

**NEED AND DEMAND ANALYSIS**  
**FOR THE WILLOW CREEK APARTMENTS**  
**IN**  
**McRAE, GEORGIA**

**Prepared for the**  
**Buckeye Hope Community Foundation**  
**for submission to**  
**the Georgia Department of Community Affairs**  
**Office of Affordable Housing**

June, 2015

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## INTRODUCTION

### PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the rehabilitation of the Willow Creek Apartments in McRae, Georgia. This project was originally developed under the USDA/Rural Development Section 515 Rural Rental Housing program. A total of 36 units are to be rehabilitated: eight one-bedroom units, 16 two-bedroom units, and 12 three-bedroom units. The apartments will rent to households whose incomes qualify their apartments for tax credit status.

### ASSUMPTIONS AND CONDITIONS

The findings of this study are predicated upon the assumption that the proposed development, as presented to us, will be located at the site described in the report, that it will be funded through the program under which it was prepared, and within the stated projection period.

Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed, and professionally managed.

The data and analysis in this study are based on information relating to conditions in the town, market area, county, and state in which the project is to be located, and has been obtained from the most pertinent and current available sources. Likewise, every effort has been made to ensure its accuracy and reliability. However, we can assume no responsibility for inaccuracies in reporting by any local, regional, state, or federal agency cited, nor for any information withheld or erroneously reported by the sources cited during the normal course of our professional research. Consequently, we reserve the right to alter our findings and conclusions, if necessary, on the basis of any discovered material inaccuracies.

The site of the proposed apartments was visited. In addition, interviews were held with persons with particular knowledge pertinent to the study.

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings. Additionally, given that some Census data are yet to be published (and are less comprehensive than before) third parties - such as State data centers and others - have not had the opportunity to derive projections utilizing those more recent data at this time. Here, we will employ established, reliable, and conservative methods and assumptions in our analysis.

The site of the proposed apartments was visited (on May 15, 2015). In addition, where appropriate, interviews are held with persons with particular knowledge pertinent to the study.

The report is designed to satisfy the underwriting criteria of the reviewing agency for which it was performed, and the conclusions, based on the results of our research, experience, and expertise reflect the predicted ability of the project, as presented to us, to meet or exceed that reviewing agency's guidelines. Thus, a positive conclusion does not necessarily imply that the project would be found to be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted professional market study standards and elements pre-empted by the guidelines set out by the reviewing agency.

It is stated that we have no responsibility for opinions requiring expertise in other fields of expertise - these would include, for example, legal, environmental, architectural, and engineering matters.

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

It is stated that we do not have, nor will have in the future, any material interest in the proposed development, and that there is no identity of interest between us and the party for whom the project was prepared. Further, we state that the payment of the fee is not contingent upon a favorable conclusion, nor approval of the project by any agency before or after the fact. The payment of the fee does not include payment for testimony nor further consultation.

**Submitted, and attested to, by:**

T. Ronald Brown, President  
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Date: June 2, 2015

## A.. EXECUTIVE SUMMARY

The following provides a brief summary of the market analysis, and is based on the Georgia DCA market study guidelines.

## 1. Project Description:

The site of the Willow Creek Apartments is on the eastern side of East Willow Creek Lane, between US 23 (Golden Isles Parkway/East Oak Street) and US 280/US 319/US 441 (3<sup>rd</sup> Avenue) in south-eastern McRae - opposite Walnut Street and Poplar Street.

The project will be the rehabilitation of six residential buildings - two one-story garden apartment buildings and four two-story buildings. The project is available to low income families.

One bedroom units are 660 square feet, two bedroom units will be 855 square feet, and the three-bedroom units will be 1,105 square feet.

The project is to be configured as follows:

<u>Unit type</u>	<u>No. of units</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	2	\$628	\$81	less than 50 percent
1 bedroom/1 bath	6	\$628	\$81	less than 60 percent
2 bedroom/1 bath	3	\$643	\$115	less than 50 percent
2 bedroom/1 bath	13	\$643	\$115	less than 60 percent
3 bedroom/1½ bath	3	\$656	\$126	less than 50 percent
3 bedroom/1½ bath	9	\$656	\$126	less than 60 percent

\* Percent of area median

There is full rental assistance at this property.

The development features the following unit amenities: kitchen, with stove, refrigerator, and micro-wave. Other amenities include: washer/dryer hookups, mini-blinds, ceiling fans, walk-in closets. There will be carpet and vinyl flooring throughout. The units will have heat pumps, with central air-conditioning. Project amenities will include an onsite office, community room, and laundry facility. There is a playground and picnic area.

Based on information supplied by the developer, the proposed renovation will include enlarging the two- and three-bedroom units, as well as roofing, siding, landscaping, parking lot improvements, and other major interior repairs and replacements. Amenities include additional community room space, picnic areas, and upgraded playground.

### 1. Project Description:, continued

The relatively few amenities that the Willow Creek Apartments offer are typical of complexes of this type - and are comparable to, or better than, those offered in other local properties. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

### 2. Site Description/Evaluation:

The site is flat and is developed and offers six residential buildings (two one-story garden apartment buildings and four two-story buildings), and an office building.

Adjacent properties are wooded - except across Willow Creek Land where there is a pond and there are some single-family homes. The apartments are located in a relatively undeveloped portion of McRae. Development in areas to the north of the site includes relatively low density residential uses, as is also the case for areas to the west. Some Industrial uses (including vacant properties) are to be found to the north and east.

Access to the site is from East Willow Creek Lane - with two entrances. The property is very visible from that thoroughfare.

There are no significant positive or negative aspects with respect to the site - nonetheless, the proposed rehabilitation should have a positive impact on the area.

Access from the site to major thoroughfares, sources of employment, schools, shopping, health, and other local services is good - a function of the site location and the fact that McRae is a relatively small community.

Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area, would impact the project's marketability.

### 3. Market Area Definition:

The market area for the proposed development is Telfair County, and adjacent portions of Wheeler County, to the north and east. This area is focused on McRae, and extends to an approximately ten-to-20 mile rural hinterland. The area is that which constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character and with residents or potential residents likely to be interested in the proposed project.

#### 4. Community Demographic Data:

The population of the McRae market area is projected to increase from 21,269 in 2010 to 22,128 in 2015, and 22,456 in 2017. The number of households is projected to increase from 6,669 in 2010, to 7,092 in 2015, and 7,257 in 2017. The number of renter households in the market area in 2010 was 1,914. This is projected to increase to 2,346 in 2014, and to 2,541 in 2017. The latter reflects not just population and household growth but increases in the proportion of local households that will rent - from 28.7 percent in 2010, to 33.1 percent in 2014, to 35.0 percent by 2017.

The median household income for McRae is around \$29,544 and that for Telfair County is around \$26,634.

It is our opinion that the impact of foreclosed, etc., properties in the market area would not have any appreciable impact on the marketability of the proposed development, which is largely a function of the fact that the proposed development is the rehabilitation of an existing fully occupied property.

#### 5. Economic Data:

Covered private employment, as reported, rose from 3,610 in 2012 to 3,642 in 2013 in Telfair County. In that County it is seen that the largest (reported) employment sector is public administration - which accounted for 13.7 percent of the total in 2013. Other significant sectors include retail trade and healthcare.

In 2014, the Telfair County labor force comprised an estimated 5,158 persons. Of this total, 4,634 were employed, and 524, or 10.2 percent, were unemployed. Labor force has shown net growth over the last decade, but has fluctuated over that period - with growth in the early part of the decade, decreases from 2006 to 2009, and subsequent increases in recent years. Employment levels also showed growth in the early part of the decade and decreased thereafter, with a net increase since 2010.

Information made available to us by the Telfair County Chamber of Commerce suggest that there are no noteworthy business expansions, closings or layoffs in the McRae area.

Unemployment was recorded at 10.2 percent in 2014, having been 10.4 percent in 2009, and 7.6 percent in 2005.

Growth in labor force and employment can serve as a foundation for ongoing population and housing growth, which can translate into a need for more housing. Information set out in this report shows that Telfair County has a relatively small labor force and employment base, with relatively high unemployment. Recent increases in employment and concomitant decreases in unemployment have added some stability to the local economy.

## 6. Project-Specific Affordability and Demand Analysis:

This report presents demand calculations both for the proposed project - an existing rent-assisted property - and for that property were no assistance to be made available.

With respect to the proposed rent-assisted project, our calculations show that there will be a total of 1,487 renter households in the qualifying income ranges in the project market area in 2017.

Total demand for the proposed development based on the Georgia DCA market study methodology is determined to be for 446 units. The net demand is for 446 units. Thus, a 36-unit development amounts to 8.1 percent of the total net need. In turn, this yields a capture rate 1.8 percent for eight units at 50 percent of the median, and a capture rate 6.3 percent for 28 units at 60 percent.

The capture rates for the potential one-, two-, and three-bedroom units are calculated to be 6.2 percent, 7.7 percent, and 13.2 percent, respectively. These various capture rates suggest that the project, as proposed, is feasible based on DCA criteria.

Were the proposed project to be unassisted (with rents set at the maximum allowable) our calculations show that there will be a total of 351 renter households in the qualifying income ranges in the project market area in 2017.

Further, demand for an unassisted development is determined to be for 111 units. The net demand is for 111 units. Thus, a 36-unit unassisted development amounts to 32.5 percent of the total net need. The corresponding capture rate for eight units targeted at 50 percent of the median is 11.9 percent. The capture rate for 28 units targeted at 60 percent of the median is 58.2 percent. The capture rates for the potential one-, two-, and three-bedroom units are calculated to be 25.0 percent, 31.2 percent, and 53.1 percent, respectively.

## 7. Competitive Rental Analysis:

At present there are several apartment complexes located in the McRae area. These comprise a significant amount of subsidized housing for very low income tenants (including public housing), and one small market rate property. These complexes have been identified and surveyed, and where useful information was made available to us, this is presented, below.

Those properties that are located in the market area, as noted are primarily subsidized (either USDA/Rural Development or Public Housing), are typically quite old (1980's or earlier), offer few amenities, have high occupancy levels, and are typically in fair physical condition.

Information for the eight complexes for which useful occupancy data were provided suggests a occupancy level of 95.5 percent.

The seven subsidized complexes report eleven vacancies in 232 units: 95.3 percent occupancy.

The one market rate property is 97.0 percent occupied

The six assisted properties that are not financed with tax credits are 95.8 percent occupied.

The one tax credit financed property is 92.5 percent occupied.

The seven stabilized comparable properties are seen to be 95.3 percent occupied.

Rent levels for comparable market area properties are based on income. The only market rate apartments in the area are two-bedroom units that are reported to rent from \$325 to \$450.

Georgia DCA market study guidelines require the determination of average market rents. Given the limitations of the Mcrae market, rent we identified and surveyed potentially comparable developments in adjacent communities in order to try to establish some benchmark for determining an estimate of average market rents for McRae. These other projects are located in Dublin and Cordele. Following this approach we have determined that, all things being equal, these market properties suggest an average rent of around \$470 for a one-bedroom unit, \$490 for a two-bedroom unit, and \$575 for a three-bedroom unit.

#### 8. Absorption/Stabilization Estimate:

Our review of the capture rates for the proposed development suggest that the project is realistic, as proposed.

Given that the rehabilitation schedule is a function of the rehabilitation process, not market forces, and given that the project is the rehabilitation of an existing - fully occupied - property, it is difficult to suggest an absorption rate in the conventional sense of that concept. Based on our analysis, the proposed rent-assisted project could expect to lease-up (to a sustained occupancy level of 93 percent) over a period dictated by the rehabilitation schedule, plus 60 days, or so.

Were the project to be developed as an unassisted project at maximum rent levels, the project would expect to rent-up over a period of up to 16 months or so - or around two units per month, on average - primarily as a consequence of the number of units, and posited rents.

As an existing, fully leased, property the proposed rehabilitation will not have an impact on existing housing in the area.

#### 9. Overall Conclusion:

It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the following report.

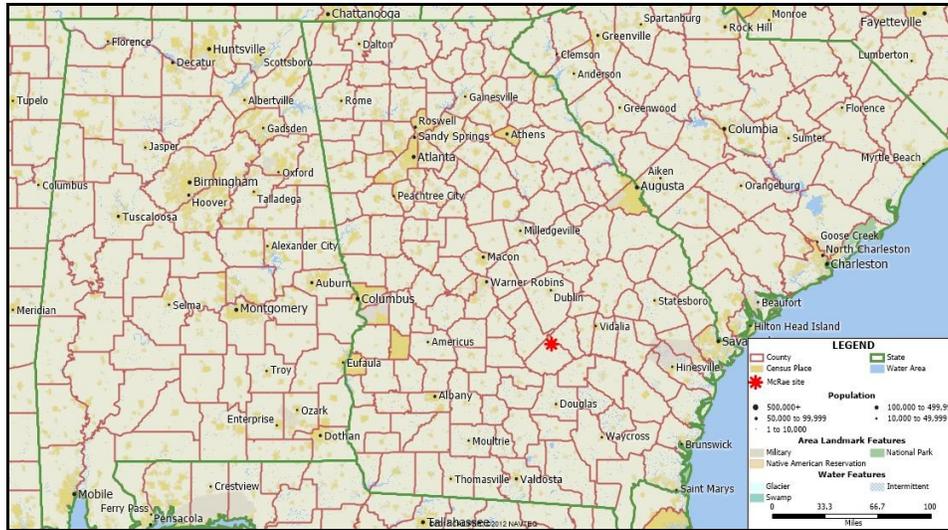


DEMOGRAPHIC DATA (found on pages 28 and 44-46)						
	2010		2015		2017	
Renter Households	1,914	28.7%	2,346	33.1%	2,541	35.0%
Income-Qualified Renter HHs (assisted)		%		%	1,487	58.5%
Income-Qualified Renter HHs (unassisted)					351	13.8% (of renters)
Income-Qualified Renter HHs (MR)		%		%		%
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 46)						
Type of Demand	30%	50% unassisted	60% unassisted	Market- rate	Other: assisted	Overall unassisted
Renter Household Growth		13	14		114	27
Existing Household (Overburdened + Substandard)		54	33		332	83
Homeowner conversation (Seniors)						
Less Comparable/Competitive Supply		0	0			0
<b>Net Income-qualified Renter HHs</b>		67	48		446	111
CAPTURE RATES (found on page 47)						
Targeted Population	30%	50% unassisted	60% unassisted	Market- rate	Other: assisted	Overall unassisted
Capture Rate		11.9%	58.2%		8.1%	32.5%

B. PROJECT DESCRIPTION

Project Location

The proposed development is located at on East Willow Creek Lane in McRae. McRae is located in Telfair County in south-central Georgia.



Construction type: Rehabilitation of six residential buildings - two one-story garden apartment buildings and four two-story buildings

Occupancy type :Family

Target income group: Low income/ tax credit

Special population target: not Applicable

Proposed unit mix, etc

	<u>No. of units</u>	<u>Sq. Ft.</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	2	660	\$628	\$81	less than 50 percent
1 bedroom/1 bath	6	660	\$628	\$81	less than 60 percent
2 bedroom/1 bath	3	855	\$643	\$115	less than 50 percent
2 bedroom/1 bath	13	855	\$643	\$115	less than 60 percent
3 bedroom/1½ bath	3	1,105	\$656	\$126	less than 50 percent
3 bedroom/1 ½bath	9	1,105	\$656	\$126	less than 60 percent
<b>Total</b>	<b>36</b>				

\* percent of local area median

Rental Assistance: 36 units

Project amenities

- onsite office
- community room
- laundry
- playground - upgrade
- picnic area - upgrade

Unit amenities

- kitchen with stove, refrigerator, and microwave oven
- washer/dryer hookups
- Mini-blinds, ceiling fans, walk-in closets
- Carpet and vinyl flooring
- Heat pump and central air conditioning

Rehabilitation information:

Based on information supplied by the developer, the proposed renovation will include enlarging the two- and three-bedroom units, as well as roofing, siding, landscaping, parking lot improvements, and other major interior repairs and replacements. Amenities include additional community room space, picnic areas, and upgraded playground.

Property is a 36-unit project with full USDA - Rural Development/HUD Section 8 Rental Assistance

Rents are based on income

Occupancy is typically 100 percent, with a waiting list

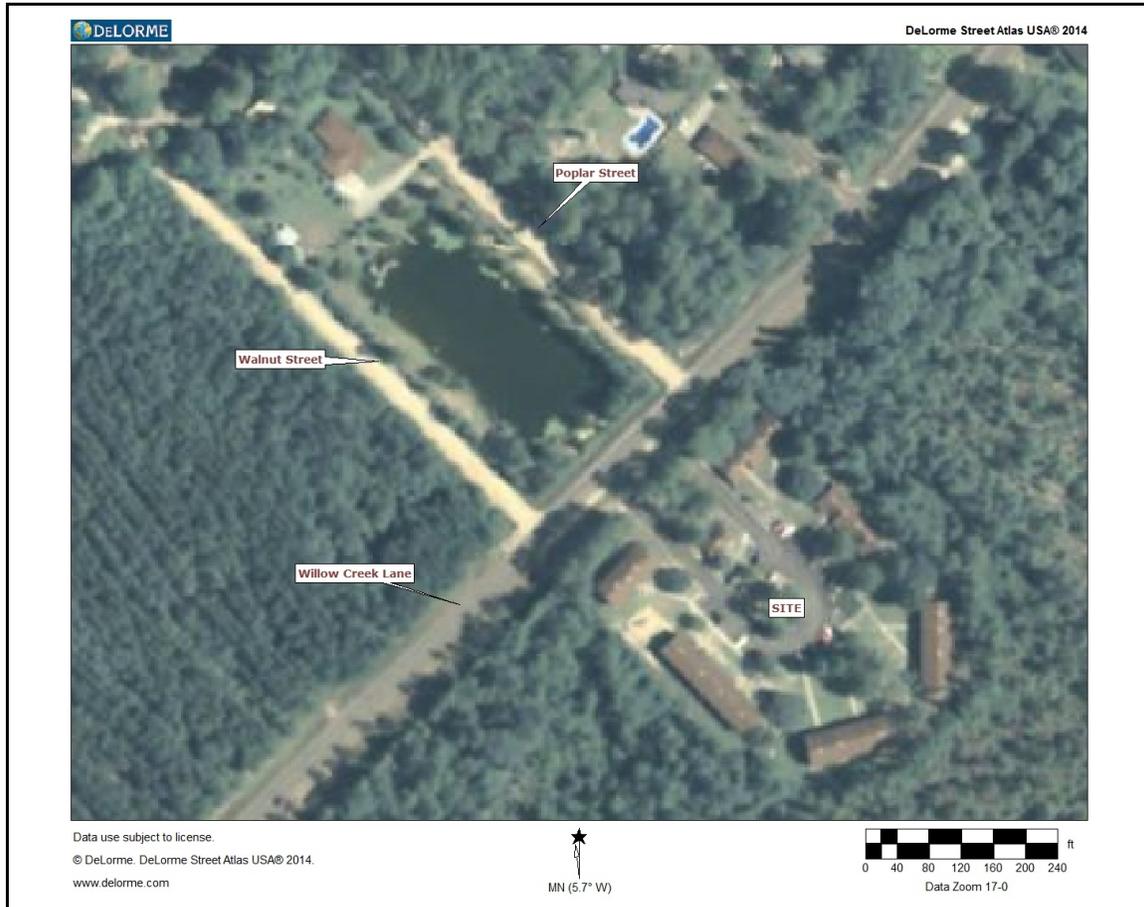
Paid rents range from \$3 to \$497 - with an average of \$52, per month

Incomes range from \$1,800 to \$26,371 - with a median income of \$7,203

It is understood that the rehabilitation program would commence in Spring 2016 and would be completed by a placed-in-service date of March, 2017.

C. SITE EVALUATION

The site of the Willow Creek Apartments is on the eastern side of East Willow Creek Lane, between US 23 (Golden Isles Parkway/East Oak Street) and US 280/US 319/US 441 (3<sup>rd</sup> Avenue) in south-eastern McRae - opposite Walnut Street and Poplar Street. Adjacent properties are wooded - except across Willow Creek Lane where there is a pond and there are some single-family homes.



The site visit was conducted by T. Ronald Brown on May 15, 2015

Access from the site to major thoroughfares, sources of employment, schools, shopping, health, and other local services is good - a function of the site location and the fact that McRae is a relatively small community.

The is within three-fourths of one-mile of the Golden Isles Parkway/east oak Street (US 23) - the area's major east-west thoroughfare, and is within one mile of 3<sup>rd</sup> Avenue (US 280/319/441) - the area's major north-south route.

The site is within one mile of a gas/convenience store at the intersection of Willow Creek Lane and 3<sup>rd</sup> Avenue. The site is within one and one-third miles of a Piggly Wiggly Supermarket on East Oak Street, and is within two miles or so of the Telfair Plaza shopping center. The latter is located on West Oak Street and is anchored by a Harvey's Supermarket and includes, for example, a Goody's store. Other stores in this area include a Family Dollar, Dollar General, and Smith's Pharmacy.

The local Elementary School is within two and one-half miles or so of the site, to the east. The local Middle and High Schools are located adjacent to one another, off 3<sup>rd</sup> Avenue, within two miles of the site..

The site is within eight-tenths of a mile of the Telfair County Health Department. The nearest hospital is the Jeff Davis Hospital in Hazelhurst - around 23 miles from McRae.

The site is within one and three-fourth miles or so of the government, shopping and other services located in the downtown business district.

There are no apparent physical, environmental, or other constraints upon the rehabilitation and marketing of the proposed project at this location.



Typical units (two story)



Typical units (one story)



View on property



View on property



View on property



Site office



Playground



Rear view - one story building



Rear view - two story building



Property entrance



View onto property at entrance



View south/west on Willow Creek Lane, at property



View north/east on Willow Creek Lane, at property



Driving distances to the various services and amenities offered in the McRae area are listed, below:

Shopping Areas:

Piggly Wiggly:- 1.3 miles

Telfair Plaza (Harvey's\*, Goody's, Fred's, etc):- 2.0-2.2 miles

Smith's Pharmacy:- 2.0 miles

Gas/convenience Store:

Quick Stop:- 0.9 miles

Schools

Middle school:- 1.7 miles

High school:- 1.8 miles

Elementary school:- 2.5 miles

Employment Centers\*\*

Husqvarna:- 1.7 miles

Correctional Center:- 1.9 miles

Medical:

Lower Oconee Rural Health Center:- 0.7 miles

Telfair County Health Department:- 0.8 miles

(Jeff Davis Hospital, Hazlehurst:- 23 miles)

Other:

McDonalds:- 1.5 miles

City Hall: - 1.7 miles

Post Office:- 1.7 miles

Telfair County Recreation Center:- 2.1 miles

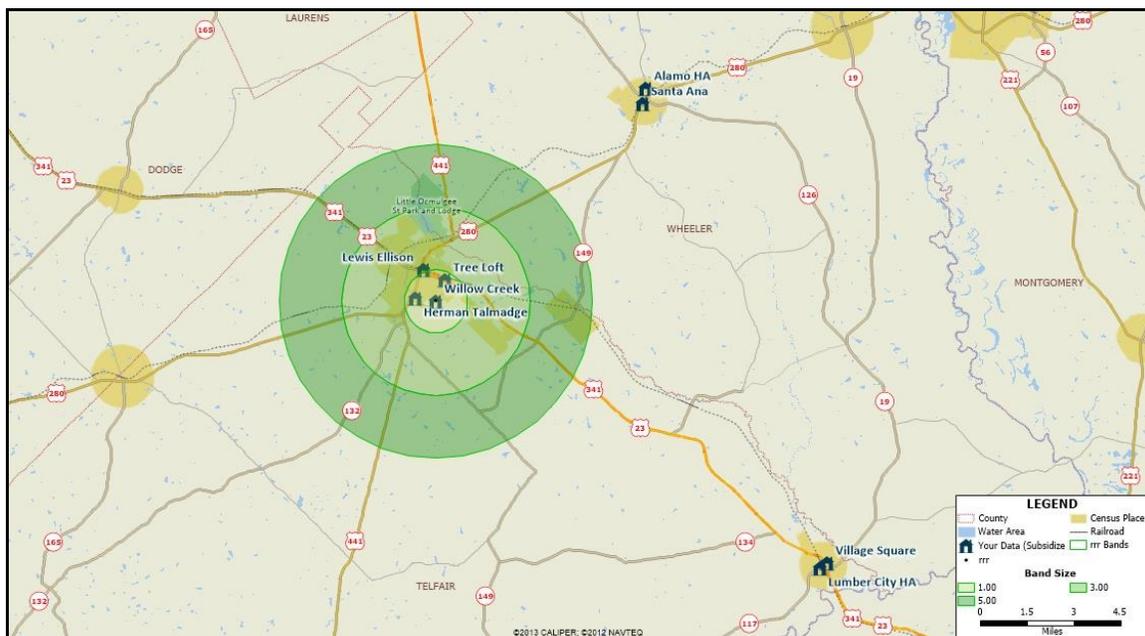
\* includes pharmacy

\*\* Shopping, schools, etc. are also sources of local employment

The Willow Creek apartments are located in a relatively undeveloped portion of McRae. Development in areas to the north of the site includes relatively low density residential uses, as is also the case for areas to the west. Some Industrial uses (including vacant properties) are to be found to the north and east.

Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area, would impact the project’s marketability.

A map showing the location of low income housing in the McRae market area relative to the site of the proposed development is provided, below (with the areas within one-, three-, and five miles of the site of the proposed development highlighted).



It is understood that there are no noteworthy road or infrastructure developments in this area.

The Willow Creek Apartments are visible from Willow Creek Lane, with easy access from that route.

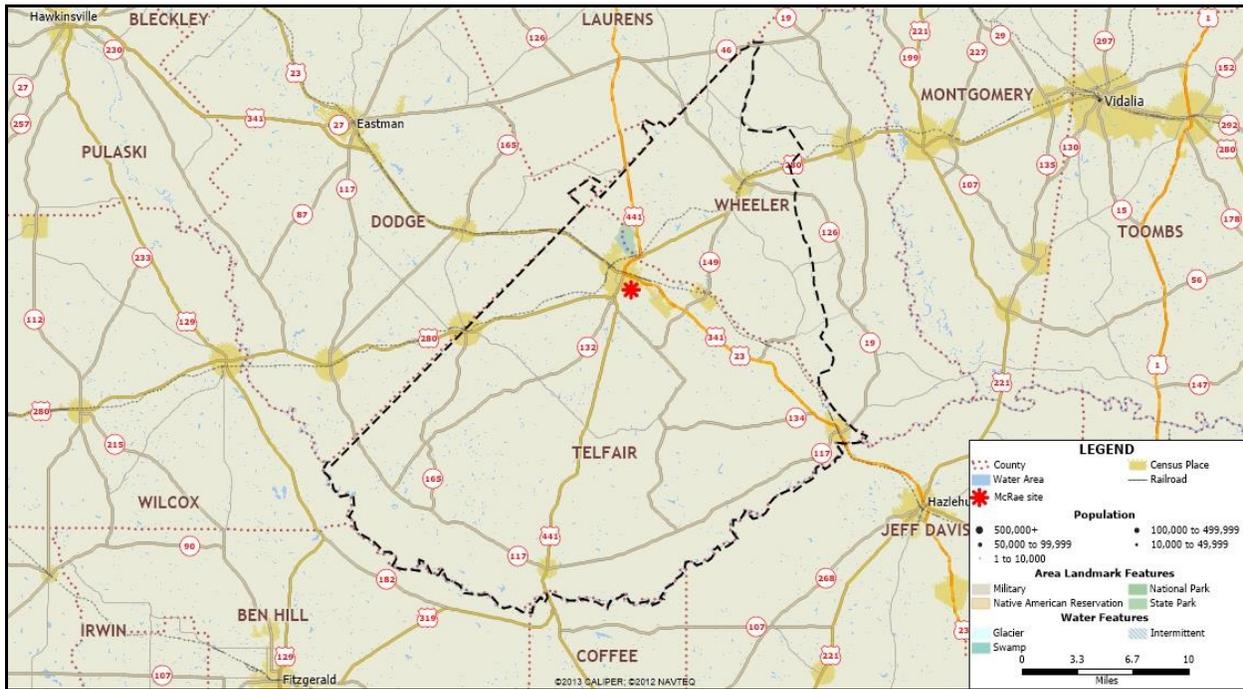
There are no apparent physical, environmental, or other constraints upon the rehabilitation and marketing of the proposed project at this location.

#### D. MARKET AREA

Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. Here, a combination of census county subdivisions (townships) may be used to define the market area. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census county subdivisions (townships) or combinations of census tracts, may be used to define the market area.

McRae is located in northern Telfair County in south-central Georgia. The market area for the proposed development is Telfair County, and adjacent portions of Wheeler County, to the north and east. This area is focused on McRae, and extends to an approximately ten-to-20 mile rural hinterland. The area includes the small communities of Helena (directly adjacent to McRae) and Alamo and Lumber City, but it does exclude neighboring and potentially competing communities such as Eastman, Hazlehurst, and Vidalia. This area is that which constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character and with residents or potential residents likely to be interested in the proposed project. As such, this market area is the community where the project is to be located and only those outlying areas which will be directly impacted by the complex, and excludes other significant, established communities.



McRae market area

## E. COMMUNITY DEMOGRAPHIC DATA

## POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Telfair County was 11,794, and in 2010 the population was recorded as 16,500. Population projections for Telfair County are provided by the Georgia State Data Center. Based on these data, the population of the county is projected to be 17,043 by 2015, and to be around 17,239 by 2017. The corresponding figures for Wheeler County are 7,421 for 2010, and 7,983 and 8,219 for 2015 and 2017, respectively.

It should be noted that a significant amount of the growth of the population in McRae, the market area, and Telfair County was the increase in the population recorded as being group quarters, primarily at the Correctional Center.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2000 to 2010 (accounting for group quarters), corrected for the official county projections (for both counties). The projection is that in 2015 the project market area will have a population of around 22,128 and around 22,456 in 2017. In 2010, the population of the market area was 21,269.

Information on population trends and changes between 2000 and 2017 are set out in Table 1, below..

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Table 1 - Population

---

	<b>McRae</b>	<b>Market Area</b>	<b>Telfair County</b>
2000	2,862	15,442	11,794
2010	5,740	21,269	16,500
2015	n/a	22,128	17,043
2017	n/a	22,456	17,239
absolute change			
2000-2010	2,878	5,827	4,706
2010-2015	n/a	859	543
2015-2017	n/a	328	196
annual change			
2000-2010	288	583	471
2010-2015	n/a	172	109
2015-2017	n/a	164	98

Source: 2000 Census and 2010 Census; Georgia State Data Center; T Ronald Brown: Research & Analysis

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## AGE

The distribution of the population, by age, for McRae, the market area, and for Telfair County are set out in Table 2, below. These data are from the 2010 Census. Here it is seen that the median age of the population of McRae was recorded as 39.3 years, with that for the county being 39.2 years.

Table 2 - Age Distribution

	McRae		Market Area		Telfair County	
	number	percent	number	percent	number	percent
Under 5 years	316	5.5	1,152	5.4	946	5.8
5 to 9 years	286	5.0	1,136	5.3	928	5.7
10 to 14 years	235	4.1	1,059	5.0	862	5.3
15 to 19 years	290	5.1	1,170	5.5	862	5.3
20 to 24 years	319	5.6	1,422	6.7	986	6.0
25 to 29 years	440	7.7	1,727	8.1	1,239	7.5
30 to 34 years	503	8.8	1,775	8.3	1,300	7.9
35 to 39 years	554	9.7	1,660	7.8	1,272	7.7
40 to 44 years	540	9.4	1,665	7.8	1,263	7.7
45 to 49 years	458	8.0	1,665	7.8	1,231	7.5
50 to 54 years	474	8.3	1,594	7.5	1,278	7.8
55 to 59 years	325	5.7	1,369	6.4	1,059	6.5
60 to 64 years	291	5.1	1,169	5.5	941	5.7
65 to 69 years	204	3.6	828	3.9	674	4.1
70 to 74 years	163	2.8	641	3.0	540	3.3
75 to 79 years	125	2.2	534	2.5	448	2.7
80 to 84 years	113	2.0	367	1.7	305	1.9
85 years and over	104	1.8	336	1.6	284	1.7
55 and older	1,325	23.1	5,244	24.7	4,251	25.9
65 and older	709	12.4	2,706	12.7	2,251	13.7
median	39.3		n/a		39.2	

Source: 2010 Census; T Ronald Brown: Research & Analysis

## HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for McRae, the market area, and Telfair County are set out in Table 3 below. These projections are based on the population projections set out, above.

The projection is that in 2015 the market area will have around 7,092 households, and around 7,257 in 2017. In 2010, there were 6,669 households in that market area.

Table 3- Household Trends

	McRae	Market Area	Telfair County
2000	1,057	5,165	4,140
2010	1,600	6,669	5,543
2015	n/a	7,092	5,842
2017	n/a	7,257	5,955
absolute change			
2000-2010	543	1,504	1,403
2010-2015	n/a	423	299
2015-2017	n/a	165	113
annual change			
2000-2010	54	150	140
2010-2015	n/a	85	60
2015-2017	n/a	83	57

Source: 2000 Census and 2010 Census; Georgia State Data Center; T Ronald Brown: Research & Analysis

## TENURE

Table 4, below, sets out the number and proportion of owner and renter households for McRae, the market area, and Telfair County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 28.7 percent of households in the market area were renters, compared with 39.9 percent for McRae and 29.0 percent for the County.

Table 4 - Tenure

McRae		persons per household		Owner-occupied		Renter-occupied	
	population	households		number	percent	number	percent
2000	2,862	1,057	2.71	759	71.8	298	28.2
2010	5,740	1,600	3.59	962	60.1	638	39.9
2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area		persons per household		Owner-occupied		Renter-occupied	
	population	households		number	percent	number	percent
2000	15,442	5,165	2.99	4,049	78.4	1,116	21.6
2010	21,269	6,669	3.19	4,755	71.3	1,914	28.7
2015	22,128	7,092	3.12	4,746	66.9	2,346	33.1
2017	22,456	7,257	3.09	4,716	65.0	2,541	35.0
Telfair County		persons per household		Owner-occupied		Renter-occupied	
	population	households		number	percent	number	percent
2000	11,794	4,140	2.85	3,246	78.4	894	21.6
2010	16,500	5,543	2.98	3,936	71.0	1,607	29.0
2015	17,043	5,842	2.92	3,880	66.4	1,962	33.6
2017	17,239	5,955	2.89	3,833	64.4	2,122	35.6

Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

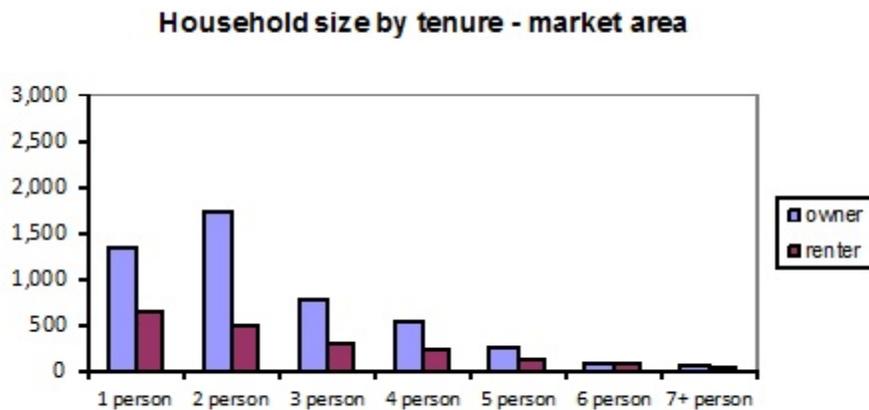
Table 5 below, sets out household size, by tenure, for households in McRae, the market area, and Telfair County.

Table 5 - Household Size, by Tenure

	McRae		Market Area		Telfair County	
	owner	renter	owner	renter	owner	renter
1 person	306	213	1,348	642	1,162	544
2 person	365	159	1,723	494	1,419	417
3 person	129	107	758	306	609	247
4 person	96	68	540	234	438	190
5 person	36	45	247	133	198	115
6 person	18	32	81	72	65	66
7+ person	12	14	58	33	45	28

Source: 2010 Census; T Ronald Brown: Research & Analysis

The distribution of household sizes, by tenure, for the market area is illustrated, below.



## INCOME

The distribution of household incomes for McRae, the project market area, and for Telfair County are set out in Table 6, below. These figures are taken from the 2009 to 2013 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for McRae is around \$29,544 and that for Telfair County is around \$26,634.

Table 6 - Household Income

	McRae		Market area		Telfair County	
	number	percent	number	percent	number	percent
less than \$10,000	600	23.5	1266	19.0	1,127	20.2
\$10,000 to \$14,999	151	5.9	673	10.1	505	9.1
\$15,000 to \$19,999	116	4.5	536	8.0	398	7.1
\$20,000 to \$24,999	300	11.8	713	10.7	579	10.4
\$25,000 to \$29,999	127	5.0	517	7.8	443	8.0
\$30,000 to \$34,999	230	9.0	453	6.8	381	6.8
\$35,000 to \$39,999	180	7.1	352	5.3	322	5.8
\$40,000 to \$44,999	63	2.5	221	3.3	187	3.4
\$45,000 to \$49,999	117	4.6	282	4.2	239	4.3
\$50,000 to \$59,999	243	9.5	447	6.7	387	7.0
\$60,000 to \$74,999	92	3.6	467	7.0	392	7.0
\$75,000 to \$99,999	154	6.0	443	6.6	342	6.1
\$100,000 to \$124,999	117	4.6	157	2.4	157	2.8
\$125,000 to \$149,999	37	1.4	74	1.1	46	0.8
\$150,000 to \$199,999	19	0.7	43	0.6	43	0.8
\$200,000 or more	7	0.3	19	0.3	19	0.3

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

## RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for McRae, the project market area, and for Telfair County are set out in Table 7, below. These figures are also taken from the 2009 to 2013 American Community Survey.

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Table 7 - Household Income, Renter Households

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	<b>McRae</b>		<b>Market area</b>		<b>Telfair County</b>	
	number	percent	number	percent	number	percent
less than \$10,000	412	42.5	709	31.6	624	32.8
\$10,000 to \$19,999	218	22.5	515	22.9	457	24.0
\$20,000 to \$34,999	239	24.6	534	23.8	473	24.9
\$35,000 to \$49,999	86	8.9	219	9.8	169	8.9
\$50,000 to \$74,999	0	0.0	118	5.3	98	5.2
\$75,000 to \$99,999	15	1.5	76	3.4	65	3.4
\$100,000 or more	0	0.0	74	3.3	16	0.8

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

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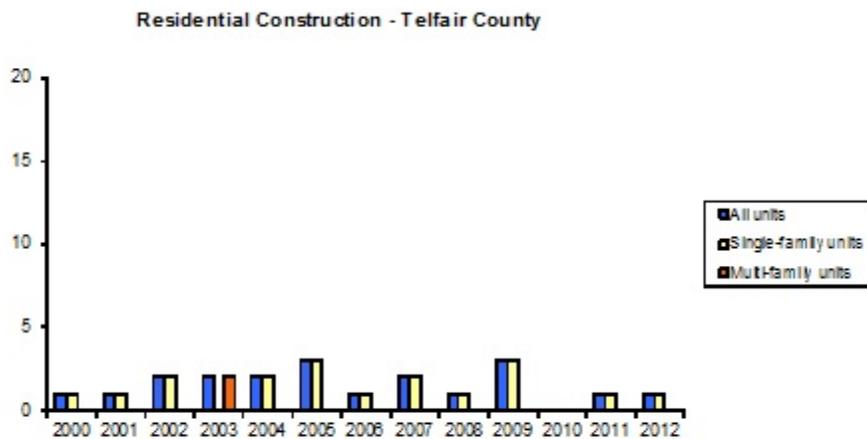
RESIDENTIAL CONSTRUCTION SINCE 2000

Table 8 below gives details of residential construction in Telfair County since 2000. Where the data exist, it can be seen that a total of only 19 units were permitted in McRae and 20 units were permitted throughout the county as a whole.

Table 8 - Residential Construction Since 2000

	Telfair County			McRae		
	Total	single-family	multi-family	Total	single-family	multi-family
2000	1	1	0	1	1	0
2001	1	1	0	0	0	0
2002	2	2	0	2	2	0
2003	2	0	2	2	0	2
2004	2	2	0	2	2	0
2005	3	3	0	3	3	0
2006	1	1	0	1	1	0
2007	2	2	0	2	2	0
2008	1	1	0	1	1	0
2009	3	3	0	3	3	0
2010	0	0	0	0	0	0
2011	1	1	0	1	1	0
2012	1	1	0	1	1	0
2013	0	0	0	0	0	0
Total	20	18	2	19	17	2

Source: Current Construction Reports, C-40; Bureau of the Census; T Ronald Brown: Research & Analysis



## F. EMPLOYMENT TREND

## TOTAL JOBS

Total covered employment in Telfair County is set out in Table 9, below. Here it is seen that in 2013, the most recent year for which annual data are available, there were a total of 3,642 jobs in Telfair County. Over the last decade, the number of jobs reported ranged from 3,431 in 2010 to 4,671 in 2006

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Table 9- Total Jobs, Telfair County

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	Total covered employment
2004	3,800
2005	4,350
2006	4,671
2007	4,642
2008	4,081
2009	3,853
2010	3,431
2011	3,534
2012	3,612
2013	3,642

Source: U.S. Bureau of Labor Statistics: T Ronald Brown: Research & Analysis

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## EMPLOYMENT BY INDUSTRY

The distribution of covered private employment, by industry, for Telfair County in 2012 and 2013 are set out in Table 10, below. From this table it is seen that the largest (reported) employment sector is public administration - which accounted for 13.7 percent of the total in 2013. Other significant sectors include retail trade and healthcare.

Table 10 - Employment by Industry, Telfair County

	2012		2013	
	number	percent	number	percent
Total	3,610	100.0	3,642	100.0
Agriculture, Forestry, etc	40	1.1	50	1.4
Mining	n/a	n/a	n/a	n/a
Utilities	n/a	n/a	n/a	n/a
Construction	54	1.5	51	1.4
Manufacturing	n/a	n/a	n/a	n/a
Wholesale trade	81	2.2	82	2.3
Retail trade	262	7.3	306	8.4
Transp. and Warehousing	73	2.0	79	2.2
Information	23	0.6	24	0.7
Financial and Insurance	87	2.4	84	2.3
Real estate	n/a	n/a	n/a	n/a
Professional and Technical services	23	0.6	24	0.7
Management	n/a	n/a	n/a	n/a
Administrative and Waste services	n/a	n/a	n/a	n/a
Educational services	n/a	n/a	n/a	n/a
Health Care and Social Assistance	329	9.1	289	7.9
Arts, Entertainment, Recreation	n/a	n/a	n/a	n/a
Accommodation and Food services	163	4.5	155	4.3
Other Services	58	1.6	58	1.6
Public Administration	507	14.0	500	13.7

Source: Georgia Department of Labor

## EMPLOYMENT BY INDUSTRY, PROJECT MARKET AREA

This distribution of employment, by industry, for the McRae market area is set out in Table 10, below. This information is from the 2009 to 2013 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is healthcare which accounts for 15.7 percent of the total. Other important sectors include public administration, education, accommodation, and manufacturing - each accounting for at least 10 percent of the total.

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Table 11 - Employment by Industry, McRae Market Area

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	number	percent
Agriculture, etc	274	5.4
Construction	199	3.9
Manufacturing	642	12.6
Wholesale trade	115	2.3
Retail trade	287	5.6
Transp, Warehousing	234	4.6
Utilities	28	0.5
Information	28	0.5
Finance, Insurance, Real Estate	191	3.7
Professional, scientific, management	132	2.6
Educational Services	664	13.0
Health care	803	15.7
Arts, entertainment, recreation	17	0.3
Accommodation and food services	541	10.6
Other services	275	5.4
Public Administration	678	13.3

Source: 2009 to 2013 American Community Survey: T Ronald Brown: Research & Analysis

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## MAJOR EMPLOYERS

The major employers in Telfair County are listed in Table 12, below. This information - for 2013 - is from the Georgia Department of Labor profile for the County. Information as to the number of employees was provided by a representative of the Telfair County Chamber of Commerce. In addition, non-manufacturers include the local schools and governments.

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Table 12 - Major Employers

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<u>Firm</u>	<u>Employees</u>
Coca Cola Bottling Company	50
Consumer Outdoor Products (Husqvarna)	1,600
Georgia Department of Corrections	300
Harvey's Supermarkets	n/a
Lumber City Nursing and Rehab Center	100
McDonalds	n/a
McRae Correctional Facility	350
Piggly Wiggly Supermarket	n/a
Pine Leaf Investments	145
Telfair Forest Products	50

Source: Georgia Department of Labor; Telfair County Chamber of Commerce

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Information made available to us by the Telfair County Chamber of Commerce suggest that there are no noteworthy business expansions, closings or layoffs in the McRae area.

The fact that there are no anticipated expansions or closings among the area's major employers suggests no subsequent impact on local employment levels.

LABOR FORCE AND EMPLOYMENT

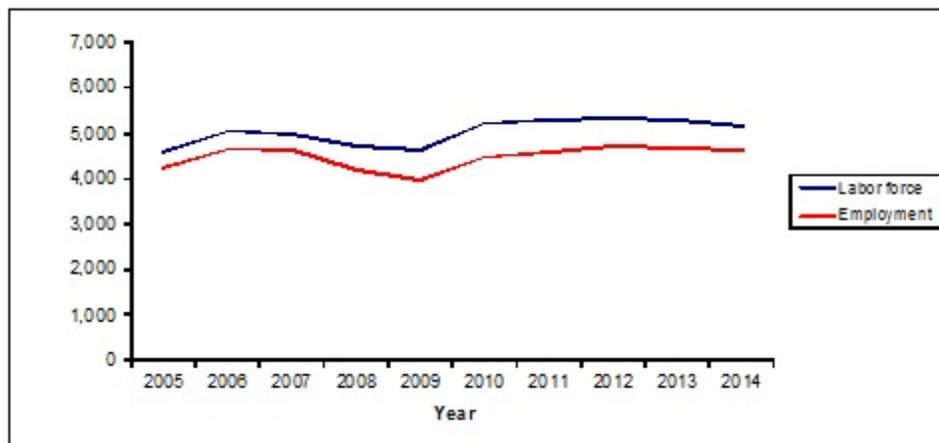
The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2014, the most recent year for which annualized data are available, the Telfair County labor force comprised an estimated 5,158 persons. Of this total, 4,634 were employed and 524 or 10.2 percent were unemployed. Labor force has shown net growth over the last decade, but has fluctuated over that period - with growth in the early part of the decade, decreases from 2006 to 2009, and subsequent increases in recent years. Employment levels also showed growth in the early part of the decade and decreased thereafter, with a net increase since 2010.

Table 13- Telfair County Labor Force and Employment

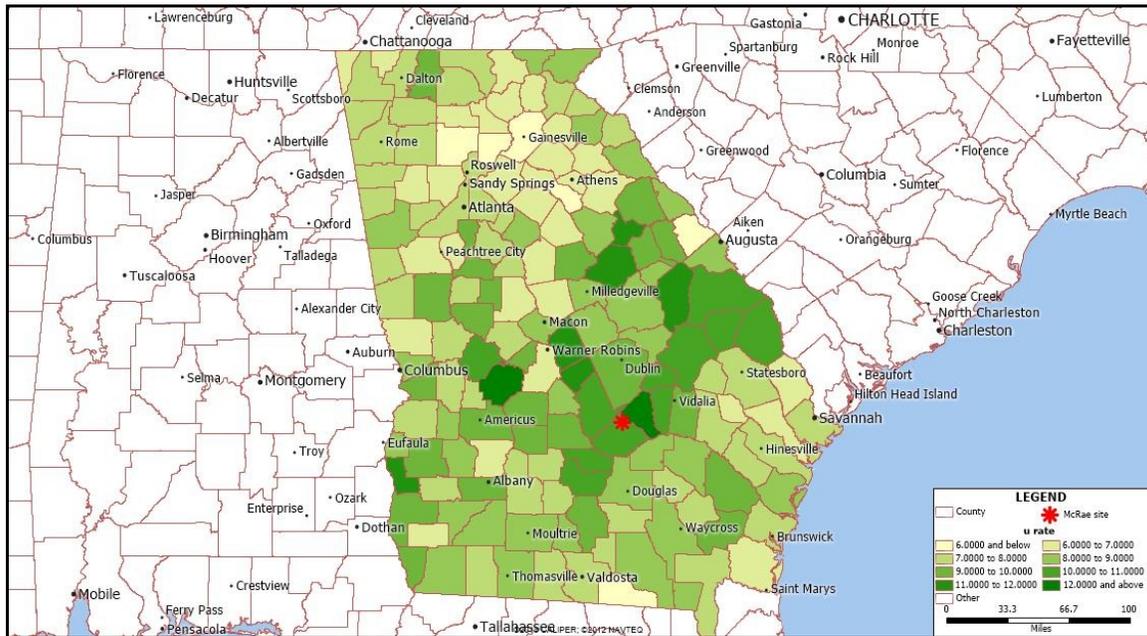
	<u>Labor Force</u>	<u>Employment</u>	<u>Total</u>	<u>Unemployment Rate (%)</u>
2005	4,594	4,246	348	7.6
2006	5,041	4,658	383	7.6
2007	4,998	4,612	386	7.7
2008	4,713	4,207	506	10.7
2009	4,616	3,973	643	13.9
2010	5,234	4,462	772	14.7
2011	5,283	4,582	701	13.3
2012	5,341	4,711	630	11.8
2013	5,299	4,693	606	11.4
2014	5,158	4,634	524	10.2

Source: U.S. Bureau of Labor Statistics

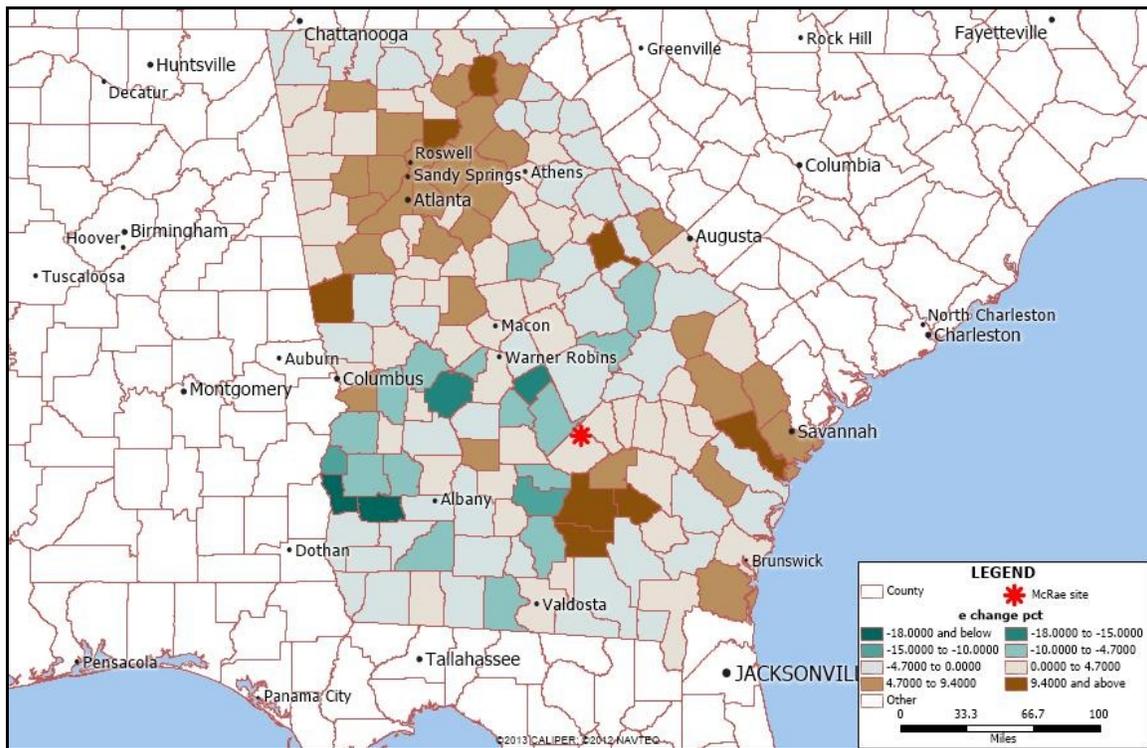
Labor force and employment trends for Telfair County are illustrated, below.



Current levels of unemployment throughout Georgia are illustrated, below.

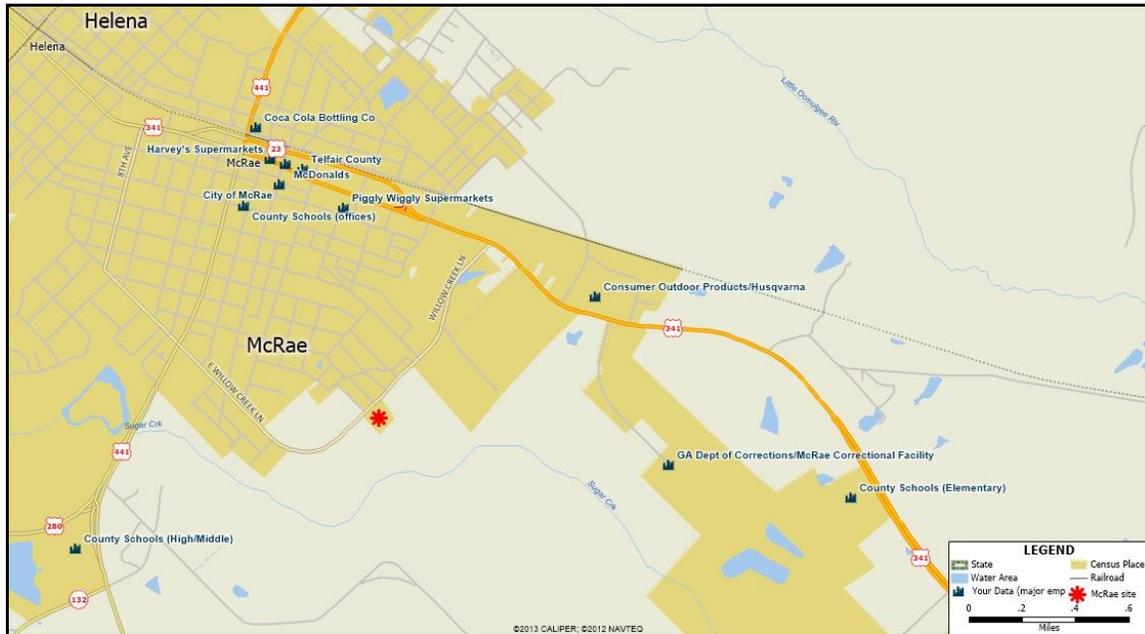


Change in employment at the County level over the period from 2010 to 2014 is also illustrated.



Unemployment was recorded at 10.2 percent in 2014, having been 10.4 percent in 2009 and 7.6 percent in 2005.

The location of the largest employers in the McRae area relative to the location of the Willow Creek Apartments are mapped, below.



Location of major local employers, relative to the Willow Creek Apartments

Growth in labor force and employment can serve as a foundation for ongoing population and housing growth, which can translate into a need for more housing. Information from the above shows that Telfair County has a relatively small labor force and employment base, with relatively high unemployment. Recent increases in employment and concomitant decreases in unemployment have added some stability to the local economy.

G. PROJECT SPECIFIC AFFORDABILITY AND DEMAND ANALYSIS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from households currently living in the area who would move to the units were they made available.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 30 units to be rehabilitated, eleven will be targeted to households at 50 percent of the median, and 19 will be targeted to households at 60 percent of the local area median income, and therefore qualify their apartments for low income housing tax credit status. The income limits for Telfair County are as follows:

Table 14 - Income Limits

	<u>50 percent</u>	<u>60 percent</u>
1 person	\$16,150	\$19,380
2 person	\$18,450	\$22,140
3 person	\$20,750	\$24,900
4 person	\$23,050	\$27,660
5 person	\$24,900	\$29,880
6 person	\$26,750	\$32,100

Source: HUD

The maximum housing expenses for the proposed units are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities). These figures are as follows:

Table 15 - Maximum Housing Expense

	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$432	\$519
2 bedroom	\$519	\$622
3 bedroom	\$599	\$719
4 bedroom	\$669	\$803

Source: T.Ronald Brown: Research & Analysis

The proposed rents and utility allowances at the proposed apartments are set out in Table 16, below. From this it can be seen that housing expenses at the proposed apartments targeted at 50 percent of the median fall at 139 to 179 percent of the maximum allowable, and those at 60 percent fall at 103 to 134 percent of the maximum at that level.

Table 16 - Proposed Rents and Utility Allowances

	<u>Utility Allowance</u>		
1 bedroom	\$81		
2 bedroom	\$115		
3 bedroom	\$126		
4 bedroom	\$158 (e)		
<u>50 percent</u>	<u>Proposed Rent</u>	<u>Maximum</u>	<u>Proportion of Maximum (%)</u>
1 bedroom	\$628	\$351	178.7
2 bedroom	\$643	\$403	159.3
3 bedroom	\$656	\$473	138.6
4 bedroom	\$720 (e)	\$530	141.0
<u>60 percent</u>			
1 bedroom	\$628	\$438	133.8
2 bedroom	\$643	\$507	118.0
3 bedroom	\$656	\$593	103.2
4 bedroom	\$720 (e)	\$664	111.7

(e) = estimate

Source: Applicant; T Ronald Brown: Research & Analysis

Project-based rental assisted is available at this project. Following professional market study guidelines, the calculations in this section focus on need and demand for the project without that assistance. Additionally, given that the proposed rents are above the maximum allowable under the tax credit guidelines, the rents used in this analysis will be the maximum allowable under those guidelines.

AFFORDABILITY

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that the lower income limit for rent-assisted units is effectively zero dollars, and that for the unassisted units the tenants will pay no more than 30 percent of their income on housing costs (rent and utilities).

The upper income limits for the assisted units are the lower of the 50 percent income limits, or the incomes needed to afford the proposed pro forma/contract rents (above this income, the tenants do not qualify for that assistance). Where the 50 percent limit is used - as is the case here - all households that qualify are, in effect, eligible at both the 50 and 60 percent level. The upper limits for the unassisted units are the 50 or 60 percent income limits, and are a function of household size - based on a standard of one and one-half persons per bedroom, rounding-up to the nearest whole number).

Table 17 - Qualifying Income Ranges

	Assisted	
	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$0	\$18,450
2 bedroom	\$0	\$20,750
3 bedroom	\$0	\$24,900
4 bedroom	\$0	\$26,750
	Unassisted/50 percent	
	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$14,829	\$18,450 <sup>1</sup>
2 bedroom	\$17,786	\$20,750 <sup>2</sup>
3 bedroom	\$20,550	\$24,900 <sup>3</sup>
4 bedroom	\$22,929	\$26,750 <sup>4</sup>
	Unassisted/60 percent	
	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$17,794	\$22,140 <sup>1</sup>
2 bedroom	\$21,343	\$24,900 <sup>2</sup>
3 bedroom	\$24,660	\$29,880 <sup>3</sup>
4 bedroom	\$27,514	\$32,100 <sup>4</sup>

<sup>1</sup> based on two-person household size  
<sup>2</sup> based on three-person household size  
<sup>3</sup> based on five person household size  
<sup>4</sup> based on six-person household size

Source: T.Ronald Brown: Research & Analysis

The major variables to be examined are tenure and income. These data are no longer available from the Decennial Census. Nonetheless, data can be obtained from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

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Table 18 - Household Income, Renter Households

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<u>Income</u>	<u>All Households</u>		<u>Rent-Overburdened</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Up to \$10,000	709	31.6	280	46.6
\$10,000 - \$19,999	515	22.9	269	44.8
\$20,000 - \$34,999	534	23.8	52	8.7
\$35,000 - \$49,999	219	9.8	0	0.0
\$50,000 - \$74,999	118	5.3	0	0.0
\$75,000 - \$99,999	76	3.4	0	0.0
\$100,000 and over	74	3.3	0	0.0

Source: 2009 to 2013 American Community Survey; T.Ronald Brown: Research & Analysis

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As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2009 to 2013 - and not for a specific year. Thus, it is not possible to project these incomes forward.

From this table it can be seen that 31.6 percent of the market area households have incomes less than \$10,000, and a further 22.9 percent have incomes between \$10,000 and \$20,000. Around 27 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 18 and the income distribution set out in Table 19, it is found that around 58.6 percent of market area renter households qualify for rent-assisted units, and around 6.9 percent qualify for unassisted units at 50 percent of the median, and 7.4 percent qualify for unassisted units at 60 percent of the median.

### NEW HOUSEHOLDS

Based on the projections set out in Table 4, a total of 195 new rental units are needed between 2015 and 2017. A total of 114 units will be for households eligible for the proposed rent-assisted project (and 27 will qualify for unassisted units: 13 at the 50 percent level and 14 will qualify for unassisted units at the 60 percent level).

### EXISTING HOUSEHOLDS

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing renter households who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development, the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of 1,487 renter households in the qualifying income range for assisted units in the project market area - and 351 qualifying for unassisted units: 175 at 50 percent of the median, and 188 at the 60 percent level. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 20.5 percent of renters qualifying for assisted units, and 29.0 percent and 16.1 percent of those qualifying for unassisted units, at 50 and 60 percent of the median, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the project market area, this translates to a need for an additional 27 rent-assisted units and six unassisted units.

These calculations are summarized in the following table.

Table 19 - Demand Calculations

	<u>Assisted</u>	<u>Unassisted/50 pct</u>	<u>Unassisted/60 pct</u>	<u>Unassisted/Total</u>
(i) New renter households	114	13	14	27
(ii) Existing renter households	1,487	175	188	351
(iii) Existing renter households, likely to move	305	51	30	77
(iv) Replacement of obsolete rental units	27	3	3	6
Total demand (i) + (iii) + (iv)	446	67	48	111

Note: totals may not add due to rounding

Source: T.Ronald Brown: Research & Analysis

#### DEMAND

Total demand is therefore seen to amount to 446 rent-assisted units and 111 unassisted units. This total demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 29 percent of the total, two-bedroom units should account for 46 percent of the total, three-bedroom units should account for 20 percent of the total (with four- or more bedroom units accounting for 4 percent).

#### SUPPLY

These figures are based on a 2015 to 2017 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been developed in the market area over the projection period, nor have any been funded and/or approved for future development. The net overall need is for 446 rent-assisted units and 111 unassisted units. These various calculations are summarized as set out in Table 21, on the following page.

Table 20 - Demand Calculations and Capture Rates

Overall Demand	<u>Assisted</u>	<u>Unassisted/50 pct</u>	<u>Unassisted/60 pct</u>	<u>Unassisted/Total</u>
1 bedroom	129	19	14	32
2 bedroom	207	31	22	51
3 bedroom	91	14	10	23
4 bedroom	19	3	2	5
Total	446	67	48	111
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
3 bedroom	0	0	0	0
4 bedroom	0	0	0	0
Total	0	0	0	0
Net Demand				
1 bedroom	129	19	14	32
2 bedroom	207	31	22	51
3 bedroom	91	14	10	23
4 bedroom	19	3	2	5
Total	446	67	48	111
Units proposed				
1 bedroom	8	2	6	8
2 bedroom	16	3	13	16
3 bedroom	12	3	9	12
4 bedroom	0	0	0	0
Total	36	8	28	36
Capture rates				
1 bedroom	6.2%	10.3%	43.1%	25.0%
2 bedroom	7.7%	9.6%	58.3%	31.2%
3 bedroom	13.2%	21.8%	91.5%	53.1%
4 bedroom	0.0%	0.0%	0.0%	0.0%
Total	8.1%	11.9%	58.2%	32.5%

Source: T.Ronald Brown: Research &amp; Analysis

CAPTURE RATES<sup>1</sup>

Given the calculated need, the proposed 36-unit development amounts to 8.1 percent of the total net need for assisted units, and 32.5 percent for 36 unassisted units.

The demand for the assisted units is calculated to be 446 units based on an upper limit of 50 percent of the median - which yields a capture rate 1.8 percent for eight units at 50 percent of the median and 6.3 percent for 28 units at 60 percent. With respect to unassisted units, the capture rate for the eight units at 50 percent of the median is seen to be 11.9 percent, and that for the 28 units at 60 percent of the median is 58.2 percent.

The capture rate, by bedroom, for assisted units is determined to be 6.2 percent for the eight one-bedroom units, 7.7 percent for 16 two-bedroom units and 13.2 percent for the 12 three-bedroom units. The corresponding percentages for unassisted units are found to be 25.0 percent, 31.2 percent, and 53.1 percent for one-, two-, and three-bedroom units, respectively.

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<sup>1</sup> Project feasibility will be based on market capture rates less than 30 percent for all efficiency, one - and two - bedroom units, less than 40 percent for all three-bedroom units, less than 50 percent for all four-bedroom units in the project.

In rural counties, (as defined), project feasibility will be based on market capture rates of 35 percent or less for all efficiency, one -bedroom units, 35 percent or less for all efficiency, one- and two-bedroom units, 40 percent or less for all three-bedroom units and 50 percent or less for all four- or more bedroom units in the project.

The overall capture rate for all tax credit and market rate units shall not exceed 30 percent for urban counties and 35 percent for rural areas.

Market capture rates for each target income range shall not exceed 70 percent for all proposed bedroom types, (for example, the capture rate for all efficiency, 1, 2, 3, and 4 bedroom units at 50 percent proposed should be less than 70 percent.)

Capture Rate Analysis Chart

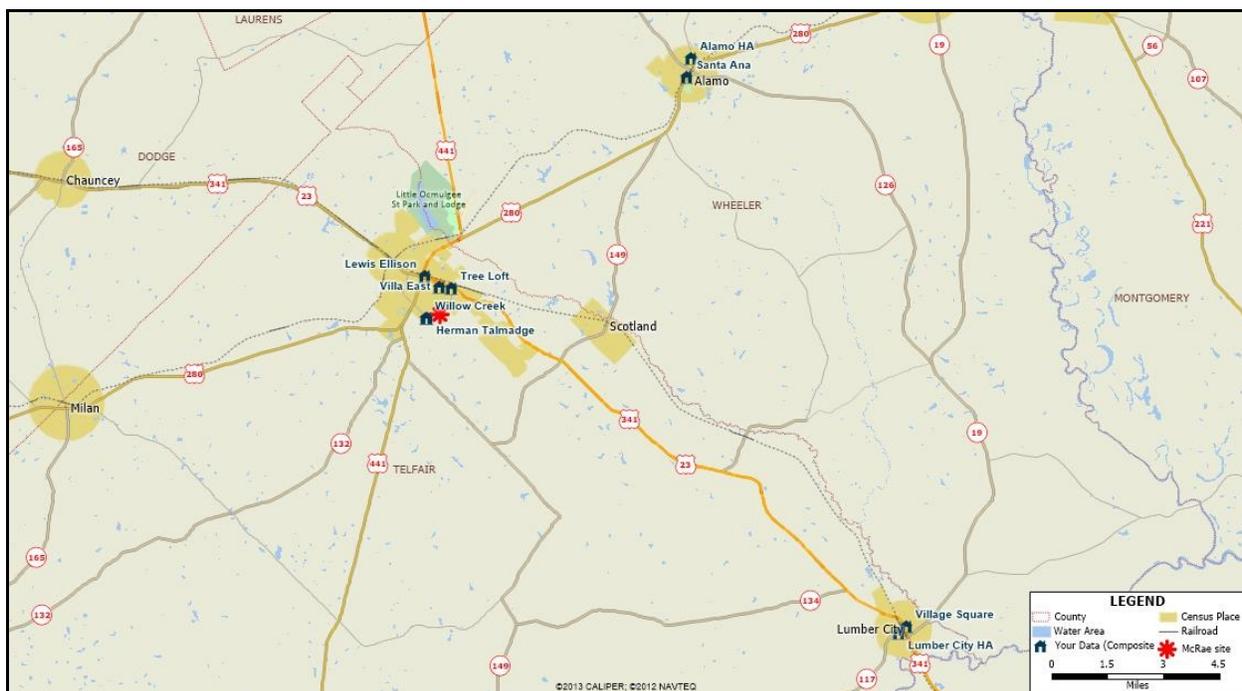
Unit Size	Income Limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate (%)	Absorption (approx)	Average Market Rent	Market Rents Band Min-Max	Proposed Rents
<b>Assisted</b>	1 Bdrm	8	129	0	129	6.2	n/a	\$470		\$586
	2 Bdrm	16	207	0	207	7.7	n/a	\$490	\$325-\$450	\$599
	3 Bdrm	12	91	0	91	13.2	n/a	\$575		\$612
	4 Bdrm	0	19	0	19	0.0	n/a			
<b>50% AMI</b>	1 Bdrm	2	19	0	19	10.3	2 mos	\$470		\$586
	2 Bdrm	3	31	0	31	9.6	2 mos	\$490	\$325-\$450	\$599
	3 Bdrm	3	14	0	14	21.8	4 mos	\$575		\$612
	4 Bdrm	0	3	0	3	0.0	n/a			
<b>60% AMI</b>	1 Bdrm	6	14	0	14	43.1	6 mos	\$470		\$586
	2 Bdrm	13	22	0	22	58.3	12 mos	\$490	\$325-\$450	\$599
	3 Bdrm	9	10	0	10	91.5	16 mos	\$575		\$612
	4 Bdrm	0	2	0	2	0.0	n/a			
<b>Market</b>	1 Bdrm									
	2 Bdrm									
	3 Bdrm									
	4 Bdrm									
<b>TOTAL</b>	30% AMI									
<b>For Project</b>	50% AMI	8	67	0	67	11.9	4 mos			
<b>(Unassisted)</b>	60% AMI	28	48	0	48	58.2	16 mos			
	Market									

H. COMPETITIVE RENTAL ANALYSIS (EXISTING COMPETITIVE RENTAL ENVIRONMENT)

At present there are several apartment complexes located in the McRae area. These comprise a significant amount of subsidized housing for very low income tenants (including public housing), and one small market rate property. These complexes have been identified and surveyed, and where useful information was made available to us, this is presented, below.

Those properties that are located in the market area, as noted are primarily subsidized (either USDA/Rural Development or Public Housing), are typically quite old (1980's or earlier), offer few amenities, have high occupancy levels, and are typically in fair physical condition.

The proposed development is a the rehabilitation of the existing Willow Creek Apartments. This is a 36-unit USDA/Rural Development Section 515 Rural Rental Housing project that was built in 1982. There are eight one bedroom units of around 660 square feet, 16 two-bedroom units of (currently) around 795 square feet, and 12 three-bedroom units of (currently) around 995 square feet. At present, one unit is reported to be vacant, with typical occupancy understood to be 100 percent on an ongoing basis (with a waiting list). The project has full rental assistance available.



Location of comparable apartment developments

Housing vouchers in Telfair County are administered by Georgia DCA. They could not inform us as to the number of vouchers currently in use there, but did report that there is a closed waiting list. The availability of vouchers would not impact the marketability of fully rent-assisted complexes; the lack of such assistance would put additional pressure on those complexes that do provide rental assistance for very low income tenants.

The relatively few amenities that the Willow Creek Apartments offer are typical of complexes of this type - and are comparable to, or better than, those offered in other local properties. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

As an existing, subsidized complex that is fully occupied and remains so on an ongoing basis, the proposed development will not have a negative impact on occupancy levels in existing low income housing the local market.

There are no developments in the planning, rehabilitation, or construction phases in this market.

Based on information from Georgia DCA, the only property in the market area to have received an award of Low Income Housing tax Credits is Village Square - which received tax credits in 2005 to allow for a rehabilitation program that was completed in 2007. This project is a 40-unit property, financed through USDA/Rural Development, and is located in Lumber City - approximately 15 miles from the site of the proposed development. There are reported to be three vacant units at this location at present - typical occupancy is reported to be 95 percent, with a waiting list.

Other USDA-financed properties (for families) in the area include the Santa Ana and Treeloft Apartments. Both were introduced in the 1980's and Santa Ana offers 16 units at a site in Alamo, and Treeloft has 36 units at a site in McRae. Both projects are fully occupied.

The remaining subsidized housing in the area includes four public housing properties. The Alamo Housing Authority administers 38 units, the McRae Housing Authority has 66 units at two locations, and the Lumber City Housing Authority has 23 units. Again, occupancy is reported to be good - with the Alamo Authority reporting vacancies as a consequence of recent evictions.

The only unsubsidized property in the area is Villa East. Here there are 33 two-bedroom units, dating from the 1970's. The units are around 800 square feet and have one and one-half bathrooms. The owner reports rents between \$325 and \$450. Currently one unit is reported to be vacant with typical occupancy reported to vary over time.

The tables, below, outline details of those projects surveyed as part of this report.

Information for the eight complexes for which useful occupancy data were provided suggests a occupancy level of 95.5 percent.

The seven subsidized complexes report eleven vacancies in 232 units: 95.3 percent occupancy.

The one market rate property is 97.0 percent occupied

The six assisted properties that are not financed with tax credits are 95.8 percent occupied.

The one tax credit financed property is 92.5 percent occupied.

The seven stabilized comparable properties are seen to be 95.3 percent occupied.

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Alamo HA	Alamo	CLIPH	1968	38	7	81.6
Ellison	McRae	CLIPH	2012	22	0	100.0
Lumber City HA	Lumber City	CLIPH	1963	23	n/a	n/a
Talmadge	McRae	CLIPH	1966	44	0	100.0
Santa Ana	Alamo	USDA/RD	1980's	16	0	100.0
Treeloft	McRae	USDA/RD	1984	36	0	100.0
Villa East	McRae	conventional	1970's	33	1	97.0
Village Square	Lumber City	USDA/RD	n/a	40	3	92.5
Willow Creek	McRae	USDA/RD	1982	36	1	97.2

	1 br/1ba					
	number	size (sq. ft.)	rent			
Alamo HA	15	450-600*		boi		
Ellison	4	4		boi		
Lumber City HA	4	600*		boi		
Talmadge	12	600*		boi		
Santa Ana	4	650		boi		
Treeloft	12	675*		boi		
Villa East						
Village Square						
Willow Creek	8	676		boi		
	2 br/1-1½ ba				2 br/2 ba	
	number	size (sq. ft.)	rent		number	size (sq. ft.)
Alamo HA	16	750*				
Ellison	6	750*				
Lumber City HA	6	750*				
Talmadge	14	750*				
Santa Ana	12	800				
Treeloft	24	825*				
Villa East	33	800*	\$325-450			
Village Square	20	800				
Willow Creek	16	824				
	3 br/1-1½ ba				3 br/2+ ba	
	number	size (sq. ft.)	rent		number	size (sq. ft.)
Alamo HA	5	850*				
Ellison	10	850*				
Lumber City HA	11	850*				
Talmadge	13	850*				
Santa Ana						
Treeloft						
Villa East						
Village Square	20	950				
Willow Creek	12	1020				
	4+ br					
	number	size (sq. ft.)	rent			
Alamo HA	2	1000*				
Ellison	2	1000*				
Lumber City HA	2	1000*				
Talmadge	5	1000*				
Santa Ana						
Treeloft						
Villa East						
Village Square						
Willow Creek						
* estimated						

boi - based on income

As noted, there is only one unsubsidized/market rate apartment development in the McRae area - Villa East. In order to establish an average market rent we have identified and surveyed potentially comparable developments in adjacent communities in order to try to establish some benchmark for determining an estimate of average market rents for McRae. These other projects are located in Dublin and Cordele. Information for units at these properties are summarized below.

Table 21 - Market Rate Properties

<u>Project</u>	<u>Location</u>	<u>Year Built</u>	<u>Rent 1 br</u>	<u>Rent 2br</u>	<u>Rent 3 br</u>
Villa East	McRae	1970's		\$325-450	
Brookington	Dublin	1973-93	\$480	\$540	\$560
Carriage Hill	Dublin	1984-2006	\$495	\$564	
Madison Place	Cordele	pre -2000	\$539	\$639	\$739
Whisperwood	Cordele	1989	\$495	\$520	

Source: Apartment Managers; T. Ronald Brown: Research & Analysis



Brookington



Carriage Hills



Madison Place



Whisperwood

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest an average rent of around \$470 for a one-bedroom unit, \$490 for a two-bedroom unit, and \$575 for a three-bedroom unit.

For reference, HUD Fair Market Rents range from \$433 for a one-bedroom unit to \$730 for a three-bedroom unit. Using the utility allowances for the subject property, this suggests rents of \$352, \$471, and \$704 for one-, two-, and three-bedroom units.

Our research suggests that foreclosed, abandoned or vacant housing or commercial properties will not have an impact on the marketability of the rehabilitation of an existing subsidized complex.

There do not appear to be any significant housing voids in the local area. Given our demand calculations and the prevailing occupancy levels in existing subsidized properties (and waiting lists), it would appear that the greatest need is for attractive assisted housing for low and very low income households - which the subject property serves to address.

Again, the proposed development - the rehabilitation of an existing subsidized complex, will not negatively impact existing subsidized rental housing in this market.



**Alamo Housing Authority**

Location: 24 Sharpton Drive, Alamo  
 Financing: low income conventional public housing  
 Year built: 1968  
 Total units: 38  
 Rental assistance: 38  
 Typical occupancy: 90%

	<u>0 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1½ ba</u>	<u>4 br/1½ ba</u>
Units:	3	12	16	5	2
Unit size (sq. ft.):	450 (e)	600 (e)	750 (e)	850 (e)	1,000 (e)
Market rent:	\$273	\$318-328	\$409-425	\$511-553	\$572-621
Vacant units: 7, overall					

(e) - estimated

Management: Alamo Housing Authority (Anne - 912.568.7641 [5/15])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



**Ellison**

Location: 198 Railroad Street, McRae, GA  
 Financing: low income conventional public housing  
 Year built: 2012

Total units: 22  
 Rental assistance: 22  
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>	<u>4 br/1 ba</u>
Units:	4	6	10	2
Unit size (sq. ft.):	600 (e)	750 (e)	850 (e)	1,000 (e)
Rent:	\$346	\$468	\$584	\$669
Vacant units: 0, overall				

(e) = estimated

Management: McRae Housing Authority (Ms. Brown - 229.868.6634 [5/15])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking (Garages)  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



**Lumber City Housing Authority**

Location: 8 South Church Street, Lumber City, GA  
 Financing: low income conventional public housing  
 Year built: 1963

Total units: 23  
 Rental assistance: 23  
 Typical occupancy:

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>	<u>4 br/2 ba</u>
Units:	4	6	11	2
Unit size (sq. ft.):	600 (e)	750 (e)	850 (e)	1,000 (e)
Rent:	n/a	n/a	n/a	n/a
Vacant units: n/a				

(e) = estimated

Management: Lumber City Housing Authority (912.363.4246)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking (Garages)  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



**Talmadge**

Location: 219 East Willow Creek Lane, McRae, GA  
 Financing: low income conventional public housing  
 Year built: 1966

Total units: 44  
 Rental assistance: 44:  
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>	<u>4 br/1½ ba</u>	<u>5 br/1½ ba</u>
Units:	12	14	13	4	1
Unit size (sq. ft.):	600 (e)	750 (e)	850 (e)	1,000 (e)	1,000 (e)
Market rent:	\$346	\$468	\$584	\$669	n/a
Vacant units: 0,overall					

(e) = estimated

Management: McRae Housing Authority (Ms. Brown - 229.868.6634 [5/8])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



**Santa Ana**

Location: 100 S. Broad Street, Alamo, GA  
 Financing: USDA/RD/ HUD  
 Year built: 1980's

Total units: 16  
 Rental assistance  
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>
Units:	4	12
Unit size (sq. ft.):	650	800
Market rent:	\$540	\$648
Vacant units: 0, overall		

Management: Boyd Management (Ms. Lee - 912.568.7048 [5/15])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking (Garages)  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



**Treeloft**

Location: 723 East Oak Street, McRae, GA  
 Financing: USDA/RD  
 Year built: 1984

Total units: 36  
 Rental assistance: 19  
 Typical occupancy: 70-75%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	12	24
Unit size (sq. ft.):	675 (e)	825 (e)
Basic rent:	\$349	\$399
Market rent:	\$393	\$458
Vacant units: 0, overall		

(e) = estimated

Management: Investors Management Company (Regina - 229.868.7189 [5/15])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking (Garages)  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



### Villa East

Location: 30 Parsonage Street, McRae, GA  
Year built: 1970's

Total units: 33  
Typical occupancy: varies

#### 2 br/1½ ba

Units: 33  
Unit size (sq. ft.): 800±  
Rent: \$325-450  
Rent/sq. ft.: \$0.41-0.56  
Vacant units: 1, overall

Management: Owner Managed (Daniel - 229.315.3397 [5/15])  
Telephone: on site  management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
Business Center  Security gate  Parking  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
Fireplaces (\$ )  Patios/balconies



**Village Square**

Location: 70 Erie Street, Lumber City, GA  
 Financing: USDA/RD  
 Year built: n/a, rehabilitated 2007

Total units: 40  
 Rental assistance: 39  
 Typical occupancy: 95% (waiting list)

	<u>2 br/1 ba</u>	<u>3 br/1½ ba</u>
Units:	20	20
Unit size (sq. ft.):	800	950
Basic rent:	\$485	\$505
Market rent:	\$687	\$716
Vacant units: 3, overall		

Management: Tishco Properties (Christy - 912.363.4980 [5/19])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking (Garages)  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies



**Willow Creek**

Location: 113 East Willow Creek Lane, McRae, GA      Total units: 36  
 Financing: USDA/RD/HUD      Rental assistance: 36  
 Year built: 1982      Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1½ ba</u>
Units:	8	16	12
Unit size (sq. ft.):	660	795	995
Market rent:	\$614	\$629	\$642
Vacant units: 1, overall			

Management: Investors Management Company (Regina - 229.868.5864 [5/15])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Security gate  Parking (Garages)  Laundry

Unit features: Microwave  Dishwasher  Washer/Dryer (\$ )  Washer/Dryer Hook-up   
 Fireplaces (\$ )  Patios/balconies

## I. ABSORPTION AND STABILIZATION RATES

Given that the rehabilitation schedule is a function of the rehabilitation process, not market forces, and given that the project is the rehabilitation of an existing - fully occupied - property, it is difficult to suggest an absorption rate in the conventional sense of that concept. Based on our analysis, the proposed rent-assisted project could expect to lease-up (to a sustained occupancy level of 93 percent) over a period dictated by the rehabilitation schedule, plus 60 days, or so.

Were the project to be developed as an unassisted project at maximum rent levels, the project would expect to rent-up over 16 months or so - or around two units per month, on average - primarily as a consequence of the number of units and posited rents.

As an existing, fully leased, property the proposed rehabilitation will not have an impact on existing housing in the area.

## J. INTERVIEWS

The proposed development is the rehabilitation of an existing, fully rent-assisted subsidized apartment complex. As such it does not represent a net addition to the local housing stock - thus this proposal represents a potential qualitative rather than a quantitative impact on the market, and thus managers of existing properties, and others, were not interviewed as to the marketability of the proposed development.

## K. CONCLUSIONS AND RECOMMENDATIONS

It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

## L. SIGNED STATEMENT REQUIREMENTS

*I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. The report was written according to DCA's market study requirements, the information included is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market.*

*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 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 upon the project being funded.*



Market Analyst

Date: June 2, 2015

M. MARKET STUDY REPRESENTATION

*DCA may rely on the representation made in the market study [provided]. The document is assignable to other lenders and parties to the DCA loan transaction.*

A handwritten signature in blue ink, appearing to read "T. Ronald Brown", with a long horizontal flourish extending to the right.

Market Analyst

Date: June 2, 2015

## **ANALYST QUALIFICATIONS**

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis.

The President of the Cary firm is T. Ronald Brown. He has 30 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,500 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including low income tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

## GLOSSARY

The following presents the definitions of various terms typically found in real estate market studies. This information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

**Absorption rate** - the amount of real estate (for example, apartment units) that will be leased (or sold) in a given period of time.

**Affordable housing** - housing that costs an owner or renter no more than 30 percent of his or her income.

**Amenity** - non-monetary tangible or intangible benefit offered to a leasee—typically recreational facilities or planned activities.

**Assisted housing** - housing where the monthly costs to the tenants are subsidized by federal or other programs.

**Attached housing** - two or more dwelling units connected with party walls (e.g. townhouses or flats).

**Average stabilized occupancy** - typical occupancy level after the initial rent-up period.

**Based-on-income (BOI)** - approach to determining housing costs in subsidized housing programs.

**Below Market Interest Rate program (BMIR)** - program targeted to lower income renters by limiting rents based on HUD income limits. Here, rent is not supplemented directly to a complex, but developers are eligible for below market interest rates on their mortgage loan.

**Capture rate** - proportion/percentage of total demand within a targeted market segment that a project can expect to attract.

**Census tract** - a small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment, census tracts average about 4,000 inhabitants.

**Central Business District (CBD)** - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

**Community Development Corporation (CDC)** - entrepreneurial institution combining public and private resources to aid in the development of socioeconomically disadvantaged areas.

**Comparable or comparable property** - another property to which a subject property can be compared to reach an estimate of the subject property's market value or market rent.

**Concession** - discount given to a prospective tenant to induce him or her to sign a lease—typically in the form of free rent.

**Condominium** - a form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

**Detached housing** - a freestanding dwelling unit, typically single-family, situated on its own lot.

**Employment trends** - changes in the number of persons in employment for a particular area over a specific period of time.

**Extremely low income** - household income below 30 percent of the local area median, as defined by HUD.

**Fair Market Rents (FMR)** - HUD's estimate of market rent for an apartment in the conventional marketplace.

**Garden apartments** - two- or three-story multifamily housing development that features low density, ample open-space around buildings, and on-site parking.

**Group quarters (GQ)** - the Census Bureau classifies all people not living in households as living in group quarters. There are two types of group quarters: institutional (for example, correctional facilities, nursing homes, and mental hospitals) and non-institutional (for example, college dormitories, military barracks, group homes, missions, and shelters).

**High-rise** - a tall building, usually having more than ten stories in apartment buildings.

**Household** - a household includes all the people who occupy a housing unit as their usual place of residence.

**Household trends** - changes in the number of households for a particular area over a specific period of time—which is a function of new household formations (e.g. at marriage or separation), and decreasing average household size.

**Housing Finance Agency (HFA)** - state agency responsible for financing housing and administering assisted housing programs.

**HUD Section 8 program** - program administered by HUD and targeted to low- and very-low income families who pay the higher of either 30 percent of their adjusted income or 10 percent of their gross income on rent. Many HUD § 8 apartments are reserved for the elderly, and a small portion are specially designed for the mobility impaired.

**HUD Section 202 program** - units designed for elderly or disabled low- and very-low income persons. Developed by non-profit entity.

**HUD Section 236 program** - program targeted to lower-income families who pay a set basic rent, or 30 percent of their adjusted income on rent, whichever is higher (but no exceeding the market rent).

**Infrastructure** - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure can include public and private facilities.

**Low income** - as applied to most housing programs, household income below 80 percent of the local area median income, as defined by HUD.

**Low rise** - a building with one to three stories.

**Market analysis** - the synthesis of supply and demand analysis in a particular market.

**Market area** - the geographical region from which the majority of demand and the majority of competitors are drawn is considered the market area, or primary market area. A secondary market may be that area beyond the primary market area from which a certain amount of demand and competition may be drawn.

**Market vacancy rate** - proportion/percentage of apartment units in any market which are unoccupied.

**Metropolitan statistical area (MSA)** - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

**Mid-rise** - a building with four to nine stories.

**Multi-family housing** - structures that contain more than five housing units.

**Neighborhood** - a segment of a city or town with common features that distinguish it from adjoining areas.

**Public Housing or Low Income Conventional Public Housing** - HUD program administered by local (or regional) Housing Authorities which serve low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

**Population trends** - changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net migration.

**Reasonable marketing and management** - professional program to acquaint potential tenants with a

particular product and retaining them after their agreement to rent.

**Redevelopment** - the redesign or rehabilitation of existing properties.

**Rent overburden** - circumstances where renters devote more than 30 percent of their income to housing costs.

**Rental housing demand** - demand for rental housing--which may be derived from population and household growth and demand from existing rental households who would consider moving to any proposed development.

**Single-family housing** - a dwelling unit, either attached or detached, designed for use by one household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

**Special needs population** - specific market niche which is typically not catered to in a conventional complex. This population should exhibit certain criteria which can be well-defined and are reasonably quantifiable, in order, for example, to assess the need and demand from this source.

**State data center (SDC)** - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of census data.

**Subsidy** - below market rent charged to a tenant (usually in an income group below a specified threshold) that is a function of a particular financing program.

**Substandard conditions** - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities or overcrowded conditions (more than one person per room, on average).

**Target population** - market niche a development will appeal to or cater to.

**Tenant** - one who rents from another.

**Tenure** - refers to the distinction between owner-occupied and renter-occupied housing units.

**Townhouses** - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a rowhouse.

**USDA/Rural Development (RD) program** - formerly the Farmers Home Administration Section 515 rural rental housing program. Here, low interest (1 percent) loans are made to owners to reduce rents (including utilities) paid by low-income tenants. The program serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). In many cases project-based rental assistance is available and very low income tenants pay 30 percent of their adjusted income on rent and utilities.

**Very low income** - household income below 50 percent of the local area median, as defined by HUD.

**Zoning** - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.