

**MARKET STUDY OF:**  
**MARJORIE**  
**GRIMM**  
**ASSISTED**  
**LIVING**

**A MARKET STUDY OF:**  
**MARJORIE GRIMM**  
**ASSISTED LIVING**

*Located at:*  
700 Idaho Avenue  
Libby, Lincoln County, Montana 59923

Effective Date: December 4, 2019  
Report Date: January 6, 2020

*Prepared For:*  
Gerald M. Fritts  
Executive Director  
American Covenant Senior Housing Foundation, Inc.  
234 Shelter Valley Drive  
Kalispell, MT 59901

*Prepared By:*  
Novogradac & Company LLP  
6700 Antioch Road, Suite 450  
Merriam, KS 66204





January 6, 2020

Gerald M. Fritts  
Executive Director  
American Covenant Senior Housing Foundation, Inc.  
234 Shelter Valley Drive  
Kalispell, MT 59901

Re: Market Feasibility Study of Proposed Marjorie Grimm Assisted Living  
Located at 700 Idaho Avenue, Libby, Lincoln County, Montana 59923

Dear Mr. Fritts:

At your request, Novogradac & Company LLP has performed a market study of the senior multifamily rental market in the Libby, Lincoln County, Montana area relative to the above-referenced proposed new construction market rate assisted living development.

The purpose of this market study is to assess the viability of Marjorie Grimm Assisted Living (Subject), a proposed 50-unit market rate assisted living development that will be targeted towards seniors ages 65 and older that require assistance with activities of daily living (ADLs). The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report includes the following:

- Inspection of the Site and Market
- Project Description
- Market area analysis
- Demographic Analysis
- Economic Analysis
- Supply Analysis
- Demand Analysis
- Rent Analysis
- Anticipated Market Absorption Analysis
- Conclusions and Recommendations

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client. The report and the conclusions are subject to the *Assumptions and Limiting Conditions* attached.

The authors of this report certify that we are not part of the development team, owner of the Subject property, general contractor, nor are we affiliated with any member of the development team engaged in the development of the Subject property or the development's partners or intended partners.

Ryan Houghtaling personally inspected the Subject property and comparable market data incorporated in this report and is competent to perform such analyses. The date of inspection was December 4, 2019, which is the effective date of this report.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,  
Novogradac & Company LLP



Rachel Denton, MAI  
Partner  
Rachel.Denton@Novoco.com  
913-312-4612



Sara Nachbar  
Manager  
Sara.Nachbar@Novoco.com  
913-312-4616



Jon Sestak  
Analyst  
Jon.Sestak@novoco.com  
913-312-4625



Ryan Houghtaling  
Junior Analyst

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# **PROJECT DESCRIPTION**

## PROJECT DESCRIPTION

### DESCRIPTION OF THE SITE

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues, and traffic flow.

**General:**

The Subject site is located at 700 Idaho Avenue, Libby, Lincoln County, Montana 59923, in the northern portion of Libby. The Subject site is improved with the Asa Wood Elementary School, which is vacant and will be razed prior to construction. An aerial image of the site is detailed below.



Source: Google Earth; November 2019

**Shape:**

Rectangular.

- Size:** According to the Lincoln County Assessor’s Office, the parcel on which the Subject site totals 235,224 square feet, or approximately 5.4 acres.
- Zoning:** We reached out to Kristin Smith, City Council Member and Manager of the Planning Board for the City of Libby. Ms. Smith noted that the city is currently updating the city’s zoning ordinances, but that the property is currently zoned Residential A, which would not allow for development of an assisted living facility. As such, the client will need to propose the intended use to the city for review and undergo a public hearing in order to be an approved development. It is unclear as of the date of this report whether the site would need to be formally re-zoned, or whether a use permit would be granted if the plans are approved.
- Frontage:** The Subject site has frontage along the northeast side of West 9<sup>th</sup> Street, the south side of West 6<sup>th</sup> Street, and the west side of Idaho Avenue.
- Adjoining Land Uses:** The Subject site is located in a mixed-use neighborhood consisting of single-family homes, undeveloped land, civic uses, houses of worship, as well as commercial/retail uses concentrated to the south and west of the Subject along 9<sup>th</sup> Street. Land use to the north of the Subject, across West 6<sup>th</sup> Street, consists of single-family homes in average to good condition. Land use to the northeast, across West 6<sup>th</sup> Street, consists of single-family homes and a post office, both of which exhibit average condition. Land use to the northwest, across West 6<sup>th</sup> Street, consists of commercial uses in average condition. Land use to the east, across Idaho Avenue, consists of single family homes and a house of worship. Land use to the south of the Subject, across West 9<sup>th</sup> Street, consists of commercial/retail uses in average condition. Land use to the southeast, across Idaho Avenue, consists of single-family homes in average to good condition. Land use to the southwest, across 9<sup>th</sup> Street, consists of commercial uses in average condition, and a campground. Land use adjacent to the west of the Subject consists of Libby Area Community Garden and commercial uses in average condition. According to Zillow.com, the median list price of a single-family home located in the Subject’s zip code is \$225,999. Overall, the surrounding land uses appear to be in average to good condition, and the Subject will be a compatible use within the immediate neighborhood. Most commercial/retail developments are located to the south of the Subject site along West 9<sup>th</sup> Street.
- Topography:** The site is generally level.
- Utilities:** All utilities will be available to the site.
- Access and Traffic Flow:** The site is accessible via the west side of Idaho Avenue and the south side of West 6<sup>th</sup> Street, which both intersect at the northeast corner of the Subject site. Idaho Avenue is a two-lane lightly trafficked neighborhood road, which provides access to Highway 2/9<sup>th</sup> Street, approximately 0.1 miles to the southeast of the Subject site. Highway



2/9<sup>th</sup> Street generally traverses east/west and provides access throughout the state of Montana including Kalispell, approximately 44 miles to the east, and Troy, approximately 16 miles to the north. Overall access is considered good, and traffic flow is considered light in the Subject's immediate area.

- Visibility/Views:** Views to the north of the Subject, across West 6th Street, consist of single-family homes in average to good condition. Views to the northeast consist of single-family homes and a post office. Views to the east consist of single-family homes in average to good condition. Views to the south of the Subject consist of commercial/retail uses and single-family homes. Views to the southeast consist of single-family homes in average to good condition. Views to the southwest consist of commercial uses and a campground. Views to the west consist of Libby Area Community Garden and commercial uses in average condition. Overall views are considered average/typical of the area and visibility is good.
- Layout/Curb Appeal:** We have reviewed the developer's site plans; the Subject will exhibit a functional layout and excellent curb appeal.
- Drainage:** Appears adequate, however, no specific tests were performed.
- Soil and Subsoil Conditions:** We were not provided with soil surveys, but the surrounding improvements suggest that the soils are adequate for the proposed development.
- Flood Plain:** According to Flood Insights and Flood Insurance Rate Map Community Panel Number 3001572443C, dated September 2006, the Subject site is located in Zone X. Zone X is defined as an area outside 500-year floodplain. Novogradac & Company LLP does not offer expertise in this field and cannot opine on this issue. Further analysis by Novogradac is beyond the scope of the report.
- Environmental:** We were not provided with an environmental assessment report. We did not observe any obvious environmental hazards during our site inspection; however, we are not experts within this field.
- Detrimental Influences:** At this time, we are unaware of any detrimental influences that would impact the value of the Subject.
- Conclusion:** The site appears physically capable of supporting a variety of legally permissible uses and is considered a desirable building site that will complement the surrounding area.

## DESCRIPTION OF PROPOSED IMPROVEMENTS

Our description of the improvements is based upon information provided by the developer. We assume that this information is accurate.

The Subject is a proposed 50-unit assisted living development located in the northern portion of Libby, Lincoln County, Montana. The planned improvements include the construction of 50-unit market rate assisted living development that will be targeted towards seniors ages 65 and older that require assistance with ADLs contained in a single-story building. The development will be new construction, and the condition, quality of finish, amenities, and unit sizes will be generally competitive with the competition. The site plans and illustrations can be found in *Addendum C*.

**Construction Type:** The one-story building will be wood frame construction with a vinyl siding exterior. The roof will be pitched with asphalt shingle cover.

**Unit Mix, Size, & Rents:** As concluded to later in the *Supply Analysis* section of this report, we believe the Subject’s unit mix would be optimized with a composition of 30 studio and 20 one-bedroom units. The following table details the Subject’s proposed unit sizes, as well as Novoco’s estimated achievable market rents and unit composition. Further analysis of the components of this table can be found later in the report.

### NOVOCO'S ACHIEVABLE RENTS

Unit Type	# of Units	Unit Sizes	Proposed Rents	Rent Per Square Foot
Studio	30	318-391	\$3,450-\$3,500	\$8.95-\$10.85
1BR/1BA	20	405-591	\$4,300-\$4,450	\$7.53-\$10.62

**Services:** Based on information provided by the comparables, we believe a competitive service package at the Subject should include scheduled transportation, housekeeping services, three meals daily, along with the following classes and activities inclusive with rent: arts and crafts classes, games, group social activities, outdoor entertainment, and additional exercise classes. Furthermore, we would recommended that personal care and medication reminders should be offered at the Subject for an additional fee.

**Number of Stories:** One story.

**Community Amenities:** Based on the amenities offered at the comparables, we believe a competitive community amenity package at the Subject should include a community room, central laundry facility, on-site management, recreation area, and a picnic area, in addition to the aforementioned services.

**Unit Amenities:** Based on the amenities offered at the comparables, we believe the Subject should offer an amenity package of grab bars, hand rails, pull cords, blinds, basic cable/internet included with rent, carpeting, coat closets, central heating and air conditioning, kitchen sinks, and a refrigerator.

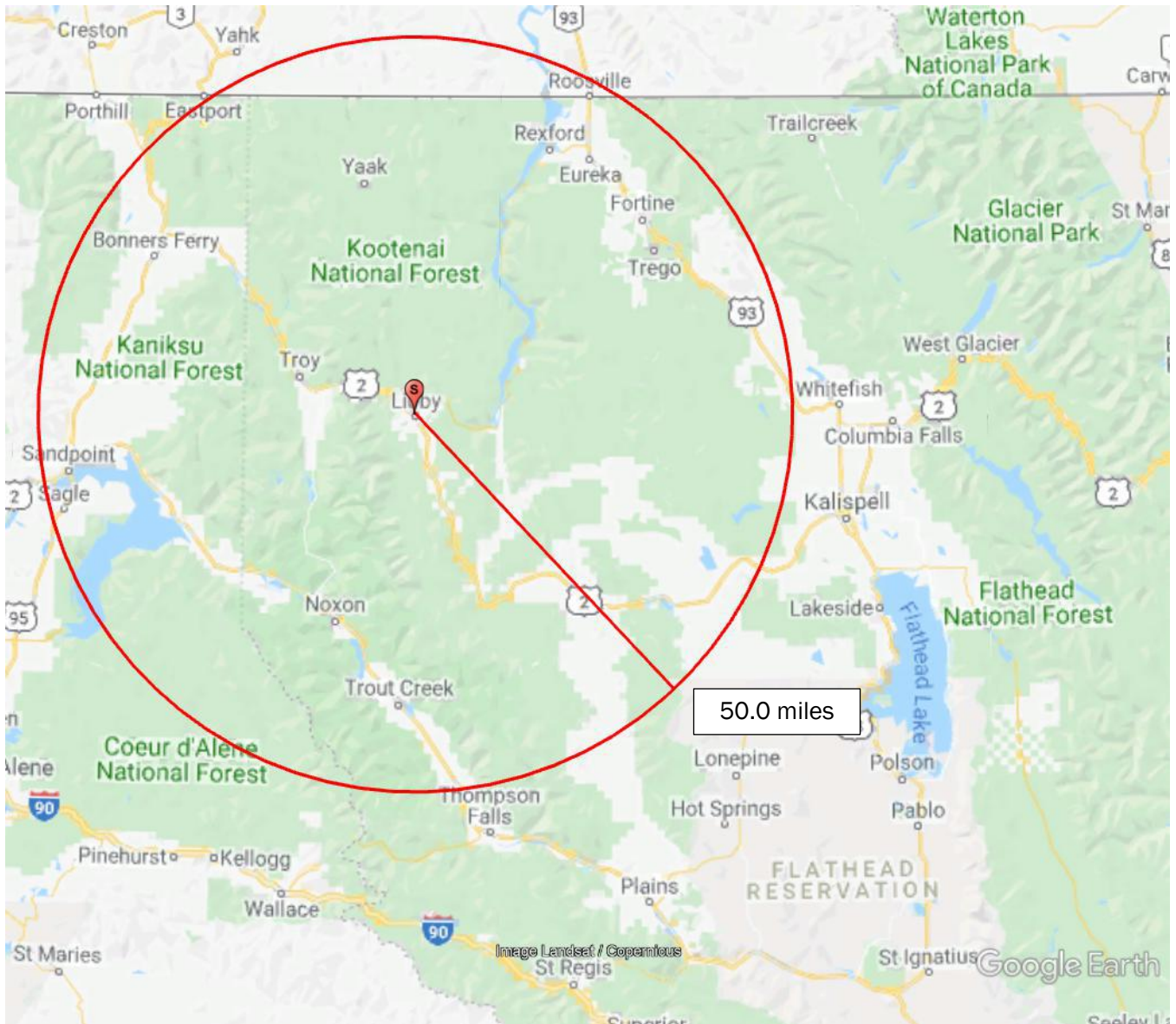
<b>Security Features:</b>	Based on the comparables, as well as the low instance of crime in area, we believe security features at the Subject should include intercoms, limited access, and pull cords going to the office.
<b>Utility Structure:</b>	The landlord will be responsible for all utilities including electric cooking, electric water heating, electric heating, and general electrical expenses, as well as cold water, sewer, and trash expenses.
<b>Parking:</b>	Based on the comparables, we believe the Subject offering solely off-street parking, inclusive in the asking rent, will be suitable for the market.
<b>Americans with Disabilities Act 1990:</b>	We assume the property will not have any violations of the Americans with Disabilities Act of 1990.
<b>Quality of Construction:</b>	We assume the property will be constructed in a timely manner consistent with the information provided, using good quality materials in a workmanlike manner.
<b>Condition:</b>	The Subject will be in excellent condition upon completion.
<b>Functional Utility:</b>	The floor plans will provide good functionality, due to sufficient size and appropriate layout. Copies of the site and floor plans have been included in the <i>Addenda</i> .
<b>Deferred Maintenance:</b>	The Subject will be new construction and will not suffer from deferred maintenance.
<b>Conclusion:</b>	The finished product of the Subject will surpass the quality of most existing senior rental housing stock, both independent and assisted living, in the area in terms of condition; the proposed amenities and services should be well received in the market by the target demographic (seniors aged 65 and older requiring assistance with ADLs).

# **REGIONAL AND LOCAL AREA ANALYSIS**

## REGIONAL AND LOCAL AREA ANALYSIS

### REGIONAL AND LOCAL AREA DESCRIPTION

The Subject is located in the northern portion of Libby, Lincoln County, Montana. Libby is located in the northwestern portion of the state of Montana and is not located in a micropolitan or metropolitan statistical area. According to 2010 Census data estimates, Libby has a population of 2,628. A map of the region is located below.



**Location and Proximity to Metropolitan Areas**

The following table illustrates distances from Libby to surrounding cities and metropolitan areas.

**PROXIMITY TO MAJOR CITIES**

Location	Miles
Spokane, WA	100 miles
Missoula, MT	129 miles
Helena, MT	207 miles
Bozeman, MT	285 miles

**Transportation**

- Highway: The Subject site is located approximately 0.1 miles northwest of access to Highway 2/9<sup>th</sup> Street. Highway 2/9<sup>th</sup> Street generally traverses east/west and provides access throughout the state of Montana including Kalispell, approximately 44 miles to the east, and Troy, approximately 16 miles to the north.
  
- Bus: Libby does not provide any form of bus transit. On-demand bus transportation is provided by Lincoln County Transportation Services, which provides on-demand bus transportation for all of Lincoln County. Fares vary depending on distance.
  
- Air: The closest passenger airport is Glacier Park International Airport (GPI), which is located in Kalispell, MT, approximately 61 miles east of the Subject site and is serviced by Alaska Airlines, Allegiant Air, American Airlines, Delta Air Lines, Delta Connections, and United Airlines. In 2018, approximately 307,242 passengers traveled through GPI.
  
- Rail: Rail transportation is not provided in the city of Libby. Further, the city of Libby has a station stop for Amtrak. Amtrak offers 21,000 route miles and operates more than 300 trains throughout 46 states, the District of Columbia, and three Canadian provinces. Pricing varies based on destination.

**Healthcare**

The nearest major hospital is Cabinet Peaks Medical Center, which is located approximately 0.6 miles to the northeast of the Subject. Cabinet Peaks Medical Center is a 25-bed nonprofit hospital providing services for family medicine, rehabilitation, cardiopulmonary therapy, chemotherapy, diabetes, dialysis, emergency care, health and wellness, nursing, nutrition services, obstetrics/gynecology, occupational health, senior life solutions, sleep center, surgical services, and urgent care.

**Senior Center**

The Libby Senior Citizen Center is located approximately 0.5 miles to the northeast of the Subject site. The Libby Senior Citizen Center is a non-profit organization serving the community of Libby and the surrounding area. The center has a membership fee of \$7.50 per year and offers home delivered meals, nutrition support, flu vaccinations, blood pressure checks, monthly visits by a Veterans Administration Officer, and access to services such as assisted living, transportation, medical facilities. The center is open Mondays 1:00 pm to 5:00 pm and Tuesdays through Fridays 8:00 am to 5:00 pm.

## ECONOMIC ANALYSIS

### Employment Growth

The table below details the employment and unemployment trends for SMA, which consists of a four-county area in northwestern Montana, as well as the nation.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	SMA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2003	59,903	-	6.8%	-	137,736,000	-	6.0%	-
2004	61,469	2.6%	6.6%	-0.2%	139,252,000	1.1%	5.5%	-0.5%
2005	62,948	2.4%	5.7%	-0.9%	141,730,000	1.8%	5.1%	-0.5%
2006	65,057	3.4%	4.5%	-1.2%	144,427,000	1.9%	4.6%	-0.5%
2007	66,535	2.3%	4.8%	0.3%	146,047,000	1.1%	4.6%	0.0%
2008	65,211	-2.0%	7.6%	2.8%	145,363,000	-0.5%	5.8%	1.2%
2009	60,279	-7.6%	12.0%	4.4%	139,878,000	-3.8%	9.3%	3.5%
2010	61,535	2.1%	11.9%	0.0%	139,064,000	-0.6%	9.6%	0.3%
2011	61,437	-0.2%	11.3%	-0.7%	139,869,000	0.6%	9.0%	-0.7%
2012	62,324	1.4%	9.4%	-1.9%	142,469,000	1.9%	8.1%	-0.9%
2013	63,345	1.6%	8.3%	-1.1%	143,929,000	1.0%	7.4%	-0.7%
2014	63,943	0.9%	7.0%	-1.3%	146,305,000	1.7%	6.2%	-1.2%
2015	65,641	2.7%	6.3%	-0.8%	148,833,000	1.7%	5.3%	-0.9%
2016	67,481	2.8%	6.0%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	68,594	1.6%	5.5%	-0.5%	153,337,000	1.3%	4.4%	-0.5%
2018	70,001	2.1%	5.1%	-0.4%	155,761,000	1.6%	3.9%	-0.4%
2019 YTD Average*	71,118	1.6%	5.1%	0.0%	157,300,800	1.0%	3.7%	-0.2%
May-2018	70,342	-	4.3%	-	156,009,000	-	3.6%	-
May-2019	71,382	1.5%	3.9%	-0.4%	157,152,000	0.7%	3.4%	-0.2%

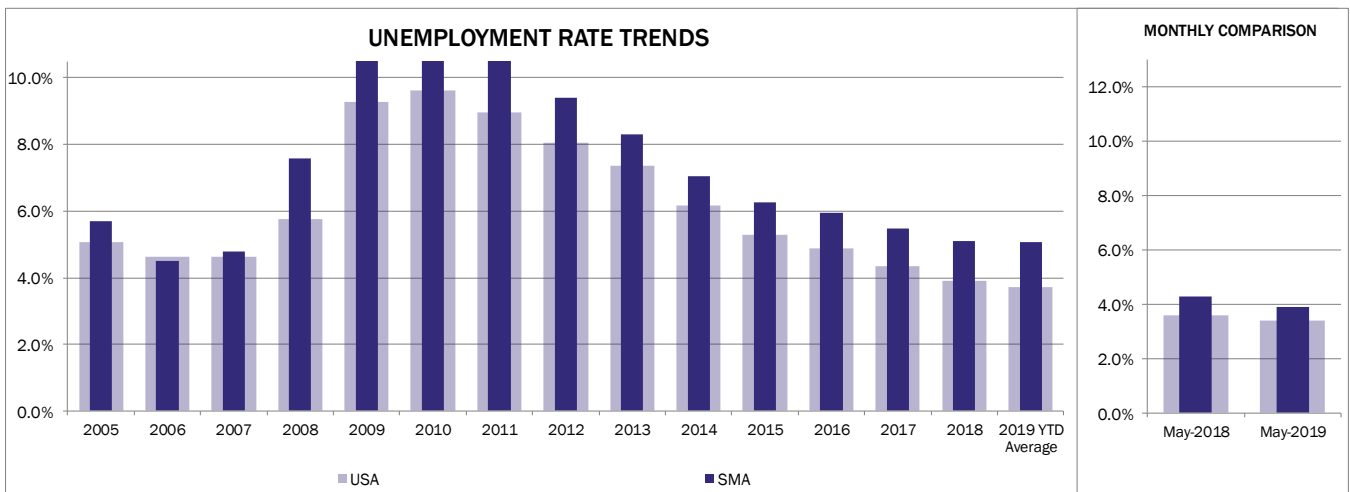
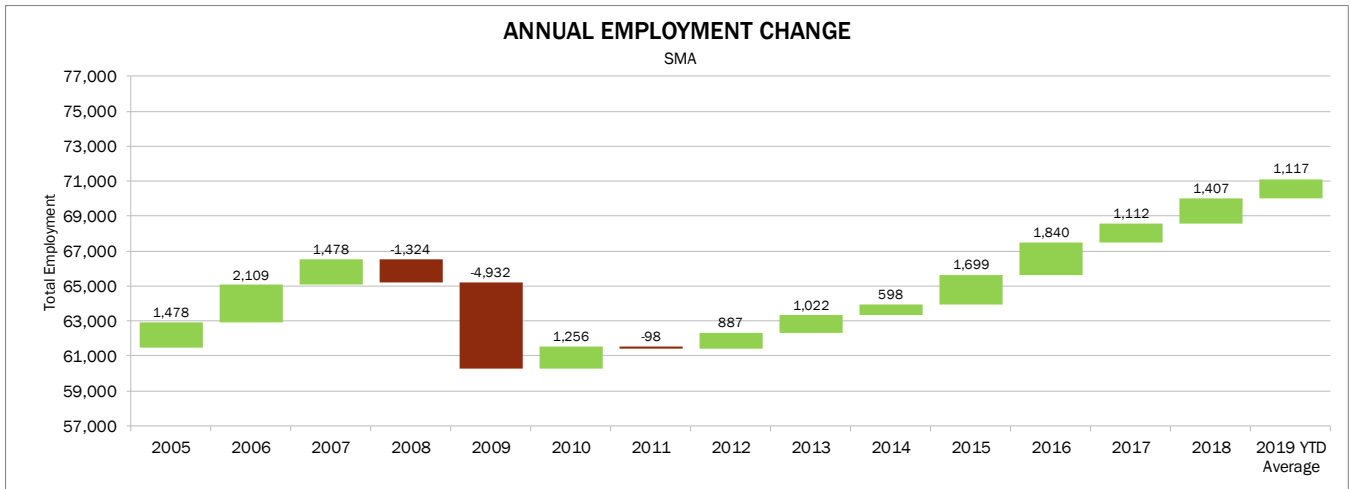
Source: U.S. Bureau of Labor Statistics, November 2019

\*2019 data is through May

Total employment in the SMA has increased every year since 2003, except for 2008 and 2009 during the national recession, as well as 2011. While the nation experienced a decline in employment of 3.8 percent in 2009, total employment in the SMA declined by 7.6 percent. Since 2011, the SMA has increased every year at a generally faster rate than that of the nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2016, two years after the overall nation. From May 2018 to May 2019, employment in the MSA increased by 1.5 percent, well above the national rate of growth of 0.7 percent during the same time period.

The unemployment rate in the SMA has decreased every year since 2003, except from 2007 to 2010, coinciding with the national recession. The unemployment rate in the SMA peaked at 12.0 percent during the national recession, above the national unemployment peak of 9.6 percent. Since 2010, the unemployment rate in the SMA has decreased. The unemployment rate in the SMA declined by 0.4 percentage points from May 2018 to May 2019. The current unemployment rate of 3.9 percent is the SMA's lowest unemployment rate in the past 16 years. The nation's current unemployment rate of 3.4 percent is also at a record low. Although the economic impact of the recession was severe, recent economic trends, growing total employment and a declining unemployment rate, are positive for the area and suggest that the economy is strong.

# MARJORIE GRIMM ASSISTED LIVING – LIBBY, MONTANA – MARKET STUDY





**Major Employers**

The following table details the largest employers in Lincoln County, Montana. As of the date of this report we were unable to obtain a list of major employers for the city of Libby.

**MAJOR EMPLOYERS - LINCOLN COUNTY**

<b>Employer Name</b>	<b>City</b>	<b>Industry</b>	<b># Of Employees</b>
St Johns Lutheran Hospital	Libby	Healthcare/Social Assistance	100-249
Rosauers Food & Drug	Libby	Retail Trade	100-249
Town Pump	Various	Retail Trade	50-99
Stein's IGA	Troy	Retail Trade	50-99
Mountain View Manor	Eureka	Healthcare/Social Assistance	50-99
Lincoln County Community Health Center	Libby	Healthcare/Social Assistance	50-99
Libby Care Center	Libby	Healthcare/Social Assistance	50-99
Harlow's School Bus Service	Libby	Transportation/Warehousing	50-99
Eureka Prompt Care	Eureka	Healthcare/Social Assistance	50-99
A Full Life Agency	Libby	Healthcare/Social Assistance	50-99
Venture Motor Inn	Libby	Accommodation/Food Services	20-49
The Wilderness Club	Eureka	Accommodation/Food Services	20-49
Chrysalis Inc	Eureka	Educational Services	20-49
Cabinet Mountain Home Care	Libby	Healthcare/Social Assistance	20-49
Achievements Inc.	Libby	Healthcare/Social Assistance	20-49

Source: Montana Department of Labor and Industry, Novogradac & Company LLP, 12/2019

Based on the table above, nine of the county's major employers are located in Libby, while four are located in Eureka. St. John's Lutheran Hospital and Rosauers Food & Drug are the two largest employers in Lincoln County both employing between 100 and 249 employees. The dominant industries among the major employers in Lincoln County are the healthcare/social assistance, retail trade, and accommodation/food services industries. Many of the area's major employers employ workers across a range of wage and income levels. It should be noted the exact number of employees was not available.

### Employment by Industry

The following chart identifies employment by sector within the Primary Market Area (PMA), which is defined later in this report, and the nation.

#### 2019 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	1,139	16.2%	22,612,482	14.1%
Retail Trade	886	12.6%	17,127,172	10.7%
Construction	763	10.9%	11,245,975	7.0%
Accommodation/Food Services	598	8.5%	11,738,765	7.3%
Agric/Forestry/Fishing/Hunting	555	7.9%	1,915,709	1.2%
Educational Services	544	7.8%	14,565,802	9.1%
Manufacturing	527	7.5%	16,057,876	10.0%
Other Services	381	5.4%	8,141,078	5.1%
Public Administration	297	4.2%	7,828,907	4.9%
Information	242	3.4%	3,157,650	2.0%
Transportation/Warehousing	240	3.4%	7,876,848	4.9%
Admin/Support/Waste Mgmt Svcs	178	2.5%	6,106,184	3.8%
Real Estate/Rental/Leasing	160	2.3%	3,204,043	2.0%
Prof/Scientific/Tech Services	149	2.1%	11,744,228	7.3%
Arts/Entertainment/Recreation	131	1.9%	3,332,132	2.1%
Finance/Insurance	107	1.5%	7,377,311	4.6%
Utilities	63	0.9%	1,276,400	0.8%
Mining	29	0.4%	819,151	0.5%
Wholesale Trade	26	0.4%	4,183,931	2.6%
Mgmt of Companies/Enterprises	4	0.1%	237,307	0.1%
<b>Total Employment</b>	<b>7,019</b>	<b>100.0%</b>	<b>160,548,951</b>	<b>100.0%</b>

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

The previous table reflects the workforce for the PMA and the nation. Employment in the PMA is greatest in the healthcare/social assistance, retail trade, and construction sectors, which together represent 39.7 percent of total employment locally. The large share of PMA employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the agriculture/forestry/fishing/hunting, construction, and retail trade industries. Conversely, the PMA is underrepresented in the professional/scientific/technology services, finance/insurance, and manufacturing industries.

### Wages by Occupation

The chart below shows average hourly and annual wages by employment classification for the West Montana Nonmetropolitan Area, which consists of Flathead, Lake, Lincoln, Mineral, Ravalli, and Sanders Counties for the second quarter 2018, which is the most recent data available.

#### WEST MONTANA NONMETROPOLITAN AREA - 2ND QTR 2018 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All Occupations</b>	<b>75,320</b>	<b>\$19.90</b>	<b>\$41,390</b>
Management Occupations	2,150	\$41.06	\$85,400
Healthcare Practitioners and Technical Occupations	5,380	\$39.08	\$81,290
Computer and Mathematical Occupations	1,120	\$34.76	\$72,300
Architecture and Engineering Occupations	760	\$30.69	\$63,840
Business and Financial Operations Occupations	2,850	\$28.57	\$59,420
Legal Occupations	590	\$25.62	\$53,300
Life, Physical, and Social Science Occupations	1,770	\$24.58	\$51,120
Protective Service Occupations	1,060	\$21.86	\$45,480
Installation, Maintenance, and Repair Occupations	3,320	\$21.73	\$45,200
Construction and Extraction Occupations	4,740	\$20.77	\$43,200
Community and Social Service Occupations	1,530	\$20.67	\$42,990
Education, Training, and Library Occupations	5,330	\$18.85	\$39,200
Farming, Fishing, and Forestry Occupations	590	\$18.31	\$38,080
Production Occupations	3,700	\$17.31	\$36,010
Transportation and Material Moving Occupations	4,070	\$16.81	\$34,970
Arts, Design, Entertainment, Sports, and Media Occupations	740	\$16.59	\$34,520
Sales and Related Occupations	7,580	\$16.39	\$34,090
Office and Administrative Support Occupations	10,850	\$16.34	\$33,990
Healthcare Support Occupations	2,200	\$14.77	\$30,720
Building and Grounds Cleaning and Maintenance Occupations	3,350	\$14.01	\$29,130
Personal Care and Service Occupations	2,400	\$12.70	\$26,420
Food Preparation and Serving Related Occupations	9,240	\$11.42	\$23,740

Source: Department Of Labor, Occupational Employment Statistics, 5/2018, retrieved 11/2019

The classification with the lowest average hourly wage is food preparation and serving related occupations, at \$11.42 per hour. The highest average hourly wage of \$41.06 is management occupations. An element not reflected in the wage rate data is that many positions represent part-time employment, and the starting rates are typically lower than mean wage rates. It should be noted, as a senior assisted living development, it is very likely that Subject tenants will no longer be in the workforce.

### Commuting Patterns

The chart below shows the travel time to work for the PMA according to ESRI data.

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	760	12.3%
Travel Time 5-9 min	1,816	29.5%
Travel Time 10-14 min	1,214	19.7%
Travel Time 15-19 min	691	11.2%
Travel Time 20-24 min	377	6.1%
Travel Time 25-29 min	163	2.6%
Travel Time 30-34 min	400	6.5%
Travel Time 35-39 min	36	0.6%
Travel Time 40-44 min	65	1.1%
Travel Time 45-59 min	199	3.2%
Travel Time 60-89 min	245	4.0%
Travel Time 90+ min	188	3.1%
<b>Weighted Average</b>	<b>19 minutes</b>	

Source: US Census 2019, Novogradac Consulting LLP, November 2019

As shown above, the average travel time for individuals in the PMA is 19 minutes. Commuters with travel time of less than 24 minutes makes up 78.8 percent of the total number of commuters. Only 11.4 percent of commuters travel 40 minutes or longer. Based on the data, it appears that a large portion of commuters work within Libby and few travel outside of Lincoln County for employment.

### Employment Contraction/Expansion

We contacted Myranda Cravens, General Manager with the Libby Area Chamber of Commerce, regarding economic expansions and contractions in the city. According to Ms. Cravens there have been two major economic expansions and relocations in Libby over the past year, as detailed below.

In September 2019, the city of Libby announced that Iso Tech, a hemp facility, will be expanding to the area. The company moved into the Kootenai Business Park acquiring a large 100,000 sq. ft. building for the purpose of extracting CBD isolate from industrial hemp. The company is investing heavily in to equipment and labor for this purpose and has contracted significant acreage in eastern Montana, already harvesting and transporting to Libby. The company is currently operating and has brought 120 to 160 new jobs to the area.

In September 2019, V Nives, a knife manufacturer, expanded to the Libby area. The expansion brought 10 new jobs to the area.

Further, we also contacted Tina Oliphany, Executive Director with the Lincoln County Port Authority and Kootenai River Development Council, regarding recent business expansions and relocations in the city of Libby and surrounding Lincoln County over the past year. Ms. Oliphany was unable to note any additional expansions and openings within Libby and Lincoln County, aside from what was previously noted.

With respect to recent closures, layoffs, or relocations, we also referenced the Worker Adjustment and Retraining Notification (WARN) list published by the Montana Workforce Development Commission. Since 2016 there have been no WARN notices issued in Lincoln County.

**Conclusion**

The Subject’s surrounding SMA (four-county region) has a healthy economy, with decreasing unemployment rates and growing total employment. The economy in the SMA recovered from the recent recession quickly and is currently in an economic expansionary phase as it has been for past several years. Employment in the MSA recovered and surpassed pre-recessionary levels in 2016, two years after the overall nation. The local economy is driven by the healthcare/social assistance, retail trade, and construction sectors, with several of the county’s major employers in Libby. Commuters with travel time of less than 24 minutes make up 78.8 percent of the total indicating that a majority of workers likely work in and around the city of Libby, with only 11.4 percent commuting 40 minutes or longer. Overall, the local and regional economic outlook is considered favorable.

## NEIGHBORHOOD DESCRIPTION AND ANALYSIS

### Introduction

The neighborhood surrounding an apartment property often impacts the property's status, image, class, and style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section investigates the property's neighborhood and evaluates any pertinent location factors that could affect its rent, its occupancy, and overall profitability.

### Description and Boundaries

The Subject is located in the northern portion of Libby in a generally mixed-use neighborhood consisting of single-family homes, undeveloped land, civic uses, houses of worship, as well as commercial/retail uses concentrated to the south and west of the Subject. General neighborhood boundaries include Kootenay River to the north, County Road 37 to the east, West 9th Street to the south, and East Commerce Way to the west. The following table provides an overview of the tenure patterns, vacancy, median household income, and household income growth within a 0.5-mile radius of the Subject, and within the Primary Market Area.

#### NEIGHBORHOOD ANALYSIS

	0.5 Mile Radius	PMA
	<b>2019</b>	<b>2019</b>
Owner-Occupied Housing Units	50.2%	60.1%
Renter-Occupied Housing Units	37.0%	15.4%
Vacant Housing Units	12.8%	24.5%
2019 Median Household Income	\$27,913	\$40,966
2019-2024 MHI Annual Growth	2.7%	2.5%
2019 Median Home Value	\$257,000	\$174,700

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019; Zillow

### Accessibility & Visibility

The site will be accessible via the west side of Idaho Avenue and the south side of West 6th Street, which both intersect at the northeast corner of the Subject site. Idaho Avenue is a two-lane lightly trafficked neighborhood road, which provides access to Highway 2/9<sup>th</sup> Street, approximately 0.1 miles to the southeast of the Subject site. Highway 2/9<sup>th</sup> Street generally traverses east/west and provides access throughout the state of Montana including Kalispell, approximately 44 miles to the east, and Troy, approximately 16 miles to the north. Overall access is considered good, and traffic flow is considered light in the Subject's immediate area.

Views to the north of the Subject, across West 6th Street, consist of single-family homes in average to good condition. Views to the northeast consist of single-family homes and a post office. Views to the east consist of single-family homes in average to good condition. Views to the south of the Subject consist of commercial/retail uses and single-family homes. Views to the southeast consist of single-family homes in average to good condition. Views to the southwest consist of commercial uses and a campground. Views to the west consist of Libby Area Community Garden and commercial uses in average condition. Overall views are considered average/typical of the area and visibility is good.

### Adequacy/Availability of Utilities

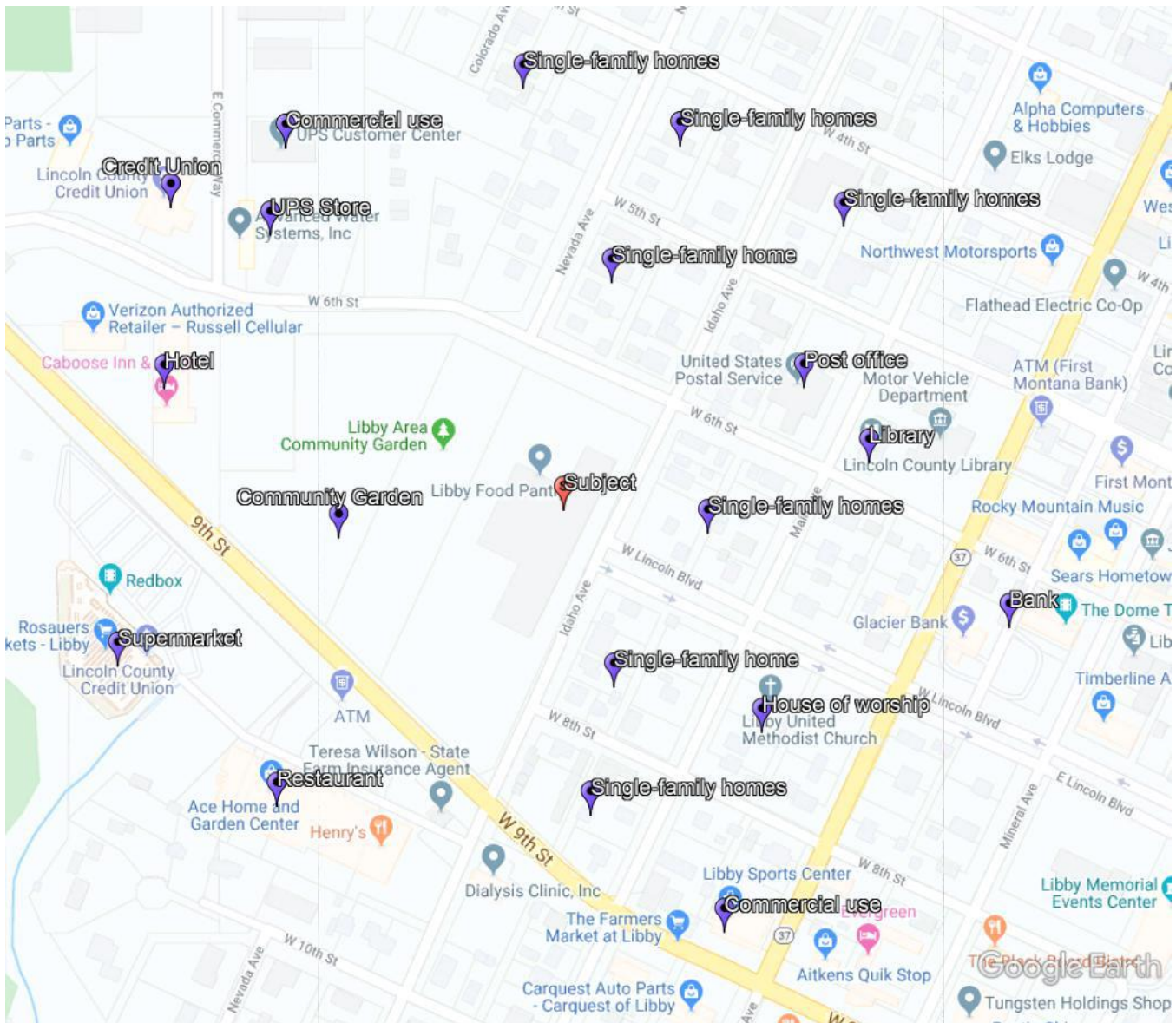
All utilities are available in the surrounding neighborhood. Upon completion all utilities will be available at the Subject.

### Predominant Land Usage

The Subject site is located in a mixed-use neighborhood consisting of single-family homes, undeveloped land, civic uses, houses of worship, as well as commercial/retail uses concentrated to the south and west of the

Subject along 9<sup>th</sup> Street. Furthermore, the Subject is located just 500 yards southwest of the downtown Libby area. Land use to the north of the Subject, across West 6th Street, consists of single-family homes in average to good condition. Land use to the northeast, across West 6th Street, consists of single-family homes and a post office, both of which exhibit average condition. Land use to the northwest, across West 6th Street, consists of commercial uses in average condition. Land use to the east, across Idaho Avenue, consists of single family homes and a house of worship. Land use to the south of the Subject, across West 9th Street, consists of commercial/retail uses in average condition. Land use to the southeast, across Idaho Avenue, consists of single-family homes in average to good condition. Land use to the southwest, across 9th Street, consists of commercial uses in average condition, and a campground. Land use adjacent to the west of the Subject consists of Libby Area Community Garden and commercial uses in average condition. According to Zillow.com, the median list price of a single-family home located in the Subject's zip code is \$225,999. Overall, the surrounding land uses appear to be in average to good condition, and the Subject will be a compatible use within the immediate neighborhood. Most commercial/retail developments are located to the south of the Subject site along West 9th Street.

Overall, the surrounding land uses appear to be in average to good condition, and the Subject will be a compatible use within the neighborhood.



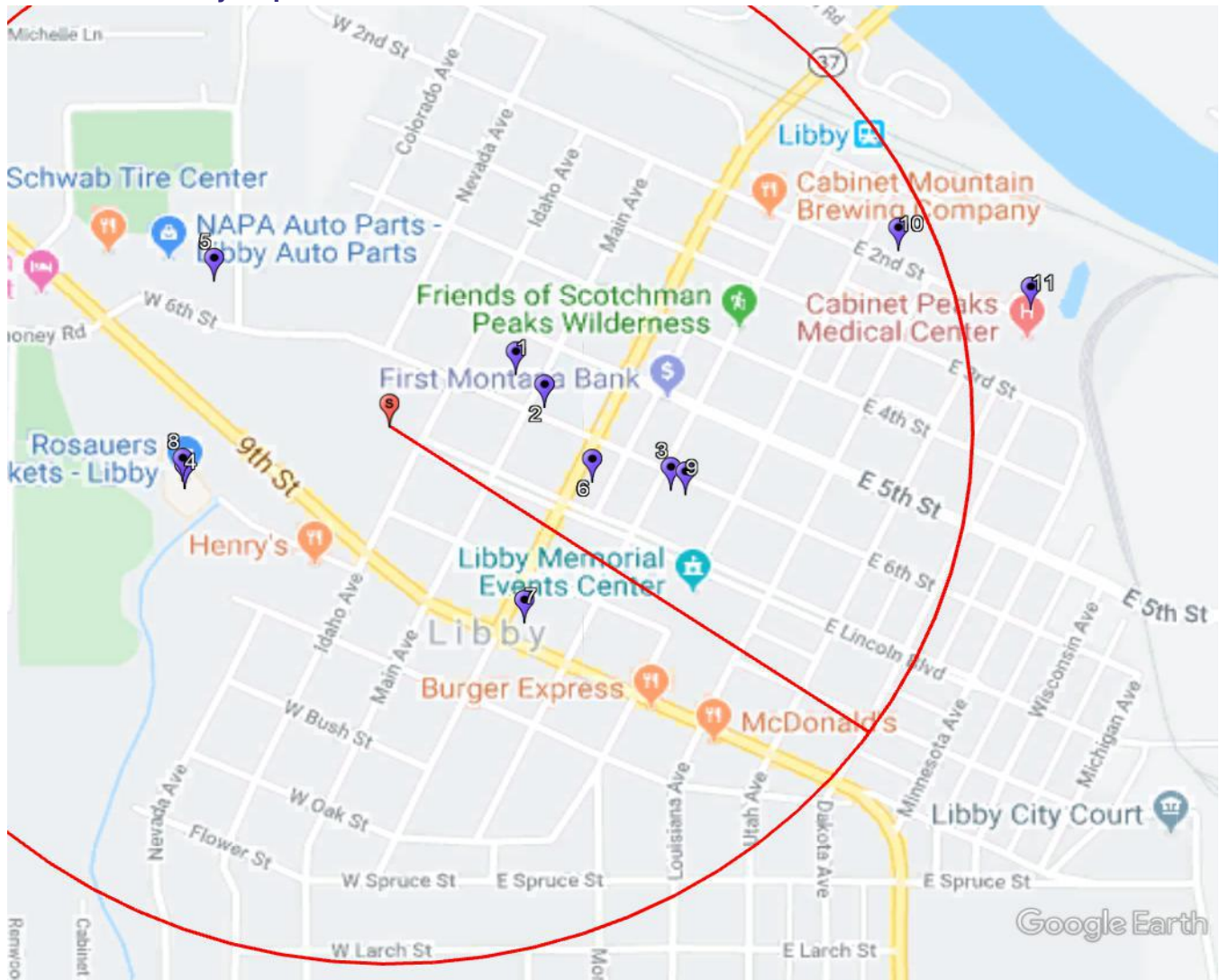
Source: Google Earth, 11/2019

### Proximity to Local Services

The map and table below illustrate the Subject's proximity to local services. The Subject is located in close proximity to retail, commercial, and medical services.



**Locational Amenity Map**



Source: Good Earth, 11/2019

**LOCATIONAL AMENITIES**

Map #	Service or Amenity	Distance from Subject	Map #	Service or Amenity	Distance from Subject
1	Post Office	0.1 miles	7	Gas Station	0.2 miles
2	Library	0.1 miles	8	Pharmacy	0.2 miles
3	Police Department	0.2 miles	9	Fire Department	0.3 miles
4	Grocery Store	0.2 miles	10	Senior Citizens Center	0.5 miles
5	Montway Park	0.2 miles	11	Hospital	0.6 miles
6	Bank	0.2 miles	-	-	-

**Conclusion**

The Subject site is located in a mixed-use neighborhood consisting of single-family homes, undeveloped land, civic uses, houses of worship, as well as commercial/retail uses concentrated to the south and west of the Subject along 9<sup>th</sup> Street. Furthermore, the Subject is located just 500 yards southwest of the downtown Libby area. Surrounding improvements are in generally average to good condition overall. In addition, the Subject will create a positive impact upon the neighborhood by providing a newly constructed, senior rental housing development in excellent condition. Further, it should be noted the Subject will be a complementary use to the Subject's surrounding land uses. The city of Libby and Lincoln County does not offer public fixed route transportation services. However, dial-a-ride bus service is offered in the city and surrounding county by Lincoln County Transportation Services. Prices vary by destination.

## PRIMARY MARKET AREA

For the purpose of this study, it is necessary to define the competitive primary market area (PMA), or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as a new senior assisted living development. The primary market area (PMA) for the Subject consists solely of Lincoln County. The primary market area boundaries are generally defined as follows:

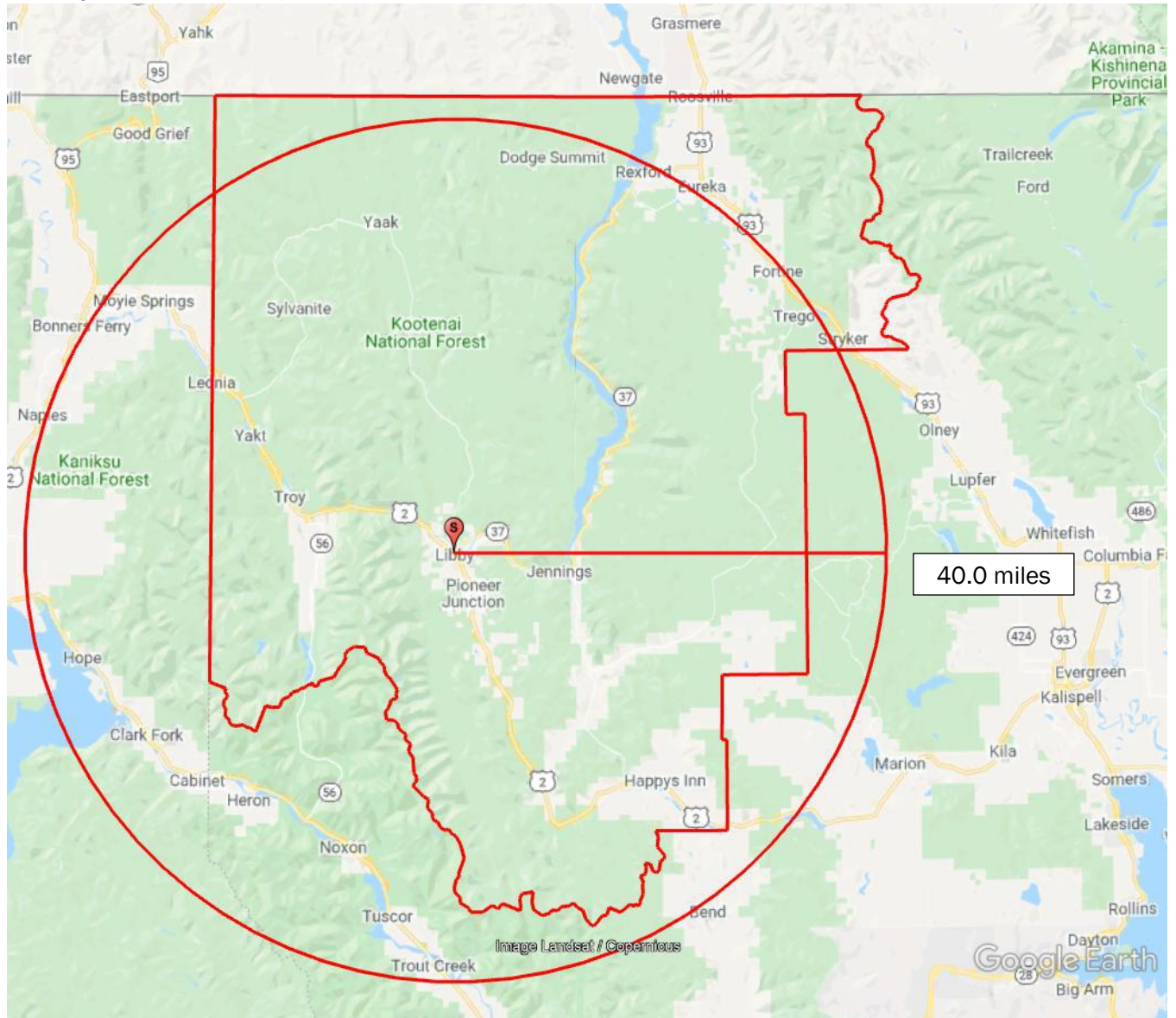
North: US/Canada border  
South: Lincoln/Sanders County Line  
East: Lincoln/Flathead County Line  
West: Idaho/Montana Stateline

The PMA boundaries and overall market health assessment are based upon analyses of physical boundaries, which include traffic and commute patterns within the area, surveys of existing market rate apartment projects undertaken by Novogradac & Company LLP, and insights gained from resident managers, area planning staff, and others familiar with the multifamily market. We recognize several sub-markets exist within this PMA; however, market data demonstrates that a significant amount of the renter base considers housing opportunities within these boundaries, and given the opportunity to locate good quality housing will move within these areas. This is further supported as Libby is the county seat of Lincoln County. Furthermore, it should be noted Libby is located along Highway 2 and is centrally located in Lincoln County. We anticipate the majority of demand will be generated from this geographic area. However, additional support is expected from outside the PMA from other parts of the secondary market area. There are no natural boundaries in the market that would inhibit anyone from relocating to the Subject’s neighborhood. The market area boundaries identified are a reasonable approximation regarding the potential renter market for the Subject. Due to senior tenants being more willing to relocate from a more distant proximity, we believe that a number of tenants would travel from outside of the PMA to relocate at the Subject. This is further supported by an interview with Paul Rosenberg, Care Coordinator at Cabinet Peaks Medical Center, who believes that “potential senior tenants would travel up to 60 miles to reside at the Subject given the rural nature of Libby.” As such, it is estimated that up to 60 percent of the Subject’s tenancy will come from “leakage” outside the PMA, including other parts of the SMA.

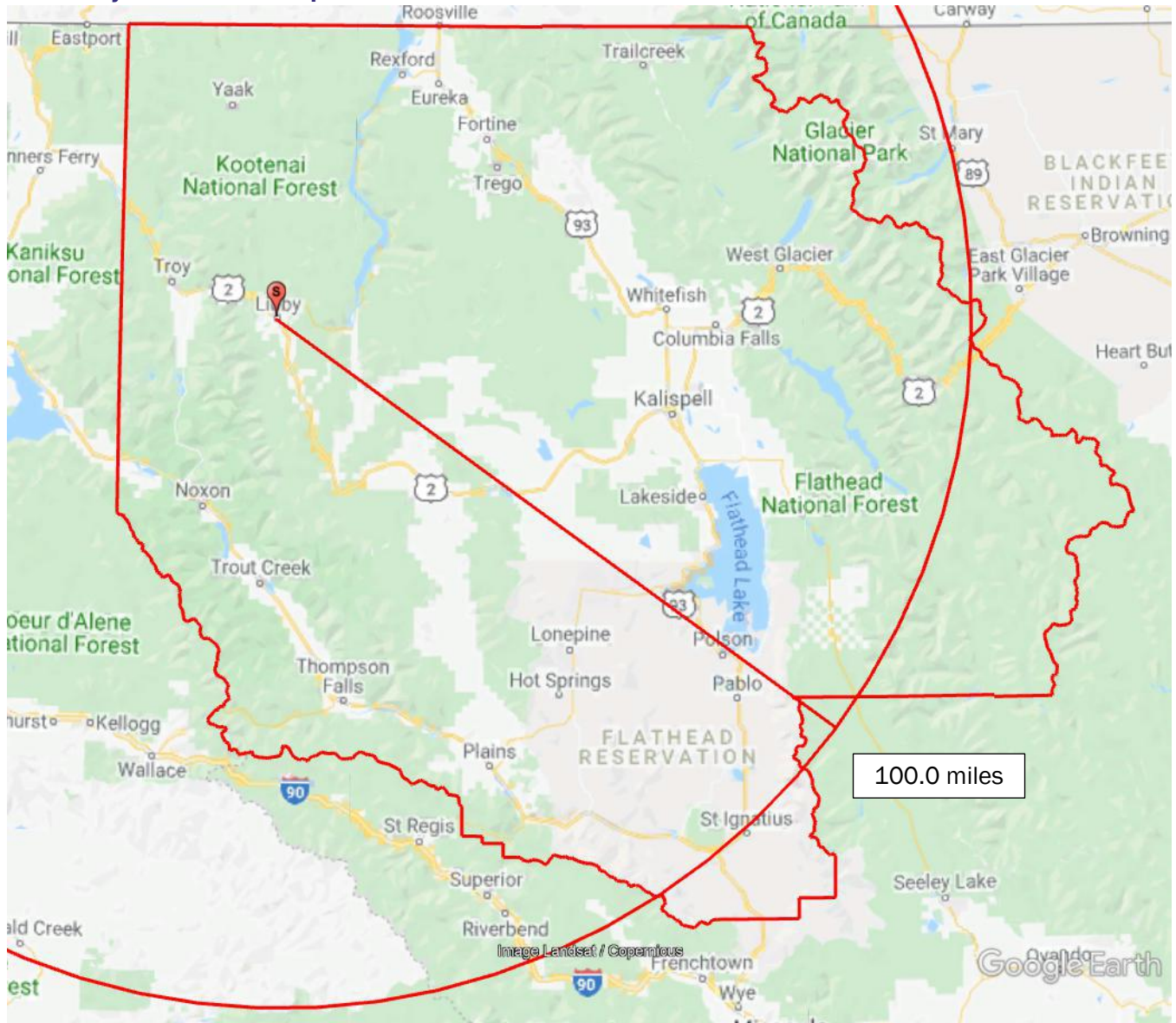
The secondary market area (SMA) for the Subject is a four-county area in northwestern Montana consisting of Lincoln, Flathead, Sanders, and Lake Counties.

Maps outlining the PMA and SMA can be found on the following pages.

Primary Market Area Map



Secondary Market Area Map



## DEMOGRAPHIC ANALYSIS

The following section provides an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns are studied to determine if the Primary Market Area (PMA) demonstrates growth or contraction. All information is provided to us by ESRI and Ribbon Demographics, both of which are national proprietary data providers. Some tables reflect rounding from the data provided; however, it is nominal. The data is presented for both the PMA and the SMA, and the nation where available.

### Population and Households

The table below illustrates the overall population and household trends in the PMA, the SMA, and the nation from 2000 through 2024.

#### POPULATION

Year	PMA		SMA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	17,345	-	129,184	-	281,250,431	-
2010	19,687	1.4%	150,774	1.7%	308,745,538	1.0%
2019	20,531	0.5%	167,581	1.2%	332,417,793	0.8%
2024	20,927	0.4%	177,291	1.2%	345,487,602	0.8%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

#### HOUSEHOLDS

Year	PMA		SMA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	7,193	-	51,481	-	105,409,439	-
2010	8,893	2.4%	62,849	2.2%	116,716,296	1.1%
2019	9,320	0.5%	69,627	1.2%	125,168,557	0.8%
2024	9,532	0.5%	73,542	1.1%	129,589,563	0.7%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

In the PMA, there was a population increase of 0.5 percent annually from 2010 to 2019. This trend is projected to continue through 2024 at a slightly slower rate of 0.4 percent annually. The population in the PMA is expected to grow at a slower rate compared to the SMA during the same time period. The SMA's population is projected to increase by 1.2 percent annually through 2024. Similar increasing trends are evident among the total households in both the PMA and SMA.

### Senior Population and Households (65+)

The Subject will be target seniors age 65 and older; as such, the tables following illustrate senior population (65 and older) and household trends in the PMA, SMA, and nation from 2000 through 2024. These numbers will ultimately be used in our *Demand Analysis*.

#### SENIOR POPULATION, 65+

Year	PMA		SMA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2,797	-	18,293	-	34,959,449	-
2010	4,040	4.4%	24,433	3.4%	40,267,984	1.5%
2019	5,343	3.5%	35,821	5.0%	54,574,009	3.8%
2024	6,257	3.4%	43,862	4.5%	63,655,136	3.3%

Source: Esri Demographics 2019, Novogradac Consulting LLP, December 2019

#### HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 65+

Year	PMA		SMA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	-	-	-	-	-	-
2010	2,254	-	14,911	-	24,533,100	-
2019	3,405	5.5%	22,277	5.3%	31,854,447	3.2%
2024	3,827	2.5%	26,254	3.6%	36,650,343	3.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, December 2019

Senior population (65 and older) in the PMA grew from 2000 to 2010 at a rapid annual rate of 4.4 percent, which is quicker than growth in the SMA and the nation during the same time period. However, from 2010 to 2019 the senior population in the PMA grew at a slower rate relative to the SMA and the nation. Through 2024, the senior population (65 and older) will continue to increase at a rate of 3.4 percent annually, slightly below the growth projected in the SMA during the same time period. However, slightly faster than that of the nation. The number of households with a senior householder is also expected to increase over the next five years, at a rate of 2.5 percent annually through 2024, which is slower than the projected growth in the SMA and the nation over the same time period.

### Median Household Income Levels

The table below illustrates the median household income in the Subject’s PMA, SMA, and nation.

#### MEDIAN HOUSEHOLD INCOME

Year	PMA		SMA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$15,154	-	\$24,547	-	\$44,882	-
2019	\$40,966	8.8%	\$52,536	5.9%	\$60,548	1.8%
2024	\$46,155	2.5%	\$56,210	1.4%	\$69,180	2.9%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

Incomes within both the PMA and the SMA are steadily increasing. This indicates that rental properties should prosper in the future as incomes increase and achievable rents rise. It should be noted that the median income in the PMA is below that of both the MSA and the nation. The median household income is expected to increase at a rate of 2.5 percent annually through 2024, faster than the rate in the SMA, but below that of the nation. Current and projected income trends bode well for senior housing, such as the Subject.

### Household Income Distribution

The following tables illustrate household income distribution for the PMA and the SMA.

#### HOUSEHOLD INCOME PMA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	873	9.4%	821	8.6%	-10	-1.2%
\$10,000-19,999	1,252	13.4%	1,110	11.6%	-28	-2.3%
\$20,000-29,999	1,402	15.0%	1,314	13.8%	-18	-1.3%
\$30,000-39,999	1,059	11.4%	1,103	11.6%	9	0.8%
\$40,000-49,999	977	10.5%	932	9.8%	-9	-0.9%
\$50,000-59,999	667	7.2%	742	7.8%	15	2.2%
\$60,000-74,999	929	10.0%	899	9.4%	-6	-0.6%
\$75,000-99,999	949	10.2%	1,072	11.2%	25	2.6%
\$100,000-124,999	514	5.5%	621	6.5%	21	4.2%
\$125,000-149,999	309	3.3%	382	4.0%	15	4.7%
\$150,000-199,999	182	2.0%	265	2.8%	17	9.1%
\$200,000+	207	2.2%	271	2.8%	13	6.2%
<b>Total</b>	<b>9,320</b>	<b>100.0%</b>	<b>9,532</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 2019

#### HOUSEHOLD INCOME SMA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,080	7.3%	4,922	6.7%	-32	-0.6%
\$10,000-19,999	7,324	10.5%	6,925	9.4%	-80	-1.1%
\$20,000-29,999	8,488	12.2%	8,248	11.2%	-48	-0.6%
\$30,000-39,999	8,191	11.8%	8,127	11.1%	-13	-0.2%
\$40,000-49,999	7,528	10.8%	7,748	10.5%	44	0.6%
\$50,000-59,999	6,145	8.8%	6,505	8.8%	72	1.2%
\$60,000-74,999	7,577	10.9%	7,923	10.8%	69	0.9%
\$75,000-99,999	8,079	11.6%	9,010	12.3%	186	2.3%
\$100,000-124,999	4,781	6.9%	5,698	7.7%	183	3.8%
\$125,000-149,999	2,501	3.6%	3,200	4.4%	140	5.6%
\$150,000-199,999	2,020	2.9%	2,630	3.6%	122	6.0%
\$200,000+	1,913	2.7%	2,606	3.5%	139	7.2%
<b>Total</b>	<b>69,627</b>	<b>100.0%</b>	<b>73,542</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 2019

The largest income group as of 2019 in the PMA and SMA is the \$20,000 to \$29,999 cohort, which makes up 15.0 percent of total households. The next largest income cohort in the PMA is the \$10,000 to \$19,999 cohort, followed by the \$30,000 to \$39,999 cohort.



### Senior Household Income Distribution (65+)

The Subject will target seniors aged 65 and older. As such, we have included the household income distribution for the PMA, SMA, and nation in 2019 and 2024 for those aged 65 and older.

#### HOUSEHOLD INCOME OF SENIORS 65+ IN 2019

Income Cohort	PMA		SMA		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	267	7.8%	1,528	6.9%	2,231,166	7.0%
\$10,000-19,999	634	18.6%	3,227	14.5%	5,162,549	16.2%
\$20,000-29,999	540	15.9%	3,498	15.7%	4,555,318	14.3%
\$30,000-39,999	477	14.0%	2,876	12.9%	3,736,758	11.7%
\$40,000-49,999	341	10.0%	2,547	11.4%	3,053,430	9.6%
\$50,000-59,999	258	7.6%	1,865	8.4%	2,400,225	7.5%
\$60,000-74,999	235	6.9%	2,041	9.2%	2,774,159	8.7%
\$75,000-99,999	282	8.3%	1,887	8.5%	2,904,729	9.1%
\$100,000-124,999	125	3.7%	1,254	5.6%	1,727,409	5.4%
\$125,000-149,999	81	2.4%	530	2.4%	1,074,078	3.4%
\$150,000-199,999	99	2.9%	498	2.2%	1,000,716	3.1%
\$200,000+	66	1.9%	526	2.4%	1,233,910	3.9%
<b>Total</b>	<b>3,405</b>	<b>100.0%</b>	<b>22,277</b>	<b>100.0%</b>	<b>31,854,447</b>	<b>100.0%</b>

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, December 2019

#### HOUSEHOLD INCOME OF SENIORS 65+ IN 2024

Income Cohort	PMA		SMA		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	281	7.3%	1,673	6.4%	2,403,925	6.6%
\$10,000-19,999	601	15.7%	3,338	12.7%	5,283,182	14.4%
\$20,000-29,999	564	14.7%	3,776	14.4%	4,893,145	13.4%
\$30,000-39,999	539	14.1%	3,255	12.4%	4,115,192	11.2%
\$40,000-49,999	370	9.7%	2,994	11.4%	3,449,993	9.4%
\$50,000-59,999	327	8.5%	2,258	8.6%	2,777,849	7.6%
\$60,000-74,999	253	6.6%	2,459	9.4%	3,240,931	8.8%
\$75,000-99,999	364	9.5%	2,428	9.2%	3,541,238	9.7%
\$100,000-124,999	170	4.4%	1,710	6.5%	2,203,277	6.0%
\$125,000-149,999	108	2.8%	780	3.0%	1,465,933	4.0%
\$150,000-199,999	152	4.0%	755	2.9%	1,400,757	3.8%
\$200,000+	98	2.6%	828	3.2%	1,874,921	5.1%
<b>Total</b>	<b>3,827</b>	<b>100.0%</b>	<b>26,254</b>	<b>100.0%</b>	<b>36,650,343</b>	<b>100.0%</b>

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, December 2019

The largest income group for senior households (65+) as of 2019 in the PMA is the \$10,000 to \$19,999 cohort, which makes up 18.6 percent of total senior households. Approximately 33.7 percent of senior households (65 and older) in the PMA earn more than \$50,000 annually.

**Conclusion**

The PMA and the SMA have demonstrated that they are areas of growth. The senior population and the number of senior households are both expected to increase from 2019 to 2024 at more rapid rates than the general population. Further, as the senior population and the number of senior households continue to grow, the need for senior housing will also increase. A significant portion of senior households in the PMA earn more than \$50,000 annually. It should be noted that the median income is lower in the PMA compared to the MSA and the nation; however median household incomes in the PMA are projected to grow significantly over the next five years. All of these demographic trends are positive indicators of demand for senior market rate rental housing within the area.

# **SUPPLY ANALYSIS**

## SUPPLY ANALYSIS

### HOUSING ANALYSIS

#### Housing Units

The table below illustrates the breakdown of households by tenure within the PMA.

**TENURE PATTERNS PMA**

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	5,560	77.3%	1,633	22.7%
2019	7,418	79.6%	1,902	20.4%
2024	7,701	80.8%	1,831	19.2%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

As illustrated above, the housing stock in 2019 in the PMA exhibited a ratio of owner-occupied versus renter-occupied units of 79.6 percent versus 20.4 percent. The percentage of renter-occupied households in the PMA is expected to decrease slightly through 2024.

#### Senior Housing Units

The table below illustrates the breakdown of senior households by tenure within the PMA.

**PMA TENURE PATTERNS OF SENIORS 65+**

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	-	-	-	-
2019	2,885	84.7%	520	15.3%
2024	3,269	85.4%	558	14.6%

Source: Esri Demographics 2019, Novogradac Consulting LLP, December 2019

As illustrated above, the senior housing stock (65+) in 2019 in the PMA exhibited a ratio of owner-occupied versus renter-occupied units of 84.7 percent versus 15.3 percent. The number of renter-occupied senior households in the PMA is expected to increase slightly through 2024.

#### Age of Housing Stock

The age of the housing stock within the PMA is presented in the following chart.

**AGE OF HOUSING STOCK IN PMA**

Years	Number of Units	Percent of Housing Stock
Built 2005 or later	225	2.0%
Built 2000 to 2004	1,738	15.1%
Built 1990 to 1999	1,977	17.2%
Built 1980 to 1989	1,820	15.8%
Built 1970 to 1979	2,192	19.1%
Built 1960 to 1969	1,145	10.0%
Built 1950 to 1959	1,040	9.0%
Built 1940 to 1949	421	3.7%
Built 1939 or earlier	935	8.1%
<b>Total</b>	<b>11,493</b>	<b>100.0%</b>

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

Most housing in the PMA was constructed between 1970 and 2004, with the greatest amount of home building occurring in the decade between 1970 and 1979. The Subject is located in the central portion of

Libby. Field inspection of the area reveals that the condition of housing in the immediate area is typically average to good.

## **RECENT AND PROPOSED CONSTRUCTION**

### **City of Libby**

We contacted Jake Mertes, Planner with the Lincoln County Planning Department, regarding planned, proposed, or under construction multifamily developments in the county. According to Mr. Mertes, aside from the proposed Subject, there was only one other four-unit market rate multifamily development recently completed and is located at 605 E Lincoln Boulevard. This development was completed in the fall of 2019 in Libby. Additional specifics of this development were unable to be noted by Mr. Mertes.

According to Montana Department of Commerce, between 2016 and 2019, there have been no allocations within the PMA.

### **Conclusion**

The senior housing stock in the PMA is primarily owner-occupied housing, with a ratio of owner-occupied versus renter-occupied units of 84.7 percent versus 15.3 percent. However, the number of renter-occupied senior households in the PMA is expected to increase slightly through 2024. We are not aware of any proposed senior developments that will potentially compete with the Subject.

## SURVEY OF COMPARABLE PROJECTS

### Description of Property Types Surveyed

To evaluate the competitive position of the Subject, as planned, we performed a field survey of comparable age-restricted market rate assisted living and independent living properties in the area. Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. The Subject will be marketed towards seniors age 65 and older that require assistance with ADLs and will offer similar amenities as local assisted living facilities in the area. As such, we have identified and analyzed local age-restricted independent and assisted living facilities as comparables.

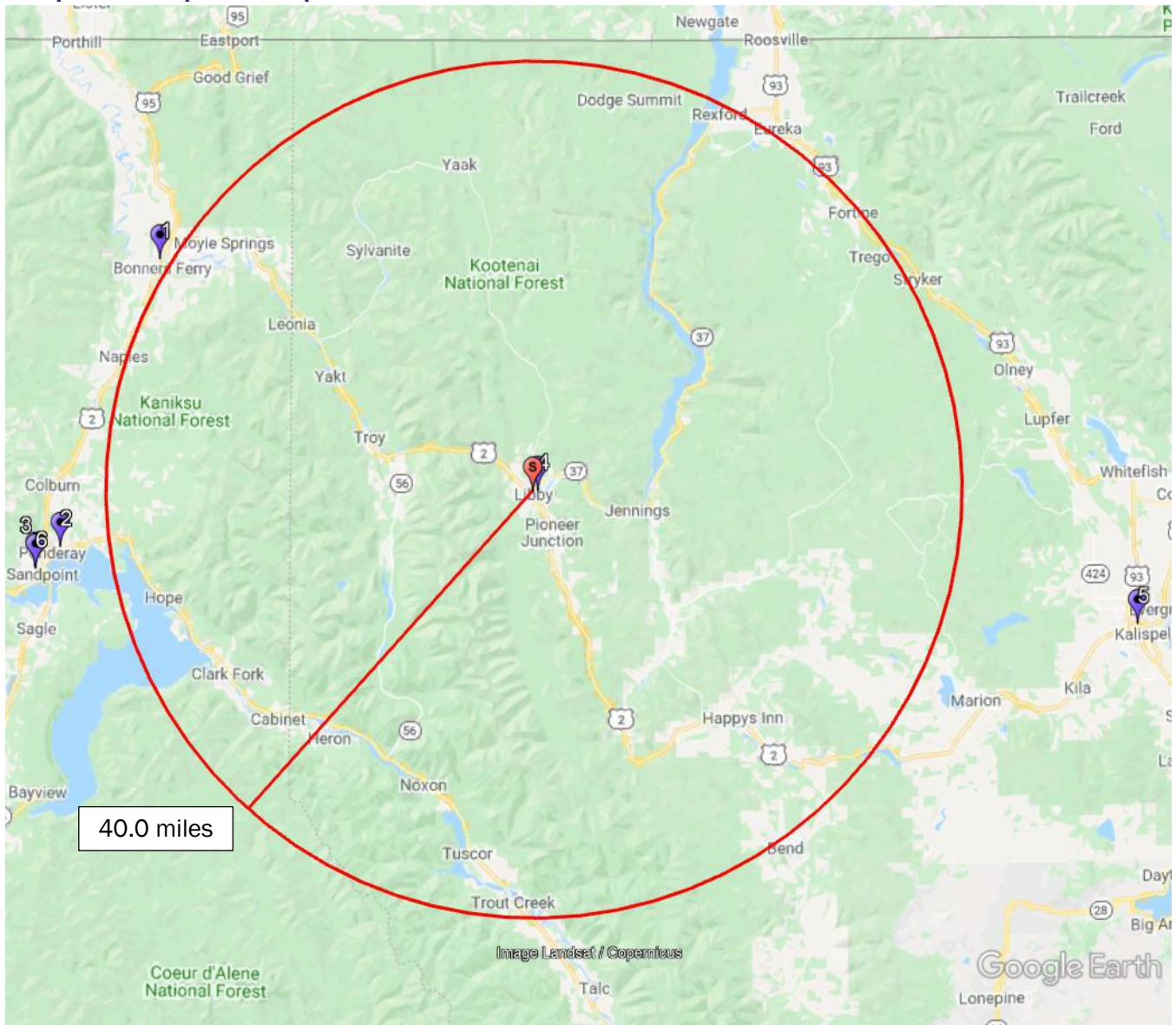
We utilized a total of six comparables in our analysis. Due to the rural nature of Libby and the lack of senior housing within the PMA, we were only able to locate one comparable, Libby Care Center, which is located within the city of Libby in the PMA. The remaining five comparables are located outside of the PMA between 41.0 and 57.8 miles from the Subject in the cities of Bonners Ferry, Kootenai, Sandpoint, and Kalispell. The comparables vary widely in terms of rent levels and the level of services and amenities offered, which we have detailed in each property profile.

The following pages include a summary table, individual property profiles, and other comparison matrices, illustrating the Subject’s competitive position relative to the comparables. Maps of the comparables, in relation to the Subject, are included on the following pages as well.

### EXCLUDED PROPERTIES

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Treasure Manor Apartments	USDA	Senior	Subsidized rent
Eureka I and II	USDA	Senior	Subsidized rent
Libby Plaza I and II	USDA/Section 8	Family	Subsidized rent
Golden Lions Manor	LIHTC/Section 8	Senior	Subsidized rent
Green Meadow Manor	LIHTC/Section 8	Senior	Subsidized rent
804 Dakota	Market	Family	Differing unit mix
Kootenai Senior Citizens	Market	Senior	Unable to contact
Park Apartments	Market	Family	Differing target tenancy
87 Woodland	Market	Family	Differing target tenancy
207 E 4th Street	Market	Family	Differing target tenancy
955 6th Avenue	Market	Family	Differing target tenancy

**Comparable Properties Map**



**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
1	Boundary County Community Restorium*	Bonnors Ferry	Market	Senior	41.0 miles
2	Hearthstone Village Assisted Living*	Kootenai	Market	Senior	44.4 miles
3	Huckleberry Retirement*	Sandpoint	Market	Senior	47.1 miles
4	Libby Care Center	Libby	Market	Senior	0.5 miles
5	Prestige Assisted Living At Kalispell*	Kalispell	Market	Senior	57.8 miles
6	The Bridge At Sandpoint*	Sandpoint	Market	Senior	47.0 miles

\*Located outside PMA

## MARJORIE GRIMM ASSISTED LIVING – LIBBY, MONTANA – MARKET STUDY

### SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
1	Boundary County Community Restorium 6619 Kaniksu Street Bonners Ferry, ID 83805 Boundary County	41.0 miles	Lowrise 2-stories 1970 / n/a Senior	Market	1BR / 1BA	52	100.0%	320	Market	\$3,227	N/A	Yes	0	0.0%
						52							0	0.0%
2	Hearthstone Village Assisted Living 402 West Third Avenue Kootenai, ID 83840 Bonner County	44.4 miles	Lowrise 2-stories 2000 / n/a Senior	Market	OBR / 1BA	30	100.0%	260	Market	\$5,000	N/A	Yes	0	0.0%
						30							0	0.0%
3	Huckleberry Retirement 1513 Hemlock Court Sandpoint, ID 83864 Bonner County	47.1 miles	Lowrise 1-stories 1980 / n/a Senior	Market	1BR / 1BA	8	100.0%	550	Market	\$2,600	N/A	No	0	0.0%
						8							0	0.0%
4	Libby Care Center 308 E 3rd Street Libby, MT 59923 Lincoln County	0.5 miles	Lowrise 1-stories 1971 / n/a Senior	Market	1BR / 1BA	100	100.0%	800	Market	\$5,170	N/A	Yes	0	0.0%
						100							0	0.0%
5	Prestige Assisted Living At Kalispell 125 Glenwood Drive Kalispell, MT 59901 Flathead County	57.8 miles	Lowrise 3-stories 1998 / 2011 Senior	Market	OBR / 1BA 1BR / 1BA 2BR / 1BA	N/A N/A N/A	N/A N/A N/A	377 459 835	Market Market Market	\$3,060 \$4,065 \$5,035	N/A N/A N/A	Yes Yes Yes	0 0 0	N/A N/A N/A
						44							0	0.0%
6	The Bridge At Sandpoint 1123 North Division Sandpoint, ID 83864 Bonner County	47.0 miles	Garden 2-stories 2004 / n/a Senior	Market	OBR / 1BA 1BR / 1BA	30 12	71.4% 28.6%	N/A N/A	Market Market	\$3,350 \$4,150	N/A N/A	No Yes	4 0	13.3% 0.0%
						42							4	9.5%



# PROPERTY PROFILE REPORT

## Marjorie Grimm Assisted Living

Effective Rent Date	12/04/2019
Location	700 Idaho Avenue Libby, MT 59923 Lincoln County
Distance	N/A
Units	50
Vacant Units	N/A
Vacancy Rate	N/A
Type	One-story
Year Built/Renovated	2021 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	N/A
Phone	N/A

### Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	N/A
Concession	N/A
Waiting List	None

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included



# PROPERTY PROFILE REPORT

## Boundary County Community Restorium

Effective Rent Date	11/08/2019
Location	6619 Kaniksu Street Bonners Ferry, ID 83805 Boundary County
Distance	41 miles
Units	52
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (age-restricted) (2 stories)
Year Built/Renovated	1970 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Sunset Home Assisted Living
Tenant Characteristics	Seniors 55+, retirees
Contact Name	Linda
Phone	208-267-2453



### Market Information

Program	Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes - Unknown

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Lowrise (2 stories)	52	320	\$3,227	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$3,227	\$0	\$3,227	\$0	\$3,227

### Amenities

<b>In-Unit</b> Balcony/Patio Cable/Satellite/Internet Carpeting Coat Closet Hand Rails Refrigerator	Blinds Carpet/Hardwood Central A/C Grab Bars Pull Cords	<b>Security</b> Intercom (Buzzer) Limited Access Video Surveillance	<b>Services</b> Shuttle Service
<b>Property</b> Clubhouse/Meeting Room/Community Elevators Central Laundry On-Site Management Recreation Areas	Courtyard Exercise Facility Off-Street Parking Picnic Area Service Coordination	<b>Premium</b> Housekeeping Medical Professional	<b>Other</b> None

Comments

The contact noted the property is all inclusive and includes three daily meals and snacks, transportation, medication assistance, housekeeping, cable and internet, and daily activities and organized social gatherings. The contact was unable to provide the length of the waiting list. The contact noted residents utilize Social Security benefits or out of pocket cash for rental payments.

Photos



# PROPERTY PROFILE REPORT

## Hearthstone Village Assisted Living

Effective Rent Date	11/18/2019
Location	402 West Third Avenue Kootenai, ID 83840 Bonner County
Distance	44.4 miles
Units	30
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (age-restricted) (2 stories)
Year Built/Renovated	2000 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Seniors 62+, retirees
Contact Name	Ann
Phone	208-255-4849



### Market Information

Program	Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes - One HH

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (2 stories)	30	260	\$5,000	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$5,000	\$0	\$5,000	\$0	\$5,000

### Amenities

In-Unit	Security	Services
Balcony/Patio	Intercom (Buzzer)	None
Cable/Satellite/Internet	Limited Access	
Central A/C		
Grab Bars		
Oven		
Refrigerator		
Property	Premium	Other
Clubhouse/Meeting Room/Community	Housekeeping	None
Elevators		
Off-Street Parking		
Picnic Area		
Service Coordination		

### Comments

The property does not accept Housing Choice Vouchers. The contact noted that three meals a day plus snacks, medication assistance, transportation, internet and phone, housekeeping, and special activities are included in the rent noted in the profile. The contact noted that bathing and additional personal care services are offered and can cost an additional fee of up to \$700 per month.

Photos





# PROPERTY PROFILE REPORT

## Huckleberry Retirement

Effective Rent Date	11/08/2019
Location	1513 Hemlock Court Sandpoint, ID 83864 Bonner County
Distance	47.1 miles
Units	8
Vacant Units	0
Vacancy Rate	0.0%
Type	One-story (age-restricted)
Year Built/Renovated	1980 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Community Restoration
Tenant Characteristics	Seniors 55+, retirees
Contact Name	Michelle
Phone	208-255-5999



### Market Information

Program	Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None reported
Concession	None
Waiting List	None

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	One-story	8	550	\$2,600	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$2,600	\$0	\$2,600	\$0	\$2,600

### Amenities

<b>In-Unit</b>		<b>Security</b>	<b>Services</b>
Blinds	Cable/Satellite/Internet	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Grab Bars		
Hand Rails	Pull Cords		
Refrigerator			
<b>Property</b>		<b>Premium</b>	<b>Other</b>
Clubhouse/Meeting Room/Community	Central Laundry	Housekeeping	None
Off-Street Parking	On-Site Management	Medical Professional	
Recreation Areas	Service Coordination		

### Comments

The contact note the property is all inclusive, which includes three meals, medication service, housekeeping, an activities coordinator, and basic cable. Telephone is not provide to the tenants. The property does not accept Housing Choice Vouchers.

Photos



# PROPERTY PROFILE REPORT

## Libby Care Center

Effective Rent Date	11/20/2019
Location	308 E 3rd Street Libby, MT 59923 Lincoln County
Distance	0.5 miles
Units	100
Vacant Units	0
Vacancy Rate	0.0%
Type	One-story (age-restricted)
Year Built/Renovated	1971 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Kootenai Senior Citizens
Tenant Characteristics	Seniors 55+, retirees
Contact Name	Property manager
Phone	406-293-6285



### Market Information

Program	Market
Annual Turnover Rate	10%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes - Unknown

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	One-story	100	800	\$5,170	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$5,170	\$0	\$5,170	\$0	\$5,170

### Amenities

In-Unit	Security	Services
Blinds	Intercom (Buzzer)	Shuttle Service
Carpeting	Limited Access	
Coat Closet		
Hand Rails		
Refrigerator		
Property	Premium	Other
Clubhouse/Meeting Room/Community	Housekeeping	None
Off-Street Parking	Medical Professional	
Picnic Area		
Service Coordination		

## Comments

The property does not accept Housing Choice Vouchers. The contact was unable to provide the length of the wait list. The contact noted rent includes housekeeping, social activities, transportation, medical services, three meals a day and cable and internet. The contact noted residents utilize Social Security benefits or out of pocket cash for payments.

Photos



# PROPERTY PROFILE REPORT

## Prestige Assisted Living At Kalispell

Effective Rent Date	11/18/2019
Location	125 Glenwood Drive Kalispell, MT 59901 Flathead County
Distance	57.8 miles
Units	44
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (age-restricted) (3 stories)
Year Built/Renovated	1998 / 2011
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Seniors 55+, retirees
Contact Name	Mike
Phone	406-756-1818



### Market Information

Program	Market
Annual Turnover Rate	10%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes - Unknown

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (3 stories)	N/A	377	\$3,060	\$0	Market	Yes	0	N/A	N/A	None
1	1	Lowrise (3 stories)	N/A	459	\$4,065	\$0	Market	Yes	0	N/A	N/A	None
2	1	Lowrise (3 stories)	N/A	835	\$5,035	\$0	Market	Yes	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$3,060	\$0	\$3,060	\$0	\$3,060
1BR / 1BA	\$4,065	\$0	\$4,065	\$0	\$4,065
2BR / 1BA	\$5,035	\$0	\$5,035	\$0	\$5,035

## Prestige Assisted Living At Kalispell, continued

### Amenities

In-Unit		Security	Services
Blinds	Cable/Satellite/Internet	Intercom (Buzzer)	Shuttle Service
Carpeting	Central A/C	Limited Access	
Coat Closet	Grab Bars		
Hand Rails	Microwave		
Pull Cords	Refrigerator		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Elevators	Housekeeping	None
Central Laundry	Off-Street Parking	Medical Professional	
On-Site Management	Recreation Areas		
Service Coordination			

### Comments

The contact noted phone, internet, cable, transportation, three meals a day, housekeeping, and activities are included in the asking rent. The property has an additional level of care fee that ranges from \$680 to \$2,205 per month and covers additional medication reminders, transfers, bathing, and personal requirements. The contact was unable to provide the length of the waiting list.

Photos





# PROPERTY PROFILE REPORT

## The Bridge At Sandpoint

Effective Rent Date	11/18/2019
Location	1123 North Division Sandpoint, ID 83864 Bonner County
Distance	47 miles
Units	42
Vacant Units	4
Vacancy Rate	9.5%
Type	Lowrise (age-restricted) (2 stories)
Year Built/Renovated	2004 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Huckleberry Retirement
Tenant Characteristics	Seniors 55+, retirees
Contact Name	Suzanne
Phone	208-263-1524



### Market Information

Program	Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	None reported
Concession	None
Waiting List	Yes - One household for one-bedroom units

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (2 stories)	30	N/A	\$3,350	\$0	Market	No	4	13.3%	N/A	None
1	1	Lowrise (2 stories)	12	N/A	\$4,150	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$3,350	\$0	\$3,350	\$0	\$3,350
1BR / 1BA	\$4,150	\$0	\$4,150	\$0	\$4,150

## The Bridge At Sandpoint, continued

### Amenities

#### In-Unit

Balcony/Patio  
Cable/Satellite/Internet  
Central A/C  
Grab Bars  
Microwave  
Refrigerator

Blinds  
Carpeting  
Coat Closet  
Hand Rails  
Pull Cords

#### Security

Intercom (Buzzer)  
Limited Access

#### Services

Shuttle Service

#### Property

Clubhouse/Meeting Room/Community  
Elevators  
Off-Street Parking  
Recreation Areas  
Theatre

Courtyard  
Central Laundry  
On-Site Management  
Service Coordination

#### Premium

Housekeeping

#### Other

None

### Comments

Rent includes all utilities and services, including WiFi, cable, three meals a day, housekeeping, special activities, transportation, and medical care facilitation. The property does not accept Housing Choice Vouchers. Basic cable and internet is included with rent.

Photos



## PROPERTY CHARACTERISTICS

Following are relevant characteristics of the comparable properties surveyed.

### Location

The distance of the comparables from the Subject ranges from 0.5 miles to 57.8 miles. Due to the rural nature of Libby and the surrounding PMA, we were only able to locate one comparable within the PMA. The remaining comparables are located outside of the PMA in the cities of Bonners Ferry, Kootenai, Sandpoint, and Kalispell, between 41.0 and 57.8 miles from the Subject.

In order to better understand property and locational characteristics between the Subject and comparable properties we have also considered demographic data including median household income, median gross rent, and median home value by zip code, which is provided below.

### LOCATION COMPARISON

No.	Property Name	City/State	Zip Code	Median Income	Median Rent	Median Home Value
<b>S</b>	<b>Marjorie Grimm Assisted Living</b>	<b>Libby</b>	<b>59923</b>	<b>\$34,908</b>	<b>\$539</b>	<b>\$155,100</b>
1	Boundary County Community Restorium*	Bonnors Ferry, ID	83805	\$40,139	\$694	\$166,100
2	Hearthstone Village Assisted Living*	Kootenai, ID	83840	\$52,841	\$788	\$180,600
3	Huckleberry Retirement*	Sandpoint, ID	83864	\$42,749	\$730	\$239,300
4	Libby Care Center	Libby, MT	59923	\$34,908	\$539	\$155,100
5	Prestige Assisted Living At Kalispell*	Kalispell, MT	59901	\$45,163	\$749	\$212,600
6	The Bridge At Sandpoint*	Sandpoint, ID	83864	\$42,749	\$730	\$239,300

\*Located outside of the PMA

According to the data, one of the six comparables is located within the PMA, in a similar zip code as the Subject. As such, this comparable is located in an area with similar median home value, median gross rent, and median household income compared to that of the Subject. The remaining five comparables are located in areas with higher median home values, median gross rents, and median household incomes compared to that of the Subject.

Overall, the Subject is located in a generally similar location compared to Libby Care Center, the only assisted living facility in Libby. The remaining comparables are located in generally superior locations relative to that of the Subject. We contacted Bo Carpenter, Real Estate Agent with Chuck-Olson Real Estate, for further insight on the locational characteristics of Libby compared to the comparables' cities. Mr. Carpenter noted that the city of Kalispell is the most comparable city to Libby even though the city is 20 minutes further by proximity than Bonners Ferry. Mr. Carpenter noted that most residents in Libby travel to Kalispell for goods and services as Kalispell is larger in terms of population with better access to locational amenities and services. Mr. Carpenter noted Sandpoint is the least comparable city to Libby as it is more of a vacation destination with a good number of higher end, luxury homes on the lake. In conclusion, the Subject is located in a generally similar location relative to Libby Care Center and inferior to the remaining comparables due to both their superior demographic data, as well as their superior access to locational amenities and services.

### Size, Age, and Condition

The comparable properties range in size from eight to 100 units, averaging 46 units per development. The proposed Subject will have 50 units, which is within the range of comparable developments, and just higher above the average development size. We believe the development size is appropriate for this type of product given the demand for senior developments in the area. Furthermore, we contacted Paul Rosenberg and Dorothy Smith, Care Coordinators at Cabinets Peaks Medical Center, regarding the demand for assisted living in Libby. Both coordinators believe that a 40 to 50-unit facility is feasible and would be absorbed very quickly upon opening.

The comparables were originally constructed between 1970 and 2004, with one comparable, Prestige Assisted Living at Kalispell, reportedly undergoing renovations in 2011. The Bridge at Sandpoint is the newest comparable and was constructed in 2004 and is located in Sandpoint, Idaho, approximately 47 miles northwest of the Subject. The Subject will be in superior condition when compared to all of the comparable properties. Given the rural nature of the Subject’s area, there has been a lack of new development in the past decade and the Subject will exhibit slightly superior to superior condition compared to comparable developments in the region.

**Unit Mix**

Below is a table displaying the unit mix breakdown of the comparables.

Unit Type	UNIT MIX	
	Total Units* (Comps)	Percent* (Comps)
Studio	60	26%
1 BR	172	74%
2BR	N/A	N/A
<b>Total</b>	<b>232</b>	<b>100%</b>

\*Excluding Prestige Assisted Living At Kalispell

According to the analysis above, the market offers a larger percentage of one-bedroom units. Further, the market offers significantly less studio units in the market. It should be noted that Prestige Assisted Living located in Kalispell, Montana was unable to provide a breakdown by unit type and is excluded from the above table. However, given the demand distribution described later in the report, we believe the Subject would be optimized with a composition of 30 studio units and 20 one-bedroom as the market reflects in the prior table that there is a lack of studio units in the market.

**Unit Size**

The following table illustrates the unit sizes of the Subject and the comparable properties. It should be noted that the contact at The Bridge at Sandpoint was unable to provide the development’s unit sizes.

UNIT SIZE COMPARISON			
Bedroom Type	Studio	1BR	2BR
<b>Subject</b>	<b>318 - 391</b>	<b>405 - 591</b>	<b>-</b>
Average	319	532	835
Min	260	320	835
Max	377	800	835
<b>Advantage/Disadvantage</b>	<b>0% to 23%</b>	<b>-24% to 11%</b>	<b>-</b>

\*Excluding The Bridge At Sandpoint

As the table illustrates, the comparables’ studio units range from 260 to 377 square feet. One-bedroom units range from 320 to 800 square feet. Further, we believe that the proposed studio unit sizes at the Subject will be well accepted as the units range from 318 to 396 square feet, which is within to above the market range, and given the Subject’s target tenancy and demand for senior housing in the area. We also believe the Subject’s proposed one-bedroom units will be well accepted in the market as its will units range from 405 to 591 square feet, which fall within the range of unit sizes for the comparables. It should be noted one property, Prestige Assisted Living at Kalispell, reported offering two-bedroom units; however, we do not believe the Subject will need to offer two-bedroom units to compete in the market.

**Number of Bathrooms**

Similar to the competition, the Subject will offer one bathroom in its studio and one-bedroom units. All of the comparables offer one full bathroom in their studio and one-bedroom units. Overall, we believe the number of bathrooms per unit is appropriate for the market.

**Unit Amenities**

All of the comparables offer grab bars, hand rails, pull cords, blinds, carpeting, central air conditioning, basic cable/internet included with rent, a refrigerator, and a coat closet. Three of the comparables offer balcony/patio, one offers hardwood floors, one offers an oven, and two offer a microwave. It should be noted we do not believe full kitchens are necessary for this product type in this market. Based on the amenities offered at the comparables, we believe the Subject should offer an amenity package of grab bars, hand rails, pull cords, blinds, basic cable/internet included with rent, carpeting, coat closet, central heating and air conditioning, kitchen sink, and a refrigerator.

**Common Area Amenities**

All of the comparables offer on-site management, central laundry facilities, community rooms, and a recreation area. One of the comparables offers an exercise facility, three offer a picnic area, one offers a theater, and one offers community Wi-Fi. Based on the amenities offered at the comparables, we believe a competitive community amenity package at the Subject should include a community room, central laundry facility, on-site management, recreation area, and a picnic area.

**Services**

Services offered at the comparables are detailed in the following table.

**SERVICES**

<b>Services*</b>	<b>Boundary County Community Restorium</b>	<b>Hearthstone Village Assisted Living</b>	<b>Huckleberry Retirement</b>	<b>Libby Care Center</b>	<b>Prestige Assisted Living At Kalispell</b>	<b>The Bridge At Sandpoint</b>
<b>Shuttle Service</b>	X	-	-	X	X	X
<b>Meals</b>	X	X	X	X	X	X
<b>Housekeeping</b>	X	X	X	X	X	X
<b>Medical Professional</b>	X	-	X	X	X	-
<b>Service Coordination</b>	X	X	X	X	X	X
<b>Activities/Classes</b>	X	X	X	X	X	X

\*All services are included in rent

Furthermore, one senior apartment development located in Troy, Kootenai Senior Citizens, noted that meals are available for residents for an additional fee of \$5.00 per meal for those over 60 and \$6.50 per meal for those under 60. Additional services offered at the comparables for an additional fee include bathing, personal care services, and various services. Costs for these services can range from an additional \$600 to \$2,000 per month depending on the extent of services. It should be noted, Hearthstone Village Assisted Living, Prestige Assisted Living at Kalispell, and Huckleberry Retirement reported offering assistance with personal care and medication reminders, however at an additional cost which varied based on needs of the tenant.

Based on information provided by the comparables, we believe a competitive service package at the Subject should include scheduled transportation, housekeeping services, three meals daily, along with the following classes and activities inclusive with rent: arts and crafts classes, games, group social activities, outdoor entertainment, and additional exercise classes. Furthermore, we believe that personal care and medication reminders are services that should be offered at the Subject for an additional fee.

### **Security Features**

All of the comparables offer intercoms and limited access and one comparable offers video surveillance. Overall, crime does not appear to be a significant concern within the Subject's neighborhood. As such, we believe security features at the Subject should include intercoms and limited access, commensurate with the comparables.

### **Utility Structure**

The landlord will be responsible for all utilities including electric cooking, electric water heating, electric heating, and general electrical expenses, as well as cold water, sewer, and trash expenses. All of the comparables offer similar utility structures compared to that of the Subject; as such, no adjustments are necessary.

### **Parking**

All of the comparables offer off-street parking and none reported offering either carport or garage parking. As such, we believe the Subject offering solely off-street parking, inclusive in the asking rent, will be suitable for the market.

### **Conclusion**

The distance of the comparables from the Subject ranges from 0.5 miles to 57.8 miles. Due to the rural nature of Libby and the surrounding PMA, we were only able to locate one comparable within the PMA. The remaining comparables are located just outside of the PMA in the cities of Bonners Ferry, Sandpoint, and Kalispell, ID, approximately 41.0 and 57.8 miles from the Subject. We have concluded that the Subject is located in a generally similar location relative to Libby Care Center and inferior to the remaining comparables due to both their superior demographical data, as well as their superior access to locational amenities and services. In terms of development size and unit mix, the market offers a larger percentage of one-bedroom units than studio units. However, given the demand distribution described later in the report, we believe the Subject will be optimized with a composition of 30 studio units and 20 one-bedroom.

Based on the in-unit and common area amenities offered at the comparables, we believe a competitive amenity package will include in-unit amenities of grab bars, hand rails, pull cords, blinds, basic cable/internet included with rent, carpeting, coat closets, central heating and air conditioning, kitchen sinks, and a refrigerator; It should be noted we do not believe full kitchens are necessary for this product type in this market. Common area amenities include community room, central laundry facility, on-site management, recreation area, and a picnic area. In terms of services, we believe a competitive service package at the Subject should include scheduled transportation, housekeeping services, three meals daily, along with the following classes and activities inclusive with rent, arts and crafts classes, games, group social activities, outdoor entertainment, and additional exercise classes. Furthermore, we believe that personal care and medication reminders are services that should be offered at the Subject for an additional fee. Lastly, we believe the Subject offering solely off-street parking, inclusive in the asking rent, will be suitable for the market. Overall, the Subject (with the recommended amenity package) should compete well in the market, and will offer a marketing advantage in terms of condition and unit sizes, and will provide much needed senior housing to the city of Libby and surrounding areas.

## **MARKET CHARACTERISTICS**

Following are relevant market characteristics for comparable properties surveyed.

### **Absorption**

We were unable to obtain absorption information from any of the comparables, as many of them were constructed over 10 years ago and absorption information is no longer available and/or relevant. Based on the stabilized occupancy levels of the comparable properties, lack of concessions offered in the market, as well as the illustrated capture rate in the *Demand Analysis* section of this report, we believe the Subject's

absorption will be fairly rapid. Assuming the Subject is properly marketed and pre-leasing begins approximately three months prior to completion of construction, the Subject’s 50 units, which is higher than the average development size of the comparables, are anticipated to be completely absorbed into the market within five months of completion. This pace equates to an absorption rate of approximately 10 units per month.

**Target Tenancy**

The Subject will be targeted to seniors age 65 and older, and require assisted living services. The senior comparables reporting age restrictions ranging from 55 to 62 years of age. Property managers reported the average age of the typical resident at the senior comparables is between 60 and 75 and the majority of tenants were former homeowners. The property managers also noted the typically, senior residents do not move once settled at a property. Furthermore, Paul Rosenburg and Dorothy Smith, Care Coordinators at Cabinets Peaks Medical Center, noted that seniors that typically come to their facility range in age from 70 to 90 and also noted that most residents were former homeowners. Overall, the Subject is located in a favorable location, with good access, and close proximity to locational amenities and healthcare, which should attract the target tenancy.

**Turnover**

We obtained annual turnover estimates from all of the comparable properties. Reported turnover rates range from five to 10 percent annually, with an average rate of seven percent. We believe the Subject will experience a turnover rate of 10 percent or less annually, in line with the competition. The following table illustrates the turnover rates at the comparables.

**TURNOVER**

Property Name	Rent Structure	Tenancy	Annual Turnover
Boundary County Community Restorium*	Market	Senior	5%
Hearthstone Village Assisted Living*	Market	Senior	5%
Huckleberry Retirement*	Market	Senior	5%
Libby Care Center	Market	Senior	10%
Prestige Assisted Living At Kalispell*	Market	Senior	10%
The Bridge At Sandpoint*	Market	Senior	5%
<b>Average Turnover</b>			<b>7%</b>

\*Located outside of the PMA

**Vacancy Levels**

The following table details vacancy levels at comparable properties included in the survey.

**OVERALL VACANCY**

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Boundary County Community Restorium*	Market	Senior	52	0	0.0%
Hearthstone Village Assisted Living*	Market	Senior	30	0	0.0%
Huckleberry Retirement*	Market	Senior	8	0	0.0%
Libby Care Center	Market	Senior	100	0	0.0%
Prestige Assisted Living At Kalispell*	Market	Senior	44	0	0.0%
The Bridge At Sandpoint*	Market	Senior	42	4	9.5%
<b>Overall Total</b>			<b>276</b>	<b>4</b>	<b>1.4%</b>

\*Located outside of the PMA

Vacancy levels at comparable properties in the market currently range from zero to 9.5 percent, with an overall vacancy level of 1.4 percent, which is low and indicative of demand for senior assisted living in the area. The Bridge at Sandpoint reported the highest vacancy rate at 9.5 percent, but reported just four vacant units. Furthermore, according to Paul Rosenburg and Dorothy Smith, Care Coordinators at Cabinet Peaks Medical



Center, the Libby Care Center is typically 100 percent occupied as it is the only elderly care center located in Libby and attracts tenants from rural areas beyond Libby itself. Taking the market data into account, we expect the Subject to maintain a minimum of 95 percent occupancy, once it has reached stabilization.

**Concessions**

None of the comparables are offering concessions, nor do we expect the Subject to use concessions.

**Waiting Lists**

A waiting list indicates a strong market with high occupancy and unmet demand within the market. The following table details the waiting lists as reported by the comparables.

<b>WAITING LIST</b>			
<b>Property Name</b>	<b>Rent Structure</b>	<b>Tenancy</b>	<b>Waiting List Length</b>
Boundary County Community Restorium*	Market	Senior	Yes - Unknown
Hearthstone Village Assisted Living*	Market	Senior	Yes - One HH
Huckleberry Retirement*	Market	Senior	None
Libby Care Center	Market	Senior	Yes - Unknown
Prestige Assisted Living At Kalispell*	Market	Senior	Yes - Unknown
The Bridge At Sandpoint*	Market	Senior	Yes - One household for one-bedroom units

\*Located outside of the PMA

Five of the six comparables reported having a waiting list. However, two noted the length of their waiting lists was short. Upon completion of lease-up, we anticipate that the Subject may maintain a short waiting list, similar to the comparables.

**Achievable Rents**

The achievable rents were determined by comparing the aesthetic quality, amenities, unit sizes, etc. to that of projects in the area. Novogradac & Company concluded that the Subject will be competitive with the market rate competition given its recommended unit and community amenities, as well as its recommended services. Achievable rents represent net market rate rent levels that we anticipate a project of the Subject’s condition and quality could reasonably achieve. It should be noted that we have not been required to adjust for differing utility structures, as all comparables offer similar utility structures as the Subject. The following table details the rents at the comparable properties.

<b>MARKET RENT COMPARISON</b>			
<b>Property Name</b>	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>
Boundary County Community Restorium*	-	\$3,227	-
Hearthstone Village Assisted Living*	\$5,000	-	-
Huckleberry Retirement*	-	\$2,600	-
Libby Care Center	-	\$5,170	-
Prestige Assisted Living At Kalispell*	\$3,060	\$4,065	\$5,035
The Bridge At Sandpoint*	\$3,350	\$4,150	-
<b>Average</b>	<b>\$3,803</b>	<b>\$3,842</b>	<b>\$5,035</b>
<b>Median</b>	<b>\$3,350</b>	<b>\$4,065</b>	<b>\$5,035</b>
<b>Achievable Market Rent</b>	<b>\$3,450-\$3,500</b>	<b>\$4,300-\$4,450</b>	<b>-</b>

\*Located outside of PMA

**MARKET RENT COMPARISON (RPSF)**

Property Name	Studio	1BR	2BR
Boundary County Community Restorium*	-	\$10.08	-
Hearthstone Village Assisted Living*	\$19.23	-	-
Huckleberry Retirement*	-	\$4.73	-
Libby Care Center	-	\$6.46	-
Prestige Assisted Living At Kalispell*	\$8.12	\$8.86	\$6.02
The Bridge At Sandpoint (1)*	N/Av	N/Av	-
<b>Average</b>	<b>\$13.67</b>	<b>\$7.53</b>	<b>\$6</b>
<b>Achievable Market Rent</b>	<b>\$8.95-\$10.85</b>	<b>\$7.53-\$10.62</b>	<b>-</b>

\*Located outside of PMA

(1) Unable to provide unit sizes

The Subject is considered most comparable to Libby Care Center and Prestige Assisted Living at Kalispell. Libby Care Center was originally constructed in 1971 with consistent upkeep over the past several years as the property currently exhibits average overall condition, inferior to the Subject upon completion. The property is also located in Libby in a similar location compared to the Subject. Libby Care Center offers 100 one-bedroom units, which target seniors aged 55 and older. The property offers generally similar and community amenities as the proposed Subject, but offers considerably larger one-bedroom unit sizes.

Prestige Assisted Living at Kalispell was originally constructed in 1998, renovated in 2011, and currently exhibits good condition, slightly inferior to the Subject upon completion. The property is located in Kalispell in a generally superior location relative to the Subject as most residents in Libby travel to Kalispell for better access to goods and services. Prestige Assisted Living at Kalispell offers 44 studio, one, and two-bedroom units, which target seniors aged 55 and older. The property offers generally similar and community amenities as the proposed Subject and offers similar studio and one-bedroom unit sizes. The following table details the rents and unit sizes at Libby Care Center and Prestige Assisted Living at Kalispell.

**SUBJECT COMPARISON TO LIBBY CARE CENTER**

Unit Type	Rent Level	Subject's Achievable Market Rent	Square Feet	AMR PSF	Libby Care Center Rent	Square Feet	Libby Care Center RPSF
Studio	Market	\$3,450-\$3,500	318-391	\$8.95-\$10.85	-	-	-
1BR	Market	\$4,300-\$4,450	405-591	\$7.53-\$10.62	\$5,170	800	\$6.46

**SUBJECT COMPARISON TO PRESTIGE ASSISTED LIVING AT KALISPELL**

Unit Type	Rent Level	Subject's Achievable Market Rent	Square Feet	AMR PSF	Prestige Assisted Living At Kalispell Rent	Square Feet	Prestige Assisted Living At Kalispell RPSF
Studio	Market	\$3,450-\$3,500	318-391	\$8.95-\$10.85	\$3,060	377	\$8.12
1BR	Market	\$4,300-\$4,450	405-591	\$7.53-\$10.62	\$4,065	459	\$8.86
2BR	Market	-	-	-	\$5,035	835	\$6.02

Heavy reliance is placed on the rents currently achieved at Libby Care Center and Prestige Assisted Living at Kalispell, tempered by the other comparables. As such, we have concluded to the following achievable market rents for the Subject; however, rents at the Subject are just below the overall surveyed average for the studio units and just above the surveyed average for the one-bedroom units. The rents at the Subject are similar to above the median rents for the studio and one-bedroom units, respectively. Furthermore, on a per square foot basis, the Subject's rents are toward the high end of the range. This is primarily due to unit sizes. It should be noted that the relationship between size and rent is not linear as there are diminishing returns in terms of

increased rent potential as units get larger. What is more important than size, is how functional the unit is in terms of layout.

The following tables details our achievable rents, utilizing our proposed unit mix and unit sizes for the Subject.

**NOVOCO'S ACHIEVABLE RENTS**

<b>Unit Type</b>	<b># of Units</b>	<b>Unit Sizes</b>	<b>Proposed Rents</b>	<b>Rent Per Square Foot</b>
Studio	30	318-391	\$3,450-\$3,500	\$8.95-\$10.85
1BR/1BA	20	405-591	\$4,300-\$4,450	\$7.53-\$10.62

**Conclusion**

Vacancy within the local market is currently low, approximately 1.4 percent according to our market survey. Given the size of the proposed Subject development and the current demand in the market, we believe an absorption period of five months is reasonable, which equates to an initial leasing pace of approximately 10 units per month. None of the comparables reported offering concessions and five of the comparables reported a waiting list. It should be noted Libby Care Center and Boundary County Community Restorium reported having a mixture of tenants that utilized Social Security and/or paid out of pocket. Given that the Subject will offer a competitive amenity package, as detailed in the prior section, we believe the Subject will offer a desirable product and will exhibit a generally superior condition compared to the comparable assisted living facilities in the Subject's area. As such, we have concluded to the following achievable market rents for the Subject; however, rents at the Subject are just below the overall surveyed average for the studio units and just above the surveyed average for the one-bedroom units. The rents at the Subject are similar to above the median rents for the studio and one-bedroom units, respectively. Furthermore, on a per square foot basis, the Subject's rents are toward the high end of the range. This is primarily due to unit sizes. It should be noted that the relationship between size and rent is not linear as there are diminishing returns in terms of increased rent potential as units get larger. What is more important than size, is how functional the unit is in terms of layout. It should also be noted that achievable market rents at the Subject may vary depending on the extent of services offered

# DEMAND ANALYSIS

## DEMAND ANALYSIS

### Introduction

We calculated the potential demand for the Subject in this section of the analysis. To assess the likely number of senior residents in the market area eligible to live in the Subject, we used Census information as provided by ESRI Demographics and Ribbon Demographics.

### Primary Market Area Defined

For the purpose of this study, it is necessary to define the competitive primary market area (PMA), or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as a new apartment development. The primary market area (PMA) for the Subject consists of Lincoln County. We anticipate the Subject will also attract tenants from other communities within the SMA and surrounding areas. This is further supported by an interview with Paul Rosenberg, Care Coordinator at Cabinet Peaks Medical Center, who believes that “potential senior tenants would travel up to 60 miles to reside at the Subject given the rural nature of Libby.” Additionally, tenants are expected to relocate to the area to be near grown children and family. Therefore, we estimate 60 percent of the Subject’s tenants will originate from the PMA. The demand estimates will be adjusted to reflect this potential for “leakage.”

## INCOME-ELIGIBLE CALCULATIONS

To establish the number of income-eligible potential tenants for the Subject, the calculations are as follows:

According to contacts at the comparable properties, there are no established minimum income requirements to reside at their properties. As such, we have utilized the Subject’s lowest achievable market rent (\$3,450 per month) and a 50 percent affordability factor, assuming that a senior household would spend no more than 50 percent of monthly income on housing costs (as transit, meals, and extensive recreational costs are inclusive in the monthly rent). The approximate income qualifications utilizing this methodology for the Subject’s units are as follows:

INCOME LIMITS		
Unit Type	Minimum Allowable Income	Maximum Allowable Income
	<i>Market Rate</i>	
Studio	\$82,800	\$200,000+
1BR/1BA	\$88,800	\$200,000+

Next, we illustrate the senior household population segregated by income band to determine those who are income-qualified to reside in the Subject property. This income distribution is illustrated previously in the demographic analysis section of this report.

Third, we combine the allowable income range with the income distribution analysis to determine the number of potential income-qualified households. We have utilized demographics for those aged 55 and older based upon tenant characteristic information provided by the property managers at the comparables. This provides an estimate of the total number and percentage of total households that are income-eligible.

**Income Distribution Table – Senior Households (65+)**

<b>SENIOR INCOME DISTRIBUTION 2019 - AS PROPOSED</b>				
<b>Income Cohort</b>	<b>Total Senior Households</b>	<b>All Units</b>		
		<i>cohort overlap</i>	<i>% in cohort</i>	<i># in cohort</i>
\$0-9,999	267			
\$10,000-19,999	634			
\$20,000-29,999	540			
\$30,000-39,999	477			
\$40,000-49,999	341			
\$50,000-59,999	258			
\$60,000-74,999	235			
\$75,000-99,999	282	17,199	68.8%	194
\$100,000-124,999	125	24,999	100.0%	125
\$125,000-149,999	81	24,999	100.0%	81
\$150,000-199,999	99	49,999	100.0%	99
\$200,000+	66	200,000	100.0%	66
<b>Total</b>	<b>3,405</b>		<b>16.6%</b>	<b>565</b>

According to the table above, we believe that 16.6 percent of senior households will be income-eligible to reside at the Subject. However, it should be noted that as a senior assisted living, it is very likely tenants will no longer be in the workforce and likely have limited active “income”, but rather would contemplate consolidating assets in order to downsize and move from a home into an assisted living facility as the Subject. As such, this percentage is considered to be conservative.

**Number of Appropriate Sized Households**

Given the age-restriction of demographics (65 and older) we have assumed that all households will be size eligible to reside at the Subject (one and two persons).

## ANNUAL CAPTURE RATE ANALYSIS

The following calculation derives an estimated market capture rate based on per annum demand. This is an indication of the percentage of the net demand in one year that the Subject must attract to reach stabilized occupancy. This measure essentially takes the available household demand searching for apartments in the market area and deducts competition to determine net demand available to the Subject. The table following outlines the analysis of this methodology.

ANNUAL DEMAND		
Calculation		PMA
<b>Number of Senior Households in 2019</b>		3,405
<b>Increase in Number of Senior Households</b>		422
<b>Number of Senior Households in 2024</b>		3,827
<i>Existing Demand</i>		
Percentage of Income-Qualified Senior Households		16.6%
Number of Income-Qualified Senior Households		565
Market Turnover		20.0%
Percentage of Seniors 65+ Characterized as Requiring Assistance with ADLs* (1)		17.2%
<b>Existing Income-Qualified Senior Household Turnover</b>		<b>210</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Senior Households per Annum		84
Percentage of Income-Qualified Senior Households		16.6%
Percentage of Seniors 65+ Characterized as Requiring Assistance with ADLs		17.2%
<b>New Senior Income Qualified Households</b>		<b>29</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		50
Occupied Units at Subject With Vacancy of:	5%	48
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		238
Portion Originating within PMA		40%
Total Demand (Turnover and Growth) from within PMA		596
Less: Existing Projects in Absorption Process (Number of Units)	0	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>596</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>8.0%</b>

\*According to U.S. Census Bureau

(1) Calculation is in accordance with Table B18107, sums persons aged 65 and older with an independent living difficulty divided by total population (according to 2017 ACS data).

The above table illustrates demand for the Subject based on capture rates of income-eligible senior households (65+). Total demand, both currently present and moving into the market is adjusted for income eligibility. Our demand estimate is further adjusted by the number of units that are currently in lease-up.

As was previously noted, we are not aware of any developments, which will offer units competitive with the Subject upon completion.

The demand estimate remaining is the number of units that will be unsatisfied in the market without the Subject. In this case it represents 596 units. These un-accommodated units of demand will be forced to leave the market without the addition of senior housing units. The capture rate is the percentage that the Subject will capture of this demand. A number below 100 percent is a positive indicator and represents an expected absorption rate of less than one year. A number greater than 100 percent indicates absorption pace longer than one year. The above calculation generates an annual capture rate 8.0 percent for senior households aged 55 and older, which indicates an expected absorption rate of less than one year. The overall annual capture rate of is considered reasonable taking into account the other indications of demand. Furthermore, according to Paul Rosenburg and Dorothy Smith, Care Coordinators at Cabinet Peaks Medical Center, a large portion of elderly residents in the area are living off the grid (without access to basic utilities) and would greatly benefit from the better quality of life provided from them at the Subject. As such, we believe that are capture rate should be considered to be conservative as it does not take into account senior homeowners who would be willing to transition to renter housing if available in the area.

### **Conclusion**

The *Demand Analysis* illustrates demand for the Subject based on capture rates of income-eligible households. The Annual Demand Estimate calculates an annual capture rate of 8.0 percent during the first year, which indicates an expected absorption rate of less than one year. The overall annual capture rate of is considered reasonable taking into account the other indications of demand. However, it should be noted that as a senior assisted living, it is very likely tenants will no longer be in the workforce. As such, we believe our demand calculation is considered to be conservative as it does not account for all potential senior tenants. Furthermore, according to Paul Rosenburg and Dorothy Smith, Care Coordinators at Cabinet Peaks Medical Center, a large portion of elderly residents in the area are living off the grid (without access to basic utilities) and would greatly benefit from the better quality of life provided from them at the Subject. As such, we believe that are capture rate should be considered to be conservative as it does not take into account senior homeowners who would be willing to transition to renter housing if available in the area.



# **CONCLUSIONS AND RECOMMENDATIONS**

## CONCLUSIONS AND RECOMMENDATIONS

- The Subject is a proposed 50-unit assisted living development located in the northern portion of Libby, Lincoln County, Montana. The planned improvements include the construction of 50-unit market rate assisted living development that will be targeted towards seniors ages 65 and older that require assistance with ADLs contained in a single-story building. The development will be new construction, and the condition, quality of finish, amenities, and unit sizes will be generally competitive with the competition.
- The PMA and the SMA have demonstrated that they are areas of growth. The senior population and the number of senior households are both expected to increase from 2019 to 2024 at more rapid rates than the general population. Further, as the senior population and the number of senior households continue to grow, the need for senior housing will also increase. A significant portion of senior households in the PMA earn more than \$50,000 annually. It should be noted that the median income is lower in the PMA compared to the MSA and the nation; however median household incomes in the PMA are projected to grow significantly over the next five years. All of these demographic trends are positive indicators of demand for senior market rate rental housing within the area.
- The Subject site is located in a mixed-use neighborhood consisting of single-family homes, undeveloped land, civic uses, houses of worship, as well as commercial/retail uses concentrated to the south and west of the Subject along 9<sup>th</sup> Street. Furthermore, the Subject is located just 500 yards southwest of the downtown Libby area. Surrounding improvements are in generally average to good condition overall. In addition, the Subject will create a positive impact upon the neighborhood by providing a newly constructed, senior rental housing development in excellent condition. Further, it should be noted the Subject will be a complementary use to the Subject's surrounding land uses. The city of Libby and Lincoln County does not offer public fixed route transportation services. However, dial-a-ride bus service is offered in the city and surrounding county by Lincoln County Transportation Services. Prices vary by destination.
- The senior housing stock in the PMA is primarily owner-occupied housing, with a ratio of owner-occupied versus renter-occupied units of 84.7 percent versus 15.3 percent. However, the number of renter-occupied senior households in the PMA is expected to increase slightly through 2024. We are not aware of any proposed senior developments that will potentially compete with the Subject.
- The distance of the comparables from the Subject ranges from 0.5 miles to 57.8 miles. Due to the rural nature of Libby and the surrounding PMA, we were only able to locate one comparable within the PMA. The remaining comparables are located just outside of the PMA in the cities of Bonners Ferry, Sandpoint, and Kalispell, ID, approximately 41.0 and 57.8 miles from the Subject. We have concluded that the Subject is located in a generally similar location relative to Libby Care Center and inferior to the remaining comparables due to both their superior demographical data, as well as their superior access to locational amenities and services. In terms of development size and unit mix, the market offers a larger percentage of one-bedroom units than studio units. However, given the demand distribution described later in the report, we believe the Subject will be optimized with a composition of 30 studio units and 20 one-bedroom.

Based on the in-unit and common area amenities offered at the comparables, we believe a competitive amenity package will include in-unit amenities of grab bars, hand rails, pull cords, blinds, basic cable/internet included with rent, carpeting, coat closets, central heating and air conditioning, kitchen sinks, and a refrigerator; It should be noted we do not believe full kitchens are necessary for this product type in this market. Common area amenities include community room, central laundry facility, on-site management, recreation area, and a picnic area. In terms of services, we believe a competitive service package at the Subject should include scheduled transportation, housekeeping services, three meals daily, along with the following classes and activities inclusive with rent, arts and crafts classes, games, group social activities, outdoor entertainment, and additional exercise classes. Furthermore, we believe

that personal care and medication reminders are services that should be offered at the Subject for an additional fee. Lastly, we believe the Subject offering solely off-street parking, inclusive in the asking rent, will be suitable for the market. Overall, the Subject (with the recommended amenity package) should compete well in the market, and will offer a marketing advantage in terms of condition and unit sizes, and will provide much needed senior housing to the city of Libby and surrounding areas.

- Vacancy within the local market is currently low, approximately 1.4 percent according to our market survey. Given the size of the proposed Subject development and the current demand in the market, we believe an absorption period of five months is reasonable, which equates to an initial leasing pace of approximately 10 units per month. None of the comparables reported offering concessions and five of the comparables reported a waiting list. It should be noted Libby Care Center and Boundary County Community Restorium reported having a mixture of tenants that utilized Social Security and/or paid out of pocket. Given that the Subject will offer a competitive amenity package, as detailed in the prior section, we believe the Subject will offer a desirable product and will exhibit a generally superior condition compared to the comparable assisted living facilities in the Subject’s area. As such, we have concluded to the following achievable market rents for the Subject; however, rents at the Subject are just below the overall surveyed average for the studio units and just above the surveyed average for the one-bedroom units. The rents at the Subject are similar to above the median rents for the studio and one-bedroom units, respectively. Furthermore, on a per square foot basis, the Subject’s rents are toward the high end of the range. This is primarily due to unit sizes. It should be noted that the relationship between size and rent is not linear as there are diminishing returns in terms of increased rent potential as units get larger. What is more important than size, is how functional the unit is in terms of layout. It should also be noted that achievable market rents at the Subject may vary depending on the extent of services offered.

**NOVOCO'S ACHIEVABLE RENTS**

Unit Type	# of Units	Unit Sizes	Proposed Rents	Rent Per Square Foot
Studio	30	318-391	\$3,450-\$3,500	\$8.95-\$10.85
1BR/1BA	20	405-591	\$4,300-\$4,450	\$7.53-\$10.62

- The *Demand Analysis* illustrates demand for the Subject based on capture rates of income-eligible households. The Annual Demand Estimate calculates an annual capture rate of 8.0 percent during the first year, which indicates an expected absorption rate of less than one year. The overall annual capture rate of is considered reasonable taking into account the other indications of demand. However, it should be noted that as a senior assisted living, it is very likely tenants will no longer be in the workforce. As such, we believe our demand calculation is considered to be conservative as it does not account for all potential senior tenants. Furthermore, according to Paul Rosenburg and Dorothy Smith, Care Coordinators at Cabinet Peaks Medical Center, a large portion of elderly residents in the area are living off the grid (without access to basic utilities) and would greatly benefit from the better quality of life provided from them at the Subject. As such, we believe that are capture rate should be considered to be conservative as it does not take into account senior homeowners who would be willing to transition to renter housing if available in the area.

## **ADDENDUM A**

### ***Assumptions & Limiting Conditions***

## **ASSUMPTIONS & LIMITING CONDITIONS**

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the consultant has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the consultant assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All information contained in the report, which others furnished, was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
4. The report was made assuming responsible ownership and capable management of the property. The analyses and projections are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted
5. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
6. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
7. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the consultant did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
8. A consulting analysis market study for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
9. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
10. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.

11. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
12. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
13. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
14. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which conclusions contained in this report is based.
15. On all proposed developments, subject to satisfactory completion, repairs, or alterations, the consulting report is contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time with good quality materials.
16. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums except as reported to the consultant and contained in this report.
17. The party for whom this report is prepared has reported to the consultant there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
18. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
19. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.
20. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
21. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

**ADDENDUM B**

***Subject Photographs***



View of the Subject site facing east



View of Subject site facing east



View of Subject site facing north



View of Subject site facing north



View of Subject site facing west



View of Subject site facing west





View of Subject site facing south



View of Subject site facing south



Single-family homes to the east of the Subject



Single-family homes to the east of the Subject



Commercial/retail use to the south of the Subject



Commercial/retail use to the south of the Subject



Typical commercial use to the west of the Subject



Park to the west of the Subject



Typical single-family home to the north of the Subject



Typical single-family homes to the north of the Subject



House of worship in Subject's neighborhood



Typical commercial use in Subject's neighborhood



View east along West 6th Street



View west along West 6th Street



View north along Idaho Avenue



View south along Idaho Avenue

**ADDENDUM C**

***Subject Site Plans/Elevations***



**ASA WOOD ELEMENTARY SCHOOL**

ORG. BUILDING 1993 - 30,015 SF  
 ADDITION 1999 - 9,000 SF  
 ADDITION 2001 - 1,500 SF  
 ADDITION 2007 - 1,500 SF  
 MISC. ADDITIONS - 1,735 SF  
 TOTAL SF - 43,250 SF

**LEGEND**

- CLASSROOMS
- CORRIDORS/HALLWAYS
- STORAGE
- OFFICE AREA
- RESTROOMS
- GYM/LOCKER AREA
- LIBRARY
- MECHANICAL/UTILITY



NORTH

**2 FIRST LEVEL FLOOR PLAN**

SCALE: 1/32"=1'-0"

© 2018 Google

DRAWN BY:	MRA
CHECKED BY:	MRA
ISSUED:	11/28/18
REVISIONS	



**ADDENDUM D**

***Qualifications of Consultants***

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
RACHEL BARNES DENTON, MAI**

**I. EDUCATION**

Cornell University, Ithaca, NY  
School of Architecture, Art & Planning, Bachelor of Science in City & Regional Planning

**II. LICENSING AND PROFESSIONAL AFFILIATION**

Designated Member of the Appraisal Institute  
Member of National Council of Housing Market Analysts (NCHMA)  
Member of Commercial Real Estate Women (CREW) Network  
    2011 and 2012 Communications Committee Co-Chair for the Kansas City CREW Chapter  
    2013 Director of Communications and Board Member for Kansas City CREW  
    2014 Secretary and Board Member for Kansas City CREW  
    2015 and 2016 Treasurer and Board Member for Kansas City CREW

State of Arkansas Certified General Real Estate Appraiser No. CG3527  
State of California Certified General Real Estate Appraiser No. AG044228  
State of Colorado Certified General Real Estate Appraiser No. 100031319  
State of Georgia Certified General Real Estate Appraiser No. 391113  
State of Hawaii Certified General Real Estate Appraiser No. CGA1048  
State of Illinois Certified General Real Estate Appraiser No. 553.002012  
State of Kansas Certified General Real Estate Appraiser No. G-2501  
State of Minnesota Certified General Real Estate Appraiser No. 40420897  
State of Missouri Certified General Real Estate Appraiser No. 2007035992  
State of Nebraska Certified General Real Estate Appraiser No. CG2017030R  
State of New Mexico Certified General Real Estate Appraiser No. 03424-G  
State of North Dakota Certified General Real Estate Appraiser No. CG-219110  
State of Oklahoma Certified General Real Estate Appraiser No. 13085CGA  
State of Oregon Certified General Real Estate Appraiser No. C000951  
State of South Dakota Certified General Real Estate Appraiser No. 1488CG  
State of Texas Certified General Real Estate Appraiser No. 1380396

**III. PROFESSIONAL EXPERIENCE**

Novogradac & Company LLP, Partner  
Novogradac & Company LLP, Principal  
Novogradac & Company LLP, Manager  
Novogradac & Company LLP, Senior Real Estate Analyst

**IV. PROFESSIONAL TRAINING**

Educational requirements successfully completed for the Appraisal Institute:  
    Appraisal Principals, September 2004  
    Basic Income Capitalization, April 2005  
    Uniform Standards of Professional Appraisal Practice, various  
    Advanced Income Capitalization, August 2006  
    General Market Analysis and Highest & Best Use, July 2008  
    Advanced Sales Comparison and Cost Approaches, June 2009  
    Advanced Applications, June 2010  
    General Appraiser Report Writing and Case Studies, July 2014  
    Standards and Ethics (USPAP and Business Practices and Ethics)  
    MAI Designation General Comprehensive Examination, January 2015  
    MAI Demonstration of Knowledge Report, April 2016

Completed HUD MAP Training, Columbus, Ohio, May 2010

## **V. SPEAKING ENGAGEMENTS**

Have presented and spoken at both national Novogradac conferences and other industry events, including the National Council of Housing Market Analysts (NCHMA) Annual Meetings and FHA Symposia, National Housing and Rehabilitation Association Conferences, Institute for Professional and Executive Development (IPED) conferences, and state housing conferences, such as Housing Colorado, Idaho Conference on Housing and Economic Development, and Missouri Workforce Housing Association.

## **VI. REAL ESTATE ASSIGNMENTS**

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2003, with an emphasis on affordable multifamily housing.

Conducted and managed appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, HUD MAP Section 221(d)(4) and 223(f) properties, USDA Rural Development, and market rate multifamily developments on a national basis. Analysis includes property screenings, economic and demographic analysis, determination of the Highest and Best Use, consideration and application of the three traditional approaches to value, and reconciliation to a final value estimate. Both tangible real estate values and intangible values in terms of tax credit valuation, beneficial financing, and PILOT are considered. Additional appraisal assignments completed include commercial land valuation, industrial properties for estate purposes, office buildings for governmental agencies, and leasehold interest valuation. Typical clients include developers, lenders, investors, and state agencies.

Managed and conducted market studies for proposed Low-Income Housing Tax Credit, HUD MAP, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis. Property types include proposed multifamily, senior independent living, large family, acquisition/rehabilitation, historic rehabilitation, adaptive reuse, and single family developments. Typical clients include developers, state agencies, syndicators, investors, and lenders.

Completed and have overseen numerous Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Performed and managed market studies and appraisals of proposed new construction and existing properties insured and processed under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.

Performed and have overseen numerous market study/appraisal assignments for USDA RD properties in several states in conjunction with acquisition/rehabilitation redevelopments. Documents are used by states, lenders, USDA, and the developer in the underwriting process. Market studies are compliant to State, lender, and USDA requirements. Appraisals are compliant to lender requirements and USDA HB-1-3560 Chapter 7 and Attachments.

Performed appraisals for estate valuation and/or donation purposes for various types of real estate, including commercial office, industrial, and multifamily assets. These engagements were conducted in accordance with the Internal Revenue Service's Real Property Valuation Guidelines, Section 4.48.6 of the Internal Revenue Manual.



Performed analyses of various real estate asset types subject to USDA 4279-B, Business and Industry Guaranteed Loans, Section 4279.150 guidelines.

Conducted various Highest and Best Use Analyses for proposed development sites nationwide. Completed an analysis of existing and proposed senior supply of all types of real estate, and conducted various demand and feasibility analyses in order to determine level of need and ultimate highest and best use of the site.

Prepared a three-year Asset Management tracking report for a 16-property portfolio in the southern United States. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.

Performed various community-wide affordable housing market analyses and needs assessments for communities and counties throughout the Midwest and Western states. Analysis included demographic and demand forecasts, interviews with local stakeholders, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.

Managed a large portfolio of Asset Management reports for a national real estate investor. Properties were located throughout the nation, and were diverse in terms of financing, design, tenancy, and size. Information compiled included income and expenses, vacancy, and analysis of property's overall position in the market.

Performed appraisals of LIHTC assets for Year 15 purposes; valuations of both the underlying real estate asset and partnership interests have been completed. These reports were utilized to assist in potential disposition options for the property, including sale of the asset, buyout of one or more partners, or potential conversion to market rate.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## SARA N. NACHBAR

### I. EDUCATION

Missouri State University – Springfield, MO  
*Bachelor of Science – Finance*

### II. PROFESSIONAL EXPERIENCE

*Manager, Novogradac & Company LLP*  
*Executive Assistant, Helzberg Entrepreneurial Mentoring Program*  
*Claims Associate, Farmers Insurance Group*

### III. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low Income Housing Tax Credit properties. Analysis included property screenings, valuation analysis, capitalization rate analysis, expense comparability analysis, determination of market rents, and general market analysis.
- Prepared market studies and assisted in appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7/Appendix 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.
- Conducted more than 40 site inspections for market studies and appraisals throughout the United States for various reports including proposed new construction and rehabilitation multifamily projects.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## JONATHON D. SESTAK

### I. EDUCATION

University of Kansas – Lawrence, KS  
Bachelor of Science – Economics

State Certified General Trainee – MO #2018032615

### II. PROFESSIONAL EXPERIENCE

Analyst, Novogradac & Company LLP  
Financial Analyst, Lockton Companies

### III. PROFESSIONAL TRAINING

Basic Appraisal Principles, March 2018  
Basic Appraisal Procedures, April 2018  
15-Hour National USPAP Equivalent, June 2018  
Real Estate Finance Statistics and Valuation Modeling, October 2018  
General Appraiser Sales Comparison Approach, February 2019  
General Appraiser Site Valuation and Cost Approach, June 2019  
General Appraiser Income Approach Part I, November 2019

### IV. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Conducted physical inspections of subject properties and comparables to determine condition and evaluate surrounding markets.
- Employed discount cash flow analysis (utilizing Excel) to value income-producing properties and prepare to analyze cash flow forecasts.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.

# State of Professional Qualifications

## Ryan Houghtaling

### I. Education

Missouri State Universtiy – Springfield, MO  
Bachelor of Science General Business

### II. Professional Experience

Novogradac & Company LLP – August 2018 – Present  
Junior Analyst

State Street Bank – December 2014 – September 2018  
Insurance Services, Fund Administration – Associate I  
Alternative Investment Solutions – Associate II

### III. Research Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Assist in the preparation of market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Conducted physical inspections of subject properties and comparables to determine condition and evaluate surrounding markets.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.