

Residential Market Study

Haywood House Apartments

Jackson Road

Newton, Massachusetts

Prepared for:

Newton Housing Authority

Date of Report:

June 16, 2017

BONZ AND COMPANY, INC.

| *Real Estate Advisors*

June 16, 2017

Ms. Amy Zarechian
Executive Director
Newton Housing Authority
82 Lincoln St.
Newton Highlands, MA 02461.

RE: Haywood House
Jackson Road
Newton, MA

Dear Ms. Zarechian:

In accordance with your request, we respectfully submit our market study of the above referenced property. Haywood House will be a newly constructed development with 42 units of mixed-income senior housing, with 32 units that will be tax credit eligible and restricted to households that earn no more than 60% of the area median household income (AMI), with 4 units further restricted to households earning less than 30% of AMI. The balance (10 units) will be restricted to seniors with incomes less than 99% of AMI. All of the units will be one-bedroom units and will be restricted to seniors aged 55 and over. The developer, Newton Housing Authority, anticipates that the four 30% units and four of the 60% units will receive project based rent assistance. We have assumed that rent assistance will not be available for the balance of the units, and these tenants must, therefore, meet minimum income requirements as well as the maximum income limits associated with the units.

The purpose of the market study section of the report is to estimate the likely demand for the age restricted low and moderate income housing units in the subject's market area. 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 rental complexes in the area. The market study section concludes with a quantified analysis of the likely demand for the tax credit at the subject property.

The subject site is comprised of a portion of a larger 2.77 acre parcel of land that is currently improved with the Jackson Gardens apartments, a 64-unit senior affordable housing development owned by the Newton Housing Authority. The subject consists of a 20,050 square foot rectangular shaped parcel that is located to the rear of the complex, separated from Jackson Road by the Jackson Brook Reservation and just south of Pearl Street.

We believe that the property should be able to attract tenants from much of Middlesex County. However, it is our experience that senior households tend to move infrequently and when they do they tend to prefer locations that are familiar and close to family. Therefore we concentrated our analysis of demand projections and demographic trends associated with a focused primary market area within a 10 minute drive of the subject site, which includes the most of Newton as well as parts of the immediate surrounding communities of Waltham and Watertown.

Our study indicates demand as evidenced by the subject's rent advantage and as evidenced by the number of age and income-qualified households likely to be attracted to the subject property. Senior households will need to possess household incomes below \$50,000 in order to be income-qualified for the 32 tax credit units and between \$62,000 and \$82,000 to be qualified for the 99% units. We estimate that the primary market contains more than 9,792 households who are age and income-qualified for the subject units. Of these qualified households, approximately 4,528 are renter households.

In addition to local senior renter households, the property will likely attract a number of senior owner-occupied households. According to the leasing agents at both the local market rate developments and the local area age-restricted market rate developments, 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). As outlined later in this report, based on our review and considering the lack of available affordable rental housing in the local market area, for our demand analysis we have estimated that approximately 20% of the local income-qualified senior home-owners may be attracted to the units at the subject property. By applying this ratio to the total number of income-eligible owner households in the primary market we have estimated that there are 1,053 income qualified senior home-owner households in the primary market area that may be attracted to the units at the subject property.

In aggregate, we estimate that the primary market contains approximately 5,581 income-qualified senior households and indicates a capture rate of 0.8%. The market analysis and capture rate review provide an indication of the likely demand the subject's units. Investors typically consider any capture rate less than 10% to indicate a competitive market. The subject's capture rate points to the strong local demand for affordable housing.

The Town of Newton and the surrounding market area has a very limited supply of available market rate or affordable rental housing. The subject development will represent some of the best rental housing available in the area, with units offered at rents substantially below market. The proposed rents are generally less than comparable rents at the properties reviewed. One-bedroom rents in the market range from \$2,182 to \$2,700 per month.

Local market data indicate that the tax credit rent levels will be competitive in the local rental market. Based on our analysis of the market, it is our opinion that the proposed 60% rent for the subject's one-bedroom units is approximately 108% less than its market

potential, which we estimate at \$2,300. Thus, the tax credit rent provides a significant advantage for local households. The proposed 99% rents are 28% below their market rate potential. All of the 30% units and four of the 60% units at the subject property will be occupied by voucher holders. Tenants 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. The market data indicate no market advantage for future residents at the subject property to acquire cheaper competitive housing at facilities that will be in similar condition as the subject. The subject's unit rents represent a clear market advantage available to households compared to leasing units in local competitive properties.

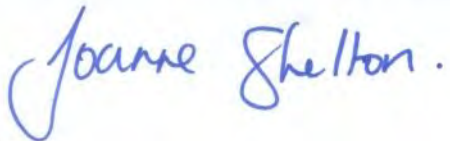
The Massachusetts Department of Housing and Community Development, which is one of the governmental entities that will review this report, issued reporting standards for market studies as detailed in the Massachusetts LIHTC 2017 Qualified Allocation Plan. The Qualified Action Plan requires that market studies incorporate Model Content Standards for Market Studies for Rental Housing as promulgated by the National Council of Housing Market Analysts. 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.

This transmittal letter is considered a part of the report, the body of which contains 95 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 contact provided us with certain information. The sources of information developed and bases of estimates and assumptions are stated in the body of this 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 assignment. If you should have any questions regarding this appraisal report, please do not hesitate to contact us.

Respectfully submitted,

Bonz and Company, Inc.



Joanne F. Shelton

Director

MA Certified General

Real Estate Appraiser, Lic. #75113

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CERTIFICATION

The undersigned certify that, to the best of our knowledge and belief:

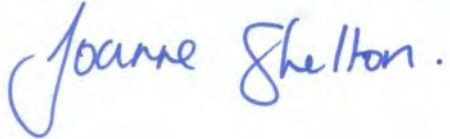
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are the appraisers personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 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 appraisal.
- 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.
- The appraiser or other members of Bonz and Company have undertaken previous appraisals for the site within the past three years.
- Joanne F. Shelton previously made a personal inspection of the property that is the subject of this report on April 7, 2017.
- No one provided significant real property appraisal assistance to the persons signing this certification.

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Newton, Massachusetts

- As of the date of this report, Joanne F. Shelton has completed the continuing education requirements for Certificated General Real Estate Appraisers mandated by the Commonwealth of Massachusetts.

Prepared by:

BONZ AND COMPANY, INC.



Joanne F. Shelton
Director
MA Certified General
Real Estate Appraiser, Lic. #75113

General Assumptions and Limiting Conditions

Contributions of Other Professionals

- Bonz and Company, Inc. relied on information and representations provided by brokers, lenders, city officials, and written documentation such as surveys, plot plans, assessor's records and maps, and recorded deeds to establish sizes of land, buildings and parking lots, as well as the condition of the structure, of the subject property and comparable properties used in this report. Information furnished by others for use in this appraisal is believed to be reliable, but cannot be guaranteed by the appraisers.
- 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.
- Engineering analyses of the subject property were not provided by the client or available from the property owner's representative. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on an investigation by the appraisers, and the value conclusions are subject to said limitations.

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.

Both the economy and housing markets remain susceptible to downward pressures from a variety of factors including national and international factors that can be difficult, if not impossible, to correctly forecast. Therefore it is possible that some

market assumptions contained in this appraisal may not materialize and unanticipated events and circumstances may occur. 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 appraisal without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

Site Specific Assumptions

1. Capital Improvements: The appraisers reviewed the construction scope of work and budget completed by the owners. Our analysis assumes the completion of this work. We have also assumed that the work will be completed in a professional manner.

EXECUTIVE SUMMARY

The Newton Housing Authority (“the developer”) is planning to construct a new three-story building located along Jackson Road in Newton, Massachusetts and create 42 units of mixed-income senior housing. The development, which will be known as Haywood House, will be located within the existing Jackson Gardens complex, a 64 unit affordable senior housing development also owned by the Newton Housing Authority.

Thirty-two of the units at the subject property will be tax credit eligible with 28 units restricted to households that earn no more than 60% of the area median household income (“AMI”) and 4 units restricted to households earning less than 30% AMI. Ten of the units will be restricted to households with incomes less than 99% of AMI. We have assumed that all of the 30% units and four of the 60% units will receive project based rent assistance. We have not assumed that rent assistance will be available for the balance of the units, and these tenants must, therefore, meet minimum income requirements as well as the maximum income limits associated with the units. All of the units will be restricted to seniors aged 55 and over and/or disabled residents. The developer requested that Bonz and Company complete a market study that analyzes the likely demand for the rental units at the proposed residential development. Based on our analysis of the market, we estimate that demand exists for the proposed affordable senior rental units.

Our market assessment focused on the demand for affordable age-restricted one-bedroom units in the market. 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 rental market. Finally, the report examined specific demographic indicators of demand for affordable senior rental housing.

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 detailed in the Massachusetts LIHTC 2017 Qualified Allocation Plan. The Qualified Action Plan requires that market studies incorporate Model Content Standards for Market Studies for Rental Housing as promulgated by the National Council of Housing Market Analysts. 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 market area demand for affordable age-restricted housing.

General Data

Subject Property:

The subject property, known as Haywood House, will be a newly constructed low-rise residential development located along Jackson Road in the Nonantum Village section of Newton. The subject property will contain 42 one-bedroom one bathroom units with approximately 672 square feet. There will be ground floor community space and a common laundry room. There will be surface parking available that can accommodate 20 vehicles.

The 42 one-bedroom apartments will be targeted to senior households aged 55 and over and/or disabled residents. The units will be income and rent-restricted with 4 of the units reserved for households with incomes that do not exceed 30% of the area median household income. Twenty-eight units will be restricted to senior households with incomes that do not exceed 60% of the area median household income and 10 will be restricted to senior households with incomes less than 99% AMI.

Unit Type	BA	PBV 30% Units	PBV 60% Units	60% Units	99% Units	Total No. of Units	Average SF	Total SF
One-BR	1	4	4	24	10	42	672	28,224

Access:

This subject site is comprised of a portion of a larger 2.77 acre parcel of land that is currently improved with the Jackson Gardens apartments, a 64-unit affordable housing development owned by the Newton Housing Authority. The subject consists of a rectangular shaped parcel that is located to the rear of the complex, separated from Jackson Road by the Jackson Brook Reservation and just southeast of Kennedy Circle. Watertown Street (Route 16) is less than half a mile north and the Massachusetts Turnpike (I-90) is half a mile south. Commuter rail transportation to South Station, Boston, is available on the Framingham/Worcester Line at the Newtonville Station half a mile southwest. There are also several MBTA bus routes nearby with multiple stops along Adams Street and Watertown Street.

Proximity to Services:

The subject's immediate neighborhood is primarily residential, comprised mostly of single family homes, with retail and commercial uses located along Route 16 (Watertown Street) less half a mile north of the site. There is a Stop n Shop supermarket half a mile north in Watertown and a Whole Foods half a mile south along Washington Street in Newton. The Shops at Chestnut Hill and the adjacent Chestnut Hill Square are located 3.5 miles south of the subject. The Shops at Chestnut Hill is an upscale shopping center featuring over fifty retailers and restaurants. Chestnut Hill Square is an open-air shopping and dining plaza that contains a Wegmans supermarket and the Beth Israel Deaconess HealthCare center. The Newton-Wellesley Hospital is approximately 3.5 miles west. Boyd Park, a large public park, is less than a 10 minute walk north of the subject along Jackson Road. The site characteristics are considered very good for a senior-multi-family development.

Market Strength and Weaknesses

The subject has access to shopping, health care, local area highways and public transportation, which is considered a strength relative to its attractiveness to potential renters. The site characteristics are considered strong for senior multi-family development. The site plan appears functional and traffic flow is acceptable with sufficient parking. The proposed unit sizes are competitive in the market. In our opinion the subject development will provide units that will compete with other affordable and market-rate rental properties in the market area. There appear to be no negative attributes that would affect the marketability of the subject property as proposed.

Market Area Data

Market Areas:

The subject property will be located along Jackson Road in Newton. We believe that the subject should be able to attract tenants from much of Middlesex and Worcester County.

The Town of Newton and the immediate surrounding area has a very limited supply of market rate and available affordable rental housing. The subject development will represent some of the best rental housing available in the area, with units offered at rents below market. However, it is our experience that senior households tend to move

infrequently and when they do they tend to prefer locations that are familiar and close to family. Therefore we concentrated our analysis of demand projections and demographic trends associated with a focused primary market area within an approximate 10 minute drive of the subject site, which includes most of the City of Newton and the some of the immediate surrounding communities of Waltham and Watertown.

One component of demand for senior rental housing is seniors moving to be closer to working age children and grandchildren. In many cases these households come from beyond the primary market area and the region. According to the National Council of Affordable Housing Market Analysts, demand from this component is greater in affluent suburban areas with a large percentage of young and middle-aged residents, which are characteristics of the primary and secondary market. In addition, we spoke to property managers at two senior housing developments in nearby Weston, who said they had several senior residents who had moved to be closer to family and that they also had a number of such people on their waitlists. The marketing manager at Shillman House in Framingham reported that at least 25% of the tenants are from out-of-state or out-of-area.

Therefore in order to reflect the development's ability to attract a broader section of renters, we defined the secondary market as within an approximate 10- 15 minute drive (exclusive of the primary market) mile radius of the subject site, which includes parts of Weston, Brookline and Cambridge. For discussion purposes we also examined data for all of the Boston MSA.

Housing Market:
Rental:

The property is located in the Nonantum Village section of Newton, in the northern part of town, close to the Watertown and Waltham borders. For this analysis we considered five market rate developments, one of which is located in Newton, 3.5 miles southwest of the property, and four of which are located in Watertown and Waltham within 1.5 miles of the subject. The five rental developments have 801 units. The comparables exhibit an aggregate occupancy of approximately 96.1%

The proposed rent for one-bedroom units is \$1,164 and \$1,792 for the 60% and 99% units respectively. Tenants in the 30% units will have rent assistance and will pay rent based on a percentage of their income, and the tax credit rent limits do not pose any hindrance to these households. Based on our analysis, we estimate the subject's one-bedroom units could command around \$2,300 per month. The current market rate rent estimates are 108% and 28% greater than the proposed 60% and 99% rents at the subject property and demonstrate the subject's market rent advantage.

Housing Market:

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

There is little vacancy within the Greater Boston rental market. The subject's rent assistance for eight of the affordable units enables it to attract households from a broad geographic base, which expands the subject's potential competitive base. Exclusive of any rent assistance, however, it is our opinion, that the subject's likely competitive properties are local rental developments.

We also examined several affordable senior housing developments located in the surrounding area, all of which reported 100% occupancy, with many maintaining a waitlist. 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.

Level of Demand:

The increased demand for rental apartments increase pressures on lower-income households seeking affordable housing. Our analysis of the primary market indicates demand for the subject property's units. The demand will be generated from households facing rental hardship, households living in substandard housing, from households moving and from newly formed households.

Thirty-two of subject's units will be targeted to senior households with annual incomes that are less than 60% of the area median. The minimum income levels required to afford the unit housing costs and the income ceilings designated by the funding programs create income ranges for each of the development's unit types.

Based on the proposed rent levels and income restrictions at the subject property senior households will need to possess household incomes of between \$0 and \$25,000 for the rent assisted 30% units, between \$0 and \$50,000 for the rent assisted 60% units and between \$38,000 and \$50,000 for the non-rent assisted 60% units. Senior households in the 99% units will need incomes of between \$62,000 and \$82,000.

Within the primary market area there are over 9,792 income-qualified senior households. Of these income qualified senior households, approximately 4,528 are renter households yielding a capture rate of less than 1%.

In addition to local senior renter households, the property will likely attract a number of senior owner-occupied households. According to the leasing agents at both the local market rate developments and the local area age-restricted market rate developments, 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). As outlined later in the report, based on our review and considering the lack of available affordable rental housing in the local market area, for our demand analysis we have estimated that approximately 20% of the local income-qualified senior home-owners may be attracted to the units at the subject property. By applying this ratio to the total number of income-eligible owner households in the primary market we have estimated that there are 1,053 income qualified senior home-owner households in the primary market area that may be attracted to the tax credit units at the subject property. In aggregate, we estimate that the primary market contains 5,581 income-qualified senior households and indicates a capture rate of 0.8%. The subject's capture rate points to the strong local demand for affordable housing.

We carried out a more focused analysis to determine the demand generated from income-qualified senior renter households facing rental hardship, from households living in substandard housing and from households moving. Our analysis, relative to this focused group, indicates that 2,266 age and income-qualified renter households in the primary and secondary market will be attracted to the subject's 42 units. Of these, 2,014 would be income qualified for the tax credit units and 252 would be income qualified for the 99% units. These numbers should be adjusted to reflect the specific income cohorts for each unit and income type, however because nearly all senior households likely to be income qualified are either one or two-person households, we have not adjusted the demand estimates by household size.

Summary of Focused Demand for Affordable Units

Unit Type		Income Parameters		Demand Pool					Number of Units
Income	Bedrooms	Minimum	Maximum	Rent Burden	Hsg Cond	New HHs	Mobility	Total	
30% of AMI-PBV	1-BR	\$0	\$25,000	612	253	31	73	968	4
60% of AMI-PBV	1-BR	\$0	\$50,000	1,472	373	53	116	2,014	4
60% of AMI	1-BR	\$38,000	\$50,000	378	58	11	20	467	24
99% of AMI	1 BR	\$62,000	\$82,000	157	50	21	24	252	10

The focused demand estimate illustrated above is solely based on primary market *renter* households and does not take into account the additional demand that may come from local senior households who are currently homeowners but who are seeking to move to a small, more affordable and maintenance free rental apartment and the estimate likely understates local demand. However it is our opinion that the demand associated with renter households in the primary and secondary market indicates a sufficiently strong market to support the subject's units.

Absorption Conclusion:

Our analysis of the housing market indicates demand for the subject property's units. Local affordable senior properties exhibit vacancy rates of less than 1.0% with most having waiting lists. The property location close to local area highways and public transportation is considered a strength in its overall marketability. Our demand analysis and tenure trends within local affordable senior housing indicate a rapid lease up for the subject. The lack of

affordable senior rental housing makes it somewhat difficult to revise recent comparable absorption trends. There are no new affordable senior rental developments in the primary market area, however we were able to obtain lease-up data from three comparable senior developments, located outside of the primary market that have opened within the last few years.

The Coolidge at Sudbury – Phase I is a 64 units tax credit development that is age restricted to seniors 55 and older. This property opened September 2014 and was fully occupied by the end of December 2014. The property manager currently maintains a waitlist of 60 households for the 30% units and 45 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.

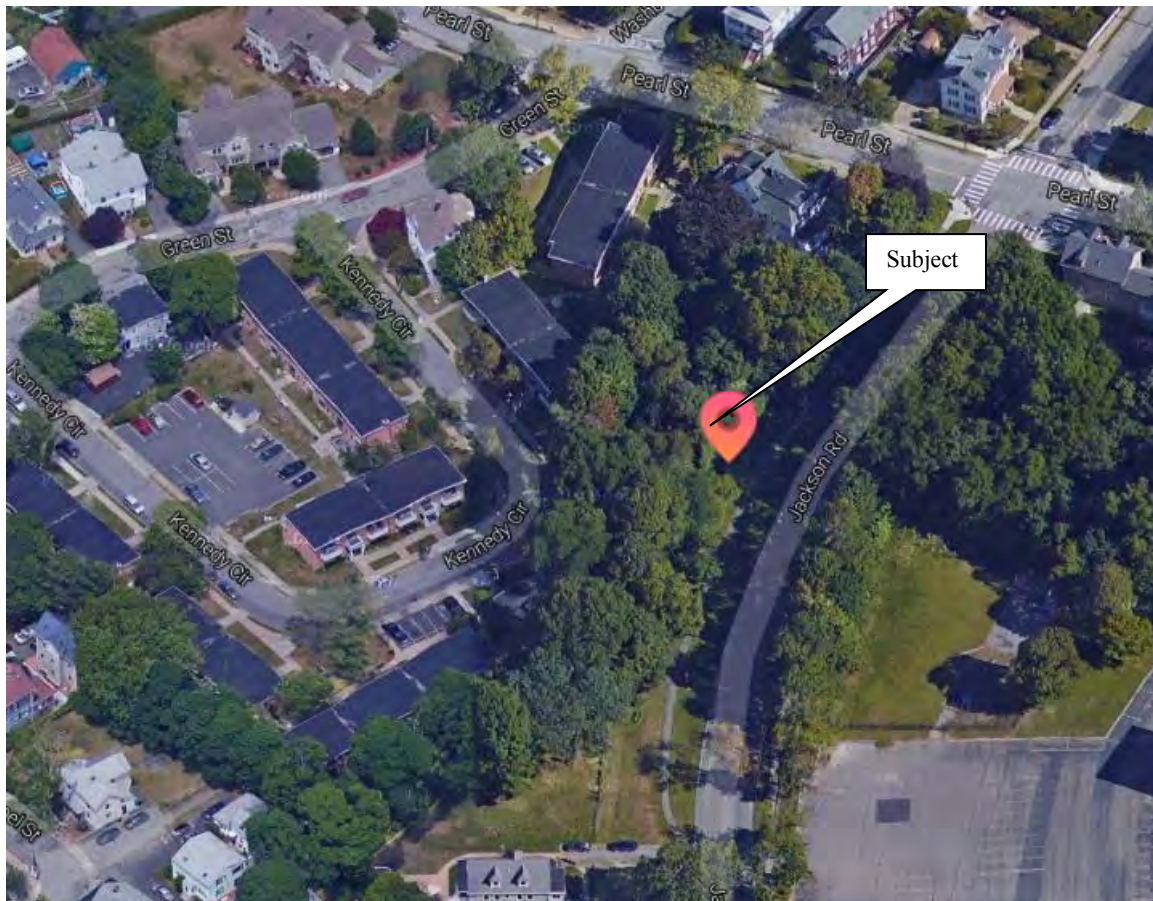
Based on this information we would expect the 8 rent assisted units to be occupied upon construction completion and that the remaining 34 units could be leased within two to three months of completion, assuming that marketing and lease-up commence two months prior to construction completion.

PROPERTY DESCRIPTION

Site Description

The subject property will be developed on a portion of a 2.77 acre parcel of land located between Kennedy Circle and Jackson Road in the Nonantum Village area of Newton, Massachusetts. The site is currently improved with Jackson Gardens, a 64-unit senior affordable apartment complex that was originally constructed in the mid-1960s. Soil reports were not provided to the analyst, however based upon the presence of the existing development it is assumed that the ground is of sufficient load bearing capacity to support the proposed improvements.

Exhibit 1 – Aerial Location Map



The subject consists of a 26,050 square foot rectangular shaped parcel that is located to the rear of the complex, separated from Jackson Road by the Jackson Brook Reservation and just southeast of Kennedy Circle. Watertown Street (Route 16 is less than half a mile north and the Massachusetts Turnpike (I-90) is half a mile south. Commuter rail transportation to South Station, Boston, is available on the Framingham/Worcester Line at the Newtonville Station half a mile southwest. There are also several MBTA bus routes nearby with multiple stops along Adams Street and Watertown Street.

The analyst was not provided any information related to environmental issues. We observed no evidence of toxic or hazardous substances during our inspection of the sites and none were disclosed to us during our inspection. The subject site does not appear on the Massachusetts Department of Environmental Protection's list of Reportable Releases and Waste Sites as of the date of this report we have assumed that there are no environmental issues that pose any adverse impact on value and on the potential development of the site.

The site appears well suited for multi-family residential use due to its location along Jackson Road in Newton, surrounded by residential, as well as its proximity to local area highways and public transportation. There are no physical factors that are noted that would negatively impact the potential development 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.

Proposed Improvements

The developer proposes to develop 42 mixed-income senior rental-housing units. Detailed construction specifications were not provided, however we informed that the property will consist of a new, three-story, wood-frame elevator building. The units will have kitchens with modern appliances (stove, refrigerator, dishwasher). All of the units will have central air-conditioning. There will be ground floor community space, a common laundry room, a fitness room, art studio space, a library and a lounge. All utilities, (heat, hot water, cold water and sewer, and unit electric) will be included in the rent. The property will provide 20 surface parking spaces.

The affordable rental apartment complex will consist of 42 one-bedroom one bathroom units with 672 square feet. Thirty-two of the units will be tax-credit units and restricted to senior households with incomes of less than 60% of the area median income (“AMI”), with 4 units further restricted to senior households with income less than 30% AMI. The remaining 10 units will be restricted to senior households with incomes less than 99% AMI.

Exhibit 2 – Unit Mix

Unit Type	BA	PBV 30% Units	PBV 60% Units	60% Units	99% Units	Total No. of Units	Average SF	Total SF
One-BR	1	4	4	24	10	42	672	28,224

The proposed unit rents, as provided by the developer, are shown in the next exhibit. The proposed 60% tax credit is 5% below maximum tax credit rent for the Middlesex County-Boston-Cambridge-Quincy HUD FMR Area and the proposed 99% rent is 7% below the maximum rent allowed.

Exhibit 3 – Proposed Rents

One-Bedroom Units			
Unit Housing Costs			
	Gross	Util Allow	Net
30% of AMI-PBV	\$1,372	\$0	\$1,372
60% of AMI-PBV	\$1,372	\$0	\$1,372
60% of AMI	\$1,104	\$0	\$1,104
99% of AMI	\$1,792	\$0	\$1,792

The subject’s units will provide an attractive affordable housing alternative for seniors and we believe that there will be strong demand for the proposed units. The level of demand will reflect the attractiveness of the building and its units and the strength of the subject’s housing market. The appraisers assume there will be no deficiencies in design or construction quality that would affect the marketability of the building and that upon completion the units are expected to be competitive with other local rental developments in the market area.

The following pages shows photographs of the subject site.

Exhibit 4 - Subject Photographs



View of the subject site from along Jackson Road



View of the subject site from the Jackson Gardens development



View of the subject site from the Jackson Gardens development



View of Jackson Gardens development



View of subject site from along Jackson Road



View of Jackson Road



Intersection of Jackson Road and Pearl Street



View of Lincoln Elliot elementary school located north east of the subject



Northerly view of Jackson Road going to Pearl Street



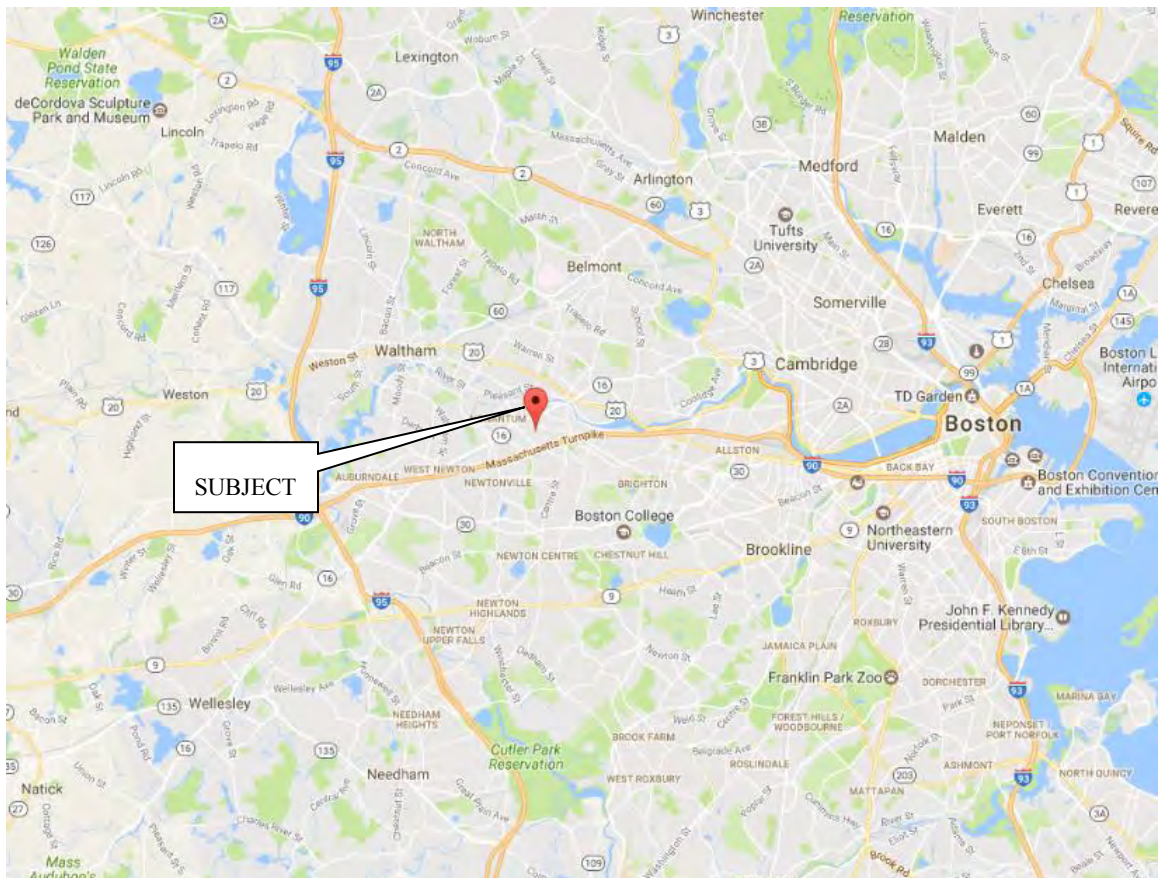
View of the Jackson private elementary school located across from the subject site

CHARACTERISTICS OF MARKET AREA

The subject property is located between Kennedy Circle and Jackson Road in the Nonantum Village area of Newton, Massachusetts in Middlesex County. Newton is bordered by Waltham and Watertown to the north, Brookline and Brighton to the east, the West Roxbury neighborhood of Boston to the south, Needham to the southeast, and Wellesley and Weston to the west. Major nearby highways include the Massachusetts Turnpike (I-90), Interstate 95, and Route 9. Logan International Airport is located in Boston about thirteen miles east from the subject.

We have defined the primary market area - that area from which it will attract the majority of its residents – as the surrounding cities and towns with an approximate 3 to 5 mile radius. Demand for the subject's units will be influenced by the perceived attractiveness of the area as a residential location. Demand is also influenced by trends experienced in the greater market area. As a result, trends experienced in the balance of county as well as the Boston labor market area directly influence the strength of the local housing market. Additionally, trends evidenced in the national and regional arenas affect metropolitan indicators and, by extension, affect the local housing market. Therefore, the market analysis section of this report begins with an analysis of national, regional, and metropolitan trends and indicators. A more focused market analysis follows this regional review.

Exhibit 5 – Regional Location Map for Subject Property



Description of the Data Collection Process

In completing our analysis of the subject and the subject’s market area, we inspected the subject property and the surrounding area. We inspected and analyzed comparable rental developments and collected data related to new rental developments under construction and proposed in the market 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 US 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, data provided by 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

The U.S. economy stumbled in the fourth quarter, expanding at a disappointing 1.9% annual pace and making last year the weakest for growth since 2011. The figure for the October-through-December period was below analyst expectations and well off the 3.5% annual growth rate for the third quarter. That was the strongest pace in two years.

Economists expected growth to decline after a jump in the third quarter that was fueled by consumers and businesses making up for a dismal first half of the year. The economy expanded at just a 0.8% rate in the first quarter of 2016 and 1.4% in the second quarter. Although the fourth-quarter figure was below expectations, the 1.9% annual growth rate was decent compared to earlier in 2016. The growth in consumer spending slowed to 2.5% in the fourth quarter from 3% the previous quarter. The overall fourth-quarter data, the first of three official estimates, mean that the U.S. economy expanded just 1.6% for all of 2016. That was down from 2.6% the previous year and the worst performance since 2011.

According to Kiplinger, Donald Trump's election is not likely to have much effect on GDP growth in 2017, which is expected to be around 2.1%. His proposed tax cuts will have the quickest impact on the economy, but as demonstrated by the 2001 and 2003 Bush cuts, consumers tend to use the initial tax savings to pay down debts. Increased spending, which boost GDP growth, tends to come later. Trump's proposal for extra infrastructure spending probably won't be approved by Congress until the 2018 fiscal year, which starts in October 2017. It takes months for the money to be spent, as the experience of the 2009 stimulus bill shows. Getting the necessary permits can delay infrastructure projects even more. Meanwhile, the rise in interest rates and the value of the dollar since the election will act as a drag on 2017 GDP growth. Strong consumer spending, driven by wage and employment gains plus the buoyant stock market, is likely to be the main pillar supporting the economy next year.

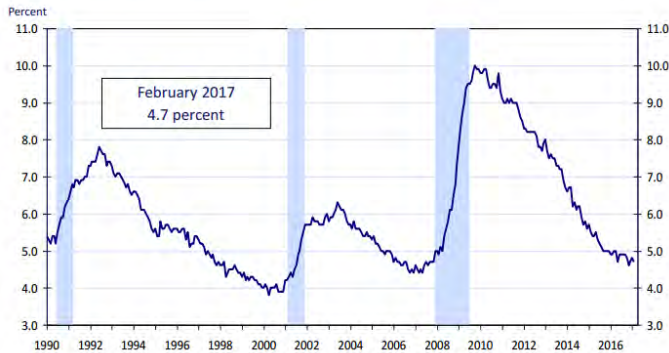
In February, the total nonfarm payroll employment increased by 235,000, while the unemployment rate changed little at 4.7%. Gains over 200,000 are noteworthy because the labor market has tightened, and workers are harder to find. But with more unemployed persons coming back into the labor market looking for jobs, employers still have options for hiring the workers they need. The number of persons who were working part-time because of slack business or couldn't find a full-time job continued to decline,

along with the number of long-term unemployed individuals. Most industries added jobs in February, with strong growth in health care, private education, business services, food services and construction. The mining and manufacturing sectors also strengthened.

Exhibit 6 – Civilian Unemployment Rate and Civilian Labor Force

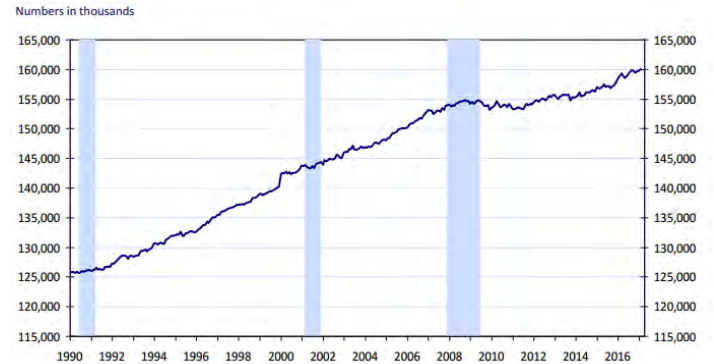
Civilian Unemployment Rate

Seasonally adjusted, 1990–2017



Civilian Labor Force

Seasonally adjusted, 1990–2017



Kiplinger predicts that the job market will continue to tighten the next year as demand for skilled workers exceeds their availability. Employment growth in 2017 will show to an average of 180,000 jobs per month, from 187,000 per month in 2016, but the unemployment rate will edge down further to 4.5%.

Despite the fourth quarter growth rate, a recent article in Bloomberg News notes that U.S. economy continues to remain strong. According to Bloomberg, fewer Americans than forecast filed applications for unemployment, showing a healthy job market at the start of 2017. The job market is getting tighter as unemployment is near a nine-year low, creating a shortage of skilled workers that is prompting businesses to hold on to existing employees. Few firings combined with steady hiring will help to underpin a pickup in wages and boost consumer spending, the biggest part of the economy.

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 increased to 3.4% in February from the January rate of 3.2%. The February state unemployment rate remains lower than the national rate of 4.7% reported by the Bureau of Labor Statistics. Massachusetts' unemployment rate has remained lower than the national rate since April 1808.

Over the year, the state’s seasonally adjusted unemployment rate dropped 0.8% from 4.3% in February 2016. There were 27,300 fewer unemployed persons over the year compared to February 2016.

The labor force increased by 27,600 from 3,599,300 in January, as 18,000 more residents were employed and 9,700 more residents were unemployed over the month. The state’s labor force participation rate – the total number of residents 16 or older who worked or were unemployed and actively sought work in the last four weeks – increased four-tenths of a percentage point to 65.3% over the month. The labor force participation rate over the year has increased 0.3% compared to February 2016.

“This month’s report marks a new peak in jobs and the labor force in Massachusetts. That means more residents are working than ever before. The administration will continue to promote policies that connect those looking for work with the skills and training necessary to access a high demand career,” Labor and Workforce Development Secretary Ronald L. Walker, II said.



Source: MA Department of Labor and Workforce Development

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-Quincy NECTA division 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 8 - Employment Statistics In 000's

Nonagricultural Employment		Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Six Month Change
Boston-Cambridge-Quincy NECTA Div.	Total Employed	1,824.3	1,825.8	1,824.7	1,826.3	1,829.7	1,836.7	1,840.7	1,846.6	-1.2%
	Unemployment Rate	3.3%	3.3%	2.8%	2.5%	2.3%	2.5%	3.1%	Not reported	n/a
Massachusetts	Total Employed	3,572.5	3,573.8	3,575.4	3,574.5	3,583.4	3,586.4	3,593.5	3,603.6	-0.8%
	Unemployment Rate	4.0%	4.0%	4.0%	3.9%	3.8%	3.8%	3.5%	3.2%	20.0%
New England	Total Employed	7,345.8	7,348.1	7,349.5	7,349.1	7,357.8	7,360.3	7,388.7	7,394.8	-0.6%
	Unemployment Rate	4.0%	3.9%	3.8%	3.7%	3.6%	3.6%	3.6%	3.7%	2.6%
United States	Total Employed	144,457.0	144,633.0	144,882.0	145,006.0	145,170.0	145,325.0	145,563.0	145,798.0	-0.6%
	Unemployment Rate	4.9%	4.9%	4.9%	4.8%	4.6%	4.7%	4.8%	4.7%	4.1%

Source: "New England Economic Indicator," Federal Reserve Bank of Boston and Department of Labor and Workforce Development

All data are seasonal adjusted.

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

In February, preliminary estimates from the Bureau of Labor Statistics indicate Massachusetts added 10,100 jobs over the month. Over the month job gains occurred in Education and Health Services; Professional, Scientific, and Business Services; Construction; Manufacturing; and Information. From February 2016 to February 2017, the Bureau of Labor Statistics estimates Massachusetts has added 57,700 jobs. The largest private sector percentage job gains over the year were in Construction which added 5,300 jobs (a 3.7% gain); Education and Health Services which added 21,500 jobs (a 2.8% gain); Professional, Scientific and Business Services which added 12,700 jobs (a 2.3% gain); and Financial Activities which added 3,900 jobs (a 1.7% gain). 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 9 - 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	
	Feb-17	Feb-17	#	%	Feb-17	Feb-17	#	%
Total Non-Farm	3,471.50	3,526.10	54.60	1.57%	2,644.20	2,689.10	44.90	1.70%
Total Private	3,012.20	3,059.40	47.20	1.57%	2,328.50	2,369.30	40.80	1.75%
Goods Producing	376.4	379.3	2.90	0.77%	285.8	285.1	-0.70	-0.24%
Service Providing	3,095.10	3,146.80	51.70	1.67%	2,358.40	2,404.00	45.60	1.93%
Mining, Logging, and Construction	131.6	135.9	4.30	3.27%	99.1	99.7	0.60	0.61%
Manufacturing	244.8	243.4	-1.40	-0.57%	186.7	185.4	-1.30	-0.70%
Trade, Trans. Utilities	560.3	562.8	2.50	0.45%	413.5	414.7	1.20	0.29%
Information	88.6	89.6	1.00	1.13%	77.1	78.4	1.30	1.69%
Financial Activities	220.8	225	4.20	1.90%	183.7	189.1	5.40	2.94%
Professional Services	529.4	542	12.60	2.38%	454.9	467.4	12.50	2.75%
Education and Health Services	778.1	800.1	22.00	2.83%	569.7	588.2	18.50	3.25%
Leisure and Hospitality	327.4	327.8	0.40	0.12%	245.8	246.5	0.70	0.28%
Other Services	131.2	132.8	1.60	1.22%	98	99.9	1.90	1.94%
Government	459.3	466.7	7.40	1.61%	315.7	319.8	4.10	1.30%

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

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 strength of the state and local economy encourages migration to the area and puts additional pressures on the housing market.

Local – According to the Massachusetts Workforce Development the Metro South/West Workforce Area, which includes Newton, is dominated by small employers. Among the 33,083 establishments reporting employment, 86.7% had fewer than 20 employees. These firms, however, accounted for just 22.4% (113,805) of the jobs located in Metro South/West. In contrast to the small business employers, 866 establishments (2.6%) reported having at least 100 employees. These firms, however, were responsible for 49.6% (252,210) of all jobs located in Metro South/West. The share of employment among large employers in the Metro South/West region was nearly identical to the statewide share of 49.4%.

Exhibit 10 – Map of Metro South/West Workforce Area



The largest employers in Newton and in the Metro South/West Workforce Investment Area are shown in the next exhibit. Some of the major employers are in the Education and Health sectors.

Exhibit 11 – Largest Area Employers

Newton		Metro South/West WIA		
Name	No. of Employees	Name	Location	No. of Employees
Boston College	1,000-4,999	EMC Corp	Hopkinton	5,000-9,999
Newton Wellesley Hospital	1,000-4,999	Staples, Inc.	Framingham	5,000-9,999
Jewish Community Ctr	500-999	Bentley University	Waltham	1,000-4,999
Wegmans	500-999	Bose Corp	Framingham	1,000-4,999
Newton Public Schools	250-499	Boston Scientific Corp	Natick	1,000-4,999
BourneWood Jospital	250-499	Boston College	Newton	1,000-4,999
Dell EMC	250-499	Harvard Oligrim Healthcare	Wellesley	1,000-4,999
Rockport Group	250-499	Newton Wellesley Hospital	Newton	1,000-4,999

Source: MA Dept. of Labor and Workforce Development

A review of employment statistics for the Metro South/West Workforce Investment Area reflects that Professional and Technical Services is the largest employment sector in the region in terms of the number of employees, with over 74,000 employees on average in the third quarter of 2016, the most recent data of this nature available. This category is closely followed by Healthcare and Social Assistance with 73,000 employees on average then Retail with 58,000 employees on average and Education with over 52,000 employees on average. These statistics provide a better understanding of both the employment opportunities within the workforce area as well as in which sectors local residents are employed.

Exhibit 12 – Metro South/West Workforce Investment Area-Employment Statistics

Description	No. of Establishments	Number of Employees-2016			Average Monthly Employment
		July	August	Sept	
Total, All Industries	36,887	579,003	576,204	580,348	578,518
11 - Agriculture, Forestry, Fishing & Hunting	102	1,604	1,637	1,737	1,659
21 - Mining	11	104	105	98	102
23 - Construction	2,932	26,680	26,557	26,311	26,516
31-33 - Manufacturing	1,050	48,128	48,159	47,648	47,978
DUR - Durable Goods Manufacturing	680	33,596	33,639	33,188	33,474
NONDUR - Non-Durable Goods Manufacturing	370	14,532	14,520	14,460	14,504
22 - Utilities	44	1,252	1,248	1,234	1,245
42 - Wholesale Trade	2,113	26,497	26,611	26,278	26,462
44-45 - Retail Trade	3,511	58,607	58,581	57,103	58,097
48-49 - Transportation and Warehousing	548	9,896	9,786	10,423	10,035
51 - Information	971	28,242	28,293	27,659	28,065
52 - Finance and Insurance	1,772	20,402	20,284	19,963	20,216
53 - Real Estate and Rental and Leasing	1,223	8,192	8,214	8,027	8,144
54 - Professional and Technical Services	6,504	74,363	74,404	73,362	74,043
55 - Management of Companies and Enterprises	307	23,994	24,059	23,713	23,922
56 - Administrative and Waste Services	2,106	36,447	36,161	35,674	36,094
61 - Educational Services	877	49,460	47,294	59,980	52,245
62 - Health Care and Social Assistance	5,007	73,066	72,832	73,545	73,148
71 - Arts, Entertainment, and Recreation	663	17,015	16,935	13,412	15,787
72 - Accommodation and Food Services	2,173	41,044	41,116	40,458	40,873
81 - Other Services, Ex. Public Admin	4,545	17,861	17,650	17,164	17,558
92 - Public Administration	428	16,149	16,278	16,559	16,329

Source: MA. Department of Labor and Workforce Development

The following table outlines the 2016 annual average wage by industry for the Metro North region and represents the most recent data available from the Massachusetts Department of Workforce Development. As shown, there are a number of employment sectors with wages sufficient to cover the costs of housing in Newton and the surrounding

market, however, for a number of employees, especially in the employment sectors such as Retail Trade, Accommodation and Food Services and Administrative and Waste Services - the cost of local housing is out of reach given their wages, which are from \$467 to \$672 on average per week.

Exhibit 13 – Metro North Average Weekly Wage by Industry

Description	Average Weekly
Total, All Industries	\$1,491
11 - Agriculture, Forestry, Fishing & Hunting	\$627
21 - Mining	\$1,680
23 - Construction	\$1,468
31-33 - Manufacturing	\$2,728
DUR - Durable Goods Manufacturing	\$3,163
NONDUR - Non-Durable Goods Manufacturing	\$1,724
22 - Utilities	\$1,973
42 - Wholesale Trade	\$1,950
44-45 - Retail Trade	\$672
48-49 - Transportation and Warehousing	\$1,042
51 - Information	\$2,356
52 - Finance and Insurance	\$2,133
53 - Real Estate and Rental and Leasing	\$1,589
54 - Professional and Technical Services	\$2,365
55 - Management of Companies and Enterprises	\$2,343
56 - Administrative and Waste Services	\$961
61 - Educational Services	\$1,142
62 - Health Care and Social Assistance	\$1,020
71 - Arts, Entertainment, and Recreation	\$624
72 - Accommodation and Food Services	\$467
81 - Other Services, Ex. Public Admin	\$785
92 - Public Administration	\$1,409

Commuting Patterns

The subject property is located in the Nonantum Village section of Newton. Watertown Street (Route 16 is less than half a mile north and the Massachusetts Turnpike (I-90) is half a mile south. Commuter rail transportation to South Station, Boston, is available on the Framingham/Worcester Line at the Newtonville Station half a mile southwest (travel time to Boston is 20 minutes). There are also several MBTA bus routes nearby with multiple stops along Adams Street and Watertown Street.

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 2015 U.S. Census American Community Survey (ACS) for Newton and Middlesex County. The majority, over 55% of Newton workers work in the same county in which they reside. This is slightly lower than the number of Middlesex County workers who work within the county (67%).

Exhibit 14 –Residents by Place of Work

Residents Place of Work	Newton		Middlesex County	
	Number	%	Number	%
Worked in State of Residence	43,140	98.3%	795,502	97.4%
Worked in County of Residence	24,181	55.1%	256,496	67.0%
Worked outside County of Residence	18,959	43.2%	113,083	30.3%
Worked outside State of Residence	746	1.7%	4,868	2.6%

Source: 2015 American Community Survey 5-Year Estimates

Data from the 2015 ACS Census also provides a sense of typical commuter travel times. The average commute for Newton residents is 27.6 minutes. The data indicates that the subject’s location is well-positioned with work opportunities for the majority of residents within a comfortable commuting distance from home. Most of the largest employers in the Metro South/West Workforce Investment Area are located within a 30 minute commute.

Exhibit 15 – Travel Time to Work

Travel Time to Work	Newton		Middlesex County	
	Number	%	Number	%
Workers who did not work at home	39,936	91.0%	774,267	94.8%
Less than 10 minutes	3,674	9.2%	72,007	9.3%
10 to 14 minutes	4,652	10.6%	85,944	11.1%
15 to 19 minutes	5,310	12.1%	95,235	12.3%
20 to 24 minutes	6,144	14.0%	99,880	12.9%
25 to 29 minutes	2,984	6.8%	45,682	5.9%
30 to 34 minutes	7,987	18.2%	124,657	16.1%
35 to 44 minutes	4,696	10.7%	75,104	9.7%
45 to 59 minutes	5,179	11.8%	92,138	11.9%
60 or more minutes	2,940	6.7%	83,621	10.8%
Mean travel time to work (minutes)	27.6 mins		29.3 mins	

Source: 2015 American Community Survey 5-Year Estimates

Finally, we reviewed the primary means of transportation for local commuters. The data show that the majority for Newton and Middlesex County 64% and 76.3% commute by car.

Exhibit 16 – Means of Transportation to Work

Means of Transportation	Newton		Middlesex County	
	Number	%	Number	%
No. of Workers	43,886	100.0%	816,737	100.0%
Car, truck, or van-drove alone	28,087	64.0%	623,170	76.3%
Car, truck, or van-car pooled	3,291	7.5%	562,732	68.9%
Public Transportation	5,135	11.7%	93,108	11.4%
Walked	2,502	5.7%	40,020	4.9%
Other means	922	2.1%	17,968	2.20%
Worked at Home	3,950	9.0%	42,470	5.2%

Source: 2015 American Community Survey 5-Year Estimates

In our opinion, senior households who work in the area and who are seeking housing have a lack of market rate and affordable rental housing options. The subject’s location in Newton, just north of I-90 and half a mile from an MBTSA Commuter Rail station, facilitates commuting to and from the area. Senior households who work in the Metro South/West area and who are seeking housing will consider the subject’s location a premium in terms of employment and commuting requirements.

City and Neighborhood Overview

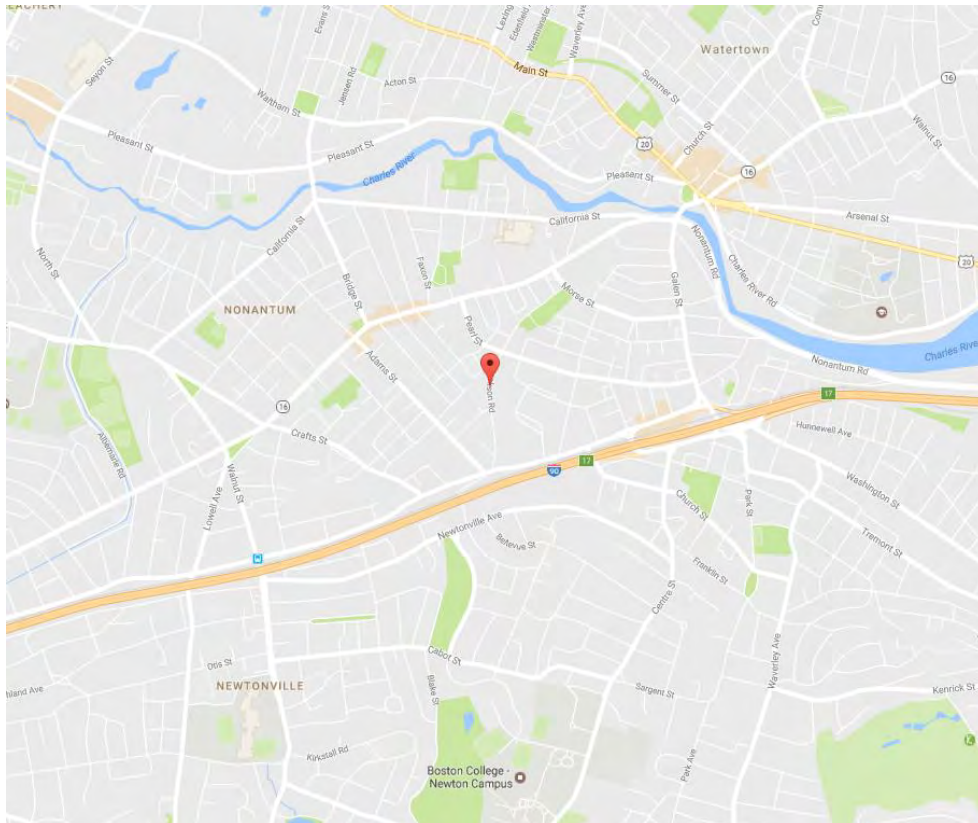
The subject is located in Newton, Massachusetts, which is located in Middlesex County. Newton is bordered by Waltham and Watertown to the north, Brookline and Brighton to the east, the West Roxbury neighborhood of Boston to the south, Needham to the southeast, and Wellesley and Weston to the west. Major nearby highways include the Massachusetts Turnpike (I-90), Interstate 95, and Route 9. Logan International Airport is located in Boston about thirteen miles east from the subject.

Newton has no single city center, but is divided up into "villages", each with a name and a small "downtown" of its own. Although some of the villages have a post office, they have no legal definition and no firmly defined borders. The villages are Newton Corner, Newtonville, West Newton, Nonantum (also called Silver Lake), Newton Upper Falls, Newton Lower Falls (both on the Charles River, which winds through the city), Newton Centre, Waban, Auburndale, Chestnut Hill, Newton Highlands, Oak Hill, and Thompsonville. The subject property is in Nonantum, which is located on the

northeastern edge of Newton, north of the Mass Pike and proximate to Watertown and Waltham. There are several institutions of higher learning in the city, including Boston College, Andover Newton Theological School, Aquinas College, Lasell College, Hebrew College, and Mount Ida College. The city also has two symphony orchestras, the New Philharmonia and the Newton Symphony Orchestra.

The subject consists of a rectangular shaped parcel that is located to the rear of the Jackson Gardens affordable housing complex, separated from Jackson Road by the Jackson Brook Reservation and just southeast of Kennedy Circle. Watertown Street (Route 16 is less than half a mile north and the Massachusetts Turnpike (I-90) is half a mile south. Commuter rail transportation to South Station, Boston, is available on the Framingham/Worcester Line at the Newtonville Station half a mile southwest. There are also several MBTA bus routes nearby with multiple stops along Adams Street and Watertown Street.

Exhibit 17 - Neighborhood Location Map



The subject’s immediate neighborhood is primarily residential, comprised mostly of single family homes, with retail and commercial properties located along Route 16 (Watertown Street) less half a mile north of the site. There is a Stop n Shop supermarket half a mile north in Watertown and a Whole Foods half a mile south along Washington Street in Newton. The Shops at Chestnut Hill and the adjacent Chestnut Hill Square are located 3.5 miles south of the subject. The Shops at Chestnut Hill is an upscale shopping center featuring over fifty retailers and restaurants. Chestnut Hill Square is an open-air shopping and dining plaza that contains a Wegmans supermarket and the Beth Israel Deaconess HealthCare center. The Newton-Wellesley Hospital is approximately 3.5 miles west. Boyd Park, a large public park, is less than a 10 minute walk north of the subject along Jackson Road.

The subject’s proximity to these services is considered a strength relative to its attractiveness to potential renters.

Crime Statistics

As required by reporting standards for market studies as detailed in Massachusetts LIHTC 2017 Qualified Allocation Plan, the following table provides information regarding crime statistics for the Town of Newton, and for the State of Massachusetts. Newton’s crime rates are relatively low, compared to the balance of the State.

Exhibit 18 – Crime Statistics

Region	Population	Murder	Rape	Robbery	Aggravated Assault	Burglary	Larceny-Theft	Motor Vehicle Theft	Total
Newton	88,287	0	12	13	49	109	610	19	812
<i>Rate per 100,000 inhabitants</i>		<i>0</i>	<i>14</i>	<i>15</i>	<i>56</i>	<i>123</i>	<i>691</i>	<i>22</i>	<i>920</i>
Massachusetts	6,745,408	128	2,075	5,288	19,071	21,890	84,912	8069	141,433
<i>Rate per 100,000 inhabitants</i>		<i>2</i>	<i>31</i>	<i>78</i>	<i>283</i>	<i>325</i>	<i>1,259</i>	<i>120</i>	<i>2,097</i>

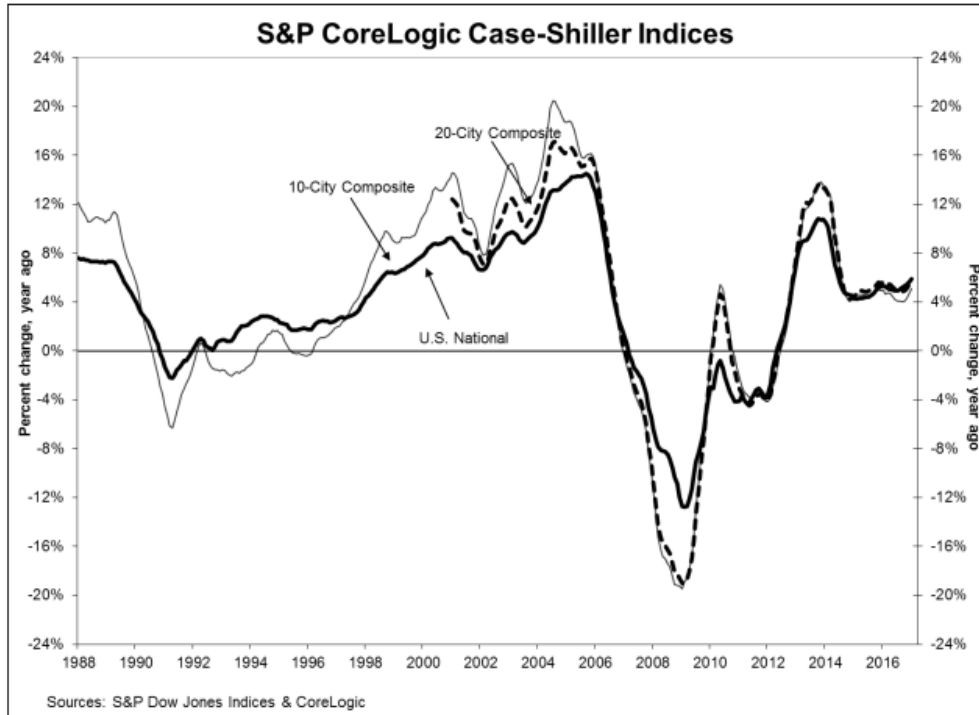
Source: City-Data.com 2015

Housing Market Overview

Housing market trends reflect the recent improvements in the economy. Data released on March 28, 2017 reflecting trends as of January 2017 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 5.9% annual gain in January, up from 5.7% last month and setting a 31-month high. The 10-City Composite posted a 5.1% annual increase, up from 4.8% the previous month. The 20-City Composite reported a year-over-year gain of 5.7%, up from

5.5% in December. These results support the industry-wide belief that the housing market has been on the rise in recent years.

Exhibit 19 – S&P/Case-Shiller Price Indices



Source: S&P Dow Jones Indices & CoreLogic

Regional - The number of single-family homes sold in Massachusetts broke the 2,500 mark for the second year in a row in February 2017. The median sale price of condominiums also hit a record high for the month, according to The Warren Group. There were 2,639 single-family homes sold in Massachusetts in February, compared to 2,884 in February 2016, an 8.5% decrease. This is a stark contrast to the 31.5% year-over-year increase in February 2016; however, this is the second year in a row and the second time since 2007 that February sales topped 2,500. The median sale price of a single-family home in February reached \$319,000, a 6.7% increase from \$299,000 in February 2016. This is only the second February median sale price to break \$300,000 since 2008. The other was 2015 with \$312,500.

“The decline in the number of single-family homes sold is not surprising to me,” said Timothy Warren, CEO of The Warren Group. “The number sold in February 2016 was extraordinarily high and raised the bar to a ‘can’t be beat’ level.”

The median condo sale price in February reached \$297,700, an 8.1% increase from \$275,500 in February 2016- the highest median sales price for condos in February on record. The number of condominiums sold in February decreased by 2.2%, with 1,128 sold compared with 1,153 sold in February 2016. This modest decline follows a sharp increase in the prior year; February 2016 had a 23.2% increase over its predecessor year. However, it is only the second year, along with last year, that condo sales have broken a thousand in February since 2008. “The lack of inventory is actually contributing to these record-breaking median prices in February,” said Cassidy Murphy, Editorial Director of The Warren Group. “The pent-up demand in the market is driving buyers to snap up whatever they can find - at whatever price they can afford.”

Local Residential For Sale Trends - As with the nation, the state, and the county, Newton’s housing has been affected by the current market environment. Single family and condominium sales data indicate that the median price of single-family homes and condominiums in Newton increased from 2002 through 2005, decreased during the Recession and its lingering effects in 2008 and 2009, and has made consistent gains since 2010. Unlike the national economy as a whole; however, Newton’s housing market is mature and stable, having avoided the more drastic downturns seen in other areas of the country during the Recession, and has since responded with 2016 single family homes and condominium prices that are respectively 44% and 25% above their 2006 levels.

Exhibit 20 – Trends in Residential Sales Prices

Year	Period	1-Fam	Condo	All
2017	Jan - Mar	\$1,121,000	\$690,000	\$851,563
2016	Jan - Dec	\$1,065,000	\$612,500	\$900,000
2015	Jan - Dec	\$1,039,750	\$550,000	\$865,000
2014	Jan - Dec	\$945,750	\$555,000	\$800,000
2013	Jan - Dec	\$890,000	\$464,250	\$725,000
2012	Jan - Dec	\$781,575	\$443,750	\$668,000
2011	Jan - Dec	\$751,000	\$405,625	\$640,000
2010	Jan - Dec	\$735,000	\$413,000	\$610,000
2009	Jan - Dec	\$710,000	\$417,000	\$615,000
2008	Jan - Dec	\$760,000	\$428,000	\$626,013
2007	Jan - Dec	\$760,215	\$450,000	\$675,000
2006	Jan - Dec	\$739,000	\$485,000	\$642,500
2005	Jan - Dec	\$760,000	\$470,000	\$670,000
2004	Jan - Dec	\$708,000	\$434,750	\$640,000
2003	Jan - Dec	\$645,000	\$433,250	\$581,000
2002	Jan - Dec	\$589,000	\$405,000	\$547,300

Source: The Warren Group

The number of single-family home and condominium sales has remained stable over the past few years. After peaking in 2004, single-family home sales fell consistently through 2008 but then increased annually through to 2013, when sales decreased by -1.9% in 2014. 2015's annual total for single family home sales was up 13.6% compared to 2012 totals, while the volume of condominium sales have increased by 15.2% over the same time period.

Exhibit 21 – Trends in Total Sales

Year	Period	1-Fam	Condo	All
2017	Jan - Mar	88	98	218
2016	Jan - Dec	633	340	1,129
2015	Jan - Dec	674	349	1,227
2014	Jan - Dec	638	341	1,167
2013	Jan - Dec	693	376	1,260
2012	Jan - Dec	686	336	1,209
2011	Jan - Dec	582	254	958
2010	Jan - Dec	578	287	990
2009	Jan - Dec	548	258	921
2008	Jan - Dec	546	322	976
2007	Jan - Dec	668	333	1,131
2006	Jan - Dec	635	327	1,082
2005	Jan - Dec	683	381	1,223
2004	Jan - Dec	726	290	1,307
2003	Jan - Dec	658	344	1,150
2002	Jan - Dec	677	360	1,194

Source: The Warren Group

Rental Market Overview

A study released December 2015 by Harvard University's Joint Center for Housing Studies reported that by mid-2015, 43 million families and individuals lived in rental housing, up nearly 9 million from 2005—the largest gain in any 10-year period on record. In addition, the share of all US households that rent rose from 31 percent to 37 percent, its highest level since the mid-1960s. The report also stated that between 2001 and 2014, real rents rose 7 percent while household incomes fell by 9 percent. In combination, these trends pushed the number of cost-burdened renters (paying more than 30 percent of income for housing) up from 14.8 million to a new high of 21.3 million. Even worse, the number of these households with severe burdens (paying more than half of income for housing) jumped from 7.5 million to 11.4 million, also setting a record.

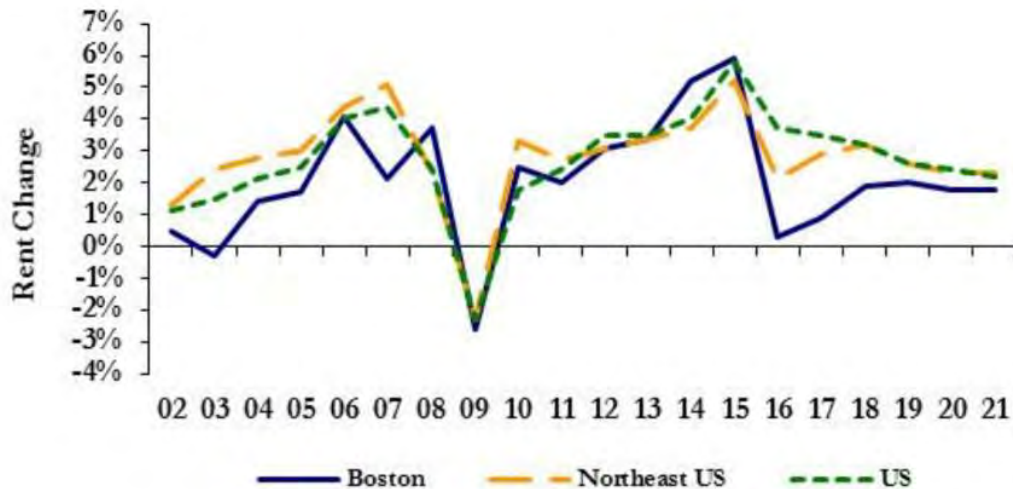
REIS's newly released data on apartment vacancy, absorption, consumption, supply and demand, and rent trends show a cooling off in the national rental market in the fourth quarter of 2016. High construction levels and mixed economic conditions in the beginning of the year have predicated this deceleration. A concurrent drop in new multifamily permits suggests that developers are concentrating more on leasing the existing surplus of units. In Q4 2016, the national vacancy rate was 4.7%, down 10 basis points from the previous quarter and down 60 basis points year over year. Much of this vacancy is concentrated in newer, Class A properties, which are not seeing the same demand for tenants that was present before 2016. The vacancy rate for these new properties has increased sharply over the course of 18 months, as developers have overbuilt in some markets and demand has fallen.

Regional - The Boston apartment market is comprised of 217,756 units in nine geographic concentrations ranging in size from the 33,324 unit North Shore/Merrimack River Valley submarket to the South/Southeast Suburban submarket, which accounts for 15,682 units. In the nine-year period beginning with Q1 2007, the Cambridge/Watertown/Waltham submarket has experienced the greatest introduction of new inventory, 5,892 units, amounting to 17.3% of all new market rate rentals added to the market.

Asking rents fell in the fourth quarter of 2016 in the 217,756-unit Boston metropolitan apartment market, declining by 1.9% to \$2,111 per month. The declining asking rents are tied to a slight decrease in vacancy rates, which have dropped 10 basis points over the

quarter to 4.7% in the 4th quarter of 2016. This indicates significant absorption this quarter after the Class A building boom that has persisted over the last several quarters. Specifically, the Class A market has a 6.9% vacancy rate that is down 40 basis points from the previous quarter and 60 basis points over the year. The Class B/C market remains tight with a 2.8% vacancy rate, up 20 basis points from the prior quarter but down 60 basis points since the beginning of 2016. Overall average asking rents are expected to grow by 0.9% over the course of 2017. Market commentary continues to emphasize a shortage of housing and its high expense. Boston Apartment Rents are reported to be the fourth most expensive in the nation behind New York City, San Francisco, and Silicon Valley.

Exhibit 22- Metro Apartment Rent Trends



Source: Reis, Inc.

For the past few years, metro Boston’s vacancy rate has been above the U.S. average. Most of the metro area’s rental housing is in properties that are too small to be included in the Reis database, notably in traditional three-family “triple decker” houses, along with subsidized units. The 2015 American Community Survey from the U.S. Census Bureau reported nearly 700,000 renter-occupied housing units in total, with a rental vacancy rate of 3.3%— 50 basis points higher than what Reis is currently reporting for investment grade apartment properties in Class B/C. But the boom in top-grade apartments is affecting the availability of more affordable units, and Reis forecasts the overall vacancy rate will rise to 5.1% by the end of 2017, trend upward to 5.8% in 2020, and then begin leveling off in the following years - remaining below the peak year-end rate of 6.4% that was recording in 2009 during the last recession.

Exhibit 23 – Metro Apartment Vacancy Trends

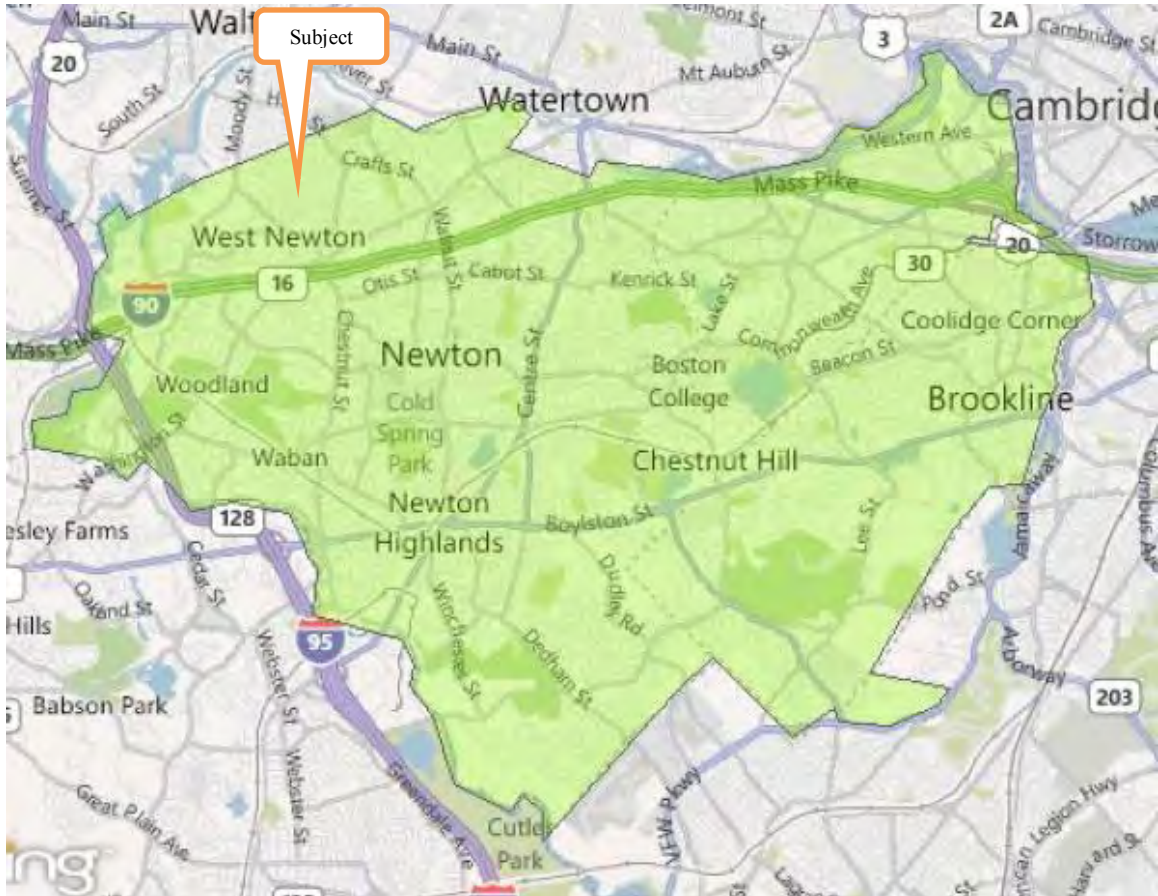


Following the completion of the most new apartments in the history of the Reis database in 2016, another 3,177 units are expected to complete construction in 2016 indicating that while the single-year peak may have passed, the development boom is still ongoing. Another 350 market-rate units completed have already been recorded for January. Nearly 8,455 market-rate apartment units are under construction, and Reis reports that more than 5,600 of these units will be completed in 2017. Other forms of multifamily housing are picking up steam as well, with 21 projects with a collective total of 1,454 condominium units under construction.

The Boston area saw a 42% increase in the number of building permits issued in 2015 for new apartments and condos, according to CMD Construction Data; however, The Boston Foundation estimates that the number of permits for new housing in Eastern Massachusetts is expected to fall by nearly 20%, signifying the first decline since the recent boom of construction began in 2011. The recent surge in new construction is beginning to catch up to the “pent up demand,” according to this source that had been noted in recent years. “We were way behind in new construction; it’s finally getting to the point where it’s catching up to the demand.” New development has made more high-end apartments available with reduced prices, but this trend has yet to trickle down to Class B/C properties.

As discussed, 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 Town of Newton, which Reis considers to be part of the Brookline/Brighton/Newton sub-market and distinguishes it from the balance of the metro market.

Exhibit 24 - Rental Submarket

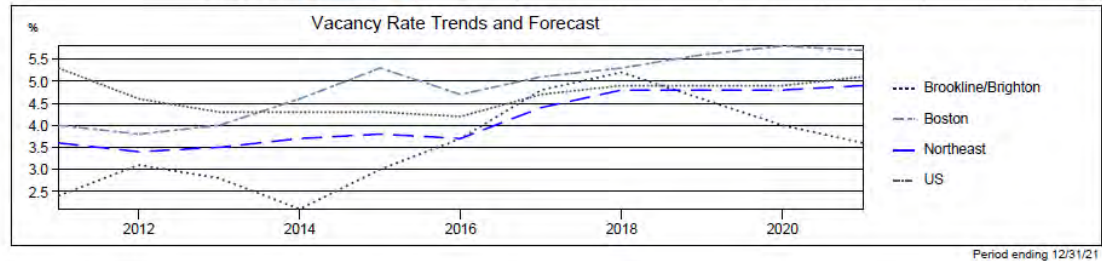


Reis reports a 4th quarter 2016 vacancy rate of 3.7% for the Brookline/Brighton/Newton submarket, the second lowest among the submarkets. The 3.7% rate is 20 basis points lower than the prior quarter and 70 basis points above last year's rate. Reis predicts that the vacancy rate for the submarket will average 3.7% for 2016, increase to 4.8% in 2017, 5.2% in 2018 and then fall back to 4.6% and 4.0% in 2019 and 2020. Vacancy trends by building class in the submarket mirror the trends seen in the metro area as a whole with Class A vacancies currently at 5.4% and Class B/C vacancies lower at 2.8%.

Exhibit 25 - Vacancy Rate Trends

	Vacancy Rates						
	Quarterly			Annualized			
	4Q16	3Q16	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Brookline/Brighton	3.7%	3.9%	3.8%	3.4%	2.9%	2.9%	4.4%
Boston	4.7%	4.8%	4.8%	5.0%	4.6%	4.4%	5.5%
Northeast	3.7%	3.8%	3.8%	3.8%	3.7%	3.6%	4.8%
United States	4.2%	4.2%	4.2%	4.2%	4.3%	4.5%	4.9%
Period Ending:	12/31/16	09/30/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/21

Submarket Rank Compared to:	Total Subs	Submarket Ranks						
		4Q16	3Q16	YTD	1 Year	3 Year	5 Year	5 Yr Forecast
Boston	9	2	3	2	2	1	1	3
Northeast	103	65	67	66	55	42	28	63
United States	835	420	431	408	321	216	136	457

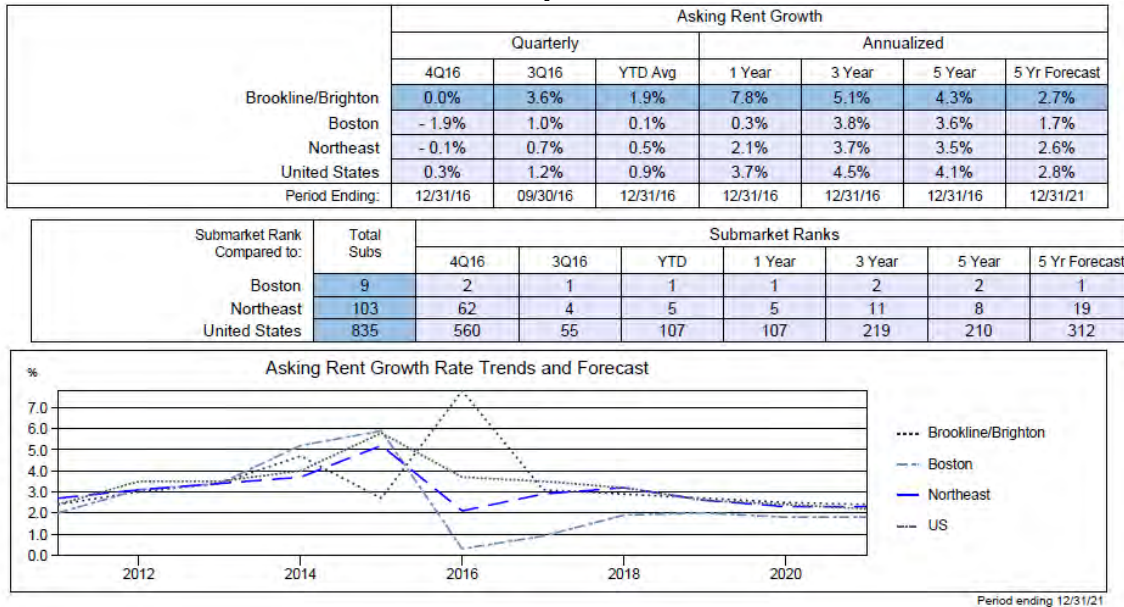


Source: REIS, Inc.

In the 18,498-unit Brookline/Brighton/Newton submarket, Reis reports an average asking rent of \$2,371 per month. The average asking rent soared 7.8% in 2016, with the average effective rent up 8.1% to \$2,282 per month. During the fourth quarter, however, rents were unchanged.

The report maintains that landlords will be able to continue to raise asking rents after this quarter. The submarket average asking rents are projected to increase by 3.1% in 2017, and then by between 2.4% and 3.9% for the following four years.

Exhibit 26 – Comparative Rent Trends



Source: REIS, Inc.

Reis also reported that “By the standards of this affluent, strictly zoned, development-hostile submarket, the 603 new apartments forecast to complete construction in 2017 and 2018 constitute a boom. Three projects with 371 units are already under construction and expected to be completed later this year. The vacancy rate is forecast to peak at 5.2% in 2018.

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 less than 4%. The subject units’ rent potential benefits from recent increases in demand for rental housing in Greater Boston in general, the subject’s submarket, and more specifically the value tenants place on the subject’s Newton location as a rental destination. The subject’s affordable units represent an attractive option for households who can no longer afford rising rents in the local market.

Local affordable rental housing surveyed reports 100% occupancy. As in the more macro discussion of rental trends, the greater Boston rental market is experiencing a resurgence and the local rental market has exhibited increasing rents for the last few years. As noted by several local housing groups, the strength of the local rental market is causing hardships for lower-income households. Families are finding it increasingly difficult to pay their rents and cover other household expenses as federal assistance dollars shrink. These concerns are evidenced in the focused demand analysis contained in this report.

Availability of Affordable Rental Housing

A study released December 2016 by Harvard University's Joint Center for Housing Studies reported by 2035, more than one in five people in the US will be aged 65 and older and one in three households will be headed by someone in that age group. This growth, the report notes, will increase the demand for affordable, accessible housing that is well connected to services beyond what current supply can meet. According to the report, as the baby boom generation ages, the US population aged 65 and over is expected to grow from 48 million to 79 million, and the number of households headed by someone over 65 will increase by 66 percent, to nearly 50 million. This growth will increase the demand for housing units with universal design elements such as zero-step entrances, single-floor living, and wide halls and doorways. However, only 3.5 percent of homes offer all three of these features.

In the coming years, many older adults will have the financial means to pay for appropriate housing and supportive services that allow them to live longer in their own homes. However, many others will face financial hardships, particularly because their incomes will decline in retirement. Low-income renters are particularly vulnerable, notes the report, which projects that nearly 6.4 million low-income renters will be paying more than 30 percent of their income for housing by 2035, with 11 million homeowners in this position by that time. In total, the report estimates, 8.6 million people will be paying more than half their income for housing by 2035 and projects that 7.6 million older adults will have incomes that would qualify them for federal rental subsidies by 2035, an increase of 90 percent from 2013.

The Town of Newton has a relatively high-priced for-sale housing market compared other parts of the state and it struggles to meet the housing needs of its low and moderate income residents. The median sales price of a single family home in Newton is currently

\$1,121,000 compared to, for example, neighboring Waltham which has a median sales price of \$391,750. The Massachusetts Department of Housing and Community Development's Chapter 40B Subsidized Housing Inventory shows that, as of December 2014 only 7.5% or 2,438 units of the town's total housing stock are subsidized to assist low-income residents, which is below the State's goal of 10 percent affordability. Limited household income and an aged housing stock create a strong demand for safe, affordable housing.

The public housing and tenant-based Section 8 certificate waiting lists indicate that there is continued demand for affordable housing in the region. The Newton Housing Authority oversees a total of 354 public housing units in Newton. According to a representative, all of these units are fully occupied and have maintained full occupancy for the past several years. There are currently 410 seniors on their waitlist seeking affordable housing in the City of Newton.

We also reviewed a number of local affordable housing developments and all reported 100% occupancy with all maintaining a wait list.

- There is an age-restricted, non-rent assisted affordable housing development located in neighboring Weston, MA. The property, Merriam Village, is owned and operated by a private, non-profit corporation and is restricted to Massachusetts residents aged 60 and over, with incomes of less than \$54,900 for a one-person household and less than \$62,775 for a two-person household (which is approximately 80% of the Area Median Income). Preference is given to persons who are 65 and older, who have the greatest financial housing need, are Weston residents, parents of Weston residents, or who have a past or present relationship with Weston. As of January 2017, the rents for the one-bedroom units are between \$802 and \$927 per month. Tenants are responsible for payment of heat, electricity and cooking fuel. The property has reportedly maintained very high occupancy rates over the past several years.
- The Brook School Apartments are also located in Weston and include 75 apartments that are restricted to seniors aged 62 and over. Forty-two are HUD-subsidized and thirteen are subsidized by Weston's Community Preservation Act. According to the property manager rental housing is very limited in Weston and the units are in very high demand. For the subsidized units at this property the wait can be 3-6 years, due to the number of applicants on the waitlist and the minimal turnover each year. The property manager reported that there are currently over 65 people on the waitlist for the affordable units and 15 people on the waitlist for the market rate units. The manager also reported that most of the

tenants came from Weston, or the immediate surrounding communities of Newton, Wayland and Waltham. In addition there were a number of tenants (including several on the waitlist) who were from further afield but wanted to move to Weston to be closer to children. In addition she reported that almost all of the tenants are previous homeowners who wanted to downsize and move to a maintenance-free community.

- The Coolidge at Sudbury – Phase I has 64 tax credit units. The property opened September 2014 and was fully occupied by the end of December 2014. They currently maintain a waitlist of 60 households for the 30% units and 45 households for the 60% units. The manager also reported that over half the residents were previous homeowners.
- 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 within one month of opening and they currently maintain a waitlist for all of the affordable units. Approximately 25% of the current tenants are from out-of-state or out-of-area, and moved to the property to be closer to family and 75% are from Framingham and the immediate surrounding communities. The manager reported that more than half of the residents were previous homeowners.

The occupancy and waitlist data at the affordable rental developments in neighboring Weston and Sudbury, which are similarly affluent suburban communities, the public housing and LIHTC housing occupancy rates and tenant-based Section 8 certificate waiting lists is indicative of the strong demand for affordable senior rental housing in the subject primary market area.

Characteristics of Housing Projects Under Construction or in Planning

The subject property will be a newly constructed development and will have a competitive edge when potential tenants compare its units with much of the rental stock in the area's older properties. Demographic trends indicate a demand base for the subject's housing, which has not been met by supply increases and the subject's market contains a very limited number of units affordable to households that do not earn more than 30%, 60% and 99% of the area median household income. As part of this study we spoke to planning officials in Newton. There are currently four housing developments currently proposed or under construction in the market area. All of the properties will have an affordable element targeted to households with income so of less than 80% AMI.

Exhibit 27 – Proposed Residential Developments

Name	Location	No.of Units	Affordable Unit	Type	Status
867 Washington St	Newtonville	151 units	23	Rental	Planned
28 Austin Street	Newton	68 uits	18	Rental	Planned
77 Court Street	Newton	36 units	9	Homeownership	Under Construction
Riverside Station	Newton	290 units	44	Rental	Planned

Source: Newton Planning Department/REIS

Our analysis of demand associated with the Newton and surrounding market area indicates that the local demand pool is sufficient to support the proposed 42 affordable units at Haywood House development. The demand associated with the balance of the secondary market provides further support for the development.

Market Area Conclusions

The proposed development is located in an area well suited for residential development. The site is convenient to Route 16, I-90 and commuter rail transportation to South Station, Boston, is available on the Framingham/Worcester Line at the Newtonville Station half a mile southwest. There are also several MBTA bus routes nearby with multiple stops along Adams Street and Watertown Street. It is also convenient to a wide variety of local service (shopping, medical facilities, recreational facilities). The number of senior households in the primary market area is expected to increase for the balance of the decade. A variety of demographic indicators suggest continued demand for housing, however this increasing demand is not being met with sufficient increases in supply. The next section of the report reviews and analyzes comparable rental data in the context of the market data discussed.

Market Rate Rental Housing Analysis

The greater market area exhibits several indicators of rental housing demand, including increasing numbers of households, increases in households likely to rent as determined by income cohort and employment projections for the region in the near and long term.

The subject property is located in the Nonantum Village section of Newton, in the northern part of town, close to the Watertown and Waltham borders. For this analysis we considered five market rate developments, one of which is located in Newton, 3.5 miles southwest of the property, and four of which are located in Watertown and Waltham

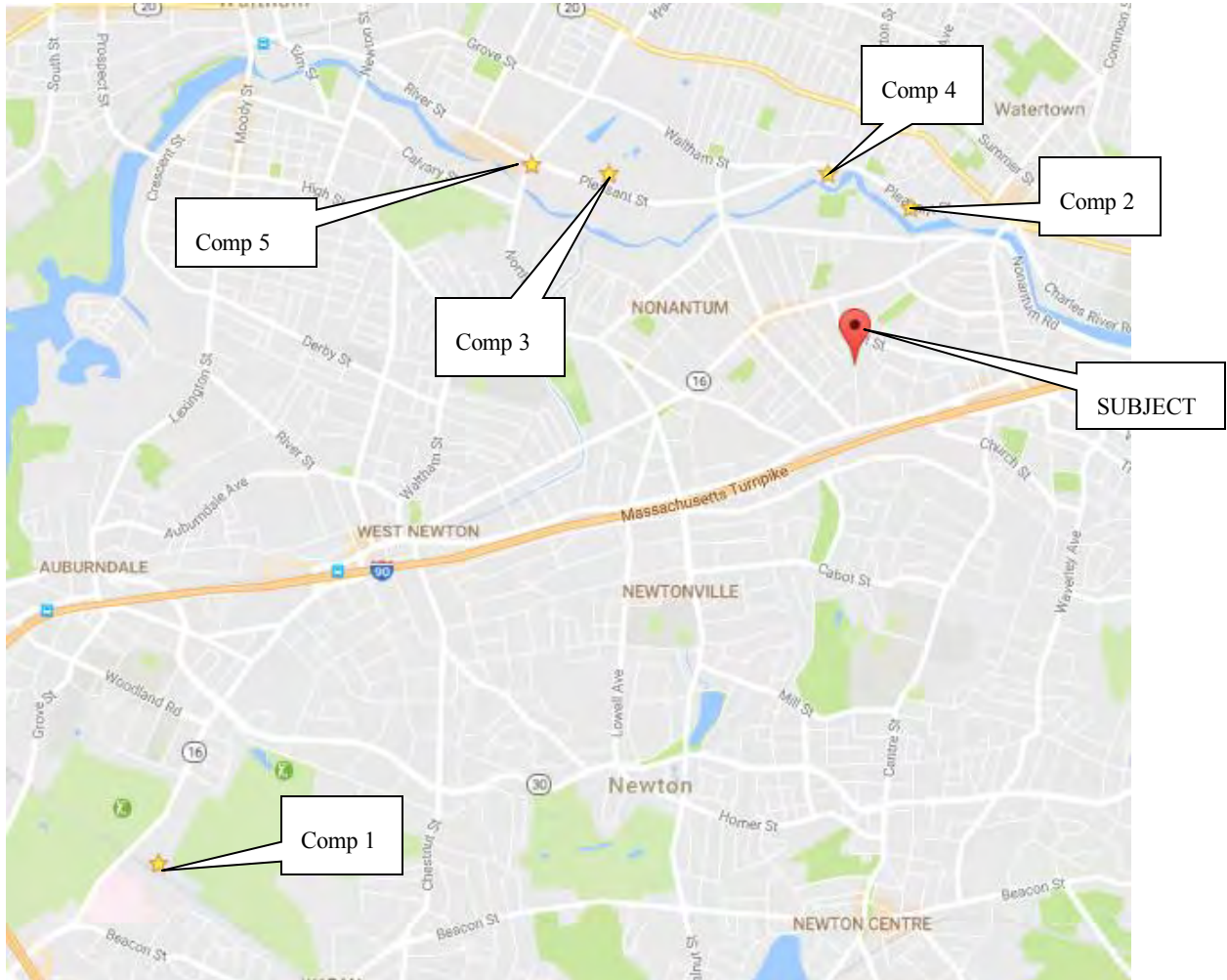
within 1.5 miles of the subject. We reviewed several multi-family developments that we consider comparable and competitive with the proposed subject property and we consider that the market properties selected provide reasonable benchmark data related to the subject's rental market. There are no age-restricted market-rate rental developments in the primary market area.

Tenants will be attracted to the proposed development's location, but they will also be attracted based their ability to secure affordable rental housing. As evidenced by our review of the market, affordable rental housing is in limited supply.

The five market-rate rental developments that contain 801 units. A location map and description of each of the comparables review is shown in the addenda of this report. The comparables exhibited occupancy rates of between 92% and 97% with an overall average occupancy of over 96%, indicating a very strong and healthy rental market.

The comparable locations as well as the subject property are illustrated in the next exhibit. More detailed property descriptions are provided following the location map.

Exhibit 28 - Location Map of Comparable Rental Developments



**Exhibit 29 – Comparable Rental Properties
 Comparable Apartment No. 1**

COMP. PROPERTY:	Woodland Station Apartments	DATE: 5/12/2017
PROPERTY ADDRESS:	1940 Washington Street Newton, MA 02466	
KEY CROSS STREET:	Stanton Avenue	
CONTACT NAME:	DEVELOPER:	
PHONE NUMBER:	617-340-3943	MANAGEMENT CO.: National Development



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/SQ. FT. RANGE		% LEASED
1 BR	1		\$2,700	\$2,700	792	792	\$3.41	\$3.41	
2 BR	1.5-2		\$3,600	\$3,600	1,094	1,352	\$2.66	\$3.29	
3BR	2.5-3		\$4,500	\$4,500	1489	1770	\$2.54	\$3.02	
TOTAL		180							97.0%

YEAR BUILT:	2007	SECURITY DEPOSIT:	
BUILDING TYPE	Midrise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	12 months
NUMBER OF FLOORS:	4	FURNISHED UNITS:	No
CONCESSIONS/SPECIALS:			
None			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY:	X
W/F REFRIGERATOR:	X	alarm:	
WASHER/DRYER:	In Unit	gate:	X
conn:		patrol:	
full size:		CEILING FAN:	
stacked:		FIREPLACE:	X
DISHWASHER:	X	VAULTED CEILING:	
GARBAGE DISPOSAL:	X	VIEWS:	
CABLE READY:	X	INTERNET ACCESS:	X
COUNTERTOP TYPE:	Granite	AIR CONDITIONING	X
		WINDOW COVERING:	
		blinds:	
		shades:	
		CARPET	Wall to Wall
		HARDWOOD:	
		VINYL:	
		OUTSIDE STORAGE:	
		PATIO/BALCONIES:	X
		ELEVATOR:	X
EXTERIOR AMENITIES			
LAUNDRY ROOM:		FITNESS:	X
POOL:	X	CLUBHOUSE:	
JACUZZI/SAUNA:		BUSINESS CENTER:	X
TENNIS:		PARKING:	X
BASKETBALL:			1 assigned spot included
PLAYGROUND:	X	off street:	
COMMUNITY SPACE:	X	carport:	
ON SITE OFFICE	X	garage:	X
		zip car:	
OTHER:	Grilling area		
OTHER			
PETS:	Pet friendly		UTILITIES (type):
deposit:			resident pays: Unit electric
pet rent:	\$40/cat \$70/dog		
OTHER FEES:	included: heat, hot water, cold water, sewer, Trash removal		
	CLASS:		
PROPERTY CONDITION:			
VG-Excellent			

Comparable Apartment No. 2

COMP. PROPERTY:	Charlesbank Apartments	DATE: 5/12/2017
PROPERTY ADDRESS:	120 Pleasant Street Watertown, MA 02472	
KEY CROSS STREET:	Conant Road	
CONTACT NAME:	DEVELOPER:	
PHONE NUMBER:	617-206-2915	MANAGEMENT CO.: OP Property Management



BEDROOM	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
Studio	1		\$1,959	\$2,094	625	720	\$2.91	\$3.13	
1 BR	1		\$2,182	\$2,184	720	925	\$2.36	\$3.03	
2 BR	2		\$2,622	\$3,479	1,065	1,220	\$2.46	\$2.85	
TOTAL		44							92.0%

YEAR BUILT:	2012	SECURITY DEPOSIT:	
BUILDING TYPE	Garden Style	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	7-15 month leases
NUMBER OF FLOORS:	4	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
None			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY:	X
F/F REFRIGERATOR:	X	alarm:	X
WASHER/DRYER:	In Unit	gate:	
conn:		patrol:	
full size:		CEILING FAN:	
stacked:		FIREPLACE:	
DISHWASHER:	X	VAULTED CEILING:	
GARBAGE DISPOSAL:		VIEWS:	
CABLE READY:	X	INTERNET ACCESS:	X
COUNTERTOP TYPE:	Granite	AIR CONDITIONING	Central
WINDOW COVERING:		blinds:	
		shades:	
		CARPET	
		HARDWOOD:	X
		VINYL:	
		OUTSIDE STORAGE:	
		PATIO/BALCONIES:	
		ELEVATOR:	X
EXTERIOR AMENITIES			
LAUNDRY ROOM:		FITNESS:	
POOL:		CLUBHOUSE:	
JACUZZI/SAUNA:		BUSINESS CENTER:	
TENNIS:		PARKING:	X
BASKETBALL:		off street:	\$99
PLAYGROUND:		carport:	
COMMUNITY SPACE:		garage:	\$99
ON SITE OFFICE		zip car:	
OTHER:	BBq Area	SERVICE COORDINATOR:	
OTHER			
PETS:		UTILITIES (type):	
deposit:	\$300 Cat or Dog	resident pays:	All
pet rent:	\$50 cat or Dog	included:	None
OTHER FEES:		CLASS:	
PROPERTY CONDITION:			
Excellent			

Comparable Apartment No. 3

COMP. PROPERTY:	Watertown Mews	DATE: 5/11/2017
PROPERTY ADDRESS:	1 Repton Place Watertown, MA 02472	
KEY CROSS STREET:	Pleasant Street	
CONTACT NAME:	DEVELOPER:	
PHONE NUMBER:	888-284-1654	MANAGEMENT CO.: Bozzuto Management



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
Studio			\$2,100	\$2,100	535	551	\$3.93	\$3.81	
1 BR			\$2,562	\$2,562	768	780	\$3.34	\$3.28	
2 BR			\$3,028	\$3,028	1,044	1,330	\$2.90	\$2.28	
TOTAL		206							96.6%

YEAR BUILT:	2014	SECURITY DEPOSIT:	
BUILDING TYPE		OTHER FEES:	
NUMBER OF BUILDINGS		LEASE TERMS:	
NUMBER OF FLOORS:		FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
None			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY:	WINDOW COVERING:
F/F REFRIGERATOR:	X	alarm:	blinds:
WASHER/DRYER:	In Unit	gate:	shades:
conn:		patrol:	CARPET
full size:		CEILING FAN:	HARDWOOD:
stacked:		FIREPLACE:	X
DISHWASHER:	X	VAULTED CEILING:	VINYL:
GARBAGE DISPOSAL:	X	VIEWS:	OUTSIDE STORAGE:
CABLE READY:	X	INTERNET ACCESS:	X
COUNTERTOP TYPE:	Quartz	AIR CONDITIONING:	PATIO/BALCONIES:
			In Some
			ELEVATOR:
EXTERIOR AMENITIES			
LAUNDRY ROOM:		FITNESS:	X
POOL:	X	CLUBHOUSE:	X
JACUZZI/SAUNA:		BUSINESS CENTER:	X
TENNIS:		PARKING:	X
BASKETBALL:		off street:	Free
PLAYGROUND:		carport:	
COMMUNITY SPACE:	X	garage:	\$75
ON SITE OFFICE	X	zip car:	
		SERVICE COORDINATOR:	
OTHER: Yoga Studio, BBQ courtyard, Pet Spa, Game room, Bocce Ball,			
OTHER			
PETS:	Dog and Cat friendly	UTILITIES (type):	
deposit:		resident pays:	
pet rent:			
OTHER FEES:		included: none	
		CLASS:	
PROPERTY CONDITION:			
Excellent			

Comparable Apartment No. 4

COMP. PROPERTY:	Riverbend on the Charles	DATE: 5/11/2017
PROPERTY ADDRESS:	270 Pleasant Street Watertown, MA 02472	
KEY CROSS STREET:	Waltham Street	
CONTACT NAME:	DEVELOPER:	
PHONE NUMBER:	617-997-0139	MANAGEMENT CO.: Berkshire Communities



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
Studio	1		\$2,057	\$2,342	614	667	\$3.35	\$3.51	
1 BR	1		\$2,534	\$2,638	767	968	\$3.30	\$2.73	
2 BR	2		\$2,303	\$3,086	1,132	1,174	\$2.03	\$2.63	
TOTAL		171							95.6%

YEAR BUILT:	2013	SECURITY DEPOSIT:	
BUILDING TYPE	Mid-rise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	1-15 months
NUMBER OF FLOORS:	5	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:	X	SECURITY:	X
F/F REFRIGERATOR:	X	alarm:	X
WASHER/DRYER:	In-Unit	gate:	
conn:	X	patrol:	
full size:		CEILING FAN:	
stacked:		FIREPLACE:	X
DISHWASHER:	X	VAULTED CEILING:	X
GARBAGE DISPOSAL:		VIEWS:	
CABLE READY:	X	INTERNET ACCESS:	X
COUNTERTOP TYPE:	Quartz	AIR CONDITIONING:	
WINDOW COVERING:		blinds:	
		shades:	
		CARPET:	X
		HARDWOOD:	X
		VINYL:	
		OUTSIDE STORAGE:	X
		PATIO/BALCONIES:	X
		ELEVATOR:	
EXTERIOR AMENITIES			
LAUNDRY ROOM:		FITNESS:	X
POOL:	X	CLUBHOUSE:	X
JACUZZI/SAUNA:		BUSINESS CENTER:	X
TENNIS:		PARKING:	X
BASKETBALL:		off street:	
PLAYGROUND:		carport:	
COMMUNITY SPACE:	X	garage:	\$50-150
ON SITE OFFICE		zip car:	
OTHER:	Hot Tub, Grilling area, Bike Rack,		
OTHER			
PETS:	\$65 one time fee for cat or dog	UTILITIES (type):	
deposit:		resident pays:	
pet rent:	\$35/month for Cats, \$65/month for Dogs		
OTHER FEES:		included:	Trash
		CLASS:	
PROPERTY CONDITION:			
Excellent			

Comparable Apartment No. 5

COMP. PROPERTY:	Currents on the Charles	DATE: 5/10/2017
PROPERTY ADDRESS:	36 River Street, Waltham, MA 02453	
KEY CROSS STREET:	Pleasant Street	
CONTACT NAME:	Layla	DEVELOPER:
PHONE NUMBER:	(617) 981-7921	MANAGEMENT CO.: Bozzuto Group



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	107	\$2,385	\$2,575	757	869	\$2.96	\$3.15	
2 BR	2	82	\$3,180	\$3,604	1,204	1,237	\$2.64	\$2.91	
3 BR	2	4	\$3,700	\$3,700	1420	1420	\$2.61	\$2.61	
TOTAL		200							96.0%

YEAR BUILT:	2015	SECURITY DEPOSIT:	
BUILDING TYPE	Midrise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	
NUMBER OF FLOORS:	4-Elev	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
Up to one month free and free year of garage parking			
BUILDING COMMENTS:			
RIOR AMENITIES			
MICROWAVE:		SECURITY: X	WINDOW COVERING: X
F/F REFRIGERATOR: X		alarm: X	blinds:
WASHER/DRYER: In Unit		gate:	shades: X
conn:		patrol:	CARPET
full size:		CEILING FAN:	HARDWOOD:
stacked: X		FIREPLACE:	VINYL:
DISHWASHER: X		VAULTED CEILING:	OUTSIDE STORAGE:
GARBAGE DISPOSAL:		VIEWS: X	PATIO/BALCONIES:
CABLE READY:		INTERNET ACCESS:	ELEVATOR:
COUNTERTOP TYPE:		AIR CONDITIONING X	
RIOR AMENITIES			
LAUNDRY ROOM:		FITNESS: X	
POOL: X		CLUBHOUSE: X	
JACUZZI/SAUNA: X		BUSINESS CENTER: X	
TENNIS:		PARKING: X	off street:
BASKETBALL:			carport:
PLAYGROUND: X			garage: X
COMMUNITY SPACE: X			zip car:
ON SITE OFFICE X		SERVICE COORDINATOR:	
OTHER: Library, Sundeck			
OTHER			
PETS:		UTILITIES (type):	
deposit:		resident pays: Water, heat, electric, gas	
pet rent:			
OTHER FEES:		included: None	
		CLASS:	
PROPERTY CONDITION:			
Excellent			

Discussion of Market-Rate Rent Comparables

Unit Rents

The next table illustrates the range of rents observed at the comparables examined as part of this report. The table illustrates the unit rents and the rent adjusted to reflect the fact that the subject’s apartments will provide heat, and hot water, with the tenants paying electric only. We have displayed the rents as a monthly rent and as a rent per foot of living space. As shown, the one-bedroom units in the market lease for between \$2,182 and \$2,700.

Exhibit 30– Summary of Rent Comparables

				UNIT RENTS			
BEDROOM	BATH	SQ. FT. RANGE		RENT RANGE		\$/ SQ. FT. RANGE	
1 BR	1	720	968	\$2,182	\$2,700	\$2.36	\$3.41

Vacancy Discussion

Vacancy rates of less than 5.0% typically signify a strong rental market. The five properties surveyed exhibit an aggregate vacancy rate of 3.9%. Of the 801 units survey only 31 units are available for rent – indicating a very strong rental market with an overall vacancy rate of 3.9%.

Exhibit 31 – Comparable Occupancy

Comparable	Units		
	Total	Vacant	% Vacant
Woodland Station	180	5	3.0%
Charlesbank	44	4	8.0%
Watertown Mews	206	7	3.4%
Riverbend on Charles	171	8	4.4%
Currents on Charles	<u>200</u>	8	<u>4.0%</u>
	801	31	3.9%

Estimate of Market Rent By Comparison:

The occupancy levels and rental rates at the local comparable properties provide indications of the subject’s market rate 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. The comparable developments are representative of the rental housing options available to seniors in the local market area.

We developed estimates for the subject's one-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 next several pages provide a narrative description of the adjustments that are followed by the rent grid.

Line 1. Last Rented / Restricted All of the units are currently rented at the rates shown on the grid. No unit used in the analysis has any rent restrictions.

Line 2. Date Last Leased. The property representatives informed us that the rental rates quoted reflect current rates as of May 2017. No adjustments were required.

Line 3. Rent Concessions. None of the properties are offering rent concessions.

Line 4. Occupancy for Unit Type. According to data collected, the market area has experienced an occupancy rate of around 96%. The rents shown in the grid are asking rents for each unit and no further adjustment was made.

Line 6. Structures / Stories. The subject's units will be contained in a single three story elevator building. The comparables' units are contained in similar low to mid-rise elevator buildings. Based on the market data examined, the appraisers do not believe that the comparables' unit rents are affected by any differences between the subject and the comparables due to the type of structure or the number of stories.

Line 7. Yr. Built/Yr. Renovated - The subject property will be a newly built development; however, we have incorporated any adjustments related to vintage into the adjustments related to building condition as reflected in line 8.

Line 8. Condition / Street Appeal. The subject property will be a newly built property in very good condition with very good street appeal upon its completion. All of the comparables were constructed between 2007 and 2015 and are in very good to excellent condition, however they all have a superior level of unit finishes compared to the subject property (granite or quartz countertops, stainless steel appliances' etc.) and all of the comparables were adjusted downwards accordingly.

Line 9. Neighborhood. The subject is located in Newton, along Route 20. Comparable 1 is also located in Newton, but is directly adjacent to the Woodlands MBTA Station on the green line. Transit orientated developments typically command a premium and this was adjusted downwards. Comparables 2, 3, 4, and are located in Watertown and Waltham, within 1.5 miles of the subject and were considered similar in terms of location and no adjustments were made.

Line 10. Same Market? Miles to Subject. We do not believe that these distances are significant and any adjustment related to distance has been considered in the adjustment for neighborhood.

Lines 11 and 12. Bedroom and Baths. The subject property will contain one bedroom one bathroom units. All of the comparables contain one-bedroom one bathroom units.

Line 13. Unit Square Footage. In order to estimate the premium associated with additional space, we compared additional rent paid at local developments for additional bedrooms and adjusted this difference for the premium associated with the added space. The difference in rents does not, necessarily, reflect how much more a tenant is willing to pay for the added space. Additionally, in our opinion, renters do not value all size differences equally. To value the size differences between the subject and these comparables, the appraiser reviewed the rental rates in the market after adjustments for all characteristics except size. The appraiser concluded that there is a value of approximately \$0.35 per foot of space related to size. No adjustment was considered for a size difference of less than 50 feet.

Line 14. Balcony / Patio. Only comparable 5 has units with balcony's, which leasing agents report command a premium. This property was adjusted downward by \$50.

Line 15. Air Conditioning: The subject property and all of the comparables provide central air conditioning.

Line 16. Range/refrigerator. All of the properties contain a range and refrigerator.

Line 17. Microwave/Dishwasher. The subject units will contain a dishwasher but no microwave. All of the properties contain a microwave and a dishwasher and were adjusted by \$5 based on conversations with local leasing agents.

Line 18. Washer/Dryer. All of the Comparables have laundry equipment in their units and these rents were adjusted by \$75.

Line 19. Floor Covering. The comparables and the subject provide a mix of flooring types. Based on conversations with local rental agents, we do not believe that an adjustment was warranted for floor covering.

Line 20. Window Coverings. Based on our experience, the market does not recognize a premium for window treatment, no adjustment was made.

Line 21. Cable / Satellite / Internet. The subject property and all of the comparables provide cable access. None of the properties provide Internet access.

Line 22. Site Office. According to local rental personnel, the market does not recognize a premium for a site office.

Line 23. Laundry Facility. The subject provides a laundry facility.

Line 24. Parking. The subject will provide 20 surface parking spaces, which equates to a ratio of 0.5 spaces per unit. Comparable 3 provides limited free surface parking and was not adjusted. Comparable 1 provides one free garage parking space per unit and was adjusted downward for this superior amenity. The other comparables all provide covered and garage parking for a fee and were adjusted upwards.

Line 25. Extra Storage. Comparable 3 offers free bicycle storage and was adjusted by \$5.

Line 26. Security. All of the properties provide secured entrances.

Line 27. Clubhouse / Meeting Rooms. The subject contains a community room, art studio space a library and lounge areas. Comparable 2 does not provide any such common areas and the rent was adjusted by \$10.

Line 28. Pool / Site Amenities. The subject will provide a fitness center. Only Comparable 2 does not provide any pool or fitness center and was adjusted by \$20. Comparables 3 and 4 have an outdoor pool, yoga studios, fitness classes and game rooms. These properties were adjusted by \$50 based on conversations with local rental personnel.

Line 29. Business Ctr./Nbhd Netwk. Not applicable.

Lines 30 and 31. Service Coordinator and Non-Shelter Services. Not applicable

Lines 33-39. Utilities. All utilities are included in the rent at the subject property. The comparables were adjusted according to local data

Line 46. Correlated Subject Rent (One-Bedroom) The gross adjustments range from \$465 to \$608 per unit. The adjusted rents range from \$2,122 to \$2,369, a range of 11.6%. The unadjusted rents have a range of 23.7% indicating support of the adjustments made. The adjusted rents exhibit central tendencies (mean and median) of approximately \$2,285 to \$2,317 Based on the analysis of the comparable properties, the range of adjusted rents, the central tendencies of the data, and the rents at the most comparable properties, we concluded at a market rent for the 672 square foot one-bedroom units to be \$2,300.

Our analysis indicates a rent of \$2,300 for the subject’s units and demonstrates a rent advantage for the subject property of 108% for the 60% units and 28% for the 99% units. The tenants in eight of the units will receive project based rent assistance. These tenants 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. The estimated rents are bracketed by the market data and are supported by the comparable analyses just described.

Exhibit 32 – Estimated Market Advantage

Type	Rent Comparison				
	60%	99%	Rent Est.	60%	99%
One-BR	\$1,104	\$1,792	\$2,300	108%	28%

Our review of general market indicators and the comparable rental data indicate support for new rental product such as the subject property’s proposed units at the rent levels described. The next section of the report examines the specific market area support and level of demand for new rental units at the proposed rental rates

The exhibit on the following page illustrates the adjustments completed and the estimated market-rate rent applicable to the subject property’s one-bedroom units.

Exhibit 33– Rent Grid One-Bedroom Units

<i>Subject</i>		<i>Comp #1</i>		<i>Comp #2</i>		<i>Comp #3</i>		<i>Comp #4</i>		<i>Comp #5</i>	
Haywood House		Woodland Station		Charlesbank Apts		Watertown Mews		Riverbend on the Charles		Current on the Charles	
Jackson Road		1940 Washington St		120 Pleasant St		1 Repton Place		270 Pleasant St		36 River Street	
Newton, MA		Newton, MA		Watertown, MA		Watertown, MA		Watertown, MA		Waltham, MA	
<i>Subject</i>		<i>Data</i>		<i>Data</i>		<i>Data</i>		<i>Data</i>		<i>Data</i>	
<i>Subject</i>		<i>\$ Adj</i>		<i>\$ Adj</i>		<i>\$ Adj</i>		<i>\$ Adj</i>		<i>\$ Adj</i>	
1	\$ Last Rent / Restricted?	\$2,700		\$2,183		\$2,562		\$2,586		\$2,480	
2	Date Last Leased (mo/yr)	May-17		May-17		May-17		May-17		May-17	
3	Rent Concessions	No		No		No		No		No	
4	Occupancy for Unit Type	97%		92.0%		97%		96%		96%	
5	Effective Rent & Rent/ sq. ft	\$2,700	\$3.41	\$2,183	\$2.65	\$2,562	\$3.31	\$2,586	\$2.98	\$2,480	\$3.05
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	Elev/3		Elev/4		Elev/4		Elev/5		Elev/4	
7	Yr. Built/Yr. Renovated	2017		2012		2014		2013		2015	
8	Condition /Street Appeal	VG/VG	(\$180)	VG-Exc	(\$140)	Excel/Excel	(\$220)	Excel/Excel	(\$220)	Excel/Excel	(\$210)
9	Neighborhood	Subject	(\$50)	Similar		Similar		Similar		Similar	
10	Same Market? Miles to Subj	3.5		1.5		1.5		1		1.5	
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	672	(\$30)	823	(\$38)	774	(\$26)	868	(\$49)	813	(\$35)
14	Balcony/ Patio	No		No		No		No		Yes	(\$50)
15	AC: Central/ Wall	Central		Central		Central		Central		Central	
16	Range/ refrigerator	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
17	Microwave/ Dishwasher	N/Y	(\$5)	Y/Y	(\$5)	Y/Y	(\$5)	Y/Y	(\$5)	Y/Y	(\$5)
18	Washer/Dryer	No	(\$75)	Yes	(\$75)	Yes	(\$75)	Yes	(\$75)	Yes	(\$75)
19	Floor Coverings	Carpet		Mixed		Mixed		Mixed		Mixed	
20	Window Coverings	Yes		Yes		Yes		Yes		Yes	
21	Cable/ Satellite/Internet	C. Ready		C. Ready		C. Ready		C. Ready		C. Ready	
22	Site Office	Yes		Yes		No		Yes		Yes	
23	Laundry Facility	Yes		No		No		No		No	
D. Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	limited surface	Garage/\$0 (\$100)	Covered/Fee	\$25	limited Surface		Garage/Fee	\$25	Garage/Fee	\$25
25	Extra Storage	No		Yes	(\$5)	Yes	(\$5)	No		No	
26	Security	Intercom		Intercom		Intercom		Intercom		Intercom	
27	Clubhouse/ Meeting Rooms	Yes/No		Yes	\$10	Yes		Yes		Yes	
28	Pool/ Recreation Areas	No/Yes		No/No		Yes/Yes	(\$50)	Yes/Yes	(\$50)	No/Yes	
29	Business Ctr / Nhbhd Netwk	No	(\$10)	No		Yes	(\$10)	Yes	(\$10)	No	
30	Service Coordination	No		No		No		No		No	\$30
31	Non-shelter Services	No		No		No		No		No	
32	Other	No		No		Yes	(\$50)	No		No	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	Yes		No	\$40	No	\$40	No	\$40	No	\$40
34	Cooling (in rent?/ type)	Yes		No		No		No		No	
35	Cooking (in rent?/ type)	Yes	\$12	No	\$12	No	\$12	No	\$12	No	\$12
36	Hot Water (in rent?/ type)	Yes		No	\$10	No	\$10	No	\$10	No	\$10
37	Other Electric	Yes	\$55	No	\$55	No	\$55	No	\$55	No	\$55
38	Cold Water/ Sewer	Yes		No	\$50	No	\$50	No	\$50	No	\$50
39	Trash/Recycling	Yes		No		No		No		Yes	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	0	7	2	5	0	8	1	6	2	5
41	Sum Adjustments B to D	\$0	(\$450)	\$35	(\$263)	\$0	(\$441)	\$25	(\$409)	\$55	(\$375)
42	Sum Utility Adjustments	\$67	\$0	\$167	\$0	\$167	\$0	\$167	\$0	\$167	\$0
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$383)	\$517	(\$61)	\$465	(\$274)	\$608	(\$217)	\$601	(\$153)	\$597
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$2,317		\$2,122		\$2,289		\$2,369		\$2,327	
45	Adj Rent/Last rent		86%		97%		89%		92%		94%
46	Estimated Market Rent	\$2,300	\$3.42	Estimated Market Rent/ Sq. Ft							

MARKET AREA DEFINITIONS AND DEMAND ANALYSIS

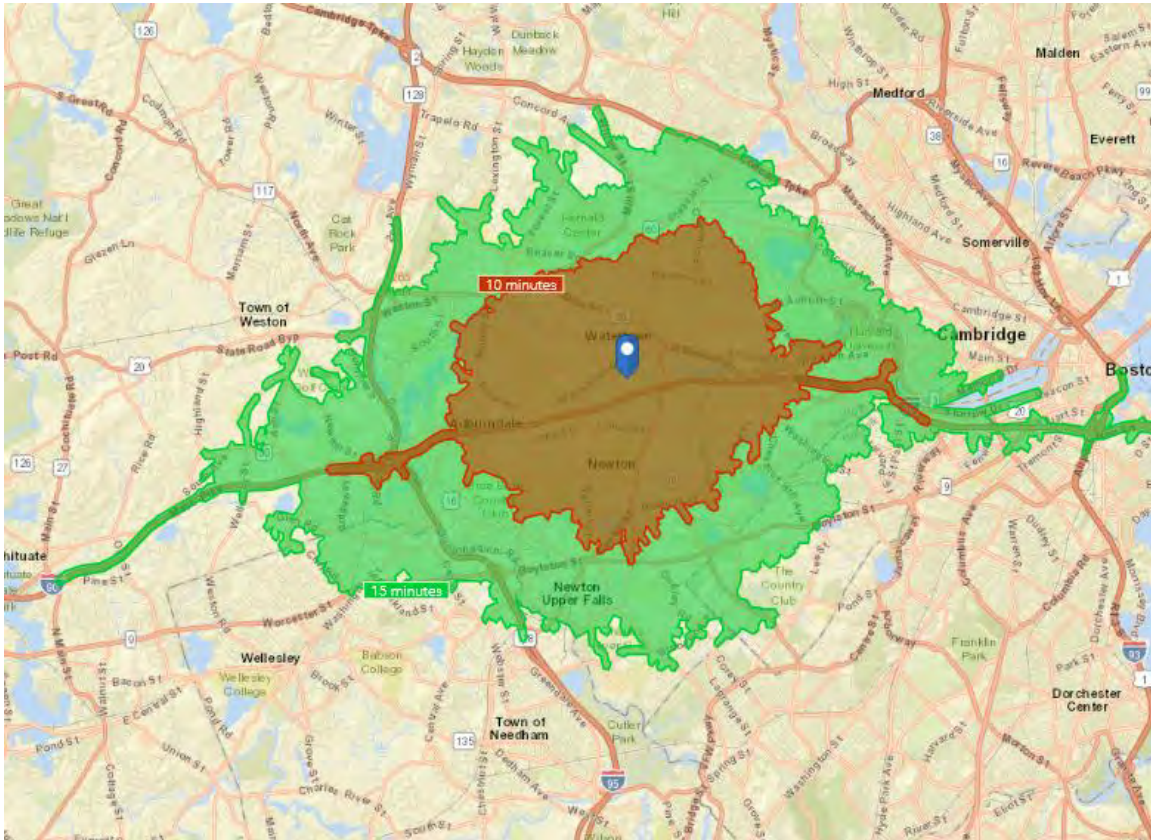
The subject consists of a rectangular shaped parcel that is located to the rear of the Jackson Gardens affordable housing complex, separated from Jackson Road by the Jackson Brook Reservation and just southeast of Kennedy Circle. Watertown Street (Route 16 is less than half a mile north and the Massachusetts Turnpike (I-90) is half a mile south. Commuter rail transportation to South Station, Boston, is available on the Framingham/Worcester Line at the Newtonville Station half a mile southwest. There are also several MBTA bus routes nearby with multiple stops along Adams Street and Watertown Street. The site is convenient to local area shopping, downtown Newton and to local area highways. As a result, we believe that the subject should be able to attract tenants from much of Middlesex County. However, it is our experience that senior households tend to move infrequently and when they do they tend to prefer locations that are familiar and close to family. We spoke to the property managers at two-senior housing projects in neighboring Weston who reported that most of their tenants were from Weston, or from the immediately surrounding communities.

Therefore we concentrated our analysis of demand projections and demographic trends associated with a focused primary market area within an approximate 5 mile radius of the subject site, which includes the City of Newton and the immediate surrounding communities of Waltham, Watertown and Brighton.

The Town of Newton and the surrounding market area has a very limited supply of available market rate or affordable rental housing. The subject development will represent some of the best rental housing available in the area, with units offered at rents below market. One component of demand for senior rental housing is seniors moving to be closer to working age children and grandchildren. In many cases these households come from beyond the primary market area and the region. According to the National Council of Affordable Housing Market Analysts, demand from this component is greater in affluent suburban areas with a large percentage of young and middle-aged residents, which are characteristics of the primary and secondary market. In addition, we spoke to representatives at the Council on Aging in Newton as well as the property managers at two senior housing developments in Weston, who said they had several senior residents who had moved to be closer to family and that they also had a number of such people on their waitlists. Therefore in order to reflect the development's ability to attract a broader

section of renters, we defined the secondary market as within a 10-15 minute drive of the subject site (exclusive of the primary market). We believe that an analysis of these markets enables us to understand the subject’s market area.

Exhibit 34 – Map of Primary and Secondary Market Area



In our opinion, the primary market is focused geographically and the subject should be able to compete strongly within these areas as well as attract households from beyond these base areas. The focused analysis enables us to better speak to specific trends associated with the subject’s location. While the focused area enables us to provide a detailed analysis of demand, demand will result from the broader geographic area. In recognition of the subject’s potential to attract residents from much of northeastern Massachusetts, we also examined data for the Boston MSA. We believe that an analysis of these markets enables us to understand the subject’s market area. A more detailed senior market analysis follows this primary market overview.

Population - The primary market area population decreased between 2000 and 2010 by 95 residents, however between 2010 and 2016 the population increased significantly, by 5,124 residents or by 0.65% per year. Population trends in the market areas indicate an increasing population through 2021, increasing at an average rate of 0.84% per year in the primary market. Analysts project that the 2021 population will be 142,042, an additional increase of 5,723 people. Trends in the secondary market reflect those seen in the primary market.

Exhibit 35 - Aggregate Demographic Trends

	Demographic Comparison				Avg. Ann. Change		
	2000	2010	2016	2021	2000-2010	2010-2016	2016-2021
Primary Market for Demand							
Population	131,290	131,195	136,319	142,042	-0.01%	0.65%	0.84%
Households	52,909	52,655	54,483	56,742	-0.05%	0.58%	0.83%
Median Household Income			\$91,070	\$102,501			2.51%
Secondary Market							
Population	212,294	223,223	232,526	241,363	0.51%	0.69%	0.76%
Households	88,228	89,550	92,846	96,643	0.15%	0.61%	0.82%
Median Household Income			\$81,558	\$91,315			2.39%
Boston MSA							
Population	4,391,344	4,552,402	4,665,265	4,825,949	0.37%	0.41%	0.69%
Households	1,679,659	1,760,584	1,813,395	1,881,436	0.48%	0.50%	0.75%
Median Household Income			\$75,060	\$84,306			2.46%

Source: STDB Online

These increases in population are indicative of the perceived attractiveness of the area and will put significant pressures on the local housing market.

Households – The aggregate population increases experienced in the primary and secondary market areas indicate an increasing pool of potential tenants; however, household population trends are considered more important than aggregate population trends in evaluating demand for housing. All of the market areas reviewed exhibited increases in the number of households from 2010 to 2016 with estimates and projections through 2021 projecting additional growth. The primary market experienced an annual average growth rate of 0.58% from 2010 to 2016, with 54,483 households living in the primary market in 2016. Analysts estimate that the will gain another 2,259 households between 2016 and 2021.

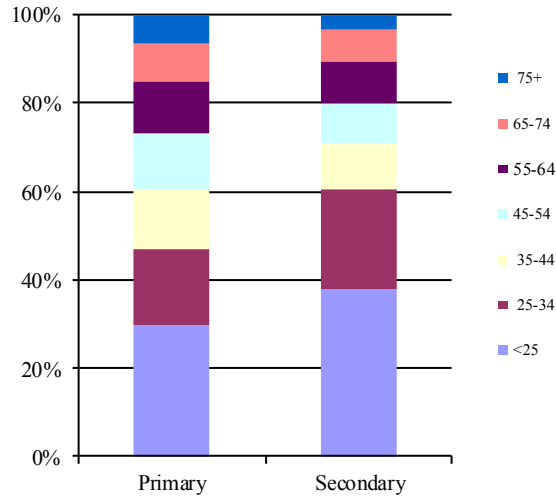
Income – The current median household income of the primary market area is \$91,070, which is approximately \$16,010 more than the Boston MSA. The median household income in the primary market is projected to increase by 2.51% per year over the next five years to \$102,501. Increasing income levels, in concert with a growth in population is likely to add additional pressures on the ability of households at the subject's targeted income levels to secure affordable housing, either as tax credit rental housing, below market for-sale housing or market-rate housing.

The next section of the report focuses on the demographic characteristics of senior households in the primary market area. Our analysis provides a detailed breakdown of households by age, population trends for seniors as well as income levels for seniors living in the primary market area.

Households by Age

As shown in the next exhibit, there are over 36,730 residents in the primary market area aged 55 or over, with an additional 45,000 residents aged 55 or over in the secondary market area.

Exhibit 36 - Distribution of Households by Age



2016 Age of Householder	Market Areas	
	Primary	Secondary
<25	40,613	85,457
25-34	23,192	50,939
35-44	18,515	23,983
45-54	17,268	20,650
55-64	16,479	21,402
65-74	11,265	16,085
75+	8,989	7,550

Source: STDB Online

Population Trends for Seniors

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 at an average annual rate of 5.64% from 2010 to 2016 and are expected to increase by 1.88% per year over the next five years. The number of seniors in the 70-74 age cohort is expected to increase by 5.76% per year over the next five years and by 4.99% in the 75-79 age cohort.

Exhibit 37 - Aggregate Population Trends for Market Area Seniors

	Year			Ave. Ann. Change	
	2010	2016	2021	2010-2016	2016-2021
Age 50-54	8,618	8,812	8,423	0.38%	-0.88%
Age 55-59	8,071	8,698	8,580	1.29%	-0.27%
Age-60-64	7,164	7,781	8,161	1.44%	0.98%
Age 65-69	4,902	6,561	7,178	5.64%	1.88%
Age 70-74	3,540	4,704	6,058	5.48%	5.76%
Age 75-79	3,080	3,305	4,130	1.22%	4.99%
Age 80-84	2,684	2,568	2,756	-0.72%	1.46%
Age 85+	2,897	3,116	3,204	1.26%	0.56%
Total 55+	32,338	36,733	40,067	2.27%	1.82%
Total 75+	8,661	8,989	10,090	0.63%	2.45%
Total Population	131,195	136,319	142,042	0.65%	0.84%

Source: STDB

The total number of market area seniors is projected to increase at an average annual rate of 1.82% 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 include 3,334 new senior residents in 2021 compared to 2016.

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 2016 the median household income level for market area seniors aged 55 to 64 was \$107,510 however the level for seniors aged 65 to 74 drops significantly to \$80,171 and drops further to \$47,146 for seniors aged 75+. The median household income level for the entire market area was \$91,070, approximately 14% more than the level of all senior residents. The age-based income discrepancy is projected to continue through 2021.

Exhibit 38 - Median Household Income Trends for Senior Households

Median HH Income	Year	
	2016	2021

Primary Market

Age 55-64	\$107,510	\$119,277
Age-65-74	\$80,171	\$91,761
Age 75+	\$47,146	\$48,692
All Seniors	\$79,695	\$90,934
Total Pop	\$91,070	\$102,501

Source: STDB

The tax credit rental units will be occupied by senior households that have household incomes of no more than 30% and 60% of the area median income. Households in the one- bedroom units, assumed to be one to two person households could have annual incomes of up to \$24,840 and \$49,680. Households in the 99% AMI units could have incomes up to \$81,873

Exhibit 39 – Middlesex County HUD Income Limits

	One-Bedroom Units				
	Unit Housing Costs			Income Range ⁽¹⁾	
	Gross	Util Allow	Net	Minimum	Maximum
30% of AMI-PBV	\$1,372	\$0	\$1,372	\$0	\$24,840
60% of AMI-PBV	\$1,372	\$0	\$1,372	\$0	\$49,680
60% of AMI	\$1,104	\$0	\$1,104	\$37,851	\$49,680
99% of AMI	\$1,792	\$0	\$1,792	\$61,440	\$81,873

¹ 1 Bedroom Units (1-2 Persons)

In our analysis of need for the affordable rental units and based on the proposed unit rents, we have assumed an overall household income range of between \$0 and \$50,000 (rounded) for the rent assisted units, between \$38,000 and \$50,000 for the non-rent assisted 60% units and between \$62,000 and \$82,000 for the 99% units. As illustrated in the next table, the market area currently contains a reasonable number of such households, with decreases projected in the key income cohorts. There are an estimated 7,273, senior households in the primary market with incomes between \$0 and \$50,000 and 2,519 senior households with incomes of between \$62,000 and \$82,000.

Exhibit 40 - Senior Household Trends by Income Level

Household Income Households 55+	Primary Market		Secondary Market	
	2016	2021	2015	2020
<\$15,000	2,164	2,294	4,894	5,222
\$15,000 - \$24,999	1,617	1,687	2,795	2,853
\$25,000 - \$34,999	1,471	1,433	2,165	2,096
\$35,000 - \$49,999	2,021	2,131	2,658	2,947
\$50,000 - \$74,999	3,407	2,573	4,205	3,051
\$75,000 - \$99,999	2,669	2,893	3,246	3,454
\$100,000 - \$149,999	3,364	4,188	4,425	5,261
\$150,000 - \$199,999	2,151	2,693	2,667	3,182
\$200,000+	<u>3,738</u>	<u>4,363</u>	<u>5,880</u>	<u>6,756</u>
Total	22,602	24,255	32,935	34,822

Source: STDB 2016

Age of Housing Stock

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 83% of all housing units in the primary market area were built before 1970 and are more than 40 years old. These units exhibit many of the deficiencies and indicators of depreciation typical of their vintage. The subject development will provide newly constructed product that should appeal to senior households seeking housing in the market area.

Exhibit 41 - Age of Housing Stock

Year Built	Year Structure Built			
	Primary Market		Secondary Market	
	Total	Percent	Total	Percent
Built 2010 or later	277	0.5%	444	0.5%
Built 2000 to 2009	2,051	3.7%	5,826	6.2%
Built 1990 to 1999	1,245	2.3%	3,525	3.7%
Built 1980 to 1989	2,304	4.2%	7,035	7.5%
Built 1970 to 1979	3,246	5.9%	9,209	9.8%
Built 1960 to 1969	3,649	6.7%	7,766	8.2%
Built 1950 to 1959	5,696	10.4%	8,516	9.0%
Built 1940 to 1949	4,562	8.3%	5,836	6.2%
Built 1939 or earlier	<u>31,796</u>	<u>58.0%</u>	46,102	<u>48.9%</u>
Total	54,826	100.0%	94,259	100.0%
Median Year Structure Built	1940		1940	

Source: STDBOnline

Housing Tenure

The housing stock in the primary market area is predominantly owner-occupied, with limited options for households seeking market rate or affordable rental housing. As of 2010, the primary market contained 20,119 housing units that were occupied by seniors. Of these 70.3% were owner occupied and 29.76% were renter-occupied. The secondary market area contains a slightly larger share of rental housing with 39.9% of units renter occupied by seniors.

Exhibit 42 – Housing Tenure in Market Areas

Tenure by Age of HH	Primary Market		Secondary Market	
	Number	Percent	Number	Percent
Owner Occupied				
Age 55-64	6,387	31.7%	8,162	27.4%
Age 65-74	3,783	18.8%	5,053	16.9%
Age 75-84	2,714	13.5%	3,258	10.9%
Age 85+	<u>1,269</u>	<u>6.3%</u>	<u>1,438</u>	<u>4.8%</u>
Subtotal	14,153	70.3%	17,911	60.1%
Renter Occupied				
Age 55-64	2,628	13.1%	4,147	13.9%
Age 65-74	1,380	6.9%	3,030	10.2%
Age 75-84	1,182	5.9%	2,813	9.4%
Age 85+	<u>776</u>	<u>3.9%</u>	<u>1,917</u>	<u>6.4%</u>
Subtotal	5,966	29.7%	11,907	39.9%
Total	20,119	100.0%	29,818	100.0%

The analysis associated with this section of the report focuses on the income-eligible market-area *renter* senior households. As noted, of the 20,119 housing units in the primary market area occupied by residents aged 55 and over 29.7% are renter households. However, according to data from the American Housing Survey Report for the Boston Metropolitan Area, the ratio of renter households is typically greater for lower income households and as household incomes increase, the number of owner-occupied housing units also increases.

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 38% of all households are renters, however for households earning less than \$60,000, the ratio of renter households ranges from 42% to 71%. For households earning more than \$60,000 the ratio of renter households decreases dramatically to 22%.

Exhibit 43 – Housing Tenure by Income Group

Household Income	Boston Metropolitan Area				
	Total Occ. Units	Tenure		Tenure	
		Owner	Renter	Owner %	Renter %
	1,057.1	656.7	400.4	62%	38%
Less than \$15k	169.7	48.4	121.3	29%	71%
\$15k - \$19.9k	32.2	10.1	22.1	31%	69%
\$20k - \$24.9k	31.6	16.7	14.9	53%	47%
\$25k - \$29.9k	54.9	27.2	27.7	50%	50%
\$30k - \$34.9k	47.1	22.8	24.3	48%	52%
\$35k - \$39.9k	36.9	17.8	19.1	48%	52%
\$40k - \$49.9k	69.9	34.9	35	50%	50%
\$50k - \$59.9k	67.5	38.9	28.6	58%	42%
Greater than \$60k	579.5	450	129.5	78%	22%

Source: AHS for Boston, MA:2007 Table 2-12

Based on the specifics of housing tenure for market area seniors, we adjusted the metropolitan-wide data to estimate the number of market area senior renter households by income group. The adjustment reflects the fact that market area seniors comprise a lower percentage of renter households than that evidenced in the greater Boston area for all households. Thus, we adjusted the percentages for each income group.

The next table illustrates the distribution of all senior households, aged 55 and over, in the primary market area by income group and compares their distribution with the primary market area renter senior households.

Exhibit 44 - Comparison of Area Senior Households by Income Level

Income Level	Primary Market Senior HH		Renter Sr HH		Owner Sr. HH	
	Total	Percent	Number	Percent	Number	Percent
< \$15,000	2,164	9.6%	1,287	19%	877	5.5%
\$15,000 - \$24,999	1,617	7.2%	819	12%	798	5.0%
\$25,000 - \$34,999	1,471	6.5%	634	9%	837	5.3%
\$35,000 - \$49,999	2,021	8.9%	900	13%	1,121	7.1%
\$50,000 - \$74,999	3,407	15.1%	1,234	18%	2,173	13.7%
\$75,000 - \$99,999	2,669	11.8%	879	13%	1,790	11.3%
\$100,000 - \$149,999	3,364	14.9%	365	5%	2,999	18.9%
\$150,000 - \$199,999	2,151	9.5%	217	3%	1,934	12.2%
\$200,000+	<u>3,738</u>	<u>16.5%</u>	<u>377</u>	<u>6%</u>	<u>3,361</u>	<u>21.2%</u>
TOTAL	22,602	100.0%	6,713	100%	15,889	100.0%

Source: STDBOnline and AHS

Based on this, we have estimated that there are approximately 9,792 income qualified senior households in the primary market area. Of these, 4,528 are renter households and 5,246 are owner households.

In addition to local senior renter households, the property may also attract a number of senior owner-occupied households. According to the Harvard Joint Center for Housing Studies, 6.5 million senior households will have incomes under \$15,000 in 2024, an increase of 1.8 million households, or 37 percent, from 2014.⁴³ Low incomes naturally affect the affordability of housing: the lower a household’s income, the fewer resources available to cover housing costs. The affordability of housing is a growing concern not only for older adults who rent their homes but also for senior homeowners. More and more senior homeowners are carrying mortgage debt into their retirement years. Monthly mortgage payments, along with property taxes, utility payments, and the cost of home maintenance and upkeep, can be a major strain on the budgets of senior homeowners.

According to the leasing agents at both the local market rate developments and the local area age-restricted market rate developments, 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). The manager at The Coolidge-Phase 1 in Sudbury reported that over half the residents were former home owners. The property

manager at the Brook School apartments in nearby Weston, a mixed-income age restricted rental development reported that almost all of the tenants at the property were previous homeowners and that currently most of the people on the waitlist are current homeowners who want to sell their home to move into rental housing. The marketing manager at the Shillman House also reported that more than half of the tenants were previous 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 conservatively estimated that approximately 20% of the local income-qualified senior home-owners may be attracted to the units at the subject property. By applying this ratio to the total number of income-eligible owner households in the primary market we have estimated that there are 1,053 income qualified senior home-owner households in the primary market area that may be attracted to the units at the subject property.

Our analysis, which is based on the revised distribution of senior households by income group and household, indicates that there are from 899 to 4,367 income-eligible senior households in the primary market for each unit type. In the primary market number of income-eligible senior households indicates capture rates that range from less than 1.0% for the rent assisted units and 99% units, and 2.7% for the non-rent assisted 60% units. In aggregate, the primary market contains approximately 5,581 income-qualified senior households and indicates a capture rate of 0.8%. The market analysis and capture rate review provide an indication of the likely demand the subject's units.

Exhibit 45 - Capture Rates by Unit and Income Type

Unit Type			Income Parameters		Income Qualified Senior HH			Capture Rate
Income	Number	Bedrooms	Minimum	Maximum	Owner	Renter	Total	
30% of AMI -PBV	4	1-BR	\$0	\$25,000	335	2,106	2,441	0.2%
60% of AMI -PBV	4	1-BR	\$0	\$50,000	726	3,641	4,367	0.1%
60% of AMI	24	1-BR	\$38,000	\$50,000	179	720	899	2.7%
99% of AMI	10	1-BR	\$62,000	\$82,000	326	888	1,214	0.8%
Total For Demand	42				1,053	4,528	5,581	0.8%

The next section of the report presents a more focused demand analysis, based on demand generated from households facing rental hardship, from senior renter households living in substandard housing and from senior renter households moving within the market area.

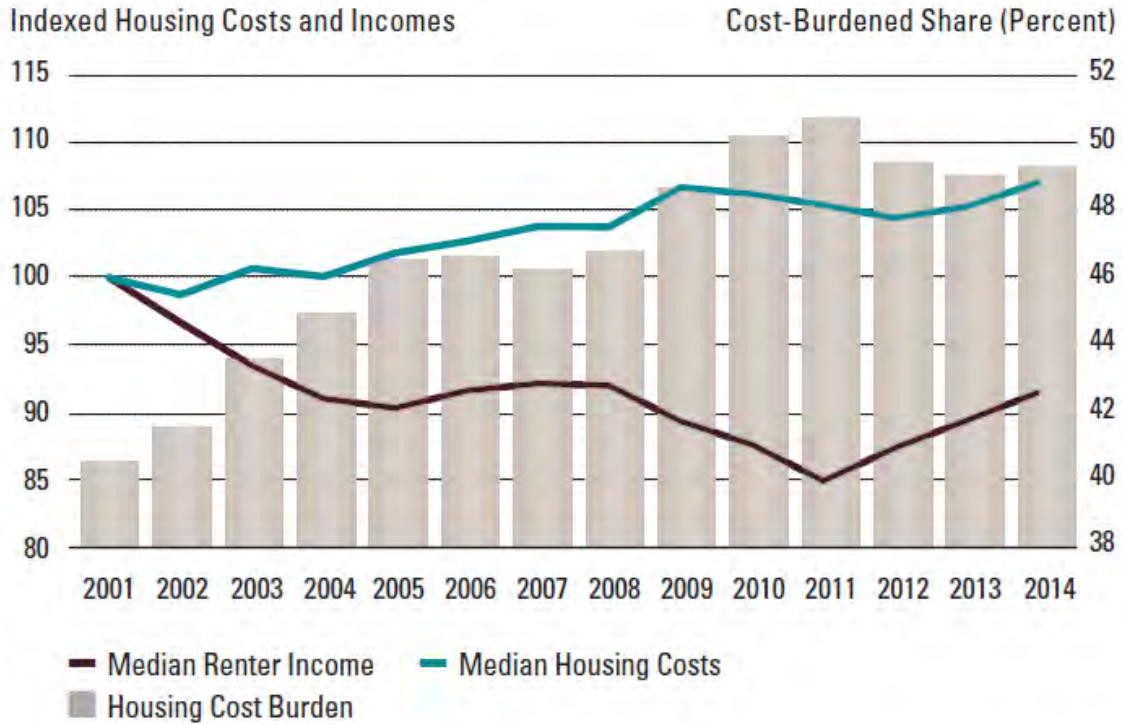
FOCUSED DEMAND ANALYSIS FOR AFFORDABLE UNITS

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 2015 Report, with income growth lagging behind the persistent rise in rents, the number of renter households spending disproportionate shares of their incomes for housing hit a new high in 2014. Cost burdens are a longstanding condition of low-income renters, but are now an increasing concern for moderate-income households—particularly renters living in the nation's high-cost metros. Meanwhile, the stock of units affordable to very low-income households falls far short of growing need.

The divergence between rental housing costs and renter household incomes since the early 2000s is evident at all income levels. While lower-income renters saw the sharpest drop in real incomes, higher-income renters faced the largest increases in housing costs. For example, the median household income for renters in the bottom quintile fell 9.9 percent between 2001 and 2014, while their median monthly housing costs rose 6.2 percent. In contrast, the median income for households in the top quintile was up 3.1 percent, but their median monthly housing costs jumped 19.8 percent over this period. These patterns mean that increasing numbers of renter households across the income spectrum are housing cost burdened (paying more than 30 percent of income for housing). In fact, the number of cost-burdened renter households rose from 14.8 million in 2001 to a new record of 21.3 million in 2014. Of these households, 11.4 million had severe burdens (paying more than 50 percent of income for housing), well above the 7.5 million recorded in 2001.

Exhibit 46– Trends in Income and Housing Costs



Notes: Median housing costs and household incomes are adjusted to 2014 dollars using the CPI-U for All Items. Housing costs include cash rent and utilities. Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Surveys.

The subject’s market area requires new affordable housing to address these issues. The subject’s primary and secondary markets are distinguished by their lack of modern available rental housing. The lack of such housing is most pronounced when rental affordability is considered. The subject will provide 42 affordable rental units for households that earn no more than 30%, 60% and 99% of the AMI.

Exhibit 47 – Unit Mix by Category

Unit Type	BA	PBV 30% Units	PBV 60% Units	60% Units	99% Units	Total No. of Units	Average SF	Total SF
One-BR	1	4	4	24	10	42	672	28,224

For the four 30% units, and 4 of the 60% units the developer has assumed that the tenants will have rental assistance, thus reducing their minimum income requirement to zero. The balance of the tenants will need households’ incomes sufficient to afford the units’ housing costs (rent and utilities). We have assumed that the seniors at the subject property will pay up to 35% of their income towards housing costs. The minimum income requirements and the LIHTC income limits create income cohorts for each unit type. These are illustrated in the next table.

Exhibit 48 - Income Parameters

	One-Bedroom Units				
	Unit Housing Costs			Income Range ⁽¹⁾	
	Gross	Util Allow	Net	Minimum	Maximum
30% of AMI-PBV	\$1,372	\$0	\$1,372	\$0	\$24,840
60% of AMI-PBV	\$1,372	\$0	\$1,372	\$0	\$49,680
60% of AMI	\$1,104	\$0	\$1,104	\$37,851	\$49,680
99% of AMI	\$1,792	\$0	\$1,792	\$61,440	\$81,873

¹ 1 Bedroom Units (1-2 Persons)

The minimum income levels required to afford unit housing costs and the income ceilings designated by the funding programs create income ranges for each of the development’s unit types. In order to achieve a sustainable occupancy the property needs to attract a sufficient number of income-qualified households. With the rent assistance, households occupying the units restricted to 30% of the area median income approximately will need to possess household incomes that range from \$0 to \$25,000 (rounded). Households occupying the rent assisted 60% units will need incomes of between \$0 and \$50,000. Households in the non-rent assisted 60% units will need incomes of between \$38,000 and \$50,000 (rounded) and households in the 99% units will need incomes of between \$62,000 and \$82,000.

As noted earlier in the report, and based on data from the American Housing Survey Report for the Boston Metropolitan Area: 2007, The next table illustrates the distribution of all households in the primary market area by income group and compares their distribution with the primary market area senior households and renter senior households.

Exhibit 49 - Comparison of Area Senior Households by Income Level

Income Level	Primary Market Senior HH		Renter Sr HH		Owner Sr. HH	
	Total	Percent	Number	Percent	Number	Percent
< \$15,000	2,164	9.6%	1,287	19%	877	5.5%
\$15,000 - \$24,999	1,617	7.2%	819	12%	798	5.0%
\$25,000 - \$34,999	1,471	6.5%	634	9%	837	5.3%
\$35,000 - \$49,999	2,021	8.9%	900	13%	1,121	7.1%
\$50,000 - \$74,999	3,407	15.1%	1,234	18%	2,173	13.7%
\$75,000 - \$99,999	2,669	11.8%	879	13%	1,790	11.3%
\$100,000 - \$149,999	3,364	14.9%	365	5%	2,999	18.9%
\$150,000 - \$199,999	2,151	9.5%	217	3%	1,934	12.2%
\$200,000+	<u>3,738</u>	<u>16.5%</u>	<u>377</u>	<u>6%</u>	<u>3,361</u>	<u>21.2%</u>
TOTAL	22,602	100.0%	6,713	100%	15,889	100.0%

Source: STDBOnline and AHS

The analysis associated with this section of the report focuses on the income -eligible market-area *senior-renter* households that are likely to be attracted to the subject property. The balance of this section evaluates the level of demand in the subject’s market area for units with the income restrictions and rental rates associated with the subject property.

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 sub-standard 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 the Boston metropolitan areas as of 2007, the most recent data available and extrapolated the data in order to apply it to our demand 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 2015 census data for the Town of Newton and for Middlesex County. The AHS data indicate that 28% of area households dedicated more than 35% of their income toward housing costs. As shown in the next table, data from 2015 indicate higher levels of rent hardship in Newton and in Middlesex County.

Exhibit 50 – Area Rent Hardship Data

	Rent as Percent of HH Income			
	Newton		Middlesex County	
	Total	Percent	Total	Percent
Less than 15.0%	1,322	14.7%	27,440	13.1%
15.0% to 19.9%	1,419	15.8%	29,964	14.3%
20.0% to 24.9%	931	10.4%	28,677	13.7%
25.0% to 29.9%	882	9.8%	26,325	12.6%
30.0% to 34.9%	834	9.3%	20,186	9.6%
35.0% or more	3,592	40.0%	77,076	36.8%
Total	8,980	100.0%	209,668	100.0%

Source: ACS, 2011-2015 5-Year Estimates

In our opinion, the AHS data provides a reasonable, if not conservative assessment of current conditions in primary 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 households in the area that suffer housing burdens, by income level, are similar to the percentage of households in 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 age or 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 proposed apartments will provide quality housing 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.

Exhibit 51 - Rental Burden in AHS Data

Income to Housing Costs	Percent	By Income Bracket (in \$1,000s)					
		< \$15.0	\$15.0-\$19.9	\$20.0-\$29.9	\$30.0-\$39.9	\$40.0-\$59.9	\$60.0+
< 30.0%	43.7%	14.8%	39.7%	21.1%	20.7%	57.3%	87.3%
30%-34%	7.8%	5.6%	5.5%	10.5%	8.0%	13.9%	6.2%
35%-39%	6.6%	4.6%	8.4%	5.4%	14.6%	13.8%	1.5%
40%-49%	7.9%	4.2%	4.6%	11.2%	22.4%	11.6%	1.7%
50%-59%	5.0%	2.3%	11.4%	15.7%	10.8%	1.1%	0.9%
60%-69%	3.7%	2.1%	4.6%	13.3%	9.7%	0.0%	0.0%
70%-99%	4.8%	5.7%	11.8%	14.2%	5.9%	0.0%	0.5%
100%+	14.1%	45.2%	13.9%	5.8%	1.1%	0.0%	0.0%
Other	<u>6.3%</u>	<u>15.6%</u>	<u>0.0%</u>	<u>2.8%</u>	<u>6.8%</u>	<u>2.3%</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

Based on the distribution of rent burden by income level and the number of market area senior households that rent, we estimate that approximately 1,916 market area senior households devote 35% to 99% of their household income to housing costs.

Exhibit 52 – Rental Burden in the Market Area for Seniors

Income Group	Total Sr. Households	Senior Renters	
		Total	Burdened
< \$15,000	2,164	1,287	241
\$15,000 - \$24,999	1,617	819	371
\$25,000 - \$34,999	1,471	634	387
\$35,000 - \$49,999	2,021	900	473
\$50,000 - \$74,999	3,407	1,234	253
\$75,000 - \$99,999	2,669	879	91
\$100,000 - \$149,999	3,364	365	38
\$150,000 - \$199,999	2,151	217	23
\$200,000+	<u>3,738</u>	<u>377</u>	<u>39</u>
TOTAL	22,602	6,713	1,916

Of this group, households will need to possess household incomes of between \$0 and \$50,000 to be considered income-qualified for the subject's rent assisted units, between \$38,000 and \$50,000 to be considered income qualified for the non-rent assisted 60% units and between \$62,000 and \$82,000 for the 99% units. Based on our analysis, we estimated that 1,472 senior renter households with rent burdens are likely to be attracted to the tax credit units, of which 612 would be qualified for the 30% units and 378 are

would be qualified for the non-rents assisted 60% units. A total of 157 households would be qualified for the 99% units. These numbers should be adjusted to reflect the specific income cohorts for each unit and income type, however because nearly all senior households likely to be income qualified are either one or two-person households, we have not adjusted the demand estimates by household size.

The following table shows demand stemming from senior households facing housing cost burdens. These households are all renter households in the market area, adjusted for having a housing cost burden, and further refined to reflect the age and income characteristics appropriate for the subject property's units.

Exhibit 53 – Qualified Senior Renter Households in the Market Area

Unit Type		Income Parameters		Qualified Households	
Income	Bedrooms	Minimum	Maximum	Total	Adj. HH Size
30% of AMI-PBV	1-BR	\$0	\$25,000	612	612
60% of AMI-PBV	1-BR	\$0	\$50,000	1,472	1,472
60% of AMI	1-BR	\$38,000	\$50,000	378	378
99% of AMI	1 BR	\$62,000	\$82,000	157	157

Sub-Standard Housing

The American Housing Survey also provides data on the number of households living in substandard housing. The survey data estimate nearly 53,000 households in the Boston metropolitan area live in sub-standard housing.

Exhibit 54 - 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

Based on AHS data and current demographic data for the subject’s market, we estimated the number of households in the area that face a rent burden. Senior renter households living in sub-standard housing will be highly motivated to relocate to quality housing, provided these households can afford the housing costs. In the market area we estimate that 556 senior 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 55 – Sub-Standard housing in Market Area

Household Income	Renter Household	Rent Burdened	W/O Rent Burden	
			Total	Inferior Housing
< \$15,000	1,287	241	1,046	143
\$15,000 - \$24,999	819	371	448	111
\$25,000 - \$34,999	634	387	247	47
\$35,000 - \$49,999	900	473	427	73
\$50,000 - \$74,999	1,234	253	981	65
\$75,000 - \$99,999	879	91	787	57
\$100,000 - \$149,999	365	38	327	24
\$150,000 - \$199,999	217	23	194	14
\$200,000+	<u>377</u>	<u>39</u>	<u>338</u>	<u>24</u>
TOTAL	6,713	1,916	4,796	556

Source: American Housing Survey, Bonz and Company, Inc

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. A focus on income eligible senior households indicates that a total of 423 renter households that would be income-qualified for the subject units and live in sub-standard housing. Of these, 373 are income qualified for the tax credit units and 50 are income qualified for the 99% units. Again, these are households in substandard housing that do not also face a rent burden.

Exhibit 56 – Qualified Households in the Market Area

Unit Type		Income Parameters		Qualified Households	
Income	Bedrooms	Minimum	Maximum	Total	Adj. HH Size
30% of AMI-PBV	1-BR	\$0	\$25,000	253	253
60% of AMI-PBV	1-BR	\$0	\$50,000	373	373
60% of AMI	1-BR	\$38,000	\$50,000	58	58
99% of AMI	1 BR	\$62,000	\$82,000	50	50

Demand for the subject property will be from households that face a housing burden, i.e. households with a rent burden and households living in substandard housing. These households may not have planned to move, except for the availability of the subject’s units. A number of households move every year independent of any rent burden or to escape sub-standard housing. A percentage of these households will also be attracted to the subject property. We refer to demand generated from households that move as mobility demand.

Mobility/Turnover Demand

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 constructed 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 8.10% of all households in the Northeast and 17.74% of all renter households moved during the period 2008 to 2009. Of the renter households that move households, 87% remain in the same state and 69.38% remain in the same county.

Exhibit 57 - Mobility Census Data

	Where Households Move			Total
	Same County	Same State	In U.S.	
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 4,796 and indicates that approximately 744 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 58 – Focused Mobility Analysis

Total Renter Households	6,713
HHs with Rent Burden	<u>1,916</u>
Adjusted HH Base	4,796
HHs in Substandard Housing	<u>556</u>
Adjusted HH Base	4,240
Mobility Cohort @	17.5% 744

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 59 – Mobility Data for Primary Market

Primary Market By Income Group	Sr. Renter Popluation	Households Moving Annually			
		Same County	Same State	In U.S.	Total
< \$15,000	143	99	120	136	143
\$15,000 - \$24,999	91	63	77	86	91
\$25,000 - \$34,999	70	49	59	67	70
\$35,000 - \$49,999	100	69	84	95	100
\$50,000 - \$74,999	137	95	115	130	137
\$75,000 - \$99,999	97	67	82	93	97
\$100,000 - \$149,999	40	28	34	39	40
\$150,000 - \$199,999	24	17	20	23	24
\$200,000+	<u>42</u>	<u>29</u>	<u>35</u>	<u>40</u>	<u>42</u>
TOTAL	744	515	627	708	744

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 new units are likely to represent the one of area’s most attractive housing options. There are no other affordable senior housing developments either under construction or planned in the subject’s primary market area. Affordable and market rate rental apartments in the market are reporting occupancy levels of 99% to 100%, therefore we believe that it is reasonable to assume the development could attract up to 20% of local senior renter households that are choosing to or are forced to move. The capture rate yields an additional pool of 103 senior households based on mobility trends.

Exhibit 60 – Mobility Data for Demand Area

Income Level	Adjusted Renter HHS	Moving in County	Capture @ 20.0%
< \$15,000	143	99	20
\$15,000 - \$24,999	91	63	13
\$25,000 - \$34,999	70	49	10
\$35,000 - \$49,999	100	69	14
\$50,000 - \$74,999	137	95	19
\$75,000 - \$99,999	97	67	13
\$100,000 - \$149,999	40	28	6
\$150,000 - \$199,999	24	17	3
\$200,000+	<u>42</u>	<u>29</u>	<u>6</u>
TOTAL	744	515	103

The property likely will also attract households from the balance of the county and that are not included in the demand market area that are likely to move. One component of demand for senior rental housing is seniors moving to be closer to working age children and grandchildren. In many cases these households come from beyond the primary market area and the region. According to the National Council of Affordable Housing Market Analysts, demand from this component is greater in affluent suburban areas with a large percentage of young and middle-aged residents, which are characteristics of the primary and secondary market. In addition, we spoke to representatives at the Council on Aging in Newton as well as the property managers at two senior housing developments in Weston, who said they had several senior residents who had moved to be closer to family and that they also had a number of such people on their waitlists. The marketing manager at Shillman House in Framingham reported that at least 25% of the tenants are from out-of-state or out-of-area.

These households have not been included in the demand pools associated with rent burden and housing condition; however, for the demand pool associated with mobility, we have specifically limited our analysis to households likely to move and remain within Middlesex County. Thus, for income qualified households already moving, the subject property will represent an attractive option. Given the impact of distance on the potential attractiveness of the property as a residential destination and the availability of other local affordable housing developments, we reduced the capture rate to 10%.

Exhibit 61 – Potential Tenants from Mobility Pool, Secondary Market

Income Level	Total Senior Renter HHs	Renter HHs Moving		Capture @ 10.0%
		Total	In County	
< \$15,000	2,232	392	271	27
\$15,000 - \$24,999	1,085	190	132	13
\$25,000 - \$34,999	716	126	87	9
\$35,000 - \$49,999	908	159	110	11
\$50,000 - \$74,999	1,168	205	142	14
\$75,000 - \$99,999	819	144	99	10
\$100,000 - \$149,999	368	65	45	4
\$150,000 - \$199,999	206	36	25	3
\$200,000+	455	80	55	6
TOTAL	7,957	1,396	966	97

The following table shows the total number of households from the primary and secondary market.

Exhibit 62 – Total Demand from Mobility

Income Level	Moving in County	Capture @ 13.5%
< \$15,000	370	47
\$15,000 - \$24,999	195	26
\$25,000 - \$34,999	136	18
\$35,000 - \$49,999	179	25
\$50,000 - \$74,999	236	33
\$75,000 - \$99,999	167	23
\$100,000 - \$149,999	73	10
\$150,000 - \$199,999	42	6
\$200,000+	<u>84</u>	<u>11</u>
TOTAL	1,481	200

These numbers would then need to be adjusted to reflect household income. As shown there are an additional 140 income qualified senior renter households that may be attracted to the units at the subject property (166 for the tax credit units and 24 for the 99% units). These households constitute a third and independent pool of potential households for the housing units at the subject property.

Exhibit 63 – Qualified Households in the Market Area

Unit Type	Income	Bedrooms	Income Parameters		Qualified Households	
			Minimum	Maximum	Total	Adj. HH Size
30% of AMI-PBV		1-BR	\$0	\$25,000	73	73
60% of AMI-PBV		1-BR	\$0	\$50,000	116	116
60% of AMI		1-BR	\$38,000	\$50,000	20	20
99% of AMI		1 BR	\$62,000	\$82,000	24	24

Demand from Growth

The households associated with mobility reflect movement within the market area and does not reflect total area population increases. Local demographic trends indicate substantial increases in the number of households age 55+ due to households aging in place. These new households provide a source of tenants for the subject property.

Exhibit 64 – New Market Area Households

	Year		Change
	2016	2021	
Primary Market			
Total Sr. HH	22,602	24,255	1,653
Owner Senior HH	15,900	17,063	1,163
Renter Senior HH	6,702	7,192	490
Secondary Market			
Total Sr. HH	32,935	34,822	1,887
Owner Senior HH	19,783	20,917	1,133
Renter Senior HH	13,152	13,905	754

Source: STDB Online

We have assumed specific income ranges for each unit type. In order to evaluate the impact of the area’s assumed population growth on the subject demand, we first must allocate the new households by income level. The distribution reflects the discussion of tenure by income contained in this section of the report.

Exhibit 65– New Households by Income Level

	Primary Market		
	2016	2021	Change
Renter Households			
Occupied Households	22,602	24,255	1,653
Owner Households	15,900	17,063	1,163
Renter Households	6,702	7,192	490
< \$15,000	1,285	1,379	94
\$15,000 - \$24,999	818	878	60
\$25,000 - \$34,999	633	680	46
\$35,000 - \$49,999	899	965	66
\$50,000 - \$74,999	1,232	1,322	90
\$75,000 - \$99,999	877	941	64
\$100,000 - \$149,999	365	391	27
\$150,000 - \$199,999	217	233	16
\$200,000+	<u>377</u>	<u>404</u>	<u>28</u>
TOTAL	6,702	7,192	490

	Secondary Market		
	2016	2021	Change
Renter Households			
Occupied Households	32,935	34,822	1,887
Owner Households	19,783	20,917	1,133
Renter Households	13,152	13,905	754
< \$15,000	3,689	3,901	211
\$15,000 - \$24,999	1,794	1,897	103
\$25,000 - \$34,999	1,183	1,251	68
\$35,000 - \$49,999	1,500	1,586	86
\$50,000 - \$74,999	1,930	2,040	111
\$75,000 - \$99,999	1,354	1,432	78
\$100,000 - \$149,999	609	644	35
\$150,000 - \$199,999	341	361	20
\$200,000+	752	795	<u>43</u>
TOTAL	13,152	13,905	754

Source: STDB Online

Within the market, the number of renter households with income of less than \$100,000 is projected to increase in the primary and secondary market area in the next five years. As with the mobility analysis the subject will likely capture a fraction of these households as they select housing. We applied the 20% rate and 10% rate as discussed in the analysis of mobility, based on the lack of available housing in the immediate market area.

Exhibit 66 – Capture of New Households

Income Level	Primary Market		Secondary Market	
	New Renter HHs	Capture @ 20.0%	New Renter HHs	Capture @ 10%
< \$15,000	94	19	211	21
\$15,000 - \$24,999	60	12	103	10
\$25,000 - \$34,999	46	9	68	7
\$35,000 - \$49,999	66	13	86	9
\$50,000 - \$74,999	90	18	111	11
\$75,000 - \$99,999	64	13	78	8
\$100,000 - \$149,999	27	5	35	3
\$150,000 - \$199,999	16	3	20	2
\$200,000+	<u>28</u>	<u>6</u>	<u>43</u>	<u>4</u>
TOTAL	490	98	754	75

The capture rate yields an additional pool of 53 potential households that become eligible for the tax credit units and 21 potential households for the 99% units. These households constitute a final pool of potential households for the age-restricted affordable housing units at the subject property.

Exhibit 67 - Qualified Households in the Market Area

Unit Type	Income	Bedrooms	Income Parameters		Qualified Households	
			Minimum	Maximum	Total	Adj. HH Size
30% of AMI-PBV		1-BR	\$0	\$25,000	31	31
60% of AMI-PBV		1-BR	\$0	\$50,000	53	53
60% of AMI		1-BR	\$38,000	\$50,000	11	11
99% of AMI		1 BR	\$62,000	\$82,000	21	21

Focused Demand Conclusion

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, from households facing hardship due to housing condition, and will result from existing households moving. 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.

The analysis of housing indicators and mobility patterns indicates a substantial pool of income-qualified households for the subject’s affordable units. Our analysis indicates that some 2,266 income qualified senior households in the primary market are likely to be attracted to the subjects affordable units. The next exhibit summarized demand by unit type.

Exhibit 68 – Summary of Focused Demand for Affordable Units

Unit Type		Income Parameters		Demand Pool					Number of Units
Income	Bedrooms	Minimum	Maximum	Rent Burden	Hsg Cond	New HHs	Mobility	Total	
30% of AMI-PBV	1-BR	\$0	\$25,000	612	253	31	73	968	4
60% of AMI-PBV	1-BR	\$0	\$50,000	1,472	373	53	116	2,014	4
60% of AMI	1-BR	\$38,000	\$50,000	378	58	11	20	467	24
99% of AMI	1 BR	\$62,000	\$82,000	157	50	21	24	252	10

Our analysis indicates that some 2,014 income qualified senior households in the primary market are likely to be attracted to the subjects tax credit units and 252 are likely to be attracted to the 99% units.

As noted earlier, in addition to local senior renter households, the property may also attract a number of senior owner-occupied households. According to the leasing agents at both the local market rate developments and Boston area age-restricted market rate developments, 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 or aging seniors who are no longer willing or able to keep up with the maintenance of owning a home). In addition demand may be generated from seniors located outside of the primary and secondary market areas who will move to Newton to be closer to their adult children and grandchildren. This focused analysis considered only demand from age and income eligible *renter* households in the primary and secondary market and likely understates local overall demand.

APPENDIX 1 – QUALIFICATIONS

Qualifications of Joanne Shelton

Employment

Ms. Shelton is Director and Principal of Bonz and Company and has been with the firm since 1998. Previously Ms. Shelton was employed by Plymouth Development Corporation, England, and Laganside Development Corporation in Belfast, Northern Ireland, two of the thirteen development corporations in the United Kingdom.

Education

Ms. Shelton holds Bachelor of Science in Estate Management (Real Estate Studies), University of Ulster, Jordanstown, Northern Ireland and has also completed extensive appraisal courses and seminars offered by the Appraisal Institute as well as real estate financial classes at Boston area universities. Ms. Shelton is a Massachusetts and Rhode Island 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

Experience

Ms. Shelton 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
- 2) Commercial properties:* Medical office building suburban office buildings, large office parks, and downtown high-rise office buildings, retail districts, shopping centers, box retail facilities, specialty retail facilities; mixed-use developments, and related properties:
- 3) Industrial and related special purpose properties:* R&D facilities, research laboratories, industrial parks, distribution facilities, and manufacturing facilities;
- 4) Special Purpose Properties* Institutional facilities, theaters and schools, and other such properties;

Among the institutional, public, and private clients whom Ms. Shelton has served are: Citizens Financial Group, Bank of America, PNC Bank Corporation, Wainwright Bank, Harvard Pilgrim Health Care, Beacon Companies, Boston Properties, Boston University and Northeastern University, Massachusetts Housing Investment Corporation, The Community Builders, Rockport Mortgage, Walker & Dunlop, East Boston CDC, Cambridge Housing Authority and Rhode Island Housing Authority

Appraisal Certification:

Massachusetts Certified General Real Estate Appraiser: License: #75113

Rhode Island Certified General Real Estate Appraiser: Certification No. A01373G

APPENDIX 2 - DHCD SUMMARY FORM

PRIMARY MARKET AREA ANALYSIS SUMMARY			
DEVELOPMENT NAME:	<u>Haywood House</u>	TOTAL UNITS	40
LOCATION:	<u>Newton, Massachusetts</u>	LIHTC UNITS	32
PMA BOUNDARY:	<u>10 min drive</u>		

RENTAL HOUSING STOCK				
RENTAL TYPE	# PROPERTIES	TOTAL UNITS	VACANT UNITS	AVERAGE OCCUPANCY
ALL RENTAL HOUSING	11	1032	31	99%
LIHTC	3	178	0	0%
MARKET RATE HOUSING	5	801	31	96.1%
OTHER ASSISTED/SUBSIDIZED	3	53	0	100%

How many applicant are on the local housing authority's public housing waiting list?	410 seniors
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LIHTC HOUSING						
PROPERTY	UNIT TYPE	SIZE (SF)	RENT (LESS UA)	UTILITY ALLOWANCE	PER ONE-STOP (LESS UA)	VACANCY RATE
The Coolidge at Sudbury- Phase 1 Sudbury, MA	Studio					0%
	1 BR	700	\$976			
	2 BR		30% Income			
	3 BR					

Countryside Village, 450 Boston Post Road, Marlborough, MA	Studio					0%
	1 BR	700	30% of Income			
	2 BR	800	30% of Income			
	3 BR	900	30% of Income			

	0BR					
	1BR					
	2BR					
	3BR					
	4BR					

MARKET RATE HOUSING						
PROPERTY	UNIT TYPE	SIZE (SF)	RENT (LESS UA)	UTILITY ALLOWANCE	PROPOSED RENTS PER ONE-STOP	VACANCY RATE
Woodland Station, 1940 Washington St Newton, MA	1 BR	792	\$2,700			3.0%
	2 BR	1094	\$3,600			
	3 BR	1489	\$4,500			

Charlesbank Apts 120 Pleasant St Watertown, MA	0BR	625	1959			8%
	1BR	720	\$2,182			
	2BR	1065	\$2,622			
	3BR					
	4BR					

Watertown Mews 1 Repton Place Watertown, MA	0BR	535	2100			3.4%
	1BR	768	\$2,562			
	2BR	1044	\$3,028			
	3BR					
	4BR					

LIHTC Market Study
 Haywood House
 Newton, Massachusetts

OTHER ASSISTED/SUBSIDIZED HOUSING						
PROPERTY	UNIT TYPE	SIZE (SF)	RENT (LESS UA)	UTILITY ALLOWANCE	POPOSED RENTS PER ONE-STOP (LESS UA)	VACANCY RATE
Jackson Gardens JFK Circle Newton, MA	0BR					0%
	1BR	550	30% of Income			
	2BR					
	3BR					
	4BR					

Musketahquid Village Hudson Rd Sudbury, MA	0BR					0%
	1BR	495	30% of Income			
	2BR					
	3BR					
	4BR					

Brook School Apartments, 44 School Street, Weston, MA	0BR					0%
	1BR	800	30% of Income			
	2BR	850	30% of Income			
	3BR					
	4BR					

DEMOGRAPHIC DATA			
YEAR	2000	CURRENT YEAR (2016)	2021
AREA'S POPULATION	131,290	136,319	142,042
TOTAL HOUSEHOLDS	52,909	54,483	56,742
RENTER HOUSEHOLDS		4,939	
INCOME QUALIFIED RENTER HH	N/Av	1,960	N/Av
MEDIAN INCOME FOR PMA		\$91,070	\$102,501

MARKET DATA						
PROJECT'S PROPOSED TARGET POPULATION	Within a 10 min drive of the subject site					
LOCAL EMPLOYERS IN PMA	INDUSTRY		TYPE OF JOBS AVAILABLE		NUMBER OF EMPLOYEE JOBS	
	Professional & Technical Services				74,000	
	Health and Social Assistance				73,000	
	Retail				58,000	
MINIMUM INCOME NEEDED TO LEASE UNIT BY INCOME %	UNIT TYPE	30%	60%	60%	99%	
	0BR					
	1BR	\$0	\$0	\$38,000	\$62,000	
	2BR	\$0				
	3BR	\$0				
4BR						
CAPTURE RATE BY INCOME %	0.6%				MARKET RATE	
POTENTIAL ABSORPTION RATE	Sustainable occupancy within 2-3 months of construction completion					

YEAR	2000	CURRENT YEAR (2016)	2020
UNEMPLOYMENT RATE	2.20%	2.80%	N/Av