

An examination of historical and projected trends in the demand for and supply of rental housing in the City of Alpharetta

City of Alpharetta Rental Housing Study--Update

Determining the appropriate mix of renter and owner housing in the city

October 27, 2016



BleaklyAdvisoryGroup

TABLE OF CONTENTS

Study Summary	2
Introduction and Purpose of the Study	5
Section 1: Current Rental Housing Demand and Inventory in Alpharetta	8
Section 2: Rental Housing Inventory in Alpharetta	11
Section 3: Current Development Pipeline in Alpharetta	16
Section 4: Regional Trends in Tenure Preference	19
Section 5: Estimated Rental Housing Demand in Alpharetta 2015-2020	23

SUMMARY

The City of Alpharetta engaged Bleakly Advisory Group, Inc. (BAG) to examine the historical relationship between rental and owner housing in the city and, from that analysis, determine an appropriate proportion of future rental housing in Alpharetta. The City of Alpharetta is interested in understanding what has been the historical relationship between renter and owner housing demand and the housing inventory. Understanding this relationship will allow the City to adopt policies in its comprehensive plan and zoning and land use policies that can achieve the desired balance between renter and owner units into the future as Alpharetta continues to grow.

The key findings of the research are as follows:

Existing City Policy and Practice— It has been a long-standing city policy as stated in the Comprehensive Plan to seek to achieve a housing balance of 85% “for sale” housing and 15% “for rent” housing in the city. The City’s comprehensive plan outlines the future land use needs of Alpharetta in terms of acreage that will be required to insure that this is sufficient land area to accommodate the needs of the community. This policy was revised in the recent update to the 2030 Comprehensive Plan to state:

“H Policy 2: Maintain a balance between ‘owner-occupied and ‘renter –occupied’ in Alpharetta such that at least 68% of the housing stock is ‘owner-occupied’ “.

The ratio of “for sale” to “for rent” housing has evolved over the period from 2000 to 2016. In terms of unit additions of the 11,183 units added to the housing inventory over the period, 16% were for-rent units versus 84% were for-sale units. Thus, the city achieved the objective for creating housing balance as outlined in the comprehensive plan. The result of this policy was to see the proportion of the housing inventory in multifamily for-rent units decrease from 33% in 2000 to 26% in 2016.

Current Rental Housing Ratio--Based on the most recent U.S. Census data, in 2014 the percentage of rental households in the city was 36%, which was a lower percentage of rental households than in 2000 and is attributable to the very rapid expansion in the owner housing inventory over the period, out-pacing the rapid growth in rental households that occurred.

OWNER ND RENTER HOUSEHOLDS IN ALPHARETTA 2000-2014						
	2000		2014		Growth 2000-2014	
	N	%	N	%	N	%
Population	34,854		60,903		26,049	25%
Households	13,911	100%	22,200	100%	8,289	40%
Owner Households	8,387	60%	14,101	64%	5,714	32%
Renter Households	5,524	40%	8,099	36%	2,575	53%

Source: U.S. Census, Dicennial and American Community Survey 2000, 2014

The Rental Housing Inventory is Diverse—Alpharetta’s rental housing inventory includes a range of building types. The majority of rental housing units are in apartment complexes with 10 or more units

(55%). Smaller multifamily apartment buildings of 2 to 9 units account for an additional 18% of the rental housing inventory. Single family detached housing represents 19% and townhouses an additional 7% of the rental inventory.

Characteristics of Rental Apartment Complexes—There are 19 apartment complexes in Alpharetta. Their average age is 19 years old. Of the 19 complexes, five were developed since 2000, eight were developed in the 1990s and the balance dates from the 1980s. There is a total of 6,316 units in the 19 complexes. The 19 projects average 332 units in size. Currently vacancies in Alpharetta’s rental apartment complexes are low-- less than 4%. Asking rents are currently averaging \$1,322 per unit across the inventory.

Building Permit Activity—A review of building permit activity since 2000 shows that over the 17-year period a total of 4,959 units were permitted by the City. Of that total, 3,445 single family units, or 70%, were authorized. A total of 1,514 units, or 30%, were for units in buildings of five or more units, the vast majority of which were rental apartments.

Housing Development Pipeline--There are currently 2,109 new units of owner-occupied housing either recently completed, under construction or approved for development in Alpharetta. These units are generally either single family detached housing or townhomes with some condominium stacked flats. An additional 555 renter units have been approved for development. Thus, rental housing accounts for 21% of the total housing units in the development pipeline.

Regional Rental Housing Trends—In Alpharetta rental housing accounts for 36% of the housing inventory. By comparison, in North Fulton County renter units account for 30% of the housing inventory. Looking more broadly at the North Atlanta Metro (Cobb, Cherokee, Forsyth and North Fulton Counties), rental housing represents 30% of the housing inventory in this region. Thus, at 36% if its inventory, Alpharetta has one of the highest proportions of rental housing in the North Atlanta Metro region. A substantial portion of Alpharetta’s rental housing inventory is in single family housing at 26% and larger apartment complexes at 55%. A slightly higher percentage of Alpharetta’s rental inventory has been constructed since 2000 than in North Fulton and North Metro Atlanta.

Impact of Future Growth in Rental Units on Inventory—Based on estimates of future demand for housing in Alpharetta over the next five years, the current inventory of owner and renter housing in Alpharetta would change, as shown below. Two estimates of impact of future additions to the housing stock were analyzed. The first assumes that the future growth in the housing stock follows the historic pattern of approximately 2% annually and in Option A, the tenure preference is based on the current ratio of 36% rental and 64% owner. Under Option B, it is assumed that the tenure preference is consistent with the regional ratio of 30% rental and 70% owner. As shown, the impact that these two ratios have on the city’s overall tenure mix in the housing inventory is minimal. There is approximately a 150-unit difference in the total number of rental units under the two options, and these differences are so minor that the overall tenure ratio in the city remains very similar under both options—34% to 35%

renter and 65% to 66% owner. What this demonstrates is that short-term changes in tenure preference have little long-term impact on the tenure mix of the city's overall housing stock.

IMPACT OF ALTERNATIVE TENURE PATTERNS ON ALPHARETTA'S HOUSING STOCK 2016-2021												
	Alpharetta Housing Stock		Additions In Pipeline	Housing Stock		Option A: Existing Growth			Option B: Existing Growth			
	2014	%		2016-2017	%	Existing Ratio	Total	%	Regional Ratio	Total	%	
Owner	14,101	64%	2,109	16,210	65%	1,596	16,658	65%	1,745	17,955	66%	
Renter	8,099	36%	555	8,654	35%	897	9,150	35%	748	9,402	34%	
Total	22,200	100%	2,664	24,864	100%	2,493	25,808	100%	2,493	27,357	100%	

Source: BAG

We conclude from this analysis city policy should work towards a long-term goal of rental housing accounting for between 28% and 36% of the housing inventory. Recently, the city as part of its comprehensive plan update, established a goal of 32% of the overall housing inventory as rental housing. This long-range goal would be consistent both with historical renter ratios in the city and with regional trends in the North Atlanta metro region.

This goal could be achieved in several ways: one approach would be to consider placing a cap on rental housing applications of between 93 and 159 units per year, which is derived from applying the 32% ratio to the total number of building permits issued in Alpharetta over the 2000-2016 period, and an estimate of the potential volume of future permits over the next five years based on the housing demand forecast:

- Total Permits issued 2000-2016: 4,959 units
- Average Permits issued 2000-2016: 292 units
- Permits issued 2016-2021 based on demand: 498 units
- Targeted Rental Unit Proportion at 32%: 93-159 units annually
- Average Rental Unit Proportion at 32%: 126 units annually

If, in a given year some or all of the targeted rental units were not permitted they could carry over to the next year. The total number of targeted rental unit permits could be adjusted every five years to reflect recent trends in total permitting activity. Permits for new units to be created on the site of existing rental apartments could be exempted from this annual limitation as an incentive to redevelop older complexes.

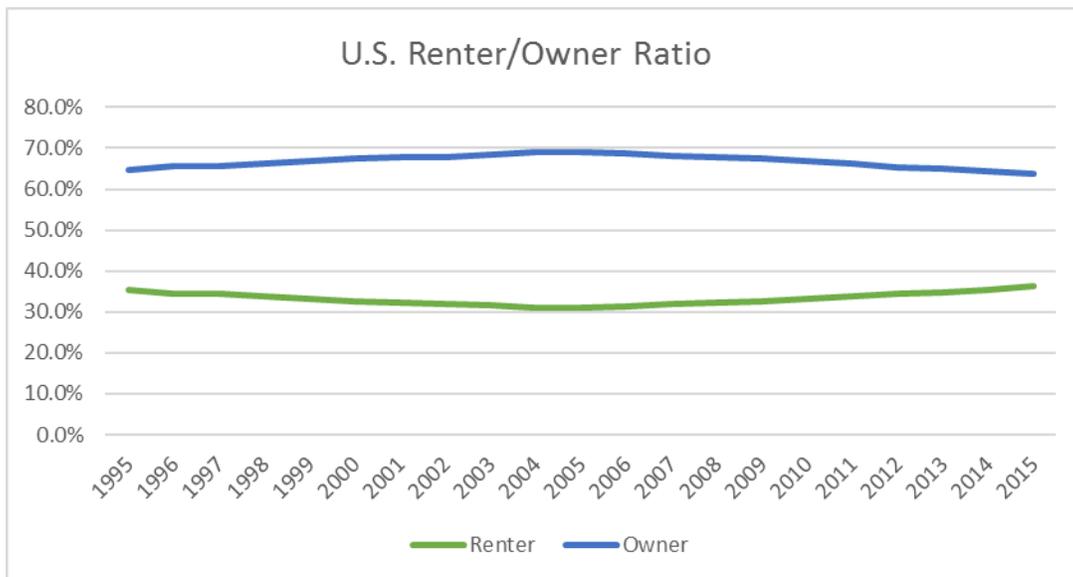
Presented in the following sections is a more detailed discussion of the research which supports these findings.

INTRODUCTION AND PURPOSE OF THE STUDY

The City of Alpharetta engaged Bleakly Advisory Group, Inc. (BAG) to update its examination of the historical relationship between rental and owner housing in the city and, from that analysis, determine an appropriate proportion of future rental housing in Alpharetta, based on more recent data. The City of Alpharetta is interested in understanding what has been the historical relationship between renter and owner housing demand and the housing inventory. Understanding this relationship will allow the City to adopt policies in its comprehensive plan, zoning and land use policies that can achieve the desired balance between renter and owner units into the future as Alpharetta continues to grow.

The balance between renter and owner housing in a community is an outcome of a complex interaction of a number of factors including: land values in an area, local land use policies, the historical pattern of development in area in terms of both the relative presence of residential and non-residential land uses, and the level of suburbanization/urbanization that has occurred over time. Another key variable is the characteristics and preferences of households in the area. National economic trends also play a role in the relationship between rental and owner housing.

For example, as shown below national data on renter/owner ratios from U.S. Census data, reported by the Harvard Joint Center for Housing Studies, shows there have been fluctuations over the past 20 years in the percentage of renter/owner ratio partly due to the Great Recession and its aftermath.



The data shows that the ratio between renter and owner housing has generally ranged within a constrained band, with rental housing accounting for between mid-to-low 30% of the housing stock and owner housing ranging from a high of 69% down to 63.7% in recent years. The Great Recession clearly has had a long-lasting impact on the renter to owner ratio, with renter housing increasing from 32% to just short of 36% over the period, while ownership rates dropped from a high of 69% in 2007 to 63.7% by 2015.

The purpose of this study is to analyze what has been the ratio of rental housing demand and supply in the City of Alpharetta in the past and given that pattern, what would be the appropriate ratio between renter and owner housing development in the city in the future. This information can provide the basis for the city to establish land use policies for the future that will be designed to achieve the appropriate balance between these two tenure types in Alpharetta's housing inventory.

EXISTING CITY POLICY AND PRACTICE

The City's comprehensive plan outlines the future land use needs of Alpharetta in terms of acreage that will be required to insure that this is sufficient land area to accommodate the needs of the community. The Housing Element of the 2030 Comprehensive Plan states:

"Housing Policy 2: Maintain a balance between residential buildings designed "for sale" and residential buildings designed "for rent" in Alpharetta such that at least 85% of the housing stock is "for sale" (p.20).

The recent update of the city's comprehensive plan has modified this policy as follows:

"H Policy 2: Maintain a balance between 'owner-occupied and 'renter-occupied' in Alpharetta such that at least 68% of the housing stock is 'owner-occupied' "

As shown in the exhibit below, the ratio of "owner-occupied" to "renter-occupied" housing has evolved over the period from 2000 to 2016. During that period, based on the city's housing inventory count, the total number of housing units in the city approved as single family for-sale increased by 74% from 13,894 units to 25,077 units by 2016. The greatest growth was in single family for-sale units which grew from 9,289 to 18,678 a growth rate of 101% over the period. Multifamily units designed for rent increased but at a slower pace—from 4,605 to 6,399 units or 34% over the period. In terms of unit additions of the 11,183 units added to the housing inventory over the period, 16% were for-rent units versus 84% for-sale. Thus, the city achieved the objective for creating housing balance as outlined in the initial comprehensive plan. The result of this policy was to see the proportion of the housing inventory in multifamily for-rent units decrease from 33% in 2000 to 26% in 2016.

HOUSING UNIT INVENTORY BY UNIT TYPE FOR ALPHARETTA 2000-2016																	
Households	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
Single Family	9,289	9,366	9,611	9,867	10,100	11,914	17,052	17,331	17,415	17,447	17,586	17,681	17,800	17,921	18,209	18,475	18,678
Multi-Family	4,605	4,880	4,893	4,893	4,893	5,084	5,186	5,396	5,396	5,396	5,396	5,762	5,762	6,012	6,012	6,399	6,399
Total	13,894	14,246	14,504	14,760	14,993	16,998	22,238	22,727	22,811	22,843	22,982	23,443	23,562	23,933	24,221	24,874	25,077
% Multi-Family	33%	34%	34%	33%	33%	30%	23%	24%	24%	24%	23%	25%	24%	25%	25%	26%	26%

* Thru 9/30/16

Source: City of Alpharetta/BAG

In this analysis, we will examine a number of questions related to determining the appropriate balance of renter and owner housing in Alpharetta:

1. *What is the current relationship between owner and renter housing in the city?*
2. *What are the characteristics of rental households in the city?*

3. *What is character of the rental housing stock in terms of unit types, age, rents, and additions to supply?*
4. *What projects are currently in the development pipeline in Alpharetta, both owner and renter?*
5. *What are the trends in the region in terms of the balance between renter and owner housing?*
6. *What is the anticipated demand for rental housing in the city in the next 5 years and what changes to the housing inventory will be needed to meet that demand?*
7. *What are the recommendations regarding the most appropriate ratio of renter and owner housing in city going forward?*

SECTION 1: EXISTING ALPHARETTA HOUSEHOLDS, THEIR TENURE PREFERENCES AND CHARACTERISTICS

This section of the report examines the current households who live in Alpharetta, their tenure preference and the key characteristics of rental households.

GROWTH IN HOUSEHOLDS IN ALPHARETTA AND THEIR TENURE PREFERENCE

As seen in the following exhibit, the city of Alpharetta has experienced a period of significant growth since 2000. From 2000 to 2014 the city's population increased from 34,854 to 60,903 residents, a growth of 75% over the 14-year period. During the same time, households increased from 13,911 to 22,200 by the end of the period. This represented a 60% increase in the number of households in the city. During this period the number of rental households increased from 5,524 to 8,099, an increase of 47%. Owner households grew at a more rapid rate from 8,347 to 14,101 by 2014, this represented a 68% growth in owner households over the period.

In 2000 rental households represented 40% of all households in Alpharetta. By 2014 the percentage of rental households was 36%; this lower percentage of rental households in the city is likely attributable to the very rapid expansion in the owner housing inventory over the period, outpacing the rapid growth in rental households that also occurred.

OWNER ND RENTER HOUSEHOLDS IN ALPHARETTA 2000-2014						
	2000		2014		Growth 2000-2014	
	N	%	N	%	N	%
Population	34,854		60,903		26,049	25%
Households	13,911	100%	22,200	100%	8,289	40%
Owner Households	8,387	60%	14,101	64%	5,714	32%
Renter Households	5,524	40%	8,099	36%	2,575	53%

Source: U.S. Census, Decennial and American Community Survey 2000, 2014

CHARACTERISTICS OF RENTER HOUSEHOLDS IN ALPHARETTA

Renter households in Alpharetta have characteristics that differentiate them from the overall household characteristics in the city. Alpharetta's rental households have the following characteristics:

- **They are small**—39% are singles, versus 26% of all Alpharetta households. 64% are composed of one or two-persons versus 54% of households citywide.
- **Family households, while in the majority, are less common**—55% of all renter households are families versus 71% of all households in the city. Married couples account for only 39% of renter households while they represent 59% of all households citywide.
- **There are more single parent households**—16% among renters versus 12% of all households citywide.

- **Children are less common**—only 38% of renter households have children present versus 44% of all households in the city.
- **Millennial and Generation X households predominate**— of all renter households, 43% are members of the Millennial generation (born from 1985 to 2000) and an additional 49% are Generation X (born 1965 to 1984) households. By contrast, households citywide are dominated by Generation X at 75%.

RENTER HOUSEHOLD CHARACTERISTICS IN ALPHARETTA, 2014		
	All HHs	Rental HHs
Number of Households	22,200	8,099
Household Size		
1-person	25.6%	39.0%
2-person	28.2%	25.0%
3-person +	46.2%	36.0%
Household Type		
Family Households	70.8%	54.9%
Married Couples	58.9%	38.6%
Single Parent-Female	9.1%	13.6%
Single Parent-Male	2.8%	2.7%
Non-Family Households	29.2%	45.1%
Singles	25.6%	39.1%
2 or more Persons	3.6%	6.1%
Children Present		
With Children	43.9%	37.9%
Without Children	56.1%	62.1%
Age of Householder (Married Couples)		
Householder 15-34	15.5%	43.2%
Householder 35-64	75.0%	48.9%
Householder 65+	9.5%	7.9%

Source: U.S. Census, 2014 Community Survey

Rental households in Alpharetta encompass a wide range of incomes but in a pattern that differs from owner households. The 8,099 renter households in Alpharetta in 2014 had a median income of \$56,752 which is 50% of the median income of owner households at \$114,598. In terms of their income distribution, relatively few rental households have incomes of \$25,000 or less--only 21%. The largest percentage of Alpharetta renters have incomes between \$25,000 and \$74,999, accounting for 46% of all Alpharetta renter households they would typically be classified as workforce households. Among rental households approximately 20% have incomes more than \$100,000. By comparison, among owner households, 56% have incomes of \$100,000 or more. The majority of renters make greater than \$50,000 annually.

While the overall percentage of renter households in Alpharetta is 36% there is significant variation by income levels. As shown in the exhibit, Alpharetta households with incomes of \$50,000 or less are predominantly renters (64%). By comparison, among households with incomes of \$100,000 or more rental households represent only 20%. Thus, while the proportion of renter households varies significantly by income level, there is a significant presence of renter households at all income levels with the exception of the most affluent (\$150,000+).

DISTRIBUTION OF HOUSEHOLD INCOME IN ALPHARETTA 2014					
Household Income	Renter		Owner		% Renter
	%	Number	%	Number	
\$24,999 or less	20.7%	1,676	6.2%	874	65.7%
\$25,000-\$49,999	22.8%	1,847	7.7%	1,086	63.0%
\$50,000-\$74,999	22.8%	1,847	14.4%	2,031	47.6%
\$75,000-\$99,999	13.9%	1,126	15.4%	2,172	34.1%
\$100,000-\$149,999	13.3%	1,077	22.4%	3,159	25.4%
\$150,000+	6.5%	526	33.9%	4,780	<u>9.9%</u>
Median/ # HHs	\$ 56,752	8,099	\$ 114,598	14,101	36.5%

Source: U.S. Census American Community Survey

SECTION 2: THE RENTAL HOUSING INVENTORY IN ALPHARETTA

This section of the report examines the characteristics of the rental housing inventory in Alpharetta as it has changed over time. Often rental housing is analyzed chiefly from the perspective of the rental apartment complex inventory, but as this section will show, there are significant other portions of the city's housing inventory that meets the range of the rental housing demand in Alpharetta.

GROWTH IN THE RENTAL HOUSING INVENTORY

Since 2000 Alpharetta has experienced a period of substantial growth both in its population and households and in the size of its housing inventory. In 2000 there was a total of 14,760 housing units in the city, 759 of which were vacant, or 5.2%. At that time, there was a total of 13,911 occupied housing units, 60% of which were owner occupied and 40% renter occupied. By 2014, the city's housing inventory expanded to 23,337 units or 59%, and 1,137 of those units were vacant, maintaining a consistent 5% of the total housing inventory. The occupied housing inventory increased to 22,200 units, which was a growth of 60% over the 14-year period. During that period, the growth in owner occupied units significantly out-paced the growth in the rental inventory, resulting in a ratio of 64% owner occupied and 36% renter occupied units by 2014.

HOUSING STOCK AND OCCUPANCY TRENDS IN ALPHARETTA, 2000-2014					
	2000		2014		2000-2014
	Number	%	Number	%	Change
Total Housing Units	14,670	100%	23,337	100.0%	59.1%
Vacant Units	759	5.2%	1,137	4.9%	49.8%
All Occupied Units	13,911	94.8%	22,200	95.1%	59.6%
Owner Occupied	8,387	60.3%	14,101	63.5%	68.1%
Renter Occupied	5,524	39.7%	8,099	36.5%	46.6%

Source: U.S. Census, American Community Survey 2014

CHARACTERISTICS OF THE RENTAL HOUSING STOCK

Alpharetta's rental housing inventory includes a range of unit types. The predominant type of rental housing is in apartment complexes with 10 or more units (55%). Smaller multifamily apartment buildings of 2 to 9 units account for an additional 18% of the rental housing inventory. Single family detached housing represents 19% and townhouses an additional 7% of the rental inventory. Thus, there is a diverse range of housing types in the Alpharetta's rental housing inventory. This is in contrast with the owner housing which is dominated by single family detached units and townhomes—representing 98% of the owner inventory.

Given the rapid growth that has occurred in Alpharetta in recent decades, much of the housing inventory is well-established. The existing rental housing inventory was largely built in the period from 1980 to 1999, when 61% of the current units were constructed. The oldest portion of that inventory is now 35 years old, which can be late in the economic lifecycle of apartments if they have not been

upgraded and well-maintained over the period. Since 2000, 26% of the city's existing rental inventory was constructed, providing the newest options for rental households. These trends are generally consistent with the age of the owner occupied inventory as well, with most of the units constructed in the 1980 to 1999 period and approximately one in five of the current owner units constructed since 2000. This pattern reflects the rapid suburbanization of North Fulton County that occurred in the last 30 years.

CHARACTERISTICS OF ALPHARETTA'S HOUSING STOCK 2014		
	Owner	Renter
Occupied Units	14,101	8,099
Units in Structure	100.0%	99.7%
1 detached	88.8%	18.9%
1 attached	9.5%	7.4%
2-4 units	0.2%	5.1%
5-9 units	0.3%	13.2%
10 or more units	1.1%	54.8%
mobile	0.1%	0.3%
Age of Structure	100.0%	100.0%
2010+	0.8%	0.6%
2000-2009	17.5%	25.3%
1980-1999	75.4%	60.8%
1960-1979	5.4%	11.6%
Pre 1960	0.9%	1.7%

Source: U.S. Census, American Community Survey

RENTS IN ALPHARETTA

Rental rates in Alpharetta have changed significantly since 2000, as reported by the U.S. Census. As shown in the following exhibit, the median rent in the city in 2000 was \$908 per month across the inventory of 5,505 rental units, as self-reported by rental households. By 2010, the inventory of rental housing had increased to 6,746 units and the median rents had increased to \$1,037 per month. This represented a 14% increase over the period from 2000 to 2010, which was a modest increase, likely reflecting the negative impacts of the Great Recession that dominated the latter half of this decade. By 2014, reported rents had increased to \$1,142 per month and the rental inventory had expanded to 7,784 units. This represented a 10% increase in rents over three years, outpacing the previous decade's rate of increase.

In terms of the distribution of rents the most typical band of rents in Alpharetta increased from \$500-\$999 in 2000, to \$1,000-\$1,499 per month in 2010, and even more dominantly in 2014. In 2014 only 2.9% of units in Alpharetta rented for \$500 or less while 13.4% rented for greater than \$1,500 per

month. The new rental inventory in Avalon, with advertised prices of \$1,750 to \$2,025 per month for a one bedroom unit, boosted the proportion of high-cost units in Alpharetta.

RENTS IN ALPHARETTA 2000-2014			
	2000	2010	2014
Occupied Rental Units	5,505	6,746	7,784
Monthly Gross Rent			
\$499 or less	6.0%	2.1%	2.9%
\$500-\$999	66.9%	42.8%	27.5%
\$1,000-\$1,499	24.9%	48.4%	56.2%
\$1,500+	2.2%	6.7%	13.4%
Total	100.0%	100.0%	100.0%
Median Monthly Rent	\$ 908	\$ 1,037	\$ 1,142

Source: 2000 U.S. Census/ American Community Survey

CHARACTERISTICS OF ALPHARETTA'S RENTAL APARTMENT COMPLEXES

Since a substantial portion of Alpharetta's rental inventory is in apartment complexes the key characteristics of this portion of the rental inventory merit additional focus. As shown below, there are currently 19 apartment complexes in Alpharetta that are tracked by CoStar, a national real estate database provider. Their average age is 19 years old. Of the 19 complexes, five were developed since 2000, eight were developed in the 1990s and the balance date from the 1980s.

As of October, 2016, there are a total of 6,316 units in the 19 complexes as reported by Costar. (This is significantly higher than the inventory data from the Census reported early in this section that indicate there were 5,507 units in multifamily complexes of five units or more. It appears the Census data from 2014 did not include in the inventory at Haven at Avalon with 250 units that were built in 2014 and 2015 and likely did not capture some or all the AMIL at North Point complex with 399 units, which was constructed in 2012 but occupied over the next 18 months. Adjusting for these two complexes results in a total rental unit count that is very close to the Census reported totals in 2014.)

The 19 projects have a total of 6,316 units or an average of 323 units per complex. Several of the complexes are smaller in scale with approximately 100 units and three of the complexes have in excess of 400 units—AMLI at Northwinds, Manchester at Mansell Apartments, and AMLI at Milton Park.

Current vacancies in Alpharetta's rental apartment complexes are very low--the overall vacancy rate is 3.6%. This reflects the resurgence in the rental apartment market that began near the end of the Great Recession and has continued to generate high occupancy levels and rising rents during this period.

The average apartment unit in Alpharetta is approximately 1,057 SF with the majority of the inventory in one- and two-bedroom unit configurations.

Asking rents are currently averaging \$1,322 per unit across the inventory. Within the 19 complexes, only Saddle Creek Apartments has an average rent below \$1,000, five complexes average rents from \$1,000 to \$1,249, 11 complexes average rents between \$1,250 and 1,499, and only two, Haven at Avalon, and AMLI North Point have average asking rents above \$1,500 per unit per month.

INVENTORY OF CURRENT RENTAL APARTMENT COMPLEXES IN ALPHARETTA , 2016						
Rental Apartment Complexes	Address	Year Built	Units	Vacancy %	Average SF	Asking Rent
Haven at Avalon	1213 Avalon Blvd	2014	250	3.9	1,001	\$ 2,127
AMLI North Point	9000 Beaver Creek Rd	2012	366	4.8	1,013	\$ 1,611
The Pointe at Preston Ridge	950 Executive Dr	1988	266	4.8	1,147	\$ 1,291
Parc Alpharetta	1000 Fanfare Way	2006	210	5.1	1,061	\$ 1,610
AMLI at Northwinds	32000 Gardner Dr	1997	799	4	1,046	\$ 1,281
Manchester at Mansell Apartments	401 Huntington Dr	1984	468	2.1	1,241	\$ 1,088
ALARA North Point	900 Jameson Pass	1998	264	4.9	1,100	\$ 1,250
Collingwood Apartment Homes	3400 Kimball Bridge Rd	1997	342	1.6	1,057	\$ 1,197
The Lakes at Windward Apartment Homes	905 Lake Union Hill Way	1988	294	2.7	969	\$ 1,182
The Lex	1000 Lexington Farms Dr	1995	363	1.7	1,080	\$ 1,390
Windward Place	3080 Market Pl	1996	288	2.2	1,150	\$ 1,238
The Ascent @ Windward	18000 Masters Way	1998	328	2.7	1,075	\$ 1,407
Saddle Creek Apartments	1465 Mid Broadwell Rd	1996	99	0.0	950	\$ 715
AMLI at Milton Park	26000 Mill Creek Ave	2002	461	3.2	1,011	\$ 1,313
Wood Bridge Apartments	680 Park Bridge Pky	1995	352	6.6	1,124	\$ 1,434
ALARA Park Bridge	15000 Parkview Ln	2000	352	4.9	1,033	\$ 1,313
Cypress Point Apartments	3500 N Point Pky	1995	306	6	949	\$ 1,274
Belmont at Park Bridge Apartments	150 Rockberry Ln	1988	344	2.9	918	\$ 1,042
Webb Bridge Crossing Apartments	5000 Webb Bridge Ct	1986	164	1.2	1,044	\$ 1,307
AVG / TOTAL		1997	6,316	3.6%	1,057	\$ 1,322

Source: CoStar

SINGLE FAMILY AND MULTIFAMILY BUILDING PERMIT ACTIVITY

An additional useful perspective on changes in Alpharetta's rental housing inventory can be gained from a review of building permit activity since 2000 that shows that over the 14-year period a total of 4,959 units were permitted by the City. Of that total, 3,445, or 70%, were for single family units and 1,514, or 30%, were for buildings with five or more units. There is currently a very small inventory of multifamily condominium units in the city, so the majority of these permits were likely for the inventory of new apartment units developed during the period. (CoStar data on current apartment complexes reports that 1,639 units were constructed since 2000, with the ALARA Park Bridge complex likely constructed based on permits issued before 2000, which reconciles to the total permits issued.)

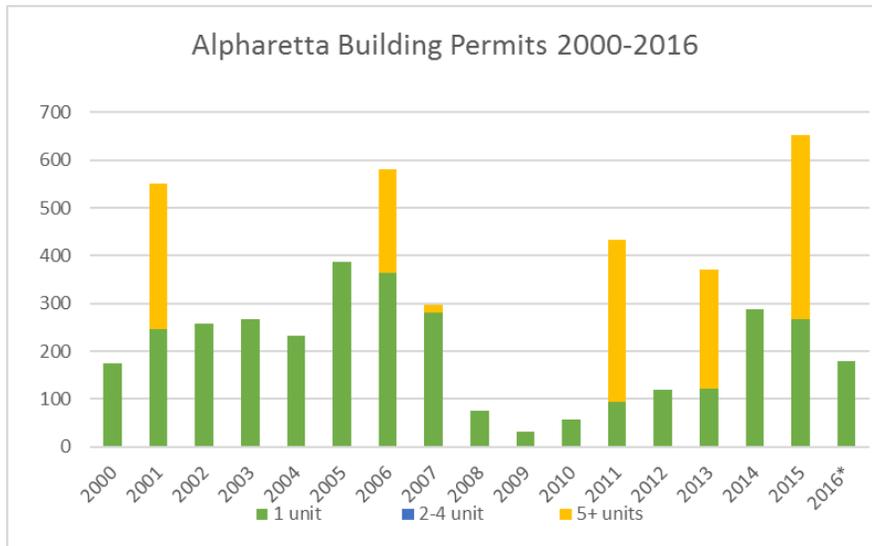
As is typical in other communities the pattern of new multifamily permits is erratic when compared to the rather steady rate for single family units. The 1,514 multifamily units authorized since 2000 occurred in just 6 years of the 17-year period, while there was some level of single family permits issued each year of the period. However, the effect of the Great Recession on the growth of Alpharetta's housing stock is clear. From 2000 to the 2007 there was an average of 277 single family permits issued annually, with the peak of 388 in 2005. From 2008 through 2016 the average number of single family

permits was just 137 per year, with a peak of 288 single family permits issued in 2014, the most since 2007.

BUILDING PERMIT ACTIVITY IN ALPHARETTA 2000-2016				
Year	1 unit	2-4 unit	5+ units	Total
2000	175	0	-	175
2001	246	0	304	550
2002	258	0	-	258
2003	267	0	-	267
2004	233	0	-	233
2005	388	0	-	388
2006	365	0	216	581
2007	280	0	17	297
2008	76	0	-	76
2009	32	0	-	32
2010	57	0	-	57
2011	94	0	340	434
2012	119	0	-	119
2013	121	0	250	371
2014	288	0	-	288
2015	266	0	387	653
2016*	<u>180</u>	<u>0</u>		<u>180</u>
	3,445	-	1,514	4,959

* January-August

Source: U.S. Census--Annual Building Permits



SECTION 3: THE DEVELOPMENT PIPELINE IN ALPHARETTA

The preceding sections of the report focused on the current characteristics of rental households and the rental housing inventory in Alpharetta. This section examines future changes to the housing inventory in the city that were either just completed, already under construction or have been approved through the regulatory process for future development.

As shown in the exhibit below, between 2015 and the first ten months of 2016, there were 232 single family and townhome units completed in eight new developments. In addition, there are currently 1,380 new units of additional owner-occupied housing under construction in 26 new developments in the city. These units are generally either single family detached housing or townhomes, along with two condominium/stacked flat developments under construction. An additional 497 owner-occupied units have been approved for future development in fifteen new developments, resulting in a total of 2,109 owner units either recently completed or in the development pipeline in Alpharetta. The completion of these units will result in a 15% addition to the city's current owner-occupied inventory.

FOR-SALE PROJECTS COMPLETED, UNDER CONSTRUCTION OR APPROVED, 2015-2016							
Development	Unit Type	Complete		Under Construction		Approved	
		Units	Acres	Units	Acres	Units	Acres
The Georgian	TH	54	5				
Fern Creek	SF	21	13				
Kimball Bridge Walk	TH	36	8				
Cogburn Walk	TH	23	9				
Broadwell House	TH	6	0.7				
Alpharetta Lofts	Flats	36	1				
Broadwell Development	SF	20	9.1				
Vaughan Drive Townhomes	TH	<u>36</u>	<u>4</u>				
Subtotal		232	49.8				
Rumson Point	SF			19	11		
Hearthstone Phase I& II	SF			77	57		
Eastgate	SF			91	42		
Enclave at Willis Park	SF			28	8.7		
Ruth's Farm	SF			49	10		
Windsong Townhomes	TH			32	5		
Parc at Cogburn	TH			19	6		
Overture at Encore Townhomes	TH			76	11.7		
Webb Bridge Preserve	SF			8	4.4		
Winthrop Park Townhomes	TH			47	5.8		
Academy Street Tract	TH/SFD			83	10.4		
River Rock Development	Flats			24	2.4		
Beecham Group/Old Milton Pkwy	TH			15	1.9		
Windward Park	TH			187	19		
Avalon Phase I	SF			101	86		
Hearthstone Phase III	SF			31	22		
Harris Walk	SF			13	3		
Avery Square	SF			19	9.1		
Creekside at Encore Townhomes	TH			38	6		
Twelve on Canton	SF			12	5.5		
Spruell	SF			20	4.4		
Old Milton Holdings	SF/TH/Flats			186	21		
Kimball at Northwinds	SF			130	33		
City Center	TH			42	5		
Charlotte Drive	SF			5	3.1		
Canton Street Commons	TH/SFD			<u>28</u>	<u>4.1</u>		
Subtotal				1,380	397.5		
Stonewalk	TH					20	2
Olmstead Park Townhomes	TH					21	2
Charlotte Drive	SF					5	3.1
Thompson Street Investments	TH					35	5.9
Providence Group, Old Milton Pkw	TH					49	7.1
Thompson Street Flats Kairos	Flats					24	2.4
Nathan Circle Rob Forrest	SF					2	0.7
Old Milton Holdings	SF/TH					17	2.2
Windward Park II	TH/Flats					224	18.9
Oak Hall Companies/Webb Bridge	SF					45	30
Lot 12/Fox Road	SF					22	9.6
Lehigh Homes 130 Cumming St	SF					9	3
Aycock	SF					7	1
Old Rucker Road/Garrett	SF					2	3.5
Duke Realty Windward Pod 66	SF					<u>15</u>	<u>15.7</u>
Subtotal						497	107.1
Total						2,109	554.4

Source: City of Alpharetta/BAG

Rental units are also in the current development pipeline. A total of 555 units have been approved for Westside at Encore, Avalon Phase II, and City Center. The Avalon Phase II units are under construction with deliver due in the spring of 2017. Combing these units with the future construction of the 279 units in Westside at Encore and City Center will add an additional 3% to the city's current rental housing inventory when completed.

RENTAL APARTMENTS APPROVED IN ALPHARETTA 2015-2016	
Development	Units
Westside at Encore	111
Avalon II	276
City Center	<u>168</u>
Approved Total	555

Source: City of Alpharetta/BAG

This significant level of development activity in Alpharetta reflects the robust return of the North Fulton housing market in the last three years as the effects of the Great Recession continue to wane combined with the strong appeal of the North Fulton market in general, and Alpharetta in particular, for new development. This current real estate up-cycle is stimulating a strong response from the development community and also likely reflects addressing some level of pent-up demand that was not being satisfied during the Great Recession when capital for real estate development had largely dried up.

RECENT TRENDS IN OWNER/RENTER RATIO, ALPHARETTA				
	Permitted		Devel. Pipeline	
	2000-2016		2016-2017	
	N	%	N	%
Owner	3,445	69%	2,109	79%
Renter	1,514	31%	555	21%
Total	4,959	100%	2,664	100%

Source: City of Alpharetta/BAG

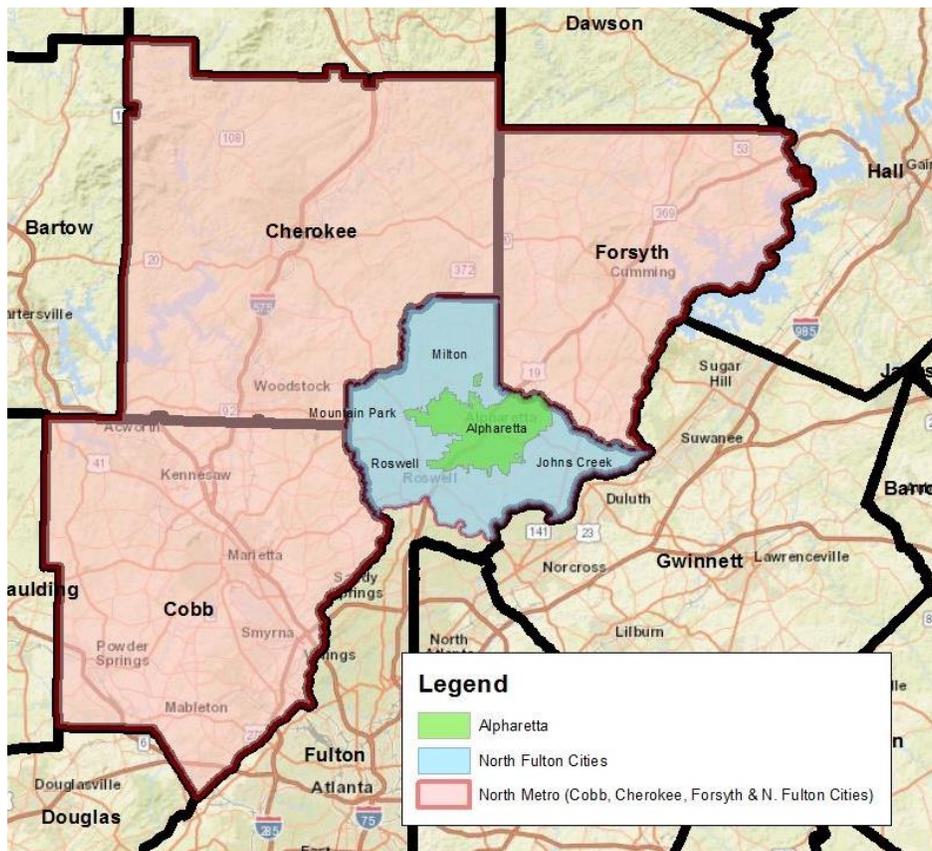
A comparison of the most recent trends in housing construction in Alpharetta indicates a consistent pattern since 2000. Based on building permits over the 17 years from 2000 to 2016, multifamily units, which are most likely rental units, account for 31% of all permits over the period. Looking at the development pipeline for the next 24 months, it appears that a lower percentage of new housing units will be rental, 21%, than was authorized by permits in the previous period. Thus, by either measure, the proportion of new rental units is somewhat lower than the current ratio of 64% owner units and 36% renter units in the existing inventory averaging between 21% and 31% over the period since 2000. This suggests that if these trends continue, in the future the overall proportion of the total housing units in the rental inventory will gradually decline, even though new rental units continue to be added.

SECTION 4: ALPHARETTA RELATIVE TO REGIONAL TRENDS IN RENTAL HOUSING

The previous sections focused exclusively on rental housing market conditions in Alpharetta. This section examines regional rental housing trends and compares those trends to the condition of the rental housing market in the city.

RENTER TO OWNER RATIO IN THE REGION

Presented below is an analysis of the ratio between renter and owner housing in portions of the Atlanta region that appear to be most comparable with Alpharetta. This analysis examines the ratio of renter and owner housing units in the combined municipalities in North Fulton County and for the North Atlanta Metro area, which we defined as the counties of Cherokee, Cobb, Forsyth, and North Fulton County (the portion of the county north of Sandy Springs).



This subarea of metro Atlanta shares a similar suburban development pattern to Alpharetta over the past 20 years and captures the heart of the rapidly suburbanizing northern suburbs of the Atlanta region. Generally, the area has transitioned from a semi-rural exurban area in the 1980s to some of the Atlanta region's most rapidly growing suburban communities of the past three decades.

RENTER AND OWNER RATIO, ALPHARETTA, NORTH FULTON AND NORTH ATLANTA METRO, 2014

	Alpharetta	North				North
		Fulton	Cherokee	Cobb	Forsyth	Metro
Housing Units	22,200	95,489	77,654	264,805	59,633	497,581
Owner Occ.	14,101	66,684	60,780	172,044	50,733	350,241
Renter Occ.	8,099	28,805	16,874	92,761	8,900	147,340
Owner Occ. %	64%	70%	78%	65%	85%	70%
Renter Occ. %	36%	30%	22%	35%	15%	30%

Source: U.S. Census, American Community Survey, 2014

As noted earlier, rental housing in Alpharetta accounts for 36% of the housing inventory in the city. By comparison, in North Fulton County rental housing represents 30% of the housing inventory. Looking more broadly at the North Atlanta region, rental housing represents 30% of the housing inventory in this area. In terms of its constituent counties, Cobb has the highest percentage of rental units at 35%, followed by North Fulton. The lowest proportion of renter housing is found in Forsyth County at 15%. Thus, Alpharetta, with 36% of its housing inventory in renter units, has one of the highest proportions of rental housing in North Fulton, and in the broader North Atlanta metro region.

Presented below is a comparison of the owner and renter housing stock in Alpharetta and North Fulton and the North Atlanta metro region. In terms of the rental housing inventory a significant portion of the rental housing inventory is single family detached and attached units. In Alpharetta, it is 26% which is a significant percentage of all rental units, but below North Fulton at 31% and the North Metro area at 38%. The reason the proportion of the rental inventory in single family units is so high in North Metro is attributable to the lack of a significant inventory of larger rental complexes. In North Metro larger rental complexes account for only 39% of the rental inventory and in North Fulton 49% versus 55% in Alpharetta. Thus, Alpharetta has a higher portion of its rental housing inventory in larger apartment complexes than other North Metro areas.

In terms of the age of its rental inventory, Alpharetta's is comparable to the age of the rental stock in North Fulton and North Metro. For example, in Alpharetta approximately 26% of the rental housing inventory has been constructed since 2000, versus 22% in North Fulton and 22% in North Metro.

CHARACTERISTICS OF HOUSING STOCK - ALPHARETTA, NORTH FULTON, NORTH METRO, 2014						
	Alpharetta		North Fulton		North Metro	
	Owner	Renter	Owner	Renter	Owner	Renter
Occupied Units	14,101	8,099	66,684	28,805	350,241	147,340
Units in Structure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1 detached	88.8%	18.9%	87.4%	21.2%	89.5%	31.2%
1 attached	9.5%	7.4%	10.2%	9.5%	7.3%	6.9%
2-4 units	0.2%	5.1%	0.6%	6.8%	0.5%	7.9%
5-9 units	0.3%	13.2%	0.6%	13.1%	0.5%	12.2%
10 or more units	1.1%	54.8%	1.0%	49.1%	0.6%	38.8%
mobile	0.1%	0.6%	0.2%	0.4%	1.5%	3.0%
Age of Structure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2010+	0.8%	0.6%	1.0%	0.8%	1.4%	0.9%
2000-2009	17.5%	25.3%	19.5%	21.1%	27.6%	20.7%
1980-1999	75.4%	60.8%	66.9%	62.5%	51.0%	50.9%
1960-1979	5.4%	11.6%	10.6%	13.4%	15.9%	21.0%
Pre 1960	0.9%	1.7%	1.9%	2.2%	4.1%	6.4%

U.S. Census, American Community Survey, 2014

Presented in the exhibit below is another perspective on the comparative rental housing inventory in Alpharetta versus its regional peers—a look at the comparative income distribution of rental households and their tenure preferences by household income level.

TENURE PREFERENCE BY INCOME LEVEL IN ALPHARETTA, NORTH FULTON AND NORTH ATLANTA METRO, 2014															
Household Income	Alpharetta					North Fulton					North Atlanta Metro				
	Owner		Renter		%	Owner		Renter		%	Owner		Renter		%
	N	%	N	%	Renter	N	%	N	%	Renter	N	%	N	%	Renter
Less than \$25,000	855	6%	1,671	21%	66%	4,418	8%	5,662	24%	56%	32,460	10%	40,739	30%	56%
\$25,000-\$49,999	1,095	8%	1,844	23%	63%	6,470	11%	4,566	19%	41%	52,690	15%	46,077	34%	47%
\$50,000-\$99,999	4,204	30%	2,974	38%	41%	16,650	29%	10,029	42%	38%	107,231	31%	42,391	31%	28%
\$100,000-\$149,999	3,162	23%	1,080	14%	25%	14,800	25%	3,411	14%	19%	74,853	22%	12,151	9%	14%
\$150,000+	4,785	34%	530	7%	10%	24,346	42%	2,137	9%	8%	83,007	24%	5,982	4%	7%
Total	14,101	101%	8,099	103%	36%	66,684	115%	25,805	109%	28%	350,241	103%	147,340	109%	30%

Source: U.S. Census, American Community Survey, 2014

The data in the exhibit above illustrate that Alpharetta has one of the most affluent renter populations in the north metro region. For example, only 21% of Alpharetta's rental households have incomes of less than \$25,000 compared to 24% of North Fulton's rental households with incomes at that level. In the broader north metro area 30% of its renter households earn less than \$25,000. In Alpharetta 38% of rental households earn between \$50,000 and \$99,000—the comparable percentage for North Fulton is 42% and in the north metro area 28%. Alpharetta has a substantial rental households in the top income range of \$100,000 or more, with 21% of its renter households in this category, which is roughly comparable to other areas of North Fulton at 24% but significantly more than in the north metro area with only 13% of renter households in the income range. Thus, overall the income profile of rental

households in Alpharetta is more concentrated in the middle and upper income categories than is typical for the north metro area.

Another distinction in Alpharetta is that more middle and upper income households chose to live in rental housing. For example, among all households earning between \$50,000 and \$99,999, 41% of those households are renters in Alpharetta, versus only 38% in North Fulton and 28% in the North Metro area. In the upper income range the pattern towards rental housing is even more pronounced. Among all households with incomes between \$100,000 and \$149,999, 25% are renters in Alpharetta, compared to only 19% in North Fulton and 14% in the north metro area. Thus, Alpharetta has been successful in attracting a significant portion of middle and upper income renters—it is likely many of these households are renters by choice rather than economic necessity. This a distinctive characteristic of the rental housing market in Alpharetta and may be a function of the types of employers who have been attracted to the city in recent years and the recent additions to the rental inventory that are commanding higher rents and apparently attracting more affluent renter households.

SECTION 5: ESTIMATE OF RENTAL HOUSING DEMAND IN ALPHARETTA 2016-2021

This final section estimates future housing demand in Alpharetta based projections of population and household growth over the 2016-2021 and provides a range of rental housing demand based on a range of assumptions regarding future household growth rates and the future ratio of renter and owner housing based on two key approaches.

POPULATION AND HOUSEHOLD GROWTH

Presented in the following exhibit is a summary of historical and projected population and household growth for Alpharetta from 2000 to 2021. As shown in the exhibit below, the city of Alpharetta grew at a 2% compound average annual growth rate (CAGR) from 2000 to 2010. Since that time, both population and household growth have slowed slightly to 1.5% from 2010 to 2016. Nielsen is projecting that the city's population and households will grow at a 1.3% CAGR during the next five years increasing the population of the city to 67,135 by 2021.

POPULATION AND HOUSING PROJECTIONS 2000-2021			
Alpharetta			
	Population	Households	
2000	47,245	17,808	
2010	57,551	21,859	
CAGR	2%	2%	
2016	62,848	23,956	
CAGR	1.5%	1.5%	
2021	67,135	25,655	
CAGR	1.3%	1.3%	

Source: Nielsen/BAG

Using these historical and projected estimates of population and households to provide context, we prepared two separate estimates of household growth in Alpharetta over the 2016-2021 period and applied to these household growth estimates a range of potential outcomes in terms of renter-to-owner ratio for new households in the city.

The two household growth projections are based on the following:

- **The City's Growth Rate for 2016-2021**—Census and Nielsen demographic data service estimates of household growth in Alpharetta based on 1.3% CAGR.
- **Projected Growth at Alpharetta's Historic Growth Rate**—During the period from 2000-2010 Alpharetta grew at a 2.0% CAGR. Given the likely pent-up demand as we come out of the Great Recession, this may be a more accurate reflection of growth in the next five years than Nielsen's

estimates, which in our experience tend to be conservative. Thus, we prepared an estimate of growth in future households in the 2016-2021 period based on the historic growth rate.

The estimate of the ratio of renter and owner housing to accommodate the future household growth was based two different assumptions:

- **Alpharetta's current renter/owner ratio**—We applied the current renter-owner ratio, which is 36% renter, to the growth in households derived under the two projection methodologies. This ratio, while high relative to Alpharetta's peers, may reflect the specific conditions in Alpharetta that have resulted in a higher renter ratio than occurs in the region because of its more mixed use character and other historical development factors.
- **Assumed future rental preference at the north metro rental ratio**—Data from the north metro area shows an overall proportion of 30% renter households across the area. It is possible that over time Alpharetta will “regress toward the mean” of this regional average.

Based on these assumptions a range of estimates of future household growth and the number of rental households that would result are presented in the exhibit below.

Using the Nielsen household growth rates, we estimate there will be demand from growth for an additional 1,699 new housing units in Alpharetta over the next five years. We are not assuming that the current vacant inventory of 5% of the current housing stock will absorb much of this new demand, since the low vacancy rate indicates a very tight housing market. Accordingly, we estimate that the new housing demand will range between 510 and 612 new rental households depending on the two assumptions regarding the future rental housing ratio, with the larger number of units from maintaining the current ratio, and the lower estimate resulting if Alpharetta begins to move closer to the North Metro regional rental housing ratio.

Applying the historical household growth rate for Alpharetta to estimate demand for the next five years would increase the estimated number of new households to 2,493. Applying the two rental ratios to this household growth estimate results in a projected 748 to 897 new rental households in Alpharetta over the next five years.

HOUSEHOLD GROWTH AND TENURE ESTIMATES 2016-2021

Households 2000	17,808	
Households 2010	21,859	
Change 2000-2010	4,051	
CAGR	2.0%	
Households 2016	23,956	
Change 2010-2016	2,097	
CAGR	1.5%	
	Nielsen 2016-2021 Projection	Estimate Using 2000-2010 Growth Rate
Households 2021	25,655	26,449
Change in HHs 2016-2021	1,699	2,493
CAGR	1.3%	2.0%
Demand by Tenure--Existing Ratio		-
Renter 36%	612	897
Owner 64%	1,087	1,596
Demand by Tenure--Regional Ratio		-
Renter 30%	510	748
Owner 70%	1,189	1,745

Source: Nielsen/BAG

Based on these estimates of the future demand for housing in Alpharetta over the next five years, at the end of the period the current inventory of owner and renter housing in Alpharetta would change as follows:

IMPACT OF ALTERNATIVE TENURE PATTERNS ON ALPHARETTA'S HOUSING STOCK 2016-2021											
	Alpharetta					Option A:			Option B:		
	Housing Stock		Additions	Housing Stock		Existing Growth			Existing Growth		
	2014	%	In Pipeline	2016-2017	%	Existing Ratio	Total	%	Regional Ratio	Total	%
Owner	14,101	64%	2,109	16,210	65%	1,596	16,658	65%	1,745	17,955	66%
Renter	8,099	36%	555	8,654	35%	897	9,150	35%	748	9,402	34%
Total	22,200	100%	2,664	24,864	100%	2,493	25,808	100%	2,493	27,357	100%

Source: BAG

As shown in the exhibit, based on the character of the existing housing stock in Alpharetta, when the units that are under construction or in the development pipeline are completed the city will have 24,864 units in its housing inventory, and the current tenure ratio will change slightly to 35% renter and 65% owner units. Two estimates of impact of future additions to the housing stock were analyzed. The first assumes that the future growth in the housing stock follows the historic pattern of approximately 2% annually and in Option A, the tenure preference is based on the current ratio of 36% rental and 64%

owner units. Under Option B, it is assumed that the tenure preference is consistent with the regional ratio of 30% rental and 70% owner. As shown, the impact that these two ratios have on the city's overall tenure mix in the housing inventory is minimal. There is approximately a 150-unit difference in the total number of rental units under the two options, and this difference is so minor that the overall tenure ratio remains effectively the same under both options—34% to 35% renter and 65% to 66% owner. What this demonstrates is that in the short term, changes in tenure preference have little long-term impact on the tenure mix of the city's overall housing stock. Rather, significant change would only be evident from changes over a more prolonged period. This argues that variations year-by-year in the tenure mix of new housing should not be of concern, rather it is long-range trends that need to be in balance.

We conclude from this analysis city policy should work towards a long-term goal of rental housing accounting for between 28% and 36% of the housing inventory. In its recent update to the comprehensive plan the city has established a goal of 32% of the overall housing inventory as rental units. This long-range goal would be consistent both with historical renter ratios in the city and with regional trends in the North Atlanta metro region.

This goal could be achieved in a number of ways: one approach would be to consider placing a cap on rental housing applications of between 93 and 159 units per year, which is derived from applying the 32% ratio to the total number of building permits issued in Alpharetta over the 2000-2016 period, and an estimate of the potential volume of future permits over the next five years based on the housing demand forecast:

- Total Permits issued 2000-2016: 4,959 units
- Average Permits issued 2000-2016: 292 units
- Permits issued 2016-2021 based on demand: 498 units
- Targeted Rental Unit Proportion at 32%: 93-159 units annually
- Average Rental Unit Proportion at 32%: 126 units annually

If in a given year some or all of the targeted rental units were not permitted they could carry over to the next year. The total number of targeted rental unit permits could be adjusted every five years to reflect recent trends in total permitting activity. Permits for new units to be created on the site of existing rental apartments could be exempted from this annual limitation as an incentive to encourage the redevelopment of older complexes.

.....

Every reasonable effort has been made to insure that the data developed in this assignment reflect the most accurate and timely information possible and is believed to be reliable. This consulting assignment was based on estimates, assumptions and other information developed by Bleakly Advisory Group ("BAG") from its independent research efforts, general industry knowledge and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in

reporting by the client, its agents or representatives or any other data source used in preparing or presenting this study.

The research and reports are based on information that is current as of the date of the report. BAG assumes no responsibility to update the information after the date of the report. The research may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described on our research and report and variations may be material. Therefore, no warranty or representation is made by BAG that any of the projected values or results contained in the work product from this assignment will actually be achieved.