

*THDA 2023 QAP-Compliant Market Study*

**Choto Landing**  
**A Proposed 56-Unit LIHTC Apartment Complex**  
**12320 S. Northshore Dr.**  
**Knoxville, TN 37922**



Prepared for

**Mr. Craig Cobb**  
**Vice President of Affordable Housing**  
**DGA Residential, LLC**  
**3834 Sutherland Avenue**  
**Knoxville, TN 37919**

Dated

**March 6, 2023**

By:





APPRAISAL SERVICES LLC

March 6, 2023

Mr. Craig Cobb  
Vice President of Affordable Housing  
DGA Residential, LLC  
3834 Sutherland Avenue  
Knoxville, TN 37919

**RE: THDA-Compliant Market Study – Proposed Choto Landing**  
A Proposed 56-Unit LIHTC Apartment Complex  
12320 S. Northshore Dr.  
Knoxville, TN 37922

Dear Mr. Cobb:

In accordance with your request, we have compiled the necessary data to complete a THDA-compliant market study relative to the above referenced property, which is a proposed new apartment complex to contain 56 units on an 11.65-acre site. The purpose of this market study is to assess the demand for the proposed apartment complex, which will offer three- and four-bedroom floor plans restricted to low-income households leased in conjunction with project-based vouchers (PBV) to be issued by Knoxville's Community Development Corporation (KCDC) for the 56 units in the complex.

In preparing this study, we have inspected the subject site, reviewed the preliminary plans for new construction, assembled data relative to local economic trends, analyzed pertinent low-income demographics, and surveyed the competitive multifamily market to include rents, occupancies, and absorption/turnover activity.

This report is prepared for use by the client as part of an application to the Tennessee Housing Development Agency (THDA) for Multifamily Tax-Exempt Bond Authority (MEB) and Low-Income Housing Tax Credits (LIHC), and as such, it was prepared in accordance with the requirements of THDA's 2021 Qualified Allocation Plan (QAP). Additionally, the following report has been prepared in conformance with the Model Content Standards for Rental Housing Market Studies (Version 3.0) as adopted January 14, 2013 by the National Council of Housing Market Analysts (NCHMA). To satisfy requirements associated with both the 2021 THDA QAP and with NCHMA's standards, this market study represents a comprehensive market analysis communicated in a summary report. Thus, additional supporting documentation is retained in the analyst's work file.

The objective of this report is to gather, analyze, and present as many market components as reasonably possible. The conclusions contained in this report are based upon the best judgments of the analyst; we make no guarantees or assurances that the projections or conclusions will be realized as stated. It is our intent to provide my best effort in data collection and to express opinions relative to conclusions based on analysis of the data herein. The effective date of this analysis is March 6, 2023, coinciding with the completion of our research and the publication of this report.

We appreciate this opportunity to be of service. If additional information or explanation is necessary, please contact us at your convenience.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Laurie B. Kinzer'.

Laurie B. Kinzer  
(Tennessee Certified General  
Real Estate Appraiser, CG-1317)

A handwritten signature in blue ink that reads 'Katie K. Pickle'.

Katie K. Pickle  
(Tennessee State Registered Real  
Estate Appraiser Trainee, TR-4901)

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## NCHMA Market Study Index

**Introduction:** Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section. Analyst must disclose the page number where the information may be found in the report.

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EXECUTIVE SUMMARY							
Project Name: <b>Choto Landing</b>				Date of Report: <b>March 6, 2023</b>			
Street Address <b>12320 S. Northshore Dr.</b>		City/State <b>Knoxville, TN</b>	Zip Code <b>37922</b>	County <b>Knox</b>	Total Units <b>56</b>	Non-Revenue Units <b>0</b>	Proposed LIHTC Units <b>56</b>
Location/Cross St.: <b>East side of S. Northshore Dr., roughly a half-mile north of Choto Rd.</b>							
Tax Identification Number(s): <b>162-062.00</b>			# Apartment Buildings <b>14</b>		# Community Buildings <b>1</b>	Land Size <b>11.65 Acres</b>	
Type of Development <input checked="" type="checkbox"/> New Construction <input type="checkbox"/> Acquisition/Rehab				Targeted Household Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly			
Site Information							
Land Size <b>11.65 Acres</b>		Shape <b>Irregular</b>		Topography <b>Gently rolling</b>		Flood Map / Panel No. <b>#47093C-0360F</b>	Zone / Hazard Area?: <b>X</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Zoning: <b>PR - Planned Residential; &lt; 5 units/ac</b>							
Zoning Compliance: <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Illegal <input type="checkbox"/> Legal Non-Conforming (Grandfathered) <input type="checkbox"/> No Zoning							
Adjacent Land Uses: North: <b>Single family, acreage home sites</b>							
South: <b>Single family home &amp; a self-storage facility</b>							
East: <b>A single-family subdivision &amp; an acreage home site</b>							
West: <b>Rear of a single-family subdivision across S. Northshore Dr.</b>							
Building Information							
Year Built: <b>Proposed new construction for 2Q-2025 occupancy</b>				Stories: <b>2</b> <input type="checkbox"/> Elevator <input type="checkbox"/> Garden <input checked="" type="checkbox"/> Townhouse			
Construction Type <input type="checkbox"/> Masonry <input checked="" type="checkbox"/> Frame				Exterior Walls: <b>Stone veneer &amp; fiber cement lap siding</b>			
Utilities Included in Monthly Rent							
Gas: <input type="checkbox"/> Heat <input type="checkbox"/> Hot Water <input type="checkbox"/> Cooking							
Electricity: <input type="checkbox"/> Heat <input type="checkbox"/> Hot Water <input type="checkbox"/> Cooking <input type="checkbox"/> Cooling, Lights, etc.							
Other: <input type="checkbox"/> Heat <input type="checkbox"/> Hot Water <input checked="" type="checkbox"/> Cold Water <input checked="" type="checkbox"/> Sewer							
Other (Specify) <input checked="" type="checkbox"/> <b>Trash removal, pest control</b>							
Proposed Subject Amenities & Services							
Project Amenities				Unit Amenities			
On-Site Management		Playground		Balcony/Patio		Dishwasher	
<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Clubhouse/Mtg. Room		Tennis / Sports Court		Window Treatments		Disposal	
<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>			
Fitness Center		Picnic / Gazebo Area		Ceiling Fans		Range/Oven	
<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	
Business Center		Walking Trail		Central A/C		Refrigerator	
<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Laundry Facility		Security		Carpet		Icemaker	
				<input checked="" type="checkbox"/>			
Car Care Area		Controlled/Gated Access		W/D Appliances		Microwave	
						<input checked="" type="checkbox"/>	
Swimming Pool/Whirlpool		Covered Parking		W/D Connections		Balcony Storage	
				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Library		Beauty Salon		Fireplace		Emerg. Pull Cords	
Comments							
Neighborhood Information							
<p>The subject property is located on the east side of S. Northshore Drive in the "Choto" area of far southwest Knox County. South Northshore Drive is a two-lane road extending throughout southwest Knoxville /Knox County, one of the most densely developed areas of Knox County. As such, Northshore Drive is a primary, but mostly non-commercial, thoroughfare in southwest Knox County.</p> <p>Based on the surrounding land uses and development, which are primarily residential except for some institutional uses (churches and schools) and a relatively small commercial pocket at the intersection of S. Northshore Drive and Choto Road, the subject's neighborhood is considered to be the Choto community, which is best depicted by the surrounding four census block groups. This community is bound by Farragut to the north, Tennessee River to the south, Loudon County to the west, and Concord Road on the east.</p> <p>As illustrated in the map from the Knoxville / Knox County Planning Department, which may be found in our companion market study , the neighborhood primarily developed with single family residential uses – either in the form of single family residential homesites or subdivisions. The main exception to this pattern is the commercial node at the intersection of Northshore Drive and Choto Road, which began to develop about ten years ago.</p>							
Market Description: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural				Present Land Use:			
Build-up: <input checked="" type="checkbox"/> 75-100% <input type="checkbox"/> 50-75% <input type="checkbox"/> 25-50% <input type="checkbox"/> 0-25%				55 % 1-Family 5 % 2 to 4-Family			
Growth Rate: <input checked="" type="checkbox"/> Rapid <input type="checkbox"/> Steady <input type="checkbox"/> Slow <input type="checkbox"/> Declining				10 % Multifamily 15 % Commercial			
Property Values: <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining				0 % Industrial 15 % Vacant			
Subject Unit Mix, Proposed Rent & Market Comparison							
Proposed Subject Development					Market Comparisons		
# Units	# BR	# BA	S.F.	Proposed Rent	Estimated Market Rent	Market Advantage	Comments
28	3	2	1,103	\$1,943	\$2,400	19.0%	PBV HAP
28	4	2	1,320	\$2,288	\$2,600	12.0%	PBV HAP
Gross Proposed Monthly Rent				\$118,468	\$140,000	15.4%	
PMA Description <b>Surrounding 28 census tracts</b>				SMA Description <b>Knox County</b>			
Farthest Boundary Distance to Project <b>Approximately 11 miles to the north of the subject</b>							
Within QCT (y/n) <b>No #470930058.15</b>				Within DDA (y/n) <b>Yes</b>			
Type of Development <b>New construction</b>				Targeted Household Type <b>Low-income family households</b>			
Highest & Best Use <b>Affordable rental housing of 56 units</b>							
Project Recommended? <b>YES - as proposed, with no additional modifications</b>							

EXECUTIVE SUMMARY (Cont'd.)

Project Name: **Choto Landing**

Rental Housing Stock					
Type	# Properties	Total Units	Vacant Units	Typical Occupancy	
All Rental Housing (REIS Knoxville MSA 4Q 2022 Report)	Various	34,743	768	97.8%	
Market-Rate Housing* (REIS SW Submarket Knoxville 4Q 2022)	Various	5,912	72	98.8%	
Assisted/Subsidized Housing (excl. LIHTC)	3	166	6	96.4%	
LIHTC Housing*	3	344	2	99.4%	
All Comparable Developments <sup>1</sup>	3	344	2	99.4%	
Non-Stabilized Comparable Developments	0	0	0	u/c	

<sup>1</sup>Comparable developments are those that compete at nearly the same rent levels and tenant profile, such as age, family, and income.

Demographic Data							
Population Growth		2020	2022		2025		
	PMA	109,767		113,398		116,418	
	County	432,226		488,756		497,002	
Household Growth		2020	2022		2025		
	PMA	41,861		43,377		44,515	
	County	177,249		199,267		202,720	
Household by Type (Reflects data for 2-Person HH)		2011-15 ACS		2023		2025	
	PMA	27,058		34,166		30,419	
	County	126,847		136,677		141,393	
Household by Annual Income (Data listed reflects HH earning <\$40,000)		2011-15 ACS		2023		2025	
	PMA	8,149		7,307		6,881	
	County	76,275		65,636		63,250	
Household Segment		2011-15 ACS		2023		2025	
	Renter Households	6,420	17.7%	9,823	20.9%	10,097	20.5%
	Income-Qualified Renter Households (60% AMI)	3,734	58.2%	4,317	43.9%	4,241	42.0%
	Market Rent Households (if applicable)	n/a	n/a	n/a	n/a	n/a	n/a

Targeted Income-Qualified Renter Household Demand						
Type of Demand	50%	60%	Market-Rate	Other (PBV-HAP)	Other	Overall
Renter Household Growth	n/a	-76	n/a	-76	n/a	-76
Existing Households	n/a	0	n/a	0	n/a	0
Home Conversion	n/a	0	n/a	0	n/a	0
Other - Rent Overburdened and Substandard Units	n/a	958	n/a	958	n/a	958
Less Comparable/Competitive Supply	n/a	-86	n/a	-86	n/a	-86
<b>Net Demand</b>	<b>n/a</b>	<b>968</b>	<b>n/a</b>	<b>968</b>	<b>n/a</b>	<b>968</b>

Capture & Penetration Rates						
Target Population	50%	60%	Market-Rate	Other (Section 8)	Other	Overall
Capture Rate	n/a	5.9%	n/a	5.9%	0.0%	5.9%
Penetration Rate <sup>The subject</sup>	n/a	15.0%	n/a	15.0%	0.0%	15.0%

Absorption		
Absorption Period:	2.4 Months	Absorption Rate: 22.0 Per Month

Market Study Report Information	
Market Study Reporting Option:	<b>Comprehensive Market Analysis in a Summary Report</b>
Intended Users (must include client & THDA):	<b>DGA Choto, L.P. &amp;/or its affiliates (to include its development team and a potential tax credit investor), and THDA</b>
Intended Use:	<b>Tax Credit Application</b>
Purpose of the Market Study	<b>To determine if there is sufficient demand for the proposed subject development</b>
Describe Appraisal Scope of Work (continue on separate page if necessary):	
<p>The scope of this assignment involved completing a need/demand analysis for the subject property, which is to be developed with an affordable housing apartment complex operating in conformance with the MEB/Low-Income Housing Tax Credit (LIHC) program. Laurie Kinzer, a 2023 THDA-approved market study vendor, supervised all research and performed all rent and demand analyses. Katie Pickle, a Tennessee state-registered appraisal trainee, assisted with research and with the preparation of various exhibits. The following tasks summarize the scope of work performed in completing this assignment:</p> <ul style="list-style-type: none"> <li>• Inspection of the subject property (to include the site and the surrounding neighborhood) on December 22, 2020.</li> <li>• Determining the subject's Primary Market Area (PMA)</li> <li>• Analysis of demographics associated with the PMA and surrounding region to identify the number of income-eligible renter households in the PMA</li> <li>• Evaluating the area's economic health as it pertains to employment and housing</li> <li>• Surveying comparable and competing projects to measure overall strength of the rental market – to include both market-rate complexes, subsidized, and LIHTC complexes – to determine rent levels, occupancy, turnover, and absorption, where available</li> <li>• Analysis of the subject project's projected capture rate based on income-qualified renter households consistent with the subject's proposed operations</li> <li>• Estimate achievable market rent for each subject unit type through the use of Rent Comparability Grids with adjustments for varying feature characteristics between the subject and the competitive market</li> <li>• Required shapefiles have been prepared by Joseph Roberts (joerrob15@gmail.com) at the direction of Laurie Kinzer; Mr. Roberts uses ArcGIS for all shapefile creation</li> </ul>	
Data Sources <b>In addition to materials retained in my files from prior projects, data was compiled from the following sources.</b>	
<ul style="list-style-type: none"> <li>&gt; U.S. Department of Housing &amp; Urban Development (HUD)</li> <li>&gt; Tennessee Department of Labor &amp; Workforce Development</li> <li>&gt; Tennessee Department of Economic and Community Development</li> <li>&gt; Tennessee Housing Development Agency (THDA)</li> <li>&gt; East Tennessee Human Resource Agency (ETHRA)</li> <li>&gt; Knoxville Community Development Corporation (KCDC)</li> <li>&gt; Knoxville Chamber of Commerce</li> <li>&gt; HISTA Data from Ribbon Demographics</li> <li>&gt; ESRI demographic data</li> <li>&gt; Interviews with managers and owners of comparable &amp; competitive complexes</li> </ul>	

**PROJECT DESCRIPTION**

<b>IMPROVEMENTS SUMMARY</b>																									
<b>Name:</b>	Choto Landing																								
<b>Address:</b>	12320 S. Northshore Dr., Knoxville, TN 37922																								
<b>Year Built</b>	Proposed new construction for 2Q-2025 occupancy																								
<b>Proposed Building Design</b>	Two-story, townhouse buildings plus a one-story community building																								
<b>Construction Type</b>	Frame construction with fiber-cement siding and stone veneer																								
<b>Proposed Project Amenities</b>	Community building with management/leasing office, community room/kitchen, fitness center, & computer center; mailbox kiosk, & playground																								
<b>Proposed Unit Amenities</b>	Frost-free refrigerator, range/oven, B-I vented microwave, dishwasher, garbage disposal, central heat & air, blinds, ceiling fans, washer/dryer connections, laminated plank vinyl flooring, and private patio with outside storage closet.																								
<b>Unit Mix</b>	<b>Unit Mix - Choto Landing</b>																								
	<table border="1"> <thead> <tr> <th>Unit Type</th> <th>AMI Level</th> <th>Quantity</th> <th>Size (S.F.)</th> <th>Unit Ratio</th> <th>Net Rentable Area</th> </tr> </thead> <tbody> <tr> <td>3BR/2BA</td> <td>60%</td> <td>28</td> <td>1,103</td> <td>50%</td> <td>30,884</td> </tr> <tr> <td>4BR/2BA</td> <td>60%</td> <td>28</td> <td>1,320</td> <td>50%</td> <td>36,960</td> </tr> <tr> <td><b>Total/Avg.</b></td> <td></td> <td><b>56</b></td> <td><b>1,212</b></td> <td><b>100%</b></td> <td><b>67,844</b></td> </tr> </tbody> </table>	Unit Type	AMI Level	Quantity	Size (S.F.)	Unit Ratio	Net Rentable Area	3BR/2BA	60%	28	1,103	50%	30,884	4BR/2BA	60%	28	1,320	50%	36,960	<b>Total/Avg.</b>		<b>56</b>	<b>1,212</b>	<b>100%</b>	<b>67,844</b>
	Unit Type	AMI Level	Quantity	Size (S.F.)	Unit Ratio	Net Rentable Area																			
	3BR/2BA	60%	28	1,103	50%	30,884																			
	4BR/2BA	60%	28	1,320	50%	36,960																			
<b>Total/Avg.</b>		<b>56</b>	<b>1,212</b>	<b>100%</b>	<b>67,844</b>																				
<b>Utilities Paid by Project</b>	Water, sewer, trash removal, & pest control																								
<b>Target Market</b>	Low-income (60% AMI or below) households with no age restrictions																								
<b>Construction Period</b>	Anticipated completion date in 2Q-2025																								

**Construction Type**

The analysts have reviewed preliminary building plans and verbal specifications to obtain details pertinent to the design and quality of the proposed improvements as well as inspected other complexes built by the subject developer. Proposed building design will reflect two-story, townhouse apartment buildings and a one-story community building; construction will be wood frame with stone veneer and fiber cement lap siding exteriors. The buildings will have gabled roof systems. Unit finishes will reflect laminate plank vinyl flooring throughout. All units within each unit type will be essentially identical in design with floor plans reflecting a kitchen, dining area, a living room, bedroom(s), and bathroom(s).

Based on verbal specifications and preliminary plans provided by the developer and on information from similar projects developed by the developer, the layouts and finishes cited herein are assumed. Each kitchen is to contain a 30-inch range/oven, built-in, vented microwave, frost-free refrigerator, dishwasher, and base and wall-hung cabinets with quartz countertops. All of the units will have central electric heat and air conditioning systems, full-size washer/dryer connections, ceiling fans in living area and each bedroom, and a covered patio area with outside storage closet.

Based on verbal specifications and preliminary plans provided by the developer and on information from similar projects developed by the developer, the layouts and finishes cited herein are assumed. A site plan is provided in the addenda.

**Development Ownership/Subsidy**

The 11.65-acre subject site is owned by WILKO, LLC, but is under contract to DGA Residential, LLC or assigns. As stated, the buyer intends to apply for a Multifamily Tax-Exempt Bond Authority (MEB) and Low-Income Housing Tax Credit (LIHC) allocation to develop the site with 56 apartment units in three- and four-bedroom floor plans. The subject developer has received preliminary approval from Knoxville’s Community Development Corporation (KCDC), the local housing authority for a project-based voucher (PBV) HAP contract for all of the proposed 56 units and intends to elect the minimum set-aside option of 40 percent of the units designated for households at 60% area median income (AMI). The maximum LIHTC income limits by household type applicable to the subject location are shown in the following table.

Household Income Limits - Knox County, TN (Knoxville, TN HUD Metro FMR Area)						
	One Person	Two Persons	Three Persons	Four Persons	Five Persons	Six Persons
20% AMI	\$11,440	\$13,060	\$14,700	\$16,320	\$17,640	\$18,940
30% AMI	\$17,160	\$19,590	\$22,050	\$24,480	\$26,460	\$28,410
40% AMI	\$22,880	\$26,120	\$29,400	\$32,640	\$35,280	\$37,880
50% AMI	\$28,600	\$32,650	\$36,750	\$40,800	\$44,100	\$47,350
60% AMI	\$34,320	\$39,180	\$44,100	\$48,960	\$52,920	\$56,820
70% AMI	\$40,040	\$45,710	\$51,450	\$57,120	\$61,740	\$66,290
80% AMI	\$45,760	\$52,240	\$58,800	\$65,280	\$70,560	\$75,760

The table below applies the income limits shown above to the LIHTC income limits by bedroom type specific to the subject’s unit mix and location in Knox County, Tennessee. The units will be fully electric, and the tenants of the complex will be responsible for their own electricity costs as well as their own telephone, internet/cable if they opt for those services. The owner will include the cost of water/sewer, trash removal, and pest control in the monthly rent.

Household Income Limits - Knox County, TN (Applicable to subject unit types & excluding tenant-paid utilities)							
Unit Type	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI
3BR	\$15,972	\$24,462	\$32,952	\$41,442	\$49,932	\$58,422	\$66,912
4BR	\$17,752	\$27,222	\$36,692	\$46,162	\$55,632	\$65,102	\$74,572

The following table lists the subject unit types together with applicable rents and income limits based on 2022 HUD income limits (2023 income limits have not been released yet), HUD’s utility allowances for the tenant-paid electric utilities at the subject, and the LIHTC provisions of 1½ persons per bedroom.

CHOTO LANDING Subject Bedroom Types & Applicable Income Limits & Rents				
60% AMI Limit				
Unit Type	Area Median Income	Maximum Gross LIHTC Rent	Less Tenant-Paid Util. Allow.	Allowable Monthly LIHTC Rent
2BR	\$50,940	\$1,273	\$84	\$1,189
3BR	\$56,820	\$1,420	\$99	\$1,321

\*Based on current (2022) HUD income limits & HUD utility allowances

All pertinent monthly rents relative to the subject property are shown below:

CHOTO LANDING - Pertinent Monthly Rents				
Unit Type	Maximum LIHTC Rents After Util.	Various Subsidies		Appraiser's Estimates
		Current Payment Standards	PBV HAP Contract Rents	Hypothetical Market Rents
3BR	\$1,189	\$1,943	\$1,943	\$2,400
4BR	\$1,321	\$2,288	\$2,288	\$2,600

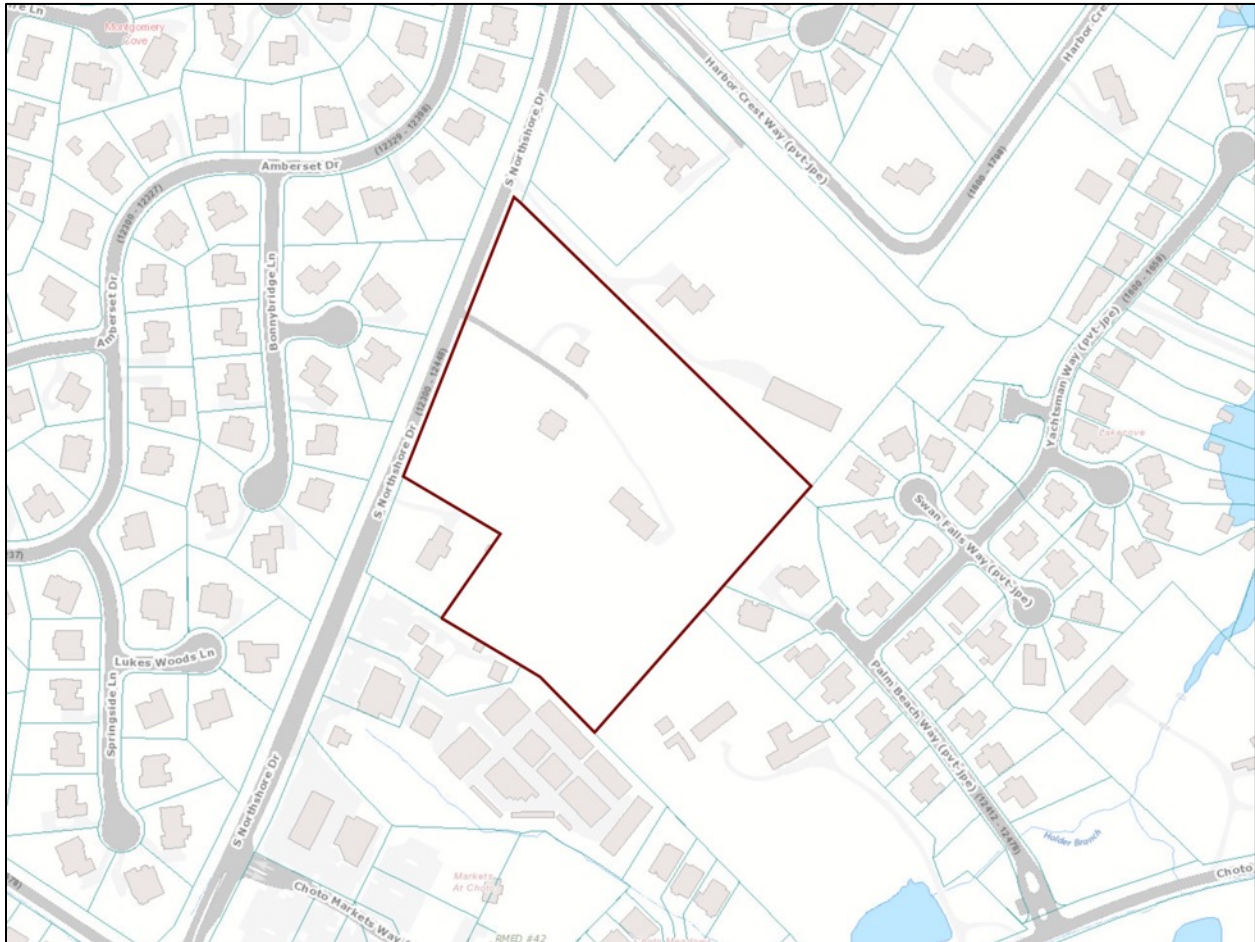


## LOCATIONAL DESCRIPTIONS OF SITE & NEIGHBORHOOD

### Site Characteristics

<b>Site Area</b>	11.65 Acres		
<b>Tax Identification</b>	162-062.00 (Knox County)		
<b>Location</b>	East side of S. Northshore Dr., roughly a half-mile north of Choto Rd.		
<b>Frontage</b>	±643 feet on east side of S. Northshore Dr		
<b>Access</b>	One curb cut from S. Northshore Dr. based on proposed site plan		
<b>Shape</b>	Irregular		
<b>Topography</b>	Gently rolling		
<b>Zoning</b>	PR - Planned Residential; < 5 units/ac		
<b>Flood Map Panel No.:</b>	#47093C-0360F (5/2/07)	<b>Flood Zone:</b>	Zone X (not a hazard area)
<b>Adjacent Land Uses</b>	<b>North:</b>	Single family, acreage home sites	
	<b>South:</b>	Single family home & a self-storage facility	
	<b>East:</b>	A single-family subdivision & an acreage home site	
	<b>West:</b>	Rear of a single-family subdivision across S. Northshore Dr.	

KNOX COUNTY PROPERTY MAP



AERIAL VIEW - GIS



AERIAL VIEW – Google Maps



**BIRD'S EYE VIEW FACING NORTH**



**BIRD'S EYE VIEW FACING SOUTH**



**BIRD'S EYE VIEW FACING EAST**



**BIRD'S EYE VIEW FACING WEST**



**Subject Photographs**



*Overall View of Site – Facing Northeast*



*Frontage Portion of Site – Facing East*



*Rear Portion of Site*



*Rear Portion of Site*



*Neighborhood View – Facing South on Northshore Drive*



*Neighborhood View – Facing North on Northshore Drive*

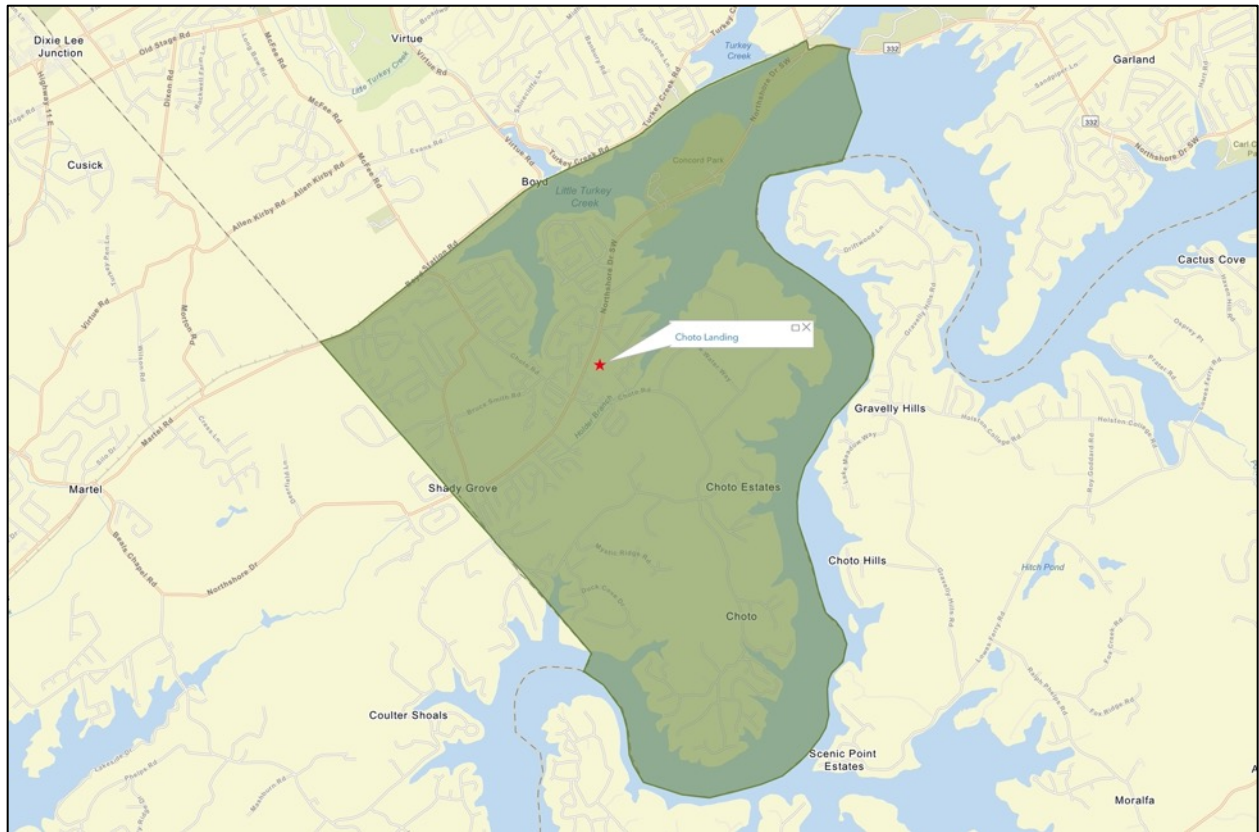
**Neighborhood Description**

***Boundaries & Accessibility***

The subject property is located on the east side of S. Northshore Drive in the “Choto” area of far southwest Knox County. South Northshore Drive is a two-lane road extending throughout southwest Knoxville /Knox County, one of the most densely developed areas of Knox County. As such, Northshore Drive is a primary, but mostly non-commercial, thoroughfare in southwest Knox County.

Based on the surrounding land uses and development, which are primarily residential except for some institutional uses (churches and schools) and a relatively small commercial pocket at the intersection of S. Northshore Drive and Choto Road, the subject’s neighborhood is considered to be the Choto community, which is best depicted by the surrounding four census block groups. This community is bound by Farragut to the north, Tennessee River to the south, Loudon County to the west, and Concord Road on the east.

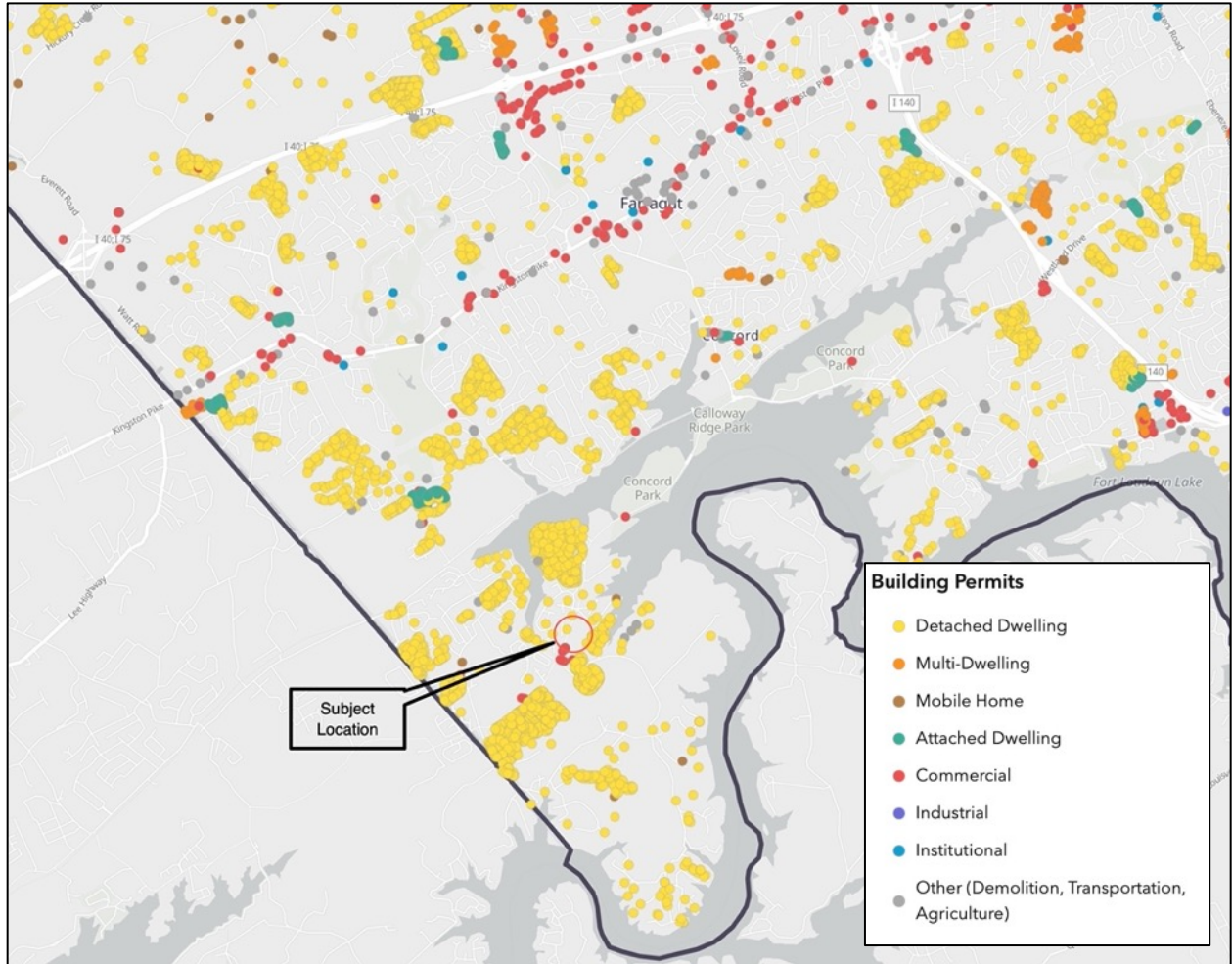
**NEIGHBORHOOD MAP**



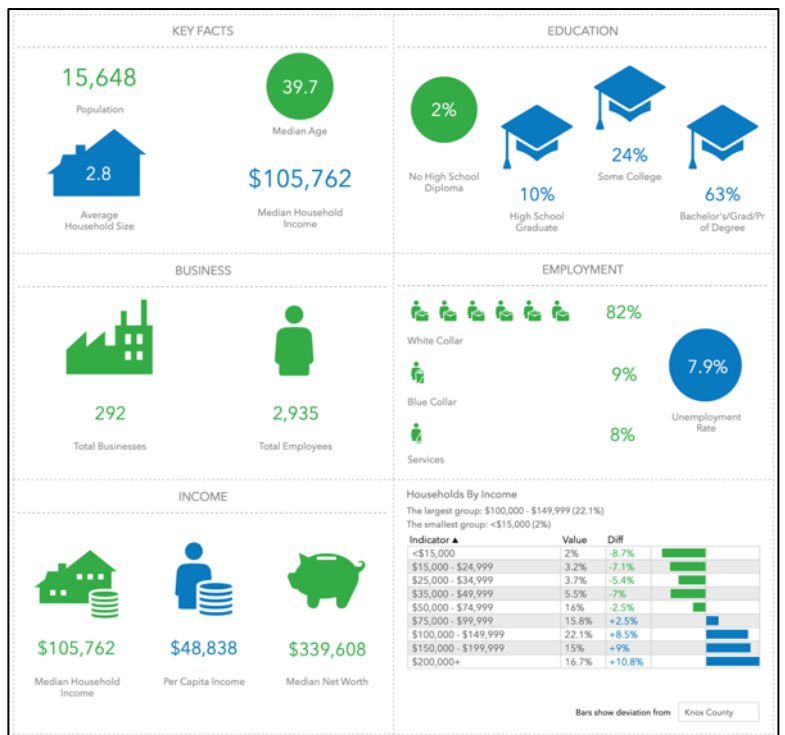
***Proximity & Surrounding Land Uses***

As illustrated in the following map from the Knoxville / Knox County Planning Department, the neighborhood primarily developed with single family residential uses – either in the form of single family residential homesites or subdivisions. The main exception to this pattern is the commercial node at the intersection of Northshore Drive and Choto Road, which began to develop about ten years ago.

**DEVELOPMENT ACTIVITY SOUTHWEST SECTOR**



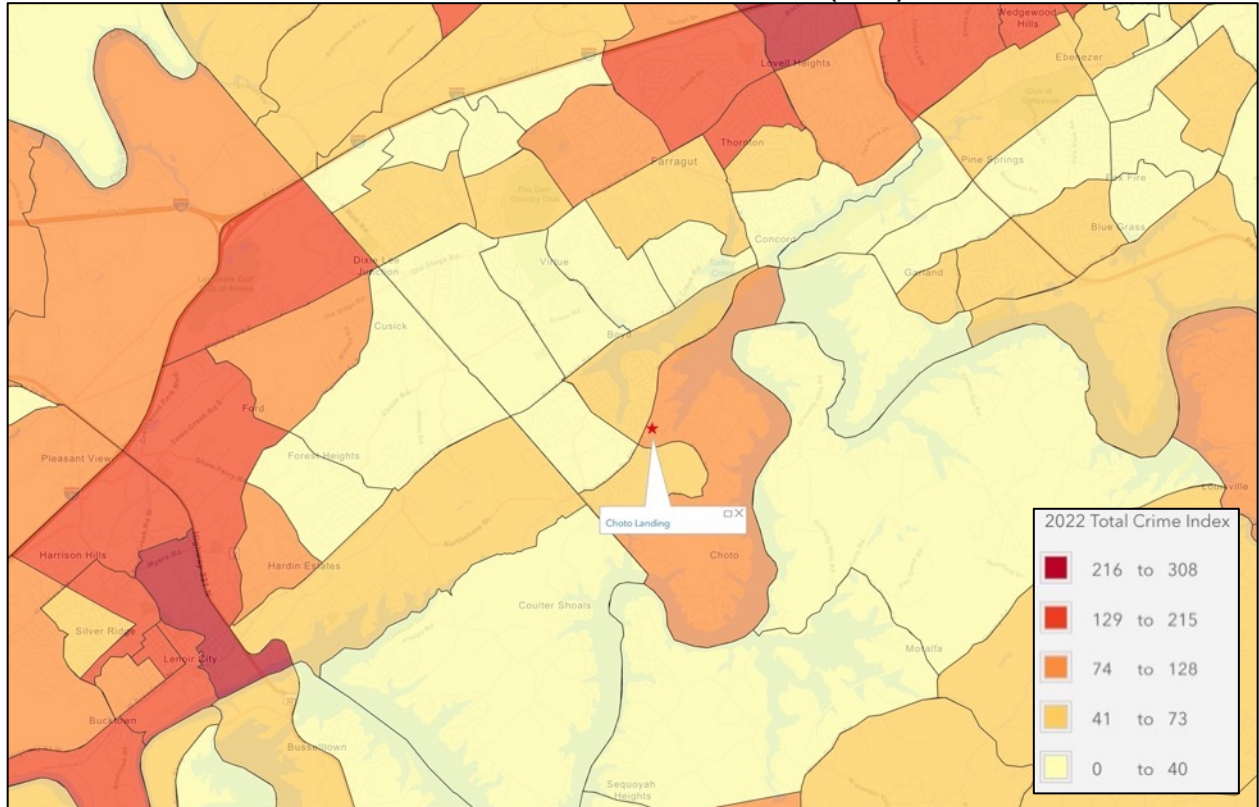
A map and table at the end of this section show supportive commercial and community services and their distance from the subject. The attached chart from esri®, a national GIS mapping and spatial data analytics company that provides demographics and forecasts trends, provides a good overview of the neighborhood's current demographics.



**Nuisance Factors**

No nuisance factors such as street noise, industrial pollution, etc. were noted during the site visit. The level of reported crime statistics in the immediate subject neighborhood is generally below the overall Knoxville average as depicted on the following map, which is taken from total crime statistics as compiled and mapped by census block group by esri®.

**HEAT MAPS OF REPORTED CRIMES (2022)**

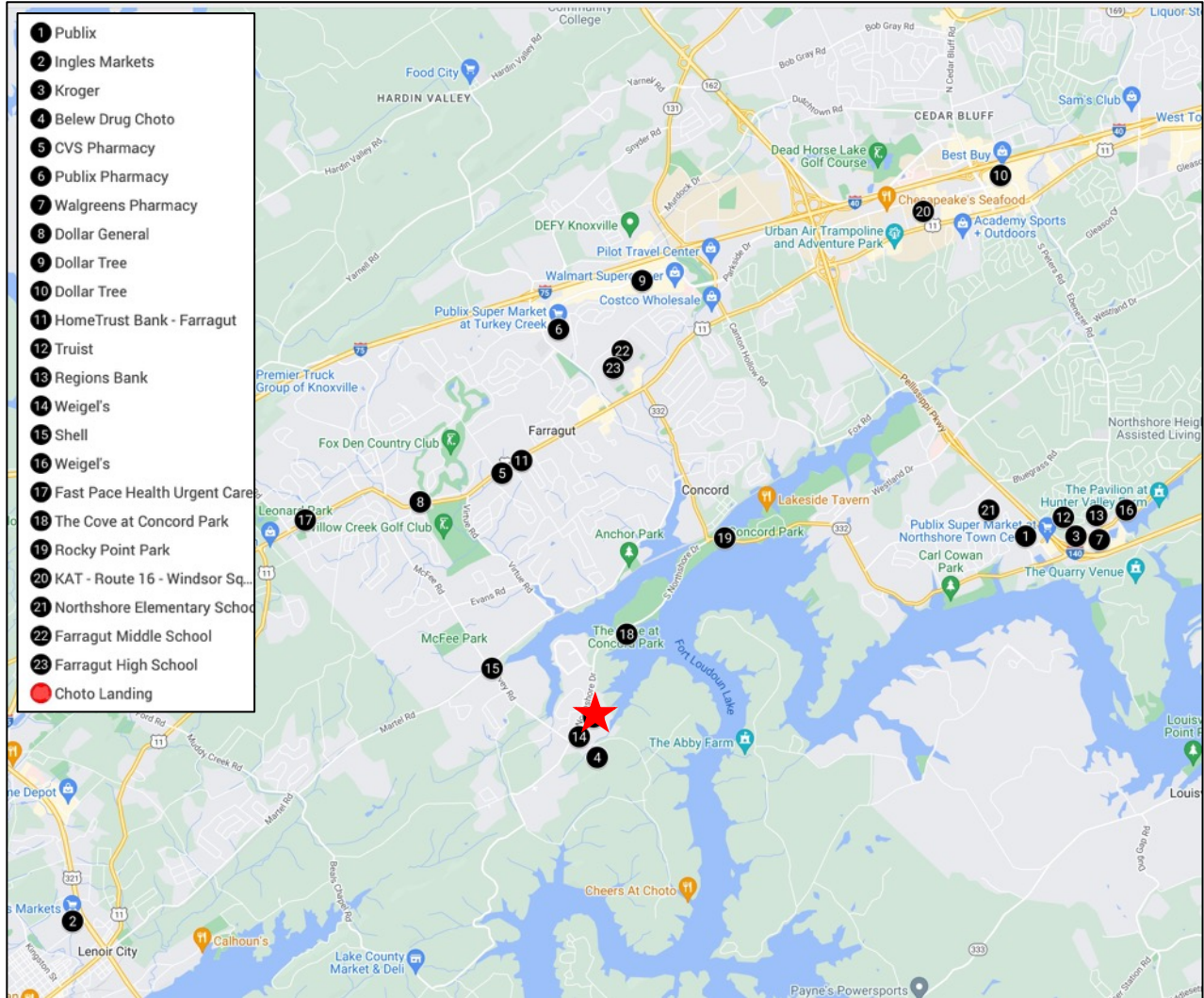


Community Services Table

Map Number	Supportive Service	Name	Driving Distance (Miles)	Location
1	Full-Service Grocery	Publix	7.1	2010 Town Center Blvd
2	Full-Service Grocery	Ingles Markets	7.2	404 US-321 #1
3	Full-Service Grocery	Kroger	7.3	9501 S Northshore Dr
4	Pharmacy	Belew Drug Choto	0.3	1616 Choto Markets Way
5	Pharmacy	CVS Pharmacy	4.7	11946 Kingston Pike
6	Pharmacy	Publix Pharmacy @ Turkey Creek	5.8	11656 Parkside Dr
7	Pharmacy	Walgreens Pharmacy	7.3	9536 S Northshore Dr
8	General Retail	Dollar General	3.9	12403 Kingston Pike
9	General Retail	Dollar Tree	6.9	11170 Parkside Dr
10	General Retail	Dollar Tree	9.3	8909 Town and Country Cir
11	Full-Service Bank	HomeTrust Bank - Farragut	4.7	11916 Kingston Pike
12	Full-Service Bank	Truist	7.2	9541 S Northshore Dr
13	Full-Service Bank	Regions Bank	7.4	1935 Pinnacle Pointe Way
14	Gas Station / C-Store	Weigel's	0.1	12400 S Northshore Dr
15	Gas Station / C-Store	Shell	1.4	1116 Harvey Rd
16	Gas Station / C-Store	Weigel's	7.8	9301 S Northshore Dr
17	Hospital / Urgent Care	Fast Pace Health Urgent Care	5.0	13013 Kingston Pike
18	Community Center / Park	The Cove at Concord Park	1.2	11808 S Northshore Dr
19	Community Center / Park	Rocky Point Park	2.7	11252 S Northshore Dr
20	Public Transportation	KAT - Route 16 - Windsor Square	8.2	223 N Seven Oaks Dr
21	Primary School (K-2)	N/A	N/A	N/A
22	Elementary School (K-5)	Northshore Elementary School	6.9	1889 Thunderhead Rd
23	Middle School (6-8)	Farragut Middle School	4.8	200 West End Ave
24	High School (9-12)	Farragut High School	4.9	11237 Kingston Pike



Community Services Map



**KNOXVILLE AREA LOCATION MAP**



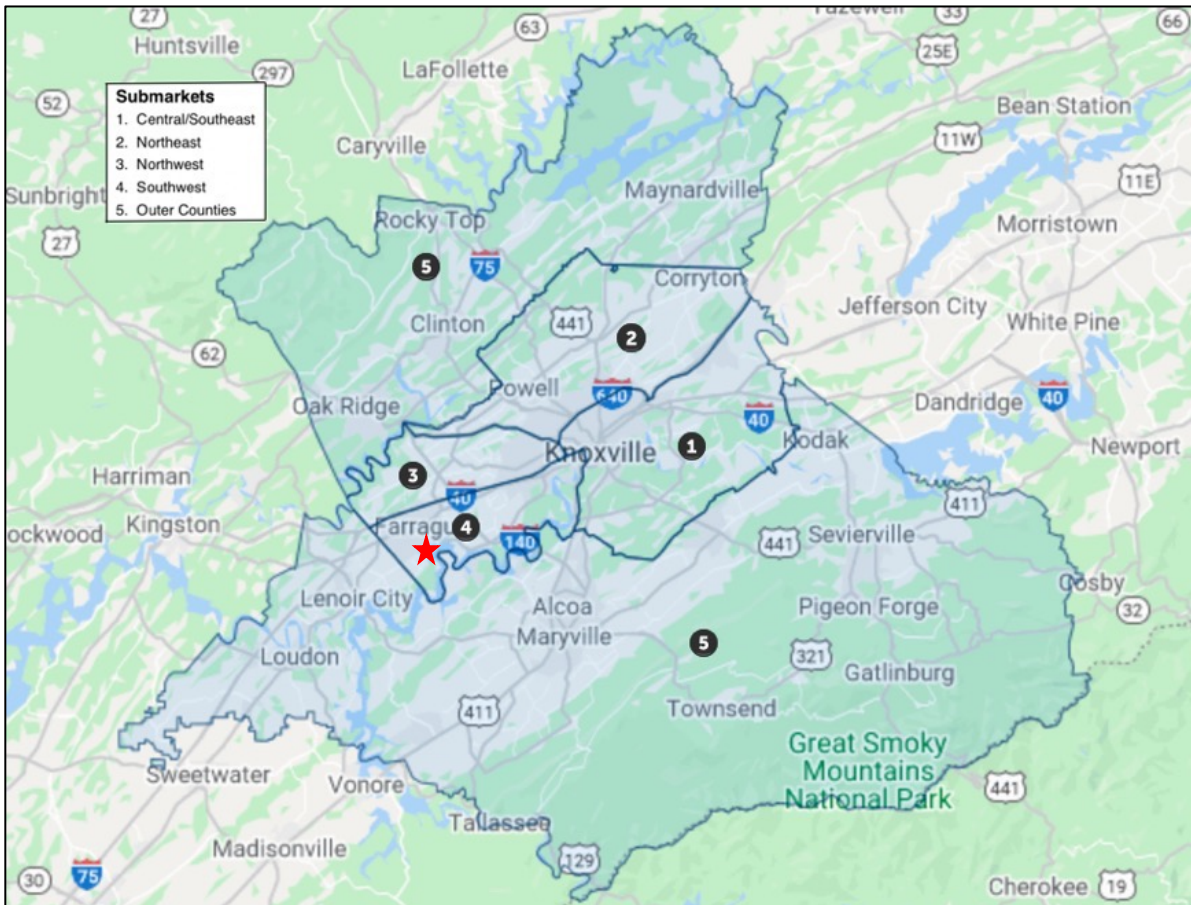
## PRIMARY MARKET AREA DESCRIPTION

As discussed, the subject is located in the western portion of Knoxville/Knox County. As shown in the following map, the Knoxville-Knox County Metropolitan Planning Commission (MPC) segregates Knox County into 12 planning sectors with the subject located in the Southwest County sector. The southwest portion of Knoxville-Knox County has typically had above average area household incomes, sought-after schools and higher residential real estate values.

Map 1: MPC Planning Sectors

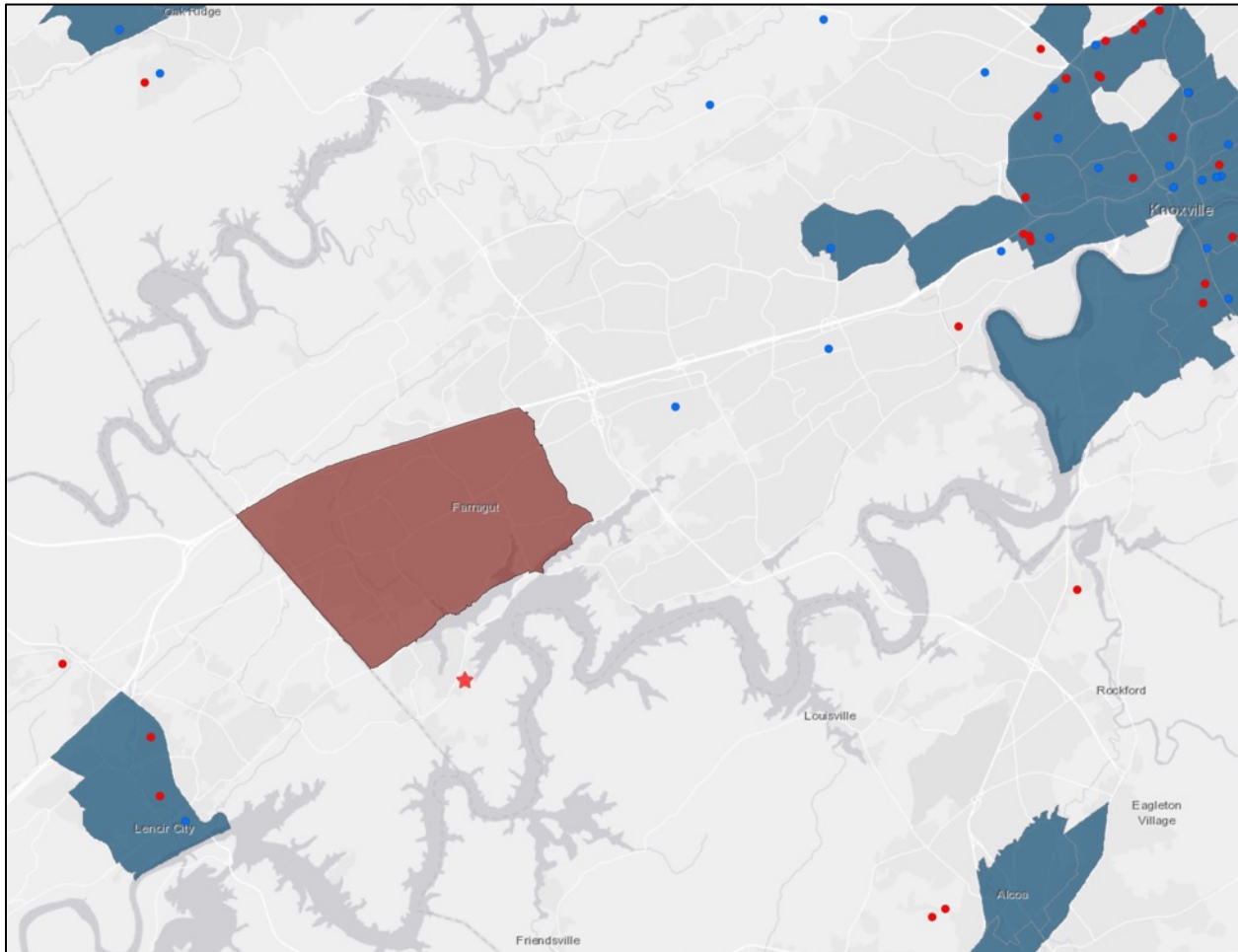


REIS is a prominent data source that tracks the Knoxville apartment market. REIS divides the Knoxville MSA into five submarkets – Central/Southeast, Northeast, Northwest, Southwest and Outer Counties. REIS places the subject in its Southwest submarket.



In analyzing the area from which the subject would draw the majority of its tenancy, we interviewed area apartment managers and representatives from KCDC to determine residency patterns and trends. Additionally, we considered technical reports published by esri® that provide demographics and trends in the various sectors of the region. Also, consideration is given to the subject’s targeted market of family households and the location of other affordable housing developments in the area. The following map, which is taken from THDA’s website, shows the locations of LIHTC complexes in the area surrounding the subject (red star).

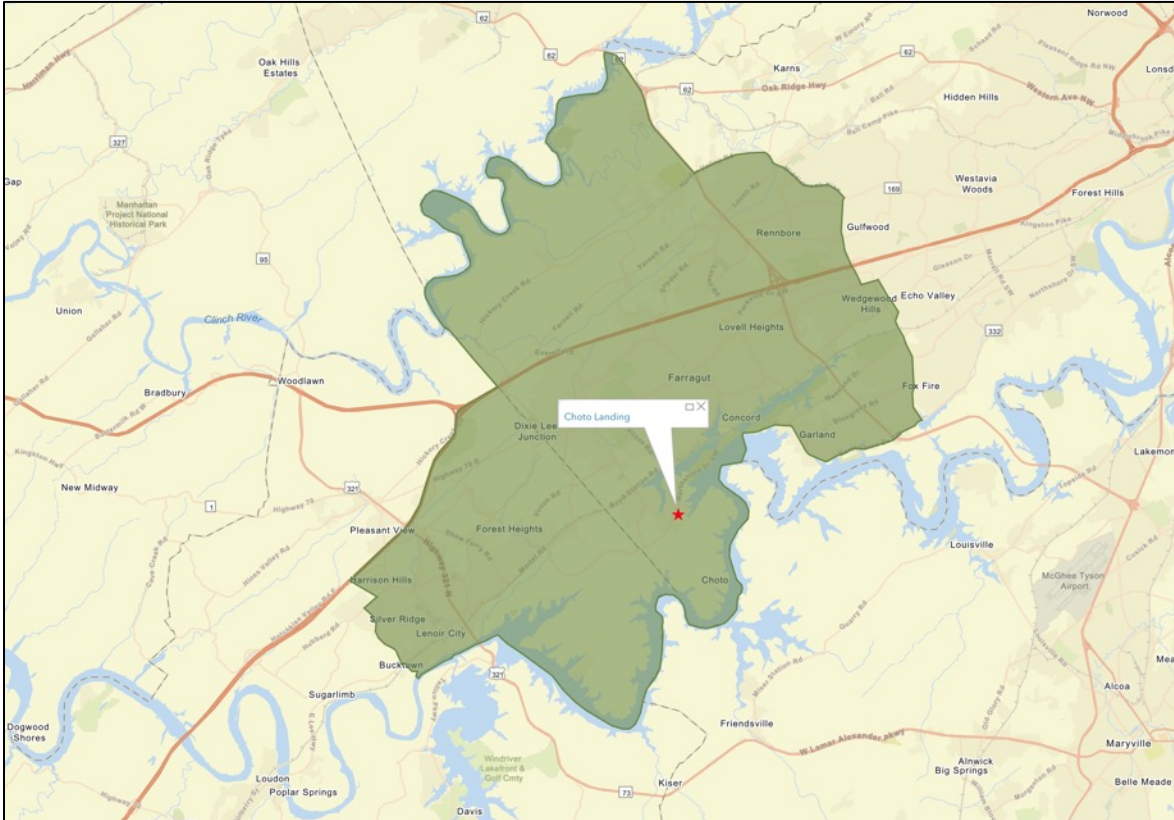
**LIHTC COMPLEXES – WESTERN KNOX COUNTY**



As may be seen in the previous map, there are very few tax credit complexes in the western sectors of Knox County; there are two family complexes in Lenoir City. Together with the City of Knoxville and Knox County, KCDC has incentivized the development of new, affordable and workforce rental housing in response to the loss of affordable units due to increasing rents and substandard quality. Based on all of this information, it is concluded that the subject complex would draw the majority of its residents from an area encompassing most of the Southwest County sector as well as some areas of Loudon County just west of the subject.

This area is best defined by the 28 census tracts surrounding the subject property. While not exclusive of other areas, this Primary Market Area (PMA) is the area from which the subject would draw the majority of its residents. The map below illustrates the Primary Market Area, which encompasses an area ranging roughly 11 miles from the subject site to the farthest point towards the north.

**Primary Market Area Map**



(Shapefiles of this PMA and of the subject property are provided in separate files.)

Quantity	Census Tracts in PMA	County
1	470930046.11	Knox
2	470930046.12	Knox
3	470930057.06	Knox
4	470930057.07	Knox
5	470930057.08	Knox
6	470930057.09	Knox
7	470930057.11	Knox
8	470930058.03	Knox
9	470930058.07	Knox
10	470930058.08	Knox
11	470930058.09	Knox
12	470930058.10	Knox
13	470930058.11	Knox
14	470930058.13	Knox
15	470930058.14	Knox
16	470930058.15	Knox
17	470930059.03	Knox
18	470930059.06	Knox
19	470930059.07	Knox
20	470930059.09	Knox
21	470930059.10	Knox
22	470930059.11	Knox
23	470930059.12	Knox
24	471050602.03	Loudon
25	471050602.04	Loudon
26	471050603.01	Loudon
27	471050603.03	Loudon
28	471050603.04	Loudon

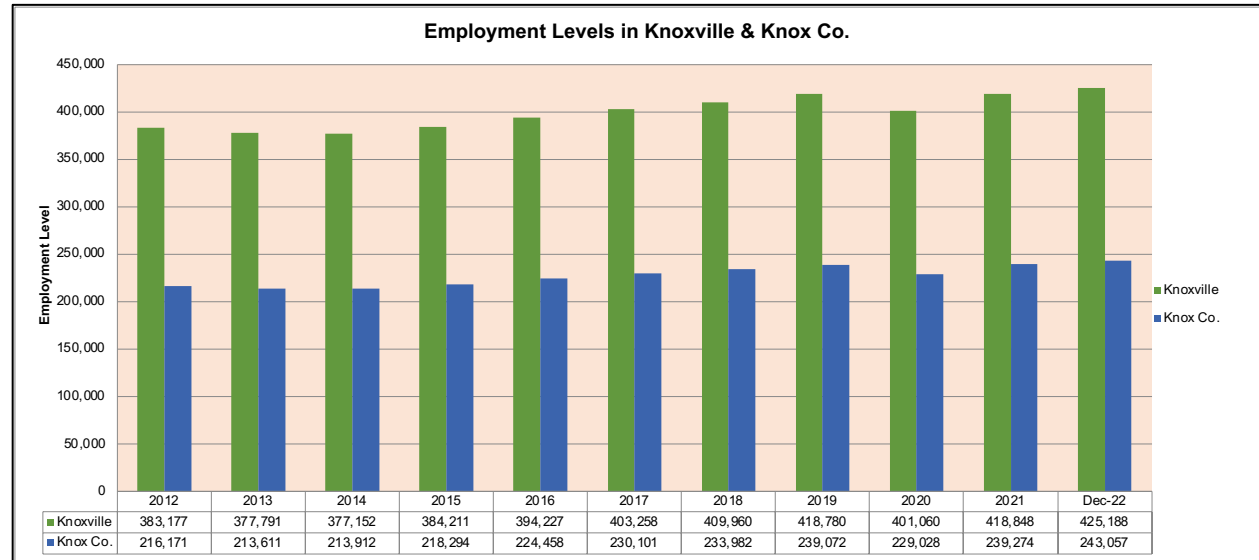
## EMPLOYMENT AND ECONOMY

### At-Place Employment Trends

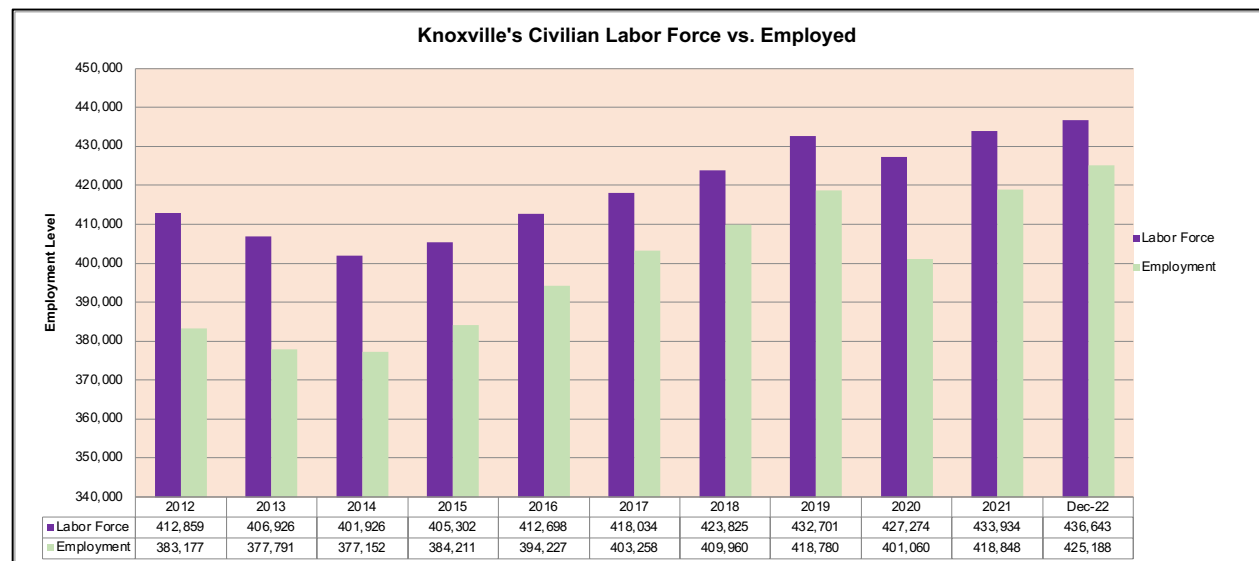
The following tables and graphs show historical employment levels and trends within the City of Knoxville and Knox County.

Employment Levels in Knoxville & Knox Co.											
Area	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Dec-22
Knoxville	383,177	377,791	377,152	384,211	394,227	403,258	409,960	418,780	401,060	418,848	425,188
Knox Co.	216,171	213,611	213,912	218,294	224,458	230,101	233,982	239,072	229,028	239,274	243,057
Tennessee	2,849,727	2,840,127	2,842,540	2,902,684	2,987,679	3,077,515	3,147,030	3,226,045	3,055,830	3,185,263	3,189,973

Source: Bureau of Labor Statistics, not seasonally adjusted



Civilian Labor Force vs. Employed Persons in Knoxville, TN											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Dec-22
Labor Force	412,859	406,926	401,926	405,302	412,698	418,034	423,825	432,701	427,274	433,934	436,643
Employment	383,177	377,791	377,152	384,211	394,227	403,258	409,960	418,780	401,060	418,848	425,188



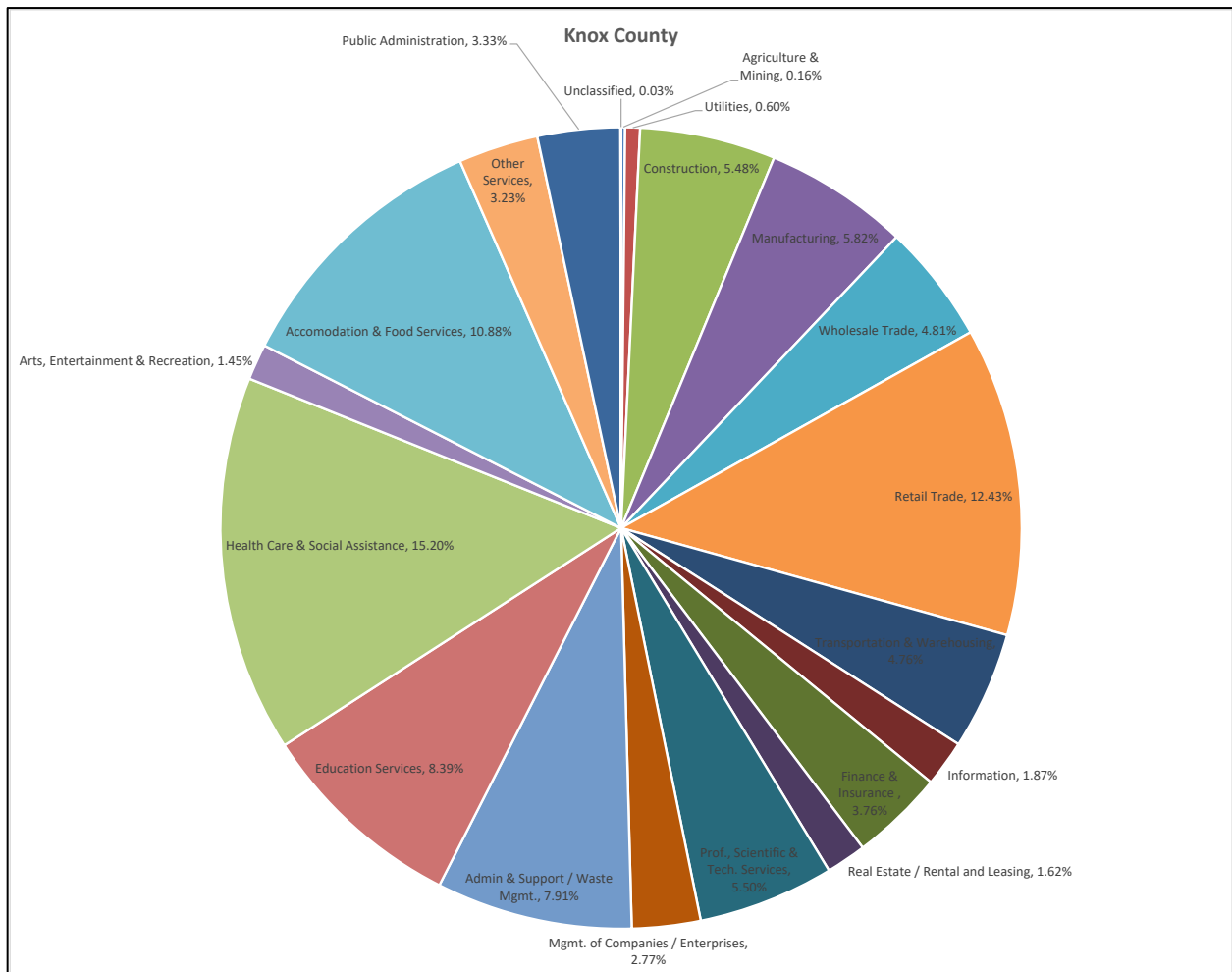
The data herein show that the majority of the employment in Knoxville/Knox County is located outside of the city boundaries. Also of note is the relatively consistent trends in the number of people employed.

### Employment by Sector

The table at right shows the most recent employment by industry sector for Knox County as compared to the state with the chart below illustrating the percentage by sector for Knox County.

Employment Sector	Employment by Industry Sector			
	Knox County		State of TN	
	2022	Percentage	2022	Percentage
Agriculture & Mining	401	0.16%	11,748	0.37%
Utilities	1,489	0.60%	150,841	4.79%
Construction	13,628	5.48%	364,297	11.56%
Manufacturing	14,485	5.82%	22,703	0.72%
Wholesale Trade	11,960	4.81%	128,382	4.08%
Retail Trade	30,919	12.43%	339,135	10.77%
Transportation & Warehousing	11,834	4.76%	210,073	6.67%
Information	4,647	1.87%	54,458	1.73%
Finance & Insurance	9,345	3.76%	122,070	3.88%
Real Estate / Rental and Leasing	4,029	1.62%	43,872	1.39%
Prof., Scientific & Tech. Services	13,668	5.50%	169,295	5.37%
Mgmt. of Companies / Enterprises	6,877	2.77%	53,305	1.69%
Admin & Support / Waste Mgmt.	19,681	7.91%	240,006	7.62%
Education Services	20,867	8.39%	238,651	7.58%
Health Care & Social Assistance	37,792	15.20%	422,296	13.41%
Arts, Entertainment & Recreation	3,604	1.45%	46,552	1.48%
Accommodation & Food Services	27,068	10.88%	302,845	9.61%
Other Services	8,034	3.23%	81,713	2.59%
Public Administration	8,282	3.33%	144,533	4.59%
Unclassified	63	0.03%	3,404	0.11%
<b>Total Employment</b>	<b>248,673</b>		<b>3,150,179</b>	

Source: Tennessee Dept of Labor and Workforce Development (quarterly avg. 2Q-2022 - most recent data available)

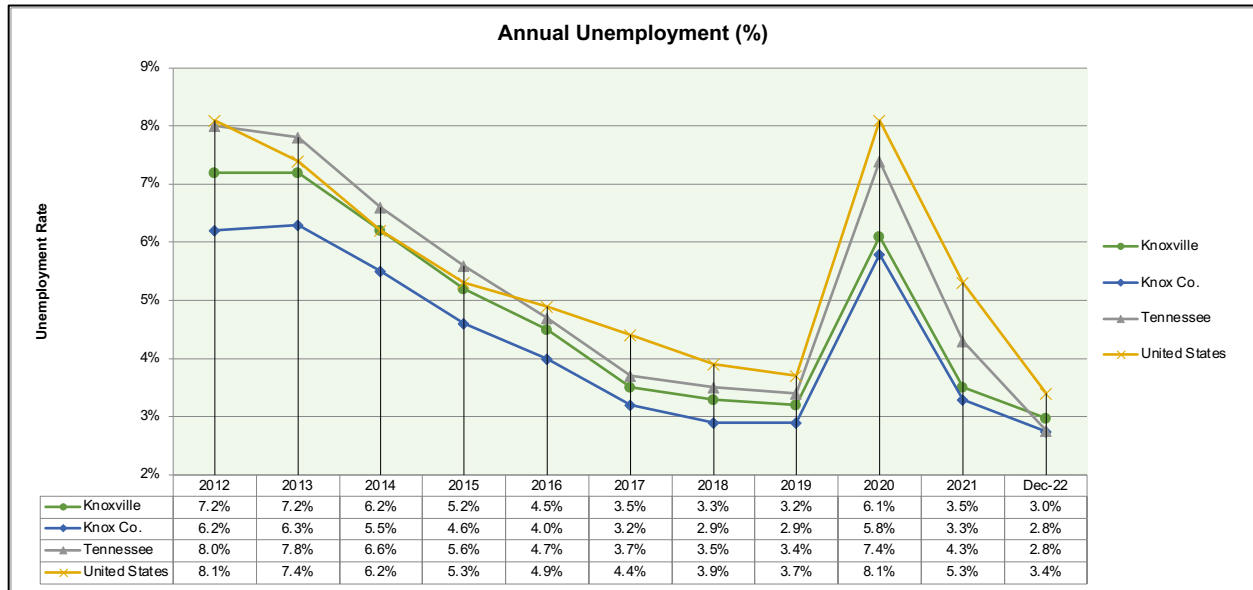


## Unemployment Rates

The table and graph below provide unemployment rates for Knoxville and Knox County as compared to the state and the nation over the past ten years. As shown, the local rates have shown similar trends as compared to the broader areas but have exhibited lower unemployment rates overall. As may be seen, all areas had lower rates in 2021 and through the first half of 2022 after the drastic upsurge in unemployment attributable to Covid-19 shutdowns in 2020 with the Knoxville and state rates being as low as pre-Covid rates.

Annual Unemployment Rates											
Area	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Dec-22
Knoxville	7.2%	7.2%	6.2%	5.2%	4.5%	3.5%	3.3%	3.2%	6.1%	3.5%	3.0%
Knox Co.	6.2%	6.3%	5.5%	4.6%	4.0%	3.2%	2.9%	2.9%	5.8%	3.3%	2.8%
Tennessee	8.0%	7.8%	6.6%	5.6%	4.7%	3.7%	3.5%	3.4%	7.4%	4.3%	2.8%
United States	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.4%

Source: Bureau of Labor Statistics, not seasonally adjusted



## Major Employers

The following tables show the largest employers within the MSA followed by those just in Knox County.

Top 25 Employers - Metropolitan Knoxville Area				
Rank	Company	Product/Service	Primary Location	No. Employed
1	Y-12 National Security Complex	Nuclear components, storage, etc	Oak Ridge/Roane Co.	11,627
2	Covenant Health	Healthcare	Knoxville - Regional	11,060
3	Knox County Schools	Education	Knox Co.	9,515
4	The University of Tennessee - Knoxville	State University	Knoxville	8,959
5	Wal-Mart Stores, Inc.	Retail	Knoxville - Regional	6,863
6	University of Tennessee Medical Center (UHS)	Healthcare	Knoxville	5,137
7	Dollywood / Dollywood Splash Country	Resort / Hospitality	Sevierville	4,500
8	Clayton Homes, Inc.	Manufactured Homes; finance	Blount Co. - Regional	4,262
9	DENSO Manufacturing	Automotive components	Blount Co.	4,200
10	K-V-A-T Food Stores (Food City)	Grocery & Pharmacy	Knoxville - Regional	3,398
11	State of Tennessee	Government	Knoxville	3,307
12	Sevier County Schools	Education	Sevier Co.	3,000
13	Tennova Healthcare	Healthcare	Knoxville - Regional	2,900
14	Blount Memorial Hospital	Healthcare	Maryville/Blount Co.	2,758
15	Knox County Government	Government	Knoxville	2,677
16	Kroger Co.	Grocery & Pharmacy	Knoxville - Regional	2,651
17	Tanger Five Oaks	Retail	Sevierville	2,500
18	Blount County Government	Government	Maryville	2,368
19	City of Knoxville	Government	Knoxville	2,210
20	Team Health, Inc	Healthcare	Knoxville	2,000
21	Pilot Flying J	Retail - Convenience Stores	Knoxville	1,965
22	Roane County Schools	Education	Roane Co.	1,930
23	YUM! Brands RSC	Fast Food Restaurants	Regional	1,902
24	UCOR	Engineering, Environmental	Roane Co.	1,842
25	East Tennessee Children's Hospital	Healthcare	Knoxville	1,819

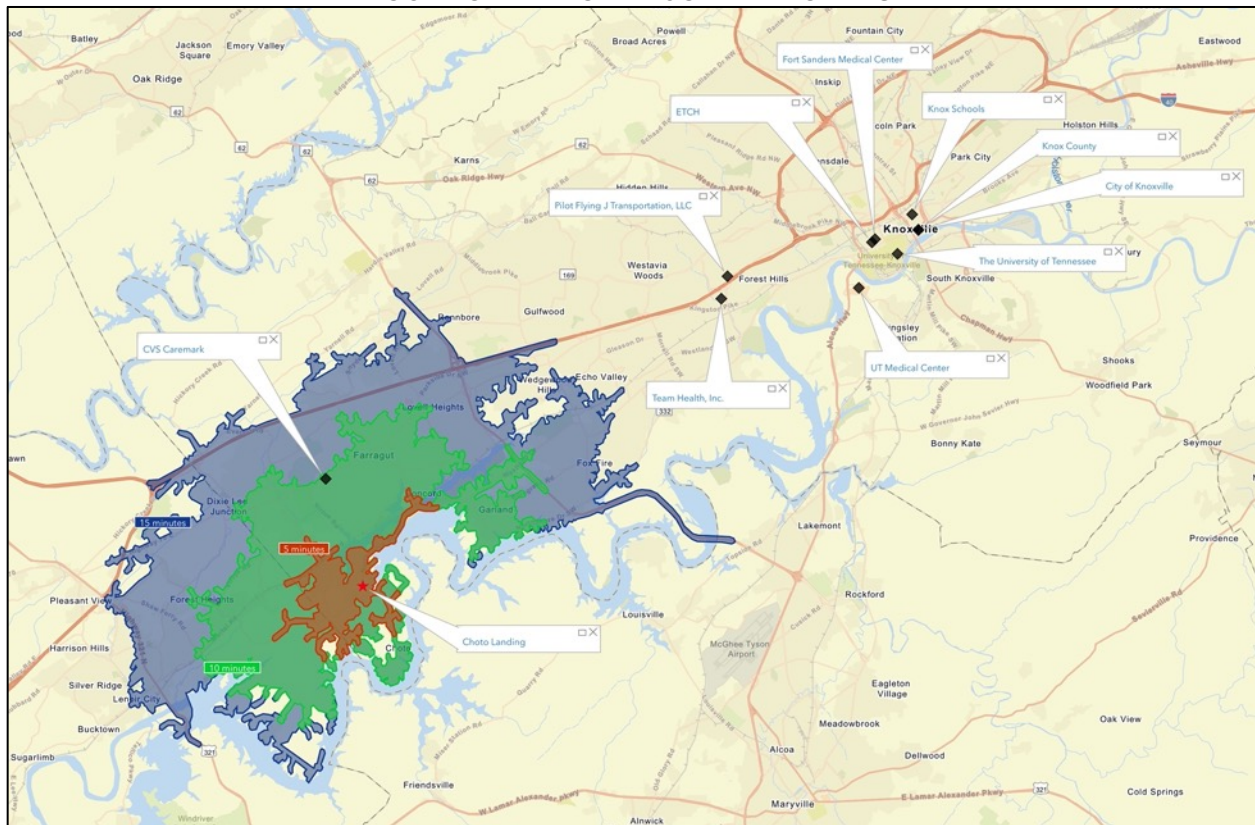


The table below exhibits the top ten largest employers within Knox County followed by a map showing the location of these employers along with layers showing the areas within 5-, 10-, and 15-minute drive-times from the subject property.

Major Employers - Knox County				
Rank	Company	Product/Service	City	No. Employed
1	Knox County School System	Public Education	Knoxville	9,500
2	The University of Tennessee	State University	Knoxville	9,000
3	University of Tennessee Medical Center (UHS)	Healthcare System	Knoxville	5,400
4	Knox County Government	County Government	Knoxville	2,600
5	Team Health, Inc.	Healthcare Providers	Knoxville/Regional	2,200
6	City of Knoxville	Municipal Government	Knoxville	2,100
7	East Tennessee Children's Hospital	Area Children's Hospital	Knoxville	1,800
8	Fort Sanders Regional Medical Center (Covenant Health)	Healthcare System	Knoxville	1,600
9	Pilot Flying J Transportation, LLC	Retail - Convenience Stores & Travel Centers	Knoxville	1,500
10	CVS Caremark Corp.	Drugstores	Knoxville	1,400

Source: State of Tennessee Dept. of Labor & Workforce Development (jobs4tn.gov); East Tennessee Economic Development Agency (eteda.org)

**LOCATION MAP OF MAJOR EMPLOYERS**



Finally, based on the Business Summary report provided by esri® there are 671 businesses operating within a 10-minute drive-time (shaded in green) from the subject property. These businesses employ 7,221 persons in a wide variety of jobs, many of which would qualify for residency in the proposed subject. (Esri Total Residential Population forecasts for 2022. Data Axle Business Locations (2022))

**Changes in Workforce – Expansions/Reductions**

Between 2016 and 2019, a total of 549 jobs in Knox County were affected by closures or layoffs as reported through the Worker Adjustment and Retraining (WARN) system. In 2020, a total of 1,514 jobs affected by some type of closure or layoff reported to the WARN system. However, based on the local unemployment rates, it is assumed that most of these jobs were recovered once Knox County's mandated lockdowns eased. A further sign that the Knox County economy has rebounded is that from 2021 to Feb-23 only two companies are listed in WARN reports.

2021-23 WARN Lists - Knox County				
Company	Location	Projected Closure/Layoff Date	# of Positions Affected	Closure or Layoff
Navistar Inc.	Knoxville	5/20/22	79	Layoff
Help At Home, LLC	Powell/Greenville	3/21/21	107	Closure

Source: TN Dept. of Labor & Workforce Development

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Conversely, several companies have announced new locations or expansions for the Knoxville metro area. The table below summarizes some of the major job additions. The table does not include smaller expansions, such as those reported by the Knoxville Chamber, which stated 1,500 jobs were created within the city limits in 2021 (most recent data available).

Job Expansions - Metropolitan Knoxville Area					
Company	Announcement Date	New or Expansion	Location	Projected Jobs	Projected Opening
Smith & Wesson	Sep-21	New - HQ moving	Maryville	750	2023
Amazon	Mar-21	New - "Last-Mile" Delivery Station	Knoxville	730	2022
Amazon	Feb-21	New - Distribution Center	Alcoa	800	Oct-22
Dick's House of Sports	Mar-21	New - Retail store	Knoxville	240	Open
IGT Technologies	Aug-21	New - Call Center & Tech	Knoxville	200	Hiring
CGI	Feb-21	New - Delivery Center / IT	Knoxville	300	2026 (total)
<b>TOTAL</b>				<b>3,020</b>	

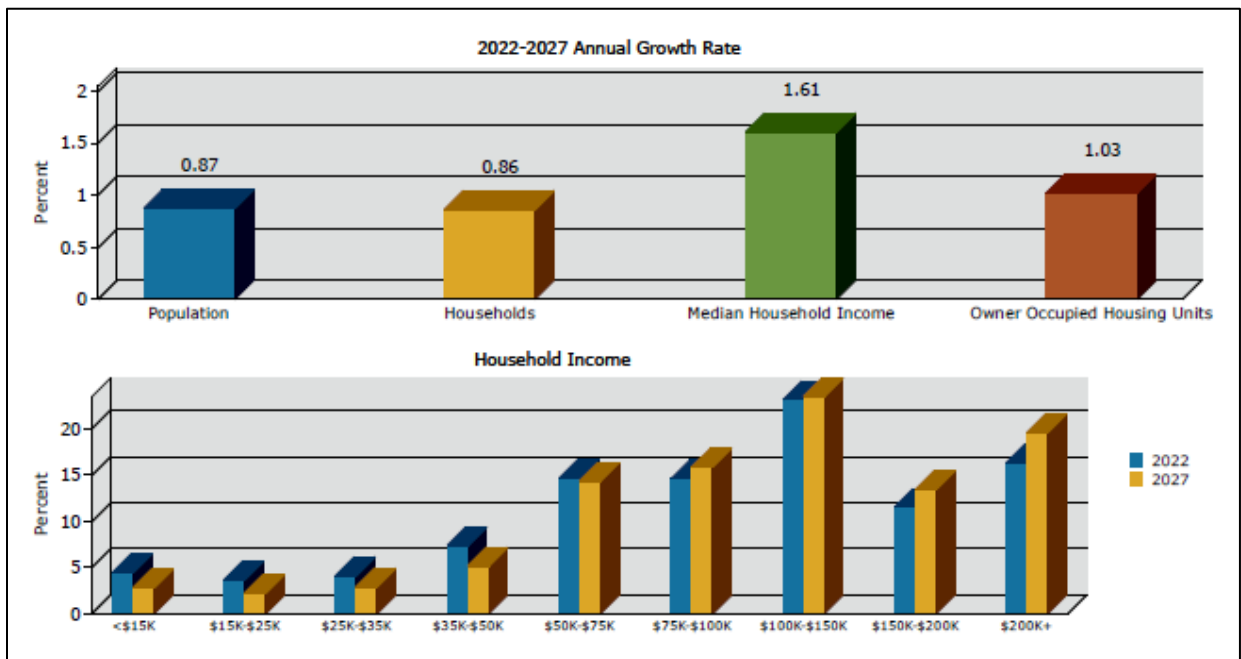
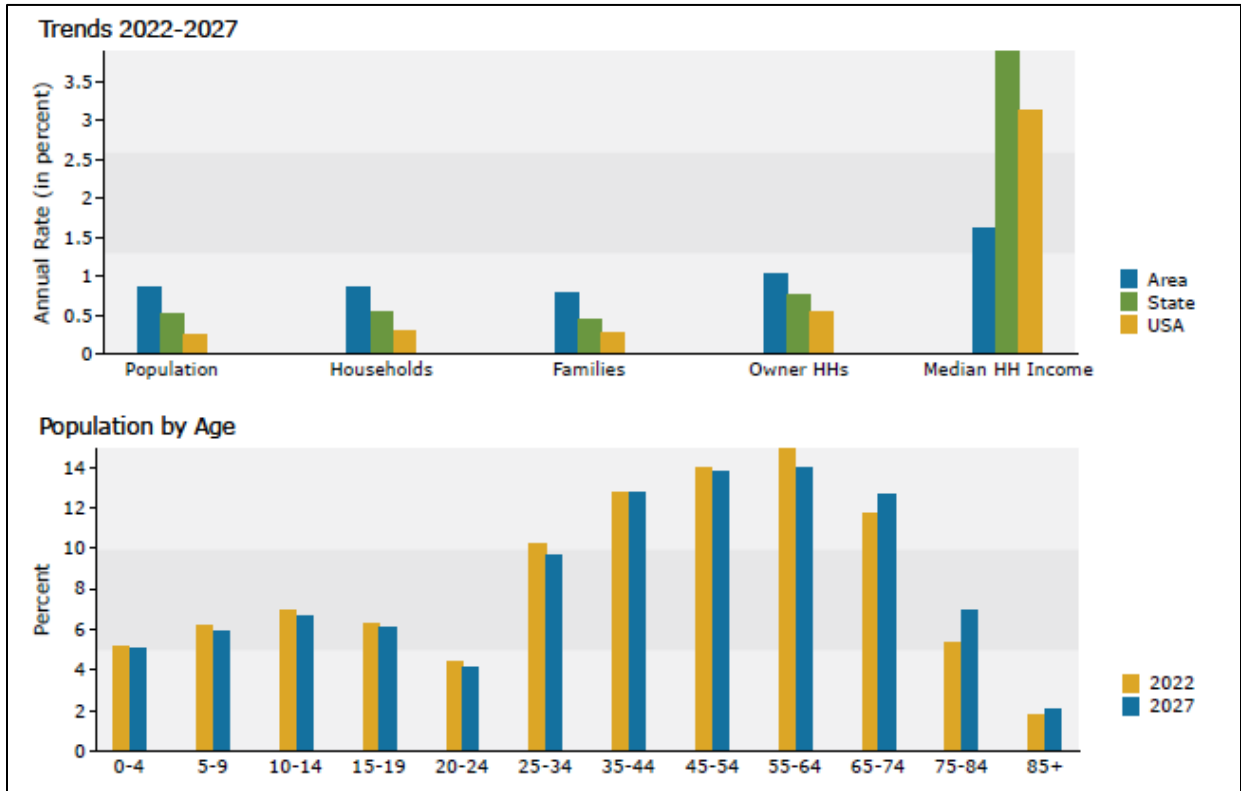
### Economic Forecast and Housing Impact

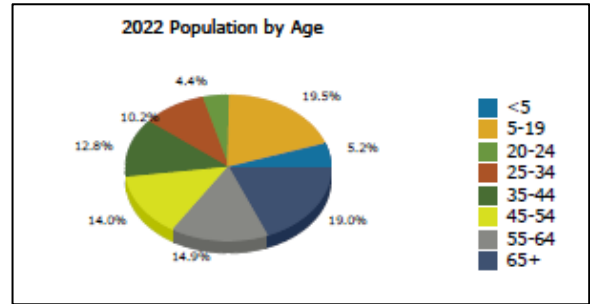
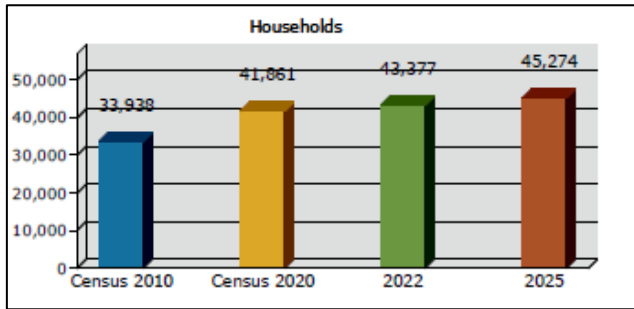
While it remains to be seen how the national, regional, and local economies will respond to the effects of the recent economic turbulence associated with first the Covid-19 shutdowns, followed by supply chain issues, and rising prices, the Knoxville/Knox County area has fared relatively well in terms of health and economical effects.

## DEMOGRAPHIC CHARACTERISTICS

### Population and Households Estimates and Projections

Numerical data of historical, current, and projected population and household totals for the subject PMA and the county are shown on page 2 of the Executive Summary at the front of this report. This data is considered self-explanatory. The following graphs published by esri® data visually illustrate the relationships between current and projected population, number of households, income, and owner-occupied units within the subject’s PMA.



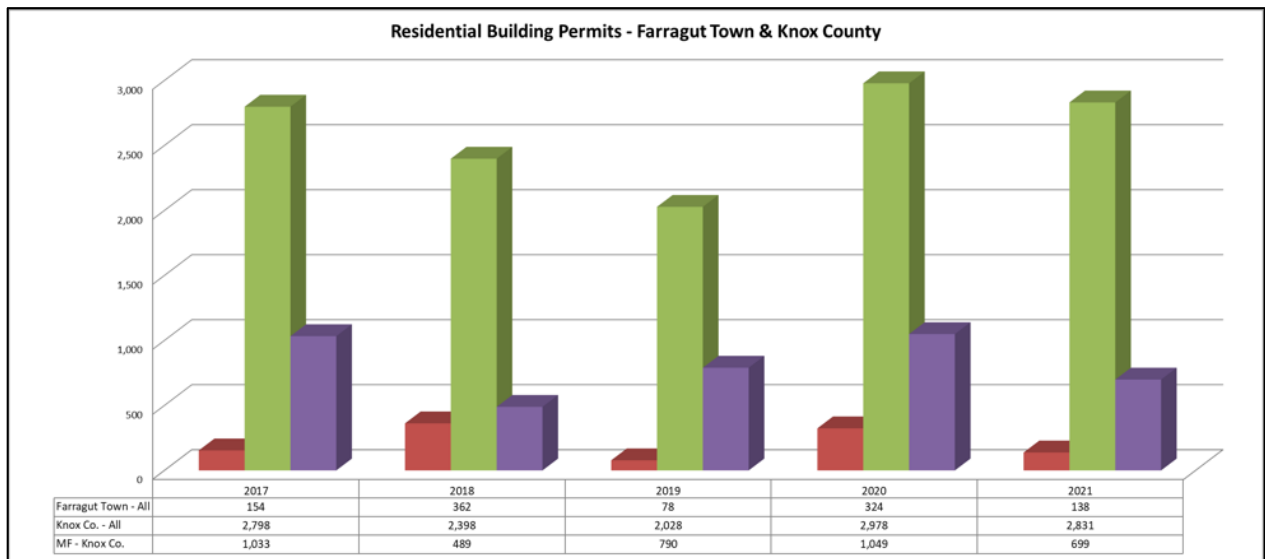


### Area Building Permits

The following table and chart show residential building permit activity in the Town of Farragut and Knox County over the past five years.

Type of Residence	Farragut Town					Farragut Town Totals	Knox Co.					Knox Co. Totals
	2017	2018	2019	2020	2021		2017	2018	2019	2020	2021	
Single Family	154	99	78	93	138	562	1761	1861	1234	1797	2132	8,785
Two Family	0	0	0	0	0	0	4	4	4	38	0	50
3-4 Family	0	0	0	3	0	3	0	44	0	94	0	138
5 or more Family	0	263	0	228	0	491	1,033	489	790	1,049	699	4,060
<b>Totals</b>	<b>154</b>	<b>362</b>	<b>78</b>	<b>324</b>	<b>138</b>	<b>1,056</b>	<b>2,798</b>	<b>2,398</b>	<b>2,028</b>	<b>2,978</b>	<b>2,831</b>	<b>13,033</b>

Source: HUD (Office of Policy Development & Research) - SODCS; County totals include city



As can be seen by the preceding table and graph, new residential construction in Johnson City and Washington County has been relatively steady except for a spike in 2020. Data for 2022 building permits has not been published as of the date of this report.

### Households by Income

The Executive Summary form at the front of this report summarizes the total numbers of households with annual incomes below \$40,000, corresponding with the general LIHTC maximum household income limits for the subject area and with the population segment most pertinent to demand for the subject complex.

### Households by Type

As tracked by the U.S. Census Bureau, there are two types of households: family and nonfamily (with additional sub-categories provided within the Family Households data). A household is classified as a family if one or more persons living in the same household are related to the householder (who is the first person listed on the Census form) by marriage, birth, or adoption. A non-family household is an individual living alone or with other non-related individuals.

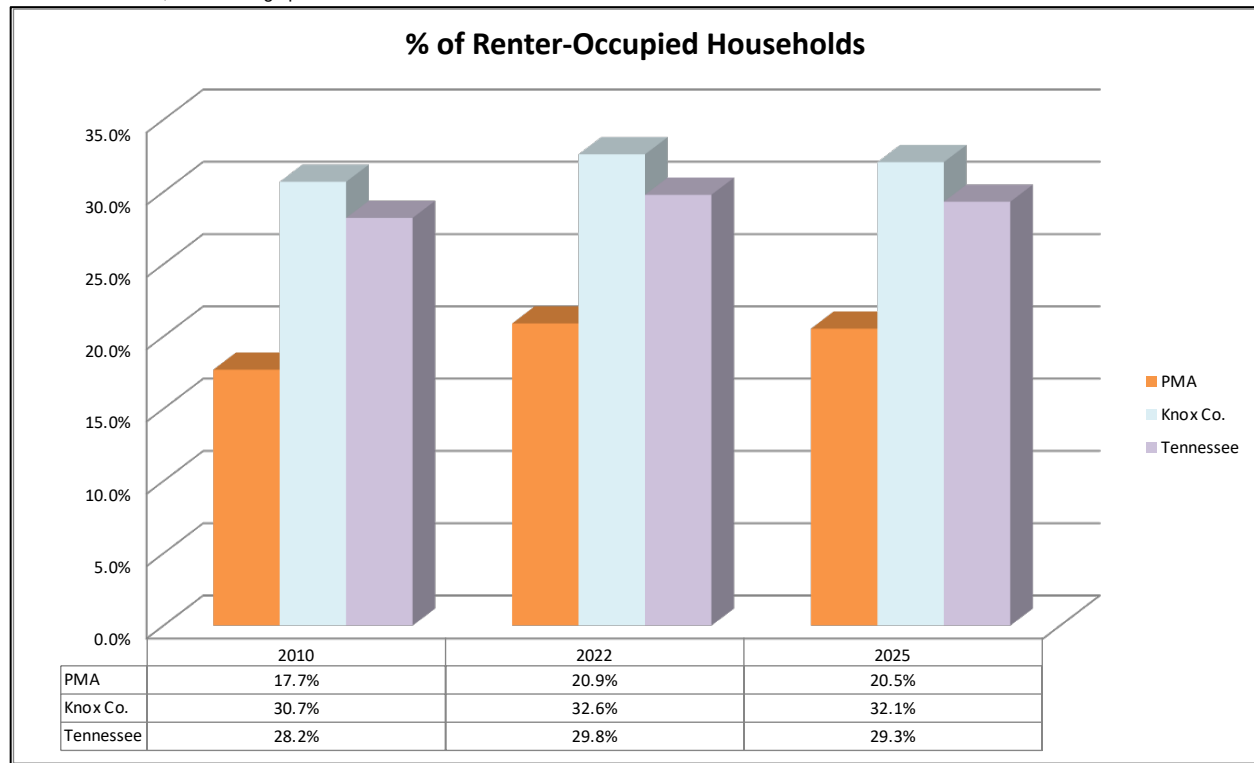
Because historical and projected forecast numbers are not available for certain geographic areas for this Census classification, the Executive Summary form at the front of this report shows the total of “2+PERSON” households within the subject’s PMA. This household type is the most pertinent for studying demographic characteristics associated with age-restricted properties.

**Household Tenure Patterns**

In the context of this analysis, tenure refers to the distinction between owner-occupied and renter-occupied housing units. The following table and bar graph exhibit historical, current, and projected household growth by tenure in the Primary Market Area and in Knox County.

TENURE PATTERNS - Housing Units in PMA & SMA								
Year	PMA (28 Census Tracts)				SMA (Knox County)			
	Owner-Occupied		Renter-Occupied		Owner-Occupied		Renter-Occupied	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2010	27,540	76.2%	6,397	17.7%	117,359	60.2%	59,849	30.7%
2022	32,453	73.1%	9,279	20.9%	129,137	59.9%	70,282	32.6%
2025	34,285	73.6%	9,571	20.5%	132,524	60.4%	70,296	32.1%
2027	35,519	73.9%	9,757	20.3%	134,804	60.8%	70,284	31.7%

Source: US Census; ESRI Demographics



**Methodology**

It should be noted that, as stated, the previous analysis of population and household growth data is analyzed using data obtained from esri® / Business Analyst Online. However, for analysis of detailed renter-occupied household by income demographics, reference is made to HISTA® data provided by Ribbon Demographics / Claritas. The HISTA data, which is based on actual cross tabulation of Census (ACS) Data, provides more detailed breakdowns of renter-occupied households by household size, age and income levels, which enables pertinent cross-section analysis of renter households by age/income as well as by household size. Because of this level of specificity, this data is relied upon for net demand and capture rate analysis found later in this report. While historical comparisons/ratios sometimes may be skewed by the use of varying data sources, the overall detail provided by the HISTA data is considered very specific to the demand analysis herein and is given primary emphasis.

**Renter Households by Income and by Size**

The following tables illustrate historical, current, and forecasted renter households by income and household size for the PMA. The most recent HISTA data is based on the 2011-2015 ACS (American Community Survey) census data as the 2020 Census data lacks detailed breakdowns previously provided by the U.S. Census. Base year projections are based on 2023 data and a five-year (2028) forecast period. This forecasted data is interpolated to derive a 2025 projection, which would be consistent with the subject's anticipated date of completion of construction.

<b>Renter Households by Income &amp; by Size</b>						
<i>Base Year: 2011 - 2015 Estimates</i>						
	<b>1-Person Household</b>	<b>2-Person Household</b>	<b>3-Person Household</b>	<b>4-Person Household</b>	<b>5+-Person Household</b>	<b>Total</b>
\$0-10,000	223	109	9	7	35	<b>383</b>
\$10,000-20,000	354	124	125	117	15	<b>735</b>
\$20,000-30,000	358	185	100	30	120	<b>793</b>
\$30,000-40,000	295	255	158	59	74	<b>841</b>
\$40,000-50,000	280	146	54	66	50	<b>596</b>
\$50,000-60,000	177	301	74	79	12	<b>643</b>
\$60,000+	794	781	364	360	130	<b>2,429</b>
<b>Total</b>	<b>2,481</b>	<b>1,901</b>	<b>884</b>	<b>718</b>	<b>436</b>	<b>6,420</b>

Source: Ribbon Demographics; Claritas; LBK Appraisals, LLC

<b>Renter Households by Income &amp; by Size</b>						
<i>Year 2023 Estimates</i>						
	<b>1-Person Household</b>	<b>2-Person Household</b>	<b>3-Person Household</b>	<b>4-Person Household</b>	<b>5+-Person Household</b>	<b>Total</b>
\$0-10,000	392	279	38	22	52	<b>783</b>
\$10,000-20,000	308	90	72	53	17	<b>540</b>
\$20,000-30,000	425	219	94	46	70	<b>854</b>
\$30,000-40,000	285	265	133	75	50	<b>808</b>
\$40,000-50,000	374	262	68	104	45	<b>853</b>
\$50,000-60,000	228	365	59	114	33	<b>799</b>
\$60,000+	1,922	1,702	697	643	222	<b>5,186</b>
<b>Total</b>	<b>3,934</b>	<b>3,182</b>	<b>1,161</b>	<b>1,057</b>	<b>489</b>	<b>9,823</b>

Source: Ribbon Demographics; Claritas; LBK Appraisals, LLC

<b>Renter Households by Income &amp; by Size</b>						
<i>Year 2028 Projections</i>						
	<b>1-Person Household</b>	<b>2-Person Household</b>	<b>3-Person Household</b>	<b>4-Person Household</b>	<b>5+-Person Household</b>	<b>Total</b>
\$0-10,000	373	261	40	20	62	<b>756</b>
\$10,000-20,000	292	97	68	46	19	<b>522</b>
\$20,000-30,000	387	185	90	40	75	<b>777</b>
\$30,000-40,000	284	249	142	74	57	<b>806</b>
\$40,000-50,000	332	201	62	96	48	<b>739</b>
\$50,000-60,000	262	382	80	115	39	<b>878</b>
\$60,000+	2,246	1,976	827	714	268	<b>6,031</b>
<b>Total</b>	<b>4,176</b>	<b>3,351</b>	<b>1,309</b>	<b>1,105</b>	<b>568</b>	<b>10,509</b>

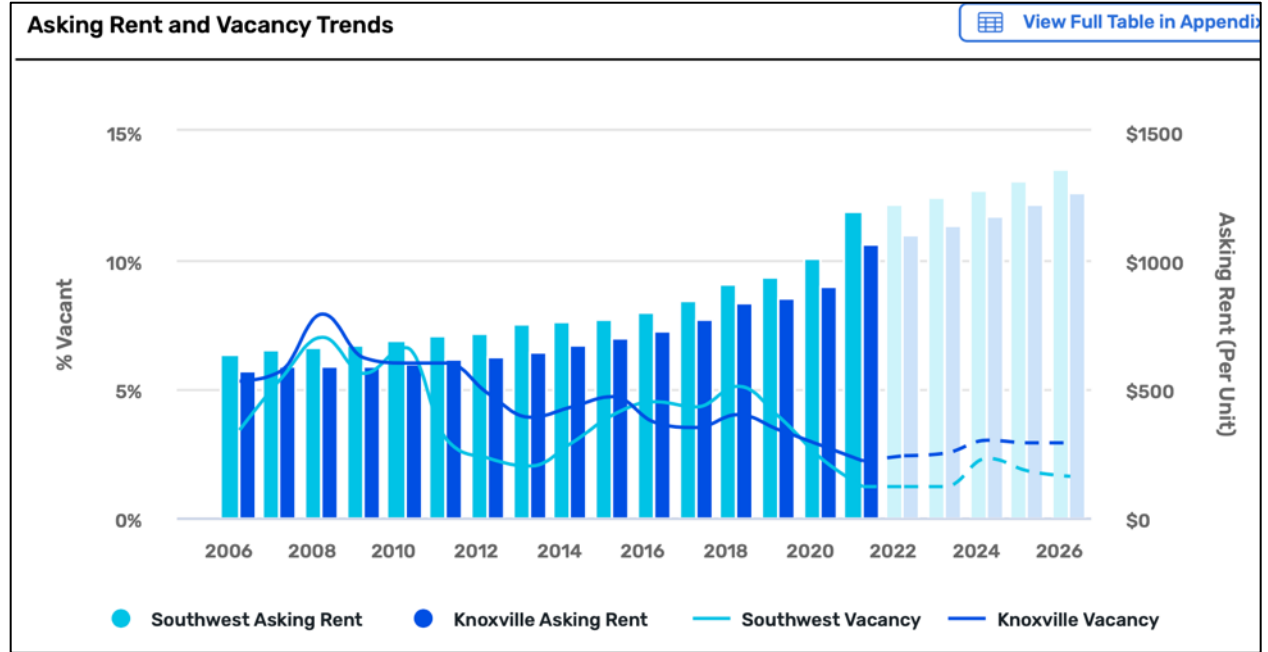
Source: Ribbon Demographics; Claritas; LBK Appraisals, LLC

## COMPETITIVE ENVIRONMENT

### Overview

The previously referenced, 4Q-2022 REIS trend report provides the following overviews for rents and vacancies in the Southwest submarket that includes the subject along with comparative data for Knoxville, the region and the United States. Five-year forecasts show slower rent growth and relatively stable occupancies.

### Southwest Sector vs. Knoxville Area-Wide



### Rentals Comparable to Subject

The appraisers researched rental housing in the subject's market area and found several, relatively new conventional complexes/rentals within the subject market area. This research utilized internet searches of apartment advertising websites (e.g. apartments.com, apartmentguide.com, craigslist, etc.) and the appraisers' database of previous work in this market. Five of these properties were considered to be the most comparable to the subject units relative to unit square footages, age/condition, and amenities relative to estimating the hypothetical market rent for the subject units.

There are three LIHTC complexes currently in the subject's PMA. Two of these are in Lenoir City in the adjacent Loudon County and the third is Moss Grove in west Knoxville. Also, two other LIHTC complexes are currently under construction in the PMA, and these complexes will be discussed later in this report. As it is to be encumbered by a project-based HAP contract, the subject's rents will be set by KCDC based on comparable market-rate data and current payment standards for the subject's location.

Thus, the comparable rentals herein are the most appropriate and pertinent for estimating the subject's rent. The following rent grids, which delineate appropriate adjustments to the comparables for comparison to the subject, reflects market-based positive and negative adjustments applied to the comparables for feature characteristics varying from the subject with the adjustments fairly self-explanatory.

The table below summarizes the adjusted rents from the comparables as well as the appraisers' estimates of market rents based on a comparison of the subject and comparable rentals.

SUMMARY OF ADJUSTED RENTS					
Subject Unit Type	Surveyed Minimum	Surveyed Average	Surveyed Median	Surveyed Maximum	Subject's Estimated Market Rent
3BR	\$1,750	\$2,167	\$2,281	\$2,512	\$2,400
4BR	\$2,002	\$2,414	\$2,518	\$2,749	\$2,600

### Map of Subject and Comparable/Competitive Rentals





Comparison of Subject Property to Comparable Properties

<b>Rent Comparability Grid</b>			<b>Unit Type</b> → <b>3BR</b>		<b>Subject's FHA #:</b> <b>n/a</b>								
<b>Subject</b>		<b>Data</b>	<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>		<b>Comp #5</b>		
Choto Landing			Vge at Westland Cove		Icon		Aventine Northshore		Derby Run		Vintage Creekwood Park		
12320 S. Northshore Dr.		<b>on</b>	9635 Westland Cove Wy		1980 Icon Way		1971 Willow Loop Wy		190 Derby Run Dr.		245 Creekwood Cove		
Knox Co. 37922		<b>Subject</b>	Knox Co. 37922		Knox Co. 37932		Knoxville, Knox Co.		Knoxville, Knox. Co.		Lenoir City, Loudon		
<b>A.</b>	<b>Rents Charged</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	
1	\$ Last Rent / Restricted?		\$2,300	N	\$2,400	N	\$2,582	N	\$1,430	N	\$1,822	N	
2	Date Last Leased (mo/yr)		Feb-23		Feb-23		Mar-23		Feb-23		Feb-23		
3	Rent Concessions		N		N		N		N		N		
4	Occupancy for Unit Type		98%		96%		98%		100%		100%		
5	Effective Rent & Rent/ sq. ft		\$2,300	1.51	\$2,400	1.65	\$2,582	1.88	\$1,430	1.17	\$1,822	1.45	
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>													
<b>B.</b>	<b>Design, Location, Condition</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	
6	Structure / Stories	TH/2	WU/3		WU/3		WU/3		WU/2		WU/3		
7	Yr. Built/Yr. Renovated	2025	2019		2001/19		2017		1991/16		2020		
8	Condition /Street Appeal	E/E	E/E	(\$25)	E/E	(\$25)	E/E	(\$25)	A/A	\$200	E/E	(\$25)	
9	Neighborhood	E	E		E		E		G		G		
10	Same Market?		Y		Y		Y		Y		N	\$100	
<b>C.</b>	<b>Unit Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>Adj</b>	<b>Data</b>	<b>Adj</b>	
11	# Bedrooms	3	3		3		3		3		3		
12	# Baths	2	2		2		2		2		2		
13	Unit Interior Sq. Ft.	1103	1520	(\$167)	1454	(\$140)	1375	(\$109)	1220	(\$55)	1255	(\$88)	
14	Balcony/Patio	Y	Y		Y		Y		Y		Y		
15	AC: Central/ Wall	C	C		C		C		C		C		
16	Range / Refrigerator	R/F	R/F		R/F		R/F		R/F		R/F		
17	Microwave / Dishwasher	M	M/D	(\$10)	M/D	(\$10)	M/D	(\$10)	M/D	(\$10)	M/D	(\$10)	
18	Washer/Driver	HU	HU		HU		W/D	(\$50)	HU		HU		
19	Floor Coverings	LPV	LPV		LPV		LPV		C		C		
20	Window Coverings	B	B		B		B		B		B		
21	Cable/Satellite/Internet	Available	Available		Available		Available		Available		Available		
22	Special Features	N	N		N		N		N		N		
<b>D.</b>	<b>Site Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	
24	Parking ( \$ Fee)	L/\$0	L/\$0		L/\$0		L/\$0		L/\$0		L/\$0		
25	Extra Storage	N	N		N		N		N		N		
26	Security	N	Gated	(\$10)	Gated	(\$10)	N		N		Gated	(\$10)	
27	Clubhouse/ Meeting Rooms	CH	CH		CH		CH		CH		CH		
28	Pool/ Recreation Areas	FC/PG	SP/FC/Pic	(\$20)	SP/FC/Pic	(\$20)	SP/FC/Pic	(\$20)	SP/FC/Pic	(\$10)	SP/FC/Pic	(\$20)	
29	Business Ctr / Nhdw Netwk	Y	Y		N		Y		Y		N		
30	Service Coordination	N	N		N		N		N		N		
31	Non-shelter Services	N	N		N		N		N		N		
32	Neighborhood Networks	N	N		N		N		N		N		
<b>E.</b>	<b>Utilities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	
33	Heat (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec		
34	Cooling (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec		
35	Cooking (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec		
36	Hot Water (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec		
37	Other Electric	N	N		N		N		N		N		
38	Cold Water/ Sewer	Y/Y	N/N	\$195	N/N-\$70	\$195	N/N - \$70	\$70	N/N	\$195	N/N	\$60	
39	Trash /Recycling (& pest)	Y	Valet \$25-\$3	\$18	N + fees	\$122	Valet \$30-\$3	\$13	Y		N	\$13	
<b>F.</b>	<b>Adjustments Recap</b>		<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	
40	# Adjustments B to D			5		5		5		3		5	
41	Sum Adjustments B to D			(\$232)		(\$205)		(\$214)		\$200	(\$75)	\$100	(\$153)
42	Sum Utility Adjustments		\$213		\$317		\$83		\$195		\$73		
			<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	
43	Net/ Gross Adjmts B to E		(\$19)	\$445	\$112	\$523	(\$131)	\$297	\$320	\$470	\$20	\$326	
<b>G.</b>	<b>Adjusted &amp; Market Rents</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		
44	Adjusted Rent (5+ 43)		\$2,281		\$2,512		\$2,451		\$1,750		\$1,842		
45	Adj Rent/Last rent			99%		105%		95%		122%		101%	
46	Estimated Market Rent	\$2,400	\$2.18	← Estimated Market Rent/ Sq. Ft									

Rent Comparability Grid

Unit Type →

4BR

Subject's FHA #:

n/a

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Choto Landing		Vge at Westland Cove		Icon		Aventine Northshore		Derby Run		Vintage Creekwood Park	
12320 S. Northshore Dr.		9635 Westland Cove Wy		1980 Icon Way		1971 Willow Loop Wy		190 Derby Run Dr.		245 Creekwood Cove	
Knox Co. 37922		Knox Co. 37922		Knox Co. 37932		Knoxville, Knox Co.		Knoxville, Knox. Co.		Lenoir City, Loudon	
Data		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
A. Rents Charged		\$2,300	N	\$2,400	N	\$2,582	N	\$1,430	N	\$1,822	N
1 \$ Last Rent / Restricted?											
2 Date Last Leased (mo/yr)		Feb-23		Feb-23		Mar-23		Feb-23		Feb-23	
3 Rent Concessions		N		N		N		N		N	
4 Occupancy for Unit Type		98%		96%		98%		100%		100%	
5 Effective Rent & Rent/ sq. ft		\$2,300	1.51	\$2,400	1.65	\$2,582	1.88	\$1,430	1.17	\$1,822	1.45
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>											
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6 Structure / Stories	TH/2	WU/3		WU/3		WU/3		WU/2		WU/3	
7 Yr. Built/Yr. Renovated	2025	2019		2001/19		2017		1991/16		2020	
8 Condition /Street Appeal	E/E	E/E (\$25)		E/E (\$25)		E/E (\$25)		A/A \$200		E/E (\$25)	
9 Neighborhood	E	E		E		E		G		G	
10 Same Market?		Y		Y		Y		Y		N	\$100
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11 # Bedrooms	4	3	\$150	3	\$150	3	\$150	3	\$150	3	\$150
12 # Baths	2	2		2		2		2		2	
13 Unit Interior Sq. Ft.	1320	1520	(\$80)	1454	(\$54)	1375	(\$22)	1220	\$47	1255	\$38
14 Balcony/Patio	Y	Y		Y		Y		Y		Y	
15 AC: Central/ Wall	C	C		C		C		C		C	
16 Range / Refrigerator	R/F	R/F		R/F		R/F		R/F		R/F	
17 Microwave / Dishwasher	M	M/D (\$10)		M/D (\$10)		M/D (\$10)		M/D (\$10)		M/D (\$10)	
18 Washer/Drvr	HU	HU		HU		W/D (\$50)		HU		HU	
19 Floor Coverings	LPV	LPV		LPV		LPV		C		C	
20 Window Coverings	B	B		B		B		B		B	
21 Cable/Satellite/Internet	Available	Available		Available		Available		Available		Available	
22 Special Features	N	N		N		N		N		N	
23											
D. Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24 Parking ( \$ Fee)	L/\$0	L/\$0		L/\$0		L/\$0		L/\$0		L/\$0	
25 Extra Storage	N	N		N		N		N		N	
26 Security	N	Gated (\$10)		Gated (\$10)		N		N		Gated (\$10)	
27 Clubhouse/ Meeting Rooms	CH	CH		CH		CH		CH		CH	
28 Pool/ Recreation Areas	FC/PG	SP/FC/Pic (\$20)		SP/FC/Pic (\$20)		SP/FC/Pic (\$20)		SP/FC/Pic (\$10)		SP/FC/Pic (\$20)	
29 Business Ctr / Nhhd Netwk	Y	Y		N		Y		Y		N	
30 Service Coordination	N	N		N		N		N		N	
31 Non-shelter Services	N	N		N		N		N		N	
32 Neighborhood Networks	N	N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33 Heat (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec	
34 Cooling (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec	
35 Cooking (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec	
36 Hot Water (in rent?/ type)	N/elec	N/elec		N/elec		N/elec		N/elec		N/elec	
37 Other Electric	N	N		N		N		N		N	
38 Cold Water/ Sewer	Y/Y	N/N \$195		N/N-\$70 \$195		N/N - \$70 \$70		N/N \$195		N/N \$57	
39 Trash /Recycling (& pest)	Y	Valet \$25-\$3 \$18		N + fees \$122		Valet \$30-\$3 \$13		Y		N	\$13
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40 # Adjustments B to D		1	5	1	5	1	5	3	2	3	4
41 Sum Adjustments B to D		\$150	(\$145)	\$150	(\$119)	\$150	(\$127)	\$397	(\$20)	\$288	(\$65)
42 Sum Utility Adjustments		\$213		\$317		\$83		\$195		\$70	
43 Net/ Gross Adjmts B to E		Net \$218	Gross \$508	Net \$349	Gross \$586	Net \$106	Gross \$360	Net \$572	Gross \$612	Net \$293	Gross \$423
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44 Adjusted Rent (5+ 43)		\$2,518		\$2,749		\$2,688		\$2,002		\$2,115	
45 Adj Rent/Last rent			109%		115%		104%		140%		116%
46 Estimated Market Rent	\$2,600	\$1.97		← Estimated Market Rent/ Sq. Ft							

## EVALUATION OF OCCUPANCY LEVELS IN EXISTING HOUSING INVENTORY

Data in this section provides an overview of the rental housing stock within the subject’s PMA. This data is summarized on the second page of the Executive Summary at the front of this report.

### All Rental Housing

Data listed in this section of the Executive Summary corresponds with the previously referenced REIS data for the Knoxville MSA. According to the most recent REIS report available (4<sup>th</sup> Quarter 2022).

### Comparable Market-Rate Housing

Data listed in this section of the Executive Summary corresponds with the REIS data for the Southwest Submarket.

### Assisted/Subsidized Housing (excl. LIHTC)

There are three family Section 8 and/or Rural Development complexes located in the subject’s PMA. The table below summarizes the occupancies at these three complexes. Beneath that is a table summarizing the number of public housing units and Housing Choice Voucher units in Knox County.

Typical Occupancy Rates - Subsidized Properties within Subject's PMA				
Name / Location	Tenancy	# Units	Occupancy	Vacant Units
McGhee Square Lenoir City	Family - Sec. 8	110	95%	6
River Manor Lenoir City	Family - Rural Dev.	24	100%	0
Silver Hills Lenoir City	Family - Rural Dev.	32	100%	0
<b>TOTAL/Avg.</b>		<b>166</b>	<b>96.7%</b>	<b>6</b>

Occupancy Rates - Knox County Public Housing & Housing Choice Vouchers				
Name / Location	Tenancy	# Units	Occupancy	Vacant Units
Section 8 Vouchers	Family & Elderly	4,984	100%	0
Public Housing / RAD	Family & Elderly	2,205	100%	0
<b>TOTAL/Avg.</b>		<b>7,189</b>		<b>0</b>

\*Contact said there is turnover, but units do not remain vacant.  
\*\*Public Housing totals includes units currently under redevelopment.

### LIHTC Housing

Typical Occupancy Rates - LIHTC Properties within Subject's PMA					
Name / Location	Unit Mix	Tenancy	# Units	Occupancy	Vacant Units
Moss Grove Knoxville	73 - 1BR 96 - 2BR 23 - 3BR	Family - LIHTC	192	99%	1
Kelly Pointe (Loudon Hall) Lenoir City	8 - 1BR 32 - 2BR 16 - 3BR	Family - LIHTC	56	98%	1
Town Creek Village Lenoir City	52 - 2BR 44 - 3BR	Family - LIHTC	96	100%	0
<b>TOTAL/Avg. - LIHTC</b>			<b>344</b>	<b>99.4%</b>	<b>2</b>

### All Comparable Developments

The figures shown in this row of the Executive Summary at the front of this report reflect the three LIHTC apartment complexes located in the PMA. However, since the subject complex will operate with PBV HAP Contract subsidy, the subject will not compete directly with these complexes.

**Non-Stabilized Comparable Developments**

Within the subject’s PMA, there are no comparable developments (LIHTC or deep subsidy complexes) currently in lease-up.

*Affordable Housing Options & Wait Lists*

**Housing Choice Vouchers (HCV)’s**

Two organizations administer Housing Choice Vouchers (HCV’s) for Knoxville and the surrounding area – Knoxville’s Community Development Corporation (KCDC) and the East Tennessee office of THDA.

KCDC

According to Mr. Matt Tillery, Vice President of Rental Assistance, KCDC is allotted a total of 4,286 vouchers and currently have 3,397 Section 8 vouchers under lease in Knox County. Mr. Tillery confirmed that the wait list opens on the second Wednesday of every month between the hours of 9:00 AM and 3:00 PM. There are approximately 4,900 applicants currently on the list. Mr. Tillery stated that they issue roughly 50-60 vouchers from the waiting list each month due to turnover.

THDA

Per the THDA Voucher Report, dated December 1, 2021, a total of 349 vouchers are currently under lease in Knox County. According to information provided by the THDA Rental Assistance Division, the waiting list are divided into three areas based on cost per rental payment standards. Area 1, which includes Knox County, is defined as a “low-cost county” and has a total of 1,548 applicants on the waiting list. As of the date of this report, the waiting list for Area 1 remains closed with no expected date of reopening.

**Public Housing**

As of the date of this study, KCDC owns and/or manages 2,205 public housing and/or Rental Assistance Demonstration (RAD) units throughout various complexes within Knox County. Ms. Stacey Ayres, Quality Assurance Administrator, confirmed as part of the redevelopment project, there are currently 747 units not leasing due to required project-based rental assistance modernization. These units are expected to be back online at various times pending project completion. Other than typical turnover, available units are fully occupied.

KCDC’s wait list breaks down wait list periods by property and bedroom type; for elderly/disabled complexes, the predominant waiting periods range from ±three months to 5+ years. Ms. Ayres indicated the wait lists do not close; however, wait times are affected by housing preference.

*Cost and Availability of Housing Options*

According to data published by esri®, the 2022 median home value within the PMA is \$350,777. While there are a wide variety of mortgages available, based on THDA’s first-time homebuyer program, qualifying applicants can receive a grant for their down payment. The monthly housing expense based on the average home value in the PMA would be approximately \$2,754 including principal & interest, mortgage insurance, escrow, and utilities similar to those included in the subject rent.

<b>BUY - RENT ANALYSIS (based on THDA Great Choice Program)</b>		
Median Home Value		\$350,777
Less down payment @	0%	\$0
Mortgaged Amount		\$350,777
Mortgage Interest Rate:	5.875%	
Loan Term:	30	
Monthly Principal & Interest		\$2,075
Estimated Mortgage Insurance	0.55%	\$161
Estimated Taxes, Ins., & W/S/T	25%	\$519
<b>Estimated Monthly Mortgage Payment</b>		<b>\$2,754</b>

In comparison, the highest applicable KCDC payment standard for the subject complex is \$2,600 for the subject’s four-bedroom unit. Thus, in theory, there could be some competition for occupants between home ownership and renting. However, the number of tenants who can qualify based on credit and/or income requirements is often a barrier to entry. This is particularly true for the subject property, which is to be occupied by tenants with very low annual incomes. Moreover, the median home value reflects a wide range of home sizes and ages. While the subject’s PMA includes a wide variety of homes, the immediate

subject neighborhood and area would reflect a significantly higher median home value than the PMA. Thus, the subject's rents and the associated tenancy of the subject preclude any valid competition between rent versus own scenarios.

**Proposed Construction /Pipeline Supply**

Within the conventional sector, we are aware of a variety proposed complexes in speculative stages. However, if a new conventional complex were to be completed within the subject PMA, it would not compete with the subject complex for prospective tenants based on applicable qualifying incomes.

Also, we have researched the 2020-23 LIHTC and Tax-Exempt Bond allocations for new construction in the subject's PMA (prior years' allocations are assumed to be completed and are included herein). There are two projects within the subject's PMA that received allocations during this time period, and both are currently under construction but have not begun leasing. While we have included these units within this complex in our demand and penetration rate analysis, it is anticipated that both complexes will be completed and stabilized prior to the subject's completion of construction in 2025.

**Absorption/Stabilized Occupancy**

Absorption for the subject's 56 units is anticipated to approximate 20 - 25 units per month to enable appropriate processing of applications. Reference is made to absorption rates of tax credit apartment complexes from throughout Tennessee as summarized in the following table.

<b>Summary of Absorption Rates - Tax-Credit Complexes</b>					
<b>Development Name</b>	<b>City</b>	<b>Year Opened</b>	<b>Units</b>	<b>Units Per Month</b>	<b>Development Stage</b>
Burlington Commons***	Knoxville	2021	50	25.0	Stabilized
Young High Flats	Knoxville	2021	156	19.5	Stabilized
Southside Flats	Knoxville	2020	172	22.9	Stabilized
Buffalo Trail	Nashville	2020	240	22.5	Stabilized
Oakwood Flats	Nashville	2020	280	50.9	Stabilized
Preserve at Highland Ridge	Nashville	2020	261	20.0	Stabilized
Rock Spring	Smyrna	2020	92	46.0	Stabilized
Douglas Greene*	Kodak	2020	80	19.5	Stabilized
White Oak Crossing	Knoxville	2019	60	30.0	Stabilized
Sterchi Ridge	Knoxville	2018	60	7.5	Stabilized
1400 Chestnut**	Chattanooga	2018	200	12.3	Stabilized
<b>Averages</b>		<b>2020</b>	<b>150</b>	<b>25.1</b>	

\*Rate assumes two-month pre-leasing period (exact start date not known, but complex at 97.5% two months from opening).

\*\*Complex has 40 PILOT units leased as workforce housing (80% AMI or below). These units leased up "immediately."

\*\*\*Complex leased "within a couple of months; move-ins delayed by KCDC approval process"

Based on all factors, it is my opinion that the subject should experience a successful lease-up to stabilized occupancy in less than three months of completion of construction based on an anticipated absorption rate of approximately 22 units per month and assuming some pre-leasing activity taking place prior to completion of construction. The subject complex is anticipated to maintain stabilized occupancy of approximately 95%.

<b>Months to Stabilization</b>	
Total Units	56
Stabilized at 95%    Less:	<u>3</u> units
Units to be Leased-up	53
Projected Absorption Rate	22 /mo
Months to Stabilization	2.4

## PROJECT DEMAND ANALYSIS

### Demand Calculations

Demand for multifamily rental units typically is generated from the following sources:

- 1) new renter-occupied household growth in the area
- 2) relocation of existing renter-occupied households within the area (i.e., movement from one rental property to another) due to:
  - a) rent-overburdened households = renter-occupied households paying greater than 35% (family) or 40% (elderly) of their household income towards gross rent
  - b) households living in substandard housing units = units that lack complete plumbing or that are overcrowded (1+ person per room)
  - c) senior homeowners or special needs adults likely to convert to rental housing.

Given the subject’s family occupancy, design and location, no additional factor has been applied for senior homeowners converting to renter households.

### Affordability

Under typical LIHTC or conventional operations, a minimum qualifying income would also be considered. However, as all 56 of the subject’s rental units will operate with PBV HAP Contract subsidy, no minimum income level is appropriate for this analysis. Thus, the following maximum income bands apply to the unit types offered at the subject complex based on the 60% set-aside option selected by the developer.

QUALIFYING INCOME BANDS Choto Landing		
Unit Type	60% AMHI	
	Minimum Eligible Income	Maximum Eligible Income
3BR	\$0	\$49,932
4BR	\$0	\$55,632

### Demand from New Households

Based on the Renter Households by Income and Size charts shown previously in the Demographics section of this report, the PMA is forecasted to increase by 274 new renter households from 2023 to 2025 across all income bands. However, given the tenancy of the subject development and the associated income bands outlined above, it is more pertinent to analyze the change in *income-qualified* renter households. Based on the following figures extracted from the HISTA data, the number of income-qualified renter households in the PMA is forecast to decrease by 76 households from 2023 to 2025 in the income bands applicable to the subject as detailed in the following tables.

#### Renter Household Totals – Overall (60%) Income Bands

Income-Qualified Renter Households Overall (60% AMI)						
Base Year: 2011 - 2015 Estimates						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	223	109	9	7	35	383
\$10,000-20,000	354	124	125	117	15	735
\$20,000-30,000	358	185	100	30	120	793
\$30,000-40,000	295	255	158	59	74	841
\$40,000-50,000	280	146	54	66	50	596
\$50,000-56,000	106	181	44	47	7	386
<b>Total</b>	<b>1,616</b>	<b>1,000</b>	<b>490</b>	<b>326</b>	<b>301</b>	<b>3,734</b>

Source: HISTA Data; Ribbon Demographics/Claritas; LBK Appraisal Services, LLC

Income-Qualified Renter Households Overall (60% AMI)						
Year 2023 Estimates						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	392	279	38	22	52	783
\$10,000-20,000	308	90	72	53	17	540
\$20,000-30,000	425	219	94	46	70	854
\$30,000-40,000	285	265	133	75	50	808
\$40,000-50,000	374	262	68	104	45	853
\$50,000-56,000	137	219	35	68	20	479
<b>Total</b>	<b>1,921</b>	<b>1,334</b>	<b>440</b>	<b>368</b>	<b>254</b>	<b>4,317</b>

Source: HISTA Data; Ribbon Demographics/Claritas; LBK Appraisal Services, LLC

Income-Qualified Renter Households Overall (60% AMI)						
Year 2025 Projections						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	384	272	39	21	56	772
\$10,000-20,000	302	93	70	50	18	533
\$20,000-30,000	410	205	92	44	72	823
\$30,000-40,000	285	259	137	75	53	807
\$40,000-50,000	357	238	66	101	46	807
\$50,000-56,000	145	223	40	69	21	498
<b>Total</b>	<b>1,883</b>	<b>1,289</b>	<b>444</b>	<b>359</b>	<b>266</b>	<b>4,241</b>
<b>Total Change in Renter HH &lt;\$56k:</b>						<b>-76</b>

Source: LBK Appraisal Svces; HISTA Data

As shown in these tables, the number of income-qualifying, renter households in the subject’s PMA is forecasted to decrease in the lower income bands; conversely, renter households with annual incomes greater than \$50,000 are projected to increase significantly. This is consistent with the demographic data cited earlier in this report and with general overall trends in the region, state and United States as a whole.

Based on the historical growth trends shown by income-qualified renter households, there would not be sufficient demand for *new* affordable housing of the subject size in the subject’s PMA without turnover/demolitions of existing properties or significant growth in renter households. However, with aging rental housing stock and with positive overall growth trends, demand from turnover/demolitions is typical.

Moreover, as previously discussed, the subject property’s tenancy will be restricted to households that have not had many options for good quality, affordable rental housing in the Southwest sector of Knoxville, which is highly sought after because of convenient accessibility and above average schools.

**Demand from Existing Households**

*Rent Overburdened Households*

Rent-overburdened households are renter-occupied households paying greater than 35% of their household income towards gross rent. The U.S. Census Bureau tracks and reports this data (Gross Rent as a Percentage of Household Income – Table B25070). The attached table shows the breakdown of renter households by the percentage of rent burden to household income for all renter households in the subject’s PMA as reported in the 2021 American Community Survey. The ratio indicated by this data would be relatively consistent, and this percentage is applied to the income-qualified renter households in 2023 to estimate turnover from existing households.

GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME	
Percentage	TOTAL PMA
Total:	8,901
Less than 10 percent	432
10 to 14 percent	1,351
15 to 19 percent	1,545
20 to 24 percent	1,217
25 to 29 percent	875
30 to 34 percent	591
35 to 39 percent	326
40 to 49 percent	606
50 percent or more	1,082
Not computed	876
Total No. of Overburdened Renter HH	2,014
Percentage of Renter HH Overburdened with Gross Rent > 35% of HH Income	22.6%

Source: U.S. Census Bureau, 2020 ACS 5-Year Estimates; Table B25070

**Capture Rate Analysis**

The following table summarizes the capture rate calculations tailored to the projected subject completion date and occupancy by July 1, 2025.

CAPTURE RATE APPLICABLE TO CHOTO LANDING		
Demand Component	60% AMI (\$0-\$56,000)	Overall (\$0-\$56,000)
<i>From Existing Demand</i>		
Income-Qualified Renter Households in 2025	4,241	4,241
Rent-Overburdened %	x 22.6%	x
	958	958
Total Demand from Existing Turnover	958	958
<i>From New Demand</i>		
<b>New Income-Qualified Renter HH in 2025</b>	<b>-76</b>	<b>-76</b>
Total Demand in 2025 (Turnover & HH Changes)	882	882
Proposed Subject - Choto Landing	-56	-56
<b>Total Net Demand in 2025 (including Subject)</b>	<b>826</b>	<b>826</b>
<b>Subject Capture Rate (at Stabilized Occupancy)</b>	<b>5.9%</b>	<b>5.9%</b>

As shown herein, the subject’s overall capture rate is strong, significantly below ten percent, which is a desirable benchmark.

**Penetration Rate Analysis**

A capture rate analysis is the percentage of the income-qualified renter households in the PMA that a proposed subject complex would need to capture; this rate is calculated by dividing the number of the subject units by the number of income-qualified renter households. However, a penetration rate analysis reflects the total number of the income-qualified renter households that all unabsorbed (existing and proposed for completion within six months), competitively priced apartment units in the PMA would need to capture to attain stabilization.

The previously discussed Farragut Pointe and Lakeview at Westland complexes should be complete and stabilized before the subject’s projected date of completion and would not fall within the six-month window applied to typical market penetration rate analyses. However, in an abundance of caution, the following penetration rate analysis includes these two properties. The resulting 15.0 percent penetration rate is within the range considered acceptable.

PENETRATION RATE APPLICABLE TO CHOTO LANDING		
Demand Component	60% AMI (\$0-\$56,000)	Overall (\$0-\$56,000)
<i>From Existing Demand</i>		
Income-Qualified Renter Households in 2025	4,241	4,241
Rent-Overburdened %	x 22.6%	x
	958	958
Total Demand from Existing Turnover	958	958
<i>From New Demand</i>		
<b>New Income-Qualified Renter HH in 2025</b>	<b>-76</b>	<b>-76</b>
Total Demand in 2023 (Turnover & HH Changes)	882	882
Net Demand in 2023	882	882
<u>Unabsorbed Subsidized 3 &amp; 4BR Units in PMA</u>		
Farragut Pointe	50	50
Lakeview at Westland	36	36
Proposed Subject - Choto Landing	56	56
Total Unabsorbed Subsidized 3 & 4BR Units in PMA (incl. subject)	142	142
At Stabilized Occupancy	x 93%	x
	132	132
Projected Supply to be Absorbed after Stabilization	132	132
<b>Market Penetration Rate (Subject &amp; new supply / Net demand)</b>	<b>15.0%</b>	<b>15.0%</b>



## **SUMMARY OF ANALYSIS AND CONCLUSIONS**

### ***Key Points - Subject Development - Competitive Position***

- ❖ Subject is proposed for development of three- and four-bedroom unit types within two-story, townhouse apartment buildings.
- ❖ The proposed project would provide affordable housing for 56 households providing excellent quality, modern-design, energy efficient housing.
- ❖ The subject's location is within one of the most highly sought after school zones in the Knoxville area, and the subject unit mix is conducive to larger household sizes that would typically have school-age children.
- ❖ The new subject complex will target 60% AMI households that qualify specifically for affordable tax credit housing with qualifying income ranges that are commensurate with the significant numbers of types of jobs offered at area employers located within a ten-minute drive of the subject property.
- ❖ Ownership/management entity has extensive, successful track record of marketing/managing rental housing projects in compliance with Fair Housing Act guidelines.
- ❖ Estimated capture and penetration rates are consistent with a suburban market particularly given the historically limited affordable rental housing stock in the PMA.

### ***Key Points – PMA - Competitive Market Position***

- ❖ Subject market area is suburban with steadily increasing population and household growth.
- ❖ Need/demand for affordable housing for low income households is evident based on the full occupancies reported by the deep subsidy projects in the PMA (public housing and other Section 8) as well as affordable housing, tax credit complexes. Based on their locations outside the PMA or at the outer fringe of the PMA, these existing complexes will not be negatively impacted by the subject project.
- ❖ Interviews with on-site managers of conventional and subsidized housing found no market resistance to the subject; representatives of various subsidized housing complexes and/or HCV agencies are supportive of new and/or rehabilitation projects offering good, quality rental housing in the PMA.
- ❖ The conclusions herein indicate the subject would successfully attain stabilized occupancy within less than three months of completion.
- ❖ **Project is recommended with no changes to proposed development plan.**

## ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., these items are assumed to be correct, and the consultant/appraiser has relied extensively upon such data in the formulation of all analyses.
2. No survey of the property has been made by the consultant/appraiser and no responsibility is assumed in connection with such matters. Exhibits included in the report are solely for the purpose of assisting the reader in visualizing the property.
3. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
4. All information contained in the report, furnished by others, is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the consultant/appraiser.
5. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable but not necessarily owned in fee simple by the client as of the date of this report.
6. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated.
7. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated. All values stated herein are contingent upon the proper zoning, either existing or proposed, granted by the local zoning authorities and adhered to regardless of the proposed use.
8. It is assumed that all required licenses and consents have been obtained from legislative or administrative authority for any use on which the value estimate contained in this appraisal is based.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover them.
10. No environmental impact studies were either requested or made in conjunction with this report and the appraiser hereby reserves the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.
11. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The consultant/appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, lead based paint, underground fuel storage tanks, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there are no such materials on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
12. The consultant/appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the consultant/appraiser has no direct evidence relating to this issue, the appraiser did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
13. If there are any improvements of value, the distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the consultant/appraiser, and in any event, only with proper written qualification and only in its entirety.
15. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser. Nor shall the consultant/appraiser, firm or professional organizations of which the consultant/appraiser is a member be identified without written consent of the consultant/appraiser.
16. The signatories will not be required to give testimony or appear in court because of having performed this study, with reference to the property in question, unless arrangements have been previously made therefore.
17. Current and historical market conditions have been analyzed in anticipating trends pertinent to the date of valuation. It should be noted however that unforeseeable changes in economic and market factors could dramatically affect the value estimate and conclusions herein. Furthermore, it is assumed that the property will be efficiently managed and that ownership is in responsible hands.
18. The opinions contained in this report are those of the author(s) and no responsibility is accepted by the author(s) for the results of actions taken by others based on information contained herein.
19. On all proposed developments, subject to satisfactory completion, repairs, or alterations, the consulting report is contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time with good quality materials.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced, and the property is not subject to flood plain or utility restrictions or moratoriums except as reported to the consultant and detailed in this report.
21. Unless otherwise stated, no percolation tests have been performed on this property. In making the appraisal, it has been assumed that the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
22. No in-depth was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.
23. No in-depth inspection of existing insulation was made; nor is the appraiser/consultant qualified in this field. It is specifically assumed that no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Products Safety Commission has been introduced into the property that is the subject of this assignment. The appraiser/consultant reserves the right to review and/or modify any values or conclusions if said insulation exists on the subject property.
24. A consulting analysis market study for a property is made as of a certain day. Due to the principles of change and anticipation, any value estimate or conclusions are only valid as of the date of the report. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
25. Acceptance and/or use of this report constitutes acceptance of the foregoing general assumptions and general limiting conditions.

## CERTIFICATION / IDENTITY OF INTEREST STATEMENT

We understand that our Market Study report will be used by **DGA Residential, L.P., & its development team** to document to the **Tennessee Housing Development Agency (THDA)** that the developer's application for Low-Income Housing Tax Credits was prepared and reviewed in accordance with THDA requirements. We certify that our Market Study report was in accordance with the THDA requirements applicable on the date of our study and that we have no identity of interest with any person or entity involved in this Development, including, without limitation, the ownership entity and any of its partners, any other members of the development team, or any individuals involved in such entities.

We are employed under a contract with **DGA Residential, LLC** for this specific assignment and this contract was entered into with no conditions, including compensation based upon estimating value. We have no other side deals, agreements, or financial considerations with **DGA Choto, L.P., DGA Residential, LLC, or others** in connection with this assignment.

I/We certify that, to the best of my/our knowledge and belief . . . .

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and assumptions and are my/our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I/We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- I/We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My/Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My/Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My/Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Laurie Kinzer inspected the subject property on January 28, 2023.
- No one provided significant professional assistance to the person(s) signing this report.
- Within the three-year period immediately preceding the acceptance of this assignment, our firm has not prepared an appraisal of the property that is subject of this report. We have performed no other services, as an appraiser, or in any other capacity, regarding this property within this time period.
- We are fully qualified and competent by training, knowledge and experience to perform this appraisal, and are properly certified by the appropriate state agency.
- Value conclusions herein were not predicated on a minimum value, a specific valuation, or the approval of a loan; additionally, the client has not requested such a value.



Laurie B. Kinzer  
Tennessee Certified General Appraiser #CG-1317



Katie K. Pickle  
Tennessee State Registered Real Estate Appraiser Trainee, TR-4901



## NCHMA MEMBER CERTIFICATION

This market study has been prepared by **LBK Appraisal Services, LLC**, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms Used in Market Studies*, and *Model Content Standards for the Content of Market Studies*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

**LBK Appraisal Services, LLC** is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principals participate in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. **LBK Appraisal Services, LLC** is an independent market analyst. No principal or employee of **LBK Appraisal Services, LLC** has any financial interest whatsoever in the development for which this analysis has been undertaken.

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(NOTE: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting [www.housingonline.com](http://www.housingonline.com))

**ADDENDA**

# SITE PLAN



**Comparable Rental No. 1**

Project Name: <b>The Village at Westland Cove</b>	<input checked="" type="checkbox"/> Market-Rate	<input type="checkbox"/> LIHTC	<input type="checkbox"/> Other, specify:
Address: <b>9635 Westland Cove Way Knoxville, TN 37922</b>	County: <b>Knox</b>		
	Cross Street: <b>Emory Church Road</b>		

General Data	
Management Company:	<b>Greystar Management Company</b>
Contact:	<b>Candace</b>
Phone:	<b>(833) 533-0445</b>
Date Polled:	<b>2/28/23</b>
Lease Terms:	<b>12 months</b>
Security Deposit:	<b>\$250 + (based on credit)</b>
Application Fee:	<b>\$50 / person</b>
Administration Fee:	<b>\$150 fee</b>
Renter's Ins. Required:	<b>Yes</b>
Pet Policy:	<b>\$300 fee + \$15 / month</b>
Occupancy:	<b>95.83% (97.8% preleased)</b>
Age-Restricted:	<b>No</b>



Physical Data							
No. of Units:	<b>240</b>	Building Design:	<b>Garden, walk-up</b>	Parking:	<b>Yes</b>	\$/mo.	<b>\$0</b>
Year Built:	<b>2019</b>	Exterior:	<b>Stone &amp; fiber cement</b>	Garages:	<b>Yes</b>	\$/mo.	<b>\$0</b>
Renovations:	<b>n/a</b>	Condition:	<b>New / Excellent</b>	Project Storage Units:		\$/mo.	<b>\$0</b>
Absorption:	<b>14.4 units/mo.</b>	No. of Stories:	<b>3</b>	Security:	<b>Yes</b>		
Age-Restricted:	<b>No</b>	Utilities included in Rent:	<b>None (**see comments)</b>				

**Rental Data & Unit Breakdown**

Unit Type	No.	S.F.	Monthly Rent	Rent Per S.F.
<b>1BR/1BA</b>	<b>62</b>	<b>725</b>	<b>\$1,710</b>	<b>\$2.36</b>
<b>1BR/1BA</b>		<b>869</b>	<b>\$1,850</b>	<b>\$2.13</b>
<b>2BR/2BA</b>	<b>154</b>	<b>1,232</b>	<b>\$1,904</b>	<b>\$1.55</b>
<b>2BR/2BA</b>		<b>1,248</b>	<b>\$1,860</b>	<b>\$1.49</b>
<b>2BR/2BA</b>		<b>1,270</b>	<b>\$1,984</b>	<b>\$1.56</b>
<b>3BR/2BA</b>	<b>24</b>	<b>1,520</b>	<b>\$2,300</b>	<b>\$1.51</b>

**Project / Unit Amenities**

PROJECT AMENITIES				UNIT AMENITIES			
On-Site Management	<b>X</b>	Playground		Balcony/Patio	<b>X</b>	Dishwasher	<b>X</b>
Clubhouse/Mtg. Room	<b>X</b>	Sports Court		Window Treatments	<b>X</b>	Disposal	
Fitness Center	<b>X</b>	Tennis Court		Ceiling Fans	<b>X</b>	Range/Oven	<b>X</b>
Business Center	<b>X</b>	Picnic / Gazebo Area	<b>X</b>	Central A/C	<b>X</b>	Refrigerator	<b>X</b>
Laundry Facility		Dog Park	<b>X</b>	Carpet		Icemaker	
Car Care Area		Security		W/D Appliances	<b>X</b>	Microwave	<b>X</b>
Swimming Pool	<b>X</b>	Controlled/Gated Access	<b>X</b>	W/D Connections		Balcony Storage	
Whirlpool/Spa		Covered Parking		Fireplace		Emergency Pull Cords	

Concessions:  
**Complex operates using a daily pricing system; therefore, concessions are inherent.**

Comments:  
**Complex uses YieldStar daily pricing so prices change daily based on location, floor level, view, availability and demand. Monthly rent reflects the the start point for each unit type that was available, or coming available, at the time of survey. No 3BR units were available or on notice so pricing is for the last known lease. \*\*Tenants pay an additional monthly fee of \$5/month for pest control, \$30/month for valet trash, and \$12/month for common area electric.**



**Comparable Rental No. 2**

Project Name: <b>Icon Apartment Homes at Hardin Valley</b>	<input checked="" type="checkbox"/> Market-Rate	<input type="checkbox"/> LIHTC	<input type="checkbox"/> Other, specify:
Address: <b>1980 Icon Way Knoxville, TN 37932</b>	County: <b>Knox</b>		
	Cross Street: <b>Carmichael Road</b>		

General Data	
Management Company:	<b>RAM Partners</b>
Contact:	<b>Kelly</b>
Phone:	<b>(865) 253-7784</b>
Date Polled:	<b>2/15/23</b>
Lease Terms:	<b>Varies</b>
Security Deposit:	<b>\$250+ (based on credit)</b>
Application Fee:	<b>\$75</b>
Administration Fee:	<b>\$250</b>
Renter's Ins. Required:	<b>Yes</b>
Pet Policy:	<b>\$400 + \$25/mo.</b>
Occupancy:	<b>95.6%</b>
Age-Restricted:	<b>No</b>



Physical Data					
No. of Units:	<b>297</b>	Building Design:	<b>Garden, walk-up</b>	Parking:	<b>Yes</b> \$/mo. <b>\$0</b>
Year Built:	<b>2020</b>	Exterior:	<b>Hardiboard</b>	Garages:	\$/mo. <b>\$0</b>
Renovations:	<b>n/a</b>	Condition:	<b>Good / Good</b>	Project Storage Units:	\$/mo. <b>\$0</b>
Absorption:	<b>n/a</b>	No. of. Stories:	<b>3 &amp; 4</b>	Security:	<b>Gated entry</b>
Age-Restricted:	<b>No</b>	Utilities included in Rent:	<b>None (**see comments)</b>		

Rental Data & Unit Breakdown				
Unit Type	No.	S.F.	Monthly Rent	Rent Per S.F.
<b>1BR/1BA - att. garage</b>	<b>n/a</b>	<b>857</b>	<b>\$2,271</b>	<b>\$2.65</b>
<b>1BR/1BA</b>	<b>n/a</b>	<b>860</b>	<b>\$2,026</b>	<b>\$2.36</b>
<b>1BR/1BA</b>	<b>n/a</b>	<b>922</b>	<b>\$1,932</b>	<b>\$2.10</b>
<b>2BR/2BA - att. Garage (Carriage House)</b>	<b>n/a</b>	<b>1,169</b>	<b>\$2,300</b>	<b>\$1.97</b>
<b>2BR/2BA</b>	<b>n/a</b>	<b>1,150</b>	<b>\$2,219</b>	<b>\$1.93</b>
<b>2BR/2BA</b>	<b>n/a</b>	<b>1,208</b>	<b>\$2,069</b>	<b>\$1.71</b>
<b>2BR/2BA</b>	<b>n/a</b>	<b>1,282</b>	<b>\$2,273</b>	<b>\$1.77</b>
<b>3BR/2BA (upper range is for attached garage)</b>	<b>n/a</b>	<b>1,454</b>	<b>\$2,400 - \$2,700</b>	<b>\$1.65 - \$1.86</b>

Project / Unit Amenities							
PROJECT AMENITIES				UNIT AMENITIES			
On-Site Management	<b>X</b>	Playground	<b>X</b>	Balcony/Patio	<b>X</b>	Dishwasher	<b>X</b>
Clubhouse/Mtg. Room	<b>X</b>	Sports Court	<b>X</b>	Window Treatments	<b>X</b>	Disposal	<b>X</b>
Fitness Center	<b>X</b>	Tennis Court		Ceiling Fans	<b>X</b>	Range/Oven	<b>X</b>
Business Center	<b>X</b>	Picnic / Gazebo Area	<b>X</b>	Central A/C	<b>X</b>	Refrigerator	<b>X</b>
Laundry Facility		Dog Park	<b>X</b>	Carpet		Icemaker	<b>X</b>
Car Care Area		Security		W/D Appliances		Microwave	<b>X</b>
Swimming Pool	<b>X</b>	Controlled/Gated Access		W/D Connections	<b>X</b>	Balcony Storage	
Whirlpool/Spa		Covered Parking		Fireplace		Emergency Pull Cords	

Concessions:  
**Complex operates using a daily pricing system; therefore, concessions are inherent.**

Comments:  
**Property operates using an LRO system in which pricing changes daily based on availability and demand. At the time of survey there were no available units in the smallest 2BR or 3BR units; pricing reflects the most recently leased units. The upper price range of the rents listed for the 3BR units represents premium pricing for attached garage. \*\*In addition to monthly rent, tenants pay a flat fee of \$122.25 for trash removal (\$10), pest control (\$5), amenities (\$25), internet (\$75), and Service Fee (\$7.25). This complex is expected to break ground on Phase II for an additional 300 units sometime in 2023.**

**Comparable Rental No. 3**

Project Name: <b>Aventine Northshore</b>	<input checked="" type="checkbox"/> Market-Rate	<input type="checkbox"/> LIHTC	<input type="checkbox"/> Other, specify:
Address: <b>1971 Willow Loop Way Knoxville, TN 37922</b>	County: <b>Knox</b>		
	Cross Street: <b>Concord Road</b>		

General Data	
Management Company:	<b>Flournoy</b>
Contact:	<b>Peggy</b>
Phone:	<b>(865) 205-8090</b>
Date Polled:	<b>3/3/23</b>
Lease Terms:	<b>12 months</b>
Security Deposit:	<b>Based on credit</b>
Application Fee:	<b>\$75 / person</b>
Administration Fee:	<b>\$200 fee</b>
Renter's Ins. Required:	<b>Yes</b>
Pet Policy:	<b>\$400 fee + \$15 / month</b>
Occupancy:	<b>98%</b>
Age-Restricted:	<b>No</b>



Physical Data							
No. of Units:	<b>246</b>	Building Design:	<b>Garden, walk-up</b>	Parking:	<b>Yes</b>	\$/mo.	<b>\$0</b>
Year Built:	<b>2017</b>	Exterior:	<b>Stone &amp; hardboard</b>	Garages:	<b>Yes</b>	\$/mo.	<b>\$200</b>
Renovations:	<b>None</b>	Condition:	<b>New / Excellent</b>	Project Storage Units:		\$/mo.	<b>\$125</b>
Absorption:	<b>33.4 units/mo.</b>	No. of. Stories:	<b>3</b>	Security:	<b>None</b>		
Age-Restricted:	<b>No</b>	Utilities included in Rent:	<b>None (**see comments)</b>				

**Rental Data & Unit Breakdown**

Unit Type	No.	S.F.	Avg. Monthly Rent	Avg. Rent Per S.F.
<b>1BR/1BA</b>	<b>104</b>	<b>647 - 812</b>	<b>\$1,738</b>	<b>\$2.69 - \$2.14</b>
<b>2BR/2BA</b>	<b>106</b>	<b>887 - 1,145</b>	<b>\$2,118</b>	<b>\$2.39 - \$1.85</b>
<b>3BR/2BA</b>	<b>36</b>	<b>1,375</b>	<b>\$2,582</b>	<b>\$1.88</b>

**Project / Unit Amenities**

PROJECT AMENITIES				UNIT AMENITIES			
On-Site Management	<b>X</b>	Playground	<b>X</b>	Balcony/Patio	<b>*</b>	Dishwasher	<b>X</b>
Clubhouse/Mtg. Room	<b>X</b>	Sports Court		Window Treatments	<b>X</b>	Disposal	
Fitness Center	<b>X</b>	Tennis Court		Ceiling Fans	<b>X</b>	Range/Oven	<b>X</b>
Business Center	<b>X</b>	Picnic / Gazebo Area	<b>X</b>	Central A/C	<b>X</b>	Refrigerator	<b>X</b>
Laundry Facility		Dog Park	<b>X</b>	Carpet		Icemaker	
Car Care Area		Security		W/D Appliances	<b>X</b>	Microwave	<b>X</b>
Swimming Pool	<b>X</b>	Controlled/Gated Access		W/D Connections		Balcony Storage	
Whirlpool/Spa		Covered Parking		Fireplace		Emergency Pull Cords	

Concessions:  
**Complex operates using a daily pricing system; therefore, concessions are inherent.**

Comments:  
**Property operates using an LRO system in which pricing changes daily based on availability and demand, location, view, and floor level. The above pricing reflects an average monthly rent for each unit type that was available or coming available at the time of survey. \*Select units have private balconies. \*\*Tenants pay a flat monthly fee of \$50 (1BR), \$60 (2BR), and \$70 (3BR) for water/sewer, \$30/month for valet trash, and \$3/month for pest control.**

**Comparable Rental No. 4**

Project Name: <b>Derby Run</b>	<input checked="" type="checkbox"/> Market-Rate	<input type="checkbox"/> LIHTC	<input type="checkbox"/> Other, specify:
Address: <b>190 Derby Run Drive Knoxville, TN 37934</b>	County: <b>Knox</b>	Cross Street: <b>Kingston Pike</b>	

General Data	
Management Company:	<b>Sealy Management Co.</b>
Contact:	<b>Linda King</b>
Phone:	<b>(865) 675-5601</b>
Date Polled:	<b>2/15/23</b>
Lease Terms:	<b>12-months</b>
Security Deposit:	<b>\$500+ (based on credit)</b>
Application Fee:	<b>\$60 / person</b>
Administration Fee:	<b>n/a</b>
Renter's Ins. Required:	<b>Yes</b>
Pet Policy:	<b>\$350 fee + \$10 / month</b>
Occupancy:	<b>100%</b>
Age-Restricted:	<b>No</b>



Physical Data							
No. of Units:	<b>72</b>	Building Design:	<b>Garden, walk-up &amp; TH</b>	Parking:	<b>Yes</b>	\$/mo.	<b>\$0</b>
Year Built:	<b>1991</b>	Exterior:	<b>Brick veneer &amp; vinyl</b>	Garages:	<b>Yes</b>	\$/mo.	<b>\$0</b>
Renovations:	<b>2016</b>	Condition:	<b>Avg / Avg</b>	Project Storage Units:		\$/mo.	<b>\$0</b>
Absorption:	<b>n/a</b>	No. of. Stories:	<b>2</b>	Security:	<b>Security alarms</b>		
Age-Restricted:	<b>No</b>	Utilities included in Rent:	<b>Trash removal</b>				

Rental Data & Unit Breakdown					
Unit Type	No.	S.F.	Monthly Rent	Rent Per S.F.	
<b>2BR/1.5BA - TH</b>	<b>20</b>	<b>1,000</b>	<b>\$1,080</b>	<b>\$1.08</b>	
<b>2BR/2BA</b>	<b>16</b>	<b>1,065</b>	<b>\$1,131</b>	<b>\$1.06</b>	
<b>2BR/2.5BA - TH</b>	<b>12</b>	<b>1,190</b>	<b>\$1,270</b>	<b>\$1.07</b>	
<b>3BR/2.5BA</b>	<b>12</b>	<b>1,220</b>	<b>\$1,280</b>	<b>\$1.05</b>	
<b>3BR/2.5BA</b>	<b>12</b>	<b>1,510</b>	<b>\$1,615</b>	<b>\$1.07</b>	

Project / Unit Amenities							
PROJECT AMENITIES				UNIT AMENITIES			
On-Site Management	<b>X</b>	Playground		Balcony/Patio	<b>X</b>	Dishwasher	<b>X</b>
Clubhouse/Mtg. Room	<b>X</b>	Sports Court	<b>X</b>	Window Treatments	<b>X</b>	Disposal	
Fitness Center	<b>X</b>	Tennis Court	<b>X</b>	Ceiling Fans	<b>X</b>	Range/Oven	<b>X</b>
Business Center		Picnic / Gazebo Area	<b>X</b>	Central A/C	<b>X</b>	Refrigerator	<b>X</b>
Laundry Facility		Dog Park		Carpet	<b>X</b>	Ice maker	
Car Care Area		Security		W/D Appliances		Microwave	*
Swimming Pool	<b>X</b>	Controlled/Gated Access		W/D Connections	<b>X</b>	Balcony Storage	<b>X</b>
Whirlpool/Spa		Covered Parking		Fireplace		Emergency Pull Cords	

Concessions:  
**There are no current concessions.**

Comments:  
**There is an additional \$150/month premium for renovated units that include black appliances, granite counters, updated cabinetry, microwaves, carpet and tile flooring. The compared unit on the grid reflects this unit type/fee.**

**Comparable Rental No. 5**

Project Name: <b>Vintage Creekwood Park (The Cove at Creekwood)</b>	<input checked="" type="checkbox"/> Market-Rate	<input type="checkbox"/> LIHTC	<input type="checkbox"/> Other, specify:
Address: <b>245 Creekwood Cove</b> <b>Lenoir City, TN 37701</b>	County: <b>Loudon</b>	Cross Street: <b>Town Creek Road</b>	

<b>General Data</b>	
Management Company:	<b>RAM Partners</b>
Contact:	<b>Sarah</b>
Phone:	<b>(865) 988-7776</b>
Date Polled:	<b>3/4/23</b>
Lease Terms:	<b>12 months</b>
Security Deposit:	<b>\$150+ (based on credit)</b>
Application Fee:	<b>\$50 / person</b>
Administration Fee:	<b>\$200</b>
Renter's Ins. Required:	<b>Yes</b>
Pet Policy:	<b>\$300 fee + \$25/month</b>
Occupancy:	<b>100%</b>
Age-Restricted:	<b>No</b>



<b>Physical Data</b>							
No. of Units:	<b>208</b>	Building Design:	<b>Garden, walk-up</b>	Parking:	<b>Yes</b>	\$/mo.	<b>\$0</b>
Year Built:	<b>2011</b>	Exterior:	<b>Hardboard &amp; Stone</b>	Garages:	<b>Yes</b>	\$/mo.	<b>\$130</b>
Renovations:	<b>n/a</b>	Condition:	<b>Good / Good</b>	Project Storage Units:		\$/mo.	<b>\$35</b>
Absorption:	<b>n/a</b>	No. of Stories:	<b>3</b>	Security:	<b>Gated entry</b>		
Age-Restricted:	<b>No</b>	Utilities included in Rent:	<b>None (**see comments)</b>				

**Rental Data & Unit Breakdown**

Unit Type	No.	S.F.	Monthly Rent	Rent per SF
<b>1BR/1BA - patio</b>	<b>30</b>	<b>796</b>	<b>\$1,344</b>	<b>\$1.69</b>
<b>1BR/1BA - attached garage</b>	<b>8</b>	<b>845</b>	<b>\$1,470</b>	<b>\$1.74</b>
<b>1BR/1BA - sunroom</b>	<b>18</b>	<b>903</b>	<b>\$1,414</b>	<b>\$1.57</b>
<b>2BR/2BA - patio</b>	<b>102</b>	<b>1,024</b>	<b>\$1,550</b>	<b>\$1.51</b>
<b>2BR/2BA - attached garage</b>	<b>8</b>	<b>1,057</b>	<b>\$1,700</b>	<b>\$1.61</b>
<b>2BR/2BA - sunroom</b>	<b>18</b>	<b>1,131</b>	<b>\$1,601</b>	<b>\$1.42</b>
<b>3BR/2BA - patio</b>	<b>18</b>	<b>1,255</b>	<b>\$1,822</b>	<b>\$1.45</b>
<b>3BR/2BA - sunroom</b>	<b>6</b>	<b>1,362</b>	<b>\$1,879</b>	<b>\$1.38</b>

**Project / Unit Amenities**

<b>PROJECT AMENITIES</b>				<b>UNIT AMENITIES</b>			
On-Site Management	<b>X</b>	Playground	<b>X</b>	Balcony/Patio	<b>X</b>	Dishwasher	<b>X</b>
Clubhouse/Mtg. Room	<b>X</b>	Sports Court		Window Treatments	<b>X</b>	Disposal	<b>X</b>
Fitness Center	<b>X</b>	Tennis Court		Ceiling Fans	<b>X</b>	Range/Oven	<b>X</b>
Business Center	<b>X</b>	Picnic / Gazebo Area	<b>X</b>	Central A/C	<b>X</b>	Refrigerator	<b>X</b>
Laundry Facility		Dog Park	<b>X</b>	Carpet		Icemaker	
Car Care Area		Security		W/D Appliances	<b>X</b>	Microwave	
Swimming Pool	<b>X</b>	Controlled/Gated Access	<b>X</b>	W/D Connections		Balcony Storage	
Whirlpool/Spa		Covered Parking		Fireplace		Emergency Pull Cords	

Concessions:  
**There are no current concessions.**

Comments:  
**\*\*Tenants pay an additional flat monthly fee for water/sewer and trash removal of \$47, \$52, and \$57 for 1BR, 2BR and 3BR units, respectively. \*\*Tenants also pay an additional \$3/month for pest control.**

**LOCAL (KCDC) UTILITY ALLOWANCE SCHEDULE**  
(Knox County)

**Utility Allowance Schedule**

See Public Reporting and Instructions on back.

**U.S Department of Housing and**

**Urban Development**

Office of Public and Indian Housing

OMB Approval No. 2577-0169

exp. 7/31/2022

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA		Unit Type					Date (mm/dd/yyyy)
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas						
	Bottled Gas						
	Electric						
	Electric – Heat Pump						
	Fuel Oil						
	Other						
Cooking	Natural Gas						
	Bottled Gas						
	Electric						
	Other						
Other Electric							
Air Conditioning							
Water Heating	Natural Gas						
	Bottled Gas						
	Electric						
	Fuel Oil						
Water							
Sewer							
Trash Collection							
Other – specify							
Range/Microwave							
Refrigerator							
<b>Actual Family Allowances</b> – May be used by the family to compute allowance while searching for a unit.					Utility/Service/Appliance	Allowance	
Head of Household Name					Heating		
					Cooking		
					Other Electric		
					Air Conditioning		
Unit Address					Water Heating		
					Water		
					Sewer		
					Trash Collection		
					Other		
Number of Bedrooms					Range/Microwave		
					Refrigerator		
					Total		

**QUALIFICATIONS  
OF MARKET ANALYSTS**

**LAURIE B. KINZER**

**CONTACT INFORMATION:**

LBK Appraisal Services  
1105 Wildtree Lane  
Knoxville, Tennessee 37923

Telephone: ..... (865) 691-2889  
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Email:.....LaurieKinzer@LBKAppraisals.com

**AFFILIATIONS & LICENSING:**

Member - National Council of Housing Market Analysts (NCHMA)  
Approved Market Study Vendor – Tennessee Housing Development Agency (THDA)

Permanently licensed to perform real estate appraisals/consulting work in the following states:

- TN Certified General Real Estate Appraiser, #CG-1317
- NC State-Certified General Appraiser, #A5943
- SC Certified General Appraiser, #CG-6548
- AL Certified General Appraiser, #G00894
- LA Certified General Appraiser, #G1636
- AR Certified General Appraiser, #CG3472
- KY Certified General Appraiser, #004728
- GA Certified General Appraiser, #CG5548
- VA Certified General Real Estate Appraiser, #4001017546

**EDUCATION:** B.S. with High Honors - The University of Tennessee

**PROFESSIONAL AND TECHNICAL COURSES:**

Currently certified in the program of continuing education as required by the state.

Completed and passed numerous professional courses relative to real estate appraisal such as Real Estate Appraisal Principles, Basic Valuation Procedures, Standards of Professional Practice, Capitalization Theory and Techniques, Parts A & B, and Report Writing and Valuation Analysis.

**VARIOUS PROFESSIONAL SEMINARS:**

- National USPAP Update Course – April 2022
- Supervisor Appraiser & Trainee Responsibilities – October 2017
- Appraisal Review – May 2017
- Appraisal - Ground Leases – May 2017
- Marketability Studies: Advanced Considerations & Applications – March 2013
- MAP Third Party Training – SMAC – May 2012
- National USPAP Update Course – May 2011
- Appraising Green Buildings – February 2009
- Appraising from Blueprints & Specifications – May 2007
- Appraising Detrimental Conditions – May 2007
- Forecasting Revenue – May 2007
- Analyzing Operating Expenses – May 2005
- GIS Applications for Real Estate Appraisal – May 2005
- HUD’s MAP Third Party Training at Atlanta HUB – March 2005



**REAL ESTATE EXPERIENCE:**

Currently an independent fee appraiser. Previously employed as a staff appraiser with the firm of Hodges, McArthur & Dunn, P.C. (formerly Hodges and Wallace Appraisal Associates) from 1989 to 1996. Employed from 1985 until 1988 with E. Roger Budny & Associates (presently known as Budny & Heath, Inc.) in Coral Gables, Florida. Headed research department for Real Property Analysts (presently known as Lewis Realty Advisors and Lewis & Howard) of Houston, Texas from 1982 until 1985.

**APPRAISAL ASSIGNMENTS COMPLETED:**

For over 20 years, the appraiser has specifically specialized in multifamily rental housing valuations to include numerous Low-Income Housing Tax Credit (LIHTC) developments and a particular emphasis on HUD-related assignments consisting of either appraisals or Rent Comparability Studies in Tennessee, Alabama, Georgia, North Carolina, South Carolina, Arkansas, Louisiana, Kentucky, Virginia, Illinois, Mississippi, New York, Ohio, and Texas. Additionally, the appraiser has completed appraisal assignments on a wide variety of property types to include retail/shopping center, industrial - manufacturing & warehousing, office buildings, automobile dealerships, convenience stores, special purpose properties, funeral homes, assisted living facilities, motels, campgrounds/RV parks, and day care centers.

**MULTIFAMILY RENTAL HOUSING ASSIGNMENTS:**

Dating back to 1998, the appraiser has completed numerous appraisal assignments that have complied with various government-related mortgage financing requirements. These include appraisals and market studies meeting the requirements for HUD's MAP program, USDA Section 515, and/or Fannie Mae DUS requirements. Additionally, I have prepared numerous appraisals and market studies to be submitted to various state housing finance agencies as part of LIHTC/Bond applications.

**CLIENTS:**

A detailed client list will be submitted upon request; however, MAP or Fannie Mae appraisals and/or market studies have been prepared for the following lenders:

- Wells Fargo Multifamily Capital
- Rockport Mortgage
- Walker & Dunlop
- Bonneville Multifamily LLC
- Love Funding Corporation
- RedStone Partners
- Red Mortgage Capital
- Centennial Mortgage
- Prudential Huntoon Paige
- CWCcapital
- Berkeley Point Capital

Additionally, I have prepared appraisals and/or market studies for submission to the following lenders and agencies for Low-Income-Housing Tax Credit (LIHTC) properties:

- Regions Bank
- Chambers Bank
- Pinnacle National Bank
- First Horizon National Corporation
- Tennessee Housing Development Agency (THDA)
- North Carolina Housing Finance Agency
- Arkansas Development Finance Authority (ADFA)
- Louisiana Housing Corporation (LHC)

For appraisals and market studies, our primary territory is the Southeast, but we have completed HUD Rent Comparability Studies (RCS's) in the following highlighted states:





## Certificate of Professional Designation

*This certificate verifies that*

**Laurie Kinzer**  
*LBK Appraisal Services*

Has completed NCHMA's Professional Designation Requirements  
and is hence an approved member in good standing of:



National Council of Housing Market Analysts  
1400 16<sup>th</sup> St. NW  
Suite 420  
Washington, DC 20036  
202-939-1750

**Membership Term**  
1/1/2023 to 12/31/2023



**Kaitlyn Snyder**  
Managing Director, NCHMA