



**A MARKET CONDITIONS AND PROJECT
EVALUATION SUMMARY OF**

**CASCADES OF EAST POINT
1900 Stanton Road
East Point, Fulton County, Georgia**

DCA Project Number-2006-011

Effective Date: June 22, 2006

Report Date: July 14, 2006

Prepared For

**Ms. Christie Cade
Georgia Department of Community Affairs
60 Executive Park South, NE
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Prepared By

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**NOVOGRADAC
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CERTIFIED PUBLIC ACCOUNTANTS

July 14, 2006

Ms. Christie Cade
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329

Re: Market Study for Cascades at East Point in East Point, Georgia

Dear Ms. Cade:

At your request, Novogradac & Company, LLP performed a study of the senior multifamily rental market in the East Point, 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 the Cascades at East Point, a proposed Housing For Older Persons (HFOP) aged 55 and older, multifamily housing development consisting of 120 units. Thirteen of the Subject units will be restricted to households earning 30 percent of the Area Median Income (AMI), 30 units restricted to households earning 50 percent of the AMI, and 52 units restricted to households earning 60 percent of the AMI, or less. The remaining 25 units will be unrestricted. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the requirements of the Georgia Department of Community Affairs (DCA), including the following:

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

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

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

Respectfully submitted,



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Partner
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ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the consultant has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the consultant assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All information contained in the report, which others furnished, was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
4. The report was made assuming responsible ownership and capable management of the property. The analyses and projections are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted
5. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
6. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
7. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the consultant did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
8. A consulting analysis market study for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
9. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the

author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.

10. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
11. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
12. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
13. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
14. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which conclusions contained in this report is based.
15. On all proposed developments, Subject to satisfactory completion, repairs, or alterations, the consulting report is contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time with good quality materials.
16. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums except as reported to the consultant and contained in this report.
17. The party for whom this report is prepared has reported to the consultant there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
18. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.

19. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.
20. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
21. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

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A. EXECUTIVE SUMMARY AND CONCLUSION

EXECUTIVE SUMMARY AND CONCLUSIONS

Subject Property Overview: Cascades at East Point (Subject) is the proposed new construction of a LIHTC HFOP (aged 55 and older) multifamily apartment community. The Subject site is located along the western side of Stanton Road, at 1900 Stanton Road, which is north of Langford Parkway in Atlanta, Fulton County, Georgia.

The Subject will consist of 120 units restricted to senior tenants aged 55 and older. Of the total units, 13 will be restricted to households earning 30 percent of the AMI, 30 units will be restricted to households earning 50 percent of the AMI, and 52 units will be restricted to households earning 60 percent of the AMI, or less. The remaining 25 units will be unrestricted. Both residential, community space, and 7,700 square feet of street level retail will be in one, three-story elevator serviced building. The following is a picture of the site.



Projected Place-In-Service Date: The projected placed-in-service date is March 2008.

Development Location: The Subject site is located at 1900 Stanton Road, East Point, Fulton County, Georgia.

Occupancy Type: This project will be a housing for older persons development for tenants aged 55 and older.

Target Income Group: Of the total units, 13 will be restricted to households earning 30 percent of the AMI, 30 units restricted to households earning 50 percent of the AMI, and 52 units restricted to households earning 60 percent of the AMI, or

less. The remaining 25 units will be unrestricted. For the LIHTC units, the minimum income will be \$12,000 for the 30 percent AMI units and the maximum allowable income will be set at \$34,200 (which is the maximum allowable 60 percent income for a two person household). The remaining 25 units will be unrestricted market rate. The maximum allowable income for these units will be set at 80 percent of AMI, which for a two person household is \$45,600. This was based on conversations with the senior center as well as the senior property managers in the market area.

Special Population Target:

Six of the units will be soft set aside for special needs tenants.

Unit Mix:

PROPOSED RENTS

Unit Type	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>30% AMI</i>						
1BR/1BA	6	\$316	\$84	\$400	\$400	\$686
2BR/2BA	7	\$379	\$101	\$480	\$480	\$763
<i>50% AMI</i>						
1BR/1BA	17	\$541	\$84	\$625	\$667	\$686
2BR/2BA	13	\$619	\$101	\$720	\$801	\$763
<i>60% AMI</i>						
1BR/1BA	33	\$595	\$84	\$679	\$801	\$686
2BR/2BA	19	\$675	\$101	\$776	\$961	\$763
<i>Market</i>						
1BR/1BA	13	\$695	\$0	\$695	N/A	N/A
2BR/2BA	12	\$785	\$0	\$785	N/A	N/A
Total	120					

Notes (1) Source of Utility Allowance Developer

Inspection Date:

June 22, 2006.

Market Conclusions:

The non-elderly and elderly populations in the PMA and MSA have steadily increased from 1990 to 2005 and are expected to continue to grow through 2010. Despite stronger senior population and household formation growth in the MSA when compared to the PMA, approximately 17 percent of the MSA population will be age eligible to reside at the Subject, compared to 20 percent of the PMA population. In addition, approximately 66 percent of the PMA senior household population ages 55 and older and 47 percent of the MSA senior household population earn less than \$50,000 per annum compared to the national average of 58

percent. In the PMA, 42 percent of households are earning below \$24,999 compared to 31 percent and 24 percent of senior households in the nation and MSA, respectively. As both areas of analysis continue to grow, the need for affordable housing is also expected to increase.

Both the Atlanta market and East Point have demonstrated steady business and employment growth over the past ten years, excluding the period of national recession from 2000 through 2004. However, while the national economy recovered by 2003, East Point's economy appears to be recovery at a much slower pace. Historically, unemployment rates in the MSA have been similar to slightly lower than the national average unemployment rate, while unemployment rates in the City of East Point have been relatively higher than the national average unemployment rate, both while simultaneously following the general national trends in unemployment rates. Total employment in the first quarter of 2006 reported healthy increases in both markets adding 374 and 57,605 new jobs in East Point and the MSA, respectively. In addition, unemployment in both the MSA and City of East Point decreased. This indicates the local economy is continuing to recover. However, despite consistent job growth in Fulton County through January 2006, Georgia Department of Labor's list of Business Closures/Layoffs (updated in early April 2006) reports several major layoffs in 2006 that will likely slow the significant job growth which was reported through April. This includes 600 employees of Delta Air Lines, as well as the recent announcement by Ford of its intent to close the manufacturing plant in Hapeville, Georgia, just north of the Atlanta airport in South Fulton. In addition, the 2005 BRAC recommendation to close Fort McPherson, which is located adjacent to the Subject site, will result in an overall loss of 4,141 jobs. This is likely to have a significant effect on the local economy in the future. However, the effect will not necessarily be negative. The redevelopment of Fort McPherson could bring in new jobs and investment into an older section of the city that has suffered from vacant retail centers and deteriorating housing. In addition, Airtran Airways recently announced its plans to add 2,500 new jobs to Georgia in the next five years, with an estimated 500 new jobs per year. This announcement, in conjunction with the future re-development of Fort McPherson, will likely mitigate job losses by other employers. The largest employment sector is the services sector, followed by the retail trade sector. The local economy appears to be stabilizing, and the relatively low-paying jobs offered in the retail trade sector as well as in several of the services sectors, including the accommodation/food services and admin/support/waste

management services industries, are expected to generate demand for affordable housing in the PMA.

Capture Rates:

The following table summarizes the Subject’s capture rates at all income levels.

Unit Size	Income Limits	Units Proposed	Total Demand	Additions to Supply	Net Demand	Capture Rate	Absorption
1BR	30%	6	105	22	83	7%	3-4 months
1BR	50%	17	195	216	-21	-80%	12 months
1BR	60%	33	363	114	249	13%	12 months
2BR	Market	13	897	98	799	2%	12 months
2BR	30%	7	142	22	120	6%	3-4 months
2BR	50%	13	263	84	179	7%	12 months
2BR	60%	19	489	159	330	6%	12 months
2BR	Market	12	1,207	107	1,100	1%	12 months

As illustrated in the table above, the Subject’s capture rates for all units are below 20 percent, with the exception of the one-bedroom units at 50 percent AMI, which indicates strong demand. Although there are a significant number of senior LIHTC units coming on line or have been built since 1999, the demand estimates forecast strong demand. The Subject’s biggest advantage will be varying AMI levels and low rents. Of the new additions to supply, five of the properties are existing and stabilized, one property is in lease-up, two properties are under construction, and three properties are proposed. While this could lead to an oversupply, generally, all existing senior properties are stabilized and maintain low vacancy with waiting lists. This illustrates demand for the Subject.

Projected Absorption Period:

Four of the comparable properties were able to report absorption. The following table indicates absorption for these four properties.

Absorption

Property name	Rent Structure	Absorption
Big Bethel Village	@60%, Market	10 units/month
Columbia Colony Senior Residences	LIHTC/Market	3.4 units/month
Martin's House (pka Misty Amber)	@50%, @60%, Market	26 units/month
Village On The Green	Market	30 units/month

As illustrated, both Martin’s House and the Village on the Green experienced the fastest absorption at 26 units per month and 30 units per month, respectively. These properties represent the most recent additions to the Subject’s rental housing stock that were able to provide absorption information. The relatively slower absorption pace of Big Bethel Village is partially a result of the property’s

high rental rates, which are affordable to a select percentage of seniors. Further, slower absorption is typical of properties that offer greater levels of care. Although Columbia Colony's absorption pace was significantly slower than that reported by the other comparable properties, the property is currently 98.3 percent occupied with approximately 24 households on the waiting list. Management indicated that the property is generally 100 percent occupied. Because of the proximity to the Subject, we also surveyed Village Highlands, the adjacent newly constructed family LIHTC development, which began leasing in August 2005 and is currently 34 percent occupied. Village Highlands has experienced a moderate absorption of eight units per month. Management indicated the relatively moderate absorption pace is due to the properties proximity to other family LIHTC properties. Although these properties are inferior with regards to age and condition, they offer lower rents. Additionally, this property was completed in phases with the last building completed in June 2006. According to the property manager, they have experienced senior leasing traffic, however since this property only offers units at 60 percent AMI, management stated that the rents were too high for most seniors and the seniors stated that they preferred ground floor units since the property is not serviced by an elevator. Therefore, the Subject is not likely to experience a similar absorption as there are no competitive senior LIHTC properties located within several miles of the Subject.

The Subject will be adding 120 new senior oriented units to the market. Despite the other new additions to the senior LIHTC stock in the Subject's PMA, including Gates Park Crossing, Gates Park Housing for Older Persons, Norman Berry Senior Residences, and Princeton Court, given the low vacancy and the presence of waiting lists at the senior properties, we believe that the Subject will not have a negative effect on other affordable units in the market. The Subject will most likely pull tenants from the nearby inferior market rate properties. Rents at these properties are similar to the Subject's rents that are restricted to 30 percent AMI, or less. While these properties are not considered comparable, it is likely that some of these seniors currently living at nearby inferior market rate properties will relocate to the Subject upon completion. These properties are significantly inferior with regards to condition, and many do not offer any amenities nor an elevator.

Further, the Subject's rents are lower than the closest senior LIHTC properties, giving the Subject a competitive market advantage. Given the low vacancy and the presence of waiting lists at the senior properties, and factoring in for the new supply that will be entering the market in the next year, we estimate that the

Subject will have an absorption rate of 10 units per month, or approximately 12 months.

Comparable Properties:

Vacancy rates in the market range from 0.0 to 9.2 percent, averaging 2.1 percent. Three of the five senior LIHTC properties reported the lowest vacancy rates at 0.0. Two senior LIHTC properties, comparable properties one and two, reported vacancy ranging from 9.2 percent to 1.7 percent, respectively. The manager at comparable property one, Big Bethel Village, indicated that the market is soft and therefore the property has more vacancies than are typical for the property. Property managers at neighboring senior LIHTC developments indicated that the property's (comparable property one) high rental rates are the primary reason for the properties high vacancy as other senior LIHTC property's in the PMA remain 100 percent occupied with lengthy waiting lists. Comparable property two has two vacant market rate units, which management noted would be leased in the near future as the property generally remains 100 percent occupied. With the exception of comparable property one, the overall vacancy in the senior LIHTC market is extremely low at 0.43 percent. This is indicative of ample senior demand. Thus, the Subject should have little difficulty attracting tenants. The market rate property reported slightly higher vacancy rates when compared to the senior properties. The Subject will be most similar to comparable properties three and five, both of which are 100 percent occupied with lengthy waiting lists. Therefore, we expect the Subject to maintain a minimum vacancy rate of five percent or less.

Four of the five senior LIHTC comparable properties reported lengthy waiting lists. Comparable property one is the only LIHTC property which does not currently have a waiting list. The property also has a relatively high vacancy of 9.2 percent. Of the senior LIHTC properties, comparable property one has the highest rental rates for both the one- and two-bedroom units. Comparable property two reported that there are 24 households on their waiting list and comparable property four indicated a waiting list of 250 households. Additionally, comparable property three has a waiting period of approximately one year and comparable property five a waiting period of six months for the units restricted to 50 percent of the AMI as well as a five household waiting list for the unrestricted units. Despite the lack of a waiting list at comparable property one, the remaining properties, which are more similar in rent to the Subject, all maintain lengthy waiting lists and therefore we expect the Subject to maintain a waiting list after it is stabilized.

Unit Mix/Rents/Size: The Subject will offer a comparable unit mix when compared to similar senior properties. The Subject’s unit size is also considered to be competitive in the market area. The low rents at the Subject compared to the senior LIHTC properties will offer the Subject a competitive advantage.

Amenity Conclusions: The Subject’s proposed amenity package is competitive.

Proximity to Local Services: The following table details the Subject’s distance from key locational amenities. A *Locational Amenities Map*, corresponding to the following table is provided in the addenda to this report.

Local Distances from Services

Map #	Name	City	Distance (in miles)
1	Super Saver Foods	Atlanta	1.4 miles
2	CVS Pharmacy	Atlanta	1.4 miles
3	Adams Park Library	Atlanta	1.8 miles
4	East Point Police Department	East Point	1.9 miles
5	South Fulton Medical Center	East Point	2.6 miles
6	MARTA Bus Route #162	Atlanta	0.1 mile
7	Fort McPherson MARTA Station	Atlanta	1.3 miles
8	HJC Bowden Senior Center	East Point	1.7 miles

Market Strengths: Strengths of the Subject will include amenities and the low rents. The primary weakness of the Subject will include the Subject’s location. However, the Subject’s location within the Villages of East Point, a Planned Mixed-Income PUD, as well as being located in East Point, an area targeted for revitalization and re-investment, will likely improve as revitalization efforts lead to the development of new retail and commercial space in the immediate area. This is particularly true as the Villages of East Point is completed and reaches full occupancy, which will result in an influx of new residents to the immediate area. With the exception of Big Bethel Village, all of the senior LIHTC properties reported near full or full occupancy and maintain lengthy waiting lists. This indicates demand for the Subject property.

Market Study Conclusion: Based upon our market research, demographic calculations and analysis, we believe there is ample demand for the Subject property as conceived. Of the new additions to supply, five of the properties are existing and stabilized. The properties which are planned or currently under construction will add a total of 272 new units to the market. While this could lead to an oversupply, generally, all existing senior properties are stabilized and maintain low vacancy with waiting lists. This illustrates demand for the

Cascades at East Point, East Point, GA; Market Study

Subject. Strengths of the Subject will include common area amenities, lower AMI levels, and low rents.

The following tables are required by DCA and summarize our overall market conclusions.

DCA CONCLUSION TABLE

Unit Size	Income Limits	Units Proposed	Additions				Absorption	Median Market Rent	Proposed Rent
			Total Demand	to Supply	Net Demand	Capture Rate			
1BR	30%	6	105	22	83	7%	3-4 months	\$826	\$316
1BR	50%	17	195	216	-21	-80%	12 months	\$826	\$541
1BR	60%	33	363	114	249	13%	12 months	\$826	\$595
2BR	Market	13	897	98	799	2%	12 months	\$826	\$695
2BR	30%	7	142	22	120	6%	3-4 months	\$933	\$379
2BR	50%	13	263	84	179	7%	12 months	\$933	\$619
2BR	60%	19	489	159	330	6%	12 months	\$933	\$675
2BR	Market	12	1,207	107	1,100	1%	12 months	\$933	\$785

OVERALL DEMAND

Proposed Project Capture Rate 30% AMI Units	6%
Proposed Project Capture Rate 50% AMI Units	19%
Proposed Project Capture Rate 60% AMI Units	9%
Proposed Project Capture Rate Market Units	1%
Proposed Project Stabilization Period	12 months

B. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Our description of the improvements is based on information provided by the developer. Cascades at East Point (Subject) is a proposed new construction of a LIHTC/Market apartment community for older persons aged 55 and older. The Subject property will be part of a Planned Mixed Income PUD (Villages of East Point), which includes approximately 150 LIHTC rental multi-family units, 100 single family homes for purchase, and 75 townhomes for purchase. The entire PUD encompasses 33.6 acres and includes: Village Highlands Apartments (rent), Primrose (two-story townhomes from \$130,000), Bayberry (three-story townhomes from \$150,000), Hawthorne (single-family homes from \$200,000), and Sweetbriar (single-family custom homes from \$250,000). Primrose and Bayberry Townhomes are located in the northwest quadrant of the development; Hawthorne single-family homes in the northeast quadrant; Village Highlands in the southeastern quadrant; and, the Subject site is located in the southwestern quadrant of the development. Village Highlands are 100 percent LIHTC and were completed in June 2006. The townhomes and single-family homes are currently under construction. The Villages of East Point includes two swimming pools, a playground, multiple gazebos, picnic areas, leasing and sales offices, and sufficient off-street parking.

The Subject will consist of 120 units restricted to senior tenants aged 55 and older. Of the total units, 13 will be restricted to households earning no more than 30 percent of the AMI, 30 restricted to households earning 50 percent of the AMI, and 52 restricted to households earning 60 percent of the AMI. The remaining 25 units will be unrestricted. The Subject will include 71, one-bedroom units and 49, two-bedroom units. Both residential, community space, and 7,700 square feet of street level retail will be in one, three-story building. No additional details regarding the retail space were provided. We assume that the following information is accurate.

Project Address and

Development Location:

The Subject is located at 1900 Stanton Road. This is located in northern area of East Point.

Construction Type:

New Construction.

Occupancy Type:

Housing for older persons aged 55 and older.

Special Population Target:

Six of the units will be soft set aside for special needs tenants.

PROPOSED RENTS

Unit Type	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>30% AMI</i>						
1BR/1BA	6	\$316	\$84	\$400	\$400	\$686
2BR/2BA	7	\$379	\$101	\$480	\$480	\$763
<i>50% AMI</i>						
1BR/1BA	17	\$541	\$84	\$625	\$667	\$686
2BR/2BA	13	\$619	\$101	\$720	\$801	\$763
<i>60% AMI</i>						
1BR/1BA	33	\$595	\$84	\$679	\$801	\$686
2BR/2BA	19	\$675	\$101	\$776	\$961	\$763
<i>Market</i>						
1BR/1BA	13	\$695	\$0	\$695	N/A	N/A
2BR/2BA	12	\$785	\$0	\$785	N/A	N/A
Total	120					

Notes (1) Source of Utility Allowance Developer

Structure Type:

The Subject will consist of one, three-story elevator serviced building which will include both residential and community space. The building will be “E” shaped and will feature a gated entrance. After construction, curb appeal is expected to be above-average.

Unit Amenities:

The Subject will include refrigerator, oven/range, dishwasher, disposal, washer/dryer hook-ups, ceiling fans, an intercom system, security system, and central air conditioning.

Community Amenities:

The Subject will offer a community area with an exercise room, computer room, and furnished library with sitting areas, a central laundry facility, gazebo, walking path, community garden, community pets, security gate, elevators, and on-site management office. In addition, there will be planned social and recreational programs as well as semi-monthly on-site classes in areas such as exercise, computers, arts and crafts, and gardening.

Parking:

There are will be a total of 120 surface parking spaces at the Subject. This equates to one parking space per unit for residents. The Subject is also on a main bus line (Marta Bus #162). Overall, parking appears adequate at the Subject.

Existing or Proposed

Project Based Rental Assistance: None of the units will have project based rental assistance.

Placed in Service Date:

The projected placed in service date is March 2008.

Conclusion:

The Subject appears to have an adequate unit mix for the targeted population group. We believe that the recommended unit amenities and the proposed community amenities are adequate and will attract residents to the property.

C. SITE EVALUATION

The location of an elderly 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 22, 2006.

Frontage: The Subject site has frontage along Stanton Road.

Topography: The Subject is currently unimproved and appears to have a gently rolling topography along the borders of the site. The center of the site is level. The site has been cleared.

Visibility/Views: The Subject is located on Stanton Road between the intersections of Stanton Road and Campbellton Road and to the north and Stanton Road and Langford Parkway to the south. Views on the northern and eastern side of the property consist of newly constructed townhomes, single family homes, and multi-family apartment buildings, all of which are part of the Subject's Planned Mixed Income PUD. Units located along the western boundary will have views of a densely wooded area, which separates the Subject from the adjacent land use, Pamona Park Community, a single-family home subdivision which exists on the western edge of the wooded area. These homes are in average condition, but will not be visible from the Subject site.

North: Immediately north of the Subject is the Primrose (two-story) and Bayberry (three-story) Townhome developments. Both developments are a part of the Villages of East Point Mixed-Income PUD which are in excellent condition.

South: Immediately southwest of the Subject is a single family home residential neighborhood, Pamona Park Community, consisting of older single-family dwellings. Most of the homes in the area appear to be in fair to good condition and are visually separated from the Subject by a wooded area. Slightly further southwest is Sweetbriar subdivision, the custom single-family home development of the Villages of East Point. The land has been cleared, however construction on the homes has not begun.

East: Immediately east of the Subject are several single family dwellings and one multifamily building, all part of the Villages of East Point Mixed Income PUD. Also

located immediately east of the Subject is the Village Highlands clubhouse, which includes a business center and on-site leasing office. Adjacent to the clubhouse is a swimming pool. Further east, along McClelland Avenue, is the Village Highland Apartments. These surrounding uses are all in excellent condition as they are new construction.

West: Immediately west of the Subject is a densely wooded area. Further west is a single family home residential neighborhood, Pamona Park Community, consisting of older single-family dwellings. Most of the homes in the area appear to be in fair to good condition.

Photos of Villages of East Point, Mixed-Income PUD



View of Stanton Road traveling north from Subject



View of Stanton Road traveling south from Subject



View of Stanton Road, traveling south towards Villages of East Point



View of Stanton Road traveling north away from Village of East Point



Traffic Circle on Stanton Road at center of Villages of East Point



Western edge of Stanton Road – Primrose and Bayberry Townhomes



View of Villages of East Point from northeast corner



View of Bayberry Townhomes from Hawthorne



View of Subject site from roundabout on Stanton Rd



Mail Center for Primrose & Bayberry Townhomes



Primrose & Bayberry Townhomes playground



Primrose & Bayberry Townhomes swimming pool



Bayberry Townhomes – under construction



Primrose Townhomes – under construction



Village Highlands Apartments



Primrose Townhomes



Bayberry Townhomes – under construction



Hawthorne single-family homes

Access and Traffic Flow:

The Subject site is located on the west side of Stanton Road. Access and traffic flow are considered to be good.

Layout and Curb Appeal:

The proposed Subject will have an open layout and an above-average curb appeal as the building will be new construction.

Zoning of Surrounding Area:

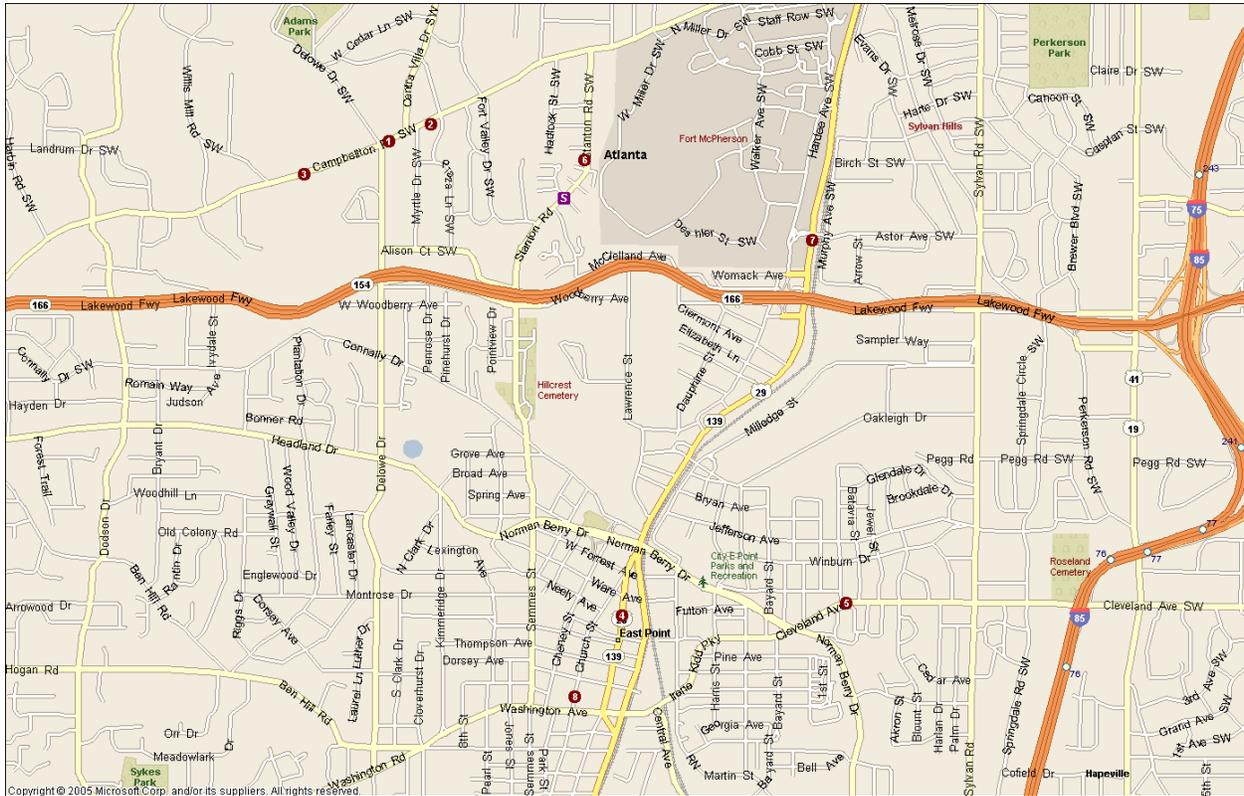
The Subject site is currently zoned as R3 - Multifamily. Permitted uses include, but are not limited to: single family dwellings, duplexes, and multifamily dwellings. The Subject is a conforming use.

**Road/Infrastructure
Proposed Improvements:**

We witnessed no road/infrastructure improvements in the immediate vicinity of the Subject.

Proximity to Local Services:

The following table details the Subject's distance from key locational amenities. A *Locational Amenities Map*, corresponding to the following table is provided in the addenda to this report.



Local Distances from Services

Map #	Name	City	Distance (in miles)
1	Super Saver Foods	Atlanta	1.4 miles
2	CVS Pharmacy	Atlanta	1.4 miles
3	Adams Park Library	Atlanta	1.8 miles
4	East Point Police Department	East Point	1.9 miles
5	South Fulton Medical Center	East Point	2.6 miles
6	MARTA Bus Route #162	Atlanta	0.1 mile
7	Fort McPherson MARTA Station	Atlanta	1.3 miles
8	HJC Bowden Senior Center	East Point	1.7 miles

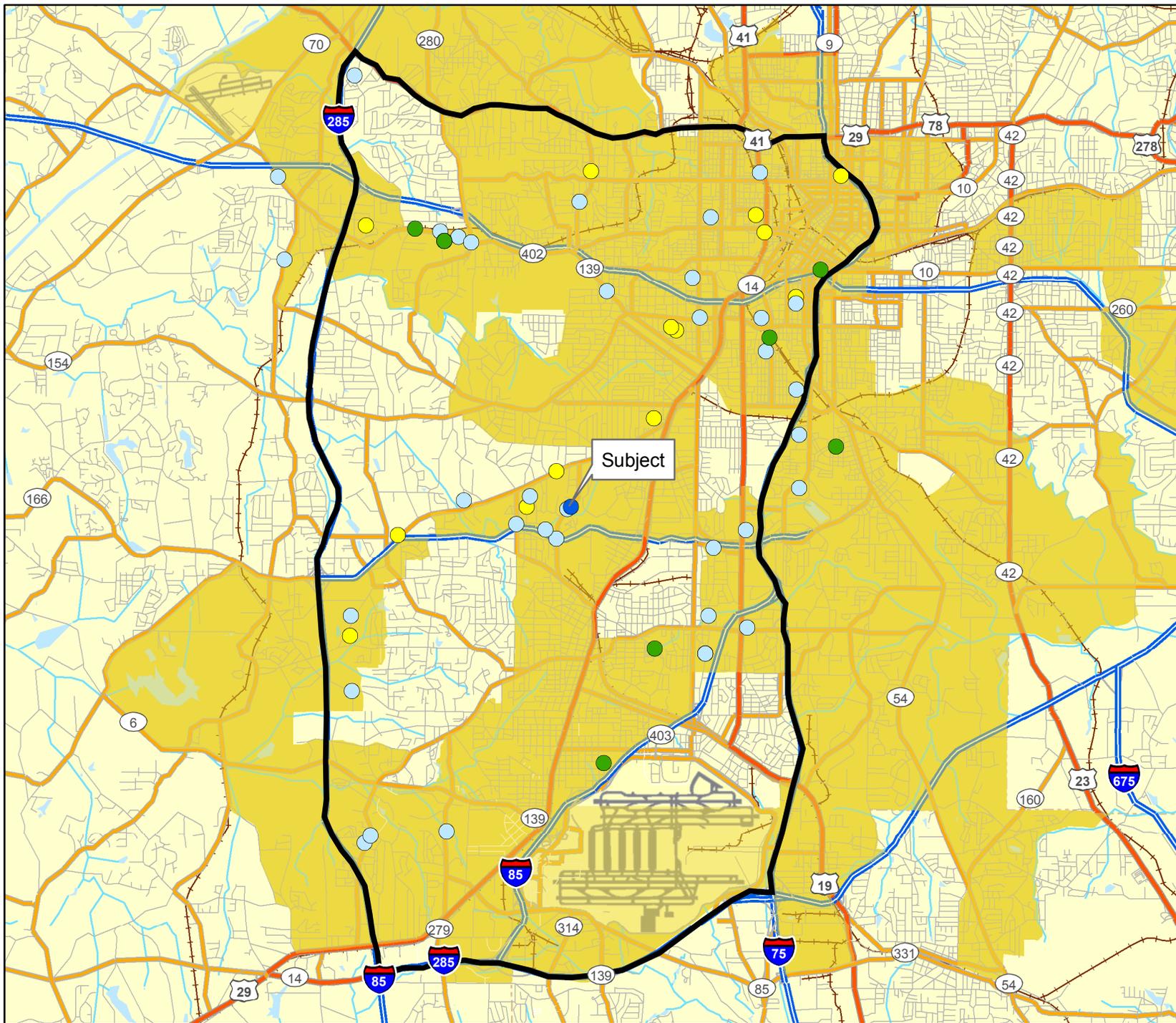
Subsidized Property Map:

The following map identifies all subsidized properties in the PMA that are existing, proposed, and under construction. A corresponding map is located on the following page.

Cascades at East Point, East Point, GA; Market Study

Name	Address	City	Type	Target Group	Color	Excluded/Included	Reason for Exclusion	Distance From Subject
Abernathy Tower	1059 Ogletrope Avenue, SW	Atlanta	Section 8	Elderly		Excluded	Tenants pay 30% of income	3.1 miles
Allen Hills Apartments	3155 Hickman Dr. NW	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	8.6 miles
Atlanta Napfe Elderly Towers	359 W Lake AVE NW	Atlanta	Section 8	Elderly		Excluded	Tenants pay 30% of income	5.2 miles
Baptist Towers	1881 Myrtle DR SW	Atlanta	Section 8	Elderly		Excluded	Tenants pay 30% of income	1.1 miles
Cascade Pines Apartments	2909 Campbellton Road	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	4.0 miles
City View at Rosa Burney Park	250 Fulton ST SW	Atlanta	Section 8	Disabled		Excluded	Tenants pay 30% of income	6.8 miles
Community Friendship Housing Services, II, Inc.	684 Lawton ST	Atlanta	Section 8	Disabled		Excluded	Tenants pay 30% of income	3.0 miles
Edgewood Court Apartments	1572-B1 Hardee ST NE	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	10.6 miles
Friendship Towers	35 Northside Drive SW	Atlanta	Section 8	Elderly		Excluded	Tenants pay 30% of income	4.6 miles
Imperial Hotel	355 Peachtree Street	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	9.0 miles
Oakland City/West End Apartments	1191 Oakland Lane	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	1.8 miles
QLS Haven	1840 Campbellton Rd SW	Atlanta	Section 8	Elderly		Excluded	Tenants pay 30% of income	0.9 miles
QLS Meadows	3060 Continental Colony Parkway	Atlanta	Section 8	Elderly		Excluded	Tenants pay 30% of income	4.2 miles
Vine City Terrace Apartments	515 Rhodes St. NW	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	5.0 miles
Wildwood Park Towne Houses 4	405-DD Fairburn RD SW	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	7.8 miles
Wildwood Park V	405-CC Fairburn RD SW	Atlanta	Section 8	Family		Excluded	Tenants pay 30% of income	7.8 miles
Alta Pointe	2640 Martin Luther King Jr. Drive	Atlanta	LIHTC	Family		Excluded	Family Tenancy	9.4 miles
Columbia Commons (Formerly Columbia Chalet	2508 Martin Luther King Dr.	Atlanta	LIHTC	Family		Excluded	Family Tenancy	9.6 miles
Westview Lofts	1524 Ralph David Abernathy Drive	Atlanta	LIHTC	Family		Excluded	Family Tenancy	3.4 miles
Toby Sexton Redevelopment	488 Glenn Street, SW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	3.9 miles
Terrace at Cornerstone, The	895 Ralph David Abernathy Drive	Atlanta	LIHTC	Family		Excluded	Family Tenancy	3.6 miles
West End	1691 West Lake Court Northwest	Atlanta	LIHTC	Family		Excluded	Family Tenancy	4.8 miles
Northside Village	370 Northside Drive NW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	5.5 miles
Harris Homes Revitalization Phase I	920 Sells Avenue	Atlanta	LIHTC	Family		Excluded	Family Tenancy	4.2 miles
Magnolia Park, Phase II fka John Eagan Homes	840 Carter Street, NW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	5.1 miles
Dogwood Apartments	1000 Harwell Road	Atlanta	LIHTC	Family		Excluded	Family Tenancy	10.9 miles
Pittsburgh Phase I	455 Rockwell Street	Atlanta	LIHTC	Family		Excluded	Family Tenancy	3.7 miles
City Views at Rosa Burney Park L.P.	259 Richardson Street SW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	6.6 miles
Crogman School	1093 West Avenue, SW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	5.5 miles
Brookside Park	565 St. Johns Avenue	Atlanta	LIHTC	Family		Excluded	Family Tenancy	3.3 miles
Village Highlands	McClelland Avenue	East Point	LIHTC	Family		Excluded	Family Tenancy	0.7 miles
Hidden Creste Apartments	3200 Stone Road	Atlanta	LIHTC	Family		Excluded	Family Tenancy	5.2 miles
Heritage Green Apartments	2891 Springdale Road	Atlanta	LIHTC	Family		Excluded	Family Tenancy	5.0 miles
Heritage Green Apartments L.P.	2891 Springdale Road	Atlanta	LIHTC	Family		Excluded	Family Tenancy	5.0 miles
Crescent Hills Apartments	532 Cleveland Avenue, SW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	4.5 miles
Village of College Park	4060 Herschel Road	College Park	LIHTC	Family		Excluded	Family Tenancy	5.3 miles
Robins Creste Apartments	4171 Washington Road	East Point	LIHTC	Family		Excluded	Family Tenancy	8.3 miles
Eagles Creste Apartments	4135 Washington Road	Atlanta	LIHTC	Family		Excluded	Family Tenancy	8.4 miles
Peaks of MLK	2423 Martin Luther King	Atlanta	LIHTC	Family		Excluded	Family Tenancy	9.8 miles
Park At Lakewood Apartments	1991 Delowe Dr. SW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	1.1 miles
Hidden Cove	1900 Stanton Delowe	Atlanta	LIHTC	Family		Excluded	Family Tenancy	0.5 miles
Shamrock Gardens Apartments	1988 Plaza Ln. SW	Atlanta	LIHTC	Family		Excluded	Family Tenancy	0.5 miles
Brentwood Village Apartments	1935 Alison Court	Atlanta	LIHTC	Family		Excluded	Family Tenancy	0.7 miles
Wells Court Commons	1856 Wells Drive	Atlanta	LIHTC	Family		Excluded	Family Tenancy	2.3 miles
Lakewood Christian Manor	2141 Springdale Road Southwest	Atlanta	LIHTC	HFOP		Excluded	Operates with additional subsidy	2.9 miles
Trinity Towers	2611 Springdale RD	Atlanta	LIHTC	Elderly		Excluded	Operates with additional subsidy	3.4 miles
Columbia Colony Senior Apts.	2999 Continental Colony Pkwy S	Atlanta	LIHTC	Elderly		Included	Included	3.8 miles
Renaissance at Park Place South	240 Amal Drive	Atlanta	LIHTC	HFOP		Included	Out of PMA - Included	4.8 miles
Columbia High Point Senior Residences	220 Bowen Circle	Atlanta	LIHTC	Elderly		Included	Out of PMA - Included	5.9 miles
Martin's House (aka Misty Amber Apts)	3712 Martin Luther King, Jr. Drive	Atlanta	LIHTC	HFOP		Included	Out of PMA - Included	9.4 miles
Big Bethel Village	500 Richard Allen Blvd	Atlanta	LIHTC	Elderly		Included	Out of PMA - Included	9.5 miles
Princeton Court	3633 Howard Ave	College Park	LIHTC	HFOP		Excluded	In lease-up	4.3 miles
Carver Senior Building, LP	217 Thirkeld Avenue, SW	Atlanta	LIHTC	Elderly		Excluded	Under Construction	7.1 miles
Pittsburgh Phase II Senior Apartments	797 McDaniel Street	Atlanta	LIHTC	HFOP		Excluded	Planned new construction	3.8 miles
Norman Berry Village Senior Residences	2834 & 2840 Norman Berry Drive	East Point	LIHTC	HFOP		Excluded	Under Construction	2.6 miles
Gates Park Crossing Senior Residences	150 Peyton Place SW	Atlanta	LIHTC	Elderly		Excluded	Under Renovation	9.5 miles
Gates Park Housing For Older Persons	150 Peyton Place SW	Atlanta	LIHTC	HFOP		Excluded	Under Renovation	9.5 miles
Seven Courts Apartments	2800 Martin Luther King Blvd	Atlanta	LIHTC	Family		Excluded	Family Tenancy - Under Renovation	9.1 miles
Capitol Gateway Phase II	89 Memorial Drive	Atlanta	LIHTC	Family		Excluded	Family Tenancy - Under Construction	7.2 miles
Cascades at East Point	1900 Stanton Rd	East Point	LIHTC	HFOP		Subject	Subject	0.0 miles

Affordable Properties and QCTs in the Atlanta, GA PMA



Affordable Properties

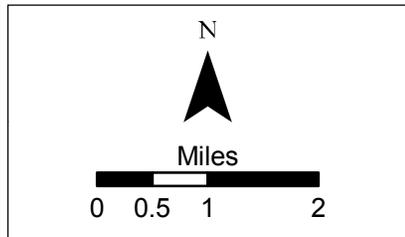
Rent Structure

- Section 8/Section 202
- LIHTC
- LIHTC - Construction
- Proposed LIHTC

■ Qualified Census Tracts

▭ PMA

Data Sources: U.S. Housing and Urban Development (HUD) Low Income Housing Tax Credit Database 1987-2006; Local Housing Finance Agency; HUD Qualified Census Tracts 2006



Detrimental Influences:

The site is bounded by Bayberry and Primrose Townhomes to the north, Stanton Road to the east, Fort Valley Drive to the south, and the Primrose Townhomes to the west. Nan Jean Apartments and Autumn Crest Apartments located south of the Subject along Stanton Road have several boarded units; an exact amount was not available. In addition, there is a four-storefront retail center immediately north of the Villages of East Point that is 100 percent vacant. Although these detrimental influences do exist, the Subject's immediate surroundings have excellent curb appeal.

Environmental Concerns:

None visible upon site inspection.

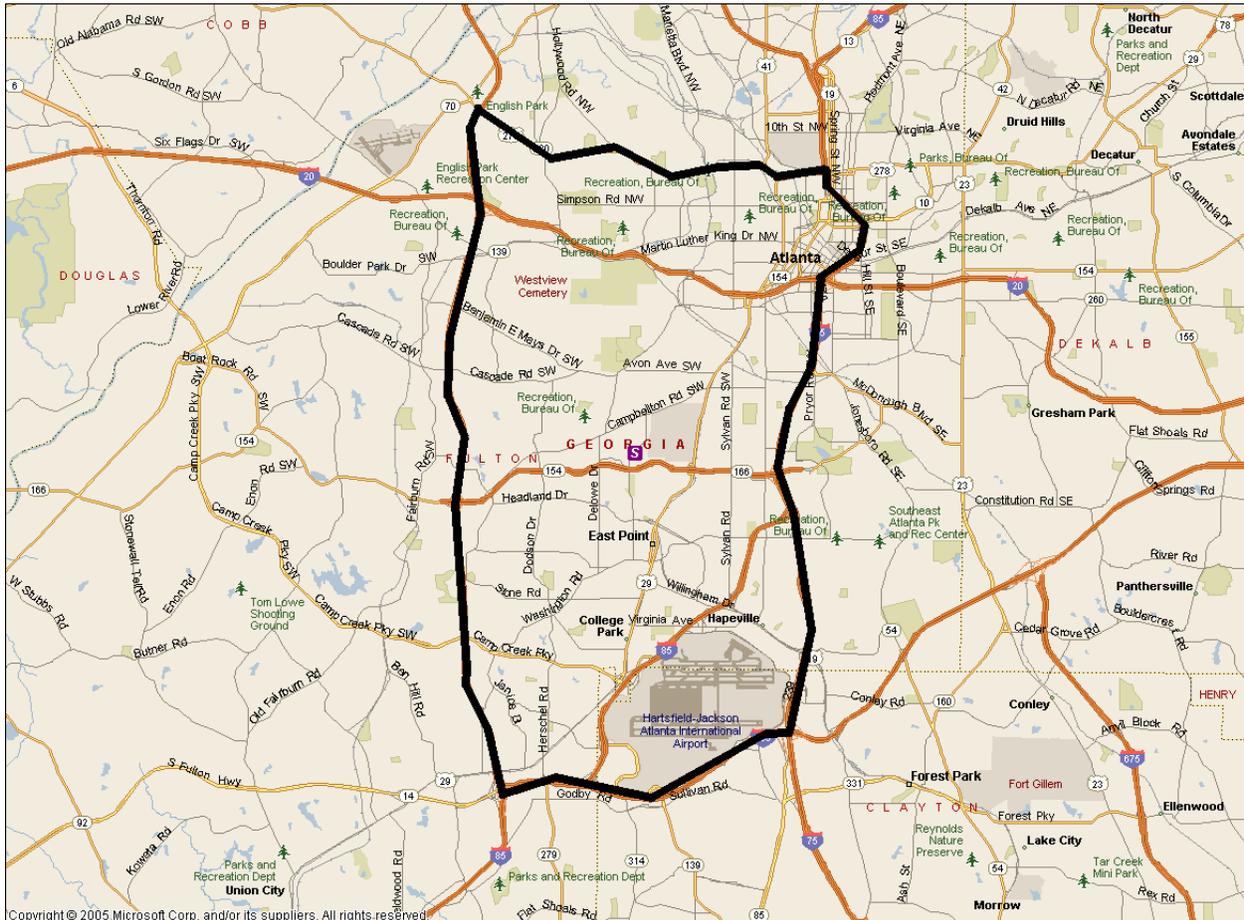
Conclusion:

The Subject is located in a residential neighborhood in the northern portion of the City of East Point. Residents of the neighborhood are within close proximity to major arteries and local services. The Subject offers good visibility and curb appeal. The Subject's proposed new construction will further create a positive impact upon the neighborhood by creating quality, affordable housing in the area. Overall, the community presents a good location for an affordable, multifamily development for seniors.

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 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 secondary market area, the Atlanta – Sandy Springs – Marietta MSA, are areas of growth or contraction.

The Subject is located on Stanton Road in Atlanta, Fulton County, Georgia. The primary market area is defined as an area located within the following general boundaries: North: U.S. Route 278; East: Interstate 75/85; South: Interstate 285; and West: Interstate 285. This area defined based on interstate divides, and on interviews with the local housing authority and senior center, as well as conversations with surveyed property managers.

Many property managers indicated that their senior tenants are from the entire southwest quadrant of Atlanta and some from out of state. The managers at the senior LIHTC properties

indicated that the majority of senior tenants are from Fulton County and the west end of Atlanta; however, they do have approximately 10 to 15 percent of tenants from the surrounding counties. All of the property managers indicated that proximity to public transportation and amenities is a determining factor for seniors in search of housing. They also stated that senior tenants would be willing to move further than family tenants if there is a new affordable senior community. Because of this, we believe the Subject will have moderate leakage from outside the PMA. We have estimated that 20 percent of the tenant's will come from outside these boundaries.

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.

Location and Boundaries

The Subject is located on Stanton Road between the intersections of Stanton Road and Campbellton Road and to the north and Stanton Road and Langford Parkway to the south. Views on the northern and eastern side of the property consist of newly constructed townhomes, single family homes, and multi-family apartment buildings, all of which are part of the Subject's Planned Mixed Income PUD. Units located along the western boundary will have views of a densely wooded area, which separates the Subject from the adjacent land use, Pamona Park Community, a single-family home subdivision which exists on the western edge of the wooded area. Views on the Southern border are of single family homes that in average condition and multifamily developments in poor condition. The Subject will have good visibility from Stanton Road.

North: Immediately north of the Subject is the Primrose (two-story) and Bayberry (three-story) Townhome developments. Both developments are a part of the Villages of East Point Mixed-Income PUD. Further north includes a 100 percent vacant retail center with four storefronts, single-family dwellings in poor to average condition, multi-family developments (Chastain Manor and Marquis Townhomes) in poor condition, and the Lovebug Learning Center, part of the Georgia Head Start Program. Approximately 0.67 miles north of the Subject, Stanton Road dead ends into Campbellton Road with a Chevron gas station and small retail center to the west and Greater Rising Star Baptist Church to the east. The small retail center includes Hans III (Chinese carry-out), Ford Tax Service, a Check Cashing location, Philly Wings II (Chinese restaurant), and a barber shop. There are seven storefronts of which three are vacant.

South: Immediately southwest of the Subject is a single family home residential neighborhood, Pamona Park Community, consisting of older single-family dwellings. Most of the homes in the area appear to be in fair to good condition. Slightly further southwest is Sweetbriar subdivision, the custom single-family home development of the Villages of East Point. The land has been cleared, however construction on the homes has not begun. Immediately southeast of the Subject is Nan Jean Apartments and Autumn Crest Apartments, two multifamily market rate properties constructed in the 1960s or 1970s and in poor condition. Approximately 0.30 miles south of the Subject, Stanton Road intersects with Langford Parkway. Stanton Plaza and a Citgo gas station exist at this intersection. Stanton Plaza includes a coin laundry facility, check cashing store,

package store, a salon, American Cafe (food store), and a baby boomers retail store. Stanton Plaza has one vacant retail space for a vacancy rate of 14.28 percent. Marta bus route #162 runs along Stanton Road passing the retail center and the Subject.

East: Immediately east of the Subject are several single family dwellings and one multifamily building, all part of the Villages of East Point Mixed Income PUD. Also located immediately east of the Subject is the Village Highlands clubhouse, which includes a business center and on-site leasing office. Adjacent to the clubhouse is a swimming pool. Further east, along McClelland Avenue, is the Village Highland Apartments. Further east are several older single family homes in poor to fair condition. East of the Villages of East Lake Mixed Income PUD is Fort McPherson, which will be closed in accordance with the 2005 BRAC Recommendations.

West: Immediately west of the Subject is a densely wooded area. Further west is a single family home residential neighborhood, Pamona Park Community, consisting of older single-family dwellings. Most of the homes in the area appear to be in fair to good condition.

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 Secondary Market Area (MSA) are areas of growth or contraction. The senior comparable properties indicated that the age of their tenants were mostly over 60. The Atlanta MSA is considered to be 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, 2000, 2005 and 2010. Data has also been projected for 2008, the year in which the Subject is expected to begin operation.

According to GA DCA’s 2006 market study guidelines section E2, Household Trends, demographic data for HFOP should be presented for ages 55 and older.

General Population

The table below illustrates general population trends in the MSA, PMA, and nation from 1990 through 2010.

POPULATION						
Year	MSA		PMA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
1990	3,069,425	-	190,114	-	248,709,873	-
2000	4,247,981	3.84%	193,136	0.16%	281,421,906	1.32%
2005	4,980,447	3.28%	196,504	0.33%	298,727,898	1.17%
Projected Mkt Entry: March 2008	5,504,255	3.51%	201,316	0.82%	310,573,098	1.32%
2010	5,807,512	3.32%	204,102	0.77%	317,430,845	1.25%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

As the table illustrates, all three areas of analysis, the MSA, PMA, and nation are areas of growth in population. The population growth in the MSA outpaced the growth in population in the PMA and nation. While the MSA experiences strong population growth, the nation experiences moderate growth, and the PMA experiences slight growth in total population. These patterns of growth are expected to continue at a slightly faster pace through 2010.

Senior Population

The table below illustrates senior population trends in the MSA and PMA from 2000 through 2010.

SENIOR POPULATION, 55+				
Year	MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	642,888	-	35,198	-
2005	851,751	6.19%	38,882	1.99%
Projected Mkt Entry: March 2008	1,000,339	5.51%	42,864	3.23%
2010	1,086,364	5.51%	45,170	3.23%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

As the table illustrates, senior population trends in the PMA and MSA are expected to grow at a faster rate respective general population trends. While the PMA is experiencing strong senior population growth, the MSA is experiencing more than one and half times the rate of senior population growth in the PMA. Although both the MSA and PMA are projected to continue to experience senior population growth through 2010, growth in the PMA is projected to increase at a faster pace while growth in the MSA is expected to continue at a slower pace. Nevertheless, by 2010, senior population growth will remain stronger in the MSA than the PMA. The strong senior population increase in the MSA and PMA indicate a strong demand for additional affordable housing for seniors and is a positive indicator for the Subject.

Elderly and Non-Elderly in PMA

The table below illustrates total, non-elderly, and elderly population trends in the MSA and PMA from 1990 through 2010.

Number of Elderly and Non-Elderly - PMA

Year	PMA			Secondary Area (SMA, MSA, City, Village, etc)		
	Total Population	Non-Elderly	Elderly (55+)	Total Population	Non-Elderly	Elderly (55+)
1990	190,115	153,175	36,940	3,069,425	2,604,219	465,206
2000	193,136	157,938	35,198	4,247,981	3,605,093	642,888
2005	196,505	157,623	38,882	4,980,447	4,128,696	851,751
Projected Mkt Entry: March 2008	201,318	158,453	42,864	5,504,255	4,503,916	1,000,339
2010	204,104	158,934	45,170	5,807,513	4,721,149	1,086,364

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

As the table illustrates, all three areas of analysis, total, non-elderly, and elderly populations, in the PMA have steadily increased from 1990 to 2005 and are expected to continue to grow through 2010. This trend is similar to that in the MSA and nation, which also experienced increasing senior populations over the past ten years and is projected to have growth at a more rapid pace through 2010. The elderly population (age 55 and older) in the PMA represents a larger percentage of the total population when compared to that of the MSA at 20 and 17 percent, respectively. This trend is expected to continue through 2010 with 22 percent of the PMA's population over the age of 55 compared to 19 percent in the MSA. From 2005 to 2010, the elderly populations in the PMA, MSA, and nation are predicted to increase in their representation in the total population.

Population by Age Group

The following table illustrates the population of the MSA and PMA by age cohort.

2005 POPULATION BY AGE

Age Cohort	MSA		PMA		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	373,692	7.50%	14,386	7.32%	20,587,521	6.89%
5-9	359,020	7.21%	13,469	6.85%	19,707,117	6.60%
10-14	372,260	7.47%	15,104	7.69%	21,584,908	7.23%
15-19	339,476	6.82%	17,200	8.75%	21,232,647	7.11%
20-24	339,779	6.82%	16,315	8.30%	21,478,165	7.19%
25-29	369,190	7.41%	14,236	7.24%	19,117,827	6.40%
30-34	409,170	8.22%	14,045	7.15%	20,215,584	6.77%
35-39	418,718	8.41%	12,857	6.54%	21,029,915	7.04%
40-44	444,989	8.93%	14,305	7.28%	23,806,992	7.97%
45-49	383,042	7.69%	13,715	6.98%	22,656,730	7.58%
50-54	319,360	6.41%	11,991	6.10%	19,821,785	6.64%
55-59	268,976	5.40%	9,912	5.04%	17,004,782	5.69%
60-64	184,250	3.70%	7,691	3.91%	12,962,373	4.34%
65-69	128,448	2.58%	6,383	3.25%	10,202,986	3.42%
70-74	95,597	1.92%	4,966	2.53%	8,633,965	2.89%
75-79	75,392	1.51%	4,051	2.06%	7,687,366	2.57%
80-84	53,603	1.08%	3,003	1.53%	5,831,578	1.95%
85+	45,485	0.91%	2,876	1.46%	5,165,657	1.73%
Total	4,980,447	100.0%	196,505	100.0%	298,727,898	100.00%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

As illustrated in the table above, over half of the population in the MSA and PMA is under the age of 35 years old compared to 48 percent of the population in the nation. The largest age cohort in the PMA is persons from 10 to 24 years of age compared to the 30 to 49 age group in the MSA and 40 to 49 age cohort in the nation. This indicates more teenagers and young adults in the PMA when compared to the MSA and nation. However, the second largest age cohort for the MSA is persons from 0 to 14. These demographics suggest a large population of middle age parents with young children in the MSA compared to younger parents with children in the PMA. This is a partially a result of suburban growth. The Subject will be restricted to persons age 55 and older. Approximately 17 percent of the MSA population will be age eligible to reside at the Subject, compared to 20 percent of the PMA population. Therefore, the PMA has larger senior and child populations than the MSA, while the MSA has a large percentage of its population in the 34 to 49 age cohorts. Both the PMA and MSA have a smaller senior population than the nation. However, because the existing senior properties in the MSA and PMA are generally between 95 and 100 percent occupied with waiting lists, it is not likely that the smaller percentage of seniors residing in the market will have a negative effect on the Subject.

General Household Trends

The following table is a summary of the total households in the MSA, PMA, and nation from 1990 to 2010.

HOUSEHOLDS

Year	MSA		PMA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
1990	1,140,843	-	71,392	-	91,947,410	-
2000	1,554,154	3.62%	71,642	0.04%	105,480,101	1.47%
2005	1,824,531	3.31%	73,939	0.61%	112,448,901	1.26%
Projected Mkt Entry: March 2008	2,014,215	3.47%	76,015	0.94%	117,090,049	1.38%
2010	2,124,032	3.28%	77,217	0.89%	119,777,029	1.30%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

The MSA’s rate of household growth is relatively greater than the nation and significantly greater than that in the PMA. Household formation in the PMA increased from 2000 to 2005, but was below national growth levels. Household formation in the PMA is expected to increase in its pace through 2010 while household growth in the nation is projected to slow in its pace. Nevertheless, by 2010 household growth in the PMA will remain below the national average. Household formation in the MSA declined from 2000 to 2005 and is expected to continue decreasing at a similar pace through 2010. Household formation in the MSA is decreasing at a slightly faster pace than the population. The PMA is more densely developed than the MSA, and therefore, there is less land available for development. Thus, household increases in the suburban fringe are more typical than in developed areas. Again, the less significant household growth in the PMA is not expected to adversely affect the Subject, as it is a senior property and other senior properties in the MSA and PMA are generally between 95 and 100 percent occupied with waiting lists.

The average household size in the PMA is slightly below that of the nation. The national average household size is 2.59. The PMA has a slightly lesser average household size than the nation at 2.53. The average household size in the MSA is above the national average at 2.68 persons per household. While both the PMA and nation analysis are expected to experience a minimal decline in the average household size through 2010, the MSA is expected to experience an increase in the average household size, therein further widening the gap between the average household size in the MSA with that in the PMA and nation.

Senior Household Trends

The following table is a summary of the senior households in the MSA and PMA from 2000 to 2010.

HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 55+				
Year	MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	385,958	-	24,012	-
2005	505,926	5.92%	25,557	1.23%
Projected Mkt Entry:				
March 2008	590,672	5.29%	27,925	2.93%
2010	639,736	5.29%	29,296	2.93%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

As the table above illustrates, senior household growth is increasing in both the MSA and PMA. Senior household formation in the PMA increased from 2000 to 2005 and is expected to grow at a twice the pace from 2005 through 2010. From 2000 to 2005, senior household growth in the MSA was significantly greater than that in the PMA. Senior household growth is expected to continue to increase, albeit at a slower pace, through 2010, therein closing the gap between senior household growth in the MSA and that in the PMA. The PMA is more densely developed than the MSA, and therefore, there is less land available for development. Thus, household increases in the suburban fringe are more typical than in developed areas.

Median Household Income Levels

The following table illustrates Median Household Income for the general population as well as for the senior population ages 55 and older in the MSA and PMA from 2000 through 2010.

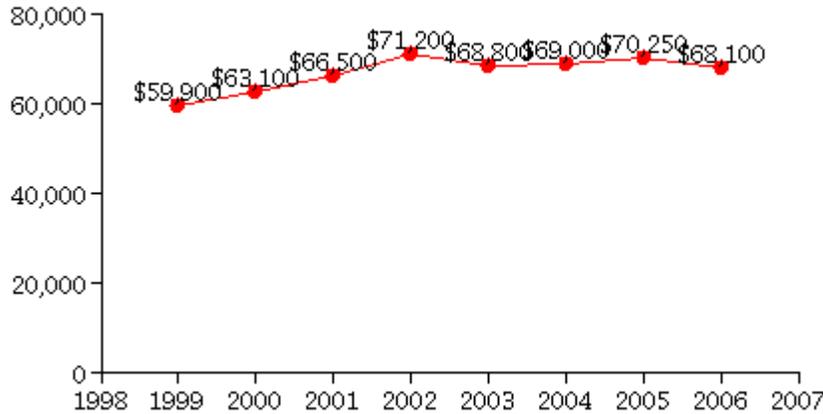
MEDIAN HOUSEHOLD INCOME				
Year	MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
<i>All Ages</i>				
2000	\$51,657	-	\$25,855	-
2005	\$62,156	3.87%	\$31,088	3.86%
Projected Mkt Entry:				
March 2008	\$70,508	4.24%	\$36,239	5.23%
2010	\$75,344	4.24%	\$39,221	5.23%
<i>Age 55+</i>				
2000	-	-	-	-
2005	\$42,325	-	\$29,575	-
Projected Mkt Entry:				
March 2008	\$50,256	5.92%	\$36,423	7.31%
2010	\$54,848	5.92%	\$40,387	7.31%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

The PMA’s median household income was significantly below the national average of \$42,164 at the beginning of the 21st century. Conversely, the median household income in the MSA was above that of the nation. The national median household income in 2005 was approximately \$49,747. Of all three areas of analysis, the PMA has the lowest median household income in the general population and the MSA has the highest. Although this differential is expected to close over the foreseeable future as the median household income in the PMA grows at a slightly faster rate than that in the MSA, by 2010 the PMA will continue to have the lowest median household income and the MSA will continue to have the highest.

Similar to the general median household income, the senior median household income in the MSA is significantly greater than that in the PMA. This differential is expected to lessen over the foreseeable future as senior incomes in the PMA are predicted to grow at a faster pace than those in the MSA. For Section 42 LIHTC rent determination purposes, the AMI is used. The following chart illustrates the AMI level for a four-person household in Fulton County, Georgia.

AMGI



—●— 4-person AMGI
 Source: Novogradac & Company, LLP, 03/2006.

As illustrated in the table above, AMI has fluctuated over the past seven years. The most significant increase of \$4,700 occurred from 2001 to 2002. Overall income levels have increased at an average rate of \$1,171 percent annually. The largest decrease of \$2,400 occurred from 2002 to 2003. The slower pace of growth which occurred in 2003 is reflective of an adjustment by HUD based on information from the 2000 Census, which was used in calculating the AMI for the first time in 2003. A decrease of \$2,150 occurred between 2005 and the first quarter of 2006. Although the median household income in the SMA (Atlanta-Sandy Springs-Marietta MSA) is increasing, the above AMGI is only representative of Fulton County, one of the 23 counties comprising the SMA. The overall rise in AMI levels indicates a healthy market.

Senior Household Income

The table below illustrates senior household income in the MSA, PMA, and nation.

HOUSEHOLD INCOME OF SENIORS 55+ IN 2005

Income Cohort	SMA		PMA		USA
	Number	Percentage	Number	Percentage	Percentage
<\$15,000	71,407	14.06%	7,531	29.29%	17.73%
\$15,000-\$24,999	51,195	10.08%	3,200	12.45%	13.68%
\$25,000-\$34,999	47,658	9.38%	3,103	12.07%	11.70%
\$35,000-\$49,999	66,651	13.12%	3,249	12.64%	14.46%
\$50,000-\$74,999	89,657	17.65%	3,510	13.65%	15.92%
\$75,000-\$99,999	56,249	11.07%	1,965	7.64%	9.48%
100,000-\$149,999	69,662	13.71%	2,056	8.00%	9.87%
150,000-\$199,999	23,132	4.55%	426	1.66%	3.14%
200,000-\$249,999	11,988	2.36%	225	0.88%	1.59%
250,000-\$499,999	15,412	3.03%	360	1.40%	2.34%
\$500,000+	4,974	0.98%	85	0.33%	0.58%
Total	507,985	100%	25,710	100%	100%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

Both the MSA and the PMA feature significant portions of the senior population with household incomes lower than the Area Median Income (AMI). Approximately 66 percent of the PMA senior household population ages 55 and older and 47 percent of the MSA senior household population earn less than \$50,000 per annum compared to the national average of 58 percent. In the PMA, 42 percent of households are earning below \$24,999 compared to 31 percent and 24 percent of senior households in the nation and MSA, respectively. Further, only 12 percent of the senior households in the PMA are earning over \$100,000. As the Demand Analysis, performed later in this report, will indicate, there is ample income-eligible demand in the PMA for the Subject.

Senior Tenure

The following table is a summary of the senior renter patterns of the housing stock in the PMA and MSA from 2000 to 2010. It should be noted that per DCA guidelines although the property will be restricted to seniors ages 55 and older, demand is calculated for seniors ages 62 and older. Therefore, we have included a summary of the senior renter patterns for seniors ages 62 and older.

RENTER HOUSEHOLDS					
	SMA		PMA		
	<i>Age 62+</i>				
2000	49,926	25.17%	5,883	42.98%	
2005	78,255	25.17%	7,697	42.98%	
2010	96,594	25.17%	8,270	42.98%	

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

As the table above indicates, there are significantly more senior renter households in the PMA and MSA when compared to the national average, which is 13 percent. This trend is expected to remain unchanged through 2010. While the owner-occupied market dominates the housing market, it still does not promote affordable housing choices for low and moderate-income seniors. Further, many seniors can no longer maintain their homes. The property managers at the senior LIHTC properties in the PMA indicated that many of their tenants sold homes prior to moving into the rental properties. This is a positive indicator for the Subject.

Senior Renter Households by Number of Persons in the Household

The following table illustrates household size for senior households in March 2008. It should be noted that the renter data for senior households age 62 and older is not available by number of persons in the household. Therefore, this number has been interpolated.

SENIOR HOUSEHOLD SIZE BY TENURE PMA AT MARKET ENTRY MARCH 2008					
Household Size	Number of Total Households	Percent Renters	Number of Renters by HH Size		Number of Owners Renters by HH Size
			HH Size	Percent Owners	
1 person	6,010	42.98%	2,583	57.02%	3,427
2 persons	12,590	42.98%	5,411	57.02%	7,179
Total	18,600	-	7,994	-	10,606

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

To determine the number of renter households by number of persons per household, the total number of households is adjusted by the percentage of renter households. As previously stated, approximately 42.98 percent of all senior households are renter households. The majority of senior households at the point of market entry in March 2008 will be two person households.

Employment Trends and Economic Overview

Even though the economy in 2001 experienced the effects of a national recession, the Atlanta-Sandy Springs MSA remains an economically strong region. In fact, Atlanta is often considered the regional hub of the southeastern United States. Atlanta is the headquarters for several major corporations, including Home Depot, Coca-Cola and BellSouth. Additionally, Hartsfield-Jackson International Airport, located in Atlanta, is the regional hub of Delta Airlines and Airtran Airways. With the addition of a new Pepsi Plant in the Stone Mountain area hundreds of new jobs will be created. However, the recent announcement of the closing of the Ford Manufacturing Plant in Hapeville, Georgia in 2006 means that thousands of people in the region will be left looking for work. Additionally, General Motors has announced that it too will close its Doraville Assembly Plant in 2008. The combined job loss from these two plants is estimated to be around 6,000 to 8,000 workers. Conversely, Airtran Airways recently announced its plans to add 2,500 new jobs to Georgia in the next five years, with an estimated 500 new jobs per year. This announcement will likely mitigate to some extent job losses by other employers.

In early March 2006, AT&T, a San Antonio, Texas based telecommunications company, announced that it would purchase the Atlanta based BellSouth. While it could take as long as one year for the deal to be finalized, the prospect has many BellSouth employees concerned as BellSouth predicts that over 10,000 jobs could be cut. Furthermore, the Atlanta headquarters will be lost along with the high level positions that will be relocated to the San Antonio office. AT&T anticipates that an average of 1,200 jobs per month will be lost to attrition beginning in 2007. While these are only preliminary estimates, the merger will surely affect the Atlanta economy. Georgia Governor Sonny Perdue has already announced plans to travel to the San Antonio headquarters with the goal of convincing AT&T to relocate its headquarters to, and/or, preserve the BellSouth headquarters in Atlanta. This would be a major triumph for the Atlanta economy, as BellSouth is one of the major employers of the region.

Fort McPherson is located just east of the Subject site in East Point. The 2005 Base Realignment and Closure (BRAC) process led to the Department of Defense announced its recommendation to close Fort McPherson. Upon completion, the closure will result in a net loss of 4,141 jobs, including 1,881 civilian jobs and 2,260 military jobs. However, the effect will not necessarily be negative. In November 2005, Atlanta Mayor Shirley Franklin, along with East Point Mayor Patsy Jo Hillard, announced the formation of the McPherson Planning Local Redevelopment Authority (McPherson Planning LRA). Fort McPherson covers approximately 550 acres, 361 more than the Atlantic Steel redevelopment which resulted in Atlanta Station, a massive mixed-use community in midtown. Fort McPherson already features a bowling alley, movie theater, gymnasium, library, baseball field, community center, and older residential space. It's location within Atlanta's perimeter provides for many possibilities in terms of redevelopment plans. Some early suggestions have been to create city parks, an outdoor performing arts venue, and Class A commercial office space. Generally, as part of the redevelopment process, if the former military base is going to be used for public purposes, the Department of Defense donates the land. According to the Chairman of the McPherson Planning LRA, planning for the redevelopment will occur over the next several years with implementation scheduled to occurring over a decade. The redevelopment of Fort McPherson could bring in new jobs and investment into an older section of the city that has suffered from vacant retail centers and deteriorating housing.

Despite these setbacks, overall, the Atlanta-Sandy Springs MSA has experienced steady job growth and unemployment rates have consistently been below the national average throughout

the decade. All these factors are considered to be positive indicators for the economic viability of the Atlanta MSA. In fact, the Atlanta Economic Development Council is currently working on implementing a plant would create 60,000 new jobs in the City of Atlanta and 24,000 new jobs in Metro Atlanta by 2009. These new jobs will represent an annual increase of three percent and four percent, respectively.

Employment by Industry

The following table illustrates the distribution of employment sectors by industry within the PMA in 2005.

2005 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	295	0.43%	1,770,012	1.29%
Mining	6	0.01%	548,372	0.40%
Construction	4,462	6.50%	10,199,100	7.46%
Manufacturing	4,167	6.07%	14,940,649	10.92%
Wholesale Trade	2,080	3.03%	5,017,515	3.67%
Retail Trade	7,218	10.51%	15,793,668	11.55%
Transportation/Warehousing	5,391	7.85%	5,457,097	3.99%
Utilities	417	0.61%	1,096,605	0.80%
Information	1,858	2.71%	3,225,421	2.36%
Finance/Insurance	2,655	3.87%	7,136,190	5.22%
Real Estate/Rental/Leasing	1,886	2.75%	2,863,401	2.09%
Prof/Scientific/Tech Services	1,989	2.90%	8,169,310	5.97%
Mgmt of Companies/Enterprises	7	0.01%	97,671	0.07%
Admin/Support/Waste Mgmt Svcs	5,088	7.41%	5,091,233	3.72%
Educational Services	6,623	9.65%	12,876,439	9.41%
Health Care/Social Assistance	6,959	10.13%	17,370,614	12.70%
Arts/Entertainment/Recreation	1,285	1.87%	2,537,441	1.85%
Accommodation/Food Services	7,355	10.71%	8,842,030	6.46%
Other Services (excl Publ Adm)	4,151	6.05%	6,860,948	5.02%
Public Administration	4,772	6.95%	6,899,822	5.04%
Total Employment	68,664	100.00%	136,793,538	100.00%

Source: ESRI Business Analyst 9.1; Novogradac and Company LLP: June 2006

The previous table reflects the workforce for the PMA. As illustrated, the largest sector is the services sector, accounting for 54.3 percent of employment in the PMA. The largest service sector in the PMA is the accommodation/food services sector. This is due to the PMA's proximity to the Hartsfield-Jackson International Airport in Atlanta, one of the world's busiest airports. Furthermore, three of top 13 major employers in East Point, the Crowne Plaza Atlanta – Airport Hotel, Doubletree Hotel, and Holiday Inn – Atlanta Airport Hotel, are in the accommodation/food services sector. The next largest sector is the retail trade sector. There is also a significantly higher percentage of persons in the PMA employed in the administrative/support/waste management services sector than the nation as a whole, which is partially due to the presence of the Southern States Landfill, approximately three miles south of the Subject in East Point. The PMA contains a significantly lower percentage of persons

employed in the manufacturing, finance/insurance, and professional/scientific/technology services sectors than the nation. Conversely, the PMA has a higher percentage of persons employed in the administrative/support/waste management services, accommodation/food services, and public administration sectors, all of which is due to the major employers. The relatively low-paying jobs offered in the retail trade sector as well as several of the services sectors, specifically the food/accommodation and the administrative/support/waste management services sectors, are expected to generate demand for affordable housing in the PMA. The percentage of the services sector in the PMA is dramatically higher than that of the nation as a whole. The services sector employs approximately 42 percent of the national workforce. In the past, the area has been dominated by the manufacturing sector, however, in recent years; service jobs have shown the most growth.

The largest employment sectors in the MSA are also the lowest paying with workers in need of affordable housing. According to the 2003 State of the Nation’s housing Survey by the Harvard Joint Center for Housing Studies, “Working does not eliminate severe housing affordability problems.” Nearly 80 percent of service station attendants cannot afford housing with a single income. Households with one wage earner employed as a childcare worker, home health aid, cashier, library assistant, maid, housekeeper, or janitor are paying more than 30 percent of their income towards housing. Nearly half of the nation’s 2.1 million waiters, waitresses, and cooks who rent are spending more than 30 percent of their income on housing costs. Other moderate-paying occupations whose workers have trouble finding affordable housing include receptionists, carpenters, and electricians.

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-Jackson International Airport in Atlanta is the regional hub of Delta Airlines, the largest employer in the Atlanta area, and Airtran Airways. The table below lists the major employers in the Atlanta area.

MAJOR EMPLOYERS

Atlanta-Sandy Springs-Marietta, GA MSA

Employer	Industry	Number Employed
Gwinnett County Public Schools	Education Services	27,197
Emory University	Education Services	21,797
Delta Air Lines Inc	Air Transportation	19,235
Publix Supermarkets	Retail Trade	16,855
Kroger Company	Retail Trade	15,500
BellSouth Corp.	Telecommunications	15,500
Wal-Mart Stores, Inc.	Retail Trade	14,700
DeKalb County Public Schools	Education Services	14,500
United States Postal Service	Government	14,000
The Home Depot	Retail Trade	13,184
Cobb County Public Schools	Education Services	13,000
Fulton County Public Schools	Education Services	10,892
United Parcel Service of America	Professional Services	10,500
Atlanta Municipal Government	City Government	7,934
Sun Trust Banks, Inc.	Finance	7,768
Lockheed Martin Aeronautics	Prof/Scien/Tech Svcs	7,531

Source: Metro Atlanta Chamber of Commerce, Top Employers 2005.

The Gwinnett County Public Schools and Emory University are the only two employers in the MSA that employ over 20,000 people. Furthermore, seven of the top 16 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. Other industries are also heavily represented in the major employers in the MSA including air transportation, retail trade, telecommunications, finance, and professional/scientific/technology services. In early March 2006 AT & T, a San Antonio, Texas based telecommunications company, announced that it would purchase the Atlanta based major telecommunications employer Bell South. While it may take up to one year for the deal to be finalized, the prospect has many Bell South employees concerned as AT&T predicts that over 10,000 jobs will be cut. Furthermore, the Atlanta headquarters will be lost along with the high level positions that will be moved to the San Antonio location. AT&T anticipates that 1,200 jobs per month on average will be lost to attrition beginning in 2007. While these are only preliminary estimates, the merger will surely affect the Atlanta economy. Georgia Governor Purdue has already announced plans to travel to the AT&T headquarters in San Antonio with the goal of convincing AT&T to relocate its headquarters to, and/or, preserve the Bell South headquarters in, Atlanta. The Atlanta economy is very diverse as there is a range of educational, government, wholesale trade, transpiration, retail trade, and healthcare services major employers representing a wide range of industries employing over six percent of the workforce.

The following table represents major employers in East Point, Georgia.

MAJOR EMPLOYERS

City of East Point, GA

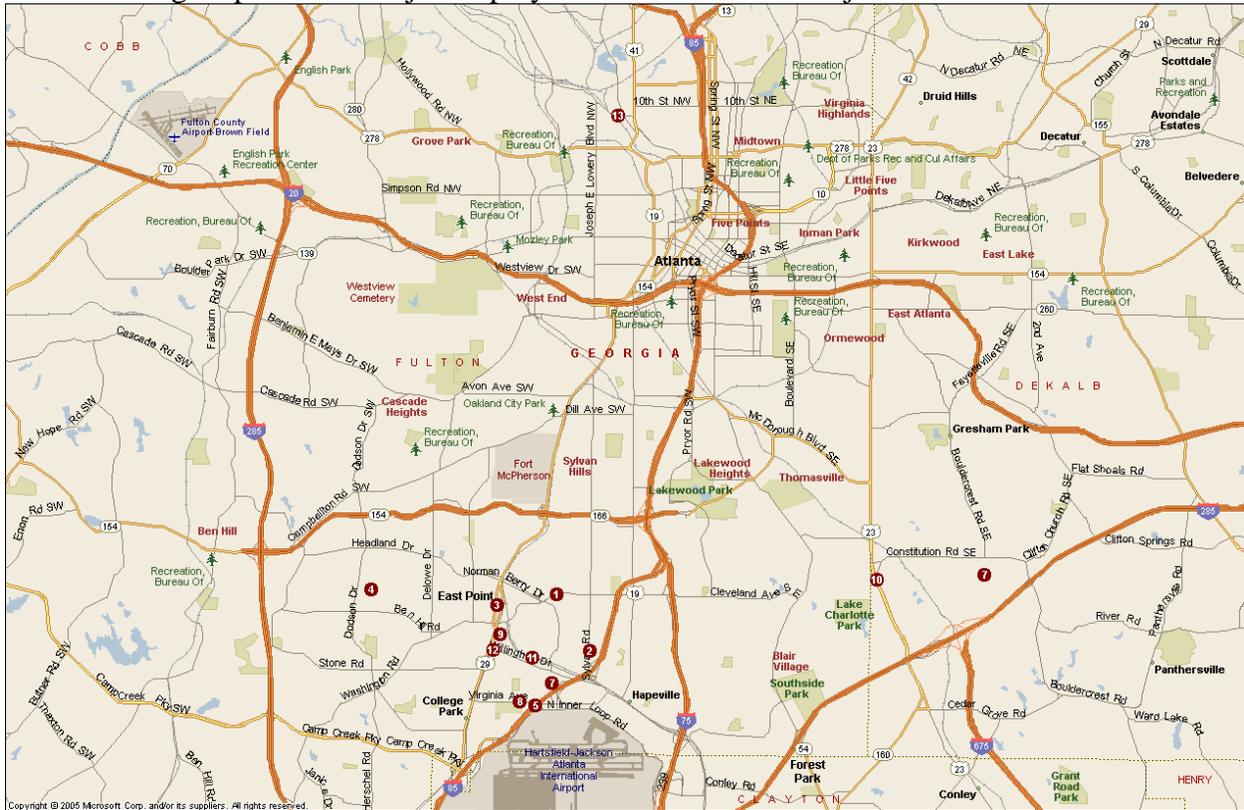
Employer	Industry	Number Employed
South Fulton Medical Hospital	Health Services	400+
Owens-Brockway Corporation	Manufacturing	400+
City of East Point	Government	400+
Atlanta Christian College	Education	<400
Crowne-Plaza Atlanta - Airport Hotel	Accommodation Services	<400
CSI Perishable Warehouse	Admin/Support/Waste Management Services	<400
Doubletree Hotel	Accommodation Services	<400
Holiday Inn - Airport Hotel	Accommodation Services	<400
Mid-South Ice	Manufacturing	<400
Naivistar	Transportation	<400
Newell Recycling	Admin/Support/Waste Management Services	<400
Alliance Textiles	Manufacturing	<400
Pittsburgh Paint and Glass	Manufacturing	<400

Source: The City of East Point, Georgia

The largest employers in the City of East Point are services, manufacturing, and transportation employers. The services sector is represented by employers in the healthcare/social assistance, government, education, accommodation/food, and admin/support/waste management industries. Many of the largest employers in the area are those that would provide employment for a broad range of industrial workers and service occupations. The East Point economy appears to be well diversified, illustrated by its various types of large employers.

Major Employment Centers to Subject

The following map is of the major employment centers to the Subject.



**MAJOR EMPLOYERS
City of East Point, GA**

Map Number	Employer	Industry	Number Employed
1	South Fulton Medical Hospital	Health Services	400+
2	Owens-Brockway Corporation	Manufacturing	400+
3	City of East Point	Government	400+
4	Atlanta Christian College	Education	<400
5	Crowne-Plaza Atlanta - Airport Hotel	Accommodation Services	<400
6	CSI Perishable Warehouse	Admin/Support/Waste Management Services	<400
7	Doubletree Hotel	Accommodation Services	<400
8	Holiday Inn - Airport Hotel	Accommodation Services	<400
9	Mid-South Ice	Manufacturing	<400
10	Navistar	Transportation	<400
11	Newell Recycling	Admin/Support/Waste Management Services	<400
12	Alliance Textiles	Manufacturing	<400
13	Pittsburgh Paint and Glass	Manufacturing	<400

Source: The City of East Point, Georgia

Total Employment

The following tables detail employment and unemployment in the Atlanta MSA over the past 15 years.

EMPLOYMENT & UNEMPLOYMENT TRENDS

Atlanta-Sandy Springs-Marietta, GA MSA

Year	MSA		MSA		USA
	Total Employment	% Change	Unemployment Rate	% Change	Unemployment Rate
1990	1,633,519	-	4.7%	-	5.7%
1991	1,634,594	0.1%	4.8%	0.1%	6.9%
1992	1,666,509	2.0%	6.2%	1.4%	7.6%
1993	1,734,405	4.1%	5.4%	-0.8%	7.0%
1994	1,824,771	5.2%	4.6%	-0.8%	6.2%
1995	1,896,164	3.9%	4.3%	-0.3%	5.7%
1996	1,981,031	4.5%	3.8%	-0.5%	5.5%
1997	2,054,573	3.7%	3.7%	-0.1%	5.0%
1998	2,145,565	4.4%	3.3%	-0.4%	4.6%
1999	2,215,775	3.3%	3.0%	-0.3%	4.3%
2000	2,304,534	4.0%	3.1%	0.1%	4.0%
2001	2,330,399	1.1%	3.6%	0.5%	4.8%
2002	2,311,603	-0.8%	4.9%	1.3%	5.8%
2003	2,313,095	0.1%	4.8%	-0.1%	6.0%
2004	2,369,436	2.4%	4.8%	0.0%	5.6%
2005	2,438,216	2.9%	5.2%	0.4%	5.2%
2006 YTD*	2,495,821	4.0%	4.7%	-0.6%	

Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University.

*Data through April 2006

The overall number of persons employed in the Atlanta MSA has increased steadily over the past decade. Over the past 15 years Atlanta has seen only one year of employment decline which occurred from 2001 to 2002. This period coincides with the national recession of 2001. The two slowest years of the decade for employment growth were 2003 and 2004, which was also partially a result of the overall national recession. Furthermore, since the recession of 2001, total employment has continued to increase, returning to a pre-recession rate of growth in 2005. In addition, 2005 reported the highest total employment in the MSA, therein showing signs of a recovering economy.

Unemployment rates in the Atlanta MSA had been decreasing from 1992 through 2000. The unemployment rate for the Atlanta MSA increased to 3.6 percent in 2001 and 4.9 percent in 2002. This is a slightly larger increase in unemployment than experienced nationally during the same time period. As of 2003, the unemployment rate has begun to decline as the local economy demonstrates signs of recovery. There was a slight increase in the unemployment rate in 2005. Despite overall job growth in 2005, since July 2004, business closures and layoffs have affected over 28,000 individuals many of whom work in the services, science/technology, and manufacturing industries. Specifically, Delta Airlines, one of the areas largest employers, has consistently announced layoffs throughout the past three years.

Job growth through April 2006 has been strong. However, the Georgia Department of Labor's list of Business Closures/Layoffs which was updated in early April 2006, reports several major layoffs which were announced between February and April and will likely slow the significant job growth which was reported through February, including 600 employees of Delta Air Lines. In addition, the recent announcement by Ford of its intent to close the manufacturing plant in Hapeville, Georgia, just north of the Atlanta airport is likely to have a significant effect on the Atlanta and particularly the South Atlanta and South Fulton economies in the future. Overall, the Atlanta MSA has experienced steady job growth and unemployment rates have consistently been

below the national average throughout the decade. All these factors are considered to be positive indicators for the economic viability of the Atlanta MSA.

In the City of East Point the employment and unemployment figures indicate that the Atlanta MSA is outperforming the city. The table below depicts the employment and unemployment trends for the City of East Point.

EMPLOYMENT & UNEMPLOYMENT TRENDS

City of East Point, GA

Year	<u>City of East Point</u>		<u>City of East Point</u>		<u>USA</u>
	Total Employment	% Change	Unemployment Rate	% Change	Unemployment Rate
1990	16,602	-	0.0%	-	5.7%
1991	16,242	-2.2%	7.1%	7.1%	6.9%
1992	16,202	-0.2%	6.6%	-0.5%	7.6%
1993	16,945	4.6%	9.3%	2.7%	7.0%
1994	17,604	3.9%	8.0%	-1.3%	6.2%
1995	18,143	3.1%	7.2%	-0.8%	5.7%
1996	18,770	3.5%	6.7%	-0.5%	5.5%
1997	19,157	2.1%	6.2%	-0.5%	5.0%
1998	19,787	3.3%	5.8%	-0.4%	4.6%
1999	20,056	1.4%	5.1%	-0.7%	4.3%
2000	18,385	-8.3%	4.6%	-0.5%	4.0%
2001	18,182	-1.1%	4.8%	0.2%	4.8%
2002	17,567	-3.4%	5.8%	1.0%	5.8%
2003	17,161	-2.3%	7.9%	2.1%	6.0%
2004	17,127	-0.2%	7.8%	-0.1%	5.6%
2005	15,796	-7.8%	7.8%	0.0%	5.2%
2006 YTD*	16,170	4.0%	6.8%	-1.0%	

Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University.

*Data through April 2006

The overall number of persons employed in East Point has fluctuated over the past 15 years. A contraction in employment growth occurred from 2000 through 2005, which was coincident with the slow down of the national economy. However, while the national economy recovered by 2003, East Point's economy appears to be recovery at a much slower pace. In addition, the relatively large decrease in total employment in 2005 was due to a combination of layoffs and closures, particularly Delta Airlines layoffs as well as other airport related jobs and services. Employment increased in the first quarter of 2006; however, it has not yet reached pre-recession levels. The rate of unemployment in the City of East Point peaked in 2003, declined slightly in 2004, remained stable in 2005, and decreased again in the first quarter of 2006. Unemployment in the first quarter of 2006 is at its highest level since 1995. Despite the significant job loss in 2005, unemployment remained stable.

The Atlanta airport is one of the larger employment centers located in South Fulton and it has been affected by airline closures and layoffs. Specifically, Delta Airlines, one of the areas largest employers, has consistently announced layoffs throughout the past three years. Despite consistent job growth in East Point through April 2006, several major layoffs which were announced between February and April and will likely slow the significant job growth which was reported through April, including 600 employees of Delta Air Lines. In addition, the recent announcement by Ford of its intent to close the manufacturing plant in Hapeville, Georgia, just north of the Atlanta airport in South Fulton, is likely to have a significant effect on the South

Fulton and East Point economy in the future. Also, the 2005 BRAC recommendation to close Fort McPherson, which is located adjacent to the Subject site, will result in an overall loss of 4,141 jobs. This is likely to have a significant effect on the local economy in the future. However, the effect will not necessarily be negative. The redevelopment of Fort McPherson could bring in new jobs and investment into an older section of the city that has suffered from vacant retail centers and deteriorating housing. In addition, Airtran Airways recently announced its plans to add 2,500 new jobs to Georgia in the next five years, with an estimated 500 new jobs per year. This announcement, in conjunction with the future re-development of Fort McPherson, will likely mitigate job losses by other employers. While the overall MSA employment growth and decreasing unemployment rate is positive, the recent business closure announcements give rise for caution, particularly as many of the announced job cuts are from major employers in the MSA.

Conclusion

The non-elderly and elderly populations in the PMA and MSA have steadily increased from 1990 to 2005 and are expected to continue to grow through 2010. Despite stronger senior population and household formation growth in the MSA when compared to the PMA, approximately 17 percent of the MSA population will be age eligible to reside at the Subject, compared to 20 percent of the PMA population. In addition, approximately 66 percent of the PMA senior household population ages 55 and older and 47 percent of the MSA senior household population earn less than \$50,000 per annum compared to the national average of 58 percent. In the PMA, 42 percent of households are earning below \$24,999 compared to 31 percent and 24 percent of senior households in the nation and MSA, respectively. As both areas of analysis continue to grow, the need for affordable housing is also expected to increase.

Both the Atlanta market and East Point have demonstrated steady business and employment growth over the past ten years, excluding the period of national recession from 2000 through 2004. However, while the national economy recovered by 2003, East Point's economy appears to be recovery at a much slower pace. Historically, unemployment rates in the MSA have been similar to slightly lower than the national average unemployment rate, while unemployment rates in the City of East Point have been relatively higher than the national average unemployment rate, both while simultaneously following the general national trends in unemployment rates. Total employment in the first quarter of 2006 reported healthy increases in both markets adding 374 and 57,605 new jobs in East Point and the MSA, respectively. In addition, unemployment in both the MSA and City of East Point decreased. This indicates the local economy is continuing to recover. However, despite consistent job growth in Fulton County through January 2006, Georgia Department of Labor's list of Business Closures/Layoffs (updated in early April 2006) reports several major layoffs in 2006 that will likely slow the significant job growth which was reported through April. This includes 600 employees of Delta Air Lines, as well as the recent announcement by Ford of its intent to close the manufacturing plant in Hapeville, Georgia, just north of the Atlanta airport in South Fulton. In addition, the 2005 BRAC recommendation to close Fort McPherson, which is located adjacent to the Subject site, will result in an overall loss of 4,141 jobs. This is likely to have a significant effect on the local economy in the future. However, the effect will not necessarily be negative. The redevelopment of Fort McPherson could bring in new jobs and investment into an older section of the city that has suffered from vacant retail centers and deteriorating housing. In addition, Airtran Airways recently announced its plans to add 2,500 new jobs to Georgia in the next five years, with an estimated 500 new jobs per year. This announcement, in conjunction with the future re-development of Fort McPherson, will likely mitigate job losses by other employers. The largest employment sector is the services

sector, followed by the retail trade sector. The local economy appears to be stabilizing, and the relatively low-paying jobs offered in the retail trade sector as well as in several of the services sectors, including the accommodation/food services and admin/support/waste management services industries, are expected to generate demand for affordable housing in the PMA.

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.

According to DCA guidelines, when calculating demand for HFOP projects age 62 and older must be used to reflect a more accurate demand figure. Therefore, we have based the demand numbers for ages 62 and older. The following table illustrates the number of households for ages 62 and older.

HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 62+

Year	MSA		PMA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	257,323	-	17,114	-
2005	309,226	3.84%	17,381	0.30%
Projected Mkt Entry: March 2008	361,330	5.32%	18,600	2.21%
2010	391,496	5.32%	19,306	2.21%

Source: ESRI Business Analyst 9.1; Novogradac & Company LLP - June 2006

INCOME RESTRICTIONS

LIHTC rents are based upon a percentage of the Area Median Gross Income (“AMI”), adjusted for household size and utilities. The Georgia Department of Community Affairs (“DCA”) will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a senior household will pay is 40 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom). However, very few senior households have more than two persons. Therefore, we have used a maximum household size of two persons in our analysis.

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

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

AFFORDABILITY

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

affordability. DCA guidelines utilize 35 percent for families and 40 percent for seniors. We will use these guidelines to set the minimum income levels for the demand analysis.

DEMAND

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

1. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized 2008, the anticipated date of market entry, as the base year for the analysis. Therefore, 2005 household population estimates are inflated to 2008 by interpolation of the difference between 2005 estimates and 2010 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2008.

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.

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 and is determined by interviews with property managers in the PMA. Since the Subject is age-restricted, an adjustment is made. According to DCA, this adjustment can not be over 20 percent. According to our interview with the property manager at Columbia Colony Senior Residences, a senior mixed-income community, the vast majority of tenants converted from home ownership, which is well over 20 percent. The opposite trend was reported at Martin's House in which few residents are previous homeowners. For the purpose of this analysis, we have used between two to 20 percent.

According to DCA's guidelines under Section FD, "To accommodate for the secondary market area, the Demand from Existing Qualified Households within the PMA area will be multiplied by 115 percent to account for demand from the secondary market area." This has been accounted for in our demand estimates. The guidelines also state that demand can be taken from seniors relocating from other areas outside the PMA or secondary market area, children subsidizing rents for their parents, and seniors moving from their children's homes whom they had been living with. Therefore, we have adjusted the demand numbers to take this into account. This adjustment can not be over 20 percent of the total demand.

Additionally, DCA's guidelines state that HFOP rental demand will be calculated at 10 percent of the elderly qualified rental household demand (aged 62 and older) plus the gross demand elderly households.

The data provided for 2b and 2c is based upon the 2000 census. For 2a, we relied on estimates provided in the Comprehensive Housing Affordability Strategy (CHAS) reported on the HUD webpage which relies on 2000 census data. This data provides information on the number of households within the county that are within certain income brackets and what percentage of those households are rent overburdened for Fulton County. The rent overburdened is divided into two classifications: those paying over 30 percent of their income in rent and those paying over 50 percent of their income in rent. Since we are using 40 percent as the rent overburdened threshold, we interpolate between these two classifications. According to this information, the greatest number of elderly renter households (11,703) have incomes that are less than or equal to 50 percent of the median family income (MFI), followed by elderly renter households with incomes less than 30 percent of the median income (8,488 households). This is a positive indication of the need for affordable housing targeted to the lower AMI levels. Within these income brackets approximately 53.5 percent of all senior households are paying more than 30 percent of their income in rent and 32.9 percent are paying over 50 percent of their income in rent. Since the Subject will most likely target the middle of the income range, we believe that the demand from rent overburdened households will be significant. Therefore, we have estimated a rent overburdened percentage of 45 percent.

In general, 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.

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 allocated since 1999 to present and those that will be constructed in 2006 that are considered directly competitive. There are 11 senior LIHTC properties that fall within this category, of which five are currently stabilized, including Big Bethel Village, Columbia Colony Senior Residences, Columbia High Point, Martin's House, Renaissance at Park Place South, all of which are discussed in further detail in the supply section of this report. Of the remaining six senior LIHTC properties, one, Princeton Court, is completed and in lease-up. The first building was delivered in August 2005 and leasing began immediately. The final building was delivered in October 2005. The property is currently 34 percent occupied. Pittsburgh Phase II Senior Residences, Norman Berry Senior Residences, and The Carver Senior Building are all new construction and are currently either planned or under construction. Gates Park Crossing Senior Residences and Gates Park Housing for Older Persons is a rehab of a previous market rate development.

Several of the new developments will feature units that will operate with an additional subsidy. In the event that we were able to obtain a breakdown of PBRA and Section 8 units by unit type, we have not removed these units from the demand analysis. We have only removed those units that will be directly competitive with the Subject. The following tables illustrate the unit mix of these properties.

Cascades at East Point, East Point, GA; Market Study

Big Bethel Village

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
0	14	350	\$710	@60%	No	2	14.30%
0	4	350	\$1,195	Market	No	2	50.00%
1	19	435	\$750	@60%	No	2	10.50%
1	12	505	\$795	@60%	No	0	0.00%
1	5	435	\$1,215	Market	No	3	60.00%
1	6	505	\$1,380	Market	No	0	0.00%
1.5	10	631	\$800	@60%	No	0	0.00%
1.5	2	631	\$1,455	Market	No	0	0.00%
2	35	760	\$955	@60%	No	1	2.90%
2	13	760	\$1,500	Market	No	1	7.70%

Columbia Colony Senior Residences

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	20	772	\$565	@50%	24HH	0	0.00%
1	20	772	\$615	@60%	24 HH	0	0.00%
1	6	772	\$695	Market	No	1	16.70%
2	34	1,023	\$665	@50%	24 HH	0	0.00%
2	34	1,023	\$710	@60%	24 HH	0	0.00%
2	6	1,023	\$800	Market	No	1	16.70%

*Property has 20 PBRA units. A breakdown by unit type was not available.

Columbia High Point Senior Residences

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	94	685	\$574	@50%	1 year	0	0.00%
2	2	685	N/A	Employee	N/Ap	0	0.00%

Martin's House (aka Misty Amber Apartments)

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	52	850	\$557	@50%	250 HH	0	0.00%
1	45	850	\$581	@60%	250 HH	0	0.00%
1	24	850	\$685	Market	250 HH	0	0.00%
2	14	1,000	\$638	@50%	250 HH	0	0.00%
2	12	1,000	\$671	@60%	250 HH	0	0.00%
2	6	1,000	\$790	Market	250 HH	0	0.00%

*Property has 16 PBRA units. A breakdown by unit type was not available.

Renaissance at Park Place South

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	25	768	\$555	@50%	6 months	0	0.00%
1	3	768	\$609	@60%	No	0	0.00%
1	10	768	\$610	Market	2 HH	0	0.00%
1	32	768	\$531	Section 8	1.5 to 2 years	0	0.00%
2	8	953	\$659	@50%	6 months	0	0.00%
2	6	953	\$723	@60%	No	0	0.00%
2	8	953	\$725	Market	3 HH	0	0.00%
2	8	953	\$629	Section 8	1.5 to 2 years	0	0.00%

Cascades at East Point, East Point, GA; Market Study**Princeton Court**

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	4	650	\$320	@30%	No	0	0.00%
1	2	650	\$585	@50%	No	0	0.00%
1	8	650	\$640	@60%	No	N/Av	N/Av
1	11	650	\$750	Market	No	N/Av	N/Av
2	2	860	\$375	@30%	No	0	0.00%
2	2	860	\$645	@50%	No	0	0.00%
2	42	860	\$700	@60%	No	N/Av	N/Av
2	17	860	\$800	Market	No	N/Av	N/Av
2	2	952	\$380	@30%	No	0	0.00%
2	2	952	\$700	@50%	No	0	0.00%
2	4	952	\$750	@60%	No	0	0.00%
2	18	952	\$875	Market	No	N/Av	N/Av

Cascades at East Point, East Point, GA; Market Study

Pittsburgh Phase II Senior

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	72	700	\$575	at 60% (PBRA)	N/Ap	N/Ap	N/Ap
2	48	900	\$675	at 60% (PBRA)	N/Ap	N/Ap	N/Ap
1	18	700	\$585	Market	N/Ap	N/Ap	N/Ap
2	12	900	\$685	Market	N/Ap	N/Ap	N/Ap

The Carver Senior Building

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	6	730	\$355	@30%	N/Ap	N/Ap	N/Ap
1	9	730	\$622	@50%	N/Ap	N/Ap	N/Ap
1	56	730	\$715	at 60% (PBRA)	N/Ap	N/Ap	N/Ap
1	11	730	\$725	Market	N/Ap	N/Ap	N/Ap
2	8	950	\$825	Market	N/Ap	N/Ap	N/Ap

Norman Berry Village Senior Residences*

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	9	650	\$326	@30%	N/Ap	N/Ap	N/Ap
1	14	650	\$593	@50%	N/Ap	N/Ap	N/Ap
1	7	650	\$620	@60%	N/Ap	N/Ap	N/Ap
1	6	650	\$695	Market	N/Ap	N/Ap	N/Ap
2	15	860	\$391	@30%	N/Ap	N/Ap	N/Ap
2	22	860	\$645	@50%	N/Ap	N/Ap	N/Ap
2	26	860	\$695	@60%	N/Ap	N/Ap	N/Ap
2	18	860	\$775	Market	N/Ap	N/Ap	N/Ap
2	2	860	\$0	Employee	N/Ap	N/Ap	N/Ap

*Property has 21 PBRA units. A breakdown by unit type was not available.

Gates Park Crossing Senior Residences

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	9	670	\$294	@30%	N/Ap	N/Ap	N/Ap
1	7	670	\$561	@50%	N/Ap	N/Ap	N/Ap
1	114	670	\$704	at 60% (Section 8)	N/Ap	N/Ap	N/Ap
1	3	670	\$705	Market	N/Ap	N/Ap	N/Ap
2	2	800	\$344	@30%	N/Ap	N/Ap	N/Ap
2	1	800	\$665	@50%	N/Ap	N/Ap	N/Ap
2	15	800	\$792	at 60% (Section 8)	N/Ap	N/Ap	N/Ap
2	2	800	\$793	Market	N/Ap	N/Ap	N/Ap

Gates Park Housing for Older Persons

Beds	Units	Size (SF)	Rent	Restriction	Waiting List	Vacant	Vacancy Rate
1	3	670	\$294	@30%	N/Ap	N/Ap	N/Ap
1	2	670	\$561	@50%	N/Ap	N/Ap	N/Ap
1	36	670	\$704	at 60% (Section 8)	N/Ap	N/Ap	N/Ap
1	2	670	\$705	Market	N/Ap	N/Ap	N/Ap
2	9	670	\$344	@30%	N/Ap	N/Ap	N/Ap
2	8	1,000	\$665	@50%	N/Ap	N/Ap	N/Ap
2	116	1,000	\$792	at 60% (Section 8)	N/Ap	N/Ap	N/Ap
2	3	1,000	\$793	Market	N/Ap	N/Ap	N/Ap

Gates Park Crossing Senior Residences and Gates Park Housing for Older Persons is a planned renovation of an existing market rate property. These units are smaller when compared to the Subject. This property does not have the appeal of a newly constructed property, such as the Subject. According to the 2006 DCA guidelines, for properties renovated, a similarity scale can be used to deduct the appropriate number units from the demand analysis. This is illustrated in the following tables.

Rehab - Comparability Analysis			
Gates Park Crossing Senior Residences		Percent	Comments
1	Location	100%	Similar location
2	Affordability	25%	Slightly more affordable
3	Property Type	25%	Inferior design and layout to new construction
4	Quality	25%	Smaller units, inferior to new construction
	Comparability Factor	25%	Units are smaller when compared to Subject, inferior to new construction

Rehab - Comparability Analysis			
Gates Park Housing for Older Persons		Percent	Comments
1	Location	100%	Similar location
2	Affordability	25%	Slightly more affordable
3	Property Type	25%	Inferior design and layout to new construction
4	Quality	25%	Smaller units, inferior to new construction
	Comparability Factor	25%	Units are smaller when compared to Subject, inferior to new construction

We have only removed units at these properties with similar AMI levels to the Subject. The following table illustrates the total number of units removed.

Additions To Supply 2000 to 2006 (Cumulative)				Market	Overall
	30%	50%	60%		
One Bedroom	22	216	114	98	451
Two Bedroom	22	84	159	107	372
Three Bedroom	0	0	0	0	0
Four Bedroom	0	0	0	0	0
Total	44	300	273	206	823

Capture Rates

The above calculations and derived capture rates are illustrated in the following tables. We have set the maximum allowable income for the market units at 80 percent of AMI. This was based on discussions with local property managers at competing properties.

Cascades at East Point, East Point, GA; Market Study

Household Income Distribution 2000 to Projected Market Entry March 2008								
Cascades at East Point								
PMA								
	2000		2005		Prj Mrkt Entry March 2008		Percent Growth	
	#	%	#	%	#	%		
<\$15,000	6,550	38.28%	5,595	32.19%	5,162	27.75%	-26.9%	
\$15,000-\$24,999	2,782	16.25%	2,321	13.35%	2,119	11.39%	-31.2%	
\$25,000-\$34,999	2,087	12.20%	2,073	11.93%	1,942	10.44%	-7.5%	
\$35,000-\$49,999	1,940	11.34%	2,183	12.56%	2,294	12.33%	15.4%	
\$50,000-\$74,999	1,941	11.34%	2,151	12.37%	2,518	13.54%	22.9%	
\$75,000-\$99,999	882	5.16%	1,185	6.82%	1,483	7.97%	40.5%	
\$100,000-\$149,999	546	3.19%	1,229	7.07%	1,868	10.04%	70.8%	
\$150,000-\$199,999	199	1.16%	286	1.64%	617	3.32%	67.8%	
\$200,000+	187	1.09%	358	2.06%	597	3.21%	68.7%	
Total	17,114	100.00%	17,381	100.00%	18,600	100.00%	8.0%	

Household Income Distribution Projected Market Entry March 2008			
Cascades at East Point			
	PMA		
	Prj Mrkt Entry March 2008		Change 2000 to Prj Mrkt Entry March 2008
	#	%	
<\$15,000	5,162	27.75%	-1,388
\$15,000-\$24,999	2,119	11.39%	-662
\$25,000-\$34,999	1,942	10.44%	-145
\$35,000-\$49,999	2,294	12.33%	354
\$50,000-\$74,999	2,518	13.54%	577
\$75,000-\$99,999	1,483	7.97%	600
\$100,000-\$149,999	1,868	10.04%	1,322
\$150,000-\$199,999	617	3.32%	419
\$200,000+	597	3.21%	410
Total	18,600	100.00%	1,486

Tenure Prj Mrkt Entry March 2008	
Renter	42.98%
Owner	57.02%
Total	100.00%

Household Size for Prj Mrkt Entry March 2008		
Size	Number	Percentage
1	6,010	32.31%
2	12,590	67.69%
Total	18,600	100.00%

Household Size for 2000		
Size	Number	Percentage
1	5,530	32.31%
2	11,584	67.69%
Total	17,114	100.00%

Cascades at East Point, East Point, GA; Market Study

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

Percent of AMI Level			30%		
Minimum Income Limit			\$12,000		
Maximum Income Limit			\$17,100 2 Person		
Income Category	New Households - Total Change in Households PMA 2000 to Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
	Count	%			
<\$15,000	-1,388	-93.41%	3,000	20%	-278
\$15,000-\$24,999	-662	-44.55%	2,100	21%	-139
\$25,000-\$34,999	-145	-9.75%			
\$35,000-\$49,999	354	23.79%			
\$50,000-\$74,999	577	38.80%			
\$75,000-\$99,999	600	40.38%			
\$100,000-\$149,999	1,322	88.97%			
\$150,000-\$199,999	419	28.17%			
\$200,000+	410	27.59%			
	1,486	100.00%			-417
Percent of households within limits versus total number of households					-28.04%

Calculation of New Household Demand by Income Cohort by % of AMI

Percent of AMI Level			30%		
Minimum Income Limit			\$12,000		
Maximum Income Limit			\$17,100 2 Person		
Income Category	Total Households PMA Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
	Count	%			
<\$15,000	5,162	27.75%	3,000	20%	1,032
\$15,000-\$24,999	2,119	11.39%	2,100	21%	445
\$25,000-\$34,999	1,942	10.44%			
\$35,000-\$49,999	2,294	12.33%			
\$50,000-\$74,999	2,518	13.54%			
\$75,000-\$99,999	1,483	7.97%			
\$100,000-\$149,999	1,868	10.04%			
\$150,000-\$199,999	617	3.32%			
\$200,000+	597	3.21%			
	18,600	100.00%			1,478
Percent of households within limits versus total number of households					7.94%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

Prj Mrkt Entry March 2008 Median Income

Change from 2000 to Prj Mrkt Entry March 2008

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Senior		
Urban		
40%		
\$25,070		
\$32,900		
\$7,830		
31.2%		
5.2%		
5.2%	Two year adjustment	1,000
\$17,100		
\$17,100		
2 Person		
30%		
\$400		
\$400.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	Excluded			Total
1	0%	90%	10%	X	X	0%			100%
2	0%	20%	80%	X	X	0%			100%
3	X	0%	60%	40%	X	0%			100%
4	X	X	0%	80%	20%	0%			100%
5	X	X	X	70%	30%	0%			100%
6	X	X	X	0%	100%	0%			100%
7+	X	X	X	X	100%	0%			100%

STEP 1 Please refer to text for complete explanation.

Demand from New Households 2000 to Prj Mrkt Entry March 2008

Income Target Population	30%
New Households PMA	1,486
Percent Income Qualified	-28.0%
Income Qualified Households	-417
Percent Renter	43.0%
New Renter Income Qualified Households	-179

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

Demand from Existing Households 2000

Demand form Rent Overburdened Households

Income Target Population	30%
Total Existing Demand	18,600
Income Qualified	7.9%
Percent Renter	43.0%
Income Qualified Renter Households	635
Percent Rent Overburdened Prj Mrkt Entry March 2008	45%
Rent Overburdened Households	286

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

Demand from Living in Substandard Housing

Income Qualified Renter Households	635
Percent Living in Substandard Housing	1.1%
Households Living in Substandard Housing	7

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

Senior Households Converting from Homeownership

Income Target Population	30%
Total Senior Homeowners	842
Rural Versus Urban	2.0%
Senior Demand Converting from Homeownership	17

Total Demand

Total Demand from Existing Households	310
Adjustment Factor	115% 356
Misc Senior Adjustment Factor	14% 48
Adjusted Demand form Existing Households	404
Total New Demand	-179
Total Demand (New Plus Existing Households)	225

Demand from Seniors Who Convert from Homeownership	17
Percent of Total Demand From Homeownership Conversion	7.5%
Is this Demand Over 20 percent of Total Demand?	No

Demand Adjustment for HFOP

Gross demand for Elderly	225
10% of gross demand for Elderly	10% 23
Total Demand for HFOP	248

<u>By Bedroom Demand</u>		
One Person	32.31%	80
Two Persons	67.69%	168
Three Persons	0.00%	0
Four Persons	0.00%	0
Five Persons	0.00%	0
Six Persons	0.00%	0
Seven Plus Persons	0.00%	0
Total	100.00%	248

<u>To place Person Demand into Bedroom Type Units</u>		
Of one person households in one-bedroom units	90%	72
Of two person households in one-bedroom units	20%	34
Of one person households in two-bedroom units	10%	8
Of two person households in two-bedroom units	80%	134
Of three person households in two-bedroom units	60%	0
Of three person households in three-bedroom units	40%	0
Of four person households in three-bedroom units	80%	0
Of five person households in three-bedroom units	70%	0
Of four person households in four-bedroom units	20%	0
Of five person households in four-bedroom units	30%	0
Of six person households in four-bedroom units	100%	0
Of seven plus person households in four-bedroom units	100%	0
Total Demand		248
Check		OK

<u>Total Demand by Bedroom</u>		30%
One Bedroom		105
Two Bedroom		142
Three Bedroom		0
Four Bedroom		0
Total Demand		248

<u>Additions To Supply 2000 to Prj Mrkt Entry March 2008</u>		30%
One Bedroom		22
Two Bedroom		22
Three Bedroom		0
Four Bedroom		0
Total		44

<u>Net Demand</u>		30%
One Bedroom		83
Two Bedroom		120
Three Bedroom		0
Four Bedroom		0
Total		204

<u>Developer's Unit Mix</u>		30%
One Bedroom		6
Two Bedroom		7
Three Bedroom		0
Four Bedroom		0
Total		13

<u>Capture Rate Analysis</u>		30%
One Bedroom		7%
Two Bedroom		6%
Three Bedroom		N/A
Four Bedroom		N/A
Total		6%

Cascades at East Point, East Point, GA; Market Study

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

Percent of AMI Level		50%			
Minimum Income Limit		\$20,010			
Maximum Income Limit		\$28,500 2 Person			
Income Category	New Households - Total Change in Households PMA 2000 to Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
<\$15,000	-1,388	-93.41%			
\$15,000-\$24,999	-662	-44.55%	4,989	50%	-330
\$25,000-\$34,999	-145	-9.75%	3,500	35%	-51
\$35,000-\$49,999	354	23.79%			
\$50,000-\$74,999	577	38.80%			
\$75,000-\$99,999	600	40.38%			
\$100,000-\$149,999	1,322	88.97%			
\$150,000-\$199,999	419	28.17%			
\$200,000+	410	27.59%			
	1,486	100.00%			-381
Percent of households within limits versus total number of households					-25.64%

Calculation of New Household Demand by Income Cohort by % of AMI

Percent of AMI Level		50%			
Minimum Income Limit		\$20,010			
Maximum Income Limit		\$28,500 2 Person			
Income Category	Total Households PMA Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
<\$15,000	5,162	27.75%			
\$15,000-\$24,999	2,119	11.39%	4,989	50%	1,057
\$25,000-\$34,999	1,942	10.44%	3,500	35%	680
\$35,000-\$49,999	2,294	12.33%			
\$50,000-\$74,999	2,518	13.54%			
\$75,000-\$99,999	1,483	7.97%			
\$100,000-\$149,999	1,868	10.04%			
\$150,000-\$199,999	617	3.32%			
\$200,000+	597	3.21%			
	18,600	100.00%			1,737
Percent of households within limits versus total number of households					9.34%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

Prj Mrkt Entry March 2008 Median Income

Change from 2000 to Prj Mrkt Entry March 2008

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Senior		
Urban		
40%		
\$25,070		
\$32,900		
\$7,830		
31.2%		
5.2%		
5.2%	Two year adjustment	1.0000
\$28,500		
\$28,500		
2 Person		
50%		
\$667		
\$667.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	Excluded	Total
1	0%	90%	10%	X	X	0%	100%
2	0%	20%	80%	X	X	0%	100%
3	X	0%	60%	40%	X	0%	100%
4	X	X	0%	80%	20%	0%	100%
5	X	X	X	70%	30%	0%	100%
6	X	X	X	0%	100%	0%	100%
7+	X	X	X	X	100%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Households 2000 to Prj Mrkt Entry March 2008

Income Target Population		50%
New Households PMA		1,486
Percent Income Qualified		-25.6%
Income Qualified Households		-381
Percent Renter		43.0%
New Renter Income Qualified Households		-164

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

Demand from Existing Households 2000

Demand form Rent Overburdened Households

Income Target Population		50%
Total Existing Demand		18,600
Income Qualified		9.3%
Percent Renter		43.0%
Income Qualified Renter Households		747
Percent Rent Overburdened Prj Mrkt Entry March 2008		45%
Rent Overburdened Households		336

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		747
Percent Living in Substandard Housing		1.1%
Households Living in Substandard Housing		8

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

Senior Households Converting from Homeownership

Income Target Population		50%
Total Senior Homeowners		991
Rural Versus Urban	8.4%	
Senior Demand Converting from Homeownership		83

Total Demand

Total Demand from Existing Households		427
Adjustment Factor	115%	492
Misc Senior Adjustment Factor	18%	88
Adjusted Demand form Existing Households		580
Total New Demand		-164
Total Demand (New Plus Existing Households)		416

Demand from Seniors Who Convert from Homeownership		83
Percent of Total Demand From Homeownership Conversion		20.0%
Is this Demand Over 20 percent of Total Demand?		No

Demand Adjustment for HFOP

Gross demand for Elderly		416
10% of gross demand for Elderly	10%	42
Total Demand for HFOP		458

By Bedroom Demand

One Person	32.31%	148
Two Persons	67.69%	310
Three Persons	0.00%	0
Four Persons	0.00%	0
Five Persons	0.00%	0
Six Persons	0.00%	0
Seven Plus Persons	0.00%	0
Total	100.00%	458

<u>To place Person Demand into Bedroom Type Units</u>		
Of one person households in one-bedroom units	90%	133
Of two person households in one-bedroom units	20%	62
Of one person households in two-bedroom units	10%	15
Of two person households in two-bedroom units	80%	248
Of three person households in two-bedroom units	60%	0
Of three person households in three-bedroom units	40%	0
Of four person households in three-bedroom units	80%	0
Of five person households in three-bedroom units	70%	0
Of four person households in four-bedroom units	20%	0
Of five person households in four-bedroom units	30%	0
Of six person households in four-bedroom units	100%	0
Of seven plus person households in four-bedroom units	100%	0
Total Demand		458
Check		OK
<u>Total Demand by Bedroom</u>		
One Bedroom		195
Two Bedroom		263
Three Bedroom		0
Four Bedroom		0
Total Demand		458
<u>Additions To Supply 2000 to Prj Mrkt Entry March 2008</u>		
One Bedroom		216
Two Bedroom		84
Three Bedroom		0
Four Bedroom		0
Total		300
<u>Net Demand</u>		
One Bedroom		-21
Two Bedroom		179
Three Bedroom		0
Four Bedroom		0
Total		157
<u>Developer's Unit Mix</u>		
One Bedroom		17
Two Bedroom		13
Three Bedroom		0
Four Bedroom		0
Total		30
<u>Capture Rate Analysis</u>		
One Bedroom		-80%
Two Bedroom		7%
Three Bedroom		N/A
Four Bedroom		N/A
Total		19%

Cascades at East Point, East Point, GA; Market Study

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

Percent of AMI Level		60%			
Minimum Income Limit		\$20,370			
Maximum Income Limit		\$34,200 2 Person			
Income Category	New Households - Total Change in Households PMA 2000 to Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
<\$15,000	-1,388	-93.41%			
\$15,000-\$24,999	-662	-44.55%	4,629	46%	-307
\$25,000-\$34,999	-145	-9.75%	9,200	92%	-133
\$35,000-\$49,999	354	23.79%			
\$50,000-\$74,999	577	38.80%			
\$75,000-\$99,999	600	40.38%			
\$100,000-\$149,999	1,322	88.97%			
\$150,000-\$199,999	419	28.17%			
\$200,000+	410	27.59%			
	1,486	100.00%			-440
Percent of households within limits versus total number of households					-29.59%

Calculation of New Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$20,370			
Maximum Income Limit		\$34,200 2 Person			
Income Category	Total Households PMA Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
<\$15,000	5,162	27.75%			
\$15,000-\$24,999	2,119	11.39%		46%	981
\$25,000-\$34,999	1,942	10.44%		92%	1,787
\$35,000-\$49,999	2,294	12.33%			
\$50,000-\$74,999	2,518	13.54%			
\$75,000-\$99,999	1,483	7.97%			
\$100,000-\$149,999	1,868	10.04%			
\$150,000-\$199,999	617	3.32%			
\$200,000+	597	3.21%		0%	0
	18,600	100.00%			2,768
Percent of households within limits versus total number of households					14.88%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

Prj Mrkt Entry March 2008 Median Income

Change from 2000 to Prj Mrkt Entry March 2008

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Senior		
Urban		
40%		
\$25,070		
\$32,900		
\$7,830		
31.2%		
5.2%		
5.2%	Two year adjustment	1.0000
\$34,200		
\$34,200		
2 Person		
60%		
\$679		
\$679.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	Excluded	Total
1	0%	90%	10%	X	X	0%	100%
2	0%	20%	80%	X	X	0%	100%
3	X	0%	60%	40%	X	0%	100%
4	X	X	0%	80%	20%	0%	100%
5	X	X	X	70%	30%	0%	100%
6	X	X	X	0%	100%	0%	100%
7+	X	X	X	X	100%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Households 2000 to Prj Mrkt Entry March 2008

Income Target Population		60%
New Households PMA		1,486
Percent Income Qualified		-29.6%
Income Qualified Households		-440
Percent Renter		43.0%
New Renter Income Qualified Households		-189

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

Demand from Existing Households 2000

Demand form Rent Overburdened Households

Income Target Population		60%
Total Existing Demand		18,600
Income Qualified		14.9%
Percent Renter		43.0%
Income Qualified Renter Households		1190
Percent Rent Overburdened Prj Mrkt Entry March 2008		45%
Rent Overburdened Households		535

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		1190
Percent Living in Substandard Housing		1.1%
Households Living in Substandard Housing		13

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

Senior Households Converting from Homeownership

Income Target Population		60%
Total Senior Homeowners		1578
Rural Versus Urban	9.5%	
Senior Demand Converting from Homeownership		150

Total Demand

Total Demand from Existing Households		698
Adjustment Factor	115%	803
Misc Senior Adjustment Factor	20%	161
Adjusted Demand form Existing Households		964
Total New Demand		-189
Total Demand (New Plus Existing Households)		775

Demand from Seniors Who Convert from Homeownership		150
Percent of Total Demand From Homeownership Conversion		19.3%
Is this Demand Over 20 percent of Total Demand?		No

Demand Adjustment for HFOP

Gross demand for Elderly		775
10% of gross demand for Elderly	10%	78
Total Demand for HFOP		853

By Bedroom Demand

One Person	32.31%	275
Two Persons	67.69%	577
Three Persons	0.00%	0
Four Persons	0.00%	0
Five Persons	0.00%	0
Six Persons	0.00%	0
Seven Plus Persons	0.00%	0
Total	100.00%	853

<u>To place Person Demand into Bedroom Type Units</u>		
Of one person households in one-bedroom units	90%	248
Of two person households in one-bedroom units	20%	115
Of one person households in two-bedroom units	10%	28
Of two person households in two-bedroom units	80%	462
Of three person households in two-bedroom units	60%	0
Of three person households in three-bedroom units	40%	0
Of four person households in three-bedroom units	80%	0
Of five person households in three-bedroom units	70%	0
Of four person households in four-bedroom units	20%	0
Of five person households in four-bedroom units	30%	0
Of six person households in four-bedroom units	100%	0
Of seven plus person households in four-bedroom units	100%	0
Total Demand		853
Check		OK
<u>Total Demand by Bedroom</u>		<u>60%</u>
One Bedroom		363
Two Bedroom		489
Three Bedroom		0
Four Bedroom		0
Total Demand		853
<u>Additions To Supply 2000 to Prj Mrkt Entry March 2008</u>		<u>60%</u>
One Bedroom		114
Two Bedroom		159
Three Bedroom		0
Four Bedroom		0
Total		273
<u>Net Demand</u>		<u>60%</u>
One Bedroom		249
Two Bedroom		330
Three Bedroom		0
Four Bedroom		0
Total		580
<u>Developer's Unit Mix</u>		<u>60%</u>
One Bedroom		33
Two Bedroom		19
Three Bedroom		0
Four Bedroom		0
Total		52
<u>Capture Rate Analysis</u>		<u>60%</u>
One Bedroom		13%
Two Bedroom		6%
Three Bedroom		N/A
Four Bedroom		N/A
Total		9%

Cascades at East Point, East Point, GA; Market Study

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

Percent of AMI Level		Market			
Minimum Income Limit		\$20,850			
Maximum Income Limit		\$45,600 2 Person			
Income Category	New Households - Total Change in Households PMA 2000 to Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
<\$15,000	-1,388	-93.41%			
\$15,000-\$24,999	-662	-44.55%	4,149	41%	-275
\$25,000-\$34,999	-145	-9.75%	9,999	100%	-145
\$35,000-\$49,999	354	23.79%	10,600	106%	375
\$50,000-\$74,999	577	38.80%			
\$75,000-\$99,999	600	40.38%			
\$100,000-\$149,999	1,322	88.97%			
\$150,000-\$199,999	419	28.17%			
\$200,000+	410	27.59%			
	1,486	100.00%			-45
Percent of households within limits versus total number of households					-3.01%

Calculation of New Household Demand by Income Cohort by % of AMI

Percent of AMI Level		Market			
Minimum Income Limit		\$20,850			
Maximum Income Limit		\$45,600 2 Person			
Income Category	Total Households PMA Prj Mrkt Entry March 2008		Income Brackets	Percent within Cohort	Households within Bracket
<\$15,000	5,162	27.75%			
\$15,000-\$24,999	2,119	11.39%	4,149	41%	879
\$25,000-\$34,999	1,942	10.44%	9,999	100%	1,942
\$35,000-\$49,999	2,294	12.33%	10,600	106%	2,432
\$50,000-\$74,999	2,518	13.54%			
\$75,000-\$99,999	1,483	7.97%			
\$100,000-\$149,999	1,868	10.04%			
\$150,000-\$199,999	617	3.32%			
\$200,000+	597	3.21%		0%	0
	18,600	100.00%			5,253
Percent of households within limits versus total number of households					28.24%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

Prj Mrkt Entry March 2008 Median Income

Change from 2000 to Prj Mrkt Entry March 2008

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Senior		
Urban		
40%		
\$25,070		
\$32,900		
\$7,830		
31.2%		
5.2%		
5.2%	Two year adjustment	1.0000
\$45,600		
\$45,600		
2 Person		
40%		
\$695		
\$695.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	Excluded	Total
1	0%	90%	10%	X	X	0%	100%
2	0%	20%	80%	X	X	0%	100%
3	X	0%	60%	40%	X	0%	100%
4	X	X	0%	80%	20%	0%	100%
5	X	X	X	70%	30%	0%	100%
6	X	X	X	0%	100%	0%	100%
7+	X	X	X	X	100%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Households 2000 to Prj Mrkt Entry March 2008

Income Target Population		Market
New Households PMA		1,486
Percent Income Qualified		-3.0%
Income Qualified Households		-45
Percent Renter		43.0%
New Renter Income Qualified Households		-19

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

Demand from Existing Households 2000

Demand form Rent Overburdened Households

Income Target Population		Market
Total Existing Demand		18,600
Income Qualified		28.2%
Percent Renter		43.0%
Income Qualified Renter Households		2258
Percent Rent Overburdened Prj Mrkt Entry March 2008		45%
Rent Overburdened Households		1016

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		2258
Percent Living in Substandard Housing		1.1%
Households Living in Substandard Housing		25

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

Senior Households Converting from Homeownership

Income Target Population		Market
Total Senior Homeowners		2995
Rural Versus Urban	12.0%	
Senior Demand Converting from Homeownership		359

Total Demand

Total Demand from Existing Households		1400
Adjustment Factor	115%	1610
Misc Senior Adjustment Factor	20%	322
Adjusted Demand form Existing Households		1932
Total New Demand		-19
Total Demand (New Plus Existing Households)		1913

Demand from Seniors Who Convert from Homeownership		359
Percent of Total Demand From Homeownership Conversion		18.8%
Is this Demand Over 20 percent of Total Demand?		No

Demand Adjustment for HFOP

Gross demand for Elderly		1913
10% of gross demand for Elderly	10%	191
Total Demand for HFOP		2104

By Bedroom Demand

One Person	32.31%	680
Two Persons	67.69%	1424
Three Persons	0.00%	0
Four Persons	0.00%	0
Five Persons	0.00%	0
Six Persons	0.00%	0
Seven Plus Persons	0.00%	0
Total	100.00%	2104

<u>To place Person Demand into Bedroom Type Units</u>		
Of one person households in one-bedroom units	90%	612
Of two person households in one-bedroom units	20%	285
Of one person households in two-bedroom units	10%	68
Of two person households in two-bedroom units	80%	1,139
Of three person households in two-bedroom units	60%	0
Of three person households in three-bedroom units	40%	0
Of four person households in three-bedroom units	80%	0
Of five person households in three-bedroom units	70%	0
Of four person households in four-bedroom units	20%	0
Of five person households in four-bedroom units	30%	0
Of six person households in four-bedroom units	100%	0
Of seven plus person households in four-bedroom units	100%	0
Total Demand		2,104
Check		OK
<u>Total Demand by Bedroom</u>		<u>Market</u>
One Bedroom		897
Two Bedroom		1,207
Three Bedroom		0
Four Bedroom		0
Total Demand		2,104
<u>Additions To Supply 2000 to Prj Mrkt Entry March 2008</u>		<u>Market</u>
One Bedroom		98
Two Bedroom		107
Three Bedroom		0
Four Bedroom		0
Total		206
<u>Net Demand</u>		<u>Market</u>
One Bedroom		799
Two Bedroom		1,100
Three Bedroom		0
Four Bedroom		0
Total		1,899
<u>Developer's Unit Mix</u>		<u>Market</u>
One Bedroom		13
Two Bedroom		12
Three Bedroom		0
Four Bedroom		0
Total		25
<u>Capture Rate Analysis</u>		<u>Market</u>
One Bedroom		2%
Two Bedroom		1%
Three Bedroom		N/A
Four Bedroom		N/A
Total		1%

Conclusions

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

- The number of households in the PMA is expected to increase 2.21 percent between 2005 and 2008.
- The Subject’s target income group is \$12,000 to \$45,600 for the project as a whole including the LIHTC units and market rate units. This spreads across four income cohorts. The following table illustrates the number of households that will contract or increase within these cohorts.

Income Category	New Households - Total Change in Households PMA 2000 to Prj Mkt Entry March 2008	Percentage
<\$15,000	-1,388	-93.41%
\$15,000-\$24,999	-662	-44.55%
\$25,000-\$34,999	-145	-9.75%
\$35,000-\$49,999	354	23.79%
\$50,000-\$74,999	577	38.80%
\$75,000-\$99,999	600	40.38%
\$100,000-\$149,999	1,322	88.97%
\$150,000-\$199,999	419	28.17%
\$200,000+	410	27.59%
Total	1,486	100.00%

As the table above illustrates, the market area is expected to have larger increases within the higher income brackets. The market area will increase by 1,486 household from 2000 to March 2008.

The following table summarizes the Subject’s capture rates at all income levels.

Unit Size	Income Limits	Units Proposed	Total Demand	Additions to Supply	Net Demand	Capture Rate	Absorption
1BR	30%	6	105	22	83	7%	3-4 months
1BR	50%	17	195	216	-21	-80%	12 months
1BR	60%	33	363	114	249	13%	12 months
2BR	Market	13	897	98	799	2%	12 months
2BR	30%	7	142	22	120	6%	3-4 months
2BR	50%	13	263	84	179	7%	12 months
2BR	60%	19	489	159	330	6%	12 months
2BR	Market	12	1,207	107	1,100	1%	12 months

As illustrated in the table above, the Subject’s capture rates for all units are below 20 percent, with the exception of the one-bedroom 50 percent AMI units, which indicates strong demand. Although there are a significant number of senior LIHTC units coming on line or have been built since 1999, the demand estimates forecast strong demand. The Subject’s biggest advantage will be varying AMI levels and low rents. Of the new additions to supply, five of the properties are

existing and stabilized, one property is in lease-up, two properties are under construction, and three properties are proposed. While this could lead to an oversupply, generally, all existing senior properties are stabilized and maintain low vacancy with waiting lists. This illustrates demand for the Subject.

G. SUPPLY ANALYSIS

Characteristics of Existing Projects, Projects Under Construction and Projects 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. We obtained a listing of such projects in Fulton County. The following table details the list of projects that have received tax credit allocations in Fulton County that are located within the PMA.

Name	City	Type
Alta Pointe	Atlanta	Family
Columbia Commons (Formerly Columbia Chalet	Atlanta	Family
Westview Lofts	Atlanta	Family
Toby Sexton Redevelopment	Atlanta	Family
Terrace at Cornerstone, The	Atlanta	Family
West End	Atlanta	Family
Northside Village	Atlanta	Family
Harris Homes Revitalization Phase I	Atlanta	Family
Magnolia Park, Phase II fka John Eagan Homes	Atlanta	Family
Dogwood Apartments	Atlanta	Family
Pittsburgh Phase I	Atlanta	Family
City Views at Rosa Burney Park L.P.	Atlanta	Family
Crogman School	Atlanta	Family
Brookside Park	Atlanta	Family
Village Highlands	East Point	Family
Hidden Creste Apartments	Atlanta	Family
Heritage Green Apartments	Atlanta	Family
Heritage Green Apartments L.P.	Atlanta	Family
Crescent Hills Apartments	Atlanta	Family
Village of College Park	College Park	Family
Robins Creste Apartments	East Point	Family
Eagles Creste Apartments	Atlanta	Family
Peaks of MLK	Atlanta	Family
Park At Lakewood Apartments	Atlanta	Family
Hidden Cove	Atlanta	Family
Shamrock Gardens Apartments	Atlanta	Family
Brentwood Village Apartments	Atlanta	Family
Wells Court Commons	Atlanta	Family
Lakewood Christian Manor	Atlanta	HFOP - Operates with additional subsidy
Trinity Towers	Atlanta	Elderly - Operates with additional subsidy
Columbia Colony Senior Apts.	Atlanta	Elderly
Renaissance at Park Place South	Atlanta	HFOP
Columbia High Point Senior Residences	Atlanta	Elderly
Martin's House (aka Misty Amber Apts)	Atlanta	HFOP
Big Bethel Village	Atlanta	Elderly
Princeton Court	College Park	HFOP - In lease-up
Pittsburgh Phase II Senior Apartments	Atlanta	HFOP - Planned
Carver Senior Building, LP	Atlanta	Elderly - Under Construction
Norman Berry Village Senior Residences	East Point	HFOP - Under Construction
Gates Park Crossing Senior Residences	Atlanta	Elderly - Under Renovation
Gates Park Housing For Older Persons	Atlanta	HFOP - Under Renovation
Seven Courts Apartments	Atlanta	Family - Under Renovation
Capitol Gateway Phase II	Atlanta	Family - Under Construction

As shown in the table above, there are numerous LIHTC projects that exist within the area. However, many are targeted to families and those that are targeted to seniors are still under construction or preparing to undergo renovations. Pittsburgh Phase II Senior Apartments, Norman Berry Village Senior Residences, and Gates Park Housing for Older Persons, are all planned or under construction housing for older person developments allocated in 2004 or 2005. Of the three recently allocated HFOP properties, only Norman Berry Village Senior Residences is currently under construction, the remaining two developments remain in the planning stages. The Carver Senior Building and Gates Park Crossing Senior Residences were allocated in 2004 and 2005, respectively, and are both targeted to seniors ages 62 and older. The Carver Senior Building is currently under construction. Renovations for Gates Park Crossing Senior Residences have not begun. Princeton Court is the most recent addition to the LIHTC housing stock and is still in the lease-up stage with a 34 percent occupancy rate. We utilized the LIHTC properties that were most comparable to the Subject. The Subject will be comparable to the LIHTC stock in the PMA.

East Point Housing Authority (Kim Lemish) 404-768-0078:

In order to better understand the housing market within the PMA, we contacted the East Point Housing Authority. Within the Section 8 Office, we spoke with Kim Lemish. Ms. Lemish stated that the East Point Housing Authority has 250 vouchers to distribute each year. However, when portable vouchers from other areas are factored in, the total number of vouchers that can be distributed is between 700 and 900. These portable vouchers can come from Housing Authorities all over the United States, but the largest number is received from the Fulton County Housing Authority. There is currently a waiting list of 761 households. A breakdown of the waiting list by bedroom type is as follows: one-bedroom vouchers have a wait of 95 households, two-bedroom vouchers have a wait of 334 households, three-bedroom vouchers have a wait of 289 households, four-bedroom vouchers have a wait of 38 households, and five-bedroom vouchers have a wait of two households. The list is closed and has not been opened since 2002 and will not likely reopen for another three years. The last time the list was reopened, the department received 2,500 applications in a matter of four hours. Ms. Lemish stated that the only way that the waiting list is currently being reduced is by sending out “purge letters” once a year. These letters ask families on the waiting list to reply and inform the housing authority of their continued need and interest. Families who do not reply are removed from the list. Ms. Lemish stated that the demand for affordable housing in the area is always high, and those unit types that are most in demand are two- and three-bedroom units. According to Ms. Lemish, the maximum number of people that are allowed to live in a one-bedroom unit is two, and the average household size for those applying for vouchers in the area is five.

Ms. Lemish said that she would like to see more 100 percent tax credit affordable housing in the area. To her knowledge, it has been four or five years since a multi-family project was developed where 100 percent of the units were tax credit. The tendency has been to build projects with both tax credit and market rate units. Ms. Lemish said that it’s all too often the case that these developments offer three or four times as many market rate units as tax credit units. Therefore, Ms. Lemish believes that there is presently a great need for affordable housing in the East Point and surrounding area.

HJC Bowden Senior Center:

The HJC Bowden Senior Center is located only 1.8 miles from the Subject at 2885 Church Street in East Point, Georgia. The center is for active seniors ages 55 and older and offers a wide variety of classes and programs for its seniors. The center contains a fully equipped fitness center, a heated pool in which water aerobics is taught, a lounge with a fireplace, garden and patio areas, a medical clinic, conference rooms, and game rooms. The center even has a tax commissioner and tag office on site so that seniors can get vehicle tags renewed with less hassle. In addition to these amenities, several special interest classes are offered. Cooking classes, life enrichment classes, and computer classes are among the most popular at the center.

Building Permit Activity

The following table depicts building activity from 2000 through May 2006 in Fulton County, Georgia.

BUILDING PERMITS: Fulton County, GA

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2000	3,502	152	5,967	9,621
2001	4,087	80	6,688	10,855
2002	4,029	130	6,665	10,824
2003	6,154	97	6,045	12,296
2004	8,208	60	8,651	16,919
2005	9,681	25	6,408	16,114
2006*	4,039	6	4,131	8,176
Total**	35,661	544	40,424	76,629
Average**	5,944	91	6,737	12,772

*Only includes through April 2006 ** Does not include 2006 permits

As illustrated, the majority of permits issued have been for multifamily development, accounting for approximately 52.8 percent of total permits issued. Single-family development accounts for approximately 46.5 percent of permits issued. The largest number of permits issued for multifamily construction was in 2004. Permits for multifamily development have since decreased. However, 2006 permits for multifamily development are on target to reach 2004 levels as the number of permits issued through May 2006 is approximately half the total number of permits issued in all of 2004. Similar to multifamily development, the largest number of permits issued for single-family development construction was in 2004 and 2005. Three and four-family development accounts for the remaining 0.7 percent of permits issued in Fulton County.

DESCRIPTION OF PROPERTY TYPES SURVEYED/DETERMINATION OF NUMBER OF TAX CREDIT UNITS

Survey of Comparable Projects

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. We visited and surveyed numerous properties that were excluded from the market survey because they were not considered useful in the analysis of the Subject property. Our competitive survey includes six “true” comparable properties containing 805 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the addenda. A map illustrating the location of the Subject in relation to comparable properties is also provided in the addenda. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

The availability of senior LIHTC and market data is considered adequate. There is only one senior LIHTC property that does not operate with additional subsidy located within the PMA. There are however several recently allocated senior developments located within the PMA, including Gates Park Crossing, Gates Park Housing for Older Persons, Norman Berry Village Senior Residences, Princeton Court, and Pittsburgh Phase II Senior Apartments, which will add a total of 272 new units to the market. In addition, four senior LIHTC properties located within one mile of the PMA were included in the analysis. Four of the LIHTC properties also feature market rate units. There are few newly constructed market rate properties located in the PMA. The Subject’s immediate neighborhood consists of several older, inferior market rate properties which have been excluded from the following comparative analysis. It should be noted that several of these properties indicated high senior tenancy, particularly Autumn Crest and Sylvan Circle Apartments, which are located 0.1 and 1.4 mile(s) from the Subject, respectively. Both property managers indicated that over 30 percent of the tenants are seniors. Autumn Crest Apartments was constructed in the 1970s and features 88 two-bedroom market rate units renting for \$550 per month. The property is currently 93 percent occupied and offering a concession of one month free rent. Sylvan Circle was constructed in 1952 and features studio and one-bedroom units renting for \$395 and \$435 per month. Both properties are significantly inferior to the Subject and are therefore not included as comparable properties. One relatively newly constructed family market rate property has been included. There are no fully market rate independent living senior properties located in or within one mile of the PMA.

The following properties have been excluded from the supply analysis.

Excluded Market Rate Properties

Name	Type	Reason Excluded
Nan Jean	Market	Inferior
Autumn Crest	Market	Inferior
Sylvan Circle	Market	Inferior
Marquis Townhomes	Market	Inferior
Chastain Manor	Market	Inferior
Venetian Hills	Market	Inferior
Wood Court Apartments	Market	Inferior
Centura Villa	Market	Inferior
Harmony Plaza I	Market	Inferior



Nan Jean Apartments



Autumn Crest



Sylvan Circle



Marquis Townhomes



Chastain Manor



Venetian Hills



Wood Court Apartments



Centura Villa



Harmony Plaza I

Summary Matrix

Comp #	Project	Similarity Scale	Distance	Type / Built	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Units Vacant	Vacancy Rate
Subject	Cascades At East Point 1900 Stanton Road East Point, GA 30272 Fulton County		n/a	Garden (age-restricted) (3 stories) n/a	@30%, @50%, @60%, Market	1BR / 1BA	6	5.00%	@30%	\$316	750	N/A	N/A
						1BR / 1BA	17	14.20%	@50%	\$541	750	N/A	N/A
						1BR / 1BA	33	27.50%	@60%	\$595	750	N/A	N/A
						1BR / 1BA	13	10.80%	Market	\$695	750	N/A	N/A
						2BR / 2BA	7	5.80%	@30%	\$379	975	N/A	N/A
						2BR / 2BA	13	10.80%	@50%	\$619	975	N/A	N/A
						2BR / 2BA	19	15.80%	@60%	\$675	975	N/A	N/A
						2BR / 2BA	12	10.00%	Market	\$785	975	N/A	N/A
							120	100%				N/A	N/A
						1	Big Bethel Village 500 Richard Allen Blvd. SW Atlanta, GA 30331 Fulton County		9.5 miles	Midrise (age-restricted) (3 stories) 2003	@60%, Market	Studio / 1BA	14
						Studio / 1BA	4	3.30%	Market	\$1,195	350	2	50.00%
						1BR / 1BA	19	15.80%	@60%	\$651	435	2	10.50%
						1BR / 1BA	12	10.00%	@60%	\$696	505	N/A	N/A
						1BR / 1BA	5	4.20%	Market	\$1,116	435	3	60.00%
						1BR / 1BA	6	5.00%	Market	\$1,281	505	N/A	N/A
						1.5BR / 1BA	10	8.30%	@60%	\$701	631	N/A	N/A
						1.5BR / 1BA	2	1.70%	Market	\$1,356	631	N/A	N/A
						2BR / 2BA	35	29.20%	@60%	\$828	760	1	2.90%
						2BR / 2BA	13	10.80%	Market	\$1,373	760	1	7.70%
							120	100%				11	9.20%
2	Columbia Colony Senior Residences 2999 Continental Colony Pkwy Atlanta, GA 30331 Fulton County		3.8 miles	Midrise (age-restricted) 2001	LIHTC/Market	1BR / 1BA	20	16.70%	@50%	\$580	772	0	0.00%
						1BR / 1BA	20	16.70%	@60%	\$630	772	0	0.00%
						1BR / 1BA	6	5.00%	Market	\$710	772	1	16.70%
						2BR / 2BA	34	28.30%	@50%	\$684	1,023	0	0.00%
						2BR / 2BA	34	28.30%	@60%	\$729	1,023	0	0.00%
						2BR / 2BA	6	5.00%	Market	\$819	1,023	1	16.70%
							120	100%				2	1.70%
3	Columbia High Point Senior 220 Bowen Circle SW Atlanta, GA 30315 Fulton County		5.9 miles	Lowrise (age-restricted) 2002	LIHTC	1BR / 1BA	94	97.90%	@50%	\$605	685	0	0.00%
						2BR / 2BA	2	2.10%	Employee	N/A	685	0	0.00%
							96	100%				0	0.00%
4	Martin's House (pka Misty Amber) 3712 Martin Luther King, Jr. Dr. Atlanta, GA Fulton County		9.4 miles	Midrise (age-restricted) (4 stories) 2005	@50%, @60%, Market	1BR / 1BA	52	34.00%	@50%	\$588	850	0	0.00%
						1BR / 1BA	45	29.40%	@60%	\$612	850	0	0.00%
						1BR / 1BA	24	15.70%	Market	\$716	850	0	0.00%
						2BR / 2BA	14	9.20%	@50%	\$677	1,000	0	0.00%
						2BR / 2BA	12	7.80%	@60%	\$710	1,000	0	0.00%
						2BR / 2BA	6	3.90%	Market	\$829	1,000	0	0.00%
							153	100%				0	0.00%
5	Renaissance At Park Place South 240 Amal Drive, SW Atlanta, GA 30315 Fulton County		4.8 miles	Lowrise (age-restricted) 2003	LIHTC	1BR / 1BA	25	25.00%	@50%	\$586	768	0	0.00%
						1BR / 1BA	3	3.00%	@60%	\$640	768	0	0.00%
						1BR / 1BA	10	10.00%	Market	\$641	768	0	0.00%
						1BR / 1BA	32	32.00%	Section 8	\$562	768	0	0.00%
						2BR / 2BA	8	8.00%	@50%	\$698	953	0	0.00%
						2BR / 2BA	6	6.00%	@60%	\$762	953	0	0.00%
						2BR / 2BA	8	8.00%	Market	\$764	953	0	0.00%
						2BR / 2BA	8	8.00%	Section 8	\$668	953	0	0.00%
							100	100%				0	0.00%
6	Village On The Green 2975 Continental Colony Parkway Atlanta, GA 30331 Fulton County		4.0 miles	Garden (3 stories) 2004	Market	1BR / 1BA	40	27.30%	Market	\$745	884	N/A	N/A
						1BR / 1BA	41	N/A	Market	\$815	884	N/A	N/A
						2BR / 2BA	41	41.40%	Market	\$880	1,161	N/A	N/A
						2BR / 2BA	41	N/A	Market	\$950	1,161	N/A	N/A
						2BR / 2BA	41	N/A	Market	\$1,050	1,385	N/A	N/A
						2BR / 2.5BA	12	4.00%	Market	\$1,150	1,405	N/A	N/A
							297	100%				6	2.00%

Unit Matrix Report

2BR / 2BA	Cascades At East Point	Big Bethel Village	Columbia Colony Senior Residences	Columbia High Point Senior	Martin's House	Renaissance At Park Place South	Village On The Green
Comp #	Subject	1	2	3	4	5	6
Distance from Subject	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unit Types							
030%							
Bath/Bedroom	2BR / 2BA	--	--	--	--	--	--
Base Rent/Month	\$379	--	--	--	--	--	--
Unit GLA (SF)	975	--	--	--	--	--	--
Adjusted Utility Base Rent	\$379	--	--	--	--	--	--
050%							
Bath/Bedroom	2BR / 2BA	--	2BR / 2BA	--	2BR / 2BA	2BR / 2BA	--
Base Rent/Month	\$619	--	\$665	--	\$638	\$659	--
Unit GLA (SF)	975	--	1,023	--	1,000	953	--
Adjusted Utility Base Rent	\$619	--	\$684	--	\$677	\$688	--
060%							
Bath/Bedroom	2BR / 2BA	2BR / 2BA	2BR / 2BA	--	2BR / 2BA	2BR / 2BA	--
Base Rent/Month	\$675	\$655	\$710	--	\$671	\$723	--
Unit GLA (SF)	975	760	1,023	--	1,000	953	--
Adjusted Utility Base Rent	\$675	\$828	\$729	--	\$710	\$762	--
Market							
Bath/Bedroom	2BR / 2BA	2BR / 2BA	2BR / 2BA	--	2BR / 2BA	2BR / 2BA	2BR / 2BA
Base Rent/Month	\$785	\$1,500	\$800	--	\$790	\$725	\$880
Unit GLA (SF)	975	760	1,023	--	1,000	953	1,161
Adjusted Utility Base Rent	\$785	\$1,373	\$819	--	\$829	\$764	\$850
Property Information							
Property Type	Garden (age-restricted) (3 stories)	Mdrise (age-restricted) (3 stories)	Mdrise (age-restricted)	Lowrise (age-restricted)	Mdrise (age-restricted) (4 stories)	Lowrise (age-restricted)	Garden (3 stories)
Year Built	2003	2003	2001	2002	2006	2004	2004
Market (Conv./Subsidy Type)	@30%, @50%, @60%, Market	@60%, Market	LH/CMarket	LH/C	@50%, @60%, Market	LH/C	Market
Unit Information							
Total Units	51	48	74	2	32	30	N/A
Vacant	N/A	2	1	0	0	0	N/A
Vacancy Rate	N/A	4.20%	1.40%	0.00%	0.00%	0.00%	N/A
Utilities							
A/C	central tenant	central landlord	central tenant	central tenant	central tenant	central tenant	central tenant
Cooking	electric tenant	electric landlord	electric tenant	electric tenant	electric tenant	electric tenant	electric tenant
Water Heat	electric tenant	electric landlord	electric tenant	electric tenant	electric tenant	electric tenant	electric tenant
Heat	electric tenant	electric landlord	electric tenant	electric tenant	electric tenant	electric tenant	electric tenant
Other Electric	tenant	landlord	tenant	tenant	tenant	tenant	tenant
Water	landlord	landlord	tenant	tenant	tenant	tenant	landlord
Sewer	landlord	landlord	landlord	tenant	tenant	tenant	landlord
Trash Collection	landlord	landlord	landlord	landlord	landlord	landlord	landlord
In-Unit Amenities							
Balcony/Patio	no	yes	yes	no	no	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	no	no	no	no	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	yes	no	yes	no	no
Ceiling Fan	yes	yes	yes	yes	yes	yes	yes
Fireplace	no	no	no	no	no	no	yes
Garbage Disposal	yes	yes	yes	yes	yes	yes	yes
Hand Rails	yes	yes	yes	yes	no	yes	no
Microwave	no	no	yes	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes
Pull Cords	yes	yes	no	yes	yes	yes	no
Refrigerator	yes	yes	yes	yes	yes	yes	yes
Trash Compactor	no	no	no	no	no	no	no
Walk-In Closet	no	yes	no	yes	yes	no	yes
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes
Property Amenities							
Business Center	yes	no	yes	yes	no	no	no
Car Wash	no	no	no	no	no	no	yes
Clubhouse	yes	yes	yes	yes	no	yes	no
Computer Lab	yes	yes	yes	no	no	no	no
Courtyard	yes	no	no	yes	yes	no	no
Elevators	yes	yes	yes	yes	yes	yes	no
Exercise Facility	yes	yes	yes	yes	yes	yes	yes
Garage	no	no	no	no	no	no	yes
Central Laundry	yes	yes	yes	yes	yes	yes	no
Meeting/Community Rooms	yes	yes	yes	yes	yes	yes	no
Neighborhood Network	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	no	yes	yes	no	yes	no
Playground	no	no	no	no	no	no	yes
Recreation Areas	yes	no	yes	no	yes	no	no
Service Coordination	yes	yes	yes	yes	yes	no	no
Swimming Pool	no	no	no	no	yes	no	yes
Tennis Court	no	no	no	no	no	no	yes
Services							
Shuttle Service	no	yes	no	yes	yes	no	no
Security							
In-Unit Alarm	yes	no	no	no	yes	no	yes
Intercom (Buzzer)	no	no	yes	no	no	no	no
Intercom (Phone)	yes	yes	yes	yes	yes	yes	no
Limited Access	yes	yes	yes	yes	yes	yes	yes
Patrol	no	no	yes	no	no	no	yes
Perimeter Fencing	yes	yes	yes	yes	yes	no	yes
Video Surveillance	no	no	yes	no	no	no	no
Premium Amenities							
Delivered Hot Lunches	no	no	yes	no	no	yes	no
Hairdresser / Barber	no	yes	yes	yes	yes	no	no
Housekeeping	no	no	no	no	no	yes	no
Medical Professional	no	no	yes	yes	yes	no	no
Personal Assistance	no	no	no	yes	no	no	no
Other Amenities							
Other	Exercise Classes, Computer Tutoring, Arts & Crafts	Gracious Living Package - includes daily meals and housekeeping for additional fee	Library, Dance Room, Movie Rm, Solarium, Card Room	Social worker, Library, Game room - movie theater,	Library, Theater, Garden	Hairdresser	n/a

Property Profile Report

Big Bethel Village

Comp # 1
Effective Rent Date 6/23/2006
Created by Ebonique Robinson (April 08, 2005 09:55 PDT)
Last updated by Julia Buckmaster (July 12, 2006 11:00 PDT)

Location 500 Richard Allen Blvd. SW
Atlanta, GA 30331
Fulton County
(verified)

Distance n/a

Units 120
Vacant Units 11
Vacancy Rate 9.20%

Type Midrise (age-restricted)
(3 stories)

Year Built/Renovated 2003
Marketing Began n/a
Leasing Began 1/1/2003
Last Unit Leased 1/1/2004

Major Competitors None nearby
Tenant Characteristics Seniors over age 60, some disabled, most tenants are retired

Contact Name Quiana Poole
Phone 404.699.5665



Market

Program	@60%, Market	Leasing Pace	1 month
Annual Turnover Rate	20%	Change in Rent (Past Year)	No
Units/Month Absorbed	10	Concession	None
Section 8 Tenants	5%		

Utilities

A/C	included -- central	Other Electric	included
Cooking	included -- electric	Water	included
Water Heat	included -- electric	Sewer	included
Heat	included -- electric	Trash Collection	included

Property Profile Report (page 2)

Big Bethel Village

Comp #

1

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate
0	1	Midrise (3 stories)	14	350	\$710	\$0	@60%	No	2	14.30%
0	1	Midrise (3 stories)	4	350	\$1,195	\$0	Market	No	2	50.00%
1	1	Midrise (3 stories)	19	435	\$750	\$0	@60%	No	2	10.50%
1	1	Midrise (3 stories)	12	505	\$795	\$0	@60%	No	0	0.00%
1	1	Midrise (3 stories)	5	435	\$1,215	\$0	Market	No	3	60.00%
1	1	Midrise (3 stories)	6	505	\$1,380	\$0	Market	No	0	0.00%
1.5	1	Midrise (3 stories)	10	631	\$800	\$0	@60%	No	0	0.00%
1.5	1	Midrise (3 stories)	2	631	\$1,455	\$0	Market	No	0	0.00%
2	2	Midrise (3 stories)	35	760	\$955	\$0	@60%	No	1	2.90%
2	2	Midrise (3 stories)	13	760	\$1,500	\$0	Market	No	1	7.70%

Unit Mix: @60%

	Studio / 1BA	1BR / 1BA	1.5BR / 1BA	2BR / 2BA					
Face Rent	\$710	\$750 - \$795	\$800	\$955					
Concession	\$0	\$0	\$0	\$0					
Concessed Face Rent	\$710	\$750 - \$795	\$800	\$955					
Utility Adjustment	\$0	(\$99)	(\$99)	(\$127)					
Adjusted Rent	\$710	\$651 - \$696	\$701	\$828					

Unit Mix: Market

	Studio / 1BA	1BR / 1BA	1.5BR / 1BA	2BR / 2BA					
Face Rent	\$1,195	\$1,215 - \$1,380	\$1,455	\$1,500					
Concession	\$0	\$0	\$0	\$0					
Concessed Face Rent	\$1,195	\$1,215 - \$1,380	\$1,455	\$1,500					
Utility Adjustment	\$0	(\$99)	(\$99)	(\$127)					
Adjusted Rent	\$1,195	\$1,116 - \$1,281	\$1,356	\$1,373					

Property Profile Report (page 3)

Big Bethel Village

Comp # 1

Amenities

In-Unit	Balcony/Patio Blinds Carpeting Central A/C Dishwasher Ceiling Fan Garbage Disposal Hand Rails Oven Pull Cords Refrigerator Walk-In Closet Washer/Dryer hookup	Security	Perimeter Fencing
Property	Clubhouse Computer Lab Elevators Exercise Facility Central Laundry Meeting/Community Rooms Off-Street Parking On-Site Management	Premium	Hairdresser / Barber
Services	Shuttle Service	Other	none

Comments

6/23/2006 - The property manager at the property indicated that the market is slow right now. All of the market units at the property include a Gracious Living Package and all the tax credit units at the property have an option of having the Gracious Living Package. The Gracious Living Package for the two-bedroom units is \$655 and is not currently included in the two-bedroom market rent in the unit matrix.

4/18/2006 - Big Bethel Village offers a total of 120 units studios, one-, and two-bedroom units. The property manager stated that they have recently leased all of their units. The property maintains a waiting list. No concessions are being offered at the property. Washer and dryer units are available in one- and two-bedroom units. The facility offers a gracious living program for an additional fee to LIHTC tenants. The market rents include the Gracious Living Package. The package is approximately \$300 per month. We have deducted this amount from the market rate units to provide a better comparison. The program includes two meals a day and weekly housekeeping. There are also social activities and bingo free of charge to the tenants.

Property Profile Report

Columbia Colony Senior Residences

Comp # 2
Effective Rent Date 6/20/2006
Created by n/a
Last updated by Julia Buckmaster (July 12, 2006 11:01 PDT)

Location 2999 Continental Colony Pkwy
 Atlanta, GA 30331
 Fulton County
 (verified)

Distance n/a

Units 120
Vacant Units 2
Vacancy Rate 1.70%

Type Midrise (age-restricted)

Year Built/Renovated 2001
Marketing Began 1/1/2002
Leasing Began 1/15/2002
Last Unit Leased 2/1/2005

Major Competitors Asbury Harris & Quality Life Living

Tenant Characteristics Seniors 62+ from Atlanta and surrounding areas; beginning to see more moving from northern states; average age 70; most previous homeowners

Contact Name Schinteria
Phone 404-349-1119



Market

Program	LIHTC/Market	Leasing Pace	One week.
Annual Turnover Rate	5%	Change in Rent (Past Year)	2 BR mkt: +3.1%
Units/Month Absorbed	3.4	Concession	None
Section 8 Tenants	8%		

Utilities

A/C	not included -- central	Other Electric	not included
Cooking	not included -- electric	Water	not included
Water Heat	not included -- electric	Sewer	included
Heat	not included -- electric	Trash Collection	included

Property Profile Report (page 2)

Columbia Colony Senior Residences

Comp #

2

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate
1	1	Midrise	20	772	\$565	\$0	@50%	24HH	0	0.00%
1	1	Midrise	20	772	\$615	\$0	@60%	24 HH	0	0.00%
1	1	Midrise	6	772	\$695	\$0	Market	No	1	16.70%
2	2	Midrise	34	1,023	\$665	\$0	@50%	24 HH	0	0.00%
2	2	Midrise	34	1,023	\$710	\$0	@60%	24 HH	0	0.00%
2	2	Midrise	6	1,023	\$800	\$0	Market	No	1	16.70%

Unit Mix: @50%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$565	\$665							
Concession	\$0	\$0							
Concessed Face Rent	\$565	\$665							
Utility Adjustment	\$15	\$19							
Adjusted Rent	\$580	\$684							

Unit Mix: @60%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$615	\$710							
Concession	\$0	\$0							
Concessed Face Rent	\$615	\$710							
Utility Adjustment	\$15	\$19							
Adjusted Rent	\$630	\$729							

Unit Mix: Market

	1BR / 1BA	2BR / 2BA							
Face Rent	\$695	\$800							
Concession	\$0	\$0							
Concessed Face Rent	\$695	\$800							
Utility Adjustment	\$15	\$19							
Adjusted Rent	\$710	\$819							

Property Profile Report (page 3)

Columbia Colony Senior Residences

Comp # 2

Amenities

In-Unit	Balcony/Patio Blinds Carpeting Central A/C Dishwasher Exterior Storage Ceiling Fan Garbage Disposal Hand Rails Microwave Oven Refrigerator Washer/Dryer hookup	Security	Limited Access Patrol Perimeter Fencing Video Surveillance
Property	Business Center Clubhouse Computer Lab Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Recreation Areas	Premium	Delivered Hot Lunches Hairdresser / Barber Medical Professional
Services	none	Other	Library, Dance Room, Movie Rm, Solarium, Card Room

Comments

Current Interview (06/20/06): Columbia Colony Senior Residences has one- and two-bedroom units available at 50 percent and 60 percent AMI and market rate. Also, up to 40 percent of the units can have PBRA, but currently only 20 units are occupied by tenants with PBRA. An average tenant paid rent could not be determined at the time of the interview. Also, the property does accept Section 8 vouchers, and there are nine tenants currently using these vouchers. Therefore, roughly eight percent of tenants have Section 8 assistance. Management stated that rents are currently below the maximum allowable but could not give a reason why. There are only two vacancies, and both are market rate units. However, management stated that it is unusual for the property to have any vacancies at all. There is a waiting list of approximately 24 households for the tax credit units. Management stated that the average age of tenants is about 70 and all but a few are retired. Management believes that the majority of the residents were previous homeowners. Meals on Wheels delivers hot lunches to those residents who are enrolled in the program. However, management did not know how many of the property's residences participate in the program. Management did not note any local changes to the area and was not aware of having any Hurricane Katrina evacuees at the property.

Property Profile Report

Columbia High Point Senior

Comp # 3
Effective Rent Date 4/7/2006
Created by Mary Messick (June 07, 2004 13:05 PDT)
Last updated by Julia Buckmaster (July 12, 2006 11:03 PDT)

Location 220 Bowen Circle SW
 Atlanta, GA 30315
 Fulton County
 (verified)



Distance n/a

Units 96
Vacant Units 0
Vacancy Rate 0.00%

Type Lowrise (age-restricted)

Year Built/Renovated 2002
Marketing Began n/a
Leasing Began n/a
Last Unit Leased 2/1/2004

Major Competitors n/a
Tenant Characteristics Seniors - 62 and older

Contact Name Holloway
Phone 678.565.3716

Market

Program	LIHTC	Leasing Pace	pre-leased
Annual Turnover Rate	4%	Change in Rent (Past Year)	None
Units/Month Absorbed	n/a	Concession	None
Section 8 Tenants	N/A		

Utilities

A/C	not included -- central	Other Electric	not included
Cooking	not included -- electric	Water	not included
Water Heat	not included -- electric	Sewer	not included
Heat	not included -- electric	Trash Collection	included

Property Profile Report (page 2)

Columbia High Point Senior

Comp # 3

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate
1	1	Lowrise	94	685	\$574	\$0	@50%	Yes	0	0.00%
2	2	Lowrise	2	685	N/A	\$0	Employee	n/a	0	0.00%

Unit Mix: @50%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$574	n/a							
Concession	\$0	\$0							
Concessed Face Rent	\$574	n/a							
Utility Adjustment	\$31	\$0							
Adjusted Rent	\$605	n/a							

Unit Mix: Employee

	1BR / 1BA	2BR / 2BA							
Face Rent	n/a	n/a							
Concession	\$0	\$0							
Concessed Face Rent	n/a	n/a							
Utility Adjustment	\$0	\$39							
Adjusted Rent	n/a	n/a							

Property Profile Report (page 3)

Columbia High Point Senior

Comp # 3

Amenities

In-Unit	Blinds Carpeting Central A/C Dishwasher Ceiling Fan Garbage Disposal Hand Rails Pull Cords Refrigerator Walk-In Closet Washer/Dryer hookup	Security	Intercom (Phone) Limited Access Perimeter Fencing
Property	Business Center Clubhouse Courtyard Elevators Exercise Facility Central Laundry Meeting/Community Rooms Off-Street Parking On-Site Management Picnic Area	Premium	Hairdresser / Barber Medical Professional Personal Assistance
Services	Shuttle Service	Other	Social worker, Library, Game room , movie theater,

Comments

7/10/2006 - The property manager indicated that rents and vacancy were the same as previously reported.

Property Profile Report

Martin's House (pka Misty Amber)

Comp # 4
Effective Rent Date 6/23/2006
Created by Charis Cochran (June 20, 2005 13:38 PDT)
Last updated by Julia Buckmaster (July 12, 2006 11:05 PDT)

Location 3712 Martin Luther
 King, Jr. Dr.
 Atlanta, GA
 Fulton County
 (verified)

Distance n/a

Units 153
Vacant Units 0
Vacancy Rate 0.00%

Type Midrise (age-
 restricted)
 (4 stories)

Year Built/Renovated 2005
Marketing Began n/a
Leasing Began 9/1/2005
Last Unit Leased 3/1/2006



Major Competitors Big Bethel Village,
 Park Place at
 Renaissance

Tenant Characteristics metro Atlanta area;
 age restricted to 55+;
 average age 70; most
 not previous
 homeowners; 3
 Katrina evacuees;
 most depend on social
 security for income

Contact Name Dana Davis
Phone 404-696-0757

Market

Program	@50%, @60%, Market	Leasing Pace	Immediately
Annual Turnover Rate	5%	Change in Rent (Past Year)	No across the board in past yr
Units/Month Absorbed	26	Concession	None
Section 8 Tenants	46%		

Utilities

A/C	not included -- central	Other Electric	not included
Cooking	not included -- electric	Water	not included

Water Heat

not included -- electric

Sewer

not included

Heat

not included -- electric

Trash Collection

included

Property Profile Report (page 2)

Martin's House (pka Misty Amber)

Comp #

4

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate
1	1	Midrise (4 stories)	52	850	\$557	\$0	@50%	250 HH	0	0.00%
1	1	Midrise (4 stories)	45	850	\$581	\$0	@60%	250 HH	0	0.00%
1	1	Midrise (4 stories)	24	850	\$685	\$0	Market	250 HH	0	0.00%
2	2	Midrise (4 stories)	14	1,000	\$638	\$0	@50%	250 HH	0	0.00%
2	2	Midrise (4 stories)	12	1,000	\$671	\$0	@60%	250 HH	0	0.00%
2	2	Midrise (4 stories)	6	1,000	\$790	\$0	Market	250 HH	0	0.00%

Unit Mix: @50%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$557	\$638							
Concession	\$0	\$0							
Concessed Face Rent	\$557	\$638							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$588	\$677							

Unit Mix: @60%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$581	\$671							
Concession	\$0	\$0							
Concessed Face Rent	\$581	\$671							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$612	\$710							

Unit Mix: Market

	1BR / 1BA	2BR / 2BA							
Face Rent	\$685	\$790							
Concession	\$0	\$0							
Concessed Face Rent	\$685	\$790							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$716	\$829							

Property Profile Report (page 3)

Martin's House (pka Misty Amber)

Comp #

4

Amenities

In-Unit

Balcony/Patio
Blinds
Carpeting
Central A/C
Coat Closet
Dishwasher
Exterior Storage
Ceiling Fan
Garbage Disposal
Hand Rails
Oven
Pull Cords
Walk-In Closet
Washer/Dryer hookup

Security

In-Unit Alarm
Limited Access

Property

Elevators
Exercise Facility
Central Laundry
Meeting/Community
Rooms
Off-Street Parking
On-Site Management
Swimming Pool

Premium

Hairdresser / Barber
Medical Professional

Services

Shuttle Service

Other

Library, Theater, Garden

Comments

Current Interview (06/23/2006): Martin's House (formerly/also known as Misty Amber, the legal entity is Misty Amber) is a LIHTC/market rate age-restricted property offering one- and two-bedroom units. The property is listed in the GA DCA LIHTC list as Misty Amber, but according to management is actually called Martin's House. The property is restricted to seniors ages 55 and older; however the average age is much older, somewhere in the low 70s. The property opened in October 2005. The current management company took over the property in October 2005 at which point the property was 11 percent occupied. The last unit was leased in February 2006 and the property has since been 100 percent occupied. There are currently 250 households on the waiting list, which management reported was typical for the property. Management reported that rental rates change slightly but no real across the board rental increase or decrease has occurred in the past year.

Management indicated that there are currently 16 units which operate with an additional subsidy, project based rental assistance, and 55 residents using Section 8 vouchers. In the future, an exact timeline was not available at the time of the interview; all of these units will operate as PBRA.

Social Security is the primary source of income for the majority of the residents; however, there are several residents with incomes between \$28,000 and \$30,000 per annum. Typically residents with these incomes live in the market rate units. There are three Hurricane Katrina evacuees residing at the property. One receives FEMA assistance and intends to resettle permanently in the Atlanta area. The remaining two, a mother and daughter, do not receive any assistance and are living together in a two-bedroom market-rate unit. They are currently repairing their home in New Orleans and plan to return in September 2006. Few of the residents are previous homeowners, most are lifetime renters. Most residents are local to the Adamsville and East Atlanta area.

The property offers three sizes of exterior storage units which cost an additional \$20, \$30, and \$40 per month. The largest unit is approximately 16 feet by 20 feet. Management indicated that the majority of the storage units are vacant. The property offers other superior amenities such as a library, theater room, fitness center, garden, elevators, beauty salon, central laundry facility on each floor, and a MARTA bus stop on the property.

Property Profile Report

Renaissance At Park Place South

Comp # 5
Effective Rent Date 6/22/2006
Created by Abby Cohen (June 14, 2004 12:28 PDT)
Last updated by Julia Buckmaster (July 12, 2006 11:08 PDT)

Location 240 Amal Drive, SW
 Atlanta, GA 30315
 Fulton County
 (verified)

Distance n/a

Units 100
Vacant Units 0
Vacancy Rate 0.00%

Type Lowrise (age-restricted)

Year Built/Renovated 2003

Marketing Began n/a

Leasing Began n/a

Last Unit Leased 1/1/2005



Major Competitors Citiviews
Tenant Characteristics Seniors age 55 and older from the immediate area of Atlanta

Contact Name Orlette
Phone 404.624.1771

Market

Program	LIHTC	Leasing Pace	1 to 2 weeks
Annual Turnover Rate	8%	Change in Rent (Past Year)	None
Units/Month Absorbed	n/a	Concession	None
Section 8 Tenants	40%		

Utilities

A/C	not included -- central	Other Electric	not included
Cooking	not included -- electric	Water	not included
Water Heat	not included -- electric	Sewer	not included
Heat	not included -- electric	Trash Collection	included

Property Profile Report (page 2)

Renaissance At Park Place South

Comp # 5

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate
1	1	Lowrise	25	768	\$555	\$0	@50%	6 months	0	0.00%
1	1	Lowrise	3	768	\$609	\$0	@60%	No	0	0.00%
1	1	Lowrise	10	768	\$610	\$0	Market	2 HH	0	0.00%
1	1	Lowrise	32	768	\$531	\$0	Section 8	1.5 to 2 years	0	0.00%
2	2	Lowrise	8	953	\$659	\$0	@50%	6 months	0	0.00%
2	2	Lowrise	6	953	\$723	\$0	@60%	No	0	0.00%
2	2	Lowrise	8	953	\$725	\$0	Market	3 HH	0	0.00%
2	2	Lowrise	8	953	\$629	\$0	Section 8	1.5 to 2 years	0	0.00%

Unit Mix: @50%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$555	\$659							
Concession	\$0	\$0							
Concessed Face Rent	\$555	\$659							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$586	\$698							

Unit Mix: @60%

	1BR / 1BA	2BR / 2BA							
Face Rent	\$609	\$723							
Concession	\$0	\$0							
Concessed Face Rent	\$609	\$723							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$640	\$762							

Unit Mix: Market

	1BR / 1BA	2BR / 2BA							
Face Rent	\$610	\$725							
Concession	\$0	\$0							
Concessed Face Rent	\$610	\$725							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$641	\$764							

Unit Mix: Section 8

	1BR / 1BA	2BR / 2BA							
Face Rent	\$531	\$629							
Concession	\$0	\$0							
Concessed Face Rent	\$531	\$629							
Utility Adjustment	\$31	\$39							
Adjusted Rent	\$562	\$668							

Property Profile Report (page 3)

Renaissance At Park Place South

Comp # 5

Amenities

In-Unit	Security	Intercom (Phone)
Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Hand Rails Oven Pull Cords Refrigerator Washer/Dryer hookup		Limited Access
Property	Premium	
Clubhouse Elevators Exercise Facility Central Laundry Meeting/Community Rooms Off-Street Parking On-Site Management Picnic Area		Delivered Hot Lunches Hairdresser / Barber Housekeeping
Services	Other	
none		none

Comments

6/22/2006-The property manager indicated that the market is doing well. There are currently no waiting lists on the 60 percent units because it is hard to find people who qualify for the applicable income level. There is a six month waiting list on the 50 percent units. There is a one and a half to two year waiting list on the Section 8 units. There are currently two people on a waiting list for the one-bedroom market units and three people on the waiting list for the two-bedroom market units. The property manager said that the market conditions could change soon because there is a new property being developed several miles from the property called The Carver Senior Building. The property manager said she is waiting to see what the rent and unit structure will be as soon as the information becomes available.

4/7/2006-The property manager indicated that the market is getting a little stronger. She said it is tough finding people who qualify for the rent amounts. The rents for the tax credit units are at the maximum allowable level.

Property Profile Report

Village On The Green

Comp # 6
Effective Rent Date 5/26/2006
Created by Matt Cochran (March 02, 2005 07:39 PST)
Last updated by Julia Buckmaster (July 12, 2006 11:11 PDT)

Location 2975 Continental
 Colony Parkway
 Atlanta, GA 30331
 Fulton County

Distance n/a

Units 216
Vacant Units 6
Vacancy Rate 2.80%

Type Garden
 (3 stories)

Year Built/Renovated 2004
Marketing Began 6/1/2004
Leasing Began 9/1/2004
Last Unit Leased 6/1/2005

Major Competitors Greenbriar Glen
Tenant Characteristics Tenants are a mixture, but the apartment is a family property. The average household size is 4.



Contact Name Tia
Phone 404-344-9909

Market

Program	Market	Leasing Pace	Within 15 days
Annual Turnover Rate	N/A	Change in Rent (Past Year)	No
Units/Month Absorbed	30	Concession	none
Section 8 Tenants	N/A		

Utilities

A/C	not included -- central	Other Electric	not included
Cooking	not included -- electric	Water	included
Water Heat	not included -- electric	Sewer	included
Heat	not included -- electric	Trash Collection	included

Property Profile Report (page 2)

Village On The Green

Comp #

6

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate
1	1	Garden (3 stories)	40	884	\$745	\$0	Market	none	N/A	N/A
1	1	Garden (3 stories)	41	884	\$815	\$0	Market	none	N/A	N/A
2	2	Garden (3 stories)	41	1,161	\$880	\$0	Market	none	N/A	N/A
2	2	Garden (3 stories)	41	1,161	\$950	\$0	Market	none	N/A	N/A
2	2	Garden (3 stories)	41	1,385	\$1,050	\$0	Market	none	N/A	N/A
2	2.5	Garden (3 stories)	12	1,405	\$1,150	\$0	Market	none	N/A	N/A

Unit Mix: Market

	1BR / 1BA	2BR / 2BA	2BR / 2.5BA						
Face Rent	\$745 - \$815	\$880 - \$1,050	\$1,150						
Concession	\$0	\$0	\$0						
Concessed Face Rent	\$745 - \$815	\$880 - \$1,050	\$1,150						
Utility Adjustment	\$0	\$0	\$0						
Adjusted Rent	\$745 - \$815	\$880 - \$1,050	\$1,150						

Property Profile Report (page 3)

Village On The Green

Comp # 6

Amenities

In-Unit	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Fireplace Garbage Disposal Oven Refrigerator Walk-In Closet Washer/Dryer hookup	Security	In-Unit Alarm Limited Access Patrol
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Property	Car Wash Clubhouse Exercise Facility Garage Off-Street Parking On-Site Management Playground Swimming Pool Tennis Court	Premium	none
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Services	none	Other	none
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Comments

Current Interview (05/26/06): All rents have remained stable since the last interview. Pricing differences in same size units are due to location of the unit and certain amenities. There are a total of six vacant units, however an exact breakdown by unit type was not available. There are no specials being offered at this time. Management stated that there are single family homes that are under construction close to the property.

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.

Location

The Subject is located in the northern portion of East Point in a residential neighborhood dominated by older single-family homes and multifamily properties. Its immediate neighborhood is a newly developed planned community featuring for sale townhomes, single family homes, and multifamily uses. There will also be retail space and recreational amenities such as swimming pools, clubhouse, playground, and other amenities. Construction on these immediate surroundings has begun within the past few years and is still underway. Upon completion, the immediate surroundings will have excellent curb appeal.

Comparable properties two, four, and six are located in closer proximity to retail and major interstates than the Subject. More specifically, comparable properties two and four are located approximately 0.2 mile from Greenbriar Mall. Therefore, these properties have a slightly superior location. In addition, comparable property one is located in close proximity to the Southwest Hospital and Medical Center. Therefore, although the properties location is similar with regards to distance from major retail, comparable property one’s proximity to a healthcare facility gives it a slightly superior location when compared to the Subject. Comparable properties three and five have similar locations when compared to the Subject. Although the Subject’s location is currently slightly inferior to that of comparable properties one, two, four, and six, the Subject’s area has been targeted for revitalization and will likely experience re-investment and development in the future. Further, the Subject’s immediate location within a mixed income PUD, Villages at East Point, is an example of such new development and revitalization efforts in the immediate neighborhood. Overall the Subject’s location is similar to slightly inferior. All of the comparable properties are located in close proximity to public transportation.

Age and Condition

The Subject’s market area is well established, however generally consists of older market rate properties. These properties have not been included as comparable properties as they are significantly inferior since they do not offer amenities and were all built between the 1950’s and 1970’s. The properties used as comparable properties are all in excellent condition and have been built since 2001. Further, four of the five comparable properties are age restricted. All properties will be similar with regards to age and condition upon completion of the Subject.

Unit Mix

The following table illustrates the unit mix at the Subject and the comparable properties.

Unit Mix

Unit Type	Total Units (Subject)	Percent (Subject)	Total Units (Comps)	Percent (Comps)
0 BR	N/Ap	N/Ap	18	2.24%
1 BR	69	57%	454	56.40%

Cascades at East Point, East Point, GA; Market Study

2 BR	51	42%	333	41.37%
Total	120	100%	805	100%

As illustrated, the Subject's market area consists primarily of one- and two-bedroom units. The Subject will offer a majority of one-bedroom units. Comparable property one features one-and-a-half-bedroom units, which for the purposes of this analysis are considered two-bedroom units. Vacancy in the Subject's market is extremely low. It should be noted that comparable property six was not able to provide vacancy by unit type and therefore these 297 units have been subtracted from the weighted vacancy table. The highest vacancy rate by unit is within the one-bedroom units, which is 1.61 percent. This is followed by the two-bedroom units at 1.61 percent. This bodes well for the Subject's unit mix. The following table illustrates the weighted vacancy by unit type.

Weighted Vacancy

Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	373	6	1.61%
2 BR	198	3	1.52%
Total	571	9	1.58%

Unit Size

We attempted to compare the proposed Subject's proposed unit sizes to similar unit types. Several of the market rate properties offer various floor plans ranging greatly in size. The table below depicts the square footage of the Subject and comparable properties in the market.

Unit Size Comparison

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Advantage/Disadvantage
1 BR	750	435	884	712	5%
2 BR	975	685	1,405	1,012	-4%

The unit sizes at the Subject are slightly above the average for the one-bedroom units and slightly below the average for the two-bedroom units. This is considered to be positive for senior units as the typical tenancy is one or two person households. When compared to the senior LIHTC properties, the Subject's one- and two-bedroom units will be larger than comparable properties one and three, similar to comparable property five, and smaller than comparable properties two and four. When compared to the market rate property, comparable six, the Subject's units will be slightly smaller. Overall, the Subject's unit size will be competitive in the market.

Total Number of Baths per Unit

All of the surveyed one-bedroom units in the marketplace offer one bathroom. The two-bedroom units in the marketplace offer two bathrooms. Overall, the Subject will be similar to the comparable properties.

Unit Amenities

The Subject will offer blinds, carpeting, a dishwasher, a refrigerator, a stove, a garbage disposal, washer/dryer hook-ups, ceiling fans, an intercom and security system, hand rails, pull chords, and central air conditioning. The Subject's in-unit amenity package is generally similar to

slightly inferior the surveyed properties. Comparable properties one, two, five, and six all offer a balcony/patio, which the Subject does not offer. In addition, comparable property two and four offer exterior storage and comparable property two also offers a microwave. Comparable property two does not offer pull chords and comparable property four does not offer hand rails, both of which are offered by the Subject. Generally, the amenities are considered similar to the surveyed properties. A detailed description of amenities included in both the Subject and the comparable properties can be found in the matrices. The matrices have been color coded. Those properties that offer an amenity that the Subject does not offer are shaded in gray, those properties that do not offer an amenity, that the Subject does offer are shaded in green. Thus, the inferior properties can be identified by the green and the superior properties can be identified by the gray.

Common Area Amenities

The Subject will offer an extensive community amenities package. It will include a community area with an exercise room, computer room, and furnished library with sitting areas, a central laundry facility, gazebo, walking path, community garden, community pets, security gate, elevators, and on-site management office. In addition to the aforementioned community amenities, the Subject will offer an array of supportive services such as social and recreational programs as well as semi-monthly on-site classes in areas such as exercise, computers, arts and crafts, and gardening. Comparable property one offers an extensive living package which includes daily meals and housekeeping services. The package is estimated at approximately \$655 for the two-bedroom units and slightly less for the studio and one-bedroom units. The Subject will be slightly inferior to slightly superior to the surveyed LIHTC and market rate properties in the immediate area. Many of the comparable properties do not offer a computer room/business center, courtyard, and/or recreation area. The Subject will be slightly inferior to comparable property four, which does not offer a computer room or picnic area, but does offer a swimming pool. Overall, the Subject's common area amenity package will be slightly inferior to the market rate competition and slightly inferior to slightly superior to the senior LIHTC properties. A detailed description of amenities included in both the Subject and the comparable properties can be found in the matrices. The matrices have been color coded. Those properties that offer an amenity that the Subject does not offer are shaded in gray, those properties that do not offer an amenity, that the Subject does offer are shaded in green. Thus, the inferior properties can be identified by the green and the superior properties can be identified by the gray.

Security Features

The Subject will offer limited access via intercom buzzer/phone system. The Subject will also be gated and will feature in-unit security systems. Security is considered important for senior properties. Only one of the senior LIHTC properties, comparable property four, features in-unit security. Comparable property two offers a courtesy patrol and video surveillance. The market rate property offers similar security features, such as an in-unit security system and limited access. Overall, the Subject is considered similar to slightly superior to the senior LIHTC properties and similar to the market rate property with regards to security features.

Utility Structure

The Subject will include water, sewer, and garbage removal in the rental rates. Comparable properties with differing utility allowances have been adjusted to the Subject's utility convention. Adjustments are made using Section 8 Utility Allowances from the Georgia Department of Community Affairs which provide utility estimates for Fulton County.

Parking

There are will be a total of 120 surface parking spaces at the Subject. This equates to one parking space per unit for residents. The Subject is also on a main bus line (Marta Bus #162). Overall, parking appears adequate at the Subject.

Tenant Makeup

Local property managers reported a generally mixed tenancy. The senior properties reported that tenants are typically from southwest Atlanta area, which includes College Park, East Point, and the West End. There is some leakage from other areas of Atlanta as well as from surrounding counties. Comparable properties four and five are housing for older persons developments, restricted to seniors ages 55 and older. The remaining comparable LIHTC properties are restricted to seniors ages 62 and older. Property managers at comparable properties two and four indicated that the average age of tenants is approximately 70 years old. While management at comparable property two indicated that most of the residents are previous homeowners, comparable property four reported few previous homeowners. In addition, comparable property four has three Hurricane Katrina evacuees The market rate property, comparable six, generally reported a few seniors, ranging between five and ten percent.

Concessions

Occasional concessions such as rental discounts are consistent with ongoing marketing strategies during periods of increased tenant turnover. Currently none of the comparable properties in the Subject’s market are offering concessions. We do not expect the Subject to offer concessions.

Waiting Lists

Four of the five senior LIHTC comparable properties reported lengthy waiting lists. Comparable property one is the only LIHTC property which does not currently have a waiting list. The property also has a relatively high vacancy of 6.8 percent. Of the senior LIHTC properties, comparable property one has the highest rental rates for both the one- and two-bedroom units. Management noted that the current vacancy is relatively high for the property and is a result of a soft market. However, nearby properties indicated that comparable property one has a high vacancy due to high rental rates. Despite the lack of a waiting list at comparable property one, the remaining properties, which are more similar in rent to the Subject, all maintain lengthy waiting lists and therefore we expect the Subject to maintain a waiting list after it is stabilized.

Waiting Lists

Comp #	Property name	Rent Structure	Waiting Lists
1	Big Bethel Village	@60%, Market	None
2	Columbia Colony Senior Residences	LIHTC/Market	24 HH
3	Columbia High Point Senior	LIHTC	1 year
4	Martin's House (pka Misty Amber)	@50%, @60%, Market	250 HH
5	Renaissance At Park Place South	LIHTC	50% AMI units - 6 months Market units - 5 HH
6	Village On The Green	Market	None

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. Of the comparable properties, one property reported rental increases in the past year. Comparable property two increased the two-bedroom market rate rent by approximately three percent. Other rents at the property remained stable. This is indicative of a stable market.

Affect of Subject on Other Affordable Units in Market

The Subject will be adding 120 new senior oriented units to the market. Despite the other new additions to the senior LIHTC stock in the Subject’s PMA, including Gates Park Crossing, Gates Park Housing for Older Persons, Norman Berry Senior Residences, and Princeton Court, given the low vacancy and the presence of waiting lists at the senior properties, we believe that the Subject will not have a negative effect on other affordable units in the market. The Subject will most likely pull tenants from the nearby inferior market rate properties. These properties are significantly inferior with regards to condition, and many do not offer any amenities nor an elevator.

Vacancy

The following table illustrates the vacancy rates in the market.

Overall Vacancy

Property name	Rent Structure	Total Units	Current Vacant	Current Vacancy	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
			Units	Rate	4th Q 2005	3rd Q 2005	2nd Q 2005	1st Q 2005
Big Bethel Village	@60%, Market	120	11	9.20%	0.00%	N/Av	2.50%	N/Av
Columbia Colony Senior Residences	LIHTC/Market	120	2	1.70%	4.80%	0.00%	N/Av	2.00%
Columbia High Point Senior	LIHTC	96	0	0.00%	0.00%	N/Av	0.00%	0.00%
Martin’s House (pka Misty Amber)	@50%, @60%, Market	153	0	0.00%	Lease-up	Lease-up	N/Av	N/Av
Renaissance At Park Place South	LIHTC	100	0	0.00%	0.00%	2.00%	N/Av	1.00%
Village On The Green	Market	297	6	2.00%	N/Av	2.00%	N/Av	Lease-up
Total		886	19	2.10%	1.20%	1.33%	1.25%	1.00%

As illustrated, vacancy rates in the market range from 0.0 to 9.2 percent, averaging 2.1 percent. Three of the five senior LIHTC properties reported the lowest vacancy rates at 0.0. Two senior LIHTC properties, comparable properties one and two, reported vacancy ranging from 9.2 percent to 1.7 percent, respectively. The manager at comparable property one indicated that the market is soft and therefore the property has more vacancies than are typical for the property. Property managers at neighboring senior LIHTC developments indicated that the property’s (comparable property one) high rental rates are the primary reason for the properties high vacancy as other senior LIHTC properties in the PMA remain 100 percent occupied with lengthy waiting lists. Comparable property two has two vacant market rate units, which management noted would be leased in the near future as the property generally remains 100 percent occupied. With the exception of comparable property one, the overall vacancy in the LIHTC market is extremely low at 0.4 percent. This is indicative of ample senior demand. Thus, the Subject should have little difficulty attracting tenants. The market rate property reported slightly higher vacancy rates when compared to the senior properties. The Subject will be most similar to comparable properties three and five, both of which are 100 percent occupied with lengthy

Cascades at East Point, East Point, GA; Market Study

waiting lists. Therefore, we expect the Subject to maintain a minimum vacancy rate of five percent or less.

Reasonability of Rents

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

LIHTC UNITS AT 30% AMI							
Unit Type	Number of Units	Net Rent	Estimated Utility Allowance	Gross Rent	Maximum Allowable Gross Rent	HUD FMR Rents	% Rental Advantage over HUD Max Allowable FMR Rents
1BR/1BA	6	\$316	\$84	\$400	\$400	\$686	41.69%
2BR/2BA	7	\$379	\$101	\$480	\$480	\$763	37.09%

LIHTC UNITS AT 50% AMI							
Unit Type	Number of Units	Net Rent	Estimated Utility Allowance	Gross Rent	Maximum Allowable Gross Rent	HUD FMR Rents	% Rental Advantage over HUD Max Allowable FMR Rents
1BR/1BA	17	\$541	\$84	\$625	\$667	\$686	8.89%
2BR/2BA	13	\$619	\$101	\$720	\$801	\$763	5.64%

LIHTC UNITS AT 60% AMI							
Unit Type	Number of Units	Net Rent	Estimated Utility Allowance	Gross Rent	Maximum Allowable Gross Rent	HUD FMR Rents	% Rental Advantage over HUD Max Allowable FMR Rents
1BR/1BA	33	\$595	\$84	\$679	\$801	\$686	1.02%
2BR/2BA	19	\$675	\$101	\$776	\$961	\$763	-1.70%

UNITS AT MARKET RATE							
Unit Type	Number of Units	Net Rent	Estimated Utility Allowance	Gross Rent	Maximum Allowable Gross Rent	HUD FMR Rents	% Rental Advantage over HUD Max Allowable FMR Rents
1BR/1BA	13	\$695	\$0	\$695	\$801	\$686	-1.31%
2BR/2BA	12	\$785	\$0	\$785	\$961	\$763	-2.88%

The Subject's proposed gross rents at the 60 percent AMI level for the two-bedroom units and the market rate units are above the HUD FMR rents, while the gross rents of the units at the 30 and 50 percent AMI levels are below the HUD FMR rents. The rental rates at the LIHTC properties are compared to the Subject's proposed 50 percent AMI rents, and 60 percent AMI rents in the following tables. There are no stabilized LIHTC senior developments in the Subject's market with units restricted at 30 percent of the AMI. However, Princeton Court, which is

currently 34 percent occupied (in lease up) does feature units restricted at 30 percent AMI which rent for \$320, \$375, and \$380 for the one-bedroom units, two-bedroom, one-bath units, and the two-bedroom, two-baths units, respectively. When compared to Princeton Court’s rents restricted to 30 percent of the AMI, the Subject’s rents are similar and therefore considered achievable.

LIHTC RENT COMPARISON – 50% AMI

Property Name	One-bedroom Rent	Two-bedroom Rent
Cascades at East Point (Subject)	\$541	\$619
LIHTC Maximum (Net)	\$583	\$700
Columbia Colony Senior Residences	\$580	\$684
Columbia High Point Senior	\$605	N/Ap
Martin's House (pka Misty Amber)	\$588	\$677
Renaissance At Park Place South	\$586	\$698
Average (Excluding the Subject)	\$590	\$686

LIHTC RENT COMPARISON – 60% AMI

Property Name	One-bedroom Rent	Two-bedroom Rent
Cascades at East Point (Subject)	\$595	\$675
LIHTC Maximum (Net)	\$717	\$860
Big Bethel Village	\$696	\$828
Columbia Colony Senior Residences	\$630	\$729
Martin's House (pka Misty Amber)	\$612	\$710
Renaissance At Park Place South	\$640	\$762
Average (Excluding the Subject)	\$645	\$757

The Subject’s proposed rental rates at both the 50 percent and 60 percent AMI levels are below the senior LIHTC properties in the market. The Subject will be generally similar to the LIHTC properties with regards to amenities and unit size with the exception of Big Bethel Village which offers an extensive Gracious Living Package including daily meals and housekeeping for an additional cost, both of which will not be offered by the Subject. In addition, Big Bethel Village is located behind Southwest Hospital and Medical Center. Together these advantages enable Big Bethel Village to achieve the highest rents in the Subject’s market. However, there is some evidence that they may be too high as it is underperforming the market in terms of occupancy.

The Subject will be slightly inferior to Big Bethel Village, Columbia Colony, and Martin’s House and similar to Columbia High Point and Renaissance at Park Place South with respect to location. Although the rents at Columbia High Point appear to be over the maximum allowable, the property manager reported that rents are at, not over, the maximum allowable. This may be due to the use of differing utility allowances; however, further details were not provided by management. Despite a similar to slightly inferior location when compared to comparable senior LIHTC properties, Village Highlands, the adjacent newly constructed family LIHTC development restricted at 60 percent AMI, is achieving rents slightly higher than the proposed Subject rents at \$640 and \$750 for the one- and two-bedroom units, respectively. Therefore, the Subject’s immediate neighborhood and location does not appear to have a negative effect on achievable rents in the area. This, in conjunction with the low vacancy rates and the presence of waiting lists in the Subject’s market, makes the Subject’s rents as proposed appear reasonable and have a significant advantage over comparable properties in the Subject’s market.

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

SUBJECT RENT COMPARISON TO MARKET RENTS

Unit Type	Subject Rent	Surveyed Minimum	Surveyed Maximum	Surveyed Average
1BR	\$695	\$641	\$1,281	\$826
2BR	\$785	\$764	\$1,373	\$933

The Subject's rents for the one- and two-bedroom units are below the average rents reported by market rate properties. Four of the five senior LIHTC properties also offer market rate units, which will be the most similar to the Subject's market rate units. Although Big Bethel Village offers smaller units when compared to the Subject, it is a slightly superior property as it offers a superior location in close proximity to Southwest Hospital and Medical Center and also offers additional supportive services at an additional cost, which will not be offered by the Subject such as the Gracious Living Package which includes daily meals and housekeeping. This attracts several market senior households and according to management provides a quality environment for seniors to age in place. As a result of the additional services/amenities and the superior location, the market rents at this property are significantly above that of the Subject. Despite smaller units, we believe that the rents at Big Bethel should be slightly above the Subject since they are located behind the hospital. Seniors are more likely to pay a premium for a location advantage. Renaissance at Park Place South is the most similar property offering market rate units as it offers a similar location and amenities. Nevertheless, we believe that the rents at the Subject should be slightly above that of Renaissance at Park Place South since the Subject's units are slightly larger than those at the Renaissance. As the proposed rents are slightly higher than those at the Renaissance, the Subject's rents appear to be achievable and will offer a competitive advantage.

The closest newly constructed market rate property is Village on the Green. This property has rents slightly above the Subject's proposed market rents. This is considered reasonable as this property is located within a slightly superior location, approximately 0.2 mile from Greenbriar Mall. As mentioned in our excluded properties section, there are several market rate family housing near the Subject. These properties will be significantly inferior to the Subject. Further, these properties do not offer amenities. Further, the design of these properties (several stairs and no elevators) is not conducive to senior tenants. Nevertheless, two, namely Autumn Crest and Sylvan Circle, reported a high senior tenancy of approximately 30 percent. Rents at these properties are similar to the Subject's rents that are restricted to 30 percent AMI, or less. While these properties are not considered comparable, it is likely that some of these seniors currently living at nearby inferior market rate properties will relocate to the Subject upon completion. We believe potential renters would consider the Subject's value generally superior to the existing multifamily properties within the market. In general, the proposed market rents at the Subject are considered to be achievable and will offer a competitive advantage.

Absorption

Four of the comparable properties were able to report absorption. The following table indicates absorption for these four properties.

Absorption

Property name	Rent Structure	Absorption
Big Bethel Village	@60%, Market	10 units/month
Columbia Colony Senior Residences	LIHTC/Market	3.4 units/month
Martin's House (pka Misty Amber)	@50%, @60%, Market	26 units/month
Village On The Green	Market	30 units/month

As illustrated, both Martin’s House and the Village on the Green experienced the fastest absorption at 26 units per month and 30 units per month, respectively. These properties represent the most recent additions to the Subject’s rental housing stock that were able to provide absorption information. The relatively slower absorption pace of Big Bethel Village is partially a result of the property’s high rental rates, which are affordable to a select percentage of seniors. Further, slower absorption is typical of properties offering greater levels of care. Although Columbia Colony’s absorption pace was significantly slower than that reported by the other comparable properties, the property is currently 98.3 percent occupied with approximately 24 households on the waiting list. Management indicated that the property is generally 100 percent occupied. Because of the proximity to the Subject, we also surveyed Village Highlands, the adjacent newly constructed family LIHTC development, which began leasing in August 2005 and is currently 34 percent occupied. Village Highlands has experienced a moderate absorption of 8 units per month. Management indicated the relatively moderate absorption pace is due to the properties proximity to other family LIHTC properties. Although these properties are inferior with regards to age and condition, they offer lower rents. The Subject is not likely to experience a similar absorption as there are no competitive senior LIHTC properties located within several miles of the Subject. Further, the Subject’s rents are lower than the closest senior LIHTC properties, giving the Subject a competitive market advantage. Given the low vacancy and the presence of waiting lists at the senior properties, and factoring in for the new supply that will be entering the market in the next year, we estimate that the Subject will have an absorption rate of 10 units per month, or approximately 12 months.

Conclusions

Based upon our market research, demographic calculations and analysis, we believe there is ample demand for the Subject property as conceived. Strengths of the Subject will include amenities and the low rents. The primary weakness of the Subject will include the Subject’s location. However, the Subject’s location within the Villages of East Point, a Planned Mixed-Income PUD, as well as being located in East Point, an area targeted for revitalization and re-investment, will likely improve as revitalization efforts lead to the development of new retail and commercial space in the immediate area, particularly as the Villages of East Point is completed and reaches full occupancy which will result in an influx of new residents to the immediate area. There is ample demand for the Subject based on our calculations for the 30 percent, 50 percent, 60 percent AMI units and the market rate units. With the exception of Big Bethel Village, all of the senior LIHTC properties reported near full or full occupancy and maintain lengthy waiting lists. This indicates demand for the Subject property.

I. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- The non-elderly and elderly populations in the PMA and MSA have steadily increased from 1990 to 2005 and are expected to continue to grow through 2010. Despite stronger senior population and household formation growth in the MSA when compared to the PMA, approximately 17 percent of the MSA population will be age eligible to reside at the Subject, compared to 20 percent of the PMA population. In addition, approximately 66 percent of the PMA senior household population ages 55 and older and 47 percent of the MSA senior household population earn less than \$50,000 per annum compared to the national average of 58 percent. In the PMA, 42 percent of households are earning below \$24,999 compared to 31 percent and 24 percent of senior households in the nation and MSA, respectively. As both areas of analysis continue to grow, the need for affordable housing is also expected to increase.
- Both the Atlanta market and East Point have demonstrated steady business and employment growth over the past ten years, excluding the period of national recession from 2000 through 2004. However, while the national economy recovered by 2003, East Point's economy appears to be recovery at a much slower pace. Historically, unemployment rates in the MSA have been similar to slightly lower than the national average unemployment rate, while unemployment rates in the City of East Point have been relatively higher than the national average unemployment rate, both while simultaneously following the general national trends in unemployment rates. Total employment in the first quarter of 2006 reported healthy increases in both markets adding 374 and 57,605 new jobs in East Point and the MSA, respectively. In addition, unemployment in both the MSA and City of East Point decreased. This indicates the local economy is continuing to recover. However, despite consistent job growth in Fulton County through January 2006, Georgia Department of Labor's list of Business Closures/Layoffs (updated in early April 2006) reports several major layoffs in 2006 that will likely slow the significant job growth which was reported through April. This includes 600 employees of Delta Air Lines, as well as the recent announcement by Ford of its intent to close the manufacturing plant in Hapeville, Georgia, just north of the Atlanta airport in South Fulton. In addition, the 2005 BRAC recommendation to close Fort McPherson, which is located adjacent to the Subject site, will result in an overall loss of 4,141 jobs. This is likely to have a significant effect on the local economy in the future. However, the effect will not necessarily be negative. The redevelopment of Fort McPherson could bring in new jobs and investment into an older section of the city that has suffered from vacant retail centers and deteriorating housing. In addition, Airtran Airways recently announced its plans to add 2,500 new jobs to Georgia in the next five years, with an estimated 500 new jobs per year. This announcement, in conjunction with the future re-development of Fort McPherson, will likely mitigate job losses by other employers. The largest employment sector is the services sector, followed by the retail trade sector. The local economy appears to be stabilizing, and the relatively low-paying jobs offered in the retail trade sector as well as in several of the services sectors, including the accommodation/food services and admin/support/waste management services industries, are expected to generate demand for affordable housing in the PMA.

- The following table summarizes the Subject’s capture rates at all income levels.

Unit Size	Income Limits	Units Proposed	Total Demand	Additions to Supply	Net Demand	Capture Rate	Absorption
1BR	30%	6	105	22	83	7%	3-4 months
1BR	50%	17	195	216	-21	-80%	12 months
1BR	60%	33	363	114	249	13%	12 months
2BR	Market	13	897	98	799	2%	12 months
2BR	30%	7	142	22	120	6%	3-4 months
2BR	50%	13	263	84	179	7%	12 months
2BR	60%	19	489	159	330	6%	12 months
2BR	Market	12	1,207	107	1,100	1%	12 months

As illustrated in the table above, the Subject’s capture rates for all units are below 20 percent, with the exception of the one-bedroom units at 50 percent AMI, which indicates strong demand. Although there are a significant number of senior LIHTC units coming on line or have been built since 1999, the demand estimates forecast strong demand. The Subject’s biggest advantage will be varying AMI levels and low rents. Of the new additions to supply, five of the properties are existing and stabilized, one property is in lease-up, two properties are under construction, and three properties are proposed. While this could lead to an oversupply, generally, all existing senior properties are stabilized and maintain low vacancy with waiting lists. This illustrates demand for the Subject.

- Four of the surveyed properties were able to report absorption. As illustrated, both Martin’s House and the Village on the Green experienced the fastest absorption at 26 units per month and 30 units per month, respectively. These properties represent the most recent additions to the Subject’s rental housing stock that were able to provide absorption information. The relatively slower absorption pace of Big Bethel Village, 10 units per month, is partially a result of the property’s high rental rates, which are affordable to a select percentage of seniors. Further, slow absorption is typical of properties offering greater levels of care. Although Columbia Colony’s absorption pace was significantly slower than that reported by the other comparable properties, the property is currently 98.3 percent occupied with approximately 24 households on the waiting list. Management indicated that the property is generally 100 percent occupied. Because of the proximity to the Subject, we also surveyed Village Highlands, the adjacent newly constructed family LIHTC development, which began leasing in August 2005 and is currently 34 percent occupied. Village Highlands has experienced a moderate absorption of 8 units per month. Management indicated the relatively moderate absorption pace is due to the properties proximity to other family LIHTC properties. Although these properties are inferior with regards to age and condition, they offer lower rents. The Subject is not likely to experience a similar absorption as there are no competitive senior LIHTC properties located within several miles of the Subject with which the Subject will have to directly compete for tenants. Further, the Subject’s rents are lower than the closest senior LIHTC properties, giving the Subject a competitive market advantage. Given the low vacancy and the presence of waiting lists at the senior properties, and factoring in for the new supply that will be entering the market in the next year, we

estimate that the Subject will have an absorption rate of 10 units per month, or approximately 12 months.

- The vacancy rates in the market range from 0.0 to 9.2 percent, averaging 2.1 percent. Three of the five senior LIHTC properties reported the lowest vacancy rates at 0.0. Two senior LIHTC properties, comparable properties one and two, reported vacancy ranging from 9.2 percent to 1.7 percent, respectively. The manager at comparable property one indicated that the market is soft and therefore the property has more vacancies than are typical for the property. Property managers at neighboring senior LIHTC developments indicated that the property's (comparable property one) high rental rates are the primary reason for the properties high vacancy as other senior LIHTC properties in the PMA remain 100 percent occupied with lengthy waiting lists. Comparable property two has two vacant market rate units, which management noted would be leased in the near future as the property generally remains 100 percent occupied. With the exception of comparable property one, the overall vacancy in the LIHTC market is extremely low at 0.4 percent. This is indicative of ample senior demand. Thus, the property should have little difficulty attracting tenants. The market rate property reported slightly higher vacancy rates when compared to the senior properties. The Subject will be most similar to comparable properties three and five, both of which are 100 percent occupied with lengthy waiting lists. Thus, the property should have little difficulty attracting tenants. Therefore, we expect the Subject to maintain a minimum vacancy rate of five percent or less.
- Four of the five senior LIHTC comparable properties reported lengthy waiting lists. Comparable property one is the only LIHTC property which does not currently have a waiting list. The property also has a relatively high vacancy of 6.8 percent. Of the senior LIHTC properties, comparable property one has the highest rental rates for both the one- and two-bedroom units. Management noted that the current vacancy is relatively high for the property and is a result of a soft market. Comparable property two reported that there are 24 households on their waiting list and comparable property four indicated a waiting list of 250 households. Additionally, comparable property three has a waiting period of approximately one year and comparable property five a waiting period of six months for the units restricted to 50 percent of the AMI as well as a five household waiting list for the unrestricted units. Despite the lack of a waiting list at comparable property one, the remaining properties, which are more similar in rent to the Subject, all maintain lengthy waiting lists and therefore we expect the Subject to maintain a waiting list after it is stabilized.
- Strengths of the Subject will include amenities and the low rents. The primary weakness of the Subject will include the Subject's location. However, the Subject's location within the Villages of East Point, a Planned Mixed-Income PUD, as well as being located in East Point, an area targeted for revitalization and re-investment, will likely improve as revitalization efforts lead to the development of new retail and commercial space in the immediate area, particularly as the Villages of East Point is completed and reaches full occupancy, which will result in an influx of new residents to the immediate area. With the exception of Big Bethel Village, all of the senior LIHTC properties reported near full or full occupancy and maintain lengthy waiting lists. This indicates demand for the Subject property.

- Based upon our market research, demographic calculations and analysis, we believe there is ample demand for the Subject property as conceived. There is ample demand for the Subject based on our calculations for the 30 percent, 50 percent, 60 percent AMI units and the market rate units. With the exception of Big Bethel Village, all of the senior LIHTC properties reported near full or full occupancy and maintain lengthy waiting lists. This indicates demand for the Subject property. We believe there is demand for the proposed Subject.
- The Subject's proposed rents are below the average market rents at the surveyed properties. The Subject will be generally similar to the surveyed properties offering slightly superior amenities in a slightly inferior location. The Subject will be significantly superior to neighboring existing market rate properties. These properties are older and offer limited amenities. The Subject's proposed LIHTC rents will be the lowest rents in the market. Renaissance at Park Place South offers the lowest market rate rents, which are slightly below the Subject's proposed market rents. This property offers smaller units when compared to the Subject. Overall, the Subject's proposed rents appear achievable and will offer a competitive advantage.

Recommendations

- We believe that the Subject will be feasible as proposed as of July 2006.

J. SIGNED STATEMENT REQUIREMENTS

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



H. Blair Kincer, MAI
Partner
Novogradac & Company LLP

7-14-2006

Date



Michalena M. Skiadas
Manager
Novogradac & Company LLP

7-14-2006

Date

K. ANALYST QUALIFICATIONS

STATEMENT OF PROFESSIONAL QUALIFICATIONS

H. BLAIR KINCER, MAI

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.
Member Frostburg Housing Authority

Certified General Real Estate Appraiser - State of Maryland
Certified General Real Estate Appraiser – State of New York
Certified General Real Estate Appraiser – Commonwealth of Virginia
Certified General Real Estate Appraiser – State of Washington

III. Professional Experience

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

IV. Professional Training

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

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

MICHALENA M. SKIADAS

I. Education

Union College, Schenectady, New York
Bachelor of Arts in Cultural Anthropology
Union College Study Abroad, St. Lucy, Barbados

II. Professional Experience

Manager, Novogradac & Company LLP
Dallas / Fort Worth and Atlanta Research Manager, CoStar Group, Inc.
Senior Research Analyst / Newswire Editor, CoStar Group, Inc.

III. Professional Training and Continuing Education

Member, National Council of Affordable Housing Market Analysts (NCAHMA)
Attended HUD Community Development Block Grant (CDBG) 30th Anniversary Conference, September 13-14, 2004, Washington, DC
Successfully completed "Introduction to Commercial Real Estate Analysis" and "Financial Analysis for Commercial Real Estate Investment".

IV. Real Estate Assignments

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

- 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.
- Assisted in preparing an approved HUD Consolidated Plan for the City of Gainesville, GA; which included a housing and homeless needs assessment, market analysis, non-housing needs analysis, and a strategic plan, which conformed to 24CFR Part 91, Consolidated Plan Regulations for the ensuing five-year period (2004-2009).
- Assisted in preparing a comprehensive senior housing study in Seattle, Washington for the Seattle Housing Authority. This study evaluated the Seattle Housing Authority's affordable senior housing project for their position within the entire city's senior housing market. The research involved analysis of the senior population by neighborhood, income, household size, racial composition, and tenure.

- Conducted market studies for senior projects in Virginia Beach, Virginia; Hampton Roads, Virginia; Goshen, New York; Calumet City, Illinois; Pontiac, Illinois; Galesburg, Illinois; San Antonio, Texas; Salt Lake City, Utah; Ogden, Utah; Philadelphia, Pennsylvania; Thibodaux, Louisiana; Jennings, Louisiana; Rio Rico, Arizona; Twin Falls, Idaho; Sheridan, Wyoming; Cheyenne, Wyoming; Detroit, Michigan; Springfield, Missouri; Jackson, Mississippi; Los Banos, California; Oregon, Wisconsin; Milwaukee, Wisconsin, and Racine Wisconsin.
- Assisted in appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Assisted in the preparation of Rent Comparability Studies and HUD MAP Market Studies according to HUD guidelines.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

JULIA BUCKMASTER

I. Education

American University, Washington, DC
Bachelor of Arts

II. Professional Experience

Research Analyst, Novogradac & Company LLP
Legal Secretary, Bergen & Bergen Law Firm
Research Assistant, Chr. Michelson Institute

III. Research Assignments

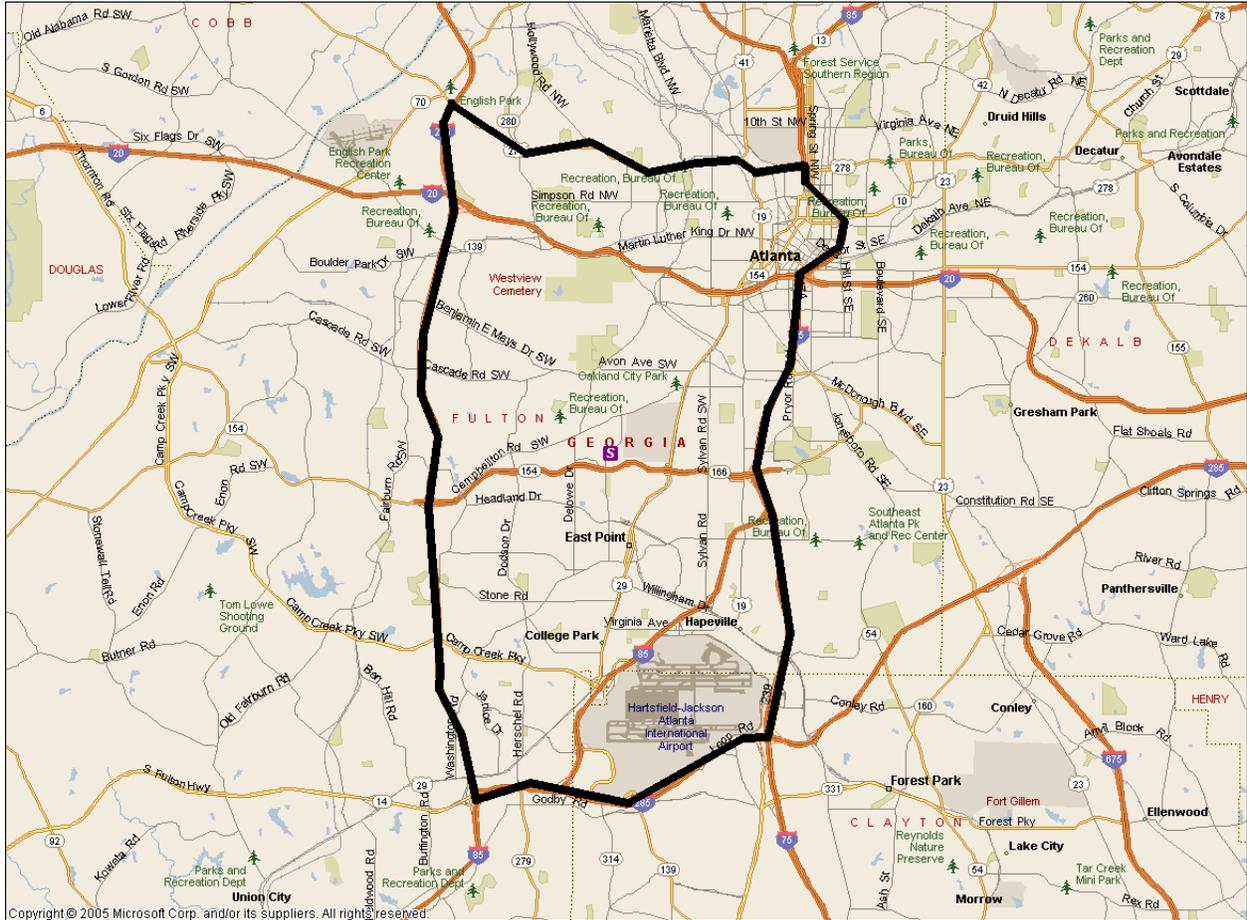
- Assisted with market studies of proposed new construction and existing Low-Income Housing Tax Credit (LIHTC) properties. Market analysis includes preliminary property screenings, market analysis, comparable rent surveys, and demand analysis.
- Assisted in appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.

MAPS

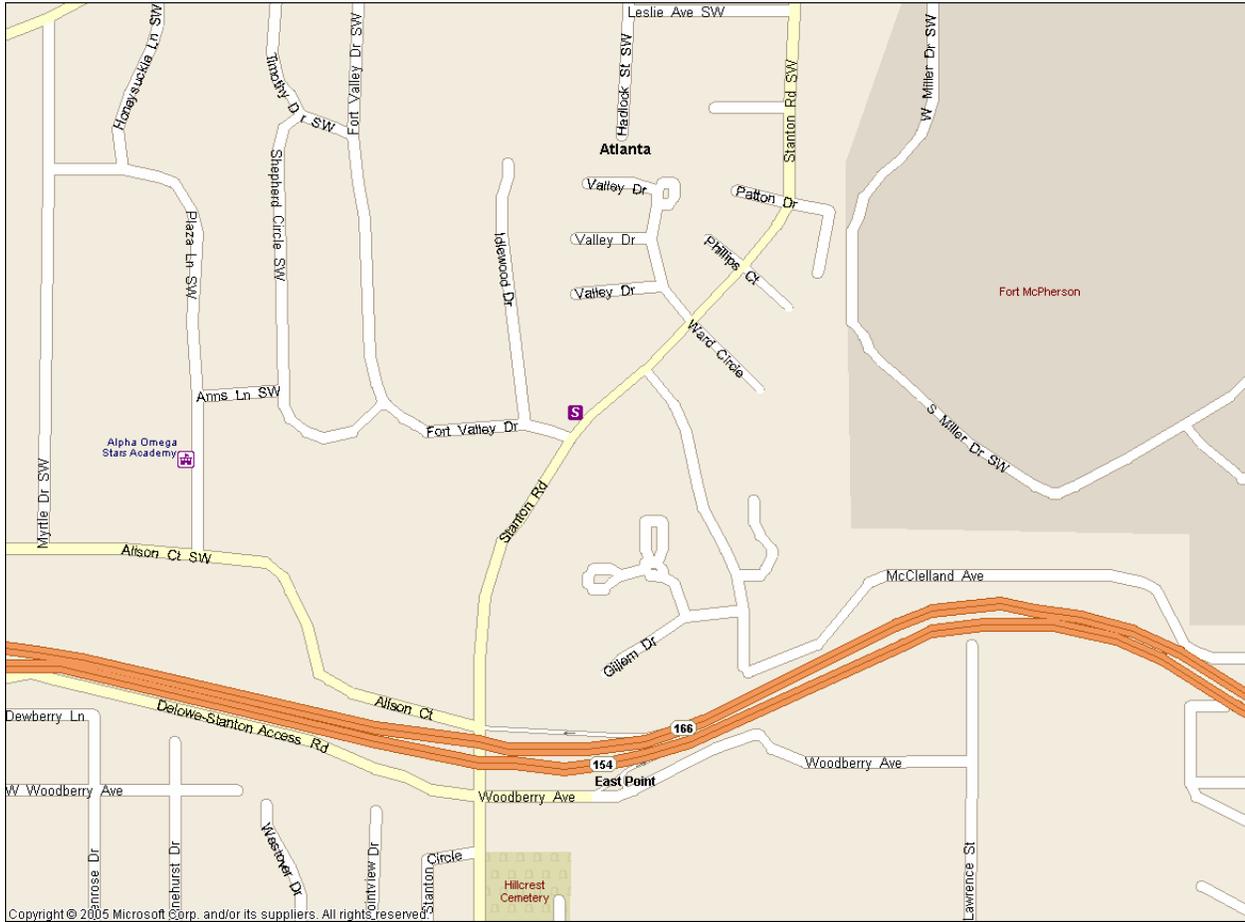
Regional Map



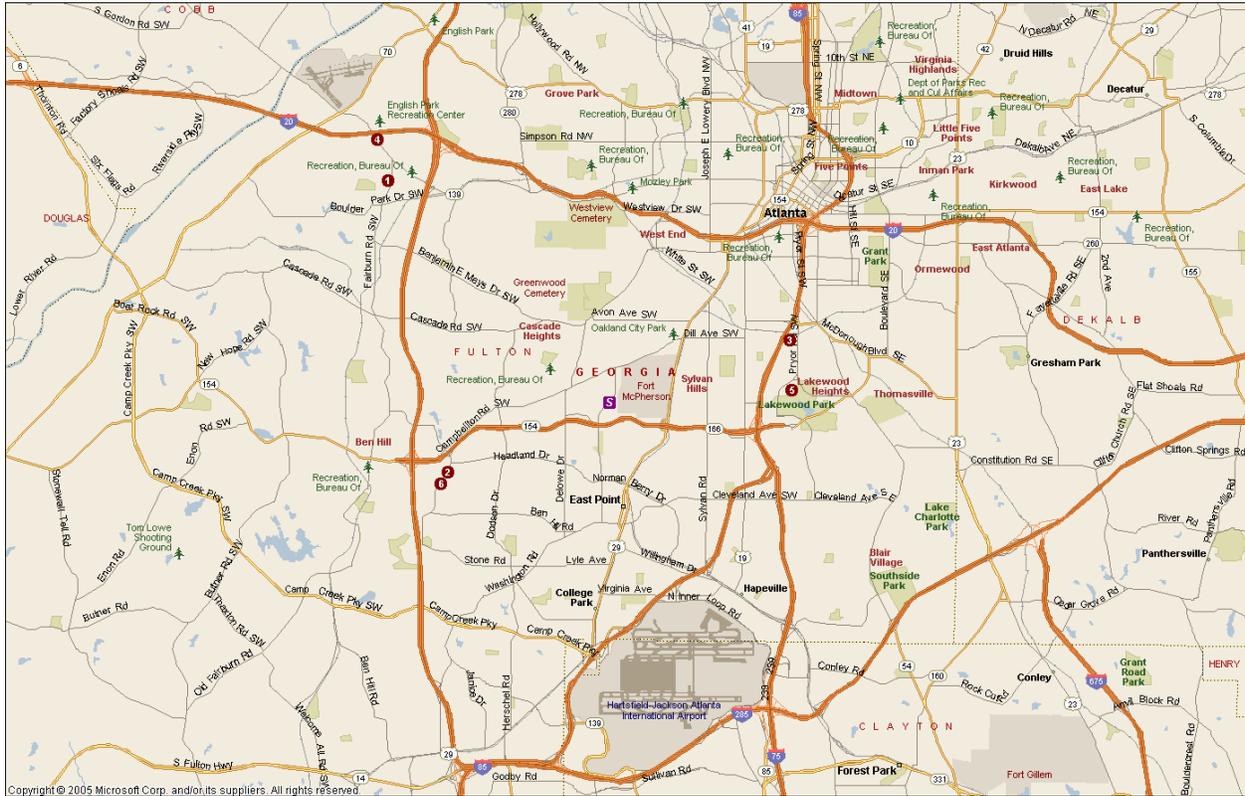
PMA Map



Neighborhood Map

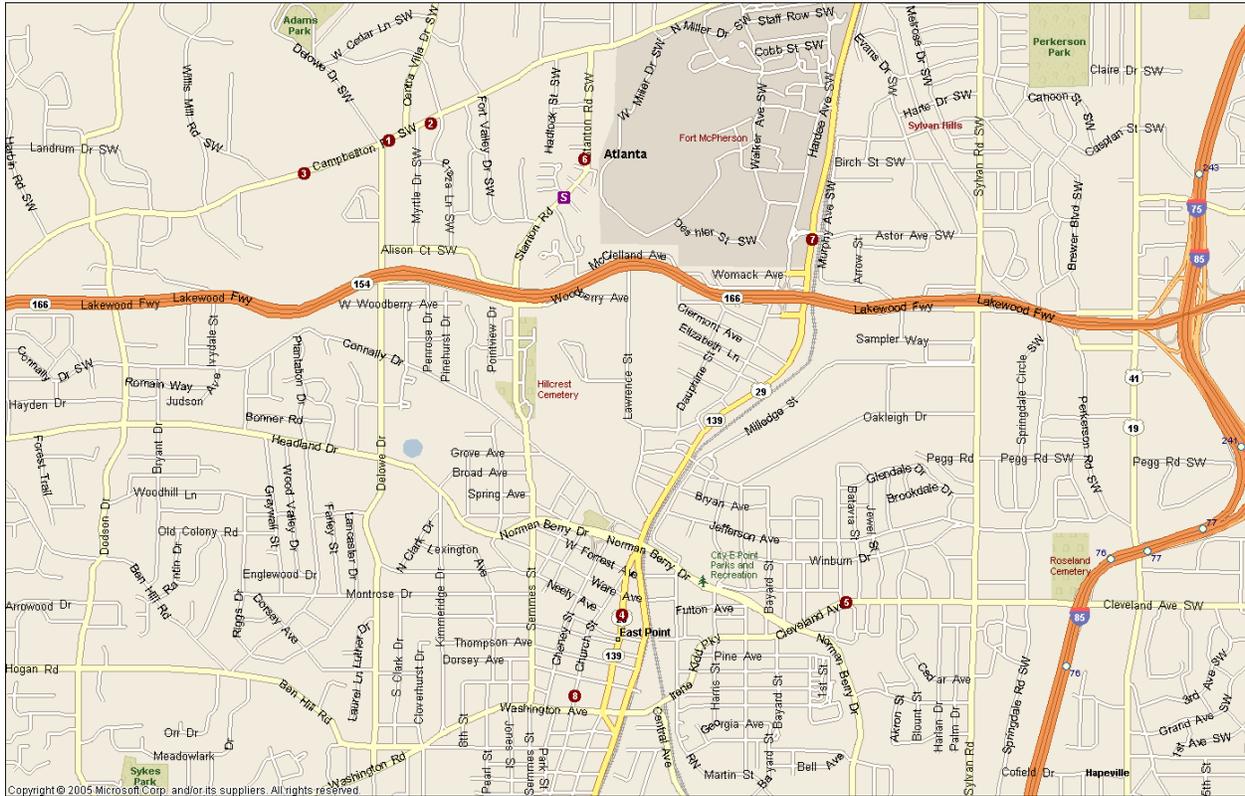


Comparable Property Map



Map #	Name	Rent Structure
1	Big Bethel Village	LIHTC/Market
2	Columbia Colony Senior Apts.	LIHTC/Market
3	Columbia High Point Senior Residences	LIHTC
4	Martin's House (aka Misty Amber Apts.)	LIHTC/Market
5	Renaissance at Park Place South	LIHTC/Market/Section 8
6	Village on the Green	Market

Location Amenity Map



Local Distances from Services

Map #	Name	City	Distance (in miles)
1	Super Saver Foods	Atlanta	1.4 miles
2	CVS Pharmacy	Atlanta	1.4 miles
3	Adams Park Library	Atlanta	1.8 miles
4	East Point Police Department	East Point	1.9 miles
5	South Fulton Medical Center	East Point	2.6 miles
6	MARTA Bus Route #162	Atlanta	0.1 mile
7	Fort McPherson MARTA Station	Atlanta	1.3 miles
8	HJC Bowden Senior Center	East Point	1.7 miles



View of Subject Site from East



View of Subject Site from North



View of Subject Site from North



View of Subject Site from Northeast



View of Subject Site from East



View of Subject Site from Southeast



View of Subject Site from South