 67 units; TOC Tier 2
G	718 Colorado Ave	90401	0.50	$13.1	**$26.3**	---	6/25/19	Hamid Mashhoon	Carol Sievers	Retail; planned mixed-use redev
H	2107 Westwood Blvd	90025	0.62	$16.2	**$26.1**	---	8/13/20	RBM of CA	Steve Wallace Trust	2 retail buildings; planned MF redev; TOC Tier 2
I	11700 W. Santa Monica Blvd	90025	0.30	$7.5	**$25.0**	$0.28	5/3/19	Kiumars Soleimany Trust	Jack Garrett Trust	LAC@-1VL zoning; possible for 27 units
J	1151 25th St	90403	1.27	$31.5	**$24.8**	---	7/15/21	Cypress Equity	Philip Peters	Retail / office (3); planned mixed-use redev
K	11600 Santa Monica Blvd	90025	0.65	$16.0	**$24.6**	$0.16	6/19/19	Jamison Services	Shanfeld Group	Not entitled; car wash; 100-units MF planned
L	1908 Wilshire Blvd	90403	0.68	$16.5	**$24.3**	---	2/4/21	Cypress Equity	Farkash Family Trust	2 retail buildings; planned redev
M	Amherst Ave & S. Bundy Dr	90064	0.70	$16.3	**$23.2**	---	2/14/20	Carmel Partners	John & Yoko Takenaka	Planned MF; 5 SFR lots
N	2456 Purdue Ave	90064	0.34	$5.7	**$16.7**	---	12/30/19	Camden Realty	Rolf Erickson	Plans for MF on site
	Total		**6.02**	**$159.6**	**$26.5**					
	Average		**0.60**	**$16.0**	**$26.5**					



Source: RCLCO; CoStar

Green shading - used by RCLCO

EXHIBIT B3

SENIOR LIVING COMPARABLES
MARKET AREA
2020

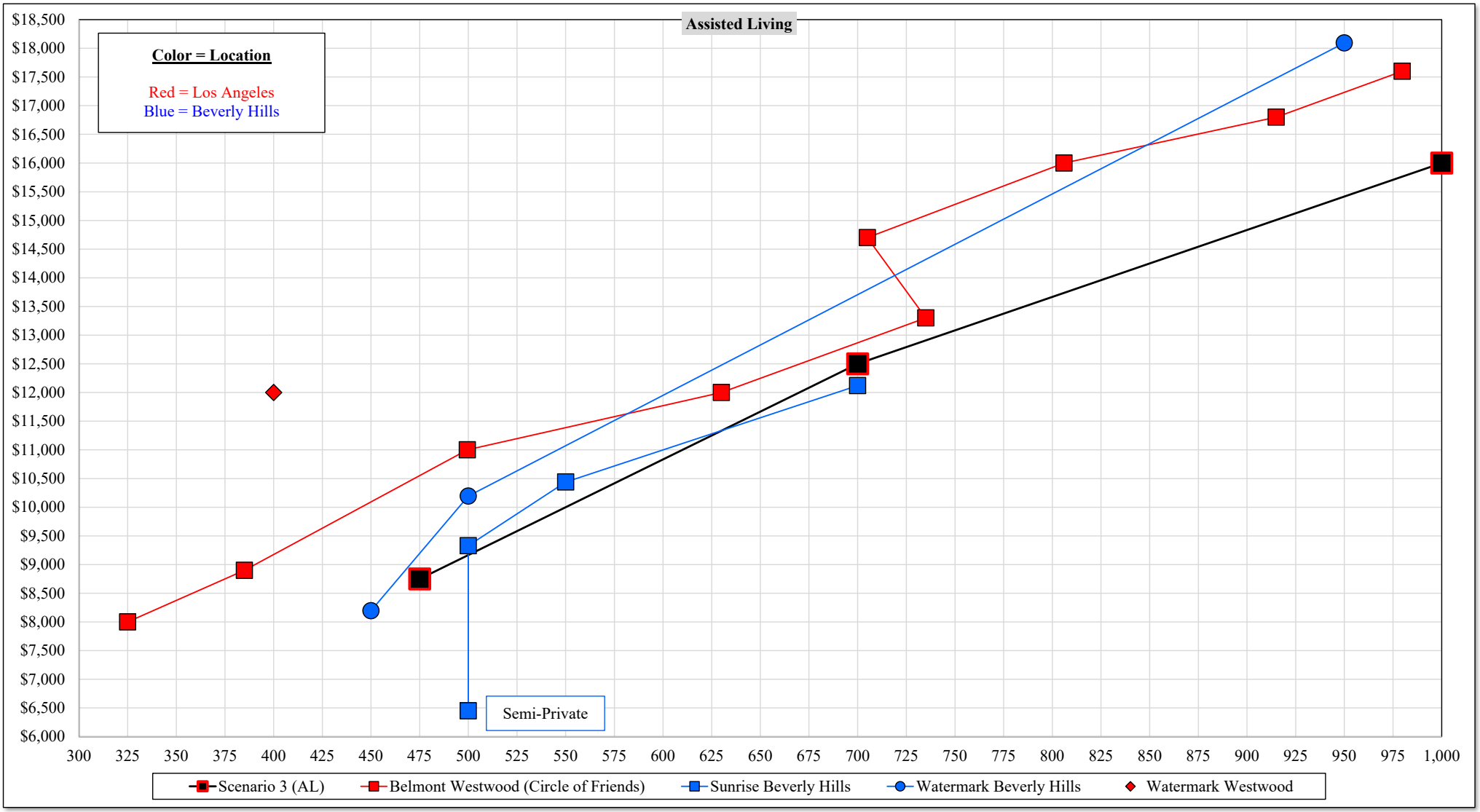
Note: IL & AL projects sorted in descending order by 1-bedroom private rent, Enhanced AL & MC by studio private rent

					Floorplan Averages															
											Private									
					Shared			Semi-Private			Studio			1-Bedroom			2-Bedroom			
	Units		Ov.	Year	Unit	Rent		Unit	Rent		Unit	Rent		Unit	Rent		Unit	Rent		
Project Name	**Total**	**Type**	**Occ.**	**Built**	**Size**	**$**	**$/sf**	**Size**	**$**	**$/sf**	**Size**	**$**	**$/sf**	**Size**	**$**	**$/sf**	**Size**	**$**	**$/sf**	**Care Fees**
Independent Living																				
Watermark Westwood	188	tbd	30%	1966	---	---	---	---	---	---	---	---	---	500	**$8,000**	$16.00	900	$15,000	$16.67	
Total/Average	**188**	**tbd**	**30%**	**---**							**---**	**---**	**---**	**500**	**$8,000**	**$16.00**	**900**	**$15,000**	**$16.67**	
Assisted Living																				
Watermark Beverly Hills	59	59	90%	2000	---	---	---	---	---	---	450	$8,195	$18.21	725	**$14,145**	$19.51	---	---	---	$712-$2,848
Belmont Westwood	193	113	97%	2009	---	---	---	---	---	---	355	$8,450	$23.80	675	**$13,400**	$19.85	947	$17,200	$18.16	E - $1,280
Scenario 3											**475**	**$8,750**	**$18.42**	**700**	**$12,500**	**$17.86**	**1,000**	**$16,000**	**$16.00**	
Sunrise Beverly Hills	90	60	94%	2005	---	---	---	500	$6,450	$12.90	525	$9,885	$18.83	700	**$12,120**	$17.31	---	---	---	$750-$3,420
Watermark Westwood	188	76	30%	1966	---	---	---	---	---	---	---	---	---	450	**$12,000**	$26.67	950	$20,000	$21.05	NA
Total/Average	**530**	**308**	**78%**	**1996**							**451**	**$8,820**	**$19.55**	**650**	**$12,833**	**$19.74**	**966**	**$17,733**	**$18.36**	
Memory Care																				
Watermark Westwood	188	18	30%	1966	---	---	---	---	---	---	---	**$15,500**	---	---	---	---	---	---	---	Base
Silverado - Beverly Place	147	100	76%	1971	280	$7,930	$28.32	---	---	---	280	**$15,067**	$53.81	---	---	---	---	---	---	All-In
Belmont Westwood	193	26	97%	2009	---	---	---	---	---	---	380	**$13,310**	$35.03	---	---	---	---	---	---	Basic+Meds
Scenario 3											**400**	**$13,000**	**$32.50**							
Sunrise Beverly Hills	90	30	94%	2005	550	$9,000	$16.36	---	---	---	500	**$11,610**	$23.22	700	$14,070	$20.10	---	---	---	Base
Total/Average	**618**	**174**	**74%**	**1982**	**415**	**$8,465**	**$20.40**				**390**	**$13,697**	**$35.12**							

Source: Appendix 2

EXHIBIT B4

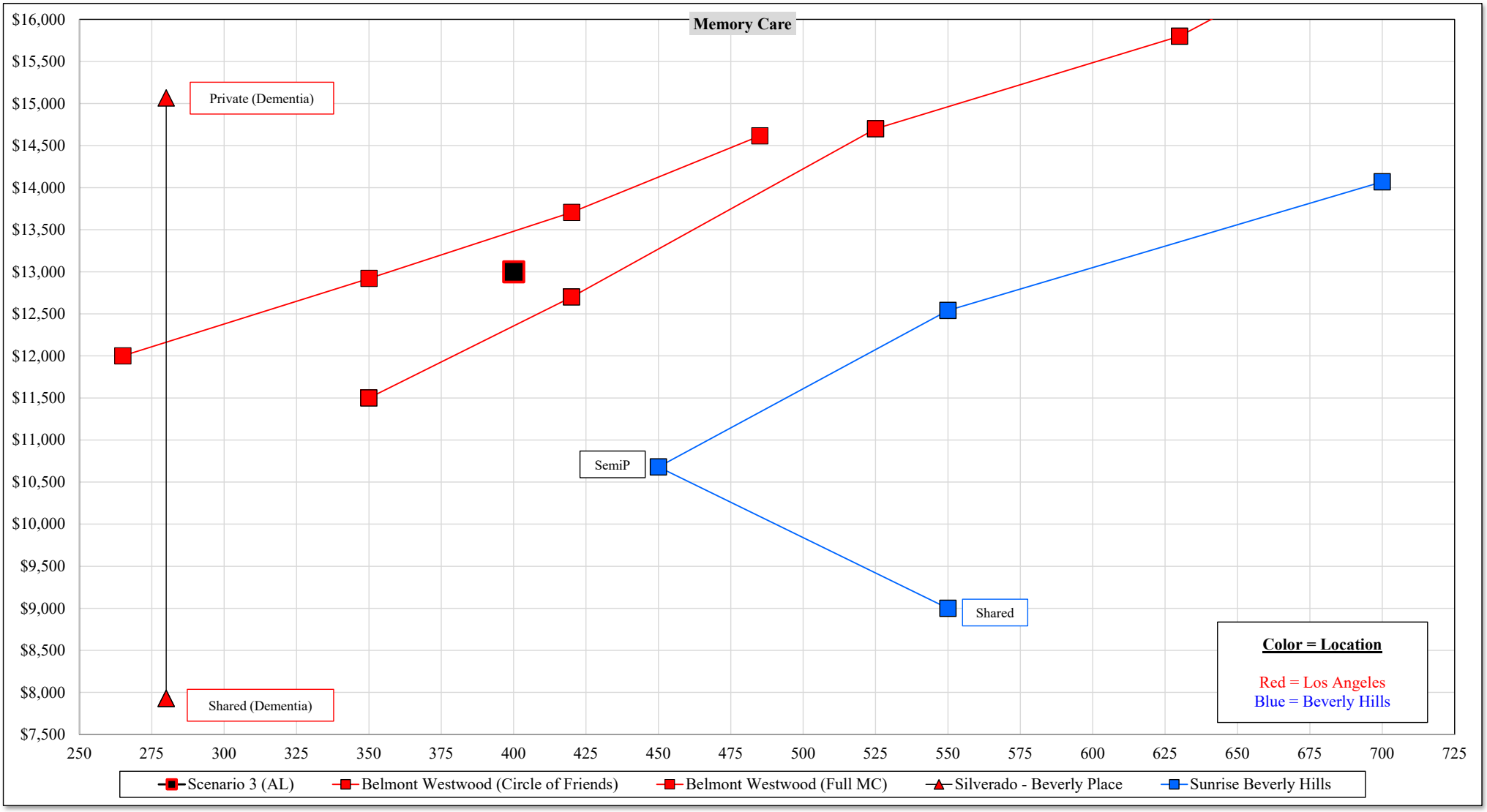
RENT TO TIZE GRAPH
MARKET AREA
2020



Source: Appendix 2

EXHIBIT B4

RENT TO TIZE GRAPH
MARKET AREA
2020

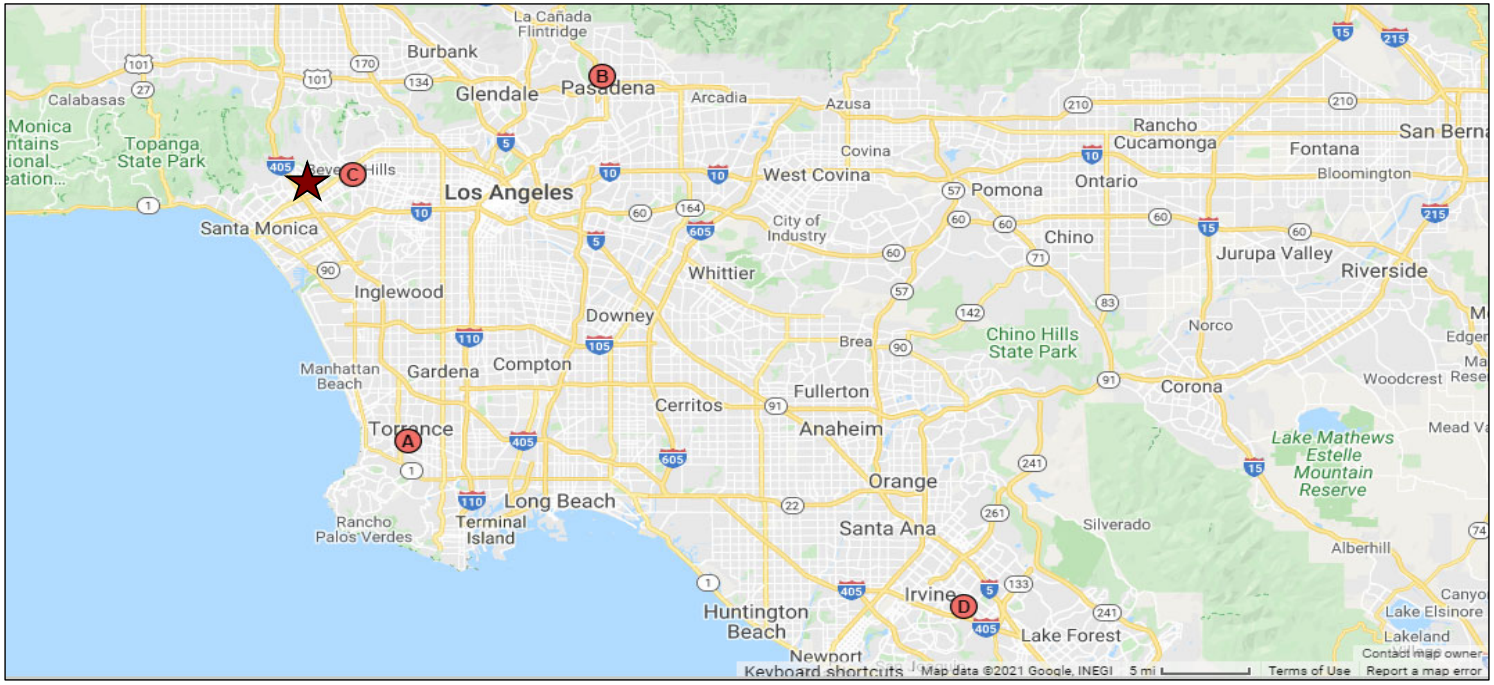


Source: Appendix 2

EXHIBIT B5

BUILDING TRADES
SOUTHERN CALIFORNIA
LAST FOUR YEARS ENDING LATE OCTOBER 2021

Map Key	Project	City	Street	Year Built	Units	Sale Price $Ms	Sale Price $000s/ Unit	Cap Rate	Sale Date	Buyer	Seller	Notes
Individual Property												
A	Clearwater South Bay	Torrance	3210 Sepulveda Blvd	2014	109	$62.7	**$576**	5.0%	Nov-18	Clearwater Living	Welbrook	AL & MC
B	Morningstar Pasadena	Pasadena	951 Fair Oaks Ave	2003	149	$64.5	**$433**	na	Jan-21	Bridge Seniors	Fair Oaks Dev	IL & AL
C	Sunrise Beverly Hills	Beverly Hills	201 N. Crescent Dr	2005	90	$38.1	**$423**	na	Feb-21	Brookfield	Healthpeak	Part of 3,200 unit Portfolio
D	Woodbridge Terrace	Irvine	1 Witherspoon	1996	139	$54.0	**$388**	na	Dec-20	Kisco	Healthpeak	AL & MC
Portfolio												
	11 Property Portfolio	California		Newer	1,043	$564.0	**$541**	na	May-21	Harrison St Capital	Healthpeak	Oakmont operator
	3 Property Portfolio	Southern California		Mix	339	$120.0	**$354**	5.1%	Dec-17	Ventas	Carlyle Group	339 is bed count, not units
	12 Property Portfolio	Western US		2009	na	$702.0	---	5.1%	Sep-20	AEW	Welltower	Merrill Gardens
	6 Property Portfolio	California		Newer	na	$297.0	---	5.5%	Dec-19	Welltower	Oakmont	
				Straight Average			**$452**	**5.2%**				



Source: CoStar

APPENDIX 1

APARTMENT RENT COMPARABLES
WESTWOOD MARKET AREA
OCTOBER 2021

Project Name/ Location	Units/ Afford	Built/ Elev.	Available Floorplans - Per Survey Date: Name	Unit #	Beds	Type	Unit Size	List Rent $	List Rent $/sf	Net Rent $	Net Rent $/sf	Concession	AC	Zoning	Parking	
El Greco Lofts	112	1987			0	Flat	405	$2,380	$5.88	$2,380	$5.88	None	0.49	LAR3	111	Covered
Los Angeles	0	5-6s			1	Flat	708	$2,900	$4.10	$2,900	$4.10					
90024		(2015)														
1030 Tiverton Ave																
Gayley + Lindbrook	34	2015	1C		1	Flat	1,030	$4,650	$4.51	$4,650	$4.51	None	0.38	C4	45	Residential
Los Angeles	0	4s			2	Flat	1,320	$6,697	$5.07	$6,697	$5.07	2 restaurants ground floor			55	Covered
90024															25	Surface
1122 Gayley Ave															(35)	Retail
The Glendon	350	2008	A		1	Flat	748	$3,277	$4.38	$3,004	$4.02	1 month free	4.24	LAC4	467	Covered
Los Angeles	0	5s	B1		1	Flat	834	$3,795	$4.55	$3,479	$4.17	50K SF retail				
90024			B		1	Flat	857	$4,057	$4.73	$3,719	$4.34					
1040 Glendon Ave			C		2	Flat	998	$4,695	$4.70	$4,304	$4.31					
			C2		2	Flat	1,202	$4,395	$3.66	$4,029	$3.35					
			D		2	Flat	1,300	$4,582	$3.52	$4,200	$3.23					
			ATH		2	TH	1,466	$5,395	$3.68	$4,945	$3.37					
			C2TH		3	TH	1,500	$5,878	$3.92	$5,388	$3.59					
Legacy Westwood	187	2000	Roxbury	413	1	Flat	805	$4,253	$5.28	$4,253	$5.28	None	1.88	R5-3	471	Covered
Los Angeles	0	6s	Bel - air	202	1	Flat	941	$4,240	$4.51	$4,240	$4.51					
90024			Hillcrest	627	2	Flat	1,146	$5,997	$5.23	$5,997	$5.23					
10833 Wilshire Blvd			Hillcrest	224	2	Flat	1,193	$5,511	$4.62	$5,511	$4.62					
			Melrose	223	2	Flat	1,207	$5,411	$4.48	$5,411	$4.48					
			Melrose	528	2	Flat	1,209	$6,037	$4.99	$6,037	$4.99					
			Wilshire	131	3	Flat	1,623	$7,122	$4.39	$7,122	$4.39					
Plaza Apartments	112	1985	Jr 1B		1	Flat	600	$2,950	$4.92	$2,950	$4.92		1.08	LAR4	96	Covered
Los Angeles	0	5s	1B		1	Flat	750	$2,950	$3.93	$2,950	$3.93					
90024			2B	413	2	Flat	950	$3,918	$4.12	$3,918	$4.12					
10980 Wellworth Ave																
Roberts Hall	48	2018			2	Flat	950	$4,000	$4.21	$4,000	$4.21	None	0.66	LAR4		
Los Angeles	4	4s			3	Flat	1,100	$5,500	$5.00	$5,500	$5.00					
90024																
670 Kelton Ave																

APPENDIX 1

APARTMENT RENT COMPARABLES
WESTWOOD MARKET AREA
OCTOBER 2021

Project Name/ Location	Units/ Afford	Built/ Elev.	Available Floorplans - Per Survey Date: Name	Unit #	Beds	Type	Unit Size	List Rent $	List Rent $/sf	Net Rent $	Net Rent $/sf	Concession	AC	Zoning	Parking
Studio 11024	31	2015	2B	203	2	Flat	892	$4,200	$4.71	$4,200	$4.71	None	0.48	LAR4	
Los Angeles	0	5s	3B	208	3	Flat	1,134	$5,900	$5.20	$5,900	$5.20				
90024															
11024 Strathmore Dr															
Wilshire Victoria	58	2010	Bedford	505	1	Flat	1,189	*$4,995*	$4.20	$4,995	$4.20	8 weeks free	0.65	LAR5	
Los Angeles	0	6-7s	Benedict	207	1	Flat	1,267	*$5,945*	$4.69	$5,945	$4.69	*(included in base rent listing)*			
90024			Maple	210	1	Den	1,363	*$5,845*	$4.29	$5,845	$4.29				
10700 Wilshire Blvd			Rodeo	203	2	Flat	1,713	*$7,995*	$4.67	$7,995	$4.67				
			Rexford	304	2	Flat	1,748	*$7,995*	$4.57	$7,995	$4.57				
			Wilshire		2	Den	2,891	*$13,500*	$4.67	$13,500	$4.67				

APPENDIX 2

SENIOR LIVING RENT COMPARABLES
MARKET AREA
2020

Project Name/ Operator/ Location	Year Built/ Elev.	Project Size & Performance: Type	Units	Lic. Beds	Occ.	Fees: Entry	2nd P	Meals	Independent Living: Beds	Type	Size	Rent $	Rent $/sf	Assisted Living: Beds	Type	Size	Rent $	Rent $/sf	Fees: Level	Fees $	Memory Care: Beds	Type	Size	Rent $	Rent $/sf	Fees: Level	Fees $
Belmont Westwood	2009	IL	54		96%	1-month	na	3	*Not Surveyed*					0	Private	325	$8,000	$24.62	Med Mgmt	$700	0	Private	265	$12,000	$45.28	Rent includes meds	
Belmont	6s	AL	113		96%	1-month	na	3						0	Private	385	$8,900	$23.12	Enhanced Med Mgmt	$1,280	0	Private	350	$12,920	$36.92		
Los Angeles		MC	26		100%	3-month	na	3						1	Private	500	$11,000	$22.02	Continence Mgmt	$805	0	Private	420	$13,705	$32.63		
90024		Total	193	176	97%									1	Private	630	$12,000	$19.05			0	Private	485	$14,615	$30.13		
10475 Wilshire Blvd	*Note: Property would not disclose occupancy; occupancy*													1	Private	735	$13,300	$18.10									
(310) 475-7501	*documented is from September 2017 (last prior TCG survey)*													1	Private	705	$14,700	$20.85									
https://www.belmontvillage.com/locations/westwood-los-angeles-california/														1	Private	806	$16,000	$19.85									
														2	Private	915	$16,800	$18.36									
														2	Private	980	$17,600	$17.96									
Silverado - Beverly Place	1971	IL	0		---	---	---	---	*Not Offered*					*See Enhanced Section*							0	Shared	280	$7,930	$28.32	Enrichment	$610
Silverado	3s	AL	47		---	$7,300	---	3													0	Private	280	$15,067	$53.81		
Los Angeles	*(2010*	MC	100		---	$7,300	---	3													Pricing for Dementia Program is generally all-inclusive						
90048	*reno)*	Total	147	240	76%																*Note: The Loft units excl from MC totals*						
330 N. Hayworth Ave		*Occupancy is low due to (1) difficulty in leasing up non-ambulatory units that*																									
(323) 852-9200		*are located on top floor, and (2) dated character of the building*																									
https://www.silverado.com/silverado-locations/california/los-angeles/beverly-place/																											
Sunrise Beverly Hills	2005	IL	0		---	---	---	---	*Not Offered*					2	SemiP	500	$6,450	$12.90	Select	$750	0	Shared	550	$9,000	$16.36	Base	$1,890
Sunrise	5s	AL	60		---									0	Private	500	$9,330	$18.66	+	$1,470	0	Private	450	$10,680	$23.73	+	$2,880
Beverly Hills		MC	30		---									0	Private	550	$10,440	$18.98	++	$2,460	0	Private	550	$12,540	$22.80	++	$3,900
90210		Total	90	256	94%									1	Private	700	$12,120	$17.31	Enhanced	$3,420	1	Private	700	$14,070	$20.10	Enhanced	$4,500
201 N Crescent Dr														Pricing includes "Select" level of care					Meds 1	$600	Pricing includes "Base" level of care					Meds (Base)	$720
(310) 929-5343																			Meds 2	$780						Continence (Base	$180
https://www.sunriseseniorliving.com/communities/sunrise-of-beverly-hills/about.aspx																			Meds 3	$930							
Watermark Beverly Hills	2000	IL	0		---	---	---	---	*Not Offered*					0	Private	450	$8,195	$18.21	Level 1	$712	*Not Offered*						
Watermark	5s	AL	59		90%	$25,000	$1,500	3						1	Private	500	$10,195	$20.39	Level 2	$1,424							
Beverly Hills		MC	0		---	---	---	---						1	Private	950	$18,095	$19.05	Level 3	$2,136							
90211		Total	59	158	90%									*Most residents have some level of care*					Level 4	$2,848							
220 N Clark Dr	*Note: Recently combined 2 units to form one larger one; Unit*																		*Any care above L4*								
(424) 354-2614	*count from 60 to 59*																		*is charged at $15/point*								
https://beverlyhills.watermarkcommunities.com/																											
Watermark Westwood	1966	IL	94		---	$25,000	tbd	3	1	Private	400	$8,000	$20.00	1	Private	400	$12,000	$30.00			0	Private	na	$14,000	---	Excludes Incont.	
Watermark	14s	AL	76		---	$25,000	tbd	3	1	Private	600	*na*	---	1	Private	500	*na*	---			0	Private	na	$17,000	---		
Los Angeles	*Grand*	MC	18		---	$25,000	tbd	3	2	Private	800	*na*	---	2	Private	950	$20,000	$21.05									
90024	*re-open*	Total	188	tbd	30%				*2*	Private	1,000	$15,000	$15.00	*Note: AL rates are base, and exclude care fees (property*													
947 Tiverton Ave	*in 2021*	*Note: Currently undergoing major renovation;*							*Note: Only ranges given for size and rent*					*would not release care fees for our survey)*													
(310) 208-4590		*pre-leasing out of leasing gallery (30% pre-leased)*																									
https://www.watermarkcommunities.com/the-wate		*Note: Buy-in fee ranges from $15-$40K - once building*																									
		is leased, entry fees quoted in the range of $50-$75K																									

Source: TCG; per on-site surveys conducted in mid-February