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**A MARKET CONDITIONS AND PROJECT EVALUATION SUMMARY**  
**COLUMBIA SENIOR RESIDENCES AT MT. PLEASANT APARTMENTS**  
**DCA FILE NO. 04-024**  
**LOCATED ALONG**  
**JONESBORO ROAD**  
**ATLANTA, FULTON COUNTY, GEORGIA**

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**July 2004**

**Prepared For**

**Georgia Department of Community Affairs**  
**60 Executive Park South, NE**  
**Atlanta, GA 30329-2231**

**Prepared By**

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**NOVOGRADAC  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

July 2, 2004

Ms. Joy Fitzgerald  
Georgia Department of Community Affairs  
60 Executive Park South, NE  
Atlanta, GA 30329

**Re: Market Study for Columbia Senior Residences at Mt. Pleasant Apartments (04-024) located in Atlanta, Georgia**

Dear Ms. Fitzgerald:

At your request, Novogradac & Company, LLP performed a study of the multifamily rental market in the Atlanta, Fulton 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 Columbia Senior Residences at Mt. Pleasant Apartments, a proposed senior housing development consisting of 78 units. The property will offer affordable rental units restricted to senior households ages 62 and older. The property will offer affordable rental units restricted to households earning 30 and 50 percent or less of the Area Median Gross Income (AMI). The Subject will also offer Project Based Rental Assisted (PBRA) units. It should be noted, although households that are income eligible to reside within PBRA units can earn up 80 percent or less of the Area Median Gross Income and pay 30 percent of household income towards rental rates, we have utilized a maximum allowable income for a two-person household at 60 percent AMI to estimate demand for the Subject. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the requirements of the Georgia Department of Community Affairs (DCA), including the following:

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

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The report also includes a thorough analysis of the scope of the study, regional and local demographic and economic studies, and market analyses including conclusions. The depth of discussion contained in the report is specific to the needs of the client. 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,  
Novogradac & Company, LLC

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H. Blair Kincer, MAI  
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## **A. EXECUTIVE SUMMARY**

**PROPERTY SUMMARY OF SUBJECT**

<b>Subject Property Overview:</b>	Columbia Senior Residences at Mt. Pleasant Apartments (Subject) is a proposed LIHTC property to be located along Jonesboro Road at its intersection with Meldon Avenue in Atlanta, Fulton County, Georgia. The Subject will consist of 78 units situated within one four-story apartment building. Of the total units, 56 units will be Project Based Rental Assistance (PBRA). The remaining 22 units will be affordable rental units restricted to households earning 30 and 50 percent or less of the Area Median Gross Income (AMI). Currently, the Subject site is a 2.047-acre vacant parcel.
<b>Date of Construction:</b>	Proposed (2006 expected first year of operation). This will be the projected date of market entry utilized in our demand estimates.
<b>Development Location:</b>	The Subject is currently vacant land. Therefore, a physical address has not been established. The site will be located along Jonesboro Road at its intersection with Meldon Avenue in Atlanta, Georgia.
<b>Construction Type:</b>	The Subject property is the proposed new construction of a mid-rise apartment building consisting of 78 units. The improvements will consist of one four-story, wood-framed building. The exterior façade will be brick and vinyl siding. Additionally, an elevator will be located within the Subject.
<b>Occupancy Type:</b>	Senior residents ages 62 and older.
<b>Target Income Group:</b>	All of the units will be rent restricted Low Income Housing Tax Credit (LIHTC) units governed by Section 42 of the Internal Revenue Code and set-aside for tenants earning not more than 30, 50 or 60 percent of area median income adjusted for family size. Household sizes will range from one to two persons ages 62 and older. Minimum household income level <sup>1</sup> is \$0 (based on PBRA units). Maximum household income level is \$34,200.
<b>Land Area:</b>	2.047 Acres.

<sup>1</sup> Assumes 40 percent of household income is spent on gross housing costs, per DCA Market Study Guidelines Appendix A, Page 3, G (2).

**Unit Mix:**

<b>PBRA UNITS</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents*</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Fair Market Rents</b>
1BR/1BA	56	\$444	\$106	\$550	\$795
<b>Total</b>	<b>56</b>				

\*Actual rent paid by resident will be based on income

<b>LIHTC UNITS AT 30 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	6*	\$294	\$106	\$400	\$400
<b>Total</b>	<b>6</b>				

\*Includes one unrestricted unit utilized by the property manager.

<b>LIHTC UNITS AT 50 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	16	\$444	\$106	\$550	\$667
<b>Total</b>	<b>16</b>				

**Location and Surrounding**

**Land Uses:**

The neighborhood is located in the eastern portion of Fulton County just inside its boundary with Dekalb County. The neighborhood is considered suburban, with downtown Atlanta located approximately four miles north. The neighborhood consists primarily of single-family homes for moderate income families with retail and commercial improvements located along the major arteries. The Subject is located on Jonesboro Road at its intersection with Meldon Avenue.

*NORTH-* Immediately north of the Subject is single-family homes in poor to fair condition. Additional uses include commercial and retail businesses located along Jonesboro Road.

*SOUTH-* Primarily retail and commercial businesses located along Jonesboro Road with a mixture of single-family homes in poor to average condition.

*EAST-* Immediately east of the Subject is single-family homes in poor to average condition. Other uses nearby include commercial businesses. Further east are single-family homes in average condition.

*WEST-* West of the Subject is single-family homes in poor to average condition. Further west are the Villages at Carver multifamily community (included in our survey).

**Inspection Date:**

The property was inspected on June 14, 2004.

**Ownership and History of the Subject:**

The developer is currently in the process of applying for a reservation of Low-Income Housing Tax Credits in order to complete a new construction development.

**Market Conclusions:**

We surveyed eight properties located within the primary market area of the Subject. Seven of the eight properties, which account for approximately 955 units, have been added to the housing inventory over the past three years. Occupancy rates reported in the market ranged from 85 to 100 percent with an overall occupancy rate of 93 percent. Four of the eight properties surveyed reported waiting lists. Croggman School Apartments, which offers both market rate and LIHTC units, reported the highest vacancy at 15 percent. All of the vacancies are located within market rate units. However, LIHTC units at this property have a waiting list. Lakewood Christian Manor is recently renovated senior property that reported 95 percent occupancy. Park Place Senior Apartments is a recently constructed senior LIHTC property that is currently 99 percent occupied. Additionally, Park Place Senior Apartments reported the presence of 1,200 households on the waiting list. In general, the presence of waiting lists in the affordable housing product is considered to a positive indicator for development of the Subject given recent additions to supply.

Three of the eight surveyed properties (Summerdale Apartments, Croggman School Apartments and The Villages at Carver) reported offering concessions. Summerdale Apartments reported experiencing relatively high turnover (approximately 49 percent annually). Additionally, the property manager reported a slowing rental market over the past several months. Therefore, the concession offered appears to be the result of marketing strategies utilized by this property to remain stabilized. Both the Croggman School Apartments and The Villages at Carver are recently constructed properties that offer LIHTC and market rate units. All of the LIHTC units are occupied with waiting lists. Therefore, the concessions present are for the leasing of market rate units. Lakewood Christian Manor and Park Place Senior Apartments are senior restricted properties without concessions. Both reported high demand for available units.

Therefore, the Subject is not expected to offer concessions. When compared to the overall market, rents proposed at the Subject are well below the average rents reported by surveyed market rate properties. Additionally, the proposed rents at the Subject are below the average rent reported by surveyed LIHTC properties. However, when compared to the two senior restricted properties (Lakewood Christian Manor-\$334, Park Place Senior Apartments-\$366), the Subject is above what is currently being reported by competing senior properties in the market. Given the fact that the Subject will be new construction, rental rates higher than older vintage property are typically considered reasonable. However, both properties have been either renovated or constructed within the past two years. Therefore, the Subject may want to consider adjusting rents to a level within the range reported.

**Capture Rates:**

Capture rates for the Subject are derived from DCA demand analysis guidelines. Pursuant to our understanding of these guidelines, we deduct additions to supply constructed since 1999 to present and those that will be constructed by 2006 that are considered directly competitive. Trinity Towers and Columbia Senior Residence at Martin Luther King Jr. Village are senior restricted projects that received 2004 allocations. Therefore, we have excluded all of the competitive LIHTC units offered by these properties from our demand analysis. The capture rates for the Subject are summarized in the following table.

	30 Percent	50 Percent	PBRA Units	Overall
Proposed Project Overall Capture Rate LIHTC Units	5%	13%	62%	12%
Proposed Project Overall Capture Rate Market Rate Units	N/Ap	N/Ap	N/Ap	N/Ap
Proposed Project Stabilization Period	One month	Two Months	Five Months	Seven Months

As the analysis illustrates, the Subject’s overall capture rates vary from five to 62 percent. Excluding PBRA units, these capture rates are below the DCA limit of 30 percent. However, we believe that more than adequate demand exists in the market for PBRA units at the Subject. Evidence of this is provided by the fact that seven senior restricted Section 8 properties surveyed, which account for a total of 915 units, reported 99 percent occupancy with the presence of waiting lists. Additionally, the presence of waiting lists reported by Park Place Senior Apartments suggests that latent demand exists within the market for senior oriented low income housing.

Furthermore, the long waiting list lists reported by the Fulton County Housing Authority and the City of Atlanta Housing Authority are expected to supplement demand at the Subject. Therefore, the addition of the Subject is expected to provide additional housing options for seniors on fixed income.

**Projected Absorption Period:**

The demand analysis illustrated capture rates ranging from four to 19 percent for the Subject. In general, we believe that there is sufficient demand within the market for the senior affordable housing. We were unable to obtain a recent indication of market absorption. However, the presence of waiting lists reported by Park Place Senior Apartments, 1,200 households, suggests that latent demand exists within the market for senior oriented low income housing.

Furthermore, the long waiting list lists reported by the Fulton County Housing Authority and the City of Atlanta Housing Authority are expected to supplement demand for PBRA units at the Subject. Finally, we surveyed senior-restricted Section 8 properties located within the PMA to determine demand for PBRA units at the Subject. Of the 915 units surveyed, the overall occupancy level reported is 99 percent. All of the properties reported long waiting list. In general, senior residents on fixed monthly incomes have limited housing options. Therefore, an estimate of 12 units per month or seven month initial leasing pace is considered reasonable.

**Conclusion:**

The Subject will be an above average-quality brick and vinyl siding apartment complex, superior to most of the inventory in the area with regards to overall condition. The primary strength of the Subject is the presence of the project based subsidy. While the Subject will offer LIHTC units for households at the 30 and 50 percent AMI level, the presence of the project based rent assistance will further increase the pool of households that would be income eligible to reside at the Subject. The primary weakness is the proposed rents. When compared to the two senior restricted properties (Lakewood Christian Manor-\$334, Park Place Senior Apartments-\$366), the Subject is above what is currently being reported in the market. Given the fact that the Subject will be new construction, rental rates higher than older vintage property are typically considered reasonable. However, both properties have been either renovated or constructed within the past two years. Therefore, the Subject may want to consider adjusting rents to a level within the range reported.

In general, we believe that the Subject would be a positive addition to the existing housing inventory if developed alone. However, another tax credit property, Columbia Senior Residences at Edgewood, is being proposed within the PMA. This property will also offer PBRA units and has a generally superior location when compared to the Subject. Subsidized properties located throughout the area reported high occupancy levels and the presence of waiting lists. Additionally, conversations with the local housing authority have concluded that there is a need for additional senior housing specifically for very low to low income households. Overall, we believe that there is enough demand in the market to support both properties.

However, we believe that Columbia Senior Apartments at Edgewood is the stronger development particularly with regards to its location and surrounding uses which will include the Edgewood Shopping District. Located adjacent to the proposed site of Columbia Senior Residences at Edgewood, the anchors of the shopping plaza will include Kroger's, Target, Lowes and Best Buy. These improvements are scheduled to be completed in late 2005.

## **B. PROJECT DESCRIPTION**

Our description of the improvements is based on a site inspection as well as information provided by the developers. We assume that this information is accurate.

**Development Location:** The Subject is currently vacant land. Therefore, a physical address has not been established. The site will be located along Jonesboro Road at its intersection with Meldon Avenue in Atlanta, Georgia.

**Construction Type:** The Subject property is the proposed new construction of a mid-rise apartment building consisting of 78 units. The improvements will consist of one four-story, wood-framed building. The exterior façade will be brick and vinyl siding. An elevator will be located within the Subject.

**Occupancy Type:** Senior residents ages 62 and older.

**Target Income Group:** All of the units will be rent restricted Low Income Housing Tax Credit (LIHTC) units governed by Section 42 of the Internal Revenue Code and set-aside for tenants earning not more than 30, 50 or 60 percent of area median income adjusted for family size. Household sizes will range from one to two persons ages 62 and older. Minimum household income level<sup>2</sup> is \$0 (based on PBRA units). Maximum household income level is \$34,200.

**Special Population Target:** Not Applicable

**Unit Mix and Rents:**

PBRA UNITS					
Unit Type	# of Units	Net Rents*	Estimated Utility Cost	Gross Rent	Fair Market Rents
1BR/1BA	56	\$444	\$106	\$550	\$795
<b>Total</b>	<b>56</b>				

\*Actual rent paid by resident will be based on income

LIHTC UNITS AT 30 PERCENT OF AMI					
Unit Type	# of Units	Net Rents	Estimated Utility Cost	Gross Rent	Maximum Allowable Rent Per DCA
1BR/1BA	6*	\$294	\$106	\$400	\$400
<b>Total</b>	<b>6</b>				

\*Includes one unrestricted unit utilized by the property manager.

<sup>2</sup> Assumes 40 percent of household income is spent on gross housing costs, per DCA Market Study Guidelines Appendix A, Page 3, G (2).

<b>LIHTC UNITS AT 60 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	16	\$444	\$106	\$550	\$667
<b>Total</b>	<b>16</b>				

**Structure Type:** The Subject improvements will consist of one four-story, wood-framed building on a concrete slab. The exterior façade will be brick and vinyl siding. The Subject will have a garden design. Curb appeal is expected to be above-average.

**Existing or Proposed Project Based Rental Assistance:** The Subject will offer 56 Project Based Rental Assisted (PBRA) units. Although households that are income eligible to reside within PBRA units can earn up 80 percent or less of the Area Median Gross Income and pay 30 percent of household income towards rental rates, we have utilized a maximum allowable income for a two person household at 60 percent AMI to determine demand for the Subject.

**Unit Amenities:** All units will include mini-blinds, carpeting, garbage disposal, refrigerator, stove, dishwasher, central air conditioning and washer/dryer hook-ups.

**Community Amenities:** There will be leasing and management areas, a community center, resident business center, exercise/fitness center and on-site laundry facilities. Additionally, the Subject will be a four-story apartment building that features an elevator, which is generally more attractive to the targeted senior population.

**Parking:** There will be surface parking located at the Subject that will offer 80 parking spaces. This equates to one parking space per unit for residents. While this parking ratio is less than those reported by competing properties, this is considered adequate given the senior tenancy. Overall, parking appears adequate at the Subject.

**Current Tenancy:** Not Applicable

**Renovation Plan:**

Not Applicable

**Conclusion:**

The Subject will be an average to above-average-quality wood frame structure with brick and vinyl siding. Given that the Subject will be newly constructed, it will be superior to most of the housing inventory in the area with regards to condition. The proposed design features and amenities are expected to appeal to senior tenancy. In general, the Subject as proposed will be at the top-end of the range of existing multifamily properties with regard to overall condition.

## **C. SITE EVALUATION**

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues, and traffic flow.

**Date of Site Visit:** June 14, 2004.

**Frontage:** The Subject has frontage on Jonesboro Road.

**Topography:** Slightly sloping to the rear.

**Visibility/Views:** The neighborhood is located in the eastern portion of Fulton County just inside its boundary with DeKalb County. The neighborhood is considered suburban, with downtown Atlanta located approximately four miles north. The neighborhood consists primarily of single-family homes for moderate income families with retail and commercial improvements located along the major arteries. The Subject is located on Jonesboro Road at its intersection with Meldon Avenue.

*NORTH-* Immediately north of the Subject is single-family homes in poor to fair condition. Additional uses include commercial and retail businesses located along Jonesboro Road.

*SOUTH-* Primarily retail and commercial businesses located along Jonesboro Road with a mixture of single-family homes in poor to average condition.

*EAST-* Immediately east of the Subject is single-family homes in poor to average condition. Other uses nearby include commercial businesses. Further east are single-family homes in average condition.

*WEST-* West of the Subject is single-family homes in poor to average condition. Further west are the Villages at Carver multifamily community (included in our survey).

**Access and Traffic Flow:** The Subject site is located along Jonesboro Road at its intersection with Meldon Avenue. There will be a circular traffic flow through the site. Access and traffic flow are expected to be adequate for the Subject.

**Layout and Curb Appeal:** The Subject will have an open layout and an above-average curb appeal.

**Zoning of Surrounding Area:** The Subject is currently zoned R-4 by the City of Atlanta Planning and Zoning. This zoning designation allows the development of single-family improvements. The site would require a rezoning to RG-4 to allow multifamily residential improvements. If rezoned RG-4, as proposed, the Subject would be a conforming use. The area to the north, south and west of the Subject is also zoned R-4 Residential. The areas east of the Subject is zoned is a combination of R-4 Residential and C-2 Commercial.

**Road/Infrastructure Proposed Improvements:** There exists no evidence of future roadwork or improvements within the immediate Subject neighborhood along Forest Parkway.

**Proximity to Local Services:** The Subject is located in reasonable proximity to local services including medical services and retail. The following table details the Subject’s distance from key locational amenities. A *Locational Amenities Map*, corresponding to the following table is provided in the addenda to this report.

<b>LOCAL DISTANCES FROM SERVICES</b>		
<b>Service</b>	<b>Number</b>	<b>Distance (in Miles)</b>
Grocery	1	Sun Supermarket (2.0 miles north)
Employment District	2	Downtown Atlanta (4.0 miles north)
Library	3	State Data-Center Library (2.4 miles north)
Local Transportation-bus stops	4	Adjacent to the Subject along Jonesboro Road
Local Parks and Recreation	5	South Bend Park (1.2 miles south)
Senior Center	6	Bethlehem Neighborhood Senior Center (0.5 miles north)
Hospital/Medical Facilities	7	Grady Memorial Hospital (4.0 miles north)

As the table above illustrates, the Subject is located within a short distance to most of the necessary community features that would appeal to senior residents such as public transportation, medical services and shopping. Bethlehem Neighborhood Senior Center is a senior center located approximately 0.5 miles north of the Subject. The center includes classrooms for learning, arts and crafts center, exercise classes, social events, and a place for interaction for seniors.

**Detrimental Influences:** No significant detrimental influences.

**Environmental Concerns:** None visible upon site inspection.

**Conclusion:**

The Subject is located in a suburban community located in Lakewood Heights section of Atlanta. The Subject is located within a short distance to most of the necessary community features that would appeal to senior residents such as public transportation, medical services and shopping. Additionally, Bethlehem Neighborhood Senior Center is a senior center located approximately 0.5 miles north of the Subject. Overall, the community presents an average location for a senior multifamily development.

**Maps (included in the Addenda):**

1. Regional Map
2. Neighborhood Map
3. Map of Primary Market Area
4. Map of Rent Comparables
5. Map Showing local services.
6. Showing subsidized low income housing (LIHTC, Sec 8, RD)

**Photographs: (included in the Addenda):**

1. Subject stating from which direction.
2. Street scenes and pertinent neighborhood photos.

## **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.

The Subject is located on Jonesboro Road in Atlanta, Fulton County, Georgia. The primary market area is defined as all the areas North of Interstate 285 to Interstate 85, east of State Road 29/139, State Road 78/278 and west of State Road 155. The determination of this market area was influenced by conversations with surveyed property managers which reported that the majority of rental traffic originates primarily from areas throughout Fulton County with a portion originating from nearby Dekalb County. Additionally, these conversations have concluded that approximately 15 to 20 percent of the demand originates from outside of the PMA. Based on DCA guidelines, potential migration into market from areas surrounding the PMA and outside of the region are recognize in the estimates of demand. However, we believe that this component should be acknowledged as an additional source future demand for the Subject.

## **Neighborhood Analysis**

The neighborhood analysis provides a bridge between the area analysis and the study of the Subject. The goal of the neighborhood analysis is to determine how the operation of social, economic, governmental and environmental factors influences the marketability of real estate. In the neighborhood analysis, we focus on how these factors interact in the immediate vicinity of the Subject. Our analysis will focus on the neighborhood as a whole with individual focus on the location in the community and the demographic characteristics in the community.

The Subject is located along Jonesboro Road at its intersection with Meldon Avenue in Atlanta, Georgia. To further illustrate the location of the Subject in relation to other properties and land uses, a map of the neighborhood is located in the addenda.

## **Location and Boundaries**

The Subject neighborhood (Lakewood Heights) generally lies north of Lakewood Avenue to Sawtell Avenue, South of University Avenue, east of Interstate 75 and west of McDonough Boulevard. The area is primarily a residential area with retail and commercial improvements located along the major arteries.

## **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 the Atlanta Metropolitan Statistical Area (MSA) are areas of growth or contraction. The Atlanta MSA is considered the secondary market area. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. Historic and estimated data will be presented for years 2000, 2004 and 2009. Data has also been projected for 2006, the year in which the Subject is expected to begin operation.

**Population for Seniors Aged 65 and Over**

The table below illustrates senior population in the Primary Market Area and Atlanta MSA for 2000, 2004 and 2009. The Subject is age restricted to tenants aged 62 and over. Based on DCA guidelines, we have used data for the 65 and over age group.

**SENIOR POPULATION, 65+**

Year	Atlanta, GA MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	310,683	-	17,032	-
2004	371,789	4.92%	17,832	1.17%
Projected Mkt Entry 2006	408,811	4.98%	18,521	1.93%
2009	464,343	4.98%	19,553	1.93%

Source: ESRI Business Information Solutions, 2004 Estimates and Projections; Novogradac and Company, LLP. 6/2004.

As illustrated in the table above, senior population is expected to continue growing from 2004 to 2006 in both the MSA and PMA, albeit less rapidly in the PMA. This suggests an aging population that may choose apartment living to reduce home ownership burdens. These trends are occurring nationwide, with respect to the senior population, as the “baby-boomers” are now reaching retirement age. Further, based upon historic mortality trends, it suggests an increase in the number of single-person elderly female households. By the time of market entry, there will be approximately 408,811 persons aged 65 and older in the MSA compared to 18,521 in the PMA. The steady growth of the senior population in the PMA and MSA will support demand for the Subject. It is important to note that the projected annual growth in senior population will outpace the annual growth for the overall population from 2004 to 2009. The historical and projected growth trends for the overall populations in the MSA and PMA are illustrated in the following table.

**OVERALL POPULATION**

Year	Atlanta, GA MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	4,112,003	-	207,005	-
2004	4,732,235	5.03%	211,961	0.80%
Projected Mkt Entry 2006	5,070,561	3.57%	216,303	1.02%
2009	5,578,050	3.57%	222,817	1.02%

Source: ESRI Business Information Solutions, 2004 Estimates and Projections; Novogradac and Company, LLP. 6/2004.

The overall population increase within the MSA at a faster pace when compared to the nation (currently 1.2 percent annual population growth) as a whole. This is a positive influence for the region given the potential for children to relocate their parents.

**Population by Age Group**

Population and household growth by age group can illustrate demand or lack of demand for a housing complex that may be age-restricted. The table below shows the population by age, percent of population in the age cohort, and the annual population change for the age cohort for the PMA.

**POPULATION BY AGE, 2004 ESTIMATE**

Age Cohort	Atlanta, GA MSA		PMA	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
0 – 4	347,069	7.33%	15,442	7.29%
5 – 14	695,089	14.69%	31,121	14.68%
15 – 19	322,446	6.81%	15,490	7.31%
20 – 24	324,605	6.86%	16,511	7.79%
25 – 34	758,668	16.03%	35,876	16.93%
35 - 44	817,403	17.27%	33,659	15.88%
45 – 54	678,875	14.35%	28,401	13.40%
55 – 64	416,291	8.80%	17,628	8.32%
65 – 74	212,119	4.48%	9,910	4.68%
75 – 84	117,766	2.49%	5,718	2.70%
85 +	41,904	0.89%	2,204	1.04%
<b>Total</b>	<b>4,732,235</b>	<b>100.0%</b>	<b>211,961</b>	<b>100.0%</b>

Source: ESRI Business Information Solutions, 2004 Estimates and Projections, 6/2004

As the table above illustrates, the majority of the population over the age of 55 in the PMA are within the 55 to 64 age groups. Approximately 13 percent of the overall population for the PMA lies within the 45 to 54 age cohorts. This is important as this age group often decides where their parents will be housed. Given the fact that seniors often relocate to be near their children, this growth is considered a positive indication for the Subject property.

**Senior Households**

The table below describes senior household trends in the market area from 2004 through 2009.

**HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 65+**

Year	Atlanta, GA MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	188,029	-	11,462	-
2004	221,422	4.44%	11,795	0.73%
Projected Mkt Entry 2006	242,178	4.69%	12,215	1.78%
2009	273,312	4.69%	12,844	1.78%

Source: ESRI Business Information Solutions, 2003 Estimates and Projections; Novogradac and Company, LLP. 6/2004.

In the PMA, projections indicate households are expected to increase at an annual rate of 1.78 percent over the next five years. Although this rate of annual increase is considered significant, the rate of annual increase is less rapid than the MSA as a whole. Overall, this indicates a strong senior growth trend for the region.

**Households by Tenure**

While household growth is vital to the success of a new housing development, the presence of household growth by tenure can provide support for a particular housing type. For example, for demand to exist in a rental complex, growth must be evident for renter households. For the date of market entry, approximately 40 percent (4,884) of senior households are projected to be renter households. Typically, seniors have the highest homeownership rates of any group, making up nearly one-quarter of all owners. Although they relocate much less often than younger households, people 65 or older currently account for about one-tenth of buyers of new homes; those between the ages of 55 and 64 accounts for another tenth.

**Household Size**

Household size is depicted in the following table for both the PMA and MSA. Most senior households consist of one to two people. The table below illustrates the percentage of households with one person and the percentage of households with two or more people.

**SENIORS AGE 65+ HOUSEHOLD SIZE DISTRIBUTION IN PMA  
PROJECTED MARKET ENTRY**

<b>Household Size</b>	<b>Percent</b>	<b>Number Total Households</b>
1 person	40.81%	4,985
2 or more persons	59.19%	7,229
<b>Total</b>	<b>100.00%</b>	<b>12,215</b>

Source: US Census Bureau, Novogradac & Company LLP, 6/2004.

Senior households are rarely composed of more than two individuals. According to ESRI Information Systems data, approximately 41 percent of senior households age 65 and older within the PMA were one-person households by the date of market entry. The greater percentage of two-person senior households that rent (59 percent) will support demand for the Subject.

**Income**

The following table depicts household income for seniors age 65 or older within the PMA from 2004 to 2009.

**SENIOR HOUSEHOLD INCOME**

<b>Income Cohort</b>	<b>Senior Population PMA</b>			
	<i>2004</i>		<i>2009</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
\$0 - \$14,999	4,991	42.32%	4,703	36.61%
\$15,000 - \$24,999	1,772	15.02%	1,825	14.20%
\$25,000 - \$34,999	1,221	10.35%	1,185	9.23%
\$35,000 - \$49,999	1,227	10.40%	1,345	10.47%
\$50,000 - \$74,999	1,022	8.67%	1,226	9.54%
\$75,000 - \$99,999	612	5.19%	774	6.03%
\$100,000 +	949	8.05%	1,786	13.91%
<b>Total</b>	<b>11,795</b>	<b>100%</b>	<b>12,844</b>	<b>100%</b>

Source: ESRI Business Information Systems, 6/2004

As illustrated in the table above, 22 percent of senior households within the PMA have annual incomes above \$50,000 as of 2004. According to the 1999 American Housing Survey, about 20 percent of seniors have a net worth of less than \$25,000 and ten percent have net worth between \$25,000 and \$50,000. Many seniors face difficulties paying for their current housing. In 1995, 2.2 million aged 65 and over – more than half of them homeowners – paid more than half their incomes for housing. The Subject is expected to target households with annual incomes ranging from \$0 to \$34,200. A large number of households (7,798) are income eligible to reside at the Subject.

### **Conclusion**

The senior population is expected to continue growing from 2004 to 2006 in both the MSA and PMA, albeit less rapidly in the PMA. This suggests an aging population that may choose apartment living to reduce home ownership burdens. By the time of market entry, there will be approximately 371,789 persons aged 65 and older in the MSA compared to 17,832 in the PMA. The rapid growth of the senior population in the PMA and MSA will support demand for the Subject. Approximately 22 percent of senior households within the PMA have annual incomes above \$50,000 as of 2004. The Subject is expected to target households with annual incomes ranging from \$0 to \$34,200. Therefore, a large number of households (7,798) are income eligible to reside at the Subject.

## **Local Senior Services**

Fulton County and metropolitan Atlanta have numerous programs and facilities offering help to seniors. There are a total of 19 non-residential senior centers in Fulton County, which includes four senior multi-purpose centers and 15 neighborhood senior centers.

Bethlehem Neighborhood Senior Center is located in the Lakewood Heights section of Atlanta. The center is open to independent seniors age 60 and older. It provides classrooms for learning, an arts and crafts center, exercise classes, social events, outings, as well as a place to interact with other seniors from the area. This senior center is located approximately 0.5 miles north of the Subject, and is open to all seniors within the City of Atlanta. The senior center also offers a homebound program for seniors that cannot easily leave their homes. Through the homebound program, seniors receive assistance in finding resources that fit their needs, such as the “Meals on Wheels” program. In a partnership with Wesley Community Centers, Bethlehem Senior Center offers a program called “Project Extend.” This program provides low-income seniors assistance with home repairs, and other household chores they can no longer accomplish on their own.

Fulton County Parks and Recreation has an Aging Division. The Aging Division offers services to Fulton County residents, ages 60 and older. Participants receive help in the home, a place for social interaction, transportation to doctors’ offices, adult day care, home delivered meals, senior employment, and other services. The home delivered meals program has been coined “Meals on Wheels,” and is available to senior citizens that are 60 years of age and better and cannot prepare meals for themselves. The program provides approximately 1,200 meals, five days a week.

Fulton County Aging Program sponsored by United Way offers meals, transportation, home care, homemaker service, adult day care and health program, senior activities, needs assessment, and case management for seniors.

Senior Citizens Services of Metropolitan Atlanta is a private, non-profit organization that offers services such as meals on wheels, senior companion program, foster grandparent program, technology education, adult day care, needs assessment, and case management for seniors. The senior companion program has volunteers providing assistance and friendship to homebound elderly. The foster grandparent program allows seniors to mentor special needs children.

The Subject is expected to benefit from the numerous services available for seniors within the primary market area.

**Sub Market Analysis – The National Senior Housing Market**

According to *Housing America’s Seniors*, published by the Joint Center for Housing Studies of Harvard University, the senior housing situation is approaching a point at which supply and demand will change dramatically. One in 8 Americans today is a senior citizen, compared with only 1 in 25 at the dawn of the 20<sup>th</sup> century. By 2030, when most baby boomers will have retired, this ratio will have increased to 1 in 5. By 2030, the senior population is expected to nearly double to about 70 million – bringing their share of the entire U.S. population to a formidable 20 percent. With the increase in population come an increase and a change in housing needs.

Seniors have the highest homeownership rates of any group, making up nearly one-quarter of all owners. Homeownership rates peak for persons 65-74 at 82.8% as of 2000. Although they relocate much less often than younger households, people 65 or older currently account for about one-tenth of buyers of new homes; those between the ages of 55 and 64 accounts for another tenth. Only ten percent of seniors live in age-restricted communities. Fully 9 in 10 people age 70 and over live in conventional housing. Assisted communities are home to only 3% of the nation’s seniors 70 or older living outside of nursing homes. The share does, however, rise with age and reach 7% of those aged 85 to 89.

Approximately one-quarter of seniors spend more than 30 percent of their income for housing and support services. Owners have lower cost-to-income ratios than renters: 18 percent of owners spend more than 30 percent of their incomes on out-of-pocket housing costs, compared with 52 percent of renters. According to the *1999 American Housing Survey*, all senior households pay a median of 19 percent of their income towards housing. However, for senior renter-occupied households, that percentage increases dramatically to 34 percent. The table below shows the breakdown.

<b>MONTHLY HOUSING COSTS AS A % OF CURRENT INCOME</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
<5%	5%	1%
5-9%	15%	2%
10-14%	15%	4%
15-19%	12%	6%
20-24%	9%	6%
25-29%	8%	11%
30-34%	5%	10%
35-39%	5%	7%
40-49%	6%	10%
50-49%	3%	7%
60-69%	2%	4%
70-99%	4%	8%
100%+	7%	12%
0 or Negative Income	3%	2%
No Cash Rent	2%	10%
<i>Median (0-99)</i>	<i>19</i>	<i>34</i>

Source: *1999 American Housing Survey*

Only a small percentage of senior renters receive any type of rent reduction as shown on the table below.

<b>RENT REDUCTIONS</b>	<b>1999 RENTER-OCCUPIED</b>
No Subsidy	41%
Rent Control	3%
No Rent Control	38%
	11%
<b>Reduced by Owner</b>	
<i>Not Reduced by Owner</i>	88%
<i>Owner Reduction Not Reported</i>	1%
Owned by Public Housing Authority	8%
Government Subsidy	6%
Other, Income Verification	3%
Subsidy Not Reported	1%

Source: 1999 American Housing Survey

Only three percent have a rent-controlled apartment; eight percent reside in public housing; six percent receive a government subsidy; and three percent take advantage of rent other rent-reduction programs.

### **Trends Shaping Demand**

Many of the factors shaping the lives and housing choices of tomorrow’s elderly, including better health, greater longevity for men, increased wealth, and ongoing technological innovation, are already at work. With the expectation of living longer, healthier lives, more seniors may elect to delay retirement. Increases in the qualifying age for receipt of Social Security payments may also induce many to continue working. Expanded telecommunications give seniors more choices about where to live and how long to work, with a growing share of semi-retirees likely to telecommute to their jobs.

### **Making Housing Choices**

About 15 percent of the elderly make special arrangements to receive care in regular housing. Of this group, about two-thirds live in shared housing, a living arrangement generally including a non-elderly person or for the express purpose of assisted living. The other third live in “supported housing,” where they receive outside help from a non-family member.

The chances that seniors opt for shared or supported housing increase with the number of difficulties that they have with daily living activities. However, the proximity of children is an equally important factor. The fewer children they have living nearby, the more likely seniors are to choose assisted, supported, or shared arrangements.

Seniors consistently state that they prefer to “age in place,” and the percentage responding so increases with age. However, fully 39 percent of Americans do change residences after they reach the age of 60. At least four-fifths of the moves seniors make are local. In a typical year, only about one percent of the elderly move across a state boundary and many of these moves are within the same metropolitan area.

According to the National Institute on Aging’s Assets and Health Dynamics Among the Oldest Old (AHEAD) Survey, women are increasingly making up a larger share of the older population rising from 58.3 percent of 70-74-year olds to 79.2 percent of those aged 90 or older. This means there is an increasing supply of single women who will likely look to senior housing options rather than try to maintain a home alone. Roughly seven percent of those aged 70 and over - about two million seniors – currently reside in age-restricted communities that do not provide care to residents.

According to the *1999 American Housing Survey*, 17 percent of seniors have moved since 1995. For renter households, 38 percent has moved in the last four years. However 53 percent of all households have lived in their homes for 20 years or more compared to only 18 percent of renter households. The table below gives a more complete breakdown.

<b>YEAR HOUSEHOLDER MOVED INTO UNIT</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
1995-1999	17%	38%
1990-1994	11%	20%
1985-1989	11%	13%
1980-1984	7%	8%
1975-1979	9%	6%
1970-1974	8%	4%
1960-1969	17%	6%
1950-1959	13%	2%
1940-1959	4%	1%
1939 or earlier	2%	1%
<b>Median</b>	<i>1977</i>	<i>1992</i>

Source: *1999 American Housing Survey*

Seniors who make long-distance moves tend to be younger, healthier, and somewhat better educated. They also have somewhat higher incomes. As their health declines and they become more dependent, however, some return to their home states or move to locations closer to their families. Healthy seniors generally favor age-restricted communities that do not provide services.

**Where Seniors Live**

The *1999 American Housing Survey* shows that 80.3 percent of all senior households 65 and over are homeowners while 19.7 percent are renter households. Home ownership is up 1.4 percent since 1997. Most households live in single-family homes with three bedrooms. However, there is a large disparity in the housing conditions of the senior population at-large and senior renter households. The table below gives some vital statistics on senior housing as of 1999.

	<b>1999 Total Households</b>	<b>1999 Renter Households</b>
<b>Units in Structure</b>		
1, detached	68.7%	18.2%
1, attached	5.7%	7.4%
2 to 4	5.6%	18.3%
5 to 9	2.7%	10.2%
10 to 19	2.4%	9.1%
20 to 49	3.0%	11.7%
50+	5.7%	22.6%
mobile home or trailer	6.4%	2.5%
<b>Stories in Structure</b>		
1	39.1%	26.4%
2	29.4%	28.1%
3	17.1%	18.2%
4 to 6	4.9%	12.0%
7+	3.2%	12.7%

Source: *1999 American Housing Survey*

As the table below shows, there are some striking differences in lifestyle for senior renter households. While only 13.8 percent of all households live in a multi-family building, 71.9 percent of renter households live in buildings with two or more units. The majority (22.6 percent) live in large developments of 50 units or more. In addition to living in large developments, renter households are more likely to live in a mid-rise or high-rise development: 24.7 percent compared to only 8.1 percent for total households. This presents complications, as many seniors are not able to navigate staircases in the event of an emergency evacuation.

The biggest disparity between renter households and total households is in the size of the household and the housing unit as shown on the table below.

	<b>1999 Total Households</b>	<b>1999 Renter Households</b>
<b>Bedrooms</b>		
0	0.6%	2.7%
1	12.4%	47.2%
2	31.8%	35.6%
3	41.7%	11.9%
4+	13.5%	2.5%
<i>Median</i>	2.6	2.6
<b>Persons Per Households</b>		
1	44.9%	70.0%
2	45.2%	23.9%
3	5.9%	3.6%
4	2.2%	1.3%
5	0.9%	0.5%
6	0.5%	0.4%
7+	0.3%	0.2%
<i>Median</i>	1.6	N/Av

Source: 1999 American Housing Survey

Most renter households (70.0 percent) are one-person households compared to only 44.9 percent of total senior households. This reflects the trend of persons moving into senior housing upon the death of a spouse. Those persons who are married or living with someone are much more likely to retain their current residence. There are very few senior households with more than two persons in residence. Many of these larger households include grandchildren.

This disparity in the size of the household is further reflected in the number of bedrooms in each housing unit. While only 12.4 percent of total senior households live in a one-bedroom unit, 47.2 percent of renter households live in a one-bedroom unit. The two-bedroom unit is the most common for the total population with 31.8 percent, slightly below the 35.6 percent of renter households in a two-bedroom. Because of the smaller household size, very few senior households require a home with three bedrooms or more. However, because many owner households have lived in their homes since their children were born and a three-bedroom home was necessary, 41.7 percent of the total senior population occupied a three-bedroom unit. Only 11.9 percent of renter households live in a three-bedroom home.

**Where Seniors Move**

The table below shows data collected in a 1992 AARP survey. Although the survey only included single elderly women, it is relevant to all senior housing as single elderly women make up the largest portion of tenants in senior housing.

<b>FACILITIES AND SERVICES DESIRED WITHIN EASY WALKING DISTANCE BY ELDERLY WOMEN LIVING ALONE</b>	
<b>Facility or Service</b>	<b>% Response</b>
Bus stop for buses to important places	91%
Favorite grocery store	79%
Own Bank	68%
Favorite library	67%
Own place of worship	65%
Senior's Center	65%
Favorite drugstore	62%
Favorite restaurant	56%
Nutrition site for seniors	55%
Another drugstore	55%
Own doctor	53%
Another bus stop	51%
Favorite beauty shop	51%
Fire station	51%

Source: 1999 American Housing Survey

The results of the survey confirm the desire of elderly persons to age in place – if not in their own home, then at least in their own neighborhood. They want to be surrounded by familiar things including their own grocery store, bank, library, place of worship, drugstore, restaurant, and doctor. If senior housing is not located within an existing neighborhood, it should be designed to provide comparable amenities nearby. The transition to a new grocery store, drugstore, etc. is made easier if the facility is conveniently located.

The 1999 American Housing Survey supports the findings of the AARP report. According to the Survey, of those seniors who moved within the past year, 39 percent of all senior households selected their present neighborhood based on its convenient access to friends and family. This again indicates that seniors want to stay within familiar surroundings. The full results are on the table below.

<b>MAIN REASON FOR CHOICE OF PRESENT NEIGHBORHOOD</b>		
<b>Senior Households Who Moved In the Last Year</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
Convenient to Friends/Family	39%	42%
Look/Design of Neighborhood	25%	22%
House was Most Important Consideration	20%	18%
Convenient to Leisure Activities	7%	7%
Convenient to Job	5%	5%
Other Public Services	3%	5%
Convenient to Public Transportation	1%	2%
Good Schools	0%	0%
All Equal	7%	9%
Other	27%	33%
Not Reported	16%	16%

Source: 1999 American Housing Survey

For those who moved in the last year, their reasons were varied, but included family/personal reasons; a need for lower rent or housing maintenance; and other housing related reasons. The need for lower rent and home maintenance costs was more important to renters than to seniors in general. More homeowners tended to move out of a desire for a better home as shown on the table below.

<b>MAIN REASON FOR LEAVING PREVIOUS UNIT SENIOR HOUSEHOLDS WHO MOVED IN THE LAST YEAR</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
Other Family/Personal Related	19%	20%
Wanted Lower Rent or Maintenance	7%	10%
Other Housing Related Reasons	11%	10%
Wanted Better Home	10%	8%
To Establish Own Household	3%	5%
Married/Separated/Divorced/Widowed	4%	4%
Other Financial/Employment Related	3%	4%
Needed Larger House or Apartment	4%	3%
Change from Owner/Renter or Renter/Owner	5%	3%
Private Displacement	1%	2%
To be Closer to Work/School/Other	2%	1%
Government Displacement	1%	1%
Disaster Loss	1%	1%
New Job or Job Transfer	0%	0%
All Equal	2%	2%
Other	24%	21%
Not Reported	5%	4%

Source: 1999 American Housing Survey

Despite a need for lower rent and home maintenance, most households reported an increase in housing costs after their move. This is most likely the result of a move into assisted living or nursing home care. Only 24 percent of renter-occupied households reported a rent decrease with their move.

<b>CHANGE IN HOUSING COST SENIOR HOUSEHOLDS WHO MOVED IN THE LAST YEAR</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
Increased with Move	36%	41%
Decreased	28%	24%
Stayed About the Same	31%	29%
Don't Know	5%	5%
Not Reported	0%	0%

Source: 1999 American Housing Survey

Of those who moved, 42 percent went from homeowner to renter as shown on the table below.

<b>TENURE OF PREVIOUS RESIDENCE SENIOR HOUSEHOLDS WHO MOVED IN THE LAST YEAR</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
<b>Owner</b>	63%	42%
<b>Renter</b>	37%	58%

Source: 1999 American Housing Survey

For those who are currently apartment-dwellers, 75 percent of renter-occupied households did not consider moving into a single-family home.

<b>FOR THOSE NOW IN APARTMENT SENIOR HOUSEHOLDS WHO MOVED IN THE LAST YEAR</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
Did Not Look at Houses	82%	75%
Looked at Houses Too	13%	18%
Not Reported	5%	7%

Source: 1999 American Housing Survey

Financial reasons were the primary determinant for rent-occupied households. However, for all senior households, room layout and design was the most important ingredient in their housing choice. In addition, 18 percent of renter households did not have a choice to make, as their current home was the only one available at the time. Owner-occupied households had more options as only 13 percent of total households faced the same situation.

<b>MAIN REASON FOR CHOICE OF PRESENT HOME Senior Households Who Moved In the Last Year</b>		
	<b>1999</b>	<b>1999 Renter-Occupied</b>
Financial Reasons	28%	35%
Room Layout/Design	30%	20%
Only One Available	13%	18%
Size	12%	12%
Yards/Trees/View	6%	7%
Exterior Appearance	6%	5%
Quality of Construction	4%	3%
Kitchen	0%	1%
All Equal	10%	7%
Other	21%	23%
Not Reported	17%	17%

Source: 1999 American Housing Survey

This chart reveals the disparity in the living conditions between owner and renter households. Many renter households are forced to make their housing decisions based on limited options and tight financial constraints.

**Income Factors**

Wealth and income disparities will continue to limit the housing choices of millions of Americans, especially those of color. About 20 percent of seniors have a net worth of less than \$25,000 and ten percent have net worth between \$25,000 and \$50,000. Many seniors face difficulties paying for their current housing. In 1995, 2.2 million aged 65 and over – more than half of them homeowners – paid more than half their incomes for housing.

Disparities in wealth among seniors will continue to limit the housing and care options that many will be able to pursue. In particular, renter households headed by a person 65 or older in 1995 – one-fifth of the senior population – had median net wealth of only \$6,460, compared with \$141,300 for those owning homes.

Approximately nine percent of seniors are currently working. Even so, over half of the incomes of those ages 55 and over are derived from Social Security, with another 20 percent from pensions and only five percent from earnings. Earnings from other household members and other investment income each contribute another eight to nine percent of elderly incomes. Very little income comes from Supplementary Social Insurance (SSI) or food stamps.

In addition to low incomes, the senior population must compete with the general working population for housing. In areas such as Seattle, which have seen strong income growth in recent years, affordable housing is increasingly out of reach for households with fixed incomes. This problem has the largest impact on renters who are more susceptible to market swings than homeowners who generally feel the impact through property taxes.

### **Conclusion**

The national indicators for senior housing paint a positive picture for the Subject. The surveys indicate seniors will leave even their owner-occupied housing for more affordable, lower-maintenance rental housing such as that which the Subject will provide. The surveys also indicate a desire to move near children and medical facilities. The Subject is adjacent to the regional most comprehensive medical facility and is additionally proximate to all necessary services.

## **F. 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.

### **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 40 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom).

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

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

### **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.

### **Demand**

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated on the attached table.

#### **1. Demand from New Households**

The number of new households entering the market is the first level of demand calculated. We have utilized 2006, the anticipated date of market entry, as the base year for the analysis. Therefore, 2004 household population estimates are inflated to 2006 by interpolation of the difference between 2004 estimates and 2009 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 2006.

#### **2. 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 50 percent of their income in housing costs.

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.

**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 constructed since 1999 to present and those that will be constructed by 2006 that are considered directly competitive. Trinity Towers and Columbia Senior Residence at Martin Luther King Jr. Village are senior restricted projects that received 2004 allocations and considered to be directly competitive with the Subject. Therefore, we have excluded all of the competitive LIHTC units offered by these properties from our demand analysis. We have illustrated demand analysis for the Subject in the following table.

**Capture Rates**

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

Household Income Distribution 2000 to Projected Market Entry Date					
Columbia Senior Residences at Mt. Pleasant					
	PMA				
	2000		Projected Mkt Entry March 2006		Percent Growth
	#	%	#	%	
\$0 - \$14,999	5,374	46.88%	4,890	40.04%	-9.0%
\$15,000 - \$24,999	1,797	15.68%	1,795	14.70%	-0.1%
\$25,000 - \$34,999	1,290	11.26%	1,210	9.90%	-6.2%
\$35,000 - \$49,999	1,185	10.34%	1,274	10.43%	7.5%
\$50,000 - \$74,999	913	7.97%	1,102	9.02%	20.6%
\$75,000 - \$99,999	518	4.52%	675	5.53%	30.4%
\$100,000+	385	3.36%	1,269	10.39%	229.6%
Total	11,462	100.00%	12,215	100.00%	6.6%

Household Income Distribution Projected Market Entry March 2006			
Columbia Senior Residences at Mt. Pleasant			
	PMA		
	Projected Mkt Entry March 2006		Change 2000 to Prj Mkt Entry #
	#	%	
\$0 - \$14,999	4,890	40.04%	-483
\$15,000 - \$24,999	1,795	14.70%	-2
\$25,000 - \$34,999	1,210	9.90%	-80
\$35,000 - \$49,999	1,274	10.43%	89
\$50,000 - \$74,999	1,102	9.02%	188
\$75,000 - \$99,999	675	5.53%	157
\$100,000+	1,269	10.39%	884
Total	12,215	100.00%	753

Tenure at Prj Mkt Entry Date	
Renter	39.98%
Owner	60.02%
Total	100.00%

Household Size at Prj Mkt Entry Date		
Size	Number	Percentage
1	4,985	40.81%
2+	7,229	59.19%
Total	12,215	100.00%

Household Size for 2000		
Size	Number	Percentage
1	4,678	40.81%
2+	6,784	59.19%
Total	11,462	100.00%

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

Percent of AMI Level			30%			50%			PBRA			Overall		
Minimum Income Limit			\$12,000			\$16,500			\$0			\$12,000		
Maximum Income Limit			\$17,100 2 Person			\$28,500 2 Person			\$34,200 2 Person			\$28,500 2 Person		
Income Category	New Households · Total Change in Households PMA 2000 to Prj Mkt Entry		Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket
	\$0 - \$14,999	-483												
\$15,000 - \$24,999	-2	-0.25%	2,100	42%	-1	8,499	85%	-2	24,999	250%	-5	9,999	100%	-2
\$25,000 - \$34,999	-80	-10.68%				3,500	35%	-28	9,200	92%	-74	3,500	35%	-28
\$35,000 - \$49,999	89	11.78%												
\$50,000 - \$74,999	188	25.03%												
\$75,000 - \$99,999	157	20.89%												
\$100,000+	884	117.44%												
	753	100.00%			-146			-30			-79			-127
Percent of households within limits versus total number of households					-19.36%			-3.95%			-10.44%			-16.82%

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

Percent of AMI Level			30%			50%			PBRA			Overall		
Minimum Income Limit			\$12,000			\$16,500			\$0			\$12,000		
Maximum Income Limit			\$17,100 2 Person			\$28,500 2 Person			\$34,200 2 Person			\$28,500 2 Person		
Income Category	Total Households PMA at Prj Mkt Entry		Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket
	\$0 - \$14,999	4,890												
\$15,000 - \$24,999	1,795	14.70%	2,100	42%	754	8,499	85%	1,526	24,999	250%	4,488	9,999	100%	1,795
\$25,000 - \$34,999	1,210	9.90%				3,500	35%	423	9,200	92%	1,113	3,500	35%	423
\$35,000 - \$49,999	1,274	10.43%												
\$50,000 - \$74,999	1,102	9.02%												
\$75,000 - \$99,999	675	5.53%												
\$100,000+	1,269	10.39%												
	12,215	100.00%			2,221			1,949			5,601			3,196
Percent of households within limits versus total number of households					18.18%			15.96%			45.85%			26.17%

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	\$31,105				
Prj Mkt Entry Date Median Income	\$40,769				
Change from 2000 to Prj Mkt Entry Date	\$9,664				
Total Percent Change	31%				
Average Annual Change	6%				
Inflation Rate	6%				
Maximum Allowable Income	\$17,100	Two year adjustment	\$28,500	\$34,200	1.0000
Maximum Allowable Income Inflation Adjusted	\$17,100	\$28,500	\$34,200		
Maximum Number of Occupants	2 Person	2 Person	2 Person		
Rent Income Categories	30%	50%	PBRA		
Initial Gross Rent for Smallest Unit	\$400	\$550	\$550		
Initial Gross Rent for Smallest Unit Inflation Adjusted	\$400	\$550	\$550		

Persons in Household	0BR	1BR	2BR	3BR	4BR	Excluded	Total
1	0%	70%	30%	X	X	0%	100%
2+	0%	30%	70%	X	X	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Households 2000 to Prj Mkt Entry Date

	30%	50%	PBRA	Overall
Income Target Population	30%	50%	PBRA	Overall
New Households PMA	753	753	753	753
Percent Income Qualified	-19.4%	-3.9%	-10.4%	-16.8%
Income Qualified Households	-146	-30	-79	-127
Percent Renter	40.0%	40.0%	40.0%	40.0%
New Renter Income Qualified Households	-58	-12	-31	-51

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

Demand from Existing Households 2000

Demand from Rent Overburdened Households

	30%	50%	PBRA	Overall
Income Target Population	30%	50%	PBRA	Overall
Total Existing Demand	12,215	12,215	12,215	12,215
Income Qualified	18.2%	16.0%	45.9%	26.2%
Percent Renter	40.0%	40.0%	40.0%	40.0%
Income Qualified Renter Households	888	779	2,240	1,278
Percent Rent Overburdened at Prj Mkt Entry Date	30%	30%	30%	30%
Rent Overburdened Households	270	237	681	389

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

Demand from Living in Substandard Housing

	30%	50%	PBRA	Overall
Income Qualified Renter Households	888	779	2240	1278
Percent Living in Substandard Housing	1%	1%	1%	1%
Households Living in Substandard Housing	7	8	22	13

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

Senior Households Converting from Homeownership

	30%	50%	PBRA	Overall
Income Target Population	30%	50%	PBRA	Overall
Total Senior Homeowners	1,333	1,170	3,361	1,918
Rural Versus Urban	2.0%			
Senior Demand Converting from Homeownership	27	23	67	38

Total Demand					
Total Demand from Existing Households		304	268	771	440
Adjustment Factor	0	0	0	0	0
Adjusted Demand form Existing Households		304	268	771	440
Total New Demand		-58	-12	-31	-51
Total Demand (New Plus Existing Households)		246	256	739	389
Demand from Seniors Who Convert from Homeownership		27	23	67	38
Percent of Total Demand From Homeownership Conversion		10.8%	9.1%	9.1%	9.9%
Is this Demand Over 20 percent of Total Demand?		No	No	No	No

By Bedroom Demand					
One Person	40.81%	100	104	302	159
Two Persons	59.19%	146	152	437	230
Total	100.00%	246	256	739	389

To place Person Demand into Bedroom Type Units					
Of one person households in one-bedroom units	90%	90	94	271	143
Of two person households in one-bedroom units	20%	29	30	87	46
Of one person households in two-bedroom units	10%	10	10	30	16
Of two person households in two-bedroom units	80%	116	121	350	184
Total Demand		246	256	739	389
Check					

Total Demand by Bedroom					
One Bedroom		119	124	359	189
Two Bedroom		0	0	0	0
Total Demand		119	124	359	189

Additions To Supply 2000 to Prj Mkt Entry Date					
One Bedroom		8	0	269	8
Two Bedroom		0	0	0	0
Total		8	0	269	8

Net Demand					
One Bedroom		111	124	90	181
Two Bedroom		0	0	0	0
Total		111	124	90	181

Net Demand					
One Bedroom		111	124	90	181
Two Bedroom		0	0	0	0
Total		111	124	90	181

Developer's Unit Mix					
One Bedroom		6	16	56	22
Two Bedroom		0	0	0	0
Total		6	16	56	22

Capture Rate Analysis					
One Bedroom		5%	13%	62%	12%
Two Bedroom		N/A	N/A	N/A	N/A
Total		5%	13%	62%	12%

**Conclusions**

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

- The number of households in the PMA is expected to increase 6.6 percent between 2000 and 2006.
- The Subject’s target income group is \$0 to \$34,200. This spreads across three income cohorts. The \$0 to \$14,999 cohort is expected to decrease by 9.0 percent from 2000 to 2006. The \$15,000 to \$24,999 cohort is expected to decrease by 0.1 percent from 2000 to 2006. The \$25,000 to \$34,999 cohort is expected to decrease by 6.2 percent from 2000 to 2006. Overall, the appropriate income cohorts in the PMA are projected to decrease by 566 households.
- 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 and income restricted option. We believe this to be significant and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

<b>DEMAND SUMMARY</b>									
Unit Size	Income Limits	Units Proposed	Total Demand	Additions to Supply	Net Demand	Capture Rate	Absorption Period	Average Market Rent	Proposed Rent
1BR	30% AMI	6	119	8	111	5%	One Month	\$558	\$294
	50 % AMI	16	124		124	13%	Two Month	\$558	\$444
	54% AMI								
	60% AMI								
	Market								
	PBRA	56	359	269	90	62%	Five Months	\$558	\$444

As the analysis illustrates, the Subject’s overall capture rates vary from five to 62 percent. Excluding PBRA units, these capture rates are below the DCA limit of 30 percent. However, we believe that more than adequate demand exists in the market for PBRA units at the Subject. Evidence of this is provided by the fact that seven senior restricted Section 8 properties surveyed, which account for a total of 915 units, reported 99 percent occupancy with the presence of waiting lists. Additionally, the presence of waiting lists reported by Park Place Senior Apartments suggests that latent demand exists within the market for senior oriented low income housing.

Furthermore, the long waiting list lists reported by the Fulton County Housing Authority and the City of Atlanta Housing Authority are expected to supplement demand at the Subject. Therefore, the addition of the Subject is expected to provide additional housing options for seniors on fixed income.

## **G. SUPPLY ANALYSIS**

**ATLANTA MULTIFAMILY RENTAL MARKET OVERVIEW**

**Introduction**

We have conducted approximately 30 market studies for multifamily properties located within the Atlanta Metropolitan Area over the past several years and we have witnessed a tremendous increase in supply. Furthermore we have witnessed an increasing softness in the broader market area. However, there are numerous pockets of strong demand, particularly affordable housing. Therefore we will examine the broader multi-family market in general, and then focus on the particular sub-market within Atlanta for the Subject, followed by a discussion of general market conditions for LIHTC properties.

**Rental Rates**

According to the Year End 2003 Atlanta Apartment Market Tracker published by Dale Henson Associates, Inc., effective monthly rental rates for the nine-county Tracker area have decreased approximately two percent from \$631 at year-end 2002 to \$618 at year-end 2003. The average monthly concession value in garden apartments increased from \$98 per unit at year-end 2002 to \$107 per unit at year-end 2003 which was the main reason for the reduction in effective rents. It should be noted that these figures represent activity in stabilized properties only. It is very likely that concessions in properties in initial lease-up (not reported until stabilized) offer even higher concessions.

**Nine County Tracker Area: Garden Properties Only  
Changes in Revenue Performance: Year-End 2002 – Year-End 2003**

Apartment Class	A			B			C			D			METRO ATLANTA	
	End-'02	End-'03	% Change	End '02 %	End '03 %									
Effective Rent	\$743	\$737	-0.8%	\$635	\$619	-2.5%	\$577	\$557	-3.5%	\$496	\$481	-3.0%	\$631	\$618
Street Rent	\$959	\$951	-0.8%	\$828	\$814	-1.7%	\$737	\$724	-1.8%	\$630	\$621	-1.4%	\$814	\$803
Street Rent/SF	\$0.86	\$0.86	0.0%	\$0.80	\$0.78	-2.5%	\$0.75	\$0.73	-2.7%	\$0.68	\$0.66	-2.9%	\$0.79	\$0.78
Reported Vacancy	9.0%	8.2%	0.8%	10.6%	9.1%	1.5	10.8%	11.3%	-0.5%	13.3%	13.6%	-0.3%	10.6%	10.1%
Reported Concessions	\$130	\$137	---	\$106	\$122	---	\$81	\$86	---	\$51	\$57	----	\$98	\$107

Source: Dale Henson Associates, Inc. – Year-End 2003 Atlanta Apartment Market Tracker

As the table above depicts, Class A properties which are generally newer properties, are achieving significantly higher rents than the older, Class B, C, and D properties. Therefore, newly constructed properties will have higher achievable rental rates than the properties in the market that are constructed prior to 1990.

### **Vacancy**

The overall vacancy rate in the nine county Atlanta area tracked by Dale Henson Associates, Inc., decreased slightly from 10.6 percent to 10.1 percent. Eleven of the seventeen submarkets experienced a decrease in vacancy rates during 2003. It is important to note that properties in the initial lease-up phase were not included in the determination of the vacancy rate. As the table previously presented above depicts, the average vacancy rate varies by class of construction. The Class A properties, which generally represent newer construction, is out performing the Class B, C, and D properties. Therefore, it is reasonable to assume that newer construction will experience lower vacancy levels.

### **Growth in the Rental Inventory**

Multi-family units delivered in the nine county Atlanta market dropped 29 percent to 8,985 units during 2003, down from 12,641 units in 2002. Gwinnett County lead the region with 1,232 new units delivered during 2003.

Unit starts declined by 13.8 percent from the 7,825 units started during 2002, to 6,749 units started during 2003. Midtown/Brookwood/Downtown East was the top producer with 1,776 units started.

In 2003, with unit starts decreasing, deliveries finally slowed and new unit absorption continued. (Please note that new unit absorption is not the same as net absorption). During 2003, more new units were absorbed than new deliveries for the first time during the 1999 to 2003 period. In 2003, 12,189 units were absorbed in the nine-county Tracker area, representing a significant increase over the 5,320 units absorbed during 2002.

The Atlanta Apartment Market Tracker expects starts to continue dropping during 2004, deliveries to continue in moderation, and new unit absorption to continue to exceed deliveries. Finally, the Tracker project's an overall vacancy rate of 9.0 percent for 2004.

### **Conclusion**

The overall Atlanta economy is showing signs of a modest recovery. The Atlanta area experienced a significant job growth of over 60,000 new jobs in 2003. Revised job growth and forecast numbers indicate a quick turn around for metropolitan Atlanta's employment situation. Approximately 50,000 jobs are expected to be generated in 2004, and another 70,000 to 80,000 jobs are forecast for 2005. Given these economic factors, the recent slow down in new development, and steady occupancy rates, a modest recovery in the Atlanta apartment market is expected. However, the apartment market is still heavily tilted in favor of the tenant, but rental rates have most likely hit their lowest level and concessions are becoming more exclusive to product type. The overall forecast for the Atlanta apartment market is stable throughout 2004 and into 2005.

## CHARACTERISTICS OF LIHTC PROJECT ALLOCATIONS 1999 -2003

Each year the Georgia Housing Finance Authority, in conjunction with the Georgia Department of Community Affairs, accepts bids for LIHTC tax credit projects. The following table details the list of projects that have received tax credit allocations in Fulton County from 1999 to 2003. It should be noted that 13 properties are located within the primary market area of the Subject.

<b>1999-03 LIHTC Allocations in Fulton County</b>			
<b>Property</b>	<b>City</b>	<b>Units</b>	<b>Tenancy</b>
Riverview Park	Atlanta	228	Family
Villages at Castleberry, II	Atlanta	284	Family
Brentwood Creek	Atlanta	238	Family
Shamrock Gardens	Atlanta	344	Family
Brentwood Meadows	Atlanta	72	Family
Brentwood Creek & Heights	Atlanta	198	Family
Ashley West	Atlanta	112	Family
<b>Villages at Carver, I*</b>	<b>Atlanta</b>	<b>124</b>	<b>Family</b>
<b>Villages at Carver II</b>	<b>Atlanta</b>	<b>66</b>	<b>Family</b>
<b>Villages at Carver III</b>	<b>Atlanta</b>	<b>216</b>	<b>Family</b>
Provence North	Atlanta	112	Family
The Darlington	Atlanta	612	Family
Autumn Hills	Atlanta	191	Family
<b>Croggman School</b>	<b>Atlanta</b>	<b>105</b>	<b>Family</b>
Harmony Park	Atlanta	118	Family
Greyfield	Atlanta	60	Family
Peopletown Villa	Atlanta	20	Family
<b>The Village of College Park</b>	<b>College Park</b>	<b>104</b>	<b>Family</b>
Columbia Colony Senior Apts	Atlanta	120	Elderly
Renaissance at Park Place	Atlanta	100	Family
Harris House III	Atlanta	23	Family
Harris House IV	Atlanta	23	Family
Westview Lofts	Atlanta	21	Family
Troy Street	Atlanta	14	Family
Myrtle Street	Atlanta	32	Family
Advantages of Atlanta	College Park	432	Family
Moreland Square	Atlanta	32	Family
Legacy Village	Atlanta	16	Family
Wyntrace Apartments	Atlanta	185	Family
Village Highlands	East Point	258	Family
Northside Village	Atlanta	261	Family
Grant Way/Grant Place	Atlanta	8	Family
Magnolia Park Phase II	Atlanta	180	Family
West End	Atlanta	112	Family
Kimberly Court	Atlanta	152	Family
<b>Columbia High Point</b>	<b>Atlanta</b>	<b>94</b>	<b>Elderly</b>
Kimberly Court Phase II	Atlanta	136	Family
Columbia Commons	Atlanta	158	Family
Peaks at West Atlanta	Atlanta	214	Family
Ashley Courts, I	Atlanta	152	Family
Ashley Courts at Cascade II	Atlanta	136	Family

1999-03 LIHTC Allocations in Fulton County (continued)			
Property	City	Units	Tenancy
Ashley Courts at Cascade III	Atlanta	96	Family
<b>Lakewood Christian Manor</b>	<b>Atlanta</b>	<b>250</b>	<b>Older People</b>
Holly Ridge	Atlanta	216	Family
Brookside Parkway	Atlanta	200	Family
Carver Redevelopment, III	Atlanta	216	Family
<b>Park Place South Senior</b>	<b>Atlanta</b>	<b>100</b>	<b>Elderly</b>
<b>Etheridge Court I &amp; II</b>	<b>Atlanta</b>	<b>354</b>	<b>Family</b>
<b>City Views at Rosa Burney Park</b>	<b>Atlanta</b>	<b>180</b>	<b>Family/Older</b>
Allen Temple Apt	Atlanta	458	Family
Town West Manor	Atlanta	108	Family
Misty Amber Senior	Atlanta	152	Elderly
Valena Henderson Village	Atlanta	39	Elderly
Hickory Park	Atlanta	150	Family
Big Bethel Village	Atlanta	132	Elderly
Crescent Hills	Atlanta	240	Family
Toby Sexton Redevelopment	Atlanta	201	Family
Highbury Court	Atlanta	128	Family
Dogwood Apts	Atlanta	414	Family
Westchase Park	Atlanta	224	Family
Hidden Creste	Atlanta	320	Family
Preserve at Cascade	Atlanta	210	Family
Ashley College Town	Atlanta	196	Family
Park Ridge	Roswell	508	Family
Richmond Oaks	Atlanta	181	Family
Harris Homes II	Atlanta	80	Family
Hollywood West	Atlanta	112	Family
Providence Heights	East Pointe	244	Family
Orchard Springs	Fairburn	221	Family
Robins Creste	Atlanta	160	Family
Eagles Creste	Atlanta	284	Family
Columbia Estate (West Highlands)	Atlanta	124	Family
Columbia at Peoplestown	Atlanta	99	Family
<b>Columbia Highlands Senior</b>	<b>Atlanta</b>	<b>130</b>	<b>Elderly</b>
The Peaks at MLK	Atlanta	183	Family
The Peaks at West Atlanta	Atlanta	160	Family
Heritage Greene	Atlanta	109	Family
Renaissance at Adamsville	Atlanta	152	Family
Columbia Park Citi	Atlanta	152	Family
Alta Pointe	Atlanta	230	Family
Columbia Crest	Atlanta	152	Family
<b>Pittsburg Phase I</b>	<b>Atlanta</b>	<b>220</b>	<b>Family</b>
<b>Trinity Towers</b>	<b>Atlanta</b>	<b>240</b>	<b>HFOP/Elderly</b>
Princeton Court Senior Residences	College Park	116	Elderly
Harris Homes Revitalization	Atlanta	80	HFOP
Columbia Senior Residences	Atlanta	122	Elderly
<b>Total</b>		<b>14,706</b>	

**Section 8**

According to Rene Stokes of the Fulton County Housing Authority there are currently 1,100 Section 8 vouchers that have been distributed. According to Stevie Slaughter, the Section 8 Housing Supervisor for the Fulton County Housing Authority, there is a waiting list of 500-600 households. Further, they have had a waiting list of about the same length for over two years. Both Ms. Stokes and Mr. Slaughter also stated that there was large demand for Section 8 housing as they receive several requests for applications on a weekly basis.

Illustrated in the table below is the historical trend of Section 8 Vouchers that have been distributed by the City of Atlanta Housing Authority from 1998 through 2002. The waiting list has been closed since June of 2002. Therefore, no additional vouchers were distributed in 2003.

<b>Annual Distribution of Section 8 Vouchers City of Atlanta</b>		
<b>Year</b>	<b>No. of Vouchers</b>	<b>Percentage change</b>
1998	7,376	-
1999	7,451	1.02%
2000	8,483	13.85%
2001	9,477	11.72%
2002	11,127	17.41%

As illustrated, the growth rate of vouchers being distributed by the housing authority suggests an increasing need for affordable housing for low to very low-income households. According to Mr. Jerome Davidson from the Atlanta Housing Authority, approximately 11,300 vouchers are currently being utilized in the City of Atlanta. There are also approximately 21,400 households currently on the waiting list. The waiting list has been closed since October 2001. As a result, the housing authority is in the process of locating affordable housing for the current households on the waiting list before accepting additional requests. Mr. Davidson also stated that the waiting list has been about the same length for over 3 years and that there was great demand for affordable housing. He offered an average occupancy rate of 98 percent among the properties managed by the City of Atlanta Housing Authority as further support of his assertions.

Finally, we gave consideration to recent development trends exhibited by the City of Atlanta Housing Authority. 1995 marked the beginning of a definite trend in the redevelopment of Atlanta’s public housing communities. Beginning with the demolition of the Techwood Homes Public Housing community and its subsequent redevelopment with Centennial Place, it appears that the City of Atlanta Housing Authority has been demolishing more public housing units than it has been replacing. At the end of 2002, approximately 14,500 units had been demolished and replaced with only 9,500 units (65 percent of the public housing units demolished). Compounding this problem is the fact that only a small fraction of the replacement units are being set aside as public housing units, and the qualifying process for potential public housing tenants has become more strenuous.

Although no current figures were available, it appears this trend is continuing. The most recent redevelopment is the Perry Homes Community in southwest Atlanta which has been demolished and redeveloped with the West Highlands Community. The 1,000-unit Perry Homes Public Housing community has been demolished and is being replaced by the 950-unit West Highlands development. Further, of the proposed 950 units, only 228 units will be set aside for public housing residents.

Other public housing communities that have been redeveloped include Carver Homes and East Lake Meadows. Both of these communities have been redeveloped with fewer public housing units. East Lake Meadows had 660 units, and has been replaced with the 542-unit Villages of East Lake. Further, only 217 of the replacement units have been set aside for public housing. Given this trend, it would appear that the demand for public housing in Atlanta will outpace supply and more poor and low-income families will wind up on waiting lists. This would suggest more demand for units in the lower-income AMI levels (30 percent) and for those units with project based rental assistance.

**Description of Property Types Surveyed/Determination of Number of Tax Credit Units**

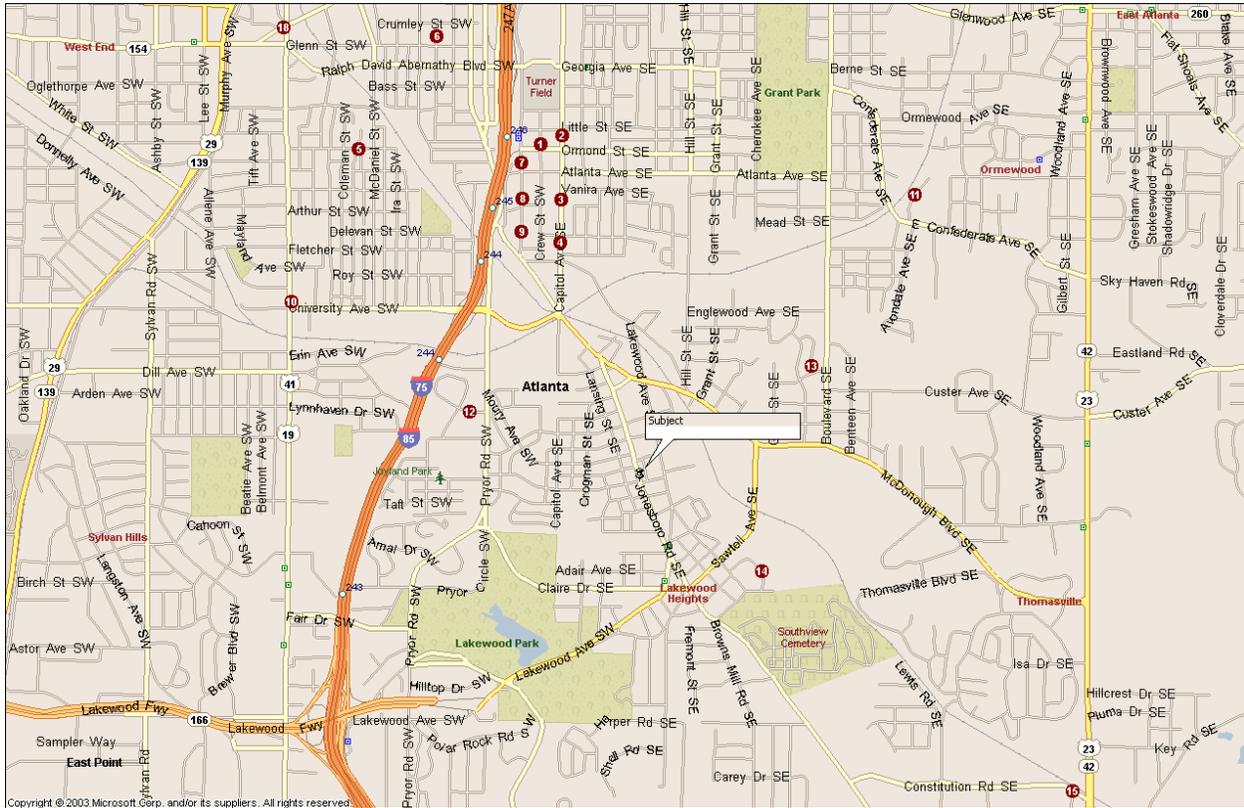
We interviewed numerous properties to determine which ones were considered “true” competition for the Subject. Given the limited number of age-restricted market rate and LIHTC communities, we also surveyed senior-restricted Section 8 properties located within the PMA to determine demand for PBRA units at the Subject. The current operating conditions of these properties are listed in the following table.

Name	Address	Units	Vacant	Occupancy	Waitlist
Abernathy Tower	1059 Oglethrope Avenue, SW	99	0	100%	1 year
Bedford Towers	400 Ralph McGill Blvd NE	150	0	100%	6 month-1 year
Briarcliff Summit Apartments	1050 Ponce de Leon AVE NE	201	2	99%	studio/1BR-6 months, 2BR 8 months
Capitol Avenue School	811 Capitol Avenue School	48	0	100%	1 year
Capitol Towers	830 Crew ST SW	39	0	100%	1 year
Wheat Street Towers	375 Auburn Ave	208	6	97%	1 month
Park Trace Apartments	700 Atlanta Ave	170	5	97%	6 month-1 year
<b>TOTAL</b>		<b>915</b>	<b>13</b>	<b>99%</b>	<b>7 month-1 year</b>

The overall occupancy level reported by surveyed senior restricted Section 8 properties is 99 percent. All of the properties reported long waiting list. In general, high occupancy and the presence of long waiting lists suggest latent demand exists within the market for PBRA units at the Subject.

**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. We visited and surveyed numerous properties that were excluded from the market survey because they were not considered useful in the analysis of the Subject property. These are illustrated on the following map and summarized in the following table.



Map Location	Excluded Properties	Comments/Reason Excluded
1	Capital Towers Apartments	Senior Section 8
2	Capital Avenue Apartments	Senior Section 8
3	Capitol Vanira Apartments	Section 8
4	Boyton Village Apartments	Section 8
5	Pittsburgh Civic League Apartments	Section 8
6	Rosa Burney Apartments	LIHTC/Inferior
7	Patterson Heights Apartments	LIHTC/Inferior
8	Washington Heights Apartments	LIHTC/Inferior
9	Bethel Heights Apartments	LUHTC/Inferior
10	Capital View Apartments	Market Rate/Inferior
11	Trestletree Village Apartments	Section 8
12	Columbia High Point Apartments	Elderly/Section 8
13	Gladstone Apartments	Market Rate/Inferior
14	Richmond Oaks	Market Rate/Inferior
15	Grant Park Commons	Market Rate/Inferior

Our competitive survey included eight “true” comparable properties containing 1,669 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.

# Summary Matrix

Comp #	Project	Distance	Type / Built	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Units Vacant	Vacancy Rate
Subject	Columbia Senior Residences At Mt. Pleasant 149 Meldon Ave Atlanta, GA 30315 Fulton County	n/a	Midrise Proposed	LIHTC	1BR / 1BA	6	8%	@30%	\$294	750	0	0.00%
					1BR / 1BA	16	21%	@50%	\$444	750	0	0.00%
					1BR / 1BA	56	72%	PBRA	\$444	750	0	0.00%
						78	100%				0	0.00%
1	Lakewood Christian Manor 2141 Springdale Road Atlanta, GA	n/a	Highrise 1970's/2004	LIHTC	Studio / 1BA	n/a	n/a	@50%	\$308	n/a	3	n/a
					Studio / 1BA	n/a	n/a	Market	\$367	n/a	3	n/a
					1BR / 1BA	n/a	n/a	@50%	\$334	n/a	3	n/a
					1BR / 1BA	n/a	n/a	Market	\$406	n/a	3	n/a
						250	100%				12	4.80%
2	Park Place Senior 240 Ama Drive, SW Atlanta, GA Fulton County	n/a	Garden 2003	LIHTC	1BR / 1BA	n/a	n/a	@50%	\$366	750	1	n/a
					1BR / 1BA	n/a	n/a	Market	\$516	750	0	n/a
					2BR / 1BA	n/a	n/a	@50%	\$419	1,000	0	n/a
					2BR / 1BA	n/a	n/a	Market	\$604	1,000	0	n/a
						100	100%				1	1.00%
3	Summerdale Apartments 2745 Old Hapeville Road Atlanta, GA Fulton County	n/a	Garden 1998	LIHTC	1BR / 1BA	2	1%	@50%	\$478	500	n/a	n/a
					1BR / 1BA	2	1%	@60%	\$497	500	n/a	n/a
					1BR / 1BA	8	3%	Market	\$543	500	n/a	n/a
					2BR / 2BA	63	25%	@50%	\$659	950	n/a	n/a
					2BR / 2BA	63	25%	@60%	\$659	950	n/a	n/a
					2BR / 2BA	63	25%	Market	\$714	950	n/a	n/a
					3BR / 2BA	16	6%	@50%	\$636	1,065	n/a	n/a
					3BR / 2BA	16	6%	@60%	\$664	1,065	n/a	n/a
					3BR / 2BA	16	6%	Market	\$728	1,065	n/a	n/a
						244	100%				23	9.40%
					4	The Square At Peoplestown 875 Hank Aaron Drive Atlanta, GA 30315 Fulton County	n/a	Garden 1999	LIHTC	1BR / 1BA	12	13%
1BR / 1BA	11	12%	@60%	\$545						664	2	18.20%
2BR / 1BA	12	13%	@50%	\$547						869	2	16.70%
2BR / 1BA	12	13%	@60%	\$594						869	2	16.70%
2BR / 2BA	12	13%	@50%	\$635						1,169	n/a	n/a
2BR / 2BA	12	13%	@60%	\$693						1,169	n/a	n/a
3BR / 2BA	11	12%	@50%	\$686						1,169	1	9.10%
3BR / 2BA	12	13%	@60%	\$752						1,169	2	16.70%
	94	100%									12	12.80%
5	The Crogman School Apartments 1093 West Avenue, Sw Atlanta, GA Fulton County	n/a	Midrise 2003	LIHTC/Market						Studio / 1BA	n/a	n/a
					Studio / 1BA	n/a	n/a	@60%	\$550	540	n/a	n/a
					Studio / 1BA	n/a	n/a	Market	\$575	540	n/a	n/a
					1BR / 1BA	n/a	n/a	@50%	\$556	793	n/a	n/a
					1BR / 1BA	n/a	n/a	@60%	\$561	793	n/a	n/a
					1BR / 1BA	n/a	n/a	Market	\$666	793	n/a	n/a
					2BR / 1BA	n/a	n/a	@50%	\$654	916	n/a	n/a
					2BR / 1BA	n/a	n/a	@60%	\$654	916	n/a	n/a
					2BR / 1BA	n/a	n/a	Market	\$779	916	n/a	n/a
					2BR / 2BA	n/a	n/a	@50%	\$703	987	n/a	n/a
					2BR / 2BA	n/a	n/a	@60%	\$725	987	n/a	n/a
					2BR / 2BA	n/a	n/a	Market	\$850	987	n/a	n/a
					3BR / 2BA	n/a	n/a	@60%	\$809	1,048	n/a	n/a
					3BR / 2BA	n/a	n/a	Market	\$959	1,048	n/a	n/a
						105	100%				16	15.20%
6	The Villages At Carver 174 Moury Avenue Atlanta, GA	n/a	Garden 2001	LIHTC/Market	1BR / 1BA	n/a	n/a	@50%	\$556	772	n/a	n/a
					1BR / 1BA	n/a	n/a	Market	\$585	772	n/a	n/a
					2BR / 1BA	n/a	n/a	@50%	\$604	900	n/a	n/a
					2BR / 1BA	n/a	n/a	Market	\$697	900	n/a	n/a
					3BR / 2BA	n/a	n/a	@50%	\$744	1,383	n/a	n/a
					3BR / 2BA	n/a	n/a	Market	\$866	1,383	n/a	n/a
					4BR / 2BA	n/a	n/a	@50%	\$850	1,438	n/a	n/a
					4BR / 2BA	n/a	n/a	Market	\$1,192	1,438	n/a	n/a
						500	100%				40	8.00%
7	Manor IV 2600 Old Hapeville Road, SW Atlanta, GA	n/a	Townhouse 1975/2003	Market	1BR / 1BA	24	30%	Market	\$535	703	0	0.00%
					2BR / 1BA	56	70%	Market	\$675	995	0	0.00%
						80	100%				0	0.00%
8	Sylvan Circle Apartments 1950 Sylvan Rd Sw Atlanta, GA Fulton County	n/a	Garden 1950	Market	Studio / 1BA	48	16%	@54%	\$395	738	2	4.20%
					Studio / 1BA	49	17%	Market	\$395	738	2	4.10%
					1BR / 1BA	98	33%	@54%	\$435	884	3	3.10%
					1BR / 1BA	99	34%	Market	\$435	884	3	3.00%
						296	100%				12	4.10%



Comparable Property Analysis													
#	Property	Age / Type	Units	Unit Types	Conc.	Rent (Adj)	Area	Rent PSF	Utils Incl.	Occupancy	Amenities	Remarks	
5	<b>Colombia Senior Residences At Mt. Pis Proposed</b> 149 Medson Ave Atlanta, GA 30315 Fulton County  no picture loaded	1970s/2004 Midrise	6 16 56  78	1BR / 1BA @30% 1BR / 1BA @50% 1BR / 1BA PBR  TAX CREDIT: @30%, @50% PBR Rent Increases: none Concessions: none	n/a n/a n/a	\$294 \$444 \$444	750 750 750	\$0.39 \$0.59 \$0.59	Trash Collection	100.00%	Clubhouse Computer Lab Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Intercom (Phone) Limited Access	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Garbage Disposal Oven Refrigerator Washer/Dryer hookup	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Annual Turnover: 0 Section 8 Tenants: 0% Lease-up: Parking Spaces Per Unit: 0  Other Comments: none
1	<b>Lakewood Christian Manor</b> 2141 Springdale Road Atlanta, GA  Sophia 404-786-1466  	1970s/2004 Highrise	n/a n/a n/a  250	Studio / 1BA @50% Studio / 1BA Market 1BR / 1BA @50% 1BR / 1BA Market  MARKET AND TAX CREDIT: @50% Rent Increases: none Concessions: none	n/a n/a n/a n/a	\$308 \$367 \$334 \$406	n/a n/a n/a n/a	n/a n/a n/a n/a	A/C Cooking Water Heat Heat	95.20%	Clubhouse Computer Lab Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Intercom (Phone) Limited Access  Delivered Hot Lunches	Blinds Carpeting Central A/C Coat Closet Dishwasher Garbage Disposal Hand Rails Oven Refrigerator Shuttle Service	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Senior Annual Turnover: 0 Section 8 Tenants: 0% Lease-up: Parking Spaces Per Unit: 0  Other Comments: Lakewood Christian Manor is a high-rise independent living property for seniors aged 62 and over. The property was constructed in the 1970s. The property manager was unable to provide detailed information regarding Lakewood Christian Manor. As a result, details such as turnover, leasing pace and changes in rent were not provided. The exact number of vacancies at the property is unknown and thus, the occupancy rate illustrated was an estimate provided by the property manager. Lakewood Christian Manor is currently undergoing renovations that are expected to be completed in October 2004. The property is not currently maintaining a waiting list.
2	<b>Park Place Senior</b> 240 Ama Drive, SW Atlanta, GA Fulton County Jeffrey 404-624-1771  	2003 Garden	n/a n/a n/a n/a  100	1BR / 1BA @50% 1BR / 1BA Market 2BR / 1BA @50% 2BR / 1BA Market  MARKET AND TAX CREDIT: @50% Rent Increases: none Concessions: none	n/a n/a n/a n/a	\$366 \$516 \$419 \$604	750 750 1,000 1,000	\$0.49 \$0.69 \$0.42 \$0.60	Water/Sewer Trash Collection	99.00%	Clubhouse Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Intercom (Phone) Limited Access Delivered Hot Lunches  Housekeeping	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Hand Rails Oven Pull Cords Refrigerator Trash Compactor Washer/Dryer hookup	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Annual Turnover: 42 Section 8 Tenants: 0% Lease-up: one-two months Parking Spaces Per Unit: 0  Other Comments: Park Place Senior is a garden-style property offering units at market rate and units designated for households earning 50 percent of the AMI. The property was built in 2003 and is currently maintaining a waiting list with over 1,200 names. There has been no change in rents over the past year. The management reported a turnover rate of four units each month, or 42 percent annually. There are currently no concessions being offered at the property. There are several activities offered for the seniors in the community room each week.
3	<b>Summersdale Apartments</b> 2745 Old Hapeville Road Atlanta, GA Fulton County Consuela 404-787-6002  	1998 Garden	2 2 8 63 63 63 16 16 16  244	1BR / 1BA @50% 1BR / 1BA @60% 1BR / 1BA Market 2BR / 2BA @50% 2BR / 2BA @60% 2BR / 2BA Market 3BR / 2BA @50% 3BR / 2BA @60% 3BR / 2BA Market  MARKET AND TAX CREDIT: @50%, @60% Rent Increases: none Concessions: \$99 move-in special	\$38 \$39 \$43 \$51 \$51 \$56 \$53 \$55 \$56 \$61	\$478 \$497 \$543 \$613 \$613 \$668 \$638 \$664 \$728	500 500 500 950 950 950 1,065 1,065 1,065	\$0.98 \$0.99 \$1.09 \$0.65 \$0.65 \$0.70 \$0.60 \$0.62 \$0.68	Water/Sewer Trash Collection	90.80%	Clubhouse Central Laundry Off-Street Parking On-Site Management Picnic Area Patrol	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Exterior Storage Ceiling Fan Garbage Disposal Oven  Refrigerator Washer/Dryer hookup	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Annual Turnover: 49 Section 8 Tenants: 0% Lease-up: One week to one and a half month's Parking Spaces Per Unit: 0  Other Comments: Summersdale Apartments is a family garden-style LIHTC and market rate property. The LIHTC units are designated for households earning 50 and 60 percent of the AMI. The property was built in 1998. Management reported the turnover rate to be very high, with approximately 15 units turning over each month, or 49 percent annually. There is not a waiting list being maintained at this time. Management reported the lease-up pace to be one week to one and a half months. Currently a concession of a \$99 move-in special is being offered. Management reported the one and three-bedroom units are the most popular units. The tenants at this property are a mix of age groups, and most of them relocate from within the neighborhood. The property has a total of eight one-bedroom units, 188 two-bedroom units, and 48 three-bedroom units.



Comparable Property Analysis

#	Property	Age / Type	Units	Unit Types	Conc.	Rent (Adj)	Area	Rent PSF	Utils Incl.	Occupancy	Amenities	Remarks	
S	Columbia Senior Residences At Mt. Pis Proposed 149 Melidon Ave Atlanta, GA 30315 Fulton County  no picture loaded	Mdrise	6 16 56	1BR / 1BA @30% 1BR / 1BA @50% 1BR / 1BA P/BRA	n/a n/a n/a	\$294 \$444 \$444	750 750 750	\$0.39 \$0.59 \$0.59	Trash Collection	100.00%	Clubhouse Computer Lab Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Intercom (Phone) Limited Access	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Garbage Disposal Oven Refrigerator Washer/Dryer hookup	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Annual Turnover: 0 Section 8 Tenants: 0% Lease-up: Parking Spaces Per Unit: 0  Other Comments: none
7	Manor IV 2600 Old Hapeville Road, SW Atlanta, GA  404-761-3290 	1975/2003 Townhouse	24 56 80	1BR / 1BA Market 2BR / 1BA Market  MARKET	n/a n/a	\$535 \$675	703 995	\$0.76 \$0.68	Trash Collection	100.00%	Central Laundry Off-Street Parking In-Unit Alarm Patrol Perimeter Fencing	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Oven Refrigerator	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Annual Turnover: 0 Section 8 Tenants: 0% Lease-up: Parking Spaces Per Unit: 0  Other Comments: Manor IV Townhomes is a family market rate property. The property was built in 1975 and has recently undergone renovations. The occupancy rate has increased from 85 percent to 100 percent over the past year. Management was unable to comment on the turnover rate. No concessions are being offered at this time. No waiting list is being maintained for all unit types. Rental rates have remained constant over the past year. The one-bedroom units were reported as the most popular units. The tenant composition is mixed and tenants generally come from the surrounding neighborhoods.
8	Sylvan Circle Apartments 1950 Sylvan Rd Sw Atlanta, GA Fulton County Brends 404-755-7134 	1950 Garden	48 49 98 99 296	Studio / 1BA @54% Studio / 1BA Market 1BR / 1BA @54% 1BR / 1BA Market  MARKET AND TAX CREDIT: @ 54% Rent Increases: No Concessions: No security deposit	n/a n/a n/a n/a	\$395 \$395 \$435 \$435	738 738 884 884	\$0.54 \$0.54 \$0.49 \$0.49	Trash Collection	95.90%	Clubhouse Off-Street Parking On-Site Management Picnic Area In-Unit Alarm Patrol	Blinds Carpeting Central A/C Coat Closet Ceiling Fan Garbage Disposal Oven Refrigerator Washer/Dryer hookup	Location: Physical Comparison: Location Comparison: Tenant Characteristics: Annual Turnover: 20 Section 8 Tenants: 0% Lease-up: Within one week Parking Spaces Per Unit: 0  Other Comments: Sylvan Circle Apartments is a market rate and LIHTC property, with 196 units designated as tax credit units and 100 units designated as market rate units. The property consists of studio and one-bedroom units. The property was built in the 1950s. The property currently has a waiting list of 8 approved applications. They are currently offering a concession of no deposit, a savings of \$125. The property is currently at 98 percent occupancy. Management reported turnover to be low, with around four to six units a month, or 20 percent annually.

## **H. PROPERTY INTERVIEWS**

**PROPERTY INTERVIEWS**

Property managers and realtors were interviewed for information on unit mix, size, absorption, unit features and project amenities, tenant profiles, and market trends in general. The following text is a summary of the property descriptions, which describe vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

**Age and Condition**

The Subject’s market area has been developed over a long period of time. As a result, most of the properties located near the Subject are older vintage communities that are generally inferior to the Subject as proposed. We endeavored to use comparable data from the most similar properties. Seven of the eight properties included in our survey have been constructed or rehabbed within the past three years. This is a function of the ongoing development activity in the area. Sylvan Circle Apartments is the oldest property surveyed. We have included this property given its proximity to the Subject. The information provided is considered to be an indication of operating conditions at more established communities within the immediate neighborhood.

In general, there are two types of properties in the market. First, there are those of a similar vintage as the Subject that have been recent additions. Second are properties that are 20 to 30 years old. Condition varies with age. We focused our research on the most comparable properties. Newer and renovated properties are typically in better condition than older properties. As a new construction, the Subject would be slightly superior, with regards to the condition, to older properties in Fulton County.

**Unit Mix**

As illustrated in the matrices comparable rental properties offered one, two and three-bedroom units. It should be noted that four of the eight surveyed properties were unable to provide a breakdown of unit mix. Therefore, the following table reflects only the properties that reported unit mix.

<b>UNIT MIX</b>				
	<b>Market Unit Mix</b>		<b>Subject Unit Mix</b>	
<b>Unit type</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
Efficiency	97	13.53%	N/Av	N/Av
1BR	256	35.70%	78	100.00%
2BR	293	40.86%	N/Av	N/Av
3BR	<u>71</u>	<u>9.90%</u>	<u>N/Av</u>	<u>N/Av</u>
<b>Total</b>	<b>717</b>	<b>100%</b>	<b>78</b>	<b>100.0%</b>

As the table illustrates, the majority of comparable properties in the Subject’s market offer a significant number of two-bedroom units followed by one-bedrooms. Two of the properties included in our survey (Park Place Senior Apartments and Lakewood Christian Manor) are senior restricted communities. The unit types offered range from studio to two-bedroom units. While these were unable to provide the breakdown of unit mix, both reported high occupancy. Park Place, which offers one and two-bedroom units reported a waiting list with approximately 1,200 households awaiting available units. The addition of the Subject will supplement the one-bedroom housing supply which is expected to accommodate both one and two person senior households. Therefore, the unit mix at the Subject is considered to be reasonable. The following table illustrates the vacancy breakdown by unit type.

<b>VACANCY BY UNIT TYPE</b>			
<b>Unit Type</b>	<b>Total Units Reporting</b>	<b>Vacant units</b>	<b>Vacancy by Unit Type</b>
Efficiency	97	4	95.88%
1BR	256	10	96.09%
2BR	293	4	98.63%
3BR	71	3	95.77%
<b>Total</b>	<b>717</b>	<b>21</b>	<b>97.07%</b>

As illustrated, the vacancy rate of the properties reporting unit mix is approximately three percent. The overall vacancy rate reported by all 1,669 surveyed units indicates approximately seven percent vacancy. Croggman School Apartments, which offers both market rate and LIHTC units, reported the highest vacancy at 15 percent. Reportedly, all the vacancies are within market rate units. The property manager reported “little difficulty” leasing market rate units. However, LIHTC units maintain a waiting list. Approximately 25 percent of the residents at Croggman School Apartments are senior. Park Place Senior Apartments and Lakewood Christian Manor were the only senior restricted properties included in our survey. The occupancy rate reported by both properties is 99 percent and 95 percent respectively. Given that Park Place maintains a waiting list with approximately 1,200 households, the one vacancy is reportedly a recently vacated unit that is expected to be leased immediately. Overall, the low vacancy level reported by properties included in our survey, particularly within the affordable housing product, is considered to be a positive indicator for the strength of the rental market.

**Unit Size**

The Subject will consist of one-bedroom units. We attempted to compare the Subject to similar unit types. The table below depicts the square footage of the Subject and comparable properties in the market that were able to provide square footage.

<b>COMPARISON OF SUBJECT UNIT SIZE TO MARKET UNIT SIZE (IN SQUARE FEET)</b>				
<b>Unit type</b>	<b>Subject</b>	<b>Competing Properties</b>		
		<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
1BR/1BA	750	727	500	884

The Subject’s one-bedroom units will be above the average unit size reported by surveyed properties in the market. It should be noted that the square footages illustrated are from primarily family oriented properties. Generally, senior apartments are somewhat smaller than conventional apartments. We compared the unit sizes at the Subject with those reported by Park Place Senior Apartments. This property is currently 99 percent occupied with the presence of a waiting list. The Subject will offer unit sizes that are similar to those offered by Park Place Senior Apartments. Therefore, the unit sizes offered by the Subject are expected to be well received in the market.

**Total Number of Baths Per Unit**

All of the surveyed one-bedroom units in the marketplace offer one bathroom. Therefore, the Subject will be similar to market convention with regard to bed to bathroom ratio.

### **Unit Amenities**

In order to provide quality housing at an affordable cost, many LIHTC properties cannot offer an extensive amenity package. However, the Subject amenities must be similar to or better than those in the market, to allow the Subject to compete. All units will include mini-blinds, carpeting, garbage disposal, refrigerator, stove, dishwasher, central air conditioning and washer/dryer hook-ups. Aside from ceiling fans and exterior storage, the amenities offered by the Subject are similar to those properties included in our survey. We compared the in-unit amenities offered by the Subject with those offered by Park Place Senior Apartments and Lakewood Christian Manor, the only senior restricted LIHTC properties surveyed. The in-unit amenities offered by this property are superior to the Subject given that Park Place offers ceiling fans, handrails, pull cords and trash compactors while the Subject does not. Although Lakewood Christian Manor offers handrail, the amenity package offered is considered to be slightly inferior to the Subject given that its units are without washer/dryer hook-ups or balconies. In general, the in-unit amenities for the Subject are considered to be competitive although below the top-end within the market.

### **Common Area Amenities**

When the senior market segment is considered, the Subject is generally superior with the surveyed LIHTC and market rate properties. Common area amenities will include leasing and management areas, a community center, resident business center, exercise/fitness center and on-site laundry facilities. Additionally, the Subject will be a four-story apartment building that features an elevator, which is generally more attractive to the targeted senior population. We compared the common area amenities offered by the Subject with those offered by Park Place Senior Apartments and Lakewood Christian Manor, the only senior restricted LIHTC properties surveyed. Overall, the common area amenities offered by the Subject is similar to these properties. Therefore, the common area amenities for the Subject are considered to be competitive.

### **Security Features**

Security will often vary based on the needs of the particular area and size of the particular project. Most of the properties surveyed offered some form of security features or perimeter fencing. The Subject will have secured key card access at all entry points. In general, the Subject will offer comparable security features.

### **Utility Structure**

The Subject will include trash removal in rental rates. To make a fair comparison of the Subject rent levels to comparable properties, rents at comparable properties are typically adjusted to be consistent with the Subject. The comparable properties' asking rents are illustrated in the matrices as well as rents adjusted to the Subject's utility convention. Adjustments are made using Section 8 Utility Allowances from the City of Atlanta Housing Authority which provide utility estimates for Fulton County.

### **Parking**

There will surface parking located at the Subject that will offer 80 parking spaces. This equates to one parking space per unit for residents. While this parking ratio is less than those reported by competing properties, this is considered adequate given the senior tenancy. Overall, parking appears adequate at the Subject.

**Tenant Makeup**

Local property managers report a generally mixed tenancy including single parents, students, couples and seniors. Most of the tenants originate from throughout the Atlanta area. Senior tenancy ranged from five to 25 percent of the residents at conventional properties. Tenancy at the Subject will consist of low and moderate-income tenants. Household sizes will range from one to two persons. The Subject will cater to households with incomes from \$0 (based on income for PBRA units) to \$34,200 (two-person household at 60 percent of AMI). Most of the tenants will be local, coming from within the primary market area. To a large extent, senior tenants will be “moving up” from less desirable housing or more expensive market rate alternatives. Tenants will be attracted by a better, newer, and more affordable product.

**Concessions**

Occasional concessions such as rental discounts are consistent with ongoing marketing strategies during periods of increased tenant turnover.

<b>CONCESSIONS</b>	
<b>Property</b>	<b>Concession offered</b>
Lakewood Christian Manor	None
Park Place Senior Apartments	None
Summerdale Apartments	\$99 for the 1 <sup>st</sup> month’s rent
The Square at Peoplestown	None
The Croggman School Apartments	½ month free rent for 1 <sup>st</sup> month on a 12 month lease
The Villages at Carver Apartments	One month free rent on a 13 month lease
Manor IV Apartments	None
Sylvan Circle	None

Three of the eight surveyed properties (Summerdale Apartments, Croggman School Apartments and The Villages at Carver) reported offering concessions. Summerdale Apartments reported experiencing relatively high turnover (approximately 49 percent annually). Additionally, the property manager reported a slowing rental market over the past several months. Therefore, the concession offered appears to be the result of marketing strategies utilized by this property to remain stabilized. The Croggman School Apartments and The Villages at Carver are recently constructed properties that offer both LIHTC and market rate units. All of the LIHTC units are occupied with waiting lists. Therefore, the concessions present are for the leasing of market rate units. Lakewood Christian Manor and Park Place Senior Apartments are senior restricted properties without concessions. Both reported high demand for available units. Therefore, the Subject is not expected to offer concessions.

**Waiting Lists**

In markets with high housing costs and a limited supply of affordable housing, waiting lists are common at LIHTC properties. The table below illustrates waiting lists in the market.

<b>WAITING LIST</b>		
<b>Property</b>	<b>Property Type</b>	<b>Length</b>
Lakewood Christian Manor	LIHTC	None
Park Place Senior Apartments	LIHTC	1,200 households
Summerdale Apartments	LIHTC	None
The Square at Peoplestown	LIHTC/Market	None
The Croggman School Apartments	LIHTC/Market	Yes, LIHTC only
The Villages at Carver Apartments	LIHTC/Market	Yes, LIHTC only
Manor IV Apartments	Market	None
Sylvan Circle	Market	Nine households

Four of the eight properties surveyed reported waiting lists. In general, the presence of waiting lists in the affordable housing product is considered to a positive indicator for the Subject given recent additions to supply. Also one of the two senior oriented facilities, Park Place Senior Apartments, reported the presence of 1,200 households on the waiting list. We expect the property manager at the Subject to maintain a waiting list. This will assist the property in continually leasing available units quickly and efficiently.

**Historical Rent Increases**

One way to determine if the apartment market is healthy is to look to the historical rent increases, or lack of them. If rents are stable or increasing in the area, the market may be in a state of expansion. Conversely, if the market begins to offer concessions, the market may be declining. The table below illustrates reported changes in rents in the market.

RENT INCREASE		
Property	Property Type	Increase
Lakewood Christian Manor	LIHTC	Yes, Undefined
Park Place Senior Apartments	LIHTC	None
Summerdale Apartments	LIHTC	None
The Square at Peopletown	LIHTC/Market	None
The Croggman School Apartments	LIHTC/Market	None
The Villages at Carver Apartments	LIHTC/Market	None
Manor IV Apartments	Market	None
Sylvan Circle	Market	None

Excluding Lakewood Christian Manor, all of the surveyed properties reported that rental rates have remained constant over the past year.

**Affect of Subject on Other Affordable Units in Market**

Capture rates for the Subject are considered reasonable and reflect adequate demand within the primary market area. In our demand analysis, we estimate capture based on existing demand, presumably those living at comparable or local market properties. However, we only consider those who are paying over 40 percent of the gross income in housing costs. Therefore, while we do project that those tenants would move from competing properties to reside in the Subject, these tenants are the most rent overburdened.

It is important to note that the number of affordable housing units that are available to senior households is limited within the PMA. All of the age-restricted properties surveyed reported that there was an additional need for affordable senior housing options for seniors. It should also be noted that most of the properties included in our survey are family oriented developments. Therefore, the Subject is not expected to compete for overall low-income households within the PMA but rather appeal to the senior population that has a preference for residing in an adult community. Finally, approximately 955 units have been added to the housing inventory over the past three years. Excluding The Croggman School Apartments, all of these properties reported generally stabilized occupancy. Therefore, supplementing the market with the Subject is not expected to have a negative impact on the affordable housing market.

**Vacancy**

The overall vacancy of units surveyed is approximately six percent. The table below summarizes the occupancy levels reported by properties included in our survey:

<b>COMPARABLE PROPERTY OCCUPANCY</b>				
<b>Comp Name</b>	<b>Property Type</b>	<b>Total Available Units</b>	<b>Total Occupied Units</b>	<b>Overall Occupancy</b>
Lakewood Christian Manor	LIHTC	250	238	95%
Park Place Senior Apartments	LIHTC	100	99	99%
Summerdale Apartments	LIHTC	244	221	91%
The Square at Peoplestown	LIHTC/Market	94	82	87%
The Croggman School Apartments	LIHTC/Market	105	89	85%
The Villages at Carver Apartments	LIHTC/Market	500	460	92%
Manor IV Apartments	Market	80	80	100%
Sylvan Circle	Market	296	284	96%
<b>Totals</b>		<b>1,669</b>	<b>1,553</b>	<b>93%</b>

Occupancy rates reported in the market ranged from 85 to 100 percent with an overall occupancy rate of 93 percent. As stated, Croggman School Apartments, which offers both market rate and LIHTC units, reported the highest vacancy at 15 percent with all the vacancies located within market rate units. The property manager reported “little difficulty” leasing market rate units. However, LIHTC units maintain a waiting list. Most of the properties included in our survey are family oriented properties. Lakewood Christian Manor is recently renovated senior property that reported 95 percent occupancy. Also, Park Place Senior Apartments is a senior restricted LIHTC property that is currently 99 percent occupied with 1,200 households on the waiting list. This is considered to be a positive indicator for development of the Subject.

**Reasonability of Rents**

Rents provided by property managers at some properties may include all utilities while others may require tenants to pay all utilities. The Subject will include trash expenses in rental rates. To make a fair comparison of the Subject rent levels to comparable properties, rents at comparable properties are typically adjusted to be consistent with the Subject. Adjustments are made using Section 8 Utility Allowances for Fulton County as provided by the City of Atlanta Housing Authority. The rent analysis is based on net rents at the Subject as well as surveyed properties.

The table below illustrates the net and gross rents at the Subject, as well as the maximum allowable rents. DCA requires that LIHTC properties are at or below DCA’s Maximum Allowable Rent per the Rent and Income Guidelines.

<b>PBRA UNITS</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents*</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Fair Market Rents</b>
1BR/1BA	56	\$444	\$106	\$550	\$795
<b>Total</b>	<b>56</b>				

\*Actual rent paid by resident will be based on income

<b>LIHTC UNITS AT 30 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	6*	\$294	\$106	\$400	\$400
<b>Total</b>	<b>6</b>				

\*Includes one unrestricted unit utilized by the property manager.

<b>LIHTC UNITS AT 50 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	16	\$444	\$106	\$550	\$667
<b>Total</b>	<b>16</b>				

The overall average, minimum and maximum adjusted rents for LIHTC surveyed properties are illustrated in the table below in comparison with net rents for the Subject. It should be noted that none of the properties surveyed reported units at the 30 percent AMI level. Therefore, comparisons with proposed rental rates at the Subject are at the 50 percent AMI level only.

<b>Unit Type</b>	<b>Subject LIHTC 50%</b>	<b>Comparable Properties Average</b>	<b>Comparable Properties Minimum</b>	<b>Comparable Properties Maximum</b>
1BR/1BA	\$444	\$464	\$334	\$556

As illustrated, the proposed rents at the Subject are below the average rent reported by surveyed LIHTC properties. When compared to the two senior restricted properties (Lakewood Christian Manor-\$334, Park Place Senior Apartments-\$366), the Subject is above what is currently being reported in the market. Given the fact that the Subject will be new construction, rental rates higher than older vintage property are typically considered reasonable. However, both properties have been either renovated or constructed within the past two years. Therefore, the Subject may want to consider adjusting rents to a level within the range reported. The overall average and the maximum and minimum adjusted rents for market-rate properties surveyed are illustrated in the table below in comparison with net rents for the Subject.

<b>NET RENT COMPARISON: MARKET RENTS</b>				
<b>Unit Type</b>	<b>Subject LIHTC 50%</b>	<b>Comparable Properties Average</b>	<b>Comparable Properties Minimum</b>	<b>Comparable Properties Maximum</b>
1BR	\$444	\$533	\$406	\$666

When compared to the overall market, rents proposed at the Subject are well below the average rents reported by surveyed market rate properties. It should be noted that the properties included in our survey ranged from older properties. Additionally, two of the properties include concessions which further reduce the competitive rent advantages provided by affordable housing developments. In general, the proposed rents at the Subject will provide a 17 percent rent advantage when compared to the average market rents reported in the market.

**Absorption**

As stated, the demand analysis illustrated capture rates ranging from four to 19 percent for the Subject. The capture rates for the Subject are well below the DCA limit of 30 percent. In general, we believe that there is sufficient demand within the market for the senior affordable housing. We were unable to obtain a recent indication of market absorption. However, the presence of waiting lists reported by Park Place Senior Apartments suggests that latent demand exists within the market for senior oriented low income housing. Furthermore, the long waiting list lists reported by the Fulton County Housing Authority and the City of Atlanta Housing Authority are expected to supplement demand at the Subject. In general, senior residents on fixed monthly incomes have limited housing options. Therefore, an estimate of 12 units per month or seven month initial leasing pace is considered reasonable.

## **Conclusions**

We endeavored to use comparable data from the most similar properties. Seven of the eight properties included in our survey have been constructed or rehabbed within the past three years. This is a function of the ongoing development activity in the area. In general, condition varies with age. As a new construction, the Subject would be slightly superior with regards to overall quality and condition to properties included in our survey. Occupancy rates reported in the market ranged from 85 to 100 percent with an overall occupancy rate 93 percent. Croggman School Apartments, which offers both market rate and LIHTC units, reported the highest vacancy at 15 percent with all the vacancies located within market rate units. The property manager reported “little difficulty” leasing market rate units. However, LIHTC units maintain a waiting list.

Most of the properties included in our survey are family oriented properties. Lakewood Christian Manor is recently renovated senior property that reported 95 percent occupancy. Also, Park Place Senior Apartments is a senior restricted LIHTC property that is currently 99 percent occupied. This is considered to be a positive indicator for development of the Subject. Four of the eight properties surveyed reported waiting lists. One of the two senior oriented facilities, Park Place Senior Apartments, reported the presence of 1,200 households on the waiting list. In general, the presence of waiting lists in the affordable housing product is considered to a positive indicator for the Subject given recent additions to supply.

Three of the eight surveyed properties (Summerdale Apartments, Croggman School Apartments and The Villages at Carver) reported offering concessions. Summerdale Apartments reported experiencing relatively high turnover (approximately 49 percent annually). Additionally, the property manager reported a slowing rental market over the past several months. Therefore, the concession offered appears to be the result of marketing strategies utilized by this property to remain stabilized. The Croggman School Apartments and The Villages at Carver are recently constructed properties that offer both LIHTC and market rate units. All of the LIHTC units are occupied with waiting lists. Therefore, the concessions present are for the leasing of market rate units. Lakewood Christian Manor and Park Place Senior Apartments are senior restricted properties without concessions. Both reported high demand for available units. Therefore, the Subject is not expected to offer concessions.

When compared to the overall market, rents proposed at the Subject are well below the average rents reported by surveyed market rate properties. Additionally, the proposed rents at the Subject are below the average rent reported by surveyed LIHTC properties. When compared to the two senior restricted properties (Lakewood Christian Manor-\$334, Park Place Senior Apartments-\$366), the Subject is above what is currently being reported in the market. Given the fact that the Subject will be new construction, rental rates higher than older vintage property are typically considered reasonable. However, both properties have been either renovated or constructed within the past two years. Therefore, the Subject may want to consider adjusting rents to a level within the range reported.

## **I. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusions**

- The Subject will be an average to above-average-quality wood frame structure with brick and vinyl siding. Given that the Subject will be newly constructed, it will be superior to most of the housing inventory in the area with regards to condition. The proposed design features and amenities are expected to appeal to senior tenancy. In general, the Subject as proposed will be at the top-end of the range of existing multifamily properties with regard to overall condition.
- The Subject is located in a suburban community located in Lakewood Heights section of Atlanta. The Subject is located within a short distance to most of the necessary community features that would appeal to senior residents such as public transportation, medical services and shopping. Additionally, Bethlehem Neighborhood Senior Center is a senior center located approximately 0.5 miles north of the Subject. Overall, the community presents an average location for a senior multifamily development.
- The senior population is expected to continue growing from 2004 to 2006 in both the MSA and PMA, albeit less rapidly in the PMA. This suggests an aging population that may choose apartment living to reduce home ownership burdens. By the time of market entry, there will be approximately 371,789 persons aged 65 and older in the MSA compared to 17,832 in the PMA. The rapid growth of the senior population in the PMA and MSA will support demand for the Subject. Approximately 22 percent of senior households within the PMA have annual incomes above \$50,000 as of 2004. The Subject is expected to target households with annual incomes ranging from \$0 to \$34,200. Therefore, a large number of households (7,798) are income eligible to reside at the Subject.
- 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 and income restricted option. We believe this to be significant and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

<b>DEMAND SUMMARY</b>									
Unit Size	Income Limits	Units Proposed	Total Demand	Additions to Supply	Net Demand	Capture Rate	Absorption Period	Average Market Rent	Proposed Rent
1BR	30% AMI	6	163	8	155	4%	One Month	\$558	\$294
	50 % AMI	16	170		170	9%	Two Month	\$558	\$444
	54% AMI								
	60% AMI								
	Market								
	PBRA	56	564	269	295	19%	Five Months	\$558	\$444

As the analysis illustrates, the Subject’s capture rates vary from four to 19 percent. Additionally, these limits are well below the DCA limit of 30 percent. Overall, demand for the Subject’s LIHTC units is considered favorable.

- The demand analysis illustrated capture rates ranging from four to 19 percent for the Subject. The capture rates for the Subject are well below the DCA limit of 30 percent. In general, we believe that there is sufficient demand within the market for the senior affordable housing. We were unable to obtain a recent indication of market absorption. However, the presence of waiting lists reported by Park Place Senior Apartments suggests that latent demand exists within the market for senior oriented low income housing. Furthermore, the long waiting list lists reported by the Fulton County Housing Authority and the City of Atlanta Housing Authority are expected to supplement demand at the Subject. In general, senior residents on fixed monthly incomes have limited housing options. Therefore, an estimate of 12 units per month or seven month initial leasing pace is considered reasonable.
- The overall Atlanta economy is showing signs of a modest recovery. The Atlanta area experienced a significant job growth of over 60,000 new jobs in 2003. Revised job growth and forecast numbers indicate a quick turn around for metropolitan Atlanta's employment situation. Approximately 50,000 jobs are expected to be generated in 2004, and another 70,000 to 80,000 jobs are forecast for 2005. Given these economic factors, the recent slow down in new development, and steady vacancy rates, a modest recovery in the Atlanta apartment market is expected. However, the apartment market is still heavily tilted in favor of the tenant, but rental rates have most likely hit their lowest level and concessions are becoming more exclusive to product type. The overall forecast for the Atlanta apartment market is stable throughout 2004 and into 2005.
- Seven of the eight properties included in our survey have been constructed or rehabbed within the past three years. This is a function of the ongoing development activity in the area. In general, condition varies with age. As a new construction, the Subject would be slightly superior with regards to overall quality and condition to properties included in our survey. Occupancy rates reported in the market ranged from 85 to 100 percent. Croggman School Apartments, which offers both market rate and LIHTC units, reported the highest vacancy at 15 percent with all the vacancies located within market rate units. The property manager reported "little difficulty" leasing market rate units. However, LIHTC units maintain a waiting list.
- Capture rates for the Subject are considered reasonable and reflect adequate demand within the primary market area. In our demand analysis, we estimate capture based on existing demand, presumably those living at comparable or local market properties. However, we only consider those who are paying over 40 percent of the gross income in housing costs. Therefore, while we do project that those tenants would move from competing properties to reside in the Subject, these tenants are the most rent overburdened. It is important to note that the number of affordable housing units that are available to senior households is limited within the PMA. All of the age-restricted properties surveyed reported that there was an additional need for affordable senior housing options for seniors. It should also be noted that most of the properties included in our survey are family oriented developments. Therefore, the Subject is not expected to compete for overall low-income households within the PMA but rather appeal to the senior population that has a preference for residing in an adult community. Finally, approximately 955 units have been added to the housing inventory over the past three years. Excluding The Croggman School Apartments, all of these properties reported generally stabilized occupancy. Therefore, supplementing the market with the Subject is not expected to have a negative impact on the affordable housing market.

## **J. SIGNED STATEMENT REQUIREMENTS**

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in the Georgia Department of Community Affairs'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  
Principal  
Novogradac & Company LLP

---

Date

## **K. ANALYST QUALIFICATIONS**

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## H. BLAIR KINCER

### I. Education

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

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

### II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)  
Candidate member of the Commercial Investment Real Estate Institute pursuing  
the Certified Investment Member (CCIM) designation.  
Certified General Real Estate Appraiser - State of Maryland  
Certified General Real Estate Appraiser – Commonwealth of Virginia  
Certified General Real Estate Appraiser – Commonwealth of Pennsylvania  
Certified General Real Estate Appraiser – State of New York  
Certified General Real Estate Appraiser – State of Washington  
Member Frostburg Housing Authority

### III. Professional Experience

Principal, 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 Maryland  
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.  
CCIREI – Course CI 101 Financial Analysis for Commercial Real Estate  
Appraisal Institute – Real Estate Appraisal Principles  
Appraisal Institute – Basic Valuation Procedures  
Appraisal Institute – Capitalization Theory and Techniques Part A and B  
Appraisal Institute – Case Studies in Real Estate Valuation  
Appraisal Institute – Standards and Professional Practice  
Appraisal Institute – Valuation Analysis and Report Writing  
BAI Seminars – Loan Review, Advanced Loan Review, Commercial Loan Work - Out National  
Institute of Trial Lawyers Appraisal Institute– Expert Witness Testimony  
Ernst & Young, LLP– - Capital Markets and Financing

## **H. Blair Kincer**

### **Qualifications**

#### **Page 2**

#### **V. Real Estate Assignments**

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

- 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 with a concentration on the east coast.
- 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.
- In accordance with HUD Notice H 00-12, 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.
- Member of the due diligence team hired by Insignia/ESG to assist in the determination of underlying asset value and marketability of a large retail portfolio of regional malls. Assignment included review of leases, lease abstracting, and cash flow modeling. Prepared due diligence package that included lease abstracts, market analysis and projected operations with explanatory comments.
- Assisted a developer on three projects located in Maryland through all stages of the development process. This assistance included market analysis, contract negotiation, third party report supervision and preparation of financing packages. Market analysis included; preliminary property screening, market analysis, comparable rent surveys, and development programming. Support for contract negotiations involved cash flow projections and valuation analyses. Third party report supervision entailed the marshaling and review of the appropriate third party reports including market studies, environmental and engineering reports and appraisals. Preparation of financing packages included the compilation of development budgets and cash flow projections. Completed financing submissions including; Tax Exempt Bond Applications, Credit Enhancement Applications, Construction Loan Applications, and alternative financing applications.
- Completed a market study for an affordable housing developer on Clifton Terrace Apartments in Washington, DC. Clifton Terrace is a former HUD financed property currently owned by the Federal Government. The market study was used in a response to a request for redevelopment proposals. Our research included neighborhood analysis, competitive supply evaluation and demand projections. Demand by family size was further analyzed using PUMS detailed census analysis. This analysis formed the basis for the proposed unit mix in the response.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS GIL WASHINGTON

## **I. Education**

George Washington University  
Bachelor of Arts in Business Administration

## **II. Licensing and Professional Affiliation**

Associate Member - Appraisal Institute

## **III. Professional Experience**

Real Estate Analyst, Novogradac & Company, LLP  
Foundation Financial Mortgage Services  
Consumer Finance Manager, Intercontinental Trade Associates  
Conference Assistant, National Association of Social Workers  
Account Executive, Smart Names

## **IV. Professional Training**

Attended several internal Novogradac & Company seminars in affordable housing development as well as the following seminars

Prince George's Community College  
Real Estate Financing and Mortgage Banking

## **V. Professional Accomplishments**

Chair of management team responsible for recruiting and training nationwide Field Representatives.

Managed Customer Service/Processing Department staffed by 10 representatives and 2 supervisors.

Understanding and familiarity with Army policy and procedures particularly as it relates to housing issues.

## **VI. Real Estate Assignments**

A representative sample of Consulting and Market Research Engagements includes:

- Conducted rent comparability studies in Virginia and Maryland for expiring Section 8 contracts per the Multifamily Assisted Housing Reform and Affordability Act of 1997, Title V of the HUD Fiscal Year 1998 Appropriations Act. The engagements were conducted in accordance with HUD Notice H 98-34 and included site visits, interviewing and inspecting potentially comparable properties, and the analysis of collected data including adjustments to comparable data to determine appropriate adjusted market rent using HUD form 92273.

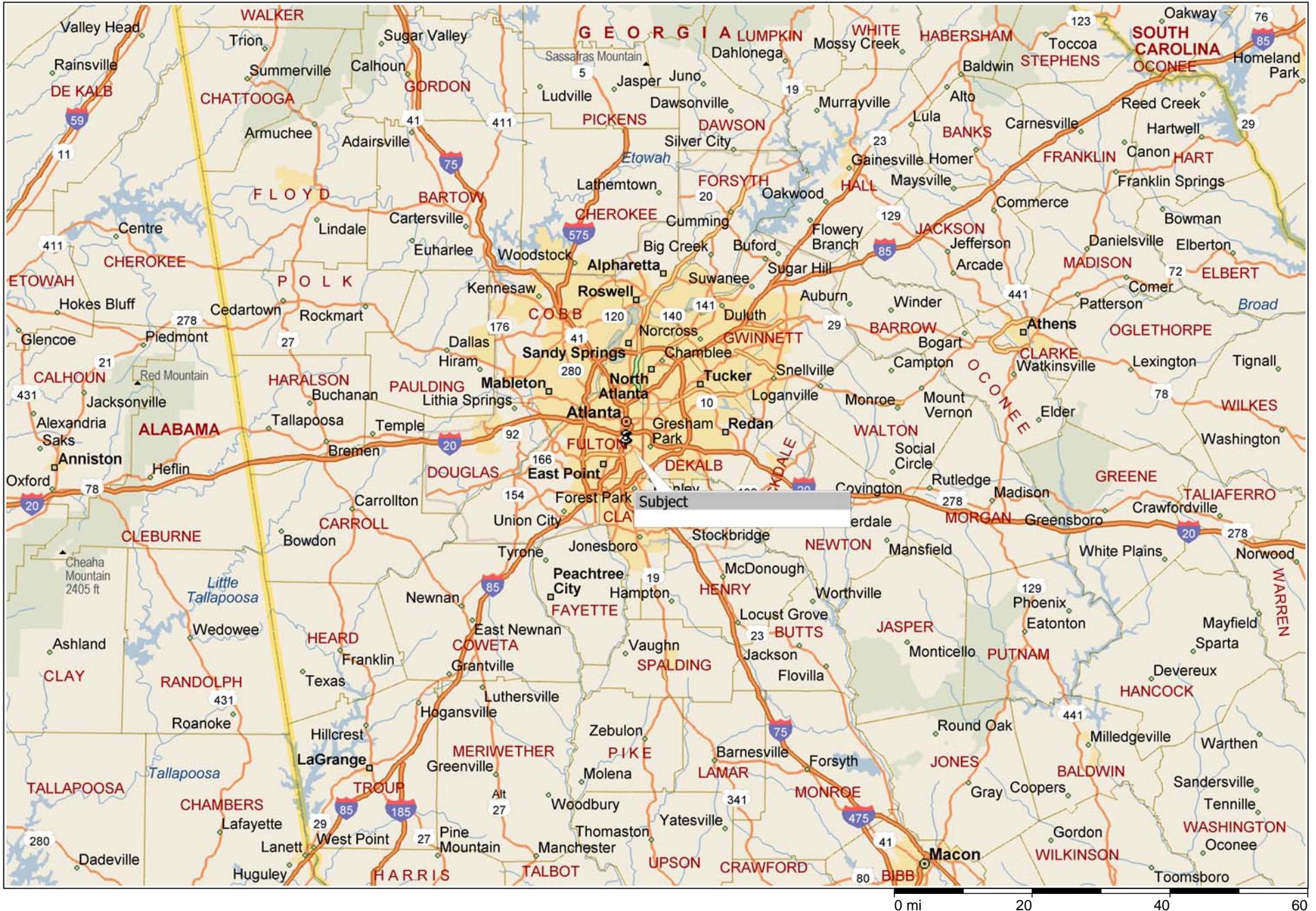
- Conducted market studies of proposed Low Income Housing Tax Credit properties for the National Development Council and Opportunity Builders. The subjects included new construction located in rural regions of Colorado. Market analysis included; preliminary property screenings, market analysis, comparable rent surveys, and demand analysis. Studies were required to adhere to the requirements of the Colorado Housing Finance Agency “CHFA” for submission of LIHTC applications to CHFA.
- Prepared market studies of proposed new construction Low Income Housing Tax Credit properties for Columbia Housing/PNC Real Estate Finance. The subjects were new construction family properties in the Orlando MSA. Market analysis included; preliminary property screenings, market analysis, comparable rent surveys, and demand analysis. Studies were required to adhere to the requirements of the Florida Housing Finance Corporation “FHFC” for submission of LIHTC applications to FHFC.
- Performed a market study of a Low Income Housing Tax Credit property for Regency Development. The subject was an acquisition and rehabilitation project in the Alexandria, VA. Market analysis included; preliminary property screenings, market analysis, comparable rent surveys, and demand analysis. Studies were required to adhere to the requirements of the Virginia Housing Development Authority “VHDA” for submission of LIHTC applications to VHDA.
- Provided a market study for an affordable housing in a response to request for redevelopment proposals in Suitland, Maryland for Structures Unlimited. Research included neighborhood analysis, competitive supply evaluation and demand projections. Demand by family size was further analyzed using detailed census analysis.

A representative sample of the Due Diligence and Valuation Engagements includes the following:

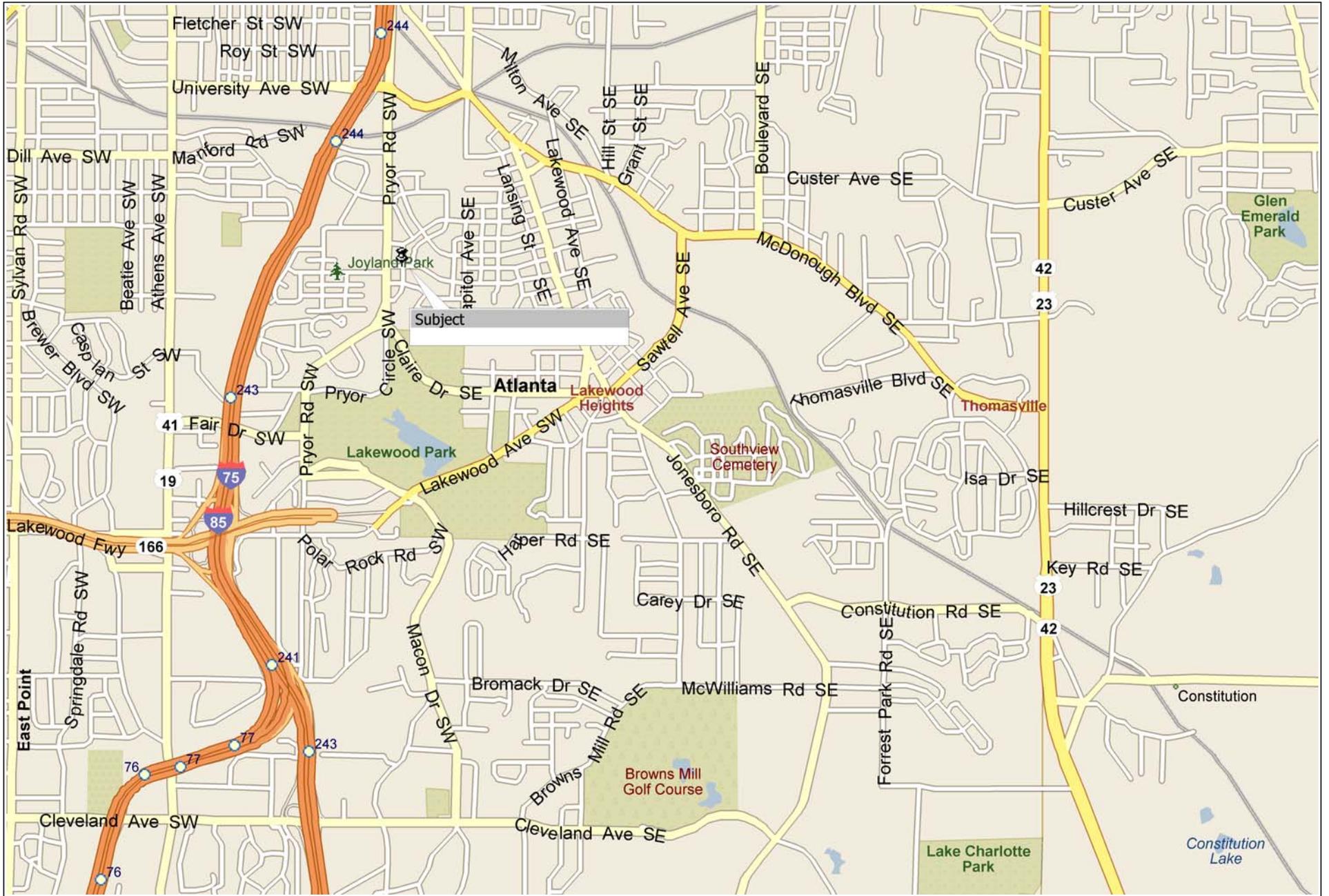
- Assisted in the appraisal of a portfolio of loans of residential, retail, office, land and multifamily properties with both performing and non-performing loans for METEC Asset Management, LC. The METEC Asset Management LC and their advisors utilized our analysis for evaluation of potential financing and disposition options.
- Assisted in the appraisal of vacant multifamily land for First Centrum. The subject was an acquisition for new construction of senior housing in Annapolis, MD.
- Assisted in the appraisal of an industrial warehouse for National Child Day Care Association. The subject was an acquisition in Washington, DC.
- Assisted in the appraisal of a multifamily hi-rise building for HMJ Management. The subject was an acquisition for redevelopment for Section 8 housing in Baltimore, MD.

## **ADDENDA**

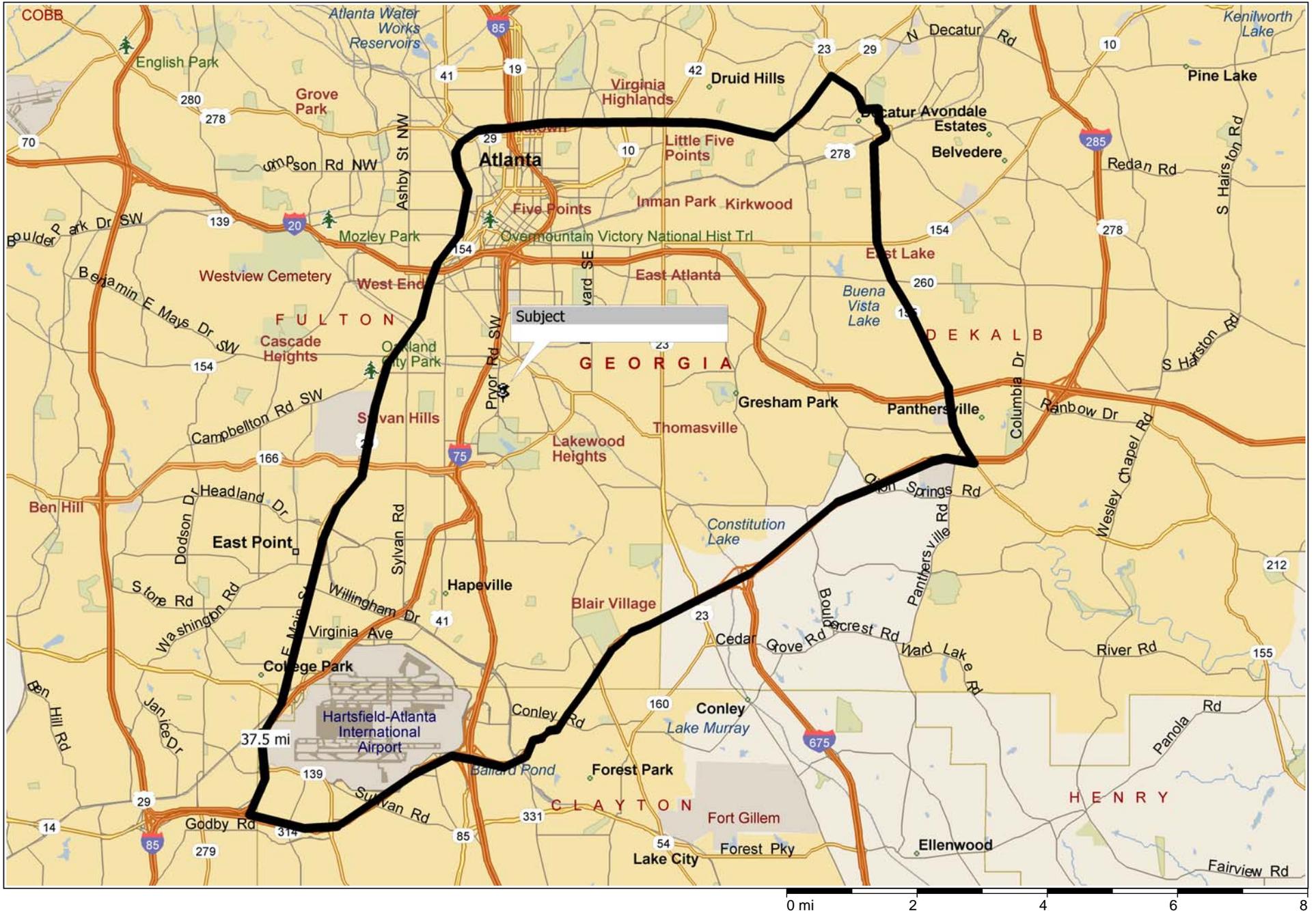
# Columbia Senior Residences at Mt. Pleasant - Regional Map



# Columbia Senior Residences at Mt. Pleasant - Neighborhood Map

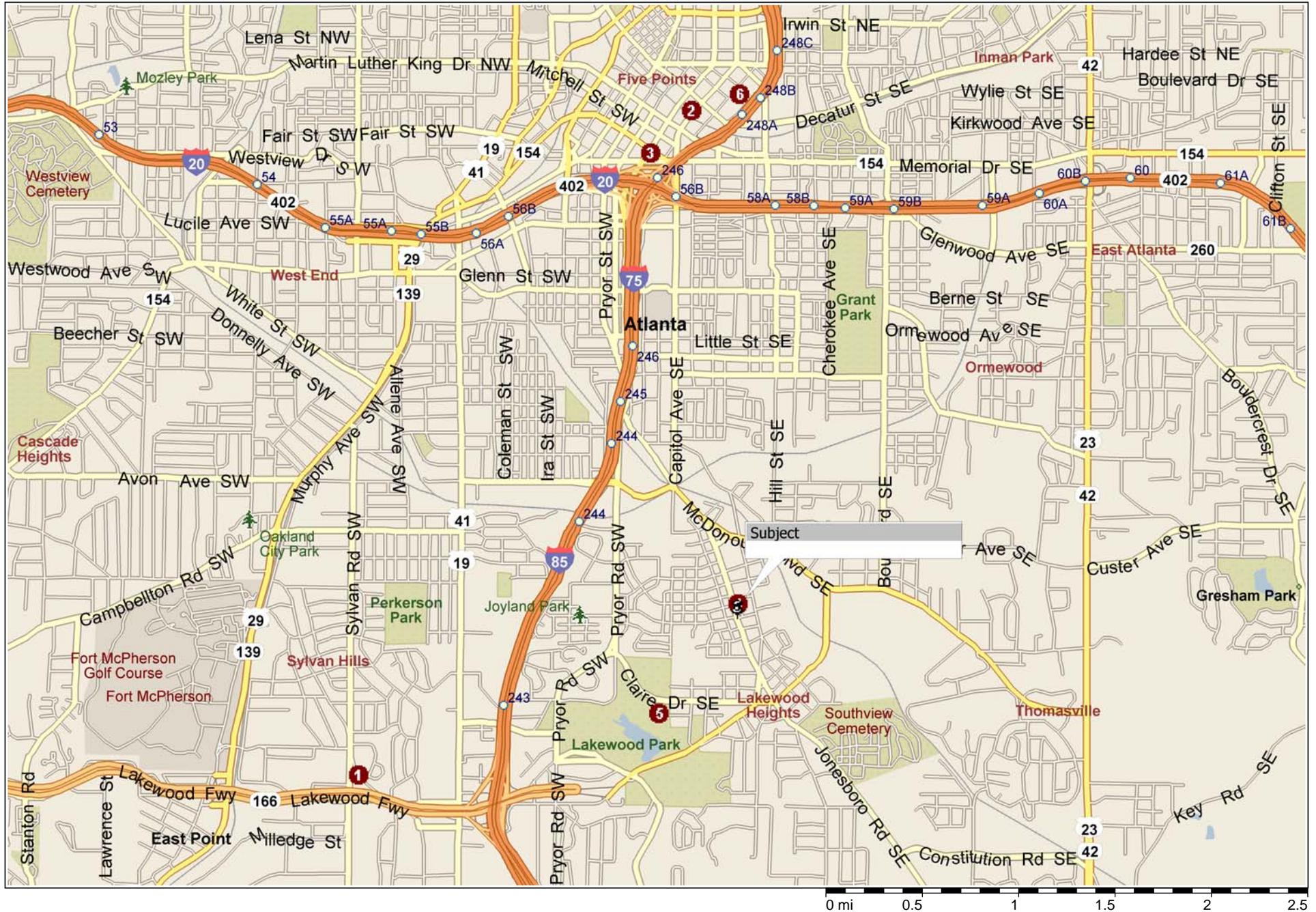


# Columbia Senior Residences at Mt. Pleasant - PMA Map



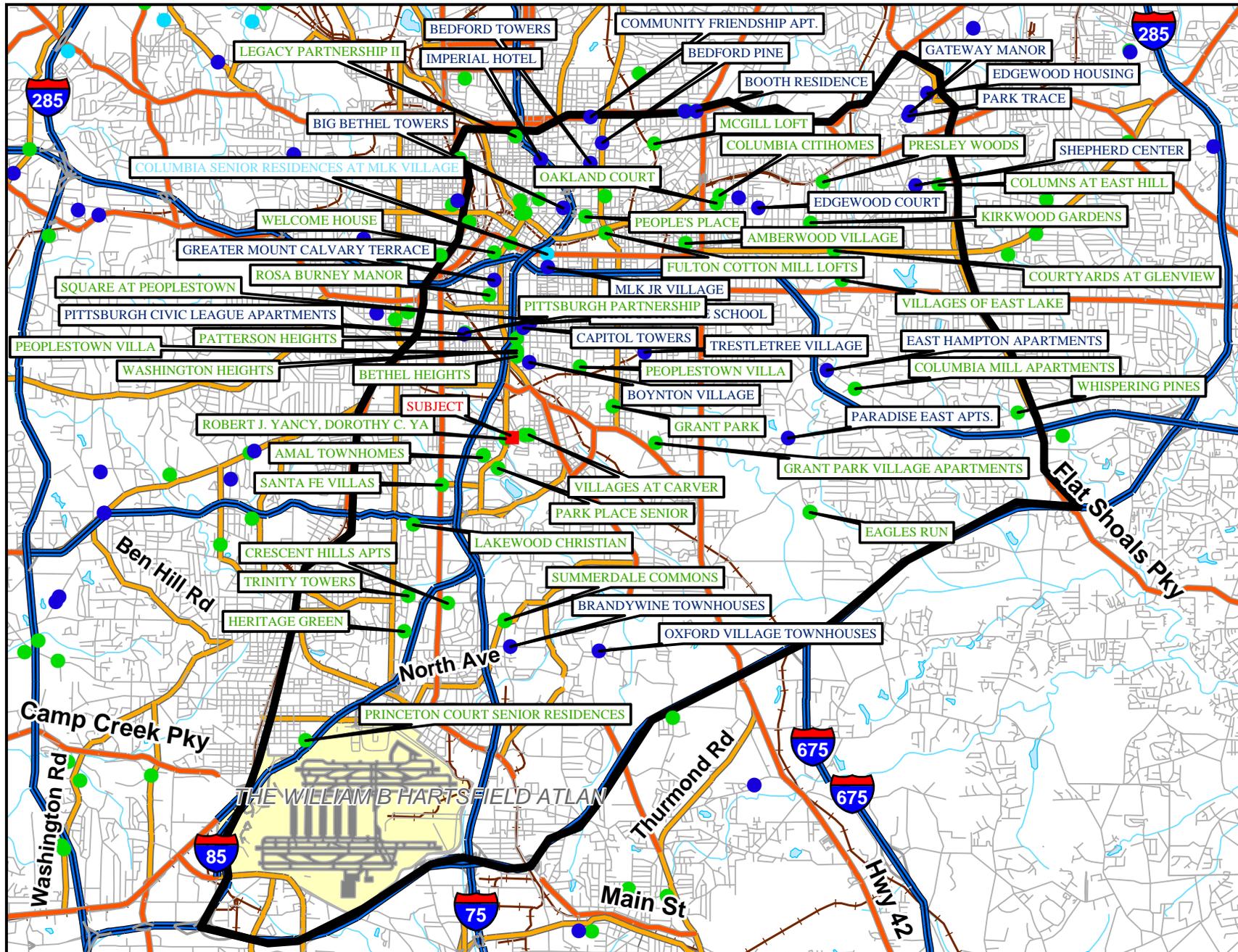


# Columbia Senior Residences at Mt. Pleasant - Local Amenities Map



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 © Copyright 2002 by Geographic Data Technology, Inc. All rights reserved. © 2002 Navigation Technologies. All rights reserved. This data includes information taken with permission from Canadian authorities © 1991-2002 Government of Canada (Statistics Canada and/or Geomatics Canada), all rights reserved.

# SUBSIDIZED PROPERTIES IN COLUMBIA SENIOR AT MT. PLEASANT PMA



## LEGEND

- |                        |                  |                               |
|------------------------|------------------|-------------------------------|
| PMA                    | Subject          | Highway                       |
| Qualified Census Tract | Tax Credit       | Primary road                  |
|                        | Section 8        | Secondary and connecting road |
|                        | Other Subsidy    | Local road                    |
|                        | Planned/Proposed | Access road                   |

Produced by Novogradac & Company, LLP, June 2004.  
 Data Sources: U.S. Housing and Urban Development (HUD) Low Income Housing Tax Credit Database 1987-2000; Local Housing Finance Agency; HUD Qualified Census Tracts 2004; ESRI Street Map (GDT) 2004; Novogradac & Company, LLP June 2004.

**SUBJECT PHOTOS**



**Westbound View of Subject along Jonesboro Road**



**Westbound View of Subject along Jonesboro Road**

## **SUBJECT PHOTOS**



**View of Subject Frontage along Jonesboro Road**



**View of Subject Frontage along Jonesboro Road**

## **SUBJECT PHOTOS**



**Northbound Road Access to Subject along Jonesboro Road**



**Southbound Road Access to Subject along Jonesboro Road**

## **SUBJECT PHOTOS**



**View of Northern Boundary along Meldon Avenue**



**View of Eastern Boundary along Lansing Street**

## **SUBJECT PHOTOS**



**View of Commercial Uses north of the Subject**



**View of Mt. Pleasant Baptist Church located west of the Subject**

**SUBJECT PHOTOS**



**View of Typical Single-family Homes along Jonesboro Road**

## *Market Analyst Certification and Checklist*

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

The report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed: \_\_\_\_\_

Date \_\_\_\_\_  
: \_\_\_\_\_

### **A. Executive Summary**

- |   |  |      |            |
|---|--|------|------------|
| 1 | Market demand for subject property given the economic conditions of the area | Page | <u>3-4</u> |
| 2 | Projected Stabilized Occupancy Level and Timeframe                           | Page | <u>4-5</u> |
| 3 | Appropriateness of unit mix, rent and unit sizes                             | Page | _____      |
| 4 | Appropriateness of interior and exterior amenities including appliances      | Page | _____      |
| 5 | Location and distance of subject property in relationship to local amenities | Page | <u>2-3</u> |
| 6 | Discussion of capture rates in relationship to subject                       | Page | <u>4</u>   |
| 7 | Conclusion regarding the strength of the market for subject                  | Page | <u>5-6</u> |

### **B. Project Description**

- |   |   |      |            |
|---|---|------|------------|
| 1 | Project address, legal description and location                                     | Page | <u>8</u>   |
| 2 | Number of units by unit type  | Page | <u>8-9</u> |
| 3 | Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc) | Page | <u>8-9</u> |
| 4 | Rents and Utility Allowance*  | Page | <u>8-9</u> |
| 5 | Existing or proposed project based rental assistance                                | Page | <u>9</u>   |
| 6 | Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)         | Page | <u>9</u>   |

7	For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	<u>N/A</u>
8	Projected placed in service date	Page	<u>8</u>
9	Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page	<u>8</u>
10	Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, etc.	Page	<u>8</u>
11	Special Population Target (if applicable)	Page	<u>/</u>

*\* For the Atlanta MSA, for 60% income, rents are based on 54% rents*

*\* Net Rents are to be used for calculation of income bands*

**C. Site Evaluation**

1	Date of Inspection of Subject Property by Market Analyst	Page	<u>12</u>
2	Physical features of Subject Property and Adjacent Uses	Page	<u>12</u>
3	Subject Photographs (front, rear, and side elevations as well as street scenes)	Page	<u>Addenda</u>
4	Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject	Page	<u>Addenda</u>
5	Developments in vicinity to subject and proximity in miles (Identify developments surrounding the subject on all sides)	Page	<u>12</u>
	zoning of subject and surrounding uses	Page	<u>13</u>
6	Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject	Page	<u>Addenda</u>
7	Road or infrastructure improvements planned or under construction in the PMA	Page	<u>13</u>
8	Comment on access, ingress/egress and visibility of subject	Page	<u>12-13</u>
9	Any visible environmental or other concerns	Page	<u>13</u>
10	Overall conclusions of site and their marketability	Page	<u>14</u>

**D. Market Area**

1	Map identifying Subject's Location within PMA	Page	<u>Addenda</u>
2	Map identifying Subject's Location within SMA, if applicable	Page	<u>/</u>

## E. Community Demographic Data

Data on Population and Households Five Years Prior to Market Entry, and Projected Five Years Post-Market Entry, (2004, 2005 and 2010) \* Page 19-20

*\* If using sources other than U.S. Census (I.e., Claritas or other reputable source of data), please include in Addenda*

### 1. Population

#### Trends

- |    |   |      |           |
|----|---|------|-----------|
| a. | Total Population  | Page | <u>19</u> |
| b. | Population by Age Group   | Page | <u>20</u> |
| c. | Number of elderly and non-elderly (for elderly projects)                | Page | <u>19</u> |
| d. | If a special needs is proposed, additional information for this segment | Page | <u>28</u> |

### 2. Household

#### Trends

- |    |   |      |              |
|----|---|------|--------------|
| a. | Total number of households and average household size                                       | Page | <u>20-21</u> |
| b. | Households by tenure (# of owner and renter households)<br>Elderly by tenure, if applicable | Page | <u>21</u>    |
| c. | Households by Income (Elderly, if applicable, should be allocated separately)               | Page | <u>21-22</u> |
| d. | Renter households by # of persons in the household  | Page | <u>21</u>    |

### 3. Employment Trend

- |    |   |      |       |
|----|---|------|-------|
| a. | Employment by industry— #s & % (i.e. manufacturing: 150,000 (20%))  | Page | _____ |
| b. | Major employers, product or service, total employees, anticipated expansions, contractions in work forces, as well as newly planned employers and impact on employment in the PMA | Page | _____ |
| c. | Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years.   | Page | _____ |
| d. | Map of the site and location of major employment concentrations.  | Page | _____ |
| e. | Overall conclusions   | Page | _____ |

## F. Project Specific Demand Analysis

1	Income Restrictions - uses applicable incomes and rents in the development's tax application.	Page	<u>33</u>
2	Affordability - Delineation of Income Bands *	Page	<u>33</u>
3	Comparison of market rates of competing properties with proposed subject market rent	Page	<u>  </u>
4	Comparison of market rates of competing properties with proposed LIHTC rents	Page	<u>  </u>
5	Demand Analysis Using Projected Service Date (within 2 years)	Page	<u>33-35</u>
a.	New Households Using Growth Rates from Reputable Source	Page	<u>33</u>
b.	Demand from Existing Households (Combination of rent overburdened and substandard)	Page	<u>33-34</u>
c.	Elderly Households Converting to Rentership (applicable only to elderly)	Page	<u>34</u>
d.	Deduction of Supply of "Comparable Units"	Page	<u>34</u>
e.	Capture Rates for Each Bedroom Type	Page	<u>35</u>

*\* Assume 35% of gross income towards total housing expenses for family*

*\* Assume 40% of gross income towards total housing expenses for elderly*

*\* Assume 35% of net income for derivation of income band for family*

*\* Assume 40% of net income for derivation of income band for elderly*

## G. Supply Analysis

1	Comparative chart of subject amenities and competing properties	Page	<u>Addenda</u>
2	Supply & analysis of competing developments under construction & pending	Page	<u>  </u>
3	Comparison of competing developments (occupancy, unit mix and rents)	Page	<u>56-60</u>
4	Rent Comparable Map (showing subject and comparables)	Page	<u>Addenda</u>

5	Assisted Projects in PMA *	Page	<u>39-40</u>
6	Multi-Family Building Permits issued in PMA in last two years	Page	<u>      </u>

\* PHA properties are not considered comparable with LIHTC units

#### **H. Interviews**

1	Names, Title, and Telephone # of Individuals Interviewed	Page	<u>56-60</u>
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#### **I. Conclusions and Recommendations**

1	Conclusion as to Impact of Subject on PMA	Page	<u>69-70</u>
2	Recommendation as to Subject's Viability in PMA	Page	<u>70</u>

#### **J. Signed Statement**

1	Signed Statement from Analyst	Page	<u>72</u>
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#### **K. Comparison of Competing Properties**

1	Separate Letter addressing addition of more than one competing property
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