

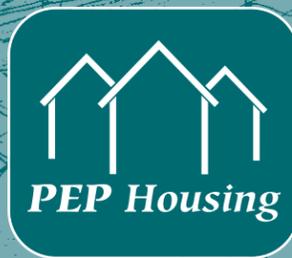


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PEP Talk

Building Communities... One Project at a Time

Spring 2009

Full Hearts and Full Stomachs

By Georgia Argyle

Resident Profile



Latifa & Jameel Zakout

If ever you are fortunate enough to visit the home of Latifa and Jameel Zakout, don't arrive with a full stomach! Just know that they won't allow you to leave without sampling some of Latifa's delicious Middle Eastern dishes. You might be offered, as I was, freshly made tabouli salad, nourishing broshki with meat and onion, home-baked spicy zatar, and more.

The Zakouts are eager to return the hospitality and friendliness they've felt throughout their recent process of being welcomed to PEP Housing's newly opened Casa Grande Senior Apartments. "Everybody here has been very good to us," says Jameel Zakout. "All the services are very good and we like it very much here."

Jameel and Latifa were both born in Majdal, Palestine in the 1930s. They married young and relocated in 1958 to Qatar on the Persian Gulf. For four decades, Latifa worked as a staff nurse while raising six sons. Jameel taught high school for 40 years, first teaching Phys Ed, then History. In 1998, now retired, they immigrated to the Bay Area to be near two of their sons — one in San Francisco and one in Petaluma. Three other sons are in Ottawa, Canada, and one son is in Montreal. Jameel and Latifa have 19 grandchildren, some of whom are already in college.

Jameel recently had an opportunity to recount the story of his life to a group of students from Casa Grande High School. Jameel's many eye-opening anecdotes enriched the students' understanding of the history of the Middle East. One of the girls

who attended has a Muslim father and a Catholic mother. She lost her Palestinian grandfather when she was eight years old and still really misses him. Luckily, Jameel was there and they were able to discuss the Muslim beliefs about the afterlife and the significance of Ramadan. In turn, Jameel now treasures a sheaf of heartfelt thank-you notes the students wrote to him in gratitude.

The Zakouts moved into Casa Grande Senior Apartments this January. On nice days they relax on their balcony, sipping tea or observing football practice on the field across the street at Casa Grande High School. They like to watch movies on television, as well as the Arabic channels, and they

attend the Thursday afternoon discussion groups in the Community Room. Jameel watches sports on TV and keeps fit by going for a half hour walk every day, rain or shine. Latifa is a superbly gifted cook and is considering resuming her hobby of knitting.

Jameel affirms it's more affordable to be living here, and, pointing across the school yard he says, "Our son lives just over there a few blocks away." He appreciates the apartment's design touches that are oriented towards seniors, and Latifa finds the cupboards and closets roomy enough to accommodate their belongings. "We are very comfortable here," she says, "and I recommend PEP Housing to other people. They are treating us very well here." ▲

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Finance Director
Kari Millar
Director of Fundraising
Eve Prevost
Manager of Property and Compliance
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A Taste of Summer

PEP Housing's Annual Benefit
Is Coming Early This Year!

Friday, May 1, 2009 • 5:00 – 8:00 p.m.

A gourmet cuisine and wine tasting event at Preferred Sonoma Caterers' new building at 416 East D Street, Petaluma

Reduced Admission Price!
\$35 in advance; \$40 at the door

To register call 707-762-2336 or email pep@pephousing.org

If you can't make it to our event, you can still participate in our **silent auction online!**

Visit www.pephousing.cmarket.com for fabulous finds with no crowds!

Message from the Executive Director — Mary Stompe



I am often asked why PEP Housing is starting to build affordable housing outside of Petaluma. With over 30 years experience and expertise in senior housing, we know that our model of quality affordable housing works. The City of Petaluma has always been very supportive of our mission. However, the City has limited resources and has met its current goals for senior housing. It now needs to use its limited resources on a variety of other kinds of housing projects.

Our operations are funded with donations, developer fees, and very low rents. The developer fees are built into each new project for administration and oversight. Without these developer fees, PEP Housing wouldn't be able to continue to maintain the low rent structure we have in place at our 13 properties in Petaluma.

As opportunities to build affordable senior housing outside of Petaluma present themselves, we have an obligation to embrace them. This allows us to help serve the needs of elderly citizens in other communities while continuing to support our senior residents in Petaluma. It's the quintessential "win-win" scenario. And in an economy that's struggling, it gives PEP Housing the ability to maintain our apartments at the same level as in previous years.

As the Baby Boomers age, we anticipate that the need for affordable senior housing in Petaluma will rise again. PEP Housing is poised to meet that need with two properties ready to develop in Petaluma. In the mean time, we're focusing our efforts on keeping the properties we already have financially strong through fundraising and outstanding property management. Our staff is committed to providing the very best affordable housing for seniors in the nation. We are grounded by our roots in this community and the amazing seniors we serve, and will continue to serve, here in Petaluma.

We have an opportunity to help so many more seniors with decent, quality affordable housing. This is our mission and our work will not be done until every senior has a decent affordable place to call home. ▲



PEP Housing Named NAHB National Green Building Award Finalist

The National Association of Home Builders (NAHB) announced that PEP Housing is a finalist for the 2009 NAHB National Green Building Awards.

The prestigious annual awards honor home builders, remodelers, home builders' associations and other organizations for advancing green building through innovative design and construction techniques, excellent educational programs and successful advocacy efforts.

PEP Housing was nominated in the Multi-family Project of the Year category for Casa Grande Senior Apartments.

In February 2008, Casa Grande Senior Apartments passed the Build It Green rating checklist with flying colors. Buildings that achieve at least 50 Green Points (with a minimum number of Green Points earned in various categories) are eligible to become Green Point Rated. PEP Housing's Casa Grande Senior Apartments received a score of 103 points, more than double the points needed to earn a Petaluma Build It Green certificate. Some of the innovative green features include the photovoltaic system, hydronic heating, water efficient landscaping with satellite irrigation control, light gauge recycled content steel framing, and recycling a minimum of 75% of waste.

The awards are part of the NAHB National Green Building Program, NAHBGreen, which includes education, advocacy, marketing and certification services for green homes. Since NAHBGreen debuted in February 2008, almost 150 homes have been certified across the country. Project entries must be scored to the NAHBGreen rating system to facilitate judging.

"Between 2006 and 2008, the number of award applications quadrupled. The tremendous growth of this program reflects the growth of green building practices all over the country," said NAHB Green Building

Subcommittee Chair Eric Borsting, a California home builder.

"As the first affordable housing provider in Sonoma County to build a certified green development, we are thrilled to be in the running for this award," said PEP Housing's Executive Director Mary Stompe. "As an organization, we have set much higher standards for ourselves than are required."

The awards will be presented at a gala dinner during the NAHB National Green Building Conference. The 11th annual conference is set for May 8-10, 2009, in Dallas, Texas. ▲



It's not quite summer yet, but you can get a taste of it at PEP Housing's 7th annual benefit on May 1, 2009. This year we're joining forces with Preferred Sonoma Caterers to celebrate the opening of their new building on East D Street and bring you an event featuring the latest culinary creations. Themed "A Taste of Summer," the evening will be packed with culinary samplings that are guaranteed to delight your taste buds.

Beginning at 5:00 PM, you can stroll through Preferred Sonoma Caterers' new 5,000 square foot building, pausing at tasting stations of gourmet cuisine paired with delectable wines along the way. Chef Amber Balshaw will be doing cooking demonstrations and sharing some of her most delicious recipes. There will be rousing live music that will get your toes a-tapping.

You'll also find some great bargains at our silent auction — trips, shows, art, jewelry, dinners, and, of course, more wine! Here are just a few samples of the auction items that are piling up in our corporate office:

- ▲ A personally guided tour of Steve Sansweet's "Rancho Obi-Wan" — the world's largest private collection of Star Wars memorabilia located in a 5,000 square foot museum in Petaluma. The tour includes a personalized copy of one of Steve's Star War book.
- ▲ One night in a deluxe room at the Lodge at Sonoma.
- ▲ Cruise on the Bay for 2 on a 55-foot Catamaran.

- ▲ Series of three massages at the National Holistic Institute.
- ▲ Infineon Raceway tickets.
- ▲ Two tickets to see Kathleen Battle perform at the Marin Center.
- ▲ One year pass to all Sonoma County Regional Parks.
- ▲ Hand-crafted fresh-water pearl necklace and earrings set.

Sensitive to the current economic conditions, PEP Housing has made an unprecedented decision to roll back the price of admission to the 2005 level. At only \$35 per person, everyone can join in the fun! Remember, every little bit of financial support helps our seniors. When we put it all together, it adds up to a significant amount that allows PEP Housing to keep our 13 properties in pristine condition and rents low for our 300+ residents.

Of course, the best part of the evening is joining together as a community to support PEP Housing and the limited-income seniors we serve. This is the one special time of year that you can talk and laugh with

old and new friends who all share a passion for helping seniors live out their retirement years in dignity and comfort. You won't want to miss this wonderful event! ▲

Date: Friday, May 1, 2009

Time: 5:00 — 8:00 p.m.

Place: Preferred Sonoma Caterers
416 East D Street, Petaluma

Reservations: \$35 in advance, \$40 at the door

Don't wait to register!
Call 707-762-2336 or
email pep@pephousing.org

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High School Students Visit PEP Housing

by Paige Steiding, Casa Grande High School Student



In the early weeks of February, the Human Interaction classes of Casa Grande High School took a short walk across the street to visit the PEP Housing apartments on Casa Grande Road. Human Interactions, abbreviated as H.I., is a course that teaches the high school freshmen how to make important decisions that will affect them later in life. One of the course sections is helping others, which is what brought the students to the new PEP Housing bearing gifts of books, puzzles, and games.

The H.I. classes, taught by Ms. Moquete and Ms. Bender, joined the residents of the Casa Grande Senior Apartments in the community room. Upon their arrival, a gentleman named Buz Hermes explained to the students the mission and the history behind PEP Housing. Several seniors then shared their stories: they talked about their family, their hobbies, and in several cases, the difficulties which led them to seeking help from PEP Housing. Afterwards, the seniors asked the students questions involving how life is like today for the teenagers. Both groups enjoyed noticing the similarities and contrasts between life as a senior and life as a teen, and how the seniors' lives were like as teens and how teen life is today.

The Human Interaction students enjoyed spending the time getting to know the seniors at the PEP Housing, and look forward to the next time they will be able to visit.

Dear Buz,
I had a very terrific time over at the senior apartments. The one thing that I enjoyed most out of this field trip was to meet some of the seniors who had big events that changed their life so much. I especially love the sad, touching story that Joyce told before we left. It made me feel so sad deep down inside my own heart, and also sounded very interesting at the same time. The next time we head back to the senior apartments, I expect to meet many other seniors with interesting stories to tell about their life. Hope to see you and Joyce again soon.
Sincerely, Steven Wolfson

To Ed and Buz,
Thank you for offering your opinions and comments regarding life and such. I enjoyed listening to your descriptions of past generations: the sixties, the Korean War, etc. And thanks for listening to my comments and ideas. It is greatly appreciated, honestly, I hope that with the frequent visits and such that I will get to know you and the other residents better. And I must say that you have a fine establishment running.
Sincerely, Charlie Rosser

Intergenerational Program Activities:

Jazz Band: The Casa Grande High School Jazz Band provided upbeat music for the Ribbon Cutting ceremony and was a big hit with all the attendees.

Class Site Visits: Students in the seven "Human Interaction" classes (20-30 students each — nearly 200 students in all) recently visited Casa Grande Senior Apartments and enjoyed a tour of the grounds, a presentation on "Ageism" and an informative exchange with many of the residents. The students shared what they are learning in the class and the residents shared what they have learned from their lifetimes of experiences. Many of the residents are originally from other countries so their sharing of cultural differences added another dimension to the discussion.

Donations: Several of the classes went to an on-line site and solicited donations of books, games, and puzzles which they used to fill our empty shelves. Others taught us how to play Bocce Ball.

Valentine's Celebration: One of the classes returned February 12th for a special Valentines celebration. They delivered valentines to each apartment and then joined residents in the Community Room for games and informal discussions.

Resident Survey: The students distributed a "Resident Survey" asking about residents' needs and interests and what talents or interests they would like to share with the students. Residents are beginning to return the completed surveys to me.

Student Volunteers: We have had 3 student volunteers from the high school, each doing 10 hours of community service. Another 3 are beginning this week. The students are helping residents with unpacking, hanging pictures, setting up television and computer components, and flattening emptied cartons for recycling. They also pick up litter from the grounds and keep the Community Room clean and tidy.



Possible Future Activities:

Talent Show: A "talent show" put on by the students for the residents followed by dancing.

Creek Monitoring: Residents trained by the United Anglers program at Casa Grande High School to monitor the restored Adobe Creek.

Culinary Arts Program: Explore possibilities for students to share nutritional information with residents and assist with special events.

Bocce Ball Teams: When the weather gets warmer, perhaps have a tournament with residents vs. students.

Garden Project: Student volunteers may be able to help residents who wish to garden in the raised beds, possibly research organic gardening techniques, start a compost bin, suggest plants that attract beneficial insects.

Dear Buz,
Thank you for showing us around. You have shown me how to be more respectful and also have encouraged me into making the right choices. It counts to be respectful to others and you can make a difference. I realize how important education is now. I really liked the stories there, some of them have been through a lot, and other have seen the world
Sincerely,
Bryan Arellano

Dear Buz,
I want to thank you for inviting our class over to the PEP apartments. I really enjoyed listening to the stories of our senior citizens. My favorite part of the visit was when I got to play Bocce Ball. I never knew that that game was so fun. Maybe being a senior is not that bad. Petaluma and the world thanks you for your dedication to the community. I also thank you for sharing your wisdom with our class. I hope to see you again.
Sincerely, Richardo Cortez

Housing Development Department

Residents Move in to Casa Grande

In December 2008, PEP Housing completed construction on and received a permission to occupy its newest development for low income seniors. Casa Grande Senior Apartments held a grand opening celebration on January 7 to show off the new community, and residents began moving in on January 12. The property is now 100% occupied.



Casa Grande took several years to come to fruition. Three Board Presidents provided outstanding leadership on this project including Len Svinth, Bill Fishman, and Dave Schmidt. Thanks to their significant contribution, the project was completed and over 60 seniors can call Casa Grande home.

Marin Community Foundation & Marin Housing Invest in PEP Housing

In late 2008, PEP Housing met with and received a commitment from the Marin Community Foundation (MCF) for funding for Toussin Senior Apartments in Kentfield, Marin County. MCF will provide PEP Housing with loans for the project as well as a \$200,000 grant. Toussin Senior Apartments also received project-based rental assistance from Marin Housing, the local distributor of rental vouchers in the county. Along with many other sources of funding, PEP Housing will utilize low-income housing tax credits and funding from FHLB Affordable Housing Program to make the project a reality. Once these sources are committed, PEP Housing plans to break ground in the Fall of 2009.

Acacia Lane Receives HUD Funding

In July, PEP Housing submitted its funding application for Acacia Lane Senior Housing to the U.S. Department of Housing and Urban Development (HUD) for Section 202 Supportive Housing funds. More than six months later, we received word that we were one of only five projects to be funded in California. HUD awarded PEP Housing nearly \$6 million in capital advance funding along with project-based rental assistance, which offers rent subsidy to the project so that residents pay only 30% of their income on rent. The project will utilize the same mixed financing as was seen with Casa Grande — HUD 202 Funds along with tax credit equity, tax-exempt bond financing, and funds from the City of Santa Rosa, including HOME and Community Development Block Grant funds. PEP Housing is now in the process of securing these other sources of financing and anticipates a late 2009 or early 2010 groundbreaking.

Shiloh Sustainable Village

PEP Housing is partnering with NorthStreet Partners LLC to build Shiloh Sustainable Village, a mixed-use development in Windsor. The project will include 76 units of affordable senior housing, 64,000 square feet of retail space, and 60 market-rate row houses. The project will be Gold LEED Certified with many green aspects including a photovoltaic system, geothermal heating and cooling for the commercial space, radiant heating and cooling for residential units, low energy appliances and lighting, water consumption reduction, and a high-efficiency building envelope.

The project has received approval from the Town of Windsor and construction is expected to begin in late 2009 or early 2010. ▲



PEP Housing Receives Funding for First Santa Rosa Project

On January 13, 2009, Congresswoman Lynn Woolsey's office called PEP Housing to give us the good news: the U.S. Department of Housing and Urban Development (HUD) has selected PEP Housing to receive \$5,792,700 in capital funding to build our first affordable housing project in Santa Rosa.

In July 2008, PEP Housing submitted its funding application for the Acacia Lane Senior Housing project in Santa Rosa to the U.S. Department of Housing and Urban Development for Section 202 Supportive Housing funds. In addition to the capital funding, HUD also committed \$662,700 in rental subsidy funds for the project.

One of only five projects in California approved for funding, PEP Housing's Acacia Lane development is the only affordable housing project in the North Bay slated to receive HUD 202 funds in 2009. All tolled, California received \$46,451,100 in capital advances and \$5,334,300 in rental subsidy. This totals \$51,785,400 in funding for 310 units, which is a considerable reduction from last year. In 2008, California received nearly \$77 million for the development of 492 affordable housing units.

Acacia Lane Senior Apartments is to be situated on 1.3 acres just outside of the city center of Santa Rosa. PEP Housing closed escrow on the land in the Fall of 2007, and since that time has selected an architect and obtained initial drawings for the project. The proposed community will be approximately 44 units of housing catering to the needs of low-income seniors.

It is located in close proximity to shopping, transportation, and senior services. One bedroom units will be approximately 620 square feet and will be designed to optimize ease of use and circulation for residents. PEP Housing will again make energy efficiency and environmental awareness a priority. In addition to utilizing energy-efficient building materials, all appliances will meet Energy Star ratings and a photovoltaic system has been incorporated into the design to reduce pollutants and demand on the power grid.

"We are extremely excited that this project has been chosen to receive HUD funding," said Executive Director Mary Stompe. "Every year, funding for affordable housing dwindles, and in the current economy, it's become even more difficult to secure capital funding. The fact that HUD chose to fund our project out of the hundreds of applicants is a testament to their confidence in PEP Housing's ability to build quality affordable housing."

While receiving HUD funding is a major step toward realizing this dream project, PEP Housing still has to obtain additional funding from low-income housing tax credits, City of Santa Rosa Housing Authority, and affordable housing program funds from the Federal Home Loan Bank. "Utilizing a mixed financial model is becoming more of the norm in today's economic environment," explained Stompe. If all funding falls into place on schedule, we expect that construction would likely start in late 2009 with initial occupancy in Fall of 2010. ▲

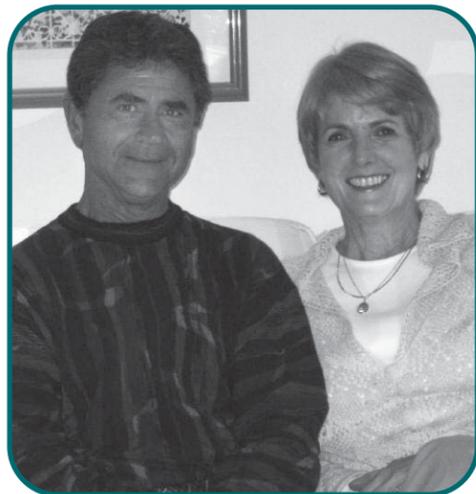
Inspired Philanthropy: Lynn and Gary Imm

Lynn and Gary Imm originally learned about PEP Housing through their friend Dick Lieb, who was PEP Housing's architectural planner and stalwart supporter from the organization's inception in 1978 until his death in 2001. But it took a couple years for Lynn and Gary to become personally involved. Lynn had been volunteering with Petaluma People Services Center's Meals on Wheels program. As a volunteer, she began delivering meals to PEP Housing's seniors. Learning about them, hearing their stories, and how much they appreciated living at PEP Housing solidified Lynn's relationship with the organization.

"Gary and I are big seniors advocates" stated Lynn in a recent interview at their home in Petaluma. Lynn and Gary loved the work that was being done at PEP Housing and they started volunteering at PEP Housing's annual fundraising events. Eventually, their involvement with PEP Housing grew beyond pouring wine to financial contributions.

"We were close to our parents and we feel that it's really sad how our society takes care of its seniors. PEP Housing has come in and filled an important need. They've created places where people can live independently, be proud of where they live, and feel secure."

A few years ago, there was an open house at PEP Housing's Vallejo Street properties where residents opened their apartments to visitors. Lynn and Gary attended and remember how proud the residents were to show people their homes. "How could you not fall in love with that?!" Lynn asked. "This organization is an amazing thing — and it came from Petaluma and it's still in Petaluma."



Grandparents themselves, Lynn and Gary continue to enjoy meeting and talking with PEP Housing seniors. "They have some very, very interesting stories. We met one PEP Housing resident who drove the jeep for General Eisenhower during World War II. And another man who was a fighter pilot. Seniors have so many amazing stories that are undiscovered!" exclaimed Lynn.

This dedicated couple's passion for helping seniors stems from experiences within their own family. "Seniors are just so vulnerable," said Gary. "It's easy to support kids because they're so cute. But kids have advocates — the courts will appoint people to look after them. Seniors don't have that help.

"We all know of seniors who are abandoned by their families or have no families. Horrible things can happen to them. Horrible people will take advantage of them. They need an advocate, somebody to be on their side to make sure that they're taken care of."

Gary can personally relate to this because his elderly mother had that experience. "There were a couple people who took advantage of my mom. They sold her ridiculous things that she didn't need."

Luckily, Gary and Lynn were able to intercede and make sure that didn't continue. But it's happening every day to seniors who don't have family members to step in.

"PEP Housing is there for seniors and does an amazing job," stated Gary. "Society as a whole needs to do better."

Lynn echoed Gary's sentiment that the homes that PEP Housing provides to seniors are so very important. "That's it," she said. "They've finally got a home and they have people they can interact with. There's no shame — it's a privilege to live there." ▲

Forms of Ageism

(adapted from the book *Ageism* by Erdman B. Palmore, PhD)

Marketing Images: Use of young people to promote products designed for older people including anti-aging products, lifestyles, procedures.

Generalizing: Grouping people by age (e.g. "the elderly have special needs").

Stereotyping: Assuming all older people are retired, feeble, sexually inactive, hard-of-hearing, sad, lonely, grouchy, have failing memories, are prone to certain illnesses, etc. Many jokes and birthday cards rely on aging stereotypes for humor.

Gerontophobia: Avoiding older adults because they remind us of our vulnerability and mortality.

Denial: Treating elders as if they weren't old. (e.g. "Don't you look pretty today, young lady!") Giving compliments that would not be given to younger persons. (e.g. "You certainly don't look your age.")

Amazement: Being surprised that an older person is capable of looking, doing, or expressing something that seems inconsistent with your image of elders.

Induced Dependence: Viewing older people as being needier or more disadvantaged than they actually are. Treating the older person as dependent and helpless. Offering help when none is needed.

Elderspeak: Patronizing speech. Speaking slowly and loudly or with high pitch and exaggerated intonation that is normally used with infants and young children.

Derogatory Observations: Attempting to maintain a positive self-image by devaluing people who are older. Comparing appearances, abilities, etc. (e.g. "Look at that old coot shuffling across the street!")

Elder Abuse: Seeing old people as "unproductive" and "less deserving," as "disposable citizens." Valuing your needs above theirs and feeling more entitled to social or family resources. Taking advantage of an elders' trust.

Impact of Ageism

Internalized Ageism: Older people are apt to suffer from low self-esteem, lack of confidence, tend to give up control, independence.

Invisibility: Older people often feel unwelcome in social settings, are ignored by younger people and given less attention by medical and social service providers. They are frequently talked about while present and tend not to be consulted or given choices.

Vulnerability: Older people are subject to discrimination in employment, housing, credit. They may not get the same quality of health care as younger persons. They are often not taken seriously. Elders are often targeted by criminals, vandals, and scammers. ▲

What's the Buz?

by Gary "Buz" Hermes, Resident Services Coordinator

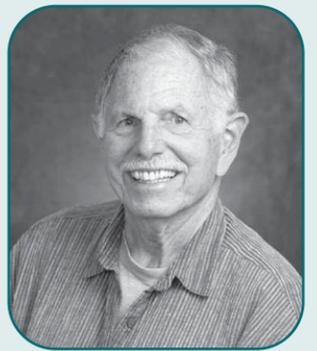
Solitude

Some friends and I have been talking lately about how we seem to enjoy solitude more as we get older, but we also crave a sense of community... a sense of belonging... and we worry about the tendency to become disconnected and isolated. Watching televised news or reading the daily paper can keep you informed of what is going on, but doesn't make you feel a part of what is going on!

We do live in a disconnected society where families are often scattered far and wide, we keep our doors locked, and we barely know our neighbors. Communication has become pretty impersonal with e-mail, voice-mail, and text messages taking the place of most face-to-face contact. Therapists have replaced friends for heart-to-heart talks and competitiveness seems to have replaced compassion as road rage, street gangs, and corporate greed seems to be increasing.

There is no doubt that we need to develop a stronger sense of connection with each other and that feeling a part of a community is important. It can fulfill our needs as well as our need to be needed! However solitude also seems to provide a sense of connection... with ourselves, with nature and with the "whole of life." (As someone pointed out long ago, the word "alone" is a contraction of "all one!")

Perhaps it is that when we are alone, we can be honest with ourselves. There is no need for politeness or pretense. We can connect with our soul, which in turn is connected to the place where all life is connected. And since it is the task of elderhood to reflect on where we have been and to weave the experiences of our lives into a meaningful story, it makes sense that many of us would enjoy more solitude as we age. ▲



Gary "Buz" Hermes, Resident Services Coordinator for Edith Street, Lieb Senior Apartments, and Casa Grande Apartments has many years of experience working with elders and others with special needs. A senior himself, Buz has a special interest in creating safe and supportive environments in order to maximize independence.

FOOD BOX PROGRAM

As I'm sure you have all been reading in the local news, there is a growing shortage of food for needy families in the area. We will be collecting nonperishable items in the lobby of PEP Housing's corporate office to deliver to the Petaluma Kitchen for distribution locally. To the right is a "wish list" of most needed items. Next time you're in the neighborhood, feel free to drop something off in our food box.

Thanks for your help!

Mary Stompe, Executive Director



Giving Misconceptions

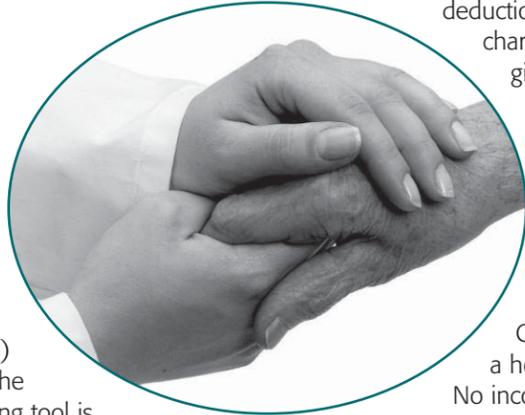
By Jim Alexander MBA, CFP®

To practice five things under all circumstances constitutes perfect virtue; these five are gravity, sincerity, earnestness, kindness and generosity. — Confucius

There's a common misconception about why people give to charitable organizations. Some think it's just for the tax deduction. But the tax deduction doesn't eliminate the cost of charitable giving, it only reduces it. In essence the primary basis for charitable giving should be to give.

Studies of philanthropic behavior have shown that the most important reason that people give is a commitment to the organization's mission and its accomplishments. While tax benefits and cash-flow benefits may sometimes exist, the primary reason for giving is the personal satisfaction of supporting a worthwhile cause. With that said, do any of these problems apply to you?

- ▲ My investments lack diversification
- ▲ I need more current income
- ▲ I cannot sell assets without incurring a large capital gain tax
- ▲ I am tired of managing my real estate
- ▲ I would like to move into a less expensive, smaller home



A variety of vehicles exist where a gift (such as appreciated property or securities) is made, and income can be provided to the donor for his/her life. One such gift planning tool is the charitable remainder trust (CRT). This is a vehicle which can provide much needed cash flow and provide diversity to the investment portfolio of the donor. In essence, a highly appreciated property is gifted, thus reducing or eliminating the capital gain obligation. The funds saved from capital gain tax payment are now part of the account value of which a lifetime annuity or payment for a predetermined term, is provided based upon that value. Eventually, at the death of the annuitant, or a predetermined term not to exceed 20 years, the residual of the account passes to the charitable organization. There are two types of CRTs that qualify for a federal income tax deduction: The charitable remainder annuity trust (CRAT) and the charitable remainder unitrust (CRUT). A CRAT is a trust that provides for a specific annual annuity payment in an amount that is not less than 5% or greater than 50% of the initial fair market value of the gift. A CRUT provides for a specific percentage annual payout in an amount that is not less than 5%, nor greater than 50% of the fair market value of the gift which is revalued each year.

There are significant differences in the treatment of tax deductions for Federal income tax, estate and gift tax purposes. The Federal income tax deduction may be limited depending upon the type of charitable organization, the type of property donated and the type of asset donated (long or short-term capital gain

property). Donors can donate and deduct up to 50% of their adjusted gross income (AGI) to certain organizations. By contributing long-term capital gain property, such as securities and other property, donors can typically deduct the fair market value, up to 30% of AGI, to those same organizations. For excess deduction, there is a five year carryover. As for estate and gift tax, there are no deduction restrictions. The type of property contributed doesn't matter, it's fully deductible. The amount of the contribution is the fair market value at the date of death or the alternative valuation date. 100% of your net estate if left to charity is deductible.

One must consider whether to give during one's life or to bequest a gift in a will or trust. Lifetime gifts sometimes allow you to receive current benefits and enjoyment of seeing your gift dollars at work. The simplest way to take advantage of an end of year tax strategy is for people to increase itemized deductions before the end of the year through charitable giving. If you pay for an end of year gift by credit card, you can deduct the gift in the year the gift was provided, and pay for it in the following year.

Sometimes donors want to donate only part of an asset. Unfortunately the charitable gift must be the donor's entire interest, except for the following types of gifts: Charitable Remainder Trust, Charitable Lead Trust, Remainder Interest in a house or farm, and Pooled Income Funds. No income tax deduction is allowed for partial interest gifts other than those just mentioned. It is however permissible to give a remainder interest in a house or farm and leave a life estate for the donor. This would give the donor a current income tax deduction for the present value of the remainder interest of the charity.

Other gifting ideas include gifts of life insurance by seniors. Many seniors who purchased life insurance policies for special needs or estate tax planning purposes find that they no longer need the policies. Some over 70 are finding life settlements to be a sensible exit strategy from burdensome life insurance premium payments. If you are considering lapsing your insurance policy (allowing your life insurance policy to expire due to nonpayment) due to a lack of present insurance need, consider contacting a charitable organization.

Many more gifting vehicles exist such as a charitable gift annuities and donor advised funds, to name a few, to provide options to the donor. Each option provides variety to meet specific time goals, cash-flow needs, tax needs, and philanthropic needs of the donor. Remember that gifting helps enrich the lives of many and is a way of giving back to your community. When you develop your estate plan, please discuss gifting vehicles with your tax professional, estate planning attorney, and investment professional. ▲

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July – December 2008

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Thank You!

We make every effort to ensure the accuracy of this list. If you notice an error, please accept our sincere apology and alert us by contacting the Fundraising Department at (707) 762-2336 or emailing KariM@pephousing.org.