



To: Jennie Lagmay, Wendover Group
From: Brett Welborn and Tad Scepaniak
Date: October 22, 2019
Re: Hartland Station Revised Affordability and Demand Estimates

Introduction:

The purpose of this memorandum is to provide updated affordability and demand estimates based on a revised unit mix and rents for Hartland Station Apartments (Table 1) which has applied for four percent Low Income Housing Tax Credits to Georgia Department of Community Affairs (DCA). Demand and affordability estimates are based on 2019 DCA market study guidelines. The primary market area utilized for this analysis is shown in Map 1.

Table 1 – Revised Unit Mix and Rents

Table with 7 columns: Bed, Bath, Income Target, Quantity, Gross Rent, Utility, Proposed Rent. Rows include unit types (1, 2, 3 bed) and income targets (50%, 60%, 80% AMI) with corresponding quantities and rents.

Rents include water, sewer, and trash removal.

Source: Wendover Group

Affordability Analysis:

Affordability renter capture rates by floor plan range from 0.3 percent to 4.6 percent and capture rates by AMI level are 1.2 percent for 50 percent AMI units, 2.5 percent for 60 percent AMI units, and 0.6 percent for 80 percent AMI units (Table 2). The project’s overall affordability renter capture rate is 2.4 percent. All affordability capture rates are low based on a significant number of income-qualified renter households. These capture rates indicate sufficient income-qualified households will exist in the market area to support the proposed units.



Table 2 – Affordability Analysis

50% AMI	35% Rent Burden	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
		Min.	Max.	Min.	Max.	Min.	Max.
Number of Units		11		20		6	
Net Rent		\$678		\$808		\$927	
Gross Rent		\$747		\$897		\$1,036	
Income Range (Min, Max)		\$25,611	\$31,900	\$30,754	\$35,900	\$35,520	\$43,050
Renter Households							
Range of Qualified HHlds		7,271	6,058	6,279	5,330	5,385	4,294
# Qualified HHlds		1,213		949		1,091	
Renter HH Capture Rate		0.9%		2.1%		0.5%	

60% AMI	35% Rent Burden	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
		Min.	Max.	Min.	Max.	Min.	Max.
Number of Units		23		41		13	
Net Rent		\$828		\$988		\$1,134	
Gross Rent		\$897		\$1,077		\$1,243	
Income Range (Min, Max)		\$30,754	\$38,280	\$36,926	\$43,080	\$42,617	\$51,660
Renter Households							
Range of Qualified HHlds		6,279	4,985	5,181	4,289	4,357	3,154
# Qualified HHlds		1,294		892		1,203	
Renter HH Capture Rate		1.8%		4.6%		1.1%	

80% AMI	35% Rent Burden	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
		Min.	Max.	Min.	Max.	Min.	Max.
Number of Units		5		9		3	
Net Rent		\$1,127		\$1,347		\$1,549	
Gross Rent		\$1,196		\$1,436		\$1,658	
Income Range (Min, Max)		\$41,006	\$51,040	\$49,234	\$57,440	\$56,846	\$68,880
Renter Households							
Range of Qualified HHlds		4,590	3,204	3,398	2,692	2,740	1,778
# Qualified Households		1,387		705		961	
Renter HH Capture Rate		0.4%		1.3%		0.3%	

Income Target	# Units	Renter Households = 15,578				
		Band of Qualified HHlds		# Qualified HHs	Capture Rate	
50% AMI	37	<i>Income Households</i>	\$25,611	\$43,050	2,977	1.2%
60% AMI	77	<i>Income Households</i>	\$30,754	\$51,660	3,125	2.5%
80% AMI	17	<i>Income Households</i>	\$41,006	\$68,880	2,812	0.6%
Total Units	131	<i>Income Households</i>	\$25,611	\$68,880	5,492	2.4%

Source: Income Projections, RPRG, Inc.



DCA Demand Analysis:

According to DCA’s demand methodology, all comparable units recently funded by DCA, proposed for funding for a bond allocation from DCA, or any comparable units at communities undergoing lease-up are to be subtracted from the demand estimates to arrive at net demand. Tapestry Development Group, Inc. submitted a pre-application to DCA for four percent Low Income Housing Tax Credits to develop a 246-unit LIHTC community on Fair Drive. As we did not identify a unit distribution by AMI level, we conservatively subtract the unit mix available in the pre-application for this community (73 one-bedroom units, 133 two-bedroom units, and 40 three-bedroom units) from demand estimates within each AMI level to test capture rates should all units at the pipeline community target a single AMI level.

Capture rates for Hartland Station are 2.6 percent for the 50 percent AMI units, 5.1 percent for the 60 percent AMI units, 1.3 percent for the 80 percent AMI units, and the project’s overall capture rate is 4.6 percent (Table 3). Hartland Station's capture rates by floor plan within each income target range from 0.7 percent to 11.2 percent and the capture rates by floor plan are 2.0 percent for all one-bedroom units, 5.4 percent for all two-bedroom units, and 3.2 percent for all three-bedroom units (Table 4); three bedroom capture rates have been adjusted to include only large renter households.

All capture rates are low and indicate strong demand in the market area to support the proposed Hartland Station.

Table 3 – Overall Demand Estimates

Income Target	50% AMI	60% AMI	80% AMI	Total Units
Minimum Income Limit	\$25,611	\$30,754	\$41,006	\$25,611
Maximum Income Limit	\$43,050	\$51,660	\$68,880	\$68,880
(A) Renter Income Qualification Percentage	19.1%	20.1%	18.0%	35.3%
Demand from New Renter Households <i>Calculation (C-B) *F*A</i>	43	45	41	80
PLUS				
Demand from Existing Renter HHs (Substandard) <i>Calculation B*D*F*A</i>	121	127	114	223
PLUS				
Demand from Existing Renter HHs (Overburdened) - <i>Calculation B*E*F*A</i>	1,505	1,580	1,422	2,777
Total Demand	1,669	1,752	1,577	3,080
LESS				
Comparable Units	246	246	246	246
Net Demand	1,423	1,506	1,331	2,834
Proposed Units	37	77	17	131
Capture Rate	2.6%	5.1%	1.3%	4.6%

Demand Calculation Inputs	
A). % of Renter HHlds with Qualifying Income	see above
B). 2019 Householders	22,615
C). 2021 Householders	22,946
D). Substandard Housing (% of Rental Stock)	4.1%
E). Rent Overburdened (% of Renter HHs at >35%)	51.1%
F). Renter Percentage (% of all 2019 HHs)	68.2%



Table 4 – Demand Estimates By Floor Plan

Income/Unit Size	Income Limits	Units Proposed	Renter Income Qualification %	Total Demand	Large Household Size Adjustment (3+ Persons)	Adjusted Demand	Supply	Net Demand	Capture Rate
50% AMI	\$25,611 - \$43,050								
One Bedroom Units		11	7.8%	680		680	73	607	1.8%
Two Bedroom Units		20	6.1%	532		532	133	399	5.0%
Three Bedroom Units		6	7.0%	612	40.4%	247	40	207	2.9%
60% AMI	\$30,754 - \$51,660								
One Bedroom Units		23	8.3%	726		726	73	653	3.5%
Two Bedroom Units		41	5.7%	500		500	133	367	11.2%
Three Bedroom Units		13	7.7%	674	40.4%	272	40	232	5.6%
80% AMI	\$41,006 - \$68,880								
One Bedroom Units		5	8.9%	777		777	73	704	0.7%
Two Bedroom Units		9	4.5%	395		395	133	262	3.4%
Three Bedroom Units		3	6.2%	539	40.4%	218	40	178	1.7%
By Bedroom									
One Bedroom Units		39	23.6%	2,059		2,059	73	1,986	2.0%
Two Bedroom Units		70	16.3%	1,428		1,428	133	1,295	5.4%
Three Bedroom Units		22	20.5%	1,790	40.4%	723	40	683	3.2%
Project Total	\$25,611 - \$68,880								
50% AMI	\$25,611 - \$43,050	37	19.1%	1,669			246	1,423	2.6%
60% AMI	\$30,754 - \$51,660	77	20.1%	1,752			246	1,506	5.1%
80% AMI	\$41,006 - \$68,880	17	18.0%	1,577			246	1,331	1.3%
Total Units	\$25,611 - \$68,880	131	35.3%	3,080			246	2,834	4.6%

Map 1 – Hartland Station Market Area

