

**A RENTAL HOUSING
MARKET STUDY FOR
Augusta, Georgia
*May Park Villas***

June 30, 2004

Prepared for:

**Georgia Department of Community Affairs
The Georgia Housing & Finance Authority
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Atlanta, GA 30329**

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SIGNED STATEMENT REQUIREMENTS

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and subject property 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 DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent upon this project being funded.

CERTIFICATE OF ACCURACY

I hereby attest that this market study has been completed by an independent third party market research firm with no fees received contingent upon the funding of this proposal. Furthermore, information contained within the following report obtained through other sources, including community officials, is considered to be trustworthy. However, Community Research Services does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment. This report was written according to DCA's market study requirements. The information included is accurate and can be relied upon by DCA as a true assessment of the low-income housing rental market.



Steven R. Shaw
Community Research Services, LLC

Date: June 30, 2004

Section 1: INTRODUCTION

The Georgia Department of Community Affairs (DCA) has commissioned Community Research Services, LLC to prepare the following market study to examine and analyze the Augusta area as it pertains to the rehabilitation of an existing affordable rental development for low-income households utilizing the Low Income Housing Tax Credit (LIHTC). The subject proposal, named May Park Villas, is located along the north side of Hale Street, just east of Gordon Highway (U.S. 1), in the extreme eastern portion of the city near the downtown business district. Based on the site plan submitted to the DCA, primary access to the site will remain from Hale Street. The immediate area surrounding the subject property consists of a broad range of usages, with an elementary school adjacent to the south, emergency 911 and EMA facility to the north, several law enforcement facilities, the Georgia-Carolina State Fairgrounds, a church, and single-family homes. The site is approximately $\frac{3}{4}$ mile southwest of the downtown business district, and 2 miles west of Interstate 520.

This study assumes Low Income Housing Tax Credits will be utilized in the development of a portion of the proposed rental facility, along with the associated rent and income restrictions obtained from HUD and the Georgia DCA. As a result, May Park Villas will feature a total of 64 units (all with two-bedrooms), targeted at a variety of income levels: 7 units (11 percent of all units) will be restricted at 30 percent of area median income (AMI); 31 units (48 percent) at 50 percent AMI; 12 units (19 percent) at 60 percent of AMI; and the remaining 13 units (20 percent) will be unrestricted (market rate). Project Based Rental Assistance (PBRA) will not be included within the proposal.

The primary purpose of the following market analysis is to provide evidence of sufficient market depth and demand for the successful development of the subject proposal. This will be demonstrated through an in-depth analysis of local and regional demographic and income trends, economic and employment patterns, existing housing conditions, as well as a supply and demand analysis for family housing within the Augusta rental market area. A phone survey of existing rental projects comparable to the subject within the area was also reviewed and analyzed to further measure the potential market depth for the subject proposal.

Section 2: EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and survey research of existing developments:

- Based on the information collected within this study, sufficient evidence has been introduced for the successful renovation and re-absorption of the subject proposal within the city of Augusta. Relatively stable occupancy levels throughout the overall rental market, a generally high occupancy rate within the subject project despite the poor condition of the buildings (currently at 94 percent among units available for occupancy), and a sufficient statistical demand all support the introduction of additional rental housing alternatives targeted for low-income families.
- Current economic conditions locally are increasingly positive, showing marked improvement in recent years. As such, the number of jobs within Richmond County has increased by 3,800 jobs over the past year (a 4 percent increase), lowering the unemployment rate to 4.3 percent for April 2004 (from 5.2 percent in April 2003).
- The absorption rate is conservatively calculated at approximately six to seven units per month, on average. As such, the overall stabilization period (in the unlikely event that the project was to be totally re-marketed) is estimated at 7 to 11 months to reach 93 percent occupancy. Additionally, the projected stabilized occupancy level is estimated at 95 percent. As such, evidence presented within the market study suggests a normal lease-up period should be anticipated, although absorption of the market rates units will likely be much slower than the LIHTC units.
- The proposed LIHTC rental rates are extremely competitive to overall market averages – with all affordable units priced lower than the market average. Although unit sizes are somewhat smaller than the market, the affordability of the proposal can be demonstrated with a rent per square foot ratio ranging between \$0.29 and \$0.57, which is competitive with the overall market average. Additionally, rents are well- below LIHTC maximum levels (at 30, 50, and 60 percent AMI), and are appropriate for the eastern Augusta rental market.
- The amenity package to be offered within the proposal when renovation efforts are complete is extremely competitive, and in many cases, superior to other developments throughout the market area. Key amenities include central air, dishwasher, garbage disposal, microwave, laundry hook-up, community room, exercise room, and playground – giving the subject a distinct competitive advantage over most local properties.

Executive Summary (con't)

- Although the subject has limited visibility along a well traveled roadway, the property is just off of Gordon Highway (U.S. 1), providing convenient access to retail, medical, recreation, and other necessary services. Additionally, several grocery and convenience stores are located within one mile of the site.
- Demand estimates for the proposed development show solid statistical support for the introduction and absorption of the subject proposal. Approximately 33 percent of all renter households are income-qualified for the project, resulting in an overall capture rate of 9 percent. Similarly, capture rates range between 4 percent and 13 percent for each individual unit size and income type, all within the standard 30 percent threshold.
- Occupancy rates for rental housing appear relatively stable throughout the eastern Augusta market area. An adjusted occupancy rate of 94 percent was calculated from a June 2004 CRS survey of 18 rental developments identified and contacted within or near the PMA.
- Considering the subject proposal's location, amenities to be offered, and competitive LIHTC rental rates, the renovation of May Park Villas should prove successful.

Rental Rates: (Proposed contract rents net of utility allowance)

	<i>30%</i>	<i>50%</i>	<i>60%</i>	<i>Market</i>
	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>Rate</u>
Two-bedroom/1-bath units.....	\$230.....	\$410.....	\$455.....	\$525

Unit Amenities*:

- Full kitchen, with refrigerator, stove, garbage disposal, dishwasher, and microwave;
- HVAC system;
- Washer and dryer hook-up.

Development Amenities*:

- Covered pavilion w/ picnic and barbeque facilities;
- On-site laundry facility;
- Equipped exercise/fitness center;
- Equipped computer center.

Additional Assumptions*:

- Water, sewer, and trash removal will be included in the rent. Electricity (including electric heat), cable television, and telephone charges will be paid by the tenant;
- Market re-entry is scheduled for February, 2006;
- A professional management company with experience in similar rental housing will be contracted to operate the facility, with pre-leasing activities beginning as soon as possible.

*Based on project information provided by DCA.

PROPOSED UNIT CONFIGURATION STRUCTURE:

PROJECT NAME:May Park Villas

LOCATION:405 Hale Street, Augusta, Georgia

TOTAL UNITS:64 (including manager's unit)

OCCUPANCY:FAMILY (open)

CONSTRUCTION:.....ACQUISITION/REHAB

TARGETED INCOMES:\$10,560 to \$27,865 (based on 30 to 60 percent AMI*)
\$27,865 to \$35,000 (based on market rents)

# Units	Unit Mix	# Baths	Square Feet	Contract Rent	Gross Rent	Max LIHTC Rent*	Utility Allow.
2 Bedroom Apartment Units							
7	30% of AMI (w/o PBRA)	1	800	\$230	\$308	\$348	\$78
31	50% of AMI (w/o PBRA)	1	800	\$410	\$488	\$580	\$78
12	60% of AMI (w/o PBRA)	1	800	\$455	\$533	\$696	\$78
13	Market Rate	1	800	\$525	---	---	---
1	Manager's Unit	1	800	\$0	---	---	---

*Based on 2004 Income Limits and Maximum Housing Expenses obtained from HUDUSER and Georgia DCA website.

Section 4: MARKET PROFILE

Site Evaluation/Characteristics

The proposed rehabilitation of May Park Villas is located along the north side of Hales Street, just east of Gordon Highway (U.S. 1) in the extreme eastern portion of the city of Augusta. The subject property is situated at 405 Hales Street, and is ¼ mile north of Laney Walker Boulevard, less than ¾ mile south of Broad Street, and approximately ¾ mile southeast of the downtown business district. Hale Street represents a lightly-traveled two-lane street just two blocks in length connecting Gordon Highway to Third Street. Further, Gordon Highway provides a direct route to much of the area's retail and other necessary services. The actual site is in quite poor condition, with multiple buildings condemned by the city and currently unoccupied. According to the leasing agent, 35 of the 80 units are available with just two vacancies reported.

The immediate area contains a wide variety of usages. Adjacent to the north of the site is the Richmond County Emergency 911 and EMA Facility and other law enforcement buildings, while an elementary school can be found directly south. Additionally, vacant property and Gordon Highway are immediately west of the site, and the Augusta Judicial Circuit facility is adjacent to the east. The site is a two-acre parcel located within Census Tract 6 of Richmond County with current zoning acceptable for multi-family housing activity. Because of the mostly built-up nature of the immediate area, surrounding land usage will not likely change in the near future that will impede or negatively affect the viability of the subject proposal. Adjacent land usage is as follows:

- North:** Richmond County Emergency 911 and EMA Facility
- South:** Hale Street/Craig-Houghton Elementary School
- East:** Vacant grassy property/Gordon Highway
- West:** Augusta Judicial Circuit facility

Overall, the immediate neighborhood is relatively diverse, consisting of numerous government buildings, an elementary school, a church, warehouses, and limited single-family homes. Additionally, the Georgia-Carolina State Fairgrounds, the State Farmers Market, Richmond County Law Enforcement Center, and May Park (including a community center, swimming pool, ball fields, tennis courts, basketball courts, and other facilities can be found nearby.

While no substantial retail concentrations are found within walking distance of the site, two grocery stores are situated less than one mile away. Furthermore, due to the proximity of Gordon Highway, the site has relatively convenient access to most necessary services, with many of the larger retail concentrations located just over the Savannah River in North Augusta (within 2½ miles of the site).

Medical services are also located relatively near the site, with University Hospital, VA Medical Center, and the Medical Center of Georgia all located within two miles. In addition, various medical and doctor offices can be found near the hospitals as well as scattered throughout the community.

Based on a site visit conducted June 27th, overall site characteristics can be viewed as mostly positive. Outside of the current condition of the facility, no significant nuances were observed that could adversely impact the long-term marketability and/or absorption of the subject proposal. The subject property has adequate visibility from a well-traveled roadway (Gordon Highway), is within walking distance to a large park (with community center, pool, and numerous other facilities), and has convenient accessibility to downtown Augusta as well as retail, churches, medical facilities, employment locations, and other necessary services.

The following identifies pertinent locations and features within the area, and can be found on the following map by the letter next to the corresponding description (all distances are by paved roadway):

Retail

1. Laney's IGA Grocery<1 mile west
2. Paul's IGA Grocery<1 mile northeast
3. Lee's Super Market.....¾ mile east
4. Eckerd Drugs/CVS Pharmacy.....2½ miles west
5. Family Dollar2¾ miles west
6. ET Food Store convenience1 mile northeast
7. Thriftee Super Market.....1½ miles east
8. North Augusta Flea Mall1¾ miles north
9. Family Dollar2¼ miles north
10. Crossroads Market shopping center.....2½ miles north

(w/ Kroger grocery, Great Clips, A&B Beauty Supply, North Augusta Chiropractic, Tires Plus)

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- 11. Martintown Plaza2½ miles north
(w/ Office Depot, Dollar General, Belk, Goodwill Emporium, Curves, Rose Nails, Jackson Hewitt, Family Resources Christian Book Store, Best Beds)
- 12. North Augusta Plaza2½ miles north
(w/ Publix grocery, Big Kmart, Payless Shoe Source, SMS Sports World, S&S Cafeteria, Merle Norman Cosmetics, Aaron's, CardSmart, Hamrick's, Hair Cuttery, One Price Clothing, General Nutrition Center, Subway, WingStop)
- 13. Wal-Mart Super Center3 miles north
- 14. Shoppes at North Augusta3¼ miles north
(w/ Radio Shack, Blockbuster Video, New China Buffett, Cato Fashions, Dollar Tree, The Shoe Dept., Cost Cutters, Friedman Jewelers, Firehouse Subs, Sally Beauty Supply)
- 15. Southgate shopping center4 miles southwest
(w/ Bi-Lo grocery, Smartway Furniture, Rent-A-Center, Citi-Trends, Simply Fashion, The Athlete's Foot, School Days, It's Fashion, Dollar Palace, Dress U4 Less, Plej's)
- 16. Big Kmart Plaza4 miles southwest
(w/ Big Kmart, CVS/Pharmacy, Shoe Show, Radio Shack, Pyramid Music and Video, It's Amazing, Rent-A-Center)
- 17. Daniel Village shopping center4½ miles west
(w/ Bi-Lo grocery, Pet Safari, Eckerd Drugs, Party Dollar, China King, Regent Dental Care, WingStop, Medi-Home Care, Yo Pizza)

Medical

- 18. University Hospital1½ miles west
- 19. VA Medical Center1¾ miles west
- 20. Medical Center of Georgia.....1¾ miles west
- 21. St. Joseph Hospital.....3¾ miles west

Education

- 22. Craig-Houghton Elementary School.....Adjacent to south
- 23. Hornsby Elementary School1¼ miles east
- 24. East Augusta Middle School.....1¾ miles east
- 25. Craft Laney High School1½ miles west
- 26. Augusta State University3¾ miles west
- 27. Paine College2 miles west

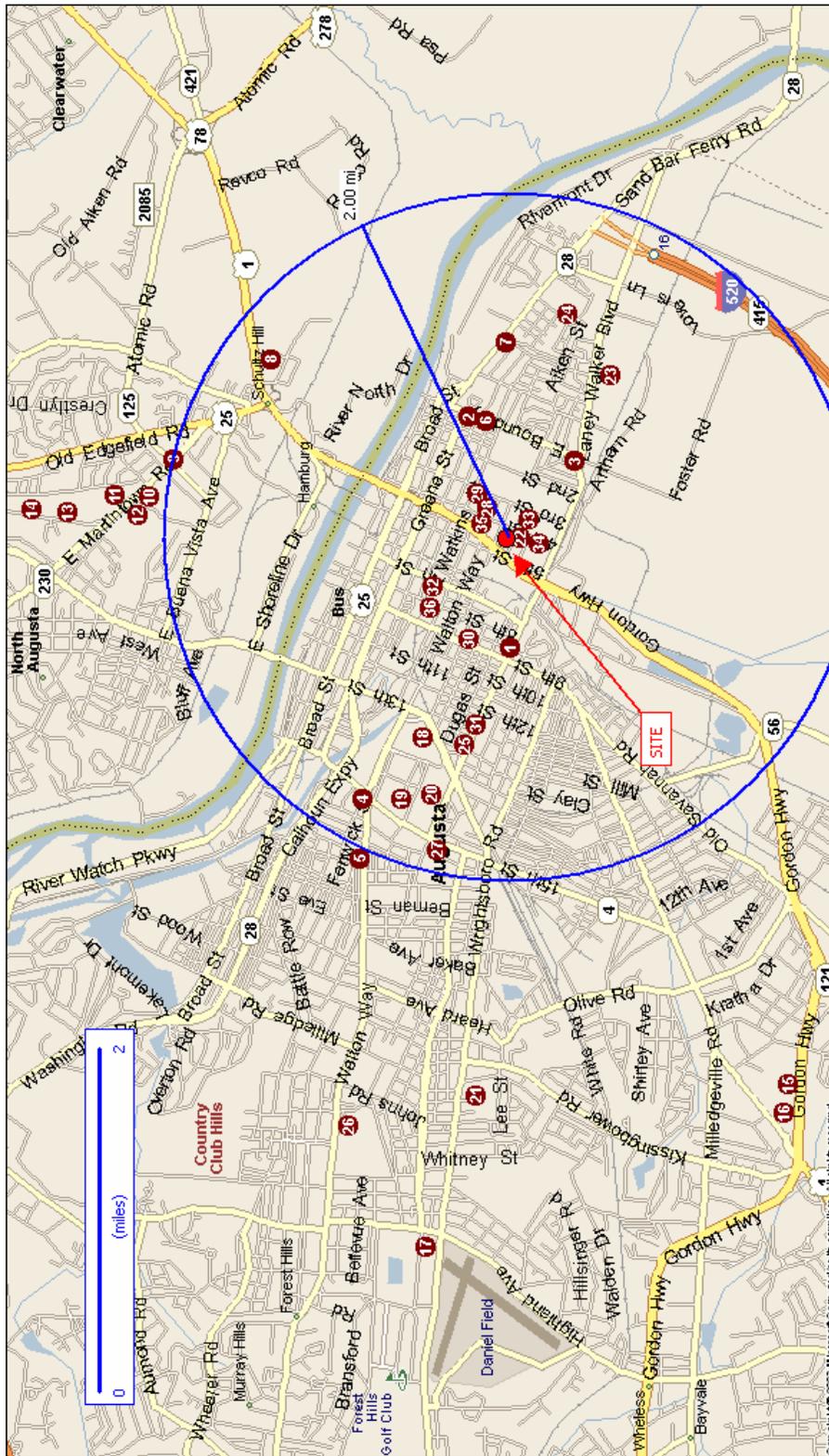
Recreation

- 28. May Park (w/ community center and pool)2 blocks north
- 29. Augusta Youth Center.....¼ mile north
- 30. Dyess Park1¼ mile west
- 31. Augusta Library – Wallace Branch.....<1½ miles west
- 32. Augusta-Richmond County Civic Center¾ miles west
- 33. Augusta-Richmond County Fairgroundsone block east

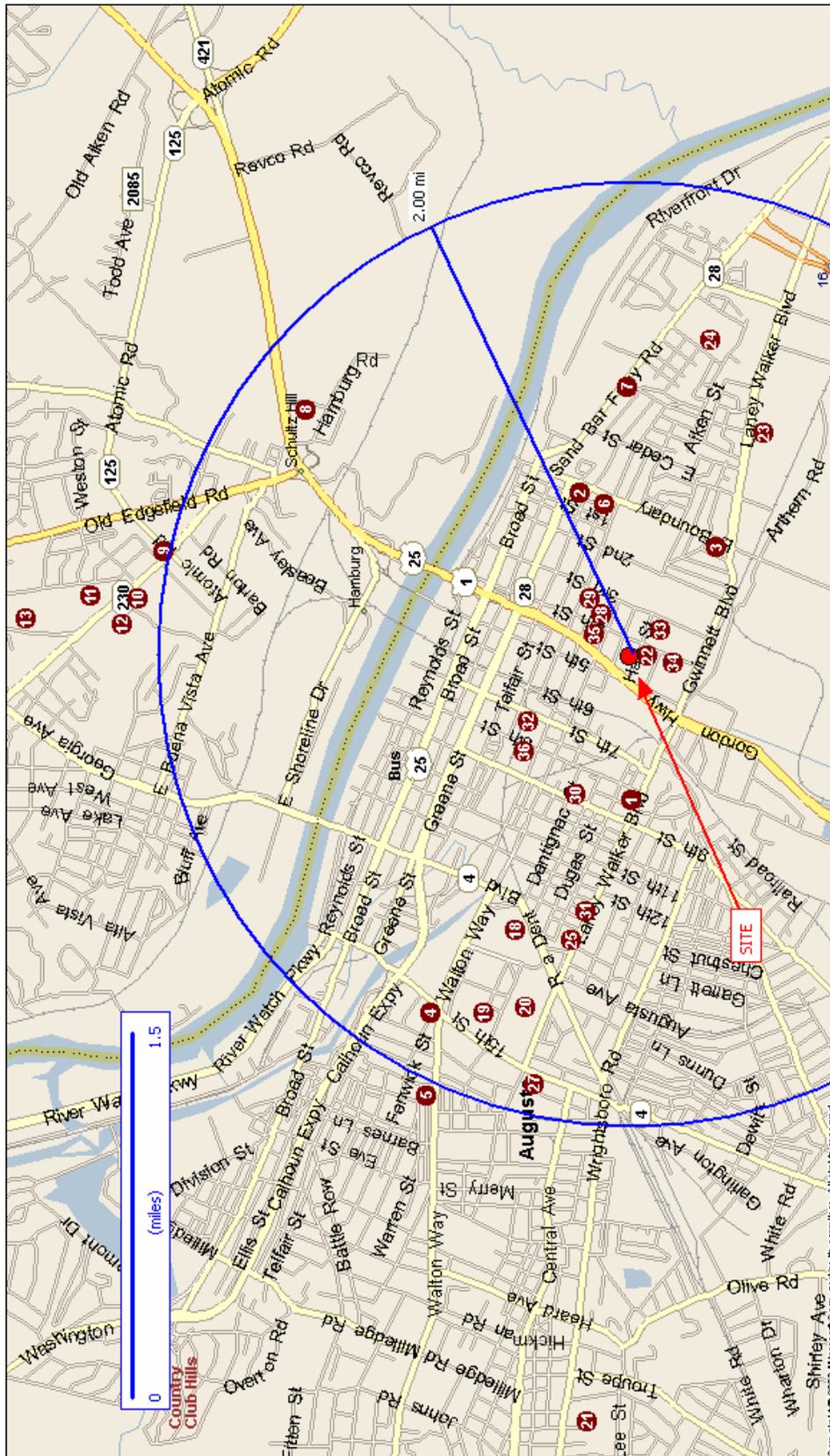
Other

- 34. State Farmers Market.....one block south
- 35. Richmond County Law Enforcement Center.....two blocks north
- 36. Post Office¾ mile northwest

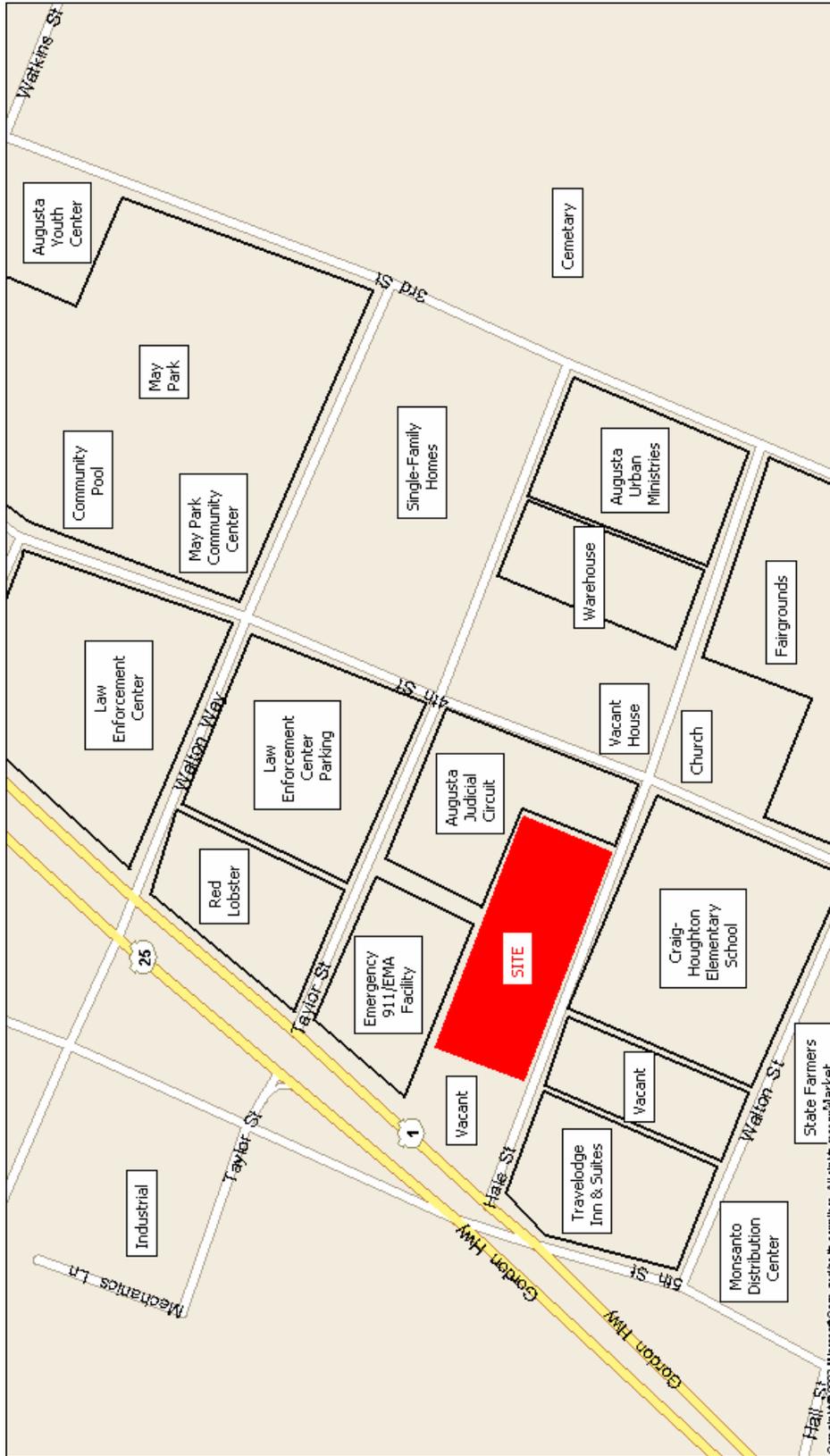
Map: Local Features/Amenities 1



Map: Local Features/Amenities 2



Map: Immediate Neighborhood



Site/Neighborhood Photos





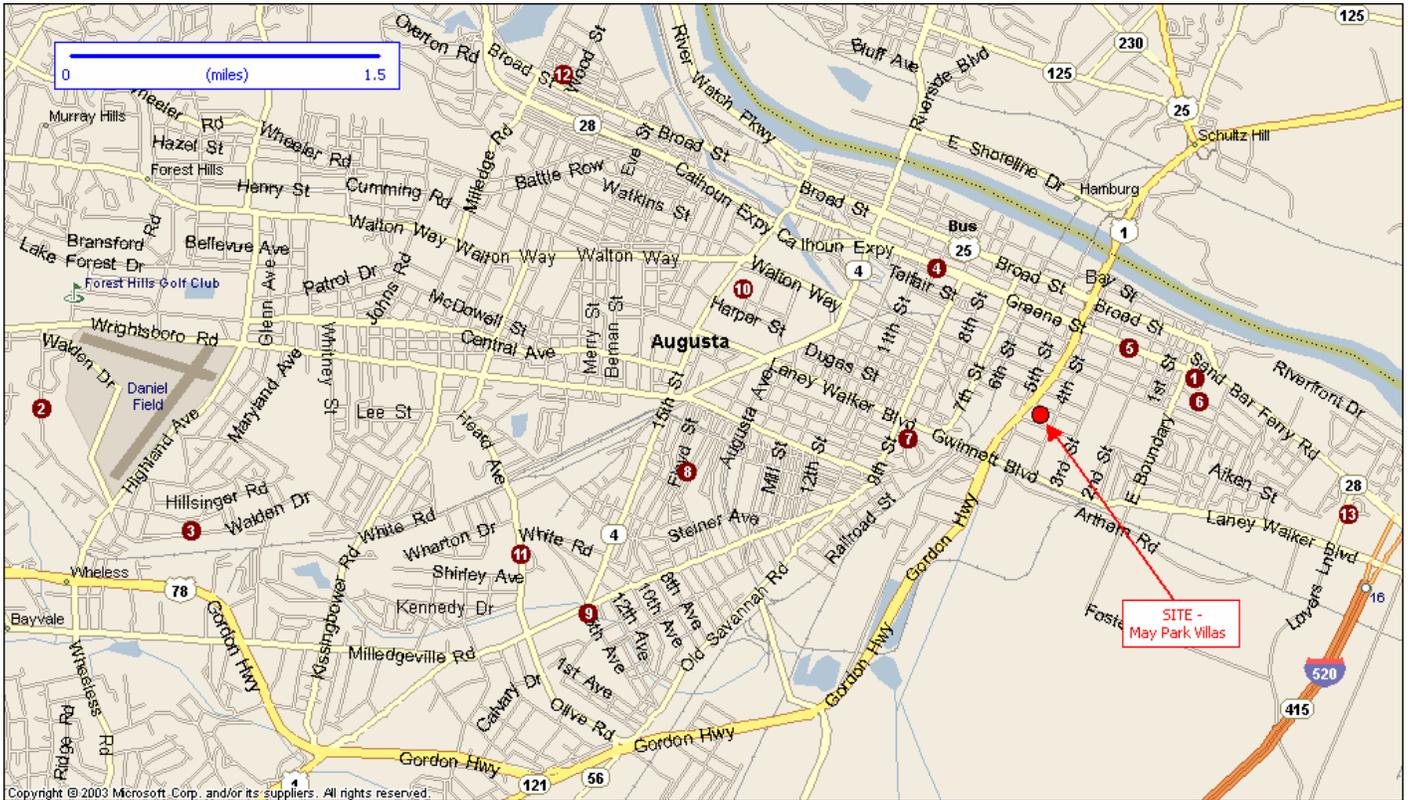
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**Map: Existing Low-Income Housing Properties
May Park Villas PMA - Augusta, Georgia**



- | | | |
|---------------------------------|--------------------------------|--------------------------|
| 1. East Augusta Commons – LIHTC | 2. Forest Brook Manor – Sec. 8 | 3. Magnolia Park – LIHTC |
| 4. Maxwell House – Sec. 8 | 5. Olde Town – LIHTC | 6. River Glen – Sec. 8 |
| 7. Allen Homes/M.M. Scott– PHA | 8. Cherry Tree Crossing – PHA | 9. Dogwood Terrace – PHA |
| 10. Gilbert Manor – PHA | 11. Jennings Homes – PHA | 12. Olmsted Homes – PHA |
| 13. Sandbar Manor Homes – LIHTC | | |

Primary and Secondary Market Area Delineation

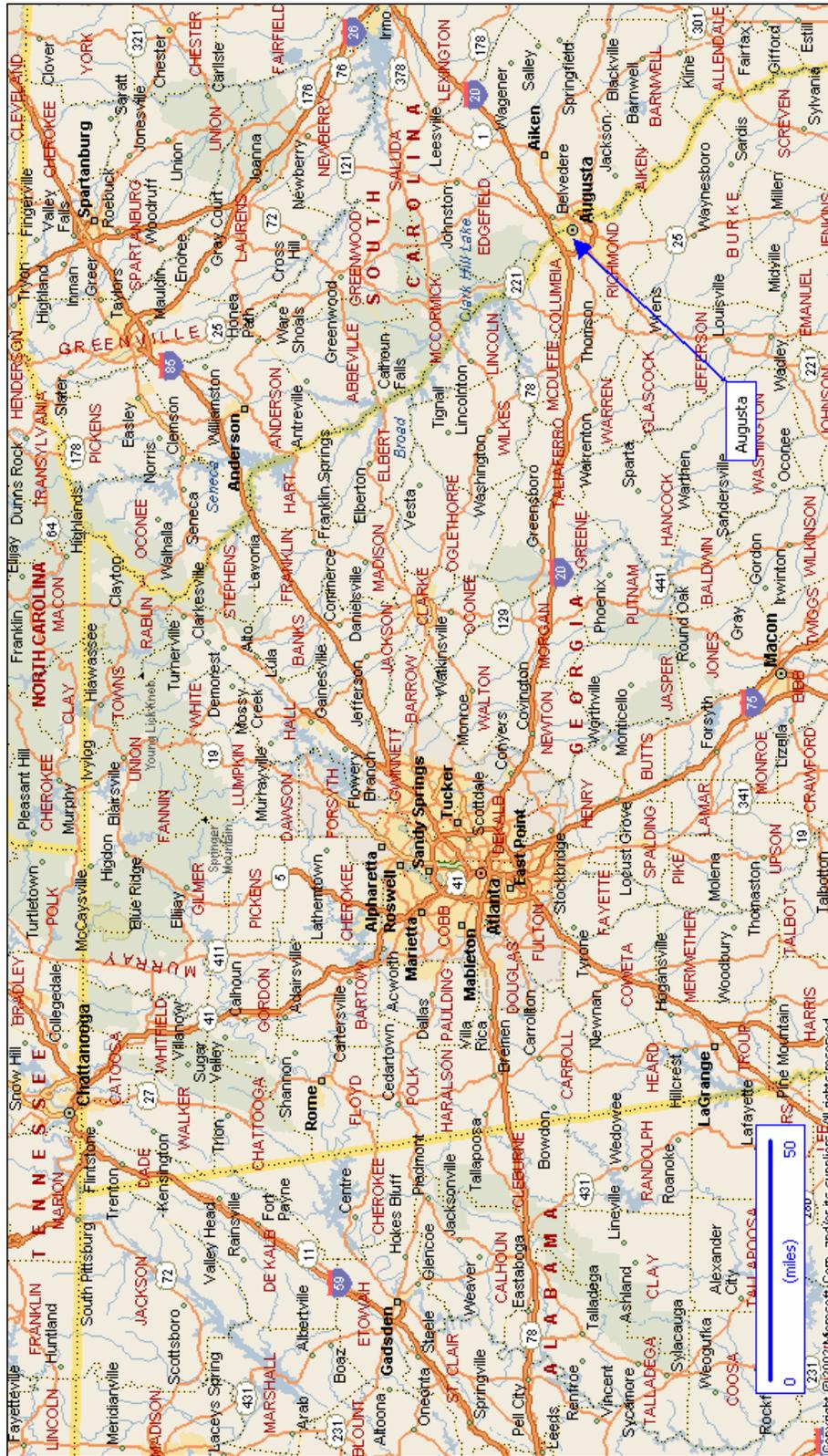
May Park Villas Primary Market Area (PMA), as defined for the use throughout this study, consists of the eastern portion of the city of Augusta/Richmond County. More specifically, the PMA consists of 17 Census Tracts (utilizing 2000 Census boundary delineations), and reaches approximately 4 miles to the west, 3 miles to the east, one mile north (due to the Savannah River), and roughly 6 miles to the south. A visual representation of the PMA, and census tracts within the PMA, can be found in the maps on the following pages. The site of the proposal is located in the eastern portion of the city of Augusta, which is located in the on the Georgia-South Carolina border along the Savannah River, approximately 1¾ mile west of Interstate 520 and 6½ miles south of I-20.

Overall, the aforementioned market area can be characterized as a relatively conservative but realistic area from which the majority of potential residents for the subject development currently reside. The following demographic data, income information, and demand analysis are based on this PMA, as defined above and outlined in the following maps. In addition, Richmond County has also been used throughout the analysis for regional comparisons.

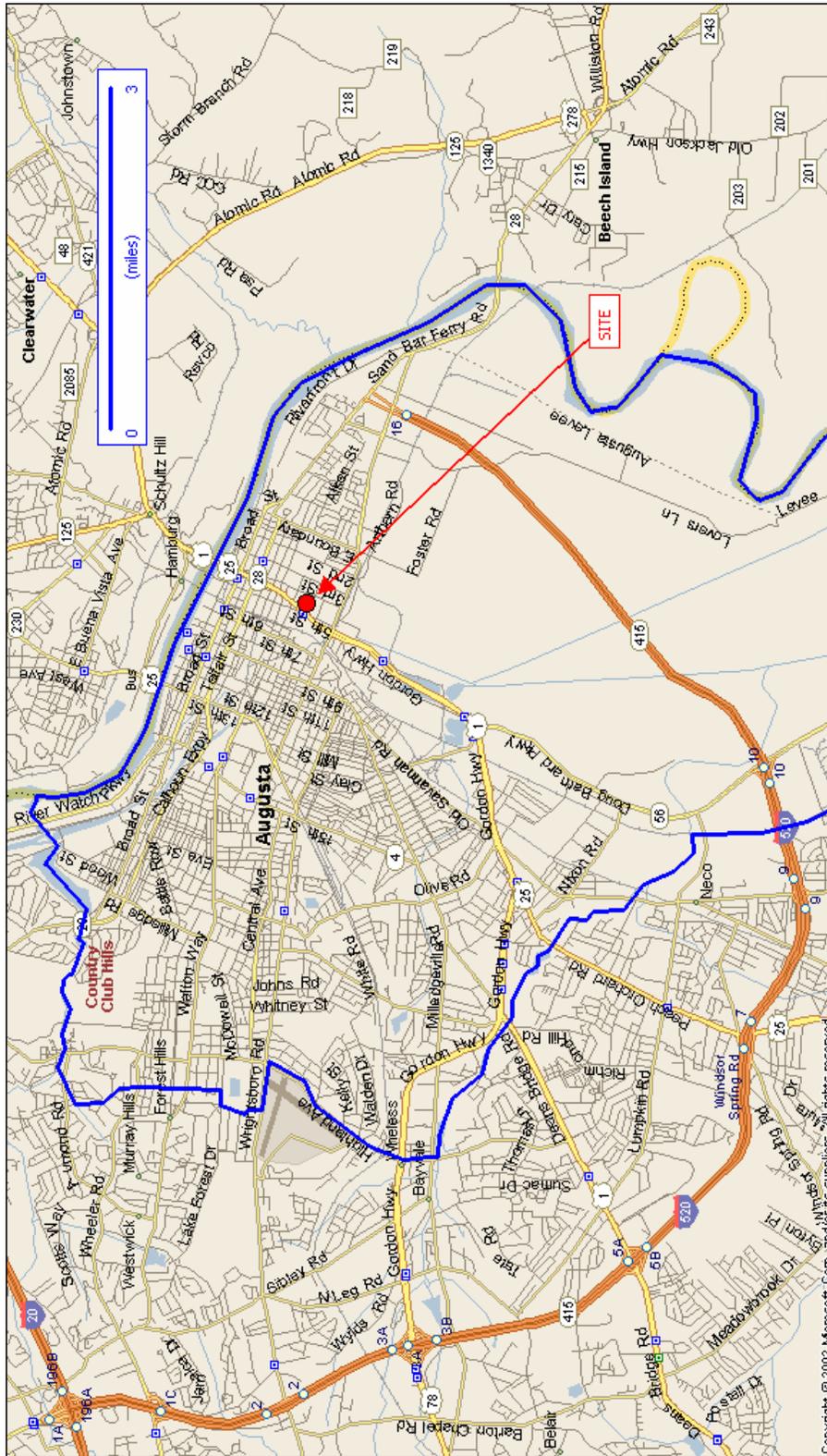
Additional areas relatively close to the site of the subject development, but not included within the PMA, comprise the Secondary Market Area (SMA). While not included within the actual analysis throughout this report, it is important to remember that these areas could also yield potential residents for the proposed rental community. These nearby secondary sources include persons currently residing in the balance of Augusta/Richmond County, as well as North Augusta, South Carolina and other neighboring communities within the region. However, please keep in mind that secondary market considerations will not be included in any demand calculations.

When defining the primary and secondary market areas, the local roadway infrastructure, commuting patterns, and other existing socio-economic conditions were utilized. With this in mind, several key transportation routes located near the subject property make the location convenient for many households from both inside and outside of the immediate area. Gordon Highway (U.S. 1) is just west of the site, Broad Street is less than ¾ mile to the north, and I-520 is roughly 1¾ mile east – each providing access to most areas of the Augusta region.

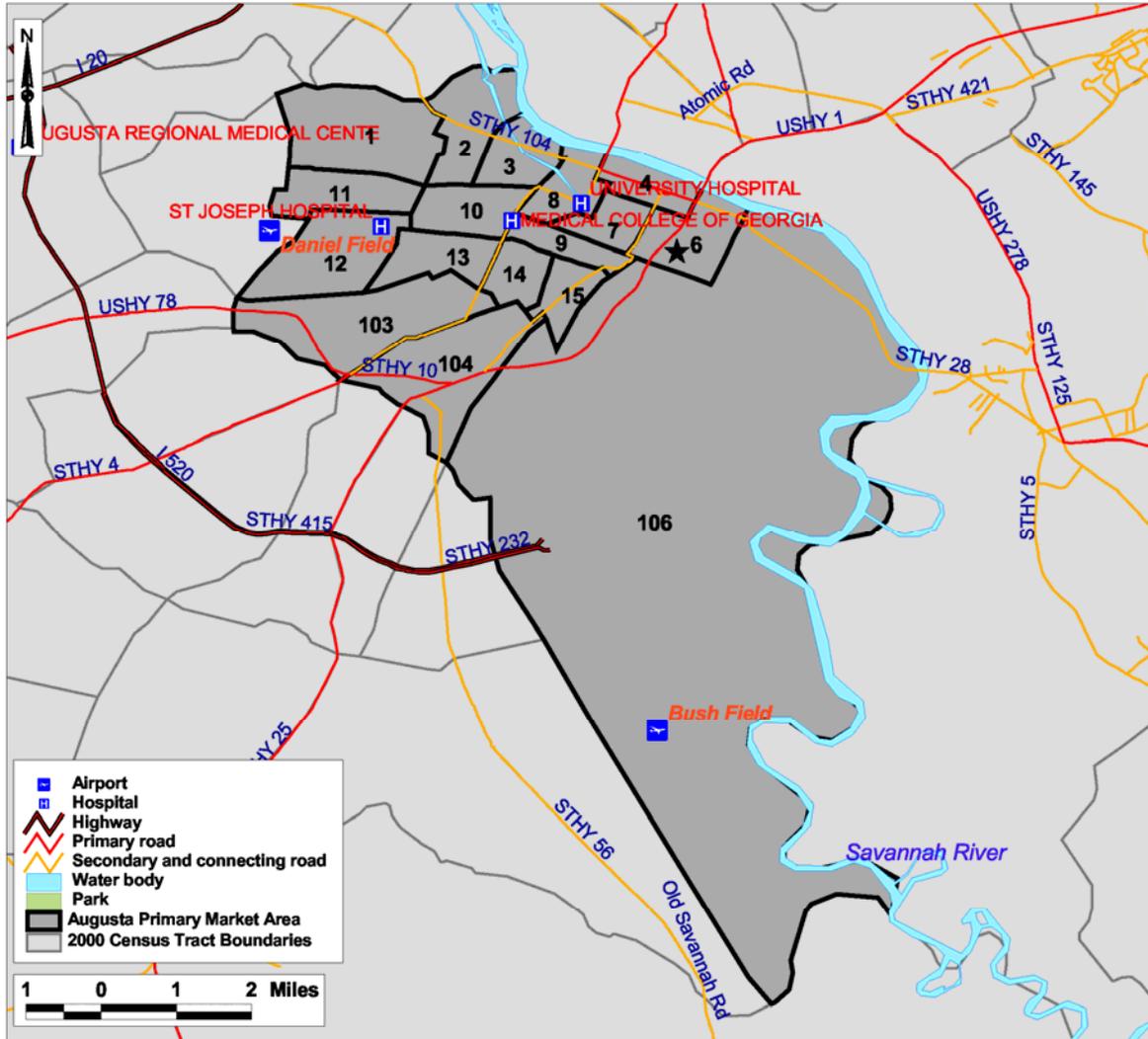
Map: Northern Georgia



Map: Primary Market Area
May Park Villas PMA – Augusta, GA



Map: Census Tracts
May Park Villas PMA



Section 5: COMMUNITY DEMOGRAPHIC DATA

Population Trends

Demographic patterns for Richmond County as a whole were quite positive over the past decade, although the PMA experienced declines during this time. According to 2000 Census data, the PMA had a population of 49,368 persons, representing a decrease of 8 percent from 1990's population count of 53,792 persons (a loss of more than 4,400 persons between 1990 and 2000). In comparison, the county increased by 5 percent during this same time span. Please note that trends for the city of Augusta are not available due to changes in Census designations between 1990 and 2000.

Future population projections provided by Claritas (a third-party demographic forecasting service) illustrate continued declines for the May Park Villas PMA through 2009, while the county as a whole is expected to continue to grow – albeit at a rate somewhat slower than those experienced during the 1990s. As such, a population of 47,226 persons is forecast for the PMA in 2009, representing an additional decrease of 4 percent from 2000 (nearly 2,150 fewer persons). Additionally, the population for the county is expected to rise slightly with a projected increase of 2 percent between 2000 and 2009.

Table 5.1: Population Trends (1990 to 2009)

	Augusta PMA	Richmond County
1990 Population	53,792	189,719
2000 Population	49,368	199,775
Percent Change (1990-2000)	-8.2%	5.3%
2004 Population Estimate	48,416	201,514
Percent Change (2000-2004)	-1.9%	0.9%
2006 Population Forecast	47,940	203,384
Percent Change (2000-2006)	-2.9%	1.3%
2009 Population Forecast	47,226	203,689
Percent Change (2000-2009)	-4.3%	2.0%
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Table 5.2: Age Distribution (1990 to 2009)

	Augusta PMA	Richmond County
Age Less than 20 - 1990	15,216	59,134
Percent of total 1990 population	28.3%	31.2%
Age Between 20 and 44 - 1990	19,342	78,787
Percent of total 1990 population	36.0%	41.5%
Age Between 45 and 64 - 1990	9,684	32,698
Percent of total 1990 population	18.0%	17.2%
Age 65 and Over - 1990	9,550	19,100
Percent of total 1990 population	17.8%	10.1%
Age Less than 20 - 2000	13,783	60,976
Percent of total 2000 population	27.9%	30.5%
Percent change (1990 to 2000)	-9.4%	3.1%
Age Between 20 and 44 - 2000	17,188	76,199
Percent of total 2000 population	34.8%	38.1%
Percent change (1990 to 2000)	-11.1%	-3.3%
Age Between 45 and 64 - 2000	10,287	40,955
Percent of total 2000 population	20.8%	20.5%
Percent change (1990 to 2000)	6.2%	25.3%
Age 65 and Over - 2000	8,110	21,645
Percent of total 2000 population	16.4%	10.8%
Percent change (1990 to 2000)	-15.1%	13.3%
Age Less than 20 - 2009	13,249	59,045
Percent of total 2009 population	28.1%	29.0%
Percent change (2000 to 2009)	-3.9%	-3.2%
Age Between 20 and 44 - 2009	14,535	71,082
Percent of total 2009 population	30.8%	34.9%
Percent change (2000 to 2009)	-15.4%	-6.7%
Age Between 45 and 64 - 2009	11,803	52,161
Percent of total 2009 population	25.0%	25.6%
Percent change (2000 to 2009)	14.7%	27.4%
Age 65 and Over - 2009	7,639	21,401
Percent of total 2009 population	16.2%	10.5%
Percent change (2000 to 2009)	-5.8%	-1.1%
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Average household sizes throughout Richmond County reveal increasingly smaller family sizes – a trend somewhat consistent with patterns seen throughout much of the United States. For the PMA, the average household size was 2.29 persons in 2000, representing a decrease of 3 percent from the 1990 ratio of 2.36 persons per household. Based on estimates obtained from Claritas, the average household size for the PMA is estimated at 2.26 persons per household in 2009, representing an additional change of 2 percent from 2000.

Overall, both geographic levels analyzed contain relatively small household sizes, although the PMA contained slightly smaller households on average in comparison to the county in 2000. According to the latest Census, the county had an average household size of 2.55 persons, as compared to the PMA average of 2.29 persons per household.

Table 5.3: Average Household Size (1990 to 2009)

	Augusta <u>PMA</u>	Richmond <u>County</u>
1990 Average Household Size	2.36	2.61
2000 Average Household Size	2.29	2.55
Percent Change (1990-2000)	-2.6%	-2.3%
2004 Average Household Size Estimate	2.28	2.54
Percent Change (2000-2004)	-0.6%	-0.7%
2006 Average Household Size Forecast	2.27	2.53
Percent Change (2000-2006)	-1.0%	-1.0%
2009 Average Household Size Forecast	2.26	2.52
Percent Change (2000-2009)	-1.5%	-1.5%
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Household Trends

Consistent with population trends, Richmond County as a whole experienced steady household growth since 1990, while the PMA exhibited relatively sharp decreases. Claritas forecasts indicate continued growth between 2000 and 2009 for the county, while decreases are anticipated for the market area. According to 2000 Census data, the number of households decreased by 7 percent between 1990 and 2000 within the PMA, falling to an occupied household figure of 20,387 (a decline of more than 1,500 households). Furthermore, household projections indicate that the PMA is expected to decrease by an estimated 3 percent through 2009 – representing nearly 650 less households.

For Richmond County, the number of households increased by 8 percent between 1990 and 2000. Furthermore, Claritas estimates indicate a continued gain of 4 percent is anticipated for the county through 2009.

Table 5.4: Household Trends (1990 to 2009)

	Augusta PMA	Richmond County
1990 Households	21,893	68,675
2000 Households	20,387	73,920
Percent Change (1990-2000)	-6.9%	7.6%
2004 Household Estimate	20,101	75,114
Percent Change (2000-2004)	-1.4%	1.6%
2006 Household Forecast	19,958	75,711
Percent Change (2000-2006)	-2.1%	2.4%
2009 Household Forecast	19,743	76,607
Percent Change (2000-2009)	-3.2%	3.6%
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Growth rates for renter occupied households within Augusta were similar to patterns experienced by overall households during the 1990s. In 2000, 11,505 renter-occupied households were reported within the PMA, representing a decrease of nearly 400 renter households from 1990 figures (a loss of 3 percent). In comparison, the number of renter households within the county increased by 4 percent during the same time frame.

Overall, renter household propensities are quite high throughout the area, especially within the PMA itself, as the number of rental homes and apartment developments are much more prevalent near downtown Augusta. For the PMA, the renter household percentage was calculated at 56 percent in 2000, representing a slight increase from 54 percent a decade earlier – despite a reduction in the number of rental households. In comparison, Richmond County had a renter household percentage of 42 percent in 2000 (down from 44 percent in 1990).

Table 5.5: Renter Household Trends (1990 to 2000)

	Augusta <u>PMA</u>	Richmond <u>County</u>
1990 Renter-Occupied Households	11,903	29,913
Percent of total 1990 households	54.4%	43.6%
2000 Renter-Occupied Households	11,505	31,080
Percent of total 2000 households	56.4%	42.0%
Percent change (1990 to 2000)	-3.3%	3.9%
SOURCE: 1990 and 2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; CRG		

Housing Stock Composition

The housing stock was similar within both the PMA and Richmond County as a whole in 2000, with the majority of residents housed in single-family structures. According to U.S. Census data, approximately 65 percent of all households within the PMA were single-family dwellings, while 34 percent were in multi-family structures (apartments or condominiums). In addition, mobile homes, trailers, and other arrangements represented just 2 percent of the households within the market area. Overall, single-family units comprised nearly 67 percent of the county’s housing stock in 2000, while 25 percent of all units were in multi-family structures and 9 percent within mobile homes.

Table 5.6: Housing Stock Composition (2000)

	Augusta <u>PMA</u>	Richmond <u>County</u>
Single-Family	13,141	49,378
Percent of total units	64.5%	66.8%
Multi-Family	6,870	18,237
Percent of total units	33.7%	24.7%
2 to 4 units	2,939	7,017
Percent of total units	14.4%	9.5%
5 or more units	3,931	11,220
Percent of total units	19.3%	15.2%
Mobile Homes - Total	376	6,305
Percent of total units	1.8%	8.5%
Other	0	0
Percent of total units	0.0%	0.0%
SOURCE: 2000 Census of Population and Housing, SF3, U.S. Census Bureau		

Median Gross Rent and Unit Size

The median gross rent within the May Park Villas PMA has historically been well below that recorded for Richmond County as a whole. As such, the median gross rent was recorded at \$366 for the PMA in 2000 - approximately 28 percent lower than that reported for the county (at \$505). Overall, these figures represent steady gains within each area from a decade earlier, increasing between 2 and 3 percent annually.

Table 5.7: Median Gross Rent (1990 to 2000)

	Augusta PMA	Richmond County
1990 Median Gross Rent	\$283	\$390
2000 Median Gross Rent	\$366	\$505
Total percent change (1990 to 2000)	29.5%	29.5%
Annual percent change (1990 to 2000)	2.6%	2.6%

SOURCE: 1990 and 2000 Census of Population and Housing, STF3/SF3, U.S. Census Bureau

As with the case of overall household sizes, the PMA has somewhat smaller average renter household sizes when compared to the county as a whole. Data collected from the U.S. Census Bureau on the rental unit size distribution reveal a relatively diverse rental stock exists throughout both the PMA and county. As such, one-person households accounted for 42 percent of all rental units within the PMA in 2000, while two-persons represented 25 percent. Three- and four-person households also represented 25 percent of all rental units, and those renter households with five or more persons accounted for 10 percent of the PMA's rental housing stock. The average persons per rental unit ratio was calculated at 2.28 persons for the PMA for 2000, somewhat smaller than that recorded a decade earlier (2.32 persons per unit).

Table 5.8: Rental Unit Size Distribution (2000)

	Augusta PMA	Richmond County
One Person	4,777	10,554
Percent of total renter households	41.5%	34.0%
Two Persons	2,814	8,058
Percent of total renter households	24.5%	25.9%
Three or Four Persons	2,825	9,233
Percent of total renter households	24.6%	29.7%
Five or More Person	1,089	3,235
Percent of total renter households	9.5%	10.4%
Median Persons Per Rental Unit - 1990	2.32	2.45
Median Persons Per Rental Unit - 2000	2.28	2.46
SOURCE: 1990 and 2000 Census of Population and Housing, STF1/SF1, U.S. Census Bureau		

Economic Characteristics

Throughout Richmond County, it is evident that the service industry is the predominant source of employment for the area. According to information published by the U.S. Census Bureau, the majority of the area’s employment is based mainly in the services sector, representing 55 percent of all employment within the PMA, and 49 percent for the county. Retail trade was the second most prevalent source of employment, representing 14 percent of all employed persons in the market area (and 13 percent of county residents), followed by manufacturing at 11 percent.

Table 5.9: Employment by Industry (2000)

	Augusta <u>PMA</u>	Richmond <u>County</u>
Agriculture and Mining	64	301
Percent	0.4%	0.4%
Construction	954	4,764
Percent	5.7%	6.2%
Manufacturing	1,803	9,742
Percent	10.8%	12.6%
Transportation and Public Utilities	679	4,301
Percent	4.1%	5.6%
Wholesale Trade	383	2,145
Percent	2.3%	2.8%
Retail Trade	2,258	9,968
Percent	13.5%	12.9%
Finance, Insurance, & Real Estate	696	3,318
Percent	4.2%	4.3%
Services	9,112	37,888
Percent	54.5%	49.2%
Public Administration	772	4,608
Percent	4.6%	6.0%
SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau		

Data regarding employment by occupation also demonstrates a relatively high representation of service-oriented employment throughout the market area. Based on U.S. Census information, service and sales employment represented 47 percent of the jobs within the PMA in 2000, followed by managerial and professional positions at 27 percent. Furthermore, traditional “blue collar” occupations accounted for approximately 25 percent of the workforce.

Table 5.10: Employment by Occupation (2000)

	Augusta <u>PMA</u>	Richmond <u>County</u>
Managerial and Professional Percent	4,616 27.0%	24,105 30.5%
Service and Sales Percent	8,097 47.4%	34,419 43.6%
Farming and Forestry Percent	52 0.3%	129 0.2%
Construction, Extraction and Maintenance Percent	1,490 8.7%	7,654 9.7%
Production, Transportation and Material Moving Percent	2,828 16.6%	12,599 16.0%
SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau		

Table 5.11: Employment by Place of Work (2000)

	Augusta <u>PMA</u>	Richmond <u>County</u>
Place of Work within County Percent	13,834 82.7%	67,645 79.7%
Place of Work Outside of County Percent	1,648 9.9%	10,469 12.3%
Place of Work Outside of State Percent	1,244 7.4%	6,735 7.9%
SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau		

Based on information contained on the Augusta Metro Chamber of Commerce website, five of the fifteen largest manufacturing employers within the Augusta region are within the healthcare industry - each featuring positions in a variety of positions. In addition, three of the top seven employers provide primary or secondary education. The following is a more comprehensive list of the area's largest employers:

10 Largest Manufacturers

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
Avondale Mills, Inc.	Textiles	3,200
Advanced Glassfiber Yarn	Glass fiber, Fiberglass	1,230
E-Z Go/Textron	Golf car/Utility vehicles	1,277
Club Car	Golf car/Utility vehicles	1,110
Kimberly-Clark Corporation	Paper products	1,100
International Paper Company	Bleached paperboard	935
Bridgestone-Firestone	Car/truck tires	800
Thermal Ceramics	Ceramic fiber	664
Carole Fabrics, Inc.	Custom draperies	650
Murray Biscuit	Cookies/crackers	624

10 Largest Non-Manufacturers

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
U.S. Army Signal Center/Ft. Gordon	Government/military	11,543
Medical College of Georgia	Healthcare/Education	6,990
Richmond County Schools	Education	5,725
University Hospital	Healthcare	3,860
Augusta-Richmond County	Government	5,725
Columbia County Schools	Education	2,265
VA Medical Center	Healthcare	2,257
Gracewood State School and Hospital	Healthcare	1,650
St. Joseph Hospital	Healthcare	1,025
FutureCall Telemarketing	Call center	900

Overall, the county's employment distribution and prevailing average incomes are reflective of the need for affordable housing. The increase of new jobs throughout Richmond County since 2002 is clearly indicative of stabilizing economic conditions locally. However, most positions are typically in the lower paying categories, further emphasizing the importance of affordable housing alternatives.

Overall, economic conditions locally have been somewhat volatile over the past 13 years, but recent trends indicate much more positive conditions as seen through generally rising employment levels since 2002 and an unemployment rate below the national average (and near the state average) since 2003. Information obtained from the Georgia Department of Labor clearly illustrates these employment patterns throughout Richmond County. As the following figures demonstrate, the labor force declined by nearly 9 percent during the early portion of the past decade, while figures rebounded by almost 7 percent during the latter half – indicative that the local economy is stabilizing. Furthermore, employment levels have increased by 2 percent since 2000 – representing more than 1,500 additional jobs. Although the unemployment rate approached 9 percent in 1992 and was greater than 6 percent for much of the 1990s, conditions have steadily improved since. Most importantly, however, the county experienced a gain of 3,800 new jobs over the past year (April 2003 to April 2004). As such, the unemployment rate was recorded at 4.3 percent for April 2004 for the county, markedly lower than the April 2003 rate of 5.2 percent. In comparison, the unemployment figure for April remained slightly above the state average (3.5 percent), but remained below the national average (5.7 percent).

Figure 1: Area Employment Growth

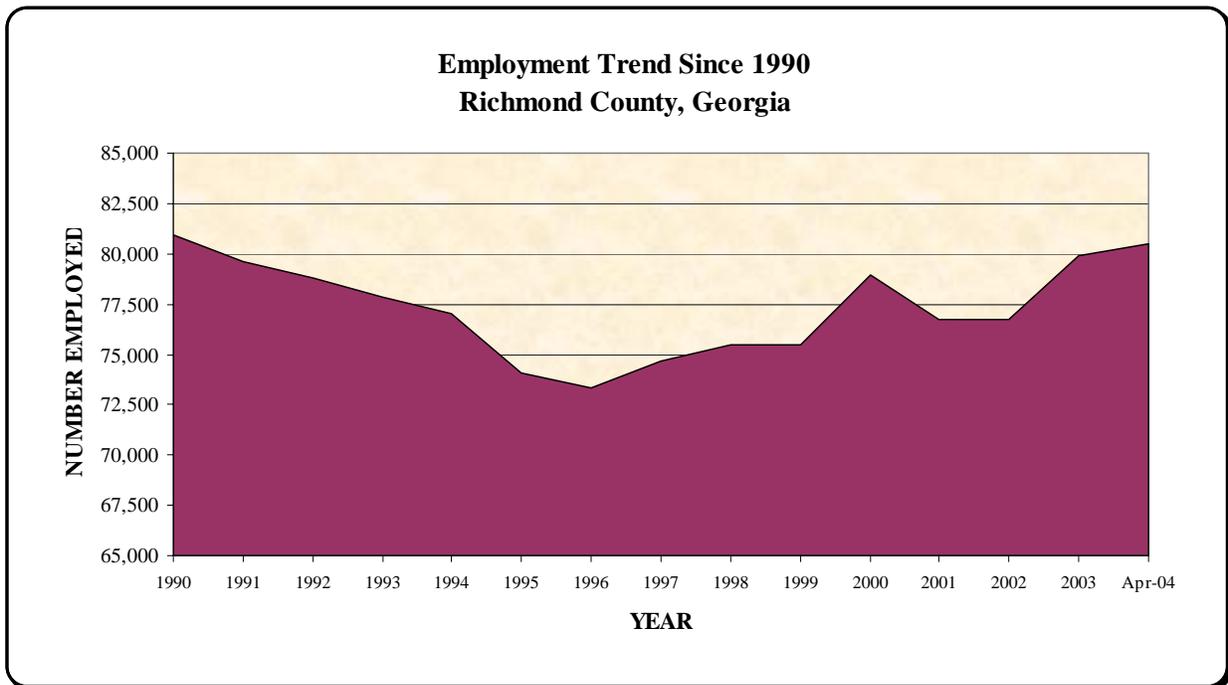


Figure 2: Unemployment Rate Comparison

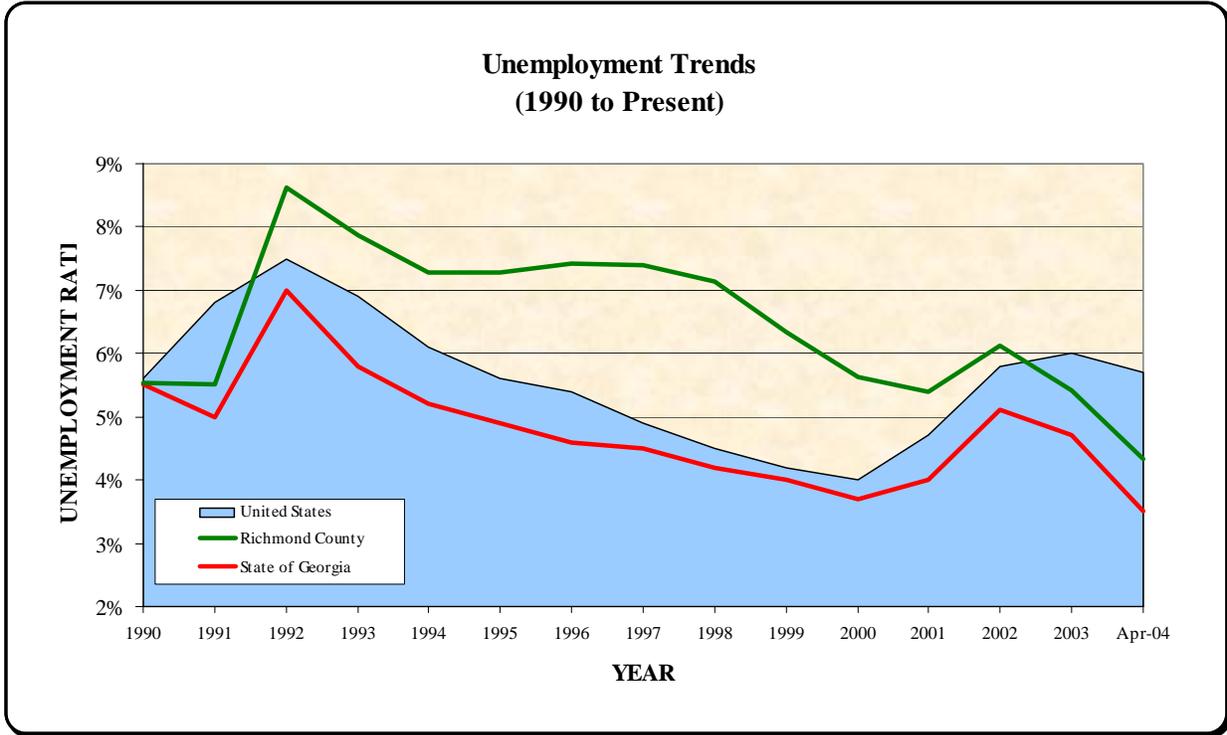


Table 5.12: Employment Trends (Since 1990)

Year	Richmond County				State of Georgia	United States
	Labor Force	Number Employed	Annual Change	Unemployment Rate	Unemployment Rate	Unemployment Rate
1990	85,649	80,910	--	5.5%	5.5%	5.6%
1991	84,285	79,649	(1,261)	5.5%	5.0%	6.8%
1992	86,211	78,771	(878)	8.6%	7.0%	7.5%
1993	84,468	77,815	(956)	7.9%	5.8%	6.9%
1994	83,119	77,064	(751)	7.3%	5.2%	6.1%
1995	79,857	74,048	(3,016)	7.3%	4.9%	5.6%
1996	79,232	73,352	(696)	7.4%	4.6%	5.4%
1997	80,623	74,656	1,304	7.4%	4.5%	4.9%
1998	81,289	75,493	837	7.1%	4.2%	4.5%
1999	80,615	75,509	16	6.3%	4.0%	4.2%
2000	83,686	78,981	3,472	5.6%	3.7%	4.0%
2001	81,108	76,740	(2,241)	5.4%	4.0%	4.7%
2002	81,694	76,698	(42)	6.1%	5.1%	5.8%
2003	84,447	79,877	3,179	5.4%	4.7%	6.0%
Apr-03	84,193	79,852	--	5.2%	4.6%	
Apr-04	84,142	80,498	3,800	4.3%	3.5%	5.7%

	Number	Percent
Change (1990-Present):	(412)	-0.5%
Change (1995-Present):	6,450	8.7%
Change (1990-1995):	(6,862)	-8.5%
Change (1995-2000):	4,933	6.7%
Change (2000-Present):	1,517	1.9%

Income Trends

According to Census data and Claritas projections, median household income levels throughout Richmond County have experienced steady gains since 1990. Overall, incomes found within the PMA are considerably lower than county figures. In 1999, the median household income within the PMA was recorded at \$22,406, which was 32 percent below the county's recorded median income level of \$33,086. Despite the somewhat lower levels, the median income within the PMA increased by 45 percent during the decade (an average annual increase of 3.8 percent), while the county increased by 2.7 percent over the same time span.

According to Claritas, income appreciation for the county is expected to outpace that of the PMA through 2009. It is projected that incomes within Richmond County will increase 3.9 percent annually between 2000 and 2009, as compared to the PMA's anticipated annual growth rate of 2.4 percent.

Table 5.13: Median Household Income (1989 to 2009)

	Augusta PMA	Richmond County
1989 Median Household Income	\$15,432	\$25,265
1999 Median Household Income	\$22,406	\$33,086
Total percent change (1989 to 1999)	45.2%	31.0%
Annual percent change (1989 to 1999)	3.8%	2.7%
2004 Estimated Median Income	\$24,774	\$39,216
Total percent change (1999 to 2004)	10.6%	18.5%
Annual percent change (1999 to 2004)	2.5%	4.3%
2006 Estimated Median Income	\$25,958	\$42,281
Total percent change (1999 to 2006)	15.9%	27.8%
Annual percent change (1999 to 2006)	2.5%	4.2%
2009 Forecast Median Income	\$27,734	\$46,878
Total percent change (1999 to 2009)	23.8%	41.7%
Annual percent change (1999 to 2009)	2.4%	3.9%
SOURCE: 1990 and 2000 Census of Population and Housing, U.S. Census Bureau; Claritas		

Income-Qualified Population

The key LIHTC income range for the proposed facility is approximately \$10,560 to \$27,865 (in current dollars). To compare this range with the latest Census information available on household income by tenure, dollar values were inflated to market-entry dollars using the Bureau of Labor Statistics' Consumer Price Index. Based on this data, this income range accounts for approximately 21 percent of the PMA's total owner-occupied household number, and 29 percent of the renter-occupied household count. As such, one out of every four households (25 percent) within the May Park Villas PMA is income-qualified for the subject. Considering the relative density of the PMA, this equates to a large number of potential income-qualified residents for the proposed development.

Table 5.14: Household Income by Tenure – May Park Villas PMA (2006)

	<u>Total Households</u>	<u>Owner Households</u>	<u>Renter Households</u>
Less than \$5,521	2,402	483	1,919
Percent of 2006 Households	12.0%	5.6%	17.0%
\$5,521 to \$11,043	3,194	877	2,317
Percent of 2006 Households	16.0%	10.1%	20.6%
\$11,044 to \$16,565	2,464	741	1,724
Percent of 2006 Households	12.3%	8.5%	15.3%
\$16,566 to \$22,087	2,024	733	1,291
Percent of 2006 Households	10.1%	8.4%	11.5%
\$22,088 to \$27,609	1,442	592	850
Percent of 2006 Households	7.2%	6.8%	7.5%
\$27,610 to \$38,653	2,568	1,246	1,321
Percent of 2006 Households	12.9%	14.3%	11.7%
\$38,654 to \$55,219	2,287	1,348	939
Percent of 2006 Households	11.5%	15.5%	8.3%
\$55,220 to \$82,829	1,801	1,258	543
Percent of 2006 Households	9.0%	14.5%	4.8%
\$82,830 and Over	1,776	1,418	358
Percent of 2006 Households	8.9%	16.3%	3.2%
SOURCE: 2000 Census of Population and Housing, SF3 , U.S. Census Bureau; BLS Consumer Price Index			

Section 6: DEMAND ANALYSIS

Demand for Tax Credit Rental Units

Overall population and household projections are illustrated in the following tables, along with demand forecasts for the subject proposal across all applicable income bands and bedroom types. Utilizing Georgia DCA requirements, demand estimates will be measured from three key sources: household growth, substandard housing, and rent-overburdened households.

All demand sources will be income-qualified, based on the targeting plan of the subject proposal and current LIHTC income restrictions based on information as published by DCA and HUD. For the subject proposal, demand estimates will be calculated for units designated at 30 to 60 percent AMI, as well as for market rate units. As such, calculations will be based on the starting rental rate, a 35 percent rent-to-income ratio, and an income ceiling of \$27,865 (the 3-person income limit at 60 percent AMI for Richmond County). As a result, the LIHTC income-eligibility range is \$10,560 to \$27,865, while the income-targeted range for the unrestricted units is \$27,865 to \$35,000.

By applying the income-qualified range and 2006 household forecasts to the current-year household income distribution by tenure (adjusted from 2000 data based on the Labor Statistics' Consumer Price Index), the number of income-qualified households can be calculated. As a result, 29 percent of all renter households within the PMA are estimated to fall within the stated overall LIHTC qualified income range. Utilizing an unduplicated demand methodology, 10 percent of all renter households are income-qualified for units restricted at 30 percent of AMI, 13 percent at 50 percent AMI, 6 percent for units at 60 percent AMI, and 8 percent are qualified for the market rate units.

Based on U.S. Census data and projections from Claritas, approximately 242 fewer renter households are anticipated to exist between 2000 and 2006. By applying the income-qualified percentage to the overall eligible figure (29 percent within the PMA), a total negative demand of 70 LIHTC units can be calculated as a result of new rental household growth.

Using U.S. Census data on substandard rental housing, it is estimated that roughly 10 percent of all renter households within the May Park Villas PMA could be considered substandard, either by overcrowding (a greater than 1-to-1 ratio of persons to rooms) or incomplete plumbing facilities (a unit that lacks at least a sink, bathtub, or toilet). Applying this percentage, along with the renter percentage and income-qualified percentage, to the number of households currently present in 2000 (the base year utilized within the demand calculations), a total LIHTC demand resulting from substandard units is calculated at 324 units within the PMA.

And lastly, potential demand for the subject proposal may also arise from those households experiencing rent-overburden, defined by households paying greater than 35 percent of monthly income for rent. Excluding owner-occupied units, an estimate of market potential for the subject proposal based on rent-overburdened households paying between 35 percent and 45 percent of monthly income for rent can be determined. A ceiling of 45 percent rent-to-income ratio is utilized to rationalize management decisions on the ability to pay rent, as well as insert a level of conservatism within the calculations. This same range has been applied to all income bands, to avoid duplication of demand sources within the total demand sum.

Using the subject proposal's beginning rental rate and utilizing the above-mentioned affordability range, the percentage of renter households within this overburdened range is estimated at 9 percent. Applying this rate to the number of renter households in 2000 yields a total demand of 289 additional units as a result of rent-overburden. It should be noted that this figure is a relatively conservative estimate as Census tables have a much higher percentage of overburdened rental households for the market area.

No comparable LIHTC property within the May Park Villas PMA has received an LIHTC allocation since 2000, so no units need to be deducted from the three factors listed previously. As such, combining these factors (and excluding units entering the market since 2000) results in an overall demand of 543 LIHTC units, and 143 market rate units, for 2006.

Calculations by individual bedroom size are also provided utilizing the same methodology. As such, it is clear that ample demand exists for each of the unit types. It is worth noting at this time that these demand calculations do not consider that the renovation of an existing rental facility typically generates interest above movership ratios typically observed. In this case, and considering a stable occupancy rate within the subject (currently at 94 percent among available units), as well as the somewhat aged condition of the current rental stock, a newly updated housing option for low and moderate-income households should receive a positive response.

Table 6.1: Demand Calculation – by Income Targeting (2006)

2000 Total Occupied Households	20,387				
2000 Owner-Occupied Households	8,882				
2000 Renter-Occupied Households	11,505				
		30%	50%	60%	Total
		AMI	AMI	AMI	LIHTC
QUALIFIED-INCOME RANGE <i>(unduplicated)</i>					Market
Minimum Annual Income		\$10,560	\$16,730	\$23,220	\$10,560
Maximum Annual Income		\$13,930	\$23,220	\$27,865	\$27,865
					\$35,000
DEMAND FROM NEW HOUSEHOLD GROWTH					
Renter Household Growth, 2000-2006	-242	-242	-242	-242	-242
Percent Income Qualified Renter Households	9.8%	12.7%	6.3%	28.7%	7.6%
Total Demand From New Households	(24)	(31)	(15)	(70)	(18)
DEMAND FROM EXISTING HOUSEHOLDS					
Percent of Renters in Substandard Housing	9.8%	9.8%	9.8%	9.8%	9.8%
Percent Income Qualified Renter Households	9.8%	12.7%	6.3%	28.7%	7.6%
Total Demand From Substandard Renter Households	110	143	71	324	85
Percent of Renters Rent-Overburdened	8.7%	8.7%	8.7%	8.7%	8.7%
Total Demand From Overburdened Renter Households	99	127	63	289	76
Total Demand From Existing Households	209	270	134	613	162
TOTAL DEMAND	185	239	118	543	143
LESS: Total Comparable Units Constructed Since 2000	0	0	0	0	0
LESS: Total Comparable Units Proposed/Under Construction	0	0	0	0	0
TOTAL NET DEMAND	185	239	118	543	143
PROPOSED NUMBER OF UNITS	7	31	12	50	13
CAPTURE RATE	3.8%	13.0%	10.1%	9.2%	9.1%
Note: Totals may not sum due to rounding					
SOURCE: 1990/2000 U.S. Census of Population and Housing, U.S. Census Bureau					
1999 American Housing Survey, U.S. Census Bureau and U.S. Department of Housing and Urban Development					
Claritas					

Table 6.2: Demand Calculation – by Bedroom Size (2006)

Unit Type	Income Targeting	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Estimated Absorption	Avg. Market Rent	Proposed Rents
Two-Bedroom Units	30% AMI	7	185	0	185	3.8%	1 months	\$475	\$230
Two-Bedroom Units	50% AMI	31	239	0	239	13.0%	6-8 months	\$475	\$410
Two-Bedroom Units	60% AMI	12	118	0	118	10.1%	7-8 months	\$475	\$455
Two-Bedroom Units	Market Rate	13	143	0	143	9.1%	9-11 months	\$475	\$525
Two-Bedroom Units	Total LIHTC	50	543	0	543	9.2%	6-8 months		

Capture and Absorption Rates

From the LIHTC demand calculations, capture rates provide an indication of the percentage of annual income-qualified demand necessary for the subject property. Lower capture rates indicate generally deeper markets, thus reducing risk and hastening potential absorption periods.

An overall capture rate of 9 percent was determined for both LIHTC and market rate units, based on the demand calculation (including renter household growth, existing renter households, substandard units, and excluding any comparable rental activity since 1999), providing an indication of the subject proposal's market depth within the May Park Villas PMA. Please keep in mind that this is an extremely conservative figure and does not take into consideration an already existing tenant base. More specifically, the capture rate for the units restricted at 30 percent AMI was calculated at 4 percent, while units at 50 and 60 percent AMI were at 13 and 10 percent, respectively. As such, the capture rate provides a realistic indication of the subject's marketability, and should be considered as a positive factor.

Taking into consideration current occupancy rates throughout the PMA, an upgraded product with numerous amenities to be added, and the typically high occupancy rates at the subject (considering only those units available for occupancy), an estimate of the overall absorption rate can be calculated at approximately six to seven units per month, on average. Should the project be required to totally re-market itself (which is extremely unlikely), the resulting absorption period to reach 93 percent occupancy is conservatively estimated at seven to eleven months. This estimate is based on an approximate market re-entry for 2006; pre-leasing activity resulting in a minimum of 20 percent pre-leasing of the project; and assumes all units will enter the market at approximately the same time.

Considering the age of the existing rental stock, as well as a 94 percent occupancy rate within the subject (among available units, despite its poor condition), no significant market-related concerns are present. Taking into consideration the overall occupancy rates throughout the local rental market and a newly updated competitive product with ample modern amenities, absorption of the LIHTC portion of the subject should not be an issue, while the market units may be extended somewhat.

Section 7: SUPPLY ANALYSIS

Augusta Rental Market Characteristics

A survey of existing rental projects within the May Park Villas PMA was completed by Community Research Services in June 2004. Excluding senior-only facilities, a total of 18 rental developments within the area were contacted and questioned for information such as current rental rates, amenities, and vacancy levels. As such, general survey results for the overall rental market are described below and are presented on the following pages, providing an indication of available rental options and overall market conditions throughout the May Park Villas market area.

Of the developments contacted, a total of 2,769 units were reviewed (not including public housing units), with the vast majority consisting of two bedrooms. Among those rental facilities providing unit mix information during the survey, 24 percent were one-bedroom units, an overwhelming 71 percent were two-bedroom units, and just 4 percent were three-bedrooms. In addition, 1 percent were efficiency/studio units and no four bedroom units were reported. The average year of construction for the facilities was 1973 – averaging roughly 31 years old and indicative of a relatively aged rental stock. As such, the majority of the developments contacted were constructed before 1975 (12 of 18 properties), three were developed during the 1980s, and two facilities have been developed since 1995. Additionally, seven properties reported to contain some kind of income restrictions for tenancy.

Overall, PMA occupancy levels discovered during the survey indicate a somewhat mixed rental market exists within the eastern Augusta market area. As such, just seven developments reported an occupancy rate of 95 percent or better, while 13 of the 17 properties were at least 90 percent occupied – resulting in an overall combined occupancy rate of 91 percent, based on information provided by leasing agents. However, excluding the subject property (which more than one-half of its units not available for occupancy) and facilities with units available due to renovation, an adjusted occupancy rate of 94.4 percent was calculated, reflecting more stable rental conditions locally. In addition, an occupancy rate of 97 percent was reported among the 2,766 Housing Authority units.

Detailed results from CRS's survey of area rental developments are illustrated in tables on the following pages. The average rent for a one-bedroom unit was calculated at \$402 per month with an average size of 651 square feet, resulting in an average rent per square foot ratio of \$0.62. The average rent for a two-bedroom unit was \$458 with an average size of 892 square feet (an average rent per square foot ratio of \$0.51), while three-bedroom units averaged \$599 and 1,092 square feet (\$0.55 per square foot). As can be seen, the proposed rental rates for the LIHTC portion of the development are extremely competitive with market averages, although unit sizes are somewhat smaller than the market average. However, the proposed market rents are among the higher priced two-bedroom units within the market area – albeit considering that most other facilities are relatively old.

Overall, the most common amenities found within the market include central air conditioning (100 percent of all developments), mini-blinds (100 percent), coin-operated laundry (83 percent), dishwasher (67 percent), garbage disposal (61 percent), and laundry hook-up (61 percent). While the subject property will contain most of these more common features after rehab efforts are complete, it will also include additional amenities not as prevalent throughout the market. These include club house, exercise room, and microwave (features seen in less than 20 percent of all local rental properties). As such, the amenities that will be added to the facility will clearly make the facility extremely competitive, and in many cases superior, to most other local properties.

From a market standpoint, it is evident that sufficient demand is present for the renovation and re-absorption of the subject property within the eastern Augusta rental market. However, based on current local economic conditions, rent levels are crucial for the viability of any new rental development. As such, considering an adjusted occupancy rate of 94 percent for the market, a current occupancy rate of 94 percent among available units within the subject, as well as an updated product with modern features, the proposal should be re-absorbed into the local rental market within a normal period of time with no adverse effects on existing local rental facilities – either affordable or market rate. Based on the proposed rental rates, unit sizes, and amenities to be offered, the facility will be competitive with other local rental alternatives.

According to local government officials, no other comparable rental properties are currently proposed or under construction within the defined PMA at this time. However, two rental properties are currently under construction within Augusta, but outside of the market area: Stonegate Club Apartments consists of roughly 200 family units; and Masters Glen Apartments consists of 216 family units – both are situated more than 7½ miles from the site. Based on the location of these proposals, neither will directly compete with the subject.

Table 7.1: Rental Housing Survey

Project Name	Year	Total Units	Eff.	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom	Heat Included	Heat Type	Electric Included	Occupancy Rate
ANTEBELLEUM TOWNHOMES	1989	10	0	0	10	0	0	No	GAS	No	100%
BROOKSIDE WEST	1974	188	0	0	0	0	0	No	ELE	No	96%
CEDAR GROVE	1969	126	0	48	54	24	0	No	ELE	No	90%
CEDAR RIDGE APTS	1986	75	20	49	6	0	0	No	ELE	No	96%
EAST AUGUSTA COMMONS	1968	148	0	0	148	0	0	No	ELE	No	88%
FOREST BROOK APTS	1985	161	0	56	97	8	0	No	ELE	No	98%
HIGH POINT CROSSING APTS	1970	168	0	32	120	16	0	No	ELE	No	85%
MADISON ON THE GREEN	1977	276	0	80	176	20	0	No	GAS	No	93%
MAGNOLIA PARK APTS	1969	171	0	13	152	6	0	No	ELE	No	90%
MAXWELL HOUSE APTS	1952	216	0	0	0	0	0	Yes	ELE	Yes	89%
MAY PARK VILLAS	1980	80	0	1	78	1	0	No	GAS	No	41%
OAK HILL - AUGUSTA	1995	120	0	76	44	0	0	No	ELE	No	100%
OLDE TOWN	1888	109	2	58	41	8	0	No	ELE	No	80%
PROVIDENCE PLACE	1963	295	0	79	211	5	0	No	GAS	No	93%
RIVER GLEN APTS	1945	192	0	0	192	0	0	No	GAS	No	95%
SUNCREEK APTS	1969	215	0	0	0	0	0	No	ELE	No	96%
WESLEY ARMS APTS	1974	99	0	0	0	0	0	No	ELE	No	90%
WILLOW RIDGE APS	1969	120	0	0	120	0	0	No	ELE	No	92%
Totals and Averages	1973	2,769	22 1%	492 24%	1,449 71%	88 4%	0 0%				90.7% <i>Excluding Subject Property:</i> 94.4%
Subject Project:											
MAY PARK VILLAS	2006	64	0	0	64	0	0	No	ELE	No	

Table 7.2: Rent Range for 1 & 2 Bedrooms

Project Name	Subsidized	Low Rent	High Rent	Low	High	Rent per Square Foot		Low Rent	High Rent	Low	High	Rent per Square Foot	
		1BR	1BR	SQFT	SQFT			2BR	2BR	SQFT	SQFT		
ANTEBELLEUM TOWNHOMES	No							\$505		950			\$0.53
BROOKSIDE WEST	No												
CEDAR GROVE	No	\$350	\$400	726	726	\$0.48	\$0.55	\$450	\$550	878	1,022	\$0.51	\$0.54
CEDAR RIDGE APTS	No	\$414		584		\$0.71		\$524		824			\$0.64
EAST AUGUSTA COMMONS	No							\$375	\$400	826	826	\$0.45	\$0.48
FOREST BROOK APTS	No	\$399		580		\$0.69		\$495	\$519	840	916	\$0.59	\$0.57
HIGH POINT CROSSING APTS	No	\$410		850		\$0.48		\$515		950			\$0.54
MADISON ON THE GREEN	No	\$399	\$445	850		\$0.47	\$0.00	\$504		1,130			\$0.45
MAGNOLIA PARK APTS	No	\$399		710		\$0.56		\$450		1,010			\$0.45
MAXWELL HOUSE APTS	No	\$447	\$508	442	584	\$1.01	\$0.87						
MAY PARK VILLAS	No	\$279		550		\$0.51		\$309		700			\$0.44
OAK HILL APTS	No	\$445	\$475	640	640	\$0.70	\$0.74	\$490	\$535	910	910	\$0.54	\$0.59
OLDE TOWN APTS	No	\$381	\$409					\$451					
PROVIDENCE PLACE	No	\$355		540		\$0.66		\$399	\$399	800	850	\$0.50	\$0.47
RIVER GLEN APTS	Yes												
SUNCREEK APTS	No	\$375	\$400	620	620	\$0.60	\$0.65	\$420	\$440	830	830	\$0.51	\$0.53
WESLEY ARMS APTS	No	\$355		750		\$0.47		\$395	\$435	800	800	\$0.49	\$0.54
WILLOW RIDGE APTS	No							\$480	\$500	1,010	1,010	\$0.48	\$0.50
Totals and Averages			\$402		651		\$0.62		\$458		892		\$0.51
Subject Proposal: MAY PARK VILLAS	LIHTC							\$230	\$525	800	800	\$0.29	\$0.66

Table 7.3: Rent Range for 3 & 4 Bedrooms

Project Name	Program	Low Rent 3BR	High Rent 3BR	Low SQFT 3BR	High SQFT 3BR	Rent per Square Foot		Low Rent 4BR	High Rent 4BR	Low SQFT 4BR	High SQFT 4BR	Rent per Square Foot	
ANTEBELLEUM TOWNHOMES													
BROOKSIDE WEST	CONV.	\$735		1,350		\$0.54		\$845		1,650		\$0.51	
CEDAR GROVE	CONV.	\$560	\$610	1,048	1,048	\$0.53	\$0.58						
CEDAR RIDGE APTS	CONV.												
EAST AUGUSTA COMMONS	LIHTC												
FOREST BROOK APTS	SEC. 8	\$640		1,250		\$0.51							
HIGH POINT CROSSING APTS	CONV.	\$600	\$675	1,050	1,050	\$0.57	\$0.64						
MADISON ON THE GREEN	CONV.	\$675	\$795	1,350		\$0.50							
MAGNOLIA PARK APTS	LIHTC	\$625		1,210		\$0.52							
MAXWELL HOUSE APTS	SEC 8												
MAY PARK VILLAS	CONV.	\$399		850		\$0.47							
OAK HILL APTS	CONV.												
OLDE TOWN APTS	LIHTC	\$517	\$598										
PROVIDENCE PLACE	CONV.	\$560		1,200		\$0.47							
RIVER GLEN APTS	SEC 8												
SUNCREEK APTS	CONV.												
WESLEY ARMS APTS	CONV.	\$465	\$525	850	850	\$0.55	\$0.62						
WILLOW RIDGE APTS	CONV.												
Totals and Averages			\$599		1,092		\$0.55						
Subject Proposal: MAY PARK VILLAS	LIHTC												

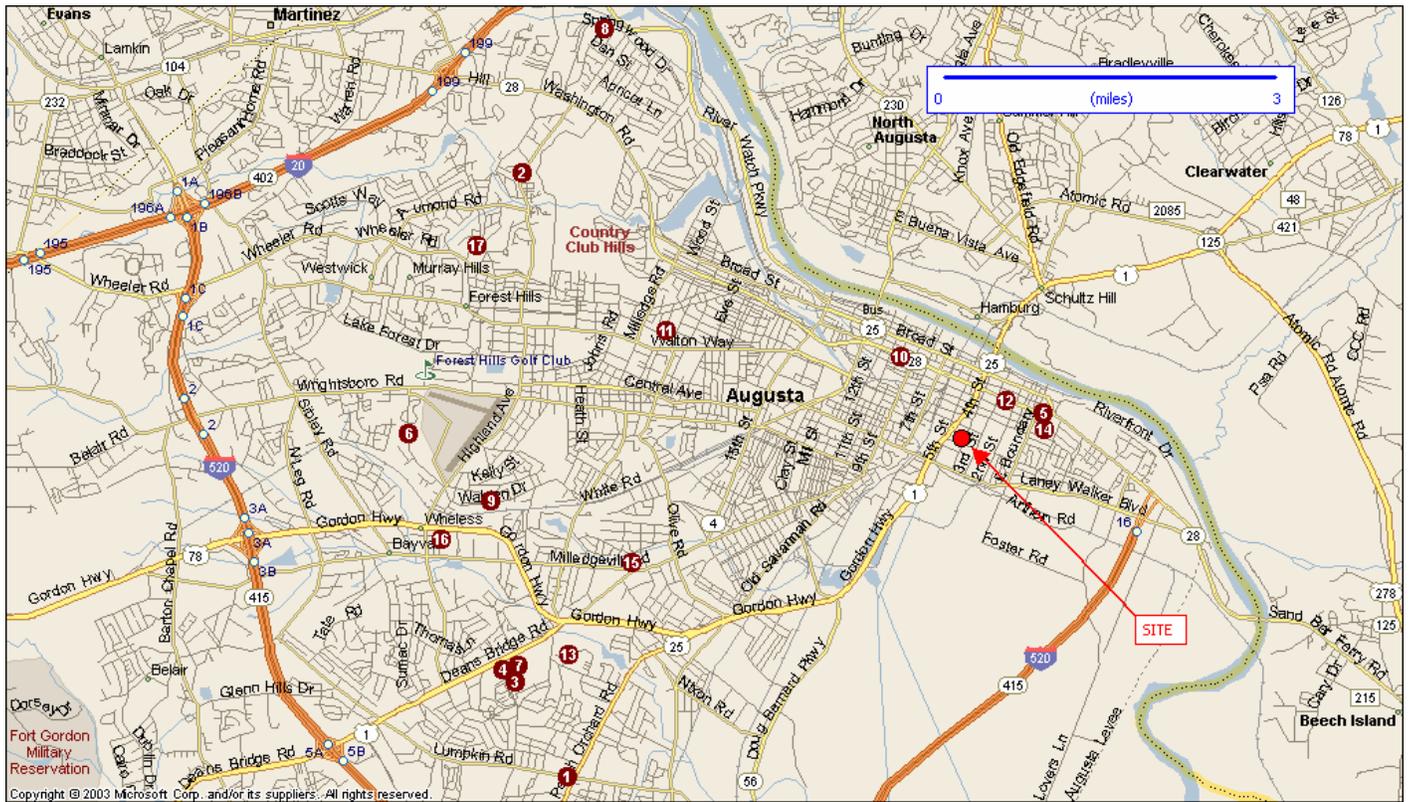
Table 7.4: Project Amenities

Project Name	Central Air	Club House	Coin Op Laundry	Dish Washer	Exercise Room	Garbage Disposal	Laundry Hookup	Microwave	Mini Blinds	Patio/Balcony	Play ground	Pool	Walk-in Closet
ANTEBELLEUM TOWNHOMES	Yes	No	No	Yes	No	Yes	Yes	No	Yes	Yes	No	No	No
BROOKSIDE WEST	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
CEDAR GROVE	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes
CEDAR RIDGE APTS	Yes	No	Yes	No	No	Yes	No	No	Yes	Yes	No	No	Yes
EAST AUGUSTA COMMONS	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	No	No
FOREST BROOK APTS	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	No	Yes	Yes	Yes
HIGH POINT CROSSING APTS	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes	Yes
MADISON ON THE GREEN	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
MAGNOLIA PARK APTS	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	No	No
MAXWELL HOUSE APTS	Yes	No	Yes	No	No	No	No	No	Yes	No	No	No	Yes
MAY PARK VILLAS	Yes	No	No	No	No	No	Yes	No	Yes	No	No	No	No
OAK HILL APTS	Yes	No	Yes	Yes	No	Yes	No	No	Yes	Yes	No	Yes	No
OLDE TOWN APTS	Yes	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes
PROVIDENCE PLACE	Yes	No	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes
RIVER GLEN APTS	Yes	Yes	Yes	No	No	No	No	No	Yes	No	No	No	No
SUNCREEK APTS	Yes	No	Yes	Yes	No	Yes	No	No	Yes	No	Yes	Yes	No
WESLEY ARMS APTS	Yes	No	Yes	No	No	No	No	No	Yes	No	Yes	No	No
WILLOW RIDGE APTS	Yes	No	Yes	No	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes
Totals and Averages	100%	17%	83%	67%	6%	61%	61%	0%	100%	61%	50%	44%	56%
Subject Proposal:													
MAY PARK VILLAS	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	No	Yes	No	NA

Comparable/Nearby Rental Projects – May Park Villas PMA

Following are individual descriptions of rental developments within the PMA that are relatively close in proximity or can be considered as somewhat comparable to the subject proposal, primarily based on income targeting, age, and/or type of project, providing a more realistic indication of the market conditions facing the proposed development.

**Map: Local Rental Developments
Augusta, Georgia**



- | | | |
|------------------------|-------------------------|----------------------|
| 1. Antebellum THs | 2. Brookside West | 3. Cedar Grove |
| 4. Cedar Ridge | 5. East Augusta Commons | 6. Forest Brook Apts |
| 7. High Point Crossing | 8. Madison on the Green | 9. Magnolia Park |
| 10. Maxwell House Apts | 11. Oak Hill Apts | 12. Olde Town |
| 13. Providence Place | 14. River Glen Apts | 15. Suncreek Apts |
| 16. Wesley Arms Apts | 17. Willow Ridge Apts | |

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Project Name: **EAST AUGUSTA COMMONS** Year Built: 1968
 Address: 420 E. Boundary Street City: Augusta State: GA
 Phone: (706) 724-6912 Zip: 30901

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
EFF	0	--	---	---	---
1BR	0	--	---	---	---
2BR	148	20*	826	\$375-\$400	88%
3BR	0	--	---	---	---
Total	148	20*			

***Currently rehabbing units**

<i>Appliances</i>	<i>Project</i>	<i>Unit</i>	<i>Other Information</i>
Refrigerator/Stove	X	Coin Op Laundry X	Heat Included No
Garbage Disposal	X	Community Room	Electricity Included No
Dishwasher	X	Swimming Pool	Heat Type ELE
Microwave		Pull-cord	
Laundry Hook-up	X	Activities	# of Floors 2
In-Unit Laundry		Library	
		Carport	Percent Senior NA
		Garage	Subsidized LIHTC
		Elevator	
		Individual Entry X	



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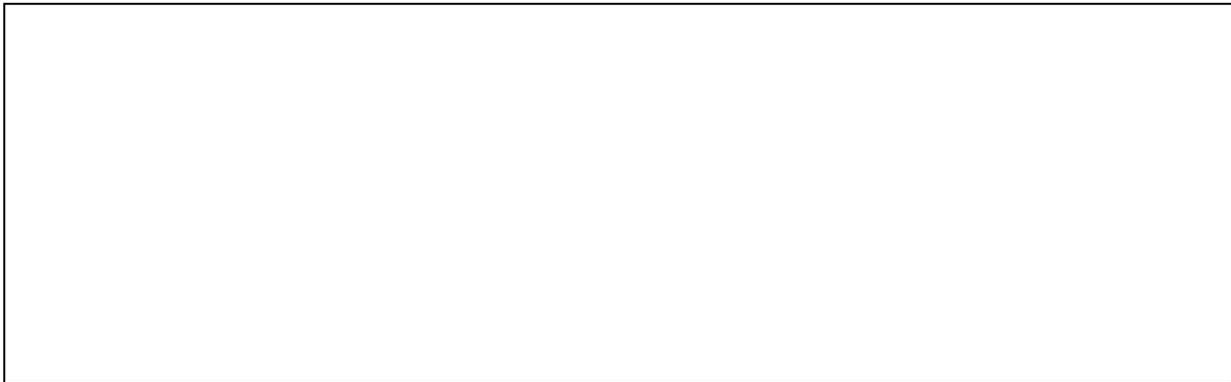


Project Name: **FOREST BROOK APTS**
 Address: 3122 Damascus Road
 Phone: (706) 738-8440

Year Built: 1985
 City: Augusta State: GA
 Zip: 30909

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
EFF	0	--	---	---	---
1BR	56	3	580	\$399	95%
2BR	97	0	840-916	\$495-\$519	100%
3BR	8	0	1,250	\$640	100%
Total	161	3			98%

<i>Appliances</i>	<i>Project</i>	<i>Unit</i>	<i>Other Information</i>		
Refrigerator/Stove	X	Coin Op Laundry	X	Heat Included	No
Garbage Disposal		Community Room	X	Electricity Included	No
Dishwasher	X	Swimming Pool	X	Heat Type	ELE
Microwave		Pull-cord			
Laundry Hook-up	X	Activities		# of Floors	2
In-Unit Laundry		Library		Percent Senior	NA
		Carport		Subsidized	LIHTC
		Garage			
		Elevator			
		Draperies			
		Mini-blinds	X		
		Walk-in Closet	X		
		Fireplace			
		Patio/Balcony			
		Central Air	X		
		Wall AC Unit			
		Storage			
		Individual Entry	X		



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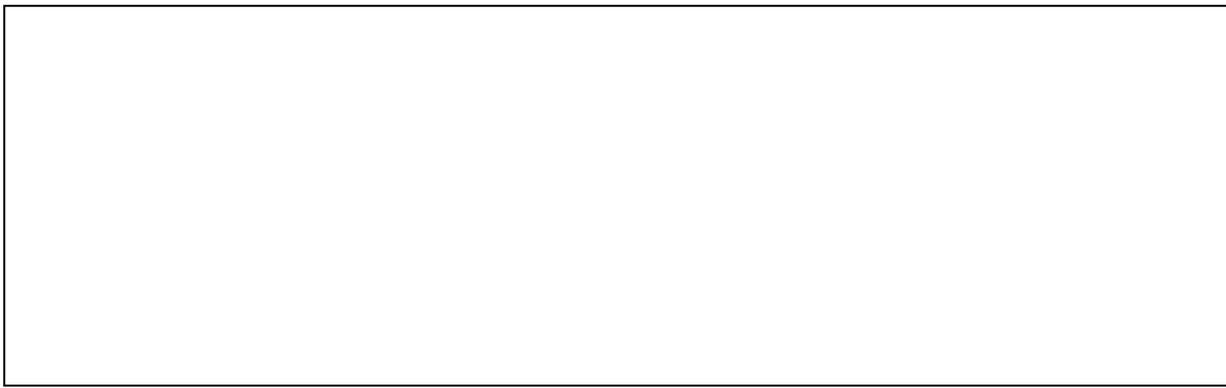


Project Name: **MAGNOLIA PARK APTS**
 Address: 2133 Vandivere Road
 Phone: (706) 738-9912

Year Built: 1969
 City: Augusta State: GA
 Zip: 30904

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
EFF	0	--	---	---	---
1BR	13	NA	710	\$399	NA
2BR	152	NA	1,010	\$450-\$480	NA
3BR	6	NA	1,210	\$625	NA
Total	161	17			90%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal		Community Room		Mini-blinds	X	Electricity Included	No
Dishwasher	X	Swimming Pool		Walk-in Closet		Heat Type	ELE
Microwave		Pull-cord		Fireplace			
Laundry Hook-up	X	Activities		Patio/Balcony	X	# of Floors	2
In-Unit Laundry		Library		Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage		Subsidized	LIHTC
		Elevator		Individual Entry			



A Rental Housing Market Study for Augusta, Georgia

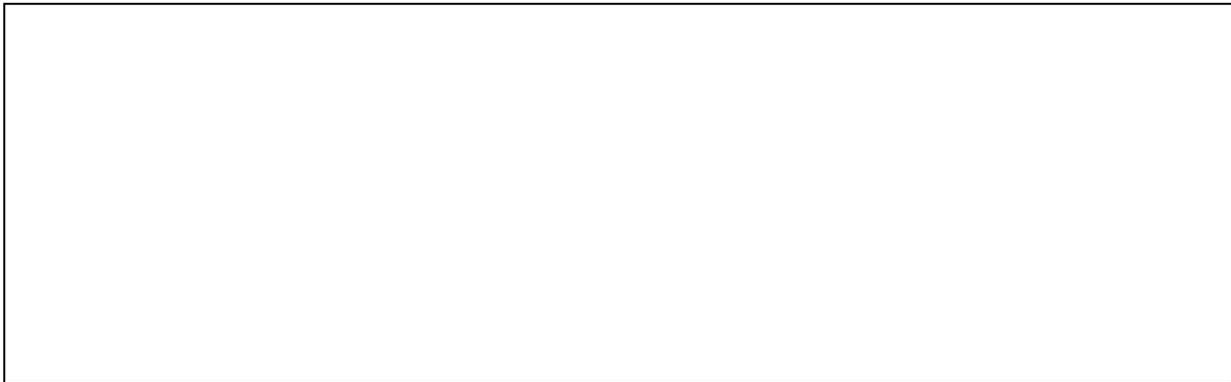


Project Name: **RIVER GLEN APTS**
 Address: 201 E. Telfair Street
 Phone: (706) 722-4502

Year Built: 1945
 City: Augusta State: GA
 Zip:

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
EFF	0	--	---	---	---
1BR	0	--	---	---	---
2BR	192	10	NA	30% of income	95%
3BR	0	--	---	---	---
Total	192	10			95%

<i>Appliances</i>	<i>Project</i>	<i>Unit</i>	<i>Other Information</i>		
Refrigerator/Stove	X	Coin Op Laundry	X	Heat Included	No
Garbage Disposal		Community Room	X	Electricity Included	No
Dishwasher		Swimming Pool		Heat Type	GAS
Microwave		Pull-cord			
Laundry Hook-up		Activities		# of Floors	2
In-Unit Laundry		Library		Percent Senior	NA
		Carport		Subsidized	HUD Sec. 8
		Garage			
		Elevator			
		Draperies			
		Mini-blinds	X		
		Walk-in Closet			
		Fireplace			
		Patio/Balcony			
		Central Air	X		
		Wall AC Unit			
		Storage			
		Individual Entry	X		



Section 8: INTERVIEWS

Throughout the course of performing this analysis of the Augusta area rental market, many individuals were contacted. In addition to interviews with managers and leasing agents for the rental properties contacted within this report, the following is a brief summary of additional persons interviewed for purposes of this study.

- According to local government officials, no other comparable rental properties are currently proposed or under construction within the defined PMA at this time. However, two rental properties are currently under construction within Augusta, but outside of the market area: Stonegate Club Apartments consists of roughly 200 family units; and Masters Glen Apartments consists of 216 family units – both are situated more than 7½ miles from the site. Based on the location of these proposals, neither will directly compete with the subject.

- According to the leasing agents within area rental properties, overall occupancy levels discovered during the survey indicate a relatively stable rental market exists locally. Although most properties were between 90 and 95 percent occupied, no widespread concessions were reported - although a limited number had either one month free or money off the first month rent for a longer term lease.

- The Augusta Housing Authority administers section 8 vouchers locally. As such, the office maintains a total of 3,520 vouchers for the city, and all are in use at the current time. Additionally, the waiting list is currently closed with more than 1,550 names.

Section 9: CONCLUSIONS/RECOMMENDATIONS

Based on the information collected within this study, sufficient evidence has been introduced for the successful renovation and re-absorption of the subject property as an affordable rental facility targeting low-income households. A relatively stable rental market locally, a somewhat higher occupancy rate within the subject (among units available for occupancy), a competitive updated product with numerous modern amenities, and a sufficient statistical demand estimate all support the construction of the subject proposal as an affordable rental facility targeted for low-income family households.

The occupancy rate the subject property is encouraging considering the current condition of the property. Furthermore, based on current local economic conditions, rent levels are crucial for the viability of any new rental development. As such, the proposed rental rates among LIHTC units are quite affordable when compared to other local facilities, although they will be increased between \$100 and \$145 from current rental rates. Considering the improvements to be made to the development, the higher rental rates should be achievable. However, rental rates among the market rate units are among the highest rents within the developments surveyed – leading to a somewhat longer absorption as compared to the LIHTC units. Overall, the subject property should be re-absorbed into the local rental market within a normal period of time with no long-term adverse effects on existing local rental facilities – either affordable or market rate.

Assuming the subject proposal is developed as described within this analysis, Community Research Services can provide a positive recommendation for the facility with no reservations or conditions.

Section 10: SIGNED STATEMENT REQUIREMENTS

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area on June 27, 2004, 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 DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent upon this project being funded.



Steven R. Shaw
COMMUNITY RESEARCH SERVICES, LLC

Date: June 30, 2004

Section 11: BIBLIOGRAPHY

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Area Labor Statistics, 1990 – Present, U.S. Bureau of Labor Statistics and Georgia Department of Labor

Richmond County Area Labor Profile – Georgia Department of Labor

Local economic and housing information – Augusta-Richmond County Chamber of Commerce

Interviews with managers and leasing specialists, local rental developments

Interviews with city and neighborhood planning officials

Section 12: RESUME

STEVEN R. SHAW COMMUNITY RESEARCH SERVICES, LLC

Mr. Shaw is a partner in Community Research Services, LLC. With over thirteen years of experience in market research, he has assisted a broad range of clients, including developers, government agencies, non-profit organizations, and financial institutions, with the development of numerous types of housing alternatives throughout the United States. Areas of expertise include market study preparation, pre-feasibility analysis, strategic targeting and market identification, customized survey and focus group research, and demographic and economic analysis. Previous to Community Research Services, he most recently served as a partner for Community Research Group (1999-2004), and as a market consultant for Community Targeting Associates (1997-1999) providing the same types of services.

Mr. Shaw also served as manager of automotive analysis for J.D. Power and Associates (1992-1997), a global automotive market research firm based in Troy, Michigan. While serving in this capacity, Mr. Shaw was responsible for identifying market trends and analyzing the automotive sector through proprietary and syndicated analytic reports. During his five-year tenure at J.D. Power, Mr. Shaw developed a strong background in quantitative and qualitative research measurement techniques through the use of mail and phone surveys, focus group interviews, and demographic and psychographic analysis.

Previous to J.D. Power, Mr. Shaw was employed as Senior Market Research Analyst with Target Market Systems (the market research branch of First Centrum Corporation) in East Lansing, Michigan. At TMS, his activities consisted largely of market study preparation for projects financed through RHS and MSHDA programs. Other key duties included the strategic targeting and identification of new areas for multi-family and single-family housing development throughout the Midwest.

A 1990 graduate of Michigan State University, Steve graduated with a Bachelor of Arts degree in Marketing with an emphasis in Market Research, while also earning an additional major in Psychology. Mr. Shaw is a member of the Michigan Housing Council, and also a charter member of the National Council of Affordable Housing Market Analysts.