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**A MARKET CONDITIONS AND PROJECT EVALUATION SUMMARY**

**ADAMSVILLE PLACE APARTMENTS (2003-03)  
LOCATED AT  
3712 MARTIN LUTHER KING, JR. DRIVE SW  
ATLANTA, FULTON COUNTY, GEORGIA**

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**July 2003**

**Prepared For**

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

**Prepared By**

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April 25, 2003

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

**Re: Market Study for Adamsville Place Apartments located in Atlanta, Georgia**

Dear Ms. Fitzgerald:

At your request, Novogradac & Company, LLP performed a study of the multifamily rental market in the Atlanta, Fulton County, Georgia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project, the (Subject).

The purpose of this market study is to assess the viability of Adamsville Place Apartments, a proposed LIHTC housing development consisting of 166 units. The property will offer affordable rental units restricted to households earning 50 and 60 percent or less of the Area Median Gross Income (AMI) as well as market rate units. The Subject will also offer Project Based Rental Assisted (PBRA) units. Households that are income eligible (60 percent or less of the Area Median Gross Income) will pay 30 percent of household income towards rental rates. It should be noted, although households that are income eligible to reside within PBRA units can earn up to 80 percent or less of the Area Median Gross Income and pay 30 percent of household income towards rental rates, we have utilized a maximum allowable income for a five-person household at 60 percent AMI to estimate demand for the Subject. We believe that households with annual income up to this level are more likely to reside at the Subject. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the requirements of the Georgia Department of Community Affairs (DCA), including the following:

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

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The report also includes a thorough analysis of the scope of the study, regional and local demographic and economic studies, and market analyses including conclusions. The depth of discussion contained in the report is specific to the needs of the client. Use by others, such as; syndicators, loan underwriters, etc., may require modification or revision. Novogradac & Company, LLP stands ready to modify this document to various standards with the permission of the client and for an additional fee.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company, LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,  
Novogradac & Company, LLC

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

**PROPERTY SUMMARY OF SUBJECT**

- Subject Property Overview:** The Subject property will consist of 166 units. Of the total units, 10 units will be targeted to households earning no more than 50 percent of the area median income (AMI). 102 units will be targeted to households earning no more than 60 percent of the area median income (AMI). It should be noted that while the maximum allowable income for these units will be at the 60 percent threshold, rent will be based at the 54 percent AMI level. 11 units will be Projected Based Rental Assisted (PBRA) units. The remaining 43 units will be market-rate units.
- Date of Construction:** Proposed construction with a projected market entry of 2005.
- Development Location:** The Subject is currently vacant land. The site will be located at 3712 Martin Luther King, Jr. Drive SW just west of its intersection with Interstate 285 in Atlanta, Georgia.
- Construction Type:** The Subject property is the proposed new construction of 166 one, two and three-bedroom units. The improvements will consist of three-story garden apartment buildings.
- Occupancy Type:** Family.
- Target Income Group:** Of the total units, 67 percent (112 units) will be rent-restricted, Low Income Housing Tax Credit (LIHTC) units governed by Section 42 of the Internal Revenue Code and set-aside for tenants earning not more than 50 percent or 60 percent of area median income adjusted for family size. Household sizes will range from one to five persons. Minimum household income level is \$20,363. Maximum household income level is \$46,140 in 2003 dollars. 11 units (seven percent) will be projected based rental assisted (PBRA) units. Minimum household income level is \$0. Maximum household income level is \$46,140 in 2003 dollars. The remaining units (43) will be market rate.
- Land Area:** 10.176 Acres.

**Unit Mix:**

<b>PBRA UNITS</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents*</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	3	BOI	\$0	\$720	\$720
2BR/2BA	5	BOI	\$0	\$865	\$865
3BR/2BA	3	BOI	\$0	\$999	\$999
<b>Total</b>	<b>11</b>				

\*Based on Income

<b>LIHTC UNITS AT 50 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	2	\$521	\$68	\$589	\$667
2BR/2BA	5	\$627	\$87	\$714	\$801
3BR/2BA	3	\$718	\$109	\$827	\$925
<b>Total</b>	<b>10</b>				

<b>LIHTC UNITS AT 54 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	23	\$568	\$68	\$636	\$720
2BR/2BA	52	\$684	\$87	\$771	\$865
3BR/2BA	27	\$783	\$109	\$892	\$999
<b>Total/Average</b>	<b>102</b>				

<b>MARKET-RATE UNITS</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Fair Market Rents</b>
1BR/1BA	11	\$568	\$68	\$636	\$795
2BR/2BA	21	\$684	\$87	\$771	\$927
3BR/2BA	11	\$783	\$109	\$892	\$1,236
<b>Total</b>	<b>43</b>				

**Location and Surrounding Land Uses:**

The Subject is located along Martin Luther King, Jr. Drive SW in the western section of the city of Atlanta. The entrance to the site is approximately one mile west of the Interstate 285 entrance. The immediate neighborhood is primarily a bedroom community with retail and commercial developments located along the main arteries. Surrounding land uses include:

*NORTH-* North of the Subject directly across Martin Luther King Jr. Drive is the New Unity Missionary Baptist Church.

*SOUTH-* Immediately south of the Subject is vacant land. Past this are primarily moderate income single family homes.

*EAST-* A convenience store (West Atlantic Food Store) is located immediately east of the Subject. Further east along Martin Luther King Jr. Drive are retail stores and fast food restaurants. Collier Heights Plaza is a shopping plaza that is located at the intersection of Fairburn and Martin Luther King Jr. Drive. The main tenants at this shopping plaza include a Wayfield Foods, Easy Retail Rental Store and Bargain Buy Discount Store. The entrance to Interstate 285 is located one half mile east of this shopping plaza.

*WEST-* Immediately west of the Subject is the Reece Dry Cleaners and Laundromat. Further west along Martin Luther King Jr. Drive are several multifamily properties that are in average to poor condition. In general, the Subject is expected to be superior to these developments. However, we have profiled two of these projects in the Survey of Comparable properties section of this report.

**Ownership and History  
of the Subject:**

The developer has applied for a reservation of Low-Income Housing Tax Credits in order to complete a new construction development.

**Market Conclusions:**

The overall Atlanta economy is moderately strong, benefiting from population, business and employment growth that has occurred in the area over the past ten years. As a result, the residential housing inventory has increased to support the economic escalations experienced within the market. However, given the elevated number of recent multifamily additions to supply, the Atlanta MSA is experiencing higher than normal vacancy levels. According to the REIS “Metro Trend Report” for the first quarter of 2003, overall vacancy for the Atlanta MSA is 11.3 percent. Established older vintage properties have reported the reliance of concessions to remain competitive to newer affordable housing and market rate product. In some cases, the presence of these concessions will remain in place throughout the foreseeable future.

While some markets in Atlanta are beginning to show stress from additions to supply, the Subject primary market appears to be a relatively balanced market in both market rate and affordable housing developments. Properties surveyed within the primary market area for the Subject reported a current occupancy level of 95 percent (excluding properties that are in the process of initial leasing or currently undergoing renovations) despite recent additions to supply. This suggests that the Subject is located within a relatively stable “pocket” inside a generally soft market for multifamily housing within the Atlanta MSA.

**Inspection Date:**

The property was inspected on June 17, 2003.

**Conclusion:**

The Subject is located in an area that offers existing multifamily projects that are primarily of older vintage, the majority of which are in poor condition. The Subject as proposed would be superior to all of the projects located within the immediate neighborhood. The Subject will have above average visibility along Martin Luther King Jr. and will be located within close proximity to local services, public transportation and major arteries. All of these factors are expected to increase the desirability of the Subject. Overall, the community presents an above average location for a multifamily development.

## **B. PROJECT DESCRIPTION**

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

**Date of Construction:** Proposed construction with a projected market entry of 2005.

**Development Location:** The site will be located on 3712 Martin Luther King, Jr. Drive SW in Atlanta, Georgia. The Subject is currently vacant land.

**Construction Type:** The Subject property is the proposed new construction of 160 one, two and three-bedroom units. The improvements will consist of three-story garden apartments buildings. Construction will be wood frame and concrete.

**Occupancy Type:** Family.

**Target Income Group:** Of the total units, 67 percent (112 units) will be rent-restricted, Low Income Housing Tax Credit (LIHTC) units governed by Section 42 of the Internal Revenue Code and set-aside for tenants earning not more than 50 percent or 60 percent of area median income adjusted for family size. Household sizes will range from one to five persons. Minimum household income level is \$20,363. Maximum household income level is \$46,140 in 2003 dollars. 11 units (seven percent) will be projected based rental assisted (PBRA) units. Minimum household income level is \$0. Maximum household income level is \$46,140 in 2003 dollars. The remaining units (43) will be market rate.

**Special Population Target:** Not Applicable

**Unit Mix and Rents:**

<b>PBRA UNITS</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents*</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
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<b>LIHTC UNITS AT 50 PERCENT OF AMI</b>					
<b>Unit Type</b>	<b># of Units</b>	<b>Net Rents</b>	<b>Estimated Utility Cost</b>	<b>Gross Rent</b>	<b>Maximum Allowable Rent Per DCA</b>
1BR/1BA	2	\$521	\$68	\$589	\$667
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LIHTC UNITS AT 54 PERCENT OF AMI					
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<b>Total/Average</b>	<b>102</b>				

MARKET-RATE UNITS					
Unit Type	# of Units	Net Rents	Estimated Utility Cost	Gross Rent	Fair Market Rents
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3BR/2BA	11	\$783	\$109	\$892	\$1,236
<b>Total</b>	<b>43</b>				

**Structure Type:** The Subject will have a three-story garden design. Curb appeal is expected to be above-average.

**Existing or Proposed Project Based Rental Assistance:** The Subject will offer 11 Project Based Rental Assisted (PBRA) units. It should be noted, although households that are income eligible to reside within PBRA units can earn up to 80 percent or less of the Area Median Gross Income and pay 30 percent of household income towards rental rates, we have utilized a maximum allowable income for a five-person household at 60 percent AMI to estimate demand for the Subject. We believe that households with annual income up to this level are more likely to reside at the Subject.

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

**Community Amenities:** The Subject will offer a tot lot, swimming pool, a playing field, a playground, a leasing office/community room, a fitness center, equipped computer center and central laundry facility.

**Current Tenancy:** Not Applicable

**Renovation Plan:** Not Applicable

**Conclusion:**

The Subject will be an average to above-average-quality multifamily apartment building. It will superior to most of the inventory in the area.

## C. SITE EVALUATION

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

- Date of Site Visit:** June 17, 2003.
- Frontage:** The Subject has frontage on Martin Luther King, Jr. Drive SW.
- Topography:** Generally sloping to the rear below grade level with Martin Luther King Jr. Drive SW.
- Visibility/Views:** Martin Luther King, Jr. Drive SW is a main artery within the Subject neighborhood. Although adequate signage will be important along Martin Luther King, Jr. Drive, the Subject is expected to be highly visible from this artery once constructed. Many prospective tenants may be commuting past the Subject on a daily basis. Visibility is expected to be above average.
- Access and Traffic Flow:** The Subject site is located on Martin Luther King, Jr. Drive SW. The site will be developed with an access road leading into the property. Access and traffic flow are expected to be adequate for the Subject.
- Layout and Curb Appeal:** The Subject will have an open layout and an above-average curb appeal.
- Zoning of Surrounding Area:** Reported as RG-3 by the City of Atlanta Planning and Zoning office. This zoning designation allows for the development of multifamily units. Surrounding zoning along Martin Luther King, Jr. Drive SW are zoned residential, retail commercial. The zoning of the Subject and the surrounding land uses are not likely to change in the foreseeable future.
- Road/Infrastructure  
Proposed Improvements:** There exists no evidence of future roadwork or improvements within the immediate Subject neighborhood along Martin Luther King, Jr. Drive SW.
- Proximity to Local Services:** The Subject is located in reasonable proximity to local services including schools, transportation, churches and retail.

The Subject location in relation to the above services will contribute to quick absorption and an overall high occupancy. Further, residents of the Subject with school age children have access to schools located relatively close to the Subject. A *Locational Amenities Map*, corresponding to the following table is provided in the addenda to this report.

<b>LOCAL DISTANCES FROM SERVICES</b>		
<b>Service</b>	<b>Number</b>	<b>Distance (in Miles)</b>
Elementary School	1	Fain Elementary School (0.5 miles east)
Middle School	2	Usher Middle School (1.6 miles north)
High School	3	Harper High School (0.75 miles north)
Shopping District	4	West Atlantic Grocery Store (0.4 miles east)
Employment District	5	Numerous Retail/Commercial Businesses along Martin Luther King Jr. Drive Downtown Atlanta (6.5 miles east)
Library	6	Atlanta-Fulton County/Collier Heights Library (0.75 miles east)
Local Transportation-bus stops	7	MARTA Bus Stop Adjacent to Subject site
Local Parks and Recreation	8	Wilson Mills Road Park (1.0 miles south)
Hospital/Medical Facilities	9	Southwest Hospital and Medical Center (1.1 miles south)

**Detrimental Influences:**

No significant detrimental influences.

**Environmental Concerns:**

None visible upon site inspection. We recommend the sponsor obtain a Phase 1 environmental study to determine any possible environmental risk.

**Conclusion:**

The Subject is located in a suburban community located just west of Interstate 285. Residents of the neighborhood are able to benefit from close proximity to local services given that all are located within a short driving distance. The Subject will have above-average visibility from Martin Luther King Jr. Drive, a major artery for the neighborhood. Also, the Metropolitan Atlanta Rapid Transit Authority (MARTA) has a bus stop at the entrance to the Subject which should benefit residents that require public transportation. These factors will have positive impacts for the long-term prospects of the Subject. In general, the Subject site appears to be a favorable location for multifamily development.

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

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

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

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

## **D. MARKET AREA**

## PRIMARY MARKET AREA

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

The Subject is located on Martin Luther King, Jr. Drive SW in Atlanta, Fulton County, Georgia. The primary market area defined as all the areas east of State Road 70 (Fulton Industrial Boulevard SW) and south of State Highway 278 (Bankhead Highway). U.S. Highway 19 to U.S. Highway 29 defines the eastern boundary. Lakewood Freeway to Campbellton Road defines the southern boundary. The determination of this market area was influenced by conversations with surveyed property managers that reported that the majority of rental traffic is neighborhood oriented with most originating from within three to four miles of the apartment complexes.

The overall Atlanta market has demonstrated steady population, business and employment growth in the area over the past ten years. As a result, the residential housing inventory has increased to support the economic escalations experienced within the market. As parts of the downtown Atlanta area become “built out”, more households have migrated to areas outside of Interstate 285. While the primary source of demand is expected to be generated from within the PMA. However, we believe that the Subject will attract a reasonable number of households from areas throughout Fulton County as well as the PMA.

### Neighborhood Analysis

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

The Subject is located along Martin Luther King, Jr. Drive SW just west of its intersection with Interstate 285 in Atlanta, Georgia. To further illustrate the location of the Subject in relation to other properties and land uses, a map of the neighborhood is located in the addenda.

### Location and Boundaries

The Subject neighborhood generally lies north of Boulder Park Drive SW, east of State Road 70 (Fulton Industrial Boulevard SW), south of Interstate 20 and Interstate 285 interchange and west of Interstate 285. The area is considered to be a residential area with retail and commercial improvements located along the major arteries.

## **E. COMMUNITY DEMOGRAPHIC DATA**

**COMMUNITY DEMOGRAPHIC DATA**

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and the Atlanta MSA are areas of growth or contraction. The Atlanta MSA is considered the secondary market area. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. Historic and estimated data will be presented for years 1990, 2001 and 2006. Data has also been projected for 2005, the year in which the Subject is expected to begin operation.

**Population**

The table below illustrates population in the PMA and Atlanta MSA from 1990 through 2006.

POPULATION TRENDS: 1990-2006		
Year	PMA	Atlanta MSA
1990	122,712	2,959,950
2001	124,117	4,285,271
2006	127,121	5,016,695
% Annual Change 1990-2001	0.10%	4.07%
Projected % Annual Change 2001-2006	0.48%	3.41%
Projected Average Annual Change 2001-2006	601	146,285
Projected Population 2005	126,520	4,870,410

Source: ESRI Business Information Solutions, 06/2003

As illustrated in the table above, the populations in the MSA and the PMA are expected to increase from 2001 to 2006. The rate of growth in the PMA is expected to lag behind the rate of growth in population in the MSA. However, the population growth within the PMA, albeit moderate, is projected to outpace the annual growth rate reported in the past decade. This is a positive indicator for future demand for the Subject’s units.

**Population by Age Group**

Population and household growth by age group can illustrate demand or lack of demand for a housing complex that may be age-restricted. The Subject property is a family property, where eligibility is restricted by income, not by age. Populations and households of any age are eligible to reside at the Subject property.

**Households**

The table below describes household trends in the market area from 1990 through 2006.

HOUSEHOLD TRENDS: 1990-2006		
Year	PMA	Atlanta MSA
1990	43,827	1,102,578
2001	46,044	1,569,630
2006	47,840	1,847,186
% Annual Change 1990-2001	0.46%	3.85%
Projected % Annual Change 2001-2006	0.78%	3.54%
Projected Average Annual Change 2001-2006	359	55,511
Projected Households 2005	47,481	1,791,675

Source: ESRI Business Information Solutions, 06/2003

Similar to population, the rate of growth in the number of households within the PMA is projected to be moderate. The rate of growth in households in the PMA is expected to be slightly more than the rate of growth in the population. This suggests a decrease in the average household size. As with population growth, we believe this projected growth is a positive indicator for the Subject.

**Average Household Size**

Average household size is depicted in the following table from 1990 through 2006 in both the PMA and Atlanta MSA.

HOUSEHOLD SIZE TRENDS: 1990-2006		
Year	PMA	MSA
2001	2.56	2.73
2006	2.52	2.72

Source: ESRI Business Information Solutions, 06/2003

The MSA has larger than typical households while the household size within the PMA is closer to the national average of 2.59. This trend is typical for areas located within or near city limits where families generally move into the suburbs and out of urban centers, while “empty-nesters” and singles remain in, or move into the cities. In general, the average household size reported within the PMA is expected conducive to the larger unit sizes proposed by the Subject.

**Households by Tenure**

The table below depicts household growth by tenure from 1990 through 2006. While household growth is vital to the success of a new housing development, the presence of household growth by tenure can provide support for a particular housing type. For example, for demand to exist in a rental complex, growth must be evident for renter households.

HOUSING STOCK BY TENURE: 1990-2006			
PMA			
Year	Number of Occupied Units	% Ownership	% Renter
1990	43,827	47.04%	52.96%
2001	46,044	46.07%	53.93%
2006	47,840	46.25%	53.75%

Source: ESRI Business Information Solutions, 06/2003

The ratio of renter versus owner occupied households indicates that a high renter population exists within the PMA. The growth in the PMA of renter households is considered strong when considering the national average for renter households is 33.8 percent. The strong representation of renter households in the PMA is a positive indicator for the Subject’s units.

**Income**

The table below shows median household income in the PMA and Atlanta MSA.

<b>MEDIAN HOUSEHOLD INCOME TRENDS: 2001-2006</b>		
<b>Year</b>	<b>PMA</b>	<b>Atlanta MSA</b>
<b>2001</b>	\$19,515	\$51,544
<b>2006</b>	\$23,397	\$59,170
<b>Projected % Annual Change 2001-2006</b>	3.98%	2.96%
<b>Projected Average Annual Change 2001-2006</b>	\$776	\$1,525
<b>Projected Median Household Income 2005</b>	\$22,621	\$57,645

Source: ESRI Business Information Solutions, 06/2003

As the table above indicates, the rate of growth in the median household income in the PMA is expected to be more rapid than the rate of growth in the MSA’s median household income. However, the annual increase within the PMA based on the dollar amount is significantly less than the MSA. The PMA is a relatively moderate-income area with median household income at \$19,515 as of 2001. Households with annual incomes between \$0 and \$46,140 in 2003 dollars are income eligible to reside at the Subject. The median income suggests that a significant portion of the population earns an income within allowable limits for the Subject. The next paragraph provides a more detailed breakdown of households within a specific income cohort.

**Household Income**

The following table depicts household income in 2000 in the PMA and the MSA.

<b>HOUSEHOLD INCOME DISTRIBUTION: 2000</b>				
<b>Income Category</b>	<b>PMA</b>		<b>Atlanta MSA</b>	
	<b>Total Households</b>	<b>% Distribution</b>	<b>Total Households</b>	<b>% Distribution</b>
Less than \$14,999	18,908	37.6%	189,145	12.1%
\$15,000 - \$24,999	8,411	18.4%	162,702	10.4%
\$25,000 - \$34,999	7,671	18.2%	199,103	12.7%
\$35,000 - \$49,999	4,759	11.3%	243,767	15.5%
\$50,000 - \$74,999	3,832	8.9%	341,188	21.7%
\$75,000 - \$99,999	1,574	3.8%	187,951	12.0%
\$100,000+	889	0.3%	245,774	15.7%
<b>Total</b>	<b>46,044</b>	<b>100.0%</b>	<b>1,569,630</b>	<b>100.0%</b>

As the table above depicts, the PMA and the MSA have significant portions of the household populations in the lower and moderate income levels. This household income distribution is expected to create demand for the Subject’s proposed units. The Area Median Income has increased in the Atlanta MSA at a relatively rapid pace, excluding 2003. The following table tracks growth in the AMI for the past five years.

<b>AREA MEDIAN INCOME TRENDS</b>		
<b>Year</b>	<b>Area Median Income</b>	<b>Annual Change</b>
1998	\$54,700	-
1999	\$59,900	9.51%
2000	\$63,100	5.34%
2001	\$66,500	5.39%
2002	\$71,200	7.07%
2003	\$68,800	-3.37%

As illustrated in the table above, the AMI level in 2003 decreased significantly from 2002. The decrease in the 2003 AMI is a reflection in the differences between Census 2000 data released in 2003 and the previous estimates. Overall, income levels have increased at an average rate of approximately four percent annually. The significant rise in AMI levels indicates a healthy market where affordable households may be priced-out by more affluent households. This will increase the importance of affordable housing enclaves such as the Subject PMA.

**Renter Households by Number of Persons in the Household**

The following table illustrates household size for all households in 2001.

PMA HOUSEHOLD SIZE DISTRIBUTION 2001		
Size	Number	Percentage
1	13,537	29.4%
2	12,790	27.8%
3	8,371	18.2%
4	5,616	12.2%
5	3,016	6.6%
6	1,318	2.9%
7+	1,396	3.0%
<b>Total Households</b>	<b>46,044</b>	<b>100.0%</b>

Source: ESRI Business Information Solutions, 06/2003

The majority of the households in the PMA are either one or two-person households. However, there also is a significant number of three and four-person households in the PMA.

**Major Employers**

The Atlanta area is generally considered the regional hub of the southeastern United States. Atlanta is the headquarters for several major corporations, including Home Depot and BellSouth. Additionally, Hartsfield Airport in Atlanta is the regional hub of Delta Airlines, the largest employer in the Atlanta MSA. The table below lists the major employers in the Atlanta area.

ATLANTA MSA MAJOR EMPLOYERS		
Company	Industry	Employment
Delta Air Lines	Airline	29,150
BellSouth	Telecommunications	20,000
Emory University	Education	19,000
U.S. Postal Service	Government	16,099
Wal-Mart	Retail	14,700
Home Depot	Retail	14,300
Gwinnett County Schools	Government/Education	14,200
Cobb County Schools	Government/Education	13,024
United Parcel Service	Delivery	10,500
Fort McPherson (U.S. Army)	Defense	10,481
AT&T	Telecommunications	8,600
IBM Corporation	Technology	8,400

Source: Atlanta Journal Constitution; Novogradac & Company LLP, 9/02.

BellSouth and Delta Air Lines are the only two employers in the MSA that employ over 20,000 people. However, four of the top ten employers in the MSA are from the government and education sectors. Lower skilled employees in these industries are likely to have incomes inline with the Subject's income restrictions. In the private sector, Wal-Mart and Home Depot are the fifth and sixth largest employers respectively within the MSA. Additionally, Fort McPherson is among the top ten employers.

### **Conclusion**

Both the Atlanta MSA and the PMA has experienced healthy growth in population, households, and median household income. The population growth within the PMA, albeit moderate, is projected to outpace the annual growth rate reported in the past decade. Similar to population, the rate of growth in the number of households within the PMA is projected to be moderate. The rate of growth in households in the PMA is expected to be slightly more than the rate of growth in the population. This suggests a decrease in the average household size. The MSA has larger than typical households while the household size within the PMA is closer to the national average of 2.59. This trend is typical for areas located within or near city limits where families generally move into the suburbs and out of urban centers, while "empty-nesters" and singles remain in, or move into the cities. In general, the average household size reported within the PMA is expected conducive to the larger unit sizes proposed by the Subject.

The PMA has a significant portion of the household populations in the lower and moderate income levels. In fact, over 37 percent of the households within the PMA earn less than \$15,000 annually. This combined with the high renter population (54 percent) that exists within the PMA is a positive indicator for the Subject's units.

The Atlanta market has demonstrated steady business and employment growth over the past ten years. In fact, the overall number of persons employed in Fulton County has increased steadily over the past decade. However, the county reported a period of contraction during 2001, which is coincident with the slow down of the national economy. However, this decrease was effectively erased by 2002. Unemployment rates in Fulton County had been decreasing from 1992 to 2000. It is interesting to note that the unemployment for the PMA decreased despite steady increases in the number of persons employed. Overall, the unemployment rates have been at or below the national average throughout most of the past decade.

## **F. PROJECT-SPECIFIC DEMAND ANALYSIS**

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

**Income Restrictions**

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

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

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Information Systems.

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

**Affordability**

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

**Demand**

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

**1. Demand from New Households**

The number of new households entering the market is the first level of demand calculated. We have utilized 2005, the anticipated date of market entry, as the base year for the analysis. Therefore, 2001 household population estimates are grown to 2005 by interpolation of the difference between 2001 estimates and 2006 projections. This annual change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2005.

**2. Demand from Existing Households**

Demand for existing households is estimated by summing three sources of potential tenants. The first source (**2a.**) is tenants who are rent overburdened. These are households who are paying over 35 percent of their income in housing costs.

This data is based upon the 2000 census. The second source **(2b.)** is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source **(2c.)** is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties.

**Additions to Supply**

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we deduct additions to supply constructed from 1999 to 2005 that are considered directly competitive. Therefore, 564 LIHTC and market rate units have been excluded in our demand analysis. We have illustrated demand analysis for the Subject in the following table.

**Capture Rates**

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

**Demand Analysis  
Including Units Constructed Between 2000 and 2004**

Household Income Distribution 2001-2006 Adamsville Place Apartments					
	2001		2006		Percent Growth
	#	%	#	%	
Less than \$14,999	17,317	37.61%	16,026	33.50%	-8.1%
\$15,000 - \$24,999	8,454	18.36%	7,999	16.72%	-5.7%
\$25,000 - \$34,999	8,366	18.17%	7,147	14.98%	-17.0%
\$35,000 - \$44,999	5,683	12.29%	5,158	10.80%	-9.2%
\$45,000 - \$54,999	4,083	8.87%	3,545	7.49%	-13.2%
\$55,000 - \$64,999	1,240	2.70%	1,136	2.39%	-8.4%
\$65,000 - \$74,999	769	1.67%	765	1.60%	-0.5%
\$75,000 - \$84,999	115	0.25%	187	0.39%	63.5%
\$85,000 - \$94,999	46,044	100.00%	47,840	100.00%	3.9%
Total					

Household Income Distribution 2005 Adamsville Place Apartments				
	2005		Change 2001 to 2005	
	#	%	#	%
Less than \$14,999	16,285	34.25%	-1,033	-5.9%
\$15,000 - \$24,999	8,099	17.01%	-364	-4.3%
\$25,000 - \$34,999	7,301	15.54%	-975	-11.6%
\$35,000 - \$44,999	6,743	14.18%	1,540	22.8%
\$45,000 - \$54,999	4,988	10.49%	904	18.1%
\$55,000 - \$64,999	2,311	4.86%	571	24.5%
\$65,000 - \$74,999	1,566	3.29%	797	50.9%
\$75,000 - \$84,999	1,172	2.48%	403	34.4%
Total	47,547	100.00%	1,498	3.2%

Percent of 2001	53.93%
Owner	46.07%
Total	100.00%

Size	Household Size for 2005	
	Number	Percentage
1	13,979	29.40%
2	13,207	27.78%
3	8,644	18.18%
4	5,799	12.20%
5	3,114	6.55%
6	1,361	2.86%
7+	1,442	3.03%
Total	47,547	100.00%

Size	Household Size for 2000	
	Number	Percentage
1	13,537	29.40%
2	12,790	27.38%
3	8,371	18.18%
4	5,616	12.20%
5	3,016	6.55%
6	1,318	2.80%
7+	1,396	3.03%
Total	46,044	100.00%

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

Percent of AMI Level Minimum Income Limit Maximum Income Limit	New Households - Total Change in Households PMA 2000 to 2004	PBRA		50%		54%		Market				
		\$0 \$46,140.5 Person	Income Brackets	Percent within Cohort	Households within Bracket	\$22,612 \$38,450.5 Person	Income Brackets	Percent within Cohort	Households within Bracket	\$24,354 \$68,800.5 Person	Income Brackets	Percent within Cohort
Less than \$14,999	-1,033	14,999	100%	100%	-1,033	2,387	6%	645	6%	645	6%	-23
\$15,000 - \$24,999	-364	9,999	100%	100%	-364	9,999	100%	9,999	100%	9,999	100%	-975
\$25,000 - \$34,999	975	9,999	100%	100%	975	3,450	34%	3,450	34%	3,450	34%	1,540
\$35,000 - \$44,999	1,540	11,140	74%	74%	1,144	11,140	74%	11,140	74%	11,140	74%	1,540
\$45,000 - \$54,999	904	60,364	38.11%	38.11%	571	55,204	38.11%	571	38.11%	571	38.11%	904
\$55,000 - \$64,999	571	55,204	3.82%	3.82%	797	55,204	3.82%	797	3.82%	797	3.82%	571
\$65,000 - \$74,999	797	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	797
\$75,000 - \$84,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$85,000 - \$94,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$95,000 - \$104,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$105,000 - \$114,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$115,000 - \$124,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$125,000 - \$134,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$135,000 - \$144,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$145,000 - \$154,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$155,000 - \$164,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$165,000 - \$174,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$175,000 - \$184,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$185,000 - \$194,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$195,000 - \$204,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$205,000 - \$214,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$215,000 - \$224,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$225,000 - \$234,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$235,000 - \$244,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$245,000 - \$254,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$255,000 - \$264,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$265,000 - \$274,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$275,000 - \$284,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$285,000 - \$294,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$295,000 - \$304,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$305,000 - \$314,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$315,000 - \$324,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$325,000 - \$334,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$335,000 - \$344,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$345,000 - \$354,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$355,000 - \$364,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$365,000 - \$374,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$375,000 - \$384,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$385,000 - \$394,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$395,000 - \$404,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$405,000 - \$414,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$415,000 - \$424,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$425,000 - \$434,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$435,000 - \$444,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$445,000 - \$454,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$455,000 - \$464,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$465,000 - \$474,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$475,000 - \$484,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$485,000 - \$494,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$495,000 - \$504,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$505,000 - \$514,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$515,000 - \$524,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$525,000 - \$534,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$535,000 - \$544,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$545,000 - \$554,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$555,000 - \$564,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498
\$565,000 - \$574,999	1,498	1,498	100.00%	100.00%	1,498	1,498	100.00%	1,498	100.00%	1,498	100.00%	1,498

**Demand Analysis  
Including Units Constructed Between 2000 and 2004**

Income Category	Total Households			PBRA			50%			54%			Market		
	Less than \$14,999	\$15,000 - \$24,999	\$25,000 - \$34,999	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket	Income Brackets	Percent within Cohort	Households within Bracket
Less than \$14,999	1,528	7,391	5,743	\$46,140 - \$50,000	100%	1,528	\$22,612 - \$28,450	24%	2,387	\$24,354 - \$40,140	6%	645	\$24,354 - \$68,800	6%	522
\$15,000 - \$24,999	7,391	15,548	10,499	\$50,000 - \$54,860	100%	7,391	\$28,450 - \$38,450	100%	9,999	\$40,140 - \$46,140	100%	9,999	\$68,800 - \$99,999	100%	7,391
\$25,000 - \$34,999	5,743	14,188	10,499	\$54,860 - \$59,720	74%	5,008	\$38,450 - \$46,140	23%	3,450	\$46,140 - \$54,860	74%	5,008	\$99,999 - \$18,800	75%	6,743
\$35,000 - \$44,999	4,988	10,499	4,866%	\$59,720 - \$64,580	0%	0	\$46,140 - \$50,000	0%	0	\$54,860 - \$59,720	0%	0	\$18,800 - \$24,354	0%	0
\$45,000 - \$54,999	2,311	3,299	3.299%	\$64,580 - \$69,440	0%	0	\$50,000 - \$54,860	0%	0	\$59,720 - \$64,580	0%	0	\$24,354 - \$35,000	0%	0
\$55,000 - \$64,999	1,566	100.00%	100.00%	\$69,440 - \$74,300	0%	0	\$54,860 - \$59,720	0%	0	\$64,580 - \$69,440	0%	0	\$35,000 - \$45,000	0%	0
\$65,000 - \$74,999	172	47,547	100.00%	\$74,300 - \$79,160	0%	0	\$59,720 - \$64,580	0%	0	\$69,440 - \$74,300	0%	0	\$45,000 - \$55,000	0%	0
\$75,000 - \$84,999	47,547	77,346	100.00%	\$79,160 - \$84,020	0%	0	\$64,580 - \$69,440	0%	0	\$74,300 - \$79,160	0%	0	\$55,000 - \$65,000	0%	0
\$85,000 - \$94,999	172	100.00%	100.00%	\$84,020 - \$88,880	0%	0	\$69,440 - \$74,300	0%	0	\$79,160 - \$84,020	0%	0	\$65,000 - \$75,000	0%	0
\$95,000 - \$104,999	47,547	77,346	100.00%	\$88,880 - \$93,740	0%	0	\$74,300 - \$79,160	0%	0	\$84,020 - \$88,880	0%	0	\$75,000 - \$85,000	0%	0
\$105,000 - \$114,999	172	100.00%	100.00%	\$93,740 - \$98,600	0%	0	\$79,160 - \$84,020	0%	0	\$88,880 - \$93,740	0%	0	\$85,000 - \$95,000	0%	0
\$115,000 - \$124,999	47,547	77,346	100.00%	\$98,600 - \$103,460	0%	0	\$84,020 - \$88,880	0%	0	\$93,740 - \$98,600	0%	0	\$95,000 - \$105,000	0%	0
\$125,000 - \$134,999	172	100.00%	100.00%	\$103,460 - \$108,320	0%	0	\$88,880 - \$93,740	0%	0	\$98,600 - \$103,460	0%	0	\$105,000 - \$115,000	0%	0
\$135,000 - \$144,999	47,547	77,346	100.00%	\$108,320 - \$113,180	0%	0	\$93,740 - \$98,600	0%	0	\$103,460 - \$108,320	0%	0	\$115,000 - \$125,000	0%	0
\$145,000 - \$154,999	172	100.00%	100.00%	\$113,180 - \$118,040	0%	0	\$98,600 - \$103,460	0%	0	\$108,320 - \$113,180	0%	0	\$125,000 - \$135,000	0%	0
\$155,000 - \$164,999	47,547	77,346	100.00%	\$118,040 - \$122,900	0%	0	\$103,460 - \$108,320	0%	0	\$113,180 - \$118,040	0%	0	\$135,000 - \$145,000	0%	0
\$165,000 - \$174,999	172	100.00%	100.00%	\$122,900 - \$127,760	0%	0	\$108,320 - \$113,180	0%	0	\$118,040 - \$122,900	0%	0	\$145,000 - \$155,000	0%	0
\$175,000 - \$184,999	47,547	77,346	100.00%	\$127,760 - \$132,620	0%	0	\$113,180 - \$118,040	0%	0	\$122,900 - \$127,760	0%	0	\$155,000 - \$165,000	0%	0
\$185,000 - \$194,999	172	100.00%	100.00%	\$132,620 - \$137,480	0%	0	\$118,040 - \$122,900	0%	0	\$127,760 - \$132,620	0%	0	\$165,000 - \$175,000	0%	0
\$195,000 - \$204,999	47,547	77,346	100.00%	\$137,480 - \$142,340	0%	0	\$122,900 - \$127,760	0%	0	\$132,620 - \$137,480	0%	0	\$175,000 - \$185,000	0%	0
\$205,000 - \$214,999	172	100.00%	100.00%	\$142,340 - \$147,200	0%	0	\$127,760 - \$132,620	0%	0	\$137,480 - \$142,340	0%	0	\$185,000 - \$195,000	0%	0
\$215,000 - \$224,999	47,547	77,346	100.00%	\$147,200 - \$152,060	0%	0	\$132,620 - \$137,480	0%	0	\$142,340 - \$147,200	0%	0	\$195,000 - \$205,000	0%	0
\$225,000 - \$234,999	172	100.00%	100.00%	\$152,060 - \$156,920	0%	0	\$137,480 - \$142,340	0%	0	\$147,200 - \$152,060	0%	0	\$205,000 - \$215,000	0%	0
\$235,000 - \$244,999	47,547	77,346	100.00%	\$156,920 - \$161,780	0%	0	\$142,340 - \$147,200	0%	0	\$152,060 - \$156,920	0%	0	\$215,000 - \$225,000	0%	0
\$245,000 - \$254,999	172	100.00%	100.00%	\$161,780 - \$166,640	0%	0	\$147,200 - \$152,060	0%	0	\$156,920 - \$161,780	0%	0	\$225,000 - \$235,000	0%	0
\$255,000 - \$264,999	47,547	77,346	100.00%	\$166,640 - \$171,500	0%	0	\$152,060 - \$156,920	0%	0	\$161,780 - \$166,640	0%	0	\$235,000 - \$245,000	0%	0
\$265,000 - \$274,999	172	100.00%	100.00%	\$171,500 - \$176,360	0%	0	\$156,920 - \$161,780	0%	0	\$166,640 - \$171,500	0%	0	\$245,000 - \$255,000	0%	0
\$275,000 - \$284,999	47,547	77,346	100.00%	\$176,360 - \$181,220	0%	0	\$161,780 - \$166,640	0%	0	\$171,500 - \$176,360	0%	0	\$255,000 - \$265,000	0%	0
\$285,000 - \$294,999	172	100.00%	100.00%	\$181,220 - \$186,080	0%	0	\$166,640 - \$171,500	0%	0	\$176,360 - \$181,220	0%	0	\$265,000 - \$275,000	0%	0
\$295,000 - \$304,999	47,547	77,346	100.00%	\$186,080 - \$190,940	0%	0	\$171,500 - \$176,360	0%	0	\$181,220 - \$186,080	0%	0	\$275,000 - \$285,000	0%	0
\$305,000 - \$314,999	172	100.00%	100.00%	\$190,940 - \$195,800	0%	0	\$176,360 - \$181,220	0%	0	\$186,080 - \$190,940	0%	0	\$285,000 - \$295,000	0%	0
\$315,000 - \$324,999	47,547	77,346	100.00%	\$195,800 - \$200,660	0%	0	\$181,220 - \$186,080	0%	0	\$190,940 - \$195,800	0%	0	\$295,000 - \$305,000	0%	0
\$325,000 - \$334,999	172	100.00%	100.00%	\$200,660 - \$205,520	0%	0	\$186,080 - \$190,940	0%	0	\$195,800 - \$200,660	0%	0	\$305,000 - \$315,000	0%	0
\$335,000 - \$344,999	47,547	77,346	100.00%	\$205,520 - \$210,380	0%	0	\$190,940 - \$195,800	0%	0	\$200,660 - \$205,520	0%	0	\$315,000 - \$325,000	0%	0
\$345,000 - \$354,999	172	100.00%	100.00%	\$210,380 - \$215,240	0%	0	\$195,800 - \$200,660	0%	0	\$205,520 - \$210,380	0%	0	\$325,000 - \$335,000	0%	0
\$355,000 - \$364,999	47,547	77,346	100.00%	\$215,240 - \$220,100	0%	0	\$200,660 - \$205,520	0%	0	\$210,380 - \$215,240	0%	0	\$335,000 - \$345,000	0%	0
\$365,000 - \$374,999	172	100.00%	100.00%	\$220,100 - \$224,960	0%	0	\$205,520 - \$210,380	0%	0	\$215,240 - \$220,100	0%	0	\$345,000 - \$355,000	0%	0
\$375,000 - \$384,999	47,547	77,346	100.00%	\$224,960 - \$229,820	0%	0	\$210,380 - \$215,240	0%	0	\$220,100 - \$224,960	0%	0	\$355,000 - \$365,000	0%	0
\$385,000 - \$394,999	172	100.00%	100.00%	\$229,820 - \$234,680	0%	0	\$215,240 - \$220,100	0%	0	\$224,960 - \$229,820	0%	0	\$365,000 - \$375,000	0%	0
\$395,000 - \$404,999	47,547	77,346	100.00%	\$234,680 - \$239,540	0%	0	\$220,100 - \$224,960	0%	0	\$229,820 - \$234,680	0%	0	\$375,000 - \$385,000	0%	0
\$405,000 - \$414,999	172	100.00%	100.00%	\$239,540 - \$244,400	0%	0	\$224,960 - \$229,820	0%	0	\$234,680 - \$239,540	0%	0	\$385,000 - \$395,000	0%	0
\$415,000 - \$424,999	47,547	77,346	100.00%	\$244,400 - \$249,260	0%	0	\$229,820 - \$234,680	0%	0	\$239,540 - \$244,400	0%	0	\$395,000 - \$405,000	0%	0
\$425,000 - \$434,999	172	100.00%	100.00%	\$249,260 - \$254,120	0%	0	\$234,680 - \$239,540	0%	0	\$244,400 - \$249,260	0%	0	\$405,000 - \$415,000	0%	0
\$435,000 - \$444,999	47,547	77,346	100.00%	\$254,120 - \$258,980	0%	0	\$239,540 - \$244,400	0%	0	\$249,260 - \$254,120	0%	0	\$415,000 - \$425,000	0%	0
\$445,000 - \$454,999	172	100.00%	100.00%	\$258,980 - \$263,840	0%	0	\$244,400 - \$249,260	0%	0	\$254,120 - \$258,980	0%	0	\$425,000 - \$435,000	0%	0
\$455,000 - \$464,999	47,547	77,346	100.00%	\$263,840 - \$268,700	0%	0	\$249,260 - \$254,120	0%	0	\$258,980 - \$263,840	0%	0	\$435,000 - \$445,000	0%	0
\$465,000 - \$474,999	172	100.00%	100.00%	\$268,700 - \$273,560	0%	0	\$254,120 - \$258,980	0%	0	\$263,840 - \$268,700	0%	0	\$445,000 - \$455,000	0%	0
\$475,000 - \$484,999	47,547	77,346	100.00%	\$273,560 - \$278,420	0%	0	\$258,980 - \$263,840	0%	0	\$268,700 - \$273,560	0%	0	\$455,000 - \$465,000	0%	0
\$485,000 - \$494,999	172	100.00%	100.00%	\$278,420 - \$283,280	0%	0	\$263,840 - \$268,700	0%	0	\$273,560 - \$278,420	0%	0	\$465,000 - \$475,000	0%	0
\$495,000 - \$504,999	47,547	77,346	100.00%	\$283,280 - \$288,140	0%	0	\$268,700 - \$273,560	0%	0	\$278,420 - \$283,280	0%	0	\$475,000 - \$485,000	0%	0
\$505,000 - \$514,999	172	100.00%	100.00%	\$288,140 - \$293,000	0%	0	\$273,560 - \$278,420	0%	0	\$283,280 - \$288,140	0%	0	\$485,000 - \$495,000	0%	0
\$515,000 - \$524,999	47,547	77,346	100.00%	\$293,000 - \$297,860	0%	0	\$278,420 - \$283,280	0%	0	\$288,140 - \$293,000	0%	0	\$495,000 - \$505,000	0%	0
\$525,000 - \$534,999	172	100.00%	100.00%	\$297,860 - \$302,720	0%	0	\$283,280 - \$288,140	0%	0	\$293,000 - \$297,860	0%	0	\$505,000 - \$515,000	0%	0
\$535,000 - \$544,999	47,547	77,346	100.00%	\$302,720 - \$307,580	0%	0	\$288,140 - \$293,000	0%	0	\$297,860 - \$302,720	0%	0	\$515,000 - \$525,000	0%	0
\$545,000 - \$554,999	172	100.00%	100.00%	\$307,580 - \$312,440	0%	0	\$293,000 - \$297,860	0%	0	\$302,720 - \$307,580	0%	0	\$525,000 - \$535,000	0%	0
\$555,000 - \$564,999	47,547	77,346	100.00%	\$312,440 - \$317,300	0%	0	\$297,860 - \$302,720	0%	0	\$307,580 - \$312,440	0%	0	\$535,000 - \$545,000	0%	0
\$565,000 - \$574,999	172	100.00%	100.00%	\$317,300 - \$322,160	0%	0	\$302,720 - \$307,580	0%	0	\$312,440 - \$317,300	0%	0	\$545,000 - \$555,000	0%	0
\$575,000 - \$584,999	47,547	77,346	100.00%	\$322,160 - \$327,020	0%	0	\$307,580 - \$312,440	0%	0	\$317,300 - \$322,160	0%	0	\$555,000 - \$565,000	0%	0
\$585,000 - \$594,999	172	100.00%	100												

**Demana Analysis  
Including Units Constructed Between 2000 and 2004**

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

	PPBRA	50%	54%	Market
Income Target Population	0	0	0	0
Total Senior Homeowners	0	0	0	0
Rural Versus Urban	2.5%			
Senior Demand Converting from Homeownership	0	0	0	0

Total Demand				
Total Demand from Existing Households	5851	1730	2056	2929
Adjustment Factor	0%	0	0	0
Adjusted Demand from Existing Households	5851	1730	2056	2929
Total New Demand	-662	-582	-78	659
Total Demand (New Plus Existing Households)	5189	1348	2134	3588

Demand from Seniors Who Convert from Homeownership  
Percent of Total Demand from Homeownership Conversion  
Is This Demand Over 20 Percent of Total Demand?

	PPBRA	50%	54%	Market
By Bedroom Demand				
One Person	30.40%	306	637	1055
Two Persons	27.78%	1441	374	677
Three Persons	18.18%	943	245	388
Four Persons	12.20%	633	164	260
Five Persons	6.55%	340	88	140
Six Persons	2.86%	149	39	61
Seven + Persons	3.03%	157	41	103
Total	100.00%	5,189	1,348	2,134

To place Person Demand into Bedroom Type Units

Of one person households in efficiency units	20%	305	79	125	211
Of two person households in efficiency units	0%	0	0	0	0
Of one person households in one-bedroom units	70%	1,068	277	439	738
Of two person households in one-bedroom units	20%	288	75	119	199
Of three person households in one-bedroom units	0%	0	0	0	0
Of one person households in two-bedroom units	10%	153	40	63	105
Of two person households in two-bedroom units	80%	1,153	300	474	797
Of three person households in two-bedroom units	60%	566	147	233	391
Of four person households in two-bedroom units	40%	377	98	155	261
Of three person households in three-bedroom units	80%	506	132	208	350
Of four person households in three-bedroom units	70%	238	62	98	165
Of five person households in three-bedroom units	0%	0	0	0	0
Of six person households in three-bedroom units	20%	127	33	52	88
Of four person households in four-bedroom units	30%	102	26	42	71
Of five person households in four-bedroom units	100%	149	39	61	103
Of six person households in four-bedroom units	100%	157	41	65	109
Total Demand		5,189	1,348	2,134	3,588
Check	OK	OK	OK	OK	OK

Total Demand by Bedroom

Efficiency	PPBRA	50%	54%	Market
One Bedroom	0	0	0	0
Two Bedroom	1356	352	558	938
Three Bedroom	1719	447	707	1189
Total Demand	4,197	1,090	1,726	2,902

Additions To Supply 2000 to 2004

Efficiency	PPBRA	50%	54%	Market
One Bedroom	0	0	0	0
Two Bedroom	60	60	340	0
Three Bedroom	340	340	164	0
Total	564	564	564	0

Net Demand

Efficiency	PPBRA	50%	54%	Market
One Bedroom	0	0	0	0
Two Bedroom	1,296	292	498	938
Three Bedroom	1,379	107	367	1,189
Total	3,633	526	1,162	2,902

Net Demand

Efficiency	PPBRA	50%	54%	Market
One Bedroom	0	0	0	0
Two Bedroom	1296	292	498	938
Three Bedroom	1379	107	367	1189
Total	3,633	527	1,163	2,902

Developer's Unit Mix

Efficiency	PPBRA	50%	54%	Market
One Bedroom	0	0	0	0
Two Bedroom	3	2	23	11
Three Bedroom	5	5	52	21
Total	11	10	102	43

Capture Rate Analysis

Efficiency	PPBRA	50%	54%	Market
One Bedroom	N/A	N/A	N/A	N/A
Two Bedroom	0.2%	1%	5%	1%
Three Bedroom	0.4%	5%	14%	2%
Total	0.3%	2%	9%	1%

## Conclusions

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

- The number of households in the PMA is expected to increase 2.8 percent between 2001 and 2006.
- The Subject's target income group is from \$0 to \$46,140. This spreads across four income cohorts. The \$0 to \$14,999 cohort is expected to contract by 8.1 percent from 2001 to 2006. The \$15,000 to \$24,999 cohort is expected to contract by 5.7 percent from 2001 to 2006. The \$25,000 to \$34,999 cohort is expected to contract by 17.1 percent from 2001 to 2006. The \$35,000 to \$49,999 cohort is expected to increase by 27.0 percent from 2001 to 2006. Overall, the appropriate income cohorts in the PMA are projected to contract by 1,039 households (2.6 percent). Despite projected losses in the number of households within the income cohorts targeted by the Subject, more than adequate income eligible demand exists within the primary market area for the Subject's proposed units.
- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable and income restricted option. We believe this to be significant and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

As the analysis illustrates, the Subject's capture rates vary from 0.3 to nine percent. We also conducted a demand analysis for the market rate units at the Subject. While these units are not subject to income restrictions, we have based our analysis to assuming a 35 percent affordability factor for proposed rents. Also, we have conducted our analysis utilizing the area medium income for Fulton County, \$68,800, as our maximum income level. The capture rates demonstrated an overall capture rate of one percent for market rate units. These capture rates demonstrated by both LIHTC and market rate units are below the DCA limit of 30 percent. Overall, demand for the Subject's LIHTC and market rate units is considered favorable.

## **G. SUPPLY ANALYSIS**

**ATLANTA MULTIFAMILY RENTAL MARKET OVERVIEW**

**Introduction**

We have conducted approximately 20 market studies in the past several years and we have witnessed a tremendous increase in supply. Furthermore we have witnessed an increasing softness in the broader market area. However, there are numerous pockets of strong demand, particularly affordable housing. Therefore we will examine the broader market in general, then focus on the particular sub-market within Atlanta for the Subject.

**Rental Rates**

According to the REIS “Metro Trend Report” for the first quarter of 2003, the rental rates for the Atlanta region have increased for the previous five years. However, the rate of this growth has slowed significantly since 2000. The average rental rate increase in the first quarter of 2003 was 0.1 percent. This rate of increase compares to an increase in 2000 at a rate of approximately eight percent. The following table depicts the average asking rental rate for properties in the Atlanta region based on the year that they were constructed.

<b>AVERAGE ASKING RENT BY DATE OF CONSTRUCTION</b>	
<b>Year</b>	<b>Average Rent</b>
Before 1970	\$690
1970 – 1979	\$718
1980 – 1989	\$794
1990 – 1994	\$931
After 1994	\$1,018
All Properties	\$822

Source: REIS Metro Trend Report, First Quarter 2003

As the table above depicts, the newer properties in the market are achieving significantly higher rents than the older properties. Additionally, the properties that were constructed after 1990 are achieving higher than the average rental rate. Therefore, newly constructed properties will have higher achievable rental rates than the properties in the market that are constructed prior to 1990.

**Vacancy**

The vacancy rate in the Atlanta region continues to increase according to the REIS report. In 2000, the vacancy rate was approximately five percent. As of the first quarter of 2003, the vacancy rate is 11.3 percent. The vacancy rate slightly declined from 1998 to 2000. The following table depicts the average vacancy rates for properties based on the year that they were constructed.

<b>AVERAGE VACANCY BY DATE OF CONSTRUCTION</b>	
<b>Year</b>	<b>Average Vacancy</b>
Before 1970	11.2%
1970 – 1979	12.6%
1980 – 1989	10.7%
1990 – 1994	9.6%
After 1994	11.4%
All Properties	11.3%

Source: REIS Metro Trend Report, First Quarter 2003

As the table above depicts, the average vacancy rate varies by age of construction. The properties that were constructed from 1980 to 1994 are out performing the properties constructed

in all other years in terms of vacancy rates. However, the vacancy rate of the properties that have been constructed since 1994 is somewhat skewed since the newest properties in the survey are still in their initial leasing periods. Therefore, it is expected that this age cohort will have a high vacancy rate when compared to the other age cohorts.

**Growth in the Rental Inventory**

The Atlanta market continues to experience an increase in its rental inventory. However, this rate of increase is slower now than it was in 1999. The peak of the growth rate in the rental market occurred in 1999 at a rate of approximately 4.5 percent. The growth rate in 2002 was approximately two percent. The following table depicts the overall market share of properties based on the year that they were constructed.

<b>PERCENT OF MARKET SHARE BY DATE OF CONSTRUCTION</b>	
<b>Year</b>	<b>Market Share</b>
Before 1970	15%
1970 – 1979	25%
1980 – 1989	31%
1990 – 1994	6%
After 1994	24%

Source: REIS Metro Trend Report, First Quarter 2003

As the table above depicts, a slight plurality of multifamily properties were constructed from 1980 to 1989. However, the recent years have also experienced a large portion of growth in terms of new units being added to the rental market.

**Planned Developments**

Metro Atlanta is split up into six relatively straightforward planning zones. These zones are Northside, Northwest, Northeast, Westside, Intown/South and Southside. Several of the recent residential developments that has occurred within these sections has been outlined in the following text.

**Westside Redevelopment District:**

This development area contains The Villages at Castelbury Hills and Magnolia Park Apartments, both of which are Low Income Housing Tax Credit Properties. These two projects were contributing factors to the redevelopment of this historical area of the city. Future new development initiatives include a \$140 million dollar renovation plan designed to refurbish commercial, retail, residential and recreational areas of this district. Project completion is planned for 2006 and will include condominiums, loft housing and mixed-use commercial spaces, spanning an area of 15 acres. The proposed developmental plan proposes 200 apartments over mixed commercial space as well as 125 condo’s and 35 town homes.

**Park Place South**

Park Place South, a 68 million dollar residential project, will ultimately consist of 434 single family detached homes, town homes, multifamily complexes, and a 100-unit senior citizen independent living center. The project is currently under construction and is located south of the downtown Atlanta, on Pryor Road and Amal Drive. While these housing units are not quite complete, they are almost 50 percent pre-sold/leased.

**Kings Ridge Development Area;**

Kings Ridge Project Re-development area will consist of both single and multifamily housing structures located on the cities southeastern side. This area was the home of former multifamily structures which have since been demolished, and will be replaced by for sale and for rent single family detached homes, town homes, rental apartments, and independent living residences for seniors. The community will also feature, walking trails, a pool, clubhouse and a playground area for children.

**Conclusion**

The overall Atlanta economy is moderately strong, benefiting from population, business and employment growth that has occurred in the area over the past ten years. As a result, the residential housing inventory has increased to support the economic escalations experienced within the market. However, given the elevated number of recent multifamily additions to supply, the Atlanta MSA is experiencing higher than normal vacancy levels. According to the REIS "Metro Trend Report" for the first quarter of 2003, overall vacancy for the Atlanta MSA is 11.3 percent. Established older vintage properties have reported the reliance of concessions to remain competitive to newer affordable housing and market rate product. In some cases, the presence of these concessions will remain in place throughout the foreseeable future.

**CHARACTERISTICS OF LIHTC PROJECTS UNDER CONSTRUCTION AND IN PLANNING**

Each year the Georgia Housing Finance Authority, in conjunction with the Georgia Department of Community Affairs, accepts bids for LIHTC tax credit projects. The following table details the list of projects that have received tax credit allocations in Fulton County.

<b>2001-02 LIHTC Allocations in Fulton County</b>				
<b>Property</b>	<b>Address</b>	<b>City</b>	<b>Units</b>	<b>Tenancy</b>
Crogman School	1093 West Avenue SW	Atlanta	105	Family
Peaks at West Atlanta	1255 Northwest Drive	Atlanta	214	Family
Ashley Courts	1371 Kimberly Road	Atlanta	96	Family
Lakewood Christian Manor	2141 Springdale Road	Atlanta	250	Older People
Holly Ridge	1620 Hollywood Rd NW	Atlanta	216	Family
Brookside Parkway	1780 Metropolitan Parkway	Atlanta	200	Family
Carver Redevelopment	201 Moury Avenue	Atlanta	216	Family
Park Place South Senior	240 Amal Drive	Atlanta	100	Elderly
Etheridge Court I & II	2500 Center St NW	Atlanta	354	Family
City Views at Rosa Burney Park	259 Richardson Street	Atlanta	180	Family/Older
Allen Temple Apt	3040 Middleton Avenue	Atlanta	458	Family
Town West Manor	330 Brownlee Rd SW	Atlanta	108	Family
Misty Amber Senior	3704 Martin Luther King Jr. SW	Atlanta	152	Elderly
Valena Henderson Village	431 Edgewood Avenue	Atlanta	39	Elderly
Hickory Park	4900 Delano Road	Atlanta	150	Family
Big Bethel Village	505 Fairburn Road	Atlanta	132	Elderly
Providence Heights	McClelland Avenue	East Pointe	244	Family
Orchard Springs	Oakley Industrial Boulevard	Fairburn	221	Family
Robins Creste	under construction	Atlanta	160	Family
Eagles Creste	under construction	Atlanta	284	Family
Columbia Estate	under construction	Atlanta	124	Family
Columbia at Peoplestown	under construction	Atlanta	99	Family
Columbia Highlands Senior	under construction	Atlanta	130	Elderly
The Peaks at MLK	under construction	Atlanta	183	Family
Alta Pointe	under construction	Atlanta	230	Family
<b>Total</b>			<b>4,645</b>	

**Section 8**

According to Rene Stokes of the Fulton County Housing Authority there are currently 1,100 Section 8 vouchers that have been distributed and there is a waiting list for 1,500 households, or an approximate one and a half years to two years. Ms. Stokes also stated that there was large demand for Section 8 housing as they receive several applications on a weekly basis. Illustrated in the table below is the historical trend in the past five years of Section 8 Vouchers that have been distributed in the City of Atlanta Housing Authority.

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

As illustrated, the growth rate of vouchers being distributed by the housing authority suggests an increasing need for affordable housing for low to very low-income households. According to Yolanda Hill from the Atlanta Housing Authority, 12,000 vouchers are being utilized with approximately 25,000 households that are currently on the waiting list. The waiting list has been closed since October 2001. As result, the housing authority is in the process of locating affordable housing for the current households on the waiting list before accepting additional requests. Ms. Hill stated that “there was great demand for affordable housing. Unfortunately, there was not enough funding from the state for affordable housing projects.”

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

We interviewed numerous properties to determine which ones were considered “true” competition for the Subject. As shown in the table above, there are a number of LIHTC projects existing in the area. Two of the projects are mixed income communities that offer unit types similar to those proposed by the Subject. As tax credit properties their rents and amenities also compare favorably with the Subject. We therefore consider the properties competitive and have included them in our analysis.

**Survey of Comparable Projects**

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Property managers and realtors were interviewed for information on unit mix, size, absorption, unit features and project amenities, tenant profiles, and market trends in general. Our competitive survey included seven “true” comparable properties containing 1,178 units.

A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the addenda. A map illustrating the location of the Subject in relation to comparable properties is also provided in the addenda. The properties are further profiled in the write-ups following. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

Summary Matrix

Comp #	Project Name and Location	Type / Age	Market (Conv.) / Subsidy Type	# Units	Unit Type	Asking Rents			Unit Mix		Size (SF)	Units Vacant	Vacancy Rate
						PBRA	50% AMI	60% AMI	Market	#			
Subject	Adamsville Place Apartments 3712 Martin Luther King Dr Atlanta, GA	3 Story Proposed	LIHTC	166	1BR/1BA 2BR/2BA 3BR/2BA	\$ 551 \$ 627 \$ 718	\$ 568 \$ 684 \$ 783	\$ - \$ - \$ -	\$ 568 \$ 684 \$ 783	39 83 44	23.49% 50.00% 26.51%	847 1,146 1,468	N/Ap N/Ap N/Ap
1	Hidden Hollow 415 Fairburn Rd SW Atlanta, GA	Garden 1993	LIHTC	216	1BR/1BA 2BR/1BA 2BR/2BA 3BR/2BA	\$ - \$ - \$ - \$ -	\$ 535 \$ 575 \$ 615 \$ 685	\$ - \$ - \$ - \$ -	\$ - \$ - \$ - \$ -	16 70 70 60	7.41% N/A N/A 22.78%	704 840 938 1,072	N/A N/A N/A N/A
2	Town West Manor 330 Brownlee Rd SW Atlanta, GA 30311 404-699-7178	Garden 1970's	LIHTC/Bond	100	2BR/1BA 3BR/1BA	\$ 588 \$ 722	\$ - \$ -	\$ - \$ -	\$ - \$ -	N/A N/A	N/A N/A	0 0	N/A N/A
3	Pleasant Park 3815 Martin Luther King Dr Atlanta, GA 30331 404-691-4777	Garden 2002	Market	136	2BR/1BA	\$ -	\$ -	\$ -	\$ 550	136	100.00%	N/A	14.71%
4	Windsor Square Townhouses 3804 Martin Luther King Dr Atlanta, GA 404-696-4481	Townhouse 1971	Market	124	2BR/1.5BA 2BR/1.5BA 3BR/2BA	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ 545 \$ 565 \$ 625	N/A N/A N/A	N/A N/A N/A	855 1,053 1,367	1 2 2
5	Parkwest Apartments 3751 Martin Luther King Dr Atlanta, GA 404-696-0808	Townhouse N/A	LIHTC	100	2BR/1BA 3BR/2BA	\$ - \$ -	\$ 550 \$ 600	\$ - \$ -	\$ - \$ -	88 12	88.00% 12.00%	N/A N/A	0 0
6	Ashley Courts at Cascade 1371 Kimberly Rd Atlanta, GA 404-696-5100	Garden/Townhouse 2000/2002	LIHTC/Market	288	1BR/1BA 2BR/1BA 2BR/2BA 2BR/2BA 3BR/1.5BA TH 3BR/2BA 4BR/2BA TH 4BR/2BA	\$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ 633 \$ 719 \$ 759 \$ 881 \$ 871 \$ 962 \$ 954	\$ 725 \$ 915 \$ 950 \$ 1,055 \$ 1,055 \$ 1,155 \$ 1,155	\$ 725 \$ 915 \$ 950 \$ 1,055 \$ 1,055 \$ 1,155 \$ 1,155	24 48 4 48 60 30 60 14	8.33% 16.67% 1.39% 16.67% 20.83% 10.42% 20.83% 4.86%	738 884 970 1,184 1,375 1,286 1,655 1,433	2 2 0 2 0 1 0 1
7	Peaks at West Atlanta 1212 James Jackson Pkwy Atlanta, GA 404-799-8000	Garden 2002	LIHTC/Market	214	1BR/1BA 2BR/2BA 3BR/2BA	\$ 485 \$ 565 \$ 655	\$ 550 \$ 650 \$ 730	\$ 575 \$ 675 \$ 750	\$ 575 \$ 675 \$ 750	36 104 74	16.82% 48.60% 34.58%	721 1,012 1,211	0 0 0
<p>Total 1BR 76 Total 2BR 568 Total 3BR 236 Total 4BR 74 Grand Total by Unit Type Excluding Subject 954</p>												2 24 1 1 28	2.63% 4.23% 0.42% 1.35% 2.94%
<p>Total Including Properties Not Reporting Breakdown 1,178</p>												37	3.14%
<p>Largest Property 288 Smallest Property 100 Average Size 168</p>												1992 1971 2002	

One-Bedroom Matrix

Comp #	Subject	1	6	7
<b>Project Name</b>	<b>Adamsville Place Apartments</b>	<b>Hidden Hollow</b>	<b>Ashley Courts at Cascade</b>	<b>Peaks at West Atlanta</b>
Base Rent/Month 50% AMI	\$551			\$485
Unit GLA (SF)	847			721
Adjusted Utility Base Rent/Month	\$551			\$503
Base Rent/Month 60% AMI	\$568	\$535	\$633	\$550
Unit GLA (SF)	847	704	738	721
Adjusted Utility Base Rent/Month	\$568	\$535	\$633	\$568
Base Rent/Month Market	\$568		\$725	\$575
Unit GLA (SF)	847		738	721
Adjusted Utility Base Rent/Month	\$568		\$725	\$593
Market (Conv./Subsidy Type)	LIHTC	LIHTC	LIHTC/Market	LIHTC/Market
Total Units/Type	39	16	24	36
Vacant/Type	0	N/A	2	0
Occupancy	100%	N/A	92%	100%
Property Type	3 Story	Garden	Garden/Townhouse	Garden
Year Built	Proposed	1993	2000/2002	2002
<b>In-Unit Features</b>				
Baths (No. of)	1	1	1	1
Blinds	Yes	No	Yes	Yes
Carpeting	Yes	Yes	Yes	Yes
Ceiling Fan	No	Yes	No	Yes
Fireplace	No	No	No	No
Exterior Storage	No	No	Yes	Yes
Patio/Balcony	No	Yes	Yes	Yes
<b>Appliance Package</b>				
Refrigerator	Yes	Yes	Yes	Yes
Stove	Yes	Yes	Yes	Yes
Dishwasher	Yes	Yes	Yes	Yes
Disposal	Yes	Yes	Yes	Yes
Microwave	No	No	No	Yes
Washer & Dryer (In-Unit)	No	No	Yes	No
Washer & Dryer (Hook-ups)	Yes	Yes	No	Yes
Central Air Conditioning	Yes	Yes	Yes	Yes
<b>Utilities</b>				
Cooking - Power	Electric	Electric	Gas	Gas
Heat - Power	Electric	Electric	Gas	Gas
Hot Water - Power	Electric	Electric	Gas	Gas
Utilities-Cooking	Tenant	Tenant	Tenant	Tenant
Utilities-Heat	Tenant	Tenant	Tenant	Tenant
Utilities-Hot Water	Tenant	Tenant	Tenant	Tenant
Utilities-Electric	Tenant	Tenant	Tenant	Tenant
Utilities-Water/Sewer	Landlord	Landlord	Landlord	Tenant
Utilities-Trash	Landlord	Landlord	Landlord	Landlord
<b>Utility Adjustment to Net Rent</b>	\$ -	\$ -	\$ -	\$ 18.00
<b>Parking</b>				
Surface	No	Yes	Yes	Yes
Carport	No	No	No	No
Garage	No	No	No	No
<b>Common Area Amenities</b>				
Security				
-Courtesy Patrol/Officer	No	Yes	Yes	Yes
-Perimeter Fencing	No	No	No	Yes
-Intercom	No	No	No	No
-Secured Parking	No	No	No	No
-Intrusion Alarm	No	No	Yes	Yes
-Security Lighting	No	No	No	No
Clubhouse/Community Room	Yes	Yes	Yes	Yes
Swimming Pool	Yes	Yes	Yes	Yes
Jacuzzi	No	No	No	No
Exercise Room	Yes	Yes	Yes	Yes
Picnic Area (Grills)	No	No	Yes	Yes
Tennis Courts	No	Yes	No	No
Basketball Courts	No	No	No	No
Playground	Yes	Yes	Yes	Yes
Central Laundry	Yes	Yes	No	Yes
Resident Programs				
Comments	Computer Center			





**Comparable Property #1**

**Name:** Hidden Hollow  
**Address:** 415 Fairburn Rd SW  
 Atlanta, GA  
**Phone:** 404-691-5868  
**Miles to Subject:** 1.5

**Year Built:** 1993  
**Type:** Garden  
**Program:** LIHTC  
**Occupancy:** 90%  
**No. of Units:** 216



**Appliances**

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

**In - Unit Amenities**

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings
- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

**Utilities**

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Electric	Tenant
Heat:	Electric	Tenant
Water Heat:	Electric	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Landlord
Trash:	N/A	Landlord

**Security Features**

- Security Patrol
- Secured Parking
- Perimeter Fencing
- Intrusion Alarm
- Intercom
- Security Lighting

**Parking**

- Surface
- Garage
- Carport

**Common Area Amenities**

- Clubhouse/Com. Room
- Swimming Pool
- Jacuzzi
- Exercise Room
- Picnic Area (Grills)
- Tennis Courts
- Basketball Courts
- Playground
- Central Laundry

**Comparable Property #1 Cont.**

**Hidden Hollow**

<b>Unit Type</b>	<b>No. Of Units</b>	<b>No. Vacant</b>	<b>Size</b>	<b>60% AMI</b>
1BR/1BA	16	N/A	704	\$535
2BR/1BA	70	N/A	840	\$575
2BR/2BA	70	N/A	938	\$615
3BR/2BA	60	N/A	1072	\$685
<b>Total</b>	<b>216</b>	<b>22</b>		

Hidden Hollow is a family LIHTC property and is located 1.5 miles south of the Subject site. The property was built in 1993. There are one-, two-, and three-bedroom units and they all rent at the 60 percent AMI level. The rental rates have not increased in two years. The occupancy rate has remained steady, at around 90 percent, for a long time according to the leasing agent with whom we spoke. The turnover rate is 2 to 3 units per month, or 11 to 17 percent annually. The property does not do waiting lists. The tenants at this property are a mix of age groups.

**Comparable Property #2**

**Name:** Town West Manor  
**Address:** 330 Brownlee Rd SW  
 Atlanta, GA 30311  
**Phone:** 404-699-7178  
**Miles to Subject:** 1.6

**Year Built:** 1970's  
**Type:** Garden  
**Program:** LIHTC/Bond  
**Occupancy:** 97%  
**No. of Units:** 100



**Appliances**

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

**In - Unit Amenities**

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings
- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

**Utilities**

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Electric	Tenant
Heat:	Electric	Tenant
Water Heat:	Electric	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Landlord
Trash:	N/A	Landlord

**Security Features**

- Security Patrol
- Secured Parking
- Perimeter Fencing
- Intrusion Alarm
- Intercom
- Security Lighting

**Parking**

- Surface
- Carport
- Garage

**Common Area Amenities**

- Clubhouse/Com. Room
- Swimming Pool
- Jacuzzi
- Exercise Room
- Picnic Area (Grills)
- Tennis Courts
- Basketball Courts
- Playground
- Central Laundry

**Comparable Property #2 Cont.**

**Town West Manor**

<b>Unit Type</b>	<b>No. Of Units</b>	<b>No. Vacant</b>	<b>Size</b>	<b>50% AMI</b>
2BR/1BA	N/A	N/A	900	\$588
3BR/1BA	N/A	N/A	1,000	\$722
<b>Total</b>	<b>100</b>	<b>3</b>		

Town West Manor is a LIHTC Bond property. The property was built in the 1970's and recently renovated. It is located next to Interstate 285, 1.6 miles southwest of the Subject site. The property has two and three-bedroom units and they rent at the 50 percent AMI level. The occupancy rate is 97 percent, with there being three vacant units out of 100. There is a moderate sized waiting list. Rental rates and vacancy rates have not change for a long time according to David, the property manager. There are no concessions currently offered. According to David, the market in Western Atlanta is at the middle of the road, its not soft and not strong.

**Comparable Property #3**

**Name:** Pleasant Park  
**Address:** 3815 Martin Luther King Dr  
 Atlanta, GA 30331  
**Phone:** 404-691-4777  
**Miles to Subject:** 0.3

**Year Built:** 2002  
**Type:** Garden  
**Program:** Market  
**Occupancy:** 85%  
**No. of Units:** 136

**NO PHOTO AVAILABLE**

**Appliances**

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

**In - Unit Amenities**

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings
- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

**Utilities**

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Gas	Tenant
Heat:	Gas	Tenant
Water Heat:	Gas	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Landlord
Trash:	N/A	Landlord

**Security Features**

- Security Patrol
- Perimeter Fencing
- Intercom
- Secured Parking
- Intrusion Alarm
- Security Lighting

**Parking**

- Surface
- Garage
- Carport

**Common Area Amenities**

- Clubhouse/Com. Room
- Exercise Room
- Basketball Courts
- Swimming Pool
- Picnic Area (Grills)
- Playground
- Jacuzzi
- Tennis Courts
- Central Laundry

**Comparable Property #3 Cont.**

**Pleasant Park**

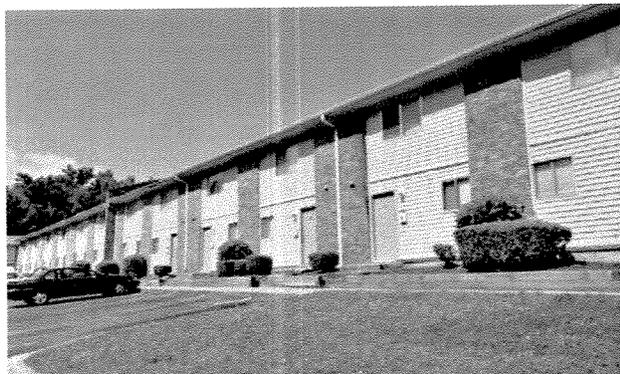
<b>Unit Type</b>	<b>No. Of Units</b>	<b>No. Vacant</b>	<b>Size</b>	<b>Market Rent</b>
2BR/1BA	136	20	N/A	\$550
<b>Total</b>	<b>136</b>	<b>20</b>		

Pleasant Park is a new, family market rate property that opened for leasing in December 2002. It is located along the same road as the Subject site, Martin Luther King Dr, and lies 0.3 miles northwest of the Subject. The property has filled 85 percent of its units so far. This is an absorption rate of about 19 units per month. All the property's units are two-bedroom units. There are a total of 136 units. Nearby services and amenities include rail, shopping plaza, grocery, and banks. The rents have remained the same as they were when the property opened in December 2002.

**Comparable Property #4**

**Name:** Windsor Square Townhouses  
**Address:** 3804 Martin Luther King Dr  
 Atlanta, GA  
**Phone:** 404-696-4481  
**Miles to Subject:** 0.3

**Year Built:** 1971  
**Type:** Townhouse  
**Program:** Market  
**Occupancy:** 95%  
**No. of Units:** 124



**Appliances**

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

**In - Unit Amenities**

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings
- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

**Utilities**

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Electric	Tenant
Heat:	Gas	Tenant
Water Heat:	Gas	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Landlord
Trash:	N/A	Landlord

**Security Features**

- Security Patrol
- Secured Parking
- Perimeter Fencing
- Intrusion Alarm
- Intercom
- Security Lighting

**Parking**

- Surface
- Carport
- Garage

**Common Area Amenities**

- Clubhouse/Com. Room
- Exercise Room
- Basketball Courts
- Swimming Pool
- Picnic Area (Grills)
- Playground
- Jacuzzi
- Tennis Courts
- Central Laundry

**Comparable Property #4 Cont.**

**Windsor Square Townhouses**

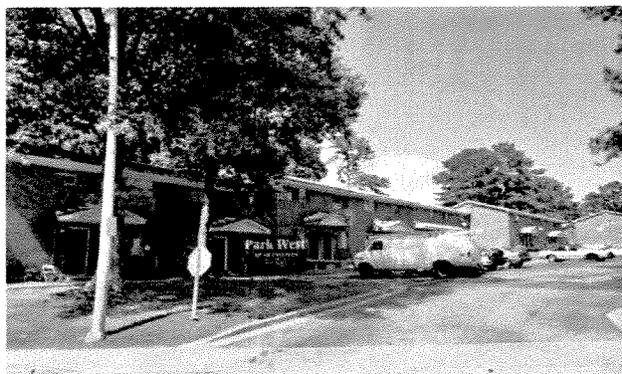
<b>Unit Type</b>	<b>No. Of Units</b>	<b>No. Vacant</b>	<b>Size</b>	<b>Market Rent</b>
2BR/1.5BA	N/A	1	855	\$545
2BR/1.5BA	N/A	2	1053	\$565
3BR/2BA	N/A	3	1367	\$625
<b>Total</b>	<b>124</b>	<b>6</b>		

Windsor Square Townhomes is a family market rate property. The property consists of townhomes with two and three-bedrooms. It was built in 1971. The property is located along the same road as the Subject site, Martin Luther King Dr, and lies 0.3 miles northwest of the Subject. The occupancy rate is currently 95 percent. According to Linda, the property manager, the occupancy rate is steady and averages from 95 to 97 percent. There is no waiting list and no concessions currently being offered. Linda noted that most of the tenants move to the property from areas within two to three miles of the property.

### Comparable Property #5

**Name:** Parkwest Apartments  
**Address:** 3751 Martin Luther King Dr  
 Atlanta, GA  
**Phone:** 404-696-0808  
**Miles to Subject:** 0.2

**Year Built:** N/A  
**Type:** Townhouse  
**Program:** LIHTC  
**Occupancy:** 100%  
**No. of Units:** 100



#### Appliances

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

#### In - Unit Amenities

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings
- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

#### Utilities

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Gas	Tenant
Heat:	Gas	Tenant
Water Heat:	Gas	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Landlord
Trash:	N/A	Landlord

#### Security Features

- Security Patrol
- Perimeter Fencing
- Intercom
- Secured Parking
- Intrusion Alarm
- Security Lighting

#### Parking

- Surface
- Garage
- Carport

#### Common Area Amenities

- Clubhouse/Com. Room
- Exercise Room
- Basketball Courts
- Swimming Pool
- Picnic Area (Grills)
- Playground
- Jacuzzi
- Tennis Courts
- Central Laundry

**Comparable Property #5 Cont.**

**Parkwest Apartments**

<b>Unit Type</b>	<b>No. Of Units</b>	<b>No. Vacant</b>	<b>Size</b>	<b>60% AMI</b>
2BR/1BA	88	0	N/A	\$550
3BR/2BA	12	0	N/A	\$600
<b>Total</b>	<b>100</b>	<b>0</b>		

Parkwest Apartments is a family LIHTC property. It is located along the same road as the Subject site, Martin Luther King Dr, and lies 0.2 miles northwest of the Subject. The property has two and three-bedroom units and they rent at the 60 percent AMI level. The occupancy was 100 percent at the time of the survey. There are currently no concessions being offered. Most tenants are families and they come from the surrounding neighborhood. The apartment recently got new ownership and the new owners raised the rents. The leasing agent we interviewed did not know how much the rents were raised. The leasing agent was also not sure of the date the property was built. The agent acknowledged that the Atlanta market is a soft market.

**Comparable Property #6**

**Name:** Ashley Courts at Cascade  
**Address:** 1371 Kimberly Rd  
 Atlanta, GA  
**Phone:** 404-696-5100  
**Miles to Subject:** 4.6

**Year Built:** 2000/2002  
**Type:** Garden/Townhouse  
**Program:** LIHTC/Market  
**Occupancy:** 97%  
**No. of Units:** 288



**Appliances**

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

**In - Unit Amenities**

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings

- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

**Utilities**

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Gas	Tenant
Heat:	Gas	Tenant
Water Heat:	Gas	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Landlord
Trash:	N/A	Landlord

**Security Features**

- Security Patrol
- Secured Parking
- Perimeter Fencing
- Intrusion Alarm
- Intercom
- Security Lighting

**Parking**

- Surface
- Carport
- Garage

**Common Area Amenities**

- Clubhouse/Com. Room
- Swimming Pool
- Jacuzzi
- Exercise Room
- Picnic Area (Grills)
- Tennis Courts
- Basketball Courts
- Playground
- Central Laundry

Comparable Property #6 Cont.

**Ashley Courts at Cascade**

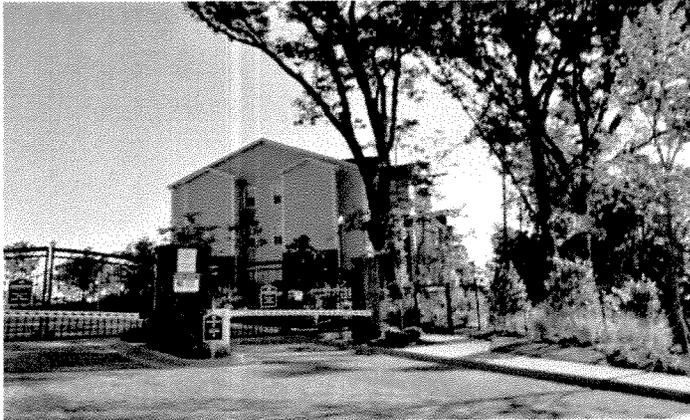
Unit Type	No. Of Units	No. Vacant	Size	Market Rent	60% AMI
1BR/1BA	24	2	738	\$725	\$633
2BR/1BA	48	2	884	\$915	\$719
2BR/2BA	4	0	970	\$955	N/Ap
2BR/2BA	48	2	1,184	\$950	\$759
3BR/1.5BA TH	60	0	1,375	\$1,055	\$881
3BR/2BA	30	1	1,286	\$1,055	\$871
4BR/2BA TH	60	0	1,655	\$1,155	\$962
4BR/2BA	14	1	1,433	\$1,155	\$954
<b>Total</b>	<b>288</b>	<b>8</b>			

We spoke with Karen, the property manager. Ashley Courts at Cascade is a family LIHTC and market rate property. The property does accept Section 8 vouchers. The first phase of construction was completed in 2000 and consisted of 136 units. The second phase was completed in 2002 and consisted of 136 units. Construction of the first building of the second phase was completed in June 2002, the second building was completed in August 2002, the third building was completed in September 2002, the fourth building was completed in October 2002 and the fifth and final building was completed at the end of November 2002. Phase two has not been 100 percent occupied since construction was completed, however, it reached 98 percent occupancy by December 31st, 2002, equating to an absorption pace of 22.2 units per month. Ashley Courts at Cascade is located 4.6 miles south of the Subject. The occupancy rate is 97 percent. Vacated units tend to lease-up with in a one to two week time frame. The turnover rate is three to four units per month, or 12 to 17 percent annually. Currently there is a waiting list that includes 300 Section 8 households, 20 tax credit households, and zero market rate households. There has been no rental rate changes and no vacancy rate changes recently. The tenant composition is mixed and tenants generally come from the Western Atlanta area. The least popular units according to Karen are the one-bedrooms, while the other bedroom sizes are equally popular.

**Comparable Property #7**

**Name:** Peaks at West Atlanta  
**Address:** 1212 James Jackson Pkwy  
 Atlanta, GA  
**Phone:** 404-799-8000  
**Miles to Subject:** 5.6

**Year Built:** 2002  
**Type:** Garden  
**Program:** LIHTC/Market  
**Occupancy:** 100%  
**No. of Units:** 214



**Appliances**

- Refrigerator
- Oven
- Dishwasher
- Disposal
- Microwave

**In - Unit Amenities**

- Washer/Dryer In Unit
- Washer/Dryer Hook-ups
- Fireplace
- Carpet/Hardwood
- Window Coverings
- Exterior Storage
- Central Air
- Ceiling Fan
- Balcony/Patio/Porch

**Utilities**

	<u>Type:</u>	<u>Paid By:</u>
Cooking:	Gas	Tenant
Heat:	Gas	Tenant
Water Heat:	Gas	Tenant
Electric:	N/A	Tenant
Water/Sewer:	N/A	Tenant
Trash:	N/A	Landlord

**Security Features**

- Security Patrol
- Secured Parking
- Perimeter Fencing
- Intrusion Alarm
- Intercom
- Security Lighting

**Parking**

- Surface
- Carport
- Garage

**Common Area Amenities**

- Clubhouse/Com. Room
- Swimming Pool
- Jacuzzi
- Exercise Room
- Picnic Area (Grills)
- Tennis Courts
- Basketball Courts
- Playground
- Central Laundry

**Comparable Property #7 Cont.**

**Peaks at West Atlanta**

<b>Unit Type</b>	<b>No. Of Units</b>	<b>No. Vacant</b>	<b>Size</b>	<b>Market Rent</b>	<b>60% AMI</b>	<b>50% AMI</b>
1BR/1BA	36	0	721	\$575	\$550	\$485
2BR/2BA	104	0	1012	\$675	\$650	\$565
3BR/2BA	74	0	1211	\$750	\$730	\$655
<b>Total</b>	<b>214</b>	<b>0</b>				

The Peaks at West Atlanta is a LIHTC and market rate property. The property was built in 2002. It is located 5.6 miles northeast of the Subject. There are one-, two, and three-bedroom units and they rent at 50 percent and 60 percent AMI levels, as well as market-rate. There has been no rental increase since the property opened and there are currently no concessions being offered. The initial leasing of all 214 units took seven months, which is an absorption rate of 30 units per month. The property is 100 percent occupied. There has been very little turnover, as the property has been open less than a year. There is no waiting list. Vacant units take, on average, two to three weeks to lease-up. The most popular units are the two-bedrooms and then the one-bedrooms. The leasing agent whom we interviewed felt that the Atlanta rental market is strong. Most of the property's tenants come from Western Atlanta.

## **H. PROPERTY INTERVIEWS**

**PROPERTY INTERVIEWS**

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

**Age and Condition**

The Subject’s market area has been developed over a long period. We interviewed properties ranging in age from 33 years old (Town West Manor) to recent constructions (Ashley Courts at Cascade, Peaks at West Atlanta, Pleasant Park). This is a function of the ongoing development activity in the area. There are generally two types of properties in the market. First, there are those of a similar vintage as the Subject that have been recent additions. Second are properties that are 20 to 30 years old that significantly inferior. Condition varies with age. We focused our research on the most comparable properties. Newer and renovated properties are typically in better condition than older properties. As new construction, the Subject would be superior to the condition of older properties within the primary market area.

**Unit Mix**

The following table shows the unit mix of the properties in our survey. As illustrated in the matrices comparable rental properties offered one, two, three and four-bedroom units.

UNIT MIX				
Unit type	Market Unit Mix		Subject Unit Mix	
	Number	Percentage	Number	Percentage
1BR	76	7.97%	39	23.49%
2BR	568	59.54%	83	50.00%
3BR	236	24.74%	44	26.51%
4BR	74	7.76%	N/Av	N/Av
<b>Total</b>	<b>954</b>	<b>100.00%</b>	<b>166</b>	<b>100.00%</b>

\*This figure represents properties that reported unit breakdown

Based on our survey of the market, two-bedroom units possess the greatest market share with nearly 60 percent followed by three-bedroom units. Not all of the surveyed properties were able to provide exact unit mix. The following table illustrates the vacancy breakdown by unit type.

VACANCY BY UNIT TYPE			
Unit Type	Total Units Reporting	Vacant units	Vacancy by Unit Type
1BR	76	2	2.63%
2BR	568	24	4.75%
3BR	236	1	1.69%
4BR	74	1	1.35%
<b>Total</b>	<b>954</b>	<b>28</b>	<b>2.94%</b>

\*This figure represents properties that reported unit breakdown

Overall vacancy reported by 954 surveyed units indicates approximately four percent vacancy. It should be noted that the vacancy rate by unit type illustrated above is based only on surveyed properties that were able to provide vacancies within specific unit types.

One of the properties surveyed is a recent acquisition rehabilitation LIHTC development still in the process of initial leasing. Pleasant Park opened for leasing in December 2002. It is located along Martin Luther King Dr approximately 0.3 miles northwest of the Subject. The property has filled 85 percent of its units equating to an absorption rate of about 19 units per month. It should be noted that all of the units offered by this property are two-bedrooms. This is considered to be a positive indicator for the strength of the rental market given the recent additions to supply

**Unit Size**

The Subject will consist of a combination of one, two and three-bedroom units. We attempted to compare the Subject to similar unit types. The table below depicts the square footage of the Subject and comparable properties in the market. It should be noted that the average, minimum and maximum unit sizes are available only for those properties that would provide this information.

COMPARISON OF SUBJECT UNIT SIZE TO MARKET UNIT SIZE (IN SQUARE FEET)				
Unit type	Subject	Competing Properties		
		Average	Minimum	Maximum
1BR/1BA	847	721	704	738
2BR/2BA	1,146	998	840	1,184
3BR/2BA	1,468	1,187	1,000	1,367
4BR/2BA	N/AV	N/AP	N/AP	N/AP

As the table illustrates the Subject’s unit sizes are well above the average unit sizes reported for one, two and three-bedroom units currently found in the market. The Subject’s one-bedroom unit has 847 net square feet of area, 126 square foot (17 percent) more than the average found at competing properties. The Subject’s two-bedroom unit has 1,146 net square feet of area, 148 square foot (15 percent) more than the average found at competing properties. The Subject’s three-bedroom unit has 1,468 net square feet area, 281 square feet (24 percent) than the largest comparable. Overall, the Subject is expected to have a competitive advantage within the market with respect to size.

**Total Number of Baths per Unit**

All of the surveyed one-bedroom units in the marketplace offer one bathroom. Two and three-bedroom units in the marketplace offer between one and two bathrooms. The Subject will offer a similar number of bathrooms within the one, two and three-bedroom unit types. Thus, the Subject will reflect the market with regards to the number of baths per unit.

**Unit Amenities**

In order to provide quality housing at an affordable cost, many LIHTC properties cannot offer an extensive amenity package. However, Subject amenities must be similar to or better than those in the market, to allow the Subject to compete. The Subject will offer garbage disposal, refrigerator, stove, dishwasher, central air conditioning, and washer dryer hook-ups. In general, the in-unit amenities for the Subject are considered to be competitive with existing projects in the market.

**Common Area Amenities**

We attempted to compare the Subject property to other competing LIHTC properties. The Subject will offer a tot lot, swimming pool, a playing field, a playground, a leasing office/community room, a fitness center, computer center and central laundry facility. The two recently constructed tax credit properties offer similar amenities. In general, we believe that the common area amenities proposed are considered to be competitive.

**Security Features**

Security will often vary based on the needs of the particular area and size of the particular project. Most of the properties surveyed offered some form of security features or perimeter fencing. The Subject will not offer additional security features. Therefore, the Subject will offer inferior security features to those offered by competing properties within the market. We recommend the Sponsors for the Subject consider additional security features upon development.

**Utility Structure**

The Subject will include water, sewer and trash expenses in rental rates. All of the surveyed properties, except Peaks at West Atlantic, reported a similar utility structure. Therefore, the Subject will be similar to the market standard. To make a fair comparison of the Subject rent levels to comparable properties, rents at comparable properties are typically adjusted to be consistent with the Subject. The comparable properties’ asking rents are illustrated in the matrices as well as rents adjusted to the Subject’s utility convention. Adjustments are made using Section 8 Utility Allowances from the Georgia Department of Community Affairs website.

**Tenant Makeup**

Local property mangers report a generally mixed tenancy including single mothers, students, couples and seniors. Most of the tenants originate from throughout the Atlanta area. Tenancy at the Subject will consist of low and moderate-income tenants. Household sizes will range between one and five persons. The Subject will cater to households with incomes from \$0 (based on income for a single person household within PBRA units) to \$46,140 (five-person household at 60 percent of AMI). Most of the tenants will be local, coming from within the primary market area. To some extent, some tenants will be “moving up” from less desirable housing or more expensive market rate alternatives. Tenants will be attracted by better, newer, and more affordable product.

**Concessions**

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

CONCESSIONS		
Property	Property Type	Concession offered
Hidden Hollow	LIHTC	None
Town West Manor	LIHTC	None
Pleasant Park*	LIHTC	None
Windsor Square Townhouses	Market	None
Parkwest Apartments	Market	None
Ashley Courts at Cascade	LIHTC/Market	None
Peaks at West Atlanta	LIHTC/Market	None

\*Still in the process of initial leasing

None of the surveyed properties are offering concessions. It is interesting to note that Pleasant Park Apartments, a LIHTC property, is not offering concessions despite being in the process of initial leasing. However, the property manager has reported that approximately 19 units per month have been leased since December 2002. In general, the developers of the Subject may want to consider offering concessions to help stimulate initial leasing.

**Waiting Lists**

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

WAITING LIST		
Property	Property Type	Length
Hidden Hollow	LIHTC	None
Town West Manor	LIHTC	Medium sized, Unable to quantify
Pleasant Park	LIHTC	None
Windsor Square Townhouses	Market	None
Parkwest Apartments	Market	None
Ashley Courts at Cascade	LIHTC/Market	300 Section 8 households 20 tax credit households.
Peaks at West Atlanta	LIHTC/Market	None

Two of the seven properties surveyed reported waiting lists. In general, the presence of waiting lists in the affordable housing product is considered to a positive indicator for the Subject given recent additions to supply. We expect the property manager at the Subject to maintain a waiting list. This will assist the property in continually leasing available units quickly and efficiently.

**Historical Rent Increases**

One way to determine if the apartment market is healthy is to look to the historical rent increases, or lack of them. If rents are stable or increasing in the area, the market may be in a state of expansion. Conversely, if the market begins to offer concessions, the market may be declining. As mentioned, there are no concessions currently being offered in the market. The table below illustrates reported changes in rents in the market.

RENT INCREASE		
Property	Property Type	Increase in Last Year
Hidden Hollow	LIHTC	None
Town West Manor	LIHTC	None
Pleasant Park	LIHTC	Recent Rehabilitation
Windsor Square Townhouses	Market	None
Parkwest Apartments	Market	Yes, Could not Quantify
Ashley Courts at Cascade	LIHTC/Market	New construction
Peaks at West Atlanta	LIHTC/Market	New construction

Only one of the surveyed properties reported rental increases over the past year. This may be the result of the recent additions to supply that has occurred within the market.

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

Capture rates for the Subject are considered reasonable and reflect adequate demand within the primary market area. It is important to note that while approximately 638 units have been added to the housing inventory over the past two years, surveyed properties reported generally stabilized occupancy. Therefore, supplementing the market with the Subject is not expected to have a negative impact on the affordable housing market.

It should also be noted that in our demand analysis, we estimate capture based on existing demand, presumably those living at comparable or local market properties. However, we only consider those who are paying over 35 percent of the gross income in housing costs. Therefore, while we do project that those tenants would move from competing properties to reside in the Subject, these tenants are the most rent overburdened.

**Vacancy**

The overall vacancy of units surveyed is less than nine percent. The majority of properties surveyed indicated stable vacancy and quick leasing of vacant units. The table below summarizes the occupancy by property in our survey:

COMPARABLE PROPERTY OCCUPANCY				
Comp Name	Property Type	Number of Units	Vacant Units	Occupancy Rate
Hidden Hollow	LIHTC	216	0	100%
Town West Manor	LIHTC	100	3	97%
Pleasant Park*	LIHTC	136	20	85%
Windsor Square Townhouses	Market	124	6	95%
Parkwest Apartments	Market	100	0	100%
Ashley Courts at Cascade	LIHTC/Market	288	8	97%
Peaks at West Atlanta	LIHTC/Market	214	0	100%
<b>Totals/Average Occupancy</b>		<b>1,178</b>	<b>37</b>	<b>97%</b>

\*Still in the process of initial leasing

Vacancy rates reported in the market are generally consistent. Excluding Pleasant Park which is still in the process of initial leasing, surveyed properties ranged from 95 to 100 percent occupancy. In general, vacancy rates are considered to be indicative of a stable market.

**Reasonability of Rents**

Rents provided by property managers at some properties may include all utilities while others may require tenants to pay all utilities. The Subject will include water, sewer and trash expenses in rental rates. Only one surveyed property reported a similar utility structure. To make a fair comparison of the Subject rent levels to comparable properties, rents at comparable properties are typically adjusted to be consistent with the Subject. Adjustments are made using Section 8 Utility Allowances for Fulton County. The rent analysis is based on net rents at the Subject as well as surveyed properties. The table below illustrates the net and gross rents at the Subject, as well as the maximum allowable rents. DCA requires that LIHTC properties are at or below DCA’s Maximum Allowable Rent per the Rent and Income Guidelines.

PBRA UNITS					
Unit Type	# of Units	Net Rents*	Estimated Utility Cost	Gross Rent	Maximum Allowable Rent Per DCA
1BR/1BA	3	BOI	\$0	\$720	\$720
2BR/2BA	5	BOI	\$0	\$865	\$865
3BR/2BA	3	BOI	\$0	\$999	\$999
<b>Total</b>	<b>11</b>				

\*Based on Income

LIHTC UNITS AT 50 PERCENT OF AMI					
Unit Type	# of Units	Net Rents	Estimated Utility Cost	Gross Rent	Maximum Allowable Rent Per DCA
1BR/1BA	2	\$521	\$68	\$589	\$667
2BR/2BA	5	\$627	\$87	\$714	\$801
3BR/2BA	3	\$718	\$109	\$827	\$925
<b>Total</b>	<b>10</b>				

LIHTC UNITS AT 54 PERCENT OF AMI					
Unit Type	# of Units	Net Rents	Estimated Utility Cost	Gross Rent	Maximum Allowable Rent Per DCA
1BR/1BA	23	\$568	\$68	\$636	\$720
2BR/2BA	52	\$684	\$87	\$771	\$865
3BR/2BA	27	\$783	\$109	\$892	\$999
<b>Total/Average</b>	<b>102</b>				

MARKET-RATE UNITS					
Unit Type	# of Units	Net Rents	Estimated Utility Cost	Gross Rent	Fair Market Rents
1BR/1BA	11	\$568	\$68	\$636	\$795
2BR/2BA	21	\$684	\$87	\$771	\$927
3BR/2BA	11	\$783	\$109	\$892	\$1,236
<b>Total</b>	<b>43</b>				

The most competitive LIHTC properties are compared to the Subject in the following table. In general, the Subject compares favorably with existing LIHTC rents offered within the market. Additionally, the Subject's proposed rent levels are below the DCA guidelines. We believe that the Subject offers competitive location, quality, amenities and unit size compared to surveyed LIHTC properties. The location is within a neighborhood that is close to local services and major arteries.

NET RENT COMPARISON: LIHTC RENTS AT 50%			
Unit Type	Subject LIHTC 50%	Town West Manor LIHTC 50%	Peaks at West Atlanta LIHTC 50%
1BR/1BA	\$521	N/Av	\$503
2BR/2BA	\$627	\$588	\$589
3BR/2BA	\$718	\$722	\$684

NET RENT COMPARISON: LIHTC RENTS AT 60%					
Unit Type	Subject LIHTC 54%	Hidden Hollow LIHTC 60%	Park West LIHTC 60%	Ashley Courts at Cascade LIHTC 60%	Peaks at West Atlanta LIHTC 60%
1BR/1BA	\$568	\$535	N/Av	\$633	\$568
2BR/2BA	\$684	\$615	\$550	\$759	\$674
3BR/2BA	\$783	\$685	\$600	\$871	\$759

The proposed rents for the Subject are within the range reported by surveyed LIHTC properties. Given that the Subject will benefit from competitive amenities, location and superior condition as a result of new construction, we believe that the proposed rents at the Subject are reasonable.

The overall average and the maximum and minimum adjusted rents for market-rate properties in surveyed are illustrated in the table below in comparison with net rents for the Subject. The overall average and the maximum and minimum adjusted rents for market-rate properties in surveyed are illustrated in the table below in comparison with net for rents for the Subject.

NET RENT COMPARISON: LIHTC RENTS						
Unit Type	Subject LIHTC 50%	Subject LIHTC 54%	Subject Market	Comparable Properties Average	Comparable Properties Minimum	Comparable Properties Maximum
1BR/1BA	\$521	\$568	\$568	\$659	\$593	\$725
2BR/2BA	\$627	\$684	\$684	\$691	\$550	\$950
3BR/2BA	\$718	\$783	\$783	\$820	\$625	\$1,055

When compared to the overall market, rents proposed at the Subject are within the range reported by surveyed market rate properties. A closer analysis of the two most similar LIHTC/market rate properties, Ashley Courts at Cascade and Peaks at West Atlantic, demonstrated that the units proposed by the Subject at 54 percent AMI will have a 16 percent, 21 percent and 17 percent rent advantage over the average rent reported by these properties for one, two and three-bedroom units respectively. Given that the Subject will be new construction, the proposed rents at the Subject are considered reasonable. Also, the location of the Subject will increase the appeal to potential renters in the market.

### **Absorption**

We have reviewed the absorption pace reported by the most recently constructed market rate properties located near the Subject. The Peaks at West Atlanta is a LIHTC and market rate property constructed in 2002 located approximately 5.6 miles northeast of the Subject. The initial leasing of all 214 units required seven months, which equates to an absorption rate of 30 units per month. Pleasant Park is a family market rate property that opened for leasing in December 2002. It is located along the same road as the Subject site, Martin Luther King Dr, and lies 0.3 miles northwest of the Subject. The property has filled 85 percent of its units so far. This is an absorption rate of about 19 units per month. Ashley Courts at Cascade is a family LIHTC and market rate property.

Each building was completed building by building since June 2002, until the fifth and final building was completed at the end of November, 2002. Phase two has not been 100 percent occupied since construction was completed, however, it reached 98 percent occupancy by December 31, 2002, equating to an absorption pace of 22.2 units per month. In general, an estimate of 20 to 25 units per month or six to eight months initial leasing pace is considered reasonable for an absorption period for the Subject. Discussions have concluded that advanced knowledge of a new affordable housing development within Atlanta would greatly assist initial leasing. Therefore, we recommend that the developers aggressively market the Subject prior to completion to assist initial leasing pace. Also, the developers may want to consider offering concessions to help stimulate initial leasing.

### **Conclusions**

There are generally two types of properties in this market, properties that are older vintage and those that are recent additions. As new construction, the Subject would be superior to the condition of most of the current market rate and affordable housing inventory within the primary market area. The Subject's unit sizes are well above the average unit sizes reported for one, two and three-bedroom units currently found in the market. In fact, aside from three-bedroom units, the unit sizes proposed for the Subject are above the maximum unit sizes offered within the market. Therefore, the unit sizes proposed for the Subject is expected to have a competitive advantage within the market with respect to size.

Vacancy rates reported in the market are generally consistent. Excluding Pleasant Park which is still in the process of initial leasing, surveyed properties ranged from 95 to 100 percent occupancy. In general, vacancy rates are considered to be indicative of a stable market. None of the surveyed properties are offering concessions. It is interesting to note that Pleasant Park Apartments, a LIHTC property, is not offering concessions despite being in the process of initial leasing. The property manager has reported that approximately 19 units per month have been leased since December 2002. In general, the developers of the Subject may want to consider offering concessions to help stimulate initial leasing.

When compared to the two most similar LIHTC/market rate properties, Ashley Courts at Cascade and Peaks at West Atlantic, the proposed LIHTC rents at the Subject demonstrated a 16 percent, 21 percent and 17 percent rent advantage over the average market rent reported by these properties for one, two and three-bedroom units respectively. Given that the Subject will be new construction, the proposed rents at the Subject are considered reasonable. Also, the location of the Subject will increase the appeal to potential renters in the market.

We have reviewed the absorption pace reported by the most recently constructed market rate and LIHTC properties located near the Subject. The Peaks at West Atlanta reported an absorption rate of 30 units per month. Pleasant Park reported an absorption rate of about 19 units per month. Ashley Courts at Cascade reported an absorption pace of 22.2 units per month. In general, an estimate of 20 to 25 units per month or six to eight months initial leasing pace is considered reasonable for an absorption period for the Subject. Discussions have concluded that advanced knowledge of a new affordable housing development within Atlanta would greatly assist initial leasing. Therefore, we recommend that the developers aggressively market the Subject prior to completion to assist initial leasing pace. Also, the developers may want to consider offering concessions to help stimulate initial leasing.

## **I. CONCLUSIONS AND RECOMMENDATIONS**

## Conclusions

- The overall Atlanta economy is moderately strong, benefiting from population, business and employment growth that has occurred in the area over the past ten years. As a result, the residential housing inventory has increased to support the economic escalations experienced within the market. However, given the elevated number of recent multifamily additions to supply, the Atlanta MSA is experiencing higher than normal vacancy levels. According to the REIS “Metro Trend Report” for the first quarter of 2003, overall vacancy for the Atlanta MSA is 11.3 percent. Established older vintage properties have reported the reliance of concessions to remain competitive to newer affordable housing and market rate product. In some cases, the presence of these concessions will remain in place throughout the foreseeable future.

While some markets in Atlanta are beginning to show stress from additions to supply, the Subject primary market appears to be a relatively balanced market in both market rate and affordable housing developments. Properties surveyed within the primary market area for the Subject reported a current occupancy level of 95 percent (excluding properties that are in the process of initial leasing or currently undergoing renovations) despite recent additions to supply. This suggests that the Subject is located within a relatively stable “pocket” inside a generally soft market for multifamily housing within the Atlanta MSA.

- Residents of the Subject will be able to benefit from close proximity to local services given that all are located within a short driving distance. The Subject will have above-average visibility from Martin Luther King Jr. Drive, a major artery for the neighborhood. Also, the Metropolitan Atlanta Rapid Transit Authority (MARTA) has a bus stop at the entrance to the Subject which should benefit residents that require public transportation. These factors will have positive impacts for the long-term prospects of the Subject. In general, the Subject site appears to be a favorable location for multifamily development.
- Both the Atlanta MSA and the PMA has experienced healthy growth in population, households, and median household income. The population growth within the PMA, albeit moderate, is projected to outpace the annual growth rate reported in the past decade. Similar to population, the rate of growth in the number of households within the PMA is projected to be moderate. The rate of growth in households in the PMA is expected to be slightly more than the rate of growth in the population. This suggests a decrease in the average household size. The MSA has larger than typical households while the household size within the PMA is closer to the national average of 2.59. This trend is typical for areas located within or near city limits where families generally move into the suburbs and out of urban centers, while “empty-nesters” and singles remain or move into the cities. In general, the average household size reported within the PMA is expected conducive to the larger unit sizes proposed by the Subject.
- Our demand analysis demonstrates that the Subject’s capture rates vary from two to nine percent. We also conducted a demand analysis for the market rate units at the Subject. While these units are not subject to income restrictions, we have based our analysis to assuming a 35 percent affordability factor for proposed rents. Also, we have conducted our analysis utilizing the area medium income for Fulton County, \$68,800, as our maximum income level. The capture rates demonstrated an overall capture rate of one percent for market rate units. Overall, demand for the Subject’s LIHTC and market rate units is considered favorable.

- Vacancy rates reported in the market are generally consistent. Excluding Pleasant Park which is still in the process of initial leasing, surveyed properties ranged from 95 to 100 percent occupancy. In general, vacancy rates are considered to be indicative of a stable market. None of the surveyed properties are offering concessions. None of the surveyed properties are offering concessions. It is interesting to note that Pleasant Park Apartments, a LIHTC property, is not offering concessions despite being in the process of initial leasing. However, the property manager has reported that approximately 19 units per month have been leased since December 2002. In general, the developers of the Subject may want to consider offering concessions to help stimulate initial leasing.
- When compared to the two most similar LIHTC/market rate properties, Ashley Courts at Cascade and Peaks at West Atlantic, the proposed LIHTC rents at the Subject demonstrated a 16 percent, 21 percent and 17 percent rent advantage over the average market rent reported by these properties for one, two and three-bedroom units respectively. Given that the Subject will be new construction, the proposed rents at the Subject are considered reasonable.
- We reviewed the absorption pace reported by the most recently constructed market rate and LIHTC properties located near the Subject. The Peaks at West Atlanta reported an absorption rate of 30 units per month. Pleasant Park reported an absorption rate of about 19 units per month. Ashley Courts at Cascade reported an absorption pace of 22.2 units per month. In general, an estimate of 20 to 25 units per month or six to eight months initial leasing pace is considered reasonable for an absorption period for the Subject. Discussions have concluded that advanced knowledge of a new affordable housing development within Atlanta would greatly assist initial leasing. Therefore, we recommend that the developers aggressively market the Subject prior to completion to assist initial leasing pace. Also, the developers may want to consider offering concessions to help stimulate initial leasing.

### **Recommendations**

- Discussions have concluded that advanced knowledge of new affordable housing development within Atlanta would greatly assist initial leasing. Therefore, we recommend that the developers aggressively market the Subject prior to completion.

## **J. SIGNED STATEMENT REQUIREMENTS**

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in the Georgia Department of Community Affairs's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

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H. Blair Kincer, MAI  
Principal  
Novogradac & Company LLP

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Date

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## **K. ANALYST QUALIFICATIONS**

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## H. BLAIR KINCER

### I. Education

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

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

### II. Licensing and Professional Affiliation

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

### III. Professional Experience

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

### IV. Professional Training

Have presented at and attended Various IPED and Novogradac conferences regarding the affordable housing industry.  
CCIREI - Course CI 101 Financial Analysis for Commercial Real Estate  
Appraisal Institute - Real Estate Appraisal Principles  
Appraisal Institute - Basic Valuation Procedures  
Appraisal Institute - Capitalization Theory and Techniques Part A and B  
Appraisal Institute - Case Studies in Real Estate Valuation  
Appraisal Institute - Standards and Professional Practice  
BAI Seminars - Loan Review, Advanced Loan Review, Commercial Loan Work - Out National  
Institute of Trial Lawyers Appraisal Institute- Expert Witness Testimony  
Ernst & Young, LLP- - Capital Markets and Financing

**H. Blair Kincer**  
**Qualifications**  
**Page 2**

**V. Real Estate Assignments**

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

- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope with a concentration on the east coast.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.
- In accordance with HUD Notice H 00-12, Mr. Kincer has completed numerous rent comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.
- Member of the due diligence team hired by Insignia/ESG to assist in the determination of underlying asset value and marketability of a large retail portfolio of regional malls. Assignment included review of leases, lease abstracting, and cash flow modeling. Prepared due diligence package that included lease abstracts, market analysis and projected operations with explanatory comments.
- Assisted a developer on three projects located in Maryland through all stages of the development process. This assistance included market analysis, contract negotiation, third party report supervision and preparation of financing packages. Market analysis included; preliminary property screening, market analysis, comparable rent surveys, and development programming. Support for contract negotiations involved cash flow projections and valuation analyses. Third party report supervision entailed the marshaling and review of the appropriate third party reports including market studies, environmental and engineering reports and appraisals. Preparation of financing packages included the compilation of development budgets and cash flow projections. Completed financing submissions including; Tax Exempt Bond Applications, Credit Enhancement Applications, Construction Loan Applications, and alternative financing applications.
- Completed a market study for an affordable housing developer on Clifton Terrace Apartments in Washington, DC. Clifton Terrace is a former HUD financed property currently owned by the Federal Government. The market study was used in a response to a request for redevelopment proposals. Our research included neighborhood analysis, competitive supply evaluation and demand projections. Demand by family size was further analyzed using PUMS detailed census analysis. This analysis formed the basis for the proposed unit mix in the response.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS GIL WASHINGTON

## **I. Education**

George Washington University  
Bachelor of Arts in Business Administration

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

Associate Member - Appraisal Institute

## **III. Professional Experience**

Real Estate Analyst, Novogradac & Company, LLP  
Foundation Financial Mortgage Services  
Consumer Finance Manager, Intercontinental Trade Associates

## **IV. Professional Training**

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

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

## **V. Professional Accomplishments**

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

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

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

## **VI. Real Estate Assignments**

A representative sample of Consulting and Market Research Engagements includes:

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

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

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

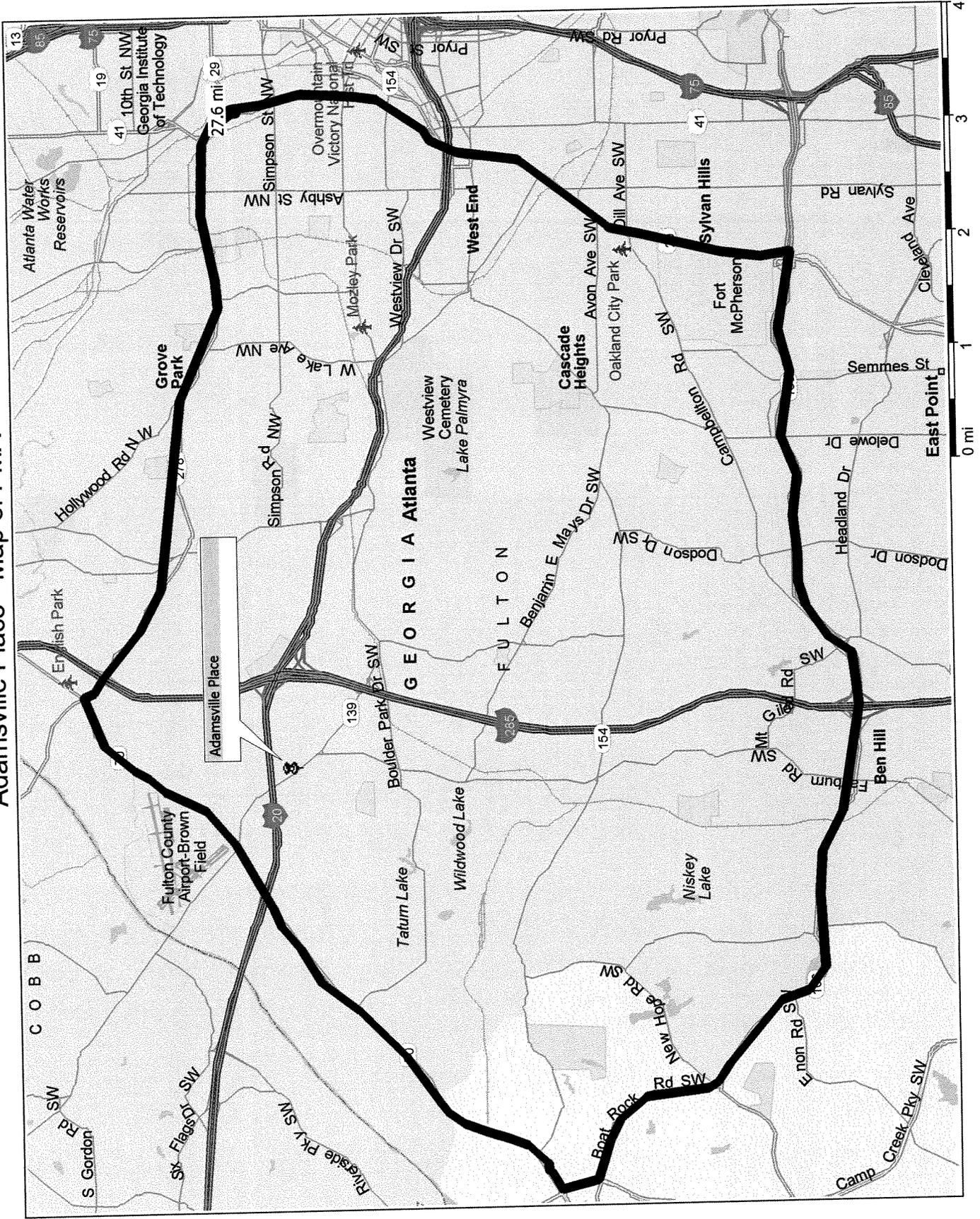
- Assisted in the appraisal of a portfolio of loans of residential, retail, office, land and multifamily properties with both performing and non-performing loans for METEC Asset Management, LC. The METEC Asset Management LC and their advisors utilized our analysis for evaluation of potential financing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

## **ADDENDA**

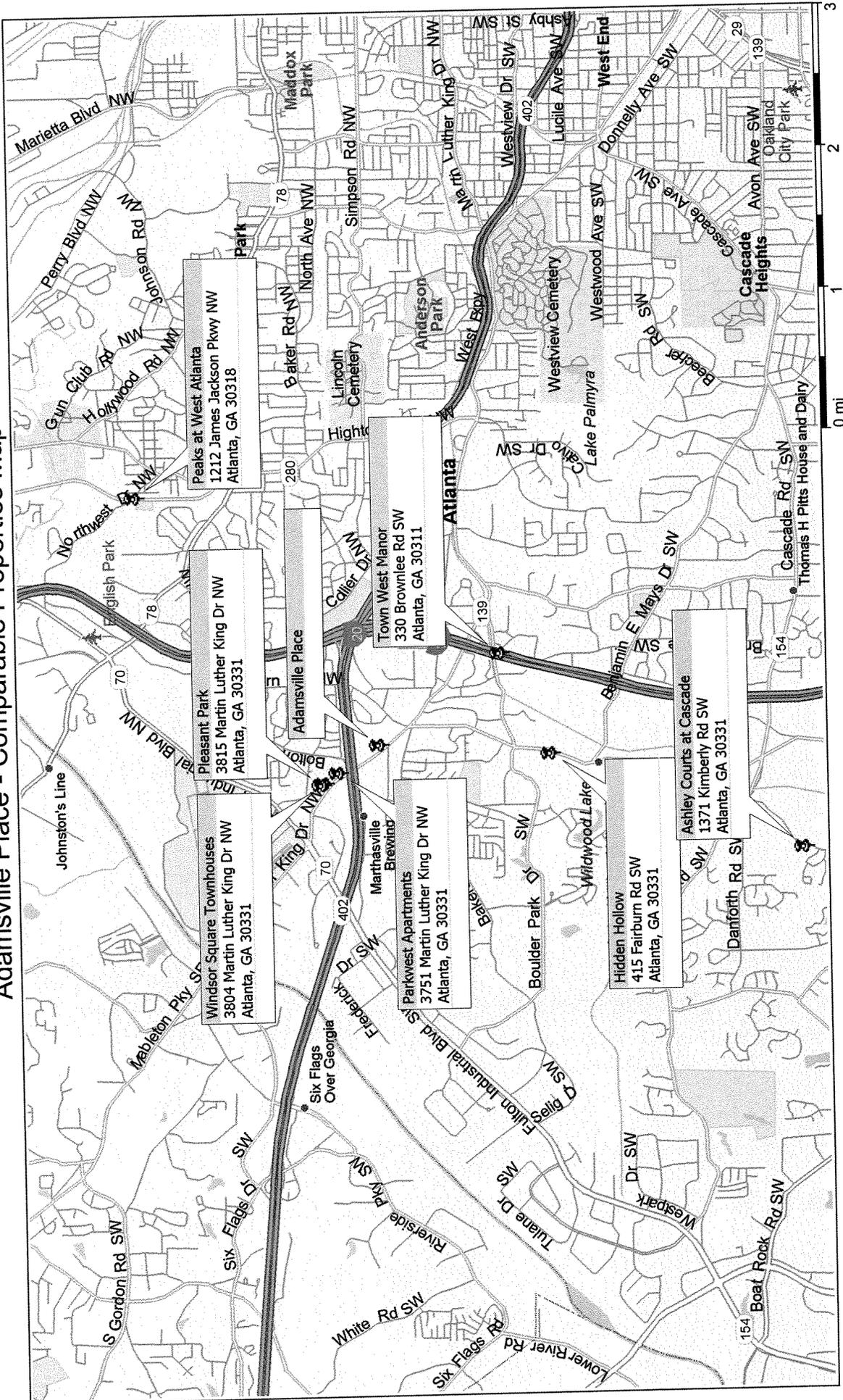




# Adamsville Place - Map of PMA

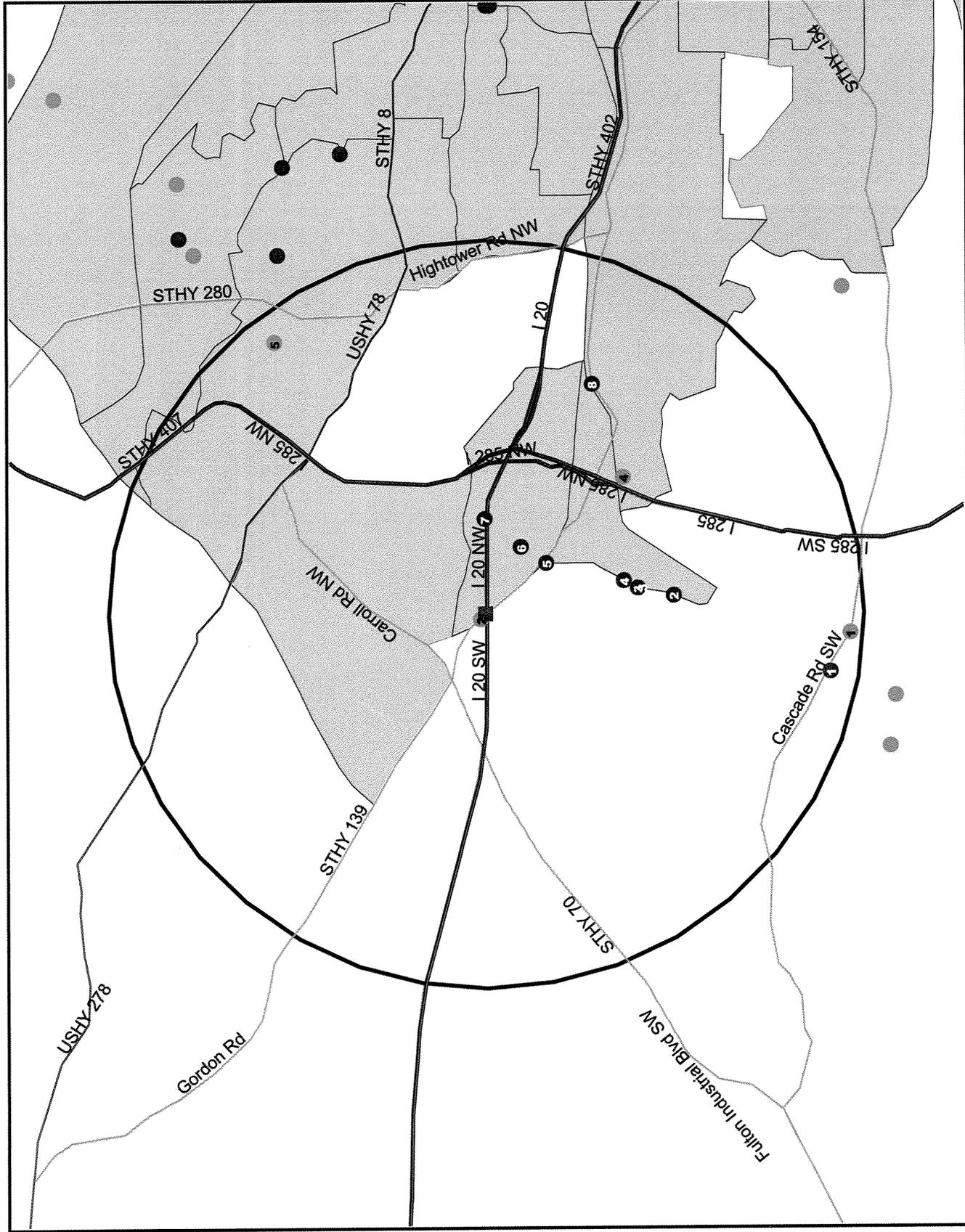


# Adamsville Place - Comparable Properties Map





# ADAMSVILLE PLACE SECTION 8 AND LIHTC HOUSING



**LEGEND**

- Subject
- LIHTC Properties
- Qualified Census Tract
- Buffer - 3 Miles
- Qualified Census Tract

**Roads**

- Highway
- Primary road
- Secondary road

Produced by Novogradac & Company, LLP, July 2003.  
 Data Sources: U.S. Housing and Urban Development (HUD) Low Income Housing Tax Credit Database 1987-2000; HUD Qualified Census Tracts 2003; HUD Assisted Housing: A Picture of Subsidized Households 1998; Microsoft Streets and Trips 2001; Novogradac & Company, LLP July 2003.

**LEGEND**

- Subject
- LIHTC Properties
- Qualified Census Tract
- Buffer - 3 Miles
- Qualified Census Tract

**Roads**

- Highway
- Primary road
- Secondary road

Produced by Novogradac & Company, LLP, July 2003.  
 Data Sources: U.S. Housing and Urban Development (HUD) Low Income Housing Tax Credit Database 1987-2000; HUD Qualified Census Tracts 2003; HUD Assisted Housing: A Picture of Subsidized Households 1998; Microsoft Streets and Trips 2001; Novogradac & Company, LLP July 2003.

## Subject Photos



South Bound View of Subject From Martin Luther King Jr. Drive



South Bound View of Subject From Martin Luther King Jr. Drive

## Subject Photos



West Bound Road Access to Subject Along Martin Luther King Jr. Drive  
(Subject on the Left)



East Bound Road Access to Subject Along Martin Luther King Jr. Drive  
(Subject on the Right)

## Subject Photos



North Bound View From Subject (New Unity Missionary Baptist Church)



South Bound View of Subject From Across Martin Luther King Jr. Drive

## Subject Photos



Street Scenes (Nearest Grocery Located Inside Collier Heights Plaza)



Street Scenes (Fulton County Airport – Brown Field)