



REAL PROPERTY **RESEARCH** GROUP

ATLANTA ■ WASHINGTON/BALTIMORE

Market Feasibility Analysis

Austin Homes Phase 1b

Knoxville, Knox County, Tennessee

Prepared for:

Knoxville's Community Development Corporation

Site Inspection: December 8, 2020

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2. EXECUTIVE SUMMARY

Knoxville's Community Development Corporation has retained Real Property Research Group, Inc. (RPRG) to conduct a comprehensive market feasibility analysis for Austin Homes Phase 1b, a proposed general occupancy multi-family rental community in Knoxville, Knox County, Tennessee. Austin Homes Phase 1b will offer 180 newly constructed rental units including units targeting renter households earning up to 30 percent, 60 percent, and 80 percent of the Area Median Income (AMI); all 45 units targeting households earning up to 30 percent AMI will have Project Based Rental Assistance (PBRA) with tenant-paid rents based on percentage of each tenant's income. Austin Homes Phase 1b will be the second phase of redevelopment of Austin Homes Apartments with additional phases in the planning stages. The 105-unit first phase (Bell Street Flats) is under construction adjacent to the subject property.

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 water, sewer, and trash removal.

| Unit Mix/Rents | | | | | | | | |
|--------------------------|-------|---------------|-------------|------------|---------------|------------|-------------------|---------------|
| Bed | Bath | Income Target | Size (sqft) | Quantity | Contract Rent | Gross Rent | Utility Allowance | Proposed Rent |
| 1 | 1 | 30% AMI/PBRA | 682-692 | 9 | \$746 | \$416 | \$55 | \$361 |
| 1 | 1 | 60% AMI | 682-692 | 55 | - | \$832 | \$55 | \$777 |
| 1 | 1 | 80% AMI | 682-692 | 22 | - | \$1,031 | \$55 | \$976 |
| 1 BR Subtotal/Avg | | | | 86 | | | | |
| 2 | 2-2.5 | 30% AMI/PBRA | 986-1,512 | 18 | \$918 | \$499 | \$67 | \$432 |
| 2 | 2-2.5 | 60% AMI | 986-1,512 | 40 | - | \$999 | \$67 | \$932 |
| 2 | 2-2.5 | 80% AMI | 986-1,512 | 18 | - | \$1,332 | \$67 | \$1,265 |
| 2 BR Subtotal/Avg | | | | 76 | | | | |
| 3 | 2-3 | 30% AMI/PBRA | 1,130-1,724 | 18 | \$1,221 | \$576 | \$79 | \$497 |
| 3 BR Subtotal/Avg | | | | 18 | | | | |
| Total | | | | 180 | | | | |

Rents include water, sewer, and trash removal. Source: Knoxville's Community Development Corporation

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

Based on our research, including a site visit on December 8, 2020, 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-tenth mile of the site. Medical facilities including Fort Sanders Regional Medical Center are within three miles west of the site.
- Austin Homes Phase 1b 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 older single-family detached homes.
- Downtown Knoxville is one-half mile west of the site with the region's largest local 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 grew steadily over the past 10 years with job growth in each of the past 10 years and a declining unemployment rate prior to the onset of the COVID-19 pandemic in April 2020.

- The county's unemployment rate steadily declined since 2010 to 2.9 percent in 2019, the lowest level in over 10 years with a significant improvement from 7.4 percent in 2010. The county's unemployment rate has been below state and national rates since 2010. Reflecting the impact of the COVID-19 pandemic, the county's unemployment spiked to 12.9 percent in April 2020 before stabilizing over the next five months, decreasing to 4.6 percent in September which is significantly lower than the state rate (6.4 percent) and national rate (7.9 percent). Based on unemployment data, the county appears to have been impacted to a lesser degree than the state and nation.
- Knox County added jobs in each of the past 10 years with the net addition of 25,050 jobs (11.6 percent) since 2011, nearly double the jobs lost during the previous recession-era (2009-2010), reaching an all-time high At-Place Employment of 240,780 jobs. The county added 205 more jobs in the first quarter of 2020.
- Trade-Transportation-Utilities, Professional-Business, and Education-Health are Knox County's largest employment sectors with a combined 53.9 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, Financial Activities, and Government sectors when compared to the nation.
- Three notable job/company expansions have been announced in 2020 in Knoxville including Red Stag Fulfillment (150 jobs), Cocoon Resources, Inc. (100 jobs), Fraley and Schilling (50 jobs). In contrast, RPRG identified 23 WARN notices in 2020 totaling 1,844 jobs lost primarily as a result of the COVID 19 pandemic. It is unclear how many of the job losses were temporary/furloughs or permanent.

Population and Growth Trends:

The Austin Homes Market Area lost population and households from 2000 to 2010. This trend reversed over the past 10 years with steady growth which is expected to continue over the next five years.

- Esri estimates that the Austin Homes Market Area added 3,483 net people (8.8 percent) and 1,836 households (10.0 percent) from 2010 to 2020. Annual growth over the past 10 years was 348 people (0.8 percent) and 184 households (1.0 percent).
- Growth is expected to accelerate in the market area over the next five years with the annual addition of 391 people (0.9 percent) and 201 households (1.0 percent). The market area will reach 45,231 people and 21,145 households by 2025.

Demographic Context:

- The population in the Austin Homes Market Area is older than Knox County's with median ages of 40 and 38, respectively. Adults ages 35-61 are the largest cohort in the market area accounting for roughly 35 percent of the population while all other age cohorts (Children Youth, Young Adults, and Seniors) each account for roughly 21-23 percent of the market area's population.



- The Austin Homes Market Area’s households have a much higher propensity to rent than in Knox County with 2020 renter percentages of 54.4 percent in the market area and 34.9 percent in the county. The market area added 1,384 net renter households from 2010 to 2020 which accounted for 75.4 percent of net household growth over this period. Esri projects the market area to add 717 net renter households from 2020 to 2025 (71.5 percent of net household growth).
- Roughly 43 percent of Austin Homes 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 Austin Homes 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 Austin Homes Market Area’s 2020 median income of \$32,873 is just over half the \$59,936 median in Knox County. The median income of renters in the Austin Homes Market Area as of 2020 is \$23,102 with a significant proportion of modest and moderate-income renter households. The majority (54.4 percent) of market area renter households earn less than \$25,000, 13.7 percent earn \$25,000 to \$34,999, and 22.5 percent earn moderate incomes of \$35,000 to \$74,999.

Competitive Housing Analysis:

The Austin Homes Market Area’s multi-family rental market is performing well with limited vacancies among market rate and LIHTC communities.

- The surveyed communities without PBRA have 13 vacancies among 1,270 combined units for an aggregate vacancy rate of 1.0 percent. Seven of nine surveyed communities without PBRA have a vacancy rate of one percent or less while the highest vacancy rate in the market area is 2.8 percent. All six surveyed communities with PBRA are fully occupied with a waiting list.
- Among all surveyed rental communities without PBRA, net rents, unit sizes, and rents per square foot are as follows:
 - **One-bedroom** rents average \$972 for 651 square feet or \$1.49 per square foot.
 - **Two-bedroom** rents average \$1,149 for 911 square feet or \$1.26 per square foot.
 - **Three-bedroom** rents average \$1,354 for 1,249 square feet or \$1.08 per square foot.

The four newest upscale market rate communities are priced at the top of the market including the community in downtown (Marble Alley 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.

- Based on our adjustment calculations, the estimated market rents for the units at Austin Homes Phase 1b are \$1,149 for one-bedroom units, \$1,511 for mid-rise two-bedroom units, \$1,637 for two-bedroom townhomes, \$1,761 for mid-rise three-bedroom units, and \$1,962 for three-bedroom townhomes. The lesser of the proposed contract rent and maximum LIHTC rent for the 30 percent AMI units with PBRA have rent advantages of at least 68 percent; however, rent advantages will be greater given tenants with PBRA pay a percentage of income for rent. The proposed 60 percent AMI rents have rent advantages ranging from 32.4 to 43.1 percent while the proposed 80 percent AMI rents all have rent advantages of at least 15 percent.



- The 105-unit first phase of the Austin Homes redevelopment (Bell Street Flats) is under construction adjacent to the site. The 60 percent AMI LIHTC units and market rate units at this community will compete with the subject property given similar income targeting; the proposed 80 percent AMI units will target similar income households as the market rate units at Bell Street Flats. Four upscale market rate communities are planned in or near downtown that will not directly compete with Austin Homes Phase 1b given much higher rents than those at the subject property as well as the proposed income and rent restrictions.

Project Specific Affordability and Demand Analysis:

All affordability renter capture rates are acceptable with or without accounting for the proposed PBRA, indicating sufficient income-qualified renter households will exist in Austin Homes Market Area as of 2023 to support the 180 units proposed at Austin Homes Phase 1b with or without PBRA. The project's 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 1.5 percent to 7.4 percent and renter capture rates by AMI level are 2.1 percent for 30 percent AMI units, 7.4 percent for 60 percent AMI units, and 3.0 percent for 80 percent AMI units; the project's overall renter capture rate is 4.1 percent without accounting for PBRA. Removal of the minimum income limit for the proposed units with PBRA increases the number of income-qualified renter households to 7,770, thus lowering the project's overall renter capture rate to 2.3 percent.
- The project's overall penetration rate without accounting for PBRA is a very low 18.9 percent. The project's overall penetration rate when accounting for PBRA is lower at 10.6 percent.
- Based on southeast LIHTC demand methodology, the project's demand capture rates without accounting for PBRA are 4.4 percent for 30 percent AMI units, 16.3 percent for 60 percent AMI units, 6.5 percent for 80 percent AMI units, and 8.9 percent for the project overall. Accounting for the proposed PBRA on the 30 percent AMI units, capture rates drop to 1.7 percent for the 30 percent AMI units and 4.9 percent for the project overall. According to THDA's requirement for the penetration rate and demand capture rate to have a product of 0.02 or less, the project's capture rates with and without PBRA are acceptable.

Product Evaluation:

Considered in the context of the competitive environment, the relative position of Austin Homes Phase 1b 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 Alley 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 Austin Homes Phase 1b includes 86 one-bedroom units (47.8 percent), 76 two-bedroom units (42.2 percent), and 18 three-bedroom units (10.0 percent) which is similar to the existing rental market in the Austin Homes Market Area which offers 43.7 percent one-bedroom units, 40.7 percent two-bedroom units, and 11.8 percent three-bedroom units. The proposed unit mix will be well received in the market area.



- **Unit Size:** The proposed unit sizes at Austin Homes Phase 1b range from 682 to 692 square feet for one-bedroom units, 986 to 1,512 square feet for two-bedroom units, and 1,130 to 1,742 square feet for three-bedroom units. The subject property's mid-rise and garden-style units (all proposed one-bedroom units and the smaller proposed two and three-bedroom units) will be among the largest units in the market area while the proposed townhomes will be the largest units in the market area. The proposed unit sizes will be appealing to renters.
- **Unit Features:** Austin Homes Phase 1b will offer stainless steel appliances including a range, refrigerator, dishwasher, and microwave. The subject property will also offer upgraded countertops (quartz or granite) and washer and dryer connections. These unit features are superior to the surveyed rental communities in the bottom half of the market in terms of rent including the LIHTC community; the subject property will be the only community to offer stainless appliances, hard-surface countertops, and a microwave when compared to the older market rate communities and LIHTC community. The proposed features will be generally comparable to the four newest upscale market rate communities at the top of the market except for washer and dryers, structured garage parking (two of the three highest-priced communities), and select other upscale features including upgraded lighting and designer cabinets. The subject's unit features/finishes will be competitive in the market given its affordable nature with proposed rents below these communities and larger than average units.
- **Community Amenities:** Austin Homes Phase 1b' amenity package will include a leasing center, fitness center, lounge areas, laundry facilities, bike storage, and a courtyard. 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 (except for Tyson Court) and the LIHTC community. The subject's amenities are acceptable given its affordable nature with rents below the communities with more extensive amenities priced at the top of the market. The proposed amenities will be competitive in the market with the proposed rents.
- **Marketability:** The subject property will offer an attractive product that is suitable for the target market. The proposed mid-rise design with elevators that will contain most the subject property's units (134 of 180 units) will be appealing to very low to moderate income renter households as this building type is only offered at two of the highest-priced communities in the market area. The proposed townhomes will also be appealing given the new construction and large unit sizes.
- **Rents:** The proposed 30 percent AMI rents (maximum allowable LIHTC rents) would be the lowest rents in the market area. The proposed 60 percent AMI rents are above the existing 60 percent AMI rents at River View Park which is acceptable given the new construction and superior product; the subject's 60 percent AMI rents will be below a majority of market rate rents in the market area including roughly \$200 to \$1,100 below the four newest market rate communities. The proposed 80 percent AMI rents are appropriately positioned below the newer market rate communities in the market area (except for one-bedroom units at Tyson Court) and roughly \$350 to \$800 below the top of the market. It should be noted, the low vacancy rates across all surveyed communities indicate room for rent growth in the market area. The proposed 80 percent AMI rents are at least 15 percent below estimated market rents and the Affordability Analysis indicates sufficient income-qualified renter households in the market area to support the proposed unit mix and rents. All proposed rents will be competitive in the market area

Absorption Estimate:

Five Points Phase II (LIHTC with PBRA) opened in April 2018 and all units were leased by July 2018 for an average monthly absorption of 28 units while Five Points Phase IV (LIHTC with PBRA) opened in



May 2020 and leased all 82 units in roughly four months for an average monthly absorption of 20.5 units. Tyson Court (market rate) leased its 30 units within five months for an average monthly absorption of roughly six units and is now fully occupied. In addition to the experience at these communities, absorption estimates are based on the following:

- The market area is expected to add 1,003 net households over the next five years including 717 renter households.
- More than 4,300 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 4.1 percent. A projected 7,770 renter households will be income qualified when accounting for the proposed PBRA resulting in an overall affordability renter capture rate of 2.3 percent. The 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 8.9 percent without accounting for PBRA. When accounting for PBRA, the capture rate drops to 4.9 percent. The low capture rates indicate significant demand for the subject property with or without PBRA.
- The Austin Homes Market Area's rental market is performing well with an aggregate stabilized vacancy rate of 1.0 percent among 1,270 combined units without PBRA; seven of nine surveyed communities without PBRA have a vacancy rate of one percent or less including the fully occupied LIHTC community (River View Park). The six surveyed LIHTC communities with PBRA are all fully occupied with waiting lists.
- Austin Homes Phase 1b will offer an attractive product with rents that will be competitive with existing market rate and LIHTC communities in the market area. Additionally, the existing affordable rental market without PBRA is limited.

Based on the product to be constructed and the factors discussed above, we expect Austin Homes Phase 1b's 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 units without PBRA. The proposed units without PBRA are expected to lease-up at an average monthly rate of 15 units. At this rate, the subject property will reach a stabilized occupancy of at least 95 percent within roughly eight to nine months.

Without accounting for the proposed PBRA on the 30 percent AMI units and utilizing the average monthly absorption of 15 units for these units, we would expect the subject property to reach stabilization within roughly 11 to 12 months.

Impact on Existing Market:

Given the well performing rental market and projected renter household growth in the Austin Homes Market Area, we do not expect the development of Austin Homes Phase 1b to have a negative impact on existing rental communities in the Austin Homes 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 Austin Homes 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 Austin Homes Market Area and the units will be well received by the target market. We recommend proceeding with the project as planned.



3. INTRODUCTION

A. Overview of Subject

The subject of this analysis is the proposed redevelopment of a portion of the former Austin Homes Apartments between Bell Street and Harriet Tubman Street, just east of downtown Knoxville, Knox County, Tennessee. Austin Homes comprised 129 public housing units managed by Knoxville's Community Development Corporation (KCDC) and was demolished with plans to redevelop in phases; the subject property (Austin Homes Phase 1b) will be the second phase of the redevelopment. The 105-unit first phase (Bell Street Flats) was allocated Low Income Housing Tax Credits in 2019 and will offer LIHTC, LIHTC/PBRA, and market rate units adjacent to the subject property. Austin Homes Phase 1b will be financed in part with Low Income Housing Tax Credits (LIHTC) allocated by Tennessee Housing Development Agency (THDA) and will offer 180 Low Income Housing Tax Credit (LIHTC) units targeting households earning up to 30 percent, 60 percent, and 80 percent of the Area Median Income (AMI), adjusted for household size. All 45 units targeting households earning up to 30 percent AMI will have Project Based Rental Assistance (PBRA) with tenant-paid rents based on percentage of each tenant's income.

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 2021 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 (KCDC). 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 2021 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 the Table of Contents on pages I and ii 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 December 8, 2020.
- Brett Welborn (770-517-2666) created the shape files using MapInfo software.
- Primary information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included rental community property managers and Nick Schoenborn with the Knoxville-Knox County Planning Department.
- 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 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

This market study was completed based on data collected in November and December 2020 during the national COVID-19 pandemic. Specific data on the recent and potential economic and demographic ramifications are not available at this time as projections were developed prior to the onset of the pandemic. This market study will comment on the potential impact of the evolving situation in the conclusions.



4. PROJECT DESCRIPTION

A. Project Overview

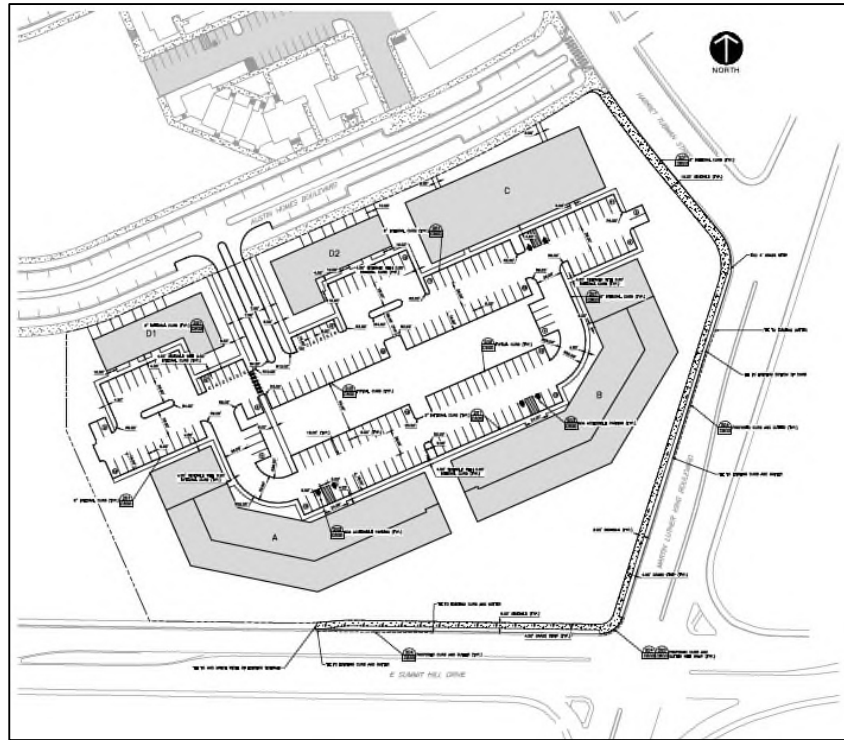
Austin Homes Phase 1b will offer 180 newly constructed LIHTC rental units targeting renter households earning up to 30 percent, 60 percent, and 80 percent of the Area Median Income (AMI); all 45 units targeting 30 percent AMI will benefit from Project Based Rental Assistance (PBRA) through the Section 8 program. Austin Homes Phase 1b will be the second phase of redevelopment of Austin Homes Apartments with additional phases in the planning stages. The 105-unit first phase (Bell Street Flats) was allocated Low Income Housing Tax Credits in 2019 and is under construction adjacent to the subject site.

B. Project Type and Target Market

Austin Homes Phase 1b will target very low to moderate income renter households with LIHTC/PBRA units and standard LIHTC units. The proposed unit mix of one, two, and three-bedroom units will target a range of household types including singles, couples, roommates, and families with children.

C. Building Types and Placement

Austin Homes Phase 1b will offer 134 units in two mid-rise buildings with elevator service, interior hallways, and secured building entrances while 36 units will be in a garden-style building. The subject property will also offer two buildings with 10 combined two-story townhomes in the northwestern portion of the site. The garden-style building in the northeastern portion of the site will have three stories and the two mid-rise buildings in the southern portion of the site will have four stories. All buildings will have brick and siding exteriors. Austin Homes Phase 1b will be accessible via an entrance on a newly built road (Austin Homes Boulevard) to the north which will connect Harriet Tubman Street to the east to S Bell Street to the west; Austin Homes Boulevard will be constructed as part of the overall Austin Homes development. Surface parking will be adjacent to each building with a parking lot surrounding a large grass courtyard in the center of the site. The leasing center and fitness center will be integrated into the mid-rise building in the southern corner of the site while lounge areas, bike storage, and laundry facilities will be offered in the three garden/mid-rise buildings.

Figure 1 Site Plan


Source: Knoxville's Community Development Corporation

D. Detailed Project Description

1. Project Description

- Austin Homes Phase 1b will offer 86 one-bedroom units, 76 two-bedroom units, and 18 three-bedroom units with 45 units targeting households earning up to 30 percent of the Area Median Income (AMI), adjusted for household size, 95 units targeting 60 percent AMI, and 40 units targeting 80 percent AMI. All 45 units targeting 30 percent AMI will benefit from Project Based Rental Assistance (PBRA) through the Section 8 program. The community will offer 134 units in mid-rise buildings, 36 garden apartments, and 10 townhomes. The configuration and unit sizes of each floor plan are as follows:
 - One-bedroom units will have one bathroom and 682 or 692 square feet; the average unit size will be 687 square feet.
 - Two-bedroom units in the mid-rise buildings and garden-style building will have two bathrooms with 986 to 1,013 square feet for an average of 1,000 square feet. Two-bedroom townhomes will have 2.5 bathrooms and 1,512 square feet.
 - Three-bedroom units in the mid-rise buildings and garden-style building will have two bathrooms with 1,130 square feet. Three-bedroom townhomes will have three bathrooms and 1,724 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 \$746 for one-bedroom units, \$918 for two-bedroom units, and \$1,221 for three-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 Detailed Project Summary, Austin Homes Phase 1b

| Unit Mix/Rents | | | | | | | | |
|--------------------------|-------|---------------|-------------|------------|---------------|------------|-------------------|---------------|
| Bed | Bath | Income Target | Size (sqft) | Quantity | Contract Rent | Gross Rent | Utility Allowance | Proposed Rent |
| 1 | 1 | 30% AMI/PBRA | 682-692 | 9 | \$746 | \$416 | \$55 | \$361 |
| 1 | 1 | 60% AMI | 682-692 | 55 | - | \$832 | \$55 | \$777 |
| 1 | 1 | 80% AMI | 682-692 | 22 | - | \$1,031 | \$55 | \$976 |
| 1 BR Subtotal/Avg | | | | 86 | | | | |
| 2 | 2-2.5 | 30% AMI/PBRA | 986-1,512 | 18 | \$918 | \$499 | \$67 | \$432 |
| 2 | 2-2.5 | 60% AMI | 986-1,512 | 40 | - | \$999 | \$67 | \$932 |
| 2 | 2-2.5 | 80% AMI | 986-1,512 | 18 | - | \$1,332 | \$67 | \$1,265 |
| 2 BR Subtotal/Avg | | | | 76 | | | | |
| 3 | 2-3 | 30% AMI/PBRA | 1,130-1,724 | 18 | \$1,221 | \$576 | \$79 | \$497 |
| 3 BR Subtotal/Avg | | | | 18 | | | | |
| Total | | | | 180 | | | | |

Rents include water, sewer, and trash removal. Source: Knoxville's Community Development Corporation

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

Table 2 Unit Features and Community Amenities, Austin Homes Phase 1b

| Unit Features | Community Amenities |
|--|---|
| <ul style="list-style-type: none"> • Kitchens with stainless appliances including a refrigerator, range/oven, dishwasher, and microwave • Hard surface countertops • Washer and dryer connections • LVT flooring. • Patio/balcony • Window blinds • Units prewired for internet • Central heating and air-conditioning | <ul style="list-style-type: none"> • Leasing center • Lounge areas • Fitness center • Laundry facilities • Green space • Bike storage |

2. Other Proposed Uses

None.

3. Proposed Timing of Development

Austin Homes Phase 1b is projected to begin construction in June 2021 and be completed in December 2022.

5. SITE AND NEIGHBORHOOD ANALYSIS

A. Site Analysis

1. Site Location

The subject site is between S Bell Street to the west and Harriet Tubman Street to the east, just north of E Summit Hill Drive SE and adjacent to the first phase of the Austin Homes redevelopment (Bell Street Flats) which is under construction to the north in Knoxville, Knox County, Tennessee (Map 1). The site is just northeast of downtown Knoxville. The Development Location Point (DLP) is 35.97119605320595, -83.90750133421945.

Map 1 Site Location.



2. Existing and Proposed Uses

The subject site is a portion of the former Austin Homes Apartments (public housing community) site that has been demolished (Figure 2). Austin Homes Phase 1b will offer 180 affordable multi-family rental units.

Figure 2 Views of Subject Site



Site facing southeast from S Bell Street.



Site facing south.



Site facing northeast.



Site facing north.

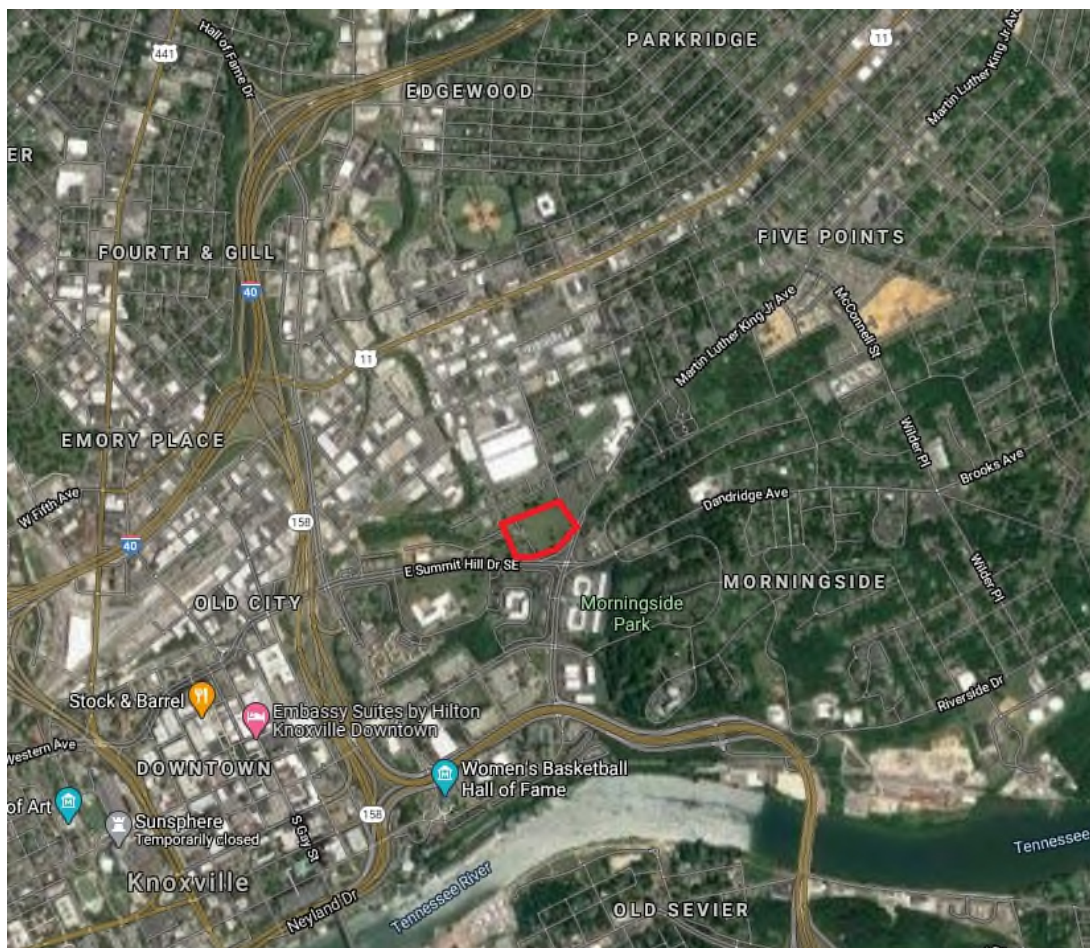


Site facing west from Harriet Tubman Street.

3. General Description of Land Uses Surrounding the Subject Property

The site for Austin Homes Phase 1b is in an older neighborhood with a concentration of industrial uses to the north and northwest (Figure 3). The former Austin Homes Apartments (public housing) was demolished on the site and surrounding areas to the north/northeast and the first phase of redevelopment (Bell Street Flats) is under construction adjacent to the site to the north. Overcoming Believers Church is to the north 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, Knoxville Police-Family Justice, and Mt Olive Baptist Church are to the east/northeast of the site while modest single-family detached homes are to the northeast on Henrietta Avenue SE.

Figure 3 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 4):

- **North:** Austin Homes Phase I (Bell Street Flats - under construction), industrial building (R&S Logistics), and Overcoming Believers Church.
- **East:** Mt Olive Baptist Church, Harriet Tubman Park, Vine Middle School, and Knoxville Police-Family Justice.
- **South:** The 1100 Studio Apartments, Vista at Summit Hill Apartments, and a business park.
- **West:** Former Austin Homes site.

Figure 4 Views of Surrounding Land Uses



Harriet Tubman Park to the northeast.



Vista at Summit Hill Apartments to the south.



Austin Homes Phase I (Bell Street Flats) under construction to the north.



Former Austin Homes (public housing) site to the west on S Bell Street.



Vine Middle School to the northeast.



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 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. 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 northeast of the site on McConnell Street is the largest recent development in the area east of downtown. Five Points completed a redevelopment of a public housing community in November 2020 with newly constructed affordable rental units. The 336-unit four-phase Five Points redevelopment includes both general occupancy and age restricted apartments.

The subject site is located within the Magnolia Avenue Warehouse District Redevelopment and Urban Renewal Plan. The purpose of the plan is to create opportunities to enhance development along Magnolia Avenue, including the subject site (Austin Homes). Most recently, in late 2019, the City of Knoxville completed a \$7M public investment in the redevelopment of the Magnolia Avenue streetscape.

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 2020 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). Most surveyed communities are in areas of similar 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 majority of the subject property's units will be in a mid-rise building with keyed building entry which will offer security at Austin Homes Phase 1b.

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 Martin Luther King Jr Avenue with moderate traffic and surrounding streets including S Bell Street, E New Street, and Harriet Tubman Street which have light traffic. The subject will have adequate visibility.

2. Vehicular Access

Austin Homes Phase 1b will be accessible via an entrance on a planned road (Austin Homes Boulevard) which will connect Harriet Tubman to the east to S Bell Street to the west, both of which have light traffic; Austin Homes Boulevard will be constructed as part of the overall development. Traffic in the area is light and RPRG does not anticipate problems with accessibility.



3. Availability of Public Transit

Knoxville Area Transit (KAT) provides public fixed route transportation in Knoxville; Bus Routes 12 and 34 serve eastern Knoxville with several bus stops within .15 mile of the subject site including a stop on Harriet Tubman Street in front of the Family Justice Center (Table 3). These bus routes connect to other bus routes and connect the site to employment in the Knoxville area.

Table 3 Public Transportation

| Transit Operator | Location | Routes | Distance to DLP |
|------------------------|-----------------------------------|--------|-----------------|
| Knoxville Area Transit | 400 Harriet Tubman St. | 12, 34 | 0.07 |
| Knoxville Area Transit | MLK Jr Ave. & Harriet Tubman St. | 30, 33 | 0.08 |
| Knoxville Area Transit | S Bell St. & W New St. | 34 | 0.11 |
| Knoxville Area Transit | S Bell St. & E Summit Hill Dr. SE | 34 | 0.15 |

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 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. A new road (Austin Homes Boulevard) will be constructed as part of the subject property's development and will connect Harriet Tubman Street to the east to S Bell Street to the west.

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 driving distances from the subject site are listed in Table 4 and their locations are plotted on Map 3.

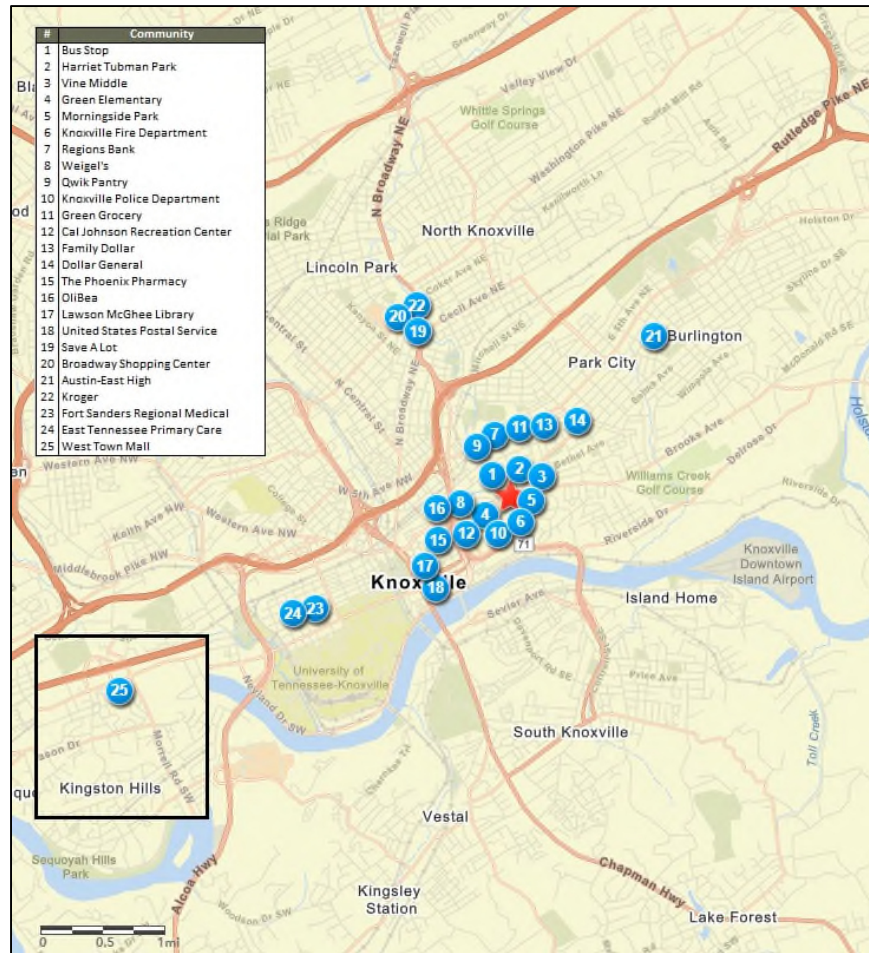
Additional tables with public schools (Table 5), senior centers (Table 6), and subsidized childcare providers (Table 7) in the market area are provided with straight line distances from the DLP.

Table 4 Key Facilities and Services

| Establishment | Type | Address | Driving Distance |
|--|-------------------|---------------------------------|------------------|
| Bus Stop | Public Transit | Harriet Tubman St. | 0.1 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 |
| West Town Mall | Mall | 7600 Kingston Pike | 10 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 (driving distance) west of the site on Clinch Avenue (Table 4). 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 88 learning center/schools and serves roughly 60,000 students. School age children residing at Austin Homes Phase 1b will attend Green Elementary School (0.2 mile), Vine Middle School (0.1 mile), and Austin-East High School (1.8 miles) (Table 4).

Knoxville is home to the University of Tennessee roughly two miles southwest of the site with an undergraduate enrollment of more than 24,000 students.

Nine schools in the Knox County Schools district are in the Austin Homes Market Area (Table 5).



Table 5 Public Schools, Austin Homes Market Area

| Name | District | Location | Grades | Distance to DLP |
|-----------------------------------|---------------------|---------------------------------|--------|-----------------|
| Belle Morris Elementary School | Knox County Schools | 2308 Washingtín Pike | K-5 | 0.12 |
| Green Magnet Acedemy | Knox County Schools | 801 Town View Dr. | K-5 | 0.18 |
| Vine Middle School | Knox County Schools | 1807 Martin Luther King Dr Ave. | 6-8 | 0.2 |
| L&N Stem Academy | Knox County Schools | 401 Henley St. | 9-12 | 1.06 |
| Austin-East Magnet High School | Knox County Schools | 2800 Martin Luther King Jr Ave. | 9-12 | 1.74 |
| Sarah Moore Greene Magnet Academy | Knox County Schools | 3001 Brooks Rd. | PK-5 | 1.99 |
| Whittle Springs Middle School | Knox County Schools | 2700 White Oak Ln. | 6-8 | 3.07 |
| Spring Hill Elementary School | Knox County Schools | 4711 Mildred Dr. | K-5 | 3.77 |
| Chilhowee Elementary School | Knox County Schools | 5005 Asheville Hwy. | 3-5 | 3.99 |

Three senior centers are in the Austin Homes Market Area (Table 6).

Table 6 Senior Center, Austin Homes Market Area

| Name | Location | Distance to DLP |
|----------------------------------|--------------------------|-----------------|
| John T. O'Conner Senior Center | 611 Winona St. | 0.61 |
| Larry Cox Senior Center | 3109 Ocoee Trail | 2.01 |
| Northgate Senior Citizens Center | 4301 Whittle Springs Rd. | 3.02 |

Twenty-eight subsidized childcare facilities are in the Austin Homes Market Area including nine within one mile of the site's DLP (Table 7).

Table 7 Subsidized Childcare, Austin Homes Market Area

| Name | Location | Distance to DLP |
|--|----------------------|-----------------|
| Garden of Discovery Learning Academy | 1601 Dandridge Ave. | 0.13 |
| YMCA Child Care Services | 800 Townview Dr. | 0.16 |
| YWCA Phyllis Wheatley After School | 124 South Cruze | 0.51 |
| Nana's House Laerning Center | 1711 E Magnolia Ave. | 0.55 |
| Smart Kids Early Learning Center | 2025 E Magnolia Ave. | 0.69 |
| Walter P. Taylor - Boys and Girls Club | 317 McConnell St. | 0.83 |
| Love N Care Child Care | 2006 Jefferson Ave. | 0.84 |
| First Lutheran Early Childhood | 1207 Broadway | 0.91 |
| Kidz Inkorporated Preschool | 2355 E Magnolia Ave. | 0.94 |
| Church Street UMC Preschool | 900 Henley St. | 1.03 |
| Children at Play | 2440 Magnolia Ave. | 1.09 |
| Haslam - Boys & Girls Club | 407 Caswell Ave. | 1.19 |
| Miss Martha's Learning Center | 2542 Wilson Ave. | 1.24 |
| Bubbles and Giggles CDC | 2647 Woodbine Ave. | 1.45 |
| East Knoxville Learning Center | 3022 Linden Ave. | 1.91 |
| Smart Kids Early Learning Center 1 | 1329 Border St. | 1.92 |
| ABC Kiddie Academy | 3100 Linden Ave. | 1.97 |
| Tate's Totz and Teenz | 348 Castle St. | 1.98 |
| YMCA Child Care Services | 3001 Brooks Ave. | 1.99 |
| Urban Family Outreach | 2241 Washington Pike | 2.08 |
| SHADES of Development - Fair Garden | 400 Fern St. | 2.57 |
| God's Creative Enrichment Center | 4004 Holston Dr. | 2.71 |
| Bountiful Blessings | 3835 Catalpa Ave. | 2.78 |
| Kuumba Kare, Inc. | 4404 Holston Dr. | 3.1 |
| The Three Bears | 100 Bona Rd. | 3.84 |
| Happy Family Day Care | 212 Grata Rd. | 3.87 |
| YMCA Child Care Services | 4711 Mildred Dr. | 3.88 |
| Kids Place, Inc. Chilhowee | 5005 Asheville Hwy. | 4 |



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 driving distance of the site (Table 4). 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 (West Town Mall) is 10 miles to the west on Kingston Pike (Table 4). West Town Mall is anchored by Belk, Dillard’s, and JCPenney and offers many smaller retailers, a movie theater, and a food court.



6. HOUSING MARKET AREA

A. Introduction

The primary market area for Austin Homes Phase 1b 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 Austin Homes 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 Austin Homes Market Area does not extend further to the north due to distance from the site and a transition to suburban areas.

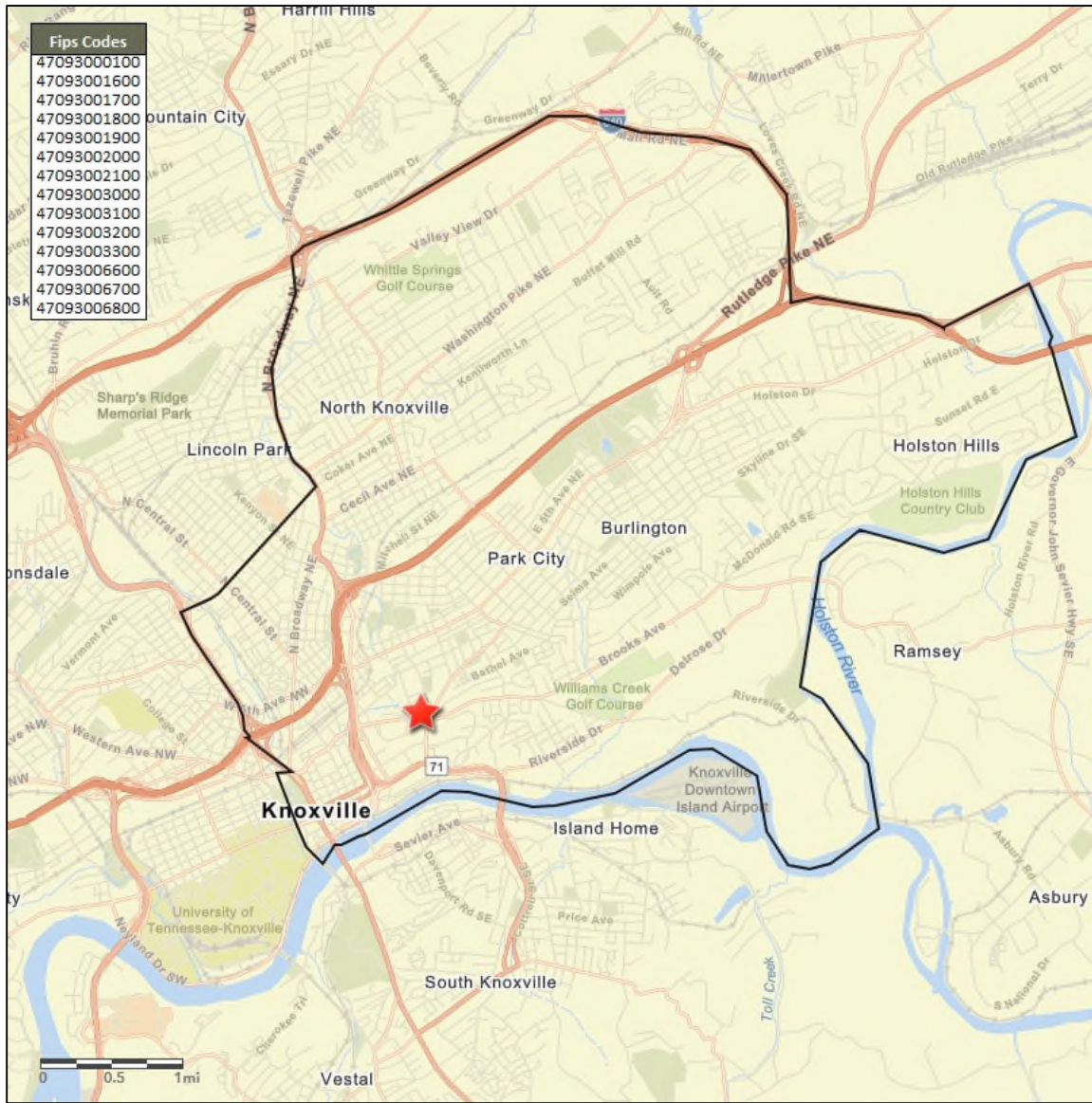
The approximate boundaries of the Austin Homes Market Area and their distance from the subject site:

| | | |
|---------------|-----------------------------------|-------------|
| 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 Austin Homes 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 Austin Homes Market Area.



Map 4 Austin Homes Market Area



7. ECONOMIC CONTEXT

A. Introduction

This section of the report discusses economic trends and conditions in Knox County, the jurisdiction in which Austin Homes Phase 1b is located. We have also presented economic trends in Tennessee and the nation for comparison purposes. It is important to note that the latest economic data available at the local level is reflected in this section. This data does not reflect the full downturn associated with COVID-19 business closures and job losses. It is too early to determine the exact economic impact on any specific market area or county; RPRG provides the most recent data available and will provide an analysis and conclusion on the potential impact of COVID-19 in the conclusion section of this market study.

B. Labor Force, Resident Employment, and Unemployment

1. Trends in County Labor Force and Resident Employment

Knox County added 16,427 net workers from 2010 to 2019 (7.1 percent net growth) with most growth occurring over the past five years; the labor force decreased from 2011 to 2014. The most recent annual average labor force of 246,227 workers in 2019 is an all-time high for the county (Table 8). The employed portion of the labor force increased by 26,333 net workers (12.4 percent) from 2010 to 2019 while the number of workers classified as unemployed was more than halved from 17,043 in 2010 to 7,137 in 2019, a 58 percent decrease.

The total and employed labor force in Knox County remained relatively unchanged during the first quarter of 2020, but the overall labor force decreased by 12,682 workers (5.2 percent) in April during the onset of the COVID-19 pandemic. The number of employed workers decreased by 14.9 percent or 35,527 workers from the first quarter of 2020 to April; the number of unemployed workers roughly quadrupled from an average of 7,305 during the first quarter of 2020 to 30,150 in April (Table 9). The total and employed labor force recovered significantly by September with the net addition of 12,050 overall workers, 31,014 employed workers, and a reduction of 18,964 unemployed workers from April to September. The overall labor force in Knox County in September is near the average in the first quarter of 2020.

2. Trends in County Unemployment Rate

Knox County's annual average unemployment rate has historically been below both state and national rates. The most recent annual average (2019) unemployment rate of 2.9 percent is a significant improvement from 7.4 percent in 2010 (Table 8). The county weathered the national recession much better than the state and nation, which had 2010 unemployment rates of 9.7 percent and 9.6 percent, respectively.

Reflecting the impact of business-related closures related to the COVID-19 pandemic, Knox County's unemployment rate spiked to 12.9 percent in April (Table 9). The unemployment rate improved significantly to 4.6 percent by September which is much lower than state (6.4 percent) and national (7.9 percent) rates.

C. Commutation Patterns

Austin Homes Market Area workers are largely employed locally with roughly two-thirds (66.4 percent) of workers commuting less than 25 minutes including 29.2 percent commuting less than 15



minutes (Table 10). Approximately 19 percent of market area workers commuted 25 to 34 minutes and 10.1 percent commuted at least 35 minutes.

Roughly 90 percent of workers residing in the Austin Homes Market Area worked in Knox County and 8.8 percent worked in another Tennessee county. Just over one percent of Austin Homes Market Area workers were employed outside the state.

Table 8 Annual Average Labor Force and Unemployment Rates

Annual Average Unemployment Rates - Not Seasonally Adjusted

| Annual Average Unemployment | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Labor Force | 229,800 | 233,360 | 230,959 | 227,126 | 224,838 | 227,624 | 232,864 | 236,767 | 240,571 | 246,227 |
| Employment | 212,757 | 217,245 | 216,796 | 212,736 | 212,595 | 216,975 | 223,589 | 229,187 | 233,452 | 239,090 |
| Unemployment | 17,043 | 16,115 | 14,163 | 14,390 | 12,243 | 10,649 | 9,275 | 7,580 | 7,119 | 7,137 |
| Unemployment Rate | | | | | | | | | | |
| Knox County | 7.4% | 6.9% | 6.1% | 6.3% | 5.4% | 4.7% | 4.0% | 3.2% | 3.0% | 2.9% |
| Tennessee | 9.7% | 9.0% | 7.8% | 7.8% | 6.6% | 5.6% | 4.7% | 3.8% | 3.5% | 3.4% |
| United States | 9.6% | 8.8% | 8.3% | 7.4% | 6.2% | 5.3% | 4.9% | 4.4% | 3.9% | 3.7% |

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

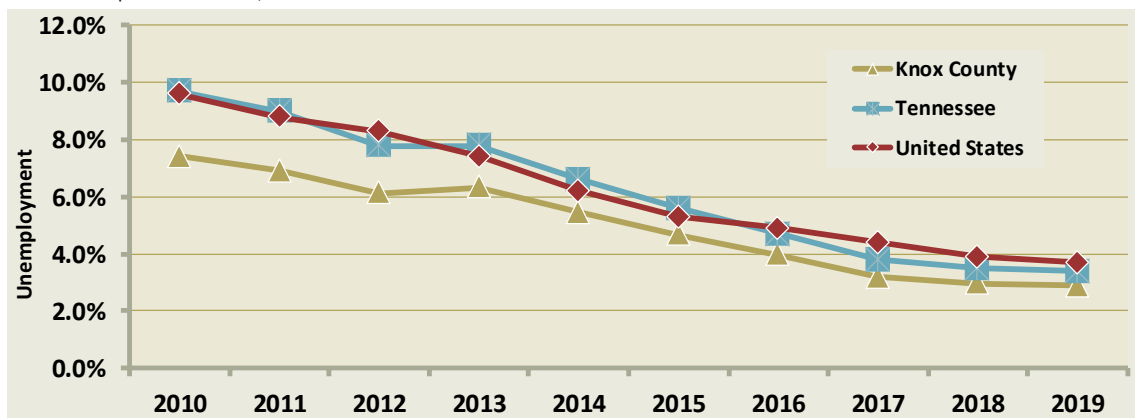


Table 9 2020 Monthly Labor Force and Unemployment Rates

Unemployment Rates - Not Seasonally Adjusted

| Annual Average Unemployment | 2020 | | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|---------|-----------|
| | 2020 Q1 | April | May | June | July | August | September |
| Labor Force | 245,887 | 233,205 | 240,620 | 234,455 | 233,776 | 247,882 | 245,255 |
| Employment | 238,582 | 203,055 | 220,612 | 215,964 | 215,508 | 231,650 | 234,069 |
| Unemployment | 7,305 | 30,150 | 20,008 | 18,491 | 18,268 | 16,232 | 11,186 |
| Unemployment Rate | | | | | | | |
| Knox County | 3.0% | 12.9% | 8.3% | 7.9% | 7.8% | 6.5% | 4.6% |
| Tennessee | 3.6% | 15.0% | 10.7% | 10.1% | 10.1% | 8.6% | 6.4% |
| United States | 3.8% | 14.7% | 13.3% | 11.1% | 10.2% | 8.4% | 7.9% |

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

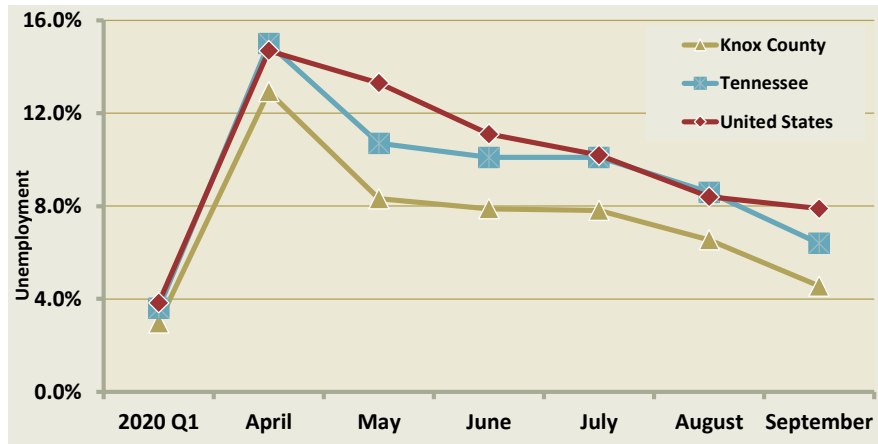
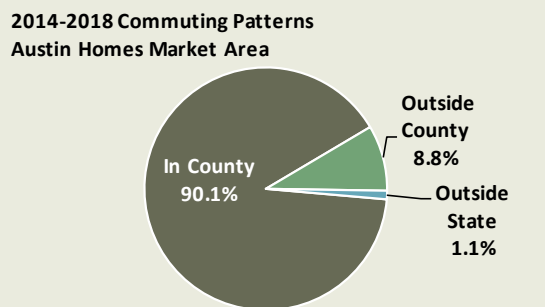


Table 10 Commutation Data

| Travel Time to Work | | | Place of Work | | |
|----------------------|---------------|-------|------------------------------------|---------------|-------------|
| Workers 16 years+ | # | % | Workers 16 years and over | # | % |
| Did not work at home | 17,744 | 95.8% | Worked in state of residence: | 18,303 | 98.9% |
| Less than 5 minutes | 347 | 1.9% | Worked in county of residence | 16,682 | 90.1% |
| 5 to 9 minutes | 2,176 | 11.8% | Worked outside county of residence | 1,621 | 8.8% |
| 10 to 14 minutes | 2,885 | 15.6% | Worked outside state of residence | 212 | 1.1% |
| 15 to 19 minutes | 3,720 | 20.1% | Total | 18,515 | 100% |
| 20 to 24 minutes | 3,165 | 17.1% | | | |
| 25 to 29 minutes | 1,009 | 5.4% | | | |
| 30 to 34 minutes | 2,576 | 13.9% | | | |
| 35 to 39 minutes | 262 | 1.4% | | | |
| 40 to 44 minutes | 291 | 1.6% | | | |
| 45 to 59 minutes | 744 | 4.0% | | | |
| 60 to 89 minutes | 344 | 1.9% | | | |
| 90 or more minutes | 225 | 1.2% | | | |
| Worked at home | 771 | 4.2% | | | |
| Total | 18,515 | | | | |

Source: American Community Survey 2014-2018



Source: American Community Survey 2014-2018

D. At-Place Employment

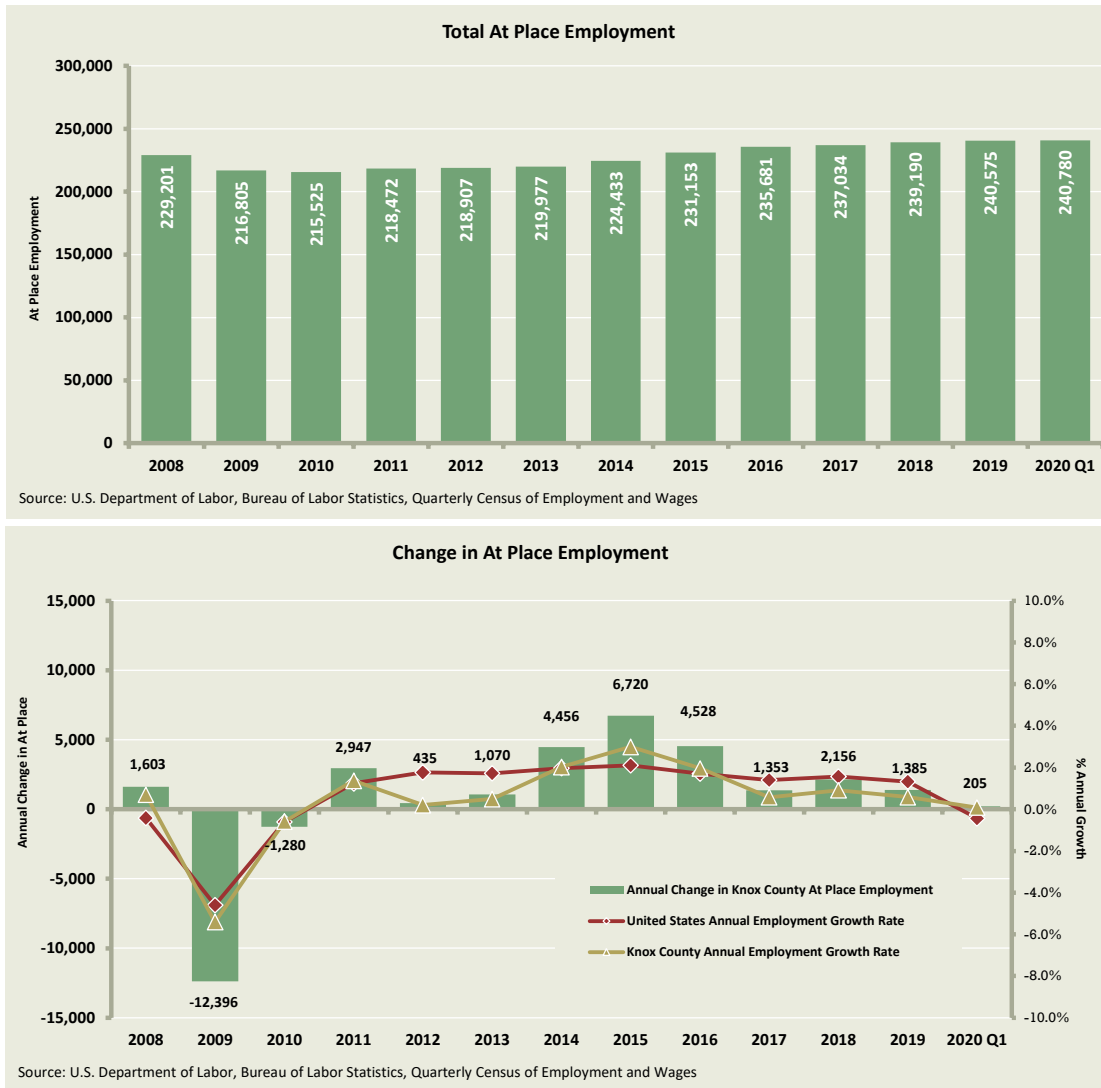
1. Trends in Total At-Place Employment

Knox County’s At-Place Employment (jobs located in the county) has grown steadily following the recession (Figure 5). The county added jobs in each of the past nine years with net growth of 25,050 jobs from 2011 to 2019; much of this growth was from 2014 to 2016 with annual average growth of 5,235 jobs over this period. Knox County added roughly 1,350 to 2,150 jobs in each of the past three years and job growth continued in the first quarter of 2020 with the addition of 205 jobs.

As detailed in the lower panel of Figure 5, 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 each of the past three years. The county added jobs in the first quarter of 2020 compared to job losses in the nation.



Figure 5 At-Place Employment, Knox County

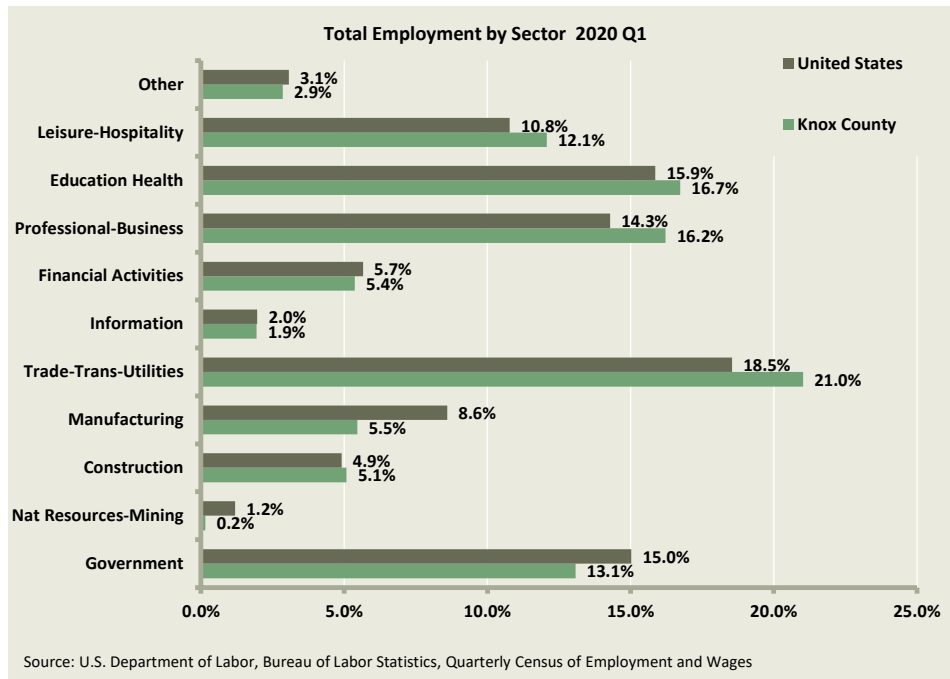


2. At-Place Employment by Industry Sector

Trade-Transportation-Utilities, Professional-Business, and Education-Health are Knox County’s largest employment sectors; each sector accounts for at least 16.2 percent of the county’s jobs and the three combine for 53.9 percent of the county’s total At-Place Employment compared to 48.7 percent of jobs nationally (Figure 6). The Government (13.1 percent) and Leisure-Hospitality (12.1 percent) sectors also account for significant proportions of the county’s jobs. Knox County has a significantly smaller proportion of jobs in the Manufacturing sector when compared to the nation.

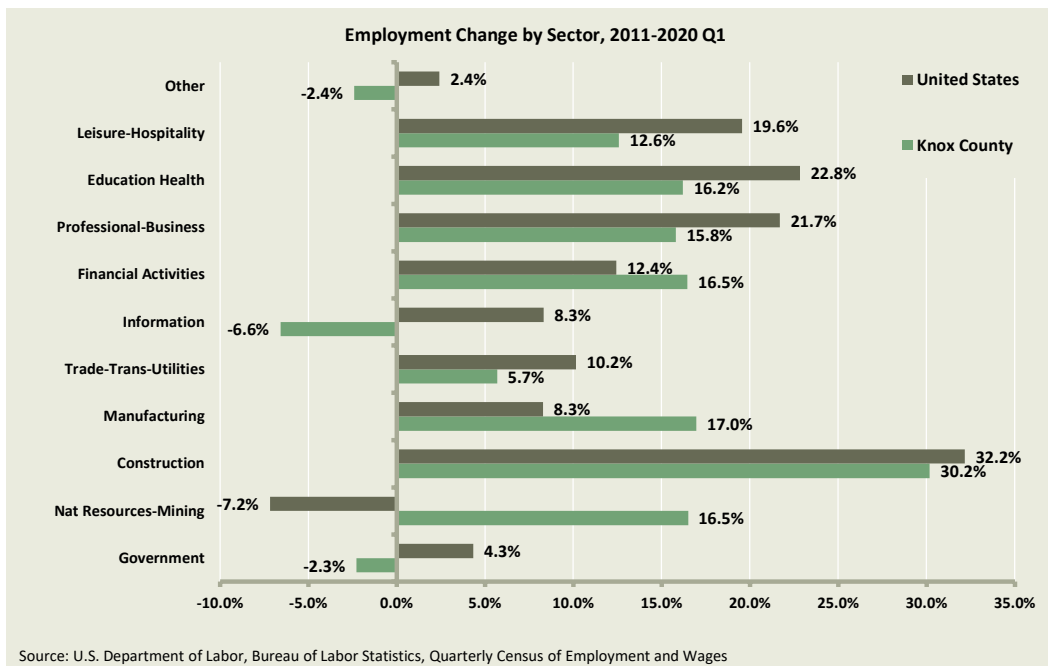


Figure 6 Total Employment by Sector, Knox County 2020 (Q1)



Eight of 11 economic sectors added jobs from 2011 to 2020 (Q1) including at least 12 percent net growth in seven sectors with the fastest growth in the Construction sector (30.2 percent) and growth of roughly 16-17 percent in the Manufacturing, Natural Resources-Mining, Financial Activities, Professional-Business, and Education-Health sectors (Figure 7). The county’s largest sector (Trade-Transportation-Utilities) grew by 5.7 percent. The most notable job loss was in the Government sector at 2.3 percent; the Information and Other sectors lost 6.6 and 2.4 percent of jobs, respectively, but account for less than five percent of Knox County’s jobs combined.

Figure 7 Employment Change by Sector, Knox County 2011 – 2020 (Q1)



3. Major Employers and Employment Expansions and Contractions

The National Laboratory in Oak Ridge (Dept. of Energy) and Covenant Health are Knox County's largest employers and the only individual employers with more than 10,000 employees (Table 11). Six companies employ 4,000 to 8,082 people including the local school system, the University of Tennessee, a healthcare company, and Dollywood resort. Most of Knox County's major employers are near downtown and the site.

Table 11 Major Employers, Knox County

| Rank | Name | Sector | Employment |
|------|--------------------------------|------------------|------------|
| 1 | U.S. DOE – Oak Ridge | Utilities | 12,387 |
| 2 | Covenant Health | Healthcare | 10,419 |
| 3 | Knox County Schools | Education | 8,082 |
| 4 | University of Tennessee | Education | 6,689 |
| 5 | Walmart | Retail | 5,998 |
| 6 | University Health System | Healthcare | 5,547 |
| 7 | DENSO Mfg. Tennessee | Manufacturing | 5,000 |
| 8 | Dollywood | Travel & Leisure | 4,000 |
| 9 | Clayton Homes | Manufacturing | 3,662 |
| 10 | K-VA-T Food Stores (Food City) | Retail | 3,487 |
| 11 | State of Tennessee | Government | 3,208 |
| 12 | Sevier County Schools | Education | 3,000 |
| 13 | McDonald's | Food Service | 2,953 |
| 14 | Kroger | Retail | 2,952 |
| 15 | Roark Capital Group | Food Service | 2,627 |
| 16 | Knox County Government | Government | 2,500 |
| 17 | Tennova Healthcare | Healthcare | 2,500 |
| 18 | Blount Memorial Hospital | Healthcare | 2,470 |
| 19 | City of Knoxville | Government | 2,455 |
| 20 | TeamHealth | Healthcare | 2,260 |

Source: Joe Riley, Knoxville Chamber of Commerce, 5/29/19

Several notable economic expansions have been recently announced in Knoxville. Details on these expansions are provided below:

- **Fralely and Schilling** announced in November 2020 plans to invest \$2.4 million to expand operations in Knoxville and create 50 new jobs over the next five years. A new 11,600 square foot terminal building is under construction.
- **Red Stag Fulfillment** announced in September 2020 plans to create 150 new jobs over a two-year period with 75 new jobs expected by the end of 2020.
- **Cocoon Resources, Inc.** announced plans in July 2020 to move into a new facility on Gay Street in downtown Knoxville. The new 58,000 square foot Science Innovation and Headquarters is expected to add up to 100 new employees over the next two years.

In contrast, the Worker Adjustment and Retraining Notification (WARN) Act helps ensure advance notice of qualified plant closings and mass layoffs. RPRG identified two WARN notices in 2019 totaling 250 jobs and 23 WARN notices through November 2020 with 1,844 jobs lost primarily as a result of the COVID 19 crisis (Table 12). Most of these WARN notices were at restaurants, hotels, and other service providers including the largest notice at Regal Cinemas which laid off 442 employees.

**Table 12 WARN Notices, Knox County**

| WARN Notices | Total | Jobs |
|--------------|-------|-------|
| 2018 | - | - |
| 2019 | 2 | 250 |
| 2020 | 23 | 1,844 |

Source: TN DOL & Workforce Development

4. Economic Conclusions

Knox County experienced steady job growth and declining unemployment prior to the COVID-19 pandemic. The county's unemployment rate declined steadily from 7.4 percent in 2010 to 2.9 percent in 2019 which is lower than state (3.4 percent) and national (3.7 percent) rates. Knox County added jobs in each of the past 10 years with the net addition of 25,050 jobs (11.6 percent) reaching an all-time high of 240,780 jobs in 2019. Prior to the COVID-19 pandemic, job growth was expected to continue given the steady and consistent growth over the past 10 years. Due to the extraordinary COVID-19 pandemic which has affected markets across the country and world, the unemployment rate spiked to 12.9 percent in April 2020 but stabilized over the past five months with a significantly lower unemployment rate of 4.6 percent in September which is significantly lower than the state rate (6.4 percent) and national rate (7.9 percent). The number of employed workers in September 2020 is within roughly two percentage points of the annual average for 2019.

8. DEMOGRAPHIC ANALYSIS

A. Introduction and Methodology

RPRG analyzed recent trends in population and households in the Austin Homes 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.

It is important to note that all demographic data is based on historic Census data and the most recent local area projections available for the Austin Homes Market Area and Knox County. In this case, estimates and projections were derived by Esri in 2020. We recognize that the current COVID-19 situation is likely to have an impact on short-term growth and demographic trends. Although too early to quantify these impacts, the most likely changes will be slower household growth in at least the short term, a high propensity to rent, and likely a decrease in income. The demographic projections have not been altered, but RPRG will discuss the impact of these potential changes as they relate to housing demand in the conclusions of this report.

B. Trends in Population and Households

1. Recent Past Trends

The Austin Homes Market Area had modest population and household loss from 2000 to 2010 with a net loss of 679 people (1.7 percent) and 371 households (2.0 percent) between the 2000 and 2010 census counts (Table 13). This trend sharply reversed with steady growth over the past 10 years with the net addition of 3,483 people (8.8 percent) and 1,836 households (10.0 percent) from 2010 to 2020; annual growth was 348 people (0.8 percent) and 184 households (1.0 percent) over this period.

Knox County grew steadily from 2000 to 2010 with net growth of 13.1 percent among population and 12.3 percent among households compared to losses in the market area. Annual population and household growth in the county was 0.9 percent over the past 10 years which was slightly faster growth than in the market area on a percentage basis among population but slower among households.

2. Projected Trends

Esri projects growth will accelerate in the Austin Homes Market Area from 2020 to 2025 with the addition 391 people (0.9 percent) and 201 households (1.0 percent) per year. The Austin Homes Market Area is projected to reach 45,231 people and 21,145 households by 2025 (Table 13).

Annual population and household growth rates in Knox County are projected to be similar to the Austin Homes Market Area's over the next five years at 0.9 percent among both population and households from 2020 to 2025.

3. Building Permit Trends

Following a drop in Knox County's permit activity to a recent low of 741 permitted units in 2011, permit activity increased steadily to 2,798 permitted units in 2017 (Table 14). Permitted activity has dropped in each of the past two years to 2,028 permitted units in 2019 which is relatively similar to the annual average over the past five years of 2,217 permitted units. The county permitted more than 2,000 units in each of the past four years compared to an annual average of 1,456 permitted units from 2009 to 2015.



Roughly 70 percent of permitted units in the county since 2009 were single-family detached homes and multi-family structures with five or more units accounted for 28.9 percent. Permitted units in multi-family structures with five or more units accounted for a majority of permitted units in the county in two of the past three years (2017 and 2019).

Table 13 Population and Household Projections

| Knox County | | | | | Austin Homes Market Area | | | | | |
|-------------|---------|--------------|-------|---------------|--------------------------|--------|--------------|-------|---------------|-------|
| Population | 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% |
| 2020 | 474,550 | 42,324 | 9.8% | 4,232 | 0.9% | 43,275 | 3,483 | 8.8% | 348 | 0.8% |
| 2025 | 496,965 | 22,415 | 4.7% | 4,483 | 0.9% | 45,231 | 1,956 | 4.5% | 391 | 0.9% |
| Households | 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% |
| 2020 | 194,670 | 17,421 | 9.8% | 1,742 | 0.9% | 20,142 | 1,836 | 10.0% | 184 | 1.0% |
| 2025 | 203,973 | 9,303 | 4.8% | 1,861 | 0.9% | 21,145 | 1,003 | 5.0% | 201 | 1.0% |

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

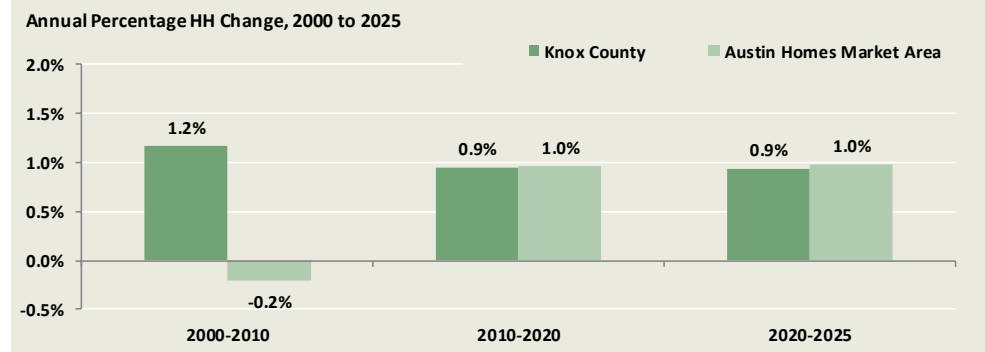
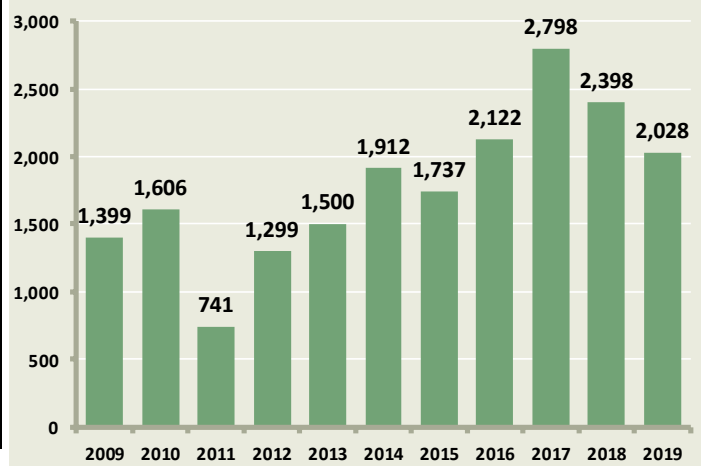


Table 14 Building Permits by Structure Type, Knox County

| Knox County | | | | | |
|------------------|---------------|-----------|-----------|--------------|---------------|
| Year | Single - Unit | Two Units | 3-4 Units | 5+ Units | Ann. Total |
| 2009 | 887 | 44 | 0 | 468 | 1,399 |
| 2010 | 878 | 6 | 0 | 722 | 1,606 |
| 2011 | 731 | 6 | 4 | 0 | 741 |
| 2012 | 916 | 8 | 0 | 375 | 1,299 |
| 2013 | 1,190 | 6 | 0 | 304 | 1,500 |
| 2014 | 1,226 | 6 | 0 | 680 | 1,912 |
| 2015 | 1,483 | 0 | 0 | 254 | 1,737 |
| 2016 | 1,592 | 2 | 0 | 528 | 2,122 |
| 2017 | 1,761 | 4 | 0 | 1,033 | 2,798 |
| 2018 | 1,861 | 4 | 44 | 489 | 2,398 |
| 2019 | 1,234 | 4 | 0 | 790 | 2,028 |
| 2009-2019 | 13,759 | 90 | 48 | 5,643 | 19,540 |
| Ann. Avg. | 1,251 | 8 | 4 | 513 | 1,776 |

Total Housing Units Permitted 2009 - 2019



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



C. Demographic Characteristics

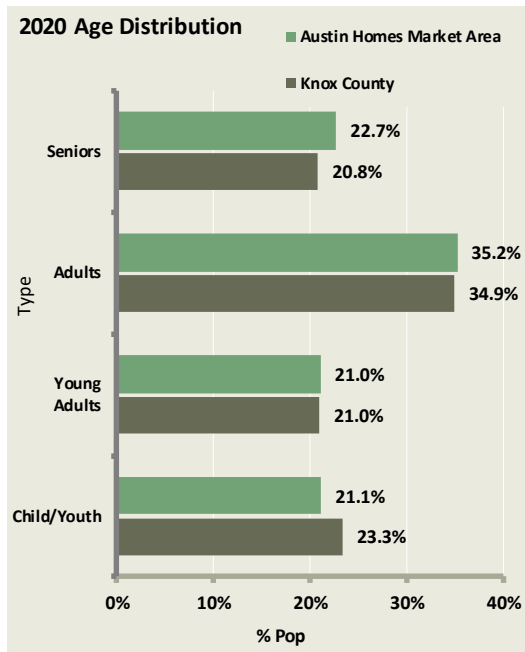
1. Age Distribution and Household Type

The Austin Homes Market Area is older than Knox County with median ages of 40 and 38, respectively (Table 15). Adults ages 35 to 61 comprise 35.2 percent of the Austin Homes Market Area’s population while all other age cohorts (Children/Youth, Young Adults, and Seniors) each account for roughly 21-23 percent of the market area’s population. The Austin Homes Market Area contains a smaller proportion of people under 20 years old when compared to Knox County (21.1 percent versus 23.3 percent) and a larger proportion of people ages 35 and older (57.8 percent versus 55.7 percent). The larger proportion of people under 20 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 15 Age Distribution

| 2020 Age Distribution | Knox County | | Austin Homes Market Area | |
|-----------------------|----------------|--------------|--------------------------|--------------|
| | # | % | # | % |
| Children/Youth | 110,662 | 23.3% | 9,136 | 21.1% |
| Under 5 years | 25,393 | 5.4% | 2,453 | 5.7% |
| 5-9 years | 26,972 | 5.7% | 2,367 | 5.5% |
| 10-14 years | 28,101 | 5.9% | 2,290 | 5.3% |
| 15-19 years | 30,196 | 6.4% | 2,026 | 4.7% |
| Young Adults | 99,497 | 21.0% | 9,108 | 21.0% |
| 20-24 years | 36,876 | 7.8% | 2,923 | 6.8% |
| 25-34 years | 62,621 | 13.2% | 6,185 | 14.3% |
| Adults | 165,650 | 34.9% | 15,221 | 35.2% |
| 35-44 years | 61,940 | 13.1% | 5,538 | 12.8% |
| 45-54 years | 60,396 | 12.7% | 5,571 | 12.9% |
| 55-61 years | 43,314 | 9.1% | 4,112 | 9.5% |
| Seniors | 98,741 | 20.8% | 9,810 | 22.7% |
| 62-64 years | 18,563 | 3.9% | 1,762 | 4.1% |
| 65-74 years | 47,374 | 10.0% | 4,686 | 10.8% |
| 75-84 years | 23,202 | 4.9% | 2,266 | 5.2% |
| 85 and older | 9,602 | 2.0% | 1,096 | 2.5% |
| TOTAL | 474,550 | 100% | 43,275 | 100% |
| Median Age | 38 | | 40 | |

Source: Esri; RPRG, Inc.



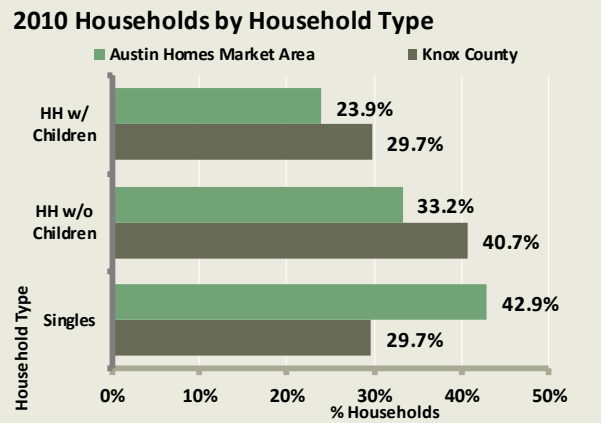
Single-person households were the most common household type in the market area at 42.9 percent, much higher than the 29.7 percent in the county (Table 16). The higher percentage of this household type reflects the inclusion of part of downtown Knoxville in the market area. Roughly one-third (33.2 percent) of households in the market area had at least two adults, but no children; this household type was the most common in the county at 40.7 percent. Households with children accounted for 23.9 percent of the households in the Austin Homes Market Area and 29.7 percent in the county.



Table 16 Households by Household Type

| 2010 Households by Household Type | Knox County | | Austin Homes 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.

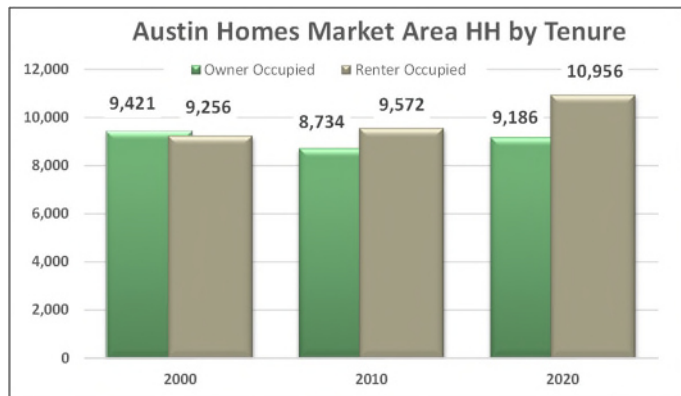


2. Households by Tenure

a. Recent Past Trends

The number of renter households in the Austin Homes Market Area increased from 9,256 in 2000 to 10,956 in 2020 for a net increase of 1,384 renter households (14.5 percent) while the market area added 452 net owner households (5.2 percent) over this period¹ (Figure 8).

Figure 8 Austin Homes Market Area Households by Tenure 2000 to 2020



The Austin Homes Market Area’s renter percentage of 54.4 percent in 2020 is much higher than the county’s 34.9 percent (Table 17). The market area added an annual average of 138 renter households (1.4 percent) over the past 20

years which accounted for 75.4 percent of net household growth. By comparison, renter households accounted for 47.0 percent of net household growth in Knox County over this period (Table 17).

¹ Based on change from 2000 to 2010 Census counts and ESRI’s 2020 Estimate



Table 17 Households by Tenure, 2000-2020

| Knox County | 2000 | | 2010 | | 2020 | | Change 2010-2020 | | | | % of Change 2010 - 2020 |
|-----------------------|----------------|-------------|----------------|-------------|----------------|-------------|------------------|-------------|---------------|-------------|----------------------------|
| | | | | | | | Total Change | | Annual Change | | |
| Housing Units | # | % | # | % | # | % | # | % | # | % | |
| Owner Occupied | 105,562 | 66.9% | 117,412 | 66.2% | 126,642 | 65.1% | 9,230 | 7.9% | 923 | 0.8% | 53.0% |
| Renter Occupied | 52,310 | 33.1% | 59,837 | 33.8% | 68,028 | 34.9% | 8,191 | 13.7% | 819 | 1.3% | 47.0% |
| Total Occupied | 157,872 | 100% | 177,249 | 100% | 194,670 | 100% | 17,421 | 9.8% | 1,742 | 0.9% | 100% |
| Total Vacant | 13,567 | | 17,700 | | 19,782 | | | | | | |
| TOTAL UNITS | 171,439 | | 194,949 | | 214,452 | | | | | | |

| Austin Homes Market Area | 2000 | | 2010 | | 2020 | | Change 2010-2020 | | | | % of Change 2010 - 2020 |
|-----------------------------|---------------|-------------|---------------|-------------|---------------|-------------|------------------|--------------|---------------|-------------|----------------------------|
| | | | | | | | Total Change | | Annual Change | | |
| Housing Units | # | % | # | % | # | % | # | % | # | % | |
| Owner Occupied | 9,421 | 50.4% | 8,734 | 47.7% | 9,186 | 45.6% | 452 | 5.2% | 45 | 0.5% | 24.6% |
| Renter Occupied | 9,256 | 49.6% | 9,572 | 52.3% | 10,956 | 54.4% | 1,384 | 14.5% | 138 | 1.4% | 75.4% |
| Total Occupied | 18,677 | 100% | 18,306 | 100% | 20,142 | 100% | 1,836 | 10.0% | 184 | 1.0% | 100% |
| Total Vacant | 2,567 | | 3,005 | | 3,362 | | | | | | |
| TOTAL UNITS | 21,244 | | 21,311 | | 23,504 | | | | | | |

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

b. Projected Household Tenure Trends

Esri’s projects renter households will account for 71.5 percent of net household growth over the next five years, similar to the trend over the past 20 years (75.4 percent). This projection results in annual average growth of 143 renter households over the next five years, a slight increase from the 20-year average of 138 households.

Table 18 Households by Tenure, 2020-2025

| Austin Homes Market Area | 2020 | | 2025 Esri HH by Tenure | | Esri Change by Tenure | | Annual Change by Tenure | |
|-----------------------------|---------------|-------------|---------------------------|-------------|--------------------------|-------------|----------------------------|-------------|
| Housing Units | # | % | # | % | # | % | # | % |
| Owner Occupied | 9,186 | 45.6% | 9,472 | 44.8% | 286 | 28.5% | 57 | 0.6% |
| Renter Occupied | 10,956 | 54.4% | 11,673 | 55.2% | 717 | 71.5% | 143 | 1.3% |
| Total Occupied | 20,142 | 100% | 21,145 | 100% | 1,003 | 100% | 201 | 1.0% |
| Total Vacant | 3,362 | | 3,461 | | | | | |
| TOTAL UNITS | 23,504 | | 24,606 | | | | | |

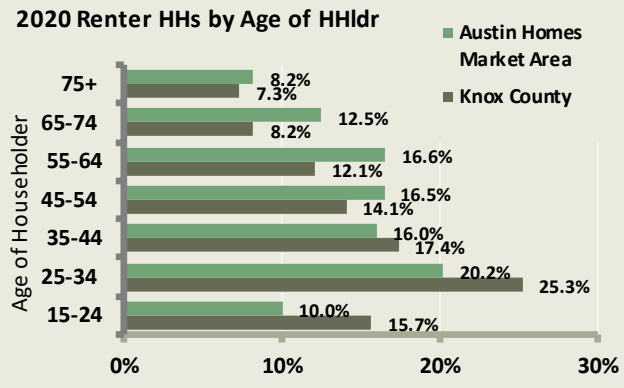
Source: Esri, RPRG, Inc.

Working age renter household form the core of the Austin Homes Market Area with 36.2 percent of renter householders age 25-44 and 33.0 percent of renter households ages 45-64 years (Table 19). Roughly 21 percent of renter households are age 65+ and 10.0 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 40.9 percent of renter households under the age of 35 including 15.7 percent under 25 years.



Table 19 Renter Households by Age of Householder

| Renter Households | Knox County | | Austin Homes Market Area | |
|-------------------|---------------|-------------|--------------------------|-------------|
| | # | % | # | % |
| Age of HHldr | | | | |
| 15-24 years | 10,674 | 15.7% | 1,100 | 10.0% |
| 25-34 years | 17,178 | 25.3% | 2,217 | 20.2% |
| 35-44 years | 11,809 | 17.4% | 1,753 | 16.0% |
| 45-54 years | 9,584 | 14.1% | 1,805 | 16.5% |
| 55-64 years | 8,251 | 12.1% | 1,816 | 16.6% |
| 65-74 years | 5,567 | 8.2% | 1,371 | 12.5% |
| 75+ years | 4,965 | 7.3% | 894 | 8.2% |
| Total | 68,028 | 100% | 10,956 | 100% |

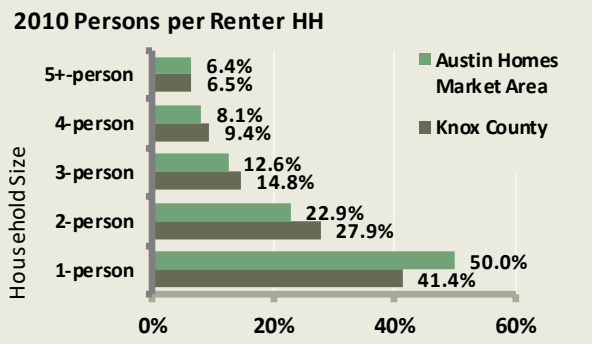


Source: Esri, Real Property Research Group, Inc.

Half of the renter households in the Austin Homes Market Area were single person households as of the 2010 Census and 22.9 percent had two people (Table 20). 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. Just over six percent of renter households in both areas had 5+ people.

Table 20 Renter Occupied Persons Per Household

| Renter Occupied | Knox County | | Austin Homes 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

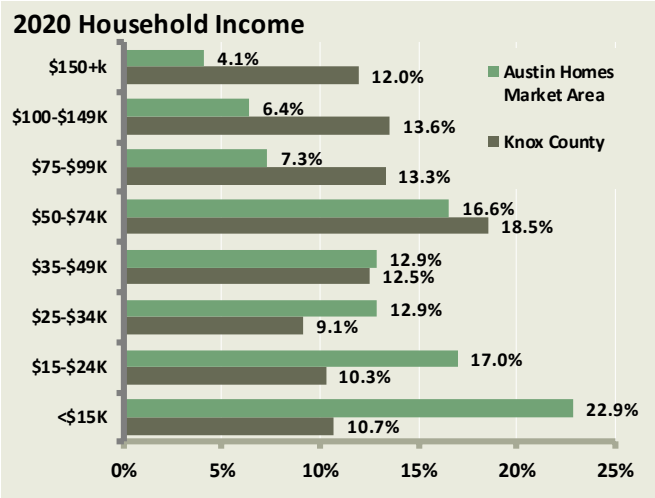
3. Income Characteristics

According to income distributions provided by Esri, households in the Austin Homes Market Area earn a median income of \$32,873 per year, roughly 45 percent below the \$59,936 median in Knox County (Table 21). The Austin Homes Market Area includes significant proportions of modest and moderate-income households with 52.7 percent earning less than \$35,000 including 22.9 percent earning less than \$15,000. Approximately 30 percent of market area households earn moderate incomes of \$35,000 to \$74,999 while 17.8 percent earn at least \$75,000.



Table 21 Household Income

| Estimated 2020 Household Income | | Knox County | | Austin Homes Market Area | |
|---------------------------------|-----------------------|-----------------|-------------|--------------------------|-------------|
| | | # | % | # | % |
| less than | \$15,000 | 20,859 | 10.7% | 4,606 | 22.9% |
| | \$15,000 - \$24,999 | 20,009 | 10.3% | 3,420 | 17.0% |
| | \$25,000 - \$34,999 | 17,779 | 9.1% | 2,597 | 12.9% |
| | \$35,000 - \$49,999 | 24,343 | 12.5% | 2,593 | 12.9% |
| | \$50,000 - \$74,999 | 36,089 | 18.5% | 3,339 | 16.6% |
| | \$75,000 - \$99,999 | 25,911 | 13.3% | 1,475 | 7.3% |
| | \$100,000 - \$149,999 | 26,406 | 13.6% | 1,287 | 6.4% |
| | \$150,000 Over | 23,274 | 12.0% | 825 | 4.1% |
| Total | | 194,670 | 100% | 20,142 | 100% |
| Median Income | | \$59,936 | | \$32,873 | |

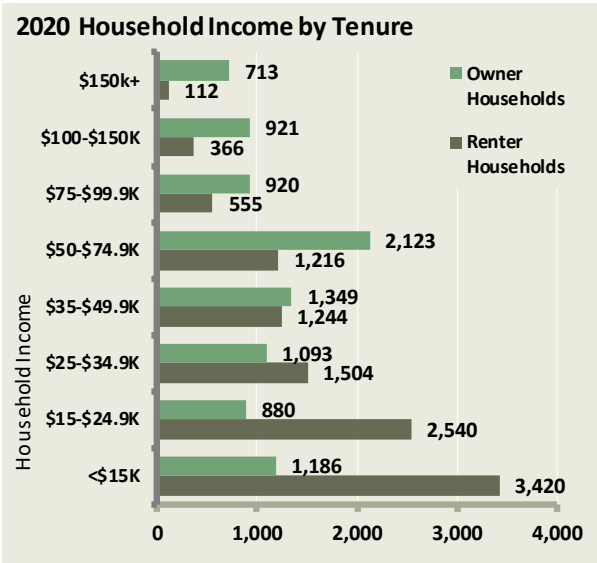


Source: Esri; Real Property Research Group, Inc.

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 Austin Homes Market Area households by tenure is \$23,102 for renters and \$50,996 for owners (Table 22). The majority (54.4 percent) of market area renter households earn less than \$25,000 including 31.2 percent earning less than \$15,000. Roughly 14 percent of renter households earn \$25,000 to \$34,999 while 22.5 percent earn moderate incomes of \$35,000 to \$74,999.

Table 22 Household Income by Tenure, Austin Homes Market Area

| Estimated 2020 HH Income | | Renter Households | | Owner Households | |
|--------------------------|-----------------------|-------------------|-------------|------------------|-------------|
| | | # | % | # | % |
| less than | \$15,000 | 3,420 | 31.2% | 1,186 | 12.9% |
| | \$15,000 - \$24,999 | 2,540 | 23.2% | 880 | 9.6% |
| | \$25,000 - \$34,999 | 1,504 | 13.7% | 1,093 | 11.9% |
| | \$35,000 - \$49,999 | 1,244 | 11.4% | 1,349 | 14.7% |
| | \$50,000 - \$74,999 | 1,216 | 11.1% | 2,123 | 23.1% |
| | \$75,000 - \$99,999 | 555 | 5.1% | 920 | 10.0% |
| | \$100,000 - \$149,999 | 366 | 3.3% | 921 | 10.0% |
| | \$150,000 over | 112 | 1.0% | 713 | 7.8% |
| Total | | 10,956 | 100% | 9,186 | 100% |
| Median Income | | \$23,102 | | \$50,996 | |



Source: American Community Survey 2014-2018 Estimates, RPRG, Inc.

Roughly 44 percent of renter households in the Austin Homes Market Area pay at least 35 percent of income for rent (Table 23). Nearly three percent of renter households are living in substandard conditions; this includes only overcrowding and incomplete plumbing.



Table 23 Substandard and Cost Burdened Calculations, Austin Homes Market Area

| Rent Cost Burden | | |
|--------------------------------|---------------|---------------|
| Total Households | # | % |
| Less than 10.0 percent | 278 | 2.6% |
| 10.0 to 14.9 percent | 639 | 6.0% |
| 15.0 to 19.9 percent | 973 | 9.1% |
| 20.0 to 24.9 percent | 958 | 8.9% |
| 25.0 to 29.9 percent | 1,500 | 14.0% |
| 30.0 to 34.9 percent | 1,029 | 9.6% |
| 35.0 to 39.9 percent | 646 | 6.0% |
| 40.0 to 49.9 percent | 824 | 7.7% |
| 50.0 percent or more | 2,821 | 26.3% |
| Not computed | 1,065 | 9.9% |
| Total | 10,733 | 100.0% |
| > 35% income on rent | 4,291 | 44.4% |

Source: American Community Survey 2014-2018

| Substandardness | |
|---------------------------------------|-------------|
| Total Households | |
| Owner occupied: | |
| Complete plumbing facilities: | 8,396 |
| 1.00 or less occupants per room | 8,380 |
| 1.01 or more occupants per room | 16 |
| Lacking complete plumbing facilities: | 39 |
| Overcrowded or lacking plumbing | 55 |
| Renter occupied: | |
| Complete plumbing facilities: | 10,733 |
| 1.00 or less occupants per room | 10,458 |
| 1.01 or more occupants per room | 275 |
| Lacking complete plumbing facilities: | 0 |
| Overcrowded or lacking plumbing | 275 |
| Substandard Housing | 330 |
| % Total Stock Substandard | 1.7% |
| % Rental Stock Substandard | 2.6% |



9. COMPETITIVE HOUSING ANALYSIS

A. Introduction and Sources of Information

This section presents data and analyses pertaining to the supply of rental housing in the Austin Homes Market Area. We pursued several avenues of research to identify multifamily rental projects in the planning stages or under construction in the Austin Homes 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 November and December 2020.

B. Overview of Market Area Housing Stock

Renter-occupied units in both the Austin Homes Market Area and Knox County include a large proportion of multi-family housing. Nearly 62 percent of market area’s renter-occupied units are contained in multi-family structures with 51.4 percent in structures with five or more units and 10.5 percent in structures with two to four units. Single-family detached homes account for 35.2 percent of the market area’s renter-occupied units (Table 24). Knox County’s renter-occupied units include a smaller proportion of multi-family housing when compared to the market area (60.2 percent versus 61.9 percent) including a much smaller proportion of renter occupied units in structures with 20 or more units (18.4 percent versus 30.2 percent). Roughly 94-95 percent of owner-occupied units in both the market area and county are single-family homes (detached and attached).

Table 24 Occupied Units by Structure Type and Tenure

| Structure Type | Owner Occupied | | | | Renter Occupied | | | |
|----------------|----------------|-------------|--------------------------|-------------|-----------------|-------------|--------------------------|-------------|
| | Knox County | | Austin Homes Market Area | | Knox County | | Austin Homes Market Area | |
| | # | % | # | % | # | % | # | % |
| 1, detached | 103,632 | 87.6% | 7,465 | 88.7% | 20,172 | 31.1% | 3,778 | 35.2% |
| 1, attached | 8,065 | 6.8% | 439 | 5.2% | 3,158 | 4.9% | 278 | 2.6% |
| 2 | 306 | 0.3% | 78 | 0.9% | 2,886 | 4.4% | 567 | 5.3% |
| 3-4 | 491 | 0.4% | 44 | 0.5% | 5,257 | 8.1% | 553 | 5.2% |
| 5-9 | 238 | 0.2% | 49 | 0.6% | 8,066 | 12.4% | 1,170 | 10.9% |
| 10-19 | 163 | 0.1% | 100 | 1.2% | 10,933 | 16.8% | 1,116 | 10.4% |
| 20+ units | 457 | 0.4% | 198 | 2.4% | 11,934 | 18.4% | 3,236 | 30.2% |
| Mobile home | 4,889 | 4.1% | 43 | 0.5% | 2,511 | 3.9% | 35 | 0.3% |
| TOTAL | 118,241 | 100% | 8,416 | 100% | 64,917 | 100% | 10,733 | 100% |

Source: American Community Survey 2014-2018

The housing stock in the Austin Homes 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 1981 in the county (Table 25). The disparity is much greater among owner occupied units with median years built of 1954 in the market area and 1983 in the county. Roughly 44 percent of renter occupied units in the market area were built from 1950 to 1979 while 27.8 percent were built prior to 1950. Twenty-eight percent of the market area’s renter occupied units have been built since 1980 including 13.5 percent built since 2000. Nearly two-thirds (64.8 percent) of owner-occupied units in the market area were built prior to 1960 compared to 20.3 percent in the county.



According to 2014-2018 ACS data, the median value among owner-occupied housing units in the Austin Homes Market Area was \$107,655, which is \$70,326 or 39.5 percent lower than the Knox County median of \$177,981 (Table 26). 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 25 Dwelling Units by Year Built and Tenure

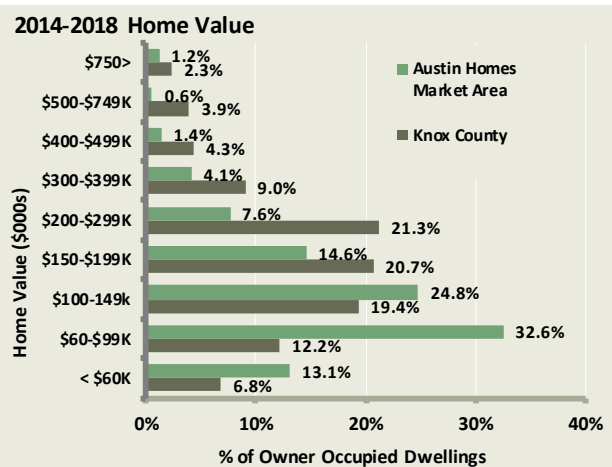
| Year Built | Owner Occupied | | | | Renter Occupied | | | |
|--------------------------|----------------|-------------|--------------------------|-------------|-----------------|-------------|--------------------------|-------------|
| | Knox County | | Austin Homes Market Area | | Knox County | | Austin Homes Market Area | |
| | # | % | # | % | # | % | # | % |
| 2014 or later | 2,361 | 2.0% | 18 | 0.2% | 1,233 | 1.9% | 208 | 1.9% |
| 2010 to 2013 | 3,433 | 2.9% | 125 | 1.5% | 2,784 | 4.3% | 474 | 4.4% |
| 2000 to 2009 | 21,623 | 18.3% | 521 | 6.2% | 8,679 | 13.3% | 771 | 7.2% |
| 1990 to 1999 | 22,737 | 19.2% | 398 | 4.7% | 10,237 | 15.7% | 517 | 4.8% |
| 1980 to 1989 | 14,631 | 12.4% | 323 | 3.8% | 10,394 | 16.0% | 1,030 | 9.6% |
| 1970 to 1979 | 16,524 | 14.0% | 703 | 8.3% | 11,915 | 18.3% | 1,792 | 16.7% |
| 1960 to 1969 | 12,973 | 11.0% | 878 | 10.4% | 6,678 | 10.3% | 1,597 | 14.9% |
| 1950 to 1959 | 11,605 | 9.8% | 2,053 | 24.3% | 4,633 | 7.1% | 1,358 | 12.7% |
| 1940 to 1949 | 5,342 | 4.5% | 1,251 | 14.8% | 3,531 | 5.4% | 965 | 9.0% |
| 1939 or earlier | 7,064 | 6.0% | 2,165 | 25.7% | 4,941 | 7.6% | 2,021 | 18.8% |
| TOTAL | 118,293 | 100% | 8,435 | 100% | 65,025 | 100% | 10,733 | 100% |
| MEDIAN YEAR BUILT | 1983 | | 1954 | | 1981 | | 1966 | |

Source: American Community Survey 2014-2018

Table 26 Value of Owner Occupied Housing Stock

| 2014-2018 Home Value | Knox County | | Austin Homes Market Area | |
|-----------------------|------------------|-------------|--------------------------|-------------|
| | # | % | # | % |
| less than \$60,000 | 8,060 | 6.8% | 1,107 | 13.1% |
| \$60,000 - \$99,999 | 14,462 | 12.2% | 2,747 | 32.6% |
| \$100,000 - \$149,999 | 22,916 | 19.4% | 2,094 | 24.8% |
| \$150,000 - \$199,999 | 24,495 | 20.7% | 1,232 | 14.6% |
| \$200,000 - \$299,999 | 25,154 | 21.3% | 644 | 7.6% |
| \$300,000 - \$399,999 | 10,678 | 9.0% | 348 | 4.1% |
| \$400,000 - \$499,999 | 5,102 | 4.3% | 116 | 1.4% |
| \$500,000 - \$749,999 | 4,664 | 3.9% | 47 | 0.6% |
| \$750,000 over | 2,762 | 2.3% | 100 | 1.2% |
| Total | 118,293 | 100% | 8,435 | 100% |
| Median Value | \$177,981 | | \$107,655 | |

Source: American Community Survey 2014-2018





C. Survey of Comparable Rental Communities

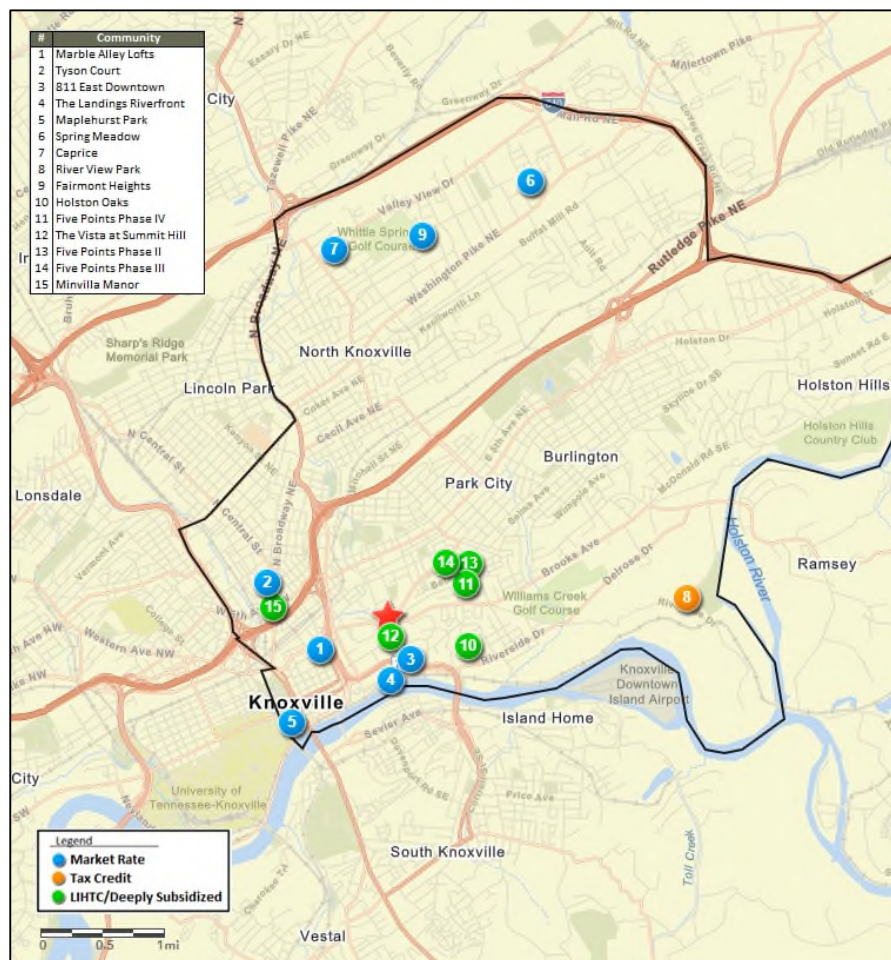
1. Introduction to the Rental Housing Survey

RPRG surveyed 15 general occupancy communities in the Austin Homes Market Area including eight market rate communities and seven LIHTC communities; six LIHTC communities have Project Based Rental Assistance (PBRA) on all units. All surveyed communities are considered generally comparable to the subject property given it will offer LIHTC units with PBRA and standard LIHTC units including 80 percent AMI units which will target similar income household as the market rate communities in the market area. Age-restricted communities were excluded from this analysis given differences in age and income targeting. We were unable to survey Meadowbrook and Pinnacle Park (LIHTC/PBRA communities) following repeated attempts to contact management. Profile sheets with detailed information on each surveyed community, including photographs, are attached as Appendix 5.

2. Location

Eleven of 15 surveyed communities are within two miles of the site in or around downtown including the five highest-priced market rate communities and six 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 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 1994 with the five highest-priced market rate communities being the newest communities in the market area, built or rehabbed since 2010. 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 27). The LIHTC communities with PBRA have all been built or renovated since 2010 including the most recent communities (Five Points II, Five Points III, Five Points IV, and The Vista at Summit Hill) which are managed by KCDC (Table 28).

4. Structure Type

Two of the three 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 27). Five of six LIHTC communities with PBRA offer garden apartments including Five Points II, III, and IV which also offer townhomes while Minvilla Manor is an adaptive reuse of a motel (Table 28).

5. Size of Communities

The surveyed communities without PBRA range from 23 to 253 units and average 141 units per community. Five of the six highest-priced market rate communities range from 173 to 253 units while the LIHTC community (River View Park) has 96 units and the two oldest and lowest priced market rate communities have less than 40 units each. The newest community in the market area (Tyson Court) has 30 units (Table 27). The surveyed communities with PBRA range from 57 to 199 units and average 113 units per community (Table 28).

6. Vacancy Rates

The Austin Homes Market Area's multi-family rental market without PBRA is performing well with just 13 vacancies among 1,270 combined units for an aggregate vacancy rate of 1.0 percent (Table 27). All surveyed communities without PBRA have a vacancy rate of less than three percent including seven with a vacancy rate of one percent or less. The LIHTC community without PBRA (River View Park) is fully occupied. The six deeply subsidized LIHTC communities are fully occupied with waiting lists (Table 28).

7. Rent Concessions

None of the surveyed communities reported rental incentives.

8. Absorption History

Four surveyed communities have opened in the market area since 2018:

- **Five Points Phase II** (LIHTC with PBRA) opened in April 2018 and all 84 units were leased by July 2018 for an average monthly absorption of 28 units.
- **Five Points Phase III** (LIHTC with PBRA) opened in late 2019 but management did not provide absorption timing.
- **Five Points Phase IV** (LIHTC with PBRA) opened in May 2020 and all 82 units were leased by September 2020 for an average monthly absorption of 20.5 units. Absorption was slowed as the community was under construction for much of the absorption period. According to staff with KCDC, units were occupied quickly once completed.

- **Tyson Court** (market rate) opened in September 2019 and leased all 30 units by February 2020 for an average monthly absorption of six units; RPRG did not identify a reason for the relatively slow lease-up but it is likely due to a lack of awareness for the property given its small size with just 30 units and/or its location with limited visibility.

Table 27 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 - 30% AMI/PBRA | | | Flat | 45 | | | \$361 | \$432 | |
| | Subject - 60% AMI | | | Flat/TH | 95 | | | \$777 | \$932 | |
| | Subject - 80% AMI | | | Flat/TH | 40 | | | \$976 | \$1,265 | |
| | | | | | 180 | | | | | |
| 1 | Marble Alley Lofts | 2016 | | Mid Rise | 253 | 6 | 2.4% | \$1,328 | \$2,021 | None |
| 2 | Tyson Court | 2019 | | Gar | 30 | 0 | 0.0% | \$950 | \$1,383 | None |
| 3 | 811 East Downtown | 2015 | | Mid Rise | 173 | 0 | 0.0% | \$1,100 | \$1,369 | None |
| 4 | The Landings Riverfront | 2011 | | Gar | 206 | 2 | 1.0% | \$1,139 | \$1,287 | None |
| 5 | Maplehurst Park | 1975 | 2010 | Mix | 205 | 2 | 1.0% | \$844 | \$1,130 | None |
| 6 | Spring Meadow | 1991 | | Gar | 248 | 2 | 0.8% | \$773 | \$878 | None |
| 7 | Caprice | 1960 | 2007 | Gar | 23 | 0 | 0.0% | | \$750 | None |
| 8 | River View Park* | 2007 | | Gar | 96 | 0 | 0.0% | | \$725 | None |
| 9 | Fairmont Heights | 1954 | | Gar/TH | 36 | 1 | 2.8% | \$575 | \$675 | None |
| | Total Average | 1994 | | | 1,270 | 13 | 1.0% | \$958 | \$1,135 | |

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

(*) Tax Credit Community

Source: Phone Survey, RPRG, Inc. November/December 2020

Table 28 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) | Wait List |
|-------|---------------------------|-------------|------------|----------------|-------------|--------------|--------------|------------------|------------------|-----------|
| 10 | Holston Oaks* | N/A | 2016 | Gar | 199 | 0 | 0.0% | \$601 | \$690 | Yes |
| 11 | Five Points Phase IV* | 2020 | | Gar/TH | 82 | 0 | 0.0% | \$822 | \$647 | Yes |
| 12 | The Vista at Summit Hill* | 1978 | 2019 | Gar | 175 | 0 | 0.0% | \$538 | \$621 | Yes |
| 13 | Five Points Phase II* | 2018 | | Gar/TH | 84 | 0 | 0.0% | \$571 | \$610 | Yes |
| 14 | Five Points Phase III* | 2019 | | Gar/TH | 80 | 0 | 0.0% | \$564 | \$590 | Yes |
| 15 | Minvilla Manor* | 2010 | | Reuse | 57 | 0 | 0.0% | \$513 | | Yes |
| | Total Average | 2009 | | | 677 | 0 | 0.0% | \$602 | \$632 | |

Source: Phone Survey, RPRG, Inc. November/December 2020

(*) Deeply Subsidized/LIHTC Community

D. Analysis of Rental Pricing and Product

1. Payment of Utility Costs

Seven of nine communities without PBRA offer trash removal in the rent including four of the five lowest-priced communities which also include water and sewer (Table 29); the LIHTC community (River View Park) includes water, sewer, and trash removal. Two of the three highest-priced market rate communities include no utilities. Austin Homes Phase 1b will include the cost of water, sewer, and trash removal in the price of rent.



2. Unit Features

All but the two lowest priced market rate communities in the market area offer a dishwasher in at least select units while only three of the newest and highest-priced market rate communities offer a microwave (Table 29). All but one community offers washer and dryer connections in at least select units with the four highest-priced communities offering a washer and dryer in each unit. The four highest priced market rate communities offer upscale finishes including stainless appliances, granite/quartz 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 Alley 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 eight 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 30). The remaining four generally smaller market rate communities offer no amenities.

Table 29 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 Alley Lofts | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | STD | Structured | STD |
| Tyson Court | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | STD | | Surface | 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 | STD |
| Maplehurst Park | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" 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 |
| Caprice | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | Surface | |
| 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 |
| 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. November/December 2020

(*) Tax Credit Community



Table 30 Community Amenities

| Community | Clubhouse | Fitness Room | Pool | Playground | Tennis Court | Business Center |
|-------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Subject Property | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Marble Alley Lofts | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Tyson Court | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input 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"/> |
| Caprice | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input 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"/> |
| 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. November/December 2020

LIHTC Community*

5. Distribution of Units by Bedroom Type

All nine surveyed communities without PBRA offer two-bedroom units, seven offer one-bedroom units, and five offer three-bedroom units. Unit distributions were available for all communities with one and two-bedroom units accounting for 43.7 and 40.7 percent of units, respectively. Three-bedroom units account for 11.8 percent of surveyed units while the surveyed communities also offer 46 efficiency units (3.6 percent) and 2 four-bedroom units (Table 31). 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 31 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 \$972 with a range from \$575 to \$1,353. The average unit size is 651 square feet, which results in an average net rent per square foot of \$1.49.
- **Two-bedroom** units have an average effective rent of \$1,149 with a range from \$675 to \$2,051. The average unit size is 911 square feet, which results in an average net rent per square foot of \$1.26.
- **Three-bedroom** units have an average effective rent of \$1,354 with a range from \$755 to \$1,910. The average unit size is 1,249 square feet, which results in an average net rent per square foot of \$1.08.

The four newest upscale market rate communities are priced at the top of the market including the community in downtown (Marble Alley 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 31 Unit Distribution and Effective Rents

| Community | Total Units | One Bedroom Units | | | Two Bedroom Units | | | Three Bedroom Units | | | | | |
|---------------------------------|---------------|-------------------|--------------|----------------|-------------------|--------------|----------------|---------------------|---------------|--------------|----------------|--------------------|---------------|
| | | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF |
| Subject - 30% AMI/PBRA | 45 | 9 | \$361 | 682-692 | \$0.53 | 18 | \$432 | 986-1,512 | \$0.35 | 18 | \$497 | 1,130-1,724 | \$0.35 |
| Subject - 60% AMI | 95 | 55 | \$777 | 682-692 | \$1.13 | 40 | \$932 | 986-1,512 | \$0.75 | | | | |
| Subject - 80% AMI | 40 | 22 | \$976 | 682-692 | \$1.42 | 18 | \$1,265 | 986-1,512 | \$1.01 | | | | |
| Marble Alley Lofts | 253 | 153 | \$1,353 | 672 | \$2.01 | 80 | \$2,051 | 1,057 | \$1.94 | | | | |
| Tyson Court | 30 | 6 | \$965 | 625 | \$1.54 | 18 | \$1,403 | 915 | \$1.53 | | | | |
| 811 East Downtown | 173 | 57 | \$1,125 | 692 | \$1.62 | 100 | \$1,399 | 940 | \$1.49 | 16 | \$1,910 | 1,514 | \$1.26 |
| The Landings Riverfront | 206 | 106 | \$1,154 | 700 | \$1.65 | 52 | \$1,307 | 900 | \$1.45 | 48 | \$1,565 | 1,141 | \$1.37 |
| Maplehurst Park | 205 | 141 | \$844 | 641 | \$1.32 | 40 | \$1,130 | 902 | \$1.25 | 2 | \$1,585 | 1,325 | \$1.20 |
| Spring Meadow | 248 | 80 | \$788 | 651 | \$1.21 | 120 | \$898 | 962 | \$0.93 | 48 | \$955 | 1,085 | \$0.88 |
| Caprice | 23 | | | | | 23 | \$750 | 800 | \$0.94 | | | | |
| River View Park 60% AMI* | 96 | | | | | 60 | \$725 | 978 | \$0.74 | 36 | \$755 | 1,180 | \$0.64 |
| Fairmont Heights | 36 | 12 | \$575 | 575 | \$1.00 | 24 | \$675 | 745 | \$0.91 | | | | |
| Total/Average | 1,270 | | \$972 | 651 | \$1.49 | | \$1,149 | 911 | \$1.26 | | \$1,354 | 1,249 | \$1.08 |
| Unit Distribution | 1,270 | 555 | | | | 517 | | | | 150 | | | |
| % of Total | 100.0% | 43.7% | | | | 40.7% | | | | 11.8% | | | |

(1) Rent is adjusted to include water/sewer, trash, and Incentives **LIHTC Community*** Source: Phone Survey, RPRG, Inc. November/December 2020

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 65 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 including 45 LIHTC units with PBRA.

F. Proposed and Under Construction Rental Communities

One comparable LIHTC community is under construction in the market area. The first phase of the Austin Homes redevelopment (Bell Street Flats) was allocated four percent tax credits in 2019 for 105 rental units including 79 LIHTC units targeting households earning up to 50 and 60 percent AMI and 26 unrestricted market rate units. Forty-three of 79 LIHTC communities will have PBRA. Bell Street Flats I will offer 46 one-bedroom units, 38 two-bedroom units, 17 three-bedroom units, and 4 four-bedroom units. This project’s 60 percent AMI units and market rate units will compete with the subject property given similar income targeting; the proposed 80 percent AMI units will compete with the market rate units at Bell Street Flats given similar income targeting.



| Bell Street Flats | | | |
|-------------------|------|---------------|------------|
| Unit Mix/Rents | | | |
| Bed | Bath | Income Target | Quantity |
| 1 | 1 | 50% AMI/PBRA | 7 |
| 1 | 1 | 60% AMI/PBRA | 8 |
| 1 | 1 | 60% AMI | 19 |
| 1 | 1 | Market | 12 |
| 2 | 1 | 50% AMI/PBRA | 6 |
| 2 | 1 | 60% AMI/PBRA | 1 |
| 2 | 1 | 60% AMI | 17 |
| 2 | 1 | Market | 4 |
| 2 | 2 | Market | 10 |
| 3 | 2 | 50% AMI/PBRA | 3 |
| 3 | 2 | 60% AMI/PBRA | 14 |
| 4 | 2 | 60% AMI/PBRA | 4 |
| | | | 105 |

According to Nick Schoenborn with the Knoxville-Knox County Planning Department, four upscale market rate communities with rents expected to be well above those proposed at the subject property are planned or under construction in the Austin Homes Market Area:

- **Stockyard Lofts** is a 304-unit six-story mid-rise community under construction 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. The community just started construction and the project is expected to be completed in late 2021 or early 2022.
- **Supreme Court Building** is a mixed-use project (apartments, hotel, and retail space) under construction at the former Tennessee Supreme Court building site in downtown. The rental component will include 230 units and construction is expected to be completed in 2021.
- **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 project has been planned for two years and the developer is attempting to secure financing for the project according to Nick Schoenborn with the Knoxville-Knox County Planning Department.
- **Caldonia Flats at Marble Alley** is a planned 147-unit second phase of Marble Alley Lofts. The project has been planned since 2016 and no action has been taken recently according to planners.

G. Surveyed Communities Outside the Austin Homes Market Area

Given the lack of new affordable rental housing options without deep subsidies in the market area, we surveyed a newly opened general occupancy LIHTC community (Southside Flats) just south of the market area and the Tennessee River to gain insight into absorption for an affordable rental community in the region. Southside Flats offers 172 LIHTC units targeting households earning up to 60 percent of the Area Median Income (AMI) 2.5 miles south of the site. The community opened in March 2020 and leased all 172 units within five months for an average monthly absorption of roughly 35 units. Southside Flats is fully occupied with a waiting list of 166 households which suggests a need for additional affordable rental housing in the region. Effective rents (adjusted to include water, sewer, and trash removal) are \$777 for one-bedroom units, \$932 for two-bedroom units, and \$1,186



for three-bedroom units (Table 32). A profile sheet with detailed information on Southside Flats is attached in Appendix 5.

Table 32 Rental Summary, Outside the Austin Homes Market Area

| Community | Total Vacant | | | One Bedroom Units | | | Two Bedroom Units | | | Three Bedroom Units | | | | | |
|-------------------------|--------------|-------|------|-------------------|---------|-----|-------------------|-------|---------|---------------------|---------|-------|---------|-------|---------|
| | Units | Units | Rate | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF |
| Southside Flats 60% AMI | 172 | 0 | 0.0% | 80 | \$777 | 669 | \$1.16 | 51 | \$932 | 1,074 | \$0.87 | 40 | \$1,186 | 1,283 | \$0.92 |

(1) Rent is adjusted to include Water/Sewer, Trash and Incentives

Source: Phone Survey, RPRG, Inc. December 2020

H. 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. Three of the 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 33 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. A \$25 adjustment was made for the proposed townhome design compared to a mid-rise design with elevator service at two of the communities utilized in this analysis.
 - 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 Alley 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.

| Rent Adjustments Summary | |
|---------------------------------------|----------|
| B. Design, Location, Condition | |
| Structure / Stories | |
| Year Built / Condition | \$0.75 |
| Quality/Street Appeal | \$20.00 |
| Building Type | \$25.00 |
| 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 |



Adjustment values were between \$5 and \$25 for each amenity. Adjustments of \$75 per bedroom and \$30 per bathroom were applied where applicable.

- 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 Alley Lofts.

Based on our adjustment calculations, the estimated market rents for the units at Austin Homes Phase 1b are \$1,149 for one-bedroom units (Table 34), \$1,511 for mid-rise two-bedroom units (Table 35), \$1,637 for two-bedroom townhomes (Table 36), \$1,761 for mid-rise three-bedroom units (Table 37), and \$1,962 for three-bedroom townhomes (Table 38). The lesser of the proposed contract rent and maximum LIHTC rent for the 30 percent AMI units with PBRA have rent advantages of at least 68 percent; however, rent advantages will be greater given tenants with PBRA pay a percentage of income for rent. The proposed 60 percent AMI rents have rent advantages ranging from 32.4 to 43.1 percent while the proposed 80 percent AMI rents all have rent advantages of at least 15 percent (Table 39).

Table 34 Adjusted Rent Comparison, One Bedroom

| One Bedroom Units | | | | | | | |
|---|-----------------|--|----------|--|----------|---|----------|
| Subject Property | | Comparable Property #1 | | Comparable Property #2 | | Comparable Property #3 | |
| Austin Homes Phase 1b Austin Homes Boulevard Knoxville, Knox County | | 811 East Downtown 811 Evolve Way Knoxville | | Marble Alley Lofts 300 State Street Knox | | The Landing Riverfront 970 Riverside Forest Way Knoxville | |
| | | Data | \$ Adj. | Data | \$ Adj. | Data | \$ Adj. |
| A. Rents Charged | Subject | | | | | | |
| Street Rent (Market) | \$976 | \$1,150 | \$0 | \$1,386 | \$0 | \$1,139 | \$0 |
| Utilities Included | W,S,T | None | \$25 | None | \$25 | T | \$15 |
| Rent Concessions | | None | \$0 | None | \$0 | None | \$0 |
| Effective Rent | \$976 | \$1,175 | | \$1,411 | | \$1,154 | |
| <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/Garden | Mid Rise | \$0 | Mid Rise | \$0 | Garden | \$0 |
| Year Built / Condition | 2022 | 2015 | \$5 | 2016 | \$5 | 2011 | \$8 |
| 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 | 687 | 730 | (\$11) | 670 | \$4 | 700 | (\$3) |
| 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) | Yes | (\$25) |
| 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 | No | Yes | (\$10) | Yes | (\$10) | Yes | (\$10) |
| Pool | No | Yes | (\$15) | Yes | (\$15) | Yes | (\$15) |
| Recreation Areas | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| Fitness Center | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| E. Adjustments Recap | | Positive | Negative | Positive | Negative | Positive | Negative |
| Total Number of Adjustments | | 1 | 4 | 2 | 5 | 1 | 4 |
| Sum of Adjustments B to D | | \$5 | (\$61) | \$9 | (\$200) | \$8 | (\$53) |
| F. Total Summary | | | | | | | |
| Gross Total Adjustment | | \$66 | | \$209 | | \$61 | |
| Net Total Adjustment | | (\$56) | | (\$191) | | (\$45) | |
| G. Adjusted And Achievable Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| Adjusted Rent | | \$1,119 | | \$1,220 | | \$1,109 | |
| % of Effective Rent | | 95.2% | | 86.5% | | 96.1% | |
| Estimated Market Rent | | \$1,149 | | | | | |
| Rent Advantage \$ | | \$173 | | | | | |
| Rent Advantage % | | 15.1% | | | | | |



Table 35 Adjusted Rent Comparison, Two Bedroom Mid-Rise/Garden-Style Units

| Two Bedroom Mid-Rise/Garden-Style Units | | | | | | | |
|--|-----------------|------------------------|----------|------------------------|----------|--------------------------|----------|
| Subject Property | | Comparable Property #1 | | Comparable Property #2 | | Comparable Property #3 | |
| Austin Homes Phase 1b | | 811 East Downtown | | Marble Alley Lofts | | The Landing Riverfront | |
| Austin Homes Boulevard | | 811 Evolve Way | | 300 State Street | | 970 Riverside Forest Way | |
| Knoxville, Knox County | | Knoxville | Knox | Knoxville | Knox | Knoxville | Knox |
| A. Rents Charged | | Data | | Data | | Data | |
| | Subject | | \$ Adj. | | \$ Adj. | | \$ Adj. |
| Street Rent (Market) | \$1,265 | \$1,400 | \$0 | \$2,001 | \$0 | \$1,287 | \$0 |
| Utilities Included | W,S,T | None | \$30 | None | \$30 | T | \$20 |
| Rent Concessions | | None | \$0 | None | \$0 | None | \$0 |
| Effective Rent | \$1,265 | \$1,430 | | \$2,031 | | \$1,307 | |
| <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/Garden | Mid Rise | \$0 | Mid Rise | \$0 | Garden | \$0 |
| Year Built / Condition | 2022 | 2015 | \$5 | 2016 | \$5 | 2011 | \$8 |
| 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 | 965 | \$9 | 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) | Yes | (\$25) |
| 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 | No | Yes | (\$10) | Yes | (\$10) | Yes | (\$10) |
| Pool | No | Yes | (\$15) | Yes | (\$15) | Yes | (\$15) |
| Recreation Areas | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| Fitness Center | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| E. Adjustments Recap | | Positive | | Positive | | Positive | |
| | | | Negative | | Negative | | Negative |
| Total Number of Adjustments | | 2 | 3 | 2 | 5 | 2 | 3 |
| Sum of Adjustments B to D | | \$14 | (\$50) | \$17 | (\$200) | \$33 | (\$50) |
| F. Total Summary | | | | | | | |
| Gross Total Adjustment | | \$64 | | \$217 | | \$83 | |
| Net Total Adjustment | | (\$36) | | (\$183) | | (\$17) | |
| G. Adjusted And Achievable Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| Adjusted Rent | | \$1,394 | | \$1,848 | | \$1,290 | |
| % of Effective Rent | | 97.5% | | 91.0% | | 98.7% | |
| Estimated Market Rent | \$1,511 | | | | | | |
| Rent Advantage \$ | \$246 | | | | | | |
| Rent Advantage % | 16.3% | | | | | | |



Table 36 Adjusted Rent Comparison, Two Bedroom Townhomes

| Two Bedroom Townhomes | | | | | | | |
|---|------------------------|------------------|------------------------|----------------|--------------------------|----------------|----------|
| Subject Property | Comparable Property #1 | | Comparable Property #2 | | Comparable Property #3 | | |
| Austin Homes Phase 1b Austin Homes Boulevard Knoxville, Knox County | 811 East Downtown | | Marble Alley 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) | \$1,265 | \$1,400 | \$0 | \$2,001 | \$0 | \$1,287 | \$0 |
| Utilities Included | W,S,T | None | \$30 | None | \$30 | T | \$20 |
| Rent Concessions | | None | \$0 | None | \$0 | None | \$0 |
| Effective Rent | \$1,265 | \$1,430 | | \$2,031 | | \$1,307 | |
| <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 | TH | Mid Rise | (\$25) | Mid Rise | (\$25) | Garden | \$0 |
| Year Built / Condition | 2022 | 2015 | \$5 | 2016 | \$5 | 2011 | \$8 |
| 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 | 2.5 | 2 | \$15 | 2 | \$15 | 2 | \$15 |
| Unit Interior Square Feet | 1,512 | 965 | \$137 | 952 | \$140 | 900 | \$153 |
| 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) | Yes | (\$25) |
| 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 | No | Yes | (\$10) | Yes | (\$10) | Yes | (\$10) |
| Pool | No | Yes | (\$15) | Yes | (\$15) | Yes | (\$15) |
| Recreation Areas | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| Fitness Center | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| E. Adjustments Recap | | Positive | Negative | Positive | Negative | Positive | Negative |
| Total Number of Adjustments | | 3 | 4 | 3 | 6 | 3 | 3 |
| Sum of Adjustments B to D | | \$157 | (\$75) | \$160 | (\$225) | \$176 | (\$50) |
| F. Total Summary | | | | | | | |
| Gross Total Adjustment | | \$232 | | \$385 | | \$226 | |
| Net Total Adjustment | | \$82 | | (\$65) | | \$126 | |
| G. Adjusted And Achievable Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| Adjusted Rent | | \$1,512 | | \$1,966 | | \$1,433 | |
| % of Effective Rent | | 105.7% | | 96.8% | | 109.6% | |
| Estimated Market Rent | \$1,637 | | | | | | |
| Rent Advantage \$ | \$372 | | | | | | |
| Rent Advantage % | 22.7% | | | | | | |



Table 37 Adjusted Rent Comparison, Three Bedroom Mid-Rise/Garden-Style Units

| Three Bedroom Mid-Rise/Garden-Style Units | | | | | | | |
|---|------------------------|------------------|------------------------|----------------|--------------------------|----------------|----------|
| Subject Property | Comparable Property #1 | | Comparable Property #2 | | Comparable Property #3 | | |
| Austin Homes Phase 1b Austin Homes Boulevard Knoxville, Knox County | 811 East Downtown | | Marble Alley 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) | \$497 | \$1,875 | \$0 | \$2,170 | \$0 | \$1,461 | \$0 |
| Utilities Included | W,S,T | None | \$35 | None | \$35 | T | \$25 |
| Rent Concessions | | None | \$0 | None | \$0 | None | \$0 |
| Effective Rent | \$497 | \$1,910 | | \$2,205 | | \$1,486 | |
| <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/Garden | Mid Rise | \$0 | Mid Rise | \$0 | Garden | \$0 |
| Year Built / Condition | 2022 | 2015 | \$5 | 2016 | \$5 | 2011 | \$8 |
| 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 | 1,130 | 1,514 | (\$96) | 1,083 | \$12 | 1,122 | \$2 |
| 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) | Yes | (\$25) |
| 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 | No | Yes | (\$10) | Yes | (\$10) | Yes | (\$10) |
| Pool | No | Yes | (\$15) | Yes | (\$15) | Yes | (\$15) |
| Recreation Areas | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| Fitness Center | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| E. Adjustments Recap | | Positive | Negative | Positive | Negative | Positive | Negative |
| Total Number of Adjustments | | 1 | 5 | 3 | 5 | 2 | 3 |
| Sum of Adjustments B to D | | \$5 | (\$176) | \$92 | (\$200) | \$10 | (\$50) |
| F. Total Summary | | | | | | | |
| Gross Total Adjustment | | \$181 | | \$292 | | \$60 | |
| Net Total Adjustment | | (\$171) | | (\$108) | | (\$40) | |
| G. Adjusted And Achievable Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| Adjusted Rent | | \$1,739 | | \$2,097 | | \$1,446 | |
| % of Effective Rent | | 91.0% | | 95.1% | | 97.3% | |
| Estimated Market Rent | \$1,761 | | | | | | |
| Rent Advantage \$ | \$1,264 | | | | | | |
| Rent Advantage % | 71.8% | | | | | | |



Table 38 Adjusted Rent Comparison, Three Bedroom Townhomes

| Three Bedroom Townhome Units | | | | | | | |
|---|------------------------|------------------|------------------------|----------------|--------------------------|----------------|----------|
| Subject Property | Comparable Property #1 | | Comparable Property #2 | | Comparable Property #3 | | |
| Austin Homes Phase 1b Austin Homes Boulevard Knoxville, Knox County | 811 East Downtown | | Marble Alley 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) | \$497 | \$1,875 | \$0 | \$2,170 | \$0 | \$1,580 | \$0 |
| Utilities Included | W,S,T | None | \$35 | None | \$35 | T | \$25 |
| Rent Concessions | | None | \$0 | None | \$0 | None | \$0 |
| Effective Rent | \$497 | \$1,910 | | \$2,205 | | \$1,605 | |
| <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 | TH | Mid Rise | (\$25) | Mid Rise | (\$25) | Garden | \$0 |
| Year Built / Condition | 2022 | 2015 | \$5 | 2016 | \$5 | 2011 | \$8 |
| 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 | 3 | 3 | \$0 | 2 | \$30 | 2 | \$30 |
| Unit Interior Square Feet | 1,724 | 1,514 | \$53 | 1,083 | \$160 | 1,122 | \$151 |
| 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) | Yes | (\$25) |
| 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 | No | Yes | (\$10) | Yes | (\$10) | Yes | (\$10) |
| Pool | No | Yes | (\$15) | Yes | (\$15) | Yes | (\$15) |
| Recreation Areas | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| Fitness Center | Yes | Yes | \$0 | Yes | \$0 | Yes | \$0 |
| E. Adjustments Recap | | Positive | Negative | Positive | Negative | Positive | Negative |
| Total Number of Adjustments | | 2 | 4 | 4 | 6 | 3 | 3 |
| Sum of Adjustments B to D | | \$58 | (\$75) | \$270 | (\$225) | \$189 | (\$50) |
| F. Total Summary | | | | | | | |
| Gross Total Adjustment | | \$133 | | \$495 | | \$239 | |
| Net Total Adjustment | | (\$17) | | \$45 | | \$139 | |
| G. Adjusted And Achievable Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| Adjusted Rent | | \$1,893 | | \$2,250 | | \$1,744 | |
| % of Effective Rent | | 99.1% | | 102.0% | | 108.7% | |
| Estimated Market Rent | \$1,962 | | | | | | |
| Rent Advantage \$ | \$1,465 | | | | | | |
| Rent Advantage % | 74.7% | | | | | | |

Table 39 Market Rent and Rent Advantage Summary

| 30% AMI/PBRA | One Bedroom | Two Bedroom Mid-Rise | Two Bedroom Townhome | Three Bedroom Mid-Rise | Three Bedroom Townhome | | |
|---------------------|--------------|----------------------|----------------------|------------------------|------------------------|---------|---------|
| | Subject Rent | \$361 | \$432 | \$432 | \$497 | \$497 | |
| Est Market Rent | \$1,149 | \$1,511 | \$1,637 | \$1,761 | \$1,962 | | |
| Rent Advantage (\$) | \$788 | \$1,079 | \$1,205 | \$1,264 | \$1,465 | | |
| Rent Advantage (%) | 68.6% | 71.4% | 73.6% | 71.8% | 74.7% | | |
| Proposed Units | 9 | 18 | | 18 | | | |
| 60% AMI | One Bedroom | Two Bedroom Mid-Rise | Two Bedroom Townhome | 80% AMI/PBRA | | | |
| Subject Rent | \$777 | \$932 | \$932 | Subject Rent | \$976 | \$1,265 | \$1,265 |
| Est Market Rent | \$1,149 | \$1,511 | \$1,637 | Est Market Rent | \$1,149 | \$1,511 | \$1,637 |
| Rent Advantage (\$) | \$372 | \$579 | \$705 | Rent Advantage (\$) | \$173 | \$246 | \$372 |
| Rent Advantage (%) | 32.4% | 38.3% | 43.1% | Rent Advantage (%) | 15.1% | 16.3% | 22.7% |
| Proposed Units | 55 | 40 | | Proposed Units | 22 | 18 | |

Lesser of the proposed contract rent and maximum allowable LIHTC rent

10. FINDINGS AND CONCLUSIONS

A. Key Findings

Based on the preceding review of the subject project and demographic and competitive housing trends in the Austin Homes 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-tenth mile of the site. Medical facilities including Fort Sanders Regional Medical Center are within three miles west of the site.
- Austin Homes Phase 1b 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 older single-family detached homes.
- Downtown Knoxville is one-half mile west of the site with the region's largest local 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 grew steadily over the past 10 years with job growth in each of the past 10 years and a declining unemployment rate prior to the onset of the COVID-19 pandemic in April 2020.

- The county's unemployment rate steadily declined since 2010 to 2.9 percent in 2019, the lowest level in over 10 years with a significant improvement from 7.4 percent in 2010. The county's unemployment rate has been below state and national rates since 2010. Reflecting the impact of the COVID-19 pandemic, the county's unemployment spiked to 12.9 percent in April 2020 before stabilizing over the next five months, decreasing to 4.6 percent in September which is significantly lower than the state rate (6.4 percent) and national rate (7.9 percent). Based on unemployment data, the county appears to have been impacted to a lesser degree than the state and nation.
- Knox County added jobs in each of the past 10 years with the net addition of 25,050 jobs (11.6 percent) since 2011, nearly double the jobs lost during the previous recession-era (2009-2010), reaching an all-time high At-Place Employment of 240,780 jobs. The county added 205 more jobs in the first quarter of 2020.
- Trade-Transportation-Utilities, Professional-Business, and Education-Health are Knox County's largest employment sectors with a combined 53.9 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, Financial Activities, and Government sectors when compared to the nation.



- Three notable job/company expansions have been announced in 2020 in Knoxville including Red Stag Fulfillment (150 jobs), Cocoon Resources, Inc. (100 jobs), Fraley and Schilling (50 jobs). In contrast, RPRG identified 23 WARN notices in 2020 totaling 1,844 jobs lost primarily as a result of the COVID 19 pandemic. It is unclear how many of the job losses were temporary/furloughs or permanent.

3. Demographic Analysis

The Austin Homes Market Area lost population and households from 2000 to 2010. This trend reversed over the past 10 years with steady growth which is expected to continue over the next five years.

- Esri estimates that the Austin Homes Market Area added 3,483 net people (8.8 percent) and 1,836 households (10.0 percent) from 2010 to 2020. Annual growth over the past 10 years was 348 people (0.8 percent) and 184 households (1.0 percent).
- Growth is expected to accelerate in the market area over the next five years with the annual addition of 391 people (0.9 percent) and 201 households (1.0 percent). The market area will reach 45,231 people and 21,145 households by 2025.
- The population in the Austin Homes Market Area is older than Knox County's with median ages of 40 and 38, respectively. Adults ages 35-61 are the largest cohort in the market area accounting for roughly 35 percent of the population while all other age cohorts (Children Youth, Young Adults, and Seniors) each account for roughly 21-23 percent of the market area's population.
- The Austin Homes Market Area's households have a much higher propensity to rent than in Knox County with 2020 renter percentages of 54.4 percent in the market area and 34.9 percent in the county. The market area added 1,384 net renter households from 2010 to 2020 which accounted for 75.4 percent of net household growth over this period. Esri projects the market area to add 717 net renter households from 2020 to 2025 (71.5 percent of net household growth).
- Roughly 43 percent of Austin Homes 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 Austin Homes 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 Austin Homes Market Area's 2020 median income of \$32,873 is just over half the \$59,936 median in Knox County. The median income of renters in the Austin Homes Market Area as of 2020 is \$23,102 with a significant proportion of modest and moderate-income renter households. The majority (54.4 percent) of market area renter households earn less than \$25,000, 13.7 percent earn \$25,000 to \$34,999, and 22.5 percent earn moderate incomes of \$35,000 to \$74,999.

4. Competitive Housing Analysis

The Austin Homes Market Area's multi-family rental market is performing well with limited vacancies among market rate and LIHTC communities.

- The surveyed communities without PBRA have 13 vacancies among 1,270 combined units for an aggregate vacancy rate of 1.0 percent. Seven of nine surveyed communities without PBRA have a vacancy rate of one percent or less while the highest vacancy rate in the market area is 2.8 percent. All six surveyed communities with PBRA are fully occupied with a waiting list.

- Among all surveyed rental communities without PBRA, net rents, unit sizes, and rents per square foot are as follows:
 - **One-bedroom** rents average \$972 for 651 square feet or \$1.49 per square foot.
 - **Two-bedroom** rents average \$1,149 for 911 square feet or \$1.26 per square foot.
 - **Three-bedroom** rents average \$1,354 for 1,249 square feet or \$1.08 per square foot.

The four newest upscale market rate communities are priced at the top of the market including the community in downtown (Marble Alley 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.

- Based on our adjustment calculations, the estimated market rents for the units at Austin Homes Phase 1b are \$1,149 for one-bedroom units, \$1,511 for mid-rise two-bedroom units, \$1,637 for two-bedroom townhomes, \$1,761 for mid-rise three-bedroom units, and \$1,962 for three-bedroom townhomes. The lesser of the proposed contract rent and maximum LIHTC rent for the 30 percent AMI units with PBRA have rent advantages of at least 68 percent; however, rent advantages will be greater given tenants with PBRA pay a percentage of income for rent. The proposed 60 percent AMI rents have rent advantages ranging from 32.4 to 43.1 percent while the proposed 80 percent AMI rents all have rent advantages of at least 15 percent.
- The 105-unit first phase of the Austin Homes redevelopment (Bell Street Flats) is under construction adjacent to the site. The 60 percent AMI LIHTC units and market rate units at this community will compete with the subject property given similar income targeting; the proposed 80 percent AMI units will target similar income households as the market rate units at Bell Street Flats. Four upscale market rate communities are planned in or near downtown that will not directly compete with Austin Homes Phase 1b given much higher rents than those at the subject property as well as the proposed income and rent restrictions.

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 2023. 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 2014-2018 American Community Survey along with estimates and projected income growth as projected by Esri (Table 40).

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 45 of 180 proposed 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 2020 income limits for the Knoxville, TN MSA as computed by HUD and are based on an average of 1.5 persons per bedroom. (Table 41). 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). We have included an Affordability Analysis in which all proposed units are considered traditional LIHTC units; however, minimum income limits will not apply for the 45 units with PBRA. We have also included capture rates which account for the proposed PBRA.

Table 40 Income Distribution by Tenure

| Austin Homes Market Area | | 2023 Total Households | | 2023 Renter Households | |
|--------------------------|-----------|-----------------------|-------------|------------------------|-------------|
| 2023 Income | | # | % | # | % |
| less than | \$15,000 | 4,571 | 22.0% | 3,465 | 30.4% |
| \$15,000 | \$24,999 | 3,404 | 16.4% | 2,580 | 22.7% |
| \$25,000 | \$34,999 | 2,628 | 12.7% | 1,553 | 13.6% |
| \$35,000 | \$49,999 | 2,655 | 12.8% | 1,301 | 11.4% |
| \$50,000 | \$74,999 | 3,581 | 17.3% | 1,331 | 11.7% |
| \$75,000 | \$99,999 | 1,608 | 7.8% | 617 | 5.4% |
| \$100,000 | \$149,999 | 1,440 | 6.9% | 419 | 3.7% |
| \$150,000 | Over | 857 | 4.1% | 118 | 1.0% |
| Total | | 20,744 | 100% | 11,384 | 100% |
| Median income | | \$34,124 | | \$23,631 | |

Source: American Community Survey 2014-2018 Projections, RPRG, Inc.

Table 41 LIHTC Income and Rent Limits

| HUD 2020 Median Household Income | | | | | | | | | | | |
|---|-------------|-----------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|---------|
| Knoxville, TN HUD Metro FMR Area | | \$73,900 | | | | | | | | | |
| Very Low Income for 4 Person Household | | \$36,950 | | | | | | | | | |
| 2020 Computed Area Median Gross Income | | \$73,900 | | | | | | | | | |
| Utility Allowance: | | 1 Bedroom | | \$55 | | | | | | | |
| | | 2 Bedroom | | \$67 | | | | | | | |
| | | 3 Bedroom | | \$79 | | | | | | | |
| Household Income Limits by Household Size: | | | | | | | | | | | |
| Household Size | 30% | 40% | 50% | 60% | 80% | 100% | 120% | 150% | 200% | | |
| 1 Person | \$15,540 | \$20,720 | \$25,900 | \$31,080 | \$41,440 | \$51,800 | \$62,160 | \$77,700 | \$103,600 | | |
| 2 Persons | \$17,760 | \$23,680 | \$29,600 | \$35,520 | \$47,360 | \$59,200 | \$71,040 | \$88,800 | \$118,400 | | |
| 3 Persons | \$19,980 | \$26,640 | \$33,300 | \$39,960 | \$53,280 | \$66,600 | \$79,920 | \$99,900 | \$133,200 | | |
| 4 Persons | \$22,170 | \$29,560 | \$36,950 | \$44,340 | \$59,120 | \$73,900 | \$88,680 | \$110,850 | \$147,800 | | |
| 5 Persons | \$23,970 | \$31,960 | \$39,950 | \$47,940 | \$63,920 | \$79,900 | \$95,880 | \$119,850 | \$159,800 | | |
| 6 Persons | \$25,740 | \$34,320 | \$42,900 | \$51,480 | \$68,640 | \$85,800 | \$102,960 | \$128,700 | \$171,600 | | |
| 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 | \$16,650 | \$22,200 | \$27,750 | \$33,300 | \$44,400 | \$55,500 | \$66,600 | \$83,250 | \$111,000 | |
| 3 | 2 | \$19,980 | \$26,640 | \$33,300 | \$39,960 | \$53,280 | \$66,600 | \$79,920 | \$99,900 | \$133,200 | |
| 4.5 | 3 | \$23,070 | \$30,760 | \$38,450 | \$46,140 | \$61,520 | \$76,900 | \$92,280 | \$115,350 | \$153,800 | |
| LIHTC Tenant Rent Limits by Number of Bedrooms (assumes 1.5 persons per bedroom): | | | | | | | | | | | |
| # Persons | | 30% | | 40% | | 50% | | 60% | | 80% | |
| | | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| 1 Bedroom | | \$416 | \$361 | \$555 | \$500 | \$693 | \$638 | \$832 | \$777 | \$1,110 | \$1,055 |
| 2 Bedroom | | \$499 | \$432 | \$666 | \$599 | \$832 | \$765 | \$999 | \$932 | \$1,332 | \$1,265 |
| 3 Bedroom | | \$576 | \$497 | \$769 | \$690 | \$961 | \$882 | \$1,153 | \$1,074 | \$1,538 | \$1,459 |

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 42):

- Looking at the one-bedroom units at 30 percent AMI, the overall shelter cost at the proposed rents would be \$416 (\$361 net rent plus a \$55 utility allowance to cover all utilities except for water, sewer, and trash removal).
- We determined that a one-bedroom unit at 30 percent AMI would be affordable to households earning at least \$14,263 per year by applying a 35 percent rent burden to the gross rent. A projected 8,090 renter households in the market area will earn at least this amount in 2023.
- Assuming an average household size of 1.5 persons per bedroom, the maximum income limit for a one-bedroom unit at 30 percent AMI would be \$16,650. According to the interpolated income distribution for 2023, 7,494 renter households are projected to reside in the market area with incomes exceeding this income limit.
- Subtracting the 7,494 renter households with incomes above the maximum income limit from the 8,090 renter households that could afford to rent this unit, RPRG computes that a projected 596 renter households in the Austin Homes Market Area are in the band of affordability for Austin Homes Phase 1b's 30 percent AMI one-bedroom units.
- Austin Homes Phase 1b would need to capture 1.5 percent of these income-qualified renter households to absorb the nine proposed 30 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 2.1 percent to 7.4 percent and renter capture rates by AMI level are 2.1 percent for 30 percent AMI units, 7.4 percent for 60 percent AMI units, and 3.0 percent for 80 percent AMI units. The project's overall renter capture rate is 4.1 percent.
- Removal of the minimum income limit for the 30 percent AMI units increases the number of income-qualified renter households to 7,770, thus lowering the project's overall renter capture rate to 2.3 percent (Table 43).
- We also conducted a penetration rate analysis with and without PBRA, which includes the proposed units and comparable units at existing and proposed communities in the market area. The one and two-bedroom market rate and 60 percent AMI units without PBRA under construction at Bell Street Flats are included in the analysis. Additionally, the two-bedroom 60 percent AMI units at the only surveyed LIHTC community without PBRA (River View Park) are included in the analysis as well as the one and two-bedroom units at comparably priced market rate communities to the proposed 80 percent AMI units at the subject property. The highest-priced surveyed community (Marble Alley Lofts) and the three lowest priced market rate communities were excluded from the analysis as well as the upscale pipeline market rate units given all are expected to be priced well above the subject property. The market area does not contain any comparable 30 percent AMI units with or without PBRA. The project's overall penetration rate without accounting for PBRA is a low 18.9 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. The project's overall penetration rate when accounting for PBRA is a very low 10.6 percent.



3. Conclusions of Affordability and Penetration

All renter capture rates are acceptable with or without accounting for the proposed PBRA, indicating sufficient income-qualified renter households will exist in Austin Homes Market Area as of 2023 to support the 180 units proposed at Austin Homes Phase 1b with or without PBRA. The project’s low penetration rates (with or without PBRA) represent a potentially underserved rental market for the units proposed at the subject property.

Table 42 Affordability Analysis, Austin Homes Phase 1b without PBRA

| 30% AMI | 35% Rent Burden | One Bedroom Units | | Two Bedroom Units | | Three Bedroom Units | |
|-------------------------------|-----------------|-------------------|----------|-------------------|----------|---------------------|----------|
| | | Min. | Max. | Min. | Max. | Min. | Max. |
| Number of Units | | 9 | | 18 | | 18 | |
| Net Rent | | \$361 | | \$432 | | \$497 | |
| Gross Rent | | \$416 | | \$499 | | \$576 | |
| Income Range (Min, Max) | | \$14,263 | \$16,650 | \$17,109 | \$19,980 | \$19,749 | \$23,070 |
| Renter Households | | | | | | | |
| Range of Qualified HHlds | | 8,090 | 7,494 | 7,375 | 6,634 | 6,694 | 5,837 |
| # Qualified HHlds | | 596 | | 741 | | 857 | |
| Renter HH Capture Rate | | 1.5% | | 2.4% | | 2.1% | |

| 60% AMI | 35% Rent Burden | One Bedroom Units | | Two Bedroom Units | |
|-------------------------------|-----------------|-------------------|----------|-------------------|----------|
| | | Number of Units | | 55 | |
| Net Rent | | \$777 | | \$932 | |
| Gross Rent | | \$832 | | \$999 | |
| Income Range (Min, Max) | | \$28,526 | \$33,300 | \$34,251 | \$39,960 |
| Renter Households | | | | | |
| Range of Qualified HHlds | | 4,792 | 4,050 | 3,902 | 3,356 |
| # Qualified HHlds | | 741 | | 546 | |
| Renter HH Capture Rate | | 7.4% | | 7.3% | |

| 80% AMI | 35% Rent Burden | One Bedroom Units | | Two Bedroom Units | |
|-------------------------------|-----------------|-------------------|----------|-------------------|----------|
| | | Number of Units | | 22 | |
| Net Rent | | \$976 | | \$1,265 | |
| Gross Rent | | \$1,031 | | \$1,332 | |
| Income Range (Min, Max) | | \$35,349 | \$44,400 | \$45,669 | \$53,280 |
| Renter Households | | | | | |
| Range of Qualified HHlds | | 3,756 | 2,971 | 2,861 | 2,311 |
| # Qualified Households | | 785 | | 550 | |
| Renter HH Capture Rate | | 2.8% | | 3.3% | |

| Income Target | # Units | Renter Households = 11,384 | | | | Total Units | Penetration Rate |
|--------------------|------------|----------------------------|----------|-----------------|--------------|-------------|------------------|
| | | Band of Qualified HHlds | | # Qualified HHs | Capture Rate | | |
| 30% AMI | 45 | Income Households | \$14,263 | \$23,070 | 2,134 | 45 | 2.1% |
| 60% AMI | 95 | Income Households | \$28,526 | \$39,960 | 1,288 | 191 | 14.8% |
| 80% AMI | 40 | Income Households | \$35,349 | \$53,280 | 1,335 | 586 | 43.9% |
| Total Units | 180 | Income Households | \$14,263 | \$53,280 | 4,357 | 822 | 18.9% |

Source: Income Projections, RPRG, Inc.



Table 43 Affordability Analysis, Austin Homes Phase 1b with PBRA

| 30% AMI/ PBRA | 35% Rent Burden | One Bedroom Units | | Two Bedroom Units | | Three Bedroom Units | |
|-------------------------------|-----------------|-------------------|------|-------------------|------|---------------------|------|
| | | Min. | Max. | Min. | Max. | Min. | Max. |
| Number of Units | | 9 | | 18 | | 18 | |
| Net Rent | | \$361 | | \$432 | | \$497 | |
| Gross Rent | | \$416 | | \$499 | | \$576 | |
| Income Range (Min, Max) | | no min\$ \$16,650 | | no min\$ \$19,980 | | no min\$ \$23,070 | |
| Renter Households | | | | | | | |
| Range of Qualified Hhlds | | 11,384 7,494 | | 11,384 6,634 | | 11,384 5,837 | |
| # Qualified Hhlds | | 3,891 | | 4,750 | | 5,547 | |
| Renter HH Capture Rate | | 0.2% | | 0.4% | | 0.3% | |

| 60% AMI | 35% Rent Burden | One Bedroom Units | | Two Bedroom Units | |
|-------------------------------|-----------------|-------------------|------|-------------------|------|
| | | Min. | Max. | Min. | Max. |
| Number of Units | | 55 | | 40 | |
| Net Rent | | \$777 | | \$932 | |
| Gross Rent | | \$832 | | \$999 | |
| Income Range (Min, Max) | | \$28,526 \$33,300 | | \$34,251 \$39,960 | |
| Renter Households | | | | | |
| Range of Qualified Hhlds | | 4,792 4,050 | | 3,902 3,356 | |
| # Qualified Hhlds | | 741 | | 546 | |
| Renter HH Capture Rate | | 7.4% | | 7.3% | |

| 80% AMI | 35% Rent Burden | One Bedroom Units | | Two Bedroom Units | |
|-------------------------------|-----------------|-------------------|------|-------------------|------|
| | | Min. | Max. | Min. | Max. |
| Number of Units | | 22 | | 18 | |
| Net Rent | | \$976 | | \$1,265 | |
| Gross Rent | | \$1,031 | | \$1,332 | |
| Income Range (Min, Max) | | \$35,349 \$44,400 | | \$45,669 \$53,280 | |
| Renter Households | | | | | |
| Range of Qualified Hhlds | | 3,756 2,971 | | 2,861 2,311 | |
| # Qualified Households | | 785 | | 550 | |
| Renter HH Capture Rate | | 2.8% | | 3.3% | |

| Income Target | # Units | Renter Households = 11,384 | | | | Total Units | Penetration Rate |
|--------------------|------------|----------------------------|-----------------|-----------------|--------------|-------------|------------------|
| | | Band of Qualified Hhlds | | # Qualified HHs | Capture Rate | | |
| 30% AMI / PBRA | 45 | <i>Income Households</i> | no min\$ 11,384 | \$23,070 5,837 | 5,547 | 45 | 0.8% |
| 60% AMI | 95 | <i>Income Households</i> | \$28,526 4,792 | \$39,960 3,356 | 1,288 | 191 | 14.8% |
| 80% AMI | 40 | <i>Income Households</i> | \$35,349 3,756 | \$53,280 2,311 | 1,335 | 586 | 43.9% |
| Total Units | 180 | <i>Income Households</i> | no min\$ 11,384 | \$53,280 2,311 | 7,770 | 822 | 10.6% |

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 (2020) and the projected placed-in-service year (2023).
- 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 2014-2018 American Community Survey (ACS) data, 2.6 percent of the renter occupied households in the Austin Homes Market Area that are “substandard” (see Table 23 on page 39).
- 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, 44.4 percent of Austin Homes Market Area renter households are categorized as cost burdened (see Table 23 on page 39).

2. Demand Analysis

Directly comparable units planned/under construction within the market area are subtracted from demand estimates. With and without accounting for the proposed PBRA, the comparable 60 percent AMI units without PBRA and market rate units under construction at Bell Street Flats are subtracted from demand estimates; the market rate units at this pipeline community are subtracted from demand estimates for the proposed 80 percent AMI units as they will target similar income renter households.

The project’s demand capture rates without accounting for PBRA are 4.4 percent for 30 percent AMI units, 16.3 percent for 60 percent AMI units, 6.5 percent for 80 percent AMI units, and 8.9 percent for the project overall (Table 44). Accounting for the proposed PBRA on the 30 percent AMI units, capture rates drop to 1.7 percent for the 30 percent AMI units and 4.9 percent for the project overall (Table 45). According to THDA’s requirement for the penetration rate and demand capture rate to have a product of 0.02 or less, the project’s capture rates with and without PBRA are acceptable.

Table 44 Demand Capture Rates without PBRA

| <i>Income Target</i> | 30% AMI | 60% AMI | 80% AMI | Total Units |
|--|--------------|--------------|-------------|--------------|
| <i>Minimum Income Limit</i> | \$14,263 | \$28,526 | \$35,349 | \$14,263 |
| <i>Maximum Income Limit</i> | \$23,070 | \$39,960 | \$53,280 | \$53,280 |
| (A) Renter Income Qualification Percentage | 18.7% | 11.3% | 11.7% | 38.3% |
| Demand from New Renter Households <i>Calculation: (C-B) * A</i> | 61 | 37 | 38 | 125 |
| Plus | | | | |
| Demand from Substandard Housing <i>Calculation: B * D * F * A</i> | 53 | 32 | 33 | 107 |
| Plus | | | | |
| Demand from Rent Over-burdened Households <i>Calculation: B * E * F * A</i> | 912 | 550 | 570 | 1,861 |
| Equals | | | | |
| Total PMA Demand | 1,026 | 619 | 642 | 2,094 |
| Less | | | | |
| Comparable Units | 0 | 36 | 26 | 62 |
| Equals | | | | |
| Net Demand | 1,026 | 583 | 616 | 2,032 |
| Proposed Units | 45 | 95 | 40 | 180 |
| Capture Rate | 4.4% | 16.3% | 6.5% | 8.9% |



| Demand Calculation Inputs | |
|--|-----------|
| A). % of Renter Hhlds with Qualifying Income | see above |
| B). 2020 Households | 20,142 |
| C). 2023 Households | 20,744 |
| (D) ACS Substandard Percentage | 2.6% |
| (E) ACS Rent Over-Burdened Percentage | 44.4% |
| (F) 2020 Renter Percent | 54.4% |

Table 45 Demand Capture Rates with PBRA

| Income Target | 30% AMI | 60% AMI | 80% AMI | Total Units |
|--|--------------|--------------|-------------|--------------|
| Minimum Income Limit | no min\$ | \$28,526 | \$35,349 | no min\$ |
| Maximum Income Limit | \$23,070 | \$39,960 | \$53,280 | \$53,280 |
| (A) Renter Income Qualification Percentage | 48.7% | 11.3% | 11.7% | 68.3% |
| Demand from New Renter Households <i>Calculation: (C-B) * A</i> | 160 | 37 | 38 | 223 |
| Plus | | | | |
| Demand from Substandard Housing <i>Calculation: B * D * F * A</i> | 137 | 32 | 33 | 192 |
| Plus | | | | |
| Demand from Rent Over-burdened Households <i>Calculation: B * E * F * A</i> | 2,369 | 550 | 570 | 3,319 |
| Equals | | | | |
| Total PMA Demand | 2,666 | 619 | 642 | 3,734 |
| Less | | | | |
| Comparable Units | 0 | 36 | 26 | 62 |
| Equals | | | | |
| Net Demand | 2,666 | 583 | 616 | 3,672 |
| Proposed Units | 45 | 95 | 40 | 180 |
| Capture Rate | 1.7% | 16.3% | 6.5% | 4.9% |

| Demand Calculation Inputs | |
|--|-----------|
| A). % of Renter Hhlds with Qualifying Income | see above |
| B). 2020 Households | 20,142 |
| C). 2023 Households | 20,744 |
| (D) ACS Substandard Percentage | 2.6% |
| (E) ACS Rent Over-Burdened Percentage | 44.4% |
| (F) 2020 Renter Percent | 54.4% |

D. Target Markets

The one, two, and three-bedroom units (including 45 of 180 units with PBRA) at Austin Homes Phase 1b will target very low to moderate income households earning up to 30 percent, 60 percent, and 80 percent of the Area Median Income (AMI). 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 Austin Homes Phase 1b 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 Alley 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 Austin Homes Phase 1b includes 86 one-bedroom units (47.8 percent), 76 two-bedroom units (42.2 percent), and 18 three-bedroom units (10.0 percent) which is similar to the existing rental market in the Austin Homes Market Area which offers 43.7 percent one-bedroom units, 40.7 percent two-bedroom units, and 11.8 percent three-bedroom units. The proposed unit mix will be well received in the market area.
- **Unit Size:** The proposed unit sizes at Austin Homes Phase 1b range from 682 to 692 square feet for one-bedroom units, 986 to 1,512 square feet for two-bedroom units, and 1,130 to 1,742 square feet for three-bedroom units. The subject property's mid-rise and garden-style units (all proposed one-bedroom units and the smaller proposed two and three-bedroom units) will be among the largest units in the market area while the proposed townhomes will be the largest units in the market area. The proposed unit sizes will be appealing to renters.
- **Unit Features:** Austin Homes Phase 1b will offer stainless steel appliances including a range, refrigerator, dishwasher, and microwave. The subject property will also offer upgraded countertops (quartz or granite) and washer and dryer connections. These unit features are superior to the surveyed rental communities in the bottom half of the market in terms of rent including the LIHTC community; the subject property will be the only community to offer stainless appliances, hard-surface countertops, and a microwave when compared to the older market rate communities and LIHTC community. The proposed features will be generally comparable to the four newest upscale market rate communities at the top of the market except for washer and dryers, structured garage parking (two of the three highest-priced communities), and select other upscale features including upgraded lighting and designer cabinets. The subject's unit features/finishes will be competitive in the market given its affordable nature with proposed rents below these communities and larger than average units.
- **Community Amenities:** Austin Homes Phase 1b' amenity package will include a leasing center, fitness center, lounge areas, laundry facilities, bike storage, and a courtyard. 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 (except for Tyson Court) and the LIHTC community. The subject's amenities are acceptable given its affordable nature with rents below the communities with more extensive amenities priced at the top of the market. The proposed amenities will be competitive in the market with the proposed rents.
- **Marketability:** The subject property will offer an attractive product that is suitable for the target market. The proposed mid-rise design with elevators that will contain most the subject property's units (134 of 180 units) will be appealing to very low to moderate income renter households as this building type is only offered at two of the highest-priced communities in



the market area. The proposed townhomes will also be appealing given the new construction and large unit sizes.

F. Price Position

Unit sizes for the subject property illustrated in Figure 9 are for the proposed mid-rise/garden-style units as these unit types will account for nearly all units (170 of 180) at Austin Homes Phase 1b. The proposed 30 percent AMI rents (maximum allowable LIHTC rents) would be the lowest rents in the market area. The proposed 60 percent AMI rents are above the existing 60 percent AMI rents at River View Park which is acceptable given the new construction and superior product; the subject’s 60 percent AMI rents will be below a majority of market rate rents in the market area including roughly \$200 to \$1,100 below the four newest market rate communities. The proposed 80 percent AMI rents are appropriately positioned below the newer market rate communities in the market area (except for one-bedroom units at Tyson Court) and roughly \$350 to \$800 below the top of the market. It should be noted, the low vacancy rates across all surveyed communities indicate room for rent growth in the market area. The proposed 80 percent AMI rents are at least 15 percent below estimated market rents and the Affordability Analysis indicates sufficient income-qualified renter households in the market area to support the proposed unit mix and rents. All proposed rents will be competitive in the market area (Figure 9).

Figure 9 Price Position of Austin Homes Phase 1b







G. Absorption Estimate

Five Points Phase II (LIHTC with PBRA) opened in April 2018 and all units were leased by July 2018 for an average monthly absorption of 28 units while Five Points Phase IV (LIHTC with PBRA) opened in May 2020 and leased all 82 units in roughly four months for an average monthly absorption of 20.5 units. Tyson Court (market rate) leased its 30 units within five months for an average monthly absorption of roughly six units and is now fully occupied. In addition to the experience at these communities, absorption estimates are based on the following:

- The market area is expected to add 1,003 net households over the next five years including 717 renter households.
- More than 4,300 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 4.1 percent. A projected 7,770 renter households will be income qualified when accounting for the proposed PBRA resulting in an overall affordability renter capture rate of 2.3 percent. The 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 8.9 percent without accounting for PBRA. When accounting for PBRA, the capture rate drops to 4.9 percent. The low capture rates indicate significant demand for the subject property with or without PBRA.
- The Austin Homes Market Area's rental market is performing well with an aggregate stabilized vacancy rate of 1.0 percent among 1,270 combined units without PBRA; seven of nine surveyed communities without PBRA have a vacancy rate of one percent or less including the fully occupied LIHTC community (River View Park). The six surveyed LIHTC communities with PBRA are all fully occupied with waiting lists.
- Austin Homes Phase 1b will offer an attractive product with rents that will be competitive with existing market rate and LIHTC communities in the market area. Additionally, the existing affordable rental market without PBRA is limited.

Based on the product to be constructed and the factors discussed above, we expect Austin Homes Phase 1b's 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 units without PBRA. The proposed units without PBRA are expected to lease-up at an average monthly rate of 15 units. At this rate, the subject property will reach a stabilized occupancy of at least 95 percent within roughly eight to nine months.

Without accounting for the proposed PBRA on the 30 percent AMI units and utilizing the average monthly absorption of 15 units for these units, we would expect the subject property to reach stabilization within roughly 11 to 12 months.

H. Impact on Existing Market

Given the well performing rental market and projected renter household growth in the Austin Homes Market Area, we do not expect the development of Austin Homes Phase 1b to have a negative impact on existing rental communities in the Austin Homes 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 Austin Homes 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 Austin Homes 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 Scepaniak in black ink.

Tad Scepaniak
Managing Principal



11. 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.



12. 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.

A handwritten signature in black ink, appearing to read 'Brett Welborn', is written over a horizontal line.

December 8, 2020

Brett Welborn
Analyst
Real Property Research Group, Inc.

Date

A handwritten signature in black ink, appearing to read 'Tad Scepaniak', is written over a horizontal line.

December 8, 2020

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.



13. 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 Immediate Past Chair of the National Council of Housing Market Analysts (NCHMA) and previously served as National Chair, 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



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 six 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



14. APPENDIX 4 DISTANCE VERIFICATION FOR DEVELOPMENTS PROPOSING NEW CONSTRUCTION

I certify that the proposed development Austin Homes Phase 1b is adjacent to the first phase of the Austin Homes redevelopment (Bell Street Flats - TN19-016) which was allocated Low Income Housing Tax Credits in 2019.

A handwritten signature in black ink, appearing to read 'Brett Welborn', is written over a horizontal line.

December 8, 2020

Brett Welborn
Analyst
Real Property Research Group, Inc.

Date



15. APPENDIX 5 MARKET AREA RENTAL COMMUNITY PROFILES

| Community | Address | Date Surveyed | Phone Number | Distance |
|--------------------------|--------------------------------|---------------|--------------|------------|
| 811 East Downtown | 811 Evolve Way | 12/16/2020 | 865-999-0202 | 0.31 Miles |
| Caprice | 2809 Valley View Dr. | 11/18/2020 | 865-525-3369 | 3.33 Miles |
| Fairmont Heights | 3526 Fairmont Blvd. | 12/15/2020 | 865-219-9000 | 3.41 Miles |
| Five Points Phase II | McConnell St | 12/3/2020 | 865-403-1100 | 0.74 Miles |
| Five Points Phase III | 2223 Martin Luther King Jr Ave | 12/3/2020 | 865-403-1100 | 0.83 Miles |
| Five Points Phase IV | 2061 Bethel Ave | 12/9/2020 | 865-403-1390 | 0.92 Miles |
| Holston Oaks | 1930 Natchez St. | 11/18/2020 | 865-523-1731 | 0.66 Miles |
| Maplehurst Park | 814 W Hill Ave. | 11/18/2020 | 865-525-1104 | 1.04 Miles |
| Marble Alley Lofts | 300 State St | 11/18/2020 | 865-544-1193 | 0.61 Miles |
| Minvilla Manor | 447 N Broadway | 11/18/2020 | 865-525-4708 | 0.91 Miles |
| River View Park | 3221 Holston Hills Rd | 11/18/2020 | 865-524-2990 | 2.47 Miles |
| Spring Meadow | 3101 Washington Ridge Way | 11/18/2020 | 865-544-1754 | 3.75 Miles |
| The Landings Riverfront | 970 Riverside Forest Way | 11/18/2020 | 865-249-8065 | 0.45 Miles |
| The Vista at Summit Hill | 957 E Hill Ave. | 12/3/2020 | 865-403-1300 | 0.1 Miles |
| Tyson Court | 140 Jennings Ave | 11/18/2020 | 865-246-1331 | 1.02 Miles |

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 1.7% Vacant (3 units vacant) as of 12/16/2020

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 | 32.9% | \$1,117 | 692 | \$1.61 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 57.8% | \$1,380 | 938 | \$1.47 | Elevator: <input checked="" type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | 9.2% | \$1,910 | 1,514 | \$1.26 | 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; Carpet / Vinyl/Linoleum | |
| Select Units: -- | |
| Optional(\$): -- | |
| Security: Fence; Gated Entry; Keyed Bldg Entry | |
| Parking 1: Structured Garage Fee: \$50 | Parking 2: Free Surface Parking Fee: -- |
| Property Manager: Evolve Companies Owner: -- | |

Comments

Tanning, rooftop patio and bar, theater, pet spa, beauty salon, game room, café, bike rentals, outdoor kitchen
Stainless appliances, granite counters, backsplashes, and laminate hardwood flooring.

| Floorplans (Published Rents as of 12/16/2020) (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 | 19 | \$1,050 | 655 | \$1.60 | Market | 12/16/20 | 1.7% | \$1,117 | \$1,380 | \$1,910 |
| Mid Rise - Elevator | -- | 1 | 1 | 19 | \$1,100 | 692 | \$1.59 | Market | 11/18/20 | 0.0% | \$1,125 | \$1,399 | \$1,910 |
| Mid Rise - Elevator | -- | 1 | 1 | 19 | \$1,125 | 730 | \$1.54 | Market | 1/13/20 | 4.0% | \$1,066 | \$1,347 | \$1,843 |
| Mid Rise - Elevator | -- | 2 | 2 | 25 | \$1,300 | 915 | \$1.42 | Market | 12/10/19 | 1.7% | \$1,083 | \$1,364 | \$1,860 |
| Mid Rise - Elevator | -- | 2 | 2 | 25 | \$1,325 | 933 | \$1.42 | Market | | | | | |
| Mid Rise - Elevator | -- | 2 | 2 | 25 | \$1,375 | 940 | \$1.46 | Market | | | | | |
| Mid Rise - Elevator | -- | 2 | 2 | 25 | \$1,400 | 965 | \$1.45 | Market | | | | | |
| Mid Rise - Elevator | -- | 3 | 3 | 16 | \$1,875 | 1,514 | \$1.24 | 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

CommunityType: Market Rate - General

Structure Type: Garden

23 Units 0.0% Vacant (0 units vacant) as of 11/18/2020

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% | \$750 | 800 | \$0.94 | Elevator: | Volleyball: |
| Two/Den | -- | -- | -- | -- | Fitness: | CarWash: |
| Three | -- | -- | -- | -- | Hot Tub: | BusinessCtr: |
| Four+ | -- | -- | -- | -- | Sauna: | ComputerCtr: |
| | | | | | Playground: | |

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

Comments

| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| Floorplans (Published Rents as of 11/18/2020) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|---|---------|-----|------|--------|-------|------|---------|---------|----------------------------------|-------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| | -- | -- | -- | -- | -- | -- | -- | -- | 11/18/20 | 0.0% | -- | \$750 | -- |
| Garden | -- | 2 | 1 | 23 | \$750 | 800 | \$0.94 | Market | 1/13/20 | 30.4% | -- | -- | -- |
| | | | | | | | | | 3/7/19 | -- | -- | \$600 | -- |
| | | | | | | | | | 1/4/16 | 8.7% | -- | \$525 | -- |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

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 12/15/2020

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% | \$575 | 575 | \$1.00 | Comm Rm: | Basketball: |
| One/Den | -- | -- | -- | -- | <input type="checkbox"/> | <input type="checkbox"/> |
| Two | 66.7% | \$675 | 745 | \$0.91 | 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

| Floorplans (Published Rents as of 12/15/2020) (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 | \$575 | 575 | \$1.00 | Market | 12/15/20 | 2.8% | \$575 | \$675 | -- |
| Townhouse | -- | 2 | 1 | 24 | \$675 | 745 | \$0.91 | Market | 1/13/20 | 5.6% | \$525 | \$625 | -- |
| | | | | | | | | | 3/7/19 | 2.8% | \$500 | \$600 | -- |
| | | | | | | | | | 12/30/15 | 2.8% | \$450 | \$515 | -- |

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 12/3/2020

Opened in 2018



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---------------------|---|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | | |
| Eff | -- | -- | -- | -- | Clubhouse: | <input type="checkbox"/> Pool-Outdr: <input type="checkbox"/> |
| One | 21.4% | \$571 | 650 | \$0.88 | Comm Rm: | <input type="checkbox"/> Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: | <input type="checkbox"/> Tennis: <input type="checkbox"/> |
| Two | 50.0% | \$630 | 950 | \$0.66 | Elevator: | <input type="checkbox"/> Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: | <input type="checkbox"/> CarWash: <input type="checkbox"/> |
| Three | 19.0% | \$813 | 1,150 | \$0.71 | Hot Tub: | <input type="checkbox"/> BusinessCtr: <input checked="" type="checkbox"/> |
| Four+ | 9.5% | \$913 | 1,300 | \$0.70 | 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; Patio/Balcony | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | 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 12/3/2020) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--|---------|-----|------|--------|-------|-------|---------|-----------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | 18 | \$556 | 650 | \$.86 | Section 8 | 12/3/20 | 0.0% | \$571 | \$630 | \$813 |
| Garden | -- | 2 | 2 | 42 | \$610 | 950 | \$.64 | Section 8 | 1/13/20 | 0.0% | \$571 | \$630 | \$813 |
| Garden | -- | 3 | 2 | 16 | \$788 | 1,150 | \$.69 | Section 8 | 3/13/19 | 0.0% | \$568 | \$636 | \$809 |
| Garden | -- | 4 | 3 | 8 | \$883 | 1,300 | \$.68 | Section 8 | | | | | |

Adjustments to Rent

Incentives:
None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Five Points Phase III

Multifamily Community Profile

2223 Martin Luther King Jr Ave
Knox, TN 37915

CommunityType: LIHTC - General
Structure Type: Garden/TH

80 Units 0.0% Vacant (0 units vacant) as of 12/3/2020

Opened in 2019



| 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 | 60.0% | \$564 | 672 | \$0.84 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 17.5% | \$610 | 977 | \$0.62 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | 22.5% | \$788 | 1,401 | \$0.56 | 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: KCDC Owner: -- | |

Comments

Section 8, rent is contract rent.
Long waiting list.
Phase III opened in 2019; management did not provide absorption timing.

| Floorplans (Published Rents as of 12/3/2020) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--|---------------|-----|------|--------|-------|-------|---------|-----------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | Patio/Balcony | 1 | 1 | 48 | \$549 | 672 | \$.82 | Section 8 | 12/3/20 | 0.0% | \$564 | \$610 | \$788 |
| Garden | Patio/Balcony | 2 | 1.5 | 14 | \$590 | 977 | \$.60 | Section 8 | 2/3/20 | 0.0% | \$564 | \$610 | \$788 |
| Garden | Patio/Balcony | 3 | 2.5 | 18 | \$763 | 1,401 | \$.54 | Section 8 | | | | | |

| Adjustments to Rent | |
|-------------------------------------|--|
| Incentives: None | |
| Utilities in Rent: | Heat Fuel: Centralized |
| 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"/> |

Five Points Phase IV

Multifamily Community Profile

2061 Bethel Ave
Knoxville, TN 37915

CommunityType: LIHTC - General
Structure Type: Garden

82 Units 0.0% Vacant (0 units vacant) as of 12/9/2020

Opened in 2020



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---|--|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One | 17.1% | \$547 | 700 | \$0.78 | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two | 28.0% | \$677 | 1,000 | \$0.68 | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input checked="" type="checkbox"/> |
| Three | 28.0% | \$862 | 1,300 | \$0.66 | Sauna: <input type="checkbox"/> | ComputerCtr: <input checked="" type="checkbox"/> |
| Four+ | 26.8% | \$1,118 | 1,436 | \$0.78 | Playground: <input checked="" type="checkbox"/> | |

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

Comments

Section 8, rents are contract rents
Opened May 2020 an leased up in September 2020.

| Floorplans (Published Rents as of 12/9/2020) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--|---------|-----|------|--------|---------|-------|---------|-----------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | 14 | \$522 | 700 | \$.75 | Section 8 | 12/9/20 | 0.0% | \$547 | \$677 | \$862 |
| Garden | -- | 2 | 2 | 23 | \$647 | 1,000 | \$.65 | Section 8 | | | | | |
| Garden | -- | 3 | 2 | 23 | \$827 | 1,300 | \$.64 | Section 8 | | | | | |
| Garden | -- | 4 | 2 | 18 | \$1,052 | 1,400 | \$.75 | Section 8 | | | | | |
| Garden | -- | 5+ | 3 | 4 | \$1,192 | 1,600 | \$.75 | Section 8 | | | | | |

Adjustments to Rent

Incentives:
None

Utilities in Rent: Heat Fuel: Centralized

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 0.0% Vacant (0 units vacant) as of 11/18/2020

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% | \$601 | 595 | \$1.01 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 41.7% | \$690 | 690 | \$1.00 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | 34.2% | \$795 | 780 | \$1.02 | 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; Central A/C | |
| Select Units: -- | |
| Optional(\$): -- | |
| Security: -- | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: -- Fee: -- |
| Property Manager: -- | Owner: -- |

Comments

Vinyl flooring, black appl.
Waitlist. Section 8, rent is contract rent.
Square footage is an estimate.

| Floorplans (Published Rents as of 11/18/2020) (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 | \$601 | 595 | \$1.01 | Section 8/ 50% | 11/18/20 | 0.0% | \$601 | \$690 | \$795 |
| Garden | -- | 2 | 1 | 83 | \$690 | 690 | \$1.00 | Section 8/ 50% | 1/13/20 | 2.5% | \$245 | \$280 | \$315 |
| Garden | -- | 3 | 1 | 68 | \$795 | 780 | \$1.02 | Section 8/ 50% | 3/7/19 | 3.5% | \$579 | \$664 | \$766 |
| | | | | | | | | | 1/9/17 | 49.7% | \$558 | \$640 | \$738 |

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 0.5% Vacant (1 units vacant) as of 12/21/2020

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% | \$682 | 402 | \$1.70 | <input type="checkbox"/> | <input type="checkbox"/> |
| One | 68.8% | \$823 | 641 | \$1.28 | Comm Rm: <input type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | -- | \$1,108 | 902 | \$1.23 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | 1.0% | \$1,585 | 1,325 | \$1.20 | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | 1.0% | \$2,530 | 2,000 | \$1.27 | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input type="checkbox"/> | |

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

Comments

Black, appl., grill/picnic area
Washer and dryer connections in single-family detached homes.
Unit Mix: 40 2BRs

| Floorplans (Published Rents as of 12/21/2020) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|---|---------|-----|------|--------|---------|-------|---------|---------|----------------------------------|------|--------|---------|---------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | Eff | 1 | 7 | \$630 | 261 | \$2.41 | Market | 12/21/20 | 0.5% | \$823 | \$1,108 | \$1,585 |
| Garden | -- | Eff | 1 | 7 | \$723 | 415 | \$1.74 | Market | 11/18/20 | 1.0% | \$844 | \$1,130 | \$1,585 |
| Garden | -- | Eff | 1 | 6 | \$695 | 550 | \$1.26 | Market | 1/13/20 | 2.9% | \$802 | \$1,128 | \$1,585 |
| SF Detached | -- | 1 | 1 | 1 | \$915 | 585 | \$1.56 | Market | 12/11/19 | 0.0% | \$801 | \$1,088 | \$1,585 |
| Garden | -- | 1 | 1 | 70 | \$835 | 623 | \$1.34 | Market | | | | | |
| Garden | -- | 1 | 1 | 70 | \$810 | 660 | \$1.23 | Market | | | | | |
| Garden | -- | 2 | 1 | -- | \$1,150 | 1,025 | \$1.12 | Market | | | | | |
| Garden | -- | 2 | 1 | -- | \$1,070 | 810 | \$1.32 | Market | | | | | |
| Garden | -- | 2 | 1 | -- | \$1,105 | 870 | \$1.27 | Market | | | | | |
| SF Detached | -- | 3 | 1 | 2 | \$1,585 | 1,325 | \$1.20 | Market | | | | | |
| SF Detached | -- | 4 | 2 | 2 | \$2,530 | 2,000 | \$1.27 | 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 Alley Lofts

Multifamily Community Profile

300 State St
Knoxville, TN 37902

Community Type: Market Rate - General

Structure Type: 4-Story Mid Rise

253 Units 1.2% Vacant (3 units vacant) as of 12/16/2020

Opened in 2016



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---|--|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | 7.9% | \$1,212 | 500 | \$2.42 | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 60.5% | \$1,330 | 672 | \$1.98 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 31.6% | \$1,979 | 1,057 | \$1.87 | Elevator: <input checked="" 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; HighCeilings; Carpet / Vinyl/Linoleum | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Structured Garage | Parking 2: -- |
| Fee: \$0 | Fee: -- |
| Property Manager: Bluestone | |
| 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.
2nd parking space \$30-50, pet spa, next to dog park, game room, guest suite

| Floorplans (Published Rents as of 12/16/2020) (2) | | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | |
|---|---------|-----|------|--------|---------|-------|---------|---------|----------|----------------------------------|---------|---------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Dobber / Mid Rise - Eleva | -- | Eff | 1 | 20 | \$1,189 | 500 | \$2.38 | Market | 12/16/20 | 1.2% | \$1,330 | \$1,979 | -- |
| Mica / Mid Rise - Elevator | -- | 1 | 1 | 38 | \$1,266 | 596 | \$2.12 | Market | 11/18/20 | 2.4% | \$1,353 | \$2,051 | -- |
| Marley / Mid Rise - Elevat | -- | 1 | 1 | 60 | \$1,342 | 670 | \$2.00 | Market | 1/13/20 | 4.3% | \$1,243 | \$1,654 | -- |
| Ade / Mid Rise - Elevator | -- | 1 | 1 | 52 | \$1,290 | 727 | \$1.77 | Market | 12/10/19 | 6.7% | \$1,108 | \$1,410 | -- |
| Bowler / Mid Rise - Elevat | -- | 1 | 1 | 3 | \$1,518 | 742 | \$2.05 | Market | | | | | |
| Steely / Mid Rise - Elevat | -- | 2 | 2 | 39 | \$2,000 | 1,083 | \$1.85 | Market | | | | | |
| Aggie/Bennington / Mid R | -- | 2 | 2 | 15 | \$2,034 | 1,172 | \$1.74 | Market | | | | | |
| Jasper / Mid Rise - Elevat | -- | 2 | 2 | 26 | \$1,823 | 952 | \$1.91 | Market | | | | | |

Adjustments to Rent

Incentives:
\$200 off select

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

Marble Alley Lofts

TN093-030300

Minvilla Manor

Multifamily Community Profile

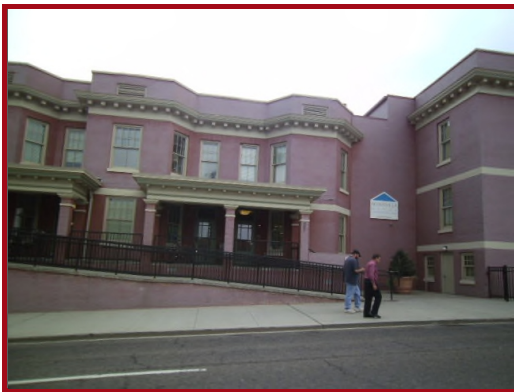
447 N Broadway
Knoxville, TN

CommunityType: LIHTC - Homeless

Structure Type: 3-Story Adaptive Reuse

57 Units 0.0% Vacant (0 units vacant) as of 11/18/2020

Opened in 2010



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---|--|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | 42.1% | \$493 | 362 | \$1.36 | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| One | 57.9% | \$513 | 509 | \$1.01 | 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 11/18/2020) (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 | \$581 | 362 | \$1.60 | Section 8/ 50% | 11/18/20 | 0.0% | \$513 | -- | -- |
| Reuse | -- | 1 | 1 | 33 | \$618 | 509 | \$1.21 | Section 8/ 50% | 1/13/20 | 5.3% | \$513 | -- | -- |
| | | | | | | | | | 3/12/19 | 0.0% | \$555 | -- | -- |
| | | | | | | | | | 1/26/18 | 0.0% | \$533 | -- | -- |

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 11/18/2020

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% | \$725 | 978 | \$0.74 | 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 11/18/2020) (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 | \$725 | 978 | \$.74 | LIHTC/ 60% | 11/18/20 | 0.0% | -- | \$725 | \$755 |
| Garden | -- | 3 | 2 | 36 | \$755 | 1,180 | \$.64 | LIHTC/ 60% | 1/13/20 | 1.0% | -- | -- | -- |
| | | | | | | | | | 3/7/19 | 0.0% | -- | \$655 | \$755 |
| | | | | | | | | | 1/26/18 | 2.1% | -- | \$650 | \$750 |

Adjustments to Rent

Incentives:
None

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

Southside Flats

Multifamily Community Profile

2727 Fort Stanley Way
Knoxville, TN 37920

CommunityType: LIHTC - General
Structure Type: 4-Story Mid Rise

172 Units 0.0% Vacant (0 units vacant) as of 12/22/2020

Opened in 2020



| 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 | 46.5% | \$777 | 669 | \$1.16 | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Two | 29.7% | \$932 | 1,074 | \$0.87 | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Three | 23.3% | \$1,186 | 1,283 | \$0.92 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Four+ | -- | -- | -- | -- | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

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

Comments

Opened 3/15/2020 and leased up in August 2020.
Black/Stainless appliances, granite countertops.
WL: 166 units

| Floorplans (Published Rents as of 12/22/2020) (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 | 80 | \$777 | 669 | \$1.16 | LIHTC/ 60% | 12/22/20 | 0.0% | \$777 | \$932 | \$1,186 | |
| Mid Rise - Elevator | -- | 2 | 2 | 51 | \$932 | 1,074 | \$0.87 | LIHTC/ 60% | | | | | | |
| Mid Rise - Elevator | -- | 3 | 2 | 40 | \$1,186 | 1,283 | \$0.92 | LIHTC/ 60% | | | | | | |

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

CommunityType: Market Rate - General
Structure Type: Garden

248 Units 0.8% Vacant (2 units vacant) as of 11/18/2020

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% | \$788 | 651 | \$1.21 | 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% | \$898 | 962 | \$0.93 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input checked="" type="checkbox"/> |
| Three | 19.4% | \$955 | 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 11/18/2020) (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 | \$739 | 562 | \$1.31 | Market | 11/18/20 | 0.8% | \$788 | \$898 | \$955 |
| Garden | -- | 1 | 1 | 48 | \$795 | 710 | \$1.12 | Market | 8/21/20 | -- | \$788 | \$898 | \$955 |
| Garden | -- | 2 | 1 | 24 | \$850 | 900 | \$.94 | Market | 1/13/20 | -- | \$756 | \$875 | \$930 |
| Garden | -- | 2 | 2 | 96 | \$885 | 978 | \$.90 | Market | 3/7/19 | 0.0% | \$784 | \$907 | \$960 |
| Garden | -- | 3 | 2 | 48 | \$930 | 1,085 | \$.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

Community Type: Market Rate - General

Structure Type: Garden

206 Units 0.0% Vacant (0 units vacant) as of 12/16/2020

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 | 51.5% | \$1,164 | 700 | \$1.66 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 25.2% | \$1,345 | 900 | \$1.49 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | 23.3% | \$1,551 | 1,141 | \$1.36 | 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 (Full Size); Central A/C; Patio/Balcony; HighCeilings; Storage (In Unit) | |
| Select Units: -- | |
| Optional(\$): -- | |
| Security: -- | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: -- Fee: -- |
| Property Manager: Horizon Owner: -- | |

Comments

Ph II opened 2014, 1/2 students/grads, river views, fire pit. Grill/picnic area
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 12/16/2020) (2)

Historic Vacancy & Eff. Rent (1)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|-------------|---------|-----|------|--------|---------|-------|---------|---------|----------|------|---------|---------|---------|
| Garden | -- | 1 | 1 | 106 | \$1,149 | 700 | \$1.64 | Market | 12/16/20 | 0.0% | \$1,164 | \$1,345 | \$1,551 |
| Garden | -- | 2 | 2 | 52 | \$1,325 | 900 | \$1.47 | Market | 11/18/20 | 1.0% | \$1,154 | \$1,307 | \$1,565 |
| Garden | -- | 3 | 2 | 16 | \$1,461 | 1,122 | \$1.30 | Market | 1/13/20 | 1.9% | \$999 | \$1,319 | \$1,674 |
| Garden | -- | 3 | 3 | 32 | \$1,559 | 1,150 | \$1.36 | Market | 12/11/19 | 1.0% | \$1,024 | \$1,344 | \$1,591 |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

The Vista at Summit Hill

Multifamily Community Profile

957 E Hill Ave.
Knoxville, TN

CommunityType: LIHTC - General

Structure Type: Garden

175 Units 0.0% Vacant (0 units vacant) as of 12/3/2020

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% | \$817 | 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 8, rents are contract rents. Long waiting list.

| Floorplans (Published Rents as of 12/3/2020) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--|---------|-----|------|--------|-------|------|---------|-----------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | 42 | \$523 | 649 | \$.81 | Section 8 | 12/3/20 | 0.0% | \$538 | \$641 | \$817 |
| Garden | -- | 2 | 1 | 97 | \$621 | 724 | \$.86 | Section 8 | 1/14/20 | 0.0% | \$538 | \$641 | \$817 |
| Garden | -- | 3 | 1.5 | 36 | \$792 | 943 | \$.84 | Section 8 | 3/14/19 | 1.7% | \$538 | \$641 | \$816 |
| | | | | | | | | | 10/9/13 | 0.0% | -- | -- | -- |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Tyson Court

Multifamily Community Profile

140 Jennings Ave
Knoxville, TN 37917

Community Type: Market Rate - General

Structure Type: 3-Story Garden

30 Units 0.0% Vacant (0 units vacant) as of 12/21/2020

Opened in 2019



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|--------------------------|--------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | 20.0% | \$713 | 410 | \$1.74 | <input type="checkbox"/> | <input type="checkbox"/> |
| One | 20.0% | \$965 | 625 | \$1.54 | Comm Rm: | Basketball: |
| One/Den | -- | -- | -- | -- | Centrl Lndry: | Tennis: |
| Two | 60.0% | \$1,403 | 915 | \$1.53 | Elevator: | Volleyball: |
| Two/Den | -- | -- | -- | -- | Fitness: | CarWash: |
| Three | -- | -- | -- | -- | Hot Tub: | BusinessCtr: |
| Four+ | -- | -- | -- | -- | Sauna: | ComputerCtr: |
| | | | | | Playground: | <input type="checkbox"/> |

| Features | |
|--|---------------|
| Standard: Dishwasher; Ceiling Fan; In Unit Laundry (Full Size) | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | Fee: -- |
| Property Manager: | -- |
| Owner: | -- |

Comments

Opened Sept 2019 and leased up by Feb 2020.

| Floorplans (Published Rents as of 12/21/2020) (2) | | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | |
|---|---------|-----|------|--------|---------|------|---------|---------|----------|----------------------------------|--------|---------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | Eff | 1 | 6 | \$700 | 410 | \$1.71 | Market | 12/21/20 | 0.0% | \$965 | \$1,403 | -- |
| Garden | -- | 1 | 1 | 6 | \$950 | 625 | \$1.52 | Market | 11/18/20 | 0.0% | \$965 | \$1,403 | -- |
| Garden | -- | 2 | 2 | 3 | \$1,300 | 846 | \$1.54 | Market | 1/31/20 | 0.0% | \$915 | \$1,353 | -- |
| Large / Garden | -- | 2 | 2 | 15 | \$1,400 | 929 | \$1.51 | Market | | | | | |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash: