

Market Analysis Study



A MARKET ANALYSIS OF

THE PROPOSED MADISON TERRACE, AN AGE, RENT, AND
INCOME RESTRICTED APARTMENT COMPLEX TO BE LOCATED
AT 821 SOUTH DIXIE HIGHWAY , LAKE WORTH, FLORIDA 33460

PREPARED FOR

NEW SOUTHERN RESIDENTIAL, LLC
558 WEST NEW ENGLAND AVENUE
WINTER PARK, FLORIDA 32789

ATTN: MR. STACY BANACH

LOCATION COORDINATES

LONGITUDE: -80.0581

LATITUDE: 26.60551

DATE OF REPORT

APRIL 20, 2023

PREPARED BY

MERIDIAN APPRAISAL GROUP, INC.

ROBERT VON, PRESIDENT

STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER RZ1604



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April 20, 2023

Mr. Stacy Banach
 New Southern Residential, LLC
 558 West New England Avenue
 Winter Park, Florida 32789

Re: Market Study of the 176 unit, age, rent, and income restricted apartment complex, located at 821 South Dixie Highway, Lake Worth, Palm Beach County, Florida 33460. The subject is located on the east side of South Dixie Highway, in Lake Worth, Palm Beach County, Florida.

Meridian File No: 23-SKO

Dear Mr. Banach:

As requested, we have prepared a market analysis for the proposed Madison Terrace apartments. The improvements will consist of a 176 unit complex. The subject will set aside 18 (10.227%) of the units for households earning 30% or less of the Area Median Income (AMI) and 158 (89.773%) of the units for households earning 60% or less of AMI. The subject will be restricted by the Housing Credit program. The demographic commitment is Elderly, therefore, at least one person in the household must be 55 years of age or older. The rent and income restrictions remain for 50 years from the placed in-service date.

The intended use of this report is for application purposes. The intended user of this report is New Southern Residential, LLC. No other use or users are intended.

The purpose of this market study is to provide:

1. A demographic analysis, including an Income Band Analysis and Capture Rate Analysis of the likely draw area;

To accomplish the previous objectives, we have conducted the following research and analysis:

1. Examination of the subject site, surrounding development patterns, demographics and other relevant factors that influence development potential.

This market analysis is the result of this evaluation, together with supporting data and documentation, as of the date of this report, April 20, 2023.

Summary of Conclusions

The following is the subject’s proposed unit mix.

Unit Mix with Set Asides				
Unit Type	Set Aside	# Of Units	Unit Size (S.F.)	Total S.F.
1/1	30% AMI	18	576	10,368
1/1	60% AMI	158	576	91,008
Total/Avg.		176	576	101,376

The total living area within the units is 101,376 square feet, resulting in an average unit size of 576 square feet.

The subject will set aside 18 (10.227%) of the units for households earning 30% or less of the Area Median Income (AMI) and 158 (89.773%) of the units for households earning 60% or less of AMI.

1. The subject will need to Capture only 1.7% of the Age and Income Qualified renter households within the three-mile ring. In addition, the Primary Market Area, defined as a 10-mile ring centered on the subject property, will add 130 Age and Income-Qualified renter households annually. Finally, According to the Florida Housing Finance Corporation's latest occupancy report, the Elderly projects within Palm Beach County are 98.4% occupied indicating significant demand.

The analyses, opinions and conclusions were developed, and this report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

This letter of transmittal precedes the consultation report, further describing the property and containing the reasoning and most pertinent data leading to the final conclusions. Your attention is directed to the "Extraordinary Assumptions/Extraordinary Limiting Conditions," "General Assumptions," "General Limiting Conditions" and "Certification," which have been included within the text of this report.

Respectfully submitted,
Meridian Appraisal Group, Inc.

Robert Von, President
State-Certified General Real Estate Appraiser RZ1604

RV:dmh

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RENT AND INCOME LIMITS

DEFINITION OF IMPORTANT TERMS

Capture Rate (CR)

The individual subject units are divided by Demand. If the subject contains 100 units and the potential demand is 2,000 then the Capture Rate is $100/2,000$ or 5%. Capture Rate helps to define the size of the subject relative to the size of the market.

Competitive Market Area (CMA)

Defined as the geographic area where the most competitive properties are located. These properties are utilized to determine achievable rent.

Cost-Burden (CB)

The percentage of income spent on housing includes rent plus utilities. A common CB target for affordable housing is 30%.

Growth of Income-Qualified Renter Households (Δ IQRH)

Potential demand currently is 2,000; however, five years from now the potential demand will grow to 2,500, indicating growth of 500 over the five-year period or an annual growth of potential demand of 100.

Level of Effort (LOE)

Supply divided by Demand. If the supply of affordable housing within a defined geographic area is equal to 500 and the potential demand within that same defined geographic area equals 2,000, then the Level of Effort is $500/2,000$ or 25%. Level of Effort defines how much of the potential demand has already been satisfied.

Primary Market Area (PMA)

Defined as the geographic area where most of the demand will come from. The area determination is based on data gathered in the Small Area Data (SAD) Case Study that can be found on the FHFC website. The study indicated that most affordable family projects receive about 2/3 to 3/4 of their tenants from within 10 miles.

Remaining Potential Demand (RPD)

Demand minus Supply. If the potential demand is 2,000 and the supply is 500 then the RPD is 2,000 minus 500 or 1,500. RPD helps to define how deep the remaining market is.

LOCATION MAP



AERIAL MAP



DEMOGRAPHIC ANALYSIS

Demographics of Market Areas

We have analyzed demographic information for three, five and 10-mile rings centered on the subject property and Palm Beach County. The 10-mile ring is the subject's Primary Market Area (PMA).

The data used in this analysis is from a Household Trend Report performed by Claritas, Inc. We have profiled the population growth, household growth and income characteristics of the market areas. Claritas' data is considered some of the most accurate in the industry; it reflects 2010 Census data.

Household Growth

Projected household growth trends indicate the three-mile ring will show the strongest rate of growth. The result will be positive household growth in all the market areas due to the size of the population base. About 8.0% of the county's growth is projected to occur within three miles of the subject. About 45.5% of the county's growth is projected to occur within 10 miles of the subject.

Household Growth-Age 55+				
	3-mile ring	5-mile ring	10-mile ring	Palm Beach
Households 2023 (est.)	19,216	44,511	151,536	349,901
Households 2028 (proj.)	20,823	48,017	161,338	371,449
% Change '23- '28	8.4%	7.9%	6.5%	6.2%
Absolute Change '23- '28	1,607	3,506	9,802	21,548
Average Change/Year	321	701	1,960	4,310

Household Size

The average household size (regardless of age) is largest in the five-mile ring (2.69 persons), followed by the three-mile ring. The trend is toward slightly larger average household sizes in the future in the three, five and 10-mile market areas and will remain similar on the county level.

Average Household Size Trend		
Market Area	2023	2028
3-mile ring	2.59	2.59
5-mile ring	2.69	2.69
10-mile ring	2.47	2.47
Palm Beach	2.41	2.42

Household Income

The average household income is highest on the County level, a trend that is expected to continue through 2028. Average household incomes are projected to increase between 2023 and 2028 in all the market areas.

Average Household Income Trend-Age 55+			
Market Area	2023 Estimate	2028 Projection	Change (23-28)
3-mile ring	\$87,377	\$97,496	11.6%
5-mile ring	\$84,905	\$94,824	11.7%
10-mile ring	\$94,253	\$104,863	11.3%
Palm Beach	\$110,822	\$122,799	10.8%

The median household incomes are highest on the County level, a trend that is expected to continue through 2028. Median household incomes are projected to increase between 2023 and 2028 in all the market areas.

DEMOGRAPHIC ANALYSIS (CONT'D)

Median Household Income Trend-Age 55+			
Market Area	2023 Estimate	2028 Projection	Change (23-28)
3-mile ring	\$56,964	\$63,254	11.0%
5-mile ring	\$59,419	\$65,678	10.5%
10-mile ring	\$63,890	\$70,760	10.8%
Palm Beach	\$72,458	\$80,552	11.2%

Household Income Distribution

All of the ring market areas have a relatively high number of senior households in the lower income categories, as about 45% to 47% of households earn less than \$50,000 annually. The following chart summarizes the proportion of households in each annual household income level. Note that the income ranges over \$50,000 contain larger income increments than the lower categories.

Household Income Distribution 2023 3, 5 & 10-Mile Rings Centered On Madison Terrace (26.60551, -80.0581)									
Market Area	3-Mi. Ring			5-Mi. Ring			10-Mi. Ring		
Total HH in Market Area	19,216			44,513			151,532		
Households 55 and Over Household Income	2023		Cum.	2023		Cum.	2023		Cum.
Less than \$15,000	2,481	2,481	12.9%	5,674	5,674	12.7%	18,074	18,074	11.9%
\$15,000 to \$24,999	1,982	4,463	10.3%	5,027	10,701	11.3%	16,217	34,291	10.7%
\$25,000 to \$34,999	2,037	6,500	10.6%	4,248	14,949	9.5%	14,192	48,483	9.4%
\$35,000 to \$49,999	2,304	8,804	12.0%	5,900	20,849	13.3%	19,906	68,389	13.1%
\$50,000 to \$74,999	2,900	11,704	15.1%	7,440	28,289	16.7%	24,236	92,625	16.0%
\$75,000 to \$99,999	2,062	13,766	10.7%	4,782	33,071	10.7%	16,807	109,432	11.1%
\$100,000 to \$124,999	1,514	15,280	7.9%	3,444	36,515	7.7%	12,208	121,640	8.1%
\$125,000 to \$149,999	953	16,233	5.0%	2,284	38,799	5.1%	8,251	129,891	5.4%
\$150,000 to \$199,999	972	17,205	5.1%	2,175	40,974	4.9%	7,825	137,716	5.2%
\$200,000 or more	2,011	19,216	10.5%	3,537	44,511	7.9%	13,820	151,536	9.1%
	100.0%			100.0%			100.0%		

Demand for Restricted Rent Units – Income Band Analysis for Subject Property

Income-Qualified Households

We have estimated the number of households within the market areas that will earn enough income to afford the subject units, but not so much as to exceed the maximum allowable income under the programs that will restrict the subject. The subject will set aside 18 (10.227%) of the units for households earning 30% or less of the Area Median Income (AMI) and 158 (89.773%) of the units for households earning 60% or less of AMI. This analysis will focus on the 60% AMI units.

The subject will be restricted by the Housing Credit program. We have attempted to reflect potential demand from households that would qualify for the subject units under similar programs only. Accordingly, the analysis excludes households that would require additional subsidies, such as Rental Assistance or Section 8, to afford the subject units. Restricted rent and income limit documentation from the Florida Housing Finance Corporation are included in the Addenda.

To determine the lower band of income per household that would qualify for the subject’s units, we applied a 45% housing expense ratio, which is estimated to be the most a household can afford to spend for housing (rent plus utilities). Applying a 45% housing expense ratio to the annualized housing expenditures for the least costly unit within the subject property results in a lower limit of the income band. Restricted rents for the subject are calculated based on the median income for the MSA, which is updated annually. Based on our estimated attainable rent, the lowest rent is for the one-bedroom units. Our estimated attainable gross rental rate is \$1,035 per month. The housing expense (rent plus utilities) is \$12,420 annually. Dividing this by the housing expense ratio of 45% results in an estimated minimum income of \$27,600, which will be used as the lower limit of income.

DEMOGRAPHIC ANALYSIS (CONT'D)

The upper limit of income is based on the maximum allowable income (per income restrictions) for a household that would occupy the largest unit offered. For elderly projects we estimate a maximum of two persons per unit. For the subject property, the maximum income for a two-person household at 60% set-aside is \$44,160.

No current data is available for household income by household size. The aggregate of all households within the qualifying income band does overestimate demand to some degree. However, we have set the upper limit based on a two-person household, which underestimates demand from larger households to some extent.

Due to the increments of the available data, we estimated the proportionate number of households in the income bands. About 74.0% of the households in the \$25,000 to \$34,999 income category falls between \$27,600 and \$34,999. About 61.1% of households in the \$35,000 to \$49,999 category earn \$44,160, or less.

The number of age and income-qualified households within the estimated income band is then multiplied by a propensity of renter-occupied housing; this figure is 40.1% for Palm Beach County. This estimate is based on the 2021 American Community Survey, which estimated tenure characteristics by income. The result is the number of age and income-qualified renter households in each market area.

Supply of Affordable Housing

The supply of affordable housing in this analysis is limited to existing and funded projects operating under the Housing Credit, HOME, SAIL and Tax-Exempt Bond programs with units targeted toward elderly tenants with incomes at or below 60% AMI.

Additional affordable projects are in the market areas; however, these developments operate under different income guidelines, have different tenant requirements, or have rent supplements with the rental rates based on 30% of the tenant's adjusted income. Therefore, these projects will not directly compete with the projects at the 60% AMI levels and have not been included in the supply.

Competition from Market Rate Projects

The subject's PMA has a supply of newer and older market rate properties. Since these units do not have income or rent restrictions and do not have compliance periods and could leave the supply at any time they have not been included in this analysis.

Competition from Single family and Condominium Rentals

The affordable supply does not appear to have been significantly impacted by competition from single family or condominium homes that have entered the rental market. Since these units do not have income or rent restrictions and do not have compliance periods and could leave the supply at any time they have not been included in this analysis.

LEVEL OF EFFORT MAP WITH THREE, FIVE AND 10-MILE RINGS



DEMOGRAPHIC ANALYSIS (CONT'D)

Demographic Analysis

The following chart summarizes our demographic analysis for the subject property to include Level of Effort, Capture Rate and Remaining Potential Demand. Growth is presented later.

Level of Effort 2023 3, 5 & 10-Mile Rings Centered On Madison Terrace (26.60551, -80.0581)										
Income Band										
Minimum - Attainable Gross Rent for Smallest Unit at 60% Set Aside					\$1,035 per mo.	\$27,600	45% cost-burden			
Maximum - Income Limit for Largest Unit Assuming 2 Person Maximum					\$44,160					
Market Area		3-Mi. Ring			5-Mi. Ring			10-Mi. Ring		
Households 55 and Over										
Total HH in Market Area 2023		19,216			44,513			151,532		
Household Income	% in Band	% of HH	Inc. Qual.	Cum.	% of HH	Inc. Qual.	Cum.	% of HH	Inc. Qual.	Cum.
Less than \$15,000	0.0%	12.9%	0.0%	0.0%	12.7%	0.0%	0.0%	11.9%	0.0%	0.0%
\$15,000 to \$24,999	0.0%	10.3%	0.0%	0.0%	11.3%	0.0%	0.0%	10.7%	0.0%	0.0%
\$25,000 to \$34,999	74.0%	10.6%	7.8%	7.8%	9.5%	7.1%	7.1%	9.4%	6.9%	6.9%
\$35,000 to \$49,999	61.1%	12.0%	7.3%	15.1%	13.3%	8.1%	15.2%	13.1%	8.0%	14.9%
\$50,000 to \$74,999	0.0%	15.1%	0.0%	15.1%	16.7%	0.0%	15.2%	16.0%	0.0%	14.9%
\$75,000 to \$99,999	0.0%	10.7%	0.0%	15.1%	10.7%	0.0%	15.2%	11.1%	0.0%	14.9%
\$100,000 to \$124,999	0.0%	7.9%	0.0%	15.1%	7.7%	0.0%	15.2%	8.1%	0.0%	14.9%
\$125,000 to \$149,999	0.0%	5.0%	0.0%	15.1%	5.1%	0.0%	15.2%	5.4%	0.0%	14.9%
\$150,000 to \$199,999	0.0%	5.1%	0.0%	15.1%	4.9%	0.0%	15.2%	5.2%	0.0%	14.9%
\$200,000 or more	0.0%	10.5%	0.0%	15.1%	7.9%	0.0%	15.2%	9.1%	0.0%	14.9%
		100.0%			100.0%			100.0%		
% of Households in Income Band				15.1%			15.2%	14.9%		
Multiplied by Total Households 55 and Over				<u>19,216</u>			<u>44,513</u>	<u>151,532</u>		
Age and Income-Qualified Households				2,902			6,766	22,578		
Propensity for Renter-Occupied Housing for HH within the Band				40.1%			40.1%	40.1%		
Age and Income-Qualified Renter HH in 2023 (IQRH = Potential Demand)				1,164			2,713	9,053		
Existing and Funded, Competitive Affordable Apartments				1,419			2,266	6,677		
Add: Subject's Units				<u>158</u>			<u>158</u>	<u>158</u>		
Total Projected Supply				1,577			2,424	6,835		
Indicated Level of Effort (LOE) (Supply/Age and Income-Qualified Renter HH)				135.5%			89.3%	75.5%		
Capture Rate (CR) (Subject Units/Age and Income Qualified Renter HH)				13.6%			5.8%	1.7%		
Remaining Potential Demand (RPD) (Supply - Age and Income-Qualified Renter HH)				-413			289	2,218		

The following chart summarizes the current supply of units (including any funded units and the subject property) in each of the areas surveyed.

Market Area	3-Mile Ring	5-Mile Ring	10-Mile Ring
Supply of Affordable Units	1,577	2,424	6,835

Therefore, the subject's Levels of Effort and Capture Rates in each of the market areas are summarized as follows.

Market Area	3-Mile Ring	5-Mile Ring	10-Mile Ring
Level of Effort	135.5%	89.3%	75.5%
Capture Rate	13.6%	5.8%	1.7%

For purposes of comparison, the chart on the following page summarizes the Levels of Effort and other indices for various apartment markets throughout Florida.

DEMOGRAPHIC ANALYSIS (CONT'D)

Comparison Counties

To evaluate the subject's Levels of Effort and Capture Rates, we have compared them to other markets throughout Florida. Meridian Appraisal Group, Inc. conducted an analysis that analyzed demographic rings (three, five and 10-mile) for elderly projects throughout the state of Florida.

Level of Effort

The three-mile Levels of Effort (LOE) for the comparison counties range from 13.0% to 78.4% compared to the subject's three-mile LOE of 135.5%. The five-mile LOEs for the comparison counties range from 6.3% to 52.8% compared to the subject's five-mile LOE of 89.3%. The 10-mile LOEs for the comparison counties range from 3.3% to 21.6% compared to the subject's 10-mile LOE of 75.5%. The subject's Levels of Effort are above the range of the comparison county averages. The relatively high Levels of Effort suggest significant competition considering the size of the existing and funded supply relative to the number of age and income-qualified renter households in the market areas.

Level of Effort				
	3-Mile Ring	5-Mile Ring	10-Mile Ring	Avg. Occ.
Subject	135.5%	89.3%	75.5%	0.0%
Bay Averages	13.0%	6.3%	3.3%	96.7%
Charlotte Averages	64.3%	35.5%	18.1%	96.3%
Polk Averages	78.4%	52.8%	11.0%	95.7%
Escambia Averages	35.5%	25.4%	16.8%	94.9%
Pasco Averages	39.1%	26.4%	19.7%	94.9%
Lake Averages	56.4%	24.8%	10.0%	92.3%
Brevard Averages	41.8%	20.7%	11.4%	92.0%
Sarasota Averages	33.6%	22.1%	8.0%	91.8%
Indian River Averages	29.7%	15.6%	13.1%	91.3%
Lee Averages	51.1%	34.0%	21.6%	84.7%

Capture Rate

The Capture Rates (CR) for the comparison counties range from 16.7% to 64.3% compared to the subject's three-mile CR of 13.6%. The five-mile CRs for the comparison counties range from 8.0% to 35.5% compared to the subject's five-mile CR of 5.8%. The 10-mile CRs for the comparison counties range from 3.5% to 18.1% compared to the subject's 10-mile CR of 1.7%. The subject's CRs are below the range in all the ring areas. A high Capture Rate suggests that a property will offer too many units for the depth of the market area.

Capture Rate				
County	3-Mile Ring	5-Mile Ring	10-Mile Ring	Avg. Occ.
Subject	13.6%	5.8%	1.7%	
Bay Averages	26.2%	15.0%	9.1%	96.7%
Charlotte Averages	64.3%	35.5%	18.1%	96.3%
Polk Averages	43.7%	29.1%	6.4%	95.7%
Escambia Averages	16.7%	8.0%	4.1%	94.9%
Pasco Averages	20.1%	10.7%	6.2%	94.9%
Lake Averages	42.3%	18.8%	7.4%	92.3%
Brevard Averages	24.5%	12.7%	7.2%	92.0%
Sarasota Averages	18.7%	11.7%	3.5%	91.8%
Indian River Averages	29.7%	15.6%	7.1%	91.3%
Lee Averages	28.3%	16.8%	10.4%	84.7%

DEMOGRAPHIC ANALYSIS (CONT'D)

Remaining Potential Demand

Remaining Potential Demand (RPD) is the number of income-qualified renter households that are not housed in existing or funded affordable units. Residents of these households may live in housing developments funded under other programs or other forms of housing.

The three-mile RPD for the comparison counties range from 90 to 491 compared to the subject's three-mile RPD of 413. The five-mile RPD for the comparison counties range from 297 to 1,209 compared to the subject's five-mile RPD of 289. The 10-mile RPD for the comparison counties range from 816 to 3,132 compared to the subject's 10-mile RPD of 2,218. The subject's RPD is relatively modest compared to the comparison counties. The performance of existing projects indicates significant demand.

Remaining Potential Demand				
	3-Mile Ring	5-Mile Ring	10-Mile Ring	Avg. Occ.
Subject	413	289	2,218	
Bay Averages	423	849	1,503	96.7%
Charlotte Averages	90	297	816	96.3%
Polk Averages	216	456	1,877	95.7%
Escambia Averages	491	1,209	2,464	94.9%
Pasco Averages	452	1,049	2,208	94.9%
Lake Averages	163	595	1,860	92.3%
Brevard Averages	371	1,055	2,182	92.0%
Sarasota Averages	367	881	3,132	91.8%
Indian River Averages	380	830	1,768	91.3%
Lee Averages	270	781	2,302	84.7%

Demand from Household Growth

We have also considered projected household growth within the subject's income band. The analysis is generally the same as that for the current population. However, we have considered the future income band based on projections of income growth. The demographic data indicates that the median household income in Palm Beach County is expected to change by about 11.2% between 2023 and 2028. We expect the median household income according to the Florida Housing Finance Corporation to reflect a similar increase, so the subject's future income band is estimated to range from about \$30,683 to \$49,093 by 2028 (current income band increased by 11.2%). From the number of age and income-qualified renter households projected for 2028, we subtracted the age and income-qualified renter households in 2023 to indicate the number of potential tenants for the subject based on household growth. The following analysis summarizes our calculations of potential demand from household growth within the income band.

DEMOGRAPHIC ANALYSIS (CONT'D)

Household Growth Through 2028 3, 5 & 10-Mile Rings Centered On Madison Terrace (26.60551, -80.0581)										
Market Area		3-Mi. Ring			5-Mi. Ring			10-Mi. Ring		
Total HH in Market Area 2028		20,823			48,017			161,339		
Households 55 and Over										
Household Income	% in Band	% of HH	Inc. Qual.	Inc. Cum.	% of HH	Inc. Qual.	Inc. Cum.	% of HH	Inc. Qual.	Inc. Cum.
Less than \$15,000	0.0%	11.4%	0.0%	0.0%	11.2%	0.0%	0.0%	10.5%	0.0%	0.0%
\$15,000 to \$24,999	0.0%	9.4%	0.0%	0.0%	10.2%	0.0%	0.0%	9.5%	0.0%	0.0%
\$25,000 to \$34,999	43.2%	9.4%	4.1%	4.1%	8.7%	3.7%	3.7%	8.6%	3.7%	3.7%
\$35,000 to \$49,999	94.0%	11.8%	11.1%	15.2%	12.3%	11.6%	15.3%	12.1%	11.3%	15.0%
\$50,000 to \$74,999	0.0%	14.7%	0.0%	15.2%	16.3%	0.0%	15.3%	15.6%	0.0%	15.0%
\$75,000 to \$99,999	0.0%	10.7%	0.0%	15.2%	11.0%	0.0%	15.3%	11.2%	0.0%	15.0%
\$100,000 to \$124,999	0.0%	8.4%	0.0%	15.2%	8.2%	0.0%	15.3%	8.4%	0.0%	15.0%
\$125,000 to \$149,999	0.0%	5.9%	0.0%	15.2%	6.0%	0.0%	15.3%	6.2%	0.0%	15.0%
\$150,000 to \$199,999	0.0%	6.0%	0.0%	15.2%	6.0%	0.0%	15.3%	6.4%	0.0%	15.0%
\$200,000 or more	0.0%	12.5%	0.0%	15.2%	10.0%	0.0%	15.3%	11.6%	0.0%	15.0%
		100.0%			100.0%			100.0%		
% of Households in Income Band				15.2%				15.3%	15.0%	
Multiplied by Total Households 55 and Over				<u>20,823</u>				<u>48,017</u>	<u>161,339</u>	
Age and Income-Qualified Households in 2028				3,165				7,347	24,201	
Propensity for Renter-Occupied Housing for HH within the Band				40.1%				40.1%	40.1%	
Age and Income-Qualified Renter HH in 2028				1,269				2,946	9,704	
Less: Age and Income-Qual. Renter HH in 2023				<u>1,164</u>				<u>2,713</u>	<u>9,053</u>	
Potential Demand from HH Growth next 5 years				105				233	651	
Annual Potential Demand				21				47	130	
<i>Income Band - Increased from Current Levels Based on Proj. Median HH Income Growth</i>										
Projected										
				2023 Inc. Band	Growth Rate		2028 Inc. Band			
Minimum				\$27,600	11.2%		\$30,683			
Maximum				\$44,160	11.2%		\$49,093			

This analysis indicates the following annual increases in the number of age and income-qualified renter households in the subject's income band in each of the market areas.

Market Area	3-Mile Ring	5-Mile Ring	10-Mile Ring
Annual Increase in Age & Income-Qual. Renter HH	21	47	130

The annual increase in the number of age and income-qualified renter households is positive in all three areas.

Annual growth greater than the size of the subject property is a positive demographic factor. The higher the annual growth in age and income-qualified renter households relative to the project size, the less the project must rely on cannibalizing tenants from existing properties. If the annual growth in income-qualified renter households is less than the project size, then the complex must rely on tenants moving from existing projects, which would lower the overall occupancy rate of the entire market and lower the expected stabilized occupancy rate of the subject property. The annual growth rate of age and income-qualified renter households in the Primary Market Area of 130 is smaller than the subject project with 176 units. This is a negative demographic factor.

Conclusion of Supply and Demand Analysis – 60% AMI Units

The subject will need to Capture only 1.7% of the Age and Income Qualified renter households within the three-mile ring. In addition, the Primary Market Area, defined as a 10-mile ring centered on the subject property, will add 130 Age and Income-Qualified renter households annually. Finally, According to the Florida Housing Finance Corporation's latest occupancy report, the Elderly projects within Palm Beach County are 98.4% occupied indicating significant demand.

CERTIFICATION

The undersigned appraiser hereby certifies the following to the best of his knowledge and belief.

- The statements of fact contained in this report (upon which the analyses, opinion and conclusions expressed herein are based) are true and correct.
- The analysis, opinions, and conclusion in the report are limited only by the assumptions and limiting conditions and any extraordinary assumptions if any, set forth, and are the personal, unbiased professional analyses, opinions and conclusions of the appraiser.
- The appraiser has no present or prospective interest in the subject property and have no personal bias with respect to the parties involved.
- The appraisers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The reported analyses, opinions and conclusions were developed, and this appraisal report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The use of this report is subject to all regulations issued by the appropriate regulatory entities regarding the enactment of Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report and neither all nor part of this appraisal report shall be disseminated to the general public by the use of any public communications media without the prior written consent of the undersigned appraiser.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one other than the undersigned prepared the personal unbiased professional analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report unless and except as acknowledged in this report.
- The appraiser has performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.

Property Location

The subject is located on the east side of South Dixie Highway, in Lake Worth, Palm Beach County, Florida.

Date of Report

April 20, 2023

Certified by

Meridian Appraisal Group, Inc.

Robert Von, President

State-Certified General Real Estate Appraiser RZ1604

ADDENDA

APPRAISERS' QUALIFICATIONS



QUALIFICATIONS OF ROBERT VON, PRESIDENT

BUSINESS ADDRESS	Meridian Appraisal Group, Inc. 1331 Sundial Point Winter Springs, Florida 32708 Phone: 407.637.8705 Fax: 407.875.1061 E-mail: rvon@meridianag.com
FORMAL EDUCATION	California State University, Northridge May 1986, Bachelor of Science in Business Administration, Real Estate Finance
REAL ESTATE EDUCATION	Has completed course work for admission to the Appraisal Institute and all necessary for State-Certification and continuing education. A partial list of course work is as follows: <i>Course/Seminars/Continuing Education</i> <ul style="list-style-type: none">• Real Estate Appraisal Principles• Basic Valuation Procedures• Standards of Professional Practice – Part A• Standards of Professional Practice – Part B• Capitalization Theory and Techniques – Part A• Capitalization Theory and Techniques – Part B• Highest and Best Use and Market Analysis• Appraising Troubled Properties• Advanced Applications• USPAP Update• MAP Valuation Training for Third Party Appraisers
EXPERIENCE	
2007 – Present	Meridian Appraisal Group, Inc. President and Principal Responsible for the acquisition, co-ordination and review of appraisal assignments on real property. Also responsible for the preparation of appraisal assignments on various real property with specialization in multi-family apartments and A&D projects throughout Florida. Have completed over 1,000 affordable apartment projects for all demographic categories throughout the state of Florida.
January 2004 – 2007	Realvest Appraisal Services, Inc. President and Principal
June 1998 – 2003	Realvest Appraisal Services, Inc. Vice President and Principal Responsible for the acquisition, co-ordination and review of appraisal assignments on real property. Also responsible for the preparation of appraisal assignments on various real property with specialization in multi-family apartments and A&D projects throughout Florida.
1994 – 1998	Pardue, Heid, Church, Smith & Waller, Inc. Commercial Manager and Commercial Real Estate Analyst Responsible for the preparation and review of appraisal assignments on various real property including vacant land, subdivisions, retail centers, office buildings, apartments, industrial properties and special use properties.

QUALIFICATIONS OF ROBERT VON, PRESIDENT (CONT'D)

1993 – 1994

Barnett Banks, Inc.
Review Appraiser

Responsible for reviewing reports for Special Assets and Corporate and Commercial Real Estate Department. Performed all appraisal reviews for the CFCRC, a consortium of 12 lending institutions.

1986 – 1993

HomeFed Bank, FSB
Senior Review Appraiser


Responsible for the ordering and review of full narrative appraisal reports for the entire east coast portfolio. Assignments completed in 14 states and the District of Columbia

CERTIFICATIONS & LICENSES

State-Certified General Real Estate Appraiser RZ1604
Orlando Chamber of Commerce – Member
Downtown Orlando Partnership – Member


PROFESSIONAL AFFILIATIONS

Board of Directors – Florida Housing Coalition



Ron DeSantis, Governor

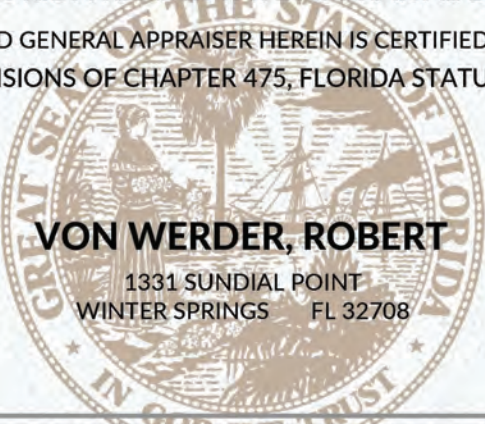
Melanie S. Griffin, Secretary



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES




VON WERDER, ROBERT
1331 SUNDIAL POINT
WINTER SPRINGS FL 32708

LICENSE NUMBER: RZ1604

EXPIRATION DATE: NOVEMBER 30, 2024

Always verify licenses online at MyFloridaLicense.com



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RENT & INCOME LIMITS

Note: The general hold harmless provisions of IRC Section 142(d)(2)(E) mean that projects with at least one building placed in service on or before the end of the 45-day transition period for newly-released limits use whichever limits are greater, the current-year limits or the limits in use the preceding year.

HUD release: 4/18/2022

Effective: 4/18/2022

Implement on/before: 6/1/2022

FHFC Posted: 4/25/2022

2022 Income Limits and Rent Limits

Florida Housing Finance Corporation

Multifamily Rental Programs and CWHIP Homeownership Program

NOTE: Does not pertain to CDBG-DR, HHRP, HOME, NHTF or SHIP

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household										Rent Limit by Number of Bedrooms in Unit					
		1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5
Palm Beach County (West Palm Beach- Boca Raton HMFA)	20%	12,880	14,720	16,560	18,400	19,880	21,360	22,820	24,300	25,760	27,232	322	345	414	478	534	589
	25%	16,100	18,400	20,700	23,000	24,850	26,700	28,525	30,375	32,200	34,040	402	431	517	598	667	736
	28%	18,032	20,608	23,184	25,760	27,832	29,904	31,948	34,020	36,064	38,125	450	483	579	669	747	824
	30%	19,320	22,080	24,840	27,600	29,820	32,040	34,230	36,450	38,640	40,848	483	517	621	717	801	883
	33%	21,252	24,288	27,324	30,360	32,802	35,244	37,653	40,095	42,504	44,933	531	569	683	789	881	971
	35%	22,540	25,760	28,980	32,200	34,790	37,380	39,935	42,525	45,080	47,656	563	603	724	837	934	1,030
	40%	25,760	29,440	33,120	36,800	39,760	42,720	45,640	48,600	51,520	54,464	644	690	828	957	1,068	1,178
	45%	28,980	33,120	37,260	41,400	44,730	48,060	51,345	54,675	57,960	61,272	724	776	931	1,076	1,201	1,325
	50%	32,200	36,800	41,400	46,000	49,700	53,400	57,050	60,750	64,400	68,080	805	862	1,035	1,196	1,335	1,472
	60%	38,640	44,160	49,680	55,200	59,640	64,080	68,460	72,900	77,280	81,696	966	1,035	1,242	1,435	1,602	1,767
	70%	45,080	51,520	57,960	64,400	69,580	74,760	79,870	85,050	90,160	95,312	1,127	1,207	1,449	1,674	1,869	2,061
	80%	51,520	58,880	66,240	73,600	79,520	85,440	91,280	97,200	103,040	108,928	1,288	1,380	1,656	1,914	2,136	2,356
	120%	77,280	88,320	99,360	110,400	119,280	128,160	136,920	145,800	154,560	163,392	1,932	2,070	2,484	2,871	3,204	3,534
	140%	90,160	103,040	115,920	128,800	139,160	149,520	159,740	170,100	180,320	190,624	2,254	2,415	2,898	3,349	3,738	4,123
HERA Special Limits per Section 142(d)(2)(E) (Est. 2021) <i>For use by projects that placed in service at least one building on or before 12/31/2008</i>	25% - HS	16,575	18,950	21,325	23,675	25,575	27,475	29,375	31,275	33,145	35,039	414	444	533	615	686	758
	28% - HS	18,564	21,224	23,884	26,516	28,644	30,772	32,900	35,028	37,122	39,244	464	497	597	689	769	849
	30% - HS	19,890	22,740	25,590	28,410	30,690	32,970	35,250	37,530	39,774	42,047	497	532	639	738	824	909
	33% - HS	21,879	25,014	28,149	31,251	33,759	36,267	38,775	41,283	43,751	46,251	546	586	703	812	906	1,000
	35% - HS	23,205	26,530	29,855	33,145	35,805	38,465	41,125	43,785	46,403	49,055	580	621	746	861	961	1,061
	40% - HS	26,520	30,320	34,120	37,880	40,920	43,960	47,000	50,040	53,032	56,062	663	710	853	985	1,099	1,213
	45% - HS	29,835	34,110	38,385	42,615	46,035	49,455	52,875	56,295	59,661	63,070	745	799	959	1,108	1,236	1,364
	50% - HS	33,150	37,900	42,650	47,350	51,150	54,950	58,750	62,550	66,290	70,078	828	888	1,066	1,231	1,373	1,516
60% - HS	39,780	45,480	51,180	56,820	61,380	65,940	70,500	75,060	79,548	84,094	994	1,065	1,279	1,477	1,648	1,819	
140% - HS	92,820	106,120	119,420	132,580	143,220	153,860	164,500	175,140	185,612	196,218	2,320	2,486	2,985	3,447	3,846	4,245	

Florida Housing Finance Corporation (FHFC) income and rent limits are based upon figures provided by the United States Department of Housing and Urban Development (HUD) and are subject to change. Updated schedules will be provided when changes occur.