Environmental Planning Commission

Agenda Number: 01
Project Number: 1007412
Case #: 17EPC-40024, 40025, 40026
Hearing Date: January 11, 2018

Second Supplemental Staff Report (Remand) to be read with the August 10, 2017 Staff Report and September 14, 2017 Supplemental Staff Report

Agent	Consensus Planning
Applicant	SP Albuquerque, LLC
Request	**Zone Map Amendment (Zone Change), Site Development Plan for Subdivision, Site Development Plan for Building Permit**
Legal Description	Tract B-2, Yorba Linda Subdivision & Tract A, Hoffmantown Baptist Church Site
Location	Harper Rd NE between Wyoming Blvd NE and Ventura St NE
Size	14.2 acres
Existing Zoning	SU-1 for Church and Related Facilities
Proposed Zoning	SU-1 for Senior Living Facility and Related Services including on-premise liquor consumption

Staff Recommendation

APPROVAL of Case # 17EPC-40024 based on the Findings beginning on Page #18, and subject to the Condition of Approval beginning on Page #28.

APPROVAL of Case # 17EPC-40025 based on the Findings beginning on Page #28, and subject to the Conditions of Approval beginning on Page #37.

APPROVAL of Case # 17EPC-40026 based on the Findings beginning on Page #37, and subject to the Conditions of Approval beginning on Page #46.

Staff Planner
Michael Vos, AICP – Planner

Summary of Analysis

This three-part request was previously approved at the September 14, 2017 EPC hearing.

The approval was appealed by the Cherry Hills Civic Association and heard by the Land Use Hearing Officer (LUHO) on November 16, 2017. The LUHO recommended, and the Council passed, a remand of the matter back to the EPC for a new hearing based on procedural issues and to create a better record regarding the approriateness or inappropriateness of the existing zoning, taking into consideration the alleged changed community conditions.

The applicant has provided additional information regarding their changed community conditions justification, including a redacted market study that was required to be included in the record by the LUHO. The site development plans remain unchanged from the last hearing of this matter.

Staff again recommends approval with the updated findings and conditions as outlined in this supplemental staff report.

Map

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I. INTRODUCTION

A. Overview

This is a three-part request for a zone map amendment (zone change) for the subject property from SU-1 for Church and related uses to SU-1 for Senior Living Facility and Related Services including on-premise liquor consumption, along with an associated Site Development Plan for Subdivision and Site Development Plan for Building Permit.

On remand, the applicant submitted additional information as part of a revised justification letter addressing changed community conditions. Neither site development plan has changed since the September 14, 2017 hearing.

This second supplemental staff report is intended to be read in conjunction with the original August 10, 2017 staff report and the September 14, 2017 supplemental staff report, which are both available online: http://www.cabq.gov/planning/boards-commissions/environmental-planning-commission/epc-staff-reports

The Environmental Planning Commission (EPC) heard this request at the September 14, 2017 hearing following a deferral from the August 10, 2017 hearing that allowed additional time for a facilitated meeting to occur. The EPC approved the request by a 6-1 vote, and concerns of the neighbors at that time included increased traffic and access issues, the amount of parking and potential spillover into the neighborhood, and the three-story height of the buildings affecting privacy and views among others.

B. Appeal and LUHO Hearing

An agent representing the Cherry Hills Civic Association filed an appeal of the EPC decision on September 28, 2017 (AC-17-11) arguing that the decision was arbitrary and capricious and that there was a lack of substantial evidence to justify the request, as well as harm to the neighborhood, and procedural issues.

The hearing before the Land Use Hearing Officer (LUHO) was held on November 16, 2017. The LUHO determined in his recommendation that cross-examination was not afforded as required by the EPC rules of procedure and that significant evidence in the record regarding changed community conditions and the appropriateness or inappropriateness of the exsiting zoning under R-270-1980 was not well developed. The LUHO recommendation, which was accepted by the City Council on December 18, 2017, is attached to this report.

C. Remand and Instructions

Based on the LUHO recommendation, City Council remanded this case back to the EPC for a new (de novo) hearing because of the procedural defect. The EPC is rehearing this case in full and the cross examination issue can be addressed at the new hearing. As the

case is being reheard, additional information was submitted by the applicant regarding the evidence cited by the LUHO, and the evidence can be reconsidered and better developed in the new hearing and resultant findings of the EPC.

II. ANALYSIS of APPLICABLE ORDINANCES, PLANS AND POLICIES

A. Albuquerque Comprehensive Zoning Code

Please see the original August 10, 2017 staff report for specific information regarding the existing and requested zone designations.

B. Albuquerque / Bernalillo County Comprehensive Plan

Policy Citations are in Regular Text; Staff Analysis is in ***Bold Italics***

The subject site is located in the area designated Area of Consistency by the Comprehensive Plan. Only limited updates were done to the Comprehensive Plan analysis. Please refer to the original August 10, 2017 staff report for a full analysis with changes as noted below:

Policy 5.6.3 Areas of Consistency: Protect and enhance the character of existing single-family neighborhoods, areas outside of Centers and Corridors, parks, and Major Public Open Space.

b) Ensure that development reinforces the scale, intensity, and setbacks of the immediately surrounding context.

The request furthers Policy 5.6.3 b) because the zone change has been carefully considered with regard to its surrounding context, and the proposed site design as shown by the accompanying Site Development Plan for Building Permit incorporates a large front setback similar to the adjacent church, the building height steps down closer to the street and Cherry Hills neighborhood, and the proposed facility is of a density comparable to development in the surrounding area.

Policy 5.6.4 Appropriate Transitions: Provide transitions in Areas of Change for development abutting Areas of Consistency through adequate setbacks, buffering, and limits on building height and massing.

a) Provide appropriate transitions between uses of different intensity or density and between non-residential uses and single-family neighborhoods to protect the character and integrity of existing residential areas.

The request furthers Policy 5.6.4 a) because an appropriate transition has been incorporated into the site design between the Cherry Hills neighborhood and the proposed senior living facility that includes a large setback and landscaped berm. In addition, the maximum height of 40 feet is set a minimum of 272 feet away from Harper Road and at least 120 feet from the closest eastern property line.

b) Minimize development's negative effects on individuals and neighborhoods with respect to noise, lighting, air pollution, and traffic.

The request furthers Policy 5.6.4 b) because the proposed senior living use is a low traffic generating use that will be a good neighbor to the church, school, and single-family neighborhood as shown by a traffic analysis submitted by the applicant. The proposed lighting in the parking areas are proposed to be 16 feet in height, and all lighting must be compliant with the New Mexico Night Sky and City Zoning regulations.

Goal 9.1 Supply: Ensure a sufficient supply and range of high-quality housing types that meet current and future needs at a variety of price levels to ensure more balanced housing options.

Policy 9.1.1 Housing Options: Support the development, improvement, and conservation of housing for a variety of income levels and types of residents and households.

c) Assure the availability of a wide distribution of quality housing for all persons regardless of race, color, religion, sex, national origin, ancestry, age, or disabled status.

e) Provide for the development of quality housing for elderly residents.

i) Provide for the development of multi- family housing close to public services, transit, and shopping.

The request furthers Policy 9.1.1 because it will add another quality housing option for seniors that will help ensure the availability of such housing, which is shown by the applicant's market study to be undersupplied in the 3-mile Primary Market Area, with access to community services such as the Cherry Hills library, access to transit, and is not far from a variety of shopping and other commercial options.

C. Facility Plan for Arroyos (Rank II)

The Facility Plan for Arroyos was adopted in 1986 and establishes guidelines and procedures in order to create a multi-purpose network of recreational trails and open space among arroyos.

The subject site is located along the South Pino Arroyo, which is designated as a Major Open Space Link under the plan. Major Open Space Links are scheduled for the development of corridor plans that will locate recreational trails forming continuous east-to-west connections between peripheral major public open spaces such as the Sandia Foothills, the West Mesa Escarpment and the Rio Grande Bosque. The plan states that the South Pino Arroyo has the potential to link Sims Park in the foothills with the Rio Grande Bosque by way of the North Diversion Channel (p. 36).

The request furthers the Facility Plan for Arroyos by providing a land use that fits within the "medium-density residential, commercial and institutional uses" that were under consideration between Wyoming Blvd and Ventura Street (p. 36). The proposed development is consistent with the design guidelines for development adjacent to a major open space link by orienting buildings with entrances and windows facing the open space and landscaping the open space edge using native and naturalized plant materials.

The proposed development <u>furthers</u> Drainage Policy 1 and Multiple Use Policy 4 by maintaining the arroyo for its primary drainage purpose, providing access for maintenance, and working with AMAFCA and FEMA to coordinate any changes or modifications related to stabilizing channel treatments.

The request <u>furthers</u> Multiple Use Policy 5 – Land Use Compatibility by adding a density of housing and jobs adjacent to an arroyo channel that will provide users who will maximize the usefulness of future trails.

<u>Policy 1</u> – Drainage Facilities Within Designated Major Open Space Links: Wherever feasible, the design of drainage facilities within Major Open Space Links shall be sensitive to their function as an open space recreational arroyo, incorporating naturalistic channel stabilization treatments such as gabions and ungrouted riprap. Tinted concrete or soil cement may be used in limited applications such as in low flow channels or as needed to control erosion at points where developed runoff enters the arroyo.

The request <u>furthers</u> Major Open Space Links Policy 1 by proposing a naturalistic channel stabilization treatments and landscaping that will be coordinated with AMAFCA and FEMA.

<u>Policy 5</u> – Landscaping within the Public Right-of-Way: Landscaping of a portion of drainage rights-of-way including reseeding of disturbed land with low maintenance native plant materials and native shrubs or trees and vegetative ground covers shall be encouraged.

The request <u>furthers</u> Major Open Space Links Policy 5 by reseeding the drainage right-of-way with a variety of native ground covers.

DESIGN GUIDELINES – Orientation

<u>Policy 1A</u>: Multi-storied residential, office, and commercial developments having windows facing onto the arroyo shall be encouraged.

<u>Policy 1B</u>: Wherever feasible, development adjacent to the arroyo should orient toward and place landscaped public open areas adjacent to the arroyo right-of-way. These entries may necessarily constitute minor or secondary entries with the main entry oriented to the parking area or the street. Where this is not feasible, pedestrian access from the arroyo corridor to a building entry shall be required.

The request <u>furthers</u> Design Guidelines Policy 1 by proposing a development that includes windows and entrances facing toward the South Pino Arroyo drainage right-of-way.

<u>Policy 2 – Open Areas</u>: Site plans for multi-family residential developments adjacent to the arroyo should incorporate landscaped, open areas adjacent to the arroyo right-of-way.

The proposed project <u>furthers</u> Design Guidelines Policy 2 – Open Areas by providing a landscaped open space between the proposed parking area and the South Pino Arroyo.

<u>Policy 3 – Parking and Service Areas</u>: When a parking or service area is located adjacent to the drainage right-of-way, pedestrian and bicycle access should be provided. A

minimum 20-foot landscaped setback from the arroyo right-of-way is recommended, with sufficient screening provided to conceal views from the arroyo to the parking area. Landscaping should consist of native or naturalized plant species and vegetative groundcovers. The screening element should consist of one or more of the following: low walls, shrubs, trees, earth forms (berms).

Only a portion of the proposed project's parking is located at the rear of the facility adjacent to the South Pino Arroyo. Where parking is located there is a minimum 20-foot landscaped setback that includes trees and natural vegetative groundcover, which will screen the parking areas from the arroyo, thus <u>furthering</u> Design Guidelines Policy 3.

<u>Policy 4 – Walls</u>: Continuous perimeter walls should not be located adjacent to the arroyo right-of-way. Where fencing is required for privacy or security reasons, the following guidelines will apply: Fences and walls adjoining the arroyo corridor right-of-way should have staggered, landscaped setbacks, varied heights or provide openings for visual access into public open areas within the development from the arroyo corridor; Specific materials for solid fences and walls shall be determined by the individual arroyo corridor plan. Stucco over concrete block, brick, stone, or wood are recommended as suitable materials.

A continuous wall is not proposed along the arroyo edge of the property, but rather a landscaped area is located between the building, parking, and access areas and the South Pino Arroyo, so the request <u>furthers</u> Design Guidelines Policy 4.

<u>Landscaping – Policy 1</u>: Except in park sections, the landscaping of public open areas on private development adjacent to the drainage right-of-way should consist primarily of nature or naturalized vegetation with the predominate form being tree masses, preferably drought resistant shade trees located in clusters offset from the right-of-way.

Private landowners have a responsibility to maintain landscaping adjacent to the arroyo corridor as a complementary action to the City's responsibility to maintain the public right-of-way.

The private developer will install clusters of trees in accordance with the proposed landscape plan within the Site Development Plan for Building Permit and maintain that landscaping on their own, so the request <u>furthers</u> Landscaping Policy 1.

D. Resolution 270-1980

Policies for Zone Map Change Applications

This Resolution outlines policies and requirements for deciding zone map change applications pursuant to the Comprehensive City Zoning Code. There are several tests that must be met and the applicant must provide sound justification for the change. The burden is on the applicant to show why a change should be made, not on the City to show why the change should not be made.

The applicant must demonstrate that the existing zoning is inappropriate because of one of three findings: there was an error when the existing zone map pattern was created; or changed neighborhood or community conditions justify the change; or a different use category is more advantageous to the community, as articulated in the Comprehensive Plan or other City master plan.

E. Analysis of Applicant's Justification

Note: Policy is in regular text; Applicant's justification is in *italics*; staff's analysis is in ***bold italics***

a) A proposed zone change must be found to be consistent with the health, safety, morals, and general welfare of the city.

Please refer to the applicant's justification letter and staff analysis found in the original August 10, 2017 staff report regarding R-270-1980 Policy A.

b) Stability of land use and zoning is desirable; therefore the applicant must provide a sound justification for the change. The burden is on the applicant to show why the change should be made, not on the city to show why the change should not be made.

While stability in land use and zoning is desirable, a change in land use and zoning is warranted if the change is consistent with the character of the neighborhood or is in the best interest of the community. In this case, the change in zoning proposed by the Applicant will allow the use of long vacant land in a way that is compatible with the surrounding neighborhood and is in the best interests of the neighborhood and the wider community by allowing the development of a high quality, senior living facility on long vacant and underutilized land that will help serve an unmet need in an area that has a significantly higher median age than the rest of Albuquerque (see above Population Trends Analysis). The senior living uses (residential, institutional, and support services) proposed will benefit and are compatible with the surrounding institutional, residential, and commercial uses on the Albuquerque Academy and Hoffmantown Church properties, Cherry Hills neighborhood, and the community commercial development on Wyoming Boulevard and Harper Road. All of the property between Wyoming Boulevard and Ventura Street, and Harper Road and Academy Boulevard have SU-1 zoning, which requires site plan approval for all proposed development.

The site has proven to be much larger than the Hoffmantown Church needs; therefore, a significant portion has remained vacant for 32 years since the existing zoning was established in 1985. Hoffmantown Church has determined that this portion of its property is surplus to the operation of the Church and to its strategic vision of future direction (see Hoffmantown Church Memo, dated December 31, 2017). The approved Hoffmantown Church Site Plan for Building Permit allows 511,000 square feet in building; however, only 161,000 square feet has been built. The proposed project presents an opportunity for a long-term, committed, and

experienced senior living development to stabilize land use and zoning in this location.

The proposed uses are compatible with the Albuquerque Academy's existing zoning of SU-1 for PRD (approved in 1979) and the Site Plan for Subdivision (subsequently approved by the Environmental Planning Commission in the 1980s) for 146 acres of School Uses, 57 acres of Townhouse Use with a maximum density of 8 dwelling units per acre, 38 acres of R-LT (townhouse uses), 25 acres of Mixed Office and Residential Uses with Incidental Commercial use with a Maximum Floor Area Ratio (FAR) of 1.0, 13 acres of R-2 uses (maximum density of 30 dwelling units per acre), 12 acres of Neighborhood Commercial, and 5 acres of Neighborhood Park.

The SU-1 zoning designation will be retained. It requires a much higher level of review and provides a process that helps to maintain the integrity and values of existing adjacent neighborhoods by providing the opportunity for residents to participate and offer input relative to the proposed development.

The proposed zoning category, as an SU-1 designation is restrictive in the allowed uses, and the proposed Senior Living Facility use is compatible with and similar in intensity to the adjacent church and school, as well as the zoning of adjacent vacant lands that may develop in the future with a variety of residential uses of varying densities. The density of approximately 12.7 units per acre for the proposed senior living facility is also similar to existing developments found nearby that are consistent with the surrounding R-1 zoning.

c) A proposed change shall not be in significant conflict with adopted elements of the Comprehensive Plan or other city master plans and amendments thereto, including privately developed area plans which have been adopted by the city.

Please refer to the policy analysis section of this second supplemental staff report, the original August 10, 2017 staff report, and the applicant's justification letter for a thorough review of applicable plans and policies.

d) The applicant must demonstrate that the existing zoning is inappropriate because:

(1) There was an error when the existing zone map pattern was created; or

(2) Changed neighborhood or community conditions justify the change; or

(3) A different use category is more advantageous to the community, as articulated in the Comprehensive Plan or other city master plan, even though (D)(1) or (D)(2) above do not apply.

Item (2): Changed Neighborhood or Community Conditions

The existing zoning (SU-1 for Church & Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility) is inappropriate due to changed community conditions that justify the proposed zone map amendment.

Changed neighborhood and community conditions include:

1) The 14-acre property has remained vacant and unused since its current zoning was approved in 1985 and the residential neighborhoods to the east and north have fully developed. Furthermore, Hoffmantown Church does not have the need to build the additional approved square footage allowed by the approved Site Development Plan for Building Permit. Hoffmantown Church determined that the subject property is surplus and has no need for the property. It is common knowledge that churches do not co-locate directly adjacent to other churches. This fact underscores the unlikelihood that that the property can be sold to another owner who can use the property with its existing narrow zoning of SU-1 for Church & Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility. Thus, the site as currently zoned will remain vacant and unused (see attached memo from Hoffmantown Church dated December 31, 2017).

2) Additional evidence supporting the overall reduced market demand for church-zoned property is the continuing decline in church attendance since this single use zoning for the subject property was established in 1985. Thomas Costello (Reach Right, January 3, 2017) notes the decline in church attendance with younger generations, noting that only 28% of Americans between 23 and 37 attend church, while attendance by older generations range between 43% and 52%. Further, 59% of millennials who grew up in churches are leaving and 85% of churches in the United States are either declining or plateauing. People are simply seeking different ways to worship.

Kelly Shattuck (7 Startling Facts: An Up Close Look at Church Attendance in America, Church leaders, December 14, 2017) notes:

"In 1990, 20.4 percent of the population attended an Orthodox Christian church on any given weekend. In 2000, that percentage dropped to 18.7 percent and to 17.7 percent by 2004. Olson explains that while church attendance numbers have stayed about the same from 1990 to 2004, the U.S. population has grown by 18.1 percent - more than 48 million people. "So even though the number of attendees is the same, our churches are not keeping up with population growth," he says.

Well-known church researcher and author Thom Rainer notes that the failure of churches to keep up with the population growth is one of the church's greatest issues heading into the future. In a 2002 survey of 1,159 U.S. churches, Rainer's research team found that only 6 percent of the churches were growing—he defines growth as not only increasing in attendance, but also increasing at a pace faster than its community's population growth rate. "Stated inversely, 94 percent of our churches are losing ground in the communities they serve," he says."

Tobin Grant (The Great Decline: 60 years of religion in one graph, Religion News Service, January 27, 2014) also notes "Over the past fifteen years, the drop in religiosity has been twice as great as the decline of the 1960s and 1970s." He notes further "The number of people with no religion is growing. Fewer people say that religion is an important part of their lives."

[Overview of site and area history removed for purposes of this report and is found in the applicant's updated justification letter, which is attached.]

Since the 1965 annexation and the 1985 adoption of the existing zoning, all of the property north of Harper Road and east of Ventura Road has been developed with residential subdivisions. The Albuquerque Academy campus has developed as an educational institution and the Hoffmantown Church has developed only 161,000 square feet with the church and related improvements. In light of the subsequent 2017 Comprehensive Plan that encourages infill development, the fact that the subject site has been vacant and undeveloped for over half a century since annexation and for 32 years under its existing zoning amounts to a changed neighborhood condition. In light of the restricted single-purpose use imposed under the existing SU-1 zoning, the fact that Hoffmantown Church, the owner and seller of the subject site, has indicated that it has no intention of developing the subject site for church-related uses is also a changed neighborhood condition (see attached Hoffmantown Church letter dated December 31, 2017).

3) From a sociological standpoint, the aging of the community, most strikingly, the North Albuquerque CPA and the North Albuquerque CPA Subarea, has a significantly older median age than the rest of Albuquerque and is continuing this aging trend. In 2016, the median age for Albuquerque as a whole was 36.0 years, whereas the median age for the North Albuquerque CPA and the North Albuquerque CPA Subarea was significantly older at 41.7 years and 47.1 years, respectively. In addition, population trends between 2010 and 2016 show that the strongest growth category across all three geographic areas studied is in the 65-85+ cohort (see Population Trends analysis above). The 65-85+ age cohort in the North Albuquerque CPA Subarea is 26% of the population versus 14% for the City of Albuquerque as a whole.

Our analysis shows population characteristics that point to changed neighborhood and community conditions within the North Albuquerque CPA (which Cherry Hills subdivision is part of) and the North Albuquerque CPA Subarea (which is a small area in closer proximity to Cherry Hills subdivision).

The demand for quality senior housing and services is large and growing. As shown in our population trends analysis, and as the "baby boomer" generation continues to age, retire, downsize, and require more support services, more seniors will need access to different housing options and access to a variety of care options. The 2017 Market Study, prepared prior to this project application (and submitted to the LUHO as part of the appeal), concluded that IL, AL, and MC are under-supplied within the 3-mile Primary Market Area studied (see attachment). In addition to the growing need for this type of housing, the City Comprehensive Zoning Code does not expressly allow the mix of uses required for senior living communities. The zone change request will allow a special use geared specifically towards seniors, their needs, and compatibility with the surrounding uses that will serve the needs of this population segment in Albuquerque.

Item (3): A Different Use Category is More Advantageous to the Community

The existing zoning (SU-1 for Church and Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility) is also inappropriate because the proposed zoning to allow a senior living community with three levels of care is more advantageous to the community. The Hoffmantown Church has owned this land for over 32 years and has not developed the site to its fullest potential. A senior living community that is designed to blend in with the surrounding built and natural environment is more advantageous to the community than vacant and underutilized land, as demonstrated by the Comprehensive Plan goal and policy responses above. Senior housing facilities should be located within neighborhoods in proximity to services, not away from them, as we do not as a community want to place our seniors in isolated locations disconnected from neighborhoods.

As mentioned previously, the proposed project will serve as a good neighbor to the adjacent neighborhood and developments and will produce little noise, light, or traffic. A senior living community will produce less traffic than a church expansion, which the current SU-1 zoning allows. The Applicant is proposing 180 units at 12.7 dwelling units per acre, which will generate significantly less traffic than any other potential use allowed by the current zoning. The driving needs for the senior residents will be significantly less than other multi-family or single family uses because many of their needs will be provided on-site and a shuttle will be provided for appointments and shopping trips.

In addition to less traffic generation, the parking requirements needed for senior living facilities is far less than other types of residential or commercial uses. This will allow for more outdoor activity areas and landscape improvements.

Applicant Conclusion: Changed neighborhood and community conditions exist when privately-owned urban land that has been fallow since annexation in 1965 is no longer suitable or desirable for the very narrow single-purpose use of its existing SU-1 zoning established 32 years ago. As a consequence of the unmet demand for senior living facilities and the contribution to a balance of harmonious uses that a senior living facility would add to the neighborhood, the zone change is also more advantageous to the community than the narrowly restricted single-purpose zoning that presently limits the site to a church-related use that has experienced reduced demand since 1985. The zoning proposed by the Applicant is also narrow and single-purpose, but the advantage to the community is that this zoning will permit a productive use that is demonstrably increasingly in demand for the neighborhood and community. The Applicant's proposed project presents an opportunity for a long-term, committed, and experienced senior living development that will enhance land use and zoning in this location.

First, the existing zoning is inappropriate because of changed community conditions since it was granted in 1985. The approved church site plan for the site that allows for a significant expansion is no longer needed or desired by the church, as demonstrated by their letter submitted by the applicant and by the development of the private park on part of the church property, which is different than the original plans. The existing building suits the church's needs, and has for

the past 30-plus years while the surrounding neighborhoods developed and no additional demand for church space was created. This is in line with general trends related to church membership highlighted in the applicant's justification letter. In addition, over those 30 years, the City of Albuquerque and the community surrounding the subject site have continued to age significantly, which is demonstrated by the demographic analysis performed by the applicant. Specifically, the older (65-85+) segment of the population went from 8 percent in 1980 up to 14 percent in 2016. The North Albuquerque CPA and a smaller geographic area closer surrounding the subject site and Cherry Hills neighborhood show that in recent years, the community around the subject site has seen an even higher percentage change in this older population than the city as a whole, and these changed conditions justify the change of zoning to allow for the proposed senior living use.

Second, the existing zoning is also inappropriate because the proposed different use category for senior housing and related services is more advantageous to the community as articulated by the Comprehensive Plan. The changing demographics demonstrated by the applicant are in line with trends highlighted in the 2017 Albuquerque/Bernalillo County Comprehensive Plan. The market study completed for this project and submitted by the applicant also supports a need and demand for such facilities within the Primary Market Area located within 3 miles of the subject site. As such, and as demonstrated by the policy analysis in the original August 10, 2017 staff report and this second supplemental staff report above, as well as the justification letter submitted by the applicant, the zone change is justified as it is more advantageous to the community by providing infill development, senior housing options, and site design in accordance with the Comprehensive Plan and the Facility Plan for Arroyos.

e) A change of zone shall not be approved where some of the permissive uses in the zone would be harmful to adjacent property, the neighborhood, or the community.

The proposed zoning is specifically crafted for a senior living community, and as such, the permissive uses under this single use zoning will not be harmful to adjacent property, the neighborhood, or the community. The permissive uses will allow for support services to the residents only. A senior living community will not be harmful, and in fact, will be a good neighbor to the adjacent Cherry Hills neighborhood, Hoffmantown Church, and Albuquerque Academy. This development will be less impactful than what is currently allowed by the existing zoning, as related to traffic generation, noise, or views. The project is designed with a significant landscape buffer and setback (average of 150 feet from the right-of-way) from Harper Road, thereby minimizing any potential impact to the neighborhood. A large proportion of the houses in the Cherry Hills subdivision are 2-story located on lots ranging from approximately 7,140 square feet to approximately 14,200 square feet. These houses are in far closer proximity to each other as compared to the distance between these

houses and the proposed senior living facility, which is separated from the neighborhood by an 86-foot right-of-way and a minimum setback of 90 feet.

As this request is for an SU-1 zone that does not reference a base zone district from the Comprehensive City Zoning Code, it is tailored only to allow a Senior Living Facility with services on-site to support such a facility. As the only permissive use on the site, controlled by the accompanying site development plans, this request will not be harmful to adjacent property, the neighborhood, or the community because it will produce a small amount of traffic or other impacts especially compared to other uses existing or allowed in the surrounding area.

f) A proposed zone change which, to be utilized through land development, requires major and unprogrammed capital expenditures by the city may be:

(1) Denied due to lack of capital funds; or

(2) Granted with the implicit understanding that the city is not bound to provide the capital improvements on any special schedule.

Please refer to the applicant's justification letter and staff analysis found in the original August 10, 2017 staff report regarding R-270-1980 Policy F.

g) The cost of land or other economic considerations pertaining to the applicant shall not be the determining factor for a change of zone.

Please refer to the applicant's justification letter and staff analysis found in the original August 10, 2017 staff report regarding R-270-1980 Policy G.

h) Location on a collector or major street is not in itself sufficient justification for apartment, office, or commercial zoning.

Please refer to the applicant's justification letter and staff analysis found in the original August 10, 2017 staff report regarding R-270-1980 Policy H.

i) A zone change request which would give a zone different from surrounding zoning to one small area, especially when only one premise is involved, is generally called a "spot zone." Such a change of zone may be approved only when:

(1) The change will clearly facilitate realization of the Comprehensive Plan and any applicable adopted sector development plan or area development plan; or

(2) The area of the proposed zone change is different from surrounding land because it could function as a transition between adjacent zones; because the site is not suitable for the uses allowed in any adjacent zone due to topography, traffic, or special adverse land uses nearby; or because the nature of structures already on the premises makes the site unsuitable for the uses allowed in any adjacent zone.

Please refer to the applicant's justification letter and staff analysis found in the original August 10, 2017 staff report regarding R-270-1980 Policy I.

j) A zone change request, which would give a zone different from surrounding zoning to a strip of land along a street is generally called "strip zoning." Strip commercial zoning will be approved only where:

(1) The change will clearly facilitate realization of the Comprehensive Plan and any adopted sector development plan or area development plan; and

(2) The area of the proposed zone change is different from surrounding land because it could function as a transition between adjacent zones or because the site is not suitable for the uses allowed in any adjacent zone due to traffic or special adverse land uses nearby.

Please refer to the applicant's updated justification letter and staff analysis found in the original August 10, 2017 staff report regarding R-270-1980 Policy J.

III. SITE DEVELOPMENT PLAN FOR SUBDIVISION

No changes have been made to the Site Development Plan for Subdivision since the August 10, 2017 EPC hearing. Please refer to the original August 10, 2017 staff report for details.

IV. SITE DEVELOPMENT PLAN FOR BUILDING PERMIT

No changes have been made to the Site Development Plan for Building Permit since the September 14, 2017 EPC hearing. Please refer to the original August 10, 2017 staff report and September 14, 2017 first supplemental staff report for details.

V. AGENCY & NEIGHBORHOOD CONCERNS

A. Reviewing Agencies

Please refer to the previous August 10, 2017 and September 14, 2017 staff reports for agency comments.

B. Neighborhood/Public

The Cherry Hills Civic Association (CHCA), District 4 Coalition of Neighborhood Associations, and neighbors within 100 feet were notified of this request, as required. Please refer to the original August 10, 2017 and September 14, 2017 first supplemental staff reports for detailed neighborhood concerns and the results of a facilitated meeting.

There is significant neighborhood opposition to this request, and many neighbors expressed the view that the project would be inconsistent with the neighborhood and lead to a lower quality of life. The CHCA appealed the original approval of this request, leading to the remand and rehearing to afford time for cross-examination and to reconsider and better develop the evidence and findings regarding changed community conditions and the appropriateness or inappropriateness of the existing zoning.

C. Appellants' Request for Additional Time

City Council accepted the LUHO recommendation, thus remanding the case back to the EPC, on December 18, 2017. Following this action staff placed the project on the January 11, 2018 EPC hearing agenda, as requested by the applicant; however, the agent for the appellants has submitted a letter stating this was done too soon and requesting more time be afforded to address the LUHO and City Council findings and recommendations by waiting to hear the item until the February 2018 EPC hearing. The appellants' letter is attached to this report, and it is up to the EPC whether or not to grant the request for additional time.

VI. CONCLUSION

This is a three part request for a Zone Map Amendment from SU-1 for Church and related facilities and SU-1 for Church and related facilities and a Telecommunication Facility to SU-1 for Senior Living Facility and related services, including on-premise liquor consumption, a Site Development Plan for Subdivision, and a Site Development Plan for Building Permit for an approximately 14.14 acre site located on Harper Road NE between Wyoming Blvd NE and Ventura Street NE. The purpose of the zone change and site development plan requests is to allow for development of a senior living facility on the subject site that will provide a combination of independent living, assisted living, and memory care services totaling 180 units.

The Zoning Code requires that applicants requesting SU-1 Special Use zoning submit a site development plan to the Environmental Planning Commission (EPC) for review and approval. The applicant has submitted a Site Development Plan for Subdivision showing the portion of the subject lots where the new zoning will apply, access locations, and where a future application will subdivide the property. A Site Development Plan for Building Permit is also before the EPC showing how the applicant intends to develop the site including building locations and setbacks, heights, parking and circulation, landscaping, elevations, and other design elements.

The request for the zone change and accompanying site development plans are consistent with and further numerous Comprehensive Plan policies related to infill development, housing options, economic development, and urban design. The request is also consistent with the Facility Plan for Arroyos.

The Cherry Hills Civic Association, District 4 Coalition, and property owners within 100 feet were notified of the request. A facilitated meeting was held, and there is significant known opposition to this request.

Staff recommends approval of all three portions of the request with the findings and subject to the recommended conditions of approval within this second supplemental staff report. Findings and Conditions different than those included in the September 14, 2017 supplemental staff report are in **bold font**.

FINDINGS, Zone Map Amendment

Project # 1007412, Case # 17EPC-40024

1. This is a request for a zone map amendment (zone change) for Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site located on Harper Road NE between Wyoming Blvd NE and Ventura Street NE and containing approximately 14.14 acres.

2. The request is to change the zoning of the subject site from SU-1 for Church and related facilities and SU-1 for Church and related facilities and a Telecommunication Facility to SU-1 for Senior Living Facility and related services, including on-premise liquor consumption.

3. The existing zoning of the subject site only allows for church and related uses, so a zone change is necessary to allow the proposed senior living facility.

4. The Albuquerque/Bernalillo County Comprehensive Plan, Facility Plan for Arroyos, and the City of Albuquerque Zoning Code are incorporated herein by reference and made part of the record for all purposes.

5. The subject site is within the Area of Consistency of the Comprehensive Plan. The request is in general compliance with and furthers the following applicable goals and policies of the Comprehensive Plan:

   Policy 4.1.2 Identity and Design: Protect the identity and cohesiveness of neighborhoods by ensuring the appropriate scale and location of development, mix of uses, and character of building design.

   The request furthers Policy 4.1.2 because the site was designed to minimize the impact of the building scale on adjacent residential uses through large setbacks and building orientation along with materials, colors, and landscape design.

   Policy 5.2.1 Land Uses: Create healthy, sustainable, and distinct communities with a mix of uses that are conveniently accessible from surrounding neighborhoods.

   a) Encourage development and redevelopment that brings goods, services, and amenities within walking and biking distance of neighborhoods and promotes good access for all residents.

   The request furthers Policy 5.2.1 a) because it brings additional senior housing and services, as well as employment within walking and biking distance of existing neighborhoods, as well as the proposed facility being in a convenient location with good access to walking trails and less than one mile to a library, shopping, and other commercial activities.

   b) Encourage development that offers choice in transportation, work areas, and lifestyles.

   The request furthers Policy 5.2.1 b) because the proposed development offers a choice in lifestyle for seniors who want a smaller place to live or need more care, and is in a location

with good access to the major road network, will provide shuttle service, and is less than half a mile from a transit stop.

d) Encourage development that broadens housing options to meet a range of incomes and lifestyles.

The request furthers Policy 5.2.1 d) because it broadens housing options for seniors to include independent living, assisted living, and memory care.

h) Encourage infill development that adds complementary uses and is compatible in form and scale to the immediately surrounding development.

The request furthers Policy 5.2.1 h) because senior living is a low impact, institutional land use that is complementary to the existing institutional and single-family residential nature of the surrounding neighborhoods and has been designed to lessen the impacts of its size through building orientation and setbacks as shown in the accompanying Site Development Plan for Building Permit.

n) Encourage more productive use of vacant lots and under-utilized lots, including surface parking.

The request furthers Policy 5.2.1 n) because it will bring a productive use to a vacant piece of land.

Goal 5.3 Efficient Development Patterns: Promote development patterns that maximize the utility of existing infrastructure and public facilities and the efficient use of land to support the public good.

Policy 5.3.1 Infill Development: Support additional growth in areas with existing infrastructure and public facilities.

The request furthers Policy 5.3.1 because it supports growth in an area with existing infrastructure including roadways and all utilities in an infill location not at the urban edge.

Policy 5.3.3 Compact Development: Encourage development that clusters buildings and uses in order to provide landscaped open space and/or plazas and courtyards.

The request furthers Policy 5.3.3 because it clusters the proposed units in a building at the center of the subject site leaving space that has been utilized for landscaping and courtyards around the facility and along the adjacent arroyo.

Policy 5.6.3 Areas of Consistency: Protect and enhance the character of existing single-family neighborhoods, areas outside of Centers and Corridors, parks, and Major Public Open Space.

b) Ensure that development reinforces the scale, intensity, and setbacks of the immediately surrounding context.

The request furthers Policy 5.6.3 b) because the zone change has been carefully considered with regard to its surrounding context, and the proposed site design as shown by the accompanying Site Development Plan for Building Permit incorporates a large front setback similar to the adjacent church, the building height steps down closer to the street and Cherry Hills neighborhood, and the proposed facility is of a density comparable to development in the surrounding area.

Policy 5.6.4 Appropriate Transitions: Provide transitions in Areas of Change for development abutting Areas of Consistency through adequate setbacks, buffering, and limits on building height and massing.

a) Provide appropriate transitions between uses of different intensity or density and between non-residential uses and single-family neighborhoods to protect the character and integrity of existing residential areas.

The request furthers Policy 5.6.4 a) because an appropriate transition has been incorporated into the site design between the Cherry Hills neighborhood and the proposed senior living facility that includes a large setback and landscaped berm. In addition, the maximum height of 40 feet is set a minimum of 272 feet away from Harper Road and at least 120 feet from the closest eastern property line.

b) Minimize development's negative effects on individuals and neighborhoods with respect to noise, lighting, air pollution, and traffic.

The request furthers Policy 5.6.4 b) because the proposed senior living use is a low traffic generating use that will be a good neighbor to the church, school, and single-family neighborhood as shown by a traffic analysis submitted by the applicant. The proposed lighting in the parking areas are proposed to be 16 feet in height, and all lighting must be compliant with the New Mexico Night Sky and City Zoning regulations.

Policy 6.2.1 Complete Networks: Design and build a complete, well-connected network of streets and trails that offer multiple efficient and safe transportation choices for commuting and daily needs.

The request furthers Policy 6.2.1 because it will maintain a six-foot crusher fines trail adjacent to Harper Road along with a six-foot sidewalk similar to what exists in front of the Hoffmantown Church, which connects to the nearest bus stops as well as the larger trail system around Albuquerque Academy and the proposed trail along the South Pino Arroyo.

Policy 7.3.1 Natural and Cultural Features: Preserve, enhance, and leverage natural features and views of cultural landscapes.

a) Minimize alteration of existing vegetation and topography in subdivision and site design.

The request furthers Policy 7.3.1 a) because it utilizes the existing topography, both the slope and berm along Harper Road, and incorporates it into the site design to minimize the development's impacts on adjacent properties. The proposal will modify the South Pino

Arroyo floodplain, but the applicant is working with AMAFCA and FEMA to ensure that the impacts of this change are minimized and the function of the arroyo are unaffected.

Policy 7.3.2 Community Character: Encourage design strategies that recognize and embrace the character differences that give communities their distinct identities and make them safe and attractive places.

a) Design development to reflect the character of the surrounding area and protect and enhance views.

b) Encourage development and site design that incorporates CPTED principles.

e) Encourage high-quality development that capitalizes on predominant architectural styles, building materials, and landscape elements.

The request furthers Policy 7.3.2 because it takes into account the natural topography while incorporating design elements that are found in the surrounding area including Hoffmantown Church, Academy Campus, and the Cherry Hills neighborhood. The site design includes CPTED principles such as gated access and site lighting that increases security for residents.

Policy 7.3.4 Infill: Promote infill that enhances the built environment or blends in style and building materials with surrounding structures and the streetscape of the block in which it is located.

b) Promote buildings and massing of commercial and office uses adjacent to single-family neighborhoods that is neighborhood-scale, well-designed, appropriately located, and consistent with the existing development context and neighborhood character.

The request furthers Policy 7.3.4 b) because it is appropriately set back from Harper Road and oriented to reduce long unbroken facades from facing the neighborhood. The tallest portions of the building are farthest from the nearby homes, and the overall the building is similar in height and massing to the neighboring Hoffmantown Church.

Policy 7.4.3 Off-street Parking Design: Encourage well-designed, efficient, safe, and attractive parking facilities.

b) Incorporate trees, vegetation, and pervious surfaces in parking areas to mitigate environmental impacts, minimize heat and glare, and improve aesthetics.

c) Ensure safe pedestrian pathways in parking areas that connect to building entrances, adjacent roadways, and adjacent sites.

The request furthers Policy 7.4.3 b) and c) by providing most of the site parking to the sides and rear of the proposed building with only a smaller visitor parking lot at the front. All parking areas are landscaped with required trees and other shrubs. The berm along Harper Road will also help improve the aesthetics of the parking areas from the public right-of-way. Pedestrian pathways are provided at both vehicular entrances and connect around the entire site to multiple building entrances and courtyards.

Goal 7.5 Context-Sensitive Site Design: Design sites, buildings, and landscape elements to respond to the high desert environment.

Policy 7.5.1 Landscape Design: Encourage landscape treatments that are consistent with the high desert climate to enhance our sense of place.

a) Design landscape and site improvements to complement the individual site, the overall appearance of the corridor, and surrounding land uses.

b) Design landscapes and vegetation to be consistent with the microclimate of the site location as well as within the site.

c) Discourage planting of higher water use species outside of riparian microclimates, the Middle Rio Grande Conservancy District, or areas served by swales.

d) Incorporate xeric site design principles to establish an oasis area and transition areas, identify beneficial placement for plant species, and maximize shade in summer months.

The request furthers Policy 7.5.1 because the plant palette has been selected to be consistent with the high desert climate and trees have been thoughtfully placed for their specific needs while providing shade to residents. Cottonwoods are along the arroyo edge and Japanese Maples are in protected courtyard spaces. All plantings except for a small section of turf are low to medium water use.

Policy 8.1.2 Resilient Economy: Encourage economic development efforts that improve quality of life for new and existing residents and foster a robust, resilient, and diverse economy.

c) Prioritize local job creation, employer recruitment, and support for development projects that hire local residents.

The request furthers Policy 8.1.2 c) because the proposed facility will create approximately 68 jobs for local residents.

Goal 9.1 Supply: Ensure a sufficient supply and range of high-quality housing types that meet current and future needs at a variety of price levels to ensure more balanced housing options.

Policy 9.1.1 Housing Options: Support the development, improvement, and conservation of housing for a variety of income levels and types of residents and households.

c) Assure the availability of a wide distribution of quality housing for all persons regardless of race, color, religion, sex, national origin, ancestry, age, or disabled status.

e) Provide for the development of quality housing for elderly residents.

i) Provide for the development of multi- family housing close to public services, transit, and shopping.

The request furthers Policy 9.1.1 because it will add another quality housing option for seniors that will help ensure the availability of such housing, which is shown by the applicant's market study to be undersupplied in the 3-mile Primary Market Area, with access to community services such as the Cherry Hills library, access to transit, and is not far from a variety of shopping and other commercial options.

Policy 9.2.1 Compatibility: Encourage housing development that enhances neighborhood character, maintains compatibility with surrounding land uses, and responds to its development context - i.e. urban, suburban, or rural - with appropriate densities, site design, and relationship to the street.

The request furthers Policy 9.2.1 because it has been designed with a density appropriate for its suburban context with a large setback and other site design elements to minimize the impacts of the structure on the adjacent neighborhood while maintaining features such as the arroyo and existing multi-use path along Harper Road.

Policy 11.3.2 Arroyos: Preserve and enhance arroyos identified in the Rank 2 Facility Plan for Arroyos as important cultural landscapes.

The request furthers Policy 11.3.2 by preserving the stormwater function of the South Pino Arroyo and working through the appropriate channels to make modifications to the floodplain while ensuring downstream impacts are minimized. Bank stabilization and proposed landscaping are appropriate for an arroyo edge, and the proposal is consistent with the Facility Plan for Arroyos.

Policy 11.3.5 Sandia Mountains: Protect views of the Sandia Mountains from key vantages within public rights-of-way, along corridors, and from strategic locations as an important cultural feature of the region.

The request furthers Policy 11.3.5 because the site design takes into account the existing topography and the proposed setback from Harper Road creates a view corridor toward the mountains east of the subject site.

Policy 12.1.4 Drainage and Flood Control: Reduce or eliminate flooding by improving ponding and drainage capacities in an environmentally sensitive manner through the development process and in coordination with flood control agencies.

a) Minimize and mitigate storm water run-off from development by limiting the amount and extent of impervious surfaces and encouraging landscaped medians and parking swales.

b) Preserve natural drainage functions of arroyos to the extent possible and use naturalistic design treatment when structural improvements are required for flood control.

The request furthers Policy 12.1.4 by coordinating the use and modification of the South Pino Arroyo with the appropriate flood control agencies, utilizing landscape areas and ponding on-site to the greatest extent possible, and using naturalistic treatments for bank stabilization of the arroyo channel.

6. The request is adjacent to the South Pino Arroyo, which is a Major Open Space Link in the Rank II Facility Plan for Arroyos.

   The request furthers the Facility Plan for Arroyos by providing a land use that fits within the "medium-density residential, commercial and institutional uses" that were under consideration between Wyoming Blvd and Ventura Street (p. 36). The proposed development is consistent with the design guidelines for development adjacent to a major open space link by orienting buildings with entrances and windows facing the open space and landscaping the open space edge using native and naturalized plant materials.

   The proposed development furthers Drainage Policy 1 and Multiple Use Policy 4 by maintaining the arroyo for its primary drainage purpose, providing access for maintenance, and working with AMAFCA and FEMA to coordinate any changes or modifications related to stabilizing channel treatments.

   The request furthers Multiple Use Policy 5 – Land Use Compatibility by adding a density of housing and jobs adjacent to an arroyo channel that will provide users who will maximize the usefulness of future trails.

   Policy 1 – Drainage Facilities Within Designated Major Open Space Links: Wherever feasible, the design of drainage facilities within Major Open Space Links shall be sensitive to their function as an open space recreational arroyo, incorporating naturalistic channel stabilization treatments such as gabions and ungrouted riprap. Tinted concrete or soil cement may be used in limited applications such as in low flow channels or as needed to control erosion at points where developed runoff enters the arroyo.

   The request furthers Major Open Space Links Policy 1 by proposing a naturalistic channel stabilization treatments and landscaping that will be coordinated with AMAFCA and FEMA.

   Policy 5 – Landscaping within the Public Right-of-Way: Landscaping of a portion of drainage rights-of-way including reseeding of disturbed land with low maintenance native plant materials and native shrubs or trees and vegetative ground covers shall be encouraged.

   The request furthers Major Open Space Links Policy 5 by reseeding the drainage right-of-way with a variety of native ground covers.

   DESIGN GUIDELINES – Orientation

   Policy 1A: Multi-storied residential, office, and commercial developments having windows facing onto the arroyo shall be encouraged.

   Policy 1B: Wherever feasible, development adjacent to the arroyo should orient toward and place landscaped public open areas adjacent to the arroyo right-of-way. These entries may necessarily constitute minor or secondary entries with the main entry

oriented to the parking area or the street. Where this is not feasible, pedestrian access from the arroyo corridor to a building entry shall be required.

The request <u>furthers</u> Design Guidelines Policy 1 by proposing a development that includes windows and entrances facing toward the South Pino Arroyo drainage right-of-way.

<u>Policy 2 – Open Areas</u>: Site plans for multi-family residential developments adjacent to the arroyo should incorporate landscaped, open areas adjacent to the arroyo right-of-way.

The proposed project <u>furthers</u> Design Guidelines Policy 2 – Open Areas by providing a landscaped open space between the proposed parking area and the South Pino Arroyo.

<u>Policy 3 – Parking and Service Areas</u>: When a parking or service area is located adjacent to the drainage right-of-way, pedestrian and bicycle access should be provided. A minimum 20-foot landscaped setback from the arroyo right-of-way is recommended, with sufficient screening provided to conceal views from the arroyo to the parking area. Landscaping should consist of native or naturalized plant species and vegetative groundcovers. The screening element should consist of one or more of the following: low walls, shrubs, trees, earth forms (berms).

Only a portion of the proposed project's parking is located at the rear of the facility adjacent to the South Pino Arroyo. Where parking is located there is a minimum 20-foot landscaped setback that includes trees and natural vegetative groundcover, which will screen the parking areas from the arroyo, thus <u>furthering</u> Design Guidelines Policy 3.

<u>Policy 4 – Walls</u>: Continuous perimeter walls should not be located adjacent to the arroyo right-of-way. Where fencing is required for privacy or security reasons, the following guidelines will apply: Fences and walls adjoining the arroyo corridor right-of-way should have staggered, landscaped setbacks, varied heights or provide openings for visual access into public open areas within the development from the arroyo corridor; Specific materials for solid fences and walls shall be determined by the individual arroyo corridor plan. Stucco over concrete block, brick, stone, or wood are recommended as suitable materials.

A continuous wall is not proposed along the arroyo edge of the property, but rather a landscaped area is located between the building, parking, and access areas and the South Pino Arroyo, so the request <u>furthers</u> Design Guidelines Policy 4.

<u>Landscaping – Policy 1</u>: Except in park sections, the landscaping of public open areas on private development adjacent to the drainage right-of-way should consist primarily of nature or naturalized vegetation with the predominate form being tree masses, preferably drought resistant shade trees located in clusters offset from the right-of-way.

Private landowners have a responsibility to maintain landscaping adjacent to the arroyo corridor as a complementary action to the City's responsibility to maintain the public right-of-way.

The private developer will install clusters of trees in accordance with the proposed landscape plan within the Site Development Plan for Building Permit and maintain that landscaping on their own, so the request <u>furthers</u> Landscaping Policy 1.

7. The applicant has justified the zone change request pursuant to *R-270-1980* as follows:

   A. The applicant's updated justification letter dated **January 2, 2018** and the policies cited and analyzed in Findings 5 and 6 substantiate the claim that the request is consistent with the health, safety, morals, and general welfare of the city.

   B. The proposed zoning category, as an SU-1 designation is restrictive in the allowed uses, and the proposed Senior Living Facility use is compatible with and similar in intensity to the adjacent church and school, as well as the zoning of adjacent vacant lands that may develop in the future with a variety of residential uses of varying densities. The density of approximately 12.7 units per acre for the proposed senior living facility is also similar to existing developments found nearby that are consistent with the surrounding R-1 zoning.

   C. The request is consistent with and furthers adopted plans and policies, including the Comprehensive Plan and Rank II Facility Plan for Arroyos as summarized in Findings 5 and 6.

   D. First, the existing zoning is inappropriate because of changed community conditions since it was granted in 1985. The approved church site plan for the site that allows for a significant expansion is no longer needed or desired by the church, as demonstrated by their letter submitted by the applicant and by the development of the private park on part of the church property, which is different than the original plans. The existing building suits the church's needs, and has for the past 30-plus years while the surrounding neighborhoods developed and no additional demand for church space was created. This is in line with general trends related to church membership highlighted in the applicant's justification letter. In addition, over those 30 years, the City of Albuquerque and the community surrounding the subject site have continued to age significantly, which is demonstrated by the demographic analysis performed by the applicant. Specifically, the older (65-85+) segment of the population went from 8 percent in 1980 up to 14 percent in 2016. The North Albuquerque CPA and a smaller geographic area closer surrounding the subject site and Cherry Hills neighborhood show that in recent years, the community around the subject site has seen an even higher percentage change in this older population than the city as a whole, and these changed conditions justify the change of zoning to allow for the proposed senior living use.

Second, the existing zoning is also inappropriate because the proposed different use category for senior housing and related services is more advantageous to the community as articulated by the Comprehensive Plan. The changing demographics demonstrated by the applicant are in line with trends highlighted in the 2017 Albuquerque/Bernalillo County Comprehensive Plan. The market study completed for this project and submitted by the applicant also supports a need and demand for such facilities within the Primary Market Area located within 3 miles of the subject site. As such, and as demonstrated by the policy analysis in Findings 5 and 6, as well as the justification letter submitted by the applicant, the zone change is justified as it is more advantageous to the community by providing infill development, senior housing options, and site design in accordance with the Comprehensive Plan and the Facility Plan for Arroyos.

E. As this request is for an SU-1 zone that does not reference a base zone district from the Comprehensive City Zoning Code, it is tailored only to allow a Senior Living Facility with services on-site to support such a facility. As the only permissive use on the site, controlled by the accompanying site development plans, this request will not be harmful to adjacent property, the neighborhood, or the community because it will produce a small amount of traffic or other impacts especially compared to other uses existing or allowed in the surrounding area.

F. Approval of the requested amendment will not require any capital improvements because the site is located in an area that already has infrastructure. If future development requires additional infrastructure the applicant will have to make those improvements themselves.

G. While economic considerations are always a factor with regard to development proposals, they are not the determining factor for the requested zone change, rather the applicant has demonstrated this request is justified based on changed community conditions and being more advantageous to the community in accordance with the policies of the Comprehensive Plan as summarized in Findings 5 and 6.

H. The request has not been justified based on the site location along Harper Road; rather it is justified based on changed community conditions and as being more advantageous to the community as articulated by the Comprehensive Plan as summarized in Findings 5 and 6.

I. SU-1 zones create spot zones by definition as they are unique to the parcel they are being applied to; however, the request creates a justifiable spot zone because the applicant has demonstrated that the request clearly facilitates realization of the Comprehensive Plan as shown in Findings 5 and 6 by allowing development of a senior living facility that is in an infill location, provides expanded senior housing options, creates jobs, and is designed in a way that respects the surrounding uses and context.

J. The request would not result in a strip of land along a street, so the request will not create strip zoning.

8. The Cherry Hills Civic Association, District 4 Coalition, and property owners within 100 feet of the request were notified, as required. A facilitated meeting was held for this request on August 29, 2017, and there is significant known opposition due to concerns related to loss of views and open space, traffic, spill-over parking, and building height among others.

RECOMMENDATION

APPROVAL of 17EPC-40024, a request for Zone Map Amendment from SU-1 for Church and related facilities and SU-1 for Church and related facilities and a Telecommunication Facility to SU-1 for Senior Living Facility and related services, including on-premise liquor consumption for Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site, based on the preceding Findings and subject to the following Condition of Approval.

CONDITION OF APPROVAL, Zone Map Amendment

Project # 1007412, Case # 17EPC-40024

1. The zone map amendment does not become effective until the accompanying site development plan for subdivision is approved by the DRB, pursuant to §14-16-4-1(C)(16) of the Zoning Code. If such requirement is not met within six months after the date of EPC approval, the zone map amendment is void. The Planning Director may extend this time limit up to an additional six months upon request by the applicant.

FINDINGS, Site Development Plan for Subdivision

Project # 1007412, Case # 17EPC-40025

1. This is a request for a Site Development Plan for Subdivision for Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site located on Harper Road NE between Wyoming Blvd NE and Ventura Street NE and containing approximately 14.14 acres.
2. The Site Development Plan for Subdivision proposes to eliminate the existing lot line between Tract B-2 and Tract A, and creates a new lot line to the east to carve out the subject site from the larger church site for this development.
3. The Site Plan for Subdivision shows two access points along Harper Road at existing median openings, and also proposes the elimination or relocation of existing easements and a fence that crosses the site.

4. The Albuquerque/Bernalillo County Comprehensive Plan, Facility Plan for Arroyos, and the City of Albuquerque Zoning Code are incorporated herein by reference and made part of the record for all purposes.

5. Section 14-16-3-11 of the Zoning Code states, "…Site Development Plans are expected to meet the requirements of adopted city policies and procedures." The attached site development plan has been evaluated for conformance with applicable goals and policies in the Comprehensive Plan, and other applicable Plans.

6. The subject site is within the Area of Consistency of the Comprehensive Plan. The request is in general compliance with and furthers the following applicable goals and policies of the Comprehensive Plan:

   Policy 4.1.2 Identity and Design: Protect the identity and cohesiveness of neighborhoods by ensuring the appropriate scale and location of development, mix of uses, and character of building design.

   The request furthers Policy 4.1.2 because the site was designed to minimize the impact of the building scale on adjacent residential uses through large setbacks and building orientation along with materials, colors, and landscape design.

   Policy 5.2.1 Land Uses: Create healthy, sustainable, and distinct communities with a mix of uses that are conveniently accessible from surrounding neighborhoods.

   a) Encourage development and redevelopment that brings goods, services, and amenities within walking and biking distance of neighborhoods and promotes good access for all residents.

   The request furthers Policy 5.2.1 a) because it brings additional senior housing and services, as well as employment within walking and biking distance of existing neighborhoods, as well as the proposed facility being in a convenient location with good access to walking trails and less than one mile to a library, shopping, and other commercial activities.

   b) Encourage development that offers choice in transportation, work areas, and lifestyles.

   The request furthers Policy 5.2.1 b) because the proposed development offers a choice in lifestyle for seniors who want a smaller place to live or need more care, and is in a location with good access to the major road network, will provide shuttle service, and is less than half a mile from a transit stop.

   d) Encourage development that broadens housing options to meet a range of incomes and lifestyles.

   The request furthers Policy 5.2.1 d) because it broadens housing options for seniors to include independent living, assisted living, and memory care.

   h) Encourage infill development that adds complementary uses and is compatible in form and scale to the immediately surrounding development.

The request furthers Policy 5.2.1 h) because senior living is a low impact, institutional land use that is complementary to the existing institutional and single-family residential nature of the surrounding neighborhoods and has been designed to lessen the impacts of its size through building orientation and setbacks as shown in the accompanying Site Development Plan for Building Permit.

n) Encourage more productive use of vacant lots and under-utilized lots, including surface parking.

The request furthers Policy 5.2.1 n) because it will bring a productive use to a vacant piece of land.

Goal 5.3 Efficient Development Patterns: Promote development patterns that maximize the utility of existing infrastructure and public facilities and the efficient use of land to support the public good.

Policy 5.3.1 Infill Development: Support additional growth in areas with existing infrastructure and public facilities.

The request furthers Policy 5.3.1 because it supports growth in an area with existing infrastructure including roadways and all utilities in an infill location not at the urban edge.

Policy 5.3.3 Compact Development: Encourage development that clusters buildings and uses in order to provide landscaped open space and/or plazas and courtyards.

The request furthers Policy 5.3.3 because it clusters the proposed units in a building at the center of the subject site leaving space that has been utilized for landscaping and courtyards around the facility and along the adjacent arroyo.

Policy 5.6.3 Areas of Consistency: Protect and enhance the character of existing single-family neighborhoods, areas outside of Centers and Corridors, parks, and Major Public Open Space.

b) Ensure that development reinforces the scale, intensity, and setbacks of the immediately surrounding context.

The request furthers Policy 5.6.3 b) because the zone change has been carefully considered with regard to its surrounding context, and the proposed site design as shown by the accompanying Site Development Plan for Building Permit incorporates a large front setback similar to the adjacent church, the building height steps down closer to the street and Cherry Hills neighborhood, and the proposed facility is of a density comparable to development in the surrounding area.

Policy 5.6.4 Appropriate Transitions: Provide transitions in Areas of Change for development abutting Areas of Consistency through adequate setbacks, buffering, and limits on building height and massing.

a) Provide appropriate transitions between uses of different intensity or density and between non-residential uses and single-family neighborhoods to protect the character and integrity of existing residential areas.

The request <u>furthers</u> Policy 5.6.4 a) because an appropriate transition has been incorporated into the site design between the Cherry Hills neighborhood and the proposed senior living facility that includes a large setback and landscaped berm. In addition, the maximum height of 40 feet is set a minimum of 272 feet away from Harper Road and at least 120 feet from the closest eastern property line.

b) Minimize development's negative effects on individuals and neighborhoods with respect to noise, lighting, air pollution, and traffic.

The request <u>furthers</u> Policy 5.6.4 b) because the proposed senior living use is a low traffic generating use that will be a good neighbor to the church, school, and single-family neighborhood as shown by a traffic analysis submitted by the applicant. The proposed lighting in the parking areas are proposed to be 16 feet in height, and all lighting must be compliant with the New Mexico Night Sky and City Zoning regulations.

<u>Policy 6.2.1</u> Complete Networks: Design and build a complete, well-connected network of streets and trails that offer multiple efficient and safe transportation choices for commuting and daily needs.

The request <u>furthers</u> Policy 6.2.1 because it will maintain a six-foot crusher fines trail adjacent to Harper Road along with a six-foot sidewalk similar to what exists in front of the Hoffmantown Church, which connects to the nearest bus stops as well as the larger trail system around Albuquerque Academy and the proposed trail along the South Pino Arroyo.

<u>Policy 7.3.1</u> Natural and Cultural Features: Preserve, enhance, and leverage natural features and views of cultural landscapes.

a) Minimize alteration of existing vegetation and topography in subdivision and site design.

The request <u>furthers</u> Policy 7.3.1 a) because it utilizes the existing topography, both the slope and berm along Harper Road, and incorporates it into the site design to minimize the development's impacts on adjacent properties. The proposal will modify the South Pino Arroyo floodplain, but the applicant is working with AMAFCA and FEMA to ensure that the impacts of this change are minimized and the function of the arroyo are unaffected.

<u>Policy 7.3.2</u> Community Character: Encourage design strategies that recognize and embrace the character differences that give communities their distinct identities and make them safe and attractive places.

a) Design development to reflect the character of the surrounding area and protect and enhance views.

b) Encourage development and site design that incorporates CPTED principles.

e) Encourage high-quality development that capitalizes on predominant architectural styles, building materials, and landscape elements.

The request furthers Policy 7.3.2 because it takes into account the natural topography while incorporating design elements that are found in the surrounding area including Hoffmantown Church, Academy Campus, and the Cherry Hills neighborhood. The site design includes CPTED principles such as gated access and site lighting that increases security for residents.

Policy 7.3.4 Infill: Promote infill that enhances the built environment or blends in style and building materials with surrounding structures and the streetscape of the block in which it is located.

b) Promote buildings and massing of commercial and office uses adjacent to single-family neighborhoods that is neighborhood-scale, well-designed, appropriately located, and consistent with the existing development context and neighborhood character.

The request furthers Policy 7.3.4 b) because it is appropriately set back from Harper Road and oriented to reduce long unbroken facades from facing the neighborhood. The tallest portions of the building are farthest from the nearby homes, and the overall the building is similar in height and massing to the neighboring Hoffmantown Church.

Policy 7.4.3 Off-street Parking Design: Encourage well-designed, efficient, safe, and attractive parking facilities.

b) Incorporate trees, vegetation, and pervious surfaces in parking areas to mitigate environmental impacts, minimize heat and glare, and improve aesthetics.

c) Ensure safe pedestrian pathways in parking areas that connect to building entrances, adjacent roadways, and adjacent sites.

The request furthers Policy 7.4.3 b) and c) by providing most of the site parking to the sides and rear of the proposed building with only a smaller visitor parking lot at the front. All parking areas are landscaped with required trees and other shrubs. The berm along Harper Road will also help improve the aesthetics of the parking areas from the public right-of-way. Pedestrian pathways are provided at both vehicular entrances and connect around the entire site to multiple building entrances and courtyards.

Goal 7.5 Context-Sensitive Site Design: Design sites, buildings, and landscape elements to respond to the high desert environment.

Policy 7.5.1 Landscape Design: Encourage landscape treatments that are consistent with the high desert climate to enhance our sense of place.

a) Design landscape and site improvements to complement the individual site, the overall appearance of the corridor, and surrounding land uses.

b) Design landscapes and vegetation to be consistent with the microclimate of the site location as well as within the site.

c) Discourage planting of higher water use species outside of riparian microclimates, the Middle Rio Grande Conservancy District, or areas served by swales.

d) Incorporate xeric site design principles to establish an oasis area and transition areas, identify beneficial placement for plant species, and maximize shade in summer months.

The request furthers Policy 7.5.1 because the plant palette has been selected to be consistent with the high desert climate and trees have been thoughtfully placed for their specific needs while providing shade to residents. Cottonwoods are along the arroyo edge and Japanese Maples are in protected courtyard spaces. All plantings except for a small section of turf are low to medium water use.

Policy 8.1.2 Resilient Economy: Encourage economic development efforts that improve quality of life for new and existing residents and foster a robust, resilient, and diverse economy.

c) Prioritize local job creation, employer recruitment, and support for development projects that hire local residents.

The request furthers Policy 8.1.2 c) because the proposed facility will create approximately 68 jobs for local residents.

Goal 9.1 Supply: Ensure a sufficient supply and range of high-quality housing types that meet current and future needs at a variety of price levels to ensure more balanced housing options.

Policy 9.1.1 Housing Options: Support the development, improvement, and conservation of housing for a variety of income levels and types of residents and households.

c) Assure the availability of a wide distribution of quality housing for all persons regardless of race, color, religion, sex, national origin, ancestry, age, or disabled status.

e) Provide for the development of quality housing for elderly residents.

i) Provide for the development of multi- family housing close to public services, transit, and shopping.

The request furthers Policy 9.1.1 because it will add another quality housing option for seniors that will help ensure the availability of such housing, which is shown by the applicant's market study to be undersupplied in the 3-mile Primary Market Area, with access to community services such as the Cherry Hills library, access to transit, and is not far from a variety of shopping and other commercial options.

Policy 9.2.1 Compatibility: Encourage housing development that enhances neighborhood character, maintains compatibility with surrounding land uses, and responds to its development context - i.e. urban, suburban, or rural - with appropriate densities, site design, and relationship to the street.

The request furthers Policy 9.2.1 because it has been designed with a density appropriate for its suburban context with a large setback and other site design elements to minimize the impacts of the structure on the adjacent neighborhood while maintaining features such as the arroyo and existing multi-use path along Harper Road.

Policy 11.3.2 Arroyos: Preserve and enhance arroyos identified in the Rank 2 Facility Plan for Arroyos as important cultural landscapes.

The request furthers Policy 11.3.2 by preserving the stormwater function of the South Pino Arroyo and working through the appropriate channels to make modifications to the floodplain while ensuring downstream impacts are minimized. Bank stabilization and proposed landscaping are appropriate for an arroyo edge, and the proposal is consistent with the Facility Plan for Arroyos.

Policy 11.3.5 Sandia Mountains: Protect views of the Sandia Mountains from key vantages within public rights-of-way, along corridors, and from strategic locations as an important cultural feature of the region.

The request furthers Policy 11.3.5 because the site design takes into account the existing topography and the proposed setback from Harper Road creates a view corridor toward the mountains east of the subject site.

Policy 12.1.4 Drainage and Flood Control: Reduce or eliminate flooding by improving ponding and drainage capacities in an environmentally sensitive manner through the development process and in coordination with flood control agencies.

a) Minimize and mitigate storm water run-off from development by limiting the amount and extent of impervious surfaces and encouraging landscaped medians and parking swales.

b) Preserve natural drainage functions of arroyos to the extent possible and use naturalistic design treatment when structural improvements are required for flood control.

The request furthers Policy 12.1.4 by coordinating the use and modification of the South Pino Arroyo with the appropriate flood control agencies, utilizing landscape areas and ponding on-site to the greatest extent possible, and using naturalistic treatments for bank stabilization of the arroyo channel.

7. The request is adjacent to the South Pino Arroyo, which is a Major Open Space Link in the Rank II Facility Plan for Arroyos.

   The request furthers the Facility Plan for Arroyos by providing a land use that fits within the "medium-density residential, commercial and institutional uses" that were under consideration between Wyoming Blvd and Ventura Street (p. 36). The proposed development is consistent with the design guidelines for development adjacent to a major open space link by orienting buildings with entrances and windows facing the open space and landscaping the open space edge using native and naturalized plant materials.

The proposed development furthers Drainage Policy 1 and Multiple Use Policy 4 by maintaining the arroyo for its primary drainage purpose, providing access for maintenance, and working with AMAFCA and FEMA to coordinate any changes or modifications related to stabilizing channel treatments.

The request furthers Multiple Use Policy 5 – Land Use Compatibility by adding a density of housing and jobs adjacent to an arroyo channel that will provide users who will maximize the usefulness of future trails.

Policy 1 – Drainage Facilities Within Designated Major Open Space Links: Wherever feasible, the design of drainage facilities within Major Open Space Links shall be sensitive to their function as an open space recreational arroyo, incorporating naturalistic channel stabilization treatments such as gabions and ungrouted riprap. Tinted concrete or soil cement may be used in limited applications such as in low flow channels or as needed to control erosion at points where developed runoff enters the arroyo.

The request furthers Major Open Space Links Policy 1 by proposing a naturalistic channel stabilization treatments and landscaping that will be coordinated with AMAFCA and FEMA.

Policy 5 – Landscaping within the Public Right-of-Way: Landscaping of a portion of drainage rights-of-way including reseeding of disturbed land with low maintenance native plant materials and native shrubs or trees and vegetative ground covers shall be encouraged.

The request furthers Major Open Space Links Policy 5 by reseeding the drainage right-of-way with a variety of native ground covers.

DESIGN GUIDELINES – Orientation

Policy 1A: Multi-storied residential, office, and commercial developments having windows facing onto the arroyo shall be encouraged.

Policy 1B: Wherever feasible, development adjacent to the arroyo should orient toward and place landscaped public open areas adjacent to the arroyo right-of-way. These entries may necessarily constitute minor or secondary entries with the main entry oriented to the parking area or the street. Where this is not feasible, pedestrian access from the arroyo corridor to a building entry shall be required.

The request furthers Design Guidelines Policy 1 by proposing a development that includes windows and entrances facing toward the South Pino Arroyo drainage right-of-way.

Policy 2 – Open Areas: Site plans for multi-family residential developments adjacent to the arroyo should incorporate landscaped, open areas adjacent to the arroyo right-of-way.

The proposed project <u>furthers</u> Design Guidelines Policy 2 – Open Areas by providing a landscaped open space between the proposed parking area and the South Pino Arroyo.

<u>Policy 3 – Parking and Service Areas</u>: When a parking or service area is located adjacent to the drainage right-of-way, pedestrian and bicycle access should be provided. A minimum 20-foot landscaped setback from the arroyo right-of-way is recommended, with sufficient screening provided to conceal views from the arroyo to the parking area. Landscaping should consist of native or naturalized plant species and vegetative groundcovers. The screening element should consist of one or more of the following: low walls, shrubs, trees, earth forms (berms).

Only a portion of the proposed project's parking is located at the rear of the facility adjacent to the South Pino Arroyo. Where parking is located there is a minimum 20-foot landscaped setback that includes trees and natural vegetative groundcover, which will screen the parking areas from the arroyo, thus <u>furthering</u> Design Guidelines Policy 3.

<u>Policy 4 – Walls</u>: Continuous perimeter walls should not be located adjacent to the arroyo right-of-way. Where fencing is required for privacy or security reasons, the following guidelines will apply: Fences and walls adjoining the arroyo corridor right-of-way should have staggered, landscaped setbacks, varied heights or provide openings for visual access into public open areas within the development from the arroyo corridor; Specific materials for solid fences and walls shall be determined by the individual arroyo corridor plan. Stucco over concrete block, brick, stone, or wood are recommended as suitable materials.

A continuous wall is not proposed along the arroyo edge of the property, but rather a landscaped area is located between the building, parking, and access areas and the South Pino Arroyo, so the request <u>furthers</u> Design Guidelines Policy 4.

<u>Landscaping – Policy 1</u>: Except in park sections, the landscaping of public open areas on private development adjacent to the drainage right-of-way should consist primarily of nature or naturalized vegetation with the predominate form being tree masses, preferably drought resistant shade trees located in clusters offset from the right-of-way.

Private landowners have a responsibility to maintain landscaping adjacent to the arroyo corridor as a complementary action to the City's responsibility to maintain the public right-of-way.

The private developer will install clusters of trees in accordance with the proposed landscape plan within the Site Development Plan for Building Permit and maintain that landscaping on their own, so the request <u>furthers</u> Landscaping Policy 1.

8. The applicant has submitted a Site Development Plan for Building Permit for concurrent review with this Site Development Plan for Subdivision that more clearly shows how the subject site will be developed.

9. The Cherry Hills Civic Association, District 4 Coalition, and property owners within 100 feet of the request were notified, as required. A facilitated meeting was held for this request on August 29, 2017, and there is significant known opposition due to concerns related to loss of views and open space, traffic, spill-over parking, and building height among others.

RECOMMENDATION

APPROVAL of 17EPC-40025, a request for Site Development Plan for Subdivision, for Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site, based on the preceding Findings and subject to the following Conditions of Approval.

CONDITIONS OF APPROVAL, Site Development Plan for Subdivision

Project # 1007412, Case # 17EPC-40025

1. The EPC delegates final sign-off authority of this site development plan to the Development Review Board (DRB). The DRB is responsible for ensuring that all EPC Conditions have been satisfied and that other applicable City requirements have been met. A letter shall accompany the submittal, specifying all modifications that have been made to the site plan since the EPC hearing, including how the site plan has been modified to meet each of the EPC conditions. Unauthorized changes to this site plan, including before or after DRB final sign-off, may result in forfeiture of approvals.
2. Prior to application submittal to the DRB, the applicant shall meet with the staff planner to ensure that all conditions of approval are met.
3. The subdivision of the site shall comply with the purpose, intent, and regulations of the Subdivision Ordinance (14-14-1-3).
4. The Site Development Plan shall comply with the General Regulations of the Zoning Code, the Subdivision Ordinance, and all other applicable design regulations, except as specifically approved by the EPC.

FINDINGS, Site Development Plan for Building Permit

Project # 1007412, Case # 17EPC-40026

1. This is a request for a Site Development Plan for Building Permit for Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site located on Harper Road NE between Wyoming Blvd NE and Ventura Street NE and containing approximately 14.14 acres.

2. The purpose of this request is to allow for development of a 180 unit Senior Living Facility.
3. The Albuquerque/Bernalillo County Comprehensive Plan, Facility Plan for Arroyos, and the City of Albuquerque Zoning Code are incorporated herein by reference and made part of the record for all purposes.
4. Section 14-16-3-11 of the Zoning Code states, "…Site Development Plans are expected to meet the requirements of adopted city policies and procedures." The attached site development plan has been evaluated for conformance with applicable goals and policies in the Comprehensive Plan, and other applicable Plans.
5. The subject site is within the Area of Consistency of the Comprehensive Plan. The request is in general compliance with and furthers the following applicable goals and policies of the Comprehensive Plan:

   Policy 4.1.2 Identity and Design: Protect the identity and cohesiveness of neighborhoods by ensuring the appropriate scale and location of development, mix of uses, and character of building design.

   The request furthers Policy 4.1.2 because the site was designed to minimize the impact of the building scale on adjacent residential uses through large setbacks and building orientation along with materials, colors, and landscape design.

   Policy 5.2.1 Land Uses: Create healthy, sustainable, and distinct communities with a mix of uses that are conveniently accessible from surrounding neighborhoods.

   a) Encourage development and redevelopment that brings goods, services, and amenities within walking and biking distance of neighborhoods and promotes good access for all residents.

   The request furthers Policy 5.2.1 a) because it brings additional senior housing and services, as well as employment within walking and biking distance of existing neighborhoods, as well as the proposed facility being in a convenient location with good access to walking trails and less than one mile to a library, shopping, and other commercial activities.

   b) Encourage development that offers choice in transportation, work areas, and lifestyles.

   The request furthers Policy 5.2.1 b) because the proposed development offers a choice in lifestyle for seniors who want a smaller place to live or need more care, and is in a location with good access to the major road network, will provide shuttle service, and is less than half a mile from a transit stop.

   d) Encourage development that broadens housing options to meet a range of incomes and lifestyles.

   The request furthers Policy 5.2.1 d) because it broadens housing options for seniors to include independent living, assisted living, and memory care.

h) Encourage infill development that adds complementary uses and is compatible in form and scale to the immediately surrounding development.

The request furthers Policy 5.2.1 h) because senior living is a low impact, institutional land use that is complementary to the existing institutional and single-family residential nature of the surrounding neighborhoods and has been designed to lessen the impacts of its size through building orientation and setbacks as shown in the accompanying Site Development Plan for Building Permit.

n) Encourage more productive use of vacant lots and under-utilized lots, including surface parking.

The request furthers Policy 5.2.1 n) because it will bring a productive use to a vacant piece of land.

Goal 5.3 Efficient Development Patterns: Promote development patterns that maximize the utility of existing infrastructure and public facilities and the efficient use of land to support the public good.

Policy 5.3.1 Infill Development: Support additional growth in areas with existing infrastructure and public facilities.

The request furthers Policy 5.3.1 because it supports growth in an area with existing infrastructure including roadways and all utilities in an infill location not at the urban edge.

Policy 5.3.3 Compact Development: Encourage development that clusters buildings and uses in order to provide landscaped open space and/or plazas and courtyards.

The request furthers Policy 5.3.3 because it clusters the proposed units in a building at the center of the subject site leaving space that has been utilized for landscaping and courtyards around the facility and along the adjacent arroyo.

Policy 5.6.3 Areas of Consistency: Protect and enhance the character of existing single-family neighborhoods, areas outside of Centers and Corridors, parks, and Major Public Open Space.

b) Ensure that development reinforces the scale, intensity, and setbacks of the immediately surrounding context.

The request furthers Policy 5.6.3 b) because the zone change has been carefully considered with regard to its surrounding context, and the proposed site design as shown by the accompanying Site Development Plan for Building Permit incorporates a large front setback similar to the adjacent church, the building height steps down closer to the street and Cherry Hills neighborhood, and the proposed facility is of a density comparable to development in the surrounding area.

Policy 5.6.4 Appropriate Transitions: Provide transitions in Areas of Change for development abutting Areas of Consistency through adequate setbacks, buffering, and limits on building height and massing.

a) Provide appropriate transitions between uses of different intensity or density and between non-residential uses and single-family neighborhoods to protect the character and integrity of existing residential areas.

The request <u>furthers</u> Policy 5.6.4 a) because an appropriate transition has been incorporated into the site design between the Cherry Hills neighborhood and the proposed senior living facility that includes a large setback and landscaped berm. In addition, the maximum height of 40 feet is set a minimum of 272 feet away from Harper Road and at least 120 feet from the closest eastern property line.

b) Minimize development's negative effects on individuals and neighborhoods with respect to noise, lighting, air pollution, and traffic.

The request <u>furthers</u> Policy 5.6.4 b) because the proposed senior living use is a low traffic generating use that will be a good neighbor to the church, school, and single-family neighborhood as shown by a traffic analysis submitted by the applicant. The proposed lighting in the parking areas are proposed to be 16 feet in height, and all lighting must be compliant with the New Mexico Night Sky and City Zoning regulations.

<u>Policy 6.2.1</u> Complete Networks: Design and build a complete, well-connected network of streets and trails that offer multiple efficient and safe transportation choices for commuting and daily needs.

The request <u>furthers</u> Policy 6.2.1 because it will maintain a six-foot crusher fines trail adjacent to Harper Road along with a six-foot sidewalk similar to what exists in front of the Hoffmantown Church, which connects to the nearest bus stops as well as the larger trail system around Albuquerque Academy and the proposed trail along the South Pino Arroyo.

<u>Policy 7.3.1</u> Natural and Cultural Features: Preserve, enhance, and leverage natural features and views of cultural landscapes.

a) Minimize alteration of existing vegetation and topography in subdivision and site design.

The request <u>furthers</u> Policy 7.3.1 a) because it utilizes the existing topography, both the slope and berm along Harper Road, and incorporates it into the site design to minimize the development's impacts on adjacent properties. The proposal will modify the South Pino Arroyo floodplain, but the applicant is working with AMAFCA and FEMA to ensure that the impacts of this change are minimized and the function of the arroyo are unaffected.

<u>Policy 7.3.2</u> Community Character: Encourage design strategies that recognize and embrace the character differences that give communities their distinct identities and make them safe and attractive places.

a) Design development to reflect the character of the surrounding area and protect and enhance views.

b) Encourage development and site design that incorporates CPTED principles.

e) Encourage high-quality development that capitalizes on predominant architectural styles, building materials, and landscape elements.

The request furthers Policy 7.3.2 because it takes into account the natural topography while incorporating design elements that are found in the surrounding area including Hoffmantown Church, Academy Campus, and the Cherry Hills neighborhood. The site design includes CPTED principles such as gated access and site lighting that increases security for residents.

Policy 7.3.4 Infill: Promote infill that enhances the built environment or blends in style and building materials with surrounding structures and the streetscape of the block in which it is located.

b) Promote buildings and massing of commercial and office uses adjacent to single-family neighborhoods that is neighborhood-scale, well-designed, appropriately located, and consistent with the existing development context and neighborhood character.

The request furthers Policy 7.3.4 b) because it is appropriately set back from Harper Road and oriented to reduce long unbroken facades from facing the neighborhood. The tallest portions of the building are farthest from the nearby homes, and the overall the building is similar in height and massing to the neighboring Hoffmantown Church.

Policy 7.4.3 Off-street Parking Design: Encourage well-designed, efficient, safe, and attractive parking facilities.

b) Incorporate trees, vegetation, and pervious surfaces in parking areas to mitigate environmental impacts, minimize heat and glare, and improve aesthetics.

c) Ensure safe pedestrian pathways in parking areas that connect to building entrances, adjacent roadways, and adjacent sites.

The request furthers Policy 7.4.3 b) and c) by providing most of the site parking to the sides and rear of the proposed building with only a smaller visitor parking lot at the front. All parking areas are landscaped with required trees and other shrubs. The berm along Harper Road will also help improve the aesthetics of the parking areas from the public right-of-way. Pedestrian pathways are provided at both vehicular entrances and connect around the entire site to multiple building entrances and courtyards.

Goal 7.5 Context-Sensitive Site Design: Design sites, buildings, and landscape elements to respond to the high desert environment.

Policy 7.5.1 Landscape Design: Encourage landscape treatments that are consistent with the high desert climate to enhance our sense of place.

a) Design landscape and site improvements to complement the individual site, the overall appearance of the corridor, and surrounding land uses.

b) Design landscapes and vegetation to be consistent with the microclimate of the site location as well as within the site.

c) Discourage planting of higher water use species outside of riparian microclimates, the Middle Rio Grande Conservancy District, or areas served by swales.

d) Incorporate xeric site design principles to establish an oasis area and transition areas, identify beneficial placement for plant species, and maximize shade in summer months.

The request furthers Policy 7.5.1 because the plant palette has been selected to be consistent with the high desert climate and trees have been thoughtfully placed for their specific needs while providing shade to residents. Cottonwoods are along the arroyo edge and Japanese Maples are in protected courtyard spaces. All plantings except for a small section of turf are low to medium water use.

Policy 8.1.2 Resilient Economy: Encourage economic development efforts that improve quality of life for new and existing residents and foster a robust, resilient, and diverse economy.

c) Prioritize local job creation, employer recruitment, and support for development projects that hire local residents.

The request furthers Policy 8.1.2 c) because the proposed facility will create approximately 68 jobs for local residents.

Goal 9.1 Supply: Ensure a sufficient supply and range of high-quality housing types that meet current and future needs at a variety of price levels to ensure more balanced housing options.

Policy 9.1.1 Housing Options: Support the development, improvement, and conservation of housing for a variety of income levels and types of residents and households.

c) Assure the availability of a wide distribution of quality housing for all persons regardless of race, color, religion, sex, national origin, ancestry, age, or disabled status.

e) Provide for the development of quality housing for elderly residents.

i) Provide for the development of multi- family housing close to public services, transit, and shopping.

The request furthers Policy 9.1.1 because it will add another quality housing option for seniors that will help ensure the availability of such housing, which is shown by the applicant's market study to be undersupplied in the 3-mile Primary Market Area, with access to community services such as the Cherry Hills library, access to transit, and is not far from a variety of shopping and other commercial options.

Policy 9.2.1 Compatibility: Encourage housing development that enhances neighborhood character, maintains compatibility with surrounding land uses, and responds to its development context - i.e. urban, suburban, or rural - with appropriate densities, site design, and relationship to the street.

The request furthers Policy 9.2.1 because it has been designed with a density appropriate for its suburban context with a large setback and other site design elements to minimize the impacts of the structure on the adjacent neighborhood while maintaining features such as the arroyo and existing multi-use path along Harper Road.

Policy 11.3.2 Arroyos: Preserve and enhance arroyos identified in the Rank 2 Facility Plan for Arroyos as important cultural landscapes.

The request furthers Policy 11.3.2 by preserving the stormwater function of the South Pino Arroyo and working through the appropriate channels to make modifications to the floodplain while ensuring downstream impacts are minimized. Bank stabilization and proposed landscaping are appropriate for an arroyo edge, and the proposal is consistent with the Facility Plan for Arroyos.

Policy 11.3.5 Sandia Mountains: Protect views of the Sandia Mountains from key vantages within public rights-of-way, along corridors, and from strategic locations as an important cultural feature of the region.

The request furthers Policy 11.3.5 because the site design takes into account the existing topography and the proposed setback from Harper Road creates a view corridor toward the mountains east of the subject site.

Policy 12.1.4 Drainage and Flood Control: Reduce or eliminate flooding by improving ponding and drainage capacities in an environmentally sensitive manner through the development process and in coordination with flood control agencies.

a) Minimize and mitigate storm water run-off from development by limiting the amount and extent of impervious surfaces and encouraging landscaped medians and parking swales.

b) Preserve natural drainage functions of arroyos to the extent possible and use naturalistic design treatment when structural improvements are required for flood control.

The request furthers Policy 12.1.4 by coordinating the use and modification of the South Pino Arroyo with the appropriate flood control agencies, utilizing landscape areas and ponding on-site to the greatest extent possible, and using naturalistic treatments for bank stabilization of the arroyo channel.

6. The request is adjacent to the South Pino Arroyo, which is a Major Open Space Link in the Rank II Facility Plan for Arroyos.

   The request furthers the Facility Plan for Arroyos by providing a land use that fits within the "medium-density residential, commercial and institutional uses" that were under consideration between Wyoming Blvd and Ventura Street (p. 36). The proposed development is consistent with the design guidelines for development adjacent to a major open space link by orienting buildings with entrances and windows facing the open space and landscaping the open space edge using native and naturalized plant materials.

The proposed development furthers Drainage Policy 1 and Multiple Use Policy 4 by maintaining the arroyo for its primary drainage purpose, providing access for maintenance, and working with AMAFCA and FEMA to coordinate any changes or modifications related to stabilizing channel treatments.

The request furthers Multiple Use Policy 5 – Land Use Compatibility by adding a density of housing and jobs adjacent to an arroyo channel that will provide users who will maximize the usefulness of future trails.

Policy 1 – Drainage Facilities Within Designated Major Open Space Links: Wherever feasible, the design of drainage facilities within Major Open Space Links shall be sensitive to their function as an open space recreational arroyo, incorporating naturalistic channel stabilization treatments such as gabions and ungrouted riprap. Tinted concrete or soil cement may be used in limited applications such as in low flow channels or as needed to control erosion at points where developed runoff enters the arroyo.

The request furthers Major Open Space Links Policy 1 by proposing a naturalistic channel stabilization treatments and landscaping that will be coordinated with AMAFCA and FEMA.

Policy 5 – Landscaping within the Public Right-of-Way: Landscaping of a portion of drainage rights-of-way including reseeding of disturbed land with low maintenance native plant materials and native shrubs or trees and vegetative ground covers shall be encouraged.

The request furthers Major Open Space Links Policy 5 by reseeding the drainage right-of-way with a variety of native ground covers.

DESIGN GUIDELINES – Orientation

Policy 1A: Multi-storied residential, office, and commercial developments having windows facing onto the arroyo shall be encouraged.

Policy 1B: Wherever feasible, development adjacent to the arroyo should orient toward and place landscaped public open areas adjacent to the arroyo right-of-way. These entries may necessarily constitute minor or secondary entries with the main entry oriented to the parking area or the street. Where this is not feasible, pedestrian access from the arroyo corridor to a building entry shall be required.

The request furthers Design Guidelines Policy 1 by proposing a development that includes windows and entrances facing toward the South Pino Arroyo drainage right-of-way.

Policy 2 – Open Areas: Site plans for multi-family residential developments adjacent to the arroyo should incorporate landscaped, open areas adjacent to the arroyo right-of-way.

The proposed project <u>furthers</u> Design Guidelines Policy 2 – Open Areas by providing a landscaped open space between the proposed parking area and the South Pino Arroyo.

<u>Policy 3 – Parking and Service Areas</u>: When a parking or service area is located adjacent to the drainage right-of-way, pedestrian and bicycle access should be provided. A minimum 20-foot landscaped setback from the arroyo right-of-way is recommended, with sufficient screening provided to conceal views from the arroyo to the parking area. Landscaping should consist of native or naturalized plant species and vegetative groundcovers. The screening element should consist of one or more of the following: low walls, shrubs, trees, earth forms (berms).

Only a portion of the proposed project's parking is located at the rear of the facility adjacent to the South Pino Arroyo. Where parking is located there is a minimum 20-foot landscaped setback that includes trees and natural vegetative groundcover, which will screen the parking areas from the arroyo, thus <u>furthering</u> Design Guidelines Policy 3.

<u>Policy 4 – Walls</u>: Continuous perimeter walls should not be located adjacent to the arroyo right-of-way. Where fencing is required for privacy or security reasons, the following guidelines will apply: Fences and walls adjoining the arroyo corridor right-of-way should have staggered, landscaped setbacks, varied heights or provide openings for visual access into public open areas within the development from the arroyo corridor; Specific materials for solid fences and walls shall be determined by the individual arroyo corridor plan. Stucco over concrete block, brick, stone, or wood are recommended as suitable materials.

A continuous wall is not proposed along the arroyo edge of the property, but rather a landscaped area is located between the building, parking, and access areas and the South Pino Arroyo, so the request <u>furthers</u> Design Guidelines Policy 4.

<u>Landscaping – Policy 1</u>: Except in park sections, the landscaping of public open areas on private development adjacent to the drainage right-of-way should consist primarily of nature or naturalized vegetation with the predominate form being tree masses, preferably drought resistant shade trees located in clusters offset from the right-of-way.

Private landowners have a responsibility to maintain landscaping adjacent to the arroyo corridor as a complementary action to the City's responsibility to maintain the public right-of-way.

The private developer will install clusters of trees in accordance with the proposed landscape plan within the Site Development Plan for Building Permit and maintain that landscaping on their own, so the request <u>furthers</u> Landscaping Policy 1.

7. Development of the subject site as shown in the Site Development Plan for Building Permit relies on a Letter of Map Revision (LOMR) to modify the South Pino Arroyo Floodplain, so coordination with Hydrology, AMAFCA, and FEMA is necessary prior to final sign-off of

the Site Development Plan for Building Permit. Such coordination between the applicant, Hydrology, and AMAFCA has already begun.

8. The Cherry Hills Civic Association, District 4 Coalition, and property owners within 100 feet of the request were notified, as required. A facilitated meeting was held for this request on August 29, 2017, and there is significant known opposition due to concerns related to loss of views and open space, traffic, spill-over parking, and building height among others.

RECOMMENDATION

APPROVAL of 17EPC-40026, a request for Site Development Plan for Building Permit, for Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site based on the preceding Findings and subject to the following Conditions of Approval.

CONDITIONS OF APPROVAL, Site Development Plan for Building Permit

Project # 1007412, Case # 17EPC-40026

1. The EPC delegates final sign-off authority of this site development plan to the Development Review Board (DRB). The DRB is responsible for ensuring that all EPC Conditions have been satisfied and that other applicable City requirements have been met. A letter shall accompany the submittal, specifying all modifications that have been made to the site plan since the EPC hearing, including how the site plan has been modified to meet each of the EPC conditions. Unauthorized changes to this site plan, including before or after DRB final sign-off, may result in forfeiture of approvals.
2. Prior to application submittal to the DRB, the applicant shall meet with the staff planner to ensure that all conditions of approval are met.
3. Transportation Development Conditions:
    a. Developer is responsible for permanent improvements to the transportation facilities adjacent to the proposed development site plan, as required by the Development Review Board (DRB).
    b. Site plan shall comply and be in accordance with all applicable City of Albuquerque requirements, including the Development Process Manual and current ADA criteria.
4. **A water and sewer availability statement from the ABCWUA is required prior to DRB sign-off of the site development plan.**
5. The Site Development Plan shall comply with the General Regulations of the Zoning Code, the Subdivision Ordinance, and all other applicable design regulations, except as specifically approved by the EPC.

Michael J. Vos, AICP
Planner

Notice of Decision cc list:

Consensus Planning

SP Albuquerque, LLC

Cherry Hills Civic Association

District 4 Coalition

APPEAL NOTICE OF DECISION AND LUHO RECOMMENDATION

Notice of Decision
City Council
City of Albuquerque
December 20, 2017

AC-17-11 (Project #107412/17EPC-40024, 17EPC-40025, 17EPC-40026) Frank Salazar, Agent for Cherry Hills Civic Association appeals the decision of the Environmental Planning Commission (EPC) to Approve a Zone Map Amendment (Zone Change) and related Site Development Plans for Subdivision and Building Permit for all or a portion of Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site, zoned SU-1 for Church and related facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility, to SU-1 for Senior Living Facility and related services, including on-premise liquor consumption, located on Harper Rd. NE, between Ventura St. NE and Wyoming Blvd. NE, containing approximately 14.2 acres

Decision

On December 18, 2017, by a vote of 9 FOR, 0 AGAINST, the City Council voted to remand this matter to the EPC by accepting and adopting the recommendation and findings of the Land Use Hearing Officer.

IT IS THEREFORE ORDERED THAT THIS MATTER IS REMANDED TO THE ENVIRONMENTAL PLANNING COMMISSION

Attachments

1. Land Use Hearing Officer's Recommendation
2. Action Summary from the December 18, 2017 City Council Meeting

A person aggrieved by this decision may appeal the decision to the Second Judicial District Court by filing in the Court a notice of appeal within thirty (30) days from the date this decision is filed with the City Clerk.

Ken Sanchez, President
City Council

Date: 12-27-17

Received by: R Valencia
City Clerk's Office

Date: 12/27/17

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RECEIVED
ALBUQUERQUE CITY CLERK

BEFORE THE CITY OF ALBUQUERQUE
LAND USE HEARING OFFICER

APPEAL NO. AC-17-11
Project No. 107412; 17-EPC-40024

CHERRY HILLS CIVIC NEIGHBORHOOD ASSOCIATION, Appellants,

and,

SP ALBUQUERQUE, LLC, Party Opponents.

I. BACKGROUND

This is an appeal from a decision of the Environmental Planning Commission (EPC) approving a zone map amendment, a site plan for subdivision, and a building permit. The zone-change converts the existing SU-1 zone for church-related uses (including cellular tower uses) to a SU-1 zone for only senior living facility uses on a 14.14-acre site as depicted in the site plan. The three-part approval issued by the EPC allows the applicant to develop a 180-unit senior care facility for senior independent living, memory care, and related uses.[1] The development site is located on Harper Road. NE, between Ventura Street, NE and Wyoming Boulevard, NE.

1 The zone-change would also make serving alcohol on-site a permissive use at the site. However, a City and State approved liquor license would be necessary before any alcohol can be served at the site.

10 The record shows, as detailed below, that the required minimal procedural safeguards
11 were not afforded to the public at the EPC hearing on the application. Cross examination was
12 not afforded as required by the EPC Rules of Conduct. The only way to remedy the defect is
13 for the EPC to conduct a new *(de novo)* hearing. In addition, some significant evidence in
14 the record was not well developed by the applicant or by the EPC when it made crucial
15 findings regarding R-270-1980. Therefore, I respectfully recommend that the City Council
16 remand this appeal to the EPC to conduct a new hearing so that the EPC can conduct a new
17 hearing, allowing for cross examination and to also reconsider and make better findings on
18 the evidence under R-270-1980.

19 The following is the relevant history. The 14.14-acre proposed zone-change site is part
20 of a larger 62.5-acre site that carries a SU-1 zone designation for church uses. In 1985 the
21 City approved a zone change of the 62.5-acre larger site, from both RT and SU-1 zones for
22 the Academy Campus, to an SU-1 zone for church and related uses [R. 619, See also Zone
23 Map, R. 557]. The larger 62.5-acre tract, which includes the 14.14-acre tract, is owned by
24 Hoffmantown Baptist Church [R. 625]. The approved Hoffmantown Baptist Church Site
25 Plan for Building Permit of the 62.5-acres allows a total of 511,000 square feet in building
26 space [R. 639]. However, to this date, only 161,000 square feet of building space on the 62.5-
27 acre site has been constructed for church uses [R. 639]. The overall site developed with a
28 park containing a soccer field, walking paths, prayer garden, an amphitheater, and the
29 Hoffmantown Baptist Church building facility [R. 635, 639].[2] The 14.14-acre zone-change
30 site has remained vacant and has never been developed [R. 639]. Under the status quo, only

2 In 1996, the City approved a wireless telecommunications facility which was located on the Hoffmantown Baptist Church building [R. 45].

31 church related uses can be developed at the site.

32 In 2008, in a separate zone-change application to the City, the land-owner's agent,
33 Consensus Planning applied to the City to change the existing zoning on approximately 12-
34 acres which encompassed part of the current 14.12-acre, zone-change site [R. 45]. The 2008
35 application was a request to change the SU-1 zone for church related uses to a SU-1 zone for
36 a Continuing Care Retirement Community uses [R. 44]. That 2008 application-request never
37 made it to the EPC, as it was withdrawn by the applicant.

38 On June 29, 2017, Consensus Planning, on behalf of the owner and SP Albuquerque,
39 LLC, applied to the City of Albuquerque for the zone-change, site plan approval, and
40 building permit approval [R. 625]. The City Traffic Engineer determined that the proposed
41 project did not meet the required thresholds to warrant a traffic impact study (TIS) [R. 628].
42 However, a Traffic Analysis and a Traffic Signal Warrant analysis were performed by the
43 applicant's engineer [R. 511-539]. The Traffic Analyses demonstrated that the added traffic
44 will be within City acceptable levels of services, and the Traffic Warrant Analysis
45 demonstrates that added traffic signals on Harper Rd. are not warranted [R. 514-515].

46 The first EPC hearing on the three-part application was set for August 10, 2017 [R.
47 625]. Notice to the neighbors and the area affected Cherry Hills Civic Association (CHCA)
48 was sent [R. 658-661 and 664-668]. Apparently, in early August 2017, the members of the
49 CHCA contacted Consensus Planning and requested that the applicant seek a 30-day deferral
50 of the August 10, 2017 impending EPC hearing so that area residents and the CHCA can
51 meet and further discuss the project with the applicants and their agents [R. 738-739]. On
52 August 7, 2017, Consensus Planning sought a deferral [R.737], of which was approved by

53 the EPC at its August 10 hearing [R. 551]. The EPC hearing was deferred to September 14,
54 2017 [R. 551]. A City-sponsored facilitated meeting was held with the applicant and the
55 neighbors on August 29, 2017 [R. 106].

56 On September 14, 2017, the EPC held its quasi-judicial public hearing on the three-part
57 application [R. 349]. At the hearing, City Staff Planner Michael Vos recommended that the
58 EPC approve the application with conditions [R. 223]. Multiple persons testified at the
59 hearing, including Planning Staff, the applicant's agents, 16 area residents, and an attorney
60 acting on behalf of some area residents [R. 349-370]. At the hearing, in a 6-1 decision, the
61 EPC voted to approve the application with the recommended conditions of its planning staff
62 [R. 385].

63 On September 28, 2017, the CHCA filed a timely appeal [R.1]. The City Council
64 accepted the appeal and referred it to the LUHO. On November 16, 2017, an extended Land
65 Use Appeal hearing was held at which cross-examination was allowed.

66 In this Appeal, Appellants claim that the EPC misapplied the meaning of "community"
67 in the "changed community conditions" analysis required by R-270-1980 because the EPC
68 did not engage in, or perform any analysis of the Cherry Hills neighborhood as the
69 benchmark for evaluating changes in the "community" [R. 33]. Appellants essentially claim
70 that the abutting Cherry Hills neighborhood is part of the community that should have been
71 evaluated for changes and not the larger Albuquerque community. They claim that it was
72 arbitrary for the EPC to judge the larger Albuquerque community to find changes supporting
73 the zone-change. They also believe that an "aging population" in the City should not qualify
74 as a changed condition under R-270-1980. In addition, Appellants claim that there is not

75 substantial evidence in the record that the existing SU-1 zone is inappropriate. Appellants
76 next claim that the proposed zone-change and proposed uses will harm the Cherry Hills
77 neighborhood because of the added traffic, the height, and massing of the buildings at the
78 site. They claim substantial evidence in the record demonstrates these harms. Alternatively,
79 Appellants contend that the applicant failed to demonstrate with substantial evidence that the
80 project will not harm the area residents [R. 35]. Appellants next contend that the EPC erred
81 because it "ignored" area resident concerns [R. 35]. Finally, at the appeal hearing,
82 Appellants, through counsel, claimed that the EPC Chair did not allow a Cherry Hills resident
83 who opposed the application to cross-examine the applicant's agent at the hearing at the
84 September 14, 2017 merits hearing.
85

86 **II. STANDARD OF REVIEW**

87 A review of an appeal is a whole record review to determine if the EPC erred:
88 1. In applying adopted city plans, policies, and ordinances in arriving at the
89 decision;
90 2. In the appealed action or decision, including its stated facts;
91 3. In acting arbitrarily, capriciously or manifestly abusive of discretion.
92 At the appeal level of review, the decision and record must be supported by a preponderance
93 of the evidence to be upheld. The Land Use Hearing Officer is advisory to the City Council.
94 If a remand is necessary to clarify or supplement the record, or if the remand would
95 expeditiously dispose of the matter, the Land Use Hearing Officer has authority to
96 recommend that the matter be remanded for reconsideration by the EPC. The City Council

may grant the appeal in whole or in part, deny it, or remand it to the Land Use Hearing Officer or to the EPC."[3]

Because there is sufficient evidence in the record demonstrating that the EPC's hearing was flawed on procedural due process grounds, it is unnecessary and even unwise to decide on the issues presented in the appeal. However, I will take this opportunity to respectfully forewarn the EPC that its decision needs clarification regarding how it dealt with R-270-1980, specifically regarding EPC Finding 7.D. The record supports a remand, not only on the procedural issue of cross examination, but on this ground alone.

III. DISCUSSION

I have carefully reviewed the record, the applicable provisions of City law, the policies in R-270-1980 and in the Comprehensive Plan, the testimony of the parties and of City Staff. I find that the EPC's findings on R-270-1980 need further clarification. I also find, after a very careful review of the EPC transcript in the record and the testimony at the LUHO hearing on this matter, that the EPC neither adhered to significant procedural safeguards, nor did it follow its own adopted procedures. It appears from the record transcript of the hearing that the Chair omitted any allowance for cross-examination at the hearing. I take up the procedural flaw first.

Because zone-changes involve determining the rights, duties, or obligations of specific individuals regarding how specific property can be used, EPC hearings regarding zone-changes are quasi-judicial in nature. It is an accepted principle of law that in conducting

3. See Rules of the Land Use Hearing Officer adopted by the City Council, February 18, 2004. Bill No. F/S OC-04-6 and codified in Section 14-16-4-4 of the Zoning Code.

118 quasi-judicial hearings the EPC is not required to observe the same evidentiary standards
119 applied by a court. Nevertheless, the EPC must adhere to fundamental principles of
120 procedural fairness to safeguard an unbiased, open-airing of the issues. Under the adopted
121 "Rules of Conduct of Business by the EPC," revised September 2017, "[c]ross examination
122 shall be afforded to anyone with standing who requests the opportunity to question an
123 opposing speaker regarding matters relevant to the application" (Emphasis added) [EPC
124 Rules, P. 4, ¶ 13].[4] This Rule statement implies that a person seeking to cross examine a
125 witness at an EPC hearing must make the "request." However, the Rules of Conduct also
126 establish an orderly process of how hearings are to be conducted of which establishes time
127 for cross-examination. The order of hearings, as stated in the EPC's own Rules of Conduct
128 states:

129 The order of considering an application shall be as follows unless the
130 EPC approves a motion to alter the order of presentation:
131 a. Planning staff presentation
132 b. Applicant's presentation
133 c. Testimony by public speakers including those with and without
134 standing,
135 d. Applicant's response and cross-examination, if any
136 e. **Cross-examination, if any**
137 f. Staff response
138 g. Floor is closed
139 h. Chair's summary of the issues (when appropriate)
140 i. Comments by EPC Commissioners
141 j. Motions including findings, and any conditions that may be
142 required.
143 EPC Commissioners may ask clarifying questions of any speakers at a
144 public hearing at any time prior to closing of the floor. Persons with
145 standing may cross-examine any person speaking at a hearing, as
146 permitted by these rules. The Chair has the discretion to allow additional
147 comment and response while the floor is open (emphasis added) [EPC
148 Rules, P. 4, ¶ 4].

4 I would like to make the EPC aware that their Rules of Conduct also require that "notice of the right of cross-examination shall be prominently placed in the agenda for each EPC hearing" [EPC Rules, P. 4, ¶ 13.b].

149 By implication, this orderly procedure, which has been adopted by the EPC, does not
150 leave the opportunity for cross examination to fortuity. Nor does it place the burden on the
151 public to request it. It requires the Chair, as a matter of procedural fairness, to assign or
152 designate time for cross examination. Thus, she must reasonably alert hearing attendees of the
153 opportunity and meaningfully contribute time for it. According to these EPC Rules, the last
154 word is given to Staff to respond, and then the floor is closed. The EPC clearly did not follow
155 its own Rules of Conduct at the hearing.

156 Appellants point to a short exchange in the record that they contend supports their
157 theory of the procedural due process violation. The alleged offense is as follows in an
158 exchange between Chair Hudson and Mr. Bednarski:

159 > Anyone have any questions of Ms. Fishman? I'm sorry, sir - - I
160 > apologize I have closed the floor. I did not say, "We close the floor,"
161 > prior to our closing statements, so I'm sorry. We've taken all the public
162 > comment we're going to. Thank you ma'am. [R. 379].
163

164 At the LUHO hearing, Mr. Joseph Bednarski testified under oath that he was the person that
165 Chair Hudson was speaking to in the above exchange. He testified that after Ms. Fishman
166 completed her testimony, he raised his hand because he wanted to ask Ms. Fishman questions
167 regarding her testimony. Mr. Bednarski's testimony at the LUHO hearing was not
168 challenged. I find that Mr. Bednarski's testimony is compelling and credible. The record
169 shows that Mr. Bednarski had standing to cross-examine the witness (Ms. Fishman) [R.360].
170 The record transcript is clear that the Chair did not close the floor and she did not allow for
171 any cross examination at the hearing. If she had closed the floor before Ms. Fishman finished
172 all her testimony, it may still have been improper to omit cross-examination because the

173 record reveals that Ms. Fishman was testifying to make additional points in response to
174 questions posed by EPC members. In any event, closing the floor is not the gauge for
175 determining when cross examination is to be disallowed. Under the EPC's own Rules, cross
176 examination should be afforded after testimony and before the EPC commences its
177 discussions. A full-reading of the transcript of the meeting establishes there was no
178 opportunity for cross examination at the hearing.

179 I next find, after dissecting the record, that the applicant's primary justifications under
180 R-270-1980 regarding changed conditions is vague. In addition, the EPC's findings were
181 similarly vague. Specifically, finding 7.D needs clarification. In its new hearing, the EPC
182 must make a better record regarding the appropriateness or inappropriateness of the existing
183 zone, taking into consideration the alleged changed conditions, while taking the time to allow
184 cross-examination.[5]

185 The applicants' zone-change proposal was partly supported by an analysis of the
186 existing zoning and on the changed conditions in the community. The required analyses
187 under R-270-1980 is a focus on how the changes in conditions of the neighborhood and/or
188 community, including the site, make the existing zone inappropriate. Thus, the analysis
189 necessarily requires an evaluation of the time-period and changes that have occurred,
190 commencing from when the existing zone(s) of the subject site were first established and
191 ending with the current conditions at the site and in the area. It is undisputed that the existing
192 zone was established in 1985. The existing zone allows churches and church-related uses.[6]

---

5 On remand, the EPC must adhere to its own Rules of Conduct, or it should inform the attendees at the hearing of minor changes to its procedure as provided for in the Rules of Conduct.
6 As indicated above, the zone permissively also allows two additional wireless communications facilities at the site.

193 In its Amended Official Notification of Decision [R. 7], the EPC made findings
194 regarding the changed conditions in the community. It found:

> 195 The existing zoning is inappropriate because changed *community*
> 196 conditions, including an increase in retirees seeking alternative housing
> 197 options as articulated in the newly updated Comprehensive Plan
> 198 precipitate the need for additional senior housing, and the subject site is
> 199 an appropriate place for such a senior housing facility. In addition, as
> 200 described in Findings 5 and 6, the existing zoning is inappropriate
> 201 because the proposed different use category for senior housing and
> 202 related services is more advantageous to the *community* as articulated by
> 203 the Comprehensive Plan (emphasis added) [R. 13, Finding 7.D].

204
205 This finding is plainly two separate findings because it includes two alternative justifications
206 for the inappropriateness of the existing zone: (1) changed conditions in the community and
207 (2) that the proposed zone is more advantageous to the community. Under R-270-1980 only
208 one of these justifications is necessary to support the decision of the EPC.

209 It is clear from the record that at least one significant basis for the zone -change is the
210 alleged aging population in the City. the applicant characterized this as a changed condition
211 warranting the zone-change. Appellants, on the other-hand, claim that R-270-1980 requires an
212 analysis of either the neighborhood or the community. They claim that the community, for
213 purposes of R-270-1980, cannot include the entire City.

214 I point out for the EPC, that if the City Council meant for the entire City to be analyzed
215 for changed conditions to justify the inappropriateness of a specific zone, it would have
216 included the word "City" in R-270-1980 instead of the term "neighborhood or community
217 condition." There is a lack of reasoning in the record for expanding the scope of the analysis
218 required in R-270-1980.

219 It is clear that R-270-1980.1.D(2) envisions an analysis of "changed neighborhood ***or***

220 community conditions" (Emphasis added). The term "community" is not defined in the
221 Comprehensive Plan. However, the term 'community" is used over 100 times in the
222 Comprehensive Plan to describe areas of the City that encompass multiple neighborhoods in
223 the City. The Comprehensive Plan also divides the City into 12 "Community Planning Areas"
224 (CPA). The 14.14-acre site in this appeal is in the North Albuquerque CPA which includes
225 much of the North Heights of the City. [Comp. Plan, 4-16]. The following language in the
226 Comprehensive Plan, although imperfect and not a definition, is helpful:

227 > CPA boundaries are intended to be small enough to be able to engage
228 > area residents and stakeholders at a neighborhood level, while placing
229 > community issues and opportunities into a larger community context.
230 > Neighborhood-level conversations are critical, but neighborhoods are
231 > not islands; they are affected by, benefit from, and contribute to the larger
232 > community [Comp. Plan, 4-13].
233

234 Thus, there is support for the proposition that the term community encompasses more than a
235 single neighborhood, and can include multiple areas and neighborhoods. In contrast, there is
236 a lack of supporting evidence in the record to support the analysis of the applicant and the
237 changed condition finding. The EPC has discretion, within reason, to evaluate, or accept its
238 Staff's evaluation of a larger undefined area of the City when judging zone-changes.
239 However, it should require Staff or the applicant to define what is the "community" that is
240 being evaluated. The alleged changes must also be linked to the zone-change site to
241 demonstrate that the zone is inappropriate because of the alleged changes.

242 Turning to the proof in the record to support the inappropriateness of the existing
243 zoning, the applicant contends that the existing zoning is unique and unlike other typical base
244 zones because it allows only one category of uses--church and related uses. The applicant

245 claims that over the years, since 1985, church-related uses have fully developed at the 62.5-
246 acre site, leaving considerable lands within the zone vacant for over 30 years. However, if
247 the applicant contends that the 14.14-acre site is essentially surplus or excess SU-1 for church
248 uses because church uses have fully developed on the larger 62.5-acre tract, the applicant
249 must support its contention with objective evidence. The only evidence to support this
250 contention is testimony from the applicant's agent that the church uses will not be further
251 developed at the site.

252 Finally, changes in the population demographics in the area were not well addressed by
253 the applicant. However, it appears that the EPC's decision places much weight on these
254 alleged changing demographics, specifically as a changed condition. The applicant cites a
255 market analysis to support the argument that the proposed use is needed at the site, yet they
256 did not link the need to the site, the neighborhood or the community. Instead they contend
257 that the market analysis supports a finding that there is a generalized need for senior housing
258 and care facilities in the City. This may or may not be true, but if it is utilized to support the
259 EPC's decision on the changed conditions analysis or on the more advantageous analysis,
260 the record and the decision must be clarified. The market analysis was not included in the
261 record and it appears that the Planning Staff and the EPC did not have an opportunity to
262 review it.[7]

263

264 **III. CONCLUSION**

265 For all the reasons described above, I respectfully recommend that Appellants' appeal

7 A redacted version of the market analysis was made a part of the record at the LUHO hearing.

should be partially granted with a remand to the EPC so that the EPC can rehear the application in full, taking the time to afford cross examination and add clarity to the record and to a decision.

Steven M. Chavez, Esq.
Land Use Hearing Officer

November 25, 2017

City of Albuquerque

Action Summary

City Council

Albuquerque/Bernalillo County Government Center
One Civic Plaza
Albuquerque, NM 87102

Council President, Ken Sanchez, District 1
Vice-President, Don Harris, District 9

Isaac Benton, District 2; Klarissa J. Peña, District 3
Brad Winter, District 4; Cynthia D. Borrego, District 5
Patrick Davis, District 6; Diane G. Gibson, District 7
Trudy E. Jones, District 8

Monday, December 18, 2017 **5:00 PM** **Vincent E. Griego Chambers**
One Civic Plaza NW
Albuquerque/Bernalillo County Government Center

TWENTY-THIRD COUNCIL - SECOND MEETING

1. ROLL CALL

Present 9 - Ken Sanchez, Don Harris, Isaac Benton, Klarissa Peña, Brad Winter, Cynthia Borrego, Patrick Davis, Diane Gibson, and Trudy Jones

2. MOMENT OF SILENCE

Pledge of Allegiance - Cynthia D. Borrego, Councilor, District 5

3. PROCLAMATIONS & PRESENTATIONS

4. ECONOMIC DEVELOPMENT DISCUSSION

5. ADMINISTRATION QUESTION & ANSWER PERIOD

6. APPROVAL OF JOURNAL

December 4, 2017

7. COMMUNICATIONS AND INTRODUCTIONS

8. REPORTS OF COMMITTEES

Finance and Government Operations Committee - December 11, 2017

Land Use, Planning and Zoning Committee - December 13, 2017

Deferrals/Withdrawals

a. O-17-45

Amending Chapters 1 And 2 Of The Revised Ordinances Of Albuquerque 1994 To Add A New Article And A New Section, Respectively, Relating To The Prioritization Of Fully Staffing And Funding The Albuquerque Police Department; Requiring An Independent Staffing, Compensation, And Recruiting Competitiveness Study Immediately And Every Five Years Thereafter (Harris, Sanchez)

A motion was made by Vice-President Harris that this matter be Postponed to February 21, 2018. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

b. O-17-55

Prohibiting Elected Officials And Departments, Boards, Commissions And Advisory Groups Of The City Of Albuquerque From Organizing, Sponsoring, Advertising Or Hosting Political Forums (Winter)

A motion was made by Councilor Winter that this matter be Postponed to January 17, 2018. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

e. R-16-145

F/S Directing The Administration To Install Four-Way Stop Signs At The Intersections Of Bataan Dr. And Gonzales Rd. SW, And Camino San Martin And 86th Street SW; Directing The Administration To Study 98th St. SW And Amole Mesa Dr. SW; Making An Appropriation (Peña)

A motion was made by Councilor Peña that this matter be Withdrawn by Sponsor. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

9. CONSENT AGENDA: {Items may be removed at the request of any Councilor}

Councilor Benton pulled EC-17-439 off the Consent agenda.

Councilor Sanchez pulled EC-17-459 off the Consent agenda.

a. EC-17-437

Transmitting the Year End Status Report on FY/17 Objectives

A motion was made by Vice-President Harris that this matter be Receipt Be Noted. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

b. EC-17-438

FY/17 Priority Objective Report, Goal 7, Objective 4, Cultural Services, Regarding the Albuquerque Museum Community History Series

A motion was made by Vice-President Harris that this matter be Receipt Be Noted. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

d. EC-17-440

Fourth Quarter Fiscal Year 2017 Priority Objectives Report for the Albuquerque Police Department

A motion was made by Vice-President Harris that this matter be Receipt Be Noted. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

e. EC-17-441

Priority Objective Report, FY/17 Goal 7, Objective 3, Community Events

A motion was made by Vice-President Harris that this matter be Receipt Be Noted. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

f. EC-17-442

FY/17 Priority Objective Report, Cultural Services - Library

A motion was made by Vice-President Harris that this matter be Receipt Be Noted. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

***h.** EC-17-486

Mayor's Appointment of Salvator Perdomo to the Zoning Board of Appeals

A motion was made by Vice-President Harris that this matter be Withdrawn by Administration. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

***i.** EC-17-492

Mayor's Appointment of Timothy Waters to the Zoning Board of Appeals

A motion was made by Vice-President Harris that this matter be Withdrawn by Administration. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

***j.** EC-17-494

Mayor's Appointment of Mr. Robert Rayner to the Zoning Board of Appeals

A motion was made by Vice-President Harris that this matter be Withdrawn by Administration. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

***k.** EC-17-496

Mayor's Appointment of Ms. Malak Hakim to the Zoning Board of Appeals

A motion was made by Vice-President Harris that this matter be Withdrawn by Administration. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

*l. EC-17-5

Mayor's Recommendation of Award to Intera Incorporation for "Operation and Maintenance of Los Angeles Landfill"

A motion was made by Vice-President Harris that this matter be Approved. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

*m. EC-17-6

Mayor's Recommendation of Award to RBC Capital for "Debt Obligation / Bonds and Swaps"

A motion was made by Vice-President Harris that this matter be Approved. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

*n. EC-17-7

Panorama Boulevard Vacation (Project# 1008435/17DRB-70180) Isaacson And Arfman PA and Surv-Tek Inc, agents for Mechenbier Construction Inc/Americus LLC, request Vacation Of Public Right-Of-Way for Old Panorama Boulevard with Tracts N-2, N-3-A, Tanoan Properties and Tract 18, High Desert, zoned R-D, located on the west side of Tramway Blvd NE between Academy Rd NE and San Antonio Dr NE containing approximately 24 acres

A motion was made by Vice-President Harris that this matter be Approved. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

o. OC-17-1

Appointment of Ms. Laura Smigielski Garcia to the Accountability in Government Oversight Committee

A motion was made by Vice-President Harris that this matter be Confirmed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

p. R-17-177

F/S Directing The City Administration To Evaluate The Performance Of The Albuquerque Rapid Transit (A.R.T.) Project As It Impacts Traffic Along Central Avenue, Changes In Transit Ridership, And Changes In Traffic On Specified Alternative Routes After It Has Been In Operation For The Sixty-Day Period Starting Two Years, Per FTA Standards, After Project Completion Compared With The Same Sixty-Day Period In 2015, The Same Sixty-Day Period In 2013, And The Same Sixty-Day Period In 2010; And To Work With Adjacent Communities To Mitigate Any Negative Impacts Identified By Those Assessments, To Include An Option To Re-Open Dedicated Transit Lanes To General Traffic. The Results Of The Assessments Outlined Below Are To Be Evaluated By A Third Party That Is Independent Of Both The City Transit Department And MRCOG (Harris)

A motion was made by Vice-President Harris that this matter be Withdrawn by Sponsor. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

q. O-17-59

Amending Chapter 10, Article 1, ROA 1994 To Allow The City Council, By Resolution, To Close Facilities, Including Parking Lots, Within City Parks Earlier Than The Posted Park Closing Time (Winter)

A motion was made by Vice-President Harris that this matter be Withdrawn by Sponsor. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

r. R-17-251

Approving And Authorizing The Acceptance Of A Grant Agreement With The State Of New Mexico, Department Of Health For An Evidence-Based Chronic Disease Self-Management Education Program And Providing An Appropriation To The Department Of Senior Affairs (Gibson, by request)

A motion was made by Vice-President Harris that this matter be Passed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

s. R-17-254

Appropriating Funds To The Capital Implementation Program For The 2017 General Obligation Program (Harris, by request)

A motion was made by Vice-President Harris that this matter be Passed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

t. R-17-258

Approving And Authorizing A Certified Local Government Subgrant From The State Of New Mexico Department Of Cultural Affairs Historic Preservation Division For The Route 66 Historic Building Inventory And Registry Project And Providing An Appropriation To The Planning Department (Benton)

A motion was made by Vice-President Harris that this matter be Passed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

***u.** R-17-260

Approving And Authorizing Acceptance Of A Letter Of Award From The National Endowment For The Arts (NEA) And Making An Appropriation To The Cultural Services Department In Fiscal Year 2018 (Benton, by request)

A motion was made by Vice-President Harris that this matter be Passed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

13. APPROVALS: {Contracts, Agreements, and Appointments}

c. EC-17-439 Solid Waste Management Department, Priority Objective Report, FY 17 Goal 5, Regarding Cost Effectiveness, Air Quality Impacts and Carbon Footprint Effects of Using Compressed Natural Gas In Lieu of Diesel Fuel

A motion was made by Councilor Benton that this matter be Postponed to January 17, 2018. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

g. EC-17-459 Updated Integrated Waste Management Plan 2017

A motion was made by President Sanchez that this matter be Postponed to January 17, 2018. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

10. GENERAL PUBLIC COMMENTS

11. ANNOUNCEMENTS

12. PUBLIC HEARINGS: {Appeals, SAD Protest Hearings}

a. AC-17-11 (Project #107412/17EPC-40024, 17EPC-40025, 17EPC-40026) Frank Salazar, Agent for Cherry Hills Civic Association appeals the decision of the Environmental Planning Commission (EPC) to Approve a Zone Map Amendment (Zone Change) and related Site Development Plans for Subdivision and Building Permit for all or a portion of Tract B-2, Yorba Linda Subdivision and a portion of Tract A, Hoffmantown Baptist Church Site, zoned SU-1 for Church and related facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility, to SU-1 for Senior Living Facility and related services, including on-premise liquor consumption, located on Harper Rd. NE, between Ventura St. NE and Wyoming Blvd. NE, containing approximately 14.2 acres

A motion was made by Vice-President Harris that this matter be To Accept the Land Use Hearing Officer Recommendation and Findings. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

13. APPROVALS: {Contracts, Agreements, and Appointments}

a. EC-17-1 Appointment of Sarita Nair, JD, MCRP to the position of Chief Administrative Officer

A motion was made by Councilor Benton that this matter be Confirmed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

b. EC-17-2

Appointment of Sunalei Stewart, JD, MA, CFE to the position of Deputy Chief Administrative Officer

A motion was made by President Sanchez that this matter be Confirmed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

c. EC-17-3

Appointment of Sanjay Bhakta, CPA, CGFM, CFE, CGMA to the position of Chief Financial Officer

A motion was made by President Sanchez that this matter be Confirmed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

d. EC-17-4

Appointment of Lawrence Rael, MPA to the position of Chief Operations Officer

A motion was made by President Sanchez that this matter be Confirmed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

14. FINAL ACTIONS

f. R-17-250

Creating A Cruising Task Force To Explore Options And Make Recommendations To Promote Responsible Cruising In The City Of Albuquerque (Peña, Benton)

A motion was made by Councilor Peña that this matter be Passed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

c. O-17-60

Enacting The Albuquerque "Security Assistance Funding District Ordinance;" Providing For The Designation Of Security Assistance Funding (SAF) Districts Upon Application To The City By A Certain Number Of Merchants Or Real Property Owners In The Proposed District; Requiring The Creation Of A Security Plan For The Designated District; Providing For City Matching Grants To Help Defray The Cost Of Security Improvements Described In A District's Security Plan (Davis)

A motion was made by Councilor Borrego that this matter be Amended. Councilor Borrego moved Amendment No. 1. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

A motion was made by Councilor Davis that this matter be Passed as Amended. The motion carried by the following vote:

For: 8 - Sanchez, Harris, Benton, Winter, Borrego, Davis, Gibson, and Jones

Against: 1 - Peña

d. O-17-61 Amending The Revised Ordinances Of Albuquerque Relating To The Albuquerque Rapid Transit (ART) Program And The Operation And Use Of Transit Vehicles And Facilities (Benton, by request)

A motion was made by Councilor Benton that this matter be Passed. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

15. OTHER BUSINESS: {Reports, Presentations, and Other Items}

a. Approval of Committee Appointments

A motion was made by President Sanchez that the Committee Appointments dated December 15, 2017 be approved. The motion carried by the following vote:

For: 9 - Sanchez, Harris, Benton, Peña, Winter, Borrego, Davis, Gibson, and Jones

ADDITIONAL APPLICATION INFORMATION

CONSENSUS PLANNING

Landscape Architecture
Urban Design
Planning Services

302 Eighth St. NW
Albuquerque, NM 87102

(505) 764-9801
Fax 842-5495
cp@consensusplanning.com
www.consensusplanning.com

January 2, 2018

Ms. Karen Hudson, Chair.
Environmental Planning Commission
600 2nd Street, NW
Albuquerque, NM, 87102

Re: Remand from City Council – AC-17-11; Project #1007412; 17EPC-40024, 17EPC-40025, 17EPC-40026

Dear Madam Chair:

This letter is the Applicant's presentation upon the City Council's December 18, 2017 remand of the referenced matter regarding the Harper Road Senior Living project (Project #1007412; 17EPC-40024, 17EPC-40025, 17EPC-40026), which was approved by the Environmental Planning Commission (EPC) on September 14, 2017, and subsequently appealed by members of Cherry Hills Civic Association. This letter includes a recap of the information provided in my original letter to the EPC dated July 26, 2017, as well as additional information provided in response to the comments of the Land Use Hearing Officer (LUHO) which led to the remand of this matter.

INTRODUCTION REGARDING THE REMAND

The LUHO's recommendation to the City Council was that this matter be remanded so that the EPC can rehear the application in full, taking the time to afford cross-examination of witnesses and to add clarity to the record in specific areas noted by the LUHO. The applicant offers the following suggestions to address and satisfy the concerns articulated by the LUHO:

1. The EPC should provide the opportunity for cross-examination of witnesses at the hearing.

2. The EPC's findings with respect to Resolution 270-1980 should be clarified as follows:

   A. Findings concerning changed conditions should reflect an evaluation of the relevant changes in the community over the time period between the date when the existing zoning was established (1985) and the present.

   B. Findings concerning changed conditions should be supported by evidence of such changes in the neighborhood or community rather than changes in the City as a whole, and the "community" in which such changes are observed should be defined.

   C. Findings concerning the inappropriateness of the existing zoning as a result of Hoffmantown Church having fully developed its facility and the subject land being "surplus" should be supported by evidence other that the mere statements of the applicant's agent.

   D. Findings concerning the need or market demand for the proposed use should be supported by evidence from the applicant's market study.

PRINCIPALS

James K. Strozier, AICP
Christopher J. Green, PLA, ASLA, LEED AP
Jacqueline Fishman, AICP

INTRODUCTION REGARDING THE PROJECT

This is a three-part request for a zone map amendment, a Site Development Plan for Subdivision, and a Site Development Plan for Building Permit on behalf of SP Albuquerque, LLC. The 14.14-acre subject site is located in a Comprehensive Plan Area of Consistency at 8888 Harper Road NE, between Ventura Street and the Albuquerque Academy. This request is summarized below:

1) Zone Map Amendment − The existing zoning on the subject site is comprised of SU-1 for Church & Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility. The proposed zoning is SU-1 for Senior Living Facility and Related Services, including on-site liquor consumption. This zone map amendment will be for a portion of Tract A, Hoffmantown Church and Tract B-2, Yorba Linda Subdivision.

2) Site Development Plan for Subdivision − The Site Plan for Subdivision will subdivide the property to consolidate a portion of Tract A and Tract B-2. The remainder of Tract A will be retained by the Hoffmantown Church.

3) Site Development Plan for Building Permit − The applicant is proposing to build a senior living community that is site plan controlled and addresses issues of landscaping, grading and drainage, site circulation, building placement, and architecture.

PROJECT OVERVIEW

The proposed project is a senior living community called Harper Road Senior Living, which provides three different care options for its residents. There will be 96 Independent Living (IL) units, 60 Assisted Living (AL) units, and 24 Memory Care (MC) units, for a total of 180 units. Common areas such as a library, internet lounge, multi-purpose media room, private dining restaurant, beauty salon and spa, wellness/fitness center, indoor pool, and recreational gathering spaces are provided for the convenience of the residents are included in the project. The project will also include on-site consumption of beer and wine for the residents during meals, which is common for senior living communities.

Site Aerial

This development is intended to create a living environment that encourages intellectual, social, and physical wellness for seniors. The goal is to serve seniors by providing support services and much needed residential and medical facilities for the aging senior population in Albuquerque, as well as seniors who may relocate to Albuquerque. This project is appropriate for the area and would be an excellent neighbor to the surrounding community.

MARKET ANALYSIS

The applicant commissioned a market study to determine the level of demand for a proposed senior living community at this location (Market Study: SRG-Albuquerque, completed by JLL, April 4, 2017). Although the market study does not solely provide the justification for the zone map amendment, it clearly illustrates the unmet demand for senior living facilities in this area of Albuquerque and was requested to be included in the record by the LUHO *(see attached Market Study)*. The applicant brought to the attention of the LUHO that the Market Study commissioned by the applicant includes certain confidential proprietary information. The LUHO indicated consent to the applicant's redacting of this sensitive information from the Market Study before it was submitted for the record. This section summarizes the pertinent findings and conclusions from the JLL Market Study.

The Market Study assumed the primary market area (PMA) as a 3-mile radius from the site. The primary land use in the area is single family residential and the area is approximately 80% developed. The PMA is experiencing moderate population growth, has above average income levels, and is considered to be in a stage of growth. Between 2017 and 2022, the PMA is forecast to experience growth in demand for senior housing at a below average rate relative to the nation as a whole. However, the Market Study concluded that IL, AL, and MC are under-supplied within the PMA. This finding is supported by the higher occupancies reported for each senior living segment; 96% for IL, 93% for AL, and 97% for MC. At the time of the Market Study, there were no known projects in the pipeline (other than this one on Harper Road) proposed or under construction. The current supply and level of demand for each senior living segment is provided below:

- Independent Living (IL) – There are 317 competitive IL units within the PMA at this time. With an anticipated demand figure of 869 units in 2019, and a pipeline supply of 96 units (this project), there is forecast to be excess unmet demand for an additional 456 AL units.
- Assisted Living (AL) - There are currently 275 competitive AL living beds within the PMA. With a demand for 621 beds in 2019 and a pipeline supply of 60 beds (this project), there is forecast to be excess unmet demand for an additional 286 beds.
- Memory Care (MC) – There are currently just 98 competitive beds within the PMA. With an estimated demand figure of 217 beds in 2019, and a pipeline supply of 24 beds (this project), there is forecast to be an excess unmet demand for an additional 95 MC units.

EXISTING SITE CHARACTERISTICS, HISTORY, AREA CONTEXT, and POPULATION TRENDS

The project site consists of a portion of Tract A of Hoffmantown Church Subdivision and Tract B-2 of the Yorba Linda Subdivision. The property is located on the south side of Harper Road; to the west and south is the Albuquerque Academy and the South Pino Arroyo; to the north are single family homes, which comprise the Cherry Hills neighborhood; and adjacent to the east is the Hoffmantown Church and recreation facilities. The zoning and land use that surround the property are shown in the table below.

DIRECTION	ZONING	EXISTING LAND USE
North	R-1	Single family (Cherry Hills Neighborhood)
East	SU-1 Church & Related Facilities	Hoffmantown Church
South	SU-1 PRD	South Pino Arroyo and Albuquerque Academy
West	SU-1 PRD	Albuquerque Academy

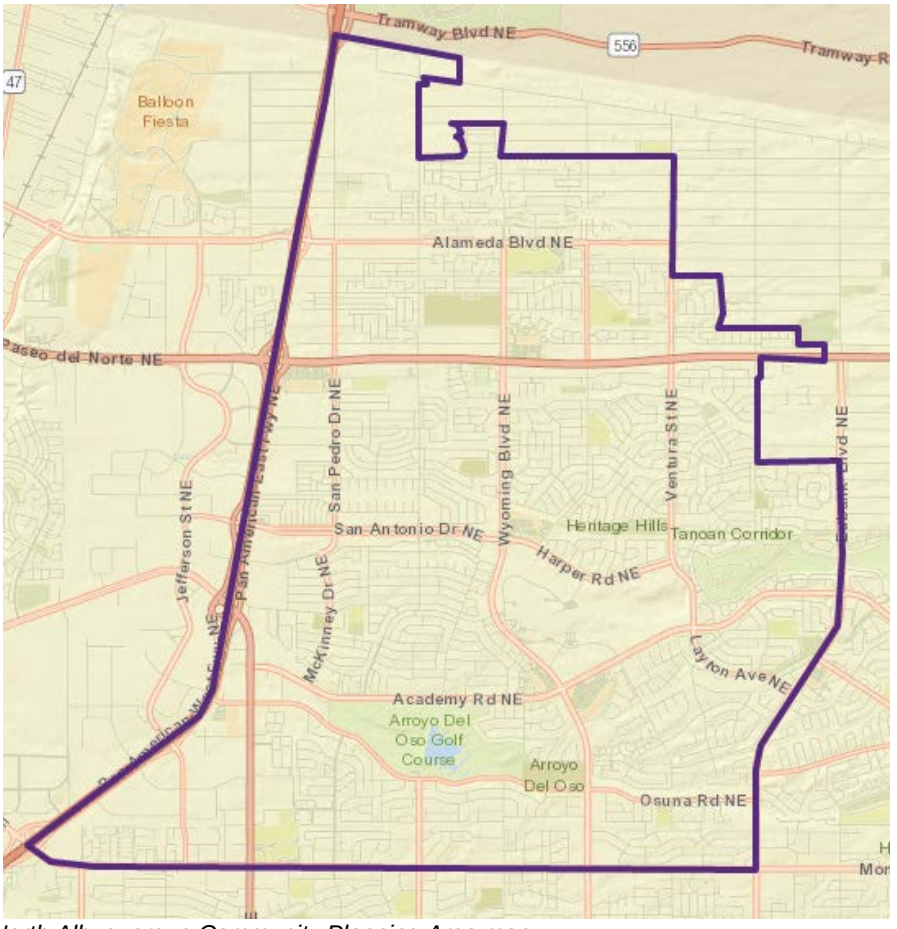
The original zoning for the Hoffmantown Church was established on the property in 1985 and the Site Development Plan was subsequently approved in 1986. Approximately 9.5 acres of the church land directly to the east of the subject site developed later (after 2008) into a park containing a soccer field, walking paths, prayer garden, and an amphitheater. Although it is private land, Hoffmantown Church allows public access to this park. The large portion of the property to the west of the existing church buildings was never developed, remains vacant, and is the subject of this request.

The natural features of the property include the South Pino Arroyo to the south and the substantial change in elevation from east to west. Views from this site are noteworthy, both to the Sandia Mountains on the east and the West Mesa to the west.

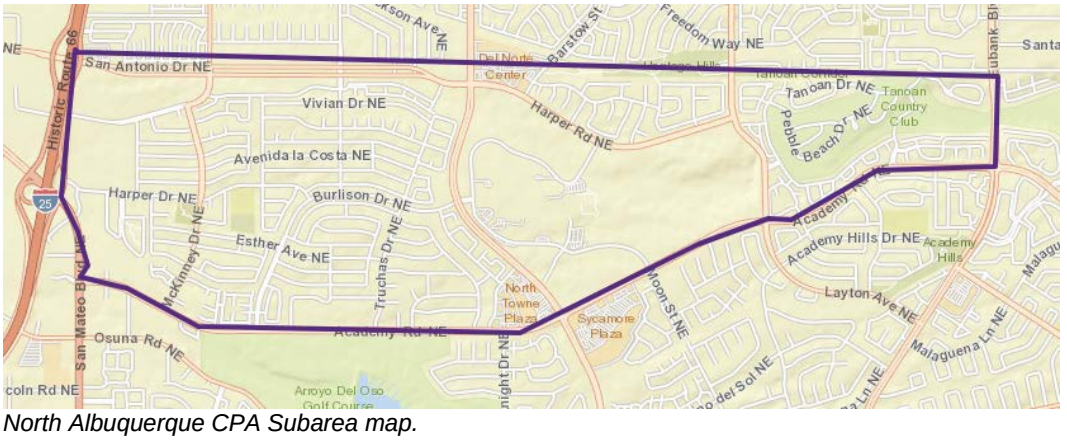
As part of our analysis of existing conditions, Consensus Planning completed a population trends analysis for: 1) Albuquerque as a whole; 2) North Albuquerque Community Planning Area (CPA); and 3) Subarea of the North Albuquerque CPA. We were able to compile the trend for the entire 36-year period from 1980 through 2016 (including 1985, the year the current zoning was established) for the City of Albuquerque as a whole. Data for the North Albuquerque CPA and the Subarea of the North Albuquerque CPA could be obtained for the latter part of this period.

Population characteristics for 1980, 1990, 2000, 2010, and 2016 were obtained from the U.S. Census Bureau. Population characteristics for the North Albuquerque CPA and the North Albuquerque CPA Subarea were obtained from Environics Analytics, a geocoding software company that allows the demographer to draw a polygon around a specific geographic area, thus allowing a more specific analysis of population trends. Environics Analytics population estimates are developed using U.S. Census data and variables including natural growth patterns, in and out migration patterns, and changes in median ages.

The North Albuquerque CPA, as designated by the City of Albuquerque Comprehensive Plan, includes the Cherry Hills neighborhood *(see map, next page below).* The subarea of the North Albuquerque CPA is also shown next page.



North Albuquerque Community Planning Area map.



North Albuquerque CPA Subarea map.

As shown in Table 1 next page, the population in the City of Albuquerque from 1980 to 2016 continued to age, as evidenced by the 21% increase in the median age and the 39% growth in the 65-85+ cohort. Table 2 shows the population in the North Albuquerque CPA and in the North Albuquerque CPA Subarea is significantly older than in the City of Albuquerque as a whole and continues in its aging trend. In 2016, the median age for Albuquerque as a whole was 36.0 years, whereas the median age for the North Albuquerque CPA and the North Albuquerque CPA Subarea was 41.7 years and 47.1 years, respectively. Population trends between 2010 and 2016 show that the strongest growth category across all three geographic areas is in the 65-85+ cohort.

TABLE 1: CITY OF ALBUQUERQUE POPULATION CHARACTERISTICS, 1980-2016						
	1980	1990	2000	2010	2016	% Change 1980-2016
Total Population	331,767	384,736	448,607	545,852	556,859	40%
0-14 Years	22%	21%	20%	20%	20%	-14%
15-24 Years	20%	15%	15%	15%	13%	-52%
25-44 Years	31%	35%	31%	28%	29%	-7%
45-64 Years	18%	18%	22%	25%	25%	26%
65-85+ Years	8%	11%	12%	12%	14%	39%
Median Age	28.5	32.4	34.9	35.1	36.0	21%

Source: U.S. Census Bureau, SF1 100%.

TABLE 2: CITY OF ALBUQUERQUE, NORTH ALBUQUERQUE CPA, & NORTH ALBUQUERQUE CPA SUBAREA, 2010-2016									
	CITY OF ALBUQUERQUE			NORTH ALBUQUERQUE CPA			NORTH ALBUQUERQUE CPA SUBAREA		
	2010	2016	% Change 2010-2016	2010	2016	% Change 2010-2016	2010	2016	% Change 2010-2016
Total Population	545,852	556,859	2%	63,503	64,012	1%	10,349	10,160	-2%
0-14 years	20%	20%	-3%	17%	16%	-8%	16%	15%	-4%
15-24 years	15%	13%	-9%	14%	13%	-8%	11%	10%	-12%
25-44 years	28%	29%	2%	25%	25%	2%	22%	23%	3%
45-64 years	25%	25%	-2%	28%	27%	-5%	30%	26%	-13%
65-85+ years	12%	14%	12%	16%	19%	21%	21%	26%	18%
Median Age	35.1	36.0	3%	40.3	41.7	3%	46.0	47.1	2%

Source: U.S. Census Bureau, SF1 100% and Environics Analytics.

The following comparisons of the foregoing population characteristics, isolating median age and percentage of the population in the highest age cohort between the City of Albuquerque and the North Albuquerque CPA Subarea, reveal the stark difference:

TABLE 3: 2016 MEDIAN AGE & 65-85+ AGE COHORT		
	CITY OF ALBUQUERQUE	NORTH ALBUQUERQUE CPA SUBAREA
2016: Median Age	36.0	47.1
2016: 65-85+ years % of Population	14%	26%

These population trends underscore the aging demographics in this area of Albuquerque and support the Applicant's contention that changed community conditions, particularly in the North Albuquerque CPA and the North Albuquerque CPA subarea, support the demand for senior housing at the subject site.

SITE PLAN FOR SUBDIVISION

The Site Plan for Subdivision covers the western portion of Tract A, and Tract B-2 of the Yorba Linda Subdivision, and proposes one consolidated tract of 14.14 acres. The remaining portion of Tract A will remain under the control of Hoffmantown Church and is not the subject of this request. The property will be subdivided accordingly as part of the final sign-off of the Site Plan for Subdivision and Building Permit by the Development Review Board (DRB).

Pedestrian access is accommodated along Harper Road on a 6-foot wide crusher fine trail and a minimum 6-foot wide sidewalk, similar to what exists in front of the Hoffmantown Church property. The pedestrian experience is enhanced with landscaping, minimum 6-foot wide sidewalks, and views of the Sandia Mountains and the West Mesa.

There are several bicycle facilities near the proposed project that connect this property to the regional trail system. There is a multi-use trail and a bike lane along Wyoming Boulevard, west of the proposed project site, and along Harper Road. There is a bike route along Ventura Street to the east of the site and bike lanes in Academy Boulevard. The Albuquerque Bikeways and Trails Facilities Plan proposes a paved trail along the South Pino Arroyo directly south of the property that would connect to the existing Pino Arroyo Trail west of Wyoming Boulevard.

There are also two transit routes that are nearby including Albuquerque Ride Route 2 along Ventura Street, Route 93 along Academy Road, and Routes 31-93 along Wyoming Boulevard. The closest bus stop is near the corner of Harper Road and Ventura Street.

A significant portion, approximately 1.92 acres, of the 14.14-acre property is encumbered by easements for the arroyo and floodplain along the south portion.

SITE PLAN FOR BUILDING PERMIT

The applicant is proposing one multi-part building, which varies in height from one- to three-stories. The proposed building is 238,172 square feet and is comprised of Independent Living (151,017 gross square feet), Assisted Living (57,741 gross square feet), Memory Care (18,072 gross square feet), and the remainder includes the project amenities. The project contains 96 Independent Living units, 60 Assisted Living units, and 24 Memory Care units, for a total of 180 units with a density of 12.7 dwelling units per acre. Common areas, community space, and other amenities are also included in the project.

Vehicular and pedestrian access is from Harper Road. Vehicular circulation loops around the back side of the site. Vehicular ingress and egress is addressed via two access points from Harper Road that are aligned with two existing median openings. Pedestrian circulation is provided through a sidewalk system with a minimum width of 6-feet.

The 96-unit Independent Living building sits on the high side of the site. The location, along with a curved façade, will provide views from almost every unit. This building also houses the bulk of the project amenities through the diagonal spine. These amenities include a living room, library, arts and craft space, multipurpose room, theater, indoor pool, wellness center, hair salon/spa, and a restaurant with multiple dining venues.

The AL/MC area sits down the hill on the west side of the site, minimizing its impact on the IL building and on the surrounding community. This building houses 84 residences; 24 in the one-story Memory Care and 60 in the two-story Assisted Living areas. Amenities in this building include living rooms, dining rooms, multi-purpose room, hair salon, wellness center, and devotional space.

The architecture is a combination of pitched roofs and flat roofs, with the building massing stepping down as it extends north towards Harper Road. The main focal point is the amenity area around the main porte cochere that faces Harper Road. This area has traditional gabled forms, tile roof, and a combination of storefront and residential scaled windows. The 2 and 3 story IL building is characterized by its curved shape and will be a bit more simplistic in its detailing, allowing the shape and massing to give it interest. The lower scale AL/MC building will have pitched tile roofs

and traditional forms. All buildings will have light earth toned colors intended to blend in with the existing development.

On-site parking is provided for those IL residents that will continue to drive, staff, and visitors. Much of the parking is provided where it is needed most, on the eastern portion of the site. This portion of the parking will also include 52 covered spaces. There is also guest parking along the drive aisle on the western portion of the site to accommodate visitors and staff in the AL and MC areas.

Minimum Parking Requirements

TYPE	PARKING REQUIREMENTS		Parking Spaces Provided
	Number of Units / Staff	Parking Ratio	
Independent Living (IL)	96	1 space per unit [1]	96
Assisted Living (AL)	60	1 space per 3 units [2]	20
Memory Care (MC)	24	1 space per 5 units [3]	5
Guest			105
Handicapped		8 spaces per 101-300 vehicle spaces*	
TOTAL	**180 (units)**		**226***
Bicycle	-	1 space per 20 vehicle spaces (12)	14
Motorcycle	-	5 spaces per 151-300 vehicle spaces	5

** Total parking spaces include 14 HC spaces.*

Parking Notes:

1. Experience indicates that residents of senior communities do not want the burden of car upkeep and maintenance. As part of its resident program, there will be shuttle transportation to off-campus appointments and group transportation services. As such, a 1:1 parking ratio for Independent Living is appropriate.
2. Assisted Living is an intermediate step between Independent Living and Memory Care. In addition to standard services such as housekeeping and laundry, Assisted Living residents receive three meals per day, personal laundry service, and assistance with basic activities of daily living such as grooming, dressing, bathing, and reminders on medications, as needed. Transportation services for Assisted Living residents are provided to appointments, community events, and others as requested by the resident. Although, a few may still drive, most Assisted Living residents do not drive. Therefore, a parking ratio of 3:1, which includes staff parking, is adequate.
3. Memory Care (Alzheimer's) residents are seniors typically aged 80 years and older who have cognitive and memory impairments issues and who need 24-hour care by trained professionals. These services are typically delivered in secured (locked) environments and staffed by 24-hour personnel. Given the frail nature of these residents, they do not use automobiles and typically do not own vehicles at this time of their life. A 5:1 parking ratio for these residences, which includes staff parking, is adequate.

A Letter of Map Revision (LOMR) is necessary to eliminate the existing FEMA Flood zone currently encroaching onto the site from the South Pino Arroyo. This effort requires coordination with FEMA, AMAFCA, and the Army Corps of Engineers. The resultant improvements proposed will be a shotcrete bank stabilization constructed at the north side of the existing arroyo along the entire frontage of this site. This stabilization will be constructed at 2:1 slope and a minimum of 4-5 feet in height. Coordination directly with the reviewing entities and the exact location is currently being reviewed and determined. Formal approval from these agencies will be required prior to confirmation of its ultimate location.

RESOLUTION 270-1980 - ZONE MAP AMENDMENT

This request for a Zone Map Amendment is compatible with and furthers applicable City plans and policies, including Resolution 270-1980. The proposed change will contribute to the vitality and mix of uses in the area while implementing the intent of the 2017 Comprehensive Plan.

In accordance with City of Albuquerque's Resolution 270-1980 (R 270-1980), the proposed Zone Map Amendment recognizes and complies with policies A through J. Applicant policy responses are italicized below corresponding to each policy.

> **<u>R 270-1980; Policy A</u>: A proposed zone change must be found to be consistent with the health, safety, morals, and general welfare of the city.**
>
> ***Applicant Response:*** *The proposed zone change from SU-1 for Church and Related Facilities* and Telecommunications Facility *to SU-1 for Senior Living Facility and Related Services, including on-site liquor consumption, is consistent with the health, safety, morals, and general welfare of the City. The project will provide much needed and desired services, and housing for Albuquerque's senior population in an area where this use is appropriate. The proposed project will be a good neighbor to the adjacent institutional uses of Hoffmantown Church and the Albuquerque Academy. The proposed use will generate less traffic than other potential uses including church, residential, or commercial (see Traffic Analysis Memo, Bohannan Huston, 9/8/17). Most of the residents' needs will be met on-site and shuttle services will be provided for appointments, shopping, and other group outings. Retail support services for the minor day-to-day needs of the residents will be provided on-site. For these reasons, this request furthers the goals and policies of the Comprehensive Plan as demonstrated in Criterion C below.*
>
> **<u>R 270-1980; Policy B</u>: Stability of land use and zoning is desirable; therefore, the applicant must provide a sound justification for the change. The burden is on the applicant to show why the change should be made, not on the city to show why the change should not be made.**
>
> ***Applicant Response:*** *While stability in land use and zoning is desirable, a change in land use and zoning is warranted if the change is consistent with the character of the neighborhood or is in the best interest of the community. In this case, the change in zoning proposed by the Applicant will allow the use of long vacant land in a way that is compatible with the surrounding neighborhood and is in the best interests of the neighborhood and the wider community by allowing the development of a high quality, senior living facility on long vacant and underutilized land that will help serve an unmet need in an area that has a significantly higher median age than the rest of Albuquerque (see above Population Trends Analysis). The senior living uses (residential, institutional, and support services) proposed will*

benefit and are compatible with the surrounding institutional, residential, and commercial uses on the Albuquerque Academy and Hoffmantown Church properties, Cherry Hills neighborhood, and the community commercial development on Wyoming Boulevard and Harper Road. All of the property between Wyoming Boulevard and Ventura Street, and Harper Road and Academy Boulevard have SU-1 zoning, which requires site plan approval for all proposed development.

The site has proven to be much larger than the Hoffmantown Church needs; therefore, a significant portion has remained vacant for 32 years since the existing zoning was established in 1985. Hoffmantown Church has determined that this portion of its property is surplus to the operation of the Church and to its strategic vision of future direction (see Hoffmantown Church Memo, dated December 31, 2017). The approved Hoffmantown Church Site Plan for Building Permit allows 511,000 square feet in building; however, only 161,000 square feet has been built. The proposed project presents an opportunity for a long-term, committed, and experienced senior living development to stabilize land use and zoning in this location.

The proposed uses are compatible with the Albuquerque Academy's existing zoning of SU-1 for PRD (approved in 1979) and the Site Plan for Subdivision (subsequently approved by the Environmental Planning Commission in the 1980s) for 146 acres of School Uses, 57 acres of Townhouse Use with a maximum density of 8 dwelling units per acre, 38 acres of R-LT (townhouse uses), 25 acres of Mixed Office and Residential Uses with Incidental Commercial use with a Maximum Floor Area Ratio (FAR) of 1.0, 13 acres of R-2 uses (maximum density of 30 dwelling units per acre), 12 acres of Neighborhood Commercial, and 5 acres of Neighborhood Park.

The SU-1 zoning designation will be retained. It requires a much higher level of review and provides a process that helps to maintain the integrity and values of existing adjacent neighborhoods by providing the opportunity for residents to participate and offer input relative to the proposed development.

<u>R 270-1980; Policy C</u>: A proposed change shall not be in significant conflict with adopted elements of the Comprehensive Plan or other city master plans and amendments thereto including privately developed area plans which have been adopted by the city.

Applicant Response: *The proposed zone change does not conflict with the Comprehensive Plan or other City adopted plans. This request supports the Comprehensive Plan's goals and policies by proposing a project that respects neighborhood edges, creates new jobs, and addresses housing needs for an important segment of the community, as well as facilitates the City's Facility Plan for Arroyos.*

Facility Plan for Arroyos

Due to the subject site's proximity to South Pino Arroyo, the City of Albuquerque's Facility Plan for Arroyos, adopted in 1986, applies to the proposed development. This Plan ranks the City's arroyos, identifies specific arroyo corridors with special design and development regulations, and details a multi-year program of facility capital improvements for the designated arroyos by the City.

Each arroyo identified in the Facility Plan for Arroyos was evaluated in terms of its potential to serve as Major Open Space, link Major Open Space areas, or form an urban trail system. The South Pino Arroyo is designated as a Major Open Space Link and is discussed on page 36 of the Facility Plan for Arroyos. The Plan describes the South Pino Arroyo as originating in the Sandia Foothills and with the potential of …"linking a developed picnic area, Sims Park, with the Rio Grande Bosque by way of the North Diversion Channel."

Applicant Response: *The Facility Plan for Arroyos notes that development proposals under consideration for the area between Wyoming Boulevard and Ventura Avenue included medium-density residential, commercial, and institutional uses. The current proposal for a medium-density residential senior living facility is consistent with the uses that were "under consideration" in 1986 when the Plan was adopted.*

POLICY 1 – Drainage Facilities Within Designated Major Open Space Links: Wherever feasible, the design of drainage facilities within Major Open Space Links shall be sensitive to their function as an open space recreational arroyo, incorporating naturalistic channel stabilization treatments such as gabions and ungrouted riprap. Tinted concrete or soil cement may be used in limited applications such as in low flow channels or as needed to control erosion at points where developed runoff enters the arroyo.

Applicant Response: *The project furthers this policy by proposing a naturalistic channel stabilization treatment that will be coordinated with and approved by AMAFCA and FEMA.*

POLICY 5 – Landscaping within the Public Right-of-Way: Landscaping of a portion of drainage rights-of-way including reseeding of disturbed land with low maintenance native plant materials and native shrubs or trees and vegetative ground covers shall be encouraged.

Applicant Response: *A portion of the subject site falls within the 200-foot drainage easement for the South Pino Arroyo. The Landscape Plan furthers this policy by proposing a revegetative native seed blend comprised of Indian Rice Grass, Galleta, Sideoats Grama, Blue Grama, Sand Dropseed, Fourwing Saltbrush, Green Mormon Tea, Sand Sage, Desert Globemallow, White Evening Primrose, Desert Marigold, and Sand Penstemon.*

DESIGN GUIDELINES – ORIENTATION

POLICY 1A: Multi-storied residential, office, and commercial developments having windows facing onto the arroyo shall be encouraged.

POLICY 1B: Wherever feasible, development adjacent to the arroyo should orient toward and place landscaped public open areas adjacent to the arroyo right-of-way. These entries may necessarily constitute minor or secondary entries with the main entry oriented to the parking area or the street. Where this is not feasible, pedestrian access from the arroyo corridor to a building entry shall be required.

Applicant Response: *The project furthers the Orientation policy by proposing a south building elevation facing the South Pino Arroyo that features windows,*

balconies, and secondary entries, in addition to large landscaped areas that break up the line of parking.

POLICY 2 – OPEN AREAS: Site plans for multi-family residential developments adjacent to the arroyo should incorporate landscaped, open areas adjacent to the arroyo right-of-way.

Applicant Response: *The project furthers the Open Areas policy by proposing large landscaped areas that feature a native revegetative seed mix and trees that are native along waterways.*

POLICY 3 – PARKING AND SERVICE AREAS: When a parking or service area is located adjacent to the drainage right-of-way, pedestrian and bicycle access should be provided. A minimum 20-foot landscaped setback from the arroyo right-of-way is recommended, with sufficient screening provided to conceal views from the arroyo to the parking area. Landscaping should consist of native or naturalized plant species and vegetative groundcovers. The screening element should consist of one or more of the following: low walls, shrubs, trees, earth forms (berms).

Applicant Response: *The project furthers the Parking and Service Areas policy by having a minimum amount of parking on this side of the property and landscaping that consists of native or naturalized plant species that screen the parking area and a native revegetative seed mix appropriate for this climate. The building has a minimum setback of approximately 109 feet. Access to the Arroyo is provided via a 20-foot road for AMAFCA maintenance purposes, which can also be used for pedestrian access.*

POLICY 4 – WALLS: Continuous perimeter walls should not be located adjacent to the arroyo right-of-way. Where fencing is required for privacy or security reasons, the following guidelines will apply: Fences and walls adjoining the arroyo corridor right-of-way should have staggered, landscaped setbacks, varied heights or provide openings for visual access into public open areas within the development from the arroyo corridor; Specific materials for solid fences and walls shall be determined by the individual arroyo corridor plan. Stucco over concrete block, brick, stone, or wood are recommended as suitable materials.

Applicant Response: *The project furthers the Walls policy by not proposing a continuous wall along the drainage easement for the South Pino Arroyo and having large landscaped areas that break up the line of parking along this edge.*

LANDSCAPING – POLICY 1: Except in park sections, the landscaping of public open areas on private development adjacent to the drainage right-of-way should consist primarily of nature or naturalized vegetation with the predominate form being tree masses, preferably drought resistant shade trees located in clusters offset from the right-of-way.

Private landowners have a responsibility to maintain landscaping adjacent to the arroyo corridor as a complementary action to the City's responsibility to maintain the public right-of-way.

Applicant Response: *The Landscaping policy is furthered by proposing mostly native, naturalized, and/or drought resistant plant species along the 200-foot drainage right-of-way. Trees are placed in random clusters. The*

Applicant/Owner/Operator will be responsible for maintaining the landscape along this edge.

Albuquerque Bernalillo County Comprehensive Plan, 2017
This project will further the Comprehensive Plan goals, policies, and actions as described in the following policy analysis.

POLICY 4.1.2 Identity and Design: Protect the identity and cohesiveness of neighborhoods by ensuring the appropriate scale and location of development, mix of uses, and character of building design***.***

Applicant Response*: The proposed building, site plan, and landscape furthers this policy because they are designed to be cohesive with and complement the surrounding natural and built environment, which will protect the area's identity. The plant palette for the areas along the arroyo is primarily native and naturalized species. A large landscaped buffer and "front yard" will be provided along Harper Road. The color palette, building materials, landscaping, and building scale are details that will add to the existing quality of the visual environment. Elements of the site and building that have been specifically designed in relation to the neighborhood include:*

- *A minimum 91-foot setback from the property line along Harper Road. The 3-story portion of the building is set back from Harper Road by 272 feet. Harper Road has an 86-foot right-of-way, which combined with the 272 setback, provides 358 feet of separation between the 3-story portion of the building and the single family residential property line on the north side of Harper Road (see the massing diagram, next page).*
- *The earthen berm along Harper Road has been retained to provide screening for the building from the roadway.*
- *The short sides of the building are closest to Harper Road, so there are no long expanses of building that face the neighborhood.*
- *Eastbound traffic on Harper Road will have a view of the buildings stepping up with the topography. The westernmost buildings (MC and AL) are one- and two-story, respectively. The tallest portion of the building (IL) is the furthest from the neighborhood.*

POLICY 5.2.1 Land Uses: Create healthy, sustainable, and distinct communities with a mix of uses that are conveniently accessible from surrounding neighborhoods.

a) Encourage development and redevelopment that brings goods, services, and amenities within walking and biking distance of neighborhoods and promotes good access for all residents.

b) Encourage development that offers choice in transportation, work areas, and lifestyles.

d) Encourage development that broadens housing options to meet a range of incomes and lifestyles.

h) Encourage infill development that adds complementary uses and is compatible in form and scale to the immediately surrounding development.

n) Encourage more productive use of vacant lots and under-utilized lots, including surface parking.

Applicant Response: *The project furthers this policy by offering senior infill housing on an underutilized and vacant portion of Hoffmantown Church property that is within walking and biking distance of the surrounding neighborhoods of Cherry Hills and Tanoan. It will provide new housing and jobs, both during construction and permanent, that are within an area well served by transit and the major street network (Wyoming Boulevard, Harper Road, and Academy Boulevard). The project offers a three levels of housing options and services for seniors that are looking to downsize and/or needing assistance with daily living, and allows them to age in place. The proposed uses and building scale and form are compatible with and complement the institutional uses of Hoffmantown Church,*

Albuquerque Academy, and Cherry Hills Library, and the residential uses to the north. Similar to Hoffmantown Church, the proposed building has a substantial front yard setback, with the closest 3-story portion set back from Harper Road by 272 feet.

GOAL 5.3 Efficient Development Patterns: Promote development patterns that maximize the utility of existing infrastructure and public facilities and the efficient use of land to support the public good.

Applicant Response: *This goal is furthered by proposing development on a site has long been underutilized and vacant and all urban infrastructure and services are available for development. The project will be an efficient use of land uniquely situated between two existing institutional uses, and will provide good synergy with its neighbors at a density of 12.7 units per acre, well below typical multi-family development in R-2 (30 dwelling units per acre), but compatible with the approved townhouse and multi-family land uses included in the Albuquerque Academy Site Plan for Subdivision.*

POLICY 5.3.1 Infill Development: Support additional growth in areas with existing infrastructure and public facilities.

Applicant Response: *The Comprehensive Plan defines infill as follows: "The development of new commercial or residential buildings on scattered vacant sites or small groups of sites in an otherwise built up area". As such, Policy 5.3.1 is furthered by adding a senior living facility on a vacant, infill property in an otherwise built up area with a full slate of existing infrastructure, public facilities, and available services. The site is traversed by an existing public 8-inch sanitary sewer line and an existing 12-inch public waterline. It is in an area that is well served by public facilities, including access to the major street network, transit routes, a public library, and pedestrian trails, as well as commercial retail and services and medical offices along Academy Road.*

POLICY 5.3.3 Compact Development: Encourage development that clusters buildings and uses in order to provide landscaped open space and/or plazas and courtyards.

Applicant Response: *Policy 5.3.3 is furthered by the proposed site layout, which preserves much of the site as "Useable Open Space" and includes five courtyards, substantial landscaped buffer areas both along Harper Road and the South Pino Arroyo, and an internal walking path lined with trees and shrubs. The outdoor spaces are designed to make the resident experience more relaxing, enjoyable, and aesthetically pleasing. Each level of care includes its own courtyards that provide shade, seating, and walking paths. In addition, the roof deck above the kitchen area provides a space with views for residents to enjoy during meals and other times during the day.*

POLICY 5.6.3 Areas of Consistency: Protect and enhance the character of existing single-family neighborhoods, areas outside of Centers and Corridors, parks, and Major Public Open Space.

b) Ensure that development reinforces the scale, intensity, and setbacks of the immediately surrounding context.

Applicant Response: *This policy is furthered by proposing a development that ensures and reinforces the integrity of the immediately surrounding context, including the Hoffmantown Church, a two-story, 33-foot building at 161,000 square feet. The proposed zoning and Site Plan for Building Permit respects neighborhood values by its relatively low, suburban density of 12.7 du/ac, intentionally large landscape setbacks, peaceful nature, aesthetically harmonious design, and the minimal impact it will have on the transportation network due to the low rate of drivers in this type of facility. The building materials and colors, landscaping, and dynamic elevations, particularly along Harper Road, will add to the existing quality of the visual environment. The building is carefully designed to respond to the existing site topography which slopes from east to west with a change in elevation of approximately 40 feet and north to south of approximately 10 feet. Residents will also enjoy the views to the West Mesa and the Sandias.*

Based on the comments received from the neighbors at the facilitated meeting held on August 29, 2017, the Project Team revised the Site Plan for Building Permit to alleviate their concerns as follows:

- *Bohannan Huston reanalyzed the grading in light of the constraints resulting from the proximity of the flood plain, and determined that the pad elevation of the IL building could only be reduced by 1 foot in order to stay above the Ordinary High Water Mark of the South Pino Arroyo.*
- *Most significantly, all of the 3-story portions of the building have been pulled back south away from Harper Road. On the original Site Plan, there was a 3-story portion set back from Harper by 134 feet. The revised Site Plan has the closest 3-story portion set back from Harper by 272 feet (358 feet from the closest house, on the north side of the 86-foot wide Harper right of way).*
- *The 1-story amenities went from being located in the center of building to the northwest wing, again significantly reducing the impact of the building massing along Harper Road.*
- *Residential units were added to the northeast wing. These units step down to 2 and 1 story as the building gets closer to Harper Road.*
- *The overall building area was reduced by ±14,000 SF due to the re-design of the IL building. The total building area is now ±238,000 sf.*
- *The visitor parking area is pulled further back from Harper Road and re-arranged so that parking spaces are not pointed to the north toward residences on the north side of Harper.*
- *The overall parking count was increased by 11 spaces - from 215 spaces to 226. The additional spaces were added to the visitor area and the areas around the IL building. The required minimum parking is based on what is currently contained in the adopted Integrated Development Code for these different levels of senior housing. Based on the IDO, the minimum number of spaces required would be 121 spaces; the Site Plan now exceeds that amount by 105 parking spaces.*
- *In addition to the large number of extra parking spaces now provided on the Site Plan, Hoffmantown Church has agreed (and testified at the previous EPC hearing) to allow overflow parking on their large parking fields during large events, such as anniversaries or holidays, held at Harper Senior Living.*

- *Consensus Planning checked on nearby senior living facilities in regard to parking. Morningstar, which is an assisted living and memory care facility on Paseo del Norte, has 88 units with a parking ratio of 1 space per 2 units (beds). The required parking is 44 spaces and the project provides an overall parking count of 50 parking spaces. Elan, an assisted living and memory care facility located at Louisiana Boulevard and San Vicente Avenue, contains 124 units/beds and a total parking count of 81 spaces.*
- *Bohannon Huston also confirmed that a traffic signal is not warranted at Harper Road and Red Sky. The traffic issues that were mentioned by the neighborhood exist and should be brought to the attention of the Department of Municipal Development. It is not this Applicant's burden to solve their neighborhood ingress/egress issues.*

<u>POLICY 5.6.4 Appropriate Transitions</u>: Provide transitions in Areas of Change for development abutting Areas of Consistency through adequate setbacks, buffering, and limits on building height and massing.

a) Provide appropriate transitions between uses of different intensity or density and between non-residential uses and single-family neighborhoods to protect the character and integrity of existing residential areas.

b) Minimize development's negative effects on individuals and neighborhoods with respect to noise, lighting, air pollution, and traffic.

Applicant Response: *Furthering this policy, the proposed site plan incorporates the natural berm along Harper Road and includes a large landscape buffer and "front yard" between Harper Road and the proposed building. The landscaped berm, the substantial front yard setback to the building and the building plane changes, the 6-foot sidewalk, and 6-foot walking trail provides an appropriate transition between the building and Harper Road and further separating the residential neighborhood to the north. The maximum building height is proposed to be 40 feet, which is generally located in proximity to the South Pino Arroyo and set back from Harper Road by 272 feet and from the nearest single family lot by 358 feet. These measures protect the character of and minimize this development's potential impacts on individuals, the Cherry Hills neighborhood, and its surroundings. This development will not pose a nuisance to adjacent properties with respect to traffic, noise, pollution, smell, or views because senior living facilities generate substantially less traffic than typical single family or multi-family development; the development will be buffered by landscaping and a front yard setback an average of 150 feet from the right-of-way; will not produce or handle pollutants; and will be developed with appropriate building height and orientation that responds to the site's topography and depth. Although not required by City Transportation, the Applicant commissioned Bohannan Huston to complete a Traffic Analysis, which found that the future expected delay for traffic exiting Red Sky Road/proposed west entrance and the proposed east entrance will operate at delays considered acceptable by the City of Albuquerque. The traffic analysis also found the intersection of Harper and Red Sky did not satisfy any Manual on Uniform Traffic Control Devices traffic signal warrants (see attached Bohannan Huston's Memo, dated September 8, 2017).*

<u>POLICY 6.2.1 Complete Networks</u>: Design and build a complete, well-connected network of streets and trails that offer multiple efficient and safe transportation choices for commuting and daily needs.

Applicant Response: *This policy is furthered by proposing development within an area that is well connected to Albuquerque's regional trail system. The project will maintain the existing, very popular Harper/Wyoming multi-use trail system along Harper Road, Ventana Street, Academy Road, and Wyoming Boulevard. Bike lanes are also provided within the Academy Boulevard right-of-way. The City also proposes a paved trail within the South Pino Arroyo that will connect to the existing Pino Arroyo Trail to the west and the North Pino Trail to the north.*

POLICY 7.3.1 Natural and Cultural Features: Preserve, enhance, and leverage natural features and views of cultural landscapes.

a) Minimize alteration of existing vegetation and topography in subdivision and site design.

Applicant Response: *This policy is furthered by proposing zoning and a development that respects the existing site topography and preserves the South Pino Arroyo. The berm along Harper Road and the existing slope from east to west will be maintained and enhanced. The Project Team has been working closely with AMAFCA, FEMA, and other agencies on maintaining the Arroyo's primary function; conveyance of storm water. The project provides access to the South Pino Arroyo for AMAFCA maintenance vehicles. A Letter of Map Revision (LOMR) will be requested from FEMA for modifications to the designated flood plain.*

POLICY 7.3.2 Community Character: Encourage design strategies that recognize and embrace the character differences that give communities their distinct identities and make them safe and attractive places.

a) Design development to reflect the character of the surrounding area and protect and enhance views.

b) Encourage development and site design that incorporates CPTED principles.

e) Encourage high-quality development that capitalizes on predominant architectural styles, building materials, and landscape elements.

Applicant Response: *This development will ensure the integrity of the existing neighborhood and respect neighborhood values through careful site and building design, thus furthering this policy. The proposed building materials and colors, landscaping, and elevations, particularly along Harper Road, will enhance the quality of the visual environment. The building was carefully designed to fit with the existing site topography and to take advantage of the views to the West Mesa and the Sandia Mountains. Specific architectural treatments, such as the combination of flat and pitched rooftops, geometric/curve top windows, building materials and colors, and the clay roof tiles, are design elements found on the Albuquerque Academy campus, Hoffmantown Church, and in the Cherry Hills neighborhood. The project is designed to ensure the safety of the residents through sidewalks that are wider than the minimum required, site lighting, and vehicular gates that will be closed in the evenings. The proposed landscape coverage, 72%, is far in excess of the City's minimum 15% requirement.*

Furthermore, the project will be site plan controlled and no changes can occur without public notification and Planning Department approval. This process helps maintain the integrity and values of existing adjacent neighborhoods by providing the opportunity for residents to participate and offer input relative to the proposed

development of the property. We met with several Cherry Hills Neighborhood Association members, including the President, prior to the submittal to discuss preliminary plans for the project.

A facilitated meeting was held on August 29, 2017 to discuss the project and receive community input. The Project Meeting Report for the facilitated meeting reported on the "Areas of Agreement" as "None noted at the Meeting." Nevertheless, the Applicant considered the comments made by the neighbors and made substantial revisions to the building as described under Policy 5.6.3 above.

POLICY 7.3.4 Infill: Promote infill that enhances the built environment or blends in style and building materials with surrounding structures and the streetscape of the block in which it is located.

b) Promote buildings and massing of commercial and office uses adjacent to single-family neighborhoods that is neighborhood-scale, well-designed, appropriately located, and consistent with the existing development context and neighborhood character.

Applicant Response: *This policy is furthered by proposing an infill development that is adjacent to existing institutional uses and close to existing residential and commercial uses. The building and site layout has been carefully designed for this site by incorporating and maintaining the existing site topography and South Pino Arroyo. The project is appropriately buffered from Cherry Hills neighborhood by Harper Road and the on-site berm and has access from two existing median openings. The project is an efficient use of land to support a variety of housing options, while incorporating appropriate building scale and massing consistent with the existing development context of Hoffmantown Church and Albuquerque Academy. The proposed building is similar in campus style layout, building massing, and architectural elements and materials to Albuquerque Academy, Hoffmantown Church, and Cherry Hills, as discussed in the Applicant Response to Policy 7.3.2.*

POLICY 7.4.3 Off-street Parking Design: Encourage well-designed, efficient, safe, and attractive parking facilities.

b) Incorporate trees, vegetation, and pervious surfaces in parking areas to mitigate environmental impacts, minimize heat and glare, and improve aesthetics.

c) Ensure safe pedestrian pathways in parking areas that connect to building entrances, adjacent roadways, and adjacent sites.

Applicant Response: *This policy is furthered by proposing a system of connected parking areas that primarily wrap around the rear of the site and are connected to the building entries. There is one small visitor parking area that has been pulled back from Harper Road and reoriented so that parking spaces are not pointed to the north toward the single family residences' block wall on the north side of Harper Road. There are no parking areas or drive aisles that run the length of the Harper Road frontage. The parking areas are abundantly landscaped with a variety of plant materials, which will provide shade, minimize heat gain, and provide an attractive element to the project. Pathways and connections are provided from the public sidewalk along Harper Road to parking areas and the building entrances.*

GOAL 7.5 Context-Sensitive Site Design: Design sites, buildings, and landscape elements to respond to the high desert environment.

Applicant Response: *This goal is furthered by proposing a plant palette that provides a variety of deciduous and evergreen plant species that are appropriate for our high desert climate and a limited amount of turf.*

POLICY 7.5.1 Landscape Design: Encourage landscape treatments that are consistent with the high desert climate to enhance our sense of place.

a) Design landscape and site improvements to complement the individual site, the overall appearance of the corridor, and surrounding land uses.

b) Design landscapes and vegetation to be consistent with the microclimate of the site location as well as within the site.

c) Discourage planting of higher water use species outside of riparian microclimates, the Middle Rio Grande Conservancy District, or areas served by swales.

d) Incorporate xeric site design principles to establish an oasis area and transition areas, identify beneficial placement for plant species, and maximize shade in summer months.

Applicant Response: *As stated above, the plant palette is appropriate for our high desert climate, furthering this policy. Turf areas are kept to a minimum and 'oasis' plantings are spaced according to water needs. Plant materials within the courtyard areas are appropriate for the microclimate.*

POLICY 8.1.2 Resilient Economy: Encourage economic development efforts that improve quality of life for new and existing residents and foster a robust, resilient, and diverse economy.

c) Prioritize local job creation, employer recruitment, and support for development projects that hire local residents.

Applicant Response: *This policy is furthered by creating new job opportunities and economic development in an area that is mostly built-out. The area is well served by transit and is accessible to potential employees, residents, and visitors. In addition to the construction jobs that will be created with this project, SRG anticipates hiring approximately 68 total full-time employees (42 IL, 12 AL, and 14 MC) from the Albuquerque metro and with a range of salaries. This project will bring additional income into the region.*

GOAL 9.1 Supply: Ensure a sufficient supply and range of high-quality housing types that meet current and future needs at a variety of price levels to ensure more balanced housing options.

Applicant Response: *This goal is furthered by providing three levels of high-quality housing to a specific segment of the population, seniors. In contrast, senior living facilities along Paseo del Norte only focus on one or two levels of senior housing. Independent Living, Assisted Living, and Memory Care housing continues to be in high demand and this demand is anticipated to increase as the "baby boomer" generation continues to retire, downsize, and require services. The 2017 Market Study concluded that IL, AL, and MC are under-supplied within the 3-mile Primary Market Area studied. Allowing this use in this area ensures that a diverse*

range of housing options are available to meet current and future senior-age population needs.

POLICY 9.1.1 Housing Options: Support the development, improvement, and conservation of housing for a variety of income levels and types of residents and households.

c) Assure the availability of a wide distribution of quality housing for all persons regardless of race, color, religion, sex, national origin, ancestry, age, or disabled status.

e) Provide for the development of quality housing for elderly residents.

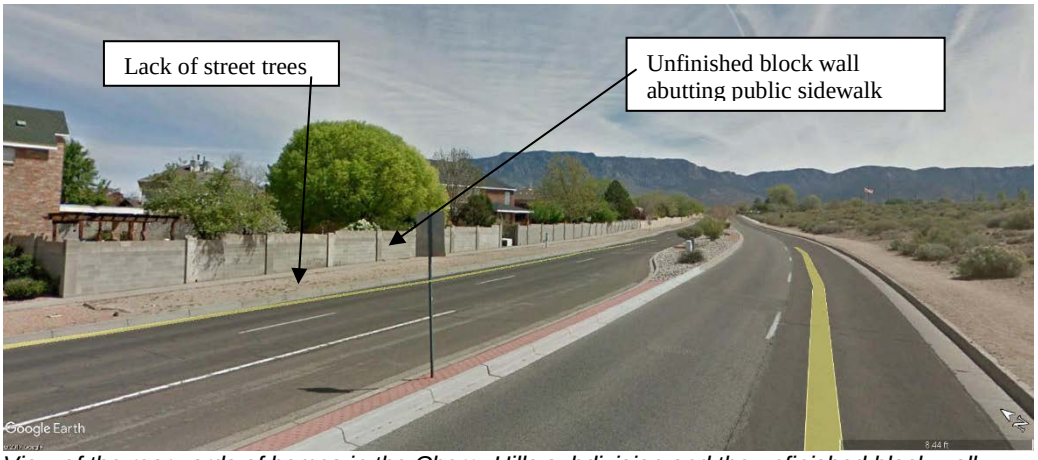
i) Provide for the development of multi- family housing close to public services, transit, and shopping.

Applicant Response: *This policy is furthered by providing for the development of high-quality senior housing; therefore, ensuring this special demographic segment has a variety of housing options. Senior housing in this location is particularly well-located because it is close to public services such as the Cherry Hills Library (0.5 miles to the west), transit (Albuquerque Ride Route 2 along Ventura Street 0.3 miles to the east, Route 93 along Academy Road 0.7 mile to the west, and Routes 31-93 along Wyoming Boulevard 0.6 mile to the east and south), commercial retail at Sycamore Plaza (1.2 miles to the south and at the northeast corner of Wyoming Boulevard; and Harper Road 0.6 miles to the west), and open space.*

POLICY 9.2.1 Compatibility: Encourage housing development that enhances neighborhood character, maintains compatibility with surrounding land uses, and responds to its development context – i.e. urban, suburban, or rural – with appropriate densities, site design, and relationship to the street.

Applicant Response: *This policy is furthered by a residential development that will enhance neighborhood character, maintain compatibility with surrounding land uses (institutional, residential, and neighborhood commercial), and respond to its development context.*

- *The entire area between Harper Road and Academy and Ventura Street and Wyoming is zoned SU-1:*
    - *Hoffmantown Church is zoned SU-1 for Church and Related Uses and SU-1 for Church and Related Uses and Telecommunications Facility. Existing land use is church, park, and vacant land.*
    - *Albuquerque Academy land is zoned SU-1 for PRD (with a variety of residential densities) and SU-1 for Neighborhood Commercial. Existing land use is school and vacant.*
- *Cherry Hills subdivision is zoned R-1 and the land use is single family residential. The houses along Harper Road face inward away from the street with their rear yards enclosed by a continuous, grey unfinished block wall at the rear property line abutting the public sidewalk and with no street trees. Lots range from approximately 7,140 square feet to approximately 14,200 square feet, with 1- and 2-story houses.*



View of the rear yards of homes in the Cherry Hills subdivision and the unfinished block wall facing Harper Road, and the 86 foot-wide right of way which separates the proposed project from the Cherry Hills subdivision.

The proposed density for the three levels of senior living is 12.7 dwelling units per acre, far below typical R-2 multi-family development in the Albuquerque metro, and compatible with the existing and relatively low density single family neighborhood to the north (Cherry Hills) and the institutional land uses allowed by the surrounding zoning on the Albuquerque Academy and Hoffmantown Church properties. The crusher fines path along Harper Road will continue the popular, existing multi-use trail along Harper Road.

<u>POLICY 11.3.2 Arroyos</u>: Preserve and enhance arroyos identified in the Rank 2 Facility Plan for Arroyos as important cultural landscapes.

Applicant Response*: This policy regarding arroyos is furthered by the proposed treatment of the South Pino Arroyo. Preserving the South Pino Arroyo has been and will continue to be a major design consideration throughout the site planning process. The Arroyo will maintain its primary purpose and essential function through this development. It provides a visual buffer between this project and the solar panel field that is located south of the South Pino Arroyo on the Academy's property. Arroyo bank stabilization (2:1 slope and a minimum of 4-5 foot shotcrete along the north side of the South Pino Arroyo) will be an important component for the development of the project. The landscape plan proposes plant materials that are suitable for arroyo edges.*

<u>POLICY 11.3.5 Sandia Mountains</u>: Protect views of the Sandia Mountains from key vantages within public rights-of-way, along corridors, and from strategic locations as an important cultural feature of the region.

Applicant Response: *This policy is furthered by the building design that accommodates and fits within the existing site topography, which slopes from east to west and takes full advantage of the area's views to the West Mesa and the Sandia Mountains. The buildings are set back from the Harper right-of-way, which provides a visual corridor to the east toward the Sandia Mountains.*

<u>POLICY 12.1.4 Drainage and Flood Control</u>: Reduce or eliminate flooding by improving ponding and drainage capacities in an environmentally sensitive manner through the development process and in coordination with flood control agencies.

a) Minimize and mitigate storm water run-off from development by limiting the amount and extent of impervious surfaces and encouraging landscaped medians and parking swales.

b) Preserve natural drainage functions of arroyos to the extent possible and use naturalistic design treatment when structural improvements are required for flood control.

Applicant Response: *This policy is furthered by the proposed treatment of the South Pino Arroyo and allowing discharge without the use of detention ponds. Landscape areas will be depressed and a larger retention pond in the southwest corner of the site will be provided to allow for first flush requirements. The Project Team has been working closely with AMAFCA, FEMA, and other agencies on maintaining the Arroyo's primary function; conveyance of storm water. The project provides access to the Arroyo for AMAFCA maintenance vehicles. A Letter of Map Revision (LOMR) will be requested from FEMA for modifications to the designated flood plain. This project is consistent with the Rank II Facility Plan for Arroyos Design Guidelines for building orientation, open areas, parking and service areas, and walls.*

<u>R 270-1980; Policy D</u>: The applicant must demonstrate that the existing zoning is inappropriate because

(1) there was an error when the existing zone map pattern was created, or

(2) changed neighborhood or community conditions justify the change, or

(3) a different use category is more advantageous to the community, as articulated in the Comprehensive Plan or other City master plan, even though (1) or (2) above do not apply.

Applicant Response: *No error occurred when the existing zone map pattern was created. Thus, the Applicant's analysis is limited to "changed neighborhood or community conditions," item (2) above, and "more advantageous to the community," item (3) above. It is useful to bear in mind the first recital in Resolution 270-1980 when evaluating these factors:*

> *WHEREAS, the usefulness of the Comprehensive City Zoning Code in implementing the City's Comprehensive Plan and promoting health, safety, morals, and the general welfare* ***is enhanced by a reasonable flexibility in order to deal reasonably with changes in the physical, economic, and sociological aspects of the city****…* (emphasis added)

Resolution 270-1980 is designed to give the City the framework in which to change zoning ***in order to deal reasonably with changes in the physical, economic, and sociological aspects of the city.*** *Resolution 270-1980 is not intended to "handcuff" the City's zoning authority, but rather, is designed to give the City the framework in which to change zoning* ***in order to deal reasonably with changes in the physical, economic, and sociological aspects of the City****.*

<u>Item (2): Changed Neighborhood or Community Conditions</u>
The existing zoning (SU-1 for Church & Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility) is inappropriate due to changed community conditions that justify the proposed zone map amendment.

Changed neighborhood and community conditions include:

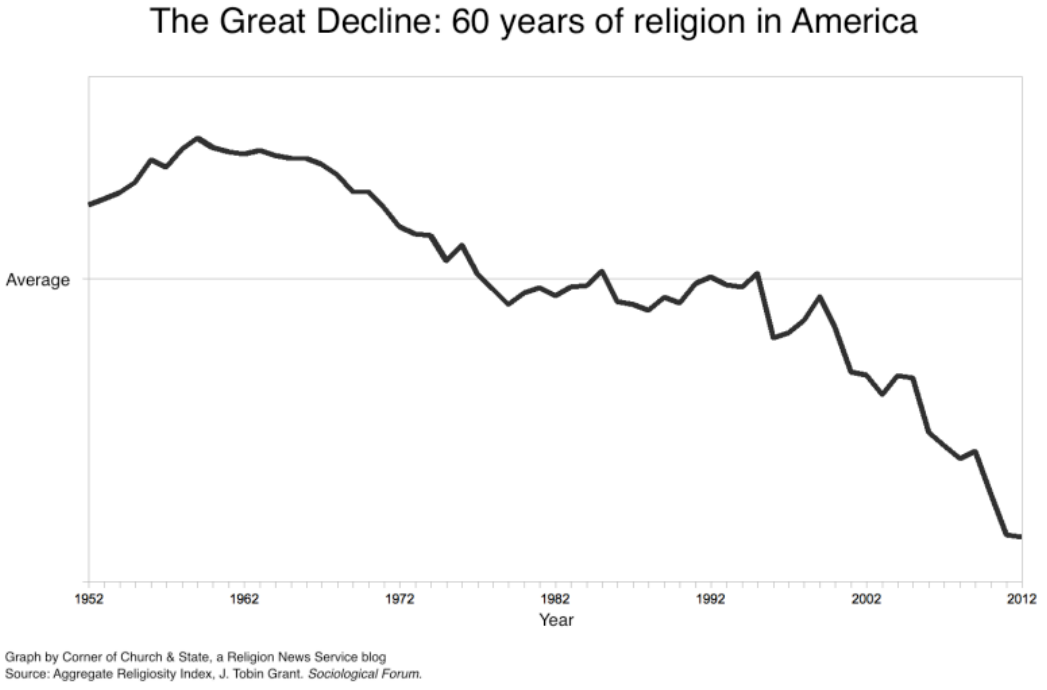
1) *The 14-acre property has remained vacant and unused since its current zoning was approved in 1985 and the residential neighborhoods to the east and north have fully developed. Furthermore, Hoffmantown Church does not have the need to build the additional approved square footage allowed by the approved Site Development Plan for Building Permit. Hoffmantown Church determined that the subject property is surplus and has no need for the property. It is common knowledge that churches do not co-locate directly adjacent to other churches. This fact underscores the unlikelihood that that the property can be sold to another owner who can use the property with its existing narrow zoning of SU-1 for Church & Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility. Thus, the site as currently zoned will remain vacant and unused (see attached memo from Hoffmantown Church dated December 31, 2017).*

2) *Additional evidence supporting the overall reduced market demand for church-zoned property is the continuing decline in church attendance since this single use zoning for the subject property was established in 1985. Thomas Costello (Reach Right, January 3, 2017) notes the decline in church attendance with younger generations, noting that only 28% of Americans between 23 and 37 attend church, while attendance by older generations range between 43% and 52%. Further, 59% of millennials who grew up in churches are leaving and 85% of churches in the United States are either declining or plateauing. People are simply seeking different ways to worship.*

   Kelly Shattuck (7 Startling Facts: An Up Close Look at Church Attendance in America, Churchleaders, December 14, 2017) notes:

   > *"In 1990, 20.4 percent of the population attended an Orthodox Christian church on any given weekend. In 2000, that percentage dropped to 18.7 percent and to 17.7 percent by 2004. Olson explains that while church attendance numbers have stayed about the same from 1990 to 2004, the U.S. population has grown by 18.1 percent - more than 48 million people. "So even though the number of attendees is the same, our churches are not keeping up with population growth," he says.*
   >
   > *Well-known church researcher and author Thom Rainer notes that the failure of churches to keep up with the population growth is one of the church's greatest issues heading into the future. In a 2002 survey of 1,159 U.S. churches, Rainer's research team found that only 6 percent of the churches were growing—he defines growth as not only increasing in attendance, but also increasing at a pace faster than its community's population growth rate. "Stated inversely, 94 percent of our churches are losing ground in the communities they serve," he says."*

   Tobin Grant (The Great Decline: 60 years of religion in one graph, Religion News Service, January 27, 2014) also notes "Over the past fifteen years, the drop in religiosity has been twice as great as the decline of the 1960s and 1970s." He notes further "The number of people with no religion is growing. Fewer people say that religion is an important part of their lives."



A summary of the site history is as follows:

- *The property was annexed into the City in July 1965 as part of a much larger annexation of a portion of the Elena Gallegos Grant in northeast Albuquerque between San Pedro Drive and Eubank Blvd (AX-85, Z-1497). Zoning was established as R-1, R-3, C-1, and SU-1. The annexed parcel was owned by the Albuquerque Academy. In 1979, much of the annexed parcel, other than the portion used for the Albuquerque Academy school facilities, was rezoned to SU-1 PRD to allow for development of townhouses, multi-family, neighborhood commercial, and office uses (Z-78-153) (Record, 564, 618-622).*

- *In 1985, a request for a zone map amendment was approved for a 62.5-acre portion of the site (Z-85-12) to change from R-T and SU-1 for an Academy Campus to SU-1 for Church and Related Facilities. The Site Development Plan for the Church approved in 1986 allows for the construction of 511,000 square feet of building space on the site. As of the present date, over three decades after approval of its Site Development Plan, Hoffmantown Church has constructed only 161,000 square feet of building space. (Record, 564. 638-639)*

- *After 2008, an area comprising approximately 9.5 acres situated west of the church facilities was developed into a park and recreational area containing a soccer field, walking paths, a prayer garden, and an amphitheater. Over the years since the development of these facilities, Hoffmantown Church has openly offered the community access to the park and recreational area, a neighborly gesture which has no doubt been appreciated by some members of the Cherry Hills Civic Association.*

- *To the west of the park and recreational area lies the 14.14 acres of vacant land which is the subject of the Applicant's request, bordered on the north by Harper Road, a four-lane thoroughfare which separates the*

subject site from the Cherry Hills neighborhood. With the exception of the two houses on the east and west corners of the intersection of Red Sky and Harper Road, the entire Cherry Hills neighborhood to the north of the subject site is separated from Harper Road by a concrete masonry unit wall. (Record, 152, 153, 154).

- *To the west of the subject site is vacant land owned by Albuquerque Academy zoned SU-1 PRD. The approved Site Development Plan for the Albuquerque Academy land indicates that this vacant land, also across Harper Road from the Cherry Hills neighborhood, is to be developed with R-LT uses. (Record 564, 618-622).*

- *To the south of the subject site is the South Pino Arroyo, and across the Arroyo is vacant land zoned to allow for development of townhouses at 8 dwelling units per acres and 11 acres of neighborhood commercial uses at the corner of Academy Road and Ventura Street.*

Since the 1965 annexation and the 1985 adoption of the existing zoning, all of the property north of Harper Road and east of Ventura Road has been developed with residential subdivisions. The Albuquerque Academy campus has developed as an educational institution and the Hoffmantown Church has developed only 161,000 square feet with the church and related improvements. In light of the subsequent 2017 Comprehensive Plan that encourages infill development, the fact that the subject site has been vacant and undeveloped for over half a century since annexation and for 32 years under its existing zoning amounts to a changed neighborhood condition. In light of the restricted single-purpose use imposed under the existing SU-1 zoning, the fact that Hoffmantown Church, the owner and seller of the subject site, has indicated that it has no intention of developing the subject site for church-related uses is also a changed neighborhood condition (see attached Hoffmantown Church letter dated December 31, 2017).

3) *From a sociological standpoint, the aging of the community, most strikingly, the North Albuquerque CPA and the North Albuquerque CPA Subarea, has a significantly older median age than the rest of Albuquerque and is continuing this aging trend. In 2016, the median age for Albuquerque as a whole was 36.0 years, whereas the median age for the North Albuquerque CPA and the North Albuquerque CPA Subarea was significantly older at 41.7 years and 47.1 years, respectively. In addition, population trends between 2010 and 2016 show that the strongest growth category across all three geographic areas studied is in the 65-85+ cohort (see Population Trends analysis above). The 65-85+ age cohort in the North Albuquerque CPA Subarea is 26% of the population versus 14% for the City of Albuquerque as a whole.*

Our analysis shows population characteristics that point to changed neighborhood and community conditions within the North Albuquerque CPA (which Cherry Hills subdivision is part of) and the North Albuquerque CPA Subarea (which is a small area in closer proximity to Cherry Hills subdivision).

The demand for quality senior housing and services is large and growing. As shown in our population trends analysis, and as the "baby boomer" generation continues to age, retire, downsize, and require more support

services, more seniors will need access to different housing options and access to a variety of care options. The 2017 Market Study, prepared prior to this project application (and submitted to the LUHO as part of the appeal), concluded that IL, AL, and MC are under-supplied within the 3-mile Primary Market Area studied (see attachment). In addition to the growing need for this type of housing, the City Comprehensive Zoning Code does not expressly allow the mix of uses required for senior living communities. The zone change request will allow a special use geared specifically towards seniors, their needs, and compatibility with the surrounding uses that will serve the needs of this population segment in Albuquerque.

Item (3): A Different Use Category is More Advantageous to the Community
The existing zoning (SU-1 for Church and Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility) is also inappropriate because the proposed zoning to allow a senior living community with three levels of care is more advantageous to the community. The Hoffmantown Church has owned this land for over 32 years and has not developed the site to its fullest potential. A senior living community that is designed to blend in with the surrounding built and natural environment is more advantageous to the community than vacant and underutilized land, as demonstrated by the Comprehensive Plan goal and policy responses above. Senior housing facilities should be located within neighborhoods in proximity to services, not away from them, as we do not as a community want to place our seniors in isolated locations disconnected from neighborhoods.

As mentioned previously, the proposed project will serve as a good neighbor to the adjacent neighborhood and developments and will produce little noise, light, or traffic. A senior living community will produce less traffic than a church expansion, which the current SU-1 zoning allows. The Applicant is proposing 180 units at 12.7 dwelling units per acre, which will generate significantly less traffic than any other potential use allowed by the current zoning. The driving needs for the senior residents will be significantly less than other multi-family or single family uses because many of their needs will be provided on-site and a shuttle will be provided for appointments and shopping trips.

In addition to less traffic generation, the parking requirements needed for senior living facilities is far less than other types of residential or commercial uses. This will allow for more outdoor activity areas and landscape improvements.

Applicant Conclusion: *Changed neighborhood and community conditions exist when privately-owned urban land that has been fallow since annexation in 1965 is no longer suitable or desirable for the very narrow single-purpose use of its existing SU-1 zoning established 32 years ago. As a consequence of the unmet demand for senior living facilities and the contribution to a balance of harmonious uses that a senior living facility would add to the neighborhood, the zone change is also more advantageous to the community than the narrowly restricted single-purpose zoning that presently limits the site to a church-related use that has experienced reduced demand since 1985. The zoning proposed by the Applicant is also narrow and single-purpose, but the advantage to the community is that this zoning will permit a productive use that is demonstrably increasingly in demand for the neighborhood and community. The Applicant's proposed project presents an opportunity for a long-term, committed, and*

experienced senior living development that will enhance land use and zoning in this location.

<u>R 270-1980; Policy E</u>: A change of zone shall not be approved where some of the permissive uses in the zone would be harmful to adjacent property, the neighborhood, or the community.

Applicant Response: *The proposed zoning is specifically crafted for a senior living community, and as such, the permissive uses under this single use zoning will not be harmful to adjacent property, the neighborhood, or the community. The permissive uses will allow for support services to the residents only. A senior living community will not be harmful, and in fact, will be a good neighbor to the adjacent Cherry Hills neighborhood, Hoffmantown Church, and Albuquerque Academy. This development will be less impactful than what is currently allowed by the existing zoning, as related to traffic generation, noise, or views. The project is designed with a significant landscape buffer and setback (average of 150 feet from the right-of-way) from Harper Road, thereby minimizing any potential impact to the neighborhood. A large proportion of the houses in the Cherry Hills subdivision are 2-story located on lots ranging from approximately 7,140 square feet to approximately 14,200 square feet. These houses are in far closer proximity to each other as compared to the distance between these houses and the proposed senior living facility, which is separated from the neighborhood by an 86-foot right-of-way and a minimum setback of 90 feet.*

<u>R 270-1980; Policy F</u>: A proposed zone change which, to be utilized through land development, requires major and unprogrammed capital expenditure by the city may be:

(1) Denied due to lack of capital funds; or

(2) Granted with the implicit understanding that the city is not bound to provide the capital improvements on any special schedule.

Applicant Response: *The zone map amendment does not require any major and unprogrammed capital expenditures by the City to support the new zoning designation or planned uses for the property. Full urban services exist in this area of the City, and all capital expenditures will be paid by the developer.*

<u>R 270-1980; Policy G</u>: The cost of land or other economic considerations pertaining to the applicant shall not be the determining factor for a change of zone.

Applicant Response: *The cost of land or other economic considerations are not the determining factor for this request. The project with all of its levels of care and support services cannot be built at this location without a zone map amendment and there are no other available sites within this area that are large enough or with the correct zoning within to accommodate this project.*

<u>R 270-1980; Policy H</u>: Location on a collector or major street is not in itself sufficient justification for apartment, office, or commercial zoning.

Applicant Response: *The location on Harper Road is not the primary justification for this request. The request for a Senior Living Facility and Related Services at this location is justified based on:1) the appropriateness of this use in this location*

as demonstrated by the Comprehensive Plan policy analysis and changed neighborhood conditions analyzed under Resolution 270-1980; 2) the similarities between this project's mix of uses (residential, institutional, and commercial) and the surrounding institutional uses such as church, school, and library; 3) the proposed zoning is more advantageous to the community than the existing zone and permissive uses allowed under the zoning, which has yielded underutilized and vacant land over the last 32 years; and 4) the project constitutes infill development in proximity to existing urban facilities and commercial services.

<u>R 270-1980; Policy I</u>: A zone change request which would give a zone different from surrounding zoning to one small area, especially when only one premise is involved, is generally called a "spot zone." Such a change of zone may be approved only when:

(1) The change will clearly facilitate realization of the Comprehensive Plan and any applicable adopted sector development plan or area development plan.

(2) The area of the proposed zone change is different from surrounding land because it could function as a transition between adjacent zones; because the site is not suitable for the uses allowed in any adjacent zone due to topography, traffic, or special adverse land uses nearby; or because the nature of structures already on the premises makes the site unsuitable for the uses allowed in any adjacent zone.

Applicant Response: *The proposed zone map amendment on the 14.14-acre site will retain the SU-1 designation, and although the SU-1 designation constitutes a spot zone, this request will clearly facilitate realization of the Comprehensive Plan goals and policies as articulated in Criterion C above. The zone map amendment will facilitate the development of much needed senior housing and care options while functioning as a transition between the single family residential zoning of the Cherry Hills neighborhood to the north and the institutional SU-1 zoning on the remainder of the Hoffmantown Church property to the east. The proposed zoning will have far less of an impact to the neighborhood than the permissive uses allowed under the existing SU-1 church zoning. Keeping the existing SU-1 for Church and Related Facilities SU-1 for Church & Related Facilities and SU-1 for Church & Related Facilities and a Telecommunications Facility does nothing to advance or further the Comprehensive Plan, and in fact, would be detrimental to realizing its goals and policies regarding infill along corridors, expanding housing options, economic development, and job creation.*

<u>R 270-1980; Policy J</u>: A zone change request which would give a zone different from surrounding zoning to a strip of land along a street is generally called "strip zoning." Strip commercial zoning will be approved only where:

(1) The change will clearly facilitate realization of the Comprehensive Plan and any adopted sector development plan or area development plan; and

(2) The area of the proposed zone change is different from surrounding land because it could function as a transition between adjacent zones or because the site is not suitable for the uses allowed in any adjacent zone due to traffic or special adverse land uses nearby.

Applicant Response: *As stated above, this project will retain its SU-1 designation, but will change to SU-1 for Senior Living Facility and Related Services, including on-site liquor consumption. This change will not create a strip zone as the property is relatively square and is 14.14 acres in size with an average depth of 750 feet. Further, the resident (commercial) support services are ancillary to the primary residential use. The proposed use will complement the existing institutional and residential uses, and will clearly further the goals and policies contained in the Comprehensive Plan. The senior living project will serve as a better neighbor to the surrounding community than what is permitted by the existing SU-1 zone because of its significant reduction in traffic generation, parking requirements, and low impact.*

CONCLUSION

This three-part request for Zone Map Amendment, Site Plan for Subdivision, and Site Plan for Building Permit will allow the development of a senior living community on land that has been underutilized and vacant since annexation in 1965 and establishment of the current zoning in 1985, and is within an Area of Consistency, as designated by the 2017 Comprehensive Plan. The proposed use and low, suburban density will be a good neighbor to the adjacent Cherry Hills neighborhood, Hoffmantown Church, and Albuquerque Academy. This development will not have a negative impact on these adjacent properties in any way. As shown in our traffic study, the traffic impact on the surrounding area will be minimal due to the age of the residents and the support services provided by the developer/operator. The site is currently vacant and a quality development, such as this proposal, will help to maintain the values and vitality in this area of Albuquerque.

On behalf of SP Albuquerque, LLC, we respectfully request the Environmental Planning Commission to approve this request.

Sincerely,

Jacqueline Fishman, AICP
Principal

HOFFMANTOWN CHURCH

Date: 31Dec2017

Karen Hudson, Chair
Environmental Planning Commission
City of Albuquerque
600 Second Street NW
Albuquerque, NM 87102

Dear Madam Chair and Commissioners:

It is the view of the Hoffmantown Church Elders and its membership that the West 14 acre undeveloped portion of the property is surplus to the operation of the church currently and to its strategic vision of future direction.

Development of the property as a retirement community is viewed favorably by the church and is consistent with previous land use proposals the church itself considered in times past. There were never any definitive plans drawn, but it has always been a concept supported by the church.

Sincerely,

The Elders of Hoffmantown Church

Market Study:

SRG-Albuquerque
8888 Harper Drive NE
Albuquerque, New Mexico 87111

Prepared for: Senior Resource Group

JLL File Number: 112-2017-0365

700 E. Campbell Road, Suite 265, Richardson, TX 75081
Phone: 972 960 1222 Fax: 972 960 2922

July 31, 2017

Travis Thompson
Senior Resource Group
500 Stevens Avenue
Solana Beach, CA 92075

Subject: SRG-Albuquerque
8888 Harper Drive NE
Albuquerque, New Mexico 87111

Pursuant to your request, we have completed a Market Study for the above referenced property. Accompanying this letter is a self-contained report that includes a detailed identification of the property, factual data concerning the property and its surroundings, comparable market data, appropriate analyses, and conclusions and recommendations. Please note that JLL is not part of the development team, owner of the site, nor affiliated with any member of the development team engaged in the project. This report has been prepared in accordance with the Code of Ethics and Standards of Professional practice of the Appraisal Institute. Further, the report is intended to comply with the Uniform Standards of Professional Appraisal Practice. The scope of the assignment includes recommendations specific to product type, unit mix, and floor plans, an analysis of supply and demand conditions, and the determination of achievable rental rates.

Summary of Conclusions

Based on our analysis, we conclude there to be sufficient unmet demand to support the development of the subject as proposed with 96 independent living units and 84 assisted living beds (including 24 memory care beds). Development should proceed as planned.

We appreciate this opportunity to provide our valuation services to Senior Resource Group.

JLL – Valuation and Advisory Services

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Certification

I hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Jon Cruse has made a personal inspection of the property that is the subject of this report. Brian L. Chandler, MAI, CRE, FRICS has not made a personal inspection of the property that is the subject of this report. Charles A. Bissell, MAI, ASA, CRE has not made a personal inspection of the property that is the subject of this report.
- Michael Osborn and Surafel Fekadu assisted in the compilation and analysis of factual data used in this report. Each is an employee of JLL Valuation & Advisory Services, LLC.
- I certify that, to the best of my knowledge and beliefs, the reported analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- USPAP 2016-17 requires the appraiser to disclose “any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.” Pursuant to that requirement, to the best of our knowledge, we:
    - Have not performed any services in connection with the subject property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.
- As of the date of this report, Brian L. Chandler, MAI, CRE, FRICS has completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report, Charles A. Bissell, MAI, ASA, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.

- Various analysts employed by JLL - Valuation and Advisory Services procured the comparable data used in this report.

Jon Cruse
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Summary of Salient Facts and Conclusions

Senior Resource Group has commissioned this study to determine the level of demand for a proposed seniors housing community to be located at 8888 Harper Drive NE, Albuquerque, Bernalillo County, New Mexico. Plans are for the subject, SRG-Albuquerque, to consist of 96 independent living units and 84 assisted living beds (including 24 memory care beds, with a gross building area of approximately 200,000+/- square feet. A legal description for the development site is presented in Addendum A.

Pertinent Dates

Dates pertinent to this assignment are as follows:

Pertinent Dates	
Item	**Date**
Report Date	July 31, 2017
Effective (Inspection) Date	March 27, 2017

Conclusions and Recommendations

Pertinent conclusions and recommendations are as follows:

Market Area Description and Analysis

The subject's PMA is concluded to be the area within a 3-mile radius from the site. The primary land use in the area is single-family residential and the area is approximately 80% developed. The PMA is experiencing moderate population growth and has above average income levels. The area is considered to be in a stage of growth. Between 2017 and 2022, the market area is forecast to experience growth in demand for seniors housing at a moderate rate relative to the nation as a whole.

Supply and Demand Analysis

The PMA is a growing market with low barriers to entry. Our analysis shows that the assisted living, memory care, and independent living segments to be under-supplied. This is supported by the higher occupancies reported throughout each segment (93% for assisted living, 97% for memory care, and 96% for independent living). There are no known pipeline projects, other than the subject, proposed or under construction at this time.

- There are currently 275 competitive assisted living beds within the PMA. With a demand figure for 621 beds in 2019 and a pipeline supply of 84 beds (i.e., the subject), there is forecast to be excess unmet demand for an additional 262 beds.

- Specific to memory care, with a total supply figure of just 98 competitive beds, a pipeline supply of 24 beds (i.e., the subject), and an estimated demand figure for 217 beds in 2019, there is forecast to be excess unmet demand for an additional 95 beds.

- Lastly, there are 317 competitive independent living units within the PMA at this time. With an anticipated demand figure for 869 units in 2019 and a pipeline supply of 96 units (i.e., the subject), there is indicated to be excess demand for an additional 456 units.

Determination of Achievable Rental Rates

Our concluded achievable rental rates for the proposed subject are as follows:

Information Removed

Recommendation

Based upon our analysis, we conclude there to be sufficient demand to support the development of the subject as proposed with 96 independent living units and 84 assisted living beds (including 24 memory care beds) at this time. Development should proceed as planned.

Purpose of the Market Study

Senior Resource Group has commissioned this study to determine the level of demand and achievable rental rates for a proposed seniors housing community.

Prior Services

USPAP 2016-17 requires the appraiser to disclose "any services regarding the subject property performed by the appraiser within the three-year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity." Pursuant to that requirement, to the best of our knowledge, we:

- Have not performed any services in connection with the subject property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.

Inspection

Jon Cruse has conducted an inspection of the development site, neighborhood, and competing facilities. Brian L. Chandler, MAI, CRE, FRICS has not conducted an inspection of the subject. Charles A. Bissell, MAI, ASA, CRE has not conducted an inspection of the subject.

Data Collection

Three types of data are normally gathered while completing an appraisal: general, specific, and competitive supply and demand.

General Data

General data concerns the social, economic, governmental, and environmental forces that impact property values. This data is found in the area description and analysis, and the neighborhood description and analysis sections of this report. We have gathered the general data from a variety of sources and publications, which are noted in the analyses. In addition, the general data concerning the neighborhood is based upon observations made during our inspection of the neighborhood.

Specific Data

The data relating to the property being appraised and comparable properties is referred to as specific data. Documents we have relied upon for specific data pertaining to the subject are listed in the general assumptions section. Additional data pertaining to the subject has been gathered from zoning maps, tax records, and other resources maintained in our library, city halls, chambers of commerce, Bernalillo County, and various state of New Mexico offices.

The specific comparable data has been gathered from market participants. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data in the approaches to value for descriptions of the data sources consulted and the search criteria.

Competitive Supply and Demand Data

An analysis of seniors housing supply and demand conditions is included in this report.

Compliance

We have developed this appraisal in compliance with:

- The requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute; and
- The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Foundation.

Competency

Charles A. Bissell, MAI, ASA, CRE, is Managing Director and Brian L. Chandler, MAI, CRE, FRICS, is Executive Vice President of JLL's Valuation and Advisory Services group. Mr. Bissell and Mr. Chandler specialize in the valuation of seniors housing and health care properties. Since 2002, Mr. Bissell, Mr. Chandler and their team have completed in excess of 10,000 assignments related to seniors housing and health care properties. Assignments have been completed in all 50 states, the District of Columbia, and Canada.

Ownership, History and Management of the Subject

USPAP Standards Rules 1-5(a) and (b) require an appraiser, when the value opinion to be developed is market value, and if such information is available to the appraiser in the normal course of business, to analyze (1) all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal and (2) all sales of the subject property that occurred within three years prior to the effective date of the appraisal. The subject's current ownership, ownership history, current status, and management are discussed below.

Current Ownership

The development site is currently owned by Hoffmantown Baptist Church.

Ownership History

There has not been a sale or other transfer of the development site in the three years preceding the date of this study.

Current Status

The development site is currently under contract to Senior Resource Group, LLC (SRG) for an undisclosed sum.

Management

The facility will be managed by a wholly owned subsidiary of Senior Resource Group, LLC (SRG), headquartered in San Diego, California. SRG's Board of Directors and Senior Management Team have extensive experience in the development and operation of independent living, assisted living, and memory care communities. SRG operates 18 facilities in the states of Arizona, California, Florida, and Oregon. Management at the corporate and facility level is deemed to be prudent and capable.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

General Assumptions

- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this report.
- It is assumed that the subject is in compliance with all applicable zoning and use regulations and restrictions unless nonconformity has been stated, defined, and considered in this report.
- It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity, or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- The presence of hazardous materials such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials could impact the value of the property. We assume no responsibility for any existing conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if so desired.
- We have relied upon the following documents for factual information pertaining to the subject:
  - Survey of the property
  - Preliminary plans (targeted unit/bed counts and building area) provided by the developer
- No significant changes will occur in regulations impacting the subject, unless specifically noted and addressed in this report.

General Limiting Conditions

- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- We are not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- The conclusions stated in our market study apply only as of the effective date of the report, and no representation is made as to the effect of subsequent events.
- The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

- The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. We are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment.
- No changes in any federal, state, or local laws, regulations, or codes including, without limitation, the Internal Revenue Code are anticipated.
- The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business, economic conditions, the absence of material changes in the competitive environment, and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analyses will vary from our estimates, and the variations may be material.
- We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural, and other engineering and environmental matters.
- Neither all nor any part of the contents of this report, especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute, shall be disseminated through advertising media, public relations media, news media, or any other means of communication (including, without limitation: prospectuses, private offering memoranda, and other offering material provided to prospective investors) without the prior written consent of the person(s) signing the report.
- Information, estimates, and opinions contained in the report, obtained from third-party sources are assumed to be reliable and have generally not been independently verified.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of any property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. A specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
- The market study is prepared for the exclusive benefit of the client, its subsidiaries, and/or its affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in this report without our written consent do so at their own risk.
- No studies have been provided to use indicating the presence or absence of hazardous materials on the subject property or in the improvements. Our analysis is predicated upon the assumption that the property is free and clear of any environmental hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the market study cannot be considered as an environmental assessment of the subject property.

- We may have reviewed available flood maps and may have noted in the report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas; therefore, we do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
- We are neither building nor environmental inspectors, and we do not guarantee that the subject property is free of defects or environmental problems. The client is urged to retain experts in this area and to have an environmental site assessment conducted.
- The use of the report by anyone other than the client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties.

Extraordinary Assumptions

USPAP defines an extraordinary assumption as "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions." Our appraisal is subject to the following extraordinary assumptions:

- Our conclusions are based upon the assumption that the proposed project is built pursuant to the plans provided.
- Our conclusions will require revision if the proposed site size, improvement site, or improvement quality is substantially modified.

Hypothetical Conditions

USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis." Our analysis is based upon the following hypothetical conditions:

- Our conclusion of achievable rental rates are based upon the hypothetical condition that the project is operating at a stabilized level as of the effective date of the market study.

Regional Economic Analysis

Albuquerque MSA Area Analysis

The subject is located in the Albuquerque, NM Metropolitan Statistical Area, hereinafter called the Albuquerque MSA, as defined by the U.S. Office of Management and Budget. The Albuquerque MSA is 9,280 square miles in size, and ranks #60 in population out of the nation's 382 metropolitan areas.

Population

The Albuquerque MSA has an estimated 2016 population of 915,897, which represents an average annual 0.5% increase over the 2010 census amount of 887,077. Albuquerque MSA added an average of 4,803 residents per year over the 2010 - 2016 period, and its annual growth rate is less than that of the United States.

Population Trends

	Population			Compound Ann. % Chng	
	2010 Census	2016 Est.	2021 Est.	2010 - 2016	2016 - 2021
Albuquerque MSA	887,077	915,897	935,707	0.5%	0.4%
United States	308,745,538	323,580,626	337,326,118	0.8%	0.8%

Source: Esri 2017. Compiled by JLL Valuation & Advisory Services, LLC.

Looking forward, the Albuquerque MSA's population is projected to increase at a 0.4% annual rate from 2016 - 2021, equivalent to the addition of an average of 3,962 residents per year. The Albuquerque MSA growth rate is expected to lag that of the United States, which is projected to be 0.8%.

Employment

The current estimate of total employment in the Albuquerque MSA is 380,500 jobs. Since 2006, employment declined by 13,100 jobs, equivalent to a 3.3% loss over the entire period. There were declines in employment in five of the past ten years, influenced in part by the national economic downturn and slow recovery.
The Albuquerque MSA's rate of change in employment significantly underperformed the United States, which experienced an increase in employment of 4.0% or 5,412,000 over this period.

Employment Trends

	Total Employment (Annual Average)				Unemployment Rate (Ann. Avg.)	
Year	Albuquerque MSA	Change	United States	Change	Albuquerque MSA	United States
2006	393,600		136,453,000		3.9%	4.6%
2007	397,900	1.1%	137,999,000	1.1%	3.7%	4.6%
2008	396,700	-0.3%	137,242,000	-0.5%	4.6%	5.8%
2009	379,700	-4.3%	131,313,000	-4.3%	7.8%	9.3%
2010	373,500	-1.6%	130,361,000	-0.7%	8.0%	9.6%
2011	372,200	-0.3%	131,932,000	1.2%	7.5%	9.0%
2012	370,800	-0.4%	134,175,000	1.7%	7.1%	8.1%
2013	374,600	1.0%	136,381,000	1.6%	6.8%	7.4%
2014	377,000	0.6%	138,958,000	1.9%	6.6%	6.2%
2015	380,500	0.9%	141,865,000	2.1%	6.2%	5.3%
Overall Change 2006-2015	-13,100	-3.3%	5,412,000	4.0%		
Avg Unemp. Rate 2006-2015					6.2%	7.0%
Unemployment Rate - August 2016					6.4%	5.0%

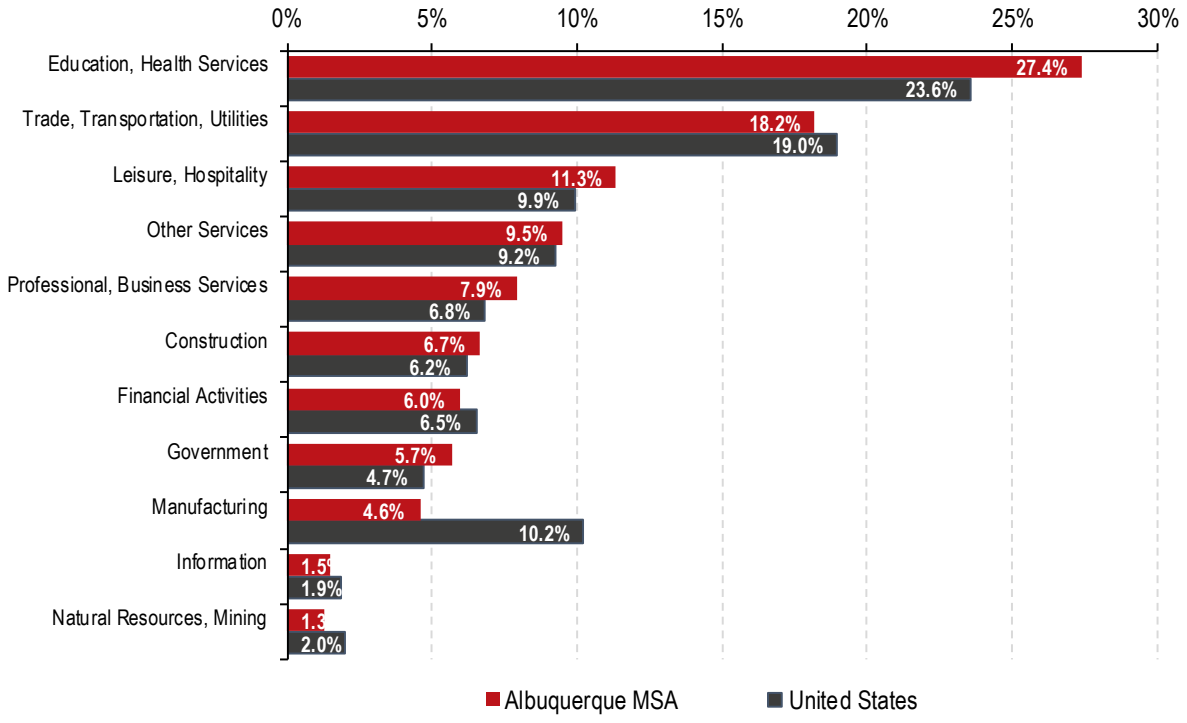
Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

A comparison of unemployment rates is another way of gauging an area's economic health, where a higher unemployment rate is a negative indicator. Over the past decade, the Albuquerque MSA unemployment rate of 6.2% has been lower than the United States rate of 7.0%. In the latter half of the decade the trend has continued, with the Albuquerque MSA performing similarly to the United States. Recent data shows that the Albuquerque MSA unemployment rate is 6.4%, in comparison to a 5.0% rate for United States, a negative sign for the Albuquerque MSA economy and one that is exacerbated by the fact that the Albuquerque MSA has underperformed the United States in the rate of job growth over the past two years.

Employment Sectors

The composition of the Albuquerque MSA job market is illustrated in the chart below, paired with that of the United States. Total employment for the two areas is stratified by eleven major employment sectors, ranked from largest to smallest based on the percentage of Albuquerque MSA jobs in each sector.

Employment Sectors - 2016



Source: Esri 2017. Compiled by JLL Valuation & Advisory Services, LLC.

The Albuquerque MSA has a greater percentage employment than the United States in the following categories:

1. Education, Health Services - which accounts for 27.4% of Albuquerque MSA payroll employment compared to 23.6% for the United States as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

2. Leisure, Hospitality - which accounts for 11.3% of Albuquerque MSA payroll employment compared to 9.9% for the United States as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

3. Other Services - which accounts for 9.5% of Albuquerque MSA payroll employment compared to 9.2% for the United States as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

4. Professional, Business Services - which accounts for 7.9% of Albuquerque MSA payroll employment compared to 6.8% for the United States as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

The Albuquerque MSA is underrepresented in the following categories:

1. Trade, Transportation, Utilities - which accounts for 18.2% of Albuquerque MSA payroll employment compared to 19.0% for the United States as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric/gas/water utilities.

2. Financial Activities - which accounts for 6.0% of Albuquerque MSA payroll employment compared to 6.5% for the United States as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

3. Manufacturing - which accounts for 4.6% of Albuquerque MSA payroll employment compared to 10.2% for the United States as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

4. Information - which accounts for 1.5% of Albuquerque MSA payroll employment compared to 1.9% for the United States as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

Major Employers

The table below contains major employers in the Albuquerque MSA.

Major Employers - Albuquerque MSA

	Name	Number of Employees
1	University of New Mexico	16,046
2	Albuquerque Public Schools	15,463
3	Sandia National Labs	10,334
4	Presbyterian	9,372
5	Kirtland Air Force Base (Civilian)	7,686
6	UNM Hospital	6,825
7	City of Albuquerque	5,742
8	Sate of New Mexico	4,875
9	Kirtland Air Force Base (Military)	4,184
10	Veterans Hospital	2,897
Source: City of Albuquerque		Date: 3/31/17

Gross Domestic Product

Based on Gross Domestic Product (GDP), the Albuquerque MSA ranks #64 out of all metropolitan area economies in the nation.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in the Albuquerque MSA than the United States overall during the past nine years. The Albuquerque MSA has expanded at a 0.0% average annual rate while the United States has grown at a 1.0% rate. As the national economy improves, the Albuquerque MSA continues to underperform the United States. GDP for the Albuquerque MSA rose by 0.4% in 2015 while the United States grew by 2.4%.

The Albuquerque MSA has a per capita GDP of $42,613, which is 15.0% less than the United States' GDP of $49,844. This means that the Albuquerque MSA industries and employers are adding relatively much less to the economy than their peers in the United States.

Gross Domestic Product

Year	[$mil] Albuquerque MSA	Change	[$mil] United States	Change
2006	$38,566		$14,593,536	
2007	$37,684	-2.3%	$14,798,367	1.4%
2008	$38,524	2.2%	$14,718,301	-0.5%
2009	$38,373	-0.4%	$14,320,114	-2.7%
2010	$38,634	0.7%	$14,628,165	2.2%
2011	$38,719	0.2%	$14,833,679	1.4%
2012	$38,675	-0.1%	$15,126,279	2.0%
2013	$37,938	-1.9%	$15,317,174	1.3%
2014	$38,523	1.5%	$15,653,000	2.2%
2015	$38,663	0.4%	$16,023,115	2.4%
Compound % Chg (2006-2015)		0.0%		1.0%
GDP Per Capita 2015	$42,613		$49,844	

Source: Bureau of Economic Analysis. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Gross Domestic Product is a measure of economic activity based on the total value of goods and services produced in a specific geographic area. The figures in the table above represent inflation adjusted “real” GDP stated in 2009 dollars.

Household Income

The Albuquerque MSA has a lower level of household income than the United States. Median household income for the Albuquerque MSA is $49,651, which is 8.3% less than the United States.

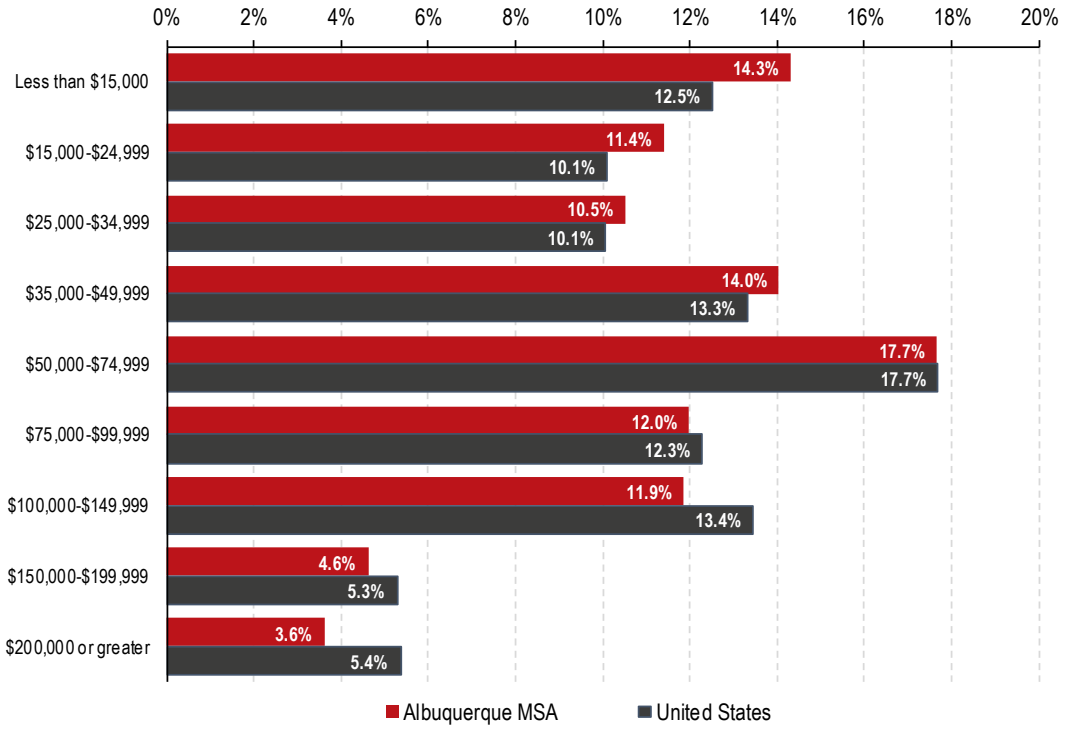
Median Household Income - 2016

	Median
Albuquerque MSA	$49,651
United States	$54,149
Comparison of Albuquerque MSA to United States	-8.3%

Source: Esri 2017. Compiled by JLL Valuation & Advisory Services, LLC.

The following chart shows the distribution of households across nine income levels.

Household Income Distribution - 2016



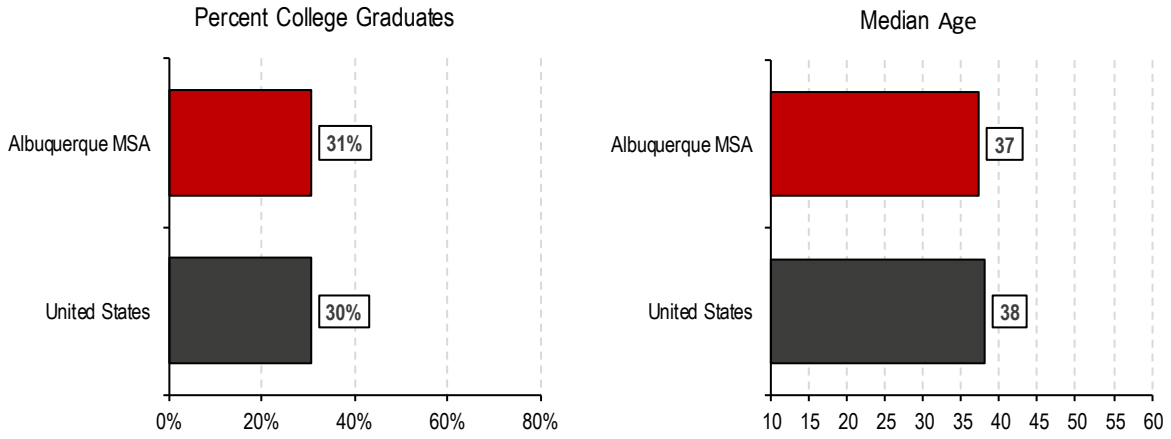
Source: Esri 2017. Compiled by JLL Valuation & Advisory Services, LLC.

The Albuquerque MSA has a greater concentration of households in the lower income levels than the United States. Specifically, 36% of the Albuquerque MSA households are below the $35,000 level in household income as compared to 33% of United States households. A smaller concentration of households exists in the higher income levels, as 32% of the Albuquerque MSA households are at the $75,000 or greater levels in household income versus 36% of United States households.

Education and Age

Residents of the Albuquerque MSA have a similar level of educational attainment to those in the United States. An estimated 31% of the Albuquerque MSA residents are college graduates with four-year degrees or higher, which is the same percentage as United States residents. People in the Albuquerque MSA are slightly younger than their peers in the United States. The median age of the Albuquerque MSA is 37 years, while the United States is 38 years.

Education & Age - 2016



Source: Esri 2017. Compiled by JLL Valuation & Advisory Services, LLC.

Conclusion

The Albuquerque MSA's economy will benefit from a stable to slightly growing population base and higher education levels. Although minimal employment growth occurred over the past decade, the Albuquerque MSA has maintained a lower unemployment than the United States. Despite the employment outlook, the Albuquerque MSA is facing challenges from lagging the United States in both GDP growth in the past nine years and its GDP per capita. Considering all positive and negative factors, we project that growth in the Albuquerque MSA will be limited, resulting in a modest level of demand for real estate in general.

Market Area Description and Analysis

Delineation of Primary Market Area

The Primary Market Area (PMA) for any form of rental real estate property is defined as the area from which a majority of the project's tenants will be drawn. According to various industry sources, the PMA of a seniors housing care facility is determined by the density of the population, the proximity of competing properties, and the ease of transit in the surrounding area. The PMA for urban facilities is generally from 5 to 10 miles, for suburban facilities 5 to 20 miles, and for small town and rural facilities 20 to 30 miles[1] as indicated in the following data.

Distances that Residents Relocated from			
Distance	Assisted Living	Assisted & Independent Living	CCRC
Less than 5 miles	40.00%	43.50%	52.20%
5 to 10 miles	20.40%	20.00%	16.40%
11 to 25 miles	20.00%	15.30%	13.40%
25 to 50 miles	7.30%	5.90%	6.00%
More than 50 miles	12.40%	15.30%	11.90%

A number of factors tend to define a market area. One important factor is density. In rural areas, it may be many miles between towns large enough to sustain services, and residents are accustomed to driving significant distances to access services. Conversely, in urban or suburban areas, a resident may have a choice of competing services within a short drive of his or her home and will normally select the more proximal service provider or the service provider more convenient to access. Physical barriers can also shape market areas. Rivers, lakes, streams, military bases, and major highways are all examples of barriers that can constrain market areas. Barriers can also be psychological. For example, it is common for persons who live on one side of a highway to seldom access services in a similar area on the opposite side of the same highway, even though access is not constrained. Likewise, persons living in a given town or county are often reluctant to access services in an adjacent town or county. The location of competing facilities is also a factor to consider. In market areas served by a greater number of competing facilities, the primary drawing area for each facility tends to be smaller since residents of the market area tend to access the service provider nearest their location. Each of these factors is considered in the delineation of the subject's PMA.

1. *Assisted Living Manual* (Published by Assisted Living Federation of America) and *Integrated Senior Care: Assisted Living and Long Term Care Manual* (Published by Thompson Publishing Group). These radii are also supported by the criteria used by many national developers of seniors housing.

Physical Barriers

Physical barriers impacting the subject's market area are Sandia Crest to the northeast and South Sandia Peak to the east. On the south periphery of the PMA is Kirkland Air Force Base and to the north is Sandia Indian Reservation, which are not believed to limit the market area.

Psychological Barriers

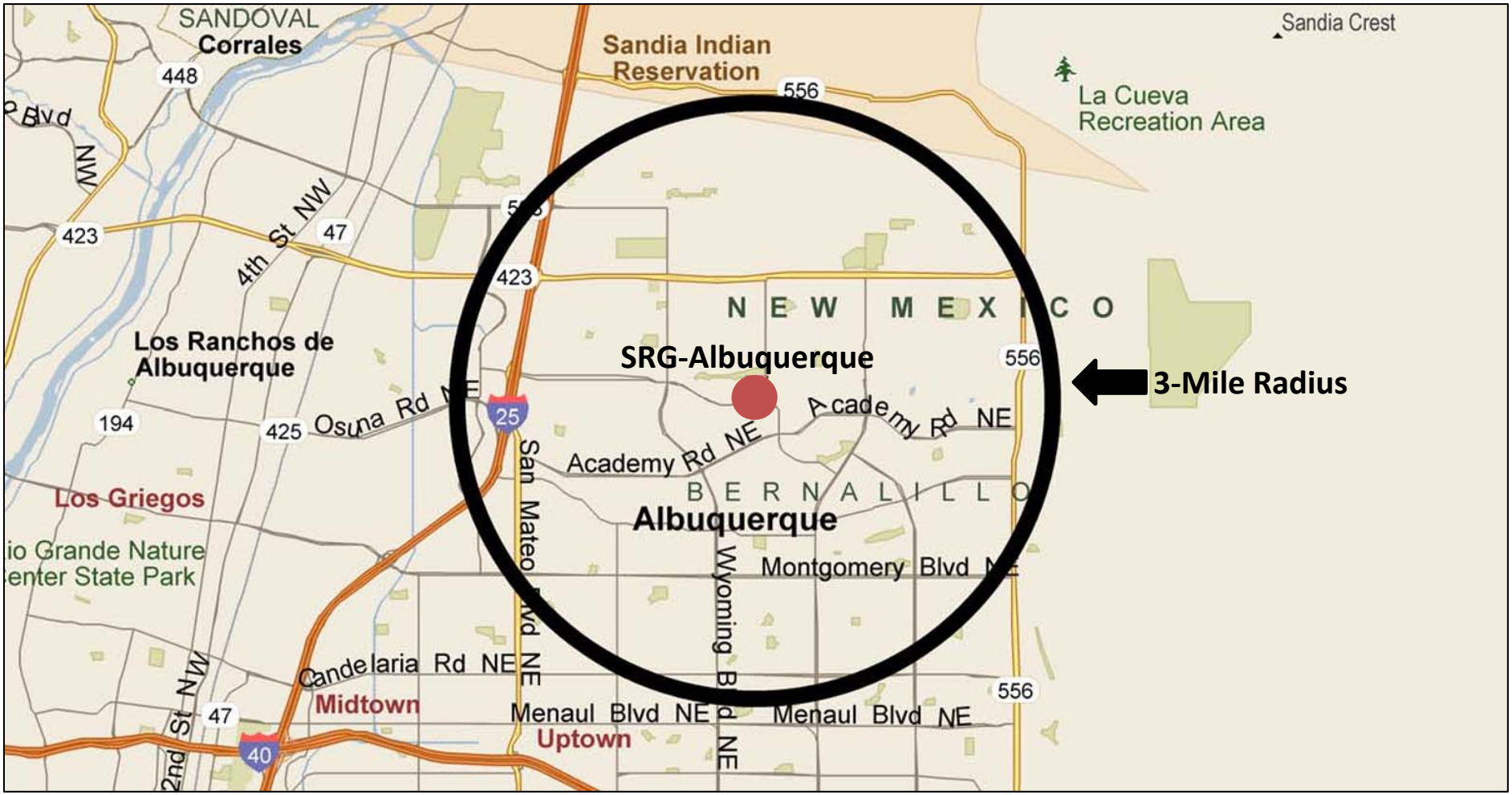
The subject's market area is not constrained by any known psychological barriers.

Location of Competing Facilities

There are competing facilities scattered throughout the area, indicating that seniors have a wide variety of facilities from which to choose. This tends to limit the size of market areas, as it is not necessary for seniors or adult children decision makers to travel far from the home to find suitable seniors housing.

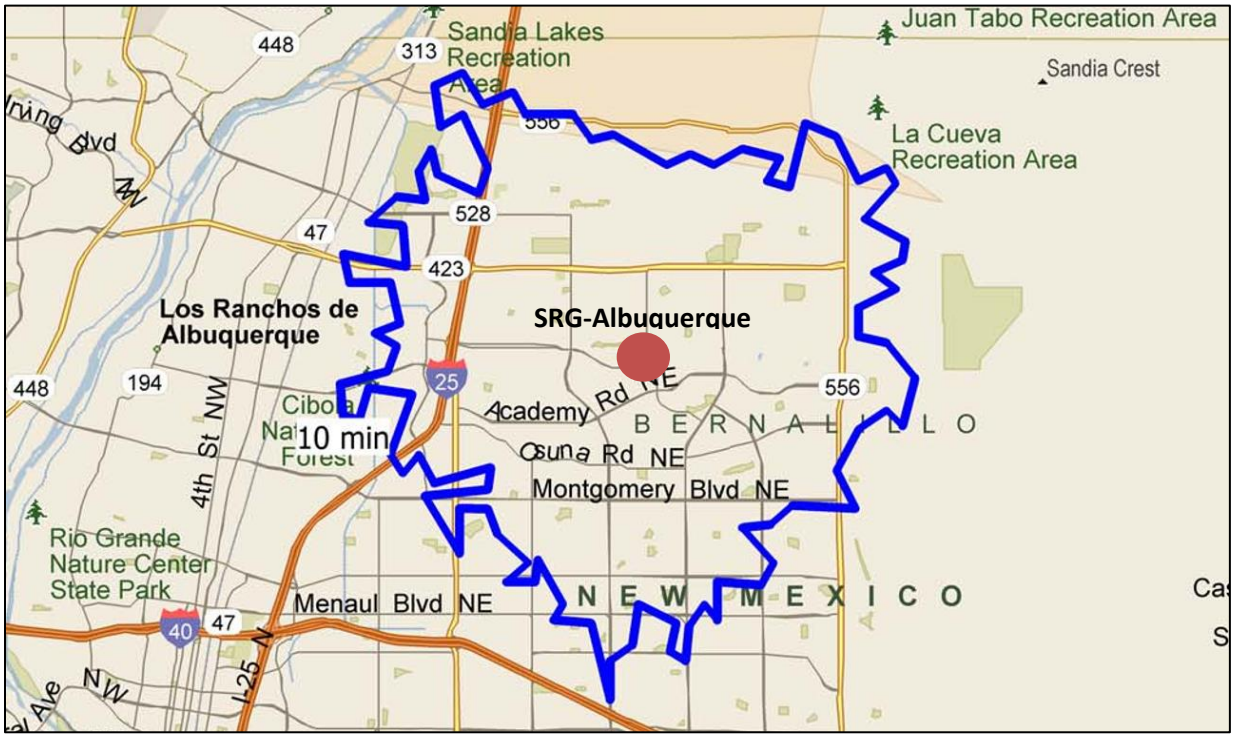
Market Area Delineation Conclusion

Considering the physical and psychological barriers, population density, and the competing facilities' concentration, we have concluded that an appropriate PMA for the subject is the area within a 3 mile radius of the site. In this market, we believe that the majority of demand will come from the PMA. No measurable draw from a secondary market area is forecast.

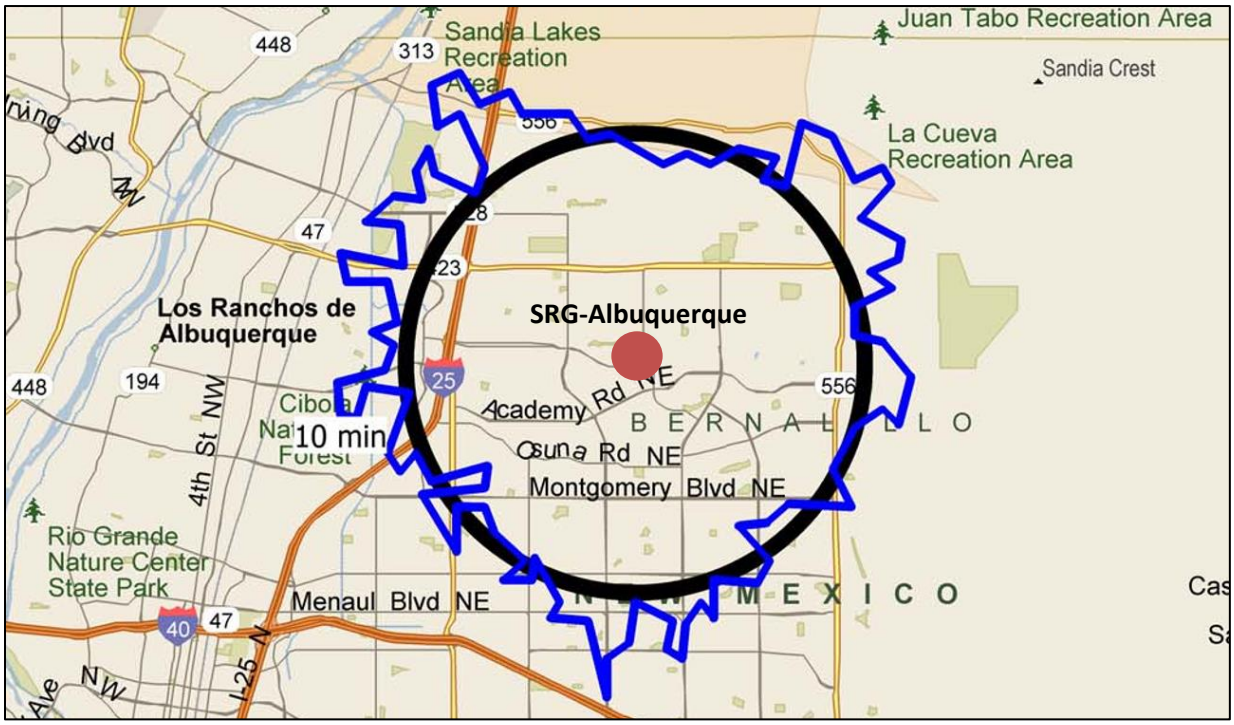


Primary Market Area Map

We also considered a 10-minute drive time from the subject site, as shown below.



This drive time supports our previously concluded market area, as shown below.



Composition

The predominant land use in the market area is single-family residential. The estimated land use composition is shown in the following table:

Estimated Land Use Composition	
Property Type	**% Used For Type**
Single-Family Residential	35%
Multi-Family	15%
Schools, Churches, Public Buildings, Rec. Areas	10%
Retail & Personal Service	10%
Office	5%
Industrial	5%
Vacant Land	20%
Total	100%

Social Forces

An analysis of the PMA demographics relative to the U.S. will yield insight into the nature of the PMA. All of the data in this section is obtained from The Nielsen Company.

Population Growth

Population growth figures are shown below:

Population Growth							
Area	**2000**	**2010**	**Annual % Change 2000-2010**	**2017**	**Annual % Change 2010-2017**	**2022**	**Annual % Change 2017-2022**
PMA	102,493	110,303	0.74%	110,501	0.03%	110,943	0.08%
United States	281,421,942	308,745,538	0.93%	325,139,271	0.74%	337,393,057	0.74%

Source: The Nielsen Company

Between 2010 and 2017, PMA population growth was less than the national average. The forecasted growth for the PMA is at a rate less than the nation as a whole.

Household Growth

Household growth figures are shown below:

Household Growth							
Area	2000	2010	Annual % Change 2000-2010	2017	Annual % Change 2010-2017	2022	Annual % Change 2017-2022
PMA	43,841	49,181	1.16%	50,016	0.24%	50,522	0.20%
United States	105,480,131	116,716,292	1.02%	123,356,629	0.79%	128,246,828	0.78%

Source: The Nielsen Company

Between 2010 and 2017, PMA household growth was less than the national average. The forecasted growth for the PMA is at a rate less than the nation as a whole.

Income Levels

Pertinent income data are shown below.

Income Levels		
Area	2017 Average HH Income	2017 Median Household Income
PMA	$88,722	$63,629
United States	$80,853	$57,462

Source: The Nielsen Company

Current PMA income levels are higher than the national average.

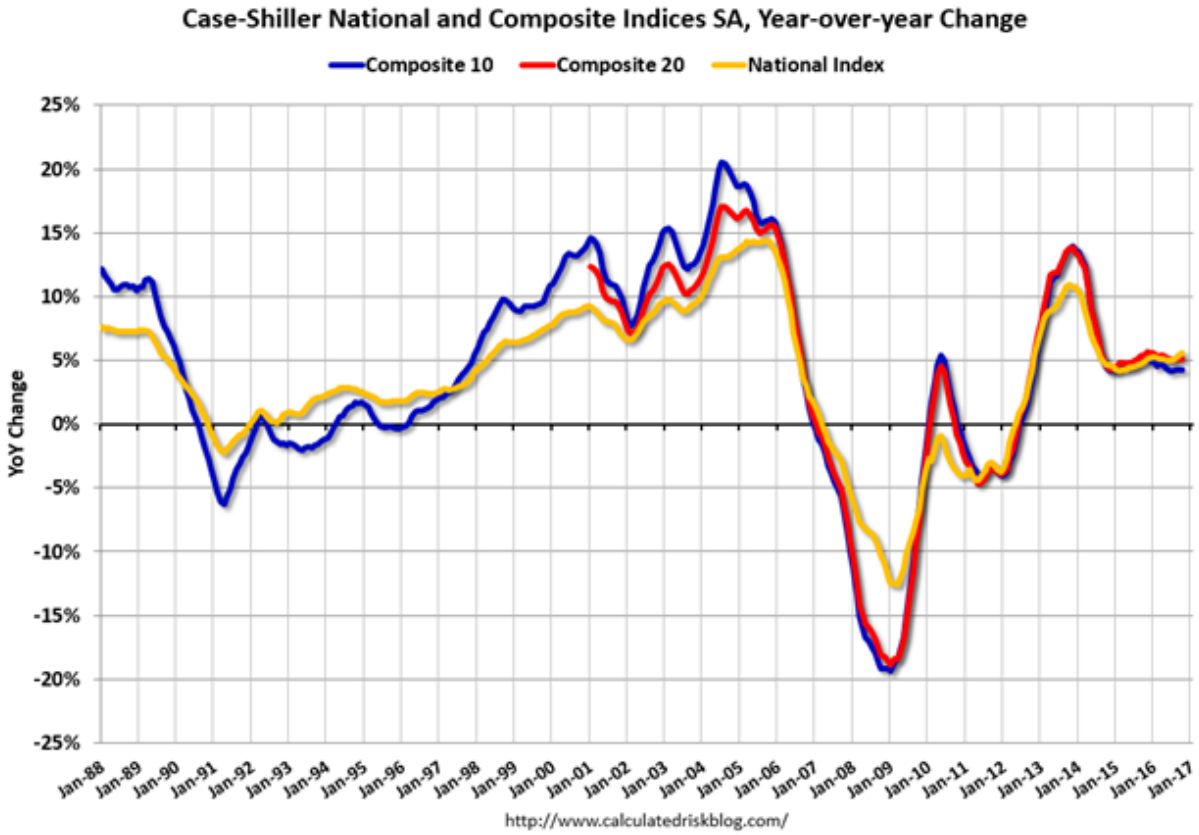
Housing Market

The Nielsen Company reports the housing market statistics shown below:

Housing Market Statistics		
Area	2017 Owner Occupied Housing Percent	2017 Median Housing Value
PMA	63.1%	$264,224
United States	64.9%	$197,980

Source: The Nielsen Company

The U.S. housing market continues to improve from the financial crisis in 2008. The next chart indicates the annual returns of the National, the 10-City Composite, and the 20-City Composite home price indices updated through December 2016. As of December 2016, the S&P/Case-Shiller U.S. National Home Price Index, covering all nine U.S. census divisions, recorded a slightly higher year-over-year gain with a 5.6% annual increase in December 2016 versus a 5.2% increase in November 2015. The 10-City Composite increased 4.3% in the year to December compared to 5.2% previously. The 20-City Composite's year-over-year gain was 5.1%. The National Index is up 35% from the post- bubble low in December 2011.



According to the Zillow's October 2016 Market Report, U.S. home values increased 5.5% over the past year with a median home value of approximately $189,400. However, the report indicates that there has been 20 consecutive months of inventory declines. As inventory declines, demand has still increased with slightly increased home sales during this period. In the short term, home values are expected to grow 2.9% over the next year through September 2017. Over a longer term, a cumulative increase in home values of nearly 18% through the end of 2019, on average.

The subject is located in Northeast Albuquerque (within zip code 87111). According to Zillow, the median home value within the zip code is $251,600 as of February 28, 2017. Although this marks just a 0.7% month-over-month increase, home values have increased 3.6% over the past quarter – and more notably, 9.9% from the previous year. Zillow predicts they will rise 3.7% within the next year.

The housing market in the PMA is considered to be healthier than average.

Environmental Forces

The area has a mostly level topography. Vegetation is moderate and includes native trees, shrubs and grasses. Sandia Indian Reservation is just north of the PMA. The Rio Grande River runs north and south and is to the west of the PMA. To the east of the PMA, there is South Sandia Peak and Sandia Crest to the northeast. A variety of soil types are present in the area, and most are conducive to development with proper engineering.

Public Services

Street Improvements

The market area benefits from the following road infrastructure:

Interstate Highways

North-South:	Interstate Highway 25
East-West:	Interstate Highway 40

Other Highways

North-South:	None
East-West:	None

Major City Streets

North-South:	San Mateo Boulevard NE and Tramway Boulevard NE
East-West:	Paseo del Norte NE

Overall, accessibility is rated as good.

Police/Fire Protection

Police and fire protection is provided by the City of Albuquerque.

Schools

The area is within the Albuquerque School District. In addition, Central New Mexico Community College, Lewis University, Grand Canyon University and others lie within the area.

Shopping

The area is adequately served by a number of shopping centers. Del Norte Center is located along Harper Road NE to the west of the development site. The center features the Cherry Hills Library as well as Walgreen's Pharmacy and Sam's Regent Pharmacy, educational and health-related providers including Covenant Schools, LearningRx-Albuquerque NE, and eyecare (eyewear & lasik), and restaurants such as McDonald's, Pizza Hut, and Subway.

Also nearby are North Towne Plaza and Sycamore Plaza, which are located southwest of the development site at the intersection of Wyoming Boulevard NE and Academy Road NE. North Towne Plaza is anchored by Whole Foods Market and features an array of restaurants and retailers including Allegro Coffee Company, Chico's, Jimmy John's, Pizza Hut, Sandia Saloon, Sushi & Sake, Sherwin-Williams, and Taco Bell, among others. Sycamore Plaza, which is anchored by Walmart Supercenter, is home to a Boston Market, Dion's, Firehouse Subs, Keva Juice, Payless Shoe Source, Verizon Wireless, and several other retailers.

Medical

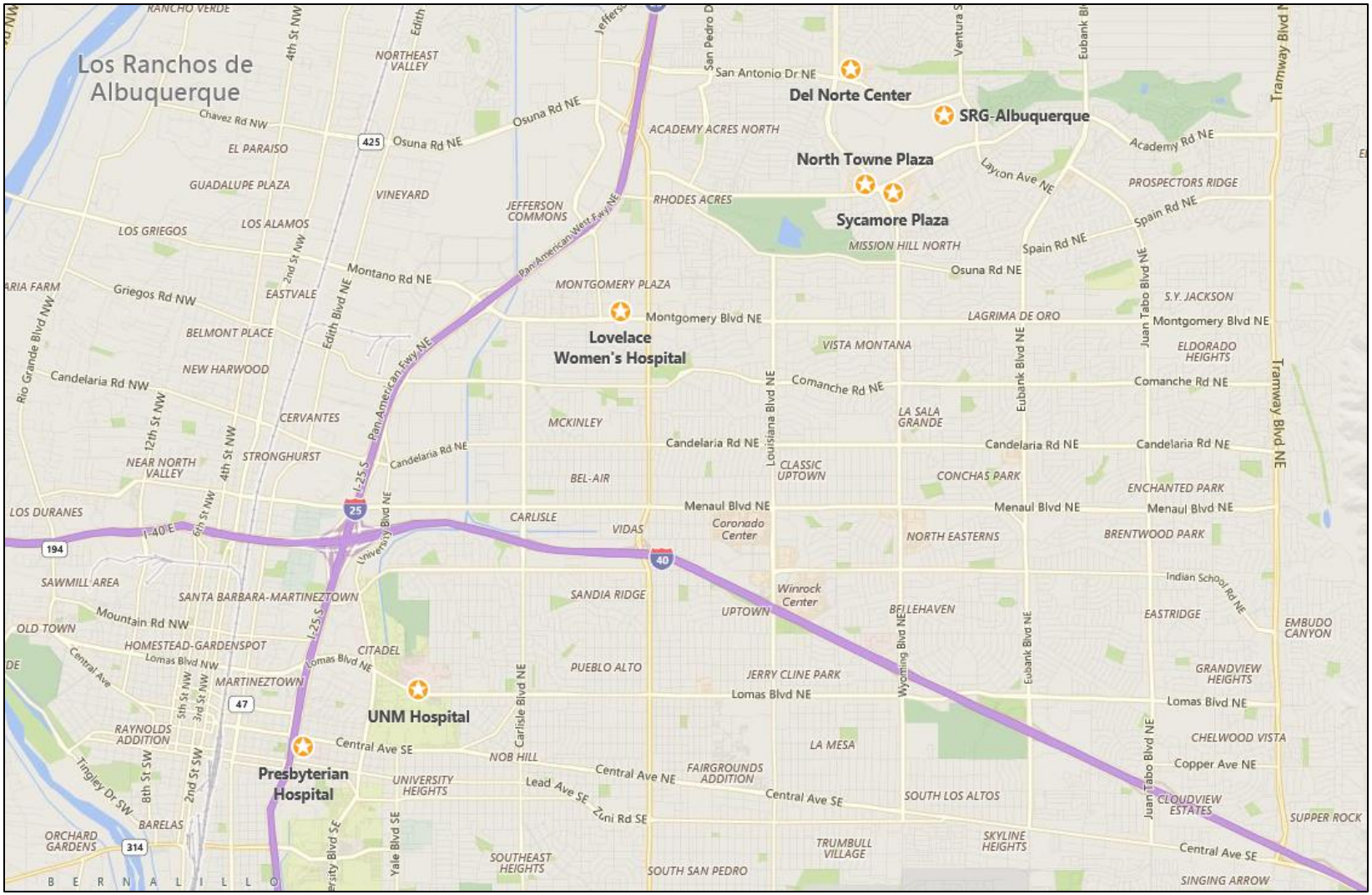
The full service hospital nearest the subject is Presbyterian Hospital located within a 15 minute drive to the southwest. It is a 453-bed acute care hospital – the largest in New Mexico – and provides a full-range of medical and surgical healthcare services. Located in the center of Albuquerque, it is part of the not-for-profit Presbyterian Healthcare Services system. Specialties include: cardiology, cardio-thoracic surgery, dental/oral surgery, ear, nose & throat, endocrinology, gastroenterology, general surgery, hematology/oncology, neurosurgery, ophthalmology, orthopedics, outpatient rehabilitation, pediatrics, plastic surgery, podiatry, pulmonology, radiology, urology, and

women's health/obstetrics & gynecology. The hospital is also affiliated with a number of other medical centers in the area including The Women's Center at Presbyterian, The Children's Center at Presbyterian, The Cancer Center at Presbyterian, The Heart Center at Presbyterian, and Surgical Services at Presbyterian.

The University of New Mexico Hospital (UNM Hospital) is a teaching hospital located within 20+/- minutes to the south. The 629-bed hospital, which was founded in 1954, is located just north of the university's main campus. The center features the state's only Level I trauma center, only National Cancer Institute-designated comprehensive cancer center, a comprehensive stroke and neuro-trauma service, a comprehensive burn center, a pediatric cardiothoracic surgery program, advanced women's care, adult and children's psychiatric services, bariatric and orthopaedic program, and dozens of other specialty lines. Collectively, the UNM Health System provides care for more than 200,000 New Mexicans each year, serves as training sites for students of medicine, nursing, pharmacy, and other health professions, and plays an important role in the university's community-based health research.

Lastly, Lovelace Women's Hospital is located within 10 minute drive southwest of the development site. The facility features a 53-bed Level III Neonatal Intensive Care Unit, 24/7 emergency department, 16 labor and delivery rooms, a 41-bed Mother-Baby unit, and a Maternal-Fetal Medicine program for high-risk pregnancies. Additionally, the hospital is home to a Natural Birthing Center. The hospital also offers a comprehensive Breast Care Center, digital mammography, cardiology, and gastroenterology services, as well as surgical services including the latest minimally invasive robotic surgery system – da Vinci Robotic Surgery (offering less pain, shorter hospital stays and faster recovery for many general, gynecological, and urological procedures). Lovelace Women's Hospital has been recognized by Modern Healthcare as one of the Best Places to Work in Healthcare nationally for six consecutive years.

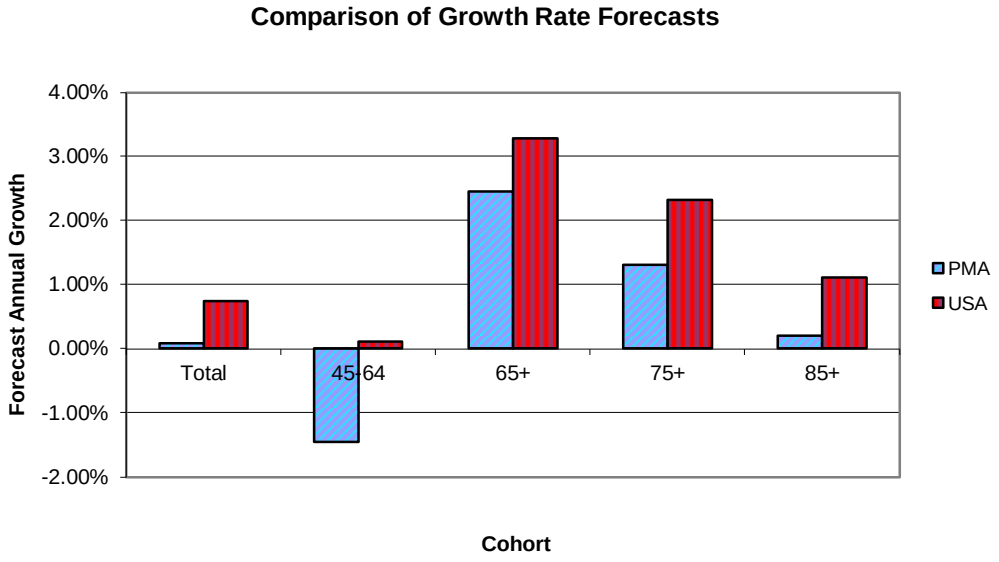
A map highlighting location of the noted neighborhood amenities is shown on the following page.

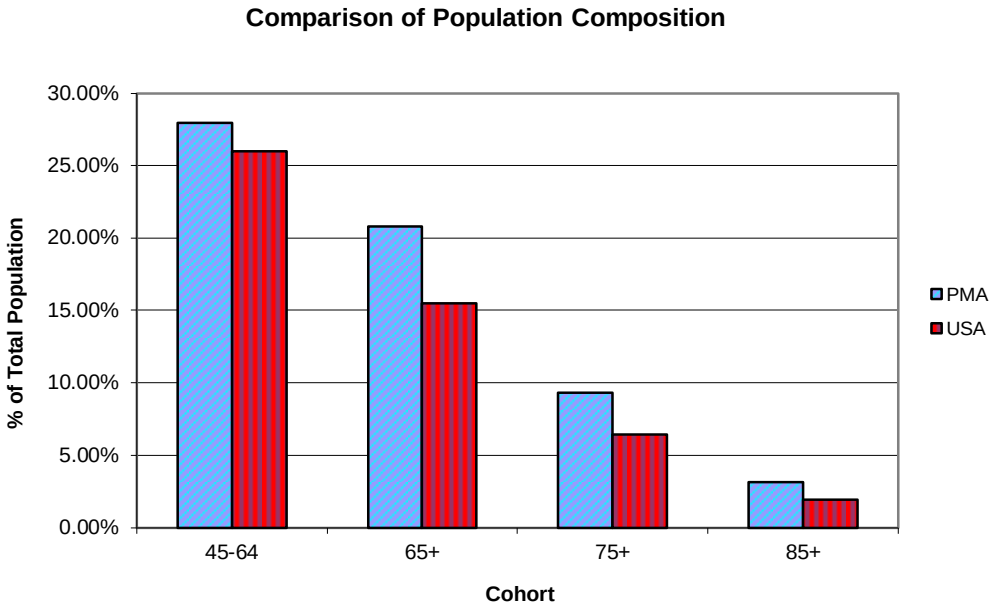

Los Ranchos de Albuquerque
Del Norte Center
SRG-Albuquerque
North Towne Plaza
Sycamore Plaza
Lovelace Women's Hospital
UNM Hospital
Presbyterian Hospital
San Antonio Dr NE
Osuna Rd NE
Chavez Rd NW
EL PARAISO
GUADALUPE PLAZA
VINEYARD
LOS GRIEGOS
LOS ALAMOS
Montano Rd NE
Griegos Rd NW
EASTVALE
BELMONT PLACE
NEW HARWOOD
Candelaria Rd NW
CERVANTES
STRONGHURST
NEAR NORTH VALLEY
LOS DURANES
SAWMILL AREA
SANTA BARBARA-MARTINEZTOWN
Mountain Rd NW
OLD TOWN
HOMESTEAD-GARDENSPOT
Lomas Blvd NW
MARTINEZTOWN
RAYNOLDS ADDITION
Tingley Dr SW
BARELAS
ORCHARD GARDENS
NORTHEAST VALLEY
JEFFERSON COMMONS
MONTGOMERY PLAZA
Montgomery Blvd NE
ACADEMY ACRES NORTH
RHODES ACRES
MISSION HILL NORTH
Spain Rd NE
Academy Rd NE
PROSPECTORS RIDGE
Layton Ave NE
S.Y. JACKSON
LAGRIMA DE ORO
VISTA MONTANA
ELDORADO HEIGHTS
Comanche Rd NE
LA SALA GRANDE
MCKINLEY
Candelaria Rd NE
CLASSIC UPTOWN
CONCHAS PARK
ENCHANTED PARK
BEL-AIR
CARLISLE
VIDAS
Menaul Blvd NE
Coronado Center
NORTH EASTERNS
BRENTWOOD PARK
Winrock Center
UPTOWN
BELLEHAVEN
EASTRIDGE
EMBUDO CANYON
SANDIA RIDGE
CITADEL
PUEBLO ALTO
JERRY CLINE PARK
GRANDVIEW HEIGHTS
Lomas Blvd NE
CHELWOOD VISTA
Copper Ave NE
LA MESA
NOB HILL
Central Ave SE
Central Ave NE
FAIRGROUNDS ADDITION
UNIVERSITY HEIGHTS
Lead Ave SE
Zuni Rd SE
SOUTH LOS ALTOS
CLOUDVIEW ESTATES
SUPPER ROCK
SKYLINE HEIGHTS
TRUMBULL VILLAGE
SOUTHEAST HEIGHTS
SOUTH SAN PEDRO
SINGING ARROW
Tramway Blvd NE
Juan Tabo Blvd NE
Eubank Blvd NE
Louisiana Blvd NE
Wyoming Blvd NE
Carlisle Blvd NE
Yale Blvd SE
Pan American Fwy NE
I-25 S
I-40 E
Edith Blvd NE
Rio Grande Blvd NW
Indian School Rd NE
Central Ave
Tingley Dr SW
B E R N A L I L L O

Seniors Housing Market Demographics

Demographics relevant to the seniors housing market are as follows:

Market Area Characteristics		
Item	**PMA**	**USA**
Total Population		
2017 Population	110,501	325,139,271
Forecasted 2022 Population	110,943	337,393,057
Forecasted Annual Growth, 2017-2022	0.08%	0.74%
Adult Child (45-64) Population		
2017 Population 45-64	30,883	84,412,696
Forecasted 2022 Population 45-64	28,692	84,889,847
Forecasted Annual Growth, 2017-2022	-1.46%	0.11%
2017 Age 45-64 Pop. as % of Total Pop.	27.95%	25.96%
65 Plus Population		
2017 Population 65+	22,952	50,275,374
Forecasted 2022 Population 65+	25,902	59,074,889
Forecasted Annual Growth, 2017-2022	2.45%	3.28%
2017 Age 65+ Pop. as % of Total Pop.	20.77%	15.46%
75 Plus Population		
2017 Population 75+	10,294	20,809,231
Forecasted 2022 Population 75+	10,987	23,339,711
Forecasted Annual Growth, 2017-2022	1.31%	2.32%
2017 Age 75+ Pop. as % of Total Pop.	9.32%	6.40%
85 Plus Population		
2017 Population 85+	3,452	6,327,357
Forecasted 2022 Population 85+	3,487	6,688,544
Forecasted Annual Growth, 2017-2022	0.20%	1.12%
2017 Age 85+ Pop. as % of Total Pop.	3.12%	1.95%
Income Levels		
Median Household Income, All Ages	$63,629	$57,462
Median Income Level Age 65 to 74	$65,700	$51,066
Median Income Level Age 75 to 84	$41,619	$33,566
Median Income Level Age 85+	$30,310	$25,662
Source: The Nielsen Company		





Overall population growth is forecast to be less than average in the PMA. Growth of persons in the “adult child” age bracket (45 to 64) is forecast to be less than average, while the percent of total population that is within the 45 to 64 age group is greater than average. The percent of total population that is 65+ is greater than average. Forecasted growth for the 65+ cohort is less than average. The percent of total population that is 75+ is greater than average. Forecasted growth for the 75+ cohort is less than average. Lastly, the 85+ population is forecast to grow at a pace less than the national average, while representing a greater than average percent of the total population base of the PMA. Senior income levels are above average.

Conclusion

The subject's PMA is concluded to be the area within a 3-mile radius from the site. The primary land use in the area is single-family residential and the area is approximately 80% developed. The PMA is experiencing moderate population growth and has above average income levels. The area is considered to be in a stage of growth. Between 2017 and 2022, the market area is forecast to experience growth in demand for seniors housing at a moderate rate relative to the nation as a whole.

Site Description and Analysis

The subject development will be located on a 13-acre tract located at 8888 Harper Drive NE in the city of Albuquerque, Bernalillo, New Mexico. Note that the subject will be part of the larger 13-acre site; the allocated amount specific to the subject development is still to be determined.

Photographs of the Site

View of Site Looking South from Harper Drive NE

View of Site Looking Southwest

View of Site Looking Southeast

View of Site Looking South

View West Along Harper Drive NE From Site

View East Along Harper Drive NE From Site

View West Along Harper Drive NE Across From Site

View East Along Harper Drive NE Across From Site

Specific Site Details

Specific site details are as follows:

Location -

Street Address:	8888 Harper Drive NE
Additional Frontage To:	None
Site Orientation:	Interior Site
Nearest Cross-Street:	Ventura Street NE, approximately 1/2 mile to the east

Accessibility and Visibility -

Primary Access Via:	Harper Drive NE, a moderately traveled roadway with two lanes extending in each direction. Harper Drive NE is median divided. There is not a traffic light that facilitates access to the site.
Secondary Access Via:	None
Accessibility Rating:	Good
Visibility Rating:	Good

Physical Characteristics -

Site Size:	13 acres
Shape:	Mostly rectangular
Topography:	Gently rolling
Vegetation	Moderate
Excess Land Area:	The development will be part of a 13-acre site; the allocated amount specific to the subject development is still to be determined.

Flood Zone Information -

Zone:	X
Panel Number:	35001C0143G, effective September 26, 2008
Flood Insurance:	No

Utility Availability -

Electricity:	Public to site
Natural Gas:	Public to site
Water:	Public to site
Sewage Treatment:	Public to site
Telephone:	Public to site

Environmental -

Phase 1 ESA:	Not provided
Known Hazards:	None observed or known
Earthquake Zone:	Not within earthquake zone

Aerial Photograph (Source: Bing)

Adjacent Properties -

North:	Single-Family Residential
East:	Church (Hoffmantown Church)
South:	School (Albuquerque Academy)
West:	Vacant land
Nuisances or Hazards:	None known

Easements and Other Legal Constraints -

Access Easements:	None known
Encroachments:	None known
Utility Easements:	Typical for improved properties to allow for the installation and maintenance of utility lines
Other Restrictions:	None known

Conclusion

The subject will be part of a larger 13-acre site; the allocated amount specific to the subject development is still to be determined. The shape of the site is mostly rectangular, and the topography is gently rolling. Overall, the site is considered to have good functional utility. It is physically suited for a wide range of uses and is well suited for the proposed use as a seniors housing community.

Improvement Description and Analysis

Introduction

The following definitions of the Seniors Housing Classifications were jointly developed by the American Seniors Housing Association (ASHA) and the National Investment Center (NIC).

Active Adult Community: For-sale single-family homes, townhomes, cluster homes, and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead an independent lifestyle; the facilities are not equipped to provide increased care as the individual ages. It may include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

Senior Apartment Community: Multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents but may offer community rooms, social activities, and other amenities.

Independent Living Facility (ILF): Age-restricted multifamily rental properties with central dining facilities. ILFs provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, or toileting. There are no licensed skilled nursing beds in the facility.

Assisted Living Facility (ALF): State regulated rental properties that provide the same services as independent living communities listed above. ALFs also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with ADLs, including management of medications, bathing, dressing, toileting, ambulating, and eating. These properties may have some skilled nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents in need of memory care. A property that specializes in the care of residents with memory care issues should be considered an assisted living facility.

Independent and Assisted Living Facility (IALF): Single communities offering both independent and assisted living services within the same building or on the same campus.

Skilled Nursing Facility (SNF): Licensed daily rate, wherein the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or memory care units.

Continuing Care Retirement Communities (CCRCs): Age-restricted properties that include a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/co-op and rental programs. The majority of the units are not licensed skilled nursing beds.

The following are additional terms that are used in describing and analyzing seniors housing properties:

Licensed beds: The number of beds a facility is licensed to operate by the appropriate state licensing agency.

Living units: The number of living units, consisting of one or more rooms, designed to accommodate residents of the facility.

Medicaid: Provides health coverage for people of all ages whose incomes are low. To qualify for Medicaid, an individual, couple, or family must meet income and resource guidelines. Income includes money received each month from Social Security, employment, or other sources. Resources refer to the value of items owned such as cash and savings. Some resources, such as the family home and one car, are not counted in determining Medicaid eligibility. To qualify, individuals must be U.S. citizens, with some exceptions for certain categories of non-citizens. Medicaid pays for basic health services and for some services not covered by Medicare such as medicine, nursing facility care, eye exams, glasses, transportation for medical care, and other medical services. Medicaid is funded and regulated by both federal and state governments. As a result, Medicaid rules vary from state to state.

Medicaid waiver: Under Section 1915(c) of the Social Security Act, Medicaid law authorizes the Secretary of the U.S. Department of Health and Human Services to waive certain Medicaid statutory requirements. These waivers enable states to cover a broad array of home and community-based services (HCBS) for targeted populations as an alternative to institutionalization. Waiver services may be optional state plan services which either are not covered by a particular state or which enhance the state's coverage. Waivers may also include services not covered through the state plan such as respite care, environmental modifications, or family training. Many states have waiver programs in place to provide for assisted living care.

Medicare: A federal health insurance program, passed in 1965 as Title XVIII of the Social Security Act, Medicare was intended to pay the cost of some health care services in order to ensure access to a basic level of health care for the aged and other eligible persons. Medicare will cover the first 20 days of nursing facility care, and will partially pay for the next 80 days, for a total benefit not to exceed 100 days. A three-day hospital stay is required to qualify for this benefit.

Medicare Part A: Provides payment for post-hospital care in a Medicare certified nursing facility. Medicare Part A may provide payment for post-hospital care in a nursing facility for up to 100 days if Medicare coverage requirements, or "the 5 rules", are met. A resident is entitled to full coverage for the first 20 days; from the 21st day through the 100th day, Medicare pays for all covered services except a daily co pay amount for which the resident is responsible. That means the resident has to pay the co pay either with his or her own money or, if eligible, through Medicaid or private insurance (i.e. medi-gap policy). A nursing facility resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing facility within 30 days following a 3-day hospital stay. Medicare certified nursing facilities are reimbursed for providing nursing facilities stays based upon the Prospective Payment System (PPS).

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare, which pays for doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

Medicare Prospective Payment System (PPS): Section 4432(a) of the Balanced Budget Act (BBA) of 1997 modified how payment is made for Medicare skilled nursing facility (SNF) services. Effective with cost reporting periods beginning on or after July 1, 1998, SNFs were no longer paid on a reasonable cost basis or through low volume prospectively determined rates, but on the basis of the PPS. The PPS rates are adjusted for case mix and geographic variation in wages and covers all costs of covered SNF services, such as routine, ancillary, and capital-related costs. The amount of reimbursement for each resident is based upon the Resource Utilization Groups (RUG) IV case mix system.

Operating beds: The number of beds a facility actually operates. This may be less than the number of licensed beds.

Private bed: A bed situated in a room with no other beds/residents.

Private pay: Refers to a resident whose charges are funded by personal funds, assistance from relatives or other private individuals or groups, or long-term care insurance.

Resident day: A day for which services are rendered and billable, or a day for which a bed or unit is held and billed. For example, if a resident rents and occupies a unit for a full calendar year, that resident would have occupied the bed or unit for 365 resident days.

RUG-IV: RUG IV is a 66-group model for classifying nursing facility residents into homogenous groups according to common health characteristics and the amount and type of resources they use. Residents are classified based on residents' clinical conditions, extent of services used, and functional status. The groups are in seven general categories (in general order of costs associated with caring for residents): rehabilitation plus extensive services, extensive services, clinically complex, special care high, special care low, behavioral symptoms, cognitive performance, and reduced physical function.

Semi-private bed: A bed situated in a room with one other bed/resident.

Ward bed: A bed situated in a room with two or more other nursing beds/residents.

Subject Description/Overview

The developer provided a unit/bed mix consisting of 96 independent living units and 84 assisted living beds (including 24 memory care beds), with a gross building area of approximately 200,000 square feet. Offering these three care sectors will create a continuum care retirement community. The project will be 100% rental (i.e., no large buy-in entrance fees). The project is anticipated to have a gross building area of approximately 200,000 square feet. The residential units will be located in wings originating outward from the central core of the community and will be accessed and fully heated and cooled via interior corridors and hallways.

The assisted living/memory care component (floors) will feature an array of amenities including living areas/lounges, library, multi-purpose room, central dining room, private dining room, beauty salon, well center, and a chapel. The separate memory care section will have its own lounge area, multipurpose room, dining room, and a shared country-style residential kitchen.

The independent living component (floors) will have lounge/living areas, internet lounge, arts and crafts room, multipurpose room, theater, central dining room, private dining room, bistro, beauty salon, and wellness center.

Note that all of the administrative offices, the commercial kitchen, and the housekeeping/laundry-related rooms will be located on the independent living floors.

Proposed Unit/Bed Mix and Building Areas

In order to assess the appropriateness of the developer's proposed unit/bed mix and building areas, we considered the prevailing offerings at the most recently constructed seniors housing communities in the market as well as several older facilities located throughout the area.

Comparison tables are shown in the following pages.

We will first consider the unit/bed mix ratios by care type at the selected communities. Note that the most recently constructed communities are utilized later in this analysis for purposes of estimating achievable rental rates for the proposed subject. The older facilities are shown for unit mix and size comparisons only.

Assisted Living Unit Mix Ratios at Comparables

Comparable	Year Built	# of Units/Beds	Studio	One Bedroom	Two Bedroom	Three Bedroom
Elan - Santa Monica	2017	84	45.2%	47.6%	7.1%	0.0%
MorningStar of Albuquerque	2016	69	29.2%	45.8%	25.0%	0.0%
The Neighborhood in Rio Rancho	2016	72	100.0%	0.0%	0.0%	0.0%
Palmilla Senior Living	2013	85	67.2%	32.8%	0.0%	0.0%
Woodmark at Uptown	1998	92	45.8%	50.6%	3.6%	0.0%
Vista del Rio	1997	66	65.2%	34.8%	0.0%	0.0%
Montebello	1987	35	20.0%	80.0%	0.0%	0.0%
La Vida Llena	1983/2014	69	100.0%	0.0%	0.0%	0.0%
WEIGHTED AVERAGE	1983-2017	638	64.9%	30.9%	4.2%	0.0%

Memory Care Unit Mix Ratios at Comparables

Comparable	Year Built	# of Units/Beds	Studio	One Bedroom	Two Bedroom	Three Bedroom
Elan - Santa Monica	2017	36	100.0%	0.0%	0.0%	0.0%
MorningStar of Albuquerque	2016	21	61.9%	28.6%	9.5%	0.0%
The Neighborhood in Rio Rancho	2016	24	100.0%	0.0%	0.0%	0.0%
Palmilla Senior Living	2013	24	100.0%	0.0%	0.0%	0.0%
North Ridge Alzheimer's Special Care Center	2012	66	100.0%	0.0%	0.0%	0.0%
Woodmark at Uptown	1998	52	58.8%	38.2%	2.9%	0.0%
Vista del Rio	1997	18	66.7%	33.3%	0.0%	0.0%
La Vida Llena	1983/2014	21	100.0%	0.0%	0.0%	0.0%
WEIGHTED AVERAGE	1983-2017	262	86.5%	12.2%	1.3%	0.0%

Independent Living Unit Mix Ratios at Comparables

Comparable	Year Built	# of Units/Beds	Studio	One Bedroom	Two Bedroom	Three Bedroom
Coronado Villa Retirement	2016	122	3.3%	58.2%	35.2%	3.3%
The Neighborhood in Rio Rancho	2016	90	0.0%	56.7%	43.3%	0.0%
Palmilla Senior Living	2013	79	39.2%	41.8%	19.0%	0.0%
The Rio Grande Gracious Retirement Community	2013	90	26.9%	67.2%	6.0%	0.0%
Paloma Landing Retirement Community	2008	118	28.0%	58.5%	13.6%	0.0%
Bear Canyon Estates	1997	124	32.3%	50.0%	6.5%	11.3%
Vista del Rio	1997	65	65.4%	34.6%	0.0%	0.0%
Montebello	1987	112	0.0%	54.5%	45.5%	0.0%
La Vida Llena	1983/2014	341	3.8%	32.8%	55.1%	8.2%
WEIGHTED AVERAGE	1983-2016	1,141	16.4%	47.5%	32.0%	4.0%

The assisted living comparables indicate a weighted average mix consisting of 64.9% studios, 30.9% one bedrooms, and 4.2% two bedrooms.

Specific to memory care, the comparables indicate a weighted average mix consisting of 86.4% studios, 12.2% one bedrooms, and 1.3% two bedrooms.

Lastly, the independent living comparables indicate a weighted average mix consisting of 16.4% studios, 47.5% one bedrooms, 32.0% two bedrooms, and 4.0% three bedrooms.

We will now consider the sizes of the various floor plans at the comparables.

Assisted Living Unit Sizes at Comparables

Comparable	Year Built	# of Units/Beds	Studio	One Bedroom	Two Bedroom	Three Bedroom
Elan - Santa Monica	2017	84	351 to 389 SF	453 SF	659 SF	-
MorningStar of Albuquerque	2016	69	380 to 393 SF	427 to 620 SF	789 to 854 SF	-
The Neighborhood in Rio Rancho	2016	72	SF Not Available	-	-	-
Palmilla Senior Living	2013	85	312 to 412 SF	480 to 796 SF	-	-
Woodmark at Uptown	1998	92	480 SF	520 to 640 SF	820 SF	-
Vista del Rio	1997	66	358 to 410 SF	506 SF	-	-
Montebello	1987	35	248 to 387 SF	-	-	-
La Vida Llena	1983/2014	69	395 SF	-	-	-

Memory Care Unit Sizes at Comparables

Comparable	Year Built	# of Units/Beds	Studio	One Bedroom	Two Bedroom	Three Bedroom
Elan - Santa Monica	2017	36	255 to 268 SF	-	-	-
MorningStar of Albuquerque	2016	21	352 to 393 SF	514 to 539 SF	790 SF	-
The Neighborhood in Rio Rancho	2016	24	SF Not Available	-	-	-
Palmilla Senior Living	2013	24	260 to 398 SF	-	-	-
North Ridge Alzheimer's Special Care Center	2012	66	250+/-SF	-	-	-
Woodmark at Uptown	1998	52	480 FS	580 SF	820 SF	-
Vista del Rio	1997	18	358 SF	506 SF	-	-
La Vida Llena	1983/2014	21	395 SF	-	-	-

Independent Living Unit Sizes at Comparables

Comparable	Year Built	# of Units/Beds	Studio	One Bedroom	Two Bedroom	Three Bedroom
Coronado Villa Retirement	2016	122	566 SF	588 to 759 SF	1,013 to 1,201 SF	1,206 SF
The Neighborhood in Rio Rancho	2016	90	-	723 to 1,007 SF	1,197 to 1,350 SF	-
Palmilla Senior Living	2013	79	398 to 438 SF	539 to 836 SF	999 SF	1,670 to 1,800 SF
The Rio Grande Gracious Retirement Community	2013	90	321 to 526 SF	510 to 848 SF	922 to 994 SF	-
Paloma Landing Retirement Community	2008	118	365 SF	519 SF	935 SF	-
Vista del Rio	1997	65	358 to 410 SF	506 SF	-	-
Bear Canyon Estates	1997	124	396 SF	549 SF	950 SF	1,056 SF
Montebello	1987	112	-	691 to 968 SF	1,038 to 1,402 SF	-
La Vida Llena	1983/2014	341	395 SF	576 to 1,167 SF	798 to 1,638 SF	-

The assisted living comparables indicate studio units ranging from 248 to 480 square feet, one bedrooms ranging from 427 to 796 square feet, and two bedrooms ranging from 659 to 854 square feet.

Specific to memory care, the comparables indicate studios ranging from 255 to 480 square feet, one bedrooms ranging from 506 to 580 square feet, and two bedrooms ranging from 790 to 820 square feet.

Lastly, the independent living comparables indicate studio units ranging from 321 to 566 square feet, one bedrooms ranging from 510 to 1,167 square feet, two bedrooms ranging from 798 to 1,638 square feet, and three bedrooms ranging from 1,056 to 1,800 square feet.

Considering the preceding data, we conclude the developer's proposed unit/bed mix to be inline with and supportable by the market.

Recommended Unit Mix and Building Areas

Unit Type	Care Type	Square Feet	Number of Units	Number of Beds Per Unit	Number of Beds	Percent of Total GBA	Total Square Feet
Alcove	Independent Living	550	14	1	14	3.9%	7,700
1 Bdrm, 1 Bath	Independent Living	875	50	1	46	21.9%	43,750
2 Bdrm, 2 Bath	Independent Living	1,125	32	1	36	18.0%	36,000
Alcove	Assisted Living	425	24	1	24	5.1%	10,200
1 Bdrm, 1 Bath	Assisted Living	625	30	1	30	9.4%	18,750
2 Bdrm, 2 Bath	Assisted Living	875	6	1	6	2.6%	5,250
Studio (Private)	Memory Care	400	16	1	16	3.2%	6,400
Studio (Shared)	Memory Care	350	4	2	8	0.7%	1,400
Totals			**176**	**-**	**180**	**64.7%**	**129,450**
Plus Common Areas						**35.3%**	**70,550**
Total Gross Building Area							**200,000**

Based on our recommended unit/bed mix, the subject will require licensure for at least 84 assisted living beds (including 24 memory care beds. In many cases, assisted living facilities are licensed for a greater number of beds than the facilities are ever likely to fill. This is due to the fact that most units can be licensed for occupancy by two or more persons, but the majority of residents typically prefer private occupancy. The developer plans to rent the assisted living units on a private basis with the option to include a related second occupant. The dementia care units, however, will be available on a private or semi-private/shared basis.

Payor Types

The subject will be 100% market rate.

Conclusion

The developer provided a proposed unit/bed mix consisting of 96 independent living units and 84 assisted living beds (including 24 memory care beds), with a gross building area of approximately 200,000 square feet. The subject's anticipated amenities package and resident unit finish outs will be considered top-of-the-market in comparison to the existing inventory as a whole. In turn, the community will have above average market appeal.

Legal Constraints Analysis

Zoning

According to the city of Albuquerque, the subject is currently zoned SU-1, Special Use Zone. Development within this zone may only occur in conformance with an approved site development plan. An application for a change to SU-1 zoning must state the proposed use and be accompanied by a plan including, at a minimum, all of the elements of a site development plan for subdivision purposes. Allowed uses include, but are not limited to, single-family houses, townhouses, apartments, associated accessory structures, and home occupations as regulated by the R-1 zoning.

Zoning Classification:	SU-1, Special Use Zone
Permitted Uses:	Senior housing and related used
Zoning Compliance:	The subject's proposed use is a legal, conforming use
Maximum Height:	As approved by Site Development Plan
Maximum Site Coverage:	As approved by Site Development Plan
Setbacks-	As approved by Site Development Plan

Deed Restrictions

We have assumed that the subject is not affected by any adverse deed restrictions. However, this is a legal matter, and an attorney should be consulted for verification of this assumption.

Licensing Requirements

Assisted living is subject to some level of regulation in every state in the nation. The following summarizes the regulations in the state of New Mexico.

License Type:	Assisted Living Facilities
Regulatory Agency:	New Mexico Department of Health
Certificate of Need Required:	No
License Required:	Yes
Opening Statement:	Revisions of the regulations that took effect in January 2010 changed the licensure term from Adult Residential Care Facility to Assisted Living Facility and include new rules for administrator and staff training, Alzheimer's care, and hospice services.
Definition:	An assisted living facility provides programmatic services, room, board, and/or assistance with one or more activities of daily living (ADLs) to two or more individuals.
Facility Scope of Care:	The facility may provide assistance with ADLs and periodic professional nursing care for adults with physical or mental disabilities.
Disclosure Items:	Facilities operating a secured environment for memory care must disclose specified information to the resident and resident's legal representative including information about the types of diagnoses or behaviors, and the care, services, and type of secured environment that facility and trained staff provide.
Third Party Scope of Care:	None specified
Move In/Move Out Requirements:	Facilities may not retain residents requiring continuous nursing care, which may include, but is not limited to, the following conditions: ventilator dependency; stage III or IV pressure sores; or any condition requiring either chemical or physical restraints. Facilities also may not retain individuals whose physician certifies that placement is no longer appropriate. Residents may receive hospice care.

Resident Assessment:	The state must review the facility's assessment form for sampled residents at time of survey. The form is used to establish a baseline in the resident's functional status. The form must include an assessment of cognitive patterns, communication/hearing patterns, vision patterns, physical functioning and structural problems, continence, psychosocial well-being, mood and behavior patterns, activity pursuit patterns, disease diagnoses, health conditions, oral/nutritional status, oral/dental status, skin conditions, medication use, and special treatment and procedures.
Physical Plant Requirements:	Private resident units must be a minimum of 100 square feet and semi-private resident units must provide a minimum of 80 square feet of floor space per resident.
Residents Allowed per Room:	A maximum of two residents is allowed per resident unit.
Bathroom Requirements:	A minimum of one toilet, sink, and bathing unit must be provided for every eight residents. Each facility shall provide at least one tub and shower or a combination unit to allow for residents' bathing preferences.
Alzheimer's Unit Requirements:	Facilities that provide a memory care unit to serve residents with dementia must meet additional requirements relating to care coordination, employee training, individual service plans, assessments and reevaluations, documentation, security, resident rights, disclosure, and staffing. Facilities must provide sufficient number of trained staff members to meet the additional needs of residents and there must be at least one staff member awake and in attendance in the secured environment at all times.
Medication Management:	Licensed health care professionals are responsible for the administration of medications. If a resident gives written consent, trained facility staff may assist a resident with medications.
Staff Training for Alzheimer's Care:	In addition to training requirements for all assisted living facilities, all employees assisting in providing care for memory unit residents shall have a minimum of 12 hours of training per year related to dementia, Alzheimer's disease, or other pertinent information relating to the current residents.

Life Safety:	Although automatic sprinkler systems are not mandated, manual fire alarm systems are required. Electric smoke detectors/alarms with battery backup are required on each floor to be audible in all sleeping areas. Smoke detectors are required in areas of assembly such as dining rooms and living rooms. Smoke detectors must also be installed in corridors with no more than thirty-foot spacing. Heat detectors, powered by the house electrical service, must be installed in all enclosed kitchens. New facilities and existing facilities that remodel are required to have smoke detectors in all sleeping rooms and common living areas.
Administrator Education/Training:	Assisted living administrators must be at least 21 years of age, possess management and administrative skills, have a high school diploma or equivalent, complete a state-approved certification program, undergo criminal background checks, and meet other requirements.
Staffing Requirements:	The minimum staff-to-resident ratio is one staff person to 15 or fewer awake residents. When residents are sleeping, there must be one direct care worker for 15 or fewer residents; one direct care worker and one staff person for 16 to 60 residents; two direct care workers and one staff person for every 61 to 120 residents; and at least three direct care workers and one staff person for every 120 or more residents. All employees must complete a criminal background check.
Continuing Education Requirements:	All caregivers must receive 12 hours annual training covering fire safety; first aid; safe food handling practices; confidentiality of records and resident information; infection control; resident rights; reporting requirements for abuse, neglect, and exploitation; transportation safety for assisting residents and operating vehicles to transport residents; and providing quality resident care based on current resident need. For facilities offering hospice services, all staff must receive six hours of hospice training plus one additional hour for each hospice resident's individual service plan. All employees assisting in providing care for memory unit residents must have a minimum of 12 hours of training per year related to dementia, Alzheimer's disease, or other pertinent information relating to the current residents.
Staff Education/Training:	Direct care staff must be at least 18 years of age and have adequate education, training, or experience to provide for the needs of residents. Staff are required to complete 16 hours of supervised training prior to providing unsupervised care. Employees must be screened for criminal history.

Potential Changes in the Regulatory Environment

We are aware of no pending changes in the regulatory environment in the state of New Mexico that would negatively impact the subject.

Conclusion

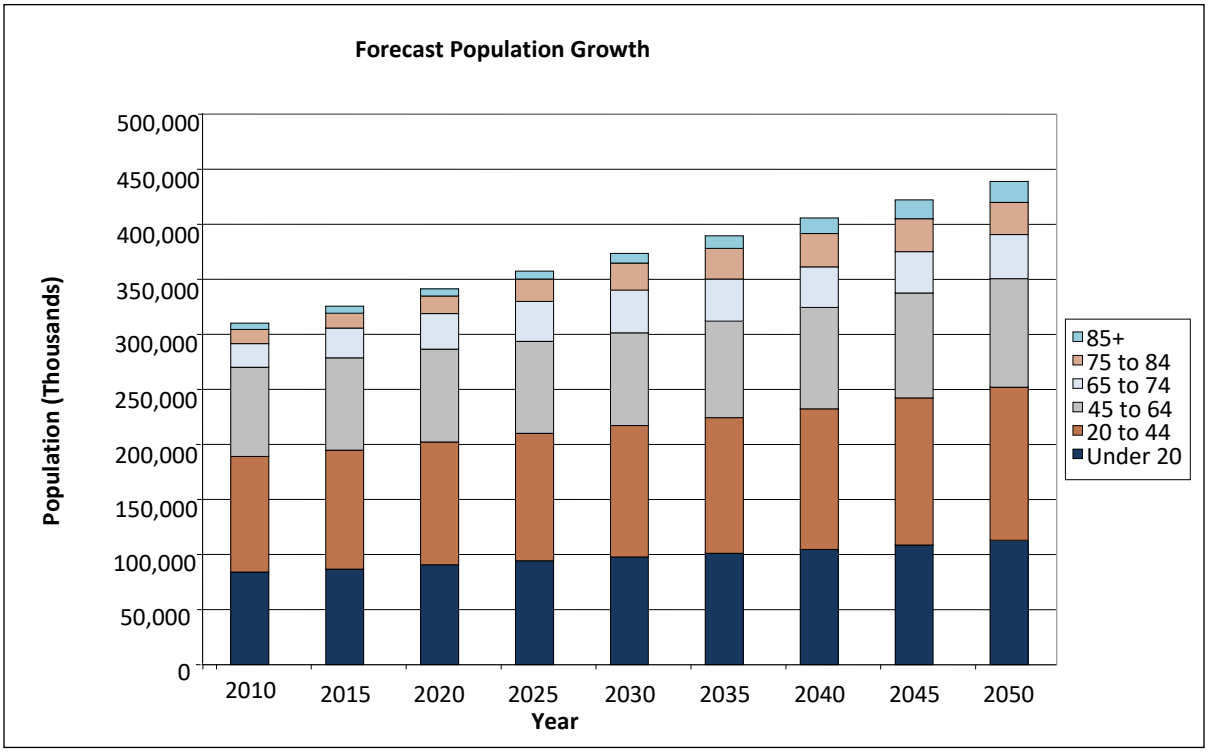
The subject's proposed use represents a legal use under the current site zoning. Furthermore, the subject's assisted living component will be licensed by the state of New Mexico as an 84-bed Assisted Living Facility. We are aware of no pending changes in the regulatory environment in the state of New Mexico that would negatively impact the subject.

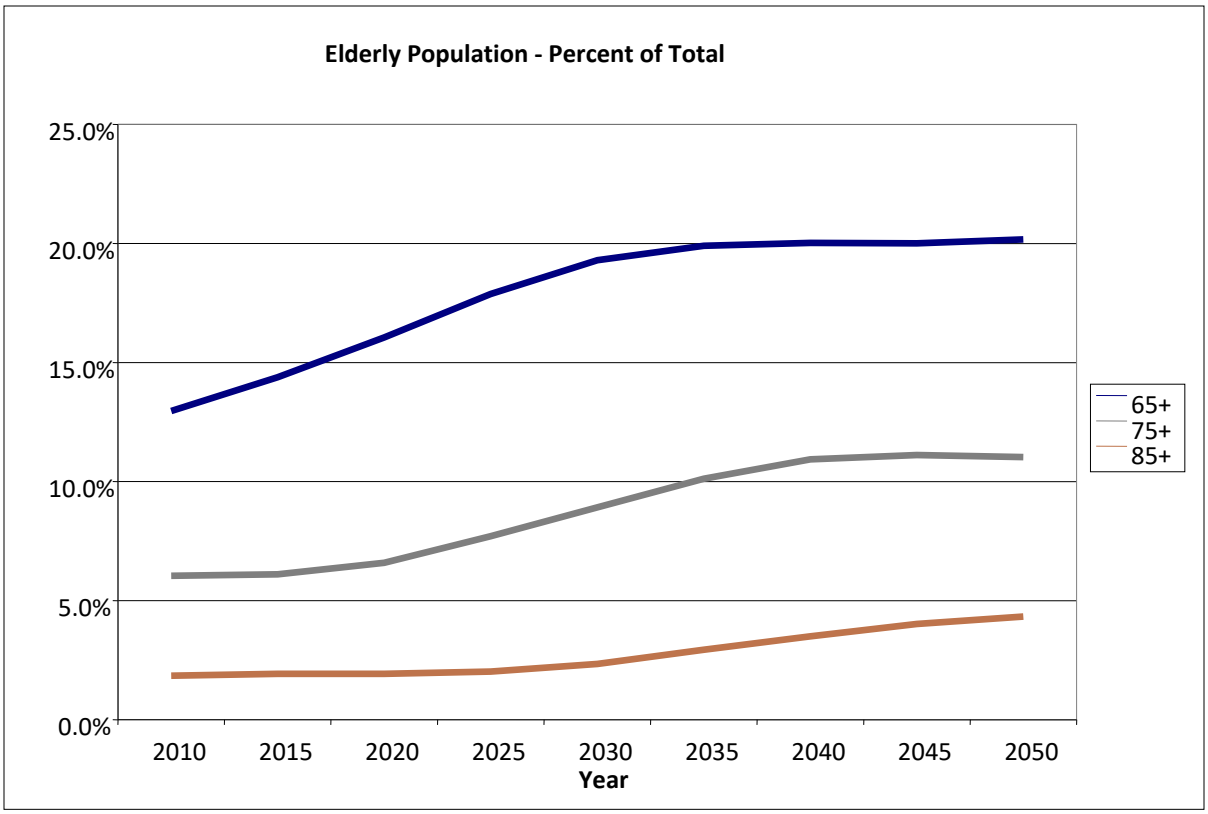
Seniors Housing Market Analysis

Aging Trends

There is no denying that the demographic trends impacting the seniors housing sector are positive. As of the 2010 Census, there were 40.3 million elderly Americans (those aged 65 and older), making up nearly 13% of the total population. The elderly population is expected to almost double by the year 2030 to 72 million, to make up 19% of the total population. The 2010 Census also indicated that there were 5.5 million Americans aged 85 and older, almost 2% of the total population. This population is expected to almost double by 2030 and become 2.3% of the total population. In 2050, as many as one in five Americans could be elderly.

Much of the forecast growth will occur between 2010 and 2030, due to the Baby Boomer generation entering their elderly years. This is most apparent when comparing growth rates. Between 2010 and 2030, the overall U.S. population is forecast to grow at an annual pace of 0.9% per year. Remarkably, growth in all three seniors sectors is much stronger: 3.0% per year for the 65+ population, 2.9% per year for the 75+ population, and 2.1% per year for the 85+ population. These strong rates of growth will lead to growing demand for seniors housing.





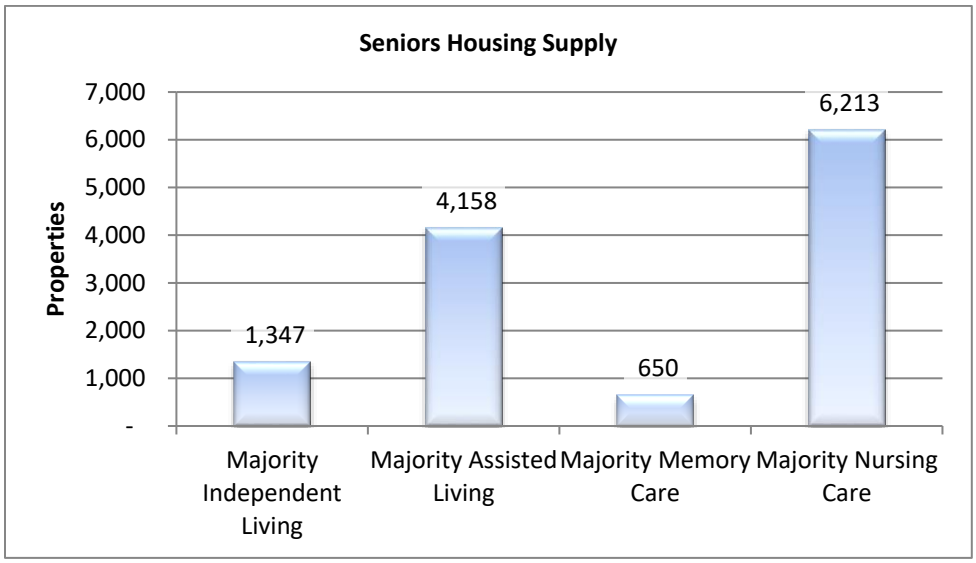
Other Factors Leading to Increased Demand

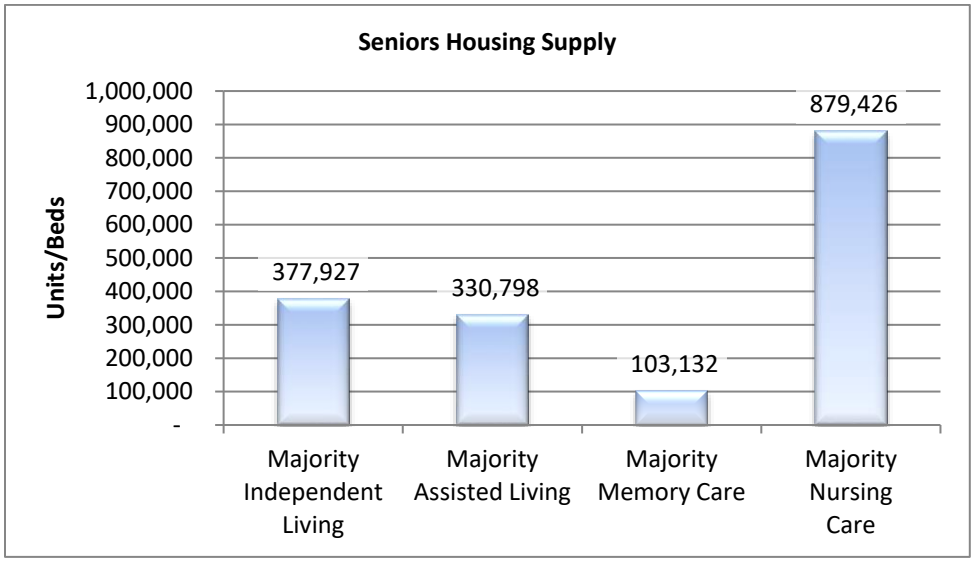
In addition to demographic trends, the following factors are leading to increasing demand for seniors housing and long-term care:

- Need for assistance with ADLs. According to census figures, about 6.5 million seniors need assistance with ADLs. As the number of seniors continues to increase, that number is expected to double by 2020.
- More elderly living alone. Women continue to outlive men, and the likelihood that either men or women will live alone increases with age. Societal factors, such as rising divorce rates and the growing numbers of people choosing not to marry, also contribute to this trend.
- Changes in the role of women. Women have traditionally been the primary caregivers of older people. However, the number of women in the work force grew from 20.5% in 1915 to more than 58% in 2010. With this change, fewer women are serving as caregivers, creating the need for the elderly to seek assistance outside the home.

National Senior Housing Supply Trends

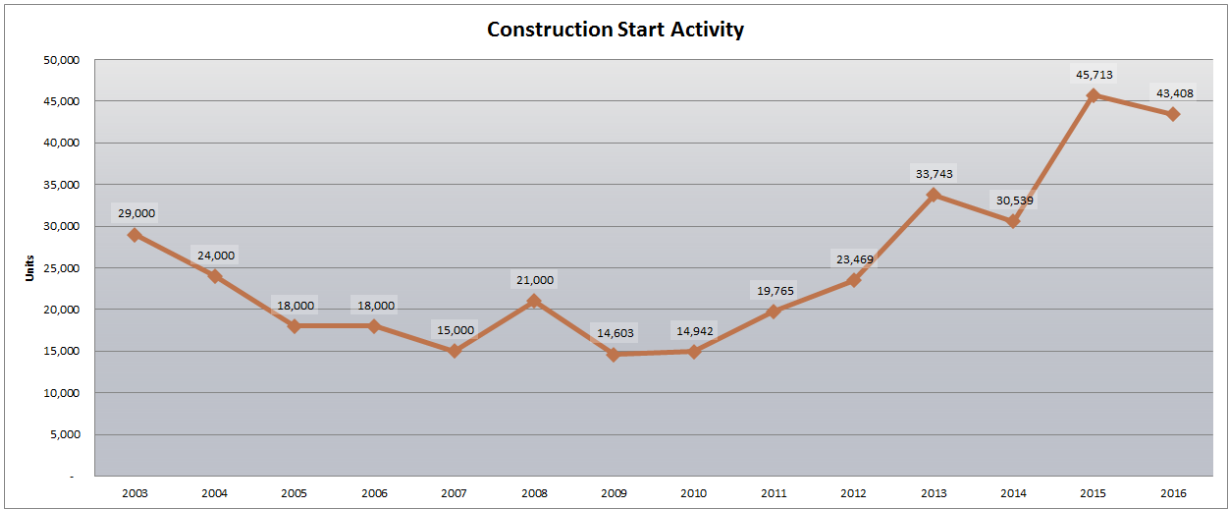
Senior apartments and independent living supply is typically expressed in terms of units, while assisted and nursing supply is expressed in terms of beds. *NIC MAP* estimated there were 1,691,283 units/beds in the U.S. as of the 4th quarter 2016, as shown below.





New Development

According to *NIC Map Construction Monitor* for the 4th quarter of 2016, national construction start activity (not including senior apartments) was as follows.

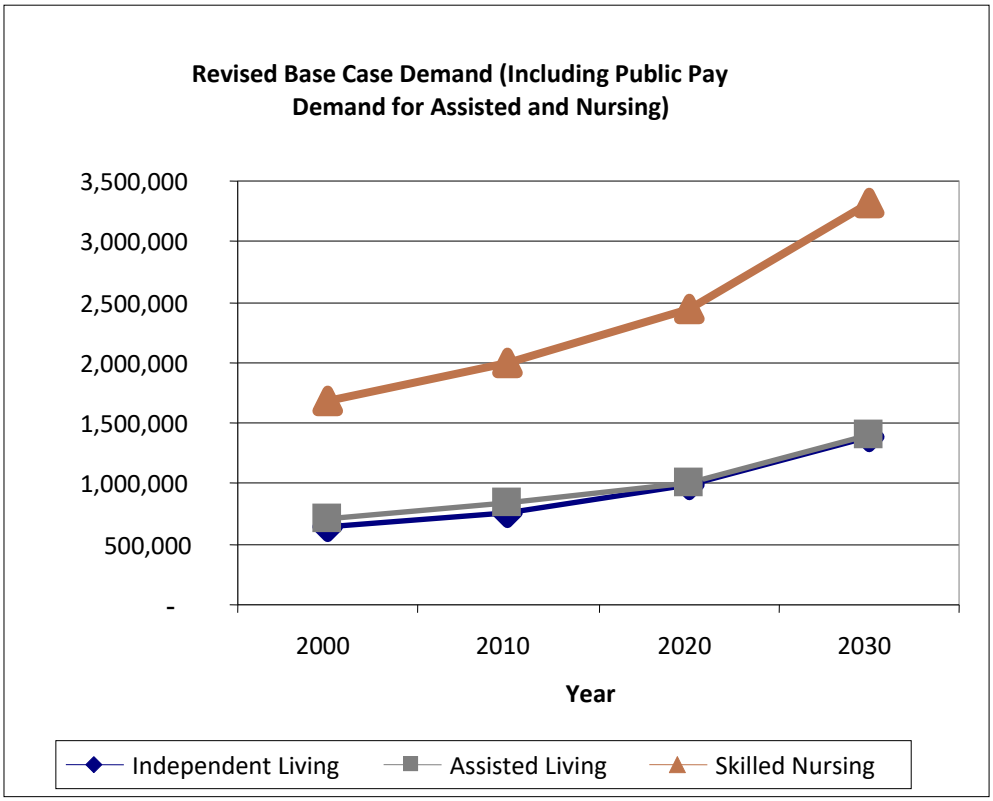


There were 490 seniors housing properties under construction as of the 4th quarter of 2016. The majority of the construction was within new properties, with construction in these properties totaling 43,408 units spread across 377 properties. In addition, there were also 113 existing properties undergoing expansions, totaling 5,941 units.

National Demand Trends

As noted previously, demographic trends will lead to growing demand for seniors housing over the coming years. Most industry analysts agree that the level of assisted and independent living units that are supportable is not yet known. As the public becomes more educated as to seniors housing options, an increasing percentage of seniors may elect to occupy some form of seniors housing.

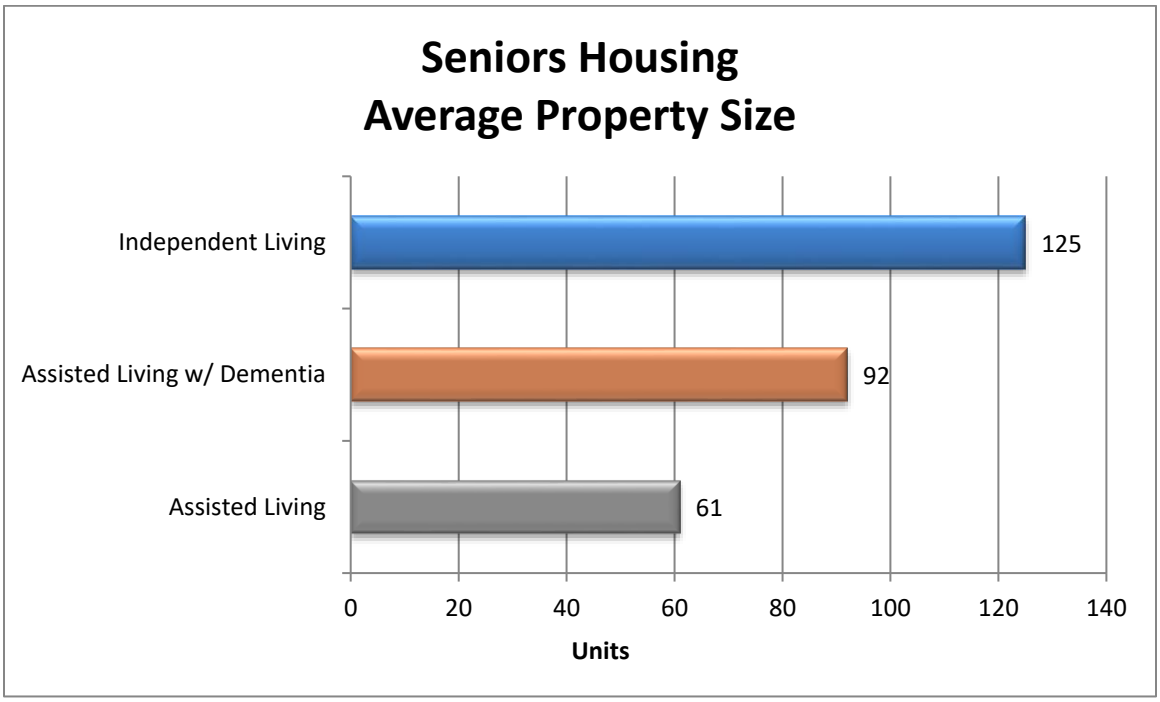
To date the most comprehensive estimate of demand for seniors housing was published in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. The study, conducted by NIC in partnership with Price Waterhouse, LLP, produced the following base case estimates of effective demand for seniors housing.



Property Size

Seniors Housing

Seniors housing refers to independent living and assisted living communities. Independent living communities are typically larger than assisted living or nursing care facilities with a median of 125 units. Many operators believe that a minimum size of about 80 units is required to operate profitably, but many communities are substantially larger. Assisted living communities are typically smaller than independent living communities with a median of 61 units for assisted living and 92 units for assisted/memory care. Many operators believe that a minimum size of about 60 units is required to operate profitably, but there are some smaller models that have proven to be successful.

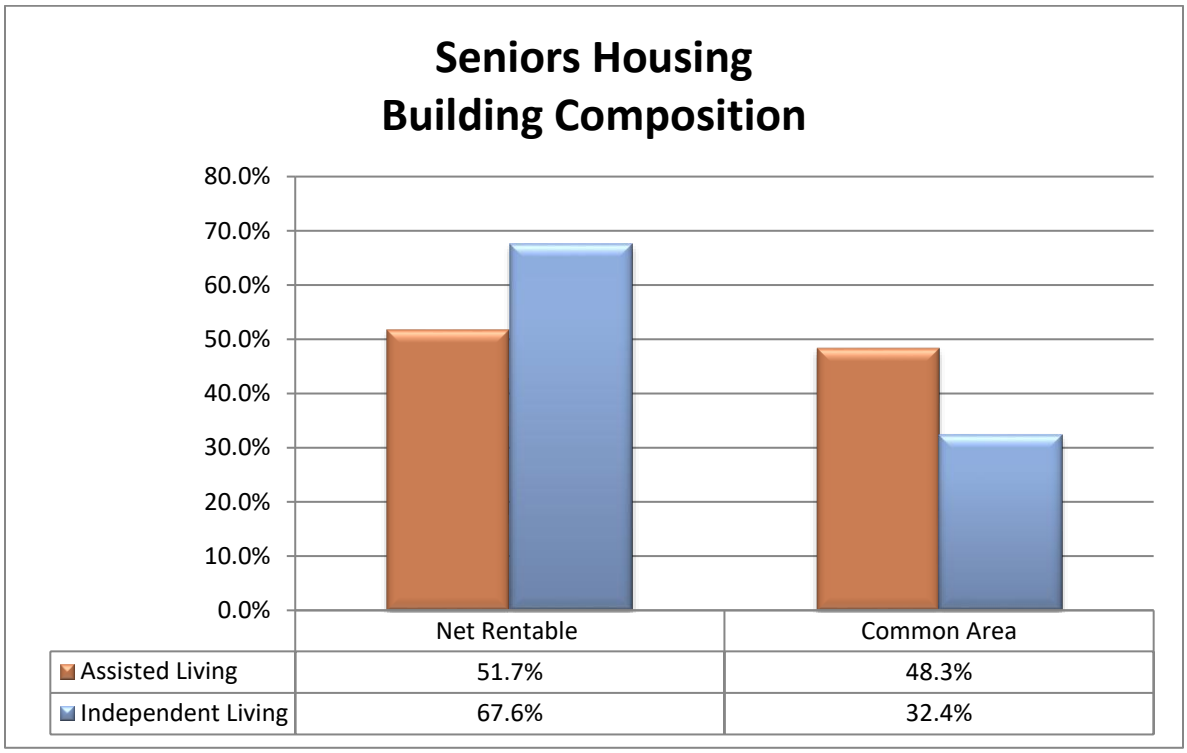


Source: *The State of Seniors Housing 2016* ASHA

Building Composition

Seniors Housing

Independent living communities normally have a higher ratio of rentable area to total area than assisted living or nursing care facilities. This is partially due to the larger size of living units, and partially due to lower common area requirements for uses such as therapy and common area bathing facilities. Assisted living communities normally have a lower ratio of rentable area to total area than independent living facilities. This is partially due to the smaller size of living units; however, assisted living facilities usually have a larger common area, in proportion to the total area of the building, than independent living facilities.



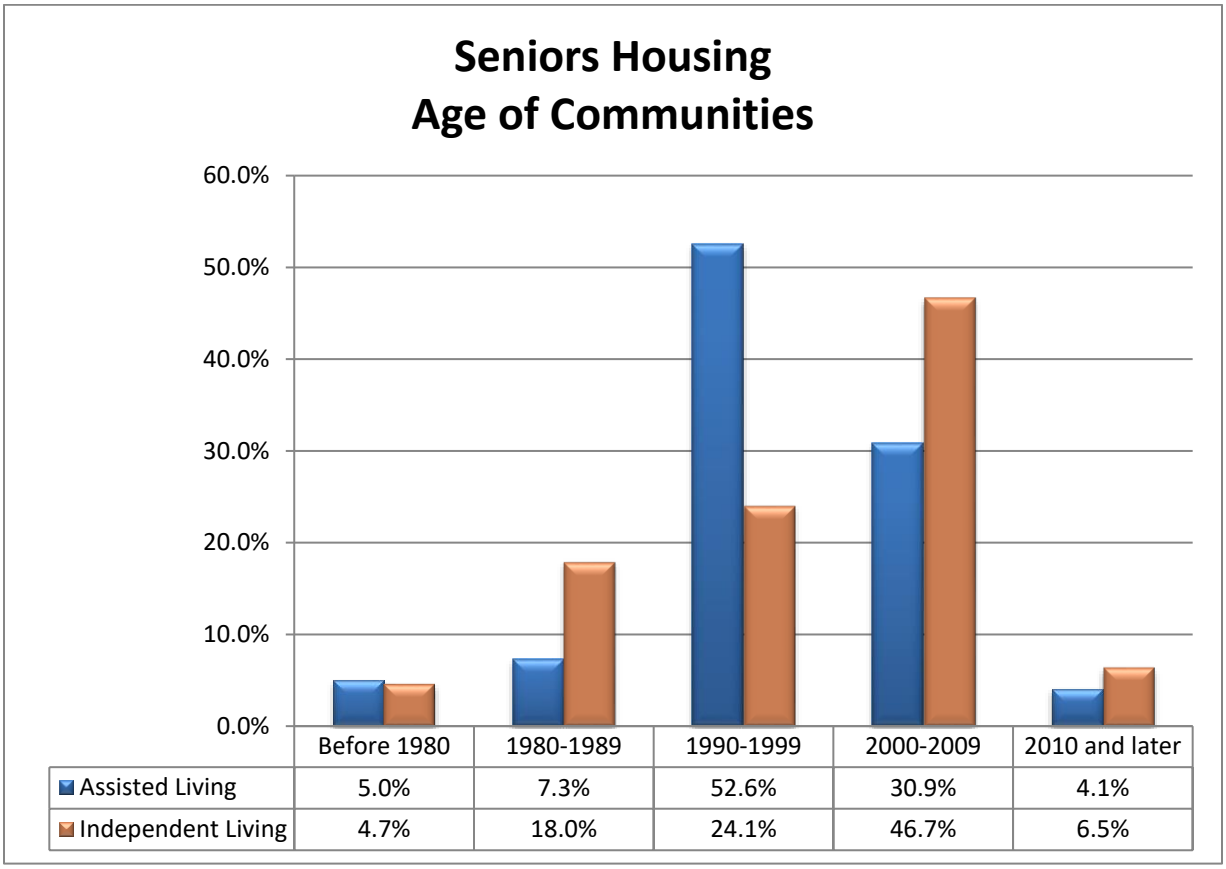
	Net Rentable	Common Area
Assisted Living	51.7%	48.3%
Independent Living	67.6%	32.4%

Source: *The State of Seniors Housing 2016*, ASHA

Community Age

Seniors Housing

The majority of independent living communities now in existence were developed since 2000. Another large share of the total was developed in the 1980s. This is in contrast to nursing care, which has experienced relatively constant development for a number of decades, and assisted living, most of which was developed in the 1990s.



	Before 1980	1980-1989	1990-1999	2000-2009	2010 and later
Assisted Living	5.0%	7.3%	52.6%	30.9%	4.1%
Independent Living	4.7%	18.0%	24.1%	46.7%	6.5%

Source: The State of Seniors Housing 2016, ASHA

Occupancy

The table on the following page shows the 4th Quarter 2016 occupancy performance by region compared to a year ago from the National Investment Center for Seniors Housing & Care (NIC).

Independent living occupancy among stabilized properties remained nearly the same at 91.7% from a year ago while assisted living occupancy decreased from 90.4% to 89.7%. Annual rent growth on independent living increased from 2.8% to 3.6% from a year ago while assisted living rent growth increased from 2.4% to 3.0%. The most significant independent living occupancy growth of 70 bps occurred in the Mid-Atlantic region, while the largest contraction in assisted living was 280 bps in the Southeast region. Lastly, skilled nursing occupancy among stabilized properties decreased from 87.4% to 86.8%.

Performance by Region
Current Quarter vs. One Year Ago

	Occupancy (%)		Stabilized Occupancy (%)		Annual Rent Growth (%)		Annual Inventory Growth (%)		Annual Absorption (%)	
	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16
Independent Living[1]	**91.3%**	**91.1%**	**91.7%**	**91.7%**	**2.8%**	**3.6%**	**1.4%**	**1.9%**	**1.5%**	**1.7%**
East North Central	91.0%	91.2%	91.4%	91.5%	2.7%	5.5%	1.0%	1.0%	1.8%	1.2%
Mid-Atlantic	92.5%	93.2%	93.1%	93.8%	2.3%	3.9%	1.6%	2.1%	1.4%	2.9%
Mountain	89.5%	88.8%	89.8%	89.3%	3.3%	3.6%	0.8%	2.0%	1.1%	1.2%
Northeast	92.7%	92.6%	93.0%	92.9%	2.5%	3.8%	0.6%	1.6%	0.5%	1.5%
Pacific	91.9%	92.0%	92.3%	92.2%	3.2%	3.5%	1.5%	0.4%	1.5%	0.5%
Southeast	90.4%	90.1%	90.6%	91.0%	3.2%	2.8%	1.1%	2.9%	1.7%	2.6%
Southwest	88.9%	87.7%	89.9%	89.0%	3.0%	1.9%	3.8%	4.2%	2.4%	2.8%
West North Central	92.1%	91.0%	92.4%	91.8%	2.5%	3.0%	2.6%	2.7%	2.0%	1.5%
Assisted Living[1]	**88.4%**	**87.2%**	**90.4%**	**89.7%**	**2.4%**	**3.0%**	**4.1%**	**4.8%**	**3.2%**	**3.4%**
East North Central	87.7%	85.7%	90.3%	89.5%	2.4%	2.6%	5.1%	6.9%	3.8%	4.5%
Mid-Atlantic	89.2%	88.0%	90.2%	89.5%	2.4%	3.0%	2.1%	2.4%	1.2%	0.9%
Mountain	86.6%	85.4%	89.2%	87.8%	1.9%	3.1%	5.0%	5.0%	3.4%	3.6%
Northeast	89.8%	89.9%	91.8%	91.1%	2.5%	2.7%	3.5%	1.8%	2.2%	1.9%
Pacific	90.4%	90.3%	91.7%	91.6%	2.9%	3.9%	1.7%	2.6%	2.2%	2.5%
Southeast	87.4%	85.2%	89.2%	88.2%	2.1%	3.2%	5.2%	7.9%	4.1%	5.1%
Southwest	83.6%	81.6%	86.7%	86.0%	1.7%	2.3%	8.0%	8.5%	6.4%	5.9%
West North Central	88.7%	86.4%	91.2%	89.9%	2.1%	2.5%	6.5%	7.8%	5.6%	4.9%
Nursing Care[1]	**87.2%**	**86.6%**	**87.4%**	**86.8%**	**3.0%**	**2.6%**	**-0.1%**	**-0.1%**	**-1.1%**	**-0.7%**
East North Central	84.2%	83.9%	84.8%	84.2%	2.9%	2.8%	0.3%	0.1%	-1.4%	-0.2%
Mid-Atlantic	89.2%	88.5%	89.4%	88.6%	2.9%	3.1%	0.0%	0.1%	-1.2%	-0.7%
Mountain	82.1%	80.8%	82.7%	81.7%	2.9%	2.3%	-0.9%	1.4%	-1.2%	-0.2%
Northeast	91.5%	91.0%	91.5%	91.1%	3.2%	2.5%	-0.2%	-0.1%	-1.4%	-0.6%
Pacific	90.4%	89.2%	90.4%	89.3%	3.2%	2.7%	-0.1%	-0.3%	-0.3%	-1.5%
Southeast	88.8%	88.5%	88.9%	88.6%	3.3%	2.1%	-0.3%	-0.2%	-0.8%	-0.6%
Southwest	76.7%	77.0%	76.9%	77.2%	2.4%	2.7%	-0.1%	-0.3%	-0.9%	0.1%
West North Central	83.8%	81.8%	84.1%	82.1%	2.4%	3.5%	-0.3%	-0.2%	-0.8%	-2.6%
CCRCs[1]	**90.9%**	**90.8%**	**91.0%**	**90.9%**	**2.5%**	**4.0%**	**0.7%**	**1.1%**	**0.9%**	**1.0%**
East North Central	89.9%	89.9%	90.4%	90.0%	2.6%	7.6%	1.3%	0.6%	1.9%	0.6%
Mid-Atlantic	93.0%	93.9%	93.1%	93.9%	2.4%	4.6%	0.9%	0.5%	0.7%	1.5%
Mountain	84.1%	84.7%	84.1%	85.3%	2.3%	2.6%	0.4%	1.8%	0.0%	2.6%
Northeast	92.8%	92.6%	92.8%	92.6%	2.4%	4.5%	-0.1%	0.8%	0.2%	0.6%
Pacific	92.4%	91.6%	92.4%	91.6%	2.2%	1.8%	0.7%	0.2%	1.5%	-0.6%
Southeast	89.8%	90.5%	89.8%	90.5%	3.1%	2.8%	0.2%	1.8%	0.4%	2.6%
Southwest	88.4%	87.2%	88.5%	87.2%	2.5%	1.0%	1.1%	3.0%	1.1%	1.6%
West North Central	90.4%	88.9%	90.4%	89.1%	2.3%	3.1%	2.1%	1.8%	2.1%	0.1%

1. Represents aggregate property type data for all markets.

The preceding table represents aggregate property type data collected from the NICMAP 99 markets (primary and secondary market aggregate), as shown below:

East North Central: Includes Akron, OH; Chicago, IL; Cincinnati, OH; Cleveland, OH; Columbus, OH; Dayton, OH; Detroit, MI; Grand Rapids, MI; Indianapolis, IN; Madison, WI; Milwaukee, WI; Toledo, OH; and Youngstown, OH.

Mid-Atlantic: Includes Baltimore, MD; Charleston, SC; Charlotte, NC; Columbia, SC; Greensboro, NC; Greenville, SC; Louisville, KY; Raleigh, NC; Richmond, VA; Virginia Beach, VA; and Washington, DC.

Mountain: Includes Albuquerque, NM; Boise, ID; Colorado Springs, CO; Denver, CO; Las Vegas, NV; Ogden, UT; Phoenix, AZ; Salt Lake City, UT; and Tucson, AZ.

Northeast: Includes Albany, NY; Allentown, PA; Boston, MA; Bridgeport, CT; Buffalo, NY; Harrisburg, PA; Hartford, CT; Lancaster, PA; New Haven, CT; New York, NY; Philadelphia, PA; Pittsburgh, PA; Portland, ME; Providence, RI; Rochester, NY; Scranton, PA; Springfield, MA; Syracuse, NY; and Worcester, MA.

Pacific: Includes Bakersfield, CA; Fresno, CA; Los Angeles, CA; Modesto, CA; Portland, OR; Riverside, CA; Sacramento, CA; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA; Stockton, CA; and Ventura, CA.

Southeast: Includes Atlanta, GA; Augusta, GA; Birmingham, AL; Chattanooga, TN; Daytona Beach, FL; Fort Myers, FL; Jackson, MS; Jacksonville, FL; Knoxville, TN; Lakeland, FL; Melbourne, FL; Memphis, TN; Miami, FL; Nashville, TN; Orlando, FL; Sarasota, FL; and Tampa, FL.

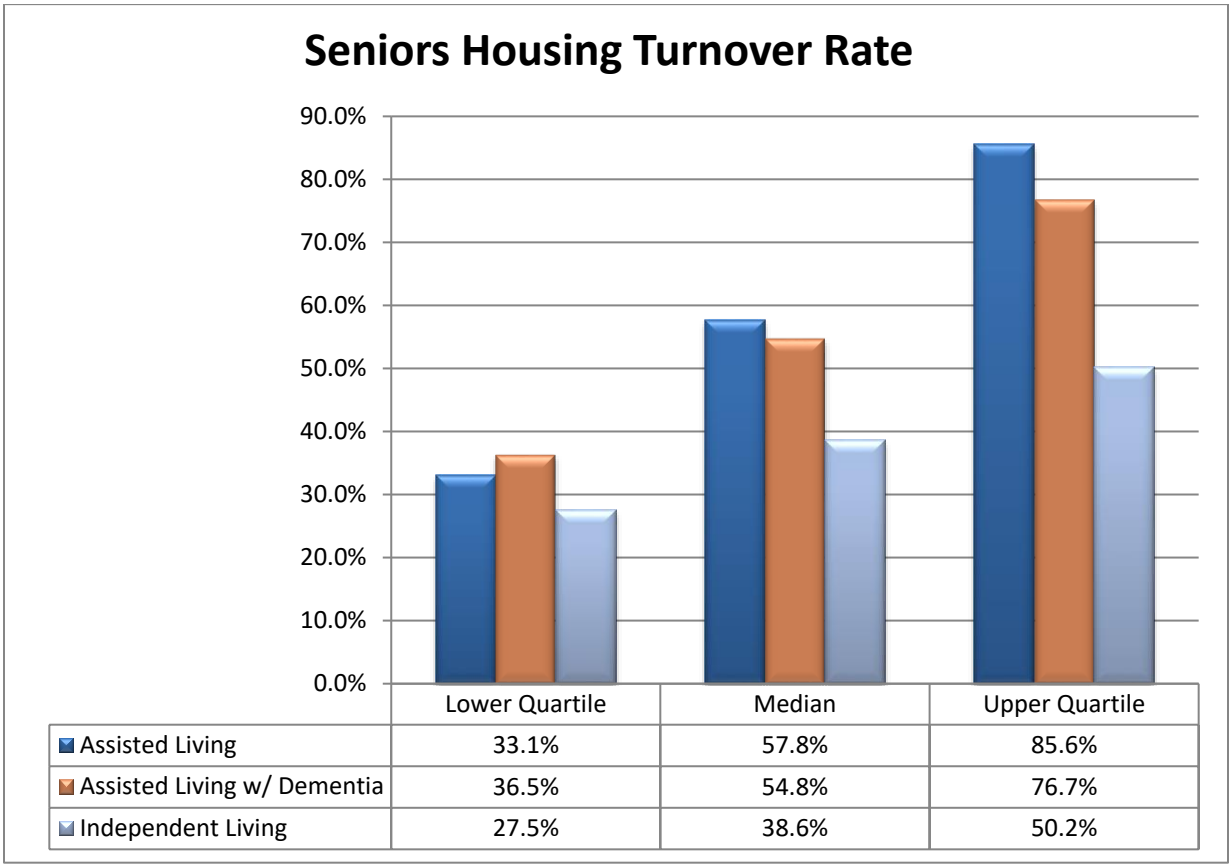
Southwest: Includes Austin, TX; Baton Rouge, LA; Dallas, TX; El Paso, TX; Houston, TX; Little Rock, AR; McAllen, TX; New Orleans, LA; Oklahoma City, OK; San Antonio, TX; and Tulsa, OK.

West North Central: Includes Des Moines, IA; Kansas City, MO; Minneapolis, MN; Omaha, NE; St. Louis, MO; and Wichita, KS.

Resident Turnover

Seniors Housing

Turnover in independent living is lower than for nursing care or assisted living properties probably because fewer moves are health necessitated. Turnover data reported in the *State of Seniors Housing 2016* is as follows.



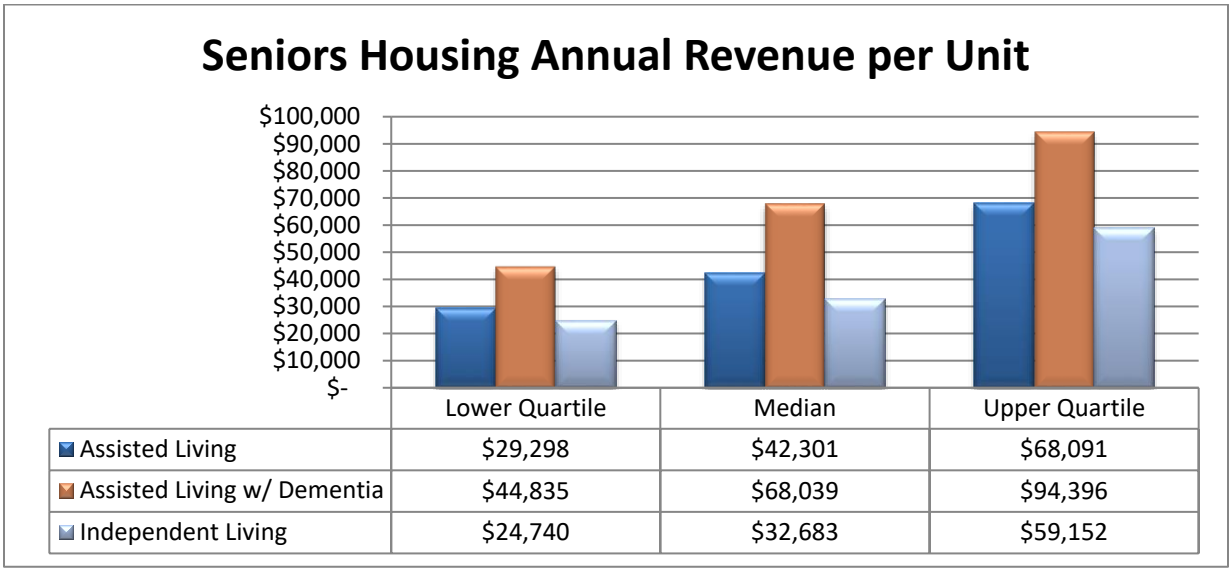
	Lower Quartile	Median	Upper Quartile
Assisted Living	33.1%	57.8%	85.6%
Assisted Living w/ Dementia	36.5%	54.8%	76.7%
Independent Living	27.5%	38.6%	50.2%

Source: *The State of Seniors Housing 2016* ASHA

Rental Rates

Seniors Housing

For rental communities, rents have continued to increase. Annual revenue per unit statistics is shown next.



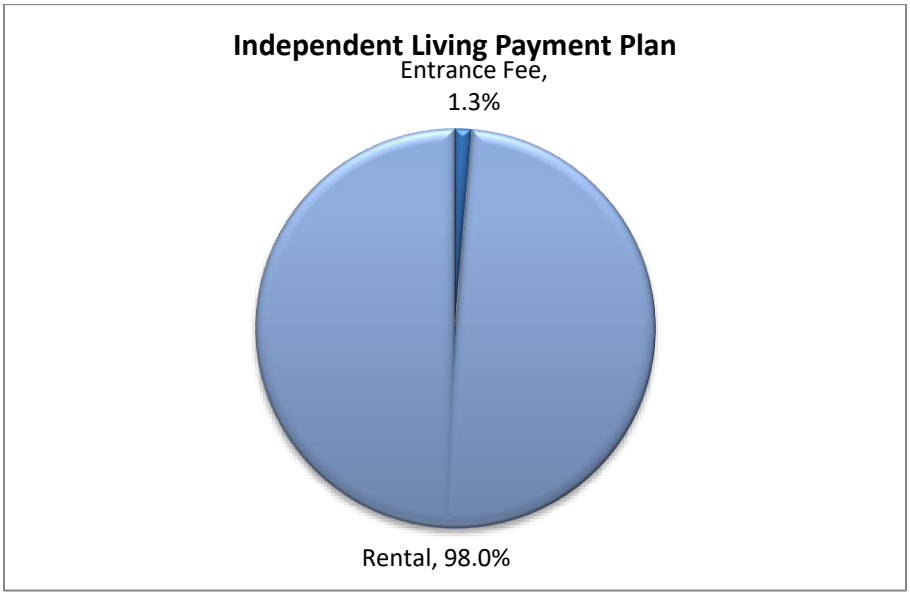
	Lower Quartile	Median	Upper Quartile
Assisted Living	$29,298	$42,301	$68,091
Assisted Living w/ Dementia	$44,835	$68,039	$94,396
Independent Living	$24,740	$32,683	$59,152

Source: *The State of Seniors Housing 2016*, ASHA

Payment Types

Independent Living

The vast majority of independent living units utilize a rental form of payment. However, 1.7% of the communities surveyed for the *2016 State of Seniors Housing* have an entrance fee structure. For the purposes of the survey, this sector includes only properties having an entrance fee in excess of $20,000. This type of payment plan, common for non-profit communities, calls for the payment of an up-front entrance or endowment fee, followed by monthly maintenance fees payments. Often, the entrance fee is fully or partially refundable.

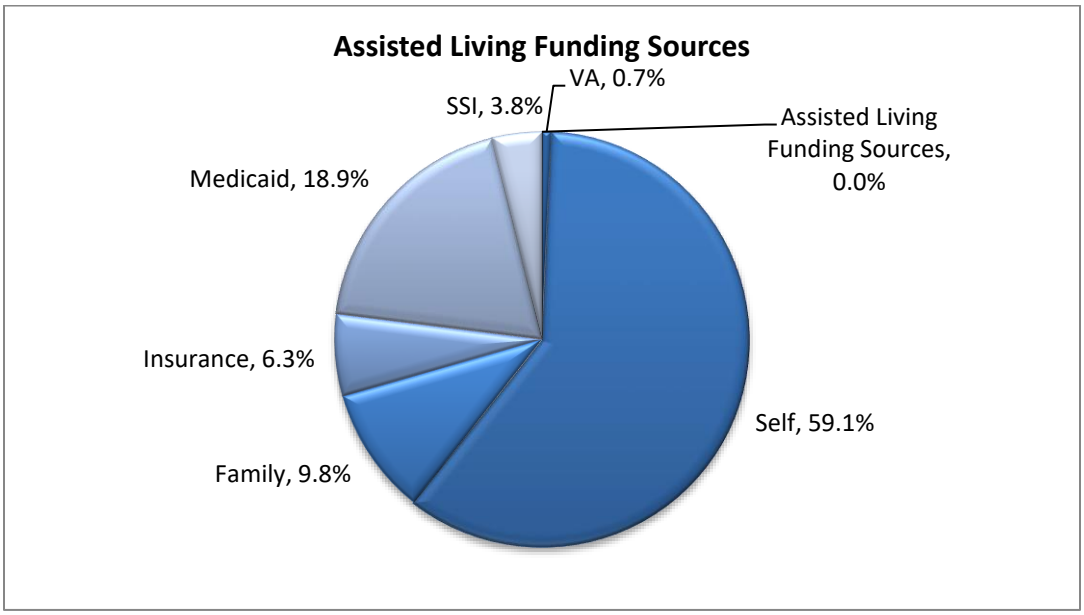


Source: *The State of Seniors Housing 2016*, ASHA

Assisted Living

The vast majority of assisted living units utilize a rental form of payment. Of the assisted living facilities surveyed for *State of Seniors Housing 2016*, 99.7% were rental. Many rental communities do charge community or assessment fees, however, which are generally less than $20,000 and non-refundable.

Assisted living is still a largely private-pay industry. According to the *2009 Overview of Assisted Living,* which is the most recent publication available, funding for assisted living comes from the following sources:

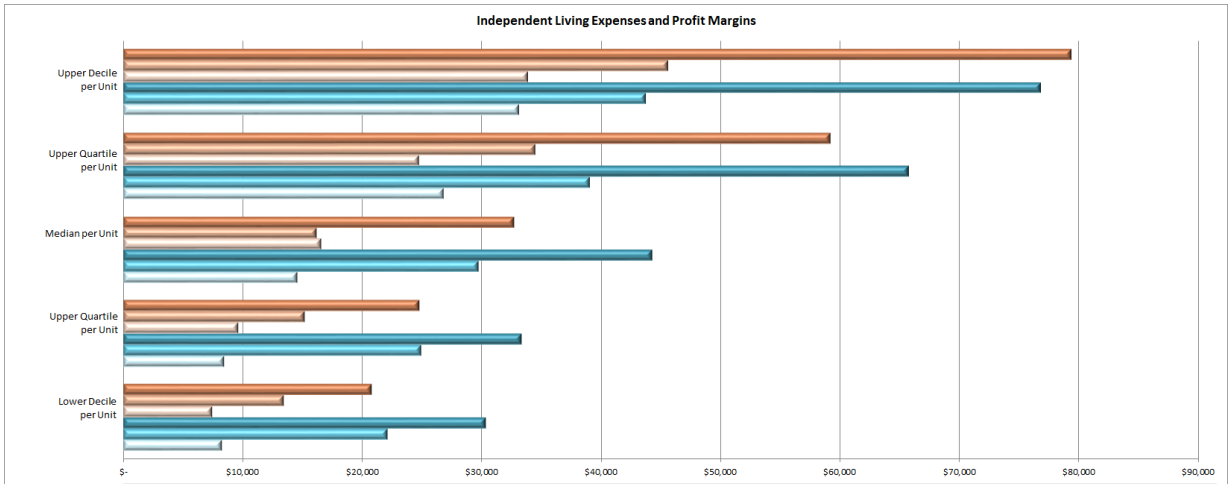


Only a small percent of assisted living residents pay for their care through a managed care program or with long term care insurance. However, the popularity of long term care insurance is growing, as it is now given the same preferential tax treatment as expenditures on other types of health insurance. The new tax advantages, in conjunction with a growing awareness of the need for individuals to plan for long term care expenses, have led to an increased interest and growing market for long term care insurance.

Expenses and Profit Margins

Independent Living

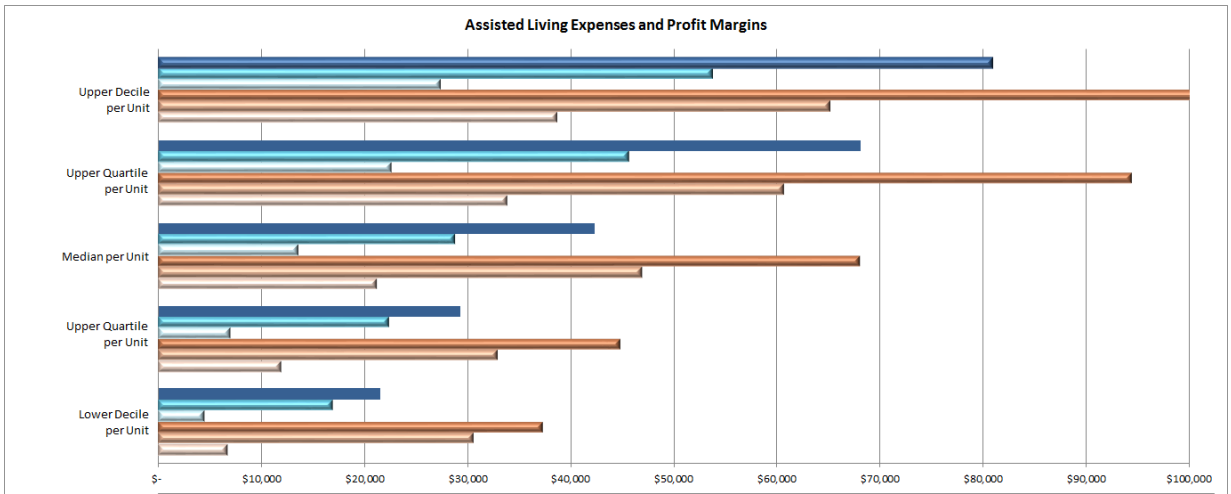
Survey responses from *The State of Seniors Housing 2016* revealed the following for independent living facilities:



	Lower Decile per Unit	Lower Quartile per Unit	Median per Unit	Upper Quartile per Unit	Upper Decile per Unit
IL Total Revenue	$20,784	$24,740	$32,683	$59,152	$79,355
IL Total Expenses	$13,379	$15,155	$16,154	$34,462	$45,544
IL NOI/EBITDA	$7,405	$9,585	$16,529	$24,690	$33,811
IL w/ AL Total Revenue	$30,302	$33,323	$44,217	$65,737	$76,748
IL w/ AL Total Expenses	$22,070	$24,882	$29,695	$38,979	$43,660
IL w/ AL NOI/EBITDA	$8,231	$8,440	$14,522	$26,759	$33,088

Assisted Living

Survey responses from *The State of Seniors Housing 2016* revealed the following for assisted living facilities:

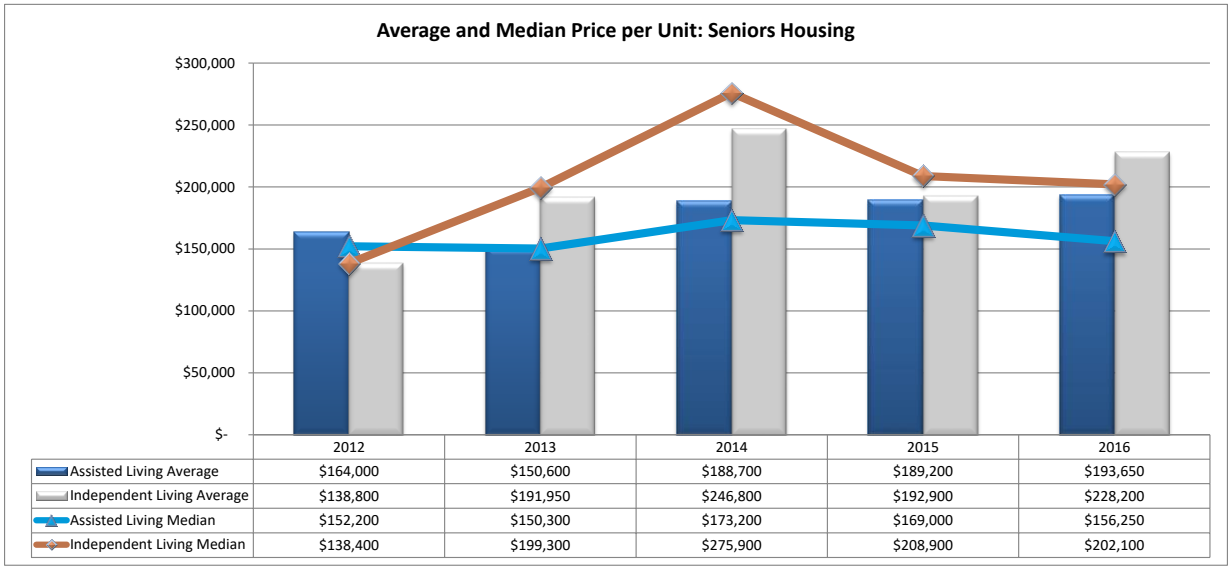


	Lower Decile per Unit	Lower Quartile per Unit	Median per Unit	Upper Quartile per Unit	Upper Decile per Unit
AL Total Revenue	$21,491	$29,298	$42,301	$68,091	$80,948
AL Total Expenses	$16,955	$22,334	$28,709	$45,587	$53,691
AL NOI/EBITDA	$4,536	$6,964	$13,592	$22,505	$27,257
AL w/Dem Total Revenue	$37,323	$44,835	$68,039	$94,396	$103,725
AL w/Dem Total Expenses	$30,568	$32,882	$46,906	$60,627	$65,091
AL w/Dem NOI/EBITDA	$6,754	$11,952	$21,133	$33,769	$38,634

Sales Price Trends

Seniors Housing

The following chart displays the average and median price per unit for both independent living and assisted living over the last 5 years. The average and median price per independent living unit was $228,200 and $202,100 in 2016, while the average and median price per assisted living unit was $193,650 and $156,250 in 2016.



	2012	2013	2014	2015	2016
Assisted Living Average	$164,000	$150,600	$188,700	$189,200	$193,650
Independent Living Average	$138,800	$191,950	$246,800	$192,900	$228,200
Assisted Living Median	$152,200	$150,300	$173,200	$169,000	$156,250
Independent Living Median	$138,400	$199,300	$275,900	$208,900	$202,100

Source: The Senior Care Acquisition Report Twenty-Second Edition 2017, Irving Levin Associates, Inc.

Conclusion

Senior housing operators are optimistic, projecting to see occupancy and rental rate growth in 2017.

Assisted living is considered needs based, and many consumers find the ability to pay for assisted living even in hard times. Looking forward, with the economy and housing market recovering, demand for assisted living will increase across the nation. New construction is increasing, especially in markets with lower barriers to entry. There is some risk of near term overbuilding, which will likely impact older assets in need of updating. Over the longer term, however, strong increases in demand will occur, leading to continued demand for assisted living assets.

With the national economy and the housing market now in recovery, the independent living market is experiencing increases in occupancy and rental rates. New construction is increasing, especially in destination markets, as potential residents are finding it easier to sell current homes. Therefore, there is some risk of near term overbuilding which will most likely impact older assets in need of updating. However, we anticipate that occupancy and rental rate increases will continue for several years. Also, the independent living sector was the first sector to benefit from the baby boom generation, which started turning 65 in 2011.

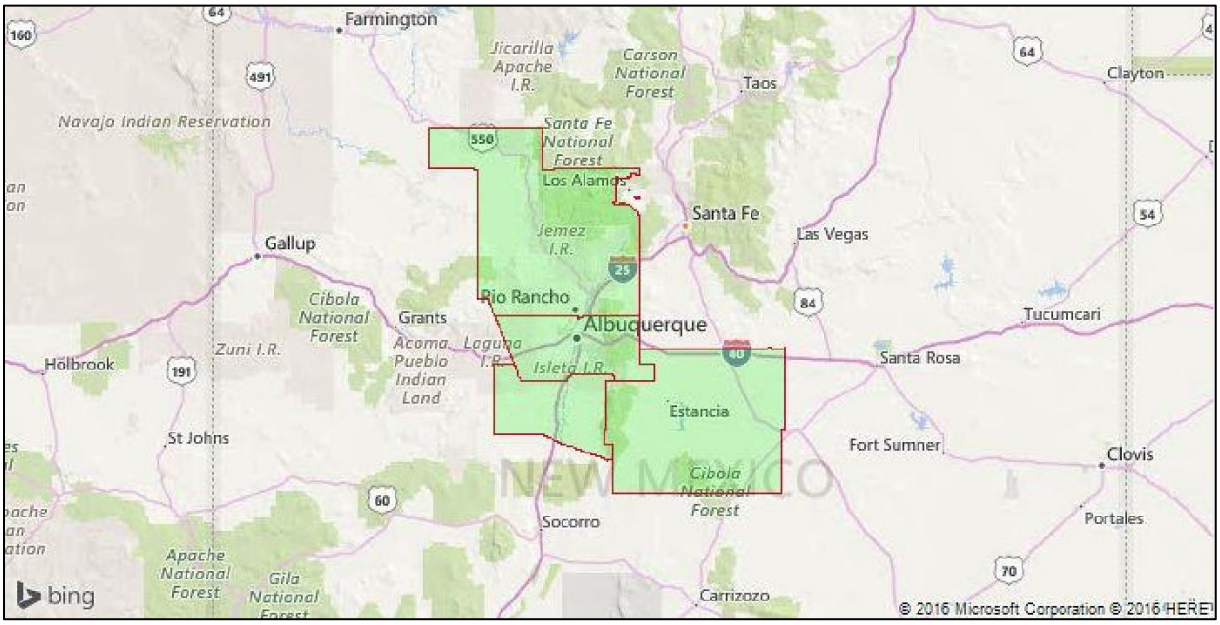
Supply and Demand Analysis

Introduction

In this section, we will analyze supply and demand conditions.

Metro Market Supply and Demand Conditions

The NIC Map Database provides the following data for the Albuquerque MSA, which includes the counties shown in the following map. It is noted that primary markets represent the average of the top core-based statistical areas (CBSAs) within the United States.



An overview of the Albuquerque seniors housing market is shown in the following table, comparing the MSA data to comparable data for the secondary CBSA's in the NIC survey.

PROPERTY INFORMATION

Property Types ->	Majority IL		Majority AL		Majority NC	
	Metro	Secondary Markets	Metro	Secondary Markets	Metro	Secondary Markets
Stabilized Occupancy	86.0%	91.8%	89.8%	89.3%	88.0%	86.4%
Average Monthly/Daily Rent	$3,190	$2,803	$3,987	$4,167	$242	$287
Median Age	20	21	19	18	31	36
Reporting Need to Upgrade(%)	No Data	No Data	No Data	No Data	No Data	No Data
Median Units/Beds Per Property	134	168	65	67	120	118
For Profit (%)	84.6%	65.1%	93.3%	89.8%	93.3%	79.4%
Property Count	13	753	15	1,898	15	2,470
Inventory	2,245	164,919	1,077	143,495	1,962	308,389
Independent Living Units	1,726	116,822	156	7,795	0	6,902
Assisted Living Units[1]	370	27,550	921	131,682	27	14,613
Nursing Care Beds	149	20,547	0	4,018	1,935	286,874
Penetration	6.5%	6.3%	3.1%	5.5%	5.7%	11.8%
Construction Units/Beds	0	6,273	120	10,791	0	1,033

Trends in the independent living market over time are shown in the following table.

MAJORITY IL

METRO TRENDS

	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth[1]
4Q2016	13	2,245	79.0%	86.0%	51	122	0	0	2.5%
3Q2016	12	2,123	81.1%	86.6%	38	120	1	122	1.1%
2Q2016	12	2,003	84.1%	86.7%	-43	85	2	242	1.7%
1Q2016	11	1,918	90.0%	90.0%	-7	0	2	332	.3%
4Q2015	11	1,918	90.4%	90.4%	55	0	2	332	-.5%
3Q2015	11	1,918	87.5%	87.5%	5	1	2	332	.7%
2Q2015	11	1,917	87.3%	87.3%	19	-2	2	332	.5%
1Q2015	11	1,919	86.2%	85.8%	-34	0	2	332	1.4%
2014	11	1,919	88.0%	87.8%	30	0	1	210	.7%
2013	11	1,919	86.5%	87.5%	97	136	0	0	1.2%

Trends in the assisted living market over time are shown in the following table.

MAJORITY AL

METRO TRENDS

	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth[1]
4Q2016	15	1,077	89.4%	89.8%	8	-1	1	120	3.2%
3Q2016	15	1,078	88.6%	91.3%	42	6	1	120	2.0%
2Q2016	15	1,072	85.2%	88.1%	5	5	1	120	2.1%
1Q2016	15	1,067	85.1%	88.6%	-8	64	1	120	1.6%
4Q2015	14	1,003	91.3%	91.8%	53	17	1	69	2.0%
3Q2015	13	986	87.6%	87.6%	18	0	2	89	4.2%
2Q2015	13	986	85.8%	85.8%	-6	0	2	89	3.4%
1Q2015	13	986	86.4%	86.4%	-46	-1	2	89	3.9%
2014	13	987	91.0%	91.0%	1	-74	2	89	2.2%
2013	15	1,061	84.6%	90.1%	105	159	1	20	.0%

The NIC survey divides the market into submarkets by constituent county, as shown in the table(s) below.

MAJORITY IL

Submarket	Stabilized Occupancy	YoY Rent Growth	Average Rent per Unit	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Bernalillo	86.1%	2.1%	$3,192	0.0%	1,709	6.5%	-29	117
Sandoval	Protected	Protected	Protected	0.0%	536	11.3%	Protected	210
Torrance County	No Data	No Data	No Data	0.0%	0	0.0%	No Data	No Data
Valencia	No Data	No Data	No Data	0.0%	0	0.0%	No Data	No Data

MAJORITY AL

Submarket	Stabilized Occupancy	YoY Rent Growth	AL Average Rent per Unit	MC Rent per Unit	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Bernalillo	90.4%	2.7%	$4,164	$5,484	13.4%	893	3.4%	35	75
Sandoval	Protected	Protected	Protected	Protected	0.0%	109	2.3%	Protected	-1
Torrance County	No Data	No Data	No Data	No Data	0.0%	0	0.0%	No Data	No Data
Valencia	Protected	Protected	Protected	Protected	0.0%	75	2.7%	Protected	0

For stabilized properties that are mostly assisted living in the Albuquerque area, the average occupancy rate is 89.8%. In comparison, the average occupancy for primarily independent living communities is 86.0%. Bernalillo County is indicated to have above average occupancy figures of 90.4% and 86.1% for assisted living and independent living communities, respectively.

Delineation of the Market Area

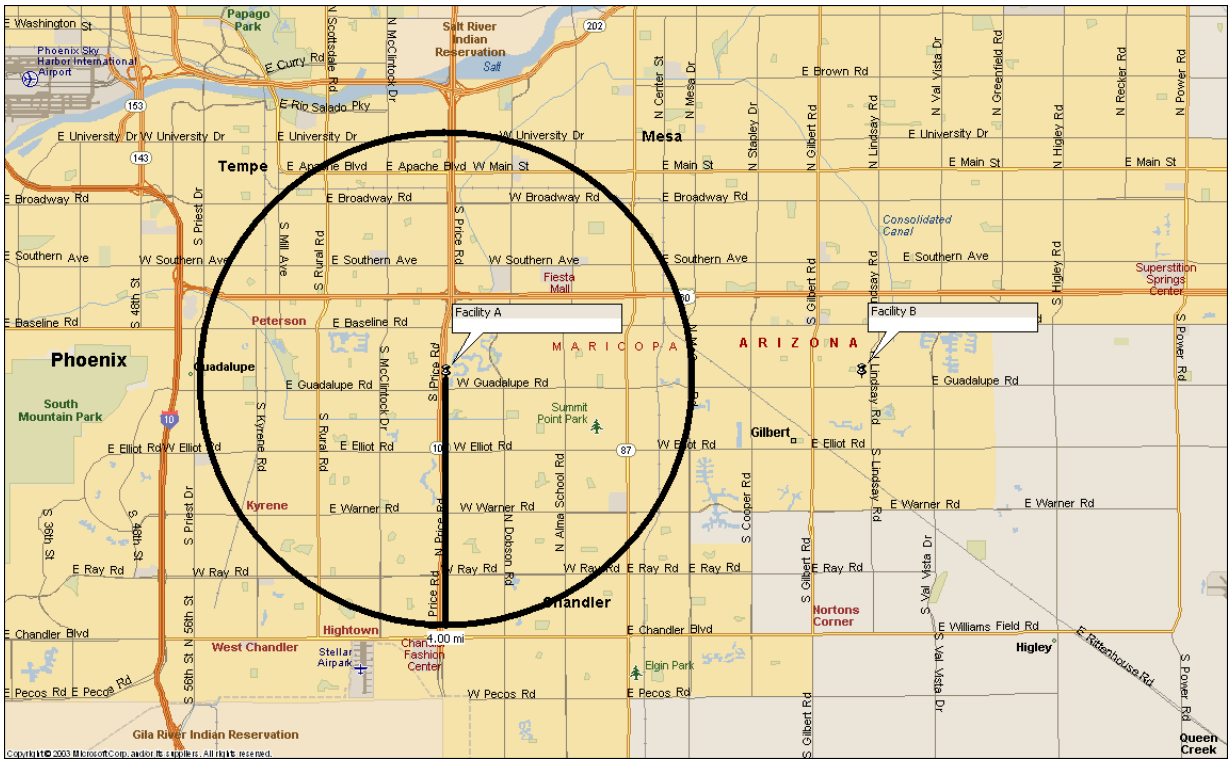
As discussed previously, we consider the subject's PMA to be the area within a 3-mile radius of the site.

Target Market

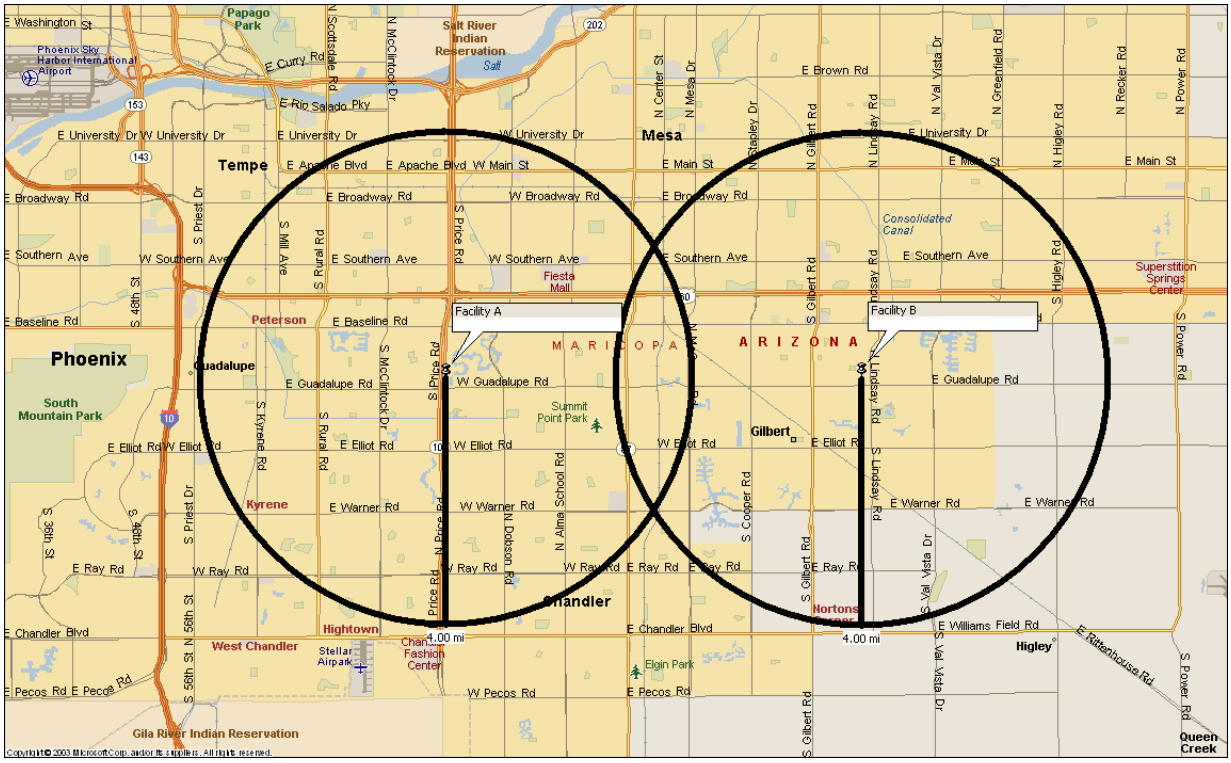
The subject's target market group consists of the age qualified population that has adequate income to live in elderly housing and adult children who are caregivers for an elderly relative. Therefore, the subject's primary target market is seniors aged 65+ with household income of $35,000+, as well as adult children who might relocate such a person to the market.

Methodology for Quantifying Supply

In the case of facilities located some distance from the subject, we have allocated only a portion of the units based upon the estimated percent the market area for each competing facility overlaps the PMA. For example, the map below shows two fictional facilities, A and B, along with the concluded market area for Facility A.



Facility B is not within the market area for Facility A. However, Facility B's market area does overlap some of the market area for Facility A, as shown below:



Our methodology for estimating supply considers Facility B as being partially competitive with Facility A. We base the degree of its competitiveness upon the percentage of the subject's market area, Facility A in this example that is overlapped by the estimated market area for Facility B. The percent of overlap is mathematically calculated using a formula that factors in the size of the market area and the distance between each comparable and the subject.

For example, if Facility B has 100 beds and the market area for Facility B overlaps Facility A's market area by 20%, then 20 of Facility B's beds are considered competitive. This same procedure is used to estimate competitive supply for each facility in and around the subject's market area.

Assisted Living Supply Analysis

We will now focus upon the assisted living segment of the market. Bed licenses are granted based upon double occupancy in many rooms. In practice, a lesser number of rooms are typically occupied by more than one person. For this reason, we will analyze operating beds as opposed to licensed beds. For purposes of this report, a facility's operating beds are considered the optimal number of persons that the facility is designed to accommodate at one time. This figure is generally equal to or greater than the number of units and equal to or less than the number of licensed beds. Our analysis also disregards small board and care facilities in and around the market area, although we know such facilities to be present. Board and care facilities generally have less than 25 licensed beds, are operated by "mom and pop" type operators, and offer accommodations and services of lesser quality. For consistency, such facilities are also excluded from the penetration rates utilized in the demand analysis.

Existing Supply of Assisted Living

The following table is a list of the assisted living facilities serving the subject's market area.

Existing Supply of Assisted Living

Property Name	Type	Number of Assisted Living Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
Elan - Santa Monica 7261 Louisiana Boulevard NE, Albuquerque	ALF/MC	120	0.7	74%	89
North Ridge Memory Care 8101 Palomas Avenue NE, Albuquerque	ALF D/MC	66	1.6	50%	33
MorningStar of Albuquerque 8051 Palomas Avenue NE, Albuquerque	ALF/MC	90	1.6	50%	45
Elmcroft of Quintessence 7101 Eubank Boulevard NE, Albuquerque	ALF	67	2.6	30%	20
Montebello 10500 Academy Road NE, Albuquerque	CCRC	35	2.7	29%	10
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	CCRC	69	3.1	23%	16
The Woodmark at Uptown 7201 Prospect Place NE, Albuquerque	ALF/MC	144	3.3	20%	29
Care Free Assisted Living 10916 Juan Tabo Place NE, Albuquerque	ALF	46	3.5	18%	8
Brookdale Juan Tabo Place 3920 Juan Tabo Boulevard NE, Albuquerque	ALF D/MC	41	3.7	15%	6
Brookdale Tramway Ridge 4910 Tramway Ridge Drive NE, Albuquerque	ALF/MC	86	4.2	10%	9
Casa De Rosa Assisted Living Resort 10127 Guadalupe Trail NW, Albuquerque	ALF	43	4.4	9%	4
Vista del Rio 1620 Indian School Road NE, Albuquerque	IALF/MC	84	4.8	5%	5
Brookdale Valencia 300 Valencia Drive SE, Albuquerque	IALF	60	5.4	2%	1
Camino Retirement Apartments 12101 Lomas Boulevard NE, Albuquerque	IALF	48	5.6	1%	0
Total Number of Existing Competitive Beds					**275**

Type Key
NC = Nursing center
NC/ALF = Nursing center with assisted living.
NC/MC = Nursing center with specialized memory care beds
ALF = Free-standing assisted living facility
ALF/MC = Free-standing assisted living facility with dedicated memory care wing
ALF D/MC = Free-standing assisted living facility - 100% memory care dedicated
ILF = Independent Living Facility
IALF = Independent and assisted living facility
IALF/MC = Independent and assisted living facility with dedicated memory care wing
CCRC = Continuing care retirement community

Occupancy of Competitive Supply

The occupancy and waiting list status of the competitive supply of assisted living are as follows:

Occupancy of Competitive Assisted Living

Property Name	Current Occupancy %	Waiting List Status
Elan - Santa Monica 7261 Louisiana Boulevard NE, Albuquerque	4%	Opened April 2017
North Ridge Memory Care 8101 Palomas Avenue NE, Albuquerque	98%	No
MorningStar of Albuquerque 8051 Palomas Avenue NE, Albuquerque	93%	Opened January 2016
Elmcroft of Quintessence 7101 Eubank Boulevard NE, Albuquerque	72%	No
Montebello 10500 Academy Road NE, Albuquerque	92%	No
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	100%	Yes
The Woodmark at Uptown 7201 Prospect Place NE, Albuquerque	97%	No
Care Free Assisted Living 10916 Juan Tabo Place NE, Albuquerque	100%	Yes
Brookdale Juan Tabo Place 3920 Juan Tabo Boulevard NE, Albuquerque	93%	No
Brookdale Tramway Ridge 4910 Tramway Ridge Drive NE, Albuquerque	90%	No
Casa De Rosa Assisted Living Resort 10127 Guadalupe Trail NW, Albuquerque	80%	No
Vista del Rio 1620 Indian School Road NE, Albuquerque	100%	Yes
Brookdale Valencia 300 Valencia Drive SE, Albuquerque	85%	No
Camino Retirement Apartments 12101 Lomas Boulevard NE, Albuquerque	100%	Yes

Based upon the reported occupancy levels, the weighted average occupancy for competitive beds is as follows:

Weighted Average Occupancy of Competitive Assisted Living

Property Name	Number of Competitive Beds	Current Occupancy %	Number of Occupied Beds
Elan - Santa Monica 7261 Louisiana Boulevard NE, Albuquerque	n.a.	4% (Initial Lease-Up)	n.a.
North Ridge Memory Care 8101 Palomas Avenue NE, Albuquerque	33	98%	33
MorningStar of Albuquerque 8051 Palomas Avenue NE, Albuquerque	45	93%	42
Elmcroft of Quintessence 7101 Eubank Boulevard NE, Albuquerque	20	72%	14
Montebello 10500 Academy Road NE, Albuquerque	10	92%	9
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	16	100%	16
The Woodmark at Uptown 7201 Prospect Place NE, Albuquerque	29	97%	28
Care Free Assisted Living 10916 Juan Tabo Place NE, Albuquerque	8	100%	8
Brookdale Juan Tabo Place 3920 Juan Tabo Boulevard NE, Albuquerque	6	93%	6
Brookdale Tramway Ridge 4910 Tramway Ridge Drive NE, Albuquerque	9	90%	8
Casa De Rosa Assisted Living Resort 10127 Guadalupe Trail NW, Albuquerque	4	80%	3
Vista del Rio 1620 Indian School Road NE, Albuquerque	5	100%	5
Brookdale Valencia 300 Valencia Drive SE, Albuquerque	1	85%	1
Camino Retirement Apartments 12101 Lomas Boulevard NE, Albuquerque	0	100%	0
TOTALS	186	-	173
WEIGHTED AVERAGE OCCUPANCY		93%	-

Elan – Santa Monica was recently completed and is anticipated to open in early April 2017. The facility is reportedly 4% leased at this time. MorningStar of Albuquerque opened in January 2016 and is reporting an occupancy of approximately 93%. With 90 total beds (mix of assisted living and memory care), this equates to an absorption pace of 6 beds per month.

The overall weighted average occupancy for assisted living, excluding Elan – Santa Monica (which is in the initial lease-up stage), is 93%.

Assisted Living under Construction or Proposed

Our research revealed there to be no new competitive projects, other than the subject, to be proposed or under construction within the PMA at this time.

In our supply forecast, we will only include those facilities likely to be complete within the coming 24 months. These facilities are set forth in the following table.

Supply of Assisted Living Under Construction or Proposed

Property Name	Current Status	Number of Assisted Living Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
SRG-Albuquerque 8888 Harper Dr NE, Albuquerque	Proposed	84	0.0	100%	84
Relevant Supply Likely to be Complete Within 24 Months					**84**

Memory Care Supply Analysis

We will now focus upon the memory care segment of the assisted living market. Alzheimer's disease is a progressive, degenerative disease that attacks the brain and results in impaired memory, thinking, and behavior. It was first described by Dr. Alois Alzheimer in 1906 and has since been diagnosed in millions of people. The exact causes have yet to be discovered. Memory care is an umbrella term used to describe the loss of cognitive or intellectual function. Many conditions can cause memory care issues. Issues related to depression, drug interaction, thyroid, and other problems may be reversible if detected early. Several other diseases also cause memory care issues, such as Parkinson's, Creutzfeldt-Jakob, Huntington's, and Multi-Infarct or vascular disease, caused by multiple strokes in the brain.

The following statistics from the National Alzheimer's Association's *2016 Alzheimer's Disease Facts and Figures* report delineate the strong need for facilities that care for persons with memory care issues:

- Alzheimer's is a progressive, degenerative disease of the brain and the most common form of memory care disease.
- An estimated 5.4 million Americans of all ages have Alzheimer's in 2016. This figure includes 5.2 million people aged 65 and older and 200,000 individuals under age 65 who have younger-onset memory care issues.
- One in nine people aged 65 and older (11%) has Alzheimer's.
- Of those with Alzheimer's, an estimated 4% are under age 65, 15% are 65 to 74, 44% are 75 to 84, and 37% are 85 and older.
- More women than men have memory care issues. Almost two-thirds of all Americans living with Alzheimer's are women. Of the 5.2 million people over age 65 with Alzheimer's in the United States, 3.3 million are women and 1.9 million are men. Based on estimates from ADAMS, 16% of women aged 71 and older have memory care issues compared with 11% of men.
- The number of Americans surviving into their 80s and 90s and beyond is expected to grow dramatically due to advances in medicine and medical technology, as well as social and environmental conditions. Additionally, a very large segment of the American population – the baby boom generation – is reaching retirement age.
- By 2030, the segment of the U.S. population aged 65 years and older is expected to double, and the estimated 74 million older Americans will make up approximately 20% of the total population (up from 14% in 2012). As the number of older Americans grows rapidly, so too will the numbers of new and existing cases of memory care issues.
- In 2000, there were an estimated 411,000 new (incident) cases of Alzheimer's disease. For 2010, that number was estimated to be 454,000 (a 10% increase); by 2030, it is projected to be 615,000 (50% increase from 2000); and by 2050, 959,000 (130% increase from 2000).
- By 2025, the number of people aged 65 and older with Alzheimer's disease is estimated to be over 7.1 million. This is a 40% increase from the 5.2 million aged 65 and older currently affected in 2016.
- By 2050, the number of people aged 65 and older with Alzheimer's disease may triple, from 5.2 million to a projected 13.8 million, barring the development of medical breakthroughs to prevent or more effectively treat the disease.

In the past, most persons with memory care issues have been cared for in the home by informal caregivers (friends or relatives) or through home health care agencies or other providers. With the continuing increase in two-income households and the recognition that caring for a person with memory care issues can be physically and mentally taxing, many informal caregivers are seeking options outside the home. This led to growth in the number of facilities providing specialized care for persons with memory care issues.

Facilities providing specialized care for persons with memory care issues generally follow one of two models: the nursing care model or the assisted living model. Generally, the nursing care model can be characterized as being for patients who have relatively extensive health care needs in addition to requiring care for memory care issues. The nursing care model is a type of care subject to greater regulation than assisted living care. Staffing requirements for nursing care are typically greater, and the associated costs for care are higher. As many persons with memory care issues are otherwise healthy, the assisted living model is the leading model for the care of persons with memory care issues.

Existing Supply of Memory Care

The existing supply of memory care within the PMA is as follows.

Existing Supply of Memory Care

Property Name	Type	Number of Memory Care Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
Elan - Santa Monica 7261 Louisiana Boulevard NE, Albuquerque	ALF/MC	36	0.7	74%	27
North Ridge Memory Care 8101 Palomas Avenue NE, Albuquerque	ALF D/MC	66	1.6	50%	33
MorningStar of Albuquerque 8051 Palomas Avenue NE, Albuquerque	ALF/MC	21	1.6	50%	10
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	CCRC	21	3.1	23%	5
The Woodmark at Uptown 7201 Prospect Place NE, Albuquerque	ALF/MC	52	3.3	20%	11
Brookdale Juan Tabo Place 3920 Juan Tabo Boulevard NE, Albuquerque	ALF D/MC	41	3.7	15%	6
Brookdale Tramway Ridge 4910 Tramway Ridge Drive NE, Albuquerque	ALF/MC	50	4.2	10%	5
Vista del Rio 1620 Indian School Road NE, Albuquerque	IALF/MC	18	4.8	5%	1
Total Number of Existing Competitive Beds					**98**

Type Key
NC = Nursing center
NC/ALF = Nursing center with assisted living.
NC/MC = Nursing center with specialized memory care beds
ALF = Free-standing assisted living facility
ALF/MC = Free-standing assisted living facility with dedicated memory care wing
ALF D/MC = Free-standing assisted living facility - 100% memory care dedicated
ILF = Independent Living Facility
IALF = Independent and assisted living facility
IALF/MC = Independent and assisted living facility with dedicated memory care wing
CCRC = Continuing care retirement community

Occupancy of Competitive Supply

The occupancy and waiting list status of the competitive supply of memory care is as follows:

Occupancy of Competitive Memory Care

Property Name	Current Occupancy %	Waiting List Status
Elan - Santa Monica 7261 Louisiana Boulevard NE, Albuquerque	4%	Opened September 2016
North Ridge Memory Care 8101 Palomas Avenue NE, Albuquerque	98%	No
MorningStar of Albuquerque 8051 Palomas Avenue NE, Albuquerque	93%	Opened January 2016
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	100%	Yes
The Woodmark at Uptown 7201 Prospect Place NE, Albuquerque	97%	No
Brookdale Juan Tabo Place 3920 Juan Tabo Boulevard NE, Albuquerque	93%	No
Brookdale Tramway Ridge 4910 Tramway Ridge Drive NE, Albuquerque	92%	No
Vista del Rio 1620 Indian School Road NE, Albuquerque	100%	Yes

Based upon the reported occupancy levels, the weighted average occupancy for competitive beds is as follows:

Weighted Average Occupancy of Competitive Memory Care

Property Name	Number of Competitive Beds	Current Occupancy %	Number of Occupied Beds
Elan - Santa Monica 7261 Louisiana Boulevard NE, Albuquerque	n.a.	4% (Initial Lease-Up)	n.a.
North Ridge Memory Care 8101 Palomas Avenue NE, Albuquerque	33	98%	33
MorningStar of Albuquerque 8051 Palomas Avenue NE, Albuquerque	10	93%	9
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	5	100%	5
The Woodmark at Uptown 7201 Prospect Place NE, Albuquerque	11	97%	11
Brookdale Juan Tabo Place 3920 Juan Tabo Boulevard NE, Albuquerque	6	93%	6
Brookdale Tramway Ridge 4910 Tramway Ridge Drive NE, Albuquerque	5	92%	5
Vista del Rio 1620 Indian School Road NE, Albuquerque	1	100%	1
TOTALS	71	-	69
WEIGHTED AVERAGE OCCUPANCY		97%	-

Elan – Santa Monica was recently completed and is anticipated to open in early April 2017. The facility is reportedly 4% leased at this time. MorningStar of Albuquerque opened in January 2016 and is reporting an occupancy of approximately 93%. With 90 total beds (mix of assisted living and memory care), this equates to an absorption pace of 6 beds per month.

The overall weighted average occupancy for memory care, excluding Elan – Santa Monica (which is in the initial lease-up stage), is 97%.

Memory Care under Construction or Proposed

Our researched revealed there to be no new competitive projects, other than the subject, to be proposed or under construction within the PMA at this time.

In our supply forecast, we will only include those facilities likely to be complete within the coming 24 months. These facilities are set forth in the following table.

Supply of Memory Care Under Construction or Proposed

Property Name	Current Status	Number of Memory Care Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
SRG-Albuquerque 8888 Harper Dr NE, Albuquerque	Proposed	24	0.0	100%	24
Relevant Supply Likely to be Complete Within 24 Months					**24**

Independent Living Supply Analysis

We will now focus upon the independent living segment of the market. In this analysis, the focus is upon living units, which can accommodate one to two persons.

Existing Supply of Independent Living

The following table is a list of independent living facilities serving the market area.

Existing Supply of Independent Living

Property Name	Type	Number of Independent Living Units	Miles From Subject	Percent of Units Considered Competitive	Number of Competitive Units
Coronado Villa Retirement Resort 6900 San Vincente Avenue NE, Albuquerque	ILF	122	0.6	77%	94
Paloma Landing Retirement Community 8301 Palomas Avenue NE, Albuquerque	ILF	118	1.7	48%	56
Montebello 10500 Academy Road NE, Albuquerque	CCRC	112	2.7	29%	32
The Village of Alameda 8810 Horizon Boulevard NE, Albuquerque	ILF	72	2.9	26%	19
Bear Canyon Estates 4440 Morris Street NE, Albuquerque	ILF	124	3.0	24%	30
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	CCRC	341	3.1	23%	78
Vista del Rio 1620 Indian School Road NE, Albuquerque	IALF/MC	65	4.8	5%	4
Brookdale Valencia 300 Valencia Drive SE, Albuquerque	IALF	137	5.4	2%	3
Camino Retirement Apartments 12101 Lomas Boulevard NE, Albuquerque	IALF	52	5.6	1%	1
Total Number of Existing Competitive Units					**317**

Type Key
NC = Nursing center
NC/ALF = Nursing center with assisted living.
NC/MC = Nursing center with specialized memory care beds
ALF = Free-standing assisted living facility
ALF/MC = Free-standing assisted living facility with dedicated memory care wing
ALF D/MC = Free-standing assisted living facility - 100% memory care dedicated
ILF = Independent Living Facility
IALF = Independent and assisted living facility
IALF/MC = Independent and assisted living facility with dedicated memory care wing
CCRC = Continuing care retirement community

Occupancy of Competitive Supply

The occupancy and waiting list status of the competitive supply of independent living is as follows:

Occupancy of Competitive Independent Living

Property Name	Occupancy %	Waiting List Status
Coronado Villa Retirement Resort 6900 San Vincente Avenue NE, Albuquerque	96%	Opened September 2016
Paloma Landing Retirement Community 8301 Palomas Avenue NE, Albuquerque	98%	No
Montebello 10500 Academy Road NE, Albuquerque	92%	No
The Village of Alameda 8810 Horizon Boulevard NE, Albuquerque	96%	No
Bear Canyon Estates 4440 Morris Street NE, Albuquerque	91%	No
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	100%	Yes
Vista del Rio 1620 Indian School Road NE, Albuquerque	100%	Yes
Brookdale Valencia 300 Valencia Drive SE, Albuquerque	85%	No
Camino Retirement Apartments 12101 Lomas Boulevard NE, Albuquerque	100%	Yes

Based upon the reported occupancy levels, the weighted average occupancy for competitive units is as follows:

Weighted Average Occupancy of Competitive Independent Living

Property Name	Number of Competitive Units	Current Occupancy %	Number of Occupied Units
Coronado Villa Retirement Resort 6900 San Vincente Avenue NE, Albuquerque	94	96%	90
Paloma Landing Retirement Community 8301 Palomas Avenue NE, Albuquerque	56	98%	55
Montebello 10500 Academy Road NE, Albuquerque	32	92%	29
The Village of Alameda 8810 Horizon Boulevard NE, Albuquerque	19	96%	18
Bear Canyon Estates 4440 Morris Street NE, Albuquerque	30	91%	27
La Vida Llena 10501 Lagrima De Oro Road NE, Albuquerque	78	100%	78
Vista del Rio 1620 Indian School Road NE, Albuquerque	4	100%	4
Brookdale Valencia 300 Valencia Drive SE, Albuquerque	3	85%	3
Camino Retirement Apartments 12101 Lomas Boulevard NE, Albuquerque	1	100%	1
TOTALS	317	-	306
WEIGHTED AVERAGE OCCUPANCY		96%	-

Coronado Villa Retirement Resort opened in September 2016 and is already 96% occupied. With 122 units, this equates to an absorption pace in excess of 19 units per month.

The overall weighted average occupancy specific to the supply of independent living is 96%.

Independent Living under Construction or Proposed

Our research revealed there to be no new competitive projects, other than the subject, to be proposed or under construction within the PMA at this time.

In our supply forecast, we will only include those facilities likely to be complete within the coming 24 months. These facilities are set forth in the following table.

Supply of Independent Living Under Construction or Proposed

Property Name	Current Status	Number of Independent Living Units	Miles From Subject	Percent of Units Considered Competitive	Number of Competitive Units
SRG-Albuquerque 8888 Harper Dr NE, Albuquerque	Proposed	96	0.0	100%	96
Relevant Supply Likely to be Complete Within 24 Months					**96**

Barriers to Entry

The subject is in a market with limited barriers to entry. Vacant sites are plentiful and zoning and building permits are easily obtained. Thus, it is likely that future competition will be developed as warranted by demand.

Seniors Housing Demand Analysis

We will now analyze demand for seniors housing. Our analysis will show demand estimates for the current year, each year for the following four, and 10 years from the current year.

The demand estimates will be based upon the quantity of four potential target groups who are likely users of seniors housing. Analysis of these four target groups will provide four separate indications of demand for seniors housing. We will then consider each one of them to derive our demand conclusions, much as the three approaches to value in an appraisal are reconciled into a single value estimate. The target groups are as follows:

Target Group 1

Although the vast majority of persons entering seniors housing are age 80 and over, some persons between the ages of 65 and 80 elect to live in seniors housing. Therefore, the broadest potential target group for seniors housing is persons age 65 and over. The number of persons age 65+ is often considered in bed need methodologies which are adopted by various state licensing agencies.

Target Group 2

The next potential target group typically examined in evaluating demand for seniors housing is the number of households headed by an individual age 75 and over. The vast majority of seniors housing residents fall into the 75+ range.

Target Group 3

The next target group consists of the age qualified population that has adequate income to live in seniors housing. Many operators consider $35,000 to be the minimum qualifying income. Although research has shown that many seniors with lesser income levels can afford to reside in seniors housing due to having income from other sources or assets to spend down, $35,000 is widely considered a benchmark for the private pay market. Due to the location of the subject, this target group consists of the number of households with a household income of $35,000+ headed by an individual age 75+. Therefore, this target group has been utilized in this analysis.

Target Group 4

This group consists of a group referred to in the industry as adult children. Children and/or other relatives of seniors generally play a significant role in the placement of a senior in a seniors housing facility. Market areas where there are large concentrations of persons in the 45 to 64 age group can often support a significantly larger supply of seniors housing than would be indicated through analysis of seniors already residing in the area. This is because in-migration of seniors into markets with large adult child populations is common, as the elderly are often relocated to a facility near the home of their adult children or other relative. Many operators of seniors housing have recognized the importance of the adult child market. Thus, this target group is the number of persons in the age 45 to 64 age bracket.

Income and ADL Qualification

Some in the industry apply additional qualifications to further refine the potential target market before applying a penetration rate. These further qualifications might include quantification of seniors likely to require assistance with ADLs and quantification of seniors by living arrangements, restricting the market to those living alone under the assumption that few seniors living with spouses will choose seniors housing. However, there are no reliable local sources to accurately estimate these factors in a given market area, typically leading to the use of national statistics. These further qualifications tend to complicate the application and derivation of penetration rates, and

are a futile exercise since the same national data is typically applied to each market area. For this reason, we will not attempt to further qualify the potential market.

Discussion of Achievable Penetration Rates

There are no industry standard definitions for penetration or capture rates. For purposes of this analysis, a penetration rate is considered to be the number of beds or units of a specific type that should be demanded at market equilibrium within a given market area, divided by the quantity of persons or households of a specific type in the same market area. For example, if 100 beds of assisted living should be demanded, and there are 1,000 persons age 65+ that reside in the PMA, the indicated penetration rate is 10%.

In order to determine appropriate penetration rates, we consulted national demand estimates provided in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections.* We have also relied upon actual penetration rates being realized based upon data from NIC Map.

The penetration rates are based upon demand for public and private pay. The inclusion of public pay demand significantly impacts the nursing facility sector and has a lesser but still notable impact upon the other two sectors. It is important to note that in states where Medicaid waivers and/or other public pay alternatives are not available, these penetration rates may not be realized. These demand estimates, derived from the most complete and authoritative study of national demand in existence, will be used as the basis for estimating demand in the subject's market area.

We have been evaluating seniors housing facilities since the mid-1980s. Over the years, we have worked with many of the most prolific developers of seniors housing in the nation including Sunrise Senior Living, Holiday Retirement, Senior Resource Group, Brookdale Senior Living, and Capital Senior Living. Most of the successful developers and operators of private pay seniors housing target the adult child population (persons age 45 to 64). In our tours of literally hundreds of facilities nationally, we always ask the source of residents and how often the decision is made by an adult child caregiver. In most instances, the adult child caregiver is noted as being the primary decision maker, and in many markets, more than 50% of the residents are brought in from outside the PMA by adult child caregivers that live in the PMA. Thus, in our analysis, the adult child market (Target Group 4) is given considerable weight.

We have also field tested the penetration rates, used herein, in the preparation of more than 3,000 market studies and appraisals of seniors housing assets prepared over the past 10+ years. We have found these penetration rates to be excellent predictors of actual market conditions. In other words, when our demand analysis indicated there to be an undersupply, we typically found high market occupancy levels indicating unmet demand. Alternatively, when our demand model showed an oversupply, we have typically seen low market occupancy levels.

Demand Estimates

The following table shows the estimated number of persons or households in each target group for a number of time periods, and the indicated demand for each period based upon the penetration rates previously discussed.

Demand For Assisted Living

Target Group 1 - Persons Age 65+

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA Persons Age 65+	22,952	23,542	24,132	24,722	25,312	25,902	29,232
B. Achievable Penetration Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
C. Indicated Market Area Demand (A X B)	463	475	487	499	511	523	590

Target Group 2 - Households Age 75+

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA HHs Age 75+	6,869	6,952	7,035	7,118	7,201	7,284	7,725
B. Achievable Penetration Rate	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
C. Indicated Market Area Demand (A X B)	455	461	466	472	477	483	512

Target Group 3 - Households Age 75+ With Income $35,000+

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA HHs Age 75+ W/Inc. $35,000+	3,597	3,884	4,171	4,458	4,745	5,032	7,040
B. Achievable Penetration Rate	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%
C. Indicated Market Area Demand (A X B)	775	837	899	961	1,023	1,085	1,518

Target Group 4 - Persons Age 45-64 (Adult Children)

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA Persons Age 45-64	30,883	30,445	30,007	29,568	29,130	28,692	26,656
B. Achievable Penetration Rate	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
C. Indicated Market Area Demand (A X B)	352	347	342	337	332	327	304

Demand Conclusions

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
Indicated Demand	564	592	621	649	677	706	911
Adjustment for Local Market Conditions	0%	0%	0%	0%	0%	0%	0%
Concluded Demand	564	592	621	649	677	706	911

The demand indication for each target group is independent of the other three demand indications. In this case, our final demand conclusions is weighted 50% to Target Group 3 - age and income qualified seniors, and 50% to Target Group 4 - adult children. These two indications of demand are the best indicators of demand for private pay seniors housing.

Demand For Independent Living

Target Group 1 - Persons Age 65+

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA Persons Age 65+	22,952	23,542	24,132	24,722	25,312	25,902	29,232
B. Achievable Penetration Rate	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
C. Indicated Market Area Demand (A X B)	649	666	682	699	716	732	827

Target Group 2 - Households Age 75+

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA HHs Age 75+	6,869	6,952	7,035	7,118	7,201	7,284	7,725
B. Achievable Penetration Rate	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
C. Indicated Market Area Demand (A X B)	638	646	653	661	669	676	717

Target Group 3 - Households Age 75+ With Income $35,000+

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA HHs Age 75+ W/Inc. $35,000+	3,597	3,884	4,171	4,458	4,745	5,032	7,040
B. Achievable Penetration Rate	30.2%	30.2%	30.2%	30.2%	30.2%	30.2%	30.2%
C. Indicated Market Area Demand (A X B)	1,086	1,173	1,260	1,346	1,433	1,520	2,126

Target Group 4 - Persons Age 45-64 (Adult Children)

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. PMA Persons Age 45-64	30,883	30,445	30,007	29,568	29,130	28,692	26,656
B. Achievable Penetration Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
C. Indicated Market Area Demand (A X B)	493	486	479	472	465	458	426

Demand Conclusions

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
Indicated Demand	790	830	869	909	949	989	1,276
Adjustment for Local Market Conditions	0%	0%	0%	0%	0%	0%	0%
Concluded Demand	790	830	869	909	949	989	1,276

The demand indication for each target group is independent of the other three demand indications. In this case, our final demand conclusions is weighted 50% to Target Group 3 - age and income qualified seniors, and 50% to Target Group 4 - adult children. These two indications of demand are the best indicators of demand for private pay seniors housing.

Comparison of Supply and Demand

The following table summarizes our conclusions of supply and demand for assisted living.

Comparison of Supply and Demand For Assisted Living							
Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. Indicated Demand	564	592	621	649	677	706	911
B. Less Existing Supply	275	275	275	359	359	359	359
C. Existing Unmet Demand or Oversupply	289	317	346	290	318	347	552
D. Additions/Subtractions to Supply	0	0	84	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	289	317	262	290	318	347	552

Our analysis shows that the PMA has an undersupply of assisted living in the current year. This is supported by the higher occupancy levels of existing facilities in the PMA (93% overall). No new supply other than the subject development is forecast to be added over the next two years, so market conditions should continually improve.

As noted previously, demand for memory care is a subset of overall assisted living demand. Memory care facilities are normally licensed the same as standard assisted living facilities. Furthermore, it is relatively easy for facilities to begin or cease providing specialized memory care since the physical plant requirements are not significantly different and the license is not different. We have previously determined demand for all assisted living, including memory care.

As of the 4th quarter of 2016, NIC MAP reported that there were 378,806 assisted living units and 113,355 memory care units in the top 140 metro markets. Thus, the combined assisted living supply count inclusive of memory care was 492,161 units. The memory care assisted living supply figure in turn equated to 29.13% of the total assisted living supply. The average occupancy was 88.3% for assisted living and 85.3% for memory care, indicating that demand between the two segments is near a balanced level.

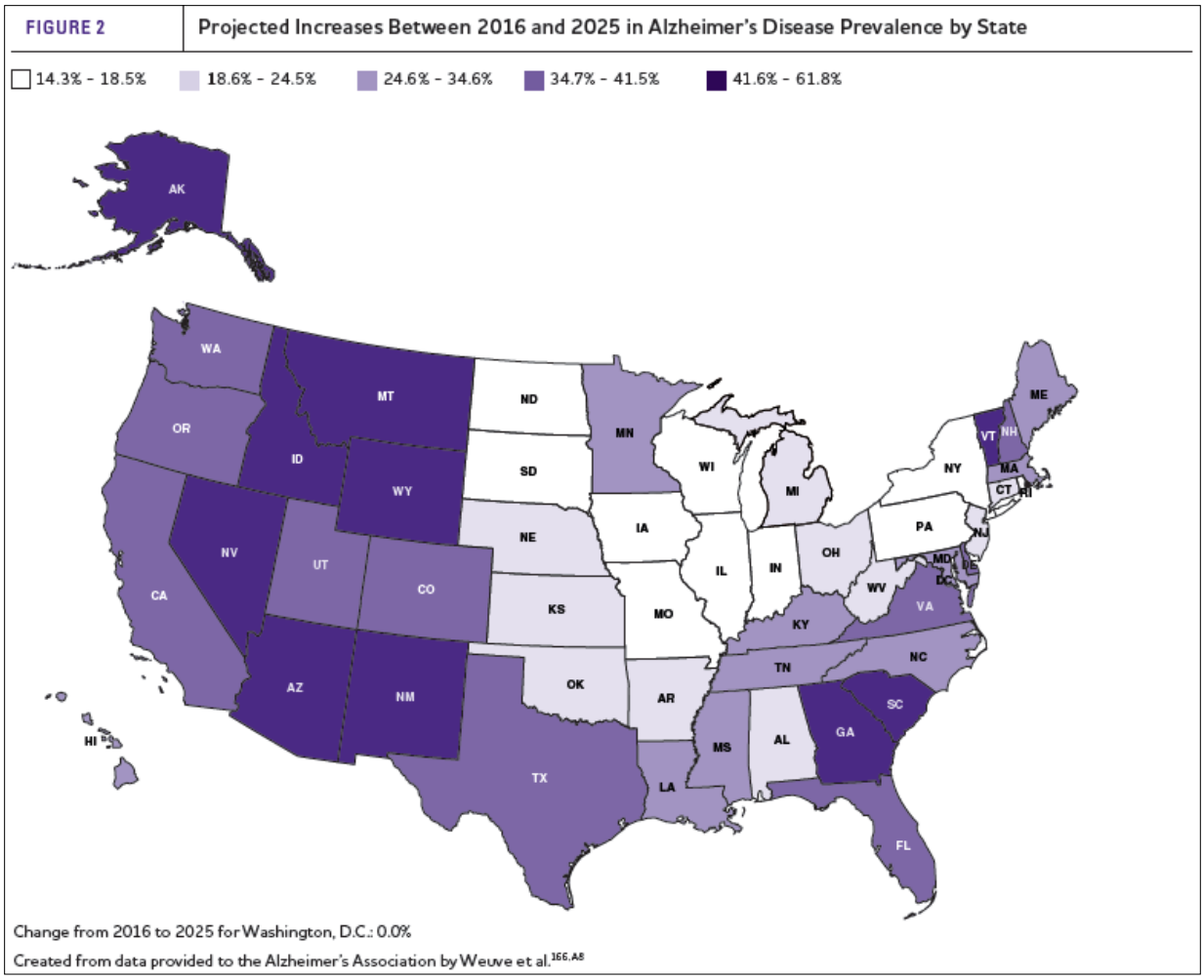
However, we believe this provides just a starting point, and, in fact, understates potential demand for memory care for several reasons. Firstly, memory care units are much more likely to be semi-private than traditional assisted living, and the statistics noted above are based upon units, not beds. Therefore, the quantity of memory care units above has a much higher level of double occupancy, thus the demand on a bed, rather than unit basis, would be much higher as a percent of total demand. Furthermore, many residents of traditional assisted living have mild to moderate memory care issues and would be better suited for residency in a memory care facility, but the supply of memory care units is lacking in many markets.

According to the Alzheimer's Association, there are approximately 476,000 people age 65 or older that developed Alzheimer's disease in the United States in 2016. Also, the Alzheimer's Association provided the following data regarding projected change by state for those residents with Alzheimer's disease.

TABLE 3 Projections of Total Numbers of Americans Age 65 and Older with Alzheimer's by State

State	Projected Number with Alzheimer's (in thousands) 2016	2025	Percentage Change 2016-2025	State	Projected Number with Alzheimer's (in thousands) 2016	2025	Percentage Change 2016-2025
Alabama	89	110	23.6	Montana	19	27	42.1
Alaska	6.8	11	61.8	Nebraska	33	40	21.2
Arizona	130	200	53.8	Nevada	41	64	56.1
Arkansas	54	67	24.1	New Hampshire	23	32	39.1
California	610	840	37.7	New Jersey	170	210	23.5
Colorado	67	92	37.3	New Mexico	37	53	43.2
Connecticut	74	91	23.0	New York	390	460	17.9
Delaware	17	23	35.3	North Carolina	160	210	31.3
District of Columbia	9.0	9.0	0.0	North Dakota	14	16	14.3
Florida	510	720	41.2	Ohio	210	250	19.0
Georgia	130	190	46.2	Oklahoma	62	76	22.6
Hawaii	26	35	34.6	Oregon	62	84	35.5
Idaho	23	33	43.5	Pennsylvania	270	320	18.5
Illinois	220	260	18.2	Rhode Island	23	27	17.4
Indiana	110	130	18.2	South Carolina	84	120	42.9
Iowa	63	73	15.9	South Dakota	17	20	17.6
Kansas	51	62	21.6	Tennessee	110	140	27.3
Kentucky	69	86	24.6	Texas	350	490	40.0
Louisiana	84	110	31.0	Utah	30	42	40.0
Maine	26	35	34.6	Vermont	12	17	41.7
Maryland	100	130	30.0	Virginia	140	190	35.7
Massachusetts	120	150	25.0	Washington	100	140	40.0
Michigan	180	220	22.2	West Virginia	37	44	18.9
Minnesota	91	120	31.9	Wisconsin	110	130	18.2
Mississippi	52	65	25.0	Wyoming	9.1	13	42.9
Missouri	110	130	18.2				

Created from data provided to the Alzheimer's Association by Weuve et al.[166,A8]



As shown in the figures above, between 2016 and 2025, every state and region across the county is expected to experience double-digit percentage increases in the numbers of people with Alzheimer's due to increases in the proportion of the population 65 and older.

Major operators of memory care facilities such as Brookdale, Capital Senior Living, and Benchmark believe that demand for memory care is as high as 38% of total assisted living demand. Based upon this, we will estimate demand for memory care at 35% of total assisted living demand.

The following table summarizes our conclusions of supply and demand for memory care.

Comparison of Supply and Demand For Memory Care

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. Indicated Demand	197	207	217	227	237	247	319
B. Less Existing Supply	98	98	98	122	122	122	122
C. Existing Unmet Demand or Oversupply	99	109	119	105	115	125	197
D. Additions/Subtractions to Supply	0	0	24	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	99	109	95	105	115	125	197

Our analysis shows that the PMA has an under-supply of memory care in the current year. This is supported by the higher occupancy levels of existing facilities in the PMA (97% overall). No new supply other than the subject development is forecast to be added over the next two years, so market conditions should continually improve.

The following table summarizes our conclusions of supply and demand for independent living:

Comparison of Supply and Demand For Independent Living

Item	Year						
	2017	2018	2019	2020	2021	2022	2027
A. Indicated Demand	790	830	869	909	949	989	1,276
B. Less Existing Supply	317	317	317	413	413	413	413
C. Existing Unmet Demand or Oversupply	473	513	552	496	536	576	863
D. Additions/Subtractions to Supply	0	0	96	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	473	513	456	496	536	576	863

Our analysis shows that the PMA has an under-supply of independent living in the current year. This is supported by the higher occupancy levels of existing facilities in the PMA (96% overall). No new supply other than the subject development is forecast to be added over the next two years, so market conditions should continually improve.

Supply and Demand Conclusion

The PMA is a growing market with low barriers to entry. Our analysis shows that the assisted living, memory care, and independent living segments to be under-supplied. This is supported by the higher occupancies reported throughout each segment (93% for assisted living, 97% for memory care, and 96% for independent living). There are no known pipeline projects, other than the subject, proposed or under construction at this time.

- There are currently 275 competitive assisted living beds within the PMA. With a demand figure for 621 beds in 2019 and a pipeline supply of 84 beds (i.e., the subject), there is forecast to be excess unmet demand for an additional 262 beds.

- Specific to memory care, with a total supply figure of just 98 competitive beds, a pipeline supply of 24 beds (i.e., the subject), and an estimated demand figure for 217 beds in 2019, there is forecast to be excess unmet demand for an additional 95 beds.

- Lastly, there are 317 competitive independent living units within the PMA at this time. With an anticipated demand figure for 869 units in 2019 and a pipeline supply of 96 units (i.e., the subject), there is indicated to be excess demand for an additional 456 units.

Determination of Achievable Rental Rates

In this section we will determine achievable rental rates for the subject.

Pricing Structures

There are a number of ways in which to price seniors housing services. A brief description of the pricing structures follows:

- **A-La-Carte:** Residents are charged a base rate for all basic services. Additional services are charged on an individual need.
- **Tiered Rate**: Residents are charged a flat rate for services or a per diem rate based upon their care level. Typically, a need assessment of each resident is performed to determine the care level required for the individual and the amount of staff assistance needed. This structure has been widely accepted by assisted living providers.
- **Flat Rate:** Residents are charged a flat fee based on the unit that they occupy.
- **Extensive Agreement:** Residents are charged one flat fee regardless of care level – either congregate care, assisted living, or nursing. This is normally found in older life care communities or continuing care retirement communities (CCRCs).

The subject will have a flat rate pricing structure for its independent living component and a tiered rate structure for its assisted living and memory care components.

Independent Living

Services included in the base monthly independent living rates at other Senior Resource Group communities are as follows:

- Studio, one bedroom, or two bedroom floor plans inclusive of window treatments and walk-in closets;
- Weekly housekeeping and flat linen laundry service;
- Full-complimentary breakfast plus one meal per day (lunch or dinner) – note that dining is “restaurant” style and is available for resident use 12 hours per day;
- Security features including smoke detectors, fire alarm system, and automatic sprinklers;
- 24-hour emergency call system;
- Individual climate control;
- All utilities including expanded basic cable TV – note that telephone service is not included;
- Dedicated computer and telephone lines;
- Scheduled group transportation;
- Social, cultural, and recreational programs; and
- Scheduled transportation.

Assisted Living

Base/Level 1 Care

The lowest level of assisted living at Senior Resource Group communities typically includes all of services included as part of the independent living rates plus the following:

- Three meals per day (rather than just two meals);
- Personal laundry;
- Medical management and counseling; and
- Basic assistance with the activities of daily living (ADLs).

Level 2 Care

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Market Rent Analysis

For purposes of estimating market rent for the subject development, we surveyed ten recently construction seniors housing communities located throughout the area.

Summary of Rental Comparables										
Element of Comparison	Comparable Number									
	1	2	3	4	5	6	7	8	9	10
Property Name	Coronado Villa Retirement Resort	Elan - Santa Monica	North Ridge Memory Care	MorningStar of Albuquerque	Paloma Landing Retirement Community	Montebello	La Vida Llena	Palmilla Senior Living	The Rio Grande Gracious Retirement Living	The Neighborhood in Rio Rancho
Address	6900 San Vincente Avenue NE, Albuquerque	7261 Louisiana Boulevard NE, Albuquerque	8101 Palomas Avenue NE, Albuquerque	8051 Palomas Avenue NE, Albuquerque	8301 Palomas Avenue NE, Albuquerque	10500 Academy Road NE, Albuquerque	10501 Lagrima de Oro Road, Albuquerque	10301 Golf Course Road NW, Albuquerque	2331 Westside Boulevard SE, Rio Rancho	900 Loma Colorado Boulevard NE, Rio Rancho

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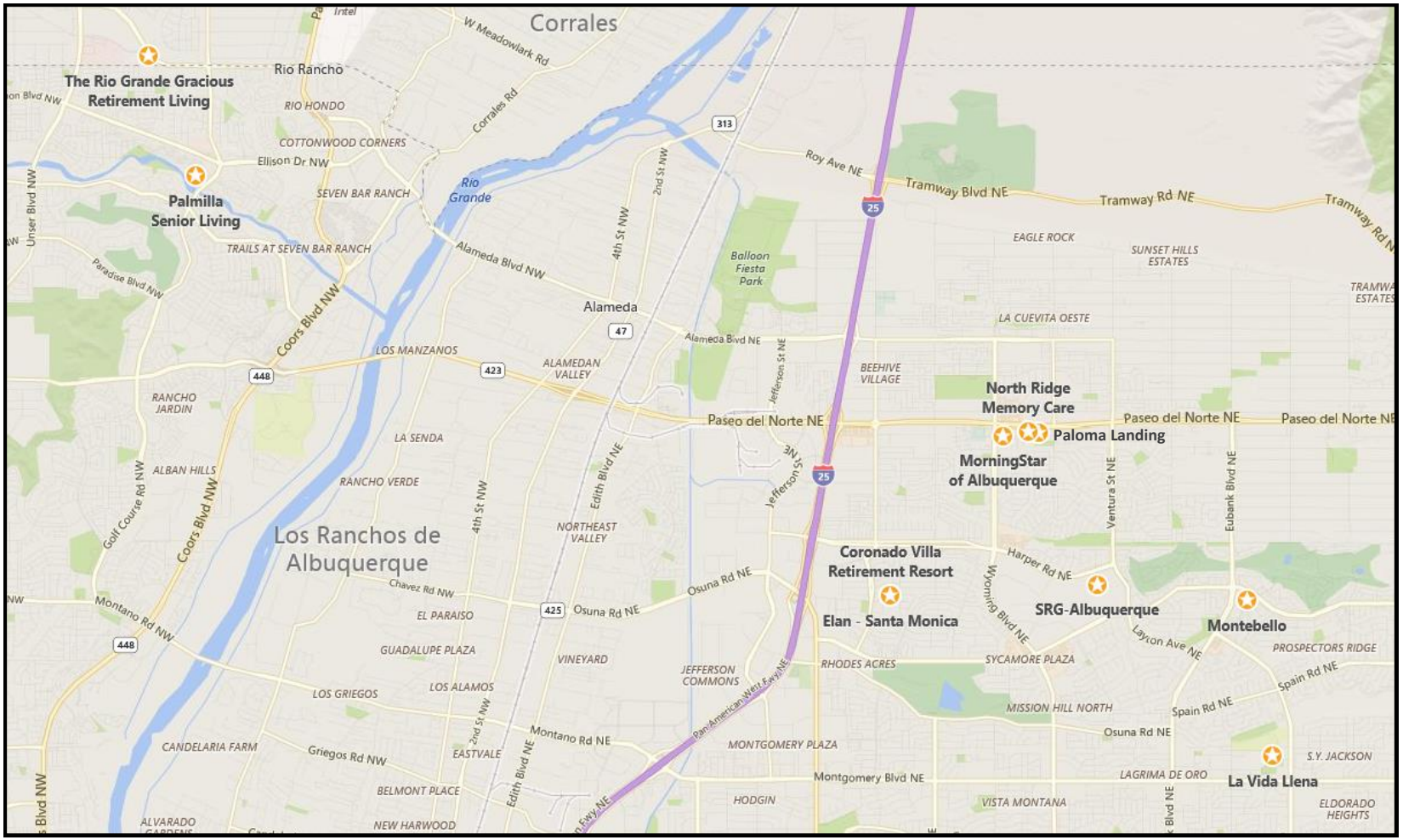
A map showing the location of each community in relation to the development site is as follows.



Rent Comparable Location Map

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The *State of Seniors Housing 2016* provided the following information pertaining to length of stay in months per community type:

Implied Length of Stay (Months)			
Community Type	Lower Quartile	Median	Upper Quartile
Independent Living	23.9	31.1	43.7
Independent/Assisted Living	22.0	29.0	45.0
IALF/ALZ	20.9	28.1	45.6
Assisted Living	14.0	20.8	36.3
Assisted/Memory Care	15.7	21.9	32.9
All CCRCs (Excluding SNF)	24.6	59.0	112.4

Source: *State of Seniors Housing 2016*

We will use an average length of stay of 48 months for purposes of the entrance fee economic analysis. In order to estimate the economic cost of the entrance fee to the resident on a monthly basis, a safe investment rate of 1.0% is assumed. This rate is based upon current rates for CDs and money market funds.

Now, the economic cost on a monthly basis of the entrance fees is calculated. The entrance fee paid at the time the resident moves in is the present value (PV), and the refunded amount is the future value (FV). The number of periods is 48 months (N), and the annual interest rate is 1.5% (I). The resulting monthly adjustment amount (PMT) is shown in the following table.

Entrance Fee Structure(s) at Comparable(s)		
	Safe	Monthly

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Conclusions and Recommendations

Conclusions and Recommendations

Pertinent conclusions and recommendations are as follows:

Market Area Description and Analysis

The subject's PMA is concluded to be the area within a 3-mile radius from the site. The primary land use in the area is single-family residential and the area is approximately 80% developed. The PMA is experiencing moderate population growth and has above average income levels. The area is considered to be in a stage of growth. Between 2017 and 2022, the market area is forecast to experience growth in demand for seniors housing at a moderate rate relative to the nation as a whole.

Supply and Demand Analysis

The PMA is a growing market with low barriers to entry. Our analysis shows that the assisted living, memory care, and independent living segments to be under-supplied. This is supported by the higher occupancies reported throughout each segment (93% for assisted living, 97% for memory care, and 96% for independent living). There are no known pipeline projects, other than the subject, proposed or under construction at this time.

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- Lastly, there are 317 competitive independent living units within the PMA at this time. With an anticipated demand figure for 869 units in 2019 and a pipeline supply of 96 units (i.e., the subject), there is indicated to be excess demand for an additional 456 units.

Determination of Achievable Rental Rates

Our concluded achievable rental rates for the proposed subject are as follows:

Information Removed

Recommendation

Based upon our analysis, we conclude there to be sufficient demand to support the development of the subject as proposed with 96 independent living units and 84 assisted living beds (including 24 memory care beds) at this time. Development should proceed as planned.

Jon Cruse

Senior Vice President
Valuation and Advisory Services, U.S.
jon.cruse@am.jll.com

Current responsibilities

Jon Cruse serves as Senior Vice President, Valuation & Advisory Services (VAS) and is based in JLL's Dallas, Texas office. In this role, he manages and leads a team of analysts providing special advisory with seniors housing (active adult/age restricted apartments, independent living, assisted living, memory care, and nursing care) and multifamily (conventional, affordable, and student). His analyses involve delineation of submarkets, analysis of supply conditions, econometric modeling, depth of demand by income qualification, absorption and demographic analyses. He also provides expertise with HUD 232 and 221d4 programs as well as various state tax credit programs.

Experience

Mr. Cruse is an 18-year industry veteran with consulting and valuation experience in markets throughout the United States. Mr. Cruse joined one of Integra Realty Resources' founding offices back in July 1998. During his 15+ year tenure with the firm, he worked on numerous market studies, custom consulting assignments, and valuation reports for an array of seniors housing and multifamily property types. He was also part of its Seniors Housing & Health Care Specialty Practice as well as its Economics Division. More recently, between January 2014 and March 2017, he served as Vice President, Advisory with Meyers Research LLC where he managed a team of consultants providing special advisory with multifamily, student housing, seniors housing, and mixed-use product types.

Affiliations and designations

- Southwest Mortgage Advisory Council (SWAC)
- Certified General Real Estate License-Texas

Education

- The University of Texas at Arlington, Economics

THIS IS TO CERTIFY THAT

Jon David Cruse

is licensed / registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico

License / Registration No.	License / Registration Type
TP-4302	Temporary Practice Permit
Issue Date	**Expiration Date**
03/28/2017	09/28/2017

The bearer is prohibited by law from using this identification card to give the impression that they are in any way connected with a governmental agency

Signature of holder:

Jon David Cruse
700 E Campbell Road #265
Richardson, TX 75081

State of New Mexico

REAL ESTATE APPRAISERS BOARD

PO Box 25101 Santa Fe, NM 87505 (505) 476-4622

This is to certify that

Jon David Cruse

is hereby granted a

TEMPORARY PRACTICE PERMIT

as a Real Estate Appraiser in New Mexico on the following assignment(s):

8888 Harper Dr. NE
Albuquerque, NM

Permit #TP-4302 Issue Date: 03/28/2017 Date Expires: 09/28/2017

Brian L. Chandler, MAI, CRE, FRICS

Executive Vice President
Valuation and Advisory Services, U.S.
Brian.Chandler@am.jll.com

Current responsibilities

Brian Chandler serves as the Executive Vice President of JLL's Valuation and Advisory Services (VAS) in the United States. In this role, he is focused on conducting appraisals, market studies, large portfolio engagements and consulting assignments for senior housing and health care properties nationwide. Actively engaged in commercial real estate valuation, consulting, and brokerage since 1989. Mr. Chandler has extensive experience in consulting and valuation of a wide variety of commercial, retail, industrial, and residential properties including, office buildings, shopping centers, power centers, regional malls, warehouse/distribution, apartments, senior housing, amusement parks, hotels, and vacant land. In addition, experience includes real estate brokerage, tenant representation, asset management, preparation and desk review of consulting and valuation reports, market studies, cash flow analysis reports for owners/developers, insurance companies, pension fund advisors, governmental agencies, commercial lending institutions, and investment companies.

Experience

Prior to joining JLL in late 2016, Mr. Chandler was with Integra Realty Resources, where he most recently served as Managing Director/Partner with the Dallas office and Associate National Practice Leader for the Seniors Housing & Health Care Specialty Practice. Mr. Chandler has held senior level positions with Cushman & Wakefield and GMAC Commercial Mortgage.

Affiliations and designations

- MAI designation by the Appraisal Institute (#12453)
- Fellow of the Royal Institution of Chartered Surveyors
- Member of the North Texas Commercial Association of Realtors
- Member of the American Senior Housing Association (ASHA)
- Member of the North Texas Chapter of The Appraisal Institute
- CCIM (Certified Commercial Investment Member) Institute, Chicago, Illinois
- CRE designation by the Counselors of Real Estate in 2012
- Certified General Real Estate Appraiser in AR, AZ, CA, CO, GA, HI, IA, IN, KY, LA, MD, MA, MI, MN, MS, MO, NE, NY, NC, OH, OK, OR, PA, SC, TN, TX, UT, VA, WA

Education

- University of North Texas, Denton, Texas, Bachelor of Business Administration, 1989
- Real Estate Graduate School Studies, 1990

THIS IS TO CERTIFY THAT

Brian Chandler

is licensed / registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico

License / Registration No.	License / Registration Type
TP-4304	Temporary Practice Permit
Issue Date	Expiration Date
03/28/2017	09/28/2017

The bearer is prohibited by law from using this identification card to give the impression that they are in any way connected with a governmental agency

Signature of holder:

Brian Chandler
700 E. Campbell Rd., Suite 265
Richardson, TX 75081

State of New Mexico

REAL ESTATE APPRAISERS BOARD

PO Box 25101 Santa Fe, NM 87505 (505) 476-4622

This is to certify that

Brian Chandler

is hereby granted a

TEMPORARY PRACTICE PERMIT

as a Real Estate Appraiser in New Mexico on the following assignment(s):

524 Paloma Landing- 8301 Palomas Ave. NE, Albuquerque, NM
549 The Rio Grande- 2331 Westside Blvd. SE, Albuquerque, NM

Permit #TP-4304 Issue Date: 03/28/2017 Date Expires: 09/28/2017

Charles A. Bissell, MAI, ASA, CRE

Managing Director
Valuation and Advisory Services, U.S.
Charles.Bissell@am.jll.com

Current responsibilities

Mr. Bissell serves as Managing Director in JLL's Valuation & Advisor Services, specializing in senior housing and health care. In this role, he directs valuation and consulting engagements related to a wide variety of seniors housing and health care properties, including nursing homes, assisted living facilities, independent living facilities, CCRCs, hospitals, ambulatory surgery centers, and medical office buildings. Bissell also serves on the Executive Committee for JLL's U.S. Valuation & Advisory Services.

Experience

Bissell has been involved in commercial real estate valuations since 1986. Prior to joining JLL, he held various positions with Integra Realty Resources, including National Practice Leader of the Seniors Housing & Health Care Specialty Practice. Bissell has directed assignments in 50 states, the District of Columbia, and Canada. His team has provided valuation or consulting services on more than 7,500 seniors housing and health care assets. Mr. Bissell also provides advisory services to owners and developers of seniors housing and health care properties, including asset disposition and purchase due diligence. He has been involved in the brokerage of more than $800 million of seniors housing assets.

Affiliations and designations

- Appraisal Institute, Member (MAI) Appraisal Institute
- American Society of Appraisers (ASA)
- Counselor of Real Estate (CRE)
- Certified General Real Estate Appraiser in AL, AR, AZ, CA, CO, FL, GA, HI, IA, IL, IN, KY, LA, MA, MD, ME, MI, MN, MS, MO, NE, NJ, NM, NY, NC, OH, OK, OR, PA, SC, TN, TX, UT, VA, WA

Education

- Bachelor degree in Finance, Dallas Baptist University

THIS IS TO CERTIFY THAT

Charles Bissell

is licensed / registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico

License / Registration No.	License / Registration Type
03272-G	General Certified Appraiser
Issue Date	**Expiration Date**
07/19/2012	04/30/2018

The bearer is prohibited by law from using this identification card to give the impression that they are in any way connected with a governmental agency

Signature of holder:

Charles Bissell
700 E. Campbell RD. #265
Richardson, TX 75081

State of New Mexico

REAL ESTATE APPRAISERS BOARD

PO Box 25101 Santa Fe, NM 87505 (505) 476-4622

This is to certify that

Charles Bissell #03272-G

Having complied with the provisions of the New Mexico Real Estate Appraisers Act is hereby granted a license to practice as a

General Certified Appraiser

This appraiser is eligible to perform in Federally Related Transactions

Issue Date: 07/19/2012 Date Expires: 04/30/2018

THIS LICENSE MUST BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS

ADDITIONAL NEIGHBORHOOD INFORMATION

SUTIN THAYER & BROWNE
A PROFESSIONAL CORPORATION
LAWYERS

IRWIN S. MOISE (1906-1984)
LEWIS R. SUTIN (1908-1992)
FRANKLIN JONES (1919-1994)
RAYMOND W. SCHOWERS (1948-1995)
GRAHAM BROWNE (1935-2003)

ROBERT G. HEYMAN (Of Counsel)
DEREK V. LARSON (Of Counsel)
NORMAN S. THAYER (Of Counsel)

ANDREW J. BARANOWSKI
ANNE P. BROWNE

SUZANNE WOOD BRUCKNER
MARIA MONTOYA CHAVEZ
KATHARINE C. DOWNEY
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TINA M. GOOCH
SUSAN M. HAPKA
BRANA L. HARDWAY
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ROBERT J. JOHNSTON
JACQUELINE K. KAFKA
CHRISTINA M. LOONEY

STEVAN DOUGLAS LOONEY
KEITH C. MIER
LYNN E. MOSTOLLER
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December 21, 2017

Karen Hudson, Chair
City of Albuquerque Environmental
Planning Commission
600 2nd Street N.W.
Albuquerque, NM 87102

Appeal of Project # 1007412
17EPC-40024 Zone Map Amendment (Zone Change)
17EPC-40025 Site Development Plan for Subdivision
17EPC-40026 Site Development Plan for Building Permit

Dear Ms. Hudson:

As you may know, the City Council at its regularly scheduled meeting on December 18, 2017 voted unanimously to accept the Land Use Hearing Officers' recommendation in all findings contained in his decision dated November 25, 2017 remanding the application back to EPC for a rehearing. In discussions with Mr. Vos of planning staff on December 19, 2017, we were advised that the EPC hearing for the remand of the application may be heard as early as January 11, 2018.

If this is true, the Appellants strongly object to this fast track schedule. Importantly, one of the LUHO's instructions was for the applicant to produce its full market study with only proprietary confidential material redacted. Preliminarily, there are additional problems with the market study and we are advised that City staff has not yet fully analyzed it yet the original excerpt was used to justify the zone change that the LUHO remanded back to EPC. . We have the redacted market study but the attachments were not included. We therefor need the full market study with attachments sufficient time to study it

Looking at the 48 hours rule, and if the hearing is scheduled for January 11th, position statements would be due on January 9th, and we do not know when we would see staff's updated evaluation of the application or any rectification of the deficiencies identified by the LUHO. Additionally should the applicant provide new information to

address these deficiencies both the planning staff and the appellant will require time to review and analyze the changes. Furthermore, the Appellant will require time to address staff's updated analysis which is not yet available. Should the applicant's new information or submission include anything associated with the most current proposed site development plans, another city facilitated meeting with the CHCA is warranted to explain those plan changes. Accordingly the Appellants request another facilitated neighborhood meeting with the Applicant and the City. .

In addition, I am scheduled for oral argument before the Court of Appeals on January 9th and have another hearing on January 10th before the Zoning Examiner for Bernalillo County on another matter. On top of all that, I have deadlines the week of January 2nd after the holiday break.

Finally all of my clients believe that such a fast track schedule would be prejudicial to their appeal and sufficient time needs to be scheduled to address the LUHO recommendations and findings.

Accordingly, we respectfully request that the hearing upon remand, consistent with the LUHO Findings and Recommendations not be scheduled until the next EPC meeting in February. This will give everyone sufficient time to address the deficiencies outlined by the LUHO, the market study, staff's evaluation a facilitated meeting and Appellants' right to have time to adequately prepare for the hearing, evaluate and obtain the full market study and an opportunity to address matters therein.

Thank you for your consideration.

Very truly yours,

SUTIN, THAYER & BROWNE
A Professional Corporation

By Frank Salazar
Frank C. Salazar
Albuquerque Office

FCS/ldh

cc: Chris Melendres
Michael Vos
Larry Wells
Jackie Fishman

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