



A MARKET CONDITIONS AND PROJECT EVALUATION SUMMARY OF

**PEYTON RIDGE
NE Corner of Smyrna Church Road and Leonard Bridge Road
Chatsworth, Murray County, Georgia 30705**

Effective Date: May 8, 2014

Report Date: June 2, 2014

Prepared For

**Mr. Michael Sherard
Southport Financial Services
C/O SP Chatsworth LLC
2430 Estancia Blvd., Suite 101
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Prepared By

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June 2, 2014

Mr. Michael Sherard
Southport Financial Services
C/O SP Chatsworth LLC
2430 Estancia Blvd., Suite 101
Clearwater, FL 33761

Re: Market Study for Peyton Ridge in Chatsworth Georgia

Dear Mr. Sherard:

At your request, Novogradac & Company LLP performed a market study of the family rental market in the Chatsworth, Murray County, Georgia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project, the (Subject). The purpose of this market study is to assess the viability of the construction of Peyton Ridge, a proposed development consisting of 72 units. Units will be restricted to households earning 50 and 60 percent of the AMI, or less. 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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LEED Certified Associate
Partner
Novogradac & Company LLP



Edward R. Mitchell
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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:

The Subject, Peyton Ridge, will be located on the northeast corner of Smyrna Church Road and Leonard Bridge Road. The proposed development will target families earning 50 and 60 percent of AMI or below. The Subject will offer 72 townhouse-style two and three-bedroom units. 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	Size (SF)	Asking Rent	Utility Allowance (1)	Gross Rent	2014 LIHTC Maximum Allowable Gross Rent	2014 HUD Fair Market Rents
<i>50% AMI</i>							
2BR/2BA	6	1,000	\$400	\$117	\$517	\$517	\$667
3BR/2BA	5	1,200	\$449	\$144	\$593	\$596	\$840
<i>60% AMI</i>							
2BR/2BA	30	1,000	\$446	\$117	\$563	\$621	\$667
3BR/2BA	<u>31</u>	1,200	\$494	\$144	\$638	\$716	\$840
Total	72						

Notes (1) Source of Utility Allowance provided by the Georgia Department of Community Affairs, Effective 7/1/2014

The Subject will offer the following amenities: blinds, carpeting, central air-conditioning, coat closet, dishwasher, ceiling fan, garbage disposal, hand-rails, microwaves, oven, refrigerator, walk-in closet and washer/dryer hook-ups, as well as common area amenities including, a business center/computer lab, clubhouse/meeting room/community room, courtyard, exercise facility, central laundry, off-street parking, on-site management, picnic area, playground, and recreation areas. Many of the comparables offer balcony/patios and exterior storage, which the Subject does not include as an in-unit amenity. However, the majority of the comparable properties lack a business center/computer lab, courtyard, exercise facility, picnic area, and recreation area, all of which will be offered at the Subject. Overall, the Subject will have a generally similar in-unit amenities package and a similar to superior common area amenities package.

2. Site Description/Evaluation:

The Subject site is located east of Smyrna Church Road and north of Leonard Bridge Road. Immediate uses surrounding

the site consist of vacant land, single-family homes, and retail in average condition. Smaller commercial developments and retail shopping centers are located northwest along Highway 411. Retail appeared to be 80 percent occupied. The area south of the Subject, along Leonard Bridge Road and Smyrna Church Road is vacant, undeveloped land. Southwest of the Subject site is single-family homes. According to trulia.com, these homes are overall in average condition with a median sales price of \$93,875. Overall, the Subject site is considered a desirable building site for rental housing. The uses surrounding the Subject are in average condition and the site has good proximity to retail and other commercial uses.

3. Market Area Definition:

The PMA is defined by the Chattahoochee National Forest to the west, north, and east. The southern boundary of the PMA is the southern border of both Whitfield and Murray County. The PMA has a radius of approximately 10 miles and covers approximately 245 square miles. Due to the Subject's rural location, we believe that the PMA is reasonable.

4. Community Demographic

The population growth in the PMA in 2013 was slightly below that of the MSA but above the nation. The population will continue to grow in the PMA through the projected market entry date, but will be slightly behind both the PMA and the nation. In 2013, 41.2 percent of the population in the PMA is between the ages of 20 and 54, which bodes well for the subject's units. Similar to population trends, total household growth in the PMA is projected to increase at a rate below that of the MSA and nation.

Average household size is projected to increase slightly in the PMA and MSA with a nominal annual change of 0.1 percent, while the nation is projected to remain stable through 2018. An estimated 47.8 percent of households in the PMA are projected to earn between \$20,000 and \$59,999 per year at the time of market entry, a number expected to remain by 2018.

5. Economic Data:

The largest industries in the PMA are manufacturing, retail trade and educational services. Together these three industries comprise 52.5 percent of employment in the PMA. The Dalton, GA MSA experienced moderate employment growth prior to the advent of the recession in 2008. The area felt the negative effects early in 2007 and

has suffered more losses through 2013. The total employment has declined 26 percent since 2006 with no net increase of jobs in the recent years after the recession. Although recent articles site the increase in employment and decrease in new claims for unemployment insurance, the area economy has been slow to recover, as the December 2013 total employment decreased significantly over the prior year.

6. Project-Specific Affordability And Demand Analysis:

Our demand analysis indicates that there are approximately 421 income qualified renter households in the PMA. The following table illustrates capture rates for the Subject’s units.

CAPTURE RATE ANALYSIS CHART

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate
2BR at 50% AMI	\$17,723 - \$20,700	6	130	0	130	4.6%
3BR at 50% AMI	\$20,434 - \$24,800	5	128	0	128	3.9%
Overall 50%	\$17,723 - \$24,800	11	258	0	258	4.3%
2BR at 60% AMI	\$20,537 - \$24,840	30	176	0	176	17.0%
3BR at 60% AMI	\$23,143 - \$29,760	31	174	0	174	17.8%
Overall 60%	\$20,537 - \$29,760	61	351	0	351	17.4%
Overall 2BR	\$17,723 - \$24,840	36	212	0	212	17.0%
Overall 3BR	\$20,434 - \$29,760	36	209	0	209	17.2%
Total Overall	\$17,723 - \$29,760	72	421	0	421	17.1%

The overall capture rate is 17.1 percent. We believe that the capture rates are reasonable for the Subject based on its target population, and there is adequate demand based on our conclusions.

7. Competitive Rental Analysis:

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property. To evaluate the competitive position of the Subject, 947 units in nine rental properties were surveyed in depth. The data in the PMA is considered adequate on which to base our conclusions. The comparable properties in our survey include a range of units targeting several different AMI levels and unrestricted units. The Subject will offer 50 and 60 percent AMI units.

Vacancy rates in the market range from zero to 12.5 percent, with an average of 4.4 percent. The LIHTC comparables reported vacancy rates between 5.0 and 12.5

percent with an average of 6.8 percent, while the market rate comparables reported vacancy rates between zero and 9.3 percent with an average of 3.3 percent. Fieldstone Apartments reported the highest vacancy rate and is the only comparable property located in Chatsworth. We spoke with the property manager regarding the high vacancy rate and she noted that it was due to natural turnover. She said that two of the units had already been leased, which equates to the property being approximately 91 percent leased. She also noted that the properties' units are restricted to tenants earning 50 percent of AMI or less, but noted that units restricted to tenants earning 60 percent AMI or less would likely have broader appeal. Additionally, Fieldstone Apartments was built in 1999 and will be inferior to the Subject in terms of age and condition. The Subject will also offer rents at both 50 and 60 percent of AMI making the Subject's units available to more potential tenants. Many of the property managers in the area reported strong occupancy levels, which they noted has been the trend over the past year. The property managers reported no impact from the lagging economy on rental units in the area. We believe that the Subject will have a vacancy rate of five percent or less.

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.

Subject Comparison to "Market Rents"

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Subject Rent Advantage
50% AMI					
2 BR	\$400	\$385	\$823	\$595	49%
3 BR	\$449	\$431	\$939	\$667	49%
60% AMI					
2 BR	\$446	\$420	\$823	\$626	40%
3 BR	\$494	\$650	\$939	\$758	53%

As illustrated the Subject's proposed 50 and 60 percent rents are well below the surveyed average when compared to the comparables, both LIHTC and market rate. This is

considered reasonable given that there are very few newly constructed market rate properties and the Subject will be significantly superior to the market rate inventory. It should be noted that the Subject will be in superior condition to all of the comparables and thus, the market rate properties are not good rent comparisons at the 60 percent AMI level. Overall, we believe that the Subject's proposed rents are achievable in the market and will offer a substantial market rent advantage.

8. Absorption/Stabilization

Estimate:

Absorption data was not available for the comparables. Therefore, we will base our estimate of absorption on population and household trends in the region. Through the market entry, the total population in the PMA is projected to increase by 1,316 individuals. Additionally, the number of households is projected to increase by 366 households over the same period of analysis. As detailed in the demand analysis contained within this report, a significant portion of the families in the PMA will be income-eligible to reside at the Subject. As a result, we believe that the Subject could lease a total of six units per month, or an absorption period of approximately 11 months until stabilization.

9. Overall Conclusion:

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property. To evaluate the competitive position of the Subject, 947 units in nine rental properties were surveyed in depth. The data in the PMA is considered adequate on which to base our conclusions. The comparable properties in our survey include a range of units targeting several different AMI levels and unrestricted units. The Subject will offer 50 and 60 percent AMI units.

Vacancy rates in the market range from zero to 12.5 percent, with an average of 4.4 percent. The LIHTC comparables reported vacancy rates between 5.0 and 12.5 percent with an average of 6.8 percent, while the market rate comparables reported vacancy rates between zero and 9.3 percent with an average of 3.3 percent. Fieldstone Apartments reported the highest vacancy rate and it the only comparable property located in Chatsworth. We spoke with the property manager regarding the high vacancy rate and she noted that it was due to natural turnover. She said that two of the units had already been leased, which equates to the property being approximately 91 percent leased. She also noted that the properties' units

are restricted to tenants earning 50 percent of AMI or less, but noted that units restricted to tenants earning 60 percent AMI or less is more reasonable in this market. Additionally, Fieldstone Apartments was built in 1999 and will be inferior to the Subject in terms of age and condition. The Subject will also offer rents at both 50 and 60 percent of AMI making the Subject's units available to more potential tenants. We believe that the Subject will have a vacancy rate of five percent or less. It should be noted that the total employment in the MSA has declined 26 percent since 2006 with no net increase of jobs in the recent years after the recession. Although recent articles site the increase in employment and decrease in new claims for unemployment insurance, the area economy has been slow to recover, as the December 2013 total employment decreased significantly over the prior year. Many of the property managers in the area reported strong occupancy levels, which they noted has been the trend over the past year. The property managers reported no impact from the lagging economy on rental units in the area. The Subject will be new construction and be superior to all of the comparables in terms of construction. The Subject's proposed rents are within the comparables and will be achievable.

Summary Table:

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

Development Name:	Peyton Ridge	Total # Units:	72
Location:	NE Corner of Smyrna Church Road and Leonard Bridge Road Chatsworth, Murray County, GA 30705	# LIHTC Units:	72
PMA Boundary:	North: Chattahoochee National Forest; South: Southern Border of Whitfield and Murray County; East: Chattahoochee National Forest; West: Chattahoochee National Forest		
	Farthest Boundary Distance to Subject:	25.9 miles	

Rental Housing Stock (found on pages 6 and 89)

Type	# Properties*	Total Units	Vacant Units	Average Occupancy
All Rental Housing	13	1,305	68	95%
Market-Rate Housing	10	999	55	94.5%
<i>Assisted/Subsidized Housing not to include LIHTC</i>	9	N/Ap	N/Ap	N/Ap
LIHTC	4	354	22	93.8%
Stabilized Comps	9	947	42	95.6%
Properties in Construction & Lease Up	N/Ap	N/Ap	N/Ap	N/Ap

*Only includes properties in PMA

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
6	2BR at 50% AMI	2	1,000	\$400	\$595	\$0.60	33%	\$823	\$0.68
5	3BR at 50% AMI	2	1,200	\$449	\$626	\$0.52	28%	\$939	\$0.63
30	2BR at 60% AMI	2	1,000	\$446	\$667	\$0.67	33%	\$823	\$0.68
31	3BR at 60% AMI	2	1,200	\$494	\$758	\$0.63	35%	\$939	\$0.63

Demographic Data (found on page 33)

	2000		2013		2016	
Renter Households	10,077	35.10%	12,913	39.70%	12,990	39.50%
Income-Qualified Renter HHs (LIHTC)	3,517	34.90%	3,698	28.64%	895	28.64%

Targeted Income-Qualified Renter Household Demand (found on pages 47-59)

Type of Demand	30%	50%	60%	Market-rate	Other: __	Overall*
Renter Household Growth	N/Ap	12	16	N/Ap	N/Ap	19
Existing Households (Overburdened + Substandard)	N/Ap	398	541	N/Ap	N/Ap	649
Homeowner conversion (Seniors)	N/Ap	0	0	N/Ap	N/Ap	0
Total Primary Market Demand	N/Ap	410	557			668
Less Comparable/Competitive Supply	N/Ap	0	0	N/Ap	N/Ap	0
Adjusted Income-qualified Renter HHs**	N/Ap	410	557	N/Ap	N/Ap	668

Capture Rates (found on page 62)

Targeted Population	30%	50%	60%	Market-rate	Other: __	Overall
Capture Rate:	N/Ap	4.30%	17.40%	N/Ap	N/Ap	17.10%

*Includes LIHTC and unrestricted (when applicable)

B. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Project Address and Development Location:	The Subject is located at the northeastern corner of Smyrna Church Road and Leonard Bridge Road in Chatsworth, Murray County, Georgia.
Construction Type:	The Subject is proposed new construction and will consist of eighteen townhouse-style residential buildings and a clubhouse.
Occupancy Type:	The Subject will target general households.
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:	All of the units are expected to operate with income restrictions of 50 and 60 percent of AMI. There is not expected to be any rental assistance at the property.
Proposed Development Amenities:	See following property profile.

Property Profile Report

Peyton Ridge

Location NEC Of Smyrna Church
Road And Leonard Bridge
Road
Chatsworth, GA 30705
Murray County



Distance n/a
Units 72
Vacant Units N/A
Vacancy Rate N/A
Type Townhouse
Year Built / Renovated 2016
Marketing Began n/a
Leasing Began n/a
Last Unit Leased n/a
Major Competitors n/a
Tenant Characteristics n/a

Market

Program @50% , @60% **Leasing Pace** n/a
Annual Turnover Rate N/A **Change in Rent (Past** 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** included
Water Heat not included -- electric **Sewer** 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?
2	1	Townhouse	6	1,000	\$400	\$0	@50%	n/a	N/A	N/A	no
2	1	Townhouse	30	1,000	\$446	\$0	@60%	n/a	N/A	N/A	no
3	1	Townhouse	5	1,200	\$449	\$0	@50%	n/a	N/A	N/A	no
3	1	Townhouse	31	1,200	\$494	\$0	@60%	n/a	N/A	N/A	no

Amenities

In-Unit	Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Hand Rails Microwave Oven Refrigerator Walk-In Closet Washer/Dryer hookup	Security	Limited Access Perimeter Fencing Video Surveillance
Property	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Courtyard Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Playground Recreation Areas	Premium	none
Services	none	Other	none

Comments

The Subject utilizes an electric heat pump for heating. The tenant paid utility allowance is \$117 for the two-bedroom units and \$144 for the three-bedroom units.

Scope of Renovations:	The Subject will be new construction.
Current Rents:	The Subject will be new construction.
Current Occupancy:	The Subject will be new construction.
Current Tenant Income:	The Subject will be new construction.
Placed in Service Date:	The Subject is proposed new construction with a market entry date of June 2016.
Conclusion:	The Subject will be newly constructed and will exhibit excellent condition. 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:

Murad Karimi visited the site on May 8, 2014.

2. Physical Features of the Site:

The following illustrates the physical features of the site.

Frontage:

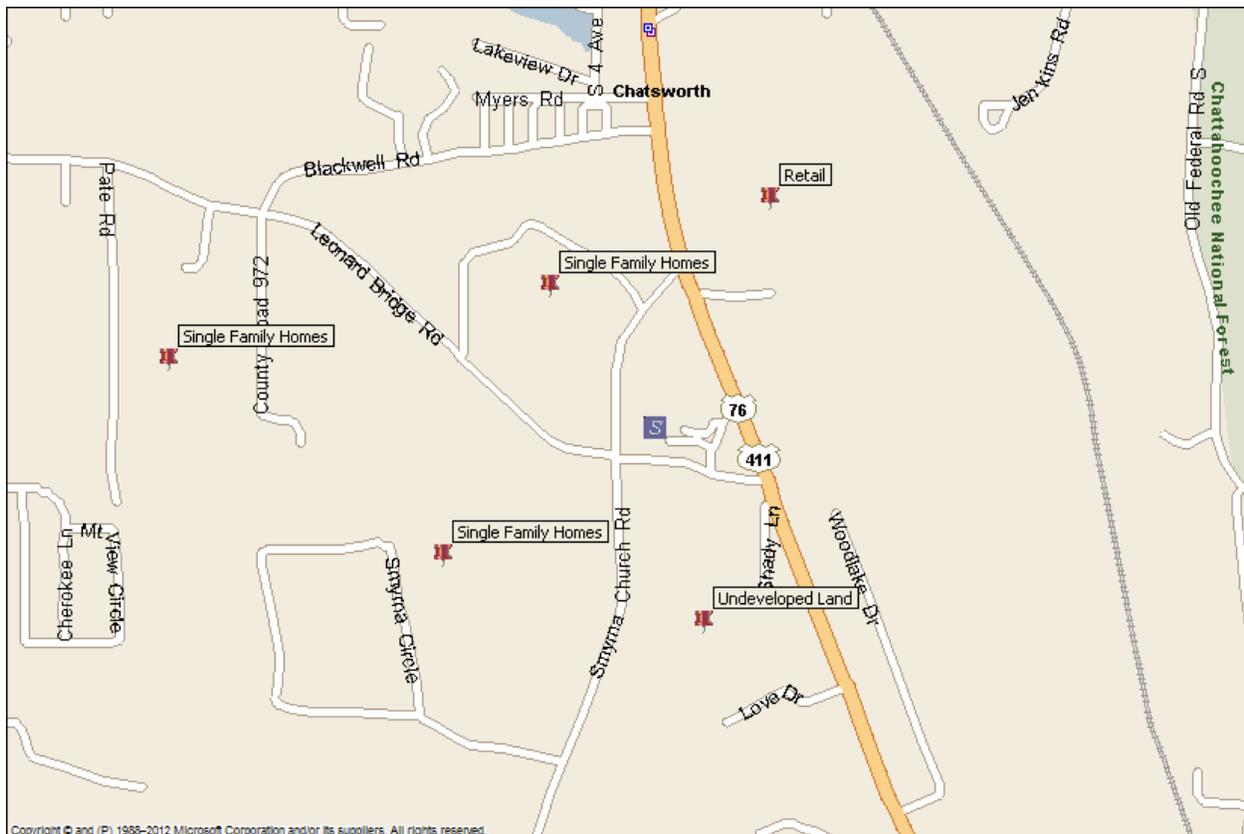
The Subject site has frontage along Smyrna Church Road and Leonard Bridge Road.

Visibility/Views:

The Subject is located on the eastern side of Smyrna Church Road and the northern side of Leonard Bridge Road. Visibility and views from the site will be average.

Surrounding Uses:

The following map and pictures illustrate the surrounding land uses.



The condition of the immediate surrounding uses is in average condition. The retail shopping centers and single-family homes have not been updated in recent years.

Positive/Negative Attributes of Site:

The Subject's proximity to retail and other locational amenities as well as its surrounding uses, are considered positive attributes. We did not witness any negative attributes in the Subject's immediate neighborhood.

3. Physical Proximity to Locational Amenities:

The Subject is located in Chatsworth, GA on Leonard Bridge Road between Smyrna Church Road and Highway 411 in a heavily undeveloped area with many single family homes. Nearby amenities include Murray County High School, Murray Medical Center, Chatsworth-Murray County Library, several places of worship and a community center. All locational amenities are located within three miles of the Subject site.

Overall, the Subject will be located close to many services in Chatsworth and the community presents a good location for an affordable development. The Subject is projected to have a positive impact on the local neighborhood.

4. Pictures of Site and Adjacent Uses:



Subject Site



Subject Site



Subject Site



Subject Site



Gas Station in Subject's neighborhood



Grocery Store in Subject's neighborhood



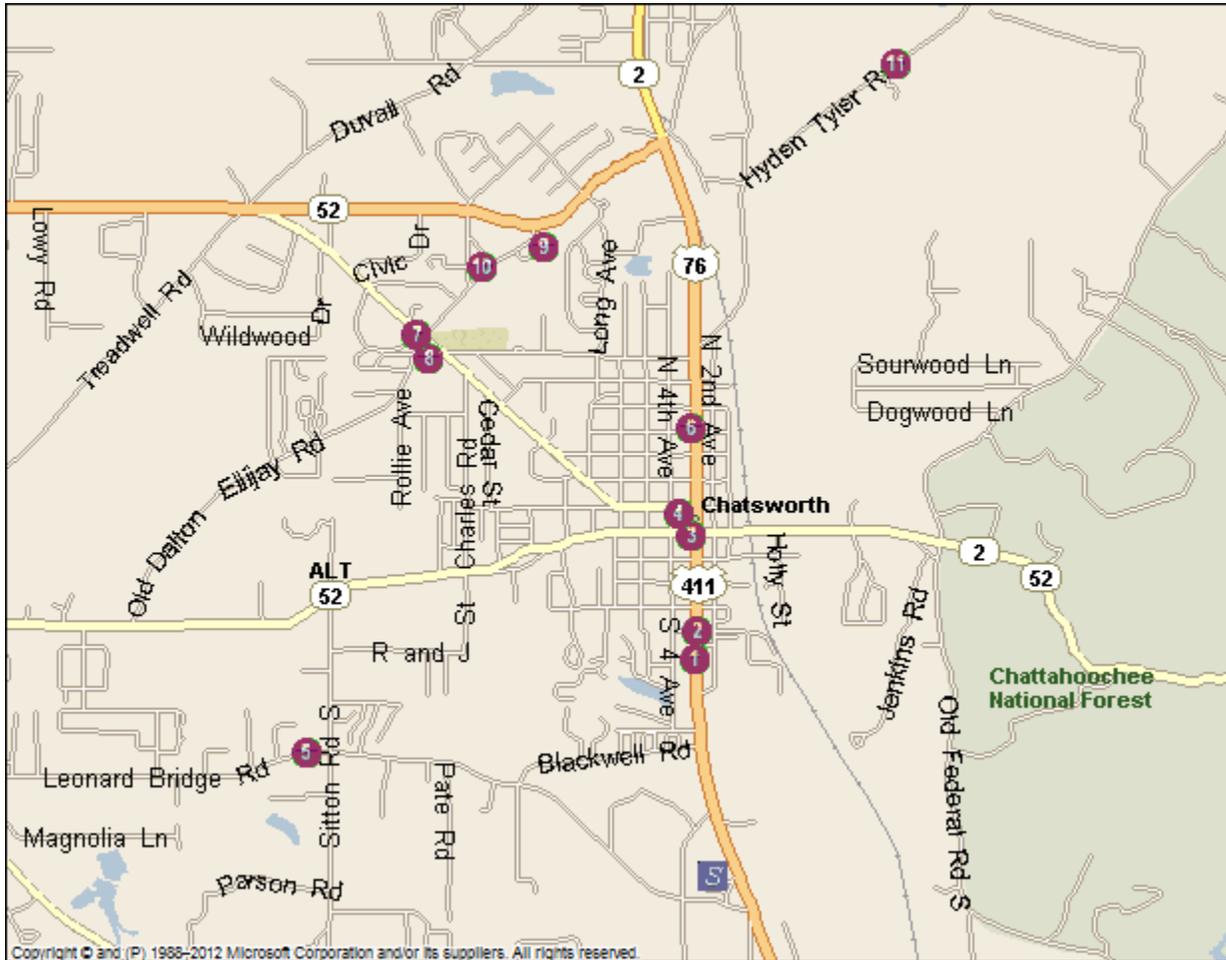
Bank in Subject's neighborhood



Pharmacy in Subject's neighborhood

5. Proximity to Locational Amenities:

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



Locational Amenities

Map #	Amenity	Distance from Subject
1	MAPCO Gas Station	0.8 miles
2	Save-A-Lot	0.9 miles
3	Wells Fargo	1.2 miles
4	Post Office-Chatsworth	1.3 miles
5	Coker Elementary School	1.5 miles
6	Corner Drugs	1.6 miles
7	Murray County High School	2.2 miles
8	Chatsworth-Murray County Library	2.2 miles
9	Gladden Middle School	2.3 miles
10	Murray Medical Center	2.4 miles
11	Murray County Community Center	3.0 miles

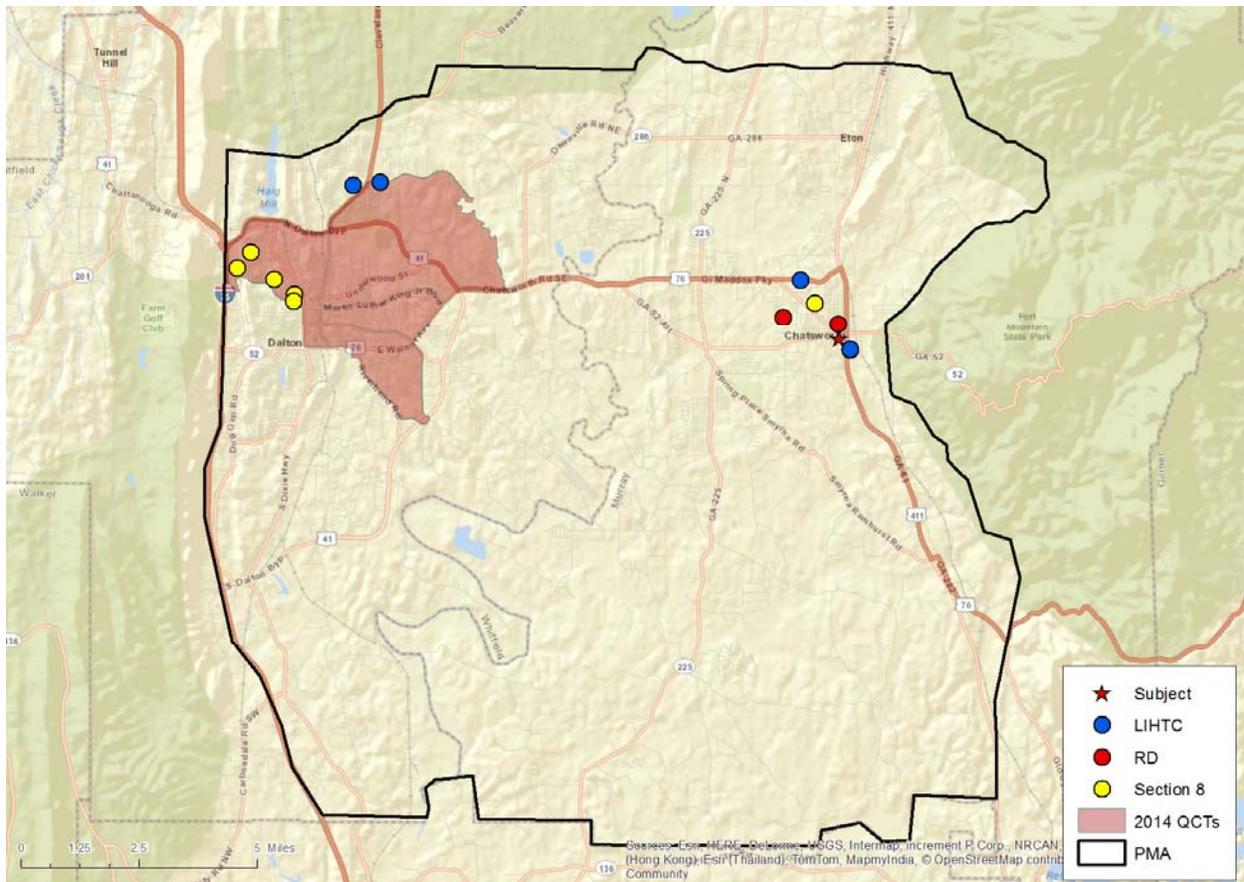
6. Description of Land Uses:

The Subject site is located east of Smyrna Church Road and north of Leonard Bridge Road. Immediate uses surrounding the site consist of vacant land, single family homes, and retail in average condition. Smaller commercial developments and retail shopping centers are located

northwest along Highway 411. Retail appeared to be 80 percent occupied. The area south of the Subject, along Leonard Bridge Road and Smyrna Church Road is vacant, undeveloped land. Southwest of the Subject site is single-family homes. According to trulia.com, These homes are overall in average condition with a median sales price of \$93,875. Overall, the Subject site is considered a desirable building site for rental housing. The uses surrounding the Subject are in average condition and the site has good proximity to retail and other commercial uses.

7. Existing Assisted Rental Housing Property Map:

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



Chatsworth, GA



Name	Address	City	State	Mileage from Subject	Type	Map	Included/ Excluded	Reason for Exclusion
Cohutta Shadows	506 S 2nd Ave	Chatsworth	GA	0.9 miles	Rural Development	Blue	Excluded	Subsidized
Cohutta View Apts	1337 Old Dalton-Ellijay Road	Chatsworth	GA	2.1 miles	Rural Development		Excluded	Subsidized
Kinnamon Part LLP	300 N 5th ave	Chatsworth	GA	1.4 miles	Rural Development		Excluded	Subsidized
Oran Housing Inc	735 W Chestnut St	Chatsworth	GA	2.0 miles	Section 8 (Disabled)	Yellow	Excluded	Subsidized
Mountain Woods	1016 Ponderosa Lane	Dalton	GA	12.6 miles	Section 8		Excluded	Subsidized
The Cliffs Apartments	816 Shugart Road	Dalton	GA	13.3 miles	Section 8		Excluded	Subsidized
Courtyard Apts	506 Davis Street	Dalton	GA	12.1 miles	Section 8		Excluded	Subsidized
Whitfield Commons	519 Hawthorne St	Dalton	GA	12.0 miles	Section 8 (Senior)	Yellow	Excluded	Subsidized
Whitfield Place	1320 Winton place	Dalton	GA	13.1 miles	Section 8 (Senior)		Excluded	Subsidized
Fieldstone Apartments	400 S 2nd Ave	Chatsworth	GA	0.9 miles	LIHTC/HOME	Red	Included	N/Ap
Linwood Place	300 Civic Drive	Chatsworth	GA	2.5 miles	LIHTC (Senior)		Excluded	Senior Tenancy
Dawnville Meadows Apts	161 Dawnville Road	Dalton	GA	11.0 miles	LIHTC/Market		Included	N/Ap
Autumn Ridge Apts	850 Autumn Court	Dalton	GA	11.3 miles	LIHTC/Market	Red	Included	N/Ap

8. Road/Infrastructure Proposed Improvements:

We witnessed no road/infrastructure improvements during our site inspection.

9. Access, Ingress/Egress and Visibility of site:

The property has access from Smyrna Church Road and Leonard Bridge Road from Highway 411. The site has average visibility from Highway 411, but very good visibility from Smyrna Church Road and Leonard Bridge Road.

10. Environmental Concerns:

None visible upon site inspection.

11. Conclusion:

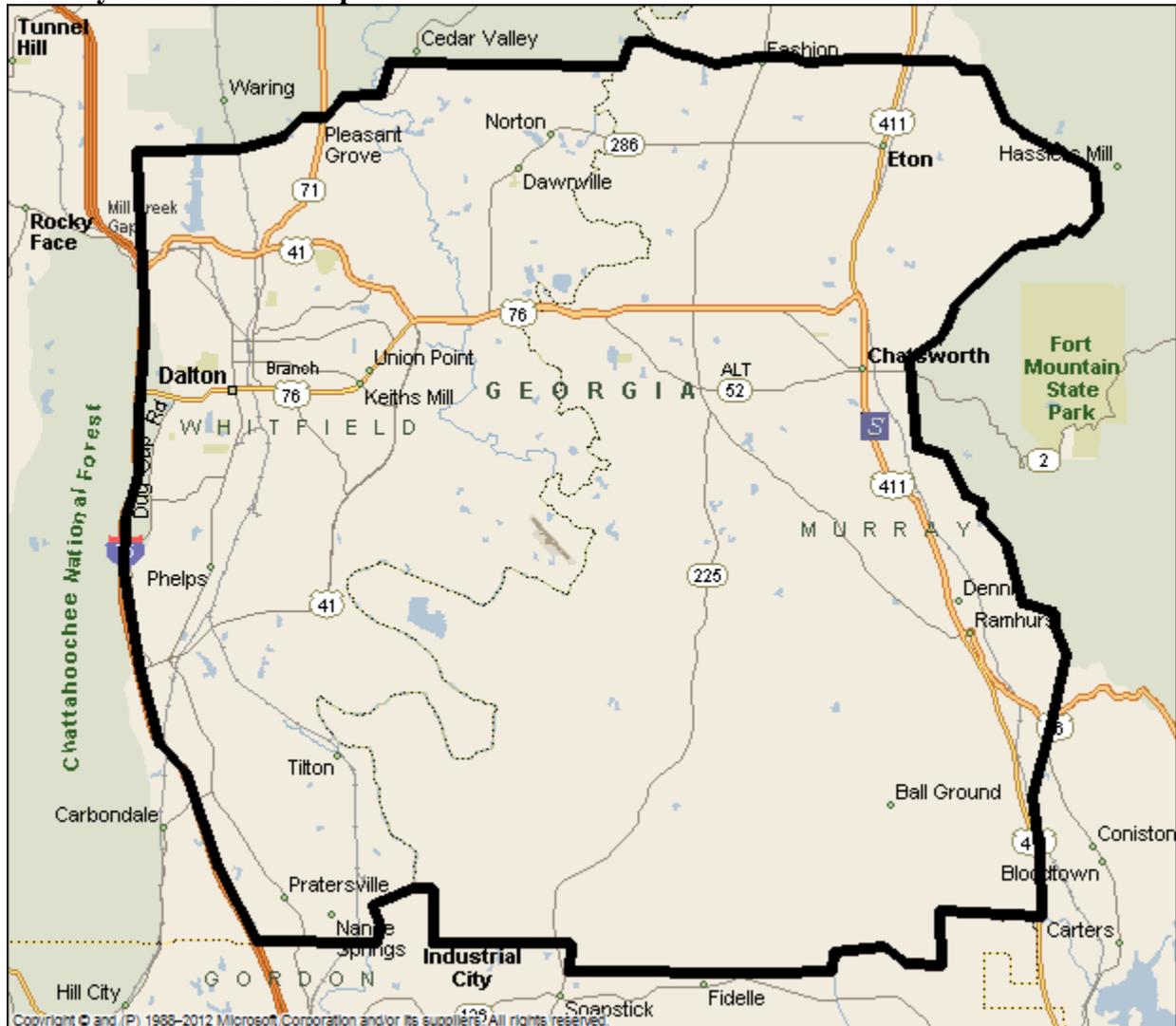
The Subject will consist of 18 excellent quality townhouse-style residential buildings and one community building. As new construction, the Subject will not suffer from deferred maintenance or functional obsolescence.

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 Dalton MSA are areas of growth or contraction.

The boundaries of the PMA are as follows:
 North – Chattahoochee National Forest
 South- Southern border of Whitfield and Murray County

East- Chattahoochee National Forest
West- Chattahoochee National Forest

The PMA is defined by the Chattahoochee National forest which borders the PMA to the west, north, and east. To the south, the southern border of Whitfield and Murray County defines the PMA. This area includes the Cities of Dalton and Chatsworth. The area was defined based on interviews with the local housing authority and property managers at comparable properties. Many property managers indicated that a significant portion of their tenants come from within the immediate areas.

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 Dalton, 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 2018.

TOTAL POPULATION

Year	PMA		Dalton, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
1990	66,953	-	98,458	-	248,709,873	-
2000	81,718	2.2%	119,836	2.2%	281,421,906	1.3%
2013	96,728	1.4%	144,376	1.5%	315,444,544	0.9%
Projected Mkt Entry June 2016	98,044	0.5%	146,810	0.6%	322,101,707	0.7%
2018	98,984	0.5%	148,549	0.6%	326,856,823	0.7%

Source: ESRI Demographics 2013, Novogradac & Company LLP, April 2014

POPULATION BY AGE IN 2013

Age Cohort	PMA		Dalton, GA MSA		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,860	8.1%	10,859	7.5%	20,027,834	6.3%
5-9	7,719	8.0%	10,955	7.6%	20,305,969	6.4%
10-14	7,543	7.8%	11,054	7.7%	20,664,258	6.6%
15-19	6,877	7.1%	10,178	7.0%	21,217,478	6.7%
20-24	6,817	7.0%	9,846	6.8%	22,842,251	7.2%
25-29	6,680	6.9%	9,663	6.7%	21,494,659	6.8%
30-34	6,559	6.8%	9,511	6.6%	21,041,804	6.7%
35-39	6,340	6.6%	9,375	6.5%	19,423,837	6.2%
40-44	6,763	7.0%	10,271	7.1%	20,789,809	6.6%
45-49	6,409	6.6%	9,938	6.9%	21,274,128	6.7%
50-54	6,046	6.3%	9,621	6.7%	22,615,522	7.2%
55-59	5,302	5.5%	8,536	5.9%	21,155,463	6.7%
60-64	4,697	4.9%	7,547	5.2%	18,575,616	5.9%
65-69	3,768	3.9%	6,017	4.2%	14,286,322	4.5%
70-74	2,815	2.9%	4,408	3.1%	10,422,155	3.3%
75-79	1,966	2.0%	2,986	2.1%	7,612,501	2.4%
80-84	1,375	1.4%	1,989	1.4%	5,754,938	1.8%
85+	1,192	1.2%	1,622	1.1%	5,940,001	1.9%
Total	96,728	100.0%	144,376	100.0%	315,444,545	100.0%

Source: ESRI Demographics 2013, Novogradac & Company LLP, April 2014

As can be seen in the above charts, the population growth in the PMA in 2013 was slightly below that of the MSA but above the nation. The population will continue to grow in the PMA through the projected market entry date, but will be slightly behind both the SMA and the nation.

In 2013, 41.2 percent of the population in the PMA is between the ages of 20 and 54, which bodes well for the subject's units.

2. Household Trends

2a. Total Number of Households, Average Household Size

TOTAL NUMBER OF HOUSEHOLDS

Year	PMA		Dalton, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
1990	24,828	-	36,174	-	91,947,410	-
2000	28,747	1.6%	42,714	1.8%	105,991,193	1.5%
2013	32,537	1.0%	49,756	1.2%	119,423,008	1.0%
Projected Mkt Entry June 2016	32,903	0.4%	50,476	0.5%	122,050,187	0.8%
2018	33,164	0.4%	50,991	0.5%	123,926,744	0.8%

Source: ESRI Demographics 2013, Novogradac & Company LLP, April 2014

AVERAGE HOUSEHOLD SIZE

Year	PMA		Dalton, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.81	-	2.78	-	2.58	-
2013	2.94	0.3%	2.88	0.3%	2.57	0.0%
Projected Mkt Entry June 2016	2.94	0.1%	2.88	0.1%	2.57	0.0%
2018	2.95	0.1%	2.89	0.1%	2.57	0.0%

Source: ESRI Demographics 2013, Novogradac & Company LLP, April 2014

Similar to population trends, total household growth in the PMA is projected to increase at a rate below that of the MSA and nation. Average household size is projected to increase slightly in the PMA and MSA with a nominal annual change of 0.1 percent, while the nation is projected to remain stable through 2018.

2b. Households by Tenure

The table below depicts household growth by tenure from 2006 through 2018.

TENURE PATTERNS PMA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
	2000	18,670	64.9%	10,077
2013	19,624	60.3%	12,913	39.7%
Projected Mkt Entry June 2016	19,913	60.52%	12,990	39.48%
2018	20,119	60.7%	13,045	39.3%

Source: ESRI Demographics 2013, Novogradac & Company LLP, April 2014

Owner-occupied housing dominates the housing market in the PMA and is projected to stand at 60.52 percent at the time of market entry. However, this number is smaller than the national average, which is projected to stand at 80.1 percent at the time of market entry. The percentage

of renter occupied units are projected to remain relatively stable through 2018, while the total number renter-occupied units increases slightly.

2c. Households by Income

The following table depicts household income in 2013, 2016 and 2018 for the PMA.

HOUSEHOLD INCOME DISTRIBUTION - PMA

Income Cohort	2013		Projected Mkt Entry June 2016		2018	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,095	9.5%	3,341	10.2%	3,516	10.6%
\$10,000-19,999	6,119	18.8%	6,316	19.2%	6,457	19.5%
\$20,000-29,999	4,768	14.7%	4,950	15.0%	5,080	15.3%
\$30,000-39,999	4,277	13.1%	4,335	13.2%	4,377	13.2%
\$40,000-49,999	3,578	11.0%	3,640	11.1%	3,685	11.1%
\$50,000-59,999	2,874	8.8%	2,801	8.5%	2,749	8.3%
\$60,000-74,999	2,604	8.0%	2,535	7.7%	2,485	7.5%
\$75,000-99,999	2,665	8.2%	2,585	7.9%	2,528	7.6%
\$100,000-124,999	1,292	4.0%	1,204	3.7%	1,142	3.4%
\$125,000-149,999	467	1.4%	445	1.4%	429	1.3%
\$150,000-199,999	464	1.4%	433	1.3%	410	1.2%
\$200,000+	335	1.0%	318	1.0%	306	0.9%
Total	32,537	100.0%	32,903	100.0%	33,164	100.0%

Source: Ribbon Demographics 2013, Novogradac & Company LLP, April 2014

An estimated 47.8 percent of households in the PMA are projected to earn between \$20,000 and \$59,999 per year at the time of market entry, a number expected to remain stable by 2018. As the Demand Analysis will later demonstrate, there is adequate income-qualified demand for the Subject in the PMA.

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		2013		Projected Mkt Entry June 2016		2018	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	2,564	25.4%	3,448	26.7%	3,471	26.7%	3,487	26.7%
With 2 Persons	2,495	24.8%	3,024	23.4%	3,030	23.3%	3,034	23.3%
With 3 Persons	1,796	17.8%	2,222	17.2%	2,241	17.3%	2,254	17.3%
With 4 Persons	1,445	14.3%	1,949	15.1%	1,951	15.0%	1,953	15.0%
With 5+ Persons	1,778	17.6%	2,269	17.6%	2,298	17.7%	2,318	17.8%
Total Renter Households	10,077	100.0%	12,913	100.0%	12,990	100.0%	13,045	100.0%

Source: Ribbon Demographics 2013, Novogradac & Company LLP, April 2014

At the time of market entry, 49.7 percent of renter households in the PMA are projected to consist of three or more people, which bodes well for the Subject’s two and three-bedroom units.

CONCLUSION

The population growth in the PMA in 2013 was slightly below that of the MSA but above the nation. The population will continue to grow in the PMA through the projected market entry

date, but will be slightly behind both the PMA and the nation. In 2013, 41.2 percent of the population in the PMA is between the ages of 20 and 54, which bodes well for the subject's units. Similar to population trends, total household growth in the PMA is projected to increase at a rate below that of the MSA and nation.

Average household size is projected to increase slightly in the PMA and MSA with a nominal annual change of 0.1 percent, while the nation is projected to remain stable through 2018. An estimated 47.8 percent of households in the PMA are projected to earn between \$20,000 and \$59,999 per year at the time of market entry, a number expected to remain by 2018.

F. EMPLOYMENT TRENDS

Employment Trends

Total employment in the MSA trended upward from 2002 to 2007 and has since been trending downward and currently sits at approximately 52,636 as of December 2013. Overall employment in the MSA is still significantly lower than it was in 2008.

Similar to what occurred throughout the nation; the unemployment rate increased significantly in 2008 and 2009 and reached a peak rate of 12.6 percent in 2009. The unemployment rate in the MSA and nation has been decreasing since 2010. While there has been some degree of recovery in the past few years, as of December 2013 the MSA unemployment rate is still three percent higher than the national average.

1. Total Jobs

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

Total Jobs in Murray County, GA		
Year	Total Employment	% Change
2004	19,896	-
2005	20,170	1.36%
2006	20,087	-0.41%
2007	19,346	-3.83%
2008	17,318	-11.71%
2009	15,473	-11.92%
2010	15,472	-0.01%
2011	14,986	-3.24%
2012	15,019	0.22%
2013	14,887	-0.88%
2014 YTD Average	14,720	-1.14%
Feb-13	15,019	-
Feb-14	14,733	-1.94%

Source: U.S. Bureau of Labor Statistics

YTD as of February 2014

Overall, total employment has decreased since 2004 in Murray County. A small number of jobs were lost in 2006 and 2007; however, since the start of the recession in 2008, the county lost a total of 4,360 through 2011. The number of jobs lost has decreased with a slight recovery in 2012. Although employment declined in February of 2014, expanded retail and businesses should boost the county’s economy.

2. Total Jobs by Industry

The following table illustrates the total jobs by employment sectors within the County as of third quarter 2013.

September 2013 Covered Employment Murray County, Georgia		
	Number	Percent
Total All Industries	7,817	-
Good producing	4,369	-
Natural Resources and Mining	85	1.09%
Construction	115	1.47%
Manufacturing	4,169	53.33%
Service-Providing	3,448	-
Trade, Transportation, and utilities	1,479	18.92%
Information	-	0.00%
Financial Activities	-	0.00%
Professional and business services	-	0.00%
Educational and health services	483	6.18%
Leisure and hospitality	634	8.11%
Other services	85	1.09%
Unclassified	-	0.00%

Source: Bureau of Labor Statistics, 2014

For the third quarter in Murray County, the industries with the highest total jobs were trade, transportation and utilities, and manufacturing. Manufacturing alone makes up 53.33 percent of all the industries combined. The goods producing sector has 921 more jobs than the service-producing sector.

According to an article published on The Daily Citizen website, the metropolitan Dalton area experienced a drop in the unemployment rate from 9.1 percent in February 2014 to 8.6 percent in March 2014. The total number of jobs increased by 400 from February to March. The article states that the majority of the jobs came from gains in the trade and textile manufacturing sectors. Additionally, there was a decrease in new claims for unemployment insurance over the same period.

2013 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	550	1.6%	1,800,354	1.3%
Mining	63	0.2%	868,282	0.6%
Construction	2,185	6.3%	8,291,595	5.8%
Manufacturing	11,696	33.7%	15,162,651	10.6%
Wholesale Trade	1,101	3.2%	3,628,118	2.5%
Retail Trade	3,894	11.2%	16,592,605	11.6%
Transportation/Warehousing	1,176	3.4%	5,898,791	4.1%
Utilities	152	0.4%	1,107,105	0.8%
Information	271	0.8%	2,577,845	1.8%
Finance/Insurance	655	1.9%	6,884,133	4.8%
Real Estate/Rental/Leasing	471	1.4%	2,627,562	1.8%
Prof/Scientific/Tech Services	907	2.6%	9,808,289	6.8%
Mgmt of Companies/Enterprises	38	0.1%	97,762	0.1%
Admin/Support/Waste Mgmt Svcs	803	2.3%	6,316,579	4.4%
Educational Services	2,654	7.6%	12,979,314	9.1%
Health Care/Social Assistance	2,962	8.5%	20,080,547	14.0%
Arts/Entertainment/Recreation	322	0.9%	3,151,821	2.2%
Accommodation/Food Services	2,062	5.9%	10,849,114	7.6%
Other Services (excl Publ Adm)	1,652	4.8%	7,850,739	5.5%
Public Administration	1,082	3.1%	6,713,073	4.7%
Total Employment	34,696	100.0%	143,286,279	100.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, April 2014

The largest industries in the PMA are manufacturing, retail trade and educational services. Together these three industries comprise 52.5 percent of employment in the PMA. Manufacturing and construction are overrepresented in the PMA when compared to the nation, while Finance/Insurance, Transportation/Warehousing and Prof/Scientific/Tech Services are underrepresented in the PMA when compared to the nation.

3. Major Employers

The strength of the Murray County economic base is indicated by the following list of the Murray County’s ten largest employers.

Murray County Major Employers

Company Name	Industry
Chatsworth Health Care Center, Inc.	Health care
Georgia Carpet Finishers, Inc.	Manufacturing
Ingles Markets, Inc.	Retail
Little Ceasers Pizza	Food & Beverages
Marquis Industries, Inc.	Manufacturing
Mohawk Carpet Distribution LP	Manufacturing
Murray Fabrics Plant	Manufacturing
Shaw Industries Group, Inc.	Manufacturing

Source: Georgia Department of Labor 4/2014

Five of the top eight employers in Murray County are in the manufacturing industry. Murray County is home to many carpet manufacturers for various global carpet companies.

Expansions/Contractions

According to the Georgia Department of Economic Development, there have been no WARN notice listings since 2011 in Murray County.

According to an article published on npr.org, titled *New Carpet Factories Help Cushion Blows from Recession Losses*, and dated September 3, 2013, the Dalton area has lost 17,000 manufacturing jobs over the past decade. The entire state is looking to add approximately 7,000 manufacturing jobs over the next decade. Roger Tutterow, a professor of economics at Mercer University, in a recent article on The Daily Citizen, said that he sees signs of a gradual recovery and is very cautiously optimistic. He said that since 2010 there has been a gradual come back in the manufacturing industry. Brian Anderson, President and CEO of the Greater Dalton Chamber of Commerce, believes that this spring will continue to see improvements with a slow gradual trend of improvements.

Additionally, according to an article published on The Daily Citizen, Georgia Tech and the Northwest Georgia Regional Commission have partnered together to develop a plan to make sure that the workers in the Northwest Georgia region have the skills needed to compete in the 21st century age of advanced manufacturing.

Mattex, a Dubai and Saudi Arabian carpet backing producer, will expand its operations in Georgia by building an extrusion manufacturing plant in Murray County. The company will invest \$60 million and create 200 jobs over the next three years in its U.S. headquarters and its first manufacturing facility outside the Middle East. The manufacturing plant is anticipated to be between 275,000 and 375,000 square feet. The company, which is building the facility in order to be closer to its North American markets, plans to begin operations in 2014.

Mohawk Industries, a global flooring manufacturer, will convert a manufacturing facility in Dalton, creating 210 new jobs and investing approximately \$40 million into the conversion project over the next two years. The hiring process is planned to begin mid-2014.

Engineered Floors, a carpet manufacturer, will open two new carpet plants that should employ 2,400 people in northwest Georgia. The company will invest \$450 million in the two new plants. One factory would be built in nearby Whitefield County that will create 1,000 jobs and another in Murray County that would create 1,400 jobs. There is no timetable yet on the construction of the two plants.

It should be noted that these plans have not yet completely come to fruition and are in a sea of negative job growth and trends illustrated in the total employment levels below.

4. Employment and Unemployment Trends

The following table details employment and unemployment trends for the Dalton, GA MSA from 2002 to 2013 (through December).

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Dalton, GA MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2002	62,096	-	4.3%	-	136,485,000	-	5.8%	-
2003	61,956	-0.2%	4.1%	-0.2%	137,736,000	0.9%	6.0%	0.2%
2004	62,687	1.2%	4.1%	0.0%	139,252,000	1.1%	5.5%	-0.5%
2005	63,833	1.8%	4.6%	0.5%	141,730,000	1.8%	5.1%	-0.4%
2006	65,467	2.6%	4.4%	-0.2%	144,427,000	1.9%	4.6%	-0.5%
2007	64,877	-0.9%	4.7%	0.3%	146,047,000	1.1%	4.6%	0.0%
2008	61,248	-5.6%	7.6%	2.9%	145,362,000	-0.5%	5.8%	1.2%
2009	55,360	-9.6%	12.6%	5.0%	139,877,000	-3.8%	9.3%	3.5%
2010	54,690	-1.2%	12.5%	-0.1%	139,064,000	-0.6%	9.6%	0.3%
2011	54,292	-0.7%	12.5%	0.0%	139,869,000	0.6%	8.9%	-0.7%
2012	53,067	-2.3%	11.5%	-1.0%	142,469,000	1.9%	8.1%	-0.8%
2013 YTD Average*	52,636	-0.8%	10.6%	-0.9%	143,929,333	1.0%	7.4%	-0.7%
Dec-2012	53,272	-	11.0%	-	143,060,000	-	7.6%	-
Dec-2013	52,015	-2.4%	9.5%	-1.5%	144,423,000	1.0%	6.5%	-1.1%

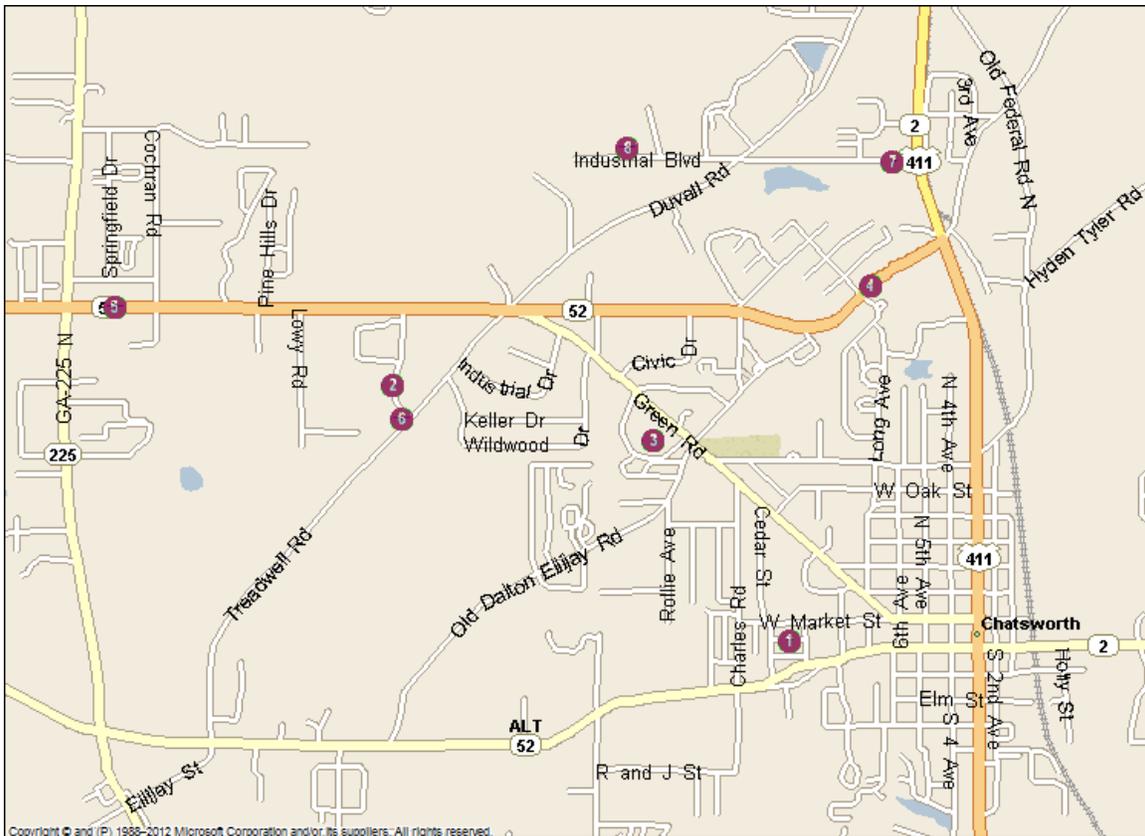
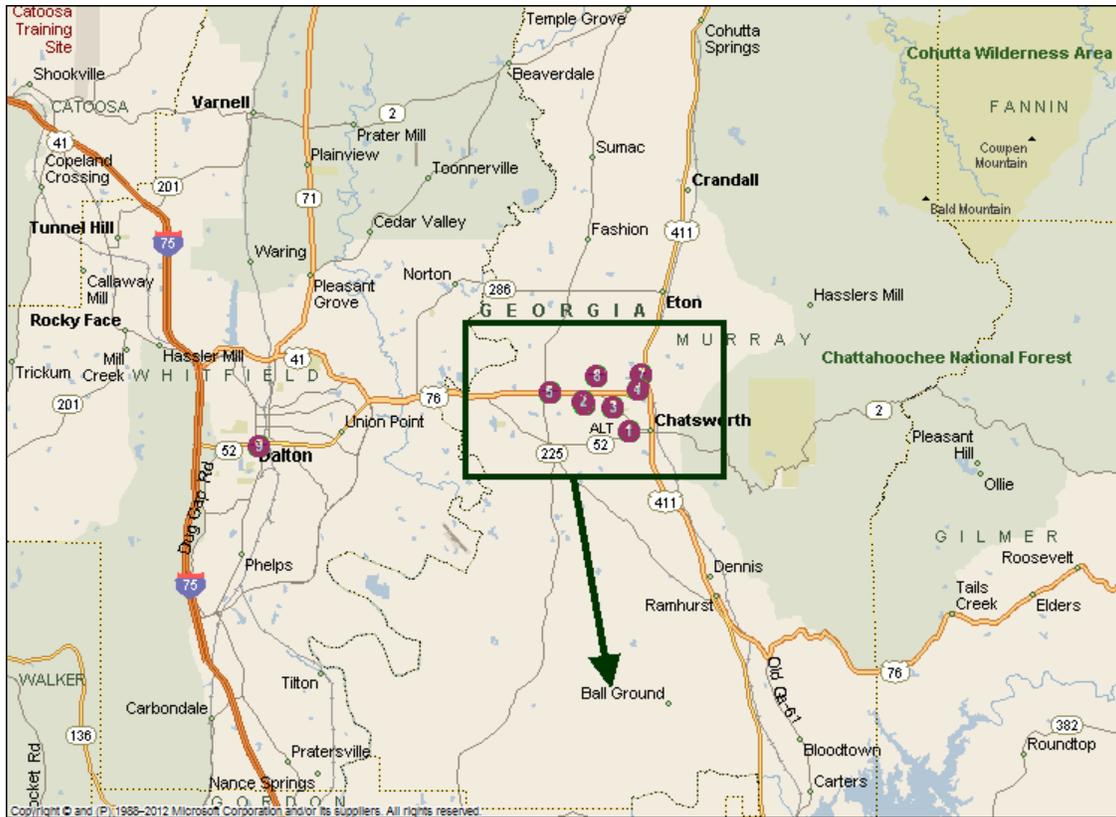
Source: U.S. Bureau of Labor Statistics April 2014

*2013 data is through Dec

The Dalton, GA MSA experienced moderate employment growth prior to the advent of the recession in 2008. The area felt the negative effects early in 2007 and has suffered more losses through 2013. The total employment has declined 26 percent since 2006 with no jobs gained in the recent years after the recession. The biggest loss came in 2009 when 5,888 jobs were lost, but the rate of jobs lost slowed in 2010. The total employment has declined 26 percent since 2006 with no net increase of jobs in the recent years after the recession. Although recent articles site the increase in employment and decrease in new claims for unemployment insurance, the area economy has been slow to recover, as the December 2013 total employment decreased significantly over the prior year.

5. Map of Site and Major Employment Concentrations

The following map and table details the largest employers in Murray County.



Murray County Major Employers

Map #	Company Name	Industry
1	Chatsworth Health Care Center, Inc.	Health care
2	Georgia Carpet Finishers, Inc.	Manufacturing
3	Ingles Markets, Inc.	Retail
4	Little Ceasers Pizza	Food & Beverages
5	Marquis Industries, Inc.	Manufacturing
6	Mohawk Carpet Distribution LP	Manufacturing
7	Murray Fabrics Plant	Manufacturing
8	Shaw Industries Group, Inc.	Manufacturing
9	Employment Center-Dalton, GA	Government

Source: Georgia Department of Labor 4/2014

Conclusion

The largest industries in the PMA are manufacturing, retail trade and educational services. Together these three industries comprise 52.5 percent of employment in the PMA. The Dalton, GA MSA experienced moderate employment growth prior to the advent of the recession in 2008. The area felt the negative effects early in 2007 and has suffered more losses through 2013. The total employment has declined 26 percent since 2006 with no net increase of jobs in the recent years after the recession. Although recent articles site the increase in employment and decrease in new claims for unemployment insurance, the area economy has been slow to recover, as the December 2013 total employment decreased significantly over the prior year.

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 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).

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 2016, the anticipated date of market entry, as the base year for the analysis. Therefore, 2012 household population estimates are inflated to 2016 by interpolation of the difference between 2012 estimates and 2016 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 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2016. This number takes the overall growth from 2012 to 2016 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 (Comprehensive Housing Affordability Strategy) 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. It should be noted that per DCA guidelines, we have lowered demand from seniors who convert to homeownership to be at or below 2.0 percent of total demand.

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

Per the 2014 GA DCA Qualified Allocation Plan (QAP) and Market Study Manual, GA DCA does not consider demand from outside the Primary Market Area (PMA), including the Secondary Market Area (SMA). Therefore, we have not accounted for leakage from outside the PMA boundaries in our demand analysis.

3D. OTHER

DCA does not consider household turnover to be a source of market demand. Therefore, we have not accounted for household turnover in our demand analysis.

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 or placed in service from 2012 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 have deducted the following units from the demand analysis.

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2012 and 2013.
- Vacancies in projects placed in service prior to 2012 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2012 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

Per GA DCA guidelines, competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the Subject development.

There have been no recent developments of properties in the PMA that will be competitive with the Subject property.

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.

OVERALL MARKET VACANCY

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Autumn Ridge*	LIHTC/Market	130	8	6.2%
Dawnville Meadows*	LIHTC/Market	120	6	5.0%
Fieldstone Apartments*	LIHTC/HOME	56	7	12.5%
Arbordale Apartments	Market	78	4	5.0%
Austin Place Apartments*	Market	26	0	0.0%
Cedar Hill Apartments	Market	80	0	0.0%
Chalet Valley Apartments	Market	140	22	16.0%
Dalton Beach Club*	Market	155	1	0.6%
Ellijay East Apartments*	Market/RD	45	0	0.0%
Legacy Of Dalton Apartments*	Market	158	3	1.9%
Park Canyon Apartments*	Market	171	9	5.3%
Park Place Apartments*	Market	86	8	9.3%
Westwood Apartments	Market	<u>60</u>	<u>8</u>	<u>13.0%</u>
Total		1,305	68	5.2%

* Used as a comparable in this report

As illustrated, vacancy rates in the market range from zero to 16.0 percent, with an average of 5.2 percent. The LIHTC comparables reported vacancy rates between 5.0 and 12.5 percent with an average of 6.8 percent, while the market rate comparables reported vacancy rates between zero and 16.0 percent with an average of 5.5 percent.

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.

Capture Rates

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

Renter Household Income Distribution 2013 to Projected Market Entry June 2016					
Peyton Ridge					
PMA					
	2013		Projected Mkt Entry June 2016		Percent
	#	%	#	%	Growth
\$0-9,999	1,776	13.8%	1,889	14.5%	6.0%
\$10,000-19,999	3,288	25.5%	3,340	25.7%	1.6%
\$20,000-29,999	2,437	18.9%	2,471	19.0%	1.4%
\$30,000-39,999	1,786	13.8%	1,778	13.7%	-0.4%
\$40,000-49,999	1,187	9.2%	1,179	9.1%	-0.7%
\$50,000-59,999	807	6.2%	775	6.0%	-4.1%
\$60,000-74,999	649	5.0%	627	4.8%	-3.5%
\$75,000-99,999	555	4.3%	528	4.1%	-5.1%
\$100,000-124,999	179	1.4%	164	1.3%	-8.9%
\$125,000-149,999	87	0.7%	84	0.6%	-2.7%
\$150,000-199,999	81	0.6%	77	0.6%	-5.0%
\$200,000+	81	0.6%	76	0.6%	-7.2%
Total	12,913	100.0%	12,990	100.0%	0.6%

Renter Household Income Distribution Projected Market Entry June 2016			
Peyton Ridge			
PMA			
	Projected Mkt Entry June 2016		Change 2013 to Prj Mrkt Entry June 2016
	#	%	#
\$0-9,999	1,889	14.5%	11
\$10,000-19,999	3,340	25.7%	20
\$20,000-29,999	2,471	19.0%	15
\$30,000-39,999	1,778	13.7%	11
\$40,000-49,999	1,179	9.1%	7
\$50,000-59,999	775	6.0%	5
\$60,000-74,999	627	4.8%	4
\$75,000-99,999	528	4.1%	3
\$100,000-124,999	164	1.3%	1
\$125,000-149,999	84	0.6%	1
\$150,000-199,999	77	0.6%	0
\$200,000+	76	0.6%	0
Total	12,990	100.0%	77

Tenure Prj Mrkt Entry June 2016	
Renter	39.5%
Owner	60.5%
Total	100.0%

Renter Household Size for Prj Mrkt Entry June 2016		
Size	Number	Percentage
1 Person	3,471	26.7%
2 Person	3,030	23.3%
3 Person	2,241	17.3%
4 Person	1,951	15.0%
5+ Person	2,298	17.7%
Total	12,990	100.0%

Renter Household Size for 2000		
Size	Number	Percentage
1 Person	2,564	25.4%
2 Person	2,495	24.8%
3 Person	1,796	17.8%
4 Person	1,445	14.3%
5+ Person	1,778	17.6%
Total	10,077	100.0%

50% AMI

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

Percent of AMI Level			50%		
Minimum Income Limit			\$17,726		
Maximum Income Limit			\$24,800	5	
Income Category	New Renter Households - Total Change in Households PMA 2013 to Prj Mrkt Entry June 2016		Income Brackets	Percent within Cohort	Renter Households within Bracket
\$0-9,999	11.20	14.5%		0.0%	0
\$10,000-19,999	19.80	25.7%	2,273	22.7%	5
\$20,000-29,999	14.65	19.0%	4,800	48.0%	7
\$30,000-39,999	10.54	13.7%		0.0%	0
\$40,000-49,999	6.99	9.1%		0.0%	0
\$50,000-59,999	4.60	6.0%		0.0%	0
\$60,000-74,999	3.72	4.8%		0.0%	0
\$75,000-99,999	3.13	4.1%		0.0%	0
\$100,000-124,999	0.97	1.3%		0.0%	0
\$125,000-149,999	0.50	0.6%		0.0%	0
\$150,000-199,999	0.46	0.6%		0.0%	0
\$200,000+	0.45	0.6%		0.0%	0
	77	100.0%			12
Percent of renter households within limits versus total number of renter households					14.98%

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

Percent of AMI Level			50%		
Minimum Income Limit			\$17,726		
Maximum Income Limit			\$24,800	5	
Income Category	Total Renter Households PMA Prj Mrkt Entry June 2016		Income Brackets	Percent within Cohort	Households within Bracket
\$0-9,999	1,889	14.5%	\$0	0%	0
\$10,000-19,999	3,340	25.7%	\$2,273	23%	759
\$20,000-29,999	2,471	19.0%	\$4,800	48%	1,186
\$30,000-39,999	1,778	13.7%	\$0	0%	0
\$40,000-49,999	1,179	9.1%	\$0	0%	0
\$50,000-59,999	775	6.0%	\$0	0%	0
\$60,000-74,999	627	4.8%	\$0	0%	0
\$75,000-99,999	528	4.1%	\$0	0%	0
\$100,000-124,999	164	1.3%	\$0	0%	0
\$125,000-149,999	84	0.6%	\$0	0%	0
\$150,000-199,999	77	0.6%	\$0	0%	0
\$200,000+	76	0.6%	\$0	0%	0
	12,990	100.0%			1,946
Percent of renter households within limits versus total number of renter households					14.98%

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

2013 Median Income

Change from 2013 to Prj Mrkt Entry June 2016

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
Rural
35%
\$36,704
\$37,178
\$474
1.3%
0.1%
0.1%
Two year adjustment
1.0000
\$24,800
\$24,800
5
50%
\$517
\$517.00

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 2013 to Prj Mrkt Entry June 2016

Income Target Population		50%
New Renter Households PMA		77
Percent Income Qualified		15.0%
New Renter Income Qualified Households		12

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

Demand from Existing Households 2013

Demand form Rent Overburdened Households

Income Target Population		50%
Total Existing Demand		12,990
Income Qualified		15.0%
Income Qualified Renter Households		1,946
Percent Rent Overburdened Prj Mrkt Entry June 2016		20.1%
Rent Overburdened Households		391

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		1,946
Percent Living in Substandard Housing		0.4%
Households Living in Substandard Housing		7

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

Senior Households Converting from Homeownership

Income Target Population		50%
Total Senior Homeowners		0
Rural Versus Urban	5.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		398
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		398
Total New Demand		12
Total Demand (New Plus Existing Households)		410

By Bedroom Demand

One Person	26.7%	110
Two Persons	23.3%	96
Three Persons	17.3%	71
Four Persons	15.0%	62
Five Persons	17.7%	73
Total	100.0%	410

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	90%	99
Of two-person households in 1BR units	20%	19
Of one-person households in 2BR units	10%	11
Of two-person households in 2BR units	80%	76
Of three-person households in 2BR units	60%	42
Of three-person households in 3BR units	40%	28
Of four-person households in 3BR units	80%	49
Of five-person households in 3BR units	70%	51
Total Demand		410
Check		OK
Total Demand by Bedroom		50%
2 BR		130
3 BR		128
Total Demand		258
Additions To Supply 2013 to Prj Mrkt Entry June 2016		50%
2 BR		0
3 BR		0
Total		0
Net Demand		50%
2 BR		130
3 BR		128
Total		258
Developer's Unit Mix		50%
2 BR		6
3 BR		5
Total		11
Capture Rate Analysis		50%
2 BR		4.6%
3 BR		3.9%
Total		4.3%

60%AMI

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

Percent of AMI Level			60%		
Minimum Income Limit			\$19,303		
Maximum Income Limit			\$29,760		
	New Renter Households - Total Change in Households PMA 2013 to Prj Mrkt Entry June 2016				5
Income Category			Income Brackets	Percent within Cohort	Renter Households within Bracket
\$0-9,999	11.20	14.5%		0.0%	0
\$10,000-19,999	19.80	25.7%		7.0%	1
\$20,000-29,999	14.65	19.0%	696	97.6%	14
\$30,000-39,999	10.54	13.7%		0.0%	0
\$40,000-49,999	6.99	9.1%		0.0%	0
\$50,000-59,999	4.60	6.0%		0.0%	0
\$60,000-74,999	3.72	4.8%		0.0%	0
\$75,000-99,999	3.13	4.1%		0.0%	0
\$100,000-124,999	0.97	1.3%		0.0%	0
\$125,000-149,999	0.50	0.6%		0.0%	0
\$150,000-199,999	0.46	0.6%		0.0%	0
\$200,000+	0.45	0.6%		0.0%	0
	77	100.0%			16
Percent of renter households within limits versus total number of renter households					20.36%

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

Percent of AMI Level			60%		
Minimum Income Limit			\$19,303		
Maximum Income Limit			\$29,760		
	Total Renter Households PMA Prj Mrkt Entry June 2016				5
Income Category			Income Brackets	Percent within Cohort	Households within Bracket
\$0-9,999	1,889	14.5%	\$0	0%	0
\$10,000-19,999	3,340	25.7%	\$696	7%	233
\$20,000-29,999	2,471	19.0%	\$9,760	98%	2,412
\$30,000-39,999	1,778	13.7%	\$0	0%	0
\$40,000-49,999	1,179	9.1%	\$0	0%	0
\$50,000-59,999	775	6.0%	\$0	0%	0
\$60,000-74,999	627	4.8%	\$0	0%	0
\$75,000-99,999	528	4.1%	\$0	0%	0
\$100,000-124,999	164	1.3%	\$0	0%	0
\$125,000-149,999	84	0.6%	\$0	0%	0
\$150,000-199,999	77	0.6%	\$0	0%	0
\$200,000+	76	0.6%	\$0	0%	0
	12,990	100.0%			2,645
Percent of renter households within limits versus total number of renter households					20.36%

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

2013 Median Income

Change from 2013 to Prj Mrkt Entry June 2016

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			
Rural			
35%			
\$36,704			
\$37,178			
\$474			
1.3%			
0.1%			
0.1%	Two year adjustment		1.0000
\$29,760			
\$29,760			
5			
60%			
\$563			
\$563.00			

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 2013 to Prj Mrkt Entry June 2016

Income Target Population		60%
New Renter Households PMA		77
Percent Income Qualified		20.4%
New Renter Income Qualified Households		16

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

Demand from Existing Households 2013

Demand from Rent Overburdened Households

Income Target Population		60%
Total Existing Demand		12,990
Income Qualified		20.4%
Income Qualified Renter Households		2,645
Percent Rent Overburdened Prj Mrkt Entry June 2016		20.1%
Rent Overburdened Households		531

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		2,645
Percent Living in Substandard Housing		0.4%
Households Living in Substandard Housing		10

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	5.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		541
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		541
Total New Demand		16
Total Demand (New Plus Existing Households)		557

By Bedroom Demand

One Person	26.7%	149
Two Persons	23.3%	130
Three Persons	17.3%	96
Four Persons	15.0%	84
Five Persons	17.7%	99
Total	100.0%	557

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	90%	134
Of two-person households in 1BR units	20%	26
Of one-person households in 2BR units	10%	15
Of two-person households in 2BR units	80%	104
Of three-person households in 2BR units	60%	58
Of three-person households in 3BR units	40%	38
Of four-person households in 3BR units	80%	67
Of five-person households in 3BR units	70%	69
Of four-person households in 4BR units	20%	17
Of five-person households in 4BR units	30%	30
Total Demand		557
Check		OK
Total Demand by Bedroom		60%
2 BR		176
3 BR		174
Total Demand		351
Additions To Supply 2013 to Prj Mrkt Entry June 2016		60%
2 BR		0
3 BR		0
Total		0
Net Demand		60%
2 BR		176
3 BR		174
Total		351
Developer's Unit Mix		60%
2 BR		30
3 BR		31
Total		61
Capture Rate Analysis		60%
2 BR		17.0%
3 BR		17.8%
Total		17.4%

Overall

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

Percent of AMI Level			Overall			
Minimum Income Limit			\$17,726			
Maximum Income Limit			\$29,760			
	New Renter Households - Total Change in Households PMA 2013 to Prj Mrkt Entry June 2016				5	
Income Category			Income Brackets	Percent within Cohort	Renter Households within Bracket	
\$0-9,999	11.20	14.5%		0.0%	0	
\$10,000-19,999	19.80	25.7%	2,273	22.7%	5	
\$20,000-29,999	14.65	19.0%	9,760	97.6%	14	
\$30,000-39,999	10.54	13.7%		0.0%	0	
\$40,000-49,999	6.99	9.1%		0.0%	0	
\$50,000-59,999	4.60	6.0%		0.0%	0	
\$60,000-74,999	3.72	4.8%		0.0%	0	
\$75,000-99,999	3.13	4.1%		0.0%	0	
\$100,000-124,999	0.97	1.3%		0.0%	0	
\$125,000-149,999	0.50	0.6%		0.0%	0	
\$150,000-199,999	0.46	0.6%		0.0%	0	
\$200,000+	0.45	0.6%		0.0%	0	
	77	100.0%			19	
Percent of renter households within limits versus total number of renter households					24.42%	

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

Percent of AMI Level			Overall			
Minimum Income Limit			\$17,726			
Maximum Income Limit			\$29,760			
	Total Renter Households PMA Prj Mrkt Entry June 2016				\$5	
Income Category			Income Brackets	Percent within Cohort	Households within Bracket	
\$0-9,999	1,889	14.5%	\$0	0%	0	
\$10,000-19,999	3,340	25.7%	\$2,273	23%	759	
\$20,000-29,999	2,471	19.0%	\$9,760	98%	2,412	
\$30,000-39,999	1,778	13.7%	\$0	0%	0	
\$40,000-49,999	1,179	9.1%	\$0	0%	0	
\$50,000-59,999	775	6.0%	\$0	0%	0	
\$60,000-74,999	627	4.8%	\$0	0%	0	
\$75,000-99,999	528	4.1%	\$0	0%	0	
\$100,000-124,999	164	1.3%	\$0	0%	0	
\$125,000-149,999	84	0.6%	\$0	0%	0	
\$150,000-199,999	77	0.6%	\$0	0%	0	
\$200,000+	76	0.6%	\$0	0%	0	
	12,990	100.0%			3,172	
Percent of renter households within limits versus total number of renter households					24.42%	

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

No
Family
Rural
35%
\$36,704
\$37,178
\$474
1.3%
0.1%
0.1%
Two year adjustment
1.0000
\$29,760
\$29,760
\$5
Overall
\$517
\$517.00

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 2013 to Prj Mrkt Entry June 2016

	Overall
Income Target Population	
New Renter Households PMA	77
Percent Income Qualified	24.4%
New Renter Income Qualified Households	19

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

Demand from Existing Households 2013

Demand from Rent Overburdened Households

	Overall
Income Target Population	
Total Existing Demand	12,990
Income Qualified	24.4%
Income Qualified Renter Households	3,172
Percent Rent Overburdened Prj Mrkt Entry June 2016	20.1%
Rent Overburdened Households	637

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

Demand from Living in Substandard Housing

Income Qualified Renter Households	3,172
Percent Living in Substandard Housing	0.4%
Households Living in Substandard Housing	12

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

Senior Households Converting from Homeownership

	Overall
Income Target Population	
Total Senior Homeowners	0
Rural Versus Urban	5.0%
Senior Demand Converting from Homeownership	0

Total Demand

Total Demand from Existing Households		649
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		649
Total New Demand		19
Total Demand (New Plus Existing Households)		668

By Bedroom Demand

One Person	26.7%	178
Two Persons	23.3%	156
Three Persons	17.3%	115
Four Persons	15.0%	100
Five Persons	17.7%	118
Total	100.0%	668

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	90%	161
Of two-person households in 1BR units	20%	31
Of one-person households in 2BR units	10%	18
Of two-person households in 2BR units	80%	125
Of three-person households in 2BR units	60%	69
Of three-person households in 3BR units	40%	46
Of four-person households in 3BR units	80%	80
Of five-person households in 3BR units	70%	83
Of four-person households in 4BR units	20%	20
Of five-person households in 4BR units	30%	35
Total Demand		668
Check		OK

Total Demand by Bedroom	Overall
2 BR	212
3 BR	209
Total Demand	421

Additions To Supply 2013 to Prj Mrkt Entry June 2016	Overall
2 BR	0
3 BR	0
Total	0

Net Demand	Overall
2 BR	212
3 BR	209
Total	421

Developer's Unit Mix	Overall
2 BR	36
3 BR	36
Total	72

Capture Rate Analysis	Overall
2 BR	17.0%
3 BR	17.2%
Total	17.1%

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 0.4 percent between 2013 and the market entry date of June 2016.
- 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 Min-Max	Proposed Rents
2BR at 50% AMI	\$17,723 - \$20,700	6	130	0	130	4.6%	11 Months	\$595	\$385 - \$823	\$400
3BR at 50% AMI	\$20,434 - \$24,800	<u>5</u>	128	0	128	3.9%	11 Months	\$667	\$431 - \$939	\$449
Overall 50%	\$17,723 - \$24,800	11	258	0	258	4.3%	11 Months	\$618	\$385 - \$939	\$400 - \$449
2BR at 60% AMI	\$20,537 - \$24,840	30	176	0	176	17.0%	11 Months	\$626	\$420 - \$823	\$446
3BR at 60% AMI	\$23,143 - \$29,760	<u>31</u>	174	0	174	17.8%	11 Months	\$758	\$650 - \$939	\$494
Overall 60%	\$20,537 - \$29,760	61	351	0	351	17.4%	11 Months	\$660	\$420 - \$939	\$446 - \$494
Overall 2BR	\$17,723 - \$24,840	36	212	0	212	17.0%	11 Months	\$595	\$385 - \$823	\$400 - \$446
Overall 3BR	\$20,434 - \$29,760	36	209	0	209	17.2%	11 Months	\$667	\$431 - \$939	\$449 - \$494
Total Overall	\$17,723 - \$29,760	72	421	0	421	17.1%	11 Months	\$618	\$385 - \$939	\$400 - \$494

Demand and Net Demand

	HH at 30% AMI (min to max income)	HH at 40% AMI (min to max income)	HH at 50% AMI (\$17,723- \$24,800)	HH at 60% AMI (\$20,537- \$29760)	All Tax Credit Households
Demand from New Households (age and income appropriate)	0	0	12	16	19
PLUS	+	+	+	+	+
Demand from Existing Renter Households - Substandard Housing	0	0	7	10	12
PLUS	+	+	+	+	+
Demand from Existing Renter Housholds - Rent Overburdened Households	0	0	391	531	637
=					
Sub Total	0	0	410	557	668
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicatble)	0	0	0	0	0
Equals Total Demand	0	0	410	557	668
Less	-	-	-	-	-
New Supply	0	0	0	0	0
Equals Net Demand	0	0	410	557	668

As the analysis illustrates, the Subject's capture rates at the 50 percent AMI level will range from 3.9 to 4.6 percent, with an overall capture rate of 4.3 percent. The Subject's 60 percent AMI capture rates range from 17.0 to 17.8 percent, with an overall capture rate of 17.4 percent. The overall capture rate for the project's 50 and 60 percent units is 17.1 percent. 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 nine comparable properties containing 947 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the addenda. A map illustrating the location of the Subject in relation to comparable properties is also provided in the addenda. 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.

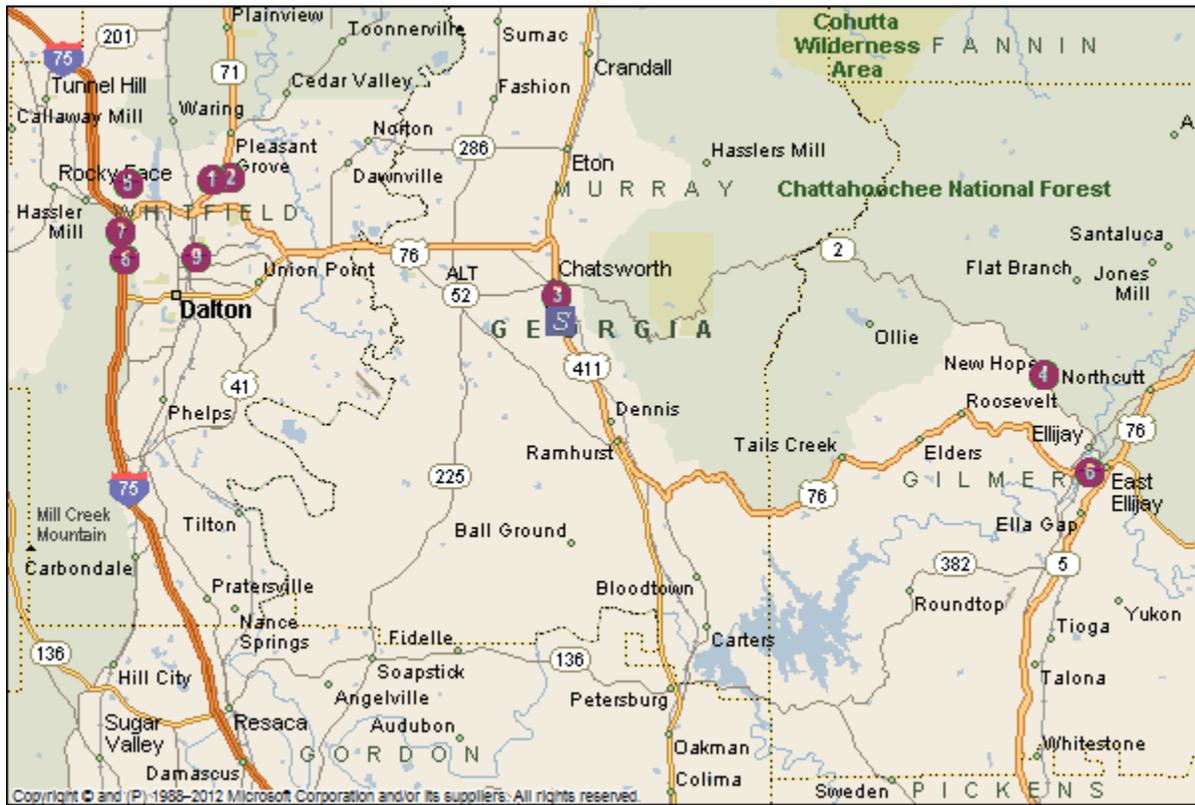
The availability of LIHTC data is considered adequate. There are three multi-family LIHTC properties located within the PMA that target the family tenancy. Linwood Place is a LIHTC property located in Chatsworth, located only 2.5 miles from the Subject, however, Linwood Place is restricted to seniors and therefore, has been excluded in our analysis. We have included five market rate properties located within 14.7 and 23.2 miles of the Subject, as well as three mixed-income properties with market rate units located between 16.2 and 24.0 miles from the Subject. We consider the availability of market data to be good.

Excluded Properties

The following table illustrates properties within the PMA that have been excluded from our analysis along with their reason for exclusion.

EXCLUDED PROPERTIES							
Name	Address	City	State	Mileage from Subject	Type	Included/ Excluded	Reason for Exclusion
Cohutta Shadows	506 S 2nd Ave	Chatsworth	GA	0.9 miles	Rural Development	Excluded	Subsidized
Cohutta View Apts	1337 Old Dalton-Elijay Road	Chatsworth	GA	2.1 miles	Rural Development	Excluded	Subsidized
Kinnamon Part LLP	300 N 5th ave	Chatsworth	GA	1.4 miles	Rural Development	Excluded	Subsidized
The Courtyard Apartments	2188 Leonard Bridge Rd	Chatsworth	GA	2.0 miles	N/A	Excluded	Could Not Contact
Oran Housing Inc	735 W Chestnut St	Chatsworth	GA	2.0 miles	Section 8 (Disabled)	Excluded	Subsidized
Emerald Palms	113 N Tibbs Road	Dalton	GA	17.0 miles	N/A	Excluded	Could Not Contact
Cedar Hill	812 Cascade Drive	Dalton	GA	17.0 miles	N/A	Excluded	Could Not Contact
Westwood Apartments	712 W Tyler Street	Dalton	GA	16.8 miles	N/A	Excluded	Could Not Contact
Arbordale Apartments	804 N Tibbs Road	Dalton	GA	18.1 miles	N/A	Excluded	Could Not Contact
Wood Valley	411 College Drive	Dalton	GA	18.4 miles	Market	Excluded	Could Not Contact
Chalet Valley Apartments	1809 Shadow Lane	Dalton	GA	17.6 miles	Market	Excluded	Could Not Contact
Mountain Woods	1016 Ponderosa Lane	Dalton	GA	12.6 miles	Section 8	Excluded	Subsidized
The Cliffs Apartments	816 Shugart Road	Dalton	GA	13.3 miles	Section 8	Excluded	Subsidized
Courtyard Apts	506 Davis Street	Dalton	GA	12.1 miles	Section 8	Excluded	Subsidized
Whitfield Commons	519 Hawthorne St	Dalton	GA	12.0 miles	Section 8 (Senior)	Excluded	Subsidized
Whitfield Place	1320 Winton place	Dalton	GA	13.1 miles	Section 8 (Senior)	Excluded	Subsidized
Linwood Place	300 Civic Drive	Chatsworth	GA	2.5 miles	LIHTC (Senior)	Excluded	Senior Tenancy

Comparable Rental Property Map



COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Autumn Ridge	Dalton	LIHTC/Market	16.2 miles
2	Dawnville Meadows	Dalton	LIHTC/Market	16.3 miles
3	Fieldstone Apartments	Chatsworth	LIHTC/HOME	1.3 miles
4	Austin Place Apartments	Ellijay	Market	23.2 miles
5	Dalton Beach Club	Dalton	Market	18.3 miles
6	Ellijay East Apartments	Ellijay	Market/RD	24.0 miles
7	Legacy Of Dalton Apartments	Dalton	Market	18.0 miles
8	Park Canyon Apartments	Dalton	Market	18.5 miles
9	Park Place Apartments	Dalton	Market	14.7 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	Peyton Ridge NEC Of Smyrna Church Road And Leonard Bridge Chatsworth, GA 30705 Murray County County	n/a	Townhouse n/a / n/a	@50% , @60%	2BR / 1BA	6	8.30%	@50%	\$400	1,000	no		N/A	N/A
					2BR / 1BA	30	41.70%	@60%	\$446	1,000	no		N/A	N/A
					3BR / 1BA	5	6.90%	@50%	\$449	1,200	no		N/A	N/A
					3BR / 1BA	31	43.10%	@60%	\$494	1,200	no		N/A	N/A
						72	100%						N/A	N/A
1	Autumn Ridge 850 Autumn Court Dalton, GA 30721 Whitfield County	16.2 miles	Garden (2 stories) 2004 / n/a	@30% , @50% , @60% , Market	1BR / 1BA	N/A	N/A	@50%	\$418	892	no	Yes	1	N/A
					1BR / 1BA	N/A	N/A	@60%	\$519	892	no	Yes	0	N/A
					1BR / 1BA	N/A	N/A	Market	\$724	892	n/a	Yes	1	N/A
					2BR / 2BA	N/A	N/A	@50%	\$491	1,208	no	Yes	1	N/A
					2BR / 2BA	N/A	N/A	@60%	\$613	1,208	no	Yes	2	N/A
					2BR / 2BA	N/A	N/A	Market	\$823	1,208	n/a	Yes	0	N/A
					3BR / 2BA	N/A	N/A	@30%	\$280	1,486	no	Yes	0	N/A
					3BR / 2BA	N/A	N/A	@50%	\$561	1,486	no	Yes	3	N/A
					3BR / 2BA	N/A	N/A	@60%	\$702	1,486	no	Yes	0	N/A
					3BR / 2BA	N/A	N/A	Market	\$939	1,486	n/a	Yes	0	N/A
						130	100%						8	6.20%
2	Dawnville Meadows 161 Dawnville Road Dalton, GA 30721 Whitfield County	16.3 miles	Garden (2 stories) 2000 / n/a	@50% , @60% , Market	2BR / 2BA	4	3.30%	@50%	\$488	950	yes	no	0	0.00%
					2BR / 2BA	60	50.00%	@60%	\$575	950	no	Yes	4	6.70%
					2BR / 2BA	16	13.30%	Market	\$630	950	n/a	no	0	0.00%
					3BR / 2BA	2	1.70%	@50%	\$556	1,250	yes	no	0	0.00%
					3BR / 2BA	30	25.00%	@60%	\$650	1,250	no	Yes	1	3.30%
					3BR / 2BA	8	6.70%	Market	\$710	1,250	n/a	no	1	12.50%
						120	100%						6	5.00%
3	Fieldstone Apartments 400 South 2nd Avenue Chatsworth, GA 30705 Murray County County	1.3 miles	Various (2 stories) 1999 / n/a	@50% (HOME)	1BR / 1BA (Garden)	16	28.60%	@50%	\$344	749	yes	Yes	2	12.50%
					2BR / 1BA (Garden)	20	35.70%	@50%	\$385	889	yes	Yes	2	10.00%
					3BR / 2BA (Garden)	20	35.70%	@50%	\$431	1,111	yes	Yes	3	15.00%
						56	100%						7	12.50%
4	Austin Place Apartments 3017 Chatsworth Highway Ellijay, GA 30540 Gilmer County County	23.2 miles	Various (2 stories) 1998 / n/a	Market	1BR / 1BA (Garden)	8	30.80%	Market	\$525	725	n/a	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	18	69.20%	Market	\$550	1,100	n/a	Yes	0	0.00%
						26	100%						0	0.00%
5	Dalton Beach Club 1902 Brady Drive Dalton, GA 30720 Whitfield County	18.3 miles	Townhouse 1985 / n/a	Market	2BR / 1.5BA	155	100.00%	Market	\$637	1,150	n/a	No	1	0.60%
					2BR / 1.5BA	N/A	N/A	Market	\$659	1,150	n/a	No	N/A	N/A
					2BR / 1.5BA	N/A	N/A	Market	\$632	1,150	n/a	No	N/A	N/A
	155	100%						1	0.60%					
6	Ellijay East Apartments 188 Eric Simpson Dr Ellijay, GA 30540 Gilmer County County	24 miles	Various (2 stories) 1991 / n/a	Market, Rural Development (Rural Rental Assistance Program - RRAP)	1BR / 1BA (Garden)	6	13.30%	Market	\$405	644	n/a	Yes	N/A	N/A
					1BR / 1BA (Garden)	2	4.40%	Rural	\$405	644	n/a	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	25	55.60%	Market	\$420	920	n/a	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	12	26.70%	Rural	\$420	920	n/a	Yes	0	0.00%
	45	100%						0	0.00%					
7	Legacy Of Dalton Apartments 2111 Club Drive Dalton, GA 30720 Whitfield County	18 miles	Garden 1971 / n/a	Market	1BR / 1BA	81	51.30%	Market	\$604	800	n/a	No	1	1.20%
					2BR / 2BA	53	33.50%	Market	\$694	1,100	n/a	No	2	3.80%
					3BR / 2BA	24	15.20%	Market	\$789	1,300	n/a	No	0	0.00%
						158	100%						3	1.90%
8	Park Canyon Apartments 100 Park Canyon Drive Dalton, GA 30720 Whitfield County	18.5 miles	Garden 1988 / n/a	Market	1BR / 1BA	23	13.50%	Market	\$504	453	n/a	No	1	4.30%
					1BR / 1BA	11	6.40%	Market	\$504	490	n/a	No	0	0.00%
					1BR / 1BA	37	21.60%	Market	\$589	680	n/a	5 HH	2	5.40%
					1BR / 1BA	50	29.20%	Market	\$624	728	n/a	No	6	12.00%
					2BR / 1.5BA	34	19.90%	Market	\$713	960	n/a	No	0	0.00%
					2BR / 1.5BA	16	9.40%	Market	\$748	1,064	n/a	No	0	0.00%
	171	100%						9	5.30%					
9	Park Place Apartments 510 Underwood St Dalton, GA 30721 Whitfield County County	14.7 miles	Townhouse (2 stories) 2001 / n/a	Market	2BR / 1.5BA	86	100.00%	Market	\$645	1,125	n/a	No	8	9.30%
						86	100%						8	9.30%

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.							
Effective Rent Date:		Apr-14	Units Surveyed:		947	Weighted Occupancy:	95.60%
			Market Rate:		641	Market Rate:	96.70%
			Tax Credit:		306	Tax Credit:	93.10%
Two Bedrooms One Bath			Three Bedrooms One Bath				
	Property	Average	Property	Average	Property	Average	
RENT	Autumn Ridge * (2BA M)	\$823	Autumn Ridge * (2BA M)	\$939			
	Park Canyon Apartments (1.5BA)	\$748	Legacy Of Dalton Apartments (2BA)	\$789			
	Park Canyon Apartments (1.5BA)	\$713	Dawnville Meadows * (2BA M)	\$710			
	Legacy Of Dalton Apartments (2BA)	\$694	Autumn Ridge * (2BA 60%)	\$702			
	Dalton Beach Club (1.5BA)	\$659	Dawnville Meadows * (2BA 60%)	\$650			
	Park Place Apartments (1.5BA)	\$645	Autumn Ridge * (2BA 50%)	\$561			
	Dalton Beach Club (1.5BA)	\$637	Dawnville Meadows * (2BA 50%)	\$556			
	Dalton Beach Club (1.5BA)	\$632	Peyton Ridge * (60%)	\$494			
	Dawnville Meadows * (2BA M)	\$630	Peyton Ridge * (50%)	\$449			
	Autumn Ridge * (2BA 60%)	\$613	Fieldstone Apartments * (2BA 50%)	\$431			
	Dawnville Meadows * (2BA 60%)	\$575	Autumn Ridge * (2BA 30%)	\$280			
	Austin Place Apartments (1.5BA)	\$550					
	Autumn Ridge * (2BA 50%)	\$491					
	Dawnville Meadows * (2BA 50%)	\$488					
	Peyton Ridge * (60%)	\$446					
	Ellijay East Apartments (1.5BA)	\$420					
	Ellijay East Apartments (1.5BA)	\$420					
	Peyton Ridge * (50%)	\$400					
Fieldstone Apartments * (50%)	\$385						
SQUARE FOOTAGE	Autumn Ridge * (2BA 50%)	1,208	Autumn Ridge * (2BA 30%)	1,486			
	Autumn Ridge * (2BA 60%)	1,208	Autumn Ridge * (2BA 50%)	1,486			
	Autumn Ridge * (2BA M)	1,208	Autumn Ridge * (2BA 60%)	1,486			
	Dalton Beach Club (1.5BA)	1,150	Autumn Ridge * (2BA M)	1,486			
	Dalton Beach Club (1.5BA)	1,150	Legacy Of Dalton Apartments (2BA)	1,300			
	Dalton Beach Club (1.5BA)	1,150	Dawnville Meadows * (2BA 50%)	1,250			
	Park Place Apartments (1.5BA)	1,125	Dawnville Meadows * (2BA 60%)	1,250			
	Austin Place Apartments (1.5BA)	1,100	Dawnville Meadows * (2BA M)	1,250			
	Legacy Of Dalton Apartments (2BA)	1,100	Peyton Ridge * (50%)	1,200			
	Park Canyon Apartments (1.5BA)	1,064	Peyton Ridge * (60%)	1,200			
	Peyton Ridge * (50%)	1,000	Fieldstone Apartments * (2BA 50%)	1,111			
	Peyton Ridge * (60%)	1,000					
	Park Canyon Apartments (1.5BA)	960					
	Dawnville Meadows * (2BA 50%)	950					
	Dawnville Meadows * (2BA 60%)	950					
	Dawnville Meadows * (2BA M)	950					
	Ellijay East Apartments (1.5BA)	920					
	Ellijay East Apartments (1.5BA)	920					
Fieldstone Apartments * (50%)	889						
RENT PER SQUARE FOOT	Park Canyon Apartments (1.5BA)	\$0.74	Autumn Ridge * (2BA M)	\$0.63			
	Park Canyon Apartments (1.5BA)	\$0.70	Legacy Of Dalton Apartments (2BA)	\$0.61			
	Autumn Ridge * (2BA M)	\$0.68	Dawnville Meadows * (2BA M)	\$0.57			
	Dawnville Meadows * (2BA M)	\$0.66	Dawnville Meadows * (2BA 60%)	\$0.52			
	Legacy Of Dalton Apartments (2BA)	\$0.63	Autumn Ridge * (2BA 60%)	\$0.47			
	Dawnville Meadows * (2BA 60%)	\$0.61	Dawnville Meadows * (2BA 50%)	\$0.44			
	Park Place Apartments (1.5BA)	\$0.57	Peyton Ridge * (60%)	\$0.41			
	Dalton Beach Club (1.5BA)	\$0.57	Fieldstone Apartments * (2BA 50%)	\$0.39			
	Dalton Beach Club (1.5BA)	\$0.55	Autumn Ridge * (2BA 50%)	\$0.38			
	Dalton Beach Club (1.5BA)	\$0.55	Peyton Ridge * (50%)	\$0.37			
	Dawnville Meadows * (2BA 50%)	\$0.51	Autumn Ridge * (2BA 30%)	\$0.19			
	Autumn Ridge * (2BA 60%)	\$0.51					
	Austin Place Apartments (1.5BA)	\$0.50					
	Ellijay East Apartments (1.5BA)	\$0.46					
	Ellijay East Apartments (1.5BA)	\$0.46					
	Peyton Ridge * (60%)	\$0.45					
	Fieldstone Apartments * (50%)	\$0.43					
	Autumn Ridge * (2BA 50%)	\$0.41					
Peyton Ridge * (50%)	\$0.40						

PROPERTY PROFILE REPORT

Autumn Ridge

Effective Rent Date	4/01/2014
Location	850 Autumn Court Dalton, GA 30721 Whitfield County
Distance	16.2 miles
Units	130
Vacant Units	8
Vacancy Rate	6.2%
Type	Garden (2 stories)
Year Built/Renovated	2004 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Dawnville Meadows
Tenant Characteristics	Families and couples from the surrounding area
Contact Name	Meledia
Phone	706.226.0404



Market Information

Program	@30%, @50%, @60%, Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	5%
Leasing Pace	Pre-leased to 1 week
Annual Chg. in Rent	None
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 (2 stories)	N/A	892	\$381	\$0	@50%	Yes	1	N/A	no	None
1	1	Garden (2 stories)	N/A	892	\$482	\$0	@60%	Yes	0	N/A	no	None
1	1	Garden (2 stories)	N/A	892	\$687	\$0	Market	Yes	1	N/A	N/A	None
2	2	Garden (2 stories)	N/A	1,208	\$448	\$0	@50%	Yes	1	N/A	no	None
2	2	Garden (2 stories)	N/A	1,208	\$570	\$0	@60%	Yes	2	N/A	no	None
2	2	Garden (2 stories)	N/A	1,208	\$780	\$0	Market	Yes	0	N/A	N/A	None
3	2	Garden (2 stories)	N/A	1,486	\$221	\$0	@30%	Yes	0	N/A	no	None
3	2	Garden (2 stories)	N/A	1,486	\$502	\$0	@50%	Yes	3	N/A	no	None
3	2	Garden (2 stories)	N/A	1,486	\$643	\$0	@60%	Yes	0	N/A	no	None
3	2	Garden (2 stories)	N/A	1,486	\$880	\$0	Market	Yes	0	N/A	N/A	None

Autumn Ridge, continued

Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
3BR / 2BA	\$221	\$0	\$221	\$59	\$280	1BR / 1BA	\$381	\$0	\$381	\$37	\$418
						2BR / 2BA	\$448	\$0	\$448	\$43	\$491
						3BR / 2BA	\$502	\$0	\$502	\$59	\$561
@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$482	\$0	\$482	\$37	\$519	1BR / 1BA	\$687	\$0	\$687	\$37	\$724
2BR / 2BA	\$570	\$0	\$570	\$43	\$613	2BR / 2BA	\$780	\$0	\$780	\$43	\$823
3BR / 2BA	\$643	\$0	\$643	\$59	\$702	3BR / 2BA	\$880	\$0	\$880	\$59	\$939

Amenities

In-Unit

Balcony/Patio
 Carpeting
 Dishwasher
 Garbage Disposal
 Refrigerator
 Washer/Dryer hookup

Blinds
 Central A/C
 Ceiling Fan
 Oven
 Walk-In Closet

Security

Patrol

Services

Afterschool Program

Property

Basketball Court
 Exercise Facility
 Off-Street Parking
 Playground

Clubhouse/Meeting
 Central Laundry
 On-Site Management
 Swimming Pool

Premium

None

Other

None

Comments

Manager stated that three bedrooms are in highest demand because of the large number of families in Dalton. Contact did not know annual turnover. The waiting list is about 10 to 15 households. The contact noted that the strong occupancy at the property has been consistent over the past few year. She noted that Autumn Ridge is one of the nicest properties in the Dalton area, so there is always demand for the units.

PROPERTY PROFILE REPORT

Dawnville Meadows

Effective Rent Date	4/02/2014
Location	161 Dawnville Road Dalton, GA 30721 Whitfield County
Distance	16.3 miles
Units	120
Vacant Units	6
Vacancy Rate	5.0%
Type	Garden (2 stories)
Year Built/Renovated	2000 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None disclosed
Tenant Characteristics	Mostly families with a range of ages from 20's to 60's
Contact Name	Stella
Phone	706.278.5855



Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	2%
Leasing Pace	1-2 weeks
Annual Chg. in Rent	Decreased six to eleven percent
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	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)	4	950	\$488	\$0	@50%	no	0	0.0%	yes	None
2	2	Garden (2 stories)	60	950	\$575	\$0	@60%	Yes	4	6.7%	no	None
2	2	Garden (2 stories)	16	950	\$630	\$0	Market	no	0	0.0%	N/A	None
3	2	Garden (2 stories)	2	1,250	\$556	\$0	@50%	no	0	0.0%	yes	None
3	2	Garden (2 stories)	30	1,250	\$650	\$0	@60%	Yes	1	3.3%	no	None
3	2	Garden (2 stories)	8	1,250	\$710	\$0	Market	no	1	12.5%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$488	\$0	\$488	\$0	\$488	2BR / 2BA	\$575	\$0	\$575	\$0	\$575
3BR / 2BA	\$556	\$0	\$556	\$0	\$556	3BR / 2BA	\$650	\$0	\$650	\$0	\$650
Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent						
2BR / 2BA	\$630	\$0	\$630	\$0	\$630						
3BR / 2BA	\$710	\$0	\$710	\$0	\$710						

Dawnville Meadows, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Refrigerator

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

Security

None

Services

None

Property

Clubhouse/Meeting
Off-Street Parking
Playground
Volleyball Court

Central Laundry
On-Site Management
Swimming Pool

Premium

None

Other

None

Comments

The property manager did not know annual turnover. Contact stated that the three bedroom units are in highest demand because larger families are looking to rent. The contact noted that the strong occupancy has been typical at the property over the past year or so. Rents decreased \$50-\$90 from a year ago for the market and 60 percent units. Tenants were having trouble affording the property's rent prices or potential tenants would be over or under qualified for the income limits.

PROPERTY PROFILE REPORT

Fieldstone Apartments

Effective Rent Date 4/02/2014
Location 400 South 2nd Avenue
 Chatsworth, GA 30705
 Murray County County
Distance 1.3 miles
Units 56
Vacant Units 7
Vacancy Rate 12.5%
Type Various (2 stories)
Year Built/Renovated 1999 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors N/A
Tenant Characteristics Families
Contact Name Kathy
Phone 706.517.8625



Market Information

Program @50% (HOME)
Annual Turnover Rate 30%
Units/Month Absorbed N/A
HCV Tenants 21%
Leasing Pace 1 month or more
Annual Chg. in Rent None
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	16	749	\$307	\$0	@50% (HOME)	Yes	2	12.5%	yes	None
2	1	Garden	20	889	\$342	\$0	@50% (HOME)	Yes	2	10.0%	yes	None
3	2	Garden	20	1,111	\$372	\$0	@50% (HOME)	Yes	3	15.0%	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$307	\$0	\$307	\$37	\$344
2BR / 1BA	\$342	\$0	\$342	\$43	\$385
3BR / 2BA	\$372	\$0	\$372	\$59	\$431

Fieldstone Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Oven
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Garbage Disposal
Refrigerator

Security

None

Services

None

Property

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

Clubhouse/Meeting
Off-Street Parking
Picnic Area

Premium

None

Other

None

Comments

It takes more than a month to fill a vacant unit because many potential tenants are overqualified for the income limits, therefore, there seems to be demand for 60% AMI level units in the area. There are approximately eight applicants on the waiting list who want ground floor apartments. The units most in demand are the three bedroom units due to many families looking to rent. The property currently has seven vacant units due to natural turnover. The PM noted that two of the units have been leased, which equates to a leased occupancy rate of 91 percent.

Photos



PROPERTY PROFILE REPORT

Austin Place Apartments

Effective Rent Date	4/01/2014
Location	3017 Chatsworth Highway Ellijay, GA 30540 Gilmer County County
Distance	23.2 miles
Units	26
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1998 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Families and couples from the surrounding area
Contact Name	John
Phone	706.273.2727



Market Information

Program	Market
Annual Turnover Rate	12%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Two to Three Days
Annual Chg. in Rent	None
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- gas
Water Heat	not included -- gas
Heat	not included -- gas
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
1	1	Garden	8	725	\$525	\$0	Market	Yes	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	18	1,100	\$550	\$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$525	\$0	\$525	\$0	\$525
2BR / 1.5BA	\$550	\$0	\$550	\$0	\$550

Amenities

In-Unit	Security	Services
Balcony/Patio	None	None
Carpeting		
Coat Closet		
Oven		
Walk-In Closet		
Blinds		
Central A/C		
Dishwasher		
Refrigerator		
Washer/Dryer hookup		
Property	Premium	Other
None	None	None

Austin Place Apartments, continued

Comments

The property is at 100 percent occupancy. There is a waiting list with approximately 60 applicants and the majority of the applicants are waiting for a two bedroom unit. The property does not accept Section 8 tenants. The contact noted that the strong occupancy has been typical over the past few years.

PROPERTY PROFILE REPORT

Dalton Beach Club

Effective Rent Date	3/31/2014
Location	1902 Brady Drive Dalton, GA 30720 Whitfield County
Distance	18.3 miles
Units	155
Vacant Units	1
Vacancy Rate	0.6%
Type	Townhouse
Year Built/Renovated	1985 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mostly families, Avg household size is 3, Avg age is 30
Contact Name	Cheryl
Phone	706.279.1801



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	two weeks
Annual Chg. in Rent	Increased 4.7%
Concession	\$200 off first month

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
2	1.5	Townhouse	155	1,150	\$630	\$36	Market	No	1	0.6%	N/A	AVG
2	1.5	Townhouse	N/A	1,150	\$645	\$29	Market	No	N/A	N/A	N/A	HIGH
2	1.5	Townhouse	N/A	1,150	\$615	\$26	Market	No	N/A	N/A	N/A	LOW

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1.5BA	\$615 - \$645	\$26 - \$36	\$589 - \$616	\$43	\$632 - \$659

Amenities

In-Unit

Balcony/Patio
Carpeting
Dishwasher
Fireplace
Oven
Walk-In Closet

Blinds
Central A/C
Ceiling Fan
Hand Rails
Refrigerator
Washer/Dryer hookup

Security

None

Services

None

Property

Off-Street Parking
Playground
Tennis Court

On-Site Management
Swimming Pool

Premium

None

Other

None

Dalton Beach Club, continued

Comments

Property formerly known as Brookside Village Apartments. There is a rent special of \$200 off first month's rent. Contact did not know annual turnover and the property does not accept Section 8 tenants.

PROPERTY PROFILE REPORT

Ellijay East Apartments

Effective Rent Date 4/01/2014
Location 188 Eric Simpson Dr
 Ellijay, GA 30540
 Gilmer County County
Distance 24 miles
Units 45
Vacant Units 0
Vacancy Rate 0.0%
Type Various (2 stories)
Year Built/Renovated 1991 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors N/A
Tenant Characteristics N/A
Contact Name Kathy
Phone 706.635.3900



Market Information

Program Market, Rural Development (Rural Rental)
Annual Turnover Rate N/A
Units/Month Absorbed N/A
HCV Tenants 16%
Leasing Pace Two weeks
Annual Chg. in Rent None
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 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
1	1	Garden	6	644	\$405	\$0	Market	Yes	N/A	N/A	N/A	None
1	1	Garden	2	644	\$405	\$0	Rural Development (Rural Rental Assistance Program - RRAP)	Yes	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	25	920	\$420	\$0	Market	Yes	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	12	920	\$420	\$0	Rural Development (Rural Rental Assistance Program - RRAP)	Yes	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Rural	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$405	\$0	\$405	\$0	\$405	1BR / 1BA	\$405	\$0	\$405	\$0	\$405
2BR / 1.5BA	\$420	\$0	\$420	\$0	\$420	2BR / 1.5BA	\$420	\$0	\$420	\$0	\$420

Ellijay East Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Oven
Refrigerator
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Microwave
Pull Cords
Walk-In Closet

Security

None

Services

None

Property

Business Center/Computer Lab
Exercise Facility
On-Site Management

Clubhouse/Meeting
Central Laundry
Playground

Premium

None

Other

None

Comments

Of the 45 units at the property, 14 operate with Rural Rental Assistance (RRAP). Tenants in these units are paying 30 percent of their income towards rent. Management also noted that five of the 31 unsubsidized units are being rented by tenants with tenant based Section 8 vouchers. Therefore, tenants in these five units are also paying 30 percent of their income towards rent. The remaining 26 tenants are paying a minimum of the basic rents, which are \$405 and \$420 for a one- and two-bedroom unit. The contact said that there is also a 50% AMI tax credit overlay on eight of the units, and the remaining four units have a 60% overlay. We were unable to obtain detail on the LIHTC rents.

Photos



PROPERTY PROFILE REPORT

Legacy Of Dalton Apartments

Effective Rent Date	3/31/2014
Location	2111 Club Drive Dalton, GA 30720 Whitfield County
Distance	18 miles
Units	158
Vacant Units	3
Vacancy Rate	1.9%
Type	Garden
Year Built/Renovated	1971 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mixed local tenancy including singles, couples and small families, and the average age is between 32-35.
Contact Name	Sandy
Phone	1.706.226.3012



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	7-10 days
Annual Chg. in Rent	Decreased four percent
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included
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
1	1	Garden	81	800	\$604	\$0	Market	No	1	1.2%	N/A	None
2	2	Garden	53	1,100	\$694	\$0	Market	No	2	3.8%	N/A	None
3	2	Garden	24	1,300	\$789	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$604	\$0	\$604	\$0	\$604
2BR / 2BA	\$694	\$0	\$694	\$0	\$694
3BR / 2BA	\$789	\$0	\$789	\$0	\$789

Legacy Of Dalton Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Oven
Walk-In Closet

Blinds
Central A/C
Dishwasher
Ceiling Fan
Hand Rails
Refrigerator
Washer/Dryer hookup

Security

Patrol

Services

None

Property

Clubhouse/Meeting
Off-Street Parking
Playground
Tennis Court

Exercise Facility
On-Site Management
Swimming Pool

Premium

None

Other

None

Comments

The property is 98 percent occupied with the two and three bedrooms having the most demand. Contact did not know the annual turnover and the property does not accept Section 8 tenants. The contact noted that the strong occupancy at the property has been typical over the past year or two.

PROPERTY PROFILE REPORT

Park Canyon Apartments

Effective Rent Date	3/31/2014
Location	100 Park Canyon Drive Dalton, GA 30720 Whitfield County
Distance	18.5 miles
Units	171
Vacant Units	9
Vacancy Rate	5.3%
Type	Garden
Year Built/Renovated	1988 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mostly singles with an average household size of 1-2. The average age is 25-35.
Contact Name	Harla
Phone	866.978.3801



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Same Day to two weeks
Annual Chg. in Rent	2 percent increase
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	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	23	453	\$460	\$0	Market	No	1	4.3%	N/A	None
1	1	Garden	11	490	\$460	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden	37	680	\$545	\$0	Market	5 HH	2	5.4%	N/A	None
1	1	Garden	50	728	\$580	\$0	Market	No	6	12.0%	N/A	None
2	1.5	Garden	34	960	\$665	\$0	Market	No	0	0.0%	N/A	None
2	1.5	Garden	16	1,064	\$700	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$460 - \$580	\$0	\$460 - \$580	\$44	\$504 - \$624
2BR / 1.5BA	\$665 - \$700	\$0	\$665 - \$700	\$48	\$713 - \$748

Park Canyon Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Furnishing
Oven
Vaulted Ceilings
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Ceiling Fan
Hand Rails
Refrigerator
Walk-In Closet

Security

None

Services

None

Property

Basketball Court
Exercise Facility
Off-Street Parking
Swimming Pool

Clubhouse/Meeting
Jacuzzi
On-Site Management
Tennis Court

Premium

None

Other

None

Comments

The contact did not know annual turnover and the property does not accept Section 8 tenants. There are no rent specials. The units most in demand are the one-bedroom, 680 SF units.

PROPERTY PROFILE REPORT

Park Place Apartments

Effective Rent Date 4/09/2014
Location 510 Underwood St
 Dalton, GA 30721
 Whitfield County County
Distance 14.7 miles
Units 86
Vacant Units 8
Vacancy Rate 9.3%
Type Townhouse (2 stories)
Year Built/Renovated 2001 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors N/A
Tenant Characteristics Families and Elderly
Contact Name Liana
Phone 706.270.9979



Market Information

Program Market
Annual Turnover Rate N/A
Units/Month Absorbed N/A
HCV Tenants N/A
Leasing Pace One week
Annual Chg. in Rent N/A
Concession \$300 deposit and one week free with 12

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	1.5	Townhouse (2 stories)	86	1,125	\$645	\$0	Market	No	8	9.3%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1.5BA	\$645	\$0	\$645	\$0	\$645

Amenities

In-Unit

Blinds
 Central A/C
 Dishwasher
 Microwave
 Refrigerator
 Washer/Dryer hookup

Carpeting
 Coat Closet
 Hand Rails
 Oven
 Washer/Dryer

Security

Video Surveillance

Services

None

Property

Central Laundry
 On-Site Management
 Recreation Areas

Off-Street Parking
 Playground

Premium

None

Other

None

Park Place Apartments, continued

Comments

Tenants can pay a rent of \$645 with a washer/dryer or \$620 without a washer/dryer. Only one of the six buildings has the option of adding a washer/dryer. The property also covers up to &75 of the tenants utilities while providing for water, sewer, trash. There is a rent special of an additional week with a 12 month lease if the tenant pays a \$300 deposit. The property does not accept Section 8 tenants. The property manager did not know of annual turnover or the amount rents have changed in a year.

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

Housing Choice Vouchers

TENANTS WITH VOUCHERS

Comparable Property	Type	Housing Choice Voucher Tenants
Autumn Ridge	LIHTC/Market	5%
Dawnville Meadows	LIHTC/Market	2%
Fieldstone Apartments	LIHTC/HOME	21%
Linwood Place	LIHTC/HOME/Market (Senior)	0%
Austin Place Apartments	Market	N/A
Dalton Beach Club	Market	N/A
Ellijay East Apartments	Market/RD	16%
Legacy Of Dalton Apartments	Market	N/A
Park Canyon Apartments	Market	N/A
Park Place Apartments	Market	N/A

As illustrated in the table, three of the four LIHTC comparables reported having voucher tenants. The average percentage of voucher tenants at the LIHTC properties is seven percent and the overall market average is nine percent among the five total properties able to report on this data. The local market does not appear to be dependent on voucher tenants.

Lease Up History

Absorption data was not available for the comparables. Therefore, we will base our estimate of absorption on population and household trends in the region. Through the market entry, the total population in the PMA is projected to increase by 1,316 individuals. Additionally, the number of households is projected to increase 366 households over the same period of analysis. As detailed in the demand analysis contained within this report, a significant portion of the families in the PMA will be income-eligible to reside at the Subject. As a result, we believe that the Subject could lease a total of six units per month, or an absorption period of approximately 11 months until stabilization.

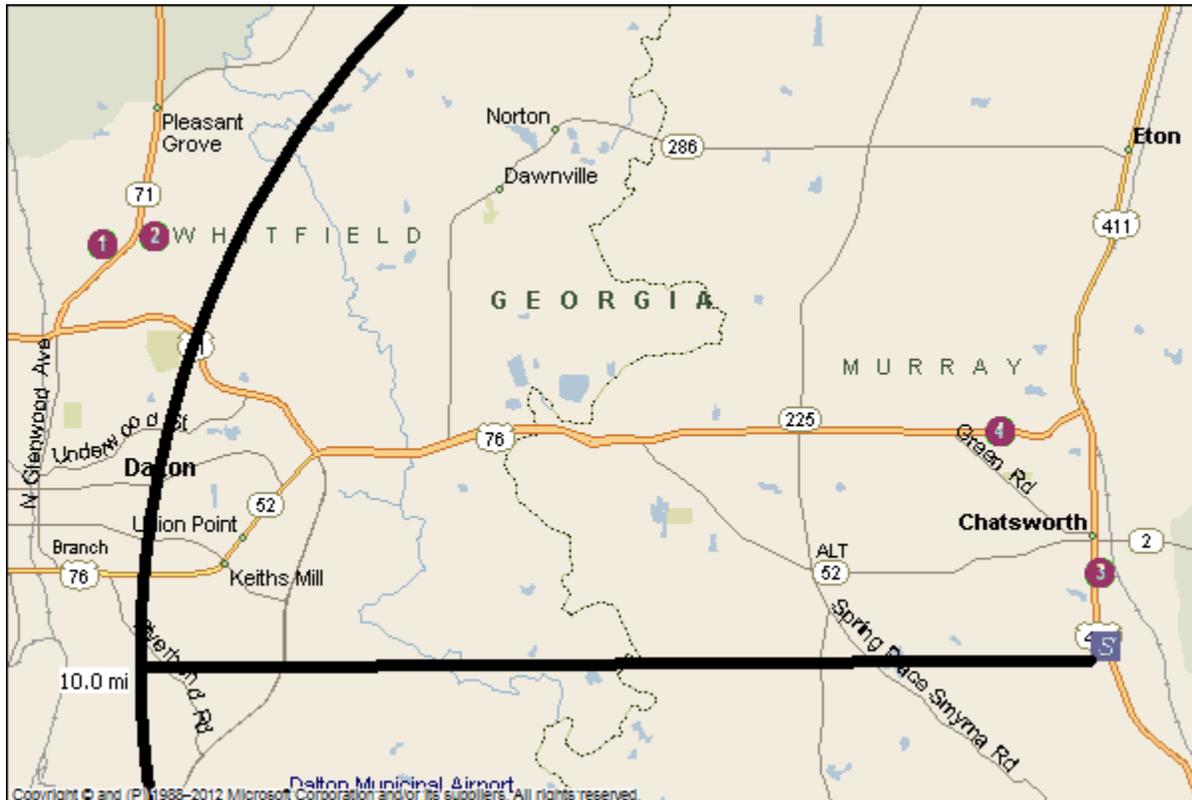
Phased Developments

The Subject is not part of a phased development.

Rural Areas

The Subject is located in a rural area.

3. COMPETITIVE PROJECT MAP



#	Property	Address	City	Type
1	Autumn Ridge	850 Autumn Court	Dalton	LIHTC/Market
2	Dawnville Meadows	161 Dawnville Road	Dalton	LIHTC/Market
3	Fieldstone Apartments	400 South 2nd Avenue	Chatsworth	LIHTC/HOME
4	Linwood Place	300 Civic Drive	Chatsworth	LIHTC/HOME/Market (Senior)

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.

UNIT MATRIX REPORT

	Peyton Ridge	Autumn Ridge	Dawnville Meadows	Fieldstone Apartments	Austin Place Apartments	Dalton Beach Club	Elijah East Apartments	Legacy Of Dalton Apartments	Park Canyon Apartments	Park Place Apartments
Comp #	Subject	1	2	3	4	5	6	7	8	9
Property Information										
Property Type	Townhouse	Garden (2 stories)	Garden (2 stories)	Various (2 stories)	Various (2 stories)	Townhouse	Various (2 stories)	Garden	Garden	Townhouse (2 stories)
Year Built / Renovated	2016	2004 / n/a	2000 / n/a	1999 / n/a	1998 / n/a	1985 / n/a	1991 / n/a	1971 / n/a	1988 / n/a	2001 / n/a
Market (Conv./Subsidy Type)		@ 30%, @ 50%, @ 60%, @ 60%	@ 50%, Market	@ 50% (HOME)	Market	Market	Market, Rural Development (Rural Rental Assistance Program - RRAP)	Market	Market	Market
Utility Adjustments										
Cooking	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	no	yes	no	yes	yes	yes	yes
Sewer	yes	no	yes	no	yes	no	yes	yes	no	yes
Trash Collection	yes	yes	yes	yes	yes	yes	yes	yes	no	yes
In-Unit Amenities										
Balcony/Patio	no	yes	yes	yes	yes	yes	yes	yes	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	no	no	no	no	no	no	no	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	yes	yes	yes	no	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	yes	yes	no	no	no	yes	yes	no
Ceiling Fan	yes	yes	yes	no	no	yes	yes	yes	yes	no
Fireplace	no	no	no	no	no	yes	no	no	no	no
Furnishing	no	no	no	no	no	no	no	no	yes	no
Garbage Disposal	yes	yes	yes	yes	no	no	no	yes	no	no
Hand Rails	yes	no	no	no	no	yes	no	yes	yes	yes
Microwave	yes	no	no	no	no	no	yes	no	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Pull Cords	no	no	no	no	no	no	yes	no	no	no
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	no	no	no	no	no	yes	no
Walk-In Closet	yes	yes	no	no	yes	yes	yes	yes	yes	no
Washer/Dryer	no	no	no	no	no	no	no	no	no	yes
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Property Amenities										
Basketball Court	no	yes	no	no	no	no	no	no	yes	no
Business Center/Computer Lab	yes	no	no	yes	no	no	yes	no	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	no	no	yes	yes	yes	no
Courtyard	yes	no	no	no	no	no	no	no	no	no
Exercise Facility	yes	yes	no	no	no	no	yes	yes	yes	no
Jacuzzi	no	no	no	no	no	no	no	no	yes	no
Central Laundry	yes	yes	yes	yes	no	no	yes	no	no	yes
Off-Street Parking	yes	yes	yes	yes	no	yes	no	yes	yes	yes
On-Site Management	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Picnic Area	yes	no	no	yes	no	no	no	no	no	no
Playground	yes	yes	yes	yes	no	yes	yes	yes	no	yes
Recreation Areas	yes	no	no	no	no	no	no	no	no	yes
Swimming Pool	no	yes	yes	no	no	yes	no	yes	yes	no
Tennis Court	no	no	no	no	no	yes	no	yes	yes	no
Volleyball Court	no	no	yes	no	no	no	no	no	no	no
Services										
Afterschool Program	no	yes	no	no	no	no	no	no	no	no
Security										
Limited Access	yes	no	no	no	no	no	no	no	no	no
Patrol	no	yes	no	no	no	no	no	yes	no	no
Perimeter Fencing	yes	no	no	no	no	no	no	no	no	no
Video Surveillance	yes	no	no	no	no	no	no	no	no	yes
Other Amenities										
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

We have compared the Subject to the comparable properties based on location and design of the developments, as well as the amenities offered at the properties and their rent structures. The Subject offers a generally similar in-unit amenities package. The Subject will, however, offer a slightly superior common area amenities package, as the Subject includes a business center/computer lab, courtyard, exercise facility, picnic area, and recreation areas, as the majority of the comparables do not offer these common area amenities. Additionally, the Subject's security features are slightly superior to the comparables. Overall, the Subject will be similar to slightly superior to the comparables in terms of amenities.

5. 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
Autumn Ridge	LIHTC/Market	130	8	6.2%
Dawnville Meadows	LIHTC/Market	120	6	5.0%
Fieldstone Apartments	LIHTC/HOME	56	7	12.5%
Austin Place Apartments	Market	26	0	0.0%
Dalton Beach Club	Market	155	1	0.6%
Ellijay East Apartments	Market/RD	45	0	0.0%
Legacy Of Dalton Apartments	Market	158	3	1.9%
Park Canyon Apartments	Market	171	9	5.3%
Park Place Apartments	Market	86	8	9.3%
Total		947	42	4.4%

As illustrated, vacancy rates in the market range from zero to 12.5 percent, with an average of 4.4 percent. The LIHTC comparables reported vacancy rates between 5.0 and 12.5 percent with an average of 6.8 percent, while the market rate comparables reported vacancy rates between zero and 9.3 percent with an average of 3.3 percent. Fieldstone Apartments reported the highest vacancy rate and it the only comparable property located in Chatsworth. We spoke with the property manager regarding the high vacancy rate and she noted that it was due to natural turnover. She said that two of the units had already been lease, which equates to the property being approximately 91 percent leased. She also noted that the properties' units are restricted to tenants earning 50 percent of AMI or less, but noted that units restricted to tenants earning 60 percent AMI or less would likely have broader appeal. Additionally, Fieldstone Apartments was built in 1999 and will be inferior to the Subject in terms of age and condition. The Subject will also offer rents at both 50 and 60 percent of AMI making the Subject's units available to more potential tenants. Additionally, many of the property managers in the area reported strong occupancy levels, which they noted has been the trend over the past year. The property managers reported no impact from the lagging economy on rental units in the area. We believe that the Subject will have a vacancy rate of five percent of less.

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. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report

#	Property Name	Type	Property Amenities	Unit Features	Location	Age / Condition	Unit Size	Overall Comparison
1	Autumn Ridge	LIHTC/Market	Similar	Superior	Slightly Superior	Slightly Inferior	Slightly Superior	15
2	Dawnville Meadows	LIHTC/Market	Slightly Inferior	Superior	Slightly Superior	Slightly Inferior	Similar	5
3	Fieldstone Apartments	LIHTC/HOME	Slightly Inferior	Superior	Similar	Slightly Inferior	Slightly Inferior	-5
4	Austin Place Apartments	Market	Inferior	Superior	Slightly Inferior	Inferior	Slightly Superior	-10
5	Dalton Beach Club	Market	Slightly Inferior	Superior	Slightly Superior	Inferior	Slightly Superior	5
6	Ellijay East Apartments	Market/RD	Slightly Inferior	Superior	Slightly Inferior	Inferior	Slightly Inferior	-15
7	Legacy Of Dalton Apartments	Market	Slightly Inferior	Superior	Slightly Superior	Inferior	Slightly Superior	5
8	Park Canyon Apartments	Market	Similar	Superior	Slightly Superior	Inferior	Slightly Inferior	0
9	Park Place Apartments	Market	Slightly Inferior	Superior	Slightly Superior	Slightly Inferior	Slightly 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	2BR	3BR
Peyton Ridge (Subject)	\$400	\$449
LIHTC Maximum (Net)	\$400	\$452
Whitfield County Hold Harmless Rents (2010)	\$473	\$537
Dawnville Meadows	\$488	\$556
Autumn Ridge	\$491	\$561
Fieldstone Apartments	\$385	\$431
Average (excluding Subject)	\$455	\$516

LIHTC Rent Comparison - @60%

Property Name	2BR	3BR
Peyton Ridge (Subject)	\$446	\$494
LIHTC Maximum (Net)	\$504	\$572
Whitfield County Hold Harmless Rents (2010)	\$591	\$673
Dawnville Meadows	\$575	\$650
Autumn Ridge	\$613	\$702
Average (excluding Subject)	\$594	\$676

The Subject will offer townhouse-style units at both 50 and 60 percent AMI. Several of the comparables’ rents appear above the current maximum allowable levels as well as the Hold Harmless rents from 2010; this is most likely due to differing utility structures between properties. The Subject is most similar to Dawnville Meadows and Fieldstone Apartments. Dawnville Meadows is located in Dalton, in a slightly superior neighborhood than the Subject. It offers a generally similar in-unit amenities package; however, the Subject offers a slightly superior common area amenities package. The Subject offers similar unit sizes as Dawnville Meadows, but as new construction, the Subject will be in slightly superior condition. Fieldstone Apartments is located in Chatsworth, in a similar neighborhood as the Subject property. Fieldstone Apartments also offers a generally similar amenities package but a slightly inferior common area amenities package. The unit sizes at Fieldstone Apartments are slightly inferior to the Subject’s proposed unit sizes, and as new construction, the Subject will be in slightly superior condition. Dawnville Meadows is currently achieving rents above the maximum allowable level in Murray County, but is located in the county adjacent to the Subject’s county with a higher maximum allowable level. Fieldstone Apartments is located in Chatsworth with rents set slightly below the maximum allowable level at 50 percent AMI. **We believe that the Subject can achieve rents set at the maximum allowable level for the 50 percent units and we believe that the developer’s proposed rents at 60 percent AMI are achievable.**

It should be noted that the majority of the units at the Subject will be restricted to households earning 60 percent of AMI or less. According to the property manager at Fieldstone Apartments, the units at 60 percent AMI reflect the highest demand in the market.

Chatsworth has two existing LIHTC comparables in the city; however, one of the properties, Linwood Place, is a senior property and has been excluded from our extensive analysis on rents in the area. However, since there are only two LIHTC comparables in the city of Chatsworth, we believe that a comparison of all LIHTC, family and senior, is of some value to determining the achievable rents at the proposed Subject and further supports the Subject achievable rents.

Subject Rent Comparison to LIHTC in Chatsworth

Property	2BR Rent (50%)	3BR Rent (50%)	2BR Rent (60%)	3BR Rent (60%)
Subject (Novoco Achievable)	\$400	\$449	\$446	\$494
Fieldstone Apartments	\$385	\$431	-	-
Linwood Place (Senior)	\$375	-	\$375	-

As new construction, the Subject will be in superior condition to these two properties. We believe that rents placed slightly above the rents at the current properties is reasonable and achievable.

Analysis of “Market Rents”

Per DCA’s market study guidelines, “average market rent is to be a reflection of rents that are achieved in the market. In other words, the rents the competitive properties are currently receiving. Average market rent is not “Achievable unrestricted market rent.” In an urban market with many tax credit comps, the average market rent might be the weighted average of those tax credit comps. In cases where there are few tax credit comps, but many market rate comps with similar unit designs and amenity packages, then the average market rent might be the weighted average of those market

rate comps. In a small rural market there may be neither tax credit comps nor market rate comps with similar positioning as the subject. In a case like that the average market rent would be a weighted average of whatever rents were present in the market.”

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 not 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.

It should be noted that we did not include the rents at the senior property in the table below.

The overall average and the maximum and minimum adjusted rents for the market properties surveyed are illustrated in the table below in comparison with net rents for the Subject.

Subject Comparison to "Market Rents"

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Subject Rent Advantage
<i>50% AMI</i>					
2 BR	\$400	\$385	\$823	\$595	49%
3 BR	\$449	\$431	\$939	\$667	49%
<i>60% AMI</i>					
2 BR	\$446	\$420	\$823	\$626	40%
3 BR	\$494	\$650	\$939	\$758	53%

As illustrated the Subject’s proposed 50 percent AMI rents are well below the surveyed average when compared to the comparables, both LIHTC and market rate. The Subject’s proposed LIHTC rents are slightly lower than the surveyed minimum. This is considered reasonable given that there are very few newly constructed market rate properties and the Subject will be slightly superior.

The Subject will be most similar to Dawnville Ridge which offers units at 60 percent AMI. Dawnville Ridge is currently 95 percent occupied and maintains a waiting list for the 60 percent units.

The Subject will be most similar to Park Canyon Apartments as a market rate property. This property will offer similar in-unit and common area amenities as the Subject. The rents at Park Canyon Apartments are more than 50 percent higher than the Subject’s proposed rents.

Overall, we believe that the Subject’s proposed rents are achievable in the market and will offer an advantage when compared to the average rents being achieved at comparable properties.

9. LIHTC Competition – DCA Funded Properties within the PMA

Based on DCA’s allocation lists, there have been no recent allocations in the PMA. However, there are four existing LIHTC properties in the PMA. Two of the properties, Autumn Ridge and Dawnville Meadows, are mixed-income developments located in Dalton. There is one LIHTC

property in Chatsworth that targets family tenancy. All three of these properties have been included in our analysis. Additionally, Linwood Place is an age-restricted property located in Chatsworth, which has been excluded from our analysis due to the differing tenancy.

After speaking with property managers in the area, who reported a strong demand for affordable housing for larger unit types, such as the Subject's, we believe that the Subject's units will have a minimal impact in the market.

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	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	18,670	64.9%	10,077	35.1%
2013	19,624	60.3%	12,913	39.7%
Projected Mkt Entry June 2016	19,913	60.52%	12,990	39.48%
2018	20,119	60.7%	13,045	39.3%

Source: ESRI Demographics 2013, Novogradac & Company LLP, April 2014

Owner-occupied housing has a larger share of the housing market in the PMA and is projected to stand at 60.52 percent at the time of market entry. The percentage of renter occupied units will remain stable, but there will be an increase in the total number of renter-occupied units. Even though the PMA has a higher portion of owner households than the national average, the owner-occupied market still does not promote affordable housing choices for low and moderate-income people.

Historical Vacancy

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

Comparable Property	1QTR 2013	2QTR 2013	1QTR 2014	2QTR 2014
Autumn Ridge	N/A	0.00%	N/A	6.20%
Dawnville Meadows	N/A	2.50%	N/A	5.00%
Fieldstone Apartments	N/A	N/A	N/A	12.50%
Austin Place Apartments	N/A	N/A	N/A	0.00%
Dalton Beach Club	N/A	N/A	0.60%	N/A
Elijay East Apartments	N/A	N/A	N/A	0.00%
Legacy Of Dalton Apartments	1.30%	N/A	1.90%	1.90%
Park Canyon Apartments	N/A	N/A	5.30%	N/A
Park Place Apartments	N/A	N/A	N/A	9.30%

As illustrated in the table, we have limited historical occupancy information for the comparables properties.

Change in Rental Rates

The following table illustrates the rental growth in the market over the past 12 months.

RENT GROWTH		
Comparable Property	Rent Structure	Rent Growth
Autumn Ridge	LIHTC/Market	None
Dawnville Meadows	LIHTC/Market	Decreased 6% to 11%
Fieldstone Apartments	LIHTC/HOME	None
Austin Place Apartments	Market	None
Dalton Beach Club	Market	Increased approximately 4.7%
Ellijay East Apartments	Market/RD	None
Legacy Of Dalton Apartments	Market	Decreased 4%
Park Canyon Apartments	Market	Increased 2%
Park Place Apartments	Market	N/A

As the table above shows, rental growth has been mixed over the past year. Two of the comparables reported rental decreases between four and 11 percent, while two comparables reported rental growth between two and approximately 4.7 percent. Four of the remaining comparables reported no change over the past year.

11. Impact of Foreclosed, Abandoned and Vacant Structures

Per RealtyTrac's February 2014 data, an estimated 14.1 percent of homes are vacant in Chatsworth. The median sales price is \$85,950 as of February 2014, which represents a five percent year over year decrease. The median list price in the city is \$106,900, which is a two percent year over year increase since February 2013. The foreclosure rates in Chatsworth as of February 2014 is one in every 1507 housing units, which is the same rate of the Murray County and lower than that of the state (one in every 1011 housing units). This rate is also significantly lower than the national rate of one in every 1170 housing units. This moderate foreclosure rate speaks toward the inherent economic stability of the city and bodes well for the Subject property. Given the rate of foreclosed properties in the region and corroboration from the local Chamber of Commerce about the lack of vacant buildings in the Subject's vicinity, we believe the impact of foreclosed, abandoned and vacant structures to be negligible.

12. Primary Housing Void

The property manager at Fieldstone Apartments noted that units at 60 percent AMI units are in strong demand in the market. As Fieldstone Apartments offers units only at 50 percent AMI, she says she sees a strong demand for higher AMI levels, as there are a lot of potential tenants that are overqualified for the 50 percent AMI units. The Subject will offer units at both 50 and 60 percent AMI.

13. Affect of Subject on Other Affordable Units in Market

After speaking with property managers in the area, who reported a strong demand for affordable housing for larger unit types, which is what the Subject will offer, we believe that the Subject's units will have a minimal impact in the market.

Conclusions

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property. The Subject will be superior in terms of condition to all of the comparables. The Subject's proposed rents are slightly below the range of the comparables, due to the comparables being held harmless at the higher 2010 maximum allowable rent levels. Overall, we believe there is demand for the Subject given its excellent condition, low capture rates, competitive amenities and unit sizes.

I. ABSORPTION & STABILIZATION RATES

Stabilization/Absorption Rate

Absorption data was not available for the comparables. Therefore, we will base our estimate of absorption on population and household trends in the region. Through the market entry, the total population in the PMA is projected to increase by 1,316 individuals. Additionally, the number of households is projected to increase 366 households over the same period of analysis. As detailed in the demand analysis contained within this report, a significant portion of the families in the PMA will be income-eligible to reside at the Subject. As a result, we believe that the Subject could lease a total of six units per month, or an absorption period of approximately 11 months until stabilization of 93 percent.

J. INTERVIEWS

Georgia Department of Community Affairs, Athens Regional Office

According to Nancy Dove, Regional Housing Administrator of the Georgia Department of Community Affairs Athens Regional Office, Murray County does not have a waiting list and there are currently 22 tenants that it serves. Budget cuts have prevented the DCA from administering more vouchers and possessing a waiting list. The DCA also has a mandate from the Department of Justice to serve individuals who were housed in mental institutions. Tenants come from within the county and have to live in the county for a year before he or she can move to another county. Below are the payment standards for the 149 counties the DCA serves, including Floyd County.

Payment Standards

Bedrooms	Payment Standard
1	\$496
2	\$601
3	\$756

Planning

We contacted Dolley Flood, Planning Officer at the Chatsworth Planning Department. The representative stated that there is no application or approval of any developments within the city limits and nothing that has been completed or under construction

Chamber of Commerce

We spoke with Dinah Rowe, President and CEO of the Chatsworth-Murray County Chamber of Commerce. The representative mentioned the Mattex manufacturing facility opening in 2014 with the hiring process occurring right now. The company will hire approximately 200 employees. Ms. Rowe also mentioned that Engineered Floors will open two new carpet plants that will employ 1,400 people in Murray County. The company will invest \$450 million into the two plants and there is no timetable for construction.

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

K. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- The largest industries in the PMA are manufacturing, retail trade and educational services. Together these three industries comprise 52.5 percent of employment in the PMA. The Dalton, GA MSA experienced moderate employment growth prior to the advent of the recession in 2008. The area felt the negative effects early in 2007 and has suffered more losses through 2013. The total employment has declined 26 percent since 2006 with no net increase of jobs in the recent years after the recession. Although recent articles site the increase in employment and decrease in new claims for unemployment insurance, the area economy has been slow to recover, as the December 2013 total employment decreased significantly over the prior year.
- The population growth in the PMA in 2013 was slightly below that of the MSA but above the nation. The population will continue to grow in the PMA through the projected market entry date, but will be slightly behind both the PMA and the nation. In 2013, 41.2 percent of the population in the PMA is between the ages of 20 and 54, which bodes well for the subject's units. Similar to population trends, total household growth in the PMA is projected to increase at a rate below that of the MSA and nation. Average household size is projected to increase slightly in the PMA and MSA with a nominal annual change of 0.1 percent, while the nation is projected to remain stable through 2018. An estimated 47.8 percent of households in the PMA are projected to earn between \$20,000 and \$59,999 per year at the time of market entry, a number expected to remain by 2018.
- As the analysis illustrates, the Subject's capture rates at the 50 percent AMI level will range from 3.9 to 4.6 percent, with an overall capture rate of 4.3 percent. The Subject's 60 percent AMI capture rates range from 17.0 to 17.8 percent, with an overall capture rate of 17.4 percent. The overall capture rate for the project's 50 and 60 percent units is 17.1 percent. Therefore, we believe there is adequate demand for the Subject.
- Absorption data was not available for the comparables. Therefore, we will base our estimate of absorption on population and household trends in the region. Through the market entry, the total population in the PMA is projected to increase by 1,316 individuals. Additionally, the number of households is projected to increase 366 households over the same period of analysis. As detailed in the demand analysis contained within this report, a significant portion of the families in the PMA will be income-eligible to reside at the Subject. As a result, we believe that the Subject could lease a total of six units per month, or an absorption period of approximately 11 months until stabilization of 93 percent.
- Vacancy rates in the market range from zero to 12.5 percent, with an average of 4.4 percent. The LIHTC comparables reported vacancy rates between 5.0 and 12.5 percent with an average of 6.8 percent, while the market rate comparables reported vacancy rates between zero and 9.3 percent with an average of 3.3 percent. Fieldstone Apartments reported the highest vacancy rate and it the only comparable property located in Chatsworth. We spoke with the property manager regarding the high vacancy rate and she noted that it was due to natural turnover. She said that two of the units had already been lease, which equates to the property being approximately 91 percent leased. She

also noted that the properties' units are restricted to tenants earning 50 percent of AMI or less, but noted that units restricted to tenants earning 60 percent AMI or less is more reasonable in this market. Additionally, Fieldstone Apartments was built in 1999 and will be inferior to the Subject in terms of age and condition. The Subject will also offer rents at both 50 and 60 percent of AMI making the Subject's units available to more potential tenants. Additionally, many of the property managers in the area reported strong occupancy levels, which they noted has been the trend over the past year. The property managers reported no impact from the lagging economy on rental units in the area. We believe that the Subject will have a vacancy rate of five percent or less.

- Strengths of the Subject will include its new construction, the townhouse-style design, as well as the common area amenities package.
- Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as new construction.
- Weaknesses include the generally lagging economy. The total employment has declined 26 percent since 2006 with no net increase of jobs in the recent years after the recession. Although recent articles site the increase in employment and decrease in new claims for unemployment insurance, the area economy has been slow to recover, as the December 2013 total employment decreased significantly over the prior year.

Recommendations

- We believe that the Subject's proposed rents should be increased to the maximum allowable levels for the 50 percent AMI units and set at the developer's proposed rents for the 60 percent AMI units.

L. SIGNED STATEMENT REQUIREMENTS

I affirm that I (or one of the persons signing below) 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 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, CRE
LEED Certified Associate
Partner
Novogradac & Company LLP



Edward R. Mitchell
Senior Real Estate Analyst
Novogradac & Company LLP



Andrew Holloway
Real Estate Analyst
Novogradac & Company LLP

5-16-2014

Date

M. MARKET STUDY REPRESENTATION

Novogradac & Company LLP states that DCA may rely on the representation made in the market study provided and this document is assignable to other lenders that are parties to the DCA loan transaction.



H. Blair Kincer, MAI, CRE
LEED Certified Associate
Partner
Novogradac & Company LLP



Edward R. Mitchell
Senior Real Estate Analyst
Novogradac & Company LLP



Andrew Holloway
Real Estate Analyst
Novogradac & Company LLP

5-16-2014
Date

N. 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)
LEED Green Associate
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. CG100026242 – State of Colorado
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
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
Certified General Real Estate Appraiser, No. 1081 – State of Wyoming

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.
- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The reports are used by clients to evaluate with their advisors certain tax consequences applicable to ownership. Additionally, the reports can be used in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009 and in the ITC funding process.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

EDWARD R. MITCHELL

I. Education

University of Alabama, Tuscaloosa, Alabama
Master of Science – Financial Planning

University of Alabama, Tuscaloosa, Alabama
Graduate Certificate (Half Master's) Conflict Management, Negotiation, and Mediation

University of Alabama, Tuscaloosa, Alabama
Bachelor of Science – Human Environmental Science

San Antonio College, San Antonio, Texas
Associate of Arts – Real Estate Management

II. Professional Experience

Analyst; Novogradac & Company LLP (September 2013 – Present)
Senior Appraiser; Valbridge Property Advisors
Managing Partner; Consolidated Equity, Inc.
Appraiser; Schultz, Carr, Bissette
Disposition Manager; Resolution Trust Corporation (RTC)

III. Assignments

- Currently conducts market feasibility studies and appraisals of proposed new construction and existing Low-Income Housing Tax Credit (LIHTC) properties.
- Over 20 years' experience in real estate appraisal, investment, development, and construction in Texas, Florida, and Georgia. Past appraisal assignments include all types of vacant and improved commercial property and special use properties such as rail corridors, Right-of-Way corridors, and recycling plants.

IV. Licensure

- State Certified General Real Property Appraiser (Georgia)
- Licensed Real Estate Salesperson (Georgia)
- Appraisal Institute – Candidate for Designation

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Andrew Holloway

I. Education

George Mason University, Fairfax, VA
Bachelor of Science, Economics

II. Professional Experience

Analyst, Novogradac & Company LLP, December 2013 - Present
Researcher, Novogradac & Company LLP, February 2012 – December 2013
Research Assistant, Hanley Wood Market Intelligence, April 2011 – February 2012

III. Research Assignments

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

- Conducted numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Assisted with numerous appraisals of new construction and existing LIHTC and market-rate properties. Analysis typically includes physical inspection of the property and market, concept analysis, demographic and economic analysis, demand and absorption projections, comparable surveying, supply analysis and rent determination, operating expense analysis, capitalization rate analysis, valuation utilizing the three approaches to value, insurable value estimation, and LIHTC equity valuation. Appraisals completed in: California, Colorado, Michigan, Mississippi, Missouri, and Pennsylvania.
- Assisted with numerous market studies for projects under the HUD Multifamily Accelerated Processing program.
- Assisted with numerous appraisals of existing properties under the HUD Multifamily Accelerated Processing Program.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

STATEMENT OF PROFESSIONAL QUALIFICATIONS
Murad M. Karimi

I. Education

Emory University, Goizueta Business School– Atlanta, GA
Bachelor of Arts
Bachelor of Business Administration

II. Professional Experience

Novogradac & Company LLP – January 2014 - Present
Real Estate Researcher

III. Real Estate Assignments

A representative sample of work on various types of projects:

- Prepared market studies for proposed new construction and existing Low Income Housing Tax Credit, Section 8, and market rate developments for use by real estate developers, governmental entities, and financial institutions. Property types included special needs and age restricted developments. Studies included property screenings, market and demographic analysis, comparable rent surveys, and supply and demand analysis.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, and market rate multifamily developments. Analysis includes property screenings, expense comparability analysis, demographic and economic analysis.
- Performed all aspects of data collection and data mining for use in market studies, feasibility studies, and appraisals.