



REAL PROPERTY **RESEARCH** GROUP

ATLANTA ■ WASHINGTON/BALTIMORE

Market Feasibility Analysis

Bell Street Flats Apartments

Knoxville, Knox County, Tennessee

Prepared for:

Knoxville's Community Development Corporation

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EXECUTIVE SUMMARY

Knoxville's Community Development Corporation has retained Real Property Research Group, Inc. (RPRG) to conduct a comprehensive market feasibility analysis for Bell Street Flats, a proposed general occupancy multi-family rental community in Knoxville, Knox County, Tennessee. Bell Street Flats will offer 105 newly constructed rental units including 79 LIHTC units targeting renter households earning up to 50 percent and 60 percent of the Area Median Income (AMI) with 43 LIHTC units benefiting from Project Based Rental Assistance (PBRA) through the Section 8 program. Twenty-six units will be market rate without income or rent restrictions. Bell Street Flats is the first phase of redevelopment of Austin Homes Apartments with additional phases in the planning stages.

A detailed summary of the subject property, including the rent and unit configuration, is shown in the table below. The rents shown include the cost of trash removal.

Unit Mix/Rents								
Bed	Bath	Income Target	Size (sqft)	Quantity	Contract Rent	Gross Rent	Utility Allowance	Proposed Rent
1	1	50% AMI/PBRA	650	7	\$526	\$604	\$78	\$526
1	1	60% AMI/PBRA	650	8	\$526	\$604	\$78	\$526
1	1	60% AMI	650	19		\$787	\$78	\$709
1	1	Market	650	12		\$878	\$78	\$800
2	1	50% AMI/PBRA	850	6	\$641	\$733	\$92	\$641
2	1	60% AMI/PBRA	850	1	\$641	\$733	\$92	\$641
2	1	60% AMI	850	17		\$945	\$92	\$853
2	1	Market	850	4		\$1,092	\$92	\$1,000
2	2	Market	1,000	10		\$1,292	\$92	\$1,200
3	2	50% AMI/PBRA	1,150	3	\$831	\$908	\$106	\$802
3	2	60% AMI/PBRA	1,150	14	\$831	\$937	\$106	\$831
4	2	60% AMI/PBRA	1,300	4	\$1,073	\$1,194	\$121	\$1,073
Total				105				

Rents include water, sewer, and trash removal.

Lesser of the proposed contract rent and maximum allowable LIHTC rent is analyzed

Source: Knoxville's Community Development Corporation

Based on our research, including a site visit on March 8, 2019, we have arrived at the following findings:

Site and Neighborhood Analysis:

The subject site is a suitable location for affordable rental housing as it is compatible with surrounding land uses and has access to neighborhood amenities and employers.

- The subject site is within two miles of convenience stores, recreation facilities, schools, a bank, grocery stores, a pharmacy, and restaurants. Several KAT bus stops are within one-quarter mile of the site including a stop adjacent to the site. Medical facilities including Fort Sanders Regional Medical Center are within three miles west of the site.
- Bell Street Flats will be compatible with surrounding land uses with several apartment communities within one-half mile to the south including two of the highest-priced



communities in the market area. The site is on the edge of a large residential neighborhood comprised primarily of modest value single-family detached homes.

- Downtown Knoxville is within one-half mile west of the site with the region's largest concentration of jobs.
- Interstate 40 and several U.S. and state highways are within roughly one mile of the site providing access to the Knoxville area.
- RPRG did not identify any negative land uses at the time of the site visit that would negatively impact the proposed development's viability in the marketplace.

Economic Context:

Knox County's economy is growing with job growth in each of the past seven years and a decreasing unemployment rate which is well below state and national levels.

- Knox County's unemployment rate decreased significantly to 3.2 percent in 2017 which is the lowest level since at least 2007 and is below state (3.7 percent) and national (4.0 percent) rates. The average unemployment rate through the third quarter of 2018 dropped to 3.0 percent which remained well below state and national levels.
- Knox County added 21,509 net jobs (10.0 percent net growth) from 2011 to 2017, more than recouping the 12,396 jobs lost from 2009 to 2010 during the recession. The county added at least 1,000 jobs in each of the past five years including at least 4,000 jobs annually from 2014 to 2016. Knox County added 711 jobs in the first half of 2018.
- Trade-Transportation-Utilities, Professional-Business, and Education-Health are Knox County's largest employment sectors with a combined 54.2 percent of the county's jobs; each of these sectors account for a larger proportion of the county's jobs compared to jobs nationally. Knox County has a smaller percentage of jobs in the Natural Resources, Manufacturing, and Government sectors when compared to the nation.

Population and Growth Trends:

The Bell Street Flats Market Area lost population and households from 2000 to 2010 with net loss of roughly two percent. This trend reversed over the past nine years with steady growth which is expected to continue over the next five years.

- Based on Esri data, RPRG estimates that the Bell Street Flats Market Area added 3,628 net people and 1,865 net households from 2010 to 2018. Annual gains over the past nine years were 403 people (1.0 percent) and 207 households (1.1 percent).
- Recent trends are projected to continue in the market area over the next five years with the annual addition of 385 people (0.9 percent) and 196 households (1.0 percent). The market area will reach 45,347 people and 21,151 households by 2024.

Demographic Context:

- The population for Bell Street Flats Market Area is older than Knox County's with 2019 median population ages of 40 and 38, respectively. Adults age 35-61 is the largest cohort in the market area at roughly 35 percent while all other age cohorts (Children Youth, Young Adults, and Seniors) each account for roughly 21-22 percent of the market area's population.
- The Bell Street Flats Market Area's households have a much higher propensity to rent than in Knox County with 2019 renter percentages of 57.4 percent in the market area and 37.6 percent in the county. The market area added 2,317 net renter households and lost 823 owner households from 2000 to 2019 and RPRG projects the market area to add 563 net renter households from 2019 to 2024 (57.4 percent of net household growth).



- Roughly 43 percent of Bell Street Flats Market Area households were single-person households in 2010 while roughly one-third were multi-person households without children. Approximately 24 percent of households in the market area had children.
- Half of the renter households in the Bell Street Flats Market Area were single person households as of the 2010 Census and 22.9 percent had two people. Roughly 27 percent of market area renter households had three or more people.
- The Bell Street Flats Market Area's 2019 median income of \$33,026 is \$22,183 or 40.2 percent lower than the \$55,209 median income in Knox County. The median income of renters in the Bell Street Flats Market Area as of 2019 is \$23,348 for renters with a significant proportion of modest and moderate-income renter households. The majority (53.5 percent) of market area renter households earn less than \$25,000, 14.7 percent earn \$25,000 to \$34,999, and 23.4 percent earn moderate incomes of \$35,000 to \$74,999.

Competitive Housing Analysis:

The Bell Street Flats Market Area's multi-family rental market is strong with limited vacancies among market rate and LIHTC communities.

- The surveyed communities without PBRA reporting occupancy have 31 vacancies among 1,156 combined units for an aggregate vacancy rate of 2.7 percent; management at Caprice refused to provide occupancy information and is not included in totals. All but one surveyed community have a vacancy rate of less than five percent including five of seven with a vacancy rate of less than three percent. The surveyed communities with PBRA have 10 vacancies among 589 combined units for an aggregate vacancy rate of 1.7 percent.
- Among all surveyed rental communities without PBRA, net rents, unit sizes, and rents per square foot are as follows:
 - **One-bedroom** rents average \$892 for 655 square feet or \$1.36 per square foot.
 - **Two-bedroom** rents average \$1,048 for 934 square feet or \$1.12 per square foot.
 - **Three-bedroom** rents average \$1,306 for 1,242 square feet or \$1.05 per square foot.
 - **Four-bedroom** rents at Maplehurst Park are \$2,700 for 2,000 square feet or \$1.35 per square foot.

The three newest upscale market rate communities are priced at the top of the market including the newest community in downtown (Marble Valley Lofts) which is priced well above the other communities. Maplehurst Park (market rate) which is older but rehabbed in 2010 is priced just below these communities and offers standard features and no community amenities. The LIHTC community (River View Park) has rents at or near the bottom of the market comparable to the oldest market rate communities.

- The estimated market rents for the units at Bell Street Flats are \$1,001 for one-bedroom units, \$1,265 for two-bedroom units, \$1,333 for large two-bedroom units, \$1,630 for three-bedroom units, and \$1,742 for four-bedroom units. The lesser of the proposed contract rent and maximum LIHTC rent for units with PBRA all have rent advantages of at least 38.4 percent; however, rent advantages will be greater given tenants with PBRA pay a percentage of income for rent. The proposed 60 percent AMI rents without PBRA have rent advantages of 29.2 percent for one-bedroom units and 32.6 percent for two-bedroom units while the market rate rents have rent advantages ranging from 10.0 to 20.9 percent. The project's overall weighted average rent advantage is 34.9 percent.
- Phase III of the Five Points redevelopment (LIHTC/PBRA) is under construction and the site for phase IV of Five Points (LIHTC/PBRA) is cleared and will begin construction soon. These communities will offer comparable units to the LIHTC/PBRA units at the subject property.



Five upscale market rate communities are planned in or near downtown that are expected to have rents well above the market rate rents at the subject property and will not directly compete with Bell Street Flats.

Project Specific Affordability and Demand Analysis:

All capture rates are low with or without accounting for the proposed PBRA, indicating significant income-qualified renter households will exist in Bell Street Flats Market Area as of 2021 to support the 105 units proposed at Bell Street Flats with or without PBRA. The project's very low penetration rates (with or without PBRA) represent a potentially underserved rental market for the units proposed at the subject property.

- The affordability renter capture rates by floor plan without accounting for PBRA range from 0.4 percent to 2.2 percent and renter capture rates by AMI level are 0.5 percent for 50 percent AMI units, 2.0 percent for 60 percent AMI units, 1.9 percent for all LIHTC units, and 0.8 percent for market rate units; the project's overall renter capture rate is 2.1 percent without accounting for PBRA. Removal of the minimum income limit for the proposed LIHTC units with PBRA increases the number of income-qualified renter households to 10,114, thus lowering the project's overall renter capture rate to 1.0 percent.
- The project's overall penetration rate without accounting for PBRA is a very low 17.1 percent. The project's overall penetration rate when accounting for PBRA is lower at 14.5 percent.
- Based on southeast LIHTC demand methodology, the project's demand capture rates without accounting for PBRA are 1.1 percent for 50 percent AMI units, 4.2 percent for 60 percent AMI units, 3.8 percent for LIHTC units, 1.7 percent for market rate units, and 4.3 percent for the project overall. Accounting for the proposed PBRA on all LIHTC units, the project's capture rates drop significantly to 0.4 percent for 50 percent AMI units, 1.4 percent for 60 percent AMI units, 1.8 percent for LIHTC units, 1.7 percent for market rate units, and 2.2 percent for the project overall. All capture rates are low with or without accounting for the proposed PBRA indicating significant demand for the subject property with or without the proposed PBRA on LIHTC units.

Product Evaluation:

Considered in the context of the competitive environment, the relative position of Bell Street Flats is as follows:

- **Site:** The subject site is acceptable for a rental housing development targeting very low to moderate income renter households. Surrounding land uses are compatible with multi-family development and the subject site is convenient to traffic arteries, employers, and community amenities and services. The site is considered generally comparable to all surveyed rental communities except for Marble Valley Lofts which has a superior location in downtown as it is walkable to downtown amenities and services as well as the largest concentration of employers in the region.
- **Unit Distribution:** The proposed unit mix for Bell Street Flats includes 46 one-bedroom units (43.8 percent), 38 two-bedroom units (36.2 percent), 17 three-bedroom units (16.2 percent), and 4 four-bedroom units (3.8 percent). One, two, and three-bedroom floor plans are common in the market area and the proposed unit distribution is generally comparable to the surveyed rental stock which offers 39.6 percent one-bedroom units, 45.4 percent two-bedroom units, and 14.6 percent three-bedroom units. Although only one surveyed community without PBRA offers four-bedroom units, the several four-bedroom units proposed at the subject property is acceptable given roughly 15 percent of renter households



in the market area had four or more people. The market rate units at the subject property will roughly be split between one and two-bedroom units; both floor plans are offered at six of seven surveyed market rate communities. The proposed unit mix will be well received in the market area.

- **Unit Size:** The proposed unit sizes at Bell Street Flats are 650 square feet for one-bedroom units, 850 square feet and 1,000 square feet for two-bedroom units (weighted average of 957 square feet), 1,150 square feet for three-bedroom units, and 1,300 square feet for four-bedroom units. The proposed one, two, and three-bedroom unit sizes are within 100 square feet of market averages including generally comparable one-bedroom units and the larger two-bedroom units will be 66 square feet larger than the market average. The proposed four-bedroom unit size will be smaller than the oversized four-bedroom market rate units at Maplehurst Park but larger than nearly all three-bedroom units in the market area. The proposed unit sizes will be competitive in the market especially given the proposed PBRA on the majority of LIHTC units and most of the proposed market rate units are one-bedroom units or the larger two-bedroom units which are comparable or larger than existing units in the market area. Furthermore, the proposed market rate rents result in rent per square foot significantly lower than the newer upscale market rate communities.
- **Unit Features:** Bell Street Flats will offer a range, refrigerator, dishwasher, microwave, patio/balcony, laminate hardwood flooring, and washer and dryer connections. These unit features are superior to the surveyed rental communities except for the three newest upscale market rate communities. The subject property will be the only community to offer a microwave and laminate hardwood flooring when compared to the older market rate communities and LIHTC community. The three upscale communities priced at the top of the market offer unit finishes including stainless steel appliances, granite countertops, laminate hardwood flooring, designer cabinets, and upgraded lighting with the two highest priced communities offering structured garage parking and washers and dryers in each; these unit features are superior to those proposed at Bell Street Flats. The proposed unit features/finishes will be competitive in the market as the proposed market rate rents are well below those at the upscale communities and the majority of proposed LIHTC units will have PBRA.
- **Community Amenities:** Bell Street Flats' amenity package will include a community room, playground, walking trail, and business/computer center. The proposed amenities are superior to several of the older market rate communities but are less extensive than those at the highest-priced market rate communities and the LIHTC community. The subject's amenities are acceptable given PBRA on more than half of the proposed LIHTC units and the proposed market rate rents are below the newer market rate communities with more extensive amenities. The lack of a swimming pool at the subject property is acceptable given the low proposed rents and smaller size of Bell Street Flats (105 units) when compared to the larger market rate communities that offer a swimming pool (ranging from 150 to 248 units). The proposed amenities will be competitive in the market with the proposed rents and PBRA on the majority of LIHTC units.
- **Marketability:** The subject property will offer an attractive product that is suitable for the target market. The proposed mid-rise design with elevators will be appealing to very low to moderate income renter households as this is only offered at the much higher priced upscale market rate communities in the market area.
- **Rents:** The proposed rents for LIHTC units with PBRA (lesser of the proposed contract rent and maximum allowable LIHTC rent) will be near the bottom of the market; tenants of PBRA units will not pay the proposed contract rents, but rather a percentage of their income. The proposed rents for LIHTC units without PBRA are appropriately positioned well below nearly



all market rate rents in the market area. The proposed two-bedroom 60 percent AMI rents are well above the existing 60 percent AMI rents at River View Park; however, this community is fully occupied which suggests room for rent growth and the affordability analysis indicates significant income-qualified renter households in the market area to fill the proposed LIHTC units without PBRA at the proposed rents. The proposed market rate rents are appropriately positioned below the upscale market rate communities in the market area and well below the top of the market. The subject's market rents are comparable to rents at Maplehurst Park which offers an older and inferior product when compared to the subject property. All proposed rents will be competitive in the market among LIHTC and market rate communities.

Absorption Estimate:

Five Points Phase II (LIHTC with PBRA) opened in April 2018 and all units were leased by July 2018 and an average monthly absorption of 28 units. In addition to the experience at this community, absorption estimates are based on the following:

- The market area is expected to add 980 net households over the next five years including 563 renter households.
- More than 5,000 renter households will be income-qualified for one of the proposed units at the subject property without accounting for the proposed PBRA; the project-wide affordability renter capture rate is a low 2.1 percent. When accounting for PBRA, 10,114 renter households will be income-qualified for one of the proposed units resulting in an overall affordability renter capture rate of 1.0 percent. The very low penetration rates with or without accounting for PBRA indicate a potentially underserved market for the unit mix and rents proposed at the subject property.
- The project's demand capture rate is a low 4.3 percent without accounting for PBRA. When accounting for PBRA, the capture rate drops to 2.2 percent. The low capture rate indicates significant demand for the subject property with or without PBRA.
- The Bell Street Flats Market Area's rental market is strong with an aggregate reporting vacancy rate of 2.7 percent among 1,156 combined units without PBRA; the only LIHTC community without PBRA is fully occupied. The surveyed LIHTC communities with PBRA have an aggregate vacancy rate of 1.7 percent among 589 combined units.
- Bell Street Flats will offer an attractive product with rents that will be competitive with existing market rate and LIHTC communities in the market area.

Based on the product to be constructed and the factors discussed above, we expect Bell Street Flats' LIHTC/PBRA units to lease-up as fast as applications can realistically be processed (roughly one to two months) and given the differences in target market will lease concurrently with the LIHTC and market rate units without PBRA. The proposed units without PBRA are expected to lease-up at an average monthly rate of 10 units. At this rate, the subject property will reach a stabilized occupancy of at least 95 percent within roughly six months.

Without accounting for the proposed PBRA on 43 LIHTC units and utilizing the average monthly absorption of 10 units for these units, we would expect the subject property to reach stabilization within roughly 10 months.



Impact on Existing Market:

Given the strong rental market and projected renter household growth in the Bell Street Flats Market Area, we do not expect the development of Bell Street Flats to have a negative impact on existing rental communities in the Bell Street Flats Market Area including those with tax credits.

Final Conclusion / Recommendation

Based on an analysis of projected household trends, affordability and demand estimates, current rental market conditions, and socio-economic and demographic characteristics of the Bell Street Flats Market Area, RPRG believes that the subject property will be able to successfully reach and maintain a stabilized occupancy of at least 93 percent following its entrance into the rental market with or without the proposed PBRA. The subject property will be competitively positioned with existing rental communities in the Bell Street Flats Market Area and the units will be well received by the target market. We recommend proceeding with the project as planned.

1. INTRODUCTION

A. Overview of Subject

The subject of this analysis is the proposed redevelopment of a portion of Austin Homes Apartments on Bell Street, just east of downtown Knoxville, Knox County, Tennessee. Austin Homes comprises 129 public housing units managed by Knoxville's Community Development Corporation (KCDC) which will be demolished and redeveloped in phases; the subject property (Bell Street Flats) will be the first phase of the redevelopment. Bell Street Flats will be financed in part with Low Income Housing Tax Credits (LIHTC) allocated by Tennessee Housing Development Agency (THDA) and will offer 79 Low Income Housing Tax Credit (LIHTC) units targeting households earning up to 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size, and 26 market rate units without income or rent restrictions. Forty-three of 79 LIHTC units will have Project Based Rental Assistance (PBRA).

B. Purpose of Report

The purpose of this market study is to perform a market feasibility analysis through an examination of the economic context, a demographic analysis of the defined market area, a competitive housing analysis, a derivation of demand, and an affordability analysis. RPRG expects this study to be submitted along with an application for Low Income Housing Tax Credits (LIHTC) to Tennessee Housing Development Agency (THDA).

C. Format of Report

The report format is comprehensive and conforms to THDA's 2019 Market Study Requirements which are based on the National Council of Housing Market Analyst's (NCHMA) Model Content Standards and Market Study Checklist.

D. Client, Intended User, and Intended Use

The Client is Knoxville's Community Development Corporation. Along with the Client, the intended users are Tennessee Housing Development Agency and potential lenders/investors.

E. Applicable Requirements

This market study is intended to conform to the requirements of the following:

- THDA's 2019 Market Study Requirements
- National Council of Housing Market Analyst's (NCHMA) Model Content Standards and Market Study Checklist

F. Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the market study, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below:

- Please refer to Appendix 6 for a detailed list of THDA requirements and the corresponding pages of requirements within the report.



- Brett Welborn (Analyst), conducted visits to the subject site, neighborhood, and market area on March 8, 2019.
- Primary information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included rental community property managers, Terry Gilhula with the Knoxville-Knox County Planning Department, and Joe Riley with the Knoxville Chamber of Commerce.
- All pertinent information obtained was incorporated in the appropriate section(s) of this report.

G. Report Limitations

The conclusions reached in a market assessment are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors, including the performance of management, the impact of changes in general and local economic conditions, and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions contained in Appendix I of this report.

H. Other Pertinent Remarks

None.

2. PROJECT DESCRIPTION

A. Project Overview

Bell Street Flats will offer 105 newly constructed rental units including 79 LIHTC units targeting renter households earning up to 50 percent and 60 percent of the Area Median Income (AMI); forty-three LIHTC units will benefit from Project Based Rental Assistance (PBRA) through the Section 8 program. Twenty-six units will be market rate without income or rent restrictions. Bell Street Flats is the first phase of redevelopment of Austin Homes Apartments with additional phases in the planning stages.

B. Project Type and Target Market

Bell Street Flats will target very low to moderate income renter households with LIHTC/PBRA units, standard LIHTC units, and unrestricted market rate units. The proposed unit mix of one, two, three, and four-bedroom units will target a range of household types including singles, couples, roommates, and families with children.

C. Building Types and Placement

Bell Street Flats' 105 rental units will be contained within two mid-rise buildings with three and four stories and siding and brick exteriors. The subject property will be between Bell Street to the west and Harriet Tubman Street to the east with entrances on both streets. Surface parking will be adjacent to both buildings while the community room and computer room will be integrated into the buildings.

D. Detailed Project Description

1. Project Description

- Bell Street Flats will offer 46 one-bedroom units, 38 two-bedroom units, 17 three-bedroom units, and 4 four-bedroom units including 79 LIHTC units targeting households earning up to 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size. Forty-three of 79 LIHTC units will benefit from Project Based Rental Assistance (PBRA) through the Section 8 program. Twenty-six units will be market rate without income or rent restrictions. The configuration and unit sizes of each floor plan are as follows.
 - One-bedroom units will have one bathroom and 650 square feet.
 - Two-bedroom units will have one bathroom and 850 square feet (28 units) or two bathrooms and 1,000 square feet (10 units).
 - Three-bedroom units will have two bathrooms and 1,150 square feet.
 - Four-bedroom units will have two bathrooms and 1,300 square feet.
- Tenants receiving PBRA will pay a percentage of their income for rent and minimum income limits and tenant-paid rents will not apply. Contract rents will be \$526 for one-bedroom units, \$641 for two-bedroom units, \$831 for three-bedroom units, and \$1,073 for four-bedroom units. We have analyzed the lesser of the proposed contract rent and maximum allowable LIHTC rent (most that could be charged without PBRA) in this report.
- All rents will include the cost of water, sewer, and trash removal. Tenants will bear the cost of all other utilities.
- Proposed unit features and community amenities are detailed in Table 2.

Table 1 Bell Street Flats Detailed Project Summary

Unit Mix/Rents								
Bed	Bath	Income Target	Size (sqft)	Quantity	Contract Rent	Gross Rent	Utility Allowance	Proposed Rent
1	1	50% AMI/PBRA	650	7	\$526	\$604	\$78	\$526
1	1	60% AMI/PBRA	650	8	\$526	\$604	\$78	\$526
1	1	60% AMI	650	19		\$787	\$78	\$709
1	1	Market	650	12		\$878	\$78	\$800
2	1	50% AMI/PBRA	850	6	\$641	\$733	\$92	\$641
2	1	60% AMI/PBRA	850	1	\$641	\$733	\$92	\$641
2	1	60% AMI	850	17		\$945	\$92	\$853
2	1	Market	850	4		\$1,092	\$92	\$1,000
2	2	Market	1,000	10		\$1,292	\$92	\$1,200
3	2	50% AMI/PBRA	1,150	3	\$831	\$908	\$106	\$802
3	2	60% AMI/PBRA	1,150	14	\$831	\$937	\$106	\$831
4	2	60% AMI/PBRA	1,300	4	\$1,073	\$1,194	\$121	\$1,073
Total				105				

Rents include water, sewer, and trash removal.

Lesser of the proposed contract rent and maximum allowable LIHTC rent is analyzed

Source: Knoxville's Community Development Corporation

Table 2 Unit Features and Community Amenities

Unit Features	Community Amenities
<ul style="list-style-type: none"> • Kitchens with refrigerator, range/oven, dishwasher, disposal, and microwave. • Washer and dryer connections. • Laminate hardwood flooring in living areas and ceramic tile in the kitchen and bathrooms. • Patio/balcony. • Window blinds. • Central heating and air-conditioning. 	<ul style="list-style-type: none"> • Community room. • Playground. • Walking trail. • Computer center.

2. Other Proposed Uses

None.

3. Proposed Timing of Development

Bell Street Flats is projected to begin construction in May 2020 and be completed in August 2021.

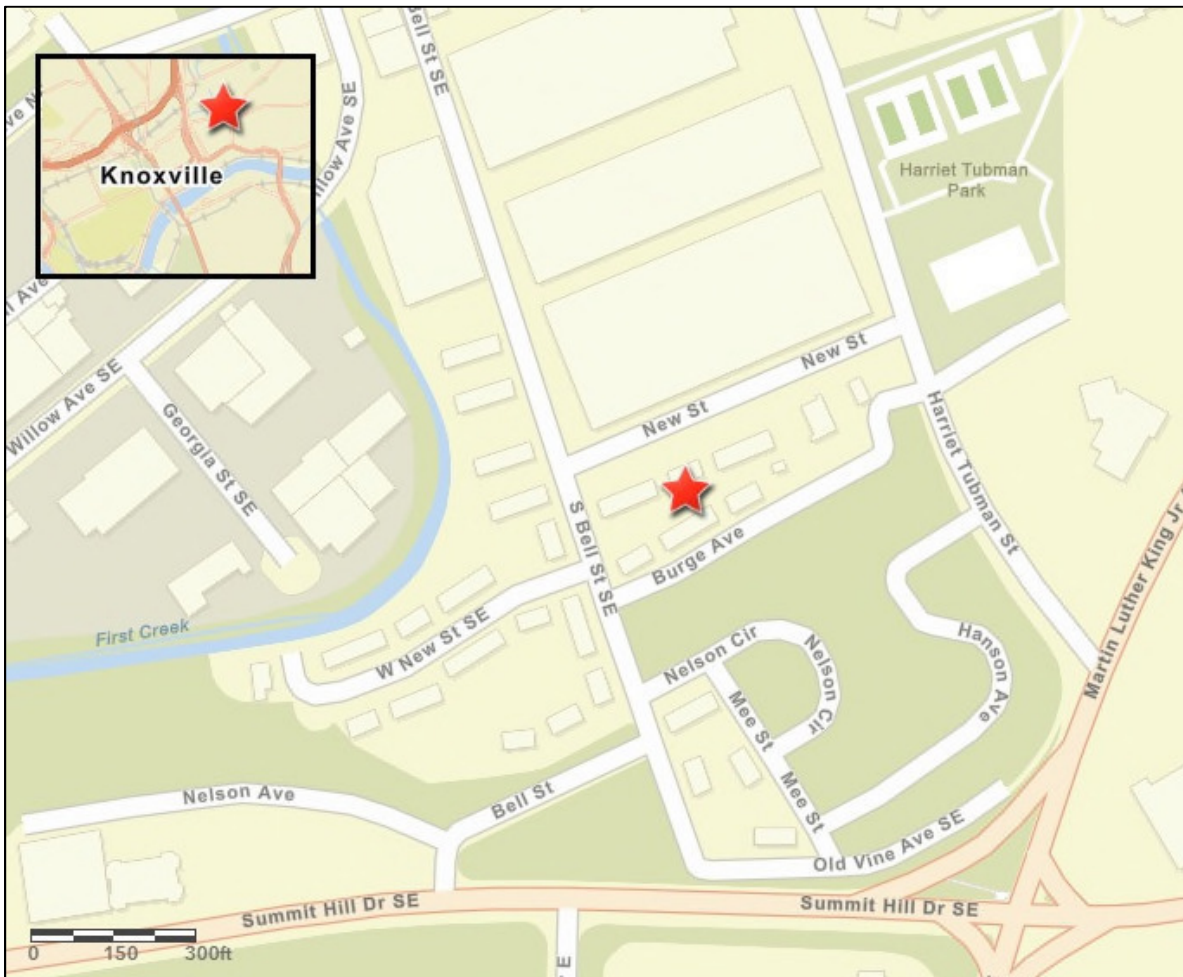
3. SITE AND NEIGHBORHOOD ANALYSIS

A. Site Analysis

1. Site Location

The subject site is bordered by S Bell Street to the west, E New Street to the north, and Harriet Tubman Street to the east, just northeast of downtown Knoxville, Knox County, Tennessee (Map 1).

Map 1 Site Location.



2. Existing and Proposed Uses

The subject site contains a portion of Austin Homes Apartments (public housing community) including six residential buildings which will be demolished (Figure 1). Bell Street Flats will offer 105 multi-family rental units.

Figure 1 Views of Subject Site



S Bell Street facing north (site on the right).



Site facing east from S Bell Street.



Site facing north from Burge Drive.



Site facing west from Harriet Tubman Street.

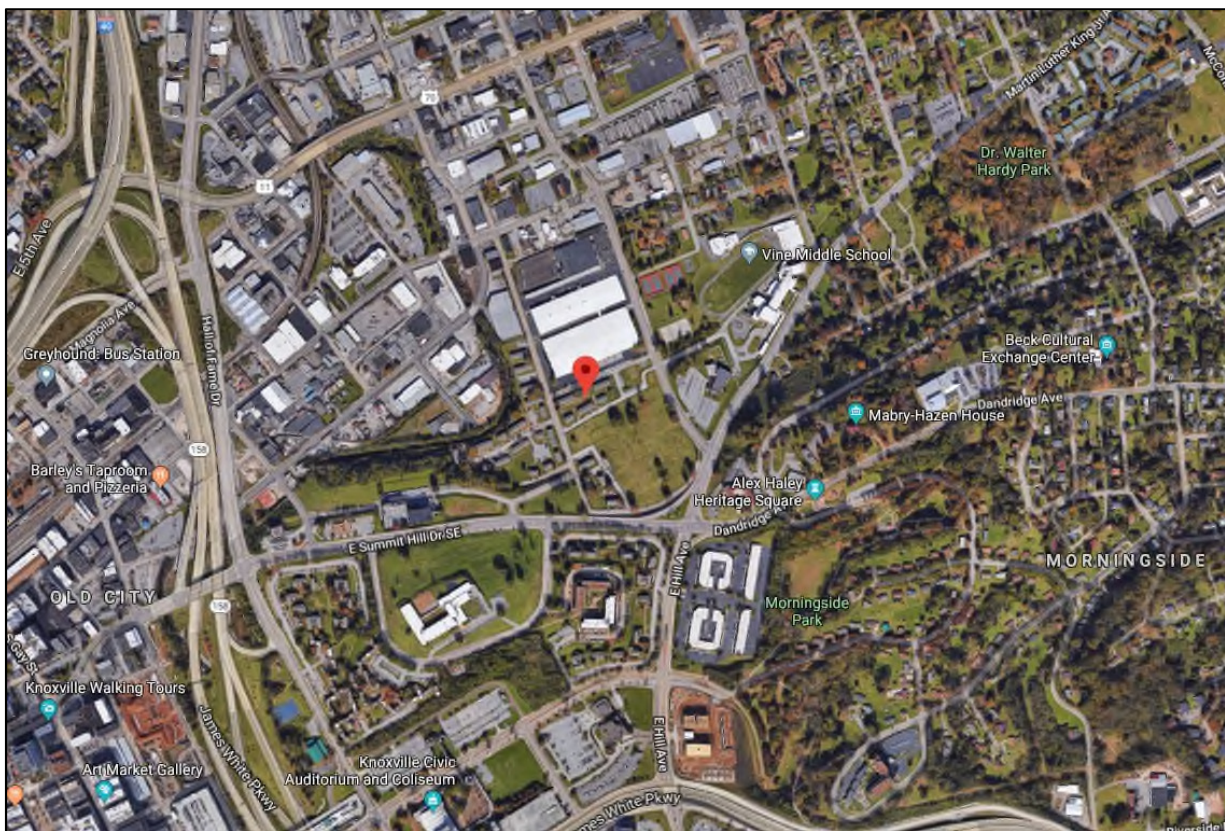


Site facing south from E New Street.

3. General Description of Land Uses Surrounding the Subject Property

The site for Bell Street Flats is in an older neighborhood with a concentration of industrial uses to the north and northwest while Austin Homes Apartments (the portion not included in the site) is directly to the south and west and will be demolished for future phases of Bell Street Flats. Overcoming Believers Church is to the north and an undeveloped parcel is directly south of the site while a business park and two rental communities (The 1100 Studio Apartments and The Vista at Summit Hill) are across E Summit Hill Drive SE to the south. Vine Middle School, Harriet Tubman Park, and Knoxville Police-Family Justice are directly east of the site while modest single-family detached homes are just northeast of the site on Henrietta Avenue SE (Figure 2).

Figure 2 Satellite Image of Subject Site



4. Specific Identification of Land Uses Surrounding the Subject Site

The land uses surrounding the site are as follows (Figure 3):

- **North** Industrial building (R&S Logistics) and Overcoming Believers Church.
- **East:** Harriet Tubman Park, Vine Middle School, and Knoxville Police-Family Justice.
- **South:** Undeveloped land and Austin Homes Apartments.
- **West:** Austin Homes Apartments and industrial uses.

Figure 3 Views of Surrounding Land Uses



Harriet Tubman Park to the east.



Vine Middle School to the east.



Undeveloped land and Austin Homes Apartments to the south.



R&S Logistics to the north.



Austin Homes Apartments to the west along S Bell Street.

B. Neighborhood Analysis

1. General Description of Neighborhood

The subject site is roughly one-half mile east of downtown Knoxville in an older urban neighborhood. Industrial uses dominate the area within one mile north of the site along U.S. Highway 11 while high-rise office buildings representing the largest concentration of jobs in the region is just west of the site in downtown Knoxville. The site is on the western edge of a large residential area which extends miles to the east and northeast including primarily older modest to moderate value single-family detached homes. The eastern portion of Knoxville (south of Interstate 40) is established with limited new development; however, several apartment communities have been built since 2010 including two upscale market rate communities (811 East Downtown and Landings at Riverfront) and Five Points which is under construction. Knoxville's Community Development Corporation has also led an effort to either redevelop or rehab existing public housing communities in the area including the subject property (Austin Homes).

2. Neighborhood Investment and Planning Activities

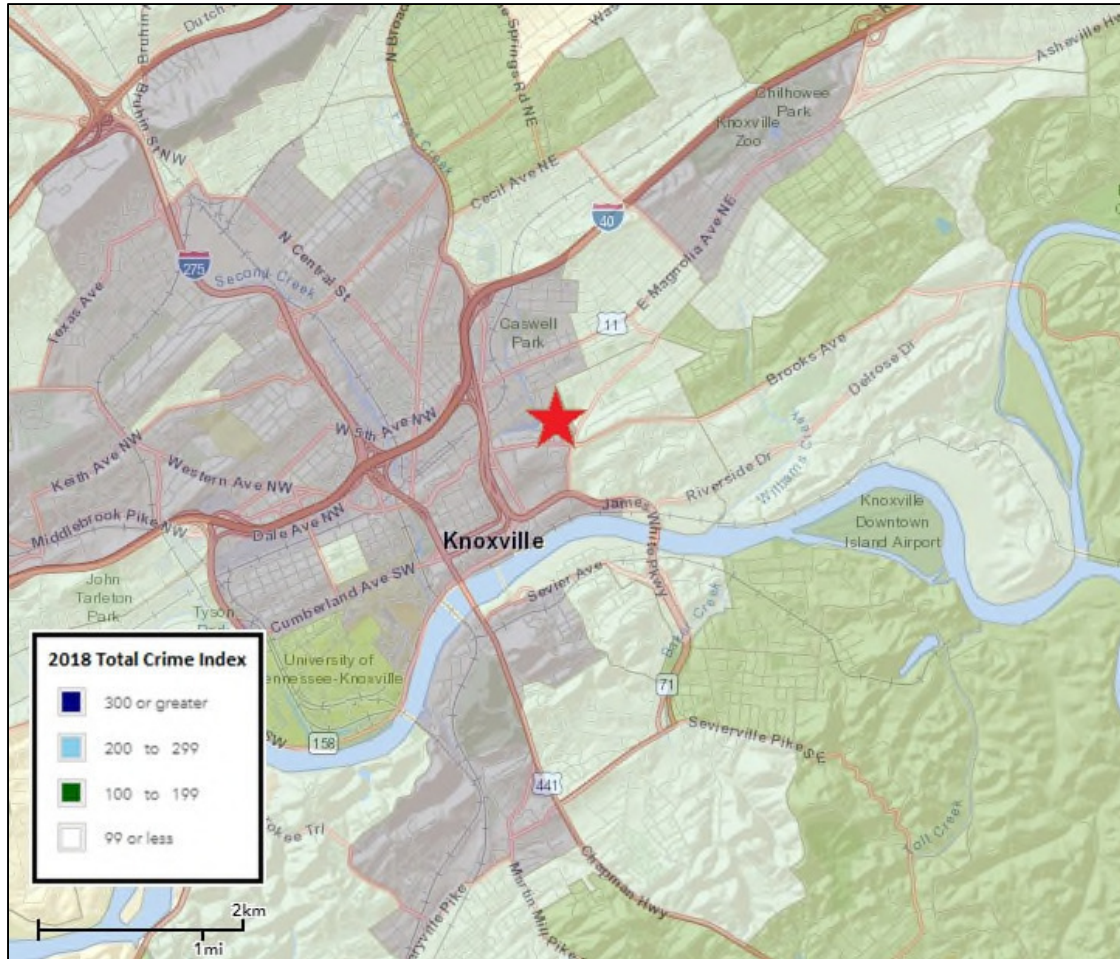
RPRG did not identify significant planning activity near the site that would have a direct impact on the subject property. The Five Points redevelopment roughly one mile to the northeast on McConnell Street is the largest development in the area east of downtown. Five Points is replacing public housing with newly constructed affordable rental units. Two phases of the redevelopment including an age-restricted phase and a general occupancy phase are completed with a general occupancy phase III under construction and land has been cleared for a general occupancy phase IV. Five Points will offer 336 affordable rental units once all phases are complete.

3. Crime Index

CrimeRisk data is an analysis tool for crime provided by Applied Geographic Solutions (AGS). CrimeRisk is a block-group level index that measures the relative risk of crime compared to a national average. AGS analyzes known socio-economic indicators for local jurisdictions that report crime statistics to the FBI under the Uniform Crime Reports (UCR) program. Based on detailed modeling of these relationships, CrimeRisk provides a detailed view of the risk of total crime as well as specific crime types at the block group level. In accordance with the reporting procedures used in the UCR reports, aggregate indexes have been prepared for personal and property crimes separately as well as a total index. However, it must be recognized that these are not weighted indexes, in that a murder is weighted no more heavily than purse snatching in this computation. The analysis provides a useful measure of the relative overall crime risk in an area but should be used in conjunction with other measures.

The 2018 CrimeRisk Index for the census tracts in the general vicinity of the subject site are color coded with the site's census tract being purple, indicating a crime risk (300 or greater) above the national average (100) (Map 2). The majority of surveyed communities are in areas of above average crime risk including the highest-priced market rate communities in and near downtown. Based on this data and field observations, we do not expect crime or the perception of crime to negatively impact the subject property's marketability. Furthermore, the mid-rise design of the subject property with keyed building entry will offer security at Bell Street Flats.

Map 2 Crime Index Map



C. Site Visibility and Accessibility

1. Visibility

The subject site will have good drive-by visibility from E Summit Hill Drive which is one of the heaviest traveled thoroughfares east of downtown. Additional visibility will come from surrounding streets including S Bell Street and Harriet Tubman Street which have light traffic. The subject will have adequate visibility.

2. Vehicular Access

Bell Street Flats will be accessible via two entrances with entrances on S Bell Street to the west and Harriet Tubman Street to the east. Both streets have light traffic; RPRG does not anticipate problems with accessibility. S Bell Street and Harriett Tubman Street provide access to E Summit Hill Drive to the south and U.S. Highway 11 to the north.



3. Availability of Public Transit

Knoxville Area Transit (KAT) provides public fixed route transportation in Knoxville; Bus Route 34 serves eastern Knoxville with several bus stops within one-quarter mile of the subject site including a stop at the S Bell Street and E New Street intersection adjacent to the site.

4. Inter Regional Transit

Interstates 40 and 275 are within two miles of the site and several U.S. and state highways are within one mile. U.S. Highway 11 (E Magnolia Avenue) is one-half mile north of the site and is the primary thoroughfare in eastern Knoxville and provides a connection to downtown while E Summit Hill Drive just south of the site also connects to downtown. U.S. Highway 441 (major north-south thoroughfare) is within one mile west of the site.

The site is roughly 15 miles north of McGhee Tyson Airport, a regional airport with roughly 120 daily flights. Nashville International Airport is 174 miles west of the site.

5. Pedestrian Access

Harriet Tubman Park and Vine Middle School are considered walkable across Harriett Tubman Street to the east given the thoroughfare's light traffic while convenience stores, a bank (Regions Bank), and a small grocery store (Green Grocery) are walkable along E Magnolia Avenue and E Summit Hill Drive due to continuous sidewalks from the site to these amenities.

6. Accessibility Improvements under Construction and Planned

Roadway Improvements under Construction and Planned

RPRG reviewed information from local stakeholders to assess whether any capital improvement projects affecting road, transit, or pedestrian access to the subject site are currently underway or likely to commence within the next few years. Observations made during the site visit contributed to this process. Through this research, no major roadway improvements were identified that would have a direct impact on this market.

Transit and Other Improvements Under Construction and/or Planned

None identified.

D. Residential Support Network

1. Key Facilities and Services near the Subject Sites

The appeal of any given community is often based in part to its proximity to those facilities and services required daily. Key facilities and services and their distances from the subject site are listed in Table 3 and their locations are plotted on Map 3.

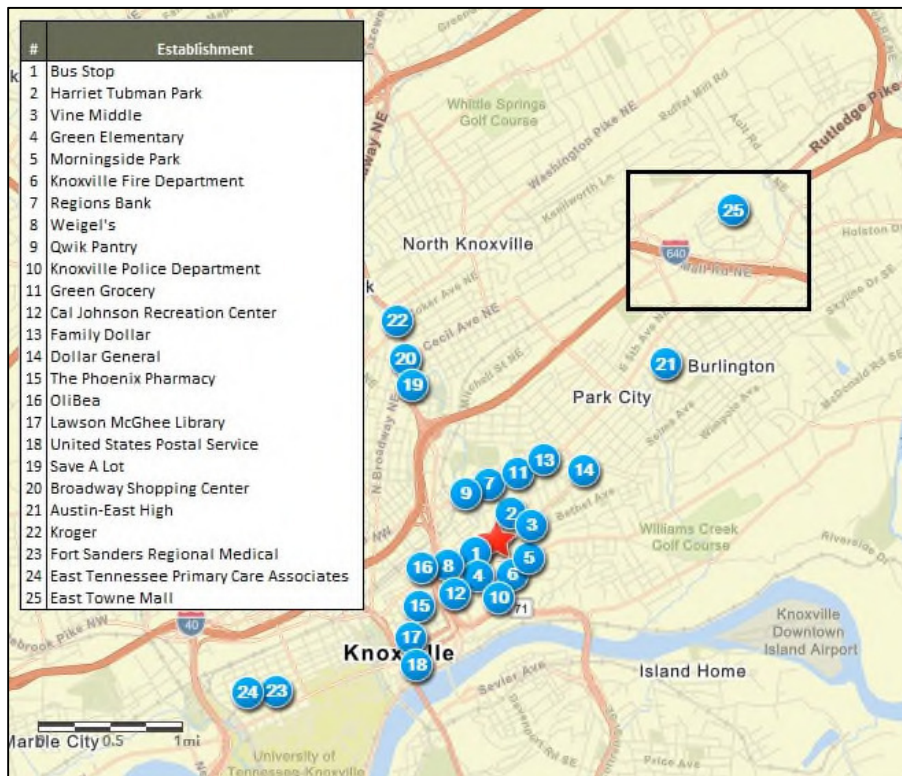


Table 3 Key Facilities and Services

Establishment	Type	Address	Driving Distance
Bus Stop	Public Transit	Bell St. and E New St.	0 mile
Harriet Tubman Park	Public Park	300 Harriet Tubman St.	0.1 mile
Vine Middle	Public School	1807 Martin Luther King Jr Ave.	0.1 mile
Green Elementary	Public School	801 Lula Powell Dr.	0.2 mile
Morningside Park	Public Park	1600 Dandridge Ave.	0.3 mile
Knoxville Fire Department	Fire	900 E Hill Ave. # 430	0.3 mile
Regions Bank	Bank	1503 E Magnolia Ave.	0.4 mile
Weigel's	Convenience Store	411 E Summit Hill Dr. SE	0.4 mile
Qwik Pantry	Convenience Store	1198 E Magnolia Ave.	0.4 mile
Knoxville Police Department	Police	800 Howard Baker Jr Blvd.	0.4 mile
Green Grocery	Grocery	1822 E Magnolia Ave.	0.5 mile
Cal Johnson Recreation Center	Community Center	507 Hall of Fame Dr.	0.7 mile
Family Dollar	General Retail	1932 E Magnolia Ave.	0.7 mile
Dollar General	General Retail	2265 McCalla Ave.	0.9 mile
The Phoenix Pharmacy	Pharmacy	418 S Gay St.	0.9 mile
OliBea	Restaurant	119 S Central St.	0.9 mile
Lawson McGhee Library	Library	500 W Church Ave.	1.2 miles
United States Postal Service	Post Office	501 W Main St.	1.5 miles
Save A Lot	Grocery	2003 N Broadway	1.8 miles
Broadway Shopping Center	Shopping Center	2001 N Broadway	1.8 miles
Austin-East High	Public School	2800 Martin Luther King Jr Ave.	1.8 miles
Kroger	Grocery	2217 N Broadway	1.9 miles
Fort Sanders Regional Medical	Hospital	1901 Clinch Ave.	2.4 miles
East Tennessee Primary Care Associates	Doctor	2001 Laurel Ave. #101	2.6 miles
East Towne Mall	Mall	3001 Knoxville Center Dr.	6 miles

Source: Field and Internet Research, RPRG, Inc.

Map 3 Location of Key Facilities and Services





2. Essential Services

Health Care

Fort Sanders Regional Medical Center is 2.4 miles west of the site on Clinch Avenue. This 541-bed hospital offers services including emergency medicine, surgical, cardiology, neurology, orthopedics, cancer services, women's services, and general medicine.

East Tennessee Primary Care Associates (family medicine provider) is near Fort Sanders Regional Medical Center 2.6 miles to the southwest.

Education

Knox County Schools District oversees 51 total schools and serves roughly 60,000 students. School age children residing at Bell Street Flats will attend Green Elementary School (0.2 mile), Vine Middle School (0.1 mile), and Austin-East High School (1.8 miles).

Knoxville is home to the University of Tennessee roughly two miles southwest of the site with an undergraduate enrollment of roughly 23,000 students.

3. Commercial Goods and Services

Convenience Goods

The term "convenience goods" refers to inexpensive, nondurable items that households purchase on a frequent basis and for which they generally do not comparison shop. Examples of convenience goods are groceries, fast food, health and beauty aids, household cleaning products, newspapers, and gasoline.

Two convenience stores (Weigel's and Qwik Pantry), a bank (Regions Bank), and a grocery store (Green Grocery) are within one-half mile of the site. A pharmacy (The Phoenix Pharmacy) and several restaurants are within one mile west of the site in downtown and two grocery stores (Save A Lot and Kroger) are roughly two miles north of the site on N Broadway.

Shopper Goods

The term "shoppers goods" refers to larger ticket merchandise that households purchase on an infrequent basis and for which they usually comparison shop.

Family Dollar and Dollar General are within one mile of the site while the closest regional shopping mall (East Town Mall) is six miles to the northeast on the north side of Interstate 640. East Towne Mall is anchored by Belk, Sears, and JCPenney and offers many smaller retailers.



4. ECONOMIC CONTEXT

A. Introduction

This section of the report discusses economic trends and conditions in Knox County, the jurisdiction in which Bell Street Flats is located. We have also presented economic trends in Tennessee and the nation for comparison purposes.

B. Labor Force, Resident Employment, and Unemployment

1. Trends in County Labor Force and Resident Employment

Knox County added 7,739 net workers from 2007 to 2017 (3.4 percent net growth) with most growth occurring over the past four years; the labor force decreased from 2011 to 2014. The most recent annual average labor force of 237,543 workers in 2017 is an all-time high for the county (Table 4). The county continued adding workers through September of 2018 with growth of roughly 1,850 workers. The employed portion of the labor force increased by 17,307 workers from 2013 to 2017, while the number of workers classified as unemployed decreased by 6,890 workers over the same period.

2. Trends in County Unemployment Rate

Knox County's unemployment rate has historically been below both state and national rates. The most recent annual average (2017) unemployment rate of 3.2 percent is less than half of the county's recession-era high of 8.1 percent (Table 4). The county weathered the national recession much better than the state and nation, which had peak unemployment rates of 10.5 percent and 9.6 percent, respectively. Unemployment rates have decreased further through September of 2018 to 3.0 percent in the county, 3.6 percent in the state, and 4.0 percent in the nation.

C. Commutation Patterns

Roughly 71 percent of Bell Street Flats Market Area workers are employed locally with 70.5 percent commuting less than 25 minutes including 31.7 percent commuting less than 15 minutes (Table 4). Approximately 16 percent of market area workers commuted 25 to 34 minutes and less than 10 percent commuted at least 35 minutes.

Over 90 percent of workers residing in the Bell Street Flats Market Area worked in Knox County and 8.1 percent worked in another Tennessee county. Just over one percent of Bell Street Flats Market Area workers were employed outside the state.



Table 4 Labor Force and Unemployment Rates

Annual Unemployment Rates - Not Seasonally Adjusted

Annual Unemployment	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Jan-Sept
Labor Force	229,804	230,189	230,341	229,800	233,360	230,959	227,126	224,743	228,031	233,712	237,543	239,402
Employment	221,965	218,720	211,705	212,757	217,245	216,796	212,736	212,518	217,386	224,410	230,043	232,146
Unemployment	7,839	11,469	18,636	17,043	16,115	14,163	14,390	12,225	10,645	9,302	7,500	7,256
Unemployment Rate												
Knox County	3.4%	5.0%	8.1%	7.4%	6.9%	6.1%	6.3%	5.4%	4.7%	4.0%	3.2%	3.0%
Tennessee	4.7%	6.6%	10.5%	9.7%	9.0%	7.8%	7.8%	6.6%	5.6%	4.7%	3.7%	3.6%
United States	4.6%	5.8%	9.3%	9.6%	8.8%	8.3%	7.4%	6.2%	5.3%	4.9%	4.4%	4.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics

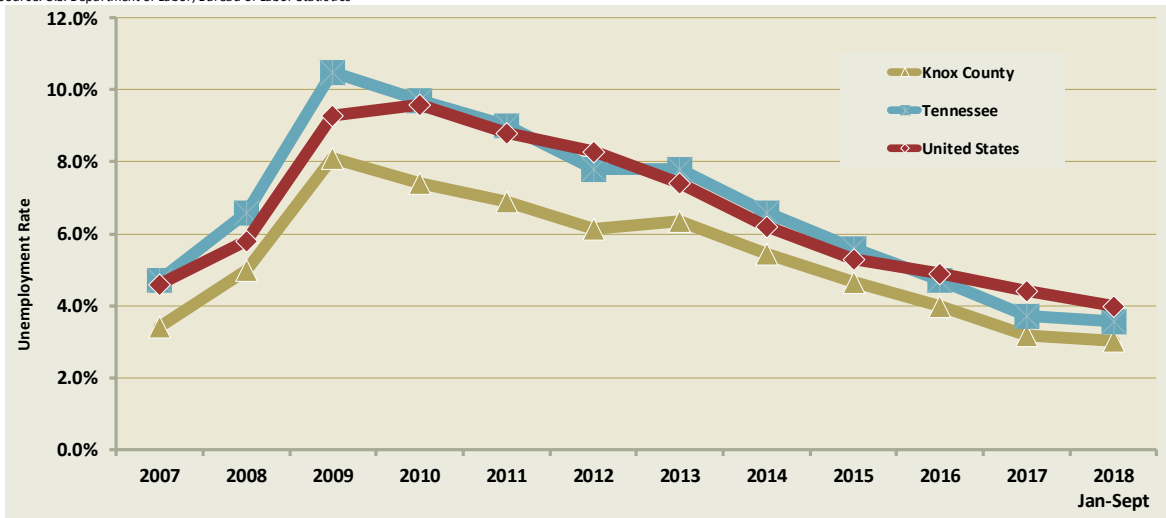
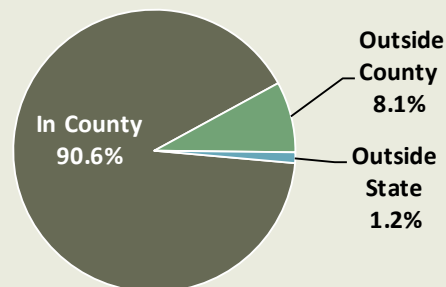


Table 5 Commutation Data

Travel Time to Work			Place of Work		
Workers 16 years+	#	%	Workers 16 years and over	#	%
Did not work at home	17,998	96.6%	Worked in state of residence:	18,396	98.8%
Less than 5 minutes	516	2.8%	Worked in county of residence	16,881	90.6%
5 to 9 minutes	2,241	12.0%	Worked outside county of residence	1,515	8.1%
10 to 14 minutes	3,152	16.9%	Worked outside state of residence	228	1.2%
15 to 19 minutes	3,808	20.4%	Total	18,624	100%
20 to 24 minutes	3,414	18.3%			
25 to 29 minutes	995	5.3%			
30 to 34 minutes	2,065	11.1%			
35 to 39 minutes	186	1.0%			
40 to 44 minutes	245	1.3%			
45 to 59 minutes	724	3.9%			
60 to 89 minutes	408	2.2%			
90 or more minutes	244	1.3%			
Worked at home	626	3.4%			
Total	18,624				

Source: American Community Survey 2013-2017

**2013-2017 Commuting Patterns
Bell Street Flats Market Area**



Source: American Community Survey 2013-2017

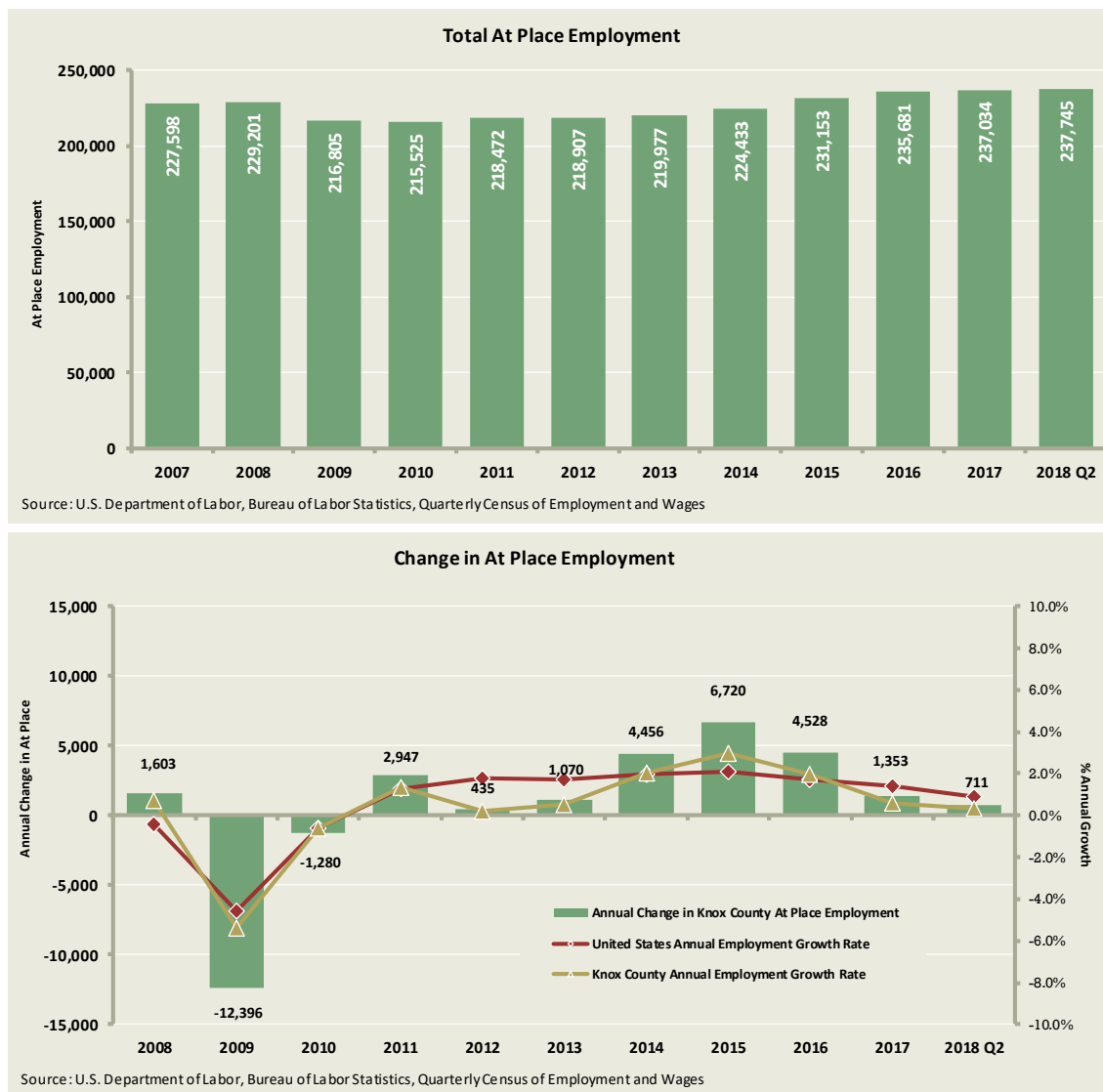


D. At-Place Employment

1. Trends in Total At-Place Employment

Knox County’s At-Place Employment (jobs located in the county) has grown steadily following the recession (Figure 4). The county added jobs in each of the past seven years with net growth of 21,509 jobs from 2011 to 2017; the bulk of this growth was from 2014 to 2016 with annual average growth of 5,235 jobs over this period. As detailed in the lower panel of Figure 4, Knox County’s rate of job growth was equal to or exceeded the nation growth rate on a percentage basis from 2014 to 2016, but dipped below the national rate in 2017.

Figure 4 At-Place Employment, Knox County

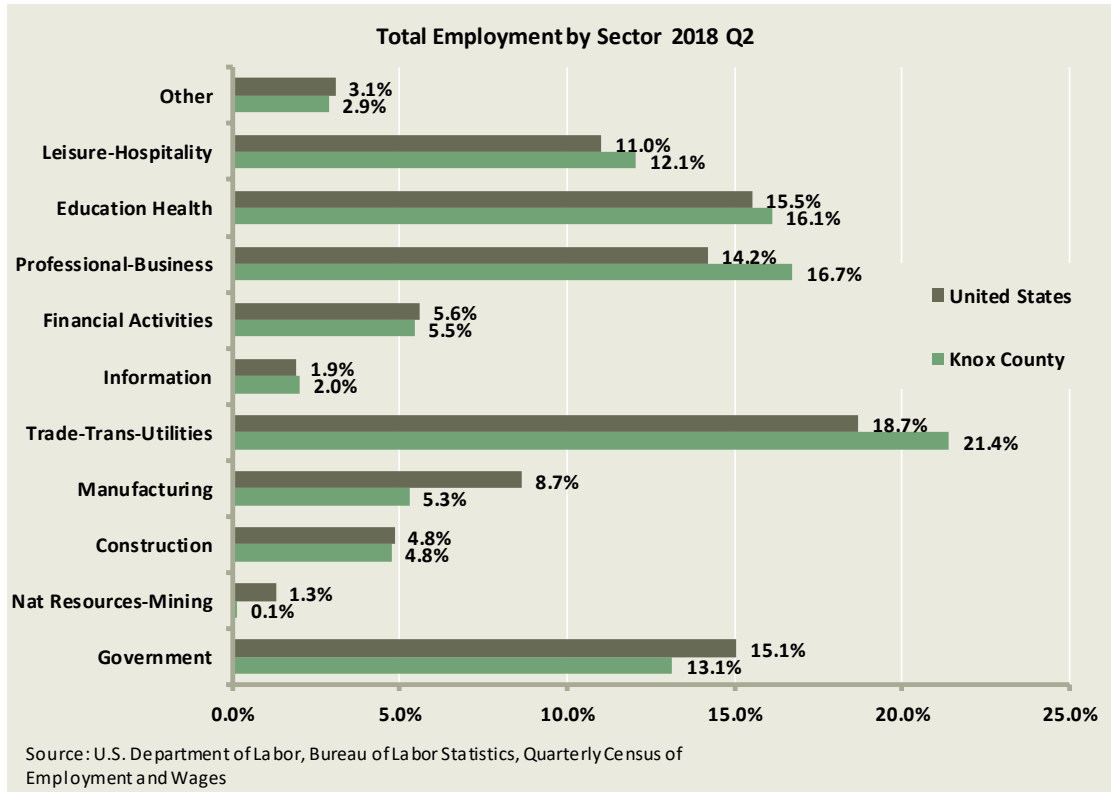




2. At-Place Employment by Industry Sector

Trade-Transportation-Utilities, Professional-Business, and Education-Health are Knox County’s largest employment sectors; each sector accounts for at least 16.1 percent of the county’s jobs and the three combine for 54.2 percent of the county’s total At-Place Employment compared to 48.4 percent of jobs nationally (Figure 5). Government (13.1 percent) and Leisure-Hospitality (12.1 percent) also each account for more than 10 percent of the county’s jobs. Compared to national percentages, Knox County has a smaller percentage of jobs in the Natural Resources, Manufacturing, and Government sectors.

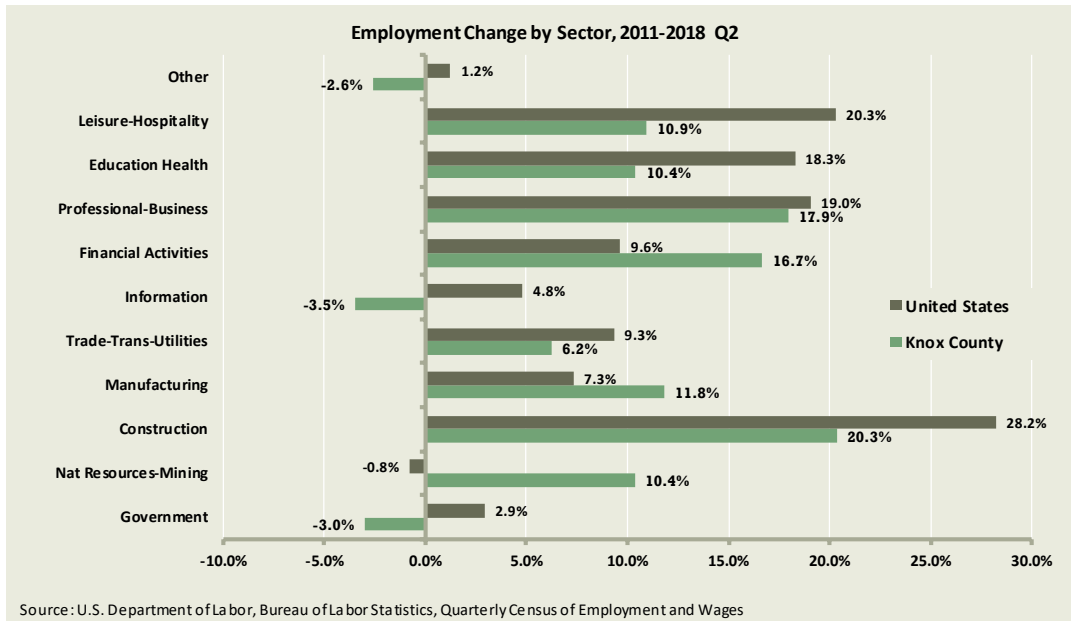
Figure 5 Total Employment by Sector, Knox County 2018 (Q2)



Eight of eleven economic sectors added jobs from 2011 to 2018 (Q2) including at least 10 percent net growth in seven sectors with Construction growing by 20.3 percent, Professional-Business growing by 17.3 percent, and Financial Activities growing by 16.7 percent (Figure 6). The county’s largest sector (Trade-Transportation-Utilities) grew by 6.2 percent. Three sectors (Government, Information, and Other) each lost roughly three percent of their jobs.



Figure 6 Employment Change by Sector, Knox County 2011 – 2018 (Q2)



3. Major Employers and Employment Expansions and Contractions

The National Laboratory in Oak Ridge (Dept. of Energy) and Covenant Health are Knoxville’s largest employers and the only individual employers with more than 10,000 employees (Table 6). Seven companies employ 4,000 to 7,881 people including the local school system, the University of Tennessee, two healthcare companies, and Dollywood resort. Most of Knox County’s major employers are near downtown and the site.

Table 6 Major Employers, Knoxville

Rank	Name	Sector	Employment
1	US Dept of Energy	Utilities	12,618
2	Covenant Health	Healthcare	10,419
3	Knox County Schools	Education	7,881
4	University of Tennessee	Education	6,689
5	Wal-Mart Stores, Inc.	Retail	5,881
6	University Health System	Healthcare	5,316
7	DENSO Mfg - Tennessee	Manufacturing	4,439
8	Tennova Health	Healthcare	4,001
9	The Dollywood Co.	Travel & Leisure	4,000
10	State of Tennessee	Government	3,529
11	K-VA-T Food Stores	Retail	3,328
12	Knox County Government	Government	3,204
13	Clayton Homes, Inc.	Manufacturing	3,188
14	The Kroger Co.	Retail	2,952
15	McDonald's Corp.	Food Service	2,906
16	Sevier County Schools	Education	2,750
17	City of Knoxville	Government	2,637
18	Blount Memorial Hospital	Healthcare	2,387
19	Team Health Holdings	Healthcare	2,260
20	Roark Capital Group	Food Service	1,902

Source: Knoxville Chamber of Commerce

Information obtained from the Knoxville Area Chamber of Commerce shows three new companies and 20 expansions announced since 2016 for a combined capital investment of \$358.9 million and 1,788 new jobs (Table 7). Seven companies reported layoffs since 2016 with a combined 549 jobs lost. The net gain from companies on these lists is 1,239 jobs since 2016.

Table 7 Recent Economic Expansions, Knox County

New Companies				Expansions			
Year	#	Total Jobs Added	Capital Investment (Millions)	Year	#	Total Jobs Added	Capital Investment (Millions)
2016	2	442	\$146.4	2016	15	986	\$36.5
2017	-	-	-	2017	3	181	\$121.0
2018	1	22	Confidential	2018	2	157	\$55.0

Downsizing		
Year	#	Total Jobs Affected
2016	3	200
2017	2	99
2018	-	-
2019	2	250

Source: Knoxville Chamber of Commerce; TN Department of Labor & Workforce Development

4. Economic Conclusions

Knox County's economy quickly rebounded from heavy job losses during the national recession. The county added more than 21,500 jobs from 2011 to 2017 with an average annual net increase of more than 5,000 jobs from 2014 to 2016. The county's most recent average annual unemployment rate of 3.2 percent in 2017 is the lowest level in at least 10 years and lower than state and national levels. The county's unemployment rate decreased further to 3.0 percent through September of 2018.



5. HOUSING MARKET AREA

A. Introduction

The primary market area for Bell Street Flats is defined as the geographic area from which future residents of the community would primarily be drawn and in which competitive rental housing alternatives are located. In defining the market area, RPRG sought to accommodate the joint interests of conservatively estimating housing demand and reflecting the realities and dynamics of the local rental housing marketplace.

B. Delineation of Market Area

The Bell Street Flats Market Area consists of census tracts including downtown Knoxville and much of eastern Knoxville (Map 4). This market area includes the portions of Knoxville that are most comparable with the areas surrounding the subject site; residents of this market area would find the subject site an acceptable shelter location. The market area does not extend further west as this area is heavily influenced by The University of Tennessee and its large student population and housing is generally not comparable to that of the market area. The Tennessee and Holston Rivers act as natural barriers to development in Knoxville to the south and east of the site; land uses become rural quickly on the opposite side of these rivers. The Bell Street Flats Market Area does not extend further to the north due to distance from the site and a transition to suburban areas.

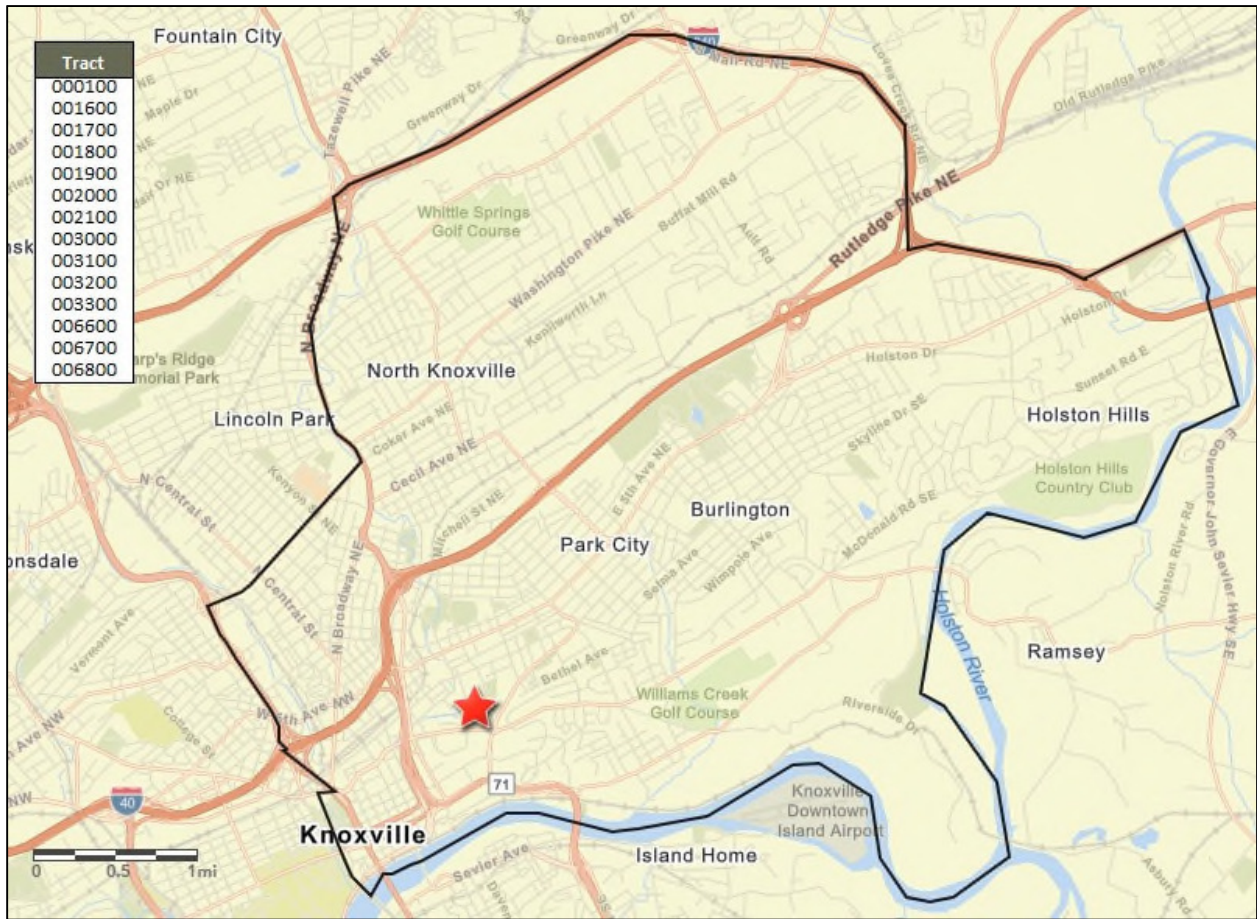
The approximate boundaries of the Bell Street Flats Market Area and their distance from the subject site:

North:	Interstate 640	(3.5 miles)
East:	Holston River	(3.0 miles)
South:	Tennessee River	(0.8 miles)
West:	U.S. Highway 441 / Interstate 275	(1.2 miles)

The Bell Street Flats Market Area is compared to Knox County, which is presented as the secondary market area for demographic analysis. Demand estimates are based only on the Bell Street Flats Market Area.



Map 4 Bell Street Flats Market Area



6. DEMOGRAPHIC ANALYSIS

A. Introduction and Methodology

RPRG analyzed recent trends in population and households in the Bell Street Flats Market Area and Knox County using several sources. For small area estimates, we examined projections of population and households prepared by Esri, a national data vendor. We compared and evaluated data in the context of decennial U.S. Census data from 2000 and 2010 as well as building permit trend information.

B. Trends in Population and Households

1. Recent Past Trends

The Bell Street Flats Market Area had modest population and household loss in the previous decade with a net loss of 679 people (1.7 percent) and 371 households (2.0 percent) between the 2000 and 2010 census counts (Table 8). This trend sharply reversed with steady growth over the past nine years with the net addition of 3,628 people (9.1 percent) and 1,865 households (10.2 percent) from 2010 to 2019; annual growth was 403 people (1.0 percent) and 207 households (1.1 percent) over this period.

Knox County grew steadily in the previous decade with net growth of 13.1 percent among population and 12.3 percent among households compared to losses in the market area. The market area grew faster on a percentage basis over the past nine years as annual growth rates in Knox County dropped to 0.9 percent among both population and households.

2. Projected Trends

Based on Esri data, RPRG projects growth will remain steady in the Bell Street Flats Market Area from 2019 to 2024 with the addition 385 people (0.9 percent) and 196 households (1.0 percent) per year. The Bell Street Flats Market Area is projected to reach 45,347 people and 21,151 households by 2024.

Annual population and household growth rates in Knox County are projected to be similar to the Bell Street Flats Market Area over the next five years at 0.9 percent.

3. Building Permit Trends

Following a steep decline in permitted units from 2007 to 2011, permitted activity in Knox County increased steadily from the recent low of 741 permitted units in 2011 to a 10-year high of 2,798 permitted units in 2017 (Table 9). The county averaged 2,142 permitted units per year over the past four years.

Seventy-two percent of permitted units in the county since 2007 are single-family detached homes and multi-family structures with five or more units account for 28 percent; more than 1,000 units in multi-family structures with five or more units were permitted in 2017, the largest annual total since 2007.



Table 8 Population and Household Projections

Population	Knox County					Bell Street Flats Market Area				
	Count	Total Change		Annual Change		Count	Total Change		Annual Change	
		#	%	#	%		#	%	#	%
2000	382,032					40,471				
2010	432,226	50,194	13.1%	5,019	1.2%	39,792	-679	-1.7%	-68	-0.2%
2019	470,021	37,795	8.7%	4,199	0.9%	43,420	3,628	9.1%	403	1.0%
2024	492,395	22,374	4.8%	4,475	0.9%	45,347	1,927	4.4%	385	0.9%

Households	Knox County					Bell Street Flats Market Area				
	Count	Total Change		Annual Change		Count	Total Change		Annual Change	
		#	%	#	%		#	%	#	%
2000	157,872					18,677				
2010	177,249	19,377	12.3%	1,938	1.2%	18,306	-371	-2.0%	-37	-0.2%
2019	192,504	15,255	8.6%	1,695	0.9%	20,171	1,865	10.2%	207	1.1%
2024	201,619	9,115	4.7%	1,823	0.9%	21,151	980	4.9%	196	1.0%

Source: 2000 Census; 2010 Census; Esri; and Real Property Research Group, Inc.

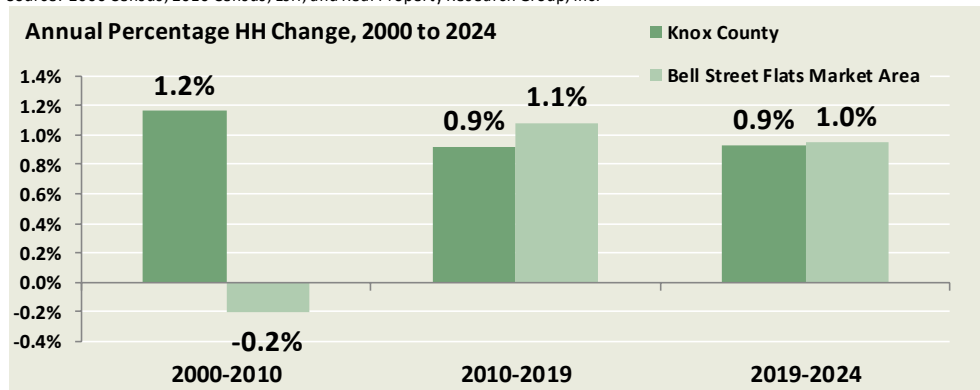


Table 9 Building Permits by Structure Type, Knox County

Knox County	2007 - 2017											2007-2017	Annual Average
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Single Family	2,620	1,302	887	878	731	916	1,190	1,226	1,483	1,592	1,761	14,586	1,326
Two Family	4	62	44	6	6	8	6	6	0	2	4	148	13
3 - 4 Family	3	0	0	0	4	0	0	0	0	0	0	7	1
5+ Family	730	531	468	722	0	375	304	680	254	528	1,033	5,625	511
Total	3,357	1,895	1,399	1,606	741	1,299	1,500	1,912	1,737	2,122	2,798	20,366	1,851

Source: U.S. Census Bureau, C-40 Building Permit Reports.





C. Demographic Characteristics

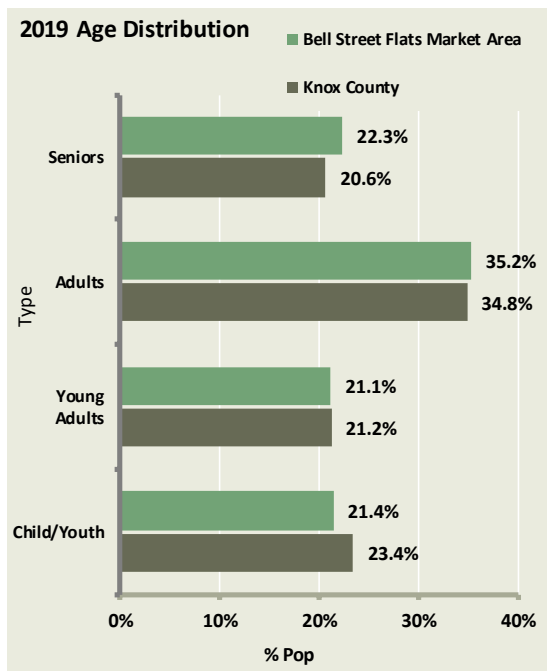
1. Age Distribution and Household Type

The Bell Street Flats Market Area is older than Knox County with median ages of 40 and 38, respectively (Table 10). Adults ages 35 to 61 comprise 35.2 percent of the Bell Street Flats Market Area’s population while all other age cohorts (Children/Youth, Young Adults, and Seniors) each account for roughly 21-22 percent of the market area’s population. The Bell Street Flats Market Area contains a smaller proportion of people under 25 years old when compared to Knox County (28.1 percent versus 31.3 percent) and a larger proportion of people at least 45 years old (44.8 percent versus 42.5 percent). The larger proportion of people under 25 years old in the county is due to the large student population at The University of Tennessee which is west of the market area.

Table 10 Age Distribution

2019 Age Distribution	Knox County		Bell Street Flats Market Area	
	#	%	#	%
Children/Youth	109,932	23.4%	9,278	21.4%
Under 5 years	25,391	5.4%	2,516	5.8%
5-9 years	26,852	5.7%	2,418	5.6%
10-14 years	27,716	5.9%	2,253	5.2%
15-19 years	29,973	6.4%	2,091	4.8%
Young Adults	99,532	21.2%	9,171	21.1%
20-24 years	37,141	7.9%	2,917	6.7%
25-34 years	62,391	13.3%	6,254	14.4%
Adults	163,661	34.8%	15,296	35.2%
35-44 years	60,720	12.9%	5,520	12.7%
45-54 years	60,172	12.8%	5,612	12.9%
55-61 years	42,769	9.1%	4,164	9.6%
Seniors	96,896	20.6%	9,675	22.3%
62-64 years	18,329	3.9%	1,784	4.1%
65-74 years	46,307	9.9%	4,565	10.5%
75-84 years	22,915	4.9%	2,251	5.2%
85 and older	9,344	2.0%	1,075	2.5%
TOTAL	470,021	100%	43,420	100%
Median Age	38		40	

Source: Esri; RPRG, Inc.



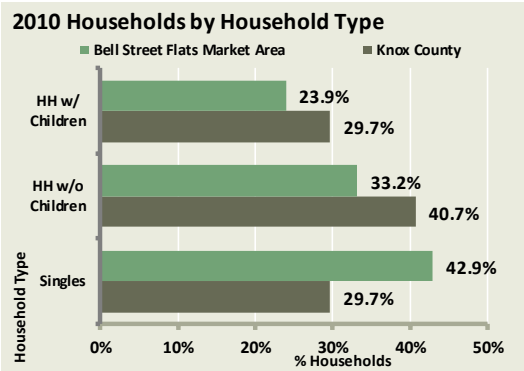
Single-person households were the most common household type in the market area at 42.9 percent, much lower than the 29.7 percent in the county (Table 11). The higher percentage of this household type reflects the inclusion of part of downtown Knoxville in the market area. Roughly 33.2 percent of households in the market area have at least two adults, but no children; this household type is the most common household type in the county at 40.7 percent. Households with children account for 23.9 percent of the households in the Bell Street Flats Market Area and 29.7 percent in the county.



Table 11 Households by Household Type

2010 Households by Household Type	Knox County		Bell Street Flats Market Area	
	#	%	#	%
Married w/Children	35,096	19.8%	1,733	9.5%
Other w/ Children	17,518	9.9%	2,646	14.5%
Households w/ Children	52,614	29.7%	4,379	23.9%
Married w/o Children	48,281	27.2%	3,023	16.5%
Other Family w/o Children	10,353	5.8%	1,539	8.4%
Non-Family w/o Children	13,444	7.6%	1,511	8.3%
Households w/o Children	72,078	40.7%	6,073	33.2%
Singles	52,557	29.7%	7,854	42.9%
Total	177,249	100%	18,306	100%

Source: 2010 Census; RPRG, Inc.

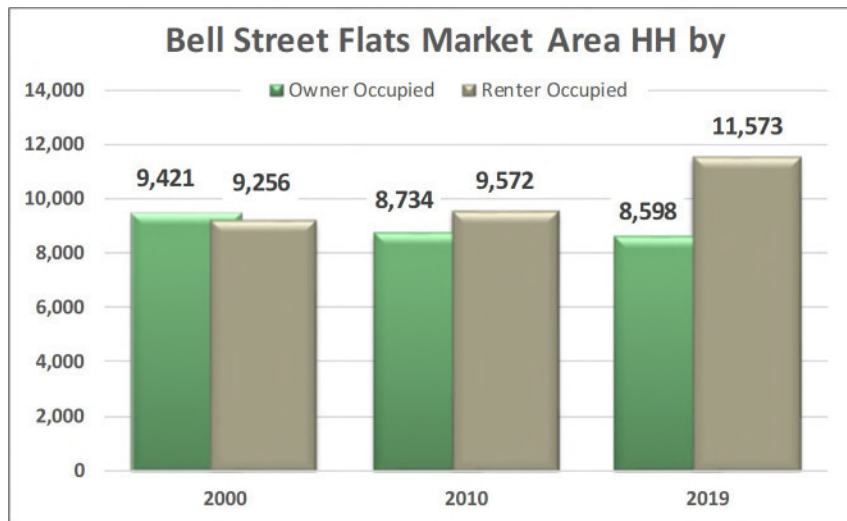


2. Households by Tenure

a. Recent Past Trends

The number of renter households in the Bell Street Flats Market Area increased from 9,256 in 2000 to 11,573 in 2019 for a net increase of 2,317 renter households while the market area lost 823 owner households over this period¹ (Figure 7). By comparison, renter households accounted for 55.7 percent of net household growth in Knox County while owner households accounted for 44.3 percent.

Figure 7 Bell Street Flats Market Area Households by Tenure 2000 to 2019



The Bell Street Flats Market Area’s renter percentage of 57.4 percent in 2019 is much higher than the county’s 37.2 percent (Table 12). The market area added an annual average of 122 renter households (1.2 percent) over the past 19 years while it lost 43 owner households per year.

¹ Based on change from 2000 to 2010 Census counts and Esri’s 2018 Estimate

Table 12 Households by Tenure, 2000-2019

Knox County	2000		2010		2019		Change 2000-2019				% of Change 2000 - 2019
	#	%	#	%	#	%	Total Change		Annual Change		
Housing Units	#	%	#	%	#	%	#	%	#	%	
Owner Occupied	105,562	66.9%	117,412	66.2%	120,904	62.8%	15,342	14.5%	807	0.7%	44.3%
Renter Occupied	52,310	33.1%	59,837	33.8%	71,600	37.2%	19,290	36.9%	1,015	1.7%	55.7%
Total Occupied	157,872	100%	177,249	100%	192,504	100%	34,632	21.9%	1,823	1.0%	100%
Total Vacant	13,567		17,700		18,642						
TOTAL UNITS	171,439		194,949		211,146						

Bell Street Flats Market Area	2000		2010		2019		Change 2000-2019			
	#	%	#	%	#	%	Total Change		Annual Change	
Housing Units	#	%	#	%	#	%	#	%	#	%
Owner Occupied	9,421	50.4%	8,734	47.7%	8,598	42.6%	-823	-8.7%	-43	-0.5%
Renter Occupied	9,256	49.6%	9,572	52.3%	11,573	57.4%	2,317	25.0%	122	1.2%
Total Occupied	18,677	100%	18,306	100%	20,171	100%	1,494	8.0%	79	0.4%
Total Vacant	2,567		3,005		3,428					
TOTAL UNITS	21,244		21,311		23,599					

Source: U.S. Census of Population and Housing, 2000, 2010; Esri, RPRG, Inc.

b. Projected Household Tenure Trends

Esri's projections suggest that renter households will account for 57.4 percent of net household growth over the next five years which is equal to the market area's 2019 renter percentage; this is a departure from the trend over the past 19 years of renter household growth and owner household loss. The projected growth of 563 net renter households from 2019 to 2024 equates to annual average growth of 112 renter households over the next five years which is slightly below the average annual addition of 122 renter households over the past 19 years.

Table 13 Households by Tenure, 2019-2024

Bell Street Flats Market Area	2019		2024 Esri HH by Tenure		Esri Change by Tenure	
Housing Units	#	%	#	%	#	%
Owner Occupied	8,598	42.6%	9,015	42.6%	417	42.6%
Renter Occupied	11,573	57.4%	12,136	57.4%	563	57.4%
Total Occupied	20,171	100%	21,151	100%	980	100%
Total Vacant	3,435		3,628			
TOTAL UNITS	23,606		24,779			

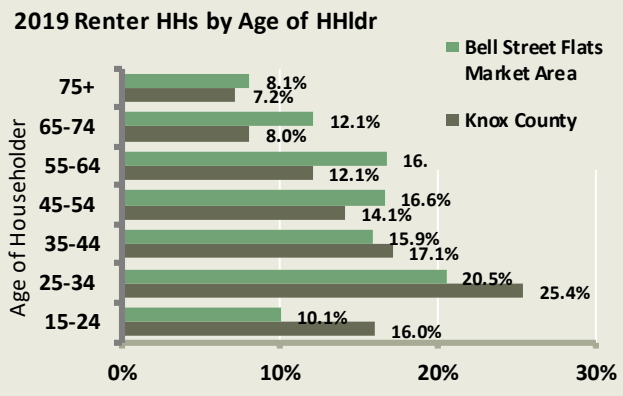
Source: Esri, RPRG, Inc.

Working age renter household form the core of the Bell Street Flats Market Area with 36.4 percent of renter householders age 25-44 and 33.4 percent of renter households age 45-64 years (Table 14). Roughly 20 percent of renter households are age 65+ and 10.1 percent are under the age of 25. Reflecting the influence of the University of Tennessee, young renter households are far more common in Knox County when compared to the market area with 41.4 percent of renter households under the age of 35 including 16.0 percent under 25 years.



Table 14 Renter Households by Age of Householder

Renter Households	Knox County		Bell Street Flats Market Area	
	#	%	#	%
15-24 years	11,465	16.0%	1,164	10.1%
25-34 years	18,202	25.4%	2,374	20.5%
35-44 years	12,258	17.1%	1,837	15.9%
45-54 years	10,123	14.1%	1,922	16.6%
55-64 years	8,636	12.1%	1,938	16.7%
65-74 years	5,751	8.0%	1,404	12.1%
75+ years	5,164	7.2%	933	8.1%
Total	71,600	100%	11,573	100%

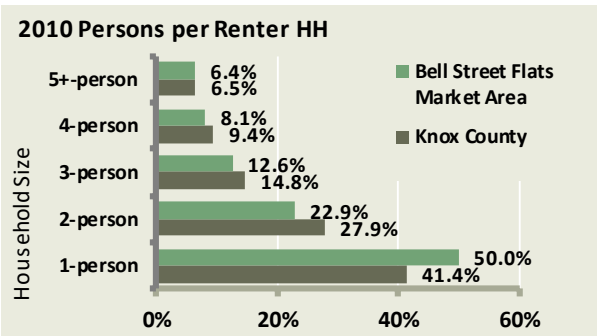


Source: Esri, Real Property Research Group, Inc.

Half of the renter households in the Bell Street Flats Market Area were single person households as of the 2010 Census and 22.9 percent had two people (Table 15). One and two person households combined for 69.3 percent of all renter households in Knox County including 41.4 percent with one person. Three and four person households accounted for 20.7 percent of the renter households in the market area and 24.2 percent of the renter households in the county. Roughly six percent of renter households in both areas had 5+ people.

Table 15 Renter Occupied Persons Per Household

Renter Occupied	Knox County		Bell Street Flats Market Area	
	#	%	#	%
1-person hhld	24,795	41.4%	4,788	50.0%
2-person hhld	16,689	27.9%	2,196	22.9%
3-person hhld	8,841	14.8%	1,204	12.6%
4-person hhld	5,651	9.4%	774	8.1%
5+-person hhld	3,861	6.5%	610	6.4%
TOTAL	59,837	100%	9,572	100%



Source: 2010 Census

3. Income Characteristics

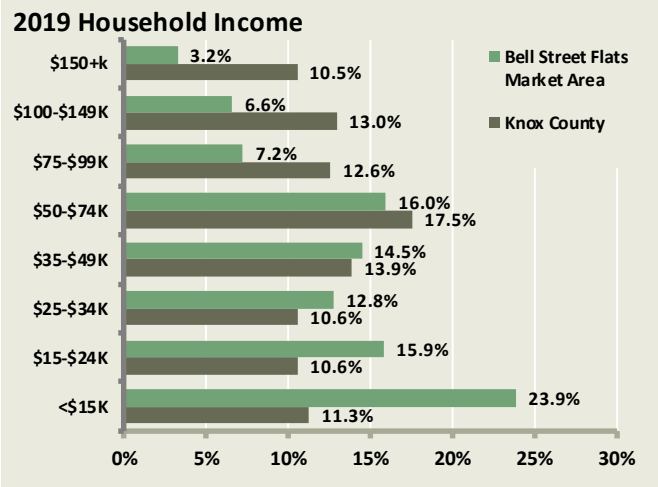
According to income distributions provided by Esri, households in the Bell Street Flats Market Area earn a median income of \$33,026 per year, roughly 60 percent of the \$55,209 median in Knox County (Table 16). The Bell Street Flats Market Area includes significant proportions of modest and moderate-income households with 39.7 percent earning less than \$35,000 including 23.9 percent earning less than \$15,000. Approximately 30 percent of market area households earn moderate incomes of \$35,000 to \$74,999 while 17.0 percent earn at least \$75,000.



Table 16 Household Income

Estimated 2019 Household Income		Knox County		Bell Street Flats Market Area	
		#	%	#	%
less than	\$15,000	21,723	11.3%	4,818	23.9%
	\$15,000 - \$24,999	20,383	10.6%	3,198	15.9%
	\$25,000 - \$34,999	20,381	10.6%	2,578	12.8%
	\$35,000 - \$49,999	26,726	13.9%	2,921	14.5%
	\$50,000 - \$74,999	33,780	17.5%	3,221	16.0%
	\$75,000 - \$99,999	24,250	12.6%	1,459	7.2%
	\$100,000 - \$149,999	24,969	13.0%	1,324	6.6%
	\$150,000 Over	20,293	10.5%	652	3.2%
Total		192,504	100%	20,171	100%
Median Income		\$55,209		\$33,026	

Source: Esri; Real Property Research Group, Inc.

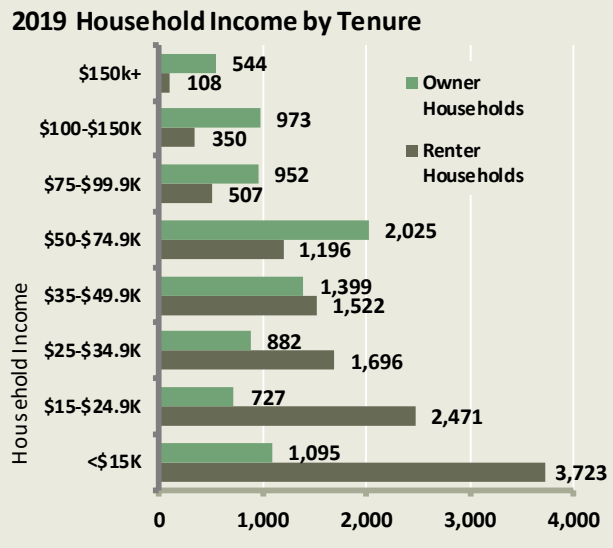


Based on the U.S. Census Bureau’s American Community Survey data, the breakdown of tenure, and household estimates, RPRG estimates that the median income of Bell Street Flats Market Area households by tenure is \$23,348 for renters and \$52,414 for owners (Table 17). The majority (53.5 percent) of market area renter households earn less than \$25,000 including 32.2 percent earning less than \$15,000. Roughly 15 percent of renter households earn \$25,000 to \$34,999 while 23.4 percent earn moderate incomes of \$35,000 to \$74,999.

Table 17 Household Income by Tenure, Bell Street Flats Market Area

Estimated 2019 HH Income	Renter Households		Owner Households	
	#	%	#	%
less than \$15,000	3,723	32.2%	1,095	12.7%
\$15,000 - \$24,999	2,471	21.4%	727	8.5%
\$25,000 - \$34,999	1,696	14.7%	882	10.3%
\$35,000 - \$49,999	1,522	13.1%	1,399	16.3%
\$50,000 - \$74,999	1,196	10.3%	2,025	23.6%
\$75,000 - \$99,999	507	4.4%	952	11.1%
\$100,000 - \$149,999	350	3.0%	973	11.3%
\$150,000 over	108	0.9%	544	6.3%
Total	11,573	100%	8,598	100%
Median Income	\$23,348		\$52,414	

Source: American Community Survey 2013-2017 Estimates, RPRG, Inc.



Forty-five percent of renter households in the Bell Street Flats Market Area pay at least 35 percent of income for rent (Table 18). Just over two percent of renter households are living in substandard conditions; this includes only overcrowding and incomplete plumbing.



Table 18 Substandard and Cost Burdened Calculations, Bell Street Flats Market Area

Rent Cost Burden		
Total Households	#	%
Less than 10.0 percent	328	3.0%
10.0 to 14.9 percent	542	4.9%
15.0 to 19.9 percent	902	8.1%
20.0 to 24.9 percent	978	8.8%
25.0 to 29.9 percent	1,648	14.8%
30.0 to 34.9 percent	1,078	9.7%
35.0 to 39.9 percent	635	5.7%
40.0 to 49.9 percent	786	7.1%
50.0 percent or more	3,053	27.5%
Not computed	1,165	10.5%
Total	11,115	100.0%
> 35% income on rent	4,474	45.0%

Source: American Community Survey 2013-2017

Substandardness	
Total Households	
Owner occupied:	
Complete plumbing facilities:	8,192
1.00 or less occupants per room	8,157
1.01 or more occupants per room	35
Lacking complete plumbing facilities:	40
Overcrowded or lacking plumbing	75
Renter occupied:	
Complete plumbing facilities:	11,108
1.00 or less occupants per room	10,854
1.01 or more occupants per room	254
Lacking complete plumbing facilities:	7
Overcrowded or lacking plumbing	261
Substandard Housing	336
% Total Stock Substandard	1.7%
% Rental Stock Substandard	2.3%



7. COMPETITIVE HOUSING ANALYSIS

A. Introduction and Sources of Information

This section presents data and analyses pertaining to the supply of rental housing in the Bell Street Flats Market Area. We pursued several avenues of research to identify multifamily rental projects in the planning stages or under construction in the Bell Street Flats Market Area. We contacted the Knoxville-Knox County Planning Department and we reviewed Low Income Housing Tax Credit allocation lists provided by Tennessee Housing Development Agency (THDA). The rental survey was conducted in February and March 2019.

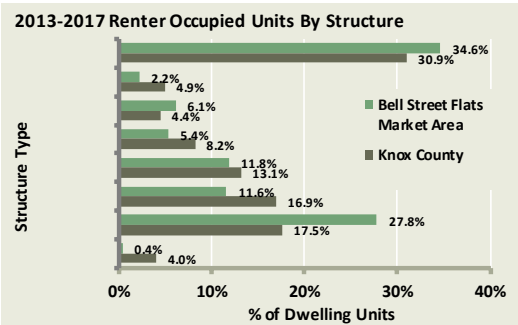
B. Overview of Market Area Housing Stock

Renter-occupied units in both the Bell Street Flats Market Area and Knox County include a large proportion of multi-family housing. The majority (62.7 percent) of market area’s renter-occupied units are contained in multi-family structures with 51.2 percent in structures with five or more units and 11.5 percent in structures with two to four units. Single-family detached homes account for 34.6 percent of the market area’s renter-occupied units (Table 19). Knox County’s renter-occupied units include a smaller proportion of multi-family housing when compared to the market area (60.1 percent versus 62.7 percent) including a much smaller proportion of renter occupied units in structures with 20 or more units (17.5 percent versus 27.8 percent). Roughly 94 percent of owner-occupied units in both the market area and county are single-family homes (detached and attached).

Table 19 Occupied Units by Structure Type and Tenure

Structure Type	Owner Occupied				Renter Occupied			
	Knox County		Bell Street Flats Market Area		Knox County		Bell Street Flats Market Area	
	#	%	#	%	#	%	#	%
1, detached	102,263	87.5%	7,282	88.7%	20,233	30.9%	3,851	34.6%
1, attached	7,915	6.8%	431	5.2%	3,222	4.9%	248	2.2%
2	357	0.3%	62	0.8%	2,907	4.4%	681	6.1%
3-4	475	0.4%	48	0.6%	5,348	8.2%	597	5.4%
5-9	294	0.3%	98	1.2%	8,556	13.1%	1,315	11.8%
10-19	180	0.2%	80	1.0%	11,026	16.9%	1,287	11.6%
20+ units	368	0.3%	153	1.9%	11,456	17.5%	3,089	27.8%
Mobile home	4,973	4.3%	59	0.7%	2,628	4.0%	47	0.4%
TOTAL	116,825	100%	8,213	100%	65,376	100%	11,115	100%

Source: American Community Survey 2013-2017



The housing stock in the Bell Street Flats Market Area is much older than in Knox County as a whole. The median year built of renter occupied units is 1966 in the market area and 1979 in the county (Table 20). The disparity is much greater among owner occupied units with median years built of 1954 in the market area and 1983 in the county. Only one-quarter of the market area’s renter occupied units have been built since 1980 including 12.6 percent built since 2000. Nearly half (47.9 percent) of renter occupied units in the market area were built from 1950 to 1979 while 27.1 percent were built prior to 1950.

According to 2013-2017 ACS data, the median value among owner-occupied housing units in the Bell Street Flats Market Area was \$103,867, which is \$68,761 or 39.8 percent lower than the Knox County median of \$172,597 (Table 21). ACS estimates home values based upon values from homeowners’ assessments of the values of their homes. This data is traditionally a less accurate and reliable



indicator of home prices in an area than actual sales data, but offers insight of relative housing values among two or more areas.

Table 20 Dwelling Units by Year Built and Tenure

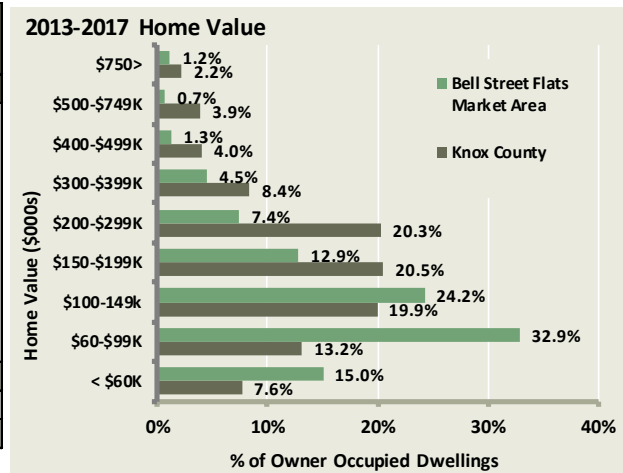
Year Built	Owner Occupied				Renter Occupied			
	Knox County		Bell Street Flats Market Area		Knox County		Bell Street Flats Market Area	
	#	%	#	%	#	%	#	%
2014 or later	1,182	1.0%	0	0.0%	668	1.0%	123	1.1%
2010 to 2013	3,125	2.7%	119	1.4%	2,298	3.5%	475	4.3%
2000 to 2009	21,895	18.7%	511	6.2%	9,225	14.1%	807	7.3%
1990 to 1999	22,594	19.3%	505	6.1%	9,763	14.9%	421	3.8%
1980 to 1989	15,095	12.9%	421	5.1%	10,697	16.4%	956	8.6%
1970 to 1979	17,007	14.5%	766	9.3%	13,006	19.9%	2,190	19.7%
1960 to 1969	12,299	10.5%	812	9.9%	6,546	10.0%	1,704	15.3%
1950 to 1959	11,402	9.8%	1,906	23.2%	4,807	7.3%	1,425	12.8%
1940 to 1949	5,312	4.5%	1,208	14.7%	3,592	5.5%	955	8.6%
1939 or earlier	6,982	6.0%	1,984	24.1%	4,820	7.4%	2,059	18.5%
TOTAL	116,893	100%	8,232	100%	65,422	100%	11,115	100%
MEDIAN YEAR BUILT	1983		1954		1979		1966	

Source: American Community Survey 2013-2017

Table 21 Value of Owner Occupied Housing Stock

2013-2017 Home Value		Knox County		Bell Street Flats Market Area	
		#	%	#	%
less than \$60,000	8,933	7.6%	1,236	15.0%	
\$60,000 - \$99,999	15,372	13.2%	2,707	32.9%	
\$100,000 - \$149,999	23,297	19.9%	1,995	24.2%	
\$150,000 - \$199,999	23,994	20.5%	1,058	12.9%	
\$200,000 - \$299,999	23,709	20.3%	610	7.4%	
\$300,000 - \$399,999	9,810	8.4%	369	4.5%	
\$400,000 - \$499,999	4,693	4.0%	105	1.3%	
\$500,000 - \$749,999	4,521	3.9%	56	0.7%	
\$750,000 over	2,564	2.2%	96	1.2%	
Total	116,893	100%	8,232	100%	
Median Value	\$172,597		\$103,837		

Source: American Community Survey 2013-2017





C. Survey of Comparable Rental Communities

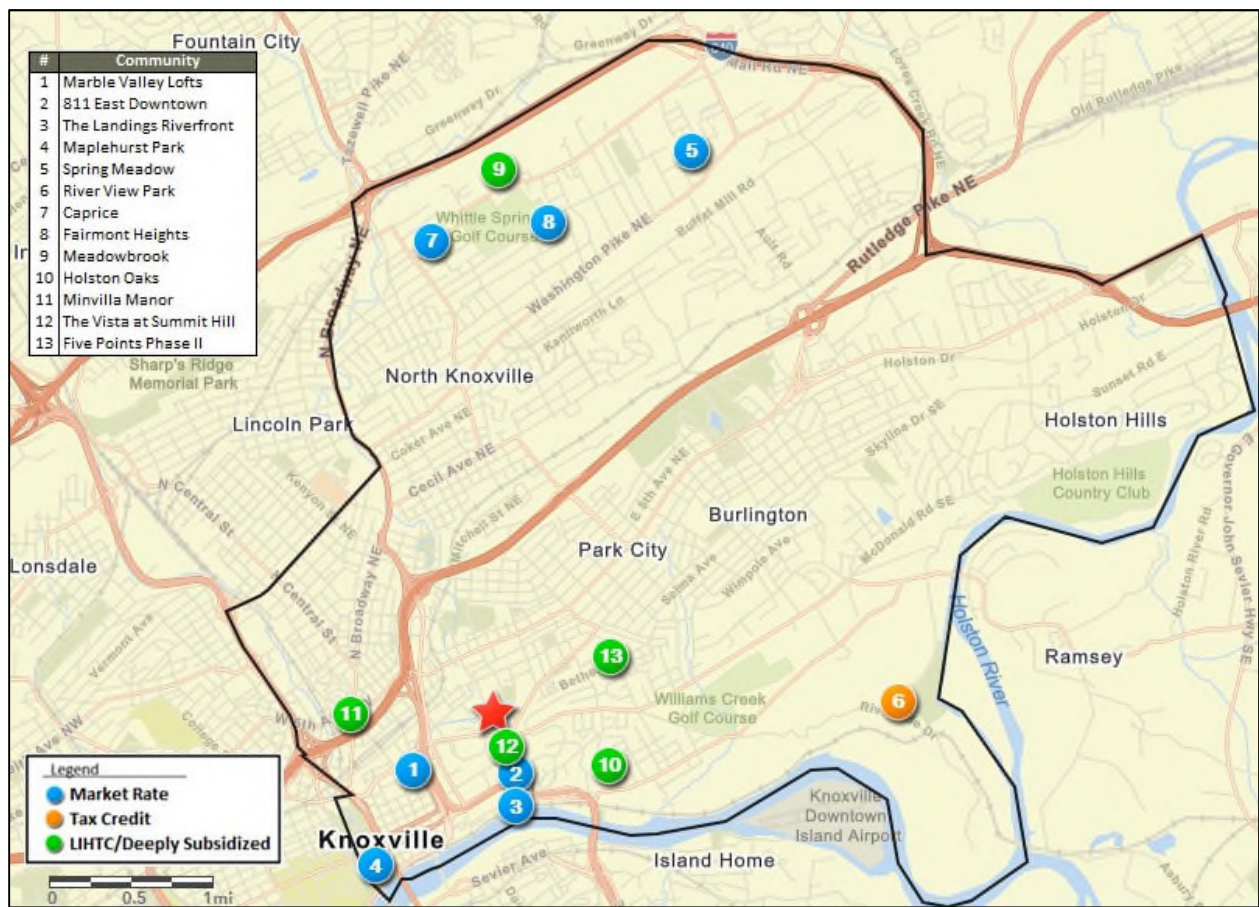
1. Introduction to the Rental Housing Survey

RPRG surveyed 13 general occupancy communities in the Bell Street Flats Market Area including seven market rate communities and six LIHTC communities; five LIHTC communities have Project Based Rental Assistance (PBRA) on all units. All surveyed communities are considered comparable to the subject property given it will be mixed-income with market rate units and LIHTC units with PBRA. Age-restricted communities were excluded from this analysis given differences in age and income targeting. We were unable to survey Pinnacle Park (LIHTC/PBRA) following repeated attempts to contact management. Profile sheets with detailed information on each surveyed community, including photographs, are attached as Appendix 6.

2. Location

Eight of 13 surveyed communities are within two miles of the site in or around downtown including the four highest-priced market rate communities and four LIHTC communities with PBRA. The only surveyed LIHTC community without PBRA (River View Park) is roughly three miles east of the site while three lower priced market rate communities and a deeply subsidized LIHTC community are three to five miles north of the site (Map 5).

Map 5 Surveyed Rental Communities



3. Age of Communities

The average year built of all surveyed communities without PBRA is 1991 with the four highest-priced market rate communities being the newest communities in the market area, built or renovated from 2010 to 2016. The LIHTC community without PBRA (River View Park) was built in 2007 and the lower priced market rate communities are much older built from 1954 to 1991 (Table 22). The LIHTC communities with PBRA have all been built or renovated since 2001 including the most recent communities (Five Points II and The Vista at Summit Hill) which are managed by KCDC (Table 23).

4. Structure Type

The two highest-priced market rate communities offer mid-rise buildings with interior hallways and elevators while the remaining communities without PBRA offer garden apartments; Maplehurst Park (market rate) also offers several single-family detached homes and Fairmont Heights (market rate) also offers townhomes (Table 22). Four of five LIHTC communities with PBRA offer garden apartments while Minvilla Manor is an adaptive reuse of a motel (Table 23).

5. Size of Communities

The five highest-priced market rate communities range from 150 to 248 units while the lower-priced market rate and LIHTC communities are much smaller ranging from 23 to 96 units. Overall, the surveyed communities without PBRA average 147 units per community (Table 22). The surveyed communities with PBRA range from 57 to 199 units and average 118 units per community (Table 23).

6. Vacancy Rates

The Bell Street Flats Market Area's multi-family rental market without PBRA is performing well with 31 vacancies among 1,156 combined units at communities without PBRA reporting occupancy for an aggregate vacancy rate of 2.7 percent; management at Caprice refused to provide occupancy information and is not included in these totals (Table 22). Nearly half (14) of the 31 vacancies are at Maplehurst Park which has a vacancy rate of 6.8 percent while all other communities without PBRA have a vacancy rate of less than five percent including five with a vacancy rate of less than three percent. The surveyed LIHTC community (River View Park) is fully occupied. The deeply subsidized LIHTC communities have 10 vacancies among 589 combined units for an aggregate vacancy rate of 1.7 percent; three of five community are fully occupied (Table 23).

7. Rent Concessions

None of the surveyed communities reported rental incentives.

8. Absorption History

Five Points Phase II (LIHTC with PBRA) opened in April 2018 and all units were leased by July 2018 and an average monthly absorption of 28 units. Marble Valley Lofts opened in 2016 but management was unable to provide absorption timing as the community was under a different management company during lease-up.

Table 22 Rental Summary

Map #	Community	Year Built	Year Rehab	Structure Type	Total Units	Vacant Units	Vacancy Rate	Avg 1BR Rent (1)	Avg 2BR Rent (1)	Incentive
	Subject 50% AMI/PBRA			Mid-Rise	16			\$526	\$641	
	Subject 60% AMI/PBRA			Mid-Rise	27			\$526		
	Subject 60% AMI			Mid-Rise	36			\$709	\$853	
	Subject - Market Rate			Mid-Rise	26			\$800	\$1,143*	
1	Marble Valley Lofts	2016		Mid Rise	248	4	1.6%	\$1,266	\$1,833	None
2	811 East Downtown	2015		Mid Rise	173	8	4.6%	\$1,038	\$1,320	None
3	The Landings Riverfront	2011		Gar	150	4	2.7%	\$920	\$1,230	None
4	Maplehurst Park	1975	2010	Gar/SFD	205	14	6.8%	\$765	\$1,142	None
5	Spring Meadow	1991		Gar	248	0	0.0%	\$769	\$887	None
6	River View Park*	2007		Gar	96	0	0.0%		\$655	None
7	Caprice	1960	2007	Gar	23	-	-		\$600	None
8	Fairmont Heights	1954		Gar/TH	36	1	2.8%	\$500	\$600	None
	Total Reporting Total				1,179					
	Average	1991			1,156	31	2.7%			
					147			\$876	\$1,033	

(1) Rent is contract rent, and not adjusted for utilities or incentives

Weighted average*

Source: Phone Survey, RPRG, Inc. February/March 2019

Lesser of the proposed contract rent and maximum allowable LIHTC rent

Table 23 Deep Subsidy Rental Summary

Map #	Community	Year Built	Year Rehab	Structure Type	Total Units	Vacant Units	Vacancy Rate	Avg 1BR Rent (1)	Avg 2BR Rent (1)	Incentive
9	Meadowbrook*	2001		Gar	74	0	0.0%		\$842	None
10	Holston Oaks*		2016	Gar	199	7	3.5%	\$579	\$664	None
11	Minvilla Manor*	2010		Reuse	57	0	0.0%	\$660		None
12	The Vista at Summit Hill*	1978	2019	Gar	175	3	1.7%	\$523	\$621	None
13	Five Points Phase II*	2018		Gar	84	0	0.0%	\$553	\$616	None
	Total				589	10	1.7%			
	Average	2002			118			\$579	\$686	

Source: Phone Survey, RPRG, Inc. February/March 2019

(*) LIHTC/Deeply Subsidized Community

D. Analysis of Rental Pricing and Product

1. Payment of Utility Costs

Six of eight surveyed communities without PBRA offer trash removal in the rent including the three lowest-priced communities which also include water and sewer (Table 24). The two highest-priced market rate communities include no utilities. Bell Street Flats will include the cost of water, sewer, and trash removal in the price of rent.

2. Unit Features

All but the two lowest priced communities in the market area offer a dishwasher in at least select units while only the three newest and highest-priced market rate communities offer a microwave



(Table 24). All but one community offers washer and dryer connections in at least select units with the two highest-priced communities offering a washer and dryer in each unit. The three highest priced market rate communities offer upscale finishes including stainless appliances, granite countertops, laminate hardwood flooring, kitchen backsplashes, designer cabinets, and upgraded lighting while the remaining communities offer standard finishes including laminate countertops and white or black appliances.

3. Parking

The two mid-rise communities offer structured garage parking with 811 East Downtown charging \$50 per month and Marble Valley Lofts including garage parking in the rent. All other surveyed communities offer free surface parking as the standard parking option.

4. Community Amenities

Four of seven surveyed market rate communities offer a community room, fitness center, swimming pool, and business/computer center including Spring Meadow which also offers a playground and tennis courts. The LIHTC community offers a clubhouse/community room, fitness center, swimming pool, and playground (Table 25). The remaining three market rate communities offer no amenities.

Table 24 Utility Arrangement and Unit Features

Community	Utilities Included in Rent						Dish-washer	Micro-wave	Parking	In-Unit Laundry
	Heat	Hot Water	Cooking	Electric	Water	Trash				
Subject Property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	STD	STD	Surface	Hook Ups
Marble Valley Lofts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	STD	STD	Structured	STD
811 East Downtown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	STD	STD	Structured	STD
The Landings Riverfront	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STD	STD	Surface	Hook Ups
Maplehurst Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Select		Surface	Select-HU
Spring Meadow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STD		Surface	Hook Ups
River View Park*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	STD		Surface	Hook Ups
Caprice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			Surface	
Fairmont Heights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			Surface	Hook Ups

Source: Phone Survey, RPRG, Inc. February/March 2019

LIHTC Community*



Table 25 Community Amenities

Community	Clubhouse	Fitness Room	Pool	Playground	Tennis Court	Business Center
Subject Property	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marble Valley Lofts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
811 East Downtown	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The Landings Riverfront	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Maplehurst Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spring Meadow	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
River View Park*	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Caprice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fairmont Heights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Phone Survey, RPRG, Inc. February/March 2019

LIHTC Community*

5. Distribution of Units by Bedroom Type

All surveyed communities offer two-bedroom units while one and three-bedroom units are offered at a majority of communities; one community (Maplehurst Park) offers four-bedroom units. Unit distributions were available for five communities which account for roughly half (49.9 percent) of the surveyed units; management at the three highest-priced market rate communities could not provide unit distributions. Two-bedroom units are the most common among communities reporting unit distributions at 45.4 percent of units while one-bedroom units account for roughly 39.6 percent of these units (Table 26). Three-bedroom units account for 14.6 percent of surveyed units while 0.3 percent are four-bedroom units. The LIHTC community (River View Park) is weighted toward larger floor plans with 62.5 percent two-bedroom units and 37.5 percent three-bedroom units.

6. Effective Rents

Rents presented in Table 26 are net or effective rents, as opposed to street or advertised rents. The net rents reflect adjustments to street rents to equalize the impact of rental incentives and utility policies across complexes. Specifically, the net rents are adjusted to include water, sewer, and trash removal at all surveyed communities, with tenants responsible for all other utility costs.

Among the surveyed communities without PBRA, the average effective rents are:

- **One-bedroom** units have an average effective rent of \$892 with a range from \$500 to \$1,291. The average unit size is 655 square feet, which results in an average net rent per square foot of \$1.36.
- **Two-bedroom** units have an average effective rent of \$1,048 with a range from \$600 to \$1,863. The average unit size is 934 square feet, which results in an average net rent per square foot of \$1.12.



- **Three-bedroom** units have an average effective rent of \$1,306 with a range from \$755 to \$1,830. The average unit size is 1,242 square feet, which results in an average net rent per square foot of \$1.05.
- **Four-bedroom** units at Maplehurst Park are \$2,700 for a 2,000 square foot unit for a rent per square foot of \$0.83.

The three newest upscale market rate communities are priced at the top of the market including the newest community in downtown (Marble Valley Lofts) which is priced well above the other communities. Maplehurst Park (market rate) which is older but rehabbed in 2010 is priced below these communities and offers standard features and no community amenities. The LIHTC community (River View Park) has rents at or near the bottom of the market comparable to the oldest market rate communities.

Table 26 Unit Distribution and Effective Rents

Community	Total Units	One Bedroom Units				Two Bedroom Units				Three Bedroom Units				Four Bedroom Units			
		Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF
Subject 50% AMI/PBRA	16	7	\$526	650	\$0.81	6	\$641	850	\$0.75	3	\$802	1,150	\$0.70				
Subject 60% AMI/PBRA	27	8	\$526	650	\$0.81	1	\$641	850	\$0.75	14	\$831	1,150	\$0.72	4	\$1,073	1,300	\$0.83
Subject 60% AMI	36	19	\$709	650	\$1.09	17	\$853	850	\$1.00								
Subject - Market Rate	26	12	\$800	650	\$1.23	14	\$1,143*	957*	\$1.19								
Marble Valley Lofts	248		\$1,291	625	\$2.07		\$1,863	1,287	\$1.45								
811 East Downtown	173		\$1,063	702	\$1.51		\$1,350	943	\$1.43		\$1,830	1,514	\$1.21				
The Landings Riverfront	150		\$935	700	\$1.34		\$1,250	900	\$1.39		\$1,518	1,136	\$1.34				
Maplehurst Park	205	141	\$780	680	\$1.15	40	\$1,162	855	\$1.36	2	\$1,468	1,297	\$1.13	2	\$2,700	2,000	\$1.35
Spring Meadow	248	80	\$784	651	\$1.20	120	\$907	962	\$0.94	48	\$960	1,085	\$0.88				
River View Park 60% AMI*	96					60	\$655	978	\$0.67	36	\$755	1,180	\$0.64				
Caprice	23					23	\$600	800	\$0.75								
Fairmont Heights	36	12	\$500	575	\$0.87	24	\$600	745	\$0.81								
Total/Average	1,179		\$892	655	\$1.36		\$1,048	934	\$1.12		\$1,306	1,242	\$1.05		\$2,700	2,000	\$1.35
Unit Distribution	588	233				267				86				2			
% of Total	49.9%	39.6%				45.4%				14.6%				0.3%			

(1) Rent is adjusted to include water/sewer, trash, and Incentives

Source: Phone Survey, RPRG, Inc. February/March 2019

Weighted average*

Lesser of the proposed contract rent and maximum allowable LIHTC rent

(*) Tax Credit Community

E. Potential Competition from For-Sale Housing and Scattered Site Rentals

For-sale housing is not expected to compete with the subject property given the average year built of owner-occupied units in the market area is 1954 with roughly 62 percent of units built prior to 1960; these units lack the appeal of a new and modern multi-family community. Furthermore, the market area has a lack of new for-sale development. Scattered site rentals are also not expected to be a significant source of competition for the proposed units given sufficient multi-family rental housing in the market area, the older rental stock in the market area (median year built of 1966), and the affordable nature of the subject property with PBRA on 79 LIHTC units including 43 units with PBRA.

F. Proposed and Under Construction Rental Communities

Two phases of the Five Points redevelopment are under construction or planned roughly one mile east of the site. These two phases will offer units comparable to the LIHTC/PBRA units proposed at the subject property:



- **Phase III** is under construction with 80 LIHTC/PBRA units including 48 one-bedroom units, 14 two-bedroom units, and 18 three-bedroom units. Units will address renter households earning at or below 50 percent and 60 percent AMI.
- **Phase IV** has been cleared for 82 LIHTC/PBRA units including 14 one-bedroom units, 22 two-bedroom units, 24 three-bedroom units, 16 four-bedroom units, and six 5-bedroom units. Units will address renter households earning at or below 50 percent and 60 percent AMI. The one, two, three, and four-bedroom units will be comparable to the units proposed at the subject property.

According to Terry Gilhula with the Knoxville-Knox County Planning Department, five upscale market rate communities with rents expected to be well above those proposed at the subject property are planned in the Bell Street Flats Market Area:

- **Stockyard Lofts** is a planned 304-unit six-story mid-rise community at 215 Willow Avenue within one mile west of the site in downtown and will consist of 152 one-bedroom units, 122 one-bedroom units, and 30 two-bedroom units. Construction is expected to begin in Summer or Fall of 2019.
- **The T at Riverfront** is a planned high-rise community with 287 rental units on the north side of the Tennessee River near the Henley Bridge in downtown. The 287 units would include 88 one-bedroom units, 93 two-bedroom units, 32 three-bedroom units, and 74 four-bedroom units. The community would target University of Tennessee students but would not be restricted to students. The developer is currently attempting to secure financing for the project according to Terry Gilhula.
- **Tyson Court** is a proposed 30-unit community proposed south of Jennings Street along Tyson Street just north of downtown. This project has not been approved and no timing was available.
- **Caldonia Flats at Marble Alley** is a planned 147-unit second phase of Marble Alley Lofts. The project would be adjacent to Marble Alley Lofts at 121 Union Avenue. Although the project has been planned since 2016, it is still considered active but no timing was available per Terry Gilhula.
- **Supreme Court Building** is a planned mixed-use community at the former Tennessee Supreme Court building in downtown. Plans include 230 apartments along with a hotel and retail space; however, plans have changed several times and the project is still in the planning stages with no timing identified for the project.

G. Estimate of Market Rent

To better understand how the proposed rents compare with the rental market, rents of the most comparable communities are adjusted for a variety of factors including curb appeal, square footage, utilities, and amenities. The three newest market rate rental communities are included in this analysis



and adjustments made are broken down into four classifications. These classifications and an explanation of the adjustments made follows:

Table 27 Estimate of Market Rent Adjustments

- Rents Charged – current rents charged, adjusted for utilities and incentives, if applicable.
- Design, Location, Condition – adjustments made in this section include:
 - Building Design - An adjustment was made, if necessary, to reflect the attractiveness of the proposed product relative to the comparable communities above and beyond what is applied for year built and/or condition.
 - Year Built/Rehabbed - We applied a value of \$0.75 for each year newer a property is relative to a comparable.
 - Condition and Neighborhood – We rated these features on a scale of 1 to 5 with 5 being the most desirable. An adjustment of \$20 per variance was applied for condition. The Neighborhood or location adjustment is significant at \$100 for Marble Valley Lofts which is in downtown and is walkable to employment and many neighborhood amenities and services.
 - Square Footage - Differences between comparables and the subject property are accounted for by an adjustment of \$0.25 per foot.
- Unit Equipment/Amenities – Adjustments were made for amenities included or excluded at the subject property. The exact value of each specific value is somewhat subjective as particular amenities are more attractive to certain renters and less important to others. Adjustment values were between \$5 and \$25 for each amenity. Adjustments of \$75 per bedroom and \$30 per bathroom were applied where applicable. We have adjusted rents \$50 at the three communities utilized in this analysis for offering upscale features including stainless appliances, granite countertops, laminate tile flooring, designer cabinets, and upgraded lighting.
- Site Equipment – Adjustments were made in the same manner as with the unit amenities. Adjustment values were between \$5 and \$15 for each amenity. An adjustment of \$50 was applied for structured garage parking that is included at Marble Valley Lofts.

Rent Adjustments Summary	
B. Design, Location, Condition	
Structure / Stories	
Year Built / Condition	\$0.75
Unit Finishes	\$50.00
Quality/Street Appeal	\$20.00
Location	\$100.00
C. Unit Equipment / Amenities	
Number of Bedrooms	\$75.00
Number of Bathrooms	\$30.00
Unit Interior Square Feet	\$0.25
Balcony / Patio / Porch	\$5.00
AC Type:	\$5.00
Range / Refrigerator	\$25.00
Microwave / Dishwasher	\$5.00
Washer / Dryer: In Unit	\$25.00
Washer / Dryer: Hook-ups	\$5.00
D. Site Equipment / Amenities	
Parking (Structured Garage)	\$50.00
Community Room	\$10.00
Pool	\$15.00
Recreation Areas	\$5.00
Fitness Center	\$10.00

Based on our adjustment calculations, the estimated market rents for the units at Bell Street Flats are \$1,001 for one-bedroom units (Table 28), \$1,265 for two-bedroom units (Table 29), \$1,333 for large two-bedroom units (Table 30), \$1,630 for three-bedroom units (Table 31), and \$1,742 for four-bedroom units (Table 32). The lesser of the proposed contract rent and maximum LIHTC rent for units with PBRA all have rent advantages of at least 38.4 percent; however, rent advantages will be greater given tenants with PBRA pay a percentage of income for rent. The proposed 60 percent AMI rents without PBRA have rent advantages of 29.2 percent for one-bedroom units and 32.6 percent for two-



bedroom units while the market rate rents have rent advantages ranging from 10.0 to 20.9 percent. The project’s overall weighted average rent advantage is 34.9 percent (Table 33).

Table 28 Adjusted Rent Comparison, One Bedroom

One Bedroom Units							
Subject Property	Comparable Property #1		Comparable Property #2		Comparable Property #3		
Bell Street Flats S Bell Street Knoxville, Knox County	811 East Downtown		Marble Valley Lofts		The Landing Riverfront		
	811 Evolve Way		300 State Street		970 Riverside Forest Way		
	Knoxville	Knox	Knoxville	Knox	Knoxville	Knox	
A. Rents Charged	Subject	Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Street Rent (Market)	\$800	\$1,000	\$0	\$1,450	\$0	\$920	\$0
Utilities Included	W,S,T	None	\$25	None	\$25	T	\$15
Rent Concessions		None	\$0	None	\$0	None	\$0
Effective Rent	\$800	\$1,025		\$1,475		\$935	
<i>In parts B thru D, adjustments were made only for differences</i>							
B. Design, Location, Condition		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Structure / Stories	Mid Rise	Mid Rise	\$0	Mid Rise	\$0	Garden	\$0
Year Built / Condition	2021	2015	\$5	2016	\$4	2011	\$8
Unit Finishes	STD	Upscale	(\$50)	Upscale	(\$50)	Upscale	(\$50)
Quality/Street Appeal	Above Average	Above Average	\$0	Above Average	\$0	Above Average	\$0
Location	Average	Average	\$0	Above Average	(\$100)	Average	\$0
C. Unit Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Number of Bedrooms	1	1	\$0	1	\$0	1	\$0
Number of Bathrooms	1	1	\$0	1	\$0	1	\$0
Unit Interior Square Feet	650	674	(\$6)	670	(\$5)	700	(\$13)
Balcony / Patio / Porch	Yes	Yes	\$0	Yes	\$0	Yes	\$0
AC Type:	Central	Central	\$0	Central	\$0	Central	\$0
Range / Refrigerator	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Washer / Dryer: In Unit	No	Yes	(\$25)	Yes	(\$25)	No	\$0
Washer / Dryer: Hook-ups	Yes	Yes	\$0	Yes	\$0	Yes	\$0
D. Site Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Parking (\$ Fee)	Free Surface	Structured - Fee	\$0	Structured	(\$50)	Free Surface	\$0
Community Room	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Pool	No	Yes	(\$15)	Yes	(\$15)	Yes	(\$15)
Recreation Areas	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	No	Yes	(\$10)	Yes	(\$10)	Yes	(\$10)
E. Adjustments Recap		Positive	Negative	Positive	Negative	Positive	Negative
Total Number of Adjustments		1	5	1	7	1	4
Sum of Adjustments B to D		\$5	(\$106)	\$4	(\$255)	\$8	(\$88)
F. Total Summary							
Gross Total Adjustment		\$111		\$259		\$96	
Net Total Adjustment		(\$101)		(\$251)		(\$80)	
G. Adjusted And Achievable Rents		Adj. Rent		Adj. Rent		Adj. Rent	
Adjusted Rent		\$924		\$1,224		\$855	
% of Effective Rent		90.1%		83.0%		91.4%	
Estimated Market Rent	\$1,001						
Rent Advantage \$	\$201						
Rent Advantage %	20.1%						



Table 29 Adjusted Rent Comparison, Two Bedroom

Two Bedroom Units - Small							
Subject Property		Comparable Property #1		Comparable Property #2		Comparable Property #3	
Bell Street Flats S Bell Street Knoxville, Knox County		811 East Downtown		Marble Valley Lofts		The Landing Riverfront	
		811 Evolve Way		300 State Street		970 Riverside Forest Way	
		Knoxville	Knox	Knoxville	Knox	Knoxville	Knox
A. Rents Charged	Subject	Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Street Rent (Market)	\$1,000	\$1,320	\$0	\$1,725	\$0	\$1,230	\$0
Utilities Included	W,S,T	None	\$30	None	\$30	T	\$20
Rent Concessions		None	\$0	None	\$0	None	\$0
Effective Rent	\$1,000	\$1,350		\$1,755		\$1,250	
<i>In parts B thru D, adjustments were made only for differences</i>							
B. Design, Location, Condition		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Structure / Stories	Mid Rise	Mid Rise	\$0	Mid Rise	\$0	Garden	\$0
Year Built / Condition	2021	2015	\$5	2016	\$4	2011	\$8
Unit Finishes	STD	Upscale	(\$50)	Upscale	(\$50)	Upscale	(\$50)
Quality/Street Appeal	Above Average	Above Average	\$0	Above Average	\$0	Above Average	\$0
Location	Average	Average	\$0	Above Average	(\$100)	Average	\$0
C. Unit Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Number of Bedrooms	2	2	\$0	2	\$0	2	\$0
Number of Bathrooms	1	2	(\$30)	2	(\$30)	2	(\$30)
Unit Interior Square Feet	850	943	(\$23)	952	(\$26)	900	(\$13)
Balcony / Patio / Porch	Yes	Yes	\$0	Yes	\$0	Yes	\$0
AC: (C)entral / (W)all / (N)or	Central	Central	\$0	Central	\$0	Central	\$0
Range / Refrigerator	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Washer / Dryer: In Unit	No	Yes	(\$25)	Yes	(\$25)	No	\$0
Washer / Dryer: Hook-ups	Yes	Yes	\$0	Yes	\$0	Yes	\$0
D. Site Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Parking (\$ Fee)	Free Surface	Structured - Fee	\$0	Structured	(\$50)	Free Surface	\$0
Community Room	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Pool	No	Yes	(\$15)	Yes	(\$15)	Yes	(\$15)
Recreation Areas	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	No	Yes	(\$10)	Yes	(\$10)	Yes	(\$10)
E. Adjustments Recap		Positive	Negative	Positive	Negative	Positive	Negative
Total Number of Adjustments		1	6	1	8	1	5
Sum of Adjustments B to D		\$5	(\$153)	\$4	(\$306)	\$8	(\$118)
F. Total Summary							
Gross Total Adjustment		\$158		\$310		\$126	
Net Total Adjustment		(\$148)		(\$302)		(\$110)	
G. Adjusted And Achievable Rents		Adj. Rent		Adj. Rent		Adj. Rent	
Adjusted Rent		\$1,202		\$1,453		\$1,140	
% of Effective Rent		89.0%		82.8%		91.2%	
Estimated Market Rent	\$1,265						
Rent Advantage \$	\$265						
Rent Advantage %	20.9%						



Table 30 Adjusted Rent Comparison, Two Bedroom - Large

Two Bedroom Units - Large							
Subject Property		Comparable Property #1		Comparable Property #2		Comparable Property #3	
Bell Street Flats S Bell Street Knoxville, Knox County		811 East Downtown		Marble Valley Lofts		The Landing Riverfront	
		811 Evolve Way		300 State Street		970 Riverside Forest Way	
		Knoxville	Knox	Knoxville	Knox	Knoxville	Knox
A. Rents Charged		Data		Data		Data	
	Subject		\$ Adj.		\$ Adj.		\$ Adj.
Street Rent (Market)	\$1,200	\$1,320	\$0	\$1,725	\$0	\$1,230	\$0
Utilities Included	W,S,T	None	\$30	None	\$30	T	\$20
Rent Concessions		None	\$0	None	\$0	None	\$0
Effective Rent	\$1,200	\$1,350		\$1,755		\$1,250	
<i>In parts B thru D, adjustments were made only for differences</i>							
B. Design, Location, Condition		Data		Data		Data	
			\$ Adj.		\$ Adj.		\$ Adj.
Structure / Stories	Mid Rise	Mid Rise	\$0	Mid Rise	\$0	Garden	\$0
Year Built / Condition	2021	2015	\$5	2016	\$4	2011	\$8
Unit Finishes	STD	Upscale	(\$50)	Upscale	(\$50)	Upscale	(\$50)
Quality/Street Appeal	Above Average	Above Average	\$0	Above Average	\$0	Above Average	\$0
Location	Average	Average	\$0	Above Average	(\$100)	Average	\$0
C. Unit Equipment / Amenities		Data		Data		Data	
			\$ Adj.		\$ Adj.		\$ Adj.
Number of Bedrooms	2	2	\$0	2	\$0	2	\$0
Number of Bathrooms	2	2	\$0	2	\$0	2	\$0
Unit Interior Square Feet	1,000	943	\$14	952	\$12	900	\$25
Balcony / Patio / Porch	Yes	Yes	\$0	Yes	\$0	Yes	\$0
AC: (C)entral / (W)all / (N)or	Central	Central	\$0	Central	\$0	Central	\$0
Range / Refrigerator	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Washer / Dryer: In Unit	No	Yes	(\$25)	Yes	(\$25)	No	\$0
Washer / Dryer: Hook-ups	Yes	Yes	\$0	Yes	\$0	Yes	\$0
D. Site Equipment / Amenities		Data		Data		Data	
			\$ Adj.		\$ Adj.		\$ Adj.
Parking (\$ Fee)	Free Surface	Structured - Fee	\$0	Structured	(\$50)	Free Surface	\$0
Community Room	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Pool	No	Yes	(\$15)	Yes	(\$15)	Yes	(\$15)
Recreation Areas	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	No	Yes	(\$10)	Yes	(\$10)	Yes	(\$10)
E. Adjustments Recap		Positive		Positive		Positive	
			Negative		Negative		Negative
Total Number of Adjustments		2	4	2	6	2	3
Sum of Adjustments B to D		\$19	(\$100)	\$16	(\$250)	\$33	(\$75)
F. Total Summary							
<i>Gross Total Adjustment</i>		\$119		\$266		\$108	
<i>Net Total Adjustment</i>		(\$81)		(\$234)		(\$42)	
G. Adjusted And Achievable Rents		Adj. Rent		Adj. Rent		Adj. Rent	
Adjusted Rent		\$1,269		\$1,521		\$1,208	
% of Effective Rent		94.0%		86.7%		96.6%	
Estimated Market Rent	\$1,333						
Rent Advantage \$	\$133						
Rent Advantage %	10.0%						



Table 31 Adjusted Rent Comparison, Three Bedroom

Three Bedroom Units							
Subject Property		Comparable Property #1		Comparable Property #2		Comparable Property #3	
Bell Street Flats S Bell Street Knoxville, Knox County		811 East Downtown		Marble Valley Lofts		The Landing Riverfront	
		811 Evolve Way		300 State Street		970 Riverside Forest Way	
		Knoxville	Knox	Knoxville	Knox	Knoxville	Knox
A. Rents Charged	Subject	Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Street Rent (Contract Rent)	\$831	\$1,795	\$0	\$1,950	\$0	\$1,480	\$0
Utilities Included	W,S,T	None	\$35	None	\$35	None	\$25
Rent Concessions		None	\$0	None	\$0	None	\$0
Effective Rent	\$831	\$1,830		\$1,985		\$1,505	
<i>In parts B thru D, adjustments were made only for differences</i>							
B. Design, Location, Condition		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Structure / Stories	Mid Rise	Mid Rise	\$0	Mid Rise	\$0	Garden	\$0
Year Built / Condition	2021	2015	\$5	2016	\$4	2011	\$8
Unit Finishes	STD	Upscale	(\$50)	Upscale	(\$50)	Upscale	(\$50)
Quality/Street Appeal	Above Average	Above Average	\$0	Above Average	\$0	Above Average	\$0
Location	Average	Average	\$0	Above Average	(\$100)	Average	\$0
C. Unit Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Number of Bedrooms	3	3	\$0	2	\$75	3	\$0
Number of Bathrooms	2	3	(\$30)	2	\$0	2	\$0
Unit Interior Square Feet	1,150	1,514	(\$91)	1,083	\$17	1,122	\$7
Balcony / Patio / Porch	Yes	Yes	\$0	Yes	\$0	Yes	\$0
AC: (C)entral / (W)all / (N)one	Central	Central	\$0	Central	\$0	Central	\$0
Range / Refrigerator	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Washer / Dryer: In Unit	No	Yes	(\$25)	Yes	(\$25)	No	\$0
Washer / Dryer: Hook-ups	Yes	Yes	\$0	Yes	\$0	Yes	\$0
D. Site Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Parking (\$ Fee)	Free Surface	Structured - Fee	\$0	Structured	(\$50)	Free Surface	\$0
Community Room	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Pool	No	Yes	(\$15)	Yes	(\$15)	Yes	(\$15)
Recreation Areas	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	No	Yes	(\$10)	Yes	(\$10)	Yes	(\$10)
E. Adjustments Recap		Positive	Negative	Positive	Negative	Positive	Negative
Total Number of Adjustments		1	6	3	6	2	3
Sum of Adjustments B to D		\$5	(\$221)	\$96	(\$250)	\$15	(\$75)
F. Total Summary							
<i>Gross Total Adjustment</i>		\$226		\$346		\$90	
<i>Net Total Adjustment</i>		(\$216)		(\$154)		(\$60)	
G. Adjusted And Achievable Rents		Adj. Rent		Adj. Rent		Adj. Rent	
Adjusted Rent		\$1,614		\$1,831		\$1,445	
% of Effective Rent		88.2%		92.2%		96.0%	
Estimated Market Rent	\$1,630						
Rent Advantage \$	\$799						
Rent Advantage %	49.0%						



Table 32 Adjusted Rent Comparison, Four Bedroom

Four Bedroom Units							
Subject Property		Comparable Property #1		Comparable Property #2		Comparable Property #3	
Bell Street Flats S Bell Street Knoxville, Knox County		811 East Downtown		Marble Valley Lofts		The Landing Riverfront	
		811 Evolve Way		300 State Street		970 Riverside Forest Way	
		Knoxville	Knox	Knoxville	Knox	Knoxville	Knox
A. Rents Charged	Subject	Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Street Rent (Contract Rent)	\$1,073	\$1,795	\$0	\$1,950	\$0	\$1,480	\$0
Utilities Included	W,S,T	None	\$35	None	\$35	None	\$25
Rent Concessions		None	\$0	None	\$0	None	\$0
Effective Rent	\$1,073	\$1,830		\$1,985		\$1,505	
<i>In parts B thru D, adjustments were made only for differences</i>							
B. Design, Location, Condition		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Structure / Stories	Mid Rise	Mid Rise	\$0	Mid Rise	\$0	Garden	\$0
Year Built / Condition	2021	2015	\$5	2016	\$4	2011	\$8
Unit Finishes	STD	Upscale	(\$50)	Upscale	(\$50)	Upscale	(\$50)
Quality/Street Appeal	Above Average	Above Average	\$0	Above Average	\$0	Above Average	\$0
Location	Average	Average	\$0	Above Average	(\$100)	Average	\$0
C. Unit Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Number of Bedrooms	4	3	\$75	2	\$150	3	\$75
Number of Bathrooms	2	3	(\$30)	2	\$0	2	\$0
Unit Interior Square Feet	1,300	1,514	(\$54)	1,083	\$54	1,122	\$45
Balcony / Patio / Porch	Yes	Yes	\$0	Yes	\$0	Yes	\$0
AC: (C)entral / (W)all / (N)one	Central	Central	\$0	Central	\$0	Central	\$0
Range / Refrigerator	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	\$0	Yes / Yes	\$0	Yes / Yes	\$0
Washer / Dryer: In Unit	No	Yes	(\$25)	Yes	(\$25)	No	\$0
Washer / Dryer: Hook-ups	Yes	Yes	\$0	Yes	\$0	Yes	\$0
D. Site Equipment / Amenities		Data	\$ Adj.	Data	\$ Adj.	Data	\$ Adj.
Parking (\$ Fee)	Free Surface	Structured - Fee	\$0	Structured	(\$50)	Free Surface	\$0
Community Room	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Pool	No	Yes	(\$15)	Yes	(\$15)	Yes	(\$15)
Recreation Areas	Yes	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	No	Yes	(\$10)	Yes	(\$10)	Yes	(\$10)
E. Adjustments Recap		Positive	Negative	Positive	Negative	Positive	Negative
Total Number of Adjustments		2	6	3	6	3	3
Sum of Adjustments B to D		\$80	(\$184)	\$208	(\$250)	\$128	(\$75)
F. Total Summary							
Gross Total Adjustment		\$264		\$458		\$203	
Net Total Adjustment		(\$104)		(\$42)		\$53	
G. Adjusted And Achievable Rents		Adj. Rent		Adj. Rent		Adj. Rent	
Adjusted Rent		\$1,726		\$1,943		\$1,558	
% of Effective Rent		94.3%		97.9%		103.5%	
Estimated Market Rent	\$1,742						
Rent Advantage \$	\$669						
Rent Advantage %	38.4%						

Table 33 Market Rent and Rent Advantage Summary

	50% AMI/PBRA			60% AMI/PBRA			
	One Bedroom	Two Bedroom	Three Bedroom	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Subject Rent	\$526	\$641	\$802	\$526	\$641	\$831	\$1,073
Est Market Rent	\$1,001	\$1,265	\$1,630	\$1,001	\$1,265	\$1,630	\$1,742
Rent Advantage (\$)	\$475	\$624	\$828	\$475	\$624	\$799	\$669
Rent Advantage (%)	47.5%	49.3%	50.8%	47.5%	49.3%	49.0%	38.4%
Proposed Units	7	6	3	8	1	14	4
	60% AMI		Market Rate			Overall Market Advantage	
	One Bedroom	Two Bedroom	One Bedroom	Two Bedroom	Two Bedroom - Large		
Subject Rent	\$709	\$853	\$800	\$1,000	\$1,200		
Est Market Rent	\$1,001	\$1,265	\$1,001	\$1,265	\$1,333		
Rent Advantage (\$)	\$292	\$412	\$201	\$265	\$133		
Rent Advantage (%)	29.2%	32.6%	20.1%	20.9%	10.0%		
Proposed Units	19	17	12	4	10		
						Overall Market Advantage	34.9%

Lesser of the proposed contract rent and maximum allowable LHTC rent

8. FINDINGS AND CONCLUSIONS

A. Key Findings

Based on the preceding review of the subject project and demographic and competitive housing trends in the Bell Street Flats Market Area, RPRG offers the following key findings:

1. Site and Neighborhood Analysis

The subject site is a suitable location for affordable rental housing as it is compatible with surrounding land uses and has access to neighborhood amenities and employers.

- The subject site is within two miles of convenience stores, recreation facilities, schools, a bank, grocery stores, a pharmacy, and restaurants. Several KAT bus stops are within one-quarter mile of the site including a stop adjacent to the site. Medical facilities including Fort Sanders Regional Medical Center are within three miles west of the site.
- Bell Street Flats will be compatible with surrounding land uses with several apartment communities within one-half mile to the south including two of the highest-priced communities in the market area. The site is on the edge of a large residential neighborhood comprised primarily of modest value single-family detached homes.
- Downtown Knoxville is within one-half mile west of the site with the region's largest concentration of jobs.
- Interstate 40 and several U.S. and state highways are within roughly one mile of the site providing access to the Knoxville area.
- RPRG did not identify any negative land uses at the time of the site visit that would negatively impact the proposed development's viability in the marketplace.

2. Economic Context

Knox County's economy is growing with job growth in each of the past seven years and a decreasing unemployment rate which is well below state and national levels.

- Knox County's unemployment rate decreased significantly to 3.2 percent in 2017 which is the lowest level since at least 2007 and is below state (3.7 percent) and national (4.0 percent) rates. The average unemployment rate through the third quarter of 2018 dropped to 3.0 percent which remained well below state and national levels.
- Knox County added 21,509 net jobs (10.0 percent net growth) from 2011 to 2017, more than recouping the 12,396 jobs lost from 2009 to 2010 during the recession. The county added at least 1,000 jobs in each of the past five years including at least 4,000 jobs annually from 2014 to 2016. Knox County added 711 jobs in the first half of 2018.
- Trade-Transportation-Utilities, Professional-Business, and Education-Health are Knox County's largest employment sectors with a combined 54.2 percent of the county's jobs; each of these sectors account for a larger proportion of the county's jobs compared to jobs nationally. Knox County has a smaller percentage of jobs in the Natural Resources, Manufacturing, and Government sectors when compared to the nation.

3. Demographic Analysis

The Bell Street Flats Market Area lost population and households from 2000 to 2010 with net loss of roughly two percent. This trend reversed over the past nine years with steady growth which is expected to continue over the next five years.

- Based on Esri data, RPRG estimates that the Bell Street Flats Market Area added 3,628 net people and 1,865 net households from 2010 to 2018. Annual gains over the past nine years were 403 people (1.0 percent) and 207 households (1.1 percent).
- Recent trends are projected to continue in the market area over the next five years with the annual addition of 385 people (0.9 percent) and 196 households (1.0 percent). The market area will reach 45,347 people and 21,151 households by 2024.
- The population for Bell Street Flats Market Area is older than Knox County's with 2019 median population ages of 40 and 38, respectively. Adults age 35-61 is the largest cohort in the market area at roughly 35 percent while all other age cohorts (Children Youth, Young Adults, and Seniors) each account for roughly 21-22 percent of the market area's population.
- The Bell Street Flats Market Area's households have a much higher propensity to rent than in Knox County with 2019 renter percentages of 57.4 percent in the market area and 37.6 percent in the county. The market area added 2,317 net renter households and lost 823 owner households from 2000 to 2019 and RPRG projects the market area to add 563 net renter households from 2019 to 2024 (57.4 percent of net household growth).
- Roughly 43 percent of Bell Street Flats Market Area households were single-person households in 2010 while roughly one-third were multi-person households without children. Approximately 24 percent of households in the market area had children.
- Half of the renter households in the Bell Street Flats Market Area were single person households as of the 2010 Census and 22.9 percent had two people. Roughly 27 percent of market area renter households had three or more people.
- The Bell Street Flats Market Area's 2019 median income of \$33,026 is \$22,183 or 40.2 percent lower than the \$55,209 median income in Knox County. The median income of renters in the Bell Street Flats Market Area as of 2019 is \$23,348 for renters with a significant proportion of modest and moderate-income renter households. The majority (53.5 percent) of market area renter households earn less than \$25,000, 14.7 percent earn \$25,000 to \$34,999, and 23.4 percent earn moderate incomes of \$35,000 to \$74,999.

4. Competitive Housing Analysis

The Bell Street Flats Market Area's multi-family rental market is strong with limited vacancies among market rate and LIHTC communities.

- The surveyed communities without PBRA reporting occupancy have 31 vacancies among 1,156 combined units for an aggregate vacancy rate of 2.7 percent; management at Caprice refused to provide occupancy information and is not included in totals. All but one surveyed community have a vacancy rate of less than five percent including five of seven with a vacancy rate of less than three percent. The surveyed communities with PBRA have 10 vacancies among 589 combined units for an aggregate vacancy rate of 1.7 percent.
- Among all surveyed rental communities without PBRA, net rents, unit sizes, and rents per square foot are as follows:
 - **One-bedroom** rents average \$892 for 655 square feet or \$1.36 per square foot.
 - **Two-bedroom** rents average \$1,048 for 934 square feet or \$1.12 per square foot.

- **Three-bedroom** rents average \$1,306 for 1,242 square feet or \$1.05 per square foot.
- **Four-bedroom** rents at Maplehurst Park are \$2,700 for 2,000 square feet or \$1.35 per square foot.

The three newest upscale market rate communities are priced at the top of the market including the newest community in downtown (Marble Valley Lofts) which is priced well above the other communities. Maplehurst Park (market rate) which is older but rehabbed in 2010 is priced just below these communities and offers standard features and no community amenities. The LIHTC community (River View Park) has rents at or near the bottom of the market comparable to the oldest market rate communities.

- The estimated market rents for the units at Bell Street Flats are \$1,001 for one-bedroom units, \$1,265 for two-bedroom units, \$1,333 for large two-bedroom units, \$1,630 for three-bedroom units, and \$1,742 for four-bedroom units. The lesser of the proposed contract rent and maximum LIHTC rent for units with PBRA all have rent advantages of at least 38.4 percent; however, rent advantages will be greater given tenants with PBRA pay a percentage of income for rent. The proposed 60 percent AMI rents without PBRA have rent advantages of 29.2 percent for one-bedroom units and 32.6 percent for two-bedroom units while the market rate rents have rent advantages ranging from 10.0 to 20.9 percent. The project's overall weighted average rent advantage is 34.9 percent.
- Phase III of the Five Points redevelopment (LIHTC/PBRA) is under construction and the site for phase IV of Five Points (LIHTC/PBRA) is cleared and will begin construction soon. These communities will offer comparable units to the LIHTC/PBRA units at the subject property. Five upscale market rate communities are planned in or near downtown that are expected to have rents well above the market rate rents at the subject property and will not directly compete with Bell Street Flats.

B. Affordability Analysis

1. Methodology

The Affordability Analysis tests the percentage of income-qualified households in the market area that the subject community must capture to achieve full occupancy.

The first component of the Affordability Analysis involves looking at the total household income distribution and renter household income distribution among primary market area households for the target year of 2021. RPRG calculated the income distribution for both total households and renter households based on the relationship between owner and renter household incomes by income cohort from the 2013-2017 American Community Survey along with estimates and projected income growth as projected by Esri (Table 34).

A housing unit is typically said to be affordable to households that would be expending a certain percentage of their annual income or less on the expenses related to living in that unit. In the case of rental units, these expenses are generally of two types – monthly contract rents paid to landlords and payment of utility bills for which the tenant is responsible. The sum of the contract rent and utility bills is referred to as a household's 'gross rent burden'. For the Affordability Analysis of this general occupancy community, RPRG employs a 35 percent gross rent burden. This rent burden only applies for tenants who do not receive PBRA. As 43 of 79 proposed LIHTC units will have PBRA and minimum income limits will not apply, the affordability analysis has been conducted without this additional subsidy. The lesser of the proposed contract rent and maximum allowable LIHTC rent (most that could be charged without PBRA) was utilized for this analysis.

Maximum income limits are derived from 2019 income limits for the Knoxville, TN MSA as computed by HUD and are based on an average of 1.5 persons per bedroom. (Table 35). Maximum gross rents are based on the federal regulation of 1.5 persons per bedroom. The minimum income limits are calculated assuming up to 35 percent of income is spent on total housing cost (rent plus utilities). As the market rate units will be serving moderate income households, RPRG assumed that the target market includes future renters earning as much as 100 percent of Area Median Income (AMI). We have included an Affordability Analysis in which all proposed LIHTC units are considered traditional LIHTC units; however, minimum income limits will not apply for the 43 LIHTC units with PBRA. We have also included capture rates which account for the proposed PBRA.

Table 34 Income Distribution by Tenure

Bell Street Flats Market Area		Total Households		Renter Households	
2021 Income		#	%	#	%
less than	\$15,000	4,659	22.7%	3,656	31.0%
	\$15,000 - \$24,999	3,133	15.2%	2,458	20.8%
	\$25,000 - \$34,999	2,596	12.6%	1,734	14.7%
	\$35,000 - \$49,999	3,018	14.7%	1,597	13.5%
	\$50,000 - \$74,999	3,413	16.6%	1,287	10.9%
	\$75,000 - \$99,999	1,574	7.7%	556	4.7%
	\$100,000 - \$149,999	1,451	7.1%	390	3.3%
	\$150,000 - Over	720	3.5%	121	1.0%
Total		20,563	100%	11,798	100%
Median Income		\$34,591		\$24,125	

Source: American Community Survey 2013-2017 Projections, RPRG, Inc.



Table 35 LIHTC Income and Rent Limits

HUD 2019 Median Household Income										
Knoxville, TN HUD Metro FMR Area		\$69,900								
Very Low Income for 4 Person Household		\$34,950								
2019 Computed Area Median Gross Income		\$69,900								
Utility Allowance:										
	1 Bedroom	\$78								
	2 Bedroom	\$92								
	3 Bedroom	\$106								
	4 Bedroom	\$121								
Household Income Limits by Household Size:										
Household Size	30%	40%	50%	60%	80%	100%	120%	150%	200%	
1 Person	\$14,700	\$19,600	\$24,500	\$29,400	\$39,200	\$49,000	\$58,800	\$73,500	\$98,000	
2 Persons	\$16,800	\$22,400	\$28,000	\$33,600	\$44,800	\$56,000	\$67,200	\$84,000	\$112,000	
3 Persons	\$18,900	\$25,200	\$31,500	\$37,800	\$50,400	\$63,000	\$75,600	\$94,500	\$126,000	
4 Persons	\$20,970	\$27,960	\$34,950	\$41,940	\$55,920	\$69,900	\$83,880	\$104,850	\$139,800	
5 Persons	\$22,650	\$30,200	\$37,750	\$45,300	\$60,400	\$75,500	\$90,600	\$113,250	\$151,000	
Imputed Income Limits by Number of Bedroom (Assuming 1.5 persons per bedroom):										
Persons	# Bed-rooms	30%	40%	50%	60%	80%	100%	120%	150%	200%
1.5	1	\$15,750	\$21,000	\$26,250	\$31,500	\$42,000	\$52,500	\$63,000	\$78,750	\$105,000
3	2	\$18,900	\$25,200	\$31,500	\$37,800	\$50,400	\$63,000	\$75,600	\$94,500	\$126,000
4.5	3	\$21,810	\$29,080	\$36,350	\$43,620	\$58,160	\$72,700	\$87,240	\$109,050	\$145,400
LIHTC Tenant Rent Limits by Number of Bedrooms (assumes 1.5 persons per bedroom):										
# Persons	30%		40%		50%		60%		100%	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1 Bedroom	\$393	\$315	\$525	\$447	\$656	\$578	\$787	\$709	\$1,312	\$1,234
2 Bedroom	\$472	\$380	\$630	\$538	\$787	\$695	\$945	\$853	\$1,575	\$1,483
3 Bedroom	\$545	\$439	\$727	\$621	\$908	\$802	\$1,090	\$984	\$1,817	\$1,711
4 Bedroom	\$608	\$487	\$811	\$690	\$1,013	\$892	\$1,216	\$1,095	\$2,027	\$1,906

Source: U.S. Department of Housing and Urban Development

2. Affordability Analysis

This analysis looks at the affordability of the proposed units at the subject property without accounting for PBRA (Table 36):

- Looking at the one-bedroom units at 50 percent AMI, the overall shelter cost at the proposed rents would be \$604 (\$526 net rent plus a \$78 utility allowance).
- We determined that a one-bedroom unit at 50 percent AMI would be affordable to households earning at least \$20,709 per year by applying a 35 percent rent burden to the gross rent. A projected 6,739 renter households in the market area will earn at least this amount in 2021.
- Assuming an average household size of 1.5 persons per bedroom, the maximum income limit for a one-bedroom unit at 50 percent AMI would be \$26,250. According to the interpolated income distribution for 2021, 5,467 renter households will reside in the market area with incomes exceeding this income limit.
- Subtracting the 5,467 renter households with incomes above the maximum income limit from the 6,739 renter households that could afford to rent this unit, RPRG computes that an estimated 1,272 renter households in the Bell Street Flats Market Area are in the band of affordability for Bell Street Flats' 50 percent AMI one-bedroom units.



- Bell Street Flats would need to capture 0.6 percent of these income-qualified renter households to absorb the seven proposed 50 percent AMI one-bedroom units.
- Using the same methodology, we determined the band of qualified households for the remaining floor plan types, AMI levels, and for the project overall.
- The remaining renter capture rates by floor plan range from 0.4 percent to 2.2 percent and renter capture rates by AMI level are 0.5 percent for 50 percent AMI units, 2.0 percent for 60 percent AMI units, 1.9 percent for all LIHTC units, and 0.8 percent for market rate units. The project's overall renter capture rate is 2.1 percent.
- Removal of the minimum income limit for the proposed LIHTC units with PBRA increases the number of income-qualified renter households to 10,114, thus lowering the project's overall renter capture rate to 1.0 percent (Table 37).
- We also conducted a penetration rate analysis with and without PBRA, which includes the proposed units and comparable units existing and proposed in the market area. The proposed units and units at all surveyed communities without PBRA (except for the two newest and highest priced market rate communities which are priced well above the proposed market rate rents) are utilized to determine penetration rates without accounting for PBRA. We also excluded the upscale pipeline market rate units as all are expected to be priced well above the subject property. The project's overall penetration rate without accounting for PBRA is a very low 17.1 percent. We calculate the penetration rates when accounting for the proposed PBRA by utilizing the same units as the penetration analysis without accounting for PBRA but adding the surveyed LIHTC units with PBRA in the market area and the units planned in phases III and IV of Five Points. The project's overall penetration rate when accounting for PBRA is a very low 14.5 percent.

3. Conclusions of Affordability and Penetration

All capture rates are low with or without accounting for the proposed PBRA, indicating significant income-qualified renter households will exist in Bell Street Flats Market Area as of 2021 to support the 105 units proposed at Bell Street Flats with or without PBRA. The project's very low penetration rates (with or without PBRA) represent a potentially underserved rental market for the units proposed at the subject property.



Table 36 Affordability Analysis, Bell Street Flats without PBRA

50% AMI	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
	Min.	Max.	Min.	Max.	Min.	Max.
Number of Units	7		6		3	
Net Rent	\$526		\$641		\$802	
Gross Rent	\$604		\$733		\$908	
Income Range (Min, Max)	\$20,709	\$26,250	\$25,131	\$31,500	\$31,131	\$36,350
Renter Households						
Range of Qualified Hhlds	6,739	5,467	5,661	4,557	4,621	3,806
# Qualified Hhlds	1,272		1,105		815	
Renter HH Capture Rate	0.6%		0.5%		0.4%	

60% AMI	One Bedroom Units		Two Bedroom Units		Three Bedroom Units		Four Bedroom Units	
	Number of Units	27		18		14		4
Net Rent	\$655		\$841		\$831		\$1,073	
Gross Rent	\$733		\$933		\$937		\$1,194	
Income Range (Min, Max)	\$25,124	\$31,500	\$31,996	\$37,800	\$32,126	\$43,620	\$40,937	\$48,660
Renter Households								
Range of Qualified Hhlds	5,662	4,557	4,471	3,652	4,448	3,032	3,318	2,496
# Qualified Hhlds	1,106		819		1,416		822	
Renter HH Capture Rate	2.4%		2.2%		1.0%		0.5%	

100% AMI	One Bedroom Units		Two Bedroom Units	
	Number of Units	12		14
Net Rent	\$800		\$1,143	
Gross Rent	\$878		\$1,235	
Income Range (Min, Max)	\$30,103	\$52,500	\$42,338	\$63,000
Renter Households				
Range of Qualified Hhlds	4,799	2,224	3,168	1,684
# Qualified Households	2,575		1,485	
Renter HH Capture Rate	0.5%		0.9%	

Income Target	# Units	Renter Households = 11,798				Total Units	Penetration Rate
		Band of Qualified Hhlds		# Qualified HHs	Capture Rate		
50% AMI	16	<i>Income Households</i>	\$20,709 6,739	\$36,350 3,806	2,933	16	0.5%
60% AMI	63	<i>Income Households</i>	\$25,124 5,662	\$48,660 2,496	3,081	159	5.2%
LIHTC Units	79	<i>Income Households</i>	\$20,709 6,739	\$48,660 2,496	4,243	175	4.1%
Market Rate	26	<i>Income Households</i>	\$30,103 4,799	\$63,000 1,684	3,115	688	22.1%
Total Units	105	<i>Income Households</i>	\$20,709 6,739	\$63,000 1,684	5,055	863	17.1%

Source: Income Projections, RPRG, Inc.



Table 37 Affordability Analysis, Bell Street Flats with PBRA

50% AMI	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
	Min.	Max.	Min.	Max.	Min.	Max.
Number of Units	7		6		3	
Net Rent	\$526		\$641		\$802	
Gross Rent	\$604		\$733		\$908	
Income Range (Min, Max)	no min\$ \$26,250		no min\$ \$31,500		no min\$ \$36,350	
Renter Households						
Range of Qualified Hhlds	11,798 5,467		11,798 4,557		11,798 3,806	
# Qualified Hhlds	6,331		7,241		7,992	
Renter HH Capture Rate	0.1%		0.1%		0.0%	

60% AMI	One Bedroom Units		Two Bedroom Units		Three Bedroom Units		Four Bedroom Units	
	Number of Units	27		18		14		4
Net Rent	\$655		\$841		\$831		\$1,073	
Gross Rent	\$733		\$933		\$937		\$1,194	
Income Range (Min, Max)	no min\$ \$31,500		no min\$ \$37,800		no min\$ \$43,620		no min\$ \$48,660	
Renter Households								
Range of Qualified Hhlds	11,798 4,557		11,798 3,652		11,798 3,032		11,798 2,496	
# Qualified Hhlds	7,241		8,146		8,766		9,302	
Renter HH Capture Rate	0.4%		0.2%		0.2%		0.0%	

100% AMI	One Bedroom Units		Two Bedroom Units	
	Number of Units	12		14
Net Rent	\$800		\$1,143	
Gross Rent	\$878		\$1,235	
Income Range (Min, Max)	\$30,103 \$52,500		\$42,338 \$63,000	
Renter Households				
Range of Qualified Hhlds	4,799 2,224		3,168 1,684	
# Qualified Households	2,575		1,485	
Renter HH Capture Rate	0.5%		0.9%	

Income Target	# Units	Renter Households = 11,798						
		Band of Qualified Hhlds		# Qualified HHs	Capture Rate	Total Units	Penetration Rate	
50% AMI	16	Income Households	no min\$ 11,798	\$36,350 3,806	7,992	0.2%	327	4.1%
60% AMI	63	Income Households	no min\$ 11,798	\$48,660 2,496	9,302	0.7%	453	4.9%
LIHTC Units	79	Income Households	no min\$ 11,798	\$48,660 2,496	9,302	0.8%	780	8.4%
Market Rate	26	Income Households	\$30,103 4,799	\$63,000 1,684	3,115	0.8%	688	22.1%
Total Units	105	Income Households	no min\$ 11,798	\$63,000 1,684	10,114	1.0%	1,468	14.5%

Source: Income Projections, RPRG, Inc.

C. Derivation of Demand

1. Demand Methodology

The demand methodology for general occupancy communities consists of three components:

- The first component of demand is household growth. This number is the number of income qualified renter households anticipated to move into the market area between the base year (2018) and the projected placed-in-service year (2021).
- The second component is income qualified renter households living in substandard households. “Substandard” is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to 2013-2017 American Community Survey (ACS) data, 2.3 percent of the renter occupied households in the Bell Street Flats Market Area that are “substandard” (see Table 18 on page 36).
- The third component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to Census data, 45.0 percent of Bell Street Flats Market Area renter households are categorized as cost burdened (see Table 18 on page 36).

2. Demand Analysis

Directly comparable units built or approved in the Bell Street Flats Market Area since the base year are considered to have an impact on future demand. For this reason, any directly comparable units constructed in 2018 or planned within the market area are subtracted from demand estimates. No comparable pipeline units exist in the market area when determining demand without accounting for PBRA as the proposed upscale market rate communities in downtown are expected to have rents well above those at the subject property and will target higher income renter households. When accounting for PBRA, the deeply subsidized LIHTC one, two, three, and four-bedroom units recently built, under construction, or planned at phases II, III, and IV of the Five Points redevelopment are subtracted from demand estimates.

The project’s demand capture rates without accounting for PBRA are 1.1 percent for 50 percent AMI units, 4.2 percent for 60 percent AMI units, 3.8 percent for LIHTC units, 1.7 percent for market rate units, and 4.3 percent for the project overall (Table 38). Accounting for the proposed PBRA, the project’s capture rates drop significantly to 0.4 percent for 50 percent AMI units, 1.4 percent for 60 percent AMI units, 1.8 percent for LIHTC units, 1.7 percent for market rate units, and 2.2 percent for the project overall (Table 39). All capture rates are low with or without accounting for the proposed PBRA indicating significant demand for the subject property with or without the proposed PBRA.



Table 38 Demand Capture Rates without PBRA

<i>Income Target</i>	50% AMI	60% AMI	LIHTC Units	Market Rate	Total Units
<i>Minimum Income Limit</i>	\$20,709	\$25,124	\$20,709	\$30,103	\$20,709
<i>Maximum Income Limit</i>	\$36,350	\$48,660	\$48,660	\$63,000	\$63,000
(A) Renter Income Qualification Percentage	24.9%	26.1%	36.0%	26.4%	42.8%
Demand from New Renter Households <i>Calculation: (C-B) * A</i>	85	90	124	91	147
Plus					
Demand from Substandard Housing <i>Calculation: B * D * F * A</i>	67	70	97	71	115
Plus					
Demand from Rent Over-burdened Households <i>Calculation: B * E * F * A</i>	1,280	1,345	1,852	1,360	2,207
Equals					
Total PMA Demand	1,433	1,505	2,073	1,522	2,469
Less					
Comparable Units	0	0	0	0	0
Equals					
Net Demand	1,433	1,505	2,073	1,522	2,469
Proposed Units	16	63	79	26	105
Capture Rate	1.1%	4.2%	3.8%	1.7%	4.3%

Demand Calculation Inputs	
A). % of Renter Hhlds with Qualifying Income	see above
B). 2018 Households	19,964
C). 2021 Households	20,563
(D) ACS Substandard Percentage	2.3%
(E) ACS Rent Over-Burdened Percentage	45.0%
(F) 2019 Renter Percent	57.4%



Table 39 Demand Capture Rates with PBRA

<i>Income Target</i>	50% AMI	60% AMI	LIHTC Units	Market Rate	Total Units
<i>Minimum Income Limit</i>	no min\$	no min\$	no min\$	\$30,103	no min\$
<i>Maximum Income Limit</i>	\$36,350	\$48,660	\$48,660	\$63,000	\$63,000
<i>(A) Renter Income Qualification Percentage</i>	67.7%	78.8%	78.8%	26.4%	85.7%
Demand from New Renter Households <i>Calculation: (C-B) * A</i>	233	271	271	91	295
Plus					
Demand from Substandard Housing <i>Calculation: B * D * F * A</i>	182	212	212	71	231
Plus					
Demand from Rent Over-burdened Households <i>Calculation: B * E * F * A</i>	3,489	4,061	4,061	1,360	4,415
Equals					
Total PMA Demand	3,904	4,544	4,544	1,522	4,940
Less					
Comparable Units	50	198	248	0	248
Equals					
Net Demand	3,854	4,346	4,296	1,522	4,692
Proposed Units	16	63	79	26	105
Capture Rate	0.4%	1.4%	1.8%	1.7%	2.2%

Demand Calculation Inputs	
A). % of Renter Hhlds with Qualifying Income	see above
B). 2018 Households	19,964
C). 2021 Households	20,563
(D) ACS Substandard Percentage	2.3%
(E) ACS Rent Over-Burdened Percentage	45.0%
(F) 2019 Renter Percent	57.4%

D. Target Markets

The one, two, three and four-bedroom LIHTC/PBRA units at Bell Street Flats will target very low to low income households earning up to 50 percent and 60 percent of the Area Median Income (AMI) while the market rate one and two-bedroom units will target moderate income households. The subject property will appeal to a range of very low to moderate income households including singles, roommates, couples, and families with children.

E. Product Evaluation

Considered in the context of the competitive environment, the relative position of Bell Street Flats is as follows:

- **Site:** The subject site is acceptable for a rental housing development targeting very low to moderate income renter households. Surrounding land uses are compatible with multi-family development and the subject site is convenient to traffic arteries, employers, and community amenities and services. The site is considered generally comparable to all surveyed rental communities except for Marble Valley Lofts which has a superior location in downtown as it

is walkable to downtown amenities and services as well as the largest concentration of employers in the region.

- **Unit Distribution:** The proposed unit mix for Bell Street Flats includes 46 one-bedroom units (43.8 percent), 38 two-bedroom units (36.2 percent), 17 three-bedroom units (16.2 percent), and 4 four-bedroom units (3.8 percent). One, two, and three-bedroom floor plans are common in the market area and the proposed unit distribution is generally comparable to the surveyed rental stock which offers 39.6 percent one-bedroom units, 45.4 percent two-bedroom units, and 14.6 percent three-bedroom units. Although only one surveyed community without PBRA offers four-bedroom units, the several four-bedroom units proposed at the subject property is acceptable given roughly 15 percent of renter households in the market area had four or more people. The market rate units at the subject property will roughly be split between one and two-bedroom units; both floor plans are offered at six of seven surveyed market rate communities. The proposed unit mix will be well received in the market area.
- **Unit Size:** The proposed unit sizes at Bell Street Flats are 650 square feet for one-bedroom units, 850 square feet and 1,000 square feet for two-bedroom units (weighted average of 957 square feet), 1,150 square feet for three-bedroom units, and 1,300 square feet for four-bedroom units. The proposed one, two, and three-bedroom unit sizes are within 100 square feet of market averages including generally comparable one-bedroom units and the larger two-bedroom units will be 66 square feet larger than the market average. The proposed four-bedroom unit size will be smaller than the oversized four-bedroom market rate units at Maplehurst Park but larger than nearly all three-bedroom units in the market area. The proposed unit sizes will be competitive in the market especially given the proposed PBRA on the majority of LIHTC units and most of the proposed market rate units are one-bedroom units or the larger two-bedroom units which are comparable or larger than existing units in the market area. Furthermore, the proposed market rate rents result in rent per square foot significantly lower than the newer upscale market rate communities.
- **Unit Features:** Bell Street Flats will offer a range, refrigerator, dishwasher, microwave, patio/balcony, laminate hardwood flooring, and washer and dryer connections. These unit features are superior to the surveyed rental communities except for the three newest upscale market rate communities. The subject property will be the only community to offer a microwave and laminate hardwood flooring when compared to the older market rate communities and LIHTC community. The three upscale communities priced at the top of the market offer unit finishes including stainless steel appliances, granite countertops, laminate hardwood flooring, designer cabinets, and upgraded lighting with the two highest priced communities offering structured garage parking and washers and dryers in each; these unit features are superior to those proposed at Bell Street Flats. The proposed unit features/finishes will be competitive in the market as the proposed market rate rents are well below those at the upscale communities and the majority of proposed LIHTC units will have PBRA.
- **Community Amenities:** Bell Street Flats' amenity package will include a community room, playground, walking trail, and business/computer center. The proposed amenities are superior to several of the older market rate communities but are less extensive than those at the highest-priced market rate communities and the LIHTC community. The subject's amenities are acceptable given PBRA on more than half of the proposed LIHTC units and the proposed market rate rents are below the newer market rate communities with more extensive amenities. The lack of a swimming pool at the subject property is acceptable given the low proposed rents and smaller size of Bell Street Flats (105 units) when compared to the larger market rate communities that offer a swimming pool (ranging from 150 to 248 units).



The proposed amenities will be competitive in the market with the proposed rents and PBRA on the majority of LIHTC units.

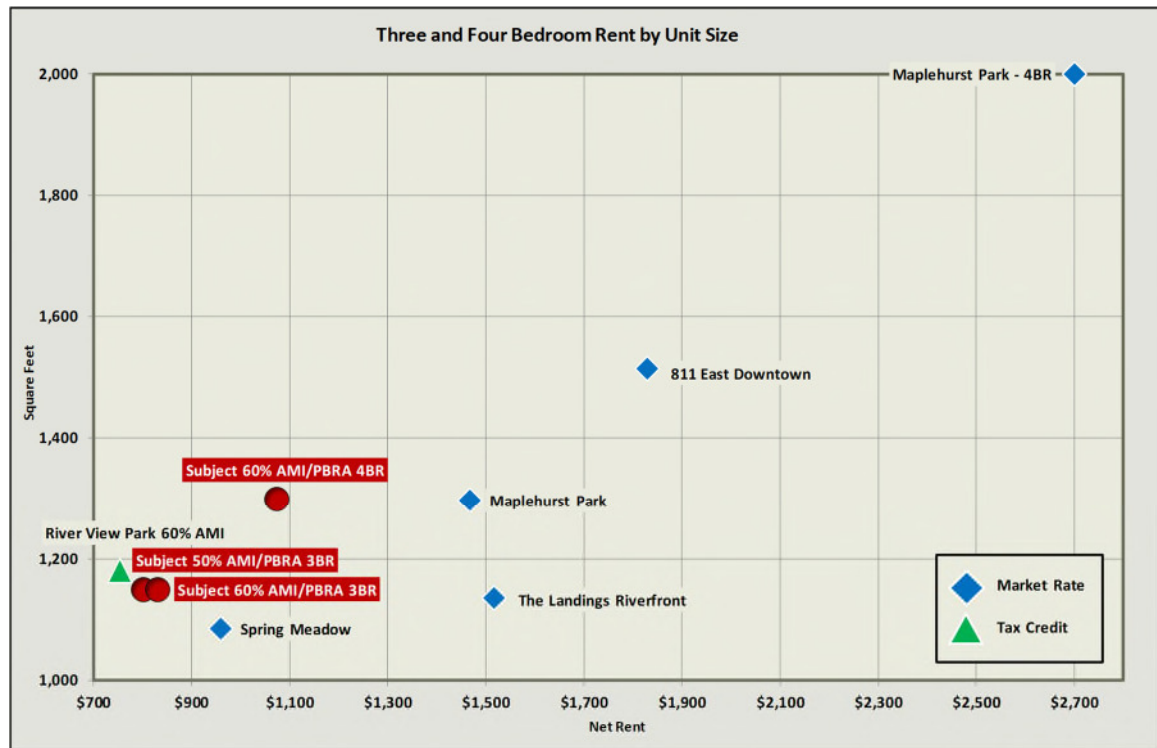
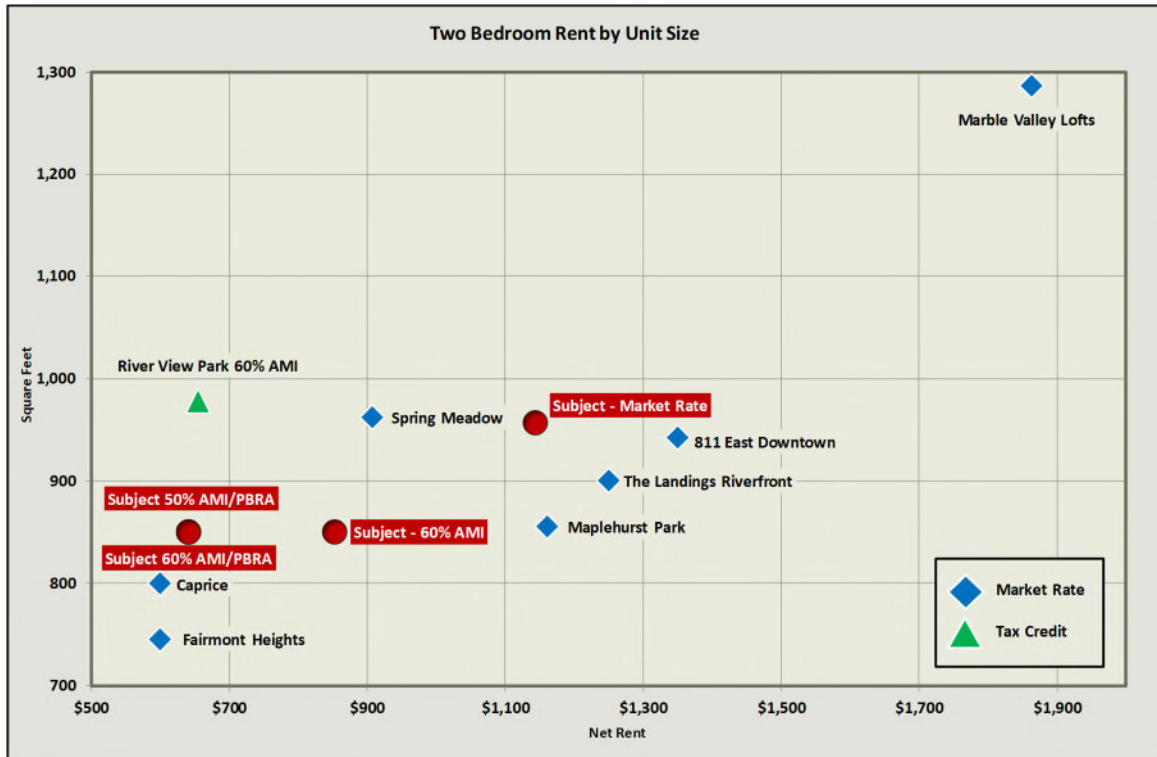
- Marketability:** The subject property will offer an attractive product that is suitable for the target market. The proposed mid-rise design with elevators will be appealing to very low to moderate income renter households as this is only offered at the much higher priced upscale market rate communities in the market area.

F. Price Position

The proposed rents for LIHTC units with PBRA (lesser of the proposed contract rent and maximum allowable LIHTC rent) will be near the bottom of the market; tenants of PBRA units will not pay the proposed contract rents, but rather a percentage of their income. The proposed rents for LIHTC units without PBRA are appropriately positioned well below nearly all market rate rents in the market area. The proposed two-bedroom 60 percent AMI rents are well above the existing 60 percent AMI rents at River View Park; however, this community is fully occupied which suggests room for rent growth and the affordability analysis indicates significant income-qualified renter households in the market area to fill the proposed LIHTC units without PBRA at the proposed rents. The proposed market rate rents are appropriately positioned below the upscale market rate communities in the market area and well below the top of the market. The subject’s market rents are comparable to rents at Maplehurst Park which offers an older and inferior product when compared to the subject property. All proposed rents will be competitive in the market among LIHTC and market rate communities (Figure 8).

Figure 8 Price Position of Bell Street Flats







G. Absorption Estimate

Five Points Phase II (LIHTC with PBRA) opened in April 2018 and all units were leased by July 2018 and an average monthly absorption of 28 units. In addition to the experience at this community, absorption estimates are based on the following:

- The market area is expected to add 980 net households over the next five years including 563 renter households.
- More than 5,000 renter households will be income-qualified for one of the proposed units at the subject property without accounting for the proposed PBRA; the project-wide affordability renter capture rate is a low 2.1 percent. When accounting for PBRA, 10,114 renter households will be income-qualified for one of the proposed units resulting in an overall affordability renter capture rate of 1.0 percent. The very low penetration rates with or without accounting for PBRA indicate a potentially underserved market for the unit mix and rents proposed at the subject property.
- The project's demand capture rate is a low 4.3 percent without accounting for PBRA. When accounting for PBRA, the capture rate drops to 2.2 percent. The low capture rate indicates significant demand for the subject property with or without PBRA.
- The Bell Street Flats Market Area's rental market is strong with an aggregate reporting vacancy rate of 2.7 percent among 1,156 combined units without PBRA; the only LIHTC community without PBRA is fully occupied. The surveyed LIHTC communities with PBRA have an aggregate vacancy rate of 1.7 percent among 589 combined units.
- Bell Street Flats will offer an attractive product with rents that will be competitive with existing market rate and LIHTC communities in the market area.

Based on the product to be constructed and the factors discussed above, we expect Bell Street Flats' LIHTC/PBRA units to lease-up as fast as applications can realistically be processed (roughly one to two months) and given the differences in target market will lease concurrently with the LIHTC and market rate units without PBRA. The proposed units without PBRA are expected to lease-up at an average monthly rate of 10 units. At this rate, the subject property will reach a stabilized occupancy of at least 95 percent within roughly six months.

Without accounting for the proposed PBRA on 43 LIHTC units and utilizing the average monthly absorption of 10 units for these units, we would expect the subject property to reach stabilization within roughly 10 months.

H. Impact on Existing Market

Given the strong rental market and projected renter household growth in the Bell Street Flats Market Area, we do not expect the development of Bell Street Flats to have a negative impact on existing rental communities in the Bell Street Flats Market Area including those with tax credits.



I. Final Conclusion and Recommendation

Based on an analysis of projected household trends, affordability and demand estimates, current rental market conditions, and socio-economic and demographic characteristics of the Bell Street Flats Market Area, RPRG believes that the subject property will be able to successfully reach and maintain a stabilized occupancy of at least 93 percent following its entrance into the rental market with or without the proposed PBRA. The subject property will be competitively positioned with existing rental communities in the Bell Street Flats Market Area and the units will be well received by the target market. We recommend proceeding with the project as planned.

Handwritten signature of Brett Welborn in black ink.

Brett Welborn
Analyst

Handwritten signature of Tad Scepianiak in black ink.

Tad Scepianiak
Managing Principal



9. APPENDIX 1 UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.
3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject project will be served by adequate transportation, utilities and governmental facilities.
5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.
7. The subject project will be developed, marketed and operated in a highly professional manner.
8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.
9. There are no existing judgments nor any pending or threatened litigation, which could hinder the development, marketing or operation of the subject project.



The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.



10. APPENDIX 2 ANALYST CERTIFICATIONS

I affirm the following:

- I have made a physical inspection of the site and the market area and that information has been used in the study.
- I have followed Agency’s market study requirements.
- The information included is accurate and that the report can be relied upon by the Agency to present a true assessment of the market.
- I understand that any misrepresentation of this statement may result in the denial of further participation in the Tennessee Housing Development Agency’s rental housing programs.
- I have no interest in the project or relationship with the applicant, developer, ownership entity or application preparer.

Handwritten signature of Brett Welborn in black ink.

March 8, 2019

Brett Welborn
Analyst
Real Property Research Group, Inc.

Date

Handwritten signature of Tad Scepaniak in black ink.

March 8, 2019

Tad Scepaniak
Managing Principal
Real Property Research Group, Inc.

Date

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.



11. APPENDIX 3 ANALYST RESUMES

TAD SCEPANIAK Managing Principal

Tad Scepianiak assumed the role of Real Property Research Group's Managing Principal in November 2017 following more than 15 years with the firm. Tad has extensive experience conducting market feasibility studies on a wide range of residential and mixed-use developments for developers, lenders, and government entities. Tad directs the firm's research and production of feasibility studies including large-scale housing assessments to detailed reports for a specific project on a specific site. He has extensive experience with rental communities developed under the Low Income Housing Tax Credit (LIHTC) program and market-rate apartments developed under the HUD 221(d)(4) program and those developed conventionally. Tad is the key contact for research contracts many state housing finance agencies, including several that commission market studies for LIHTC applications.

Tad is National Chair of the National Council of Housing Market Analysts (NCHMA) and previously served as Vice Chair and Co-Chair of Standards Committee. He has taken a lead role in the development of the organization's Standard Definitions and Recommended Market Study Content, and he has authored and co-authored white papers on market areas, derivation of market rents, and selection of comparable properties. Tad is also a founding member of the Atlanta chapter of the Lambda Alpha Land Economics Society.

Areas of Concentration:

- Low Income Tax Credit Rental Housing: Mr. Scepianiak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions.
- Senior Housing: Mr. Scepianiak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program; however his experience includes assisted living facilities and market rate senior rental communities.
- Market Rate Rental Housing: Mr. Scepianiak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.
- Public Housing Authority Consultation: Tad has worked with Housing Authorities throughout the United States to document trends rental and for sale housing market trends to better understand redevelopment opportunities. He has completed studies examining development opportunities for housing authorities through the Choice Neighborhood Initiative or other programs in Florida, Georgia, North Carolina, South Carolina, Texas, and Tennessee.

Education:

Bachelor of Science – Marketing; Berry College – Rome, Georgia



ROBERT M. LEFENFELD
Founding Principal

Mr. Lefenfeld, Founding Principal of the firm, has over 30 years of experience in the field of residential market research. Before founding Real Property Research Group in 2001, Bob served as an officer of research subsidiaries of Reznick Fedder & Silverman and Legg Mason. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting residential market studies throughout the United States. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles. Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, analyzing markets throughout the Eastern United States and evaluating the company's active building operation.

Bob provides input and guidance for the completion of the firm's research and analysis products. He combines extensive experience in the real estate industry with capabilities in database development and information management. Over the years, he has developed a series of information products and proprietary databases serving real estate professionals.

Bob has lectured and written extensively on the subject of residential real estate market analysis. Bob has created and teaches the market study module for the MBA HUD Underwriting course and has served as an adjunct professor for the Graduate Programs in Real Estate Development, School of Architecture, Planning and Preservation, University of Maryland College Park. He is the past National Chair of the National Council of Housing Market Analysts (NCHMA) and currently chairs its FHA Committee.

Areas of Concentration:

- Strategic Assessments: Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.
- Feasibility Analysis: Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects for these analyses have included for-sale single-family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations and continuing care facilities for the elderly.
- Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for sale housing, pipeline information, and rental communities.

Education:

Master of Urban and Regional Planning; The George Washington University.
Bachelor of Arts - Political Science; Northeastern University.



BRETT WELBORN
Analyst

Brett Welborn entered the field of Real Estate Market Research in 2008, joining Real Property Research Group's (RPRG) Atlanta office as a Research Associate upon college graduation. During Brett's time as a Research Associate, he gathered economic, demographic, and competitive data for market feasibility analyses and other consulting projects completed by the firm. Through his experience, Brett progressed to serve as Analyst for RPRG for the past four years and has conducted market studies for LIHTC and market rate communities.

Areas of Concentration:

Low Income Housing Tax Credit Rental Housing: Brett has worked with the Low Income Housing Tax Credit program, evaluating general occupancy and senior oriented developments for State allocating agencies, lenders, and developers. His work with the LIHTC program has spanned a range of project types, including newly constructed communities and rehabilitations.

Market Rate Rental Housing: Brett has conducted projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

Education:

Bachelor of Business Administration – Real Estate; University of Georgia, Athens, GA

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13. APPENDIX 5 DISTANCE VERIFICATION FOR DEVELOPMENTS PROPOSING NEW CONSTRUCTION

I certify that the proposed development Bell Street Flats is 0.21 mile from the nearest active Housing Credit development (TN17-200) Vista at Summit Hill.

A handwritten signature in black ink, appearing to read 'Brett Welborn', with a horizontal line extending to the right from the end of the signature.

March 8, 2019

Brett Welborn
Analyst
Real Property Research Group, Inc.

Date



14. APPENDIX 6 MARKET AREA RENTAL COMMUNITY PROFILES

811 East Downtown

Multifamily Community Profile

811 Evolve Way
Knoxville, TN 37915

Community Type: Market Rate - General

Structure Type: 4-Story Mid Rise

173 Units 4.6% Vacant (8 units vacant) as of 3/12/2019

Opened in 2015



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One	--	\$1,063	702	\$1.51	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	--	\$1,350	943	\$1.43	Elevator: <input checked="" type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input checked="" type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	--	\$1,830	1,514	\$1.21	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
					Playground: <input type="checkbox"/>	

Features	
Standard: Dishwasher; Disposal; Microwave; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony	
Select Units: --	
Optional(\$): --	
Security: Gated Entry	
Parking 1: Structured Garage Fee: \$50	Parking 2: -- Fee: --
Property Manager: -- Owner: --	

Comments

Tanning, rooftop patio and bar, theater.
Stainless appliances, granite counters, backsplashes, and laminate hardwood flooring.

Floorplans (Published Rents as of 3/12/2019) (2)										Historic Vacancy & Eff. Rent (1)			
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Mid Rise - Elevator	--	1	1	--	\$1,000	674	\$1.48	Market	3/12/19	4.6%	\$1,063	\$1,350	\$1,830
Mid Rise - Elevator	--	1	1	--	\$1,075	730	\$1.47	Market					
Mid Rise - Elevator	--	2	2	--	\$1,320	943	\$1.40	Market					
Mid Rise - Elevator	--	3	3	--	\$1,795	1,514	\$1.19	Market					

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Caprice

Multifamily Community Profile

2809 Valley View Dr.
Knoxville, TN 37917

Community Type: **Market Rate - General**

Structure Type: **Garden**

23 Units Occupancy data not currently available

Last Major Rehab in 2007 Opened in 1960



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
One	--	--	--	--	Comm Rm:	Basketball:
One/Den	--	--	--	--	Centrl Lndry:	Tennis:
Two	100.0%	\$600	800	\$0.75	Elevator:	Volleyball:
Two/Den	--	--	--	--	Fitness:	CarWash:
Three	--	--	--	--	Hot Tub:	BusinessCtr:
Four+	--	--	--	--	Sauna:	ComputerCtr:
					Playground:	<input type="checkbox"/>

Features	
Standard: Patio/Balcony	
Select Units: Ceiling Fan	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: -- Owner: --	

Comments

No vacancy info

Floorplans (Published Rents as of 3/7/2019) (2)										Historic Vacancy & Eff. Rent (1)			
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
	--	--	--	--	--	--	--	--	3/7/19	--	--	\$600	--
Garden	--	2	1	23	\$600	800	\$0.75	Market	1/4/16	8.7%	--	\$525	--
									12/19/14	17.4%	--	\$535	--
									1/22/14	13.0%	--	\$525	--
Adjustments to Rent													
Incentives: None													
Utilities in Rent: Heat Fuel: Electric													
Heat: <input type="checkbox"/> Cooking: <input type="checkbox"/> Wtr/Swr: <input checked="" type="checkbox"/>													
Hot Water: <input type="checkbox"/> Electricity: <input type="checkbox"/> Trash: <input checked="" type="checkbox"/>													

Caprice

TN093-019554

Fairmont Heights

Multifamily Community Profile

3526 Fairmont Blvd.
Knoxville, TN

Community Type: Market Rate - General

Structure Type: Garden/TH

36 Units 2.8% Vacant (1 units vacant) as of 3/7/2019

Opened in 1954



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
One	33.3%	\$500	575	\$0.87	Comm Rm:	Basketball:
One/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Two	66.7%	\$600	745	\$0.81	Centrl Lndry:	Tennis:
Two/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Three	--	--	--	--	Elevator:	Volleyball:
Four+	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
					Fitness:	CarWash:
					<input type="checkbox"/>	<input type="checkbox"/>
					Hot Tub:	BusinessCtr:
					<input type="checkbox"/>	<input type="checkbox"/>
					Sauna:	ComputerCtr:
					<input type="checkbox"/>	<input type="checkbox"/>
					Playground:	<input type="checkbox"/>

Features
Standard: Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony

Select Units: --
Optional(\$): --
Security: --
Parking 1: Free Surface Parking Parking 2: --
Fee: -- Fee: --
Property Manager: --
Owner: Bob Monday Properties

Comments

Vacancy is a 1BR.

Floorplans (Published Rents as of 3/7/2019) (2)

Historic Vacancy & Eff. Rent (1)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	12	\$500	575	\$.87	Market	3/7/19	2.8%	\$500	\$600	--
Townhouse	--	2	1	24	\$600	745	\$.81	Market	12/30/15	2.8%	\$450	\$515	--
									1/22/14	13.9%	\$450	\$475	--
									10/9/13	11.1%	--	--	--

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Five Points Phase II

Multifamily Community Profile

McConnell St
Knoxville, TN

Community Type: LIHTC - General
Structure Type: Garden/TH

84 Units 0.0% Vacant (0 units vacant) as of 3/13/2019

Opened in 2018



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
One	21.4%	\$568	650	\$0.87	Comm Rm:	Basketball:
One/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Two	50.0%	\$636	950	\$0.67	Centrl Lndry:	Tennis:
Two/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Three	19.0%	\$809	1,150	\$0.70	Elevator:	Volleyball:
Four+	9.5%	\$909	1,300	\$0.70	<input type="checkbox"/>	<input type="checkbox"/>
					Fitness:	CarWash:
					<input type="checkbox"/>	<input type="checkbox"/>
					Hot Tub:	BusinessCtr:
					<input type="checkbox"/>	<input checked="" type="checkbox"/>
					Sauna:	ComputerCtr:
					<input type="checkbox"/>	<input checked="" type="checkbox"/>
					Playground:	<input checked="" type="checkbox"/>

Features	
Standard: Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony	
Select Units: --	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: --	
Owner: --	

Comments

Section 8, rents are contract rents.
Opened in April 2018 and leased all units by July 2018.
Seventeen units target 50 percent AMI and 67 units target 60 percent AMI.

Floorplans (Published Rents as of 3/13/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
	--	--	--	--	--	--	--	--	3/13/19	0.0%	\$568	\$636	\$809
Garden	--	1	1	18	\$553	650	\$0.85	Section 8					
Garden	--	2	2	42	\$616	950	\$0.65	Section 8					
Garden	--	3	2	16	\$784	1,150	\$0.68	Section 8					
Garden	--	4	3	8	\$879	1,300	\$0.68	Section 8					

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Holston Oaks

Multifamily Community Profile

1930 Natchez St.
Knoxville, TN

CommunityType: LIHTC - General
Structure Type: Garden

199 Units 3.5% Vacant (7 units vacant) as of 3/7/2019

Last Major Rehab in 2016



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>
One	22.1%	\$579	595	\$0.97	<input checked="" type="checkbox"/>	<input type="checkbox"/>
One/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Two	41.7%	\$664	690	\$0.96	<input type="checkbox"/>	<input type="checkbox"/>
Two/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Three	34.2%	\$766	780	\$0.98	<input type="checkbox"/>	<input type="checkbox"/>
Four+	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
					Playground:	<input checked="" type="checkbox"/>

Features	
Standard: Dishwasher; Central A/C	
Select Units: --	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: -- Owner: --	

Comments

Waitlist.
Square footage is an estimate.

Floorplans (Published Rents as of 3/7/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	44	\$579	595	\$.97	Section 8/ 50%	3/7/19	3.5%	\$579	\$664	\$766
Garden	--	2	1	83	\$664	690	\$.96	Section 8/ 50%	1/9/17	49.7%	\$558	\$640	\$738
Garden	--	3	1	68	\$766	780	\$.98	Section 8/ 50%	10/9/13	1.0%	--	--	--

Adjustments to Rent

Incentives:
None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Maplehurst Park

Multifamily Community Profile

814 W Hill Ave.
Knoxville, TN

CommunityType: Market Rate - General

Structure Type: Mix

205 Units 6.8% Vacant (14 units vacant) as of 3/7/2019

Last Major Rehab in 2010 Opened in 1975



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	9.8%	\$741	356	\$2.08	<input type="checkbox"/>	<input type="checkbox"/>
One	68.8%	\$780	680	\$1.15	Comm Rm: <input type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input checked="" type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	19.5%	\$1,162	855	\$1.36	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	1.0%	\$1,468	1,297	\$1.13	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input type="checkbox"/>
Four+	1.0%	\$2,700	2,000	\$1.35	Sauna: <input type="checkbox"/>	ComputerCtr: <input type="checkbox"/>
					Playground: <input type="checkbox"/>	

Features	
Standard: Patio/Balcony	
Select Units: Dishwasher; Disposal; In Unit Laundry	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: Dominion Manageme Owner: --	

Comments

Washer and dryer connections in single-family detached homes.

Floorplans (Published Rents as of 3/7/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	Eff	1	20	\$728	356	\$2.05	Market	3/7/19	6.8%	\$780	\$1,162	\$1,468
Garden	--	1	1	140	\$765	680	\$1.13	Market	1/26/18	2.4%	\$791	\$1,025	\$1,790
SF Detached	--	1	1	1	\$810	700	\$1.16	Market	1/9/17	0.5%	\$840	\$1,193	\$1,558
Garden	--	2	1	40	\$1,142	855	\$1.34	Market	12/30/15	0.0%	\$753	\$905	\$1,632
SF Detached	--	3	2	2	\$1,443	1,297	\$1.11	Market					
SF Detached	--	4	2	2	\$2,670	2,000	\$1.34	Market					

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Maplehurst Park

TN093-019560

Marble Valley Lofts

Multifamily Community Profile

300 State St
Knoxville, TN 37902

Community Type: Market Rate - General

Structure Type: 6-Story Mid Rise

248 Units 1.6% Vacant (4 units vacant) as of 3/11/2019

Opened in 2016



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One	--	\$1,291	625	\$2.07	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	--	\$1,863	1,287	\$1.45	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input checked="" type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	--	--	--	--	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
					Playground: <input type="checkbox"/>	

Features	
Standard: Dishwasher; Disposal; Microwave; Ceiling Fan; In Unit Laundry (Stacked); Central A/C; Patio/Balcony; High Ceilings	
Select Units:	--
Optional(\$):	--
Security:	--
Parking 1: Structured Garage	Parking 2: --
Fee: \$0	Fee: --
Property Manager:	--
Owner:	--

Comments

Stainless appliances, granite countertops, backsplash, laminate hardwood flooring, upgraded cabinets and lighting.
Management could not provide lease-up timing as the community was under different management at the time of opening.

Floorplans (Published Rents as of 3/11/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Mid Rise - Elevator	--	1	1	--	\$1,064	500	\$2.13	Market	3/11/19	1.6%	\$1,291	\$1,863	--
Mid Rise - Elevator	--	1	1	--	\$1,200	596	\$2.01	Market					
Mid Rise - Elevator	--	1	1	--	\$1,450	670	\$2.16	Market					
Mid Rise - Elevator	--	1	1	--	\$1,350	735	\$1.84	Market					
Mid Rise - Elevator	--	2	2	--	\$1,950	1,083	\$1.80	Market					
Mid Rise - Elevator	--	2	2	--	\$1,825	1,825	\$1.00	Market					
Mid Rise - Elevator	--	2	2	--	\$1,725	952	\$1.81	Market					

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Meadowbrook

Multifamily Community Profile

3610 Lyons Way
Knoxville, TN

Community Type: LIHTC - General
Structure Type: Garden

74 Units 0.0% Vacant (0 units vacant) as of 3/7/2019

Opened in 2001



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	% Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
One	--	--	--	--	Comm Rm:	Basketball:
One/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Two	40.5%	\$842	989	\$0.85	Centrl Lndry:	Tennis:
Two/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Three	59.5%	\$1,100	1,150	\$0.96	Elevator:	Volleyball:
Four+	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
					Fitness:	CarWash:
					<input type="checkbox"/>	<input type="checkbox"/>
					Hot Tub:	BusinessCtr:
					<input type="checkbox"/>	<input type="checkbox"/>
					Sauna:	ComputerCtr:
					<input type="checkbox"/>	<input type="checkbox"/>
					Playground:	<input type="checkbox"/>

Features	
Standard: Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C	
Select Units: --	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: TN Housing Authority Owner: --	

Comments

All units have PBRA, rent is contract rent.
FKA Lyons Den

Floorplans (Published Rents as of 3/7/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	2	2	30	\$842	989	\$.85	Section 8/ 60%	3/7/19	0.0%	--	\$842	\$1,100
Garden	--	3	2	44	\$1,100	1,150	\$.96	Section 8/ 60%	1/26/18	0.0%	--	\$650	\$750
									1/9/17	0.0%	--	\$625	\$725
									12/30/15	0.0%	--	\$595	\$695

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Meadowbrook

TN093-019559

Minvilla Manor

Multifamily Community Profile

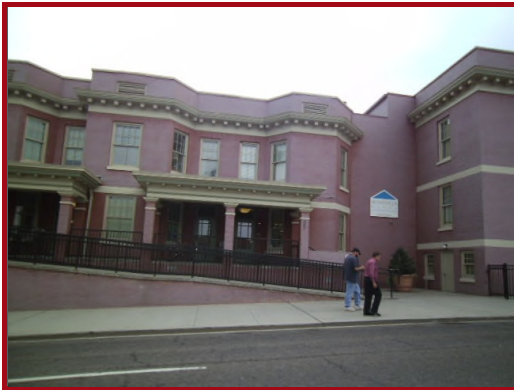
447 N Broadway
Knoxville, TN

Community Type: LIHTC - Homeless

Structure Type: 3-Story Adaptive Reuse

57 Units 0.0% Vacant (0 units vacant) as of 3/12/2019

Opened in 2010



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	42.1%	\$473	362	\$1.31	<input checked="" type="checkbox"/>	<input type="checkbox"/>
One	57.9%	\$555	509	\$1.09	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input checked="" type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	--	--	--	--	Elevator: <input checked="" type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	--	--	--	--	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
					Playground: <input type="checkbox"/>	

Features	
Standard: Microwave; Ceiling Fan; Central A/C	
Select Units: Patio/Balcony	
Optional(\$): --	
Security: Gated Entry; Keyed Bldg Entry; Cameras	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: American Apartment Owner: --	

Comments

All units PBRA. Units filled by case mgt referrals. Tenants are chronically homeless. Opened 2010 & leased up quickly.
Built in 1913 as Minvilla TH (13 units). 1960's converted to 5th Avenue Motel.
Rents are contract rents.

Floorplans (Published Rents as of 3/12/2019) (2)

Historic Vacancy & Eff. Rent (1)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Reuse	--	Eff	1	24	\$561	362	\$1.55	Section 8/ 50%	3/12/19	0.0%	\$555	--	--
Reuse	--	1	1	33	\$660	509	\$1.30	Section 8/ 50%	1/26/18	0.0%	\$533	--	--
									1/10/17	0.0%	\$533	--	--
									12/30/15	0.0%	\$506	--	--

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Minvilla Manor

TN093-019561

River View Park

Multifamily Community Profile

3221 Holston Hills Rd.
Knoxville, TN 37914

Community Type: LIHTC - General

Structure Type: Garden

96 Units 0.0% Vacant (0 units vacant) as of 3/7/2019

Opened in 2007



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	% Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One	--	--	--	--	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input checked="" type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	62.5%	\$655	978	\$0.67	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input checked="" type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	37.5%	\$755	1,180	\$0.64	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input type="checkbox"/>
					Playground: <input checked="" type="checkbox"/>	

Features	
Standard: Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony	
Select Units: --	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: Crescent Bend Owner: --	

Comments

--

Floorplans (Published Rents as of 3/7/2019) (2)										Historic Vacancy & Eff. Rent (1)			
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	2	2	60	\$655	978	\$.67	LIHTC/ 60%	3/7/19	0.0%	--	\$655	\$755
Garden	--	3	2	36	\$755	1,180	\$.64	LIHTC/ 60%	1/26/18	2.1%	--	\$650	\$750
									1/9/17	0.0%	--	\$610	\$720
									1/5/16	6.3%	--	\$0	\$0

Adjustments to Rent

Incentives:
None

Utilities in Rent: Heat Fuel: Electric
 Heat: Cooking: Wtr/Swr:
 Hot Water: Electricity: Trash:

Spring Meadow

Multifamily Community Profile

3101 Washington Ridge Way
Knoxville, TN 37917

Community Type: **Market Rate - General**

Structure Type: **Garden**

248 Units 0.0% Vacant (0 units vacant) as of 3/7/2019

Opened in 1991



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	% Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One	32.3%	\$784	651	\$1.20	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input checked="" type="checkbox"/>	Tennis: <input checked="" type="checkbox"/>
Two	48.4%	\$907	962	\$0.94	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input checked="" type="checkbox"/>	CarWash: <input checked="" type="checkbox"/>
Three	19.4%	\$960	1,085	\$0.88	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
					Playground: <input checked="" type="checkbox"/>	

Features	
Standard: Dishwasher; Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Hooks); Central A/C; Patio/Balcony	
Select Units: Fireplace; HighCeilings	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: The CJ Lombardo Co Owner: --	

Comments

Video rental, book library. 8- 2BR units built 2014/2015.

Floorplans (Published Rents as of 3/7/2019) (2)										Historic Vacancy & Eff. Rent (1)			
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	32	\$730	562	\$1.30	Market	3/7/19	0.0%	\$784	\$907	\$960
Garden	--	1	1	48	\$795	710	\$1.12	Market	1/26/18	2.4%	\$708	\$846	\$905
Garden	--	2	1	24	\$855	900	\$0.95	Market	1/9/17	2.0%	\$683	\$832	\$905
Garden	--	2	2	96	\$895	978	\$0.92	Market	1/4/16	2.8%	\$676	\$821	\$905
Garden	--	3	2	48	\$935	1,085	\$0.86	Market					

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

The Landings Riverfront

Multifamily Community Profile

970 Riverside Forest Way
Knoxville, TN

CommunityType: Market Rate - General
Structure Type: Garden

150 Units 2.7% Vacant (4 units vacant) as of 3/7/2019

Opened in 2011



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One	--	\$935	700	\$1.34	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	--	\$1,250	900	\$1.39	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input checked="" type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	--	\$1,518	1,136	\$1.34	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
					Playground: <input type="checkbox"/>	

Features	
Standard: Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; HighCeilings; Storage (In Unit)	
Select Units:	--
Optional(\$):	--
Security:	--
Parking 1: Free Surface Parking	Parking 2: --
Fee: --	Fee: --
Property Manager:	--
Owner:	--

Comments

Stainless appliances, granite counters, laminate hardwood flooring, backsplash, upgraded cabinets and lighting.
Leased-up in 2 weeks after opening in 2011.

Floorplans (Published Rents as of 3/7/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	--	\$920	700	\$1.31	Market	3/7/19	2.7%	\$935	\$1,250	\$1,518
Garden	--	2	2	--	\$1,230	900	\$1.37	Market	10/9/13	--	--	--	--
Garden	--	3	2	--	\$1,480	1,122	\$1.32	Market					
Garden	--	3	3	--	\$1,505	1,150	\$1.31	Market					

Adjustments to Rent	
Incentives:	None
Utilities in Rent:	Heat Fuel: Electric
Heat: <input type="checkbox"/>	Cooking: <input type="checkbox"/> Wtr/Swr: <input type="checkbox"/>
Hot Water: <input type="checkbox"/>	Electricity: <input type="checkbox"/> Trash: <input checked="" type="checkbox"/>

The Landings Riverfront

TN093-019558

The Vista at Summit Hill

Multifamily Community Profile

957 E Hill Ave.
Knoxville, TN

CommunityType: LIHTC - General

Structure Type: Garden

175 Units 1.7% Vacant (3 units vacant) as of 3/14/2019

Last Major Rehab in 2019 Opened in 1978



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>
One	24.0%	\$538	649	\$0.83	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One/Den	--	--	--	--	Centrl Lndry: <input type="checkbox"/>	Tennis: <input type="checkbox"/>
Two	55.4%	\$641	724	\$0.89	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two/Den	--	--	--	--	Fitness: <input type="checkbox"/>	CarWash: <input type="checkbox"/>
Three	20.6%	\$816	943	\$0.87	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
					Playground: <input checked="" type="checkbox"/>	

Features	
Standard: Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C	
Select Units: --	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: Knoxville Community Owner: --	

Comments

Thirty-five units target 50 percent AMI and 140 units target 60 percent AMI.
Section, rents are contract rents.

Floorplans (Published Rents as of 3/14/2019) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
	--	--	--	--	--	--	--	--	3/14/19	1.7%	\$538	\$641	\$816
Garden	--	1	1	42	\$523	649	\$.81	Section 8	10/9/13	0.0%	--	--	--
Garden	--	2	1	97	\$621	724	\$.86	Section 8					
Garden	--	3	1.5	36	\$791	943	\$.84	Section 8					

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash: