

Melrose West Senior Living Community

6024 Cochran Street, Simi Valley



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Executive Summary



Melrose West Senior Living Community (the “Project”) is a 19.6 Acre Assisted living, Memory Care, and Independent Living Community located in Simi Valley, California, a thriving community in the southeast portion of Ventura County. Located at the foot of Rocky Peak, minutes from the bustling 118 Freeway and just blocks from the major trade area, Melrose West fills a critical demand for Senior Housing in an area that is severely underserved.

The Project is approved for a total of 108 units, 68 of which are slated for Assisted Living, and 40 for Memory Care. With the Baby Boomers aging, senior housing has become one of the most popular and deserved housing options in the market today for our lovely seniors. The Assisted Living/ Memory Care space- which primarily serves seniors who need help with their

activities of daily living (“ADL”)- generally draws from a local market within 1-5 miles away from the facility itself. At the Melrose West, the demographics are extremely promising in that they evidence a theoretical demand which more than **DOUBLES** the existing supply in the area. Preliminary surveys indicate that the immediate market for ALF/ALZ beds number roughly 500 (which should continue to increase with the City’s aging population) with only 275 beds being available for lease. Municipal officials believe that the local Simi Valley area will require 800 or more beds to satisfy the public’s need for Assisted Living/ Senior Services, 6 times the amount being offered by Melrose West. The land zoning allows this use, with a Conditional Use Permit (“CUP”), for which application to the City of Simi Valley was approved.

Additional Services

In addition to providing housing, residents are offered a range of additional services including:

Basic Care:

- ◆ Full utility service excluding telephone
- ◆ 24-hour security with 24-hour staffing
- ◆ Emergency call system to on-site staffing/relayed to public health/fire safety personnel
- ◆ Fire sprinkler protection and alarm system
- ◆ Three meals served daily with additional daily snacks
- ◆ Weekly (or as necessary) resident unit housekeeping including flat linens
- ◆ Scheduled van transportation
- ◆ Planned and coordinated activities / social services

Additional Care:

- ◆ Medication Monitoring/Supervision
- ◆ Medication Administration
- ◆ Assistance in Bathing
- ◆ Assistance in Dressing
- ◆ Assistance in Ambulation
- ◆ Assistance in Eating
- ◆ Specialized Care
- ◆ Contenance Management
- ◆ Alzheimers / Dementia care



Location Map



Elevations



Elevations (continued)

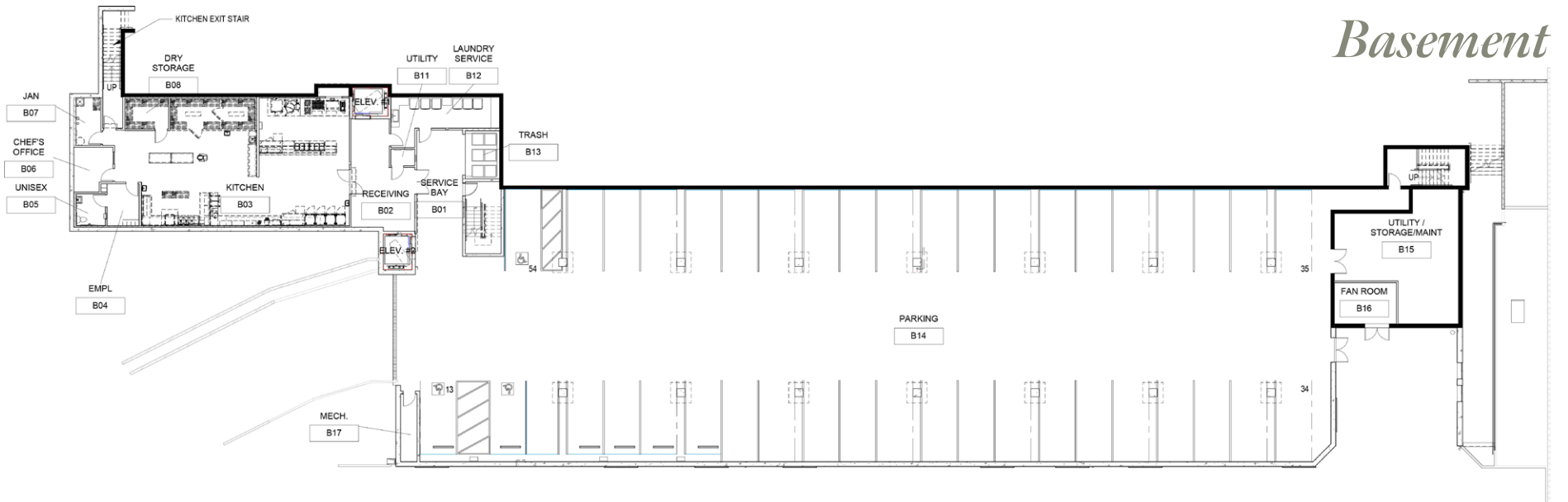
East



West



Site Plans



Site Plans (continued)

First Floor



Second Floor

Floor Plans



Single Occupancy



Double Occupancy

Simi Valley Area Overview



Simi Valley is a city located in the southeast corner of Ventura County, California, bordering the San Fernando Valley of Los Angeles and is part of the Greater Los Angeles Area. The city is situated west of the San Fernando Valley and east of the Conejo Valley, just 40 miles from Downtown Los Angeles. Located in the valley of the same name, Simi Valley is surrounded by the

Santa Susana Mountain range and the Simi Hills. Simi Valley covers a land area of 42.4 square miles. It is the third largest of Ventura County's ten cities. Simi Valley is well-known as the home of the Ronald Reagan Presidential Library, where the former president was laid to rest following his death in 2004.

Simi Valley's commercial and industrial base is diverse. Major industries with headquarters or divisions located within the Simi Valley's boundaries, or in close proximity, include retail, real estate, health care, computer hardware, and manufacturing. Activity in the housing and the commercial real estate market has increased to levels not seen since before the Great Recession.

Principal Employers 2022

Rank	Employer	Employees
1	Simi Valley Unified School District	1,854
2	Simi Valley Hospital- Adventist Health	781
3	Aerovironment, Inc	701
4	Meggitt Safety Systems, Inc	576
5	Milgard Windows & Doors	519
6	City of Simi Valley	484
7	Rancho Simi Parks & Recreation District	348
8	Walmart	174
9	American Vision Windows	174
10	Polytainer Inc	160

Source: City of Simi Valley CAFR 2022



Highway 118 runs through the Simi Valley and connects with State Highways 23 and 101, and Interstates 5, 405, and 210. Simi Valley's rail service includes Union Pacific Railroad for freight

service Amtrak and Metrolink for passenger service. The City operates a local bus system with connections to Los Angeles County, Metropolitan Transportation Authority (LACMTA),

and Ventura County Transportation Commission. There are three nearby airports: Camarillo Airport, 25 miles, Burbank Airport, 26 miles, and Los Angeles International Airport, 42 miles.

Retailers Map

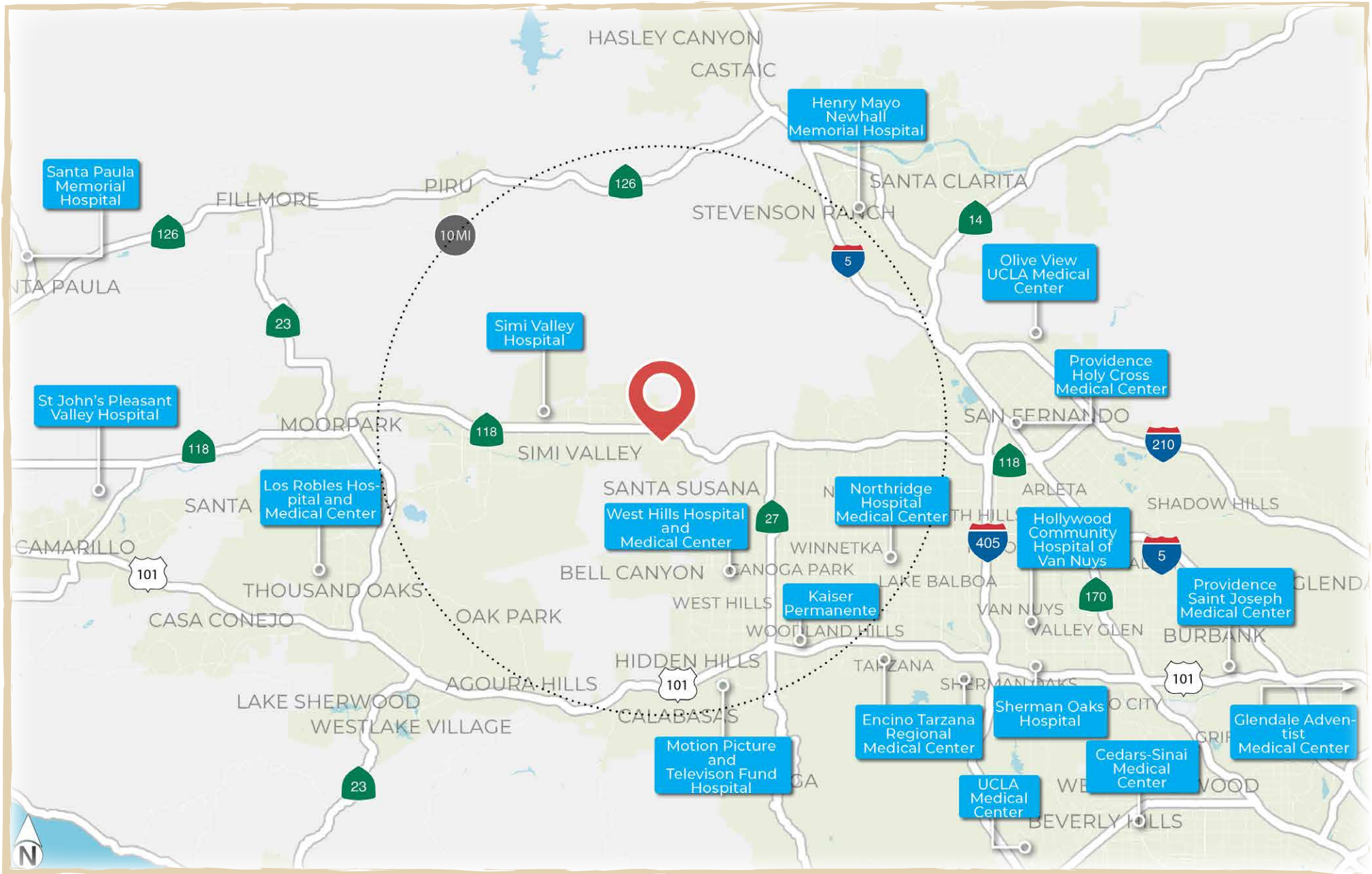




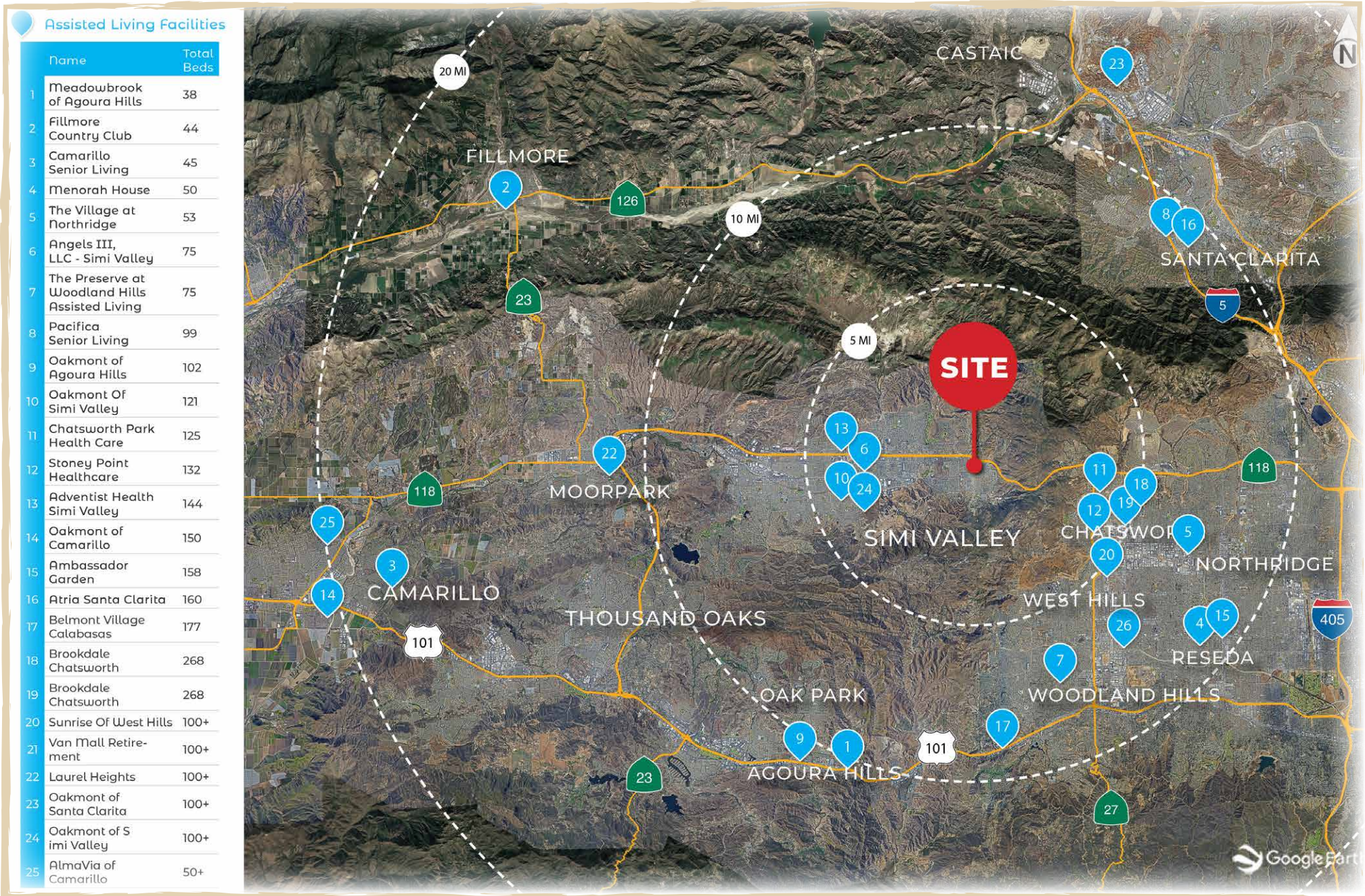
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIMI VALLEY RESCINDING CITY COUNCIL RESOLUTION NO. 2019-46, APPROVING CONDITIONAL USE PERMIT CUP-S-812 TO ALLOW THE CONSTRUCTION AND OPERATION OF RESIDENTIAL CARE FACILITY WITH 68 ASSISTED LIVING UNITS AND 40 MEMORY CARE UNITS LOCATED ON A 1.6 ACRE PORTION OF THE 19.2 ACRE SITE ON COCHRAN STREET, 150 FEET EAST OF WELCOME COURT, AND ADOPTING THE ASSOCIATED MITIGATED NEGATIVE DECLARATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACTS AS AMENDED.

WHEREAS, JM Squared Development LLC, (Applicant) applied to the City for land use entitlements, including specifically, Condition Use Permit CUP-S-812, to construct and operate a 108-unit senior (over 55 years of age) residential care facility with 68 Assisted Living units and 40 Memory Care units on a vacant 1.6 Acre portion of a 19.6 Acre site on Cochran Street, 150 feet east of Welcome Court known as Ventura County Assessor's Parcel No. 650-0-260-030;-025 and by the legal description attached hereto as Exhibit A, with the remaining 17.6-acres of the site proposed to remain undeveloped (Project).

Medical Facilities Map



Assisted Living Facilities Map



Income Statement

	Forecast FY 1	Forecast FY 2	Forecast FY 3	Forecast FY 4	Forecast FY 5
Studio - 1 Bed	\$1,350,000	\$1,755,000	\$2,160,000	\$2,430,000	\$2,646,000
Studio - 2 Bed	702,000	912,600	1,123,200	1,263,600	1,375,920
Memory Care	1,800,000	2,340,000	2,880,000	3,240,000	3,528,000
Total Gross Revenue ⁽¹⁾	\$3,852,000	\$5,007,600	\$6,163,200	\$6,933,600	\$7,549,920
Total Growth %		30%	23%	13%	9%
Total Discounts	\$-	\$-	\$-	\$-	\$-
Total Discount %	0%	0%	0%	0%	0%
Real Estate Taxes	\$337,500	\$337,500	\$337,500	\$337,500	\$337,500
Utilities	240,000	244,800	249,696	254,690	259,784
Health Services	250,000	250,000	250,000	250,000	250,000
Management Fee	231,120	300,456	369,792	416,016	452,995
Insurance	160,911	160,911	160,911	160,911	160,911
Repairs	-	34,757	43,446	54,307	67,884
Landscaping	201,139	201,139	201,139	201,139	201,139
Trash	80,456	80,456	80,456	80,456	80,456
Pest Control	40,228	40,228	40,228	40,228	40,228
Administration	250,000	250,000	250,000	250,000	250,000
Advertising, Marketing, & Leasing	325,000	275,000	225,000	175,000	125,000
Programs	125,000	125,000	125,000	125,000	125,000
Food & Beverage	459,900	597,870	735,840	827,820	901,404
Kitchen Wages	275,000	330,000	385,000	440,000	495,000
Housekeeping	185,000	231,250	277,500	323,750	370,000
Maintenance	150,000	150,000	150,000	150,000	150,000
Total Operating Expenses	\$3,311,254	\$3,609,367	\$3,881,508	\$4,086,817	\$4,267,301
% of Net Revenue	86%	72%	63%	59%	57%
FF&E	\$1,062,338	\$-	\$-	\$-	\$-
Total Expenses	\$4,373,592	\$3,609,367	\$3,881,508	\$4,086,817	\$4,267,301
NOI	\$(521,592)	\$1,398,233	\$2,281,692	\$2,846,783	\$3,282,619
NOI Margin %	-14%	28%	37%	41%	43%
Total Growth %		368%	63%	25%	15%

⁽¹⁾ Does not include other potential revenue streams from offerings such as Hair and Salon Services, Transportation, Physical Therapy, Laundry/Dry Cleaning, Toiletries or other general goods, etc.

Assumptions

	Forecast FY 1	Forecast FY 2	Forecast FY 3	Forecast FY 4	Forecast FY 5
Number Rooms					
Studio - 1 BD	50	50	50	50	50
Studio - 2 BD	18	18	18	18	18
Memory Care	40	40	40	40	40
Monthly Rates					
Studio - 1 BD	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Studio - 2 BD	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Memory Care	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Occupancy Rates					
Studio - 1 BD	50%	65%	80%	90%	98%
Studio - 2 BD	50%	65%	80%	90%	98%
Memory Care	50%	65%	80%	90%	98%
Other Assumptions					
Investment Cost	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000
Management Fee %	6.00%	6.00%	6.00%	6.00%	6.00%
Property Tax %	1.25%	1.25%	1.25%	1.25%	1.25%
Residents - Total	63	82	101	113	123
Daily Food Cost per Resident	\$20	\$20	\$20	\$20	\$20
Kitchen Staff - Total	5	6	7	8	9
Kitchen Staff - Average Salary	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
Housekeeping Staff - Total	4	5	6	7	8
Housekeeping Staff - Average Salary	\$46,250	\$46,250	\$46,250	\$46,250	\$46,250
Maintenance - Total	3	3	3	3	3
Maintenance Staff - Average Salary	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

Construction Costs

To sell	As of 3Q 23		
Project Title	Simi Cochran		
Project Start			
Gross Building Area	69,073		
Parcel size (Acres)	19.5		
Units	108		
Unit Density	6.7		
Costs			
Land	\$3,350,000.00	Buy out	
Subtotal Land	\$3,350,000.00		
City Permits (Planning and General Conditions)			
Design Consultants	\$567,320.00	In Process	\$350,000.00 spent up to date
Traffic Impact fee, City	\$25,813.00		
Ventura County	\$1,768.80		
Sewer fee	\$288,640.00		
Water fee	\$26,000.00		
Public Utility fees	\$909,541.80		
Contingencies, 5%	\$45,477.09		
Total Consulting & Permit fees	\$955,018.89		

Hard Costs (Add \$2.5M for Prevailing wage labor costs)		
General Building Construction	\$15,469,265.00	1st Flr 25000, 2nd flr 23679 x \$245.00 Basement - 20304 x \$175.00
Kitchen	\$750,000.00	
Grading/on and off site development (Curb & gutter, dry and wet utilities, asphalt, landscape)	\$2,950,000.00	
SubTotal, Hard Cost	\$19,169,265.00	
GC Fee	\$766,770.60	
Permit fees, Building & Safety	\$400,000.00	
Inspections (Deputy, Survey, Structural Inspections)	\$30,000.00	
Sub Total, Direct Costs	\$20,366,035.60	
Contingencies, 5%	\$1,018,301.78	
Total Hard Costs	\$21,384,337.38	
Soft Costs		
Insurances	\$105,000.00	
OCIP		
Real Estate Taxes	\$162,500.00	(1.25% of sale Value) for 2 years of construction
Legal	\$50,000.00	
Sub total	\$317,500.00	
Soft Cost Contingency	\$15,875.00	
Sub total, soft costs	\$333,375.00	
Total Soft Costs	\$333,375.00	
Rec/Gym/ Fixtures/Eqpt FFE		
Marketing/Leasing/Preleasing		
Total Costs	\$27,622,731.27	

Notes:

This is Estimated.

We are in the process of preparing the plans and getting hard costs.

Materials costs are subject to change.

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