1 Develop a replicable methodology to analyze the leveraging effect of home improvement investments in underwater neighborhoods in metro counties.

2 Such methodology can be shared with community development practitioners on a national scale to demonstrate the economic value of strategic community intervention in vulnerable neighborhoods.
DEE DEE
THE ANALYST
Director of Real Estate Oversight, Atlanta Housing Authority

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Associate Attorney, Morris Manning & Martin LLP

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Development Director, The Integral Group

Michele
THE RESEARCHER
Director of Marketing, The Macallan Group

CAREY
THE SPECIALIST
Vice President, Asset Management, Portman Holdings

ULI MTAP
THE DREAM TEAM
INTRODUCTION

Gathered transaction data from ANDP and reviewed previous Georgia Tech study.

Determine Subject Markets

Placed all of ANDP’s properties on a map to determine greatest concentration of assets.

Source Data

Used a combination of FMLS, respective county tax assessor, Policy Map and Metrostudy.

Analyze Data

Used a series of metrics to measure performance of subject areas using 1/2 mile radius and zip code data.

Conclusion

We’ll save this for last!

ULI MTAP

The Methodology
NEIGHBORHOOD PREMIUM

- The metric used to evaluate the impact ANDP’s investments have had on increasing property values as represented by fair market home sales.

- This premium is calculated by comparing the average annual sales price changes (fair market sales only) in a smaller neighborhood proximate to ANDP’s home investment against the sales price changes in a more diverse area defined by the zip code.

- While this “Neighborhood Premium” does not totally isolate ANDP as the sole influence on a given neighborhood, it does provide a strong correlation of the benefits ANDP brings to an area in encouraging sales price appreciation in addition to the greater market forces impacting the region as a whole.
CASE STUDY | ZIP CODE 30135

DOUGLASVILLE
The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

Courtesy of Michele Harry, First Multiple Listing Service

Generated on 04/22/2015

Demographics

Based on ZIP Code: 30135

Population Summary

- Estimated Population: 63,742
- Population Growth (since 2000): 48%
- Population Density (ppl / mile): 742
- Median Age: 32.74

Household Number of Households: 21,718

Household Size (ppl): 2.92

Households w/ Children: 9,407

Age

<table>
<thead>
<tr>
<th>Gender Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

Housing Summary

- Median Home Sale Price: $102,059
- Median Dwelling Age: 16 years
- Median Value of Home Equity: $182,972
- Median Mortgage Debt: $109,212

Stability

- Annual Residential Turnover: 16.4%
- 5+ Years in Residency: 41.96%
- Median Years in Residency: 4.29

Occupancy

Fair Market Rents

Quality of Life

Workers by Industry

- Agricultural, Forestry, Fishing: 111
- Mining: 6
- Construction: 873
- Manufacturing: 235
- Transportation and Communications: 280
- Wholesale Trade: 130
- Retail Trade: 6,162
- Finance, Insurance and Real Estate: 733
- Services: 5,598
- Public Administration: 65
- Unclassified: 79

Household Income

Average Household Income: $80,392

Average Per Capita Income: $27,665

source: FMLS

Education

Educational Climate Index (1)

<table>
<thead>
<tr>
<th>Highest Level Attained</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 9th grade</td>
<td>1,114</td>
</tr>
<tr>
<td>Some High School</td>
<td>3,071</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>12,361</td>
</tr>
<tr>
<td>Some College</td>
<td>8,930</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>3,206</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>6,875</td>
</tr>
<tr>
<td>Graduate Degree</td>
<td>3,702</td>
</tr>
</tbody>
</table>

(1) This measure of educational climate ranks ZIP codes with the best conditions for quality schools. It is based on the U.S. Census Bureau’s Socioeconomic Status (SES) measure with weights adjusted to more strongly reflect the educational aspect of social status. It is scaled 0 to 100, where 0 is the most educated and 100 the least educated. The measure is based on the population of an entire ZIP code, and it may not reflect the nature of an individual school. (2) Powered by Onboard Informatics. Information is deemed reliable but not guaranteed. Copyright © 2014 Onboard Informatics. All rights reserved.

Schools

Radius: 1.00 mile(s)

Public - Elementary

<table>
<thead>
<tr>
<th>Distance</th>
<th>Grades</th>
<th>Students</th>
<th>Students per Teacher</th>
<th>GreatSchools Rating (1)</th>
<th>Community Rating (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.52</td>
<td>K-5th</td>
<td>675</td>
<td>13</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>0.89</td>
<td>K-5th</td>
<td>420</td>
<td>11</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Public - Middle/High

<table>
<thead>
<tr>
<th>Distance</th>
<th>Grades</th>
<th>Students</th>
<th>Students per Teacher</th>
<th>GreatSchools Rating (1)</th>
<th>Community Rating (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.45</td>
<td>9th-12th</td>
<td>1,780</td>
<td>17</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

source: CITY-DATA

CASE STUDY | ZIP CODE 30135

DOUGLASVILLE
SUBJECT

- The home was acquired by ANDP in an REO sale for $97,923
- ANDP invested $72,118 in rehab work
- Fair market sale occurred in 2013 for $120,000 suggesting a gain of 22.5%

ADDITIONAL NEIGHBORHOOD INVESTMENT

- ANDP entered this neighborhood (.5 mile radius of subject property) initially in 2012.
- ANDP has invested approximately $181k (including the subject) in rehabilitating 3 total properties in this neighborhood between 2012 - 2013.
- These investments have generated and average 20.5% price appreciation between acquisition and disposition.
SALES PRICE TRENDS

- ANDP first entered this neighborhood in 2012 and made two subsequent investments in 2013.
- Prior to ANDP’s initial investment, sales in the neighborhood in the years 2011 and 2012 declined at a faster rate than the zip code vs. a base year of 2010.
- Since ANDP’s initial investment, the neighborhood broke trend with the zip code and began a faster recovery ending with a 135% price appreciation from 2012 to 2014 vs. only 58% for the zip code.

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Nhood Change</th>
<th>Zip Change</th>
<th>Avg. Sales Price Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 vs. 2011</td>
<td>-3.91%</td>
<td>-14.39%</td>
<td>-14.39%</td>
</tr>
<tr>
<td>2010 vs. 2012</td>
<td>-20.24%</td>
<td>-13.07%</td>
<td>-13.07%</td>
</tr>
<tr>
<td>2012 vs. 2013</td>
<td>70.73%</td>
<td>39.96%</td>
<td>39.96%</td>
</tr>
<tr>
<td>2012 vs. 2014</td>
<td>134.61%</td>
<td>58.07%</td>
<td>58.07%</td>
</tr>
</tbody>
</table>

source: FMLS

CASE STUDY | ZIP CODE 30135

DOUGLASVILLE
SALES VALUES & NEIGHBORHOOD PREMIUM

- For the years prior to ANDP’s investment, the Neighborhood Premium dropped from approx. 105% to approx. 50%. After ANDP’s investment in 2012/2013, the Neighborhood Premium spiked to 295% in 2014.

- While the subject neighborhood appears to have a price premium to the entire zip code, the sharp increase in the Neighborhood Premium in after ANDP’s investment indicates a significant impact by ANDP’s investment.

### Average Sales Price $ Change with Neighborhood Premium

<table>
<thead>
<tr>
<th></th>
<th>N’hood</th>
<th>Zip</th>
<th>N’hood Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 vs. 2011</td>
<td>-$2,661</td>
<td>-$10,931</td>
<td>105%</td>
</tr>
<tr>
<td>2010 vs. 2012</td>
<td>-$13,769</td>
<td>-$9,925</td>
<td>49%</td>
</tr>
<tr>
<td>2012 vs. 2013</td>
<td>$38,382</td>
<td>$26,378</td>
<td>102%</td>
</tr>
<tr>
<td>2012 vs. 2014</td>
<td>$73,045</td>
<td>$38,336</td>
<td>295%</td>
</tr>
</tbody>
</table>

Source: FMLS
This Douglasville case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP’s significant investment in the area.

**Market Indicators**

**Neighborhood**

- **$132,277**
  - Total Net ANDP Investment in Subject Neighborhood

- **$381,799**
  - Increase in Value of Sold Homes in Subject Neighborhood after ANDP Investment (11 sales in 2014)

- **289%**
  - Yield on ANDP Investment in Subject Neighborhood’s Actual Sales

**Zip Code**

- **$34,709**
  - Value Premium/Sold Home

- **295%**
  - Neighborhood Premium (2012 to 2014)

**Douglasville Case Study Conclusion**

This Douglasville case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP’s significant investment in the area.
CASE STUDY | ZIP CODE 30291

UNION CITY
Presented by: ULI MTAP: Dee Dee Beaty, David Burch, Shawn Garland, Michele Harry & Carey Owens

Case Study | Zip Code 30291
Union City

The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

Demographics
Based on ZIP Code: 30291
Estimated Population: 18,203
Population Growth (since 2000): 56%
Population Density (ppl / mile): 1,770
Median Age: 34.49

Household
Number of Households: 7,196
Household Size (ppl): 2.53
Households w/ Children: 2,593

Age

Occupancy
Fair Market Rents

Quality of Life
Workers by Industry
Agricultural, Forestry, Fishing: 86
Construction: 237
Manufacturing: 319
Transportation and Communications: 417
Wholesale Trade: 307
Retail Trade: 1,961
Finance, Insurance and Real Estate: 296
Services: 1,739
Public Administration: 1,040
Unclassified: 35

Household Income

Average Household Income: $46,241
Average Per Capita Income: $18,323

Education
Educational Climate Index (1)

Highest Level Attained

Violent crime rate in 2007
Union City: 713.2
U.S. Average: 259.7

Property crime rate in 2007
Union City: 1,061.3
U.S. Average: 309.2

(1) This measure of school quality identifies ZIP codes with the best conditions for quality schools. It is based on the U.S. Census Bureau’s Socioeconomic Status (SES) measure with weights adjusted to more strongly reflect the educational aspect of social status. It includes 7 income & occupation variables, 5 education & occupation variables and 2 social services variables. The measure is intended to identify ZIP codes with the best conditions for quality schools. It may not reflect the performance of a specific school.

Commute Method
Median Travel Time: 26.11 min

Weather
January High Temp (avg °F): 51.9
January Low Temp (avg °F): 33.5
July High Temp (avg °F): 89.4
July Low Temp (avg °F): 70.6
Annual Precipitation (inches): 50.2

Education

Source: FMLS
Source: CITY-DATA
Subject Property: 8553 Lake Meadow Drive, Union City, GA
Closing Date: June 28, 2012
Sales Price: $80,000
Year Built: 2001
Type: Detached SFR
Bedrooms: 4
Bathrooms: 2
Square Footage: 1,468

SUBJECT
- The home was acquired by ANDP in an REO sale for $77,800
- ANDP invested $45,030 in rehab work
- Fair market sale occurred in 2012 for $80,000 suggesting a gain of 2.8%

ADDITIONAL NEIGHBORHOOD INVESTMENT
- ANDP entered this neighborhood (.5 mile radius of subject property) initially in 2010.
- ANDP has invested approximately $270k (including the subject) in rehabilitating 6 total properties in this neighborhood from 2010 - 2013.
- These investments have generated and average 13% price appreciation between acquisition and disposition.

source: FMLS

CASE STUDY | ZIP CODE 30291
UNION CITY
SALES PRICE TRENDS

- ANDP first entered this neighborhood in 2010 and made subsequent investments each year in 2011 through 2013.
- Since ANDP's initial investment, the neighborhood broke trend with the zip code and began a faster recovery ending with a 24% price appreciation from 2010 to 2014 vs. only 17% for the zip code.

CASE STUDY | ZIP CODE 30291

UNION CITY
SALES VALUES & NEIGHBORHOOD PREMIUM

- Prices for fair market sales vs. the base year of 2010 further highlights the neighborhood outperforming the zip code following ANDP’s entry into the neighborhood in 2010.
- From 2010 to both 2011 and 2012, the neighborhood declined at a reduced rate to the zip code turning positive in 2013 and 2014.
- The Neighborhood Premium line represents the differential between the neighborhood’s improvement and the zip code’s gains from a peak of 67% in 2012 to a current premium in 2014 of 7%.
- While the premium has declined over time, it is not an indication that the neighborhood is regressing but a quite encouraging result that the zip code is catching up and improving along with the neighborhood.

CASE STUDY | ZIP CODE 30291
UNION CITY
This Union City case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP’s significant investment in the area.

**MARKET INDICATORS**

**NEIGHBORHOOD PREMIUM**
(Premium of the Neighborhood vs. the Zip Code based on the year ANDP first invested in the Neighborhood 2010 vs. 2014)

- \$269,340
  - Total Net ANDP Investment in Subject Neighborhood

- \$33,143
  - Increase in Value of Sold Homes in Subject Neighborhood after ANDP Investment (23 sales in 2014)

- 12%
  - Yield on ANDP Investment in Subject Neighborhood’s Actual Sales

- \$1,441
  - Value Premium/Sold Home

- 7%
  - Neighborhood Premium (2010 to 2014)
The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

Demographics

Based on ZIP Code: 30058

- **Population Summary**
  - Estimated Population: 50,555
  - Population Growth (since 2000): 18%
  - Population Density (ppl / mile): 1,628
  - Median Age: 33.25

- **Household Summary**
  - Number of Households: 18,735
  - Household Size (ppl): 2.68
  - Households w/ Children: 8,283

Quality of Life

- **Workers by Industry**
  - Agricultural, Forestry, Fishing: 196
  - Mining: 61
  - Construction: 759
  - Manufacturing: 1,461
  - Transportation and Communications: 431
  - Wholesale Trade: 626
  - Retail Trade: 1,638
  - Finance, Insurance and Real Estate: 277
  - Services: 4,257
  - Public Administration: 252
  - Unclassified: 68

Household Income

- **Average Household Income**: $55,366
- **Average Per Capita Income**: $20,685

Education

- **Educational Climate Index (1)**
  - Less than 9th grade: 1,304
  - Some High School: 1,806
  - High School Graduate: 9,115
  - Some College: 3,293
  - Associate Degree: 6,684
  - Bachelor’s Degree: 2,139

![Schools](source: FMLS)

Property Crime

- **Property Crime Rate in 2012**
  - Lithonia: 264
  - U.S. Average: 214

- **Property Crime Rate in 2011**
  - Lithonia: 213
  - U.S. Average: 214

- **Property Crime Rate in 2008**
  - Lithonia: 413
  - U.S. Average: 252

- **Property Crime Rate in 2007**
  - Lithonia: 259
  - U.S. Average: 272

- **Property Crime Rate in 2006**
  - Lithonia: 185
  - U.S. Average: 276

![Property Crime](source: CITY-DATA)
Subject Property: 6390 Shadow Square, Lithonia, GA
Closing Date: November 14, 2012
Sales Price: $112,500
Year Built: 2008
Type: Attached Townhouse
Bedrooms: 3
Bathrooms: 2
Square Footage: 1,506

Source: FMLS

Subject

- The home was acquired by ANDP in an REO sale for $100,000.
- ANDP invested $42,825 in rehab work.
- Fair market sale occurred in 2012 for $112,500 suggesting a gain of $12,500 or 12%.

Additional Neighborhood Investment

- ANDP entered this neighborhood (.5 mile radius of subject property) initially in 2011.
- ANDP has invested approximately $247K, (including the subject) in rehabilitating 10 total properties in this neighborhood from 2011 - 2013.
- These investments have generated and average 22% price appreciation between acquisition and disposition.
SALES PRICE TRENDS

- ANDP first entered this neighborhood in 2011 and made subsequent investments each year in 2012 through 2013.
- At ANDP's initial investment, the neighborhood average sale prices trend resulted in an unfavorable 8.78% decrease; whereas, the zip code trend resulted in a favorable 5.49% increase. In 2013, the neighborhood trend exceeded the zip code trend resulting in 42.33% and 19.01%, respectively.
- The neighborhood trend ended with a 53% price appreciation from 2011 – 2014; however, the zip code ended with a slightly higher price appreciation of 57% from 2011 – 2014.

CASE STUDY | ZIP CODE 30058
LITHONIA

source: FMLS
SALES VALUES & NEIGHBORHOOD PREMIUM

- The change in fair market sales vs. the base year of 2011 indicates that the neighborhood outperformed the zip code following ANDP’s entry into the neighborhood in 2012.
- From 2011 to 2012, the neighborhood declined slightly; however, in 2013 and 2014 the change turned positive. The zip code experienced positive changes in 2013 and 2014; however, the changes were less than neighborhood.
- The Neighborhood Premium line represents the differential between the neighborhood’s improvement and the zip code’s gains. After ANDP’s investment in 2012, the Neighborhood Premium peaked at 82% in 2013 and ended with a current premium of 47% in 2014.
- The decline in the price premium over the years, is a positive indication that the neighborhood and zip code prices are improving.

CASE STUDY | ZIP CODE 30058

LITHONIA
This Lithonia case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP’s significant investment in the area.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net ANDP Investment</td>
<td>$246,779</td>
</tr>
<tr>
<td>Increase in Value of Sold Homes</td>
<td>$55,974</td>
</tr>
<tr>
<td>Yield on ANDP Investment</td>
<td>23%</td>
</tr>
<tr>
<td>Value Premium/Sold Home</td>
<td>$9,328</td>
</tr>
<tr>
<td>Yield on Subject Neighborhood’s Actual Sales</td>
<td>47%</td>
</tr>
</tbody>
</table>

**Neighborhood Premium**

(Premium of the Neighborhood vs. The Zip Code based on the year ANDP first invested in the Neighborhood 2011 vs. 2014)

**Total Net ANDP Investment in Subject Neighborhood**

$246,779

**Increase in Value of Sold Homes in Subject Neighborhood after ANDP Investment (6 Sales in 2014)**

$55,974

**Value Premium/Sold Home**

$9,328

**Yield on ANDP Investment in Subject Neighborhood’s Actual Sales**

23%

**Neighborhood Premium (2011 to 2014)**

47%
SUMMARY

• Case studies confirm that neighborhoods where ANDP has invested have fair market sales that outperform the larger area’s fair market sales identified as the “Neighborhood Premium”.

• As home sales increase, there is a positive impact on homeowner’s equity and additional tax base to the locality to support public improvement. However there appears to be a significant lag in the tax valuations reflecting the fair market sales values.

KEY ASSUMPTIONS/RISKS

• Analysis does not account for any non-ANDP investments made in other homes in the neighborhood that may have impacted values.

• Analysis compares the neighborhood to the zip code in an attempt to account for any macroeconomic factors that impacted home values across the region, however there may be other unknown factors in the neighborhood or zip code that need further analysis to gauge their impact on home valuations.

FURTHER RESEARCH & ANALYSIS

• To value the impact on a neighborhood beyond market sales, apply the neighborhood premium to all homes within a given neighborhood to estimate the potential home value appreciation ANDP had an influence on – i.e implied ROI on ANDP invested dollars.

• Compare areas where ANDP has multiple investments in close proximity vs. more dispersed investments to understand the differences to refine investment strategy to maximize the returns on future ANDP investment dollars.

• Optimize the ANDP circle of influence by evaluating larger areas around a subject property to find the optimum radius in calculating the Neighborhood Premium.

• Utilize other data sources, such as FMLS and Metrostudy to facilitate data gathering and analysis.
QUESTIONS?