

PROFESSIONAL MARKET STUDY  
FOR THE ASHLEY MIDTOWN II APARTMENTS  
APPLICATION # - 2006-057  
A PROPOSED LIHTC/HOPE VI FAMILY DEVELOPMENT

LOCATED IN:  
SAVANNAH, CHATHAM COUNTY, GA

PREPARED FOR:  
GEORGIA DEPARTMENT *of* COMMUNITY AFFAIRS  
OFFICE *of* AFFORDABLE HOUSING  
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## INTRODUCTION

The proposed multi-family development will target LIHTC eligible households within the general population of the Savannah area of Chatham County, Georgia.

The market study assignment was to ascertain market demand for a proposed multi-family development to be known as the **Ashley Midtown II Apartments**, for the Georgia Department of Community Affairs (GA-DCA).

### Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
2BR/1b	4	1214	Na
2BR/1.5b	14	1238	Na
3BR/2b	20	1340-1482	Na
Total	38		

### Project Rents:

The proposed development will target 100% of the units at 60% or below of area median income (AMI). The net rent will include water, sewer and trash removal. All 38-units will be income restricted including the managers unit. All 38-units will have project base rental assistance (PBRA). 52.63% of the units will have PBRA in the form of public housing units (PHA-RA) being reserved and rented to existing public housing tenants. The remaining 47.37% of the units will have HUD based PBRA.

PROPOSED PROJECT RENTS @ 60% AMI				
Bedroom Mix	# of Units	Net Rent*	Utility Allowance	Gross Rent
2BR/1b	4	\$599	\$124	\$723
2BR/1.5b	14	\$599	\$124	\$723
3BR/2b	20	\$823	\$146	\$969

\*contract rent

In addition, there are several terms that will be used throughout the study, which have very specific meanings within the program assisted framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

### **Type of Project Rent Structure:**

- Conventional - also referred to as "market rate", reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.
- Assisted - projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance and in some cases private grants or preferential loans.
- Subsidized - projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them in assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

### **Rent Inclusions:**

- Gross Rent - refers to the total rent payment, including utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in the study for program usage such as LIHTC maximum rents or HUD Fair Market Rents.
- Net Rent - sometimes known as "street rent", involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with conventional projects, and are also usually identified as a monthly rent.
- Utility Allowance - is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

As a final terminology note, capture rate and penetration rate are used interchangeably in this study. They refer to the proportion of a defined total pool of tenants that a specific project must capture (or the degree to which the project must penetrate the total pool) in order to be fully occupied. Different capture rates will be calculated for different market pools - for example, the capture rate applied to the total income-qualified renter base will be different from the capture rate applied to a annual target demand pool. Both are used in this study.

The analyst performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals and other persons knowledgeable in the local area housing market.

Among sources utilized and cited throughout the study are the U.S. Census of Population and Housing, the Georgia Department of Labor, the Savannah Area Chamber of Commerce, the Savannah Economic Development Authority, the City of Savannah, the US Department of Housing and Urban Development and pertinent information and materials collected from local professional real estate sources and subject related service providers.

Other, specific elements of the methodology are discussed in the text of the study.

## STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultant declares that he does not have, and will not have the future, any material interest in the proposed project, and that there is no identity between him and the client of the study. Further, the consultant declares that the payment of the study fee is in no way contingent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact. The analyst certifies that no attempt was made to contact the applicant directly for any information in the market study.
2. The information on which this analysis of conditions in Savannah and Chatham County has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultant assumes no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by private sources cited during the normal course of a thorough investigation. The consultant reserves the right to alter conclusions on the basis of any discovered inaccuracies.
3. No opinion of a legal or engineering nature is intentionally expressed or implied.
4. The fee charged for this study does not include payment for testimony nor further consultation.
5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age / handicapped eligibility established by law for units designated by elderly households and the handicapped.
6. The consultant affirms that a member of the firm made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units.

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**Jerry M. Koontz, Principal  
Koontz and Salinger**

**SECTION A**  
**EXECUTIVE SUMMARY**

**1. Market Area and Site Description:**

- The Primary Market Area (PMA) for the proposed multi-family development consists of the following census tracts in the City of Savannah:

9, 19, 25, 36.02, and  
10, 20, 26, 101.01.  
11, 21, 37,  
15, 22, 36.01

- The overall character of the neighborhood within the immediate vicinity of the site can be defined as a mixture of: single-family residential, with small scale single-family conversions into rentals and small apartment multi-plex properties. The site is located in the northern portion of Savannah, within the city limits and is comprised of 25 parcels, some adjacent and some separated by single-family dwellings. Currently, the site is zoned for multi-family development.
- In the opinion of the analyst, the site of the subject is considered to be very appropriate for multi-family development.

**2. Appropriateness of Project Parameters**

- Overall, the subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding the unit and the development amenity package.
- In the area of unit size, by bedroom type, the subject will offer very competitive unit sizes, based on the proposed floor plans.
- The subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding proposed net rents by bedroom type, given the proposed 100% deep subsidy project base rental assistance.
- The proposed subject 2BR/1.5b net rent at 60% AMI is approximately 2% less than the comparable/competitive 2BR/1.5b market rate net rents, within the PMA. The proposed subject 3BR/2b net rent at 60% is

approximately 19% greater than the comparable/competitive 3BR/2b market rate net rents, within the PMA. Note: This reconciliation process assumes no PBRA for the subject. Clearly, based on the results of this process, the subject 3BR units will require deep subsidy RA, subject to the proposed contract rents (being re-positioned).

- The subject bedroom mix is considered to be appropriate. At present, the market is in need of larger bedroom sizes, as stated by most of the interviewed existing LIHTC apartment managers in Savannah, such as the proposed subject mix of 100% 2BR and 3BR units.

### 3. Market Demand:

- The capture rates by income segment and bedroom mix are considered to be positive indicator of demand support for the proposed 38-unit development, with PBRA. The overall project capture rate is 1%. Without PBRA the retention rate would not be as high and in fact the assumption of a project with 38 available units and no PBRA would be more realistic along with a capture rate much higher than that exhibited at 11.1%. However, if the subject development did not have PBRA and at the same time had net rents positioned below the existing contract rents the non PBRA capture rate would be much lower, and a indicator of strong demand support.
- At present, there is LIHTC/Market Rate complex in the PMA and five other family LIHTC/Market Rate development within nearby proximity of the PMA, outside of the PMA.

Capture Rates by Bedroom Type & Income Targeting - With PBRA							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
2BR	60% AMI	18	1,938	0.9%	2 mos.	\$610	\$599*
3BR	60% AMI	20	968	2.1%	3 mos.	\$690	\$823*

\*proposed net rent is a HUD Contract Rent

- The long term negative impact of placing the proposed subject property into the PMA is forecasted **not** to be significant as its relates to the present supply of program assisted apartment properties.
- The worst case scenario for 93% to 100% rent-up is estimated to be 4 months (at 9 to 10-units per month on average). The most likely/best case rent-up scenario suggests a 3-month rent-up time period, or less (an average of 12 to 13-units per month).

- Without the PBRA the estimates of capture rate by bedroom type and absorption are:

Capture Rates by Bedroom Type & Income Targeting - Without PBRA							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
2BR	60% AMI	18	171	10.5%	**	\$610	\$599*
3BR	60% AMI	20	85	23.5%	**	\$690	\$823*

\*proposed net rent is a HUD Contract Rent

\*\*In the case of a subject scenario without PBRA, the absorption rate is subject to a reduction of the proposed 3BR net rent.

#### 4. Recommendation & Conclusion:

- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **proceed forward, as presently configured.**

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**MARKET STUDY FOLLOWS**

**SECTION B**

**PROPOSED PROJECT DESCRIPTION**

The proposed Low Income Housing Tax Credit (LIHTC) multi-family development will target very low to low income households in the general population within the City of Savannah and Chatham County, Georgia.

The market study assignment was to ascertain market demand for a proposed multi-family development to be known as the **Ashley Midtown II Apartments**, for the Georgia Department of Community Affairs (GA-DCA), under the following scenario:

**Project Description**

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
2BR/1b	4	1214	Na
2BR/1.5b	14	1238	Na
3BR/2b	20	1340-1482	Na
Total	38		

The proposed new construction project design will comprise 38 duplex and townhouse units, in 16-buildings. Each unit will have a driveway located off the street. Ashley Midtown II is the fourth phase of a Hope VI application sponsored by the Savannah Housing Authority. The project will include a separate building comprising a manager's office and community center. The subject property comprises vacant lots, within a neighborhood setting, in between Waters Avenue and Live Oaks Street and Bolton and Gwinnett Streets, within the Savannah city limits.

The proposed *Occupancy Type* is for the **General Population** and is not age restricted.

**Project Rents:**

The proposed development will target 100% of the units at 60% or below of area median income (AMI). The net rent will include water, sewer and trash removal. All 38-units will be income restricted including the manager's unit. All 38-units will have project base rental assistance (PBRA). 52.63% of the units will have PBRA in the form of public housing units (PHA-RA) being reserved and rented to existing public housing tenants. The remaining 47.37% of the units will have HUD based PBRA.

PROPOSED PROJECT RENTS @ 60% AMI				
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2BR/1b	4	\$599	\$124	\$723
2BR/1.5b	14	\$599	\$124	\$723
3BR/2b	20	\$823	\$146	\$969

\*contract rent

**Amenity Package**

The development will include the following amenity package:

**Unit Amenities**

- range
- microwave
- central air
- smoke alarms
- carpet
- in-sink disposal
- refrigerator
- dish washer
- cable ready
- washer/dryer units
- mini-blinds
- patio/porch/balcony

**Development Amenities**

- manager's office
- covered pavilion
- playground
- driveways
- clubhouse/community room
- picnic/grill area w/gazebo
- equipped computer room & library
- sidewalks

The estimated projected year that Ashley Midtown II will be placed in service is 2008.

**SECTION C**

**SITE & NEIGHBORHOOD  
EVALUATION**

The site of the proposed LIHTC apartment development is comprised of 25 vacant parcels located between Waters Avenue and Live Oaks Street and Bolton and Gwinnett Streets.

The site is located in the northern portion of Savannah, within the city limits, approximately 2 miles from the downtown central business district. Specifically, the site is located in Census Tract 11 (a Qualified Census Tract, QCT) and Zip Code 31404. See Site Map, page 9.

Street and highway accessibility are very good relative to the site. Ready access is available from the site to the following: major retail and service areas, employment opportunities, and local health care providers. All major facilities in the city can be accessed within a 15 to 25 minute drive. At the time of the market study, no significant infrastructure development was in progress within the immediate vicinity of the site.

**Site Characteristics**

Together the 25 vacant parcels comprise approximately 2.12-acres. The physical geography of the vacant parcels is relatively flat with a few trees, but mostly cleared of vegetation. The parcels are considered to be marketable and buildable. However, this assessment is subject to both environmental and engineering studies. All public utility services are available to the tract and excess capacity exists.

The parcels are not located within a flood plain and they appear to drain well. Most of the lots are rectangular in shape and all offer frontage off the residential streets. The parcels (of the subject) are zoned RIP-B, Residential-Institutional-Professional, and allow for multi-family development. The surrounding land use and zoning designations around the site are detailed below:

Direction	Existing Land Use	Current Zoning
North	Single-family residential	R4
East	Single-family residential	R4
South	Single-family residential	R4
West	Single-family residential	R4

Zoning Key: R4 - Residential District

Source: City of Savannah

## Neighborhood Description / Characteristics

The overall character of the neighborhood in the immediate vicinity of the site can be defined as primarily single-family residential with a mixture of small multi-family properties, city parks and nearby commercial properties.

The subject is part of a Hope VI development to revitalize the Garden Homes Apartments (a 315-unit PHA complex) located in the northeast quadrant area of the city in an area known as the Benjamin Van Clark Park Neighborhood. The majority of the residences in the immediate vicinity of the subject parcels are older Victorian homes and bungalow style homes in various stages of condition. Most were occupied, but some were in substandard condition and either unoccupied or boarded-up. Also, it appears that some of the older, large Victorian homes have been converted into rental properties. The neighborhood is well established and exhibits very little evidence of new residential growth with the exception of Phase I of the Hope VI development. There is a new community center/library in process of rehabilitation and expansion about .1 miles to the west, off Bolton Street.

There is much evidence in the immediate area of population loss and small business closures, owing primarily to a loss of home owners. Much of the existing housing stock in the immediate area of the site is renter-occupied, with rents that are typically less than market rents elsewhere in the City. However, the successful development of Phase I of Ashley Midtown provides much evidence of successful regeneration of an area once considered to be severely blighted. Overall, the subject parcels are located within an area that is 90% to 95% built-out and in essence the subject is an in-fill development.

The subject parcels are located about .3 miles west of the Phase IV development of Ashley Midtown and about .5 miles northwest of the Hope VI 100-unit elderly development (known as Veranda's Senior Apartments) presently under construction.

The subject parcels are located about .1 to .2 miles south of a section of the Savannah Housing Authority, the Spencer Elementary School, and access to the Chatham Area Bus Transit Station. The parcels will be served by five bus routes at 10 bus stops that are located within a .25 (quarter) mile walking distance.

The pictures on the following pages are of the site and surrounding land uses within the immediate vicinity of the site.



(1) - Subject parcel, corner of Waters Avenue and Bolton Street.



(2) - Subject parcel off Bolton Street, south to north.



**(3)** - Subject parcel, corner of Live Oak Street and Bolton Street.



**(4)** - Subject parcel off Live Oak Street, east to west.



(5) - Subject parcel off Graydon Street, northeast to southwest.



(6) - Typical dwelling in the vicinity of the parcels.



(7) - Ashley Midtown I, about .3 miles east of the site.



(8) - New 100-unit LIHTC elderly apartments/ Hope VI phase under construction, about .5 miles from site.

# Site Map



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Scale 1:31,250 (at center)

2000 Feet

1000 Meters

- Local Road
- Major Connector
- State Route
- Interstate/Limited Access

**Access to Services**

The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the site to community services are exhibited below:

Points of Interest	Distance from Subject
Benjamin Van Clark Park	.1
New Community Center/Library	.1
Bus Stop	.1
Spencer Elementary School	.2
Access to the Harry Truman Parkway	.4
Chatham Co. Department of Children & Family Services	.4
Hubert Middle School	.5
Kroger Grocery Store	.8
Industrial Area between President Street & the Savannah River	1.0
Fire Station	1.0
Access to US 80 (Victory Drive)	1.0
Savannah High School	1.6
Sav-A-Lot Grocery	1.8
Downtown Central Business District	1.8
McAlpine Shopping Center (Kroger)	2.0
Crossroads Shopping Center (Piggly-Wiggly)	2.2
Memorial Hospital	2.2

**Note:** Distance from subject is in tenths of miles and are approximated.

# SITE & FACILITIES MAP



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Fri Jun 30 14:05 2006

Scale 1:37,500 (at center)  
2000 Feet  
1000 Meters

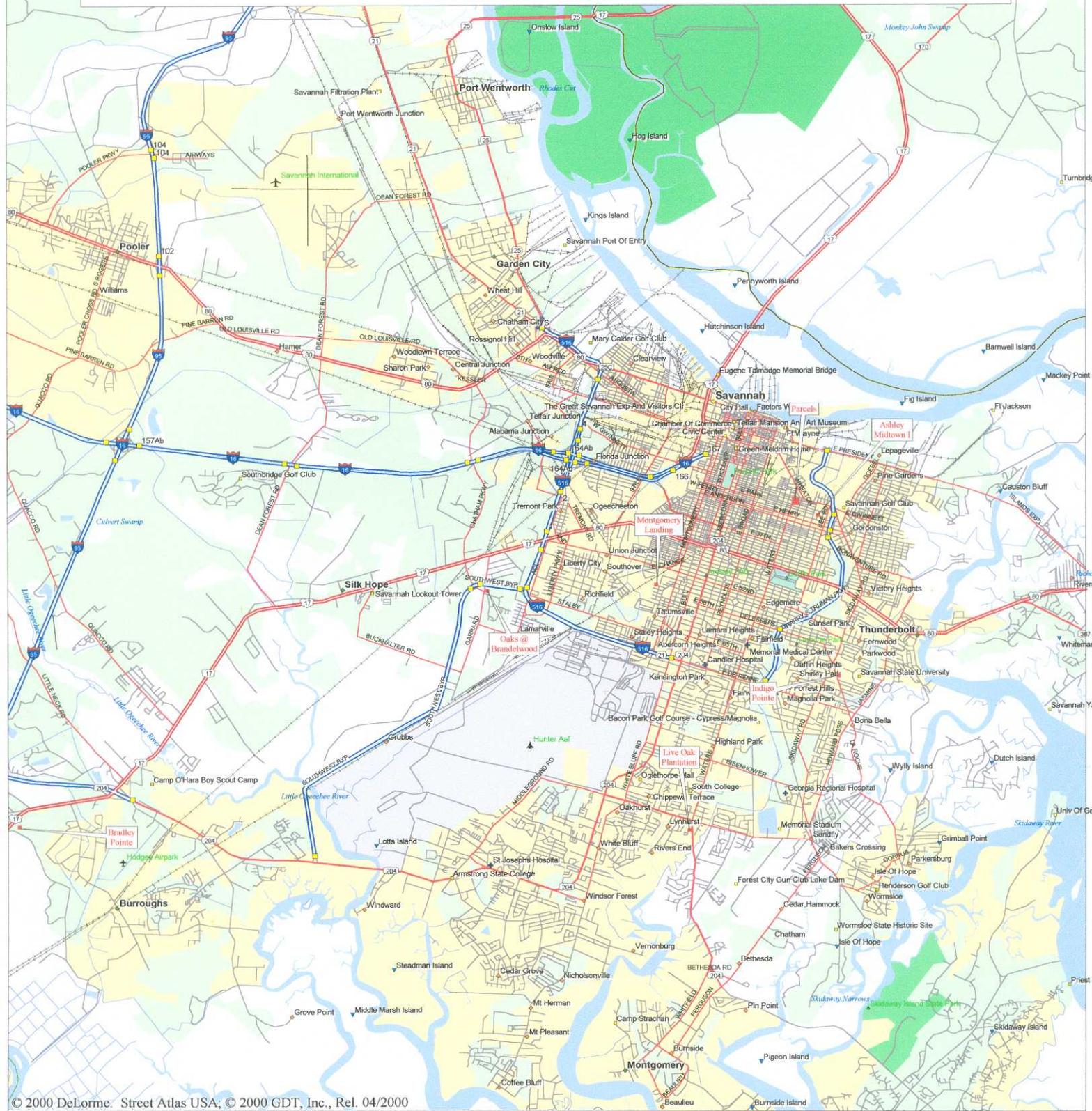
- Local Road
- Major Connector
- State Route
- Interstate/Limited Access

**Program Assisted Apartments in Savannah**

At present, there are six existing LIHTC family apartment complexes in Savannah. Note: Technically, Bradley Point is located outside of the city (in Chatham County). However, it is east of I-95 and primarily targets the city more so than the county. Only one of the LIHTC complexes is located within the PMA. Five of the six LIHTC complexes have a market rate component. A map (on the next page) exhibits the LIHTC family properties within Savannah in relation to the site.

<b>Project Name</b>	<b>Street Address</b>	<b>Program Type</b>	<b>Number of Units</b>	<b>Distance from Site</b>
Ashley Midtown I	151 Park Ave	LIHTC/MR	169	.3 miles
Bradley Point	1355 Bradley	LIHTC	144	16+ miles
Indigo Pointe	4750 La Roach	LIHTC/MR	310	3+ miles
Live Oak Plantation	9505 Waters	LIHTC/MR	208	5+ miles
Montgomery Landing	714 W 57 <sup>th</sup> St	LIHTC/MR	144	3+ miles
Oaks at Bradelwood	5110 Garrard	LIHTC/MR	324	7+ miles

# LIHTC Properties



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Scale 1:125,000 (at center)



-  Local Road
-  Major Connector
-  State Route
-  Interstate/Limited Access

## SUMMARY

The field visits for the site and surrounding market area were on May 23, 24 and June 22, 2006. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood within the immediate vicinity of the site can be defined as a mixture of: single-family residential, with small scale single-family conversions into rentals and small apartment multi-plex properties. The site is located in the northern portion of Savannah, within the city limits and is comprised of 25 parcels, some adjacent and some separated by single-family dwellings.

Access to the parcels is available off Bolton, Live Oak, Graydon and Gwinnett Streets. One parcel/dwelling will have access off Waters Avenue. With the exception of Waters Avenue, the streets in the vicinity of the parcels are low density residential connectors, with a speed limit of 25 miles per hour. Waters Avenue connects the site/parcels with the central and southern portion of the city and most importantly with US 80/Victory Drive, De Renne Avenue, Eisenhower Avenue and Montgomery Cross Road. It connects the site/parcels with Wheaton Avenue to the north, which eventually leads into the downtown central business district to the west and access to the Harry Truman Parkway to the east. None of the streets adjacent to the parcels lend problems of egress and ingress to the roads. In addition, sidewalks are located along the streets.

The site/parcels offer good accessibility and linkages to area services and facilities. The areas surrounding the site appeared to be void of most negative externalities (including noxious odors, close proximity to power lines, close proximity to rail lines and junk yards).

The site, in relation to the subject and the surrounding roads, is very agreeable to signage.

Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability. In the opinion of the analyst, the site of the subject is considered to be very appropriate for multi-family development.

<b>SITE/SUBJECT ATTRIBUTES :</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Good accessibility to services, trade, and downtown CBD	
Good linkages to area road system	
Nearby road speed and noise is acceptable	
Surrounding land uses are acceptable	

**SECTION D**

**MARKET AREA DESCRIPTION**

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly

**considers** the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined**. The primary market is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and the secondary area is the location from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

**Primary Market Area**

Based upon field research in Savannah and a 2 to 5 mile area, along with an assessment of the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of the following census tracts in the City of Savannah:

- 9, 19, 25, 36.02, and
- 10, 20, 26, 101.01.
- 11, 21, 37,
- 15, 22, 36.01,

(See Market Area Map)

The PMA is bounded as follows:

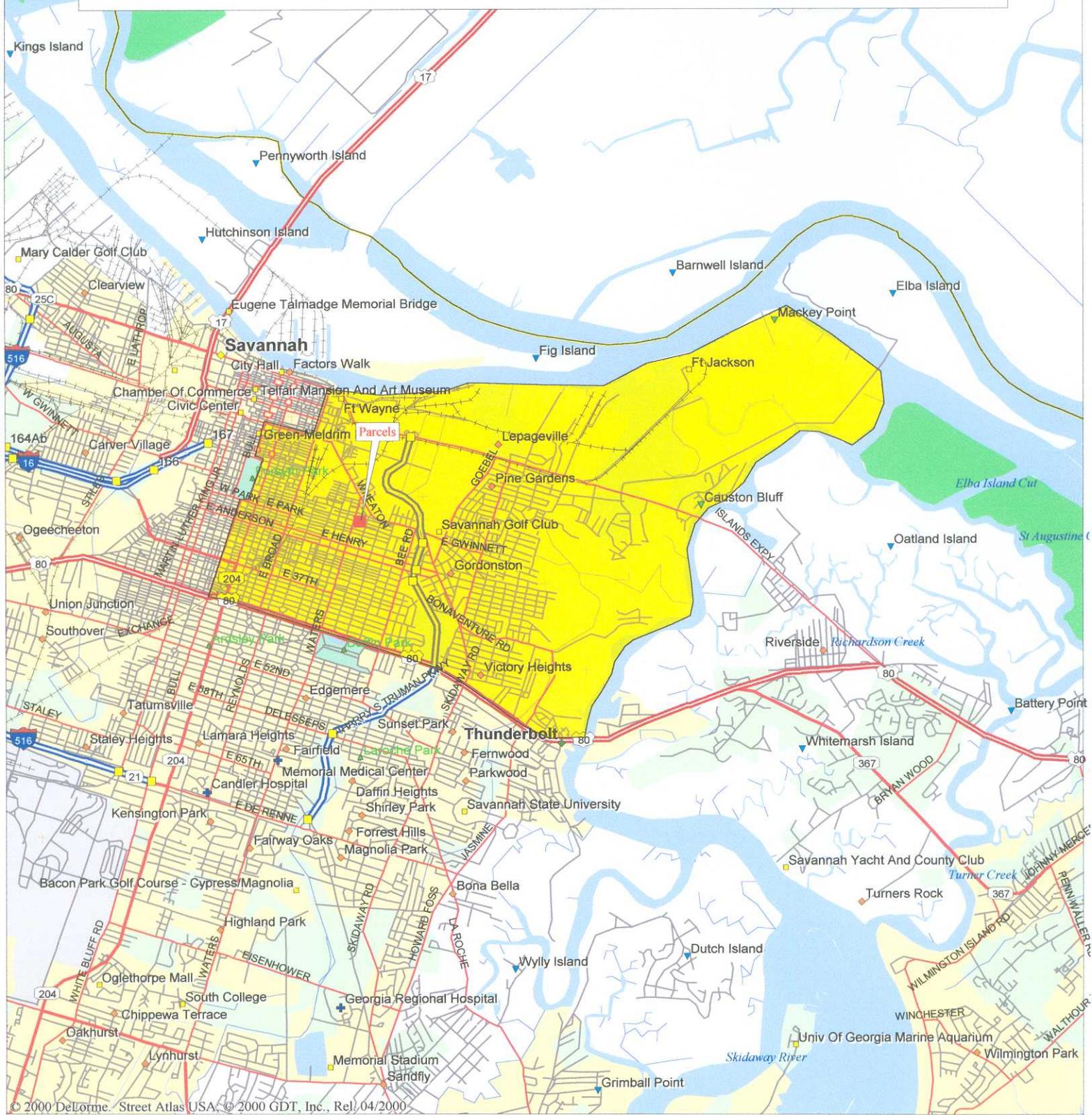
North	Savannah River
East	Wilmington River
South	US 80 / Victory Drive
West	Bull and Drayton Streets & Downtown CBD

The PMA is located totally within the City of Savannah.

## **Secondary Market Area**

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area. Demand for the development from the SMA is considered to range from moderate to good. Typically, 5% to 25% of program assisted apartment complexes are occupied by tenants from outside the PMA. Note: The demand methodology in this market study utilized a GA-DCA market study guideline factor of 15%.

# PRIMARY MARKET AREA



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Scale 1:75,000 (at center)  
1 Miles  
2 KM

-  Local Road
-  Major Connector
-  State Route
-  Interstate/Limited Access

**SECTION E**  
**COMMUNITY DEMOGRAPHIC DATA**

Tables 1 through 14 exhibit indicators of trends in total population and household growth, for the PMA, City of Savannah and Chatham County.

**Population Trends**

Table 1, exhibits the change in **total** population in the PMA, the City of Savannah and Chatham County between 1990 and 2010. The year 2008 is estimated to be the first year of availability for occupancy of the subject property. The year 2000 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure in accordance with the 2006 GA-DCA Market Study Guidelines.

The PMA exhibited moderate population losses during the 1990's, at a little over .55% per year. Population losses over the next several years are forecasted for the PMA, as well as for the City as a whole at a reduced rate of decline. The forecast of decline is primarily due to out-migration of population and housing stock loss. Note: 100% of the population in the PMA is located within the City of Savannah.

Population gains in the county have been moderate to significant over the last 20 years. The primary growth areas are: (1) the Islands east of the Wilmington River and south of the Skidaway River, (2) the I-95, US 17, SR 204 area of the county, and (3) that area of the county west of I-95.

## **Population Projection Methodology:**

The population projection methodology is based on the examination of several data sets that have estimates for the 2008 placed in service year and a 2010 forecast. The ESRI data was used as a cross check to the University of Georgia, Selig Center forecast, but not in lieu of the Selig Center data. The PMA population projection methodology is based on applying a ratio methodology of the County estimates and forecasts to the PMA in 1990 and 2000 forecasted in 2010.

Note: The forecasts for the City of Savannah are subject to local annexation policy and rely heavily on the 2000 to 2004 US Census estimates.

Sources: (1) 1990 and 2000 US Census, and 2001 - 2004 US Census estimates.

(2) Georgia 2010-2015 Residential Population Project of Georgia Counties, Source: Georgia Governor's Office of Planning and Budget (as of December, 2004).

(3) ESRI 2004/2005 and 2009/2010 Projections, 16<sup>th</sup> & 17<sup>th</sup> Editions.

(4) Southeast Georgia Counties, 2005 & 2010, Selig Center for Economic Growth, Terry College of Business, Un. of Georgia, 2006.

Note: For the forecast of total population, greater weight was given to the recent 2000-2004 US Census and Census estimates, and the forecast provided by the Selig Center for Economic Growth, University of Georgia.

Table 1					
Total Population Trends and Projections: PMA, City of Savannah, and Chatham County					
<b>PMA</b>					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	31,248	-----	-----	-----	-----
2000	29,474	-1,774	- 5.68	- 177	- 0.56
2008*	28,365	-1,109	- 3.76	- 139	- 0.47
2010	28,180	- 185	- 0.65	- 93	- 0.33
<b>Savannah</b>					
1990	137,560	-----	-----	-----	-----
2000	131,510	-6,050	- 4.40	- 605	- 0.44
2008*	128,000	-3,510	- 2.67	- 439	- 0.33
2010	127,500	- 500	- 0.39	- 250	- 0.20
<b>Chatham County</b>					
1990	216,935	-----	-----	-----	-----
2000	232,048	+15,113	+ 6.97	+1,511	+ 0.70
2008*	245,250	+13,202	+ 5.69	+1,650	+ 0.71
2010	248,599	+ 3,349	+ 1.37	+1,675	+ 0.68

\* 2008 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. June, 2006.

Table 2 exhibits the change in population by age group in the City of Savannah (which is representative of the PMA) between 1990 and 2000.

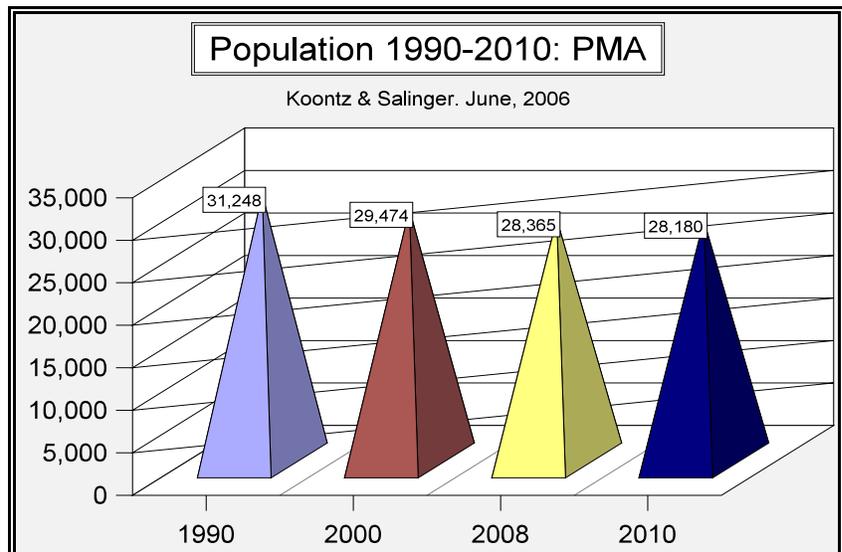
Table 2 Population by Age Groups: City of Savannah, 1990 - 2000						
	1990 Number	1990 Percent	2000 Number	2000 Percent	Change Number	Change Percent
<b>Age Group</b>						
0 - 4	11,253	8.18	9,186	6.99	-2,067	-18.37
5 - 17	25,599	18.61	24,432	18.58	-1,167	- 4.56
18 - 24	16,370	11.90	17,346	13.19	+ 976	+ 5.96
25 - 44	41,825	30.40	37,446	28.47	-4,379	-10.47
45 - 54	12,254	8.91	15,260	11.60	+3,006	+24.53
55 - 64	11,302	8.22	10,373	7.89	- 929	- 8.22
65 +	18,957	13.78	17,467	13.28	-1,490	- 7.86

Sources: 1990 & 2000 Census of Population, Georgia.  
Koontz and Salinger. June, 2006.

Table 2 revealed that population decreased in most of the displayed age groups in the City between 1990 and 2000. The decrease was moderate in the primary renter age group: of 18 to 44, at almost 6%. Overall, a significant portion of the total City population is in the target property primary renter group of 18 to 44, representing around 42% of the total population.

Between 2000 and 2008 total population is projected to decrease in the PMA at a moderate rate of around .5% per year. The annual rate of change is forecasted to remain nearly the same between 2008 and 2010 at approximately .35%. The majority of the decrease is owing to out-migration and loss of housing stock.

The figure to the right presents a graphic display of the numeric change in population in the PMA between 1990 and 2010.



## HOUSEHOLD TRENDS & CHARACTERISTICS

Tables 3 and 4 exhibit the change in household population within the PMA, the City of Savannah and Chatham County between 2000 and 2010. The moderate decrease in household formations in the PMA has continued over a 10 year period and is reflective of the continuing decline in overall household size, as well as a moderate decrease in population. Much of the recent population loss in the PMA has been due to: (1) losses in housing stock owing to demolitions and severe substandard conditions, (2) conversions of older homes near the high income historic neighborhoods into new high-end for-sale housing and older homes near the subject area into rentals targeting low to moderate income households, and (3) an out-migration of population seeking jobs and different schools outside the central city area of Savannah.

The decline in the rate of persons per household has continued over the last 10 years and is projected to continue at a much reduced rate of decline between 2000 and 2008 in both the PMA and the county, as well as in the City. The reduction in the rate of decline is based upon: (1) the number of retirement age population owing to an increase in the longevity of the aging process for the senior population and the in-migration of young working age households into the county, (2) allowing for adjustments owing to divorce and the dynamics of roommate scenarios, and (3) location within the downtown area of the city experiencing an increase in student population (residing off-campus) that attend the Savannah College of Art and Design.

The forecast for group quarters is based upon trends observed during the last two censuses. In addition, it includes information collected from local sources as to conditions and changes in group quarters' supply since the 2000 census was taken. Based upon interviews with the Savannah Area Chamber of Commerce and the City of Savannah there have been neither new nursing homes, assisted living facilities nor correctional facilities introduced into the downtown area of city since 2000. Note: A correctional facility of size was introduced/expanded in the PMA between the 1990 and 2000 census. It was reported that this facility has not been added onto (at least significantly) since the last census.

Table 3					
Household Formations: 1990 to 2010					
PMA, City of Savannah and Chatham County					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household <sup>1</sup>	Total Households <sup>2</sup>
<b>Savannah</b>					
1990	31,248	131	31,117	2.5412	12,245
2000	29,474	520	28,954	2.4853	11,650
2008	28,365	540	27,825	2.4450	11,380
2010	28,180	550	27,630	2.4350	11,347
<b>Savannah PMA</b>					
1990	137,560	5,314	132,246	2.5462	51,938
2000	131,510	5,497	126,013	2.4528	51,375
2008	128,000	5,620	122,380	2.4125	50,727
2010	127,500	5,650	121,850	2.4025	50,718
<b>Chatham Co.</b>					
1990	216,935	7,258	209,677	2.5851	81,111
2000	232,048	8,050	223,998	2.4926	89,865
2008	245,250	8,650	236,600	2.4375	97,067
2010	248,599	8,800	239,799	2.4225	98,988

Calculations: Data was interpolated between 2005 and 2010 and estimated for 2008. Koontz & Salinger. June, 2006.

<sup>1</sup>Continuation of the 1990 to 2000 persons per household rate of change.

<sup>2</sup>Population in Households divided by persons per unit count.

Table 4				
Change in Household Formations Primary Market Area				
Year	Total Change	Annual Change	Percent Change	% Annual Change
1990-2000	- 595	- 60	- 4.86	- 0.48
2000-2008	- 270	- 34	- 2.32	- 0.29
2008-2010	- 33	- 16	- 0.29	- 0.15

Sources: 1990 & 2000 Census of Population, Georgia.  
Koontz and Salinger. June, 2006.

The projection of household formations in the PMA between 2000 and 2008 exhibited a decrease of almost 35 households per year or approximately .3% per year. The rate and size of the annual decrease is considered to be moderate and reflective of on-going out-migration trends and loss in housing stock, in particular both affordable renter and owner-occupied housing stock.

\_\_\_\_ Note: The 2000 to 2008 trend in the PMA is forecasted to continue between 2008 and 2010 at a more moderate rate of decline. Resulting in a forecasted annual net loss of approximately 15 households or .15% per year.

Table 5

Households by Tenure by Person Per Household  
Ashley Midtown II PMA, 1990 - 2000

Households	Owner				Renter			
	1990	2000	Change	% 2000	1990	2000	Change	% 2000
1 Person	1,217	1,238	+ 21	26.89%	2,918	2,756	- 162	39.11%
2 Person	1,575	1,500	- 75	32.58%	1,640	1,612	- 28	22.88%
3 Person	780	774	- 6	16.81%	1,116	1,143	+ 27	16.22%
4 Person	612	559	- 53	12.14%	851	703	- 148	9.98%
5 Person	318	278	- 40	6.04%	484	466	- 18	6.61%
6 Person	159	141	- 18	3.06%	244	210	- 34	2.98%
7 + Person	145	114	- 31	2.48%	186	156	- 30	2.21%
Total	4,806	4,604	- 202	100%	7,439	7,046	- 393	100%

Sources: 1990 and 2000 Censuses of Population, Georgia.  
Koontz and Salinger. June, 2006.

Table 5 indicates that in 2000 approximately 59% of the renter-occupied households in the Savannah PMA contain 2 to 6 persons (the target group by household size).

The majority of these households are:

- couples, roommates,
- single head of households with children, and
- families with children.

Noticeable decreases in renter households by size were exhibited by 1 and 4 persons per household. Note: Losses were exhibited in most of the large renter household sizes. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 25% and 30% of the renter households in the PMA fit the bedroom profile for a 3BR unit. Given the proposed income targeting, rent positioning of the subject and 1990 and 2000 trends, the appropriate estimate is considered to be 30% versus 25%.

Table 6 exhibits households in the PMA, the City of Savannah and Chatham County by owner-occupied and renter-occupied tenure. The 1990 to 2000 tenure trend revealed a change in both the owner-occupied and renter-occupied tenure ratios (on a percentage basis). In the County the tenure trend was more supportive of owner-occupied tenure. The 2000 to 2008 projected trend for the City supports a change in the tenure ratio favoring renter-occupied households on a percentage basis, owing to the recent introduction of several LIHTC apartment properties and a significant number of conversions of rental supply into owner-occupied for-sale condominiums. Overall, net numerical losses are forecasted for both owner-occupied and renter-occupied households in the PMA, subject to the introduction of new supply, such as the subject and a continuation of modernization and rehab of older downtown area dwellings.

The tenure forecasts are based on:

- (1) field work and survey findings,
- (2) the relatively low interest rate environment in much of the 1990's, as well as the current low interest rate environment,
- (3) the apartment complexes built since 2000, and
- (4) an analysis of building permit data for the City of Savannah.

<b>Table 6</b>					
<b>Households by Tenure: 1990 to 2010</b>					
<b>PMA, the City of Savannah and Chatham County</b>					
<b>Year/ Place</b>	<b>Total Households</b>	<b>Owner Occupied</b>	<b>Percent</b>	<b>Renter Occupied</b>	<b>Percent</b>
<b>PMA</b>					
1990	12,245	4,806	39.25	7,439	60.75
2000	11,650	4,604	39.52	7,046	60.48
2008	11,380	4,522	39.74	6,858	60.26
2010	11,347	4,515	39.79	6,832	60.21
<b>Savannah</b>					
1990	51,938	26,316	50.67	25,622	49.33
2000	51,375	25,842	50.30	25,533	49.70
2008	50,727	25,364	50.00	25,363	50.00
2010	50,718	25,323	49.93	25,395	50.07
<b>Chatham Co.</b>					
1990	81,111	47,727	58.84	33,384	41.16
2000	89,865	54,293	60.42	35,572	39.58
2008	97,067	59,871	61.68	37,196	38.32
2010	98,988	61,373	62.00	37,615	38.00

Sources: 1990 and 2000 Census of Population, Georgia.  
Koontz and Salinger. June, 2006.

Table 7 exhibits building permit data between 2000 and 2006. The permit data is for the City of Savannah.

Between 2000 and 2006, 1,292 permits were issued in the city, of which, 368 or approximately 28.5% were multi-family units.

<b>Table 7</b> <b>New Housing Units Permitted:</b> <b>City of Savannah, 2000-2006<sup>1</sup></b>			
Year	Net Total <sup>2</sup>	Single-Family Units	Multi-Family Units
2000	153	121	32
2001	167	127	40
2002	194	139	55
2003	213	150	63
2004	241	164	77
2005	255	178	77
2006	69	45	24
<b>Total</b>	<b>1,292</b>	<b>924</b>	<b>368</b>

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<sup>1</sup>Source: New Privately Owned Housing Units Authorized In Permit Issuing Places, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

Selig Center for Economic Growth.

Censtats - US Census web page

<sup>2</sup>Net total equals new SF and MF dwellings units.

## **HOUSEHOLD INCOME TRENDS & CHARACTERISTICS**

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents and/or the availability of deep subsidy rental assistance (RA) for USDA-RD developments.

The estimate of the upper income limit is based on the most recent set of HUD Median Income Guidelines for six person households (the maximum household size for a 3BR unit) in Chatham County, Georgia at 60% of the area median income (AMI).

Tables 8A and 8B exhibit renter households, by income group, in the Savannah PMA in 1990 and 2000, forecasted to 2008.

The projection methodology is based on a forecast of median household income for the County (which is representative of the PMA) into the first year of expected project rent-up. The forecast is based on 1990 to 2000 US Census HUD median household income estimates projected forward to 2008. The forecasted 2008 median household income is then compared to the last available census median household income and the change in the proportion of households by a comparison of the two different medians is calculated. The process of re-distributing households by income brackets into the forecast period is somewhat mechanical. It takes into consideration both the change in the data - based on the census and HUD estimates as well as utilizing the analyst knowledge of change in the Socio-economic make-up of the local market and applying deductive analysis to the allocation of proportional changes in the income brackets between 1990 - 2000 and 2000 - 2008.

Tables 8A and 8B exhibits renter-occupied household income in the PMA in 1990, 2000, and projected to 2008. The forecast is based on 1990 and 2000 census data, as well as wage growth trends and an examination of the introduction of new multi-family supply since 2000.

Table 8A				
Renter-Occupied Household by Income Groups PMA, 1990 & 2000				
Households by Income	1990 Number	1990 Percent	2000 Number	2000 Percent
Under \$10,000	3,811	50.79	2,401	34.02
10,000 - 19,999	1,710	22.79	1,837	26.03
20,000 - 34,999	1,345	17.92	1,441	20.42
35,000 - 49,999	498	6.64	674	9.55
50,000 +	140	1.87	704	9.98
<b>Total</b>	<b>7,504</b>	<b>100%</b>	<b>7,057</b>	<b>100%</b>

Table 8B				
Renter-Occupied Household by Income Groups PMA, 2000 & 2008				
Households by Income	2000 Number	2000 Percent	2008 Number	2008 Percent
Under \$10,000	2,401	34.02	1,715	25.00
10,000 - 19,999	1,837	26.03	1,955	28.50
20,000 - 34,999	1,441	20.42	1,543	22.50
35,000 - 49,999	674	9.55	789	11.50
50,000 +	704	9.98	856	12.50
<b>Total</b>	<b>7,057</b>	<b>100%</b>	<b>6,858</b>	<b>100%</b>

Sources: 1990 and 2000 Census of Population, Georgia.  
Koontz and Salinger. June, 2006.

## Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

- (1) - Occupied by households at 60 percent or below of area median income.
- (2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)
- (3) - The proposed development will have 100% deep subsidy rental assistance.
- (4) - The 2006 HUD Income Guidelines were used.
- (5) - 0% of the units will be set aside as market rate with no income restrictions.

**Analyst Note:** The subject will comprise 38 two and three-bedroom units. The recommended maximum number of people per unit is:

2BR - 2, 3 and 4 persons  
3BR - 3, 4, 5 and 6 persons

**Analyst Note:** As long as the unit in demand is income qualified there is no minimum number of people per unit.

The proposed development will target 100% of the units at 60% or below of area median income (AMI). Note: The subject will have deep subsidy project base rental assistance for all 38-units.

The lower portion of the target income range is set by the proposed subject 2BR and 3BR rents at 60% AMI along with the fact that it has 100% project base rental assistance.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property's intended

target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for non elderly applications at 35%.

The proposed 2BR net rent at 60% AMI is \$599. The estimated utility costs is \$124. (Source: GA-DCA 2006 application) The proposed 2BR gross rent is \$723. The proposed 3BR net rent at 60% AMI is \$823. The estimated utility costs is \$146. (Source: GA-DCA 2006 application) The proposed 3BR gross rent is \$969. The lower income limit at 60% AMI without deep subsidy rental assistance was established at \$24,790. Given the fact that 100% of the units set aside for potential tenants will have deep subsidy project base rental assistance the lower income limit was re-established at \$0.

The AMI at 60% for 1 to 6 person households in Chatham County follows:

	<b>60%</b> <b><u>AMI</u></b>
1 Person -	<b>\$23,460</b>
2 Person -	<b>\$26,760</b>
3 Person -	<b>\$30,120</b>
4 Person -	<b>\$33,480</b>
5 Person -	<b>\$36,180</b>
6 Person -	<b>\$38,820</b>

Source: 2006 HUD Median Income Guidelines.

The overall income range for the targeting of income eligible households at 60% AMI is \$0 to \$38,820.

Were the subject to lose (or not have) its project base rental assistance the overall income range for the targeting of income eligible households at 60% AMI is \$24,790 to \$38,820.

## SUMMARY

### Target Income Range - Subject Property - by Income Targeting Scenario

#### With RA commitment

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI with the deep subsidy RA commitment of 38-units is \$0 to \$38,820.

It is projected that in 2008 approximately **79%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group, allowing for PBRA.

#### Without RA commitment

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI without deep subsidy project base RA is \$24,790 to \$38,820.

It is projected that in 2008 approximately **18%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group, without PBRA support.

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## ECONOMIC & EMPLOYMENT TRENDS

The economic trends reflect the ability of the area to create and sustain growth, and job formation is typically the primary motivation for positive net in-migration.

Tables 9 through 14 exhibit labor force trends by employment, changes in employment sectors and changes in average annual weekly wages for Chatham County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

<b>Table 9</b>			
<b>Civilian Labor Force and Employment Trends, Chatham County: 2000, 2004 and 2005</b>			
	2000	2004	2005
Civilian Labor Force	112,074	118,919	126,261
Employment	108,158	113,898	120,415
Unemployment	3,916	5,021	5,846
Rate of Unemployment	3.5%	4.2%	4.6%

<b>Table 10</b>				
<b>Change in Employment, Chatham County</b>				
Years	# Total	# Annual*	% Total	% Annual*
2000 - 2004	+5,740	+1,148	+ 5.13	+ 1.06
2004 - 2005	+6,517	Na	+ 5.72	Na

\* Rounded

Na - Not applicable

Sources: Georgia Labor Force Estimates, 2000 - 2005. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2006.

## Employment Trends

Table 11

**Employment Change and Rates of Unemployment, Chatham County**

Year	Number Employed	Change Over Previous Year	Unemployment Rate
2000	108,158	-----	3.5
2001	107,881	- 277	3.6
2002	109,418	+ 1,537	4.2
2003	109,608	+ 190	4.3
2004	113,898	+ 4,290	4.2
2005	120,415	+ 6,517	4.6
2006 (01)	122,730	-----	4.2
2006 (02)	123,386	+ 656	4.3
2006 (03)	124,180	+ 794	3.7
2006 (04)	125,171	+ 991	3.8

<b>Table 12</b>							
<b>Average Monthly Covered Employment by Sector, Chatham County, 2003 and 2004</b>							
Year	Total	Con	Mfg	T	FIRE	HCSS	G
2003	124437	7,123	11,470	20,791	5,465	15,329	17,395
2004	127309	7,034	11,511	21,484	5,905	16,107	17,717
03-04 # Ch.	+2,872	- 89	+ 41	+ 693	+ 440	+ 778	+ 322
03-04 % Ch.	+2.3	-1.2	+0.4	+3.3	+8.1	+ 5.1	+ 1.9

% Ch. 2003 to 2004 = % Increase/Decrease

Note: Con - Construction; Mfg - Manufacturing; T - Retail and Wholesale Trade; FIRE - Finance, Insurance and Real Estate; HCSS - Health Care and Social Services; G - Federal, State & Local Government

Sources: Georgia Labor Force Estimates, 2000 - 2006. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2006.

Table 13, exhibits average annual weekly wages in 2003 and 2004 in the major employment sectors in Chatham County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation, as measured by the consumer price index (CPI) for the majority of the employment sectors. It is estimated that the majority of workers in the service and trade sectors in 2005/06 have average weekly wages between \$350 and \$700.

<b>Table 13</b>				
<b>Average Annual Wages, 2003 and 2004</b>				
<b>Chatham County</b>				
Employment Sector	2003	2004	% Numerical Change	Annual Rate of Change
Total	\$ 612	\$ 639	+ 27	+ 4.4
Construction	\$ 631	\$ 681	+ 50	+ 7.9
Manufacturing	\$ 995	\$1057	+ 62	+ 6.2
Wholesale Trade	\$ 820	\$ 884	+ 64	+ 7.8
Retail Trade	\$ 413	\$ 431	+ 18	+ 4.4
Transportation & Warehouse	\$ 671	\$ 650	- 21	- 3.1
Finance	\$ 745	\$ 797	+ 52	+ 7.0
Real Estate Leasing	\$ 505	\$ 491	- 14	- 2.8
Health Care Services	\$ 749	\$ 784	+ 35	+ 4.7
Leisure & Hospitality	\$ 252	\$ 255	+ 3	+ 1.2
Federal Government	\$1013	\$1042	+ 29	+ 2.9
State Government	\$ 684	\$ 656	- 28	- 4.1
Local Government	\$ 627	\$ 639	+ 12	+ 1.9

Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, Wages and Contributions, 2003 and 2004.

Koontz and Salinger. June, 2006.

## Major Employers

The major employers in Savannah and Chatham County are listed in Table 14.

<b>Table 14</b>			
<b>Major Employers</b>			
<b>Firm</b>	<b>Product/Service</b>	<b>Employees</b>	<b>Year Built</b>
<b>Industrial</b>			
Gulfstream Aerospace	Jet Aircraft	5,000	1958
Amcom Project	Military Equipment	400	1960
Chatham Ind.	Workshop	300	1980
Georgia Pacific	Plywood	250	1950
Great Dane	Trailers	1,000	1900
International Paper	Paper	1,800	1936
Kerr McGee	Pigments	718	1955
Roger Wood Foods	Meat Processing	250	1935
Southeastern Newspaper	Publishing	420	1850
Crystal Diamond	Sugar	211	1986
Derst Baking	Breads	475	
JCB Inc.	Backhoe Loaders	345	
<b>Non Industrial</b>			
Memorial Health	Hospital	5,473	
St. Joseph's	Hospital	3,400	
Savannah-Chatham	School System	4,781	
Ft Stewart/Hunter Army Air	Military-Civilian	1,900	
City of Savannah	Government	1,900	
Chatham County	Government	1,218	
Armstrong Atlantic State Un.	Education	1,115	
Savannah College of Art	Education	1,200	
GA Ports Authority	Ship Terminal Operator	781	
US Army Corps of Engineers	Civil Engineering	649	
Savannah State Un.	Education	450	

Sources: Savannah Area County Chamber of Commerce  
2006 Georgia Manufacturers Directory, Harris Infosource

## SUMMARY

The economic situation for Chatham County is statistically represented by employment activity, both in workers and jobs. Over the last 2.5 years, Chatham County has exhibited one of the strongest local economies in the State on a year-to-year basis.

The Savannah - Chatham County local economy is very well diversified, with the major sectors of economy comprised of: (1) the Port of Savannah and a closely related industrial sector, (2) the Hunter Army Air Base, (3) tourism, (4) education and (5) a large service and trade sector.

### Port of Savannah

"The Georgia Ports Authority operates two deepwater terminals at Savannah: the Garden City and Ocean terminals. The Port of Savannah is the fifth largest container port in the United States. In fiscal year 2005 it broke a record by moving more than 16 million tons of cargo across its docks, more tonnage than at any time in its 60-year history. An economic impact study found that the Port of Savannah is truly an economic powerhouse for the state. The Georgia Ports supported more than 275,000 total and indirect jobs in Georgia in 2003, when the study was conducted, or more than seven percent of the state's employment. Today, the Port of Savannah is expanding. When the CB-8 expansion is complete, it will provide shippers more than 9,800 feet in linear berthing space, enlarging a single terminal container facility that is already the largest on the US coast from Maine to Texas. This expansion is projected to create 10,800 new direct and indirect jobs." Source: Savannah Chamber of Commerce and the University of Georgia, Terry College of Business.

Based on Port Authority data thus far in 2006, the Port of Savannah is poised to pass the Port of Charleston and become the fourth largest container port in the Country. The primary reason for the significant growth is due to an increase in market share at 15.3% from the growing Asian market, second on the east coast to the Port of New Jersey/New York. Source: Savannah Morning News, 5/23/06.

### Manufacturing/Industrial

As exhibited in Table 12, overall the manufacturing sector in Chatham County continues to grow, which is a stark contrast to many areas in the State and the Nation. A major reason for this growth is the location of the Port of Savannah, as well as the location of two nearby interstate highways, I-95 and I-16. Both of the large paper manufacturing companies (Weyerhaeuser and International Paper) in Savannah are reporting an increase in capital investment in their local facilities. JCB, a manufacturer of earth moving equipment will soon be increasing employment by 100-jobs as a result of a new contract with the US Army.

The largest manufacturer in Savannah is Gulfstream. The company has reported a strong new plane order backlog and as a result

production rates in 2006 are expected to increase. In May of 2006, Gulfstream opened its new 100,300 sf research and development center in Pooler. The new center is expected to generate 1,100 new jobs, of which up to 700 will be aeronautical engineers. Source: Savannah Economic Development Authority and the Savannah Morning News, 5/20/06.

### Military

The 2005 BRAC commission was very beneficial to both Fort Stewart in nearby Hinesville and Hunter Army Airfield in Savannah. Together the two bases are a \$1.5 billion economic powerhouse for the Metro Area. Hunter Army Airfield is forecasted to grow by 20% in uniformed personnel and by over 70 additional combat helicopters. Source: Savannah Chamber of Commerce.

### Tourism

Tourism is a major component of the Savannah Metro Area economy. Savannah attracts more than 6 million visitors a year, generating \$1.7 billion for the local economy. It is estimated that a total of 16,000 people work in the Savannah tourism industry. The US Department of Labor estimates that more than 22,000 local jobs are supported by tourism. Since 2000, significant growth has been exhibited in all of the typical measures of tourism impact on a local economy. For example: (1) the number of lodging rooms increased by almost 13%, (2) the number of overnight stays increased by over 10%, (3) the number of paid accommodation stays increased by almost 9%, (4) direct spending increased by over 11% and (5) room tax revenue increased by over 25%. Source: Savannah Convention and Visitors Bureau. The forecast for this sector of the economy in 2006 is strong. Accommodations are forecasted to increase by 5%, with 3.5% growth in room rate and 1.5% growth in room occupancy. Air travel is forecasted to increase as is auto travel into the area. Business travel and conventions/meetings are expected to remain stable.

### Education

\_\_\_\_\_ Employment based on education is a major component of the area economic engine. Not only is the public education a major employer in Savannah/Chatham County with almost 5,000 employees, but the area schools of higher education are major employers as well. The Savannah College of Art and Design is a major employer in the downtown area with over 1,000 workers. More importantly its 7,000 students have a significant impact on the downtown economy, as well as a significant impact on the downtown area rental housing market. Other major education base employers in the market are Savannah State University, Savannah Technical College and Armstrong Atlantic State University.

### Service & Trade

\_\_\_\_\_ The service and trade sectors of local economy are very strong and very large, owing to the fact that Savannah commands a large regional market. Over the last few years health service employment has increased by about 5% annually, government employment by about 2%

and trade sector employment by around 3%. The local real estate market is still strong, but has been exhibiting signs of decline, owing primarily to recent increases in interest rates. Still the local office market remains strong and is the commercial real estate market. The City is has several new hotels in the pipeline for development, as well as several new condominium projects.

### Summary

In summary, recent economic indicators are more supportive of an expanding local economy in Savannah and Chatham over the next year, with a worst case scenario of a stable economy. A stable to growing economy helps to strengthen the overall demand for rentals by younger and new immigrant households and to give support for local landlords to increase rents on an annual basis as overall supply versus demand tightens.

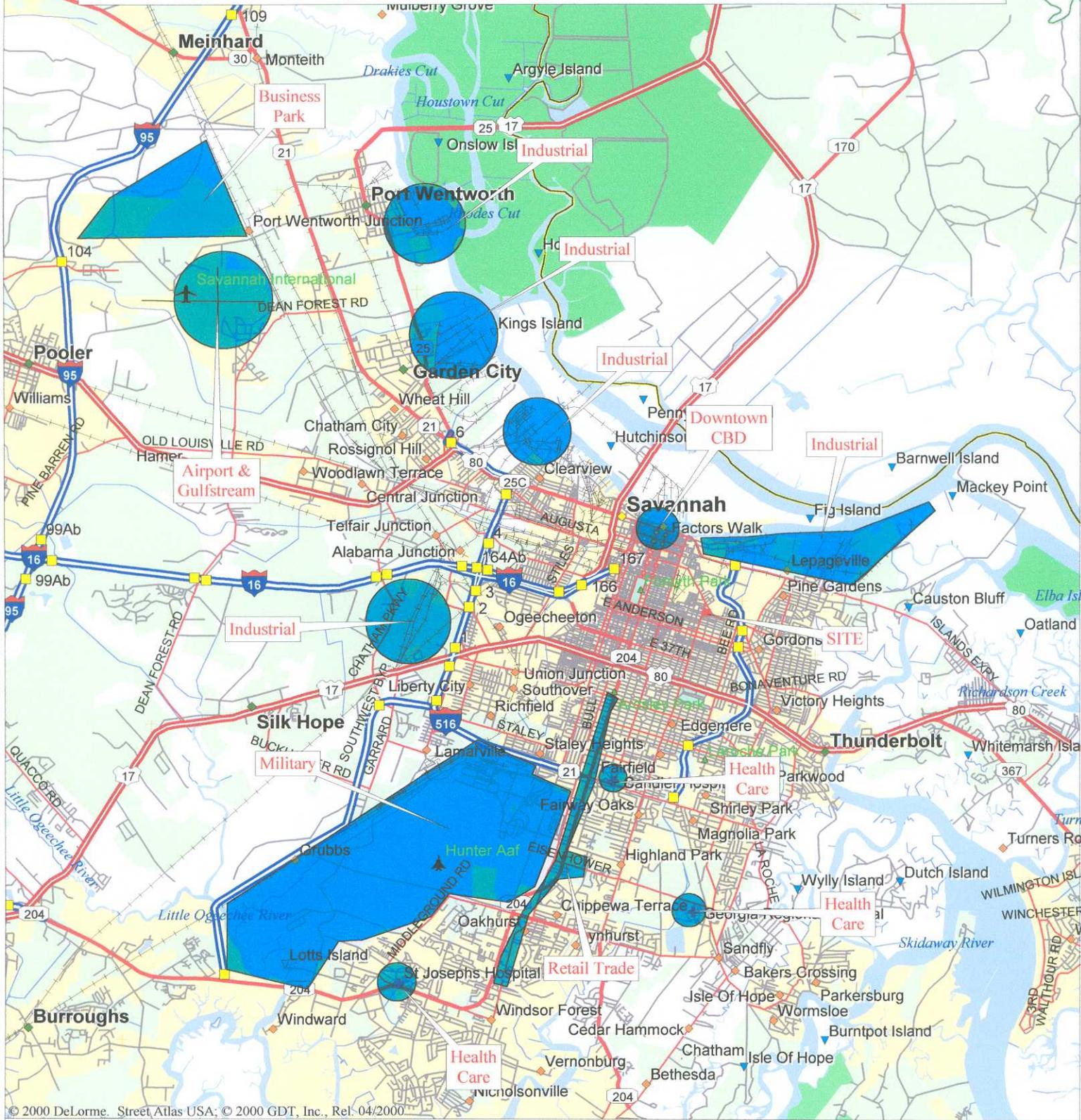
The forecast for the Savannah MSA is that employment in 2006 will increase at a rate twice that of the State. Employment in 2006 will rise by 2.5 percent, which is the third largest percent gain predicted for any of the states's metropolitan areas, behind only Columbus and Brunswick.

The Selig Center for Economic Growth (Terry College of Business, University of Georgia) forecasts an annual positive growth rate with net employment gains of 1.4% per year between 2005 and 2010 for Chatham County. Note: In the opinion of the analyst this forecast very well could be overly conservative and in error, based on recent economic development trends in the county since 2005 and up to the present.

Overall, the Savannah economy is still in a growth mode, a mode that is supportive a new residential development across the income spectrum. However, it is important to remember that the Savannah economy still has a large sector of its workforce at the lower end of the economic spectrum relying upon low paying jobs, to minimum wage jobs, to those unemployed. A large percentage of the under employed to unemployed workforce, including the homeless in concentrated in the downtown/central city areas of Savannah, where the subject development is located. Many of the underemployed choose to reside in this area owing to: (1) well established "roots", (2) this is the area where most of the social service organizations and local government is located, and (3) the public can rely upon well maintained local/public bus transportation. The fact that the subject is located in this area of identified need, directly off bus routes, and will offer deep subsidy rental assistance strongly suggests a development which will be greatly accepted by the local residents in need of new affordable, professionally managed rental housing.

A map of the major employment concentrations in Savannah is exhibited on the next page.

# Major Employment Nodes



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Mag 12.00  
Sun Jul 02 13:35 2006

Scale 1:125,000 (at center)



- Local Road
- Major Connector
- State Route
- Interstate/Limited Access

## SECTION F

### PROJECT-SPECIFIC DEMAND ANALYSIS

This analysis examines the area market demand in terms of a specified GA-DCA demand methodology. This incorporates several sources of income eligible demand, including demand from new renter household

growth and demand from existing renter households already in the Savannah PMA market. In addition, given the amount of substandard housing that still exists in the PMA market, the potential demand from substandard housing will be examined.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units. The demand analysis is premised upon an estimated projected year that the subject will be placed in service of 2008.

In this section, the effective project size is 38-units. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 8A and 8B from the previous section of the report. This demand analysis will be two-fold. It will examine potential demand for the subject **with** and **without** deep subsidy project base rental assistance (PBRA).

Subsequent to the derivation of the annual demand estimate, the project is considered within the context of the current market conditions. This analysis assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like-kind competitive supply. In this case discriminated by age and income.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other like-kind assisted family apartment projects in the market area.

## **Effective Demand Pool**

In this methodology, there are three basic sources of demand for an apartment project to acquire potential tenants:

- \* net household formation (normal growth),
- \* existing renters who are living in substandard housing, and
- \* existing renters who choose to move to another unit, typically based upon affordability (rent overburdened), project location and features.

As required by the most recent set of GA-DCA Market Study Guidelines, several adjustments are made to the basic model. The methodology adjustments are:

- (1) taking into consideration like-kind competitive units now in the "pipeline", and/or under construction within the 2006 to 2008 forecast period,
- (2) taking into consideration like-kind competition introduced into the market between 1999 and 2006, and
- (3) for secondary market area demand (a 15% adjustment factor).

Note: The secondary market area adjustment factor is pre determined and specified in the most current GA-DCA Market Study Guideline instructions.

## **Growth**

For the PMA, forecast housing demand through household formation totals 0 households over the 2000 to 2008 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2000 to 2008, forecast period it is calculated that 0 or approximately 0% of the new households formations would be renters.

Based on 2008 income forecasts, 0 new renter households fall into the 60% AMI target income segment of the proposed subject property with PBRA; and 0 into the 60% AMI target income segment without PBRA.

## **Demand from Existing Renters that are In Substandard Housing**

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 145 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA and 575 households were living in renter-occupied dwellings in over crowded conditions. The total number of existing renters that were in substandard housing based on the 2000 Census was 720.

Based on a field analysis of Savannah and the PMA, along with an examination of the trends in substandard data between the 1990 and 2000 censuses and the recent introduction of a large LIHTC/Market Rate property, it is estimated that in 2008 there are 400 renter households in substandard housing conditions in the PMA.

Based on 2008 income forecasts, 316 substandard renter households fall into the target income segment of the proposed subject property at 60% AMI with PBRA; and 72 households at 60% AMI without PBRA.

## **Demand from Existing Renters that are Rent Overburdened**

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included in the demand analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent\*. The most recent census based data for the percentage of households that are rent overburdened by income group is the 2000 census. Forecasting this percentage estimate forwarded into 2008 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households (in 2008) have remained the same since 2000. That is approximately 61% of the renters with incomes in the 60% AMI target income segment are rent overburdened with PBRA; and approximately 27% of the renters with incomes in the 60% AMI target income segment are rent overburdened without PBRA.

\*Note: HUD and the US Census define a rent over burdened household at 30% of income to rent.

In the PMA it is estimated that 3,112 existing renter households are rent overburdened and fall into the 60% AMI target income segment of the proposed subject property with PBRA. In the PMA it is estimated that 314 existing renter households are rent overburdened and fall into the 60% AMI target income segment of the proposed subject property without PBRA.

### **Total Effective Tenant Pool - PMA**

The potential demand from these sources (in the PMA) total 3,428 households/units at 60% AMI with PBRA; and 386 households/units at 60% AMI without PBRA. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA.

### **Secondary Market Area Adjustment (15% factor)**

The following is stated on page 9 of 19 in the 2006 GA-DCA Market Study Guidelines: "To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area." The 15% adjustment factor is applied to all of the **combined** demand estimates (regardless of tenure) as detailed in the overall demand methodology.

The secondary market area adjustment factor increased demand by 514 households at 60% of AMI with PBRA, and by 58 households at 60% AMI without PBRA.

### **Total Effective Tenant Pool - PMA & SMA**

The potential demand from the demand methodology sources from both the PMA and SMA total 3,942 households/units at 60% AMI with PBRA; and 444 households/units at 60% AMI without PBRA. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from both the PMA and SMA.

These estimates of demand were adjusted for the introduction of new like-kind supply into the PMA between the 2006 to 2008 forecast period, as well as between 1999 and 2005. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final segmentation process of the demand methodology was to subject out like-kind competition/supply in the PMA built since 1999. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments. Note: Since 1999, one like-kind competitive family apartment development has been introduced into the PMA, the Ashley Midtown I Apartments in 2004.

Taking this property into consideration reduced potential demand to 3,875 at 60% AMI with PBRA and 342 at 60% AMI without PBRA.

## Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to local sources, no other like-kind multi-family apartment development supply is under construction or in the pipeline for development. However, at present the 100-unit Veranda's Senior Apartments, which is part of the Hope VI application process is presently under construction. These units are not comparable to the subject. In addition, the downtown area of Savannah is presently exhibiting signs of increase in for-sale condominium development, both new construction and rehab. For example, recent proposals include a 28-unit condo complex on the corner of Liberty and Tattnall Streets, a five-story condo complex at Tattnal and Jefferson and a mixed use five story building at Liberty and Whitaker. At 305 East Bolton Street a recent \$2.5 million historic rehab of an old Victorian home is almost completed and will result in 7 new 1BR/1b condominium units.

A review of the 1999 to 2005 list of awards made by the Georgia Department of Community Affairs revealed that in the last six rounds, one award was made for a LIHTC **family** development in the PMA. This award must be taken into consideration in the demand methodology. In 2004 the 169-unit Ashley Midtown I Apartment development was built within the PMA. 67-units of this property are set aside for PHA households.

The segmented, effective demand pool is summarized in Table 15, on the following pages.

**Table 15**

**Quantitative Demand Estimate: Ashley Midtown II PMA**

	With	No
	<u>RA</u>	<u>RA</u>
• <u>Demand from New Growth - Renter Households</u>		
Total Projected Number of Households (2008)	6,858	6,858
Less: Current Number of Households (2000)	<u>7,046</u>	<u>7,046</u>
Change in Total Renter Households	- 188	- 188
% of Renter Households in Target Income Range	<u>79%</u>	<u>18%</u>
Total Demand from New Growth	<b>0</b>	<b>0</b>
• <u>Demand from Substandard Housing with Renter Households</u>		
Number of Households in Substandard Housing(2000)	575	575
Number of Households in Substandard Housing(2008)	400	400
% of Substandard Households in Target Income Range	<u>79%</u>	<u>18%</u>
Number of Income Qualified Renter Households	<b>316</b>	<b>72</b>
• <u>Demand from Existing Renter Households</u>		
Number of Renter Households (2008)	6,858	6,858
Minus substandard housing segment	400	400
Net Number of Existing Renter Households	6,458	6,458
% of Households in Target Income Range	<u>79%</u>	<u>18%</u>
Number of Income Qualified Renter Households	5,102	1,162
Proportion Income Qualified (that are Rent Overburden)	<u>61%</u>	<u>27%</u>
<b>Total</b>	<b>3,112</b>	<b>314</b>
• <u>Net Total Demand from the PMA</u>	<b>3,428</b>	<b>386</b>
• <u>Secondary Market Area Adjustment</u>		
Net Total Demand	3,428	386
Adjustment Factor of 15%	<u>15%</u>	<u>15%</u>
Demand from SMA Adjustment	<b>514</b>	<b>58</b>
• <u>Gross Total Demand (PMA &amp; SMA)</u>	3,942	444
Minus New Supply of Competitive Units (1999-2008)	<u>67*</u>	<u>102*</u>
• <u>Gross Total Demand (Renter, Owner, Non Tenure &amp; SMA)</u>	<b>3,875</b>	<b>342</b>

\*Ashley Midtown I

**Capture Rate Analysis**

**Total Number of Households Income Qualified = 3,875. For the subject 38 LIHTC units this equates to an overall LIHTC Capture Rate of 1%.**

LIHTC Capture Rates by AMI

	With	No
● <u>Capture Rate</u> (38 unit subject, by AMI)	<u>RA</u>	<u>RA</u>
Number of Units in Subject Development	38	38
Number of Income Qualified Households	3,875	342
Required Capture Rate	<b>1%</b>	<b>11.1%</b>

● Total Demand by Bedroom Mix

It is estimated that approximately 25% of the target group fits the profile for a 1BR unit, 50% for a 2BR unit and 25% of the target group is estimated to fit a 3BR unit profile. Source: Table 5 and Survey of the Competitive Environment.

**Total Demand by Bedroom Type (at 50% & 60% AMI) - with PBRA**

1BR	-	969
2BR	-	1,938
3BR	-	968
Total	-	3,875

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	969	0	969	0	Na
2BR	1,938	0	1,938	18	0.9%
3BR	968	0	968	20	2.1%

\* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

**Analyst Note**: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

**Total Demand by Bedroom Type (at 50% & 60% AMI) - without PBRA**

1BR - 86  
2BR - 171  
3BR - 85  
  
Total - 342

	<u>Total Demand</u>	New <u>Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	86	0	86	0	Na
2BR	171	0	171	18	10.5%
3BR	85	0	85	20	23.5%

\* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

**Analyst Note:** Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

## **Absorption Rate Analysis**

Given the strength (or lack of strength) of the demand estimated in Table 15, the worst case scenario for 93% to 100% rent-up is estimated to be 4 months (at 4 to 5-units per month on average). The most likely/best case rent-up scenario suggests a 3-month rent-up time period or less (an average of 12 to 13-units per month).

**Note:** In addition, the absorption of the project is contingent upon an attractive product and professional management.

Stabilized occupancy, is expected to be 93 or higher, subject to the completion of the rehab process.

## **Overall Impact to the Rental Market**

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Given the current rental market vacancy rate and the forecasted strength of demand for the expected entry of the subject in 2008, it is estimated that the proposed development will probably have little to no long term negative impact on the PMA program assisted or conventional apartment market, owing mostly to the fact that the subject will have 100% PBRA. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than 1 year. (Note: This expectation is contingent upon neither catastrophic natural nor economic forces effecting the Savannah apartment market and local economy in 2008.)

**SECTION G**  
**COMPETITIVE ENVIRONMENT &  
SUPPLY ANALYSIS**

This section of the report evaluates the general rental housing market conditions in the PMA, for both program assisted properties and market rate properties. Part I of the survey focused upon the existing LIHTC family properties within the PMA and the City of Savannah. Part II consisted of a sample survey of

conventional apartment properties in the PMA and within near proximity to the PMA. The analysis includes individual summaries and pictures of properties as well as an overall summary rent reconciliation analysis.

The Savannah apartment market is representative of an urban apartment market, with a mixture of small to large apartment properties as well as a mixture of conventional properties and program assisted properties. Most of the upscale apartment properties are located within the southern (aka "The Southside") section of the City and what is known as the "Islands" area of Savannah, an area comprised of Oakland, Whitemarsh and Wilmington Islands, immediately east of the City. Upscale complexes are also located off I-95 in the Pooler area and off SR 204 and US 17 in Chatham County. Most of the program assisted rental stock is located near the downtown and to a lesser degree in the "Westside" and "Southside" markets.

Note: At the time of the survey no competing LIHTC family apartment development was under construction or in the pipeline for development in the PMA.

**Part I - Survey of LIHTC Apartment Market**

Six LIHTC family properties, representing 1,299 units, were surveyed in detail within the Savannah apartment market. One of the six properties, Ashley Midtown I is located within the subject PMA. Five of the six LIHTC complexes have a market rate component. Several key factors in the LIHTC apartment market include:

- \* At the time of the survey, the overall estimated vacancy rate of the surveyed LIHTC family properties was approximately 6%. The vacancy rate for the newest LIHTC developments in the market, Ashley Midtown I was 0% and for Montgomery Landing it was approximately 2%. The majority of the vacant LIHTC family units were at one complex, the Oaks at Brandlewood. 42 or over 55% of all of the vacant LIHTC family units were located at this complex. In the opinion of the analyst, the high vacancy rate at this complex is due to: (a) its overly large size (324-units), (b) the tax credit net rents are near the max allowable and (c) units that turnover remain vacant for an extended period of time beyond what is normal. This could be an indication that the complex is experiencing a shortage of reserve monies allocated to unit re-leasing efforts.

- \* At the time of the survey, none of the LIHTC properties were

offering concessions.

\* The bedroom mix of the surveyed LIHTC family properties was 16.5% 1BR; 45% 2BR, 33% 3BR and 5.5% 4BR.

\* The survey of the LIHTC family apartment market exhibited the following median and range of net rents, by bedroom type, in the area competitive environment:

<b>LIHTC Competitive Environment - Net Rents</b>		
<b>BR/Rent</b>	<b>Median</b>	<b>Range</b>
1BR/1b	\$505	\$474-\$538
2BR/1b	\$610	Na
2BR/2b	\$610	\$495-\$638
3BR/2b	\$665	\$595-\$730
4BR/2b	\$730	\$705-\$739

Source: Koontz & Salinger. June, 2006

\* The survey of the LIHTC family apartment market exhibited the following median and range of net rents for the market rate component of the LIHTC complexes, by bedroom type, in the area competitive environment:

<b>LIHTC Competitive Environment - Net Rents Market Rate Component</b>		
<b>BR/Rent</b>	<b>Median</b>	<b>Range</b>
1BR/1b	\$510	\$479-\$670
2BR/2b	\$650	\$556-\$770
3BR/2b	\$705	\$665-\$870
4BR/2b	\$750	\$720-\$825

Source: Koontz & Salinger. June, 2006

\* The survey of the LIHTC family apartment market exhibited the following median and range of unit size, by bedroom type, in the area competitive environment:

<b>LIHTC Competitive Environment - Unit Size</b>		
<b>BR/Rent</b>	<b>Median</b>	<b>Range</b>
1BR/1b	773	705-792
2BR/2b	1045	834-1186
3BR/2b	1225	1012-1354
4BR/2b	1400	1134-1499

Source: Koontz & Salinger. June, 2006

\* Among the most comparable LIHTC apartment properties to the subject are: Ashley Midtown I and Montgomery Landing.

### **HUD Section 8 Voucher Program**

At present, the Savannah Housing Authority manages the HUD Section 8 program for the City and all of Chatham County. Currently, the program has 2,400 Section 8 vouchers in its portfolio, of which, 1,500 are in use and the remaining 900 have yet to be issued. The waiting list for a voucher is very long, with approximately 1,200 applicants. At present, the list is closed and will be re-opened on July 5<sup>th</sup>, 2006. Over 90% of the applicants on the waiting list are very low income and are classified as 30% or below of AMI. In addition, about 75% to 80% are families with children, many of which are single-mothers with children. Source: Ms. Lynn Mobely, Section 8 Coordinator, Savannah Housing Authority, (919) 235-5844, ext. 109. Interview date: 6/22/06

### **Fair Market Rents**

The 2006 Fair Market Rents for Chatham County, GA are as follows:

Efficiency	= \$ 561
1 BR Unit	= \$ 607
2 BR Unit	= \$ 676
3 BR Unit	= \$ 897
4 BR Unit	= \$ 926

\*Fair Market Rents are gross rents (include utility costs)

Source: [www.huduser.org](http://www.huduser.org)

### **Part II - Survey of the Market Rate Apartment Market**

Ten market rate properties, representing 1,603 units, were surveyed in the subjects competitive environment, in detail. Several of these properties were built in the 1940's. Several key factors in the local conventional apartment market include:

\* At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was approximately 2.3%. The typical occupancy rate since the beginning of the year reported for these properties is in the low to high 90's%. Note: The Savannah apartment market was soft in both 2004 and much of 2005. A reversal in the trend and exhibit of signs of strengthening began in the Fall of 2005. For example, Real Data Apartment Market Research reported that in August of 2005 the Savannah Central submarket (in which all of the PMA is located) reported a vacancy rate of 8.9% and that the Southside apartment submarket reported a vacancy rate of 9.1%. The decline in the overall vacancy rate is due to: (1) a stronger local economy that

is continuing to generate new jobs, (2) an increase in interest rates that has slowed and actually decreased the loss of existing renters to the first time home buying market, and (3) an increase in the number of apartment rental properties lost to the housing stock owing to condominium conversion, particularly in the "Islands" submarket of Savannah.

\* At the time of the survey, none of the surveyed market rate properties were offering rent concessions. In the opinion of the analyst, it appears that free rent in the Savannah apartment market has gone the way of a free lunch, there is none.

\* A survey of the conventional apartment market exhibited the following median and range of net rents, by bedroom type, in the area competitive environment:

<b>Market Rate Competitive Environment - Net Rents</b>		
<b>BR/Rent</b>	<b>Median</b>	<b>Range</b>
1BR/1b	\$500	\$425-\$625
2BR/1b	\$525	\$475-\$630
2BR/2b	\$635	\$492-\$750
3BR/2b	\$690	\$599-\$825
4BR/2b	\$629	Na

Source: Koontz & Salinger. June, 2006

\* A survey of the conventional apartment market exhibited the following average, median and range of size of units, by bedroom type, in the area competitive environment:

<b>Market Rate Competitive Environment - Unit Size</b>		
<b>BR/Rent</b>	<b>Median</b>	<b>Range</b>
1BR/1b	650	571-800
2BR/1b	815	695-920
2BR/2b	905	820-1135
3BR/2b	1100	1044-1222
4BR/2b	1390	Na

Source: Koontz & Salinger. June, 2005

\* In the area of unit size, by bedroom type, the subject will offer very competitive unit sizes, by floor plan, with the existing market rate properties, particularly those located within the PMA.

Table 16A, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed LIHTC family apartment properties in the Savannah competitive environment.

Table 16A											
SURVEY OF SAVANNAH LIHTC APARTMENT COMPLEXES											
PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	38	--	18	20	Na	--	\$599	\$833	--	1214-1238	1340-1482
Ashley Midtown	169	--	85	84	0	--	\$610-725	\$665-825	--	1186	1354
Bradley Point	144	32	64	48	10	\$538	\$638	\$730-792	791	1047	1226-1499
Indigo Pointe	310	32	168	110	11	\$474	\$495-500	\$595-720	705	834	1012-1134
Live Oak Plantation	208	40	90	78	10	\$479	\$556	\$660-705	712	934	1034-1135
Montgomery Landing	144	16	48	80	3	\$191-550	\$234-650	\$264-750	792	1062	1267-1428
Oaks @ Brandlewd	324	96	132	96	42	\$508-670	\$613-770	\$702-870	773	1043	1217
<b>Total*</b>	<b>1299</b>	<b>216</b>	<b>587</b>	<b>496</b>	<b>76</b>						

\* - Excludes the subject property

Note: 4BR included in with the 3BR for Bradley Point, Indigo Pointe, Live Oak Plantation and Montgomery Landing

Source: Koontz and Salinger. June, 2006.

Table 16B, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed market rate apartment properties in and within close proximity of the PMA competitive environment.

Table 16B											
SURVEY OF PMA MARKET RATE APARTMENT COMPLEXES											
PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	38	--	18	20	Na	--	\$599	\$833	--	1214-1238	1340-1482
Abercorn	188	84	104	--	0	\$425-\$460	\$475-\$630	--	602	902-920	--
Alhambra	150	44	79	27	0	\$570	\$635	\$715	790	820-975	1072
Chelsea	136	24	112	--	3	\$510	\$610	--	650	850	--
Jasmine	112	--	80	32	Na	--	\$750	\$825	--	840	1130
Hampstead	87	--	87	--	0	--	\$600	--	--	904	--
Park Villa	148	--	148	--	2	--	\$490	--	--	800	--
Presidential	224	32	136	56	18	\$312-\$431	\$374-\$458	\$392-\$492	Na	Na	Na
Red Lion	102	50	52	--	3	\$600-\$625	\$700-\$725	--	800	1000	--
Strathmore Estates	374	53	210	111	4	\$419	\$479	\$559-\$629	571	695	871-1390
Tabby Villa	82	16	50	16	4	\$525	\$580-\$630	\$690	647	813-1135	1222
<b>Total*</b>	<b>1603</b>	<b>303</b>	<b>1058</b>	<b>242</b>	<b>34</b>						

\* - Excludes the subject property

Note: 4BR included in with the 3BR for Strathmore Estates; Jasmine Apartments in process of rent-up

Source: Koontz and Salinger. June, 2006.

Table 17A exhibits the key amenities of the subject and the surveyed LIHTC family apartment properties. Overall, the subject is competitive with the existing LIHTC program assisted family apartment properties in the market regarding the unit and development amenity package.

Table 17A													
SURVEY OF SAVANNAH LIHTC APARTMENT COMPLEXES													
UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x				x	x	x	x	x	x	x	x	x
Ashley Midtown	x	x	x		x	x	x	x	x	x	x	x	x
Bradley Point	x	x	x		x	x	x	x	x	x	x	x	x
Indigo Pointe	x	x			x	x	x	x	x	x	x		x
Live Oak Plantation	x	x			x	x	x	x	x	x	x		x
Montgomery Landing	x	x	x		x	x	x	x	x	x	x	x	x
Oaks at Brandelwd	x	x	x		x	x	x	x	x	x	x	x	x

Source: Koontz and Salinger. June, 2006.

Key: A - On-Site Mgmt      B - Central Laundry      C - Pool  
 D - Tennis Court      E - Playground/Rec Area      F - Dishwasher  
 G - Disposal      H - W/D Hook-ups      I - A/C  
 J - Cable Ready      K - Mini-Blinds      L - Community Rm/Exercise Rm  
 M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Table 17B exhibits the key amenities of the subject and the surveyed market rate apartment properties. Overall, the subject is competitive to very competitive with the PMA market rate apartment properties in the market regarding the unit and development amenity package.

Table 17B													
SURVEY OF PMA MARKET RATE APARTMENT COMPLEXES													
UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x				x	x	x	x	x	x	x	x	x
Abercorn	x	x							x				
Alhambra	x	x	x		x			x	x	x	x	x	x
Chelsea	x	x	x		x			x	x	x	x		
Jasmine	x	x	x		x	x	x	x	x	x	x	x	x
Hampstead		x	x		x			x	x	x	x		
Park Villa								x	x		x		x
Presidential		x			x				x		x		
Red Lion	x	x	x			x		x	x	x	x	x	x
Strathmore		x						x	x		x		x
Tabby Villa	x	x			x			x	x	x	x		x

Source: Koontz and Salinger. June, 2006.

Key: A - On-Site Mgmt      B - Central Laundry      C - Pool  
 D - Tennis Court      E - Playground/Rec Area      F - Dishwasher  
 G - Disposal      H - W/D Hook-ups      I - A/C  
 J - Cable Ready      K - Mini-Blinds      L - Community Rm/Exercise Rm  
 M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

**Reconciliation of Net Rents**

The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median market rate net rents by bedroom type in relation to the proposed subject property net rents at 60% of AMI.

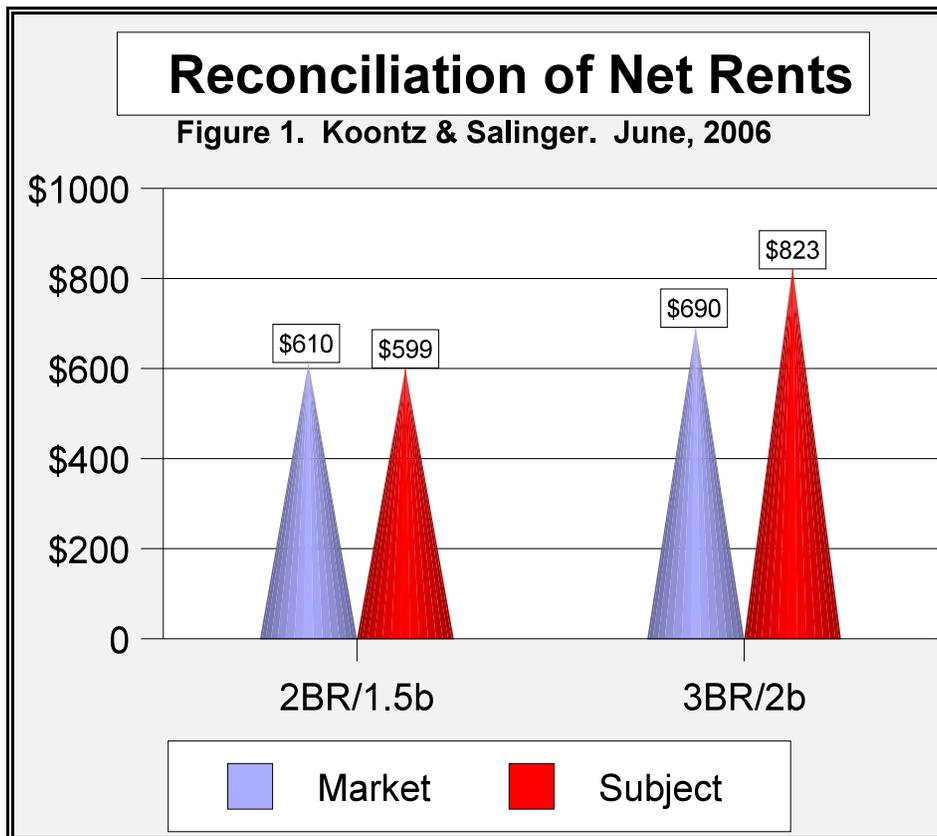
**Data Set**

<u>Bedroom Type</u>	<u>Market Estimate*</u>	<u>Subject Rents at 60% AMI</u>
2BR/1.5b	\$610	\$599**
3BR/2b	\$690	\$823**

\* net rent - for comparable units

\*\* proposed subject contract rent

Figure 1, reveals that the proposed subject 2BR/1.5b net rent at 60% AMI is approximately 2% less than the comparable/competitive 2BR/1.5b market rate net rents, within the PMA. The proposed subject 3BR/2b net rent at 60% is approximately 19% greater than the comparable/competitive 3BR/2b market rate net rents, within the PMA. Note: This reconciliation process assumes no PBRA for the subject. Clearly, based on the results of this process, the subject 3BR units will require deep subsidy RA, subject to the proposed contract rents.



The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed market rate properties is provided on page 76. A map showing the location of the surveyed LIHTC family properties is provided on page 13.

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**Survey of the Competitive Environment-LIHTC family Projects**

1. Ashley Midtown I Apartments, 151 Park Ave (912) 233-3075

**Contact:** Ms Anderson (6/12/06)  
**Date Built:** 2004  
**Contact Type:** Telephone interview

**Type:** LIHTC/Market Rate  
**Condition:** Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>			<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		<u>50%</u>	<u>60%</u>	<u>MR</u>			
2BR/1b	10	\$610	\$610	\$705	\$ 99	1186	0
2BR/1.5b	75	\$610	\$610	\$725	\$ 99	1186	0
3BR/2b	9	\$665	\$665	\$795	\$124	1354	0
3BR/2.5b	75	\$665	\$665	\$825	\$124	1354	0
Total	169						0

**Typical Occupancy Rate:** 97%  
**Security Deposit:** \$300  
**Utilities Included:** Water, sewer, trash

**Waiting List:** Yes ("updating")  
**Concessions:** No  
**Turnover:** low

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

**Design:** 2 story walk-up & townhouse

**Remarks:** 67-units have Public Housing rental assistance; serves households  
 Mainly from the north and northeast sections of the city



2. Bradley Pointe Apartments, 1355 Bradley Blvd (912) 920-2151

**Contact:** Sharon Ivy, Compliance (6/12/06)    **Type:** LIHTC - 60% AMI  
**Date Built:** 2004    **Condition:** Excellent  
**Contact Type:** Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	32	\$538	\$ 89	791	1
2BR/2b	64	\$638	\$115	1047	2
3BR/2b	32	\$730	\$140	1226	3
4BR/3b	16	\$792	\$178	1499	4
Total	144				10

**Typical Occupancy Rate:** 95%-97%    **Waiting List:** Yes  
**Security Deposit:** \$200    **Concessions:** No  
**Utilities Included:** Trash removal    **Turnover:** 10 per month

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

**Design:** 2 story walk-up / gated entry

**Remarks:** 4 tenants have a Section 8 voucher; tenants came from the city and a county-wide area; 1 year ago the complex was 83% occupied; incentives were offered and market conditions improved, as did the rate of retention of tenants since January, 2006 the lowest end of month occupancy rate recorded has been 94.5%-highest was 99.8%



3. Indigo Pointe Apartments, 4750 LaRoach (912) 355-4005

**Contact:** Ms. Rogers, Mgr. (5/23/06)  
**Date Built:** 1972 rehabed - 2000  
**Contact Type:** In person interview

**Type:** LIHTC/Market Rate  
**Condition:** Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>		<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		60%	MR			
1BR/1b	32	\$474	\$485	\$ 91	705	*
2BR/2b	168	\$495-\$500	\$556	\$108	834	*
3BR/2b	102	\$595-\$655	\$665	\$126	1012	*
4BR/2b	8	Na	\$720	\$147	1134	*
Total	310 -	290	20			11

**Typical Occupancy Rate:** 93% to 97%

**Waiting List:** Yes (15 apps)

**Security Deposit:** \$300

**Concessions:** No

**Utilities Included:** Water, sewer, trash

**Turnover:** 8 per month

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

**Design:** 2 story walk-up

**Remarks:** 66 tenants have a Section 8 voucher; tenants came from a city-wide area; the complex was built in 1972 as a HUD Section 8 property; it was acquired and rehabed in the LIHTC program; the rent range at 60% AMI is due to different specials offered over the last year; at present there are no specials; 4 of the 11 vacant units are down owing to a recent fire



4. Live Oak Plantation Apartments, 8505 Waters Ave (912) 927-1188

**Contact:** Ms. Mitchell, Mgr. (5/23/06)  
**Date Built:** 1975 rehabed - 2000  
**Contact Type:** In person interview

**Type:** LIHTC/Market Rate  
**Condition:** Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>		<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		40% & 60%	MR			
1BR/1b	40	\$479	\$479	\$ 91	712	0
2BR/2b	90	\$556	\$556	\$108	934	4
3BR/2b	52	\$660	Na	\$126	1034	4
4BR/2b	26	\$705	Na	\$147	1135	2
Total	208 -	196	12			10

**Typical Occupancy Rate:** 96% to 97%

**Waiting List:** Yes (4 apps)

**Security Deposit:** 1 month rent

**Concessions:** No

**Utilities Included:** Water, sewer, trash

**Turnover:** 6 per month

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	Yes

**Design:** townhouse

**Remarks:** 52 tenants have a Section 8 voucher; tenants came from a city-wide area; the complex was built in 1975 as a HUD Section 8 property; it was acquired and rehabed in the LIHTC program; offers only one set of rents; good demand for large bedroom formats



5. Montgomery Landing Apartments, 714 W 57<sup>th</sup> St (912) 495-0655

**Contact:** Paula Brockman, (6/20/06)  
**Date Built:** 2005  
**Contact Type:** Telephone interview

**Type:** LIHTC/Market Rate  
**Condition:** Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>				<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		<u>30%</u>	<u>50%</u>	<u>60%</u>	<u>MR</u>			
1BR/1b	16	\$191	\$401	\$505	\$550	\$117	792	0
2BR/2b	48	\$234	\$485	\$610	\$650	\$137	1062	0
3BR/2b	64	\$264	\$554	\$695	\$705	\$166	1267	2
4BR/2b	16	\$284	\$589	\$739	\$750	\$190	1428	1
Total	144	-	15	43	57	29		3

**Typical Occupancy Rate:** 95%  
**Security Deposit:** \$200  
**Utilities Included:** Trash removal

**Waiting List:** Yes (50 apps)  
**Concessions:** No  
**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

**Design:** 2 & 3 story walk-up

**Remarks:** 16 tenants have a Section 8 voucher; tenants came from the city-wide area; the complex was absorbed over a 5 month period  
 1BR & 2BR units are in most demand; good demand for market rate units by military households; good walk-in and telephone traffic



6. Oaks at Brandlewood Apartments, 5110 Garrard Ave (912) 232-9400

**Contact:** Ms. Leigh (6/1/06)  
**Date Built:** 2003  
**Contact Type:** Telephone interview

**Type:** LIHTC/Market Rate  
**Condition:** Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u> 60%	<u>MR</u>	<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	96	\$508	\$670	\$109	773	12
2BR/2b	132	\$613	\$770	\$142	1043	10
3BR/2b	96	\$702	\$870	\$173	1217	22
Total	324 -	260	64			42

**Typical Occupancy Rate:** 90% to 92%  
**Security Deposit:** \$200-\$300  
**Utilities Included:** Trash removal

**Waiting List:** No  
**Concessions:** No  
**Turnover:** 25%-40% annually

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

**Design:** 3 story walk-up (car care center)

**Remarks:** 33 tenants have a Section 8 voucher; tenants came from a city-wide area; 7 of the 44 vacant units are market rate; tax credit rents are at the maximum allowable, thus there are problems in the are of affordability, as well as in the turn around of vacant units (supposedly owing to property funding issues)



**Survey of the Competitive Environment-Market Rate**

1. Abercorn Terrace Apartments, 63<sup>rd</sup> St, East (912) 355-3964

**Contact:** Samantha (6/5/06)  
**Date Built:** 1945  
**Contact Type:** Telephone interview

**Type:** Conventional  
**Condition:** Fair to Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	84	\$425-\$460	602	0
2BR/1b	64	\$475-\$525	902	0
2BR/1b TH	40	\$560-\$630	920	0
Total	188			0

**Typical Occupancy Rate:** 95% (last 3 mo)    **Waiting List:** Yes (4 apps)  
**Security Deposit:** \$250    **Concessions:** No  
**Utilities Included:** Trash removal    **Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	No
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

**Amenities - Project**

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

**Design:** 2 story walk-up & townhouse

**Remarks:** a lot of college students; higher rent is for recently rehabed units



2. Alhambra Apartments, 2200 Victory Dr (912) 354-1968

**Contact:** Danielle, (6/5/06)  
**Date Built:** 1970  
**Contact Type:** Telephone interview

**Type:** Conventional  
**Condition:** Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	44	\$570	790	0
2BR/1.5b	35	\$635	975	0
2BR/2b	44	\$635	820	0
3BR/2b	27	\$715	1072	0
Total	150			0

**Typical Occupancy Rate:** 98%  
**Security Deposit:** \$300  
**Utilities Included:** Trash removal

**Waiting List:** Yes  
**Concessions:** No  
**Turnover:** "low"

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	No	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Club house	Yes
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

**Design:** 2 story walk-up & townhouse (car wash area)

**Remarks:** on-site courtesy officer; was 90% occupied last summer; tight market at present; any vacant unit is quickly filled within 30 days



3. Chelsea at Five Points Apartments, 1910 Skidaway Rd (912) 232-6640

**Contact:** Terri, (6/5/06)  
**Date Built:** 1947  
**Contact Type:** Telephone interview

**Type:** Conventional  
**Condition:** Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	24	\$510	650	*
2BR/1b	112	\$589-\$610	850	*
Total	136			3

**Typical Occupancy Rate:** 98%  
**Security Deposit:** \$300  
**Utilities Included:** Trash removal

**Waiting List:** No  
**Concessions:** No  
**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Club house	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

**Design:** 2 & 3 story walk-up (tennis court)

**Remarks:** on-site courtesy officer; tight market at present;  
any vacant unit is quickly filled within 30 days



4. Jasmine Place Apartments, 2323 Downing Dr (912) 352-7152

**Contact:** Michelle Jennison, (6/5/06)  
**Date Built:** 1980 (in process of rehab)  
**Contact Type:** Telephone interview

**Type:** Conventional  
**Condition:** Good to Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5b	80	\$750	840	*
3BR/2b	32	\$825	1130	*
Total	112			Na

**Typical Occupancy Rate:** Na  
**Security Deposit:** \$300  
**Utilities Included:** Trash removal

**Waiting List:** No  
**Concessions:** No  
**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Club house	Yes
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

**Design:** 2 story walk-up (gated entry)

**Remarks:** \$2.5 million renovation project in process; just completed the renovation of 64-units that are available and filling quickly



5. Hampstead Oak Apartments, 200 Hampstead Ave (912) 356-5656

**Contact:** Robyn, (6/12/06)  
**Date Built:** 1986  
**Contact Type:** Telephone interview

**Type:** Conventional  
**Condition:** Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5b	87	\$600	904	0
Total	87			0

**Typical Occupancy Rate:** 98%  
**Security Deposit:** \$400  
**Utilities Included:** Trash removal

**Waiting List:** Yes  
**Concessions:** No  
**Turnover:** "usually full"

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

**Amenities - Project**

On-Site Mgmt	No	Pool	Yes
Laundry Room	Yes	Club house	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

**Design:** 2 story walk-up

**Remarks:** has a lot of military renters



6. Park Villa Apartments, 38<sup>th</sup> St, East

(912) 234-3043

**Contact:** Tamara, (6/5/06)

**Type:** Conventional

**Date Built:** 1941

**Condition:** Good to Fair

**Contact Type:** Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	148	\$490	800	2
Total	148			2

**Typical Occupancy Rate:** 99%

**Waiting List:** Yes

**Security Deposit:** 1 month rent

**Concessions:** No

**Utilities Included:** Trash removal

**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	No
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	No	Pool	No
Laundry Room	No	Club house	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

**Design:** 1 story duplexes

**Remarks:**



7. Presidential Plaza Apartments, 2800 Capital St (912) 236-9574

**Contact:** Ms. Williams (6/8/06)  
**Date Built:** 1974  
**Contact Type:** Telephone interview

**Type:** Conventional/HUD 236  
**Condition:** Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	32	\$312-\$431	Na	*
2BR/1b	136	\$374-\$458	Na	*
3BR/1b	56	\$392-\$492	Na	*
Total	224			18

**Typical Occupancy Rate:** low 90's  
**Security Deposit:** 1 month rent  
**Utilities Included:** Trash removal

**Waiting List:** No  
**Concessions:** No  
**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	Some

**Amenities - Project**

On-Site Mgmt	No	Pool	No
Laundry Room	Yes	Club house	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

**Design:** 2 story walk-up

**Remarks:** low rent = HUD 236; high rent is market rate; a lot of single mothers with children; built in two phases



8. Red Lion Apartments, 6100 Waters Ave

(912) 354-6199

**Contact:** Crystal (6/7/05)

**Type:** Conventional

**Date Built:** 1978

**Condition:** Very Good

**Contact Type:** Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	50	\$600-\$625	800	1
2BR/2b	2	\$700-\$725	1000	2
2BR/1.5b	50	\$725	1000	0
Total	102			3

**Typical Occupancy Rate:** mid 90's

**Waiting List:** No

**Security Deposit:** \$500

**Concessions:** No

**Utilities Included:** Trash removal

**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Club house	Yes
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

**Design:** 3 story walk-up & townhouse

**Remarks:**



9. Strathmore Estates, 601 Cresent Dr

(912) 236-6185

**Contact:** Eddie, (6/5/06)

**Type:** Conventional

**Date Built:** 1941

**Condition:** Good to Fair

**Contact Type:** Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	53	\$419	571	0
2BR/1b	210	\$479	695	4
3BR/1b	83	\$559	871	0
4BR/1b	26	\$599	1044	0
4BR/2b	2	\$629	1390	0
Total	374			4

**Typical Occupancy Rate:** 95+%

**Waiting List:** Yes

**Security Deposit:** \$100

**Concessions:** No

**Utilities Included:** Trash removal

**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	No
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

**Amenities - Project**

On-Site Mgmt	No	Pool	No
Laundry Room	Yes	Club house	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

**Design:** 1 story duplexes & quadplexes

**Remarks:**



10.Tabby Villa Apartments, 8506 Waters Ave (912) 927-3641

**Contact:** Anne-Marie, (6/5/06)  
**Date Built:** 1978  
**Contact Type:** Telephone interview

**Type:** Conventional  
**Condition:** Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	16	\$525	647	*
2BR/1b	16	\$580	813	*
2BR/1.5b	34	\$630	1135	*
3BR/2.5b	16	\$690	1222	*
Total	82			4

**Typical Occupancy Rate:** 95%  
**Security Deposit:** \$200  
**Utilities Included:** Trash removal

**Waiting List:** No  
**Concessions:** No  
**Turnover:** Na

**Amenities - Unit**

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

**Amenities - Project**

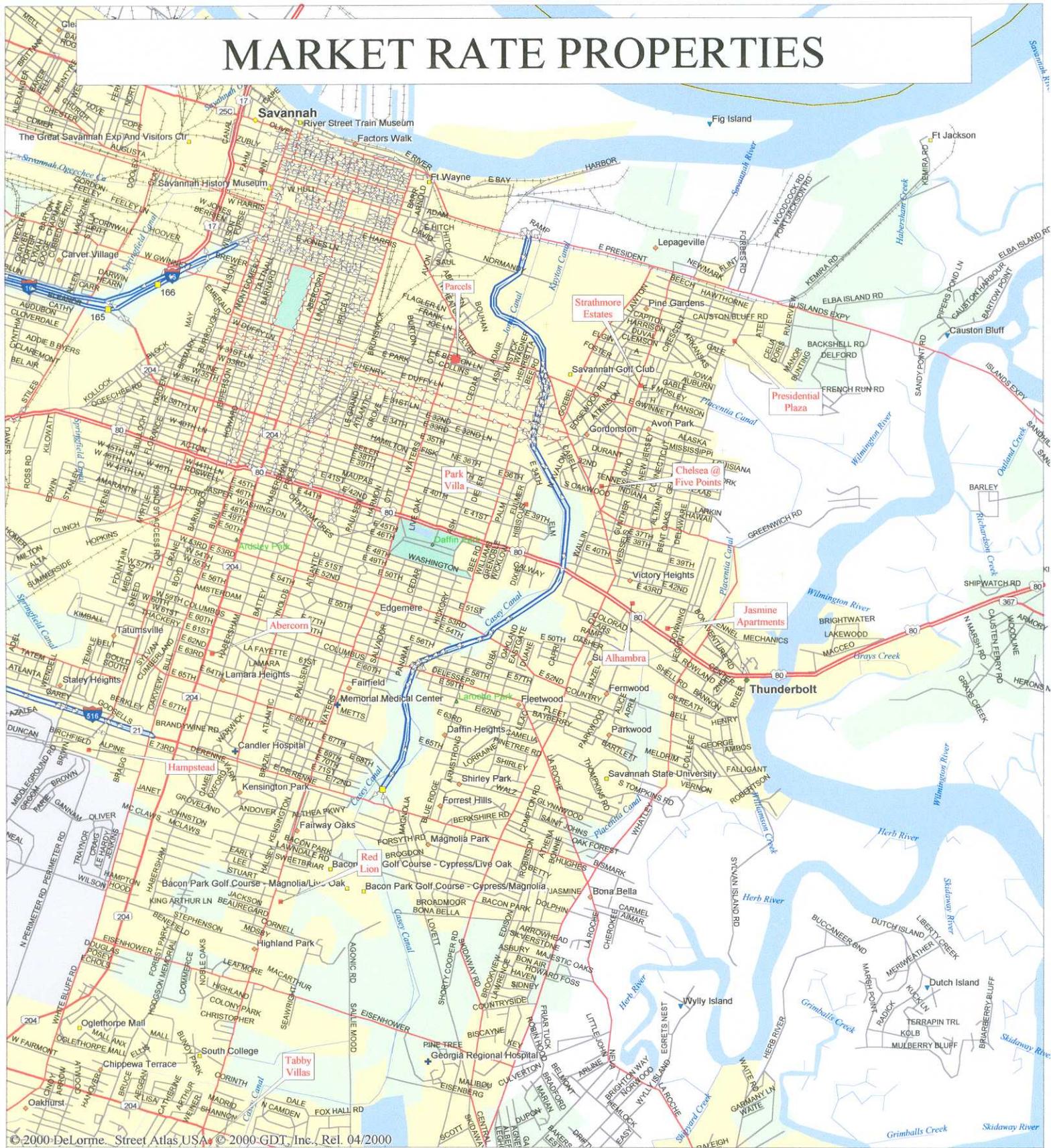
On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Club house	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

**Design:** 2 story walk-up & townhouse

**Remarks:**



# MARKET RATE PROPERTIES



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Mag 14.00  
Fri Jun 30 14:39 2006

Scale 1:50,000 (at center)  
5000 Feet  
1000 Meters

- Local Road
- Major Connector
- State Route
- Interstate/Limited Access

## SECTION H

### INTERVIEWS

The following are observations and comments relating to the subject property. They were obtained via a survey of local contacts interviewed during the course of the market study research process.

In most instances the project parameters of the proposed development were presented to the "key contact", in particular: the proposed site location, project size, bedroom mix, income targeting/primary funding source and net rents. The following statements/comments were made:

(1) - The City of Savannah Community Planning and Development Office was contacted, Mr. Brian White, (912) 651-6520. *Mr. White stated that there was significant ongoing development activity in Savannah, both in market rate and more moderately positioned affordable housing. The respondent noted that the area for the proposed Ashley Midtown II development is within an area of the city that has generated great interest and strong support for redevelopment by the City.*

(2) - Ms. Rogers, Manager of the Indigo Pointe (LIHTC/Market Rate-family) Apartments was interviewed (in person), (912) 355-4005. *At the time of the interview Ms. Rogers expressed a very positive opinion regarding the proposed LIHTC development in the downtown area of Savannah. Ms. Rogers stated that she is familiar with the area and the success of Ashley Midtown I and stated that "there is additional need" for affordable housing in the downtown area Savannah. She stated that there is a need for families with large households requiring at least three-bedroom. In her opinion, the fact that the proposed development will offer 100% deep subsidy rental assistance is almost a guarantee that it fill-up very quickly. At present, her property typically has a waiting list with 15 applicants. Most of her tenants came from a city-wide area, with 66 utilizing HUD Section 8 vouchers. In summary, she believes that the proposed development would be absorbed rapidly given present LIHTC demand characteristics in Savannah.*

(3) - Ms. Mitchell, Manager of the Live Oak Plantation (LIHTC/Market Rate-family) Apartments was interviewed (in person), (912) 927-1188. *At the time of the interview Ms. Mitchell expressed a very positive opinion regarding the proposed LIHTC development in the downtown area of Savannah. Ms. Mitchell stated that she is familiar with the area and the success of Ashley Midtown I. She stated that there is very good demand for LIHTC apartments offering a "large bedroom format" with properly positioned rents. In her opinion, the fact that the proposed development will offer 100% deep subsidy rental assistance suggests that the units will be filled as soon as they are available for occupancy. At present, her property typically has a waiting list with 4 to 5 applicants. Most of her tenants came from a city-wide area, with 52 utilizing HUD Section 8 vouchers. In summary, she*

*believes that the proposed development would be absorbed rapidly given present LIHTC demand characteristics in Savannah.*

(4) - Ms. Paula Brockman, Manager of the Montgomery Landing (LIHTC/Market Rate-family) Apartments was interviewed, (912) 495-0655. At the time of the interview Ms. Brockman expressed a very positive opinion regarding the proposed LIHTC development in the downtown area of Savannah. Ms. Brockman stated that she is familiar with the area and the success of Ashley Midtown I. She stated that there is very good demand for LIHTC apartments in the City as evident by the very successful rent-up of Montgomery Landing. Montgomery Landing, a 144-unit development was 95+% occupied within a five month period. Ms. Brockman stated that since the proposed development will offer 100% deep subsidy rental assistance the units should be occupied as soon as the City issues a c/o (certificate of occupancy) and that mostly likely it will have generated a waiting list over night. At present, her property typically has a waiting list with 50 applicants. Most of her tenants came from a city-wide area, with 16 utilizing HUD Section 8 vouchers. In summary, she believes that the proposed development would be absorbed very rapidly given present LIHTC demand characteristics in Savannah.

(5) - Ms. Lisa Sundrla, of the Savannah Development and Renewal Authority was interviewed. Ms. Sundrla stated that Savannah has been in an active phase of multi-income development that has generated a wide array of housing and integrated retail opportunities. Throughout the Savannah area there are over 9 million square feet of units planned east of the downtown area from very low income-to moderate income-to upper income. Seven new hotels are planned for the downtown which is anticipated to generate further residential and commercial development. There is significant ongoing interest in providing affordable housing, mixed income areas, family ownership strategies and designated proportions of commercial development appropriately interspersed with affordable housing in the downtown area of the City. The Ashley Midtown development is considered to be one of the critical and integral components of the overall downtown redevelopment strategy.

(6) - Ms. Carol Pierce, of the Savannah Housing Department was interviewed, (912) 651-6926. Ms. Pierce stated that there is strong local support for all phases of the Ashley Midtown redevelopment plan, including the subject - Ashley Midtown II. In addition, Ms. Pierce mentioned a concern to maintain and keep the Savannah beach area's affordable housing, as one of the other important redevelopment corridors of concern. She mentioned "SNAP 4" a mixture of single-family and small multi-plex housing (up 8-plexes) on scattered sites. Currently, the project's 100-units have approximately 40% that are uninhabited and 60% that are inhabited. At present, the City is negotiating a deal to rehab all the units in phases.

**SECTION I**  
**CONCLUSIONS &  
RECOMMENDATION**

As proposed in Section A of this study, it is of the opinion of the analyst, based on the findings in the market study that Ashley Midtown II (a proposed LIHTC/Hope VI multi-family project) proceed forward with the development process.

**Detailed Support of Recommendation**

1. Product Mix - The target group is large enough to absorb the proposed product development of **38** units, subject to the proposed availability of 100% deep subsidy project base rental assistance (PBRA).
  
2. Assessment of rents - The proposed net rents will be very competitive within the PMA, subject to the availability of the proposed PBRA.
  
3. The current apartment market is **not** representative of an over saturated market, for well maintained, well amenitized and professionally managed properties.
  
4. The proposed complex unit amenity package is considered to be competitive within the PMA.
  
5. Stabilized occupancy, is forecasted to be 93% or higher, after the rehab process.
  
6. The site location is considered to be marketable and should not be an encumbrance to the rent-up process.
  
7. The proposed development will not negatively impact the existing supply of program assisted properties within the market, owing to its income targeting and 100% PBRA.

**SECTION J**  
**ANALYST QUALIFICATIONS**

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental

agencies.

**JERRY M. KOONTZ**

EDUCATION: M.A. Geography 1982 Florida Atlantic Un.  
B.A. Economics 1980 Florida Atlantic Un.  
A.A. Urban Studies 1978 Prince George Comm. Coll.

PROFESSIONAL: 1985-Present, Principal, Koontz and Salinger, a Real Estate Market Research firm. Raleigh, NC  
  
1983-1985, Market Research Staff Consultant, Stephens Associates, an consulting firm in real estate development and planning. Raleigh, NC  
  
1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.  
  
1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

AREAS OF  
EXPERIENCE: Real Estate Market Analysis: Residential Properties and Commercial Properties

WORK PRODUCT: Over last 23 years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d) (4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

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## **Market Analyst Certification and Checklist**

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

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

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

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

### **A. Executive Summary**

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Appropriateness of interior & exterior amenities including appliances	Page	vii
Location & distance of subject property in relation to local amenities	Page	vii
Discussion of capture rates in relationship to subject	Page	viii
Conclusion regarding the strength of the market for the subject	Page	ix

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Unit size, # of bedrooms & structure type	Page	1
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Existing or proposed project based rental assistance	Page	1
Proposed development amenities	Page	2

For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	Na
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### **C. Site Evaluation**

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**2. Household Trends**

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**I. Conclusions & Recommendations**

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**J. Signed Statement**

Signed Statement from Analyst	Page 81
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