



**A MARKET CONDITIONS AND PROJECT
EVALUATION SUMMARY OF**

**CALYPSO APARTMENTS
Cascade Palmetto Highway and Roosevelt Highway
Palmetto, Fulton County, Georgia**

**Effective Date: May 5, 2011
Report Date: June 13, 2011**

Prepared For

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June 13, 2011

Ms. Sherry Atchinson
Volunteers of America Southeast, Inc
600 Azalea Road
Mobile, Alabama 36609

Re: Market Study for Calypso Apartments in Palmetto, Georgia

Dear Ms. Atchinson:

At your request, Novogradac & Company LLP performed a market study of the multifamily rental market in the Palmetto, Fulton County, Georgia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project, the (Subject). We also performed a market study to Georgia DCA guidelines on this development in July 2010. The purpose of this market study is to assess the viability of the construction of Calypso Apartments, a proposed LIHTC development consisting of 62 units. Units will be restricted to households earning 50 and 60 percent of the AMI, or less. Per the client's request, we have revisited the Subject site and the comparable and all information is current as of May 2011. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the requirements of the Georgia Department of Community Affairs (DCA), including the following:

- Inspecting the site of the proposed Subject and the general location.
- Analyzing appropriateness of the proposed unit mix, rent levels, available amenities and site.
- Estimating market rent, absorption and stabilized occupancy level for the market area.
- Investigating the health and conditions of the multifamily market.
- Calculating income bands, given the proposed Subject rents.
- Estimating the number of income eligible households.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area in relation to the proposed project.
- Establishing the Subject Primary and Secondary Market Area(s) if applicable.
- Surveying competing projects, Low-Income Housing Tax Credit (LIHTC) and market rate.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The report also includes a thorough analysis of the scope of the study, regional and local demographic and economic studies, and market analyses including conclusions. The depth of discussion contained in the report is specific to the needs of the client. Information included in this report is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market. This report was completed in accordance with DCA market study guidelines. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company, LLP can be of further assistance. It has been our pleasure to assist you with this project.

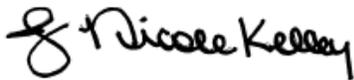
Respectfully submitted,



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ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the consultant has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the consultant assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All information contained in the report, which others furnished, was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
4. The report was made assuming responsible ownership and capable management of the property. The analyses and projections are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted
5. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
6. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
7. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the consultant did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
8. A consulting analysis market study for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
9. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the

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10. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
11. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
12. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
13. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
14. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which conclusions contained in this report is based.
15. On all proposed developments, Subject to satisfactory completion, repairs, or alterations, the consulting report is contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time with good quality materials.
16. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums except as reported to the consultant and contained in this report.
17. The party for whom this report is prepared has reported to the consultant there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
18. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.

19. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.
20. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
21. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

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Addendum

A. EXECUTIVE SUMMARY AND CONCLUSION

EXECUTIVE SUMMARY AND CONCLUSIONS

1. Project Description:

Calypso Apartments is a proposed family LIHTC property that will be located north of the intersection of Cascade Palmetto Highway and Roosevelt Highway in Palmetto, Fulton County, Georgia. The Subject will consist of seven townhome buildings, each containing eight units and one townhome building containing six units. There will also be one single story clubhouse. The following table illustrates the unit mix including bedrooms/ bathrooms, square footage, income targeting, rents, and utility allowance.

PROPOSED RENTS

Unit Type	Number of Units	Square Footage	Asking Rent	Utility Allowance (1)	Gross Rent	2011 LIHTC Maximum Allowable Gross Rent	2011 HUD Fair Market Rents
				<i>50% AMI</i>			
3BR	7	1,300	\$590	\$192	\$782	\$888	\$1,072
4BR	3	1,415	\$680	\$231	\$911	\$991	\$1,170
				<i>60% AMI</i>			
3BR	39	1,300	\$700	\$192	\$892	\$1,065	\$1,072
4BR	13	1,415	\$880	\$231	\$1,111	\$1,189	\$1,170
Total	62						

Notes (1) Source of Utility Allowance provided by the Developer.

The Subject will offer the following amenities: blinds, carpeting, central air conditioning, coat closets, dishwashers, ceiling fans, garbage disposals, microwaves, ovens, refrigerators, washer/dryer hookups, a business center, a clubhouse/community room, an exercise facility, a central laundry facility, off-street parking, on-site management, picnic areas, a playground, and recreation areas. Overall, the Subject’s amenities package is extensive and will be competitive with the comparable properties.

2. Site Description/Evaluation:

The Subject is located in a mixed use neighborhood containing, multifamily residential, retail/commercial use, and vacant land. Retail/commercial uses in the neighborhood are well-occupied. Palmetto Preserve, a multifamily LIHTC property, is located immediately south of the site. This property, which was built in 1999 and renovated in 2009, is in overall good condition and is 92 percent occupied and 95 percent leased. It has been used as

a comparable in our analysis and will be discussed further in the supply section of our report. Two gas stations are located further south of the site. Newer single family homes in good to excellent condition are located west of the Subject off Roosevelt Highway. North of the Subject site, along Cascade Palmetto Highway, is vacant land. Vacant land is also located immediately west of the site. Further west, along Carlton Road, is the Department of Public Safety, a pharmacy, and an elementary school. Approximately 0.5 miles south of the site are railroad tracks. These tracks are not visible from the site and will not be considered a detrimental influence. Newer single family homes in good to excellent condition are located east of the Subject off Roosevelt Highway.

The Subject site has good visibility and access from Cascade Palmetto Highway, a moderately trafficked roadway containing vacant land as well as multifamily and single family residential uses. Overall, the Subject's immediate neighborhood is considered a desirable site for multifamily housing and there are no detrimental influences in the immediate neighborhood.

3. Market Area Definition:

The PMA boundaries are as follows: State Route 166 and Campbellton Road to the north, Sam's Drive and Flat Creek Trail to the east, State Route 54 to the south, and State Route 16 to the west. The boundaries are based on interviews with property managers in the Palmetto, Fairburn, and Peachtree City areas. We relied most heavily on information from Palmetto Preserve, the one LIHTC property located in Palmetto. Management indicated that most tenants work at the airport and are from the Palmetto/Fairburn area. She further indicated that tenants from Palmetto have moved to Fairburn due to the lack of available rental housing in the Palmetto area. Management reported that she also has a few tenants from the northern Peachtree City area. These tenants have moved in order to be closer to the airport and the Atlanta area in general. Therefore, the extreme northern portion of Peachtree City has also been included in our PMA.

The furthest PMA border is 13.8 miles from the Subject site.

4. Community Demographic

Data:

The Subject will be located in Palmetto, Georgia, in Fulton County. The population in this PMA is projected to increase from 112,211 in 2010 to 129,713 in 2015. This growth is more than three times the growth expected in the nation over the next five years, and more than the Atlanta MSA. Similar to the population growth, the total number of households in the PMA is also projected to increase over the next five years. In 2010, there were 40,199 households, and in 2015 there are projected to be 46,577 households. Again, a growth rate more than three times the national rate. In 2010, 26.2 percent of the population earned incomes between \$20,000 and \$49,999. Persons within these income cohorts are expected to create demand for the Subject. Owner-occupied housing units dominate the housing market in the PMA, however, the number of renter households in the PMA is projected to remain relatively stable over the next five years.

Based on property interviews, two properties reported a rent increase within the last twelve months, two properties reported no rent increase, and two market rate properties reported that the rents fluctuate daily.

According to RealtyTrac's March 2011 foreclosure research, there were approximately 23 foreclosed homes in Palmetto. This equates to a foreclosure rate of one in every 158 housing units. Fulton County had a foreclosure rate of one in every 286 housing units; Georgia had a foreclosure rate of one in every 311 housing units; the US had a foreclosure rate of one in every 542 housing units in March 2011. Therefore, the foreclosure rate in Palmetto was higher than Fulton County, Georgia, and the nation. Based on our inspection of the site, there were no apparent abandoned or vacant structures near the Subject.

5. Economic Data:

The city of Palmetto is a relatively rural city, approximately 28 miles southwest of downtown Atlanta. Several property managers indicated that tenants commute to Atlanta for work. The MSA posted strong employment growth from 2005 to 2007 but total employment gains halted in 2008 due to the impact of the recession. Average annual employment decreased by 5.0 percent from 2008 to 2009. Over the same period, the unemployment rate increased by 3.8 percentage points, reaching 9.3 percent. Employment decreased 0.5 percent from February 2010 to February

2011 compared to a 0.6 percent increase in the nation. Unemployment in the MSA surpassed the nation in 2008 and has remained above the national average through YTD 2011. The MSA experienced a decrease in unemployment from February 2010 through February 2011 of 0.3 percentage points, which is less than the nation's decrease of 0.9 percentage points. Employment decline will likely continue but is somewhat offset by announced expansions in the metropolitan area, which the Metro Atlanta Chamber of Commerce estimates will add over 5,300 jobs to the local economy. However, these expansions are contingent upon the performance of the local economy and employers' ability to obtain financing.

According to Georgia Department of Labor's WARN notices, an average of 716 jobs a month were lost in 2008 compared to 763 per month in 2009, and 314 per month in 2010. Through April 2011, the local economy lost an average of 320 jobs per month. Job loss among the aforementioned employers is consistent with national trends. Major layoffs have occurred in the industries troubled the most during the recession: retail, finance, insurance, and construction or housing-related fields. As a result of the declining construction industry, Home Depot (a major Atlanta area employer) has eliminated over 7,000 jobs nationwide since 2008 and cut an additional 144 workers at the Atlanta headquarters in 2010.

According to a December 2010 article by Multi-Family Housing News, Atlanta has had seven consecutive months of job growth and is also benefitting from several corporate relocations. Most of the job gains in the Atlanta Metro area have been in the education, health services, and business/professional services industries. This job growth bodes well for the Subject.

6. Project-Specific Affordability And Demand Analysis:

The following table summarizes the demand analysis for the Subject's 62 proposed units.

CAPTURE RATE ANALYSIS CHART

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate
3BR 50%	\$26,811-\$36,900	7	330	40	290	2.4%
4BR 50%	\$31,234-\$39,650	3	75	0	75	4.0%
50% Overall	\$26,811-\$39,650	10	405	40	365	2.7%
3BR 60%	\$30,583-\$44,280	39	402	15	387	10.1%
4BR 60%	\$38,091-\$47,580	13	91	9	82	15.8%
60% Overall	\$30,583-\$47,580	52	493	24	469	11.1%
Overall Project	\$26,811-\$47,580	62	614	64	550	11.3%

Our demand analysis illustrates that there are a total of 2,585 income qualified renter households in the PMA. The Subject’s capture rates at the 50 and 60 percent AMI levels as well as the overall capture rate are considered low and indicate demand for the Subject. There is one existing LIHTC property in Palmetto that is 92 percent occupied and 95 percent leased. Management at this property indicated that there is sufficient demand for another LIHTC property of approximately 100 units or less. Further, household growth in the PMA significantly outpaced growth in both the MSA and the nation through 2010 and is expected to continue to outpace both areas through 2015. Given the low capture rates, the strong household growth in the PMA, and the stated need for additional LIHTC units, we believe there is sufficient demand in the local market to support the 62 proposed units at the Subject.

7. Competitive Rental Analysis:

Our competitive survey includes six “true” comparable properties containing 1,387 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the supply analysis.

There is only one comparable property in the City of Palmetto. Palmetto Preserve is located immediately south of the Subject and offers two- and three-bedroom garden style units at 50 percent AMI. Orchard Springs is a LIHTC property that is located approximately 6.6 miles from the Subject in Fairburn. This property is located inside the PMA and management at Palmetto Preserve indicated that there is tenant exchange between the two areas. Newnan Crossing is a LIHTC property located in Newnan approximately 11.6 miles from the Subject. It is located on the southern border of the PMA. Overall, the availability of LIHTC data in the immediate area is limited.

There are no conventional market rate properties located in Palmetto. Pine Grove Apartments is a Rural Development

property in Palmetto that is located 1.1 mile from the Subject site. Management indicated that none of the units have rental assistance and all tenants are paying the basic rents. However, this property does not offer three- or four-bedroom units and has therefore been excluded as a comparable in our analysis. We have included three conventional properties in our analysis. These properties are located between 7.4 and 14.4 miles from the Subject site in Fairburn, Peachtree City, and Newnan. Overall, the availability of market rate data in the area is also considered limited. Only one of the comparable properties offers four-bedroom units. Therefore, we have supplemented our market rent discussion with four-bedroom classified listings from www.craigslist.com.

The Subject will offer three-and four-bedroom townhome style units at 50 and 60 percent AMI. Palmetto Preserve is the only LIHTC property in the PMA that offers 50 percent AMI units. This property is located immediately south of the Subject site. The other two LIHTC properties in the PMA are located 6.6 to 11.6 miles from the Subject site and offer 60 percent AMI as well as unrestricted units. The Subject's proposed rents will be among the lowest in the market and will have a 21 to 39 percent advantage over the average market rents. This rent advantage is significant and indicates that the Subject's rents will be achievable in the local market.

The three LIHTC properties have vacancy rates between 3.6 and 8.3 percent. Management at Orchard Springs noted that most of their vacancies are in the LIHTC units because their LIHTC rents compete with the rents at conventional rental properties in the area. Management at Palmetto Preserve indicated that they took over and renovated the property in November 2009. Renovations included new carpet, new appliances for select units, updates to the clubhouse, new landscaping, and new roofs. When the current management company took over, the property was 47.0 percent vacant due to poor past management. Since November 2009, the property's vacancy rate has steadily declined from 47.0 percent to 8.3 percent. Management further indicated that of the 10 vacancies, four are pre-leased. The Subject's rents will be significantly below the rents at Newnan Crossing and Orchard Springs while the Subject's proposed 50 percent AMI rents will be \$82 above the current rents at Palmetto Preserve. We believe this rent differential is warranted given the Subject's superior

age/condition, townhome design, and the fact that the Subject’s three-bedroom units will be 130 square feet larger than the three-bedroom units at Palmetto Preserve.

Overall, we believe that the Subject will maintain a stabilized vacancy rate of five percent or less, which is similar to the market average. It should be noted that because the Subject will offer a superior product with lower rents, it is likely that the Subject will draw some tenants from Newnan Crossing and Orchard Springs; however, the Subject’s impact on these properties will be limited given their distances (11.6 and 6.6 miles, respectively) from the Subject. While Palmetto Preserve is located adjacent to the Subject site, we believe that the Subject will have only a limited short term impact on this property. The Subject will offer three- and four-bedroom townhome style units while Palmetto Preserve offers two- and three-bedroom garden style units. Additionally, the Subject will offer both 50 and 60 percent AMI rents, whereas Palmetto Preserve only offers 50 percent AMI rents. Management at Palmetto Preserve reported that there is sufficient demand in the market to support an additional 100 units. Further, the number of households in the PMA grew 5.7 percent annually from 2000 to 2010. This growth is considered significant and is higher than growth in the MSA of 3.0 percent and national growth of 1.0 percent over the same time period. Household growth in the PMA is projected to continue to outpace both the MSA and the nation through 2015. Given the strong household growth in the PMA as well as the stated need for additional LIHTC housing by the property manager at Palmetto Preserve, we believe there is sufficient demand for both developments and that the Subject will not have a negative long term impact on this property.

8. Absorption/Stabilization

Estimate:

We were able to obtain absorption information from three of the comparable properties.

Absorption

Property	Year Built	Type	Total # of Units	Units Absorbed Per Month	Absorption Pace in Months
Palmetto Preserve*	1999/2009	LIHTC	50	7	7
Orchard Springs	2003	LIHTC/Market	220	28	8
Newnan Crossing	2004	LIHTC/Market	192	32	6

*Re-absorption rate of vacant units from November 2009 to June 2010.

Two of the comparable LIHTC properties were able to report absorption. These properties reported absorption rates of 28 to 32 units per month; however, both of these properties stabilized in a more stable housing market relative to the current market. We were also able to obtain re-absorption information for Palmetto Preserve. New management took over and renovated this property in November 2009. At that time, the 120 unit property had 56 vacant units. Management reported that the property leased approximately seven units per month during the re-absorption period. We have conservatively estimated that the Subject will absorb approximately seven units per month. At this pace, the Subject's 50 percent AMI units would reach a stabilized occupancy of 93 percent within two months while the 60 percent AMI units would reach a stabilized occupancy of 93 percent within seven months.

9. Overall Conclusion:

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as proposed. The Subject's rents will be among the lowest in the LIHTC market. As new construction the Subject will be superior to the comparables in terms of age and condition, design, and unit size and will have competitive amenities. Because the Subject will be generally superior to the LIHTC comparables and will have some of the lowest rents, it will have a significant rental advantage in the local market and its rents will be achievable.

The LIHTC properties Newnan Crossing and Orchard Springs are located between 6.6 and 11.6 miles from the Subject. Therefore, the Subject's lower rents will have a minimal impact on these properties. Palmetto Preserve is located immediately south of the Subject site. This property offers two- and three-bedroom garden style units at 50 percent AMI while the Subject will offer three- and four-bedroom townhome style units at 50 and 60 percent AMI. As newly constructed townhome style units, the Subject will be superior to this property in terms of age/condition and design and it will also offer larger units. The Subject's proposed three-bedroom 50 percent AMI rents are \$82 above the current rents at Palmetto Preserve, which is reasonable considering it will be generally superior to this property. Palmetto Preserve is currently 92 percent occupied and 95 percent leased. Management indicated that there is demand for approximately 100 additional LIHTC units in the market. Further, our

demographic analysis indicates that the number of households in the PMA grew 5.7 percent annually between 2000 and 2010, which is significantly faster than household growth in the MSA and the nation (3.2 and 1.0 percent, respectively) over the same time period. Given the strong household growth and the stated need for additional LIHTC units as well as the healthy occupancy rates at the comparables, we believe there is sufficient demand in the market for both the Subject and Palmetto Preserve and any impact that the Subject will have on this property will be short term. Overall, we recommend the Subject as proposed.

Summary Table:

(must be completed by the analyst and included in the executive summary)

Development Name:	Calypso Apartments	Total # Units: 62
Location:	Cascade Palmetto Hwy and Roosevelt Hwy, Palmetto, GA	# LIHTC Units: 62
PMA Boundary:	North: State Route 166 and Campbellton Rd, South: State Route 54, East: Sam's Dr and Flat Creek	
	Farthest Boundary Distance to Subject:	13.8 miles

RENTAL HOUSING STOCK (found on page 99)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	6	1,387	73	94.7%
Market-Rate Housing	5	1,011	51	95.0%
Assisted/Subsidized Housing not to include LIHTC				%
LIHTC	3	376	22	94.1%
Stabilized Comps		1,387	73	94.7%
Properties in Construction & Lease Up	0	0	0	N/Ap

Subject Development					Average Market Rent*			Highest Unadjusted Comp Rent*	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
7	3BR 50%	2	1,300	\$590	\$888	\$0.68	34%	\$1,200	\$0.84
3	4BR 50%	2.5	1,415	\$680	\$1,115	\$0.79	39%	\$1,275	\$0.70
39	3BR 60%	2	1,300	\$700	\$942	\$0.72	26%	\$1,200	\$0.84
13	4BR 60%	2.5	1,415	\$880	\$1,115	\$0.79	21%	\$1,275	\$0.70

*Includes comparables and classified listings

DEMOGRAPHIC DATA (found on pages 34, 64)

	2000		2010		2013	
Renter Households	5,178	20.34%	9,244	23.00%	10,205	23.27%
Income-Qualified Renter HHs (LIHTC)	1,310	25.3%	2,339	25.3%	2,585	25.3%
Income-Qualified Renter HHs (MR) (if applicable)		%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on pages 57-65)

Type of Demand	30%	50%	60%	Market-rate	Other: __	Overall
Renter Household Growth		839	1,023			1,273
Existing Households (Overburdened + Substandard)		449	547			681
Homeowner conversion (Seniors)		N/Ap	N/Ap			N/Ap
Secondary Market Area Demand		67	82			102
Less Comparable/Competitive Supply		40	24			64
Net Income-qualified Renter HHs*		1,315	1,628			1,992

CAPTURE RATES (found on pages 59, 62, 65)

Targeted Population	30%	50%	60%	Market-rate	Other: __	Overall
Capture Rate		2.7%	11.1%			11.3%

*Does not match demand analysis as this does not take into account bedroom types and persons per household.

B. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Project Address and Development Location:

The Subject site is located north of the intersection of Cascade Palmetto Highway and Roosevelt Highway in Palmetto, Fulton County, Georgia.

Construction Type:

The Subject will be a newly constructed LIHTC property that will consist of a total of eight townhome style buildings and one non-residential building that will contain the clubhouse and on-site management office. All buildings will be brick with Hardiplank siding.

Occupancy Type:

Family.

Special Population Target:

None.

Number of Units by Bedroom Type and AMI Level:

See following property profile.

Unit Size:

See following property profile.

Structure Type:

See following property profile.

Rents and Utility Allowances:

See following property profile.

Existing or Proposed Project Based Rental Assistance:

None of the Subject's units will operate with project based rental assistance.

Proposed Development Amenities: See following property profile.

Calypso Apartments, Palmetto, GA; Market Study

Calypso Apartments											
Comp #	Subject										
Effective Rent Date	5/4/2011										
Location	Cascade Palmetto Hwy & Roosevelt Hwy Palmetto, GA 30268 Fulton County										
Distance	n/a										
Units	62										
Vacant Units	N/A										
Vacancy Rate	N/A										
Type	Townhouse (2 stories)										
Year Built / Renovated	2013										
Market											
Program	50%, 60%					Leasing Pace	n/a				
Annual Turnover Rate	N/A					Change in Rent (Past Year)	n/a				
Units/Month Absorbed	n/a					Concession					
Section 8 Tenants	N/A										
Utilities											
A/C	not included -- central					Other Electric	not included				
Cooking	not included -- electric					Water	not included				
Water Heat	not included -- electric					Sewer	not included				
Heat	not included -- electric					Trash Collection	included				
Unit Mix (face rent)											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
3	2	Townhouse (2 stories)	7	1,300	\$590	\$0	@50%	n/a	N/A	N/A	no
3	2	Townhouse (2 stories)	39	1,300	\$700	\$0	@60%	n/a	N/A	N/A	no
4	2.5	Townhouse (2 stories)	3	1,415	\$680	\$0	@50%	n/a	N/A	N/A	no
4	2.5	Townhouse (2 stories)	13	1,415	\$880	\$0	@60%	n/a	N/A	N/A	no

Calypso Apartments, Palmetto, GA; Market Study

Amenities			
In-Unit	Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Microwave Oven Refrigerator Walk-In Closet Washer/Dryer hookup	Security	none
Property	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Playground Recreation Areas	Premium	none
Services	none	Other	walking paths, electric car charging station
Comments			
The rents stated in the table are net rents. Per the developer, utility allowances for the Subject will be \$192 and \$231 for a three- and four-bedroom unit, respectively. Gross rents for the Subject are \$782 and \$911 for a three- and four-bedroom unit at 50 percent AMI and \$892 and \$1,111 for a three- and four-bedroom unit at 60 percent AMI.			

Scope of Renovations: N/Ap.

Current Rents: N/Ap.

Current Occupancy: N/Ap.

Current Tenant Income: N/Ap.

Placed in Service Date: Construction will begin in June 2012 and will be complete by May 2013.

Conclusion: The Subject will be an excellent quality brick and Hardiplank siding townhome style apartment complex, comparable to most of the inventory in the area. As new construction, the Subject will not suffer from deferred maintenance, functional obsolescence, or physical obsolescence.

C. SITE EVALUATION

1. Date of Site Visit and Name of Site Inspector:

Nicole Kelley visited the site on May 5, 2011.

2. Physical Features of the Site:

The following illustrates the physical features of the site.

Frontage:

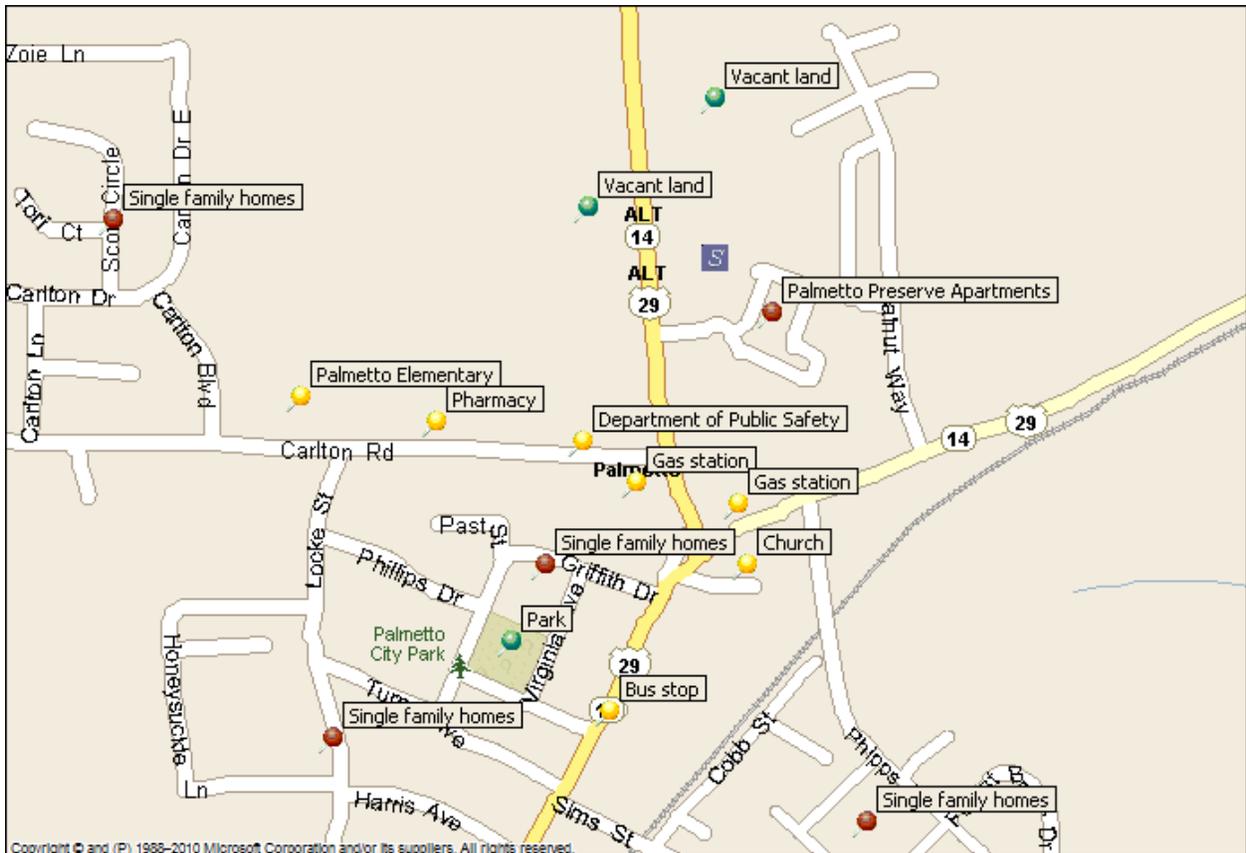
The Subject site has frontage along the eastern side of Cascade Palmetto Highway.

Visibility/Views:

The Subject is located on the eastern side of Cascade Palmetto Highway. Views from the Subject site include the LIHTC property Palmetto Preserve to the south and vacant land to the north, east and west. Structures visible from the Subject are in overall good condition and visibility and views from the Subject site are considered good.

Surrounding Uses:

The following map and pictures illustrate the surrounding land uses.



The Subject is located in a mixed use neighborhood containing, multifamily residential, retail/commercial use, and vacant land. Retail/commercial uses in the neighborhood are well-occupied. Palmetto Preserve, a

multifamily LIHTC property, is located immediately south of the site. This property, which was built in 1999 and renovated in 2009, is in overall good condition and is 92 percent occupied and 95 percent leased. It has been used as a comparable in our analysis and will be discussed further in the supply section of our report. Two gas stations are located further south of the site. Newer single family homes in good to excellent condition are located west of the Subject off Roosevelt Highway. North of the Subject site, along Cascade Palmetto Highway, is vacant land. Vacant land is also located immediately west of the site. Further west, along Carlton Road, is the Department of Public Safety, a pharmacy, and an elementary school. Approximately 0.5 miles south of the site are railroad tracks. These tracks are not visible from the site and will not be considered a detrimental influence. Newer single family homes in good to excellent condition are located east of the Subject off Roosevelt Highway.

Positive/Negative Attributes of Site: Positive attributes of the site include its good visibility from a major roadway and its proximity to locational amenities such as a pharmacy and the local elementary school. The Subject is located 0.5 miles north of railroad tracks. These tracks are not visible from the site and Roosevelt Highway separates the site from the railroad tracks. Therefore, these tracks are not considered a detrimental influence. There are no negative attributes in the Subject's immediate neighborhood.

3. Physical Proximity to Locational Amenities:

The Subject is located in Palmetto, Georgia, which is approximately 26.3 miles south of downtown Atlanta. The Subject is within 3.3 miles of all local schools. The Subject is 0.4 miles north of a MARTA bus stop. There is a local grocery store, pharmacy and medical center all within 0.4 miles of the Subject.

4. Pictures of Site and Adjacent Uses:



Subject site



Subject site



View south on Cascade Palmetto Highway



View north on Cascade Palmetto Highway



Vacant land west



Palmetto Preserve south



Pharmacy west



Department of Public Safety west



School west



Gas station southwest



Retail south



Restaurant south



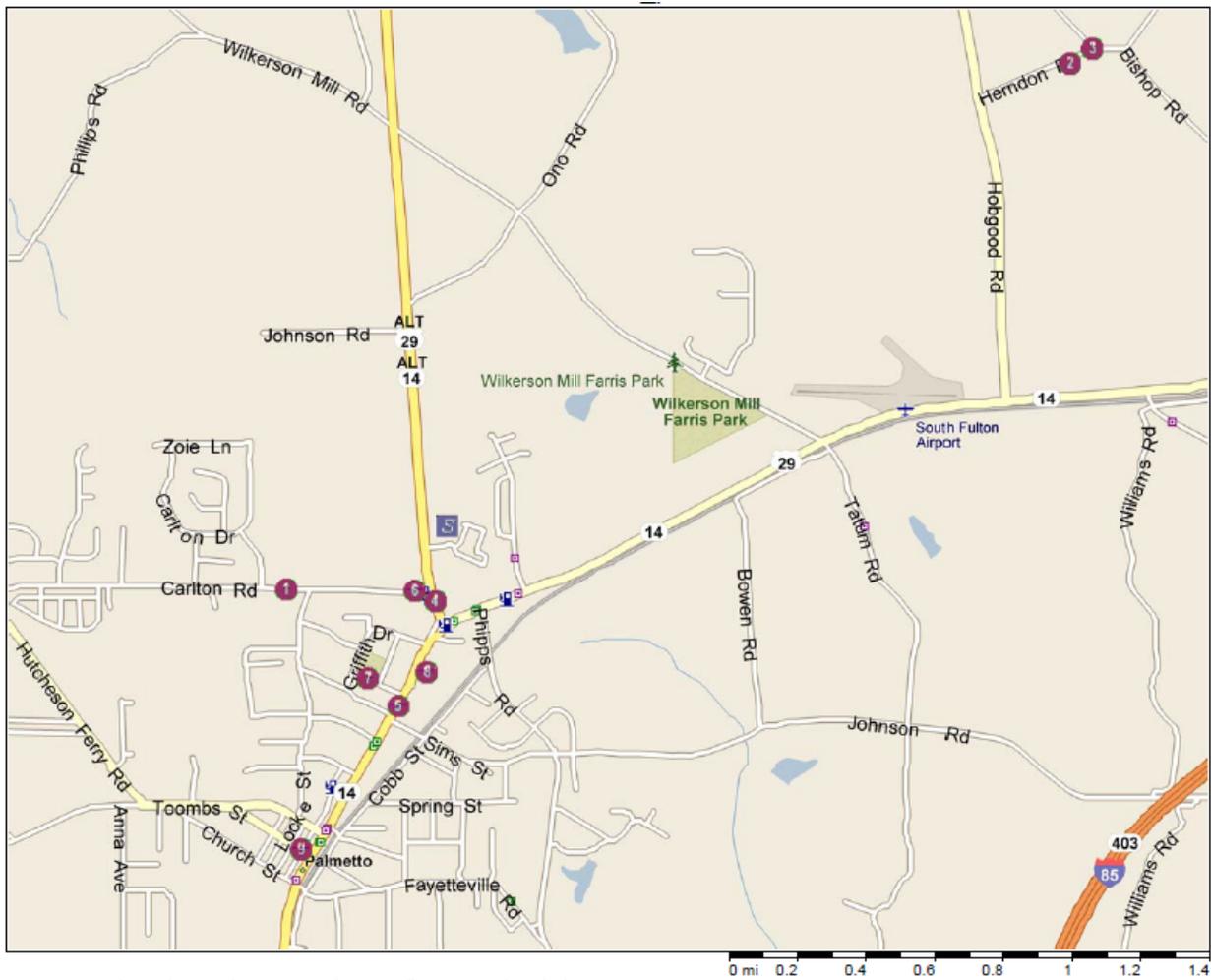
Gas station south



New single family home south

5. Proximity to Locational Amenities:

The following table details the Subject's distance from key locational amenities.



LOCATIONAL AMENITIES

Map #	Amenity	Service	Distance from Subject
1	Palmetto Elementary School	Elementary School	0.5 miles
2	Bear Creek Middle School	Middle School	3.3 miles
3	Creekside High School	High School	3.3 miles
4	Papp Clinic Quick Care	Medical Center	0.1 miles
5	Dj Grocers	Grocery	0.4 miles
6	Southern Crescent Pharmacy	Pharmacy	0.1 mile
7	Palmetto City Park	Local Park	0.6 miles
8	MARTA Bus Stop	Public Transportation	0.4 miles
9	Palmetto City Hall	Government Services	1.0 mile

6. Description of Land Uses:

The Subject is located in a mixed use neighborhood containing, multifamily residential, retail/commercial use, and vacant land. Retail/commercial uses in the neighborhood are well-occupied. Palmetto Preserve, a multifamily LIHTC property, is located immediately south of the site. This property, which was built in 1999 and renovated in 2009, is in overall good condition and is 92 percent occupied and 95 percent leased. It has been used as a comparable in our analysis and will be discussed further in the supply section of our report. Two gas stations are located further south of the site. Newer single family homes in good to excellent condition are located west of the Subject off Roosevelt Highway. North of the Subject site, along Cascade Palmetto Highway, is vacant land. Vacant land is also located immediately west of the site. Further west, along Carlton Road, is the Department of Public Safety, a pharmacy, and an elementary school. Approximately 0.5 miles south of the site are railroad tracks. These tracks are not visible from the site and will not be considered a detrimental influence. Newer single family homes in good to excellent condition are located east of the Subject off Roosevelt Highway. Overall, we believe that the Subject site is a good location for multifamily housing and the Subject will be compatible with the surrounding uses.

7. Multifamily Residential within Two Miles:

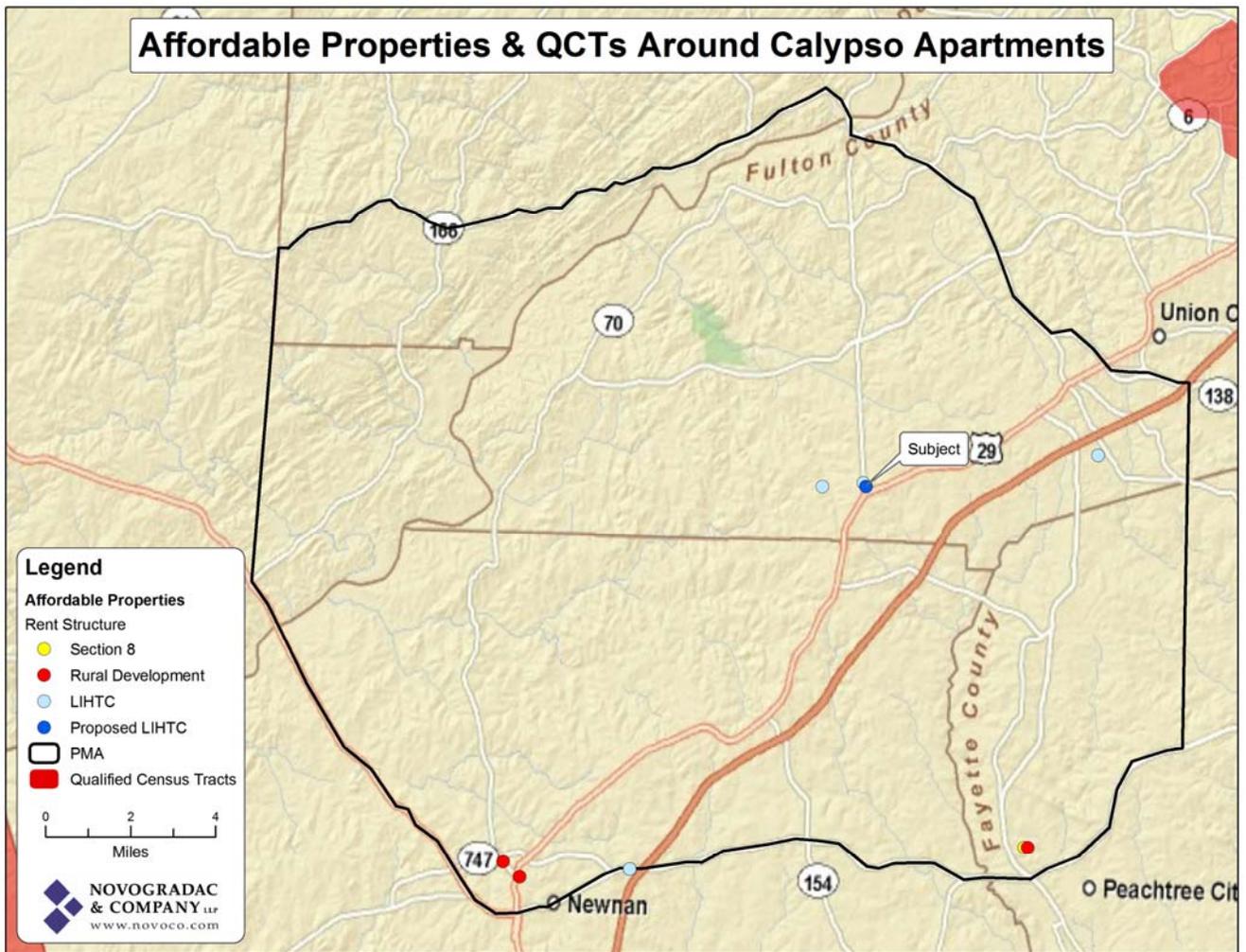
The LIHTC property Palmetto Preserve is located adjacent to the Subject site. This property underwent renovations in 2009 and is in overall good condition. It offers two- and three-bedroom garden style units at 50 percent AMI and has been used as a comparable property in our analysis. The Rural Development property Pine Grove is located 1.1 miles from the Subject site. This property is 100 percent occupied with a waiting list and is in overall average condition. It only offers one- and two-bedroom garden

style units and has therefore been excluded as a comparable in our analysis.

**8. Existing Assisted Rental Housing
Property Map:**

The following map and list identifies all assisted rental housing properties in the PMA.

Property Name	Address	City	State	Type	Map Color	Distance from Subject
Calypso Apartments	9160 Cascade Palmetto Hwy	Palmetto	GA	LIHTC	Blue	-
Palmetto Preserve Apts	9100 Cascade Palmetto Hwy	Palmetto	GA	LIHTC	Cyan	0.1 miles
Newnan Crossing	151 Parkway North	Newnan	GA	LIHTC	Cyan	11.6 miles
Orchard Spring	550 Oakley Industrial Blvd	Fairburn	GA	LIHTC	Cyan	6.6 miles
Pinegrove Apartments	600 Carlton Rd	Palmetto	GA	RD	Orange	1.1 miles
Woodsmill Apartments	102 Wisdom Road	Peachtree City	GA	RD	Orange	13.8 miles
Rolling Hills Apartments	104 Rolling Hills Drive	Newnan	GA	RD	Orange	14.2 miles
Tranquil Villas of Newnan	807 Tranquil Lane	Newnan	GA	RD	Orange	13.8 miles
Wisdom Woods Apartments	100 Wisdown Road	Peachtree City	GA	Section 8	Yellow	13.7 miles



**9. Road/Infrastructure
Proposed Improvements:**

Based on our field work, there are no road or infrastructure improvements planned or taking place in the area.

**10. Access, Ingress/Egress and
Visibility of site:**

The Subject site has good visibility from Cascade Palmetto Highway, a moderately trafficked roadway containing a variety of uses.

11. Environmental Concerns:

None visible upon site inspection.

Detrimental Influences:

The Subject is located 0.5 miles north of railroad tracks. These tracks are not visible from the Subject site and are separated from the site by Roosevelt Highway. Additionally, management at Palmetto Preserve, a multifamily LIHTC property that is located immediately south of the Subject site, reported that the property has not been negatively impacted by its proximity to the tracks. Overall, we do not consider the railroad tracks to be a detrimental influence.

12. Conclusion:

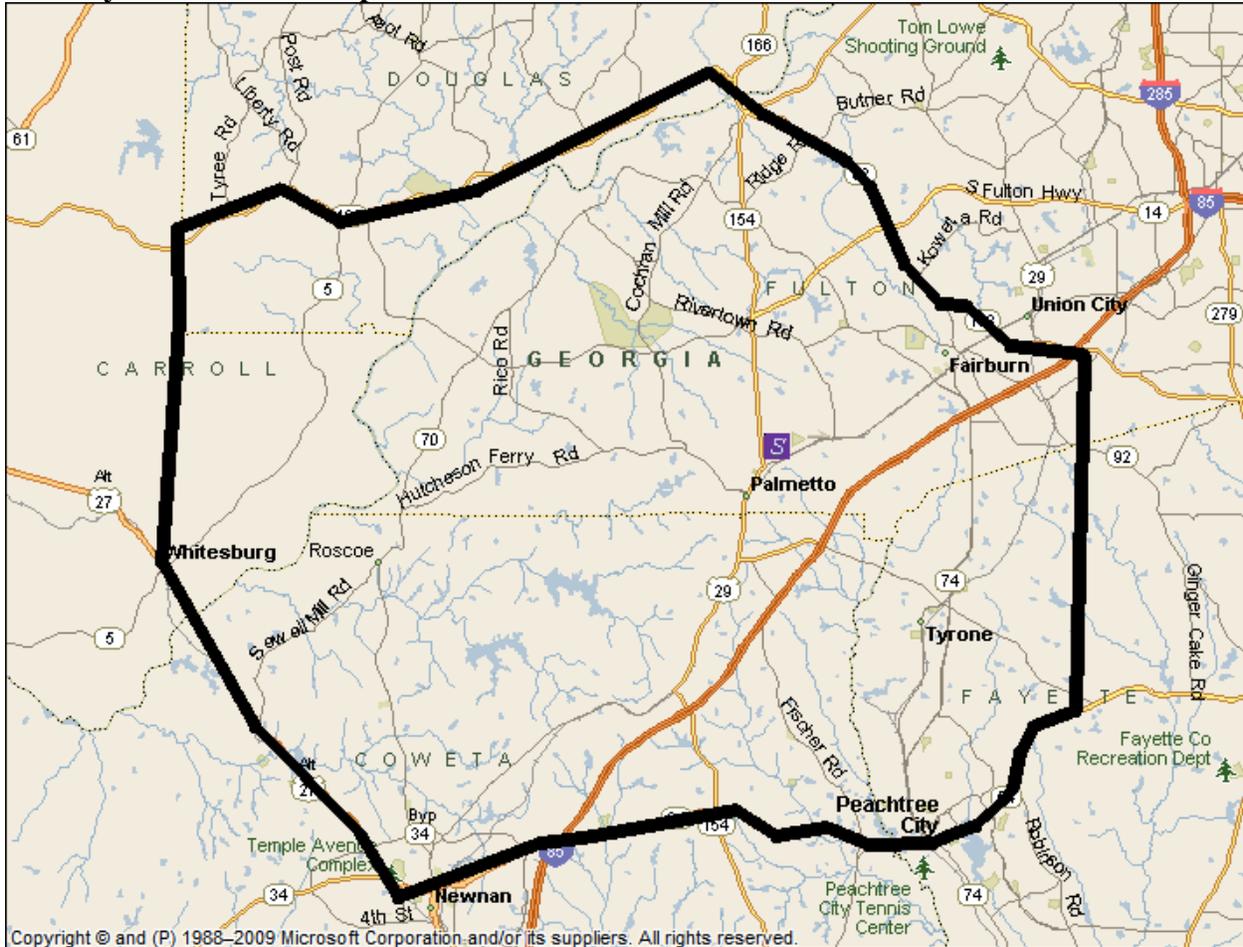
The Subject is located in a mixed use neighborhood and has good visibility from Cascade Palmetto Highway. The Subject is located within close proximity to locational amenities such as a pharmacy and the local elementary school. Although railroad tracks are located 0.5 miles south of the Subject site, they are not visible from the site and are not considered to be a detrimental influence. Overall, the Subject's location is considered desirable for multifamily housing.

D. MARKET AREA

PRIMARY MARKET AREA

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

Primary Market Area Map



The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied, to determine if the Primary Market Area (PMA) and the Atlanta-Sandy Springs-Marietta MSA are areas of growth or contraction.

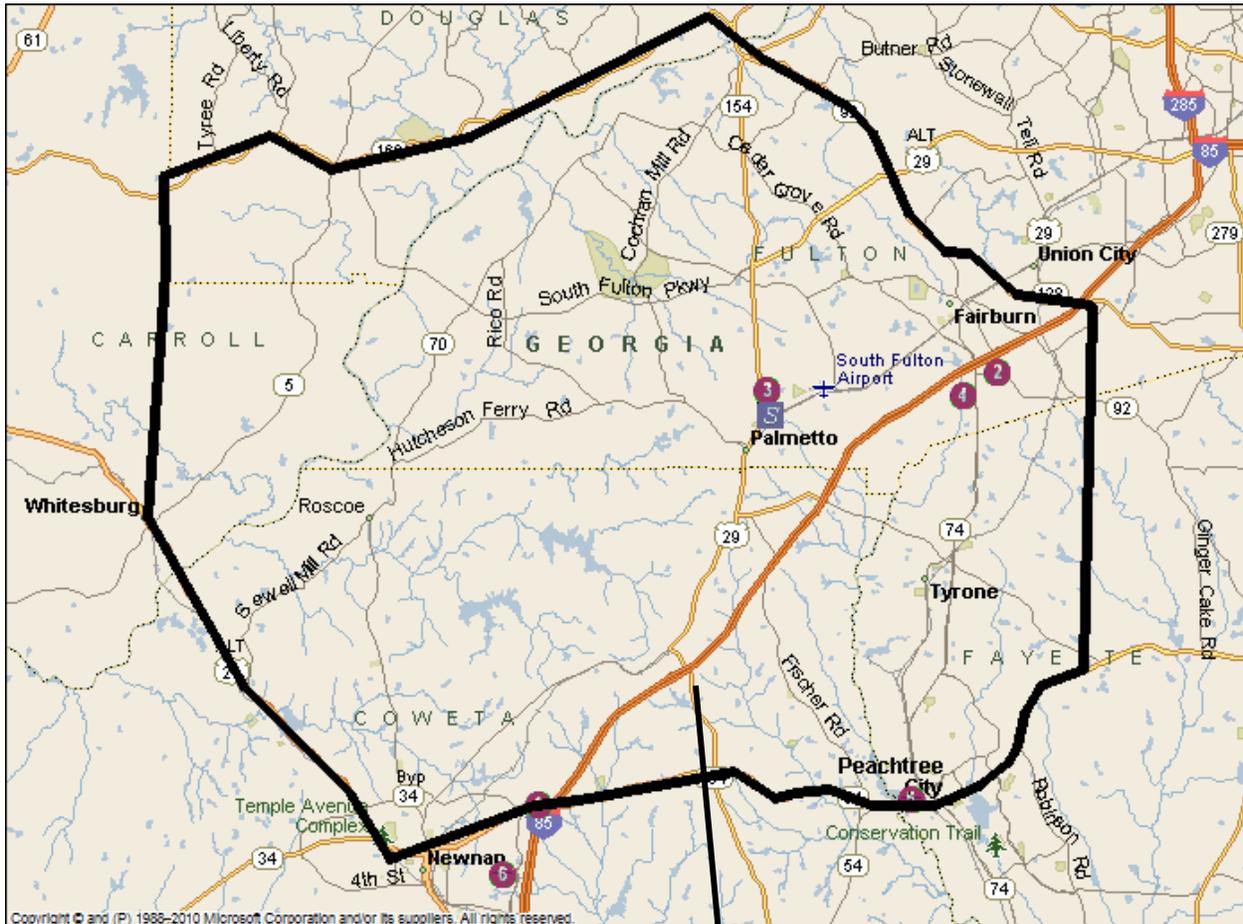
- The boundaries of the PMA are as follows:
- North – State Route 166 and Campbellton Road
- South- State Route 54
- East-Sam’s Drive and Flat Creek Trail
- West-State Route 16

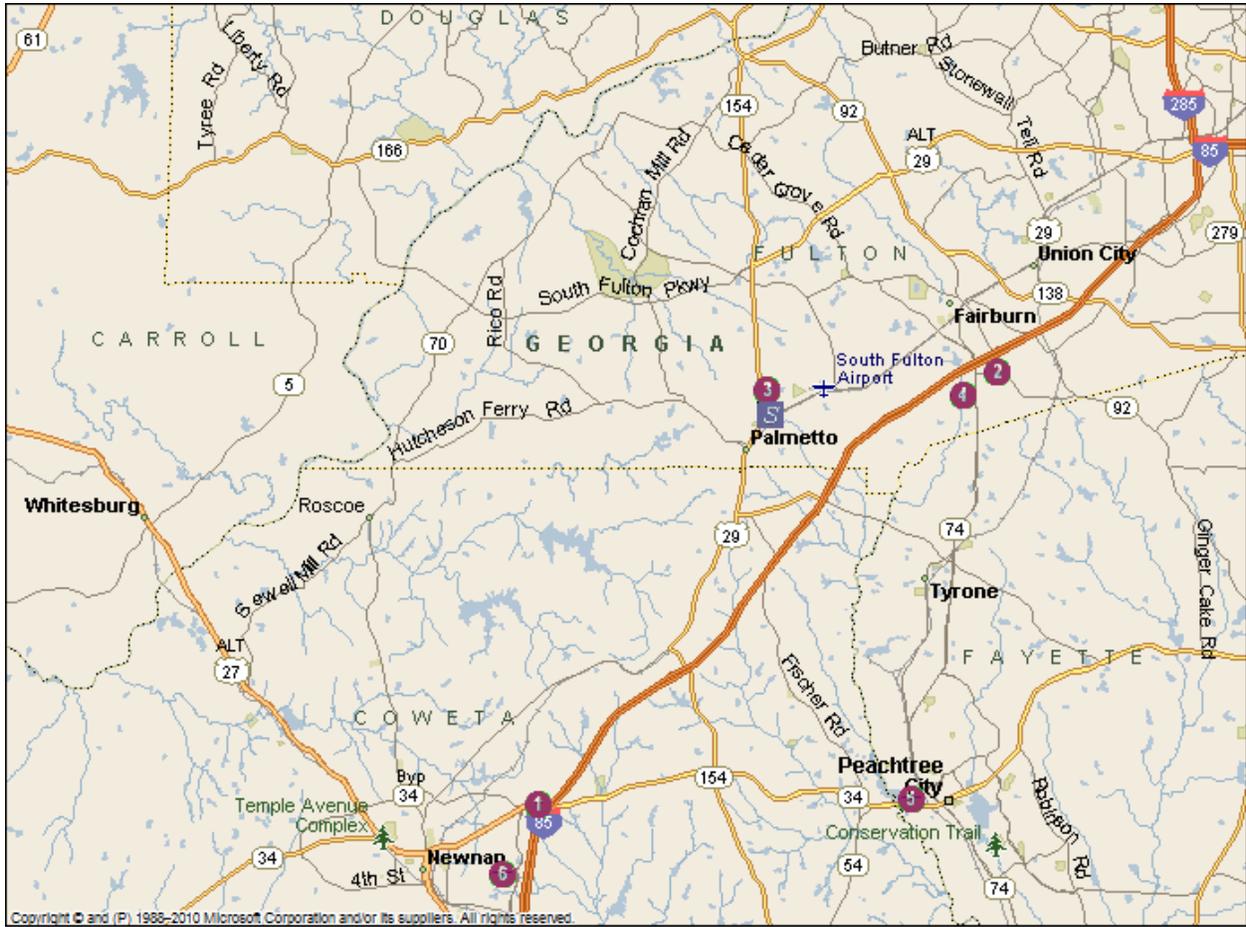
The PMA boundaries are as follows: State Route 166 and Campbellton Road to the north, Sam's Drive and Flat Creek Trail to the east, State Route 54 to the south, and State Route 16 to the west. The boundaries are based on interviews with property managers in the Palmetto, Fairburn, and Peachtree City areas. We relied most heavily on information from Palmetto Preserve, the one LIHTC property located in Palmetto. Management indicated that most tenants work at the airport and are from the Palmetto/Fairburn area. She further indicated that tenants from Palmetto have moved to Fairburn due to the lack of available rental housing in the Palmetto area. Management reported that she also has a few tenants from the northern Peachtree City area. These tenants have moved in order to be closer to the airport and the Atlanta area in general. Therefore, the extreme northern portion of Peachtree City has also been included in our PMA. Due to the number of tenants at Palmetto Preserve who have moved to the area from the south side of Atlanta, we believe that a leakage adjustment of 15 percent is justified.

Comparable Properties

COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Newnan Crossing	Newnan	LIHTC/Market	11.6 miles
2	Orchard Springs	Fairburn	LIHTC/Market	6.6 miles
3	Palmetto Preserve Apartments	Palmetto	LIHTC	0.1 miles
4	Cambridge Faire	Fairburn	Market	7.4 miles
5	Summit Peachtree City Apartments (fka Camden at Peachtree City)	Peachtree City	Market	14.4 miles
6	The Vinings At Newnan Lakes	Newnan	Market	14.1 miles

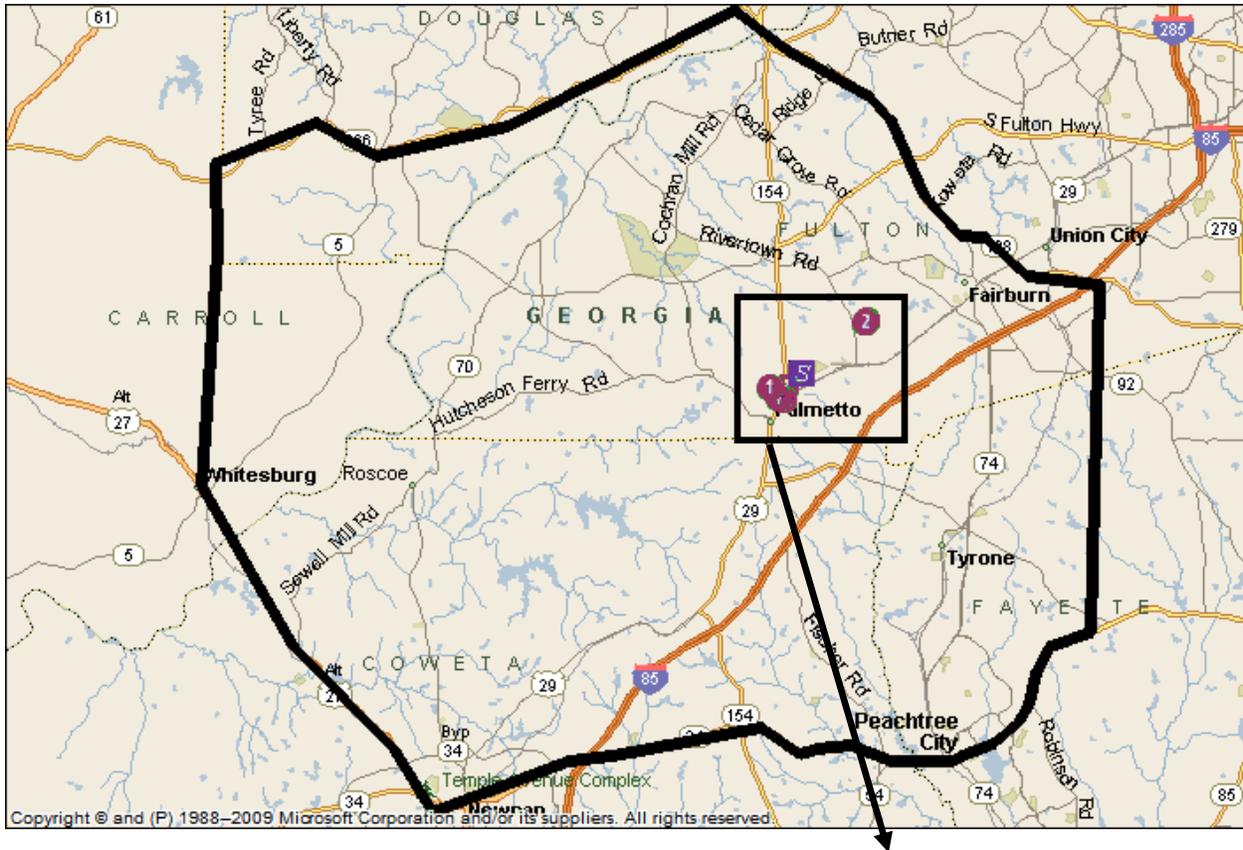


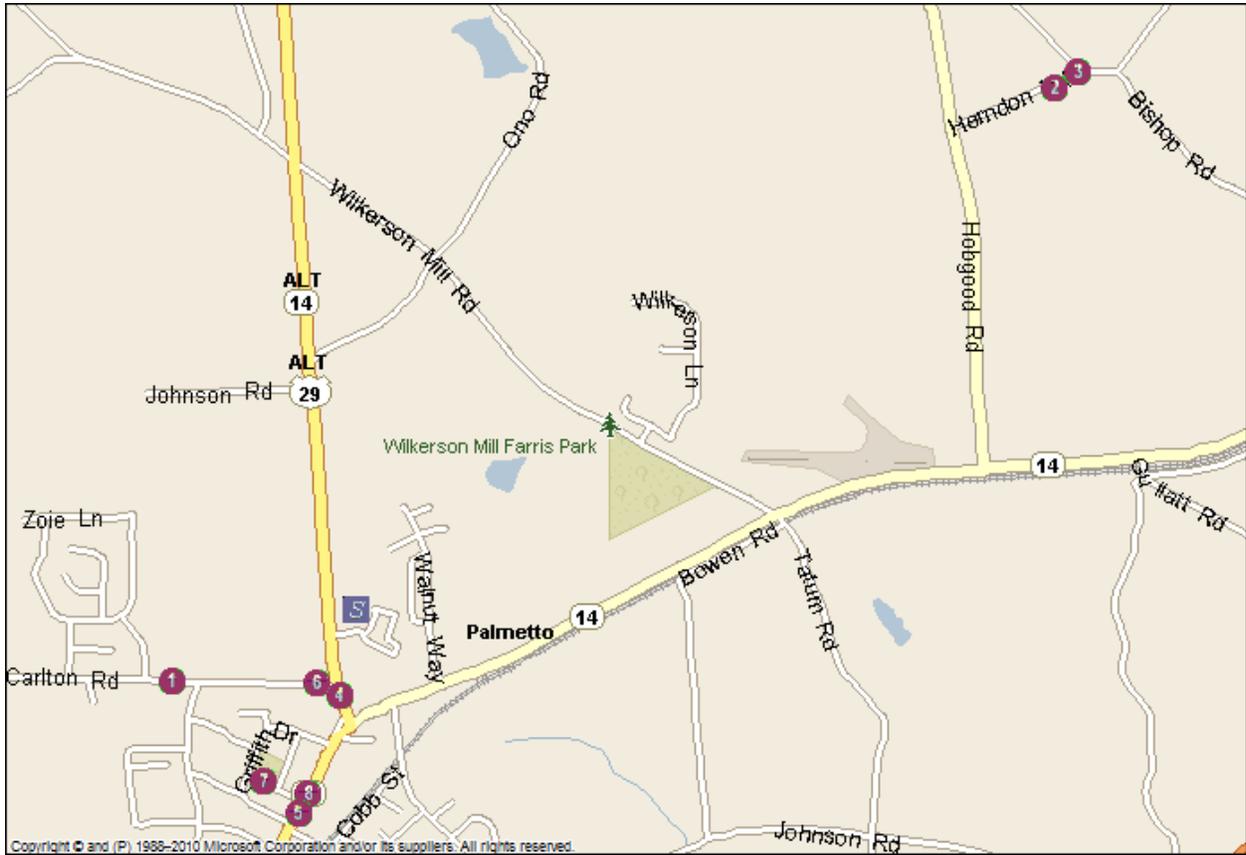


Locational Amenities

LOCATIONAL AMENITIES

Map #	Amenity	Service	Distance from Subject
1	Palmetto Elementary School	Elementary School	0.5 miles
2	Bear Creek Middle School	Middle School	3.3 miles
3	Creekside High School	High School	3.3 miles
4	Lambert Pharmacy	Pharmacy	0.1 miles
5	Dj Grocers	Grocery	0.4 miles
6	Southern Crescent Pharmacy	Pharmacy	0.1 mile
7	Palmetto City Park	Local Park	0.6 miles
8	MARTA Bus Stop	Public Transportation	0.4 miles





E. COMMUNITY DEMOGRAPHIC DATA

COMMUNITY DEMOGRAPHIC DATA

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and Atlanta-Sandy Springs-Marietta, GA MSA are areas of growth or contraction. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. The following demographic tables are specific to the populations of the PMA and MSA.

1. Population Trends

The following tables illustrate (a) Total Population, (b) Population by Age Group within population in MSA, the PMA and nationally from 1990 through 2015.

POPULATION

Year	PMA		Atlanta-Sandy Springs - Marietta, GA MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
1990	44,863	-	3,069,425	-	248,709,873	-
2000	71,539	5.9%	4,247,981	3.8%	281,421,906	1.3%
2010	112,211	5.5%	5,611,180	3.1%	311,212,863	1.0%
Projected Mkt Entry May 2013	122,129	3.1%	5,933,628	2.0%	318,010,896	0.8%
2015	129,713	3.1%	6,180,206	2.0%	323,209,391	0.8%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

POPULATION BY AGE IN 2010

Age Cohort	PMA		Atlanta-Sandy Springs-Marietta, GA MSA		USA	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
0-4	7,884	7.0%	417,914	7.4%	21,296,740	6.8%
5-9	7,995	7.1%	401,365	7.2%	20,832,961	6.7%
10-14	8,167	7.3%	388,707	6.9%	20,369,284	6.5%
15-19	7,698	6.9%	379,557	6.8%	21,883,995	7.0%
20-24	5,814	5.2%	379,685	6.8%	21,459,235	6.9%
25-29	6,662	5.9%	445,783	7.9%	21,517,303	6.9%
30-34	7,138	6.4%	417,120	7.4%	19,852,007	6.4%
35-39	7,772	6.9%	430,250	7.7%	20,531,543	6.6%
40-44	8,364	7.5%	430,608	7.7%	21,232,056	6.8%
45-49	9,180	8.2%	441,258	7.9%	23,163,948	7.4%
50-54	8,752	7.8%	391,389	7.0%	22,315,436	7.2%
55-59	7,666	6.8%	324,138	5.8%	19,742,941	6.3%
60-64	6,522	5.8%	261,583	4.7%	16,544,050	5.3%
65-69	4,480	4.0%	173,893	3.1%	12,081,110	3.9%
70-74	2,944	2.6%	116,523	2.1%	9,033,665	2.9%
75-79	2,146	1.9%	86,177	1.5%	7,339,326	2.4%
80-84	1,561	1.4%	63,573	1.1%	5,947,153	1.9%
85+	1,466	1.3%	61,657	1.1%	6,070,110	2.0%
Total	112,211	100.0%	5,611,180	100.0%	311,212,863	100.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

The population in the PMA is projected to increase more rapidly than the MSA between 2010 and 2015. In 2010, the largest age cohort in the PMA was between the ages of 45 and 49, with the second largest age cohort at 50 to 54 years.

2. Household Trends

2a. Total Number of Households, Average Household Size

HOUSEHOLDS

Year	PMA		Atlanta-Sandy Springs- Marietta, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
1990	15,730	-	1,140,843	-	91,947,410	-
2000	25,452	6.2%	1,554,154	3.6%	105,480,101	1.5%
2010	40,199	5.7%	2,025,678	3.0%	116,761,140	1.0%
Projected Mkt Entry May 2013	43,813	3.2%	2,141,254	2.0%	119,366,936	0.8%
2015	46,577	3.2%	2,229,635	2.0%	121,359,604	0.8%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

AVERAGE HOUSEHOLD SIZE

Year	PMA		Atlanta-Sandy Springs- Marietta, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
1990	2.82	-	2.65	-	2.63	-
2000	2.79	-0.1%	2.68	0.1%	2.59	-0.1%
2010	2.77	0.0%	2.72	0.2%	2.59	0.0%
Projected Mkt Entry May 2013	2.77	0.0%	2.73	0.0%	2.59	0.0%
2015	2.77	0.0%	2.73	0.0%	2.60	0.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

Similar to population trends, the total number of households in the PMA is projected to increase more rapidly than the MSA between 2010 and 2015. As the population and total number of households are projected increase at similar rates, the average household size is projected to remain the same over the next five years.

2b. Households by Tenure

The table below depicts household growth by tenure from 1990 through 2015.

PMA

Year	Owner-Occupied Units		Renter-Occupied Units	
	Number	Percentage	Number	Percentage
2000	20,274	79.7%	5,178	20.3%
2010	30,955	77.0%	9,244	23.0%
Projected Mkt Entry March 2012	32,516	76.8%	9,809	23.2%
2015	35,637	76.5%	10,940	23.5%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

Owner-occupied housing units dominate the housing market in the PMA. Nationally, approximately two-thirds of households are homeowners and one-third are renters. The PMA has a lower percentage of renter households than the nation as a whole, which is largely due to the limited multifamily housing options in the PMA.

2c. Households by Income

The following table depicts household income in 2010, 2013 and 2015 for the PMA.

HOUSEHOLD INCOME PMA

Income Cohort	PMA							
	2010		Projected Mkt Entry May 2013		2015		Annual Change 2010 to 2015	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,586	3.9%	1,670	3.8%	1,734	3.7%	30	1.9%
\$10,000-19,999	2,435	6.1%	2,473	5.6%	2,501	5.4%	13	0.5%
\$20,000-29,999	3,089	7.7%	3,202	7.3%	3,289	7.1%	40	1.3%
\$30,000-39,999	3,611	9.0%	3,646	8.3%	3,672	7.9%	12	0.3%
\$40,000-49,999	3,823	9.5%	4,049	9.2%	4,221	9.1%	79	2.1%
\$50,000-59,999	3,797	9.4%	3,961	9.0%	4,087	8.8%	58	1.5%
\$60,000-74,999	5,377	13.4%	5,719	13.1%	5,981	12.8%	121	2.2%
\$75,000-99,999	6,870	17.1%	7,409	16.9%	7,820	16.8%	190	2.8%
\$100,000+	9,611	23.9%	11,685	26.7%	13,271	28.5%	732	7.6%
Total	40,199	100.0%	43,813	100.0%	46,577	100.0%		

Source: Ribbon Demographics 2007, Novogradac & Company LLP, May 2011

The Subject will target tenants with incomes between \$23,074 and \$46,560. In 2010, 26.2 percent of the population earned incomes between \$20,000 and \$49,999. Persons within these income cohorts are expected to create demand for the Subject.

2d. Renter Households by Number of Persons in the Household

The following table illustrates the number of persons per household among renter households.

Renter Households by Number of Persons - PMA

	2000		2010		Projected Mkt Entry March 2012		2015	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	1,579	30.5%	3,049	33.0%	3,284	33.5%	3,752	34.3%
With 2 Persons	1,452	28.0%	2,421	26.2%	2,525	25.7%	2,733	25.0%
With 3 Persons	980	18.9%	1,691	18.3%	1,788	18.2%	1,982	18.1%
With 4 Persons	672	13.0%	1,180	12.8%	1,232	12.6%	1,336	12.2%
With 5+ Persons	494	9.5%	903	9.8%	980	10.0%	1,136	10.4%
Total Renter Households	5,178	100.0%	9,244	100.0%	9,809	100.0%	10,940	100.0%

Source: Ribbon Demographics 2007, Novogradac & Company LLP, May 2011

There is a fairly wide distribution of household sizes, which bodes well for the Subject's three and four bedroom units.

2e and f. Elderly and HFOP

Per DCA's guidelines, elderly households populations will be based on households who are 62 years and older and HFOP populations will be based on households who are 55 years or older according to the census. The Subject will not have any age restrictions; therefore, this section does not apply.

CONCLUSION

The Subject is located in Palmetto, Georgia, in Fulton County. The population in this PMA is projected to increase more than three times the growth expected in the nation over the next five years, and more than the Atlanta MSA. Similar to the population growth, the total number of households in the PMA is also projected to increase over the next five years. In 2010, there were 40,199 households, and in 2015 there are projected to be 46,577 households. Again, a growth rate more than three times the national rate. In 2010, 26.2 percent of the population earned incomes between \$20,000 and \$49,999. Persons within these income cohorts are expected to create demand for the Subject. Owner-occupied housing units dominate the housing market in

the PMA, however, the number of renter households in the PMA is projected to remain relatively stable over the next five years.

F. EMPLOYMENT TRENDS

Employment Trends

In this section of the report we will provide an assessment of current and forecasted economic conditions and employment characteristics, including an analysis of recent trends and how they relate to demand for additional new rental housing. Economic data will focus on the Atlanta Metropolitan Statistical Area and Fulton County, Georgia.

Examining economic data will also provide a picture of the general health of the community and its ability to support new multifamily construction.

The Subject is located in Palmetto, Fulton County, Georgia, in the Atlanta-Sandy Springs-Marietta, GA MSA. Palmetto is a rural town located approximately 28 miles southwest of downtown Atlanta. The city of Palmetto has easy access to Interstate 85 and several property managers indicated that tenants at properties in Palmetto commute to work in Atlanta, Fairburn and Union City.

Atlanta is a major financial and corporate center for the entire southeastern United States. The relatively low cost of living, mild climate, excellent transportation facilities, and a variety of educational and recreational facilities have contributed to its attractiveness as a place to live. Palmetto offers access to these amenities at a lower cost of living and with a rural setting.

The Atlanta metropolitan area has been successful in attracting many new and expanding technology and Internet companies into the area. It also continues to be the city of choice for many other start-up companies in a variety of service and manufacturing industries. Atlanta was the site of the 2000 Super Bowl and the 1996 Summer Olympic Games, both of which stimulated the economy.

Additionally, a number of factors have contributed to the Atlanta commercial real estate market's resurgence:

- The recovery of the nation's economy in the early 1990s.
- Activity generated by the 1996 Summer Olympic Games.
- The mature and well-developed metropolitan transportation infrastructure, which includes its strategic location at the junction of three interstate highways;
- Hartsfield International Airport, which is one of the nation's busiest airports, and has completed a \$305 million concourse to service international air traffic;
- The Metropolitan Atlanta Rapid Transit Authority (MARTA) rail system, which was established in 1988 and now connects the downtown business area and the airport to suburban office and residential locations.
- A diverse job base anchored by services, retail trade, government, and manufacturing employment.

Metro Atlanta employment has recently been negatively affected by the nationwide recession. Manufacturing, retail, construction and other private industries were especially hit in this recession. According to an article in the Atlanta Journal Constitution in April 2010, Atlanta has lost nearly 250,000 jobs during this recession. According to an article in the Atlanta Business Chronicle in March 2010, employers plan to add new employees at a "reserved pace" in the second quarter of 2010. Among the companies interviewed, nine percent planned to hire new

employees and eleven percent planned to lay off employees; most employees planned to keep their current payroll. This is compared the national averages of 16 percent planning to add new employees, and eight percent planning to reduce their number of employees.

1. Total Jobs

The following table illustrates the total jobs (also known as “covered employment”) in Fulton County.

Total Jobs in Fulton County

Year	Total Employment	% Change
2001	754,870	
2002	740,747	-1.91%
2003	722,084	-2.58%
2004	727,701	0.77%
2005	741,524	1.86%
2006	774,324	4.24%
2007	758,950	-2.03%
2008	741,081	-2.41%
2009	698,951	-6.03%
2010 YTD Average*	701,319	0.34%
Sep-09	689,876	-
Sep-10	704,344	2.05%

Source: U.S. Bureau of Labor Statistics

*YTD as of Sept 10

Fulton County posted strong employment growth in 2005 and 2006 but total employment gains halted in 2007 due to the impact of the recession and continuing economic downturn, and have continued to decrease since then. Average annual employment estimates roughly reflect the year-over-year change in total employment, which increased by 2.05 percent from September 2009 to September 2010. This places Fulton County, GA slightly above the national unemployment rate of 9.8 percent in March 2011. It should be noted that this table includes figures for Public Administration; monthly data for this industry was not available in 2009, as illustrated in the table below.

2. Total Jobs by Industry

The following table illustrates the total jobs by employment sectors within Fulton County in second quarter of 2010.

2010 Q2 EMPLOYMENT JOBS BY INDUSTRY
Fulton County, Georgia

Industry	Number Employed	Percent Employed
Construction	14,816	2.45%
Education and Health Services	79,591	13.14%
Financial Activities	64,780	10.69%
Information	45,633	7.53%
Leisure and Hospitality	77,572	12.81%
Manufacturing	25,541	4.22%
Natural Resources and Mining	235	0.04%
Other Services	19,840	3.28%
Professional and Business Services	147,059	24.28%
Public Administration*	-	-
Trade, Transportation, and Utilities	129,577	21.39%
Unclassified	1,125	0.19%
Total Employment	605,769	100.00%

*Monthly data is not available

Source: U.S. Bureau of Labor Statistics 2010. Covered Employment

The previous table illustrates the total jobs by industry offered within the county. The largest sector in Fulton County, according to the Bureau of Labor Statistics, is the professional-business industry. The retail-trade-transportation-utilities industry is the second largest industry in the county, and is historically an unstable sector. This industry has suffered from the nation-wide recession. It should be noted that monthly data was not available for the Public Administration Industry.

The following table illustrates employment by industry of residents in the PMA.

2010 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Transportation/Warehousing	5,439	11.6%	5,487,029	4.0%
Health Care/Social Assistance	4,988	10.7%	18,891,157	13.9%
Educational Services	4,956	10.6%	14,168,096	10.4%
Retail Trade	4,787	10.3%	15,464,986	11.4%
Manufacturing	3,473	7.4%	13,047,475	9.6%
Prof/Scientific/Tech Services	3,273	7.0%	8,520,310	6.3%
Accommodation/Food Services	3,120	6.7%	9,114,767	6.7%
Construction	2,860	6.1%	8,872,843	6.5%
Public Administration	2,321	5.0%	6,916,821	5.1%
Other Services (excl Publ Adm)	2,047	4.4%	6,679,783	4.9%
Finance/Insurance	1,970	4.2%	6,883,526	5.1%
Admin/Support/Waste Mgmt Srvc	1,939	4.2%	5,114,479	3.8%
Wholesale Trade	1,644	3.5%	4,407,788	3.2%
Real Estate/Rental/Leasing	1,316	2.8%	2,825,263	2.1%
Information	934	2.0%	3,158,778	2.3%
Arts/Entertainment/Recreation	749	1.6%	2,628,374	1.9%
Utilities	484	1.0%	1,115,793	0.8%
Mgmt of Companies/Enterprises	209	0.4%	202,384	0.1%
Agric/Forestry/Fishing/Hunting	133	0.3%	1,790,318	1.3%
Mining	49	0.1%	723,991	0.5%
Total Employment	46,691	100.0%	136,013,961	100.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

3 Major Employers

The diversification of the Atlanta economic base is indicated by the following list of the Atlanta metro area’s ten largest employers. The following table illustrates the major employers in the Atlanta area as of December 2008. This is the most current list available.

MAJOR EMPLOYERS

Atlanta, Georgia MSA

Company	Industry	Number Employed
Delta Air Lines	Transportation	25,000
Wal-Mart Stores	Retail Trade	24,243
Emory University	Education	21,113
Gwinnett Public Schools	Education	20,822
AT&T	Telecommunications	20,500
Cobb County School District	Education	15,663
DeKalb County County Schools	Education	14,013
United States Postal System	Government	10,284
Publix Supermarkets	Retail Trade	9,291
The Home Depot	Retail Trade	9,000

Source: Atlanta Business Chronicle, 4/2011

* Data updated December 1, 2008

The above table illustrates the most recent data on major employers in the Atlanta area according to the Atlanta Business Chronicle’s Book of Lists. As of April 2011, the Atlanta Business Chronicle or Atlanta Metro Chamber of Commerce has not updated the list.

The Atlanta area is generally considered the regional hub of the southeastern United States. Atlanta is the headquarters for several major corporations. Additionally, Atlanta's Hartsfield-Jackson International Airport is the hub of Delta Airlines, the largest employer in Atlanta, and of Airtran Airways.

The largest employers in the MSA are the transportation, education, retail sectors. Lower skilled employees in these industries are likely to have incomes in line with the Subject's income restrictions. Despite the area's strong foundation in historically stable industries such as education and public administration, these sectors are experiencing layoffs during the current recession. Further, the prevalence of the retail trade industry in the Atlanta area exposes the local economy to the effects of the current recession.

Expansions/Contractions

The following table lists business closures and layoffs in the Atlanta area in 2010 and 2011 according to Georgia Department of Labor's Worker Adjustment and Retraining Notification (WARN) notices.

WARN NOTICES

Metro Atlanta, 2010

Company	County	Number of Positions	Date
The Atlanta Journal	Fulton	105	11/1/2010
National Envelope	Cobb	237	10/19/2010
Mirant Corporation	DeKalb	28	10/19/2010
United Health Group	Gwinnett	95	10/5/2010
APS Healthcare	Clayton	52	10/4/2010
Abbott Laboratories	Cobb	34	9/23/2010
Cytex	Cobb	100	9/15/2010
BNY Mellon	Fulton	27	9/10/2010
Porex Corporation	Gwinnett	93	9/9/2010
ACS Xerox Company	Fulton	93	9/3/2010
Regency	Fulton	124	9/2/2010
Marriott International	Fulton	142	7/28/2010
Kehe Distributors	Cobb	99	7/19/2010
American Red Cross	Cobb	85	7/19/2010
LexisNexis	Gwinnett	125	7/14/2010
Lowe's	Gwinnett	40	7/12/2010
Pitney Bowes	Fulton	184	7/12/2010
Butler America	Fulton	77	7/5/2010
Bank of America	Fulton	147	6/23/2010
Wyndham Garden Hotels	Fulton	100	6/28/2010
Care Ambulance	DeKalb	123	6/3/2010
Tinall	Clayton	100	5/28/2010
JIT Series	Fayette	4	5/20/2010
Cardionet	Rockdale	69	5/10/2010
Pilgrim's Pride	DeKalb	55	4/13/2010
Crothall Associates	Fulton	210	3/31/2010
Apria Healthcare	Gwinnett	20	3/30/2010
Siemens	Gwinnett	58	3/16/2010
The Atlanta Journal	Fulton	50	2/19/2010
Lender Processing	Fulton	86	1/29/2010
The Home Depot	Fulton	144	1/29/2010
Owens-Illinois	Fulton	97	1/28/2010
ComputCredit Corporation	Gwinnett	139	1/28/2010
ComputCredit Corporation	Fulton	203	1/28/2010
Atlanta Cable Services	DeKalb	124	1/7/2010
Geiger	Fulton	85	1/7/2010
American Express	Cobb	55	1/7/2010
BB&T Corporation	Fulton	100	1/6/2010
Federal Reserve Atlanta	Fulton	55	1/4/2010
Total		3,764	

Source: Georgia Department of Labor, Novogradac and Company LLP, 4/2011

WARN NOTICES

Metro Atlanta, 2011

Company	County	Number of Positions	Date
Sosi Instrument Management	Cobb	90	4/18/2011
Brevard Achievement Center	Clayton	28	4/8/2011
Golden Living Center - Medical Arts	Gwinnett	83	4/1/2011
JC Penny Corporation	Gwinnett	32	3/22/2011
JC Penny Corporation	Clayton	127	3/22/2011
Visual Pak	Fulton	15	3/11/2011
The Atlanta Journal Constitution	Cobb	99	2/24/2011
Siemens	Cherokee	18	2/1/2011
Nioxin	Douglas	62	1/31/2011
Continental Plastics	Fulton	86	1/24/2011
NCO Financial Systems	Fulton	90	1/19/2011
Turner Entertainment	Fulton	77	1/18/2011
Cardinal Health	Henry	156	1/14/2011
Macy's	Fulton	99	1/6/2011
BJ's Wholesale Club, Inc.	Gwinnett	73	1/5/2011
BJ's Wholesale Club, Inc.	Henry	67	1/5/2011
BJ's Wholesale Club, Inc.	Cobb	79	1/5/2011
Total		1,281	

Source: Georgia Department of Labor, Novogradac and Company LLP, 4/2011.

According to Georgia Department of Labor’s WARN notices, an average of 716 jobs a month were lost in 2008 compared to 763 per month in 2009, and 314 per month in 2010. Through April 2011, the local economy lost an average of 320 jobs per month. Job loss among the aforementioned employers is consistent with national trends. Major layoffs have occurred in the industries troubled the most during the recession: retail, finance, insurance, and construction or housing-related fields. As a result of the declining construction industry, Home Depot (a major Atlanta area employer) has eliminated over 7,000 jobs nationwide since 2008 and cut an additional 144 workers at the Atlanta headquarters in 2010.

According to an article in the *Atlanta Journal-Constitution* dated November 17, 2010, Atlanta will follow the US economy as it recovers. Atlanta is considered a service driven economy and future demand will drive economic activity in Atlanta. The article stated that recovery looks promising although employment expansions are expected to lag behind this recovery. Additionally, the article commented that manufacturers are projected to experience increased revenues but will likely refrain from adding a significant number of jobs through 2011.

These layoffs are in part mitigated by expansions that have been announced or were completed in 2010 and 2011. The following table lists some of these expansions in the larger metropolitan Atlanta area. It should be noted that the following table is not a comprehensive list.

METRO ATLANTA RECENT AND ANNOUNCED EXPANSIONS*

Year	Employer	Industry/Service/Product	Location	Estimated number of jobs created	Description
2011	ThyssenKrupp	Information Technology	Alpharetta	110	Relocating North American IT Shared Services operations to Alpharetta
2011	FedEx Ground	Distribution	Norcross	240 (full-time and part-time); 75 independent contractor	Construction of \$55 million distribution facility
2011	Macy's Inc.	Retail	Johns Creek	150	Expanding e-commerce business nationwide; An estimated 725 jobs will be created and 150 will be in metro Atlanta
2011	Cadillac Jack	Information Technology	Duluth	40	Opened 103,000 square foot facility that will develop games and technology for the gaming industry
2010	Hewlett-Packard	Information Technology	Alpharetta	1,000	Expansion of existing data center with potential to create up to 1,000 jobs
2010	Vesta	Call center	Alpharetta	500	Add a call center with 200 jobs created initially
2010	SKC, Inc.	Manufacturing	Covington	120	Adding \$100 million new facility to existing headquarters
2010	Novelis Inc.	Manufacturing	Atlanta	80 - 100	Expansion of corporate headquarters
2010	Phillips-Van Heusen	Distribution	McDonough	150	Relocating existing distribution facility and adding 150 jobs
TOTAL				2,475	

*List is not comprehensive

As the previous table demonstrates, expansions in the metropolitan Atlanta market have been in various industries that have been affected by the economic downturn including retail and manufacturing. However, these industries have adapted to the current market including Macy's, which is expanding its e-commerce department. The number of jobs to be created by these expansions surpass the number lost according to the 2011 WARN notices but pale in comparison to job losses in 2010.

4. Employment and Unemployment Trends

The following table details employment and unemployment trends for the Atlanta-Sandy Springs-Marietta, GA MSA from 2000 to 2011 (through March).

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Atlanta-Sandy Springs-Marietta, GA MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2000	2,304,515	-	3.1%	-	136,891,000	-	4.2%	-
2001	2,335,175	1.3%	3.6%	0.5%	136,933,000	0.0%	4.0%	-0.2%
2002	2,330,487	-0.2%	4.9%	1.3%	136,485,000	-0.3%	4.7%	0.7%
2003	2,334,092	0.2%	4.8%	-0.1%	137,736,000	0.9%	5.8%	1.1%
2004	2,379,513	1.9%	4.7%	-0.1%	139,252,000	1.1%	6.0%	0.2%
2005	2,456,221	3.2%	5.3%	0.6%	141,730,000	1.8%	5.5%	-0.5%
2006	2,535,341	3.2%	4.7%	-0.6%	144,427,000	1.9%	5.1%	-0.4%
2007	2,589,484	2.1%	4.6%	-0.1%	146,047,000	1.1%	4.6%	-0.5%
2008	2,565,229	-0.9%	6.2%	1.6%	145,362,000	-0.5%	4.6%	0.0%
2009	2,438,096	-5.0%	9.7%	3.5%	139,877,000	-3.8%	5.8%	1.2%
2010	2,390,486	-2.0%	10.2%	0.5%	139,064,000	-0.6%	9.3%	3.5%
2011 YTD Average*	2,377,968	-0.5%	10.2%	0.0%	138,218,000	-0.6%	9.6%	0.3%
Mar-2010	2,400,144	-	10.1%	-	137,983,000	-	9.6%	-
Mar-2011	2,390,645	-0.4%	9.8%	-0.3%	138,962,000	0.7%	9.6%	0.0%

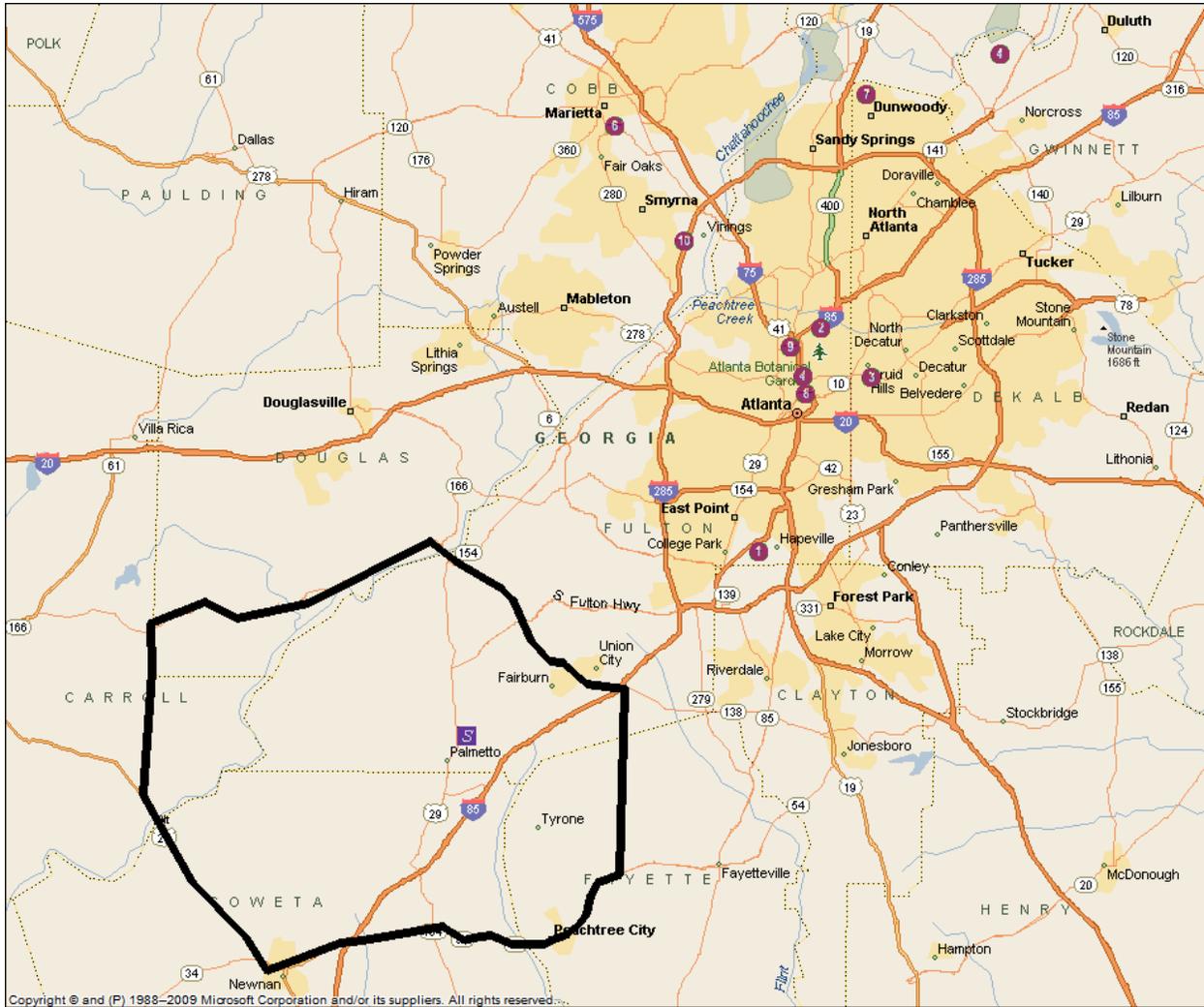
Source: U.S. Bureau of Labor Statistics, Novogradac & Company LLP, May 2011

*2011 data is through Annual

The MSA posted strong employment growth from 2005 to 2007, but total employment gains halted in 2008 due to the impact of the recession. Average annual employment decreased by 5.0 percent from 2008 to 2009. Over the same period, the unemployment rate increased by 3.5 percentage points, reaching 9.7 percent. Employment decreased 0.5 percent from March 2010 to March 2011 compared to a 0.6 percent increase in the nation. Unemployment in the MSA surpassed the nation in 2008 and has remained above the national average through YTD 2011. The MSA experienced a decrease in unemployment from March 2010 through March 2011 of 0.3 percentage points, which is less than the nation’s decrease of 0.9 percentage points. With the prevalence of the retail trade, airline, manufacturing, housing, and finance industries in Atlanta, the local economy experienced decreasing employment from 2008 through 2011 year-to-date. As the 2010 business closures illustrate, the Atlanta metro continues to experience job loss due to the national recession.

5. Map of Site and Major Employment Concentrations

The following map and table details the largest employers in the Atlanta-Sandy Springs-Marietta, GA MSA.



MAJOR EMPLOYERS*

Metropolitan Atlanta, Georgia

Map #	Employer	Industry	Number Employed
1	Delta Air Lines	Transportation	25,000
2	Wal-Mart Stores	Retail Trade	24,243
3	Emory University	Education Services	21,113
4	Gwinnett Public Schools	Education Services	20,822
5	AT&T	Telecommunications	20,500
6	Cobb County School District	Education Services	15,663
7	DeKalb County School System	Education Services	14,013
8	United States Postal Service	Government	10,284
9	Publix Supermarkets	Retail Trade	9,291
10	The Home Depot	Retail Trade	9,000

Source: Atlanta Business Chronicle, June 2010.

*Data updated December 1, 2008

Conclusion

The Subject is located in Palmetto, Fulton County, GA. The city of Palmetto is a relatively rural city, approximately 28 miles southwest of downtown Atlanta. Several property managers indicated that tenants commute to Atlanta for work. The MSA posted strong employment growth from 2005 to 2007 but total employment gains halted in 2008 due to the impact of the recession. Average annual employment decreased by 5.0 percent from 2008 to 2009. Over the same period, the unemployment rate increased by 3.8 percentage points, reaching 9.3 percent. Employment decreased 0.5 percent from March 2010 to March 2011 compared to a 0.6 percent increase in the nation. Unemployment in the MSA surpassed the nation in 2008 and has remained above the national average through YTD 2011. The MSA experienced a decrease in unemployment from March 2010 through March 2011 of 0.3 percentage points, which is less than the nation’s decrease of 0.9 percentage points. Employment decline will likely continue but is somewhat offset by announced expansions in the metropolitan area, which the Metro Atlanta Chamber of Commerce estimates will add over 5,300 jobs to the local economy. However, these expansions are contingent upon the performance of the local economy and employers’ ability to obtain financing.

G. PROJECT-SPECIFIC DEMAND ANALYSIS

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by DCA.

1. INCOME RESTRICTIONS

LIHTC rents are based upon a percentage of the Area Median Gross Income (“AMI”), adjusted for household size and utilities. The Georgia Department of Community Affairs (“DCA”) will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a senior household will pay is 35 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom). However, very few senior households have more than two persons. Therefore, we have used a maximum household size of two persons in our analysis.

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Information Systems, to estimate the number of potential tenants who would qualify to occupy the Subject as a LIHTC project.

The maximum income levels are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from the DCA website.

2. AFFORDABILITY

As discussed above, the maximum income is set by DCA while the minimum is based upon the minimum income needed to support affordability. This is based upon a standard of 35 percent. Lower and moderate-income families typically spend greater than 30 percent of their income on housing. These expenditure amounts can range higher than 50 percent depending upon market area. However, the 30 to 40 percent range is generally considered a reasonable range of affordability. DCA guidelines utilize 35 percent for families and 40 percent for seniors. We will use these guidelines to set the minimum income levels for the demand analysis.

3. DEMAND

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated in the following tables.

3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized 2013, the anticipated date of market entry, as the base year for the analysis. Therefore, 2010 household population estimates are inflated to 2013 by interpolation of the difference between 2010 estimates and 2015 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2013. This number takes the overall growth from 2000 to 2013 and applies it

to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

3B. DEMAND FROM EXISTING HOUSEHOLDS

Demand for existing households is estimated by summing three sources of potential tenants. The first source (2a.) is tenants who are rent overburdened. These are households who are paying over 35 percent for family households and 40 percent for senior households of their income in housing costs. This data is interpolated using CHAS data based on appropriate income levels.

The second source (2b.) is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source (2c.) is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA.

In general, we will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject.

3C. SECONDARY MARKET AREA

To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area. Management at Palmetto Preserve, a LIHTC property located in the Subject's immediate neighborhood, indicated that several tenants who work at the airport have moved to Palmetto from the East Point and College Park neighborhoods of Atlanta for the cheaper housing. Due to the number of tenants at Palmetto Preserve who have moved to the area from the south side of Atlanta, we believe that a leakage adjustment of 15 percent is justified.

3D. OTHER

DCA does not consider household turnover to be a source of market demand.

4. NET DEMAND, CAPTURE RATES AND STABILIZATION CALCULATIONS

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed from 2000 to the present.

ADDITIONS TO SUPPLY

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we deduct additions to supply allocated since 2000 to present and those that will be constructed through 2012 that are considered directly competitive.

ADDITIONS TO SUPPLY SINCE 2000

Property Name	Type	Year Built/Proposed	Competitive with Subject	Number of Units
Newnan Crossing	LIHTC/Market	2004	Yes	192
Orchard Springs	LIHTC/Market	2003	Yes	220
Cambridge Faire	Market	2001	Yes	208
Camden at Peachtree City	Market	2001	Yes	402
The Vinings at Newnan Lakes	Market	2003	Yes	248
Total				1,270

PMA OCCUPANCY

Per DCA’s guidelines, we have determined the average occupancy rate based on all available competitive conventional and LIHTC properties in the PMA. We have provided a combined average occupancy level for the PMA based on the total competitive units in the PMA.

GENERAL MARKET OVERVIEW

Property Name	City	Occupancy Rate	Type	Distance from		Reason for Exclusion
				Subject	Included/Excluded	
Palmetto Preserve Apts	Palmetto	91.70%	LIHTC	0.1 miles	Included	-
Newnan Crossing	Newnan	96.40%	LIHTC	11.6 miles	Included	-
Orchard Spring	Fairburn	94.10%	LIHTC	6.6 miles	Included	-
Pinegrove Apartments	Palmetto	100.00%	RD	1.1 miles	Excluded	Does not offer 3 or 4BR units
Woodsmill Apartments	Peachtree City	N/A v	RD	13.8 miles	Excluded	Rual Development; More comparable properties available
Rolling Hills Apartments	Newnan	N/A v	RD	14.2 miles	Excluded	Rual Development; More comparable properties available
Tranquil Villas of Newnan	Newnan	100.00%	RD	13.8 miles	Excluded	Rual Development; More comparable properties available
Wisdom Woods Apartments	Peachtree City	N/A v	Section 8	13.7 miles	Excluded	All units subsidized
Cambridge Faire	Fairburn	88.00%	Market	7.4 miles	Included	-
Summit Peachtree City (FKA Camden at Peachtree City)	Peachtree City	99.70%	Market	14.4 miles	Included	-
The Vinings at Newnan Lakes	Newnan	93.10%	Market	14.1 miles	Included	-
Average		95.38%				

NET SUPPLY

The following Competitive Analysis chart may be used to determine the Net Supply number of each bedroom and income category when considering the deduction of properties in the net supply in cases where, for instance, the property is on the edge of the PMA, is a market rate property, or otherwise only partially fulfills the need for units that will be filled by the proposed subject. All properties determined to be competitive with the proposed development will be included in the Competitive Analysis and assigned a Comparability Factor to be used in determining Net Supply in the PMA.

The total Comparability Factor will be applied to each bedroom type for all income segments to determine the number of units to be allocated to the existing property. Total market supply will be comprised of the weighted units supply from the comparable existing properties and all units new to the market area since 2000.

With regards to affordability, we believe the following percent differentials are warranted.

Rent Differential	Adjustment Applied
0-5%	1.00
6-10%	0.75
11-15%	0.50
16-20%	0.25
20%+	0.00

Competitive Property Analysis			
Property Name - Newnan Crossing		Percent	Comments
1	Location	1.00	Superior location
2	Affordability	0.50	Less affordable
3	Property Type	1.00	Slightly superior amenities
4	Quality	0.75	Slightly inferior condition
Comparability Factor		0.375	

Competitive Property Analysis			
Property Name -Orchard Springs		Percent	Comments
1	Location	1.00	Superior location
2	Affordability	0.25	Less affordable
3	Property Type	1.00	Superior amenities
4	Quality	0.75	Slightly inferior condition
Comparability Factor		0.188	

Competitive Property Analysis			
Property Name - Palmetto Preserve		Percent	Comments
1	Location	1.00	Similar location
2	Affordability	1.00	More affordable
3	Property Type	1.00	Slightly superior
4	Quality	0.50	Inferior condition
Comparability Factor		0.500	

Camden Faire, Camden at Peachtree City, and The Vinings at Newnan Lakes are unrestricted properties that have rents more than 20 percent higher than the Subject’s proposed rents. These properties are located in the same PMA and offer a similar product type and unit mix; therefore they were included as comparables as they are indicative of the overall performance of the rental market. However, it should be noted that these properties will not compete for tenants given the rental rate disparity. Therefore, we have not deducted units at these properties from our demand analysis.

Competitive Property Analysis

Property Name	Total Number of Units*	Comparability Factor	Units to be Deducted from Demand
Newnan Crossing	48	0.375	18
Orchard Springs	32	0.188	6
Palmetto Preserve	80	0.500	40
Total			64

*Total number of comparable units by bedroom type

The following table illustrates the total number of units removed based on existing properties as well as new properties to the market area built since 2000.

Additions To Supply (Cumulative)/Existing Units	50%	60%	Overall
Three Bedroom	40	15	55
Four Bedroom	0	9	9
Total	40	24	64

Rehab Developments and PBRA

For any properties that are rehab developments, the capture rates will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet.

Units that are subsidized with PBRA or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates. The Subject will be newly constructed units that will operate without PBRA; therefore, the aforementioned is not applicable to the Subject.

Capture Rates

The above calculations and derived capture rates are illustrated in the following tables.

Calypso Apartments, Palmetto, GA; Market Study

Renter Household Income Distribution 2000 to Projected Market Entry May 2013								
Calypso Apartments								
PMA								
	2000		2010		Projected Mkt Entry May 2013		Percent	
	#	%	#	%	#	%	Growth	
\$0-9,999	496	9.6%	838	9.1%	903	8.9%	7.2%	
\$10,000-19,999	792	15.3%	1,167	12.6%	1,192	11.7%	2.1%	
\$20,000-29,999	865	16.7%	1,335	14.4%	1,353	13.3%	1.3%	
\$30,000-39,999	780	15.1%	1,283	13.9%	1,319	12.9%	2.7%	
\$40,000-49,999	610	11.8%	1,010	10.9%	1,101	10.8%	8.3%	
\$50,000-59,999	415	8.0%	816	8.8%	888	8.7%	8.1%	
\$60,000-74,999	352	6.8%	688	7.4%	792	7.8%	13.2%	
\$75,000-99,999	361	7.0%	879	9.5%	1,027	10.1%	14.4%	
\$100,000+	509	9.8%	1,229	13.3%	1,629	16.0%	24.6%	
Total	5,178	100.0%	9,244	100.0%	10,205	100.0%	9.4%	

Renter Household Income Distribution Projected Market Entry May 2013			
Calypso Apartments			
PMA			
	Projected Mkt Entry May 2013		Change 2000 to Prj Mkt Entry May 2013
	#	%	#
\$0-9,999	903	8.9%	445
\$10,000-19,999	1,192	11.7%	587
\$20,000-29,999	1,353	13.3%	666
\$30,000-39,999	1,319	12.9%	650
\$40,000-49,999	1,101	10.8%	543
\$50,000-59,999	888	8.7%	438
\$60,000-74,999	792	7.8%	390
\$75,000-99,999	1,027	10.1%	506
\$100,000+	1,629	16.0%	803
Total	10,205	100.0%	5,027

Tenure Prj Mkt Entry May 2013	
Renter	23.3%
Owner	76.7%
Total	100.0%

Renter Household Size for Prj Mkt Entry May 2013		
Size	Number	Percentage
1	3,448	33.8%
2	2,598	25.5%
3	1,856	18.2%
4	1,269	12.4%
5+	1,035	10.1%
Total	10,205	100.0%

Renter Household Size for 2000		
Size	Number	Percentage
1	1,579	30.5%
2	1,452	28.0%
3	980	18.9%
4	672	13.0%
5+	494	9.5%
Total	5,178	100.0%

50% AMI

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level		50%			
Minimum Income Limit		\$26,811			
Maximum Income Limit		\$39,650 6 Persons			
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
	\$0-9,999	445			
\$10,000-19,999	587	11.7%		0.0%	0
\$20,000-29,999	666	13.3%	3,188	31.9%	212
\$30,000-39,999	650	12.9%	9,650	96.5%	627
\$40,000-49,999	543	10.8%		0.0%	0
\$50,000-59,999	438	8.7%		0.0%	0
\$60,000-74,999	390	7.8%		0.0%	0
\$75,000-99,999	506	10.1%		0.0%	0
\$100,000+	803	16.0%		0.0%	0
	5,027	100.0%			839
Percent of renter households within limits versus total number of renter households					16.70%

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level		50%			
Minimum Income Limit		\$26,811			
Maximum Income Limit		\$39,650 6 Persons			
Income Category	Total Renter Households PMA Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Households within Bracket
	\$0-9,999	903			
\$10,000-19,999	1,192	11.7%	0	0.0%	0
\$20,000-29,999	1,353	13.3%	3,188	31.9%	431
\$30,000-39,999	1,319	12.9%	9,650	96.5%	1,273
\$40,000-49,999	1,101	10.8%	0	0.0%	0
\$50,000-59,999	888	8.7%	0	0.0%	0
\$60,000-74,999	792	7.8%	0	0.0%	0
\$75,000-99,999	1,027	10.1%	0	0.0%	0
\$100,000+	1,629	16.0%	0	0.0%	0
	10,205	100.0%			1,704
Percent of renter households within limits versus total number of renter households					16.70%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

Projected Mkt Entry May 2013 Median Income

Change from 2000 to Prj Mrkt Entry May 2013

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Family		
Urban		
35%		
\$57,377		
\$75,252		
\$17,875		
31.2%		
5.2%		
5.2%	Two year adjustment	1.0000
\$39,650		
\$39,650		
6 Persons		
50%		
\$782		
\$782.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	0%	0%	0%	100%
2	0%	20%	80%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2000 to Prj Mrkt Entry May 2013

Income Target Population	50%
New Renter Households PMA	5,027
Percent Income Qualified	16.7%
New Renter Income Qualified Households	839

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2000

Demand from Rent Overburdened Households

Income Target Population	50%
Total Existing Demand	10,205
Income Qualified	16.7%
Income Qualified Renter Households	1,704
Percent Rent Overburdened Prj Mrkt Entry May 2013	25.9%
Rent Overburdened Households	442

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households	1,704
Percent Living in Substandard Housing	0.4%
Households Living in Substandard Housing	7

Total Demand

Total Demand from Existing Households	449
Adjustment Factor - Leakage from SMA	115%
Adjusted Demand from Existing Households	516
Total New Demand	839
Total Demand (New Plus Existing Households)	1,356

By Bedroom Demand

One Person	33.8%	458
Two Persons	25.5%	345
Three Persons	18.2%	247
Four Persons	12.4%	169
Five Persons	10.1%	137
Total	100.0%	1,356

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	90%	412
Of two-person households in 1BR units	20%	69
Of one-person households in 2BR units	10%	46
Of two-person households in 2BR units	80%	276
Of three-person households in 2BR units	60%	148
Of three-person households in 3BR units	40%	99
Of four-person households in 3BR units	80%	135
Of five-person households in 3BR units	70%	96
Of four-person households in 4BR units	20%	34
Of five-person households in 4BR units	30%	41

Total Demand 1,356

Check OK

Total Demand by Bedroom 50%

3 BR 330

4 BR 75

Total Demand 405

Additions To Supply 2000 to Prj Mrkt Entry May 2013 50%

3 BR 40

4 BR 0

Total 40

Net Demand 50%

3 BR 290

4 BR 75

Total 365

Developer's Unit Mix 50%

3 BR 7

4 BR 3

Total 10

Capture Rate Analysis 50%

3 BR 2.4%

4 BR 4.0%

Total 2.7%

60%AMI

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$30,583			
Maximum Income Limit		\$47,580 6 Persons			
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
	Count	Percentage			
\$0-9,999	445	8.9%		0.0%	0
\$10,000-19,999	587	11.7%		0.0%	0
\$20,000-29,999	666	13.3%		0.0%	0
\$30,000-39,999	650	12.9%	9,416	94.2%	612
\$40,000-49,999	543	10.8%	7,580	75.8%	411
\$50,000-59,999	438	8.7%		0.0%	0
\$60,000-74,999	390	7.8%		0.0%	0
\$75,000-99,999	506	10.1%		0.0%	0
\$100,000+	803	16.0%		0.0%	0
	5,027	100.0%			1,023
Percent of renter households within limits versus total number of renter households					20.35%

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$30,583			
Maximum Income Limit		\$47,580 6 Persons			
Income Category	Total Renter Households PMA Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Households within Bracket
	Count	Percentage			
\$0-9,999	903	8.9%	0	0.0%	0
\$10,000-19,999	1,192	11.7%	0	0.0%	0
\$20,000-29,999	1,353	13.3%	0	0.0%	0
\$30,000-39,999	1,319	12.9%	9,416	94.2%	1,242
\$40,000-49,999	1,101	10.8%	7,580	75.8%	835
\$50,000-59,999	888	8.7%	0	0.0%	0
\$60,000-74,999	792	7.8%	0	0.0%	0
\$75,000-99,999	1,027	10.1%	0	0.0%	0
\$100,000+	1,629	16.0%	0	0.0%	0
	10,205	100.0%			2,077
Percent of renter households within limits versus total number of renter households					20.35%

Does the Project Benefit from Rent Subsidy? (Y/N) _____
 Type of Housing (Family vs Senior) _____
 Location of Subject (Rural versus Urban) _____
 Percent of Income for Housing _____ 35%
 2000 Median Income _____ \$57,377
 Projected Mkt Entry May 2013 Median Income _____ \$75,252
 Change from 2000 to Prj Mrkt Entry May 2013 _____ \$17,875
 Total Percent Change _____ 31.2%
 Average Annual Change _____ 5.2%
 Inflation Rate _____ 5.2% Two year adjustment _____ 1.0000
 Maximum Allowable Income _____ \$47,580
 Maximum Allowable Income Inflation Adjusted _____ \$47,580
 Maximum Number of Occupants _____ 6 Persons
 Rent Income Categories _____ 60%
 Initial Gross Rent for Smallest Unit _____ \$892
 Initial Gross Rent for Smallest Unit Inflation Adjusted _____ \$892.00

Persons in Household	OBR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	0%	0%	0%	100%
2	0%	20%	80%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2000 to Prj Mrkt Entry May 2013

Income Target Population	60%
New Renter Households PMA	5,027
Percent Income Qualified	20.3%
New Renter Income Qualified Households	1,023

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2000

Demand from Rent Overburdened Households

Income Target Population	60%
Total Existing Demand	10,205
Income Qualified	20.3%
Income Qualified Renter Households	2,077
Percent Rent Overburdened Prj Mrkt Entry May 2013	25.9%
Rent Overburdened Households	538

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households	2,077
Percent Living in Substandard Housing	0.4%
Households Living in Substandard Housing	9

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population	60%
Total Senior Homeowners	0
Rural Versus Urban	2.0%
Senior Demand Converting from Homeownership	0

Total Demand

Total Demand from Existing Households		547
Adjustment Factor - Leakage from SMA	115%	82
Adjusted Demand from Existing Households		629
Total New Demand		1,023
Total Demand (New Plus Existing Households)		1,652

By Bedroom Demand

One Person	33.8%	558
Two Persons	25.5%	421
Three Persons	18.2%	300
Four Persons	12.4%	205
Five Persons	10.1%	168
Total	100.0%	1,652

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	90%	502
Of two-person households in 1BR units	20%	84
Of one-person households in 2BR units	10%	56
Of two-person households in 2BR units	80%	336
Of three-person households in 2BR units	60%	180
Of three-person households in 3BR units	40%	120
Of four-person households in 3BR units	80%	164
Of five-person households in 3BR units	70%	117
Of four-person households in 4BR units	20%	41
Of five-person households in 4BR units	30%	50

Total Demand 1,652

Check OK

Total Demand by Bedroom 60%

3 BR 402

4 BR 91

Total Demand 493

Additions To Supply 2000 to Prj Mrkt Entry May 2013 60%

3 BR 15

4 BR 9

Total 24

Net Demand 60%

3 BR 387

4 BR 82

Total 469

Developer's Unit Mix 60%

3 BR 39

4 BR 13

Total 52

Capture Rate Analysis 60%

3 BR 10.1%

4 BR 15.8%

Total 11.1%

Overall

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level			Overall		
Minimum Income Limit			\$26,811		
Maximum Income Limit			\$47,580 6 Persons		
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
	\$0-9,999	445			
\$10,000-19,999	587	11.7%		0.0%	0
\$20,000-29,999	666	13.3%	3,188	31.9%	212
\$30,000-39,999	650	12.9%	9,999	100.0%	650
\$40,000-49,999	543	10.8%	7,580	75.8%	411
\$50,000-59,999	438	8.7%		0.0%	0
\$60,000-74,999	390	7.8%		0.0%	0
\$75,000-99,999	506	10.1%		0.0%	0
\$100,000+	803	16.0%		0.0%	0
	5,027	100.0%			1,273
Percent of renter households within limits versus total number of renter households					25.33%

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level			Overall		
Minimum Income Limit			\$26,811		
Maximum Income Limit			\$47,580 6 Persons		
Income Category	Total Renter Households PMA Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Households within Bracket
	\$0-9,999	903			
\$10,000-19,999	1,192	11.7%	0	0.0%	0
\$20,000-29,999	1,353	13.3%	3,188	31.9%	431
\$30,000-39,999	1,319	12.9%	9,999	100.0%	1,319
\$40,000-49,999	1,101	10.8%	7,580	75.8%	835
\$50,000-59,999	888	8.7%	0	0.0%	0
\$60,000-74,999	792	7.8%	0	0.0%	0
\$75,000-99,999	1,027	10.1%	0	0.0%	0
\$100,000+	1,629	16.0%	0	0.0%	0
	10,205	100.0%			2,585
Percent of renter households within limits versus total number of renter households					25.33%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

Projected Mkt Entry May 2013 Median Income

Change from 2000 to Prj Mrkt Entry May 2013

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Family		
Urban		
35%		
\$57,377		
\$75,252		
\$17,875		
31.2%		
5.2%		
5.2%	Two year adjustment	1.0000
\$47,580		
\$47,580		
6 Persons		
Overall		
\$782		
\$782.00		

Persons in Household	OBR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	0%	0%	0%	100%
2	0%	20%	80%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2000 to Prj Mrkt Entry May 2013

Income Target Population		Overall
New Renter Households PMA		5,027
Percent Income Qualified		25.3%
New Renter Income Qualified Households		1,273

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2000

Demand from Rent Overburdened Households

Income Target Population		Overall
Total Existing Demand		10,205
Income Qualified		25.3%
Income Qualified Renter Households		2,585
Percent Rent Overburdened Prj Mrkt Entry May 2013		25.9%
Rent Overburdened Households		670

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		2,585
Percent Living in Substandard Housing		0.4%
Households Living in Substandard Housing		11

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		Overall
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		681
Adjustment Factor - Leakage from SMA	115%	102
Adjusted Demand from Existing Households		783
Total New Demand		1,273
Total Demand (New Plus Existing Households)		2,057

By Bedroom Demand

One Person	33.8%	695
Two Persons	25.5%	524
Three Persons	18.2%	374
Four Persons	12.4%	256
Five Persons	10.1%	209
Total	100.0%	2,057

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	90%	625
Of two-person households in 1BR units	20%	105
Of one-person households in 2BR units	10%	69
Of two-person households in 2BR units	80%	419
Of three-person households in 2BR units	60%	224
Of three-person households in 3BR units	40%	150
Of four-person households in 3BR units	80%	205
Of five-person households in 3BR units	70%	146
Of four-person households in 4BR units	20%	51
Of five-person households in 4BR units	30%	63

Total Demand 2,057

Check OK

Total Demand by Bedroom Overall

3 BR 500

4 BR 114

Total Demand 614

Additions To Supply 2000 to Prj Mrkt Entry May 2013 Overall

3 BR 55

4 BR 9

Total 64

Net Demand Overall

3 BR 445

4 BR 105

Total 550

Developer's Unit Mix Overall

3 BR 46

4 BR 16

Total 62

Capture Rate Analysis Overall

3 BR 10.3%

4 BR 15.3%

Total 11.3%

Conclusions

We have conducted such an analysis to determine a base of demand for the Subject as a tax credit property. Several factors affect the indicated capture rates and are discussed following.

- The number of households in the PMA is expected to increase 3.2 percent between 2010 and 2013.
- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

CAPTURE RATE ANALYSIS CHART

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band	Proposed Rents
3BR 50%	\$26,811-\$36,900	7	330	40	290	2.4%	2 months	\$888	\$508-\$1,220	\$590
4BR 50%	\$31,234-\$39,650	3	75	0	75	4.0%	2 months	\$1,115	\$945-\$1,275	\$680
50% Overall	\$26,811-\$39,650	10	405	40	365	2.7%	2 months	-	\$508-\$1,275	-
3BR 60%	\$30,583-\$44,280	39	402	15	387	10.1%	7 months	\$942	\$809-\$1,220	\$700
4BR 60%	\$38,091-\$47,580	13	91	9	82	15.8%	7 months	\$1,115	\$954-\$1,275	\$880
60% Overall	\$30,583-\$47,580	52	493	24	469	11.1%	7 months	-	\$809-\$1,275	-
Overall Project	\$26,811-\$47,580	62	614	64	550	11.3%	7 months	-	\$508-\$1,275	-

Demand and Net Demand

	HH at 50% AMI (min to max income)	HH at 60% AMI (min to max income)	All Tax Credit Households
Demand from New Households (age and income appropriate)	839	1,023	1,273
PLUS	+	+	+
Demand from Existing Renter Households - Substandard Housing	7	9	11
PLUS	+	+	+
Demand from Existing Renter Housholds - Rent Overburdened Households	442	538	670
PLUS	+	+	+
Secondary Market Demand adjustment IF ANY Subject to 15% Limitation	67	82	102
Sub Total	1,356	1,652	2,057
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicatble)	0	0	0
Equals Total Demand	1,356	1,652	2,057
Less	-	-	-
Supply of comparable LIHTC or Market Rate housing units built and/or planned in the projected market between 2000 and the present	55	9	64
Equals Net Demand	1,301	1,643	1,993

As the analysis illustrates, the Subject's overall capture rate at the 50 percent AMI level is 2.7 percent and the overall capture rate at the 60 percent AMI level is 11.1 percent. The overall project capture rate is 11.3 percent and is considered low. Therefore, we believe there is adequate demand for the Subject.

H. COMPETITIVE RENTAL ANALYSIS

Survey of Comparable Projects

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes six “true” comparable properties containing 1,387 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the supply analysis. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

There is only one comparable property in the City of Palmetto. Palmetto Preserve is located immediately south of the Subject and offers two- and three-bedroom units at 50 percent AMI. Orchard Springs is a LIHTC property that is located approximately 6.6 miles from the Subject in Fairburn. This property is located inside the PMA and management at Palmetto Preserve indicated that there is tenant exchange between the two areas. Newnan Crossing is a LIHTC property located in Newnan approximately 11.6 miles from the Subject. It is located on the southern border of the PMA. Overall, the availability of LIHTC data in the immediate area is limited.

There are no conventional market rate properties located in Palmetto. Pine Grove Apartments is a Rural Development property in Palmetto that is located 1.1 mile from the Subject site. However, this property does not offer three- or four-bedroom units and has therefore been excluded as a comparable. We have included three conventional properties in our analysis. These properties are located between 7.4 and 14.4 miles from the Subject site in Fairburn, Peachtree City, and Newnan. Overall, the availability of market rate data in the area is also considered limited.

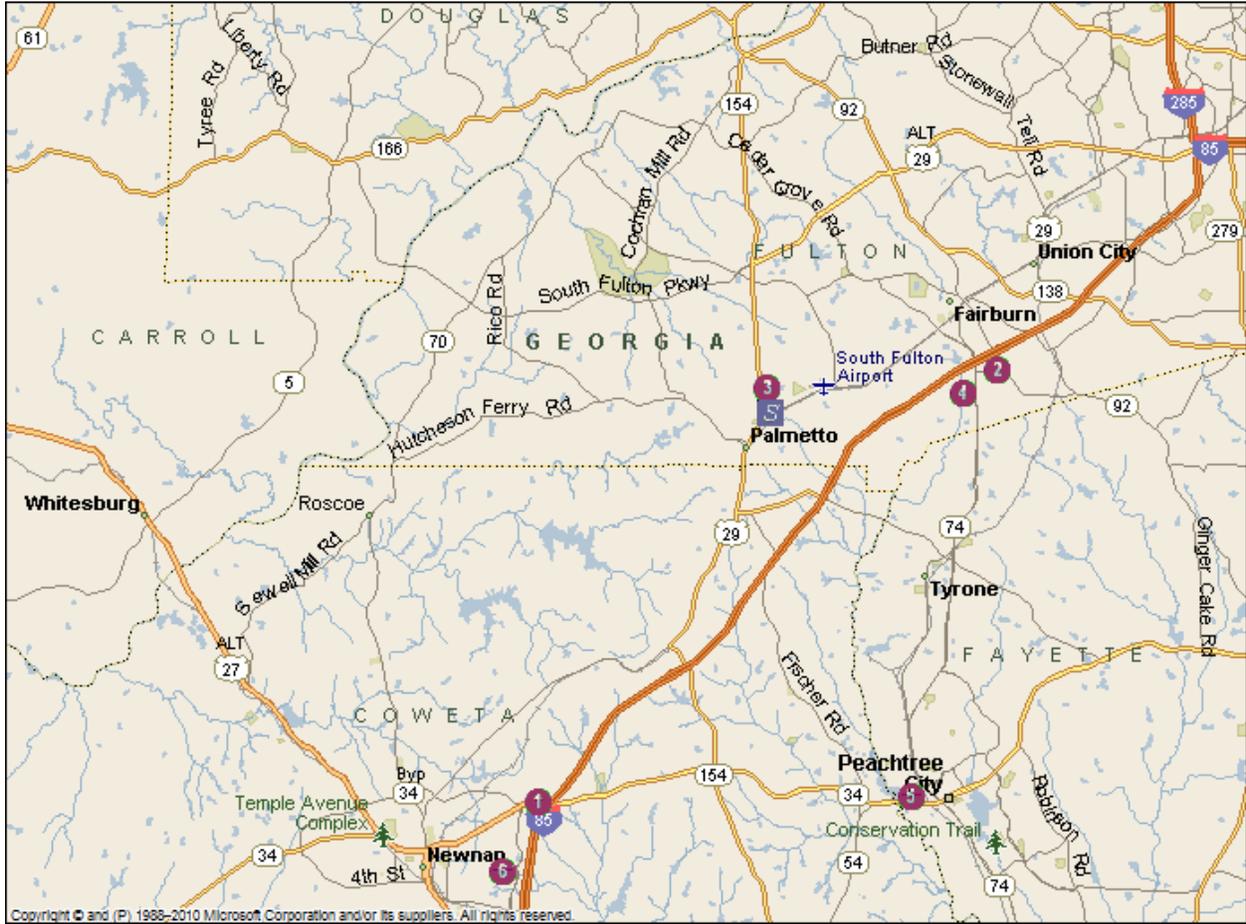
General Market Overview/Included/Excluded Properties

The following table illustrates properties that are within the PMA or a similar market areas. The table highlights vacancy. Some of these properties have been included as “true comparables.”

GENERAL MARKET OVERVIEW

Property Name	City	Occupancy Rate	Type	Distance from		Reason for Exclusion
				Subject	Included/Excluded	
Palmetto Preserve Apts	Palmetto	91.70%	LIHTC	0.1 miles	Included	-
Newnan Crossing	Newnan	96.40%	LIHTC	11.6 miles	Included	-
Orchard Spring	Fairburn	94.10%	LIHTC	6.6 miles	Included	-
Pinegrove Apartments	Palmetto	100.00%	RD	1.1 miles	Excluded	Does not offer 3 or 4BR units
Woodsmill Apartments	Peachtree City	N/A v	RD	13.8 miles	Excluded	Rual Development; More comparable properties available
Rolling Hills Apartments	Newnan	N/A v	RD	14.2 miles	Excluded	Rual Development; More comparable properties available
Tranquil Villas of Newnan	Newnan	100.00%	RD	13.8 miles	Excluded	Rual Development; More comparable properties available
Wisdom Woods Apartments	Peachtree City	N/A v	Section 8	13.7 miles	Excluded	All units subsidized
Cambridge Faire	Fairburn	88.00%	Market	7.4 miles	Included	-
Summit Peachtree City (FKA Camden at Peachtree City)	Peachtree City	99.70%	Market	14.4 miles	Included	-
The Vinings at Newnan Lakes	Newnan	93.10%	Market	14.1 miles	Included	-
Average		95.38%				

Comparable Rental Property Map



COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Newnan Crossing	Newnan	LIHTC/Market	11.6 miles
2	Orchard Springs	Fairburn	LIHTC/Market	6.6 miles
3	Palmetto Preserve Apartments	Palmetto	LIHTC	0.1 miles
4	Cambridge Faire	Fairburn	Market	7.4 miles
5	Summit Peachtree City Apartments (fka Camden at Peachtree City)	Peachtree City	Market	14.4 miles
6	The Vinings At Newnan Lakes	Newnan	Market	14.1 miles

1. The following tables illustrate detailed information in a comparable framework for the Subject and the comparable properties.

SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate	
Subject	Calypso Apartments Cascade Palmetto Hwy & Roosevelt Hwy Palmetto, GA 30268 Fulton County	n/a	Townhouse (2 stories) 2013	50%, 60%, Non-Rental	3BR / 2BA	7	11.30%	50%	\$590	1,300	no		N/A	N/A	
					3BR / 2BA	39	62.90%	60%	\$700	1,300	no		N/A	N/A	
					4BR / 2.5BA	3	4.80%	50%	\$680	1,415	no		N/A	N/A	
					4BR / 2.5BA	13	21.00%	60%	\$880	1,415	no		N/A	N/A	
						62	100%							N/A	N/A
1	Newnan Crossing 151 Parkway North Newnan, GA 30265 Coweta County	11.6 miles	Garden (3 stories) 2004	60%, Market	1BR / 1BA	N/A	N/A	60%	\$599	814	yes	None	N/A	N/A	
					1BR / 1BA	N/A	N/A	Market	\$689	814	n/a	None	N/A	N/A	
					2BR / 1BA	N/A	N/A	60%	\$729	1,079	no	None	N/A	N/A	
					2BR / 1BA	N/A	N/A	Market	\$779	1,079	n/a	None	N/A	N/A	
					3BR / 2BA	N/A	N/A	60%	\$809	1,207	no	None	N/A	N/A	
					3BR / 2BA	N/A	N/A	Market	\$879	1,207	n/a	None	N/A	N/A	
					4BR / 3BA	N/A	N/A	60%	\$966	1,454	yes	None	0	N/A	N/A
					4BR / 3BA	N/A	N/A	Market	\$1,025	1,454	n/a	None	0	N/A	N/A
						192	100%							7	3.60%
					2	Orchard Springs 5500 Oakley Industrial Boulevard Fairburn, GA 30213 Fulton County	6.6 miles	Garden (3 stories) 2003	60%, Market	1BR / 1BA	26	11.80%	60%	\$625	794
1BR / 1BA	24	10.90%	Market	\$700						794	n/a	No	N/A	N/A	
2BR / 2BA	74	33.60%	60%	\$740						1,119	no	No	N/A	N/A	
2BR / 2BA	44	20.00%	Market	\$825						1,119	n/a	No	N/A	N/A	
3BR / 2BA	32	14.50%	60%	\$830						1,335	no	No	N/A	N/A	
3BR / 2BA	20	9.10%	Market	\$930						1,335	n/a	No	N/A	N/A	
	220	100%												13	5.90%
	120	100%												10	8.30%
3	Palmetto Preserve Apartments 9100 Cascade-palmetto Highway Palmetto, GA 30268 Fulton County	0.1 miles	Garden (2 stories) 1999 / 2009	50%	2BR / 2BA	40	33.30%	50%	\$470	929	no	No	3	7.50%	
					3BR / 2BA	80	66.70%	50%	\$508	1,170	no	No	7	8.70%	
						120	100%							10	8.30%
						208	100%							25	12.00%
						399	100%							1	0.30%
4	Cambridge Faire 900 Meadow Glen Parkway Fairburn, GA 30213 Fulton County	7.4 miles	Garden (3 stories) 2001	Market	1BR / 1BA	N/A	N/A	Market	\$687	700	n/a	None	N/A	N/A	
					1BR / 1BA	N/A	N/A	Market	\$725	820	n/a	None	N/A	N/A	
					2BR / 1BA	N/A	N/A	Market	\$770	980	n/a	None	N/A	N/A	
					2BR / 2BA	N/A	N/A	Market	\$820	1,130	n/a	None	N/A	N/A	
					3BR / 2BA	N/A	N/A	Market	\$970	1,360	n/a	None	N/A	N/A	
						208	100%							25	12.00%
5	Summit Peachtree City Apartments 1000 Merrick City Drive Peachtree City, GA 30269 Fayette County	14.4 miles	Garden 2001	Market	1BR / 1BA	101	25.30%	Market	\$860	742	n/a	No	0	0.00%	
					1.5BR / 1BA	32	8.00%	Market	\$920	939	n/a	No	0	0.00%	
					2BR / 2BA	176	44.10%	Market	\$1,020	1,052	n/a	No	0	0.00%	
					2BR / 2BA	40	10.00%	Market	\$1,070	1,208	n/a	No	0	0.00%	
					3BR / 2BA	50	12.50%	Market	\$1,220	1,425	n/a	No	1	2.00%	
						399	100%							1	0.30%
6	The Vinings At Newnan Lakes 80 Newnan Lakes Blvd Newnan, GA 30263 Coweta County	14.1 miles	Garden (3 stories) 2003	Market	1BR / 1BA	82	33.10%	Market	\$730	760	n/a	No	3	3.70%	
					2BR / 2BA	64	25.80%	Market	\$830	1,015	n/a	No	6	9.40%	
					2BR / 2BA	64	25.80%	Market	\$840	1,030	n/a	No	6	9.40%	
					3BR / 2BA	38	15.30%	Market	\$955	1,172	n/a	No	2	5.30%	
						248	100%							17	6.90%

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Effective Rent Date:	May-11	Units Surveyed:	1387	Weighted Occupancy:	94.70%
		Market Rate	855	Market Rate	95.00%
		Tax Credit	532	Tax Credit	94.40%

Three Bedrooms Two Bath

Four Bedrooms Two Bath

	Property	Average	Property	Average	Property	Average
RENT	Summit Peachtree City Apartments	\$1,220	Newnan Crossing * (3BA M)	\$1,025		
	Cambridge Faire	\$970	Newnan Crossing * (3BA 60%)	\$966		
	The Vinings At Newnan Lakes	\$955	Calypso Apartments * (60%)	\$880		
	Orchard Springs * (M)	\$930	Calypso Apartments * (50%)	\$680		
	Newnan Crossing * (M)	\$879				
	Orchard Springs * (60%)	\$830				
	Newnan Crossing * (60%)	\$809				
	Calypso Apartments * (60%)	\$700				
	Calypso Apartments * (50%)	\$590				
	Palmetto Preserve Apartments * (50%)	\$508				
SQUARE FOOTAGE	Summit Peachtree City Apartments	1,425	Newnan Crossing * (3BA 60%)	1,454		
	Cambridge Faire	1,360	Newnan Crossing * (3BA M)	1,454		
	Orchard Springs * (60%)	1,335	Calypso Apartments * (50%)	1,415		
	Orchard Springs * (M)	1,335	Calypso Apartments * (60%)	1,415		
	Calypso Apartments * (50%)	1,300				
	Calypso Apartments * (60%)	1,300				
	Newnan Crossing * (60%)	1,207				
	Newnan Crossing * (M)	1,207				
	The Vinings At Newnan Lakes	1,172				
	Palmetto Preserve Apartments * (50%)	1,170				
RENT PER SQUARE FOOT	Summit Peachtree City Apartments	\$0.86	Newnan Crossing * (3BA M)	\$0.70		
	The Vinings At Newnan Lakes	\$0.81	Newnan Crossing * (3BA 60%)	\$0.66		
	Newnan Crossing * (M)	\$0.73	Calypso Apartments * (60%)	\$0.62		
	Cambridge Faire	\$0.71	Calypso Apartments * (50%)	\$0.48		
	Orchard Springs * (M)	\$0.70				
	Newnan Crossing * (60%)	\$0.67				
	Orchard Springs * (60%)	\$0.62				
	Calypso Apartments * (60%)	\$0.54				
	Calypso Apartments * (50%)	\$0.45				
	Palmetto Preserve Apartments * (50%)	\$0.43				

PROPERTY PROFILE REPORT

Newnan Crossing

Effective Rent Date 4/27/2011
Location 151 Parkway North
 Newnan, GA 30265
 Coweta County
Distance 11.6 miles
Units 192
Vacant Units 7
Vacancy Rate 3.6%
Type Garden (3 stories)
Year Built/Renovated 2004 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased 7/08/2005
Major Competitors Columbia Woods, The Villas, Vinings on Newnan
Tenant Characteristics Employed at Yamaha, Rite Aid, D&H, Kia; approx 5% seniors
Contact Name Kelly, Diane
Phone 678-423-3636



Market Information

Program @60%, Market
Annual Turnover Rate 15%
Units/Month Absorbed 32-48
HCV Tenants 10%
Leasing Pace Immediate
Annual Chg. in Rent None
Concession Reduced rents on 2 and 3 BR LIHTC

Utilities

A/C not included -- central
Cooking not included -- electric
Water Heat not included -- electric
Heat not included -- electric
Other Electric not included
Water not included
Sewer not included
Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	814	\$599	\$0	@60%	None	N/A	N/A	yes	None
1	1	Garden (3 stories)	N/A	814	\$689	\$0	Market	None	N/A	N/A	N/A	None
2	1	Garden (3 stories)	N/A	1,079	\$729	\$0	@60%	None	N/A	N/A	no	None
2	1	Garden (3 stories)	N/A	1,079	\$779	\$0	Market	None	N/A	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,207	\$809	\$0	@60%	None	N/A	N/A	no	None
3	2	Garden (3 stories)	N/A	1,207	\$879	\$0	Market	None	N/A	N/A	N/A	None
4	3	Garden (3 stories)	N/A	1,454	\$966	\$0	@60%	None	0	N/A	yes	None
4	3	Garden (3 stories)	N/A	1,454	\$1,025	\$0	Market	None	0	N/A	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$599	\$0	\$599	\$0	\$599	1BR / 1BA	\$689	\$0	\$689	\$0	\$689
2BR / 1BA	\$729	\$0	\$729	\$0	\$729	2BR / 1BA	\$779	\$0	\$779	\$0	\$779
3BR / 2BA	\$809	\$0	\$809	\$0	\$809	3BR / 2BA	\$879	\$0	\$879	\$0	\$879
4BR / 3BA	\$966	\$0	\$966	\$0	\$966	4BR / 3BA	\$1,025	\$0	\$1,025	\$0	\$1,025

Newnan Crossing, continued

Amenities

In-Unit

Blinds
Central A/C
Dishwasher
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Carpeting
Coat Closet
Ceiling Fan
Oven
Walk-In Closet

Security

Limited Access

Services

None

Property

Business Center/Computer Lab
Central Laundry
On-Site Management
Swimming Pool
Wi-Fi

Exercise Facility
Off-Street Parking
Playground
Volleyball Court

Premium

None

Other

None

Comments

According to management they are 96 percent occupied, having only 7 vacancies. The contact did not know the unit breakdown, other than there are no four-bedroom units available. The market rate rent increased for the one-bedroom market units. Management could provide a reason other than an improved economy. All other market rents remained the same over the past year.

Newnan Crossing, continued

Trend Report

Vacancy Rates

2Q09	4Q09	2Q10	2Q11
4.2%	2.1%	1.0%	3.6%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$599	\$0	\$599	\$599
2009	4	N/A	\$599	\$100	\$499	\$499
2010	2	N/A	\$599	\$0	\$599	\$599
2011	2	N/A	\$599	\$0	\$599	\$599

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$699	\$0	\$699	\$699
2009	4	N/A	\$729	\$150	\$579	\$579
2010	2	N/A	\$729	\$30	\$699	\$699
2011	2	N/A	\$729	\$0	\$729	\$729

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$799	\$0	\$799	\$799
2009	4	N/A	\$849	\$100	\$749	\$749
2010	2	N/A	\$849	\$50	\$799	\$799
2011	2	N/A	\$809	\$0	\$809	\$809

4BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$938	\$0	\$938	\$938
2009	4	N/A	\$959	\$0	\$959	\$959
2010	2	N/A	\$959	\$21	\$938	\$938
2011	2	N/A	\$966	\$0	\$966	\$966

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$699	\$0	\$699	\$699
2009	4	N/A	\$659	\$0	\$659	\$659
2010	2	N/A	\$659	\$0	\$659	\$659
2011	2	N/A	\$689	\$0	\$689	\$689

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$799	\$0	\$799	\$799
2009	4	N/A	\$799	\$0	\$799	\$799
2010	2	N/A	\$779	\$0	\$779	\$779
2011	2	N/A	\$779	\$0	\$779	\$779

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$899	\$0	\$899	\$899
2009	4	N/A	\$879	\$80	\$799	\$799
2010	2	N/A	\$879	\$0	\$879	\$879
2011	2	N/A	\$879	\$0	\$879	\$879

4BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	2	N/A	\$999	\$0	\$999	\$999
2009	4	N/A	\$1,025	\$0	\$1,025	\$1,025
2010	2	N/A	\$1,025	\$0	\$1,025	\$1,025
2011	2	N/A	\$1,025	\$0	\$1,025	\$1,025

Trend: Comments

- 2Q09** The contact reported that LIHTC rents are set at the maximum allowable and that the four-bedroom units never come vacant. The property is currently 96 percent occupied, which has been typical for the property since the end of December 2008. The contact estimated that the property stabilized in four to six months when it opened in 2004, which yields a rate of 32 to 48 units per month. The absorption rate was faster than usual due to the influx of Gulf Coast residents who were displaced by Hurricane Katrina. Management reported that there is a need for affordable age restricted housing in the area.
- 4Q09** The contact reported that LIHTC rents are set at the maximum allowable and that the four-bedroom units rarely come vacant. The property is currently 98 percent occupied. Rents have recently decreased on one, two and three bedroom units, while four-bedroom unit rents increased. Concessions are offered on the unit types with current vacancy as well as on the three-bedroom units where leases are expected to turn in the upcoming month. Our contact reported that there is strong demand for affordable units in the area.
- 2Q10** According to management, this area has experienced an influx in demand because homeowners can no longer afford their mortgages and move to apartments. In these situations, the prospective tenants are over qualified for the LIHTC units. Management stated that all properties in their recent market survey are operating between 85 and 95 percent occupied.
- 2Q11** According to management they are 96 percent occupied, having only 7 vacancies. The contact did not know the unit breakdown, other than there are no four-bedroom units available. The market rate rent increased for the one-bedroom market units. Management could provide a reason other than an improved economy. All other market rents remained the same over the past year.

PROPERTY PROFILE REPORT

Orchard Springs

Effective Rent Date 4/27/2011

Location 5500 Oakley Industrial Boulevard
Fairburn, GA 30213
Fulton County

Distance 6.6 miles

Units 220

Vacant Units 13

Vacancy Rate 5.9%

Type Garden (3 stories)

Year Built/Renovated 2003 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors Walden Apartments

Tenant Characteristics Tenants are a mixture of families, singles, and couples. No further comments were made.

Contact Name Leasing agent

Phone 770-306-7500



Market Information

Program @60%, Market

Annual Turnover Rate 32%

Units/Month Absorbed 28

HCV Tenants 20%

Leasing Pace 1 week

Annual Chg. in Rent Rents increased for 2 and 3 bd market

Concession None

Utilities

A/C not included -- central

Cooking not included -- electric

Water Heat not included -- electric

Heat not included -- electric

Other Electric not included

Water not included

Sewer not included

Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	26	794	\$625	\$0	@60%	No	N/A	N/A	no	None
1	1	Garden (3 stories)	24	794	\$700	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	74	1,119	\$740	\$0	@60%	No	N/A	N/A	no	None
2	2	Garden (3 stories)	44	1,119	\$825	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (3 stories)	32	1,335	\$830	\$0	@60%	No	N/A	N/A	no	None
3	2	Garden (3 stories)	20	1,335	\$930	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$625	\$0	\$625	\$0	\$625	1BR / 1BA	\$700	\$0	\$700	\$0	\$700
2BR / 2BA	\$740	\$0	\$740	\$0	\$740	2BR / 2BA	\$825	\$0	\$825	\$0	\$825
3BR / 2BA	\$830	\$0	\$830	\$0	\$830	3BR / 2BA	\$930	\$0	\$930	\$0	\$930

Orchard Springs, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Oven
Walk-In Closet

Blinds
Central A/C
Dishwasher
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Security

In-Unit Alarm
Limited Access
Patrol
Perimeter Fencing

Services

Afterschool Program

Property

Business Center/Computer Lab
Central Laundry
On-Site Management
Playground
Tennis Court

Exercise Facility
Off-Street Parking
Picnic Area
Swimming Pool

Premium

None

Other

None

Comments

The contact reported the rents increased due to market conditions. Management did not know the exact vacancy breakdown for market rate or LIHTC units, but reported that there were nine vacant one-bedroom units and four vacant two-bedroom units.

Orchard Springs, continued

Trend Report

Vacancy Rates

1Q10	2Q10	1Q11	2Q11
10.0%	6.8%	5.9%	5.9%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$625	\$26	\$599	\$599
2010	2	N/A	\$625	\$27	\$598	\$598
2011	1	0.0%	\$625	\$0	\$625	\$625
2011	2	N/A	\$625	\$0	\$625	\$625

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$740	\$31	\$709	\$709
2010	2	N/A	\$740	\$37	\$703	\$703
2011	1	5.4%	\$740	\$0	\$740	\$740
2011	2	N/A	\$740	\$0	\$740	\$740

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	3.1%	\$830	\$35	\$795	\$795
2010	2	N/A	\$830	\$44	\$786	\$786
2011	1	6.2%	\$830	\$0	\$830	\$830
2011	2	N/A	\$830	\$0	\$830	\$830

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$700	\$29	\$671	\$671
2010	2	N/A	\$700	\$33	\$667	\$667
2011	1	8.3%	\$700	\$0	\$700	\$700
2011	2	N/A	\$700	\$0	\$700	\$700

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$795	\$33	\$762	\$762
2010	2	N/A	\$795	\$41	\$754	\$754
2011	1	4.5%	\$795	\$0	\$795	\$795
2011	2	N/A	\$825	\$0	\$825	\$825

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	0.0%	\$895	\$37	\$858	\$858
2010	2	N/A	\$895	\$50	\$845	\$845
2011	1	15.0%	\$895	\$0	\$895	\$895
2011	2	N/A	\$930	\$0	\$930	\$930

Trend: Comments

- 1Q10** The contact reported that the vacancies are mixed between market and LIHTC units. The property typically remains 92 to 94 percent occupied but due to the economy, evictions have increased. The property manager reported that tenants value the business center first and then the exercise facility, which consists of two treadmills, two elliptical machines, one cycling machine, and about four weight machines. Appliances are replaced as needed and management began replacing appliances in 2008 (five years after opening).
- 2Q10** Management noted that market rates have not increased over the past year but the concessions have decreased most recently. Of the 15 vacant units, 12 are tax credit units and three are market rate units. Tax credit units are in less demand because rental rates are so similar to market rates. According to management, the paper work and acceptance process is a barrier to entry for new tax credit tenants.
- 1Q11** Tax credit units are in less demand because rental rates are so similar to market rates. According to management, the paper work and acceptance process is a barrier to entry for new tax credit tenants.
- 2Q11** The contact reported the rents increased due to market conditions. Management did not know the exact vacancy breakdown for market rate or LIHTC units, but reported that there were nine vacant one-bedroom units and four vacant two-bedroom units.

PROPERTY PROFILE REPORT

Palmetto Preserve Apartments

Effective Rent Date 4/27/2011
Location 9100 Cascade-palmetto Highway
 Palmetto, GA 30268
 Fulton County
Distance 0.1 miles
Units 120
Vacant Units 10
Vacancy Rate 8.3%
Type Garden (2 stories)
Year Built/Renovated 1999 / 2009
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors Harbor Lake
Tenant Characteristics Tenants are mostly families, the average household size is 4-5, and income ranges from \$10,000-\$36,000.
Contact Name Avis, Monesha
Phone 770.463.0800



Market Information

Program @50%
Annual Turnover Rate 18%
Units/Month Absorbed N/A
HCV Tenants 13%
Leasing Pace 1 month
Annual Chg. in Rent Rents remained the same
Concession Reduced rates

Utilities

A/C not included -- central
Cooking not included -- electric
Water Heat not included -- electric
Heat not included -- electric
Other Electric not included
Water included
Sewer included
Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (2 stories)	40	929	\$668	\$133	@50%	No	3	7.5%	no	None
3	2	Garden (2 stories)	80	1,170	\$778	\$189	@50%	No	7	8.7%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$668	\$133	\$535	-\$65	\$470
3BR / 2BA	\$778	\$189	\$589	-\$81	\$508

Palmetto Preserve Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Oven
Walk-In Closet

Security

Patrol

Services

None

Property

Clubhouse/Meeting
Off-Street Parking
Playground
Tennis Court

Central Laundry
On-Site Management
Swimming Pool

Premium

None

Other

None

Comments

The contact reported the property is on average about 92 percent occupied. There are about 20 units that turn over every year and 10 have turned over in the last six months. On average, 15 units are reserved for section 8 tenants. They are waiting to process about 3 applications. The contact believes that there is demand for additional LIHTC units in the market at all AMI levels.

Palmetto Preserve Apartments, continued

Trend Report

Vacancy Rates

2Q07	2Q10	1Q11	2Q11
33.3%	8.3%	2.5%	8.3%

Trend: @50%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	2	0.0%	\$600	\$0	\$600	\$535
2010	2	15.0%	\$668	\$56	\$612	\$547
2011	1	2.5%	\$668	\$133	\$535	\$470
2011	2	7.5%	\$668	\$133	\$535	\$470

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	2	50.0%	\$675	\$0	\$675	\$594
2010	2	5.0%	\$778	\$65	\$713	\$632
2011	1	2.5%	\$778	\$189	\$589	\$508
2011	2	8.7%	\$778	\$189	\$589	\$508

Trend: Comments

- 2Q07** Contact said that they have recently renovated the on-site laundry facility. They are also renovating some 3-BR units that have been vacant for over 160 days.
- 2Q10** The property changed management to Ambling in November 2009. The contact reported that the property recently had renovations including new carpet, new paint, updating the office, landscaping, asphalt, siding, roof, and some units received updated appliances. The property's occupancy has increased from 53 percent in November 2009. The contact indicated that all of the vacant three-bedroom units are pre-leased.
- 1Q11** The contact reported new management and upgrades to the property which had been deteriorating have helped improve the overall occupancy rate during the past year. She noted improvements were exterior and included the repair and paving of the parking lot. This property was formerly known as Genesis Garden approximately five to six years ago.
- 2Q11** The contact reported the property is on average about 92 percent occupied. There are about 20 units that turn over every year and 10 have turned over in the last six months. On average, 15 units are reserved for section 8 tenants. They are waiting to process about 3 applications. The contact believes that there is demand for additional LIHTC units in the market at all AMI levels.

PROPERTY PROFILE REPORT

Cambridge Faire

Effective Rent Date	4/28/2011
Location	900 Meadow Glen Parkway Fairburn, GA 30213 Fulton County
Distance	7.4 miles
Units	208
Vacant Units	25
Vacancy Rate	12.0%
Type	Garden (3 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None in the area
Tenant Characteristics	Families and professionals who look for proximity to the airport.
Contact Name	Kathy, Greg
Phone	866-757-0072



Market Information

Program	Market
Annual Turnover Rate	35%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	One week
Annual Chg. in Rent	Increased
Concession	Reduced rents

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	700	\$667	\$0	Market	None	N/A	N/A	N/A	None
1	1	Garden (3 stories)	N/A	820	\$705	\$0	Market	None	N/A	N/A	N/A	None
2	1	Garden (3 stories)	N/A	980	\$750	\$0	Market	None	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,130	\$800	\$0	Market	None	N/A	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,360	\$950	\$0	Market	None	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$667 - \$705	\$0	\$667 - \$705	\$20	\$687 - \$725
2BR / 1BA	\$750	\$0	\$750	\$20	\$770
2BR / 2BA	\$800	\$0	\$800	\$20	\$820
3BR / 2BA	\$950	\$0	\$950	\$20	\$970

Cambridge Faire, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Dishwasher
Ceiling Fan
Oven
Walk-In Closet

Blinds
Central A/C
Exterior Storage
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Security

None

Services

None

Property

Carport
Garage
Off-Street Parking
Picnic Area
Swimming Pool

Exercise Facility
Central Laundry
On-Site Management
Playground
Tennis Court

Premium

None

Other

None

Comments

Management noted that rents have increased over the past year due to market conditions. They only offer concessions to those enrolled in a preferred employers program. These employers can be found on their new website www.facebook.com/cambridgefaire. They joined facebook as part of a new marketing plan. Management noted that occupancy is at 88 percent, but were unable to give a complete unit breakdown. The most vacancies are for the two-bedroom, two bath units. Within the last year they did install a dog park.

Cambridge Faire, continued

Trend Report

Vacancy Rates

2Q10	2Q11
14.9%	12.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	\$625 - \$650	\$25 - \$26	\$599 - \$625	\$619 - \$645
2011	2	N/A	\$667 - \$705	\$0	\$667 - \$705	\$687 - \$725

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	\$725	\$30	\$695	\$715
2011	2	N/A	\$750	\$0	\$750	\$770

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	\$785	\$0	\$785	\$805
2011	2	N/A	\$800	\$0	\$800	\$820

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	N/A	\$925	\$0	\$925	\$945
2011	2	N/A	\$950	\$0	\$950	\$970

Trend: Comments

2Q10 Management noted that both market rate and concessions have increased over the past year. Exterior storage can be rented for an additional \$20 per month.

2Q11 Management noted that rents have increased over the past year due to market conditions. They only offer concessions to those enrolled in a preferred employers program. These employers can be found on their new website www.facebook.com/cambridgefaire. They joined facebook as part of a new marketing plan. Management noted that occupancy is at 88 percent, but were unable to give a complete unit breakdown. The most vacancies are for the two-bedroom, two bath units. Within the last year they did install a dog park.

PROPERTY PROFILE REPORT

Summit Peachtree City Apartments

Effective Rent Date	4/28/2011
Location	1000 Merrick City Drive Peachtree City, GA 30269 Fayette County
Distance	14.4 miles
Units	399
Vacant Units	1
Vacancy Rate	0.3%
Type	Garden
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	AMLI at Peachtree City
Tenant Characteristics	Mix of blue collar professionals and skilled workers
Contact Name	Leasing agent
Phone	770.631.0905



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	2-3 weeks
Annual Chg. in Rent	Changes daily
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	101	742	\$840	\$0	Market	No	0	0.0%	N/A	None
1.5	1	Garden	32	939	\$900	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden	176	1,052	\$1,000	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden	40	1,208	\$1,050	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden	50	1,425	\$1,200	\$0	Market	No	1	2.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$840	\$0	\$840	\$20	\$860
1.5BR / 1BA	\$900	\$0	\$900	\$20	\$920
2BR / 2BA	\$1,000 - \$1,050	\$0	\$1,000 - \$1,050	\$20	\$1,020 - \$1,070
3BR / 2BA	\$1,200	\$0	\$1,200	\$20	\$1,220

Summit Peachtree City Apartments, continued

Amenities

In-Unit

Blinds
Central A/C
Ceiling Fan
Oven
Washer/Dryer hookup

Carpeting
Dishwasher
Garbage Disposal
Refrigerator

Security

Patrol

Services

None

Property

Business Center/Computer Lab
Exercise Facility
Off-Street Parking
Swimming Pool

Car Wash
Garage
On-Site Management
Tennis Court

Premium

None

Other

None

Comments

The contact reported rents change daily and management uses the One Site System to generate the market rents. He noted occupancy is at 99 percent. There is one three-bedroom unit available and two three-bedroom units will be available in May. He noted turnover varies per month and is seasonal. On average about 10-15 units turnover per month.

Summit Peachtree City Apartments, continued

Trend Report

Vacancy Rates

2Q05	2Q10	1Q11	2Q11
1.7%	5.0%	6.8%	0.3%

Trend: Market

1.5BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	0.0%	\$835	\$0	\$835	\$855
2010	2	N/A	\$892	\$0	\$892	\$912
2011	1	N/A	\$828	\$0	\$828	\$848
2011	2	0.0%	\$900	\$0	\$900	\$920

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	1.0%	\$795	\$0	\$795	\$815
2010	2	N/A	\$875	\$0	\$875	\$895
2011	1	N/A	\$750	\$0	\$750	\$770
2011	2	0.0%	\$840	\$0	\$840	\$860

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	2.3%	\$805 - \$965	\$0	\$805 - \$965	\$825 - \$985
2010	2	N/A	\$977 - \$1,090	\$0	\$977 - \$1,090	\$997 - \$1,110
2011	1	N/A	\$945 - \$1,077	\$0	\$945 - \$1,077	\$965 - \$1,097
2011	2	0.0%	\$1,000 - \$1,050	\$0	\$1,000 - \$1,050	\$1,020 - \$1,070

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	1.9%	\$1,065	\$0	\$1,065	\$1,085
2010	2	N/A	\$1,235	\$0	\$1,235	\$1,255
2011	1	N/A	\$1,150	\$0	\$1,150	\$1,170
2011	2	2.0%	\$1,200	\$0	\$1,200	\$1,220

Trend: Comments

- 2Q05** The property contact indicated that the market was good in that particular area because it has an excellent school system and it is an established community.
- 2Q10** Management noted that although rates change daily, the market has allowed for steady increases over the last several months based on limited availability. Average rents are displayed based on lease terms and move in dates.
- 1Q11** The contact reported rents change daily and have increased overall from the same time last year. She noted occupancy has ranged between 93 and 96 percent in the past six months but is trending upward with an increase in renter traffic and a higher retention rate.
- 2Q11** The contact reported rents change daily and management uses the One Site System to generate the market rents. He noted occupancy is at 99 percent. There is one three-bedroom unit available and two three-bedroom units will be available in May. He noted turnover varies per month and is seasonal. On average about 10-15 units turnover per month.

PROPERTY PROFILE REPORT

The Vinings At Newnan Lakes

Effective Rent Date 4/27/2011
Location 80 Newnan Lakes Blvd
 Newnan, GA 30263
 Coweta County
Distance 14.1 miles
Units 248
Vacant Units 17
Vacancy Rate 6.9%
Type Garden (3 stories)
Year Built/Renovated 2003 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors Preston Mill Apartments
Tenant Characteristics Mix of families; Many drawn from ATL metro
Contact Name Lea, Cory
Phone 770-251-1771



Market Information

Program Market
Annual Turnover Rate 19%
Units/Month Absorbed N/A
HCV Tenants 0%
Leasing Pace 14-20 days
Annual Chg. in Rent Fluctuate daily
Concession None

Utilities

A/C not included -- central
Cooking not included -- electric
Water Heat not included -- electric
Heat not included -- electric
Other Electric not included
Water not included
Sewer not included
Trash Collection not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	82	760	\$710	\$0	Market	No	3	3.7%	N/A	None
2	2	Garden (3 stories)	64	1,015	\$810	\$0	Market	No	6	9.4%	N/A	None
2	2	Garden (3 stories)	64	1,030	\$820	\$0	Market	No	6	9.4%	N/A	None
3	2	Garden (3 stories)	38	1,172	\$935	\$0	Market	No	2	5.3%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$710	\$0	\$710	\$20	\$730
2BR / 2BA	\$810 - \$820	\$0	\$810 - \$820	\$20	\$830 - \$840
3BR / 2BA	\$935	\$0	\$935	\$20	\$955

The Vinings At Newnan Lakes, continued

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Central A/C
Dishwasher
Ceiling Fan
Oven
Walk-In Closet

Blinds
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Refrigerator
Washer/Dryer

Security

Limited Access

Services

None

Property

Business Center/Computer Lab
Exercise Facility
On-Site Management
Playground
Swimming Pool

Courtyard
Off-Street Parking
Picnic Area
Sport Court
Wi-Fi

Premium

None

Other

None

Comments

The contact reported occupancy, tenant retention, and renter traffic has remained the same. According to management, rents at the property are increasing and getting back to market value. Management attributes this to the improving economy.

The Vinings At Newnan Lakes, continued

Trend Report

Vacancy Rates

2Q10	2Q11
6.5%	6.9%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	2.4%	\$645	\$0	\$645	\$665
2011	2	3.7%	\$710	\$0	\$710	\$730

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	9.4%	\$775 - \$785	\$0	\$775 - \$785	\$795 - \$805
2011	2	9.4%	\$810 - \$820	\$0	\$810 - \$820	\$830 - \$840

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	2	5.3%	\$935	\$0	\$935	\$955
2011	2	5.3%	\$935	\$0	\$935	\$955

Trend: Comments

- 2Q10** The contact reported an overall improvement in occupancy, tenant retention, and renter traffic during 2010. The upward trend has been consistent for the past three to four months.
- 2Q11** The contact reported occupancy, tenant retention, and renter traffic has remained the same. According to management, rents at the property are increasing and getting back to market value. Management attributes this to the improving economy.

2. The following information is provided as required by DCA:

Housing Choice Vouchers

TENANTS WITH VOUCHERS

Comparable Property	Type	Housing Choice Voucher Tenants
Newnan Crossing	LIHTC/Market	10%
Orchard Springs	LIHTC/Market	20%
Palmetto Preserve Apartments	LIHTC	13%
Cambridge Faire	Market	N/A
Summit Peachtree City Apartments	Market	0%
The Vinings At Newnan Lakes	Market	0%
Average		9%

The average voucher tenancy in the market is low at nine percent. The average voucher tenancy at the comparable LIHTC properties is also considered low at 14 percent. It does not appear that the local tax credit market is dependent on voucher holders and we believe that the Subject will have a voucher tenancy similar to the LIHTC average.

Absorption History

We were able to obtain absorption information from three of the comparable properties.

Absorption

Property	Year Built	Type	Total # of	Units Absorbed	Absorption Pace in
			Units	Per Month	Months
Palmetto Preserve*	1999/2009	LIHTC	50	7	7
Orchard Springs	2003	LIHTC/Market	220	28	8
Newnan Crossing	2004	LIHTC/Market	192	32	6

*Re-absorption rate of vacant units from November 2009 to June 2010.

Two of the comparable LIHTC properties were able to report absorption. These properties reported absorption rates of 28 to 32 units per month; however, both of these properties stabilized in a more stable housing market relative to the current market. We were also able to obtain re-absorption information for Palmetto Preserve. New management took over and renovated this property in November 2009. At that time, the 120 unit property had 56 vacant units. Management reported that the property leased approximately seven units per month during the re-absorption period. We have conservatively estimated that the Subject will absorb approximately seven units per month. At this pace, the Subject's 50 percent AMI units would reach a stabilized occupancy of 93 percent within two months while the 60 percent AMI units would reach a stabilized occupancy of 93 percent within seven months.

Phased Developments

Not applicable.

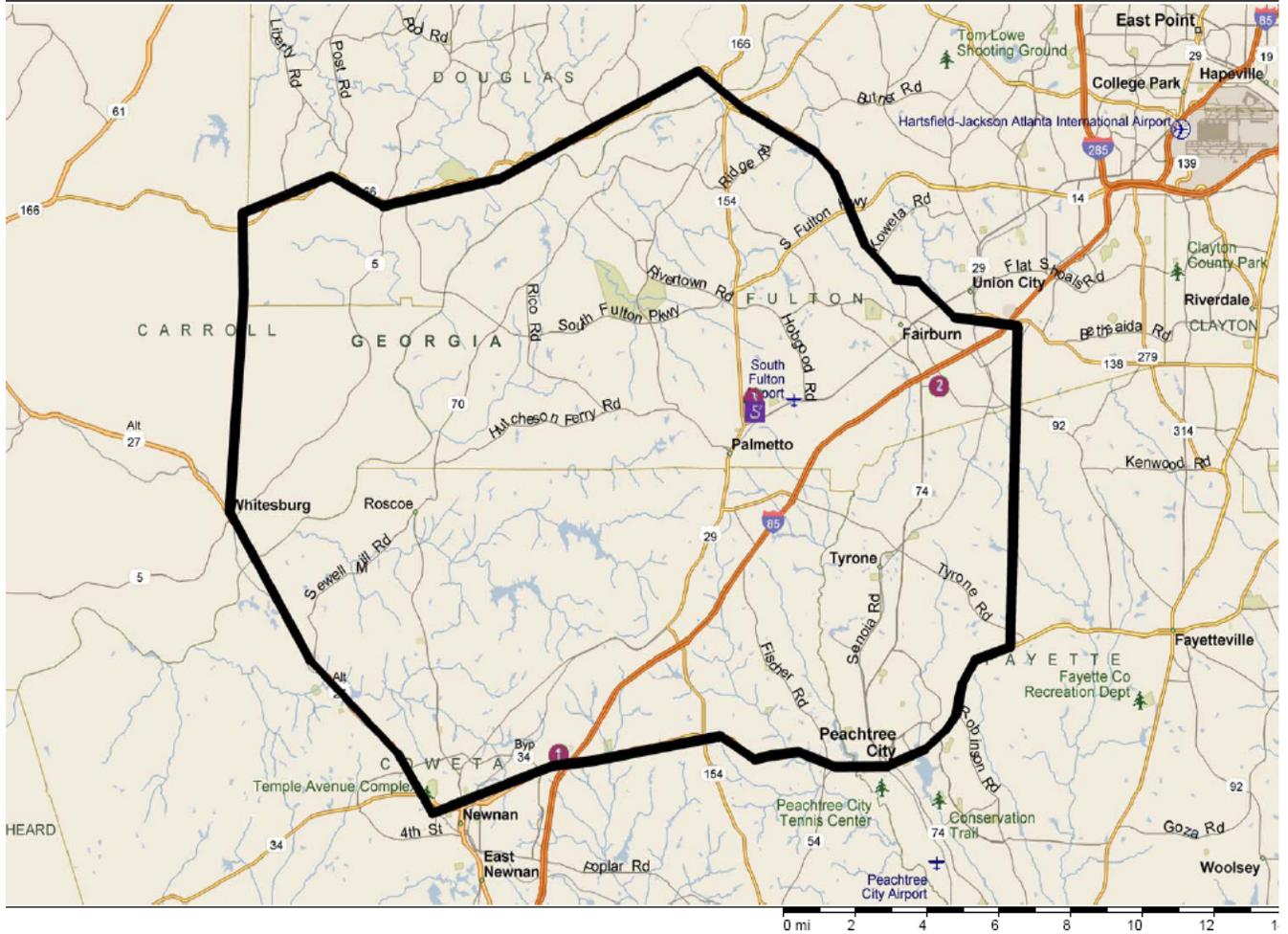
Rural Areas

Not applicable.

3. COMPETITIVE PROJECT MAP

COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Newnan Crossing	Newnan	LIHTC/Market	11.6 miles
2	Orchard Springs	Fairburn	LIHTC/Market	6.6 miles
3	Palmetto Preserve Apartments	Palmetto	LIHTC	0.1 miles



4. Amenities

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix below. The matrix has been color coded. Those properties that offer an amenity that the Subject does not offer are shaded in red, while those properties that do not offer an amenity that the Subject does offer are shaded in blue. Thus, the inferior properties can be identified by the blue and the superior properties can be identified by the red.

Calypso Apartments, Palmetto, GA; Market Study

UNIT MATRIX REPORT

	Calypso Apartments	Newman Crossing	Orchard Springs	Palmetto Preserve Apartments	Cambridge Faire	Summit Peachtree City Apartments	The Vinings At Newman Lakes
Comp #	Subject	1	2	3	4	5	6
Property Information							
Property Type	Townhouse (2 stories)	Garden (3 stories)	Garden (3 stories)	Garden (2 stories)	Garden (3 stories)	Garden	Garden (3 stories)
Year Built / Renovated	2013	2004	2003	1999 / 2009	2001	2001	2003
Market (Conv./)Subsidy Type	50%, 60%, Non-Rental	60%, Market	60%, Market	50%	Market	Market	Market
In-Unit Amenities							
Balcony/Patio	no	no	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	no	no	no	no	no	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	no	no	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	no	yes	no	yes
Ceiling Fan	yes	yes	yes	no	yes	yes	yes
Garbage Disposal	yes	yes	yes	yes	yes	yes	yes
Microwave	yes	no	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	yes	yes	yes	yes	yes	no	yes
Washer/Dryer	no	no	no	no	no	no	yes
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	no
Property Amenities							
Business Center/Computer Lab	yes	yes	yes	no	no	yes	yes
Car Wash	no	no	no	no	no	yes	no
Carport	no	no	no	no	yes	no	no
Clubhouse/Meeting Room/Community Room	yes	no	no	yes	no	no	no
Courtyard	no	no	no	no	no	no	yes
Exercise Facility	yes	yes	yes	no	yes	yes	yes
Garage	no	no	no	no	yes	yes	no
Central Laundry	yes	yes	yes	yes	yes	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	no	yes	no	yes	no	yes
Playground	yes	yes	yes	yes	yes	no	yes
Recreation Areas	yes	no	no	no	no	no	no
Sport Court	no	no	no	no	no	no	yes
Swimming Pool	no	yes	yes	yes	yes	yes	yes
Tennis Court	no	no	yes	yes	yes	yes	no
Volleyball Court	no	yes	no	no	no	no	no
Wi-Fi	no	yes	no	no	no	no	yes
Carport Fee	N/A	N/A	N/A	N/A	\$75.00	N/A	N/A
Garage Fee	N/A	N/A	N/A	N/A	\$75.00	\$100.00	N/A
Services							
Afterschool Program	no	no	yes	no	no	no	no
Security							
In-Unit Alarm	no	no	yes	no	no	no	no
Limited Access	no	yes	yes	no	no	no	yes
Patrol	no	no	yes	yes	no	yes	no
Perimeter Fencing	no	no	yes	no	no	no	no
Premium Amenities							
Other Amenities							
Other	walking paths, electric car charging station	n/a	n/a	n/a	n/a	n/a	n/a

The Subject's unit amenities will be generally similar to those of Orchard Springs, Palmetto Preserve, and Cambridge Faire. The Vinings at Newman Lakes will have superior in unit amenities as it offers exterior storage and washers and dryers in each unit. In unit amenities at Summit Peachtree City are slightly inferior to those proposed at the Subject.

All of the comparables have slightly superior to superior community amenities when compared to the Subject. These comparables offer swimming pools and sports courts, such as tennis and volleyball. The Subject will not offer either amenity. Although the Subject will not offer a swimming pool or a sports court, we do not believe that the lack of these amenities will impact the Subject due to its comparatively low rents. Overall, we believe that the Subject will be competitive in the local market with the proposed amenities.

5. Selection of Comparables

The Subject will target family households. Therefore, per DCA’s guidelines, senior properties were not included.

6. Vacancy

The following table illustrates the vacancy rates in the market.

OVERALL VACANCY				
Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Newnan Crossing	LIHTC/Market	192	7	3.60%
Orchard Springs	LIHTC/Market	220	13	5.90%
Palmetto Preserve Apartments	LIHTC	120	10	8.30%
Cambridge Faire	Market	208	25	12.00%
Summit Peachtree City Apartments	Market	399	1	0.30%
The Vinings At Newnan Lakes	Market	248	17	6.90%
Total		1,387	73	5.30%

The three LIHTC properties have vacancy rates between 3.6 and 8.3 percent. Management at Orchard Springs noted that most of their vacancies are in the LIHTC units because their LIHTC rents compete with the rents at conventional rental properties in the area. Management at Palmetto Preserve indicated that they took over and renovated the property in November 2009. Renovations include new carpet, new appliances for select units, updates to the clubhouse, new landscaping, and new roofs. When the current management company took over, the property was 47.0 percent vacant due to poor past management. Since November 2009, the property’s vacancy rate has steadily declined from 47.00 percent to 8.30 percent. Management further indicated that of the 10 vacancies, four are pre-leased. The Subject’s rents will be significantly below the rents at Newnan Crossing and Orchard Springs and \$82 above the current 50 percent AMI rents at Palmetto Preserve. Palmetto Preserve has a current vacancy rate of 8.3 percent; however, four of the vacancies are pre-leased for an effective vacancy rate of 5.0 percent. As new construction, the Subject will be superior to all three existing LIHTC properties in terms of age and condition and it will also have a competitive amenities package.

Overall, we believe that the Subject will maintain a stabilized vacancy rate of five percent or less, which is similar to the market average. It should be noted that because the Subject will offer a superior product with lower rents, it is likely that the Subject will draw some tenants from the LIHTC comparables Newnan Crossing and Orchard Springs. Palmetto Preserve is located immediately south of the Subject site and offers two- and three-bedroom garden style units at 50 percent AMI whereas the Subject will offer three- and four-bedroom townhome style units at both 50 and 60 percent AMI. Because the Subject will offer bedroom types and AMI levels that are not offered at Palmetto Preserve, we believe that any impact that the Subject will have on this

Calypso Apartments, Palmetto, GA; Market Study

property will be short term. Additionally, the property manager of Palmetto Preserve indicated that there is demand in the market for another LIHTC property with a size of approximately 100 units. Further, the number of households in the PMA grew 5.7 percent annually from 2000 to 2010. This growth is considered significant and is higher than growth in the MSA of 3.0 percent and national growth of 1.0 percent over the same time period. Household growth in the PMA is projected to continue to outpace both the MSA and the nation through 2015. Given the strong household growth in the PMA as well as the stated need for additional LIHTC housing by the property manager at Palmetto Preserve, we believe there is sufficient demand for both properties and that the Subject will not have a long term impact on Palmetto Preserve.

Historical Vacancy

The following table illustrates the historical vacancy at the comparable properties when available.

Historical Vacancy

Comparable Property	Type	Total Units	2QTR 2009	4QTR 2009	1QTR 2010	2QTR 2010	1QTR 2011
Newnan Crossing	LIHTC/Market	192	4.20%	2.10%	N/Av	1.00%	N/Av
Orchard Springs	LIHTC/Market	220	N/Av	N/Av	10.00%	6.80%	5.90%
Palmetto Preserve Apartments	LIHTC	120	N/Av	N/Av	N/Av	8.30%	2.50%
Cambridge Faire	Market	208	N/Av	N/Av	N/Av	14.90%	N/Av
Summit Peachtree City Apartments	Market	399	N/Av	N/Av	N/Av	5.00%	6.80%
The Vinings At Newnan Lakes	Market	248	N/Av	N/Av	N/Av	6.50%	N/Av
Average		1,387	N/Av	N/Av	N/Av	6.80%	N/Av

The current vacancy rate of 5.3 percent has decreased from 6.8 percent during our last market survey. The decreasing vacancy rate is a positive indicator for the Subject.

7. Properties Under Construction and Proposed

There are no new LIHTC or market rate properties that have been proposed or under construction in the PMA.

8. Rental Advantage

The following table illustrates the Subject's similarity to the comparable properties.

Similarity Matrix

#	Property Name	Type	Property Amenities	Unit Features	Location	Age / Condition	Unit Size	Overall Comparison
1	Newnan Crossing	LIHTC/Market	Superior	Inferior	Superior	Slightly Inferior	Slightly Inferior	0
2	Orchard Springs	LIHTC/Market	Superior	Similar	Superior	Slightly Inferior	Similar	15
3	Palmetto Preserve Apartments	LIHTC	Slightly Superior	Similar	Similar	Inferior	Inferior	-15
4	Cambridge Faire	Market	Slightly Superior	Similar	Slightly Superior	Slightly Inferior	Slightly Superior	10
5	Summit Peachtree City Apartments	Market	Slightly Superior	Slightly Inferior	Slightly Superior	Slightly Inferior	Superior	10
6	The Vinings At Newnan Lakes	Market	Slightly Superior	Superior	Superior	Slightly Inferior	Inferior	10

*Inferior=-10, slightly inferior=-5, similar=0, slightly superior=5, superior=10.

The rental rates at the LIHTC properties are compared to the Subject’s proposed 50 and 60 percent AMI rents in the following table.

LIHTC Rent Comparison - @50%

Property Name	3BR	4BR
Calypso Apartments (Subject)	\$590	\$680
2011 LIHTC Maximum (Net)	\$712	\$778
Palmetto Preserve Apartments	\$508	N/Ap
Average (excluding Subject)	\$508	N/Ap

LIHTC Rent Comparison - @60%

Property Name	3BR	4BR
Calypso Apartments (Subject)	\$700	\$880
2011 LIHTC Maximum (Net)	\$889	\$976
Newnan Crossing	\$809	\$966
Orchard Springs	\$830	N/Ap
Average (excluding Subject)	\$820	\$966

Palmetto Preserve is the only LIHTC property in the market that offers 50 percent AMI units. The three-bedroom 50 percent AMI rents at this property are \$82 below the Subject’s proposed rents. As new construction, the Subject will be superior to Palmetto Preserve, which was built in 1999 and renovated in 2009. Additionally, the Subject will offer townhome style units which are considered superior to the garden style units at Palmetto Preserve and the Subject’s three-bedroom units will be 130 square feet larger. Palmetto Preserve is 92 percent occupied and 95 percent leased. Management reported that a new property offering townhome style units could likely achieve rents approximately \$75 above the current rents at Palmetto Preserve. Given the Subject’s new construction townhome style design and large unit sizes, we believe that its proposed 50 percent AMI rents are achievable. As previously stated, we do not believe that the addition of the Subject to the market will have a negative long term impact on Palmetto Preserve, which is located adjacent to the Subject site. The Subject will offer four-bedroom units as well as units at 60 percent AMI, neither of which is offered by Palmetto Preserve. Management at Palmetto Preserve indicated that there is demand in the market for up to 100 additional LIHTC units. Further, population and household growth significantly outpaced growth in both the MSA and the nation from 2000 to 2010 and is expected to continue to grow at a faster pace through 2015. Additionally, 26.2 percent of households in the PMA are earning between \$20,000 and \$49,999 annually. The majority of these households will income qualify to live at the Subject and will generate demand for the Subject’s units. Given the stated need for additional LIHTC units in the area and the significant growth in the PMA, we believe the Subject will maintain a stabilized vacancy rate of five percent or less. While the Subject could initially draw some tenants from Palmetto Preserve, we do not believe that it will have a long term negative impact on the property.

The Subject’s proposed 60 percent AMI rents are significantly below the rents at both Newnan Crossing and Orchard Springs. Newnan Crossing has a vacancy rate of 3.6 percent, indicating its rents are achievable. Orchard Springs has a current vacancy rate of 5.9 percent and management reported that the 10 LIHTC vacancies are due to conventional rental properties competing with their rents. The Subject’s proposed 60 percent AMI rents are well below the current rents at

Orchard Spring and are also below the rents at the conventional rental properties in the area. Therefore, unlike Orchard Spring, the Subject will not compete with conventional rental properties. Orchard Springs is located 6.6 miles from the Subject site in Fairburn. While property managers reported that there is some tenant exchange between the two areas, we do not believe that the Subject will have a long term negative impact on this property given the distance between them. Overall, we believe that the Subject’s proposed 60 percent AMI rents, which will be the lowest in the market, are achievable. Further, we do not believe that the Subject will have a long term negative impact on Newnan Crossing or Orchard Springs.

When comparing the Subject’s rents to the average market rent, we have not included rents at lower AMI levels given that this artificially lowers the average market rent as those rents are constricted. Including rents at lower AMI levels does reflect an accurate average rent for rents at higher income levels. For example, if the Subject offers 50 and 60 percent AMI rents and there is a distinct difference at comparable properties between rents at the two AMI levels, we have not included the 50 percent AMI rents in the average market rent for the 60 percent AMI comparison.

Due to the lack of four-bedroom units at the comparable properties, we have supplemented our market rent discussion with classifieds from www.craigslist.com. These classifieds are illustrated in the following table.

4BR Classifieds

Type	Location	Rent	Sqft	Comments
TH	Newnan	\$1,000	1,900	2 car parking pad, end unit, new stove
SFH	Peachtree City	\$1,250	N/Av	Full basement
SFH	Newnan	\$1,275	2,100	2 car garage
SFH	Newnan	\$1,195	N/Av	2 car garage, brick
SFH	Newnan	\$1,200	N/Av	New wood floors, just painted
SFH	Fairburn	\$1,095	N/Av	2 story, vinyl siding
SFH	Fairburn	\$945	N/Av	Split level
SFH	Peachtree City	\$1,200	N/Av	Deck, basement, fenced yard
Average		\$1,145		

The overall average and the maximum and minimum adjusted rents for the comparables and the classified listings are illustrated in the table below in comparison with net rents for the Subject.

Subject Comparison To Market Rents*

Unit Type	Subject	Surveyed	Surveyed	Surveyed	Subject Rent Advantage
		Min	Max	Average	
3 BR 50%	\$590	\$508	\$1,220	\$888	34%
4 BR 50%	\$680	\$945	\$1,275	\$1,115	39%
3 BR 60%	\$700	\$809	\$1,220	\$942	26%
4 BR 60%	\$880	\$945	\$1,275	\$1,115	21%

*Includes comparables and classified listings.

As illustrated, the Subject’s proposed rents will have a significant rent advantage when compared to the market averages. The Subject’s rents will be among the lowest in the market and the Subject will offer a slightly superior to superior product when compared to the comparables. Given the distance between the Subject and the LIHTC comparables Newnan Crossing and

Orchard Springs, it is likely that any impact that the Subject will have on these properties will be minimal. The LIHTC property Palmetto Preserve is located immediately south of the Subject site. While it is possible that the Subject could initially draw tenants from this property, we believe that any impact that the Subject will have on Palmetto Preserve will be short term. Further, we believe that there is sufficient demand in the immediate market for both the Subject and Palmetto Preserve.

9. LIHTC Competition – Recent Allocations within Two Miles

According to information on Georgia Department of Community Affairs LIHTC allocation lists, there have been no family properties allocated in the PMA in the past two years.

10. Rental Trends in the PMA

The following table is a summary of the tenure patterns of the housing stock in the PMA.

TENURE PATTERNS PMA

Year	Owner-Occupied Units		Renter-Occupied Units	
	Number	Percentage	Number	Percentage
2000	20,274	79.7%	5,178	20.3%
2010	30,955	77.0%	9,244	23.0%
Projected Mkt Entry March 2012	32,516	76.8%	9,809	23.2%
2015	35,637	76.5%	10,940	23.5%

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2011

Owner-occupied housing units dominate the housing market in the PMA.

Change in Rental Rates

The following table illustrates rental increases and decreases at the comparables over the last year.

RENT GROWTH

Comparable Property	Rent Structure	Rent Growth
Newnan Crossing	LIHTC/Market	None
Orchard Springs	LIHTC/Market	Increase in 2BR & 3BR market rate units
Palmetto Preserve Apartments	LIHTC	None
Cambridge Faire	Market	Increase
Summit Peachtree City Apartments	Market	Change daily
The Vinings At Newnan Lakes	Market	Change daily

Two of the comparable properties reported rental increases, two reported that rents fluctuate daily, and two reported no change in rents. All of the Subject’s proposed rents are significantly below the maximum allowable levels and the 60 percent AMI rents are the lowest in the market. Therefore, we believe that it is possible that the Subject will experience rental increases following stabilization, particularly in the 60 percent AMI units.

11. Impact of Foreclosed, Abandoned and Vacant Structures

According to RealtyTrac's March 2011 foreclosure research, there were approximately 23 foreclosed homes in Palmetto. This equates to a foreclosure rate of one in every 158 housing units. Fulton County had a foreclosure rate of one in every 286 housing units; Georgia had a foreclosure rate of one in every 311 housing units; the US had a foreclosure rate of one in every 542 housing units in March 2011. Therefore, the foreclosure rate in Palmetto was higher than Fulton County, Georgia, and the nation. Based on our inspection of the site, there were no apparent abandoned or vacant structures near the Subject.

12. Primary Housing Void

The one LIHTC property in Palmetto, Palmetto Preserve, is 92 percent occupied and 95 percent leased. Current management took over and renovated the property in November 2009. Since that time, the property's occupancy rate has increased from 53 percent to 92 percent. Management reported that there has been significant traffic since the renovations were completed and that there is sufficient demand in the market for another LIHTC property that is less than 100 units in size. The proposed Subject will have 62 units and its proposed 60 percent AMI rents are among the lowest in the market. We believe that the Subject will help to fill the housing void in the local market.

13. Affect of Subject on Other Affordable Units in Market

The Subject's rents will be among the lowest in the market and the Subject will offer a slightly superior to superior product when compared to the comparables. Given the distance between the Subject and the LIHTC comparables Newnan Crossing and Orchard Springs, it is likely that the addition of the Subject to the local market will have a minimal impact on these properties. The LIHTC property Palmetto Preserve is located immediately south of the Subject. Given the close proximity of the two properties and the Subject's superior condition and unit sizes, it is possible that some of the tenants at Palmetto Preserve will leave in order to lease the Subject's units. It should be noted that the Subject will offer four-bedroom units and units at 60 percent AMI, neither of which is offered by Palmetto Preserve. Additionally, the Subject's 50 percent AMI rents will be \$82 above the current rents at this comparable, due to the Subject's superior new construction townhome design and larger unit sizes. Therefore, we believe that any impact that the Subject will have on this property will be short term and minimal. Overall, we believe there is sufficient demand in the market for both properties to maintain stabilized vacancy rates of seven percent, or less. This demand is illustrated by the steady decrease in the vacancy rate at Palmetto Preserve since new management took over and renovated the property. Since November 2009, the vacancy rate at this property decreased from 47 percent to eight percent. Further, four of the 10 vacancies at this property are currently pre-leased. Additionally, the PMA experienced significant growth from 2000 to 2010. Over this time period, the number of households in the PMA grew 5.7 percent annually. This growth was significantly higher than growth in the MSA (3.0 percent) and growth in the nation (1.0 percent) and household growth in the PMA is expected to continue to outpace MSA and national growth through 2015. Overall while the Subject could potentially have a short term impact on Palmetto Preserve, we do not believe the Subject will negatively impact its performance in the long term. Given the significant growth and the stated need for additional LIHTC units in the Palmetto area, we believe there will be sufficient demand for both LIHTC properties.

Conclusions

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as proposed. The Subject's rents will be among the lowest in the LIHTC market. As new construction the Subject will be superior to the comparables in terms of age and condition, design, and unit size and will have competitive amenities. Because the Subject will be generally superior to the LIHTC comparables and will have some of the lowest rents, it will have a significant rental advantage in the local market and its rents will be achievable.

The LIHTC properties Newnan Crossing and Orchard Springs are located between 6.6 and 11.6 miles from the Subject. Therefore, the Subject's lower rents will have a minimal impact on these properties. Palmetto Preserve is located immediately south of the Subject site. This property offers two- and three-bedroom garden style units at 50 percent AMI while the Subject will offer three- and four-bedroom townhome style units at 50 and 60 percent AMI. As newly constructed townhome style units, the Subject will be superior to this property in terms of age/condition and design and it will also offer larger units. The Subject's proposed three-bedroom 50 percent AMI rents are \$82 above the current rents at Palmetto Preserve, which is reasonable considering it will be generally superior to this property. Palmetto Preserve is currently 92 percent occupied and 95 percent leased. Management indicated that there is demand for approximately 100 additional LIHTC units in the market. Further, our demographic analysis indicates that the number of households in the PMA grew 5.7 percent annually between 2000 and 2010, which is significantly faster than household growth in the PMA and the nation (3.2 and 1.0 percent, respectively) over the same time period. Given the strong household growth and the stated need for additional LIHTC units as well as the healthy occupancy rates at the comparables, we believe there is sufficient demand in the market for both the Subject and Palmetto Preserve and any impact that the Subject will have on this property will be short term. Overall, we recommend the Subject as proposed.

I. ABSORPTION & STABILIZATION RATES

Stabilization/Absorption Rate

We were able to obtain absorption information from three of the comparable properties.

Absorption

Property	Year Built	Type	Total # of Units	Units Absorbed Per Month	Absorption Pace in Months
Palmetto Preserve*	1999/2009	LIHTC	50	7	7
Orchard Springs	2003	LIHTC/Market	220	28	8
Newnan Crossing	2004	LIHTC/Market	192	32	6

*Re-absorption rate of vacant units from November 2009 to June 2010.

Two of the comparable LIHTC properties were able to report absorption. These properties reported absorption rates of 28 to 32 units per month; however, both of these properties stabilized in a more stable housing market relative to the current market. We were also able to obtain re-absorption information for Palmetto Preserve. New management took over and renovated this property in November 2009. At that time, the 120 unit property had 56 vacant units. Management reported that the property leased approximately seven units per month during the re-absorption period. We have conservatively estimated that the Subject will absorb approximately seven units per month. At this pace, the Subject’s 50 percent AMI units would reach a stabilized occupancy of 93 percent within two months while the 60 percent AMI units would reach a stabilized occupancy of 93 percent within seven months.

J. INTERVIEWS

Section 8 Interview

The city of Palmetto does not have a section 8 department, but does receive vouchers from the Housing Authority of Fulton County (HAFC), which manages over 1,000 Housing Choice Vouchers in the county. The waiting list is currently closed with an estimated 700 applicants on the list. The following table lists the 2011 payment standards for the county. Payment standards are divided between North Fulton and South Fulton County. The payment standard for Fulton County is as follows:

# of Bedrooms	Payment Standard
0 BR	\$731
1 BR	\$792
2 BR	\$881
3 BR	\$1,072
4 BR	\$1,170
5 BR	\$1,346
6 BR	\$1,521
7 BR	\$1,697

Source:HAFC,1/2011

The Subject’s gross rents are below the payment standard.

Planning Interview

We spoke with Cindy Hanson, city clerk with the city of Palmetto, GA regarding developments near the Subject that were either proposed or under construction. According to Ms. Hanson, there are no developments proposed or under construction in Palmetto, GA.

We contacted Ms. Hanson in July 2010 and as of the date of that report nothing was planned in Palmetto. We attempted to contact Ms. Hanson to get an update but our calls have not been returned as of the date of this report.

Additional interviews can be found in the comments section of the property profiles.

K. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- The Subject is located in Palmetto, Georgia, in Fulton County. The population in this PMA is projected to increase more than three times the growth expected in the nation over the next five years, and more than the Atlanta MSA. Similar to the population growth, the total number of households in the PMA is also projected to increase over the next five years. In 2010, there were 40,199 households, and in 2015 there are projected to be 46,577 households. Again, a growth rate more than three times the national rate. In 2010, 26.2 percent of the population earned incomes between \$20,000 and \$49,999. Persons within these income cohorts are expected to create demand for the Subject. Owner-occupied housing units dominate the housing market in the PMA, however, the number of renter households in the PMA is projected to remain relatively stable over the next five years.
- The MSA posted strong employment growth from 2005 to 2007 but total employment gains halted in 2008 due to the impact of the recession. Average annual employment decreased by 5.0 percent from 2008 to 2009. Over the same period, the unemployment rate increased by 3.8 percentage points, reaching 9.3 percent. Employment decreased 0.5 percent from March 2010 to March 2011 compared to a 0.6 percent increase in the nation. Unemployment in the MSA surpassed the nation in 2008 and has remained above the national average through YTD 2011. The MSA experienced a decrease in unemployment from March 2010 through March 2011 of 0.3 percentage points, which is less than the nation’s decrease of 0.9 percentage points. Employment decline will likely continue but is somewhat offset by announced expansions in the metropolitan area, which the Metro Atlanta Chamber of Commerce estimates will add over 5,300 jobs to the local economy. However, these expansions are contingent upon the performance of the local economy and employers’ ability to obtain financing.
- The Subject’s overall capture rate at the 50 percent AMI level is 2.7 percent and the overall capture rate at the 60 percent AMI level is 11.1 percent. The overall project capture rate is 11.3 percent and is considered low. Therefore, we believe there is adequate demand for the Subject.
- We were able to obtain absorption information from three of the comparable properties.

Absorption

Property	Year Built	Type	Total # of	Units Absorbed	Absorption Pace in
			Units	Per Month	Months
Palmetto Preserve*	1999/2009	LIHTC	50	7	7
Orchard Springs	2003	LIHTC/Market	220	28	8
Newnan Crossing	2004	LIHTC/Market	192	32	6

*Re-absorption rate of vacant units from November 2009 to June 2010.

Two of the comparable LIHTC properties were able to report absorption. These properties reported absorption rates of 28 to 32 units per month; however, both of these properties stabilized in a more stable housing market relative to the current market. We were also able to obtain re-absorption information for Palmetto Preserve. New

management took over and renovated this property in November 2009. At that time, the 120 unit property had 56 vacant units. Management reported that the property leased approximately seven units per month during the re-absorption period. We have conservatively estimated that the Subject will absorb approximately seven units per month. At this pace, the Subject's 50 percent AMI units would reach a stabilized occupancy of 93 percent within two months while the 60 percent AMI units would reach a stabilized occupancy of 93 percent within seven months.

- The three LIHTC properties have vacancy rates between 3.6 and 8.3 percent. Management at Orchard Springs noted that most of their vacancies are in the LIHTC units because their LIHTC rents compete with the rents at conventional rental properties in the area. Management at Palmetto Preserve indicated that they took over and renovated the property in November 2009. Renovations include new carpet, new appliances for select units, updates to the clubhouse, new landscaping, and new roofs. When the current management company took over, the property was 47.0 percent vacant due to poor past management. Since November 2009, the property's vacancy rate has steadily declined from 47.00 percent to 8.30 percent. Management further indicated that of the 10 vacancies, four are pre-leased. The Subject's rents will be significantly below the rents at Newnan Crossing and Orchard Springs and \$82 above the current 50 percent AMI rents at Palmetto Preserve. Palmetto Preserve has a current vacancy rate of 8.3 percent; however, four of the vacancies are pre-leased for an effective vacancy rate of 5.0 percent. As new construction, the Subject will be superior to all three existing LIHTC properties in terms of age and condition and it will also have a competitive amenities package.

Overall, we believe that the Subject will maintain a stabilized vacancy rate of five percent or less, which is similar to the market average. It should be noted that because the Subject will offer a superior product with lower rents, it is likely that the Subject will draw some tenants from the LIHTC comparables Newnan Crossing and Orchard Springs. Palmetto Preserve is located immediately south of the Subject site and offers two- and three-bedroom garden style units at 50 percent AMI whereas the Subject will offer three- and four-bedroom townhome style units at both 50 and 60 percent AMI. Because the Subject will offer bedroom types and AMI levels that are not offered at Palmetto Preserve, we believe that any impact that the Subject will have on this property will be short term. Additionally, the property manager of Palmetto Preserve indicated that there is demand in the market for another LIHTC property with a size of approximately 100 units. Further, the number of households in the PMA grew 5.7 percent annually from 2000 to 2010. This growth is considered significant and is higher than growth in the MSA of 3.0 percent and national growth of 1.0 percent over the same time period. Household growth in the PMA is projected to continue to outpace both the MSA and the nation through 2015. Given the strong household growth in the PMA as well as the stated need for additional LIHTC housing by the property manager at Palmetto Preserve, we believe there is sufficient demand for both properties and that the Subject will not have a long term impact on Palmetto Preserve.

- Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as proposed. The Subject's rents will be among the lowest in the LIHTC market. As new construction the Subject will be superior

to the comparables in terms of age and condition, design, and unit size and will have competitive amenities. Because the Subject will be generally superior to the LIHTC comparables and will have some of the lowest rents, it will have a significant rental advantage in the local market and its rents will be achievable.

The LIHTC properties Newnan Crossing and Orchard Springs are located between 6.6 and 11.6 miles from the Subject. Therefore, the Subject's lower rents will have a minimal impact on these properties. Palmetto Preserve is located immediately south of the Subject site. This property offers two- and three-bedroom garden style units at 50 percent AMI while the Subject will offer three- and four-bedroom townhome style units at 50 and 60 percent AMI. As newly constructed townhome style units, the Subject will be superior to this property in terms of age/condition and design and it will also offer larger units. The Subject's proposed three-bedroom 50 percent AMI rents are \$82 above the current rents at Palmetto Preserve, which is reasonable considering it will be generally superior to this property. Palmetto Preserve is currently 92 percent occupied and 95 percent leased. Management indicated that there is demand for approximately 100 additional LIHTC units in the market. Further, our demographic analysis indicates that the number of households in the PMA grew 5.7 percent annually between 2000 and 2010, which is significantly faster than household growth in the PMA and the nation (3.2 and 1.0 percent, respectively) over the same time period. Given the strong household growth and the stated need for additional LIHTC units as well as the healthy occupancy rates at the comparables, we believe there is sufficient demand in the market for both the Subject and Palmetto Preserve and any impact that the Subject will have on this property will be short term. Overall, we recommend the Subject as proposed.

Recommendations

- We recommend the Subject as proposed.

L. SIGNED STATEMENT REQUIREMENTS

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. To the best of my knowledge, the market can (cannot) support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.



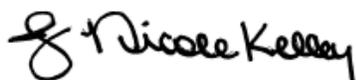
H. Blair Kincer, MAI
Partner
Novogradac & Company LLP

6-13-2011
Date



Michalena M. Sukenik
Manager
Novogradac & Company LLP

6-13-2011
Date



J. Nicole Kelley
Real Estate Analyst
Novogradac & Company LLP

6-13-2011
Date

M. ANALYST QUALIFICATIONS

STATEMENT OF PROFESSIONAL QUALIFICATIONS

H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
Member, National Council of Affordable Housing Market Analysts (NCAHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. 31534 – State of Arizona
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No. CG100026242 – State of Colorado
Certified General Real Estate Appraiser, No. 4206 – State of Kentucky
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1101008 – State of Washington
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.

Obtained the MAI designation in 1998 and maintained continuing education requirements since.

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.
- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.

H. Blair Kincer

Qualifications

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- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

MICHALENA M. SUKENIK

I. Education

Union College, Schenectady, New York
Bachelor of Arts in Cultural Anthropology
Union College Study Abroad, St. Lucy, Barbados

II. Professional Experience

Principal, Novogradac & Company LLP (Start date: September 2002 - present)
Dallas / Fort Worth and Atlanta Research Manager, CoStar Group, Inc.
Senior Research Analyst / Newswire Editor, CoStar Group, Inc.

III. Professional Training and Continuing Education

Member, National Council of Affordable Housing Market Analysts (NCAHMA)
Attended HUD Community Development Block Grant (CDBG) 30th Anniversary Conference, September 13-14, 2004, Washington, DC
Successfully completed "Introduction to Commercial Real Estate Analysis" and "Financial Analysis for Commercial Real Estate Investment"

IV. Real Estate Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Prepared a comprehensive city wide housing market analysis for the City of Biloxi, MS which included a housing needs assessment.
- Prepared a comprehensive neighborhood housing market analysis for the New Orleans East neighborhood in New Orleans, LA for the Louisiana Housing and Finance Agency. The study focused on the housing and economic trends Pre- and Post- Hurricane Katrina and overall housing needs in that neighborhood.
- Assisted in preparing an approved HUD Consolidated Plan for the City of Gainesville, GA; which included a housing and homeless needs assessment, market analysis, non-housing needs analysis, and a strategic plan, which conformed to 24CFR Part 91, Consolidated Plan Regulations for the ensuing five-year period (2004-2009).
- Assisted in preparing a comprehensive senior housing study in Seattle, Washington for the Seattle Housing Authority. This study evaluated the Seattle Housing Authority's affordable senior housing project for their position within the entire city's senior housing market. The research involved analysis of the senior population by neighborhood, income, household size, racial composition, and tenure.
- Conducted market studies for senior projects in Alabama, Alaska, Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, Washington, and Wisconsin.
- Assisted in appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Assisted in the preparation of Rent Comparability Studies and HUD MAP Market Studies according to HUD guidelines.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

NICOLE KELLEY

I. Education

Auburn University, Auburn, Alabama
Bachelor of Science in Business Administration
Auburn University, Auburn, Alabama
Master of Business Administration

II. Professional Experience

Analyst, Novogradac & Company LLP (Start Date: May 2006 – Present)
Intern, Bullock Mannelly Partners
Graduate Assistant, Auburn University College of Business

III. Research Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Assisted with market studies of proposed new construction and existing Low-Income Housing Tax Credit (LIHTC) properties. Market analysis includes preliminary property screenings, market analysis, comparable rent surveys, and demand analysis.
- Assisted in appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Assisted in the preparation of Rent Comparability Studies according to HUD guidelines.