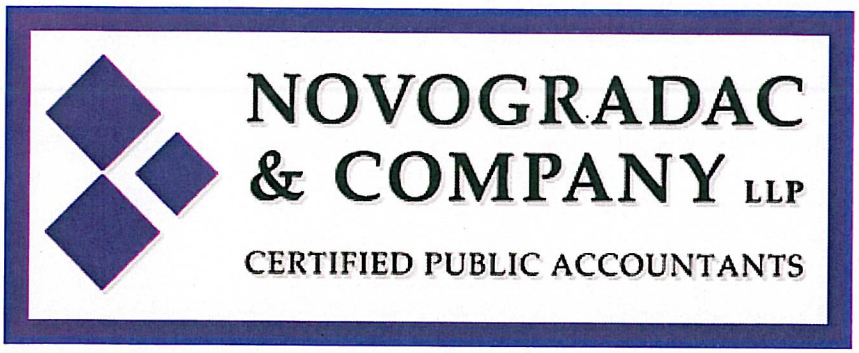

A MARKET CONDITIONS AND PROJECT EVALUATION SUMMARY OF

ALSOBROOK SENIOR VILLAGE
1565 Dietz Road
Fort Oglethorpe, Catoosa County, Georgia

Effective Date: June 20, 2011
Report Date: May 23, 2011

Prepared For

Mr. Josh Thomason
Peachtree Housing Partners, LLC
34 Old Ivy Road, Suite 150
Atlanta, Georgia 30342

Prepared By

Novogradac & Company LLP
2325 Lakeview Parkway
Suite 450
Alpharetta, Georgia 30004
678.867.2333

NOVOGRADAC & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2011

Mr. Josh Thomason
Peachtree Housing Partners, LLC
34 Old Ivy Road, Suite 150
Atlanta, Georgia 30342

Re: Market Study for Alsobrook Senior Village Apartments in Fort Oglethorpe, Georgia

Dear Mr. Thomason:

At your request, Novogradac & Company LLP performed a market study of the senior rental market in the Fort Oglethorpe, Catoosa 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 Alsobrook Senior Village, a proposed Housing for Older Persons (HFOP) development consisting of 78 units. Units will be restricted to senior households ages 55 and older earning 50 and 60 percent of the AMI, or less. 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,

H. Blair Kincer, MAI
Partner
Novogradac & Company LLP

Michalena M. Sukenik
Principal
Novogradac & Company LLP

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 Subject, Alsobrook Senior Village, will be located at 1565 Dietz Road in Fort Oglethorpe, Catoosa County, Georgia. The Subject will be the new construction of one, three-story elevator serviced building. The following table illustrates the unit mix including bedrooms/bathrooms, square footage, income targeting, rents, and utility allowance.

PROPOSED RENTS

Unit Type	Number of Units	Square Footage	Asking Rent	Utility Allowance (1)	Gross Rent	LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
			50% AMI				
1BR	7	700	$380	$133	$513	$534	$610
2BR	10	1,000	$430	$163	$593	$641	$718
			60% AMI				
1BR	23	700	$434	$133	$567	$641	$610
2BR	38	1,000	$480	$163	$643	$769	$718
Total	**78**						

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

The Subject will offer the following amenities: EnergyStar refrigerators, EnergyStar dishwasher, stoves, microwaves, carpeting/vinyl flooring, washer/dryer connections, blinds, pull cords/grab bars, elevators, interior furnished gathering areas in several locations in the lobby and corridors, community room, fitness center, laundry room, computer center, gazebo or covered porch, walking trail, raised community garden and on-site management.

The comparables are generally similar to slightly inferior with regards to amenities.

2. Site Description/Evaluation:

The Subject site is located along Dietz Road just south of Wise Lane. The site is currently unimproved vacant land and has one single family home onsite that will be demolished. The parcels surrounding the Subject site consist of single family homes in average to good condition, vacant land, and a car audio store. The neighborhood is generally comprised of retail/commercial and single family homes in good condition. The Subject

will be accessed via Dietz Road, which is accessed via Battlefield Parkway, the major east/west roadway in Fort Oglethorpe/Ringgold. Visibility of the site is considered average from Dietz Road. All local amenities are within a few miles. Overall, the community presents a good location for an affordable, multifamily development and the Subject will have a positive impact on the local neighborhood.

3. Market Area Definition:

The boundaries of the PMA are as follows: North – GA/TN State Line, South- Catoosa/Walker County Line, Old Bethel Road, Bowe Lane, and local roads, East- Catoosa/Whitfield County Line, and West-Walker/Dade County Line. The boundaries are within four to 15 miles from the Subject.

The PMA as defined above includes all of Catoosa County and portions of Walker County. Fort Oglethorpe straddles both counties and according to property managers tenant exchange occurs within Rossville, Fort Oglethorpe, Ringgold, Chickamauga and areas in between. We did not include the southern portion of Walker County as this area is more rural. The area was defined based on interviews with the local property managers.

4. Community Demographic Data:

The PMA and MSA have demonstrated that they are areas of growth. The senior population and the number of households are both expected to increase from 2010 to 2015 at a faster rate than all ages. The senior households will experience a growth rate of 2.4 percent from 2010 to May 2013 (14,802 in 2010 to 15,807 in May 2013). While renter-occupied households are in the minority, the percent of renter-occupied households is projected to increase through 2015. The percent of senior renters nationally is approximately 13 percent. The PMA has a slightly higher percent renter population. Rental rates in the PMA have generally remained stable or increased slightly from one to three percent. The majority of senior renter households in the PMA earn incomes between $0 and $19,999. The Subject will cater to households earning between $15,390 to $27,360. There are approximately 38 percent of renter households that fall within these income limits.

Catoosa County has significantly less foreclosures than the state and the nation. As of June 3, 2011, there were only two foreclosures listed in Fort Oglethorpe. We did not witness any boarded or abandoned homes in the Subject's neighborhood during our field inspection.

Overall, demographic trends suggest there is demand for affordable rental housing in the PMA.

5. Economic Data:

The county and MSA demonstrated steady business and employment growth from 2003 to 2007 but consistent with national trends, total employment in the area has decreased while the unemployment rate has increased. In 2009 Catoosa County experienced its highest employment loss of 11.21 percent. As of September 2010, the Catoosa County lost an additional considerable percentage of jobs (2.44 percent). The Subject will target senior households, most of whom will be retired.

Catoosa County is part of the Chattanooga TN-GA MSA. Total employment in the MSA saw a 1.0 percent increase in 2010 and a 0.4 percent increase as of March 2011. This is considered significant given that the nation saw total employment decreases in both 2010 and March 2011. This bodes well for the economic conditions in the MSA and illustrates that this area is recovering from the national recession faster than the nation.

The largest industry in the PMA is manufacturing followed by retail trade and healthcare/social assistance. These three industries are the highest in the nation as well.

Over the past five years unemployment ranged from 4.2 percent in the MSA in 2007 to 8.7 percent as of year to date 2011. Although unemployment has historically been equivalent to national levels, the 2009 figures indicate a sizeable increase in the local unemployment rate. The area's unemployment rate increased substantially in the later part of 2009 increasing from 5.9 percent in 2008 to 9.4 percent in 2009. Year to date 2011 unemployment numbers have decreased to 8.7 percent from the high in 2009. Looking at a comparison from February 2010 to February 2011 suggest an increase in employment and a decrease in unemployment.

The retail chain, Costco, just opened its doors in May 2011 and has added 300 jobs within Catoosa County. Costco previously entered into an agreement with the county, in which they would spend $4.6 million to clear and prepare the land on which Costco would be built. Costco is expected to draw in other businesses to the area.

In addition, Georgia Northwestern University is currently awaiting funding from the Georgia General Assembly. If approved a 65,000 square foot satellite campus will be built at Cloud Springs and Dietz Roads in Catoosa County. The campus is expected to be complete by late 2012. One of the main curriculums will be mechatronics, which is the combination of various forms of engineering. Focus will be towards the Chattanooga Volkswagen plant which opened in May 2011. It is anticipated that the manufacturing plant could create up to 1,000 jobs. This will have a positive economic impact on the county and MSA.

Overall, it appears as if Fort Oglethorpe and the MSA were affected by the current national economic recession. The MSA's economy has had significant job losses and rising unemployment occurred from 2008-2009. Since 2008, the MSA has lost about the same percent of jobs than the U.S. as a whole. The year to date data indicates that the pace of jobs lost in the MSA is slowing. The retail chain, Costco, opened in May 2011 and added 300 jobs to the workforce. In addition, Volkswagen opened a manufacturing plant in Chattanooga that could potentially add 1,000 jobs to the workforce. Going forward, it appears that Catoosa County and the MSA have entered into recovery. The rental market is currently strong and did not appear to be impacted by the recession and if it was, it has fully recovered.

6. Project-Specific Affordability And Demand Analysis:

The total number of senior renter income qualified households 612 households. The following table illustrates the capture rates per GA DCA's methodology.

CAPTURE RATE ANALYSIS CHART

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate
1BR	50% AMI	7	246	22	225	3.1%
1BR	60% AMI	23	288	9	279	8.3%
2BR	50% AMI	10	136	17	119	8.4%
2BR	60% AMI	38	159	27	132	28.8%
Overall 1BR	-	*30*	*349*	*31*	*319*	*9.4%*
Overall 2BR	-	*48*	*193*	*44*	*149*	*32.2%*
Overall 50% AMI	*50% AMI*	*17*	*382*	*39*	*344*	*4.9%*
Overall 60% AMI	*60% AMI*	*61*	*447*	*36*	*411*	*14.9%*
Overall		***78***	***543***	***75***	***468***	***16.7%***

The two-bedroom 60 percent AMI capture rate is the highest capture rate, but is still below the threshold requirements. The Subject will have nearly 50 percent of its units in the two-bedroom. This is also the most popular unit type among the comparables. Vacancy in the market is very low, in fact there are no senior LIHTC vacancies and both senior properties reported waiting lists. This illustrates additional demand for the Subject. The overall capture rate for the project's 50 and 60 percent units is 16.7 percent. Therefore, we believe there is adequate demand for the Subject.

7. Competitive Rental Analysis:

The availability of senior LIHTC is considered adequate. There are three senior LIHTC properties in the PMA. We have included two in our survey as we were unable to contact South Rossville Senior Village after several phone attempts as well as during our field inspection. Based on our field observations, the property appeared to be well occupied. We have nonetheless removed these units from the demand analysis. The two additional senior LIHTC properties were both built in 2007/2008 and represent the best comparables. We have also included the closest family LIHTC property, Oglethorpe Ridge. This property does not offer two-bedroom units, but does offer one-bedroom units. We have also included four market rate properties all located in the PMA in Fort Oglethorpe. While none of these are restricted to senior tenants, they are representative of the unrestricted market rate comparables. Therefore, we consider the availability of market data to be good. The two senior comparables offer 50 and 60 percent AMI units and the family LIHTC property offers 60 percent AMI units.

There are no vacant senior LIHTC units. Moreover, both senior LIHTC properties maintain waiting lists ranging from 30 households to over a one year. Overall, vacancy is very low at six of the seven comparables.

The Subject will be most similar to the two senior LIHTC properties, which are 100 percent occupied with waiting lists. The Subject will have the highest 50 percent AMI rents while the rents at Oglethorpe (one-bedroom units) will be above the Subject's 60 percent AMI rents. The property managers at Lone Mountain Village and Village at Chickamauga (both have the same sponsor) indicated that they keep the 50 and 60 percent AMI rents at the same rent level to increase affordability at the 60 percent AMI level. Given that both of these properties are 100 percent

occupied with waiting lists, it is clear that these properties are not testing the market. Oglethorpe Ridge is a family LIHTC property that is inferior to the Subject with regards to property amenities, age and condition, and unit size. This property is achieving rents above the Subject's proposed 60 percent AMI level. While the Subject's proposed rents will be above the senior LIHTC competition, the 60 percent AMI rents at the senior properties are kept artificially low and are not testing the market. Additionally, the rents at Oglethorpe Ridge support higher rents and the Subject's proposed rents are below this property. Further, several of the market rate properties that are family oriented and significantly inferior have rental rates similar to or above the Subject's proposed rents. These family properties reported between 20 and 40 percent senior tenants illustrates seniors will pay this rent. Therefore, we believe the Subject's proposed rents are achievable.

The average rents at the comparable properties are $428-$476 for the one-bedroom units at 50 and 60 percent AMI, respectively, and $528-564 for the two bedroom units at 50 and 60 percent AMI, respectively.

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 Lone Mountain Village, a senior LIHTC property. The property manager indicated that they were fully leased within nine months of opening. This equates to six units per month. This property absorbed at the same time as Village at Chickamauga. The property manager at Village at Chickamauga started in mid-2009 and could not report absorption. She did state that they have been 100 percent occupied since she started in mid-2009. Both senior properties maintain waiting lists, which illustrates strong demand for senior housing. Based on the data above, we believe that the Subject will absorb six units per month to reach 93 percent occupancy per DCA's guidelines, for an absorption period of 12 months.

9. Overall Conclusion:

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject as proposed. There are no vacant senior LIHTC units. Moreover, both senior LIHTC properties maintain waiting lists ranging from 30 households to over a one year. Overall, vacancy is very low at six of the seven comparables and there appears to be ample demand for the Subject.

Summary Table:

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

Development Name: Alsobrook Senior Village — Total # Units: 78

Location: 1565 Dietz Road, Fort Oglethorpe, GA 30736 — # LIHTC Units: **78**

PMA Boundary: N: GA/TN State line; S: Catoosa/Walker County line and local roads; E: Catoosa/Whitfield County Line; W: Walker/Dade County line — Farthest Boundary Distance to Subject: 15 miles

RENTAL HOUSING STOCK (found on page 61, 87-89__)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	7	616	19	97%
Market-Rate Housing	4	423	14	97%
Assisted/Subsidized Housing not to include LIHTC	N/A	N/A	N/A	N/A
LIHTC	3	193	5	97%
Stabilized Comps	7	616	19	97%
Properties in Construction & Lease Up	0	0	0	N/A

Subject Development					Average Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF*	Advantage	Per Unit	Per SF
7	1	1	700	**$380**	**$428**	**$0.60**	**13%**	**$555**	**$0.65**
23	1	1	700	**$434**	**$473**	**$0.67**	**9%**	**$555**	**$0.65**
10	2	2	1,000	**$430**	**$528**	**$0.52**	**23%**	**$685**	**$0.79**
38	2	2	1,000	**$480**	**$564**	**$0.56**	**18%**	**$685**	**$0.79**

*Based on average SF of all comps

DEMOGRAPHIC DATA (found on page 30, 45__)

	2000		2010		2013	
Renter Households	1,770	14.36%	2,433	16.44%	2,666	16.85%
Income-Qualified Renter HHs (LIHTC)	368	20.76%	505	20.76%	553	20.76%
Income-Qualified Renter HHs (MR) (if applicable)		%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 45-56__)

Type of Demand	30%	50%	60%	Market-rate	Other:__	Overall
Renter Household Growth		131	152			186
Existing Households (Overburdened + Substandard)		196	227			279
Homeowner conversion (Seniors)		66	79			92
Secondary Market Area Demand		39	46			56
Less Comparable/Competitive Supply		39	36			75
Net Income-qualified Renter HHs*		393	468			**537**

CAPTURE RATES (found on page _45-56_)

Targeted Population	30%	50%	60%	Market-rate	Other:__	Overall
Capture Rate		4.9%	14.9%			16.7%

B. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Project Address and Development Location:	The Subject site is located at 1565 Dietz Road in Fort Oglethorpe, Catoosa County, Georgia.
Construction Type:	New Construction. The Subject consists of one, three story elevator secured access building. The building will be brick or stone and Hardi Plank siding.
Occupancy Type:	HFOP – 55+.
Special Population Target:	Five percent
Number of Units by Bedroom Type and AMI Level:	**See following property profile.**
Unit Size:	**See following property profile.**
Structure Type:	**See following property profile.**
Rents and Utility Allowances:	**See following property profile.**
Existing or Proposed Project Based Rental Assistance:	None of the units will operate with Project-Based Rental Assistance.
Proposed Development Amenities:	**See following property profile.**

Property Profile Report

Alsobrook Senior Village

Comp#	Subject
Location	1565 Dietz Road Fort Oglethorpe, GA 30736 Catoosa County (verified)
Distance	n/a
Units	78
Vacant Units	N/A
Vacancy Rate	N/A
Type	Lowrise (age-restricted) (3 stories)
Year Built / Renovated	2013 / n/a

Market

Program	@50%, @60%	**Leasing Pace**	n/a
Annual Turnover Rate	N/A	**Change in Rent (Past Year)**	n/a
Units/Month Absorbed	n/a	**Concession**	
Section 8 Tenants	N/A		

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Lowrise (3 stories)	7	700	$380	$0	@50%	n/a	N/A	N/A	no
1	1	Lowrise (3 stories)	23	700	$434	$0	@60%	n/a	N/A	N/A	no
2	2	Lowrise (3 stories)	10	1,000	$430	$0	@50%	n/a	N/A	N/A	no
2	2	Lowrise (3 stories)	38	1,000	$480	$0	@60%	n/a	N/A	N/A	no

Alsobrook Senior Village			
Comp #	Subject		
Amenities			
In-Unit	Blinds Carpeting Central A/C Dishwasher Hand Rails Microwave Oven Pull Cords Refrigerator Washer/Dryer hookup	**Security**	none
Property	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management	**Premium**	none
Services	none	**Other**	Community garden, gazebo, walking path
Comments			
The utility allowances at this property are $133 and $163 for the 1 and 2 bedroom units, respectively.			

Scope of Renovations: **N/Ap**

Current Rents: **N/Ap**

Current Occupancy: **N/Ap**

Current Tenant Income: **N/Ap**

Placed in Service Date: The Subject will be placed in service in May 2013.

Conclusion: The Subject will be an excellent -quality brick and fiber cementious sided three-story elevator serviced secured building. As new construction, the Subject will not suffer from deferred maintenance, functional obsolescence, or physical obsolescence.

C. SITE EVALUATION

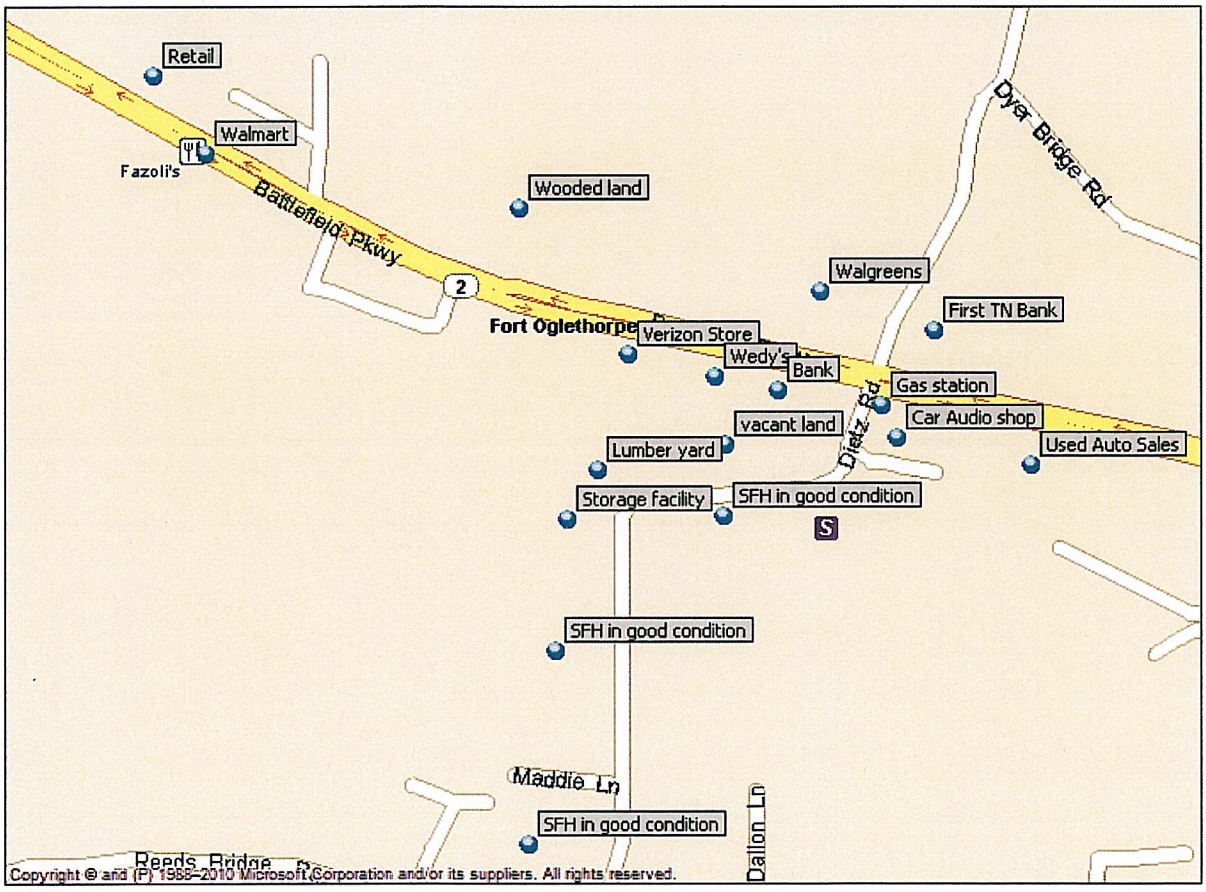
1. Date of Site Visit and Name of Site Inspector: Michalena Sukenik visited the site on May 23rd, 2011.

2. Physical Features of the Site: The following illustrates the physical features of the site.

Frontage: The Subject site has frontage along Dietz Road.

Visibility/Views: The Subject is located on the southeast side of Dietz Road. Visibility is average. Views are of vacant unimproved land, a single family home in good condition, a car audio shop, a bank, Wendy's, and a Verizon Store.

Surrounding Uses: The following map and pictures illustrate the surrounding land uses.



The condition of the surrounding uses are all in average to good condition. The single family homes nearby all appear to be well maintained and are in good to excellent condition. The retail/commercial uses nearby appeared to be in good condition. There is a storage

facility/lumberyard further down on Dietz Road that is not fully visible from the Subject site. This is in average condition. The retail in the area is 100 percent occupied.

There is additional retail located less than one mile west on Battlefield Parkway that includes, but is not limited to a Walmart Supercenter, fast food restaurants, nail salon, hair salon, and a SunTrust Bank. There are additionally several medical offices located less than a half mile east on Battlefield Parkway.

Positive/Negative Attributes of Site: There are no negative attributes of the site that were visible from our site inspection. Positive attributes include a nearby gas station, bank, fast food and pharmacy in addition to easy access from Battlefield Parkway.

3. Physical Proximity to Locational Amenities:

The Subject is located within 3.5 miles of Interstate 75 via Battlefield Parkway. Battlefield Parkway, the main east/west throughway in the area is located 0.2 mile from the Subject site. All amenities and community services are located within five miles from the Subject site, with the exception of an employment center and the bus line. Both are located approximately 10 miles north of the Subject in Chattanooga, TN.

4. Pictures of Site and Adjacent Uses:

Subject site

Subject site

Subject site

Wise Lane view west

Car Audio Shop to the North of site

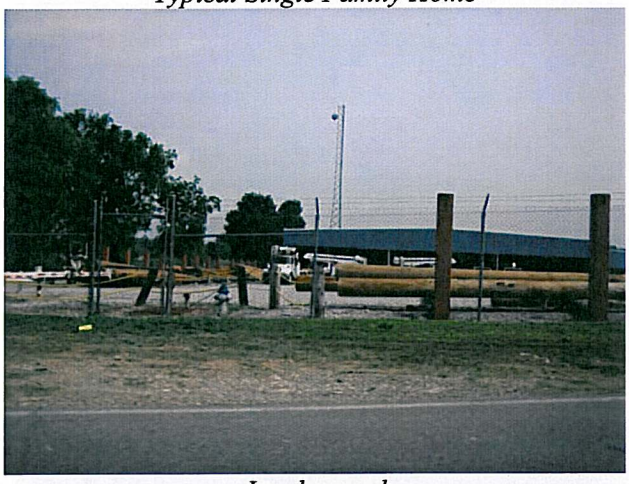
View of Dietz Road going east

View of Bank across Dietz Road

View north on Dietz Road

Typical Single Family Home

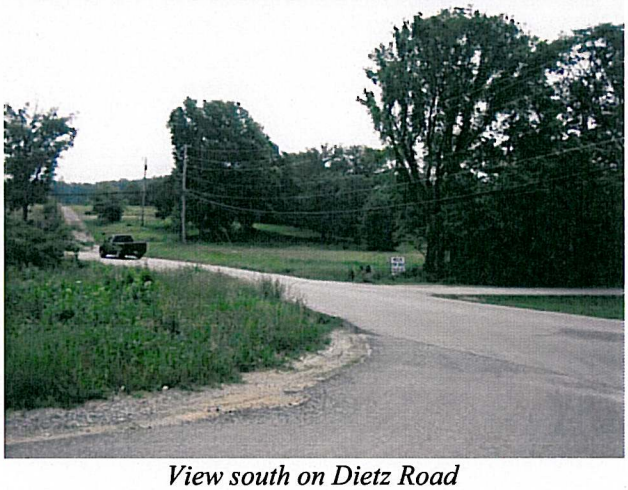
Typical Single Family Home



Lumberyard

Storage facility

Land for sale next to lumberyard



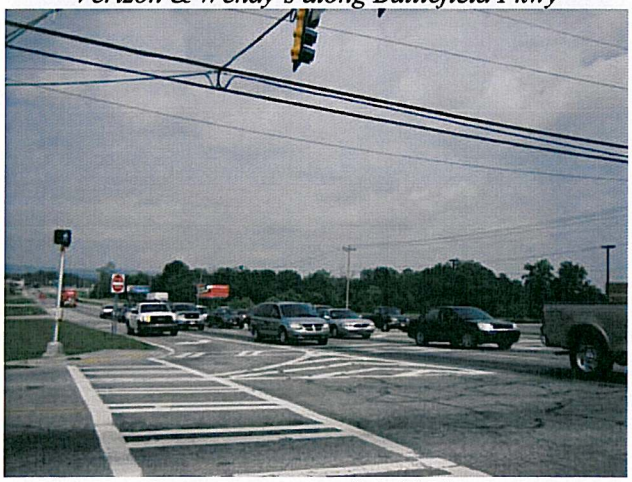
View south on Dietz Road

View of Gas station at Battlefield Pkwy & Dietz Rd

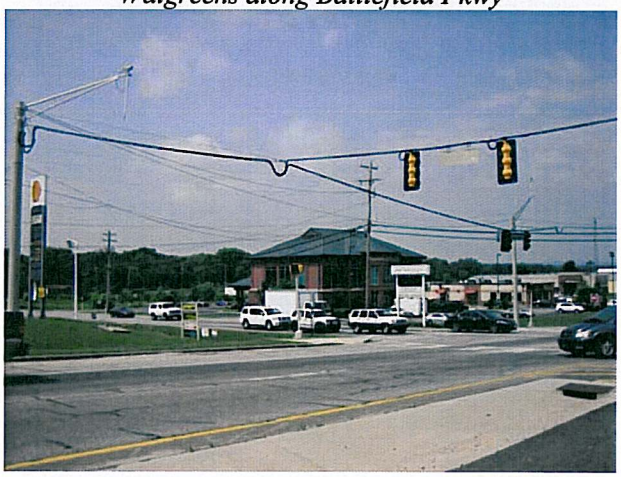
Bank

Verizon & Wendy's along Battlefield Pkwy

Walgreens along Battlefield Pkwy



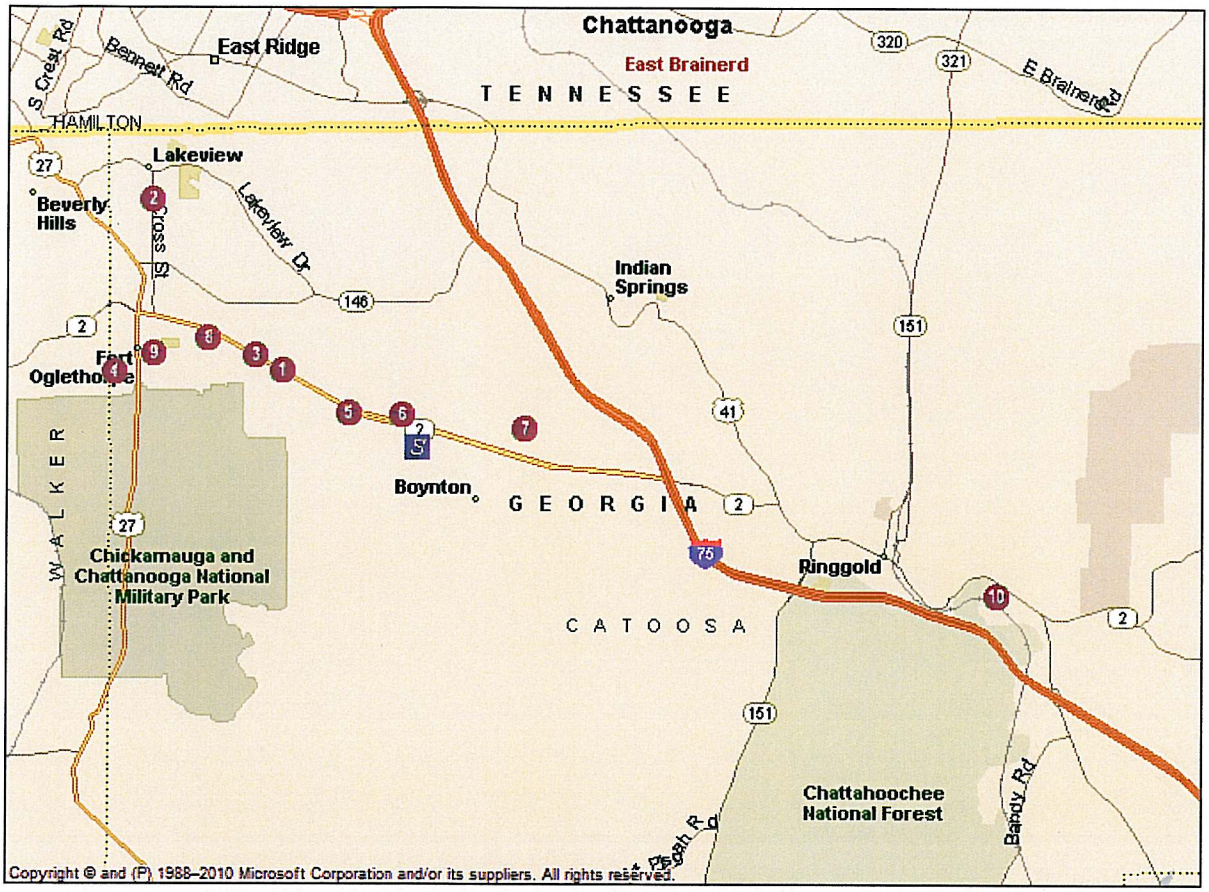
View west on Battlefield Pkwy



View of intersection of Battlefield Pkwy and Dietz Rd

5. Proximity to Locational Amenities:

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



LOCATIONAL AMENITIES

Map Number	Service or Amenity	Miles From Subject
1	Battlefield Elementary School	2.1 miles
2	Lakeview Middle School	4.6 miles
3	Lakeview-Fort Oglethorpe High School	2.1 miles
4	Hutcheson Medical Center	4.3 miles
5	Wal-Mart Supercenter	1.0 miles
6	Walgreens Pharmacy	0.2 miles
7	Catoosa County Library	2.2 miles
8	Fort Oglethorpe Police Department	2.6 miles
9	Fort Oglethorpe Fire Department	4.1 miles
10	Senior Center	8.0 miles
N/A	Public transporatation	N/Av

6. Description of Land Uses:

The Subject site is unimproved land and has one single family home onsite that will be demolished. Immediately to the north is a car audio store in average condition, followed by a Shell Gas station on the east side of Dietz Road. On the west side of Dietz Road is the Northwest Georgia Bank, Wendy's and a Verizon store, all in good condition. Immediately east and west of the Subject site is wooded/grassy land followed by single family homes in good condition. There is a storage facility/lumberyard further down on Dietz Road that is not fully visible from the Subject site. The Subject will be a compatible use in the immediate neighborhood.

7. Multifamily Residential within Two Miles:

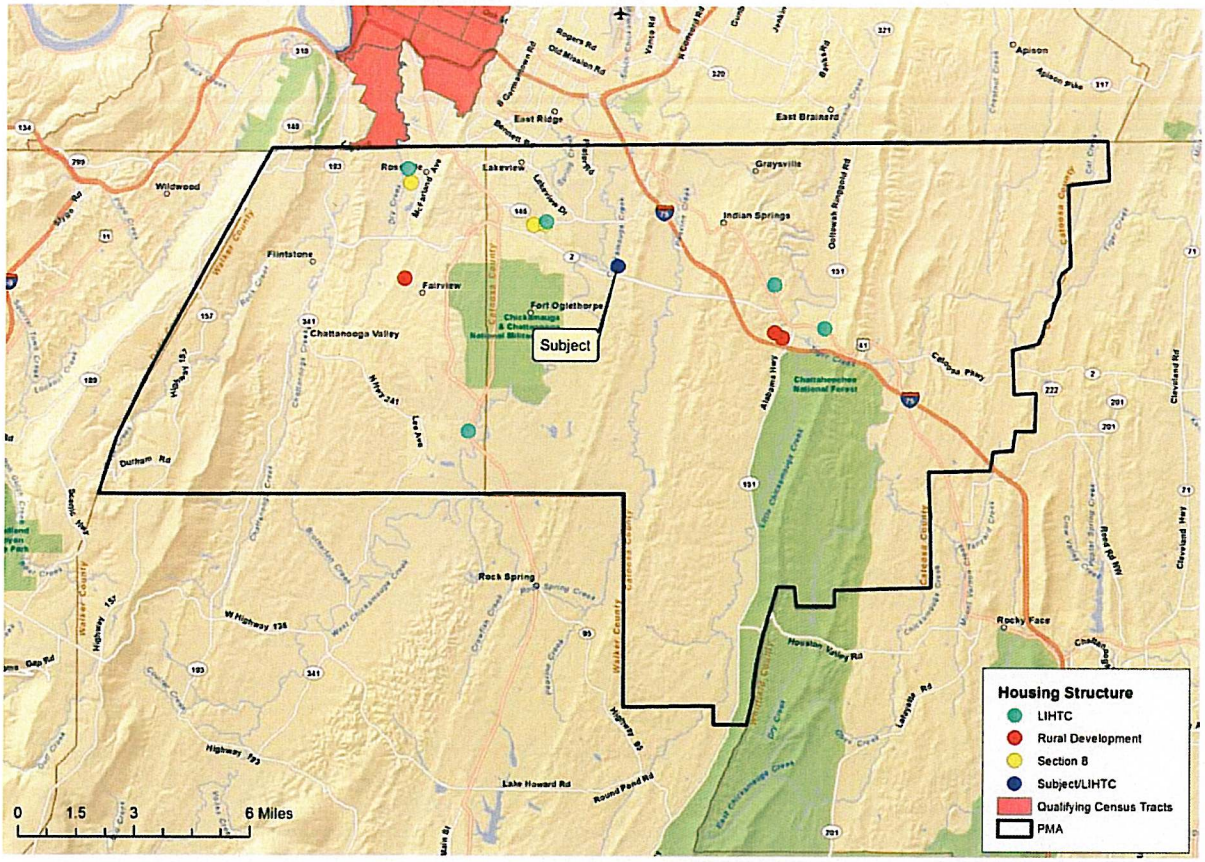
There are very few multifamily rental housing options within two miles of the Subject site. In fact, there are only two market rate properties, Lakeshore I and II Apartments. All other multifamily residential is located further than two miles. These two properties have been included as comparable properties and will be discussed in detail in the supply section of this report.

8. Existing Assisted Rental Housing Property Map:

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

SUBSIDIZED PROPERTIES IN PMA

Name	City	Type	Tenancy	Map Color	Included/Excluded	Reason for Exclusion	Distance from Subject
Battlewood Apartments	Fort Oglethorpe	Section 8	Family		Excluded	Rent Subsidized	5.6 miles
Catoosa Gardens Apartments	Fort Oglethorpe	Section 8	Elderly		Excluded	Rent Subsidized	5.5 miles
Springwood/Happy Valley Apartments	Rossville	Section 8	Family		Excluded	Rent Subsidized	8.6 miles
Mission Villas	Rossville	Rural Development	Family		Excluded	Rent Subsidized	6.7 miles
Oakridge Apartments	Ringgold	Rural Development	Family		Excluded	Rent Subsidized	5.9 miles
Rosewood Apartments I and II	Ringgold	Rural Development	Family		Excluded	Rent Subsidized	5 miles
Rossville Senior Apartments	Rossville	LIHTC	Senior		Excluded	Unable to Contact	7.4 miles
Lone Mountain Village	Ringgold	LIHTC	Senior		Included	N/Ap	5.2 miles
Village at Chickamauga	Chickamauga	LIHTC	Senior		Included	N/Ap	9.1 miles
Bedford Place Apartments	Fort Oglethorpe	LIHTC	Family		Excluded	Tenancy not Comparable	6 miles
Oglethorpe Ridge	Fort Oglethorpe	LIHTC	Family		Included	N/Ap	2.9 miles
Alsobrook Village	Fort Oglethorpe	LIHTC	Senior		Subject	Subject	Subject



Affordable Properties and QCTs, Fort Oglethorpe, GA

NOVOGRADAC & COMPANY LLP
www.novoco.com

9. Road/Infrastructure
Proposed Improvements: We did not witness any road/infrastructure improvements during our site inspection.

10. Access, Ingress/Egress and Visibility of site: The Subject will be accessed via Dietz Road, which is accessed via Battlefield Parkway, the major east/west roadway in Fort Oglethorpe/Ringgold. The ingress/egress is considered average with traffic flow being moderate as many households access the retail at this intersection as well as accessing Battlefield Parkway. Visibility of the site is considered average from Dietz Road.

11. Environmental Concerns: None visible upon site inspection.

Detrimental Influences: There are no significant detrimental influences.

12. Conclusion: The Subject site is located along Dietz Road just south of Wise Lane. The neighborhood is generally comprised of retail/commercial and single family homes in good condition. The Subject will be accessed via Dietz Road,

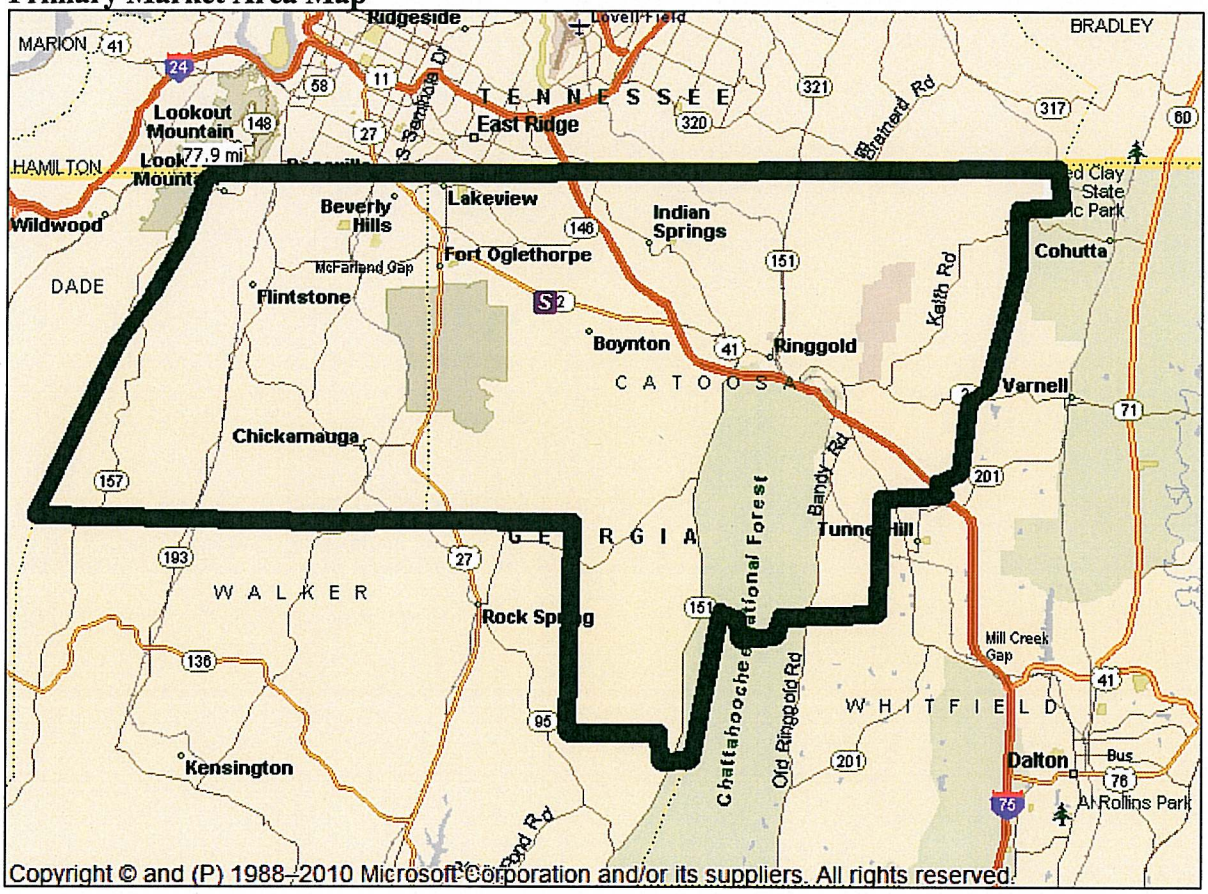
which is accessed via Battlefield Parkway, the major east/west roadway in Fort Oglethorpe/Ringgold. Visibility of the site is considered average from Dietz Road. All local amenities are within a few miles. Overall, the community presents a good location for an affordable, multifamily development and the Subject will have a positive impact on the local neighborhood.

D. MARKET AREA

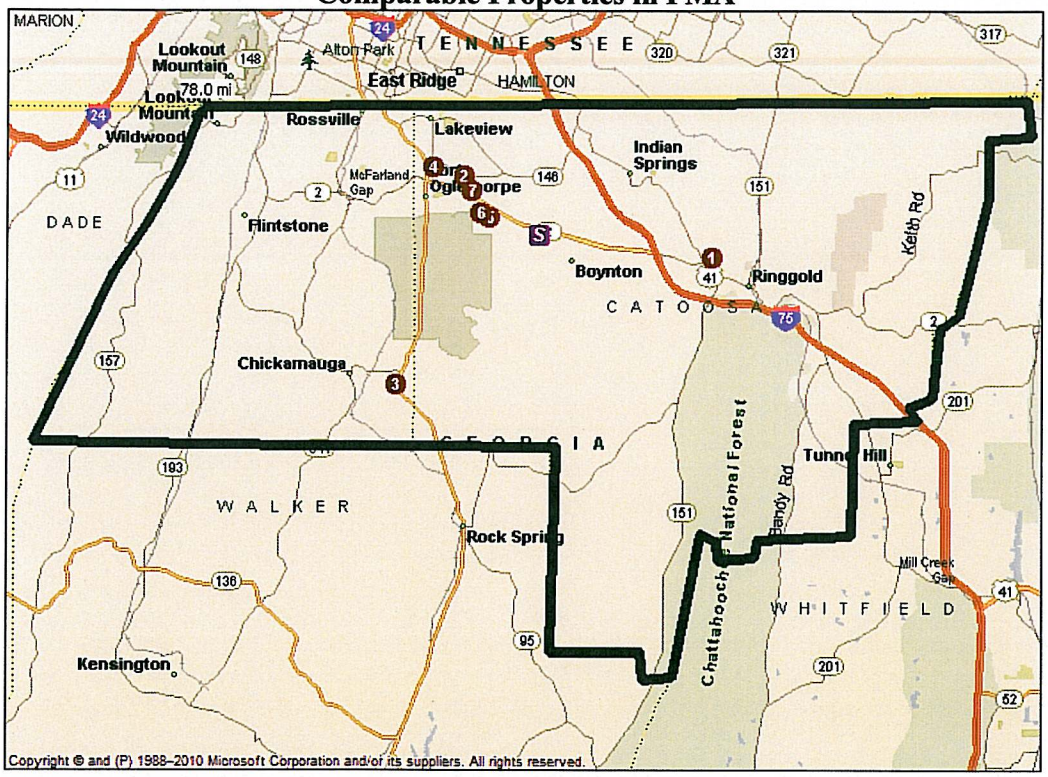
PRIMARY MARKET AREA

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.

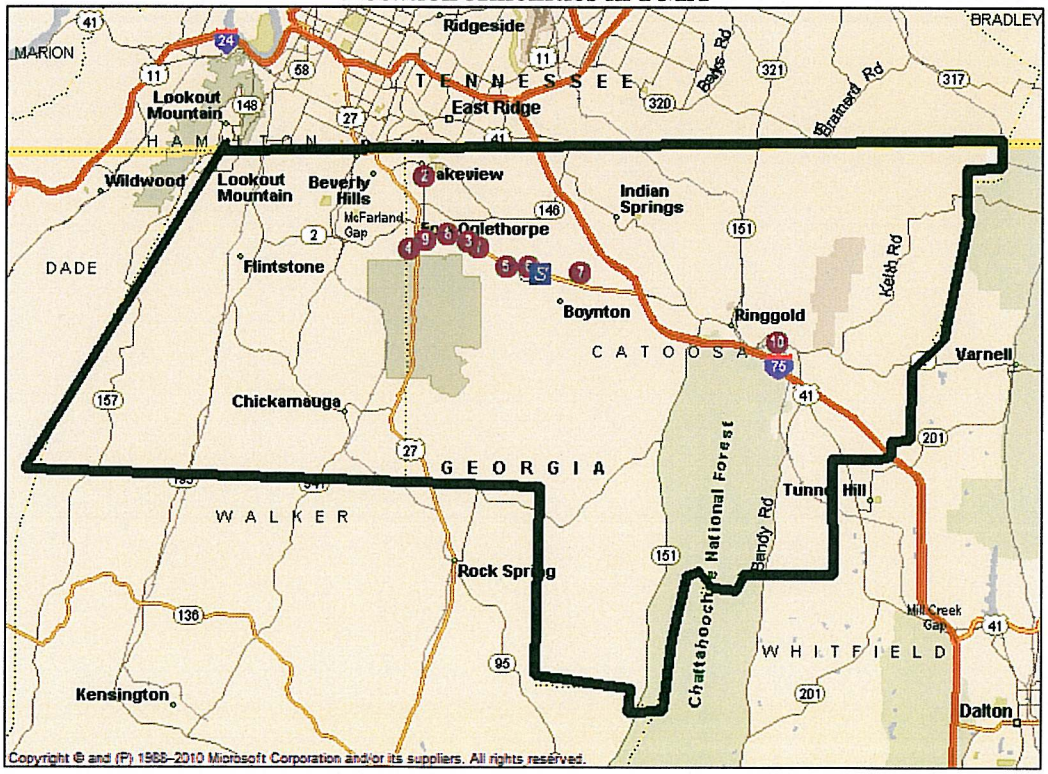
Primary Market Area Map



Comparable Properties in PMA



Location Amenities in PMA



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 Chattanooga TN-GA MSA are areas of growth or contraction.

The boundaries of the PMA are as follows:

North – GA/TN State Line
South- Catoosa/Walker County Line, Old Bethel Road, Bowe Lane, and local roads
East-Catoosa/Whitfield County Line
West-Walker/Dade County Line

The PMA as defined above includes all of Catoosa County and portions of Walker County. Fort Oglethorpe straddles both counties and according to property managers tenant exchange occurs within Rossville, Fort Oglethorpe, Ringgold, Chickamauga and areas in between. We did not include the southern portion of Walker County as this area is more rural. The area in our PMA is well developed along the main corridors of Battlefield Parkway, Interstate 75 and Route 1. The area was defined based on interviews with the local property managers. Many property managers at the senior properties indicated that up to 20 percent of senior tenants come from either out of state (TN) or other rural areas in surrounding counties. Therefore, we have adjusted for 15 percent leakage from outside of the PMA, which is the maximum allowable per DCA's guidelines.

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 Chattanooga, TN-GA MSA are areas of growth or contraction. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. The following demographic tables are specific to the populations of the PMA and MSA.

1. Population Trends

The following tables illustrate (a) Total Population, (b) Population by Age Group, **and (c) Number of Elderly and Non-Elderly (only show this for HFOP/elderly)** within population in MSA, the PMA and nationally from 2000 through 2015.

POPULATION

Year	PMA		Chattanooga, TN-GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	74,919	-	433,210	-	248,709,873	-
2000	86,003	1.5%	476,531	1.0%	281,421,906	1.3%
2010	98,911	1.5%	527,743	1.0%	311,212,863	1.0%
Prj Mrkt Entry May 2013	101,264	0.8%	540,766	0.9%	318,010,896	0.8%
2015	103,064	0.8%	550,725	0.9%	323,209,391	0.8%

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

SENIOR POPULATION, 55+

Year	PMA		Chattanooga, TN-GA MSA	
	Number	*Annual Change*	*Number*	*Annual Change*
2000	19,667	-	110,861	-
2010	26,079	3.2%	146,890	3.2%
Prj Mrkt Entry May 2013	28,024	2.6%	158,234	2.7%
2015	29,511	2.6%	166,909	2.7%

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

POPULATION BY AGE IN 2010

Age Cohort	PMA		Chattanooga, TN-GA MSA		USA	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
0-4	6,605	6.7%	31,948	6.1%	21,296,740	6.8%
5-9	6,739	6.8%	32,497	6.2%	20,832,961	6.7%
10-14	6,658	6.7%	33,075	6.3%	20,369,284	6.5%
15-19	6,331	6.4%	34,231	6.5%	21,883,995	7.0%
20-24	5,240	5.3%	31,351	5.9%	21,459,235	6.9%
25-29	5,971	6.0%	32,121	6.1%	21,517,303	6.9%
30-34	6,557	6.6%	34,100	6.5%	19,852,007	6.4%
35-39	7,024	7.1%	35,952	6.8%	20,531,543	6.6%
40-44	6,915	7.0%	35,961	6.8%	21,232,056	6.8%
45-49	7,511	7.6%	39,770	7.5%	23,163,948	7.4%
50-54	7,281	7.4%	39,847	7.6%	22,315,436	7.2%
55-59	6,392	6.5%	36,662	6.9%	19,742,941	6.3%
60-64	5,733	5.8%	32,544	6.2%	16,544,050	5.3%
65-69	4,371	4.4%	23,667	4.5%	12,081,110	3.9%
70-74	3,249	3.3%	17,688	3.4%	9,033,665	2.9%
75-79	2,631	2.7%	14,419	2.7%	7,339,326	2.4%
80-84	1,983	2.0%	11,101	2.1%	5,947,153	1.9%
85+	1,720	1.7%	10,809	2.0%	6,070,110	2.0%
Total	**98,911**	**100.0%**	**527,743**	**100.0%**	**311,212,863**	**100.0%**

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

Number of Elderly and Non-Elderly - PMA

	PMA			Secondary Area (SMA, MSA, City, Village, etc)		
Year	Total Population	Non-Elderly	Elderly (65+)	Total Population	Non-Elderly	Elderly (65+)
1990	74,919	65,789	9,130	433,210	376,930	56,280
2000	86,003	74,857	11,146	476,531	412,362	64,169
2010	98,911	84,957	13,954	527,743	450,059	77,684
Prj Mrkt Entry May 2013	101,264	86,119	15,145	540,766	455,298	85,468
2015	103,064	87,008	16,056	550,725	459,305	91,420

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

Projected annual population growth in the PMA and MSA from 2000 to 2010 was strong, with an average annual increase of 2.6 percent. The largest age cohorts in the PMA include persons ages 45 to 49 with a high concentration of persons ages 50 to 54. The prevalence of these age groups indicates an aging population. Both the PMA and the MSA have a similar percentage (14 percent) of elderly population over 65.

2. Household Trends

2a. Total Number of Households, Average Household Size

HOUSEHOLDS

Year	PMA		Chattanooga, TN-GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	28,064	-	166,404	-	91,947,410	-
2000	33,351	1.9%	189,607	1.4%	105,480,101	1.5%
2010	38,831	1.6%	212,335	1.2%	116,761,140	1.0%
Prj Mrkt Entry May 2013	39,843	0.9%	218,091	1.0%	119,366,936	0.8%
2015	40,617	0.9%	222,492	1.0%	121,359,604	0.8%

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

HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 55+

Year	PMA		Chattanooga, TN-GA MSA	
	Number	*Annual Change*	*Number*	*Annual Change*
2000	12,330	-	69,985	-
2010	14,802	2.0%	85,406	2.1%
Prj Mrkt Entry May 2013	15,807	2.4%	91,883	2.7%
2015	16,576	2.4%	96,836	2.7%

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

AVERAGE HOUSEHOLD SIZE

Year	PMA		Chattanooga, TN-GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
1990	2.65	-	2.55	-	2.63	-
2000	2.56	-0.3%	2.46	-0.4%	2.59	-0.1%
2010	2.52	-0.1%	2.43	-0.1%	2.59	0.0%
Prj Mrkt Entry May 2013	2.52	-0.1%	2.43	-0.1%	2.59	0.0%
2015	2.52	-0.1%	2.42	-0.1%	2.60	0.0%

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

Similar to population trends, senior household growth in the PMA and MSA is stronger than all households. Average household size is predicted to get slightly smaller annually by 0.1 percent.

2b. Households by Tenure

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

Tenure Patterns - Elderly Population (Age 55+)

	PMA				Secondary Area (MSA)			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	10,558	85.6%	1,770	14.4%	56,331	80.5%	13,654	19.5%
2010	12,362	83.6%	2,433	16.4%	67,759	79.3%	17,647	20.7%
Prj Mrkt Entry May 2013	13,137	83.1%	2,666	16.9%	72,622	79.0%	19,261	21.0%
2015	13,730	82.8%	2,844	17.2%	76,342	78.8%	20,494	21.2%

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

As the table illustrates, households within the PMA are predominately owner-occupied residences. While renter-occupied households are in the minority, the percent of renter-occupied households is projected to increase through 2015. The percent of senior renters nationally is approximately 13 percent. The PMA has a slightly higher percent renter population.

2c. Households by Income

The following table depicts household income in 2010 for the PMA.

PMA HOUSEHOLD INCOME OF SENIORS 55+ IN 2010 BY TENURE

Income Cohort	Renter Households		Owner Households	
	Number	*Percentage*	*Number*	*Percentage*
$0-9,999	859	35.3%	1,219	9.9%
$10,000-19,999	589	24.2%	2,014	16.3%
$20,000-29,999	327	13.5%	1,928	15.6%
$30,000-39,999	220	9.0%	1,679	13.6%
$40,000-49,999	175	7.2%	1,273	10.3%
$50,000-59,999	74	3.0%	1,197	9.7%
$60,000-74,999	78	3.2%	1,271	10.3%
$75,000-99,999	67	2.7%	1,082	8.8%
$100,000+	43	1.8%	699	5.7%
Total	**2,433**	**100.0%**	**12,362**	**100.0%**

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

The majority of renter households in the PMA earn incomes between $0 and $19,999. The Subject will cater to households earning between $15,390 to $27,360. There are approximately 38 percent of renter households that fall within these income limits.

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

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

Renter Households by Number of Persons - PMA (Ages 55+)

	2000		2010		Prj Mrkt Entry May 2013		2015	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
With 1 Person	1,101	62.2%	1,503	61.8%	1,617	60.7%	1,704	59.9%
With 2 Persons	509	28.7%	622	25.6%	668	25.0%	703	24.7%
With 3 Persons	51	2.9%	113	4.6%	131	4.9%	145	5.1%
With 4 Persons	73	4.1%	147	6.0%	185	6.9%	214	7.5%
With 5+ Persons	36	2.0%	48	2.0%	65	2.4%	78	2.7%
Total Renter Households	1,770	100.0%	2,433	100.0%	2,666	100.0%	2,844	100.0%

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

One and two-person households will account for 85.7 percent of the population in 2013 market entry. The Subject will target these households.

2e and f. Elderly and HFOP

Per DCA's guidelines, elderly households populations will be based on households who are 62 years and older and HFOP populations will be based on households who are 55 years or older according to the census.

CONCLUSION

The PMA and MSA have demonstrated that they are areas of growth. The senior population and the number of households are both expected to increase from 2010 to 2015 at a faster rate than all ages. The senior households will experience a growth rate of 2.4 percent from 2010 to May 2013 (14,802 in 2010 to 15,807 in May 2013). While renter-occupied households are in the minority, the percent of renter-occupied households is projected to increase through 2015. The percent of senior renters nationally is approximately 13 percent. The PMA has a slightly higher percent renter population. Rental rates in the PMA have generally remained stable or increased slightly from one to three percent. The majority of senior renter households in the PMA earn incomes between $0 and $19,999. The Subject will cater to households earning between $15,390 to $27,360. There are approximately 38 percent of renter households that fall within these income limits.

F. EMPLOYMENT TRENDS

Employment Trends

The following section provides an analysis of the economic characteristics within the market area. Data such as employment, unemployment, expansions, and major employers will be studied to determine if the Primary Market Area (PMA) and the Metropolitan Statistical Area (MSA) are areas of growth or contraction.

Please note the has been a Declaration of Emergency in Fort Oglethorpe and the Catoosa County area as a result of the tornado and storms which occurred on April 27, 2011. As a result, many of the State Agencies have been closed over the last month and unavailable for questioning.

According to a local article on April 28, 2011, Catoosa County Sheriff indicated that eight people were killed in Ringgold during the tornadoes. The Ringgold McDonald's was shredded and Ruby Tuesday, a Shell service station, Hardee's Waffle House, Pizza Hut and Chow Time were reported to be heavily damaged. Numerous commercial buildings were destroyed in Ringgold. There was major damage to Ringgold High School and Ringgold Middle School. During our field inspection, we witness significant damage and debris left from the storms along the I-75 corridor near Ringgold.

1. Total Jobs

The following table illustrates the total jobs (also known as "covered employment") in Catoosa County.

COVERED EMPLOYMENT IN CATOOSA COUNTY

Year	Total Employment	% Change
2001	14,587	
2002	14,597	0.07%
2003	14,285	-2.18%
2004	14,598	2.14%
2005	15,019	2.80%
2006	15,501	3.11%
2007	15,466	-0.23%
2008	15,154	-2.06%
2009	13,626	-11.21%
2010 YTD Average*	13,227	-3.02%
Sep-09	13,583	-
Sep-10	13,260	-2.44%
Source: U.S. Bureau of Labor Statistics		
*YTD as of Sept 10		

Employment levels in Catoosa County increased between 2004 and 2006. In 2009 Catoosa County experienced its highest employment loss of 11.21 percent. As of September 2010, the Catoosa County lost an additional considerable percentage of jobs, but that percentage is less

than the U.S. as a whole. The year to date data indicates that the pace of jobs lost in the Sumter County is slowing and is slightly less than national levels.

2. Total Jobs by Industry

The following table illustrates the total jobs by employment sectors within the PMA in 2010.

2010 EMPLOYMENT BY INDUSTRY

	PMA		USA	
Industry	Number Employed	Percent Employed	Number Employed	Percent Employed
Manufacturing	6,669	14.7%	13,047,475	9.6%
Retail Trade	6,150	13.6%	15,464,986	11.4%
Health Care/Social Assistance	5,647	12.5%	18,891,157	13.9%
Educational Services	3,952	8.7%	14,168,096	10.4%
Accommodation/Food Services	3,008	6.6%	9,114,767	6.7%
Construction	2,993	6.6%	8,872,843	6.5%
Finance/Insurance	2,638	5.8%	6,883,526	5.1%
Other Services (excl Publ Adm)	2,626	5.8%	6,679,783	4.9%
Transportation/Warehousing	2,402	5.3%	5,487,029	4.0%
Prof/Scientific/Tech Services	1,650	3.6%	8,520,310	6.3%
Admin/Support/Waste Mgmt Srvcs	1,649	3.6%	5,114,479	3.8%
Public Administration	1,523	3.4%	6,916,821	5.1%
Wholesale Trade	1,497	3.3%	4,407,788	3.2%
Real Estate/Rental/Leasing	899	2.0%	2,825,263	2.1%
Arts/Entertainment/Recreation	660	1.5%	2,628,374	1.9%
Information	566	1.2%	3,158,778	2.3%
Utilities	545	1.2%	1,115,793	0.8%
Agric/Forestry/Fishing/Hunting	205	0.5%	1,790,318	1.3%
Mining	27	0.1%	723,991	0.5%
Mgmt of Companies/Enterprises	0	0.0%	202,384	0.1%
Total Employment	**45,306**	**100.0%**	**136,013,961**	**100.0%**

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

The largest industry in the PMA is manufacturing followed by retail trade and healthcare/social assistance. These three industries are the highest in the nation as well.

3. Major Employers

The diversification of the Catoosa County economic base is indicated by the following list of the Catoosa County's ten largest employers.

MAJOR EMPLOYERS

#	Employer	Industry	Number Employed
1	Catoosa County Board of Education	Education	1,600
2	Hutcheson Medical Center	Healthcare	750
3	Shaw Industries	Manufacturing	725
4	Catoosa County Government	Government	440
5	Wal-Mart Superstore	Retail	422
6	Costco	Retail	300
7	Propex	Manufacturing	300
8	Northwest Geogia Bank	Finance	185
9	National Health Care	Healthcare	137
10	Container Services	Transportation/Warehousing	100
	TOTAL:		**4,959**

Source: Catoosa County Chamber of Commerce 4/2011

The Catoosa County Board of Education is the largest employer within the county and is the only employer with over 1,000 people. Hutcheson Medical Center and Shaw Industries round out the top three employers. Other industries are also heavily represented in the major employers in the county such as, retail trade, government or public assistance and finance. Lower skilled employees in the manufacturing, retail and transportation industries are likely to have incomes in line with the Subject's income restrictions.

Only 32 percent of county residents work in Catoosa County. 46 percent in are employed in Tennessee, with the remaining 22 percent working in neighboring counties. The fact that the major employers account for such a low percentage of the total employment within the MSA as well as the major employers operating within a diverse mixture of industries is a good indicator of an improving economy.

Expansions and Contractions:
The following table illustrates closures and layoffs Catoosa County in 2008 and 2009 (actual and announced).

CATOOSA COUNTY BUSINESS CLOSURES/LAYOFFS

Effective Date	Company	City	Product	Number Affected	Reason	Closure/Layoff
9/8/2009	Shaw Industries	Ringgold	Flooring Manufacturer	431	Economic Concerns	CL
10/4/2010	Propex	Ringgold	Textile Manufacturer	80	Economic Concerns	LY
Total Job Losses				**511**		

Source: Georgia Department of Labor, May 2011

As illustrated in the above table, Catoosa County lost 511 jobs form 2009-2011 and is projected to lose more.

The retail chain, Costco, just opened its doors in May 2011 and has added 300 jobs within Catoosa County. Costco previously entered into an agreement with the county, in which they would spend 4.6 Million to clear and prepare the land on which Costco would be built. Costco is expected to draw in other businesses to the area.

In addition, Georgia Northwestern University is currently awaiting funding from the Georgia General Assembly. If approved a 65,000 square foot satellite campus will be built at Cloud Springs and Dietz Roads in Catoosa County. The campus is expected to be complete by late 2012. One of the main curriculums will be mechatronics, which is the combination of various

forms of engineering. Focus will be towards the Chattanooga Volkswagen plant which opened in May 2011. It is anticipated that the manufacturing plant could create up to 1000 jobs. This will have a positive economic impact on the county and MSA.

4. Employment and Unemployment Trends

The following table details employment and unemployment trends for the Chattanooga, TN-GA MSA from 2000 to 2011 (through February).

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Chattanooga, TN-GA MSA				USA			
Year	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2000	238,995	-	3.4%	-	136,891,000	-	4.2%	-
2001	237,245	-0.7%	3.8%	0.4%	136,933,000	0.0%	4.0%	-0.2%
2002	236,745	-0.2%	4.4%	0.6%	136,485,000	-0.3%	4.7%	0.7%
2003	237,476	0.3%	4.4%	0.0%	137,736,000	0.9%	5.8%	1.1%
2004	239,024	0.7%	4.5%	0.1%	139,252,000	1.1%	6.0%	0.2%
2005	241,842	1.2%	4.8%	0.3%	141,730,000	1.8%	5.5%	-0.5%
2006	248,699	2.8%	4.4%	-0.4%	144,427,000	1.9%	5.1%	-0.4%
2007	250,835	0.9%	4.2%	-0.2%	146,047,000	1.1%	4.6%	-0.5%
2008	248,469	-0.9%	5.9%	1.7%	145,362,000	-0.5%	4.6%	0.0%
2009	233,675	-6.0%	9.4%	3.5%	139,877,000	-3.8%	5.8%	1.2%
2010	235,992	1.0%	8.7%	-0.7%	139,064,000	-0.6%	9.3%	3.5%
2011 YTD Average*	237,028	0.4%	8.7%	0.0%	138,218,000	-0.6%	9.6%	0.3%
Feb-2010	232,408	-	9.5%	-	137,203,000	-	9.6%	-
Feb-2011	238,791	2.7%	8.8%	-0.7%	138,093,000	0.6%	9.6%	0.0%

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

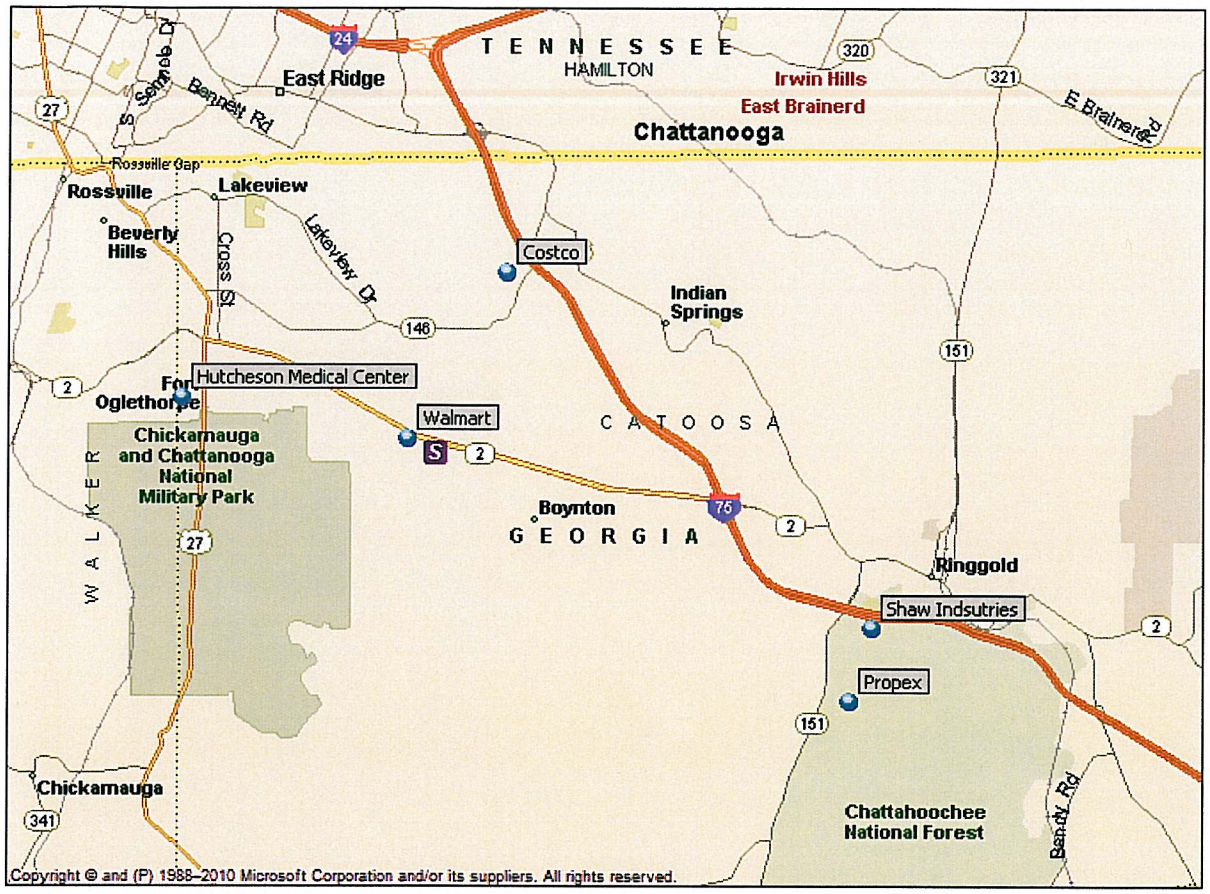
*2011 data is through March

The MSA experienced fairly strong employment growth in 2003 through 2007. Conversely, the MSA has experienced total employment declines in 2008 and 2009 which negated the growth experienced in the previous five years. Catoosa County is part of the Chattanooga TN-GA MSA. Total employment in the MSA saw a 1.0 percent increase in 2010 and a 0.4 percent increase as of March 2011. This is considered significant given that the nation saw total employment decreases in both 2010 and March 2011. This bodes well for the economic conditions in the MSA and illustrates that this area is recovering from the national recession faster than the nation.

Although unemployment has historically been equivalent to national levels, the 2009 figures indicate a sizeable increase in the local unemployment rate. The area's unemployment rate increased substantially in the later part of 2009 increasing from 5.9 percent in 2008 to 9.4 percent in 2009. Year to date 2011 unemployment numbers have decreased to 8.7 percent from the high in 2009. Looking at a comparison from February 2010 to February 2011 suggest an increase in employment and a decrease in unemployment.

5. Map of Site and Major Employment Concentrations

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



Conclusion

The PMA and MSA have demonstrated that they are areas of growth. The senior population has experienced strong growth and is expected to increase from 2011 to 2015. Seniors aged 55 to 59 represent 55 to 64 represent 12.3 percent of the total population within the PMA. Within the PMA and MSA senior households are increasing and household size is increasing, as well. The majority of households are owner-occupied, but renter-occupied units will still increase through 2015. 46.8 percent of seniors earn less than $29,999 annually. One-person renter households are expected to remain stable throughout 2015 at 59.9 percent.

Overall, it appears as if Fort Oglethorpe and the MSA were affected by the current national economic recession. The MSA's economy has had significant job losses and rising unemployment occurred from 2008-2009. Since 2008, the MSA has lost about the same percent of jobs than the U.S. as a whole. The year to date data indicates that the pace of jobs lost in the MSA is slowing though. The retail chain, Costco, opened in May 2011 and added 300 jobs to the workforce. In addition, Volkswagen opened a manufacturing plant in Chattanooga that could potentially add 1,000 jobs to the workforce.

Total employment in the MSA saw a 1.0 percent increase in 2010 and a 0.4 percent increase as of March 2011. This is considered significant given that the nation saw total employment decreases in both 2010 and March 2011. This bodes well for the economic conditions in the MSA and illustrates that this area is recovering from the national recession faster than the nation.

As of February 2011, the unemployment rate was still slightly lower than that of the nation. The local economy appears to have a concentration of employers in the manufacturing, healthcare, retail and education sectors. The relatively low-paying jobs offered in the manufacturing and retail trades may generate demand for affordable housing in the PMA. Nonetheless, we anticipate the economy will continue to follow the trends of the nation.

PROJECT-SPECIFIC DEMAND ANALYSIS

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

1. INCOME RESTRICTIONS

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

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

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

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

2. AFFORDABILITY

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

3. DEMAND

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

3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized 2013, the anticipated date of market entry, as the base year for the analysis. Therefore, 2010 household population estimates are inflated to 2013 by interpolation of the difference between 2010 estimates and 2015 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2013. This number takes the overall growth from 2000 to 2013 and applies it

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

3B. Demand from Existing Households

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

The second source **(2b.)** is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source **(2c.)** is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that we have lowered the demand from seniors who convert to homeownership to be at or below 20 percent. This is based on interviews with property managers. The property manager at Lone Mountain Village indicted that 50 percent of their tenants are previous homeowners and the Village at Chickamauga indicated that the majority of their tenants were also previous homeowners. Therefore, we believe that a homeowner conversion percentage of around 15 percent is considered low, but reflective of the current economic trends and is considered reasonable.

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

3C. Secondary Market Area

To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area.

Many property managers at the senior properties indicated that up to 20 percent of senior tenants come from either out of state (TN) or other rural areas in surrounding counties. Therefore, we have adjusted for 15 percent leakage from outside of the PMA, which is the maximum allowable per DCA's guidelines.

3D. Other

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

4. NET DEMAND, CAPTURE RATES AND STABILIZATION CALCULATIONS

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

Additions to Supply

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we deduct additions to supply allocated since 2000 to present

and those that will be constructed through 2012 that are considered directly competitive. There are three senior LIHTC properties that have been built since 2000. They are located in the following table. The table below includes all units regardless of income level.

SENIOR ADDITIONS TO SUPPLY SINCE 2000

Property Name	Type	Year Built/Proposed	Competitive with Subject	Total # of Units	# of LIHTC units
Lone Mountain Village	LIHTC/Market	2008	Yes	56	44
Village at Chickamauga	LIHTC/Market	2007	Yes	40	32
Rossville Senior	LIHTC/Market	2003	Yes	60	48

PMA OCCUPANCY

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

GENERAL MARKET OVERVIEW

Name	City	Type	Tenancy	Included/Excluded	Reason for Exclusion	Weighted Occupancy
Battlewood Apartments	Fort Oglethorpe	Section 8	Family	Excluded	Rent Subsidized	N/Av
Catoosa Gardens Apartments	Fort Oglethorpe	Section 8	Elderly	Excluded	Rent Subsidized	N/Av
Springwood/Happy Valley Apartments	Rossville	Section 8	Family	Excluded	Rent Subsidized	96%
Mission Villas	Rossville	Rural Development	Family	Excluded	Rent Subsidized	97%
Oakridge Apartments	Ringgold	Rural Development	Family	Excluded	Rent Subsidized	N/Av
Rosewood Apartments I and II	Ringgold	Rural Development	Family	Excluded	Rent Subsidized	99%
Rossville Senior Apartments	Rossville	LIHTC	Senior	Excluded	Unable to Contact	N/Av
Bedford Place Apartments	Fort Oglethorpe	LIHTC	Family	Excluded	Tenancy not Comparable, would not participate	N/Av
Lone Mountain Village	Ringgold	LIHTC	Senior	Included	N/Ap	100%
Village at Chickamauga	Chickamauga	LIHTC	Senior	Included	N/Ap	100%
Oglethorpe Ridge	Fort Oglethorpe	LIHTC	Family	Included	N/Ap	95%
Lakeshore I	Fort Oglethorpe	Market	Family	Included	N/Ap	91%
Lakeshore II	Fort Oglethorpe	Market	Family	Included	N/Ap	100%
Park Knoll Apts	Fort Oglethorpe	Market	Family	Included	N/Ap	100%
Fountain Brook Apts	Fort Oglethorpe	Market	Family	Included	N/Ap	97%
					Average	**97%**

NET SUPPLY

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

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

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

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

Competitive Property Analysis - Lone Mountain Village			
Lone Mountain Village - Comparable 1		Percent	Comments
1	Location	0.75	Slightly inferior location
2	Affordability	1.00	Slightly more affordable
3	Property Type	1.00	Similar
4	Quality	1.00	Similar
	Comparability Factor	0.750	

Competitive Property Analysis - Village at Chicakamauga			
Village at Chickamauga - Comparable 3		Percent	Comments
1	Location	1.00	Similar location
2	Affordability	1.00	Slightly more affordable
3	Property Type	1.00	Similar
4	Quality	1.00	Similar
	Comparability Factor	1.000	

Competitive Property Analysis - Rossville Senior			
Rossville Senior		Percent	Comments
1	Location	0.50	Inferior location
2	Affordability	1.00	Slightly more affordable
3	Property Type	0.75	Slightly inferior
4	Quality	0.50	Inferior condition to Subject
	Comparability Factor	0.188	

We only provided the competitive property analysis for senior restricted properties. While there are some seniors living at family properties, these properties are nonetheless not restricted to senior tenants such as the Subject.

Competitive Property Analysis

Property Name	Total Number of Units*	Comparability Factor	Units to be Deducted from
Lone Mountain Village	44	0.750	33
Village at Chickamauga	32	1.000	32
Rossville Senior	48	0.188	9

*Total number of comparable units by bedroom type and AMI level

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

Additions To Supply (Cumulative)/Existing Units	50%	60%	Overall
One Bedroom	22	9	31
Two Bedroom	17	27	44
Total	39	36	75

Rehab Developments and PBRA

The Subject will be new construction and not have any PBRA or additional project based subsidies.

Capture Rates

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

50% AMI

Renter Household Income Distribution 2000 to Projected Market Entry May 2013							
Alsobrook Village							
PMA							
	2000		2010		Prj Mrkt Entry May 2013		Percent
	#	%	#	%	#	%	Growth
$0-9,999	725	40.9%	859	35.3%	886	33.2%	3.1%
$10,000-19,999	452	25.5%	589	24.2%	625	23.4%	5.7%
$20,000-29,999	259	14.7%	327	13.5%	360	13.5%	9.1%
$30,000-39,999	146	8.2%	220	9.0%	247	9.3%	11.0%
$40,000-49,999	77	4.4%	175	7.2%	225	8.4%	22.1%
$50,000-59,999	38	2.1%	74	3.0%	80	3.0%	7.1%
$60,000-74,999	30	1.7%	78	3.2%	94	3.5%	16.5%
$75,000-99,999	26	1.5%	67	2.7%	84	3.1%	20.5%
$100,000+	18	1.0%	43	1.8%	65	2.4%	34.0%
Total	1,770	100.0%	2,433	100.0%	2,666	100.0%	8.7%

Renter Household Income Distribution Projected Market Entry May 2013			
Alsobrook Village			
	PMA		
	Prj Mrkt Entry May 2013		Change 2000 to Prj Mrkt Entry May 2013
	#	%	#
$0-9,999	886	33.2%	298
$10,000-19,999	625	23.4%	210
$20,000-29,999	360	13.5%	121
$30,000-39,999	247	9.3%	83
$40,000-49,999	225	8.4%	75
$50,000-59,999	80	3.0%	27
$60,000-74,999	94	3.5%	31
$75,000-99,999	84	3.1%	28
$100,000+	65	2.4%	22
Total	2,666	100.0%	895

Tenure Prj Mrkt Entry May 2013	
Renter	16.9%
Owner	83.1%
Total	100.0%

Renter Household Size for Prj Mrkt Entry May 2013		
Size	Number	Percentage
1	1,617	60.7%
2	668	25.0%
3	131	4.9%
4	185	6.9%
5+	65	2.4%
Total	2,666	100.0%

Renter Household Size for 2000 55+		
Size	Number	Percentage
1	1,101	62.2%
2	509	28.7%
3	51	2.9%
4	73	4.1%
5+	36	2.0%
Total	1,770	100.0%

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

Percent of AMI Level			50%		
Minimum Income Limit			$15,390		
Maximum Income Limit			$22,800	2	
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	298	33.2%		0.0%	0
$10,000-19,999	210	23.4%	4,609	46.1%	97
$20,000-29,999	121	13.5%	2,800	28.0%	34
$30,000-39,999	83	9.3%		0.0%	0
$40,000-49,999	75	8.4%		0.0%	0
$50,000-59,999	27	3.0%		0.0%	0
$60,000-74,999	31	3.5%		0.0%	0
$75,000-99,999	28	3.1%		0.0%	0
$100,000+	22	2.4%		0.0%	0
	895	100.0%			131
Percent of renter households within limits versus total number of renter households					14.59%

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

Percent of AMI Level			50%		
Minimum Income Limit			$15,390		
Maximum Income Limit			$22,800	2	
Income Category	Total Renter Households PMA Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	886	33.2%	0	0.0%	0
$10,000-19,999	625	23.4%	4,609	46.1%	288
$20,000-29,999	360	13.5%	2,800	28.0%	101
$30,000-39,999	247	9.3%	0	0.0%	0
$40,000-49,999	225	8.4%	0	0.0%	0
$50,000-59,999	80	3.0%	0	0.0%	0
$60,000-74,999	94	3.5%	0	0.0%	0
$75,000-99,999	84	3.1%	0	0.0%	0
$100,000+	65	2.4%	0	0.0%	0
	2,666	100.0%			389
Percent of renter households within limits versus total number of renter households					14.59%

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	$36,986		
Prj Mrkt Entry May 2013 Median Income	$50,618		
Change from 2000 to Prj Mrkt Entry May 2013	$13,632		
Total Percent Change	36.9%		
Average Annual Change	6.1%		
Inflation Rate	6.1%	Two year adjustment	1.0000
Maximum Allowable Income	$22,800		
Maximum Allowable Income Inflation Adjusted	$22,800		
Maximum Number of Occupants	$2		
Rent Income Categories	50%		
Initial Gross Rent for Smallest Unit	$513		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$513.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	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 2000 to Prj Mrkt Entry May 2013		
Income Target Population		50%
New Renter Households PMA		895
Percent Income Qualified		14.6%
New Renter Income Qualified Households		131

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

Demand from Existing Households 2000		
Demand form Rent Overburdened Households		
Income Target Population		50%
Total Existing Demand		2,666
Income Qualified		14.6%
Income Qualified Renter Households		389
Percent Rent Overburdened Prj Mrkt Entry May 2013		50.0%
Rent Overburdened Households		195

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

Demand from Living in Substandard Housing		
Income Qualified Renter Households		389
Percent Living in Substandard Housing		0.3%
Households Living in Substandard Housing		1

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

Senior Households Converting from Homeownership		
Income Target Population		50%
Total Senior Homeowners		13137
Rural Versus Urban	0.5%	
Senior Demand Converting from Homeownership		66

Total Demand		
Total Demand from Existing Households		261
Adjustment Factor - Leakage from SMA (use 115% for DCA)	115%	39
Adjusted Demand from Existing Households		300
Total New Demand		131
Total Demand (New Plus Existing Households)		431
Demand from Seniors Who Convert from Homeownership		66
Percent of Total Demand From Homeonwership Conversion		15.2%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand		
One Person	60.7%	261
Two Persons	25.0%	108
Three Persons	4.9%	21
Four Persons	6.9%	30
Five Persons	2.4%	11
Total	100.0%	431

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	90%	235
Of two-person households in 1BR units	10%	11
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	26
Of two-person households in 2BR units	90%	97
Of three-person households in 2BR units	60%	13
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	8
Of four-person households in 3BR units	80%	24
Of five-person households in 3BR units	70%	7
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	20%	6
Of five-person households in 4BR units	30%	3
Total Demand		431
Check		OK

Total Demand by Bedroom	50%
1 BR	246
2 BR	136
Total Demand	382

Additions To Supply 2000 to Prj Mrkt Entry May 2013	50%
1 BR	22
2 BR	17
Total	39

Net Demand	50%
1 BR	225
2 BR	119
Total	344

Net Demand	50%
1 BR	225
2 BR	119
Total	344

Developer's Unit Mix	50%
1 BR	7
2 BR	10
Total	17

Capture Rate Analysis	50%
1 BR	3.1%
2 BR	8.4%
Total	4.9%

60%AMI

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

Percent of AMI Level			60%		
Minimum Income Limit			$17,010		
Maximum Income Limit			$27,360	2	
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	298	33.2%		0.0%	0
$10,000-19,999	210	23.4%	2,989	29.9%	63
$20,000-29,999	121	13.5%	7,360	73.6%	89
$30,000-39,999	83	9.3%		0.0%	0
$40,000-49,999	75	8.4%		0.0%	0
$50,000-59,999	27	3.0%		0.0%	0
$60,000-74,999	31	3.5%		0.0%	0
$75,000-99,999	28	3.1%		0.0%	0
$100,000+	22	2.4%		0.0%	0
	895	100.0%			152
Percent of renter households within limits versus total number of renter households					16.96%

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

Percent of AMI Level			60%		
Minimum Income Limit			$17,010		
Maximum Income Limit			$27,360	2	
Income Category	Total Renter Households PMA Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	886	33.2%	0	0.0%	0
$10,000-19,999	625	23.4%	2,989	29.9%	187
$20,000-29,999	360	13.5%	7,360	73.6%	265
$30,000-39,999	247	9.3%	0	0.0%	0
$40,000-49,999	225	8.4%	0	0.0%	0
$50,000-59,999	80	3.0%	0	0.0%	0
$60,000-74,999	94	3.5%	0	0.0%	0
$75,000-99,999	84	3.1%	0	0.0%	0
$100,000+	65	2.4%	0	0.0%	0
	2,666	100.0%			452
Percent of renter households within limits versus total number of renter households					16.96%

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	$36,986		
Prj Mrkt Entry May 2013 Median Income	$50,618		
Change from 2000 to Prj Mrkt Entry May 2013	$13,632		
Total Percent Change	36.9%		
Average Annual Change	6.1%		
Inflation Rate	6.1%	Two year adjustment	1.0000
Maximum Allowable Income	$27,360		
Maximum Allowable Income Inflation Adjusted	$27,360		
Maximum Number of Occupants	$2		
Rent Income Categories	60%		
Initial Gross Rent for Smallest Unit	$567		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$567.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	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 2000 to Prj Mrkt Entry May 2013		
Income Target Population		60%
New Renter Households PMA		895
Percent Income Qualified		17.0%
New Renter Income Qualified Households		152

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

Demand from Existing Households 2000		
Demand form Rent Overburdened Households		
Income Target Population		60%
Total Existing Demand		2,666
Income Qualified		17.0%
Income Qualified Renter Households		452
Percent Rent Overburdened Prj Mrkt Entry May 2013		50.0%
Rent Overburdened Households		226

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

Demand from Living in Substandard Housing		
Income Qualified Renter Households		452
Percent Living in Substandard Housing		0.3%
Households Living in Substandard Housing		1

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

Senior Households Converting from Homeownership		
Income Target Population		60%
Total Senior Homeowners		13137
Rural Versus Urban	0.6%	
Senior Demand Converting from Homeownership		79

Total Demand		
Total Demand from Existing Households		306
Adjustment Factor - Leakage from SMA (use 115% for DCA)	115%	46
Adjusted Demand from Existing Households		352
Total New Demand		152
Total Demand (New Plus Existing Households)		504
Demand from Seniors Who Convert from Homeownership		79
Percent of Total Demand From Homeonwership Conversion		15.6%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand		
One Person	60.7%	306
Two Persons	25.0%	126
Three Persons	4.9%	25
Four Persons	6.9%	35
Five Persons	2.4%	12
Total	100.0%	504

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	90%	275
Of two-person households in 1BR units	10%	13
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	31
Of two-person households in 2BR units	90%	114
Of three-person households in 2BR units	60%	15
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	10
Of four-person households in 3BR units	80%	28
Of five-person households in 3BR units	70%	9
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	20%	7
Of five-person households in 4BR units	30%	4
Total Demand		504
Check		OK

Total Demand by Bedroom	60%
1 BR	288
2 BR	159
Total Demand	447

Additions To Supply 2000 to Prj Mrkt Entry May 2013	60%
1 BR	9
2 BR	27
Total	36

Net Demand	60%
1 BR	279
2 BR	132
Total	411

Net Demand	60%
1 BR	279
2 BR	132
Total	411

Developer's Unit Mix	60%
1 BR	23
2 BR	38
Total	61

Capture Rate Analysis	60%
1 BR	8.3%
2 BR	28.8%
Total	14.9%

Overall

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

Percent of AMI Level			**Overall**		
Minimum Income Limit			$15,390		
Maximum Income Limit			$27,360	2	
Income Category	New Renter Households - Total Change in Households PMA 2000 to Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	298	33.2%		0.0%	0
$10,000-19,999	210	23.4%	4,609	46.1%	97
$20,000-29,999	121	13.5%	7,360	73.6%	89
$30,000-39,999	83	9.3%		0.0%	0
$40,000-49,999	75	8.4%		0.0%	0
$50,000-59,999	27	3.0%		0.0%	0
$60,000-74,999	31	3.5%		0.0%	0
$75,000-99,999	28	3.1%		0.0%	0
$100,000+	22	2.4%		0.0%	0
	895	100.0%			186
Percent of renter households within limits versus total number of renter households					20.76%

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

Percent of AMI Level			**Overall**		
Minimum Income Limit			$15,390		
Maximum Income Limit			$27,360	2	
Income Category	Total Renter Households PMA Prj Mrkt Entry May 2013		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	886	33.2%	0	0.0%	0
$10,000-19,999	625	23.4%	4,609	46.1%	288
$20,000-29,999	360	13.5%	7,360	73.6%	265
$30,000-39,999	247	9.3%	0	0.0%	0
$40,000-49,999	225	8.4%	0	0.0%	0
$50,000-59,999	80	3.0%	0	0.0%	0
$60,000-74,999	94	3.5%	0	0.0%	0
$75,000-99,999	84	3.1%	0	0.0%	0
$100,000+	65	2.4%	0	0.0%	0
	2,666	100.0%			553
Percent of renter households within limits versus total number of renter households					20.76%

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	$36,986		
Prj Mrkt Entry May 2013 Median Income	$50,618		
Change from 2000 to Prj Mrkt Entry May 2013	$13,632		
Total Percent Change	36.9%		
Average Annual Change	6.1%		
Inflation Rate	6.1%	Two year adjustment	1.0000
Maximum Allowable Income	$27,360		
Maximum Allowable Income Inflation Adjusted	$27,360		
Maximum Number of Occupants	$2		
Rent Income Categories	Overall		
Initial Gross Rent for Smallest Unit	$513		
Initial Gross Rent for Smallest Unit Inflation Adjusted	$513.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	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 2000 to Prj Mrkt Entry May 2013		
Income Target Population		Overall
New Renter Households PMA		895
Percent Income Qualified		20.8%
New Renter Income Qualified Households		186

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

Demand from Existing Households 2000		
Demand form Rent Overburdened Households		
Income Target Population		Overall
Total Existing Demand		2,666
Income Qualified		20.8%
Income Qualified Renter Households		553
Percent Rent Overburdened Prj Mrkt Entry May 2013		50.0%
Rent Overburdened Households		277

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

Demand from Living in Substandard Housing		
Income Qualified Renter Households		553
Percent Living in Substandard Housing		0.3%
Households Living in Substandard Housing		2

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

Senior Households Converting from Homeownership		
Income Target Population		Overall
Total Senior Homeowners		13137
Rural Versus Urban	0.7%	
Senior Demand Converting from Homeownership		92

Total Demand		
Total Demand from Existing Households		370
Adjustment Factor - Leakage from SMA (use 115% for DCA)	115%	56
Adjusted Demand from Existing Households		426
Total New Demand		186
Total Demand (New Plus Existing Households)		612
Demand from Seniors Who Convert from Homeownership		92
Percent of Total Demand From Homeonwership Conversion		15.0%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand		
One Person	60.7%	371
Two Persons	25.0%	153
Three Persons	4.9%	30
Four Persons	6.9%	43
Five Persons	2.4%	15
Total	100.0%	612

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	90%	334
Of two-person households in 1BR units	10%	15
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	37
Of two-person households in 2BR units	90%	138
Of three-person households in 2BR units	60%	18
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	12
Of four-person households in 3BR units	80%	34
Of five-person households in 3BR units	70%	10
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	20%	9
Of five-person households in 4BR units	30%	4
Total Demand		612
Check		OK

Total Demand by Bedroom	Overall
1 BR	349
2 BR	193
Total Demand	543

Additions To Supply 2000 to Prj Mrkt Entry May 2013	Overall
1 BR	31
2 BR	44
Total	75

Net Demand	Overall
1 BR	319
2 BR	149
Total	468

Net Demand	Overall
1 BR	319
2 BR	149
Total	468

Developer's Unit Mix	Overall
1 BR	30
2 BR	48
Total	78

Capture Rate Analysis	Overall
1 BR	9.4%
2 BR	32.2%
Total	16.7%

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 2.6 percent between 2010 and 2013.

- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

CAPTURE RATE ANALYSIS CHART

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min-Max	Proposed Rents
1BR	50% AMI	7	246	22	225	3.1%	6 months	$428	$319-555	$380
1BR	60% AMI	23	288	9	279	8.3%	6 months	$476	$394-555	$434
2BR	50% AMI	10	136	17	119	8.4%	6 months	$528	$343-685	$430
2BR	60% AMI	38	159	27	132	28.8%	6 months	$564	$373-685	$480
Overall 1BR		*30*	*349*	*31*	*319*	*9.4%*	6 months	-	-	-
Overall 2BR		*48*	*193*	*44*	*149*	*32.2%*	6 months	-	-	-
Overall		***78***	***543***	***75***	***468***	***16.7%***	***6 months***	-	-	-

Demand and Net Demand

	HH at 50% AMI (min to max income)	HH at 60% AMI (min to max income)	All Tax Credit Households
Demand from New Households (age and income appropriate)	131	152	186
PLUS	+	+	+
Demand from Existing Renter Households - Substandard Housing	1	1	2
PLUS	+	+	+
Demand from Existing Renter Housholds - Rent Overburdened Households	195	226	277
PLUS	+	+	+
Secondary Market Demand adjustment IF ANY Subject to 15% Limitation	**39**	**46**	**56**
Sub Total	**365**	**425**	**520**
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicatble)	66	79	92
Equals Total Demand	**431**	**504**	**612**
Less	-	-	-
Supply of comparable LIHTC or Market Rate housing units built and/or planned in the projected market between 2000 and the present	39	36	75
Equals Net Demand	**393**	**468**	**537**

As the analysis illustrates, the Subject's capture rates at the 50 percent AMI level will range from 3.1 to 8.4 percent, with an overall capture rate of 4.9 percent. The Subject's 60 percent AMI capture rates range from 8.3 to 28.8 percent, with an overall capture rate of 14.9 percent. The two-bedroom 60 percent AMI capture rate is the highest capture rate, but is still below the threshold requirements. The Subject will have nearly 50 percent of its units in the two-bedroom. This is also the most popular unit type among the comparables. Vacancy in the market is very low, in fact there are no senior LIHTC vacancies and both senior properties reported waiting lists. This illustrates additional demand for the Subject.

The overall capture rate for the project's 50 and 60 percent units is 16.7 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 seven "true" comparable properties containing 616 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 senior LIHTC is considered adequate. There are three senior LIHTC properties in the PMA. We have included two in our survey as we were unable to contact Rossville Senior after several phone attempts as well as during our field inspection. We have nonetheless removed these units from the demand analysis. The two additional senior LIHTC properties were both built in 2007/2008 and represent the best comparables. We have also included the closest family LIHTC property, Oglethorpe Ridge. This property does not offer two-bedroom units, but does offer one-bedroom units. We have also included four market rate properties all located in the PMA in Fort Oglethorpe. While none of these are restricted to senior tenants, they are representative of the unrestricted market rate comparables. Therefore, we consider the availability of market data to be good.

General Market Overview/Included/Excluded Properties

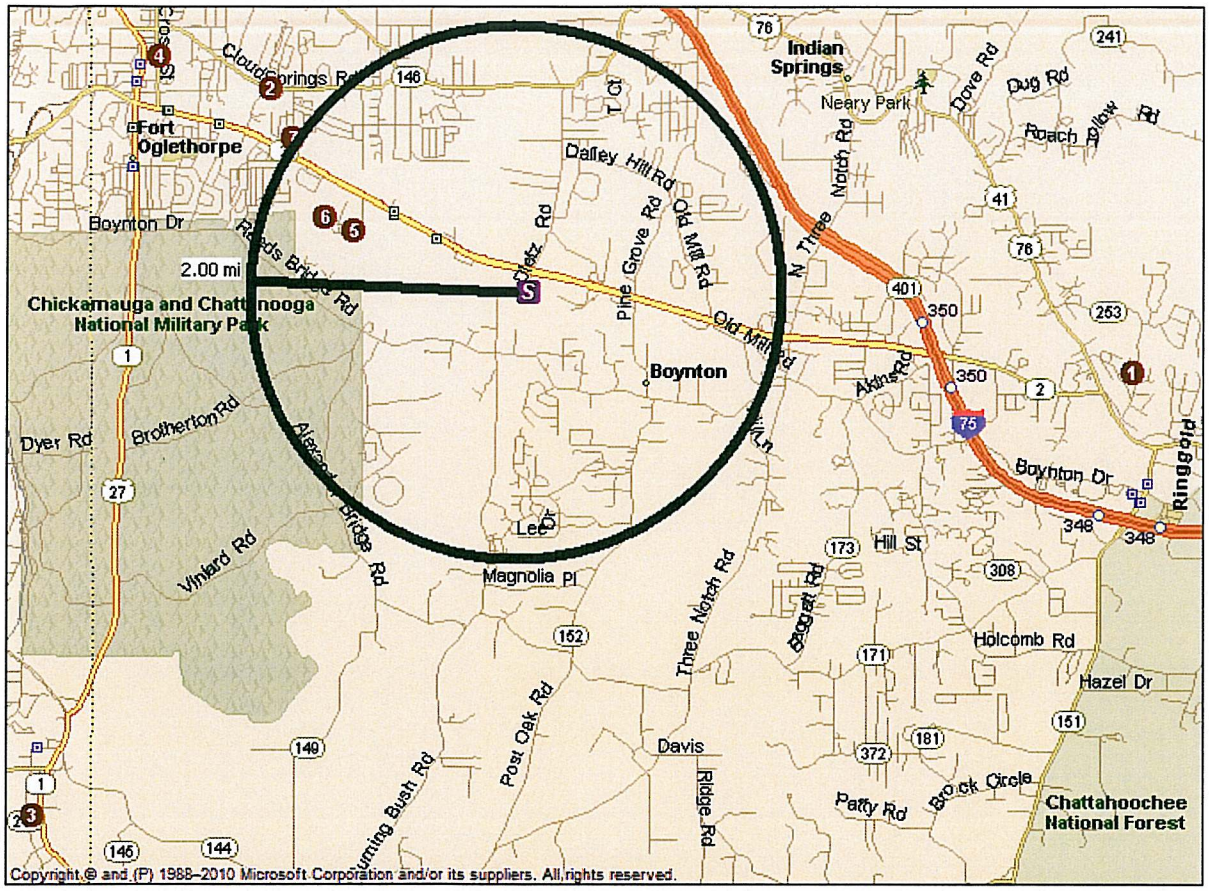
The following table illustrates properties that are within the PMA or a similar market areas. The table highlights vacancy. Some of these properties have been included as "true comparables."

It should be noted that there are only two properties within two miles of the Subject site- Lakeshore I and Lakeshore II.

GENERAL MARKET OVERVIEW

Name	City	Distance to Subject	Type	Tenancy	Included/Excluded	Reason for Exclusion	Weighted Occupancy
Battlewood Apartments	Fort Oglethorpe	5.6 miles	Section 8	Family	Excluded	Rent Subsidized	N/Av
Catoosa Gardens Apartments	Fort Oglethorpe	5.5 miles	Section 8	Elderly	Excluded	Rent Subsidized	N/Av
Springwood/Happy Valley Apartments	Rossville	8.6 miles	Section 8	Family	Excluded	Rent Subsidized	96%
Mission Villas	Rossville	6.7 miles	Rural Development	Family	Excluded	Rent Subsidized	97%
Oakridge Apartments	Ringgold	5.9 miles	Rural Development	Family	Excluded	Rent Subsidized	N/Av
Rosewood Apartments I and II	Ringgold	5.0 miles	Rural Development	Family	Excluded	Rent Subsidized	99%
Rossville Senior Apartments	Rossville	7.4 miles	LIHTC	Senior	Excluded	Unable to Contact	N/Av
Bedford Place Apartments	Fort Oglethorpe	6.0 miles	LIHTC	Family	Excluded	Tenancy not Comparable, would not participate	N/Av
Lone Mountain Village	Ringgold	5.2 miles	LIHTC	Senior	Included	N/Ap	100%
Village at Chickamauga	Chickamauga	9.1 miles	LIHTC	Senior	Included	N/Ap	100%
Oglethorpe Ridge	Fort Oglethorpe	2.9 miles	LIHTC	Family	Included	N/Ap	95%
Lakeshore I	Fort Oglethorpe	2.0 miles	Market	Family	Included	N/Ap	91%
Lakeshore II	Fort Oglethorpe	2.1 miles	Market	Family	Included	N/Ap	100%
Park Knoll Apts	Fort Oglethorpe	2.3 miles	Market	Family	Included	N/Ap	100%
Fountain Brook Apts	Fort Oglethorpe	3.7 miles	Market	Family	Included	N/Ap	97%
						Average	**97%**

Comparable Rental Property Map



COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance
1	Lone Mountain Village	Ringgold	Senior LIHTC	5.2 miles
2	Oglethorpe Ridge Apartments	Fort Oglethorpe	Family LIHTC	2.9 miles
3	Village At Chickamauga	Chickamauga	Senior LIHTC	9.1 miles
4	Fountain Brook	Fort Oglethorpe	Market	3.7 miles
5	Lakeshore I	Fort Oglethorpe	Market	2.0 miles
6	Lakeshore II	Fort Oglethorpe	Market	2.1 miles
7	Park Knoll	Fort Oglethorpe	Market	2.3 miles

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

SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Subject	Alsobrook Senior Village	n/a	Lowrise (age-restricted)	@50%, @60%	1BR / 1BA	7	9.00%	@50%	$380	700	no		N/A	N/A
	1565 Dietz Road		(3 stories)		1BR / 1BA	23	29.50%	@60%	$434	700	no		N/A	N/A
	Fort Oglethorpe, GA 30736		2013 / n/a		2BR / 2BA	10	12.80%	@50%	$430	1,000	no		N/A	N/A
	Catoosa County				2BR / 2BA	38	48.70%	@60%	$480	1,000	no		N/A	N/A
						78	100%						N/A	N/A
1	Lone Mountain Village	5.2 miles	Lowrise (age-restricted)	@50%, @60%, Market	1BR / 1BA	14	25.00%	@50%	$319	760	n/a	30 HH	0	0.00%
	140 Hailey Dr		(2 stories)		1BR / 1BA	4	7.10%	@60%	$319	760	n/a	30 HH	0	0.00%
	Ringgold, GA 30736		2008 / n/a		1BR / 1BA	6	10.70%	Market	$339	760	n/a	30 HH	0	0.00%
	Catoosa County				2BR / 1BA	9	16.10%	@50%	$343	1,002	n/a	30 HH	0	0.00%
					2BR / 1BA	17	30.40%	@60%	$343	1,002	n/a	30 HH	0	0.00%
					2BR / 1BA	6	10.70%	Market	$373	1,002	n/a	30 HH	0	0.00%
						56	100%						0	0.00%
2	Oglethorpe Ridge Apartments	2.9 miles	Garden	LIHTC	1BR / 1BA	N/A	N/A	@60%	$454	731	no	1.5 years	0	N/A
	1252 Cloud Springs Road		(2 stories)		3BR / 2BA	N/A	N/A	@60%	$574	1,150	no	None	N/A	N/A
	Fort Oglethorpe, GA 30741		2000 / n/a		4BR / 2BA	N/A	N/A	@60%	$612	1,306	n/a	None	N/A	N/A
	Catoosa County													
						97	100%						5	5.20%
3	Village At Chickamauga	9.1 miles	One-story (age-restricted)	@50%, @60%, Market	1BR / 1BA	8	20.00%	@50%	$355	760	n/a	Yes	0	0.00%
	12311 N. Highway 27		2007 / n/a		1BR / 1BA	4	10.00%	@60%	$355	760	n/a	Yes	0	0.00%
	Chickamauga, GA 30707				1BR / 1BA	4	10.00%	Market	$375	760	n/a	Yes	0	0.00%
	Walker County				2BR / 1BA	8	20.00%	@50%	$385	1,002	n/a	Yes	0	0.00%
					2BR / 1BA	12	30.00%	@60%	$385	1,002	n/a	Yes	0	0.00%
					2BR / 1BA	4	10.00%	Market	$415	1,002	n/a	Yes	0	0.00%
						40	100%						0	0.00%
4	Fountain Brook	3.7 miles	Garden	Market	1BR / 1BA	100	44.60%	Market	$555	850	n/a	No	N/A	N/A
	100 Brookhaven Circle		(3 stories)		2BR / 2BA	124	55.40%	Market	$655	1,300	n/a	No	N/A	N/A
	Fort Oglethorpe, GA 30742		2000 / n/a											
	Catoosa County													
						224	100%						7	3.10%
5	Lakeshore I	2 miles	One-story	Market	Studio / 1BA	N/A	N/A	Market	$490	288	n/a	No	N/A	N/A
	1100 Lakeshore Dr.		1984 / n/a		1BR / 1BA	N/A	N/A	Market	$490	576	n/a	No	N/A	N/A
	Fort Oglethorpe, GA 30742				2BR / 1BA	N/A	N/A	Market	$675	864	n/a	No	N/A	N/A
	Catoosa County				2BR / 2BA	N/A	N/A	Market	$685	864	n/a	No	N/A	N/A
						79	100%						7	8.90%
6	Lakeshore II	2.1 miles	One-story	Market	Studio / 1BA	N/A	N/A	Market	$399	276	n/a		N/A	N/A
	1000 Lakeshore Dr.		1988 / n/a		1BR / 1BA	N/A	N/A	Market	$394	576	n/a		N/A	N/A
	Fort Oglethorpe, GA 30742				2BR / 1BA	N/A	N/A	Market	$543	876	n/a		N/A	N/A
	Catoosa County				2BR / 2BA	N/A	N/A	Market	$543	876	n/a		N/A	N/A
						80	100%						0	0.00%
7	Park Knoll	2.3 miles	Garden	Market	2BR / 1.5BA	N/A	N/A	Market	$568	N/A	n/a	Yes	0	N/A
	2212 South Cedar St		(2 stories)		2.5BR / 1.5BA	N/A	N/A	Market	$623	N/A	n/a	Yes	0	N/A
	Fort Oglethorpe, GA 30742		n/a / n/a											
	Catoosa County													
						40	100%						0	0.00%

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

	Effective Rent Date:	May-11	Units Surveyed:	616	Weighted Occupancy:	96.90%
			Market Rate	423	Market Rate	96.70%
			Tax Credit	193	Tax Credit	97.40%

	One Bedroom One Bath		Two Bedrooms Two Bath		-	
	Property	Average	Property	Average	Property	Average
RENT	Fountain Brook	$555	Lakeshore I	$685		
	Lakeshore I	$490	Fountain Brook	$655		
	Oglethorpe Ridge Apartments * (60%)	$454	Park Knoll (1.5BA)	$568		
	Alsobrook Senior Village * (60%)	**$434**	Lakeshore II	$543		
	Lakeshore II	$394	**Alsobrook Senior Village * (60%)**	**$480**		
	Alsobrook Senior Village * (50%)	**$380**	**Alsobrook Senior Village * (50%)**	**$430**		
	Village At Chickamauga * (M)	$375	Village At Chickamauga * (1BA M)	$415		
	Village At Chickamauga * (50%)	$355	Village At Chickamauga * (1BA 50%)	$385		
	Village At Chickamauga * (60%)	$355	Village At Chickamauga * (1BA 60%)	$385		
	Lone Mountain Village * (M)	$339	Lone Mountain Village * (1BA M)	$373		
	Lone Mountain Village * (50%)	$319	Lone Mountain Village * (1BA 50%)	$343		
	Lone Mountain Village * (60%)	$319	Lone Mountain Village * (1BA 60%)	$343		
SQUARE	Fountain Brook	850	Fountain Brook	1,300		
	Lone Mountain Village * (50%)	760	Lone Mountain Village * (1BA 50%)	1,002		
	Lone Mountain Village * (60%)	760	Lone Mountain Village * (1BA 60%)	1,002		
	Lone Mountain Village * (M)	760	Lone Mountain Village * (1BA M)	1,002		
	Village At Chickamauga * (50%)	760	Village At Chickamauga * (1BA 50%)	1,002		
	Village At Chickamauga * (60%)	760	Village At Chickamauga * (1BA 60%)	1,002		
	Village At Chickamauga * (M)	760	Village At Chickamauga * (1BA M)	1,002		
	Oglethorpe Ridge Apartments * (60%)	731	**Alsobrook Senior Village * (50%)**	**1,000**		
	Alsobrook Senior Village * (50%)	**700**	**Alsobrook Senior Village * (60%)**	**1,000**		
	Alsobrook Senior Village * (60%)	**700**	Lakeshore II	876		
	Lakeshore I	576	Lakeshore I	864		
	Lakeshore II	576	Park Knoll (1.5BA)	N/A		
RENT PER	Lakeshore I	$0.85	Lakeshore I	$0.79		
	Lakeshore II	$0.68	Lakeshore II	$0.62		
	Fountain Brook	$0.65	Fountain Brook	$0.50		
	Oglethorpe Ridge Apartments * (60%)	$0.62	**Alsobrook Senior Village * (60%)**	**$0.48**		
	Alsobrook Senior Village * (60%)	**$0.62**	**Alsobrook Senior Village * (50%)**	**$0.43**		
	Alsobrook Senior Village * (50%)	**$0.54**	Village At Chickamauga * (1BA M)	$0.41		
	Village At Chickamauga * (M)	$0.49	Village At Chickamauga * (1BA 50%)	$0.38		
	Village At Chickamauga * (50%)	$0.47	Village At Chickamauga * (1BA 60%)	$0.38		
	Village At Chickamauga * (60%)	$0.47	Lone Mountain Village * (1BA M)	$0.37		
	Lone Mountain Village * (M)	$0.45	Lone Mountain Village * (1BA 50%)	$0.34		
	Lone Mountain Village * (50%)	$0.42	Lone Mountain Village * (1BA 60%)	$0.34		
	Lone Mountain Village * (60%)	$0.42	Park Knoll (1.5BA)	N/A		

PROPERTY PROFILE REPORT

Lone Mountain Village

Effective Rent Date	**5/20/2011**
Location	140 Hailey Dr Ringgold, GA 30736 Catoosa County
Distance	5.2 miles
Units	56
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (age-restricted) (2 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None
Tenant Characteristics	seniors, at least 50% are previous homeowners
Contact Name	Ashley
Phone	706-965-6437

Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	5%
Units/Month Absorbed	6
HCV Tenants	9%
Leasing Pace	pre-leased
Annual Chg. in Rent	Increase
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	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	Lowrise (2 stories)	14	760	$355	$0	@50%	30 HH	0	0.0%	N/A	None
1	1	Lowrise (2 stories)	4	760	$355	$0	@60%	30 HH	0	0.0%	N/A	None
1	1	Lowrise (2 stories)	6	760	$375	$0	Market	30 HH	0	0.0%	N/A	None
2	1	Lowrise (2 stories)	9	1,002	$385	$0	@50%	30 HH	0	0.0%	N/A	None
2	1	Lowrise (2 stories)	17	1,002	$385	$0	@60%	30 HH	0	0.0%	N/A	None
2	1	Lowrise (2 stories)	6	1,002	$415	$0	Market	30 HH	0	0.0%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$355	$0	$355	-$36	$319
2BR / 1BA	$385	$0	$385	-$42	$343

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$355	$0	$355	-$36	$319
2BR / 1BA	$385	$0	$385	-$42	$343

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$375	$0	$375	-$36	$339
2BR / 1BA	$415	$0	$415	-$42	$373

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Lone Mountain Village, continued

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Central A/C
Dishwasher
Oven
Washer/Dryer hookup
Blinds
Carpet/Hardwood
Coat Closet
Ceiling Fan
Refrigerator

Security

Perimeter Fencing

Services

None

Property

Off-Street Parking
Picnic Area
On-Site Management
Recreation Areas

Premium

None

Other

shuffle board, walking paths,

Comments

Management stated that there is a need for more senior housing. Their developer Mr. Braeden has plans to start a new development next door. It will be called Lone Mountain II and is not slated to open for atleast another two years. This property has not yet been allocated. It will be a 60-65 unit senior property. The contact seemed to feel that seniors could afford more than the current rental rate. Market rents increased slightly the January 1, 2011. There are currently five housing choice voucher tenants.

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PROPERTY PROFILE REPORT

Oglethorpe Ridge Apartments

Effective Rent Date	**5/23/2011**
Location	1252 Cloud Springs Road Fort Oglethorpe, GA 30741 Catoosa County
Distance	2.9 miles
Units	97
Vacant Units	5
Vacancy Rate	5.2%
Type	Garden (2 stories)
Year Built/Renovated	2000 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None really
Tenant Characteristics	Varies
Contact Name	Gail
Phone	(706) 858-3880

Market Information

Program	LIHTC
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	20%
Leasing Pace	N/A
Annual Chg. in Rent	N/A
Concession	N/A

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	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	731	$490	$0	@60%	1.5 years	0	N/A	no	None
3	2	Garden (2 stories)	N/A	1,150	$630	$0	@60%	None	N/A	N/A	no	None
4	2	Garden (2 stories)	N/A	1,306	$680	$0	@60%	None	N/A	N/A	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$490	$0	$490	-$36	$454
3BR / 2BA	$630	$0	$630	-$56	$574
4BR / 2BA	$680	$0	$680	-$68	$612

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Oglethorpe Ridge Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Dishwasher	Exterior Storage		
Oven	Refrigerator		
Washer/Dryer hookup			

Property		Premium	Other
Clubhouse/Meeting	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Playground			

Comments

The property manager indicated that demand for additional senior LIHTC housing would be well accepted in the market. There are approximately 20-25% senior tenants at this property. Occupancy is typicall 98 percent.

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PROPERTY PROFILE REPORT

Village At Chickamauga

Effective Rent Date	**5/25/2011**
Location	12311 N. Highway 27 Chickamauga, GA 30707 Walker County
Distance	9.1 miles
Units	40
Vacant Units	0
Vacancy Rate	0.0%
Type	One-story (age-restricted)
Year Built/Renovated	2007 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None
Tenant Characteristics	55+, average age is 65, most were previous homeowners
Contact Name	Melissa
Phone	706-375-3047

Market Information

Program	@50%, @60%, Market
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	1%
Leasing Pace	pre-leased
Annual Chg. in Rent	None
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	One-story	8	760	$355	$0	@50%	Yes	0	0.0%	N/A	None
1	1	One-story	4	760	$355	$0	@60%	Yes	0	0.0%	N/A	None
1	1	One-story	4	760	$375	$0	Market	Yes	0	0.0%	N/A	None
2	1	One-story	8	1,002	$385	$0	@50%	Yes	0	0.0%	N/A	None
2	1	One-story	12	1,002	$385	$0	@60%	Yes	0	0.0%	N/A	None
2	1	One-story	4	1,002	$415	$0	Market	Yes	0	0.0%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$355	$0	$355	$0	$355
2BR / 1BA	$385	$0	$385	$0	$385

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$355	$0	$355	$0	$355
2BR / 1BA	$385	$0	$385	$0	$385

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$375	$0	$375	$0	$375
2BR / 1BA	$415	$0	$415	$0	$415

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Village At Chickamauga, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Cable/Satellite/Internet	Carpeting		
Central A/C	Coat Closet		
Dishwasher	Garbage Disposal		
Oven	Refrigerator		
Washer/Dryer hookup			

Property		Premium	Other
Clubhouse/Meeting	Elevators	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		

Comments

Management was unable to provide the number of people on the waitlist, but tenants can remain on the list from one to three years. There is one housing choice voucher tenant. Management did not know the maximum seniors can afford. Amenities include a putting green, shuffle board and community garden. The property manager was unable to report absorption as she started at this property in mid-2009, at which time they were fully occupied.

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PROPERTY PROFILE REPORT

Fountain Brook

Effective Rent Date	**5/18/2011**
Location	100 Brookhaven Circle Fort Oglethorpe, GA 30742 Catoosa County
Distance	3.7 miles
Units	224
Vacant Units	7
Vacancy Rate	3.1%
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	None
Tenant Characteristics	Huge Mixture Tenants
Contact Name	Rae Lynn
Phone	706-866-9441

Market Information

Program	Market
Annual Turnover Rate	35%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	under 1 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	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)	100	850	$555	$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	124	1,300	$655	$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$555	$0	$555	$0	$555
2BR / 2BA	$655	$0	$655	$0	$655

Amenities

In-Unit

Balcony/Patio
Carpet/Hardwood
Coat Closet
Exterior Storage
Garbage Disposal
Oven
Vaulted Ceilings
Washer/Dryer
Blinds
Central A/C
Dishwasher
Ceiling Fan
Microwave
Refrigerator
Walk-In Closet
Washer/Dryer hookup

Security

Perimeter Fencing

Services

None

Property

Clubhouse/Meeting
Swimming Pool
On-Site Management

Premium

None

Other

None

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Fountain Brook, continued

Comments

Management stated there are 12 low-rise buildings. Some buildings are two-levels and some have three-levels. Management noted the senior population within the complex is low, but did not know an exact percentage. Garages are available to rent for $100 per month. Storage units are available at $50-$60 per month. The occupancy typically ranges from 96 to 98 percent. The rental market is seasonal with higher occupancy in the spring and summer months.

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PROPERTY PROFILE REPORT

Lakeshore I

Effective Rent Date	**5/19/2011**
Location	1100 Lakeshore Dr. Fort Oglethorpe, GA 30742 Catoosa County
Distance	2 miles
Units	79
Vacant Units	7
Vacancy Rate	8.9%
Type	One-story
Year Built/Renovated	1984 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Lakeshore II
Tenant Characteristics	Diverse mixture, about 40% seniors
Contact Name	Linda
Phone	706-861-5518

Market Information

Program	Market
Annual Turnover Rate	40%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	1-4 weeks
Annual Chg. in Rent	Remained the same
Concession	Based on credit

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	One-story	N/A	288	$469	$0	Market	No	N/A	N/A	N/A	None
1	1	One-story	N/A	576	$469	$0	Market	No	N/A	N/A	N/A	None
2	1	One-story	N/A	864	$654	$0	Market	No	N/A	N/A	N/A	None
2	2	One-story	N/A	864	$664	$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$469	$0	$469	$21	$490
1BR / 1BA	$469	$0	$469	$21	$490
2BR / 1BA	$654	$0	$654	$21	$675
2BR / 2BA	$664	$0	$664	$21	$685

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Lakeshore I, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Perimeter Fencing	None
Cable/Satellite/Internet	Carpet/Hardwood		
Central A/C	Coat Closet		
Dishwasher	Exterior Storage		
Ceiling Fan	Oven		
Refrigerator	Washer/Dryer hookup		

Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
On-Site Management			

Comments

The contact stated that Lakeshore I and II are not under the same management company any longer. Management was unable to give a breakdown of the total number of units and vacany per unit. There is a concession of half off the first months rent. This is based on good credit. There is an additional deposit with poor credit. The contact noted there are many seniors in the area and there is a need for affordable housing.

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PROPERTY PROFILE REPORT

Lakeshore II

Effective Rent Date	**5/19/2011**
Location	1000 Lakeshore Dr. Fort Oglethorpe, GA 30742 Catoosa County
Distance	2.1 miles
Units	80
Vacant Units	0
Vacancy Rate	0.0%
Type	One-story
Year Built/Renovated	1988 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Lakeshore I
Tenant Characteristics	Mixed, 25% seniors
Contact Name	Linda
Phone	706-861-0455

Market Information

Program	Market
Annual Turnover Rate	15%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	1 week
Annual Chg. in Rent	Slight increase of 1%
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	One-story	N/A	276	$425	$0	Market	N/A	N/A	N/A	N/A	None
1	1	One-story	N/A	576	$430	$0	Market	N/A	N/A	N/A	N/A	None
2	1	One-story	N/A	876	$585	$0	Market	N/A	N/A	N/A	N/A	None
2	2	One-story	N/A	876	$585	$0	Market	N/A	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$425	$0	$425	-$26	$399
1BR / 1BA	$430	$0	$430	-$36	$394
2BR / 1BA	$585	$0	$585	-$42	$543
2BR / 2BA	$585	$0	$585	-$42	$543

Amenities

In-Unit

Blinds
Carpeting
Ceiling Fan
Garbage Disposal
Oven
Refrigerator
Window A/C

Security

None

Services

None

Property

Central Laundry
Off-Street Parking
On-Site Management

Premium

None

Other

None

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Lakeshore II, continued

Comments

The studio unit includes all utilities. The one-bedroom and two-bedrrom units include water, sewer, and trash removal. Property is self-owned/managed.

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PROPERTY PROFILE REPORT

Park Knoll

Effective Rent Date	**5/20/2011**
Location	2212 South Cedar St Fort Oglethorpe, GA 30742 Catoosa County
Distance	2.3 miles
Units	40
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	N/A / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	N/A
Phone	706-866-7532

Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	1-2 weeks
Annual Chg. in Rent	increase of 2-3%
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1.5	Garden (2 stories)	N/A	N/A	$610	$0	Market	Yes	0	N/A	N/A	None
2.5	1.5	Garden (2 stories)	N/A	N/A	$665	$0	Market	Yes	0	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1.5BA	$610	$0	$610	-$42	$568
2.5BR / 1.5BA	$665	$0	$665	-$42	$623

Amenities

In-Unit

Balcony/Patio
Blinds
Cable/Satellite/Internet
Carpet/Hardwood
Central A/C
Coat Closet
Dishwasher
Garbage Disposal
Microwave
Oven
Refrigerator
Washer/Dryer hookup

Security

None

Services

None

Property

Off-Street Parking
On-Site Management

Premium

None

Other

None

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Park Knoll, continued

Comments

Rent increased $15 in April of 2011. Although they are currently at 100 percent occupancy, there will be two two-bedroom units that will become available in June and July.

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

Housing Choice Vouchers

TENANTS WITH VOUCHERS

Comparable Property	Type	Housing Choice Voucher Tenants
Lone Mountain Village	Senior LIHTC	9%
Oglethorpe Ridge Apartments	Family LIHTC	20%
Village At Chickamauga	Senior LIHTC	1%
Fountain Brook	Market	0%
Lakeshore I	Market	0%
Lakeshore II	Market	N/A
Park Knoll	Market	N/A
Average		**6%**

As illustrated in the table, the comparables all reported a minimal percentage of voucher tenants. The local market does not appear to be dependent on voucher tenants.

Lease Up History

We were able to obtain absorption information from Lone Mountain Village, a senior LIHTC property. The property manager indicated that they were fully leased within nine months of opening. This equates to six units per month. This property absorbed at the same time as Village at Chickamauga. The property manager at Village at Chickamauga started in mid-2009 and could not report absorption. She did state that they have been 100 percent occupied since she started in mid-2009. Both senior properties maintain waiting lists, which illustrates strong demand for senior housing. Based on the data above, we believe that the Subject will absorb six units per month to reach 93 percent occupancy per DCA's guidelines, for an absorption period of 12 months.

Phased Developments

The subject will not be a phased development.

Rural Areas

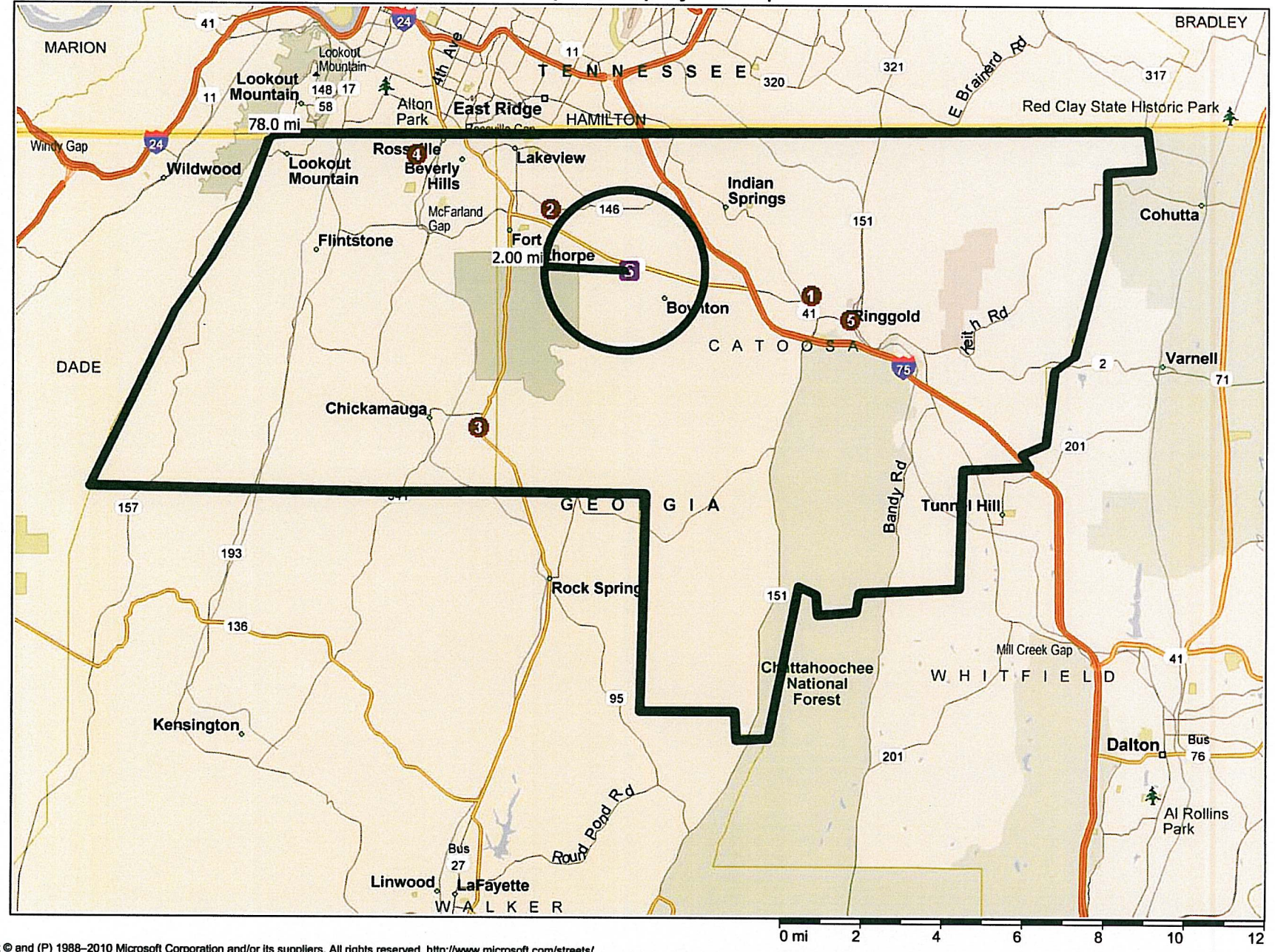
There is sufficient comparable property data.

3. COMPETITIVE PROJECT MAP

COMPETITIVE PROJECTS - LIHTC

Name	City	Distance to Subject	Type	Tenancy	Included/Excluded	Reason for Exclusion
Rossville Senior Apartments	Rossville	7.4 miles	LIHTC	Senior	Excluded	Unable to Contact
Bedford Place Apartments	Fort Oglethorpe	6.0 miles	LIHTC	Family	Excluded	Tenancy not Comparable, would not participate
Lone Mountain Village	Ringgold	5.2 miles	LIHTC	Senior	Included	N/Ap
Village at Chickamauga	Chickamauga	9.1 miles	LIHTC	Senior	Included	N/Ap
Oglethorpe Ridge	Fort Oglethorpe	2.9 miles	LIHTC	Family	Included	N/Ap

competitive project map



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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 grey, 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 grey.

UNIT MATRIX REPORT

	Alsobrook Senior Village	Lone Mountain Village	Oglethorpe Ridge Apartments	Village At Chickamauga	Fountain Brook	Lakeshore I	Lakeshore II	Park Knoll
Comp #	Subject	1	2	3	4	5	6	7
Property Information								
Property Type	Lowrise (age-restricted) (3 stories)	Lowrise (age-restricted) (2 stories)	Garden (2 stories)	One-story (age-restricted)	Garden (3 stories)	One-story	One-story	Garden (2 stories)
Year Built / Renovated	2013 / n/a	2008 / n/a	2000 / n/a	2007 / n/a	2000 / n/a	1984 / n/a	1988 / n/a	n/a / n/a
Market (Conv.)/Subsidy Type	@50%, @60%	@50%, @60%, Market	LIHTC	@50%, @60%, Market	Market	Market	Market	Market
In-Unit Amenities								
Balcony/Patio	no	yes	yes	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	no	yes
Dishwasher	yes	yes	yes	yes	yes	yes	no	yes
Exterior Storage	no	no	yes	no	yes	yes	no	no
Ceiling Fan	no	yes	no	no	yes	yes	yes	no
Garbage Disposal	no	no	no	yes	yes	no	yes	yes
Hand Rails	yes	yes	no	yes	no	no	no	no
Microwave	yes	no	no	no	yes	no	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes
Pull Cords	yes	yes	no	yes	no	no	no	no
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	no	yes	no	no	no
Walk-In Closet	no	no	no	no	yes	no	no	no
Window A/C	no	no	no	no	no	no	yes	no
Washer/Dryer	no	no	no	no	yes	no	no	no
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	no	yes
Property Amenities								
Business Center/Computer Lab	yes	no	no	no	no	no	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	no	no	no
Elevators	yes	yes	no	yes	no	no	no	no
Exercise Facility	yes	no	no	no	no	no	no	no
Central Laundry	yes	yes	yes	yes	no	yes	yes	no
Off-Street Parking	yes	yes	yes	yes	no	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	no	no	yes	yes	no	no	no	no
Playground	no	no	yes	no	no	no	no	no
Recreation Areas	no	yes	no	no	no	no	no	no
Swimming Pool	no	no	no	no	yes	no	no	no
Garage Fee	N/A	N/A	N/A	N/A	$100.00	N/A	N/A	N/A
Services								
Security								
Perimeter Fencing	no	yes	no	no	yes	yes	no	no
Premium Amenities								
Other Amenities								
Other	Community garden, gazebo, walking path	shuffle board, walking paths, gazebo, grills	n/a	n/a	n/a	n/a	n/a	n/a

The Subject will offer a generally similar unit amenities package when compared to the senior properties. The Subject will lack a patio/balcony, which is a well utilized amenity per our site inspection and confirmation from property managers. With regards to community amenities, the Subject will be generally superior as it offers a business center and exercise facility, which none of the comparables offer.

5. The Subject will target senior households aged 55 and older. We have included all senior properties in the PMA that were available. We have also included one family LIHTC property and four family market rate properties. The following table illustrates the percent of senior tenants at the family properties included.

TENANT CHARACTERISTICS

Comparable Property	Type	Tenant Characteristics
Oglethorpe Ridge Apartments	Family LIHTC	20-25% seniors
Fountain Brook	Market	Varies
Lakeshore I	Market	Diverse mixture, about 40% seniors
Lakeshore II	Market	25% seniors
Park Knoll	Market	N/A

6. Vacancy

The following table illustrates the vacancy rates in the market.

OVERALL VACANCY

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Lone Mountain Village	Senior LIHTC	56	0	0.00%
Oglethorpe Ridge Apartments	Family LIHTC	97	5	5.20%
Village At Chickamauga	Senior LIHTC	40	0	0.00%
Fountain Brook	Market	224	7	3.10%
Lakeshore I	Market	79	7	8.90%
Lakeshore II	Market	80	0	0.00%
Park Knoll	Market	40	0	0.00%
Total		**616**	**19**	**3.08%**

As illustrated, vacancy rates in the market range from 0.00 to 8.90 percent, averaging 3.08 percent. There are no vacant senior LIHTC units. Moreover, both senior LIHTC properties maintain waiting lists ranging from 30 households to over a one year. The property manager at Oglethorpe Ridge indicated that they are typically 98 percent occupied and expected a higher occupancy rate within the next month or two. Lakeshore I reported the highest vacancy at 8.90 percent. Management could not report a reason for the high vacancy. The property appeared well maintain so we attribute the higher vacancy to either management issues or temporary as this is the only property with vacancy higher than five percent. Overall, vacancy is low at six of the seven comparables. The Subject will be most similar to the two senior LIHTC properties, which are 100 percent occupied with waiting lists. Therefore, we believe the Subject will experience a vacancy rate five percent or less once stabilized.

7. Properties Under Construction and Proposed

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

8. Rental Advantage

The following table illustrates the Subject's similarity to the comparable properties. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report

Similarity Matrix

#	Property Name	Type	Property Amenities	Unit Features	Location	Age / Condition	Unit Size	Overall Comparison
1	Lone Mountain Village	Senior LIHTC	Slightly Inferior	Slightly Superior	Slightly Inferior	Similar	Slightly Inferior	-10
2	Oglethorpe Ridge Apartments	Family LIHTC	Inferior	Slightly Superior	Similar	Slightly Inferior	Inferior	-20
3	Village At Chickamauga	Senior LIHTC	Slightly Inferior	Slightly Superior	Similar	Similar	Slightly Inferior	-5
4	Fountain Brook	Market	Slightly Inferior	Superior	Similar	Slightly Inferior	Slightly Superior	5
5	Lakeshore I	Market	Inferior	Slightly Superior	Similar	Inferior	Inferior	-25
6	Lakeshore II	Market	Inferior	Slightly Inferior	Similar	Inferior	Inferior	-35
7	Park Knoll	Market	Inferior	Slightly Superior	Similar	Inferior	Inferior	-25

*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
Alsobrook Senior Village (Subject)	$380	$430
LIHTC Maximum (Net)	$402	$478
Lone Mountain Village	$319	$343
Village At Chickamauga	$355	$385
Average (excluding Subject)	**$337**	**$364**

LIHTC Rent Comparison - @60%

Property Name	1BR	2BR
Alsobrook Senior Village (Subject)	$434	$480
LIHTC Maximum (Net)	$508	$606
Oglethorpe Ridge Apartments	$454	N/A
Lone Mountain Village	$319	$343
Village At Chickamauga	$355	$385
Average (excluding Subject)	**$376**	**$364**

None of the Subjects proposed rents or the rents at the comparables are at the maximum allowable level for either 50 or 60 percent AMI. The property managers all indicated that maximum allowable rents are not achievable in this market.

The Subject will have the highest 50 percent AMI rents and only the rents at Oglethorpe (one-bedroom units) will be above the Subject's 60 percent AMI rents. The property managers at Lone Mountain Village and Village at Chickamauga (both have the same sponsor) indicated that

they keep the 50 and 60 percent AMI rents at the same rent level to increase affordability at the 60 percent AMI level. Given that both of these properties are 100 percent occupied with waiting lists, it is clear that these properties are not testing the market. Oglethorpe Ridge is a family LIHTC property that is inferior to the Subject with regards to property amenities, age and condition, and unit size. This property is achieving rents above the Subject's proposed 60 percent AMI level. This illustrates that the Subject's rents are achievable as proposed, especially given that this property has at least 20 to 25 percent senior tenancy and will be an inferior product when compared to the Subject. While the Subject's proposed rents will be above the senior LIHTC competition, the 60 percent AMI rents at the senior properties are kept artificially low and are not testing the market. Additionally, the rents at Oglethorpe Ridge support higher rents and the Subject's proposed rents are below this property. Further, several of the market rate properties that are family oriented and significantly inferior have rental rates similar to or above the Subject's proposed rents. These family properties reported between 20 and 40 percent senior tenants illustrates seniors will pay this rent. Therefore, we believe the Subject's proposed rents are achievable.

Analysis of "Market Rents"

Per DCA's market study guidelines, "average market rent is to be a reflection of rents that are achieved in the market. In other words, the rents the competitive properties are currently receiving. Average market rent is not "Achievable unrestricted market rent." In an urban market with many tax credit comps, the average market rent might be the weighted average of those tax credit comps. In cases where there are few tax credit comps, but many market rate comps with similar unit designs and amenity packages, then the average market rent might be the weighted average of those market rate comps. In a small rural market there may be neither tax credit comps nor market rate comps with similar positioning as the subject. In a case like that the average market rent would be a weighted average of whatever rents were present in the market."

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

It should be noted that we did not include the 60 percent rents at the two senior properties in the table below as they are set at the 50 percent AMI level and are not comparable to the 60 percent AMI rent levels or the unrestricted rents.

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 over Average
		50% AMI			
1 BR	$380	$319	$555	$428	13%
2 BR	$430	$343	$685	$528	23%
		60% AMI			
1 BR	$434	$394	$555	$473	9%
2 BR	$480	$373	$685	$564	18%

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 significantly superior to the market rate inventory, with the exception of Fountain Brook. The 60 percent AMI rents at Oglethorpe Ridge are actually higher than several of the market rate properties as well and they maintain occupancy rates greater than 95 percent.

The Subject will be most similar to the two senior LIHTC properties; however both of these properties keep their rents artificially low and are not good rent comparisons at the 60 percent AMI level. Additionally, both of these properties are 100 percent occupied with waiting lists illustrating that they are not testing the market with regards to achievable rents.

The Subject will be most similar to Fountain Brook as a market rate property. This property is the newest market rate property in Fort Oglethorpe and has among the highest rents in the market, which are more than 20 percent higher than the Subject's proposed rents.

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

9. LIHTC Competition – Recent Allocations within Two Miles/Ten Miles

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

10. Rental Trends in the PMA

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

Tenure Patterns - Elderly Population (Age 55+)

	PMA				Secondary Area (MSA)			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	10,558	85.6%	1,770	14.4%	56,331	80.5%	13,654	19.5%
2010	12,362	83.6%	2,433	16.4%	67,759	79.3%	17,647	20.7%
Prj Mrkt Entry May 2013	13,137	83.1%	2,666	16.9%	72,622	79.0%	19,261	21.0%
2015	13,730	82.8%	2,844	17.2%	76,342	78.8%	20,494	21.2%

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

As the table illustrates, households within the PMA are predominately owner-occupied residences. While renter-occupied households are in the minority, the percent of renter-occupied households is projected to increase through 2015. The percent of senior renters nationally is approximately 13 percent. The PMA has a slightly higher percent renter population.

Historical Vacancy

Historical vacancy was not available. The majority of property managers indicated that occupancy generally stays above 95 percent or greater. The property managers at the two senior properties indicated that they are consistently 100 percent occupied. Further, the property manager at Village at Chickamauga stated that they have been 100 percent occupied since she took over in mid-2009.

Change in Rental Rates

The following illustrates changes in rental rates at the comparables.

RENT GROWTH

Comparable Property	Rent Structure	Rent Growth
Lone Mountain Village	Senior LIHTC	Increase
Oglethorpe Ridge Apartments	Family LIHTC	None
Village At Chickamauga	Senior LIHTC	None
Fountain Brook	Market	None
Lakeshore I	Market	Remained the same
Lakeshore II	Market	Increase of 1%
Park Knoll	Market	Increase of 2-3%

11. Impact of Foreclosed, Abandoned and Vacant Structures

According to www.RealtyTrac.com, in April 2011 one out of every 479 housing units received a foreclosure filing in the state of Georgia. However, in Catoosa County, only one out of every 745 housing units received a foreclosure filing in April 2011. Catoosa County has significantly less foreclosures than the state and the nation. As of June 3, 2011, there were only two foreclosures listed in Fort Oglethorpe. We did not witness any abandoned or vacant structures in the Subject's neighborhood.

12. Primary Housing Void

Given the 100 percent occupancy at the senior properties in the PMA and the presence of waiting lists, we believe there is a slight housing void for senior LIHTC units in the market. The Subject will fill this void.

13. Affect of Subject on Other Affordable Units in Market

The Subject will offer senior LIHTC units. Both senior LIHTC properties in the PMA are fully occupied and maintain waiting lists. Therefore, we do not believe the Subject will affect other affordable units in the market.

Conclusions

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject as proposed. There are no vacant senior LIHTC units. Moreover, both senior LIHTC properties maintain waiting lists ranging from 30 households to

over a one year. Overall, vacancy is very low at six of the seven comparables. The Subject will be most similar to the two senior LIHTC properties, which are 100 percent occupied with waiting lists. The Subject will have the highest 50 percent AMI rents while the rents at Oglethorpe (one-bedroom units) will be above the Subject's 60 percent AMI rents. The property managers at Lone Mountain Village and Village at Chickamauga (both have the same sponsor) indicated that they keep the 50 and 60 percent AMI rents at the same rent level to increase affordability at the 60 percent AMI level. Given that both of these properties are 100 percent occupied with waiting lists, it is clear that these properties are not testing the market. Oglethorpe Ridge is a family LIHTC property that is inferior to the Subject with regards to property amenities, age and condition, and unit size. This property is achieving rents above the Subject's proposed 60 percent AMI level. While the Subject's proposed rents will be above the senior LIHTC competition, the 60 percent AMI rents at the senior properties are kept artificially low and are not testing the market. Additionally, the rents at Oglethorpe Ridge support higher rents and the Subject's proposed rents are below this property. Further, several of the market rate properties that are family oriented and significantly inferior have rental rates similar to or above the Subject's proposed rents. These family properties reported between 20 and 40 percent senior tenants illustrates seniors will pay this rent. Therefore, we believe the Subject's proposed rents are achievable.

I. ABSORPTION & STABILIZATION RATES

Stabilization/Absorption Rate

We were able to obtain absorption information from Lone Mountain Village, a senior LIHTC property. The property manager indicated that they were fully leased within nine months of opening. This equates to six units per month. This property absorbed at the same time as Village at Chickamauga. The property manager at Village at Chickamauga started in mid-2009 and could not report absorption. She did state that they have been 100 percent occupied since she started in mid-2009. Both senior properties maintain waiting lists, which illustrates strong demand for senior housing. Based on the data above, we believe that the Subject will absorb six units per month to reach 93 percent occupancy per DCA's guidelines, for an absorption period of 12 months.

J. INTERVIEWS

Georgia Department of Community Affairs, Carrollton Regional Office
We have attempted to contact LaRuth Holloway, Regional Housing Administrator of the Georgia Department of Community Affairs Carrollton Regional Office to obtain information about the Housing Choice Voucher program. However, we have been unsuccessful since our phone calls and email messages have not been returned. According to Sharon Allen of the Georgia Department of Community Affairs Carrollton Regional Office all vouchers are income based and the county isn't currently accepting any applications. The current payment standard for Catoosa County can be found in the following table.

Payment Standards	
0BR	$537
1BR	$568
2BR	$668
3BR	$824
4BR	$968
5BR	$1,113
6BR	$1,258
7BR	$1,403

The Subject's gross rents at 50 and 60 percent AMI are below the payment standard.

Planning
We attempted to contact the Catoosa County Planning and Zoning to obtain information about the current developments. However, we have been unsuccessful since our phone calls and email messages have not been returned.

Several agencies were unavailable due to the state of emergency from the recent tornadoes.

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

K. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- The PMA and MSA have demonstrated that they are areas of growth. The senior population and the number of households are both expected to increase from 2010 to 2015 at a faster rate than all ages. The senior households will experience a growth rate of 2.4 percent from 2010 to May 2013 (14,802 in 2010 to 15,807 in May 2013). While renter-occupied households are in the minority, the percent of renter-occupied households is projected to increase through 2015. The percent of senior renters nationally is approximately 13 percent. The PMA has a slightly higher percent renter population. Rental rates in the PMA have generally remained stable or increased slightly from one to three percent. The majority of senior renter households in the PMA earn incomes between $0 and $19,999. The Subject will cater to households earning between $15,390 to $27,360. There are approximately 38 percent of renter households that fall within these income limits. Catoosa County has significantly less foreclosures than the state and the nation. As of June 3, 2011, there were only two foreclosures listed in Fort Oglethorpe. We did not witness any boarded or abandoned homes in the Subject's neighborhood during our field inspection. Overall, demographic trends suggest there is demand for affordable rental housing in the PMA.

- Overall, it appears as if Fort Oglethorpe and the MSA were affected by the current national economic recession. The MSA's economy has had significant job losses and rising unemployment occurred from 2008-2009. Since 2008, the MSA has lost about the same percent of jobs than the U.S. as a whole. The year to date data indicates that the pace of jobs lost in the MSA is slowing though. The retail chain, Costco, opened in May 2011 and added 300 jobs to the workforce. In addition, Volkswagen opened a manufacturing plant that could potentially add 1,000 jobs to the workforce. Going forward, it appears that Catoosa County and the MSA have entered into recovery. The rental market is currently strong and did not appear to be impacted by the recession and if it was, it has fully recovered.

- We were able to obtain absorption information from Lone Mountain Village, a senior LIHTC property. The property manager indicated that this property that they were fully leased within nine months of opening. This equates to six units per month. This property absorbed at the same time as Village at Chickamauga. The property manager at Village at Chickamauga started in mid-2009 and could not report absorption. She did state that they have been 100 percent occupied since she started in mid-2009. Both senior properties maintain waiting lists, which illustrates strong demand for senior housing. Based on the data above, we believe that the Subject will absorb six units per month to reach 93 percent occupancy per DCA's guidelines, for an absorption period of 12 months.

- The Subject's capture rates at the 50 percent AMI level will range from 3.1 to 8.4 percent, with an overall capture rate of 4.9 percent. The Subject's 60 percent AMI capture rates range from 8.3 to 28.8 percent, with an overall capture rate of 14.9 percent. The two-bedroom 60 percent AMI capture rate is the highest capture rate, but is still below the threshold requirements. The Subject will have nearly 50 percent of its units in the two-bedroom. This is also the most popular unit type among the comparables.

Vacancy in the market is very low, in fact there are no senior LIHTC vacancies and both senior properties reported waiting lists. This illustrates additional demand for the Subject. The overall capture rate for the project's 50 and 60 percent units is 16.7 percent. Therefore, we believe there is adequate demand for the Subject.

- Vacancy rates in the market range from 0.00 to 8.90 percent, averaging 3.08 percent. There are no vacant senior LIHTC units. Moreover, both senior LIHTC properties maintain waiting lists ranging from 30 households to over a one year. The property manager at Oglethorpe Ridge indicated that they are typically 98 percent occupied and expected a higher occupancy rate within the next month or two. Lakeshore I reported the highest vacancy at 8.90 percent. Management could not report a reason for the high vacancy. Overall, vacancy is low at six of the seven comparables. The Subject will be most similar to the two senior LIHTC properties, which are 100 percent occupied with waiting lists. Therefore, we believe the Subject will experience a vacancy rate five percent or less once stabilized.

- Both senior properties reported waiting lists of 30 households to over one year.

- Strengths of the Subject will include its location, unit sizes and demand for senior LIHTC housing.

- Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject as proposed. There are no vacant senior LIHTC units. Moreover, both senior LIHTC properties maintain waiting lists ranging from 30 households to over a one year. Overall, vacancy is very low at six of the seven comparables. The Subject will be most similar to the two senior LIHTC properties, which are 100 percent occupied with waiting lists. The Subject will have the highest 50 percent AMI rents while the rents at Oglethorpe (one-bedroom units) will be above the Subject's 60 percent AMI rents. The property managers at Lone Mountain Village and Village at Chickamauga (both have the same sponsor) indicated that they keep the 50 and 60 percent AMI rents at the same rent level to increase affordability at the 60 percent AMI level. Given that both of these properties are 100 percent occupied with waiting lists, it is clear that these properties are not testing the market. Oglethorpe Ridge is a family LIHTC property that is inferior to the Subject with regards to property amenities, age and condition, and unit size. This property is achieving rents above the Subject's proposed 60 percent AMI level. While the Subject's proposed rents will be above the senior LIHTC competition, the 60 percent AMI rents at the senior properties are kept artificially low and are not testing the market. Additionally, the rents at Oglethorpe Ridge support higher rents and the Subject's proposed rents are below this property. Further, several of the market rate properties that are family oriented and significantly inferior have rental rates similar to or above the Subject's proposed rents. These family properties reported between 20 and 40 percent senior tenants illustrates seniors will pay this rent. Therefore, we believe the Subject's proposed rents are achievable.

Recommendations

Based on the above data, 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 (cannot) support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

H. Blair Kincer, MAI
Partner
Novogradac & Company LLP

6-9-2011
Date

Michalena M. Sukenik
Principal
Novogradac & Company LLP

6-9-2011
Date

M. MARKET STUDY REPRESENTATION

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

H. Blair Kincer, MAI
Partner
Novogradac & Company LLP

6-9-2011
Date

Michalena M. Sukenik
Principal
Novogradac & Company LLP

6-9-2011
Date

N. QUALIFICATIONS

STATEMENT OF PROFESSIONAL QUALIFICATIONS
H. BLAIR KINCER, MAI

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)
Past Member Frostburg Housing Authority
Certified General Real Estate Appraiser, No. 31534 – State of Arizona
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No. CG100026242 – State of Colorado
Certified General Real Estate Appraiser, No 4206 – State of Kentucky
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. 1201073262 – State of Michigan
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1101008 – State of Washington
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia

III. Professional Experience

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

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market

analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.
Obtained the MAI designation in 1998 and maintained continuing education requirements since.

V. Real Estate Assignments – Examples

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

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA

- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.

- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.

- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.

- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.

- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.

- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.

- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

STATEMENT OF PROFESSIONAL QUALIFICATIONS
MICHALENA M. SUKENIK

I. Education

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

II. Professional Experience

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

III. Professional Training and Continuing Education

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

IV. Real Estate Assignments

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

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