



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

**THE OVERLOOK AT WALKERS BEND  
Walkers Bend Parkway  
Covington, Newton County, Georgia**

**Effective Date: April 11, 2014  
Report Date: May 14, 2014**

*Prepared For*

**Mr. James K Maddox  
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*Prepared By*

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May 14, 2014

Mr. James K Maddox  
Maco Companies  
111 North Main Street  
Clarkton, Missouri 63837

**Re: Market Study for The Overlook at Walkers Bend in Covington, Georgia**

Dear Mr. Maddox:

At your request, Novogradac & Company LLP performed a market study of the senior rental market in the Covington, Newton 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 The Overlook at Walkers Bend, a proposed Housing for Older Persons (HFOP) development, consisting of 60 units. Units will be restricted to senior households ages 55 and older 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.

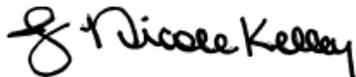
Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company, LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,



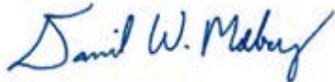
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## **ASSUMPTIONS AND LIMITING CONDITIONS**

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

author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.

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 Overlook at Walkers Bend will be a newly constructed elevator-serviced lowrise senior property located in Covington, Georgia. The following table illustrates the unit mix including bedrooms/bathrooms, square footage, income targeting, rents, and utility allowances.

**PROPOSED RENTS**

| Unit Type      | Unit Size (SF) | Number of Units | Asking Rent | Utility Allowance (1) | Gross Rent | 2014 LIHTC                   | 2014 HUD          |
|----------------|----------------|-----------------|-------------|-----------------------|------------|------------------------------|-------------------|
|                |                |                 |             |                       |            | Maximum Allowable Gross Rent | Fair Market Rents |
| <i>50% AMI</i> |                |                 |             |                       |            |                              |                   |
| 1BR/1BA        | 650            | 9               | \$443       | \$161                 | \$604      | \$604                        | \$756             |
| 2BR/1BA        | 900            | 6               | \$520       | \$205                 | \$725      | \$725                        | \$896             |
| <i>60% AMI</i> |                |                 |             |                       |            |                              |                   |
| 1BR/1BA        | 650            | 11              | \$564       | \$161                 | \$725      | \$725                        | \$756             |
| 2BR/1BA        | 900            | <u>34</u>       | \$665       | \$205                 | \$870      | \$870                        | \$896             |
| <b>Total</b>   |                | <b>60</b>       |             |                       |            |                              |                   |

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

The Subject will offer the following amenities: blinds, carpeting, central air conditioning, dishwashers, ceiling fans, hand rails, microwaves, ovens, pull cords, refrigerators, washer dryer hook-ups, a business center/computer lab, a clubhouse/community room, elevators, an exercise facility, a central laundry facility, off-street parking, on-site management, picnic areas, a library, and a walking path. Overall, the Subject’s amenities will be competitive with those offered at the comparable properties.

**2. Site Description/Evaluation:**

The Subject site is located east of Washington Street on Walkers Bend Parkway. Immediate uses surrounding the site consist of vacant land and single-family homes and townhomes in overall good to excellent condition. The family LIHTC property Village at Walkers Bend is located northeast of the site. This development was allocated tax credits in 2010 and is currently 98 percent occupied. It contains 32 single-family homes and is in excellent condition. As a single-family home development targeting general households, Village at Walkers Bend will not compete with the Subject’s age-restricted units upon completion. The Walker’s Bend New Leaf Center, located directly east of the Subject site, is operated by the local Housing Authority and is utilized as transitional housing.

There are 30 residential units, a commercial kitchen, retail, and community areas. The New Leaf Center also includes classroom and office space for the Housing and Financial Counseling Program, which provides job training and life skills counseling to residents of Covington. Smaller commercial developments and free standing retail are located west of the site along Washington Street. Downtown Covington is located approximately 1.2 miles northeast of the site. Downtown retail appeared to be 90 percent occupied. The area south of the Subject, along Flat Shoals Road, is characterized by new single-family home subdivisions. These homes are overall in excellent condition and prices start at \$124,000. Overall, the Subject site is considered a desirable building site for senior rental housing. The uses surrounding the Subject are in good to excellent condition and the site has good proximity to downtown Covington and locational amenities.

Signage for the Subject will be placed along Washington Street, which will give the Subject good visibility. Views from the site consist of single-family homes in overall good condition and the LIHTC property, Village at Walkers Bend, which is in excellent condition. Overall, views from the site will be good.

### **3. Market Area Definition:**

The PMA is defined by Walnut Grove Road and the Newton/Walton County line to the north, the Newton/Jasper County line and State Route 212 to the south, the Newton/Morgan County line to the east, and McDonough Highway to the west. This area includes Newton County and a portion of Rockdale County to the east. The area was defined based on interviews with the local property managers at comparable properties. Management at Harristown Park reported that the property has tenants from Covington as well as other areas of Newton County and from Conyers, which is located in eastern Rockdale County. Management reported that due the lack of senior housing in the area, tenants are willing to move from outside Newton County and that it is likely that a new senior property could draw tenants from surrounding counties. Additionally, property managers at several of the family LIHTC properties indicated that their senior tenants have moved to the area from other parts of the state in order to be closer to their families. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2014 market study guidelines, we have not accounted for leakage in our demand analysis found

later in this report. The furthest PMA boundary from the Subject is 10.5 miles.

#### 4. Community Demographic

##### Data:

Overall population growth in the PMA has been greater than the MSA and nation through 2013. The senior population within the PMA has increased dramatically since 2000. The senior population increased slightly faster than the MSA and significantly faster than the nation from 1990 to 2013. Growth is expected to moderate within the PMA over the next five years. The senior population in the MSA will grow slightly faster than the PMA and nation. The strong senior population growth within the MSA bodes well for the Subject's units. By age cohort in 2013, younger generations still comprise the majority. However, the target demographic for the Subject does comprise a higher percentage of the population in the PMA than the MSA.

Senior owner-occupied housing dominates the PMA with 80.7 percent in 2013. However, the 19.3 percent of senior renter-occupied housing is higher than the national average of just 13 percent. The percentage of senior renter-occupied units are expected to decline slightly through 2018, but the total number of senior renter-occupied units is expected to increase, which bodes well for the Subject's units.

Household incomes earning under \$39,999 in the PMA comprise 40.3 percent of all income cohorts. The Subject will target senior households earning between \$18,120 and \$30,960, therefore, the Subject should be well-positioned to service this market.

According to RealtyTrac.com statistics, 980 properties in Covington, GA are in some stage of foreclosure. This equates to approximately one foreclosure in every 421 housing units. Newton County has a similar foreclosure rate of one in every 442 housing units, while Georgia experienced one in every 1,011 housing units, and the nation experienced one foreclosure in every 1,170 housing units. The foreclosure rate within the PMA is significantly above the national average, which indicates a weaker local housing market.

Senior renter households in the PMA with two persons or less comprise 74.2 percent of such households in 2013. This percentage is projected to remain stable into the

foreseeable future. The Subject will contain one and two bedroom floor plans, so this large percentage bodes well for the Subject. Overall, the demographic data points to a growing senior population with household incomes in line with the Subject's target.

## 5. Economic Data:

Covington and Newton County in general were particularly hard hit by the housing market crash of 2007 and 2008. Before those years, Newton County had been the fourth fastest growing county in the nation. The extreme drop in new home building subsequently led to loss of construction jobs, cutbacks by builders, and cutbacks by their suppliers. Manufacturing employment in the county also felt the effects of the downturn in demand for their products.

Manufacturing and trade, transportation & utilities comprise 50 percent of total employment in Newton County. These industries are particularly vulnerable in economic downturns with less demand for their products and services. Education and health services, historically stable employers, comprise the next highest industry with 14.38 percent of total employment. The leisure and hospitality industries also comprise a large percentage of total employment.

Recent events, however, indicate the beginnings of a recovery in progress for the area. Baxter International, which will produce plasma-based treatments at a new manufacturing facility in Covington, recently announced plans to move into Stanton Springs Technology Park after striking a \$1.3 billion deal with the Joint Development Authority of Newton. The facility is expected to be fully operational by 2018 with Baxter International hiring about 1,200 people from the local area.

New business openings will spark retail developments and increase demand for employment. The increased housing market will add new jobs to construction in Newton County. Covington is one of the top film production sites in Georgia, according to GoCovington.com. Triple Horse Studios is planning a \$100 million expansion over the next several years in Covington. The studios have also made Covington a recognizable location as 3,421 people from 34 states and 14 countries have signed in at the visitor's center in October 2012, the most recent available month of data. Tourism is a key economic driver for Newton County,

generating \$100.1 million in direct tourist spending and \$2.95 million in local county tax revenues.

**6. Project-Specific Affordability And Demand Analysis:**

Our demand analysis indicates that there are 233 age and income qualified renter households in the PMA. The following table indicates the capture rates for the Subject’s units.

CAPTURE RATE ANALYSIS CHART

| Unit Size           | Income Limits       | Units Proposed | Total Demand | Supply | Net Demand | Capture Rate |
|---------------------|---------------------|----------------|--------------|--------|------------|--------------|
| One-bedroom @50%    | \$17,970 - \$26,550 | 9              | 63           | 0      | 63         | 14.30%       |
| One-bedroom @60%    | \$19,170 - \$31,860 | 11             | 63           | 0      | 63         | 17.39%       |
| One-bedroom Overall | \$17,970 - \$31,860 | 20             | 98           | 0      | 98         | 20.44%       |
| Two-bedroom @50%    | \$21,600 - \$26,550 | 6              | 87           | 0      | 87         | 6.90%        |
| Two-bedroom @60%    | \$23,340 - \$31,860 | 34             | 87           | 0      | 87         | 38.90%       |
| Two-bedroom Overall | \$21,600 - \$31,860 | 40             | 135          | 0      | 135        | 29.58%       |
| 50% Overall         | \$17,970 - \$26,550 | 15             | 150          | 0      | 150        | 10.00%       |
| 60% Overall         | \$19,170 - \$31,860 | 45             | 151          | 0      | 151        | 29.87%       |
| Overall Project     | \$17,970 - \$31,860 | 60             | 233          | 0      | 233        | 25.74%       |

All capture rates are within DCA threshold requirements and indicate demand for the Subject. Overall, we recommend the Subject as proposed.

**7. Competitive Rental Analysis:**

The availability of LIHTC data is considered good; however, there is only one age-restricted property in the PMA. Harristown Park was allocated tax credits in 2009 and is located 1.2 miles from the Subject. This property targets senior tenants 55 and older and will directly compete with the Subject. Therefore, we have used it as a comparable in our analysis. The availability of age-restricted data is considered limited. We have used two family LIHTC properties from inside the PMA and two age-restricted LIHTC properties from outside the PMA as comparables in our analysis. These age-restricted comparables are located in Decatur and Stone Mountain, Georgia, approximately 25 to 28 miles from the Subject site.

The availability of market rate data is considered adequate as seven of the comparable properties offer market rate data. These comparables were built or renovated between 1999 and 2011. Of the seven properties with market rate units, three are mixed income properties and four are conventional properties. We believe that the Subject will be more comparable to the mixed income properties in the area and we have therefore used them as comparables in our analysis.

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.

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 |
|----------------|---------|--------------|--------------|------------------|------------------------|
| <b>50% AMI</b> |         |              |              |                  |                        |
| 1 BR           | \$443   | \$430        | \$950        | \$631            | 42%                    |
| 2 BR           | \$520   | \$490        | \$1,250      | \$760            | 46%                    |
| <b>60% AMI</b> |         |              |              |                  |                        |
| 1 BR           | \$564   | \$430        | \$950        | \$664            | 18%                    |
| 2 BR           | \$665   | \$500        | \$1,250      | \$803            | 21%                    |

As illustrated the Subject’s proposed 50 percent rents are well below the surveyed average when compared to the comparables, both LIHTC and market rate. The Subject’s proposed LIHTC rents are higher than the surveyed minimum. This is considered reasonable given that there are very few newly constructed market rate properties and the Subject will be superior to the market rate inventory, with the exception of Leafstone Apartments and Somerset Apartments. The 60 percent AMI rents at Wellington Ridge, Retreat At Madison Place, and Arbor Lake Apartments are actually higher than several of the market rate properties and they all maintain stable occupancy.

The Subject will be most similar to Harristown Park, which is located in Covington. Harristown Park keeps their rents artificially low and their property manager indicated that higher rents would be achievable given the strength of the local rental market. Additionally, Harristown Park is 100 percent occupied with a 2,500 household waiting list. As a

result, we believe that Harristown Park is not testing the market with regards to achievable rents.

The Subject will be most similar to Somerset Apartments as a market rate property. This property will offer similar property amenities, superior in-unit features, slightly inferior location, inferior condition, and slightly superior unit sizes, in comparison to the proposed Subject. Somerset Apartments is achieving market rents 13.5 to 49.0 percent higher than the proposed rents at the Subject. 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.

**8. Absorption/Stabilization Estimate:**

We were able to obtain absorption information from five comparable properties, illustrated following.

**ABSORPTION**

| Property name            | Tenancy | Rent Structure | Year Built | Number of Units | Units Absorbed / Month |
|--------------------------|---------|----------------|------------|-----------------|------------------------|
| Harristown Park          | Senior  | LIHTC          | 2011       | 60              | 11                     |
| Retreat At Madison Place | Senior  | LIHTC          | 2007       | 160             | 14                     |
| Antioch Manor Estates    | Senior  | LIHTC, Market  | 2005       | 120             | 24                     |
| Wellington Ridge         | Family  | LIHTC          | 2003       | 220             | 14                     |
| Arbor Lake Apartments    | Family  | LIHTC, Market  | 2001       | 250             | 21                     |
| <b>Average</b>           |         |                |            | <b>810</b>      | <b>17</b>              |

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Harristown Park represents the most recent construction and is considered most similar to the Subject in terms of size. Like the Subject, this property targets seniors and it began leasing units in the winter of 2011. Management reported that the property was fully leased within six months of opening, for an absorption pace of approximately 11 units per month. Because this property is the newest in the market and targets seniors, we have relied most heavily on it when concluding to an absorption rate for the Subject. Harristown Park is 100 percent occupied, but maintains a 2,500 household waiting list, which indicate significant demand for senior housing in the PMA. Based on the absorption pace reported by this property, the waiting lists at the LIHTC comparables, and the strong demand for affordable housing in Covington, we anticipate that the Subject will absorb 10 units per month, for an absorption period of six months.

**9. Overall Conclusion:**

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as proposed. The senior LIHTC comparables are performing well, with a weighted vacancy rate of 1.2 percent. Additionally, the one senior LIHTC comparable in the PMA is 100 percent occupied and maintains a 2,500 household waiting list. These households will help generate demand for the Subject's units. The vacancies are a result of recent tenant deaths and individuals requiring a higher level of care. Given the zero percent vacancy rate and significant waiting list, this property is not testing achievable LIHTC rents. Management at Harristown Park confirmed that the property could achieve higher rents and indicated that the Subject's proposed rents would be achievable to senior renters in the PMA. The Subject's proposed 50 and 60 percent AMI rents are below the rents at all of the comparables with the exception of Harristown Park. This is the newest senior property in the market and it is the only senior LIHTC property in the PMA. Overall, we believe that the Subject's rents are achievable and that the Subject will offer value in the market. This is further illustrated by the significant rental advantage of 18 to 46 percent that the Subject's units will have over the average market rents. We believe that the Subject will maintain a vacancy rate of five percent or less following stabilization, which is consistent with the senior LIHTC average and we recommend the Subject as proposed.

**The Overlook at Walkers Bend, Covington, GA; Market Study**

**Summary Table:**

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

|                   |   |                |            |
|-------------------|---|----------------|------------|
| Development Name: | <b>The Overlook At Walkers Bend</b>   | Total # Units: | <b>60</b>  |
| Location:         | Walkers Bend Parkway  | # LIHTC Units: | <b>60</b>  |
|                   | Covington, GA   |                |            |
| PMA Boundary:     | North: Walnut Grove Road and the Newtown/Walton County Line; South: The Newton/Jasper County line and State Route 212; East: The Newton/Morgan County Line; West: McDonough Highway |                |            |
|                   | Farthest Boundary Distance to Subject:  |                | 10.5 miles |

**Rental Housing Stock (found on pages 58)**

| Type  | # Properties | Total Units | Vacant Units | Average Occupancy |
|---|--------------|-------------|--------------|-------------------|
| All Rental Housing                                      | 13           | 2,303       | 124          | 94.6%             |
| Market-Rate Housing                                     | 5            | 984         | 25           | 97.5%             |
| <i>Assisted/Subsidized Housing not to include LIHTC</i> | 1            | 113         | 0            | 0.0%              |
| <b>LIHTC</b>  | 7            | 1,206       | 85           | 93.0%             |
| Stabilized Comps  | 4            | 730         | 31           | 95.8%             |
| Properties in Construction & Lease Up                   | N/Ap         | N/Ap        | N/Ap         | N/Ap              |

**Subject Development**

**Average Market Rent**

**Highest Unadjusted Comp Rent**

| # Units | # Bedrooms     | # Baths | Size (SF) | Proposed Tenant Rent | Average Market Rent |        |           | Highest Unadjusted Comp Rent |        |
|---------|----------------|---------|-----------|----------------------|---------------------|--------|-----------|------------------------------|--------|
|         |                |         |           |                      | Per Unit            | Per SF | Advantage | Per Unit                     | Per SF |
| 9       | 1BR at 50% AMI | 1       | 650       | \$443                | \$631               | \$0.97 | 42%       | \$950                        | \$1.16 |
| 6       | 2BR at 50% AMI | 1       | 900       | \$520                | \$760               | \$0.84 | 46%       | \$1,280                      | \$1.12 |
| 11      | 1BR at 60% AMI | 1       | 650       | \$564                | \$664               | \$1.02 | 18%       | \$950                        | \$1.16 |
| 34      | 2BR at 60% AMI | 1       | 900       | \$665                | \$803               | \$0.89 | 21%       | \$1,280                      | \$1.12 |

**Demographic Data (found on page 33)**

|                                     | 2013  |        | 2016  |        | 2018  |        |
|-------------------------------------|-------|--------|-------|--------|-------|--------|
| Renter Households                   | 2,858 | 19.30% | 3,062 | 19.95% | 3,198 | 18.70% |
| Income-Qualified Renter HHs (LIHTC) | 554   | 19.40% | 594   | 19.40% | 620   | 19.40% |

**Targeted Income-Qualified Renter Household Demand (found on pages 50 to 59)**

| Type of Demand                                   | 30%  | 50% | 60% | Market-rate | Other: __ | Overall*   |
|--|------|-----|-----|-------------|-----------|------------|
| Renter Household Growth                          | N/Ap | 42  | 43  | N/Ap        | N/Ap      | 66         |
| Existing Households (Overburdened + Substandard) | N/Ap | 157 | 157 | N/Ap        | N/Ap      | 242        |
| Homeowner conversion (Seniors)                   | N/Ap | 3   | 4   | N/Ap        | N/Ap      | 6          |
| <b>Total Primary Market Demand</b>               |      | 202 | 203 | N/Ap        | N/Ap      | 314        |
| Less Comparable/Competitive Supply               | N/Ap | 0   | 0   | N/Ap        | N/Ap      | 0          |
| <b>Adjusted Income-qualified Renter HHs**</b>    | N/Ap | 202 | 203 | N/Ap        | N/Ap      | <b>314</b> |

**Capture Rates (found on page 61)**

| Targeted Population | 30%  | 50%    | 60%    | Market-rate | Other: __ | Overall |
|---------------------|------|--------|--------|-------------|-----------|---------|
| Capture Rate:       | N/Ap | 10.00% | 29.87% | N/Ap        | N/Ap      | 25.74%  |

\*Includes LIHTC and unrestricted (when applicable)

## **B. PROJECT DESCRIPTION**

**PROJECT DESCRIPTION**

|  |   |
|--|---|
| <b>Project Address and Development Location:</b>             | The Subject site is located on Walkers Bend Parkway in Covington, Newton County, Georgia.   |
| <b>Construction Type:</b>                                    | The Subject will consist of two three-story lowrise elevator serviced buildings. Both buildings will have a brick and hardi-board exterior. |
| <b>Occupancy Type:</b>                                       | Senior (55+).   |
| <b>Special Population Target:</b>                            | None.   |
| <b>Number of Units by Bedroom Type and AMI Level:</b>        | See following property profile.   |
| <b>Unit Size:</b>  | See following property profile.   |
| <b>Structure Type:</b>                                       | See following property profile.   |
| <b>Rents and Utility Allowances:</b>                         | See following property profile.   |
| <b>Existing or Proposed Project Based Rental Assistance:</b> | None of the units will operate with Project-Based Rental Assistance.  |
| <b>Proposed Development Amenities:</b>                       | See following property profile.   |

The Overlook At Walkers Bend

**Location** Walkers Bend Parkway  
Covington, GA 30014  
Newton County  
(verified)

**Units** 60

**Type** Lowrise (age-restricted)

**Year Built / Renovated** 2016



Utilities

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

Unit Mix (face rent)

| Beds | Baths | Type                | Units | Size (SF) | Rent  | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max rent? |
|------|-------|---------------------|-------|-----------|-------|----------------------|-------------|--------------|--------|--------------|-----------|
| 1    | 1     | Lowrise (3 stories) | 9     | 650       | \$443 | \$0                  | @50%        | n/a          | N/A    | N/A          | yes       |
| 1    | 1     | Lowrise (3 stories) | 11    | 650       | \$564 | \$0                  | @60%        | n/a          | N/A    | N/A          | yes       |
| 2    | 1     | Lowrise (3 stories) | 6     | 900       | \$520 | \$0                  | @50%        | n/a          | N/A    | N/A          | yes       |
| 2    | 1     | Lowrise (3 stories) | 34    | 900       | \$665 | \$0                  | @60%        | n/a          | N/A    | N/A          | yes       |

Amenities

|                 |  |                 |                       |
|-----------------|--|-----------------|-----------------------|
| <b>In-Unit</b>  | Blinds<br>Carpeting<br>Central A/C<br>Dishwasher<br>Ceiling Fan<br>Hand Rails<br>Microwave<br>Oven<br>Pull Cords<br>Refrigerator<br>Washer/Dryer hookup                                  | <b>Security</b> | none                  |
| <b>Property</b> | Business Center/Computer Lab<br>Clubhouse/Meeting<br>Room/Community Room<br>Elevators<br>Exercise Facility<br>Central Laundry<br>Off-Street Parking<br>On-Site Management<br>Picnic Area | <b>Premium</b>  | none                  |
| <b>Services</b> | none   | <b>Other</b>    | Library, walking path |

|                                |  |
|--------------------------------|--|
| <b>Scope of Renovations:</b>   | <b>The Subject will be new construction</b>  |
| <b>Current Rents:</b>          | <b>The Subject will be new construction</b>  |
| <b>Current Occupancy:</b>      | <b>The Subject will be new construction</b>  |
| <b>Current Tenant Income:</b>  | <b>The Subject will be new construction</b>  |
| <b>Placed in Service Date:</b> | The Subject is expected to be completed by July 2016.  |
| <b>Conclusion:</b>             | The Subject will be an excellent-quality brick and hardi-board three-story elevator serviced, lowrise apartment complex, comparable to most of the inventory in the area. As new construction, the Subject will not suffer from deferred maintenance, functional obsolescence, or physical obsolescence. |

## **C. SITE EVALUATION**

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

Nicole Kelley visited the site on April 11, 2014.

**2. Physical Features of the Site:**

The following illustrates the physical features of the site.

*Frontage:*

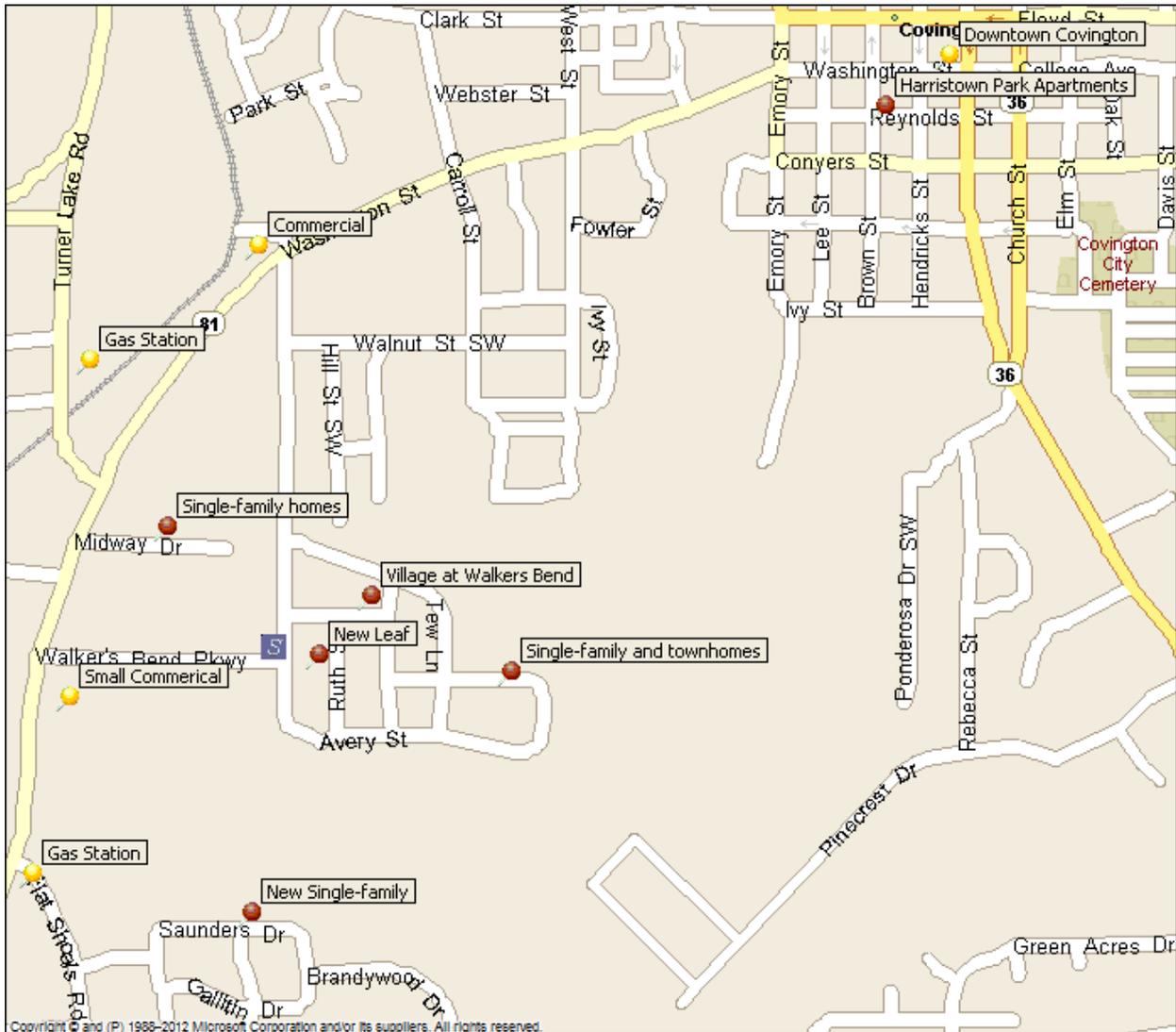
The Subject site has frontage along Walkers Bend Parkway and Avery Street.

*Visibility/Views:*

The Subject will be located along the eastern and western sides of Walkers Bend Parkway and the southern side of Avery Street. Visibility and views from the site will be good.

*Surrounding Uses:*

The following map and pictures illustrate the surrounding land uses.



The Subject site is located east of Washington Street on Walkers Bend Parkway. Immediate uses surrounding the site consist of vacant land and single-family homes and townhomes in overall good to excellent condition. The family LIHTC property Village at Walkers Bend is located northeast of the site. This development was allocated tax credits in 2010 and is currently 98 percent occupied. It contains 32 single-family homes and is in excellent condition. As a single-family home development targeting general households, Village at Walkers Bend will not compete with the Subject's age-restricted units upon completion. The Walker's Bend New Leaf Center, located directly east of the Subject site, is operated by the local Housing Authority and is utilized as transitional housing. There are 30 residential units, a commercial kitchen, retail, and community areas. The New Leaf Center also includes classroom and office space for the Housing and Financial Counseling Program, which provides job training and life skills counseling to residents of Covington. Smaller commercial developments and free standing retail are located west of the site along Washington Street. Downtown Covington is located approximately 1.2 miles northeast of the site. Downtown retail appeared to be 90 percent occupied. The area south of the Subject, along Flat Shoals Road, is characterized by new single-family home subdivisions. These homes are overall in excellent condition and prices start at \$124,000. Overall, the Subject site is considered a desirable building site for senior rental housing. The uses surrounding the Subject are in good to excellent condition and the site has good proximity to downtown Covington and locational amenities.

*Positive/Negative Attributes of Site:* The Subject's proximity to retail and other locational amenities as well as its surrounding uses, which are in good to excellent condition, 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 within 2.5 miles of all locational amenities. Additionally, it is within 35 miles of Atlanta, which offers several major employers.

4. Pictures of Site and Adjacent Uses:



Subject site



Subject site



Subject site



View north along Avery Street



View south along Avery Street



New Leaf Center, Support Living



Vacant Land



The Village at Walker's Bend signage



The Village at Walker's Bend



The Village at Walker's Bend



The Village at Walker's Bend



The Village at Walker's Bend



Single-family home in Subject's neighborhood



Single-family home in Subject's neighborhood



Single-family home in Subject's neighborhood



View west along Walkers Bend Parkway



View west along Walkers Bend Parkway



Industrial uses along Walkers Bend Parkway



View north along Washington Street



View south along Washington Street



Commercial Retail



Commercial Retail



The Salvation Army Service Center



Laundromat and Dry Cleaner



House of Worship



Self-Storage



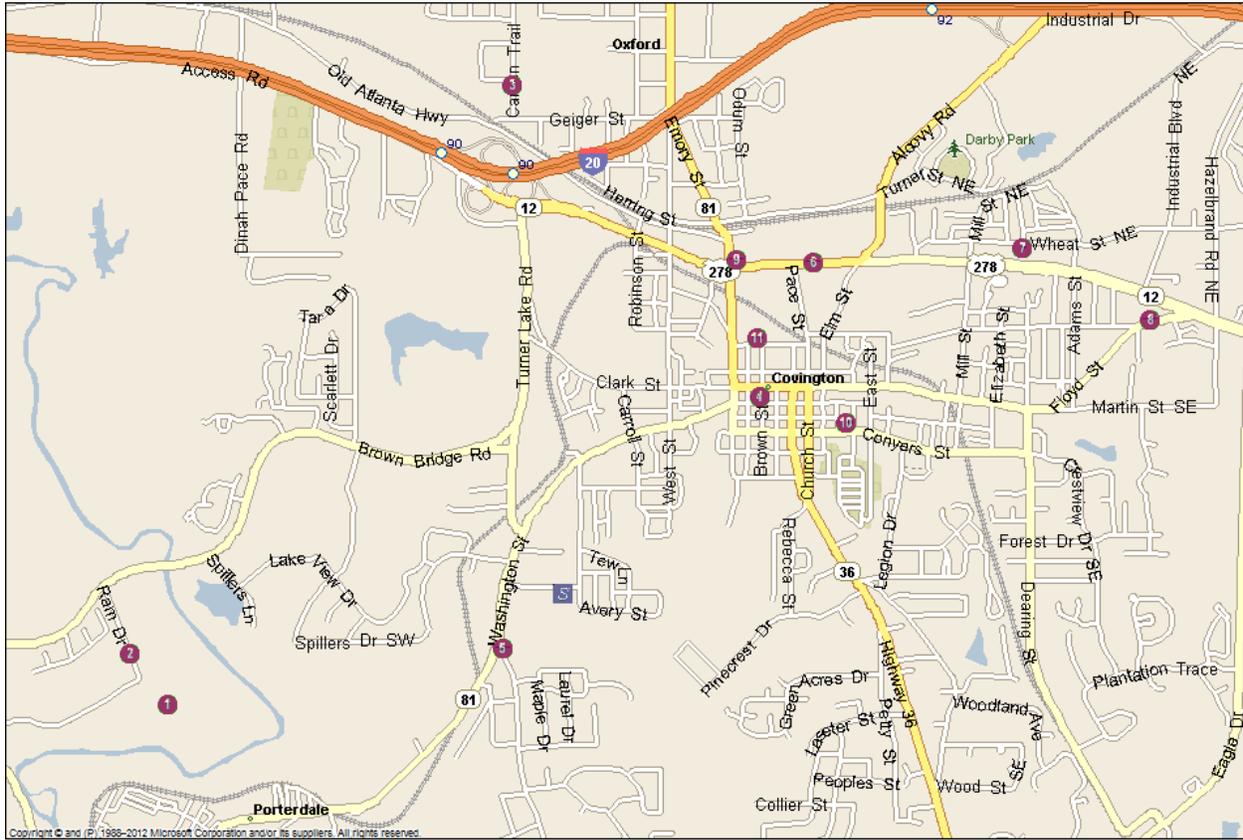
Gas Station and Convenience Store



Commercial Retail

**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    | Porterdale Elementary School | 1.3 miles             |
| 2    | Newtown High School          | 1.3 miles             |
| 3    | Cousins Middle School        | 1.7 miles             |
| 4    | United Bank                  | 1.1 miles             |
| 5    | Shell                        | 0.2 miles             |
| 6    | Kroger                       | 1.5 miles             |
| 7    | Newton Medical Center        | 1.8 miles             |
| 8    | Covington Branch Library     | 2.3 miles             |
| 9    | Rite Aid                     | 1.3 miles             |
| 10   | Covington Police Department  | 1.3 miles             |
| 11   | Post Office-Covington        | 1.2 miles             |

**6. Description of Land Uses:**

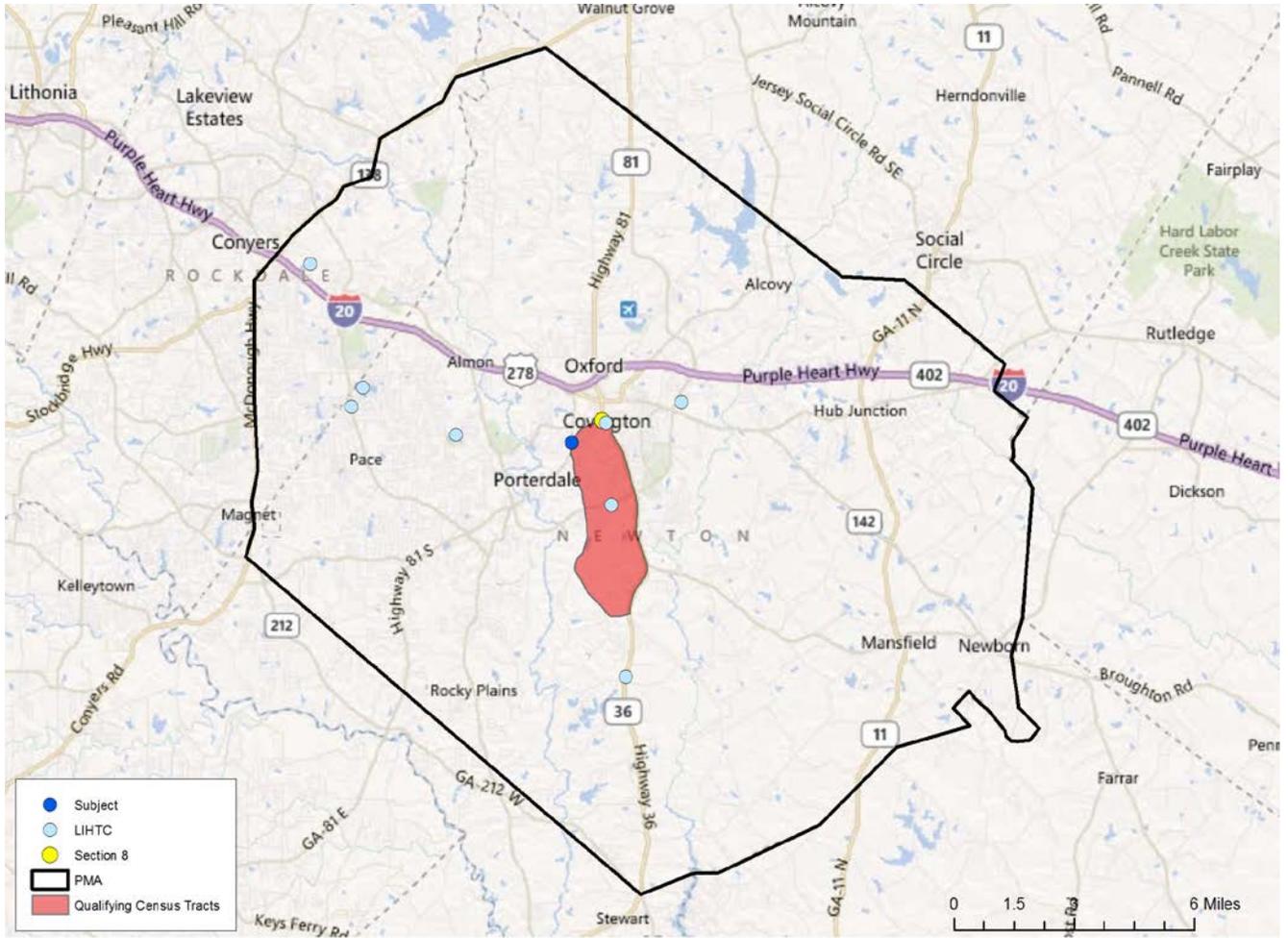
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**7. Existing Assisted Rental Housing**

**Property Map:**

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

| Property Name                       | Type         | Tenancy       | Included/<br>Excluded | Reason for Exclusion                       | Distance from<br>Subject | Map Color   |
|-------------------------------------|--------------|---------------|-----------------------|--|--------------------------|---|
| <b>The Overlook at Walkers Bend</b> | <b>LIHTC</b> | <b>Senior</b> | <b>Subject</b>        | <b>N/Ap</b>                                | <b>-</b>                 |  |
| Covington Square                    | Section 8    | Senior        | Excluded              | All units subsidized                       | 1.3 miles                |  |
| Wellington Ridge                    | LIHTC        | Family        | Included              | N/Ap                                       | 3.8 miles                |  |
| Magnolia Heights                    | LIHTC        | Family        | Included              | N/Ap                                       | 3.2 miles                |   |
| Arbor Lake Apartments               | LIHTC        | Family        | Included              | N/Ap                                       | 3.7 miles                |   |
| Century Lakeside                    | LIHTC        | Family        | Excluded              | More comparable LIHTC properties available | 11.1 miles               |   |
| Orchard Cove                        | LIHTC        | Family        | Excluded              | More comparable LIHTC properties available | 10.3 miles               |   |
| Salem Glen I, II, III               | LIHTC        | Family        | Excluded              | More comparable LIHTC properties available | 10.5 miles               |   |
| Harristown Park                     | LIHTC        | Senior        | Included              | N/Ap                                       | 1.2 miles                |   |
| Village at Walkers Bend             | LIHTC        | Family        | Excluded              | Dissimilar unit types                      | 0.1 miles                |   |



Affordable Properties and QCTs, Covington, GA



**8. Road/Infrastructure**

**Proposed Improvements:**

We did not witness any road/infrastructure improvements during our field work.

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

The Subject site can be accessed from Washington Street, a highly trafficked roadway containing a variety of commercial and retail uses. Signage for the Subject will be placed along Washington Street, giving it good visibility. Overall, access and visibility are considered good.

**10. Environmental Concerns:**

None visible upon site inspection.

**11. Conclusion:**

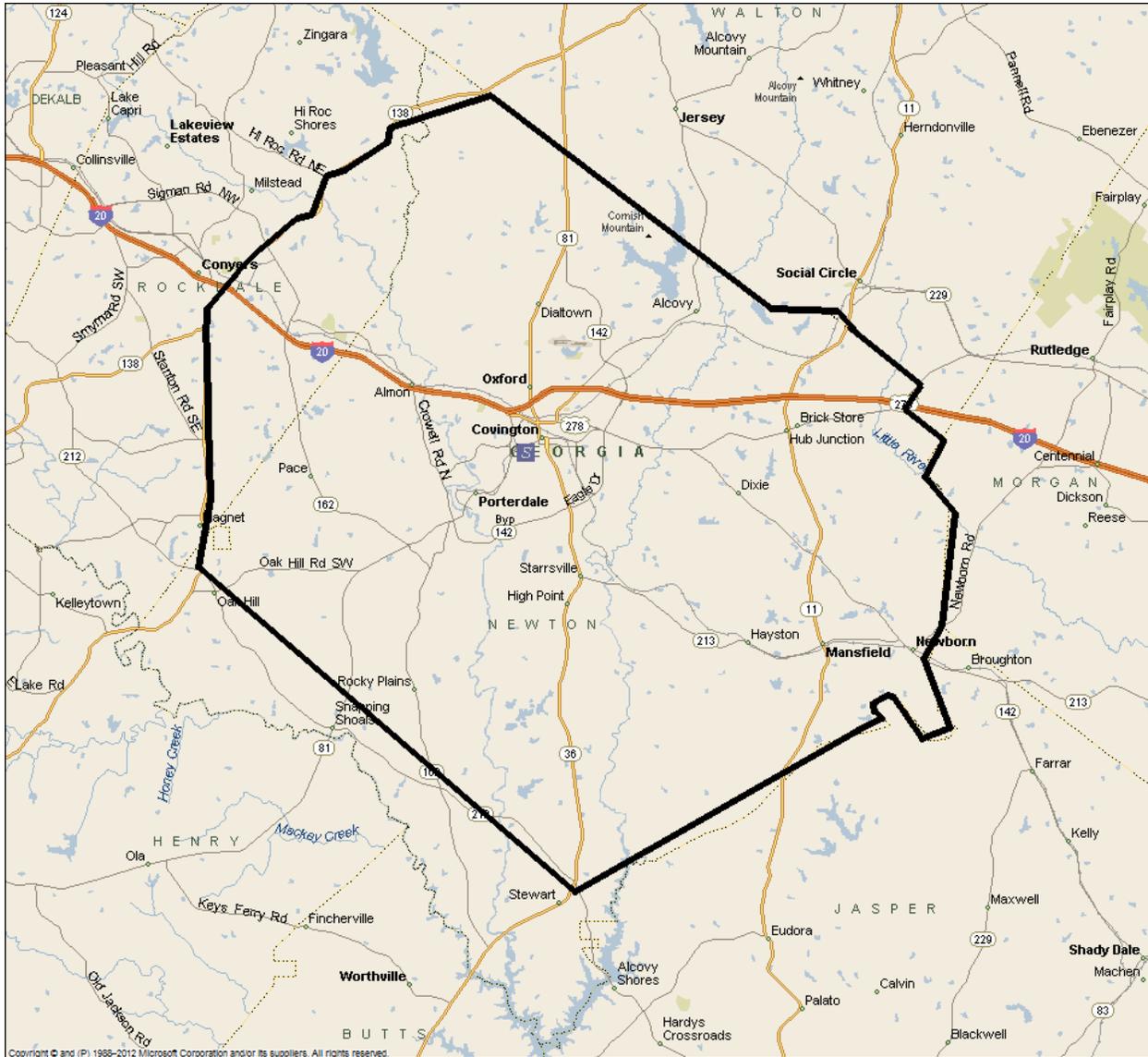
The Subject site is located at the intersection of Walkers Bend Parkway and Avery Street. Walkers Bend Parkway is accessed from Washington Street, a highly trafficked thoroughfare containing a variety of smaller retail and commercial development. The Subject site also has good proximity to downtown Covington, which contains a variety of retail and commercial uses. Overall retail occupancy in the area appeared to be 90 percent. Uses immediately surrounding the site consist of vacant land and newer single-family homes in good to excellent condition. The family LIHTC property Village at Walkers Bend is located northeast of the site. This development was allocated tax credits in 2010 and is currently 98 percent occupied. It contains 32 single-family homes and is in excellent condition. As a single-family home development targeting general households, Village at Walkers Bend will not compete with the Subject's age-restricted units upon completion. The Walker's Bend New Leaf Center is also located directly east of the Subject site and is in excellent condition. The mixed-use building is used as transitional housing by the local Housing Authority. Overall, the Subject site is considered desirable for a senior rental property.

## **D. MARKET AREA**

### PRIMARY MARKET AREA

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

### Primary Market Area Map



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

The boundaries of the PMA are as follows:

North – Walnut Grove Road and the Newtown/Walton County line

South- The Newton/Jasper County line and State Route 212

East- The Newton/Morgan County line

West- McDonough Highway

This area includes Newton County and a portion of Rockdale County to the east. The area was defined based on interviews with the local housing authority as well as local property managers at comparable properties. Management at Harristown Park reported that the property has tenants from Covington as well as other areas of Newton County and from Conyers, which is located in eastern Rockdale County. Management reported that due the lack of senior housing in the area, tenants are willing to move from outside Newton County and that it is likely that a new senior property could draw tenants from surrounding counties. Additionally, property managers at several of the family LIHTC properties indicated that their senior tenants have moved to the area from other parts of the state in order to be closer to their families. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2014 market study guidelines, we have not accounted for leakage in our demand analysis found later in this report.

## **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 Metropolitan Statistical Area (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, and (c) Number of Elderly and Non-Elderly within population in MSA, the PMA and nationally from 2000 through 2018.

**TOTAL POPULATION**

| Year                          | PMA     |               | Atlanta-Sandy Springs-Roswell, GA MSA |               | USA         |        |
|-------------------------------|---------|---------------|---------------------------------------|---------------|-------------|--------|
|                               | Number  | Annual Change | Number                                | Annual Change | Number      | Change |
| 1990                          | 50,287  | -             | 3,082,308                             | -             | 248,709,873 | -      |
| 2000                          | 73,756  | 4.7%          | 4,263,438                             | 3.8%          | 281,421,906 | 1.3%   |
| 2013                          | 114,590 | 4.2%          | 5,420,859                             | 2.0%          | 315,444,544 | 0.9%   |
| Projected Mkt Entry July 2016 | 116,923 | 0.7%          | 5,610,177                             | 1.2%          | 322,291,911 | 0.7%   |
| 2018                          | 118,479 | 0.7%          | 5,736,389                             | 1.2%          | 326,856,823 | 0.7%   |

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

**TOTAL SENIOR POPULATION (55+)**

| Year                          | PMA    |               | Atlanta-Sandy Springs-Roswell, GA MSA |               | USA        |               |
|-------------------------------|--------|---------------|---------------------------------------|---------------|------------|---------------|
|                               | Number | Annual Change | Number                                | Annual Change | Number     | Annual Change |
| 1990                          | 8,957  | -             | 467,979                               | -             | 52,389,754 | -             |
| 2000                          | 13,525 | 5.1%          | 646,403                               | 3.8%          | 59,266,437 | 1.3%          |
| 2013                          | 25,352 | 6.6%          | 1,148,715                             | 5.9%          | 83,746,996 | 3.1%          |
| Projected Mkt Entry July 2016 | 27,340 | 2.6%          | 1,268,489                             | 3.5%          | 90,040,724 | 2.5%          |
| 2018                          | 28,666 | 2.6%          | 1,348,338                             | 3.5%          | 94,236,542 | 2.5%          |

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

**POPULATION BY AGE IN 2013**

| Age Cohort   | PMA            |               | Atlanta-Sandy Springs-Roswell, GA MSA |               | USA                |               |
|--------------|----------------|---------------|---------------------------------------|---------------|--------------------|---------------|
|              | Number         | Percentage    | Number                                | Percentage    | Number             | Percentage    |
| 0-4          | 8,234          | 7.2%          | 375,541                               | 6.9%          | 20,027,834         | 6.3%          |
| 5-9          | 8,469          | 7.4%          | 385,898                               | 7.1%          | 20,305,969         | 6.4%          |
| 10-14        | 8,971          | 7.8%          | 395,610                               | 7.3%          | 20,664,258         | 6.6%          |
| 15-19        | 8,995          | 7.8%          | 374,497                               | 6.9%          | 21,217,478         | 6.7%          |
| 20-24        | 7,776          | 6.8%          | 374,607                               | 6.9%          | 22,842,251         | 7.2%          |
| 25-29        | 7,067          | 6.2%          | 386,552                               | 7.1%          | 21,494,659         | 6.8%          |
| 30-34        | 7,130          | 6.2%          | 388,929                               | 7.2%          | 21,041,804         | 6.7%          |
| 35-39        | 7,559          | 6.6%          | 382,722                               | 7.1%          | 19,423,837         | 6.2%          |
| 40-44        | 8,743          | 7.6%          | 418,611                               | 7.7%          | 20,789,809         | 6.6%          |
| 45-49        | 8,369          | 7.3%          | 401,171                               | 7.4%          | 21,274,128         | 6.7%          |
| 50-54        | 7,924          | 6.9%          | 388,006                               | 7.2%          | 22,615,522         | 7.2%          |
| 55-59        | 6,840          | 6.0%          | 331,432                               | 6.1%          | 21,155,463         | 6.7%          |
| 60-64        | 6,014          | 5.2%          | 276,737                               | 5.1%          | 18,575,616         | 5.9%          |
| 65-69        | 4,676          | 4.1%          | 202,815                               | 3.7%          | 14,286,322         | 4.5%          |
| 70-74        | 3,174          | 2.8%          | 134,433                               | 2.5%          | 10,422,155         | 3.3%          |
| 75-79        | 2,122          | 1.9%          | 87,975                                | 1.6%          | 7,612,501          | 2.4%          |
| 80-84        | 1,372          | 1.2%          | 59,799                                | 1.1%          | 5,754,938          | 1.8%          |
| 85+          | 1,154          | 1.0%          | 55,524                                | 1.0%          | 5,940,001          | 1.9%          |
| <b>Total</b> | <b>114,589</b> | <b>100.0%</b> | <b>5,420,859</b>                      | <b>100.0%</b> | <b>315,444,545</b> | <b>100.0%</b> |

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

**NUMBER OF ELDERLY AND NON-ELDERLY**

| Year                          | PMA              |             |               | Atlanta-Sandy Springs-Roswell, GA MSA |             |               |
|-------------------------------|------------------|-------------|---------------|---------------------------------------|-------------|---------------|
|                               | Total Population | Non-Elderly | Elderly (65+) | Total Population                      | Non-Elderly | Elderly (65+) |
| 1990                          | 50,287           | 45,354      | 4,933         | 3,082,308                             | 2,829,247   | 253,061       |
| 2000                          | 73,757           | 66,697      | 7,060         | 4,263,438                             | 3,934,848   | 328,590       |
| 2013                          | 114,589          | 102,091     | 12,498        | 5,420,859                             | 4,880,313   | 540,546       |
| Projected Mkt Entry July 2016 | 116,923          | 103,054     | 13,869        | 5,610,177                             | 4,991,866   | 618,311       |
| 2018                          | 118,479          | 103,696     | 14,783        | 5,736,389                             | 5,066,235   | 670,154       |

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

Overall population growth in the PMA has been greater than the MSA and nation through 2013. The senior population within the PMA has increased dramatically since 2000. The senior population increased slightly faster than the MSA and significantly faster than the nation from 1990 to 2013. Growth is expected to moderate within the PMA over the next five years. The senior population in the MSA will grow slightly faster than the PMA and nation. The strong senior population growth within the MSA bodes well for the Subject's units. By age cohort in 2013, younger generations still comprise the majority. However, the target demographic for the Subject does comprise a higher percentage of the population in the PMA than the MSA.

## 2. Household Trends

### 2a. Total Number of Households, Average Household Size

#### TOTAL NUMBER OF HOUSEHOLDS

| Year                          | PMA    |               | Atlanta-Sandy Springs-Roswell, GA<br>MSA |               | USA         |               |
|-------------------------------|--------|---------------|--|---------------|-------------|---------------|
|                               | Number | Annual Change | Number                                   | Annual Change | Number      | Annual Change |
| 1990                          | 17,378 | -             | 1,145,242                                | -             | 91,947,410  | -             |
| 2000                          | 26,306 | 5.1%          | 1,566,711                                | 3.7%          | 105,991,193 | 1.5%          |
| 2013                          | 39,721 | 3.8%          | 1,991,823                                | 2.0%          | 119,423,008 | 1.0%          |
| Projected Mkt Entry July 2016 | 40,454 | 0.6%          | 2,064,480                                | 1.2%          | 122,125,250 | 0.8%          |
| 2018                          | 40,943 | 0.6%          | 2,112,918                                | 1.2%          | 123,926,744 | 0.8%          |

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

#### TOTAL NUMBER OF SENIOR HOUSEHOLDS (55+)

| Year                          | PMA    |               | Atlanta-Sandy Springs-Roswell, GA<br>MSA |               |
|-------------------------------|--------|---------------|--|---------------|
|                               | Number | Annual Change | Number                                   | Annual Change |
| 1990                          | -      | -             | -  | -             |
| 2000                          | 8,115  | -             | 396,452                                  | -             |
| 2013                          | 14,818 | 6.2%          | 677,767                                  | 5.4%          |
| Projected Mkt Entry July 2016 | 16,174 | 3.1%          | 763,111                                  | 4.2%          |
| 2018                          | 17,078 | 3.1%          | 820,007                                  | 4.2%          |

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

#### AVERAGE HOUSEHOLD SIZE

| Year                          | PMA    |               | Atlanta-Sandy Springs-Roswell, GA<br>MSA |               | USA    |               |
|-------------------------------|--------|---------------|--|---------------|--------|---------------|
|                               | Number | Annual Change | Number                                   | Annual Change | Number | Annual Change |
| 2000                          | 2.76   | -             | 2.67                                     | -             | 2.58   | -             |
| 2013                          | 2.84   | 0.2%          | 2.68                                     | 0.0%          | 2.57   | 0.0%          |
| Projected Mkt Entry July 2016 | 2.85   | 0.1%          | 2.68                                     | 0.0%          | 2.57   | 0.0%          |
| 2018                          | 2.85   | 0.1%          | 2.67                                     | 0.0%          | 2.57   | 0.0%          |

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

Household growth in the PMA is expected to grow slowly through 2018, but did grow faster than the MSA and USA through 2013. Senior households in the MSA grew at 6.2 percent annually during that same time period, which is also greater than the MSA. These rates will drop only slightly in the PMA by 2016. Average household size is projected to remain stagnant at 0.1 percent through 2018.

## 2b. Households by Tenure

The table below depicts household growth by tenure from 1990 through 2018.

### PMA TENURE PATTERNS OF SENIORS 55+

| Year                          | Owner-Occupied Units | Percentage Owner-Occupied | Renter-Occupied Units | Percentage Renter-Occupied |
|-------------------------------|----------------------|---------------------------|-----------------------|----------------------------|
| 2000                          | 6,654                | 82.0%                     | 1,461                 | 18.0%                      |
| 2013                          | 11,960               | 80.7%                     | 2,858                 | 19.3%                      |
| Projected Mkt Entry July 2016 | 13,112               | 81.05%                    | 3,062                 | 18.95%                     |
| 2018                          | 13,880               | 81.3%                     | 3,198                 | 18.7%                      |

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

Senior owner-occupied housing dominates the PMA with 80.7 percent in 2013. However, the 19.3 percent of senior renter-occupied housing is higher than the national average of just 13 percent. The percentage of senior renter-occupied units are expected to decline slightly through 2018, but the total number of senior renter-occupied units is expected to increase, which bodes well for the Subject's units.

## 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 July 2016 |               | 2018          |               |
|-------------------|---------------|---------------|-------------------------------|---------------|---------------|---------------|
|                   | Number        | Percentage    | Number                        | Percentage    | Number        | Percentage    |
| \$0-9,999         | 3,247         | 8.2%          | 3,330                         | 8.2%          | 3,386         | 8.3%          |
| \$10,000-19,999   | 3,926         | 9.9%          | 3,995                         | 9.9%          | 4,041         | 9.9%          |
| \$20,000-29,999   | 4,277         | 10.8%         | 4,403                         | 10.9%         | 4,487         | 11.0%         |
| \$30,000-39,999   | 4,546         | 11.4%         | 4,583                         | 11.3%         | 4,608         | 11.3%         |
| \$40,000-49,999   | 4,132         | 10.4%         | 4,271                         | 10.6%         | 4,363         | 10.7%         |
| \$50,000-59,999   | 3,977         | 10.0%         | 3,982                         | 9.8%          | 3,985         | 9.7%          |
| \$60,000-74,999   | 4,569         | 11.5%         | 4,592                         | 11.4%         | 4,608         | 11.3%         |
| \$75,000-99,999   | 5,401         | 13.6%         | 5,466                         | 13.5%         | 5,509         | 13.5%         |
| \$100,000-124,999 | 2,855         | 7.2%          | 2,889                         | 7.1%          | 2,912         | 7.1%          |
| \$125,000-149,999 | 1,103         | 2.8%          | 1,158                         | 2.9%          | 1,195         | 2.9%          |
| \$150,000-199,999 | 988           | 2.5%          | 1,022                         | 2.5%          | 1,045         | 2.6%          |
| \$200,000+        | 700           | 1.8%          | 762                           | 1.9%          | 803           | 2.0%          |
| <b>Total</b>      | <b>39,721</b> | <b>100.0%</b> | <b>40,454</b>                 | <b>100.0%</b> | <b>40,943</b> | <b>100.0%</b> |

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

Household incomes earning under \$39,999 in the PMA comprise 40.3 percent of all income cohorts. The Subject will target senior households earning between \$18,120 and \$30,960, therefore, the Subject should be well-positioned to service this market.

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

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

**Senior Renter Households by Number of Persons - PMA (Age 55+)**

|                         | 2000   |            | 2013   |            | Projected Mkt Entry<br>July 2016 |            | 2018   |            |
|-------------------------|--------|------------|--------|------------|----------------------------------|------------|--------|------------|
|                         | Number | Percentage | Number | Percentage | Number                           | Percentage | Number | Percentage |
| With 1 Person           | 657    | 45.0%      | 1,365  | 47.8%      | 1,519                            | 47.5%      | 1,519  | 47.5%      |
| With 2 Persons          | 452    | 30.9%      | 754    | 26.4%      | 855                              | 26.7%      | 855    | 26.7%      |
| With 3 Persons          | 179    | 12.3%      | 336    | 11.7%      | 366                              | 11.4%      | 366    | 11.4%      |
| With 4 Persons          | 68     | 4.6%       | 196    | 6.9%       | 212                              | 6.6%       | 212    | 6.6%       |
| With 5+ Persons         | 104    | 7.2%       | 208    | 7.3%       | 247                              | 7.7%       | 247    | 7.7%       |
| Total Renter Households | 1,461  | 100.0%     | 2,858  | 100.0%     | 3,198                            | 100.0%     | 3,198  | 100.0%     |

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

Senior renter households in the PMA with two persons or less made up 74.2 percent of such households in 2013. This percentage is projected to remain stable into the foreseeable future. The Subject will contain one and two bedroom floor plans, so this large percentage bodes well for the proposed Subject.

**Conclusion**

Overall population growth in the PMA has been greater than the MSA and nation through 2013. The senior population within the PMA has increased dramatically since 2000. The senior population increased slightly faster than the MSA and significantly faster than the nation from 1990 to 2013. Growth is expected to moderate within the PMA over the next five years. The senior population in the MSA will grow slightly faster than the PMA and nation. The strong senior population growth within the MSA bodes well for the Subject’s units. By age cohort in 2013, younger generations still comprise the majority. However, the target demographic for the Subject does comprise a higher percentage of the population in the PMA than the MSA.

Senior owner-occupied housing dominates the PMA with 80.7 percent in 2013. However, the 19.3 percent of senior renter-occupied housing is higher than the national average of just 13 percent. The percentage of senior renter-occupied units are expected to decline slightly through 2018, but the total number of senior renter-occupied units is expected to increase, which bodes well for the Subject’s units.

Household incomes earning under \$39,999 in the PMA comprise 40.3 percent of all income cohorts. The Subject will target senior households earning between \$18,120 and \$30,960, therefore, the Subject should be well-positioned to service this market.

According to RealtyTrac.com statistics, 980 properties in Covington, GA are in some stage of foreclosure. This equates to approximately one foreclosure in every 421 housing units. Newton County has a similar foreclosure rate of one in every 442 housing units, while Georgia experienced one in every 1,011 housing units, and the nation experienced one foreclosure in every 1,170 housing units. The foreclosure rate within the PMA is significantly above the national average, which indicates a weaker local housing market.

Senior renter households in the PMA with two persons or less made up 74.2 percent of such households in 2013. This percentage is projected to remain stable into the foreseeable future. The Subject will contain one and two bedroom floor plans, so this large percentage bodes well for the Subject.

Overall, the demographic data points to a growing senior population with household incomes in line with the Subject's target.

## **F. EMPLOYMENT TRENDS**

## EMPLOYMENT TRENDS

The Subject is located in Covington, Newton County, Georgia. The Subject, as proposed, will be a senior property with strict income limits.

Covington and Newton County in general were particularly hard hit by the housing market crash of 2007 and 2008. Before those years, Newton County had been the fourth fastest growing county in the nation. The extreme drop in new home building subsequently led to loss of construction jobs, cutbacks by builders, and cutbacks by their suppliers. Manufacturing employment in the county also felt the effects of the downturn in demand for their products.

Recent events, however, indicate the beginnings of a recovery in progress for the area. Baxter International, which will produce plasma-based treatments at a new manufacturing facility in Covington, recently announced plans to move into Stanton Springs Technology Park after striking a \$1.3 billion deal with the Joint Development Authority of Newton. The facility is expected to be fully operational by 2018 with Baxter International hiring about 1,200 people from the local area.

New business openings will spark retail developments and increase demand for employment. The increased housing market will add new jobs to construction in Newton County. Covington is one of the top film production sites in Georgia, according to GoCovington.com. Triple Horse Studios is planning a \$100 million expansion over the next several years in Covington. The studios have also made Covington a recognizable location as 3,421 people from 34 states and 14 countries have signed in at the visitor's center in October 2012, the most recent available month of data. Tourism is a key economic driver for Newton County, generating \$100.1 million in direct tourist spending and \$2.95 million in local county tax revenues.

**1. Total Jobs**

The following table illustrates the total jobs (also known as “covered employment”) in Newton County. Note that the data below was the most recent data available.

| <b>COVERED EMPLOYMENT</b> |                         |                       |
|---------------------------|-------------------------|-----------------------|
| <b>Newton County</b>      |                         |                       |
| <b>Year</b>               | <b>Total Employment</b> | <b>Percent Change</b> |
| 2003                      | 18,585                  | -                     |
| 2004                      | 18,891                  | 1.65%                 |
| 2005                      | 20,311                  | 7.52%                 |
| 2006                      | 21,150                  | 4.13%                 |
| 2007                      | 21,114                  | -0.17%                |
| 2008                      | 21,441                  | 1.55%                 |
| 2009                      | 19,964                  | -6.89%                |
| 2010                      | 19,691                  | -1.37%                |
| 2011                      | 19,995                  | 1.54%                 |
| 2012                      | 20,451                  | 2.28%                 |
| 2013*                     | 20,458                  | 0.03%                 |
| Sep-12                    | 20,634                  | -                     |
| Sep-13                    | 20,621                  | -0.06%                |

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

\*Preliminary Data YTD as of Sept. 2013

As illustrated in the table above, Newton County experienced a weakening economy during the national recession. The county began feeling the effects of the downturn in 2007 with its first employment decrease of the decade. Covered employment increased slightly in 2008, but 2009 saw covered employment decrease significantly. The rate of decline slowed greatly in 2010 and covered employment began increasing in 2011, growing 1.54 percent. The positive growth continued in 2012; however, there has been limited employment growth in 2013, and from September 2012 to September 2013, covered employment has declined slightly.

## 2. Total Jobs by Industry

The following table illustrates the total jobs by employment sectors within the Newton County September 2013.

| <b>SEPTEMBER 2013 EMPLOYMENT JOBS BY INDUSTRY</b> |                        |                         |
|---|------------------------|-------------------------|
| <b>Newton County</b>                              |                        |                         |
| <b>Industry</b>                                   | <b>Number Employed</b> | <b>Percent Employed</b> |
| Manufacturing                                     | 4,158                  | 25.62%                  |
| Trade, Transportation, and Utilities              | 3,931                  | 24.22%                  |
| Education and Health Services                     | 2,334                  | 14.38%                  |
| Leisure and Hospitality                           | 1,976                  | 12.17%                  |
| Professional and Business Services                | 1,492                  | 9.19%                   |
| Construction                                      | 1,103                  | 6.80%                   |
| Financial Activities                              | 469                    | 2.89%                   |
| Other Services                                    | 351                    | 2.16%                   |
| Information                                       | 272                    | 1.68%                   |
| Unclassified                                      | 103                    | 0.63%                   |
| Natural Resources and Mining                      | 43                     | 0.26%                   |
| Public Administration*                            | -                      | -                       |
| <b>Total Employment</b>                           | <b>16,232</b>          | <b>100.00%</b>          |

\*Monthly data is not available

Source: U.S. Bureau of Labor Statistics 2013, April 2014.

Manufacturing, trade, transportation, and utilities comprise 50 percent of total employment in Newton County. These industries are particularly vulnerable in economic downturns and are historically volatile industries. Education and health services are the next largest industries, within the PMA, and are typically a stable industry. Also, the leisure and hospitality industries comprise a large percentage of total employment.

**2013 EMPLOYMENT BY INDUSTRY**

| Industry                       | PMA             |                  | USA                |                  |
|--------------------------------|-----------------|------------------|--------------------|------------------|
|                                | Number Employed | Percent Employed | Number Employed    | Percent Employed |
| Manufacturing                  | 5,577           | 12.3%            | 15,162,651         | 10.6%            |
| Construction                   | 5,126           | 11.3%            | 8,291,595          | 5.8%             |
| Retail Trade                   | 4,759           | 10.5%            | 16,592,605         | 11.6%            |
| Educational Services           | 4,718           | 10.4%            | 12,979,314         | 9.1%             |
| Health Care/Social Assistance  | 4,488           | 9.9%             | 20,080,547         | 14.0%            |
| Public Administration          | 2,851           | 6.3%             | 6,713,073          | 4.7%             |
| Accommodation/Food Services    | 2,553           | 5.6%             | 10,849,114         | 7.6%             |
| Other Services (excl Publ Adm) | 2,226           | 4.9%             | 7,850,739          | 5.5%             |
| Transportation/Warehousing     | 2,114           | 4.6%             | 5,898,791          | 4.1%             |
| Prof/Scientific/Tech Services  | 1,913           | 4.2%             | 9,808,289          | 6.8%             |
| Finance/Insurance              | 1,830           | 4.0%             | 6,884,133          | 4.8%             |
| Admin/Support/Waste Mgmt Svcs  | 1,828           | 4.0%             | 6,316,579          | 4.4%             |
| Wholesale Trade                | 1,504           | 3.3%             | 3,628,118          | 2.5%             |
| Information                    | 1,459           | 3.2%             | 2,577,845          | 1.8%             |
| Real Estate/Rental/Leasing     | 1,007           | 2.2%             | 2,627,562          | 1.8%             |
| Arts/Entertainment/Recreation  | 663             | 1.5%             | 3,151,821          | 2.2%             |
| Utilities                      | 434             | 1.0%             | 1,107,105          | 0.8%             |
| Agric/Forestry/Fishing/Hunting | 245             | 0.5%             | 1,800,354          | 1.3%             |
| Mining                         | 107             | 0.2%             | 868,282            | 0.6%             |
| Mgmt of Companies/Enterprises  | 69              | 0.2%             | 97,762             | 0.1%             |
| <b>Total Employment</b>        | <b>45,471</b>   | <b>100.0%</b>    | <b>143,286,279</b> | <b>100.0%</b>    |

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

Manufacturing, construction, and the retail trade made up 34.1 percent of employment by industry in 2013. All three of these industries are historically volatile in an economic downturn. Newton County was extremely hard hit by the recent national recession, but the area has made a resurgence as the housing market has rebounded and construction has increased throughout the PMA and MSA.

**3. Major Employers**

The following table is a list of the top employers in Covington, GA.

| Major Employers-Covington, GA |                                    |               |           |
|-------------------------------|------------------------------------|---------------|-----------|
| Map #                         | Company                            | Industry      | Employees |
| 1                             | Bard Uriological Division          | Manufacturing | 500-999   |
| 2                             | Pactiv Corporation                 | Manufacturing | 500-999   |
| 3                             | General Mills, Inc.                | Manufacturing | 250-499   |
| 4                             | Clarion Metals Corp.               | Manufacturing | 250-499   |
| 5                             | Fibervisoins                       | Manufacturing | 250-499   |
| 6                             | Specialty Yarn and Converting      | Manufacturing | 100-249   |
| 7                             | Nisshinbo Automotive Manufacturing | Manufacturing | 100-249   |
| 8                             | Old Castle Glass                   | Manufacturing | 100-249   |
| 9                             | Smurfit Stone Containers           | Manufacturing | 50-99     |
| 10                            | Newton Medical Center              | Hospital      | 800       |

Source: Covington-Newton County Chamber of Commerce, 4/14.

The previous table illustrates the top ten employers in Covington, Georgia. Nine of the ten employers are in the manufacturing industry, indicating that Covington and Newton County are favorable areas for manufacturing companies, especially with the addition of Baxter International. Public employees such as school system staff and local government workers number in the thousands, but accurate data for these groups was not available.

### **Newton County Economic Development**

We spoke with Sara Phillips, Director of Commercial Development at the Newton County Economic Development regarding the general economic outlook for the area. One major announcement Ms. Phillips focused on was the Baxter Pharmaceutical Plant. Baxter Pharmaceutical recently announced plans to build a new \$1 billion dollar plasma manufacturing plant in Covington. The plant will bring 1,500 new full-time jobs to the area and an additional 500 more in support roles. Construction on the plant will begin in late 2014, with production at the plant beginning in 2018. The large investment in the local economy is a positive sign for the area, which was significantly affected by the recent national recession. Ms. Phillips also mentioned a Ross department store opening within two months, but did not have the information on how many employees were to be hired.

The following table illustrates the WARN Filings for the Northeast Central Georgia between 2011 and year-to-date 2014, which the PMA is in.

**WARN Notices 2011-2014  
Northeast Central Georgia**

| <b>Company</b>                  | <b>Effective Date</b> | <b>Announced Layoffs</b> |
|---------------------------------|-----------------------|--------------------------|
| Multi-Pack Solutions            | 3/7/2014              | 48                       |
| PUR Foods                       | 1/16/2014             | 30                       |
| Mobility Transit Services, LLC  | 7/30/2013             | 68                       |
| Intuit, Inc.                    | 7/29/2013             | 4                        |
| Tractor Supply Co.              | 6/25/2013             | 96                       |
| Comcast                         | 3/4/2013              | 79                       |
| Continental Commercial Products | 1/24/2013             | 121                      |
| Proctor and Gamble              | 1/11/2013             | 130                      |
| G4S Government Solutions        | 8/10/2012             | 31                       |
| General Dynamics IT             | 7/3/2012              | 70                       |
| Food Lion                       | 2/24/2012             | 120                      |
| Northrop Grumman                | 2/17/2012             | 10                       |
| Seydel Wooley Co.               | 2/3/2012              | 6                        |
| Berry Plastics                  | 11/4/2011             | 61                       |
| Lap World Services              | 10/5/2011             | 113                      |
| Boral Bricks Inc.               | 9/20/2011             | 69                       |
| Thermo King                     | 7/13/2011             | 276                      |
| Mitsubishi Digital Electronics  | 4/14/2011             | 35                       |
| Teleperformance                 | 2/25/2011             | 248                      |
| Clark Western                   | 2/23/2011             | 62                       |
| Haband                          | 2/22/2011             | 475                      |
| Berry Plastics                  | 2/14/2011             | 77                       |
| Greatwide                       | 2/2/2011              | 102                      |
| <b>Total</b>                    |                       | <b>2,331</b>             |

Source: Georgia's Workforce Development 3/2014.

As stated in the above table, the only two WARN filings for Newton County were both for Berry Plastics. Berry Plastics first laid 77 employees in 2011, then closed the plant in 2011; eliminating another 61 jobs from the area. There have been no layoffs within Newton County since 2011.

#### 4. Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA and nation from 2002 to 2013.

##### EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

| Year              | Atlanta-Sandy Springs-Roswell, GA MSA |          |                   |        | USA              |          |                   |        |
|-------------------|---------------------------------------|----------|-------------------|--------|------------------|----------|-------------------|--------|
|                   | Total Employment                      | % Change | Unemployment Rate | Change | Total Employment | % Change | Unemployment Rate | Change |
| 2002              | 2,330,487                             | -        | 4.9%              | -      | 136,485,000      | -        | 5.8%              | -      |
| 2003              | 2,334,092                             | 0.2%     | 4.8%              | -0.1%  | 137,736,000      | 0.9%     | 6.0%              | 0.2%   |
| 2004              | 2,379,513                             | 1.9%     | 4.7%              | -0.1%  | 139,252,000      | 1.1%     | 5.5%              | -0.5%  |
| 2005              | 2,456,221                             | 3.2%     | 5.3%              | 0.6%   | 141,730,000      | 1.8%     | 5.1%              | -0.4%  |
| 2006              | 2,535,341                             | 3.2%     | 4.7%              | -0.6%  | 144,427,000      | 1.9%     | 4.6%              | -0.5%  |
| 2007              | 2,604,115                             | 2.7%     | 4.6%              | -0.1%  | 146,047,000      | 1.1%     | 4.6%              | 0.0%   |
| 2008              | 2,578,276                             | -1.0%    | 6.2%              | 1.6%   | 145,362,000      | -0.5%    | 5.8%              | 1.2%   |
| 2009              | 2,431,178                             | -5.7%    | 9.8%              | 3.6%   | 139,877,000      | -3.8%    | 9.3%              | 3.5%   |
| 2010              | 2,403,960                             | -1.1%    | 10.1%             | 0.3%   | 139,064,000      | -0.6%    | 9.6%              | 0.3%   |
| 2011              | 2,439,327                             | 1.5%     | 9.8%              | -0.3%  | 139,869,000      | 0.6%     | 8.9%              | -0.7%  |
| 2012              | 2,495,153                             | 2.3%     | 8.8%              | -1.0%  | 142,469,000      | 1.9%     | 8.1%              | -0.8%  |
| 2013 YTD Average* | 2,529,348                             | 1.4%     | 10.1%             | 1.3%   | 143,929,333      | 1.0%     | 7.4%              | -0.7%  |
| Dec-2012          | 2,540,260                             | -        | 8.4%              | -      | 143,060,000      | -        | 7.6%              | -      |
| Dec-2013          | 2,548,119                             | 0.3%     | 6.8%              | -1.6%  | 144,423,000      | 1.0%     | 6.5%              | -1.1%  |

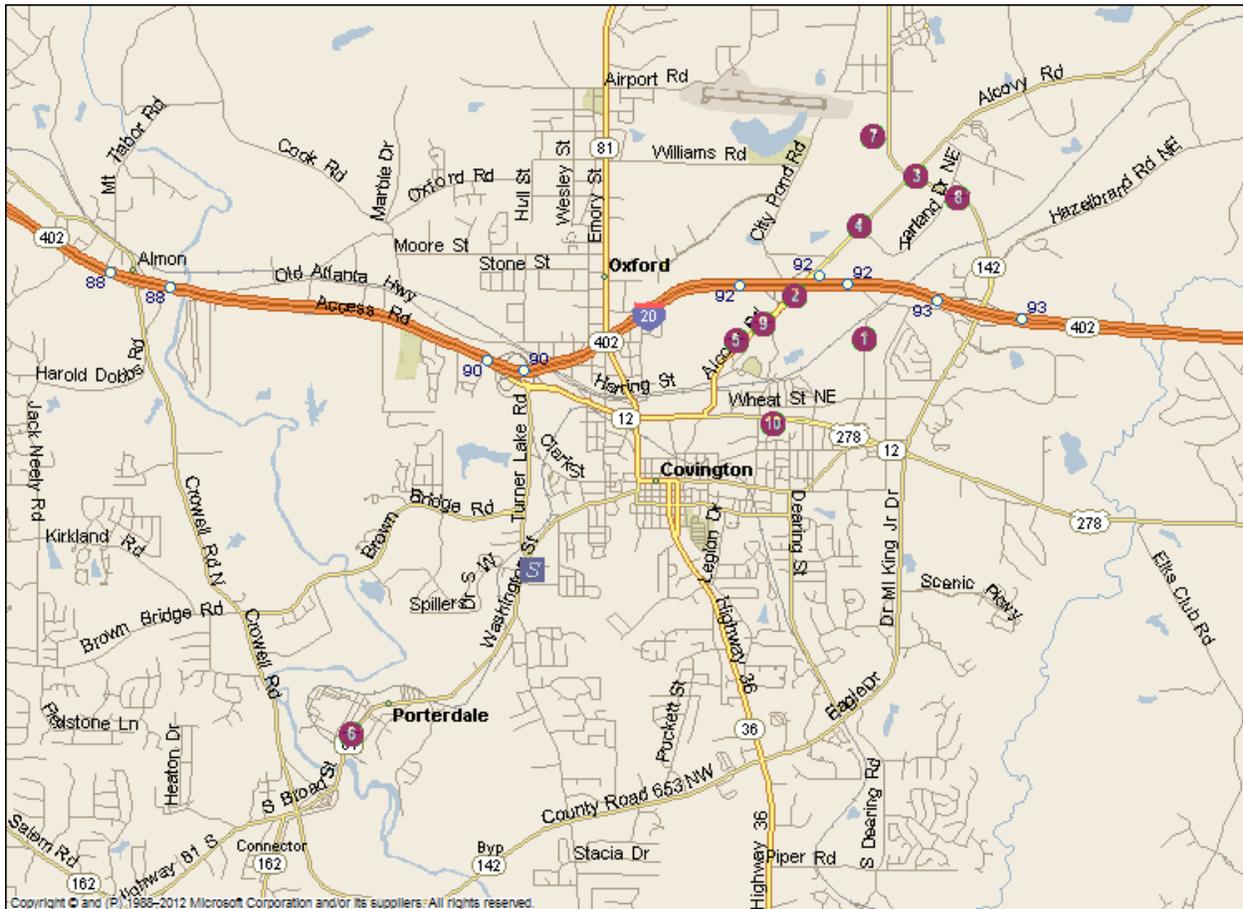
Source: U.S. Bureau of Labor Statistics March 2014

\*2013 data is through Dec

Total employment within the MSA increased from 2002 to 2007. However, during the national recession the total employment within the MSA declined significantly more than the nation. Beginning in 2011, total employment increased slightly faster than the nation. Currently, the total employment in the MSA remains 2.9 percent below the 2007 peak employment level. In comparison, the nation is 1.9 percent below peak total employment. The unemployment rate in the MSA had historically remained below the nation; however, the unemployment rate has remained elevated in the MSA. The 2013 YTD average unemployment rate is 2.7 percentage points greater than the national unemployment rate. The December 2013 unemployment rate in the MSA is just 0.3 percentage points greater than the nation. Overall, the local economy has begun to recover, but total employment remains below peak levels of employment.

### 5. Map of Site and Major Employment Concentrations

The following map and table details the largest employers in Covington, Georgia.



**Major Employers-Covington, GA**

| Map # | Company                            | Industry      | Employees |
|-------|------------------------------------|---------------|-----------|
| 1     | Bard Uriological Division          | Manufacturing | 500-999   |
| 2     | Pactiv Corporation                 | Manufacturing | 500-999   |
| 3     | General Mills, Inc.                | Manufacturing | 250-499   |
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| 5     | Fibervisoins                       | Manufacturing | 250-499   |
| 6     | Specialty Yarn and Converting      | Manufacturing | 100-249   |
| 7     | Nisshinbo Automotive Manufacturing | Manufacturing | 100-249   |
| 8     | Old Castle Glass                   | Manufacturing | 100-249   |
| 9     | Smurfit Stone Containers           | Manufacturing | 50-99     |
| 10    | Newton Medical Center              | Hospital      | 800       |

Source: Covington-Newton County Chamber of Commerce

## Conclusion

Covington and Newton County in general were particularly hard hit by the housing market crash of 2007 and 2008. Before those years, Newton County had been the fourth fastest growing county in the nation. The extreme drop in new home building subsequently led to loss of construction jobs, cutbacks by builders, and cutbacks by their suppliers. Manufacturing employment in the county also felt the effects of the downturn in demand for their products.

Manufacturing and trade, transportation & utilities comprise 50 percent of total employment in Newton County. These industries are particularly vulnerable in economic downturns with less demand for their products and services. Education and health services, historically stable employers, comprise the next highest industry with 14.38 percent. Also, the leisure and hospitality industries comprise a large percentage of total employment.

Recent events, however, indicate the beginnings of a recovery in progress for the area. Baxter International, which will produce plasma-based treatments at a new manufacturing facility in Covington, recently announced plans to move into Stanton Springs Technology Park after striking a \$1.3 billion deal with the Joint Development Authority of Newton. The facility is expected to be fully operational by 2018 with Baxter International hiring about 1,200 people from the local area.

New business openings will spark retail developments and increase demand for employment. The increased housing market will add new jobs to construction in Newton County. Covington is one of the top film production sites in Georgia, according to GoCovington.com. Triple Horse Studios is planning a \$100 million expansion over the next several years in Covington. The studios have also made Covington a recognizable location as 3,421 people from 34 states and 14 countries have signed in at the visitor's center in October 2012, the most recent available month of data. Tourism is a key economic driver for Newton County, generating \$100.1 million in direct tourist spending and \$2.95 million in local county tax revenues.

## **G. PROJECT-SPECIFIC DEMAND ANALYSIS**

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

### **1. Income Restrictions**

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

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

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

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

### **2. Affordability**

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

### **3. Demand**

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

#### **3A. Demand from New Households**

The number of new households entering the market is the first level of demand calculated. We have utilized 2016, the anticipated date of market entry, as the base year for the analysis. Therefore, 2013 household population estimates are inflated to 2016 by interpolation of the difference between 2013 estimates and 2018 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 2013 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 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 comparable properties funded, placed in service, or under construction since 2012, or projects placed in service prior to 2012, which have not reached stabilized occupancy. Therefore, no deductions have been made in the demand analysis.

**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.

**PMA OCCUPANCY**

| Property Name           | Occupancy Rate | Type      | Tenancy | Included/Excluded | Reason for Exclusion                       | Distance from Subject |
|-------------------------|----------------|-----------|---------|-------------------|--|-----------------------|
| Covington Square        | 100%           | Section 8 | Senior  | Excluded          | All units subsidized                       | 1.3 miles             |
| Wellington Ridge        | 95%            | LIHTC     | Family  | Included          | N/Ap                                       | 3.8 miles             |
| Magnolia Heights        | 96%            | LIHTC     | Family  | Included          | N/Ap                                       | 3.2 miles             |
| Arbor Lake Apartments   | 95%            | LIHTC     | Family  | Included          | N/Ap                                       | 3.7 miles             |
| Salem Glen I, II, III   | 82%            | LIHTC     | Family  | Excluded          | More comparable LIHTC properties available | 10.5 miles            |
| Orchard Cove            | 97%            | LIHTC     | Family  | Excluded          | More comparable LIHTC properties available | 10.3 miles            |
| Harristown Park         | 95%            | LIHTC     | Senior  | Included          | N/Ap                                       | 1.2 miles             |
| Leafstone Apartments    | 90%            | Market    | Family  | Included          | N/Ap                                       | 1.6 miles             |
| Sumerset Apartments     | 100%           | Market    | Family  | Included          | N/Ap                                       | 3.9 miles             |
| Fieldcrest Walk         | 91%            | Market    | Family  | Excluded          | More comparable properties available       | 2.6 miles             |
| Park View Apartments    | 99%            | Market    | Family  | Included          | N/Ap                                       | 2.7 miles             |
| Porterdale Mill Lofts   | 100%           | Market    | Family  | Included          | N/Ap                                       | 3.7 miles             |
| Village at Walkers Bend | 98%            | LIHTC     | Family  | Excluded          | Dissimilar unit types                      | 0.1 miles             |
| <b>Average</b>          | <b>95%</b>     |           |         |                   |  |                       |

**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 July 2016 |       |        |                               |        |         |
|---|-------|--------|-------------------------------|--------|---------|
| The Overlook At Walkers Bend  |       |        |                               |        |         |
| PMA   |       |        |                               |        |         |
|   | 2013  |        | Projected Mkt Entry July 2016 |        | Percent |
|   | #     | %      | #                             | %      | Growth  |
| \$0-9,999   | 480   | 16.8%  | 515                           | 16.8%  | 6.8%    |
| \$10,000-19,999   | 671   | 23.5%  | 719                           | 23.5%  | 6.7%    |
| \$20,000-29,999   | 391   | 13.7%  | 423                           | 13.8%  | 7.6%    |
| \$30,000-39,999   | 319   | 11.2%  | 338                           | 11.0%  | 5.7%    |
| \$40,000-49,999   | 163   | 5.7%   | 170                           | 5.5%   | 3.6%    |
| \$50,000-59,999   | 250   | 8.7%   | 265                           | 8.7%   | 5.8%    |
| \$60,000-74,999   | 148   | 5.2%   | 163                           | 5.3%   | 9.6%    |
| \$75,000-99,999   | 142   | 5.0%   | 147                           | 4.8%   | 3.1%    |
| \$100,000-124,999   | 149   | 5.2%   | 166                           | 5.4%   | 9.8%    |
| \$125,000-149,999   | 49    | 1.7%   | 54                            | 1.8%   | 10.6%   |
| \$150,000-199,999   | 50    | 1.8%   | 51                            | 1.7%   | 1.2%    |
| \$200,000+  | 47    | 1.6%   | 52                            | 1.7%   | 9.3%    |
| Total   | 2,858 | 100.0% | 3,062                         | 100.0% | 6.7%    |

| Renter Household Income Distribution Projected Market Entry July 2016 |                               |        |   |
|---|-------------------------------|--------|---|
| The Overlook At Walkers Bend  |                               |        |   |
|   | PMA                           |        | Change 2013 to Prj Mrkt Entry July 2016 |
|   | Projected Mkt Entry July 2016 |        |   |
|   | #                             | %      | #                                       |
| \$0-9,999   | 515                           | 16.8%  | 34                                      |
| \$10,000-19,999   | 719                           | 23.5%  | 48                                      |
| \$20,000-29,999   | 423                           | 13.8%  | 28                                      |
| \$30,000-39,999   | 338                           | 11.0%  | 23                                      |
| \$40,000-49,999   | 170                           | 5.5%   | 11                                      |
| \$50,000-59,999   | 265                           | 8.7%   | 18                                      |
| \$60,000-74,999   | 163                           | 5.3%   | 11                                      |
| \$75,000-99,999   | 147                           | 4.8%   | 10                                      |
| \$100,000-124,999   | 166                           | 5.4%   | 11                                      |
| \$125,000-149,999   | 54                            | 1.8%   | 4                                       |
| \$150,000-199,999   | 51                            | 1.7%   | 3                                       |
| \$200,000+  | 52                            | 1.7%   | 3                                       |
| Total   | 3,062                         | 100.0% | 204                                     |

| Tenure Prj Mrkt Entry July 2016 |        |
|---------------------------------|--------|
| Renter                          | 18.9%  |
| Owner                           | 81.1%  |
| Total                           | 100.0% |

| Renter Household Size for Prj Mrkt Entry July 2016 |        |            |
|--|--------|------------|
| Size   | Number | Percentage |
| 1 Person   | 1,457  | 47.6%      |
| 2 Person   | 815    | 26.6%      |
| 3 Person   | 354    | 11.5%      |
| 4 Person   | 206    | 6.7%       |
| 5+ Person  | 231    | 7.5%       |
| Total  | 3,062  | 100.0%     |

| Renter Household Size for 2000 |        |            |
|--------------------------------|--------|------------|
| Size                           | Number | Percentage |
| 1 Person                       | 1,691  | 25.2%      |
| 2 Person                       | 1,856  | 27.7%      |
| 3 Person                       | 1,305  | 19.5%      |
| 4 Person                       | 936    | 14.0%      |
| 5+ Person                      | 911    | 13.6%      |
| Total                          | 6,698  | 100.0%     |

50% AMI

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

| Percent of AMI Level  |                             |        | 50%             |                       |                                  |
|---|-----------------------------|--------|-----------------|-----------------------|----------------------------------|
| Minimum Income Limit  |                             |        | \$18,120        |                       |                                  |
| Maximum Income Limit  |                             |        | \$25,800        |                       |                                  |
| Income Category   | Total Renter Households PMA |        | Income Brackets | Percent within Cohort | Renter Households within Bracket |
|   | Prj Mrkt Entry July 2016    |        |                 |                       |                                  |
| \$0-9,999   | 538                         | 16.8%  |                 |                       |                                  |
| \$10,000-19,999   | 751                         | 23.5%  | \$1,879         | 18.8%                 | 141                              |
| \$20,000-29,999   | 444                         | 13.9%  | \$5,800         | 58.0%                 | 258                              |
| \$30,000-39,999   | 351                         | 11.0%  |                 |                       |                                  |
| \$40,000-49,999   | 174                         | 5.4%   |                 |                       |                                  |
| \$50,000-59,999   | 276                         | 8.6%   |                 |                       |                                  |
| \$60,000-74,999   | 174                         | 5.4%   |                 |                       |                                  |
| \$75,000-99,999   | 150                         | 4.7%   |                 |                       |                                  |
| \$100,000-124,999   | 176                         | 5.5%   |                 |                       |                                  |
| \$125,000-149,999   | 58                          | 1.8%   |                 |                       |                                  |
| \$150,000-199,999   | 51                          | 1.6%   |                 |                       |                                  |
| \$200,000+  | 55                          | 1.7%   |                 |                       |                                  |
|   | 3,198                       | 100.0% |                 |                       | 399                              |
| Percent of renter households within limits versus total number of renter households |                             |        |                 |                       | 12.47%                           |

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

| Percent of AMI Level  |                               |                                  | 50%             |                       |                                  |
|---|-------------------------------|----------------------------------|-----------------|-----------------------|----------------------------------|
| Minimum Income Limit  |                               |                                  | \$18,120        |                       |                                  |
| Maximum Income Limit  |                               |                                  | \$25,800        |                       |                                  |
| Income Category   | New Renter Households - Total |                                  | Income Brackets | Percent within Cohort | Renter Households within Bracket |
|   | Change in Households PMA      | 2013 to Prj Mrkt Entry July 2016 |                 |                       |                                  |
| \$0-9,999   | 57                            | 16.8%                            |                 |                       |                                  |
| \$10,000-19,999   | 80                            | 23.5%                            | \$1,879         | 18.8%                 | 15                               |
| \$20,000-29,999   | 47                            | 13.9%                            | \$5,800         | 58.0%                 | 27                               |
| \$30,000-39,999   | 37                            | 11.0%                            |                 |                       |                                  |
| \$40,000-49,999   | 18                            | 5.4%                             |                 |                       |                                  |
| \$50,000-59,999   | 29                            | 8.6%                             |                 |                       |                                  |
| \$60,000-74,999   | 18                            | 5.4%                             |                 |                       |                                  |
| \$75,000-99,999   | 16                            | 4.7%                             |                 |                       |                                  |
| \$100,000-124,999   | 19                            | 5.5%                             |                 |                       |                                  |
| \$125,000-149,999   | 6                             | 1.8%                             |                 |                       |                                  |
| \$150,000-199,999   | 5                             | 1.6%                             |                 |                       |                                  |
| \$200,000+  | 6                             | 1.7%                             |                 |                       |                                  |
|   | 340                           | 100.0%                           |                 |                       | 42                               |
| Percent of renter households within limits versus total number of renter households |                               |                                  |                 |                       | 12.47%                           |

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 July 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                  |
| Senior              |
| Urban               |
| 40%                 |
| \$46,763            |
| \$56,964            |
| \$10,201            |
| 21.8%               |
| 3.6%                |
| 3.6%                |
| Two year adjustment |
| 1.0000              |
| \$25,800            |
| \$25,800            |
| 2                   |
| 50%                 |
| \$604               |
| \$604               |

| Persons in Household | OBR | 1BR | 2BR | 3BR | 4BR | 5BR | Total |
|----------------------|-----|-----|-----|-----|-----|-----|-------|
| 1                    | 0%  | 60% | 40% | 0%  | 0%  | 0%  | 100%  |
| 2                    | 0%  | 10% | 90% | 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 July 2016

|  |       |
|--|-------|
| Income Target Population               | 50%   |
| New Renter Households PMA              | 340   |
| Percent Income Qualified               | 12.5% |
| New Renter Income Qualified Households | 42    |

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

Demand from Existing Households 2013

Demand from Rent Overburdened Households

|  |       |
|--|-------|
| Income Target Population                           | 50%   |
| Total Existing Demand                              | 3,198 |
| Income Qualified                                   | 12.5% |
| Income Qualified Renter Households                 | 399   |
| Percent Rent Overburdened Prj Mrkt Entry July 2016 | 38.5% |
| Rent Overburdened Households                       | 154   |

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

Demand from Living in Substandard Housing

|  |      |
|--|------|
| Income Qualified Renter Households       | 399  |
| Percent Living in Substandard Housing    | 0.7% |
| Households Living in Substandard Housing | 3    |

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

Senior Households Converting from Homeownership

|   |       |
|---|-------|
| Income Target Population                    | 50%   |
| Total Senior Homeowners                     | 13880 |
| Rural Versus Urban                          | 0.03% |
| Senior Demand Converting from Homeownership | 3     |

Total Demand

|   |     |
|---|-----|
| Total Demand from Existing Households       | 160 |
| Adjustment Factor - Leakage from SMA        | 0%  |
| Adjusted Demand from Existing Households    | 160 |
| Total New Demand                            | 42  |
| Total Demand (New Plus Existing Households) | 202 |

|   |      |
|---|------|
| Demand from Seniors Who Convert from Homeownership    | 3    |
| Percent of Total Demand From Homeownership Conversion | 1.7% |
| Is this Demand Over 2 percent of Total Demand?        | No   |

By Bedroom Demand

|               |        |     |
|---------------|--------|-----|
| One Person    | 47.5%  | 96  |
| Two Persons   | 26.7%  | 54  |
| Three Persons | 11.4%  | 23  |
| Four Persons  | 6.6%   | 13  |
| Five Persons  | 7.7%   | 16  |
| Total         | 100.0% | 202 |

|  |     |       |
|--|-----|-------|
| To place Person Demand into Bedroom Type Units       |     |       |
| Of one-person households in 1BR units                | 60% | 58    |
| Of two-person households in 1BR units                | 10% | 5     |
| Of one-person households in 2BR units                | 40% | 38    |
| Of two-person households in 2BR units                | 90% | 49    |
| Of three-person households in 2BR units              | 60% | 14    |
| Total Demand   |     | 202   |
|  |     |       |
| Total Demand by Bedroom                              |     | 50%   |
| 1 BR   |     | 63    |
| 2 BR   |     | 87    |
| Total Demand   |     | 150   |
|  |     |       |
| Additions To Supply 2013 to Prj Mrkt Entry July 2016 |     | 50%   |
| 1 BR   |     | 0     |
| 2 BR   |     | 0     |
| Total  |     | 0     |
|  |     |       |
| Net Demand   |     | 50%   |
| 1 BR   |     | 63    |
| 2 BR   |     | 87    |
| Total  |     | 150   |
|  |     |       |
| Developer's Unit Mix                                 |     | 50%   |
| 1 BR   |     | 9     |
| 2 BR   |     | 6     |
| Total  |     | 15    |
|  |     |       |
| Capture Rate Analysis                                |     | 50%   |
| 1 BR   |     | 14.3% |
| 2 BR   |     | 6.9%  |
| Total  |     | 10.0% |

60%AMI

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

| Percent of AMI Level  |                             |                      |                 | 60%                   |                           |  |
|---|-----------------------------|----------------------|-----------------|-----------------------|---------------------------|--|
| Minimum Income Limit  |                             |                      |                 | \$21,750              |                           |  |
| Maximum Income Limit  |                             |                      |                 | \$30,960              |                           |  |
| Income Category   | Total Renter Households PMA |                      | Income Brackets | Percent within Cohort | Households within Bracket |  |
|   | Prj                         | Mrkt Entry July 2016 |                 |                       |                           |  |
| \$0-9,999   | 538                         | 16.8%                |                 |                       |                           |  |
| \$10,000-19,999   | 751                         | 23.5%                |                 |                       |                           |  |
| \$20,000-29,999   | 444                         | 13.9%                | \$8,249         | 82.5%                 | 367                       |  |
| \$30,000-39,999   | 351                         | 11.0%                | \$960           | 9.6%                  | 34                        |  |
| \$40,000-49,999   | 174                         | 5.4%                 |                 |                       |                           |  |
| \$50,000-59,999   | 276                         | 8.6%                 |                 |                       |                           |  |
| \$60,000-74,999   | 174                         | 5.4%                 |                 |                       |                           |  |
| \$75,000-99,999   | 150                         | 4.7%                 |                 |                       |                           |  |
| \$100,000-124,999   | 176                         | 5.5%                 |                 |                       |                           |  |
| \$125,000-149,999   | 58                          | 1.8%                 |                 |                       |                           |  |
| \$150,000-199,999   | 51                          | 1.6%                 |                 |                       |                           |  |
| \$200,000+  | 55                          | 1.7%                 |                 |                       |                           |  |
|   | 3,198                       | 100.0%               |                 |                       | 400                       |  |
| Percent of renter households within limits versus total number of renter households |                             |                      |                 |                       | 12.51%                    |  |

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

| Percent of AMI Level  |                               |                                  |                 | 60%                   |                                  |  |
|---|-------------------------------|----------------------------------|-----------------|-----------------------|----------------------------------|--|
| Minimum Income Limit  |                               |                                  |                 | \$21,750              |                                  |  |
| Maximum Income Limit  |                               |                                  |                 | \$30,960              |                                  |  |
| Income Category   | New Renter Households - Total |                                  | Income Brackets | Percent within Cohort | Renter Households within Bracket |  |
|   | Change in Households PMA      | 2013 to Prj Mrkt Entry July 2016 |                 |                       |                                  |  |
| \$0-9,999   | 57                            | 16.8%                            |                 |                       |                                  |  |
| \$10,000-19,999   | 80                            | 23.5%                            |                 |                       |                                  |  |
| \$20,000-29,999   | 47                            | 13.9%                            | \$8,249         | 82.5%                 | 39                               |  |
| \$30,000-39,999   | 37                            | 11.0%                            | \$960           | 9.6%                  | 4                                |  |
| \$40,000-49,999   | 18                            | 5.4%                             |                 |                       |                                  |  |
| \$50,000-59,999   | 29                            | 8.6%                             |                 |                       |                                  |  |
| \$60,000-74,999   | 18                            | 5.4%                             |                 |                       |                                  |  |
| \$75,000-99,999   | 16                            | 4.7%                             |                 |                       |                                  |  |
| \$100,000-124,999   | 19                            | 5.5%                             |                 |                       |                                  |  |
| \$125,000-149,999   | 6                             | 1.8%                             |                 |                       |                                  |  |
| \$150,000-199,999   | 5                             | 1.6%                             |                 |                       |                                  |  |
| \$200,000+  | 6                             | 1.7%                             |                 |                       |                                  |  |
|   | 340                           | 100.0%                           |                 |                       | 43                               |  |
| Percent of renter households within limits versus total number of renter households |                               |                                  |                 |                       | 12.51%                           |  |

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 July 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                  |
| Senior              |
| Urban               |
| 40%                 |
| \$46,763            |
| \$56,964            |
| \$10,201            |
| 21.8%               |
| 3.6%                |
| 3.6%                |
| Two year adjustment |
| 1.0000              |
| \$30,960            |
| \$30,960            |
| 2                   |
| 60%                 |
| \$725               |
| \$725               |

| Persons in Household | OBR | 1BR | 2BR | 3BR | 4BR | 5BR | Total |
|----------------------|-----|-----|-----|-----|-----|-----|-------|
| 1                    | 0%  | 60% | 40% | 0%  | 0%  | 0%  | 100%  |
| 2                    | 0%  | 10% | 90% | 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 July 2016

|  |  |       |
|--|--|-------|
| Income Target Population               |  | 60%   |
| New Renter Households PMA              |  | 340   |
| Percent Income Qualified               |  | 12.5% |
| New Renter Income Qualified Households |  | 43    |

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

Demand from Existing Households 2013

Demand form Rent Overburdened Households

|  |  |       |
|--|--|-------|
| Income Target Population                           |  | 60%   |
| Total Existing Demand                              |  | 3,198 |
| Income Qualified                                   |  | 12.5% |
| Income Qualified Renter Households                 |  | 400   |
| Percent Rent Overburdened Prj Mrkt Entry July 2016 |  | 38.5% |
| Rent Overburdened Households                       |  | 154   |

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

Demand from Living in Substandard Housing

|  |  |      |
|--|--|------|
| Income Qualified Renter Households       |  | 400  |
| Percent Living in Substandard Housing    |  | 0.7% |
| Households Living in Substandard Housing |  | 3    |

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

Senior Households Converting from Homeownership

|   |       |       |
|---|-------|-------|
| Income Target Population                    |       | 60%   |
| Total Senior Homeowners                     |       | 13880 |
| Rural Versus Urban                          | 0.03% |       |
| Senior Demand Converting from Homeownership |       | 4     |

Total Demand

|   |    |     |
|---|----|-----|
| Total Demand from Existing Households       |    | 161 |
| Adjustment Factor - Leakage from SMA        | 0% | 0   |
| Adjusted Demand from Existing Households    |    | 161 |
| Total New Demand                            |    | 43  |
| Total Demand (New Plus Existing Households) |    | 203 |

|   |  |      |
|---|--|------|
| Demand from Seniors Who Convert from Homeownership    |  | 4    |
| Percent of Total Demand From Homeownership Conversion |  | 1.9% |
| Is this Demand Over 2 percent of Total Demand?        |  | No   |

By Bedroom Demand

|               |        |     |
|---------------|--------|-----|
| One Person    | 47.5%  | 96  |
| Two Persons   | 26.7%  | 54  |
| Three Persons | 11.4%  | 23  |
| Four Persons  | 6.6%   | 13  |
| Five Persons  | 7.7%   | 16  |
| Total         | 100.0% | 203 |

|  |     |       |
|--|-----|-------|
| To place Person Demand into Bedroom Type Units       |     |       |
| Of one-person households in 1BR units                | 60% | 58    |
| Of two-person households in 1BR units                | 10% | 5     |
| Of one-person households in 2BR units                | 40% | 39    |
| Of two-person households in 2BR units                | 90% | 49    |
| Of three-person households in 2BR units              | 60% | 14    |
| Total Demand   |     | 203   |
|  |     |       |
| Total Demand by Bedroom                              |     | 60%   |
| 1 BR   |     | 63    |
| 2 BR   |     | 87    |
| Total Demand   |     | 151   |
|  |     |       |
| Additions To Supply 2013 to Prj Mrkt Entry July 2016 |     | 60%   |
| 1 BR   |     | 0     |
| 2 BR   |     | 0     |
| Total  |     | 0     |
|  |     |       |
| Net Demand   |     | 60%   |
| 1 BR   |     | 63    |
| 2 BR   |     | 87    |
| Total  |     | 151   |
|  |     |       |
| Developer's Unit Mix                                 |     | 60%   |
| 1 BR   |     | 11    |
| 2 BR   |     | 34    |
| Total  |     | 45    |
|  |     |       |
| Capture Rate Analysis                                |     | 60%   |
| 1 BR   |     | 17.4% |
| 2 BR   |     | 38.9% |
| Total  |     | 29.9% |

Overall

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

| Percent of AMI Level  |                             |        | Overall         |                       |                           |
|---|-----------------------------|--------|-----------------|-----------------------|---------------------------|
| Minimum Income Limit  |                             |        | \$18,120        |                       |                           |
| Maximum Income Limit  |                             |        | \$30,960        |                       |                           |
| Income Category   | Total Renter Households PMA |        | Income Brackets | Percent within Cohort | Households within Bracket |
|   | Prj Mrkt Entry July 2016    |        |                 |                       |                           |
| \$0-9,999   | 538                         | 16.8%  |                 |                       |                           |
| \$10,000-19,999   | 751                         | 23.5%  | \$1,879         | 18.8%                 | 141                       |
| \$20,000-29,999   | 444                         | 13.9%  | \$9,999         | 100.0%                | 444                       |
| \$30,000-39,999   | 351                         | 11.0%  | \$960           | 9.6%                  | 34                        |
| \$40,000-49,999   | 174                         | 5.4%   |                 |                       |                           |
| \$50,000-59,999   | 276                         | 8.6%   |                 |                       |                           |
| \$60,000-74,999   | 174                         | 5.4%   |                 |                       |                           |
| \$75,000-99,999   | 150                         | 4.7%   |                 |                       |                           |
| \$100,000-124,999   | 176                         | 5.5%   |                 |                       |                           |
| \$125,000-149,999   | 58                          | 1.8%   |                 |                       |                           |
| \$150,000-199,999   | 51                          | 1.6%   |                 |                       |                           |
| \$200,000+  | 55                          | 1.7%   |                 |                       |                           |
|   | 3,198                       | 100.0% |                 |                       | 619                       |
| Percent of renter households within limits versus total number of renter households |                             |        |                 |                       | 19.4%                     |

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

| Percent of AMI Level  |                               |                                  | Overall         |                       |                                  |
|---|-------------------------------|----------------------------------|-----------------|-----------------------|----------------------------------|
| Minimum Income Limit  |                               |                                  | \$18,120        |                       |                                  |
| Maximum Income Limit  |                               |                                  | \$30,960        |                       |                                  |
| Income Category   | New Renter Households - Total |                                  | Income Brackets | Percent within Cohort | Renter Households within Bracket |
|   | Change in Households PMA      | 2013 to Prj Mrkt Entry July 2016 |                 |                       |                                  |
| \$0-9,999   | 57                            | 16.8%                            |                 |                       |                                  |
| \$10,000-19,999   | 80                            | 23.5%                            | \$1,879         | 18.8%                 | 15                               |
| \$20,000-29,999   | 47                            | 13.9%                            | \$9,999         | 100.0%                | 47                               |
| \$30,000-39,999   | 37                            | 11.0%                            | \$960           | 9.6%                  | 4                                |
| \$40,000-49,999   | 18                            | 5.4%                             |                 |                       |                                  |
| \$50,000-59,999   | 29                            | 8.6%                             |                 |                       |                                  |
| \$60,000-74,999   | 18                            | 5.4%                             |                 |                       |                                  |
| \$75,000-99,999   | 16                            | 4.7%                             |                 |                       |                                  |
| \$100,000-124,999   | 19                            | 5.5%                             |                 |                       |                                  |
| \$125,000-149,999   | 6                             | 1.8%                             |                 |                       |                                  |
| \$150,000-199,999   | 5                             | 1.6%                             |                 |                       |                                  |
| \$200,000+  | 6                             | 1.7%                             |                 |                       |                                  |
|   | 340                           | 100.0%                           |                 |                       | 66                               |
| Percent of renter households within limits versus total number of renter households |                               |                                  |                 |                       | 19.4%                            |

|   |          |
|---|----------|
| Does the Project Benefit from Rent Subsidy? (Y/N)       | No       |
| Type of Housing (Family vs Senior)                      | Senior   |
| Location of Subject (Rural versus Urban)                | Urban    |
| Percent of Income for Housing                           | 40%      |
| 2000 Median Income                                      | \$46,763 |
| 2013 Median Income                                      | \$56,964 |
| Change from 2013 to Prj Mrkt Entry July 2016            | \$10,201 |
| Total Percent Change                                    | 21.8%    |
| Average Annual Change                                   | 3.6%     |
| Inflation Rate  | 3.6%     |
| Maximum Allowable Income                                | \$30,960 |
| Maximum Allowable Income Inflation Adjusted             | \$30,960 |
| Maximum Number of Occupants                             | 2        |
| Rent Income Categories                                  | Overall  |
| Initial Gross Rent for Smallest Unit                    | \$604    |
| Initial Gross Rent for Smallest Unit Inflation Adjusted | \$604    |

| Persons in Household | OBR | 1BR | 2BR | 3BR | 4BR | 5BR | Total |
|----------------------|-----|-----|-----|-----|-----|-----|-------|
| 1                    | 0%  | 60% | 40% | 0%  | 0%  | 0%  | 100%  |
| 2                    | 0%  | 10% | 90% | 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 July 2016

|  |  |         |
|--|--|---------|
| Income Target Population               |  | Overall |
| New Renter Households PMA              |  | 340     |
| Percent Income Qualified               |  | 19.4%   |
| New Renter Income Qualified Households |  | 66      |

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

Demand from Existing Households 2013

Demand from Rent Overburdened Households

|  |  |         |
|--|--|---------|
| Income Target Population                           |  | Overall |
| Total Existing Demand                              |  | 3,198   |
| Income Qualified                                   |  | 19.4%   |
| Income Qualified Renter Households                 |  | 619     |
| Percent Rent Overburdened Prj Mrkt Entry July 2016 |  | 38.5%   |
| Rent Overburdened Households                       |  | 238     |

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

Demand from Living in Substandard Housing

|  |  |      |
|--|--|------|
| Income Qualified Renter Households       |  | 619  |
| Percent Living in Substandard Housing    |  | 0.7% |
| Households Living in Substandard Housing |  | 4    |

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

Senior Households Converting from Homeownership

|   |       |         |
|---|-------|---------|
| Income Target Population                    |       | Overall |
| Total Senior Homeowners                     |       | 13880   |
| Rural Versus Urban                          | 0.04% |         |
| Senior Demand Converting from Homeownership |       | 6       |

Total Demand

|  |    |     |
|--|----|-----|
| Total Demand from Existing Households              |    | 248 |
| Adjustment Factor - Leakage from SMA (use 115% for | 0% | 0   |
| Adjusted Demand from Existing Households           |    | 248 |
| Total New Demand                                   |    | 66  |
| Total Demand (New Plus Existing Households)        |    | 314 |

|   |  |      |
|---|--|------|
| Demand from Seniors Who Convert from Homeownership    |  | 6    |
| Percent of Total Demand From Homeownership Conversion |  | 1.8% |
| Is this Demand Over 2.0 percent of Total Demand?      |  | No   |

By Bedroom Demand

|               |        |     |
|---------------|--------|-----|
| One Person    | 47.5%  | 149 |
| Two Persons   | 26.7%  | 84  |
| Three Persons | 11.4%  | 36  |
| Four Persons  | 6.6%   | 21  |
| Five Persons  | 7.7%   | 24  |
| Total         | 100.0% | 314 |

| To place Person Demand into Bedroom Type Units       |     |         |
|--|-----|---------|
| Of one-person households in 1BR units                | 60% | 89      |
| Of two-person households in 1BR units                | 10% | 8       |
| Of one-person households in 2BR units                | 40% | 60      |
| Of two-person households in 2BR units                | 90% | 76      |
| Of three-person households in 2BR units              | 60% | 22      |
| Total Demand   |     | 314     |
| Total Demand by Bedroom                              |     | Overall |
| 1 BR   |     | 98      |
| 2 BR   |     | 135     |
| Total Demand   |     | 233     |
| Additions To Supply 2013 to Prj Mrkt Entry July 2016 |     | Overall |
| 1 BR   |     | 0       |
| 2 BR   |     | 0       |
| Total  |     | 0       |
| Net Demand   |     | Overall |
| 1 BR   |     | 98      |
| 2 BR   |     | 135     |
| Total  |     | 233     |
| Developer's Unit Mix                                 |     | Overall |
| 1 BR   |     | 20      |
| 2 BR   |     | 40      |
| Total  |     | 60      |
| Capture Rate Analysis                                |     | Overall |
| 1 BR   |     | 20.4%   |
| 2 BR   |     | 29.6%   |
| Total  |     | 25.7%   |

### **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 senior households in the PMA is expected to increase 10.6 percent between 2013 and 2018.
- 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 |
|---------------------|---------------------|----------------|--------------|--------|------------|--------------|------------|---------------------|---------------------------|----------------|
| One-bedroom @50%    | \$17,970 - \$26,550 | 9              | 63           | 0      | 63         | 14.30%       | 6 months   | \$631               | \$430 - \$950             | \$443          |
| One-bedroom @60%    | \$19,170 - \$31,860 | 11             | 63           | 0      | 63         | 17.39%       | 6 months   | \$664               | \$430 - \$950             | \$564          |
| One-bedroom Overall | \$17,970 - \$31,860 | 20             | 98           | 0      | 98         | 20.44%       | 6 months   | -                   | -                         | -              |
| Two-bedroom @50%    | \$21,600 - \$26,550 | 6              | 87           | 0      | 87         | 6.90%        | 6 months   | \$760               | \$490 - \$1,250           | \$520          |
| Two-bedroom @60%    | \$23,340 - \$31,860 | 34             | 87           | 0      | 87         | 38.90%       | 6 months   | \$803               | \$500 - \$1,250           | \$665          |
| Two-bedroom Overall | \$21,600 - \$31,860 | 40             | 135          | 0      | 135        | 29.58%       | 6 months   | -                   | -                         | -              |
| 50% Overall         | \$17,970 - \$26,550 | 15             | 150          | 0      | 150        | 10.00%       | 6 months   | -                   | -                         | -              |
| 60% Overall         | \$19,170 - \$31,860 | 45             | 151          | 0      | 151        | 29.87%       | 6 months   | -                   | -                         | -              |
| Overall Project     | \$17,970 - \$31,860 | 60             | 233          | 0      | 233        | 25.74%       | 6 months   | -                   | -                         | -              |

Demand and Net Demand

|  | HH at 50%<br>AMI (\$17,970 to<br>\$31,860) | HH at 60%<br>AMI (\$19,170 to<br>\$31,860) | All Tax Credit<br>Households |
|--|--|--|------------------------------|
| Demand from New Households (age and income appropriate)  | 42   | 43   | 66                           |
| <b>PLUS</b>  | +  | +  | +                            |
| Demand from Existing Renter Households - Substandard Housing   | 3  | 3  | 4                            |
| <b>PLUS</b>  | +  | +  | +                            |
| Demand from Existing Renter Households - Rent Overburdened Households                                | 154  | 154  | 238                          |
| <b>PLUS</b>  | +  | +  | +                            |
| <b>Secondary Market Demand adjustment IF ANY Subject to 15% Limitation</b>                           | <b>0</b>                                   | <b>0</b>                                   | <b>0</b>                     |
| <b>Sub Total</b>   | <b>199</b>                                 | <b>199</b>                                 | <b>308</b>                   |
| Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)       | 3  | 4  | 6                            |
| <b>Equals Total Demand</b>   | <b>202</b>                                 | <b>203</b>                                 | <b>314</b>                   |
| <b>Less</b>  | -  | -  | -                            |
| Supply of comparable LIHTC or Market Rate housing units built and/or planned in the projected market | 0  | 0  | 0                            |
| <b>Equals Net Demand</b>   | <b>202</b>                                 | <b>203</b>                                 | <b>314</b>                   |

As the analysis illustrates, the Subject's capture rates at the 50 percent AMI level will range from 6.90 to 14.30 percent, with an overall capture rate of 10.00 percent. The Subject's 60 percent AMI capture rates range from 17.39 to 38.90 percent, with an overall capture rate of 29.87 percent. The overall capture rate for the project's 50 and 60 percent units is 25.74 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 10 “true” comparable properties containing 1,736 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 good; however, there is only one age-restricted property in the PMA. Harristown Park was allocated tax credits in 2009 and is located 1.2 miles from the Subject. This property targets senior tenants 55 and older and will directly compete with the Subject. Therefore, we have used it as a comparable in our analysis. The availability of age-restricted data is considered limited. We have used two family LIHTC properties from inside the PMA and two age-restricted LIHTC properties from outside the PMA as comparables in our analysis. These age-restricted comparables are located in Decatur and Stone Mountain, Georgia, approximately 25 to 28 miles from the Subject site.

The availability of market rate data is considered adequate as seven of the comparable properties offer market rate data. These comparables were built or renovated between 1999 and 2011. Of the seven properties with market rate units, three are mixed income properties and four are conventional properties. We believe that the Subject will be more comparable to the mixed income properties in the area and we have therefore used them as comparables in our analysis.

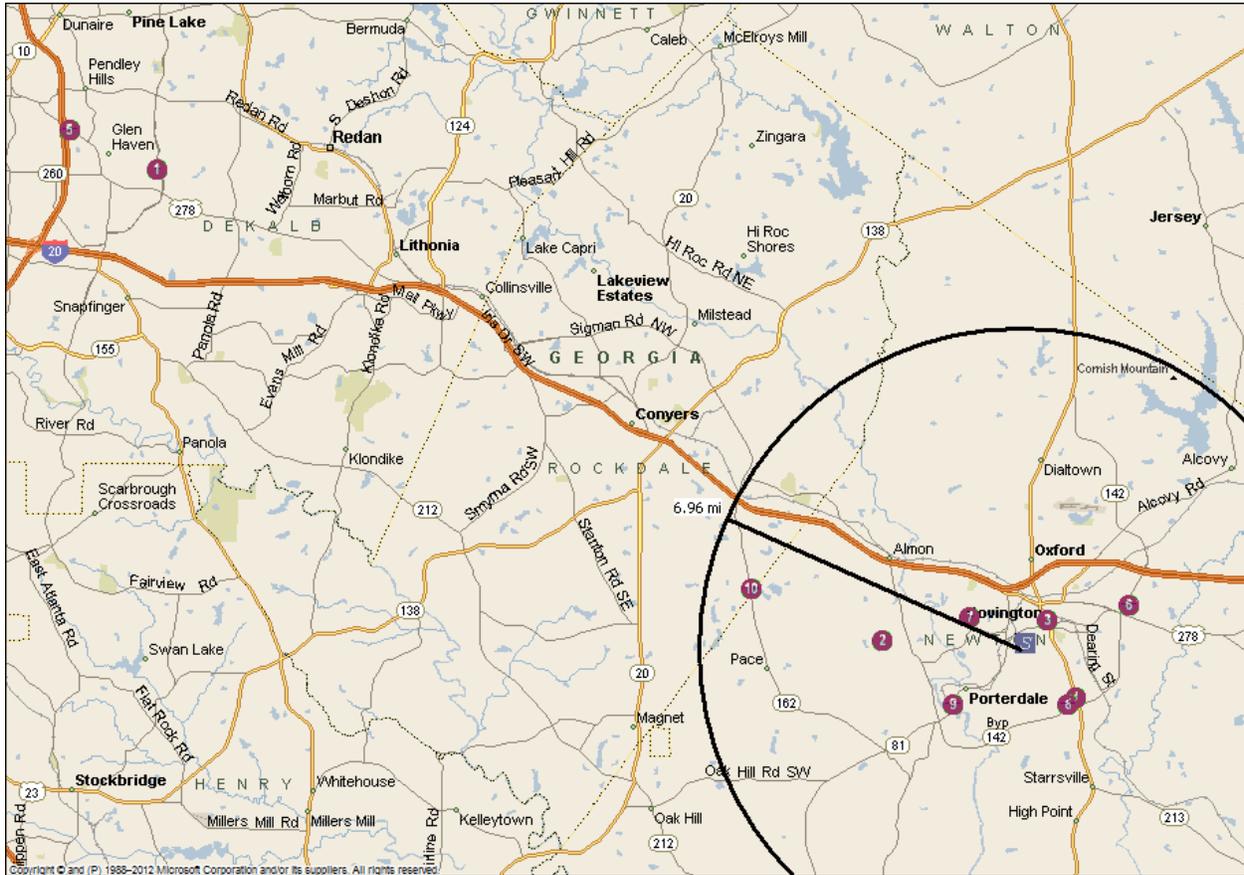
**Excluded Properties**

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

**EXCLUDED PROPERTIES**

| Name                    | Occupancy | Type      | Tenancy | Reason for Exclusion                 | Distance from the Subject |
|-------------------------|-----------|-----------|---------|--------------------------------------|---------------------------|
| Covington Square        | 100%      | Section 8 | Senior  | All units are subsidized             | 1.3 miles                 |
| Salem Glen I, II, III   | 82%       | LIHTC     | Family  | More comparable properties available | 10.5 miles                |
| Orchard Cove            | 97%       | LIHTC     | Family  | More comparable properties available | 10.3 miles                |
| Century Lakeside        | 95%       | LIHTC     | Family  | More comparable properties available | 11.1 miles                |
| Village at Walkers Bend | 98%       | LIHTC     | Family  | Dissimilar unit types                | 0.1 miles                 |
| Fieldcrest Walk         | 91%       | Market    | Family  | More comparable properties available | 2.6 miles                 |

Comparable Rental Property Map



COMPARABLE PROPERTIES

| #  | Property Name            | City           | Tenancy | Type          | Distance   |
|----|--------------------------|----------------|---------|---------------|------------|
| 1  | Antioch Manor Estates    | Stone Mountain | Senior  | LIHTC, Market | 25.2 miles |
| 2  | Arbor Lake Apartments    | Covington      | Family  | LIHTC, Market | 3.7 miles  |
| 3  | Harristown Park          | Covington      | Senior  | LIHTC         | 1.2 miles  |
| 4  | Magnolia Heights         | Covington      | Family  | LIHTC, Market | 3.2 miles  |
| 5  | Retreat At Madison Place | Decatur        | Senior  | LIHTC         | 28.4 miles |
| 6  | Wellington Ridge         | Covington      | Family  | LIHTC         | 3.9 miles  |
| 7  | Leafstone Apartments     | Covington      | Family  | Market        | 1.6 miles  |
| 8  | Park View Apartments     | Covington      | Family  | Market        | 2.7 miles  |
| 9  | Porterdale Mill Lofts    | Porterdale     | Family  | Market        | 3.7 miles  |
| 10 | Sumerset Apartments      | Covington      | Family  | Market        | 3.9 miles  |

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

# The Overlook at Walkers Bend, Covington, GA; Market Study

## 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   | The Overlook At Walkers Bend<br>Walkers Bend Parkway<br>Covington, GA 30014<br>Newton County     | n/a        | Lowrise (age-restricted)<br>(3 stories)<br>2016 / n/a | @50%, @60%                  | 1BR / 1BA    | 9  | 15.00%    | @50%                                | \$443        | 650       | yes       |            | N/A          | N/A          |
|           |  |            |   |                             | 1BR / 1BA    | 11   | 18.30%    | @60%                                | \$564        | 650       | yes       | N/A        | N/A          |              |
|           |  |            |   |                             | 2BR / 1BA    | 6  | 10.00%    | @50%                                | \$520        | 900       | yes       | N/A        | N/A          |              |
|           |  |            |   |                             | 2BR / 1BA    | 34   | 56.70%    | @60%                                | \$665        | 900       | yes       | N/A        | N/A          |              |
|           |  |            |   |                             |              | 60   | 100%      |                                     |              |           |           | N/A        | N/A          |              |
| 1         | Antioch Manor Estates<br>4711 Bishop Ming Boulevard<br>Stone Mountain, GA 30088<br>DeKalb County | 25.2 miles | Lowrise (age-restricted)<br>(3 stories)<br>2005 / n/a | @30%, @50%,<br>@60%, Market | Studio / 1BA | 2  | 1.70%     | @30%                                | \$387        | 450       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | Studio / 1BA | 2  | 1.70%     | @60%                                | \$715        | 450       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | Studio / 1BA | 2  | 1.70%     | Market                              | \$775        | 450       | n/a       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 1BR / 1BA    | 5  | 4.20%     | @30%                                | \$231        | 600       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 1BR / 1BA    | 20   | 16.70%    | @50%                                | \$507        | 600       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 1BR / 1BA    | 15   | 12.50%    | @60%                                | \$581        | 600       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 1BR / 1BA    | 8  | 6.70%     | Market                              | \$791        | 600       | n/a       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 6  | 5.00%     | @30%                                | \$263        | 800       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 26   | 21.70%    | @50%                                | \$595        | 800       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 13   | 10.80%    | @60%                                | \$670        | 800       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 3  | 2.50%     | Market                              | \$1,110      | 800       | n/a       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 1  | 0.80%     | @30%                                | \$263        | 850       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 3  | 2.50%     | @50%                                | \$595        | 850       | yes       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 3  | 2.50%     | @60%                                | \$680        | 850       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 11   | 9.20%     | Market                              | \$1,160      | 850       | n/a       | Yes        | 0            | 0.00%        |
|           |  |            |   |                             |              | 120  | 100%      |                                     |              |           |           | 0          | 0.00%        |              |
|           |  |            |   |                             | 2            | Arbor Lake Apartments<br>431 Kirkland Road<br>Covington, GA 30016<br>Newton County | 3.7 miles | Garden<br>(3 stories)<br>2001 / n/a | @60%, Market | 1BR / 1BA | 36        | 14.40%     | @60%         | \$645        |
| 1BR / 1BA | N/A  | N/A        | Market  | \$670                       |              |  |           |                                     |              | 975       | n/a       | No         | 1            | N/A          |
| 2BR / 2BA | 166  | 66.40%     | @60%  | \$720                       |              |  |           |                                     |              | 1,150     | no        | No         | 8            | 4.80%        |
| 2BR / 2BA | N/A  | N/A        | Market  | \$770                       |              |  |           |                                     |              | 1,150     | n/a       | No         | 0            | N/A          |
| 3BR / 2BA | 48   | 19.20%     | @60%  | \$823                       |              |  |           |                                     |              | 1,350     | no        | No         | 4            | 8.30%        |
| 3BR / 2BA | N/A  | N/A        | Market  | \$870                       |              |  |           |                                     |              | 1,350     | n/a       | No         | 0            | N/A          |
|           | 250  | 100%       |   |                             |              |  |           |                                     |              |           |           | 13         | 5.20%        |              |
|           |  |            |   |                             |              |  |           |                                     |              |           |           | 0          | 0.00%        |              |
| 3         | Harristown Park<br>Brown St & Reynolds St<br>Covington, GA 30014<br>Newton County                | 1.2 miles  | Lowrise (age-restricted)<br>(3 stories)<br>2011 / n/a | @50%, @60%                  | 1BR / 1BA    | 2  | 3.30%     | @50%                                | \$430        | 750       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 1BR / 1BA    | 10   | 16.70%    | @60%                                | \$430        | 750       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 7  | 11.70%    | @50%                                | \$490        | 900       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 41   | 68.30%    | @60%                                | \$500        | 900       | no        | Yes        | 0            | 0.00%        |
|           |  |            |   |                             |              | 60   | 100%      |                                     |              |           |           | 0          | 0.00%        |              |
| 4         | Magnolia Heights<br>10156 Magnolia Heights Circle<br>Covington, GA 30014<br>Newton County        | 3.2 miles  | Garden<br>(2 stories)<br>2001 / n/a                   | @60%, Market                | 1BR / 1BA    | 10   | 5.00%     | Market                              | \$577        | 975       | n/a       | No         | N/A          | N/A          |
|           |  |            |   |                             | 1BR / 1BA    | 22   | 11.00%    | @60%                                | \$520        | 975       | yes       | No         | N/A          | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | 41   | 20.50%    | Market                              | \$660        | 1,150     | n/a       | No         | N/A          | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | 103  | 51.50%    | @60%                                | \$615        | 1,150     | no        | No         | N/A          | N/A          |
|           |  |            |   |                             | 3BR / 2BA    | 8  | 4.00%     | Market                              | \$771        | 1,350     | n/a       | No         | N/A          | N/A          |
|           |  |            |   |                             | 3BR / 2BA    | 16   | 8.00%     | @60%                                | \$696        | 1,350     | yes       | No         | N/A          | N/A          |
|           |  |            |   |                             |              | 200  | 100%      |                                     |              |           |           | 20         | 10.00%       |              |
| 5         | Retreat At Madison Place<br>3907 Redwing Circle<br>Decatur, GA 30032<br>DeKalb County            | 28.4 miles | Midrise (age-restricted)<br>(4 stories)<br>2007 / n/a | @60%                        | 1BR / 1BA    | 40   | 25.00%    | @60%                                | \$636        | 697       | yes       | None       | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 120  | 75.00%    | @60%                                | \$709        | 987       | yes       | None       | 4            | 3.30%        |
|           |  |            |   |                             |              | 160  | 100%      |                                     |              |           |           | 4          | 2.50%        |              |
| 6         | Wellington Ridge<br>9145 Wellington Drive<br>Covington, GA 30014<br>Newton County                | 3.9 miles  | Garden<br>(3 stories)<br>2003 / n/a                   | @60%                        | 1BR / 1BA    | 23   | 10.50%    | @60%                                | \$668        | 651       | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 1BR / 1BA    | 23   | 10.50%    | @60%                                | \$668        | 835       | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 1BR / 1BA    | 24   | 10.90%    | @60%                                | \$668        | 902       | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | 30   | 13.60%    | @60%                                | \$791        | 1,050     | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | 30   | 13.60%    | @60%                                | \$791        | 1,163     | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | 31   | 14.10%    | @60%                                | \$791        | 1,199     | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | 31   | 14.10%    | @60%                                | \$791        | 1,316     | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 3BR / 2BA    | 14   | 6.40%     | @60%                                | \$894        | 1,353     | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             | 3BR / 2BA    | 14   | 6.40%     | @60%                                | \$894        | 1,424     | no        | Yes        | N/A          | N/A          |
|           |  |            |   |                             |              | 220  | 100%      |                                     |              |           |           | 11         | 5.00%        |              |
| 7         | Leafstone Apartments<br>10100 Browns Bridge Rd<br>Covington, GA 30014<br>Newton County           | 1.6 miles  | Garden<br>(3 stories)<br>2000 / n/a                   | Market                      | 1BR / 1BA    | 63   | 27.20%    | Market                              | \$630        | 816       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 136  | 58.60%    | Market                              | \$730        | 1,072     | n/a       | No         | 2            | 1.50%        |
|           |  |            |   |                             | 3BR / 2BA    | 33   | 14.20%    | Market                              | \$835        | 1,292     | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             |              | 232  | 100%      |                                     |              |           |           | 2          | 0.90%        |              |
| 8         | Park View Apartments<br>10920 Covington Bypass<br>Covington, GA 30014<br>Newton County           | 2.7 miles  | Garden<br>(3 stories)<br>1993 / 2011                  | Market                      | 1BR / 1BA    | 10   | 10.00%    | Market                              | \$625        | 735       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 9  | 9.00%     | Market                              | \$695        | 880       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 46   | 46.00%    | Market                              | \$695        | 880       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 3BR / 2BA    | 35   | 35.00%    | Market                              | \$795        | 1,152     | n/a       | No         | 1            | 2.90%        |
|           |  |            |   |                             |              | 100  | 100%      |                                     |              |           |           | 1          | 1.00%        |              |
| 9         | Porterdale Mill Lofts<br>1109 Main Street<br>Porterdale, GA 30014<br>Newton County               | 3.7 miles  | Midrise<br>1899 / 2006                                | Market                      | 1BR / 1BA    | N/A  | N/A       | Market                              | \$850        | 796       | n/a       | Yes        | 0            | N/A          |
|           |  |            |   |                             | 1BR / 1BA    | N/A  | N/A       | Market                              | \$950        | 855       | n/a       | Yes        | 0            | N/A          |
|           |  |            |   |                             | 1BR / 1BA    | N/A  | N/A       | Market                              | \$750        | 738       | n/a       | Yes        | 0            | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | N/A  | N/A       | Market                              | \$1,100      | 1,205     | n/a       | Yes        | 0            | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | N/A  | N/A       | Market                              | \$1,250      | 1,280     | n/a       | Yes        | 0            | N/A          |
|           |  |            |   |                             | 2BR / 2BA    | N/A  | N/A       | Market                              | \$950        | 1,130     | n/a       | Yes        | 0            | N/A          |
|           | 154  | 100%       |   |                             |              |  | 0         | 0.00%                               |              |           |           |            |              |              |
| 10        | Sumerset Apartments<br>3134 Salem Rd<br>Covington, GA 30013<br>Newton County                     | 3.9 miles  | Garden<br>(3 stories)<br>1999 / n/a                   | Market                      | 1BR / 1BA    | 18   | 7.50%     | Market                              | \$625        | 636       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 1BR / 1BA    | 42   | 17.50%    | Market                              | \$660        | 722       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 1BA    | 48   | 20.00%    | Market                              | \$720        | 894       | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             | 2BR / 2BA    | 114  | 47.50%    | Market                              | \$755        | 1,051     | n/a       | No         | 1            | 0.90%        |
|           |  |            |   |                             | 3BR / 2BA    | 18   | 7.50%     | Market                              | \$945        | 1,304     | n/a       | No         | 0            | 0.00%        |
|           |  |            |   |                             |              | 240  | 100%      |                                     |              |           |           | 1          | 0.40%        |              |

The Overlook at Walkers Bend, Covington, GA; Market Study

| RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market. |   |               |   |                 |          |                     |        |
|--|---|---------------|---|-----------------|----------|---------------------|--------|
| Effective Rent Date:   |   | May-14        |   | Units Surveyed: | 1736     | Weighted Occupancy: | 96.80% |
|  |   |               |   | Market Rate     | 726      | Market Rate         | 99.40% |
|  |   |               |   | Tax Credit      | 1010     | Tax Credit          | 95.00% |
| One Bedroom One Bath   |   |               | Two Bedrooms One Bath                       |                 |          |                     |        |
| RENT   | Property                                    | Average       | Property                                    | Average         | Property | Average             |        |
|  | Porterdale Mill Lofts                       | \$950         | Porterdale Mill Lofts                       | \$1,250         |          |                     |        |
|  | Porterdale Mill Lofts                       | \$850         | Antioch Manor Estates * (M)                 | \$1,160         |          |                     |        |
|  | Antioch Manor Estates * (M)                 | \$791         | Porterdale Mill Lofts                       | \$1,100         |          |                     |        |
|  | Porterdale Mill Lofts                       | \$750         | Porterdale Mill Lofts                       | \$950           |          |                     |        |
|  | Arbor Lake Apartments * (M)                 | \$670         | Wellington Ridge * (60%)                    | \$791           |          |                     |        |
|  | Wellington Ridge * (60%)                    | \$668         | Wellington Ridge * (60%)                    | \$791           |          |                     |        |
|  | Wellington Ridge * (60%)                    | \$668         | Wellington Ridge * (60%)                    | \$791           |          |                     |        |
|  | Wellington Ridge * (60%)                    | \$668         | Wellington Ridge * (60%)                    | \$791           |          |                     |        |
|  | Sumerset Apartments                         | \$660         | Arbor Lake Apartments * (M)                 | \$770           |          |                     |        |
|  | Arbor Lake Apartments * (60%)               | \$645         | Sumerset Apartments                         | \$755           |          |                     |        |
|  | Retreat At Madison Place * (60%)            | \$636         | Leafstone Apartments                        | \$730           |          |                     |        |
|  | Leafstone Apartments                        | \$630         | Arbor Lake Apartments * (60%)               | \$720           |          |                     |        |
|  | Park View Apartments                        | \$625         | Retreat At Madison Place * (60%)            | \$709           |          |                     |        |
|  | Sumerset Apartments                         | \$625         | Park View Apartments                        | \$695           |          |                     |        |
|  | Antioch Manor Estates * (60%)               | \$581         | Antioch Manor Estates * (60%)               | \$680           |          |                     |        |
|  | Magnolia Heights * (M)                      | \$577         | <b>The Overlook At Walkers Bend * (60%)</b> | <b>\$665</b>    |          |                     |        |
|  | <b>The Overlook At Walkers Bend * (60%)</b> | <b>\$564</b>  | Magnolia Heights * (M)                      | \$660           |          |                     |        |
|  | Magnolia Heights * (60%)                    | \$520         | Magnolia Heights * (60%)                    | \$615           |          |                     |        |
|  | Antioch Manor Estates * (50%)               | \$507         | Antioch Manor Estates * (50%)               | \$595           |          |                     |        |
|  | <b>The Overlook At Walkers Bend * (50%)</b> | <b>\$443</b>  | <b>The Overlook At Walkers Bend * (50%)</b> | <b>\$520</b>    |          |                     |        |
|  | Harristown Park * (50%)                     | \$430         | Harristown Park * (1BA 60%)                 | \$500           |          |                     |        |
|  | Harristown Park * (60%)                     | \$430         | Harristown Park * (1BA 50%)                 | \$490           |          |                     |        |
|  | Antioch Manor Estates * (30%)               | \$231         | Antioch Manor Estates * (30%)               | \$263           |          |                     |        |
| SQUARE FOOTAGE   | Arbor Lake Apartments * (60%)               | 975           | Wellington Ridge * (60%)                    | 1,316           |          |                     |        |
|  | Arbor Lake Apartments * (M)                 | 975           | Porterdale Mill Lofts                       | 1,280           |          |                     |        |
|  | Magnolia Heights * (M)                      | 975           | Porterdale Mill Lofts                       | 1,205           |          |                     |        |
|  | Magnolia Heights * (60%)                    | 975           | Wellington Ridge * (60%)                    | 1,199           |          |                     |        |
|  | Wellington Ridge * (60%)                    | 902           | Wellington Ridge * (60%)                    | 1,163           |          |                     |        |
|  | Porterdale Mill Lofts                       | 855           | Arbor Lake Apartments * (60%)               | 1,150           |          |                     |        |
|  | Wellington Ridge * (60%)                    | 835           | Arbor Lake Apartments * (M)                 | 1,150           |          |                     |        |
|  | Leafstone Apartments                        | 816           | Magnolia Heights * (M)                      | 1,150           |          |                     |        |
|  | Porterdale Mill Lofts                       | 796           | Magnolia Heights * (60%)                    | 1,150           |          |                     |        |
|  | Harristown Park * (50%)                     | 750           | Porterdale Mill Lofts                       | 1,130           |          |                     |        |
|  | Harristown Park * (60%)                     | 750           | Leafstone Apartments                        | 1,072           |          |                     |        |
|  | Porterdale Mill Lofts                       | 738           | Sumerset Apartments                         | 1,051           |          |                     |        |
|  | Park View Apartments                        | 735           | Wellington Ridge * (60%)                    | 1,050           |          |                     |        |
|  | Sumerset Apartments                         | 722           | Retreat At Madison Place * (60%)            | 987             |          |                     |        |
|  | Retreat At Madison Place * (60%)            | 697           | Harristown Park * (1BA 50%)                 | 900             |          |                     |        |
|  | Wellington Ridge * (60%)                    | 651           | Harristown Park * (1BA 60%)                 | 900             |          |                     |        |
|  | <b>The Overlook At Walkers Bend * (50%)</b> | <b>650</b>    | <b>The Overlook At Walkers Bend * (50%)</b> | <b>900</b>      |          |                     |        |
|  | <b>The Overlook At Walkers Bend * (60%)</b> | <b>650</b>    | <b>The Overlook At Walkers Bend * (60%)</b> | <b>900</b>      |          |                     |        |
|  | Sumerset Apartments                         | 636           | Park View Apartments                        | 880             |          |                     |        |
|  | Antioch Manor Estates * (30%)               | 600           | Antioch Manor Estates * (30%)               | 850             |          |                     |        |
|  | Antioch Manor Estates * (50%)               | 600           | Antioch Manor Estates * (50%)               | 850             |          |                     |        |
|  | Antioch Manor Estates * (60%)               | 600           | Antioch Manor Estates * (60%)               | 850             |          |                     |        |
|  | Antioch Manor Estates * (M)                 | 600           | Antioch Manor Estates * (M)                 | 850             |          |                     |        |
| RENT PER SQUARE FOOT   | Antioch Manor Estates * (M)                 | \$1.32        | Antioch Manor Estates * (M)                 | \$1.36          |          |                     |        |
|  | Porterdale Mill Lofts                       | \$1.11        | Porterdale Mill Lofts                       | \$0.98          |          |                     |        |
|  | Porterdale Mill Lofts                       | \$1.07        | Porterdale Mill Lofts                       | \$0.91          |          |                     |        |
|  | Wellington Ridge * (60%)                    | \$1.03        | Porterdale Mill Lofts                       | \$0.84          |          |                     |        |
|  | Porterdale Mill Lofts                       | \$1.02        | Antioch Manor Estates * (60%)               | \$0.80          |          |                     |        |
|  | Sumerset Apartments                         | \$0.98        | Park View Apartments                        | \$0.79          |          |                     |        |
|  | Antioch Manor Estates * (60%)               | \$0.97        | Wellington Ridge * (60%)                    | \$0.75          |          |                     |        |
|  | Sumerset Apartments                         | \$0.91        | <b>The Overlook At Walkers Bend * (60%)</b> | <b>\$0.74</b>   |          |                     |        |
|  | Retreat At Madison Place * (60%)            | \$0.91        | Sumerset Apartments                         | \$0.72          |          |                     |        |
|  | <b>The Overlook At Walkers Bend * (60%)</b> | <b>\$0.87</b> | Retreat At Madison Place * (60%)            | \$0.72          |          |                     |        |
|  | Park View Apartments                        | \$0.85        | Antioch Manor Estates * (50%)               | \$0.70          |          |                     |        |
|  | Antioch Manor Estates * (50%)               | \$0.84        | Leafstone Apartments                        | \$0.68          |          |                     |        |
|  | Wellington Ridge * (60%)                    | \$0.80        | Wellington Ridge * (60%)                    | \$0.68          |          |                     |        |
|  | Leafstone Apartments                        | \$0.77        | Arbor Lake Apartments * (M)                 | \$0.67          |          |                     |        |
|  | Wellington Ridge * (60%)                    | \$0.74        | Wellington Ridge * (60%)                    | \$0.66          |          |                     |        |
|  | Arbor Lake Apartments * (M)                 | \$0.69        | Arbor Lake Apartments * (60%)               | \$0.63          |          |                     |        |
|  | <b>The Overlook At Walkers Bend * (50%)</b> | <b>\$0.68</b> | Wellington Ridge * (60%)                    | \$0.60          |          |                     |        |
|  | Arbor Lake Apartments * (60%)               | \$0.66        | <b>The Overlook At Walkers Bend * (50%)</b> | <b>\$0.58</b>   |          |                     |        |
|  | Magnolia Heights * (M)                      | \$0.59        | Magnolia Heights * (M)                      | \$0.57          |          |                     |        |
|  | Harristown Park * (50%)                     | \$0.57        | Harristown Park * (1BA 60%)                 | \$0.56          |          |                     |        |
|  | Harristown Park * (60%)                     | \$0.57        | Harristown Park * (1BA 50%)                 | \$0.54          |          |                     |        |
|  | Magnolia Heights * (60%)                    | \$0.53        | Magnolia Heights * (60%)                    | \$0.53          |          |                     |        |
|  | Antioch Manor Estates * (30%)               | \$0.38        | Antioch Manor Estates * (30%)               | \$0.31          |          |                     |        |

# PROPERTY PROFILE REPORT

## Antioch Manor Estates

**Effective Rent Date** 3/24/2014

**Location** 4711 Bishop Ming Blvd.  
Stone Mountain, GA 30088  
DeKalb County

**Distance** 25.2 miles

**Units** 120

**Vacant Units** 0

**Vacancy Rate** 0.0%

**Type** Midrise (age-restricted) (3 stories)

**Year Built/Renovated** 2005 / N/A

**Marketing Began** 10/01/2004

**Leasing Began** 8/01/2005

**Last Unit Leased** 1/01/2006

**Major Competitors** Retreat at Madison, Spring Chase II

**Tenant Characteristics** Dekalb Cty residents 55 and older, average age is 70, 50% previous homeowners or moved from living with children

**Contact Name** Sheline

**Phone** 770-322-8839



### Market Information

**Program** @30%, @50%, @60%, Market

**Annual Turnover Rate** 10%

**Units/Month Absorbed** 24

**HCV Tenants** 8%

**Leasing Pace** Within one week

**Annual Chg. in Rent** None

**Concession** None

### Utilities

**A/C** included -- central

**Cooking** included -- electric

**Water Heat** included -- gas

**Heat** included -- electric

**Other Electric** included

**Water** included

**Sewer** included

**Trash Collection** included

## Antioch Manor Estates, continued

### Unit Mix (face rent)

| Beds | Baths | Type                | Units | Size (SF) | Rent    | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 0    | 1     | Midrise (3 stories) | 2     | 450       | \$387   | \$0                  | @30%        | Yes          | 0      | 0.0%         | yes       | None  |
| 0    | 1     | Midrise (3 stories) | 2     | 450       | \$715   | \$0                  | @60%        | Yes          | 0      | 0.0%         | no        | None  |
| 0    | 1     | Midrise (3 stories) | 2     | 450       | \$775   | \$0                  | Market      | Yes          | 0      | 0.0%         | N/A       | None  |
| 1    | 1     | Midrise (3 stories) | 5     | 600       | \$415   | \$0                  | @30%        | Yes          | 0      | 0.0%         | yes       | None  |
| 1    | 1     | Midrise (3 stories) | 20    | 600       | \$691   | \$0                  | @50%        | Yes          | 0      | 0.0%         | yes       | None  |
| 1    | 1     | Midrise (3 stories) | 15    | 600       | \$765   | \$0                  | @60%        | Yes          | 0      | 0.0%         | no        | None  |
| 1    | 1     | Midrise (3 stories) | 8     | 600       | \$975   | \$0                  | Market      | Yes          | 0      | 0.0%         | N/A       | None  |
| 2    | 1     | Midrise (3 stories) | 6     | 800       | \$498   | \$0                  | @30%        | Yes          | 0      | 0.0%         | yes       | None  |
| 2    | 1     | Midrise (3 stories) | 26    | 800       | \$830   | \$0                  | @50%        | Yes          | 0      | 0.0%         | yes       | None  |
| 2    | 1     | Midrise (3 stories) | 13    | 800       | \$905   | \$0                  | @60%        | Yes          | 0      | 0.0%         | no        | None  |
| 2    | 1     | Midrise (3 stories) | 3     | 800       | \$1,345 | \$0                  | Market      | Yes          | 0      | 0.0%         | N/A       | None  |
| 2    | 2     | Midrise (3 stories) | 1     | 850       | \$498   | \$0                  | @30%        | Yes          | 0      | 0.0%         | yes       | None  |
| 2    | 2     | Midrise (3 stories) | 3     | 850       | \$830   | \$0                  | @50%        | Yes          | 0      | 0.0%         | yes       | None  |
| 2    | 2     | Midrise (3 stories) | 3     | 850       | \$915   | \$0                  | @60%        | Yes          | 0      | 0.0%         | no        | None  |
| 2    | 2     | Midrise (3 stories) | 11    | 850       | \$1,395 | \$0                  | Market      | Yes          | 0      | 0.0%         | N/A       | None  |

### Unit Mix

| @30%         | Face Rent | Conc. | Concd. Rent | Util.  | Adj. Rent | @50%         | Face Rent | Conc. | Concd. Rent | Util.  | Adj. Rent |
|--------------|-----------|-------|-------------|--------|-----------|--------------|-----------|-------|-------------|--------|-----------|
| Studio / 1BA | \$387     | \$0   | \$387       | \$0    | \$387     | 1BR / 1BA    | \$691     | \$0   | \$691       | -\$152 | \$539     |
| 1BR / 1BA    | \$415     | \$0   | \$415       | -\$152 | \$263     | 2BR / 1BA    | \$830     | \$0   | \$830       | -\$195 | \$635     |
| 2BR / 1BA    | \$498     | \$0   | \$498       | -\$195 | \$303     | 2BR / 2BA    | \$830     | \$0   | \$830       | -\$195 | \$635     |
| 2BR / 2BA    | \$498     | \$0   | \$498       | -\$195 | \$303     |              |           |       |             |        |           |
| @60%         | Face Rent | Conc. | Concd. Rent | Util.  | Adj. Rent | Market       | Face Rent | Conc. | Concd. Rent | Util.  | Adj. Rent |
| Studio / 1BA | \$715     | \$0   | \$715       | \$0    | \$715     | Studio / 1BA | \$775     | \$0   | \$775       | \$0    | \$775     |
| 1BR / 1BA    | \$765     | \$0   | \$765       | -\$152 | \$613     | 1BR / 1BA    | \$975     | \$0   | \$975       | -\$152 | \$823     |
| 2BR / 1BA    | \$905     | \$0   | \$905       | -\$195 | \$710     | 2BR / 1BA    | \$1,345   | \$0   | \$1,345     | -\$195 | \$1,150   |
| 2BR / 2BA    | \$915     | \$0   | \$915       | -\$195 | \$720     | 2BR / 2BA    | \$1,395   | \$0   | \$1,395     | -\$195 | \$1,200   |

## Antioch Manor Estates, continued

### Amenities

#### In-Unit

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

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

#### Security

In-Unit Alarm  
Limited Access  
Video Surveillance

#### Services

Computer Tutoring  
Shuttle Service

#### Property

Business Center/Computer Lab  
Concierge  
Elevators  
Central Laundry  
Off-Street Parking  
Picnic Area

Clubhouse/Meeting  
Courtyard  
Exercise Facility  
Non-shelter Services  
On-Site Management  
Service Coordination

#### Premium

Hairdresser / Barber  
Housekeeping  
Medical Professional

#### Other

Gazebo, library, dining

### Comments

The contact estimated that the waiting list currently has 1,000 households combined for all units. According to management, there is significant demand for additional senior housing in the area. The rents for the first phase of Antioch Manor Estates have not changed since mid-2012.

# Antioch Manor Estates, continued

## Trend Report

### Vacancy Rates

| 4Q10 | 1Q11 | 2Q12 | 1Q14 |
|------|------|------|------|
| 0.0% | 0.0% | 0.0% | 0.0% |

### Trend: @30%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$415     | \$0   | \$415       | \$263     |
| 2011 | 1  | 0.0% | \$415     | \$0   | \$415       | \$263     |
| 2012 | 2  | 0.0% | \$415     | \$0   | \$415       | \$263     |
| 2014 | 1  | 0.0% | \$415     | \$0   | \$415       | \$263     |

#### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$498     | \$0   | \$498       | \$303     |
| 2011 | 1  | 0.0% | \$498     | \$0   | \$498       | \$303     |
| 2012 | 2  | 0.0% | \$498     | \$0   | \$498       | \$303     |
| 2014 | 1  | 0.0% | \$498     | \$0   | \$498       | \$303     |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$498     | \$0   | \$498       | \$303     |
| 2011 | 1  | 0.0% | \$498     | \$0   | \$498       | \$303     |
| 2012 | 2  | 0.0% | \$498     | \$0   | \$498       | \$303     |
| 2014 | 1  | 0.0% | \$498     | \$0   | \$498       | \$303     |

#### Studio / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$373     | \$0   | \$373       | \$373     |
| 2011 | 1  | 0.0% | \$387     | \$0   | \$387       | \$387     |
| 2012 | 2  | 0.0% | \$387     | \$0   | \$387       | \$387     |
| 2014 | 1  | 0.0% | \$387     | \$0   | \$387       | \$387     |

### Trend: @50%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$691     | \$0   | \$691       | \$539     |
| 2011 | 1  | 0.0% | \$691     | \$0   | \$691       | \$539     |
| 2012 | 2  | 0.0% | \$691     | \$0   | \$691       | \$539     |
| 2014 | 1  | 0.0% | \$691     | \$0   | \$691       | \$539     |

#### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$830     | \$0   | \$830       | \$635     |
| 2011 | 1  | 0.0% | \$830     | \$0   | \$830       | \$635     |
| 2012 | 2  | 0.0% | \$830     | \$0   | \$830       | \$635     |
| 2014 | 1  | 0.0% | \$830     | \$0   | \$830       | \$635     |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$830     | \$0   | \$830       | \$635     |
| 2011 | 1  | 0.0% | \$830     | \$0   | \$830       | \$635     |
| 2012 | 2  | 0.0% | \$830     | \$0   | \$830       | \$635     |
| 2014 | 1  | 0.0% | \$830     | \$0   | \$830       | \$635     |

#### Studio / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$646     | \$0   | \$646       | \$646     |
| 2011 | 1  | 0.0% | \$646     | \$0   | \$646       | \$646     |

## Antioch Manor Estates, continued

### Trend: @60%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$765     | \$0   | \$765       | \$613     |
| 2011 | 1  | 0.0% | \$765     | \$0   | \$765       | \$613     |
| 2012 | 2  | 0.0% | \$765     | \$0   | \$765       | \$613     |
| 2014 | 1  | 0.0% | \$765     | \$0   | \$765       | \$613     |

#### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$905     | \$0   | \$905       | \$710     |
| 2011 | 1  | 0.0% | \$905     | \$0   | \$905       | \$710     |
| 2012 | 2  | 0.0% | \$905     | \$0   | \$905       | \$710     |
| 2014 | 1  | 0.0% | \$905     | \$0   | \$905       | \$710     |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$915     | \$0   | \$915       | \$720     |
| 2011 | 1  | 0.0% | \$915     | \$0   | \$915       | \$720     |
| 2012 | 2  | 0.0% | \$915     | \$0   | \$915       | \$720     |
| 2014 | 1  | 0.0% | \$915     | \$0   | \$915       | \$720     |

#### Studio / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$715     | \$0   | \$715       | \$715     |
| 2011 | 1  | 0.0% | \$715     | \$0   | \$715       | \$715     |
| 2012 | 2  | 0.0% | \$715     | \$0   | \$715       | \$715     |
| 2014 | 1  | 0.0% | \$715     | \$0   | \$715       | \$715     |

### Trend: Market

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$975     | \$0   | \$975       | \$823     |
| 2011 | 1  | 0.0% | \$975     | \$0   | \$975       | \$823     |
| 2012 | 2  | 0.0% | \$975     | \$0   | \$975       | \$823     |
| 2014 | 1  | 0.0% | \$975     | \$0   | \$975       | \$823     |

#### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$1,345   | \$0   | \$1,345     | \$1,150   |
| 2011 | 1  | 0.0% | \$1,345   | \$0   | \$1,345     | \$1,150   |
| 2012 | 2  | 0.0% | \$1,345   | \$0   | \$1,345     | \$1,150   |
| 2014 | 1  | 0.0% | \$1,345   | \$0   | \$1,345     | \$1,150   |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$1,395   | \$0   | \$1,395     | \$1,200   |
| 2011 | 1  | 0.0% | \$1,395   | \$0   | \$1,395     | \$1,200   |
| 2012 | 2  | 0.0% | \$1,395   | \$0   | \$1,395     | \$1,200   |
| 2014 | 1  | 0.0% | \$1,395   | \$0   | \$1,395     | \$1,200   |

#### Studio / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 4  | 0.0% | \$775     | \$0   | \$775       | \$775     |
| 2011 | 1  | 0.0% | \$775     | \$0   | \$775       | \$775     |
| 2012 | 2  | 0.0% | \$775     | \$0   | \$775       | \$775     |
| 2014 | 1  | 0.0% | \$775     | \$0   | \$775       | \$775     |

### Trend: Comments

- 4Q10** The contact estimated that the waiting list currently has 1,000 households combined for all units. Construction on Antioch Manor Phase II and III has not begun because funding is unavailable. According to management, there is significant demand for additional senior housing in the area.
- 1Q11** The contact estimated that the waiting list currently has 1,000 households combined for all units. Construction on Antioch Manor Phase II and III has begun, and is estimated to be completed by January 2012. According to management, there is significant demand for additional senior housing in the area.
- 2Q12** The contact estimated that the waiting list currently has 1,000 households combined for all units. According to management, there is significant demand for additional senior housing in the area. There are two additional phases to this property which consist of two types of senior housing -- Antioch Gardens and Villas as well as Antioch Summit. The Gardens and the Summit East and West are three-story elevator serviced structures that were completed in 2012 and 2006 respectively. The Villas feature clusters of four to five one-story town homes and this phase was completed in 2012. The Gardens and Villas are operated as a single 106-unit property. The rents for the first phase of Antioch Manor Estates have not changed since mid-2012.
- 1Q14** The contact estimated that the waiting list currently has 1,000 households combined for all units. According to management, there is significant demand for additional senior housing in the area. The rents for the first phase of Antioch Manor Estates have not changed since mid-2012.

# PROPERTY PROFILE REPORT

## Arbor Lake Apartments

|                               |   |
|-------------------------------|---|
| <b>Effective Rent Date</b>    | 3/20/2014   |
| <b>Location</b>               | 431 Kirkland Road<br>Covington, GA 30016<br>Newton County |
| <b>Distance</b>               | 3.7 miles   |
| <b>Units</b>                  | 250   |
| <b>Vacant Units</b>           | 13  |
| <b>Vacancy Rate</b>           | 5.2%  |
| <b>Type</b>                   | Garden (3 stories)  |
| <b>Year Built/Renovated</b>   | 2001 / N/A  |
| <b>Marketing Began</b>        | N/A   |
| <b>Leasing Began</b>          | N/A   |
| <b>Last Unit Leased</b>       | N/A   |
| <b>Major Competitors</b>      | Orchard Cove, Wellington Ridge, Leafstone                 |
| <b>Tenant Characteristics</b> | Mostly families, 5% seniors                               |
| <b>Contact Name</b>           | Tina  |
| <b>Phone</b>                  | (770) 385-6166  |



### Market Information

|                             |                    |
|-----------------------------|--------------------|
| <b>Program</b>              | @60%, Market       |
| <b>Annual Turnover Rate</b> | 29%                |
| <b>Units/Month Absorbed</b> | 21                 |
| <b>HCV Tenants</b>          | 6%                 |
| <b>Leasing Pace</b>         | Within three weeks |
| <b>Annual Chg. in Rent</b>  | See comments       |
| <b>Concession</b>           | None               |

### Utilities

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

### Unit Mix (face rent)

| Beds | Baths | Type               | Units | Size (SF) | Rent  | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|--------------------|-------|-----------|-------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1    | 1     | Garden (3 stories) | 36    | 975       | \$625 | \$0                  | @60%        | No           | 0      | 0.0%         | no        | None  |
| 1    | 1     | Garden (3 stories) | N/A   | 975       | \$650 | \$0                  | Market      | No           | 1      | N/A          | N/A       | None  |
| 2    | 2     | Garden (3 stories) | 166   | 1,150     | \$700 | \$0                  | @60%        | No           | 8      | 4.8%         | no        | None  |
| 2    | 2     | Garden (3 stories) | N/A   | 1,150     | \$750 | \$0                  | Market      | No           | 0      | N/A          | N/A       | None  |
| 3    | 2     | Garden (3 stories) | 48    | 1,350     | \$803 | \$0                  | @60%        | No           | 4      | 8.3%         | no        | None  |
| 3    | 2     | Garden (3 stories) | N/A   | 1,350     | \$850 | \$0                  | Market      | No           | 0      | N/A          | N/A       | None  |

### Unit Mix

| @60%      | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent | Market    | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|-----------|-----------|-------|-------------|-------|-----------|-----------|-----------|-------|-------------|-------|-----------|
| 1BR / 1BA | \$625     | \$0   | \$625       | \$20  | \$645     | 1BR / 1BA | \$650     | \$0   | \$650       | \$20  | \$670     |
| 2BR / 2BA | \$700     | \$0   | \$700       | \$20  | \$720     | 2BR / 2BA | \$750     | \$0   | \$750       | \$20  | \$770     |
| 3BR / 2BA | \$803     | \$0   | \$803       | \$20  | \$823     | 3BR / 2BA | \$850     | \$0   | \$850       | \$20  | \$870     |

## Arbor Lake Apartments, continued

### Amenities

#### In-Unit

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

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

#### Security

Limited Access

#### Services

Afterschool Program

#### Property

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

Car Wash  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

The the one and two-bedroom LIHTC rents decreased two to five percent. The market rate rents increased two to three percent.

# Arbor Lake Apartments, continued

## Trend Report

### Vacancy Rates

| 2Q12  | 4Q13 | 1Q14 | 2Q14 |
|-------|------|------|------|
| 10.4% | 1.2% | 5.2% | 5.2% |

### Trend: @60%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | N/A  | \$479     | \$0   | \$479       | \$499     |
| 2013 | 4  | N/A  | \$640     | \$0   | \$640       | \$660     |
| 2014 | 1  | 0.0% | \$625     | \$0   | \$625       | \$645     |
| 2014 | 2  | 0.0% | \$625     | \$0   | \$625       | \$645     |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | N/A  | \$515     | \$0   | \$515       | \$535     |
| 2013 | 4  | N/A  | \$733     | \$0   | \$733       | \$753     |
| 2014 | 1  | 4.8% | \$700     | \$0   | \$700       | \$720     |
| 2014 | 2  | 4.8% | \$700     | \$0   | \$700       | \$720     |

#### 3BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | N/A  | \$805     | \$0   | \$805       | \$825     |
| 2013 | 4  | N/A  | \$804     | \$0   | \$804       | \$824     |
| 2014 | 1  | 8.3% | \$803     | \$0   | \$803       | \$823     |
| 2014 | 2  | 8.3% | \$803     | \$0   | \$803       | \$823     |

### Trend: Market

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | N/A  | \$625     | \$0   | \$625       | \$645     |
| 2013 | 4  | N/A  | \$640     | \$0   | \$640       | \$660     |
| 2014 | 1  | N/A  | \$650     | \$0   | \$650       | \$670     |
| 2014 | 2  | N/A  | \$650     | \$0   | \$650       | \$670     |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | N/A  | \$725     | \$0   | \$725       | \$745     |
| 2013 | 4  | N/A  | \$725     | \$0   | \$725       | \$745     |
| 2014 | 1  | N/A  | \$750     | \$0   | \$750       | \$770     |
| 2014 | 2  | N/A  | \$750     | \$0   | \$750       | \$770     |

#### 3BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | N/A  | \$825     | \$0   | \$825       | \$845     |
| 2013 | 4  | N/A  | \$825     | \$0   | \$825       | \$845     |
| 2014 | 1  | N/A  | \$850     | \$0   | \$850       | \$870     |
| 2014 | 2  | N/A  | \$850     | \$0   | \$850       | \$870     |

## Trend: Comments

**2Q12** As of 2Q2012, the property is 92 percent occupied. The breakdown by floor plan for the 20 vacant units was not known by our contact. Management noted that this was typical for the property. There is currently no wait list. Our contact noted that the annual turnover rate was around 21 percent, but was not completely sure. The rent levels for the 60 percent AMI one and two bedroom units are currently specials at \$479 and \$515 respectively. If these units were not being offered with specials, they would rent for \$600 and \$700 respectively. Management confirmed that those normal levels are at the maximum allowable level.

**4Q13** The leasing agent stated that one- and three-bedroom units at 60 percent AMI are the most demanded. Since June 2012, several of the rents have increased. LIHTC rents realized the greatest rental increases, increasing between 34 and 42 percent for the one- and two-bedroom units. The one-bedroom market rents increased by two percent while two- and three-bedroom market rents have remained unchanged.

**1Q14** The the one and two-bedroom LIHTC units decreased 2.3 to 4.5 percent. The market rate units increased 1.6 to three percent.

**2Q14** The the one and two-bedroom LIHTC rents decreased two to five percent. The market rate rents increased two to three percent.

# PROPERTY PROFILE REPORT

## Harristown Park

|                               |  |
|-------------------------------|--|
| <b>Effective Rent Date</b>    | 3/24/2014  |
| <b>Location</b>               | Brown St & Reynolds St<br>Covington, GA 30014<br>Newton County |
| <b>Distance</b>               | 1.2 miles  |
| <b>Units</b>                  | 60   |
| <b>Vacant Units</b>           | 0  |
| <b>Vacancy Rate</b>           | 0.0%   |
| <b>Type</b>                   | Lowrise (age-restricted) (3 stories)                           |
| <b>Year Built/Renovated</b>   | 2011 / N/A   |
| <b>Marketing Began</b>        | 11/01/2011   |
| <b>Leasing Began</b>          | 12/01/2011   |
| <b>Last Unit Leased</b>       | 4/30/2012  |
| <b>Major Competitors</b>      | Covington Square   |
| <b>Tenant Characteristics</b> | 55+ restricted.  |
| <b>Contact Name</b>           | Sabrina  |
| <b>Phone</b>                  | 678-625-3235   |



### Market Information

|                             |                           |
|-----------------------------|---------------------------|
| <b>Program</b>              | @50%, @60%                |
| <b>Annual Turnover Rate</b> | N/A                       |
| <b>Units/Month Absorbed</b> | 11                        |
| <b>HCV Tenants</b>          | 5%                        |
| <b>Leasing Pace</b>         | Pre-leased                |
| <b>Annual Chg. in Rent</b>  | Increased 8 to 10 percent |
| <b>Concession</b>           | None                      |

### Utilities

|                         |                          |
|-------------------------|--------------------------|
| <b>A/C</b>              | not included -- central  |
| <b>Cooking</b>          | not included -- electric |
| <b>Water Heat</b>       | not included -- electric |
| <b>Heat</b>             | not included -- electric |
| <b>Other Electric</b>   | not included             |
| <b>Water</b>            | not included             |
| <b>Sewer</b>            | not included             |
| <b>Trash Collection</b> | 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     | Lowrise (3 stories) | 2     | 750       | \$430 | \$0                  | @50%        | Yes          | 0      | 0.0%         | no        | None  |
| 1    | 1     | Lowrise (3 stories) | 10    | 750       | \$430 | \$0                  | @60%        | Yes          | 0      | 0.0%         | no        | None  |
| 2    | 1     | Lowrise (3 stories) | 7     | 900       | \$490 | \$0                  | @50%        | Yes          | 0      | 0.0%         | no        | None  |
| 2    | 1     | Lowrise (3 stories) | 41    | 900       | \$500 | \$0                  | @60%        | Yes          | 0      | 0.0%         | no        | None  |

### Unit Mix

| @50%             | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent | @60%             | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|------------------|-----------|-------|-------------|-------|-----------|------------------|-----------|-------|-------------|-------|-----------|
| <b>1BR / 1BA</b> | \$430     | \$0   | \$430       | \$0   | \$430     | <b>1BR / 1BA</b> | \$430     | \$0   | \$430       | \$0   | \$430     |
| <b>2BR / 1BA</b> | \$490     | \$0   | \$490       | \$0   | \$490     | <b>2BR / 1BA</b> | \$500     | \$0   | \$500       | \$0   | \$500     |

## Harristown Park, continued

### Amenities

#### In-Unit

Blinds  
Central A/C  
Garbage Disposal  
Oven  
Refrigerator

Carpeting  
Dishwasher  
Hand Rails  
Pull Cords

#### Security

Intercom (Buzzer)  
Limited Access

#### Services

None

#### Property

Business Center/Computer Lab  
Elevators  
Off-Street Parking  
Picnic Area

Clubhouse/Meeting  
Exercise Facility  
On-Site Management

#### Premium

None

#### Other

Walking path; community

### Comments

The waiting list is approximately 2,500 households long.

## Harristown Park, continued

### Trend Report

#### Vacancy Rates

| 2Q09 | 2Q12 | 1Q14 | 2Q14 |
|------|------|------|------|
| N/A  | 0.0% | 5.0% | 0.0% |

#### Trend: @50%

##### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2009 | 2  | N/A  | \$390     | \$0   | \$390       | \$390     |
| 2012 | 2  | 0.0% | \$390     | \$0   | \$390       | \$390     |
| 2014 | 1  | 0.0% | \$430     | \$0   | \$430       | \$430     |
| 2014 | 2  | 0.0% | \$430     | \$0   | \$430       | \$430     |

##### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2009 | 2  | N/A  | \$450     | \$0   | \$450       | \$450     |
| 2012 | 2  | 0.0% | \$450     | \$0   | \$450       | \$450     |
| 2014 | 1  | 0.0% | \$490     | \$0   | \$490       | \$490     |
| 2014 | 2  | 0.0% | \$490     | \$0   | \$490       | \$490     |

#### Trend: @60%

##### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2009 | 2  | N/A  | \$390     | \$0   | \$390       | \$390     |
| 2012 | 2  | 0.0% | \$390     | \$0   | \$390       | \$390     |
| 2014 | 1  | 0.0% | \$430     | \$0   | \$430       | \$430     |
| 2014 | 2  | 0.0% | \$430     | \$0   | \$430       | \$430     |

##### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2009 | 2  | N/A  | \$460     | \$0   | \$460       | \$460     |
| 2012 | 2  | 0.0% | \$460     | \$0   | \$460       | \$460     |
| 2014 | 1  | 7.3% | \$500     | \$0   | \$500       | \$500     |
| 2014 | 2  | 0.0% | \$500     | \$0   | \$500       | \$500     |

#### Trend: Comments

|      |  |
|------|--|
| 2Q09 | This is a Subject property that will be age restricted to tenants 55 and older.          |
| 2Q12 | As of 2Q2012, the property is 100 percent occupied with an 50 or 60 plus long wait list. |
| 1Q14 | The waiting list is approximately 2,500 households long.                                 |
| 2Q14 | N/A  |

Photos



# PROPERTY PROFILE REPORT

## Magnolia Heights

**Effective Rent Date** 3/20/2014  
**Location** 10156 Magnolia Heights Circle  
 Covington, GA 30014  
 Newton County  
**Distance** 3.2 miles  
**Units** 200  
**Vacant Units** 9  
**Vacancy Rate** 4.5%  
**Type** Garden (2 stories)  
**Year Built/Renovated** 2001 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Wellington Ridge, Leafstone  
**Tenant Characteristics** Military, out-of-state, 10% seniors  
**Contact Name** Amber  
**Phone** 770.786.0458



### Market Information

**Program** @60%, Market  
**Annual Turnover Rate** 24%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 10%  
**Leasing Pace** Within two weeks  
**Annual Chg. in Rent** See comments  
**Concession** See comments

### Utilities

**A/C** not included -- central  
**Cooking** not included -- electric  
**Water Heat** not included -- gas  
**Heat** not included -- electric  
**Other Electric** not included  
**Water** included  
**Sewer** 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 (2 stories) | 10    | 975       | \$620 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 1    | 1     | Garden (2 stories) | 22    | 975       | \$563 | \$0                  | @60%        | No           | 1      | 4.5%         | yes       | None  |
| 2    | 2     | Garden (2 stories) | 41    | 1,150     | \$720 | \$45                 | Market      | No           | 2      | 4.9%         | N/A       | None  |
| 2    | 2     | Garden (2 stories) | 103   | 1,150     | \$675 | \$85                 | @60%        | No           | 2      | 1.9%         | no        | None  |
| 3    | 2     | Garden (2 stories) | 8     | 1,350     | \$850 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 3    | 2     | Garden (2 stories) | 16    | 1,350     | \$775 | \$0                  | @60%        | No           | 4      | 25.0%        | yes       | None  |

### Unit Mix

| @60%      | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent | Market    | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|-----------|-----------|-------|-------------|-------|-----------|-----------|-----------|-------|-------------|-------|-----------|
| 1BR / 1BA | \$563     | \$0   | \$563       | -\$30 | \$533     | 1BR / 1BA | \$620     | \$0   | \$620       | -\$30 | \$590     |
| 2BR / 2BA | \$675     | \$85  | \$590       | -\$44 | \$546     | 2BR / 2BA | \$720     | \$45  | \$675       | -\$44 | \$631     |
| 3BR / 2BA | \$775     | \$0   | \$775       | -\$58 | \$717     | 3BR / 2BA | \$850     | \$0   | \$850       | -\$58 | \$792     |

## Magnolia Heights, continued

### Amenities

#### In-Unit

Balcony/Patio  
Cable/Satellite/Internet  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

Blinds  
Carpeting  
Coat Closet  
Exterior Storage  
Oven  
Walk-In Closet

#### Security

Limited Access  
Patrol  
Perimeter Fencing

#### Services

None

#### Property

Basketball Court  
Courtyard  
Central Laundry  
On-Site Management  
Swimming Pool

Clubhouse/Meeting  
Exercise Facility  
Off-Street Parking  
Playground

#### Premium

None

#### Other

Ice-marker in units

### Comments

The two-bedroom units are on special for \$675 and \$590 for the market rate and LIHTC units, respectively. Management reported that they have been busy and six vacant units are pre-leased.

# Magnolia Heights, continued

## Trend Report

### Vacancy Rates

| 2Q12  | 4Q13 | 1Q14 | 2Q14 |
|-------|------|------|------|
| 16.0% | 6.0% | 4.5% | 4.5% |

### Trend: @60%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2012 | 2  | 9.1% | \$553     | \$0   | \$553       | \$523     |
| 2013 | 4  | 0.0% | \$553     | \$0   | \$553       | \$523     |
| 2014 | 1  | 4.5% | \$563     | \$0   | \$563       | \$533     |
| 2014 | 2  | 4.5% | \$563     | \$0   | \$563       | \$533     |

#### 2BR / 2BA

| Year | QT | Vac.  | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|-------|-----------|-------|-------------|-----------|
| 2012 | 2  | 22.3% | \$545     | \$0   | \$545       | \$501     |
| 2013 | 4  | 0.0%  | \$665     | \$75  | \$590       | \$546     |
| 2014 | 1  | 1.9%  | \$675     | \$85  | \$590       | \$546     |
| 2014 | 2  | 1.9%  | \$675     | \$85  | \$590       | \$546     |

#### 3BR / 2BA

| Year | QT | Vac.  | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|-------|-----------|-------|-------------|-----------|
| 2012 | 2  | 18.8% | \$765     | \$0   | \$765       | \$707     |
| 2013 | 4  | 0.0%  | \$765     | \$0   | \$765       | \$707     |
| 2014 | 1  | 25.0% | \$775     | \$0   | \$775       | \$717     |
| 2014 | 2  | 25.0% | \$775     | \$0   | \$775       | \$717     |

### Trend: Market

#### 1BR / 1BA

| Year | QT | Vac.  | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|-------|-----------|-------|-------------|-----------|
| 2012 | 2  | 0.0%  | \$610     | \$0   | \$610       | \$580     |
| 2013 | 4  | 20.0% | \$610     | \$0   | \$610       | \$580     |
| 2014 | 1  | 0.0%  | \$620     | \$0   | \$620       | \$590     |
| 2014 | 2  | 0.0%  | \$620     | \$0   | \$620       | \$590     |

#### 2BR / 2BA

| Year | QT | Vac.  | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|-------|-----------|-------|-------------|-----------|
| 2012 | 2  | 9.8%  | \$710     | \$0   | \$710       | \$666     |
| 2013 | 4  | 12.2% | \$710     | \$0   | \$710       | \$666     |
| 2014 | 1  | 4.9%  | \$720     | \$45  | \$675       | \$631     |
| 2014 | 2  | 4.9%  | \$720     | \$45  | \$675       | \$631     |

#### 3BR / 2BA

| Year | QT | Vac.  | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|-------|-----------|-------|-------------|-----------|
| 2012 | 2  | 0.0%  | \$850     | \$0   | \$850       | \$792     |
| 2013 | 4  | 62.5% | \$820     | \$0   | \$820       | \$762     |
| 2014 | 1  | 0.0%  | \$850     | \$0   | \$850       | \$792     |
| 2014 | 2  | 0.0%  | \$850     | \$0   | \$850       | \$792     |

## Trend: Comments

- 2Q12** Contact, in May 2012, stated that the property, as well as their competitors are struggling. The property is currently operating at 15.5 percent vacancy. This is divided between three one-bedroom, 24 two-bedrooms, and four three-bedrooms. Contact stated that the high rate among two bedroom units is common in the area. Their particularly high vacancy was caused primarily by skips and evictions this past year. Concessions are currently 2nd month's rent is free, and a \$120 per month concession for the 60% AMI two-bedroom.
- 4Q13** The leasing agent stated that highest demand was in the two-bedroom units. The only recent changes in rent were the two-bedroom at 60-percent and three-bedroom at market. The two-bedroom 60-percent increased rent from \$545 to \$590. The three-bedroom market fell in rent from \$850 to \$820.
- 1Q14** The two-bedroom units are on special for \$675 and \$590 for the market rate and LIHTC unit, respectively. Management reported that they have been busy and there are six move in next week.
- 2Q14** The two-bedroom units are on special for \$675 and \$590 for the market rate and LIHTC units, respectively. Management reported that they have been busy and six vacant units are pre-leased.

Photos



# PROPERTY PROFILE REPORT

## Retreat At Madison Place

**Effective Rent Date** 3/25/2014  
**Location** 3907 Redwing Circle  
 Decatur, GA 30032  
 Dekalb County  
**Distance** 28.4 miles  
**Units** 160  
**Vacant Units** 4  
**Vacancy Rate** 2.5%  
**Type** Midrise (age-restricted) (4 stories)  
**Year Built/Renovated** 2007 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Could not identify  
**Tenant Characteristics** Most tenants 55-62; 60%+ previous homeowners; tenants from downtown ATL, Decatur, Stn Mtn, Lithonia; 10% out of state (AL, NY, CA), 5% employed  
**Contact Name** Yolanda  
**Phone** (404) 289-8393



### Market Information

**Program** @60%  
**Annual Turnover Rate** N/A  
**Units/Month Absorbed** 14.4  
**HCV Tenants** N/A  
**Leasing Pace** Two-bedrooms within one month  
**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     | Midrise (4 stories) | 40    | 697       | \$699 | \$0                  | @60%        | None         | 0      | 0.0%         | yes       | None  |
| 2    | 2     | Midrise (4 stories) | 120   | 987       | \$789 | \$0                  | @60%        | None         | 4      | 3.3%         | yes       | None  |

### Unit Mix

| @60%      | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|-----------|-----------|-------|-------------|-------|-----------|
| 1BR / 1BA | \$699     | \$0   | \$699       | -\$50 | \$649     |
| 2BR / 2BA | \$789     | \$0   | \$789       | -\$64 | \$725     |

## Retreat At Madison Place, continued

### Amenities

#### In-Unit

Blinds  
Central A/C  
Dishwasher  
Garbage Disposal  
Oven  
Refrigerator

Carpeting  
Coat Closet  
Ceiling Fan  
Hand Rails  
Pull Cords  
Washer/Dryer hookup

#### Security

Limited Access

#### Services

Adult Education  
Shuttle Service

#### Property

Business Center/Computer Lab  
Elevators  
Central Laundry  
On-Site Management  
Theatre

Clubhouse/Meeting  
Exercise Facility  
Off-Street Parking  
Picnic Area

#### Premium

None

#### Other

Walking trails, game room,

### Comments

Contact stated that the rents are the same since January 2013. Contact stated that the demand is very high for affordable senior properties in the area. Contact did not know annual turnover or percentage of Section 8 voucher tenants.

## Retreat At Madison Place, continued

### Trend Report

#### Vacancy Rates

| 1Q11 | 2Q12 | 1Q14 | 2Q14 |
|------|------|------|------|
| 8.7% | 2.5% | 2.5% | 2.5% |

#### Trend: @60%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2011 | 1  | 0.0% | \$699     | \$0   | \$699       | \$649     |
| 2012 | 2  | 0.0% | \$699     | \$0   | \$699       | \$649     |
| 2014 | 1  | 0.0% | \$699     | \$0   | \$699       | \$649     |
| 2014 | 2  | 0.0% | \$699     | \$0   | \$699       | \$649     |

#### 2BR / 2BA

| Year | QT | Vac.  | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|-------|-----------|-------|-------------|-----------|
| 2011 | 1  | 11.7% | \$789     | \$60  | \$729       | \$665     |
| 2012 | 2  | 3.3%  | \$789     | \$0   | \$789       | \$725     |
| 2014 | 1  | 3.3%  | \$789     | \$0   | \$789       | \$725     |
| 2014 | 2  | 3.3%  | \$789     | \$0   | \$789       | \$725     |

#### Trend: Comments

|      |  |
|------|--|
| 1Q11 | The one bedroom units typically lease within one week from the waiting list. The two bedrooms take between 30 and 60 days to lease. Three of the vacant two bedrooms are leased. Management estimated five moveouts each month. Of these five, an estimated three each month are due to financial reasons; mainly that the supporting family/family member can no longer support the senior's rent. Therefore, several seniors have moved out to live with family members.   |
| 2Q12 | Management estimated five move-outs each month. Of these five, an estimated three each month are due to financial reasons; mainly that the supporting family/family member can no longer support the senior's rent. Therefore, several seniors have moved out to live with family members. The manager states that one-bedroom units are more in demand with tenants mostly because of their lower rent. Furthermore, many seniors are one person households who have little need for additional space. About half of the tenants at this property own a car. All units are set-aside at 60 percent of AMI and rents are at the maximum allowable. |
| 1Q14 | Contact stated that the rents are the same since January 2013 and it is 100 percent occupied. Contact stated that the demand is very high for affordable senior properties in the area and that there needs to be more. Contact did not know annual turnover or percentage of Section 8 tenants. Manager started working this year.  |
| 2Q14 | Contact stated that the rents are the same since January 2013. Contact stated that the demand is very high for affordable senior properties in the area. Contact did not know annual turnover or percentage of Section 8 voucher tenants.  |

# PROPERTY PROFILE REPORT

## Wellington Ridge

|                               |   |
|-------------------------------|---|
| <b>Effective Rent Date</b>    | 4/10/2014   |
| <b>Location</b>               | 9145 Wellington Drive<br>Covington, GA 30014<br>Newton County |
| <b>Distance</b>               | 3.9 miles   |
| <b>Units</b>                  | 220   |
| <b>Vacant Units</b>           | 11  |
| <b>Vacancy Rate</b>           | 5.0%  |
| <b>Type</b>                   | Garden (3 stories)  |
| <b>Year Built/Renovated</b>   | 2003 / N/A  |
| <b>Marketing Began</b>        | N/A   |
| <b>Leasing Began</b>          | N/A   |
| <b>Last Unit Leased</b>       | N/A   |
| <b>Major Competitors</b>      | Arbor Lakes, Magnolia Heights                                 |
| <b>Tenant Characteristics</b> | Mostly families, 5% seniors                                   |
| <b>Contact Name</b>           | Caroline  |
| <b>Phone</b>                  | (678) 625-2777  |



### Market Information

|                             |                        |
|-----------------------------|------------------------|
| <b>Program</b>              | @60%                   |
| <b>Annual Turnover Rate</b> | 49%                    |
| <b>Units/Month Absorbed</b> | 14                     |
| <b>HCV Tenants</b>          | 30%                    |
| <b>Leasing Pace</b>         | Within 30 days         |
| <b>Annual Chg. in Rent</b>  | Increased five percent |
| <b>Concession</b>           | None                   |

### Utilities

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

### Unit Mix (face rent)

| Beds | Baths | Type               | Units | Size (SF) | Rent  | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|--------------------|-------|-----------|-------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1    | 1     | Garden (3 stories) | 23    | 651       | \$648 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 1    | 1     | Garden (3 stories) | 23    | 835       | \$648 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 1    | 1     | Garden (3 stories) | 24    | 902       | \$648 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 2    | 2     | Garden (3 stories) | 30    | 1,050     | \$771 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 2    | 2     | Garden (3 stories) | 30    | 1,163     | \$771 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 2    | 2     | Garden (3 stories) | 31    | 1,199     | \$771 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 2    | 2     | Garden (3 stories) | 31    | 1,316     | \$771 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 3    | 2     | Garden (3 stories) | 14    | 1,353     | \$874 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |
| 3    | 2     | Garden (3 stories) | 14    | 1,424     | \$874 | \$0                  | @60%        | Yes          | N/A    | N/A          | no        | None  |

### Unit Mix

| @60%      | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|-----------|-----------|-------|-------------|-------|-----------|
| 1BR / 1BA | \$648     | \$0   | \$648       | \$20  | \$668     |
| 2BR / 2BA | \$771     | \$0   | \$771       | \$20  | \$791     |
| 3BR / 2BA | \$874     | \$0   | \$874       | \$20  | \$894     |

## Wellington Ridge, continued

### Amenities

#### In-Unit

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

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

#### Security

In-Unit Alarm  
Limited Access

#### Services

None

#### Property

Business Center/Computer Lab  
Clubhouse/Meeting  
Garage  
Off-Street Parking  
Picnic Area  
Sport Court

Car Wash  
Exercise Facility  
Central Laundry  
On-Site Management  
Playground  
Swimming Pool

#### Premium

None

#### Other

Library

### Comments

The property is 100 percent preleased and 95 percent occupied. The waiting list has approximately 10 applicants. The high turnover is due to evictions and tenants purchasing homes.

# Wellington Ridge, continued

## Trend Report

### Vacancy Rates

| 2Q10 | 3Q10 | 1Q12 | 2Q14 |
|------|------|------|------|
| 9.1% | 6.8% | 2.3% | 5.0% |

### Trend: @60%

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2010 | 2  | N/A  | \$580 - \$649 | \$0         | \$580 - \$649 | \$600 - \$669 |
| 2010 | 3  | N/A  | \$610 - \$650 | \$0         | \$610 - \$650 | \$630 - \$670 |
| 2012 | 1  | N/A  | \$610 - \$650 | \$51 - \$54 | \$559 - \$596 | \$579 - \$616 |
| 2014 | 2  | N/A  | \$648         | \$0         | \$648         | \$668         |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2010 | 2  | N/A  | \$680 - \$772 | \$0         | \$680 - \$772 | \$700 - \$792 |
| 2010 | 3  | N/A  | \$710 - \$782 | \$0         | \$710 - \$782 | \$730 - \$802 |
| 2012 | 1  | N/A  | \$710 - \$782 | \$59 - \$65 | \$651 - \$717 | \$671 - \$737 |
| 2014 | 2  | N/A  | \$771         | \$0         | \$771         | \$791         |

#### 3BR / 2BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2010 | 2  | N/A  | \$810 - \$855 | \$0         | \$810 - \$855 | \$830 - \$875 |
| 2010 | 3  | N/A  | \$825 - \$845 | \$0         | \$825 - \$845 | \$845 - \$865 |
| 2012 | 1  | N/A  | \$825 - \$845 | \$69 - \$70 | \$756 - \$775 | \$776 - \$795 |
| 2014 | 2  | N/A  | \$874         | \$0         | \$874         | \$894         |

### Trend: Comments

- 2Q10** Vacancy could not be reported by unit type, but the contact did indicate that at least one of each type of unit was vacant. The contact estimated between one and three units are vacated each month; we used three per month to conservatively estimate turnover. Management believes that three- and four-bedroom LIHTC single family home units would lease quickly in the market, particularly if the rents are affordable. The most demanded units are two and three bedroom units.
- 3Q10** Vacancy could not be reported by unit type. The contact estimated between one and three units are vacated each month; we used three per month to conservatively estimate turnover. Management believes that three- and four-bedroom LIHTC single family home units would lease quickly in the market, particularly if the rents are affordable. The most demanded units are two and three bedroom units. Management reported that rents were similar in January, and that occupancy might have been a one or two points different.
- 1Q12** Contact could not verify the vacancies by unit type. Contact opined that demand is strong in the area, with greater demand for family rather than senior units.
- 2Q14** The property is 100 percent preleased and 95 percent occupied. The waiting list has approximately 10 applicants. The high turnover is due to evictions and tenants purchasing homes.

# PROPERTY PROFILE REPORT

## Leafstone Apartments

**Effective Rent Date** 3/24/2014  
**Location** 10100 Browns Bridge Rd  
 Covington, GA 30014  
 Newton County  
**Distance** 1.6 miles  
**Units** 232  
**Vacant Units** 2  
**Vacancy Rate** 0.9%  
**Type** Garden (3 stories)  
**Year Built/Renovated** 2000 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Orchard Cove, Arbor Lake  
**Tenant Characteristics** Mostly families, 2% seniors  
**Contact Name** Lindsay  
**Phone** (770) 784-8044



### Market Information

**Program** Market  
**Annual Turnover Rate** 61%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 0%  
**Leasing Pace** Within one month  
**Annual Chg. in Rent** Increased one 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** not included  
**Sewer** not included  
**Trash Collection** included

### Unit Mix (face rent)

| Beds | Baths | Type               | Units | Size (SF) | Rent  | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|--------------------|-------|-----------|-------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1    | 1     | Garden (3 stories) | 63    | 816       | \$630 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 2    | 2     | Garden (3 stories) | 136   | 1,072     | \$730 | \$0                  | Market      | No           | 2      | 1.5%         | N/A       | None  |
| 3    | 2     | Garden (3 stories) | 33    | 1,292     | \$835 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |

### Unit Mix

| Market    | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|-----------|-----------|-------|-------------|-------|-----------|
| 1BR / 1BA | \$630     | \$0   | \$630       | \$0   | \$630     |
| 2BR / 2BA | \$730     | \$0   | \$730       | \$0   | \$730     |
| 3BR / 2BA | \$835     | \$0   | \$835       | \$0   | \$835     |

## Leafstone Apartments, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Dishwasher  
Garbage Disposal  
Refrigerator  
Walk-In Closet

Blinds  
Central A/C  
Exterior Storage  
Oven  
Vaulted Ceilings  
Washer/Dryer hookup

#### Security

Patrol

#### Services

None

#### Property

Business Center/Computer Lab  
Clubhouse/Meeting  
Garage  
Off-Street Parking  
Playground

Car Wash  
Exercise Facility  
Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

Management reported that the rental market is strong.

# Leafstone Apartments, continued

## Trend Report

### Vacancy Rates

| 2Q12  | 4Q13 | 1Q14 | 2Q14 |
|-------|------|------|------|
| 13.9% | 9.9% | 0.9% | 0.9% |

## Trend: Market

### 1BR / 1BA

| Year | QT | Vac. | Face Rent     | Conc. | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------|---------------|---------------|
| 2012 | 2  | N/A  | \$650 - \$700 | \$35  | \$615 - \$665 | \$615 - \$665 |
| 2013 | 4  | N/A  | \$625         | \$0   | \$625         | \$625         |
| 2014 | 1  | 0.0% | \$630         | \$0   | \$630         | \$630         |
| 2014 | 2  | 0.0% | \$630         | \$0   | \$630         | \$630         |

### 2BR / 2BA

| Year | QT | Vac. | Face Rent     | Conc. | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------|---------------|---------------|
| 2012 | 2  | N/A  | \$750 - \$800 | \$35  | \$715 - \$765 | \$715 - \$765 |
| 2013 | 4  | N/A  | \$725         | \$0   | \$725         | \$725         |
| 2014 | 1  | 1.5% | \$730         | \$0   | \$730         | \$730         |
| 2014 | 2  | 1.5% | \$730         | \$0   | \$730         | \$730         |

### 3BR / 2BA

| Year | QT | Vac. | Face Rent     | Conc. | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------|---------------|---------------|
| 2012 | 2  | N/A  | \$925 - \$975 | \$0   | \$925 - \$975 | \$925 - \$975 |
| 2013 | 4  | N/A  | \$825         | \$0   | \$825         | \$825         |
| 2014 | 1  | 0.0% | \$835         | \$0   | \$835         | \$835         |
| 2014 | 2  | 0.0% | \$835         | \$0   | \$835         | \$835         |

## Trend: Comments

|      |   |
|------|---|
| 2Q12 | As of 2Q2012, the property is operating at 86 percent occupancy. Management stated that this low occupancy was due to a very slow winter with more than normal moveouts. Management noted that they operate at around 90-92 percent on average, and applications are picking up. Concessions are currently being offered are \$35 off rents for the one and two bedroom units if a 10+ month lease is signed. There is a waiting list for persons potentially moving in in November or December, and is around two or three persons long. Variations in rents are due to amenities and views. |
| 4Q13 | Management stated the highest demand was in the two-bedroom units. Management could not provide a breakdown of the vacant units but mentioned that they were 90% occupied.<br>Rents decreased eight-percent in one-bedrooms.<br>Rents decreased seven-percent in two-bedrooms.<br>Rents decreased 15-percent in three-bedrooms.<br>These changes in rents were based on averages.   |
| 1Q14 | Management reported that the rental market is strong.   |
| 2Q14 | N/A   |

# PROPERTY PROFILE REPORT

## Park View Apartments

|                               |   |
|-------------------------------|---|
| <b>Effective Rent Date</b>    | 3/20/2014   |
| <b>Location</b>               | 10920 Covington Bypass<br>Covington, GA 30014<br>Newton County        |
| <b>Distance</b>               | 2.7 miles   |
| <b>Units</b>                  | 100   |
| <b>Vacant Units</b>           | 1   |
| <b>Vacancy Rate</b>           | 1.0%  |
| <b>Type</b>                   | Garden (3 stories)  |
| <b>Year Built/Renovated</b>   | 1993 / 2011   |
| <b>Marketing Began</b>        | N/A   |
| <b>Leasing Began</b>          | N/A   |
| <b>Last Unit Leased</b>       | N/A   |
| <b>Major Competitors</b>      | Orchard Cove, Wellington Ridge  |
| <b>Tenant Characteristics</b> | 5% seniors, mostly families originating from<br>Covington and Oxford. |
| <b>Contact Name</b>           | Christy   |
| <b>Phone</b>                  | 770-786-8500  |



### Market Information

|                             |                         |
|-----------------------------|-------------------------|
| <b>Program</b>              | Market                  |
| <b>Annual Turnover Rate</b> | 50%                     |
| <b>Units/Month Absorbed</b> | N/A                     |
| <b>HCV Tenants</b>          | 3%                      |
| <b>Leasing Pace</b>         | Preleasing              |
| <b>Annual Chg. in Rent</b>  | Increased three percent |
| <b>Concession</b>           | None                    |

### Utilities

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

### Unit Mix (face rent)

| Beds | Baths | Type               | Units | Size (SF) | Rent  | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|--------------------|-------|-----------|-------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1    | 1     | Garden (3 stories) | 10    | 735       | \$625 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 2    | 1     | Garden (3 stories) | 9     | 880       | \$695 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 2    | 2     | Garden (3 stories) | 46    | 880       | \$695 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 3    | 2     | Garden (3 stories) | 35    | 1,152     | \$795 | \$0                  | Market      | No           | 1      | 2.9%         | N/A       | None  |

### Unit Mix

| Market    | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|-----------|-----------|-------|-------------|-------|-----------|
| 1BR / 1BA | \$625     | \$0   | \$625       | \$0   | \$625     |
| 2BR / 1BA | \$695     | \$0   | \$695       | \$0   | \$695     |
| 2BR / 2BA | \$695     | \$0   | \$695       | \$0   | \$695     |
| 3BR / 2BA | \$795     | \$0   | \$795       | \$0   | \$795     |

## Park View Apartments, continued

### Amenities

**In-Unit**

Blinds  
Central A/C  
Ceiling Fan  
Microwave  
Refrigerator  
Washer/Dryer hookup

Carpeting  
Dishwasher  
Garbage Disposal  
Oven  
Walk-In Closet

**Security**

Patrol

**Services**

Daycare

**Property**

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Playground

Exercise Facility  
Off-Street Parking  
Picnic Area  
Swimming Pool

**Premium**

None

**Other**

None

### Comments

None

## Park View Apartments, continued

### Trend Report

#### Vacancy Rates

| 1Q12 | 4Q13 | 1Q14 | 2Q14 |
|------|------|------|------|
| 4.0% | 4.0% | 1.0% | 1.0% |

### Trend: Market

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2012 | 1  | N/A  | \$500 - \$550 | \$21 - \$23 | \$479 - \$527 | \$479 - \$527 |
| 2013 | 4  | N/A  | \$585 - \$605 | \$0         | \$585 - \$605 | \$585 - \$605 |
| 2014 | 1  | 0.0% | \$625         | \$0         | \$625         | \$625         |
| 2014 | 2  | 0.0% | \$625         | \$0         | \$625         | \$625         |

#### 2BR / 1BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2012 | 1  | N/A  | \$535 - \$585 | \$22 - \$24 | \$513 - \$561 | \$513 - \$561 |
| 2013 | 4  | N/A  | \$575 - \$675 | \$0         | \$575 - \$675 | \$575 - \$675 |
| 2014 | 1  | 0.0% | \$695         | \$0         | \$695         | \$695         |
| 2014 | 2  | 0.0% | \$695         | \$0         | \$695         | \$695         |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2012 | 1  | N/A  | \$565 - \$615 | \$24 - \$26 | \$541 - \$589 | \$541 - \$589 |
| 2013 | 4  | N/A  | \$615 - \$695 | \$100       | \$515 - \$595 | \$515 - \$595 |
| 2014 | 1  | 0.0% | \$695         | \$0         | \$695         | \$695         |
| 2014 | 2  | 0.0% | \$695         | \$0         | \$695         | \$695         |

#### 3BR / 2BA

| Year | QT | Vac. | Face Rent     | Conc.       | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------------|---------------|---------------|
| 2012 | 1  | N/A  | \$665 - \$715 | \$28 - \$30 | \$637 - \$685 | \$637 - \$685 |
| 2013 | 4  | N/A  | \$685 - \$790 | \$100       | \$585 - \$690 | \$585 - \$690 |
| 2014 | 1  | 2.9% | \$795         | \$0         | \$795         | \$795         |
| 2014 | 2  | 2.9% | \$795         | \$0         | \$795         | \$795         |

### Trend: Comments

|      |  |
|------|--|
| 1Q12 | Contact confirmed that renovations are finished, although some units may still be renovated when they become vacant. The renovations cost about \$5,000 for three-bedroom units; contact indicated that other floor plans were similar in cost, but not quite as high. Contact indicated that demand is very strong for this time of year, and estimated there to be about 60 households on the waiting list for one and two-bedroom units, although she could not specify particulars for each floor plan. Contact opined that the demand in the area is higher for family housing. |
| 4Q13 | The complex used to be called Heritage Park Apartments. It is now called Parkview Apartments. Management said three-bedroom units were in the highest demand. They don't carry a waiting list.<br>For November and December, there is an additional \$100 off each month for all available units.  |
| 1Q14 | The daycare service is population among the family tenants.  |
| 2Q14 | N/A  |

# Park View Apartments, continued

## Photos



# PROPERTY PROFILE REPORT

## Porterdale Mill Lofts

|                               |   |
|-------------------------------|---|
| <b>Effective Rent Date</b>    | 3/24/2014   |
| <b>Location</b>               | 1109 Main Street<br>Porterdale, GA 30014<br>Newton County |
| <b>Distance</b>               | 3.7 miles   |
| <b>Units</b>                  | 154   |
| <b>Vacant Units</b>           | 0   |
| <b>Vacancy Rate</b>           | 0.0%  |
| <b>Type</b>                   | Midrise   |
| <b>Year Built/Renovated</b>   | 1899 / 2006   |
| <b>Marketing Began</b>        | N/A   |
| <b>Leasing Began</b>          | N/A   |
| <b>Last Unit Leased</b>       | N/A   |
| <b>Major Competitors</b>      | Could not identify  |
| <b>Tenant Characteristics</b> | Majority Families, 2% seniors                             |
| <b>Contact Name</b>           | Angela  |
| <b>Phone</b>                  | 770-786-8283  |



### Market Information

|                             |           |
|-----------------------------|-----------|
| <b>Program</b>              | Market    |
| <b>Annual Turnover Rate</b> | 27%       |
| <b>Units/Month Absorbed</b> | N/A       |
| <b>HCV Tenants</b>          | 0%        |
| <b>Leasing Pace</b>         | Preleased |
| <b>Annual Chg. in Rent</b>  | None      |
| <b>Concession</b>           | None      |

### Utilities

|                         |                          |
|-------------------------|--------------------------|
| <b>A/C</b>              | not included -- central  |
| <b>Cooking</b>          | not included -- electric |
| <b>Water Heat</b>       | not included -- electric |
| <b>Heat</b>             | not included -- electric |
| <b>Other Electric</b>   | not included             |
| <b>Water</b>            | not included             |
| <b>Sewer</b>            | not included             |
| <b>Trash Collection</b> | 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     | Midrise | N/A   | 796       | \$850   | \$0                  | Market      | Yes          | 0      | N/A          | N/A       | AVG   |
| 1    | 1     | Midrise | N/A   | 855       | \$950   | \$0                  | Market      | Yes          | 0      | N/A          | N/A       | HIGH  |
| 1    | 1     | Midrise | N/A   | 738       | \$750   | \$0                  | Market      | Yes          | 0      | N/A          | N/A       | LOW   |
| 2    | 2     | Midrise | N/A   | 1,205     | \$1,100 | \$0                  | Market      | Yes          | 0      | N/A          | N/A       | AVG   |
| 2    | 2     | Midrise | N/A   | 1,280     | \$1,250 | \$0                  | Market      | Yes          | 0      | N/A          | N/A       | HIGH  |
| 2    | 2     | Midrise | N/A   | 1,130     | \$950   | \$0                  | Market      | Yes          | 0      | N/A          | N/A       | LOW   |

### Unit Mix

| Market    | Face Rent       | Conc. | Concd. Rent     | Util. | Adj. Rent       |
|-----------|-----------------|-------|-----------------|-------|-----------------|
| 1BR / 1BA | \$750 - \$950   | \$0   | \$750 - \$950   | \$0   | \$750 - \$950   |
| 2BR / 2BA | \$950 - \$1,250 | \$0   | \$950 - \$1,250 | \$0   | \$950 - \$1,250 |

### Amenities

| In-Unit   | Security | Services |
|---|----------|----------|
| Carpet/Hardwood<br>Microwave<br>Refrigerator                | None     | None     |
| Dishwasher<br>Oven<br>Washer/Dryer hookup                   |          |          |
| Property  | Premium  | Other    |
| Exercise Facility<br>Off-Street Parking<br>Recreation Areas | None     | None     |
| Garage<br>On-Site Management<br>Swimming Pool               |          |          |

## **Porterdale Mill Lofts, continued**

### **Comments**

The property maintains a waiting list of 10 households.

## Porterdale Mill Lofts, continued

### Trend Report

#### Vacancy Rates

| 3Q09  | 4Q13 | 1Q14 | 2Q14 |
|-------|------|------|------|
| 12.3% | 0.0% | 0.0% | 0.0% |

### Trend: Market

#### 1BR / 1BA

| Year | QT | Vac. | Face Rent     | Conc. | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------|---------------|---------------|
| 2009 | 3  | N/A  | \$725 - \$815 | \$0   | \$725 - \$815 | \$725 - \$815 |
| 2013 | 4  | N/A  | \$750 - \$950 | \$0   | \$750 - \$950 | \$750 - \$950 |
| 2014 | 1  | N/A  | \$750 - \$950 | \$0   | \$750 - \$950 | \$750 - \$950 |
| 2014 | 2  | N/A  | \$750 - \$950 | \$0   | \$750 - \$950 | \$750 - \$950 |

#### 2BR / 2BA

| Year | QT | Vac. | Face Rent       | Conc. | Concd. Rent     | Adj. Rent       |
|------|----|------|-----------------|-------|-----------------|-----------------|
| 2009 | 3  | N/A  | \$850 - \$1,095 | \$0   | \$850 - \$1,095 | \$850 - \$1,095 |
| 2013 | 4  | N/A  | \$950 - \$1,250 | \$0   | \$950 - \$1,250 | \$950 - \$1,250 |
| 2014 | 1  | N/A  | \$950 - \$1,250 | \$0   | \$950 - \$1,250 | \$950 - \$1,250 |
| 2014 | 2  | N/A  | \$950 - \$1,250 | \$0   | \$950 - \$1,250 | \$950 - \$1,250 |

### Trend: Comments

|      |  |
|------|--|
| 3Q09 | This building was formerly a twine manufacturing facility in the early 1900s. It was renovated in 2006 to offer 154 one, two, and three-bedroom units. There is also retail space for rent.  |
| 4Q13 | There is demand in the one and two-bedroom units equally. Management stated there was a waiting list but noted that there had been no turnovers for the past six-months. The community has had many of the same tenants for several years. |
| 1Q14 | N/A  |
| 2Q14 | The property maintains a waiting list of 10 households.  |

# PROPERTY PROFILE REPORT

## Sumerset Apartments

|                               |   |
|-------------------------------|---|
| <b>Effective Rent Date</b>    | 3/20/2014   |
| <b>Location</b>               | 3134 Salem Rd<br>Covington, GA 30013<br>Newton County |
| <b>Distance</b>               | 3.9 miles   |
| <b>Units</b>                  | 240   |
| <b>Vacant Units</b>           | 1   |
| <b>Vacancy Rate</b>           | 0.4%  |
| <b>Type</b>                   | Garden (3 stories)                                    |
| <b>Year Built/Renovated</b>   | 1999 / N/A  |
| <b>Marketing Began</b>        | N/A   |
| <b>Leasing Began</b>          | N/A   |
| <b>Last Unit Leased</b>       | N/A   |
| <b>Major Competitors</b>      | Terraces at Fieldstone, Orchard Cove, Arbor Lake      |
| <b>Tenant Characteristics</b> | Young couples, families, few seniors (2%)             |
| <b>Contact Name</b>           | Kait  |
| <b>Phone</b>                  | 770-788-1165  |



### Market Information

|                             |                        |
|-----------------------------|------------------------|
| <b>Program</b>              | Market                 |
| <b>Annual Turnover Rate</b> | 49%                    |
| <b>Units/Month Absorbed</b> | N/A                    |
| <b>HCV Tenants</b>          | 4%                     |
| <b>Leasing Pace</b>         | Within three weeks     |
| <b>Annual Chg. in Rent</b>  | Increased five percent |
| <b>Concession</b>           | None                   |

### Utilities

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

### Unit Mix (face rent)

| Beds | Baths | Type               | Units | Size (SF) | Rent  | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|--------------------|-------|-----------|-------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1    | 1     | Garden (3 stories) | 18    | 636       | \$605 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 1    | 1     | Garden (3 stories) | 42    | 722       | \$640 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 2    | 1     | Garden (3 stories) | 48    | 894       | \$700 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |
| 2    | 2     | Garden (3 stories) | 114   | 1,051     | \$735 | \$0                  | Market      | No           | 1      | 0.9%         | N/A       | None  |
| 3    | 2     | Garden (3 stories) | 18    | 1,304     | \$925 | \$0                  | Market      | No           | 0      | 0.0%         | N/A       | None  |

### Unit Mix

| Market    | Face Rent     | Conc. | Concd. Rent   | Util. | Adj. Rent     |
|-----------|---------------|-------|---------------|-------|---------------|
| 1BR / 1BA | \$605 - \$640 | \$0   | \$605 - \$640 | \$20  | \$625 - \$660 |
| 2BR / 1BA | \$700         | \$0   | \$700         | \$20  | \$720         |
| 2BR / 2BA | \$735         | \$0   | \$735         | \$20  | \$755         |
| 3BR / 2BA | \$925         | \$0   | \$925         | \$20  | \$945         |

## Sumerset Apartments, continued

### Amenities

#### In-Unit

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

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

#### Security

Limited Access  
Patrol

#### Services

None

#### Property

Exercise Facility  
Off-Street Parking  
Playground  
Tennis Court

Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

Management reported that the local rental market is strong.

# Sumerset Apartments, continued

## Trend Report

### Vacancy Rates

| 3Q10 | 2Q12 | 1Q14 | 2Q14 |
|------|------|------|------|
| 7.1% | 7.1% | 0.4% | 0.4% |

## Trend: Market

### 1BR / 1BA

| Year | QT | Vac. | Face Rent     | Conc. | Concd. Rent   | Adj. Rent     |
|------|----|------|---------------|-------|---------------|---------------|
| 2010 | 3  | N/A  | \$630 - \$650 | \$0   | \$630 - \$650 | \$650 - \$670 |
| 2012 | 2  | N/A  | \$539 - \$589 | \$0   | \$539 - \$589 | \$559 - \$609 |
| 2014 | 1  | 0.0% | \$605 - \$640 | \$0   | \$605 - \$640 | \$625 - \$660 |
| 2014 | 2  | 0.0% | \$605 - \$640 | \$0   | \$605 - \$640 | \$625 - \$660 |

### 2BR / 1BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 3  | N/A  | \$710     | \$0   | \$710       | \$730     |
| 2012 | 2  | N/A  | \$640     | \$0   | \$640       | \$660     |
| 2014 | 1  | 0.0% | \$700     | \$0   | \$700       | \$720     |
| 2014 | 2  | 0.0% | \$700     | \$0   | \$700       | \$720     |

### 2BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 3  | N/A  | \$750     | \$0   | \$750       | \$770     |
| 2012 | 2  | N/A  | \$669     | \$0   | \$669       | \$689     |
| 2014 | 1  | 0.9% | \$735     | \$0   | \$735       | \$755     |
| 2014 | 2  | 0.9% | \$735     | \$0   | \$735       | \$755     |

### 3BR / 2BA

| Year | QT | Vac. | Face Rent | Conc. | Concd. Rent | Adj. Rent |
|------|----|------|-----------|-------|-------------|-----------|
| 2010 | 3  | N/A  | \$920     | \$0   | \$920       | \$940     |
| 2012 | 2  | N/A  | \$925     | \$0   | \$925       | \$945     |
| 2014 | 1  | 0.0% | \$925     | \$0   | \$925       | \$945     |
| 2014 | 2  | 0.0% | \$925     | \$0   | \$925       | \$945     |

## Trend: Comments

- 3Q10** Some units come equipped with ceiling fans in the bedrooms. Rents in January ranged from \$550 to \$599 for one bedroom units, \$650 to \$725 for two bedroom units, and were \$880 for three bedroom units. The occupancy in January was approximately 90 percent.
- 2Q12** The property is currently sitting at 94 percent occupancy. They are currently offering significant rent concessions for each unit type, off of market rates. Our contact could not elaborate on what the market rates were. There is a waitlist of three to four people for the 3 bedroom units.
- 1Q14** N/A
- 2Q14** Management reported that the local rental market is strong.

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

Housing Choice Vouchers

TENANTS WITH VOUCHERS

| Comparable Property      | Tenancy | Rent Structure | Housing Choice Voucher Tenants |
|--------------------------|---------|----------------|--------------------------------|
| Antioch Manor Estates    | Senior  | LIHTC, Market  | 8%                             |
| Arbor Lake Apartments    | Family  | LIHTC, Market  | 6%                             |
| Harristown Park          | Senior  | LIHTC          | 5%                             |
| Magnolia Heights         | Family  | LIHTC, Market  | 10%                            |
| Retreat At Madison Place | Senior  | LIHTC          | N/A                            |
| Wellington Ridge         | Family  | LIHTC          | 30%                            |
| Leafstone Apartments     | Family  | Market         | 0%                             |
| Park View Apartments     | Family  | Market         | 3%                             |
| Porterdale Mill Lofts    | Family  | Market         | 0%                             |
| Sumerset Apartments      | Family  | Market         | 4%                             |
| <b>Average</b>           |         |                | <b>7%</b>                      |

As illustrated in the table, five of the six LIHTC properties reported having voucher tenants. The average number of voucher tenants at the LIHTC properties is 12 percent and the overall market average is seven percent. The family LIHTC property Wellington Ridge reported a voucher tenancy of 30 percent, which is significantly above the other LIHTC comparables and is considered an outlier. The local market does not appear to be dependent on voucher tenants. We believe that the Subject will have a low voucher tenancy similar to the Senior LIHTC comparables.

Lease Up History

We were able to obtain absorption information from five comparable properties, illustrated following.

ABSORPTION

| Property name            | Tenancy | Rent Structure | Year Built | Number of Units | Units Absorbed / Month |
|--------------------------|---------|----------------|------------|-----------------|------------------------|
| Harristown Park          | Senior  | LIHTC          | 2011       | 60              | 11                     |
| Retreat At Madison Place | Senior  | LIHTC          | 2007       | 160             | 14                     |
| Antioch Manor Estates    | Senior  | LIHTC, Market  | 2005       | 120             | 24                     |
| Wellington Ridge         | Family  | LIHTC          | 2003       | 220             | 14                     |
| Arbor Lake Apartments    | Family  | LIHTC, Market  | 2001       | 250             | 21                     |
| <b>Average</b>           |         |                |            | <b>810</b>      | <b>17</b>              |

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Harristown Park represents the most recent construction and is considered most similar to the Subject in terms of size. Like the Subject, this property targets seniors and it began leasing units in the winter of 2011. Management reported that the property was fully leased within six months of opening, for an absorption pace of approximately 11 units per month. Because this property is the newest in the market and targets seniors, we have relied most heavily on it when concluding

to an absorption rate for the Subject. Harristown Park is 100 percent occupied, but maintains a 2,500 household waiting list, which indicate significant demand for senior housing in the PMA. Based on the absorption pace reported by this property, the waiting lists at the LIHTC comparables, and the strong demand for affordable housing in Covington, we anticipate that the Subject will absorb 10 units per month, for an absorption period of six months.

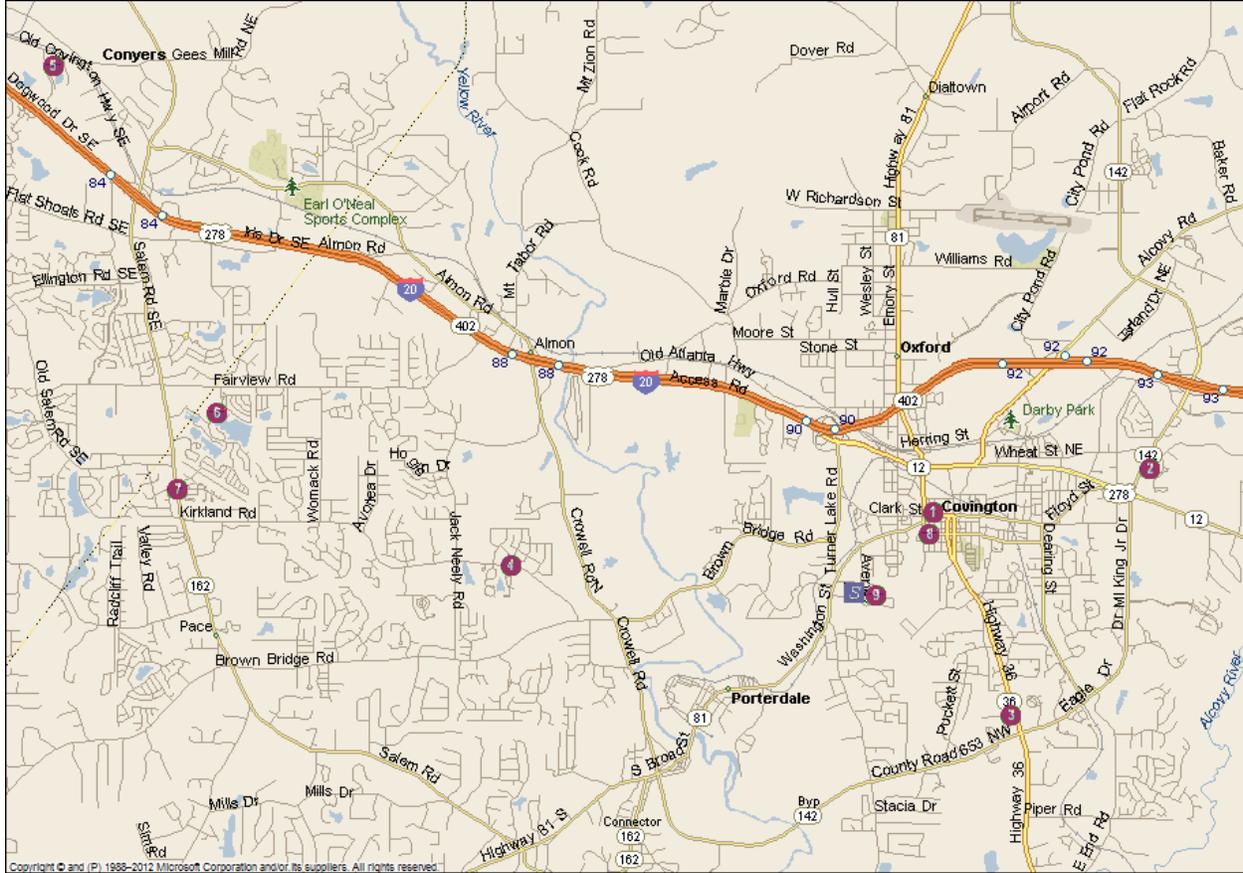
**Phased Developments**

The Subject is not part of a phased development.

**Rural Areas**

The Subject is not located in a rural area.

### 3. Competitive Project Map



#### COMPETITIVE PROJECTS

| Map # | Property Name                | Type      | Tenancy | Included/<br>Excluded | Reason for Exclusion                       | Distance from<br>Subject |
|-------|------------------------------|-----------|---------|-----------------------|--|--------------------------|
| S     | The Overlook at Walkers Bend | LIHTC     | Senior  | Subject               | N/Ap                                       | -                        |
| 1     | Covington Square             | Section 8 | Senior  | Excluded              | All units subsidized                       | 1.3 miles                |
| 2     | Wellington Ridge             | LIHTC     | Family  | Included              | N/Ap                                       | 3.8 miles                |
| 3     | Magnolia Heights             | LIHTC     | Family  | Included              | N/Ap                                       | 3.2 miles                |
| 4     | Arbor Lake Apartments        | LIHTC     | Family  | Included              | N/Ap                                       | 3.7 miles                |
| 5     | Century Lakeside             | LIHTC     | Family  | Excluded              | More comparable LIHTC properties available | 11.1 miles               |
| 6     | Orchard Cove                 | LIHTC     | Family  | Excluded              | More comparable LIHTC properties available | 10.3 miles               |
| 7     | Salem Glen I, II, III        | LIHTC     | Family  | Excluded              | More comparable LIHTC properties available | 10.5 miles               |
| 8     | Harristown Park              | LIHTC     | Senior  | Included              | N/Ap                                       | 1.2 miles                |
| 9     | Village at Walkers Bend      | LIHTC     | Family  | Excluded              | Dissimilar unit types                      | 0.1 miles                |

### 4. Amenities

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

| UNIT MATRIX REPORT                    |   |  |                            |                                      |                       |  |                       |  |
|---------------------------------------|---|--|----------------------------|--------------------------------------|-----------------------|--|-----------------------|--|
| Comp #                                | The Overlook At Walkers Bend<br>Subject | Antioch Manor Estates<br>1                     | Arbor Lake Apartments<br>2 | Harristown Park<br>3                 | Magnolia Heights<br>4 | Retreat At Madison Place<br>5              | Wellington Ridge<br>6 |  |
| <b>Property Information</b>           |   |  |                            |                                      |                       |  |                       |  |
| Property Type                         | Lowrise (age-restricted) (3 stories)    | Midrise (age-restricted) (3 stories)           | Garden (3 stories)         | Lowrise (age-restricted) (3 stories) | Garden (2 stories)    | Midrise (age-restricted) (4 stories)       | Garden (3 stories)    |  |
| Year Built / Renovated                | 2016 / n/a                              | 2005 / n/a                                     | 2001 / n/a                 | 2011 / n/a                           | 2001 / n/a            | 2007 / n/a                                 | 2003 / n/a            |  |
| Market (Conv)/Subsidy Type            | @50%, @60%                              | @30%, @50%, @60%, Market                       | @60%, Market               | @50%, @60%                           | @60%, Market          | 60%  | @60%                  |  |
| <b>Utility Adjustments</b>            |   |  |                            |                                      |                       |  |                       |  |
| Cooking                               | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Water Heat                            | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Heat                                  | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Other Electric                        | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Water                                 | no                                      | yes  | no                         | no                                   | yes                   | yes  | yes                   |  |
| Sewer                                 | no                                      | yes  | no                         | no                                   | yes                   | yes  | yes                   |  |
| Trash Collection                      | yes                                     | yes  | no                         | yes                                  | no                    | yes  | no                    |  |
| <b>In-Unit Amenities</b>              |   |  |                            |                                      |                       |  |                       |  |
| Balcony/Patio                         | no                                      | yes  | yes                        | no                                   | yes                   | no   | yes                   |  |
| Blinds                                | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Cable/Satellite/Internet              | no                                      | yes  | no                         | no                                   | yes                   | no   | no                    |  |
| Carpet/Hardwood                       | no                                      | no   | no                         | no                                   | no                    | no   | no                    |  |
| Carpeting                             | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Central A/C                           | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Coat Closet                           | no                                      | yes  | yes                        | no                                   | yes                   | yes  | yes                   |  |
| Dishwasher                            | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Exterior Storage                      | no                                      | no   | yes                        | no                                   | yes                   | no   | yes                   |  |
| Ceiling Fan                           | yes                                     | yes  | yes                        | no                                   | no                    | yes  | no                    |  |
| Garbage Disposal                      | no                                      | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Hand Rails                            | yes                                     | yes  | no                         | yes                                  | no                    | yes  | no                    |  |
| Microwave                             | yes                                     | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Oven                                  | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Pull Cords                            | yes                                     | yes  | no                         | no                                   | no                    | yes  | no                    |  |
| Refrigerator                          | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Vaulted Ceilings                      | no                                      | no   | no                         | no                                   | no                    | no   | no                    |  |
| Walk-In Closet                        | no                                      | yes  | yes                        | no                                   | yes                   | no   | yes                   |  |
| Washer/Dryer hookup                   | yes                                     | yes  | yes                        | no                                   | yes                   | yes  | yes                   |  |
| <b>Property Amenities</b>             |   |  |                            |                                      |                       |  |                       |  |
| Basketball Court                      | no                                      | no   | no                         | no                                   | yes                   | no   | no                    |  |
| Business Center/Computer Lab          | yes                                     | yes  | yes                        | yes                                  | no                    | yes  | yes                   |  |
| Car Wash                              | no                                      | no   | yes                        | no                                   | no                    | no   | yes                   |  |
| Clubhouse/Meeting Room/Community Room | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Concierge                             | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Courtyard                             | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Elevators                             | yes                                     | yes  | no                         | yes                                  | no                    | yes  | no                    |  |
| Exercise Facility                     | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Garage                                | no                                      | no   | no                         | no                                   | no                    | no   | yes                   |  |
| Central Laundry                       | yes                                     | yes  | yes                        | no                                   | no                    | yes  | yes                   |  |
| Non-shelter Services                  | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Off-Street Parking                    | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| On-Site Management                    | yes                                     | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Picnic Area                           | yes                                     | yes  | yes                        | yes                                  | no                    | yes  | yes                   |  |
| Playground                            | no                                      | no   | yes                        | no                                   | yes                   | no   | yes                   |  |
| Recreation Areas                      | no                                      | no   | no                         | no                                   | no                    | no   | no                    |  |
| Service Coordination                  | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Sport Court                           | no                                      | no   | yes                        | no                                   | no                    | no   | yes                   |  |
| Swimming Pool                         | no                                      | no   | yes                        | no                                   | yes                   | no   | yes                   |  |
| Tennis Court                          | no                                      | no   | yes                        | no                                   | no                    | no   | no                    |  |
| Theatre                               | no                                      | no   | no                         | no                                   | no                    | yes  | no                    |  |
| Garage Fee                            | N/A                                     | N/A  | N/A                        | N/A                                  | N/A                   | N/A  | \$55.00               |  |
| <b>Services</b>                       |   |  |                            |                                      |                       |  |                       |  |
| Adult Education                       | no                                      | no   | no                         | no                                   | no                    | yes  | no                    |  |
| After-school Program                  | no                                      | no   | yes                        | no                                   | no                    | no   | no                    |  |
| Computer Tutoring                     | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Daycare                               | no                                      | no   | no                         | no                                   | no                    | no   | no                    |  |
| Shuttle Service                       | no                                      | yes  | no                         | no                                   | no                    | yes  | no                    |  |
| <b>Security</b>                       |   |  |                            |                                      |                       |  |                       |  |
| In-Unit Alarm                         | no                                      | yes  | no                         | no                                   | no                    | no   | yes                   |  |
| Intercom (Buzzer)                     | no                                      | no   | yes                        | yes                                  | no                    | no   | no                    |  |
| Limited Access                        | no                                      | yes  | yes                        | yes                                  | yes                   | yes  | yes                   |  |
| Patrol                                | no                                      | no   | no                         | no                                   | yes                   | no   | no                    |  |
| Perimeter Fencing                     | no                                      | no   | no                         | no                                   | yes                   | no   | no                    |  |
| Video Surveillance                    | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| <b>Premium Amenities</b>              |   |  |                            |                                      |                       |  |                       |  |
| Hairdresser / Barber                  | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Housekeeping                          | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| Medical Professional                  | no                                      | yes  | no                         | no                                   | no                    | no   | no                    |  |
| <b>Other Amenities</b>                |   |  |                            |                                      |                       |  |                       |  |
| Other                                 | Library, walking path                   | Gazebo, library, dining room, TV and game room | n/a                        | Walking path; community gardens      | Ice-maker in units    | Walking trails, game room, health seminars | Library               |  |

# The Overlook at Walkers Bend, Covington, GA; Market Study

## UNIT MATRIX REPORT

| Comp #                                | The Overlook At Walkers Bend         | Leafstone Apartments | Park View Apartments | Porterdale Mill Lofts | Sumerset Apartments |
|---------------------------------------|--------------------------------------|----------------------|----------------------|-----------------------|---------------------|
| Subject                               | 7                                    | 8                    | 9                    | 10                    |                     |
| <b>Property Information</b>           |                                      |                      |                      |                       |                     |
| Property Type                         | Lowrise (age-restricted) (3 stories) | Garden (3 stories)   | Garden (3 stories)   | Midrise               | Garden (3 stories)  |
| Year Built / Renovated                | 2016 / n/a                           | 2000 / n/a           | 1993 / 2011          | 1899 / 2006           | 1999 / n/a          |
| Market (Conv.)/Subsidy Type           | @50%, @60%                           | Market               | Market               | Market                | Market              |
| <b>Utility Adjustments</b>            |                                      |                      |                      |                       |                     |
| Cooking                               | no                                   | no                   | no                   | no                    | no                  |
| Water Heat                            | no                                   | no                   | no                   | no                    | no                  |
| Heat                                  | no                                   | no                   | no                   | no                    | no                  |
| Other Electric                        | no                                   | no                   | no                   | no                    | no                  |
| Water                                 | no                                   | no                   | no                   | no                    | no                  |
| Sewer                                 | no                                   | no                   | no                   | no                    | no                  |
| Trash Collection                      | yes                                  | yes                  | yes                  | yes                   | no                  |
| <b>In-Unit Amenities</b>              |                                      |                      |                      |                       |                     |
| Balcony/Patio                         | no                                   | yes                  | no                   | no                    | yes                 |
| Blinds                                | yes                                  | yes                  | yes                  | no                    | yes                 |
| Cable/Satellite/Internet              | no                                   | no                   | no                   | no                    | yes                 |
| Carpet/Hardwood                       | no                                   | no                   | no                   | yes                   | no                  |
| Carpeting                             | yes                                  | yes                  | yes                  | no                    | yes                 |
| Central A/C                           | yes                                  | yes                  | yes                  | no                    | yes                 |
| Coat Closet                           | no                                   | no                   | no                   | no                    | yes                 |
| Dishwasher                            | yes                                  | yes                  | yes                  | yes                   | yes                 |
| Exterior Storage                      | no                                   | yes                  | no                   | no                    | yes                 |
| Ceiling Fan                           | yes                                  | no                   | yes                  | no                    | yes                 |
| Garbage Disposal                      | no                                   | yes                  | yes                  | no                    | yes                 |
| Hand Rails                            | yes                                  | no                   | no                   | no                    | no                  |
| Microwave                             | yes                                  | no                   | yes                  | yes                   | no                  |
| Oven                                  | yes                                  | yes                  | yes                  | yes                   | yes                 |
| Pull Cords                            | yes                                  | no                   | no                   | no                    | no                  |
| Refrigerator                          | yes                                  | yes                  | yes                  | yes                   | yes                 |
| Vaulted Ceilings                      | no                                   | yes                  | no                   | no                    | no                  |
| Walk-In Closet                        | no                                   | yes                  | yes                  | no                    | yes                 |
| Washer/Dryer hookup                   | yes                                  | yes                  | yes                  | yes                   | yes                 |
| <b>Property Amenities</b>             |                                      |                      |                      |                       |                     |
| Basketball Court                      | no                                   | no                   | no                   | no                    | no                  |
| Business Center/Computer Lab          | yes                                  | yes                  | no                   | no                    | no                  |
| Car Wash                              | no                                   | yes                  | no                   | no                    | no                  |
| Clubhouse/Meeting Room/Community Room | yes                                  | yes                  | yes                  | no                    | no                  |
| Concierge                             | no                                   | no                   | no                   | no                    | no                  |
| Courtyard                             | no                                   | no                   | no                   | no                    | no                  |
| Elevators                             | yes                                  | no                   | no                   | no                    | no                  |
| Exercise Facility                     | yes                                  | yes                  | yes                  | yes                   | yes                 |
| Garage                                | no                                   | yes                  | no                   | yes                   | no                  |
| Central Laundry                       | yes                                  | yes                  | yes                  | no                    | yes                 |
| Non-shelter Services                  | no                                   | no                   | no                   | no                    | no                  |
| Off-Street Parking                    | yes                                  | yes                  | yes                  | yes                   | yes                 |
| On-Site Management                    | yes                                  | yes                  | yes                  | yes                   | yes                 |
| Picnic Area                           | yes                                  | no                   | yes                  | no                    | no                  |
| Playground                            | no                                   | yes                  | yes                  | no                    | yes                 |
| Recreation Areas                      | no                                   | no                   | no                   | yes                   | no                  |
| Service Coordination                  | no                                   | no                   | no                   | no                    | no                  |
| Sport Court                           | no                                   | no                   | no                   | no                    | no                  |
| Swimming Pool                         | no                                   | yes                  | yes                  | yes                   | yes                 |
| Tennis Court                          | no                                   | no                   | no                   | no                    | yes                 |
| Theatre                               | no                                   | no                   | no                   | no                    | no                  |
| Garage Fee                            | N/A                                  | \$75.00              | N/A                  | N/A                   | N/A                 |
| <b>Services</b>                       |                                      |                      |                      |                       |                     |
| Adult Education                       | no                                   | no                   | no                   | no                    | no                  |
| Afterschool Program                   | no                                   | no                   | no                   | no                    | no                  |
| Computer Tutoring                     | no                                   | no                   | no                   | no                    | no                  |
| Daycare                               | no                                   | no                   | yes                  | no                    | no                  |
| Shuttle Service                       | no                                   | no                   | no                   | no                    | no                  |
| <b>Security</b>                       |                                      |                      |                      |                       |                     |
| In-Unit Alarm                         | no                                   | no                   | no                   | no                    | no                  |
| Intercom (Buzzer)                     | no                                   | no                   | no                   | no                    | no                  |
| Limited Access                        | no                                   | no                   | no                   | no                    | yes                 |
| Patrol                                | no                                   | yes                  | yes                  | no                    | yes                 |
| Perimeter Fencing                     | no                                   | no                   | no                   | no                    | no                  |
| Video Surveillance                    | no                                   | no                   | no                   | no                    | no                  |
| <b>Premium Amenities</b>              |                                      |                      |                      |                       |                     |
| Hairdresser / Barber                  | no                                   | no                   | no                   | no                    | no                  |
| Housekeeping                          | no                                   | no                   | no                   | no                    | no                  |
| Medical Professional                  | no                                   | no                   | no                   | no                    | no                  |
| <b>Other Amenities</b>                |                                      |                      |                      |                       |                     |
| Other                                 | Library, walking path                | n/a                  | n/a                  | n/a                   | n/a                 |

While the Subject’s amenities will be slightly inferior to inferior to the family comparables as well as the senior LIHTC comparable Antioch Manor, it will have generally similar amenities to Harristown Park, the newest senior LIHTC comparable in the market. This comparable is 100 percent occupied with a 2,500 household waiting list. The strong occupancy and waiting list at Harristown Park indicate that a property with the Subject’s proposed amenities will appeal to senior tenants in the market. Overall, we believe that the proposed amenities will allow the Subject to effectively compete in the senior LIHTC market.

**5. The Subject will target senior households aged 55 and older.** We have included all senior properties in the PMA. Due to the lack of senior properties, we have also included family properties. The following table illustrates the percent of senior tenants at the family properties included.

**Percentage of Senior Tenants**

| Property Name         | Type         | % Senior Tenants |
|-----------------------|--------------|------------------|
| Arbor Lake Apartments | LIHTC/Market | 5%               |
| Magnolia Heights      | LIHTC/Market | 10%              |
| Wellington Ridge      | LIHTC        | 5%               |
| Leafstone Apartments  | Market       | 5%               |
| Park View Apartments  | Market       | 5%               |
| Porterdale Mill Lofts | Market       | 2%               |
| Sumerset Apartments   | Market       | 2%               |

**6. Vacancy**

The following table illustrates the vacancy rates in the market.

**OVERALL VACANCY**

| Property name               | Tenancy | Rent Structure | Total Units  | Vacant Units | Vacancy Rate |
|-----------------------------|---------|----------------|--------------|--------------|--------------|
| Antioch Manor Estates       | Senior  | LIHTC, Market  | 120          | 0            | 0.0%         |
| Arbor Lake Apartments       | Family  | LIHTC, Market  | 250          | 13           | 5.2%         |
| Harristown Park             | Senior  | LIHTC          | 60           | 0            | 0.0%         |
| Magnolia Heights            | Family  | LIHTC, Market  | 200          | 9            | 4.5%         |
| Retreat At Madison Place    | Senior  | LIHTC          | 160          | 4            | 2.5%         |
| Wellington Ridge            | Family  | LIHTC          | 220          | 10           | 5.0%         |
| Leafstone Apartments        | Family  | Market         | 232          | 2            | 0.9%         |
| Park View Apartments        | Family  | Market         | 100          | 1            | 1.0%         |
| Porterdale Mill Lofts       | Family  | Market         | 154          | 0            | 0.0%         |
| Sumerset Apartments         | Family  | Market         | 240          | 1            | 0.4%         |
| <b>Senior LIHTC Average</b> |         |                | <b>340</b>   | <b>4</b>     | <b>1.2%</b>  |
| <b>Family LIHTC Average</b> |         |                | <b>670</b>   | <b>32</b>    | <b>4.8%</b>  |
| <b>Market Rate Average</b>  |         |                | <b>726</b>   | <b>4</b>     | <b>0.6%</b>  |
| <b>Overall Average</b>      |         |                | <b>1,736</b> | <b>40</b>    | <b>2.3%</b>  |

As illustrated, vacancy rates in the market range from zero to 5.2 percent, averaging 2.3 percent. The majority of the LIHTC vacancies are concentrated in the family LIHTC properties. The Senior LIHTC properties have a weighted vacancy rate of 1.2 percent, which indicates a supply constrained market. Additionally, the senior LIHTC properties reported extensive waiting lists.

Overall the vacancy rate in the local market appears to have improved since we previously surveyed the comparable properties. In 2012, the comparable properties were 7.1 percent vacant, which has declined to 2.3 percent. The average vacancy rate was 13.2 and 13.8 in 2009 and 2010, respectively. This was largely the result of Park View Apartments reporting 41 to 53 percent vacancy in 2009 and 2010. The senior LIHTC properties have historically maintained low vacancy rates, which bodes well for the proposed Subject.

Historically Arbor Lake Apartments and Magnolia Heights have experienced vacancy rates greater than five percent, which indicates a weaker market for family LIHTC properties. Additionally, the market rate properties maintained higher vacancy rates than the LIHTC properties. However, the LIHTC properties currently have a weighted average vacancy of 3.6 percent, which is higher than the market rate weighted average vacancy of 0.6 percent. The general decline in vacancy rates is indicative of a strengthening rental market.

Magnolia Heights reported that six of their nine total vacant units are pre-leased and will be occupied within the month. Wellington Ridge reported that all of their vacancy units are pre-leased, and they expect to be fully occupied. Both properties indicated that the vacancies were a result of recent turnover and evictions. As an age-restricted property, we anticipate that the Subject will perform similarly to the age-restricted comparables and will maintain a vacancy rate of five percent or less. If allocated, we do not believe that the Subject will impact the performance of the family comparables as they have low senior tenancies ranging between five and 10 percent and property managers did not report being impacted by the opening of Harristown Park.

#### **7. Properties Under Construction and Proposed**

There are no new LIHTC or market rate properties that have been proposed or are 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

Similarity Matrix

| #  | Property Name            | Type          | Property Unit |                   | Location          | Age /             |                   | Overall Comparison |
|----|--------------------------|---------------|---------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|    |                          |               | Amenities     | Features          |                   | Condition         | Unit Size         |                    |
| 1  | Antioch Manor Estates    | LIHTC, Market | Superior      | Superior          | Superior          | Slightly Inferior | Inferior          | 15                 |
| 2  | Arbor Lake Apartments    | LIHTC, Market | Superior      | Superior          | Slightly Inferior | Inferior          | Superior          | 15                 |
| 3  | Harristown Park          | LIHTC         | Similar       | Slightly Inferior | Superior          | Similar           | Similar           | 5                  |
| 4  | Magnolia Heights         | LIHTC, Market | Superior      | Slightly Superior | Slightly Inferior | Inferior          | Superior          | 10                 |
| 5  | Retreat At Madison Place | LIHTC         | Similar       | Similar           | Superior          | Slightly Inferior | Slightly Superior | 10                 |
| 6  | Wellington Ridge         | LIHTC         | Superior      | Superior          | Slightly Inferior | Slightly Inferior | Slightly Superior | 15                 |
| 7  | Leafstone Apartments     | Market        | Superior      | Superior          | Slightly Inferior | Inferior          | Superior          | 15                 |
| 8  | Park View Apartments     | Market        | Similar       | Similar           | Slightly Inferior | Slightly Inferior | Similar           | -10                |
| 9  | Porterdale Mill Lofts    | Market        | Similar       | Inferior          | Slightly Inferior | Slightly Inferior | Slightly Superior | -15                |
| 10 | Sumerset Apartments      | Market        | Similar       | Superior          | Slightly Inferior | Inferior          | Slightly Superior | 0                  |

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

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

LIHTC Rent Comparison - @50%

| Property Name                          | 1BR          | 2BR          |
|--|--------------|--------------|
| The Overlook At Walkers Bend (Subject) | \$443        | \$520        |
| <b>LIHTC Maximum (Net)</b>             | <b>\$443</b> | <b>\$520</b> |
| Antioch Manor Estates                  | \$507        | \$595        |
| Harristown Park                        | \$430        | \$490        |
| <b>Average (excluding Subject)</b>     | <b>\$469</b> | <b>\$543</b> |

LIHTC Rent Comparison - @60%

| Property Name                          | 1BR          | 2BR          |
|--|--------------|--------------|
| The Overlook At Walkers Bend (Subject) | \$564        | \$665        |
| <b>LIHTC Maximum (Net)</b>             | <b>\$564</b> | <b>\$665</b> |
| Antioch Manor Estates                  | \$581        | \$680        |
| Wellington Ridge                       | \$668        | \$791        |
| Arbor Lake Apartments                  | \$645        | \$720        |
| Retreat At Madison Place               | \$636        | \$709        |
| Magnolia Heights                       | \$520        | \$615        |
| Harristown Park                        | \$430        | \$500        |
| <b>Average (excluding Subject)</b>     | <b>\$580</b> | <b>\$669</b> |

The Subject’s proposed rents are below all of the rents at the comparables, with the exception of Harristown Park. Harristown Park is the newest property in the market and like the Subject, it targets senior tenants. It is also the only senior LIHTC property in the PMA. Harristown Park is 100 percent occupied and has a 2,500 household waiting list. Harristown Park is not testing maximum achievable LIHTC rents in the local market, as evidenced by the extensive, 2,500

household, waiting list and 100 percent occupancy. The Subject will be generally similar to this property and management at Harristown Park indicated that rents \$40 to \$80 above the property's current rents would be achievable to senior tenants in the market. The biggest rent differential between the Subject and Harristown Park is in the two-bedroom 60 percent AMI units. While the Subject's proposed rents are \$13 to \$165 above the rents at Harristown Park on a dollar per unit basis, they range from \$0.04 to \$0.30 above the rents on a dollar per square foot basis. There is a greater differential between the Subject's proposed 60 percent rents and the 60 percent rents at Harristown Park. Harristown Park appears to be keeping their 50 and 60 percent rents similar, while the Subjects proposed 60 percent rents are below the overall average of 60 percent comparables, indicating that the Subject's proposed rents are achievable. The Subject's proposed rents are below all of the remaining senior comparables, which is reasonable given that these comparables are located outside the PMA in superior locations closer to Atlanta. Furthermore, the average rents among the comparable properties are significantly higher than the proposed rents at the Subject. Overall, the Subject's rents appear reasonable when compared to the rents at the comparables and particularly when taking into account the strong demand for senior LIHTC units in the PMA. This strong demand is illustrated by the 2.1 percent senior LIHTC weighted average vacancy, and the extensive waiting list at the one senior LIHTC comparable within the PMA.

#### **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 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.

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 |
|----------------|---------|--------------|--------------|------------------|------------------------|
| <b>50% AMI</b> |         |              |              |                  |                        |
| 1 BR           | \$443   | \$430        | \$950        | \$631            | 42%                    |
| 2 BR           | \$520   | \$490        | \$1,250      | \$760            | 46%                    |
| <b>60% AMI</b> |         |              |              |                  |                        |
| 1 BR           | \$564   | \$430        | \$950        | \$664            | 18%                    |
| 2 BR           | \$665   | \$500        | \$1,250      | \$803            | 21%                    |

As illustrated the Subject’s proposed 50 percent rents are well below the surveyed average when compared to the comparables, both LIHTC and market rate. The Subject’s proposed LIHTC rents are higher than the surveyed minimum. This is considered reasonable given that there are very few newly constructed market rate properties and the Subject will be superior to the market rate inventory, with the exception of Leafstone Apartments and Somerset Apartments. The 60 percent AMI rents at Wellington Ridge, Retreat At Madison Place, and Arbor Lake Apartments are actually higher than several of the market rate properties and they all maintain stable occupancy.

The Subject will be most similar to Harristown Park, which is located in Covington. Harristown Park keeps their rents artificially low and their property manager indicated that higher rents would be achievable given the strength of the local rental market. Additionally, Harristown Park is 100 percent occupied with a 2,500 household waiting list. As a result, we believe that Harristown Park is not testing the market with regards to achievable rents.

The Subject will be most similar to Somerset Apartments as a market rate property. This property will offer similar property amenities, superior in-unit features, slightly inferior location, inferior condition, and slightly superior unit sizes, in comparison to the proposed Subject. Somerset Apartments is achieving market rents 13.5 to 49.0 percent higher than the proposed rents at the Subject.

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**

There has been one LIHTC allocation within two miles of the Subject site in the last three years. Village at Walkers Bend is a single-family home development that will offer three and four-bedroom units. The development was allocated tax credits in 2010 and is stabilized at 98 percent occupancy. It is located adjacent to the Subject’s site. Because the development will offer single-family homes and will target larger families, its units will not compete with the Subject.

The most recent senior allocation in the PMA was Harristown Park, which was allocated tax credits in 2009. This property is complete and is 100 percent occupied. It has been used as a comparable in our analysis. Given the extensive waiting list at Harristown Park of 2,500 households, we believe there is sufficient demand for the Subject and all existing properties within the PMA.

### 10. Rental Trends in the PMA

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

#### PMA TENURE PATTERNS OF SENIORS 55+

| Year            | Owner-Occupied Units | Percentage Owner-Occupied | Renter-Occupied Units | Percentage Renter-Occupied |
|-----------------|----------------------|---------------------------|-----------------------|----------------------------|
| 2000            | 6,654                | 82.0%                     | 1,461                 | 18.0%                      |
| 2013            | 11,960               | 80.7%                     | 2,858                 | 19.3%                      |
| Projected Mkt   |                      |                           |                       |                            |
| Entry July 2016 | 13,112               | 81.05%                    | 3,062                 | 18.95%                     |
| 2018            | 13,880               | 81.3%                     | 3,198                 | 18.7%                      |

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

Owner-occupied housing units dominate the housing market in the PMA. Nationally, approximately 87 percent of senior households are homeowners and 13 percent of senior households are renters. The PMA has a lower percentage of renter households than the nation as a whole, which is largely due to the limited multifamily housing options in the PMA.

#### Historical Vacancy

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

#### HISTORICAL VACANCY

| Properties               | Type          | Tenancy | Total Units  | 2009         | 2010         | 2012        | 2014        |
|--------------------------|---------------|---------|--------------|--------------|--------------|-------------|-------------|
| Antioch Manor Estates    | LIHTC, Market | Senior  | 120          | 3.3%         | 1.7%         | 0.0%        | 0.0%        |
| Arbor Lake Apartments    | LIHTC, Market | Family  | 250          | 6.8%         | 8.0%         | 10.4%       | 5.2%        |
| Harristown Park          | LIHTC         | Senior  | 60           | N/A          | N/A          | 0.0%        | 0.0%        |
| Magnolia Heights         | LIHTC, Market | Family  | 200          | 5.7%         | 10.5%        | 16.0%       | 4.5%        |
| Retreat At Madison Place | LIHTC         | Senior  | 160          | 3.8%         | N/A          | 2.5%        | 2.5%        |
| Wellington Ridge         | LIHTC         | Family  | 220          | 4.1%         | 6.8%         | 2.3%        | 5.0%        |
| Leafstone Apartments     | Market        | Family  | 232          | 9.1%         | 9.8%         | 13.9%       | 0.9%        |
| Park View Apartments     | Market        | Family  | 100          | 41.0%        | 53.0%        | 4.0%        | 1.0%        |
| Porterdale Mill Lofts    | Market        | Family  | 154          | 12.3%        | N/A          | 0.0%        | 0.0%        |
| Sumerset Apartments      | Market        | Family  | 240          | N/A          | 7.1%         | 7.1%        | 0.4%        |
| <b>Average</b>           |               |         | <b>1,796</b> | <b>13.2%</b> | <b>13.8%</b> | <b>7.1%</b> | <b>2.3%</b> |

As illustrated in the table, the average vacancy in the local market has improved over the last several years. The high vacancy rates at Park View Apartments in 2009 and 2010 skewed the average vacancy rate in those years. However, compared to 2012, the 2014 average vacancy rate is significantly healthier. In general, the market rate properties have improved significantly, while achieving regular rental increases. Among the LIHTC comparables, Magnolia Heights and Arbor Lake Apartments reported significantly lower vacancies rates. The declining vacancies rates indicate a strengthening rental market.

*Change in Rental Rates*

The following table illustrates rental rate increases as reported by the comparable properties.

**RENT GROWTH**

| Comparable Property      | Tenancy | Rent Structure | Rent Growth  |
|--------------------------|---------|----------------|--|
| Antioch Manor Estates    | Senior  | LIHTC, Market  | None   |
| Arbor Lake Apartments    | Family  | LIHTC, Market  | The one and two-bedroom LIHTC units decreased two to five percent. The market rate units increased two to three percent.                       |
| Harristown Park          | Senior  | LIHTC          | Increased eight to 10 percent  |
| Magnolia Heights         | Family  | LIHTC, Market  | The three-bedroom units increased four percent, the one-bedroom units increased two percent, and the two-bedroom units decreased five percent. |
| Retreat At Madison Place | Senior  | LIHTC          | None   |
| Wellington Ridge         | Family  | LIHTC          | Increased five percent   |
| Leafstone Apartments     | Family  | Market         | Increased one percent  |
| Park View Apartments     | Family  | Market         | Increased three percent  |
| Porterdale Mill Lofts    | Family  | Market         | None   |
| Sumerset Apartments      | Family  | Market         | Increased five percent   |

Seven of the comparable properties reported rent increases and two properties reported a rent decreases. In general, the market rate units increased one to five percent. Arbor Lake Apartments reported a rent decrease in their LIHTC units ranging from two to five percent. Arbor Lake Apartments is 94.8 percent occupied and was not achieving their previous rents. However, Arbor Lake Apartments rent is above the 2014 maximum allowable rent level because they have been held harmless and is achieving rent above the proposed rents at the Subject. Magnolia Height's two-bedroom units rent decreased five percent, due to the concessions that are currently being offered. It should be noted that their one and three-bedroom units increased two and four percent, respectively. Harristown Park, the most comparable LIHTC property, achieved rent increases of eight to 10 percent. The overall upward trend of rents is indicative of strength in the market. We anticipate that the Subject will be able to achieve regular rent increases, within the limits of the LIHTC maximum allowable rent guidelines.

**11. Impact of Foreclosed, Abandoned and Vacant Structures**

According to RealtyTrac.com statistics, 980 properties in Covington, GA are in some stage of foreclosure. This equates to approximately one foreclosure in every 421 housing units. Newton County has a similar foreclosure rate of one in every 442 housing units, while Georgia experienced one in every 1,011 housing units, and the nation experienced one foreclosure in every 1,170 housing units. The foreclosure rate within the PMA is significantly above the national average, which indicates a weaker local housing market.

**12. Primary Housing Void**

The one senior LIHTC property in the PMA is 100 percent occupied and maintains a 2,500 household waiting list. The strong occupancy and waiting list indicate a need for additional senior rental housing in the area. We believe that the Subject's units will help to fill this void.

### **13. Affect of Subject on Other Affordable Units in Market**

The senior LIHTC comparables have moderate vacancy rates and the one senior LIHTC comparable in the PMA is 100 percent occupied with a 2,500 household waiting list. Property managers indicated that there is a strong need for additional senior units in the market. Given the strong performance and waiting lists at the senior LIHTC comparables, we do not believe that the addition of the Subject to the market will impact the existing senior comparables. Management at the family LIHTC comparables indicated that their properties were not impacted by the addition of the senior property, Harristown Park, to the market as they are unaware of any of their senior tenants leaving to live at this property. Additionally, they did not believe that the addition of the Subject to the market would impact their performance. Therefore, we do not believe that the Subject will negatively impact the existing family or senior LIHTC properties.

### **Conclusions**

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as proposed. The senior LIHTC comparables are performing well, with a weighted vacancy rate of 1.2 percent. Additionally, the one senior LIHTC comparable in the PMA is 100 percent occupied and maintains a 2,500 household waiting list. These households will help generate demand for the Subject's units. The vacancies are a result of recent tenant deaths and individuals requiring a higher level of care. Given the zero percent vacancy rate and significant waiting list, this property is not testing achievable LIHTC rents. Management at Harristown Park confirmed that the property could achieve higher rents and indicated that the Subject's proposed rents would be achievable to senior renters in the PMA. The Subject's proposed 50 and 60 percent AMI rents are below the rents at all of the comparables with the exception of Harristown Park. This is the newest senior property in the market and it is the only senior LIHTC property in the PMA. Overall, we believe that the Subject's rents are achievable and that the Subject will offer value in the market. This is further illustrated by the significant rental advantage of 18 to 46 percent that the Subject's units will have over the average market rents. We believe that the Subject will maintain a vacancy rate of five percent or less following stabilization, which is consistent with the senior LIHTC average and we recommend the Subject as proposed.

# **I. ABSORPTION & STABILIZATION RATES**

**Stabilization/Absorption Rate**

We were able to obtain absorption information from five comparable properties, illustrated following.

**ABSORPTION**

| Property name            | Tenancy | Rent Structure | Year Built | Number of Units | Units Absorbed / Month |
|--------------------------|---------|----------------|------------|-----------------|------------------------|
| Harristown Park          | Senior  | LIHTC          | 2011       | 60              | 11                     |
| Retreat At Madison Place | Senior  | LIHTC          | 2007       | 160             | 14                     |
| Antioch Manor Estates    | Senior  | LIHTC, Market  | 2005       | 120             | 24                     |
| Wellington Ridge         | Family  | LIHTC          | 2003       | 220             | 14                     |
| Arbor Lake Apartments    | Family  | LIHTC, Market  | 2001       | 250             | 21                     |
| <b>Average</b>           |         |                |            | <b>810</b>      | <b>17</b>              |

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Harristown Park represents the most recent construction and is considered most similar to the Subject in terms of size. Like the Subject, this property targets seniors and it began leasing units in the winter of 2011. Management reported that the property was fully leased within six months of opening, for an absorption pace of approximately 11 units per month. Because this property is the newest in the market and targets seniors, we have relied most heavily on it when concluding to an absorption rate for the Subject. Harristown Park is 100 percent occupied and maintains a 2,500 household waiting list, which indicate significant demand for senior housing in the PMA. Based on the absorption pace reported by this property, the waiting lists at the LIHTC comparables, and the strong demand for affordable housing in Covington, we anticipate that the Subject will absorb 10 units per month, for an absorption period of six months.

## **J. INTERVIEWS**

**Georgia Department of Community Affairs, Athens Regional Office**

Despite numerous attempts we were unable to contact anyone at the Georgia DCA Athens Regional Office to obtain updated Housing Choice Voucher information. According to a 2013 interview with Janice Jackson, Regional Housing Administrator of the Georgia Department of Community Affairs Athens Regional Office, the department had approximately 600 Housing Choice Vouchers in-use in Newton County. According to the Georgia DCA website, the waiting list for vouchers is currently closed. The current payment standard for Newton County can be found in the following table.

**2014 Payment Standards\***

| Unit Type   | Payment Standard |
|-------------|------------------|
| One-bedroom | \$810            |
| Two-bedroom | \$912            |

\*Georgia DCA

Payment standards for the county are 110 percent of FMR. The Subject’s gross rents at 50 and 60 percent AMI are well below the payment standards.

**Planning**

We interviewed Randy Vinson from the City of Covington Planning Department. He stated that there is no multifamily, office, industrial, or retail development in the planning or construction stages.

**Newton County Economic Development**

We spoke with Sara Phillips, Director of Commercial Development at the Newton County Economic Development regarding the general economic outlook for the area. One major announcement Ms. Phillips focused on was the Baxter Pharmaceutical Plant. Baxter Pharmaceutical recently announced plans to build a new \$1 billion dollar plasma manufacturing plant in Covington. The plant will bring 1,500 new full-time jobs to the area and an additional 500 more in support roles. Construction on the plant will begin in late 2014, with production at the plant beginning in 2018. The large investment in the local economy is a positive sign for the area, which was significantly affected by the recent national recession. Ms. Phillips also mentioned a Ross department store opening within two months, but did not have the information on how many employees were to be hired.

**Senior Center**

We spoke with Josephine Brown of the Newton County Senior Center regarding the senior population in the area around Covington. The center is just a few miles away from the Subject, in downtown Covington. According to Ms. Wilson, the center offers transportation, meals on wheels, legal services, employment services, arts & crafts, game nights, computer classes, and day trips, etc. The seniors there are predominantly retired and rely on social security as their primary income source, with an average age of 70. Persons must be at least 60 years old to use the center’s services. Ms. Wilson believes there may be a shortage of affordable housing for seniors in the area, as the center has been receiving requests asking for assistance in finding such housing. Ms. Wilson stated that a new LIHTC property would benefit the large influx of seniors in Newton County.

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

## **K. CONCLUSIONS AND RECOMMENDATIONS**

## Conclusions

- Overall population growth in the PMA has been greater than the MSA and nation through 2013. The senior population within the PMA has increased dramatically since 2000. The senior population increased slightly faster than the MSA and significantly faster than the nation from 1990 to 2013. Growth is expected to moderate within the PMA over the next five years. The senior population in the MSA will grow slightly faster than the PMA and nation. The strong senior population growth within the MSA bodes well for the Subject's units. By age cohort in 2013, younger generations still comprise the majority. However, the target demographic for the Subject does comprise a higher percentage of the population in the PMA than the MSA.

Senior owner-occupied housing dominates the PMA with 80.7 percent in 2013. However, the 19.3 percent of senior renter-occupied housing is higher than the national average of just 13 percent. The percentage of senior renter-occupied units are expected to decline slightly through 2018, but the total number of senior renter-occupied units is expected to increase, which bodes well for the Subject's units.

Household incomes earning under \$39,999 in the PMA comprise 40.3 percent of all income cohorts. The Subject will target senior households earning between \$18,120 and \$30,960, therefore, the Subject should be well-positioned to service this market.

Senior renter households in the PMA with two persons or less made up 74.2 percent of such households in 2013. This percentage is projected to remain stable into the foreseeable future. The Subject will contain one and two bedroom floor plans, so this large percentage bodes well for the Subject.

Overall, the demographic data points to a growing senior population with household incomes in line with the Subject's target.

- Covington and Newton County in general were particularly hard hit by the housing market crash of 2007 and 2008. Before those years, Newton County had been the fourth fastest growing county in the nation. The extreme drop in new home building subsequently led to loss of construction jobs, cutbacks by builders, and cutbacks by their suppliers. Manufacturing employment in the county also felt the effects of the downturn in demand for their products.

Manufacturing and trade, transportation & utilities comprise 50 percent of total employment in Newton County. These industries are particularly vulnerable in economic downturns with less demand for their products and services. Education and health services, historically stable employers, comprise the next highest industry with 14.38 percent. Also, the leisure and hospitality industries comprise a large percentage of total employment.

Recent events, however, indicate the beginnings of a recovery in progress for the area. Baxter International, which will produce plasma-based treatments at a new manufacturing facility in Covington, recently announced plans to move into Stanton

Springs Technology Park after striking a \$1.3 billion deal with the Joint Development Authority of Newton. The facility is expected to be fully operational by 2018 with Baxter International hiring about 1,200 people from the local area.

New business openings will spark retail developments and increase demand for employment. The increased housing market will add new jobs to construction in Newton County. Covington is one of the top film production sites in Georgia, according to GoCovington.com. Triple Horse Studios is planning a \$100 million expansion over the next several years in Covington. The studios have also made Covington a recognizable location as 3,421 people from 34 states and 14 countries have signed in at the visitor’s center in October 2012, the most recent available month of data. Tourism is a key economic driver for Newton County, generating \$100.1 million in direct tourist spending and \$2.95 million in local county tax revenues.

- As the analysis illustrates, the Subject’s capture rates at the 50 percent AMI level will range from 6.90 to 14.30 percent, with an overall capture rate of 10.00 percent. The Subject’s 60 percent AMI capture rates range from 17.39 to 38.90 percent, with an overall capture rate of 29.87 percent. The overall capture rate for the project’s 50 and 60 percent units is 25.74 percent. Therefore, we believe there is adequate demand for the Subject.
- We were able to obtain absorption information from five comparable properties, illustrated following.

**ABSORPTION**

| Property name            | Tenancy | Rent Structure | Year Built | Number of Units | Units Absorbed / Month |
|--------------------------|---------|----------------|------------|-----------------|------------------------|
| Harristown Park          | Senior  | LIHTC          | 2011       | 60              | 11                     |
| Retreat At Madison Place | Senior  | LIHTC          | 2007       | 160             | 14                     |
| Antioch Manor Estates    | Senior  | LIHTC, Market  | 2005       | 120             | 24                     |
| Wellington Ridge         | Family  | LIHTC          | 2003       | 220             | 14                     |
| Arbor Lake Apartments    | Family  | LIHTC, Market  | 2001       | 250             | 21                     |
| <b>Average</b>           |         |                |            | <b>810</b>      | <b>17</b>              |

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Harristown Park represents the most recent construction and is considered most similar to the Subject in terms of size. Like the Subject, this property targets seniors and it began leasing units in the winter of 2011. Management reported that the property was fully leased within six months of opening, for an absorption pace of approximately 11 units per month. Because this property is the newest in the market and targets seniors, we have relied most heavily on it when concluding to an absorption rate for the Subject. Harristown Park is 100 percent occupied and maintains a 2,500 household waiting list, which indicate significant demand for senior housing in the PMA. Based on the absorption pace reported by this property, the waiting lists at the LIHTC comparables, and the strong demand for affordable housing in Covington, we anticipate that the Subject will absorb 10 units per month, for an absorption period of six months.

- Vacancy rates in the market range from zero to 5.2 percent, averaging 2.3 percent. The majority of the LIHTC vacancies are concentrated in the family LIHTC properties. The Senior LIHTC properties have a weighted vacancy rate of 1.2 percent, which indicates a supply constrained market. Additionally, the senior LIHTC properties reported extensive waiting lists. Overall the vacancy rate in the local market appears to have improved since we previously surveyed the comparable properties. In 2012, the comparable properties were 7.1 percent vacant, which has declined to 2.3 percent. The average vacancy rate was 13.2 and 13.8 in 2009 and 2010, respectively. This was largely the result of Park View Apartments reporting 41 to 53 percent vacancy in 2009 and 2010. The senior LIHTC properties have historically maintained low vacancy rates, which bodes well for the proposed Subject.

Historically Arbor Lake Apartments and Magnolia Heights have experienced vacancy rates greater than five percent, which indicates a weaker market for family LIHTC properties. Additionally, the market rate properties maintained higher vacancy rates than the LIHTC properties. However, the LIHTC properties currently have a weighted average vacancy of 3.6 percent, which is higher than the market rate weighted average vacancy of 0.6 percent. The general decline in vacancy rates is indicative of a strengthening rental market.

Magnolia Heights reported that six of their nine total vacant units are pre-leased and will be occupied within the month. Wellington Ridge reported that all of their vacancy units are pre-leased, and they expect to be fully occupied. Both properties indicated that the vacancies were a result of recent turnover and evictions. As an age-restricted property, we anticipate that the Subject will perform similarly to the age-restricted comparables and will maintain a vacancy rate of five percent or less. If allocated, we do not believe that the Subject will impact the performance of the family comparables as they have low senior tenancies ranging between five and 10 percent and property managers did not report being impacted by the opening of Harristown Park.

- Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as proposed. The senior LIHTC comparables are performing well, with a weighted vacancy rate of 1.2 percent. Additionally, the one senior LIHTC comparable in the PMA is 100 percent occupied and maintains a 2,500 household waiting list. These households will help generate demand for the Subject's units. The vacancies are a result of recent tenant deaths and individuals requiring a higher level of care. Given the zero percent vacancy rate and significant waiting list, this property is not testing achievable LIHTC rents. Management at Harristown Park confirmed that the property could achieve higher rents and indicated that the Subject's proposed rents would be achievable to senior renters in the PMA. The Subject's proposed 50 and 60 percent AMI rents are below the rents at all of the comparables with the exception of Harristown Park. This is the newest senior property in the market and it is the only senior LIHTC property in the PMA. Overall, we believe that the Subject's rents are achievable and that the Subject will offer value in the market. This is further illustrated by the significant rental advantage of 18 to 46 percent that the Subject's units will have over the average market rents. We believe that the Subject will maintain a vacancy rate of five percent or less following stabilization, which is consistent with the senior LIHTC average and we recommend the Subject as proposed.

## Recommendations

- We recommend the Subject as proposed

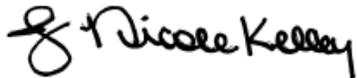
## **L. SIGNED STATEMENT REQUIREMENTS**

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.



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H. Blair Kincer, MAI  
Partner  
Novogradac & Company LLP  
5-14-2014  
Date



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J. Nicole Kelley  
Manager  
Novogradac & Company LLP  
5-14-2014  
Date



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Daniel W. Mabry  
Researcher  
Novogradac & Company LLP  
5-14-2014  
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.

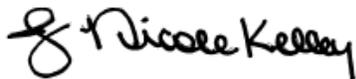


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H. Blair Kincer, MAI  
Partner  
Novogradac & Company LLP  
5-14-2014

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Date



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J. Nicole Kelley  
Manager  
Novogradac & Company LLP  
5-14-2014

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Date



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Daniel W. Mabry  
Researcher  
Novogradac & Company LLP  
5-14-2014

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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

## J. Nicole Kelley

### I. Education

Auburn University, Auburn, Alabama  
Bachelor of Science in Business Administration: International Business  
Auburn University, Auburn, Alabama  
Master of Business Administration (MBA)

### II. Professional Experience

Manager, Novogradac & Company LLP (July 2012-Present)  
Real Estate Analyst, Novogradac & Company LLP (October 2009-June 2012)  
Real Estate Researcher, Novogradac & Company LLP (May 2006-September 2009)

### III. Professional Training and Continuing Education

Member, National Council of Affordable Housing Market Analysts (NCAHMA)  
Member, Women in Affordable Housing Network (WAHN)  
Successfully completed "Introduction to Commercial Real Estate Analysis" and  
"Financial Analysis for Commercial Real Estate Investment"

### IV. Real Estate Assignments

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

- Conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Prepared a comprehensive city wide housing market analysis for the City of Biloxi, MS which included a housing needs assessment.
- Prepared a comprehensive neighborhood housing market analysis for the New Orleans East neighborhood in New Orleans, LA for the Louisiana Housing and Finance Agency. The study focused on the housing and economic trends Pre- and Post- Hurricane Katrina and overall housing needs in that neighborhood.
- Conducted market studies for senior and family projects in Alabama, Arizona, California, Florida, Georgia, Guam, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, South Dakota, Tennessee, Texas, Virginia, West Virginia, Washington, Wisconsin, and Wyoming.
- Assisted in appraisals of proposed new construction and existing Low-Income Housing Tax Credit and Special Needs properties in various states.
- Assisted in the preparation of Rent Comparability Studies and HUD MAP Market Studies according to HUD guidelines.

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
DANIEL W. MABRY**

**I. Education**

Marist College – Poughkeepsie, NY  
Bachelor of Arts, Economics  
Bachelor of Science, Business Administration

**II. Professional Experience**

*Novogradac & Company LLP* – July 2013 - 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.