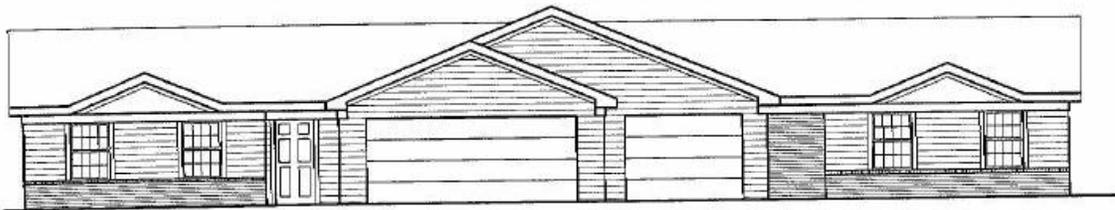


Market Analysis

Creekside at Fosters Landing



Location
1300 South 250 East
New Castle, Indiana
Henry County

Prepared for
Deckard Realty and Development Co
2295 West Bloomfield Road
Bloomington, Indiana 47403

Date of report
March 14, 2007

Date of inspection
March 02, 2007



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Executive Summary

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and survey research of existing developments:

- The proposed Creekside at Fosters Landing is located at:
1300 South 250 East
New Castle, Indiana,
Henry County

The site is located in census tract 9765, this census tract is not within a qualified census tract. The property has a latitude/longitude of 39° 54' 48.95" N, 85° 20' 15.82" W. The immediate neighborhood is a mix of single and multi-family properties and agriculture land.

- The subject will be new construction. There will be 18 buildings with 34 units. The mix is studios, one-bedroom units, and two-bedroom units. The proposed rents are for 40%, 50%, 60%, and market rate units for senior households.
- The subject will be rented to those households with incomes between \$11,279 - \$26,400. The net rents are between \$300 and \$619. This income range includes 84% of the renter households (HH) in the primary market area. The primary market area is considered Henry and Liberty Township, which includes census tracts 9755, 9759-9761, 9763-9766. This area was chosen because the subject is located on the eastern edge of the city of New Castle. Because of its location near the boundary, it is reasonable to assume that some of the potential tenants will come from the nearby areas.
- It is recommended that the rents of the subject be lowered to be more competitive within this market. This would not affect the demand because the income range would remain the same. This issue is discussed thoroughly in this report.
- The feasibility of the subject is adequate. The subject has a penetration rate of 2.6%. If the number of all senior tax-credit properties and the subject are considered, it has a capture rate of 4.3%. This rate should be similar in the future as long as the subject is the only senior project planned.
- The absorption of the units is estimated at 3-4 units per month, or a total lease-up period of 8-11 months.
- There appears to be statistical demand for senior units within this market. However, the rents will need to be reduced from the developers projections to make them feasible
- The proposed units will provide studios, one and two bedroom and one baths in a functional floor plan. There are currently no duplex type units currently in this market. However, this type of unit is being done in other senior markets with great success.



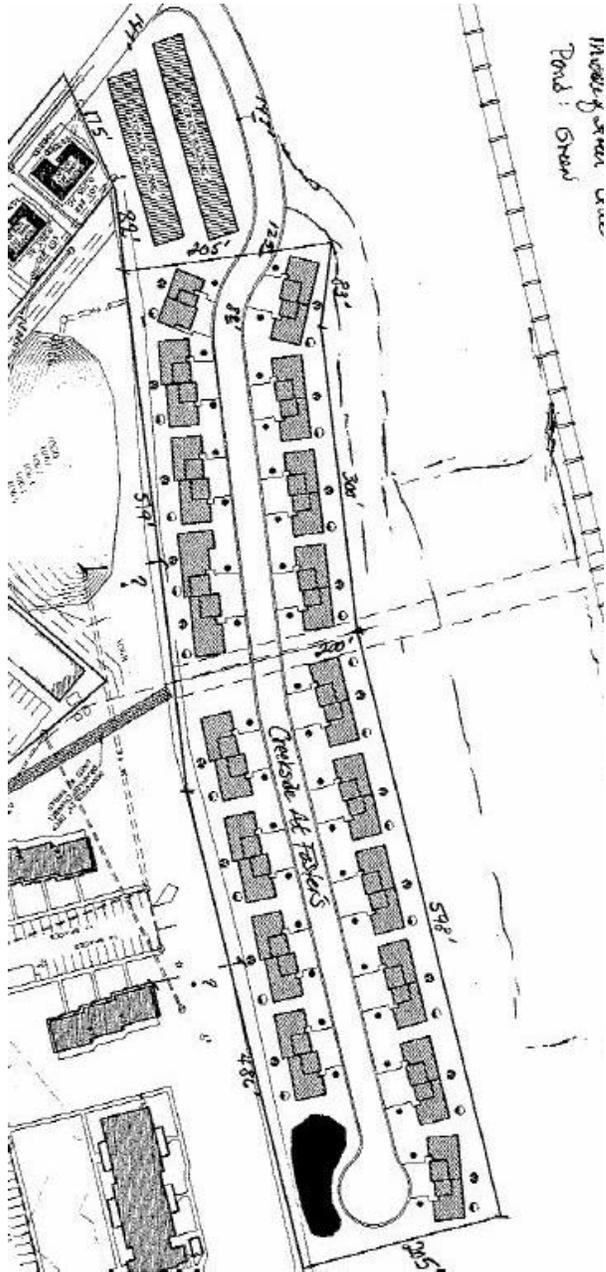
Furthermore, the subject's unit will offer a garage that allows the tenants to go from their cars directly into the units.

- The subject will have 34 units. This represents 10% of the current supply of units. It will be new construction that is superior to the existing supply. There are 214 other Section 42 units in the market however, only 52 are senior that will compete directly with the subject. The majority of the current units are subsidized. Within this report, the analysis demonstrates a need for the 34 units of the subject with some modifications of the rents.
- The average vacancy rate in the PMA for all apartments is 94%. The average rate for rental housing tax credit projects is 94%. The subject should be similar in occupancy of the other tax credit projects.



Development Description

Site map





Color photos of the site

Following are pictures of the subject site.





Location

The proposed Creekside at Fosters Landing is located at:

1300 South 250 East
New Castle, Indiana,
Henry County

The neighborhood is considered to be the east side of the city of New Castle. The major north/south streets are East 200 South and SR 38 and the major east/west streets are 18th Street and CR 250 East. The site is specifically located along CR 250 east adjacent to Fosters Landing. The majority of the streets surrounding the subject are secondary neighborhood streets. The subject is approximately 1.5 miles from the center of town. Due to the size of the community, access to all parts of the city is easy. The subject is less than 8 miles from Interstate 70. The subject site contains 4.5 acres, is basically level and has good visibility from CR 250 East. There are not any adverse conditions in the neighborhood that will affect the subject property.

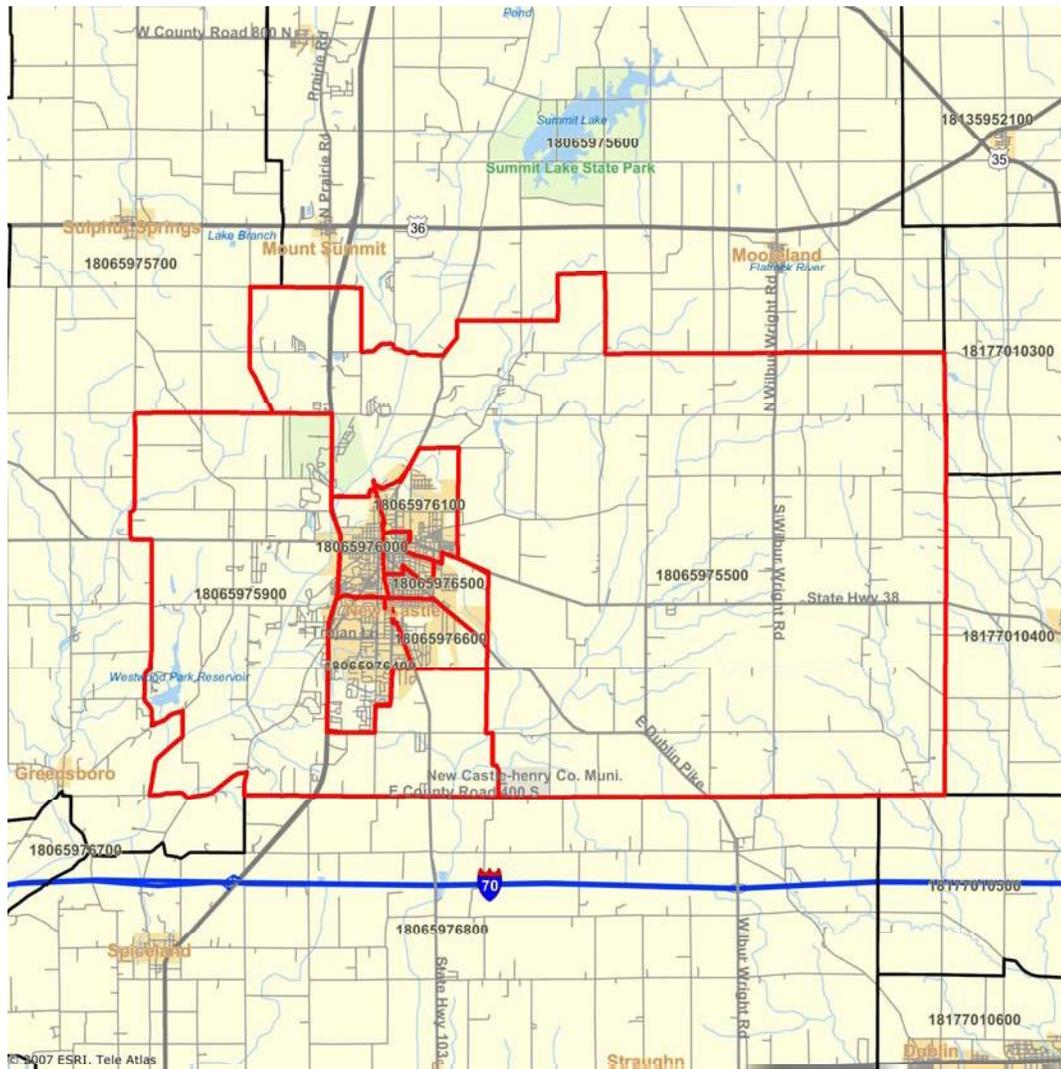
Zoning

The site was zoned I-2 and was recently approved by the New Castle City Council to change the zoning to multi-family. This zoning is appropriate for the proposed development of the subject. Allowed under this zoning is apartments.

The site is surrounded by single and multi-family properties and agricultural uses. The site will be built adjacent to the existing Fosters Landing Apartment complex.

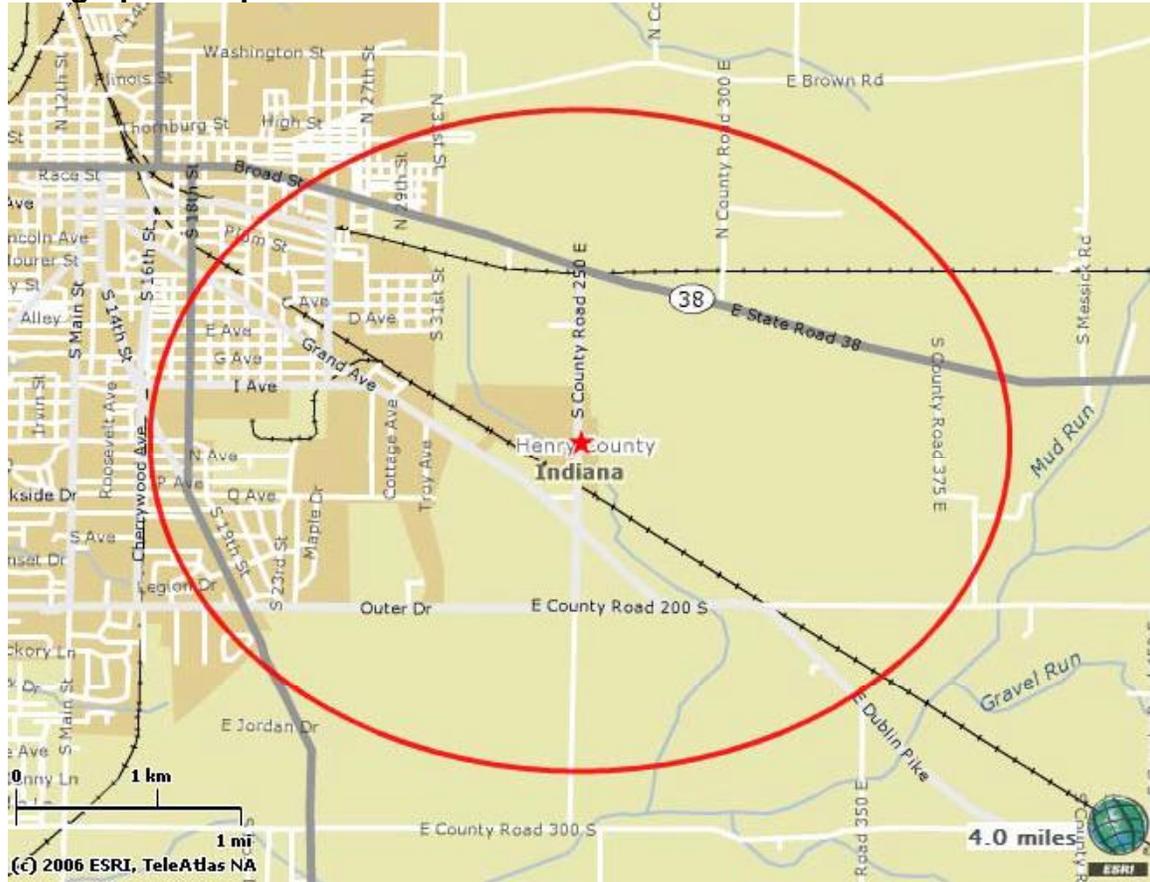


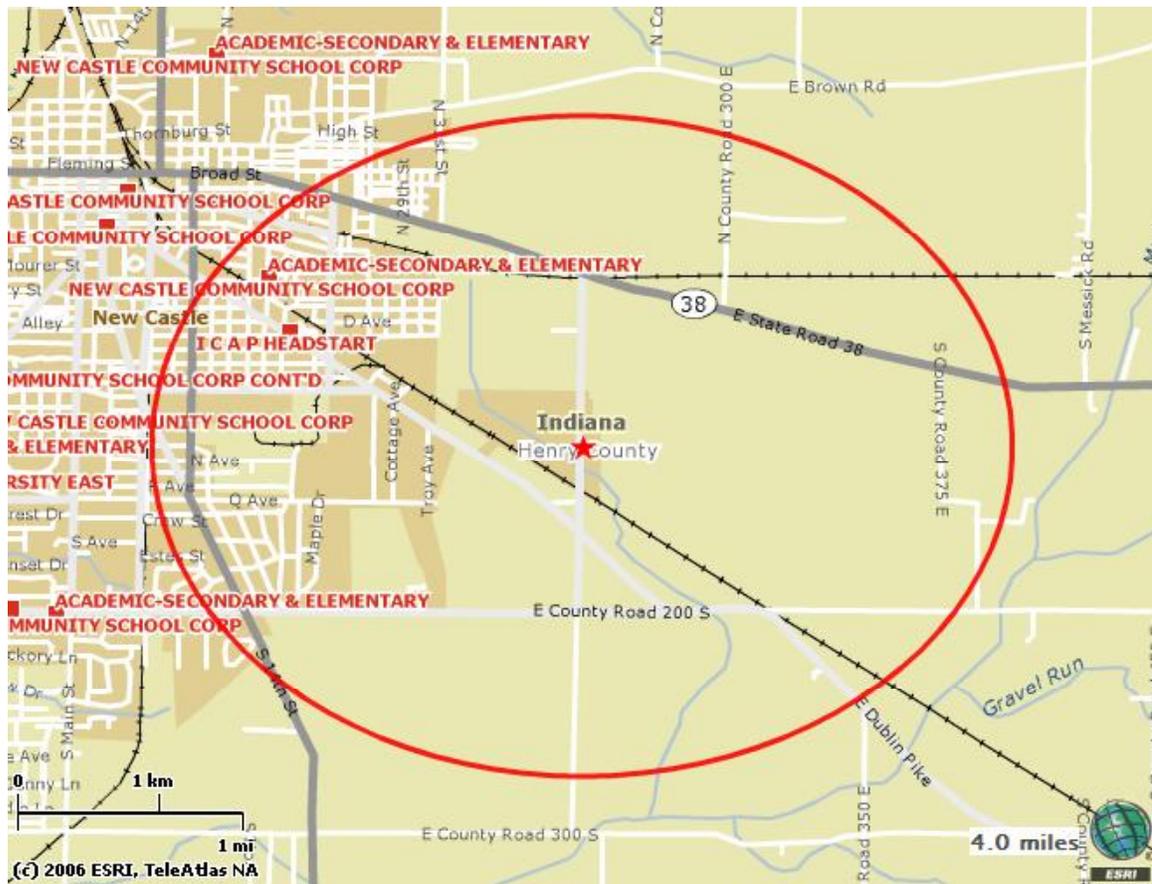
Primary Market Area map



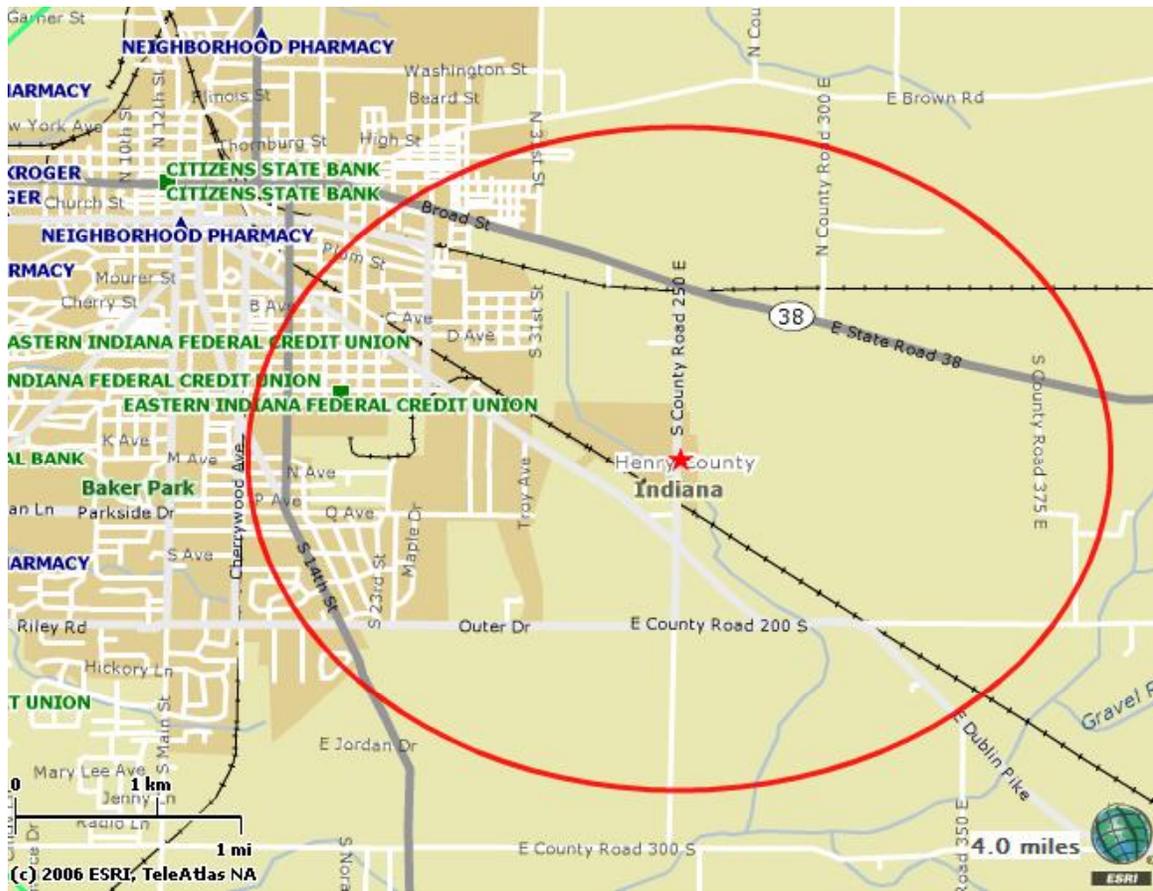


Geographic map

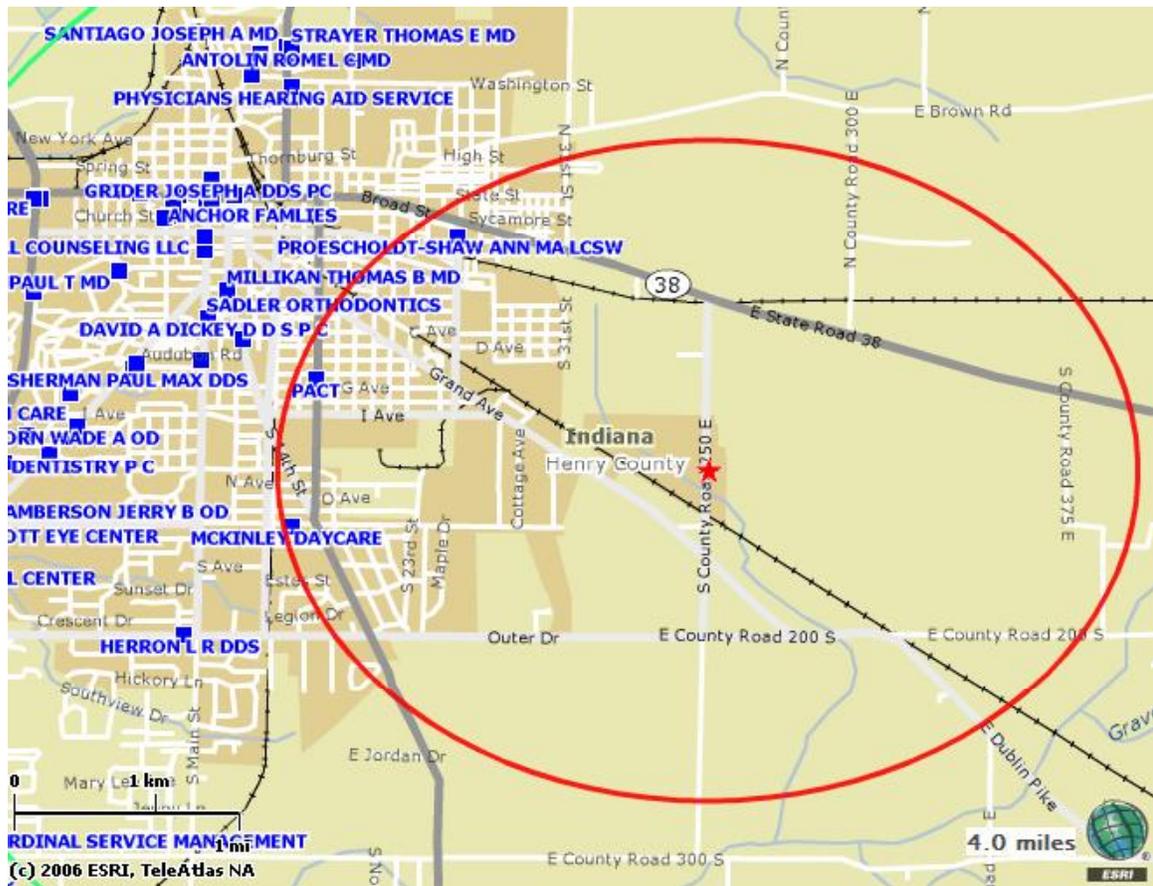




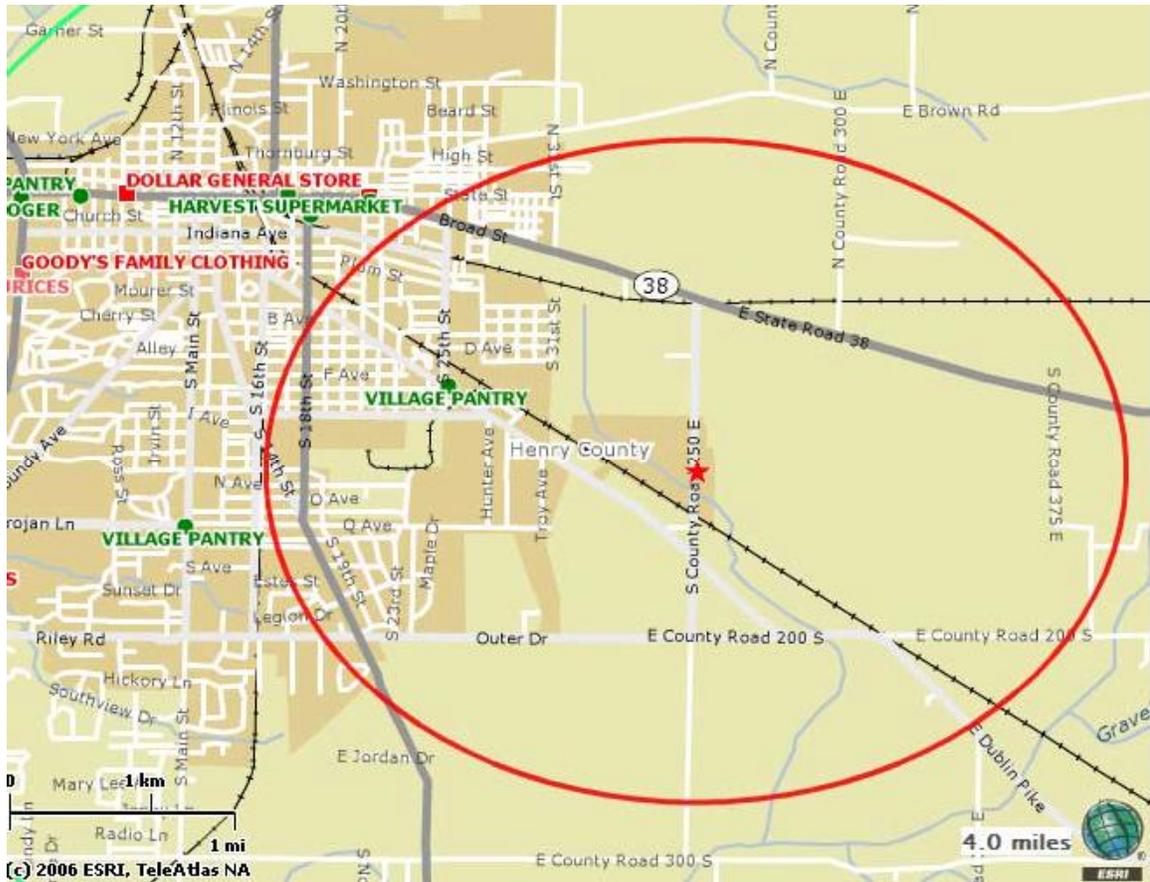
Educational services



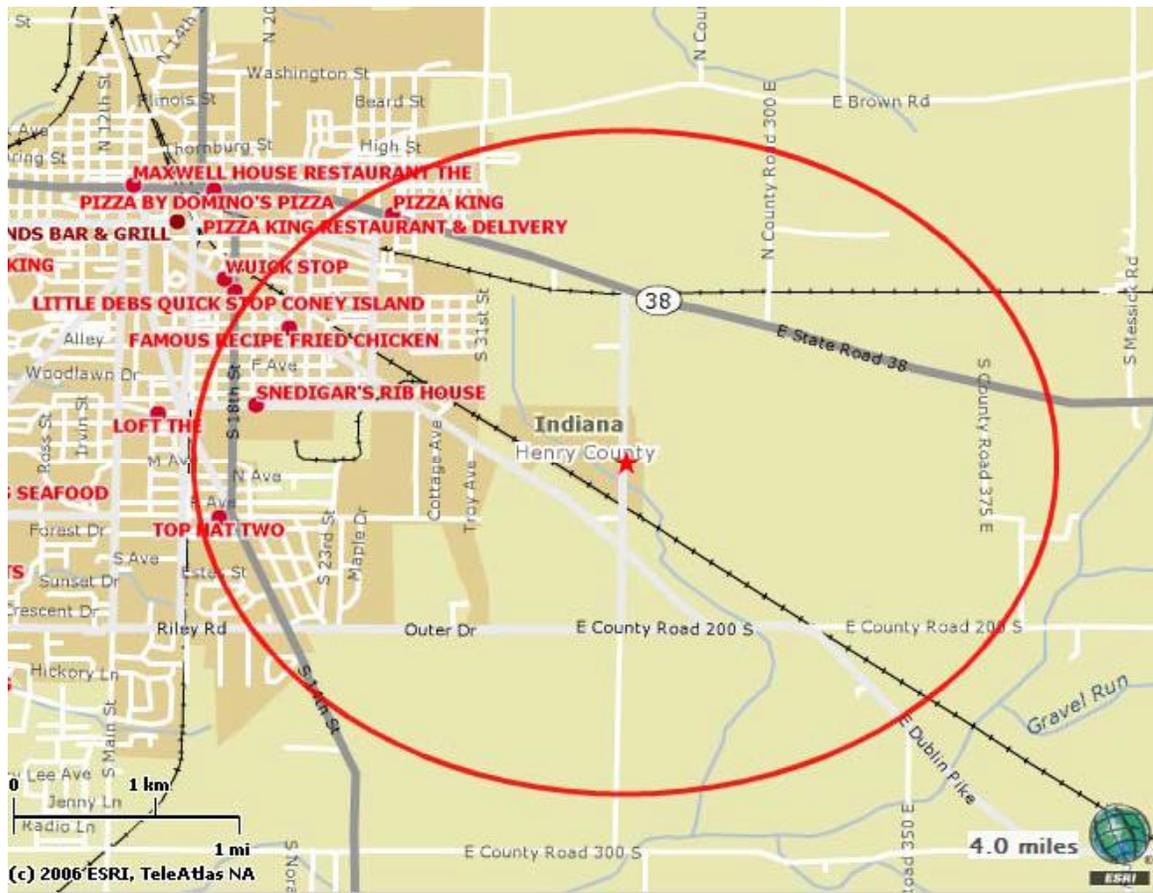
Financial institutions and pharmacies



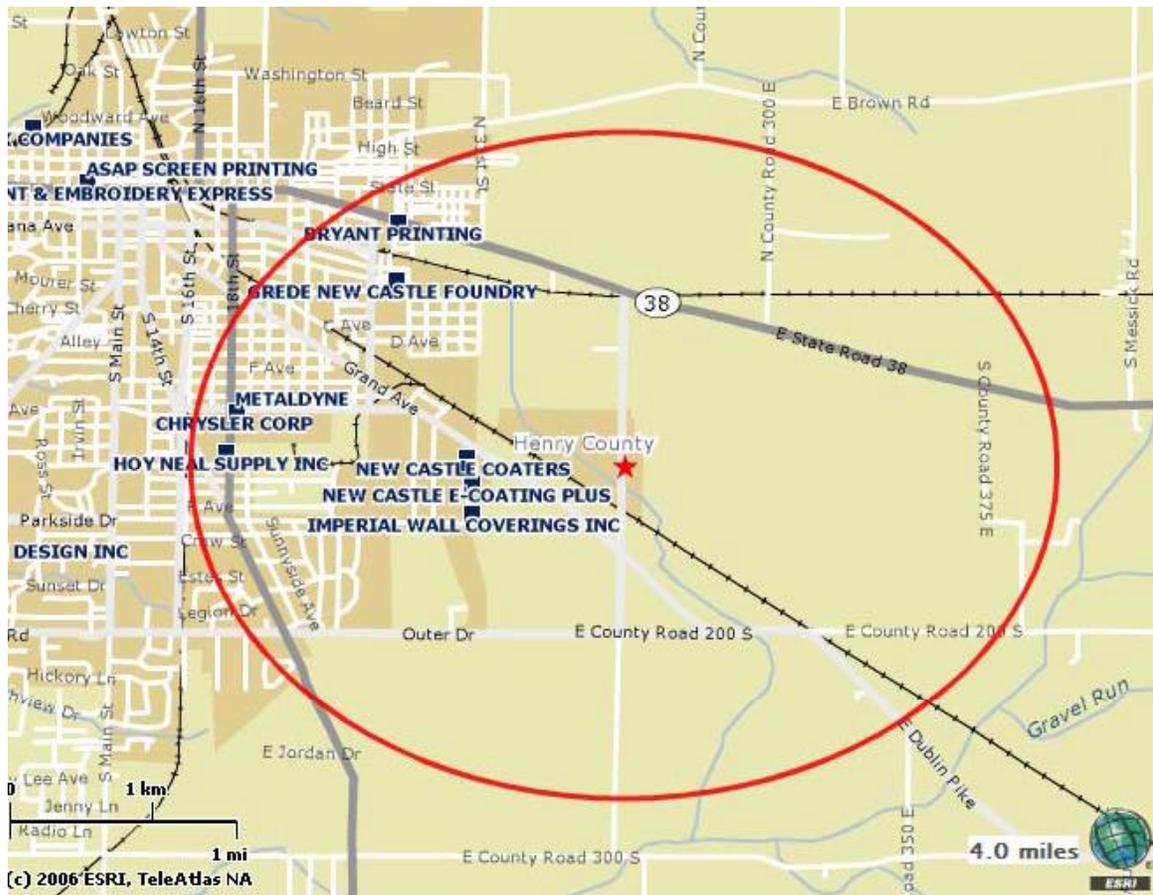
Healthcare



Shopping



Dining



Manufacturing



Improvements

The subject will have studio, one and two bedroom units for seniors. The subject will offer one parking space per unit and community amenities. The rents, utilities allowance, and size of each unit by rent level are shown in the following chart. The development will be new construction. The units will be duplex style units in single-story buildings and garages. The exterior of the buildings will be brick and high quality vinyl siding with asphalt shingled roofs. Each unit will have a range, refrigerator, dishwasher, disposal, wall-to wall carpeting microwave, washers, dryers and private entrances.

The actual rent of the units in relation to the maximum net rent is:

IHCDA Maximum Rent					
	Studio	1 Bed	2 Bed	3 bed	4 Bed
30%	\$0	\$0	\$0	\$0	\$0
40%	\$385	\$412	\$495	\$0	\$0
50%	\$0	\$515	\$618	\$0	\$0
60%	\$0	\$618	\$742	\$0	\$0
Less Utility Allowance					
	Studio	1 Bed	2 Bed	3 bed	4 Bed
30%	\$76	\$92	\$108	\$0	\$0
40%	\$76	\$92	\$108	\$0	\$0
50%	\$76	\$92	\$108	\$0	\$0
60%	\$76	\$92	\$108	\$0	\$0
Maximum Net Rent					
	Studio	1 Bed	2 Bed	3 bed	4 Bed
30%	\$0	\$0	\$0	\$0	\$0
40%	\$309	\$320	\$387	\$0	\$0
50%	\$0	\$423	\$510	\$0	\$0
60%	\$0	\$526	\$634	\$0	\$0

The average size per unit and rents are shown in the following chart.



Maximum % of AMI	Unit type	Size of Unit (SF)	Number of Units	Proposed Rent of Subject	Rent/SF	Maximum Net Rent from IHCDA
40%	Studio	548	1	\$300	\$0.55	\$309
40%	One bedroom	687	2	\$305	\$0.44	\$320
50%	One bedroom	687	3	\$408	\$0.59	\$423
60%	One bedroom	687	5	\$511	\$0.74	\$526
Market	One bedroom	687	1	\$519	\$0.76	
40%	Two bedroom	876	2	\$365	\$0.42	\$387
50%	Two bedroom	876	12	\$488	\$0.56	\$510
60%	Two bedroom	876	7	\$612	\$0.70	\$634
Market	Two bedroom	876	1	\$619	\$0.71	
Total			34			

Timing

Construction is estimated to begin in September of 2007 with an expected construction time of 9 months. Construction is estimated to be completed by May 2008.

Pre-leasing will be available during the entire construction period because the subject will be part of the Foster Landing project adjacent to the north.

Subject amenities

This section describes the site, building, and unit amenities in the subject. The developer's plans include the following, as specified in the application:

According to information provided by the developer, the development will cater to those individuals who have difficulty with navigating stairs, or who are wheel chair bound.

Site amenities

The site will offer community garden area tilled for tenants' personal use, walking trail, lighted gazebo, community street lined with park benches, attractive night lighting, picnic area with picnic tables, barbecue grills and shuffle board.

Building amenities

The project will contain a community center which will include rooms for activities. The main room will have a full kitchen with stove/oven, microwave, garbage disposal and refrigerator. It will also include a television, with DVD/VCR capability. In addition the community room will have a computer area with internet access, a beauty/barber shop, exercise room, and on-site leasing office.

Unit amenities

Each unit will be duplex style with front and rear patio and garages. The kitchens will include range, refrigerator, dishwasher, disposal, microwave, washer/dryers, private entrance and wall to wall carpeting. Each unit will have an attached garage. This is an amenity that is not offered at any other project in the PMA. This will allow the tenants to go directly from their cars into the units.



Four of the units will be set aside for occupancy by individuals who meet the state's definition of disabled. Referral agreements have been entered into with New Castle Housing Authority and Comprehensive Mental Health Services where they will refer potential qualifying Section 8 and disabled tenants to the project.

The Owner certifies that the amenities checked below exist and are available for all units comprising the proposed Development and are appropriate for the proposed tenant population.

Column 1	Column 2	Column 3
<input checked="" type="checkbox"/> Wall to Wall carpeting in each unit (living area)	<input type="checkbox"/> Carport (one spot per unit)	<input type="checkbox"/> Security Camera (30 outside entrances)
<input type="checkbox"/> Playground (family only and must be of reasonable size for the Development)	<input checked="" type="checkbox"/> Individual porch/patio/balcony	<input type="checkbox"/> 50% of more brick or stone exterior
<input checked="" type="checkbox"/> Window Blinds or Curtains	<input type="checkbox"/> Steel Frame	<input type="checkbox"/> Dryer: On-site
<input checked="" type="checkbox"/> One Parking spot per unit	<input type="checkbox"/> Washer/Dryer hook-up in each unit	<input checked="" type="checkbox"/> Washer/Dryer (not coin operated) in each unit (may not mark Laundry Facilities in each building)
<input checked="" type="checkbox"/> Bike racks (1 per building)	<input type="checkbox"/> Emergency pull cord/call button in each unit (elderly or special needs only)	<input type="checkbox"/> Fireplace in each unit
<input checked="" type="checkbox"/> Community Room (open to all residents)	<input type="checkbox"/> Hot Tub/Scuzzi (Open to all residents)	<input type="checkbox"/> In ground Pool
<input checked="" type="checkbox"/> Garbage Disposed in each unit	<input checked="" type="checkbox"/> Computer Center (with internet access and printer open to all residents)	<input checked="" type="checkbox"/> Beauty Salon/Barber Shop On-Site (elderly or special needs only)
<input checked="" type="checkbox"/> Door Bell for each unit	<input checked="" type="checkbox"/> Walk-in Closets in each unit	<input type="checkbox"/> Fences in Tennis Court
<input checked="" type="checkbox"/> Peep hole on exterior door for each unit	<input type="checkbox"/> Ceiling Fans in each unit	<input type="checkbox"/> Whirlpool tubs (1 in each unit)
<input checked="" type="checkbox"/> Garden area for all residents to use	<input checked="" type="checkbox"/> Laundry Facilities in each building	<input type="checkbox"/> Garage for each unit
<input checked="" type="checkbox"/> Multiple building designs	<input type="checkbox"/> External individual attached storage for each unit	<input checked="" type="checkbox"/> Emergency sprinkler system in each unit
<input checked="" type="checkbox"/> Shuffle Board Court open to all residents	<input type="checkbox"/> Intercom System for each building OR Insulated Call Systems in each unit	<input checked="" type="checkbox"/> Alarm system for each unit
<input checked="" type="checkbox"/> Multiple floor plans per unit size	<input checked="" type="checkbox"/> Built in Dishwasher in each unit	<input type="checkbox"/> Individual porch/patio/balcony for each unit using Trex Products
<input checked="" type="checkbox"/> Motion detector lights for each unit (single-family duplexes only)	<input type="checkbox"/> Restricted Access to Property (Gated Community)	
<input checked="" type="checkbox"/> Manager on-site	<input checked="" type="checkbox"/> Exercise Room with exercise equipment (open to all residents)	
<input type="checkbox"/> Community Television with cable	<input type="checkbox"/> 3-dimensional architectural shingles	
<input checked="" type="checkbox"/> Designated Walking/Jogging Path	<input type="checkbox"/> On-site recycling service free to residents	
<input type="checkbox"/> Basketball Court open to all residents	<input type="checkbox"/> Designated car wash facility with hose & vacuum	
<input checked="" type="checkbox"/> Microwave in each unit	<input type="checkbox"/> Fire suppressors above all stairs	
<input checked="" type="checkbox"/> Carbon Monoxide detector in each unit	<input checked="" type="checkbox"/> Kitchen Pantry	
<input type="checkbox"/> Enclosed Bus Stop Shelter	<input checked="" type="checkbox"/> Fire Extinguishers in each unit	
<input type="checkbox"/> Hardwood Floors in each unit (living areas)		
<input checked="" type="checkbox"/> 10 units or less per acre		
<input checked="" type="checkbox"/> Cable hook-up in each unit		
<input checked="" type="checkbox"/> Access to high speed internet in each unit		
<input checked="" type="checkbox"/> Gazebo		
<input checked="" type="checkbox"/> Picnic Area with permanent grill		
<input type="checkbox"/> Sand Volleyball Court		

Amenities for Low-income Units/Development Design

a. Please list community building and common space amenities.

tables, chairs, kitchen, computer desk, beauty salon-barber shop, TV-DVD

b. Please list site amenities (including recreational amenities, if not listed above).

walking trail, picnic area, gazebo, shade trees, park benches, walking bridge, garden area.

Are the amenities including recreational amenities for both low income and market rate units the same?

YES
 NO

Footnotes:

Adverse Features

The site is located an outlying area of New Castle. The location makes it difficult for those tenants who do not drive. However, according to the leasing office of Fosters Landing, the



local bus service is available to the tenants and makes daily trips to the existing family portion. Therefore, this service would be available to the tenants on an as-needed basis.

There are no incompatible land uses adjacent to the site.

Federal or local housing subsidies on site

The subject will have the following programs on site:

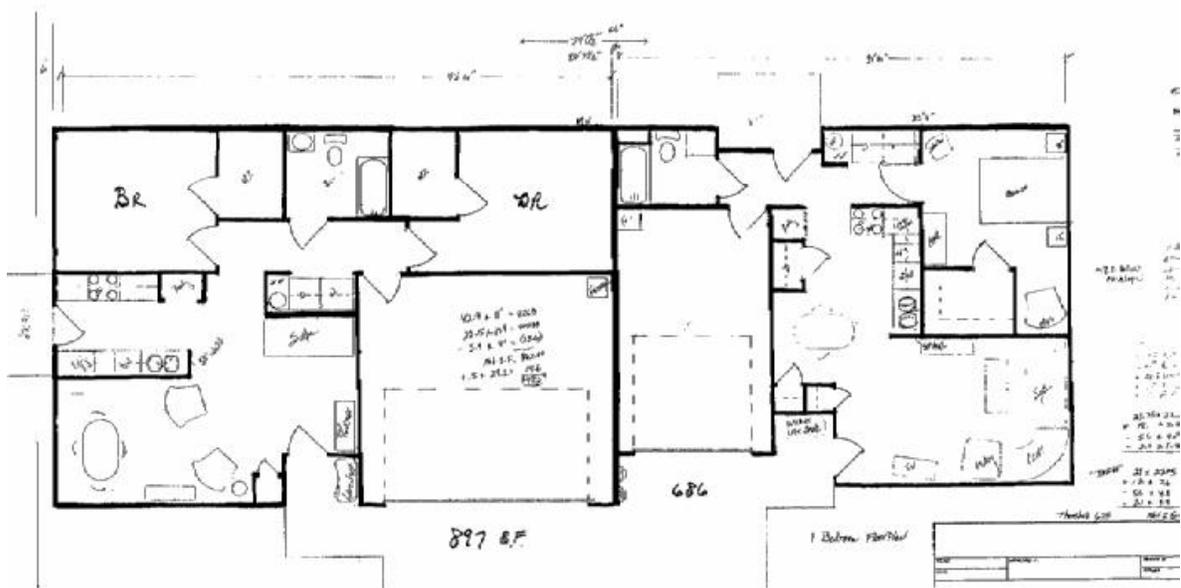
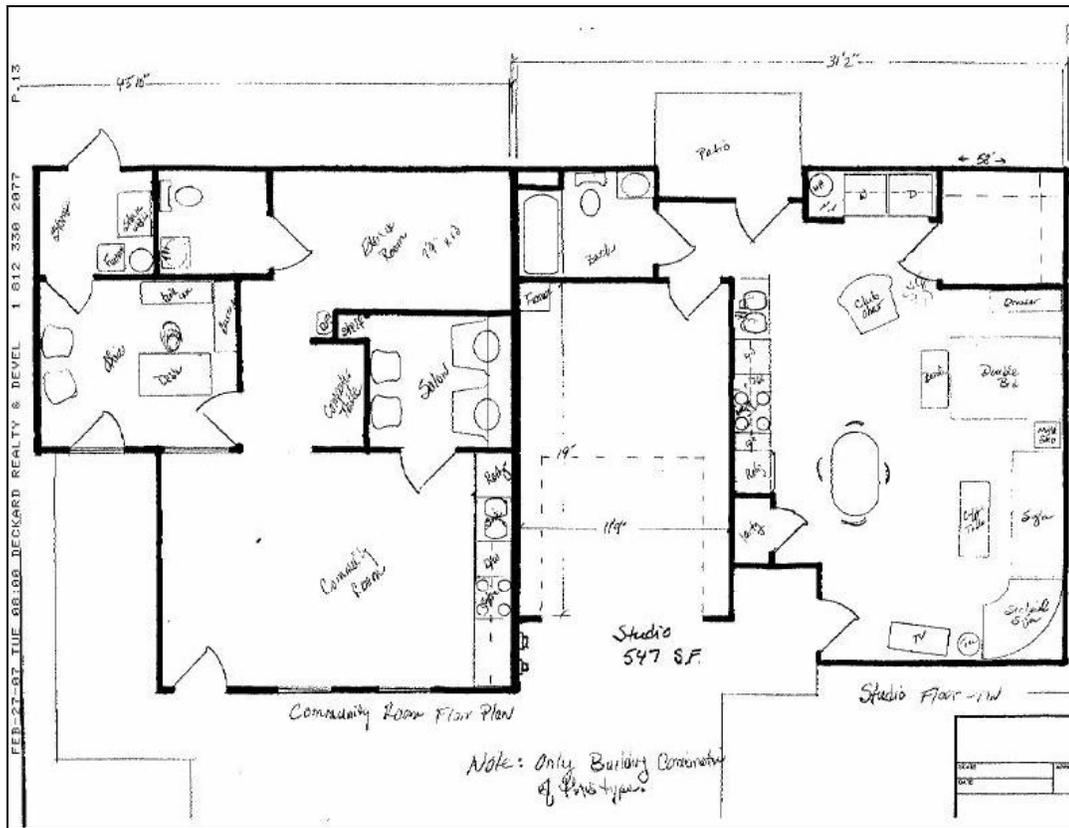
- ERA Real Estate will provide home buying and selling financing consulting services as Deckard Realty and Development will provide credit counseling and credit report review to project tenants.
- Pfenninger Insurance will provide on-site insurance and security counseling seminars.
- Americana Savings Bank will offer on-site presentations on available banking services.
- Raintree Programs and New Castle Memorial Hospital will provide general health counseling and offer on-site seminars on fitness and nutrition.

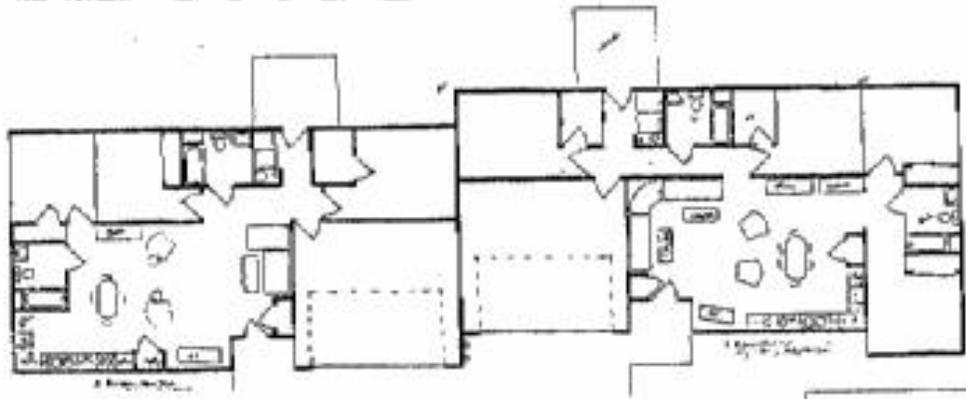
Scope of Work for Rehabilitation

The subject is new construction and will not involve rehabilitation.



Floor plans for the subject







Description of Primary Market Area (PMA)

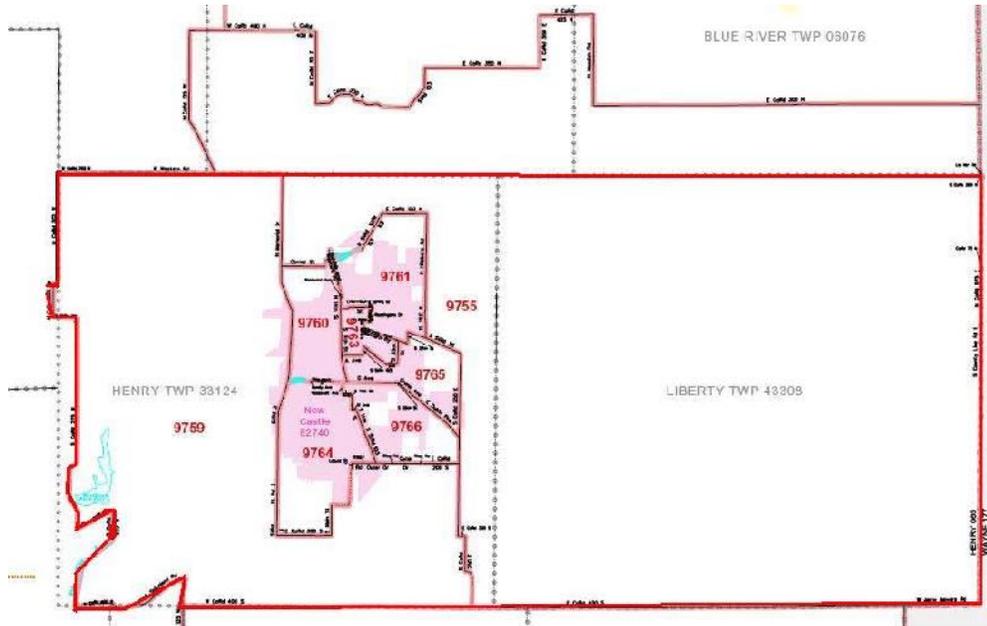
The primary market area for the subject is the east side of the city of New Castle. The boundaries are:

- North: The northern boundary of Henry and Liberty Township
- South: The southern boundary of Henry and Liberty Township
- East: The eastern boundary of Liberty Township
- West: The western boundary of Liberty Township.

The boundaries are chosen because they include the main areas from where the proposed subject will draw its tenants. This includes census tracts 9755, 9759 - 9761, and 9763-9766. This includes all of Henry and Liberty Townships within Henry County. Henry Township includes the city of New Castle to the west of the subject. The subject sits near the boarder of Henry and Liberty Township. Therefore, the census tract to the east of the subject is included, which is all of Liberty Township. Liberty Township was included based on interviews with local leasing agents. While only a small percentage of the renters come from the outlying areas, some the households moving from homeownership have come from these areas. Attempts were made to survey all of the apartments within the PMA. All of the projects were surveyed within the area. There are only a few that are specifically for seniors. The subject is in the middle of the PMA.

There are four RHTC properties within the PMA, Foster's Landing, Autumn Oaks, Rose Courts, and Grand Avenue Commons. Three of the properties are for families. Foster's Landing is the newest and is adjacent to the subject. It contains 90 one, two, three and four-bedroom units and is 90% occupied. Autumn Oaks is a 20 unit property with one, two and three-bedroom units. The property is a renovated building with an occupancy of 80%. Autumn Oaks is a 52 unit project with one, two, and three-bedroom units. The occupancy is 90%. The final RHTC property is Grand Avenue Commons. This project contains 52 one and two-bedroom units. According to the leasing agent, on the day of the inspection the property had five move outs. However, she did have five qualified tenants for the units. However, because they had not moved in yet, it is assumed that at least some would have found other housing options. Therefore, the occupancy has been estimated at 95%.

According to the local planning department, there are discussions about an 80-unit senior project on the north side of New Castle. However, this project has not progressed beyond the discussion stage. Therefore, while this project is discussed within this report, the units are not put into the demand section.



Photos of area around the subject

Following are photographs depicting the adjoining area and/or neighborhood:





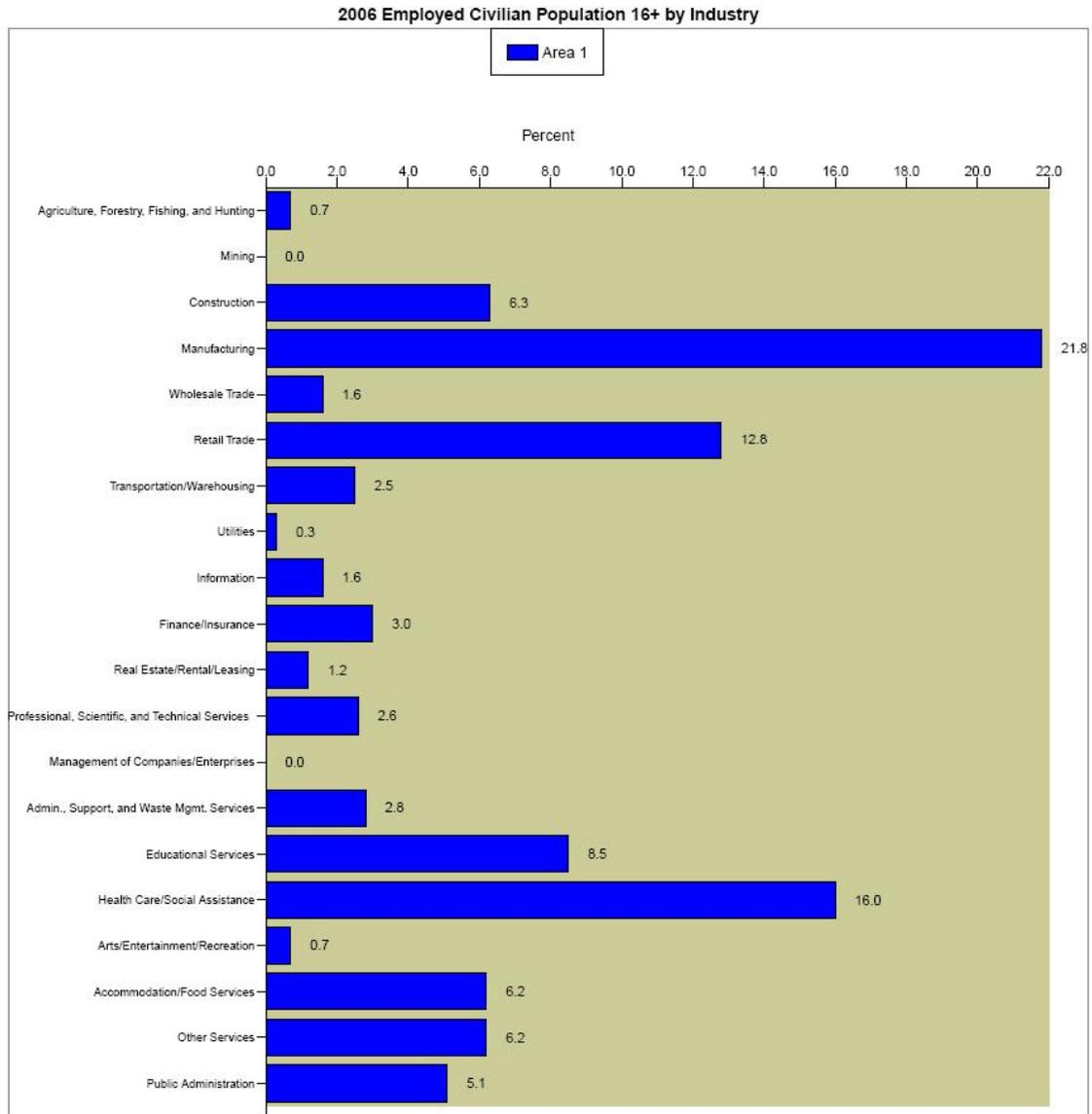


Market Area Economy

Employment by industry sector for PMA

2006 Total Civilian Employed Population 16+

11,550



Data Note: Industry descriptions based on 2000 Census of Population and Housing definitions.

Source: ESRI forecasts for 2006.

1

¹ ESRI



In the current year, the occupational distribution of the employed population is:

- 47.7 percent in white collar jobs (compared to 60.5 percent of U.S. employment)
- 18.5 percent in service jobs (compared to 16.4 percent of U.S. employment)
- 33.8 percent in blue collar jobs (compared to 23.1 percent of U.S. employment)

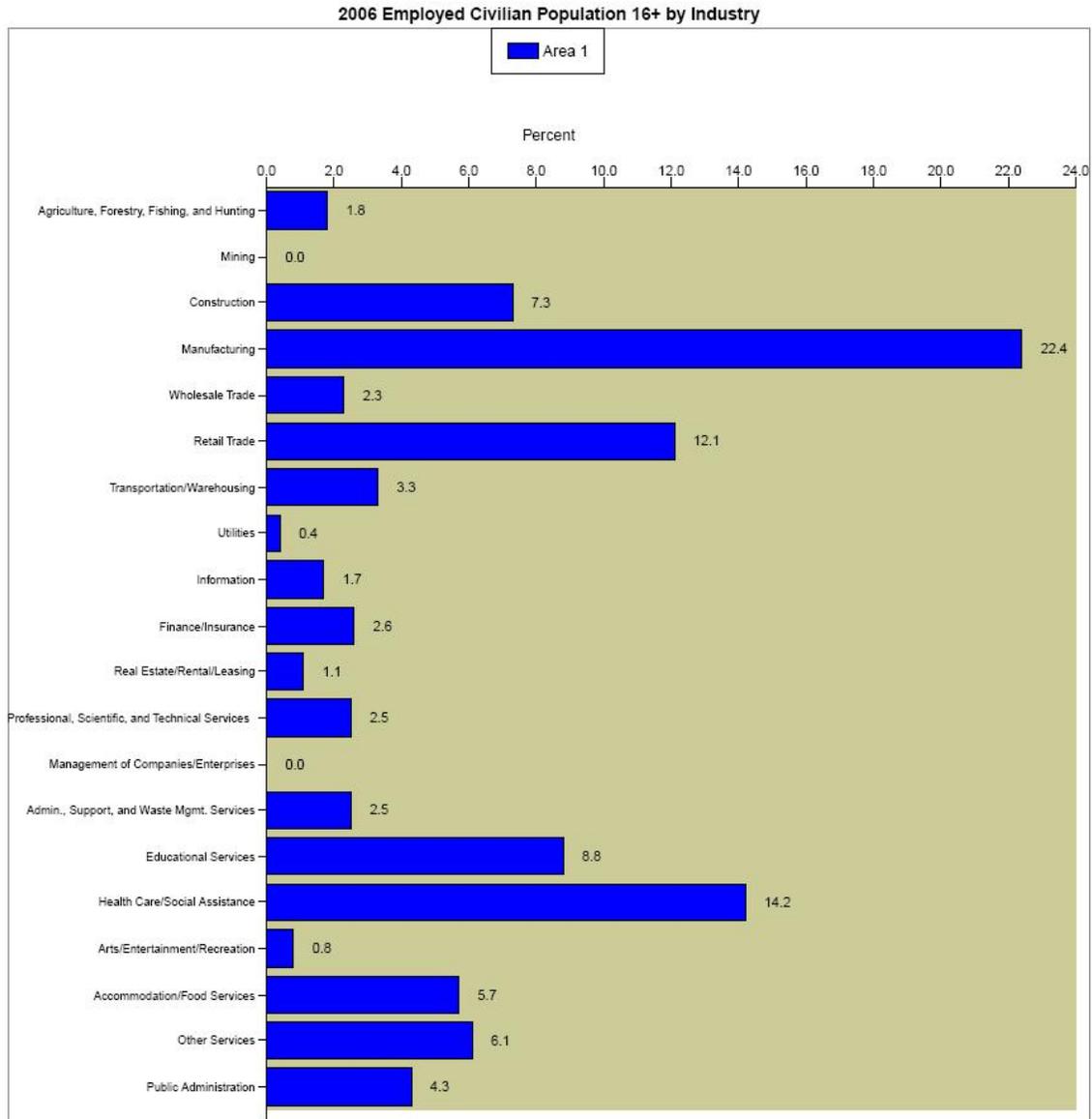


Employment by industry sector for county

Counties: Henry, IN

2006 Total Civilian Employed Population 16+

21,652

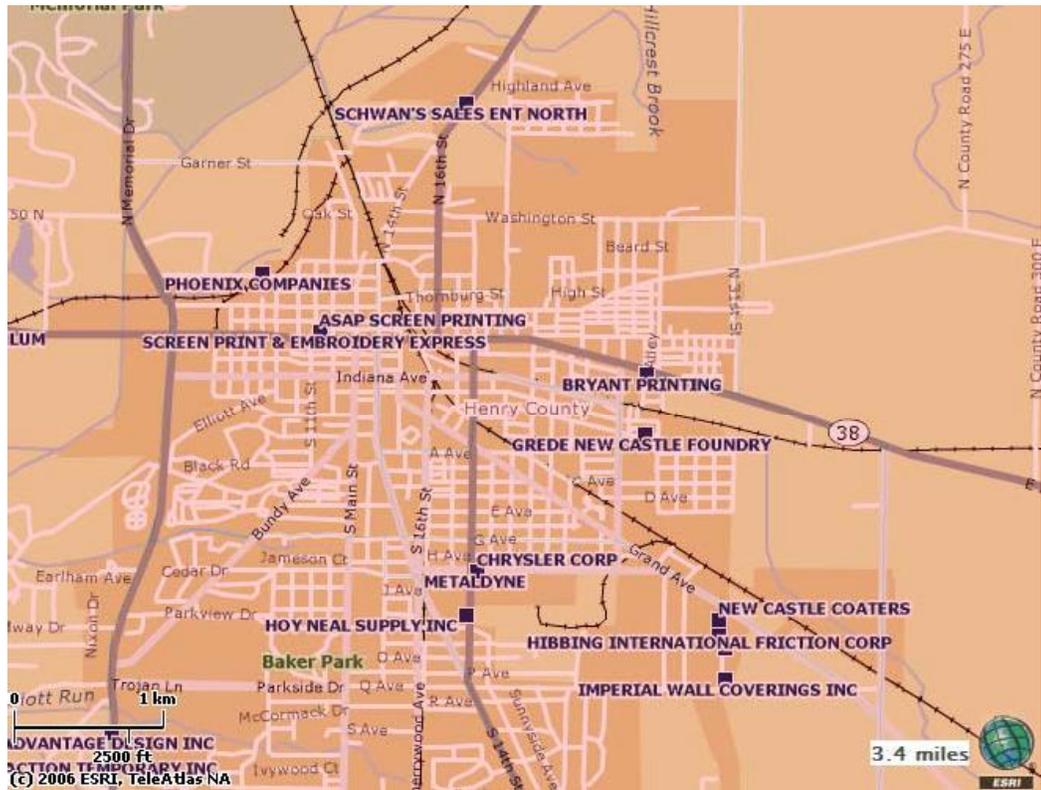


Data Note: Industry descriptions based on 2000 Census of Population and Housing definitions.

Source: ESRI forecasts for 2006.



Major employers in PMA



³ ESRI



The largest employers in the Henry County Area are summarized as follows:

Major Employers:	
Daimler Chrysler Corp.	1,700
New Castle Community School Corp.	850
Henry County Memorial Hospital	650
Draper Inc.	425
Henry County (government)	400
Grede, New Castle	298
City of New Castle	185
Avesta Polarit Stainless	185
Liebhardt Inc., Middletown	180
Allegheny Ludlum	175
Ameriana Bank and Trust	145
Citizens State Bank	135
Foam Rubber Products	100
Chatsworth Products Inc.	100

Executives from Honda supplier TS Tech made it official recently -- ground will be broken on a new factory in April. By March 2009, the company will employ 300 people. Japan-based TS Tech plans to make \$32 million in capital investments and build a 200,000 square-foot factory. Production will start in August. Eventually, it will produce about 800 seats per day for Honda. New Castle and Henry County provided incentives. The state of Indiana also announced it would add up to \$2.4 million in tax credits and \$645,000 in grants to bring TS Tech to Indiana.

The New Castle Correctional Facility, constructed on the former state hospital grounds in 2001, currently has 230 employees. About 350 workers are expected to be added to the current workforce at the New Castle Correctional Facility. The New Castle/Henry County Industrial Park is welcoming newcomer Best Aire, which will employ 20 to rebuild air compressors.

Business and government officials broke ground recently on a biodiesel production facility that is expected to bring 15-20 jobs to northwest Henry County. The plant will be up and running by March 15, 2007, producing up to 25 million gallons of biodiesel fuel. The \$5 million plant will be built on five acres at Norfleet Park on Indiana 236 on the west side of Middletown.

⁴ www.TheStarPress.com



The following chart details recent layoffs in the area.

Warn Notices

Company	City	Affected Workers	Feb-07 Notice Date	LO/CL Date	NAICS	Description of work	Notice Type
Enhanced Manufacturing Solutions, Inc.	New Castle	47	2/28/2007	4/30/2007	336111	Manufacturing	W-LO-CL

W=Warn Notice
 CL=Closure
 LO=Layoff
 TR=Transfer
 Cond.=Conditional

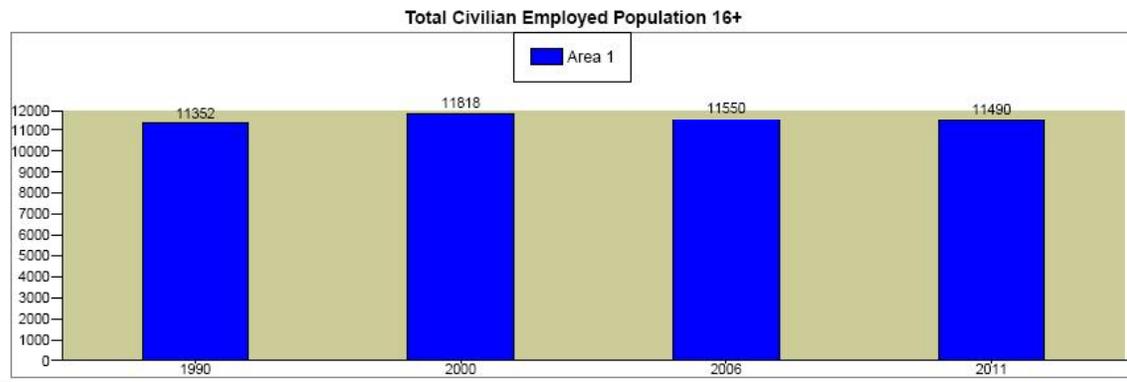
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Trends

Employment and unemployment for PMA

Tracts: 18065975500, 18065975900, et. al.

2000 - 2006 Civilian Employed Population 16+ Annual Rate -0.37%
 2006 - 2011 Civilian Employed Population 16+ Annual Rate -0.1%



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI converted 1990 Census data into 2000 geography. ESRI forecasts for 2006 and 2011.

6

Currently, 90.1 percent of the civilian labor force in the identified market area is employed and 9.9 percent are unemployed. In comparison, 93.4 percent of the U.S. civilian labor force is employed, and 6.6 percent are unemployed.

In five years the rate of employment in the market area will be 90.3 percent of the civilian labor force, and unemployment will be 9.7 percent. The percentage of the U.S. civilian labor

⁵ Indiana Department of Workforce Development

⁶ ESRI



force that will be employed in five years is 93.8 percent, and 6.2 percent will be unemployed.

In 2000, 59.3 percent of the population aged 16 years or older in the market area participated in the labor force, and 0.0 percent were in the Armed Forces.

County workforce/Employment and unemployment for county

Year	Labor Force	Employed	Unemployed	Henry County Rate	Indiana Rate
1990	23,948	21,864	2,084	8.7	5.0
1991	23,194	21,313	1,881	8.1	5.6
1992	23,946	21,645	2,301	9.6	6.1
1993	24,244	22,454	1,790	7.4	5.0
1994	25,182	23,597	1,585	6.3	4.5
1995	25,265	23,880	1,385	5.5	4.3
1996	25,167	23,947	1,220	4.8	3.9
1997	25,677	24,589	1,088	4.2	3.3
1998	24,832	23,855	977	3.9	2.9
1999	24,618	23,664	954	3.9	2.9
2000	23,460	22,594	866	3.7	2.9
2001	23,342	22,153	1,189	5.1	4.2
2002	23,224	21,784	1,440	6.2	5.2
2003	23,430	22,022	1,408	6	5.3
2004	23,426	21,770	1,656	7.1	5.3
2005	23,135	21,559	1,576	6.8	5.4
2006ytd	23,136	21,896	1,240	5.4	4.7

Analysis and conclusions on economic status of PMA

The area has recently seen some high unemployment rates. The employment rate has been running higher than the state since 2001. However, recent news indicates that new employers could be turning things around for the area. This is positive for New Castle. Because the subject is senior, the impact would be felt less than if it was a family project. However, positive trends for the community as a whole are also positive for the subject.

⁷ Indiana Department of Workforce Development



Demographic Data

Data sources used to compile statistics

The following data sources were used to compile the above statistics:

- Ribbon Demographics
- U.S. Census Bureau
- ESRI
- Indiana Department of Workforce Development

Total population and households

Population

1990 Population	26,564
2000 Population	26,294
2006 Population	26,008
5 Year Projected population	25,689
1990-2000 Annual Rate	-0.1%
2000-2006 Annual Rate	-0.17%
2006-2011 Annual Rate	-0.25%

In the identified market area, the current year population is 26,008. In 2000, the Census count in the market area was 26,294. The rate of change since 2000 was -0.17 percent annually. The five-year projection for the population in the market area is 25,689, representing a change of -0.25 percent annually from 2006 to 2011. Currently, the population is 47.9 percent male and 52.1 percent female.

Households

1990 Census	10,585
2000 Census	10,904
Current Year	10,983
5 Year Projected	10,930
1990-2000 Annual Rate	0.3%
2000-2006 Annual Rate	0.12%
2006-2011 Annual Rate	-0.1%

The household count in this market area has changed from 10,904 in 2000 to 10,983 in the current year, a change of 0.12 percent annually. The five-year projection of households is 10,930, a change of -0.1 percent annually from the current year total. Average household size is currently 2.31, compared to 2.36 in the year 2000. The number of families in the current year is 7,239 in the market area.



Population and Household by age group

Population by Age	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,608	6.1%	1,627	6.2%	1,619	6.2%	1,573	6.1%
5 - 9	1,685	6.3%	1,683	6.4%	1,553	6.0%	1,457	5.7%
10 - 14	1,793	6.7%	1,671	6.4%	1,607	6.2%	1,583	6.2%
15 - 19	1,944	7.3%	1,668	6.3%	1,548	6.0%	1,552	6.0%
20 - 24	1,712	6.4%	1,448	5.5%	1,546	5.9%	1,475	5.7%
25 - 34	3,964	7.5%	3,382	12.9%	3,218	12.4%	2,987	11.6%
35 - 44	3,831	7.2%	3,909	14.9%	3,615	13.9%	3,272	12.7%
45 - 54	3,002	5.7%	3,609	13.7%	3,802	14.6%	3,803	14.8%
55 - 64	2,733	5.1%	2,709	10.3%	2,993	11.5%	3,477	13.5%
65 - 74	2,426	4.6%	2,327	8.8%	2,105	8.1%	2,158	8.4%
75 - 84	1,402	2.7%	1,641	6.2%	1,699	6.5%	1,568	6.1%
85+	464	1.7%	620	2.4%	703	2.7%	784	3.1%

Number of Senior and Non-senior Households

Tracts: 18065975500, 18065975900, et. al.						
Demographic Summary	Census 1990	Census 2000	2006	2011	2006-2011 Change	2006-2011 Annual Rate
Total Population	26,564	26,294	26,008	25,689	-319	-0.25%
Population 55+	7,025	7,297	7,500	7,987	487	1.27%
Median Age	36.5	39.3	40.6	41.9	1.3	0.63%
Households	10,585	10,904	10,983	10,930	-53	-0.1%
% Householders 55+		42.5	43.7	46.3	2.6	1.16%
Owner/Renter Ratio		2.6	2.8	2.8	0.0	0%

⁸ ESRI

⁹ ESRI



Total Number of Households by Tenure, Income, Average Household Size, and Group Quarters

Household demographics

These are shown on the previous and following charts.

Income by Increments

Households by Income	1990		2000		2006		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< \$15,000	3,496	33.0%	1,867	17.1%	1,446	13.2%	1,193	10.9%
\$15,000 - \$24,999	2,347	22.1%	1,894	17.3%	1,532	13.9%	1,291	11.8%
\$25,000 - \$34,999	1,569	14.8%	1,605	14.7%	1,539	14.0%	1,318	12.1%
\$35,000 - \$49,999	1,633	15.4%	2,057	18.8%	1,904	17.3%	1,733	15.9%
\$50,000 - \$74,999	1,209	11.4%	1,935	17.7%	1,996	18.2%	2,164	19.8%
\$75,000 - \$99,999	251	2.4%	798	7.3%	1,254	11.4%	1,217	11.1%
\$100,000 - \$149,999	85	0.8%	624	5.7%	1,002	9.1%	1,363	12.5%
\$150,000 - \$199,999	18	0.2%	62	0.6%	183	1.7%	431	3.9%
\$200,000+			95	0.9%	127	1.2%	220	2.0%
Median Household Income	\$22,332		\$35,519		\$42,382		\$49,348	
Average Household Income	\$27,944		\$45,018		\$54,464		\$64,537	

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Current median household income is \$42,382 in the market area, compared to \$51,546 for all U.S. households. Median household income is projected to be \$49,346 in five years. In 2000, median household income was \$35,519, compared to \$22,332 in 1990.

Current average household income is \$54,464 in this market area, compared to \$71,092 for all U.S. households. Average household income is projected to be \$64,537 in five years. In 2000, average household income was \$45,018, compared to \$27,944 in 1990.

Current per capita income is \$23,283 in the market area, compared to the U.S. per capita income of \$27,084. The per capita income is projected to be \$27,776 in five years. In 2000, the per capita income was \$19,014, compared to \$11,297 in 1990.

Renter households

Household demographics

The following chart represents the total number of households by age, tenure, income, and average household size for all households in the PMA over the age of 55. The data is derived from HISTA 2006. The percentage of renter households in relation to the total households is 22%. This is lower than typical, which is 30% - 35%. However, because these are senior renters rather than the entire population, the lower number is more reasonable. Also important note is that over three fourths of the renter households earn less than \$30,000 per year and 25% earn less than \$10,000. Over half of the senior renter population earn between \$10,000 - \$30,000. This is the population for which the units are being developed

¹⁰ ESRI



Renter Households - Over 55						
Total						
<i>Current Year Estimates - 2006</i>						
	1-Person	2-Person	3-Person	4-Person	5+-Person	Total
	Household	Household	Household	Household	Household	
\$0-10,000	253	13	0	0	0	266
\$10,000-20,000	189	85	29	0	0	303
\$20,000-30,000	227	24	3	5	4	263
\$30,000-40,000	5	23	21	0	0	49
\$40,000-50,000	53	6	6	6	8	79
\$50,000-60,000	3	19	17	1	2	42
\$60,000+	63	18	7	0	0	<u>88</u>
Total	793	188	83	12	14	1,090

Owner Households over 55						
Total						
<i>Current Year Estimates - 2006</i>						
	1-Person	2-Person	3-Person	4-Person	5+-Person	Total
	Household	Household	Household	Household	Household	
\$0-10,000	155	50	3	0	0	208
\$10,000-20,000	409	196	10	0	0	615
\$20,000-30,000	236	357	21	5	5	624
\$30,000-40,000	137	421	54	13	0	625
\$40,000-50,000	78	315	43	12	31	479
\$50,000-60,000	27	225	30	14	1	297
\$60,000+	131	597	137	50	39	<u>954</u>
Total	1,173	2,161	298	94	76	3,802

Renter households

The chart in this section illustrates renter households by number of persons in the household.

The number of renter households projected for 2011 to increase at a rate of 1% per year for a total increase in renter households of 5% by 2011. However, the lower income brackets are expected to see a decrease and the higher income brackets are expected to increase. The majority of the eligible households for the subject come from the \$10,000 - \$20,000 bracket. Those households eligible for the subject come both a decreasing and increasing income bracket because the income limits for the subject range from \$11,297 - \$26,400.



Renter Households Over 55						
Total						
<i>Five Year Projections - 2011</i>						
	1-Person	2-Person	3-Person	4-Person	5+-Person	Total
	Household	Household	Household	Household	Household	
\$0-10,000	250	12	0	0	0	262
\$10,000-20,000	178	79	26	0	0	283
\$20,000-30,000	237	22	2	6	4	271
\$30,000-40,000	7	32	16	0	0	55
\$40,000-50,000	67	6	6	7	9	95
\$50,000-60,000	4	28	21	4	3	60
\$60,000+	92	21	9	0	0	<u>122</u>
Total	835	200	80	17	16	1,148



Demand Analysis

Projection of total demand

Following is the projection of demand from new renter households and demand from existing households.

New renter households

Demand from new Renter Households: The analyst may determine new units in the PMA based on projected renter household growth. This must be determined by using the current base year with a 5 year projection.

Estimated Qualified Renter Households						
Year	2006	2007	2008	2009	2010	2011
Households	333	297	265	236	210	188
2007-2010 are extrapolated from 2006-2011 % change, 2011 estimated by HISTA						

The population and HH are projected to decrease over the next five years. This is a strong possibility to continue to be the pattern if the quality of housing is not improved. The lack of affordable senior housing forces seniors to find alternative housing options. Until the development of Grand Avenue Commons, there were no RHTC projects for seniors within the area. Thus any senior renter that did not qualify for Section 8 or a similar program either had to live in a family project or find a senior apartment in a different location. The subject allows seniors to stay within New Castle in a reasonably priced unit.

The website to obtain rent overburdened HH and Substandard housing is <http://factfinder.census.gov>. The data obtained from this website is condensed into the following chart. 15% of the HH are considered to be rent overburdened; that is, paying more than 40% of the income for rent for seniors. The data is from 2000 and has a higher number of HH than currently in the neighborhood. Thus, the application of the percentage is the more accurate technique of computing for 2007.

Gross Rent as % of HH Income 2000	
Henry and Liberty Township	Totals
Total renter HH in PMA	2,952
35 to 39%	0
40 to 49%	178
50% and more	563
Put half of not computed	140
Total overburden	449
Percentage	15%

The next step is to consider the substandard housing that either lack plumbing facility or complete kitchens. Again, the data is derived from 2000 data and the percentage is applied.



Substandard Housing	
Henry and Liberty Township	
	Totals
Total	10,904
Owner below poverty level lacking plumbing	5
Owner at or above poverty level lacking plumbing	37
Renter below poverty level lacking plumbing facilities	0
Renter above poverty level lacking plumbing facilities	0
Owner occupied lacking Kitchen facilities	31
Renter occupied lacking kitchen facilities	38
Total	111
Percentage	1.0%

The total from these two categories is 16%. This represents a demand for the quality housing proposed by the subject.

As the following chart shows, within the PMA, there are 913 renter households earning more than 40% but less than 60% of the median family income.

Subject Rent	40%	50%	60%	Market
	Rent of subject Rent of subject Rent of subject Rent of subject			
Studio	\$300	\$0	\$0	\$0
One Bedroom	\$305	\$408	\$511	\$519
Two Bedroom	\$365	\$488	\$612	\$619
Three Bedroom	\$0	\$0	\$0	\$0
Four Bedroom	\$0	\$0	\$0	\$0
Minimum rent	\$300	\$408	\$511	\$519
Plus avg. utility	\$92	\$92	\$92	\$92
Minimum HH income	\$11,279	\$15,002	\$18,092	\$18,332
Maximum HH income	\$17,600	\$22,000	\$26,400	\$35,200
Total HH eligible	192	140	226	355

Income eligible senior homeowners likely to convert to rentership

In a recent survey done by Mitchell Appraisals, 20 senior properties were questioned on multiple categories to determine the make-up and tenant base of senior properties. When questioned about what percentage of their tenants come from home ownership, the numbers were varied. It ranges from 10% - 90% with an average of 52%. This is 20 senior properties in Indiana from smaller cities. Cities such as Indianapolis, Fort Wayne, and Evansville were eliminated.



There were two properties surveyed in New Castle. According to the leasing agents, 40% - 75% of their tenants come from home ownership. According to Sandra Willas, Leasing agent at Grand Avenue Common, while she wouldn't put a number on the percentage, she did say that much of her traffic was coming from households when the tenants were losing their homes.

The overall senior market supports a number around 50% as do the properties in New Castle. However, the number that will be applied in the capture rate chart will use a lower amount at 20%. This reflects a more conservative number as required in the guidelines.

The following pages show the chart that was discussed.



Mitchell Appraisals, Inc.

Name of project	City	Built/ Renovated	# units	Age Range	% 2-persons per HH	% moved from home ownership	PMA	% tenants from county	% tenants from state	% tenants from out of state
Gas City School	Gas City	2005	62	55-64	2%	45%	95%	5%	5%	NA
Crown Pointe	Greensburg	2000	41	85+	0%	NA	NA	NA	NA	NA
Scott Valley	Scottsburg	2004	32	NA	NA	NA	NA	NA	NA	NA
Crown Point Senior	Greenfield	1997	53	65-74	10%	75%	75%	NA	NA	25%
Blueride Terrace	Shelbyville	1979	96	74-78	5%	30%	80%	NA	NA	NA
Bluffton Senior Villas	Bluffton	2004	32	55-64	11%	75%	98%	0%	2%	0%
Sacred Heart Apts	Garret	2003	42	55-64	22%	25%	20%	65%	10%	5%
Pilgram Place Senior	Yorktown	2001	26	65-74	0%	15%	NA	NA	NA	NA
Willow Tract	Jefferson	2004	36	55-64	15%	10%	100%	NA	NA	NA
Colonial Oaks Retirement	Marion	1987	63	75-84	40%	90%	90%	NA	NA	NA
Norman Manor Apts.	Marion	1977	69	65-74	4%	30%	100%	NA	NA	NA
Capital Court	Corydon	1991	50	65-74	4%	80%	95%	NA	3%	2%
Fairview I	Gas City	1979	31	65-74	6%	50%	95%	NA	5%	NA
Fairview II	Gas City	1982	13	65-74	7%	50%	95%	NA	5%	NA
Fairview III	Gas City	1984	23	65-74	4%	50%	95%	NA	5%	NA
Bethany Village Apts.	New Castle	1988	18	65-74	5%	50%	100%	NA	NA	NA
Countryside Senior	New Pekin	1996	30	65-74	7%	65%	100%	NA	NA	NA
Milltown Housing for Elderly	DePauw	1982	39	65-74	5%	80%	40%	50%	10%	NA
Faith Manor	New Castle	1992	36	65-74	0%	75%	95%	NA	5%	NA
Woodside Manor	New Castle	2001	34	65-74	3%	40%	95%	NA	5%	NA
Minimum		1977	13	55-64	0%	10%	20%	0%	2%	0%
Maximum		2005	96	85+	40%	90%	100%	65%	10%	25%
Average		1993	41	65-74	8%	52%	86%	38%	6%	8%



Total demand

There are three main indicators for demand for the subject. These are existing and proposed households within the area, current occupancy rates and waiting lists and estimated employment growth.

There is much anticipation about the new jobs that should be coming to New Castle due to the New Honda Plant and the New Castle Correctional Facility. Because the subject is senior, this would not have as big of an impact as a property as it would if the project were family. However, the age limit is 55, so it is reasonable to expect that some percentage of the proposed tenants will still be working. Therefore, the new jobs would have a positive affect on the demand. However, due to the previous loss of jobs, and the senior nature, during a direct correlation between new jobs and new households would be overstating the possible affect on the subject.

Demand is shown via occupancy rates and waiting list later within the report. However, a final indicator is local support. In a letter written by the City of New Castle Mayor Thomas L. Nipp the project is supported. The letter states

To demonstrate the City of New Castle's (the city) support for the development by signature below the city is showing it's material participation by waiving the water and sewer hook-on fees for the development.

There is basically only one property that is a senior tax-credit property in New Castle. This property has 52 units. According to the leasing agent, the occupancy is 90%, but she had pending applications for all of the vacant units. The two other tax-credit properties in New Castle were also 90% occupied. However, they were family properties and did not specifically target seniors. As shown on the following chart, demand at each rent level is good and the overall capture rate is reasonable. This will be discussed in detail later.



Demand by Income Level							
Income Restrictions	HH at 30% AMI	HH at 40% AMI	HH at 50% AMI	HH at 60% AMI	Market Rate	LIHTC Total	Project Total
Minimum Income Limit	\$0	\$11,279	\$15,002	\$18,092	\$18,332	\$11,279	\$11,279
Maximum Income Limit	\$0	\$17,600	\$22,000	\$26,400	\$35,200	\$26,400	\$26,400
(A) Renter Income Qualification Percentage	31.7%	17.6%	12.9%	20.7%	32.5%	57.9%	57.9%
New Renter Households	58	58	-4	1	48	113	113
Demand from New Renter Households							
Calculation: (C-B) * A	91	50	37	59	93	237	237
Plus							
Demand from Substandard Housing							
(calculation: B * D * F, *A)	4	2	1	2	4	9	9
Plus							
Demand from Rent-overburdened							
(calculation: B * E, * F, *A)	62	34	25	41	64	162	162
Plus							
Senior Homeowners Likely to Convert to Rentership	106	108	106	7	37	328	328
Equals							
Total PMA Demand	262	195	170	110	197	737	737
Less							
Comparable units (proposed)	0	0	0	0	0	0	0
Equals							
Net Demand	262	195	170	110	197	737	737
Proposed Units	0	5	15	12	2	32	32
Capture Rate	0.0%	2.6%	8.8%	11.0%	1.0%	4.3%	4.3%
Absorption per month	0	2	2	1	0	5	5
Demand Calculation Inputs							
(B) 2006 Total HH	4,892						
(C) 2011 Total HH	5,178						
(D) 2000 Substandard Percentage	1.0%						
(E) 2000 Rent Over-Burdened Percentage	18%						
(F) 2006 Renter Percentage	22%						
(G) Owners converting (Senior Projects Only)	20%						

Waiting list

Only two properties had waiting lists: Rosemont and Riley Park. The properties would not release the number of people on the waiting lists, only that they had small waiting lists.

Minimum and maximum income ranges for each targeted group

To determine the feasibility of the subject, it must be determined if a large enough segment of the population can afford the subject's rent, but not exceed the allowable income for the subject. For this subject, the maximum allowable income is 60% of the median family income.

Because no subsidies exist, the household must have sufficient income to pay the rent. The lowest gross rent, including utility costs, is annualized and divided by 40%¹¹ (rent to income ratio). Therefore, minimum income level for each unit type is calculated by annualizing the rent and utilities, (\$376 * 12 = \$4,512), and dividing it by 40%. The maximum income level for each unit type are set by HUD and vary based on income level, county and household size.

¹¹ IHCD, *Qualified Allocation Plan 2007-2008*, Schedule C, page 4.



For Seniors, there is one person per bedroom maximum. The subject has studios, one and two bedroom units. Therefore, the maximum number of persons per household for the subject is two at the maximum¹². For this analysis, the following parameters are applied:

Type of unit	Number of people in an eligible household
Studio	One
One bedroom	One
Two bedroom	Two

Once the income parameters are set, the number of households within these brackets can be determined. Those within the income bracket will be considered income eligible or *qualified households*. The following example explains how demand is calculated for the studio unit type. The same procedure is used for each unit type. Data provided by Claritas HISTA 2006 Indiana Demographics shows households by size and income range. This data is further refined to reveal qualified households by unit type.

The lowest income for the subject is \$11,279; (((\$300 net rent + \$76 utility allowance) x 12 months)/40%). The maximum income allowed for one-person senior households, at the 60% income level, in Henry County is \$23,100. Therefore, a percentage of renters in the \$10,000 - \$20,000 as well as the \$20,000 - \$30,000 income bracket would be eligible for the units.

To determine the number of eligible households in each bracket, the following algorithm is used. This table is used as an example:

\$11,279	Minimum income
0%	\$0 - \$10,000
87%	\$10,000 - \$20,000
31%	\$20,000 - \$30,000
0%	\$30,000 - \$40,000
0%	\$40,000 - \$50,000
\$23,100	Maximum income

¹² As allowed by IHADA.



1. Eliminate any income bracket that has no eligible households because the income bracket falls entirely below the minimum income or above the maximum income. Eligible households are 0%. (In our example, this is true of \$0 - \$10,000; \$30,000 - \$40,000, and \$40,000 - \$50,000.)
2. If any income bracket falls entirely within the range specified by the minimum and maximum income, indicate this bracket with 100%. (In our example, no income brackets are in this category.)
3. For an income bracket where the minimum income is included in the range, use this calculation:

$$\frac{(\text{Maximum income bracket} - \text{Minimum income})}{(\text{Maximum income bracket} - \text{Minimum income bracket})}$$

$$(\$20,000 - \$11,279) / (\$20,000 - \$10,000)$$

4. For an income bracket where the maximum income is included in the range, use this calculation:

$$\frac{(\text{Maximum income} - \text{Minimum income bracket})}{(\text{Maximum income bracket} - \text{Minimum income bracket})}$$

$$(\$23,100 - \$20,000) / (\$30,000 - \$20,000)$$

Following are the tables indicating the percent of eligible households for each unit type. As the charts will show, there are an adequate number of households to support the development of the subject.

Percent of eligible households by income bracket for studio units

Unit Type	Studio			
Proposed Lowest rent for Unit Type			\$	300.00
Utility Allowance			\$	75.97
Market area 2006	793	Total Renter Households		Studio
Income brackets	%	#	% eligible	# eligible
\$0-10,000	31.9%	253	0%	0
\$10,000-20,000	23.8%	189	87%	165
\$20,000-30,000	28.6%	227	31%	70
\$30,000-40,000	0.6%	5	0%	0
\$40,000-50,000	6.7%	53	0%	0
\$50,000-60,000	0.4%	3	0%	0
\$60,000+	7.9%	63	0%	0
Total		793		235



Percent of eligible households by income bracket for one bedroom units

Unit Type	One Bedroom			
Proposed Lowest rent for Unit Type	\$ 305.00			
Utility Allowance	\$ 92.06			
Market area 2006	793	Total Renter Households		One Bedroom
Income brackets	%	#	% eligible	# eligible
\$0-10,000	31.9%	253	0%	0
\$10,000-20,000	23.8%	189	81%	153
\$20,000-30,000	28.6%	227	31%	70
\$30,000-40,000	0.6%	5	0%	0
\$40,000-50,000	6.7%	53	0%	0
\$50,000-60,000	0.4%	3	0%	0
\$60,000+	7.9%	63		0
Total		793		223

Percent of eligible households by income bracket for two bedroom units

Unit Type	Two Bedroom			
Proposed Lowest rent for Unit Type	\$ 365.00			
Utility Allowance	\$ 108.15			
Market area 2006	188	Total Renter Households		Two Bedroom
Income brackets	%	#	% eligible	# eligible
\$0-10,000	6.9%	13	0%	0
\$10,000-20,000	45.2%	85	58%	49
\$20,000-30,000	12.8%	24	64%	15
\$30,000-40,000	12.2%	23	0%	0
\$40,000-50,000	3.2%	6	0%	0
\$50,000-60,000	10.1%	19	0%	0
\$60,000+	9.6%	18		0
Total		188		65

Definition of absorption period and rate to reach 95% occupancy

There are two properties within New Castle from which to determine an absorption period. These include Grand Avenue Commons and Fosters Landing. According to the leasing Agent at Grand Avenue Commons, the project's 52 units took approximately 1 year to lease-up. This would indicate a lease-up of 3-4 units per month. Fosters Landing began leasing in July 2002 with all units available for occupancy in September 2002. The project was completely leased up by April of 2003. This indicates a lease-up of 7 months or approximately 8-10 units per month.

Therefore, the two properties built within the last few years in New Castle have had lease-up periods ranging from 7 - 12 months or have leased 4 – 9 units per month. However, Grand Avenue Commons is a senior property same as the subject. It is felt to have a superior locations because it is in town. The subject will have the advantage of the existing portion with a leasing office on-site to do pre-leasing. However, to be conservative, a lease-



up for the subject is estimated at 3-4 units per month. Therefore, the lease time is estimated at 8-11 months.

Presentation of net demand

To estimate the net demand, several steps are completed. Net demand is determined by subtracting the supply of tax credit unit in the PMA that have come on line since 2007 from the total demand. Vacancies in developments placed in service which have not yet reached stabilized occupancy (95) must be included in the supply. The current supply of units, by unit type, within the PMA is determined. This is subtracted from the eligible HH to provide the potential number of HH. This is estimated with RHTC units and total units for each unit type.

Eligible Renter Households:		Existing RHTC Studios	Potential Eligible HH
	Eligible Renter Households		
Market area 2006	235	0	235
Total	235	0	235

Eligible Renter Households:		Existing RHTC One Bedroom	Potential Eligible HH
	Eligible Renter Households		
Market area 2006	223	28	195
Total	223	28	195

Eligible Renter Households:		Existing RHTC Two Bedroom	Potential Eligible HH
	Eligible Renter Households		
Market area 2006	65	24	41
Total	65	24	41

After subtracting out the existing apartments that would compete with the proposed subject there is still demand for the units.

Capture rate

The capture rate is the percentage of the market a property needs to reach a stabilized occupancy. Of the PMA, the subject will have to capture about 4.3% of the income qualified households to reach 95% occupancy. The *Valuation and Market Studies for Affordable Housing* defines the capture rate as;

The percentage of age, size, and income-qualified renter households in the primary market area that a property must capture to achieve the stabilized level of occupancy. Funding agencies may require restrictions to the qualified households used in the calculation, including age, income, living in substandard housing, movership, and other comparable factors.

The capture rate is calculated by dividing the total number of units in the property by the total number of age- and income-qualified renter households in the primary market area.



Demand by Income Level							
Income Restrictions	HH at 30% AMI	HH at 40% AMI	HH at 50% AMI	HH at 60% AMI	Market Rate	LIHTC Total	Project Total
Minimum Income Limit	\$0	\$11,279	\$15,002	\$18,092	\$18,332	\$11,279	\$11,279
Maximum Income Limit	\$0	\$17,600	\$22,000	\$26,400	\$35,200	\$26,400	\$26,400
(A) Renter Income Qualification Percentage	31.7%	17.6%	12.9%	20.7%	32.5%	57.9%	57.9%
New Renter Households	58	58	-4	1	48	113	113
Demand from New Renter Households							
Calculation: (C-B) * A	91	50	37	59	93	237	237
Plus							
Demand from Substandard Housing							
(calculation: B * D * F, *A)	4	2	1	2	4	9	9
Plus							
Demand from Rent-overburdened							
(calculation: B * E, * F, *A)	62	34	25	41	64	162	162
Plus							
Senior Homeowners Likely to Convert to Rentership	106	108	106	7	37	328	328
Equals							
Total PMA Demand	262	195	170	110	197	737	737
Less							
Comparable units (proposed)	0	0	0	0	0	0	0
Equals							
Net Demand	262	195	170	110	197	737	737
Proposed Units	0	5	15	12	2	32	32
Capture Rate	0.0%	2.6%	8.8%	11.0%	1.0%	4.3%	4.3%
Absorption per month	0	2	2	1	0	5	5
Demand Calculation Inputs							
(B) 2006 Total HH	4,892						
(C) 2011 Total HH	5,178						
(D) 2000 Substandard Percentage	1.0%						
(E) 2000 Rent Over-Burdened Percentage	18%						
(F) 2006 Renter Percentage	22%						
(G) Owners converting (Senior Projects Only)	20%						

Typically, lower capture rates predict success for proposed multi-family properties. Capture rates greater than 10% generally represent some risk in the market. However, this is the strictest test of a capture rate, using only those age, and income eligible renter households not currently served by the market, or current demand. Using this test, the subject would be exposed very little risk, but this is only one of many approaches to determining the reasonableness and potential success for the property. However, on potential problem is the possible development of an 80-unit senior project on the north side of the city. If this project get built, then the feasibility of the subject is questionable. However, according to local officials, this project has been discussed, but is not definite. It is the understanding of the market analyst that this project might be going in for tax-credits the same as the subject.

Penetration rate for the PMA

The penetration rate is the percentage of age and income qualified households in the PMA that all existing and proposed affordable properties to be completed within six months of the proposed development, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy (95%).

The penetration rate is another indicator of a property's success in a market. The penetration rate is calculated by dividing the total age and income qualified households into the number of units required to reach stabilized occupancy of 95%.

The penetration rate differs from the capture rate by broadening the potential tenants to all those who qualify, rather than only the immediate available demand. It is logical to include



households that are not currently renters, but could be. It is also less restrictive by not subtracting the existing units from the supply. This is also more reasonable because most of these units are already filled. The following shows the results of this calculation when applied to the PMA household supply. Two rates are shown. The first rate considers only the number of proposed units at the subject. The second number shows the existing senior tax-credit properties in addition to the subject. Both of these numbers are low.

All (renter and owner HH) Over 55						
Total						
<i>Current Year Estimate 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	408	63	3	0	0	474
\$10,000-20,000	598	281	39	0	0	918
\$20,000-30,000	463	381	24	10	9	887
\$30,000-40,000	142	444	75	13	0	674
\$40,000-50,000	131	321	49	18	39	558
\$50,000-60,000	30	244	47	15	3	339
\$60,000+	194	615	144	50	39	<u>1,042</u>
Total	1,966	2,349	381	106	90	4,892

Penetration Rate			
	Minimum	Maximum	
All Households That earn between	\$ 11,279	\$ 26,400	
	1-Person	2 Person	
\$10,000-20,000	522	245	
\$20,000-30,000	296	244	
Total HH that are income and age eligible	1,307		
Number of subject and other proposed	34		
Number of all tax-credit senior including Subject		86	
Penetration	2.6%	6.6%	

These rates are substantially lower than the capture rates. The rates represent the percentage of income qualified households that the project must attract to reach stabilized occupancy. 1% to 3% is very low and considered very desirable and indicative of a successful project.

Comparison of market rents to rents at proposed development

A total of 15 apartment projects are cited. See the full details in the section *Analysis of Supply* on page 52. The apartments are discussed and the chart summarizes the rents and type of unit. Based on the available properties, the rents for the subject are concluded as:



Maximum % of AMI	Unit type	Size of Unit (SF)	Number of Units	Proposed Rent of Subject	Rent/SF	Maximum Net Rent from IHCDA
40%	Studio	548	1	\$300	\$0.55	\$309
40%	One bedroom	687	2	\$305	\$0.44	\$320
50%	One bedroom	687	3	\$408	\$0.59	\$423
60%	One bedroom	687	5	\$511	\$0.74	\$526
Market	One bedroom	687	1	\$519	\$0.76	
40%	Two bedroom	876	2	\$365	\$0.42	\$387
50%	Two bedroom	876	12	\$488	\$0.56	\$510
60%	Two bedroom	876	7	\$612	\$0.70	\$634
Market	Two bedroom	876	1	\$619	\$0.71	
Total			34			

The proposed rents of the subject are all below the maximum allowable by IHCDA. However, when compared to the market and other Senior RHTC they need to be adjusted. This is discussed later within the report.

Demand calculations with and without rental assistance

Not applicable because the subject will not have rental assistance.

Assumptions for demand analysis

For the absorption analysis, see *Definition of absorption period and rate to reach 95% occupancy* on page 47.



Analysis of Supply

Survey of market rate and tax credit rental properties

While researching the supply, we contacted 16 properties. The appraiser identified some communities as not competitive or outside of the PMA. The range of the communities provides a good indication of Section 8, Section 42, and market rents for the PMA. The comparables are included with a summary grid following.



Multi-Family Lease No. 1



Property Identification

Record ID 1839
Property Type Garden, townhomes
Property Name Jamestown Village Apartments
Address 1001 W. Colonial Drive, New Castle, Henry County, Indiana 47362

Owner Nelson Residential Communities
On-Site Manager Yes
Verification Dorothy Boulanger; 765/529-7714, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>No. of Units</u>	<u>Unit Mix</u>		
		<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1	48	729	\$521	\$0.71
1.1		600	\$460	\$0.77
1.1		816	\$530	\$0.65
1.1 Down	121	629	\$510	\$0.81
1.1 Up		629	\$500	\$0.79
2.1 Down		829	\$563	\$0.68
2.1 Up	1	829	\$553	\$0.67
2.1.5 TH		922	\$599	\$0.65
2.1.5 TH*		922	\$589	\$0.64
3.2 Down	2	1,100	\$664	\$0.60
3.2 TH	6	1,200	\$670	\$0.56
3.2 Up		1,100	\$654	\$0.59

Occupancy 92%
Rent Premiums None
Total Units 178
Unit Size Range 600 - 1200



Avg. Unit Size	783
Avg. Rent/Unit	\$540
Avg. Rent/SF	\$0.69
Net SF	139,338

Physical Data

Construction Type	Brick and Vinyl
HVAC	Central
Stories	2
Floor Height	8
User 5	No

Remarks

Units come with range, refrigerator, dishwasher, disposal and microwave. Washer and dryer connections in townhomes. *This unit has to pay their own hot water bill and that's why it's \$10.00 cheaper.



Multi-Family Lease No. 2



Property Identification

Record ID 1840
 Property Type Garden
 Property Name Riley Park
 Address 131 Gina Lynn Drive, New Castle, Henry County, Indiana 47362

On-Site Manager No
 Verification Jo Ann Spencer; 765/529-5520, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1.1	20	645	\$425	\$0.66
1.1 PH II	18	645	\$435	\$0.67
2.1	8	880	\$485	\$0.55
2.1 PH II	12	880	\$525	\$0.60

Occupancy 100%
 Rent Premiums None
 Total Units 58
 Unit Size Range 645 - 880
 Avg. Unit Size 726
 Avg. Rent/Unit \$457
 Avg. Rent/SF \$0.63

Net SF 42,110

Physical Data

Construction Type Brick
 HVAC Central
 Stories 2
 Floor Height 8
 Utilities with Rent Water, Sewer, Trash Collection, heat is electric paid by tenant
 Unit Amenities Washer/Dryer Connections



Parking	Open
Condition	Average
User 4	No
User 5	None

Remarks

Units come with range, refrigerator, dishwasher, disposal and washer/dryer hook-ups. Complex has 100% occupancy with small waiting list.



Multi-Family Lease No. 3



Property Identification

Record ID 1841
Property Type Garden
Property Name Corinthian Apartments
Address 2008 Broad Street, New Castle, Henry County, Indiana 47362

On-Site Manager No
Verification Sumen; 765-520-7345, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1.1	8	300	\$279	\$0.93
2.1	4	550	\$329	\$0.60

Occupancy 80%
Rent Premiums None
Total Units 12
Unit Size Range 300 - 550
Avg. Unit Size 383
Avg. Rent/Unit \$296
Avg. Rent/SF \$0.77

Physical Data

Construction Type Brick
HVAC Window



Stories	2
Floor Height	8
Utilities with Rent	Water, Sewer, Trash Collection, Heat is electric paid by tenant
Parking	Open
Year Built	1965
Condition	Fair
User 4	None
User 5	Section 8

Remarks

Two story brick building in fair condition. Units come with ranger and refrigerator. Property accepts Section 8 vouchers and rents are current.



Multi-Family Lease No. 4



Property Identification

Record ID 1842
Property Type Garden
Property Name Faith Manor
Address 2238 Q Avenue, New Castle, Henry County, Indiana 47362

On-Site Manager Verification Yes
 Brenda; 765/521-9034, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>No. of Units</u>	<u>Unit Mix</u>		
		<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1	36	540	\$736	\$1.36
Studio		410	\$661	\$1.61

Occupancy 100%
Rent Premiums None
Total Units 36
Unit Size Range 410 - 540

Physical Data

No. of Buildings 1
Construction Type Brick
HVAC Central air and electric heat
Stories 3
Floor Height 8
Utilities with Rent Electricity, Water, Sewer, Trash Collection
Project Amenities Laundry
Parking Open
Year Built 1992



Condition	Average
User 4	None
User 5	Section 8

Remarks

Property is a Lutheran social Services, Section 8 property that is for Seniors, elderly and handicapped.



Multi-Family Lease No. 5



Property Identification

Record ID 1843
Property Type Garden, townhomes
Property Name Stonegate Village
Address 3302 Stonegate Drive, New Castle, Henry County, Indiana 47362

On-Site Manager Verification Yes
 Joni; 765/529-2464, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>No. of Units</u>	<u>Unit Mix</u>		
		<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
	122			
1.1 S-236		532	\$432	\$0.81
1.1 S-8		532	\$420	\$0.79
2.1.5 TH S-236		919	\$513	\$0.56
2.1.5 TH S-8		919	\$574	\$0.62
3.1.5 TH S-236		1,122	\$542	\$0.48
3.1.5 TH S8		1,122	\$666	\$0.59

Occupancy 89%
Rent Premiums None



Total Units 122
Unit Size Range 532 - 1122

Net SF 5,146

Physical Data

Construction Type Brick and Vinyl
HVAC Central
Stories 2
Floor Height 8
Utilities with Rent Water, Gas, Sewer, Trash Collection, Heat, hot water and cooking is gas paid by owner

Unit Amenities Patios/Balconies
Project Amenities Clubhouse, Laundry
Parking Open
Year Built 1970
Condition Average
User 4 None
User 5 Section 8, 236

Remarks

Property is Section 8 and Section 236. Complex has 3% of its units at Market Rents. Rents quoted were market.



Multi-Family Lease No. 6



Property Identification

Record ID 1844
Property Type Garden
Property Name Woodside Manor
Address 100 Woodside Manor Ct., New Castle, Henry County, Indiana 47362

Verification Phyllis; 765-529-4816, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>Unit Mix</u>			
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1 Basic	16	624	\$345	\$0.55
1.1 Note	16	624	\$471	\$0.75
2.1 Basic	1	820	\$469	\$0.57
2.1 Note	1	820	\$641	\$0.78

Occupancy 100%
Total Units 34
Unit Size Range 624 - 820
Avg. Unit Size 636
Avg. Rent/Unit \$417
Avg. Rent/SF \$0.66

Physical Data

Construction Type Brick
HVAC Electric heat and wall A/C
Stories 1
Utilities with Rent Water, Sewer, Trash Collection
Unit Amenities Patios/Balconies, Ceiling Fans
Project Amenities Laundry



Year Built	2001
Condition	Average

Remarks

This is rural development and section 515. The tenants have a utility allowance as follows: 1-bedroom - \$54.00; 2-bedroom - \$66.00.



Multi-Family Lease No. 7



Property Identification

Record ID 1845
Property Type Garden
Property Name Bethany Village Apartments
Address 1509 Washington Street, New Castle, Henry County, Indiana 47362

On-Site Manager Verification No
Delores; 765/521-0827, March 06, 2007; Confirmed by Roxane Acup

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1 Studio	18		\$582 \$526	

Occupancy 72%
Rent Premiums None
Total Units 18

Physical Data

Construction Type Brick
HVAC Central
Stories 1
Floor Height 8
Utilities with Rent Water, Sewer, Trash Collection
Parking Open
Year Built 1988
Condition Average
User 4 None
User 5 Section 8, Senior, Elderly

Remarks



Property is a Section 8, Senior, Elderly and Handicapped property. Units come with range, refrigerator and disposal.



Multi-Family Lease No. 8



Property Identification

Record ID 1847
 Property Type Garden
 Property Name Rosemont
 Address 2022 Rosemont, New Castle, Henry County, Indiana 47362

On-Site Manager Verification No
 Betty Loveless; 765/529-0500, March 06, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>No. of Units</u>	<u>Unit Mix</u>		<u>Mo. Rent/SF</u>
		<u>Size SF</u>	<u>Rent/Mo.</u>	
2.1	11		\$390	

Occupancy 100% w/waiting list



Total Units 11
Avg. Rent/Unit \$390

Physical Data

Construction Type Brick
HVAC Central
Stories 2
Utilities with Rent Water, Gas, Sewer, Trash Collection, Heat is gas paid by owner
Project Amenities Laundry
Parking Open
Condition Average
User 4 No
User 5 None

Remarks

Units come with range and refrigerator.



Multi-Family Lease No. 9



Property Identification

Record ID 1848
Property Type Garden
Property Name Rose Courts
Address 14th and A Avenue, New Castle, Henry County, Indiana 47362

On-Site Manager No
Verification Leasing agent; 765/529-4403, March 06, 2007; Confirmed by Roxane Acup

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1	8		\$257	
2.1	8		\$333	
3.1	4		\$440	

Occupancy 80%
Rent Premiums None
Total Units 20
Avg. Rent/Unit \$324

Physical Data

Construction Type Brick
HVAC Central
Stories 2
Floor Height 8
Utilities with Rent Water, Sewer, Trash Collection, Heat is gas paid by tenant
Project Amenities Laundry
Parking Open
Year Built 1912
Condition Good
User 4 No
User 5 Section 42 and Section 8



Remarks

Property was built in the early 1912 and renovated in 1998. Units come with range and refrigerator. They currently have 2 - 1 bedroom available, 1 - 2 bedroom available, and 1 - 3-bedroom available.



Multi-Family Lease No. 10



Property Identification

Record ID 1871
Property Type Garden, townhomes
Property Name Grand Avenue Commons
Address 1628 A Avenue, New Castle, Henry County, Indiana 47362

Management Co. Forsite Management, LLC
Verification Sandra Willas; 765-529-2348, March 08, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1.1 30%	3	700	\$219	\$0.31
1.1 40%	6	700	\$323	\$0.46
1.1 50%	11	700	\$425	\$0.61
1.1 60%	8	700	\$529	\$0.76
2.1 30%	3	900	\$265	\$0.29
2.1 40%	5	900	\$389	\$0.43
2.1 50%	15	900	\$512	\$0.57
House 50%	1		\$508	

Occupancy 90% - 5 vac w/5 apps pending
Total Units 52
Avg. Unit Size 775
Avg. Rent/Unit \$431
Avg. Rent/SF \$0.56

Physical Data

Construction Type Brick w/vinyl
Stories 2
Utilities with Rent Water, Sewer, Trash Collection



Unit Amenities	Washer/Dryer Connections, Stove, refrigerator, dishwasher, disposal
Unit Amenities	Sports Court, Exercise/Fitness, Beauty salon
Parking	2005
Year Built	Average
<u>User Comments</u>	

Property is a senior tax credit property. Currently has 5 vacant w/pending applications for the units. Property opened in August 2005 and took approximately 1 year to lease up. Property has to rent majority of the units at the 40% and 30% level. Property also accepts section 8 vouchers.



Multi-Family Lease No. 11



Property Identification

Record ID 1892
Property Type High rise
Property Name Maplewood Terrace
Address 274 S. 14th Street, New Castle, Henry County, Indiana 47362

On-Site Manager No
Verification New Castle Housing Authority/Pat; 765/529-1517, March 08, 2007; Confirmed by Roxane Acup

Occupancy 100%
Rent Premiums None
Total Units 100

Net SF 55,000

Physical Data

Construction Type Brick
HVAC Central
Stories 5
Floor Height 8
Utilities with Rent Water, Sewer, Trash Collection
Parking Open
Year Built 1974
Condition Average
User 4 None
User 5 Senior Section 8

Remarks

Complex is a Senior HUD property. This property has a waiting list.



Multi-Family Lease No. 12



Property Identification

Record ID 1893
Property Type Garden
Property Name Forest Knoll/Thorncroft
Address 720 S. 15th Street, New Castle, Henry County, Indiana 47362

On-Site Manager No
Verification New Castle Housing Authority/Jerry; 765/529-1517, March 08, 2007; Confirmed by Roxane Acup

Occupancy 100%
Total Units 56

Physical Data

Construction Type Brick
HVAC Central
Utilities with Rent Water, Sewer, Trash Collection
Parking Open
User 4 No
User 5 HUD Low Income

Remarks

Property is a HUD Family property with 100% occupancies. Property has 6 Handicapped units. Waiting list includes: 17 - 1 bedroom, 38 - 2 bedroom, 28 - 3 bedroom and 2 - 4 bedroom.



Multi-Family Lease No. 13



Property Identification

Record ID 1894
Property Type Garden
Property Name Autumn Oaks
Address 100 Autumn Oaks Blvd, New Castle, Henry County, Indiana 47362

On-Site Manager Yes
Verification Holly; 765/521-4678, March 08, 2007; Confirmed by Roxane Acup

<u>Unit Type</u>	<u>Unit Mix</u>			
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1 40%	4	653	\$321	\$0.49
1.1 50% Down	2	653	\$425	\$0.65
1.1 50% Up	2	653	\$415	\$0.64
1.1 60% Down	2	653	\$449	\$0.69
1.1 60% Up	2	653	\$439	\$0.67
1.1 Mkt.	4	653	\$500	\$0.77
2.1 40%	8	852	\$382	\$0.45
2.1 50% Down	4	852	\$470	\$0.55
2.1 50% Up	4	852	\$460	\$0.54
2.1 60%	8	852	\$450	\$0.53
2.1 Mkt.	8	852	\$590	\$0.69
3.2 40%	1	1,066	\$439	\$0.41
3.2 50% Down	1	1,066	\$550	\$0.52
3.2 50% Up	1	1,066	\$540	\$0.51
3.2 60%	1	1,066	\$589	\$0.55
3.2 Mkt.	1	1,066	\$670	\$0.63

Occupancy 90%
Total Units 52
Unit Size Range 653 - 1066
Avg. Unit Size 812



Avg. Rent/Unit	\$465
Avg. Rent/SF	\$0.57
Net SF	41,976
Electrical	Brick and Vinyl
Stories	Central
Floor Height	2
Utilities with Rent	8
Unit Amenities	Water, Sewer, Trash Collection, Heat is gas paid by the tenant
Project Amenities	Patios/Balconies
Parking	Outdoor Pool
Year Built	Open
Condition	2000
User 4	Good
User 4	None
User 5	Section 42

Remarks

Units come with ranger, refrigerator, dishwasher and disposal. Specials include: 50% off 3 - bedroom.



Multi-Family Lease No. 14



Property Identification

Record ID 1909
Property Type Garden, townhomes
Property Name Foster's Landing
Address 317 Foster's Way, New Castle, Henry County, Indiana 47362

Owner Deckard Development
On-Site Manager Yes
Management Co. Deckard Development
Verification Tisha; 765/593-9653, March 01, 2007; Confirmed by Liza Mutzl

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1.1 40%	4	706	\$299	\$0.42
1.1 50%	7	706	\$379	\$0.54
1.1 Mkt	1	706	\$459	\$0.65
2.1 40%	6	882	\$369	\$0.42
2.1 50%	1	882	\$409	\$0.46
2.1 60%	4	882	\$499	\$0.57
2.1.5 40%	18	1,054	\$459	\$0.44
2.1.5 50%	10	1,054	\$479	\$0.45
2.1.5 60%	7	1,054	\$529	\$0.50
2.1.5 Mkt	2	1,054	\$559	\$0.53
3.2.5 50%	7	1,308	\$519	\$0.40
3.2.5 60%	8	1,308	\$589	\$0.45
3.2.5 Mkt	1	1,308	\$619	\$0.47
4.2.5 50%	4	1,430	\$479	\$0.33



4.2.5 60%	9	1,430	\$599	\$0.42
4.2.5 Mkt	1	1,430	\$669	\$0.47

Occupancy	90%
Rent Premiums	None
Total Units	90
Unit Size Range	706 - 1430
Avg. Unit Size	1,090
Avg. Rent/Unit	\$486
Avg. Rent/SF	\$0.45
Net SF	98,120
Construction Type	Brick and vinyl
HVAC	Central
Stories	1-2
Floor Height	9
Utilities with Rent	Water, Sewer, Trash Collection, Heat is electric paid by tenant
Unit Amenities	Patios/Balconies, Ceiling Fans, Washer/Dryer Connections, Microwaves, Microwave in some
Project Amenities	Indoor Pool, Outdoor Tennis, Clubhouse, Laundry
Parking	Open 230 spaces
Year Built	2002
Condition	Good
User 4	\$20 for washer/dryer
User 5	Section 42

Remarks

Units come with range, refrigerator, dishwasher and disposal. Property began leasing in July 2002 with all units available by September 2002. Full lease-up occurred in April 2003. Lease-up approximately 8-10 units per month. Vacant units include: 1 - 50% 1.1, 6 - 40% 2.1.5, 1 - 50% 2.1, and 1 - 60% 3.2.5.



Multi-Family Lease No. 15



Property Identification

Record ID 1911
Property Type Garden
Property Name Willow Glen
Address 2800 S. Main Street, New Castle, Henry County, Indiana 47362

On-Site Manager No
Verification Leasing Agent; 765/529-1517, March 01, 2007;

Occupancy 100%
Total Units 52
Unit Size Range 650
Avg. Unit Size 650

Net SF 33,800

Physical Data

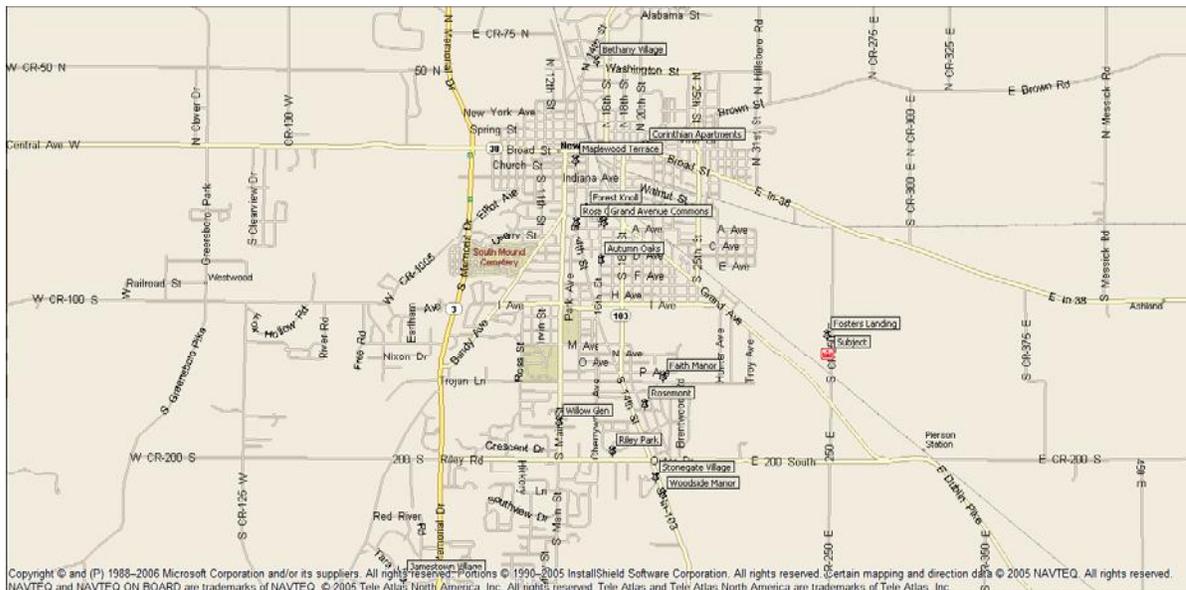
Construction Type Brick
HVAC Central
Stories 1
Utilities with Rent Water, Gas, Sewer, Trash Collection, Heat is gas paid by tenant
Parking Open
Year Built 1988
Condition Average
User 4 None
User 5 No

Remarks

Property is a Section 8 property with a waiting list that is approximately 1 year long. Units come with a refrigerator and stove.



Map of subject relative to comparables



Federal and/or municipal subsidies

Property	Subsidy
Willow Glen	Senior Sec 8
Stonegate Village	Sec 236/Sec 8
Faith Manor	Lutheran Social Service/Sec 8/Senior and Disabled
Grand Avenue Commons	Senior/Sec 42
Fosters Landing	Sec 42
Rose Courts	Sec 42/Sec 8
Bethany Village	Sec 8/Senior, Handicapped
Woodside Manor	Rural Development
Autumn Oaks	Sec 42
Maplewood Terrace	Sec 8/Sen
Forest Knoll/Thorncroft	HUD

Presence of on-site management

The following properties have on-site management: Forest Knoll, Maplewood Terrace, Autumn Oaks, Fosters Landing, Stonegate Village, Faith Manor, Jamestown Village, Grand Avenue Commons,

**Number of units by bedroom type, number of bathrooms, and square footage**

Maximum % of AMI	Unit type	Size of Unit (SF)	Number of Units	Proposed Rent of Subject	Rent/SF	Maximum Net Rent from IHEDA
40%	Studio	548	1	\$300	\$0.55	\$309
40%	One bedroom	687	2	\$305	\$0.44	\$320
50%	One bedroom	687	3	\$408	\$0.59	\$423
60%	One bedroom	687	5	\$511	\$0.74	\$526
Market	One bedroom	687	1	\$519	\$0.76	
40%	Two bedroom	876	2	\$365	\$0.42	\$387
50%	Two bedroom	876	12	\$488	\$0.56	\$510
60%	Two bedroom	876	7	\$612	\$0.70	\$634
Market	Two bedroom	876	1	\$619	\$0.71	
Total			34			

Unit Type	# Units	% of Total	Subject	% of Total
Studio	25	3.3%	1	2.9%
1 Bed	367	48.0%	11	32.4%
2 Bed	308	40.3%	22	64.7%
3 Bed	48	6.3%	0	0.0%
<u>4 Bed</u>	<u>16</u>	<u>2.1%</u>	<u>0</u>	<u>0.0%</u>
	764		34	

The subject has a higher percentage of two-bedroom unit than the market. However, this accounts for all projects, not just the senior projects. Typically, senior projects have no larger than two-bedroom units.

Studios

The subject has one studio unit that will rent at the 40% level at \$300 per month. There are two other properties within New Castle that have studio units, Bethany Village and Faith Manor. Because they are under a subsidy, the rents shown are not market. Regardless, the subject's rent at \$300 is much below their rents. In fact, they are more than 50% below the average studio unit.

One-bedrooms

The subject will have one bedrooms that the developers has proposed 40% rents at \$305, 50% rents at \$408, 60% rents at \$511 and market rate rents at \$519. The most comparable property to the subject is Grand Avenue Commons. This is a RHTC Senior property, the same as the subject. This property is leasing one bedrooms ranging from \$219 - \$529 at the 30% - 60% level. According to the leasing agent, typically, they have to drop their 50% and 60% rents down to the 40% level, which is around \$323. This would indicate that the proposed rents of the subject are too high. Therefore, it is recommended that the subject's rents be lowered. The 50% unit should have rents that range from \$350 - \$360 to be feasible. A recommended rent at the 50% range is \$360. The 60% rent is recommended at \$400. The reduced rents equate to a rent per square foot of \$0.52 at the 50% level and \$0.58 at the 60% level. While these rents are still higher than Grand Avenue Commons, they are more in line. In addition, they reflect the new construction and the added amenity of



attached garages. The market rate unit should be no higher than the average market rate unit because of the age restriction. The average market rate unit is \$458. Therefore the suggested market rate should be \$450.

Two-bedroom units

The subject will have two bedroom units that will rent for \$365 at the 40% level, \$488 at the 50% level, \$612 at the 60% level and \$619 at market rate. Again, the most similar project to the subject is Grand Avenue. The project rents its 30% at \$265, 40% at 389 and 50% at \$512. As with the one-bedrooms, the leasing agent said they had to rent the units at the 30% and 40% levels. A lower rent is recommended for the 50% and 60% level. It is recommended that the subject's RHTC units be no higher than \$420. This equates to a rent per square foot of \$0.48 which while higher than Grand Avenue, but still within a reasonable range when considering the garages. The average market rate unit is \$500. Therefore it is suggested that the market rate two bedroom be no higher than \$490.

The following pages show the rent comparable grids using the rents proposed by the developer. The chart below shows the rents that are being recommended by the analysis as compared with the rents of the developer.

Maximum % of AMI	Unit type	Size of Unit (SF)	Number of Units	Proposed Rent of Subject	Rent/SF	Maximum Net Rent from IHCDA	Proposed Rent by analysis	Rent /SF
40%	Studio	548	1	\$300	\$0.55	\$309	\$300	\$0.55
40%	One bedroom	687	2	\$305	\$0.44	\$320	\$305	\$0.44
50%	One bedroom	687	3	\$408	\$0.59	\$423	\$360	\$0.52
60%	One bedroom	687	5	\$511	\$0.74	\$526	\$400	\$0.58
Market	One bedroom	687	1	\$519	\$0.76		\$450	\$0.66
40%	Two bedroom	876	2	\$365	\$0.42	\$387	\$365	\$0.42
50%	Two bedroom	876	12	\$488	\$0.56	\$510	\$420	\$0.48
60%	Two bedroom	876	7	\$612	\$0.70	\$634	\$420	\$0.48
Market	Two bedroom	876	1	\$619	\$0.71		\$490	\$0.56
Total			34					



Mitchell Appraisals, Inc.

Property	Address	Baths	Bath	# of units	Square Feet	Utility allowance	Rent	\$/SF	Proposed Housing Cost (Rent + Utility Allow.)	Percent Vacant	Distance from Subject	Property Type	Year Built	Extra
Faith Manor	2238 Q Avenue	0	1		540	\$18	\$661	1.22	\$579	0%	1 MW	Sec. 3	1992	
Bethany Village Average	1509 Washington Street	0	1	9	540	\$76	\$526	#DIU/0!	\$502	28%	2.5 SW	Senior Sec 8	1983	
Subject	1500 250 East	-	1	1	548	\$76	\$300	0.55	\$375					30%



Mitchell Appraisals, Inc.

One Bedroom Units

Property	Address	Beds	Bath	# of units	Square Feet	Utility allowance	Rent	\$/SF	Proposed Housing Cost (Rent + Utility Allow.)	Percent Vacant	Distance from Subject	Property Type	Year Built	Extra
Autumn Oaks	100 Autumn Oaks Blvd	1	1	4	653	\$92	\$321	\$ 0.49	\$413	0%	1.6 NW	40%	2000	
Autumn Oaks	100 Autumn Oaks Blvd	1	1	4	653	\$92	\$425	\$ 0.65	\$517	0%	1.6 NW	50% DN	2000	
Autumn Oaks	100 Autumn Oaks Blvd	1	1	4	653	\$92	\$415	\$ 0.64	\$507	0%	1.6 NW	50% UP	2000	
Autumn Oaks	100 Autumn Oaks Blvd	1	1	8	852	\$108	\$449	\$ 0.53	\$557	0%	1.6 NW	60% DN	2000	
Autumn Oaks	100 Autumn Oaks Blvd	1	1	4	653	\$92	\$439	\$ 0.67	\$531	0%	1.6 NW	60% UP	2000	
Autumn Oaks	100 Autumn Oaks Blvd	1	1	8	852	\$92	\$500	\$ 0.59	\$592	0%	1.6 NW	RHTC Mkt	2000	
Bethany Village	1508 Washington Street	1	1	9	852	\$92	\$682	\$ 0.81	\$674	28%	2.5 SW	Senior Sec 8	1988	
Corinthian	2008 Broad	1	1	8	300	\$92	\$279	\$ 0.93	\$371	20%	1.8 NW	Mkt	1965	
Faith Manor	2236 Q Avenue	1	1	410	410	\$61	\$736	\$ 1.80	\$797	0%	1 M W	Sec. 8	1992	
Fosters Landing	317 Fosters Way	1	1	4	706	\$92	\$299	\$ 0.42	\$391	14%	Adj	40%	2002	
Fosters Landing	317 Fosters Way	1	1	7	706	\$92	\$379	\$ 0.54	\$471	0%	Adj	50%	2002	
Fosters Landing	317 Fosters Way	1	1	1	706	\$92	\$459	\$ 0.65	\$551	0%	Adj	Mkt	2002	
Grand Avenue Commons	1628 A Avenue	1	1	3	700	\$92	\$219	\$ 0.31	\$311	10%	1.6 NW	30% RHTC	2005	
Grand Avenue Commons	1628 A Avenue	1	1	6	700	\$92	\$323	\$ 0.46	\$415	10%	1.6 NW	40% RHTC	2005	
Grand Avenue Commons	1628 A Avenue	1	1	11	700	\$92	\$425	\$ 0.61	\$517	10%	1.6 NW	50% RHTC	2005	
Grand Avenue Commons	1628 A Avenue	1	1	8	700	\$92	\$529	\$ 0.76	\$621	10%	1.6 NW	60% RHTC	2005	
Jamestown Village	1001 W Colonial Dr	1	1	729	629	\$61	\$621	\$ 0.71	\$582	8%	3 NW	Mkt	1973	
Jamestown Village	1001 W Colonial Dr	1	1	600	600	\$61	\$460	\$ 0.77	\$521	8%	3 NW	Mkt	1973	
Jamestown Village	1001 W Colonial Dr	1	1	816	816	\$61	\$530	\$ 0.65	\$591	8%	3 NW	Mkt	1973	
Jamestown Village	1001 W Colonial Dr	1	1	48	629	\$61	\$510	\$ 0.81	\$571	8%	3 NW	Mkt	1973	
Jamestown Village	1001 W Colonial Dr	1	1	629	629	\$61	\$500	\$ 0.79	\$561	8%	3 NW	Mkt	1973	
Maplewood Terrace	274 S 14th Street	1	1	100	550	\$92	BOI			0%	2.1 NW	Senior Sec 8	1974	
Riley Park	131 Gina Lynn	1	1	20	645	\$61	\$425	\$ 0.66	\$486	0%	1.5 SW	Mkt	1980's	
Riley Park	131 Gina Lynn	1	1	18	645	\$61	\$435	\$ 0.67	\$496	0%	1.5 SW	Mkt	1980's	
Rose Courts	14th and A	1	1	8	532	\$92	\$257	\$ 0.48	\$349	25%	1.9 NW	Fam RHTC	1912	
Stonegate Village	3302 Stonegate Dr	1	1	532	532	\$63	\$432	\$ 0.81	\$495	11%	1.4 NW	Sec 8/236	1970	
Stonegate Village	3302 Stonegate Dr	1	1	532	532	\$63	\$420	\$ 0.79	\$463	11%	1.4 NW	Sec 8/236	1970	
Woodside Manor	100 Woodside Ct	1	1	16	624	\$92	\$345	\$ 0.55	\$437	0%	1.4 SW	RH Basic	2001	
Woodside Manor	100 Woodside Ct	1	1	16	624	\$92	\$471	\$ 0.75	\$563	0%	1.4 SW	RH Note	2001	
Average				283	660		\$434	\$0.69		7%				
Average Market Rate \$432														

Subject	1300 250 East	1	1	2	876	\$92	\$365	\$ 0.42	\$457			40%		
Subject	1300 250 East	1	1	12	876	\$92	\$488	\$ 0.56	\$580			50%		
Subject	1300 250 East	1	1	7	876	\$92	\$612	\$ 0.70	\$704			60%		
Subject	1300 250 East	1	1	1	876	\$92	\$619	\$ 0.71	\$711			Market		



Mitchell Appraisals, Inc.

Two Bedroom Units

Property	Address	Beds	Bath	# of units	Square Feet	Utility allowance	Rent	Property Type	Year Built	Extra
Autumn Oaks	100 Autumn Oaks Blvd	2	1	8	852	\$108	\$382	40%	2000	
Autumn Oaks	100 Autumn Oaks Blvd	2	1	8	852	\$108	\$450	60%	2000	
Autumn Oaks	100 Autumn Oaks Blvd	2	1	8	852	\$108	\$470	50% DN	2000	
Autumn Oaks	100 Autumn Oaks Blvd	2	1	8	852	\$108	\$460	50% UP	2000	
Autumn Oaks	100 Autumn Oaks Blvd	2	1	8	852	\$108	\$499	Mkt	2000	
Corinthian	2008 Broad	2	1	4	550	\$108	\$329	Mkt	1965	
Forest Knoll/Thorncroft	720 S 15th Street	2	1	38		\$108		HUD		
Fosters Landing	317 Fosters Way	2	1	6	882	\$108	\$369	40%	2002	
Fosters Landing	317 Fosters Way	2	1.5	18	1,054	\$108	\$459	40%	2002	
Fosters Landing	317 Fosters Way	2	1	1	882	\$108	\$409	50%	2002	
Fosters Landing	317 Fosters Way	2	1.5	10	1,054	\$108	\$479	50%	2002	
Fosters Landing	317 Fosters Way	2	1	4	882	\$108	\$499	60%	2002	
Fosters Landing	317 Fosters Way	2	1.5	7	1,054	\$108	\$529	60%	2002	
Fosters Landing	317 Fosters Way	2	1.5	2	1,054	\$108	\$559	Mkt	2002	
Grand Avenue Commons	1628 A Avenue	2	1	3	900	\$108	\$265	30% RHTC	2005	
Grand Avenue Commons	1628 A Avenue	2	1	5	900	\$108	\$389	40% RHTC	2005	
Grand Avenue Commons	1628 A Avenue	2	1	15	900	\$108	\$512	50% RHTC	2005	
Grand Avenue Commons	1628 A Avenue	2	1	122	829	\$69	\$563	Mkt	1973	
Jamestown Village	1001 W Colonial Dr	2	1		829	\$69	\$553	Mkt	1973	
Jamestown Village	1001 W Colonial Dr	2	1.5		922	\$69	\$599	Mkt	1973	
Jamestown Village	131 Gina Lynn	2	1	8	880	\$69	\$485	Mkt	1980's	
Riley Park	131 Gina Lynn	2	1	12	880	\$69	\$525	Mkt	1980's	
Rose Courts	14th and A	2	1	8		\$108	\$333	Fam RHTC	1912	
Rosemont	2022 Rosemont	2	1	11		\$108	\$390	Mkt	1980's	
Stonegate Village	3302 Stonegate Dr	2	1.5		919	\$75	\$513	Sec 8/236	1970	
Stonegate Village	3302 Stonegate Dr	2	1.5		919	\$75	\$574	Sec 8/236	1970	
Woodside Manor	100 Woodside Ct	2	1	1	820	\$108	\$469	RH Basic	2001	
Woodside Manor	100 Woodside Ct	2	1	1	820	\$108	\$641	RH Note	2001	
Average				337	893		\$451			
Average Market Rate										
884										
\$474										

Subject	1300 250 East	2	1	2	876	\$108	\$365	40%		
Subject	1300 250 East	2	1	12	876	\$108	\$488	50%		
Subject	1300 250 East	2	1	7	876	\$108	\$612	60%		
Subject	1300 250 East	2	1	1	876	\$108	\$619	Market		

**Unit and site amenities relative to the subject**

The subject will offer its tenants many amenities. It is similar to that of Grand Avenue Commons. The one amenity offered at the subject that is not offered at any other project within New Castle is attached garages. The subject will allow the tenants to go directly from their cars to the units, which is preferred by seniors. In addition, the tenants will be able to park additional cars in driveways or in front of the units which is also preferred.

Type of utilities relative to the subject

The subject and all of the comparables pay water, sewer trash. Stonegate Village pays gas for hot water and cooking, Faith Manor pays electric, Jamestown Village pays gas on all but the units noted, and Rosemont pays gas heat

Photographs of comparable properties

In the description of each comparable in the section *Analysis of Supply* starting on page 52, photographs are included.

Occupancy rates of each property

The occupancy/vacancy rate of each property is shown in the following chart.

Project	# Units	Occupancy	# Vacant	Type
Willow Glen	52	100%	0	Sen/Sec 8
Jamestown Village	178	92%	14	Fam/Mkt
Riley Park	58	100%	0	Fam/Mkt
Woodside Manor	34	100%	0	Fam/RD
Bethany Village	18	72%	5	Sen/Sec 8
Rosemont	11	100%	0	Fam/Mkt
Rose Court	20	80%	4	Fam/RHTC
Grand Avenue Commons	52	95%	3	Sen/RHTC
Corinthian	12	80%	2	Fam/Mkt
Faith Manor	36	100%	0	Sen/Sec 8
Stonegate Village	122	89%	13	Fam/Sec 236/8
Fosters Landing	90	90%	9	Fam/ RHTC
Autumn Oaks	52	90%	5	Fam/ RHTC
Maplewood Terrace	100	100%	0	Sen/Sec 8
Forest Knoll/Thorncroft	100	100%	0	Fam HUD
	935	94%	56	

Absorption history of each property

There are two properties within New Castle from which to determine an absorption period. These include Grand Avenue Commons and Fosters Landing. According to the leasing Agent at Grand Avenue Commons, the project's 52 units took approximately 1 year to lease-up. This would indicate a lease-up of 3-4 units per month. Fosters Landing began leasing in July 2002 with all units available for occupancy in September 2002. The project was completely leased up by April of 2003. This indicates a lease-up of 7 months or approximately 8-10 units per month.



Market vacancy rate for PMA rental stock by population and type of occupancy and unit size

For additional support of the immediate need for housing within an area, the occupancy rates need to be examined. Of the properties surveyed, the occupancy rates ranged from 72% to 100% with an average of 94%. When the Senior projects are examined the occupancy rates are much higher at 97%. However, one thing to note is that the occupancy of Grand Avenue Commons is put in at 95%. As noted previously, the leasing agent said it had five vacant units, but it had tenants pending for those units. However, the assumption is made that not all of the pending tenants will end up at the subject. Therefore it is assumed that two of the five units will end up being leased. The final chart shows all of the RHTC properties regardless of tenant type. They have occupancy rates that range from 80% - 95% with an average of 90%.

The occupancy rate by bedroom appears to be higher than the occupancy rate overall. This is skewed somewhat because not all properties would provided information on which units were vacant. Therefore, while the vacancy by unit type was provided on those properties that were willing to release which units are vacant, it is not a true reflection of the entire market.



Project	# Units	Occupancy	# Vacant	Type
Willow Glen	52	100%	0	Sen/Sec 8
Jamestown Village	178	92%	14	Fam/Mkt
Riley Park	58	100%	0	Fam/Mkt
Woodside Manor	34	100%	0	Fam/RD
Bethany Village	18	72%	5	Sen/Sec 8
Rosemont	11	100%	0	Fam/Mkt
Rose Court	20	80%	4	Fam/RHTC
Grand Avenue Commons	52	95%	3	Sen/RHTC
Corinthian	12	80%	2	Fam/Mkt
Faith Manor	36	100%	0	Sen/Sec 8
Stonegate Village	122	89%	13	Fam/Sec 236/8
Fosters Landing	90	90%	9	Fam/ RHTC
Autumn Oaks	52	90%	5	Fam/ RHTC
Maplewood Terrace	100	100%	0	Sen/Sec 8
Forest Knoll/Thorncroft	100	100%	0	Fam HUD
	935	94%	56	

Project	# Units	Occupancy	# Vacant	Type
Grand Avenue Commons	52	95%	3	Sen/RHTC
Willow Glen	52	100%	0	Sen/Sec 8
Bethany Village	18	72%	5	Sen/Sec 8
Faith Manor	36	100%	0	Sen/Sec 8
Maplewood Terrace	100	100%	0	Sen/Sec 8
	258	97%	8	

Project	# Units	Occupancy	# Vacant	Type
Fosters Landing	90	90%	9	Fam/ RHTC
Autumn Oaks	52	90%	5	Fam/ RHTC
Rose Court	20	80%	4	Fam/RHTC
Grand Avenue Commons	52	95%	3	Sen/RHTC
	214	90%	21	



Project	# Units	Occupancy	# Vacant	Type	Beds
Grand Avenue Commons	28	100%	0	Sen. RHTC	1
Maplewood Terrace	100	100%	0	Sen/Sec 8	1
Autumn Oaks	16	100%	0	Fam/RHTC	1
Willow Glen	52	100%	0	Sen/Sec 8	1
Fosters Landing	12	90%	1	Fam/RHTC	1
Riley Park	38	100%	0	Fam	1
Woodside Manor	32	100%	0	Fam/RD	1
Rose Court	8	75%	2	Fam RHTC	1
	286	99%	3		

Project	# Units	Occupancy	# Vacant	Type	Beds
Grand Avenue Commons	20	100%	0	Sen. RHTC	2
Fosters Landing	48	85%	7	Fam/RHTC	1
Forest Knoll	38	100%	0	Fam HUD	2
Autumn Oaks	32	90%	3	Fam/RHTC	2
Riley Park	20	100%	0	Fam	2
Woodside Manor	2	100%	0	Fam/RD	2
Rosemont	111	100%	0	Fam	2
Rose Court	8	90%	1	Fam RHTC	2
	279	96%	11		

Waiting lists

Only two properties within New Castle reported waiting lists. Both Rosemont and Riley Park reported small waiting lists.

Availability of other affordable housing units

Another option would be the purchase of a home. According to the Site to Do Business, the average price of a home in the subject's PMA is \$98,992. Therefore, assuming typical terms, 10% down at 6.5% interest over 30 years, the monthly payment would be \$563. Assuming an additional 30% for taxes and insurance, the payment is increased to \$732. It has been recommended that the subject reduce its rents to no higher than \$450. If the recommended rent is adopted, the rents will be well below those of the home.

Rural Area developments

Not applicable because there are not a sufficient number of rental properties within the PMA.



Conclusions and Recommendations

The subject property will offer quality units with good amenities in a market with few senior apartment options. The units will be adequately sized and the only apartment currently on the market with attached garages. It has been recommended that the rents be lower from the developer projections

The subject is located in a somewhat rural location on the outskirts of town. However, there is a local bus services that makes the location feasible. The project has support from mayor's office. A copy of the support letter is in the addenda

The subject will offer 32 units to the market, which is only 2.5% of the existing income qualified households calculated. Therefore the subject should not place any undue pressure on existing facilities. The units are expected to fill at a rate of 3-4 units per month with a lease-up time of 8-11 months. The subject should be well received as long as no other senior RHTC units are built in the area.

It has been suggested that the proposed rents of the subject be reduced to be more in line with the existing senior properties. The recommended rents are shown in the following chart.

Maximum % of AMI	Unit type	Size of Unit (SF)	Number of Units	Proposed Rent of Subject	Rent/SF	Maximum Net Rent from IHADA	Proposed Rent by analysis	Rent /SF
40%	Studio	548	1	\$300	\$0.55	\$309	\$300	\$0.55
40%	One bedroom	687	2	\$305	\$0.44	\$320	\$305	\$0.44
50%	One bedroom	687	3	\$408	\$0.59	\$423	\$360	\$0.52
60%	One bedroom	687	5	\$511	\$0.74	\$526	\$400	\$0.58
Market	One bedroom	687	1	\$519	\$0.76		\$450	\$0.66
40%	Two bedroom	876	2	\$365	\$0.42	\$387	\$365	\$0.42
50%	Two bedroom	876	12	\$488	\$0.56	\$510	\$420	\$0.48
60%	Two bedroom	876	7	\$612	\$0.70	\$634	\$420	\$0.48
Market	Two bedroom	876	1	\$619	\$0.71		\$490	\$0.56
Total			34					

Overall, there is nothing that indicates the proposed project will have difficulty leasing the units as long as the rents are reduced. The subject will be a senior unit with attached garages, which is currently not offered in this market. The market analysts recommend approval of the project based on the market evidence as long as the adjustments to the rents are applied and this is the only project approved in this market.



Market Study Analyst Statement of Experience

Elizabeth C Mutzl

General Education:

Bachelor of Arts, Communications with a concentration in Advertising and a Minor in Supervision

Purdue University, West Lafayette, 1990

Professional License: Certified General Appraiser: State of Indiana CG40200255
Certified General Appraiser: State of Michigan 1201071312

Primary Expertise:

All types of commercial property with an emphasis on multi-family market studies.

Professional Membership

Indianapolis Sub-Chapter Vice-Chairman of the Hoosier State Chapter of the Appraisal Institute, 2002

Indianapolis Sub-Chapter Chairman of the Hoosier State Chapter of the Appraisal Institute, 2003

Indianapolis Sub-Chapter Public Relations Chair 2003-2005

Indy Crew Network, Women in Real Estate

Co-Chair Indy Crew Golf Outing

Related Professional Education:

Real Estate Appraisal Principles, 1997

Real Estate Appraisal Procedures, 1997

Standards of Professional Practices, 1997

Appraising from Blueprints and Specs, 1997

Basic Income Capitalization, 1998

General Application, 1998

Apartment Appraisals, 1999

Advanced Income Capitalization, 1999

Highest and Best Use Analysis , 2000

Section 8, Mark-up-to-Market Training, 2000

MAP (Multi-family Accelerated Processing) Training, 2001 Indianapolis, IN

Advanced Sales and Cost Analysis, 2001

Data Confirmation, 2002

Report Writing, 2002

MAP (Multi-family Accelerated Processing) Training, 2002 Cleveland, OH

Uniform Standards of Appraisal Practice Part A, 2002

Uniform Standards of Appraisal Practice Part B, 2002



General Demonstration Report Seminar, 2003

Indiana Appraisal Law, 2003

Uniform Standards of Appraisal Practice, Update 2005

MAP (Multi-family Accelerated Processing) Training, 2005, Louisville, KY

MAP (Multi-family Accelerated Processing) Training, 2005, Atlanta, GA

Professional Experience:

Associate Vice President - Mitchell Appraisals, Inc. August 2003 to present

Staff Appraiser - Mitchell Appraisals, Inc., May 2002 to August 2003

Staff Appraiser in Training, Mitchell Appraisals, Inc., July 97 to May 2002



Market Study Checklist

Standard	Heading and page
Resume for market professional with demonstrable experience in Indiana affordable housing markets	<i>Market Study Analyst Statement of Experience</i> on page 91
Executive Summary	<i>Executive Summary</i> on page 5
Development description	<i>Development Description</i> on page 7
Site Map	<i>Site map</i> on page 7
Color photos of site	<i>Color photos of the site</i> on page 8
Type of construction, type of structure, number of buildings, number of units, amenities, number of bedrooms and baths, etc.	<i>Improvements</i> on page 18
Discussion on incompatible land uses adjacent to the site	<i>Adverse Features</i> on page 20
Scope of Rehabilitation, if applicable	<i>Scope of Work for Rehabilitation</i> on page 21
Identification of federal or local housing subsidy programs on site	<i>Federal or local housing subsidies on site</i> on page 21
Projected construction start, completion, and start of pre-leasing	<i>Timing</i> on page 19
Market Area Description	
Detail of boundaries of primary market area	<i>Description of Primary Market Area (PMA)</i> on page 24
Scaled color map of shopping, medical services, public transportation, employment, financial institutions, libraries, schools, community centers within 1½ mile radius of site	<i>Geographic map</i> on page 10
Scaled color map of PMA	<i>Primary Market Area map</i> on page 10
Color photos of immediate surrounding area or neighborhood	<i>Photos of area around the subject</i> on page 25



Market Area Economy	
Description of the employment by industry sector for PMA and county where site is located	on page 27; on page 28
List of major employers in PMA	<i>Major employers in PMA</i> on page 30
Employment and unemployment trends for PMA and county; county total workforce figures in numbers and percentages	<i>Employment and unemployment for PMA</i> on page 32; on page 32
Analysis and conclusions on economic status of PMA	<i>Analysis and conclusions on economic status of PMA</i> on page 33
Identification of data sources used to compile statistics	Footnoted throughout the section <i>Market Area Economy</i> on page 27
Demographic Data	
Total population and householders by age group	<i>Total population and households</i> on page 34
Number of senior and non-senior households, if applicable	<i>Total population and households</i> on page 34
Total number of households by age, tenure, income, average household size, and group quarters	<i>Total Number of Households by Tenure, Income, Average Household Size, and Group Quarters</i> on page 36
Renter households by number of persons in the household	<i>Renter households</i> on page 37
Demand Analysis	
Projection of total demand from demand for new renter households and demand from existing households, and described in Schedule C of QAP	<i>Projection of total demand</i> on page 39
Minimum and maximum income ranges for each targeted group	<i>Minimum and maximum income ranges for each targeted group</i> on page 44
Definition of absorption period and rate to reach 95% occupancy	<i>Definition of absorption period and rate to reach 95% occupancy</i> on page 47
Presentation of net demand in narrative, chart, and/or tabular format	<i>Presentation of net demand</i> on page 48
Calculation of capture rate for each income target group and bedroom size	<i>Capture rate</i> on page 48



Calculation of penetration rate for the PMA	<i>Penetration rate for the PMA on page 49</i>
Comparison of market rents and rents at proposed development	<i>Comparison of market rents to rents at proposed development on page 50</i>
Demand calculations with rental assistance and without rental assistance, if applicable	<i>Demand calculations with and without rental assistance on page 51</i>
Assumptions for demand analysis	<i>Assumptions for demand analysis on page 51</i>
Supply Analysis	
Survey of market rate and tax credit rental properties including name, address, age and condition, area median income level	<i>Survey of market rate and tax credit rental properties on page 52</i>
Type of federal and/or municipal subsidies, if applicable	<i>Federal and/or municipal subsidies on page 80</i>
Presence of on-site management	<i>Presence of on-site management on page 80</i>
Number of units by bedroom type, number of bathrooms for each unit type, square footage of units	<i>Number of units by bedroom type, number of bathrooms, and square footage on page 81</i>
Rents by number of bedrooms and baths, and square footage	<i>Survey of market rate and tax credit rental properties on page 52</i>
Unit and site amenities relative to the subject property	<i>Unit and site amenities relative to the subject on page 86</i>
Type of utilities	<i>Type of utilities relative to the subject on page 86</i>
Occupancy rates of each property	<i>Occupancy rates of each property on page 86</i>
Absorption history of each property (if recently completed)	<i>Absorption history of each property on page 86</i>
Color photographs of comparable properties	<i>On various pages in the section Survey of market rate and tax credit rental properties starting on page 52</i>
Market vacancy rate for PMA rental stock by population and type of occupancy and unit size	<i>Occupancy rates of each property on page 86</i>
Number of people on waiting lists for each property	<i>Waiting lists on page 89</i>
Discussion of availability of other affordable housing options	<i>Availability of other affordable housing units on page 89</i>



In rural areas, data on developments in adjacent markets with similar characteristics, if properties are not available in PMA

Rural Area developments on page 89

Conclusions and Recommendations

Candid conclusion about the subject property's feasibility in the market

Conclusions and Recommendations on page 90



Signed Statement

Market Study Analyst

I have made a physical inspection of the site and market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation in this statement may result in the denial of participation in the rental housing tax credit program in Indiana as administered by the Indiana Housing and Community Development Authority. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits. I affirm under the penalties of perjury that the foregoing representations are true.

EC Mutzl

Signature:

Date: 3/15/2007

Elizabeth C Mutzl,
Senior Appraiser, Mitchell Appraisals, Inc.
Indiana Certified General CG40200255
Expiration: June 30, 2008



GLOSSARY

All Glossary terms are reprinted from the 2007-2008 QAP, Schedule H, produced and provided by Indiana Housing and Community Development Authority.

140% Rule: If upon re-certification, a low-income Tenant's income is greater than 140% of the applicable income limit adjusted for family size, the unit will continue to be counted toward satisfaction of the required set-aside, providing that unit continues to be rent-restricted and the next available unit of comparable or smaller size in the Development is rented to a qualified Low-income Household.

20%/50% Test: 20% or more of the residential units must be rented to Households with aggregate Gross Income of 50% or less of the area median Gross Income adjusted for family size.

40%/60% Test: 40% or more of the units must be rented to Households with aggregate Gross Income of 60% or less of the area median Gross Income adjusted for family size.

15%/40% Test: 15% or more of the residential units must be rented to Households with aggregate Gross Income of 40% or less of the area median Gross Income adjusted for family size.

Amortization Schedule: A table showing the amounts of principal due on regular intervals and the unpaid balance of the loan after each payment is made.

Annual Household Income: Annual Income of all persons who intend to permanently reside in a unit.

Annual Income: Total Current Anticipated Income to be received by a Tenant from all sources including Assets for the next twelve (12) months.

Annual Income Re-certification: Document by which the Tenant re-certifies his/her income for the purpose of determining whether the Tenant will be considered low-income according to the provisions of the RHTC Program.

Applicable Fraction: The Applicable Fraction is the lesser of a) the ratio of the number of low-income units to the total number of units in the building or b) the ratio of the total floor space of the low-income units to the total floor space of all units in the building.

Applicable Credit Percentage: Although the Credits are commonly described as 9% and 4% credits, the percentages are approximate figures. The U.S. Department of the Treasury publishes the exact credit percentages each month.

Application: Form completed by a person or family seeking rental of a unit in a Development. An Application should solicit sufficient information to determine the applicant's eligibility and compliance with federal and IHCD guidelines.

Applicant: Any owner, principal and participant, including any affiliates associated with a Development that is seeking an award of RHTCs.

Assets: Items of value, other than necessary and personal items, which are considered in determining the eligibility of a Household.

Asset Income: The amount of money received by a Household from items of value as defined in HUD Handbook 4350.3.



Authority: Indiana Housing and Community Development Authority (IHCDA).

Certification Year: The twelve (12) month time period beginning on the date the unit is first occupied and each twelve (12) month period commencing on the same date thereafter.

Compliance: The act of meeting the requirements and conditions specified under the law and the RHTC Program requirements.

Compliance Period: The time period for which a building must comply with the requirements set forth in Section 42 of the Internal Revenue Code and credits can be recaptured for noncompliance. The Developments first 15 taxable years.

Correction Period: A reasonable time as determined by the Authority for an Owner to correct any violation as a result of noncompliance.

Credit: Tax Credit as authorized by Section 42 of the Internal Revenue Code.

Credit Period: The period of ten (10) taxable years during which credit may be claimed, beginning with:

- 1) the taxable year the building is placed in service; or
- 2) at the election of the taxpayer, the succeeding year, but only if the building is a Qualified Low-Income Building as of the close of the first year of such building, and remains qualified throughout succeeding years.

Current Anticipated Income: Gross anticipated income for the next twelve (12) months as of the date of occupancy that is expected to be received by the Tenant(s) including Imputed Income.

Declaration of Extended Low-Income Housing Commitment: The agreement between IHCDA and the Owner restricting the use of the Development during the term of the RHTC Extended Use Period.

Developer: Any individual and/or entity who develops or prepares a real estate site for residential use to be a RHTC Development.

Development: Rental housing development receiving a RHTC allocation. Development Team: Anyone associated with the development as listed in the Application (Form A) e.g. attorney, bond counsel {if applicable}, developer, accountant, consultant, management entity, general contractor and architect.

Effective Date of Tenant Certification: The date the Tenant Income Certification becomes applicable. For initial Certifications, this date must be the move-in date of the Tenant. For annual Recertifications, this date must be no later than one year from the Effective Date of the previous (re) certification.

Effective Term of Verification: A period of time not to exceed one hundred twenty (120) days. A Verification is valid for ninety (90) days, and may be updated orally for an additional thirty (30) days. A Verification must be within the effective term at time of Tenant's Income Certification.

Eligible Basis: The Eligible Basis of a qualifying Development generally includes those capital assets incurred with respect to the construction, rehabilitation, or acquisition in certain circumstances, of the property, minus non-depreciable costs such as land and certain other items such as financing fees. While it may not include any parts of the property used for commercial



purposes, it may include the cost of facilities for use by Tenants to the extent there is no separate fee for their use and they are available to all Tenants. It may also include the cost of amenities if the amenities are comparable to the cost of amenities in other units.

Eligible Basis is reduced by an amount equal to the portion of a building's adjusted basis which is attributable to non low-income units which exceed the average quality standard of the low-income units unless the cost of building the market rate units does not exceed the cost of the average low-income units by more than 15% and the excess cost is excluded from Eligible Basis.

Eligible Basis is further reduced by the amount of any federal grants applied towards the Development, and, should the Owner so elect, it may be reduced by "federal subsidies" to take advantage of the higher applicable RHTC percentage. It is determined without regard to depreciation.

Eligible Tenant: The current tenant of the unit, so long as that tenant is eligible to occupy the unit under the requirements of Section 42 of the Internal Revenue Code. This expressly includes a tenant whose income would not currently qualify under Section 42, but who was qualified at the time of tenant's original occupancy of the unit.

Employment Income: Wages, salaries, tips, bonuses, overtime pay, or other compensation for personal services from a job.

Extended Use Period: The time frame which begins the first day of the initial 15 year compliance period, on which such building is part of a qualified low-income housing Development and ends 15 years after the close of the Initial Compliance Period, or the date specified by IHCD in the Declaration of Extended Low-Income Housing Commitment.

Fair Market Value: An amount which represents the true value at which property could be sold on the open market.

First Year of the Credit Period: Either the year a building is placed in service, or, at the Owner's option, the following year.

Foreclosure: A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.

Gross Income: See Annual Household Income.

Gross Rent: Maximum amount that a Tenant can pay for rent before deducting a utility allowance.

Note: The Owner must be aware of the year in which the RHTC allocation was made and the specific guidelines that refer to the calculation of gross rent for those years, i.e. 1987, 1988, and 1989 RHTC allocations base gross rent on the actual number of persons residing in the unit.

Household: The individual, family, or group of individuals living in the unit.

IHCDA: Indiana Housing Finance Authority.

Imputed Income: The estimated earnings of Assets held by a Tenant using the potential earning rate established by HUD.

Income Limits: Maximum incomes as published by HUD for Developments giving the maximum Income Limits per unit for Low-Income (40%, 50% or 60% of median) Units.



Infill housing: Residential development on small parcels in previously established areas for replacement by brand new or refurbished housing that utilizes existing utilities and infrastructure.

Initial Compliance: The 12 month period commencing with the date the building is placed in service. Note: Developments consisting of multiple buildings with phased completion must meet the set-aside requirements on a building-by-building basis with the 12 months commencing with the individual date each building is placed in service.

Initial Compliance Period: A fifteen (15) year period, beginning with the first taxable year in which Credit is claimed, during which the appropriate number of units must be marketed and rented to RHTC eligible Households, at restricted rents.

Inspection: A review of a Development which may be made annually by IHCD or its agent, which includes an examination of records, a review of operating procedures and a physical inspection of units.

Joint Venture: A combination of one or more independent entities that combine to form a new legal entity for the purpose of this Development.

LIHTC: Low Income Housing Tax Credit. Also known as Rental Housing Tax Credit (RHTC). Tax Credit as authorized by Section 42 of the Internal Revenue Code.

Lease: The legal agreement between the Tenant and the Owner which delineates the terms and conditions of the rental of a unit.

Low-Income Household/Tenant: Households whose incomes are not more than either 50% or 60% of the median family income for the local area adjusted for family size.

Low-Income Unit: An unit in a building if: 1. Such unit is rent-restricted (as defined in subsection (g)(2) of IRS Section 42 of the Code); 2. The individuals occupying such unit meet the income limitation applicable under subsection 42(g)(1) to the Development of which such building is part; 3. The unit is suitable for occupancy, available to the general public, and used other than on a transient basis.

Management Company: A firm authorized by the Owner to oversee the operation and management of the Development and who accepts compliance responsibility.

Maximum Allowable Rent Calculation: The Maximum Allowable Rent Calculation includes costs to be paid by the Tenant for utilities inclusive of heat, electricity, air conditioning, water, sewer, oil, or gas where applicable (does not include cable television or telephone).

Maximum Chargeable Rent (Net Rent): Gross Rent less Utility Allowance paid by the Tenant.

Median Income: A determination made through statistical methods establishing a middle point for determining Income Limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

Minimum Set-Aside: The minimum number of units that the Owner has elected and set forth in the Declaration of Low-Income Housing Commitment to be income and rent-restricted.

Narrative Summary: A description written by the Applicant of the need for the Development within the community and the Development itself. This narrative should give an accurate depiction of how this Development will benefit the particular community. Generally, the summary should include the following points:



- Development and unit description
- Amenities - in and around Development
- Area's needs that Development will help meet
- Community support and/or opposition for Development
- The constituency served by the Development
- Development quality
- Development location
- Effective use of resources
- Unique features
- Services to be offered
- Address Allocation Plan points **MUST** include pages 3-9 of Form- A (the Application).

Owner: Any individual, association, corporation, joint venture, or partnership that has any ownership interest in a RHTC Development.

Placed in Service Date: For buildings, this is the date on which the building is ready and available for its specifically assigned function, as set forth on IRS Form 8609.

Qualified Allocation Plan: The plan developed and promulgated from time to time by IHCD, which sets out the guidelines and selection criteria by which IHCD allocates RHTC.

Qualified Basis: The portion of the Eligible Basis attributable to low-income rental units. It is equal to the Eligible Basis multiplied by the Applicable Fraction. The amount of Qualified Basis is determined annually on the last day of each taxable year. Note: This is the lesser of the Applicable Fraction/Occupancy Percentage: a. the proportion of low-income units to all residential rental units; or b. the proportion of floor space of the low-income units to the floor space of all residential rental units.

Qualified Low-Income Building: Any building that is part of a qualified low-income housing Development at all times during the period beginning on the first day in the compliance period on which such building is part of such a Development and ending on the last day of the compliance period with respect to such building (Section 42(c)(2)(A) of the Code).

Qualified Unit: A unit in a Qualified Low-Income Building occupied by qualified persons at a qualified rent.

RHTC: Rental Housing Tax Credit. Tax Credit as authorized by Section 42 of the Internal Revenue Code.

Section 8: Section 8 of the United States Housing Act of 1937, as Amended.

Set Aside: Shall mean and require that units designated as "set aside" for a specific population may be used only for the identified population and for no other. If qualified tenants in the designated population are not available, the unit(s) must remain vacant.



Student: Any individual who is, or will be, a full-time Student (as defined by the institution) at an educational institution with regular facilities and Students, other than correspondence school.

Tax Credit: The Tax Credit amount is calculated by multiplying the Qualified Basis by the Applicable Credit Percentage. The credit percentage, determined monthly, changes so as to yield over a 10 year period, a credit equal to either 30% or 70% of the present value of the Qualified Basis of the building. An Owner may elect to lock in the Applicable Credit Percentage either at the time a Commitment is made by IHEDA, or at the time the allocation is made.

Tenant: Any person occupying the unit.

Tenant/ Unit File: Complete and accurate records pertaining to each dwelling unit, containing the Application for each Tenant, Verification of income and Assets of each Tenant, Annual Income Recertification, utility schedules, rent records, Lease and Lease addendum. Any authorized representative of IHEDA or the Department of Treasury shall be permitted access to these files upon receipt by Development Owner or Management Company of prior written notice of not less than two calendar days.

Utility Allowance: The amount of utilities, for a particular unit, set by a Utility Allowance schedule, which is published by HUD, Rural Development, or PHA, or a letter from the utility company which states the rates (see IRS Notice 89-6).

Verification: Information from a third-party which is collected in order to corroborate the accuracy of information about income provided by applicants to a Development.