REALVEST
APPRAISAL SERVICES, INC.

GUARANTEE FUND
DEMOGRAPHIC RING STUDY

PREPARED FOR

FLORIDA HOUSING FINANCE CORPORATION.
227 NORTH BRONOUGH STREET, SUITE 5000
TALLAHASSEE, FLORIDA 32301-1329

ATTENTION: MS. NANCY MULLER, HOUSING POLICY COORDINATOR

DATE OF STUDY

MARCH 31, 2004

PREPARED BY
REALVEST APPRAISAL SERVICES, INC.

ROBERT VON, PRESIDENT
STATE-CERTIFIED GENERAL APPRAISER RZ0001604

REALVEST
APPRAISAL SERVICES, INC.

March 31, 2004

Ms. Nancy Muller, Housing Policy Coordinator
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Guarantee Fund Demographic Ring Study

Dear Ms. Muller:

As requested, we have completed the Guarantee Fund Demographic Ring Study. Please see the attached Executive Summary and Data Book containing the most pertinent conclusions and supporting documentation. We appreciate the opportunity to be of service and look forward to your comments and questions.

Respectfully submitted,

REALVEST Appraisal Services, Inc.

Robert Von, President
State-Certified General Appraiser RZ0001604

Introduction

The purpose of this study is to analyze demographic patterns within three, five, and ten-mile rings surrounding each Guarantee Fund project. The goal is to determine if demographics are accurate predictors of a project's success as measured by occupancy rate. To that end, the correlation between each demographic factor will be tested against the occupancy rates for all of the stabilized projects within the portfolio.

We analyzed three demographic rings (three, five and ten-mile) for 110 Guarantee Fund projects. Seventy-three of the projects are stabilized and 37 projects are either in lease-up, under construction, or in the underwriting process. The projects are located in 26 counties, with the highest concentrations in Miami-Dade County (17 projects), Orange County (14 projects), Broward County (13 projects), and Palm Beach County (12 projects).

The Florida Housing Finance Corporation ("Corporation") provided latitude and longitude coordinates for each of the Guarantee Fund projects. In addition, we received an "in-service" list from the Corporation with latitude and longitude coordinates for each project. This list includes all existing and funded projects that have received financing from any of the programs administered or monitored by the Corporation. This raw data was incorporated in a MapInfo search program that was specifically designed for this project. In total, over 1,000 projects containing almost 170,000 units were plotted for this analysis. For each of the demographic indicators, the number of Corporation-sponsored units was summed for each of the three rings around each Guarantee Fund project.

Next, demographic data was obtained from iXPRESS for MapInfo by Claritas. Estimates of the number of households by income band for 2002 and projections for 2007 were obtained for households within each of the three rings around each of the Guarantee Fund projects.

The demographic data was combined with the MapInfo search results to generate the three demographic deliverables specified in the scope of services: Level of Effort (LOE), Remaining Potential Demand (RPD), and Growth of Income-Qualified Renter Households (Δ IQRH). In addition, Capture Rates were also calculated for the three rings around each Guarantee Fund project.

A detailed description of the methodology is found at the beginning of the data book.

Presentation of Data

In order to present the data in a meaningful way, we grouped the 110 projects into 12 categories. First, each of the Large Counties (as defined by the Corporation) has its own category. Next, all of the Medium County projects are grouped as one category, except Seminole County. Seminole County is the most saturated county in Florida, so its demographic results are important to illustrate individually. The final categories consist of well-occupied projects (>95.9%) and poorly occupied projects (<92.0%), which are isolated in order to detect any differences in their performance as measured by the demographic indicators defined in this study.

The final category is pipeline projects. Since they have no occupancy rates, no correlation can be derived. The demographic indicators for these projects are derived and compared to the demographic patterns of the stabilized projects in order to predict their performance.

GUARANTEE FUND STUDY FINAL RESULTS

Category	# of Stab. Projects	Capture Rate 3 mile	LOE 10 mile	Avg. # Of Units	Avg. Occ. Rate	Annual Growth IQRH 3 mile	5 mile	10 mile	Remaining Potential Demand 3 mile	5 mile	10 mile
Miami-Dade Averages	11	5.2%	22.1%	265	98.4%	114	300	988	2,720	9,390	39,618
Occ.>95.9% Averages	24	6.3%	24.7%	240	98.2%	78	210	653	2,107	6,975	25,818
Broward Averages	9	3.9%	22.2%	199	95.2%	79	218	626	3,652	10,254	30,891
Hillsborough Averages	3	**16.1%**	48.0%	311	93.0%	61	161	413	294	1,926	6,758
Pinellas Averages	1	**10.6%**	22.2%	232	92.7%	39	89	301	1,688	4,493	11,622
Stabilized Project Averages	73	9.6%	34.1%	262	92.6%	70	175	500	1,154	4,142	14,467
Medium County Averages	26	**25.6%**	45.5%	277	**91.3%**	27	66	**165**	102	982	3,568
Orange Averages	11	8.5%	**54.2%**	284	**91.1%**	126	279	822	513	3,411	12,298
Palm Beach Averages	6	7.0%	46.6%	202	**89.6%**	93	238	525	1,666	4,691	9,246
Duval Averages	5	**13.0%**	40.6%	299	**89.5%**	60	158	448	1,143	3,306	11,603
Occ.< 92.0% Averages	30	**12.8%**	**50.0%**	283	**86.4%**	73	166	461	482	2,313	7,963
Seminole Averages	5	**34.7%**	**72.6%**	318	**83.3%**	31	78	**239**	(580)	(527)	2,209
Correlation		**-68.9%**	**-85.2%**	-45.9%	100.0%	41.3%	51.6%	**60.0%**	74.0%	79.7%	**81.0%**

Categories are sorted by Occupancy Rate

IQRH = Income-Qualified Renter Households

Capture Rate = # of Subject Property Units Only/IQRH

LOE = Level of Effort = Supply of Affordable Units/IQRH

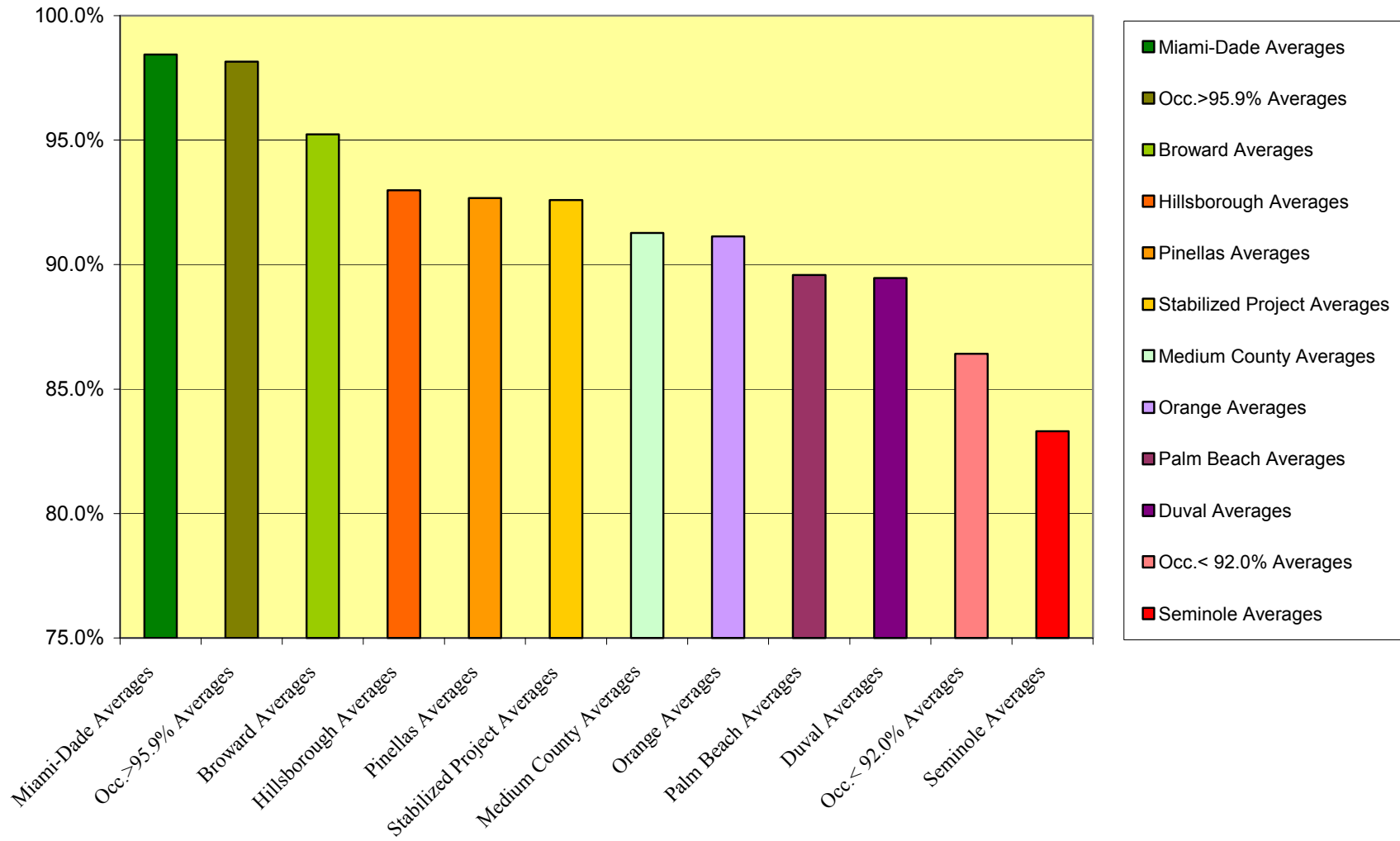Remaining Potential Demand = IQRH - Supply of Affordable Units

Summary of Results

The four primary demographic indicators, Level of Effort, Capture Rate, ΔIQRH, and Remaining Potential Demand, have strong correlation to project performance as measured by occupancy rate. Capture Rate and LOE have negative correlation to occupancy, so the higher the Capture Rate or LOE, the lower the likely occupancy rate. ΔIQRH and Remaining Potential Demand have positive correlation to occupancy rate: the higher the RPD, the higher the likely occupancy rate.

The correlations are best exemplified through comparison of the categories with the highest and lowest occupancy rates. Miami-Dade County had the highest average occupancy rate; it also had the second lowest three-mile Capture Rate, lowest ten-mile LOE, and highest ten-mile Remaining Potential Demand. In contrast, Seminole County had the lowest average occupancy rate; it also had the highest average three-mile Capture Rate, highest ten-mile LOE, and lowest ten-mile Remaining Potential Demand. In addition, Miami-Dade had the highest ten-mile annual Growth of Income-Qualified Renter Households compared to Seminole County, which had the second lowest ten-mile annual growth in Income-Qualified Renter Households.

The following charts illustrate the results of this study. They graphically show that a strong correlation exists between certain demographic factors and project performance as measured by occupancy rate. The charts also illustrate the significant demographic differences between projects that are performing well compared to those that are not. Following the charts is a discussion of the results and the policy implications of this study.

AVERAGE OCCUPANCY RATES

Legend:
- Miami-Dade Averages
- Occ.>95.9% Averages
- Broward Averages
- Hillsborough Averages
- Pinellas Averages
- Stabilized Project Averages
- Medium County Averages
- Orange Averages
- Palm Beach Averages
- Duval Averages
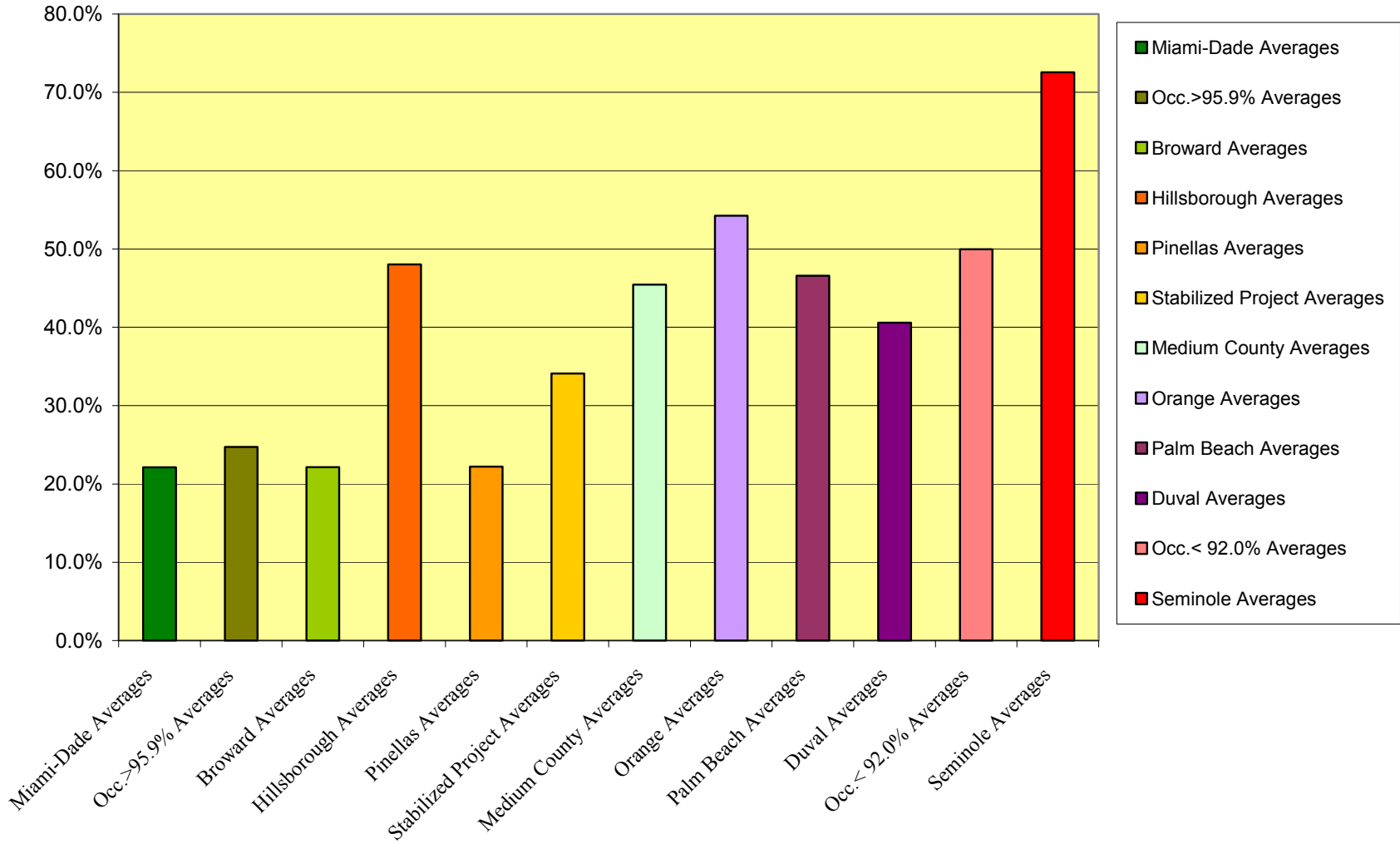- Occ.< 92.0% Averages
- Seminole Averages

Average Occupancy Rate

The only data set available to measure the performance of the Guarantee Fund projects is occupancy rate. The occupancy rates used in this study are based on a six-month average of the most recent data provided to the Corporation. If a project was no longer in lease-up, it was considered stabilized. All of the demographic indicators have been tested against the occupancy rate data to determine which demographic indicators have the highest correlation to project performance.

The average occupancies for each of the twelve categories range significantly, from a high of 98.4% in Miami-Dade County to a low of 83.3% in Seminole County. Seventy-three of the 110 Guarantee Fund projects are operating at a stabilized occupancy rate. Seventeen of the top 20 highest-occupied projects are located in either Miami-Dade or Broward Counties, illustrating the strength of the South Florida market. In contrast, 11 of the 20 lowest-occupied projects are located within Orange, Seminole, or Lake Counties, illustrating the softness of the Central Florida market.

Also note the trend lines that result from placing the 12 categories in descending order as measured by occupancy rate. The negative correlation of both Capture Rate and LOE to occupancy is evident from their opposite trend lines. Capture Rate and LOE both have increasing trend lines, whereas occupancy rate has a decreasing one. The positive correlation between Remaining Potential Demand and occupancy is illustrated by their similar, decreasing trend lines.

10 MILE LEVELS OF EFFORT

Legend:
- Miami-Dade Averages
- Occ.>95.9% Averages
- Broward Averages
- Hillsborough Averages
- Pinellas Averages
- Stabilized Project Averages
- Medium County Averages
- Orange Averages
- Palm Beach Averages
- Duval Averages
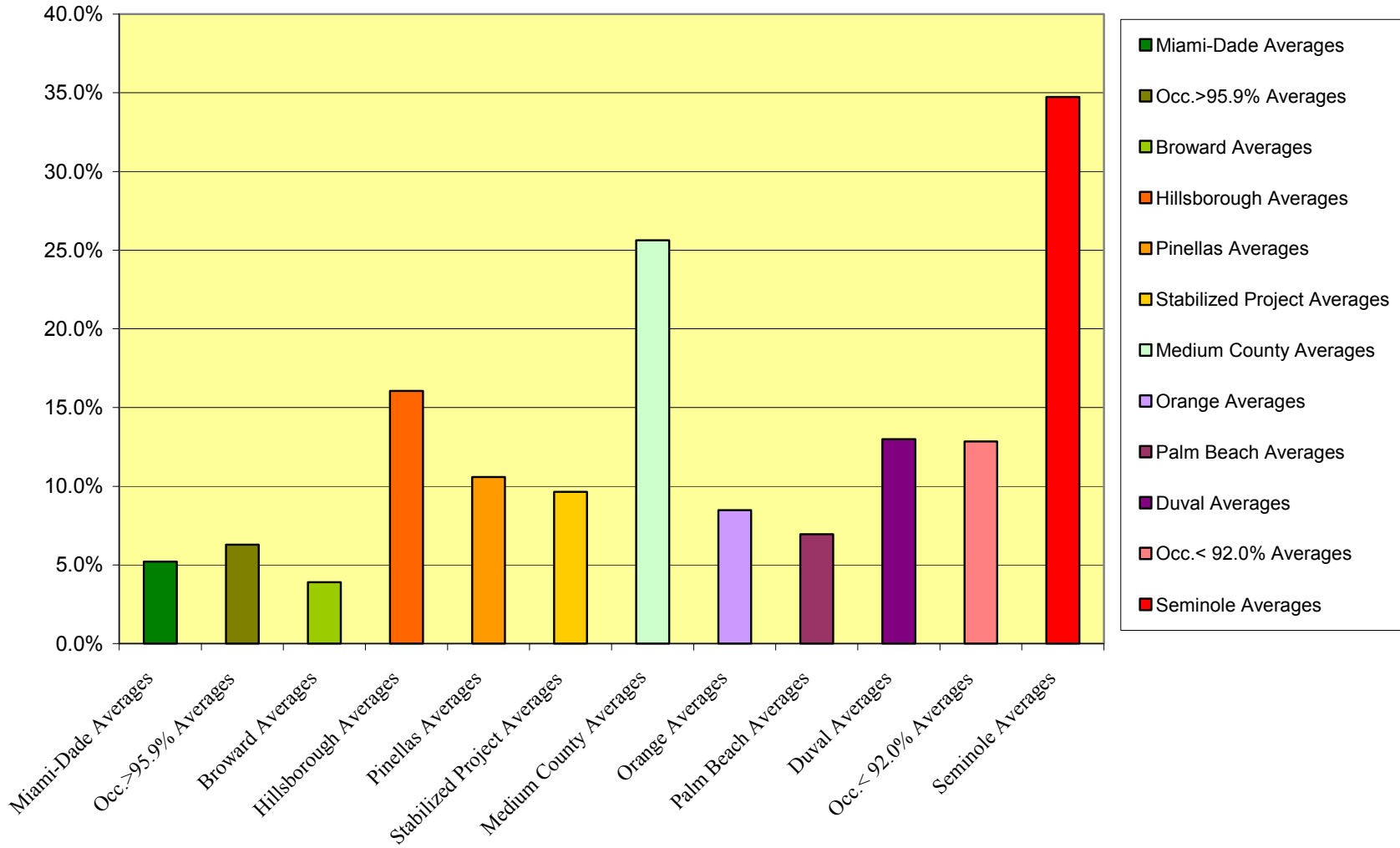- Occ.< 92.0% Averages
- Seminole Averages

Ten-Mile Levels of Effort

Level of Effort (LOE) is defined as the ratio of supply of affordable housing units to the number of income-qualified renter households within a defined geographic area. We calculated the LOE for three-, five-, and ten-mile rings around each of the Guarantee Fund projects. Analysis indicates that the ten-mile LOE has the highest correlation to occupancy rate of any of the calculated indicators: 85.2% of the variation in occupancy rate can be explained by the ten-mile LOE. The correlation is negative; therefore, the higher the LOE, the lower the average occupancy for the category tends to be. The ten-mile LOE had the highest correlation of the four demographic deliverables analyzed in this study (LOE, ΔIQRH, RPD and Capture Rate.

The correlation is evident from a comparison of the ten-mile LOE for projects with occupancy rates below 92% (50.0%), which is about twice as high as projects with occupancy rates of 95.9% or above (24.7%). The correlation is also supported by the significant difference in average LOE between Miami-Dade County with an average stabilized occupancy of 98.4% and LOE of 22.1%, compared to Seminole County at 83.3% average occupancy and LOE of 72.6%.

3 MILE CAPTURE RATES

Legend:
- ■ Miami-Dade Averages
- ■ Occ.>95.9% Averages
- ■ Broward Averages
- ■ Hillsborough Averages
- ■ Pinellas Averages
- ■ Stabilized Project Averages
- ■ Medium County Averages
- ■ Orange Averages
- ■ Palm Beach Averages
- ■ Duval Averages
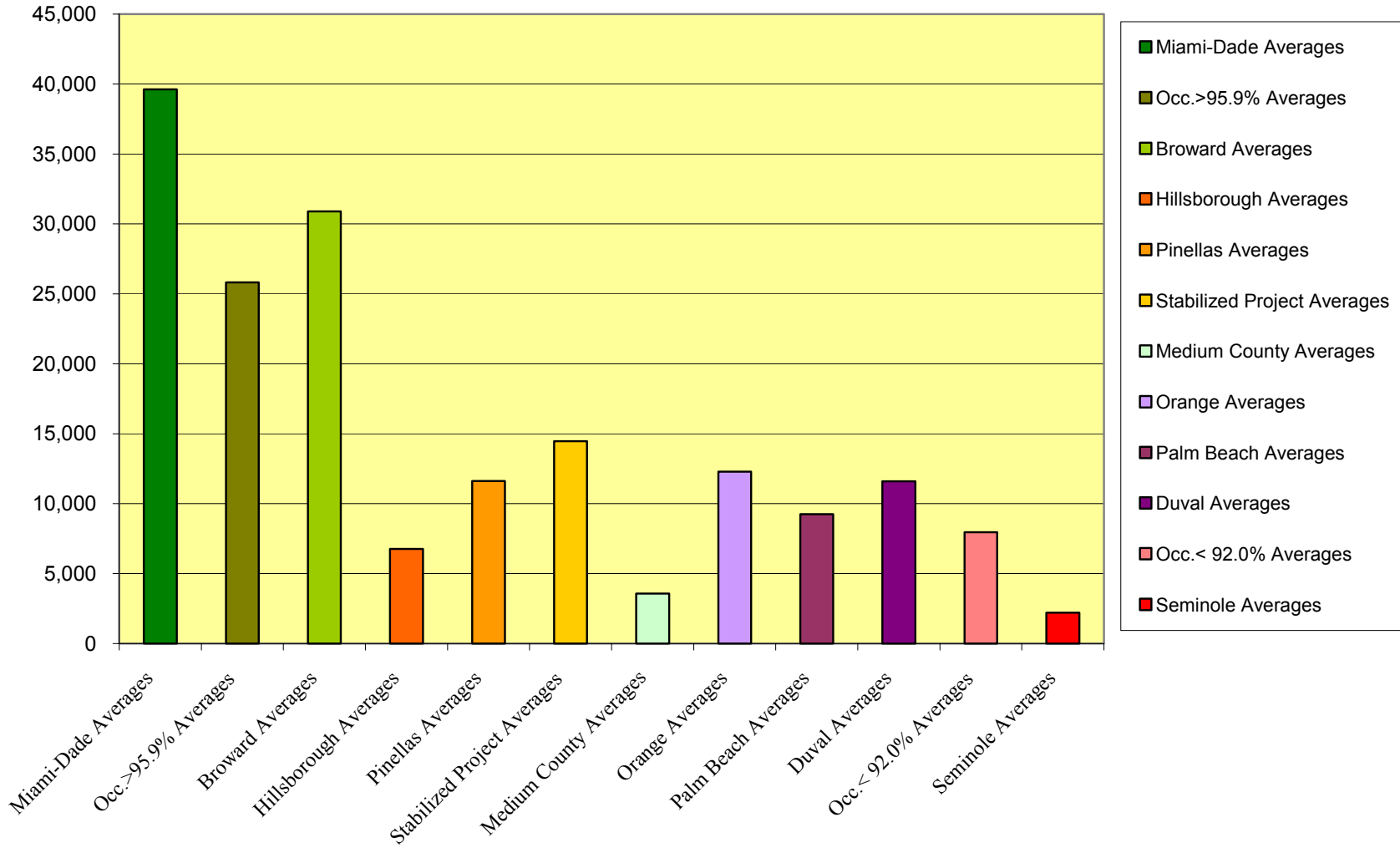- ■ Occ.< 92.0% Averages
- ■ Seminole Averages

Three-Mile Capture Rates

The Capture Rate is the ratio of units in a particular project to the number of income-qualified renter households within a defined geographic area surrounding that project. We calculated Capture Rates for three-, five-, and ten-mile rings around each of the Guarantee Fund projects. Analysis indicates that the three-mile Capture Rate has the highest correlation (68.9%) to occupancy rate. This demographic indicator helps to measure if the subject properties are appropriately sized relative to the size of their markets. The higher the Capture Rate, the greater the probability that the project is too large for the market, which may result in longer absorption periods and lower stabilized occupancy rates.

The extremes of the study best exemplify this correlation. The Capture Rates range from a low of 3.9% in Broward County to a high of 34.7% in Seminole County; occupancies for these categories are 95.2% and 83.3%, respectively.

The importance of the practical application of this indicator is evident from analysis of the Medium Counties category. Since there is limited market depth in these counties, project size is a crucial determinant of the level of stabilized occupancy. There are 26 stabilized projects within this category, which has a relatively low average occupancy of 91.5%. Thirteen of the projects have three-mile Capture Rates over 25.0%. Only one of the properties in this category has a three-mile Capture Rate below 10%: River Trace in Manatee County has the lowest Capture Rate at 8.8%, which suggests that it is "capturing" a proportionate share of the market. Occupancy figures bear this out, as this property has an occupancy rate well above the average for the category, at 95.1%. It is clear from this data that the typical project size in Medium Counties is too large for the size of their markets.

REMAINING POTENTIAL DEMAND (10 MI)

Legend:
- Miami-Dade Averages
- Occ.>95.9% Averages
- Broward Averages
- Hillsborough Averages
- Pinellas Averages
- Stabilized Project Averages
- Medium County Averages
- Orange Averages
- Palm Beach Averages
- Duval Averages
- Occ.< 92.0% Averages
- Seminole Averages
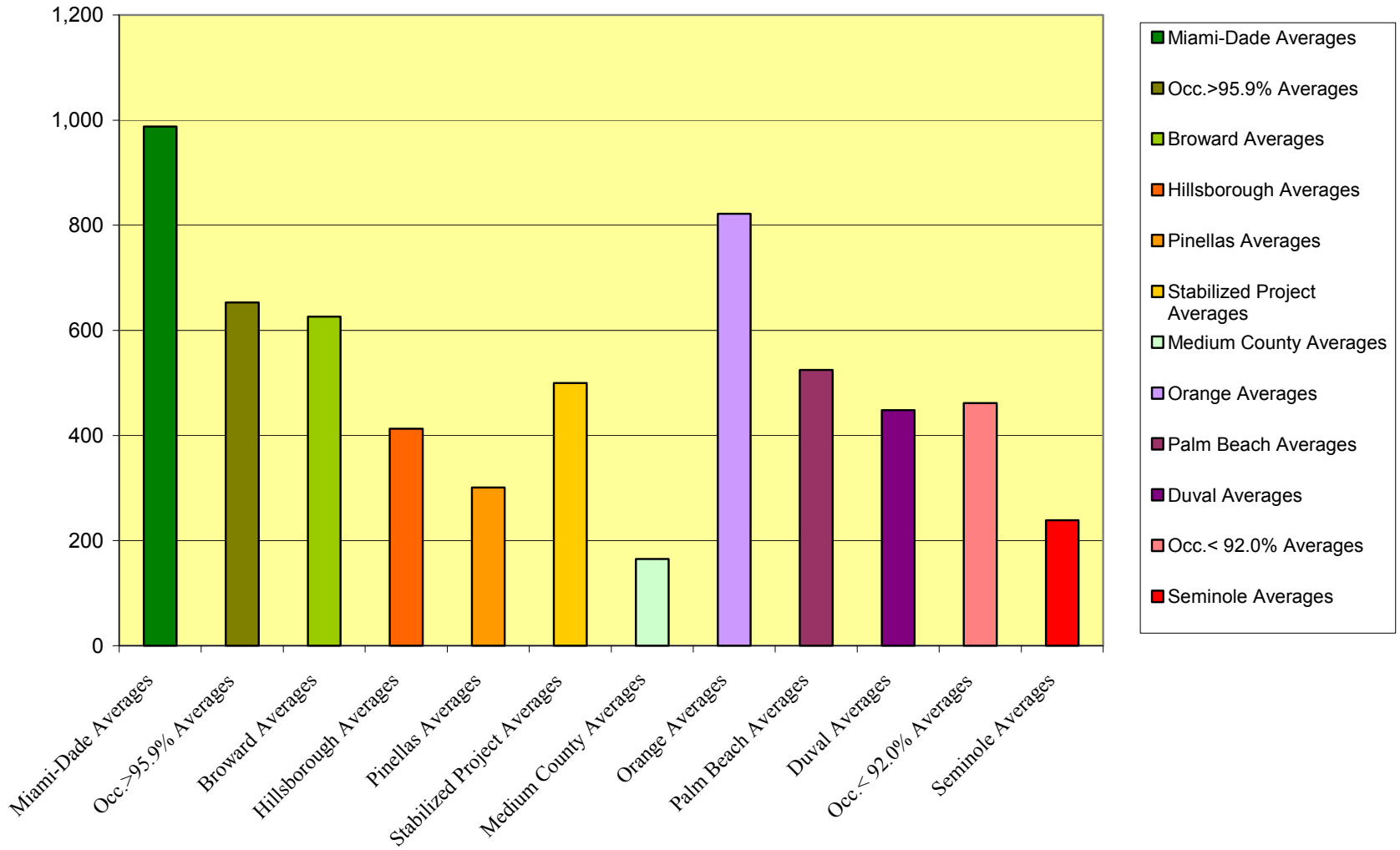
Remaining Potential Demand

Remaining Potential Demand (RPD) is defined as the number of income-qualified renter households minus the supply of affordable housing units within a defined geographic area. The preceding chart summarizes the results for the ten-mile rings, which were found to have the highest correlation to occupancy rate. Analysis indicates that 81.0% of the variance in occupancy rate is explained by the RPD within the ten-mile ring.

The magnitude of the RPD is a key indicator of a project's chance of success. The larger the RPD, the more likely a project will be able to capture enough tenants to maintain a high level of stabilized occupancy. A low RPD can result from either a sparsely populated market or from a large existing supply of affordable housing. Either would result in a lower probably of achieving a high stabilized occupancy rate.

In the most obvious example, the category of projects with high occupancy rates (95.9% and above) has a much higher level of RPD compared to the category of poorly occupied projects (less than 92%) at 7,963. The strongest market (Miami-Dade County) has the highest RPD of 25,818 in the ten-mile ring, while the weakest market (Seminole County) actually has a negative RPD within the three- and five-mile rings. The Medium Counties have very low RPD within the ten-mile ring and a corresponding low average occupancy of 91.3%, as do Hillsborough and Orange Counties (with 93.0% and 91.1% occupancies).

RPD adds an important dimension to analysis, especially when paired with Level of Effort. Two properties may have the same LOE, but the market with the greater RPD will have a better chance of filling new units and maintaining a high occupancy level. RPD suggests that recognition of the absolute size of the market is perhaps even more important than a relative comparison. For example, a small county with very few existing affordable housing units will have a low LOE; however, due to the population of the county, the RPD will be very small relative to a medium county and miniscule compared to a large county. The RPD demographic indicator illustrates significant differences even between the Large Counties, with Miami-Dade and Broward having much larger remaining pools of potential tenants compared to the other large counties. In fact Miami-Dade and Broward combined have over 36% more RPD than the other five large counties combined. Miami-Dade and Broward Counties also have the highest occupancies of all of the Large Counties.

ANNUAL GROWTH OF IQRH (10 MI)

Legend:
- Miami-Dade Averages
- Occ.>95.9% Averages
- Broward Averages
- Hillsborough Averages
- Pinellas Averages
- Stabilized Project Averages
- Medium County Averages
- Orange Averages
- Palm Beach Averages
- Duval Averages
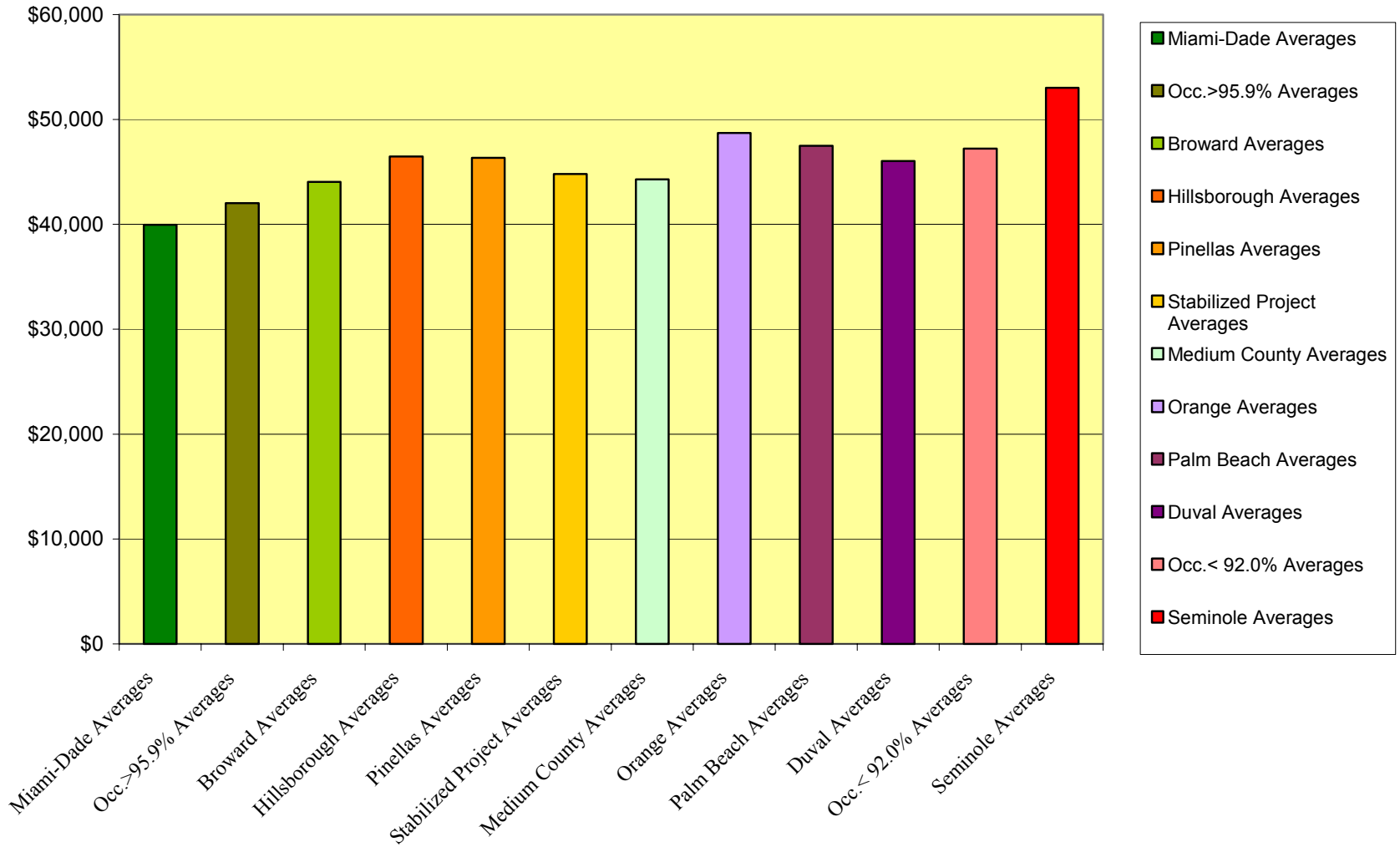- Occ.< 92.0% Averages
- Seminole Averages

Annual Growth in Income-Qualified Renter Households

Annual growth in income-qualified renter households (ΔIQRH) is the projected change in income-qualified renter households between 2002 to 2007, divided by five. We calculated annual growth within three, five, and ten miles of each Guarantee Fund project. The ΔIQRH for the ten-mile ring was found to have the highest correlation (60.0%) to occupancy rate of the three rings analyzed. The higher the ΔIQRH relative to the project size, the less the project has to rely on cannibalizing tenants from existing properties. If the ΔIQRH is less than the project size, then the complex must rely on tenants moving from existing projects, which would lower the overall occupancy rate of the entire market and lower the expected stabilized occupancy rate of the subject property.

Of the large counties, complexes within Miami-Dade County had the highest average ΔIQRH (988), followed by Orange County (822). Pinellas had the least projected annual growth at 301. The Medium County properties had a ΔIQRH of less than half the typical large county; the average occupancy in this category is also relatively low at 91.3%%. The ΔIQRH of markets for the well-occupied projects (>95.9%) was 42% higher than the projects that were poorly occupied (<92.0%).

Only two categories had a ΔIQRH within the ten-mile ring that was less than the average project size: Medium County and Seminole County. The ΔIQRH for the Medium County category was 165, compared to an average project size of 277; the average occupancy for this category is 91.3%. In Seminole County, the ΔIQRH was 239, compared to an average project size of 318; the average occupancy is 83.3%.

AVERAGE MEDIAN HOUSEHOLD INCOME (10 MI)

Legend:
- Miami-Dade Averages
- Occ.>95.9% Averages
- Broward Averages
- Hillsborough Averages
- Pinellas Averages
- Stabilized Project Averages
- Medium County Averages
- Orange Averages
- Palm Beach Averages
- Duval Averages
- Occ.< 92.0% Averages
- Seminole Averages

Median Household Income

The Median Household Income for 2002 was obtained from iXPRESS for each project within 3, 5, and 10-miles. The Median Household Income for the ten-mile ring had the highest correlation to occupancy rate of any of the demographic factors analyzed at 89.2%.

This is best exemplified by a comparison of the Miami-Dade and Seminole County categories. Of the twelve categories examined, Miami-Dade had the lowest Median Household Income within the ten-mile ring at $39,952, but had the highest overall occupancy rate at 98.4%. Seminole County had the highest Median Household Income within the ten-mile ring at $53,013, but had the lowest overall occupancy rate at 83.3%.

The correlation of Median Household Income to occupancy is a reflection of the pool of potential tenants, as the lower the Median Household Income the higher percentage of Income-Qualified Households. For example, in Miami-Dade, the typical project had about 21% Income-Qualified Households within the ten-mile ring. In contrast, in Seminole County the typical project had about 18% Income-Qualified Households within the ten-mile ring.

10 MILE LEVELS OF EFFORT - PIPELINE PROJECTS
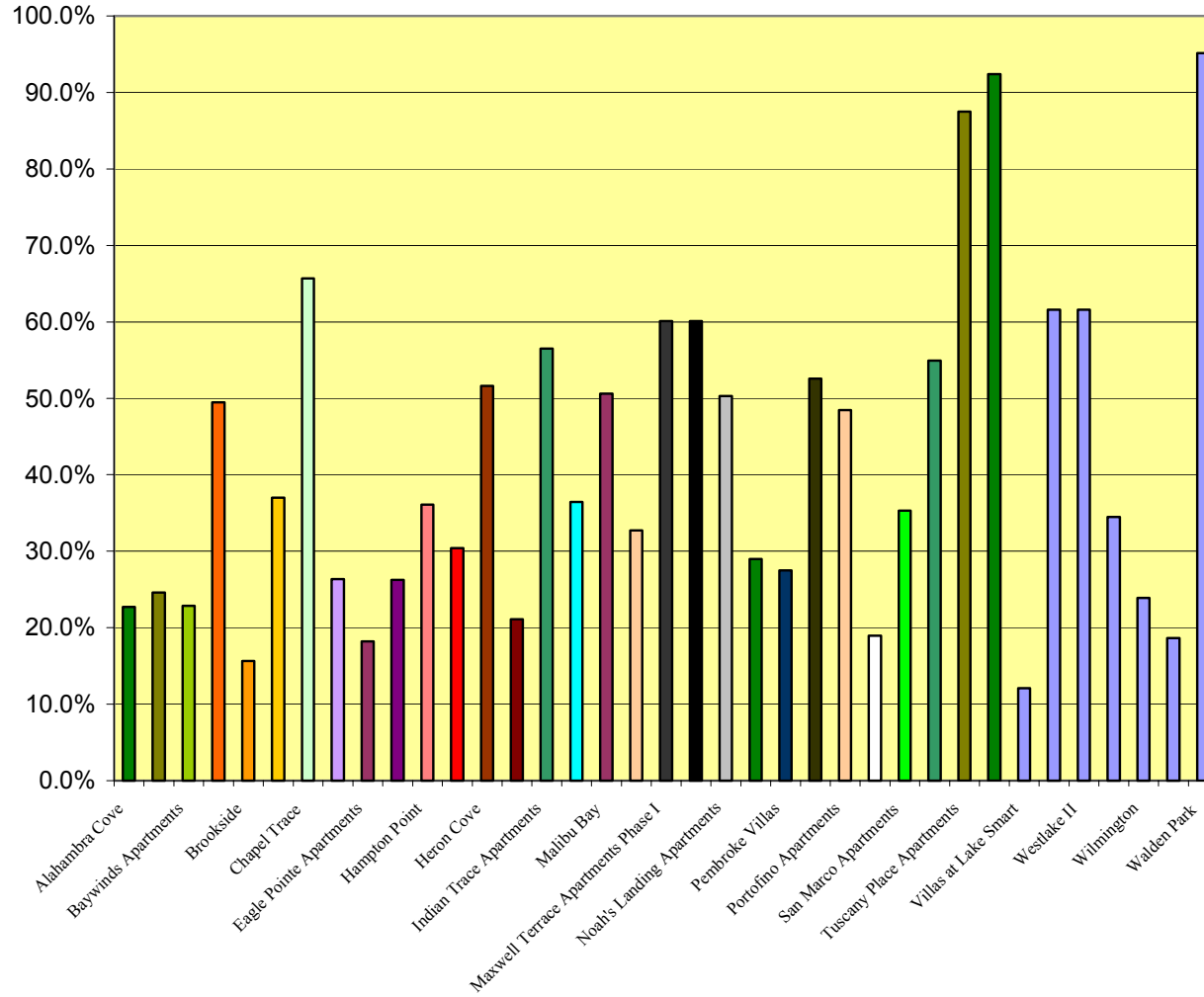
Legend:
- Alahambra Cove
- Andrews Place
- Baywinds Apartments
- Bristol Bay Apartments
- Brookside
- Captiva Club Apartments
- Chapel Trace
- Clipper Bay
- Eagle Pointe Apartments
- Garfield Place Apartments (guarantee)
- Hampton Point
- Harbour Cove
- Heron Cove
- Hibiscus Pointe Apartments
- Indian Trace Apartments
- Kimbers Cove
- Malibu Bay
- Mallard's Landing Apartments
- Maxwell Terrace Apartments Phase I
- Maxwell Terrace Apartments Phase II
- Noah's Landing Apartments
- Peacock Run
- Pembroke Villas
- Pinnacle Palms
- Portofino Apartments
- Saint Croix Apartments
- San Marco Apartments
- Summerset Village
- Tuscany Place Apartments
- Villa Capri
- Villas at Lake Smart
- Westlake
- Westlake II
- Westminster
- Wilmington
- Venice Homes
- Walden Park

X-axis categories: Alahambra Cove, Baywinds Apartments, Brookside, Chapel Trace, Eagle Pointe Apartments, Hampton Point, Heron Cove, Indian Trace Apartments, Malibu Bay, Maxwell Terrace Apartments Phase I, Noah's Landing Apartments, Pembroke Villas, Portofino Apartments, San Marco Apartments, Tuscany Place Apartments, Villas at Lake Smart, Westlake II, Wilmington, Walden Park
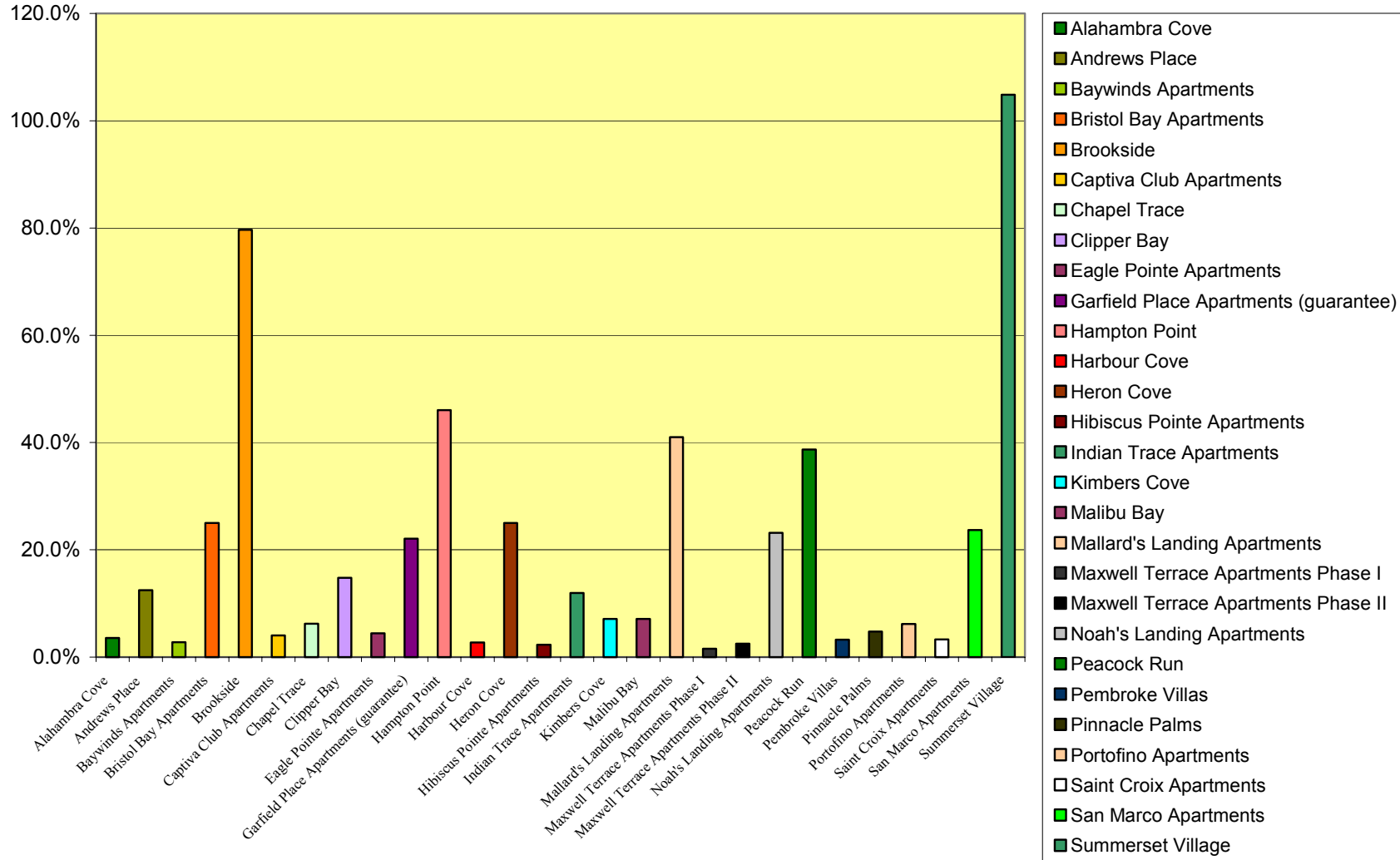
Ten-Mile LOE for Pipeline Projects

There are 37 Guarantee Fund projects that are either in lease-up, under construction or in the underwriting process. Since no occupancy rate information is available for these projects, we compared each demographic indicator for the stabilized projects to estimate which proposed properties have the greatest or least chance of success as measured by occupancy rate.

For stabilized projects that had a ten-mile LOE of 50% or above, the average occupancy rate was 90.2%, while the projects with ten-mile LOE or less than 50% had a significantly higher average occupancy rate of 93.6%.

For the pipeline projects, the ten-mile LOE ranged from a low of 12.1% for Villas at Lake Smart in Polk County to a high of 92.4% for Villa Capri in Miami-Dade County; 22 of the pipeline projects had LOE of 49% or less. The following Pipeline projects have ten-mile LOE of 50% or above, and therefore are not expected to perform as well as the projects with lower LOE.

Project Name	County	10-Mile LOE
Walden Park	Osceola	95.1%
Villa Capri	Miami-Dade	92.4%
Tuscany Place	Miami-Dade	87.5%
Chapel Trace	Orange	65.7%
Westlake II	Palm Beach	61.6%
Westlake	Palm Beach	61.6%
Maxwell Terrace PH I	Orange	60.1%
Maxwell Terrace PH II	Orange	60.1%
Indian Trace	Palm Beach	56.5%
Summerset Village	St. Johns	54.9%
Pinnacle Palms	Palm Beach	52.6%
Heron Cove	Collier	51.6%
Malibu Bay	Palm Beach	50.6%
Noah's Landing	Collier	50.3%

3 MILE CAPTURE RATES - PIPELINE PROJECTS

Legend:
- Alahambra Cove
- Andrews Place
- Baywinds Apartments
- Bristol Bay Apartments
- Brookside
- Captiva Club Apartments
- Chapel Trace
- Clipper Bay
- Eagle Pointe Apartments
- Garfield Place Apartments (guarantee)
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- Summerset Village
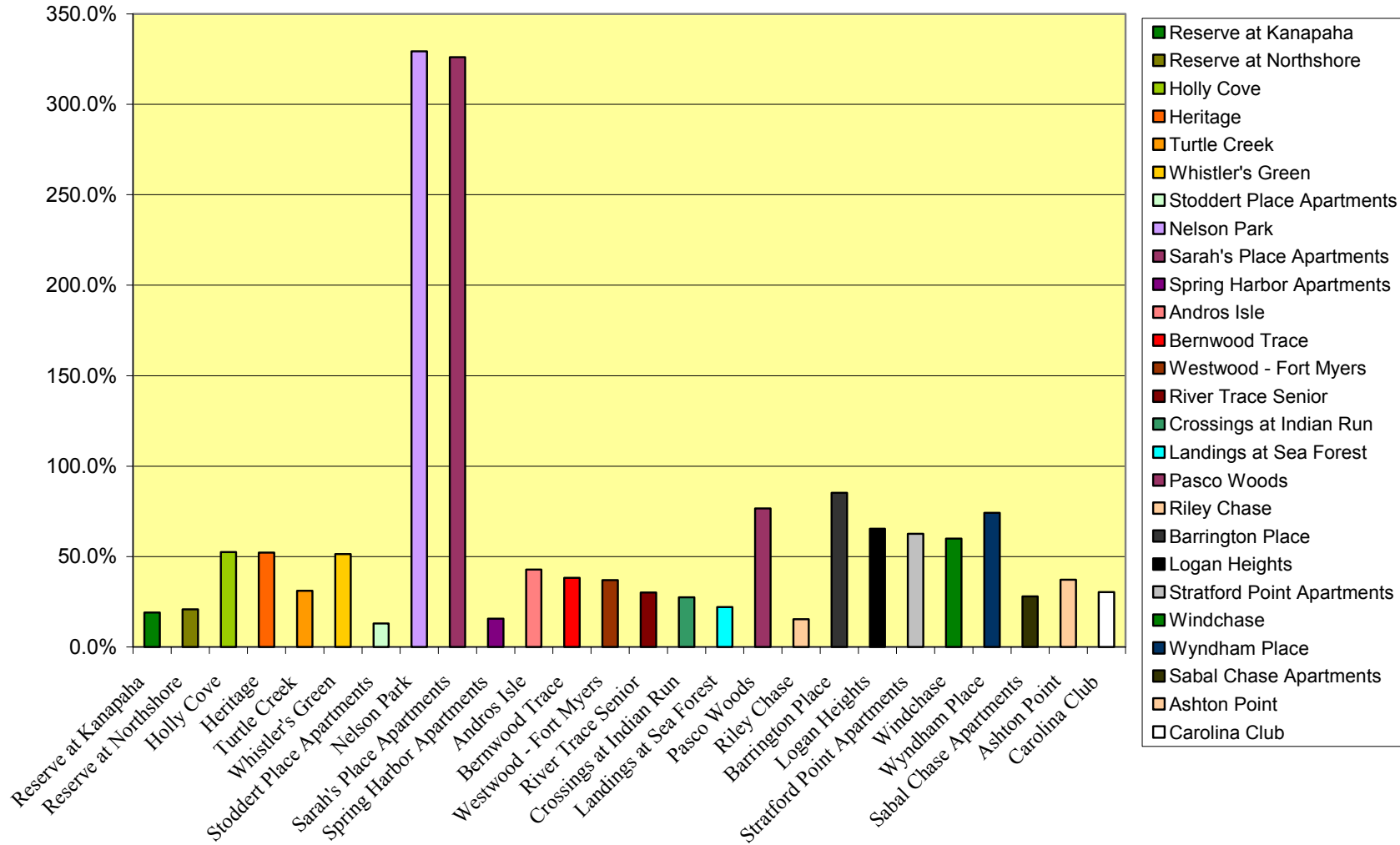
3-Mile Capture Rates – Pipeline Projects

There are 37 Guarantee Fund projects that are either in lease-up, under construction or in the underwriting process. Since no occupancy rate information is available for these projects we have compared each demographic indicator to the stabilized projects to estimate which projects have the greatest or least chance of success as measured by occupancy rate.

For stabilized projects that had three-mile Capture Rate of 10% or above, the average occupancy rate was 91.6%. The projects with three-mile Capture Rates of less than 10% had a significantly higher average occupancy rate of 94.5%.

The three-mile Capture Rates for the pipeline projects range from a low of 2.3% for Hibiscus Pointe in Miami-Dade County to a high of 104.9% for Summerset Village in St. Johns County. The following Pipeline projects had three-mile Capture Rates of 10% or above, and therefore are not expected to perform as well as the projects with lower Capture Rates.

Project Name	County	3-Mile Capture Rate
Summerset Village	St. Johns	104.9%
Brookside	Alachua	79.6%
Hampton Point	Charlotte	46.0%
Mallard's Landing	Duval	41.0%
Peacock Run	St. Lucie	38.7%
Tuscany Place	Miami-Dade	32.6%
Westminister	Pinellas	29.9%
Wilmington	Polk	25.3%
Heron Cove	Collier	25.0%
Bristol Bay	Hillsborough	25.0%
San Marco	Volusia	23.7%
Noah's Landing	Collier	23.2%
Garfield Place	Volusia	22.1%
Villa Capri	Miami-Dade	18.2%
Villas at Lake Smart	Polk	15.9%
Clipper Bay	Hillsborough	14.8%
Walden Park	Osceola	14.5%
Andrews Place	Bay	12.5%
Indian Trace	Palm Beach	12.0%
Westlake	Palm Beach	11.3%

10 MILE LEVELS OF EFFORT - MEDIUM COUNTY PROJECTS

Legend:
- Reserve at Kanapaha
- Reserve at Northshore
- Holly Cove
- Heritage
- Turtle Creek
- Whistler's Green
- Stoddert Place Apartments
- Nelson Park
- Sarah's Place Apartments
- Spring Harbor Apartments
- Andros Isle
- Bernwood Trace
- Westwood - Fort Myers
- River Trace Senior
- Crossings at Indian Run
- Landings at Sea Forest
- Pasco Woods
- Riley Chase
- Barrington Place
- Logan Heights
- Stratford Point Apartments
- Windchase
- Wyndham Place
- Sabal Chase Apartments
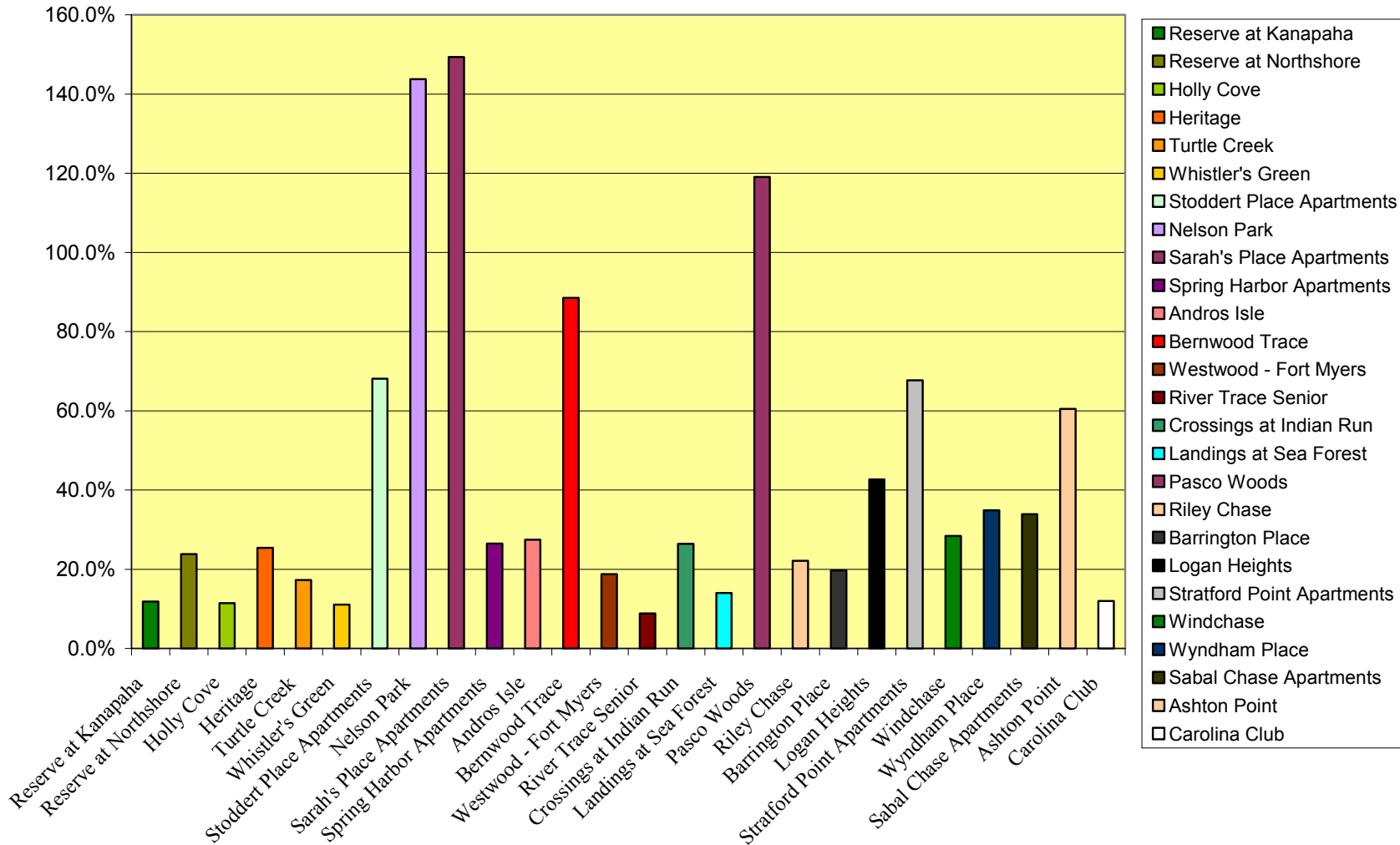- Ashton Point
- Carolina Club

Ten-Mile LOE – Medium County Projects

There are 26 stabilized Guarantee Fund complexes located within Medium Counties. These properties have an average project size of 277 units and an average occupancy rate of 91.3%.

The LOE ranged from a low of 15.6% for Spring Harbor located in Lake County to a high of 329.2% for Nelson Park located in Lake County. The average ten-mile LOE for all stabilized projects within the Medium County category is 45.5%. Medium County complexes that had LOE of 50% or more had an average occupancy rate of 88.1%, while projects with LOE of less than 50% had a significantly higher average occupancy rate of 93.8%. The following is a list of projects located within the Medium County category with LOE of 50% or more.

Project Name	County	10-Mile LOE
Nelson Park	Lake	329.2%
Sarah's Place	Lake	326.1%
Barrington Woods	Seminole	85.2%
Pasco Woods	Pasco	76.6%
Wyndham Place	Seminole	74.2%
Logan Heights	Seminole	65.4%
Stratford Pointe	Seminole	62.6%
Windchase	Seminole	60.0%
Holly Cove	Duval	52.5%
Heritage	Collier	52.3%
Whistler's Green	Collier	51.4%

3 MILE CAPTURE RATES - MEDIUM COUNTY PROJECTS

Legend:
- Reserve at Kanapaha
- Reserve at Northshore
- Holly Cove
- Heritage
- Turtle Creek
- Whistler's Green
- Stoddert Place Apartments
- Nelson Park
- Sarah's Place Apartments
- Spring Harbor Apartments
- Andros Isle
- Bernwood Trace
- Westwood - Fort Myers
- River Trace Senior
- Crossings at Indian Run
- Landings at Sea Forest
- Pasco Woods
- Riley Chase
- Barrington Place
- Logan Heights
- Stratford Point Apartments
- Windchase
- Wyndham Place
- Sabal Chase Apartments
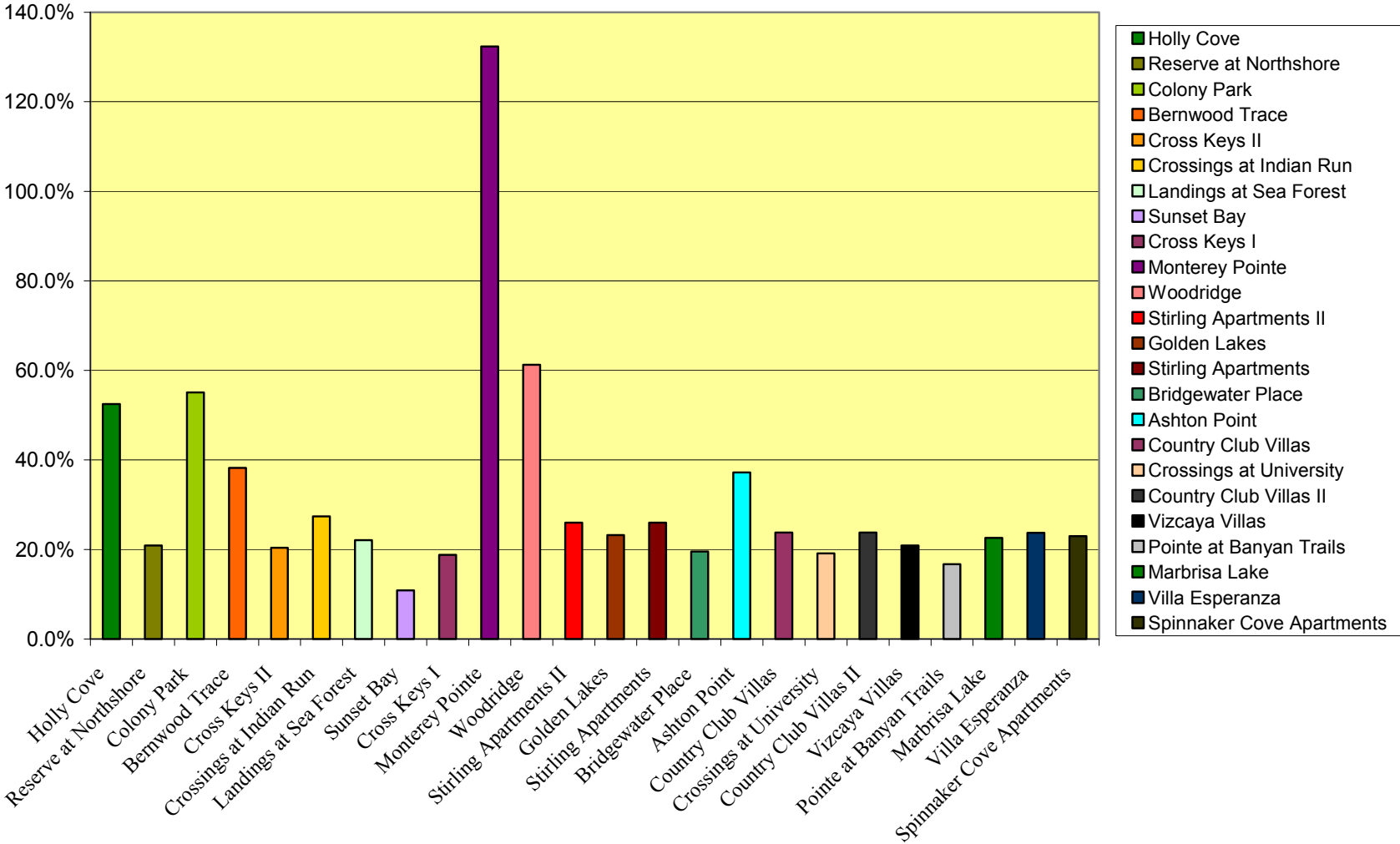- Ashton Point
- Carolina Club

Three-Mile Capture Rates – Medium County Projects

Only one of the 26 Medium County projects had a three-mile Capture Rate below 10%: River Trace Seniors at 8.8%. The average three-mile Capture Rate for all Medium County projects is 25.6%. The following is a list of Medium County properties with three-mile Capture Rates over 30%; these complexes have an average occupancy rate of 89.7%.

Project Name	County	3-Mile Capture Rate
Sarah's Place	Lake	149.3%
Nelson Park	Lake	143.8%
Pasco Woods	Pasco	119.0%
Bernwood Trace	Lee	88.5%
Stoddert Place	Escambia	68.1%
Stratford Pointe	Seminole	67.7%
Logan Heights	Seminole	42.7%
Wyndham Place	Seminole	34.9%
Sabal Chase	St. Lucie	33.9%

Bernwood Trace is 96.6% occupied, illustrating that good management can overcome poor demographics.
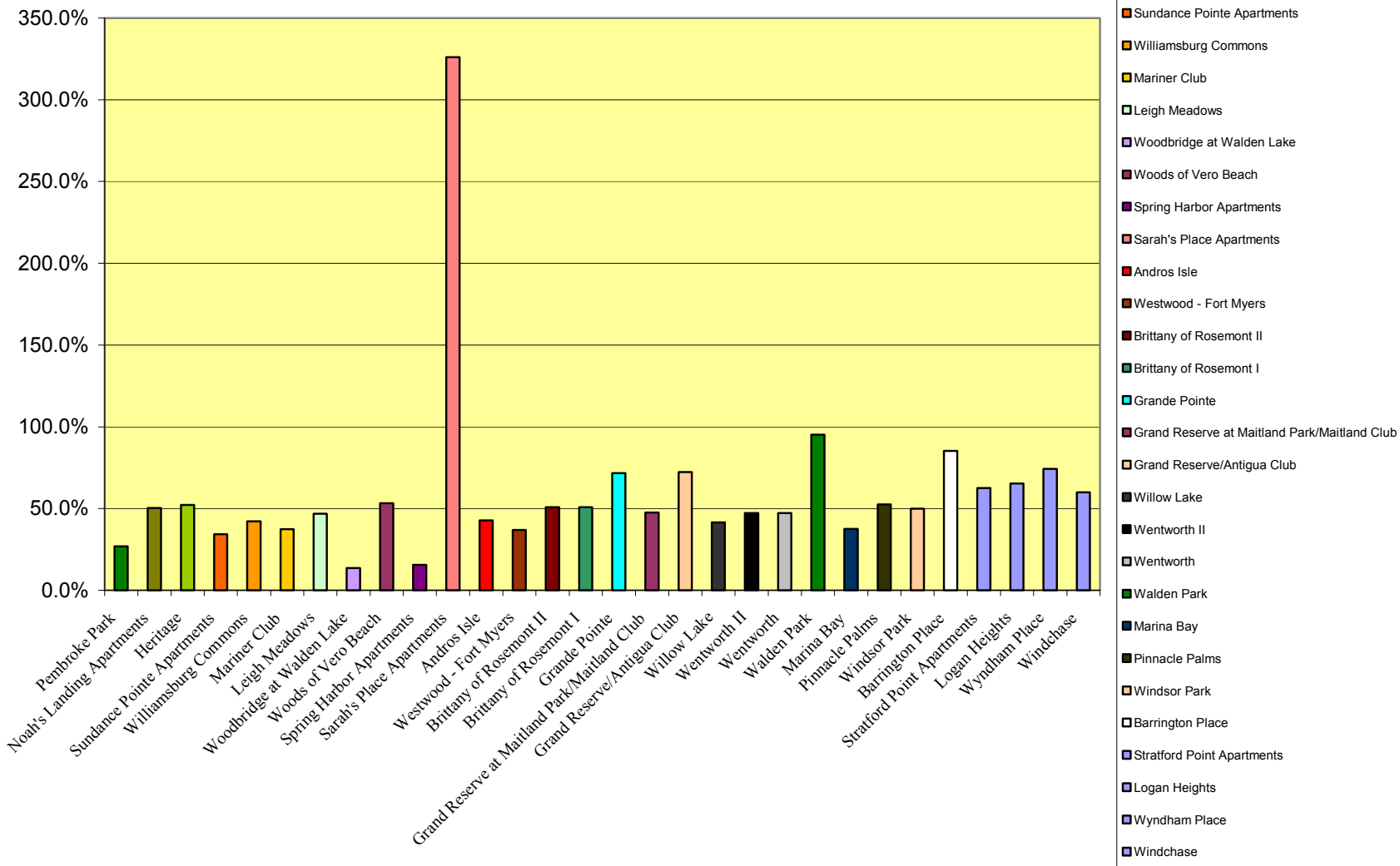
10 MILE LEVELS OF EFFORT - > 95.9%

Legend:
- Holly Cove
- Reserve at Northshore
- Colony Park
- Bernwood Trace
- Cross Keys II
- Crossings at Indian Run
- Landings at Sea Forest
- Sunset Bay
- Cross Keys I
- Monterey Pointe
- Woodridge
- Stirling Apartments II
- Golden Lakes
- Stirling Apartments
- Bridgewater Place
- Ashton Point
- Country Club Villas
- Crossings at University
- Country Club Villas II
- Vizcaya Villas
- Pointe at Banyan Trails
- Marbrisa Lake
- Villa Esperanza
- Spinnaker Cove Apartments

Ten-Mile LOE – Projects 95.9% Occupied or Better

Twenty-four of the stabilized Guarantee Fund projects have occupancy rates of 95.9% or better; the average ten-mile LOE for these projects is 24.7%. In contrast, the ten-mile LOE for all stabilized complexes is 34.1% and the LOE for properties with occupancy rates less than 92% is 50.0%. Sixteen of the 24 well-occupied projects are located in Broward or Miami-Dade counties; only six of the complexes are located in a Medium County. Overall, it is clear that this group of properties has better demographic profiles than the poorly occupied projects.

However, several of the well-occupied complexes have very poor demographic profiles. The most blatant example is the previously mentioned Bernwood Trace in Lee County. This property has an 88.5% three-mile Capture Rate, negative Remaining Potential Demand within the three-mile ring, a very low average household size of 2.33 with the ten-mile ring, and negative ΔIQRH within the three-mile ring. At 340 units, this complex is very large relative to the size of the market, and yet it has maintained a very high occupancy rate of 96.6%. Similarly, Ashton Point in Volusia County has a 98.8% occupancy rate despite a three-mile Capture Rate of 60.5%, an average household size of only 2.18 within the ten-mile ring, and a ΔIQRH of only 120 within the ten-mile ring, compared to an average complex size of 264. These projects illustrate the fact that demographics do not always accurately predict performance, although very few properties with poor demographic footprints achieve the level of performance (as measured by occupancy rate) as the two projects discussed above.
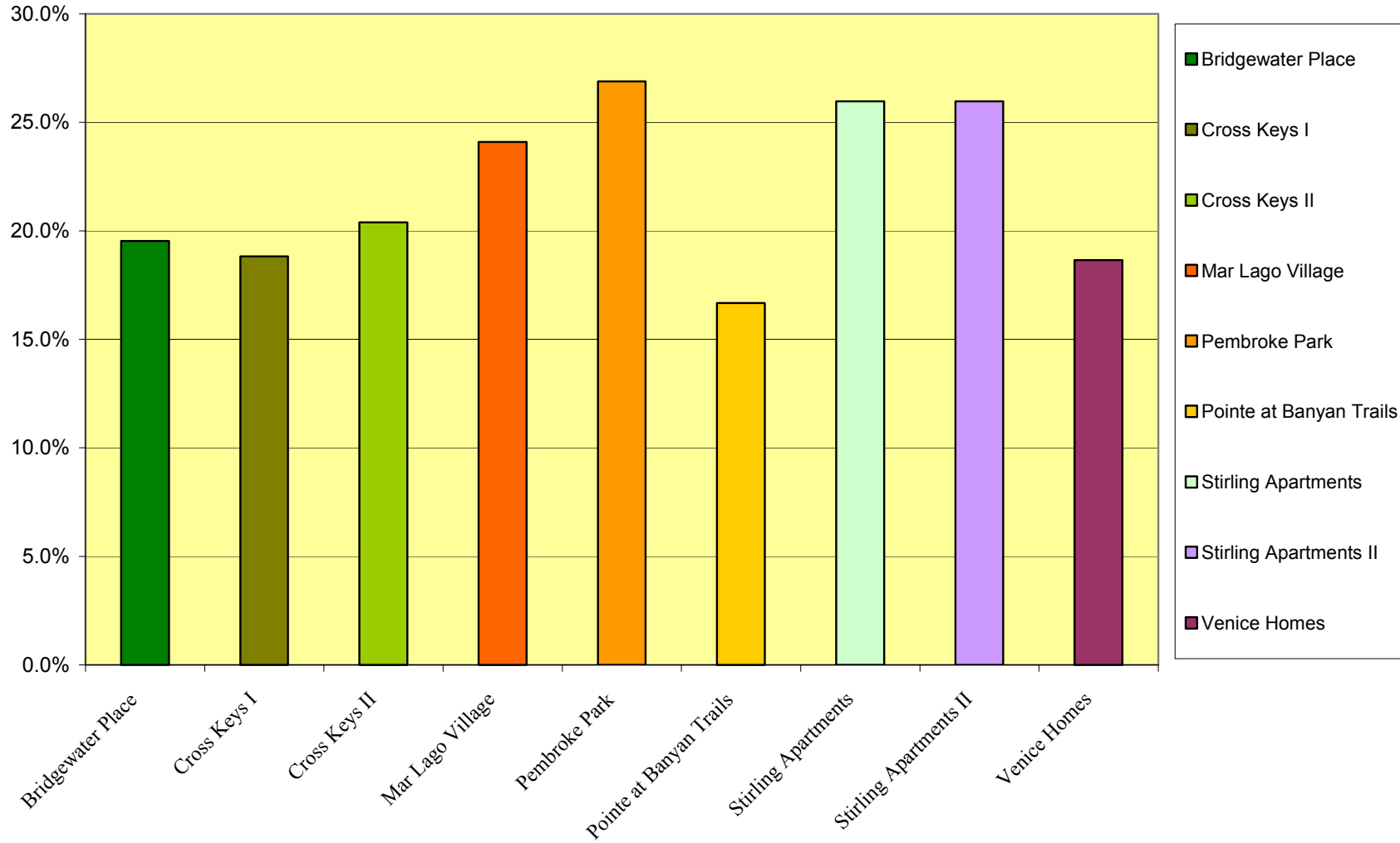
10 MILE LEVELS OF EFFORT - < 92.0%

Legend:
- Pembroke Park
- Noah's Landing Apartments
- Heritage
- Sundance Pointe Apartments
- Williamsburg Commons
- Mariner Club
- Leigh Meadows
- Woodbridge at Walden Lake
- Woods of Vero Beach
- Spring Harbor Apartments
- Sarah's Place Apartments
- Andros Isle
- Westwood - Fort Myers
- Brittany of Rosemont II
- Brittany of Rosemont I
- Grande Pointe
- Grand Reserve at Maitland Park/Maitland Club
- Grand Reserve/Antigua Club
- Willow Lake
- Wentworth II
- Wentworth
- Walden Park
- Marina Bay
- Pinnacle Palms
- Windsor Park
- Barrington Place
- Stratford Point Apartments
- Logan Heights
- Wyndham Place
- Windchase

Ten-Mile LOE – Projects Less Than 92.0% Occupied

Thirty of the stabilized Guarantee Fund projects have occupancy rates less than 92.0%. Half of the poorly-occupied projects are located in Medium Counties, with the other half in Large Counties. Over half of the properties in this category are located in only three counties: seven in Orange County, five in Seminole County, and four in Duval County.

The demographic indicators accurately reflect low occupancy. Half of the poorly-occupied projects have ten-mile LOE greater than 50%, compared to a ten-mile LOE of 24.7% for the well-occupied complexes (95.9% or greater). The average three-mile Capture Rate for the poorly-occupied properties is 12.8%, compared to a three-mile Capture Rate of 6.3% for the well-occupied projects. The average complex size in the poorly-occupied complexes is 283 units, compared to 240 units in the well-occupied properties. The average number of IQRH within ten miles of the poorly-occupied projects is 15,914, compared to 34,302 for the well-occupied projects. The average Median Household Income within the ten-mile ring for the poorly-occupied properties is $47,203, compared to $42,004 for the well-occupied complexes. Finally, the Remaining Potential Demand within the ten-mile ring for the poorly-occupied projects is 7,963 compared to 25,818 for the well-occupied projects.

We previously described two properties that overcame poor demographic footprints. However, a good demographic footprint does not guarantee project success. Pembrook Park in Broward County has an 84.9% occupancy rate despite very low ten-mile LOE of 26.9%, a low three-mile Capture Rate of 4.2%, and a staggering Remaining Potential Demand of 31,832 within the ten-mile ring. There is likely something property-specific that would explain the poor performance of this complex.

10 MILE LEVELS OF EFFORT - BROWARD COUNTY

Legend:
- Bridgewater Place
- Cross Keys I
- Cross Keys II
- Mar Lago Village
- Pembroke Park
- Pointe at Banyan Trails
- Stirling Apartments
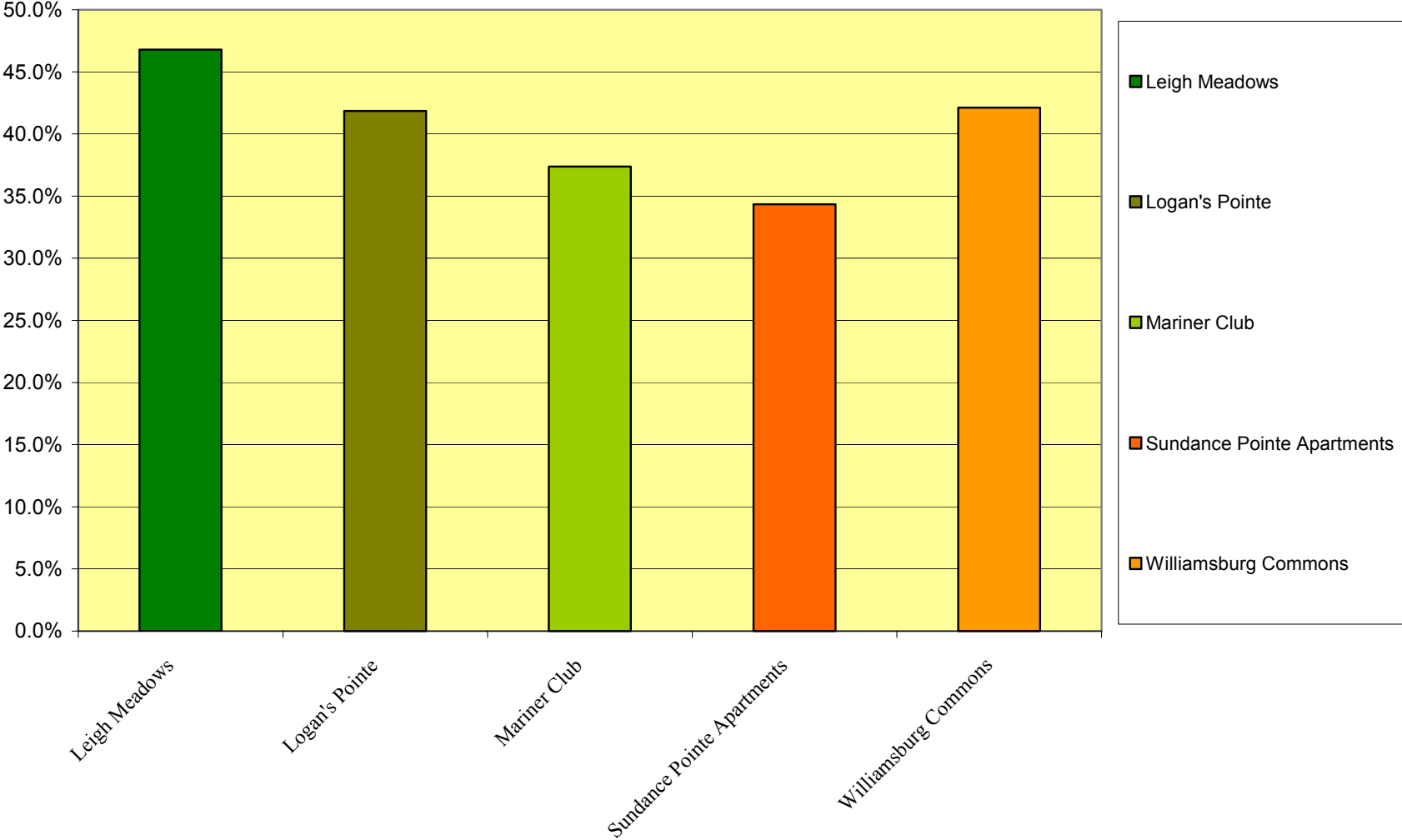- Stirling Apartments II
- Venice Homes

Ten-Mile LOE – Broward County

There are nine stabilized Guarantee Fund properties located within Broward County. The average occupancy rate is 95.2% and the average project size is 199. Occupancy rates range widely, from a low of 84.9% for Pembrook Park to 99.4% for Pointe at Banyon Trails. The number of units per complex ranges from a low of 82 units for Cross Keys I to 312 for Bridgewater Place.

The demographic indicators accurately reflect the relatively high average occupancy of this category, in addition to the poor performers within the category. All of the properties have a relatively low ten-mile LOE, ranging from 16.7% for Pointe at Banyan Trail (with the highest occupancy in the category) to 26.9% for Pembrook Park (with the lowest occupancy in the category); the overall average is 21.1%. The average three-mile Capture Rate is only 3.6%, which is the lowest of all twelve categories analyzed. The average annual ΔIQRH within the ten-mile rings was 626, which is more than three times the average project size. The average Remaining Potential Demand within the ten-mile rings was 30,891, second only to the Miami-Dade County average.

10 MILE LEVELS OF EFFORT - DUVAL COUNTY

Legend:
- Leigh Meadows
- Logan's Pointe
- Mariner Club
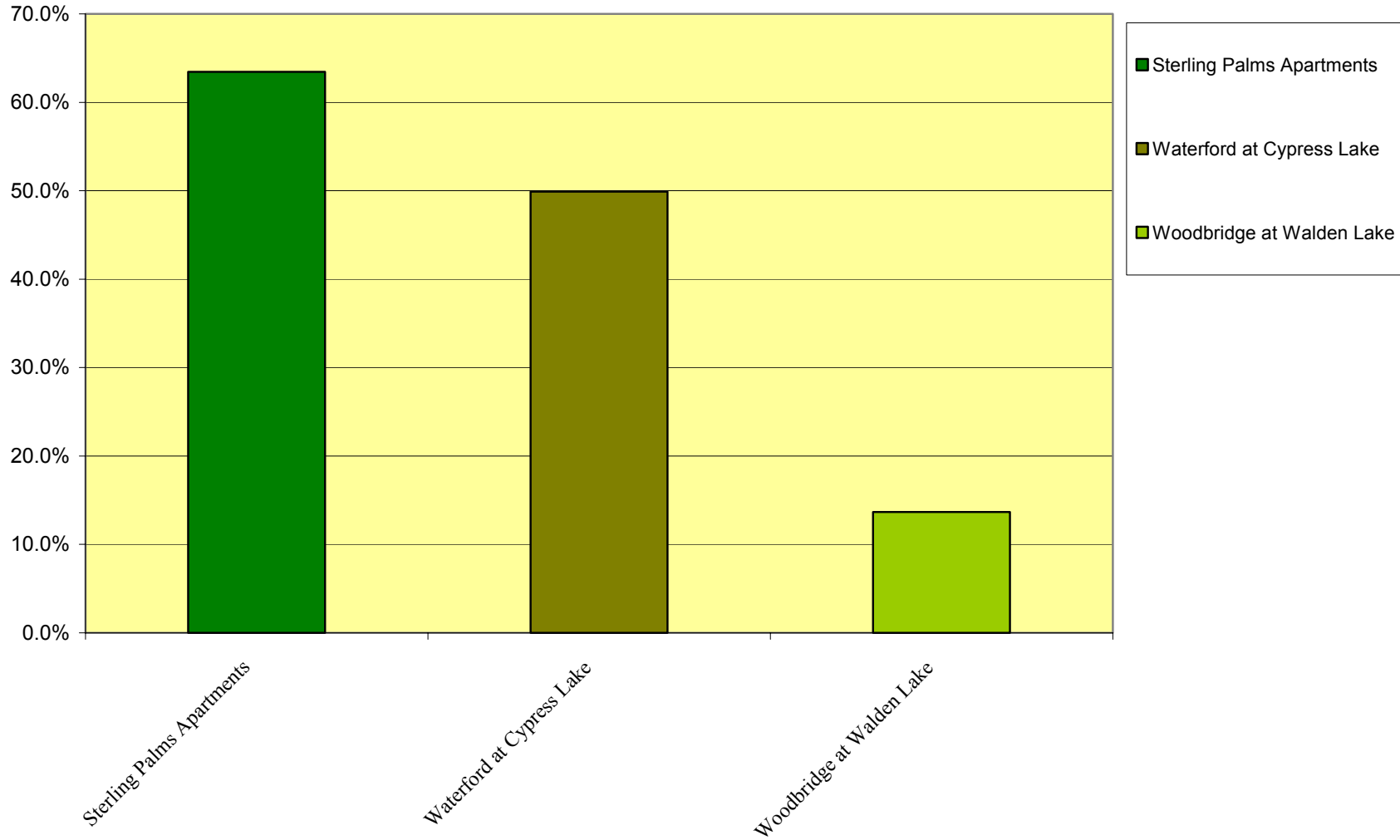- Sundance Pointe Apartments
- Williamsburg Commons

Ten-Mile LOE – Duval County Projects

There are five stabilized Guarantee Fund projects located within Duval County, which has a relatively low overall average occupancy rate of 89.5% and an average project size of 299 units. Occupancy rates range from a low of 85.4% for Williamsburg Commons to 93.0% for Logan's Pointe. The number of units per project ranges from a low of 248 units for Logan's Pointe to 336 for Mariner's Club.

Most of the demographic indicators for this category reflect the lackluster occupancy. All of the projects have moderate ten-mile LOE ranging from 34.3% to 46.8%, with an average of 40.6%. The average three-mile Capture Rate is high at 13.0%, the second highest amongst the Large Counties. The average Remaining Potential Demand within the ten-mile rings was 11,603, which is fifth amongst the seven Large County averages. The only favorable indicator is ΔIQRH within the ten-mile rings at 448, about 50% more than the average project size.

10 MILE LEVELS OF EFFORT - HILLSBOROUGH COUNTY

Legend:
- ■ Sterling Palms Apartments
- ■ Waterford at Cypress Lake
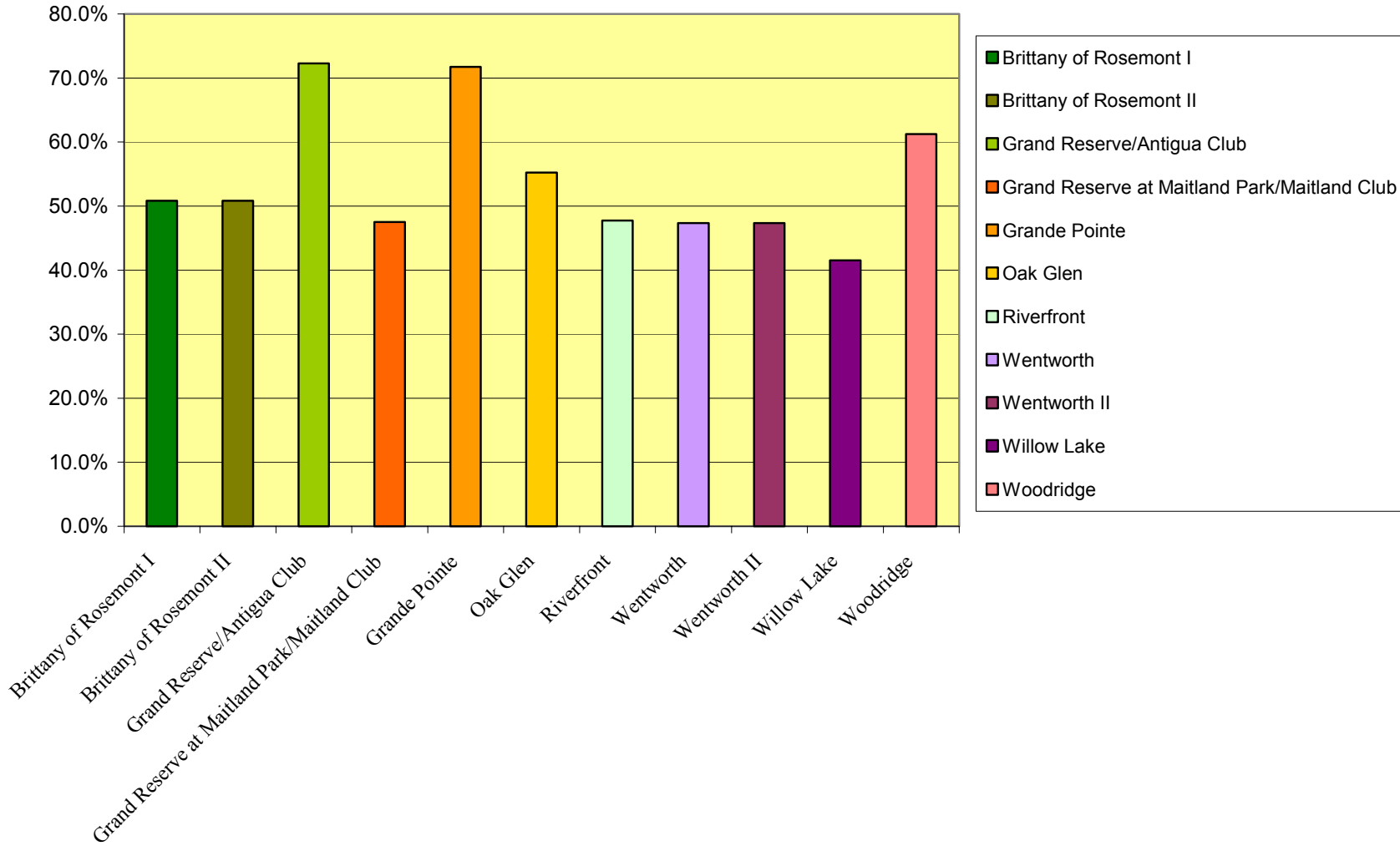- ■ Woodbridge at Walden Lake

Ten-Mile LOE – Hillsborough Projects

There are three stabilized Guarantee Fund projects located within Hillsborough County. Occupancy rates range from a low of 89.6% for Woodbridge at Walden Lake to 94.2% for Sterling Palms. The number of units per project range from a low of 236 units for Woodbridge at Walden Lakes to 450 for Waterford at Cypress Lake. The average occupancy rate for this category is 93.0%, and the average property size is 311 units.

The complexes' ten-mile LOE's range from 13.7% for Woodbridge at Walden Lake to 63.4% for Sterling Palms, with an average of 48.0%. The average three-mile Capture Rate is 16.1%, which is the highest of the seven Large County averages.   The average remaining potential demand within the ten-mile rings was 6,758, the lowest amongst the seven Large County Averages. The ΔIQRH within the ten-mile rings was the only obviously favorable indicator at 413, which is about 32% higher than the average project size.

10 MILE LEVELS OF EFFORT - ORANGE COUNTY

Legend:
- Brittany of Rosemont I
- Brittany of Rosemont II
- Grand Reserve/Antigua Club
- Grand Reserve at Maitland Park/Maitland Club
- Grande Pointe
- Oak Glen
- Riverfront
- Wentworth
- Wentworth II
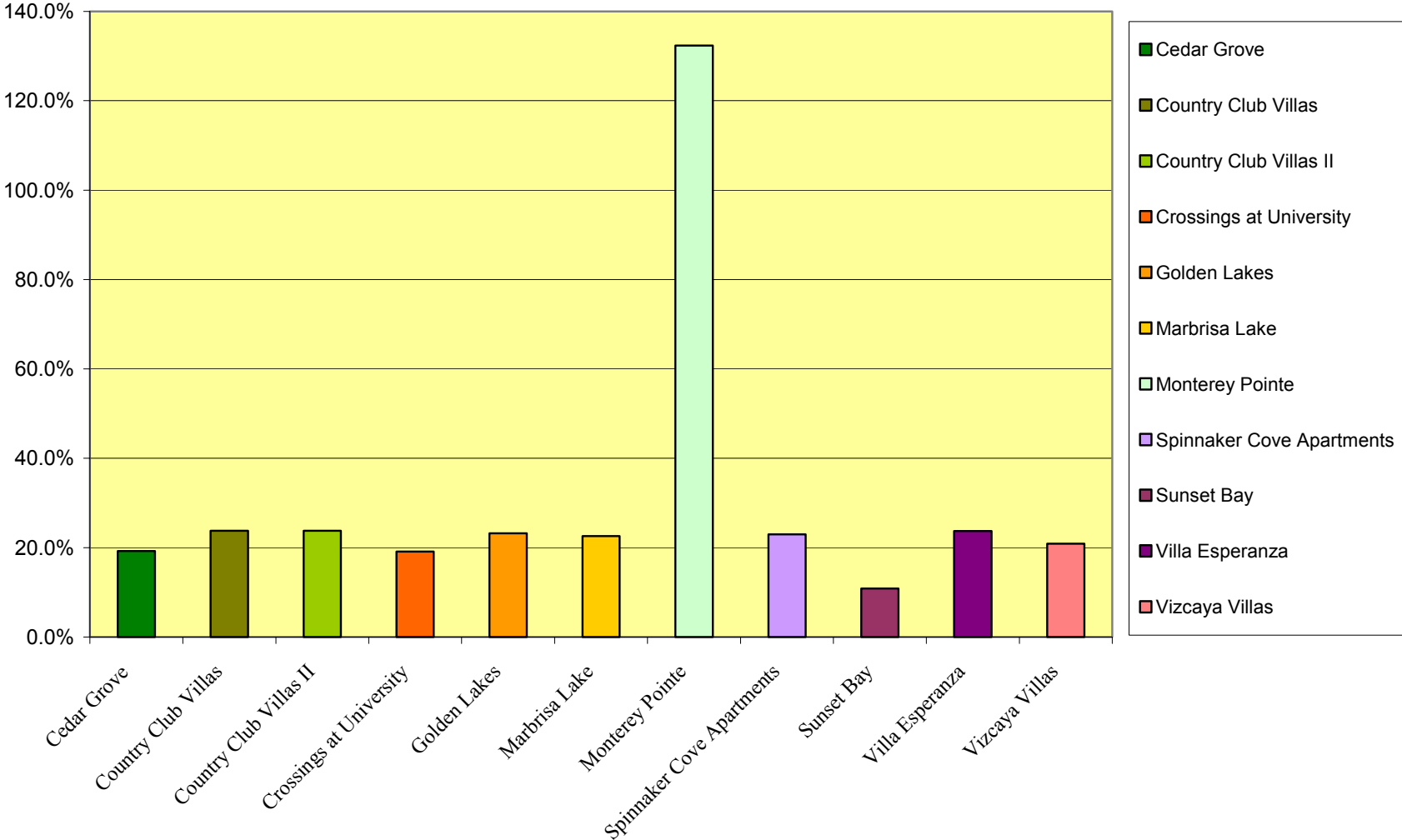- Willow Lake
- Woodridge

Ten-Mile LOE – Orange County Projects

There are 11 stabilized Guarantee Fund projects located within Orange County. Occupancy rates range from 87.2% for Brittany at Rosemont II to 98.0% for Woodridge. The number of units per project ranges from 88 units in Oak Glen to 364 in Grand Reserve at Maitland Park. The average occupancy rate for this category is relatively low at 91.1%, and the average project size is 284 units.

Most of the demographic indicators for this category reflect the poor average occupancy. The projects' ten-mile LOE's range from 41.5% for Willow Lake to 72.3% for Antigua Club, with an average of 52.4%; this is the highest average of the seven large counties. The average three-mile Capture Rate is 8.5%, which is the third highest among the seven Large County averages. The average Remaining Potential Demand within the ten-mile ring was 12,298, only the fourth highest amongst the seven Large Counties. The only favorable indicator in this category is ΔIQRH within the ten-mile rings (822), which is almost three times the average project size.

10 MILE LEVELS OF EFFORT - MIAMI-DADE COUNTY

Legend:
- Cedar Grove
- Country Club Villas
- Country Club Villas II
- Crossings at University
- Golden Lakes
- Marbrisa Lake
- Monterey Pointe
- Spinnaker Cove Apartments
- Sunset Bay
- Villa Esperanza
- Vizcaya Villas

Ten-Mile LOE – Miami-Dade County Projects

There are 11 stabilized Guarantee Fund projects located within Miami-Dade County. This is the best-performing category of the Large Counties, with occupancy rates ranging from a low of 95.0% for Cedar Grove to 100.0% for Spinnaker Cove, with an average of 98.4%. Project sizes range from a low of 174 units for Vizcaya Villas to 368 for Marbrisa Lake, with an average of 265 units.

The high occupancy is reflected in favorable demographic indicators. First, the projects' ten-mile LOE's range from 10.8% for Sunset Bay to 132.3% for Monterey Pointe, which is located in the southern portion of the county near Homestead. The average is 22.1%, which is the lowest average of the seven large counties. The average three-mile Capture Rate is 5.2%, the second lowest amongst the seven Large Counties. The ΔIQRH within the ten-mile rings was 988, almost four times more than the average project size. The average Remaining Potential Demand within the ten-mile rings was 39,618, which is the highest of the seven Large Counties.

Pinellas County has only one stabilized Guarantee Fund project. The demographic footprint for this project is reflected on the Results page of this report.

<u>**Policy Analysis**</u>

This study provides strong evidence that demographics are relevant and can be a useful tool to predict project performance as measured by occupancy rate. A few application cycles ago, the concept of proximity was added to the application process. For the first time, the application recognized that all sites are not created equal and proximity to certain services was utilized to help rank the applications. We now have a new tool to assist in this important task. The demographic factors, Level of Effort, Capture Rate, ΔIQRH, and Remaining Potential Demand are knowable, objective, and relevant.

The demographic factors can also be used in another important way: to rank the counties. The order in which projects are funded should not be left to chance. Set-Aside Unit Limitation (SAUL) helps to distribute the funded projects fairly, yet randomly. Ranking the counties guarantees that the funded projects will go where they are needed most. It also allows a far better "like-kind" comparison amongst the applications. If the counties are ranked, then applications will be compared only to other applications within that county. This eliminates the inherent unfairness of trying to compare counties that have significantly different demographic profiles.

By ranking the counties and the applications utilizing the demographic factors illustrated in this study, the Corporation could then eliminate the concept of location "A", which effectively red-lines certain geographic areas. This policy is seriously flawed and needs to be abandoned. Developers should have to prove that there is a market for their product through upfront due diligence, which would eliminate ill-conceived projects before they reach the underwriting process.

The application determines the level of due diligence that most developers undertake. That is why there are "surprises" once some projects are critically analyzed in the underwriting process. Proximity to certain services is an important factor, but should not be the only basis for making site selection decisions. A developer will not pick a "better" site (that is, one with only good proximity scores) if it will not get funded. The criteria for a good site needs to be in the application or we will continue to have "surprises" in underwriting.

We are already utilizing this methodology to make critical judgments about proposed projects. It would be to the development community's benefit to require the same level of

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Policy Analysis (Cont'd)

analysis up front, so if they do get funded the probability of a favorable underwriting report would be significantly higher.

The same methodology can be utilized to rank the counties and the applications. An example of how to rank the large counties is included in the Data Book.