

Residential Market Study

**Golda Meir Addition
160 Stanton Avenue
Newton, MA**

Prepared for:

Jewish Community Housing for the Elderly

Date of Report:

~~September 6, 2018~~

Updated 8 October 2018

BONZ AND COMPANY, INC.

Real Estate Advisors

September 6, 2018

Ms. Rachel Belanger
Project Manager, JCHE
30 Wallingford Road
Brighton, MA 02135

Re: Golda Meir Addition
Newton, MA

Dear Ms. Belanger:

As requested, Bonz and Company has completed a Market Study that evaluates demand for the affordable and market senior rental housing units at the proposed addition to the Golda Meir housing development, located on 160 Stanton Avenue in the City of Newton in Middlesex County, Massachusetts. The subject site currently contains 199 one and two-bedroom units. The additions will include 74 units; however, as part of the construction, five of the existing one-bedroom units will be replaced for a net increase of 69 units: 59 one-bedroom apartments and 10 two-bedroom apartments. The property is owned by Jewish Community Housing for the Elderly and is improved with additional units and facilities.

The purpose of the market study is to estimate the demand for the low-income and market rate service-enriched senior rental housing units in the subject property. The study includes a complete economic and demographic analysis of the local, regional and metropolitan area, as well as a neighborhood, site and property analysis and an evaluation of the competitive market rental complexes within the market area. The report concludes with a quantified analysis of the demand for the units at the subject development. Based on our analysis of the market, we estimate that sufficient demand exists for the subject's units, including both the affordable and the market rate units.

The Massachusetts Department of Housing and Community Development, which is one of the governmental entities that will review this report, issued reporting standards for market studies as referenced in the Massachusetts LIHTC Qualified Allocation Plan. The Qualified Allocation Plan was prepared by the National Council of Housing Market Analysts and references Model Content Standards for Market Studies for Rental Housing. We have considered the content and standards in this document as a model for market studies for rental housing and have considered all of the standards detailed in this document. Given the status of this project, we have used all the pertinent information that is appropriate for this analysis, which is to analyze the viability of affordable housing in the subject's market given the information, plans and/or approvals in place at the time this market study was commissioned.

In order to determine the number of units that could potentially be supported, we reviewed the number of renter households in the subject's primary and secondary markets broken down by income group. We defined the subject's primary market as Newton. We included data from the

balance of Middlesex County that we defined as the secondary market. We focused on demographic trends for senior households ages 65 or more.

The subject will include 50 units restricted by the property's allocation of low income housing tax credits, ten units restricted to households whose incomes do not exceed 100% of the area median income and nine unrestricted units. Our analysis, which is based on the distribution of renter households over the age of 65 by income group and household, indicates that there are than 5,500 income eligible households in the primary market that would be attracted to the subject's units. Of these households nearly 3,000 would be eligible for the tax credit units. The number of eligible households in the primary market yield capture rates of less than two percent. The inclusion of the secondary market reduces the capture rates to less than 0.50%.

An alternate demand analysis, based on demand generated from households facing rental hardship, from households living in substandard housing, and from households moving, indicates that there are approximately 2,800 income-qualified senior renter households in the demand market that would be attracted to the subject's units.

This transmittal letter is considered a part of this report, the body of which contains 103 pages. This report, including all analyses contained within, is based on estimates, assumptions and other information developed from our research of the market, knowledge of the industry and meetings during which the property contacts provided us with certain information. The sources of information developed and bases of estimates and assumptions are stated in the body of this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved will vary from those described in the report.

We have no responsibility to update this report for events and circumstances occurring after the date of our report. We have enjoyed the opportunity to conduct this important assignment. If you should have any questions regarding this report, please do not hesitate to contact us.

Respectfully submitted,
BONZ AND COMPANY, INC.



Robert H. Salisbury
Director
Massachusetts Certified General
Real Estate Appraiser, Lic. #75492 (expires February 7, 2020)

TABLE OF CONTENTS

CERTIFICATION	1
Contributions of Other Professionals.....	3
Extraordinary Assumptions & Limiting Conditions.....	4
EXECUTIVE SUMMARY	6
General Data	7
Market Area Data.....	8
PROJECT DESCRIPTION.....	15
Site Description.....	15
CHARACTERISTICS OF MARKET AREA	28
<i>General Demographic Overview</i>	36
<i>Rental Market Overview</i>	40
City and Neighborhood Overview	46
<i>Commuting Patterns</i>	52
<i>Crime Statistics</i>	54
<i>Characteristics of Housing Projects under Construction or in Planning</i>	56
<i>Availability of Subsidized Housing</i>	57
<i>Comparable Market Rent Property Analysis</i>	58
<i>Estimate of Market Rent By Comparison</i>	73
Market Area Demographic Analysis	76
FOCUSED DEMAND ANALYSIS FOR AFFORDABLE UNITS	89
Demand Analysis	90
Indicators of Rental Hardship.....	91
<i>Rent Burden</i>	92
<i>Sub-Standard Housing</i>	94
MARKET ASSESSMENT	102
Conclusions.....	103

TABLE OF EXHIBITS

EXHIBIT 1 – AERIAL VIEW OF SUBJECT.....	15
EXHIBIT 2 – ELEVATIONS.....	17
EXHIBIT 3 – FLOOR PLANS.....	19
EXHIBIT 4 - PHOTOGRAPHS OF SUBJECT PROPERTY	22
EXHIBIT 5 – REGIONAL LOCATION MAP OF SUBJECT PROPERTY	28
EXHIBIT 6 – PERCENT CHANGE IN U.S. REAL GDP	29
EXHIBIT 7 – CIVILIAN UNEMPLOYMENT RATE TRENDS	31
EXHIBIT 8 - UNEMPLOYMENT RATE TRENDS	33
EXHIBIT 9 - EMPLOYMENT STATISTICS IN 000’s	33
EXHIBIT 10 - MASSACHUSETTS AND BOSTON NECTA EMPLOYMENT BY INDUSTRY.....	35
EXHIBIT 11 – GREATER BOSTON AREA LARGEST EMPLOYERS	36
EXHIBIT 12 – GENERAL DEMOGRAPHIC TRENDS	37
EXHIBIT 13 – S&P/CASE-SHILLER PRICE INDICES	38
EXHIBIT 14- STATEWIDE FOR-SALE ACTIVITY	40
EXHIBIT 15- METRO APARTMENT RENT TRENDS.....	41
EXHIBIT 16– METRO APARTMENT VACANCY TRENDS.....	42
EXHIBIT 17– METRO CONSTRUCTION/ABSORPTION TRENDS	42
EXHIBIT 18 - RENTAL SUB-MARKET.....	43
EXHIBIT 19 – VACANCY RATE TRENDS	44
EXHIBIT 20 – COMPARATIVE RENT TRENDS	45
EXHIBIT 21– SUBMARKET CONSTRUCTION, ABSORPTION AND VACANCY FORECAST.....	45
EXHIBIT 22– TRENDS IN ASKING RENTS	46
EXHIBIT 23 – SUBJECT LOCATION IN RELATION TO ADJACENT COMMUNITIES	47
EXHIBIT 24 – NEIGHBORHOOD MAP	48
EXHIBIT 25 – LOCAL HOUSING PRICES	49
EXHIBIT 26 – NUMBER OF SALES	50
EXHIBIT 27 – NEWTON ECONOMIC DATA	51
EXHIBIT 28 – METRO SOUTH/WEST WORKFORCE INVESTMENT AREA	51
EXHIBIT 29 - MASSACHUSETTS AND BOSTON NECTA EMPLOYMENT BY INDUSTRY.....	52
EXHIBIT 30 –NEWTON RESIDENTS PLACE OF WORK.....	53
EXHIBIT 31 –NEWTON - TRAVEL TIME TO WORK	53
EXHIBIT 32 – MEANS OF TRANSPORTATION TO WORK.....	54
EXHIBIT 33 – CRIME STATISTICS.....	55

EXHIBIT 34- LOCATION MAP OF COMPARABLE RENTAL DEVELOPMENTS	59
EXHIBIT 35 – ONE-BR RENT COMPARABILITY GRID	74
EXHIBIT 36 – TWO-BR RENT COMPARABILITY GRID	75
EXHIBIT 37 – MARKET RENT ESTIMATE	76
EXHIBIT 38 – MAP OF MARKET AREA.....	77
EXHIBIT 39 – MARKET AREA DEMOGRAPHIC TRENDS.....	78
EXHIBIT 40 - AGGREGATE POPULATION TRENDS FOR MARKET AREA SENIORS.....	79
EXHIBIT 41 – MIDDLESEX COUNTY HUD INCOME LIMITS	80
EXHIBIT 42 - SENIOR HOUSEHOLD TRENDS INCOME LEVEL.....	81
EXHIBIT 43 – SENIOR HOUSEHOLDS BY INCOME.....	82
EXHIBIT 44–AGE OF HOUSING STOCK	83
EXHIBIT 45 – HOUSING TENURE IN MARKET AREAS.....	83
EXHIBIT 46 – HOUSING TENURE BY INCOME GROUP	84
EXHIBIT 47 – TENURE BY INCOME GROUP, MARKET AREA SENIORS.....	84
EXHIBIT 48 – HUD HOUSING COSTS AND INCOME LIMITS	85
EXHIBIT 49 – INCOME LEVELS FOR UNITS	86
EXHIBIT 50 – MARKET AREA CAPTURE RATE DATA (65+).....	87
EXHIBIT 51 – AREA RENT HARDSHIP DATA.....	91
EXHIBIT 52 - RENTAL BURDEN IN AHS DATA	92
EXHIBIT 53 – HOUSEHOLDS WITH RENTAL BURDEN IN THE MARKET AREA	93
EXHIBIT 54 – DISTRIBUTION OF HOUSEHOLDS BY HOUSEHOLD SIZE	93
EXHIBIT 55 – QUALIFIED RENTER HOUSEHOLDS IN THE MARKET AREA	94
EXHIBIT 56 - SUB-STANDARD HOUSING IN AHS DATA	94
EXHIBIT 57 - INCOME DISTRIBUTION OF HOUSEHOLDS IN SUB-STANDARD HOUSING.....	95
EXHIBIT 58 – QUALIFIED RENTER HOUSEHOLDS IN THE MARKET AREA	96
EXHIBIT 59 – FOCUSED MOBILITY ANALYSIS	97
EXHIBIT 60 – MOBILITY DATA FOR MARKET PRIMARY AREA.....	98
EXHIBIT 61 – POTENTIAL TENANTS FROM MOBILITY POOL	99
EXHIBIT 62 – DEMAND BASED ON MOBILITY	100
EXHIBIT 63 – NEW SENIOR HOUSEHOLDS IN THE MARKET	101
EXHIBIT 64 – DISTRIBUTION OF NEW SENIOR HOUSEHOLDS.....	101
EXHIBIT 65 – DEMAND FROM NEW HOUSEHOLDS.....	102
EXHIBIT 66 - SUMMARY OF DEMAND.....	103

CERTIFICATION

The undersigned 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 the appraisers personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The undersigned 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.
- The undersigned 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 compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Mr. Robert Salisbury made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.

Golda Meir Addition
Newton, MA

- As of the date of this report, Mr. Robert H. Salisbury has completed the continuing education requirements for Certificated General Real Estate Appraisers mandated by the Commonwealth of Massachusetts.
- The appraisers or other members of Bonz and Company have undertaken previous appraisals, rent comparability studies, and market studies of the property within the past three years.

Prepared by:
BONZ AND COMPANY, INC.



Robert H. Salisbury
Director
Massachusetts Certified General
Real Estate Appraiser, Lic. #75492 (expires February 7, 2020)

General Assumptions and Limiting Conditions

Contributions of Other Professionals

- Information furnished by others for use in this report is believed to be reliable, but cannot be guaranteed by the appraisers. Specifically, Bonz and Company have relied on the information and representations provided by the subject property developer's representative, brokers, lenders, public officials, and written documentation such as surveys, plot plans, assessor's records and maps, and recorded deeds to establish sizes of land, buildings, parking lots, and tenant areas, as well as the condition of the structure, of the subject property and comparable properties used in this report.
- The appraisers do not assume responsibility for legal matters. Where discussed with local officials, interpretation of codes and ordinances should be considered preliminary and not binding. It is assumed that the utilization of the land and improvements is within the property lines of the subject property, and that no encroachment or trespass exists unless otherwise noted in this report. It is also assumed that there are no hidden or unapparent conditions of the property, subsoil, or structure that would render the property more or less valuable.
- All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.

Facts and Forecasts Under Conditions of Uncertainty

- Forecasts are based upon market and demographic data provided by established, professional sources; however the specific projections for future years may not be realized due to national and regional economic and other conditions. The report, including all analyses contained within, is based on estimates, assumptions and other information developed from our research of the market, knowledge of the industry and meetings during which the property contact(s) provided us with certain information.

As of the date of this report the Boston area's rental housing market, the includes Newton, is exhibiting a number of healthy indicators and this appraisal assumes that it will continue to exhibit positive trends. This assumption is considered by the Uniform Standards of Professional Appraisal Practice to be an "Extraordinary Assumption", which if incorrect could alter the conclusions set forth herein. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

Controls on the Use of this Report

- Possession of this report or any copy or portion thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraisers, and, in any event, only in its entirety.
- Neither all nor any part of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the authors, particularly regarding the value conclusions and the identity of the appraisers, of the firms with which they are connected, or any of its associates.
- Neither all nor any part of this report shall be used in the client's reports or financial statements, or in a prospectus or securities offering.
- The appraisers shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this report without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

Extraordinary Assumptions & Limiting Conditions

The Appraisal Foundation defines extraordinary assumptions in the Uniform Standards of Professional Appraisal Practice and Advisory Opinions 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 opinion or conclusions.”^[1]

In our opinion, the following represent extraordinary assumptions:

Proposed Improvements: We have assumed that the renovations at the subject property, if built, will be done in a professional and workmanlike manner.

Dimensional Data: The architect has provided us with dimensional data on the subject property. We assume that this information is correct and the square footage data is detailed in the next table.

^[1] Appraisal Standards Board, Uniform Standards of Appraisal Practice, page U-3. Effective January 1, 2014 to December 31, 2015.

Square Footages

<u>Unit type</u>	Restrictions					Total	Square Feet	
	30% AMI	50% AMI	60% AMI	100%	Market		Per Unit (SF)	Total
One BR	8	20	18	8	5	59	523	30,857
Two BR	<u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>4</u>	10	728	<u>7,280</u>
Total	8	22	20	10	9	69		38,137

Environmental: No potential environmental hazards were evidenced during our inspection of the site. The subject does not appear on the Massachusetts DEP “List of Waste Sites and Reportable Releases”, as of the date of this report. No information was presented to us that indicated the existence of environmental issues that could pose an adverse impact on our conclusions. Should this prove false, there may be an impact on the conclusions, and the impact may be significant.

EXECUTIVE SUMMARY

This report evaluates the demand for additional affordable senior housing units to be completed at the Golda Meir Development, a six story multi-family residential building located at 160 Stanton Avenue in the City of Newton in Middlesex County, Massachusetts. The subject property currently contains 268 one and two-bedroom units restricted to income eligible senior tenants. The owner of the property, Jewish Community Housing for the Elderly (JCHE), is planning to construct an addition to the building that will add 69 new units. We have assumed the upon completion of the work, 8 of these units will be 30% AMI, 22 of these units will be restricted to households earning less than 50% of Area Median Income (AMI), 20 will be restricted to households earning less than 60% of AMI, with 10 limited to households with income that do not exceed 100% of AMI and nine unrestricted units. We have assumed that the 30% and 50% units receive rent assistance. The subject property currently offers a package of senior-focused services and amenities. These services will continue to be offered and our analysis incorporates the impact of these services on demand and unit rent potential.

JCHE requested that Bonz and Company complete a market study that analyzes the demand for affordable senior rental housing at Golda Meir. Based on our analysis of the market, we estimate that adequate demand exists for the new and existing units either as affordable or market rental units at the subject property.

Our market assessment examined local residential demand. The assessment evaluated the impact of national and regional economic and demographic trends on local demand for housing and analyzed local demographic indicators in light of these broader trends. The report also examined market-rate, mixed-income, and fully affordable rental properties to understand the local market. The Massachusetts Department of Housing and Community Development, which is one of the governmental entities that will review this report, issued reporting standards for market studies as referenced in the Massachusetts LIHTC Qualified Allocation Plan. The Qualified Allocation Plan was prepared by the National Council of Housing Market Analysts and references Model Content Standards for Market Studies for Rental Housing. We have considered the content and standards in this document as a model for market studies for rental housing and have considered all of the standards detailed in this document.

General Data

Property: 160 Stanton Avenue
Newton, Massachusetts 02466

Date of Report: August 28, 2018

Site Improvements: The subject property is currently improved with a six-story multi-family residential building built in two phases. The subject property currently contains total 268 one and two-bedroom units.

Based on our inspection, Golda Meir is considered to be in very good condition with site amenities including various community rooms, restaurants, library, computer room, landscaped courtyards, beauty salon, convenience store, on-site office, and fitness room. The subject property also contains 111 surface parking spaces.

The owner intends to build additions on two sides of the existing building that will result in 69 net new rental units. The addition will be located on the two side elevations and are designed to blend in with the existing building.

Access and Transportation: The subject property is located along Stanton Avenue, just off of Route 16, approximately 0.6 miles northeast of Interstate 95, providing access the northeast Boston suburbs and Providence to the south. The subject is approximately 0.8 miles south east of Interstate 90, providing access to Boston to the east and Worcester to the west. Another principle highway easily accessible to the subject is State Route 9. The subject is 0.1 miles north of Woodland MBTA Station, which connects the area to downtown Boston, South Station, North Station and the rest of the MBTA rail network. The subject's location provides strong access to Boston, its suburban communities and the balance of the state.

Surrounding Uses: The subject property is currently improved with a six-story multi-family building built in two phases. Surrounding uses are primarily residential and some commercial uses along Route 16. The property is also proximate to two country clubs with golf courses, Woodland Golf Club and Brae Burn Country Club. Newton Wellesley Hospital is located south of the property along Route 16.

Proximity to Services: Washington Street, or State Route 16, is less than 0.1 miles west of the subject and runs through Newton reaching Watertown to the northeast and Wellesley to the southwest. It is one of the main roadways through Newton with many commercial uses including

restaurants, retail stores, banks, and auto shops clustered on both sides as well as a few multi-family residential developments. Most of these services are not within walking distance from the subject property. However, while important, close proximity is less attractive to the subject's seniors, who are generally 80 years and older. The subject's surrounding area includes mostly residential uses but there is an Old Time Garage, Newton Wellesley Hospital, Temple Reyim and Mayyim Hayyim Living Waters within 0.3 miles from the subject property.

Market Areas, Strength and Weaknesses:

The subject's proximity to a wide variety of services and amenities, as well as its convenient access to public transportation, local area highways and major employment centers is considered strengths relative to its attractiveness to potential renters. The site characteristics are considered strong for senior-restricted development. The units are competitive in the market and upon renovation the quality the unit finishes will be superior to most of the local rental product. In our opinion the subject development provides units that compete with other affordable rental properties in the market area. There appear to be no negative attributes that would affect the marketability of the subject property.

Market Area Data

Market Area(s):

The subject's primary market area is characterized by strong for-sale and rental markets. There is a limited supply of available and affordable rental housing. Local households will be attracted to the subject based on its location, the condition of the units, and the availability of rent assistance. In our opinion, the subject would attract potential tenants from much of the surrounding communities, as well as the balance of Newton. The affordable units and rent assistance provide a rent advantage for tenants seeking a location that is readily accessible to neighborhood conveniences like grocery stores, shopping, recreation areas, and town services while also allowing convenient access to employment centers in the metro-Boston area.

In order to capture the subject's demand potential, we have defined a primary market as the City of Newton and bordering zip codes in the surrounding communities of Waltham, Watertown, Chestnut Hill, Brighton, Brookline, West Roxbury, Needham, Wellesley and Weston. Given the quality of the proposed units, as well as the site amenities and senior services and the lack of local affordable rental housing, the subject would be able to attract households from an area that extends well beyond our defined primary market.

To capture trends in this broader area, we examined a secondary market as the balance of Middlesex County.

Residential Findings

Housing Market:

The national for-sale housing market continues to show improvements with home starts and sales of existing homes increasing over the past couple of years across a broader range of locales. The Greater Boston area rental market has also been very strong for the last couple of years and affordability remains the big issue in metro Boston, taking the place of the collapse of the housing bubble as a source of concern.

Rent Potential:

In order to evaluate the subject property’s rent potential, we reviewed five comparable rental properties located in the general market area. A table containing the comparable rent ranges for each unit type is shown below.

Unit Type		Unit Size (SF)		Monthly Rents			
				Per Unit		Per SF	
Bedrooms	Baths	Low	High	Low	High	Low	High
1	1	529	1,019	\$1,440	\$3,850	\$1.94	\$4.78
2	1-2	610	1,282	\$1,750	\$4,325	\$2.26	\$4.45

Based on our analysis, we estimate the subject’s one-bedroom units could command \$2,500 and the two-bedroom units could command \$3,000. The subject’s affordable units receive rent assistance. Tenants in the rent-assisted units will pay no more than 30% of their income toward their rent and do not factor in the face value of the unit rents into their demand analysis. However a comparison of these rents with rents considered affordable to households whose incomes do not exceed 60% of AMI provides one indication of the strength of the local market. Investors typically seek rent advantages of 10% or more. The low income tax credit property programs considers one and two-bedroom rents of \$1,213 and \$1,456 to be affordable for households at 60% of AMI. These would be the subject’s maximum rents if rent assistance was not available. Without rent assistance, the subject’s unit provide rent advantages for the tax credit units that exceed 100%.

Affordable Rental Market: We examined several affordable housing developments located in the surrounding area, all of which reported greater than 99% occupancy. Demand for this housing as well as that proposed at the subject property is driven by households facing rental hardship, households in sub-standard housing, new households entering the market existing, and from new households resulting from population growth.

According to articles in the Boston Globe, Boston and much of the rest of Massachusetts are in the midst of an affordable housing shortage that shows few signs of abating. The rate of new housing production in Massachusetts is among the lowest in the country, with luxury units in the booming downtown and beyond expected to make up the vast majority of new apartments built in Boston in the next three years. One in four renters in the state spends at least half their household income on rent considerably higher than the one-third recommended by financial specialists. Housing subsidies have been slashed, shelters are over-capacity, and the homeless population is increasing faster than in any other state in the country, according to the US Department of Housing and Urban Development. More than 21,000 Massachusetts residents are homeless, a 40 percent increase in the past seven years.

Housing advocates say the growing ranks of people who cannot afford to live in such an expensive region has led to dire shortages and that in some communities more than 1,000 people enter lotteries for a single subsidized apartment.

Demand Analysis: Our analysis of the primary housing market indicates significant demand for the subject property's units.

The owner, JCHE, is using the 4% Low-Income Housing Tax Credits to provide funding for the renovation. Upon completion of the proposed renovations, 50 of the units will be restricted to households earning less than 60% of Area Median Income (AMI), with 22 set aside for households at 50% of AMI and eight restricted to households whose incomes do not exceed 30% of AMI. The 30% and 50% units will receive rent assistance. The balance of the units feature a mix of units restricted to households at less than 100% of AMI and unrestricted market rate units

The rent-assisted units do not have a minimum income requirement, which substantially widens the pool of eligible households for each unit type. The affordable units without rent assistance have a minimum income requirement equal to the

minimum income necessary to pay no more than 35% of their income towards housing costs. The market rate units have no income restrictions and the rent charged has nothing to do with tenant income.

Our analysis, which is based on the distribution of renter households over the age of 65 by income group and household, indicates that there are than 5,500 income eligible households in the primary market that would be attracted to the subject's units. Of these households nearly 3,000 would be eligible for the tax credit units. The number of eligible households in the primary market yield capture rates of less than two percent. The inclusion of the secondary market reduces the capture rates to less than 0.50%.

Our capture rate estimates reflect the fact that in addition to local senior renter households, the property may also attract a number of senior owner-occupied households. As described in this report, we estimate that approximately 10% of local income-qualified senior homeowners may be attracted to the subject's units. By applying this ratio to the total number of income-eligible owner households in the primary market and using the same methodology used to provide a better indicator of demand for renter households we have estimated that there the capture rate for all of the units is 1.60% in the primary market. The rate for the LIHTC units is 1.9%. The rates for each unit type ranges from 0.55% to slightly less than 10%. The inclusion of the secondary market reduces the capture rates for each unit type to a range of 0.05% to 0.76%.

Market Area Capture Rate Data (65+)

Income	Unit Data			Income Parameters		Inc. Elg.	Renter	PM HH 65+			
	Bedrooms	Number	Hsg Cost	Minimum	Maximum			HO	HO Adj.	Total	Adj. HH
30% of AMI	1-BR	8	\$545	\$0	\$26,000	3,611	1,550	2,060	206	1,756	1,015
30% of AMI	2-BR	0	\$728	\$0	\$26,000	3,611	1,550	2,060	206	1,756	741
50% of AMI	1-BR	20	\$728	\$25,500	\$43,500	2,144	732	1,411	141	874	505
50% of AMI	2-BR	2	\$874	\$25,500	\$43,500	2,144	732	1,411	141	874	369
60% of AMI	1-BR	18	\$1,092	\$43,500	\$52,000	966	320	647	65	384	222
60% of AMI	2-BR	2	\$1,310	\$44,500	\$52,000	857	282	575	58	339	143
100% of AMI	1-BR	8	\$1,456	\$51,500	\$86,500	4,160	1,147	3,013	301	1,448	837
100% of AMI	2-BR	2	\$1,748	\$59,500	\$86,500	3,141	859	2,282	228	1,087	459
Market	1-BR	5	\$2,500	\$86,000	\$200,000	5,907	698	5,209	521	1,219	705
Market	2-BR	4	\$3,000	\$102,500	\$200,000	<u>4,556</u>	<u>375</u>	4,180	418	793	335
Total		69				16,445	4,353	12,092	1,209	5,562	5,562
Total LIHTC		50				6,657	2,581	4,076	408	2,989	2,989
Total Other		19				9,852	1,790	8,062	806	2,596	2,596

Income	Unit Data			Inc. Elg.	Renter	SM HH 65+		Total	Adj. HH	Primary Market		Total Market	
	Bedrooms	Number	Hsg Cost			HO	HO Adj.			Renters	All	Renters	All
30% of AMI	1-BR	8	\$545	30,650	14,829	15,820	1,582	16,411	9,486	0.89%	0.79%	0.08%	0.08%
30% of AMI	2-BR	0	\$728	30,650	14,829	15,820	1,582	16,411	6,925				
50% of AMI	1-BR	20	\$728	19,529	7,550	11,978	1,198	8,748	5,056	4.72%	3.96%	0.42%	0.36%
50% of AMI	2-BR	2	\$874	19,529	7,550	11,978	1,198	8,748	3,692	0.65%	0.54%	0.06%	0.05%
60% of AMI	1-BR	18	\$1,092	8,491	3,211	5,280	528	3,739	2,161	9.74%	8.10%	0.88%	0.76%
60% of AMI	2-BR	2	\$1,310	7,458	2,805	4,654	465	3,270	1,380	1.68%	1.40%	0.15%	0.13%
100% of AMI	1-BR	8	\$1,456	29,272	9,122	20,149	2,015	11,137	6,437	1.21%	0.96%	0.13%	0.11%
100% of AMI	2-BR	2	\$1,748	22,161	6,847	15,314	1,531	8,379	3,536	0.55%	0.44%	0.06%	0.05%
Market	1-BR	5	\$2,500	39,320	5,395	33,926	3,393	8,787	5,079	1.24%	0.71%	0.14%	0.09%
Market	2-BR	4	\$3,000	<u>29,626</u>	<u>2,770</u>	26,856	2,686	5,455	2,302	2.52%	1.19%	0.30%	0.15%
Total		69		124,698	39,298	85,400	8,540	47,838	47,838	1.59%	1.24%	0.16%	0.13%
Total LIHTC		50		58,104	25,375	48,542	4,854	30,229	30,229	1.94%	1.67%	0.18%	0.15%
Total Other		19		67,039	14,065	56,981	5,698	19,764	19,764	1.06%	0.73%	0.12%	0.08%

We completed an alternate examination of the data to provide a somewhat different perspective. For the second analysis we examined the demand associated with senior renter households only that emanates from households that pay more than 30% of their income toward rent, from households that live in sub-standard housing, from households likely to move each year, and from new senior households. The second analysis examines mobility data and data associated with new households for both market areas. Our analysis indicate that more than 2,795 senior renter households would be attracted to the subject based on these criteria.

Alternate Demand Analysis

Unit Type		Income Parameters		Demand Pool				
Income	Bedrooms	Minimum	Maximum	Rent Burden	Hsg Cond	New HHs	Mobility	Total
30% of AMI	1-BR	\$0	\$26,000	261	120	297	309	987
30% of AMI	2-BR	\$0	\$26,000	190	88	217	226	721
50% of AMI	1-BR	\$25,500	\$43,500	260	188	323	161	931
50% of AMI	2-BR	\$25,500	\$43,500	190	137	235	118	680
60% of AMI	1-BR	\$43,500	\$52,000	102	123	187	98	510
60% of AMI	2-BR	\$44,500	\$52,000	64	84	125	66	<u>340</u>
100% of AMI	1-BR	\$51,500	\$86,500	138	602	207	247	1,193
100% of AMI	2-BR	\$59,500	\$86,500	68	294	97	118	577
Market	1-BR	\$86,000	\$200,000	19	385	203	136	742
Market	2-BR	\$102,500	\$200,000	<u>8</u>	<u>151</u>	<u>113</u>	<u>52</u>	<u>323</u>
			Total	621	625	798	752	2,795

Absorption:

Our analysis of the housing market indicates strong demand for the subject property’s units. The property’s proximity to services and public transportation is considered a strength in its overall marketability and the quality of the units’ finishes will be superior to most of the local rental product. Our demand analysis and tenure trends within local affordable senior housing indicate a rapid lease up for the subject.

There have been several new affordable senior housing developments completed outside of the subject’s primary market area over the past several years, all of which have leased up quickly, indicating strong demand for rental units in the subjects market area.

The Coolidge at Sudbury – Phase I is a 64 units tax credit development that is age restricted to seniors 62 and older. This property opened September 2014 and was fully occupied by the end of December 2014. The property manager maintains a waitlist of 60 households for the 30% units and 20 households for the 60% units.

Cheriton Heights in West Roxbury, has 70 units that are age restricted (tax-credit and market rate). This property opened in October 2013 and all of the units were leased within three months.

Bowers Brooks Apartments is located in Harvard, Massachusetts. This 42 unit property opened in April 2012 and contains 42 affordable one and two bedroom tax credit units that are age restricted to seniors aged 62 and over. Three of the units have rental assistance and the balance are rent and income restricted to 60% AMI. All of the units were fully occupied within 3 months of opening, which equates to approximately 14 units per month.

The Shillman House in Framingham opened in June 2011 and contains 150 independent living units that are restricted in seniors aged 62 and over. Sixty of the units are market rate units and 90 are affordable to low and moderate income households. According to the marketing manager marketing commenced February 2011 and all of the affordable units were leased as of July, which equates to a lease-up rate of 15 affordable units per month. This property maintains a waitlist for its affordable units.

Based on the indicated demand, the current waiting list at the local housing authority and at local affordable housing developments, the lease-up experience at other comparable tax-credit developments in the Greater Boston area over the past several years, we would expect that all of the units could be leased within two months of construction completion.

PROJECT DESCRIPTION

Jewish Community Housing for the Elderly (“JCHE”) is planning to construct an addition to their Golda Meir property that will add 69 new affordable senior rental units. The development is located at 160 Stanton Avenue in Newton. JCHE provides an extensive level of tenant related services and site amenities for its tenants. JCHE has Resident Service Coordinators (RSC) who provides assistance to their residents. The tasks of the RSCs include assisting residents with accessing appropriate services, helping with government forms, translating mail, and planning community building activities. To cater to JCHE’s multicultural senior population, some of JCHE's coordinators speak Russian, Mandarin and Cantonese. They work closely with many community partners to assess residents' needs and help them access appropriate services.

Site Description

Location: 160 Stanton Avenue
Newton, MA

Exhibit 1 – Aerial View of Subject



Size and Configuration: The site is irregularly shaped and contains approximately 3.839 acres of land based on data provided by the Newton Assessor’s Office.

- Topography: The site slopes downward west towards Washington Street.
- Frontage: The subject property has frontage on Stanton Avenue.
- Soil Conditions: Soil reports were not reviewed by the appraisers. Based on the existing improvements, it is assumed that the ground is of sufficient load bearing capacity and that slope and terrain are supportive of development.
- Access: Via Stanton Avenue.
- Environmental: The appraisers were provided evidence of a 1994 environmental report of environmental threats related to the subject property. However, the report classified the issue as “No Significant Threat” and no remedial action was required. Our review of data indicate that subject property does not appear on the Massachusetts Department of Environmental Protection’s list of contaminated sites. We have assumed that there are no environmental issues that pose an adverse impact on our estimate of the subject’s values.
- Utilities: All utilities are currently available to the site.

The site is well suited for residential apartment use as evidenced by the success of the existing Golda Meir development that the suitability further support by its location as well as its proximity local area highways, and neighborhood shopping amenities. There are no physical factors noted that would negatively the potential redevelopment of the site. A review of the external factors relating to the subject site’s (i.e. economic, social, physical, environmental attributes) indicates that the existing land uses in the neighborhood continue to function coherently. Drawings of the elevations and floor plans for the new units are shown in the next two exhibits.

Exhibit 2 – Elevations



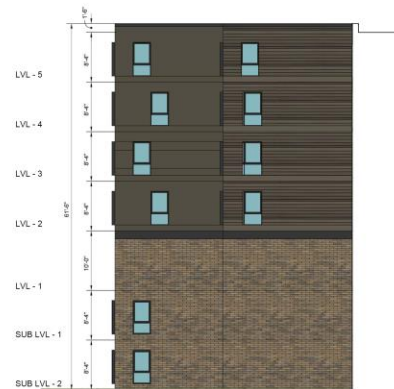
LOWER - NE ELEVATION
 SCALE: 1/8" = 1'-0"



LOWER - NW ELEVATION
 SCALE: 1/8" = 1'-0"



LOWER - SW ELEVATION
 SCALE: 1/8" = 1'-0"



LOWER - SE ELEVATION
 SCALE: 1/8" = 1'-0"

PCA
 PRILLIETT CHILDREN ASSOCIATES
 ARCHITECTURE, PLANNING, INTERIOR

ASSOCIATE
 PRILLIETT CHILDREN ASSOCIATES
 ASSOCIATES, INC.
 221 Hampshire Street
 Cambridge, MA 02139
 617.542.4122

OWNER
 JCHC
 30 Waterbury Road
 Boston, MA 02135
 617.912.8438

COORDINATOR
 COLLETTI INC.
 16 Everett Street
 Boston, MA 02114
 617.429.8999

**GOLDA MEIR HOUSE
 ADDITION**
 160 STANTON AVE. AUBURNDALE, MA
 PCA PROJECT #: 17061

REVISIONS

**NOT FOR
 CONSTRUCTION**

ORIGINAL FILED
 08/08/19
 SCALE: 1/8" = 1'-0"

LOWER
 ELEVATIONS

02-3

Elevations, continued



Exhibit 3 – Floor Plans



Golda Meir
Newton, MA

The new units will connect with the be similar to the existing units at Golda Meir that were recently renovated. The next exhibit displays photographs of the existing building that provide an example of the new units to be completed and the common space that they will be able to access.

Exhibit 4 - Photographs of Subject Property



Frist floor entrance lobby



Entrance viewed from lobby



First floor community space



Additional community space



Community space



Community space



Interior Hallway



Interior Hallway

Golda Meir
Newton, MA



Unit interior



Unit interior

Golda Meir
Newton, MA



Unit interior



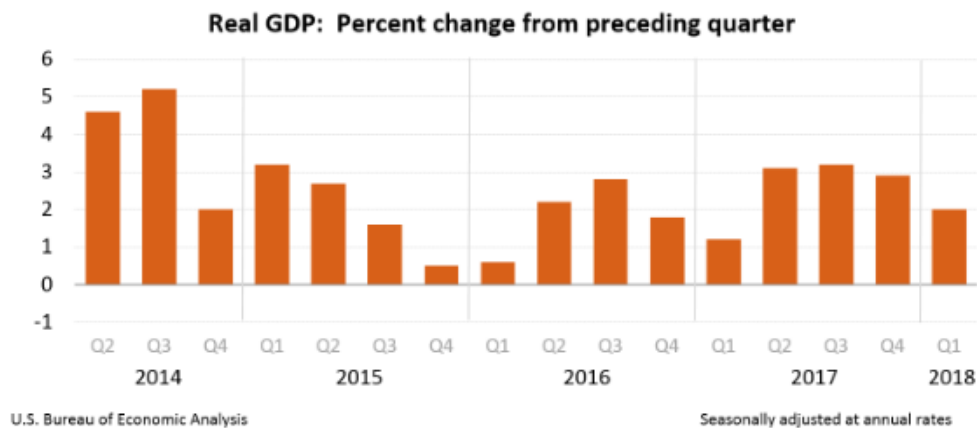
Unit interior

In completing our analysis of the subject and the subject’s market area, we inspected the subject property and its surrounding area. As part of the analysis of general market conditions, several sources were used and are noted in the report. These sources include the Bureau of Economic Analysis of the U.S. Commerce Department, U.S. Census of Population and Housing, the Bureau of Labor Statistics, the Federal Reserve Bank of Boston, the New England Economic Project, STDB Online (a nationally recognized data gathering firm), the Massachusetts Department of Workforce Development, Standard and Poor’s Case-Shiller Price Index, Deloitte Touche Tohmatsu, the National Association of Home Builders, and the Warren Group.

Economic Overview

According to an advance estimate released by the U.S. Department of Commerce on June 28, 2018, the gross domestic product (GDP) increased by 3.6 percent in the first quarter of 2018. The increase in real GDP reflected positive contributions from nonresidential fixed investment, exports, federal government spending, and state and local government spending. These increases were partly offset by negative contributions from private inventory investment and residential fixed investment.

Exhibit 6 – Percent Change in U.S. Real GDP



David Payne, staff economist for Kiplinger, expects the GDP to increase 2.9% for the year, after 2017’s 2.3% pace. Tax cuts are boosting GDP through rising consumer spending and stronger business investment. Higher wages, expanding household income, job gains (albeit smaller than before) and credit utilization are also underpinning consumer spending. Housing construction should pound ahead. However, auto sales will downshift. A possible trade war is growth’s biggest threat. Although any slowdown in international trade would likely be small, the uncertainties could create knock-on effects that ding business investment.

The University of Michigan's consumer confidence index reports that consumer sentiment slipped in early July but remained nearly equal to the average in the prior twelve months (97.7) and since the start of 2017 (97.4). The continuing strength has been due to favorable job and income prospects, with consumers under age 45 anticipating the largest income gains since July 2000. So far, the strength in jobs and incomes has overcome higher inflation and interest rates. The darkening cloud on the horizon, however, is due to rising concerns about the potential negative impact of tariffs on the domestic economy. Negative concerns about the impact of tariffs have recently accelerated, rising from 15% in May, to 21% in June, and 38% in July (see the chart). Among those in the top third of the income distribution (who account for half of consumer spending), 52% negatively mentioned the impact of tariffs on the economy in early July. The primary concerns expressed by consumers were a decline in the future pace of economic growth and an uptick in inflation. Among those who expressed negative views of the tariffs, the Expectations Index was 30.5 points below those who made no mention of tariffs, and in addition, the expected inflation rate was six-tenths of a percentage point higher. While consumers may not understand the intricacies of trade theory, they have substantial experience making decisions about the timing of discretionary purchases based on prospective trends in prices.

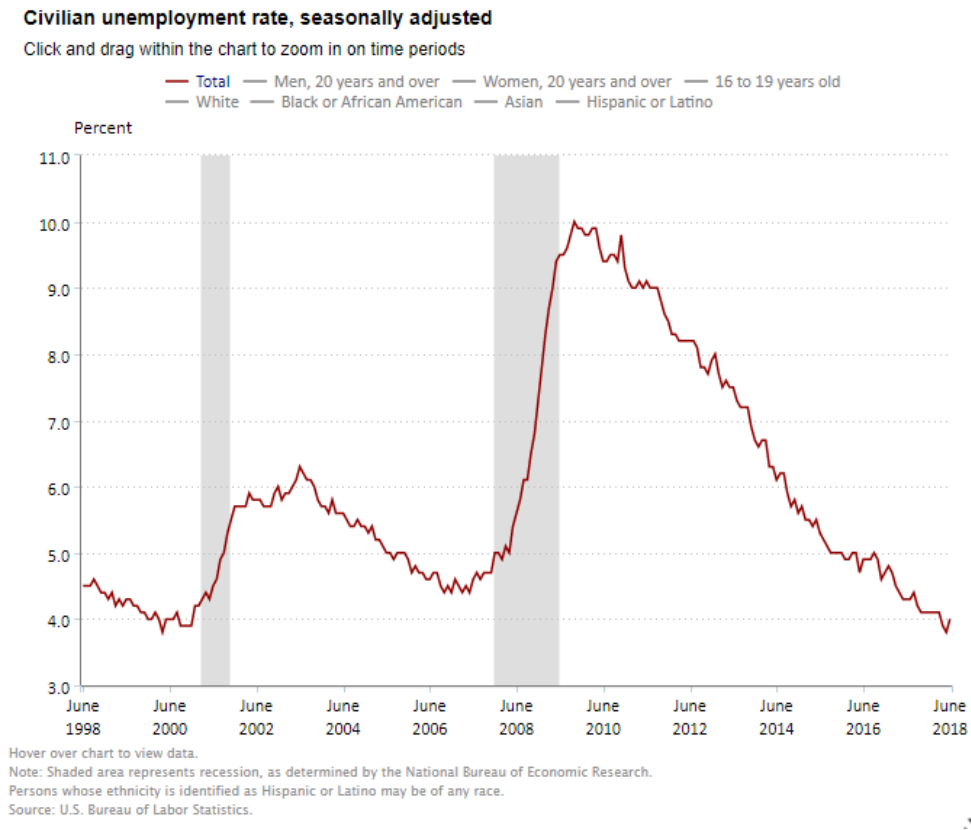
After raising rates by a quarter-point in December and again in March, the Federal Reserve is expected to hike interest rates two more times in 2018. The Federal Reserve is committed to raising short-term rates this year and next because it's concerned about the tightening labor market. It very much wants to stay ahead of any inflation that rising wages may generate and will lift short-term rates by a quarter of a percentage point twice more this year (after June's hike). That would put the federal funds rate at 2.5% heading into 2019, when another three to four increases are expected.

The improved climate for business spending is also projected to continue despite concerns that the President's aggressive trade policies could curtail it. As a result of Republican tax legislation signed into law in December, the U.S. corporate tax rate has been slashed from 35% to 21%. The law also includes new investment incentives, such as immediate depreciation of assets put into service from last September through 2022. That is a powerful incentive for companies to upgrade production equipment to seize advantage of faster write-offs at a time when firmer global growth is creating more potential for exports. Business spending on inventories should rise as well as home building, given the shortage of homes for sale relative to demand from would-be buyers.

Total nonfarm payroll employment rose by 213,000 in June, the U.S. Bureau of Labor Statistics

reported on July 6, 2018. Job growth occurred in professional and business services, manufacturing, and health care, while retail trade lost jobs. The unemployment rate rose by 0.2 percentage point to 4.0 percent in June, and the number of unemployed persons increased by 499,000 to 6.6 million. A year earlier, the jobless rate was 4.3 percent, and the number of unemployed persons was 7.0 million.

Exhibit 7 – Civilian Unemployment Rate Trends



Gains in jobs and wages nationally indicate continual economic growth. According to Kiplinger, employers took on 223,000 new workers in May. Job growth is still widespread—with the usual strong gain in healthcare, food services, professional and technical services, manufacturing and construction. Somewhat surprising was a strong gain in retail. Eventually, the scarcity of unemployed workers should shrink these monthly additions.

Unemployment dropped to 3.8% in May, down from 4.1% just two months earlier, and its lowest level since 2000. Look for it to edge down a bit further by the end of 2018 as it becomes harder for employers to find suitable candidates. The short-term unemployment rate (those unemployed for less than six months) is at its lowest level since the Korean War in 1953. Monthly initial

Golda Meir
Newton, MA

unemployment claims are the lowest since 1969. Few companies are laying off in this climate

The Conference Board Employment Trends Index (ETI), an aggregate of eight labor-market indicators that shows underlying trends in employment conditions, increased in June after decreasing in May. The Index now stands at 108.94, up from 107.72 in May. The change represents a 5.2 percent gain in the ETI from one year ago.

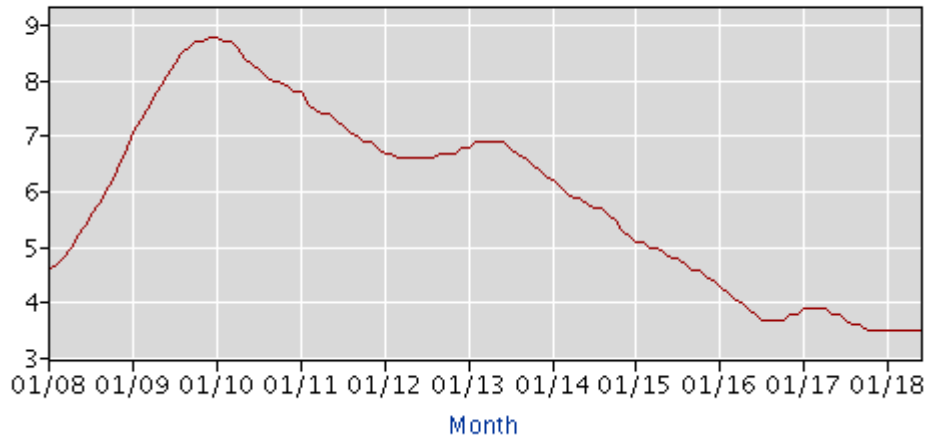
“As expected, after decreasing in May, the Employment Trends Index continued its solid path upwards in June, with positive contributions from all of its components,” said Gad Levanon, Chief Economist, North America, at The Conference Board. “The labor market will continue to tighten in the coming months, with strong employment growth outpacing the number of people entering the labor force.”

In terms of both job growth and unemployment rates, the state of Massachusetts has outpaced the rest of the U.S. for the past several years. The state’s total unemployment rate remained at 3.5% in June, compared to the country’s rate of 4.0% in June. Over the year, the state’s seasonally adjusted unemployment rate decreased three-tenths of a percentage point from 3.8% in June 2017.

In order to compare the statewide rate to local unemployment rates, the Bureau of Labor Statistics estimates the statewide-unadjusted unemployment rate for June was 3.9 percent. Last week, the Executive Office of Labor and Workforce Development reported the statewide seasonally adjusted unemployment rate in the month of June remained at 3.5 percent for the ninth consecutive month.

Exhibit 8 - Unemployment Rate Trends

unemployment rate



While it is influenced by the macroeconomic trends displayed in Massachusetts as a whole, the subject property is more specifically located in the Boston-Cambridge-Nashua NECTA which exhibits a lower unemployment rate than the state’s rates. The low rates exhibited in both the Commonwealth and the metropolitan area are evidence of a strong economy and are indicators of future population increases.

Exhibit 9 - Employment Statistics In 000's

Nonagricultural Employment		Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Six Month Change
Boston-Cambridge-Nashua NECTA	Total Employed	2,748.8	2,744.5	2,755.0	2,756.5	2,770.7	2,777.6	1.04%
	Unemployment Rate	3.1	3.3	3.4	3.3	3.1	3.1	0.00
State of Massachusetts	Total Employed	3628.6	3622.7	3636.2	3639.2	3645.9	3654.1	0.70%
	Unemployment Rate	3.5	3.5	3.5	3.5	3.5	3.5	0.00
New England	Total Employed	7427.3	7427.7	7451.2	7450.5	7458.0	7477.6	0.67%
	Unemployment Rate	3.7	3.7	3.6	3.6	3.6	3.6	-0.10
United States	Total Employed	147625.0	147801.0	148125.0	148260.0	148455.0	148699.0	0.72%
	Unemployment Rate	4.1	4.1	4.1	4.1	3.9	3.8	-0.30

Source: "New England Economic Indicator," Federal Reserve Bank of Boston and Department of Labor and Workforce Development
All data is seasonally adjusted.

<http://www.bostonfed.org/economic/nee/neeidata.htm#employment>

Published on 7/20/2018

Preliminary job estimates from the Bureau of Labor Statistics indicate Massachusetts gained 21,400 jobs in June. From June 2017 to June 2018, BLS estimates Massachusetts has added 63,200 jobs. Over the month, the private sector added 18,200 jobs as gains occurred in Leisure

Golda Meir
Newton, MA

and Hospitality; Professional, Scientific, and Business Services; Other Services; Construction; Manufacturing; and Education and Health Services.

“Over the last year, over 100,000 more Massachusetts residents have become employed in the Commonwealth, helping to push our labor force participation rate to its highest level in 10 years - a full four percentage points higher than the national average. These labor force gains, alongside our consistently low unemployment rate and job growth in key economic sectors of the economy, all point to the continued dynamism of the Massachusetts labor market.” Labor and Workforce Development Secretary Rosalin Acosta said.

According to the Massachusetts Executive Office of Labor and Workforce Development, compared to June 2017, the local unemployment rates dropped in fifteen labor market areas, remained the same in four areas and increased in five labor market areas. Twelve of the fifteen areas for which job estimates are published recorded a seasonal job gain in June. The largest gains occurred in the Boston-Cambridge-Newton, Barnstable, Lowell-Billerica-Chelmsford, Pittsfield, and Framingham areas. The Leominster-Gardner, Brockton-Bridgewater-Easton and Peabody-Salem-Beverly areas lost jobs over the month.

From June 2017 to June 2018, thirteen of the fifteen areas added jobs, with the largest percentage gains in the Lynn-Saugus-Marblehead, Haverhill-Newburyport-Amesbury, Lowell-Billerica-Chelmsford, Boston-Cambridge-Newton, Taunton-Middleborough-Norton, and Brockton-Bridgewater-Easton areas. The Peabody-Salem-Beverly area’s jobs level remained unchanged over the year while the Framingham area lost jobs.

The following table details the year-over-year job growth by sector for the Commonwealth of Massachusetts and the Boston-Cambridge-Nashua NECTA by industry.

Exhibit 10 - Massachusetts and Boston NECTA Employment by Industry

	Massachusetts (in 1,000's)				Boston-Cambridge-Nashua MA NH NECTA (in 1,000's)			
	Period		Change		Period		Change	
	Jun-17	Jun-18	#	%	Jun-17	Jun-18	#	%
Total Non-Farm	3,665,100	3,735,600	70,500.00	1.92%	2,771,400	2,824,800	53,400.00	1.93%
Total Private	3,208,200	3,279,900	71,700.00	2.23%	2,457,700	2,513,200	55,500.00	2.26%
Goods Producing	403,600	420,500	16,900.00	4.19%	303,800	315,500	11,700.00	3.85%
Service Providing	3,261,500	3,315,100	53,600.00	1.64%	2,467,600	2,509,300	41,700.00	1.69%
Mining, Logging, and Construction	157,800	169,300	11,500.00	7.29%	115,500	123,300	7,800.00	6.75%
Manufacturing	245,800	251,200	5,400.00	2.20%	188,300	192,200	3,900.00	2.07%
Trade, Trans. Utilities	586,700	587,800	1,100.00	0.19%	428,800	430,900	2,100.00	0.49%
Information	91,900	91,300	-600.00	-0.65%	80,600	80,200	-400.00	-0.50%
Financial Activities	224,600	225,600	1,000.00	0.45%	187,500	185,800	-1,700.00	-0.91%
Professional Services	574,200	604,700	30,500.00	5.31%	488,900	513,100	24,200.00	4.95%
Education and Health Services	787,300	794,300	7,000.00	0.89%	574,300	582,900	8,600.00	1.50%
Leisure and Hospitality	397,400	409,400	12,000.00	3.02%	287,800	295,700	7,900.00	2.74%
Other Services	142,500	146,300	3,800.00	2.67%	106,000	109,100	3,100.00	2.92%
Government	456,900	455,700	-1,200.00	-0.26%	313,700	311,600	-2,100.00	-0.67%

Source: MA Executive Office of Labor and Workforce Development (EOLWD)

Data Not Seasonally Adjusted

Site: http://lmi2.detma.org/Lmi/lmi_ces_a.asp#aIndustry

The 10 largest employers in the Greater Boston area are listed in the following exhibit. As shown, the major employers are in the Education and Health sectors.

Exhibit 11 – Greater Boston Area Largest Employers

Greater Boston Area Largest Employers	
# Employer	Number of employees
1 Brigham & Women's Hospital	10,000+
2 Massachusetts General Hospital	10,000+
3 Boston Children's Hospital	5,000-9,999
4 Boston University School of Medicine	5,000-9,999
5 Boston University	5,000-9,999
6 Children's Hospital Inc.	5,000-9,999
7 Floating Hospital For Children	5,000-9,999
8 John Hancock Life Insurance Co.	5,000-9,999
9 Liberty Mutual Group Inc.	5,000-9,999
10 Massachusetts Bay Transportation	5,000-9,999

Source: MA Labor and Workforce Development

Household must compete for housing within the local housing market and demand for the subject's units is affected by area's economic performance. The relative strength of the state and local economy encourages migration to the area and puts additional pressures on existing housing stock. An area's economic health influence households residential and migration choices; they directly influence the underlying factors associated with demographic changes. The strength of the economy places disproportionate pressures on lower-income households that find it increasingly difficult to secure housing at affordable prices. Current economic forces serve to decrease the already limited supply of affordable housing and, in as a result, increase demand for new affordable housing units such as those permitted at the subject property.

The subject is an age-restricted development and its tenants are less directly affected by economic trends than younger tenants who are more typically still in the workforce. However, senior households can be directly affected by trends in the Stock Market which are affected by economic trends. Seniors who are considering selling their homes and moving into rental housing also can be affected by the impact of the national and regional economy on home prices and by the of economic trends on the local rental housing market.

General Demographic Overview

Population trends in the regional, state and metropolitan areas can reflect the economic trends described and recent social changes. In general, economic expansion, such as that seen in the late 1990s and the mid-2000s, results in migration into an area while economic contraction results in

population decline or stagnation. While other factors contribute to population changes, economic trends and migration among different labor areas have the largest impact.

Population growth rates in the region, state, and the Boston Core Based Statistical Area (CBSA) have lagged behind the rates associated with the entire United States, with the growth rates for the CBSA, state and New England region being generally similar. However, forecasts through 2022 indicate that growth rates for the number of households in the Boston CBSA will approximate expected national rates. Analysts project that the Boston CBSA will contain approximately 5.03 million residents and 1.93 million households by 2022.

Exhibit 12 – General Demographic Trends

	Demographic Comparison				Avg. Ann. Change		
	2000	2010	2017	2022	2000-2010	2010-2017	2017-2022
Boston CBSA							
Population	4,391,344	4,552,402	4,830,528	5,028,926	0.37%	1.22%	0.82%
Households	1,679,659	1,760,584	1,852,306	1,925,826	0.48%	1.04%	0.79%
Median Household Income			\$78,835	\$88,108			2.35%
Massachusetts							
Population	6,349,097	6,547,629	6,884,028	7,118,883	0.31%	1.03%	0.68%
Households	2,443,580	2,547,075	2,652,580	2,736,962	0.42%	0.83%	0.64%
Median Household Income			\$71,460	\$79,743			2.32%
New England							
Population	13,922,517	14,444,865	14,970,956	15,328,188	0.38%	0.73%	0.48%
Households	5,387,114	5,664,396	5,837,187	5,966,951	0.51%	0.61%	0.44%
Median Household Income			\$66,663	\$75,763			2.73%
United States							
Population	281,421,906	308,745,538	327,514,334	341,323,594	0.97%	1.22%	0.84%
Households	105,480,101	116,716,292	123,158,887	128,069,416	1.07%	1.10%	0.80%
Median Household Income			\$56,124	\$62,316			2.21%

Source: STDB Online

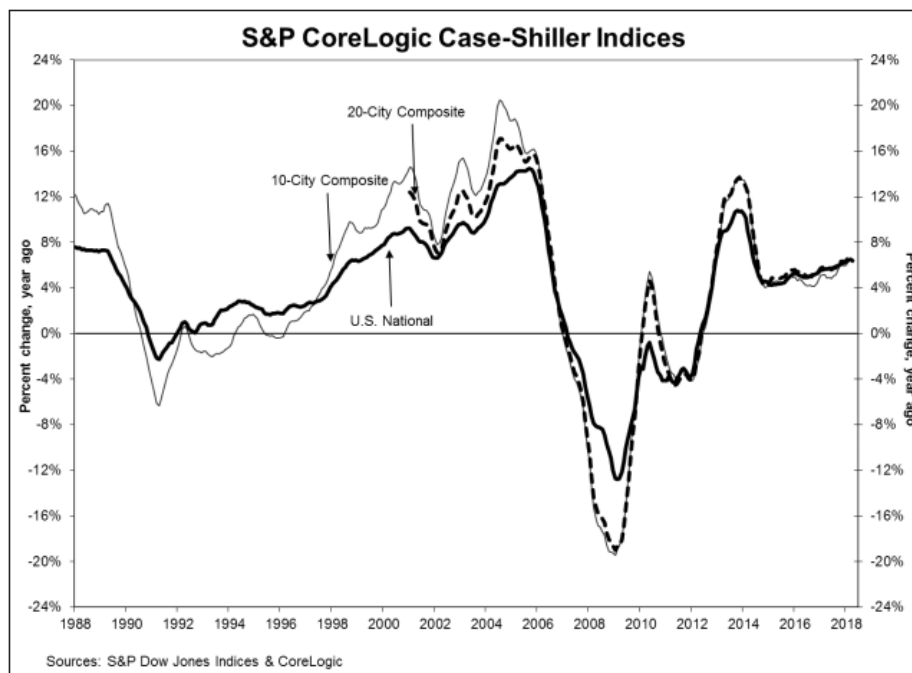
Median household income levels in the Boston CBSA, Massachusetts, and New England exceed the national median household level for every data point examined. The median household income level for the Boston CBSA exceeded the national level by 40% in 2017 with a gap of \$22,711. The discrepancy is projected slightly widen through 2022 in total dollars, with the median household income level in the CBSA increasing to \$88,108; a level that is \$25,792 more than the national level.

The overview of state, regional and metropolitan area trends helps frame the analysis of local demographic patterns and the expected demand for housing and jobs in the local area. In general, it is expected that New England, Massachusetts, and the Boston metropolitan area will experience continued population growth. Local and regional income levels will continue to exceed national levels. Forecasts for the Boston CBSA indicate an increasing population base with increasingly more affluent households. These trends have a direct impact on the local housing market and that impact can be seen in the increasing strength of that market.

Housing Market Overview

Data released on June 26, 2018 reflecting trends as of April 2018 by The S&P/Case-Shiller U.S. National Home Price Index, the most recent available which covers all nine U.S. census divisions, recorded a 6.4% annual gain in April, down from 6.5% the prior month. The 10-City Composite posted a 6.2% annual increase, down from 6.4% the previous month. The 20-City Composite reported a year-over-year gain of 6.6%, down from 6.7% the previous month.

Exhibit 13 – S&P/Case-Shiller Price Indices



“Home prices continued their climb with the S&P CoreLogic Case-Shiller National Index up 6.4% in the past 12 months,” says David M. Blitzer Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. “Cities west of the Rocky Mountains continue to lead price increases with Seattle, Las Vegas and San Francisco ranking 1-2-3 based on price movements in the trailing 12 months. The favorable economy and moderate mortgage rates both

support recent gains in housing. One factor pushing prices up is the continued low supply of homes for sale. The months-supply is currently 4.3 months, up from levels below 4 months earlier in the year, but still low. Looking back to the peak of the boom in 2006, 10 of the 20 cities tracked by the indices are higher than their peaks; the other ten are below their high points. The National Index is also above its previous all-time high, the 20-city index slightly up versus its peak, and the 10-city is a bit below.”

Increasing home price trends are also evident in Massachusetts. According to a new report from The Warren Group, publisher of Banker & Tradesman, Massachusetts single-family home prices increased June with the number of sales declining on a year-over-year basis. There were 7,205 single-family home sales recorded in Massachusetts in June, a 3.7 percent decrease from June 2017. Year-to-date, there have been 26,500 single-family home sales across Massachusetts, a decline of 2.6 percent from the first six months of 2017. The median single-family sale price increased 6.3 percent to \$420,000, up from \$395,000 a year earlier. Year-to-date, the median price rose 5.6 percent to \$380,000.

“Following the most recent price spike, it’s becoming increasingly apparent that 2018 will be a record-setting year,” said Tim Warren, CEO of The Warren Group. “After more than 40 years of tracking and analyzing the local real estate market, the median home price surpassing \$400,000 is a first for me.”

Condominium sales in June totaled 2,962 transactions, marking a 1.8 percent decrease on a year-over-year basis. Meanwhile, the median condo sale price increased 7.5 percent to \$385,000 – the second-highest median sale price ever achieved in condo sales. Year-to-date, condo sales increased 2.8 percent with 11,834 transactions compared to the same period in 2017, while the median price rose 10.6 percent to \$385,000.

“The median statewide condo price has been above \$370,000 for four consecutive months,” Warren continued. “The bulk of the price gain is the results of major development throughout the Greater Boston area, and with 18 major developments slated for completion this year – bringing even more condos to the market – I don’t expect price gains to slow anytime soon. I wouldn’t be surprised if the median condo price joins single-family homes above the \$400,000 mark in the coming months.”

Exhibit 14- Statewide For-Sale Activity

MA State - Median Sales Price - Calendar Year

Year	Period	1-Fam	Condo	All
2018	Jan - Jun	\$380,000	\$374,900	\$379,000
2017	Jan - Dec	\$365,000	\$341,000	\$360,000
2016	Jan - Dec	\$346,500	\$329,000	\$343,000
2015	Jan - Dec	\$340,000	\$317,000	\$335,000
2014	Jan - Dec	\$331,825	\$310,000	\$325,000
2013	Jan - Dec	\$322,800	\$298,000	\$315,000
2012	Jan - Dec	\$290,000	\$278,000	\$285,000
2011	Jan - Dec	\$285,000	\$269,900	\$274,000
2010	Jan - Dec	\$295,000	\$265,000	\$275,000
2009	Jan - Dec	\$285,000	\$252,650	\$265,000
2008	Jan - Dec	\$305,000	\$275,000	\$287,000
2007	Jan - Dec	\$345,000	\$280,000	\$323,100
2006	Jan - Dec	\$345,000	\$280,000	\$325,000
2005	Jan - Dec	\$355,000	\$280,000	\$332,000
2004	Jan - Dec	\$337,500	\$263,500	\$316,000
2003	Jan - Dec	\$305,000	\$238,000	\$285,000
2002	Jan - Dec	\$276,500	\$215,000	\$254,000
2001	Jan - Dec	\$239,325	\$174,900	\$215,000
2000	Jan - Dec	\$215,000	\$151,825	\$188,000

Source: The Warren Group

Rental Market Overview

According to REIS's newly released data on apartment vacancy, absorption, consumption, supply and demand, and rent trends, asking rents grew by 0.9% across the country in the first quarter of 2018, up to a national average of \$1,382, while effective rents grew by 0.9% over the same period, up to a \$1,318 national average. The healthy rent-growth rates reflect confidence in the current market, as well as in the continued balance between demand growth and expected supply growth. The national vacancy rate, also, increased by 10 bps in the first quarter, to 4.7%, and was up 40 bps year over year (YOY) from 4.3% in the first quarter of 2017. While total inventory is still expected to increase in the coming years, new construction came in lower than expected this quarter, at 39,917 new units nationwide. At the same time, occupancy growth, or net absorption, was 27,875 units in the most-recent quarter.

The Boston apartment market is comprised of 221,473 units in nine geographic concentrations ranging in size from the 34,138 unit North Shore/Merrimack River Valley submarket to the South/Southeast Suburban submarket, which accounts for 16,498 units. Since the beginning of Q1 2008, the fastest growing area has been the Mystic

River North/Route 128 submarket, adding 6,069 units over that period, or 17.4% of total metropolitan apartment completions.

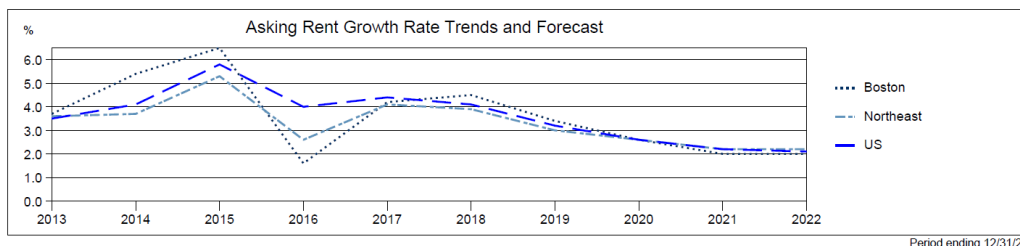
Asking rents increased by 1.0% during the first quarter of 2018 to an average of \$2,272. Effective rents, which take into account concessions offered to new lessees, also rose by 1.0% during the third quarter to an average of \$2,152. Over the year, asking rents increased by 4.1% and effective rents increased by 4.0%.

These averages include expensive new units hitting the market, but low-end units are posting better rent gains, Reis reports. The Class A asking average is up 0.9% over three months and 3.5% over twelve months to \$2,770 per month. The Class B/C asking average is up 0.9% for the quarter and 4.4% year-over-year to \$1,827 per month. That Class B/C average is extremely high by national standards.

Exhibit 15- Metro Apartment Rent Trends

		Asking Rent Growth						
		Quarterly			Annualized			
		1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Boston	1.0%	0.0%	1.0%	4.2%	4.1%	4.3%	2.9%	
Northeast	0.9%	0.5%	0.9%	4.1%	4.0%	3.9%	2.8%	
United States	0.9%	0.6%	0.9%	4.4%	4.7%	4.4%	2.8%	
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22	

Metro Rank Compared to:	Total Metros	Metro Ranks						
		1Q18	4Q17	YTD	1 Year	3 Year	5 Year	5 Yr Forecast
Northeast	15	7	11	7	2	3	1	3
United States	82	29	70	29	31	38	27	22



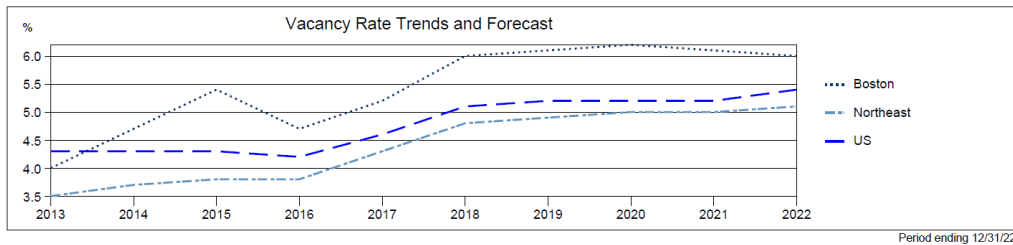
Source: REIS, Inc.

Market vacancies continue to be concentrated in the newer Class A properties. Reis reports an overall vacancy rate of 5.3% in the first quarter of 2018, up 10 basis points from the prior quarter and up 50 basis points from a year earlier. The Class A vacancy rate was 6.7% in the first quarter, up 20 basis points during the quarter and 70 basis points year-over-year. The Class B/C rate is 4.0%, unchanged over three months and up 30 basis points over twelve months. Reis predicts the overall vacancy rate will end 2018 at 6.0% and 2019 at 6.1% before leveling off.

Exhibit 16– Metro Apartment Vacancy Trends

		Vacancy Rates						
		Quarterly			Annualized			
		1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Boston		5.3%	5.2%	5.3%	5.0%	5.0%	4.7%	6.1%
Northeast		4.4%	4.3%	4.4%	4.1%	3.9%	3.8%	5.0%
United States		4.7%	4.6%	4.7%	4.4%	4.4%	4.4%	5.2%
Period Ending:		03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22

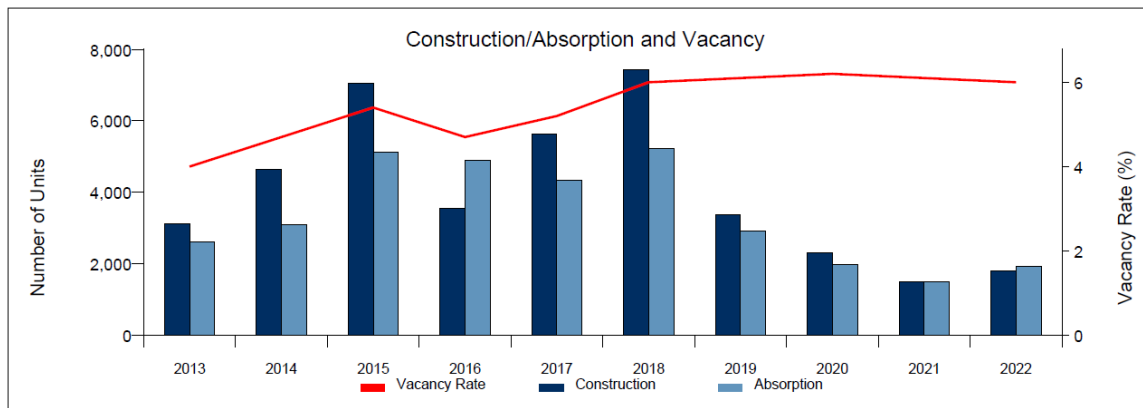
Metro Rank Compared to:	Total Metros	Metro Ranks						
		1Q18	4Q17	YTD	1 Year	3 Year	5 Year	5 Yr Forecast
Northeast	15	12	12	12	13	14	14	13
United States	82	54	57	54	54	55	47	62



Source: REIS, Inc.

The trend of young people surging into the cities and regulations loosening up for multifamily development in the suburbs had already lifted apartment development from its previously low level here in the mid-2000s, but this boom has far surpassed the last one. Reis reports 606 units completed construction in the first quarter, bringing the year-to-date total to more than 5,400. Over the next five years, 3,282 additional units are projected to be built in the metro area. This is coupled with an increasing vacancy rate as these units absorb through to 2020 when vacancy will begin to stabilize in the market.

Exhibit 17– Metro Construction/Absorption Trends



Source: REIS, Inc.

The anticipated rent increases will be on top of the Boston area rents that currently rank among the highest in the county. The subject's rent potential is tied to trends in the Greater Boston area, but is most directly tied to its local area. The subject is located in the Newton, which Reis considers to be part of the Boston City sub-market and distinguishes it from the balance of the metro market. The next exhibit indicates the location of the subject within the sub-market.

Exhibit 18 - Rental Sub-Market

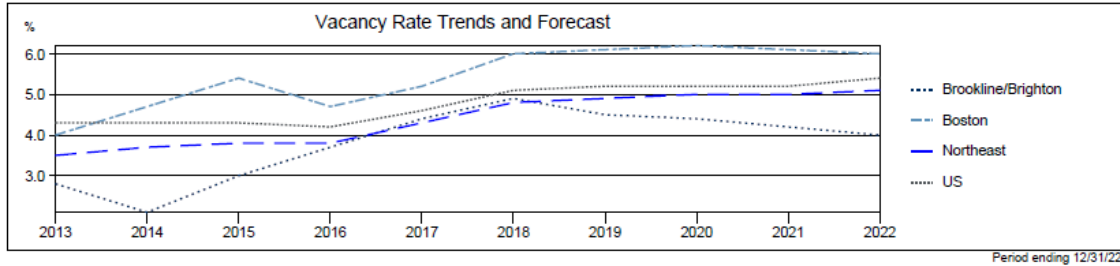


Reis reports a first quarter 2018 vacancy rate of 4.3% for the 18,729-unit Brookline/Brighton/Newton submarket. Reis predicts that the vacancy rate for the submarket will average 4.9% for 2018, decrease to 4.5% in 2019, then continue decreasing before reaching 4.0% in 2022. Vacancy trends by building class in the submarket mirror the trends seen in the metro area as a whole with Class A vacancies of 6.2% and Class B vacancies lower at 3.2%.

Exhibit 19 – Vacancy Rate Trends

	Vacancy Rates						
	Quarterly			Annualized			
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Brookline/Brighton	4.3%	4.4%	4.3%	4.1%	3.3%	3.2%	4.4%
Boston	5.3%	5.2%	5.3%	5.0%	5.0%	4.7%	6.1%
Northeast	4.4%	4.3%	4.4%	4.1%	3.9%	3.8%	5.0%
United States	4.7%	4.6%	4.7%	4.4%	4.4%	4.4%	5.2%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22

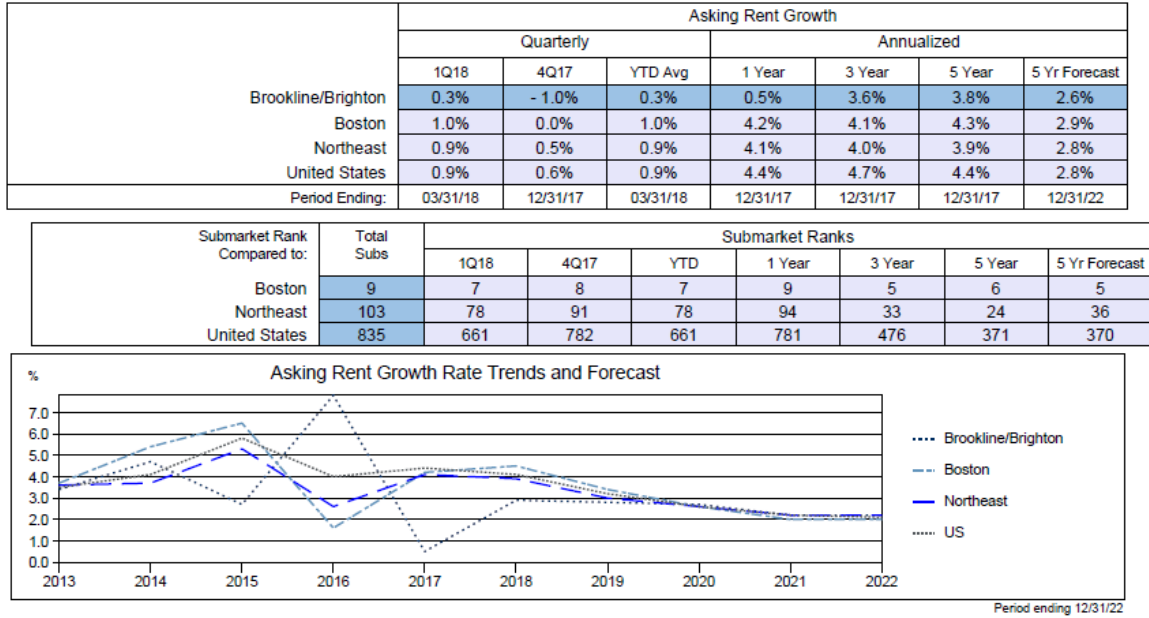
Submarket Rank Compared to:	Total Subs	Submarket Ranks						
		1Q18	4Q17	YTD	1 Year	3 Year	5 Year	5 Yr Forecast
Boston	9	3	3	3	3	2	1	3
Northeast	103	62	62	62	60	52	43	56
United States	835	434	451	434	411	275	220	369



Source: REIS, Inc.

During the quarter, the average asking rent was \$2,391 per month, the third highest in all the submarkets. The average asking rent was up 0.3%, and the average effective rent also increased 0.2% to \$2,300 per month. The asking average is up 2.8% year-over-year and the effective average is up 2.7%. The report maintains that landlords will be able to continue to raise asking rents. The submarket average asking rents are projected to increase by 2.9% in 2018, and then by between 2.2% and 2.9% for the following three years.

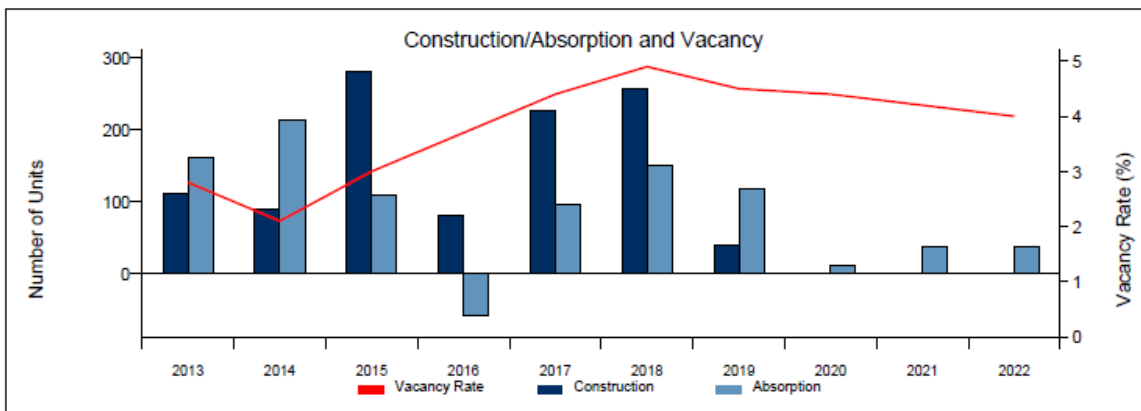
Exhibit 20 – Comparative Rent Trends



Source: REIS, Inc.

Current and projected vacancy rates and rents reflect the strength of the local market. The valuation of the subject property must incorporate the strength of the local rental housing market and its immediate neighborhood. The next table juxtaposes the submarket’s construction and absorption levels with the aggregate vacancy rates for the period 2012 projected through 2021. Reis reports 297 market-rate units under construction in the submarket and vacancy rates are expected to remain steady.

Exhibit 21– Submarket construction, absorption and vacancy forecast



Over the same period, Reis estimates that asking rents will continue growing, as well, rising to \$2,707 by 2022.

Exhibit 22– Trends in Asking Rents

Brookline/Brighton		
Year	Asking Rent	% Change
2018	\$2,453	2.94%
2019	\$2,523	2.85%
2020	\$2,592	2.73%
2021	\$2,649	2.20%
2022	\$2,707	2.19%

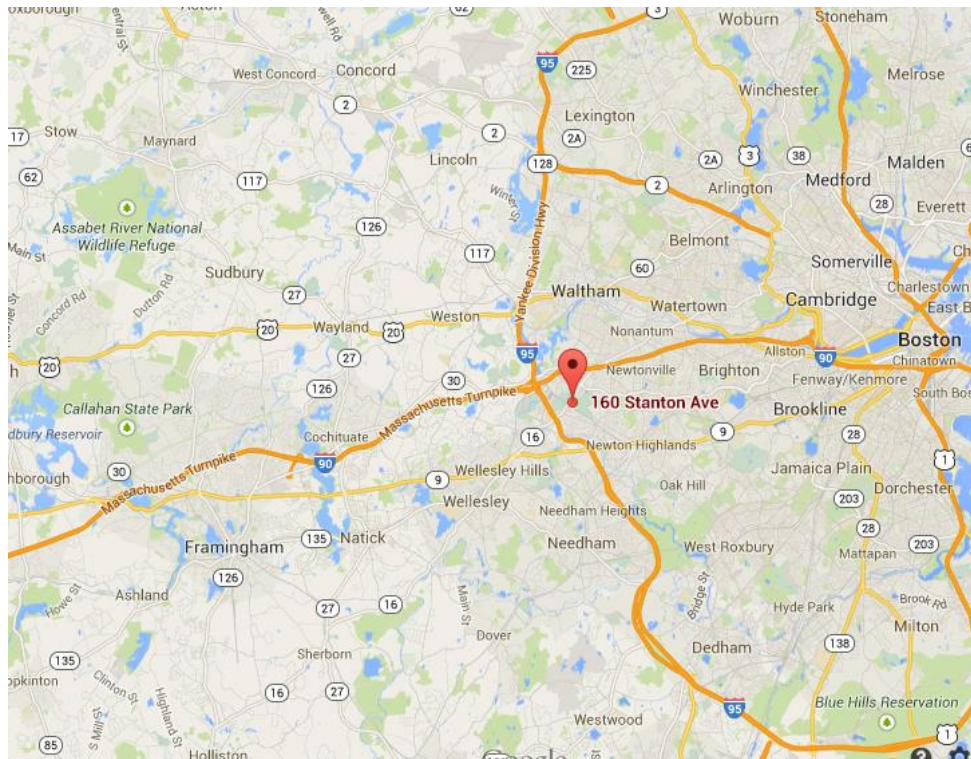
Source: Reis, Inc

The strength of the rental housing market is evidenced by occupancy rates in surrounding rental developments. Market occupancies above 95% are generally considered effectively “fully occupied”, since most property owners assume approximately 5% vacancy and credit loss for market rate apartments in their pro forma analysis and projections. Based on a review of comparable properties in the subject’s market area, the market has a vacancy rate of 1.0%. The subject units’ rent potential benefits from recent increases in demand for rental housing in the Boston market in general, the subject’s submarket, and more specifically the value tenants in Newton as a rental destination.

City and Neighborhood Overview

The subject property is located on the west side of the City of Newton, which is in Middlesex County, in northeastern Massachusetts. It is, bordered by Weston and Wellesley on the west, Waltham on the north, Boston, Brighton and Watertown on the east, and Needham on the south. Newton is 7 miles west of downtown Boston; 44 miles north of Providence, Rhode Island; and about 207 miles from New York City.

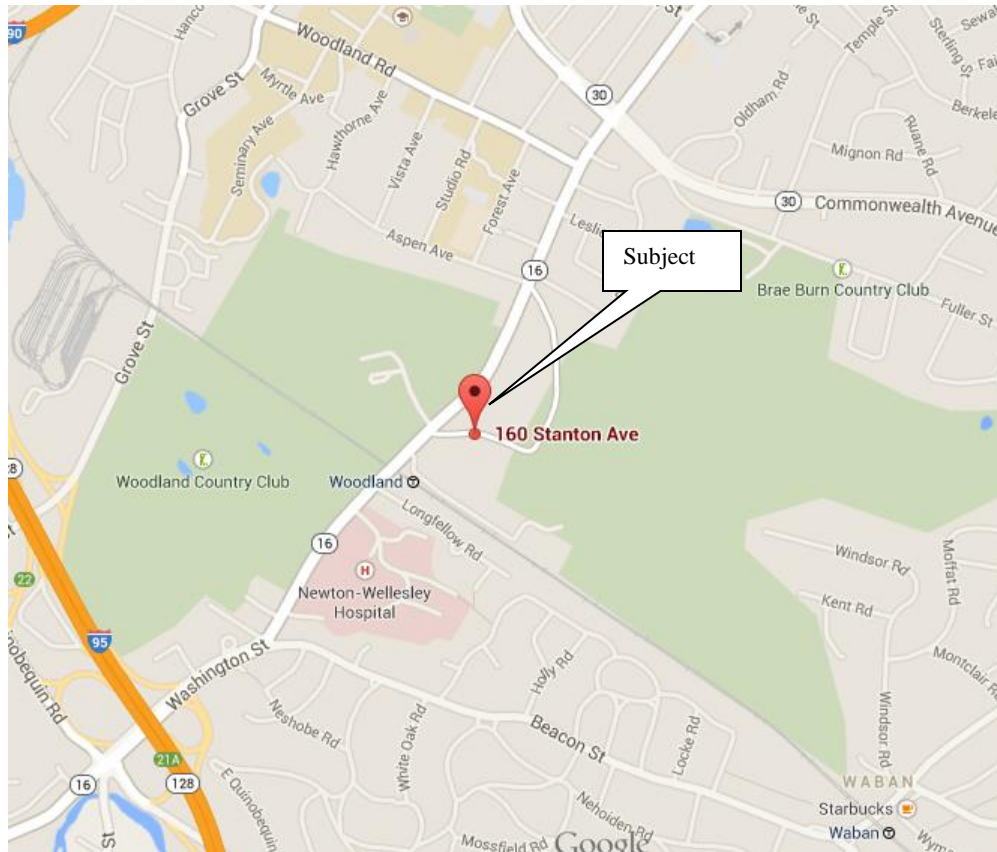
Exhibit 23 – Subject location in relation to adjacent communities



The subject’s neighborhood boundaries are Brae Burn Country club to the east, Woodland Country Club to the west, Interstate I-95 to the southwest, Beacon Street and Route 6 to the south, Interstate I-95 to the west and Commonwealth Avenue to the north. The subject is directly proximate to two country clubs with golf courses, and the neighborhood is a higher-income neighborhood consisting of mostly single—family homes.

Newton has excellent access to transportation. Two major highways serve the city, Interstates 95 and 90, which connect Newton to Boston, Providence, western Massachusetts, New Hampshire, and New York City. The MBTA provides Newton with light rail, commuter rail and bus services, connecting it to Boston and other surrounding areas.

Exhibit 24 – Neighborhood Map



The subject neighborhood exclusive of the major arteries is mostly developed with single-family homes. The homes are generally well maintained and some even appeared newly constructed. The subject neighborhood also includes two large golf courses and two country club complexes. Overall, this area is desirable as evidenced by the well-maintained homes. There is no change in uses within the subject neighborhood or to adjacent uses in the foreseeable future.

Local Housing Market - Like much of the nation, the state, and the county, Newton housing stock and unit prices were affected by the recent recession and housing crisis. However, the data indicates that Newton proved more resilient than other areas in response to the recession and has recovered well above pre-recession levels. Single-family sale data indicate that the median price of single-family homes in Newton increased through 2005. The median price for single-family homes declined in 2006 and again in 2009. Since, 2010, median sales prices for single-family homes have increased each year, reaching a median sales price of \$1,396,250 in 2018. The median sales price is particularly important for this study as it is reflective of net worth of senior homeowners. This data is in turn useful in determining how much liquid disposable income

senior homeowners who decide to sell their homes and go into independent senior rental housing have for the initial deposit and subsequent housing costs. A more detailed discussion of net worth as it relates to prospective demand can be found later in the report.

Exhibit 25 – Local Housing Prices

Newton, MA - Median Sales Price - Most Recent Month Available

Year	Period	1-Fam	Condo	All
2018	Jun	\$1,396,250	\$792,500	\$1,200,000
2017	Jun	\$1,214,000	\$711,000	\$1,072,500
2016	Jun	\$1,125,000	\$608,820	\$910,000
2015	Jun	\$1,127,000	\$546,250	\$870,000
2014	Jun	\$1,000,000	\$580,000	\$851,000
2013	Jun	\$899,500	\$515,000	\$760,000
2012	Jun	\$844,250	\$365,000	\$653,750
2011	Jun	\$772,000	\$498,750	\$681,500
2010	Jun	\$750,000	\$429,500	\$620,425
2009	Jun	\$761,250	\$389,000	\$665,000
2008	Jun	\$751,750	\$419,000	\$632,500
2007	Jun	\$742,600	\$468,000	\$687,500
2006	Jun	\$819,500	\$518,836	\$642,500
2005	Jun	\$780,000	\$496,500	\$660,000
2004	Jun	\$691,250	\$415,000	\$621,000
2003	Jun	\$625,675	\$438,250	\$600,750
2002	Jun	\$636,000	\$462,000	\$588,000
2001	Jun	\$628,750	\$399,000	\$570,000
2000	Jun	\$605,000	\$296,500	\$506,500
1999	Jun	\$465,000	\$303,800	\$425,000
1998	Jun	\$414,500	\$225,250	\$385,000
1997	Jun	\$364,500	\$237,000	\$325,000
1996	Jun	\$360,000	\$189,250	\$300,000
1995	Jun	\$327,000	\$195,000	\$291,000
1994	Jun	\$315,500	\$189,000	\$272,750
1993	Jun	\$290,000	\$205,000	\$274,000
1992	Jun	\$311,250	\$205,500	\$290,500
1991	Jun	\$290,000	\$211,000	\$273,000
1990	Jun	\$295,000	\$202,500	\$275,000
1989	Jun	\$325,000	\$199,000	\$295,000
1988	Jun	\$311,000	\$196,500	\$276,000
1987	Jun	\$285,000	\$205,000	\$268,000

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The number of sales has fluctuated over the past 14 years. Single-family home sale volume reached its peak at 122 sales in 1998 while condominium sales peaked at 58 sales in 2005. Both types of residences generally fluctuated over the period reviewed.

Exhibit 26 – Number of Sales

Newton, MA - Number of Sales - Most Recent Month Available

Year	Period	1-Fam	Condo	All
2018	Jun	84	29	135
2017	Jun	94	45	155
2016	Jun	100	54	166
2015	Jun	89	44	157
2014	Jun	89	46	158
2013	Jun	106	43	166
2012	Jun	102	47	172
2011	Jun	101	24	146
2010	Jun	81	42	140
2009	Jun	90	35	140
2008	Jun	90	43	148
2007	Jun	91	41	141
2006	Jun	92	50	155
2005	Jun	105	58	183
2004	Jun	88	35	156
2003	Jun	73	22	106
2002	Jun	108	51	171
2001	Jun	74	29	113
2000	Jun	108	30	155
1999	Jun	116	43	180
1998	Jun	122	30	175
1997	Jun	78	36	125
1996	Jun	84	28	129
1995	Jun	93	28	130
1994	Jun	87	39	146
1993	Jun	72	18	100
1992	Jun	86	11	105
1991	Jun	85	10	111
1990	Jun	75	18	103
1989	Jun	87	25	131
1988	Jun	80	44	136
1987	Jun	95	33	142

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Local Economic Data – Newton benefits from its proximity to employment centers located on I-95 and in Boston, its access to I-90 and the significant number of retail stores in the immediate area. The impact of these benefits is evidenced in a review of trends associated with local area employment. Newton’s unemployment rate has historically been lower than the Boston NECTA trending with it but remaining slightly lower up to present day highlighting its status as an attractive community in the region.

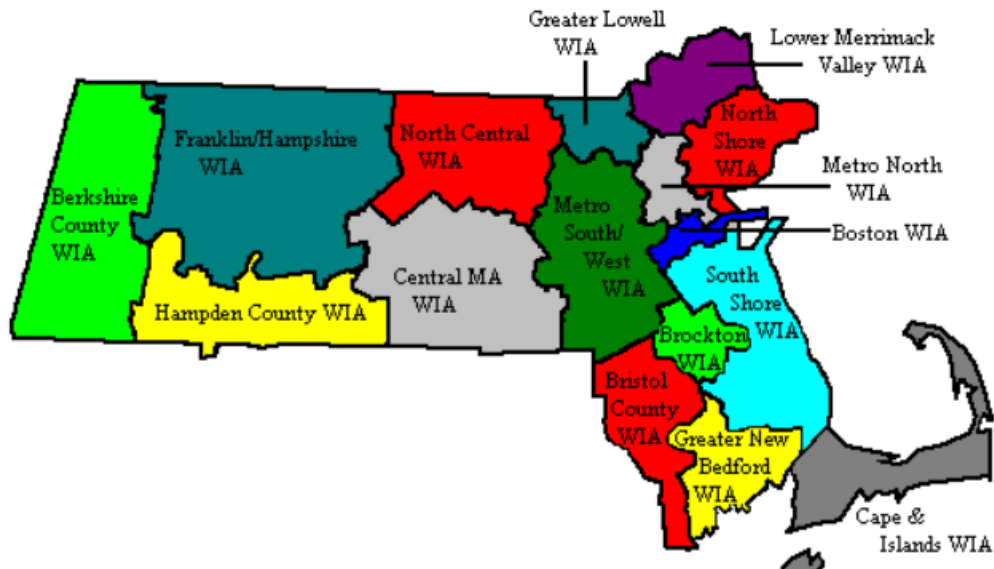
Exhibit 27 – Newton Economic Data

Month	Year	Labor Force	Employed	Unemployed	Unemployment Rate
07	2018	50,646	49,027	1,619	3.2
06	2018	50,175	48,549	1,626	3.2
05	2018	49,277	48,031	1,246	2.5
04	2018	48,856	47,701	1,155	2.4
03	2018	48,398	47,111	1,287	2.7
02	2018	47,998	46,709	1,289	2.7
01	2018	47,275	46,075	1,200	2.5

Annual	Year	Labor Force	Employed	Unemployed	Unemployment Rate
Average	2017	47,458	46,127	1,331	2.8
Average	2016	46,779	45,361	1,418	3.0
Average	2015	46,294	44,591	1,703	3.7
Average	2014	45,882	43,952	1,930	4.2
Average	2013	45,358	43,150	2,208	4.9
Average	2012	44,803	42,753	2,050	4.6
Average	2011	44,143	41,935	2,208	5.0
Average	2010	44,244	41,608	2,636	6.0

According to the Massachusetts Workforce Development, Newton is located in the Metro South/West Workforce Investment Area, a map of which is shown in the following exhibit.

Exhibit 28 – Metro South/West Workforce Investment Area



In April, preliminary estimates from the Bureau of Labor Statistics indicate Massachusetts added 6,100 jobs. Over the month gains occurred in Education and Health Services; Construction; Trade, Transportation, and Utilities; Professional, Scientific, and Business Services; Other

Services; and Financial Activities. The jobs level remained unchanged in Leisure and Hospitality.

The following table details the year-over-year job growth by sector for the Commonwealth of Massachusetts and the Boston-Cambridge-Nashua NECTA by industry.

Exhibit 29 - Massachusetts and Boston NECTA Employment by Industry

	Massachusetts				Boston-Cambridge-Nashua MA NH NECTA			
	Period		Change		Period		Change	
	Apr-17	Apr-18	#	%	Apr-17	Apr-18	#	%
Total Non-Farm	3,590,400	3,636,500	46,100	1.28%	2,728,200	2,765,100	36,900	1.35%
Total Private	3,127,100	3,173,200	46,100	1.47%	2,411,100	2,449,500	38,400	1.59%
Goods Producing	389,200	399,900	10,700	2.75%	293,500	301,700	8,200	2.79%
Service Providing	3,201,200	3,236,600	35,400	1.11%	2,434,700	2,463,400	28,700	1.18%
Mining, Logging, and Construction	146,600	154,500	7,900	5.39%	108,200	113,300	5,100	4.71%
Manufacturing	242,600	245,400	2,800	1.15%	185,300	188,400	3,100	1.67%
Trade, Trans. Utilities	570,300	571,000	700	0.12%	419,500	419,700	200	0.05%
Information	90,900	90,400	-500	-0.55%	79,300	79,200	-100	-0.13%
Financial Activities	219,200	221,200	2,000	0.91%	183,100	183,000	-100	-0.05%
Professional Services	562,300	583,100	20,800	3.70%	479,500	497,700	18,200	3.80%
Education and Health Services	801,800	807,300	5,500	0.69%	586,700	594,300	7,600	1.30%
Leisure and Hospitality	357,100	361,300	4,200	1.18%	267,700	270,400	2,700	1.01%
Other Services	136,300	139,000	2,700	1.98%	101,800	103,500	1,700	1.67%
Government	463,300	463,300	0	0.00%	317,100	315,600	-1,500	-0.47%

Source: MA Executive Office of Labor and Workforce Development (EOLWD)
Data Not Seasonally Adjusted

Commuting Patterns

To better understand both the locations of the primary regional employment opportunities for potential subject property tenants as well as the advantage to the subject property due to its public transportation and highway access, we reviewed commuting data from the U.S. Census American Community Survey (ACS) for Newton and Middlesex County. The majority (54.4%) of Newton workers work in the same county in which they reside. This is lower than the number of Middlesex County workers who work within the county (67.7%).

Exhibit 30 –Newton Residents Place of Work

Residents Place of Work	Newton		Middlesex County	
	Number	%	Number	%
Worked in State of Residence	42,086	98.6%	390,486	97.5%
Worked in County of Residence	23,220	54.4%	271,137	67.7%
Worked outside County of Residence	18,824	44.1%	119,348	29.8%
Worked outside State of Residence	598	1.4%	10,012	2.5%

Source: 2013 American Community Survey 5-Year Estimates

Data from the ACS Census also provides a sense of typical commuter travel times. The average commute for Newton residents is 26.6 minutes. These data indicate that the subject’s location is well-positioned with work opportunities for the majority of residents within a comfortable commuting distance from home.

Exhibit 31 –Newton - Travel Time to Work

Travel Time to Work	Primary		Secondary	
	Number	%	Number	%
Workers who did not work at home	35,291	96.8%	381,274	95.2%
Less than 10 minutes	4,083	11.2%	3,573	9.8%
10 to 14 minutes	5,870	16.1%	4,302	11.8%
15 to 19 minutes	4,193	11.5%	4,557	12.5%
20 to 24 minutes	4,266	11.7%	4,849	13.3%
25 to 29 minutes	1,641	4.5%	2,224	6.1%
30 to 34 minutes	5,542	15.2%	5,906	16.2%
35 to 44 minutes	3,500	9.6%	3,500	9.6%
45 to 59 minutes	3,901	10.7%	4,120	11.3%
60 or more minutes	3,464	9.5%	3,464	9.5%
Mean travel time to work (minutes)	26.6 mins		28.4 mins	

Source: 2013 American Community Survey 5-Year Estimates

Finally, we reviewed the primary means of transportation for Newton commuters. The data show that the majority of Newton workers commute by car which is the most common mode of transportation statewide. Relative to other Middlesex County communities, the percentage of car commuters is higher with lower use of public transportation. Despite this, access to a variety of means of transportation to work and work locations within a reasonable distance from home underscores the desirability of the subject’s location.

Exhibit 32 – Means of Transportation to Work

Means of Transportation	Primary		Secondary	
	Number	%	Number	%
No. of Workers	36,458	100.0%	400,498	100.0%
Car, truck, or van-drove alone	27,635	75.8%	278,747	69.6%
Car, truck, or van-car pooled	4,302	11.8%	31,239	7.8%
Public Transportation	1,349	3.7%	43,654	10.9%
Walked	1,458	4.0%	19,224	4.8%
Other means	547	1.5%	8,811	2.2%
Worked at Home	1,167	3.2%	19,224	4.8%

Source: 2013 American Community Survey 5-Year Estimates

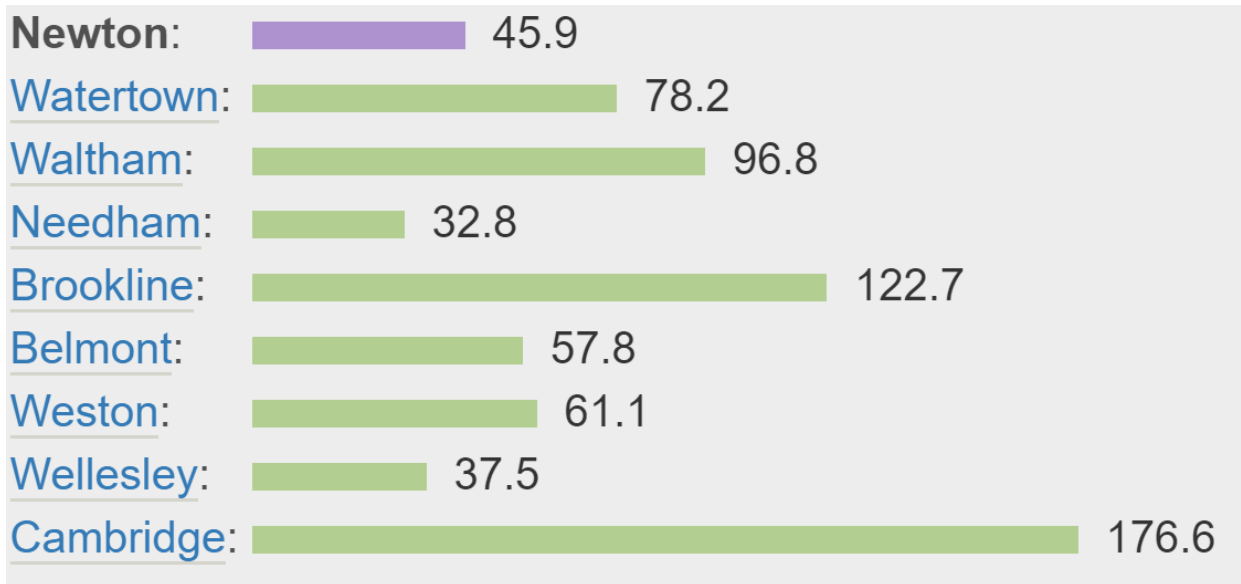
Newton is easily accessible by car and is located proximate to major local highways including Route 9 and Interstates 90 and 95. These commuter patterns are not as desirable for senior tenants in terms of commuting to work but public transportation is important to seniors for recreational mobility. The subject is located directly adjacent to the MBTA Green line and there is a bus on Washington Street. Additionally, the subject property and most comparable senior properties including JCHE properties provide transportation services for its senior tenants.

Crime Statistics

The following table provides information regarding crime statistics for Newton. The data are compared with data from surrounding comparable communities.

Exhibit 33 – Crime Statistics

Crime rates in Newton by year														
Type	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Murders (per 100,000)	0 (0.0)	0 (0.0)	1 (1.2)	1 (1.2)	0 (0.0)	0 (0.0)	1 (1.2)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Rapes (per 100,000)	5 (6.0)	3 (3.6)	6 (7.2)	8 (9.6)	8 (9.7)	8 (9.6)	9 (10.7)	6 (7.2)	2 (2.3)	5 (5.8)	11 (12.7)	6 (6.8)	12 (13.5)	3 (3.4)
Robberies (per 100,000)	23 (27.4)	5 (5.9)	15 (17.9)	23 (27.5)	13 (15.7)	19 (22.8)	18 (21.3)	15 (17.9)	19 (22.2)	17 (19.6)	18 (20.7)	9 (10.1)	13 (14.6)	11 (12.3)
Assaults (per 100,000)	71 (84.6)	42 (49.9)	92 (110.1)	111 (132.7)	57 (68.9)	90 (108.2)	66 (78.2)	65 (77.6)	59 (68.9)	54 (62.3)	45 (51.8)	45 (50.6)	49 (55.0)	32 (35.9)
Burglaries (per 100,000)	145 (172.7)	147 (174.8)	269 (321.9)	189 (225.9)	184 (222.4)	186 (223.6)	187 (221.5)	170 (202.9)	212 (247.5)	185 (213.4)	205 (236.0)	154 (173.3)	109 (122.4)	80 (89.8)
Thefts (per 100,000)	739 (880.3)	677 (805.0)	783 (936.9)	829 (990.9)	1,079 (1,304.2)	896 (1,077.0)	753 (891.9)	1,016 (1,212.7)	942 (1,099.6)	693 (799.2)	584 (672.3)	572 (643.6)	610 (685.0)	544 (610.4)
Auto thefts (per 100,000)	32 (38.1)	32 (38.0)	46 (55.0)	37 (44.2)	43 (52.0)	29 (34.9)	31 (36.7)	26 (31.0)	27 (31.5)	16 (18.5)	18 (20.7)	24 (27.0)	19 (21.3)	18 (20.2)
Arson (per 100,000)	0 (0.0)	1 (1.2)	3 (3.6)	10 (12.0)	1 (1.2)	4 (4.8)	3 (3.6)	1 (1.2)	3 (3.5)	2 (2.3)	4 (4.6)	0 (0.0)	0 (0.0)	0 (0.0)
City-data.com crime index (higher means more crime, U.S. average = 277.0)	83.0	64.2	100.0	103.8	98.1	97.7	87.0	91.8	86.1	71.3	71.8	58.6	63.8	45.9



The crime index value is calculated based on the data using city-data.com algorithms. It is an indicator of the crime level in a region. Higher crime index value means more crime. Our analysis indicates that crime is not a determinant to local housing demand.

Characteristics of Housing Projects under Construction or in Planning

The completion of the subject's proposed capital improvements will provide the subject with a competitive edge when potential tenants compare its renovated units with much of the rental stock in the area's older properties. Numerous new housing is planned for the primary market area based on our conversations with members of each municipal planning board contained in the area. The following represents a list of new residential developments in the subject's immediate area:

Austin Street: This is a large scale mixed-use development which will have 68 units of multi-family residential housing (25% of which will be deed restricted as affordable) and approximately 5,000 square feet of ground-floor commercial space, 127 at-grade public parking spaces and 90 underground parking spaces when completed. Construction is underway with completion scheduled for the summer of 2019 and leasing occurring thereafter.

Chestnut Hill Square: This project is an 11-acre mixed use site that includes a shopping center with a Wegmans grocery store. Phase 1 of the project that contains three commercial buildings and a garage structure and has been fully completed. Phase 2 may add up to 100 residential units to the site in an additional building.

75-83 Court Street: This is a 52,000 square foot site located in a Multi-Residence 1 zoning district. The Sponsor is proposing a 36-unit condominium development on this lot. The Sponsor will be seeking permitting under Massachusetts General Law Chapter 40B. A total of nine of the 36 units will be affordable (serving households below 80% of the area median income). A total of 70 on-site parking spaces are proposed.

12 and 18-20 Curve Street: This is a 15,770 square foot site located in a Multi-Residence 2 zoning district. The Applicant, Myrtle Village LLC has created seven affordable rental units serving households at 50% to 85% of the area median income.

Kessler Woods: This project is a four-story multi-family residential building located along LaGrange Street. The developer is looking to amend the previous special permit. The modifications will increase the number of units from 80 to 88.

Melrose Street, 283-Turtle Lane Playhouse: This project consists of the construction of a new 23-unit, three-story residential building with an underground parking garage at the site of the former Turtle Lane Playhouse. We were informed that demolition of the playhouse has begun but the developer has not secured a permit yet.

157 Herrick Road: This project is a proposed Memory Care facility for senior tenants. The site is on Herrick Road proximate to the Andover Newton Theological School. The developer, Benchmark Senior Living, received a special permit to develop a 51-unit memory care assisted living facility.

While there is new housing proposed and under construction in the primary market area and all of the residential projects have an affordability requirement, there are a limited number of proposed properties that provide senior-restricted housing or senior services. The Herrick Road property, described on the previous page provides memory care units that are not considered to be directly comparable to the subject property. Haywood House is another example of proposed senior housing; however its 55 one-bedroom units will not provide the same level of services associated with Golda Meir. The ILF an ALF product proposed carries housing costs that significantly exceed the subject's fees. We are not aware of any proposed senior enriched housing for Newton that reflects the subject's level of services and price points.

Availability of Subsidized Housing

Based on our conversation with an official at the Newton Housing Authority, the City of Newton offers a variety of programs to meet its affordable housing needs. The Newton Housing Authority administers a HUD sponsored program that provides 298 units of housing to seniors, disabled/handicapped or single persons who are income eligible. The waiting time for this program is approximately 3 to 5 years, indicative the high demand for affordable senior housing in the area. The Newton Housing Authority also administers State provided one-bedroom senior housing for income qualified senior or disabled tenants. The waiting list for this program is 3 to 5 years. Ninety units of state family housing is also provided with a wait time of 5 to 10 years. The housing authority also operates a Section 8 rental subsidy program (Housing Choice Voucher Program) that allows assistance in private market housing. This is a federal program though which vouchers are utilized in assisting tenants in pay their rent in apartments that they have located. The waiting list for this program is over 5 years. The Newton Housing Authority also operates a Massachusetts Rental Voucher Program consisting of twenty-nine project-based rental vouchers and two mobile vouchers. Due to the length of the waiting list and the lack of vacancies in the program, the waiting list for this program is currently closed.

In order to gain a sense of the existing affordable rental properties in the subject's market area, we reviewed several privately run mixed-income, rent-assisted, and low income housing tax credit properties in the area. The comparable affordable properties exhibit an aggregate occupancy level of 100% with many maintaining a waitlist. The Newton Housing Authority's managed properties are also 100% occupied. This information is indicative of the extraordinary demand for affordable housing in the local market.

The subject property is a JCHE-owned senior development similar to the Coleman House, Shillman House and the three JCHE Brighton properties contained within a single unified site.

Coleman House is also located in Newton and contains 146 one-bedroom units of senior affordable housing. Shillman House contains 150 units of senior affordable housing while the complete Brighton campus currently contains 702 units in three separate but connected properties. The three properties are Ulin House, with 239 units; Genesis House, with 209 units; and Levantl House with 254 units. These properties all provide age-restricted and income-restricted units that are the best direct comparable for the proposed units at the subject property. Based on conversations with property representatives, Shillman House maintains a long waiting list for its affordable units and the Brighton properties are currently fully occupied and maintain a three year waiting list, indicative of the high level of demand for affordable senior housing in the area. The subject property is also 100% occupied with a three year waiting list, providing the strongest evidence of demand for the subject's units.

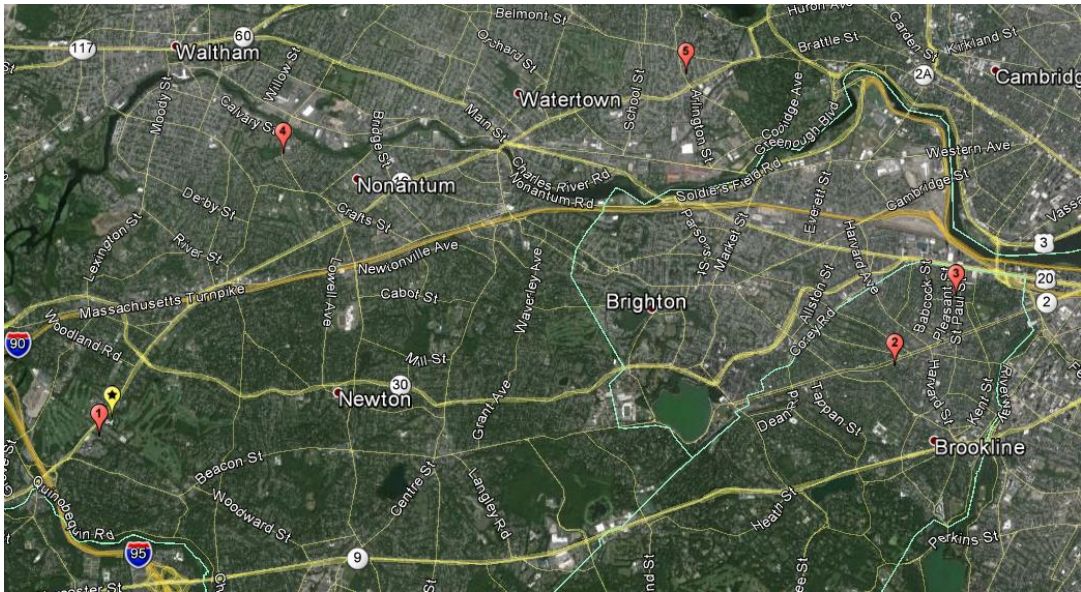
While we are aware of other Newton senior properties it is our opinion that the data just described best reflect the type of housing product provided at Golda Meir and the associated vacancy data provide the most relevant data points.

Comparable Market Rent Property Analysis

As shown above, local affordable rental housing is typically 100% occupied and provides one indication of the strength of the affordable housing market. The survey data we collected evidence vacancy levels of less than 2.0% in the majority of submarkets reviewed. Tenants seeking affordable housing compare properties against other affordable properties and will try to find available affordable rental housing. Tenants will also examine market rate housing to better evaluate the value of local affordable housing.

In order to determine the likely demand for each of the subject's unit types and the most appropriate rent levels by unit type, we reviewed and evaluated five local rental properties that are similarly located in the subject's primary market area. The subject contains 23 market units. You requested that we evaluate the demand for both market and affordable units at the subject site and although our property will be primarily affordable, the market rent level matters because those are the rent levels faced by affordable households when they do not have access to affordable housing. The properties were selected based on either their location or the similarity of their suburban neighborhood to the subject's location. The comparable locations are illustrated in the next exhibit. More detailed property descriptions are provided following the location map.

Exhibit 34- Location Map of Comparable Rental Developments



Golda Meir
 Newton, MA

Comparable Properties

COMP. PROPERTY:	Arbor Point at Woodland Station	DATE:	8/28/2018
PROPERTY ADDRESS:	1940 Washington St Newton, MA 02466		
KEY CROSS STREET:			
CONTACT NAME:	Donna	DEVELOPER:	
PHONE NUMBER:	866-592-9875	MANAGEMENT CO.:	National Development



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1		\$2,753	\$3,669	726	1,019	\$3.79	\$3.60	
2 BR	2		\$3,417	\$3,767	1,094	1,282	\$3.12	\$2.94	
3 BR	2		\$4,325	\$4,755	1,489	1,725	\$2.90	\$2.76	
TOTAL		180							99.0%

This property is adjacent to the subject property and is generally considered the most similar of the comparable properties. The property offers additional family-oriented amenities and enhanced unit features.

YEAR BUILT:	SECURITY DEPOSIT:	\$500
BUILDING TYPE	OTHER FEES:	
NUMBER OF BUILDINGS	LEASE TERMS:	12 Months
NUMBER OF FLOORS:	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:		
BUILDING COMMENTS: Luxury apartments		
INTERIOR AMENITIES		
MICROWAVE: X	SECURITY: Acces Key/Intercom	WINDOW COVERING:
F/F REFRIGERATOR: X	alarm:	blinds: X
WASHER/DRYER: X	gate:	shades:
conn:	patrol:	CARPET: X
full size:	CEILING FAN:	HARDWOOD:
stacked:	FIREPLACE:	VINYL:
DISHWASHER: X	VAULTED CEILING:	OUTSIDE STORAGE:
GARBAGE DISPOSAL: X	VIEWS: X	PATIO/BALCONIES: X
CABLE READY: X	INTERNET ACCESS: X	ELEVATOR: X
COUNTERTOP TYPE:	AIR CONDITIONING: Central	
EXTERIOR AMENITIES		
LAUNDRY ROOM:	FITNESS: X	
POOL: X	CLUBHOUSE: X	
JACUZZI/SAUNA:	BUSINESS CENTER: X	
TENNIS:	PARKING:	off street:
BASKETBALL:	MEDIA CENTER:	carport:
PLAYGROUND:		garage: Included
COMMUNITY SPACE: X	SERVICE COORDINATOR:	zip car: On-Site
ON SITE OFFICE: X		
OTHER: Billiards, Private Dining Room		
OTHER		
PETS: Pets allowed	UTILITIES (type):	
deposit:	resident pays: Water, Sewer, Electric, Telephone, Cable	
pet rent: Cats: \$35, Dogs: \$65		
OTHER FEES:	included: Heat, A/C	
	CLASS:	
PROPERTY CONDITION:		
COMMENTS:		

Golda Meir
 Newton, MA

COMP. PROPERTY:	1443 Beacon Street Apartments	DATE:	8/28/2018
PROPERTY ADDRESS:	1443 Beacon Street Brookline, MA 02446		
KEY CROSS STREET:	Harvard Street		
CONTACT NAME:		DEVELOPER:	
PHONE NUMBER:	(617) 566-1443	MANAGEMENT CO.:	Sydney Associates, Inc.



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1		\$3,850	\$3,850	740	805	\$5.20	\$4.78	
2 BR	2		\$4,325	\$4,325	972	972	\$4.45	\$4.45	
3 BR	2		\$4,025	\$5,075	1,436	1,436	\$2.80	\$3.53	
TOTAL		115							97.0%

This property is older than the subject property but the units are considered in good condition. The property is similar in terms of the strength of its locations to that of the subject property.

Golda Meir
 Newton, MA

YEAR BUILT:	1979	SECURITY DEPOSIT:	One Month
BUILDING TYPE	Mid-Rise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	12 Months
NUMBER OF FLOORS:	8	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
No			
BUILDING COMMENTS:			
Appeared in good condition with good landscaping.			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY:	X
F/F REFRIGERATOR:	X	alarm:	
WASHER/DRYER:	HK-UPS	gate:	X
conn:	X	patrol:	
full size:		CEILING FAN:	
stacked:		FIREPLACE:	X
DISHWASHER:		VAULTED CEILING:	
GARBAGE DISPOSAL:		VIEWS:	X
CABLE READY:	X	INTERNET ACCESS:	X
COUNTERTOP TYPE:		AIR CONDITIONING:	Central
WINDOW COVERING:		blinds:	
		shades:	
		CARPET	
		HARDWOOD:	
		VINYL:	
		OUTSIDE STORAGE:	
		PATIO/BALCONIES:	X
		ELEVATOR:	X
EXTERIOR AMENITIES			
LAUNDRY ROOM:	Laundry Service	FITNESS:	X
POOL:	X	CLUBHOUSE:	X
JACUZZI/SAUNA:		BUSINESS CENTER:	
TENNIS:		PARKING:	X
BASKETBALL:		off street:	
PLAYGROUND:		carport:	
COMMUNITY SPACE:		garage:	Fee
ON SITE OFFICE	X	zip car:	
OTHER:		SERVICE COORDINATOR:	
OTHER			
PETS:	No	UTILITIES (type):	
deposit:		resident pays:	Electric
pet rent:			
OTHER FEES:		included:	Heat, Hot Water
		CLASS:	
PROPERTY CONDITION:			
Fair			
COMMENTS:			

Golda Meir
 Newton, MA

COMP. PROPERTY:	Dexter Park Apartments	DATE:	8/28/2018
PROPERTY ADDRESS:	175 Freeman Street, Brookline, MA 02446		
KEY CROSS STREET:	Babcock Street		
CONTACT NAME:		DEVELOPER:	The Hamilton Company
PHONE NUMBER:	617-738-1533	MANAGEMENT CO.:	The Hamilton Company



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1		\$2,250	\$2,700	550	750	\$4.09	\$3.60	
2 BR	1.5		\$2,850	\$3,500	840	950	\$3.39	\$3.68	
3 BR	1.5		\$4,000	\$4,500	1,150	1,150	\$3.48	\$3.91	
TOTAL		409							96.0%

Dexter Park's units are in very good condition and is considered similar to the subject property in terms of location and condition. The property offers a mix of family-oriented amenities.

Golda Meir
 Newton, MA

YEAR BUILT:	1974	SECURITY DEPOSIT:	
BUILDING TYPE	Mid-Rise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	Flexible
NUMBER OF FLOORS:	9	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
None			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY: Controlled Access	WINDOW COVERING:
F/F REFRIGERATOR:	X	alarm:	blinds:
WASHER/DRYER:		gate: X	shades:
conn:		patrol:	CARPET: X
full size:		CEILING FAN:	HARDWOOD: X
stacked:		FIREPLACE:	VINYL:
DISHWASHER:	X	VAULTED CEILING:	OUTSIDE STORAGE: X
GARBAGE DISPOSAL:	X	VIEWS: X	PATIO/BALCONIES: X
CABLE READY:		INTERNET ACCESS: X	ELEVATOR: X
COUNTERTOP TYPE:		AIR CONDITIONING: Central	
EXTERIOR AMENITIES			
LAUNDRY ROOM:	X	FITNESS:	X
POOL:		CLUBHOUSE:	X
JACUZZI/SAUNA:		BUSINESS CENTER:	X
TENNIS:		PARKING:	X
BASKETBALL:		MEDIA CENTER:	X
PLAYGROUND:			off street: X
COMMUNITY SPACE:			carport: X
ON SITE OFFICE	X	SERVICE COORDINATOR:	garage: X
			zip car:
OTHER: 24-Hour Concierge, Children's Activity Room			
OTHER			
PETS:	Pets Allowed	UTILITIES (type):	
deposit:		resident pays: Electricity	
pet rent:			
OTHER FEES:		included: Gas, Heat and Hot Water	
		CLASS:	
PROPERTY CONDITION:			
COMMENTS: Walkscore: 84			

Golda Meir
 Newton, MA

COMP. PROPERTY:	Albemarle Gardens Apartments	DATE:	8/28/2018
PROPERTY ADDRESS:	149 North Street, Newtonville, MA 02460		
KEY CROSS STREET:	Crafts Street		
CONTACT NAME:		DEVELOPER:	
PHONE NUMBER:	617-527-4312	MANAGEMENT CO.:	Franchi Mangement Co.



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	96	\$1,440	\$1,525	742	742	\$1.94	\$2.06	
2 BR	1	42	\$1,750	\$1,750	762	800	\$2.30	\$2.19	
TOTAL		138							100.0%

Albemarle Gardens' units offer inferior finishes and are in inferior condition to the subject property. The property offers little amenities and is generally inferior in location and neighborhood to the subject property.

Golda Meir
 Newton, MA

YEAR BUILT:	1964	SECURITY DEPOSIT:	First and Last
BUILDING TYPE	Garden	OTHER FEES:	
NUMBER OF BUILDINGS	6	LEASE TERMS:	
NUMBER OF FLOORS:	3	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:		SECURITY:	WINDOW COVERING:
F/F REFRIGERATOR:	X	alarm:	blinds:
WASHER/DRYER:		gate:	shades:
conn:		patrol:	CARPET
full size:		CEILING FAN:	HARDWOOD:
stacked:		FIREPLACE:	VINYL:
DISHWASHER:	X	VAULTED CEILING:	OUTSIDE STORAGE:
GARBAGE DISPOSAL:	X	VIEWES:	PATIO/BALCONIES:
CABLE READY:	X	INTERNET ACCESS:	X
COUNTERTOP TYPE:		AIR CONDITIONING:	X
EXTERIOR AMENITIES			
LAUNDRY ROOM:	X	FITNESS:	
POOL:		CLUBHOUSE:	
JACUZZI/SAUNA:		BUSINESS CENTER:	
TENNIS:		PARKING:	X
BASKETBALL:		MEDIA CENTER:	
PLAYGROUND:			off street:
COMMUNITY SPACE:			included
ON SITE OFFICE	X	SERVICE COORDINATOR:	
OTHER:			carport:
OTHER			
PETS:	No Pets	UTILITIES (type):	
deposit:		resident pays:	Electricity
pet rent:			
OTHER FEES:		included:	Heat and Hot Water
		CLASS:	
PROPERTY CONDITION:			
COMMENTS: Smoke-Free			

Golda Meir
 Newton, MA

COMP. PROPERTY:	Apartments at Coolidge School	DATE:	8/28/2018
PROPERTY ADDRESS:	319 Arlington Street, Watertown, MA 02472		
KEY CROSS STREET:	Mt Auburn Street		
CONTACT NAME:		DEVELOPER:	
PHONE NUMBER:	617-924-0370	MANAGEMENT CO.:	HallKeen



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	16	\$1,775	\$1,925	529	529	\$3.36	\$3.64	
2 BR	1	16	\$2,015	\$2,200	610	864	\$3.30	\$2.55	
2 BR	2	6	\$2,775	\$2,900	1,228	1,228	\$2.26	\$2.36	
TOTAL		38							100.0%

Apartments at Coolidge School is inferior in location to the subject property. Additionally, the units are generally inferior to the subject property, as is the level of amenities provided.

Golda Meir
 Newton, MA

YEAR BUILT:	1915, Ren: 2009	SECURITY DEPOSIT:	
BUILDING TYPE	Low-Rise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	Flexible
NUMBER OF FLOORS:	3	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
None			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY: Intercom	WINDOW COVERING:
F/F REFRIGERATOR:	X	alarm:	blinds:
WASHER/DRYER:	X	gate:	shades:
conn:		patrol:	CARPET
full size:		CEILING FAN:	HARDWOOD: X
stacked:		FIREPLACE:	VINYL:
DISHWASHER:	X	VAULTED CEILING: X	OUTSIDE STORAGE:
GARBAGE DISPOSAL:	X	VIEWS:	PATIO/BALCONIES:
CABLE READY:	X	INTERNET ACCESS:	ELEVATOR: x
COUNTERTOP TYPE: Granite		AIR CONDITIONING: Central	
EXTERIOR AMENITIES			
LAUNDRY ROOM:		FITNESS: X	
POOL:		CLUBHOUSE:	
JACUZZI/SAUNA:		BUSINESS CENTER:	
TENNIS:		PARKING: X	off street: Included
BASKETBALL:		MEDIA CENTER:	carport:
PLAYGROUND:			garage:
COMMUNITY SPACE: X			zip car:
ON SITE OFFICE X		SERVICE COORDINATOR:	
OTHER: Library, Auditorium			
OTHER			
PETS: Pet friendly		UTILITIES (type):	
deposit:		resident pays: Electricity	
pet rent:			
OTHER FEES:		included: Heat and Hot Water	
		CLASS:	
PROPERTY CONDITION:			
COMMENTS:			
Smoke-Free			

We have noted the utility package of each comparable property. Arbor Point charges for all water, but the balance of the comparables do not charged for water. In the rent comparable information sheets we have only indicated where they do charge for this utility.

The next table illustrates the range of rents observed at the comparables examined as part of this report. We have displayed the rents as a monthly rent and as a rent per foot of living space. As shown the one-bedroom units lease for \$1,440 to \$3,850. The two-bedroom units lease for \$1,750 to \$4,325. The lower end of the range represent Albermarle Gardens and Coolidge School. As noted, they are the least comparable of the comparable properties. Based on the rental ranges of the comparable properties, we would expect the subject’s units command rents, prior to the inclusion of the premium associated with senior services of roundly \$2,200 for the one-bedrooms and \$2,400 for the two-bedroom units.

Summary of Rent Comparables by Property

Unit Type		Unit Size (SF)		Monthly Rents			
				Per Unit		Per SF	
Bedrooms	Baths	Low	High	Low	High	Low	High
1	1	529	1,019	\$1,440	\$3,850	\$1.94	\$4.78
2	1-2	610	1,282	\$1,750	\$4,325	\$2.26	\$4.45

The comparables have maintained an overall occupancy of 97.5% while increasing their rents. The comparables’ ability to increase rents and keep high occupancy rates are another indication of the area’s strong rental market.

Comparable Occupancy Data

<u>Comparable</u>	Unit Data		
	Total	Vacant	% Vacant
Arbor Point at Woodland Station	180	2	1.0%
1443 Beacon Street Apartments	115	3	3.0%
Dexter Park Apartments	409	16	4.0%
Albemarle Gardens Apartments	138	0	0.0%
Apartments at Coolidge School	<u>38</u>	<u>0</u>	0.0%
Total	880	22	2.5%

The limited number of available units demonstrates the strength of the local market. Tenants face limited choices for market rate and affordable units and are forced to pay the current high asking rents, double up with other households, or seek housing in other areas.

As a property in very good condition in Newton, the subject can successfully compete with the comparables listed in the last exhibit. However, these comparables and their rents do not capture the value of the services provided. Local market data indicate that senior properties command premiums and properties that provide a package of services similar to the subject's command an additional premium and the market data indicate that the premium is significant. Nor do they provide any measurement of the impact of the subject's senior focused amenities and services on rent. The subject property provides for the availability of a broad, integrated array of essential services for its senior residents at *no additional charge to them*, this is considered a significant and measurable benefit. In order to better understand the magnitude and strength of the premium for the property's designed to appeal to seniors and the measure the value of the subject's services, we expanded our review to include properties that provide Independent Living.

The subject's package of amenities and services, together with the property's secure campus setting is reflective of local Independent Living and Assisted Living properties such as Cabot Park Village (Independent Living with one-bedroom costs starting at \$5,399 a month), The Scandinavian Living Center (Assisted Living and Respite Care with monthly rates starting at \$5,810 a month), Evans Park (Assisted Living and Memory Care), and The Falls at Cordingly Dam (Assisted Living, Memory Care and Respite Care with monthly rates starting at \$6,660) all in Newton. In evaluating the relative contribution of the service coordination and availability of non-shelter services in the estimate of comparable market rent, it is the value tenants place on having access to such affordable/free services/amenities within a suitable physical and functional

setting which is the primary driver of the rent adjustment. While presented herein as a “market basket” of available individual senior services and amenities, this package of housing and services, being inextricably bound together, creates a unique supportive atmosphere conducive to the physiological and psychological well-being of these senior tenants. Such an environment is clearly far more valuable to both the tenants and their adult children in the community, than the individual service components themselves.

Independent/assisted living facilities sometimes charge a one-time, non-refundable community fee for new residents, typically less than the monthly fee. The purpose of this entrance fee is to pay for expenses related to the marketing staff and the refurbishment of the unit for turnover. As the size of this fee is very small in comparison to the cost of rent at these facilities (which range from about \$35,000 to over \$70,000 per year), the community fee has not been reflected in the calculation of the market rent for the facilities.

One of the comparable facilities charges a fully or partially refundable entrance fee that may be several hundred thousand dollars, depending on the unit type. While these fees are returned to residents when they leave, the facilities keep any interest or investment income that is generated by these fees during the course of the resident’s stay. Therefore, the potential interest/investment income that would be generated by these fees represents an additional cost to the residents. This income typically comes in the form of bank interest, home value appreciation, and long-term investments such as stocks, bonds, and retirement accounts. To reflect this additional cost in our analysis, the lost interest/investment income from the refundable entrance fee has been estimated at 3.0% per year, reflected on a monthly basis. This estimated annual return is considered to be a conservative estimate of a reasonable rate of return for these types of investments. While this is lower than it may have been in the past, this estimated rate of return reflects the current economic situation where investment opportunities have declined as a result of the ongoing problems in the housing and credit markets. The Federal Reserve has lowered interest rates to historically low levels, decreasing returns from savings. Returns from long-term treasury securities have slumped and short-term bonds have recently been sold at zero or even negative yields as investors have searched for secure places to invest money. Most investment funds have reported losses as the performance of the stock markets has been tumultuous over the past year. While it is reasonable to conclude that the investment market will improve in the next several years, a more cautious estimated return is appropriate at this time.

The contributory value of the services provided by these developments was isolated from the contributory rental value of the apartments by comparison to conventional rental developments

in their respective local market areas. We have considered many factors when estimating the baseline market rent for these facilities, including the following:

- Location & neighborhood
- Year built
- Design of structure (elevator vs. walk-up)
- Quality of construction & level of finish
- Quality & quantity of common area facilities
- Size of the unit
- Number of bathrooms
- Unit amenities
- Utilities provided

We have gathered enough information on the independent living facilities and comparable conventional rental developments in their local market to form a reasonable opinion of the baseline market rent for each facility.

The baseline market rent estimated for many of the service-enriched comparables analyzed in this section were judged to be higher than the conventional rental comparables in each market. These independent living facilities were generally recently built, had large units, and had all utilities included in the monthly fee. These facilities are also often constructed to a higher level of finish than older conventional properties in the local market and had significantly more common areas available to the residents. In estimating the baseline market rent for these facilities, we felt it was prudent to fully reflect the contributory value of the physical apartment to avoid over estimating the value of the services provided at the facilities.

Based on our analysis of comparable senior service-enriched comparables, the proposed services at the subject should generate a premium ranging from 168.5% to 240.0%. Our adjustments are cost based however; and may not accurately reflect the actual value tenants place in the service as further described in the next section.

Estimate of Market Rent By Comparison

The occupancy levels and rental rates at the local comparable properties provide indications of the subject's market rent potential. In order to estimate the appropriate unit rents for the

subject's units we developed rent grids based on the comparable rental developments reviewed. We developed estimates for the one and two-bedroom units. Estimated adjustments to the comparables have been made for each relevant line item on the grids. We evaluated each comparable development based on their level of occupancy, any concessions offered, size, unit and site amenities, and utilities provided. The rent grids are shown on the next two pages.

Exhibit 35 – One-BR Rent Comparability Grid

<i>Rent Comparability Grid</i>		<i>Unit Type</i>		One-Bedroom							
<i>Subject</i>		<i>Comp #1</i>		<i>Comp #2</i>		<i>Comp #3</i>		<i>Comp #4</i>		<i>Comp #5</i>	
Golda Meir Addition		Arbor Point		1443 Beacon Street		Dexter Park		Albemarle Gardens		Coolidge School	
160 Stanton Avenue		1940 Washington St.		1443 Beacon Street		175 Freeman Street		149 North Street		219 Arlington Street	
Newton, MA		Newton		Brookline, MA		Brookline, MA		Newton, MA		Watertown, MA	
<i>A. Rents Charged</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
1	\$ Last Rent / Restricted?	\$3,211		\$3,850		\$2,475		\$1,483		\$1,850	
2	Date Last Leased (mo/yr)	Aug-18		Aug-18		Aug-18		Aug-18		Aug-18	
3	Rent Concessions	No		No		No		No		No	
4	Occupancy for Unit Type	99%	\$65	97%	\$40	96%	\$10	100%	\$35	100%	\$45
5	Effective Rent & Rent/ sq. ft	\$3,276	\$ 3.75	\$3,890	\$ 5.04	\$2,485	\$ 3.82	\$1,518	\$ 2.05	\$1,895	\$ 3.58
<i>B. Design, Location, Condition</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
6	Structure / Stories	3		8		9		6		4	
7	Yr. Built/Yr. Renovated	New 2007		1979		1970's		N/A		Ren. 2009	
8	Condition /Street Appeal	Exc		VG		Exc		GD	\$300	VG	\$230
9	Neighborhood	Good		Similar		Similar		Similar		Inferior	
10	Same Market? Miles to Subj	Similar		Similar		Similar		Inferior	\$70	Similar	
<i>C. Unit Equipment/ Amenities</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	523	(\$70)	773	(\$50)	650	(\$30)	742	(\$40)	529	\$0
14	Balcony/ Patio	No		Yes	(\$20)	No		Yes	(\$15)	No	(\$15)
15	AC: Central/ Wall	Central		Central		Central		Central		Central	
16	Range/ refrigerator	Yes		Yes		Yes		Yes		Yes	
17	Microwave/ Dishwasher	N/N	(\$25)	Both	(\$25)	Both	(\$25)	DW	(\$20)	Both	(\$20)
18	Washer/Dryer	No	(\$80)	Yes	(\$100)	No		No		Yes	
19	Floor Coverings	Mixed		Mixed		Mixed		Mixed		Mixed	
20	Window Coverings	Yes		Yes		Yes		Yes		Yes	
21	Cable/ Satellite/Internet	C. Ready		C. Ready		Internet	(\$30)	Yes		Yes	
22	Site Office	Yes		Yes		Yes		Yes		Yes	
23	Laundry Facility	Yes		Yes		Yes		Yes		No	
<i>D. Site Equipment/ Amenities</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
24	Parking (\$ Fee)	Surface	(\$100)	Garage, inc	\$25	Surface/G. fee	\$25	Surface	\$25	Surface	\$25
25	Extra Storage	No		No	(\$10)	Yes	(\$10)	No		No	
26	Security	Intercom		Intercom		Intercom		Intercom		Intercom	
27	Clubhouse/ Meeting Rooms	Yes		Yes		Yes		No	\$10	No	\$10
28	Pool/ Recreation Areas	No/Yes	(\$50)	Yes/Yes	(\$50)	No/Yes		No	\$15	Similar	\$15
29	Business Ctr / Nhd Netwk	No		No		No		No		No	
30	Age-Restricted	Yes	\$50	No	\$50	No	\$50	No	\$50	No	\$50
31	Senior Services	Yes	\$200	No	\$200	No	\$200	No	\$200	No	\$200
32	Site Environment	Campus	\$50	No	\$50	No	\$50	No	\$50	No	\$50
<i>E. Utilities</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
33	Heat (in rent?/ type)	Yes-G		Yes-E		Yes-G		Yes		Yes	
34	Cooling (in rent?/ type)	Yes	\$5	No	\$5	No	\$5	No	\$5	No	\$5
35	Cooking (in rent?/ type)	Yes	\$10	No/Elec.	\$10	No/Gas	\$10	No	\$10	No	\$10
36	Hot Water (in rent?/ type)	Yes-G	\$5	No/Elec.	\$5	Yes/Gas		Yes		Yes	
37	Other Electric	Yes	\$20	No	\$20	No	\$20	No	\$20	No	\$20
38	Cold Water/ Sewer	Yes	\$50	No	\$50	Yes		Yes		Yes	
39	Trash /Recycling	Yes		Yes		Yes		Yes		Yes	
<i>F. Adjustments Recap</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>
40	# Adjustments B to D	5	4	6	4	4	7	3	6	2	
41	Sum Adjustments B to D	\$300	(\$325)	\$325	(\$255)	\$325	(\$95)	\$695	(\$75)	\$555	(\$35)
42	Sum Utility Adjustments	\$90	\$0	\$35	\$0	\$35	\$0	\$35	\$0	\$35	\$0
43	Net/ Gross Adjmts B to E	\$65	\$715	\$105	\$615	\$265	\$455	\$655	\$805	\$555	\$625
<i>G. Adjusted & Market Rents</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>
44	Adjusted Rent (5+ 43)	\$3,341		\$3,995		\$2,750		\$2,173		\$2,450	
45	Adj Rent/Last rent		102%		103%		111%		143%		129%
46	Estimated Market Rent	\$2,500	\$4.78								

Exhibit 36 – Two-BR Rent Comparability Grid

<i>Rent Comparability Grid</i>		<i>Unit Type</i>		Two-Bedroom							
<i>Subject</i>		<i>Comp #1</i>		<i>Comp #2</i>		<i>Comp #3</i>		<i>Comp #4</i>		<i>Comp #5</i>	
Golda Meir Addition		Arbor Point		1443 Beacon Street		Dexter Park		Albemarle Gardens		Coolidge School	
160 Stanton Avenue		1940 Washington St.		1443 Beacon Street		175 Freeman Street		149 North Street		219 Arlington Street	
Newton, MA		Newton		Brookline, MA		Brookline, MA		Newton, MA		Watertown, MA	
<i>A. Rents Charged</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
1	\$ Last Rent / Restricted?	\$3,592		\$4,325		\$3,175		\$1,750		\$2,108	
2	Date Last Leased (mo/yr)	Aug-18		Aug-18		Aug-18		Aug-18		Aug-18	
3	Rent Concessions	No		No		No		No		No	
4	Occupancy for Unit Type	99%	\$70	97%	\$45	96%	\$15	100%	\$45	100%	\$55
5	Effective Rent & Rent/ sq. ft	\$3,662	\$ 3.08	\$4,370	\$ 4.50	\$3,190	\$ 3.56	\$1,795	\$ 2.30	\$2,163	\$ 2.93
<i>B. Design, Location, Condition</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
6	Structure / Stories	3		8		9		6		4	
7	Yr. Built/Yr. Renovated	New 2007		1979		1970's		N/A		Ren. 2009	
8	Condition /Street Appeal	Exc		VG		Exc		GD	\$350	VG	\$260
9	Neighborhood	Good		Similar		Similar		Similar		Inferior	
10	Same Market? Miles to Subj	Similar		Similar		Similar		Inferior	\$90	Similar	
<i>C. Unit Equipment/ Amenities</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
11	# Bedrooms	2		2		2		2		2	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	728	(\$90)	972	(\$50)	895	(\$30)	781	(\$10)	737	\$0
14	Balcony/ Patio	No		Yes	(\$20)	No		Yes	(\$15)	No	(\$15)
15	AC: Central/ Wall	Central		Central		Central		Central		Central	
16	Range/ refrigerator	Yes		Yes		Yes		Yes		Yes	
17	Microwave/ Dishwasher	N/N	(\$25)	Both	(\$25)	Both	(\$25)	DW	(\$20)	Both	(\$20)
18	Washer/Dryer	No	(\$90)	Yes	(\$110)	No		No		Yes	
19	Floor Coverings	Mixed		Mixed		Mixed		Mixed		Mixed	
20	Window Coverings	Yes		Yes		Yes		Yes		Yes	
21	Cable/ Satellite/Internet	C. Ready		C. Ready		Internet	(\$30)	Yes		Yes	
22	Site Office	Yes		Yes		Yes		Yes		Yes	
23	Laundry Facility	Yes		Yes		Yes		Yes		No	
<i>D. Site Equipment/ Amenities</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
24	Parking (\$ Fee)	Surface	Garage, inc (\$100)	Garage, fee	\$25	Surface/G. fee	\$25	Surface		Surface	
25	Extra Storage	No		Yes	(\$10)	Yes	(\$10)	No		No	
26	Security	Intercom		Intercom		Intercom		Intercom		Intercom	
27	Clubhouse/ Meeting Rooms	Yes		Yes		Yes		No	\$10	No	\$10
28	Pool/ Recreation Areas	No/Yes	(\$50)	Yes/Yes	(\$50)	No/Yes		No	\$15	Similar	\$15
29	Business Ctr / Nbdh Netwk	No		No		No		No		No	
30	Age-Restricted	Yes	\$75	No	\$75	No	\$75	No	\$75	No	\$75
31	Senior Services	Yes	\$300	No	\$300	No	\$300	No	\$300	No	\$300
32	Site Environment	Campus	\$75	No	\$75	No	\$75	No	\$75	No	\$75
<i>E. Utilities</i>	<i>Data</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>	<i>Data</i>	<i>\$ Adj</i>
33	Heat (in rent?/ type)	Yes-G		Yes-G		Yes-G		Yes		Yes	
34	Cooling (in rent?/ type)	Yes	\$10	No	\$10	No	\$10	No	\$10	No	\$10
35	Cooking (in rent?/ type)	Yes	No/Elec. \$15	No/Elec. \$15		No/Gas \$15		No	\$15	No	\$15
36	Hot Water (in rent?/ type)	Yes-G	No/Elec. \$10	Yes/Gas \$10		Yes/Gas \$10		Yes		Yes	
37	Other Electric	Yes	No \$35	No \$35		No \$35		No	\$35	No	\$35
38	Cold Water/ Sewer	Yes	No \$50	Yes		Yes		Yes		Yes	
39	Trash /Recycling	Yes		Yes		Yes		Yes		Yes	
<i>F. Adjustments Recap</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>	<i>Neg</i>	<i>Pos</i>
40	# Adjustments B to D	5	4	6	4	4	7	3	6	2	
41	Sum Adjustments B to D	\$450	(\$355)	\$475	(\$265)	\$475	(\$95)	\$915	(\$45)	\$735	(\$35)
42	Sum Utility Adjustments	\$120	\$0	\$60	\$0	\$60	\$0	\$60	\$0	\$60	\$0
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
43	Net/ Gross Adjmts B to E	\$215	\$925	\$270	\$800	\$440	\$630	\$930	\$1,020	\$760	\$830
<i>G. Adjusted & Market Rents</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>	<i>Adj. Rent</i>
44	Adjusted Rent (5+ 43)	\$3,877		\$4,640		\$3,630		\$2,725		\$2,923	
45	Adj Rent/Last rent		106%		106%		114%		152%		135%
46	Estimated Market Rent	\$3,000	\$4.12								

The high market rents that could be commanded by the subject property's units are indicative of the high levels of demand for the subject's units. Our review of general market indicators and the comparable rental data indicate support for newly renovated rental product such as the subject

property’s units at the rent levels described. Additionally, the premium associated with senior services accounts for the stronger rent levels at the subject property.

Exhibit 37 – Market Rent Estimate

Unit Type		Unit Size (SF)		Monthly Rents				Subject Mkt Potential	
				Per Unit		Per SF			
Bedrooms	Baths	Low	High	Low	High	Low	High	Per Unit	Per SF
1	1	529	1,019	\$1,440	\$3,850	\$1.94	\$4.78	\$2,500	\$4.78
2	1-2	610	1,282	\$1,750	\$4,325	\$2.26	\$4.45	\$3,000	\$4.12

Based on our analysis, we estimate the subject’s one-bedroom units could command \$2,500 and the two-bedroom units could command \$3,000. The subject’s affordable units receive rent assistance. Tenants in the rent-assisted units will pay no more than 30% of their income toward their rent and do not factor in the face value of the unit rents into their demand analysis. However a comparison of these rents with rents considered affordable to households whose incomes do not exceed 60% of AMI provides one indication of the strength of the local market. Investors typically seek rent advantages of 10% or more. The low income tax credit property programs considers one and two-bedroom rents of \$1,213 and \$1,456 to be affordable for households at 60% of AMI. These would be the subject’s maximum rents if rent assistance was not available. Without rent assistance, the subject’s unit provide rent advantages that exceed 100%.

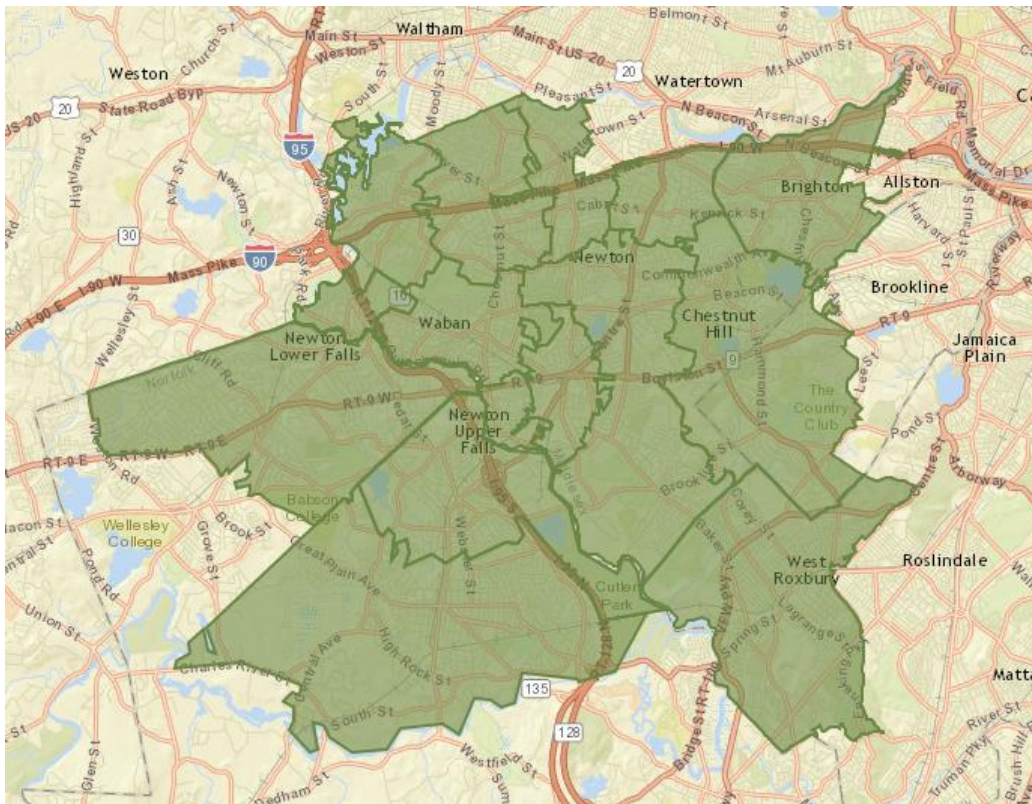
There appear to be no known physical, legal, or market barriers to the achievement of a stabilized occupancy following the completion of the proposed scope of work. The market rent estimates exceed the maximum tax credit rent levels for the subject property and evidences the potential demand for the subject’s units. The final section of this report quantifies the demand associated with the subject’s units.

Market Area Demographic Analysis

The subject property is located along Stanton Avenue just east of Route 16. Interstate 95 and Interstate 90 are approximately 0.6 miles northeast and 0.8 miles southeast of the subject respectively. Another principle highway easily accessible to the subject is State Route 9. The subject is 0.1 miles north of Woodland MBTA Station, which connects the area to downtown Boston, South Station, North Station and the rest of the MBTA rail network. The subject’s location provides strong access to Boston, its suburban communities and the balance of the state.

As a result, we believe that the subject should be able to attract tenants from a broad section of the Metropolitan Boston area. While the subject will likely attract tenants from much of Greater Boston, we concentrated our analysis of demand projections and demographic trends associated with a more focused primary market area, which we defined as the City of Newton and bordering zip codes in the surrounding communities of Waltham, Watertown, Chestnut Hill, Brighton, Brookline, West Roxbury, Needham, Wellesley and Weston. The primary market area we defined is shown in the next exhibit.

Exhibit 38 – Map of Market Area



Demographic Trends

The primary market gained 11,945 residents between 2000 and 2018, an aggregate increase of 8.6%. The secondary market gained 36,572 residents from 2000 to 2018, an aggregate increase of 3.0%. Analysts project that the primary market will gain 7,799 residents or an aggregate increase of 7.0% over the next five years.

Exhibit 39 – Market Area Demographic Trends

	Demographic Comparison				Avg. Ann. Change		
	2000	2010	2018	2023	2000-2010	2010-2018	2017-2023
Primary Market							
Population	172,996	174,171	186,116	193,915	0.07%	0.86%	0.70%
Households	66,962	67,415	71,297	74,097		0.72%	0.65%
Median Household Income			43,942	45,546			0.73%
Middlesex County							
Population		1,503,085	1,539,657	1,595,918		0.30%	0.61%
Households		580,688	597,449	620,682		0.36%	0.65%
Median Household Income			\$82,594	\$93,557			2.21%

Source: STDB Online

Household trends are considered more directly relevant to housing demand than aggregate population trends. The primary market added 3,882 households between 2000 and 2018 and analysts estimate that the area will add another 2,800 households by 2023. These new households put direct pressure on the local housing markets. The primary market is projected to gain population at a faster rate than the balance of the county. This rate is not limited to just the senior population, which, as we note later, is increasing at an even faster rate.

According to the 2010 US Census Data, of the 78,817 households currently living in the primary market, 59.4% are family households and 28.7% are households with children under the age of 18. The average household size is 2.44.

The primary market’s median household income level is currently \$43,942, approximately \$38,652 less than the current median income level for the balance of Middlesex County. The median household income level of the primary market is projected to increase by 0.73% over the next six years to \$45,546.

Households by Age

Increases in the number of market area seniors are outpacing the total population for the primary market area. The number of seniors aged 65 to 69 increased from 6,893 to 10,387 from 2010 to 2018 and are expected to increase to 11,082 by 2023. The number of seniors in the 70-74 age cohort is expected from 7,704 to 9,509 in the next five years.

Exhibit 40 - Aggregate Population Trends for Market Area Seniors

<u>Ages</u>	Primary Market		
	Year		
	2010	2018	2023
Age 50-54	12,706	12,633	12,466
Age 55-59	11,656	13,215	12,572
Age-60-64	10,454	11,957	12,536
Age 65-69	6,893	10,387	11,082
Age 70-74	5,101	7,704	9,509
Age 75-79	4,484	5,326	6,941
Age 80-84	4,086	3,906	4,544
Age 85+	4,579	5,283	5,338
Total Population	174,171	186,116	193,915
Total 65+	25,143	32,606	37,414
Total 75+	13,149	14,515	16,823

Source: STDB

The total number of market area seniors aged 65 and over is projected to increase at an average annual rate of 2.95% in the next five years compared to the overall primary market population which is projected to increase at a rate of 0.84% per year, on average. The projected increase in the number of seniors primarily represents residents aging in place. None-the-less, analysts project that the primary market area will a significant number of new senior residents over the age of 65 in 2023. This increasing senior population places direct pressure on the senior housing market and indicate that senior rents will continue to increase as the senior population grows.

Senior Income Levels

As a group senior residents are distinguished by increasing presence in the area and by their lower level of income. Senior households are typically substantially poorer than the balance of the market area population, with income levels decreasing with age. The next exhibit illustrates median household income levels of market area seniors by age group and compares these income levels with those for the entire market area. In 2018 the median household income level for market area seniors aged 65 to 74 was \$83,278. The level for seniors aged 75+ drops significantly to \$52,061. The median household income level for the entire market area was \$93,631, higher than the average of seniors aged 65 to 74 and considerably higher than the

average of seniors aged 75+. The age-based income discrepancy is projected to continue through 2023.

The affordable tax credit rental units will be occupied by senior households that have household incomes of no more than 30%, 50%, and 60% of the area median income. Households in the subject's units, assumed to be one to two person households could have annual incomes of up to \$22,650 and \$25,890 for the 30% units, \$37,7500 and \$43,1500 for the 50% units, and \$45,300 and \$51,780 for the 60% units.

Exhibit 41 – Middlesex County HUD Income Limits

Percent of Median Income	Household Size							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of AMI	\$22,650	\$25,890	\$29,130	\$32,340	\$34,950	\$37,530	\$40,110	\$42,690
50% of AMI	\$37,750	\$43,150	\$48,550	\$53,900	\$58,250	\$62,550	\$66,850	\$71,150
60% of AMI	\$45,300	\$51,780	\$58,260	\$64,680	\$69,900	\$75,060	\$80,220	\$85,380

Source: Novogradac & Company

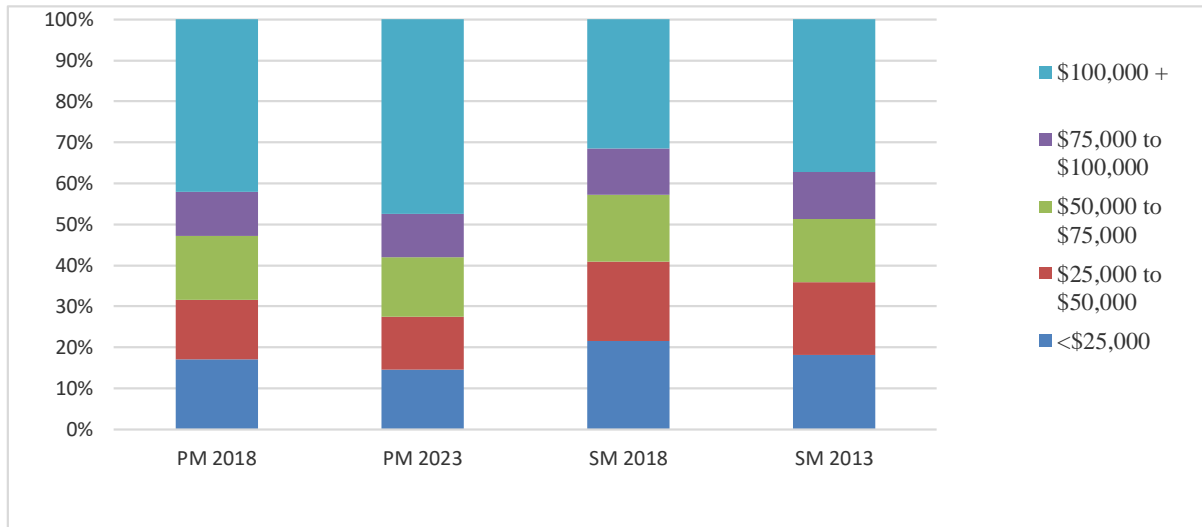
As mentioned, we have assumed that the 30% and 50% units will receive rent assistance. In our analysis of need we have assumed an overall household income range of between \$0 and \$43,500 for the rent assisted units. In order to avoid any double counting we set the minimum income levels for the balance of the units such that households paid no more than 35% of their income to rent and were not more than the maximum income levels for next lower income level (within a \$500 increment). With this convention, we have assumed an income range of \$43,500 to \$52,000 for the 60% units, \$51,500 to \$86,500 for the 100% units, and \$86,000 to \$200,000 for the unrestricted units. As illustrated in the next table, the market area currently contains a reasonable number of such households.

Exhibit 42 - Senior Household Trends Income Level

Household Income Households 65+	Primary Market	
	2018	2023
<\$15,000	1,868	1,797
\$15,000-\$24,999	1,615	1,523
\$25,000-\$34,999	1,277	1,250
\$35,000-\$49,999	1,642	1,663
\$50,000-\$74,999	3,186	3,310
\$75,000-\$99,999	2,158	2,409
\$100,000-\$149,999	2,869	3,547
\$150,000-\$199,999	1,830	2,232
\$200,000+	<u>3,842</u>	<u>5,000</u>
Total	20,287	22,731

The market area contains a sufficient pool of income eligible senior households, with, as indicated in the next exhibit, the number increasing over the next ten years. The number of senior households by income is shown in the next exhibit.

Exhibit 43 – Senior Households by Income



Household Income Households 65+	Primary Market		Secondary Market		Increases 2018-2023	
	2018	2023	2018	2023	PM	SM
<\$15,000	1,868	1,797	15,211	14,776	-3.8%	-2.9%
\$15,000-\$24,999	1,615	1,523	14,307	13,947	-5.7%	-2.5%
\$25,000-\$34,999	1,277	1,250	11,315	11,418	-2.1%	0.9%
\$35,000-\$49,999	1,642	1,663	15,493	16,412	1.3%	5.9%
\$50,000-\$74,999	3,186	3,310	22,219	24,317	3.9%	9.4%
\$75,000-\$99,999	2,158	2,409	15,529	17,839	11.6%	14.9%
\$100,000-\$149,999	2,869	3,547	19,960	26,267	23.6%	31.6%
\$150,000-\$199,999	1,830	2,232	10,664	14,050	22.0%	31.8%
\$200,000+	<u>3,842</u>	<u>5,000</u>	<u>12,662</u>	<u>18,403</u>	<u>30.1%</u>	<u>45.3%</u>
Total	20,287	22,731	137,360	157,429	12.0%	14.6%

Age of Housing Stock

The market area contains a large number of income eligible households and these households will be attracted to the new units at Golda Meir. The next table examines data provided by the US Census and STDBOnline related to the age of the housing stock in the primary and secondary market area. As shown, more than 70% of all housing units in the primary market area were built before 1960 and are more than 55 years old. These units exhibit many of the deficiencies and indicators of depreciation typical of their vintage. The subject development will provide new units that should appeal to senior households seeking housing in the market area.

Exhibit 44–Age of Housing Stock

<u>Year Built</u>	Year Structure Built			
	Primary Market		Massachusetts	
	Total	Percent	Total	Percent
Built 2010 or later	143	0.4%	25,106	0.9%
Built 2000 to 2009	1,952	6.0%	214,422	7.6%
Built 1990 to 1999	1,020	3.1%	215,847	7.7%
Built 1980 to 1989	1,958	6.0%	304,993	10.8%
Built 1970 to 1979	1,826	5.6%	321,435	11.4%
Built 1960 to 1969	1,856	5.7%	289,714	10.3%
Built 1950 to 1959	4,405	13.4%	328,067	11.7%
Built 1940 to 1949	2,540	7.7%	167,473	6.0%
Built 1939 or earlier	<u>17,095</u>	<u>52.1%</u>	<u>946,584</u>	<u>33.6%</u>
Total	32,795	100.0%	2,813,641	100.0%

Source: U.S. Census Bureau, 2013 American Community Survey

Housing Tenure

The housing stock in the primary market area is old and, for seniors, mostly owner-occupied, with limited options for households seeking affordable rental housing. As of 2018, 73.8% of households occupied by seniors were owner-occupied.

Exhibit 45 – Housing Tenure in Market Areas

Tenure by Age of HH	Primary Market		Secondary Market	
	Number	Percent	Number	Percent
Owner Occupied				
Age 55-64	9,894	34.1%	59,373	21.6%
Age 65-74	5,613	19.3%	30,668	11.2%
Age 75-84	4,077	14.0%	17,443	6.4%
Age 85+	1,856	<u>6.4%</u>	4,688	<u>1.7%</u>
Subtotal	21,440	73.8%	112,172	40.9%
Renter Occupied				
Age 55-64	2,954	10.2%	76,856	28.0%
Age 65-74	1,672	5.8%	45,123	16.4%
Age 75-84	1,653	5.7%	29,665	10.8%
Age 85+	1,331	<u>4.6%</u>	10,606	<u>3.9%</u>
Subtotal	7,610	26.2%	162,250	59.1%
Total	29,050	100.0%	274,422	100.0%

Source: STDB

Our initial demand analysis examines the number of income eligible senior renter households in the market area. As noted, earlier in the report, the primary market area is dominated by owner-occupant senior households. However, housing tenure is typically correlated by income. The following table illustrates the housing tenure of occupied housing units in the Boston Metropolitan area by income group. As shown, in the Boston Metropolitan area, approximately 35% of all households are renters, however for households earning less than \$50,000, the ratio of renter households ranges from 49% to 65%.

Exhibit 46 – Housing Tenure by Income Group

<u>Income Level</u>	AHS Household		
	Total	Renter	Percent
< \$15,000	152.40	99.30	65%
\$15,000 - \$24,999	66.70	37.00	55%
\$25,000 - \$34,999	109.90	51.90	47%
\$35,000 - \$49,999	111.10	54.20	49%
\$50,000 - \$74,999	168.40	66.80	40%
\$75,000 - \$99,999	122.60	44.20	36%
\$100,000 - \$149,999	243.33	28.93	12%
\$150,000 - \$199,999	81.73	9.03	11%
\$200,000+	81.73	9.03	11%
TOTAL	1,137.90	400.40	35%

Based on the data reviewed we allocated the number of local senior households by tenure and income.

Exhibit 47 – Tenure by Income Group, Market Area Seniors

<u>Income Level</u>	Primary Market 65+		
	Total	Renter	Percent
< \$15,000	1,868	868	19%
\$15,000 - \$24,999	1,615	639	14%
\$25,000 - \$34,999	1,277	430	9%
\$35,000 - \$49,999	1,642	571	12%
\$50,000 - \$74,999	3,186	902	19%
\$75,000 - \$99,999	2,158	555	12%
\$100,000 - \$149,999	2,869	243	5%
\$150,000 - \$199,999	1,830	144	3%
\$200,000+	3,842	303	7%
TOTAL	20,287	4,656	100%

Preliminary Demand Analysis

Based on all of the data reviewed, we evaluated the likely demand for the property from seniors, both renters and homeowners. This section first discusses renter households that may be attracted to the subject’s units followed by homeowners that may be attracted to the subject’s units. The subject will provide 69 net new rental units with the majority of the unit targeted to lower income households. The income levels and rental rates considered affordable to lower income households in the market area are shown in the next exhibit.

Exhibit 48 – HUD Housing Costs and Income Limits

Number in Household	Income Level (% of AMI)		
	30.00%	50.00%	60.00%
1 Person	\$22,650	\$37,750	\$45,300
2 Person	\$25,890	\$43,150	\$51,780

Unit Type/ No. of People	Maximum Rents (% of AMI)		
	30.00%	50.00%	60.00%
1-Bedroom	\$606	809	\$1,213
2-Bedroom	\$728	971	\$1,456

Source: Novogradac & Company
 Boston-Cambridge-Quincy-HUD Metro
 Middlesex County 2018

HUD rent levels are calculated assuming tenants are not responsible for any utility payments. In developments where tenants must pay the full burden of their rent plus utilities, tenants must have minimum income levels for these housing costs (rent and utilities). The units restricted to households with income of less than 50% of AMI will receive rent assistance. These tenants will not require a minimum income; however, to better illustrate the depth of demand associated with each level of qualified income we have segmented the income groups by unit type. The income ranges associated with each unit type are illustrated in the next table, with the maximum income levels reflecting the tax credit criteria. Minimum income limits for the non-rent assisted market units were determined by calculating the minimum income needed for a household to pay no more than 35% of their income in rent, with adjustments to reduce any double counting by unit type.

Exhibit 49 – Income Levels for Units

One-Bedroom Units (Two-Peson)					
	Unit Housing Costs			Income Range ⁽²⁾	
	Gross	Util Allow	Net	Minimum	Maximum
30% of AMI	\$545	\$0	\$545	\$0	\$25,890
50% of AMI	\$728	\$0	\$728	\$25,890	\$43,150
60% of AMI	\$1,092	\$0	\$1,092	\$43,150	\$51,780
100% of AMI	\$1,456	\$0	\$1,456	\$51,780	\$86,300
Market	\$2,500	\$0	\$2,500	\$86,300	\$200,000

Two-Bedroom Units (Two-Person)					
	Unit Housing Costs			Income Range ⁽³⁾	
	Gross	Util Allow	Net	Minimum	Maximum
30% of AMI	\$728	\$209	\$519	\$0	\$25,890
50% of AMI	\$874	\$0	\$874	\$25,890	\$43,150
60% of AMI	\$1,310	\$0	\$1,310	\$44,928	\$51,780
100% of AMI	\$1,748	\$0	\$1,748	\$59,925	\$86,300
Market	\$3,000	\$0	\$3,000	\$102,857	\$200,000

In addition to local senior renter households, the property may also attract a number of senior owner-occupied households. In terms of local data, a representative of the Boston Housing Authority reported that a large number of their senior tenants were previous homeowners. While this number is helpful in evaluating the number of senior homeowners that may be attracted to the subject, they may not accurately reflect the market as a whole; therefore we looked outside of the primary market and supplemented our analysis with data pertaining to all senior homeowners in the country.

According to leasing agents at several age-restricted developments outside of the primary market area, a number of senior tenants are previous homeowners who have transitioned to renting for a variety of reasons (empty-nesters downsizing from a single-family home, aging seniors who are no longer willing or able to keep up with the maintenance of owning a home). A study prepared for the Bipartisan Policy Center indicating that 10.6 million to 11.3 million seniors over the age of 65 are projected to move out of their housing units between 2010 and 2020 and that about 80% of these seniors are homeowners.

Based on this information, and considering the lack of available affordable rental housing in the local market area, for our demand analysis we have estimated that a minimum of 10% of the local income-qualified senior homeowners may be attracted to the units at the subject property. We reviewed the number of income eligible senior renter households by the income cohorts for each unit type and then applied 10% of the number of income eligible senior homeowners within the same income cohorts.

The subject will include 50 units restricted by the property’s allocation of low income housing tax credits, ten units restricted to households whose incomes do not exceed 100% of the area median income and nine unrestricted units. Our analysis, which is based on the distribution of renter households over the age of 65 by income group and household, indicates that there are than 5,500 income eligible households in the primary market that would be attracted to the subject’s units. Of these households nearly 3,000 would be eligible for the tax credit units. The number of eligible households in the primary market yield capture rates of less than two percent. The inclusion of the secondary market reduces the capture rates to less than 0.50%.

Exhibit 50 – Market Area Capture Rate Data (65+)

Income	Unit Data			Income Parameters		Inc. Elg.	Renter	PM HH 65+			
	Bedrooms	Number	Hsg Cost	Minimum	Maximum			HO	HO Adj.	Total	Adj. HH
30% of AMI	1-BR	8	\$545	\$0	\$26,000	3,611	1,550	2,060	206	1,756	1,015
30% of AMI	2-BR	0	\$728	\$0	\$26,000	3,611	1,550	2,060	206	1,756	741
50% of AMI	1-BR	20	\$728	\$25,500	\$43,500	2,144	732	1,411	141	874	505
50% of AMI	2-BR	2	\$874	\$25,500	\$43,500	2,144	732	1,411	141	874	369
60% of AMI	1-BR	18	\$1,092	\$43,500	\$52,000	966	320	647	65	384	222
60% of AMI	2-BR	2	\$1,310	\$44,500	\$52,000	857	282	575	58	339	143
100% of AMI	1-BR	8	\$1,456	\$51,500	\$86,500	4,160	1,147	3,013	301	1,448	837
100% of AMI	2-BR	2	\$1,748	\$59,500	\$86,500	3,141	859	2,282	228	1,087	459
Market	1-BR	5	\$2,500	\$86,000	\$200,000	5,907	698	5,209	521	1,219	705
Market	2-BR	4	\$3,000	\$102,500	\$200,000	<u>4,556</u>	<u>375</u>	4,180	418	793	335
Total		69				16,445	4,353	12,092	1,209	5,562	5,562
Total LIHTC		50				6,657	2,581	4,076	408	2,989	2,989
Total Other		19				9,852	1,790	8,062	806	2,596	2,596

Capture Rates, continued

Income	Unit Data			Inc. Elg.	Renter	SM HH 65+		Total	Adj. HH	Primary Market		Total Market	
	Bedrooms	Number	Hsg Cost			HO	HO Adj.			Renters	All	Renters	All
30% of AMI	1-BR	8	\$545	30,650	14,829	15,820	1,582	16,411	9,486	0.89%	0.79%	0.08%	0.08%
30% of AMI	2-BR	0	\$728	30,650	14,829	15,820	1,582	16,411	6,925				
50% of AMI	1-BR	20	\$728	19,529	7,550	11,978	1,198	8,748	5,056	4.72%	3.96%	0.42%	0.36%
50% of AMI	2-BR	2	\$874	19,529	7,550	11,978	1,198	8,748	3,692	0.65%	0.54%	0.06%	0.05%
60% of AMI	1-BR	18	\$1,092	8,491	3,211	5,280	528	3,739	2,161	9.74%	8.10%	0.88%	0.76%
60% of AMI	2-BR	2	\$1,310	7,458	2,805	4,654	465	3,270	1,380	1.68%	1.40%	0.15%	0.13%
100% of AMI	1-BR	8	\$1,456	29,272	9,122	20,149	2,015	11,137	6,437	1.21%	0.96%	0.13%	0.11%
100% of AMI	2-BR	2	\$1,748	22,161	6,847	15,314	1,531	8,379	3,536	0.55%	0.44%	0.06%	0.05%
Market	1-BR	5	\$2,500	39,320	5,395	33,926	3,393	8,787	5,079	1.24%	0.71%	0.14%	0.09%
Market	2-BR	4	\$3,000	<u>29,626</u>	<u>2,770</u>	26,856	2,686	5,455	2,302	2.52%	1.19%	0.30%	0.15%
Total		69		124,698	39,298	85,400	8,540	47,838	47,838	1.59%	1.24%	0.16%	0.13%
Total LIHTC		50		58,104	25,375	48,542	4,854	30,229	30,229	1.94%	1.67%	0.18%	0.15%
Total Other		19		67,039	14,065	56,981	5,698	19,764	19,764	1.06%	0.73%	0.12%	0.08%

As stated before, the primary market likely understates the total demand area for the subject property. The figures in the above table also do not reflect the demand of the existing tenants in the subject property. The final section of the report provides an alternate exam of the local level of demand.

FOCUSED DEMAND ANALYSIS FOR AFFORDABLE UNITS

The subject's primary market area, like much of the metropolitan area, is distinguished by its limited amount of modern available affordable rental housing. The subject's primary and secondary markets are distinguished by their limited amount of modern available affordable rental housing.

As noted in the Harvard University's Joint Center for Housing Studies Americas Rental Housing 2017 Report, affordability pressures remain widespread in the nation. While the number of cost burdened households fell from 39.8 million to 38.9 million in 2015 representing a 1% drop in households with cost burdens nationwide, 32.9% of all households remain cost burdened. This overall drop is not reflected in renter households that are severely burdened, or those paying 50% or more of their incomes for housing; however, with the number of these households increasing by 3.7 million nationwide since 2001.

Policymakers and developers have increasingly focused their attention on the severely burdened, or those paying 50% or more of their incomes for housing. Severe cost burdens are of particular concern for lowest-income households, or those earning \$15,000 or less annually, and this underscores the fundamental challenge of providing housing that these households can afford. A recent National Low Income Housing Coalition study found that for every 100 extremely low-income renters (earning 30 percent of area median income) in 2015, only 35 rental units were affordable at the 30 percent standard, in adequate condition, and not occupied by higher income households.

The waiting lists maintained by local housing providers confirm the findings of the Federal Reserve Bank of Boston. Market area occupancy levels and the age of the area's housing stock evidence demand for the new affordable rental units. Our detailed analysis of the market area indicates that sufficient demand exists for the units as tax credit apartments. Despite the best efforts of housing groups to address this issue, a large share of households—both owners and renters—in Massachusetts facing housing continue to face housing affordable issues.

The subject's market area requires new affordable housing to address these issues. The subject's primary market and surrounding markets are distinguished by their lack of modern available affordable rental housing. One continuing impact of the increasing strength of the local economy and local housing market is the persistent difficulty in finding affordable renter

housing. As a result households, including senior households often must choose between paying an onerous amount of housing or living in substandard housing. The next section evaluates the demand associated with these factors as well as demand associated with changes in the number of senior households.

Demand Analysis

In order to quantify that general demand, we examined several specific variables associated with the demand for these units. We evaluated demand for the subject's units due to existing housing burdens resulting from onerous rental payments and demand resulting from tenancy in substandard housing. We also evaluated demand related to mobility.

The U.S. Department of Housing and Urban Development conducts quadrennial housing surveys of the country's major metropolitan areas through its American Housing Survey ("AHS"). The study surveys households to determine, among other items, monthly housing payments as a percentage of household income and the number of households living in substandard housing. We have employed the AHS data relative to typical metropolitan areas and extrapolated to data in order to apply it to our primary market. Based on the data reviewed, local trends in housing costs, and our experience with the local housing market, we believe that it is reasonable to predicate our analysis on two key assumptions:

- 1) Trends evident in the market area related to housing burdens and housing conditions are, at least, reflective of the AHS survey data for the metropolitan area; and,
- 2) Current housing costs and housing conditions are either similar to the conditions illustrated in the housing survey or have worsened with a comparatively larger segment of the metropolitan and market area population suffering from housing cost and housing condition burdens.

As evidence, we compared the AHS survey data with census data for the City of Newton and Middlesex County. As shown in the next table, data indicate lower levels ongoing rent hardship exists in Newton.

Exhibit 51 – Area Rent Hardship Data

	Rent as Percent of HH Income			
	Newton		Middlesex County	
	Total	Percent	Total	Percent
Less than 15.0%	1,456	16.2%	26,822	12.4%
15.0% to 19.9%	1,573	17.5%	29,421	13.6%
20.0% to 24.9%	1,057	11.8%	29,277	13.5%
25.0% to 29.9%	934	10.4%	26,351	12.2%
30.0% to 34.9%	912	10.2%	19,294	8.9%
35.0% or more	3,042	33.9%	75,337	34.8%
Not computed	0	<u>0.0%</u>	10,070	<u>4.6%</u>
Total	8,974	100.0%	216,572	100.0%

Source: U.S. Census Bureau, 2014 American Community Survey

In our opinion, the AHS data provides a reasonable assessment of current conditions in the subject’s market area. Based on these assumptions, we have examined the AHS data and estimated housing demand for the subject’s affordable units based on indicators outlined in the survey. The AHS data has been extrapolated to reflect current demographic estimates.

We have assumed that the percentage of senior households in the area that suffer housing burdens, by income level, are similar to the percentage of households in the metropolitan area that suffer housing burdens, by income. In terms of methodology, we have examined the number of households that suffer a housing burden by income group and applied these percentage indicators to the specified market. For our estimate of demand, we have eliminated those households that would not be considered income-qualified. Based on indicators associated with the local housing market, we believe that the AHS data related to housing burden is relevant for the market area.

Indicators of Rental Hardship

Based on our experience with affordable housing developments in New England, we believe households that currently suffer from a rental hardship will be attracted to the subject property. We have defined two types of rental hardship:

- 1) Rental hardship due to a household devoting more than 35% of their income to housing costs; and,

- 2) Rental hardship due to households living in sub-standard housing, which includes deficiencies in electricity, plumbing and living conditions. Items include housing with signs of rats, holes in floors and cracked plaster.

The subject property's apartments provide quality housing with rental assistance or at rental rates that are affordable to lower-income households. Households facing rental hardships that move to the subject's units will either reduce their monthly housing costs, improve their living conditions, or both.

Rent Burden

The AHS provides data detailing the percentage of housing that devote differing percentages of their income toward housing. The data indicates that 28% of all households in the metropolitan area devote more than 35% of their income to housing costs. The next exhibit illustrates the AHS survey data; data are in 1,000s.

Exhibit 52 - Rental Burden in AHS Data

Percent of Income	Percent	By Income Bracket					
		< \$15.0	\$15.0-\$24.9	\$25.0-\$34.9	\$35.0-\$49.9	\$50.0-\$74.9	\$75.0+
< 30.0%	43.7%	14.8%	30.5%	20.9%	39.6%	77.2%	87.3%
30%-34%	7.8%	5.6%	8.0%	9.2%	11.0%	8.8%	6.2%
35%-39%	6.6%	4.6%	6.9%	10.3%	14.2%	5.7%	1.5%
40%-49%	7.9%	4.2%	7.9%	17.1%	16.8%	5.1%	1.7%
50%-59%	5.0%	2.3%	13.5%	13.1%	5.8%	1.0%	0.9%
60%-69%	3.7%	2.1%	8.9%	11.4%	4.7%	0.0%	0.0%
70%-99%	4.8%	5.7%	13.0%	9.8%	2.9%	0.4%	0.5%
100%+	14.1%	45.2%	9.9%	3.3%	0.6%	0.0%	0.0%
Other	<u>6.3%</u>	<u>15.6%</u>	<u>1.4%</u>	<u>4.9%</u>	<u>4.5%</u>	<u>1.9%</u>	<u>1.7%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
35%-99%	28.0%	18.8%	40.9%	59.8%	63.4%	26.4%	4.7%

Source: American Housing Survey, 2007 Data Table 4-20

As described in the introduction to this section, we examined current demographic data related to the primary market to estimate the number of households in the city that face a rent burden. Our estimate of the number of households in the primary market facing a rental burden is illustrated in the next exhibit. As indicated, we estimate that approximately 1,324 primary market area senior households devote 35% to 99% of their household income to housing costs.

Exhibit 53 – Households with Rental Burden in the Market Area

Income Group	Total Households	Renters		Percents of Totals		
		Total	Burdened	HHs	Renters	Burden
< \$15,000	1,868	868	163	9%	19%	12%
\$15,000 - \$24,999	1,615	639	262	8%	14%	19%
\$25,000 - \$34,999	1,277	430	257	6%	9%	19%
\$35,000 - \$49,999	1,642	571	362	8%	12%	27%
\$50,000 - \$74,999	3,186	902	238	16%	19%	18%
\$75,000 - \$99,999	2,158	555	26	11%	12%	2%
\$100,000 - \$149,999	2,869	243	12	14%	5%	1%
\$150,000 - \$199,999	1,830	144	7	9%	3%	1%
\$200,000+	<u>3,842</u>	<u>303</u>	<u>14</u>	<u>19%</u>	<u>7%</u>	<u>1%</u>
TOTAL	20,287	4,656	1,342	100%	100%	100%

Of this group, households will need to be income eligible and appropriate for each unit type. In our experience nearly all senior households can occupy either one or two-bedroom units. As with the selection of income groups we avoided double by distributing the households based on family and non-family types into the one and two-bedroom units. The following table shows the distribution.

Exhibit 54 – Distribution of Households by Household Size

1 Bedroom Units	58%
2 Bedroom Units	42%

The application of the distribution of senior renters by housing burden, household income and family type enable us to estimate the number of households likely to be attracted to each unit type at the subject based on a rent burden.

Exhibit 55 – Qualified Renter Households in the Market Area

Unit Type		Income Parameters		Qualified Households	
Income	Bedrooms	Minimum	Maximum	Total	Adj. HH Size
30% of AMI	1-BR	\$0	\$26,000	451	261
30% of AMI	2-BR	\$0	\$26,000	451	190
50% of AMI	1-BR	\$25,500	\$43,500	450	260
50% of AMI	2-BR	\$25,500	\$43,500	450	190
60% of AMI	1-BR	\$43,500	\$52,000	176	102
60% of AMI	2-BR	\$44,500	\$52,000	152	64
100% of AMI	1-BR	\$51,500	\$86,500	238	138
100% of AMI	2-BR	\$59,500	\$86,500	162	68
Market	1-BR	\$86,000	\$200,000	33	19
Market	2-BR	\$102,500	\$200,000	18	8

As shown, estimates based solely on the rent burden indicator of demand evidence a demand pool of from eight to 261 income eligible senior renter households in the primary market area likely to be attracted to each unit type.

Sub-Standard Housing

Households seek affordable housing based on household costs but also to improve the housing condition. The American Housing Survey also provides data on the number of households living in substandard housing. Their survey data estimate nearly 53,000 households in the Boston metropolitan area live in sub-standard housing.

Exhibit 56 - Sub-Standard Housing in AHS Data

Household Income	Total (in 1,000s)	Physical Problems		
		Severe	Moderate	Total
Less than \$15,000	99.70	5	8.6	13.6
\$15,000 to \$19,999	22.10	0.6	5.7	6.3
\$20,000 to \$24,999	14.90	0.5	2.6	3.1
\$25,000 to \$29,999	27.60	1.4	5	6.4
\$30,000 to \$34,999	24.30	1.1	2.5	3.6
\$35,000 to \$39,999	19.20	1.9	2	3.9
\$40,000 to \$49,999	35.00	1	3.8	4.8
\$50,000 to \$59,999	28.60	0.6	1.3	1.9
\$60,000 Plus	129.40	3.10	6.2	9.3
Total	400.80	15.20	37.7	52.9

Source: American Housing Survey, 2007 Data Table 4-12

Households living in sub-standard housing will be highly motivated to relocate to quality housing, provided these households can afford the housing costs. As discussed previously, the market area has a high level of older housing, with much of the stock being more than 70 years old. In our opinion, the age of the local housing stock supports the use of the AHS data relative to condition. In the market area we estimate that approximately 415 households live in sub-standard housing and do not currently face a rent burden, illustrated in the next table. The estimate follows the same methodology used in the estimate of rent burden.

Exhibit 57 - Income Distribution of Households in Sub-Standard Housing

Household Income	Renter Household	Rent Burdened	W/O Rent Burden	
			Total	Inferior Housing
< \$15,000	868	163	705	96
\$15,000 - \$24,999	639	262	378	108
\$25,000 - \$34,999	430	257	173	36
\$35,000 - \$49,999	571	362	209	43
\$50,000 - \$74,999	902	238	663	48
\$75,000 - \$99,999	555	26	529	38
\$100,000 - \$149,999	243	12	232	17
\$150,000 - \$199,999	144	7	137	10
\$200,000+	<u>303</u>	<u>14</u>	<u>289</u>	<u>21</u>
TOTAL	4,656	1,342	3,314	415

As with those households facing a rent burden, we must eliminate those households that are not income eligible. We have divided the households that do not face a rent burden but live in sub-standard housing based on the income distribution seen in the market area. These are households in substandard housing that do not also face a rent burden. These numbers would then need to be adjusted to reflect household size for this market. The following table shows the distribution of households in this area according to household size. Based on the number of households paying less than 35% of their incomes to housing costs but living in sub-standard housing, the income parameters of the subject property's units, and the distribution of households by household size, discussed previously, the following table shows the potential pool of households in the market area that may be attracted to units such as those at the subject property. These households constitute a second and independent pool of potential households for the units at the subject property.

Exhibit 58 – Qualified Renter Households in the Market Area

Unit Type		Income Parameters		Qualified Households	
Income	Bedrooms	Minimum	Maximum	Total	Adj. HH Size
30% of AMI	1-BR	\$0	\$26,000	207	120
30% of AMI	2-BR	\$0	\$26,000	207	88
50% of AMI	1-BR	\$25,500	\$43,500	325	188
50% of AMI	2-BR	\$25,500	\$43,500	325	137
60% of AMI	1-BR	\$43,500	\$52,000	214	123
60% of AMI	2-BR	\$44,500	\$52,000	200	84
100% of AMI	1-BR	\$51,500	\$86,500	1,042	602
100% of AMI	2-BR	\$59,500	\$86,500	697	294
Market	1-BR	\$86,000	\$200,000	665	385
Market	2-BR	\$102,500	\$200,000	358	151

Mobility/Turnover Demand

Local demand for the subject’s units will emanate from factors other than housing hardships. A number of households move every year. The number of households that move each year varies somewhat by the area of the country, by housing type, by age and by income. Households will move within their same county, outside of their county but within the same state, outside of the state, and outside of the country.

The development will represent newly renovated affordable rental housing. Households seeking housing due to mobility are likely to be attracted to the subject property. U.S. Census data indicates that renters move substantially more frequently than homeowners. According to the U.S. Census 8.1% of all households in the Northeast and 17.5% of all renter households move annually. Of the renter households that move households, 84.3% remain in the same state and 69.2% remain in the same county.

		Where Households Move			
		Same County	Same State	In U.S.	Total
Northeast					
All Households					
	Percent of All Households	5.4%	6.8%	7.8%	8.1%
	Percent of Movers	66.6%	84.4%	95.7%	100.0%
Renter Households					
	Percent of All Households	12.1%	14.8%	16.7%	17.5%
	Percent of Movers	69.2%	84.3%	95.2%	100.0%

Source: U.S. Census Bureau, Current Population Survey 2011

Because a percentage of these households will have moved as a result of their rent burden or housing condition, we winnowed the estimate to avoid double counting households already considered in this analysis. We deducted the number of income-qualified households with a rent burden and the number of additional income-qualified households in sub-standard housing from our base of rental households. Our adjusted base of households is equal to 2,899 and indicates that approximately 513 renter households living in the area that do not face either a rent burden or live in sub-standard housing are likely to move within the market area.

Exhibit 59 – Focused Mobility Analysis

Total Renter Households		4,656
HHs with Rent Burden		<u>1,342</u>
Adjusted HH Base		3,314
HHs in Substandard Housing		<u>415</u>
Adjusted HH Base		2,899
Mobility Cohort @	17.7%	513

The subject property can expect to attract a percentage of that part of this group that is income qualified. The next exhibit allocates the households by income group.

Exhibit 60 – Mobility Data for Market Primary Area

Primary Market By Income Group	Adj. Renter Popluation	Households Moving Annually			
		Same County	Same State	In U.S.	Total
< \$15,000	609	422	529	587	1,538
\$15,000 - \$24,999	270	187	235	260	682
\$25,000 - \$34,999	137	95	119	132	346
\$35,000 - \$49,999	167	116	145	161	421
\$50,000 - \$74,999	616	427	535	593	1,556
\$75,000 - \$99,999	491	340	427	473	1,240
\$100,000 - \$149,999	215	149	187	207	544
\$150,000 - \$199,999	128	88	111	123	322
\$200,000+	<u>268</u>	<u>186</u>	<u>233</u>	<u>258</u>	<u>677</u>
TOTAL	2,899	2,011	2,520	2,794	7,326

We assume that the development will attract a percentage of these renter households; however, for households that fit within the income parameters, the subject’s newly renovated units are likely to represent the area’s most attractive housing option based on condition and the availability of rent assistance. Because of the lack of available market rate and affordable housing, we believe that it is reasonable to assume the development could attract at least 50% of local income-eligible households that are choosing to move; however, in recognition of the parameters typically employed by equity investors, we reduced the rate to 20% for the primary market and 4% for the secondary market. The capture rates yield an additional pool of income qualified potential renter households based on mobility trends.

Exhibit 61 – Potential Tenants from Mobility Pool

Income Level	Adjusted Renter HHs	Moving in County	Capture @ 20.0%
< \$15,000	609	422	84
\$15,000 - \$24,999	270	187	37
\$25,000 - \$34,999	137	95	19
\$35,000 - \$49,999	167	116	23
\$50,000 - \$74,999	616	427	85
\$75,000 - \$99,999	491	340	68
\$100,000 - \$149,999	215	149	30
\$150,000 - \$199,999	128	88	18
\$200,000+	<u>268</u>	<u>186</u>	<u>37</u>
TOTAL	2,899	2,011	402

Income Level	Total Renter HHs	Moving in County	Capture @ 4.0%
< \$15,000	7,995	5,547	222
\$15,000 - \$24,999	6,402	4,442	178
\$25,000 - \$34,999	4,311	2,991	120
\$35,000 - \$49,999	6,097	4,230	169
\$50,000 - \$74,999	7,110	4,933	197
\$75,000 - \$99,999	4,516	3,133	125
\$100,000 - \$149,999	1,915	1,328	53
\$150,000 - \$199,999	951	660	26
\$200,000+	<u>1,129</u>	<u>783</u>	<u>31</u>
TOTAL	40,427	28,046	1,122

The demand pools are adjusted to reflect household size in the same manner as the other demand calculations.

Exhibit 62 – Demand based on Mobility

Income	Unit Type		Income Parameters		Qualified Households	
	Income	Bedrooms	Minimum	Maximum	Total	Adj. HH Size
30% of AMI		1-BR	\$0	\$26,000	535	309
30% of AMI		2-BR	\$0	\$26,000	535	226
50% of AMI		1-BR	\$25,500	\$43,500	279	161
50% of AMI		2-BR	\$25,500	\$43,500	279	118
60% of AMI		1-BR	\$43,500	\$52,000	170	98
60% of AMI		2-BR	\$44,500	\$52,000	157	66
100% of AMI		1-BR	\$51,500	\$86,500	427	247
100% of AMI		2-BR	\$59,500	\$86,500	280	118
Market		1-BR	\$86,000	\$200,000	235	136
Market		2-BR	\$102,500	\$200,000	123	52

New Households

In addition to mobility demand, demand will result from new senior households in the area. These households typically are households aging in place but still represent an independent source of demand. As discussed previously and highlighted in the next exhibit, seniors represent the fastest growing local cohort of households.

Exhibit 63 – New Senior Households in the Market

	Year			Change	
	2010	2018	2023	2010-2012	2014-2019
Primary Market					
Households	25,143	32,606	37,414	7,463	4,808
Owner Units	15,508	19,163	22,360	3,656	3,197
Renter Units	9,635	13,443	22,359	3,807	8,917
Secondary Market					
Households	171,872	225,509	265,910	53,637	40,401
Owner Units	106,875	135,195	162,899	28,320	27,704
Renter Units	64,997	90,314	103,011	25,317	12,697

Source: STDB Online

As with the analysis of demand from mobility, we segmented the new households by income levels and applied the 20% and 4% capture rates. These allocations are shown in the next table.

Exhibit 64 – Distribution of New Senior Households

Income Level	Primary Market		Secondary Market		Total
	New Renter HHs	Capture @ 20.0%	New Renter HHs	Capture @ 4%	
< \$15,000	1,663	245	3,695	50	295
\$15,000 - \$24,999	1,224	165	1,244	28	193
\$25,000 - \$34,999	824	219	698	49	268
\$35,000 - \$49,999	1,094	345	1,232	50	396
\$50,000 - \$74,999	1,727	213	1,257	35	247
\$75,000 - \$99,999	1,063	93	863	48	141
\$100,000 - \$149,999	466	55	1,206	27	83
\$150,000 - \$199,999	276	116	686	73	189
\$200,000+	<u>580</u>	<u>1,783</u>	<u>1,816</u>	<u>508</u>	<u>2,291</u>
TOTAL	8,917	3,234	12,697	868	4,102

Demand from new households is shown in the next exhibit.

Exhibit 65 – Demand from New Households

Unit Type		Income Parameters		Qualified Households	
Income	Bedrooms	Minimum	Maximum	Total	Adj. HH Size
30% of AMI	1-BR	\$0	\$26,000	514	297
30% of AMI	2-BR	\$0	\$26,000	514	217
50% of AMI	1-BR	\$25,500	\$43,500	558	323
50% of AMI	2-BR	\$25,500	\$43,500	558	235
60% of AMI	1-BR	\$43,500	\$52,000	323	187
60% of AMI	2-BR	\$44,500	\$52,000	297	125
100% of AMI	1-BR	\$51,500	\$86,500	358	207
100% of AMI	2-BR	\$59,500	\$86,500	230	97
Market	1-BR	\$86,000	\$200,000	351	203
Market	2-BR	\$102,500	\$200,000	267	113

MARKET ASSESSMENT

Our analysis of the housing market indicates sufficient demand for the subject property’s units. The demand will be generated from households facing rental hardship due to housing costs and from households facing hardship due to housing conditions. The market assessment quantifies the level of demand discussed previously and segments the identified potential pool of tenants by unit type and by income type. Sufficient demand is associated with local households.

Our analysis indicates a demand pool of at between 323 to more than 1,000 households for each unit type.

Exhibit 66 - Summary of Demand

Unit Type		Income Parameters		Demand Pool				
Income	Bedrooms	Minimum	Maximum	Rent Burden	Hsg Cond	New HHs	Mobility	Total
	30% of AMI 1-BR	\$0	\$26,000	261	120	297	309	987
	30% of AMI 2-BR	\$0	\$26,000	190	88	217	226	721
	50% of AMI 1-BR	\$25,500	\$43,500	260	188	323	161	931
	50% of AMI 2-BR	\$25,500	\$43,500	190	137	235	118	680
	60% of AMI 1-BR	\$43,500	\$52,000	102	123	187	98	510
	60% of AMI 2-BR	\$44,500	\$52,000	64	84	125	66	<u>340</u>
	100% of AM 1-BR	\$51,500	\$86,500	138	602	207	247	1,193
	100% of AM 2-BR	\$59,500	\$86,500	68	294	97	118	577
Market	1-BR	\$86,000	\$200,000	19	385	203	136	742
Market	2-BR	\$102,500	\$200,000	<u>8</u>	<u>151</u>	<u>113</u>	<u>52</u>	<u>323</u>
			Total	621	625	798	752	2,795

Conclusions

Local demand will result for a number of sources and every indication of demand supports the development of the subject.

Appendix 1 – Qualifications

Qualifications of Robert H. Salisbury

Employment

Mr. Salisbury is a Director of Bonz and Company Inc, where he has worked since 1996. Prior to that Mr. Salisbury was employed by the Santa Cruz Housing Authority in Santa Cruz, California. He also has served as Director of Development for Innovative Housing, a San Francisco Bay Area non-profit specializing in the development and operation of shared housing and as Project Manager for The Community Builders, a national non-profit that provides housing development consulting services.

Education

Mr. Salisbury holds the degree of Bachelor of Arts from the University of Wisconsin at Madison, Wisconsin and a Master's In Public Policy from the Kennedy School of Government at Harvard University in Cambridge, Massachusetts. He is a Massachusetts licensed Certified General Real Estate Appraiser and is MAP Certified and HUD Approved for appraisals and market studies completed as part of the financing requirements for HUD's Multi-Family Accelerated Processing. Mr. Salisbury is a Member of the National Council of Affordable Housing Market Analysts for which he was peer certified as an Affordable Housing Analyst.

Experience

Mr. Salisbury's market analysis experience includes

- 1) *Low-Income Housing Tax Credit properties:* These include fully affordable and mixed-income properties located in Rhode Island, Massachusetts, and New Hampshire. The analyses were completed for private developers, non-profit housing corporations, and state agencies.
- 2) *Market-Rate Housing properties:* These include new construction and gut renovation and range from moderate income low-rise development to high-rise luxury buildings in areas such as South Boston and Charlestown in Boston, Massachusetts, Winooski, Vermont, and Portland Maine. These include market studies completed for 221 (d) (4) financing.

His valuation experience includes

- 1) *Housing and related development assignments:* Market-rate, low, moderate, and mixed income housing ranging from town-house development to high-rise condominiums and rental apartments. Mr. Salisbury has completed several 223 (F) and 221 (d) (4) appraisals under the MAP Guidelines.
- 2) *Land Valuations.*
- 3) *Valuations of the Tax Credit Allocations.*