ECONOMIC IMPACT ANALYSIS:

Proposed Alexan Gateway Multi-Family Mixed-Use Development in Avondale Estates, Georgia

July 18, 2018

Prepared for Trammell Crow Residential

TCR
TRAMMELL CROW RESIDENTIAL

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I. Introduction

Trammell Crow Residential (TCR or "the Developer") has retained Bleakly Advisory Group, Inc. (BAG) to quantify economic impacts associated with the firm's proposed construction of a multi-family development with ground floor restaurant/retail space, to be located at the corner of East College Avenue and Maple Street in the City of Avondale Estates in DeKalb County ("the Project"). This analysis estimates the economic impacts associated with the Project's construction and annual operations on the Metro Atlanta Region. The primary purpose of the analysis is to report the Project's economic benefits to Avondale Estates (the City. Economic impacts are summarized as follows and detailed in the following sections.

A. Executive Summary

The Project addressed in this analysis is a 286-unit multi-family rental project with 5,000 SF of ground level commercial (restaurant) space. Total direct construction/development costs, including construction hard costs, FF&E, financing, permitting, A&E and other soft costs are currently estimated at $64.0 million. Of that amount, BAG estimates that roughly $53.6 million (84%) would directly impact the Atlanta Region's economy, primarily in the construction industry sector, with the balance of spending benefitting the rest of Georgia and the nation.

Total Regional economic impacts from <u>construction spending</u>, including multiplier effects, would add $112.3 million in output to Metro Atlanta's economy. This (aggregate, one-time) impact supports 790 jobs and generates $32.4 million in increased earnings across all industries, representing average earnings of more than $41,000 per job. However, the construction period is estimated at 1.5 years. If averaged over that entire period, the Project supports 526 jobs across all industries and generates $75 million in output <u>annually</u>.[1]

The State's share of total sales taxes generated from construction spending are estimated at more than $1.2 million. An additional $166,400 in local sales taxes (SPLOST, HOST, ELOST and MARTA) could be generated for DeKalb County, its municipalities, and school districts, depending upon the locations of suppliers to the Project. Additional sales taxes would be collected by other counties in the Atlanta Region.

The Project is projected to generate annual gross revenues of approximately $7.5 million (including commercial tenants) upon reaching stabilized operations, 2 to 3 years after opening. BAG estimates that a minimum of 30 employees would be needed directly to operate the multi-family complex and restaurants.

BAG estimates total economic impacts from annual operations, including multiplier effects, will add $12.9 million in annual output to the Region's economy. This impact supports 135 total jobs and generates $2.9 million in annual earnings across all industries, representing average earnings gain of $21,800 per job.

The combined household incomes of Project residents should be significant, and is estimated at $16.3 million ($60,500 per occupied unit) at stabilized occupancy. Future residents are estimated to have

[1] This estimated total employment impact includes direct, indirect, and induced jobs supported across all regional industries. The number includes but is not limited to "construction jobs".

approximately $4.3 million in available discretionary purchasing power for food, retail spending and entertainment, a portion of which could support other nearby businesses in Avondale Estates. The business operations and annual spending by persons employed at the Project could also generate an additional $590,000 per year in local economic activity that would be available for capture by other businesses in the area.

In addition to the benefits provided by the building, the developer proposes to fund two additional elements which will generate significant public benefits: A privately-owned and maintained street connection that will be accessible to the public, and improvements to an off-side park. Collectively, these two improvements are expected to provide a one-time public benefit worth $575,000, and continuing annual benefits ranging from $12,000 to $36,000.

Detailed findings are reported in the following section.

B. Project Description

TCR has assembled an approximate 3.8-acre site on the north side of East College Avenue between Maple Street and Hillyer Avenue, near the commercial center of Avondale Estates, to build a 286-unit multi-family rental project with ground level commercial space. The proposed development consists of:

- 51 studios, 130 one-bedroom, and 101 two-bedroom apartments;
- 5,000 SF in two tenant spaces fronting East College Avenue, most likely to be marketed to restaurants;
- Structured parking, pool, on-site amenity package and green space;
- Contribution to the City's development of a public park (off-site).

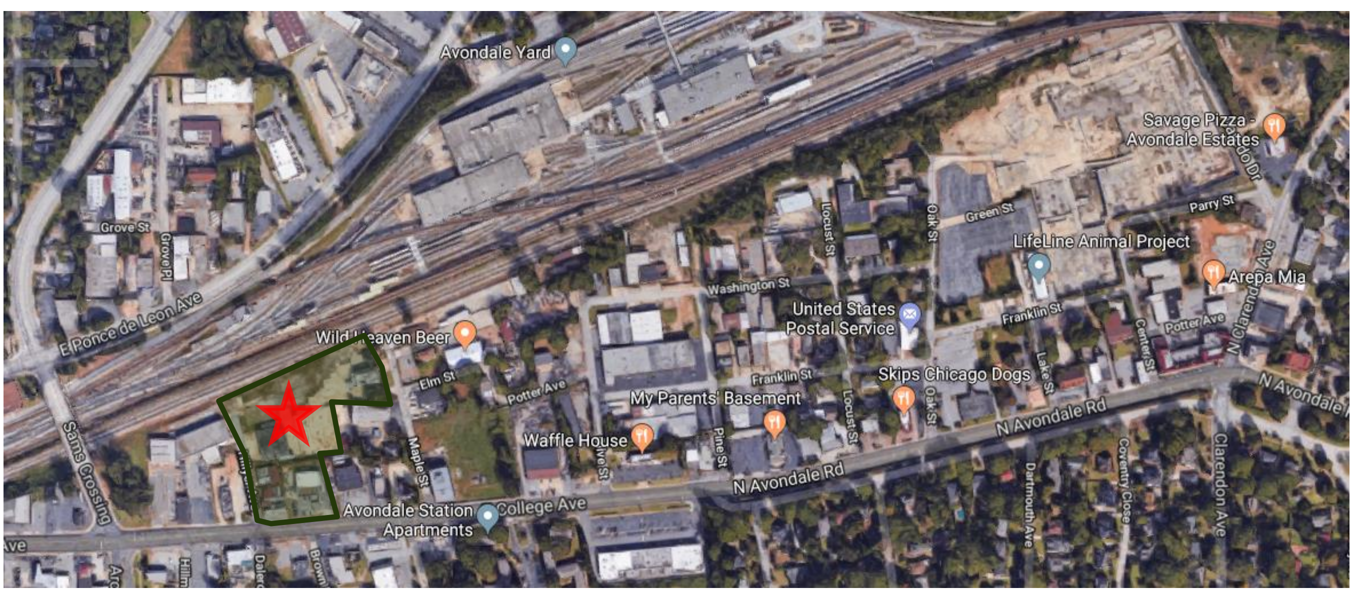


Figure 1: Project Location

TCR has indicated that the Project will carry a total development cost of approximately $64 million, including acquisition, demolition and site work, vertical construction of buildings and parking structures, financing and soft costs, and contributions to off-site improvements negotiated with the City. Construction is anticipated to occur over 18-months beginning in the Fall of 2018, with the project fully leased within 24 to 30 months following ground-breaking. Apartment rents are initially projected at $1,765 per month, averaged across all unit types. BAG assumes that TCR will own and manage the real estate at completion, and will lease the planned commercial space to qualified restaurant operators.

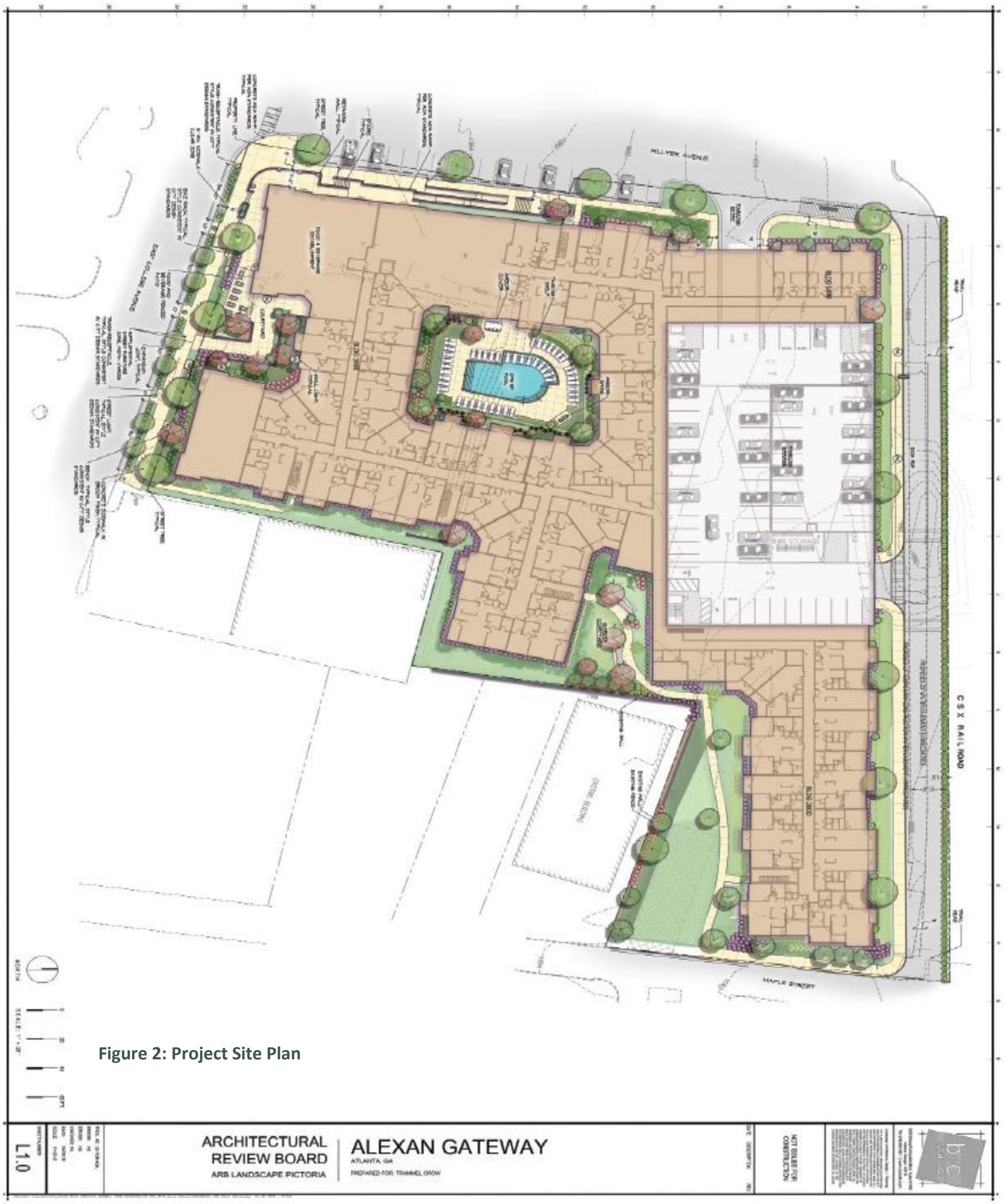


Figure 2: Project Site Plan

Based on the construction budget and rental information provided by TCR, we estimate that this development will necessarily be of high quality, and compete for middle- to upper-middle income segment of the rental market. Combined annual gross sales from the multi-family and restaurant operations are estimated to exceed $7.5 million (in 2018$) at stabilized operations.

C. Methodology

To assess the Project's overall effects on Avondale Estates and the Atlanta Region, the following measures of impact were considered:

Economic Impacts—The growth which will occur in Region's economy from the development of the new facilities and the increased business activity those facilities will generate. This includes the impacts of construction spending, permanent operations and supported employment, payrolls, etc.

The total economic impacts of the Project results from the combination of direct and indirect/induced effects that it generates in the economy, defined as follows:

Direct Effects—Caused by the initial investment, earnings, and sales of the Project, including its direct employment payroll.

Indirect and Induced Impacts—The multiplier effects which result from the recirculation of spending in the local economy, which supports other suppliers, businesses, household earnings and employment.

The above impact measures were evaluated in three different aspects:

Impacts due to construction—The economic effects resulting directly from the construction and development of the Project.

Impacts due to operations—The economic effects resulting from the ongoing operations of the property, including residential and commercial tenants.

Economic impacts due to employees and household spending—Although these effects to the state's economy are part of the multiplier effects associated with the Project, a portion of the effects of increased spending by employees and new resident households is captured by local businesses, and are specifically estimated for that reason.

ECONOMIC IMPACT MEASURES

Economic impact analysis (EIA) examines how investments in a program, project or series of projects affects the economy of a given area. The area studied in an EIA can be a specific site or defined geography, a city, county, multi-county region, state, or the national economy. When focused at a regional, state, or national level, EIA's will usually focus on measuring the following types of impacts from the investment:

Output: The estimated change in the total annual sales of all goods and services produced in the Region;

Gross Regional Product (GRP): The change in final value of all goods and services produced within the Region. A component of Output, GRP measures only the locally generated or "value added" portion of total sales;

Employment: The total number of jobs supported by the economic activity measured including direct, indirect, and induced employment, often referred to as "multiplier effects"; and

Earnings: The total compensation paid because of changing economic activity, including wages, salaries, and proprietors' income.

This report addresses all four of these measures.

In addition, economic impacts can be characterized by their duration. They are either:

One-time—Occurring only once during a project, typically during the construction and development phase.

Recurring—Benefits that occur annually due to the on-going operations of the various components within the Project.

Estimates of the Project's direct economic effects from construction rely upon estimates provided by TCR. TCR provided BAG with a site plan and a summary construction cost estimates. BAG did not obtain detailed project design specifications, building square footage, or detailed line item construction costs, which are unnecessary for this level of analysis. For purposes of estimating economic impacts, BAG reorganized some of the construction cost data provided by TCR into line items necessary to produce economic impact estimates. Direct effects from the Project's annual operations were similarly estimated by BAG, based on target rents quoted by TCR. From these calculations of direct effects, BAG applied multipliers for the applicable industries to estimate total regional employment effects from the Project.

Calculation of the Project's total economic impacts, both during its construction and annual operations were made using the Regional Input Output Modeling System (RIMS II) developed by the U.S. Department of Commerce, Bureau of Economic Analysis. All multipliers used in the analysis were taken from "RIMS II Multipliers (2007/2015) Table 1.5 Total Multipliers for Output, Earnings, Employment and Value Added by Detailed Industry (Type II)" for the Atlanta–Sandy Springs–Roswell, GA Metropolitan Statistical Area.

Disclaimers—These findings address the Project alone and do not consider possible competitive effects, (either positive and negative, if any) on comparable properties in the area. BAG also makes no effort to estimate a specific percentage of the Project's total regional economic impact that might be captured within Avondale Estates, versus nearby areas of Dekalb County or elsewhere in the Atlanta Region. BAG understands that TCR had previously commissioned a fiscal impact analysis of the Project on the City, so no effort is made to replicate those estimates here. We have, however, calculated sales tax impacts as part of our reporting.

II. Economic Impacts from Construction

A. Estimated Development Costs

Two methods can be used to estimate direct and indirect employment effects using RIMS II Multipliers, (1) "impacts based on changes in final demand" and (2) "impacts based on changes in (direct) employment and earnings." The first method drives employment estimates based on output, i.e. total construction spending and/or annual sales, while the second is based on initial changes in direct job creation and earnings (payrolls). These methods should theoretically produce the same answer using RIMS II, provided that the inputs are 100% accurate.

The following section uses both methods, but BAG has relied primarily on the "changes in final demand" method for estimating employment effects during the construction period. Estimating impacts based on changes in final demand is more accurate in this case because the Developer has already prepared construction hard and soft cost estimates for the Project. Estimating the portion of that development budget which will be spent on labor, or the number of direct jobs or earnings (payrolls) that are included within the total budget is less precise. BAG has made reasonable estimates of direct employment supported by construction spending based on average annual wages for the types of labor (primarily construction workers) to be directly employed to design and build the Project.

As noted above, the Project is planned to consist of a 286-unit market rate apartment community to be operated by TCR, supported by 5,000 SF of commercial (restaurant) space. This development will be serviced by on-site structured parking and extensive tenant amenities. BAG estimates that the structure is likely to contain approximately 335,000 SF of enclosed building space plus a parking deck, resulting in a development cost range of $190 to $195 per gross SF.

Table 1.
SUMMARY DEVELOPMENT BUDGET
PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES

	TOTAL	% of Total
Hard Costs		
Site Acquisition	$6,750,000	10.5%
Construction Hard Costs	$46,900,000	73.3%
Tenant Improvements	$245,000	0.4%
Residential Common Area FF&E	$250,000	0.4%
Development & Project Management Fees	$1,500,000	2.3%
Hard Cost Contingency	$1,575,000	2.5%
Subtotal: Hard Costs	**$57,220,000**	**89.4%**
Soft Costs		
Project Permitting, Taxes & Inspection Fees	$625,000	1.0%
Architect / Engineering/Land Planning	$1,585,000	2.5%
Legal & Closing	$875,000	1.4%
Insurance	$500,000	0.8%
Marketing Cost & Leasing Commissions	$1,185,000	1.9%
Financing Costs	$475,000	0.7%
Construction Interest	$980,000	1.5%
Working Capital	$155,000	0.2%
Soft Cost Contingency & Other	$400,000	0.6%
Subtotal: Soft Costs	**$6,780,000**	**10.6%**
TOTAL Development Cost (Rounded)	**$64,000,000**	**100.0%**

Source: Trammel Crow Residential and Bleakly Advisory Group, Inc.

Total development costs, including construction hard and soft costs, are summarized In Table 1 and total $64.0 million. Of this total development budget, 10.5% is dedicated to acquisition, 78.9% to construction hard costs (including buildings and parking structures) and the balance (10.6%) to engineering/design, permitting, financing and other soft costs.

To estimate the Project's economic impact to the region during the construction phase, BAG first removed those costs included in Table 1, which are not likely to benefit Metro Atlanta's economy. BAG deducted all or portions development costs associated with site acquisition, working capital, permitting, and interest expenses. BAG also removed portions of budgeted FF&E, contingencies, insurance, and financing costs to account for the likely portion which may be purchased from and benefit suppliers located outside of the region. In total BAG deducted roughly $10.4 million (16%) from the budget reported in Table 1, as expenditures which are not likely to impact the region's economy. Remaining expenditures still approach $53.6 million.

Table 2.
SUMMARY OF DIRECT EFFECTS FROM CONSTRUCTION
PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES

General Economic Benefits from Construction			
Construction Herd Costs	*Construction Value*	*% Economic Impact [1]*	*Direct Economic Impact*
Site Acquisition	$6,750,000	0%	$0
Construction Hard Costs	$46,900,000	100%	$46,900,000
Tenant Improvements	$245,000	100%	$245,000
Residential Common Area FF&E	$250,000	33%	$82,500
Development & Project Management Fees	$1,500,000	75%	$1,125,000
Hard Cost Contingency	$1,575,000	50%	$787,500
Subtotal: Hard Costs	**$57,220,000**	**86%**	**$49,140,000**
Soft Costs			
Project Permitting / Impact & Inspection Fees	$625,000	0%	$0
Architect / Engineering/Land Planning	$1,585,000	100%	$1,585,000
Legal & Closing	$875,000	100%	$875,000
Insurance	$500,000	50%	$250,000
Marketing Cost & Leasing Commissions	$1,185,000	100%	$1,185,000
Financing Costs	$475,000	25%	$118,750
Construction Interest	$980,000	25%	$245,000
Working Capital	$155,000	0%	$0
Soft Cost Contingency & Other	$400,000	50%	$200,000
Subtotal: Soft Costs	**$6,780,000**	66%	$4,458,750
TOTAL Development Cost (Rounded)	**$64,000,000**	84%	$53,598,750

[1] Est. % of total project costs that is likely to be spent within and impact the Metro-Atlanta economy.
Source: Trammel Crow Residential and Bleakly Advisory Group, Inc.

Table 3:
ESTIMATED INDUSTRY DISTRIBUTION OF FACILITY CONSTRUCTION SPENDING
PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES

Industry Allocation of Development Budget (Current Dollars)	**RIMS II Industry Code**	**Total Spending [1]**	**Inflation Adjusted [2]**	**Final Demand Multipliers [3]**				**Economic Impacts: Final Demand**			
				Output ($)	**Earnings ($)**	**Employment (Jobs)**	**Value Added**	**Output ($)**	**Earnings ($)**	**Employment (Jobs)**	**Value Added**
Construction Hard Costs											
Construction (Buildings, Site Work & TI)	2334B0	$ 47,932,500	$ 45,579,394	2.2223	0.6384	15.3847	1.1427	$ 101,291,086	$ 29,097,885	701	$ 52,083,573
Wholesale Trade (FF&E)	420000	$ 82,500	$ 78,450	2.0155	0.6204	12.5545	1.2837	$ 158,116	$ 48,670	1	$ 100,706
Real Estate	531000	$ 2,510,000	$ 2,386,779	1.7377	0.3687	16.8834	1.1469	$ 4,147,506	$ 880,005	40	$ 2,737,397
Architectural, engineering, and related services	541300	$ 1,585,000	$ 1,507,189	2.3942	0.838	18.0325	1.3479	$ 3,608,512	$ 1,263,024	27	$ 2,031,540
Insurance	524200	$ 250,000	$ 237,727	2.5305	0.8008	16.589	1.387	$ 601,568	$ 190,372	4	$ 329,727
Legal	541100	$ 875,000	$ 832,044	2.1311	0.8316	14.3991	1.4264	$ 1,773,170	$ 691,928	12	$ 1,186,828
Finance	52A000	$ 363,750	$ 345,893	2.0682	0.5521	11.903	1.2186	$ 715,375	$ 190,967	4	$ 421,505
TOTALS		**$ 53,598,750**	**$ 50,967,476**					**$ 112,295,333**	**$ 32,362,852**	**790**	**$ 58,891,276**

NOTES:
[1] BAG allocated development costs itemized in Table 1 to the most applicable detailed industry sectors recognized in the RIMS II model. Less than 100% of the development budget is used in estimating direct employment impacts from development of the proposed facility.
[2] Construction budgets are in 2018$ and are inflation adjuested to correlate to the year the multipliers were developed.
[3] Final Demand Multipliers are used for industries which are most closely associated with cost categories used in the development budget. Contingency budgets are spread proportionally to other line items.
Source: Trammel Crow Residential and Bleakly Advisory Group, Inc.

The next step in the methodology involved allocating the $53.6 million in development costs with an economic impact, to the relevant industry sectors which can be measured using RIMS II, and then inflation-adjusting those costs downward (by roughly 5%) to the base year (2015) the multipliers were developed. The industry distribution of construction spending impacts is shown in Table 3. (These industry allocations are fairly self-explanatory and can be seen by comparing them with Table 2.) Table 3 also shows the resulting economic impacts from this spending, including its impacts on total output, earnings, employment, and value added.[2]

Outputs from RIMS II are expressed as if total construction spending occurred in a single year. However, the Developer indicates that construction is expected to take roughly 18 months to complete. Annualized construction impacts can therefore be estimated by dividing the totals at the bottom of Table 3 by 1.5 years to approximate the average number of jobs, total earnings, output, and value added supported annually over the duration of the construction period, as follows.

Impact Measure	RIMS II Economic Impact	Annualized over 1.5 Years
• Output:	$112.30 Million	$74.87 Million
• Earnings:	$32.36 Million	$21.58 Million
• Employment:	790	526
• Value Added:	$58.89 Million	$39.26 Million

The analysis using RIMS II indicates that Project construction spending would support an average of 526 jobs spread over an 18-month period, with most of that employment (89%) benefitting the construction sector. Average annual earnings associated with these jobs averages nearly $41,000 annually across all industries, including direct, indirect and induced employment effects.

B. Isolated Local Effects of Construction Spending

As summarized in the exhibit above, the construction of Project would have a total direct construction spending impact of $53.6 million on the Metro Atlanta economy in 2018$. Some components of this direct spending are particularly relevant to the host city and county. They are highlighted in Table 4 are summarized below:

- **Construction Materials Purchases:** Construction of the facilities would require the purchase of approximately $29.5 million in construction materials. BAG has estimated that perhaps 10%, or $2.95 million in materials could be purchased "locally" and subject to sales taxes in DeKalb County. Additional materials purchases benefitting other Metro-Atlanta Counties have not been estimated.

- **Annual Direct Construction Payroll:** Annual direct (on site) construction-related payrolls generated are estimated to average $14.3 million over a 1.5 year build out.

- **Direct Construction Employment:** Annual construction-related payrolls could support approximately 311 direct full-time equivalent (FTE) jobs at the site per year. The difference between this number

[2] See page 4 for definitions of these concepts.

and the total annual employment impact of 526 jobs reported above represents the multiplier effects of construction spending.

- **Annual local spending by construction workers:** Workers directly employed on site could be expected to spend $1.2 million on goods and services near the worksite over the duration of the construction period.

Table 4. SUMMARY OF DIRECT EFFECTS FROM CONSTRUCTION PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES			
TOTAL Development Cost Impact on the Metro Atlanta Economy			**$53,598,750**
Construction materials @	60%	of Hard Cost & FFE	$29,484,000
Construction materials purchased locally @	10%	of Total Materials Spending	$2,948,400
Total Direct Labor Costs (including Design costs) @	40%	of Direct Hard Costs	$21,439,500
Average annual payroll (18 months construction)			$14,293,000
Average annual direct wage			$46,000
Average annualized direct full time equivalent (FTE) employment			311
Total worksite retail spending by construction workers @	$10.00	/day over 18 Months	$1,211,798
Estimated total construction-related spending subject to GA Sales Taxes (over 18 month build out)			$30,695,798
Sales taxes from construction materials/spending @			
State	4.0%		$1,227,832
DeKalb County HOST	1.0%		$41,602
Dekalb County SPLOST	1.0%		$41,602
DeKalb Schools ELOST	1.0%		$41,602
MARTA	1.0%		$41,602
TOTAL Local Sales Taxes from Construction Spending:[Excludes additional sales tax revenues to other Metro Counties]			$166,408
Building permit/plan review fees			$625,000
REVENUES FROM CONSTRUCTION (State, Avondale Estates and DeKalb Co., excluding other Metro-Atlanta Sales Taxes)			$2,019,240

Source: Bleakly Advisory Group, Inc.

- **Construction-related sales tax revenues:** Based on the likely percentage of project hard costs to be spent on materials over the term of the Project, construction spending could generate total nearly $1.23 million in sales taxes to the state (at 4%). If 10% of total materials are purchased within DeKalb County, a total of $166,000 it total local sales taxes could be generated for County taxing jurisdictions (including MARTA revenues). TCR also estimates spending a minimum of $625,000 on permitting fees to the City and County governments. Total governmental revenues during construction are estimated in Table 4 at $2.02 million. Additional sales taxes are likely to be gained from purchases within Fulton, Gwinnett and other Metro Atlanta Counties, but those revenues are not accounted for in this table.

III. Economic Impacts from Annual Operations

A. Estimated Direct Effects from Business Operations

This section addresses annual economic impacts to the Georgia economy from the ongoing operation of the apartment complex and proposed restaurants. Estimating annual economic impacts from operations first required estimating stabilized year revenues for each component. The stabilized year rent roll for the multi-family (leasing) component is summarized in Table 5, based on comparable rations for operating apartment complexes in the Atlanta area. As shown, BAG estimates that the project would generate $6.13 million in annual income at 94% occupancy (in 2018$). Annual costs to manage the facility are expected to exceed $1.8 million, leaving a Net Operating Income (NOI) of nearly $4.3 million for debt service, replacement reserves and returns to investors.

Table 5
ANNUAL OPERATING PROFORMA MULTI-FAMILY AND COMMERCIAL TENANTS):
PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES

Units	286	Net Leasable Area (Multi-Fam)		264,550
Avg Apt Rent	$ 1,765.00	Net Leasable Commerial SF		5,000
Comm. Rent/SF	$25.00	Other Income (Per SF)		$ 1.20

Units	Total	Per Unit	Per NSF	Monthly
Gross Potential Rent - MultiFamily	$6,057,480	$21,180	$22.90	$504,790
Commercial Space @ $25/SF	$125,000	$62,500	$25.00	$10,417
less: Vacancy (6.0%)	-$370,949	-$1,297	-$1.38	-$30,912
Effective Rental Income	$5,811,531	$82,383	$21.56	$484,294
add: Other Income	$317,460	$1,110	$1.20	$26,455
Net Property Revenue	**$6,128,991**	**$83,493**	**$22.76**	**$510,749**
Expenses	Total	Per Unit	Per NSF	Monthly
Salaries	$404,513	$1,414	$1.53	$33,709
Marketing/Advertising	$95,612	$334	$0.36	$7,968
Repairs & Maintenance	$183,870	$643	$0.70	$15,322
General and Administrative	$101,128	$354	$0.38	$8,427
Management Fee (3.0%)	$174,676	$611	$0.66	$14,556
Utilities	$142,499	$498	$0.54	$11,875
Insurance	$73,548	$257	$0.28	$6,129
Property Taxes	$569,996	$1,993	$2.15	$47,500
Replacement Reserves	$91,935	$321	$0.35	$7,661
Total Operating Expenses	**$1,838,697**	**$6,426**	**$6.95**	**$153,148**
Net Operating Income	**$4,290,294**	**$77,067**	**$15.81**	**$357,601**

Source: Bleakly Advisory Group

Forecasting annual business operations from commercial tenants is more speculative, as the nature of those tenants is currently unknown. However, if it is assumed that this space is leased to two limited or full-service restaurants paying $25/SF rents, annual gross sales can be estimates using typical ratios of space costs to total revenues. BAG estimates that these restaurants would need to do a minimum of $275 to $280/SF in annual sales to carry the projected rents, resulting in just under $1.39 million in stabilized annual gross revenues.

Estimating employment impacts from operations relied on the same final demand methodology that was used for construction effects. Unlike construction spending, BAG determined that nearly all revenues are likely to benefit the Metro Atlanta economy, to the extent already reflected in the RIMS II multipliers. We made no deductions to revenues to estimate economic impacts. Resulting employment impact appear in Table 6.

Table 6:
ESTIMATED DIRECT AND INDIRECT PERMANENT EMPLOYMENT EFFECTS
PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES

Industry Allocation of Development Budget (Current Dollars)	RIMS II Industry Code	Total Annual Sales Revenue	Inflation Adjusted	Final Demand Multipliers [3]				Economic Impacts: Final Demand			
				Output ($)	Earnings ($)	Employment (Jobs)	Value Added	Output ($)	Earnings ($)	Employment (Jobs)	Value Added
Lessors of Residential Buildings and Dwellings	531110	$ 6,128,991	$ 5,828,106	1.7377	0.3687	16.8834	1.1469	$ 10,127,500	$ 2,148,823	98	$ 7,029,340
Limited Service Restaurants	722211	$ 1,385,000	$ 1,317,007	2.1011	0.6088	27.9887	1.1825	$ 2,767,164	$ 801,794	37	$ 1,637,763
								Average Earnings/Job--->			$ 21,814
TOTALS		**$ 7,513,991**	**$ 7,145,114**					**$ 12,894,665**	**$ 2,950,617**	**135**	**$ 8,667,103**

Source: Bleakly Advisory Group, Inc.

As shown, combined annual direct sales from the apartment complex and restaurants are estimated at $7.5 million (in 2018$) when stabilized in 2 to 3 years after opening. These revenues are assigned to the relevant industry sectors which can be measured using RIMS II, and then inflation-adjusted to the base year the multipliers were developed. An estimated 135 jobs are supported by the property including direct, indirect and induced effects. The significant employment impacts of the apartment portion reflects the additional spending effects of new households, which are reflected in the project's rent roll.

In summary, using the net change in final demand method BAG estimates that the project will directly add $7.15 million to the Region's annual output (in 2015$), based on projected operations. The net change in final demand method generates a total gain in annual output across all industries of $12.9 million, while increasing Gross Regional Product (or value added) by $8.7 million. This method produces a total regional employment impact of 135 jobs including direct, indirect, and induced effects. The facility is also projected to increase household earnings throughout the Region by $2.95 million or an average of $21,800 per job.

The extent to which these jobs are new to Avondale Estates or DeKalb County will depend on the degree to which spending potential generated by the Project will be both new to the area and captured by surrounding businesses. Typically, a higher proportional share of a project's total economic impact is captured "locally" than from more remote parts of a Region, provided there are available local options to meet those needs.

B. Isolated Local Economic Effects from Annual Operations

As is the case with construction effects, some components of annual operations of the Project are "local" in nature and particularly relevant to the host community. Some of these were previously mentioned but are highlighted in Table 8 as follows:

- **Annual Sales:** The combined operations of the apartment complex and restaurants could generate more than $7.5 million in economic activity on an annual basis within 2 to 3 years after completion.

- **Permanent Payrolls:** These **co**mbined businesses should generate in a permanent annual payroll of nearly $850,000 million and employ 30 people.

- **Local Business Spending:** Management of the Project can be expected to purchase nearly $1.6 million annually in food, supplies, equipment, contracted services, maintenance, and utilities to support on-going operations. A portion of these goods and services could be purchased from locally-based suppliers and generate sales tax revenues for the County and local governments.

Table 7
ISOLATED "LOCAL" DIRECT EFFECTS FROM OPERATIONS
PROPOSED ALEXAN GATEWAY MIXED-USE DEVELOPMENT AT AVONDALE ESTATES

Property management Operations	% of Total	Expenses	Locally	Spending
Combined Annual Revenue (stablized year)		$7,513,991		
Total Operating Expenses @	35%	$2,629,897		
Direct Payrolls	32%	$841,567	50%	$420,784
Other "Local" Non-Payroll Costs				
Property Maintenance and Supplies		$183,870	25%	$45,967
Utilities		$142,499	0%	$0
Contracted Services/Cost of Goods/Other	60%	$1,577,938	33%	$520,720
Subtotal		$2,745,874	21%	$566,687
Permanent Payroll				
FTE Positions Property Management @		6		6
FTE Positions Commercial Tenants		24		24
Local Purchases by Employees @ $10/day		$78,000	30%	$23,400
GENERAL DIRECT ECONOMIC BENEFIT FROM OPERATIONS		**$2,823,874**		**$590,117**

Source: Bleakly Advisory Group

- **Employee Spending:** On-site employees can be expected to spend $23,400 annually near their place of employment. The combined portion of the direct-effect benefits from the Project (operations plus employee spending) which are likely to impact local/nearby businesses, is estimated at $590,100 per year. This is in addition to the annual spending of Project residents.

- **Purchasing power of Project Residents:** Based on projected monthly rents, the Project will need to attract tenants with annual household incomes that are well above the median for all renters in the Atlanta Region. Using typical affordability ratios, BAG estimates that 430 residents (mostly wage earners as opposed to children or retirees) would live in the project at stabilized occupancy. To qualify for the projected rents, resident tenants will be likely to have combined minimum annual household incomes of nearly $16.3 million ($60,500 per occupied unit). This income level would support approximately $4.3 million in available discretionary purchasing power for food, retail spending and entertainment. The developer's internal forecasts, based on the operating statistics of similar nearby residential projects, project that the average household income of units in this project will between $110,000 and $120,000, nearly twice the minimum qualifying median household income for this project, suggesting a significantly higher level of local discretionary spending. To the extent that these households are new to the City, this spending potential creates the potential to support other local businesses and are a significant contributor to the estimated total employment impact of 135 jobs, (including multiplier effects) calculated in Table 6.

IV. Benefits of On- and Off-Site Infrastructure and Public Improvements

The proposed residential development includes two infrastructure elements which would be funded by the developer, but which would benefit and be publicly accessible to all residents of the City of Avondale Estates. These elements include:

- A privately owned and maintained, but publicly-accessible, street at the north end of the parcel assemblage, between the residential building and the railroad right-of way. This length of street, approximately 550', provides a vital new connection between Hillyer Street and Maple Street, providing continuity in the area's street grid. It is assumed that this will be a high-quality urban street of two travel lanes and two parking lanes, equipped with curb, gutter, sidewalks, street trees and lighting.

- As part of continuing negotiations with the City, the Developer has pledged to undertake the preliminary demolition, grading and construction of an off-site park, approximately 1/3 mile to the east of the project. TCR has proposed to spend approximately $150,000 on the preliminary construction of the park. This park project is part of a long-planned effort by the City of Avondale, envisioned as the centerpiece of a redevelopment of four acres of city-owned property. The City of Avondale has adopted a design concept known as "Concept Nine" which includes approximately 2.6 acres of park space surrounded by moderate-density mixed-use development on the remainder of the city-owned land.[3] The hope expressed by the City of Avondale and project supporters is that the park will provide a public amenity while catalyzing redevelopment of adjacent properties.

These amenities would provide a benefit to the community, both in terms of tangible fiscal benefits and intangible public and quality of life benefits.

Benefit of new street connection

The new 550' street connection would give the City the Avondale the benefits of a new urban roadway without the cost of construction or maintenance. A typical urban two-lane collector street with two parking lanes, curb, gutter, storm drains and sidewalk costs approximately $2.5-3.0 million per mile. Street-lights typically cost $8,000 while street trees are $1,500[4]. Thus 550' of such street with lights and trees every 100' would have the equivalent public benefit of approximately $350,000 – $500,000. The developer estimates that the road segment will cost $425,000, which is consistent with the expected cost.

Continuing maintenance of a roadway is typically costs $40,000 per lane mile annually. By agreeing to maintain the two-lane, 550' private road, the developer would be providing a public benefit equivalent to $8,333 annually.

The new road connection would also provide intangible public benefits of increasing connectivity within the community by connecting the secondary street grid. This would have a catalytic impact on the area's business and housing by connecting businesses with residents of new residential construction at the western end of the city, enhancing economic development and redevelopment opportunities.

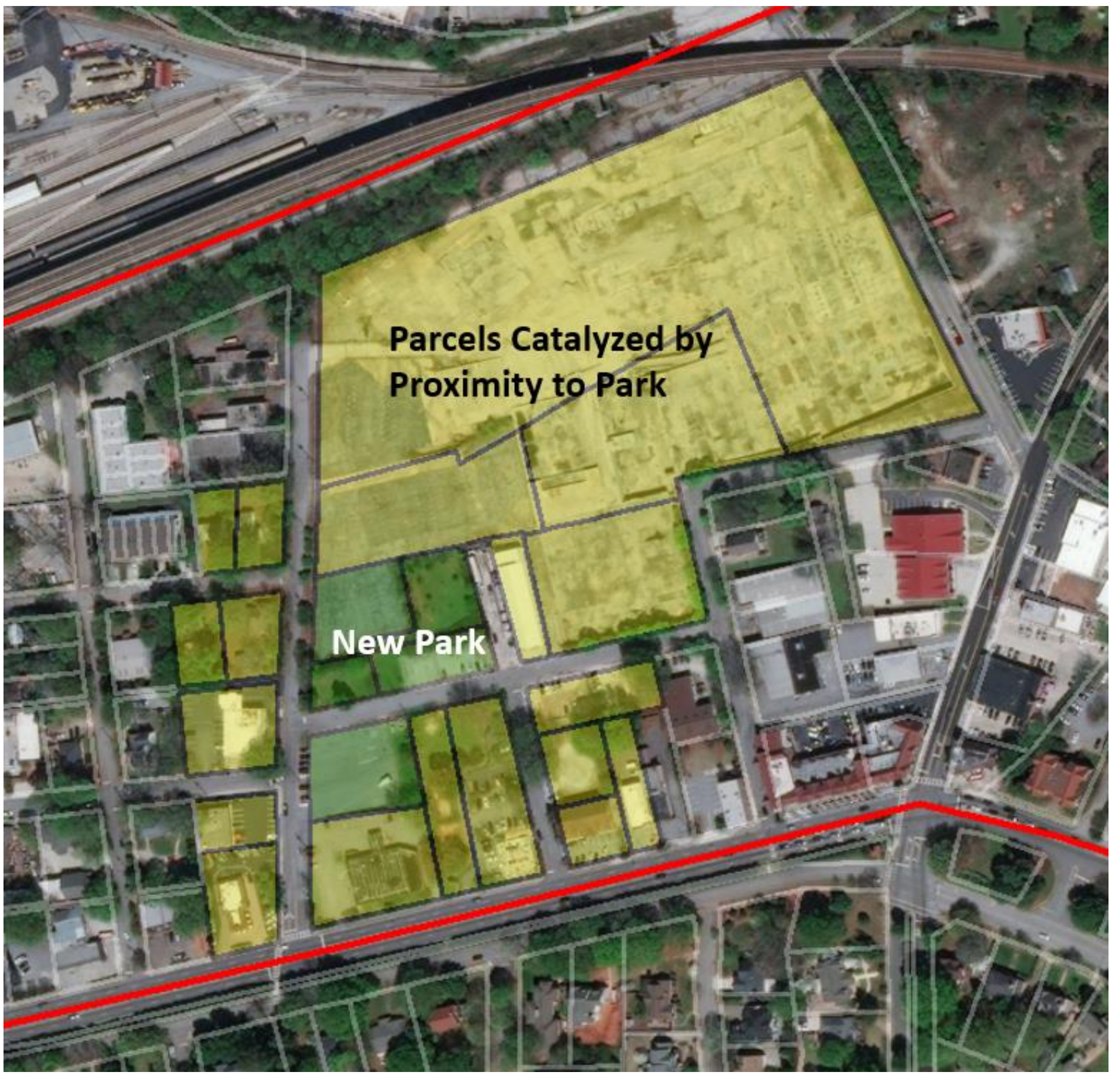
Benefits of Preliminary Park Construction

The developer has pledged to put approximately $150,000 towards the construction of the off-site park. This park has been identified as a key catalyst for the revitalization of Avondale Estates' central business district. The $150,000 pledged by the developer would likely fund just the preliminary activities of park

[3] In 2017 Bleakly Advisory Group provided development and planning consulting services to the City of Avondale related to financing and development planning of the Concept 9 Park redevelopment project and the City of Avondale TAD #1.
[4] Road construction and Maintenance Estimates from NJDOT, 2016

construction, including demolition of asphalt and concrete foundations and parking areas, grading, and basic landscaping. While significant additional funding will be necessary to complete park construction as envisioned in the Concept 9 plan, the initial funding will be an important and prominent first step towards the implementaion of this important amenity.

The fiscal benefit of a Park difficult to quantify. One such way is to capture the enhancement of the property values to adjacent properties that would likely occur due to the introduction of a beneficial amenity such as a park. Residential and commercial properties facing an attractive public amenity such as a park, waterfront, golf-course, or garden typically see property-premiums of 10% to 50% higher than similarly situated properties not proximate to the amenity. In this case we assume that the presence of the park will enhance the property values of adjacent properties by 10%.



There are 19 parcels adjacent to the park site, with a total acreage of 17.3 acres, with a net current appraised value of $9.1 million. A 10% premium in that value would result in additional tax digest value of $364,000, which would result in additional annual city property taxes of $3,600, increasing over time.

We also can capture the catalyzing power of the public amenity, by assuming that the commencement of construction of this central amenity will signal progress and investment in the area, triggering the redevelopment of under-developed and vacant adjacent parcels. Currently, the parcels adjacent to the proposed park are valued well below their market potential, with a current average appraised tax value of $525,000 per acre.

Based on the redevelopment densities envisioned and presented to the City Council as part of the *Development Advisory Services for 4-Acre Park and Associated Private Development* in March 2018, it is reasonable to assume that the area around the proposed park, could reasonably be expected to be worth $4 million to$6 million per acre after moderate-density redevelopment. After redevelopment, the additional 10% premium due to the presence of the park would result in an additional $6.9 million in property value, corresponding to $2.8 million of additional city tax digest, resulting additional property tax revenue of $27,561 annually, increasing over time.

Property Catalyzed by New Avondale Park		
Parcels		19
Acres		17.3
Current Appraised Value	$	9,089,904
Current Value/Acre	$	525,428
Potential Value After Redevelopment		
Potential Redevelopment Value/Acre	$	4,000,000
Net Potential Redevelopment Value of Catalyzed Parcels	$	69,200,000
Estimate of Fiscal Impacts resulting from Preliminary Park Construction		
Park-Adjacency Value Bonus		10%
Fiscal (Property Tax) Benefit at Current Development Level		
Additional Appraised Value (Current Condition)	$	908,990
Additional Tax Digest Value (Current Condition)	$	363,596
Additional Annual City Property Tax (9.96 Mils)	**$**	**3,620**
Additional Annual County Property Tax (9.5 Mils)	$	3,454
Fiscal (Property Tax) Benefit After Build Build-Out		
Additional Appraised Value (Current Condition)	$	6,920,000
Additional Tax Digest Value (Current Condition)	$	2,768,000
Additional Annual City Property Tax (9.96 Mils)	**$**	**27,561**
Additional Annual County Property Tax (9.5 Mils)	$	26,296

Summary of benefits of Road and Park construction:

The following table shows the combined public fiscal benefits of the new road segment and the preliminary park construction, both on a one-time bases (construction) and a continuing annual basis (road maintenance and increased property tax revenue).

	Road	Park	Total
Capital Benefits (one time)	$425,000	$ 150,000	**$ 575,000**
Recurring Property Tax Benefits– Existing Property Values	$ 8,333	$ 3,620	**$11,954**
Recurring Property Tax Benefits– After Redevelopment	$ 8,333	$ 27,561	**$ 35,894**

Source for all tables and values (DeKalb County Tax Assessor, Bleakly Advisory Group)

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