TESTIMONY BY

JAMES SCHLOEMER

CHIEF EXECUTIVE OFFICER, CONTINENTAL PROPERTIES COMPANY

BEFORE THE

HOUSE COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEE ON HOUSING AND INSURANCE

FOR A HEARING ENTITLED

“THE COST OF GOVERNMENT REGULATIONS ON AFFORDABLE MULTIFAMILY DEVELOPMENT”

SEPTEMBER 5, 2018

Chairman Duffy, Ranking Member Cleaver and members of the Subcommittee, on behalf of myself and Continental Properties Company, thank you for this opportunity to testify on the regulatory barriers to affordable multifamily development. I appreciate your efforts to examine this multifaceted problem and your recognition of the challenges facing the developers of apartment housing today.

I am James Schloemer, a founder of the company, and its Chairman and Chief Executive. Continental Properties Company, Inc. was founded in 1979 by three 20 year-old college students in a small Wisconsin community and originated as a residential and commercial real estate brokerage. Over time, the company began developing retail, hotel and apartment properties. Today, Continental Properties is the eighth largest apartment developer in the United States according to the National Multifamily Housing Council's annual list of largest developers. The company is headquartered in Menomonee Falls, Wisconsin, a short distance from downtown Milwaukee and employs over 120 professionals at its home office and over 220 property management professionals at locations throughout 14 states.

I received a B.S. in Accounting from Valparaiso University in Valparaiso, Indiana and an MBA with a concentration in Finance from the University of Chicago. I am an officer of the National Multifamily Housing Council and a member of the International Council of Shopping Centers. I also served on a developer advisory board for Starwood Hotel's launch of the aloft and Element hotel brands.

In addition to my work in real estate development, I am a director of Park Bank in Milwaukee and West Bend Mutual Insurance Company, also headquartered in Wisconsin. I am also Chairman of the Board of Whole Child International, a Los Angeles based foundation serving the needs of institutionalized children in Central America and a past trustee of the Milwaukee Art Museum and the Milwaukee Repertory Theater.

The Role of Apartment Development in Housing Affordability

A healthy housing market includes a diversity of housing options both rental and for-sale, multifamily and single-family. More broadly, there is a well-established relationship between a community's well-being and economic strength and the availability of suitable and affordable housing. Apartments have an important role in meeting these housing needs nationwide and play a fundamental part in ensuring housing affordability.

Continental Properties' business model is somewhat unique among national apartment development firms. Specifically, we view ourselves as a "production builder" of workforce attainable apartment homes, delivering over 3000 new apartments each year. Contrary to the recognized expansion of multifamily development in urban core markets, our branded "Springs Apartment Community" homes are located only in suburban and second tier markets (Attachment A). We believe that these markets are some of the most underserved in terms of affordable housing supply and are within reasonable distance of primary employment generators. For cost efficiency, we maintain our prototypical two- and three-story building designs for all locations with variation in exterior finish materials to complement local building styles and tastes.

By carefully following this production model to control costs, 51 percent of the apartments in our leased portfolio are offered at rents that are affordable to households earning just 80 percent of the Area Median Income (AMI) (per HUD affordability standards). This portfolio consists of nearly 12,000 apartment homes in 14 states. Our apartments are not subsidized by any federal, state or local programs. It is important to point out however, that nearly all of our completed apartment communities are financed with mortgages issued through a Government-Sponsored Enterprise (GSE) - Fannie Mae and Freddie Mac (one property is financed with a HUD 221(d)4 mortgage). Our ability to deliver new, workforce attainable housing has been advanced by the availability of these GSE-sponsored mortgages and in our long history of securing GSE-sponsored debt, we have never missed a payment or been in default on mortgage terms.

In our efforts to expand the number of apartments that can be offered at rents affordable to households earning 80 percent of AMI, we examined the rents necessary IF we could realize a 5 percent reduction in our development costs - a conservative estimate of savings through modest reduction in regulatory burden. **We believe that a 5 percent reduction in our development costs would allow us to offer 62 percent of our apartments at rents affordable to households at that 80 percent of AMI income level (Attachment B).**

The State of Wisconsin's Apartment Market

The apartment industry including developers, owners, managers and our residents contribute over $10 billion to the Wisconsin economy annually. Building 100 new apartments in the state generates over $15 million to the Wisconsin economy and supports over 100 jobs. Our company has developed 500 new apartment homes in Wisconsin in the past two and a half years.

Forty-five percent of occupied apartments in Wisconsin were built before 1980, making it likely that many will need renovation or replacement in the coming years. Overall, research shows that Wisconsin needs to add 49,000 apartments by 2030 at a variety of price points in order to meet housing demand.

When we look at just the Milwaukee metro area, affordability is a critical need as approximately half of the renter households (51 percent) earned less than $35,000.[1] In addition, 38 percent of Milwaukee rental households already pay 35 percent or greater of their income towards rent.[2] Overall, in addition to the demand for new apartment units, the demand for renovation of the existing apartment stock in Milwaukee is expected to be strong—60 percent of apartments in the Milwaukee metro area were built before 1980.[3]

[1] U.S. Census Bureau, 2016 American Community Survey.

[2] *Id.*

[3] Hoyt Advisory Services, NMHC/NAA.

Barriers to Multifamily Development

The apartment industry can be a robust economic engine that provides high-quality, affordable housing and lasting job growth. However, the ability of our sector to deliver these benefits depends on collaboration and partnership at all levels of government. The cost to develop apartment homes has increased at a dramatically faster pace than rent rate increases in all 24 states in which we do business. This is obviously a trend that cannot be sustained. As the affordability of housing is already strained, development costs must be controlled in order to create needed and affordable housing throughout the United States.

A range of outdated, unnecessary and overly burdensome policies create significant barriers to the development of apartment properties. The resulting impacts increase the cost of apartment development and construction, exacerbate supply constraints and ultimately raise the necessary monthly rent of apartment homes. Easing regulatory and other policy obstacles in apartment production is a critical consideration as policymakers explore solutions to close the affordability gap in America's housing.

Our company has experienced widespread and recurrent impediments to cost-conscious apartment development and we are all too familiar with the consequences of needless delay and regulation. Importantly, some commonplace hurdles are deliberately intended to deter multifamily development and further the ideas of NIMBYISM ("Not In My Back Yard"), which explicitly oppose new apartment development in many communities. Support from policymakers, along with educational and planning tools, can help promote the acceptance of apartments and demonstrate the benefits of multifamily development.

However, even well-intentioned policies can inhibit apartment development and increase costs. We hope that in raising these issues, we can begin on a path of resolution and improve the state of apartment housing nationwide.

Barriers in Wisconsin

In Wisconsin alone, we faced a range of situations that interrupted the construction and development process and increased costs. For example:

- One city required the entire cost of a traffic signal to be paid by our project in lieu of a cost-sharing approach with adjacent property owners – adding $300,000 to project costs;
- One city required the upsizing of a water main for an unknown future development unrelated to our project – adding $130,000 to project costs;
- A municipality delayed review of our project plans after their staff arbitrarily assigned a higher priority to other projects that they felt were more high profile;

- We were required to construct a large amount of road and utility infrastructure based on an outdated comprehensive plan despite a lack of planned development;
- Jurisdictions sometimes demand unexpected design and construction elements that can raise costs by tens of thousands of dollars like one city that required a project to add $30,000 in concrete pump pads for remote fire protection and alter hand rails – costing an additional $8000;
- Some municipalities in the State have very high service connection fees that undermine the financial feasibility of the project; and
- A municipality would not support re-zoning of a commercially zoned tract and required a market study to prove the need for housing, despite lack of commercial demand for the site.

Prevalent Barriers to Multifamily Development

The challenges we have encountered in Wisconsin are emblematic of the harsh and often counter-productive development conditions we face around the country. While there are a large variety of policies that can interfere with the development of apartment communities, several issues present on-going and recurring setbacks.

➢ Zoning, Project Approval and Permitting

Apartment development is subject to an array of complex project approvals and permitting. While jurisdictional zoning laws often permit single-family development by-right, multifamily projects commonly require unique approvals and/or variances. Moreover, the local approval process is frequently structured to allow for arbitrary interpretation on the part of permitting officials and fairly open-ended community demands, which leads to inconsistent and uncertain results. In particular, the lack of uniform interpretations of jurisdictional requirements, coupled with individualized decision-making by code, planning and other jurisdictional staff, allows for potentially costly delays and unpredictable conclusions.

- In Colorado, a newly assigned permitting official contradicted a previous official's approval of the allowable height of retaining walls. This reconsideration added one month to the project schedule and increased project costs by approximately $660,000.
- In another Colorado project, understaffing and erratic decision-making added eight months to our approval process. Coupled with particularly onerous submittal requirements and delayed reviews, our total project costs increased by 3.5 percent due to an inflation of construction costs.
- Three weeks prior to closing, a Colorado city informed us that they "accidently" approved the incorrect street section as part of the City's Public Improvement Plan. We were required to expedite the re-engineering of our plans which had a cost of approximately

$5000 and the construction costs for the off-site work increased by approximately $50,000.

- In Tennessee, we were subject to a decision by three municipal agencies who could not agree on the off-site improvements required for the project. This added eight months to the project schedule and cost $265,000. Due to the delay, the total project budget was increased 2.54 percent due to the inflation of construction costs.

- In Texas, one municipality revised three of its zoning districts to specifically exclude multifamily as a permitted use.

- In Minnesota, a municipality with no existing multifamily homes rejected a re-zoning of a commercial site. The municipality was not acting in compliance with the state's growth plans.

- In Georgia, one municipality would not support the re-zoning of a site due to a higher percentage of already existing multifamily housing. This jurisdiction had a "guideline" capping multifamily development at no more than 20 percent of their housing stock.

➢ Infrastructure

Successful housing development requires suitable and reliable infrastructure. Yet, communities nationwide struggle with aging and inadequate transportation, water, sewage and other public systems. At the same time, jurisdictions facing serious deficits in infrastructure funding are increasingly looking to pass improvement costs along to developers. While some infrastructure enhancements on or around a development site may be mutually-beneficial, jurisdictions sometimes exploit developer resources, and by extension renter household expenditures, making project approvals contingent on ever-increasing infrastructure investments.

- In Illinois, one city required us to build a public street through our site increasing the total project costs by $1.2 million. Additional improvements required to an existing road beyond our site cost another $63,000.

- Another Illinois city required the re-painting of brand new fire hydrants adding $3500 to the project.

➢ Building Codes and Design Standards

Apartment developers recognize the important role that building codes play in ensuring the construction and development of safe and structurally sound properties. However, onerous code requirements unnecessarily raise the cost of construction. Similarly, arbitrary restrictions or mandates on dwelling unit size, project density, building height or site features like parking minimums can stymie new multifamily development or significantly increase design and construction costs.

- In Florida, we were required to add approximately 105 sq.ft. to our studio apartments, despite robust acceptance of the original unit size in other jurisdictions and demand for the smaller studio in the marketplace, to meet a minimum unit square footage requirement of 700 sq.ft. – increasing project costs by approximately $410,000.

- Subsequent to plan approvals and permit issuance, a Florida city imposed additional sprinkler requirements with an additional project cost of $110,000.

➢ Accessibility

Apartment providers have responsibilities under both the Americans With Disabilities Act (ADA) and the Fair Housing Act (FHA) to ensure accessibility in apartment communities by including particular building and site design features in our properties. We strongly support the goals of the Acts, but have concerns about specific compliance and enforcement aspects that drive up the cost of construction.

Compliance with federal accessibility laws is so complex that apartment developers, including Continental, must employ expert consultants to guide our efforts. Even with this specialized support, we face numerous compliance challenges and legal risks. For example, the law fails to properly consider the challenges presented by sites with difficult topographical features. Under the FHA, a site must be graded to meet exacting slope requirements. While federal sources recognize that this may be impractical on certain sites, exemptions are rarely, if ever, granted. This leaves developers with the choice of ignoring otherwise desirable sites or devoting significant resources to modify an entire site's topography. Regardless of a site's natural topography, FHA requires an "accessible pathway," defined as a slope not exceeding 2 percent, to and from *every* ground floor apartment to all areas of the community. This contrasts with single-family subdivisions which have no such requirement for *any* of the homes.

Additionally, developers are limited by the construction materials available, such as pavement that is subject to heaving, cracking and other changes that can complicate site conditions. Equipment calibration and deviations also create limitations on precise and consistent measurements, yet the necessary construction tolerances are not recognized nor is the age of improvements considered in accessibility enforcement actions.

However, we think there are opportunities for meaningful change within the Acts that alleviate barriers for housing developers while continuing to ensure property accessibility. For example, policymakers could reduce the percentage of units required for compliance under the FHA. Today, developers face a heavy burden to construct all first-floor units in an accessible manner and on an accessible route. This alone can deter apartment firms from selecting certain sites. Consider this development illustration:

- In addition to FHA requirements, many local codes require at least two percent of first floor homes to be constructed with enhanced accessibility features "ADA homes."
- A typical Continental apartment community contains 300 units across twelve to fifteen buildings on an 18-acre site. It includes a clubhouse and pool. If the community is in a jurisdiction requiring two percent ADA homes, six of the 300 units are ADA homes and are in four different buildings.
- Of the remaining 294 homes, 140 homes are first floor homes required to comply with the FHA (as currently drafted). Those 140 homes and the amenities are connected by

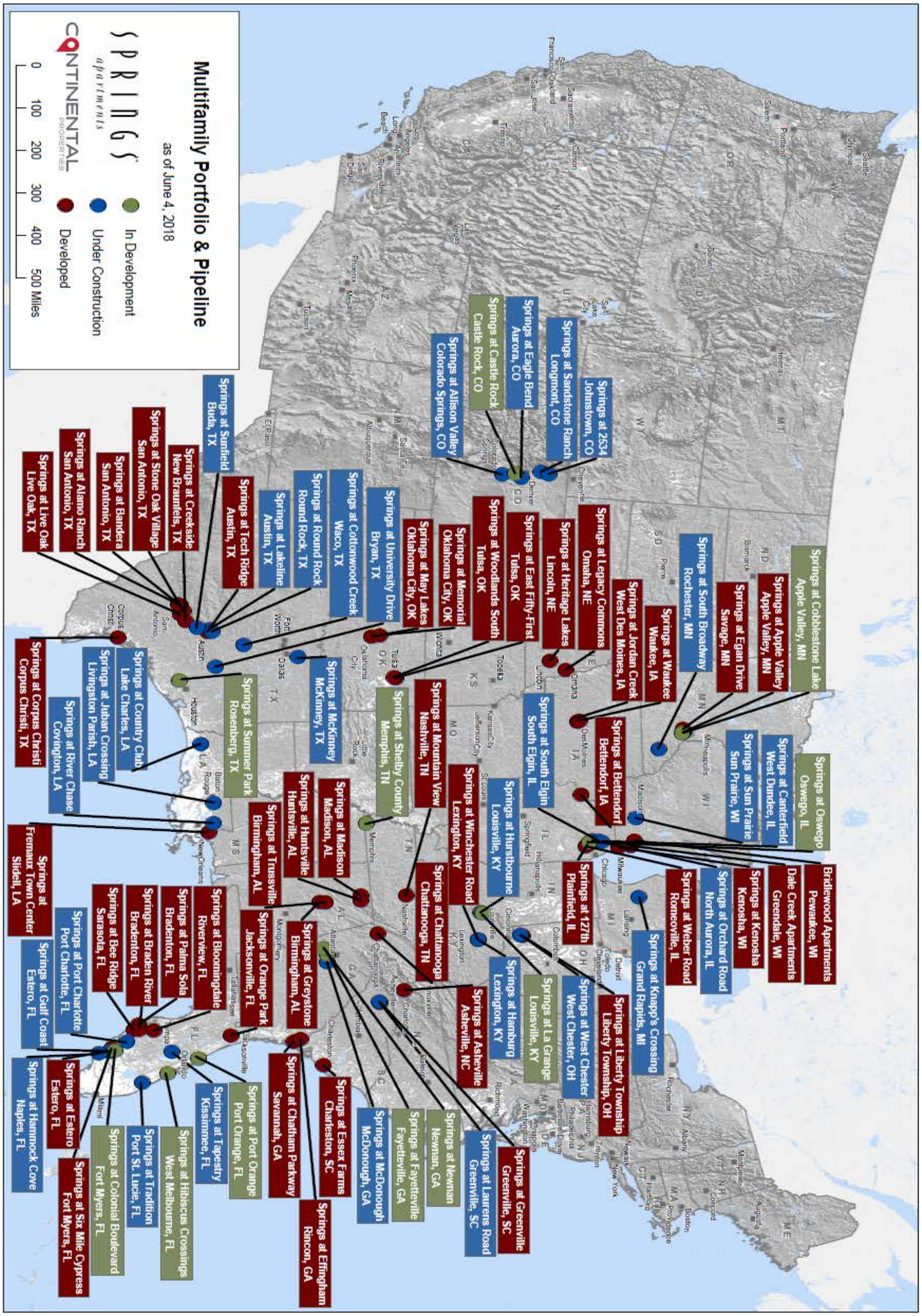
an interwoven network of sidewalks comprising the "accessible route" that can be over one mile in length.

Under this fact pattern, the FHA would require our firm to eliminate grade and level changes throughout the site and eliminate stairs along the accessible routes. In Continental's 39-year history, we have found no market demand for such a high percentage of accessible homes. If FHA compliance could be reached by constructing a more practical percentage of accessible units – say 30 percent of ground floor homes – project costs would be significantly reduced while still serving the needs of our disabled residents and guests.

Conclusion

Housing affordability is a critical need nationwide. I applaud the Subcommittee's efforts to address this problem and identify the regulatory barriers to new multifamily development. Policymakers at every level of government have a role to play in removing obstacles to housing production, easing costs and creating a supportive environment for the providers of apartment homes. The apartment industry is committed to providing high-quality and attainable housing for all Americans. Using a combination of incentive-based programs, streamlined regulatory burdens and innovative solutions, we stand ready to work with Congress to achieve these goals.

ATTACHMENT A


Multifamily Portfolio & Pipeline
as of June 4, 2018
SPRINGS apartments
CONTINENTAL PROPERTIES
In Development
Under Construction
Developed
0 100 200 300 400 500 Miles
Springs at 2534 Johnstown, CO
Springs at Sandstone Ranch Longmont, CO
Springs at Eagle Bend Aurora, CO
Springs at Castle Rock Castle Rock, CO
Springs at Allison Valley Colorado Springs, CO
Springs at Sunfield Buda, TX
Springs at Creekside New Braunfels, TX
Springs at Stone Oak Village San Antonio, TX
Springs at Bandera San Antonio, TX
Springs at Alamo Ranch San Antonio, TX
Springs at Live Oak Live Oak, TX
Springs at Tech Ridge Austin, TX
Springs at Lakeline Austin, TX
Springs at Round Rock Round Rock, TX
Springs at Cottonwood Creek Waco, TX
Springs at University Drive Bryan, TX
Springs at May Lakes Oklahoma City, OK
Springs at Memorial Oklahoma City, OK
Springs at Woodlands South Tulsa, OK
Springs at East Fifty-First Tulsa, OK
Springs at Heritage Lakes Lincoln, NE
Springs at Legacy Commons Omaha, NE
Springs at Jordan Creek West Des Moines, IA
Springs at Waukee Waukee, IA
Springs at South Broadway Rochester, MN
Springs at Egan Drive Savage, MN
Springs at Apple Valley Apple Valley, MN
Springs at Cobblestone Lake Apple Valley, MN
Springs at Corpus Christi Corpus Christi, TX
Springs at Country Club Lake Charles, LA
Springs at Juban Crossing Livingston Parish, LA
Springs at River Chase Covington, LA
Springs at Summer Park Rosenberg, TX
Springs at McKinney McKinney, TX
Springs at Shelby County Memphis, TN
Springs at Mountain View Nashville, TN
Springs at South Elgin South Elgin, IL
Springs at Bettendorf Bettendorf, IA
Springs at Sun Prairie Sun Prairie, WI
Springs at Canterfield West Dundee, IL
Springs at Oswego Oswego, IL
Springs at Fremaux Town Center Slidell, LA
Springs at Trussville Birmingham, AL
Springs at Huntsville Huntsville, AL
Springs at Madison Madison, AL
Springs at Winchester Road Lexington, KY
Springs at Hurstbourne Louisville, KY
Springs at Chattanooga Chattanooga, TN
Springs at 127th Plainfield, IL
Springs at Weber Road Romeoville, IL
Springs at Orchard Road North Aurora, IL
Springs at Kenosha Kenosha, WI
Dale Creek Apartments Greendale, WI
Bridlewood Apartments Pewaukee, WI
Springs at Knapp's Crossing Grand Rapids, MI
Springs at Liberty Township Liberty Township, OH
Springs at West Chester West Chester, OH
Springs at La Grange Louisville, KY
Springs at Hamburg Lexington, KY
Springs at Asheville Asheville, NC
Springs at Greystone Birmingham, AL
Springs at Orange Park Jacksonville, FL
Springs at Bloomingdale Riverview, FL
Springs at Palma Sola Bradenton, FL
Springs at Braden River Bradenton, FL
Springs at Bee Ridge Sarasota, FL
Springs at Port Charlotte Port Charlotte, FL
Springs at Gulf Coast Estero, FL
Springs at Hammock Cove Naples, FL
Springs at Estero Estero, FL
Springs at Six Mile Cypress Fort Myers, FL
Springs at Colonial Boulevard Fort Myers, FL
Springs at Tradition Port St. Lucie, FL
Springs at Hibiscus Crossings West Melbourne, FL
Springs at Tapestry Kissimmee, FL
Springs at Port Orange Port Orange, FL
Springs at Chatham Parkway Savannah, GA
Springs at Effingham Rincon, GA
Springs at Essex Farms Charleston, SC
Springs at McDonough McDonough, GA
Springs at Fayetteville Fayetteville, GA
Springs at Newnan Newnan, GA
Springs at Laurens Road Greenville, SC
Springs at Greenville Greenville, SC

ATTACHMENT B

Springs Apartments That Qualify for HUD 80% AMI Income Limits

April 5, 2018 — 5% Lower Rent Analysis

Based on Q1 '18 average rents

Income Limit is based on 80% of AMI (HUD FY2018) and varies by household size
Household size shown is the most commonly occuring household size for the number of bedrooms, across the portfolio

Summarized by State
Sorted by Potential Share of Qualified Units

State	Share of Units That Qualify	Potential Share of Qualified Units (Qualified or Within 5%)	Rent Gap Pct.	Rent Gap	Units Within 5% Rent Gap	Number of Units That Qualify	Total Potential Qualified Units (Qualified or Within 5%)	Total Units	Avg. Springs Rent	Avg. HUD 80% Qualifying Rent
Oklahoma	94 %	95 %	-17 %	($200)	6	770	776	820	$954	$1,155
Minnesota	85 %	93 %	-8 %	($127)	58	679	737	796	$1,401	$1,528
Kentucky	81 %	88 %	-8 %	($96)	41	433	474	536	$1,095	$1,191
Georgia	80 %	89 %	-5 %	($62)	24	214	238	268	$1,199	$1,261
Iowa	77 %	80 %	-8 %	($101)	16	366	382	476	$1,159	$1,261
Ohio	75 %	80 %	-5 %	($69)	32	447	479	596	$1,262	$1,331
Texas	63 %	71 %	-5 %	($59)	190	1,505	1,695	2,381	$1,171	$1,230
South Carolina	51 %	80 %	-0 %	($0)	165	281	446	556	$1,180	$1,180
Wisconsin	49 %	72 %	1 %	$11	144	302	446	620	$1,369	$1,358
Louisiana	31 %	54 %	8 %	$86	253	346	599	1,116	$1,209	$1,123
Colorado	30 %	43 %	6 %	$91	101	216	317	732	$1,506	$1,415
Illinois	19 %	35 %	9 %	$127	191	215	406	1,152	$1,556	$1,429
Florida	14 %	20 %	21 %	$238	94	195	289	1,432	$1,368	$1,130
Michigan	11 %	11 %	25 %	$300		28	28	248	$1,479	$1,179
Grand Total	**51 %**	**62 %**	**1 %**	**$14**	**1,315**	**5,997**	**7,312**	**11,729**	**$1,277**	**$1,262**

CONTINENTAL PROPERTIES

Springs Apartments That Qualify for HUD 80% AMI Income Limits

April 5, 2018

5% Lower Rent Analysis

Based on Q1 '18 average rents

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Minnesota	85 %	93 %	-8 %	($127)	58	679	737	796	$1,401	$1,528
Ohio	75 %	80 %	-5 %	($69)	32	447	479	596	$1,262	$1,331
Oklahoma	94 %	95 %	-17 %	($200)	6	770	776	820	$954	$1,155
South Carolina	51 %	80 %	-0 %	($0)	165	281	446	556	$1,180	$1,180
Texas	63 %	71 %	-5 %	($59)	190	1,505	1,695	2,381	$1,171	$1,230
Wisconsin	49 %	72 %	1 %	$11	144	302	446	620	$1,369	$1,358
Grand Total	**51 %**	**62 %**	**1 %**	**$14**	**1,315**	**5,997**	**7,312**	**11,729**	**$1,277**	**$1,262**

CONTINENTAL PROPERTIES

2

Springs Apartments That Qualify for HUD 80% AMI Income Limits

April 5, 2018

Based on Q1 '18 average rents

5% Lower Rent Analysis

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Summarized by Metro Area
Sorted by Potential Share of Qualified Units

Metro Area	Share of Units That Qualify	Potential Share of Qualified Units (Qualified or Within 5%)	Rent Gap Pct.	Rent Gap	Units Within 5% Rent Gap	Number of Units That Qualify	Total Potential Qualified Units (Qualified or Within 5%)	Total Units	Avg. Springs Rent	Avg. HUD 80% Qualifying Rent
Rochester, MN	100 %	100 %	-18 %	($270)		228	228	228	$1,253	$1,523
Milwaukee, WI	100 %	100 %	-7 %	($92)		112	112	112	$1,197	$1,288
Des Moines, IA	100 %	100 %	-23 %	($304)		160	160	160	$1,038	$1,342
Oklahoma City, OK	97 %	98 %	-19 %	($224)	6	517	523	532	$944	$1,169
Austin, TX	93 %	98 %	-13 %	($191)	37	786	823	844	$1,259	$1,450
Madison, WI	53 %	97 %	-3 %	($52)	102	120	222	228	$1,466	$1,518
Lexington, KY	86 %	92 %	-12 %	($138)	15	217	232	252	$1,037	$1,175
Charleston, SC	60 %	92 %	-3 %	($43)	91	169	260	284	$1,193	$1,236
Baton Rouge, LA	62 %	91 %	-3 %	($36)	80	168	248	272	$1,224	$1,261
Minneapolis, MN	79 %	90 %	-5 %	($69)	58	451	509	568	$1,461	$1,529
Atlanta, GA	80 %	89 %	-5 %	($62)	24	214	238	268	$1,199	$1,261
Tulsa, OK	88 %	88 %	-14 %	($156)		253	253	288	$973	$1,128
Louisville, KY	76 %	85 %	-5 %	($58)	26	216	242	284	$1,147	$1,205
Cincinnati, OH	75 %	80 %	-5 %	($69)	32	447	479	596	$1,262	$1,331
Denver, CO	50 %	75 %	-1 %	($18)	60	120	180	240	$1,499	$1,517
Quad Cities, IA	65 %	70 %	0 %	$1	16	206	222	316	$1,221	$1,220
Greenville, SC	41 %	68 %	4 %	$44	74	112	186	272	$1,166	$1,122
San Antonio, TX	55 %	67 %	-2 %	($22)	129	587	716	1,061	$1,104	$1,127
New Orleans, LA	30 %	59 %	5 %	$54	173	178	351	592	$1,161	$1,107
College Station, TX	45 %	56 %	2 %	$28	24	98	122	216	$1,162	$1,134
Sarasota, FL	28 %	42 %	10 %	$122	94	181	275	653	$1,317	$1,195
Chicago, IL	20 %	36 %	9 %	$122	233	285	518	1,432	$1,517	$1,395
Colorado Springs, CO	25 %	35 %	9 %	$122	28	70	98	280	$1,434	$1,312
Fort Collins, CO	12 %	18 %	12 %	$174	13	26	39	212	$1,610	$1,436
Waco, TX	13 %	13 %	15 %	$148		34	34	260	$1,160	$1,011
Grand Rapids, MI	11 %	11 %	25 %	$300		28	28	248	$1,479	$1,179
Orlando, FL	5 %	5 %	25 %	$274		14	14	288	$1,351	$1,077
Fort Myers-Naples, FL	0 %	0 %	34 %	$371		0	0	491	$1,447	$1,076
Lake Charles, LA	0 %	0 %	29 %	$294		0	0	252	$1,306	$1,012
Grand Total	**51 %**	**62 %**	**1 %**	**$14**	**1,315**	**5,997**	**7,312**	**11,729**	**$1,277**	**$1,262**

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Based on Q1 '18 average rents

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College Station, TX	45 %	56 %	2 %	$28	24	98	122	216	$1,162	$1,134
Colorado Springs, CO	25 %	35 %	9 %	$122	28	70	98	280	$1,434	$1,312
Denver, CO	50 %	75 %	-1 %	($18)	60	120	180	240	$1,499	$1,517
Des Moines, IA	100 %	100 %	-23 %	($304)		160	160	160	$1,038	$1,342
Fort Collins, CO	12 %	18 %	12 %	$174	13	26	39	212	$1,610	$1,436
Fort Myers-Naples, FL	0 %	0 %	34 %	$371		0	0	491	$1,447	$1,076
Grand Rapids, MI	11 %	11 %	25 %	$300		28	28	248	$1,479	$1,179
Greenville, SC	41 %	68 %	4 %	$44	74	112	186	272	$1,166	$1,122
Lake Charles, LA	0 %	0 %	29 %	$294		0	0	252	$1,306	$1,012
Lexington, KY	86 %	92 %	-12 %	($138)	15	217	232	252	$1,037	$1,175
Louisville, KY	76 %	85 %	-5 %	($58)	26	216	242	284	$1,147	$1,205
Madison, WI	53 %	97 %	-3 %	($52)	102	120	222	228	$1,466	$1,518
Milwaukee, WI	100 %	100 %	-7 %	($92)		112	112	112	$1,197	$1,288
Minneapolis, MN	79 %	90 %	-5 %	($69)	58	451	509	568	$1,461	$1,529
New Orleans, LA	30 %	59 %	5 %	$54	173	178	351	592	$1,161	$1,107
Oklahoma City, OK	97 %	98 %	-19 %	($224)	6	517	523	532	$944	$1,169
Orlando, FL	5 %	5 %	25 %	$274		14	14	288	$1,351	$1,077
Quad Cities, IA	65 %	70 %	0 %	$1	16	206	222	316	$1,221	$1,220
Rochester, MN	100 %	100 %	-18 %	($270)		228	228	228	$1,253	$1,523
San Antonio, TX	55 %	67 %	-2 %	($22)	129	587	716	1,061	$1,104	$1,127
Sarasota, FL	28 %	42 %	10 %	$122	94	181	275	653	$1,317	$1,195
Tulsa, OK	88 %	88 %	-14 %	($156)		253	253	288	$973	$1,128
Waco, TX	13 %	13 %	15 %	$148		34	34	260	$1,160	$1,011
Grand Total	**51 %**	**62 %**	**1 %**	**$14**	**1,315**	**5,997**	**7,312**	**11,729**	**$1,277**	**$1,262**

Qualifying Rents by Metro Area
HUD 80% AMI Income Limits (FY2018)

Qualifying Rent: Based on qualifying income of 3x rent
[HUD Income Limit] /12 / 3

Income Limit: Based on 80% of AMI and number of persons in the unit

Household Size: Based upon the moost commonly occuring household size for the number of bedrooms, across the portfolio

Studio: 1 person
1 BR: 1 person
2 BR: 2 persons
3 BR: 3 persons

Sorted by Metro Area

	Qualifying Rent				***HUD 80% Income Limit***			
	Unit Type				Unit Type			
Metro Area	Studio	1 BR	2 BR	3 BR	Studio	1 BR	2 BR	3 BR
Atlanta, GA	$1,163	$1,163	$1,329	$1,496	$41,900	$41,900	$47,900	$53,900
Austin, TX	$1,338	$1,338	$1,528	$1,719	$48,200	$48,200	$55,050	$61,950
Baton Rouge, LA	$1,163	$1,163	$1,329	$1,496	$41,900	$41,900	$47,900	$53,900
Charleston, SC	$1,159	$1,159	$1,324	$1,489	$41,750	$41,750	$47,700	$53,650
Chicago, IL	$1,284	$1,284	$1,468	$1,651	$46,282	$46,266	$52,917	$59,511
Cincinnati, OH	$1,218	$1,218	$1,392	$1,565	$43,900	$43,900	$50,150	$56,400
College Station, TX	$1,046	$1,046	$1,195	$1,344	$37,700	$37,700	$43,050	$48,450
Colorado Springs, CO	$1,209	$1,209	$1,381	$1,553	$43,550	$43,550	$49,750	$55,950
Denver, CO	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
Des Moines, IA	$1,238	$1,238	$1,415	$1,591	$44,600	$44,600	$51,000	$57,350
Fort Collins, CO	$1,324	$1,324	$1,512	$1,701	$47,700	$47,700	$54,500	$61,300
Fort Myers-Naples, FL	$991	$991	$1,132	$1,274	$35,700	$35,700	$40,800	$45,900
Grand Rapids, MI	$1,086	$1,086	$1,242	$1,397	$39,150	$39,150	$44,750	$50,350
Greenville, SC	$1,034	$1,034	$1,182	$1,329	$37,250	$37,250	$42,600	$47,900
Lake Charles, LA	$932	$932	$1,066	$1,199	$33,600	$33,600	$38,400	$43,200
Lexington, KY	$1,091	$1,091	$1,246	$1,401	$39,300	$39,300	$44,900	$50,500
Louisville, KY	$1,111	$1,111	$1,271	$1,429	$40,050	$40,050	$45,800	$51,500
Madison, WI	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
Milwaukee, WI	NA	$1,202	$1,374	NA	$43,300	$43,300	$49,500	$55,700
Minneapolis, MN	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
New Orleans, LA	$1,020	$1,020	$1,166	$1,311	$36,750	$36,750	$42,000	$47,250
Oklahoma City, OK	$1,078	$1,078	$1,232	$1,386	$38,850	$38,850	$44,400	$49,950
Orlando, FL	$993	$993	$1,135	$1,277	$35,800	$35,800	$40,900	$46,000
Quad Cities, IA	$1,124	$1,124	$1,285	$1,446	$40,500	$40,500	$46,300	$52,100
Rochester, MN	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
San Antonio, TX	$1,039	$1,039	$1,188	$1,336	$37,450	$37,450	$42,800	$48,150
Sarasota, FL	$1,093	$1,093	$1,249	$1,406	$39,400	$39,400	$45,000	$50,650
Tulsa, OK	$1,043	$1,043	$1,193	$1,342	$37,600	$37,600	$43,000	$48,350
Waco, TX	$932	$932	$1,066	$1,199	$33,600	$33,600	$38,400	$43,200
Grand Total	$1,155	$1,163	$1,330	$1,498	$41,621	$41,895	$47,925	$53,993

CONTINENTAL PROPERTIES

Qualifying Rents by Metro Area
HUD 80% AMI Income Limits (FY2018)

Qualifying Rent: Based on qualifying income of 3x rent
[HUD Income Limit] /12 / 3

Income Limit: Based on 80% of AMI and number of persons in the unit

Household Size: Based upon the moost commonly occuring household size for the number of bedrooms, across the portfolio

- Studio: 1 person
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Sorted by Metro Area

	Qualifying Rent				HUD 80% Income Limit			
	Unit Type				Unit Type			
Metro Area	Studio	1 BR	2 BR	3 BR	Studio	1 BR	2 BR	3 BR
Denver, CO	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
Madison, WI	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
Minneapolis, MN	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
Rochester, MN	$1,397	$1,397	$1,597	$1,797	$50,350	$50,350	$57,550	$64,750
Austin, TX	$1,338	$1,338	$1,528	$1,719	$48,200	$48,200	$55,050	$61,950
Fort Collins, CO	$1,324	$1,324	$1,512	$1,701	$47,700	$47,700	$54,500	$61,300
Chicago, IL	$1,284	$1,284	$1,468	$1,651	$46,282	$46,266	$52,917	$59,511
Des Moines, IA	$1,238	$1,238	$1,415	$1,591	$44,600	$44,600	$51,000	$57,350
Cincinnati, OH	$1,218	$1,218	$1,392	$1,565	$43,900	$43,900	$50,150	$56,400
Colorado Springs, CO	$1,209	$1,209	$1,381	$1,553	$43,550	$43,550	$49,750	$55,950
Milwaukee, WI	NA	$1,202	$1,374	NA	$43,300	$43,300	$49,500	$55,700
Atlanta, GA	$1,163	$1,163	$1,329	$1,496	$41,900	$41,900	$47,900	$53,900
Baton Rouge, LA	$1,163	$1,163	$1,329	$1,496	$41,900	$41,900	$47,900	$53,900
Charleston, SC	$1,159	$1,159	$1,324	$1,489	$41,750	$41,750	$47,700	$53,650
Quad Cities, IA	$1,124	$1,124	$1,285	$1,446	$40,500	$40,500	$46,300	$52,100
Louisville, KY	$1,111	$1,111	$1,271	$1,429	$40,050	$40,050	$45,800	$51,500
Sarasota, FL	$1,093	$1,093	$1,249	$1,406	$39,400	$39,400	$45,000	$50,650
Lexington, KY	$1,091	$1,091	$1,246	$1,401	$39,300	$39,300	$44,900	$50,500
Grand Rapids, MI	$1,086	$1,086	$1,242	$1,397	$39,150	$39,150	$44,750	$50,350
Oklahoma City, OK	$1,078	$1,078	$1,232	$1,386	$38,850	$38,850	$44,400	$49,950
College Station, TX	$1,046	$1,046	$1,195	$1,344	$37,700	$37,700	$43,050	$48,450
Tulsa, OK	$1,043	$1,043	$1,193	$1,342	$37,600	$37,600	$43,000	$48,350
San Antonio, TX	$1,039	$1,039	$1,188	$1,336	$37,450	$37,450	$42,800	$48,150
Greenville, SC	$1,034	$1,034	$1,182	$1,329	$37,250	$37,250	$42,600	$47,900
New Orleans, LA	$1,020	$1,020	$1,166	$1,311	$36,750	$36,750	$42,000	$47,250
Orlando, FL	$993	$993	$1,135	$1,277	$35,800	$35,800	$40,900	$46,000
Fort Myers-Naples, FL	$991	$991	$1,132	$1,274	$35,700	$35,700	$40,800	$45,900
Lake Charles, LA	$932	$932	$1,066	$1,199	$33,600	$33,600	$38,400	$43,200
Waco, TX	$932	$932	$1,066	$1,199	$33,600	$33,600	$38,400	$43,200
Grand Total	**$1,155**	**$1,163**	**$1,330**	**$1,498**	**$41,621**	**$41,895**	**$47,925**	**$53,993**