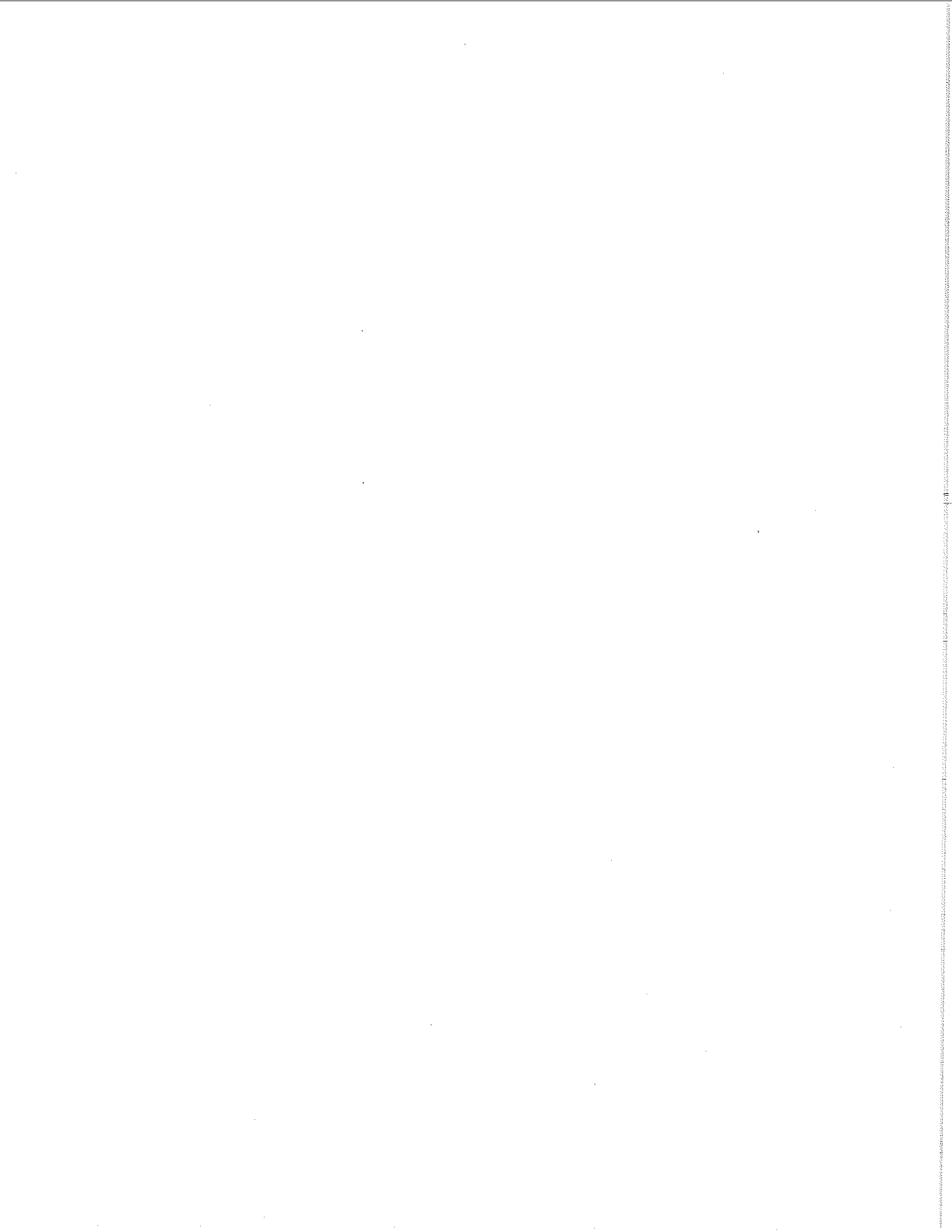


ATTACHMENT E

**APPLICANT
CORRESPONDENCE**



Zach Dahl

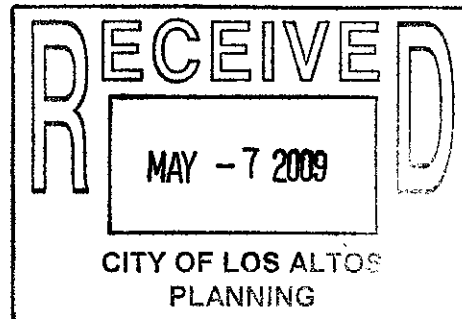
From: Sandy Sloan [ss@jsmf.com]
Sent: Thursday, May 07, 2009 2:01 PM
To: Zach Dahl
Cc: Leigh F. Prince; Sandy Sloan
Subject: Planning Commission Meeting for Pilgrim Haven

Dear Zach—

You have just informed me that you learned that Santa Rita School has an open house scheduled for the night of May 21, the night Pilgrim Haven was scheduled to go to the Planning Commission. Pilgrim Haven does not want to inconvenience neighbors with children at Santa Rita who want to attend the Planning Commission meeting, especially since we have worked especially hard to address the concerns of these parents.

Therefore, on behalf of Pilgrim Haven, I am requesting that Pilgrim Haven not be considered at the May 21 meeting. We hope that staff will be able to schedule another date for Pilgrim Haven as soon as possible.

Thank you,
Sandy Sloan



5/7/2009

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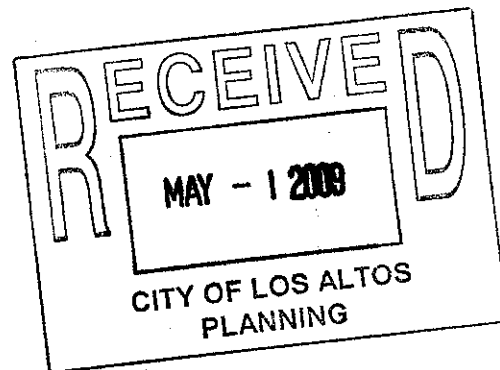
OF COUNSEL
MARVIN S. SIEGEL
DAN W. COOPERIDER

RETIRED
JOHN D. JORGENSEN
JOHN R. COSGROVE

April 30, 2009

Zachary Dahl
City of Los Altos
One North San Antonio Road
Los Altos, CA 94022-3088

**Re: Pilgrim Haven Project
323, 373 Pine Lane, Los Altos
Financial Summary**



Dear Zach:

Enclosed please find the Pilgrim Haven Redevelopment Summary of Financial Performance Proposed and Reduced Density Alternatives ("Financial Summary"). This analysis was prepared by Brad Straub, Corporate Vice President of Planning & Financial Services with Greystone, a financial consultant, in conjunction with Pamela Claassen, Senior Vice President, Finance and Chief Financial Officer for American Baptist Homes of the West ("ABHOW"), the parent non-profit organization for Pilgrim Haven.

The Financial Summary shows the change in financial performance if the proposed project, which includes 181 units, is reduced by 22 units for a total of 159 units. The Draft Environmental Impact Report ("EIR") considered two alternatives, both with fewer than 159 units: (1) the reduced density alternative which reduced the project by 51 units for a total of 130 units and (2) the reduced site alternative which reduced the project by 43 units for a total of 138 units. These alternatives are described in detail at pages 148-150 of the Draft EIR. Reducing the project by 22 units was chosen for analysis in the Financial Summary because 22 units would be eliminated if the third floor of the rear of the Independent Living building was removed, which was considered as part of the reduced density alternative.

The Financial Summary shows that reducing the proposed project by 22 units makes the project financially infeasible. The reduced density alternative and the reduced site alternative, both have more than 22 units fewer than the proposed project. As a result,

Zachary Dahl
April 30, 2009 - Page 2

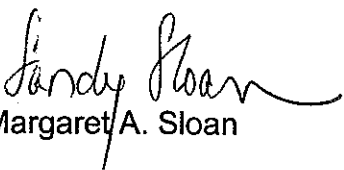
the Financial Summary concludes that neither of these alternatives analyzed in the Draft EIR would be financially feasible.

If the loss per unit (based on the total loss resulting from a reduction of 22 units as identified in the Financial Summary) is averaged out over each unit, the proposed project might seem to be able to eliminate approximately 10 units before being unable to meet a lender's required standards for receiving debt financing. However, this analysis is overly simplistic and does not take into account the loss of income from Pilgrim Haven's agreement to provide 16 affordable units. Mr. Straub calculated that the loss for each BMR unit will be approximately 34% on average. As a result, the project loses approximately 6 market rate units as a result of providing 16 BMR units, which means that the project could only lose approximately 4 units before becoming infeasible.

However, reducing the proposed project by any number of units would eliminate the cushion necessary for variables such as changes in the credit markets and fluctuations in occupancy. A project of this size should have a cushion of at least 10% of the number of newly constructed units to account for such variables, just as any construction project must build in approximately 10% for contingency costs. There are 157 newly constructed units and 10% of the newly constructed units is approximately 16 units. Since the project has only a cushion of 4 units (when BMR units are factored in) before becoming financially infeasible, the project has already foregone the necessary cushion to provide the City with affordable units and the project cannot be reduced.

Thank you for your time and attention to the complexities of the financial considerations involved in this proposed Pilgrim Haven project.

Sincerely,


Margaret A. Sloan

Enclosure

cc: Leigh Prince, Esq.
Brad Straub
Pam Claassen
Karen Jenney
Russell Mauk
Ric D'Amico

**Pilgrim Haven Redevelopment
Summary Financial Performance
Proposed and Reduced Density Alternatives**

The Environmental Impact Report suggests that the Reduced Density Alternative is environmentally superior because it reduces construction by six months. The Reduced Density Alternative eliminates the third story of the Independent Living building, which has 22 units, and reduces lot coverage for a total of 51 fewer units. As will be discussed below, even reducing the project by only 22 units makes it financially infeasible.

The Pilgrim Haven project is heavily dependent upon capital financing such as a combination of tax exempt fixed rate 30 year bonds and/or tax exempt variable rate short or medium term bonds enhanced by bank letters of credit. There is a relatively small and selective niche of institutional funds (mutual funds and money-market funds) and banks that support the senior living industry. A project will not obtain financing unless it can achieve and maintain certain financial standards. There are three (3) primary measurements that banks and bondholders use to assess a project: (1) debt coverage ratio, (2) percentage cash to debt outstanding, and (3) days cash on hand. For each ratio, the financial markets have established minimum levels that must be achieved for a project to be considered viable.

1. Debt Coverage Ratio

The debt coverage ratio measures Pilgrim Haven's ability to cover the cost of paying down its debts. The ratio is calculated as follows: funds generated before debt service plus net turnover entrance fees divided by annual debt service. Bondholders and banks typically look for this ratio to be at least 1.30 before they will provide a project financing. The proposed Pilgrim Haven project has a debt coverage ratio of 1.90, which is barely adequate to obtain financing. However, reducing the density by even 22 units drops the debt coverage ratio to 0.88, making it impossible for Pilgrim Haven to obtain the financing necessary for the project. As a result, the reduced density project is financially infeasible.

2. Percentage Cash to Indebtedness

The percentage cash to indebtedness ratio measures the percentage of cash reserves to the total long term debt outstanding, which is paid down over a 30 year time frame. Lenders require as a condition of approval a minimum of thirty percent (30%) cash to indebtedness ratio. Pilgrim Haven's proposed project has a percentage of cash reserves to debt outstanding of fifty percent (50%). The reduced density project has only an eight percent (8%) cash reserves to debt outstanding. No lender would provide financing based on such a small percentage and as a result, the reduced density alternative is financially infeasible.

3. Number of Days Cash on Hand

The number of days cash on hand takes the cash reserves and translates those reserves into a measure of the number of days of operating expenses that Pilgrim Haven has cash on hand to cover at that point in time assuming no further receipt of cash. Lenders require a minimum of 225 days cash on hand. With 357 days cash on hand, the proposed project has adequate days cash on hand to obtain financing. However with only 73 days cash on hand the reduced density project does not meet the lender's minimum requirement for financing and, therefore would be financially infeasible.

Conclusion

In light of the above comparative information, a reduced density alternative is not feasible and a reasonably prudent property owner would not proceed with a reduced density alternative that includes 22 or units. After careful financial analysis and looking at the current density on site, Pilgrim Haven concluded 181 units was the appropriate number of units for the proposed project as it reduces slightly the existing density yet keeps the project financially feasible.

SUMMARY FINANCIAL PERFORMANCE

<i>Unit Mix</i>	Proposed Plan ⁽¹⁾	Reduced Density ⁽¹⁾
Independent Living	105	83
Assisted Living	33	33
Memory Support	14	14
Skilled Nursing	29	29
Total Units	181	159
Projected Operations (\$000)		
	Proposed Plan ⁽¹⁾	Reduced Density ⁽¹⁾
Net Revenue ⁽²⁾	\$14,395	\$13,057
Operating Expenses ⁽²⁾	(11,297)	(11,008)
Operating Income	<u>3,098</u>	<u>2,049</u>
	22%	16%
Investment Income	378	(89)
Funds Generated Before Debt Service	<u>3,476</u>	<u>1,960</u>
Annual Debt Service	(2,592)	(3,551)
Capital Expenditures	(494)	(494)
Net Cash Generated Before Entrance Fees	<u>390</u>	<u>(2,085)</u>
Net Turnover Entrance Fees	1,456	1,178
(Funding of) Use of Replacement Reserves	(1,846)	907
Net Cash Flow	<u>\$0</u>	<u>\$0</u>
Debt Coverage Ratio Including Net Turnover Entrance Fees ⁽³⁾	1.90	0.88
Cash Reserves	\$13,124	\$2,768
Long Term Debt Outstanding	\$26,410	\$34,968
Number of Days Cash on Hand	357	73
Percentage of Cash Reserves to Debt Outstanding	50%	8%

- (1) First full year after reaching stabilized occupancy.
- (2) Represents cash revenues and expenses only - depreciation, amortization, etc. are excluded.
- (3) Based on maximum annual debt service, excluding capital expenditures.
- (4) Cash Reserves include Operating Reserves, Debt Service Reserves, Resident Deposits and Retained Cash Flow

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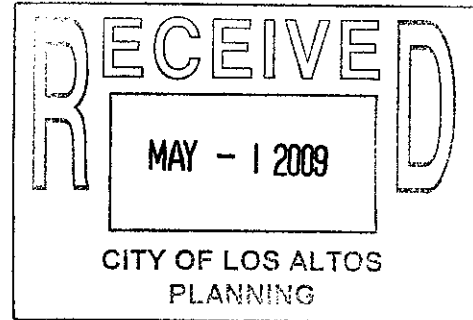
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April 30, 2009



Zachary Dahl
City of Los Altos
One North San Antonio Road
Los Altos, California 94022

**Re: Response to Letter from Attorney Jeffrey Hare Regarding the Draft
Environmental Impact Report for Pilgrim Haven**

Dear Mr. Dahl:

Attorney Jeffery B. Hare ("Hare") submitted a comment letter dated October 6, 2008, regarding the Draft Environmental Impact Report ("EIR") for Pilgrim Haven on behalf of the North Los Altos Concerned Neighbors. A number of the issues raised in the letter were legal rather than environmental and, therefore, on behalf Pilgrim Haven, I would like to take this opportunity to respond to Hare's legal arguments.

1. Project Description is Accurate.

Hare claims that the project description is misleading. He argues that the Draft EIR incorrectly concludes that with the change in the unit mix there will be a net increase of 28 units. Instead, Hare suggests that a more accurate description would be that the Project will result in an increase of 32 "apartments" or the difference between the existing 73 independent living ("IL") units¹ and the proposed 105 IL units. As evidence for his argument regarding 32 "apartments", Hare cites a letter sent by Karen Jenney, Executive Director of Pilgrim Haven, in February 2007, to James Walgren, Planning Division, City of Los Altos ("City"). However, revised plans were submitted to the City in February 2008 which modified and clarified the Project and reduced the number of units. The legal concept absent from Hare's letter is that the California Environmental Quality Act ("CEQA")

¹There are actually 74 existing IL units.

reporting process is not designed to freeze the ultimate proposal in the mold of the initial proposed project; indeed, new and unforeseen insights may emerge during investigation, evoking revision of the original proposal. See *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 738. Pilgrim Haven has reduced the number of proposed units.

The Draft EIR accurately describes the change in unit mix that exists in the proposed Project as submitted to the City in February 2008. In the Draft EIR, to eliminate confusion regarding unit count, IL units are each counted as one unit and assisted living (“AL”) beds, memory support (“MS”, a type of assisted living) beds and skilled nursing (“SN”) beds are each counted as one unit. This is a conservative approach because even if two beds are in one AL room, that room is counted as two units. The following chart illustrates the existing number of units, the proposed number of units, and the resulting change in unit mix:

	IL Units	AL Units²	MS Units²	SN Units²	Total
Existing	74	14	0	65	153
Proposed	105	33	14	29	181
Change	+31	+19	+14	-36	+28

The Draft EIR's conclusion that there is a net increase of 28 units with the proposed Project is correct.

Hare, using the incorrect number of additional units, concludes that because each IL unit can accommodate one or two people, there will be 64 additional residents (32 “apartments” with two people in each). This, he argues, makes the Traffic Impact Analysis (“TIA”) in the Draft EIR based on 28 net new units incorrect. This conclusion is erroneous. The generalized complaints, speculation and unsupported conclusions of a lay person (Hare is not a traffic expert) do not constitute substantial evidence that the traffic analysis is flawed. *Pala Band of Mission Indians v. County of San Diego* (1995) 68 Cal.App.4th 556.

First, Pilgrim Haven is a Continuing Care Retirement Community (“CCRC”). Industry standard calculates that for each IL unit in a CCRC there will be 1.3 to 1.5 residents. In

² Each bed is equal to one unit regardless of how many beds are in a room.

the existing community this would translate to between 175 and 190 residents (74 IL units multiplied by 1.3 or 1.5 plus one resident for each of the 14 AL units and 65 SN units). In Pilgrim Haven's experience, the number of IL residents is on the low end of or below industry standard. With the proposed Project there would be 212 to 233 residents (105 IL units multiplied by 1.3 or 1.5 plus one resident for each of the 33 AL units, 14 MS units and 29 SN units). The change in unit mix would result in 37 to 43 additional residents, not an additional 64 residents as argued by Hare. Most importantly, the Institute of Traffic Engineers ("ITE"), whose professional reference manual is used by all traffic engineers, sets forth the standards for number of trips within a use. Since the number of people in a CCRC (or, for that matter, a single family residence, an office, or any other use) fluctuates, the ITE determines the average number of trips per unit within a use.

The City selected an independent traffic consultant, DMJM Harris, to perform a new TIA for the proposed Project for inclusion in the Draft EIR. DMJM Harris' TIA was based, in part, on information contained in a previous traffic report done in 2007, but also contained new independent information. DMJM Harris chose to base trip generation rates on 28 additional units for a congregate care facility. A congregate care facility combines private living quarters with centralized dining services, shared living spaces and access to social and recreational activities. Many congregate care facilities offer transportation services, personal care services, rehabilitative services and other support services. Pilgrim Haven provides these same services; therefore, the measure utilized reflected the overall makeup of Pilgrim Haven.

In response to comments that the TIA should have used a different category than congregate care, DMJM Harris revised the TIA for the Final EIR. The revised TIA analyzed the proposed Project using the ITE trip generation rate for a CCRC. The result was a total of six additional peak hour trips and 22 additional daily trips. Regardless of which trip generation rate was used, the EIR concluded the proposed Project will not generate a substantial amount of traffic and, therefore, the 28 additional units proposed by the Project would not result in a significant traffic impact. The TIA is legally adequate and was based on the accurate number of additional units.

Hare also claims that the whole of the project is not evaluated in the Draft EIR. Hare argues that the Project is not "a mere 'upgrade'" but a change in use. He argues the change in use includes the addition of memory support services, the rezoning of the Spagnoli property from residential to Public Community Facilities ("PCF") and the addition of underground parking and administrative offices. These, he argues, are not evaluated in the Draft EIR. He also argues that the increase in the number of units is a change in use. Because the Draft EIR reflects the addition of 28 net new units rather than 32, as he claims it should, Hare believes the Draft EIR does not analyze the whole of the project.

Despite Hare's claim to the contrary, the Draft EIR accurately and completely provides a description of the whole of project. CEQA defines a project as "the whole of an action" that has the potential for resulting in a physical change in the environment. 14 California Code of Regulations ("CEQA Guidelines") Section 15378. In general, this requires the City to fully analyze a project in a single environmental review document and not chop it up into two or more segments. *Bozung v. Local Agency Formation Commission* (1975) 13 Cal.3d 263, 283-284. The whole of the project in this case includes the expansion and redevelopment of Pilgrim Haven, including a change in the unit mix, a net increase of 28 units and the upgrade of administrative offices, dining areas and activity rooms ("Project"). See Draft EIR, page 25. The use is not changing as Pilgrim Haven will continue to be a CCRC. The Project description also includes the addition of underground parking, and among other City approvals, the rezoning of the Spagnoli Property. See Draft EIR, pages 24-26. Nothing is left out; the whole of the project is discussed in the Draft EIR and, therefore, the document is legally adequate.

2. Growth Inducing Impacts Properly Considered.

Legally, under CEQA, growth inducing impacts are defined as the ways in which a proposed project could foster economic or population growth or the construction of additional housing in the surrounding environment. CEQA Guidelines Section 15126.2(d). Hare cites no evidence that the Project will encourage other development in the City, and, in fact, it will not. Hare, instead, concludes without any evidence that the Project itself will grow over time.

Hare argues that because more parking spaces than are required by City Municipal Code are provided, such additional parking capacity could justify later expansion of occupancy load and, therefore, the additional parking has growth inducing impacts that are not discussed in the Draft EIR. The neighbors that Hare represents have complained about Pilgrim Haven guests and staff parking on the surrounding neighborhood streets. The City Municipal Code provides a minimum number of parking spaces for Pilgrim Haven's use, but adds "plus additional parking spaces as may be determined by the Planning Commission and City Council." City Municipal Code Section 17.74.120. Pilgrim Haven has not provided more than the minimum parking required by City Municipal Code in order to grow in the future, but instead, to address and mitigate the concerns expressed by the very neighbors Hare represents. Any future expansion of Pilgrim Haven will be restricted by the terms of its use permit.

Hare also argues that the increase in square footage at Pilgrim Haven will result in growth inducing impacts. Many of Pilgrim Haven's existing units are very small (less than 500 or 600 square feet). Modern seniors desire larger living spaces and the upgrade provided for in the proposed Project will provide these larger spaces. The number of additional residents is limited by the number of units, not the size of the units. The

amended use permit Pilgrim Haven is seeking as part of this proposed Project will be very specific as to the number of units allowed.

Lastly, Hare suggests that the Project will provide "outpatient services" and this may result in growth inducing impacts. The proposed Project will provide the same skilled nursing services as it does today. These are not outpatient services. Because there are no outpatient services at Pilgrim Haven (existing or proposed) the provision of such services does not need to be discussed in the EIR.

3. Pilgrim Haven is a Conforming Use.

Hare argues that the Project is the illegal expansion of a nonconforming use. A nonconforming use is a use of land that lawfully existed before enactment of a zoning ordinance and that no longer complies with use restrictions newly applicable to the area.

Pilgrim Haven is zoned PCF. At the September 26, 1989 meeting, the City Council voted unanimously (with one abstention) to rezone 373 and 455 Pine Lane from R1-10 (Single Family Residential) to PCF. Due to an administrative error, the City failed to change the zoning map with respect to 373 Pine Lane from R1-10 to PCF in accordance with the City Council's vote. The City acknowledged the administrative error and the correct zoning in an August 1, 1996, Planning Commission Staff Report:

"The properties at 373 and 455 Pine Lane were both rezoned by the City to PCF in 1989 to bring them into consistency with the 1987 General Plan. However, an administrative mapping error in 1989 resulted in 373 Pine Lane not being included in the rezoning map. Consequently, the City zoning map still shows 373 Pine Lane as R1-10. Staff is in the process of correcting the zoning map to show 373 Pine Lane in the PCF zone consistent with the City's action in 1989."

As the City never made the correction in 1996, the City is using this Project as its opportunity to correct its administrative error. Regardless, the zone change occurred over 19 years ago and Pilgrim Haven's property is zoned PCF.

Under the PCF zone, Pilgrim Haven's use is a conditional use. City Municipal Code Section 14.58.030 indicates that hospitals, convalescent hospitals, residential care homes, and nursing homes (i.e. communities like Pilgrim Haven) are allowable with a use permit. In 1989, not only was the zoning changed to PCF, but Pilgrim Haven also received a conditional use permit (89-UP-6) for its CCRC. Pilgrim Haven updated its conditional use permit in 1993 and 1996. As a result, Pilgrim Haven is a conforming use.

4. Government Code Section 65915 Justifies a Density Bonus and Incentives.

Hare claims that the grant of a density bonus is not mandatory. Density Bonus Law (SB 1818), which is found at Government Code Section 65915, states that a city “ shall grant one density bonus” when an applicant seeks and agrees to construct a senior citizen housing development. Government Code Section 65915(b)(C); emphasis added. A senior citizen housing development is defined in Civil Code Section 51.3(b)(4) as a residential development, developed or substantially renovated for, senior citizens that has at least 35 dwelling units. A “density bonus” means a density increase over the otherwise allowable residential density under the applicable Zoning Ordinance and land use element of the General Plan as of the date of the application. Government Code Section 65915(g). For senior housing developments, the density bonus “shall be 20 percent”. Government Code Section 65915(g)(3); emphasis added. The language is mandatory.

Pilgrim Haven is constructing senior housing and, as a result, is entitled to one density bonus of 20 percent. Although technically Pilgrim Haven is not asking for a density bonus, because there is no limit on the number of housing units under Pilgrim Haven’s existing conditional use permit, any way density is calculated, Pilgrim Haven’s proposed additional units are appropriate.

A. Less than 20 percent increase over the existing number of units. Pilgrim Haven has 153 units that were previously approved under the City’s Zoning Ordinance and Land Use Element of the General Plan. Twenty percent of the existing 153 units is approximately 30 units. Therefore, if a 20 percent increase over current density is applied, the community would have 183 units. As 181 units are proposed, the Project is within the density bonus limits.

B. The Project has fewer units per acre. Today, there are 153 units on 4.8 acres. Therefore, the existing property has a density of 32 units per acre. The proposed Project will have 181 units on 6.0 acres for a density of 30 units per acres. As a result, the number of units per acre is actually decreasing slightly.

C. The Project has fewer residents per acre. The existing community has 74 one and two bedroom IL units, 14 AL units and 65 SN units. The industry standard multiplier to determine how many residents will be in the IL units ranges between 1.3 and 1.5 residents per unit. Pilgrim Haven’s experience is on the low end of the industry standard and it currently has approximately 1.2 residents per IL unit, but this number fluctuates. Using the 1.3 industry standard, 74 IL units yields 96 IL residents in the community. When that number of IL residents is added to the number of AL and SN residents, there are 175 residents per industry standard. The current site is 4.8 acres and, as a result, there are approximately 36 residents per acre today. The Project proposes 105 IL units, 33 AL units, 14 MS units and 29 SN units on 6.0 acres. Again, using the 1.3 industry standard multiplier, Pilgrim Haven

might expect 136 IL residents in the proposed Project. When the AL, MS and SN residents are added, industry standard suggests that there will be approximately 212 residents in the proposed Project. This equates to approximately 35 residents per acre. Therefore, in terms of residents per acre, there is actually a slight decrease in density expected.

Hare also claims the grant of incentives is not mandatory. SB 1818 requires that a city “shall grant” a developer incentives or concessions for building below market rate units. Government Code Section 65915(d). An applicant may submit to a city a proposal for specific incentives or concessions. An incentive or concession includes, but is not limited to modifications to minimum lot size, side yard setbacks and placement of public works improvements. Government Code Section 65915(d)(3); see also Government Code Section 65915(k)(1). In this case, Pilgrim Haven has requested that the City allow: (1) a third story on the rear portion of the IL building adjacent to the Santa Rita School play fields that fits within the 30 foot height limitation found in City Municipal Code Section 14.58.120 and (2) thirty-eight percent (38%) lot coverage that is greater than the thirty percent (30%) lot coverage allowed under City Municipal Code Section 14.58.060, but only slightly larger than the over thirty-six percent (36%) lot coverage that exists on Pilgrim Haven’s current site. Despite Hare’s assertion to the contrary, Pilgrim Haven is not requesting a waiver of planning fees and is requesting only the two incentives discussed above.

The grant of an incentive is mandatory unless a city can make written findings, based on substantial evidence that either: (A) the concession or incentive is not required in order to provide for affordable housing costs or for rents for the targeted units; or (B) the concession or incentive would have a specific adverse impact upon public health and safety or the physical environment and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low or moderate income households. Government Code Section 65915(d).

Incentives are required for Pilgrim Haven to provide 20 percent of the proposed new IL units (or 16 units) as affordable units.³ Even a small reduction in unit count makes the Project financially infeasible. The Project as proposed meets the minimum requirements to obtain capital financing with a small cushion to account for unforeseen circumstances and the unusual condition of today’s credit markets. Any reduction in the number of proposed units would seriously threaten Pilgrim Haven’s ability to obtain financing and provide any affordable units.

³ Despite Hare’s assertion that the applicant bears the burden to show that the waiver or modification is necessary to make the housing units economically feasible, AB 2280, effective January 1, 2009, deleted that requirement.

In order to receive two incentives, SB 1818 requires only that 20 percent of the new IL units be available for moderate income households. Government Code Section 65915(d)(2)(B). However, to meet City staff's request and help the City fulfill its Association of Bay Area Government ("ABAG") numbers, Pilgrim Haven has offered to provide all 16 units for low income units. Pilgrim Haven is providing more than is legally required to obtain the two incentives.

The incentives will not have an adverse impact on the public health, safety or the environment. Hare states in a conclusory fashion that the proposed Project will have specific adverse impact on the environment. Hare's generalized complaints, speculation and unsupported conclusions do not constitute substantial evidence of an adverse environmental impact. In fact, there is no substantial evidence of an adverse environmental impact. The only significant impact outlined in the Draft EIR is a short-term construction noise impact. The City's environmental consultant determined that a short-term construction noise impact is present with any construction project that lasts over one year in a residential area. There is also no substantial evidence from which to conclude that there is a feasible method to satisfactorily mitigate or avoid the one significant adverse impact noted in the Draft EIR without rendering the Project unaffordable to low and moderate income households. The Draft EIR concludes that even reducing the scope of the proposed Project results in short-term construction noise impacts.

5. The Project is Consistent with the General Plan.

Policy 1.4 of the Land Use Element of the General Plan states that the City should "Encourage continued efforts to improve the parking, aesthetics, and neighborhood compatibility of Pilgrim Haven." Rather than suggesting that Pilgrim Haven is not compatible with the surrounding neighborhood as argued by Hare, this policy suggests that the City foresees Pilgrim Haven as a continuing part of the community. The Project as proposed complies with this policy. Parking is improved, as the Project, which proposes 172 spaces, provides 81 spaces more than are currently available on-site and 55 more spaces than required by City Municipal Code. Many of these spaces are in an underground garage, so that parked cars will not be visible from the neighborhood, thereby improving neighborhood aesthetics and compatibility. The exterior style of the buildings was designed to blend with the residential aesthetic of the neighborhood by including craftsman style elements, such as porches, patios, bay windows and dormers, among other elements. The landscaping was designed to preserve two rows of trees in the orchard along Los Altos Avenue and to add 112 net new trees. This enhanced landscape screening also enhances the aesthetics and neighborhood compatibility of Pilgrim Haven. Additionally, at the neighborhood's request, a crosswalk across Pine Lane from Guadalupe Street and across Guadalupe Street and a sidewalk from the crosswalk along Pine Lane to Los Altos Avenue continuing on Los Altos Avenue to the edge of the Pilgrim Haven property will be added to improve neighborhood walkability. For all the foregoing reasons, the Project is consistent with the General Plan.

The proposed Project is also consistent with the General Plan goal to balance the desirability of public/quasi-public and commercial uses with their impacts upon adjoining residential land uses. In 2000, the census showed 29.1% of the Los Altos population was 45 to 64 years of age and 19.3% were 65 years of age or older. It is likely that, in the past nine years, as baby boomers have aged, the number of households with residents 65 years and over has increased. Approving the proposed Project to provide more senior housing will promote the public health, convenience and welfare of the City. Los Altos seniors (or relatives of younger Los Altos residents) will continue to need housing. Seniors will get the continuing care they need at Pilgrim Haven. The location is convenient for existing Los Altos residents who need the benefits of a retirement community and is convenient for Los Altos residents who want their aging parents living close to their homes. As the only significant unavoidable impact is short-term construction noise, which would be present with almost any project, and it is desirable to provide senior housing, the proposed Project is consistent with the General Plan's goal to balance the desirability of public/quasi-public uses with their impacts upon adjoining residential land uses.

6. The Alternatives Analysis is Complete and Adequate.

Hare argues that it is not necessary for all three levels of care to be in one location and the Draft EIR, which does not consider such an alternative, is inadequate. An EIR, however, need consider only a "reasonable range of alternatives" and need not consider infeasible alternatives. This alternative is not feasible.

Pilgrim Haven promises three levels of care on a single campus in accordance with Health & Safety Code Section 1324.20(a) which defines a CCRC as "a provider of a continuum of services, including independent living services, assisted living services...and skilled nursing care, on a single campus...or a provider of such a continuum of services on a single campus that has not received a Letter of Exemption" Emphasis added. To fit within the statutory definition quoted above, all three levels of care—IL, AL (of which MS is a form) and SN—must be on a single campus, unless, as Hare acknowledges in his letter, the provider of the continuum of services has received a letter of exemption.

Health & Safety Code Section 1771.3 outlines the six (6) requirements for a provider to obtain a letter of exemption: (1) residents pay on a fee-for-service basis for assisted living and nursing care; (2) the fees paid for available assisted living services and nursing care are the same for residents who have previously occupied a residential living unit as for residents who have not; (3) no entrance fee or prepayment for future care or access, other than monthly care fees is paid by, or charged to any resident; (4) the provider has not made a continuing care promise of preferred access; (5) the residence agreement makes specific statements; and (6) the admission agreement states the policies and procedures regarding transfers to higher levels of care. As Pilgrim Haven charges an entrance fee and monthly fee and promises preferred access to higher levels of care to those already living in the IL units, Pilgrim Haven does not meet the requirements for a

letter of exemption. Thus, legally all levels of care must be on a single campus and any alternative to split the levels of care is not possible.

7. The Cumulative Impact Analysis is Adequate.

Hare argues that the increase of 28 net new units is incorrect and, therefore, the traffic counts, noise impacts and other impact discussions in the Draft EIR are flawed. As discussed under Section 1, above, the Draft EIR's conclusion that there is a net increase of 28 units is accurate.

Cumulative impacts are defined as two or more individual effects which, when considered together, are considerable. CEQA Guidelines Section 15355. A cumulative impact analysis consists of an impact which is created as a result of the combination of the project evaluated in the EIR together with other projects causing related impacts. CEQA Guidelines Section 15130. Despite Hare's heading referencing an allegedly flawed cumulative impacts analysis, the text of Hare's letter makes no reference to how Pilgrim Haven's Project together with other projects will result in cumulative impacts. It appears Hare has no true legal basis for claiming the cumulative impacts analysis is flawed.

8. The Noise Impact Analysis is Adequate.

Hare argues the noise impact analysis is inadequate. Hare is not a noise expert and provides no evidence to support his layman's opinion. The Draft EIR is based on a set of plans that was revised after the 2007 noise impact assessment was performed by environmental consultants at LSA Associates, Inc. ("LSA"). After revised plans were submitted to the City, the City selected a separate independent environmental consultant to review and analyze LSA's work to determine if updated studies were required and to prepare a Draft EIR. The City's consultant determined that the noise assessment was adequate and no additional noise study was necessary.

While the earlier plans, which were analyzed by LSA, may not have included a depiction of the location of the mechanical equipment, the current plans show mechanical equipment shielded by mansard roofs and parapets. The mitigation measure for HVAC equipment described in the Draft EIR is that equipment be shielded with a solid noise barrier such as a mansard roof or parapet. No further discussion of mitigation was necessary as the proposed Project plans to place all HVAC equipment behind solid noise barriers.

Lastly, contrary to Hare's assertion, Pilgrim Haven does not anticipate additional deliveries. Deliveries will be to the rear of the property with the proposed Project to mitigate any potential impact on the surrounding neighborhood. There are no significant long-term noise impacts from deliveries. The noise impacts were adequately analyzed in the Draft EIR.

Zachary Dahl
February 5, 2009
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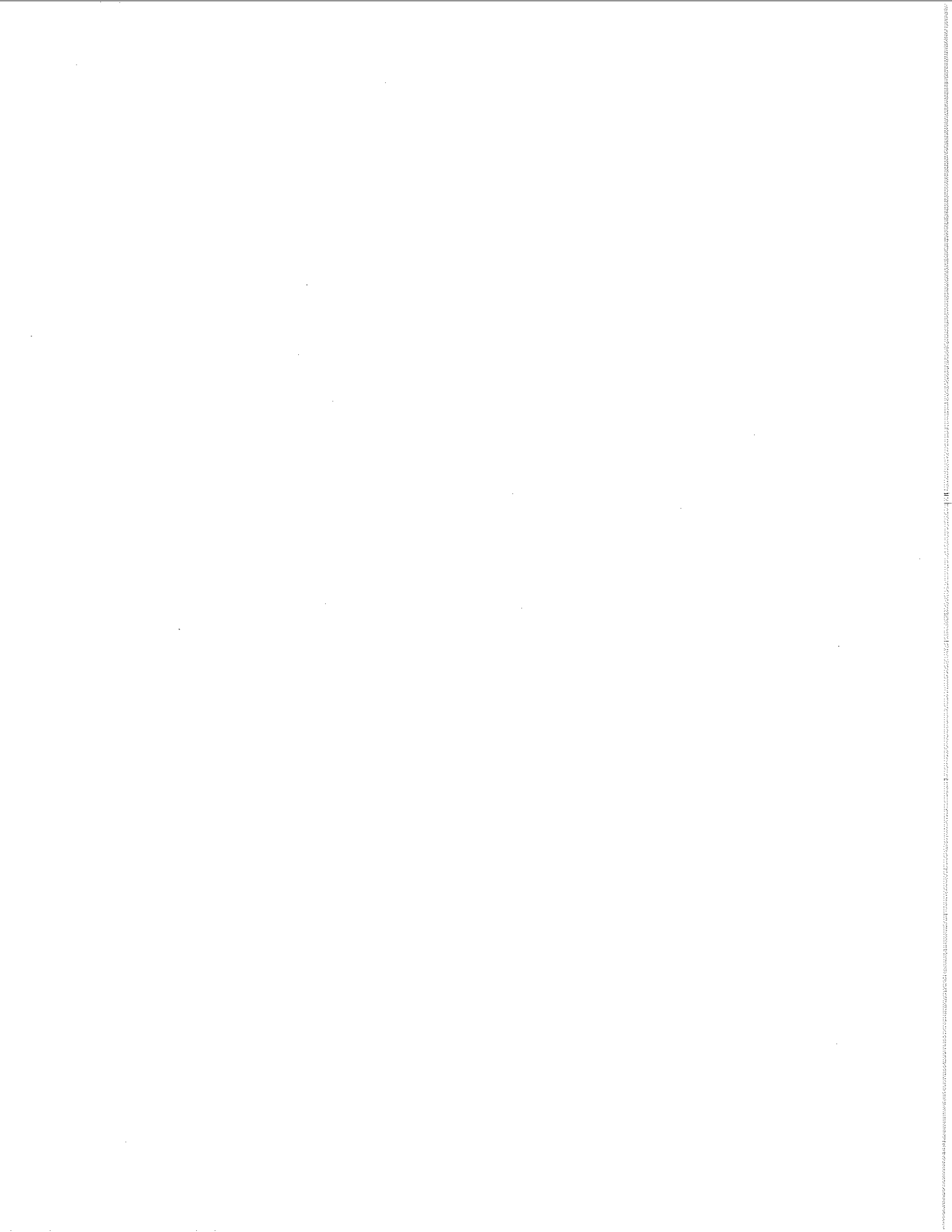
Conclusion

There are no legal inadequacies in the Draft EIR. The proposed Project and any environmental impacts were adequately and thoroughly analyzed.

Sincerely,


Margaret A. Sloan

cc: Leigh Prince, Esq.
Karen Jenney
Russell Mauk
Ric D'Amico



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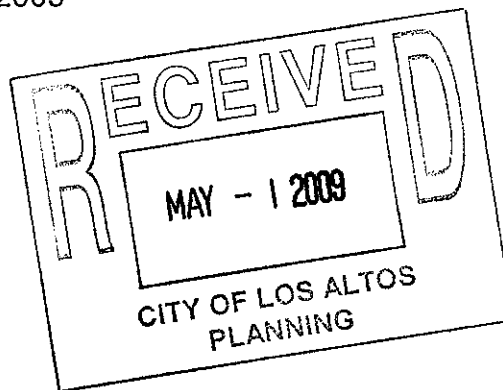
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April 30, 2009

Zachary Dahl
City of Los Altos
One North San Antonio Road
Los Altos, CA 94022-3088



**Re: Pilgrim Haven Project
323, 373 Pine Lane, Los Altos
Below Market Rate Units**

Dear Zach:

Since our firm began working on the Pilgrim Haven project, we have been focused on the Below Market Rate ("BMR") component. As early as May 2007, we met with James Walgren at the City of Los Altos ("City" or "Los Altos") regarding Government Code Section 65915, Density Bonus Law, regarding BMR units and development incentives. With the City, we looked at numerous BMR agreements and considered what the best approach would be for Los Altos. Examples of some of the BMR agreements we discussed include agreements from Palo Alto, Belmont and Los Gatos. You even obtained an example from Livermore, which we all considered. Pilgrim Haven also provided independent market research regarding senior living communities and information on how units in Pilgrim Haven's Continuing Care Retirement Community, which are distinct from rental units because the monthly fee includes numerous services, should be handled in any BMR agreement with the City. On June 24, 2008, we presented a specific proposal to the City in writing, a copy of which is attached.

In September of 2008, when Pilgrim Haven received a letter from you, a copy of which is attached, Pilgrim Haven understood that the only discrepancy between the City's position and Pilgrim Haven's position at that time was the number of low income units—the City wanted all low and Pilgrim Haven wanted to provide half of the units for low and half of the units for moderate income households. Pilgrim Haven and the City agreed on the 60% of income approach, the services included in the monthly service fee, the total number of units and the 30 year restriction on the units. Ultimately, Pilgrim Haven agreed to provide all 16 units as low income to reach complete agreement with the City. We revised the City's form BMR Agreement and sent it to the City for approval.

Zachary Dahl
April 30, 2009 - Page 2

In the last couple of weeks, the City has indicated that we were not as close to agreement as we had previously thought. We have clarified one of the misunderstandings--the entrance fee that is charged (which is separate from the monthly fee) will not be reduced; only the monthly service fee will be reduced. This is commensurate with the approach in the Los Gatos agreement, which as we have discussed, has been very successful in meeting that town's needs.

With the provision of BMR units in this manner, Pilgrim Haven is trying to address what we perceive as an acute need in the community--the provision of continuing care for Los Altos residents who own a home, but have low monthly income. Recent information in the Draft Housing Element supports this approach. Approximately 20% of Los Altos residents are over 65 years of age and most (approximately 93%) own their own home, with the least expensive single-family home for sale in Los Altos being listed at well over one million dollars. See Draft Housing Element, pg. 36, Table 19 on page 53, and pgs. 53 and 58. Although not split out by age, 15% of the Los Altos population is low income. See Draft Housing Element, pg. 41. As a result, there is a need to provide housing for seniors who own homes in Los Altos and can afford an entrance fee, but who have low monthly incomes. In addition, the Draft Housing Element concludes that the elderly population is increasing faster than the total population and Los Altos will need to plan for a larger number of and variety of housing alternatives that address the changing needs of older adults. See Draft Housing Element, pg. 44. One common special need is for housing that combines meals and medical and daily living assistance in a residential neighborhood. Because many seniors desire to "downsize" when they move, an increase in the type of available housing for seniors makes it possible for them to sell their homes and remain in the community. See Draft Housing Element, pg. 45. This is the need Pilgrim Haven is trying to help fill with this project and with the provision of 16 BMR units in the manner proposed.

The outstanding issue now is the percentage of income that will be counted toward the monthly service fee. The City is now requesting that one person low income households utilize a 50% of income approach and two person low income households utilize a 60% of income approach. Pilgrim Haven does not believe the City's proposal is justified.

At our meeting in June, we provided the City with information from Zeigler Capital Markets Group, a leading underwriter of senior housing, showing the average monthly service fee and average monthly income of residents. With 130 communities analyzed, the minimum percent of income used by residents for the monthly service fee was 40.33% and the maximum was 101.83% with a mean of 65.19% and a median of 64.87%. This independent market information suggested a 65% of income approach would be appropriate. Attached for your convenience is a copy of the information from Zeigler Capital Markets Group. The Livermore agreement, which you located, used the 50% of income approach for very-low and 60% of income approach for low income households. A copy of the Livermore agreement is also attached for your convenience. After that meeting we all agreed on the 60% of income approach and in the letter dated September

2, 2008, the City indicated that City staff would be recommending that a 60% of income approach be used to establish the monthly fee. We see no reason for the City to now change its position. If the City is basing the change on the Livermore agreement, that agreement does not support the City's position, as Pilgrim Haven is providing low income and under the Livermore agreement low income units used the 60% of income approach regardless of household size.

In addition, the congregate care service in the Livermore agreement included two hot meals per day, group excursions, assistance with insurance forms, security controls, and shuttle service. Pilgrim Haven provides a shuttle for group excursions, hires an outside security agency that patrols at night and provides security for the community, and there someone available to residents to help with insurance forms as needed. While Livermore provided two meals, there is no indication that the other amenities Pilgrim Haven includes in the monthly service fee such as housekeeping services, all utilities except telephone, property insurance, maintenance and priority access to assisted living or nursing services were included. Because these additional amenities are included that were not part of the Livermore agreement, the 60% of income approach is appropriate, even with only one meal. As a Continuing Care Retirement Community, Pilgrim Haven offers far more to its residents for the monthly service fee than the Livermore congregate care facility.

As you well know, Pilgrim Haven's agreement to provide BMR units in this project stems in part from its desire to meet a need for low income senior housing in Los Altos, but also to obtain two development incentives. Pilgrim Haven is proposing a third floor portion of the rear of the Independent Living building that contains 22 units. This third floor is within the 30 foot height limitation for a two floor building. Pilgrim Haven is also requesting additional lot coverage which is 8% more than the 30% allowed under the code, but just slightly more than the over 36% lot coverage that the community has today. These incentives are relatively minor and are commensurate with the provision of 16 BMR units for low income households.

As Pilgrim Haven will provide 16 BMR units, there are only 6 more units on the third floor than there will be BMR units. As indicated in the letter regarding the financial feasibility of alternatives discussed in the Environmental Impact Report, Pilgrim Haven needs every unit proposed to make the project feasible and provide these 16 BMR units. The letter regarding financial feasibility is attached. In addition, as BMR residents progress through the levels of care (approximately 30% of independent living residents move into assisted living or skilled nursing), the BMR units will be back-filled with additional BMR residents and it is very likely that there will be approximately 21 units occupied by BMR residents at any one time. As a result the third floor is not an unreasonable incentive.

With respect to lot coverage, that too is commensurate with the provision of BMR units. The additional lot coverage is in main part is to provide larger living spaces and indoor community rooms for seniors. These larger living units and indoor community spaces will benefit not only the market rate residents, but also the BMR residents.


Zachary Dahl
April 30, 2009 - Page 4

Providing this quality of life for all the senior residents at Pilgrim Haven in this manner is a good project goal and City goal.

Most importantly, Pilgrim Haven is going above and beyond what is legally required to obtain two development incentives. Pursuant to Government Code Section 65915, Pilgrim Haven need only provide 16 moderate income units. Pilgrim Haven has graciously agreed to provide 16 low income units to help Los Altos meet the need for low income housing in the community. The City can and should consider this additional offer on Pilgrim Haven's part in deciding to grant the minor incentives requested.

In summary, we have been very proactive about reaching agreement on the BMR aspect of this project and we thought, after working cooperatively with the City, we had reached a good agreement last September. Based on the information above, we hope the City will return to its original position, which was based upon and justified by the evidence. We also hope that the City has enough information on which to support its approval of the two development incentives, which we believe are fairly minor in light of City Municipal Code and existing conditions. I look forward to discussing this matter with you further and amicably reaching agreement.

Sincerely,



Margaret A. Sloan

Enclosures

cc: Leigh Prince, Esq.
Russell Mauk
Pam Claassen
Karen Jenney
Brad Straub
Ric D'Amico

**Affordable Housing Agreement
Discussion
June 24, 2008**

It has taken a long time to come back and discuss the Affordable Housing Agreement because we have been very involved in the EIR and design issues. Also, Pilgrim Haven financial people have spent a lot of time thinking about what works with this project and honestly given rising construction and other costs it is hard—really impossible—to make this project pencil out with the number of BMR units (32) the City staff discussed last time we met. Pilgrim Haven is committed to providing senior housing at reasonable prices—this is not the Hyatt—but they are not capable of locking in a large number of units as BMR units.

A. Number of Units

Pilgrim Haven really thought that to get the 2 incentives for this project they needed to provide 20% of the 28 net new units, or **6 units**. We looked at this idea legally and found it made sense. The legislative history of Govt. Code §65915 specifically addresses providing incentives for “the production of housing units”. Produce means to bring into existence. This project is only bringing 28 new units into existence. The other units already exist and are just being updated.

However, we have worked with Pilgrim Haven and believe that providing **16 units** makes the most sense. The type of housing contemplated under Govt. Code §65915 does not include the higher levels of care provided in assisted living, skilled nursing and memory support. Furthermore, these higher levels of care are not available only to residents, but are also available for direct admission from the community at large. As a result, including these health care units does not make sense or fit the BMR model. What does make sense is 20% of the 81 newly constructed independent living units or 16 units. This is the number we would like to get City support for.

Additionally, we believe that the project qualifies for a density bonus that addresses lot coverage. Simply providing senior housing is enough under Govt. Code §65915 to qualify for a 20% density bonus. As there is no numerical limit on the number of units per acre in the PCF zone, only a lot coverage limitation, lot coverage is arguably the measure of density. A 20% increase would allow an increase from 30% to 36% lot coverage.

B. Calculating Affordability

Independent living units pay a monthly service fee that includes not only a rent component, but also services—cost of one meal per day, housekeeping services, all utilities except telephone, property insurance, maintenance, activities, social programming and priority access to assisted living or nursing services. Rather than using the 35% of income to determine affordability of rent, Pilgrim Haven would like to use 65% of income to determine the affordability of the monthly service fee. Zeigler Capital Markets Group, the leading underwriter of senior housing projects, has found that in senior projects financed since 1992 the average monthly service fee is 65% of monthly income.



**Community Development Department
One North San Antonio Road
Los Altos, California 94022**

September 3, 2008

Leigh Prince
1100 Alma Street, Suite 210
Menlo Park, CA 94025-3392

**Subject: PILGRIM HAVEN RETIREMENT COMMUNITY
323 and 373 Pine Lane (Application # 07-D-02, 07-GPA-01, 07-Z-01, 07-UP-01
and 07-LLA-04)**

Dear Ms. Prince:

This letter is in response to the materials that were submitted on June 24, 2008 regarding below market rate units and to the letter that was submitted on August 7, 2008 regarding vacating a portion of the Pine Lane right-of-way.

BELOW MARKET RATE UNITS IN EXCHANGE FOR DEVELOPMENT INCENTIVES

After reviewing the proposed affordable housing agreement and methodology, staff has the following responses:

- In exchange for the two development incentives that have been requested (increased lot coverage and allowing a third story), staff is willing to accept 20% of the 81 total new independent living units as below market rate (BMR). This would result in a total of 16 independent units being designated as BMR. In order to meet the goals of the City's General Plan and Housing Element, and be consistent with State law, staff will be recommending to the Planning Commission and City Council that the 16 BMR units be designated as affordable to low income couples or individuals.
- The income levels for low income will be provided by the City as they are updated and made available by the U.S. Department of Housing and Urban Development.
- Staff understands Pilgrim Haven's desire to keep all units in the facility consistent with its model of providing complete care and services and is willing to support the concept of Pilgrim Haven's request to use a percentage of total income to determine the monthly service fee that is charged for the BMR units. However, based on staff research and the affordable housing model that was used by the City of Livermore for a senior care facility, staff will be recommending that 60% of income is used to establish the monthly fee. Based on this methodology, a monthly service fee would be calculated as follows:

For one bedroom unit designated at the low income level, the income limit would be set for a two-person household. This would follow the City's established practice of establishing the income level by setting the household size as being one person more than the number of

bedrooms. Based on the currently available numbers, the income level for a two-person household in the low income category is \$67,900 per year. Using this number, the monthly fee would be calculated as follows: $\$67,900 \times .60 = \$40,740$, $\$40,740/12 \text{ months} = \$3,395$. Thus the monthly service fee that could be charged for a one bedroom unit designated as BMR at the low income level would be a \$3,395. This fee would be set per unit type and would be the same for either a couple or an individual if they qualify as meeting the low income requirements.

- As outlined in the "affordable housing agreement discussion," the monthly service fee would include rent, one meal per day, housekeeping services, all utilities except telephone, property insurance, maintenance, activities, social programming and priority access to assisted living or nursing services. A condition will be added to the project that requires an exhibit be included in the affordable housing agreement that lists services that will be provided as part of the monthly fee.
- As outlined in the proposed agreement from the applicant, these units would be designated as BMR for a 30-year period.

VACATING A PORTION OF THE PINE LANE RIGHT-OF-WAY

As part of a past project approval, the City and Pilgrim Haven signed a 50-year lease agreement to use a 15-foot wide portion of the Pine Lane right-of-way for parking, access and landscaping. This lease was signed in 1991 and goes until 2041. The issue of abandoning the 15-foot wide strip of Pine Lane right-of-way, or selling it to Pilgrim Haven was originally discussed with staff at the beginning of the current application process. The result of that discussion was that the City wanted to preserve its ability to use that right-of-way for future improves to Pine Lane and did not have an interest in selling or abandoning the 15-foot wide strip of right-of-way that fronted on the Pilgrim Haven property.

Therefore, in response to the most recent letter regarding the Pine Lane right-of-way, the City's stance of selling or abandoning this section of right-of-way has not changed. If you have any questions or need any additional clarification, please contact me at (650) 947-2633.

Sincerely,

Zachary Dahl, AICP
Associate Planner

Cc: James Walgren, Assistant City Manager
Doug Schmitz, City Manager
Karen Jenny, Pilgrim Haven Retirement Community
American Baptist Homes of the West, Owners

ZIEGLER CAPITAL MARKETS

STARTUP DATABASE INFORMATION - Monthly Fees as a Percent of Income Qualification
UPDATED: MAY 2008

Closing Date	State	Project Name	Income Qualification	Monthly Fee	Annualized Monthly Fee	Monthly Fee / Income Qualification
04-May-89	OK	Epworth Villa	\$20,000	\$1,031	\$12,372	61.86%
28-Feb-90	MD	North Oaks	\$25,000	\$1,392	\$16,704	66.82%
23-May-90	CA	Eskaton Village in Carmichael	\$31,000	\$1,718	\$20,616	66.50%
05-Jun-90	CT	The Heights	\$32,200	\$2,127	\$25,524	79.27%
15-Nov-90	NC	The Forest at Duke	\$25,000	\$1,335	\$16,020	64.08%
01-Apr-91	CA	Sierra Sunrise Lodge	\$22,690	\$1,168	\$14,016	61.77%
03-Dec-91	NC	Well-Spring Retirement Community	\$25,000	\$1,515	\$18,180	72.72%
11-Feb-92	NC	Friends Home West	\$25,000	\$1,401	\$16,812	67.25%
12-Feb-92	VA	Westminster at Lake Ridge	\$25,000	\$1,723	\$20,676	82.70%
11-Mar-92	OH	Kendal at Oberlin	\$27,300	\$1,942	\$23,304	85.36%
07-May-92	MA	Orchard Cove	\$33,000	\$1,366	\$16,392	49.67%
30-Jun-92	PA	Riddle Village	\$24,000	\$1,313	\$15,756	65.65%
18-Aug-92	PA	Brittany Pointe Estates	\$35,000	\$1,224	\$14,688	41.97%
27-Aug-92	IL	Peterson Meadows	\$28,000	\$1,387	\$16,644	59.44%
31-Aug-92	MD	Blakehurst Retirement Community	\$35,000	\$1,843	\$22,116	63.19%
01-Dec-92	IL	Fairview Village	\$25,000	\$911	\$10,932	43.73%
17-Dec-92	NJ	Franciscan Oaks	\$40,000	\$2,200	\$26,400	66.00%
13-Jan-93	NJ	The Evergreens	\$30,000	\$2,150	\$25,800	86.00%
27-Jan-93	OH	The Waterford at St. Luke	\$25,000	\$1,460	\$17,520	70.08%
24-Mar-93	MI	Canterbury on the Lake	\$25,000	\$1,358	\$16,296	65.18%
24-Mar-93	NH	River Woods at Exeter	\$30,000	\$1,690	\$20,280	67.60%
15-Apr-93	PA	Kirkland Village	\$35,000	\$1,779	\$21,348	60.99%
28-Apr-93	VT	Wake Robin	\$30,000	\$1,698	\$20,376	67.92%
02-Sep-93	KS	Claridge Court	\$35,000	\$1,784	\$21,408	61.17%
22-Oct-93	WV	Edgewood Summit	\$26,700	\$1,444	\$17,328	64.90%
28-Oct-93	MA	Reeds Landing	\$25,000	\$1,381	\$16,572	66.29%
28-Dec-93	NJ	Keswick Pines	\$30,000	\$1,418	\$17,016	56.72%
07-Jul-94	NY	Kendal at Ithaca	\$35,000	\$2,275	\$27,300	78.00%
09-Aug-94	IA	Pennsylvania Place	\$23,100	\$1,202	\$14,424	62.44%
22-Sep-94	NH	RiverMead at Peterborough	\$35,000	\$2,070	\$24,840	70.97%
22-Sep-94	TN	The Blakeford at Green Hills	\$35,600	\$1,780	\$21,360	60.00%
31-Oct-94	VA	Falcons Landing	\$45,000	\$2,149	\$25,788	57.31%
28-Dec-94	NY	The Glen Arden	\$32,500	\$1,995	\$23,940	73.66%
19-Jan-95	NJ	Fellowship Village	\$31,400	\$1,744	\$20,928	66.65%
02-Feb-95	MD	Asbury-Solomons Island	\$25,000	\$936	\$11,232	44.93%
16-Feb-95	IL	Bridgeway of Bensenville	\$25,000	\$1,217	\$14,604	58.42%
13-Jun-95	LA	Christwood	\$32,000	\$1,692	\$20,304	63.45%
19-Sep-95	IA	Cottage Grove Place	\$25,000	\$1,446	\$17,352	69.41%
10-Nov-95	MA	Edgewood	\$35,000	\$1,694	\$20,328	58.08%
14-Mar-96	MA	Glenmeadow Retirement Community	\$35,000	\$1,591	\$19,092	54.55%
24-Apr-96	NJ	Winchester Gardens at Ward Homestead	\$43,000	\$2,147	\$25,764	59.92%
10-Jul-96	NJ	Arbor Glen of Bridgewater	\$36,400	\$2,041	\$24,492	67.29%
11-Sep-96	MT	Mission Ridge	\$31,000	\$1,529	\$18,348	59.19%
03-Oct-96	IL	Presbyterian Home Lake Forest Place	\$30,000	\$1,949	\$23,388	77.96%
10-Oct-96	TX	Sears Panhandle - Craig Methodist	\$33,000	\$1,600	\$19,200	58.18%
31-Oct-96	LA	Lambeth House	\$42,000	\$2,095	\$25,140	59.86%
18-Feb-97	OH	The Oaks at Medina	\$35,000	\$1,985	\$23,820	68.06%
27-Feb-97	NJ	Cranes Mill	\$50,000	\$1,984	\$23,808	47.62%
23-Jul-97	CT	Edgehill Retirement Community	\$50,000	\$2,497	\$29,964	59.93%
24-Sep-97	IN	Hartsfield Village	\$30,924	\$1,718	\$20,616	66.67%
16-Oct-97	FL	Cypress Cove at Healthpark Florida	\$35,000	\$1,878	\$22,536	64.39%
18-Dec-97	MD	Buckingham Choice	\$35,000	\$1,374	\$16,488	47.11%
23-Dec-97	WV	The Village at Heritage Point	\$25,000	\$1,608	\$19,296	77.18%
19-Feb-98	NY	Canterbury Woods	\$35,000	\$2,268	\$27,216	77.76%
12-May-98	MO	The Sarah Community	\$25,000	\$1,550	\$18,600	74.40%
25-Nov-98	CT	Meadow Ridge	\$35,000	\$2,281	\$27,372	78.21%
03-Mar-99	NY	Asbury Pointe Retirement Community	\$32,000	\$1,881	\$22,572	70.54%
14-Apr-99	VA	Kendal at Lexington	\$25,000	\$1,846	\$22,152	88.61%
01-Sep-99	OR	Marys Woods at Marylhurst	\$35,000	\$1,800	\$21,600	61.71%
17-Nov-99	TX	Edgemere	\$35,000	\$2,970	\$35,640	101.83%

ZIEGLER CAPITAL MARKETS

STARTUP DATABASE INFORMATION - Monthly Fees as a Percent of Income Qualification

UPDATED: MAY 2008

Closing Date	State	Project Name	Income Qualification	Monthly Fee	Annualized Monthly Fee	Monthly Fee / Income Qualification
02-Dec-99	NY	Jeffersons Ferry	\$37,800	\$2,230	\$26,760	70.79%
09-Dec-99	VA	Greenspring Village	\$31,941	\$1,417	\$17,004	53.24%
16-Dec-99	ME	Piper Shores	\$35,000	\$2,243	\$26,916	76.90%
29-Dec-99	GA	Lanier Village Estates	\$35,000	\$1,940	\$23,280	66.51%
20-Jan-00	FL	Glenmoor	\$50,000	\$2,913	\$34,956	69.91%
10-Mar-00	KS	Aberdeen Village	\$35,000	\$1,915	\$22,980	65.66%
03-Aug-00	NY	Westchester Meadows	\$50,000	\$2,660	\$31,920	63.84%
20-Sep-00	NJ	Seabrook Village	\$34,022	\$1,528	\$18,336	53.89%
28-Nov-00	NY	Peconic Landing	\$50,000	\$3,027	\$36,324	72.65%
21-Feb-01	NC	River Landing	\$53,267	\$2,052	\$24,624	46.23%
28-Feb-01	PA	Covenant at South Hills	\$43,144	\$2,281	\$27,372	63.44%
09-May-01	AL	Regency Pointe	\$25,000	\$1,811	\$21,732	86.93%
15-Nov-01	AL	Carlton Cove	\$50,215	\$2,257	\$27,084	53.94%
05-Dec-01	IN	Franciscan Eldercare University Place	\$35,000	\$1,975	\$23,700	67.71%
13-Dec-01	NJ	Cedar Crest Village	\$38,231	\$1,679	\$20,148	52.70%
20-Dec-01	NJ	Stonebridge at Montgomery	\$50,000	\$2,792	\$33,504	67.01%
21-Dec-01	WI	Newcastle Place	\$43,700	\$2,600	\$31,200	71.40%
31-Dec-01	IN	River Terrace Estates	\$33,292	\$1,215	\$14,580	43.79%
13-Feb-02	PA	The Village at Penn State	\$45,000	\$1,996	\$23,952	53.23%
14-Feb-02	OK	Inverness Village	\$35,000	\$2,362	\$28,344	80.98%
26-Feb-02	CA	The Episcopal Home - The Covington	\$50,000	\$2,580	\$30,960	61.92%
28-Jun-02	FL	The Glenridge on Palmer Ranch	\$50,000	\$2,499	\$29,988	59.98%
17-Oct-02	MO	Living Community of St. Joseph	\$46,800	\$2,261	\$27,132	57.97%
24-Oct-02	FL	Oak Hammock at the University of Florida	\$51,818	\$2,721	\$32,652	63.01%
27-Nov-02	IL	Chestnut Square at the Glen	\$53,352	\$2,118	\$25,416	47.64%
12-Dec-02	AL	Redstone Village	\$29,472	\$2,485	\$29,820	101.18%
23-Jan-03	HI	Kahala Nui	\$50,000	\$2,703	\$32,436	64.87%
24-Apr-03	NY	Cloverwood	\$51,660	\$2,470	\$29,640	57.38%
01-May-03	NY	Kendal on Hudson	\$50,000	\$3,564	\$42,768	85.54%
27-Jun-03	NH	The Huntington at Nashua	\$49,068	\$2,726	\$32,712	66.67%
13-Nov-03	OH	Kendal at Granville	\$50,000	\$2,979	\$35,748	71.50%
19-Nov-03	GA	The Marshes at Skidaway Island	\$50,000	\$2,365	\$28,380	56.76%
25-Nov-03	IL	Smith Crossing	\$42,509	\$2,214	\$26,568	62.50%
18-Dec-03	IL	Villa St. Benedict	\$35,000	\$2,178	\$26,136	74.67%
18-Dec-03	TN	The Village at Germantown	\$50,000	\$2,222	\$26,664	53.33%
30-Dec-03	VA	The Glebe	\$47,000	\$2,226	\$26,712	56.83%
24-Feb-04	TX	The Buckingham	\$50,000	\$2,977	\$35,724	71.45%
20-Aug-04	GA	Marshs Edge on St. Simons Island	\$35,000	\$2,873	\$34,476	98.50%
22-Oct-04	MA	The Overlook at Charlton	\$47,826	\$2,456	\$29,472	61.62%
04-Nov-04	CO	Holly Creek	\$45,296	\$2,323	\$27,876	61.54%
04-Nov-04	VA	Harbors Edge	\$54,717	\$3,388	\$40,656	74.30%
14-Dec-04	OH	St. Mary of the Woods	\$41,561	\$2,022	\$24,264	58.38%
15-Dec-04	TX	Villa de San Antonio	\$50,000	\$2,525	\$30,300	60.60%
29-Dec-04	NV	Las Ventanas	\$54,275	\$3,048	\$36,576	67.39%
26-Jan-05	PA	The Hill at Whitemarsh	\$80,262	\$3,962	\$47,544	59.24%
20-Jul-05	NJ	Lions Gate	\$50,000	\$2,803	\$33,636	67.27%
10-Aug-05	AL	Capstone Village	\$35,000	\$2,690	\$32,280	92.23%
29-Sep-05	TX	Querencia at Barton Creek	\$61,528	\$3,322	\$39,864	64.79%
29-Nov-05	OK	Concordia	\$45,866	\$2,089	\$25,068	54.65%
13-Dec-05	IL	The Clare at Water Tower	\$64,120	\$3,645	\$43,740	68.22%
21-Dec-05	PA	Anns Choice	\$40,591	\$1,547	\$18,564	45.73%
19-Jan-06	DE	Cadbury at Lewes	\$50,000	\$2,150	\$25,800	51.60%
30-Mar-06	KS	Santa Marta	\$58,464	\$3,045	\$36,540	62.50%
19-Apr-06	IL	Luther Oaks	\$47,653	\$2,368	\$28,416	59.63%
21-Apr-06	ND	Sheyenne Crossing Project	\$54,000	\$1,815	\$21,780	40.33%
27-Apr-06	NY	Fox Run at Orchard Park	\$57,026	\$3,157	\$37,884	66.43%
19-Jul-06	IL	Clare Oaks	\$50,000	\$1,906	\$22,872	45.74%
12-Oct-06	TX	Legacy at Willow Bend	\$58,951	\$3,263	\$39,156	66.42%
21-Dec-06	TX	The Village at Gleannloch Farms	\$54,763	\$2,728	\$32,736	59.78%
11-Jan-07	MD	Ingleside at King Farm	\$50,000	\$2,459	\$29,508	59.02%

ZIEGLER CAPITAL MARKETS

STARTUP DATABASE INFORMATION - Monthly Fees as a Percent of Income Qualification
 UPDATED: MAY 2008

Closing Date	State	Project Name	Income Qualification	Monthly Fee	Annualized Monthly Fee	Monthly Fee / Income Qualification	
28-Feb-07	WA	Skyline at First Hill	\$76,000	\$3,576	\$42,912	56.46%	
31-Jul-07	MA	Linden Ponds	\$35,000	\$1,910	\$22,920	65.49%	
01-Aug-07	VA	WindsorMeade of Williamsburg	\$50,000	\$3,152	\$37,824	75.65%	
17-Aug-07	IL	Sedgebrook	\$35,000	\$1,962	\$23,544	67.27%	
17-Oct-07	SC	The Woodlands at Furman	\$35,000	\$2,403	\$28,836	82.39%	
31-Oct-07	NY	Woodland Pond at New Paltz	\$75,000	\$3,195	\$38,340	51.12%	
12-Dec-07	IA	Edgewater	\$43,700	\$2,391	\$28,692	65.66%	
20-Dec-07	NY	The Amsterdam at Harborside	\$50,000	\$3,700	\$44,400	88.80%	
27-Dec-07	IL	Monarch Landing	\$35,000	\$1,989	\$23,868	68.19%	
						MIN	40.33%
						MAX	101.83%
						MEAN	65.19%
						MEDIAN	64.87%

Affordable Units in a Senior Care Facility

Page 1 of 2

From: Seibel, Milly

5 pages total

To: ~~From:~~ Zach Dahl [Zach.Dahl@ci.los-altos.ca.us]
Sent: Friday, July 18, 2008 4:09 PM
To: Seibel, Milly
Subject: RE: HCED Listserve Affordable Units in a Senior Care Facility

Hi Milly,

7/21/08

If you could email/fax me a copy of that agreement, that would be great. How old is the assisted living facility? Have there been any issues in enforcing the agreement and ensuring that low income seniors are living in the units?

Thanks and have a great weekend.

Zachary Dahl, AICP
 Associate Planner

City of Los Altos
 Community Development Department
 One North San Antonio Road
 Los Altos, CA 94022

(650) 947-2633
 (650) 947-2733 (f)
 zach.dahl@ci.los-altos.ca.us

Zach, the building was first occupied in Summer 2004, ~98% of the affordable units (100) have been occupied with the service component.

Here is the section on affordability (rent and services). Feel free to call or email with any questions.

Regards,
 Milly

From: Seibel, Milly [mailto:miseibel@ci.livermore.ca.us]
Sent: Friday, July 18, 2008 11:20 AM
To: Zach Dahl
Cc: Frost, Susan
Subject: RE: HCED Listserve Affordable Units in a Senior Care Facility

Zach, the City of Livermore has a 250-unit assisted living facility with 100 units affordable at 50% and 60% of the Area Median Income. There is a regulatory agreement in place that allows for services to be offered at a reduced rate. If you like I can dig out the agreement and fax over the relevant pages.

Milly
 Milly Seibel, Housing Specialist
 City of Livermore
 1052 S Livermore Ave. Livermore CA 94550
 Direct: 925.960.4583 Fax: 925.960.4149
 miseibel@ci.livermore.ca.us

From: hced-bounces@lists.cacities.org [mailto:hced-bounces@lists.cacities.org] **On Behalf Of** Zach Dahl
Sent: Thursday, July 17, 2008 3:03 PM
To: hced@lists.cacities.org
Subject: HCED Listserve Affordable Units in a Senior Care Facility

07/21/2008

RECORDING REQUESTED BY
FIRST AMERICAN TITLE
0129-610316

C

02-673

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

2002556352 11/27/2002 01:36 PM
OFFICIAL RECORDS OF RECORDING FEE: 541.00
ALAMEDA COUNTY
PATRICK O'CONNELL

Redevelopment Agency of the City of Livermore
1052 South Livermore Avenue
Livermore, California 94550
Attn: Executive Director



179 PGS

No fee for recording pursuant
to Government Code Section 27383

A15
179
T08

**FIRST AMENDED AND RESTATED
DISPOSITION AND DEVELOPMENT AGREEMENT**

by and among

THE REDEVELOPMENT AGENCY OF THE CITY OF LIVERMORE,

THE CITY OF LIVERMORE,

LIVERMORE SENIOR HOUSING ASSOCIATES, LLC,

and

VALLEYCARE SENIOR HOUSING, INC.

for the

**LIVERMORE SENIOR HOUSING
CONTINUUM OF CARE PROJECT**

Dated as of November 18, 2002

(36) month period and shall evidence this payment obligation in a form reasonably acceptable to the City and shall agree to pay the fee in effect at the time of recalculation.

Section 8.13 Sales and Use Tax Allocation.

(a) The Developer shall require that its contractors and subcontractors exercise their option to obtain a Board of Equalization subpermit for the jobsite and allocate all eligible use tax payments to the City. Prior to beginning the construction of the Congregate Care/Assisted Living Facility, the Developer shall require that its contractor and subcontractors provide the City with either a copy of the subpermit or a statement that use tax does not apply to their portion of the job. Nothing in this Section 8.13 shall require that payment of sales or use taxes greater than otherwise would be applicable.

(b) The Developer shall review the Direct Payment Process established under California Revenue and Taxation Code 7051.3 and, if eligible, use the permit so that the local share of its use tax payments is allocated to the City. The Developer shall provide the City with either a copy of the direct payment permit or a statement certifying ineligibility to qualify for the permit.

Section 8.14 Agency Approval of Ground Lessor Subordination. To facilitate financing for the construction and permanent financing of the Congregate Care/Assisted Living Facility, the Agency has approved that certain Ground Lessor Subordination, Estoppel and Agreement under which the Owner agrees to subordinate the Ground Lease and the Owner's fee in the Phase One Parcel to the security interests of the construction and permanent lender and the lien of the Agency Bond credit enhancer.

**ARTICLE 9.
AFFORDABILITY AND OCCUPANCY COVENANTS**

Section 9.1 Operation of Congregate Care/Assisted Living Facility. The Developer shall lease, operate and manage the Congregate Care/Assisted Living Facility after completion in full conformance with the terms of the Regulatory Agreement.

Section 9.2 Occupancy Requirement.

(a) **Very Low Income Units.** Twenty-five (25) of the one bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households. The Very Low Income Units shall have the following Congregate Care Unit and Assisted Living Unit mix:

<u>No. of Units</u>	<u>Type of Unit</u>
19	Congregate Care Units
6	Assisted Living Units

(b) **Low Income Units.** Seventy-five (75) of the one bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households. The Low Income Units shall have the following Congregate Care Unit and Assisted Living Unit mix:

<u>No. of Units</u>	<u>Type of Unit</u>
58	Congregate Care Units
17	Assisted Living Units

Section 9.3 Allowable Rent.

(a) **Very Low Income Rent.** Subject to the provisions of Section 9.3(c) below, the rent charged to tenants of the Very Low Income Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for assumed household size as specified in Section 9.3(c).

(b) **Low Income Rent.** Subject to the provisions of Section 9.3(c) below, the rent charged to tenants of the Very Low Income Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for assumed household size as specified in Section 9.3(c).

(c) **Assumed Household Size.** While any Federal Low-Income Housing Tax Credit regulatory agreement is in force, the Developer shall use the assumed household size per Unit that is required by the Low Income Housing Tax Credit program. Developer anticipates that the Developer will enter into a State of California Low-Income Housing Tax Credit regulatory agreement with a term of fifty-five (55) years. Twelve (12) months prior to the expiration of the Low-Income Housing Tax Credit regulatory agreement, if the term is less than fifty-five (55) years, the Developer and the Agency shall meet to determine whether the Community Redevelopment Law requires Developer to change the assumed household sizes per Unit. If no change is required, Developer may continue to use the assumed household sizes which were required by the Low Income Housing Tax Credit program.

Section 9.4 Income Certification. The Developer will obtain, complete and maintain on file, prior to initial occupancy and annually thereafter, income certifications from each household renting either a Low Income Unit or a Very Low Income Unit in conformance with the federal Low Income Housing Tax Credit program. Copies of household income certifications shall be available to the Agency upon request.

Section 9.5 Congregate Care and Assisted Living Services. The Developer shall cause the Operator to offer the congregare care services set forth in Exhibit L and the assisted living services set forth in Exhibit M to the households residing in the Congregate Care Units and the Assisted Living Units, respectively. The total price paid by a Very Low Income Household for congregare care services offered by the Operator to the Very Low Income Household, when added to the rent paid by that household for a Very Low Income Unit, shall not exceed sixty percent (60%) of fifty percent (50%) of the Alameda County Median, adjusted for family size.

The total price paid by a Very Low Income Household for assisted living services offered by the Operator for up to two activities of daily living (as identified in Exhibit M) to the Very Low Income Household, when added to the rent paid by that household for a Very Low Income Unit and the price paid for congregate care services by the Very Low Income Household, shall not exceed eighty percent (80%) of fifty percent (50%) of the Alameda County Median, adjusted for family size. The total price paid by a Low Income Household for congregate care services offered by the Operator to the Low Income Household, when added to the rent paid by that household for a Low Income Unit, shall not exceed sixty percent (60%) of sixty percent (60%) of the Alameda County Median, adjusted for family size. The total price paid by a Low Income Household for assisted living services offered by the Operator for up to two activities of daily living (as identified in Exhibit M) to the Low Income Household, when added to the rent paid by that household for a Low Income Unit and the price paid for congregate care services by the Low Income Household, shall not exceed eighty percent (80%) of sixty percent (60%) of the Alameda County Median, adjusted for family size. The adjustment for family size made pursuant to this Section 9.5 shall use the assumed household size set forth in Section 2.2(c)(1) of the Regulatory Agreement.

Section 9.6 Records. The Developer shall maintain complete, accurate and current records pertaining to the Project, and shall permit any duly authorized representative of the Agency to inspect records, including records pertaining to income and household size of tenants. All household lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Developer and shall be maintained as required by the Agency, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Agency. The Developer shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least three (3) years.

Section 9.7 Annual Report to Agency. Each year the Developer shall submit an annual report to the Agency, in a form approved by the Agency. The annual report shall include for each Unit covered by this Agreement, the rent and the income and household size of the household occupying the Unit. The report shall also state the date the tenancy commenced for each rental Unit and such other information as the Agency may be required by law to obtain. To meet the requirement of this Section 9.7, the Agency shall accept copies of the annual compliance reports submitted by the Developer to the California Tax Credit Allocation Committee and to the any issuer of tax exempt bonds, the proceeds of which are used to finance a portion of the Project.

ARTICLE 10. ASSIGNMENT AND TRANSFERS

Section 10.1 Definitions. As used in this Article 10, the term "Transfer" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement or of the Property

**EXHIBIT L
CONGREGATE CARE SERVICES
LIVERMORE SENIOR HOUSING PROJECT**

Basic Service Package

Social activities
Exercise and wellness programs
Educational and spiritual discussion groups
Presentations/discussion groups on S.S., S.S.I., Medicaid, local hospital programs and other state and federal programs
Support groups
Use of common facilities
Use of laundry facilities
Free parking

Congregate Care Service Package

Meal program (consists of two hot meals per day)
Group excursions (basic plan vs. Premium trip expenses option)
Assistance with insurance forms
Specific security controls
Shuttle service to public transportation, shopping and recreational activities (if appropriate, based on resident's health and mobility)

Post-It® Fax Note	7671	Date	7-28-08	# of pages	2
To	Zach Dahl	From	Milly Seibel		
Co./Dept.		Co.	Livermore		
Phone #		Phone #			
Fax #	650 947.2733	Fax #			

EXHIBIT M
ASSISTED LIVING SERVICES
LIVERMORE SENIOR HOUSING PROJECT

Basic Service Package

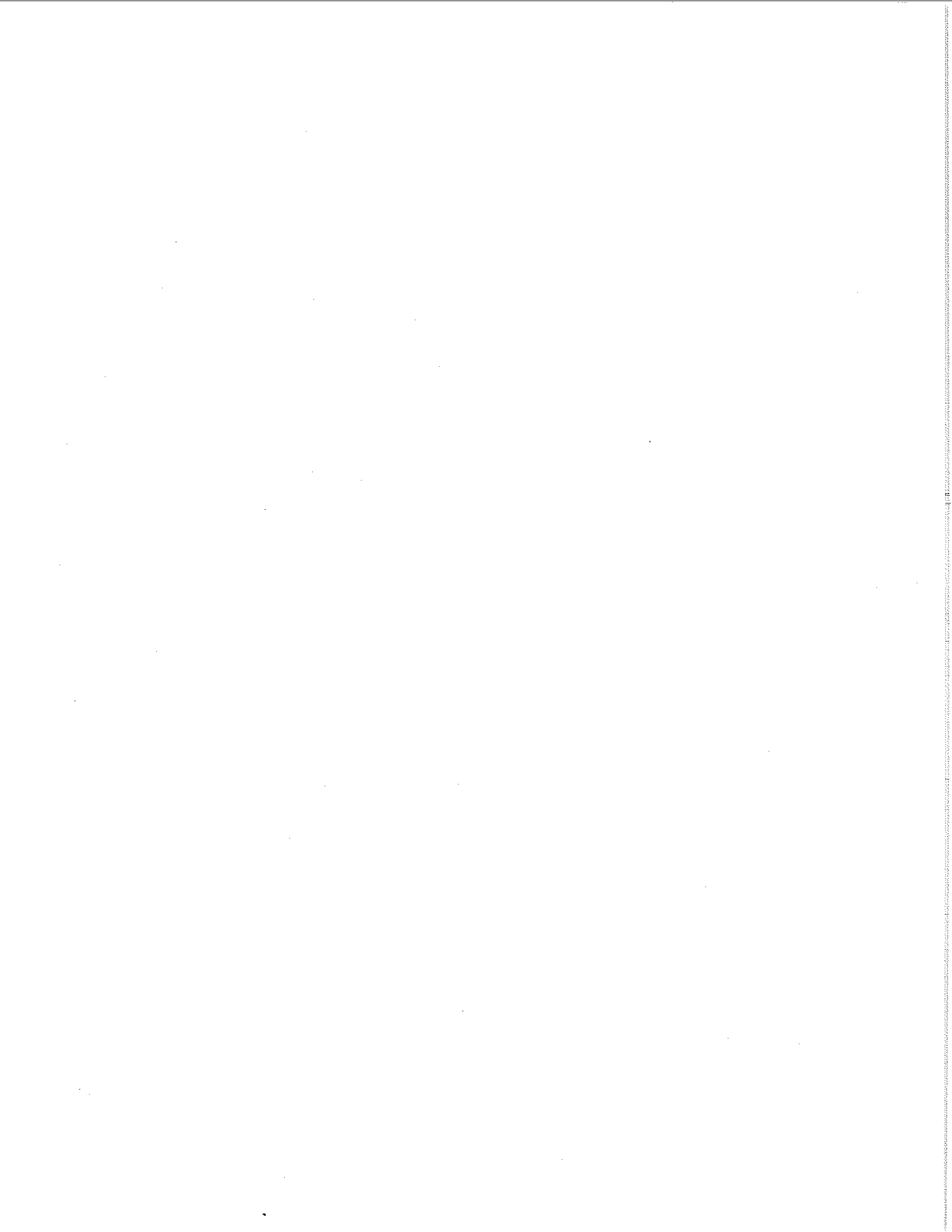
Social activities
Exercise and wellness programs
Educational and spiritual discussion groups
Presentations/discussion groups on S.S., S.S.I., Medicaid, local hospital programs and other state and federal programs
Support groups
Use of common facilities
Use of laundry facilities
Free parking

Congregate Care Service Package

Meal program (consists of two hot meals per day)
Group excursions (basic plan vs. Premium trip expenses option)
Assistance with insurance forms
Specific security controls
Shuttle service to public transportation, shopping and recreational activities (if appropriate, based on resident's health and mobility)

Foundation Assisted Living Service Package

Assistance with daily living activities (up to two of the following ADL's: bathing, dressing, eating, toileting, ambulating)
Housekeeping Foundation Package (weekly)
Laundry service Foundation Package (weekly)
Emergency assistance summons systems
Pickup and delivery of medical prescriptions (as legally permitted)
Delivery of basic grocery, health care, beauty and sundries to the residence common area lockers
Periodic health screenings
Nutritional counseling
Minor treatments (bandages, compresses, etc.)
Floral and vegetable gardens participation
Mail delivery



JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP
ATTORNEYS AT LAW
1100 ALMA STREET, SUITE 210
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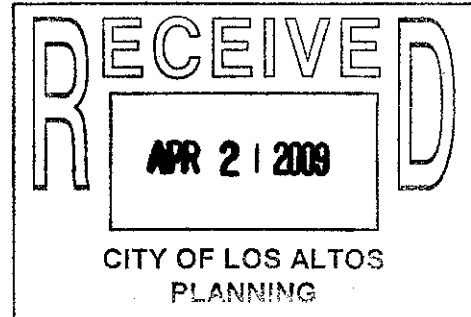
NICOLAS A. FLEGEL
LEIGH F. PRINCE
KRISTINA B. ANDERSON

OF COUNSEL
MARVIN S. SIEGEL
DAN W. COOPERIDER

RETIRED
JOHN D. JORGENSEN
JOHN R. COSGROVE

April 21, 2009

Los Altos School District
c/o Tim Justus, District Superintendent
201 Covington Road
Los Altos, CA 94024



Re: Proposed Pilgrim Haven Project

Dear Mr. Justus,

This letter is a follow up to my December 19, 2008 letter, which was a follow up to Pilgrim Haven's December 8, 2008 presentation to the Los Altos School District ("LASD") Board.

In my December 19, 2008 letter, I explained that Pilgrim Haven expected the entire proposed project to take 3 and ½ years. I also explained that this construction would take place in four phases moving westward from Los Altos Avenue. The first phase consists of removing the vacant Spagnoli buildings and constructing the modern Skilled Nursing and Memory Support elements of the community. In Phase 2, the old Skilled Nursing building will be removed and the new Assisted Living building constructed in its place. In Phase 3, the old Assisted Living buildings will be removed and the first two-thirds of the new Independent Living building and underground garage will be constructed. Finally, Phase 4 consists of removing the remaining older Independent Living buildings and completing the remaining one-third of the new Independent Living building and garage.

I also explained in December that each phase will have its own distinct levels of activity— site work, including demolition, grading and excavation/foundation work; vertical construction, including exterior building construction, framing and drywall; interior construction, including floor covering, painting and the like; and finally, move-in (which takes approximately two weeks upon completion of each phase). Noise levels are expected to be heaviest during site work, which includes the use of heavy equipment. Vertical construction is expected to have moderate noise; interior construction is expected to have light noise; and move-in will generate no noise.

As we assured the Board in December, Pilgrim Haven has continued to brainstorm about ways to reduce construction time. After much analysis, Pilgrim Haven concluded that it can assemble portions of the new buildings off-site. With this "pre-fabrication", Pilgrim Haven has been able to reduce the total length of construction by 6 months to a total of 3 years.

Each phase will take less than one year. The noisiest portion of each phase (site work) will take between 5 and no more than 11 weeks. Of that, only 3 weeks during each of Phase 3 and Phase 4 will be for excavation of the underground garage. The first 2 phases of the project have no underground garage. Attached to this letter is a graphic schedule, depicting the noise levels in each phase. Pilgrim Haven is pleased that it has been able to reduce the overall construction time, particularly the vertical construction time in each phase.

If you have any questions, please do not hesitate to contact me. I am also available to be present at the LASD Board meeting on April 27, 2009 to answer any questions you may have about the proposed project.

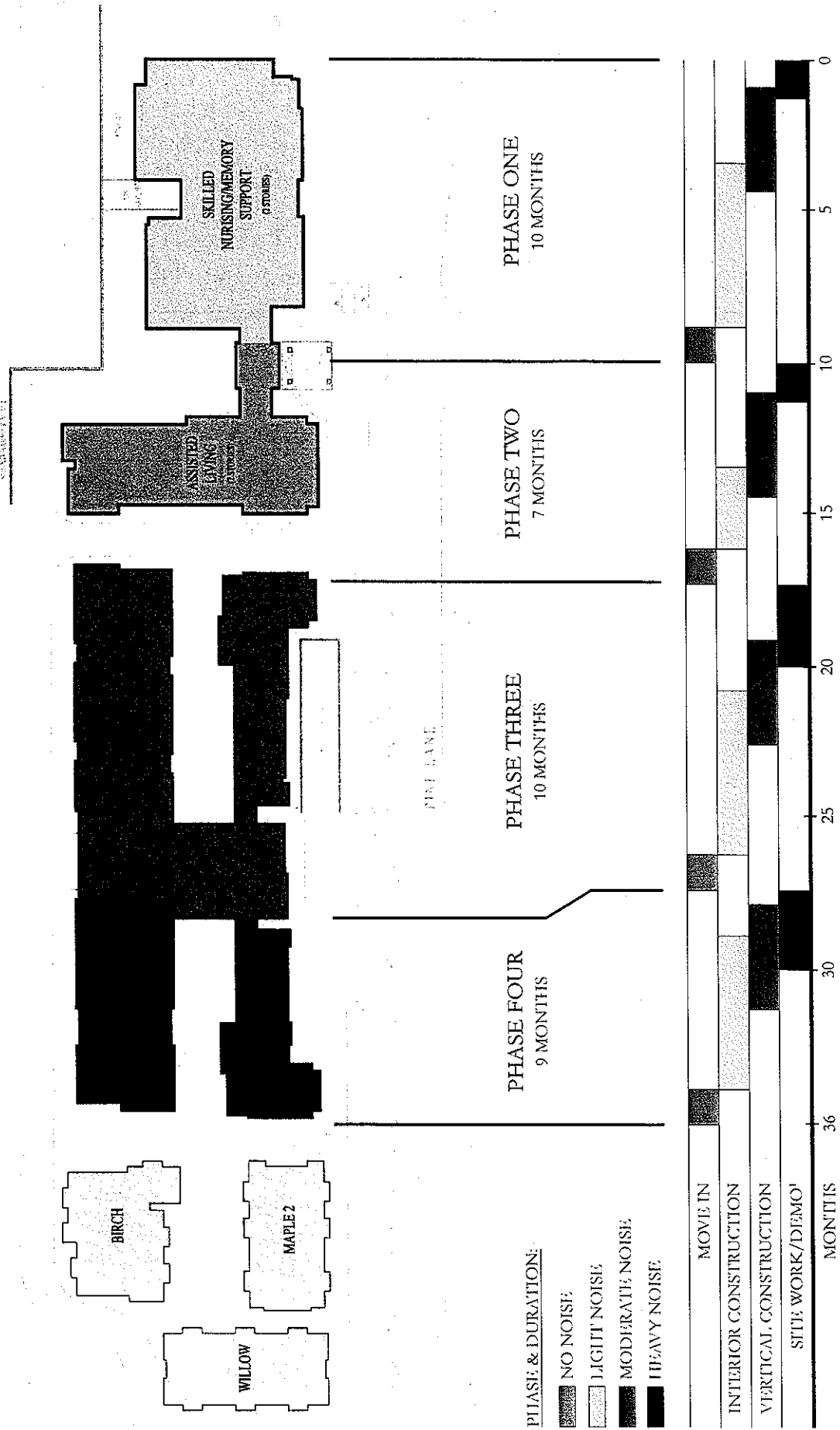
Sincerely yours,



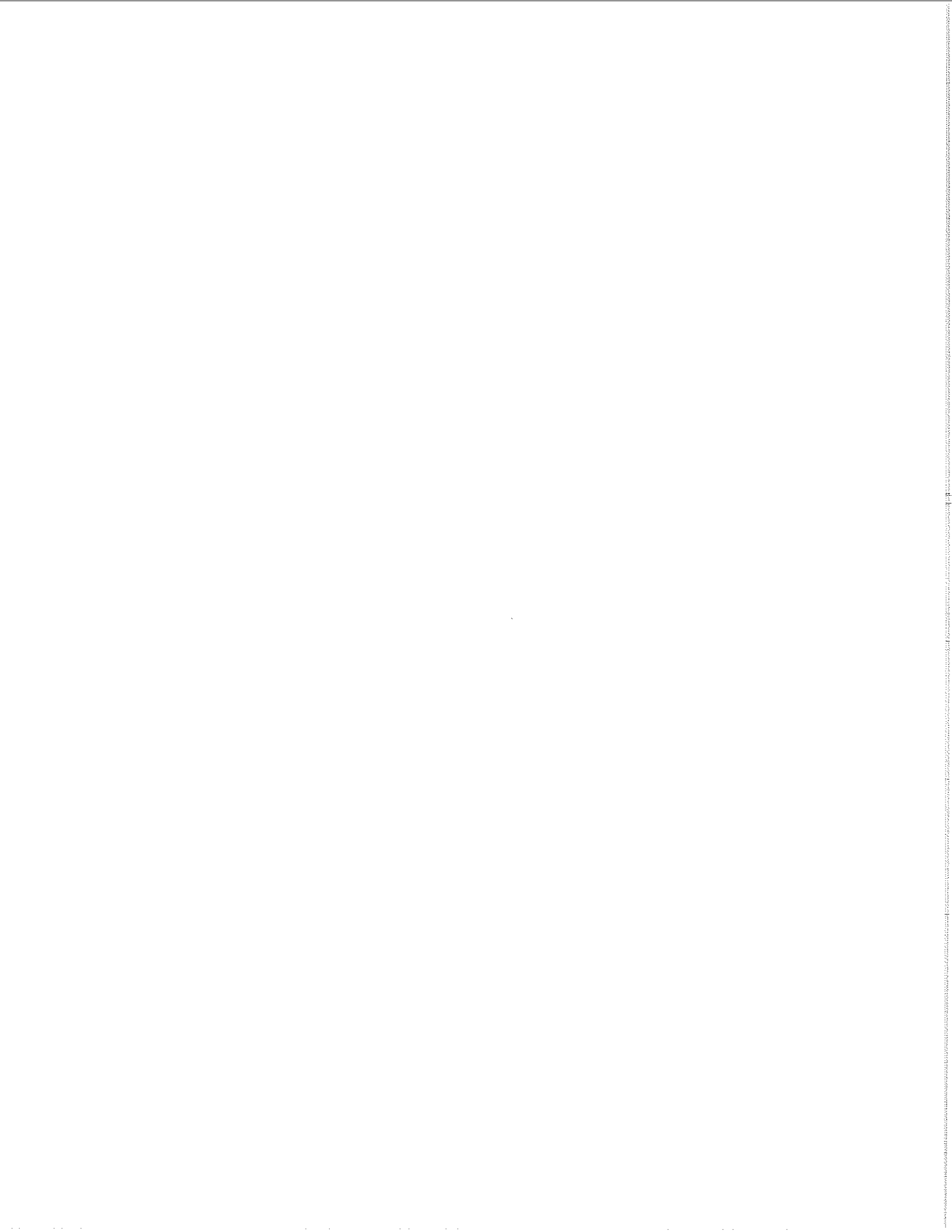
Margaret A. Sloan

Cc: Karen Jenney
Russell Mauk
Ric D'Amico
City Planning Commissioners
City Councilmembers

PHASES OF CONSTRUCTION: ESTIMATED NOISE LEVELS



1 Site Work/Demo with the heaviest construction noise will last a total of 6.25 months. Of that time, excavation of the parking garage will only take a total of 1.5 months.

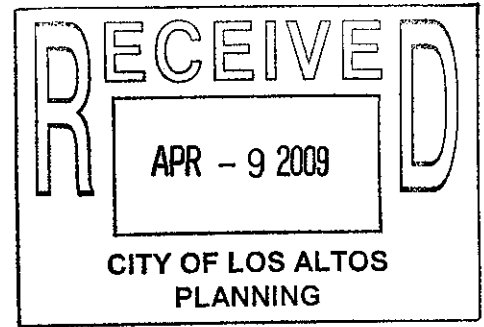




373 Pine Lane
Los Altos
California
9 4 0 2 2

650.948.8291
FAX 941.0372

*A Continuing
Care Retirement
Community*



April 7, 2009

To: Mr. Zach Dahl

I am enclosing a fee schedule for 2009 which includes all levels of care. I was informed that you needed this to process our application.

Please call if you need anything further.

Sincerely,

Karen Jenney
Executive Director



A Commitment to Excellence



American Baptist Homes
of the West

Non-Sectarian in Retirement
Living and Health Care

License Number:
430708050

PILGRIM HAVEN FEES - 2009



		Contract Options			Meals	Monthly Fees	
Residential Living	Fully Amortized	50% Rebate	80% Rebate		One Person	Two Persons	
Studio Room	\$44,650	\$64,743	\$89,300	3	\$2,606		
Studio Apartment	Ranges from \$69,800 to \$97,000	Ranges from \$101,210 to \$140,650	Ranges from \$139,600 to \$194,000	1	\$2,580		
One Bedroom	Ranges from \$114,400 to \$257,000	Ranges from \$165,880 to \$372,650	Ranges from \$228,800 to \$514,000	1	\$3,526 or \$3,949	\$3,976 or \$4,399	
Two Bedroom	Ranges from \$218,300 to \$372,300	Ranges from \$316,535 to \$539,835	Ranges from \$436,600 to \$744,600	1	\$4,072 or \$4,511	\$4,522 or \$4,961	
Assisted Living	Fully Amortized	50% Rebate	80% Rebate		One Person with Entrance Fee	One Person without Entrance Fee	
Private Room	\$44,650	\$64,743	\$89,300	3	\$4,171	\$4,621	
Health Center (Skilled Nursing)							
Daily Rate							
Private Room				3	\$320 or \$342		
Semi-Private Room				3	\$253 or \$260		
Multi-bed Rooms				3	\$233		

All rates are subject to change with 30-days notice.

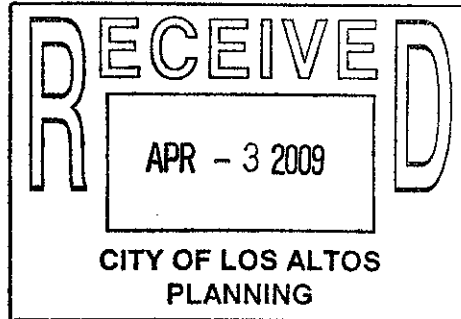


**LOS ALTOS
SCHOOL DISTRICT**

brighter minds make
a world of difference

201 Covington Road • Los Altos, CA 94024
650-947-1150 (tel) • 650-947-0118 (fax)

Tim Justus
Superintendent
tjustus@lasdschools.org



April 1, 2009

Doug Schmitz, City Manager
City of Los Altos
1 N. San Antonio Road
Los Altos, CA 94022

Dear Doug,

The district would like to request the gate that is currently in place between Pilgrim Haven and Santa Rita School be taken out of any modernization plans. Having students enter and leave the school site through that gate can place students in an unsafe situation as they walk through the Pilgrim Haven complex.

Sincerely,

Tim Justus
District Superintendent



JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP

ATTORNEYS AT LAW

1100 ALMA STREET, SUITE 210

MENLO PARK, CALIFORNIA 94025-3392

(650) 324-9300

FACSIMILE (650) 324-0227

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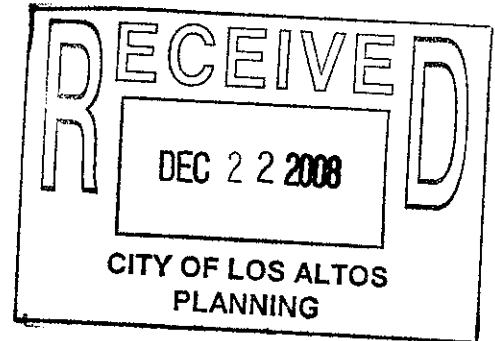
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December 19, 2008

Los Altos School District
c/o Tim Justus, District Superintendent
201 Covington Road
Los Altos, CA 94024



Re: Proposed Pilgrim Haven Project

Dear Mr. Justus,

On December 8, 2008, Karen Jenney, Executive Director of Pilgrim Haven, and I spoke to the Los Altos School District ("LASD") Board. In particular, Karen presented an overview of Pilgrim Haven's proposed project and I addressed the points raised in your October 3, 2008 letter to the City of Los Altos ("City"). That letter, which comments on the Draft EIR for the proposed project, will be responded to by the City's environmental consultant in the Final EIR. However, Karen and I wanted to address directly the issues in the letter, especially since there were some inaccuracies in the letter and some additional mitigations that have been added to the proposed project since the Draft EIR was published. On December 8, the Board asked that I put my comments in writing.

As Karen pointed out on December 8, Pilgrim Haven is a non-profit continuing care facility which has served Los Altos and surrounding communities for 60 years by providing independent living, assisted living and skilled nursing units for seniors. Most of Pilgrim Haven was built in an earlier time when individual units were quite small, and there was an absence of modern recreation, dining and social activity space. Today's seniors are healthier and live longer; Pilgrim Haven currently has a five year waiting list. The goal of the project is (1) to modernize individual space and add more common spaces and (2) to expand and change the unit mix to add more independent living units, reduce the number of skilled nursing units and add memory support units, while keeping the overall density of units the same.

The remainder of this letter addresses the headings in your October 3, 2008 letter.

Density and Height

We do not believe the buildings proposed substantially increase the density. Today, Pilgrim Haven has 153 units¹ on 4.8 acres; the project proposes 181 units on 6 acres, a slight reduction in the number of units per acre from 32 units/acre to 30 units/acre. If one were to consider density in terms of residents, the results are the same. Although the members fluctuate, today Pilgrim Haven has approximately 36 residents per acre on 4.8 acres; the project anticipates approximately 35 residents per acre on 6 acres, a slight decrease.

The project increases the square footage of Pilgrim Haven primarily to increase the square footage of individual spaces and common spaces. With regard to individual units, most couples today prefer two bedroom units or more roomy one bedroom units. With regard to common spaces, Pilgrim Haven lacks enough areas for exercise, computers, hobby areas, dining options and gathering places.

We also do not believe the proposed project substantially increases building heights. Although Pilgrim Haven is proposing the back side of the independent living building be three stories, these three stories fit within the City's 30 foot height limit. Several buildings that are adjacent to the school today are 30 feet in height. However, to address your concern about decreased daylight, we understand the environmental consultant is conducting a shadow study that will be included in the Final EIR.

To address your other comments in this section, we do not believe that independent living seniors, most of whom are active and out of the building or in common areas during school hours, pose a safety threat to students. We agree with you that water runoff issues can be mitigated. The Draft EIR did not find any water runoff issues; drainage will be retained on site and will not run off toward the school.

Noise

The Draft EIR concludes that these are no significant environmental impacts as a result of the proposed project except for short term construction noise. We realize that construction is unpleasant for neighbors, and that as our public facilities, schools and residences renovate, neighbors are concerned. It must be remembered that those that are affected most by noise and other construction impacts are the Pilgrim Haven residents themselves. Pilgrim Haven has contractual obligations to protect the residents' health and safety and, of course, the last thing we want to have happen is that the burdens of the project on our own residents outweigh the benefits to them. For these reasons, we are

¹Each independent living unit is counted as a unit; to be conservative each assisted living bed and each skilled nursing bed is counted as a unit, even though there might be 2 beds to a room.

planning to do everything we can to keep noise, dust and other construction impacts to a minimum.

Pilgrim Haven has analyzed how to reduce the length of construction and now expects the entire project to take 3 and ½ years. We are continuing to brainstorm about ways to reduce the construction time; however, it is not possible to displace Pilgrim Haven's current senior residents during construction, as they are provided with continuing care - meals, activities, medical assistance - and other Pilgrim Haven communities are full, and, of course, located outside of Los Altos, away from residents' friends and families. It must be remembered that the planned construction takes place in four sequential phases moving westward from Los Altos Avenue. As each phase is completed, the residents living in the next phase are moved into the completed one. Within each phase, there is some noisy external work, but also some less noisy, internal finish work and a period of time while residents move in.

At no time are decibels anticipated to be 100; the Draft EIR notes that during certain times of heavy equipment use, the construction noise could reach 91 decibels at 50 feet from the site and 85 decibels at 100 feet from the site. We think your letter offers excellent suggestions as to ways to mitigate the short-term noise effects and agree to the following:

1. A full time acoustic monitor during construction will be available to respond immediately to complaints.
2. Construction noise can be kept to a minimum on Fridays from 8:20 a.m. to 9:00 a.m., when the school is holding an outdoor assembly.
3. Additionally, one of Pilgrim Haven's neighbors suggested suspending noisy construction during standardized test days, and we are happy to accommodate this request.

It is not anticipated that there will be additional noise after construction is complete. The additional residents, as pointed out above, will be spread over 6 acres. It is hard to imagine a type of resident that would be quieter than a senior citizen. There will be no outdoor public address system. No more ambulance trips are anticipated, especially, since the number of skilled nursing units is being reduced. No more deliveries are anticipated. Traffic increase is minimal, as noted in the EIR.

Pollution

As you point out, the older buildings may contain lead based paint and/or asbestos that need to be removed. As I'm sure you know from working to renovate schools, the state and federal regulations regarding testing of surfaces to ascertain the presence and the actual removal of these substances is extremely strict. None of these substances is