

Rent Comparability Study

Coleman House I RCS
677 Winchester Street
Newton, Massachusetts

Prepared for:
Ms. Tabetha McCartney
Preservation Manager
Jewish Community Housing for the Elderly
30 Wallingford Rd.
Brighton, MA 02135

Effective Date of Value

September 14, 2017

Date of Report

September 25, 2017

September 25, 2017

Ms. Tabettha McCartney
 Preservation Manager
 Jewish Community Housing for the Elderly
 30 Wallingford Rd.
 Brighton, MA 02135

Re: Rent Comparability Study
 Coleman House
 Newton, MA 02459

Dear Ms. McCartney:

Attached is the Rent Comparability Study (RCS) you requested for Coleman House I built in 1984 located at 677 Winchester Street in the Newton Highlands neighborhood of Newton, Massachusetts.

The purpose of the study is to estimate the market rents for units that will be assisted under the renewed Section 8 contract. This report employs the definition of market rent as set forth in Sections 9-8 through 9-13 and Appendix 9-1-2 of the Section 8 Renewal Policy. Specifically, market rent is defined by HUD as “the rent, including the cost of utilities (except telephone), that would be required to be paid in the housing market area to obtain privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities.” This report was prepared in accordance with Section 9-14 through 9-16 of Chapter 9 of the Section 8 Renewal Policy.

The property consists of 99 one-bedroom units and 1 offline two-bedroom unit in a shared building with Coleman House II, built in 1998. 99 units receive rental assistance under Section 8 contracts. The following table lists the market rent we concluded for each the one-bedroom units based on the property’s condition as of the effective date of value.

| Unit Type | Total Sec. 8 Units | Size (Sq. Ft) | Estimated Market | | Prepared Grid? (Y/N) |
|--------------|--------------------|---------------|------------------|--------------|----------------------|
| | | | Rent | Rent/ Sq. Ft | |
| One-Bedroom | 99 | 574 | \$2,675 | \$4.66 | Y |
| Two-Bedroom | 1 | 800 | Offline | | |
| Total | 100 | | | | |

This transmittal letter is considered a part of the report, which contains 66 pages. 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

Ms. Tabettha McCartney
Coleman House
June 5, 2017

the property contact(s) provided us with certain information. The sources of information developed and bases of estimates and assumptions are stated in the body of this report.

The RCS was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements in Chapter 9 of HUD's Section 8 Renewal Guide. Market Rents were defined and estimated in accordance with Section 9-8 through 9-13 and Appendix 9-1-2 of the Chapter 9 guidance.

I understand that HUD and the Section 8 Contract Administrator (CA) and the project owner will use my estimate of market rents to determine: 1) the owner's options for renewing the projects Section 8 contracts; and 2) the maximum rents allowed under any renewal contract.

The intended users of the report are the client. It is intended for their internal use. The report is not valid for any other purpose or user without the written consent of the appraiser and the client. Additionally, as required by Section 9-14 of the Chapter 9 guidance, I compared the project's median rent with HUD's threshold, and concluded that the project's median rent is \$2,675 the threshold, as shown in the table below.

| | |
|--------------------------------------|---------------------|
| Mandatory Market Rent Threshold Test | \$2,538 |
| Subject's Median Market Rent | \$2,675 (more than) |

Should you have any questions or require more information, please feel free to contact us.

Respectfully submitted,
BONZ AND COMPANY, INC.


Robert H. Salisbury
Principal/Director
Massachusetts Certified General Real Estate Appraiser
License #75492 (Expires February 7, 2018)

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Scope of Work

This Rent Comparability Study was completed in accordance with the requirements set forth in HUD's Notice H 00-12.

- Robert H. Salisbury, a Director of Bonz and Company and a certified general appraiser and completed all of the data collection and the analysis of the comparable rental properties. The following actions were taken to complete this RCS.
- Mr. Salisbury inspected the interior and exterior of the property on September 14, 2017 (he had previously inspected the property on May 26, 2017). He was accompanied by various representatives. The inspection covered representative units at the subject property. He also examined the property's site amenities and common areas, its management office and other staff offices, and site grounds. The property representatives provided data on the amenities offered to tenants of the subject property.
- During the period from September 14 through September 22, 2017 Mr. Salisbury researched comparable apartment rental activity in Newton and the surrounding communities of Brookline and Needham. The research included pulling data from internet sites, local newspapers and rental publications, owners and managers of local apartment properties, local real estate brokers, fellow appraisers, and files of Bonz and Company. E-Jay Kao, an Associate of Bonz and Company, assisted with the data gathering and analysis.
- During this period they also researched properties that provide Independent Living and Assisted Living units in order to better evaluate the impact of the services provided by the subject on rents.
- Mr. Salisbury inspected the exterior of each comparable Rental, Independent Living, and Assisted Living property and confirmed the data contained in this report. At each of the comparables they viewed either interior photos or unit layouts.
- During the site inspections, or in separate phone interviews, they talked with the managers of the comparable properties to confirm all data and to collect additional information about each of the comparables, including size, age, amenities, occupancy rates, and general market information. The property managers provided floor plans or other information describing the size of comparable units or directed the appraisers to on-line internet sites that contained this information, after the appraisers explained that the interior size was needed.
- Mr. Salisbury completed the data and adjustment columns of the Rent Comparability Grid using the instructions in Appendix 9-1 of Chapter 9. Mr. Salisbury reviewed all entries, modified some, and derived an estimated market rent for each unit type.
- Market rents were defined and estimated in accordance with Sections 9-8 through 9-13 of Chapter 9 of the Section 8 Renewal Policy, and the report was prepared in accordance with Section 9-14 through 9-16 of this Chapter. All rent levels shown for the comparable properties reflect unassisted rents. That is, the tenants are fully responsible for the full housing costs and do not receive any rental assistance.

Description of Subject Property

Coleman House is located on Winchester Street, adjacent to Nahanton Street in the Newton Highlands neighborhood of Newton. The property is accessed from Winchester Street to a private drive that leads to the property's entrance and to the property's surface parking areas.

Exhibit 1 – Aerial Photograph of Coleman House



Coleman House is a five-story brick building that was built in two phases. Phase I was built in 1984 and contains 100 units and Phase II contains 46 units that were built in 1998. There are well-appointed elevator lobby areas on each floor. In addition to the rental units, the property contains management offices and extensive community and site amenity space. There is also a laundry room on the tenant's floors. The property provides sufficient surface parking spaces for its tenants.

Description of Units

The one-bedroom units have pull cords that are located in the bedroom and bathroom of each unit. Staff members are equipped with beepers that notify them when an emergency pull cord has been activated. The windows are aluminum framed double hung units. Window shades are provided. The unit living rooms are equipped with window sleeves for air conditioning units. The property provides and installs air conditioning units in the living rooms for tenants at no additional cost. If desired, tenants may provide their own additional air conditioning units for their bedrooms. The property installs and covers the electricity expenses associated the tenants' additional bedroom air conditioning units at no extra cost. They feature wall-to-wall carpeting in the living areas, and sheet vinyl flooring in the kitchens and bathrooms, although some of the units have vinyl composite tile flooring. The kitchens contain a refrigerator, stainless steel sink, gas range, plastic laminated countertops, and wood cabinets. The bathrooms have wood laminated vanities, and steel bathtubs with either vinyl shower surrounds or ceramic tile surrounds. The interior room doors are hollow core slab wood doors. The closets have flush hollow core bi-fold doors. The unit walls are painted wallboard. The units have gas-fired forced hot water radiation heat. All utilities are included in the rent, except telephone, cable, and internet services.

The subject property contains 100 one and two-bedroom units. The project benefits from a Section 8 Contract that covers 99 one-bedroom units and limits occupancy to residents earning 50% or less of area median income. 40% of annual rentals go to tenants with 30% AMI.

| Unit Type | Interior Size (square feet) | Number of Units | Project Based Section 8 Units | Number of Other Rent Restricted Units | Number of Units Not Rent Restricted |
|------------------------|--|----------------------------|--|--|--|
| One-Bedroom | 574 | 99 | 99 | 0 | 0 |
| Two-Bedroom Offline | 800 | 1 | 0 | 0 | 1 |
| TOTAL | | 100 | 99 | 1 | |

The units currently appear in very good condition. Some of the units exhibited signs of deterioration that were typical of their age.

Year Built: 1984

Exterior: Brick

Roof: Flat roof structure consists with an EPDM roof membrane.

Windows: Double-glazed, insulated, aluminum slider windows.

| | |
|--------------------|---|
| Vertical Access: | |
| Elevators: | The residential building has two sets of interior staircases with CMU stairwells and two 2,500 pound elevators |
| Common Hallways: | The common hallways have a handrails carpet. |
| Mechanical Systems | |
| Heating/Cooling: | Forced hot water via gas fired water boilers. The system provides heat through baseboard units in the apartments. The apartments are also provided through wall air conditioning units, |
| Hot Water: | Hot water is supplied to the dwelling units and common areas via central gas-fired boilers. |
| Parking: | Surface parking. |
| Safety: | Battery operated smoke detectors and heat sensors are located throughout the building, including units and common space. The building also features a sprinkler system that provides coverage in the common areas, hallways, and in the dwelling units. The cords activate a bell and light and are tenant monitored. |
| Interior Detail | |
| Floor Covering: | Low ply carpet in living areas with vinyl tile flooring in kitchens and sheet vinyl in bathrooms. |
| Walls: | Painted drywall for walls. |
| Ceilings: | Dropped ceiling system over concrete plank ceiling. |
| Doors: | Interior room doors are hollow core, flush, stained wood doors. Closet doors are flush wood sliders. |
| Kitchens: | Standard kitchens with refrigerator, stainless steel sink, disposal, wood cabinets and laminate countertops, electric range with range hoods. Kitchen equipment appeared to be in good condition. |
| Bathrooms: | Vanity cabinet sinks with surface mounted mirrored medicine cabinets above. Steel bathtubs with tile surrounds and grab bars. |
| Pull Cords: | There are pull cords in the bedrooms and bathrooms. The pull cords activate lights in the hallway of the unit and also activate a panel in the first floor lobby. |
| Balconies: | None. |

Amenities: Card-operated Laundry facilities on each floor with small seating areas adjacent. Tenant storage space. Substantial community space as described in sections that follow.

Site Description of Subject Property

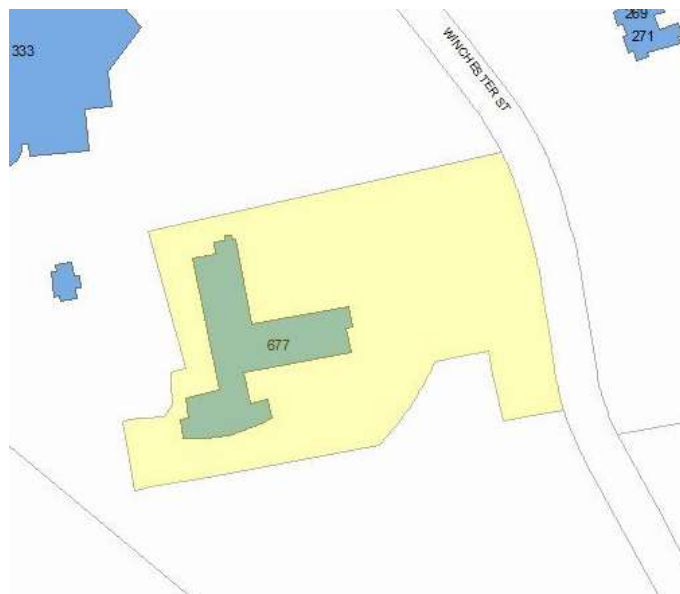
This section of the appraisal report summarizes pertinent information concerning the subject property, including a description of the site and existing improvements, zoning and real estate taxes. The following information and exhibits serve as an abridged description of the subject property. The material is not exhaustive and intended solely as appraisal background.

The subject property is located on the south side of Newton and consists of a Coleman House I built in 1984, and Coleman House II built in 1998.

Location: The property consists of one site in Newton, Massachusetts.

Size: The property is an irregular shaped parcel with a total of 3.527 acres, or 116,362 square feet.

Assessor's Map (subject is in green)



Topography: The site is built on a southerly decline from Winchester Street down towards Nahanton Street. The building is generally grade with surrounding areas and entrances are at similar levels.

Soil Conditions: Soil reports were not reviewed by the appraisers. As there was no evidence of external settlement, it is assumed that the ground is of sufficient load bearing capacity to support the existing improvements.

Environmental: Our review of data indicate that subject property does not appear on the Massachusetts Department of Environmental Protection's list of contaminated sites as of June 1, 2017. We have assumed that there are no environmental issues that pose an adverse impact on our estimate of the subject's values.

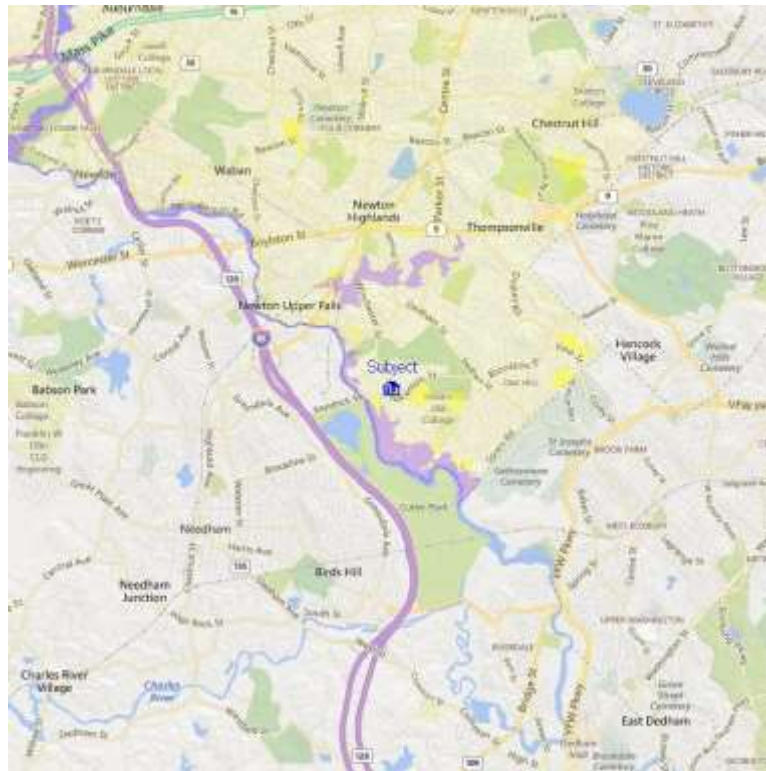
Utilities: All available

Site Improvements: The site parcel consists of 146-residential rental units, 99 one-bedroom in Coleman House I with 1 two-bedroom offline unit used by a site representative, and 46 one-bedroom units in Coleman House II.

Easements: The appraisers are not aware of any easements that would impact the market ability or value of the site.

Flood Zone: According to FEMA Flood Insurance Rate Map (FIRM) # 25017C0562E, dated June 4, 2010, the subject property appears to be located a low flood risk zone.

Exhibit 2 – Flood Maps



MAP DATA

Map Number : 25017C0562E Census Tract : 3740.00
 Panel Date : June 04,2010 Geo Result : S8 (Most Accurate) -
 FIPS Code : 25017 single valid address match, point
 located at a single known address
 point candidate (Parcel)

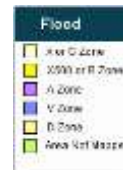


Exhibit 3 - Subject Photographs



Parking Lot



Parking lot



Common outdoor area



Rear view of building exterior



Front view of building exterior



Walking trail



Hallway area



Living room area



Bedroom area



Closet area



Bathroom area



Kitchen area



Range and stove



Kitchen area



Kitchen sink



Bathroom



Hallway area



Meeting Room Area



Lobby Area



Common room area



Library area



Fitness area



Mechanical space



Boiler room



Common seating area



Activities Schedule



Convenience Store



Kitchen area



Salon area



Mechanical space



Laundry room



Storage Area

Amenities and Services Provided

The Jewish Community Housing for the Elderly (JCHE) provides an extensive level of tenant related services and site amenities for its senior tenants that would generate a premium in addition to the rental rates solely associated with the location and condition. The JCHE has 12 Resident Service Coordinators (RSC) who provide assistance to JCHE's 1300+ residents. The tasks of the RSCs are virtually endless. They include assisting residents with accessing appropriate services, helping with government forms, translating mail and planning community building activities. JCHE's coordinators include staff that speak Russian, Mandarin and Cantonese. They work closely with many community partners to assess residents' needs and help them access appropriate services. The following provides an outline of some of the services that are available to the Coleman House tenants.

Fitness and Wellness Program: The Fitness and Wellness Program provides a fitness center with senior-friendly exercise equipment where instructors, including bilingual staff, offer personalized instruction. JCHE offers numerous onsite exercise classes, such as chair aerobics, expressive movement, Tai Chi, and yoga. JCHE also has a fitness instructor come on-site two days a week.

Generations Together: JCHE offers extensive intergenerational programming to develop relationships that are mutually beneficial. Each academic year, JCHE offers over 20 different intergenerational programs that challenge the images of aging and youth. These programs provide meaningful opportunities for residents and young people, ranging in age from preschoolers to college students, to spend time together teaching, learning and sharing life experiences. Partners for the intergenerational programs include Harvard School of Medicine and Brandeis University. In 2006, JCHE's Generations Together program received the prestigious RespectAbility Award from the National Council on Aging for an Exemplary Program.

Educational, Social, and Cultural Programs: Each of JCHE's buildings has common space that is used frequently for concerts, dances, movies, entertainers, and holiday celebrations. Tenants at each location are involved in planning these special events, which have included ballroom dancing, jazz and Klezmer concerts, Chinese Moon Festivals, multi-lingual Passover Seders, and choral groups. The space is also widely used for lectures, concerts, book discussion groups, and classes on a wide range of subjects.

Medical Programs: JCHE has partnered with the File of Life program which is meant to expedite medical professionals' access to tenants' medical histories in order to appropriately address tenants' needs in the event of a medical emergency

Wednesday Program: JCHE recently introduced the Wednesday Program for Senior Learners. The program runs from 10:30am to 4:15pm and lasts for 14 weeks a semester, with two semesters a year and a mini semester in the summer. Example classes include an exercise class, a writing class, and guest lecturers from local companies (Boston Globe, Beth Israel Hospital), and universities (Brandeis, Northeastern, UMass). The program is open to all senior adults in the community.

Additional Amenities: Coleman House also provides extensive site amenities that are available to tenants. These include an on-site computer center with computers accommodate English, Russian,

and Chinese languages; an on-site tenant operated convenience store that sells groceries and household goods. The grounds are used for planned gatherings, like the annual Independence Day and Citizenship Celebration Tai Chi, and visit with friends and neighbors. Meals are provided one day per week in the Grand Café.

Utilities: All utilities are included in the rent including Gas heating, electric, hot water, air conditioning, and gas cooking.

The subject photographs included in this report indicate the quality, extent, and level of finishes associated with the subject's amenities and provide comparative evidence of the subject's ability to compete in the local Senior Independent Living market, if its units were available as market rate apartments.

Description of Market Area and Neighborhood

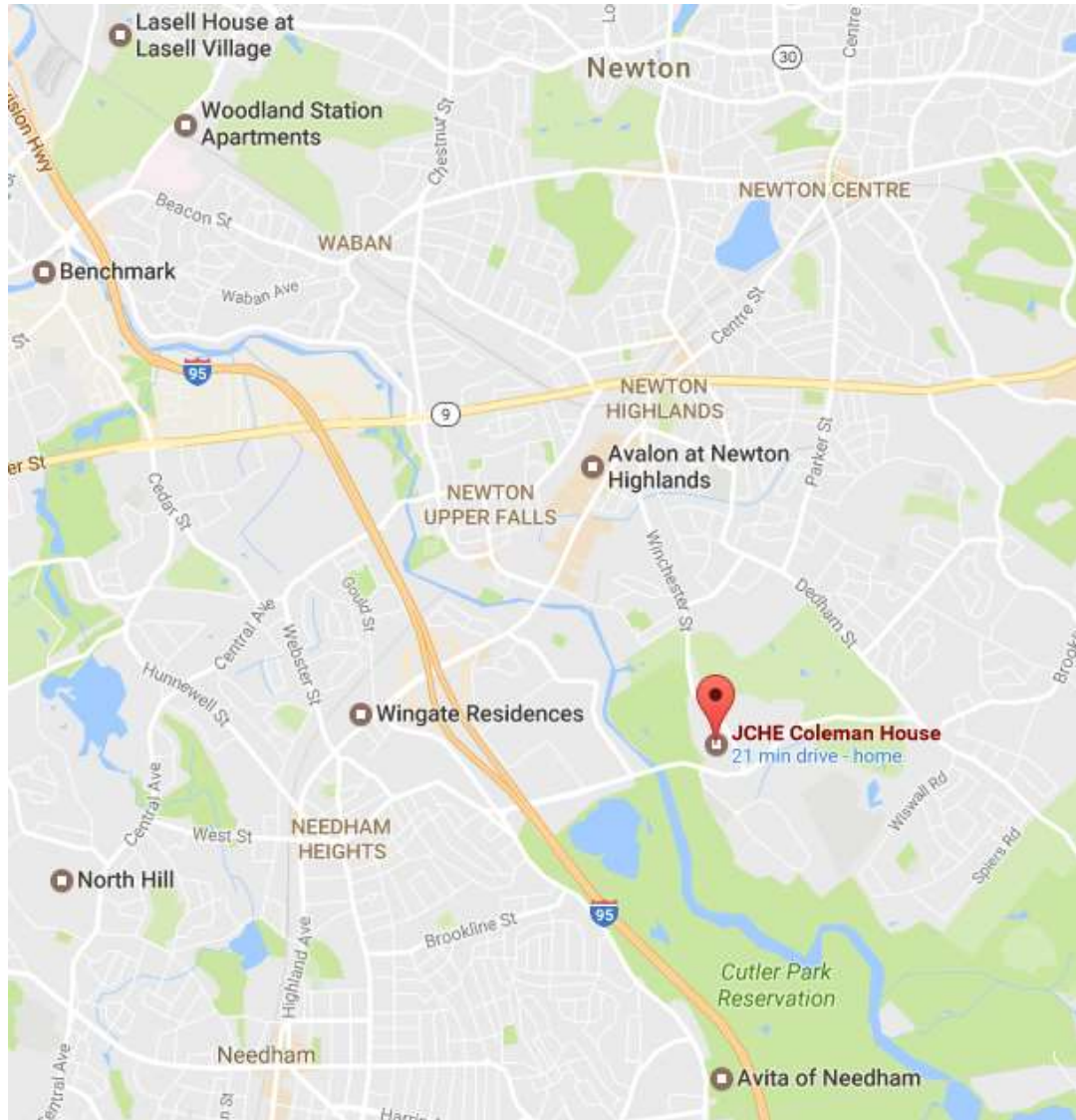
The subject neighborhood is located in the Newton Highlands neighborhood of Newton. Newton's housing stock is dominated by owner-occupied housing. According to data provided by the U.S. Bureau of the Census, 30% of the housing stock in Newton is renter-occupied. As indicated by Reis' fourth quarter 2016 report, the subject's rental market is in a very strong position with high rents and low vacancy rates.

The subject's immediate area is proximate to a golf course and Nahanton park. Winchester Street leads to Highland Avenue, which is proximate to Interstate-90 and Route 9 and allow for easy access to downtown Boston and the surrounding communities. Highland Avenue is also a major thoroughfare and is lined with a mix of residential, retail and commercial uses. The subject is located in a very quiet area and the appraisers were unaware of any street noise or nuisances that may affect the tenant's well-being.

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

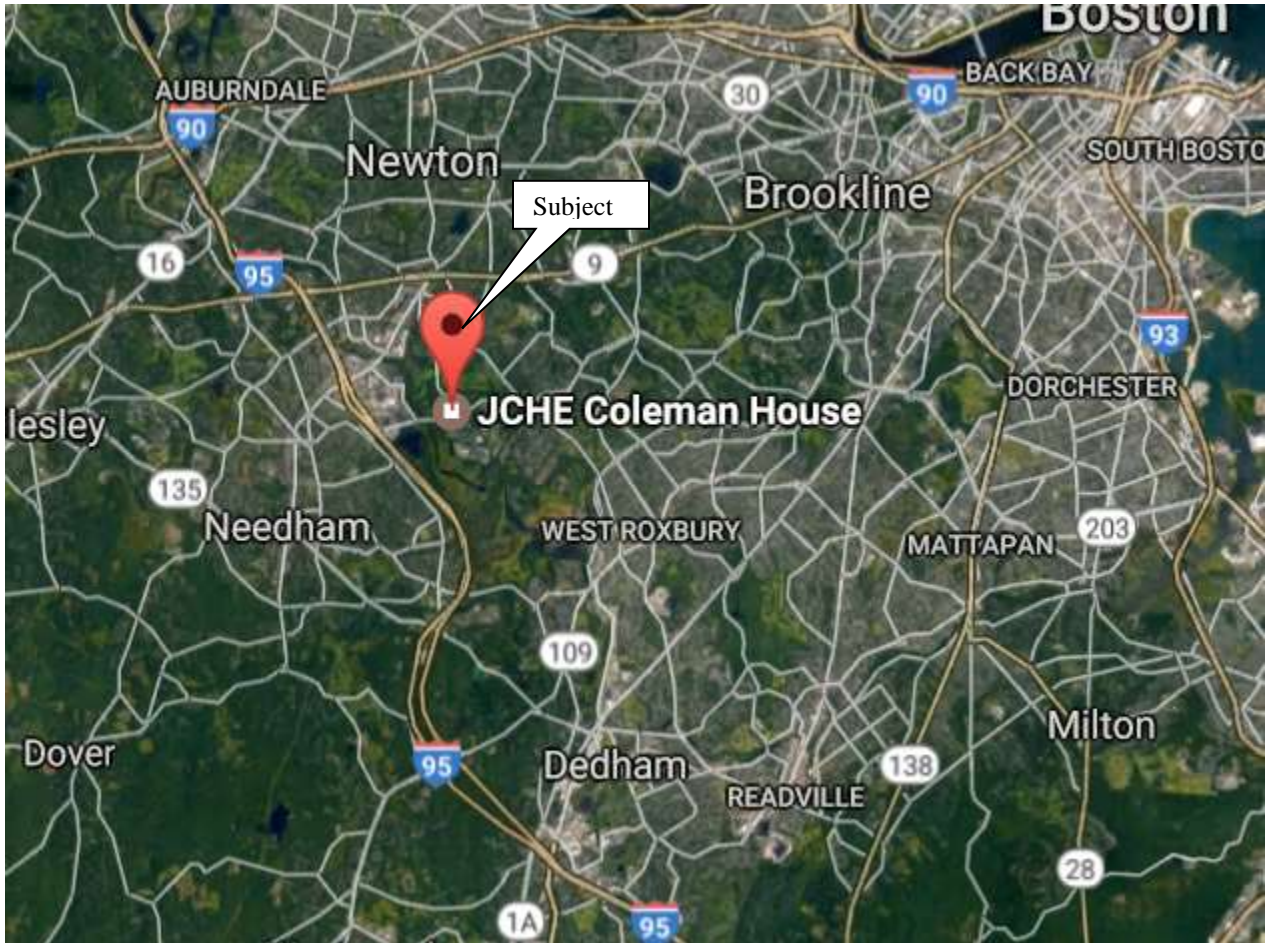
The subject's neighborhood boundaries are Charles River to the east, Nahanton Park to the west, Cutler Park Reservation to the southwest, a small business park to the south, and Newton Highlands center to the north. The subject is also just located 2.1-2.7 miles to a light rail station and a commuter rail station, which provides access to the D-Green Line Needham Heights commuter rail, as well as several bus routes.

Exhibit 4 – Subject Location in Relation to Adjacent Communities



The subject neighborhood exclusive of the major arteries is mostly recreational areas and single-family homes. The homes are generally well maintained. The subject neighborhood also includes a country club complex. Overall, this area is desirable as evidenced by the well-maintained homes. There is no change in uses within the subject neighborhood or to adjacent uses in the foreseeable future.

Exhibit 5 - Neighborhood Map



Newton has a number of health care related facilities, including the Newton-Wellesley Hospital just a 10 minute drive north up the highway. To the west, there is the Beth Israel Deaconess Hospital in Needham that is 11 minutes through local roads. To the northeast is the Longwood area that contains multiple Level 1 trauma centers and outpatient clinics. The subject property's location provides excellent access to health care, a variety of retail choices and is well-suited to support a rental development operated either as affordable or market-rate housing.

In addition to its proximities to various amenities, its closest neighboring amenity is the Jewish Community Center located directly on the same campus. Tenants are able to have full use of the facilities including pool and fitness programs, basketball and tennis courts, and even a performing arts theatre where there are live acts by local groups. These options provide seniors with multiple health benefits and options to keep their time occupied.

Crime in the Newton area is overall less than the National rate, as well as the state rate with. 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 6 – 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

Description of Rental Market

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.

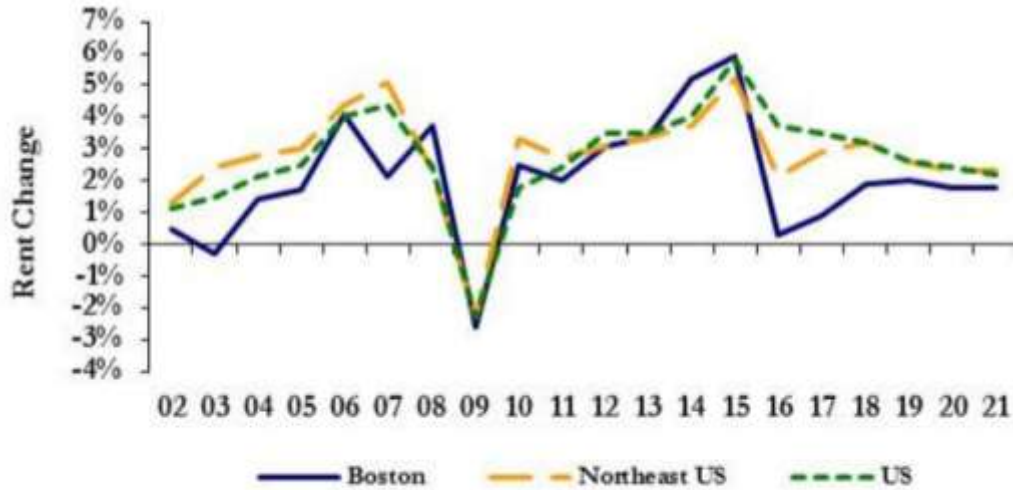
REIS’s newly released data on apartment vacancy, absorption, consumption, supply and demand, and rent trends show a cooling off in the national rental market in the fourth quarter of 2016. High construction levels and mixed economic conditions in the beginning of the year have predicated this deceleration. 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 7- 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 8 – Metro Apartment Vacancy Trends

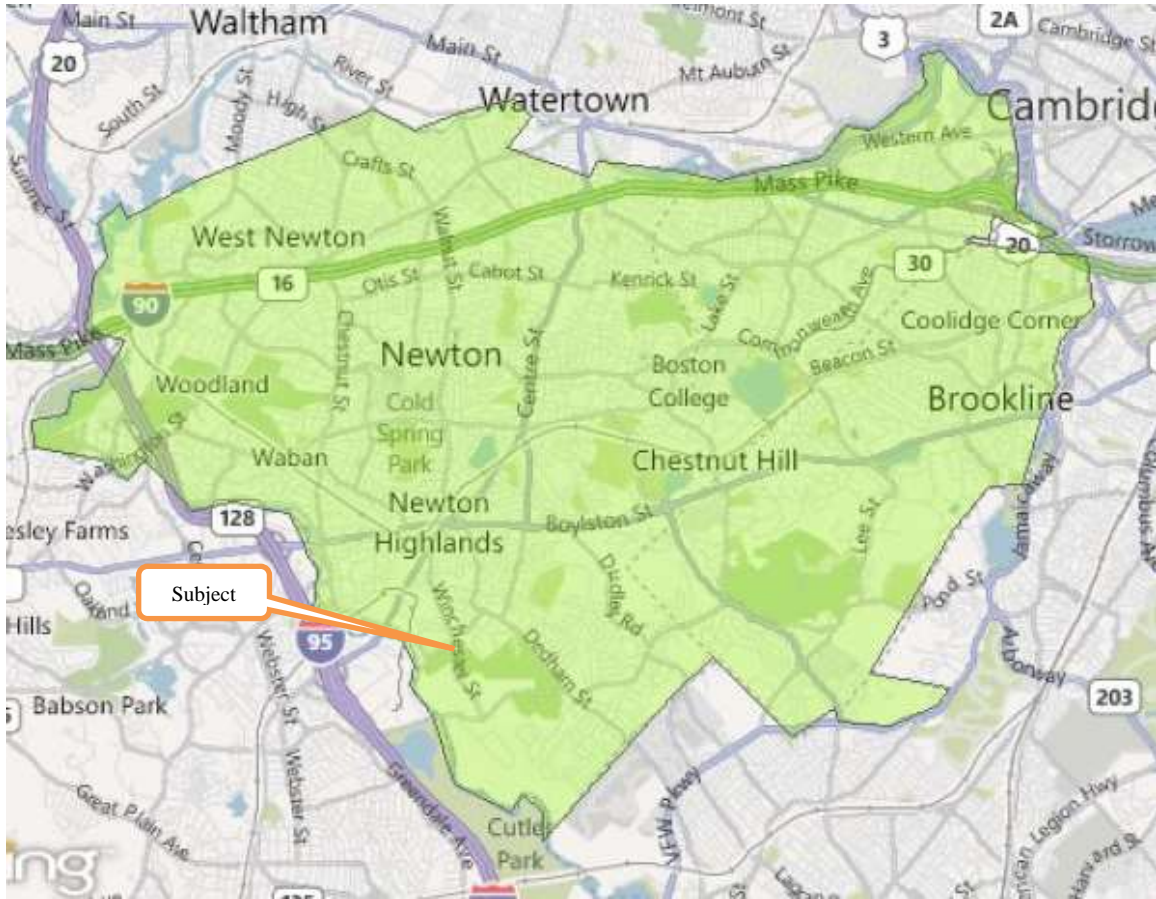


Following the completion of the most new apartments in the history of the Reis database in 2016, another 3,177 units are expected to complete construction in 2016 indicating that while the single-year peak may have passed, the development boom is still ongoing. Another 350 market-rate units completed 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.

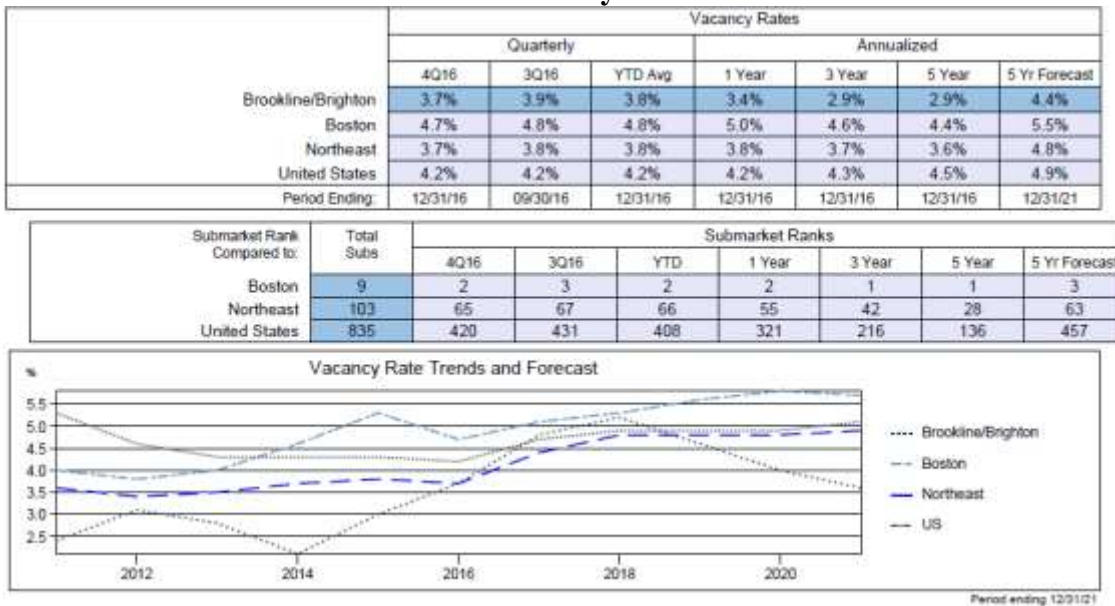
As discussed, the subject’s rent potential is tied to trends in the greater Boston area, but is most directly tied to its local area. The subject is located in the Town of Newton, which Reis considers to be part of the Brookline/Brighton/Newton sub-market and distinguishes it from the balance of the metro market.

Exhibit 9 - 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 10 - Vacancy Rate Trends

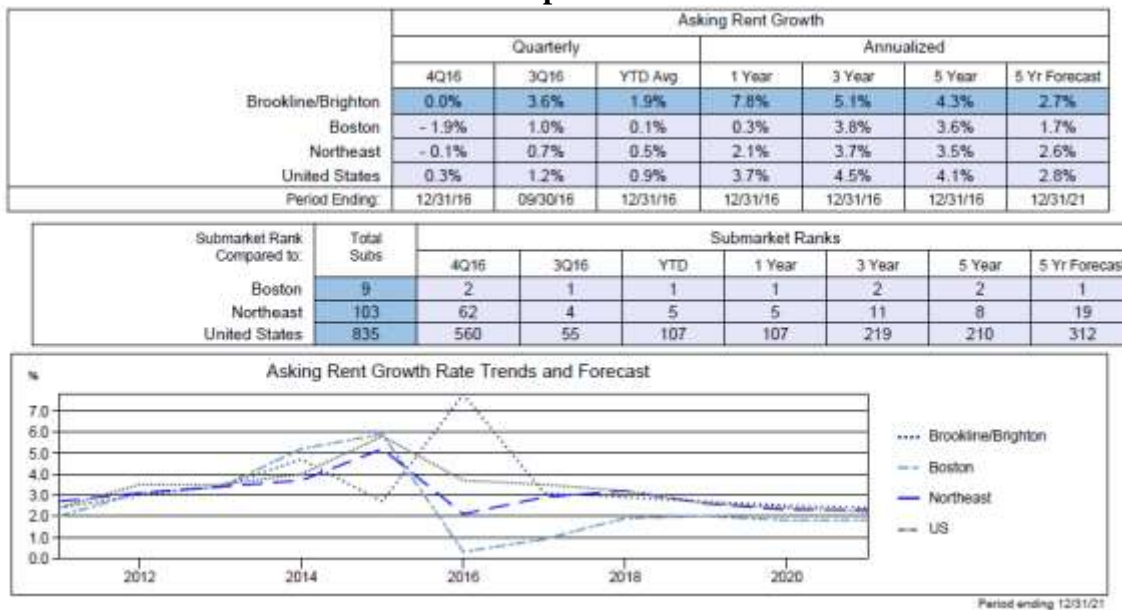


Source: REIS, Inc.

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 11 – 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 96.8% 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. In our opinion, recent trends in the subject’s market area indicate strong demand for rental housing. While the significant amount of new development may affect Class A properties over the next few years, we consider the subject to be Class B which only recently has begun to be affected by the Class A building boom. Class B/C properties currently have a 1.3% vacancy rate in Brookline/Brighton/Newton with rents that are still projected to grow despite a recent slowdown and the slight 0.8% decrease in average asking rent this quarter. As previously mentioned, the subject’s affordable units also represent an attractive option for households who can no longer afford rising rents in the local market.

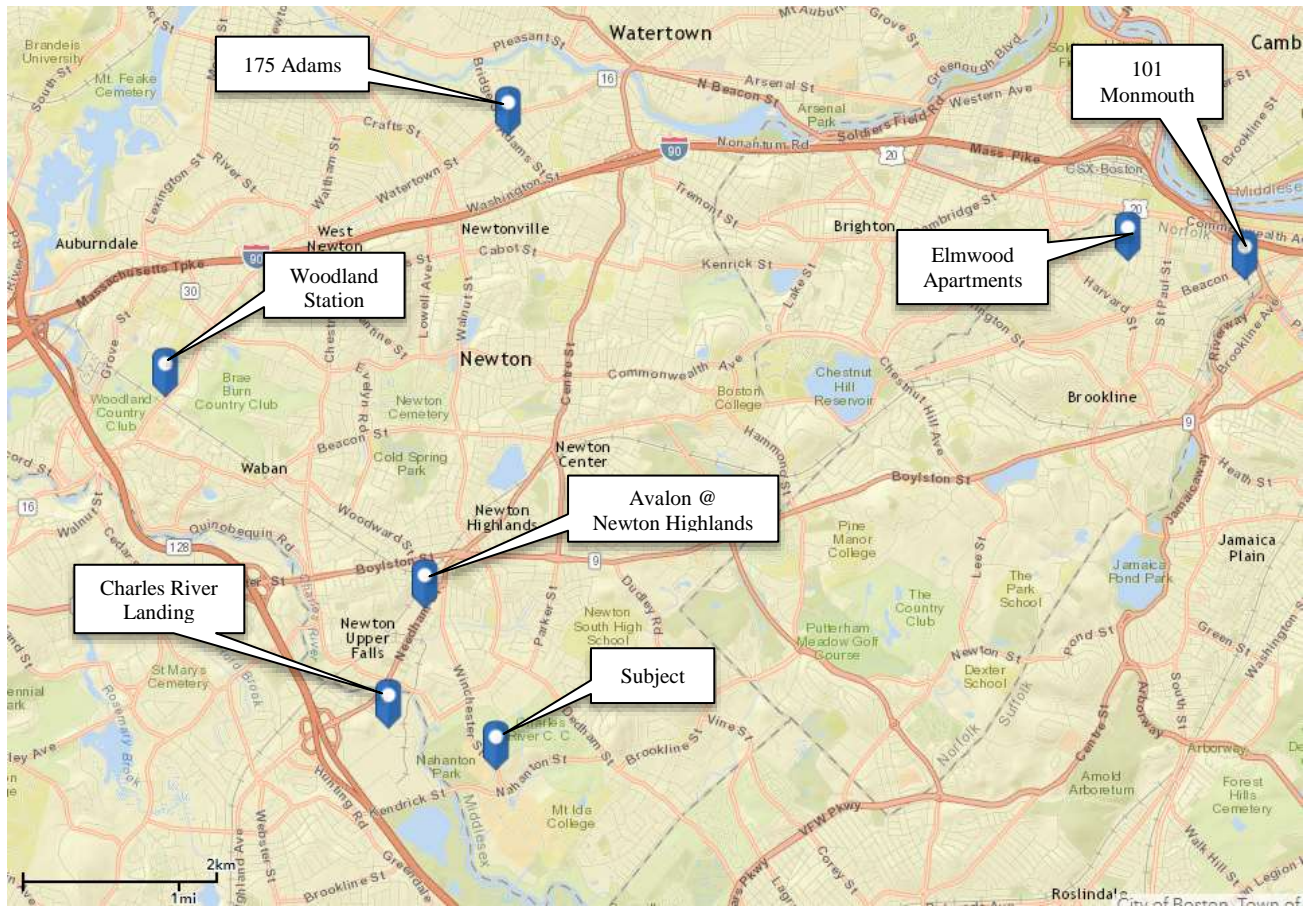
How Comparable Properties Were Selected

The appraiser researched rental housing throughout Newton. During the initial screenings, there was an insufficient number of comparables in the Newton market alone, so we extended our search to the neighboring community of Brookline, a city we consider to be slightly superior, but in a similar market. With the additional market, we were able to deduce a number of qualified comparable developments in our opinion, but some properties were disinclined to release private information that could not be found elsewhere. Other properties were considered too dissimilar to the subject property and would carry less weight to the totality of the multiple adjustments made. Our final comparables were picked based on the relative similarities to the subject in terms of size, location, unit types and others. All of the comparables are located within eight miles of the subject.

The subject’s tenants receive the benefits of age-restricted households and received the benefits of the range of services and senior focused amenities provided by the subject. In order to determine the value of these services, we examined market-rate properties that provide services that are reflective of the subject’s services. Generally, the appraiser believes that the comparables are of good to excellent quality. Based on information provided to the appraiser, none of the selected comparables are owned or managed by the entities having an identity of interest with the owner or management of the subject property.

The next section of the report provides summary descriptions of the rental developments reviewed.

Exhibit 12 - Location Map of Comparable Developments



Comparable Developments

Comparable #1

| | | |
|--------------------------|--------------------------------------|---------------------------------------|
| COMP. PROPERTY: | 175 Adams Street | DATE: 9/21/17 |
| PROPERTY ADDRESS: | 175 Adams Street Newton, MA 02458 | |
| KEY CROSS STREET: | Watertown Street | |
| CONTACT NAME: | Marcello Stisi | DEVELOPER: Adams Pigeon Realty |
| PHONE NUMBER: | 781-891-5688 | MANAGEMENT CO.: Marcello Stisi |



| UNIT TYPE | BATH | # UNITS | RENT RANGE | | SQ. FT. RANGE | | \$/ SQ. FT. RANGE | | % LEASED |
|-----------|------|---------|------------|---------|---------------|-------|-------------------|--------|----------|
| 1 BR | 1 | 23 | \$1,450 | \$1,600 | 550 | 700 | \$2.29 | \$2.64 | |
| 2 BR | 1 | 8 | \$1,850 | \$2,050 | 850 | 1,000 | \$2.05 | \$2.18 | |
| | | 31 | | | | | | | 100.0% |

175 Adams Street has a WalkScore of 78. It is located 5.5 miles north of the subject and is located in the Nonantum area of Newton, close to the Watertown border. 175 Adams Street was built in 1976 and its units are in good condition. This comparable is located approximately 4.0 miles north of the subject.

| | | | |
|------------------------------|----------|-----------------------------|-------------------------------------|
| YEAR BUILT: | 1976 | SECURITY DEPOSIT: | |
| BUILDING TYPE | Mid-Rise | OTHER FEES: | |
| NUMBER OF BUILDINGS | 1 | LEASE TERMS: | 12 months |
| NUMBER OF FLOORS: | 4 | FURNISHED UNITS: | |
| CONCESSIONS/SPECIALS: | | | |
| N/A | | | |
| BUILDING COMMENTS: | | | |
| INTERIOR AMENITIES | | | |
| MICROWAVE: | | SECURITY: | WINDOW COVERING: |
| F/F REFRIGERATOR: | X | alarm: | blinds: |
| WASHER/DRYER: | | gate: | shades: |
| conn: | | patrol: | CARPET |
| full size: | | CEILING FAN: | HARDWOOD: |
| stacked: | | FIREPLACE: | VINYL: |
| DISHWASHER: | X | VAULTED CEILING: | OUTSIDE STORAGE: |
| GARBAGE DISPOSAL: | X | VIEWS: | PATIO/BALCONIES: |
| CABLE READY: | | INTERNET ACCESS: | X |
| COUNTERTOP TYPE: | | AIR CONDITIONING | ELEVATOR: |
| | | | |
| EXTERIOR AMENITIES | | | |
| LAUNDRY ROOM: | X | FITNESS: | |
| POOL: | | CLUBHOUSE: | |
| JACUZZI/SAUNA: | | BUSINESS CENTER: | |
| TENNIS: | | PARKING: | free Surface Spaces |
| BASKETBALL: | | | off street: |
| PLAYGROUND: | | | carport: |
| COMMUNITY SPACE: | | | garage: |
| ON SITE OFFICE | | SERVICE COORDINATOR: | zip car: |
| OTHER: | | | |
| OTHER | | | |
| PETS: | | UTILITIES (type): | |
| deposit: | | resident pays: | Electricity |
| pet rent: | | | |
| OTHER FEES: | | included: | Heat and Hot water, 1 parking space |
| | | CLASS: | |
| PROPERTY CONDITION: | | | |
| COMMENTS: | | | |

Comparable #2

| | | |
|--------------------------|---|---|
| COMP. PROPERTY: | Elmwood Apartments | DATE: 9/21/17 |
| PROPERTY ADDRESS: | 110 Babcock Street Brookline, MA 02446 | |
| KEY CROSS STREET: | Harvard Street | |
| CONTACT NAME: | Dennis Hall | DEVELOPER: IDRG, LLC |
| PHONE NUMBER: | 617-787-1905 | MANAGEMENT CO.: Hamilton - Elmwood |



| UNIT TYPE | Number of Units | Used a Comp in RCS? | Average Rent | Average Size | Any Restrictions? (Y/N) | % LEASED |
|-----------|-----------------|---------------------|--------------|--------------|-------------------------|----------|
| Studio | 10 | N | \$1,950 | 357 | N | N/A |
| 1 BR | 17 | Y | \$2,100 | 651 | N | N/A |
| 2 BR | N/A | N | \$2,300 | 651 | N | N/A |
| TOTAL | N/A | | | | | 100.0% |

Elmwood Apartments are approximately 8 miles northeast of Coleman House. Located in Brookline, it has a WalkScore of 91 and provides access to a greater array of local amenities relative to the subject. We consider the location to be superior. We consider the property to be in good condition.

| | | | |
|---|----------|---|-------------------------|
| YEAR BUILT: | 1962 | SECURITY DEPOSIT: | |
| BUILDING TYPE | Mid-Rise | OTHER FEES: | \$39 Application Fee |
| NUMBER OF BUILDINGS | 1 | LEASE TERMS: | |
| NUMBER OF FLOORS: | 4 | FURNISHED UNITS: | |
| CONCESSIONS/SPECIALS: | | | |
| N/A | | | |
| BUILDING COMMENTS: | | | |
| 24 hour maintenance, property manager on site during business hours | | | |
| INTERIOR AMENITIES | | | |
| MICROWAVE: | X | SECURITY: | WINDOW COVERING: |
| F/F REFRIGERATOR: | X | alarm: | blinds: X |
| WASHER/DRYER: | | gate: | shades: |
| conn: | | patrol: | CARPET |
| full size: | | CEILING FAN: | HARDWOOD: X |
| stacked: | | FIREPLACE: | VINYL: |
| DISHWASHER: | X | VAULTED CEILING: | OUTSIDE STORAGE: |
| GARBAGE DISPOSAL: | X | VIEWS: | PATIO/BALCONIES: |
| CABLE READY: | | INTERNET ACCESS: | ELEVATOR: X |
| COUNTERTOP TYPE: Laminate | | AIR CONDITIONING | |
| EXTERIOR AMENITIES | | | |
| LAUNDRY ROOM: | X | FITNESS: | |
| POOL: | | CLUBHOUSE: | |
| JACUZZI/SAUNA: | | BUSINESS CENTER: | |
| TENNIS: | | PARKING: Resident parking @\$185/n off street: | |
| BASKETBALL: | | | carport: |
| PLAYGROUND: | | | garage: |
| COMMUNITY SPACE: | | | zip car: |
| ON SITE OFFICE | | SERVICE COORDINATOR: | |
| OTHER: | | | |
| OTHER | | | |
| PETS: | No | UTILITIES (type): | |
| deposit: | | resident pays: | |
| pet rent: | | | |
| OTHER FEES: | | included: Heat and Hot water | |
| | | CLASS: | |
| PROPERTY CONDITION: | | | |
| COMMENTS: | | | |
| | | | |

Comparable #3

| | | |
|--------------------------|----------------------------------|----------------------------|
| COMP. PROPERTY: | Charles River Landing | DATE: 9/15/2017 |
| PROPERTY ADDRESS: | 300 Second Street Needham, MA | |
| KEY CROSS STREET: | Highland Avenue | |
| CONTACT NAME: | Lauren | DEVELOPER: |
| PHONE NUMBER: | 781.590.3139 | MANAGEMENT CO.: UDR |



| UNIT TYPE | BATH | # UNITS | RENT RANGE | | SQ. FT. RANGE | | \$/ SQ. FT. RANGE | | % LEASED |
|-----------|------|---------|------------|---------|---------------|-------|-------------------|--------|----------|
| 1 BR | 1 | | \$2,300 | \$3,000 | 792 | 1,316 | \$2.28 | \$2.90 | |
| 2 BR | 1 | | \$3,989 | \$3,918 | 1,139 | 1,139 | \$3.44 | \$3.50 | |
| 2 BR | 2 | | \$4,066 | \$4,256 | 1,339 | 1,588 | \$2.68 | \$3.04 | |
| Total | | 350 | | | | | | | 96.7% |

The property is located in Needham, but is within 0.75 miles of the subject and is the closest property to the subject. The property was completed in 2010 and is in excellent condition and is considered to be in a superior condition to the subject. The property has a WalkScore of 84.

| | | | |
|---|----------|-----------------------------|----------------------|
| YEAR BUILT: | 1970 | SECURITY DEPOSIT: | |
| BUILDING TYPE | Mid-Rise | OTHER FEES: | \$39 Application Fee |
| NUMBER OF BUILDINGS | 1 | LEASE TERMS: | |
| NUMBER OF FLOORS: | 9 | FURNISHED UNITS: | |
| CONCESSIONS/SPECIALS: | | | |
| N/A | | | |
| BUILDING COMMENTS: | | | |
| Property manager on site, excellent condition | | | |
| INTERIOR AMENITIES | | | |
| MICROWAVE: | SS | SECURITY: | x |
| F/F REFRIGERATOR: | SS | alarm: | |
| WASHER/DRYER: | SS | gate: | |
| conn: | | patrol: | |
| full size: | | CEILING FAN: | |
| stacked: | | FIREPLACE: | |
| DISHWASHER: | SS | VAULTED CEILING: | |
| GARBAGE DISPOSAL: | X | VIEWS: | |
| CABLE READY: | | INTERNET ACCESS: | x |
| COUNTERTOP TYPE: | | AIR CONDITIONING | X |
| | | WINDOW COVERING: | |
| | | blinds: | x |
| | | shades: | |
| | | CARPET | |
| | | HARDWOOD: | |
| | | VINYL: | |
| | | OUTSIDE STORAGE: | Fee |
| | | PATIO/BALCONIES: | X |
| | | ELEVATOR: | |
| EXTERIOR AMENITIES | | | |
| LAUNDRY ROOM: | | FITNESS: | x |
| POOL: | X | CLUBHOUSE: | x |
| JACUZZI/SAUNA: | | BUSINESS CENTER: | x |
| TENNIS: | | PARKING: | X |
| BASKETBALL: | | | |
| PLAYGROUND: | | | |
| COMMUNITY SPACE: | x | | |
| ON SITE OFFICE | x | | |
| OTHER: | | SERVICE COORDINATOR: | |
| | | off street: | |
| | | carport: | |
| | | garage: | Fee |
| | | zip car: | |
| OTHER | | | |
| PETS: | Yes | UTILITIES (type): | |
| deposit: | | resident pays: | All, including water |
| pet rent: | | | |
| OTHER FEES: | | included: | trash |
| | | CLASS: | |
| PROPERTY CONDITION: | | | |
| COMMENTS: | | | |
| Property includes 88 (25%) affordable units | | | |

Comparable #4

| | | | |
|--------------------------|--|------------------------|------------------------|
| COMP. PROPERTY: | Arbor Point at Woodland Station | | DATE: 9/16/2017 |
| PROPERTY ADDRESS: | 1940 Washington St Newton, MA 02466 | | |
| KEY CROSS STREET: | | | |
| CONTACT NAME: | Donna | DEVELOPER: | |
| PHONE NUMBER: | 866-592-9875 | MANAGEMENT CO.: | National Development |



| UNIT TYPE | BATH | # UNITS | RENT RANGE | | SQ. FT. RANGE | | \$/SQ. FT. RANGE | | % LEASED |
|-----------|------|---------|------------|---------|---------------|-------|------------------|--------|----------|
| 1 BR | 1 | 79 | \$2,380 | \$2,695 | 726 | 1,144 | \$2.36 | \$3.28 | |
| 2 BR | 2 | 89 | \$3,163 | \$3,413 | 1,094 | 1,352 | \$2.52 | \$2.52 | |
| 2 BR - TH | 2.5 | | | | | | | | |
| 3 BR | 2 | 62 | \$4,670 | \$5,135 | 1,489 | 1,770 | \$2.90 | \$3.14 | |
| 3 BR | 2.5 | | | | | | | | |
| TOTAL | | 180 | | | | | | | 97.0% |

Arbor Point at Woodland Station, on Washington Street directly adjacent to the Green Line Subway Station. However, it has a WalkScore of 17. The apartment complex is located approximately 3.5 miles north east of the property.

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

Comparable #5

| | | | |
|--------------------------|--|------------------------|-----------------------------|
| COMP. PROPERTY: | Monmouth Street | DATE: | 9/21/17 |
| PROPERTY ADDRESS: | 101 Monmouth Street Brookline, MA 02446 | | |
| KEY CROSS STREET: | | | |
| CONTACT NAME: | Douglas Allen | DEVELOPER: | Allen Associates Properties |
| PHONE NUMBER: | 617-332-3800 x240 | MANAGEMENT CO.: | Allen - 101 Monmouth Street |



| UNIT TYPE | Number of Units | Used a Comp in RCS? | Average Rent | Average Size | Any Restrictions? (Y/N) | % LEASED |
|-----------|-----------------|---------------------|--------------|--------------|-------------------------|----------|
| Studio | 63 | N | \$1,800 | 570 | N | N/A |
| 1 BR | 37 | Y | \$2,383 | 800 | N | N/A |
| 2 BR | 18 | N | \$3,261 | 1,450 | N | N/A |
| 3 BR | 30 | N | \$3,499 | 1,400 | N | N/A |
| TOTAL | 148 | | | | | 98.0% |

The Monmouth Street Apartments are located in Brookline, Massachusetts and has a WalkScore of 93 and is located in the Fenway district of Boston and benefits from proximity to downtown Boston, and a plethora of restaurants and shops. It is located approximately 7 miles north east of the subject property. We consider the location to be superior to the subject and its condition to be very good.

| | | | |
|--|----------|-----------------------------|--------------------|
| YEAR BUILT: | 1962 | SECURITY DEPOSIT: | |
| BUILDING TYPE | Mid-Rise | OTHER FEES: | |
| NUMBER OF BUILDINGS | | LEASE TERMS: | 1 |
| NUMBER OF FLOORS: | | FURNISHED UNITS: | 9 |
| CONCESSIONS/SPECIALS: | | | |
| N/A | | | |
| BUILDING COMMENTS: | | | |
| Luxury building | | | |
| INTERIOR AMENITIES | | | |
| MICROWAVE: | X | SECURITY: | X |
| F/F REFRIGERATOR: | X | alarm: | |
| WASHER/DRYER: | | gate: | |
| conn: | | patrol: | |
| full size: | | CEILING FAN: | |
| stacked: | | FIREPLACE: | |
| DISHWASHER: | X | VAULTED CEILING: | |
| GARBAGE DISPOSAL: | X | VIEWS: | |
| CABLE READY: | | INTERNET ACCESS: | |
| COUNTERTOP TYPE: | | AIR CONDITIONING | X |
| EXTERIOR AMENITIES | | | |
| LAUNDRY ROOM: | X | FITNESS: | |
| POOL: | X | CLUBHOUSE: | |
| JACUZZI/SAUNA: | | BUSINESS CENTER: | |
| TENNIS: | | PARKING: | X |
| BASKETBALL: | | | off street: |
| PLAYGROUND: | | | carport: |
| COMMUNITY SPACE: | | | garage: |
| ON SITE OFFICE | X | SERVICE COORDINATOR: | zip car: |
| OTHER: Property Manager on Site | | | |
| OTHER | | | |
| PETS: | No | UTILITIES (type): | |
| deposit: | | resident pays: | |
| pet rent: | | | |
| OTHER FEES: | | included: | None |
| | | CLASS: | |
| PROPERTY CONDITION: | | | |
| COMMENTS: | | | |
| Luxury building | | | |

Comparable #6

| | | |
|--------------------------|--|--|
| COMP. PROPERTY: | Avalon at Newton Highlands | DATE: 9/21/17 |
| PROPERTY ADDRESS: | 109 Needham Street Newton, MA 02461 | |
| KEY CROSS STREET: | | |
| CONTACT NAME: | Randetta J. | DEVELOPER: |
| PHONE NUMBER: | 617-658-7031 | MANAGEMENT CO.: AvalonBay Communities |



| UNIT TYPE | BATH | # UNITS | RENT RANGE | | SQ. FT. RANGE | | \$/ SQ. FT. RANGE | | % LEASED |
|-----------|------|---------|------------|---------|---------------|-------|-------------------|--------|----------|
| Studio | 1 | 6 | \$2,230 | \$2,230 | 570 | 570 | \$3.91 | \$3.91 | |
| 1 BR | 1 | 90 | \$2,790 | \$2,790 | 754 | 1,249 | \$2.23 | \$3.70 | |
| 2 BR | 2 | 100 | \$2,789 | \$2,789 | 1,450 | 1,450 | \$1.92 | \$1.92 | |
| 3 BR | 2 | 98 | \$3,390 | \$3,390 | 1,330 | 1,877 | \$1.81 | \$2.55 | |
| | | 294 | | | | | | | 97% |

| | | | |
|------------------------------|----------------------------|--------------------------|--------------------------------|
| YEAR BUILT: | 2003 | SECURITY DEPOSIT: | 1 Month |
| BUILDING TYPE | Mid-Rise | OTHER FEES: | \$150 Application Fee |
| NUMBER OF BUILDINGS | 2 | LEASE TERMS: | Flexible |
| NUMBER OF FLOORS: | 4 | FURNISHED UNITS: | Some |
| CONCESSIONS/SPECIALS: | | | |
| None | | | |
| BUILDING COMMENTS: | | | |
| INTERIOR AMENITIES | | | |
| MICROWAVE: | X | SECURITY: | X |
| F/F REFRIGERATOR: | X | alarm: | Intercom |
| WASHER/DRYER: | X | gate: | |
| conn: | | patrol: | |
| full size: | | CEILING FAN: | |
| stacked: | | FIREPLACE: | X |
| DISHWASHER: | X | VAULTED CEILING: | X |
| GARBAGE DISPOSAL: | X | VIEWS: | |
| CABLE READY: | X | INTERNET ACCESS: | X |
| COUNTERTOP TYPE: | Granite | AIR CONDITIONING | X |
| WINDOW COVERING: | | blinds: | |
| | | shades: | |
| | | CARPET | X |
| | | HARDWOOD: | |
| | | VINYL: | |
| | | OUTSIDE STORAGE: | |
| | | PATIO/BALCONIES: | X |
| | | ELEVATOR: | X |
| EXTERIOR AMENITIES | | | |
| LAUNDRY ROOM: | | FITNESS: | X |
| POOL: | X | CLUBHOUSE: | X |
| JACUZZI/SAUNA: | | BUSINESS CENTER: | |
| TENNIS: | X | PARKING: | 1 Free Covered Space |
| BASKETBALL: | X | off street: | X |
| PLAYGROUND: | | carport: | |
| COMMUNITY SPACE: | X | garage: | \$150 |
| ON SITE OFFICE | X | zip car: | |
| OTHER: | Spa, Putting Green, Grills | | |
| SERVICE COORDINATOR: | | | |
| OTHER | | | |
| PETS: | Pet allowed. 2 Pet Limit | | UTILITIES (type): |
| deposit: | | | resident pays: |
| pet rent: | | | |
| OTHER FEES: | | | included: Trash Removal |
| | | | CLASS: |
| PROPERTY CONDITION: | | | |
| COMMENTS: | | | |

Summary Discussion of Comparables

The next table illustrates the range of rents observed at the comparables examined as part of this report. We have displayed the rents as a monthly rent and as a rent per foot of living space. As shown the one-bedroom units lease between \$1,450 and \$3,150.

Summary of Rent Comparables by Property

| | | COMPARABLE UNIT RENTS | | | | | |
|---------|------|-----------------------|-------|------------|---------|---------------|--------|
| BEDROOM | BATH | SQ. FT. RANGE | | RENT RANGE | | \$/SQFT RANGE | |
| 1 BR | 1 | 550 | 1,249 | \$1,450 | \$3,105 | \$2.28 | \$4.06 |

The comparables have maintained an overall occupancy of 98.3%. The comparables’ ability to increase rents and keep high occupancy rates are another indication of the area’s strong rental market.

Comparable Occupancy Data

| Comparable | Units | | % Vacant |
|---------------------------------|-------------|-----------|-------------|
| | Total | Vacant | |
| 175 Adams Street | 31 | 0 | 0.0% |
| Elmwood Apartments | 27 | 0 | 0.0% |
| Charles River Landing | 350 | 0 | 0.0% |
| Arbor Point at Woodland Station | 180 | 6 | 3.3% |
| Avalon at Newton Highlands | 294 | 9 | 3.0% |
| Monmouth Street | 148 | 3 | 2.0% |
| TOTAL | 1030 | 18 | 1.7% |

When assessing a property’s location, seniors typically give greater weight towards certain amenities such as hospitals, pharmacies, and senior centers. We believe that seniors within the rental market would find the comparables to be in more conveniently located with regards to access of senior-focused amenities. However, the subject is situated adjacent to the JCHE Community Center, providing services that all other comparables do not.

Explanation of Adjustments and Market Rent Conclusions

As discussed, it is our opinion that the subject is in good condition and can compete in the local rental market in its current condition. We have prepared rent analyses for the subject's units in their current condition.

Coleman House One Bedroom Units

Rent Comparability Grids were prepared for one-bedroom units with an average of 574 square feet.

Line 1. Last Rented / Restricted? All of the units are currently rented at the rates shown on the grid. The rents used in the grids range from \$1,525 to \$2,400, for the one-bedroom units. The rents are a monthly rate. We used the unit rents and unit sizes for each comparable that was considered the most comparable to Coleman House. 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 September 2017. No adjustments were required.

Line 3. Rent Concessions. None of the comparables offered or provided rent concessions.

Line 4. Occupancy for Unit Type. Based upon the representative sample of rental apartment complexes used in our RCS, the overall vacancy rate for the apartment units surveyed was 1.7%, with a total of 18 units available out of 1,030.

Local occupancy levels provide another indication of the strength of the market. In our opinion, then, the impact of higher vacancy rates should be reflected in a downward rent adjustment. In contrast, properties view vacancy rates of less than five percent as indicating a strong rental market and supporting rent increase. We spoke with management companies such as Winn Management, who indicated to us that their property managers are under instruction to increase rents when occupancy rates exceed 95%.

A recent study completed by the Center for Urban and Regional Policy confirm the industry held belief that low vacancy rates support rent increases. Their analysis suggests that rents stabilize at rental vacancy rates of approximately 5.5%. At lower vacancy rates, rents begin to rise as renters compete for existing units and the market becomes a "sellers' market". The Center's study concludes that rents will remain on an upward trajectory... "as long as vacancy rates remain as low as they are", less than 5.5%. In order to mirror this behavior we adjusted those properties with vacancy rates of less than five percent upward. In order to not overstate the impact of vacancy rates on market conditions, we adjusted the unit rents for each comparable upward by 50% of the amount the comparable vacancy rate differed from the 5.0% benchmark.

Line 6. Structures / Stories. The subject property's units are contained in an elevated mid-rise building. All comparables except for comparable 1 also provide elevators, the key component in a height distinction for senior households. An adjustment of 5% upwards was made to comparable 1 for the lack of elevator.

Line 7. Yr. Built/Yr. Renovated. According to local rent staff, the market does not recognize any specific adjustment for age exclusive of the adjustments completed for condition.

Line 8. Condition / Street Appeal. The subject property appeared in good condition at the time of the inspection. However, the property is more than 30 years old, built in 1984, and does exhibit some signs of

depreciation. Based on our interior and exterior inspections of the subject and the comparables, and our conversations with property representatives and tenants, we consider all comparables except for 1, 2, and 6 to be in a superior condition to the subject's current condition prior to the completion of the proposed renovations. Accordingly we adjusted by 7.5% in concessions.

Line 9. Neighborhood. The subject property is located off of Route-9 in Newton within driving distance from amenities and services. Comparables 1, 4, and 6 also are located in a similar area in Newton. We consider the locations of Comparables 1 and 6 to be similar to the subject. We consider the proximity of Comparable 4 to the Green Line to warrant a downward adjustment. We consider Brookline, the location of Comparables 2 and 5 to be a generally superior rental location and we adjusted these properties downward. Comparable 3, while in Needham, is quite proximate to the subject and considered to be a similar location.

Line 10. Same Market (miles to subject) Contained in Line 9.

Line 11. Number of Bedrooms. The subject and comparables all contain one bedroom.

Line 12. Number of Baths. The subject's one bedroom units contain one bathroom. All of the comparables' one bedroom units also only have one bathroom. No adjustment was needed.

Line 13. Unit Square Footage. Households weigh the size of a unit together with the site amenities and ability to maneuver within the unit in determining the premium they would pay. Apartments with large living and dining areas may create a premium in family developments but be viewed as a detriment by seniors. The majority of the comparable properties did not provide a variety of sizes. We supplemented the data with additional properties. Properties and tenants factor unit size into their determination of the appropriate rent. In order to calculate the value associated with additional size, we reviewed properties with a range of unit sizes for each bedroom type and compared their unit sizes with the unit rent. Rents were adjusted for other factors such as floor level, view, and unit amenities where they were different. The matched pair analysis indicated a premium of approximately \$0.50 per foot and up to 10% of the rents. We supplemented that analysis with conversations with local rental staff. Based on the market data and these conversations, we employed a \$0.10 per foot adjustment and limited the adjustment to 5%.

Line 14. Balcony / Patio. The subject property does not have any units with private patios or balconies. Comparables 1, 5, and 6 have balconies. The comparables received a negative adjustment of \$10 based on rental rates observed at comparable developments.

Line 15. AC: Central/Wall. The subject units provide an air conditioning sleeve with air conditioner. Comparable 4 is the only comparable without central air. Comparable 2 provides the sleeve for an air conditioner but not the unit and was adjusted upward. The remaining properties received \$5 negative adjustments for their one-bedroom units with central air conditioning.

Line 16. Range/Refrigerator. The subject provides a full gas range and a refrigerator with a freezer. All Comparables provide their units with the same amenities. The conditions of these amenities is factored into Line 8.

Line 17. Microwave/Dishwasher. The subject does not provide a microwave nor a dishwasher. Comparable 1 only includes a dishwasher, while the rest of the comparables provide both a microwave and dishwasher. Adjustments of \$10 for a microwave and \$15 for a dishwasher were applied to the comparables.

Line 18. Washer/Dryer. The subject and the comparables provide a laundry facility (see line 23 on the grid). Comparables 3, 4, and 6 provide in unit equipment hook-ups. Our discussions with rent staff highlight a premium for in-unit equipment. For seniors, who tend to do less laundry, the premium is less than that associated with family properties. To arrive at our adjustments, we adjusted one-bedroom units by \$70.

Line 19. Floor Covering. No adjustment was deemed needed.

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

Line 21. Cable / Satellite / Internet. All of the comparables and the subject have cable or satellite service available as well as internet.

Line 24. Parking. The subject and Comparables 1 and 6 provides off-street parking with the rent. The remaining properties charge a fee for parking and were adjusted upward by \$25, with the limited adjustment due to the reduced value seniors place on parking.

Line 25. Extra Storage. The subject does provide on-site storage for its tenants; storage is available at Comparable 2 however. We applied an adjustment of \$10 for Comparables without storage units based on conversations we have had with property managers.

Line 26. Security. The subject provides a 24 hour presence and provides security at the property. The benefit of the added presence and security is incorporated into line 30.

Line 27. Clubhouse / Meeting Rooms. Please see Line 30.

Line 28. Pool / Recreation Areas. The subject provides a significant level of site amenities but does not provide a pool. Many tenants value amenities such as swimming pools, fitness centers, outdoor terraces and well-appointed club houses and media or multi-visual rooms. The comparables provide a varying degree of amenities relative to the subject. Comparables 1 and 3 do not provide a pool or fitness center. Comparables 3, 4, 5 and 6 has both a pool and fitness center. The presence of an on-site pool would demand a premium for prospective senior tenants. A \$30 upward adjustment was made for comparables lacking a fitness center and from \$75 to \$150 downward adjustments were completed for the balance of the properties. Comparable 6 had an extensive amenity package that warranted the added adjustment. Adjustments for additional common amenities have been factored into our adjustments in Line 30.

Line 29. Business Center / Neighborhood Network. Please refer to Line 30.

Lines 30. Senior Adjustments:

The range of unit rents indicates the typical impact of unit finishes, site amenities, and location on rents. The subject is in good condition and can successfully compete in the local market and rents that reflect the upper end of the rent shown. However, these rents do not capture the value of the senior services provided. Local market data indicate that senior properties command premiums and properties that provide a package of services similar to the subject's command an additional premium and the market data indicate that the premium is significant. In order to better understand the magnitude and strength of the premium for the property's designed to appeal to seniors and the measure the contributory value of the subject's services, we expanded our review to include properties that provide Independent Living.

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

We then estimated the contributory value of the services provided at each property that exceed those provided by the subject. The balance of the housing cost, i.e. the monthly fee less the “apartment rent” less the value of the added services, represents our estimate of the value of the subject’s senior services.

The next several pages illustrate the location of the senior comparables reviewed and provided summary data pages and our calculation of the value of the services provides that reflect the subject’s services.

The subject provides a substantial level of community space, site amenities, and tenant services. The subject package of amenities and services, together with the property’s campus setting is more reflective of local Independent Living and Assisted Living Facilities in the area, than other local rental properties.

In evaluating the relative contribution of the service coordination and availability of non-shelter services in the estimate of comparable market rent, it is the value tenants place on having *access* to such affordable/free services/amenities within a suitable physical and functional setting which is the primary driver of the rent adjustment. While presented herein as a “market basket” of available individual elderly services and amenities, in point of fact, this package of housing and services, being inextricably bound together, creates a unique supportive atmosphere conducive to the physiological and psychological well-being of these elderly tenants. Such an environment is clearly far more valuable, to both the tenants and their adult children in the community, than the individual service components themselves.

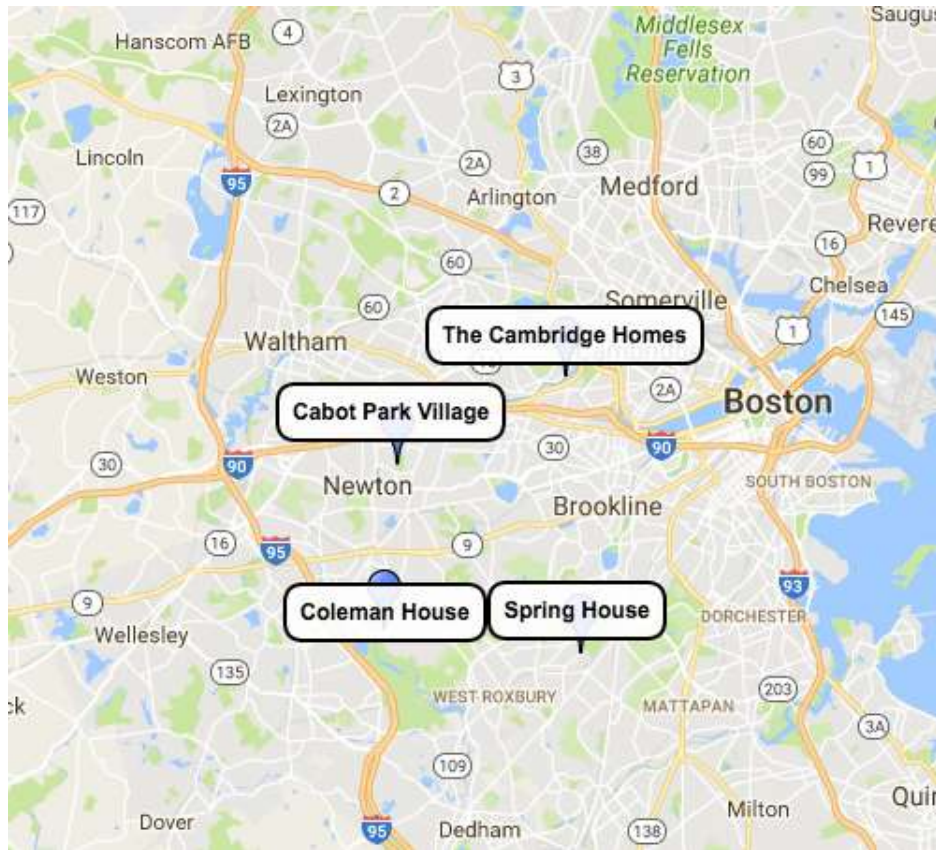
Therefore, to conform to the HUD requirement for professionally complete explanations as to why the adjustments were made and how the dollar values were derived, it is our conclusion that the only reliable means of extracting the economic benefit(s) attributable to occupancy at the subject property is to compare and contrast this development with other age-restricted, service enriched developments which offer greater or fewer service enhancements. This detailed comparison directly addresses the stated “Special Concerns” of HUD regarding the appropriate valuation of service coordination and non-shelter services at elderly housing projects. The methodology of market comparison with a variety of independent and assisted living options is considered to best address the concern that a small sample may skew the range of results and artificially inflate/deflate the final estimated adjustments.

Contained within this report, we have attempted to evaluate the physical and functional aspects of the space and have included consideration of the common areas and how they serve the residents. While this property is not considered alike in all respects to housing specifically defined as independent senior apartments, it is considered far superior to conventional rental alternatives. In addition to the amenities/coordination which are offered at the subject property, we have also considered the relative importance of the elements of safety, security and socialization/community which are fostered here and how they contrast to the social isolation and lack of senior-specific amenities/coordination at alternative rental housing options within the Market Area.

With respect to market-derived advantages and disadvantages, we have examined the Comparable rents contained herein. It should be noted that we have explicitly recognized the marketability of this property to the age restricted tenancy, over 62 year old singles and couples. This tenant base represents the best fit between the subject location, the predominant one bedroom unit type and the extensive elderly-oriented common areas/amenities. As described in the previous paragraphs in this section, adjustments to the Comparables for elements of design, condition, and location amenities have been considered within the context of the needs of the specific subject tenancy. For the purpose of deriving adjustment for services applicable within the

framework of the HUD 92273-S8, we evaluated the impact of the subject staff dedicated to assisting the senior tenants as described in this report.

Exhibit 13 – Location Map of Independent Living Facilities



**Exhibit 14 – Service Enriched Comparables
Service-Enriched Comparable 1**

| | | |
|--------------------------|--|--|
| COMP. PROPERTY: | Cabot Park Village | DATE: 9/22/17 |
| PROPERTY ADDRESS: | 280 Newtonville Avenue Newton, MA 02460 | |
| KEY CROSS STREET: | Near Centre Street (and Mass Pike) | |
| CONTACT NAME: | | DEVELOPER: |
| PHONE NUMBER: | 617.454.4101 | MANAGEMENT CO.: Benchmark Community |



| UNIT TYPE | Number of Units | Used a Comp in RCS? | Average Rent | Average Size | Any Restrictions? (Y/N) | % LEASED |
|------------------|------------------------|----------------------------|---------------------|---------------------|--------------------------------|-----------------|
| Studio | N/A | N | \$4,263 | 441 | N | N/A |
| 1 BR | N/A | Y | \$6,000 | 544 | N | N/A |
| 2 BR | N/A | N | \$7,450 | 800 | N | N/A |
| 3 BR | 0 | N | \$8,000 | NA | N | N/A |
| TOTAL | 100 | | | | | 98.0% |

Description

Cabot Park Village is an elderly community that provides independent living options for its residents. The median age of this community is 85 years of age. As of May 2017, the community was 98% occupied. The majority of residents come from the immediate Newton, Brookline, Brighton, area; however a growing number of residents have moved from more than 20 miles away in order to be closer to their children. The property contains one and two-bedroom units

Apartment Features

- 24-hour emergency call system
- Stylishly modern and fully equipped kitchens
- Individually controlled heating and air conditioning
- Smoke detectors and sprinkler system
- Wall-to-wall carpeting
- Multiple cable TV outlets
- All major utilities

Community Amenities

- Dining room with private room for entertaining
- Terrace room for conversation and refreshments
- Tenant gardens and gazebo
- Card and game room
- Sitting room and lounges
- Library and reading room
- Fitness and exercise room (including saline pool)
- Computer room
- Hair salon
- On-site physician practice
- On-site podiatry visits
- On-site physical and occupational services
- General Store

Services offered for Independent Living

- Two meals a day
- Weekly housekeeping, including linens and towels
- Utilities including, heat, hot water, electricity, water, sewer and trash collection
- 24-hour security
- Scheduled transportation for medical appointments and shopping
- Daily Cultural, social, recreational, and educational program and events
- Health and wellness programs, including health program with trainer

Real Estate Analysis:

To determine the less rental portion of the service enriched comparables (the portion of their rent derived from the real estate, exclusive of the senior services), we analyzed one bedroom units in the comparable property' market area. . The comparable one-bedroom units lease for \$1,450 to \$3,150 based on all the rents at the comparable reviewed. After adjusting for size, we believe the less rental portion for Comparable 1's one-bedroom and two-bedroom units to be \$1,500. The adjusted monthly fee is \$3,700 for a one-bedroom unit.

Services Analysis:

The estimated value of services provided by the subject is calculated by deducting the value of the services not provided by the subject from the adjusted monthly fee.

Cabot Village provides additional services that are not provided at the subject property and the contributory value of these services has been deducted. At this facility, two meals a day are provided as part of the monthly rent. Based on our experience with other assisted living developments and interviews conducted for the purposes of this assignment, the value of the meals has been estimated as follows \$7.50 for lunch, and \$12.50 for dinner. Based on these amounts, the total cost per month is a rounded \$625 per person and deducted accordingly. The value of housekeeping has been estimated at \$30 per week, or \$120 a month. Linen/towel laundry service is estimated similarly as \$60 for the entire month or \$15 per week.

Based on this analysis, the contributory value of the services is as follows:

| Estimated of Contributory Value of Services | | |
|--|-------------|-------------|
| | One-Bedroom | Two-Bedroom |
| Rent Adjustment | | |
| Current Monthly Fee | \$5,200 | \$6,300 |
| Less Rental Portion | \$1,500 | \$2,400 |
| Adjusted Monthly Fee | \$3,700 | \$3,900 |
| Service Adjustment | | |
| Meals | \$625 | \$1,250 |
| Housekeeping | \$120 | \$120 |
| Linens | \$60 | \$60 |
| Other | \$0 | \$0 |
| Total | \$805 | \$1,430 |
| Estimated Premium(\$) | \$2,895 | \$2,470 |
| Estimated Premium(%) | 78% | 63% |

As shown, the premium for the one-bedroom unit exceeds \$2,800.

Service-Enriched Comparable 2

| | | |
|--------------------------|--|--|
| COMP. PROPERTY: | Spring House | DATE: 9/22/17 |
| PROPERTY ADDRESS: | 44-46 Allandale St Boston, MA 02130 | |
| KEY CROSS STREET: | Centre Street | |
| CONTACT NAME: | | DEVELOPER: |
| PHONE NUMBER: | 617-522-0043 | MANAGEMENT CO.: Privately Managed |



| UNIT TYPE | Number of Units | Used a Comp in RCS? | Average Rent | Average Size | Any Restrictions? (Y/N) | % LEASED |
|-----------|-----------------|---------------------|--------------|--------------|-------------------------|----------|
| Studio | NA | N | \$2,367 | 420 | N | N/A |
| 1 BR | NA | Y | \$1,801 | 670 | N | N/A |
| 2 BR | NA | N | \$2,669 | 1,000 | N | N/A |
| 3 BR | 0 | N | \$2,669 | 1,000 | N | N/A |
| TOTAL | 54 | | | | | 98.0% |

In addition to the monthly fee, there is a community fee starting at \$183,750 that is 90% refundable.

Description

Spring House is an elderly community that provides assorted living options for its residents. The median age of this community is 85 years of age. As of June 2016, the community was 96.3% occupied by residents from the Greater Boston area, specifically from within a 25 mile radius of the community. Spring House is comprised of a total of 135 apartments: 52 independent living, 61 assisted living and 22 assisted living for the memory impaired. These units range in size from studios at 420 square feet, to 1,400 square foot apartments. The larger units offer two bedrooms, two bathrooms, and often a den.

Apartment Features

- 24-hour emergency call system
- Stylishly modern and fully equipped kitchens
- Individually controlled heating and air conditioning
- Smoke detectors and sprinkler system
- Wall-to-wall carpeting
- Washer-dryer hook connections
- Multiple cable TV outlets
- All major utilities

Community Amenities

- Dining room with private room for entertaining
- Terrace room for conversation and refreshments
- Art gallery and cafe
- Walking trails and garden
- Card and game room
- Sitting room and lounges
- Library and reading room
- Fitness and exercise room
- Computer room
- Hair salon
- Lovely outdoor seating, gardens and patios
- On-site banking services
- On-site physician practice
- On-site podiatry visits
- On-site physical and occupational services
- Dining – at Woodside

Real Estate Analysis:

To determine the less rental portion of the service enriched comparables (the portion of their rent derived from the real estate, exclusive of the senior services), we analyzed one and two-bedroom units in the comparable property' market area. The comparable one-bedroom units lease for \$1,450 to \$3,150 based on all the rents at the comparable reviewed. After adjusting for size, we believe the less rental portion for Comparable 2's one-bedroom units to be \$1,300. The adjusted monthly fee is \$1,700 for the one-bedroom unit.

Services Analysis:

The estimated contributory value of services is calculated by deducting the contributory value of the apartment and monthly fees by the current monthly fee of the unit. The rent for the unit increases according to the resident's required service level. Therefore this analysis reflects any fees for additional occupants and the value of services provided for an additional person.

Springhouse provides additional services that are not provided at the subject property and the contributory value of these services has been deducted. At this facility, one meal a day is provided as part of the monthly rent. Based on our experience with other assisted living developments and interviews conducted for the purposes of this assignment, the value of the meals has been estimated at \$12.50 for dinner. Based on these amounts, the total cost per month is a rounded \$380 per person and deducted accordingly. The value of housekeeping has been estimated at \$30 per week, or \$120 a month. Linen/towel laundry service is estimated similarly as \$60 for the entire month or \$15 per week.

Based on this analysis, the contributory value of the services is as follows:

Estimated of Contributory Value of Services

| | One-Bedroom | Two-Bedroom |
|-----------------------|-------------|-------------|
| Rent Adjustment | | |
| Current Monthly Fee | \$3,000 | \$4,000 |
| Less Rental Portion | \$1,300 | \$2,000 |
| Adjusted Monthly Fee | \$1,700 | \$2,000 |
| Service Adjustment | | |
| Meals | \$380 | \$760 |
| Housekeeping | \$120 | \$120 |
| Linens | \$60 | \$60 |
| Other | \$0 | \$0 |
| Total | \$560 | \$940 |
| Estimated Premium(\$) | \$1,140 | \$1,060 |
| Estimated Premium(%) | 67% | 53% |

As shown, the premium for the one-bedroom unit exceeds \$1,100.

Service-Enriched Comparable 3

| | | |
|--------------------------|--|-----------------------------------|
| COMP. PROPERTY: | The Cambridge Homes | DATE: 9/22/17 |
| PROPERTY ADDRESS: | 360 Mount Auburn Street Cambridge, MA | |
| KEY CROSS STREET: | Fresh Pond Parkway (State Route 3) | |
| CONTACT NAME: | | DEVELOPER: |
| PHONE NUMBER: | 617-876-0369 | MANAGEMENT CO.: MassRealty |



| UNIT TYPE | Number of Units | Used a Comp in RCS? | Average Rent | Average Size | Any Restrictions? (Y/N) | % LEASED |
|-----------|-----------------|---------------------|--------------|--------------|-------------------------|----------|
| Studio | N/A | N | \$4,650 | 358 | N | N/A |
| 1 BR | N/A | Y | \$5,900 | 550 | N | N/A |
| TOTAL | 44 | | | | | 100.0% |

**An additional person adds an increase of \$1400 for each unit. Not all units are allowed to house more than 1 person.

Assisted Living Pricing Summary:
 Personalized Wellness Care Plan is \$475 per unit per person.
 Additional Fees - \$290 per month for medical management

The Cambridge Homes is a monthly rental community offering Independent and Assisted Living. They offer a range of accommodations and service packages to meet individual needs and preferences. Specific monthly rates are based on the apartment type and location, as well as service options chosen by the resident.

Resident

Most residents are from the Greater Boston Area. The oldest resident is 104 years old. The average age of the resident is between 85 and 90 years old.

Lifestyle Amenities & Services

- Three meals per day
- Social, educational, cultural & spiritual activities
- Group outings with Transportation
- Weekly apartment housekeeping & daily trash removal
- Weekly laundering of towels & bed linens (washers & dryers available for personal use)
- Full use of indoor & outdoor community areas
- Maintenance of building & grounds

Personal Care & Wellness Services

- Medication management assistance
- Personal care assistance (help with showering, dressing & personal hygiene) available 24 hours a day
- Personalized Wellness Care Plan
- 24-hour personal emergency response system in every apartment
- Semiannual health assessments by a registered nurse
- Wellness Program, including exercise classes to improve strength & balance

Additional Services Available

Personal laundry services

Housekeeping

Guest meals and tray service,

The following services are provided by outside vendors and rates are established by the providers.

- Hairdressing & barber services
- Dry cleaning services (pick up & delivery)
- Pharmacy delivery service
- Private telephone, cable TV & internet service
- Third-party healthcare services, including temporary agency skilled nursing, podiatry, physical therapy & occupational therapy

Social Classes and Projects

Play-reading and poetry workshops

Painting, cooking & computer classes

Gardening - indoor and outdoor in raised planting beds

Live musical entertainment, parties & seasonal events

Shopping, dining & sightseeing excursions

Intergenerational programs

Daily exercise classes including strength training

Spiritual discussion group & opportunities for worship

Educational programs and weekly current event group discussions

Real Estate Analysis:

To determine the less rental portion of the service enriched comparables (the portion of their rent derived from the real estate, exclusive of the senior services), we analyzed one-bedroom units in the comparable property market area. The comparable one-bedroom units lease for \$1,450 to \$3,150 based on all the rents at the comparable reviewed. After adjusting for size, we believe the less rental portion for Comparable 2's one-bedroom units to be \$1,800. The adjusted monthly fee is \$3,800.

Services Analysis:

The estimated contributory value of services is calculated by deducting the contributory value of the apartment and monthly fees by the current monthly fee of the unit. The rent for the unit increases according to the resident's required service level. For this analysis, the base rental fee has been used.

Cambridge Homes provides additional services that are not provided at the subject property and the contributory value of these services has been deducted. At this facility, three meals a day are provided as part of the monthly rent. Based on our experience with other assisted living developments and interviews conducted for the purposes of this assignment, the value of the meals has been estimated as follows: \$4.50 for breakfast, \$7.50 for lunch, and \$12.50 for dinner. Based on these amounts, the total cost per month is a rounded \$750 per person and deducted accordingly. The value of housekeeping has been estimated at \$30 per week, or \$120 a month. Linen/towel laundry service is estimated similarly as \$60 for the entire month or \$15 per week. Based on this analysis, the contributory value of the services is as follows:

Estimated of Contributory Value of Services (One-Bedroom Unit)

| | |
|------------------------|---------|
| Rental Adjustment | |
| Current Monthly Fee | \$5,600 |
| Less Rental Portion | \$1,800 |
| Adjusted Monthly Fee | \$3,800 |
| Service Adjustment | |
| Meals | \$750 |
| Housekeeping | \$120 |
| Linenes | \$60 |
| Other | \$0 |
| Total | \$930 |
| Estiamted Premium (\$) | \$2,870 |
| Estiamted Premium (%) | 63% |

As shown, the premium for the one-bedroom unit exceeds \$2,800.

Our comparable analysis indicates that these services generate a premium of 63% to 78% discounting the peace of mind of continuum of care options and a minimum of 20% to 30% after such an adjustment. Our review of the properties indicates that there is a premium associated with the services that is independent of the value of the rental rates. The next several paragraphs highlight those categories on the rent grids that warranted adjustments. In addition to the value of the services provided by the subject, senior tenants place a value living with senior and exclusive of children.

Line 30. Age Restricted In addition to the value of the services provided by the subject, senior tenants place a value living with senior and exclusive of children. In order to capture the separate value of this feature, we separately adjusted all comparables by an additional \$30 for the one bedroom units.

Line 31. Senior Services As described in the previously pages, the market recognizes a significant premium for senior focused services and amenities. Our review of local senior properties support an aggregate adjustment of 65% to 75% of the standard rents that would include the adjustment for age-restricted units. We have segmented that adjustment into three categories. The Senior Services premium is estimated at 22.50%, exclusive of the age-restricted premium. The total adjustment including the age-restricted component is equal to roundly 23% to 25% of the comparable rents.

Line 30. Site Environment. The subject property appeared in good condition at the time of the inspection. The common areas and the grounds appeared in very good condition and are considered a significant attribute. Our analysis assumes the completion of an extensive scope of work as described in this report. Upon the completion of that scope, the property will continue to be in excellent condition.

In our opinion, the differing comparable rent levels are less significant to our senior premium than the indicated value of the services. Thus, we completed dollar adjustments and not percentage adjustments.

Line 33. Heat. The subject and all of the comparables except for Comparables 3, 5, and 6 provide heat. Comparable 5 was adjusted based on local utility chart data with adjustments for market behavior.

Line 34. Cooling. The subject provides the cost of cooling. The comparables do not. Adjustments were completed based on local utility chart data with adjustments for market behavior.

Line 35. Cooking. None of the comparables include cooking heat in their rent packages. Based off of utility allowances and local market data, we applied adjustments for all the Comparables as they do not include fuel or electric costs associated with the use of kitchen ranges. Tenants typically do not perceive a difference in the different utility costs associated between electric and gas ranges and did not warrant a separate adjustment.

Line 36. Hot Water. The subject includes hot water in tenants' rents. Comparables 3, 5 and 6 do not include hot water and were adjusted by \$5 based on our review of market data.

Line 37. Other Electric. The subject provides unit electric. The comparables do not provide unit electric. Adjustments were made to comparable based on local utility chart data and our review of market data.

Line 38. Cold Water / Sewer. The subject includes cold water and sewer in unit rents. Comparables 2, 3, 4, 5 and 6 do not provide this utility and were adjusted by \$40.

Line 39. Trash / Recycling. Provided by the subject and the comparables.

Line 46. Conclusion of Market Rent One-Bedroom, As-Is

- a. The one-bedroom market rents range between \$1,525 and \$2,400 prior to any adjustments. The adjusted rents range from \$2,100 to \$2,950. The adjustments reduced the range from 57.4% to 40.5%.
- b. The comparables exhibited an adjusted median rent of approximately \$2,820 and an adjusted weighted average of \$2,660 per month. The weighted average reflects the gross adjustments applied to each of the comparables.
- c. Based on the strength of the market, the rents observed in the market, our analysis and adjustments, we estimate the market rent for the one-bedroom units at \$2,675 per month.

The \$2,675 as-is rent estimates can be compared with the rents at the Independent Living developments. Their one-bedroom rents were \$3,000 to \$6,500. Their adjusted rents were more than \$3,500 (including the estimated unit rental portion).

One-Bedroom Rent Grid (As-Is)

Rent Comparability Grid

Unit Type

One BR

| Subject | | Comp #1 | | Comp #2 | | Comp #3 | | Comp #4 | | Comp #5 | | Comp #6 | |
|---------------------------------------|--|------------------|---------------|---------------------|---------|-----------------------|---------|------------------|---------|---------------------|---------|----------------------------|---------|
| Coleman House | | 175 Adams Street | | Elmwood Apartments | | Charles River Landing | | Woodland Station | | Monmouth Street | | Avalon at Newton Highlands | |
| 677 Winchester Street | | 175 Adams Street | | 110 Babcock Street | | 300 Second Street | | 1940 Washington | | 101 Monmouth Street | | 109 Needham Street | |
| Newton, MA | | Newton, MA 02458 | | Brookline, MA 02446 | | Needham, MA | | Newton, MA | | Brookline, MA 02446 | | Newton, MA 02461 | |
| Data | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| A. Rents Charged | | | | | | | | | | | | | |
| 1 | \$ Last Rent / Restricted? | \$1,525 | | \$2,300 | | \$2,400 | | \$2,400 | | \$2,383 | | \$2,770 | |
| 2 | Date Last Leased (mo/yr) | Sep-17 | | Sep-17 | | Sep-17 | | Sep-17 | | Sep-17 | | Sep-17 | |
| 3 | Rent Concessions | No | | No | | No | | No | | No | | No | |
| 4 | Occupancy for Unit Type | 100% | \$80 | 100% | \$120 | 98% | \$70 | 97% | \$50 | 98% | \$70 | 95% | \$0 |
| 5 | Effective Rent & Rent/ sq. ft | \$1,605 | \$2.57 | \$2,420 | \$3.72 | \$2,470 | \$3.09 | \$2,450 | \$3.31 | \$2,453 | \$3.24 | \$2,659 | \$2.65 |
| B. Design, Location, Condition | | | | | | | | | | | | | |
| 6 | Structure / Stories | E-5 | \$80 | E-4 | | E-4 | | E-5 | | E-9 | | E-4 | |
| 7 | Yr. Built/Yr. Renovated | 1984 | | 1962 | | 2010 | | 2007 | | 1962 | | 2003 | |
| 8 | Condition /Street Appeal | G | | G | | E | (\$180) | E | (\$180) | G | | E | (\$210) |
| 9 | Neighborhood | Newton | | Superior | (\$120) | Comparable | | Superior | (\$60) | Superior | (\$120) | Comparable | |
| 10 | Same Community (miles to subject) | | 5.3 | | 7.1 | | 0.9 | | 3.7 | | 7.8 | | 1.3 |
| C. Unit Equipment/ Amenities | | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj |
| 11 | # Bedrooms | 1 | | 1 | | 1 | | 1 | | 1 | | 1 | |
| 12 | # Baths | 1 | | 1 | | 1 | | 1 | | 1 | | 1 | |
| 13 | Unit Interior Sq. Ft. | 574 | 625 (\$10) | 651 (\$10) | | 800 (\$20) | | 740 (\$20) | | 756 (\$20) | | 1002 (\$40) | |
| 14 | Balcony/ Patio | N | (\$10) | N | | No | | No | | Y | (\$10) | Y | (\$10) |
| 15 | AC: Central/ Wall | W | (\$5) | N | \$5 | C | (\$5) | C | (\$5) | C | (\$5) | C | (\$5) |
| 16 | Range/ refrigerator | Y/Y | | Y/Y | | Y/Y | | Y/Y | | Y/Y | | Y | |
| 17 | Microwave/ Dishwasher | N/N | (\$15) | Y/Y | (\$25) | Y/Y | (\$25) | Y/Y | (\$25) | Y/Y | (\$25) | Y/Y | (\$25) |
| 18 | Washer/Dryer | N | | N | | W/D | (\$70) | W/D | (\$70) | N | | W/D | (\$70) |
| 19 | Floor Coverings | M | | M | | M | | M | | M | | C | |
| 20 | Window Coverings | Y | | Y | | Y | | Y | | Y | | Y | |
| 21 | Cable/ Satellite/Internet | Y/N/Y | | Y/N/Y | | Y/N/Y | | Y/N/Y | | Y/N/Y | | Y/N/Y | |
| 22 | Site Office | Y | | Y | | Y | | Y | | Y | | Y | |
| 23 | Laundry Facility | Y | | Y | | N | | Y | | Y | | N | |
| D. Site Equipment/ Amenities | | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj |
| 24 | Parking (\$ Fee) | S | | Fee | \$25 | Fee | \$25 | C(No) | (\$15) | S w/fee | \$25 | S | |
| 25 | Extra Storage | Y | \$10 | Y | | N | \$10 | N | \$10 | N | \$10 | N | \$10 |
| 26 | Security | I | | I | | I | | I | | I | | I | |
| 27 | Clubhouse/ Meeting Rooms | Y/Y | | Y/Y | | Y/Y | | N/N | | N/N | | Y/Y | |
| 28 | Pool/ Recreation Areas | N/Y | \$30 | N/N | \$30 | Y/Y | (\$75) | Y/Y | (\$75) | Y/Y | (\$75) | Y/Y | (\$150) |
| 29 | Business Ctr / Nhbhd Netwk | Y | | N | | N | | N | | N | | N | |
| 30 | Age-Restricted | Y | \$30 | N | \$30 | N | \$30 | N | \$30 | N | \$30 | N | \$30 |
| 31 | Senior Services | Y | \$310 | N | \$460 | N | \$480 | N | \$480 | N | \$480 | N | \$550 |
| 32 | Site Environment | C | \$40 | N | \$60 | N | \$60 | N | \$60 | N | \$60 | N | \$70 |
| E. Utilities | | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj | | \$ Adj |
| 33 | Heat (in rent?/ type) | Y-G | | Y | \$0 | N | \$40 | Y-G | \$0 | N | \$40 | N | \$40 |
| 34 | Cooling (in rent?/ type) | Y | \$5 | N | \$5 | N | \$5 | N | \$5 | N | \$5 | N | \$5 |
| 35 | Cooking (in rent?/ type) | Y-G | \$10 | N | \$10 | N | \$10 | N | \$10 | N | \$10 | N | \$10 |
| 36 | Hot Water (in rent?/ type) | Y-G | \$0 | Y | \$0 | N | \$5 | Y | \$0 | N | \$5 | N | \$5 |
| 37 | Other Electric | Y | \$20 | N | \$20 | N | \$20 | N | \$20 | N | \$20 | No | \$20 |
| 38 | Cold Water/ Sewer | Y | \$0 | N | \$40 | N | \$40 | N | \$40 | N | \$40 | N | \$40 |
| 39 | Trash /Recycling | Y | \$0 | Y | \$0 | Y | \$0 | Y | \$0 | Y | \$0 | Y | \$0 |
| F. Adjustments Recap | | | | | | | | | | | | | |
| 40 | # Adjustments B to D | | 4 | | 3 | | 5 | | 6 | | 8 | | 7 |
| 41 | Sum Adjustments B to D | | (\$40) | | (\$155) | | (\$375) | | (\$450) | | (\$255) | | (\$510) |
| 42 | Sum Utility Adjustments | | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | | \$0 |
| | | | Net | | Gross | | Net | | Gross | | Net | | Gross |
| 43 | Net/ Gross Adjmts B to E | | \$495 | | \$575 | | \$530 | | \$840 | | \$350 | | \$1,100 |
| | | | \$205 | | \$1,105 | | \$205 | | \$1,105 | | \$470 | | \$980 |
| 44 | Adjusted Market Rent | | \$2,100 | | \$2,950 | | \$2,820 | | \$2,655 | | \$2,923 | | \$2,929 |
| 45 | Adj Rent/Last rent | | | | 131% | | 122% | | 114% | | 108% | | 119% |
| 46 | Estimated Market Rent | \$2,675 | \$4.66 | | | | | | | | | | |

Appraiser's Signature

Date

Appraiser Certification

Project Name: Coleman House I

By my signature below, I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective financial interest in the above property, its ownership or management agent entity, or the principals of those entities. I am not an employee of those principals or entities, and I have no business or close personal/family interest with those parties that commonly would be perceived to create bias or a conflict of interest.
4. I have no bias with respect to the property that is the subject of this report or to the ownership or management parties involved with this assignment.
5. My engagement in and compensation for this assignment were and are not contingent upon the reporting of a predetermined rent or direction in rent. My fee is my only compensation for this rent study assignment. There are no other side agreements or considerations.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and all applicable HUD procedures for performing Rent Comparability Studies for Section 8 contracts.
7. Mr. Ejay Kao, an associate at Bonz and Company, assisted in gathering some of the rental information. Mr. Salisbury inspected the interior and exterior of the subject property to determine the property's physical and functional characteristics.
8. No one provided significant professional assistance to the person signing this report except the persons listed here, E-Jay Kao. If anyone is listed here, his/her contribution is identified in the Scope of Work section of this report.
9. I am a certified general appraiser, licensed and in good standing with the state appraiser regulatory agency where the subject property is located and I meet all of the appraiser qualifications required in
10. HUD's rent comparability procedures. I am not debarred or suspended from doing business with the Federal Government. I also am not under a Limited Denial of Participation (LDP) imposed by the HUD

Multifamily HUB or Program Center having jurisdiction over the Section 8 project. Any LDPs in effect now or in the past three years were imposed by the following HUD offices.

Warning: If you knowingly make a false statement on this form, you may be subject to civil penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000.00 for each violation.



Appraiser's Name: Robert H. Salisbury **Signature:** _____

Date: 9/25/2017

Permanent License No: 75492

Issuing State: MA

Expires: 2/7/2018

Did you prepare the RCS under a temporary license? No *If so, attach a copy of the temporary license.*

APPENDIX

Qualifications of Robert H. Salisbury

Employment

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

Education

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

Experience

Mr. Salisbury's market analysis experience includes

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

His valuation experience includes

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