

MARKET STUDY

Property:

Cotton Mill Lofts
100 South Houston Street
Hawkinsville, Pulaski County, Georgia 31036



Type of Property:

Affordable Multifamily Development
Family-Adaptive Reuse

Date of Report:

July 10, 2006

Effective Date:

July 1, 2006

Developer:

Mr. Jim Sari
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Prepared For:

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July 10, 2006

Ms. Christie Cade
Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

Re: Cotton Mill Lofts

Dear Ms. Cade:

Please find the enclosed market study for the above referenced property.

The subject property, known as Cotton Mill Lofts, is the proposed adaptive reuse of a vacant industrial building located at 100 South Houston Street, Hawkinsville, Pulaski County, Georgia. The developer proposes using below-market debt and/or tax credit financing to redevelop the 102-year old cotton mill into 65 affordable multifamily units. The subject property is proposed to be an open age community.

The subject property is proposed to consist of a total of 65 revenue-producing units including 2- and 3-bedroom apartments. A total of 23 units are proposed to be restricted to 50% of AMI; a total of 42 units are proposed to be restricted to 60% of AMI; no units are proposed to be set aside as market rate units; no units are proposed to receive project-based rental assistance.

Individual apartments are proposed to include a kitchen, living room, dining room, and 2 or 3 bedrooms. The project is proposed to include a ball field, business center, community center, fitness center, gazebo, picnic area and walking trails. In addition, the project is proposed to include a central laundry and washer/dryer hookups in each unit. Bathrooms are proposed to include a tub with shower, a vanity, and mirror. Living rooms and bedrooms will be carpeted. Kitchens, dining areas, and bathrooms will have vinyl flooring. Each unit is proposed to be furnished with a stove, refrigerator and dishwasher. Unit heating and cooling is proposed to consist of central units.

All utilities – with the exception of cold water, sewer and trash - are proposed to be paid by the resident.

The scope of this assignment consists of a comprehensive market analysis for the subject property. The market study was completed in accordance with Georgia Department of Community Affairs (DCA) and National Council of Affordable Housing Market Analysts (NCAHMA) requirements and Standards 4 and 5 of the Uniform Standards of Professional Practice (USPAP). The completion of this report involved a site visit, interviews with local property managers, and the collection of market data through discussions with persons knowledgeable of the local real estate market. This report is presented in a self-contained report format, of which this section is a part.

The purpose of the report is to evaluate market need for the subject property as of the effective date of this report. The function of this report is to assess the marketability of the subject property for equity financing purposes. This report should not be used for any other purposes without the express written permission of Allen & Associates Consulting.

The Georgia Department of Community Affairs (DCA) is our client for purposes of this assignment. Additional users of this report include Cotton Mill Lofts, LLC. No other person or entity may use this report for any reason whatsoever without the express written permission of Allen & Associates Consulting.

Our conclusions are summarized in the table found on the following page; an expanded summary is found in the Executive Summary section of this report.

The market rent conclusions are computed in current dollars as of the effective date of this report and are subject to the construction, lease up and operation of the subject property as described in this report.

The findings and conclusions reported are based on the conditions that exist as of the effective date of this report. These factors are subject to change and may alter, or otherwise affect the findings and conclusions presented in this report.

To the best of our knowledge, this report presents an accurate evaluation of market conditions for the subject property as of the effective date of this report. While the analysis that follows is based upon information obtained from sources believed to be reliable, no guarantee is made of its accuracy.

Feel free to contact us with any questions or comments.

Respectfully submitted:
ALLEN & ASSOCIATES CONSULTING



Jeffrey B. Carroll

Conclusions

Subject Property Units			Penetration and Saturation Rate Estimate				Capture Rate Estimate				Absorption Analysis		Rent Analysis		
Unit Type	Rent Type	Units Proposed	Gross Qualified	Penetration Rate	Competing Supply	Saturation Rate	Gross Qualified	New Supply	Net Qualified	Capture Rate	Absorption Rate	Absorption Period	Achievable Rent	Program Rent	Proposed Rent
2-BR	50% of AMI	14	29	49.0%	11	86.7%	9		9	159.4%	0.36	38 mos	\$530	\$478	\$400
2-BR	60% of AMI	25	51	49.3%	18	84.9%	16		16	155.9%	0.63	38 mos	\$530	\$594	\$450
3-BR	50% of AMI	9	21	43.6%		43.6%	5		5	190.2%	0.26	34 mos	\$555	\$546	\$425
3-BR	60% of AMI	17	39	44.1%		44.1%	9		9	187.3%	0.48	34 mos	\$555	\$681	\$475
Average/Total		65	138	47.0%	29	67.8%	39		39	168.2%	1.64	38 mos	Stabilized Occupancy		96%

In this report we provide four measures of market depth: (1) Penetration rate - the ratio of the number of subject property units to the number of income-qualified households in the market area; (2) Saturation rate - the ratio of the number of subject property units plus the number of competing units to the number of income qualified households in the market area; (3) Capture rate - the ratio of the number of subject property units – net of new and pipeline units - to the number of income qualified overburdened and substandard households in the market area; and (4) Absorption period – the estimated number of months to fill the subject property units.

Penetration and saturation rates were computed using a methodology promoted by the National Council of Affordable Housing Market Analysts. Capture rates were computed in conformance with Georgia Department of Community Affairs (DCA) specifications. Absorption periods were estimated using a methodology developed by the Appraisal Institute.

In our opinion, the estimated overall penetration rate (47.0%), saturation rate (67.8%), capture rate (168.2%), and absorption period (38 months) are all excessive. Although our research suggests that the proposed rents are achievable and a 96 percent stabilized occupancy rate for this project, the various demand measures indicate a slow lease-up for this development. In our opinion, therefore, the subject property is not feasible as proposed.

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INTRODUCTION

Identification of the Subject Property

The subject property, known as Cotton Mill Lofts, is the proposed adaptive reuse of a vacant industrial building located at 100 South Houston Street, Hawkinsville, Pulaski County, Georgia. The developer proposes using below-market debt and/or tax credit financing to redevelop the 102-year old cotton mill into 65 affordable multifamily units. The subject property is proposed to be an open age community.

The subject property is proposed to consist of a total of 65 revenue-producing units including 2- and 3-bedroom apartments. A total of 23 units are proposed to be restricted to 50% of AMI; a total of 42 units are proposed to be restricted to 60% of AMI; no units are proposed to be set aside as market rate units; no units are proposed to receive project-based rental assistance.

Individual apartments are proposed to include a kitchen, living room, dining room, and 2 or 3 bedrooms. The project is proposed to include a ball field, business center, community center, fitness center, gazebo, picnic area and walking trails. In addition, the project is proposed to include a central laundry and washer/dryer hookups in each unit. Bathrooms are proposed to include a tub with shower, a vanity, and mirror. Living rooms and bedrooms will be carpeted. Kitchens, dining areas, and bathrooms will have vinyl flooring. Each unit is proposed to be furnished with a stove, refrigerator and dishwasher. Unit heating and cooling is proposed to consist of central units.

All utilities – with the exception of cold water, sewer and trash - are proposed to be paid by the resident.

Scope of the Report

The scope of this assignment consists of a comprehensive market analysis for the subject property. The market study was completed in accordance with Georgia Department of Community Affairs (DCA) and National Council of Affordable Housing Market Analysts (NCAHMA) requirements and Standards 4 and 5 of the Uniform Standards of Professional Practice (USPAP). The completion of this report involved a site visit, interviews with local property managers, and the collection of market data through discussions with persons knowledgeable of the local real estate market. This report is presented in a self-contained report format, of which this section is a part.

Purpose of the Report

The purpose of the report is to evaluate market need for the subject property as of the effective date of this report. The function of this report is to assess the marketability of the subject property for equity financing purposes. This report should not be used for any other purposes without the express written permission of Allen & Associates Consulting.

Intended Users of the Report

The Georgia Department of Community Affairs (DCA) is our client for purposes of this assignment. Additional users of this report include Cotton Mill Lofts, LLC. No other

person or entity may use this report for any reason whatsoever without the express written permission of Allen & Associates Consulting.

Statement of Competency

On July 19, 1995 the Appraisal Standards Board issued Advisory Opinion 14 dealing specifically with the evaluation of subsidized housing, including tax-exempt bond and Low Income Housing Tax-Credit properties. The Advisory Opinion makes the following statement regarding the competency of the consultant on subsidized housing:

Appraisers should be aware that the competency required to appraise subsidized housing extends beyond typical residential appraisal competency. Subsidized housing appraisals require the appraiser to understand the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. An appraiser should be capable of analyzing the impact of the programs and definitions in the local subsidized housing submarket, as well as in the general market that is unaffected by subsidized housing programs. Appraisers should also be aware of possible political changes that will affect the durability of the benefits and restrictions to the subsidized housing projects and fully understand interpretation and enforcement of subsidy programs.

The Advisory Opinion underscores the fact that conventional multifamily experience is insufficient for the analysis of subsidized housing. Allen & Associates Consulting has provided demand analyses, market studies, feasibility studies, and appraisals for subsidized multifamily properties since 1988. The analyst is familiar with local multifamily supply and demand characteristics and the technical details of the tax-exempt bond and the Low Income Housing Tax Credit programs. The analysts hereby certify that they are experienced in the analysis of affordable income-producing housing as set forth above.

Date of Site Visit

The date of the site visit was July 1, 2006.

Effective Date of Report

The effective date of this report is July 1, 2006.

Date of Report

The date of this report is July 10, 2006.

Date of Market Entry

For purposes of our market analysis, we will use July 1, 2008 as the date of market entry for the subject property.

Zoning

According to the developer's tax credit application, the subject property is currently

zoned R-4. It is our understanding that the proposed development is a legal, conforming use under this zoning classification.

Survey & Easements

A current survey for the subject property was not provided to the analyst. A current survey for the subject property should be evaluated to ascertain whether there are any easements encumbering the subject property. It is our understanding that the site is encumbered by standard utility easements that do not adversely affect its marketability and that the site is serviced by municipal utilities.

Plans & Specifications

Construction drawings for the subject property were not provided to the analyst for review. Construction drawings are necessary so that the analysis accurately reflects the characteristics of the property and to evaluate any potential functional obsolescence with respect to the subject property.

Statement of Assumptions and Limiting Conditions

- 1) The title to the subject property is merchantable, and the property is free and clear of all liens and encumbrances, except as noted.
- 2) No liability is assumed for matters legal in nature.
- 3) Ownership and management are assumed to be in competent and responsible hands.
- 4) No survey has been made by the analyst. Dimensions are as supplied by others and are assumed to be correct.
- 5) The report was prepared for the purpose so stated and should not be used for any other reason.
- 6) All direct and indirect information supplied by the owner and their representatives concerning the subject property is assumed to be true and accurate.
- 7) No responsibility is assumed for information supplied by others and such information is believed to be reliable and correct. This includes zoning information provided by Municipal officials.
- 8) The signatories shall not be required to give testimony or attend court or be at any governmental hearing with respect to the subject property unless prior arrangements have been made with the client.
- 9) Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute.
- 10) The legal description is assumed to be accurate.
- 11) This report specifically assumes that there are no site, subsoil, or building contaminates present resulting from residual substances or construction materials, such as asbestos, radon gas, PCB, etc. Should any of these factors exist, the appraiser reserves the right to review these findings, review the value estimates, and change the estimates, if deemed necessary.
- 12) The Americans with Disabilities Act (ADA) became effective July 1, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA.
- 13) The market rent conclusions are computed in current dollars as of the effective date of this report and are subject to the construction, lease up and operation of the subject property as described in this report.
- 14) The findings and conclusions reported are based on the conditions that exist as of the effective date of this report. These factors are subject to change and may alter, or otherwise affect the findings and conclusions presented in this report.
- 15) This analysis assumes that the proposed debt and equity financing described in this report is approved and funded.

Certification

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. To the best of my knowledge, the market area 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 DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

In addition, I certify to the following:

- 1) We have no present or contemplated future interest in the real estate that is the subject of this report.
- 2) We have no personal interest or bias with respect to the subject matter of this report or the parties involved.
- 3) To the best of our knowledge and belief, the statements of fact contained in this report, upon which the analysis, opinions, and conclusions expressed herein are based, are true and correct.
- 4) This report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analysis, opinions, and conclusions contained in this report.
- 5) This report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.
- 6) Our compensation is not contingent upon an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- 7) Jeffrey B. Carroll and Frank Victory (Allen & Associates Consulting, Inc.) visited the subject property and surrounding area.
- 8) Jeffrey B. Carroll (Allen & Associates Consulting, Inc.) conducted the analysis found in this report.
- 9) The following Allen & Associates employees assisted in the compilation of data for this report: Frank Victory and Debbie Rucker. No one else had a significant contribution to the analyses and opinions expressed in this report.
- 10) The assignment was not based upon a minimum or specific outcomes, or approval of a loan.

11) The analyst's analysis, opinions, and conclusions were developed and the report has been prepared in accordance with Georgia Department of Community Affairs (DCA) and National Council of Affordable Housing Market Analysts (NCAHMA) requirements and Standards 4 and 5 of the Uniform Standards of Professional Practice (USPAP).

Respectfully submitted:
ALLEN & ASSOCIATES CONSULTING



Jeffrey B. Carroll

EXECUTIVE SUMMARY

Market Study

Property:

Cotton Mill Lofts
100 South Houston Street
Hawkinsville, Pulaski County, Georgia 31036



Type of Property:

Affordable Multifamily Development
Family-Adaptive Reuse

Date of Report:

July 10, 2006

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July 1, 2006

Prepared By:

Mr. Jeffrey B. Carroll
Allen & Associates Consulting
3116 Glen Summit Drive
Charlotte, North Carolina 28270
Phone: 704-905-2276 • Fax: 704-708-4261

Overview

In this report we provide four measures of market depth: (1) Penetration rate - the ratio of the number of subject property units to the number of income-qualified households in the market area; (2) Saturation rate - the ratio of the number of subject property units plus the number of competing units to the number of income qualified households in the market area; (3) Capture rate - the ratio of the number of subject property units – net of new and pipeline units - to the number of income qualified overburdened and substandard households in the market area; and (4) Absorption period – the estimated number of months to fill the subject property units.

Penetration and saturation rates were computed using a methodology promoted by the National Council of Affordable Housing Market Analysts. Capture rates were computed in conformance with Georgia Department of Community Affairs (DCA) specifications. Absorption periods were estimated using a methodology developed by the Appraisal Institute.

In our opinion, the estimated overall penetration rate (47.0%), saturation rate (67.8%), capture rate (168.2%), and absorption period (38 months) are all excessive. Although our research suggests that the proposed rents are achievable and a 96 percent stabilized occupancy rate for this project, the various demand measures indicate a slow lease-up for this development. In our opinion, therefore, the subject property is not feasible as proposed.

The following is a summary of our conclusions and recommendations with respect to the subject property:

Project Description

The subject property, known as Cotton Mill Lofts, is the proposed adaptive reuse of a vacant industrial building located at 100 South Houston Street, Hawkinsville, Pulaski County, Georgia. The developer proposes using below-market debt and/or tax credit financing to redevelop the 102-year old cotton mill into 65 affordable multifamily units. The subject property is proposed to be an open age community.

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Individual apartments are proposed to include a kitchen, living room, dining room, and 2 or 3 bedrooms. The project is proposed to include a ball field, business center, community center, fitness center, gazebo, picnic area and walking trails. In addition, the project is proposed to include a central laundry and washer/dryer hookups in each unit. Bathrooms are proposed to include a tub with shower, a vanity, and mirror. Living rooms and bedrooms will be carpeted. Kitchens, dining areas, and bathrooms will have vinyl flooring. Each unit is proposed to be furnished with a stove, refrigerator and dishwasher. Unit heating and cooling is proposed to consist of central units.

All utilities – with the exception of cold water, sewer and trash - are proposed to be paid by the resident.

Site Evaluation

In our opinion the location of the subject property is fair to good. Our observations follow:

- Based on our evaluation of the neighborhood, the subject property is located in a rural area that appears to be in the stability stage of its life cycle. Modest population and household growth is anticipated for the next several years, along with modest increases in the housing stock. Properties in the immediate area appear to be generally 40-60 years old and in fair condition.

- Our analysis suggests that the subject is located in an area that is generally characterized by persons with a high school education, consisting of a mix of renters and owners with lower incomes with a mixture of ages.
- The topographic map shows that the site is fairly flat and drains to the east. There do not appear to be any topographic issues with respect to the subject property.
- The FEMA map identified the subject property as not being located in the 100-year flood zone.
- Our public records review identified 9 leaking underground storage tank(s), 3 hazardous waste spill site(s), and 0 hazardous waste generator(s) within ½ mile of the subject property. We recommend that the sponsor obtain an environmental assessment prior to this transaction being funded.
- Our review of the site shows that the subject is located in a rural area with industrial and commercial to the north, industrial and residential to the south, a river to the east, and industrial and commercial to the west.
- The subject property is located off a major thoroughfare with a fairly high volume of traffic flow. Accessibility is good by virtue of the location of the subject property relative to existing streets and thoroughfares.
- The subject property is located off a major thoroughfare with a fairly high volume of traffic flow. Visibility and exposure are, therefore, good by virtue of the site's location relative to existing traffic patterns.
- According to Claritas, the crime rate in the immediate vicinity of the subject property is 1.6 percent. This is compared with market area and regional crime rates of 1.4 percent and 1.4 percent, respectively. In our opinion, the subject property appears to be located in an area with average crime risk.
- According to Standards & Poor the subject property is located in an area with below-average elementary schools, below-average middle schools, and average high schools. According to Claritas, the subject property is located in an area with average educational attainment.
- The majority of the top employers are located within 20 miles of the subject property. Employees in the vicinity of the subject property have an average commute time of 21 minutes. This is compared with market area and regional commute times of 22 minutes and 22 minutes, respectively. We conclude that the subject property has a good location with respect to local employers.
- Our analysis suggests that the subject property has a good location with respect to local amenities and services. We are not aware of any planned road or infrastructure improvements in the immediate vicinity of the subject property.

Primary Market Area

We defined the primary market area by generating a drive time zone around the subject property and analyzing median rents and average household income levels in the area. We also considered population densities, existing concentrations of multifamily properties and the nearest census tract boundaries in our analysis.

Based on our evaluation of the local market, we concluded that the primary market area includes the following 2000 Census Tracts:

Pulaski County: 9501, 9502, and 9503.

The site is located in Pulaski County Census Tract 9502.

Secondary Market Area

Our research suggests that as much as 10 percent of multifamily demand will come from areas outside of the market area defined above.

Regional Economy

In our opinion, the economic outlook for the region is good. Our observations are summarized below:

- Establishment-based employment for the region increased from 3,493 in 1990 to 4,158 in 2005. Employment is forecasted to increase 1.2 percent annually through 2010. This is compared with projected growth of 1.5 and 1.4 percent for the state and nation, respectively.
- Population-based employment for the region increased from 4,107 in 1996 to 4,128 in 2005. Job growth and unemployment averaged 2.0 and 5.8 percent, respectively, over the past year.
- The unemployment rates for the region have generally declined from approximately 6.0 percent to about 5.0 percent over the past 24 months.
- An estimated 44 residential permits are anticipated for the region in 2006. Multifamily is anticipated to account for 0.0 percent of this total through 2010.

Market Area Demographic Characteristics

In our opinion, the demographic outlook for the market area is fair. Our observations are summarized below:

- Population for the market area increased from 8,108 in 1990 to 9,781 in 2005. Population is forecasted to increase 0.4 percent annually through 2010. This is compared with projected growth of 0.4, 1.3 and 1.0 percent for the region, state and nation, respectively.
- The total number of households for the market area increased from 3,098 in 1990 to 3,515 in 2005. The total number of households is forecasted to increase 0.5 percent annually through 2010. This is compared with projected growth of 0.5, 1.5 and 1.2 percent for the region, state and nation, respectively.

- The total number of owner households for the market area currently stand at 2,594 and are anticipated to increase 0.6 percent annually through 2010. The total number of renter households for the market area currently stand at 921 and are anticipated to increase 0.3 percent annually through 2010.
- Average household income for the market area increased from \$29,326 in 1990 to \$50,227 in 2005. Average household income is forecasted to increase 2.3 percent annually through 2010. This is compared with a projected consumer price index growth of 2.8 percent, suggesting erosion in real disposable income over the next several years.

Supply Analysis

Occupancy Rates

Occupancies by rent type for stabilized elderly properties follow: Market rate, not applicable (0 units in sample); restricted rents, not applicable (0 units in sample); and subsidized rents, 100.0% (30 units in sample).

Occupancies by rent type for stabilized family properties follow: Market rate, 100.0% (9 units in sample); restricted rents, 96.3% (82 units in sample); and subsidized rents, 100.0% (100 units in sample).

Overall market occupancies for stabilized properties currently stand at 98.6% (221 units in sample).

Stabilized Occupancy Rates

Based on the prevailing occupancy rates for market rate, restricted and subsidized properties, and considering the unit mix for the subject property, we anticipate a stabilized occupancy rate of approximately 96 percent.

Rent Comparability Analysis

The following is a summary of our observations from the rent comparability analysis section of this report:

Analysis of Restricted Rent Comparables

Based on our evaluation of the rents for competing restricted-rent properties, and considering the location, quality and amenities of the subject property, we conclude the following indicated market rents for restricted units at the subject property:

- \$530 (\$0.64/sf) for the 2BR 825sf units
- \$555 (\$0.46/sf) for the 3BR 1200sf units

Analysis of Market Rate Comparables

Based on our evaluation of the rents for competing market rate properties, and considering the location, quality and amenities of the subject property, we conclude the following market rents for the subject property units, assuming that the subject were an unrestricted property:

- \$530 (\$0.64/sf) for the 2BR 825sf units

- \$555 (\$0.46/sf) for the 3BR 1200sf units

The actual rents achieved for market rate units at restricted-rent properties often fall short of the rents at unrestricted properties. Based on the analysis set forth above, we conclude the following indicated market rents for the market rate units at the subject property:

- \$530 (\$0.64/sf) for the 2BR 825sf units
- \$555 (\$0.46/sf) for the 3BR 1200sf units

Projected Rent Growth

Our analysis suggests that the market area is currently underbuilt by approximately 3.6 percent. While the number of renter households is anticipated to increase slightly over the next five years, the number of renter housing units is anticipated to increase at a faster pace, resulting in a market that is 2.9 percent underbuilt in 5 years.

Based the forecasted relationship between supply and demand for this marketplace, we anticipate 0.4 percent real and 3.2 percent nominal rent growth annually for the foreseeable future.

Achievable Rents

Achievable rents represent the absolute highest rent permissible for the area, considering market rental rates and program rent limits. Achievable rents for the subject property follow:

- \$478 for 2BR units at 50% of AMI
- \$530 for 2BR units at 60% of AMI
- \$546 for 3BR units at 50% of AMI
- \$555 for 3BR units at 60% of AMI

Our analysis suggests that all units appear to be priced at or below allowable tax credit rent limits (proposed rents range from 70% to 84% of allowable tax credit rents). In addition, all units appear to be priced at or below indicated market rents (proposed rents range from 75% to 86% of indicated market rents). In our opinion, the proposed development is priced appropriately and affordably.

Feasibility Rents

Our analysis suggests market rents of \$530 and \$555, respectively, for the 2- and 3-bedroom units at the subject property. Our analysis also suggests feasibility rents of \$751 and \$935, respectively, for the 2- and 3-bedroom units. Because of the disparity between market and feasibility rents, we conclude that competing market rate units are not financially feasible in the immediate area and development of such units is not likely under current economic conditions.

Utilization of Resources

Based on the relationship between feasibility rents, unrestricted market rents, program rents and proposed rents, we conclude that 26 percent of the financial benefits associated with this transaction are being used to make this

project affordable. The remaining 74 percent of the resources are being used to overcome market forces in order to deliver safe & decent housing. This transaction would otherwise not be feasible without the use of these additional resources.

Demand Analysis

Penetration Rate Estimate

We estimate a penetration rate of 47.0% for the subject property. The overall rate breaks down as follows:

- 49.0% for 2BR units at 50% of AMI
- 49.3% for 2BR units at 60% of AMI
- 43.6% for 3BR units at 50% of AMI
- 44.1% for 3BR units at 60% of AMI

In general, the lower the penetration rates the better. Underwriters often utilize penetration rate limits of 10 to 25 percent, depending on the specific project. In our opinion, the estimated penetration rates indicate that too many units may be proposed for the subject property.

Saturation Rate Estimate

We estimate a saturation rate of 67.8% for the subject property. The overall rate breaks down as follows:

- 86.7% for 2BR units at 50% of AMI
- 84.9% for 2BR units at 60% of AMI
- 43.6% for 3BR units at 50% of AMI
- 44.1% for 3BR units at 60% of AMI

In general, the lower the saturation rates the better. Saturation rates less than 100% suggest that sufficient numbers of income-qualified households exist to fill subject property units. Underwriters often utilize saturation rate limits of 25 to 50 percent, depending on the specific project. In our opinion, the estimated saturation rates indicate that too many units may be proposed for the subject property.

Capture Rate Estimate

We estimate a capture rate of 168.2% for the subject property. The overall rate breaks down as follows:

- 159.4% for 2BR units at 50% of AMI
- 155.9% for 2BR units at 60% of AMI
- 190.2% for 3BR units at 50% of AMI
- 187.3% for 3BR units at 60% of AMI

In general, the lower the capture rates the better. Capture rates less than 100% suggest that sufficient numbers of income-qualified overburdened and substandard households exist to fill subject property units. Underwriters often utilize capture rate limits of 25 to 50 percent, depending on the specific project. Capture rates in excess of 100% suggest that the property will need to attract income-qualified households that are not currently overburdened or substandard from competing projects in order to fill. Negative capture rates suggest that the need for affordable housing has been addressed by new and

proposed construction. In our opinion, the estimated capture rates indicate that too many units may be proposed for the subject property.

Absorption Period Estimate

We estimate a 38-month absorption period and an average absorption rate of 1.64 units per month to stabilization for the subject property. The absorption period breaks down by unit type and income level as follows:

- 38 month(s) for 2BR units at 50% of AMI
- 38 month(s) for 2BR units at 60% of AMI
- 34 month(s) for 3BR units at 50% of AMI
- 34 month(s) for 3BR units at 60% of AMI

In general, the lower the absorption period the better. Underwriters often utilize absorption period limits of 12 to 24 months, depending on the specific project. In our opinion, the estimated absorption periods indicate that too many units may be proposed for the subject property.

Sensitivity Analysis

The purpose of our sensitivity analysis is to evaluate the impact of possible rent increases on the marketability of the subject property. Our analysis to this point has been based on the proposed rents for the subject property. In this section we evaluate the marketability of the project at achievable rents. Achievable rents – which are defined as the lesser of program or market rents - represent the absolute highest rent permissible for the area, considering market rental rates and maximum allowable rent limits.

Our sensitivity analysis yields the following comparison of marketability measures of the subject property at proposed versus achievable rents:

- Penetration Rate: 47.0% (proposed rents); 67.1% (achievable rents)
- Saturation Rate: 67.8% (proposed rents); 96.9% (achievable rents)
- Capture Rate: 168.2% (proposed rents); 293.7% (achievable rents)
- Absorption Period: 38 months (proposed rents); 54 months (achievable rents)

Our analysis suggests that increasing the proposed rents to achievable rent levels would result in significant increases in penetration, saturation, and capture rates. Further, the increased rents would result in a significant increase in the absorption period for the project. In our opinion, increasing the rents to achievable rents would have a substantial adverse impact on the marketability of this project.

Recommendations & Conclusions

In our opinion, the estimated overall penetration rate (47.0%), saturation rate (67.8%), capture rate (168.2%), and absorption period (38 months) are all excessive. Although our research suggests that the proposed rents are achievable and a 96 percent stabilized occupancy

rate for this project, the various demand measures indicate a slow lease-up for this development. In our opinion, therefore, the subject property is not feasible as proposed.

PROJECT DESCRIPTION

Project Description

The subject property, known as Cotton Mill Lofts, is the proposed adaptive reuse of a vacant industrial building located at 100 South Houston Street, Hawkinsville, Pulaski County, Georgia. The developer proposes using below-market debt and/or tax credit financing to redevelop the 102-year old cotton mill into 65 affordable multifamily units. The subject property is proposed to be an open age community.

An overview of the proposed development follows:

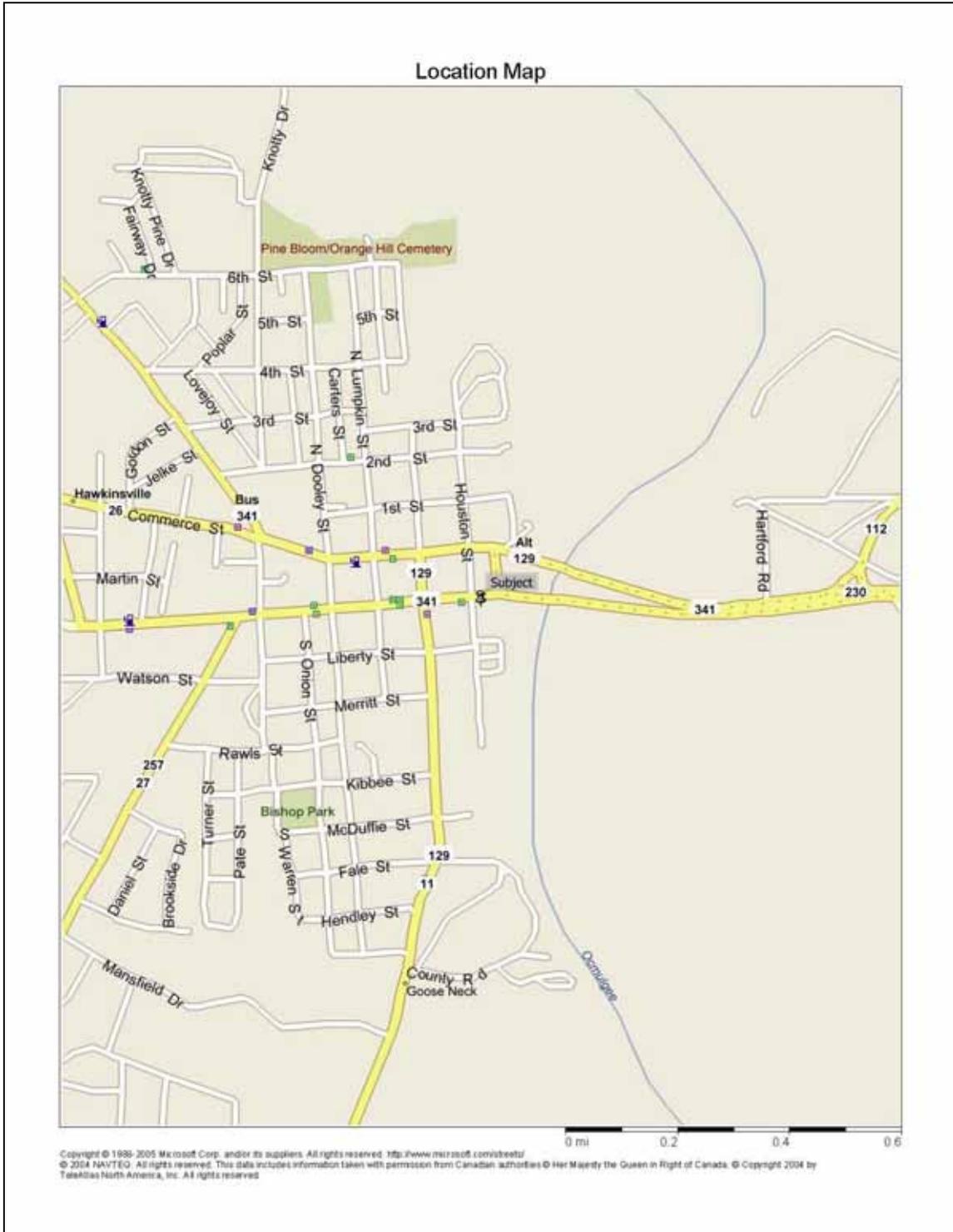
Project Description

Development Location	100 South Houston Street Hawkinsville, Ga
Construction Type	Adaptive Reuse
Occupancy Type	Family
Target Income Group	23 Units at 50% of AMI 42 Units at 60% of AMI
Special Population Target	None
Unit Configuration	39 Two-Bedroom 26 Three-Bedroom
Average Unit Size	825 sf Two-Bedroom 1200 sf Three-Bedroom
Structure Type	Garden
Rents	\$400-\$450 Two-Bedroom \$425-\$475 Three-Bedroom
Utility Allowances	\$106 Two-Bedroom \$129 Three-Bedroom
Project-Based Rental Assistance	PBRA for 0 Units
Development Amenities	Community Center Playground Fitness Center Business Center
Unit Amenities	Blinds Carpeting
Kitchen Amenities	Stove Refrigerator Dishwasher
Laundry Amenities	Central Laundry Washer/Dryer Hookups

Source: Developer/Manager/Owner

Location Map

A map showing the location of the subject property follows:



Building Description

The following table gives a description of the proposed improvements for the subject property:

Building Description

Acres (per Developer)	5.60
Zoning (per Developer)	R-4 Multifamily
Buildings	6
Parking Spaces (per Developer)	130
Stories	2
Units	65
Net Rentable Area, SF	63,375
Gross Residential Building Area, SF (Estimated)	79,219
Framing	Wood
Exterior Doors	Metal
Windows	All Metal With Thermal Breaks
Façade	Brick & Siding
Roof	Flat
Roof Covering	Built Up
Floor Covering	Carpet & Vinyl
Heating	Central
Cooling	Central
Community Facilities	
Community Center	Yes
Pool	No
Sports Court	No
Playground	No
Fitness Center	Yes
Business Center	Yes
Office	Yes
Laundry Room	Yes
Maintenance Room	Yes

Source: Developer/Manager/Owner

Unit Configuration

The subject property is proposed to consist of a total of 65 revenue-producing units including 2- and 3-bedroom apartments. A total of 23 units are proposed to be restricted to 50% of AMI; a total of 42 units are proposed to be restricted to 60% of AMI; no units are proposed to be set aside as market rate units; no units are proposed to receive project-based rental assistance.

The following is the proposed unit configuration for the subject property:

Unit Configuration COTTON MILL LOFTS 100 SOUTH HOUSTON STREET HAWKINSVILLE, GA									
Unit Type	Rent Type	Units	Fair Market Rents	Maximum Housing Cost	Housing Cost	Utility Allowance	Rent	Square Feet	\$/SF
0 Bedroom	30% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
1 Bedroom	30% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
2 Bedroom	30% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
3 Bedroom	30% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
4 Bedroom	30% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
Total		0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
0 Bedroom	50% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
1 Bedroom	50% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
2 Bedroom	50% of AMI	14	\$352	\$584	\$506	\$106	\$400	825	\$0.48
3 Bedroom	50% of AMI	9	\$537	\$675	\$554	\$129	\$425	1,200	\$0.35
4 Bedroom	50% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
Total		23	\$424	\$620	\$525	\$115	\$410	972	\$0.42
0 Bedroom	60% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
1 Bedroom	60% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
2 Bedroom	60% of AMI	25	\$352	\$700	\$556	\$106	\$450	825	\$0.55
3 Bedroom	60% of AMI	17	\$537	\$810	\$604	\$129	\$475	1,200	\$0.40
4 Bedroom	60% of AMI	0	\$0	\$0	\$0	\$0	\$0	0	\$0.00
Total		42	\$427	\$745	\$575	\$115	\$460	977	\$0.47
0 Bedroom	Market Rate	0	NA	NA	\$0	\$0	\$0	0	\$0.00
1 Bedroom	Market Rate	0	NA	NA	\$0	\$0	\$0	0	\$0.00
2 Bedroom	Market Rate	0	NA	NA	\$0	\$0	\$0	0	\$0.00
3 Bedroom	Market Rate	0	NA	NA	\$0	\$0	\$0	0	\$0.00
4 Bedroom	Market Rate	0	NA	NA	\$0	\$0	\$0	0	\$0.00
Total		0	NA	NA	\$0	\$0	\$0	0	\$0.00
0 Bedroom	Total	0	NA	NA	NA	NA	NA	0	NA
1 Bedroom	Total	0	NA	NA	NA	NA	NA	0	NA
2 Bedroom	Total	39	NA	NA	NA	NA	NA	825	NA
3 Bedroom	Total	26	NA	NA	NA	NA	NA	1,200	NA
4 Bedroom	Total	0	NA	NA	NA	NA	NA	0	NA
Grand Total		65	NA	NA	NA	NA	NA	975	NA

Source: Developer/Manager/Owner

Amenities

Individual apartments are proposed to include a kitchen, living room, dining room, and 2 or 3 bedrooms. The project is proposed to include a ball field, business center, community center, fitness center, gazebo, picnic area and walking trails. In addition, the project is proposed to include a central laundry and washer/dryer hookups in each unit. Bathrooms are proposed to include a tub with shower, a vanity, and mirror. Living rooms and bedrooms will be carpeted. Kitchens, dining areas, and bathrooms will have vinyl flooring. Each unit is proposed to be furnished with a stove, refrigerator and dishwasher. Unit heating and cooling is proposed to consist of central units.

The following table sets forth the proposed amenities for the subject property:

Amenities									
Building Type		Unit Amenities			Kitchens		Parking		
1 Story	no	Blinds	yes	na	Stove	yes	Garage	no	\$0
2-4 Story	yes	Ceiling Fans	no	\$0	Refrigerator	yes	Covered	no	\$0
5-10 Story	no	Carpeting	yes	na	Disposal	no	Assigned	no	na
>10 Story	no	Fireplace	no	\$0	Dishwasher	yes	Open	yes	na
		Patio/Balcony	no	na	Microwave	no	None	no	na
		Storage	no	\$0					
Project Amenities					Air Conditioning		Laundry		
Ball Field	yes	Horseshoe Pit	no	Central	yes	Central	yes	na	
BBQ Area	no	Lake	no	Wall Units	no	W/D Units	no	\$0	
Billiards	no	Library	no	Window Units	no	W/D Hookups	yes	na	
Bus/Comp Ctr	yes	Movie Theatre	no	None	no				
Car Care Ctr	no	Picnic Area	yes	Heat		Security			
Comm Center	yes	Playground	no	Central	yes	Call Buttons		no	
Elevator	no	Pool	no	Wall Units	no	Cont Access		no	
Fitness Center	yes	Sauna	no	Baseboards	no	Courtesy Officer		no	
Gazebo	yes	Sports Court	no	Radiators	no	Monitored Alarms		no	
Hot Tub/Jacuzzi	no	Walking Trail	yes	None	no	Security Alarms		no	
						Security Patrols		no	

Utilities

All utilities – with the exception of cold water, sewer and trash - are proposed to be paid by the resident.

The following table shows the proposed utility allowances for the subject property:

Utility	Tenant	Owner
Heating - Gas	no	no
Heating - Elec	yes	no
Cooking - Gas	no	no
Cooking - Elec	yes	no
Other Electric	yes	no
Air Conditioning	yes	no
Hot Water - Gas	no	no
Hot Water - Elec	yes	no
Water	no	yes
Sewer	no	yes
Trash Collection	no	yes

Unit Type	UA
2-Bedroom	\$106
3-Bedroom	\$129

Income & Rent Limits

The project is proposed to be subject to income and rent restrictions. The following tables give the proposed income and rent limits for the subject property:

Income & Rent Limits				
Income Limits				
	30%	50%	60%	100%
1 person	\$10,900	\$18,150	\$21,800	\$36,300
2 person	\$12,450	\$20,750	\$24,900	\$41,500
3 person	\$14,000	\$23,350	\$28,000	\$46,700
4 person	\$15,550	\$25,950	\$31,150	\$51,900
5 person	\$16,850	\$28,050	\$33,650	\$56,100
6 person	\$18,050	\$30,100	\$36,100	\$60,200
7 person	\$19,300	\$32,200	\$38,650	\$64,400
8 person	\$20,550	\$34,250	\$41,100	\$68,500
Maximum Housing Expense				
	30%	50%	60%	100%
0 bedroom	\$273	\$454	\$545	\$908
1 bedroom	\$292	\$486	\$584	\$973
2 bedroom	\$350	\$584	\$700	\$1,168
3 bedroom	\$405	\$675	\$810	\$1,350
4 bedroom	\$451	\$753	\$903	\$1,505
Utility Allowance				
	30%	50%	60%	100%
0 bedroom	\$53	\$53	\$53	\$53
1 bedroom	\$74	\$74	\$74	\$74
2 bedroom	\$106	\$106	\$106	\$106
3 bedroom	\$129	\$129	\$129	\$129
4 bedroom	\$144	\$144	\$144	\$144
Rent Limits				
	30%	50%	60%	100%
0 bedroom	\$220	\$401	\$492	\$855
1 bedroom	\$218	\$412	\$510	\$899
2 bedroom	\$244	\$478	\$594	\$1,062
3 bedroom	\$276	\$546	\$681	\$1,221
4 bedroom	\$307	\$609	\$759	\$1,361

Source: State Housing Finance Agency; HUD

Fair Market Rents

The following table sets forth the fair market rents for any Section 8 voucher recipients at the subject property:

Fair Market Rents	
0 bedroom	\$347
1 bedroom	\$406
2 bedroom	\$458
3 bedroom	\$666
4 bedroom	\$699
Utility Allowance	
0 bedroom	\$53
1 bedroom	\$74
2 bedroom	\$106
3 bedroom	\$129
4 bedroom	\$144
Rent Limits	
0 bedroom	\$294
1 bedroom	\$332
2 bedroom	\$352
3 bedroom	\$537
4 bedroom	\$555

Source: U.S. Department of Housing & Urban
Development

SITE EVALUATION

Our assessment of the site includes an evaluation of the following factors with respect to the subject property: (1) Neighborhood, (2) Aerial Photograph, (3) Topography, (4) Flood Plain, (5) Environmental, (6) Surrounding Properties, (7) Accessibility, (8) Visibility, (9) Crime, (10) Schools, (11) Proximity to Employment, (12) Proximity to Area Amenities; and (13) Planned Road and Infrastructure Improvements.

Our discussion begins with an evaluation of the neighborhood in which the subject property is located.

Neighborhood

Neighborhoods are sometimes thought to evolve through four distinct stages:

- Growth – A period during which the area gains public favor and acceptance.
- Stability – A period of equilibrium without marked gains or losses.
- Decline – A period of diminishing demand.
- Revitalization – A period of renewal, redevelopment, modernization, and increasing demand.

For purposes of this analysis we define the neighborhood as zip code 31036. A map showing the neighborhood boundaries is found on the following page.

Based on our evaluation of the neighborhood, the subject property is located in a rural area that appears to be in the stability stage of its life cycle. Modest population and household growth is anticipated for the next several years, along with modest increases in the housing stock. Properties in the immediate area appear to be generally 40-60 years old and in fair condition.

Prizm Demographics provides demographic segmentation data for the area. According to Prizm Demographics, the neighborhood consists of the following main demographic groups: (1) Crossroads Villagers, (2) Heartlanders, (3) Old Milltowns, (4) Traditional Times; and (5) Young & Rustic. Detailed write ups for each of these demographic groups are found in the following pages.

Our analysis suggests that the subject is located in an area that is generally characterized by persons with a high school education, consisting of a mix of renters and owners with lower incomes with a mixture of ages.



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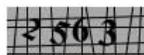
ZIP Code Look-up

PRIZM NE

► **PRIZM NE Segmentation System**

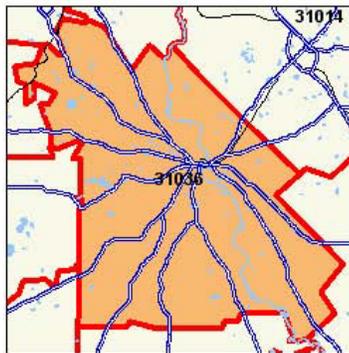
Enter 5-digit ZIP CODE 31036

Enter the security code shown below * :



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* This is to improve performance and prevent unauthorized automated scripts.



Hawkinsville, GA 31036's most common PRIZM NE Segments are:

Number	Name
56	Crossroads Villagers
43	Heartlanders
57	Old Milltowns
28	Traditional Times
48	Young & Rustic

Click on the segment name for more detail.

Please Note: Segments are listed in alphabetical order by segment name. You must [log in](#) to view segments in order of their predominant concentration of households within the selected ZIP Code.



About Claritas

Since 1971, Claritas has been the pre-eminent source of accurate, up-to-date demographic data and target marketing information about the population, consumer behavior, consumer spending, households and businesses within any specific geographic market area in the United States. Claritas' target marketing research, customer segmentation profiling and market analysis services are aimed at reducing your cost of customer acquisition and growing customer value.

Claritas is a target marketing information company dedicated to helping you with consumer and B2B marketing, and dedicated to maximizing your profitability with measurable target marketing programs, marketing tools and B2B marketing



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Snapshot Demographics Lifestyles Media Markets

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56 Crossroads Villagers

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With a population of middle-aged, blue-collar couples and families, Crossroads Villagers is a classic rural lifestyle. Residents are high school-educated, with lower-middle incomes and modest housing; one-quarter live in mobile homes. And there's an air of self-reliance in these households as Crossroads Villagers help put food on the table through fishing, gardening and hunting.

Social Group: [Rustic Living](#)

Lifestage Group: [Striving Singles](#)

2005 Statistics:

US Households: 1,960,469 (1.77%)

Median HH Income: \$31,973

Lifestyle Traits

- Buy videos by mail and phone
- Own a handgun
- Read Hot Rod
- Watch Country Music TV
- Drive a Dodge Ram pickup

Demographics Traits:

Ethnic Diversity:	White, AmInd
Family Types:	Singles/Couples
Age Ranges:	<45
Education Levels:	High School
Employment Levels:	Service, BC, Farm
Housing Types:	Mix
Urbanicity:	Rural
Income:	Downscale
Income Producing Assets:	not available

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43 Heartlanders

[BACK](#)

America was once a land of small middle-class towns, which can still be found today among Heartlanders. This widespread segment consists of middle-aged couples with working-class jobs living in sturdy, unpretentious homes. In these communities of small families and empty-nesting couples, Heartlanders pursue a rustic lifestyle where hunting and fishing remain prime leisure activities along with cooking, sewing, camping and boating.

Social Group: [Middle America](#)
Lifestage Group: [Cautious Couples](#)

2005 Statistics:
 US Households: 2,208,891 (1.99%)
 Median HH Income: \$41,061

- Lifestyle Traits**
- Do own car maintenance
 - Own an outboard motor
 - Read Country Living
 - Watch NASCAR Winston Cup
 - Drive a GMC Sierra 2500

Demographics Traits:

Ethnic Diversity:	White, AmInd
Family Types:	Singles/Couples
Age Ranges:	45+
Education Levels:	High School
Employment Levels:	Blue-Collar, Farm
Housing Types:	Homeowners
Urbanicity:	Rural
Income:	Lower Middle
Income Producing Assets:	not available

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57 Old Milltowns

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America's once-thriving mining and manufacturing towns have aged - as have the residents in Old Milltowns communities. Today, the majority of residents are retired singles and couples, living on downscale incomes in pre-1960 homes and apartments. For leisure, they enjoy gardening, sewing, socializing at veterans clubs or eating out at casual restaurants.

Social Group: [Rustic Living](#)

Lifestage Group: [Sustaining Seniors](#)

2005 Statistics:

US Households: 1,590,835 (1.43%)

Median HH Income: \$28,404

Lifestyle Traits

- Go camping
- Eat at casual/buffet rest.
- Watch Daytime TV
- Watch The Price is Right
- Drive a Ford F-super duty truck

Demographics Traits:

Ethnic Diversity:	White, Black, Amlnd
Family Types:	Singles/Couples
Age Ranges:	65+
Education Levels:	Elementary/H.S.
Employment Levels:	Service, Blue-Collar
Housing Types:	Mix
Urbanicity:	Town
Income:	Downscale
Income Producing Assets:	not available

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28 Traditional Times

BACK

Traditional Times is the kind of lifestyle where small-town couples nearing retirement are beginning to enjoy their first empty-nest years. Typically in their fifties and sixties, these middle-class Americans pursue a kind of granola-and-grits lifestyle. On their coffee tables are magazines with titles ranging from Country Living and Country Home to Gourmet and Forbes. But they're big travelers, especially in recreational vehicles and campers.

Social Group: [Country Comfort](#)

Lifestage Group: [Conservative Classics](#)

2005 Statistics:

US Households: 3,015,905 (2.72%)

Median HH Income: \$52,813

Lifestyle Traits

- Own a stationary bike
- Eat at Bob Evans
- Read Country Home
- Watch Hallmark Hall of Fame
- Drive a Buick Park Avenue

Demographics Traits:

Ethnic Diversity:	Mostly White
Family Types:	Singles/Couples
Age Ranges:	55+
Education Levels:	H.S./College
Employment Levels:	WC, BC, Farm
Housing Types:	Homeowners
Urbanicity:	Town/Rural
Income:	Midscale
Income Producing Assets:	not available

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[Snapshot](#)
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48 Young & Rustic

[BACK](#)

Like the soap opera that inspired its nickname, Young & Rustic is composed of young, restless singles. Unlike the glitzy soap denizens, however, these folks tend to be lower income, high school-educated and living in tiny apartments in the nation's exurban towns. With their service industry jobs and modest incomes, these folks still try to fashion fast-paced lifestyles centered on sports, cars and dating.

Social Group: [Rustic Living](#)

Lifestage Group: [Striving Singles](#)

2005 Statistics:

US Households: 3,393,228 (3.06%)

Median HH Income: \$31,884

Lifestyle Traits

- Play basketball
- Eat convenience store meals
- Read Motorcycle magazines
- Watch Days of Our Lives
- Drive a Ford Escort

Demographics Traits:

Ethnic Diversity:	White, Amlnd
Family Types:	Mix
Age Ranges:	<35
Education Levels:	High School
Employment Levels:	Service, Blue-Collar
Housing Types:	Renters
Urbanicity:	Town
Income:	Downscale
Income Producing Assets:	not available

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Aerial Photo

A recent aerial photo showing the location of the subject property is found below:

TerraServer Image Courtesy of the USGS Page 1 of 1

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USGS Hawkinsville, Georgia, United States 28 Feb 1999



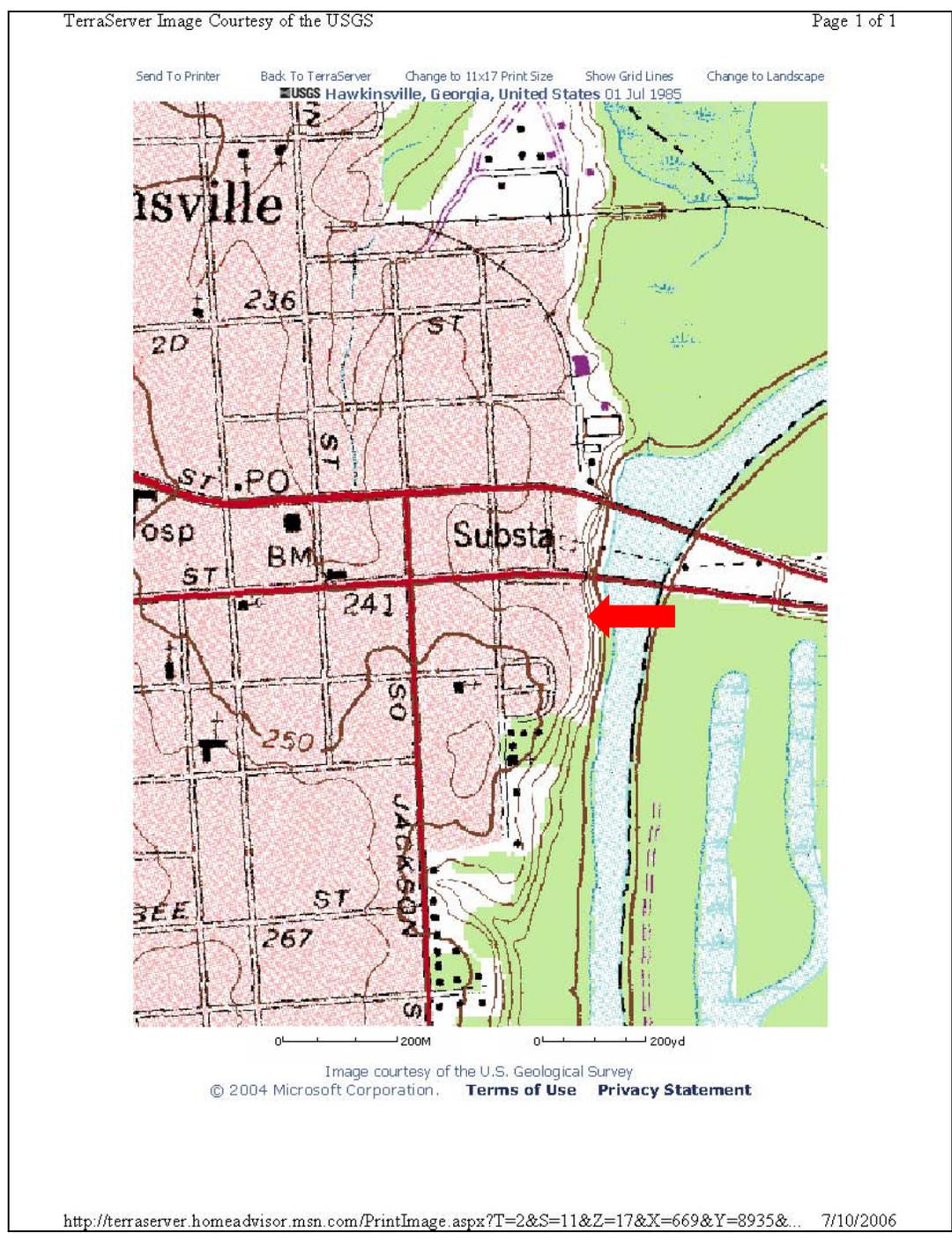
0 200M 0 200yd

Image courtesy of the U.S. Geological Survey
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<http://terraserver.homeadvisor.msn.com/PrintImage.aspx?T=1&S=11&Z=17&X=669&Y=8935&...> 7/10/2006

Topography

The USGS map showing the topography of the subject property and surrounding area is found below:



The topographic map shows that the site is fairly flat and drains to the east. There do not appear to be any topographic issues with respect to the subject property.

Flood Plain

The FEMA map showing the location of the subject property relative to nearby areas prone to flooding (the 100-year flood plain is identified in purple; the 500-year flood plain is identified in yellow) is found below:

Page 1 of 1

Flood Insights test results for :

Latitude: 32.28188 Longitude: -83.46491
Geocoding Accuracy: Not Available

Flood Zone Determinations [Test Description](#)

SFHA (Flood Zone)	Within 250 feet of multiple flood zones?				
Out	No				
Community	Community Name	Zone	Panel	Panel Date	Cobra
130155	HAWKINSVILLE, CITY OF	X	0090C	March 17, 1997	OUT
FIPS Code	Census Tract				
13235	9502.00				

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Flood Map Legend

Flood Zones

- Areas inundated by 500-year flooding
- Areas outside of the 100- and 500-year floodplains
- Areas inundated by 100-year flooding
- Areas inundated by 100-year flooding with velocity hazard
- Floodway areas
- Floodway areas with velocity hazard
- Areas of undetermined but possible flood hazards
- Areas not mapped on any published FIRM

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http://www.floodinsights.com/XsiteScripts/hsrun.hse/FloodInsights/FloodLookups/StateId/R3PdownCbXOn1URPj... 6/6/2006

The FEMA map identified the subject property as not being located in the 100-year flood zone.

Environmental

The FirstSearch public records review identifying the location of any potential recognized environmental conditions with respect to the subject property is found below:

Environmental FirstSearch Search Summary Report										
Target Site:										
HAWKINSVILLE GA 31036										
FirstSearch Summary										
Database	Sel	Updated	Radius	Site	1/8	1/4	1/2	1/2>	ZIP	TOTALS
NPL	Y	04-10-06	1.00	0	0	0	0	0	0	0
CERCLIS	Y	03-08-06	0.50	0	0	0	0	-	0	0
NFRAP	Y	03-08-06	0.25	0	0	0	-	-	0	0
RCRA TSD	Y	02-16-06	0.50	0	0	0	0	-	0	0
RCRA COR	Y	02-16-06	1.00	0	0	0	0	0	0	0
RCRA GEN	Y	02-16-06	0.25	0	0	0	-	-	0	0
ERNS	Y	12-31-05	0.15	0	1	0	-	-	0	1
State Sites	Y	04-01-06	1.00	0	0	0	0	0	0	0
Spills-1990	Y	03-31-06	0.25	0	1	1	-	-	1	3
SWL	Y	01-01-06	0.50	0	0	0	0	-	0	0
Other	Y	04-01-06	0.25	0	0	0	-	-	1	1
REG UST/AST	Y	02-01-06	0.25	0	4	8	-	-	3	15
Leaking UST	Y	03-01-06	0.50	0	3	1	5	-	0	9
- TOTALS -				0	9	10	5	0	5	29

Notice of Disclaimer

Due to the limitations, constraints, inaccuracies and incompleteness of government information and computer mapping data currently available to FirstSearch Technology Corp., certain conventions have been utilized in preparing the locations of all federal, state and local agency sites residing in FirstSearch Technology Corp.'s databases. All EPA NPL and state landfill sites are depicted by a rectangle approximating their location and size. The boundaries of the rectangles represent the eastern and western most longitudes, the northern and southern most latitudes. As such, the mapped areas may exceed the actual areas and do not represent the actual boundaries of these properties. All other sites are depicted by a point representing their approximate address location and make no attempt to represent the actual areas of the associated property. Actual boundaries and locations of individual properties can be found in the files residing at the agency responsible for such information.

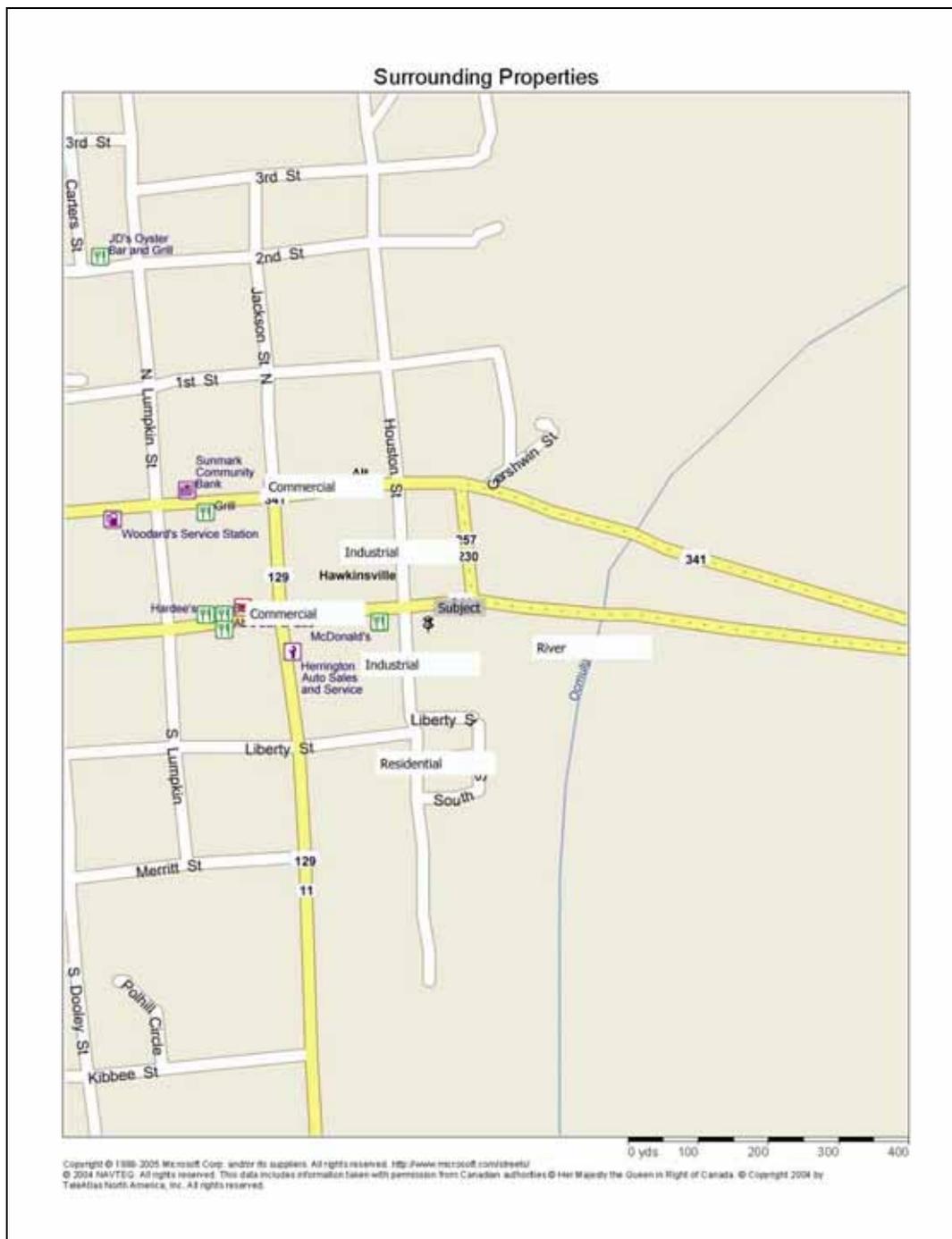
Waiver of Liability

Although FirstSearch Technology Corp. uses its best efforts to research the actual location of each site, FirstSearch Technology Corp. does not and can not warrant the accuracy of these sites with regard to exact location and size. All authorized users of FirstSearch Technology Corp.'s services proceeding are signifying an understanding of FirstSearch Technology Corp.'s searching and mapping conventions, and agree to waive any and all liability claims associated with search and map results showing incomplete and/or inaccurate site locations.

Our public records review identified 9 leaking underground storage tank(s), 3 hazardous waste spill site(s), and 0 hazardous waste generator(s) within ½ mile of the subject property. We recommend that the sponsor obtain an environmental assessment prior to this transaction being funded.

Surrounding Properties

A map showing the location of the subject property relative to adjacent and nearby parcels is shown below:



Our review of the site shows that the subject is located in a rural area with industrial and commercial to the north, industrial and residential to the south, a river to the east, and industrial and commercial to the west.

Accessibility

The subject property is located off a major thoroughfare with a fairly high volume of traffic flow. Accessibility is good by virtue of the location of the subject property relative to existing streets and thoroughfares.

Visibility

The subject property is located off a major thoroughfare with a fairly high volume of traffic flow. Visibility and exposure are, therefore, good by virtue of the site's location relative to existing traffic patterns.

Crime

Claritas maintains crime rate data at the census tract level throughout the United States. A table showing crime rates for the area is found below:

	Region	Market	Tract
Total Crime	140	140	93
Poputalion	9,845	9,845	5,716
Crime Rate	1.4%	1.4%	1.6%

Source: Claritas

According to Claritas, the crime rate in the immediate vicinity of the subject property is 1.6 percent. This is compared with market area and regional crime rates of 1.4 percent and 1.4 percent, respectively. In our opinion, the subject property appears to be located in an area with average crime risk.

Please note: The crime statistics presented above include violent and non-violent crime for a wide variety of property types. Further, the statistics make no consideration for the implementation of an affirmative crime prevention program at the subject property.

Schools

Standards & Poor maintains information on public school districts throughout the United States. The following table provides details for the school district serving the subject property:

	This District	State
How Students Performed on State Reading Tests		
Grade 3 Reading Proficiency (%)	90.3	91.9
Grade 8 Reading Proficiency (%)	79.3	82.7
Grade 11 English Language Arts Proficiency (%)	97.8	94.9
How Students Performed on State Math Tests		
Grade 3 Math Proficiency (%)	86.7	89.4
Grade 8 Math Proficiency (%)	65.7	68.8
Grade 11 Math Proficiency (%)	93.3	92.1

Source: Standards & Poor

Claritas maintains educational attainment data at the census tract level throughout the United States. A table showing educational attainment data for the area is found below:

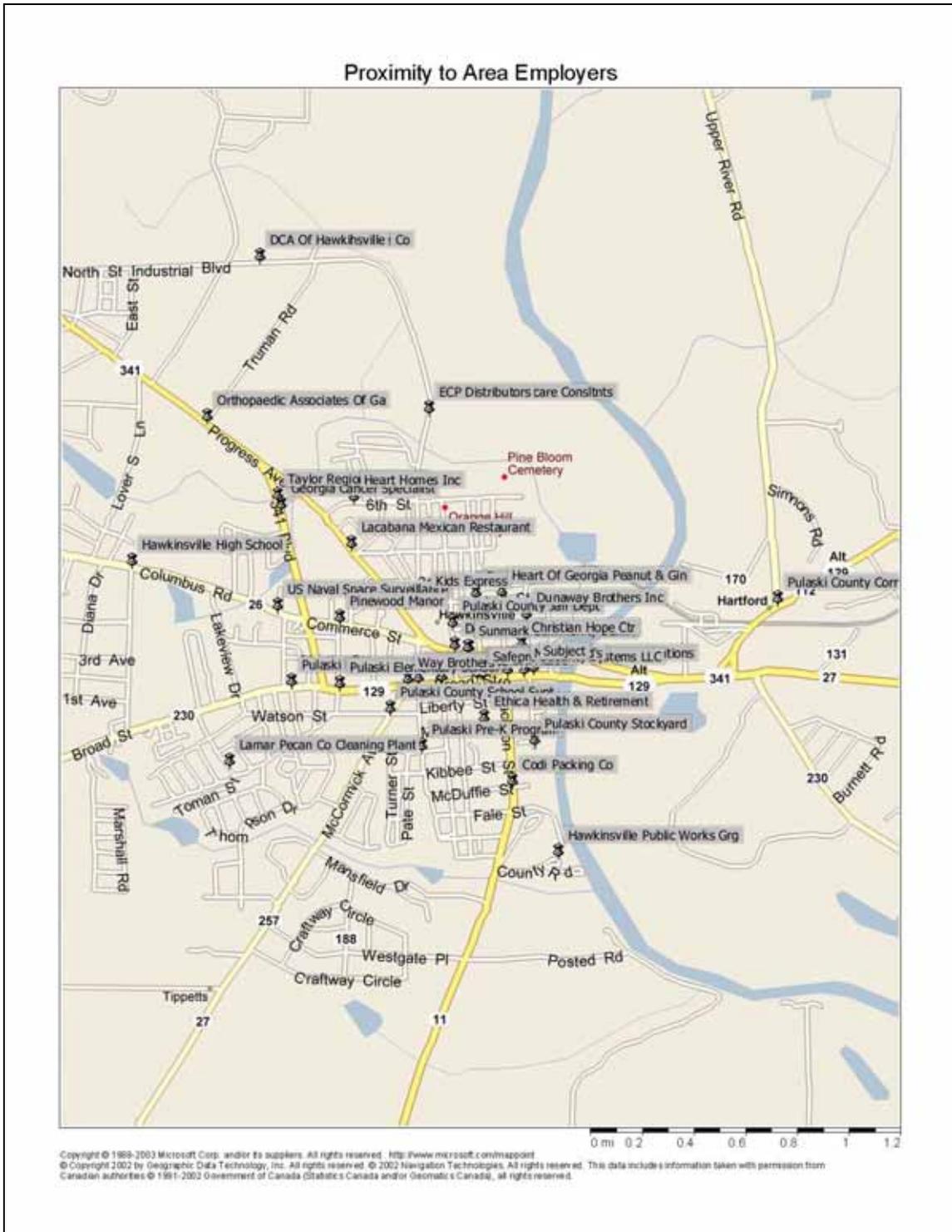
	Region	Market	Tract
Completed less than 9th grade	9.8%	9.8%	10.9%
Completed grades 9-12, no diploma	21.7%	21.7%	18.7%
Completed high school	18.6%	18.6%	19.5%
Completed some college	27.8%	27.8%	23.8%
Associate's degree	4.7%	4.7%	4.5%
Bachelor's degree	11.5%	11.5%	13.7%
Graduate or professional degree	5.9%	5.9%	8.8%
Total	100.0%	100.0%	100.0%
Less than high school	31.5%	31.5%	29.6%
High school or more	68.5%	68.5%	70.4%
Bachelor's degree or more	17.4%	17.4%	22.5%

Source: Claritas

According to Standards & Poor the subject property is located in an area with below-average elementary schools, below-average middle schools, and average high schools. According to Claritas, the subject property is located in an area with average educational attainment.

Proximity to Employment

The following map and table give details relating to the proximity of the subject property with respect to employment:



Commute to Work

	Region	Market	Tract
4 minutes or less	5.7%	5.7%	7.2%
5 to 14 minutes	37.8%	37.8%	40.3%
15 to 29 minutes	22.9%	22.9%	20.5%
30 to 44 minutes	19.6%	19.6%	19.4%
45 minutes or more	12.5%	12.5%	10.6%
Worked at home	1.5%	1.5%	2.1%
Total	100.0%	100.0%	100.0%
Less than 5 minutes	5.7%	5.7%	7.2%
Less than 15 minutes	43.5%	43.5%	47.4%
Less than 30 minutes	66.5%	66.5%	67.9%
Less than 45 minutes	86.1%	86.1%	87.4%
More than 45 minutes	12.5%	12.5%	10.6%
Worked at home	1.5%	1.5%	2.1%
Average Commute Time	22	22	21
Vehicles per household	1.84	1.84	1.78

Source: U.S. Census

The majority of the top employers are located within 20 miles of the subject property. Employees in the vicinity of the subject property have an average commute time of 21 minutes. This is compared with market area and regional commute times of 22 minutes and 22 minutes, respectively. We conclude that the subject property has a good location with respect to local employers.

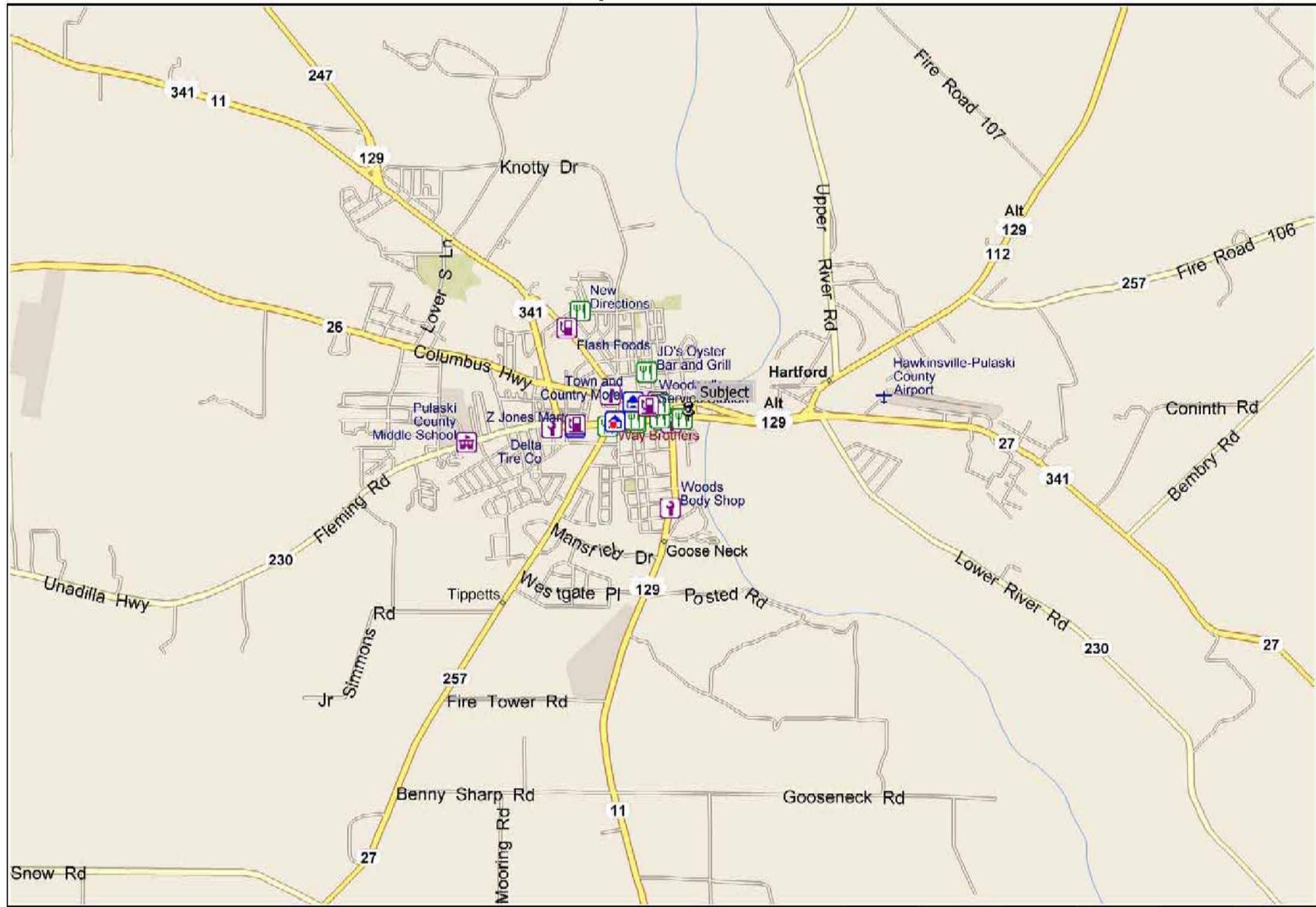
Proximity to Area Amenities

The map and table found in the following pages gives a summary of the site's location relative to entertainment, health clinics, hospitals, places worship, public services, retail, and schools. The map and table suggest that the subject property is located the following distances from a variety of amenities and services:

- Entertainment: Fair. Within 3.0 miles of most establishments.
- Health Clinics: Very Good. Within 1.0 miles of nearest establishment.
- Hospitals: Good. Within 2.0 miles of nearest establishment.
- Places of Worship: Good. Within 1.0 miles of nearest establishment.
- Public Services: Good. Within 2.0 miles of most establishments.
- Retail: Very Good. Within 1.0 miles of nearest establishment.
- Schools: Good. Within 2.0 miles of nearest establishment.

Our analysis suggests that the subject property has a good location with respect to local amenities and services.

Proximity to Area Amenities



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Proximity to Area Amenities

Business Type	Business Name Address, City, State (Miles to Subject) Phone Number	Business Type	Business Name Address, City, State (Miles to Subject) Phone Number
	Entertainment		Places of Worship
Recreation Centers	Hawk/Pulaski Co Rec Dept 215 S Warren St, Hawkinsville, GA (0.51 miles away) 478-783-3733	Churches	Congregational Holiness Church 206 Liberty St, Hawkinsville, GA (0.11 miles away) 478-783-1925
Theatres	Georgia Theater Co Heart Ga 1167 Cochran Hwy, Eastman, GA (15.69 miles away) 478-374-9577	Mosques	Muhammad Mosque 1695 3rd St, Macon, GA (38.83 miles away) 478-744-0913
Video Rental	Movie Gallery Highway 341 Progress Ave, Hawkinsville, GA (2.31 miles away) 478-783-4939	Temples	Temple Beth Israel 892 Cherry St, Macon, GA (39.97 miles away) 478-745-6727
Locational Rating	Fair	Locational Rating	Good
	Retail		Schools
Banks	Sunmark Community Bank 347 Commerce St, Hawkinsville, GA (0.25 miles away) 478-783-4036	Preschool	Kids Express 424 2nd St, Hawkinsville, GA (0.46 miles away) 478-783-1270
Department Stores	Freaney's Department Store 222 Commerce St, Hawkinsville, GA (0.11 miles away) 478-892-3563	Elementary School	Pulaski Elementary School 715 Broad St, Hawkinsville, GA (0.75 miles away) 478-783-7275
Grocers	Brown's Bargain Store 201 Commerce St, Hawkinsville, GA (0.10 miles away) 478-783-3251	Junior High School	Pulaski Middle School 851 Broad St, Hawkinsville, GA (0.94 miles away) 478-783-7215
Pharmacies	Rite Aid Pharmacy 8 Surrey Plz, Hawkinsville, GA (0.92 miles away) 478-783-3286	Senior High School	Hawkinsville High School 1 Red Devil Dr, Hawkinsville, GA (1.61 miles away) 478-783-7210
Restaurants	Mc Donald's 204 Broad St, Hawkinsville, GA (0.02 miles away) 478-783-4595	Junior Colleges	Middle Georgia Technical Inst 300 Industrial Blvd, Hawkinsville, GA (1.27 miles away) 478-783-3017
Locational Rating	Very Good	Locational Rating	Good
	Public Services		Public Services
Fire Department	Hawkinsville Fire Dept 30 1st St, Hawkinsville, GA (0.19 miles away) 478-783-2966	Police	Hawkinsville Police Dept 1st St, Hawkinsville, GA (2.31 miles away) 478-783-1681
Government	Hawkinsville City Hall 319 Broad St, Hawkinsville, GA (0.19 miles away) 478-892-3240	Post Office	US POSTAL SERVICE, HAWKINSVILLE MAIN OFFICE 363 COMMERCE ST, HAWKINSVILLE, GA (2.40 miles away) 478-892-8499
Housing Authority	Hawkinsville Housing Authority 314 Progress Ave, Hawkinsville, GA (0.61 miles away) 478-892-3364	Senior Centers	Golden Age Properties 320 Merritt St, Hawkinsville, GA (0.29 miles away) 478-783-1438
Libraries	M E Roden Memorial Library 400 Commerce St, Hawkinsville, GA (0.32 miles away) 478-892-3155	Social Services	Dept of Family & Children Svc 107 N Dooley St, Hawkinsville, GA (0.31 miles away) 478-783-6191
Locational Rating	Good	Locational Rating	Good
	Health Care		Health Care
Health Clinics	Hawkinsville Health Care Ctr 412 Commerce St, Hawkinsville, GA (0.33 miles away) 478-783-4060	Hospitals	Taylor Regional Hospital 790-341 Blvd, Hawkinsville, GA (1.15 miles away) 478-783-0200
Locational Rating	Very Good	Locational Rating	Good

Planned Road & Infrastructure Improvements

We are not aware of any planned road or infrastructure improvements in the immediate vicinity of the subject property.

Conclusions

The following table gives a summary of our overall site evaluation:

Overall Site Evaluation		
Topography		
Grade	Flat	Good
Drainage	East	
Flood Plain		
Designated Flood Plain	No	Good
Environmental		
Leaking USTs (within 1/2 mile)	9	Fair
Spill Sites (within 1/2 mile)	3	
Hazardous Waste (within 1/2 mile)	0	
Surrounding Properties		
Neighboring Property to North	Industrial / Commercial	Fair
Neighboring Property to South	Industrial / Residential	
Neighboring Property to East	River	
Neighboring Property to West	Industrial / Commercial	
Accessibility		
Location	Off Major Thoroughfare	Good
Visibility		
Location	Off Major Thoroughfare	Good
Crime		
Crime Rate, Site	1.6%	Good
Crime Rate, Market	1.4%	
Crime Rate, Regional	1.4%	
Elementary Schools		
Reading Proficiency (Local/State)	90.3%/91.9%	Fair
Math Proficiency (Local/State)	86.7%/89.4%	
Middle Schools		
Reading Proficiency (Local/State)	79.3%/82.7%	Fair
Math Proficiency (Local/State)	65.7%/68.8%	
High Schools		
Reading Proficiency (Local/State)	97.8%/94.9%	Good
Math Proficiency (Local/State)	93.3%/92.1%	
Educational Attainment		
H.S. Graduation Rate, Site	70.4%	Good
H.S. Graduation Rate, Market	68.5%	
H.S. Graduation Rate, Regional	68.5%	
Proximity to Employment		
Commute Time (minutes), Site	21	Good
Commute Time (minutes), Market	22	
Commute Time (minutes), Regional	22	
Proximity to Services		
Distance to Entertainment	3.0 Miles	Fair
Distance to Health Clinics	1.0 Miles	Very Good
Distance to Hospitals	2.0 Miles	Good
Distance to Places of Worship	1.0 Miles	Good
Distance to Public Services	2.0 Miles	Good
Distance to Retail	1.0 Miles	Very Good
Distance to Schools	2.0 Miles	Good
Overall Site Evaluation		Good

Source: Allen & Associates

In our opinion the location of the subject property is fair to good. Our observations follow:

- Based on our evaluation of the neighborhood, the subject property is located in a rural area that appears to be in the stability stage of its life cycle. Modest population and household growth is anticipated for the next several years, along with modest increases in the housing stock. Properties in the immediate area appear to be generally 40-60 years old and in fair condition.
- Our analysis suggests that the subject is located in an area that is generally characterized by persons with a high school education, consisting of a mix of renters and owners with lower incomes with a mixture of ages.
- The topographic map shows that the site is fairly flat and drains to the east. There do not appear to be any topographic issues with respect to the subject property.
- The FEMA map identified the subject property as not being located in the 100-year flood zone.
- Our public records review identified 9 leaking underground storage tank(s), 3 hazardous waste spill site(s), and 0 hazardous waste generator(s) within ½ mile of the subject property. We recommend that the sponsor obtain an environmental assessment prior to this transaction being funded.
- Our review of the site shows that the subject is located in a rural area with industrial and commercial to the north, industrial and residential to the south, a river to the east, and industrial and commercial to the west.
- The subject property is located off a major thoroughfare with a fairly high volume of traffic flow. Accessibility is good by virtue of the location of the subject property relative to existing streets and thoroughfares.
- The subject property is located off a major thoroughfare with a fairly high volume of traffic flow. Visibility and exposure are, therefore, good by virtue of the site's location relative to existing traffic patterns.
- According to Claritas, the crime rate in the immediate vicinity of the subject property is 1.6 percent. This is compared with market area and regional crime rates of 1.4 percent and 1.4 percent, respectively. In our opinion, the subject property appears to be located in an area with average crime risk.
- According to Standards & Poor the subject property is located in an area with below-average elementary schools, below-average middle schools, and average high schools. According to Claritas, the subject property is located in an area with average educational attainment.
- The majority of the top employers are located within 20 miles of the subject property. Employees in the vicinity of the subject property have an average commute time of 21 minutes. This is compared with market area and regional commute times of 22 minutes and 22 minutes, respectively. We conclude that the subject property has a good location with respect to local employers.
- Our analysis suggests that the subject property has a good location with respect to local amenities and services. We are not aware of any planned road or infrastructure improvements in the immediate vicinity of the subject property.

SUBJECT PROPERTY PHOTOS

Photos of the subject property are found below:

Cotton Mill



Looking North on South Houston Street



Looking West on US Highway 341



MARKET AREA

Overview

Market areas are influenced by a variety of interrelated factors. These factors include site location, economic, and demographic characteristics (tenure, income, rent levels, etc.), local transportation patterns, physical boundaries (rivers, streams, topography, etc.), census geographies, and the location of comparable and/or potentially competing communities.

In areas where the county seat is the largest city, centrally located, and draws from the entire county, the county may be the market area. In the case where there are potentially competing communities in one county, the market area may be part of the county. In fact, the market area could include portions of adjacent counties. In this case, a combination of county subdivisions may be used to define the market area. In urban or suburban areas, the market area will be adjacent to the site extending to all locations of similar character with residents or potential residents likely to be interested in the project. In this case, county subdivisions, townships, or a combination of census tracts may be used to define the market area.

Allen & Associates recently conducted a series of property management interviews to better understand market areas and resident moving patterns for affordable multifamily properties. A summary of the survey results follows:

Market Area Survey

Family			
	Urban	Suburban	Rural
How many minutes does your typical tenant move from to reside in your units?	15	20	15
What % of your tenants come from outside this typical drive time area?	20%	20%	10%
What % of your tenants are over 55 years old?	20%	15%	15%

55+ Elderly			
	Urban	Suburban	Rural
How many minutes does your typical tenant move from to reside in your units?	15	20	15
What % of your tenants come from outside this typical drive time area?	25%	25%	15%
What % of your tenants come out of single family residences?	40%	20%	30%
What % of your tenants are between 55 & 65 years old?	35%	30%	30%
What % of your tenants are between 65 & 75 years old?	60%	55%	55%
What % of your tenants are over 75 years old?	5%	15%	15%
What % of your tenants are female?	85%	80%	90%

62+ Elderly			
	Urban	Suburban	Rural
How many minutes does your typical tenant move from to reside in your units?	15	20	15
What % of your tenants come from outside this typical drive time area?	20%	20%	10%
What % of your tenants come out of single family residences?	20%	20%	10%
What % of your tenants are between 62 & 65 years old?	20%	10%	10%
What % of your tenants are between 65 & 75 years old?	70%	75%	75%
What % of your tenants are over 75 years old?	10%	10%	10%
What % of your tenants are female?	80%	95%	95%

Source: Allen & Associates

The market area survey was used to develop the primary and secondary market area defined below.

Primary Market Area

We defined the primary market area by generating a drive time zone around the subject property and analyzing median rents and average household income levels in the area. We also considered population densities, existing concentrations of multifamily properties and the nearest census tract boundaries in our analysis.

Based on our evaluation of the local market, we concluded that the primary market area includes the following 2000 Census Tracts:

Pulaski County: 9501, 9502, and 9503.

The site is located in Pulaski County Census Tract 9502.

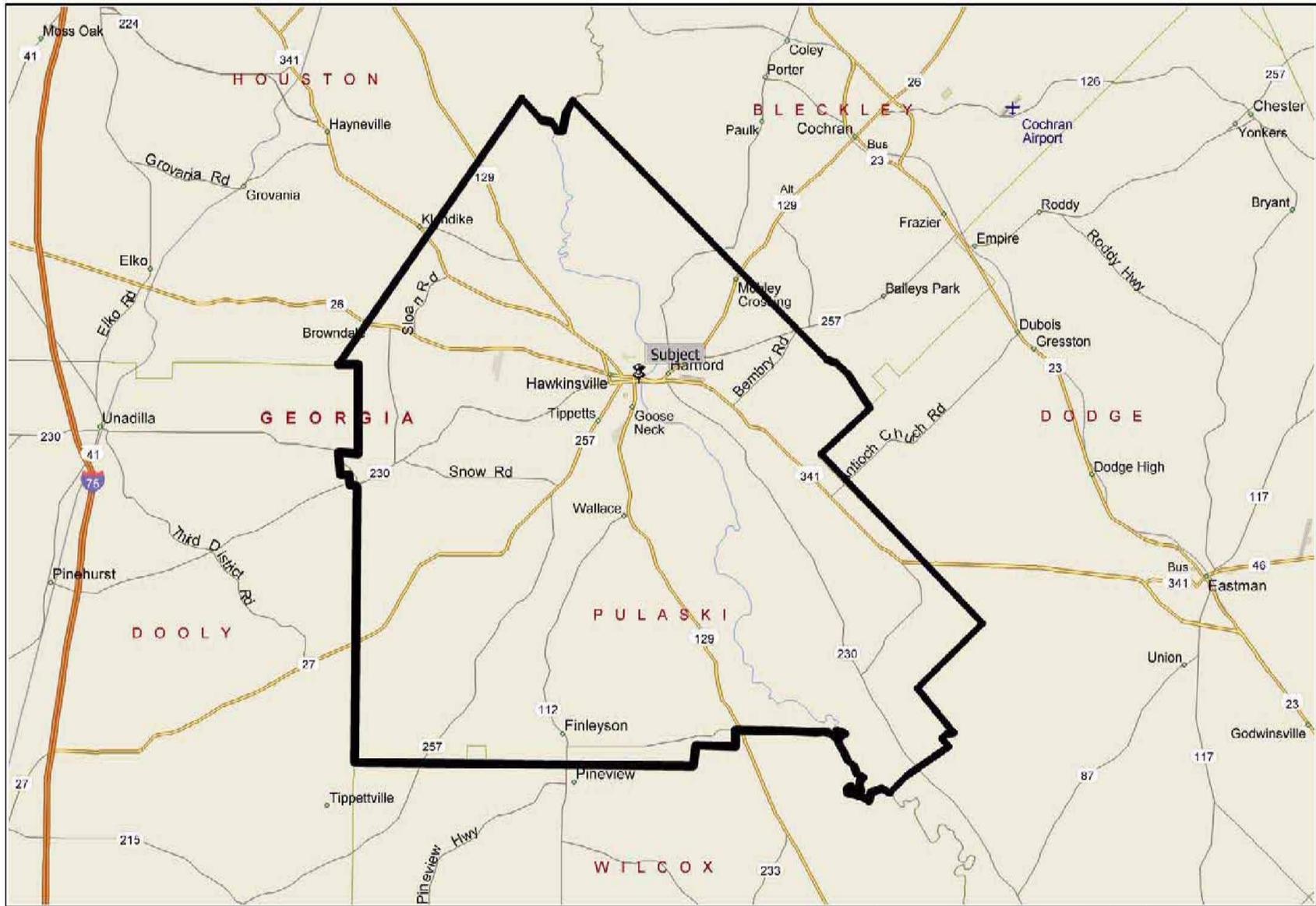
Secondary Market Area

Our research suggests that as much as 10 percent of multifamily demand will come from areas outside of the market area defined above.

Market Area Map

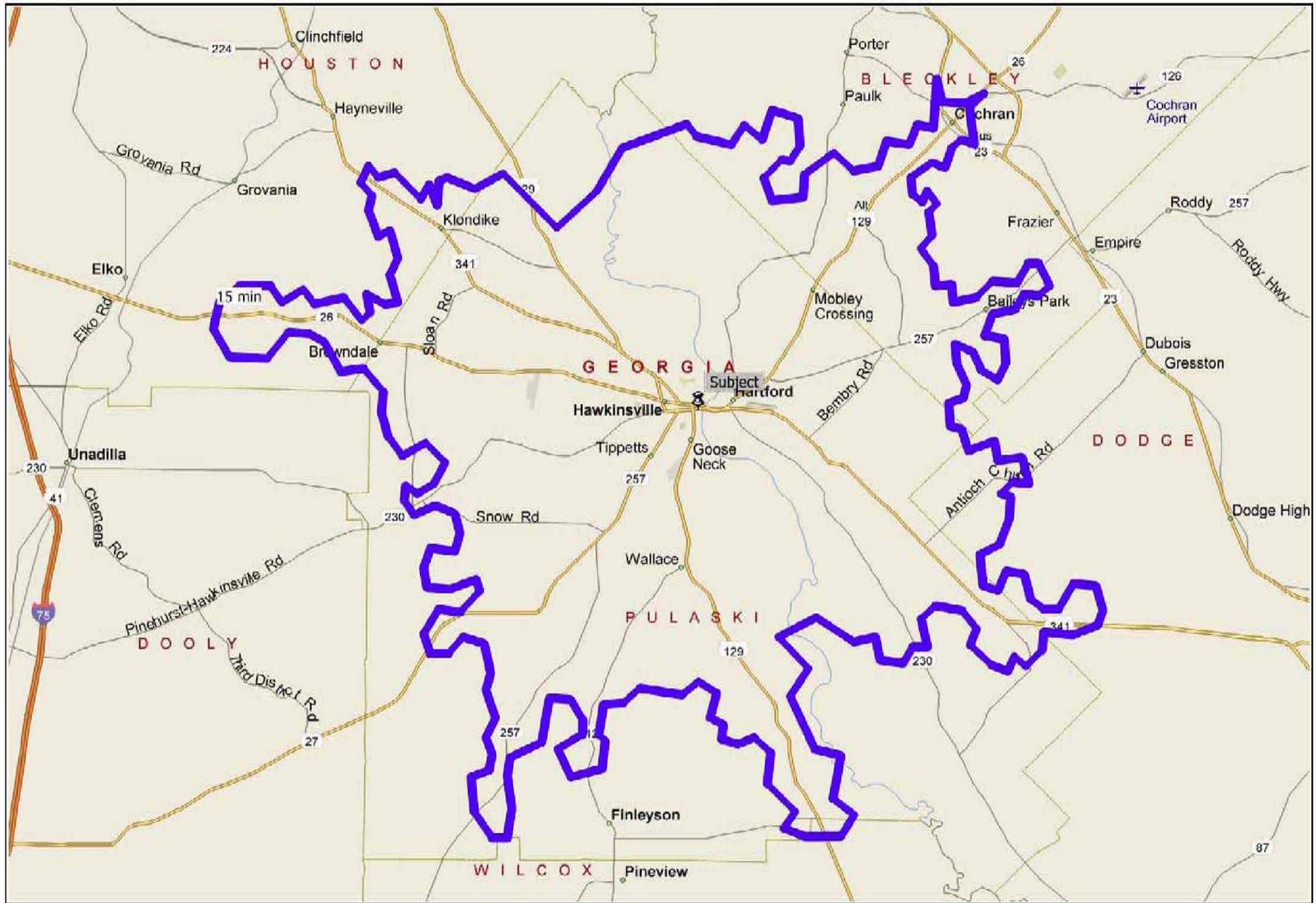
Market area, drive time and existing multifamily maps depicting the location of the subject property are presented in the following pages:

Market Area

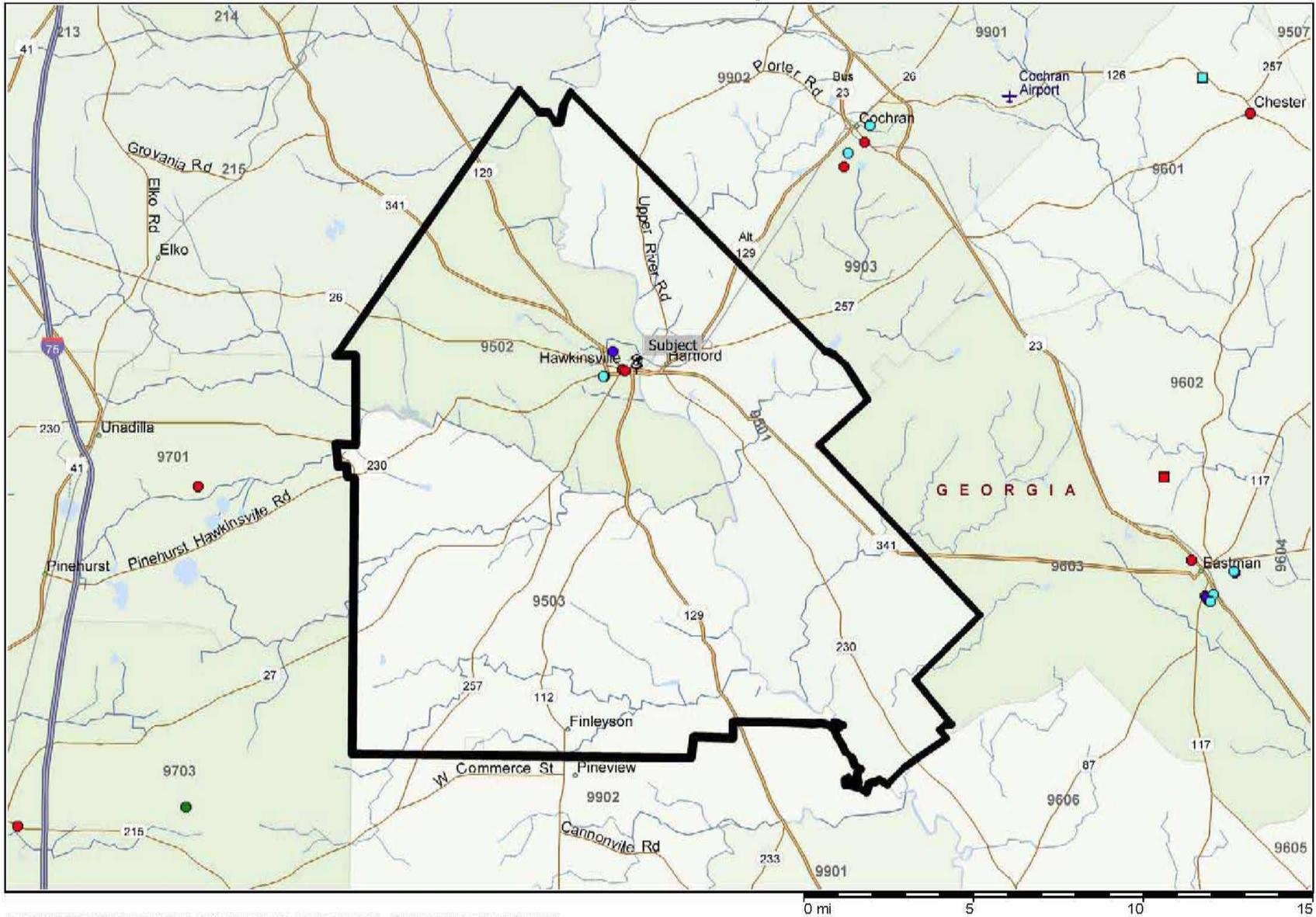


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Drive Time



Existing Multifamily



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REGIONAL ECONOMY

In this section we conduct an analysis of the regional economy. For purposes of this analysis, we define the Region as Pulaski County, Georgia.

Employment, Establishment-Based

The following table gives establishment-based employment data for the nation, state and region since 1990. The data set, which comes from Woods & Poole Economics, includes a forecast through 2010:

Employment, Establishment-Based					
1990-2000 Historic					
Line		US	State	Region	Notes
1	1990 Employment	139,380,891	3,689,352	3,493	Bureau of Labor Statistics
2	2000 Employment	166,758,782	4,892,289	4,530	Bureau of Labor Statistics
3	1990-2000 Change	27,377,891	1,202,937	1,037	(2) - (1)
4					
5	1990-2000 Annual Change, %	1.8%	2.9%	2.6%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic					
7		US	State	Region	
8	2000 Employment	166,758,782	4,892,289	4,530	Bureau of Labor Statistics
9	2005 Employment	174,571,542	5,119,132	4,158	Bureau of Labor Statistics
10	2000-2005 Change	7,812,760	226,843	-372	(9) - (8)
11					
12	2000-2005 Annual Change, %	0.9%	0.9%	-1.7%	$[(9)/(8)]^{(1/5)}-1$
2005-2010 Projected					
14		US	State	Region	
15	2005 Employment	174,571,542	5,119,132	4,158	Bureau of Labor Statistics
16	2010 Employment	187,135,175	5,527,813	4,423	Woods & Poole
17	2005-2010 Change	12,563,633	408,681	265	(16) - (15)
18					
19	2005-2010 Annual Change, %	1.4%	1.5%	1.2%	$[(16)/(15)]^{(1/5)}-1$

Source: Bureau of Labor Statistics; Woods & Poole Economics

Establishment-based employment for the region increased from 3,493 in 1990 to 4,158 in 2005. Employment is forecasted to increase 1.2 percent annually through 2010. This is compared with projected growth of 1.5 and 1.4 percent for the state and nation, respectively.

Employment, by Industry

The following table gives the current distribution and a forecast of establishment-based employment by industry for the nation, state and region:

Employment, by Industry								
United States								
Category	1990	2000	1990-2000 Historic	2005	2000-2005 Historic	2005-2010 Projected	2010	Percent of Total
Farm Employment	3,153,000	3,113,000	-0.1%	3,071,143	-0.3%	0.0%	3,064,734	1.8%
Agricultural	1,453,958	2,121,118	3.8%	2,295,176	1.6%	1.8%	2,513,356	1.3%
Mining	1,044,098	784,205	-2.8%	773,133	-0.3%	0.9%	808,485	0.4%
Construction	7,261,784	9,446,293	2.7%	9,871,419	0.9%	1.5%	10,634,270	5.7%
Manufacturing	19,694,193	19,114,818	-0.3%	17,131,709	-2.2%	0.2%	17,335,429	9.8%
Trans, Comm & Public Utilities	6,550,612	8,244,403	2.3%	8,442,010	0.5%	1.4%	9,060,356	4.8%
Wholesale Trade	6,720,494	7,584,128	1.2%	7,681,175	0.3%	1.2%	8,146,127	4.4%
Retail Trade	22,885,508	27,222,299	1.8%	28,044,676	0.6%	1.1%	29,596,745	16.1%
Finance, Insurance & Real Estate	10,714,602	13,193,718	2.1%	15,384,800	3.1%	1.1%	16,276,060	8.8%
Services	38,670,642	52,990,800	3.2%	57,668,413	1.7%	2.1%	64,054,988	33.0%
Federal Civilian Government	3,233,004	2,891,979	-1.1%	2,753,317	-1.0%	0.3%	2,792,255	1.6%
Federal Military Government	2,717,996	2,075,021	-2.7%	1,972,214	-1.0%	0.3%	2,002,656	1.1%
State and Local Government	15,281,000	17,977,000	1.6%	19,482,357	1.6%	1.4%	20,849,714	11.2%
Total	139,380,891	166,758,782	1.8%	174,571,542	0.9%	1.4%	187,135,175	100.0%

State								
Category	1990	2000	1990-2000 Historic	2005	2000-2005 Historic	2005-2010 Projected	2010	Percent of Total
Farm Employment	74,286	67,255	-1.0%	67,535	0.1%	-0.2%	66,894	1.3%
Agricultural	31,513	55,925	5.9%	64,490	2.9%	2.4%	72,538	1.3%
Mining	10,595	9,549	-1.0%	9,234	-0.7%	0.4%	9,408	0.2%
Construction	212,380	301,578	3.6%	307,227	0.4%	1.7%	334,411	6.0%
Manufacturing	572,396	601,281	0.5%	548,816	-1.8%	0.5%	561,485	10.7%
Trans, Comm & Public Utilities	215,815	302,717	3.4%	310,571	0.5%	2.1%	344,755	6.1%
Wholesale Trade	228,510	274,869	1.9%	274,635	0.0%	1.2%	290,915	5.4%
Retail Trade	605,660	816,577	3.0%	845,817	0.7%	1.3%	903,628	16.5%
Finance, Insurance & Real Estate	245,001	348,052	3.6%	402,911	3.0%	1.1%	424,712	7.9%
Services	876,674	1,419,252	4.9%	1,545,501	1.7%	2.3%	1,734,710	30.2%
Federal Civilian Government	102,989	96,894	-0.6%	94,478	-0.5%	0.5%	96,883	1.8%
Federal Military Government	90,745	94,379	0.4%	92,075	-0.5%	0.3%	93,483	1.8%
State and Local Government	422,788	503,961	1.8%	555,842	2.0%	1.3%	593,991	10.9%
Total	3,689,352	4,892,289	2.9%	5,119,132	0.9%	1.5%	5,527,813	100.0%

Region								
Category	1990	2000	1990-2000 Historic	2005	2000-2005 Historic	2005-2010 Projected	2010	Percent of Total
Farm Employment	321	351	0.9%	357	0.3%	-0.2%	353	8.6%
Agricultural	51	165	12.5%	133	-4.2%	2.0%	147	3.2%
Mining	0	0	0.0%	0	0.0%	0.0%	0	0.0%
Construction	107	167	4.6%	137	-3.9%	1.3%	146	3.3%
Manufacturing	541	555	0.3%	380	-7.3%	0.2%	384	9.1%
Trans, Comm & Public Utilities	135	194	3.7%	162	-3.5%	1.9%	178	3.9%
Wholesale Trade	206	123	-5.0%	150	4.0%	0.4%	153	3.6%
Retail Trade	538	719	2.9%	575	-4.4%	0.8%	598	13.8%
Finance, Insurance & Real Estate	260	181	-3.6%	191	1.1%	0.8%	199	4.6%
Services	861	1,175	3.2%	1,159	-0.3%	2.2%	1,291	27.9%
Federal Civilian Government	26	21	-2.1%	17	-4.1%	0.0%	17	0.4%
Federal Military Government	36	32	-1.2%	24	-5.6%	0.8%	25	0.6%
State and Local Government	411	847	7.5%	873	0.6%	1.3%	932	21.0%
Total	3,493	4,530	2.6%	4,158	-1.7%	1.2%	4,423	100.0%

Source: Bureau of Labor Statistics; Woods & Poole Economics

Earnings, by Industry

The following table gives the current distribution of per-capita earnings by industry for the nation, state and region:

Earnings, by Industry			
2005			
Category	US	State	Region
Farm Employment	\$11,787	\$19,396	\$19,756
Agricultural	\$21,151	\$20,666	\$16,759
Mining	\$78,554	\$58,326	\$0
Construction	\$39,046	\$34,685	\$18,409
Manufacturing	\$55,963	\$45,992	\$26,974
Trans, Comm & Public Utilities	\$50,928	\$60,253	\$43,216
Wholesale Trade	\$51,217	\$55,592	\$29,233
Retail Trade	\$19,657	\$18,904	\$13,040
Finance, Insurance & Real Estate	\$43,213	\$38,091	\$19,037
Services	\$34,213	\$35,138	\$25,429
Federal Civilian Government	\$72,766	\$70,520	\$51,471
Federal Military Government	\$42,304	\$45,007	\$15,000
State and Local Government	\$39,760	\$36,054	\$29,609

Source: Woods & Poole Economics

Major Employers

The table on the following page gives a snapshot of the top civilian employers in the region. The data was obtained from InfoUSA:

Major Employers

Region							
COMPANY NAME	MAILING ADDRESS	CITY	STATE	ZIP CODE	PHONE	EMPLOYEES	PRIMARY SIC DESCRIPTION
Taylor Regional Hospital	PO Box 1297	Hawkinsville	GA	31036-7297	(478) 783-0200	425	Hospitals
Pulaski County Correctional	PO Box 839	Hawkinsville	GA	31036-0839	(478) 783-6000	400	State Govt-Correctional Institutions
Pulaski Elementary School	715 Broad St	Hawkinsville	GA	31036-1464	(478) 783-7275	91	Schools
Hollingsworth & Vose Co	300 Industrial Blvd	Hawkinsville	GA	31036-2108	(478) 783-3200	85	Paper-Manufacturers
Eldercare Healthcare Consltns	440 Industrial Blvd	Hawkinsville	GA	31036-2106	(478) 783-4262	80	Health Services
Pinewood Manor	PO Box 1218	Hawkinsville	GA	31036-7218	(478) 892-9171	75	Nursing & Convalescent Homes
Hawkinsville City Hall	PO Box 120	Hawkinsville	GA	31036-0120	(478) 892-3240	65	City Government-Executive Offices
Hawkinsville High School	1 Red Devil Dr	Hawkinsville	GA	31036-1467	(478) 783-7210	63	Schools
Harvey's	10 Surrey Plz	Hawkinsville	GA	31036-1187	(478) 783-3250	60	Grocers-Retail
Comsoth Telecommunications	250 Broad St	Hawkinsville	GA	31036-1504	(478) 783-4001	50	Internet Service
Pulaski Middle School	851 Broad St	Hawkinsville	GA	31036-1462	(478) 783-7215	42	Schools
Mc Donald's	204 Broad St	Hawkinsville	GA	31036-1504	(478) 783-4595	33	Restaurants
Dunaway Brothers Inc	PO Box 1007	Hawkinsville	GA	31036-7007	(478) 783-3524	30	Cotton Gins
Pulaski Co Superintendent	PO Box 1138	Hawkinsville	GA	31036-7138	(478) 892-8222	30	Schools
Heart Homes Inc	635 6th St	Hawkinsville	GA	31036-1167	(478) 783-3013	29	Government Offices-State
Mc Cranie Tractor Co	PO Box 628	Hawkinsville	GA	31036-0628	(478) 892-9046	27	Farm Equipment (Wholesale)
Christian Hope Ctr	RR 3 Box 6040	Hawkinsville	GA	31036-9289	(478) 783-4673	25	Charitable Institutions
ECP Distributors	PO Box 1038	Hawkinsville	GA	31036-7038	(478) 783-4988	25	Physicians & Surgeons Equip & Supls-Mfrs
Steak House Restaurant	101 Buchan Dr	Hawkinsville	GA	31036-1053	(478) 892-3383	25	Restaurants
Way Brothers	530 Broad St	Hawkinsville	GA	31036-1538	(478) 892-9141	25	Automobile Dealers-New Cars
Broad Street Christian Life	RR 3 Box 1719	Hawkinsville	GA	31036-9209	(478) 783-2273	24	Child Care Service
Sunmark Community Bank	PO Box 967	Hawkinsville	GA	31036-0967	(478) 783-4036	24	Banks
Ethica Health & Retirement	320 Merritt St	Hawkinsville	GA	31036-1733	(478) 783-1438	21	Nursing & Convalescent Homes
Comsoth Security	108 S Lumpkin St	Hawkinsville	GA	31036-1725	(478) 783-8801	20	Burglar Alarm Systems (Wholesale)
Georgia Cancer Specialist	760 341 Blvd	Hawkinsville	GA	31036-1038	(478) 783-4022	20	Physicians & Surgeons
Safepro Security Systems LLC	108 S Lumpkin St	Hawkinsville	GA	31036-1725	(478) 892-7233	20	Burglar Alarm Systems (Wholesale)
Pulaski Freight Brokers	100 Technology Dr	Hawkinsville	GA	31036-4010	(478) 783-0707	19	Trucking-Contract Hauling
Hardee's	341 Broad St	Hawkinsville	GA	31036-1534	(478) 892-3750	18	Restaurants
Hawkinsville Dental Assoc	Lovers Lane Rd	Hawkinsville	GA	31036	(478) 783-3390	18	Department Stores
Pulaski County Jail	PO Box 330	Hawkinsville	GA	31036-0330	(478) 783-4011	18	County Govt-Correctional Institutions
Pulaski County Sheriff's Ofc	PO Box 330	Hawkinsville	GA	31036-0330	(478) 783-1521	18	Sheriff
Pulaski Pre-K Program	206 McCormick Ave	Hawkinsville	GA	31036-1731	(478) 783-7205	18	Schools
A B's Bar-B-Que	328 Broad St	Hawkinsville	GA	31036-1533	(478) 892-3264	16	Restaurants
Ace Hardware	PO Box 869	Hawkinsville	GA	31036-0869	(478) 892-9049	16	Hardware-Retail
Dept Of Family & Children Svc	PO Box 567	Hawkinsville	GA	31036-0567	(478) 783-6191	16	County Government-Social/Human Resources
Hawkinsville Public Works Grg	Old Fairground Rd	Hawkinsville	GA	31036	(478) 783-9250	15	Parking Area/Lots Maintenance & Marking
Middle Georgia Pediatrics	PO Box 1297	Hawkinsville	GA	31036-7297	(478) 783-4080	15	Physicians & Surgeons
Orthopaedic Associates Of Ga	PO Box 1297	Hawkinsville	GA	31036-7297	(478) 783-4190	15	Physicians & Surgeons

Source: InfoUSA

Employment, Population-Based

The following table gives population-based employment data for region since 1996. Historic data comes from the Bureau of Labor Statistics.

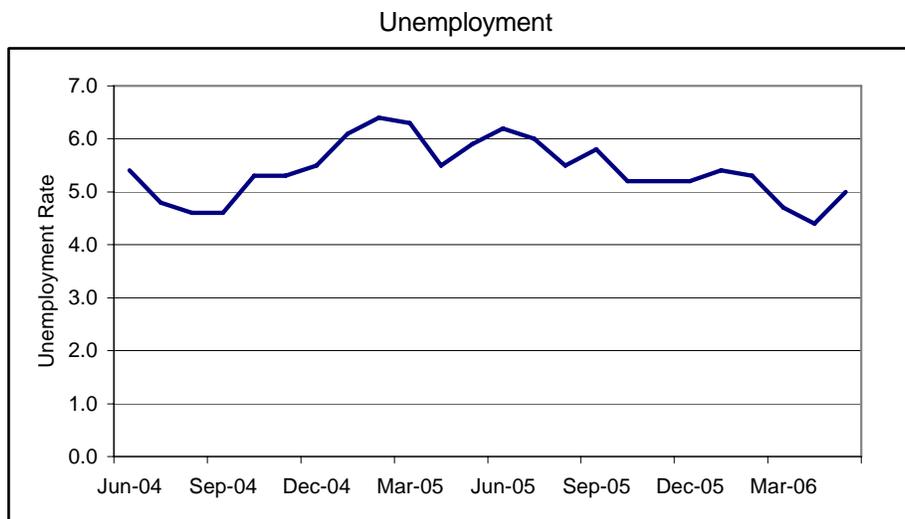
Employment, Population-Based						
Region						
Year	Labor Force	Employment	Job Growth	Growth Rate %	Unemployment	Unempl Rate %
1996	4,314	4,107	-40	-1.0%	207	4.8%
1997	4,455	4,232	125	3.0%	223	5.0%
1998	4,666	4,419	187	4.4%	247	5.3%
1999	4,611	4,394	-25	-0.6%	217	4.7%
2000	4,389	4,213	-181	-4.1%	176	4.0%
2001	4,303	4,036	-177	-4.2%	267	6.2%
2002	4,134	3,907	-129	-3.2%	227	5.5%
2003	4,262	4,074	167	4.3%	188	4.4%
2004	4,244	4,049	-25	-0.6%	195	4.6%
2005	4,382	4,128	79	2.0%	254	5.8%

Source: Bureau of Labor Statistics

Population-based employment for the region increased from 4,107 in 1996 to 4,128 in 2005. Job growth and unemployment averaged 2.0 and 5.8 percent, respectively, over the past year.

Unemployment

The following exhibit illustrates the pattern of unemployment for the region over the past 24 months.



Source: Bureau of Labor Statistics

The unemployment rates for the region have generally declined from approximately 6.0 percent to about 5.0 percent over the past 24 months.

Consumer Price Index

The following table shows consumer price index data since 1990 and a forecast through 2010:

Consumer Price Index		
US Total		
Year	Consumer Price Index	Annual Change
1990	130.7	5.4%
1991	136.2	4.2%
1992	140.3	3.0%
1993	144.5	3.0%
1994	148.2	2.6%
1995	152.4	2.8%
1996	156.9	3.0%
1997	160.5	2.3%
1998	163.0	1.6%
1999	166.6	2.2%
2000	172.2	3.4%
2001	177.1	2.8%
2002	179.9	1.6%
2003	184.0	2.3%
2004	188.9	2.7%
2005	195.3	3.4%
2006	200.7	2.8%
2007	206.3	2.8%
2008	212.0	2.8%
2009	217.9	2.8%
2010	224.0	2.8%

Source: Bureau of Labor Statistics
 Historic Data; Allen & Associates
 Projection Based on 3-Year Historic
 Average

Residential Permits

The following table gives residential permit data for the region since 2000 and a forecast through 2010:

Residential Permits					
Region					
Year	Total	Single Family	Multifamily	Single Family	Multifamily
2000	73	73	0	100.0%	0.0%
2001	32	32	0	100.0%	0.0%
2002	52	52	0	100.0%	0.0%
2003	49	49	0	100.0%	0.0%
2004	44	44	0	100.0%	0.0%
2005	38	38	0	100.0%	0.0%
2006	44	44	0	100.0%	0.0%
2007	44	44	0	100.0%	0.0%
2008	44	44	0	100.0%	0.0%
2009	44	44	0	100.0%	0.0%
2010	44	44	0	100.0%	0.0%

Source: U.S. Census Bureau Historic Data; Allen & Associates
Projection Based on 3-Year Historic Average

An estimated 44 residential permits are anticipated for the region in 2006. Multifamily is anticipated to account for 0.0 percent of this total through 2010.

Conclusions

In our opinion, the economic outlook for the region is good. Our observations are summarized below:

- Establishment-based employment for the region increased from 3,493 in 1990 to 4,158 in 2005. Employment is forecasted to increase 1.2 percent annually through 2010. This is compared with projected growth of 1.5 and 1.4 percent for the state and nation, respectively.
- Population-based employment for the region increased from 4,107 in 1996 to 4,128 in 2005. Job growth and unemployment averaged 2.0 and 5.8 percent, respectively, over the past year.
- The unemployment rates for the region have generally declined from approximately 6.0 percent to about 5.0 percent over the past 24 months.
- An estimated 44 residential permits are anticipated for the region in 2006. Multifamily is anticipated to account for 0.0 percent of this total through 2010.

MARKET AREA DEMOGRAPHIC CHARACTERISTICS

In this section we conduct an analysis of regional and market area demographics. Our analysis uses the regional and market area definitions presented previously in this report.

Population

The following table gives population data for the nation, state, region and market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Population						
1990-2000 Historic						
Line		US	State	Region	Market	Notes
1	1990 Population	249,622,814	6,512,602	8,108	8,108	US Census Bureau
2	2000 Population	282,177,838	8,230,094	9,588	9,588	US Census Bureau
3	1990-2000 Change	32,555,024	1,717,492	1,480	1,480	(2) - (1)
4						
5	1990-2000 Annual Change, %	1.2%	2.4%	1.7%	1.7%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic						
Line		US	State	Region	Market	Notes
8	2000 Population	282,177,838	8,230,094	9,588	9,588	US Census Bureau
9	2005 Population	296,468,313	8,919,405	9,781	9,781	W&P; Claritas
10	2000-2005 Change	14,290,475	689,311	193	193	(9) - (8)
11						
12	2000-2005 Annual Change, %	1.0%	1.6%	0.4%	0.4%	$[(9)/(8)]^{(1/5)}-1$
2005-2010 Projected						
Line		US	State	Region	Market	Notes
15	2005 Population	296,468,313	8,919,405	9,781	9,781	W&P; Claritas
16	2010 Population	311,034,645	9,517,755	9,967	9,967	W&P; Claritas
17	2005-2010 Change	14,566,332	598,350	186	186	(16) - (15)
18						
19	2005-2010 Annual Change, %	1.0%	1.3%	0.4%	0.4%	$[(16)/(15)]^{(1/5)}-1$

Source: U.S. Census Bureau, Woods & Poole; Claritas

Population for the market area increased from 8,108 in 1990 to 9,781 in 2005. Population is forecasted to increase 0.4 percent annually through 2010. This is compared with projected growth of 0.4, 1.3 and 1.0 percent for the region, state and nation, respectively.

Population, by Age, Sex and Race

The following tables give population data by age, sex and race for the region and market area in 2000:

Population, by Age

Population	2000			
	Region	Market	Region	Market
Under 5 years	613	613	6.4%	6.4%
5 to 9 years	606	606	6.3%	6.3%
10 to 14 years	609	609	6.4%	6.4%
15 to 19 years	667	667	7.0%	7.0%
20 to 24 years	613	613	6.4%	6.4%
25 to 29 years	684	684	7.1%	7.1%
30 to 34 years	741	741	7.7%	7.7%
35 to 39 years	774	774	8.1%	8.1%
40 to 44 years	776	776	8.1%	8.1%
45 to 49 years	684	684	7.1%	7.1%
50 to 54 years	604	604	6.3%	6.3%
55 to 59 years	524	524	5.5%	5.5%
60 to 64 years	421	421	4.4%	4.4%
65 to 69 years	368	368	3.8%	3.8%
70 to 74 years	305	305	3.2%	3.2%
75 to 79 years	253	253	2.6%	2.6%
80 to 84 years	169	169	1.8%	1.8%
85 years and over	177	177	1.8%	1.8%
Total	9,588	9,588	100.0%	100.0%

Population, by Sex

Population	2000			
	Region	Market	Region	Market
Male	4,081	4,081	42.6%	42.6%
Female	5,507	5,507	57.4%	57.4%
Total	9,588	9,588	100.0%	100.0%

Population, by Race

Population	2000			
	Region	Market	Region	Market
White alone	6,041	6,041	63.0%	63.0%
Black or African American alone	3,287	3,287	34.3%	34.3%
American Indian or Alaska Native alone	25	25	0.3%	0.3%
Asian alone	33	33	0.3%	0.3%
Native Hawaiian/Pacific Islander alone	12	12	0.1%	0.1%
Some other race alone	111	111	1.2%	1.2%
Population of two or more races	79	79	0.8%	0.8%
Total	9,588	9,588	100.0%	100.0%

Source: U.S. Census Bureau

Households

The following table gives household data for the nation, state, region and market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Total Households						
1990-2000 Historic						
Line		US	State	Region	Market	Notes
1	1990 Total Households	92,315,441	2,383,128	3,098	3,098	US Census Bureau
2	2000 Total Households	105,838,068	3,022,306	3,407	3,407	US Census Bureau
3	1990-2000 Change	13,522,627	639,178	309	309	(2) - (1)
4						
5	1990-2000 Annual Change, %	1.4%	2.4%	1.0%	1.0%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic						
7		US	State	Region	Market	
8	2000 Total Households	105,838,068	3,022,306	3,407	3,407	US Census Bureau
9	2005 Total Households	112,896,794	3,315,203	3,515	3,515	W&P; Claritas
10	2000-2005 Change	7,058,726	292,897	108	108	(9) - (8)
11						
12	2000-2005 Annual Change, %	1.3%	1.9%	0.6%	0.6%	$[(9)/(8)]^{(1/5)}-1$
2005-2010 Projected						
14		US	State	Region	Market	
15	2005 Total Households	112,896,794	3,315,203	3,515	3,515	W&P; Claritas
16	2010 Total Households	120,065,782	3,574,811	3,608	3,608	W&P; Claritas
17	2005-2010 Change	7,168,988	259,608	93	93	(16) - (15)
18						
19	2005-2010 Annual Change, %	1.2%	1.5%	0.5%	0.5%	$[(16)/(15)]^{(1/5)}-1$

Source: U.S. Census Bureau, Woods & Poole; Claritas

The total number of households for the market area increased from 3,098 in 1990 to 3,515 in 2005. The total number of households is forecasted to increase 0.5 percent annually through 2010. This is compared with projected growth of 0.5, 1.5 and 1.2 percent for the region, state and nation, respectively.

Tenure

The following table gives household tenure data for the region and market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Owner Tenure				
1990-2000 Historic				
Line		Region	Market	Notes
1	1990 Owner Tenure	70.53%	70.53%	US Census Bureau
2	2000 Owner Tenure	73.61%	73.61%	US Census Bureau
3	1990-2000 Change, %	3.08%	3.08%	(2) - (1)
4				
5	1990-2000 Annual Change, %	0.31%	0.31%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic				
7		Region	Market	
8	2000 Owner Tenure	73.61%	73.61%	US Census Bureau
9	2005 Owner Tenure	73.80%	73.80%	Claritas
10	2000-2005 Change, %	0.18%	0.18%	(9) - (8)
11				
12	2000-2005 Annual Change, %	0.04%	0.04%	(10) / 5
2005-2010 Projected				
14		Region	Market	
15	2005 Owner Tenure	73.80%	73.80%	Claritas
16	2010 Owner Tenure	74.03%	74.03%	Claritas
17	2005-2010 Change, %	0.23%	0.23%	(16) - (15)
18				
19	2005-2010 Annual Change, %	0.05%	0.05%	(17) / 5

Renter Tenure				
1990-2000 Historic				
Line		Region	Market	Notes
1	1990 Renter Tenure	29.47%	29.47%	US Census Bureau
2	2000 Renter Tenure	26.39%	26.39%	US Census Bureau
3	1990-2000 Change, %	-3.08%	-3.08%	(2) - (1)
4				
5	1990-2000 Annual Change, %	-0.31%	-0.31%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic				
7		Region	Market	
8	2000 Renter Tenure	26.39%	26.39%	US Census Bureau
9	2005 Renter Tenure	26.20%	26.20%	Claritas
10	2000-2005 Change, %	-0.18%	-0.18%	(9) - (8)
11				
12	2000-2005 Annual Change, %	-0.04%	-0.04%	(10) / 5
2005-2010 Projected				
14		Region	Market	
15	2005 Renter Tenure	26.20%	26.20%	Claritas
16	2010 Renter Tenure	25.97%	25.97%	Claritas
17	2005-2010 Change, %	-0.23%	-0.23%	(16) - (15)
18				
19	2005-2010 Annual Change, %	-0.05%	-0.05%	(17) / 5

Source: U.S. Census Bureau; Claritas

Households, by Tenure

The following table gives household tenure data for the region and market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Owner Households				
1990-2000 Historic				
Line		Region	Market	Notes
1	1990 Owner Households	2,185	2,185	US Census Bureau
2	2000 Owner Households	2,508	2,508	US Census Bureau
3	1990-2000 Change	323	323	(2) - (1)
4				
5	1990-2000 Annual Change, %	1.4%	1.4%	$[(2)/(1)]^{(1/10)-1}$
2000-2005 Historic				
7		Region	Market	
8	2000 Owner Households	2,508	2,508	US Census Bureau
9	2005 Owner Households	2,594	2,594	Claritas
10	2000-2005 Change	86	86	(9) - (8)
11				
12	2000-2005 Annual Change, %	0.7%	0.7%	$[(9)/(8)]^{(1/5)-1}$
2005-2010 Projected				
14		Region	Market	
15	2005 Owner Households	2,594	2,594	Claritas
16	2010 Owner Households	2,671	2,671	Claritas
17	2005-2010 Change	77	77	(16) - (15)
18				
19	2005-2010 Annual Change, %	0.6%	0.6%	$[(16)/(15)]^{(1/5)-1}$

Renter Households				
1990-2000 Historic				
Line		Region	Market	Notes
1	1990 Renter Households	913	913	US Census Bureau
2	2000 Renter Households	899	899	US Census Bureau
3	1990-2000 Change	-14	-14	(2) - (1)
4				
5	1990-2000 Annual Change, %	-0.2%	-0.2%	$[(2)/(1)]^{(1/10)-1}$
2000-2005 Historic				
7		Region	Market	
8	2000 Renter Households	899	899	US Census Bureau
9	2005 Renter Households	921	921	Claritas
10	2000-2005 Change	22	22	(9) - (8)
11				
12	2000-2005 Annual Change, %	0.5%	0.5%	$[(9)/(8)]^{(1/5)-1}$
2005-2010 Projected				
14		Region	Market	
15	2005 Renter Households	921	921	Claritas
16	2010 Renter Households	937	937	Claritas
17	2005-2010 Change	16	16	(16) - (15)
18				
19	2005-2010 Annual Change, %	0.3%	0.3%	$[(16)/(15)]^{(1/5)-1}$

Source: U.S. Census Bureau; Claritas

The total number of owner households for the market area currently stand at 2,594 and are anticipated to increase 0.6 percent annually through 2010. The total number of renter households for the market area currently stand at 921 and are anticipated to increase 0.3 percent annually through 2010.

Households, by Tenure, Size

The following table gives household size data by tenure for the region and market area in 2000. The data set comes from the U.S. Census Bureau:

Households, Owner, by Size

Households	2000			
	Region	Market	Region	Market
1 person	627	627	25.0%	25.0%
2 person	920	920	36.7%	36.7%
3 person	401	401	16.0%	16.0%
4 person	357	357	14.2%	14.2%
5 person	138	138	5.5%	5.5%
6 person	45	45	1.8%	1.8%
7+ person	20	20	0.8%	0.8%
Total	2,508	2,508	100.0%	100.0%

Households, Renter, by Size

Households	2000			
	Region	Market	Region	Market
1 person	324	324	36.0%	36.0%
2 person	197	197	21.9%	21.9%
3 person	139	139	15.5%	15.5%
4 person	131	131	14.6%	14.6%
5 person	70	70	7.8%	7.8%
6 person	21	21	2.3%	2.3%
7+ person	17	17	1.9%	1.9%
Total	899	899	100.0%	100.0%

Source: U.S. Census Bureau

Households, by Tenure, Movership

The following table gives household movership data by tenure for the region and market area in 1990 and 2000. The data set comes from the U.S. Census Bureau:

Movership, Owner

1990				
Households	Region	Market	Region	Market
1 year or less	109	109	5.0%	5.0%
1 year to 5 years	512	512	23.4%	23.4%
6 years to 10 years	302	302	13.8%	13.8%
11 years to 20 years	587	587	26.9%	26.9%
21 years to 30 years	360	360	16.5%	16.5%
30 years or more	315	315	14.4%	14.4%
Total	2,185	2,185	100.0%	100.0%

2000				
Households	Region	Market	Region	Market
1 year or less	164	164	6.5%	6.5%
1 year to 5 years	606	606	24.1%	24.1%
6 years to 10 years	441	441	17.6%	17.6%
11 years to 20 years	396	396	15.8%	15.8%
21 years to 30 years	431	431	17.2%	17.2%
30 years or more	472	472	18.8%	18.8%
Total	2,508	2,508	100.0%	100.0%

Source: U.S. Census Bureau

Movership, Renter

1990				
Households	Region	Market	Region	Market
1 year or less	279	279	30.6%	30.6%
1 year to 5 years	313	313	34.3%	34.3%
6 years to 10 years	141	141	15.4%	15.4%
11 years to 20 years	112	112	12.3%	12.3%
21 years to 30 years	54	54	5.9%	5.9%
30 years or more	14	14	1.5%	1.5%
Total	913	913	100.0%	100.0%

2000				
Households	Region	Market	Region	Market
1 year or less	265	265	29.4%	29.4%
1 year to 5 years	361	361	40.1%	40.1%
6 years to 10 years	126	126	14.0%	14.0%
11 years to 20 years	89	89	9.9%	9.9%
21 years to 30 years	24	24	2.7%	2.7%
30 years or more	34	34	3.8%	3.8%
Total	899	899	100.0%	100.0%

Source: U.S. Census Bureau

Household Income

The following table gives average household income data for the region and market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Average Household Income				
1990-2000 Historic				
Line		Region	Market	Notes
1	1990 Average Household Income	\$29,326	\$29,326	US Census Bureau
2	2000 Average Household Income	\$44,109	\$44,109	US Census Bureau
3	1990-2000 Change	\$14,783	\$14,783	(2) - (1)
4				
5	1990-2000 Annual Change, %	4.2%	4.2%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic				
7		Region	Market	
8	2000 Average Household Income	\$44,109	\$44,109	US Census Bureau
9	2005 Average Household Income	\$50,227	\$50,227	Claritas
10	2000-2005 Change	\$6,118	\$6,118	(9) - (8)
11				
12	2000-2004 Annual Change, %	2.6%	2.6%	$[(9)/(8)]^{(1/5)}-1$
2005-2010 Projected				
14		Region	Market	
15	2005 Average Household Income	\$50,227	\$50,227	Claritas
16	2010 Average Household Income	\$56,326	\$56,326	Claritas
17	2005-2010 Change	\$6,099	\$6,099	(16) - (15)
18				
19	2005-2010 Annual Change, %	2.3%	2.3%	$[(16)/(15)]^{(1/5)}-1$

Source: U.S. Census Bureau; Claritas

Average household income for the market area increased from \$29,326 in 1990 to \$50,227 in 2005. Average household income is forecasted to increase 2.3 percent annually through 2010. This is compared with a projected consumer price index growth of 2.8 percent, suggesting erosion in real disposable income over the next several years.

Owner Household Income, 2000

The following table gives owner household income data for the market area from the 2000 Census. The data, which was originally tabulated in 1999 dollars, is initially converted to percentages and then trended forward to 2005 dollars by inflating the income brackets using average household income growth rates for the market area. The resulting constant 2005 dollar estimates are then restated in cumulative \$10,000 increments for ease of reference and comparison.

Owner Household Income, by Percent of Income Spent on Housing, 2000 Census

1999 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$9,999	17	39	8	27	207	298
\$10,000	to	\$19,999	161	44	47	12	168	431
\$20,000	to	\$34,999	254	68	36	66	114	538
\$35,000	to	\$49,999	210	81	11	32	11	344
\$50,000	to	\$74,999	455	42	39	0	12	548
\$75,000	to	\$99,999	204	36	0	0	0	240
\$100,000	or	more	108	0	0	0	0	108
Total Households			1,410	310	140	137	512	2,508

1999 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$9,999	0.7%	1.6%	0.3%	1.1%	8.3%	11.9%
\$10,000	to	\$19,999	6.4%	1.7%	1.9%	0.5%	6.7%	17.2%
\$20,000	to	\$34,999	10.1%	2.7%	1.4%	2.6%	4.6%	21.4%
\$35,000	to	\$49,999	8.4%	3.2%	0.4%	1.3%	0.4%	13.7%
\$50,000	to	\$74,999	18.2%	1.7%	1.6%	0.0%	0.5%	21.9%
\$75,000	to	\$99,999	8.1%	1.4%	0.0%	0.0%	0.0%	9.6%
\$100,000	or	more	4.3%	0.0%	0.0%	0.0%	0.0%	4.3%
Percent of Total			56.2%	12.3%	5.6%	5.5%	20.4%	100.0%

2006 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$12,135	0.7%	1.6%	0.3%	1.1%	8.3%	11.9%
\$12,136	to	\$24,272	6.4%	1.7%	1.9%	0.5%	6.7%	17.2%
\$24,273	to	\$42,476	10.1%	2.7%	1.4%	2.6%	4.6%	21.4%
\$42,478	to	\$60,681	8.4%	3.2%	0.4%	1.3%	0.4%	13.7%
\$60,682	to	\$91,022	18.2%	1.7%	1.6%	0.0%	0.5%	21.9%
\$91,024	to	\$121,364	8.1%	1.4%	0.0%	0.0%	0.0%	9.6%
\$121,365	or	more	4.3%	0.0%	0.0%	0.0%	0.0%	4.3%
Percent of Total			56.2%	12.3%	5.6%	5.5%	20.4%	100.0%

2006 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$10,000	0.5%	1.3%	0.2%	0.9%	6.8%	9.7%
\$0	to	\$20,000	4.8%	2.7%	1.5%	1.4%	12.6%	22.9%
\$0	to	\$30,000	10.2%	4.1%	2.6%	2.4%	16.4%	35.7%
\$0	to	\$40,000	15.8%	5.6%	3.4%	3.8%	18.9%	47.5%
\$0	to	\$50,000	20.6%	7.3%	3.8%	4.7%	19.7%	56.1%
\$0	to	\$60,000	25.2%	9.1%	4.0%	5.4%	19.9%	63.7%
\$0	to	\$70,000	31.0%	9.7%	4.5%	5.5%	20.1%	70.8%
\$0	to	\$80,000	37.0%	10.3%	5.0%	5.5%	20.3%	78.0%
\$0	to	\$90,000	43.0%	10.8%	5.5%	5.5%	20.4%	85.2%
\$0	to	\$100,000	46.1%	11.3%	5.6%	5.5%	20.4%	88.9%
\$0	or	more	56.2%	12.3%	5.6%	5.5%	20.4%	100.0%

Source: U.S. Census Bureau; Allen & Associates

Renter Household Income, 2000

The following table gives renter household income data for the market area from the 2000 Census. The data, which was originally tabulated in 1999 dollars, is initially converted to percentages and then trended forward to 2005 dollars by inflating the income brackets using average household income growth rates for the market area. The resulting constant 2005 dollar estimates are then restated in cumulative \$10,000 increments for ease of reference and comparison.

Renter Household Income, by Percent of Income Spent on Housing, 2000 Census

1999 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$9,999	15	25	35	44	149	268
\$10,000	to	\$19,999	36	19	51	33	68	207
\$20,000	to	\$34,999	108	68	36	12	0	224
\$35,000	to	\$49,999	83	0	10	0	0	93
\$50,000	to	\$74,999	81	0	0	0	0	81
\$75,000	to	\$99,999	7	0	0	0	0	7
\$100,000	or	more	19	0	0	0	0	19
Total Households			350	112	131	89	217	899

1999 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$9,999	1.7%	2.8%	3.8%	4.9%	16.6%	29.8%
\$10,000	to	\$19,999	4.0%	2.1%	5.7%	3.7%	7.5%	23.0%
\$20,000	to	\$34,999	12.1%	7.5%	4.0%	1.3%	0.0%	24.9%
\$35,000	to	\$49,999	9.3%	0.0%	1.1%	0.0%	0.0%	10.3%
\$50,000	to	\$74,999	9.0%	0.0%	0.0%	0.0%	0.0%	9.0%
\$75,000	to	\$99,999	0.8%	0.0%	0.0%	0.0%	0.0%	0.8%
\$100,000	or	more	2.1%	0.0%	0.0%	0.0%	0.0%	2.1%
Percent of Total			38.9%	12.5%	14.6%	9.9%	24.1%	100.0%

2006 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$12,135	1.7%	2.8%	3.8%	4.9%	16.6%	29.8%
\$12,136	to	\$24,272	4.0%	2.1%	5.7%	3.7%	7.5%	23.0%
\$24,273	to	\$42,476	12.1%	7.5%	4.0%	1.3%	0.0%	24.9%
\$42,478	to	\$60,681	9.3%	0.0%	1.1%	0.0%	0.0%	10.3%
\$60,682	to	\$91,022	9.0%	0.0%	0.0%	0.0%	0.0%	9.0%
\$91,024	to	\$121,364	0.8%	0.0%	0.0%	0.0%	0.0%	0.8%
\$121,365	or	more	2.1%	0.0%	0.0%	0.0%	0.0%	2.1%
Percent of Total			38.9%	12.5%	14.6%	9.9%	24.1%	100.0%

2006 \$			Percent of Income Spent on Housing					
Income Range			<20%	20-24%	25-29%	30-34%	35%+	Total
\$0	to	\$10,000	1.4%	2.3%	3.1%	4.0%	13.6%	24.4%
\$0	to	\$20,000	4.3%	4.1%	7.5%	7.3%	21.4%	44.6%
\$0	to	\$30,000	9.4%	7.2%	10.8%	9.0%	24.1%	60.6%
\$0	to	\$40,000	16.1%	11.4%	13.0%	9.7%	24.1%	74.3%
\$0	to	\$50,000	21.5%	12.5%	13.9%	9.9%	24.1%	82.0%
\$0	to	\$60,000	26.6%	12.5%	14.5%	9.9%	24.1%	87.7%
\$0	to	\$70,000	29.7%	12.5%	14.6%	9.9%	24.1%	90.8%
\$0	to	\$80,000	32.7%	12.5%	14.6%	9.9%	24.1%	93.8%
\$0	to	\$90,000	35.7%	12.5%	14.6%	9.9%	24.1%	96.7%
\$0	to	\$100,000	36.3%	12.5%	14.6%	9.9%	24.1%	97.3%
\$0	or	more	38.9%	12.5%	14.6%	9.9%	24.1%	100.0%

Source: U.S. Census Bureau; Allen & Associates

Conclusions

In our opinion, the demographic outlook for the market area is fair. Our observations are summarized below:

- Population for the market area increased from 8,108 in 1990 to 9,781 in 2005. Population is forecasted to increase 0.4 percent annually through 2010. This is compared with projected growth of 0.4, 1.3 and 1.0 percent for the region, state and nation, respectively.
- The total number of households for the market area increased from 3,098 in 1990 to 3,515 in 2005. The total number of households is forecasted to increase 0.5 percent annually through 2010. This is compared with projected growth of 0.5, 1.5 and 1.2 percent for the region, state and nation, respectively.
- The total number of owner households for the market area currently stand at 2,594 and are anticipated to increase 0.6 percent annually through 2010. The total number of renter households for the market area currently stand at 921 and are anticipated to increase 0.3 percent annually through 2010.
- Average household income for the market area increased from \$29,326 in 1990 to \$50,227 in 2005. Average household income is forecasted to increase 2.3 percent annually through 2010. This is compared with a projected consumer price index growth of 2.8 percent, suggesting erosion in real disposable income over the next several years.

SUPPLY ANALYSIS

Overview

In this section we conduct an analysis of market area housing supply. Our analysis uses the market area definition presented previously in this report.

Total Housing Units

The following table gives total housing unit data for the market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Total Housing Units			
1990-2000 Historic			
Line		Market	Notes
1	1990 Total Housing Units	3,470	US Census Bureau
2	2000 Total Housing Units	3,926	US Census Bureau
3	1990-2000 Change	456	(2) - (1)
4			
5	1990-2000 Annual Change, %	1.2%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic			
6			
7		Market	
8	2000 Total Housing Units	3,926	US Census Bureau
9	2005 Total Housing Units	4,068	Claritas
10	2000-2005 Change	142	(9) - (8)
11			
12	2000-2005 Annual Change, %	0.7%	$[(9)/(8)]^{(1/5)}-1$
2005-2010 Projected			
13			
14		Market	
15	2005 Total Housing Units	4,068	Claritas
16	2010 Total Housing Units	4,176	Claritas
17	2005-2010 Change	108	(16) - (15)
18			
19	2005-2010 Annual Change, %	0.5%	$[(16)/(15)]^{(1/5)}-1$

Source: U.S. Census Bureau; Claritas

The total number of housing units for the market area increased from 3,470 in 1990 to 4,068 in 2005. The total number of housing units is forecasted to increase 0.5 percent annually through 2010.

Total Housing Units, by Tenure, Age of Structure

The following table gives total housing units by tenure and age or structure for the market area in 2000. The data set comes from the U.S. Census Bureau:

Housing Units							
2000							
Year Built	Owner	Renter	Occupied	Vacant	Percent	Total	Percent
1990 to 2000	570	125	695	90	11.5%	784	20.0%
1980 to 1989	307	176	483	107	18.1%	591	15.1%
1970 to 1979	523	135	658	77	10.5%	735	18.7%
1960 to 1969	482	150	632	37	5.5%	667	17.0%
1950 to 1959	325	147	472	110	18.9%	583	14.9%
1940 to 1949	142	59	201	41	16.8%	242	6.2%
1939 or earlier	161	105	266	57	17.6%	324	8.2%
Total	2,508	899	3,407	519	13.2%	3,926	100.0%

Source: U.S. Census Bureau

Median Age		
2006		
	Built	Age
Owner	1973	33
Renter	1969	37
Total	1972	34

Source: U.S. Census Bureau

Our analysis suggests median ages of 33 and 37 years, respectively, for the owner and renter housing units in the market area.

Renter Housing Units

The following table gives renter housing unit data for the market area since 1990. The data set, which comes from the U.S. Census Bureau and Claritas, includes a forecast through 2010:

Renter Housing Units			
1990-2000 Historic			
Line		Market	Notes
1	1990 Renter Housing Units	1,020	US Census Bureau
2	2000 Renter Housing Units	986	US Census Bureau
3	1990-2000 Change	-34	(2) - (1)
4			
5	1990-2000 Annual Change, %	-0.3%	$[(2)/(1)]^{(1/10)}-1$
2000-2005 Historic			
7		Market	
8	2000 Renter Housing Units	986	US Census Bureau
9	2005 Renter Housing Units	1,022	Claritas
10	2000-2005 Change	36	(9) - (8)
11			
12	2000-2005 Annual Change, %	0.7%	$[(9)/(8)]^{(1/5)}-1$
2005-2010 Projected			
14		Market	
15	2005 Renter Housing Units	1,022	Claritas
16	2010 Renter Housing Units	1,049	Claritas
17	2005-2010 Change	27	(16) - (15)
18			
19	2005-2010 Annual Change, %	0.5%	$[(16)/(15)]^{(1/5)}-1$

Source: U.S. Census Bureau, Claritas; Allen & Associates

The total number of renter housing units for the market area increased from 1,020 in 1990 to 1,022 in 2005. The total number of housing units is forecasted to increase 0.5 percent annually through 2010.

Renter Housing Units, by Bedroom Count

The following table gives renter housing units by bedroom count for the market area in 1990 and 2000. The data set comes from the U.S. Census Bureau:

Renter Housing Units					
1990					
Unit Type	Occupied	Vacant	Percent	Total	Percent
0 Bedroom	22	2	8.4%	24	2.4%
1 Bedroom	158	9	5.7%	167	16.4%
2 Bedroom	404	51	11.1%	455	44.6%
3 Bedroom	300	38	11.2%	338	33.1%
4 Bedroom	20	7	25.7%	27	2.6%
5 Bedroom	9	0	0.0%	9	0.9%
Total	913	107	10.5%	1,020	100.0%

2000					
Unit Type	Occupied	Vacant	Percent	Total	Percent
0 Bedroom	15	0	3.1%	16	1.6%
1 Bedroom	175	6	3.5%	182	18.4%
2 Bedroom	349	39	10.1%	388	39.4%
3 Bedroom	335	27	7.5%	362	36.7%
4 Bedroom	15	14	48.4%	29	3.0%
5 Bedroom	10	0	0.0%	10	1.0%
Total	899	87	8.8%	986	100.0%

Source: U.S. Census Bureau; Allen & Associates

Renter Housing Units, by Unit Size

The following table gives renter housing units by unit size for the market area in 1990 and 2000. The data set comes from the U.S. Census Bureau:

Renter Housing Units		
1990		
Unit Type	Occupied	Size
0 Bedroom	22	500
1 Bedroom	158	700
2 Bedroom	404	1,000
3 Bedroom	300	1,250
4 Bedroom	20	1,400
5 Bedroom	9	1,550
Total/Average	913	1,032

2000		
Unit Type	Occupied	Size
0 Bedroom	15	500
1 Bedroom	175	700
2 Bedroom	349	1,000
3 Bedroom	335	1,250
4 Bedroom	15	1,400
5 Bedroom	10	1,550
Total/Average	899	1,039

Source: U.S. Census Bureau; Allen & Associates

Median Rent

The following tables give the 1990 and 2000 median rent data for the market area. This data comes from the US Census Bureau:

Median Rent		
1990		
Rent Range		Market
\$0	to \$249	464
\$250	to \$499	309
\$500	to \$749	56
\$750	to \$999	0
\$1,000	to more	0
No Cash Rent		85
Total Households		913

Median Rent		
2000		
Rent Range		Market
\$0	to \$249	190
\$250	to \$499	390
\$500	to \$749	160
\$750	to \$999	54
\$1,000	to more	7
No Cash Rent		99
Total Households		899

1990 - 2000 Change	
Description	Market
Median Rent, 1990	\$260
Median Rent, 2000	\$402
Average Square Feet, 1990	1,032
Average Square Feet, 2000	1,039
Rent per Square Foot, 1990	\$0.251
Rent per Square Foot, 2000	\$0.387
1990-2000 Change	\$0.136
1990-2000 Annual Change, %	4.4%

Source: U.S. Census Bureau; Allen & Associates

The renter housing unit data suggests a 4.4 percent annual increase in median rent for the market area between 1990 and 2000.

Substandard Housing Units

The U.S. Census Bureau defines substandard housing units as follows: (1) Units without complete plumbing; or (2) Units with 1.00 or more persons per room. The following tables give the 1990 and 2000 breakdown of substandard housing units by tenure:

Substandard Housing Units			
1990			
Households	Total	Owner	Renter
1.00 persons per room or less	2,831	2,103	728
1.01 to 1.50 persons per room	121	47	74
1.51 persons per room or more	47	14	33
Complete Plumbing	2,999	2,164	835
1.00 persons per room or less	83	10	73
1.01 to 1.50 persons per room	11	11	0
1.51 persons per room or more	5	0	5
Lacking Complete Plumbing	99	21	78
Standard	2,831	2,103	728
Substandard	267	82	185
Total	3,098	2,185	913
Standard	91.4%	96.2%	79.7%
Substandard	8.6%	3.8%	20.3%
Total	100.0%	100.0%	100.0%

2000			
Households	Total	Owner	Renter
1.00 persons per room or less	3,259	2,414	845
1.01 to 1.50 persons per room	36	36	0
1.51 persons per room or more	46	17	29
Complete Plumbing	3,341	2,467	874
1.00 persons per room or less	49	34	15
1.01 to 1.50 persons per room	10	0	10
1.51 persons per room or more	7	7	0
Lacking Complete Plumbing	66	41	25
Standard	3,259	2,414	845
Substandard	148	94	54
Total	3,407	2,508	899
Standard	95.7%	96.3%	94.0%
Substandard	4.3%	3.7%	6.0%
Total	100.0%	100.0%	100.0%

Source: U.S. Census Bureau

Rental Property Inventory

In conducting our analysis, we attempted to obtain information on every multifamily property with 20 or more units in the primary market area. We compiled a list of all properties financed by the state housing finance authority and all properties subsidized by USDA and/or HUD. We also conducted a search for conventional multifamily communities.

Our analysis included a total of 5 properties in the market area. This total included 5 stabilized properties consisting of 1 properties with 100 percent market rate units (market rate properties), 2 properties with a mixture of market rate / restricted / subsidized units (restricted properties), and 2 properties with 100 percent project-based rental assistance (subsidized properties). The total included 1 stabilized elderly properties and 4 stabilized family properties. The breakout is set forth below:

Market Rate			
	Elderly	Family	Total
Total Properties	0	1	1
Stabilized Properties	0	1	1

Restricted			
	Elderly	Family	Total
Total Properties	0	2	2
Stabilized Properties	0	2	2

Subsidized			
	Elderly	Family	Total
Total Properties	1	1	2
Stabilized Properties	1	1	2

Total			
	Elderly	Family	Total
Total Properties	1	4	5
Stabilized Properties	1	4	5

The following is our inventory of properties in the market area:

		Overview								
AAC Code	Project Name	Miles to Subject	Year Built	Year Renovated	Rent Type	Occupancy Type	Status	Total Units	Vacant Units	Occupancy
Sub	Cotton Mill Lofts	0.00	1904	2006	Restricted	Family	Prop Const	65	65	0.0%
001	Arrowhead	1.36	1984	na	Restricted	Family	Stabilized	50	1	98.0%
002	Hawkinsville Housing Authority /Mooney/G	0.57	0	na	Subsidized	Family	Stabilized	100	0	100.0%
003	Heart Homes	0.93	1991	na	Subsidized	Elderly	Stabilized	30	0	100.0%
004	Lakeside Villa Apartments	1.39	1984	na	Restricted	Family	Stabilized	32	2	93.8%
005	Town Plaza Apartments	0.45	1957	1985	Market Rate	Family	Stabilized	9	0	100.0%

Other properties exist in the market area that were not included in this study. In our opinion, however, the properties included in this study give an accurate picture of market conditions as of the effective date of this report.

Rental Property Inventory Map

A map showing the location of properties included in this report relative to the subject property is found on the next page. Properties identified with red pushpins have market rents, properties identified with yellow pushpins have restricted rents, and properties identified with blue pushpins have subsidized rents. Detailed write-ups for all properties are found in the Appendix of this report.

Occupancy Summary

Our occupancy summary for the market area is found in the following pages.

Occupancies by rent type for stabilized elderly properties follow: Market rate, not applicable (0 units in sample); restricted rents, not applicable (0 units in sample); and subsidized rents, 100.0% (30 units in sample).

Occupancies by rent type for stabilized family properties follow: Market rate, 100.0% (9 units in sample); restricted rents, 96.3% (82 units in sample); and subsidized rents, 100.0% (100 units in sample).

Overall market occupancies for stabilized properties currently stand at 98.6% (221 units in sample).

Stabilized Occupancy Rates

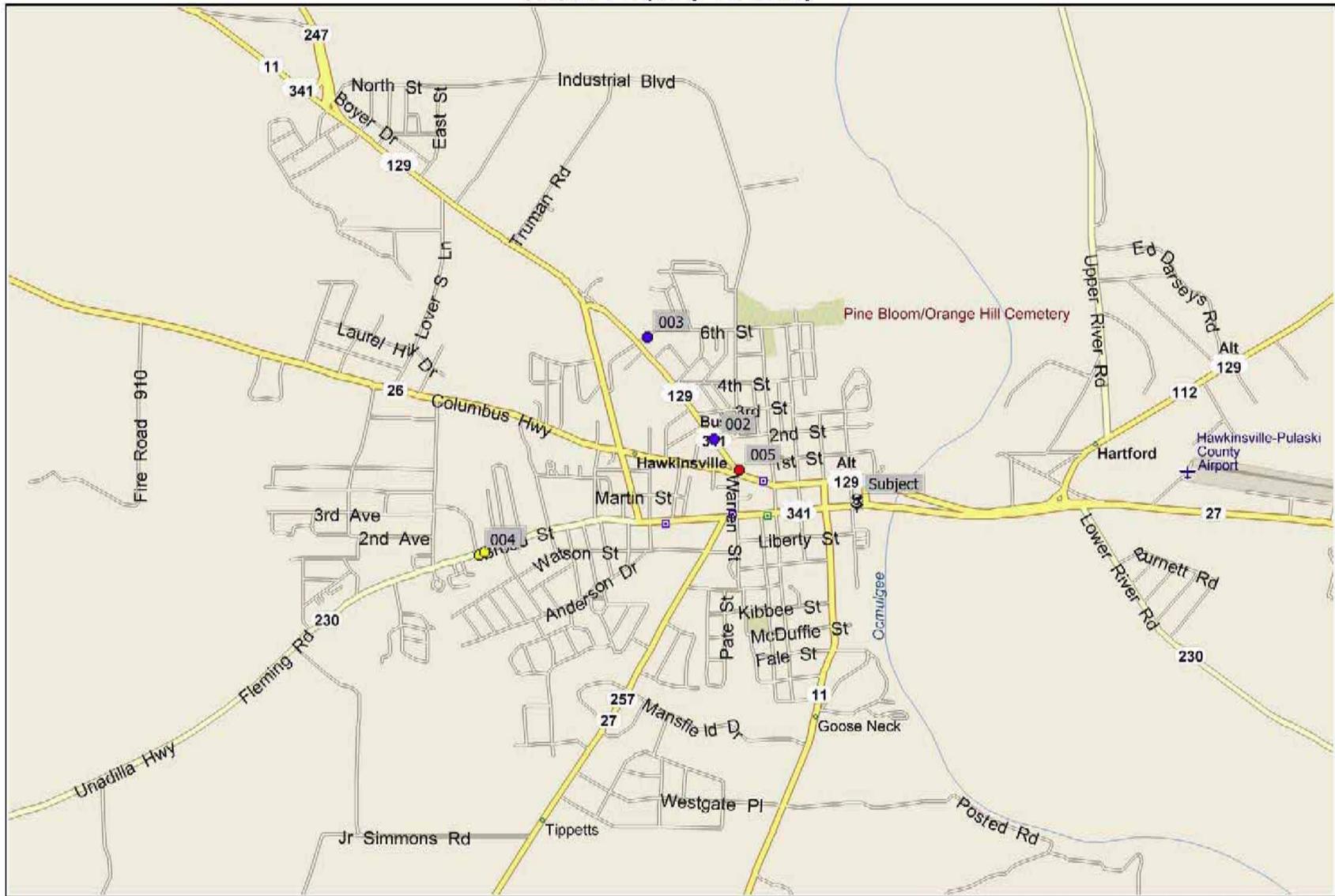
The following table uses the proposed unit mix and prevailing occupancy rates to estimate the stabilized occupancy rate for the subject property:

	30% of AMI	50% of AMI	60% of AMI	Restricted	Market Rate	Total
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	14	25	39	0	39
3-Bedroom	0	9	17	26	0	26
4-Bedroom	0	0	0	0	0	0
Subject Units	0	23	42	65	0	65
0-Bedroom	0%	0%	0%	0%	0%	0%
1-Bedroom	0%	0%	0%	0%	0%	0%
2-Bedroom	0%	96%	96%	96%	0%	96%
3-Bedroom	0%	96%	96%	96%	0%	96%
4-Bedroom	0%	0%	0%	0%	0%	0%
Stabilized Occupancy	0%	96%	96%	96%	0%	96%

Source: Allen & Associates

Based on the prevailing occupancy rates for market rate, restricted and subsidized properties, and considering the unit mix for the subject property, we anticipate a stabilized occupancy rate of approximately 96 percent.

Rental Property Inventory



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Market Rate

	Elderly						Family						Total					
	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total
Total Units	0	0	0	0	0	0	0	9	0	0	0	9	0	9	0	0	0	9
Total Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Occupancy	-	-	-	-	-	-	-	100.0%	-	-	-	100.0%	-	100.0%	-	-	-	100.0%
Stabilized Units	0	0	0	0	0	0	0	9	0	0	0	9	0	9	0	0	0	9
Stabilized Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stabilized Occupancy	-	-	-	-	-	-	-	100.0%	-	-	-	100.0%	-	100.0%	-	-	-	100.0%

Restricted

	Elderly						Family						Total					
	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total
Total Units	0	0	0	0	0	0	0	46	36	0	0	82	0	46	36	0	0	82
Total Vacant Units	0	0	0	0	0	0	0	3	0	0	0	3	0	3	0	0	0	3
Total Occupancy	-	-	-	-	-	-	-	93.5%	100.0%	-	-	96.3%	-	93.5%	100.0%	-	-	96.3%
Stabilized Units	0	0	0	0	0	0	0	46	36	0	0	82	0	46	36	0	0	82
Stabilized Vacant Units	0	0	0	0	0	0	0	3	0	0	0	3	0	3	0	0	0	3
Stabilized Occupancy	-	-	-	-	-	-	-	93.5%	100.0%	-	-	96.3%	-	93.5%	100.0%	-	-	96.3%

Subsidized

	Elderly						Family						Total					
	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total
Total Units	8	22	0	0	0	30	0	25	50	25	0	100	8	47	50	25	0	130
Total Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Occupancy	100.0%	100.0%	-	-	-	100.0%	-	100.0%	100.0%	100.0%	-	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%
Stabilized Units	8	22	0	0	0	30	0	25	50	25	0	100	8	47	50	25	0	130
Stabilized Vacant Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stabilized Occupancy	100.0%	100.0%	-	-	-	100.0%	-	100.0%	100.0%	100.0%	-	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%

Grand Total

	Elderly						Family						Total					
	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total	0BR	1BR	2BR	3BR	4BR	Total
Total Units	8	22	0	0	0	30	0	80	86	25	0	191	8	102	86	25	0	221
Total Vacant Units	0	0	0	0	0	0	0	3	0	0	0	3	0	3	0	0	0	3
Total Occupancy	100.0%	100.0%	-	-	-	100.0%	-	96.3%	100.0%	100.0%	-	98.4%	100.0%	97.1%	100.0%	100.0%	-	98.6%
Stabilized Units	8	22	0	0	0	30	0	80	86	25	0	191	8	102	86	25	0	221
Stabilized Vacant Units	0	0	0	0	0	0	0	3	0	0	0	3	0	3	0	0	0	3
Stabilized Occupancy	100.0%	100.0%	-	-	-	100.0%	-	96.3%	100.0%	100.0%	-	98.4%	100.0%	97.1%	100.0%	100.0%	-	98.6%

RENT COMPARABILITY ANALYSIS

In this section we evaluate the proposed rents for the subject property given the pricing for similar properties in the marketplace. In our analysis, we first compare the subject property to similar restricted rent properties in order to arrive at an indicated market rent conclusion for the restricted rent units at the subject property. Our next step is to compare the subject property to similar market rate properties in order to arrive at a market rent conclusion for the subject property units, assuming that the subject property was completely unrestricted. Because the actual rents market rate units at restricted-rent properties often fall short of the rents at unrestricted properties, we utilize the restricted rent and market rent conclusions derived above to arrive at an indicated market rent conclusion for any market rate units at the subject property. Finally, we compare our rent conclusions with the sponsor's proposed rents to assess whether the subject property is priced appropriately.

Analysis of Restricted Rent Comparables

In this section we select comparable rentals and use them to develop estimates of indicated market rents for the restricted rent units at the subject property. Our selection of comparables was based on location, age, condition, unit mix and amenities of the comparable properties relative to the subject property.

Comparables with market rate rents are used when a sufficient number of restricted rent comparables are not available and when maximum allowable rents for properties with restricted rents exceed prevailing rents in the area. In the event that program rental rates exceed market rental rates, restricted units are, in fact, *de facto* market rate units.

On the next page we present a master list of properties with notes regarding the reasons for selecting or rejecting each property as a rent comparable for purposes of this analysis.

Comparable Rental Property Map

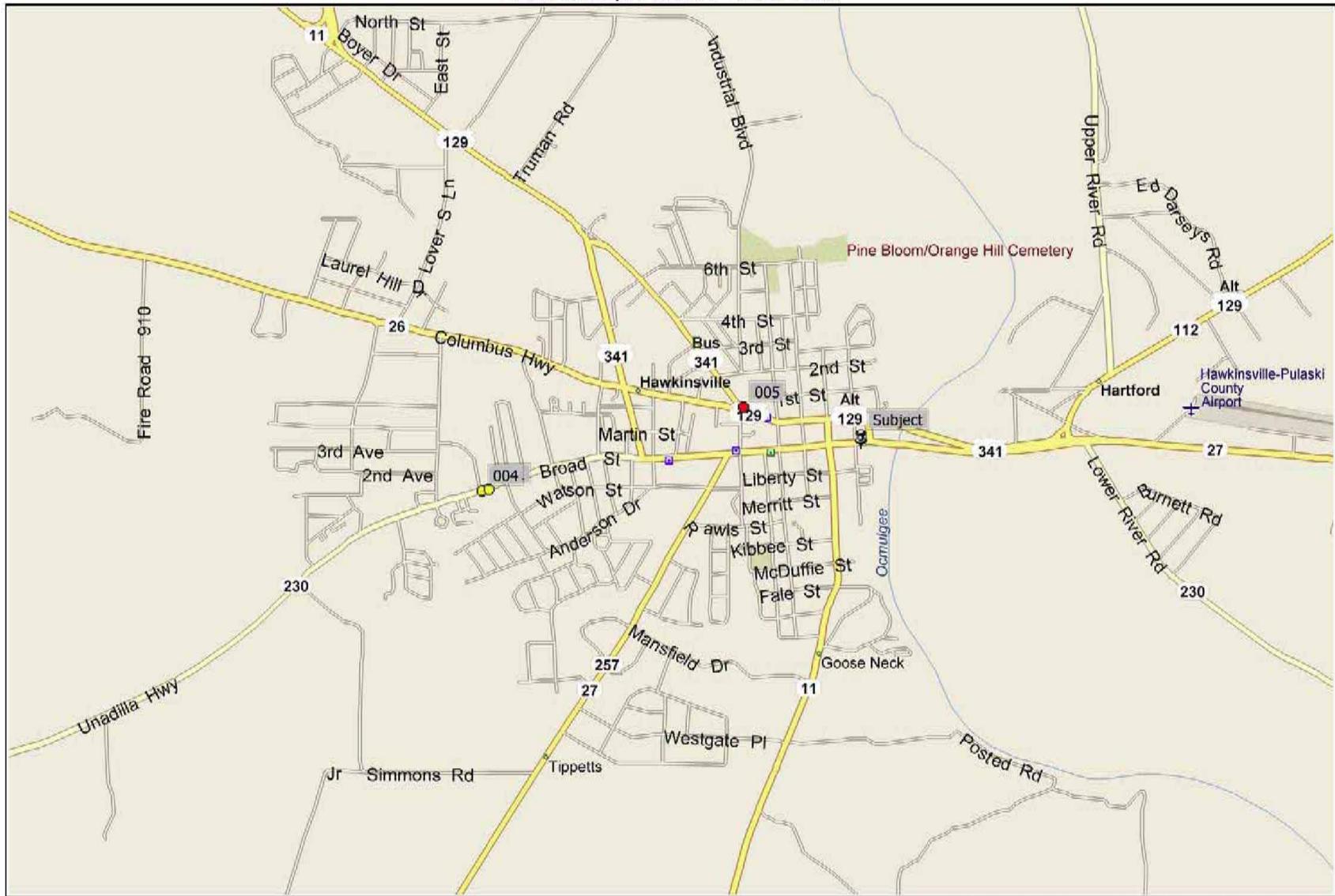
A map showing the location of the properties selected as comparables in this analysis is found after the master list of properties found below. Properties identified with red pushpins have market rents, properties identified with yellow pushpins have restricted rents, and properties identified with blue pushpins have subsidized rents. Detailed write-ups for the comparables are found in the Appendix of this report.

Rent Comparability Grids

Our analysis utilized rent comparability grids and resulted in an achievable rent estimate for each of the subject's unit types. The rent comparability grids for the subject property are found after the map of the rent comparables found below:

		Overview									
AAC Code	Project Name	Miles to Subject	Year Built	Year Renovated	Rent Type	Occupancy Type	Status	Total Units	Vacant Units	Occupancy	Selection as Restricted Rent Comparable
Sub	Cotton Mill Lofts	0.00	1904	2006	Restricted	Family	Prop Const	65	65	0.0%	
001	Arrowhead	1.36	1984	na	Restricted	Family	Stabilized	50	1	98.0%	selected
002	Hawkinsville Housing Authority /Mooney/G	0.57	0	na	Subsidized	Family	Stabilized	100	0	100.0%	subsidized
003	Heart Homes	0.93	1991	na	Subsidized	Elderly	Stabilized	30	0	100.0%	subsidized
004	Lakeside Villa Apartments	1.39	1984	na	Restricted	Family	Stabilized	32	2	93.8%	selected
005	Town Plaza Apartments	0.45	1957	1985	Market Rate	Family	Stabilized	9	0	100.0%	selected

Rent Comparables, Restricted



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	Adjustments			Sub	001	001	004	004	005					
Project Name				Cotton Mill Lofts	Arrowhead	Arrowhead	Lakeside Villa Apartments	Lakeside Villa Apartments	Town Plaza Apartments					
Address				100 South Houston Street	850 Broad Street	850 Broad Street	880 Broad Street	880 Broad Street	200 Progress Avenue					
City				Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville					
State				Georgia	Georgia	Georgia	Georgia	Georgia	Georgia					
Zip				31036	31036	31036	31036	31036	31036					
Phone				(336) 772-9871	(478) 783-1535	(478) 783-1535	(478) 783-1287	(478) 783-1287	(478) 783-0142					
Latitude				32.2819	32.2797	32.2797	32.2796	32.2796	32.2842					
Longitude				-83.4649	-83.4889	-83.4889	-83.4893	-83.4893	-83.4725					
Miles to Subject				0.00	1.36	1.36	1.39	1.39	0.45					
Effective Date				07/01/06	05/24/06	05/24/06	05/25/06	05/25/06	05/23/06					
Rent Type				Restricted	Restricted	Restricted	Restricted	Restricted	Market Rate					
Income Limit				60% of AMI	50% of AMI	50% of AMI	50% of AMI	50% of AMI	Market Rate					
Project Type				Family	Family	Family	Family	Family	Family					
Project Status				Prop Const	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized					
Total Units				25	30	20	16	16	2					
Vacant Units				25	1	0	2	0	0					
Year Built				1904	1984	1984	1984	1984	1957					
Year Renovated				2006	na	na	na	na	1985					
Occupancy				0%	97%	100%	88%	100%	100%					
Square Feet, Minimum				825	900	1,050	700	1,000	450					
Square Feet, Maximum				825	900	1,050	700	1,000	450					
Square Feet, Typical				825	900	1,050	700	1,000	450					
Utility Allowance				\$106	\$0	\$0	\$98	\$128	\$135					
Net Rent, Minimum				\$450	\$297	\$322	\$383	\$428	\$375					
Net Rent, Maximum				\$450	\$429	\$468	\$519	\$579	\$375					
Net Rent, Typical				\$450	\$429	\$468	\$519	\$579	\$375					
	Min	Max	Adj	Data	Data	Adj	Data	Adj	Data	Adj				
Utilities in Rent	Change in UA			\$106 UA	\$0 UA	-\$106	\$0 UA	-\$106	\$98 UA	-\$8	\$128 UA	\$22	\$135 UA	\$29
Unit Type	varies	varies	\$0.00	Garden/Flat	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0
Location	varies	varies	\$0.00	3	3	\$0	3	\$0	3	\$0	3	\$0	3	\$0
Condition	varies	varies	\$0.00	5	3.5	\$0	3.5	\$0	3	\$0	3	\$0	2	\$0
Effective Age	\$0.00	\$2.00	\$0.00	0	22	\$0	22	\$0	22	\$0	22	\$0	21	\$0
Bedrooms	\$0.00	\$100.00	\$50.00	2	1	\$50	2	\$0	1	\$50	2	\$0	1	\$50
Bathrooms	\$0.00	\$50.00	\$25.00	2.0	1.0	\$25	1.0	\$25	1.0	\$25	1.0	\$25	2.0	\$0
Square Feet, Typical	\$0.00	\$1.00	\$0.00	825	900	\$0	1,050	\$0	700	\$0	1,000	\$0	450	\$0
Building Type						\$0		\$0		\$0		\$0		\$0
Project Amenities						\$35		\$35		\$35		\$35		\$35
Unit Amenities						-\$5		-\$5		-\$10		-\$10		\$0
Kitchen Amenities						\$5		\$5		\$5		\$5		\$5
A/C Units						\$0		\$0		\$0		\$0		\$10
Heat						\$0		\$0		\$0		\$0		\$5
Parking						\$0		\$0		\$0		\$0		\$0
W/D Units						\$0		\$0		\$0		\$0		\$25
Security						\$0		\$0		-\$5		-\$5		\$0
Services						\$0		\$0		\$0		\$0		\$0
Indicated Rent				\$530	\$433		\$422		\$611		\$651		\$534	

	Adjustments			Sub	001	001	004	004	005					
Project Name				Cotton Mill Lofts	Arrowhead	Arrowhead	Lakeside Villa Apartments	Lakeside Villa Apartments	Town Plaza Apartments					
Address				100 South Houston Street	850 Broad Street	850 Broad Street	880 Broad Street	880 Broad Street	200 Progress Avenue					
City				Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville					
State				Georgia	Georgia	Georgia	Georgia	Georgia	Georgia					
Zip				31036	31036	31036	31036	31036	31036					
Phone				(336) 772-9871	(478) 783-1535	(478) 783-1535	(478) 783-1287	(478) 783-1287	(478) 783-0142					
Latitude				32.2819	32.2797	32.2797	32.2796	32.2796	32.2842					
Longitude				-83.4649	-83.4889	-83.4889	-83.4893	-83.4893	-83.4725					
Miles to Subject				0.00	1.36	1.36	1.39	1.39	0.45					
Effective Date				07/01/06	05/24/06	05/24/06	05/25/06	05/25/06	05/23/06					
Rent Type				Restricted	Restricted	Restricted	Restricted	Restricted	Market Rate					
Income Limit				60% of AMI	50% of AMI	50% of AMI	50% of AMI	50% of AMI	Market Rate					
Project Type				Family	Family	Family	Family	Family	Family					
Project Status				Prop Const	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized					
Total Units				17	30	20	16	16	2					
Vacant Units				17	1	0	2	0	0					
Year Built				1904	1984	1984	1984	1984	1957					
Year Renovated				2006	na	na	na	na	1985					
Occupancy				0%	97%	100%	88%	100%	100%					
Square Feet, Minimum				1,200	900	1,050	700	1,000	450					
Square Feet, Maximum				1,200	900	1,050	700	1,000	450					
Square Feet, Typical				1,200	900	1,050	700	1,000	450					
Utility Allowance				\$129	\$0	\$0	\$98	\$128	\$135					
Net Rent, Minimum				\$475	\$297	\$322	\$383	\$428	\$375					
Net Rent, Maximum				\$475	\$429	\$468	\$519	\$579	\$375					
Net Rent, Typical				\$475	\$429	\$468	\$519	\$579	\$375					
	Min	Max	Adj	Data	Data	Adj	Data	Adj	Data	Adj				
Utilities in Rent	Change in UA			\$129 UA	\$0 UA	-\$129	\$0 UA	-\$129	\$98 UA	-\$31	\$128 UA	-\$1	\$135 UA	\$6
Unit Type	varies	varies	\$0.00	Garden/Flat	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0
Location	varies	varies	\$0.00	3	3	\$0	3	\$0	3	\$0	3	\$0	3	\$0
Condition	varies	varies	\$0.00	5	3.5	\$0	3.5	\$0	3	\$0	3	\$0	2	\$0
Effective Age	\$0.00	\$2.00	\$0.00	0	22	\$0	22	\$0	22	\$0	22	\$0	21	\$0
Bedrooms	\$0.00	\$100.00	\$50.00	3	1	\$100	2	\$50	1	\$100	2	\$50	1	\$100
Bathrooms	\$0.00	\$50.00	\$25.00	2.0	1.0	\$25	1.0	\$25	1.0	\$25	1.0	\$25	2.0	\$0
Square Feet, Typical	\$0.00	\$1.00	\$0.00	1,200	900	\$0	1,050	\$0	700	\$0	1,000	\$0	450	\$0
Building Type						\$0		\$0		\$0		\$0		\$0
Project Amenities						\$35		\$35		\$35		\$35		\$35
Unit Amenities						-\$5		-\$5		-\$10		-\$10		\$0
Kitchen Amenities						\$5		\$5		\$5		\$5		\$5
A/C Units						\$0		\$0		\$0		\$0		\$10
Heat						\$0		\$0		\$0		\$0		\$5
Parking						\$0		\$0		\$0		\$0		\$0
W/D Units						\$0		\$0		\$0		\$0		\$25
Security						\$0		\$0		-\$5		-\$5		\$0
Services						\$0		\$0		\$0		\$0		\$0
Indicated Rent				\$555	\$460		\$449		\$638		\$678		\$561	

The following table sets forth the supplementary rent adjustments used in our analysis:

		Min	Max	Adj	Sub	001	004	005
Building Type	1 Story	\$0	\$0	\$0	no	yes	yes	y
	2-4 Story	\$0	\$0	\$0	yes	no	no	no
	5-10 Story	\$0	\$0	\$0	no	no	no	no
	>10 Story	\$0	\$0	\$0	no	no	no	no
	Adjustment				\$0	\$0	\$0	\$0
Project Amenities	Ball Field	\$0	\$10	\$5	yes	no	no	no
	BBQ Area	\$0	\$10	\$5	no	no	no	no
	Billiards	\$0	\$10	\$5	no	no	no	no
	Bus/Comp Ctr	\$0	\$10	\$5	yes	no	no	no
	Car Care Ctr	\$0	\$10	\$5	no	no	no	no
	Comm Center	\$0	\$10	\$5	yes	no	no	no
	Elevator	\$0	\$10	\$5	no	no	no	no
	Fitness Center	\$0	\$10	\$5	yes	no	no	no
	Gazebo	\$0	\$10	\$5	yes	no	no	no
	Hot Tub/Jacuzzi	\$0	\$10	\$5	no	no	no	no
	Horseshoe Pit	\$0	\$10	\$5	no	no	no	no
	Lake	\$0	\$10	\$5	no	no	no	no
	Library	\$0	\$10	\$5	no	no	no	no
	Movie Theatre	\$0	\$10	\$5	no	no	no	no
	Picnic Area	\$0	\$10	\$5	yes	no	no	no
	Playground	\$0	\$10	\$5	no	no	no	no
	Pool	\$0	\$10	\$5	no	no	no	no
	Sauna	\$0	\$10	\$5	no	no	no	no
Sports Court	\$0	\$10	\$5	no	no	no	no	
Walking Trail	\$0	\$10	\$5	yes	no	no	no	
Adjustment				\$0	\$35	\$35	\$35	
Unit Amenities	Blinds	\$0	\$10	\$5	yes	yes	yes	yes
	Ceiling Fans	\$0	\$10	\$5	no	no	no	no
	Carpeting	\$0	\$10	\$5	yes	yes	yes	yes
	Fireplace	\$0	\$10	\$5	no	no	no	no
	Patio/Balcony	\$0	\$10	\$5	no	yes	yes	no
	Storage	\$0	\$10	\$5	no	no	yes	no
Adjustment				\$0	-\$5	-\$10	\$0	
Kitchen Amenities	Stove	\$0	\$10	\$5	yes	yes	yes	yes
	Refrigerator	\$0	\$10	\$5	yes	yes	yes	yes
	Disposal	\$0	\$10	\$5	no	no	no	no
	Dishwasher	\$0	\$10	\$5	yes	no	no	no
	Microwave	\$0	\$10	\$5	no	no	no	no
Adjustment				\$0	\$5	\$5	\$5	
A/C Units	Central	\$20	\$40	\$30	yes	yes	yes	no
	Wall Units	\$10	\$30	\$20	no	no	no	yes
	Window Units	\$5	\$15	\$10	no	no	no	no
	None	\$0	\$0	\$0	no	no	no	no
Adjustment				\$0	\$0	\$0	\$10	
Heat	Central	\$10	\$20	\$15	yes	yes	yes	no
	Wall Units	\$5	\$15	\$10	no	no	no	yes
	Baseboards	\$5	\$15	\$10	no	no	no	no
	Radiators	\$0	\$10	\$5	no	no	no	no
	None	\$0	\$0	\$0	no	no	no	no
Adjustment				\$0	\$0	\$0	\$5	
Parking	Garage	\$0	\$100	\$50	no	no	no	no
	Covered	\$0	\$50	\$25	no	no	no	no
	Assigned	\$0	\$10	\$5	no	no	no	no
	Open	\$0	\$0	\$0	yes	yes	yes	yes
	None	\$0	\$0	\$0	no	no	no	no
Adjustment				\$0	\$0	\$0	\$0	
W/D Units	Central	\$5	\$15	\$10	yes	yes	yes	no
	W/D Units	\$20	\$30	\$25	no	no	no	no
	W/D Hookups	\$10	\$20	\$15	yes	yes	yes	no
	Adjustment				\$0	\$0	\$0	\$25
Security	Call Buttons	\$0	\$10	\$5	no	no	no	no
	Cont Access	\$0	\$10	\$5	no	no	no	no
	Courtesy Officer	\$0	\$10	\$5	no	no	yes	no
	Monitored Alarms	\$0	\$10	\$5	no	no	no	no
	Security Alarms	\$0	\$10	\$5	no	no	no	no
	Security Patrols	\$0	\$10	\$5	no	no	no	no
	Adjustment				\$0	\$0	-\$5	\$0
Services	After School	\$0	\$0	\$0	no	no	no	no
	Concierge	\$0	\$0	\$0	no	no	no	no
	Dry Cleaning	\$0	\$0	\$0	no	no	no	no
	Emp Counseling	\$0	\$0	\$0	no	no	no	no
	Hair Salon	\$0	\$0	\$0	no	no	no	no
	Health Care	\$0	\$0	\$0	no	no	no	no
	HO Counseling	\$0	\$0	\$0	no	no	no	no
	Linens	\$0	\$0	\$0	no	no	no	no
	Meals	\$0	\$0	\$0	no	no	no	no
	Transportation	\$0	\$0	\$0	no	no	no	no
Trash Pickup	\$0	\$0	\$0	no	no	no	no	
Adjustment				\$0	\$0	\$0	\$0	

Based on our evaluation of the rents for competing restricted-rent properties, and considering the location, quality and amenities of the subject property, we conclude the following indicated market rents for restricted units at the subject property:

- \$530 (\$0.64/sf) for the 2BR 825sf units
- \$555 (\$0.46/sf) for the 3BR 1200sf units

Analysis of Market Rate Comparables

In this section we select comparable rentals and use them to develop estimates of market rents for the subject property units, assuming that the subject was an unrestricted property. Our selection of comparables was based on location, age, condition, unit mix and amenities of the comparable properties relative to the subject property.

Comparables with restricted rents are used when a sufficient number of market rent comparables are not available and when maximum allowable rents for properties with restricted rents exceed prevailing rents in the area. In the event that program rental rates exceed market rental rates, restricted units are, in fact, *de facto* market rate units.

On the next page we present a master list of properties with notes regarding the reasons for selecting or rejecting each property as a rent comparable for purposes of this analysis.

Comparable Rental Property Map

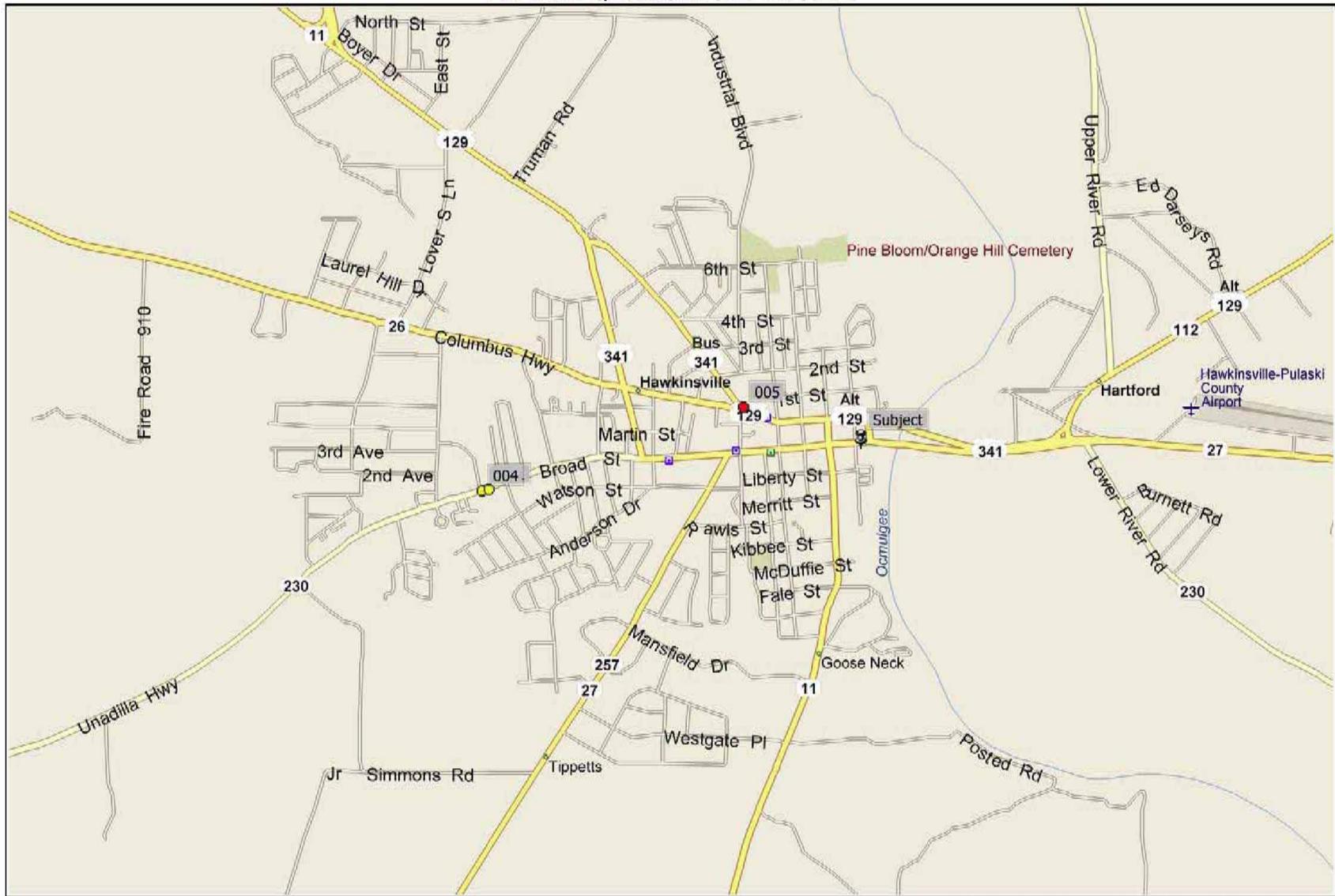
A map showing the location of the properties selected as comparables in this analysis is found after the master list of properties found below. Properties identified with red pushpins have market rents, properties identified with yellow pushpins have restricted rents, and properties identified with blue pushpins have subsidized rents. Detailed write-ups for the comparables are found in the Appendix of this report.

Rent Comparability Grids

Our analysis utilized rent comparability grids and resulted in a market rent estimate for each of the subject's unit types. The rent comparability grids for the subject property are found after the map of the rent comparables found below:

		Overview									
AAC Code	Project Name	Miles to Subject	Year Built	Year Renovated	Rent Type	Occupancy Type	Status	Total Units	Vacant Units	Occupancy	Selection as Market Rate Comparable
Sub	Cotton Mill Lofts	0.00	1904	2006	Restricted	Family	Prop Const	65	65	0.0%	
001	Arrowhead	1.36	1984	na	Restricted	Family	Stabilized	50	1	98.0%	selected
002	Hawkinsville Housing Authority /Mooney/G	0.57	0	na	Subsidized	Family	Stabilized	100	0	100.0%	subsidized
003	Heart Homes	0.93	1991	na	Subsidized	Elderly	Stabilized	30	0	100.0%	subsidized
004	Lakeside Villa Apartments	1.39	1984	na	Restricted	Family	Stabilized	32	2	93.8%	selected
005	Town Plaza Apartments	0.45	1957	1985	Market Rate	Family	Stabilized	9	0	100.0%	selected

Rent Comparables, Market Rate



	Adjustments			Sub	001	001	004	004	005					
Project Name				Cotton Mill Lofts	Arrowhead	Arrowhead	Lakeside Villa Apartments	Lakeside Villa Apartments	Town Plaza Apartments					
Address				100 South Houston Street	850 Broad Street	850 Broad Street	880 Broad Street	880 Broad Street	200 Progress Avenue					
City				Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville					
State				Georgia	Georgia	Georgia	Georgia	Georgia	Georgia					
Zip				31036	31036	31036	31036	31036	31036					
Phone				(336) 772-9871	(478) 783-1535	(478) 783-1535	(478) 783-1287	(478) 783-1287	(478) 783-0142					
Latitude				32.2819	32.2797	32.2797	32.2796	32.2796	32.2842					
Longitude				-83.4649	-83.4889	-83.4889	-83.4893	-83.4893	-83.4725					
Miles to Subject				0.00	1.36	1.36	1.39	1.39	0.45					
Effective Date				07/01/06	05/24/06	05/24/06	05/25/06	05/25/06	05/23/06					
Rent Type				Restricted	Restricted	Restricted	Restricted	Restricted	Market Rate					
Income Limit				60% of AMI	50% of AMI	50% of AMI	50% of AMI	50% of AMI	Market Rate					
Project Type				Family	Family	Family	Family	Family	Family					
Project Status				Prop Const	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized					
Total Units				25	30	20	16	16	2					
Vacant Units				25	1	0	2	0	0					
Year Built				1904	1984	1984	1984	1984	1957					
Year Renovated				2006	na	na	na	na	1985					
Occupancy				0%	97%	100%	88%	100%	100%					
Square Feet, Minimum				825	900	1,050	700	1,000	450					
Square Feet, Maximum				825	900	1,050	700	1,000	450					
Square Feet, Typical				825	900	1,050	700	1,000	450					
Utility Allowance				\$106	\$0	\$0	\$98	\$128	\$135					
Net Rent, Minimum				\$450	\$297	\$322	\$383	\$428	\$375					
Net Rent, Maximum				\$450	\$429	\$468	\$519	\$579	\$375					
Net Rent, Typical				\$450	\$429	\$468	\$519	\$579	\$375					
	Min	Max	Adj	Data	Data	Adj	Data	Adj	Data	Adj				
Utilities in Rent			Change in UA	\$106 UA	\$0 UA	-\$106	\$0 UA	-\$106	\$98 UA	-\$8	\$128 UA	\$22	\$135 UA	\$29
Unit Type	varies	varies	\$0.00	Garden/Flat	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0
Location	varies	varies	\$0.00	3	3	\$0	3	\$0	3	\$0	3	\$0	3	\$0
Condition	varies	varies	\$0.00	5	3.5	\$0	3.5	\$0	3	\$0	3	\$0	2	\$0
Effective Age	\$0.00	\$2.00	\$0.00	0	22	\$0	22	\$0	22	\$0	22	\$0	21	\$0
Bedrooms	\$0.00	\$100.00	\$50.00	2	1	\$50	2	\$0	1	\$50	2	\$0	1	\$50
Bathrooms	\$0.00	\$50.00	\$25.00	2.0	1.0	\$25	1.0	\$25	1.0	\$25	1.0	\$25	2.0	\$0
Square Feet, Typical	\$0.00	\$1.00	\$0.00	825	900	\$0	1,050	\$0	700	\$0	1,000	\$0	450	\$0
Building Type						\$0		\$0		\$0		\$0		\$0
Project Amenities						\$35		\$35		\$35		\$35		\$35
Unit Amenities						-\$5		-\$5		-\$10		-\$10		\$0
Kitchen Amenities						\$5		\$5		\$5		\$5		\$5
A/C Units						\$0		\$0		\$0		\$0		\$10
Heat						\$0		\$0		\$0		\$0		\$5
Parking						\$0		\$0		\$0		\$0		\$0
W/D Units						\$0		\$0		\$0		\$0		\$25
Security						\$0		\$0		-\$5		-\$5		\$0
Services						\$0		\$0		\$0		\$0		\$0
Indicated Rent				\$530	\$433		\$422		\$611		\$651		\$534	

	Adjustments			Sub	001	001	004	004	005							
Project Name				Cotton Mill Lofts	Arrowhead	Arrowhead	Lakeside Villa Apartments	Lakeside Villa Apartments	Town Plaza Apartments							
Address				100 South Houston Street	850 Broad Street	850 Broad Street	880 Broad Street	880 Broad Street	200 Progress Avenue							
City				Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville	Hawkinsville							
State				Georgia	Georgia	Georgia	Georgia	Georgia	Georgia							
Zip				31036	31036	31036	31036	31036	31036							
Phone				(336) 772-9871	(478) 783-1535	(478) 783-1535	(478) 783-1287	(478) 783-1287	(478) 783-0142							
Latitude				32.2819	32.2797	32.2797	32.2796	32.2796	32.2842							
Longitude				-83.4649	-83.4889	-83.4889	-83.4893	-83.4893	-83.4725							
Miles to Subject				0.00	1.36	1.36	1.39	1.39	0.45							
Effective Date				07/01/06	05/24/06	05/24/06	05/25/06	05/25/06	05/23/06							
Rent Type				Restricted	Restricted	Restricted	Restricted	Restricted	Market Rate							
Income Limit				60% of AMI	50% of AMI	50% of AMI	50% of AMI	50% of AMI	Market Rate							
Project Type				Family	Family	Family	Family	Family	Family							
Project Status				Prop Const	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized							
Total Units				17	30	20	16	16	2							
Vacant Units				17	1	0	2	0	0							
Year Built				1904	1984	1984	1984	1984	1957							
Year Renovated				2006	na	na	na	na	1985							
Occupancy				0%	97%	100%	88%	100%	100%							
Square Feet, Minimum				1,200	900	1,050	700	1,000	450							
Square Feet, Maximum				1,200	900	1,050	700	1,000	450							
Square Feet, Typical				1,200	900	1,050	700	1,000	450							
Utility Allowance				\$129	\$0	\$0	\$98	\$128	\$135							
Net Rent, Minimum				\$475	\$297	\$322	\$383	\$428	\$375							
Net Rent, Maximum				\$475	\$429	\$468	\$519	\$579	\$375							
Net Rent, Typical				\$475	\$429	\$468	\$519	\$579	\$375							
	Min	Max	Adj	Data	Data	Adj	Data	Adj	Data	Adj						
Utilities in Rent				Change in UA	\$129 UA	\$0 UA	-\$129	\$0 UA	-\$129	\$98 UA	-\$31	\$128 UA	-\$1	\$135 UA	\$6	
Unit Type	varies	varies	\$0.00	Garden/Flat	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0	Garden/Flat	\$0
Location	varies	varies	\$0.00	3	3	\$0	3	\$0	3	\$0	3	\$0	3	\$0	3	\$0
Condition	varies	varies	\$0.00	5	3.5	\$0	3.5	\$0	3	\$0	3	\$0	3	\$0	2	\$0
Effective Age	\$0.00	\$2.00	\$0.00	0	22	\$0	22	\$0	22	\$0	22	\$0	22	\$0	21	\$0
Bedrooms	\$0.00	\$100.00	\$50.00	3	1	\$100	2	\$50	1	\$100	2	\$50	2	\$50	1	\$100
Bathrooms	\$0.00	\$50.00	\$25.00	2.0	1.0	\$25	1.0	\$25	1.0	\$25	1.0	\$25	1.0	\$25	2.0	\$0
Square Feet, Typical	\$0.00	\$1.00	\$0.00	1,200	900	\$0	1,050	\$0	700	\$0	1,000	\$0	1,000	\$0	450	\$0
Building Type						\$0		\$0		\$0		\$0		\$0		\$0
Project Amenities						\$35		\$35		\$35		\$35		\$35		\$35
Unit Amenities						-\$5		-\$5		-\$10		-\$10		-\$10		\$0
Kitchen Amenities						\$5		\$5		\$5		\$5		\$5		\$5
A/C Units						\$0		\$0		\$0		\$0		\$0		\$10
Heat						\$0		\$0		\$0		\$0		\$0		\$5
Parking						\$0		\$0		\$0		\$0		\$0		\$0
W/D Units						\$0		\$0		\$0		\$0		\$0		\$25
Security						\$0		\$0		-\$5		-\$5		-\$5		\$0
Services						\$0		\$0		\$0		\$0		\$0		\$0
Indicated Rent				\$555	\$460		\$449		\$638		\$678		\$561			

The following table sets forth the supplementary rent adjustments used in our analysis:

		Min	Max	Adj	Sub	001	004	005
Building Type	1 Story	\$0	\$0	\$0	no	yes	yes	y
	2-4 Story	\$0	\$0	\$0	yes	no	no	no
	5-10 Story	\$0	\$0	\$0	no	no	no	no
	>10 Story	\$0	\$0	\$0	no	no	no	no
	Adjustment				\$0	\$0	\$0	\$0
Project Amenities	Ball Field	\$0	\$10	\$5	yes	no	no	no
	BBQ Area	\$0	\$10	\$5	no	no	no	no
	Billiards	\$0	\$10	\$5	no	no	no	no
	Bus/Comp Ctr	\$0	\$10	\$5	yes	no	no	no
	Car Care Ctr	\$0	\$10	\$5	no	no	no	no
	Comm Center	\$0	\$10	\$5	yes	no	no	no
	Elevator	\$0	\$10	\$5	no	no	no	no
	Fitness Center	\$0	\$10	\$5	yes	no	no	no
	Gazebo	\$0	\$10	\$5	yes	no	no	no
	Hot Tub/Jacuzzi	\$0	\$10	\$5	no	no	no	no
	Horseshoe Pit	\$0	\$10	\$5	no	no	no	no
	Lake	\$0	\$10	\$5	no	no	no	no
	Library	\$0	\$10	\$5	no	no	no	no
	Movie Theatre	\$0	\$10	\$5	no	no	no	no
	Picnic Area	\$0	\$10	\$5	yes	no	no	no
	Playground	\$0	\$10	\$5	no	no	no	no
	Pool	\$0	\$10	\$5	no	no	no	no
	Sauna	\$0	\$10	\$5	no	no	no	no
Sports Court	\$0	\$10	\$5	no	no	no	no	
Walking Trail	\$0	\$10	\$5	yes	no	no	no	
Adjustment				\$0	\$35	\$35	\$35	
Unit Amenities	Blinds	\$0	\$10	\$5	yes	yes	yes	yes
	Ceiling Fans	\$0	\$10	\$5	no	no	no	no
	Carpeting	\$0	\$10	\$5	yes	yes	yes	yes
	Fireplace	\$0	\$10	\$5	no	no	no	no
	Patio/Balcony	\$0	\$10	\$5	no	yes	yes	no
	Storage	\$0	\$10	\$5	no	no	yes	no
Adjustment				\$0	-\$5	-\$10	\$0	
Kitchen Amenities	Stove	\$0	\$10	\$5	yes	yes	yes	yes
	Refrigerator	\$0	\$10	\$5	yes	yes	yes	yes
	Disposal	\$0	\$10	\$5	no	no	no	no
	Dishwasher	\$0	\$10	\$5	yes	no	no	no
	Microwave	\$0	\$10	\$5	no	no	no	no
Adjustment				\$0	\$5	\$5	\$5	
A/C Units	Central	\$20	\$40	\$30	yes	yes	yes	no
	Wall Units	\$10	\$30	\$20	no	no	no	yes
	Window Units	\$5	\$15	\$10	no	no	no	no
	None	\$0	\$0	\$0	no	no	no	no
Adjustment				\$0	\$0	\$0	\$10	
Heat	Central	\$10	\$20	\$15	yes	yes	yes	no
	Wall Units	\$5	\$15	\$10	no	no	no	yes
	Baseboards	\$5	\$15	\$10	no	no	no	no
	Radiators	\$0	\$10	\$5	no	no	no	no
	None	\$0	\$0	\$0	no	no	no	no
Adjustment				\$0	\$0	\$0	\$5	
Parking	Garage	\$0	\$100	\$50	no	no	no	no
	Covered	\$0	\$50	\$25	no	no	no	no
	Assigned	\$0	\$10	\$5	no	no	no	no
	Open	\$0	\$0	\$0	yes	yes	yes	yes
	None	\$0	\$0	\$0	no	no	no	no
Adjustment				\$0	\$0	\$0	\$0	
W/D Units	Central	\$5	\$15	\$10	yes	yes	yes	no
	W/D Units	\$20	\$30	\$25	no	no	no	no
	W/D Hookups	\$10	\$20	\$15	yes	yes	yes	no
	Adjustment				\$0	\$0	\$0	\$25
Security	Call Buttons	\$0	\$10	\$5	no	no	no	no
	Cont Access	\$0	\$10	\$5	no	no	no	no
	Courtesy Officer	\$0	\$10	\$5	no	no	yes	no
	Monitored Alarms	\$0	\$10	\$5	no	no	no	no
	Security Alarms	\$0	\$10	\$5	no	no	no	no
	Security Patrols	\$0	\$10	\$5	no	no	no	no
	Adjustment				\$0	\$0	-\$5	\$0
Services	After School	\$0	\$0	\$0	no	no	no	no
	Concierge	\$0	\$0	\$0	no	no	no	no
	Dry Cleaning	\$0	\$0	\$0	no	no	no	no
	Emp Counseling	\$0	\$0	\$0	no	no	no	no
	Hair Salon	\$0	\$0	\$0	no	no	no	no
	Health Care	\$0	\$0	\$0	no	no	no	no
	HO Counseling	\$0	\$0	\$0	no	no	no	no
	Linens	\$0	\$0	\$0	no	no	no	no
	Meals	\$0	\$0	\$0	no	no	no	no
	Transportation	\$0	\$0	\$0	no	no	no	no
Trash Pickup	\$0	\$0	\$0	no	no	no	no	
Adjustment				\$0	\$0	\$0	\$0	

Based on our evaluation of the rents for competing market rate properties, and considering the location, quality and amenities of the subject property, we conclude the following market rents for the subject property units, assuming that the subject were an unrestricted property:

- \$530 (\$0.64/sf) for the 2BR 825sf units
- \$555 (\$0.46/sf) for the 3BR 1200sf units

The actual rents achieved for market rate units at restricted-rent properties often fall short of the rents at unrestricted properties. Based on the analysis set forth above, we conclude the following indicated market rents for the market rate units at the subject property:

- \$530 (\$0.64/sf) for the 2BR 825sf units
- \$555 (\$0.46/sf) for the 3BR 1200sf units

Projected Rent Growth

In this section we analyze the historic and projected supply/demand relationship for the market area, utilizing the household and housing stock data found previously in this report. The housing stock projection is used to give us an indication of the overall health of the rental housing market.

Our analysis begins with an estimate of the number of competing multifamily renter units and the number of occupied competing renter multifamily units in the market area. These figures, which come from data found in the supply analysis section of this report, are trended forward to 2010 using the renter household and renter housing unit growth rates presented previously.

The next step in our analysis is to estimate the optimal number of competing renter multifamily units by grossing up the estimated number of occupied competing renter multifamily units by an assumed optimal vacancy rate. For purposes of this analysis, we have elected to use a 5 percent optimal vacancy rate target. This rate is commonly used by lenders, syndicators and housing finance agencies when underwriting proposed multifamily developments.

Finally, we compare the optimal number of competing renter multifamily units to the estimated number of units to determine whether the market is overbuilt or underbuilt. Based on our evaluation of overbuilt/underbuilt status, we estimate likely rent increases using consumer price index, average household income growth, and historic rent growth data.

Our housing stock projection and supply/demand analysis is found on the following page.

Our analysis suggests that the market area is currently underbuilt by approximately 3.6 percent. While the number of renter households is anticipated to increase slightly over the next five years, the number of renter housing units is anticipated to increase at a faster pace, resulting in a market that is 2.9 percent underbuilt in 5 years.

Based the forecasted relationship between supply and demand for this marketplace, we anticipate 0.4 percent real and 3.2 percent nominal rent growth annually for the foreseeable future.

Achievable Rents

In this section, we compare the proposed rents to program and market rents to determine whether the proposed rents are appropriate for the subject property. The following table summarizes our findings:

Achievable Rents

Unit Type	Square Feet	Rent Type	Proposed Rent (A)	Program Rent (B)	Ratio (A/B)	Market Rent (C)	Ratio (A/C)	Achievable Min(B,C)
2-Bedroom	825	50% of AMI	\$400	\$478	84%	\$530	75%	\$478
2-Bedroom	825	60% of AMI	\$450	\$594	76%	\$530	85%	\$530
3-Bedroom	1,200	50% of AMI	\$425	\$546	78%	\$555	77%	\$546
3-Bedroom	1,200	60% of AMI	\$475	\$681	70%	\$555	86%	\$555

Source: Allen & Associates

Achievable rents represent the absolute highest rent permissible for the area, considering market rental rates and program rent limits. Achievable rents for the subject property follow:

- \$478 for 2BR units at 50% of AMI
- \$530 for 2BR units at 60% of AMI
- \$546 for 3BR units at 50% of AMI
- \$555 for 3BR units at 60% of AMI

Our analysis suggests that all units appear to be priced at or below allowable tax credit rent limits (proposed rents range from 70% to 84% of allowable tax credit rents). In addition, all units appear to be priced at or below indicated market rents (proposed rents range from 75% to 86% of indicated market rents). In our opinion, the proposed development is priced appropriately and affordably.

Please note: Great care should be taken in pricing restricted units. In the event that program rental rates exceed market rental rates, these units would, in fact, be nothing more than *de facto* market rate units. Since these units could only be marketed to a limited population of income-restricted households, they would, in fact, be more risky than market rate units.

Feasibility Rent Estimate

Feasibility rent is defined as the minimum rent level at which market-rate development of conventional multifamily housing is economically viable. In areas where market rents fall below feasibility rents, development is not feasible without incentives such as tax credits, grants and/or below-market financing. The calculation of feasibility rent utilizes current construction cost data from the Marshall Valuation Service Cost Estimating Guide. Our analysis follows:

Feasibility Rents

Line	Item	2BR	3BR	Source
1	Unit Mix	39	26	Developer/Manager/Owner
2				
3	Net Rentable Area, SF	825	1,200	Developer/Manager/Owner
4	Factor	1.25	1.25	Allen & Associates
5	Gross Floor Area, SF	1,031	1,500	(3) * (4)
6				
7	Base Cost, Gross Floor Area	\$52.62	\$52.62	MVS Section 12
8	Gross Floor Area, SF	1,031	1,500	(3) * (4)
9	Subtotal, Gross Floor Area	\$54,264	\$78,930	(7) * (8)
10				
11	Base Cost, Site Improvements	\$1,000	\$1,000	Allen & Associates
12	Parking Spaces, EA	1.50	1.50	Allen & Associates
13	Subtotal, Site Improvements	\$1,500	\$1,500	(11) * (12)
14				
15	Base Cost, Appliance Package	\$1,270	\$1,270	MVS Section 12
16	Appliance Packages, EA	1.00	1.00	Allen & Associates
17	Subtotal, Appliance Packages	\$1,270	\$1,270	(15) * (16)
18				
19	Replacement Cost, Unadjusted	\$57,034	\$81,700	(9) + (13) + (17)
20	Current Cost Multiplier	1.150	1.150	MVS Section 99
21	Local Multiplier	0.880	0.880	MVS Section 99
22	Replacement Cost, Adjusted	\$57,719	\$82,680	(19) * (20) * (21)
23	Development Fee	\$5,772	\$8,268	10% of (22)
24	Soft Costs	\$1,443	\$2,067	2.5% of (22)
25	Subtotal	\$64,934	\$93,015	(22) + (23) + (24)
26	Land Value	\$2,500	\$2,500	Allen & Associates
27	Total Development Cost	\$67,434	\$95,515	(25) + (26)
28				
29	Total Development Cost	\$67,434	\$95,515	(25) + (26)
30	Capitalization Rate	7.50%	7.50%	Allen & Associates
31	Net Operating Income	\$5,058	\$7,164	(29) * (30)
32	Total Operating Expenses	\$3,500	\$3,500	Allen & Associates
33	Effective Gross Income	\$8,558	\$10,664	(31) + (32)
34	Vacancy & Collection Loss	\$450	\$561	5% of (33)
35	Potential Gross Income	\$9,008	\$11,225	(33) + (34)
36				
37	Potential Gross Income	\$9,008	\$11,225	(33) + (34)
38	Months	12	12	Months / Year
39	Feasibility Rent, Monthly	\$751	\$935	(37) / (38)
40				
41	Feasibility Rent, Monthly	\$751	\$935	(37) / (38)
42	Net Rentable Area, SF	825	1,200	Developer/Manager/Owner
43	Feasibility Rent, Monthly / SF	\$0.91	\$0.78	(41) / (42)
44				
45	Feasibility Rent, Monthly	\$825		sumproduct[(1),(41)]/sum(1)
46	Net Rentable Area, SF	975		sumproduct[(1),(42)]/sum(1)
47	Feasibility Rent, Monthly / SF	\$0.85		(45) / (46)

Our analysis suggests market rents of \$530 and \$555, respectively, for the 2- and 3-bedroom units at the subject property. Our analysis also suggests feasibility rents of \$751 and \$935, respectively, for the 2- and 3-bedroom units. Because of the disparity between market and feasibility rents, we conclude that competing market rate units are not financially feasible in the immediate area and development of such units is not likely under current economic conditions.

Utilization of Resources

In this section we compare feasibility, market, program and proposed rents to evaluate how the tax credit and/or below market debt financing is utilized by the proposed development. The best way to illustrate the way this works is to consider two hypothetical projects:

Assume that a hypothetical project has feasibility rents of \$1000, market rents of \$1000, program rents of \$900 and proposed rents of \$800. In this case 100 percent of the tax credit and/or below-market debt financing would go towards project affordability, with 50 percent of the resources going towards program-mandated affordability levels ($\$1000 - \$900 = \$100$ versus a \$200 total rent reduction) and 50 percent of the resources going towards sponsor-volunteered affordability levels ($\$900 - \$800 = \$100$ versus a \$200 total rent reduction). This project would be feasible with conventional financing and market rents; however, the favorable financing would allow the sponsor to price the project more affordably than other market rate properties in the area.

Now assume that a second hypothetical project has feasibility rents of \$1000, market rents of \$800, program rents of \$800 and proposed rents of \$800. In this case 0 percent of the tax credit and/or below-market debt financing would go towards project affordability. Instead, 100 percent of the resources would be used simply to overcome market forces to deliver safe and decent housing (the \$200 spread between feasibility and market rents). Indeed, the project would be a *de facto* market rate development that otherwise would not be feasible without the favorable financing.

In practice most projects contain a mixture of the elements set forth above. The following table sets forth our analysis for the subject property:

Utilization of Resources

Detail						
Unit Type	Rent Type	Units	Feasibility	Market	Program	Proposed
2-Bedroom	50% of AMI	14	\$751	\$530	\$478	\$400
2-Bedroom	60% of AMI	25	\$751	\$530	\$594	\$450
3-Bedroom	50% of AMI	9	\$935	\$555	\$546	\$425
3-Bedroom	60% of AMI	17	\$935	\$555	\$681	\$475
Subtotal						
Unit Type	Rent Type	Units	Feasibility	Market	Program	Proposed
2-Bedroom	Subtotal	39	\$751	\$530	\$552	\$432
3-Bedroom	Subtotal	26	\$935	\$555	\$634	\$458
Grand Total						
Unit Type	Rent Type	Units	Feasibility	Market	Program	Proposed
Grand	Total	65	\$825	\$540	\$585	\$442

Conclusion

Item	Rent	Reduction \$	Reduction %	Resources used to:
Feasibility	\$825	-	-	-
Market	\$540	\$285	74%	Overcome Market Forces to Deliver Safe & Decent Housing
Program	\$585	\$0	0%	Achieve Program-Mandated Affordability Levels
Proposed	\$442	\$98	26%	Achieve Sponsor-Volunteered Affordability Levels
Total		\$382	100%	

Source: Allen & Associates

Based on the relationship between feasibility rents, unrestricted market rents, program rents and proposed rents, we conclude that 26 percent of the financial benefits associated with this transaction are being used to make this project affordable. The remaining 74 percent of the resources are being used to overcome market forces in order to deliver safe & decent housing. This transaction would otherwise not be feasible without the use of these additional resources.

Specifically, our analysis suggests that the subject property has weighted average feasibility rents of \$825, weighted average unrestricted market rents of \$540, weighted average program rents of \$585 and weighted average proposed rents of \$442. Consequently, 74 percent of the tax credit and/or below-market debt financing are proposed to be used to overcome market forces to deliver safe & decent housing ($\$825 - \$540 = \$285$ versus a \$382 total rent reduction); 0 percent of the resources are proposed to be used to achieve program-mandated affordability levels ($\$540 - \$540 = \$0$ versus a \$382 total rent reduction); and 26 percent of the resources are proposed to be used to achieve sponsor-volunteered affordability levels ($\$585 - \$442 = \$98$ versus a \$382 total rent reduction).

DEMAND ANALYSIS

Demand Assumptions

In this report we provide four measures of market depth: (1) Penetration rate - the ratio of the number of subject property units to the number of income-qualified households in the market area; (2) Saturation rate - the ratio of the number of subject property units plus the number of competing units to the number of income qualified households in the market area; (3) Capture rate - the ratio of the number of subject property units – net of new and pipeline units - to the number of income qualified overburdened and substandard households in the market area; and (4) Absorption period – the estimated number of months to fill the subject property units.

Penetration and saturation rates were computed using a methodology promoted by the National Council of Affordable Housing Market Analysts. Capture rates were computed in conformance with Georgia Department of Community Affairs (DCA) specifications. Absorption periods were estimated using a methodology developed by the Appraisal Institute.

The following table sets forth the various components of demand for each of these measures or market depth:

Demand Assumptions		
Penetration & Saturation Rate Estimate		
	Owner	Renter
Demographic Data	Family	
Effective Date	July 1, 2006	
Income Qualified Households	No	Yes
Income Qualified Overburdened Households	No	No
Income Qualified Substandard Households	No	No
Income Qualified Household Movership	No	No
Income Qualified Household Growth	No	No
Income Qualification Ratio	35%	
Household Growth Projection Period, Years	0	
Secondary Market	10%	
Maximum Ratio of Income Qualified Households to Total Income Qualified Households	na	na
Capture Rate Estimate		
	Owner	Renter
Demographic Data	Family	
Effective Date	January 1, 2000	
Income Qualified Households	No	No
Income Qualified Overburdened Households	No	Yes
Income Qualified Substandard Households	No	Yes
Income Qualified Household Movership	No	No
Income Qualified Household Growth	No	Yes
Income Qualification Ratio	35%	
Household Growth Projection Period, Years	8	
Secondary Market	10%	
Maximum Ratio of Income Qualified Households to Total Income Qualified Households	na	na
Absorption Period Estimate		
	Owner	Renter
Demographic Data	Family	
Effective Date	July 1, 2008	
Income Qualified Households	No	No
Income Qualified Overburdened Households	No	No
Income Qualified Substandard Households	No	No
Income Qualified Household Movership	No	Yes
Income Qualified Household Growth	No	Yes
Income Qualification Ratio	35%	
Household Growth Projection Period, Years	1	
Secondary Market	10%	
Maximum Ratio of Income Qualified Households to Total Income Qualified Households	na	na

Source: Allen & Associates

In order to accurately evaluate the depth of a market it is necessary to segment demand by unit type and household size as set forth below:

Item	Family				
	0BR	1BR	2BR	3BR	4BR
American Housing Survey	2.3%	28.5%	42.5%	21.6%	5.1%
Competing Property Survey	0.0%	41.9%	45.0%	13.1%	0.0%
Management Company Survey	0.0%	20.0%	40.0%	40.0%	0.0%
	Conclusion				
	0BR	1BR	2BR	3BR	4BR
Unit Mix	1.0%	30.0%	42.5%	25.0%	1.5%

Source: American Housing Survey; Allen & Associates

	Family	
	Minimum	Maximum
0-Bedroom	1	1
1-Bedroom	1	2
2-Bedroom	1	3
3-Bedroom	2	5
4-Bedroom	3	6

Source: Allen & Associates

In our analysis we utilized proposed rents to determine the minimum income necessary to qualify for units at the subject property. For family properties, it is assumed that residents will pay no more than 35 percent of their income on housing-related expenses (rent plus utilities). For elderly properties, the amount is 40 percent. Our estimates are set forth below:

Minimum Qualified Income					
30% of AMI					
	Proposed Rent	Utility Allowance	Proposed Housing Cost	Qualifying Income %	Minimum Income
0 bedroom					
1 bedroom					
2 bedroom					
3 bedroom					
4 bedroom					
50% of AMI					
	Proposed Rent	Utility Allowance	Proposed Housing Cost	Qualifying Income %	Minimum Income
0 bedroom					
1 bedroom					
2 bedroom	\$400	\$106	\$506	35%	\$17,349
3 bedroom	\$425	\$129	\$554	35%	\$18,994
4 bedroom					
60% of AMI					
	Proposed Rent	Utility Allowance	Proposed Housing Cost	Qualifying Income %	Minimum Income
0 bedroom					
1 bedroom					
2 bedroom	\$450	\$106	\$556	35%	\$19,063
3 bedroom	\$475	\$129	\$604	35%	\$20,709
4 bedroom					
Market Rate					
	Proposed Rent	Utility Allowance	Proposed Housing Cost	Qualifying Income %	Minimum Income
0 bedroom					
1 bedroom					
2 bedroom					
3 bedroom					
4 bedroom					

Source: Allen & Associates

In our analysis we established the maximum allowable incomes for units at the subject property. Our analysis utilized current HUD income limits for the market area for various household sizes. The maximum income for market rate units is assumed to be 100% of AMI. A table depicting maximum allowable incomes is set forth below:

Maximum Allowable Income

	30%	50%	60%	100%
1 person	\$10,900	\$18,150	\$21,800	\$36,300
2 person	\$12,450	\$20,750	\$24,900	\$41,500
3 person	\$14,000	\$23,350	\$28,000	\$46,700
4 person	\$15,550	\$25,950	\$31,150	\$51,900
5 person	\$16,850	\$28,050	\$33,650	\$56,100
6 person	\$18,050	\$30,100	\$36,100	\$60,200
7 person	\$19,300	\$32,200	\$38,650	\$64,400
8 person	\$20,550	\$34,250	\$41,100	\$68,500

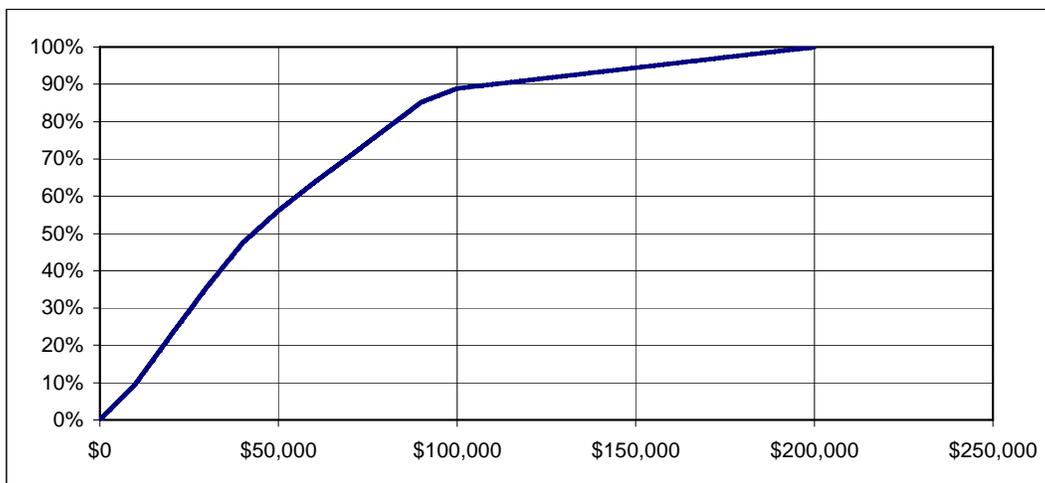
Source: State Housing Finance Agency; HUD

Finally, our analysis utilizes a distribution of households by percent of income spent on housing-related expenses for the market area as of the effective date of the report. Our analysis utilizes the distribution found below, which was originally developed in the demographic overview section of this report:

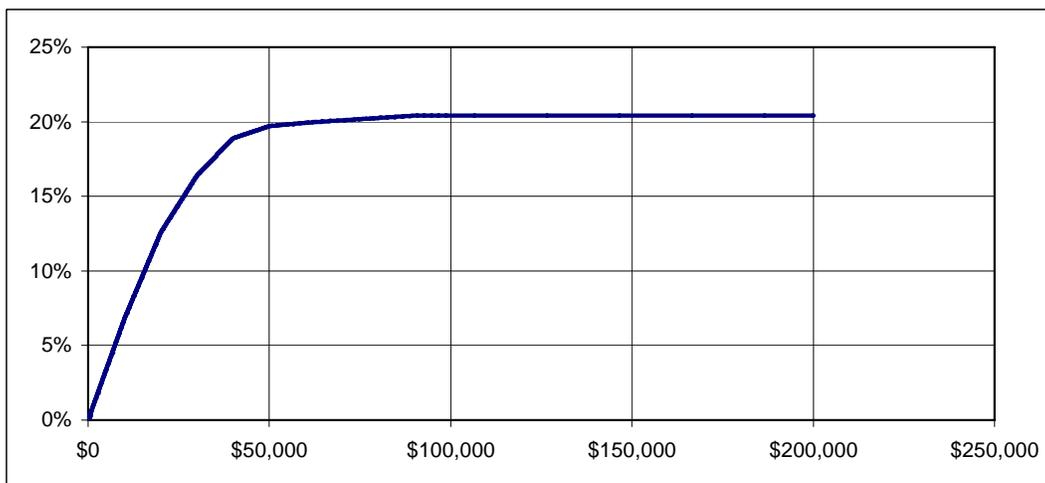
Owner Household Income, by Percent of Income Spent on Housing, 2000 Census

2006 \$ Income Range			Percent of Income Spent on Housing					Total
			<20%	20-24%	25-29%	30-34%	35%+	
\$0	to	\$10,000	0.5%	1.3%	0.2%	0.9%	6.8%	9.7%
\$0	to	\$20,000	4.8%	2.7%	1.5%	1.4%	12.6%	22.9%
\$0	to	\$30,000	10.2%	4.1%	2.6%	2.4%	16.4%	35.7%
\$0	to	\$40,000	15.8%	5.6%	3.4%	3.8%	18.9%	47.5%
\$0	to	\$50,000	20.6%	7.3%	3.8%	4.7%	19.7%	56.1%
\$0	to	\$60,000	25.2%	9.1%	4.0%	5.4%	19.9%	63.7%
\$0	to	\$70,000	31.0%	9.7%	4.5%	5.5%	20.1%	70.8%
\$0	to	\$80,000	37.0%	10.3%	5.0%	5.5%	20.3%	78.0%
\$0	to	\$90,000	43.0%	10.8%	5.5%	5.5%	20.4%	85.2%
\$0	to	\$100,000	46.1%	11.3%	5.6%	5.5%	20.4%	88.9%
\$0	or	more	56.2%	12.3%	5.6%	5.5%	20.4%	100.0%

Owner Household Income Distribution, Total



Owner Household Income Distribution, Overburdened

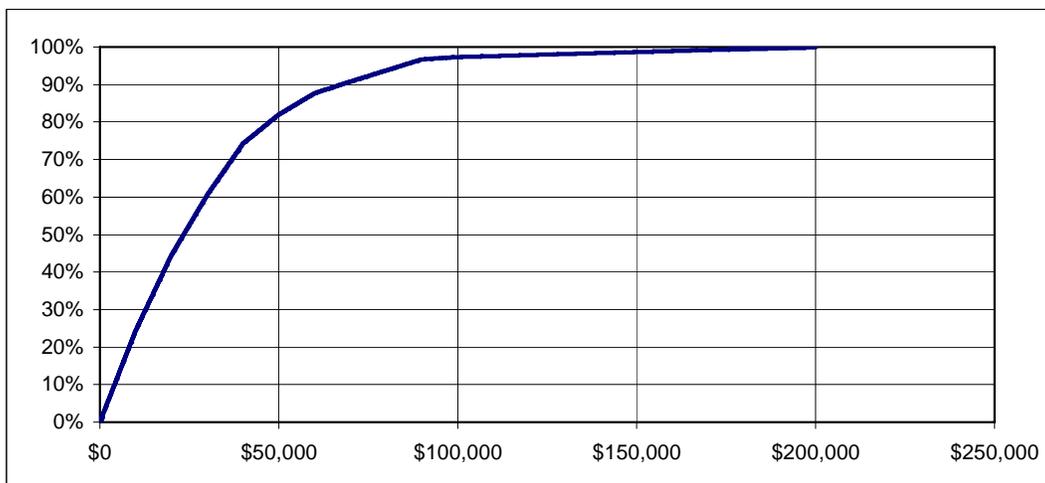


Source: U.S. Census; Allen & Associates

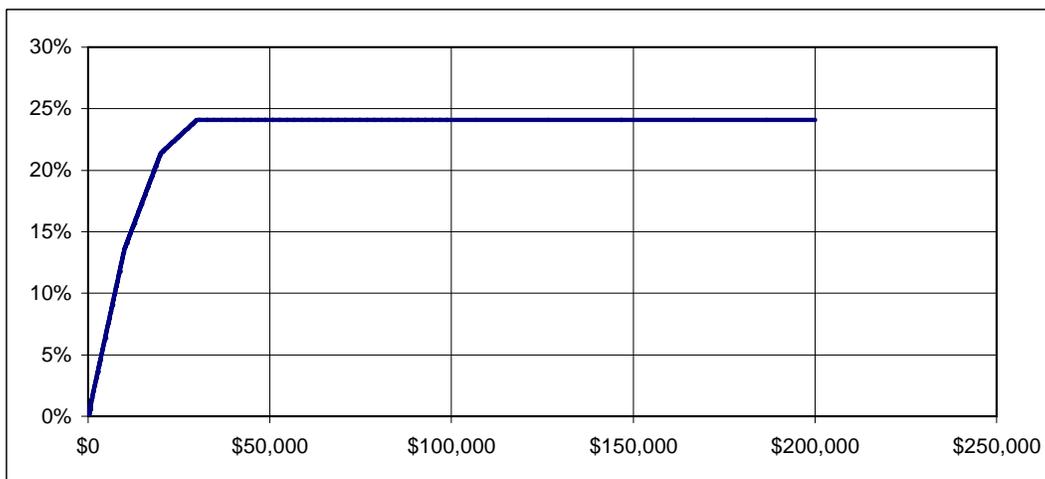
Renter Household Income, by Percent of Income Spent on Housing, 2000 Census

2006 \$ Income Range			Percent of Income Spent on Housing					Total
			<20%	20-24%	25-29%	30-34%	35%+	
\$0	to	\$10,000	1.4%	2.3%	3.1%	4.0%	13.6%	24.4%
\$0	to	\$20,000	4.3%	4.1%	7.5%	7.3%	21.4%	44.6%
\$0	to	\$30,000	9.4%	7.2%	10.8%	9.0%	24.1%	60.6%
\$0	to	\$40,000	16.1%	11.4%	13.0%	9.7%	24.1%	74.3%
\$0	to	\$50,000	21.5%	12.5%	13.9%	9.9%	24.1%	82.0%
\$0	to	\$60,000	26.6%	12.5%	14.5%	9.9%	24.1%	87.7%
\$0	to	\$70,000	29.7%	12.5%	14.6%	9.9%	24.1%	90.8%
\$0	to	\$80,000	32.7%	12.5%	14.6%	9.9%	24.1%	93.8%
\$0	to	\$90,000	35.7%	12.5%	14.6%	9.9%	24.1%	96.7%
\$0	to	\$100,000	36.3%	12.5%	14.6%	9.9%	24.1%	97.3%
\$0	or	more	38.9%	12.5%	14.6%	9.9%	24.1%	100.0%

Renter Household Income Distribution, Total



Renter Household Income Distribution, Overburdened



Source: U.S. Census; Allen & Associates

Penetration Rate Estimate

Penetration rate is defined as the ratio of the number of subject property units to the number of income-qualified households in the market area.

Our estimate of penetration rates begins with an estimate the number of qualified households for each unit type using the income levels and household size characteristics set forth above. For developments with multiple overlapping income limits we established income floors/ceilings to eliminate any overlap and distribute demand evenly across income levels. This eliminates double-counting and results in a more accurate demand estimate for subject property units. For elderly properties, owner demand is limited to a percentage of total demand supported by our market research.

Our estimate of the number of qualified households by unit type is found below:

Qualified Households, 2-Bedroom				
General Assumptions				
Effective Date	July 1, 2006			
Household Size	3 maximum			
Raw Data				
Population	9,818			
Population per Household	2.78			
Households	3,534			
Renter Tenure	26.15%			
Renter Households	924			
Households, 2-BR, %	42.5%			
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Maximum Allowable Income	\$0	\$23,350	\$28,000	\$0
Minimum Qualifying Income	\$0	\$17,349	\$19,063	\$0
Upper Income Limit	\$0	\$20,750	\$28,000	\$0
Lower Income Limit	\$0	\$17,349	\$20,750	\$0
Qualified, Renter, Upper Income Limit, %	0.0%	45.8%	57.4%	0.0%
Qualified, Renter, Lower Income Limit, %	0.0%	39.2%	45.8%	0.0%
Qualified, Renter %	0.0%	6.6%	11.6%	0.0%
Renter Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Renter Households	0	924	924	0
Households, 2-BR, %	0.0%	42.5%	42.5%	0.0%
Renter Households, 2-BR	0	393	393	0
Qualified, %	0.0%	6.6%	11.6%	0.0%
Renter Households, 2-BR, Qualified	0	26	46	0
Qualified Households, Renter, Primary Market Area	0	26	46	0
Secondary Market, %	0.0%	10.0%	10.0%	0.0%
Qualified Households, Renter, Total	0	29	51	0
Total Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Qualified Households	0	29	51	0

Source: U.S. Census Bureau, Claritas; Allen & Associates

Qualified Households, 3-Bedroom				
General Assumptions				
Effective Date	July 1, 2006			
Household Size	5 maximum			
Raw Data				
Population	9,818			
Population per Household	2.78			
Households	3,534			
Renter Tenure	26.15%			
Renter Households	924			
Households, 3-BR, %	25.0%			
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Maximum Allowable Income	\$0	\$28,050	\$33,650	\$0
Minimum Qualifying Income	\$0	\$18,994	\$20,709	\$0
Upper Income Limit	\$0	\$23,750	\$33,650	\$0
Lower Income Limit	\$0	\$18,994	\$23,750	\$0
Qualified, Renter, Upper Income Limit, %	0.0%	50.6%	65.6%	0.0%
Qualified, Renter, Lower Income Limit, %	0.0%	42.5%	50.6%	0.0%
Qualified, Renter %	0.0%	8.0%	15.0%	0.0%
Renter Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Renter Households	0	924	924	0
Households, 3-BR, %	0.0%	25.0%	25.0%	0.0%
Renter Households, 3-BR	0	231	231	0
Qualified, %	0.0%	8.0%	15.0%	0.0%
Renter Households, 3-BR, Qualified	0	19	35	0
Qualified Households, Renter, Primary Market Area	0	19	35	0
Secondary Market, %	0.0%	10.0%	10.0%	0.0%
Qualified Households, Renter, Total	0	21	39	0
Total Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Qualified Households	0	21	39	0

Source: U.S. Census Bureau, Claritas; Allen & Associates

The following table utilizes the qualified household estimates from above to compute the penetration rate by income level and by unit type for the subject property:

Penetration Rate Estimate						
	30% of AMI	50% of AMI	60% of AMI	Restricted	Market Rate	Total
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	29	51	79	0	79
3-Bedroom	0	21	39	59	0	59
4-Bedroom	0	0	0	0	0	0
Qualified Households	0	49	89	138	0	138
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	14	25	39	0	39
3-Bedroom	0	9	17	26	0	26
4-Bedroom	0	0	0	0	0	0
Subject Units	0	23	42	65	0	65
0-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2-Bedroom	0.0%	49.0%	49.3%	49.2%	0.0%	49.2%
3-Bedroom	0.0%	43.6%	44.1%	43.9%	0.0%	43.9%
4-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penetration Rate	0.0%	46.7%	47.1%	47.0%	0.0%	47.0%

Source: Allen & Associates

Qualified Households

We estimate project-specific qualified households for 138 units. The estimate breaks down as follows:

- 29 units for 2BR units at 50% of AMI
- 51 units for 2BR units at 60% of AMI
- 21 units for 3BR units at 50% of AMI
- 39 units for 3BR units at 60% of AMI

Penetration Rate Estimate

We estimate a penetration rate of 47.0% for the subject property. The overall rate breaks down as follows:

- 49.0% for 2BR units at 50% of AMI
- 49.3% for 2BR units at 60% of AMI
- 43.6% for 3BR units at 50% of AMI
- 44.1% for 3BR units at 60% of AMI

In general, the lower the penetration rates the better. Underwriters often utilize penetration rate limits of 10 to 25 percent, depending on the specific project. In our opinion, the estimated penetration rates indicate that too many units may be proposed for the subject property.

Saturation Rate Estimate

Saturation rate is defined as the ratio of the number of subject property units plus the number of competing units to the number of income qualified households in the market area.

Our estimate of the number of qualified households is found in the previous section. In this section we estimate the number of competing units as of the effective date of this report. Of particular importance are proposed and existing developments with subsidized or restricted rents targeting the same income levels as the subject property. Other than those identified below, we are not aware of any competing properties in the market area:

Competing Supply					
	Subsidized	30% of AMI	50% of AMI	60% of AMI	Market Rate
See Supply Analysis Section of Report					
0-Bedroom	0	0	0	0	0
1-Bedroom	25	9	14	23	9
2-Bedroom	50	7	11	18	0
3-Bedroom	25	0	0	0	0
4-Bedroom	0	0	0	0	0

Grand Total					
	Subsidized	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0	0	0	0	0
1-Bedroom	25	9	14	23	9
2-Bedroom	50	7	11	18	0
3-Bedroom	25	0	0	0	0
4-Bedroom	0	0	0	0	0
Grand Total	100	16	25	41	9

Source: Allen & Associates

The following table utilizes the qualified household estimates and the competing supply unit distribution presented above to compute saturation rates by income level and by unit type for the subject property:

Saturation Rate Estimate						
	30% of AMI	50% of AMI	60% of AMI	Restricted	Market Rate	Total
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	29	51	79	0	79
3-Bedroom	0	21	39	59	0	59
4-Bedroom	0	0	0	0	0	0
Qualified Households	0	49	89	138	0	138
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	14	25	39	0	39
3-Bedroom	0	9	17	26	0	26
4-Bedroom	0	0	0	0	0	0
Subject Units	0	23	42	65	0	65
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	11	18	29	0	29
3-Bedroom	0	0	0	0	0	0
4-Bedroom	0	0	0	0	0	0
Competing Units	0	11	18	29	0	29
0-Bedroom	0	0	0	0	0	0
1-Bedroom	0	0	0	0	0	0
2-Bedroom	0	25	43	68	0	68
3-Bedroom	0	9	17	26	0	26
4-Bedroom	0	0	0	0	0	0
Total Units	0	34	60	94	0	94
0-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2-Bedroom	0.0%	86.7%	84.9%	85.5%	0.0%	85.5%
3-Bedroom	0.0%	43.6%	44.1%	43.9%	0.0%	43.9%
4-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Saturation Rate	0.0%	68.7%	67.3%	67.8%	0.0%	67.8%

Source: Allen & Associates

Saturation Rate Estimate

We estimate a saturation rate of 67.8% for the subject property. The overall rate breaks down as follows:

- 86.7% for 2BR units at 50% of AMI
- 84.9% for 2BR units at 60% of AMI
- 43.6% for 3BR units at 50% of AMI
- 44.1% for 3BR units at 60% of AMI

In general, the lower the saturation rates the better. Saturation rates less than 100% suggest that sufficient numbers of income-qualified households exist to fill subject property units. Underwriters often utilize saturation rate limits of 25 to 50 percent, depending on the specific project. In our opinion, the estimated saturation rates indicate that too many units may be proposed for the subject property.

Capture Rate Estimate

For purposes of this report, capture rate is defined as the ratio of the number of subject property units – net of new and pipeline units - to the number of income qualified overburdened and substandard households in the market area.

Our estimate of capture rate utilizes the assumptions and income data set forth in the previous section. The income limits are used to determine the number of qualified households for the proposed development. New and pipeline units are then tabulated and subtracted from this figure to arrive at the net qualified household estimate for the subject property. This figure is then divided into the total number of proposed units to arrive at the capture rate for the subject property.

For purposes of the capture rate computation, qualified households consist of the following: (1) Income-qualified overburdened households (households paying 35 percent or more of their income towards housing-related expenses), (2) Income-qualified substandard units (overcrowded units or units lacking plumbing), and (3) Income-qualified growth as set forth in the demand assumptions presented earlier.

For developments with multiple overlapping income limits we established income floors/ceilings to eliminate any overlap and distribute demand evenly across income levels. This eliminates double-counting and results in a more accurate demand estimate for subject property units. For elderly properties, owner demand is limited to a percentage of total demand supported by our market research.

Our estimate of the number of qualified households by unit type is found below:

Qualified Households, 2-Bedroom				
General Assumptions				
Effective Date	January 1, 2000			
Household Size	3 maximum			
Raw Data				
Population	9,588			
Population per Household	2.81			
Households	3,407			
Renter Tenure	26.39%			
Renter Households	899			
Households, 2-BR, %	42.5%			
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Maximum Allowable Income	\$0	\$23,350	\$28,000	\$0
Minimum Qualifying Income	\$0	\$17,349	\$19,063	\$0
Upper Income Limit	\$0	\$19,500	\$28,000	\$0
Lower Income Limit	\$0	\$17,349	\$19,500	\$0
Qualified, Renter, Upper Income Limit, %	0.0%	43.5%	57.4%	0.0%
Qualified, Renter, Lower Income Limit, %	0.0%	39.2%	43.5%	0.0%
Qualified, Renter %	0.0%	4.3%	13.8%	0.0%
Qualified, Renter, Overburdened, Upper Income Limit, %	0.0%	21.0%	23.6%	0.0%
Qualified, Renter, Overburdened, Lower Income Limit, %	0.0%	19.3%	21.0%	0.0%
Qualified, Renter, Overburdened, %	0.0%	1.7%	2.6%	0.0%
Renter Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Renter Households	0	899	899	0
Households, 2-BR, %	0.0%	42.5%	42.5%	0.0%
Renter Households, 2-BR	0	382	382	0
Qualified, Overburdened, %	0.0%	1.7%	2.6%	0.0%
Renter Households, 2-BR, Qualified, Overburdened	0	6	10	0
Renter Households, 2-BR	0	382	382	0
Qualified, %	0.0%	4.3%	13.8%	0.0%
Renter Households, 2-BR, Qualified	0	17	53	0
Renter Households, 2-BR, Qualified, Substandard, %	0.0%	6.0%	6.0%	0.0%
Renter Households, 2-BR, Qualified, Substandard	0	1	3	0
Renter Households, 2-BR	0	382	382	0
Qualified, %	0.0%	4.3%	13.8%	0.0%
Renter Households, 2-BR, Qualified	0	17	53	0
Renter Households, 2-BR, Qualified, Growth, %	0.0%	0.3%	0.3%	0.0%
Renter Households, 2-BR, Qualified, Growth	0	0	0	0
Projection Period, Years	0	8	8	0
Renter Households, 2-BR, Qualified, Growth, Projected	0	0	1	0
Qualified Households, Renter, Primary Market Area	0	8	14	0
Secondary Market, %	0.0%	10.0%	10.0%	0.0%
Qualified Households, Renter, Total	0	9	16	0
Total Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Qualified Households	0	9	16	0

Source: U.S. Census Bureau, Claritas; Allen & Associates

Qualified Households, 3-Bedroom				
General Assumptions				
Effective Date	January 1, 2000			
Household Size	5 maximum			
Raw Data				
Population	9,588			
Population per Household	2.81			
Households	3,407			
Renter Tenure	26.39%			
Renter Households	899			
Households, 3-BR, %	25.0%			
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Maximum Allowable Income	\$0	\$28,050	\$33,650	\$0
Minimum Qualifying Income	\$0	\$18,994	\$20,709	\$0
Upper Income Limit	\$0	\$22,250	\$33,650	\$0
Lower Income Limit	\$0	\$18,994	\$22,250	\$0
Qualified, Renter, Upper Income Limit, %	0.0%	48.2%	65.6%	0.0%
Qualified, Renter, Lower Income Limit, %	0.0%	42.5%	48.2%	0.0%
Qualified, Renter %	0.0%	5.6%	17.4%	0.0%
Qualified, Renter, Overburdened, Upper Income Limit, %	0.0%	22.0%	24.1%	0.0%
Qualified, Renter, Overburdened, Lower Income Limit, %	0.0%	20.6%	22.0%	0.0%
Qualified, Renter, Overburdened, %	0.0%	1.4%	2.1%	0.0%
Renter Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Renter Households	0	899	899	0
Households, 3-BR, %	0.0%	25.0%	25.0%	0.0%
Renter Households, 3-BR	0	225	225	0
Qualified, Overburdened, %	0.0%	1.4%	2.1%	0.0%
Renter Households, 3-BR, Qualified, Overburdened	0	3	5	0
Renter Households, 3-BR	0	225	225	0
Qualified, %	0.0%	5.6%	17.4%	0.0%
Renter Households, 3-BR, Qualified	0	13	39	0
Renter Households, 3-BR, Qualified, Substandard, %	0.0%	6.0%	6.0%	0.0%
Renter Households, 3-BR, Qualified, Substandard	0	1	2	0
Renter Households, 3-BR	0	225	225	0
Qualified, %	0.0%	5.6%	17.4%	0.0%
Renter Households, 3-BR, Qualified	0	13	39	0
Renter Households, 3-BR, Qualified, Growth, %	0.0%	0.3%	0.3%	0.0%
Renter Households, 3-BR, Qualified, Growth	0	0	0	0
Projection Period, Years	0	8	8	0
Renter Households, 3-BR, Qualified, Growth, Projected	0	0	1	0
Qualified Households, Renter, Primary Market Area	0	4	8	0
Secondary Market, %	0.0%	10.0%	10.0%	0.0%
Qualified Households, Renter, Total	0	5	9	0
Total Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Qualified Households	0	5	9	0

Source: U.S. Census Bureau, Claritas; Allen & Associates

The next step in our analysis is to account for new supply in order to compute the number of qualified households – net of new and pipeline units - for the subject property. Of particular importance are new and proposed subsidized and restricted developments targeting the same income levels as the subject property. Other than those identified below, we are not aware of any directly competing new or proposed subsidized, restricted or market rate developments in the market area.

The table below sets forth our analysis of new supply in the market area as of the effective date of this report:

New Supply					
	Subsidized	30% of AMI	50% of AMI	60% of AMI	Market Rate
Competing Property					
0-Bedroom	0	0	0	0	0
1-Bedroom	0	0	0	0	0
2-Bedroom	0	0	0	0	0
3-Bedroom	0	0	0	0	0
4-Bedroom	0	0	0	0	0

Comparability Factors					
	Subsidized	30% of AMI	50% of AMI	60% of AMI	Market Rate
Competing Property					
Location	1.00	1.00	1.00	1.00	1.00
Affordability	1.00	1.00	1.00	1.00	1.00
Property Type	1.00	1.00	1.00	1.00	1.00
Quality	1.00	1.00	1.00	1.00	1.00
Comparability Factor	1.00	1.00	1.00	1.00	1.00

Grand Total					
	Subsidized	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0	0	0	0	0
1-Bedroom	0	0	0	0	0
2-Bedroom	0	0	0	0	0
3-Bedroom	0	0	0	0	0
4-Bedroom	0	0	0	0	0
Grand Total	0	0	0	0	0

Source: Allen & Associates

The following table utilizes the qualified household estimate and the new supply unit distribution presented above to compute the capture rates by income level and by unit type for the subject property:

Capture Rate Estimate							
	30% of AMI	50% of AMI	60% of AMI	Restricted	Market Rate	Total	
0-Bedroom	0	0	0	0	0	0	
1-Bedroom	0	0	0	0	0	0	
2-Bedroom	0	9	16	25	0	25	
3-Bedroom	0	5	9	14	0	14	
4-Bedroom	0	0	0	0	0	0	
Qualified Households	0	14	25	39	0	39	
0-Bedroom	0	0	0	0	0	0	
1-Bedroom	0	0	0	0	0	0	
2-Bedroom	0	0	0	0	0	0	
3-Bedroom	0	0	0	0	0	0	
4-Bedroom	0	0	0	0	0	0	
New Supply	0	0	0	0	0	0	
0-Bedroom	0	0	0	0	0	0	
1-Bedroom	0	0	0	0	0	0	
2-Bedroom	0	9	16	25	0	25	
3-Bedroom	0	5	9	14	0	14	
4-Bedroom	0	0	0	0	0	0	
Qualified Households, Net	0	14	25	39	0	39	
0-Bedroom	0	0	0	0	0	0	
1-Bedroom	0	0	0	0	0	0	
2-Bedroom	0	14	25	39	0	39	
3-Bedroom	0	9	17	26	0	26	
4-Bedroom	0	0	0	0	0	0	
Subject Units	0	23	42	65	0	65	
0-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
1-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
2-Bedroom	0.0%	159.4%	155.9%	157.1%	0.0%	157.1%	
3-Bedroom	0.0%	190.2%	187.3%	188.3%	0.0%	188.3%	
4-Bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capture Rate	0.0%	170.2%	167.2%	168.2%	0.0%	168.2%	

Source: Allen & Associates

Qualified Households, Net

We estimate project-specific qualified households for 39 units. The estimate breaks down as follows:

- 9 units for 2BR units at 50% of AMI
- 16 units for 2BR units at 60% of AMI
- 5 units for 3BR units at 50% of AMI
- 9 units for 3BR units at 60% of AMI

Capture Rate Estimate

We estimate a capture rate of 168.2% for the subject property. The overall rate breaks down as follows:

- 159.4% for 2BR units at 50% of AMI
- 155.9% for 2BR units at 60% of AMI
- 190.2% for 3BR units at 50% of AMI
- 187.3% for 3BR units at 60% of AMI

In general, the lower the capture rates the better. Capture rates less than 100% suggest that sufficient numbers of income-qualified overburdened and substandard households exist to fill subject property units. Underwriters often utilize capture rate limits of 25 to 50 percent, depending on the specific project. Capture rates in excess of 100% suggest that the property will need to attract income-qualified households that are not currently overburdened or substandard from competing projects in order to fill. Negative capture rates suggest that the need for affordable housing has been addressed by new and proposed construction. In our opinion, the estimated capture rates indicate that too many units may be proposed for the subject property.

Absorption Period Estimate

The absorption period is defined as the estimated number of months to fill the subject property units.

Our absorption period estimate involves a four-step process. First, we estimate annual growth and movership by income level and unit type for the market area for the effective date of the report using the rent and income limits set previously. Second, we estimate the fair share, or the proportion of growth and movership that we would expect the subject property to capture. Third, we multiply the fair share by annual growth and movership and divide by 12 to estimate the amount of monthly income-qualified growth and movership that would likely lease at the subject property. Finally, we utilize the absorption rates by income and unit type to construct a lease up schedule for the subject property. Our analysis utilizes the assumptions and income data set forth in the previous section.

The following table sets forth our estimates of annual growth and movership by income level and unit type for the subject property:

Growth & Movership, 2-Bedroom				
General Assumptions				
Effective Date	July 1, 2008			
Household Size	3 maximum			
Raw Data				
Population	9,893			
Population per Household	2.77			
Households	3,571			
Renter Tenure	26.06%			
Renter Households	931			
Households, 2-BR, %	42.5%			
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Maximum Allowable Income	\$0	\$23,350	\$28,000	\$0
Minimum Qualifying Income	\$0	\$17,349	\$19,063	\$0
Upper Income Limit	\$0	\$20,750	\$28,000	\$0
Lower Income Limit	\$0	\$17,349	\$20,750	\$0
Qualified, Renter, Upper Income Limit, %	0.0%	45.8%	57.4%	0.0%
Qualified, Renter, Lower Income Limit, %	0.0%	39.2%	45.8%	0.0%
Qualified, Renter %	0.0%	6.6%	11.6%	0.0%
Renter Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Renter Households	0	931	931	0
Households, 2-BR, %	0.0%	42.5%	42.5%	0.0%
Renter Households, 2-BR	0	396	396	0
Qualified, %	0.0%	6.6%	11.6%	0.0%
Renter Households, 2-BR, Qualified	0	26	46	0
Renter Households, 2-BR, Qualified, Growth, %	0.0%	0.3%	0.3%	0.0%
Renter Households, 2-BR, Qualified, Growth	0	0	0	0
Projection Period, Years	0	1	1	0
Renter Households, 2-BR, Qualified, Growth, Projected	0	0	0	0
Renter Households, 2-BR	0	396	396	0
Qualified, %	0.0%	6.6%	11.6%	0.0%
Renter Households, 2-BR, Qualified	0	26	46	0
Renter Households, 2-BR, Qualified, Movership, %	0.0%	29.4%	29.4%	0.0%
Renter Households, 2-BR, Qualified, Movership	0	8	14	0
Growth & Movership, Renter, Primary Market Area	0	8	14	0
Secondary Market, %	0.0%	10.0%	10.0%	0.0%
Growth & Movership, Renter, Total	0	9	15	0
Total Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Growth & Movership	0	9	15	0

Source: U.S. Census Bureau, Claritas; Allen & Associates

Growth & Movership, 3-Bedroom				
General Assumptions				
Effective Date	July 1, 2008			
Household Size	5 maximum			
Raw Data				
Population	9,893			
Population per Household	2.77			
Households	3,571			
Renter Tenure	26.06%			
Renter Households	931			
Households, 3-BR, %	25.0%			
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Maximum Allowable Income	\$0	\$28,050	\$33,650	\$0
Minimum Qualifying Income	\$0	\$18,994	\$20,709	\$0
Upper Income Limit	\$0	\$23,750	\$33,650	\$0
Lower Income Limit	\$0	\$18,994	\$23,750	\$0
Qualified, Renter, Upper Income Limit, %	0.0%	50.6%	65.6%	0.0%
Qualified, Renter, Lower Income Limit, %	0.0%	42.5%	50.6%	0.0%
Qualified, Renter %	0.0%	8.0%	15.0%	0.0%
Renter Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Renter Households	0	931	931	0
Households, 3-BR, %	0.0%	25.0%	25.0%	0.0%
Renter Households, 3-BR	0	233	233	0
Qualified, %	0.0%	8.0%	15.0%	0.0%
Renter Households, 3-BR, Qualified	0	19	35	0
Renter Households, 3-BR, Qualified, Growth, %	0.0%	0.3%	0.3%	0.0%
Renter Households, 3-BR, Qualified, Growth	0	0	0	0
Projection Period, Years	0	1	1	0
Renter Households, 3-BR, Qualified, Growth, Projected	0	0	0	0
Renter Households, 3-BR	0	233	233	0
Qualified, %	0.0%	8.0%	15.0%	0.0%
Renter Households, 3-BR, Qualified	0	19	35	0
Renter Households, 3-BR, Qualified, Movership, %	0.0%	29.4%	29.4%	0.0%
Renter Households, 3-BR, Qualified, Movership	0	6	10	0
Growth & Movership, Renter, Primary Market Area	0	6	10	0
Secondary Market, %	0.0%	10.0%	10.0%	0.0%
Growth & Movership, Renter, Total	0	6	12	0
Total Households				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
Growth & Movership	0	6	12	0

Source: U.S. Census Bureau, Claritas; Allen & Associates

The next step in our analysis is to estimate the proportion of growth and movership the development should be able to attract in order to drive our lease-up projection. This amount, known as the fair share, is an integral component in our absorption period analysis.

The fair share analysis is used extensively in single-family, multifamily, commercial, and retail market studies. The books entitled Market Analysis for Valuation Appraisals (1994, Appraisal Institute) and Market Analysis and Highest & Best Use (2005, Appraisal Institute) provide a good overview of this technique and its application to a variety of property types. These textbooks are used in the *Highest & Best Use and Market Analysis* course offered by the Appraisal Institute.

The following formula can be used to estimate the fair share for a specific project:

$$\text{Fair Share} = 1/(1+N)$$

N represents the number of properties directly competitive with the subject property for each unit type and each income level. Our analysis assumes that the estimated fair share will never exceed 50 percent.

Based on the rental property inventory and the competing property data presented previously in this report, we conclude the following fair share estimates for units at the subject property:

	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0.0%	0.0%	0.0%	0.0%
1-Bedroom	0.0%	0.0%	0.0%	0.0%
2-Bedroom	0.0%	50.0%	50.0%	0.0%
3-Bedroom	0.0%	50.0%	50.0%	0.0%
4-Bedroom	0.0%	0.0%	0.0%	0.0%

Source: Allen & Associates

The next step in our analysis is to compute the absorption rate for the subject property. The absorption rate estimate tells us the rate at which subject property units are likely to lease. The following table gives the absorption rate, by unit type, for the subject property:

Absorption Rate Estimate				
Growth & Movership, Annual				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0	0	0	0
1-Bedroom	0	0	0	0
2-Bedroom	0	9	15	0
3-Bedroom	0	6	12	0
4-Bedroom	0	0	0	0
Growth & Movership, Monthly				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0.0	0.0	0.0	0.0
1-Bedroom	0.0	0.0	0.0	0.0
2-Bedroom	0.0	0.7	1.3	0.0
3-Bedroom	0.0	0.5	1.0	0.0
4-Bedroom	0.0	0.0	0.0	0.0
Fair Share				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0.0%	0.0%	0.0%	0.0%
1-Bedroom	0.0%	0.0%	0.0%	0.0%
2-Bedroom	0.0%	50.0%	50.0%	0.0%
3-Bedroom	0.0%	50.0%	50.0%	0.0%
4-Bedroom	0.0%	0.0%	0.0%	0.0%
Absorption Rate, Monthly				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0.00	0.00	0.00	0.00
1-Bedroom	0.00	0.00	0.00	0.00
2-Bedroom	0.00	0.36	0.63	0.00
3-Bedroom	0.00	0.26	0.48	0.00
4-Bedroom	0.00	0.00	0.00	0.00

Source: Allen & Associates

The final step is to compute the absorption period for the subject property. The absorption period estimate tells us how long it will take for the subject property units to lease. The following table gives the absorption period, by unit type, for the subject property:

Absorption Period Estimate				
Subject Units				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0	0	0	0
1-Bedroom	0	0	0	0
2-Bedroom	0	14	25	0
3-Bedroom	0	9	17	0
4-Bedroom	0	0	0	0
Stabilized Occupancy				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0.0%	0.0%	0.0%	0.0%
1-Bedroom	0.0%	0.0%	0.0%	0.0%
2-Bedroom	0.0%	96.0%	96.0%	0.0%
3-Bedroom	0.0%	96.0%	96.0%	0.0%
4-Bedroom	0.0%	0.0%	0.0%	0.0%
Absorption Rate, Monthly				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0.00	0.00	0.00	0.00
1-Bedroom	0.00	0.00	0.00	0.00
2-Bedroom	0.00	0.36	0.63	0.00
3-Bedroom	0.00	0.26	0.48	0.00
4-Bedroom	0.00	0.00	0.00	0.00
Absorption Period, Months				
	30% of AMI	50% of AMI	60% of AMI	Market Rate
0-Bedroom	0	0	0	0
1-Bedroom	0	0	0	0
2-Bedroom	0	38	38	0
3-Bedroom	0	34	34	0
4-Bedroom	0	0	0	0
Absorption Period = 38 mos		Average Rate = 1.64 uts/mo		

Source: Allen & Associates

We estimate a 38-month absorption period and an average absorption rate of 1.64 units per month to stabilization for the subject property. The absorption period breaks down by unit type and income level as follows:

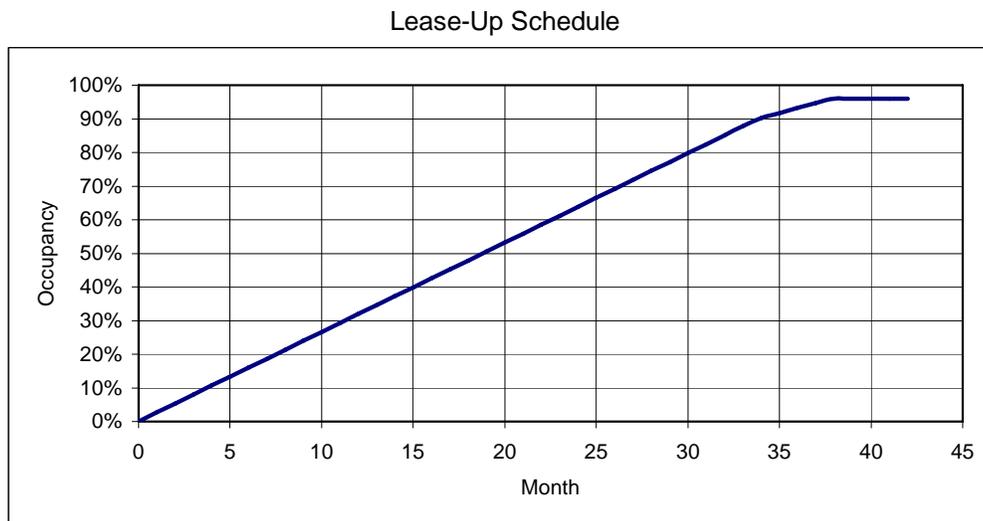
- 38 month(s) for 2BR units at 50% of AMI
- 38 month(s) for 2BR units at 60% of AMI
- 34 month(s) for 3BR units at 50% of AMI
- 34 month(s) for 3BR units at 60% of AMI

In general, the lower the absorption period the better. Underwriters often utilize absorption period limits of 12 to 24 months, depending on the specific project. In our

opinion, the estimated absorption periods indicate that too many units may be proposed for the subject property.

Please note: This analysis does not account for pent-up demand, pre-leasing efforts, relocation program efforts for existing properties, or rents subsidies. In reality, 3 months of pre-leasing could theoretically shave 3 months off the absorption period. Alternatively, a 50% resident retention rate could cut the capture rate and absorption period in half for an existing property. Finally, any rent subsidies not accounted for already in this analysis could cut capture rates and absorption periods for subsidized units significantly.

The following table utilizes the absorption estimates from above to derive a lease-up schedule to stabilized occupancy for the subject property:



Source: Allen & Associates

Sensitivity Analysis

The purpose of our sensitivity analysis is to evaluate the impact of possible rent increases on the marketability of the subject property. Our analysis to this point has been based on the proposed rents for the subject property. In this section we evaluate the marketability of the project at achievable rents. Achievable rents – which are defined as the lesser of program or market rents - represent the absolute highest rent permissible for the area, considering market rental rates and maximum allowable rent limits.

Our sensitivity analysis yields the following comparison of marketability measures of the subject property at proposed versus achievable rents:

- Penetration Rate: 47.0% (proposed rents); 67.1% (achievable rents)
- Saturation Rate: 67.8% (proposed rents); 96.9% (achievable rents)
- Capture Rate: 168.2% (proposed rents); 293.7% (achievable rents)
- Absorption Period: 38 months (proposed rents); 54 months (achievable rents)

Our analysis suggests that increasing the proposed rents to achievable rent levels would result in significant increases in penetration, saturation, and capture rates. Further, the increased rents would result in a significant increase in the absorption period for the project. In our opinion, increasing the rents to achievable rents would have a substantial adverse impact on the marketability of this project.

Tables comparing the marketability of the subject property at proposed rents versus achievable rents are found on the following page.

Proposed Rents

Subject Property Units			Penetration and Saturation Rate Estimate				Capture Rate Estimate				Absorption Analysis		Rent Analysis		
Unit Type	Rent Type	Units Proposed	Gross Qualified	Penetration Rate	Competing Supply	Saturation Rate	Gross Qualified	New Supply	Net Qualified	Capture Rate	Absorption Rate	Absorption Period	Achievable Rent	Program Rent	Proposed Rent
2-BR	50% of AMI	14	29	49.0%	11	86.7%	9		9	159.4%	0.36	38 mos	\$530	\$478	\$400
2-BR	60% of AMI	25	51	49.3%	18	84.9%	16		16	155.9%	0.63	38 mos	\$530	\$594	\$450
3-BR	50% of AMI	9	21	43.6%		43.6%	5		5	190.2%	0.26	34 mos	\$555	\$546	\$425
3-BR	60% of AMI	17	39	44.1%		44.1%	9		9	187.3%	0.48	34 mos	\$555	\$681	\$475
Average/Total		65	138	47.0%	29	67.8%	39		39	168.2%	1.64	38 mos	Stabilized Occupancy		96%

Achievable Rents

Subject Property Units			Penetration and Saturation Rate Estimate				Capture Rate Estimate				Absorption Analysis		Rent Analysis		
Unit Type	Rent Type	Units Proposed	Gross Qualified	Penetration Rate	Competing Supply	Saturation Rate	Gross Qualified	New Supply	Net Qualified	Capture Rate	Absorption Rate	Absorption Period	Achievable Rent	Program Rent	Proposed Rent
2-BR	50% of AMI	14	20	70.8%	11	125.4%	5		5	292.9%	0.25	54 mos	\$530	\$478	\$400
2-BR	60% of AMI	25	36	69.4%	18	119.5%	9		9	272.0%	0.45	53 mos	\$530	\$594	\$450
3-BR	50% of AMI	9	14	62.4%		62.4%	3		3	305.6%	0.17	50 mos	\$555	\$546	\$425
3-BR	60% of AMI	17	27	63.9%		63.9%	5		5	325.9%	0.34	48 mos	\$555	\$681	\$475
Average/Total		65	97	67.1%	29	96.9%	22		22	293.7%	1.16	54 mos	Stabilized Occupancy		96%

RECOMMENDATIONS & CONCLUSIONS

In our opinion, the estimated overall penetration rate (47.0%), saturation rate (67.8%), capture rate (168.2%), and absorption period (38 months) are all excessive. Although our research suggests that the proposed rents are achievable and a 96 percent stabilized occupancy rate for this project, the various demand measures indicate a slow lease-up for this development. In our opinion, therefore, the subject property is not feasible as proposed.

APPENDIX

Data Sources

Project Description

Subject Property Developer/Manager/Owner
Microsoft MapPoint
State Housing Finance Agency
U.S. Department of Housing & Urban Development

Site Evaluation

Prizm Demographics
Microsoft TerraServer
Transamerica Flood Insurance
FirstSearch Environmental
Microsoft MapPoint
Claritas
InfoUSA
U.S. Census

Regional Economy

Bureau of Labor Statistics
Woods & Poole Economics
InfoUSA
Claritas
U.S. Census Bureau

Market Area Demographic Characteristics

Elderly Demographic Characteristics

U.S. Census Bureau
Claritas

Supply Analysis

U.S. Census Bureau
Claritas
InfoUSA
State Housing Finance Agency
U.S. Department of Housing & Urban Development
USDA Rural Development
Microsoft MapPoint
Competing Property Developer/Manager/Owner

Market Rent Estimate

Microsoft MapPoint
Claritas
Bureau of Labor Statistics
U.S. Census Bureau
Marshall Valuation Service

Market Rent Estimate (Continued)
State Housing Finance Agency
U.S. Department of Housing & Urban Development

Qualified Households & Penetration Rates
Demand & Capture Rates
Absorption Period & Fill Rates
Competing Property Developer/Manager/Owner
American Housing Survey
State Housing Finance Agency
U.S. Department of Housing & Urban Development
U.S. Census Bureau
Claritas

Qualifications

Allen & Associates is a real estate valuation and advisory firm specializing in affordable income-producing housing. Allen & Associates provides market studies, demand analyses, supply analyses, rent comparability studies, appraisals, land appraisals, environmental assessments, property condition reports, and utility studies to its clients.

Our area of specialty includes the evaluation of low-income housing tax credit properties. Over the past several years we have completed assignments in 24 states including Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia, Wisconsin, Wyoming and Puerto Rico.

Allen & Associates has offices in Charlotte, North Carolina and Detroit, Michigan and is approved to provide its services throughout the United States. Since 1973, we have completed thousands of assignments across the country.

The following discussion summarizes our affordable multifamily activities over the past several years:

- Since 2000 we have completed a total of 735 assignments throughout the United States including 221 in 2005. A summary listing of projects is found below:

Project Summary												
Year	Virginia		North Carolina		South Carolina **		Georgia		Region		United States	
	Total	HFA	Total	HFA	Total	HFA	Total	HFA	Total	HFA	Total	HFA
2001	11	na	4	3	5	0	18	18	38	21	87	21
2002	25	na	13	13	0	0	15	6	53	19	122	19
2003	30	na	8	8	4	0	24	10	66	18	170	18
2004	22	na	16	11	1	0	30	17	69	28	135	28
2005	31	na	13	9	24	10	30	17	98	36	221	36
Total	119	na	54	44	34	10	117	68	324	122	735	122

** Currently in the Process of Completing Demand Analyses for All 46 Counties in the State of South Carolina

- Since 2000 we have completed 324 assignments in Virginia, North Carolina, South Carolina, and Georgia. A total of 119 of these assignments were in Virginia, 54 were in North Carolina, 34 were in South Carolina, and 117 were in Georgia. A total of 122 of these assignments were engaged by state housing finance agencies.
- We have compiled a database of detailed information for every tax credit and tax-exempt bond transaction in Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Texas, Iowa and Minnesota since 1999. We have made this data available to National Council of Affordable Housing Market Analysts members as part of our ongoing effort to provide useful information to industry participants.
- We are in the process of conducting county-level demand assessments for Virginia, North Carolina, South Carolina and Georgia. In 2003 we conducted this analysis for Texas and Wisconsin.

- The Georgia Department of Community Affairs ranks its market analysts each year. Allen & Associates Consulting has been ranked at the top of its list of analysts for the past two years based on a variety of factors including price, work quality, work capacity, and responsiveness to their needs.
- In 2004, the State of Indiana solicited our input regarding their market study guidelines and their underwriting process. We were one of 3 firms asked to provide input.
- In 2003 and 2004, Allen & Associates was retained to provide expert testimony with respect to litigation involving the market feasibility of several affordable multifamily properties in Michigan.
- In 2003, Allen & Associates was retained to provide expert testimony with respect to litigation involving the valuation of a Michigan low-income housing tax credit property that was being over-assessed.

The following is a listing of key personnel at Allen & Associates:

Jeffrey B. Carroll

Jeffrey B. Carroll is President of Allen & Associates Consulting and has over 17 years of real estate consulting experience. Since 1988, he has performed over 1000 market study, appraisal, and environmental assessment assignments throughout the country for affordable multifamily properties.

Mr. Carroll chairs the data and ethics committees for the National Council of Affordable Housing Market Analysts, he is a Certified Environmental Consultant and a member of the Environmental Assessment Association. He is also a certified general appraiser, licensed to appraise real estate in the states of Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. Mr. Carroll, an associate member of the Appraisal Institute, is currently completing the requirements necessary to obtain the MAI designation.

Jeff Carroll has written articles on development, market assessment, financial analysis, and property management for Urban Land magazine, The Journal of Property Management, Community Management magazine, Merchandiser magazine, and a publication of the Texas A&M Real Estate Research Center known as Terra Grande.

Mr. Carroll is also the founder of The Tartan Foundation, Inc., a non-profit organization that provides research and education on a variety of affordable housing issues.

Mr. Carroll has conducted seminars on development, market & feasibility analysis and affordable housing for the American Planning Association, Community Management magazine, the Georgia Department of Community Affairs, the Manufactured Housing Institute, and the National Council of Affordable Housing Market Analysts.

The following is a summary of Mr. Carroll's relevant educational background:

Clemson University, Bachelor of Science Degree

Chemical Engineering and Economics	1983
Harvard University, Master's Degree in Business Administration General Management, Economics and Real Estate	1988
Appraisal Institute	
Appraisal Principles	2001
Appraisal Procedures	2001
Uniform Standards of Professional Appraisal Practice	2001
Applied Residential Property Valuation	2001
General Applications	2002
Highest & Best Use and Market Analysis	2002
Basic Income Capitalization	2002
Advanced Income Capitalization	2002
General Demonstration Report Writing	2003
Advanced Applications	2003
Advanced Sales Comparison & Cost Approach	2003
Report Writing & Valuation Analysis	2003
Business Practices & Ethics	2003
Uniform Standards of Professional Appraisal Practice Update	2005
Market Analysis for Real Estate	2005
Uniform Standards of Professional Appraisal Practice	2006
Uniform Standards of Professional Appraisal Practice Update	2006
Business Practices & Ethics	2006
National Council of Affordable Housing Market Analysts	
Semi-Annual Meeting & Continuing Education	January 2002
Semi-Annual Meeting & Continuing Education	September 2002
Semi-Annual Meeting & Continuing Education	January 2003
Semi-Annual Meeting & Continuing Education	September 2003
Semi-Annual Meeting & Continuing Education	January 2004
Semi-Annual Meeting & Continuing Education	September 2004
Semi-Annual Meeting & Continuing Education	January 2005
Semi-Annual Meeting & Continuing Education	September 2005
Semi-Annual Meeting & Continuing Education	January 2006
Semi-Annual Meeting & Continuing Education	May 2006

Mr. Carroll, who was awarded a scholarship on the Clemson University varsity wrestling team, is an assistant coach for a local high school wrestling team. He is also a children's instructor at a local judo club. Mr. Carroll resides in Charlotte, North Carolina with his wife Becky and his two children, Luke and Brittany.

Laurence G. Allen

Laurence G. Allen is President of Allen & Associates Appraisal and has over 30 years of real estate valuation and consulting experience. Since 1973, he has performed over 3000 appraisal and consulting assignments for a variety of property types throughout the country.

His experience includes the appraisal and feasibility analysis for low income housing tax credit and tax-exempt bond projects. Since 2000, he has performed over 200 market study and appraisal assignments throughout the country for affordable multifamily properties.

Mr. Allen, a member of the National Council of Affordable Housing Market Analysts, has written a number of articles in the Appraisal Journal, Michigan Assessor magazine, and Community Management magazine. In addition, he wrote a section entitled “Estimating Value” for the book How to Find, Buy and Sell Manufactured Home Communities.

Mr. Allen taught courses on real estate appraisal at the University of Michigan . In addition, he was a guest lecturer on real estate appraisal at the University of Michigan and Michigan State University School of Business Administration, Graduate programs.

Mr. Allen is a licensed real estate broker and a state certified real estate appraiser in the state of Michigan, Georgia and Virginia. In addition, he holds the MAI designation with the Appraisal Institute and the CFA (Chartered Financial Analyst) designation with the CFA Institute.

Mr. Allen received his Bachelor’s Degree with honors from Linfield College and his Master’s Degree in Business Administration from the University of Michigan .

The following is a summary of Mr. Allen’s relevant educational background:

Linfield College, Bachelor of Arts Degree	
Psychology	1972
University of Michigan, Master’s Degree in Business Administration	
Marketing and Finance	1982
American Institute of Real Estate Appraisers	
Completed Required Curriculum for MAI Designation	1973-1978
Appraisal Institute Appraising Troubled Properties	1985
Rates, Ratios & Reasonableness	1985
Hotel/Motel Valuation	1990
Analysis of Retail Properties	1995
Dynamics of Office Building Valuation	2000
Subdivision Valuation	2005

National Council of Affordable Housing Market Analysts
Semi-Annual Meeting & Continuing Education

September 2005

Mr. Allen is the father of two and resides in Birmingham, Michigan with his wife Susan.

Debbie Rucker

Debbie Rucker is an analyst with Allen & Associates, coordinating rent surveys and data collection for the company. Ms. Rucker has worked on over 250 assignments and has conducted over 5000 rent surveys.

Ms. Rucker was also responsible for compiling the database of detailed information on of every tax credit and tax-exempt bond transaction in Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Texas, Iowa and Minnesota since 1999. We have made this data available to National Council of Affordable Housing Market Analysts members as part of our ongoing effort to provide useful information to industry participants.

The following is a summary of Ms. Rucker's relevant educational background:

National Council of Affordable Housing Market Analysts
Semi-Annual Meeting & Continuing Education

September 2005

Ms. Rucker is active in her church and helps run a local judo club. Ms. Rucker is the mother of two and resides in Weddington, North Carolina.

Frank Victory

Frank Victory is an analyst with Allen & Associates, coordinating rent surveys and data collection for the company. Mr. Victory has worked on over 150 assignments and has compiled over 30 gigabytes of economic and demographic data.

Mr. Victory is also in the process of compiling the data for county-level demand assessments for Virginia, North Carolina, South Carolina and Georgia.

The following is a summary of Mr. Victory's relevant educational background:

National Council of Affordable Housing Market Analysts
Semi-Annual Meeting & Continuing Education

September 2005

Mr. Victory is active in his church and the community. He was recently named "Charlotte's Hometown Hero" for his charitable work by one of the largest radio and television stations in North Carolina. Mr. Victory is the father of two and resides in Monroe, North Carolina.

Interviews

Ms. Robin

Arrowhead

(478) 783-1535

No new apartments in the area. Jobs are not great, most people commute to Warner Robins, Perry or Cochran. 36 units have project based rental assistance. 6 month waiting list.

Ms. Helen

Heart Homes

(478) 783-3013

No new apartments in the area. Most commute to jobs are in Warner Robins. 6 month waiting list.

ms. Mary

Lakeside Villa Apartments

(478) 783-1287

20 units have Project Based rental assistance. Most jobs are in Perry or Warner Robins. No new apartments in the area. 2 months waiting list.

Kurt Conner

Town Plaza Apartments

(478) 783-0142

Most jobs out of town.

Rental Property Inventory Data

Project Information			BR	BA	Unit Type	Rent Type	Income Limit	Tot Uts	Vac Uts	Street Rent			Disc	Net Rent			Util Allow	Gross Rent			Square Feet																																				
										Min	Max	Avg		Min	Max	Avg		Min	Max	Avg	Min	Max	Avg																																		
Property Name	Heart Homes		0	1.0	Garden/Flat	Subsidized	60% of AMI	8	0	\$282	\$282	\$282	\$0	\$282	\$282	\$282	\$71	\$347	\$353	\$350	500	500	500																																		
Street Number	636		1	1.0	Garden/Flat	Subsidized	60% of AMI	22	0	\$341	\$341	\$341	\$0	\$341	\$341	\$341	\$98	\$406	\$439	\$423	700	700	700																																		
Street Name	6th																																																								
Street Type	Street																																																								
City	Hawkinsville																																																								
State	Georgia																																																								
Zip	24216																																																								
Phone Number	(478) 783-3013																																																								
Year Built	1991																																																								
Year Renovated	na																																																								
Minimum Lease	12																																																								
Security Deposit/Fees	BOI																																																								
Waiting List	yes																																																								
Project Rent	Subsidized																																																								
Project Type	Elderly																																																								
Project Status	Stabilized																																																								
Latitude	32.291352																																																								
Longitude	-83.47840969																																																								
AAC Code	13235-0-003																																																								
Notes																																																									
Person Interviewed	Ms. Helen																																																								
Interview Date	May 23, 2006																																																								
Interviewed By	AB																																																								
No new apartments in the area. Most commute to jobs are in Warner Robins. 6 month waiting list.																																																									
Estimated square footage.																																																									
Total / Average								30	0	\$325	\$325	\$325	\$0	\$325	\$325	\$325	\$91	\$390	\$416	\$403	647	647	647																																		
Summary			Building Type			Unit Amenities			Kitchens			Parking			Utility			Tenant			Owner			Services																																	
Total Units					Avg Net Rent					1 Story			yes			Blinds			yes			na			Stove			yes			Garage			no			\$0			Heating - Gas			no			no			After School			no			\$0		
0BR	0	0	8	8	0BR	na	na	\$282	\$282	2-4 Story	no	Ceiling Fans	no	\$0	Refrigerator	yes	Covered	no	\$0	Heating - Elec	yes	no	Concierge	no	na																																
1BR	0	0	22	22	5-10 Story	no	Carpeting	yes	na	Disposal	no	Assigned	no	na	Cooking - Gas	no	na	Cooking - Elec	yes	no	Dry Cleaning	no	na																																		
2BR	0	0	0	0	>10 Story	no	Fireplace	no	\$0	Dishwasher	no	Open	yes	na	Cooking - Elec	yes	no	Emp Counseling	no	na																																					
3BR	0	0	0	0			Patio/Balcony	no	na	Microwave	no	None	no	na	Other Electric	yes	no	Hair Salon	no	na																																					
4BR	0	0	0	0			Storage	no	\$0					na	Air Conditioning	yes	no	Health Care	no	na																																					
Total	0	0	30	30										na	Hot Water - Gas	no	no	HO Counseling	no	na																																					
Occupied Units					Avg Square Feet					Project Amenities			Air Conditioning			Laundry			Historic Summary																																						
0BR	0	0	8	8	0BR	na	na	500	500	Ball Field	no	Horseshoe Pit	no	Central	yes	Central	yes	na	Hot Water - Elec	yes	no	Linens	no	\$0																																	
1BR	0	0	22	22	BBQ Area	no	Lake	no	Wall Units	BBQ Area	no	W/D Units	no	\$0	Water	no	yes	Meals	no	\$0																																					
2BR	0	0	0	0	Billiards	no	Library	no	Window Units	no	W/D Hookups	no	na	Sewer	no	yes	Transportation	no	na																																						
3BR	0	0	0	0	Bus/Comp Ctr	no	Movie Theatre	no	None	no				Trash Collection	no	yes	Trash Pickup	no	na																																						
4BR	0	0	0	0	Car Care Ctr	no	Picnic Area	no																																																	
Total	0	0	30	30	Comm Center	no	Playground	no																																																	
										Heat			Security			Historic Summary																																									
0BR	na	na	700	700	Elevator	no	Pool	no	Central	yes	Call Buttons	no	Date	Rent	Occ	Date	Rent	Occ																																							
1BR	na	na	na	na	Fitness Center	no	Sauna	no	Wall Units	no	Cont Access	no	5/06	\$325	100.0%																																										
2BR	na	na	na	na	Gazebo	no	Sports Court	no	Baseboards	no	Courtesy Officer	no																																													
3BR	na	na	na	na	Hot Tub/Jacuzzi	no	Walking Trail	no	Radiators	no	Monitored Alarms	no																																													
4BR	na	na	na	na					None	no	Security Alarms	no																																													
Total	na	na	647	647							Security Patrols	no																																													

Arrowhead Apartments



Hawkinsville Housing Authority



Heart Homes



Lakeshore Landing



Lakeside Villa Apartments



Town Plaza Apartments

