



Albert Einstein Residence Center Plans & FAQ

November 14, 2023

The Albert Einstein Residence Center (AERC) is in escrow to be sold to Security Properties, based out of Seattle. Escrow is expected to close by January 2024.

The board of directors of AERC is working to transform the AERC nonprofit organization to become Einstein Jewish Community Services (EJCS), a human services agency supporting seniors, the disabled, and others in our community through a variety of innovative social services. This new agency will continue the legacy of the Einstein name and mission, supporting those in need in our community.

The endowment that will result from this historic sale will result in the largest investment of funds in Sacramento Jewish community history. These funds will be invested with the Jewish Community Foundation of the West.

Why sell?

Due to Federal housing laws, AERC is unable to serve the Jewish community in a meaningful way. AERC was founded in 1979; at the time, the U.S. Department of Housing and Urban Development (HUD) was actively recruiting religious communities around the country to build and provide affordable housing for their congregants and communities.

While Einstein was opened with a 100% Jewish population in 1981, today, less than a third of the 78 one-bedroom apartments are home to Jewish residents. Fair housing laws prohibit any reference to religion in advertising or tenant recruitment. The waitlist is federally monitored so there is no preferential treatment for Jewish applicants. AERC

is simply now a subsidized HUD apartment complex for seniors and disabled adults of all backgrounds.

Since then, many religious communities, such as Temple Beth Am in Los Angeles, Jewish Long Beach, and the Orlando Jewish Federation, have thus sold their older HUD properties to reinvest those funds in their Jewish communities.

Why now?

The AERC building is over 40 years old and it needs extensive renovation and numerous improvements to bring it up to code and to provide an enduringly safe home for our residents. These improvements are expected to cost three to five million dollars. The organization can not afford to upgrade the facility to the highest standard; taking out a \$5.5 million mortgage (to pay off the current \$2.4 million mortgage plus improvements) would not be financially responsible.

Who bought Einstein?

The proposed buyers of AERC, Security Properties from Seattle, is an owner and developer of affordable senior properties in California and throughout the country. They have successfully renovated and preserved affordability in many properties similar to AERC.

Security Properties has applied to extend the existing HUD rent subsidies for an additional 20 years, which will ensure:

- The property will remain affordable senior apartments.
- There will be no changes to residents' existing rent resulting from the sale. All Section 8 residents will continue to pay no more than 30% of their income, in accordance with HUD regulations.
- No residents will be involuntarily relocated from the property.

Security Properties has also applied for a source of funding that will be used to extend affordability for 55+ years, fund an extensive renovation of the property, and enhance resident amenities. This funding source is competitive and the timing of an award is uncertain. As such, the timing and scope of work of the proposed renovation is not finalized and may be subject to change.

When will renovation occur?

Renovation of the property will not begin until at least early 2024. Well before any work commences, the buyer will hold a resident meeting to share the details of the renovation.

What will Einstein Jewish Community Services do?

As long as approval is received by the California Office of the Attorney General, Einstein Jewish Community Services will begin to meet basic human needs in our community. While planning is still in progress and take months, EJCS will work to focus on the areas identified in the 2023 Jewish Community Study that identified the following as the most important services for the Sacramento Jewish community to provide:

- Care for the elderly and disabled
- Events to bring the Jewish community together
- Care for Holocaust survivors
- Mental health and counseling
- Connections to volunteering or opportunities to give back to the community

Who will run Einstein Jewish Community Services?

The board of directors of the AERC is working on a transition plan and a business plan as they transition to become Einstein Jewish Community Services. It is anticipated that there will be a new board of directors that will oversee the organization. The AERC board appointed Rabbi Matt Rosenberg at their October 2023 meeting to serve as the transitional executive director between now and the time that a new board can determine how they will hire an executive. Rabbi Matt has not only led AERC for the past three years but was also an executive at other nonprofit organizations, including the American Red Cross and Hillel. He is a past board president of Nechama: Jewish Response to Disaster and holds masters degrees in both geography and rabbinic studies.

Where will Einstein Jewish Community Services be based?

Between now and the expected close of escrow, Einstein Jewish Community Services is based out of the AERC. After the close of escrow in early 2024, the organization will likely be virtual or obtain a small office as planning and preparation for a full launch by late 2024 takes place.

What happens to the proceeds from the Albert Einstein Residence Center?

Upon closing of escrow and paying off the mortgage (approximately \$2.4 million) as well as broker fees, the board is responsible for stewarding the more than \$15 million in proceeds safely until the office of the Attorney General approves the business plan and use of the AERC funds to endow Einstein Jewish Community Services.

During that stewardship, the money will be invested securely as the board awaits AG approval. Following approval, the plan is to create a major endowment in the Jewish Community Foundation of the West (JCFW). This investment in JCFW will further help support the broader Jewish community and its organizations.

What happens to the kitchen?

The daily meal program for residents began closing in the summer and is no longer in operation. All residents have their own kitchen facilities in their apartments.

The Einstein kitchen remains open with a skeleton staff to prepare meals for the Jewish Federation's Kosher Meal Delivery (KMD) program. Upon close of escrow the kitchen at AERC will close. Contact the Federation if you have questions about their Kosher Meal Delivery program.

What will the future leadership of Einstein Jewish Community Services look like?

There is a planned lengthy transition period following the sale in order to develop EJCS and to gain state Attorney General approval for the use of the funds. The development of new articles of incorporation and bylaws are in progress in conjunction with the attorneys helping with the sale and transition. The structure and composition of the EJCS is being developed and it will be up to the new board to determine what sort of executive the organization needs and how that person will be hired.

If you have any other questions or concerns, please contact Rabbi Matt Rosenberg at 916-972-9555 or rabbimatt@einsteincenter.org.