

**Market Feasibility Analysis  
Paradise Estates Apartments  
Sylvester, Worth County, Georgia**

**Prepared for  
The Georgia Department of Community Affairs**

**July 2006**

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## I. Executive Summary

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Real Property Research Group, Inc. has been retained by The Georgia Department of Community Affairs (DCA) to conduct a market feasibility analysis of Paradise Estates Apartments. Paradise Estates Apartments will be a newly constructed LIHTC rental community consisting of 50 general occupancy units. Seventy percent of the units will be tax credit and targeted to renters earning no more than 30 percent and 50 percent of the Area Median Income. The remaining 30 percent of the units will be market rate, unencumbered by maximum rents and tenant incomes. The subject property will be a newly constructed rental community located on the north side of West Pine Street near its intersection with Sutton Street in southern Sylvester, Worth County, Georgia.

Field work and data collection was conducted in June 2006. The site, comparables, and market area were visited on June 4, 2006 by Tad Scepaniak, Regional Director. The Executive Summary follows and is based on DCA's market study guidelines.

- 1. Market Demand and demand trends for the proposed, existing or rehabilitated units given the existing and proposed economic conditions of the area.**
  - a. Affordability analysis and DCA demand estimates indicate adequate demand to support the proposed units at Paradise Estates.
  - b. Worth County's employment base has been cyclical over the past 15 years with several years of employment gain and loss. Overall, the number employed in Worth County is unchanged since 1990.
  - c. Although one-half to one percentage point above the state rate, unemployment in Worth County's unemployment has moved been 4.3 percent and 5.6 percent over the past seven years.
- 2. Stabilization projections for the subject property until a sustaining occupancy level of 93% can be achieved for the project. If stabilization projections for the subject differ significantly from historical data, an explanation must be given.**
  - a. We have estimated that Paradise Estates Apartments should be able to lease up at a minimum rate of 5 units per month. At this rate, the project

would be able to achieve 95 percent occupancy within an approximate 9 month period.

- b. We believe that Paradise Estates apartments should be able to maintain an occupancy level of 95 percent after initial lease up.
- c. This absorption estimate and sustained occupancy is supported by existing rental communities in Worth County and the calculated demand estimates.

**3. Absorption projections for each bedroom category type and for the subject property as a whole.**

- a. As noted above, we have estimated that the subject property will lease approximately 5 units per month.
- b. The proportion of monthly absorption is expected to be similar to the overall unit distribution of the proposed unit mix. Average monthly absorption by bedroom size is 2.5 two bedroom units, 2 three bedroom units, and 0.5 four bedroom units.

**4. Comparable units in the proposed project's primary market area.**

- a. Few multi-family rental communities in the primary market area. The only LIHTC communities also have project-based rental assistance through Rural Development.
- b. Overall, the primary market area's rental stock appears stable. The overall vacancy rate in the primary market area is less than five percent. Only one of the surveyed communities reported vacant units.

**5. Appropriateness of unit rent, unit mixes, and unit sizes.**

- a. The proposed LIHTC rents (all income targets and bedroom sizes) are priced below the market rate two bedroom units at Lakeview. Given the product to be constructed and proposed amenities, Paradise Estates will be competitive with Lakeview Apartments.
- b. The estimated market rents for the proposed units at Paradise Estates are \$492 for a two bedroom unit, \$536 for a three bedroom unit, and \$586 for a four bedroom unit.
- c. Market advantages for the LIHTC units average 55 percent for the 30 percent units and 27 percent for the 50 percent units. The proposed market

rate rents at Paradise Estates are 6 to 11 percent below the estimated market rent. The proposed rents appear reasonable and achievable.

d. The proposed rents appear reasonable and appropriate.

**6. Appropriateness of interior and physical amenities including appliance package.**

a. The proposed amenities, including appliance package, will be superior to all rental communities in the primary market area. Interior amenities will include a dishwasher, washer/dryer connections, and patios and balconies.

b. Community amenities will include a swimming pool, a playground, fitness center, community room, and a computer center.

c. The amenities planned at Paradise Estates are extensive and exceed all existing rental communities in the primary market area .

**7. Location and distance of subject property in relationship to local amenities.**

a. Paradise Estates will be located within close proximity to area amenities including shopping, healthcare facilities, and transportation arteries.

b. No negative surrounding land uses were identified. The subject site is located in an established residential neighborhood.

**8. Correlation of the subject property to the eligible tenant target population through an analysis of capture rates for each target tenant segment. Given the target population, existing market conditions and market capture rates less than 30% of all one and two bedroom units, less than 40% for all three bedroom units, less than 50% for all four bedroom units in the project and less than 30% for the LIHTC units, Market Rate and for the project as a whole.**

a. The calculated capture rates for the proposed units at Paradise Estates all fall below these thresholds.

b. The overall capture rates are 18.3 percent for all LIHTC units, 7.6 percent for market rate units, and 16.6 percent for all units. Capture rates by floorplan range from 1.5 percent to 17.6 percent.

**9. A candid, detailed conclusion about the strength of the market for the project as proposed.**

a. The primary market area's household base is expected relatively unchanged through 2010 with a minor household loss.

- b. The proposed product and rents will be competitive in the primary market area. Paradise Estates will be comparable in terms of appeal and amenities to rental communities with rents at or above the proposed LIHTC rents.
- c. Based on affordability and demand estimates, sufficient demand exists to support the renovated units at Paradise Estates.
- d. The vacancy rates in the primary market area are stable. We believe that Paradise Estates will be able to maintain occupancy of 95 percent.
- e. We believe the product is properly positioned and will be well received in the primary market area.

## 10. Summary Table

Unit Size	AMI Target	Units	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Avg. Market Rent*	Proposed Rents
<b>2 Bedroom</b>	30%	4	26	0	26	15.4%	6 Months	\$479	\$220
	50%	13	102	0	102	12.8%	9 Months	\$479	\$300
	Market	7	137	0	137	5.1%	9 Months	\$479	\$430
	2BR Total	24	239	0	239	10.0%	9 Months	\$479	\$325
<b>3 Bedroom</b>	30%	7	40	0	40	17.6%	6 Months	\$536	\$245
	50%	9	68	0	68	13.3%	9 Months	\$536	\$420
	Market	6	144	0	144	4.2%	9 Months	\$536	\$500
	3BR Total	22	239	0	239	9.2%	9 Months	\$536	\$386
<b>4 Bedroom</b>	30%	2	35	0	35	5.7%	6 Months	\$586	\$255
	50%	3	51	0	51	5.9%	6 Months	\$586	\$470
	Market	2	137	0	137	1.5%	6 Months	\$586	\$550
	4BR Total	7	256	0	256	2.7%	6 Months	\$586	\$431

\*Estimated Market Rent for 3BR and 4Br Units

Proposed Project Capture Rate LIHTC Units	18.3%
Proposed Project Capture Rate Market Rate Units	7.6%
Proposed Project Capture Rate All Units	16.6%
Proposed Project Stabilization Period	9 Months

## II. Introduction

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Real Property Research Group, Inc. has been retained by The Georgia Department of Community Affairs (DCA) to conduct a market feasibility analysis of Paradise Estates Apartments. Paradise Estates Apartments will be a newly constructed LIHTC rental community consisting of 50 units. The proposed development will be located approximately one mile southwest of downtown Sylvester. The subject property is located on the north side of West Pine Street, near its intersection with Sutton Street. The newly constructed rental community will be general occupancy in nature with an emphasis on moderate to large sized family renter households.

The majority (70 percent) of the units at Paradise Estates Apartments will benefit from Low Income Housing Tax Credits with units targeting renter households at 30 percent and 50 percent of the Area Median Income. The remaining thirty percent of the units will be market rate without rent or income restrictions. Paradise Estates' 50 units will be contained within thirteen two-story residential buildings. The proposed unit sizes at Paradise Estates are 1,000 square feet for the two bedroom units, 1,200 square feet for the three bedroom units, and 1,350 square feet for the four bedroom units. The two-bedroom units will have one bathroom, while all three and four bedroom units will have two bathrooms.

HUD has computed a 2006 median household income of \$46,100 for the Albany MSA, in which the subject site is located. Based on that median income adjusted for household size, the maximum income limit and minimum income requirement is computed for each floorplan in Table 1. The minimum income limit is calculated assuming 35% of income is spent on total housing cost (rent plus utilities). The maximum allowable incomes are calculated assuming 1.5 persons per bedroom, rounded up to the nearest whole number per DCA's requirements. The maximum tenant income limits are based on 1.5 persons per household, not rounded.

This analysis takes into account pertinent trends in housing supply and demand in a distinct market area delineated with respect to the subject site. Conclusions are drawn on the appropriateness of the proposed rents and projected length of initial absorption.

**Table 1 Project Specific Rent and Income Limits, Paradise Estates**

Unit Type	AMI %	# Units	# Bed	Planned Net Rent	Utility Allowance	Planned Gross Rent	Maximum Gross Rent	Maximum Income	Minimum Income
LIHTC	30%	4	2	\$220	\$106	\$326	\$326	\$13,020	\$11,177
LIHTC	30%	4	3	\$245	\$129	\$374	\$377	\$15,630	\$12,823
LIHTC	30%	2	4	\$255	\$164	\$419	\$420	\$16,800	\$14,366
LIHTC	50%	13	2	\$300	\$106	\$406	\$543	\$21,700	\$13,920
LIHTC	50%	9	3	\$420	\$129	\$549	\$628	\$26,050	\$18,823
LIHTC	50%	3	4	\$470	\$164	\$634	\$700	\$28,000	\$21,737
Market Rate	80%	7	2	\$430	\$106	\$536	\$868	\$34,720	\$18,377
Market Rate	80%	6	3	\$500	\$129	\$629	\$1,004	\$41,680	\$21,566
Market Rate	80%	2	4	\$550	\$164	\$714	\$1,120	\$44,800	\$24,480

The report is divided into six sections. Following the executive summary and this introduction, Section 3 provides a project description and an analysis of local neighborhood characteristics. Section 4 examines the socio-economic and demographic characteristics of the delineated market area. Section 5 presents a discussion of the competitive residential environment. Section 6 discusses conclusions reached from the analysis and estimates the demand for the project using growth projections and income distributions.

The conclusions reached in a market study are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors including the performance of management, the impact of changes in general and local economic conditions and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions attached as Appendix I and incorporated in this report.

### III. Location and Neighborhood Context

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#### **A. Site and Project Description**

Paradise Estates Apartments will be located in southern Sylvester, approximately one mile from downtown. The subject property is a flat and wooded parcel in a residential portion of Worth County. The property is bordered to the north by mobile homes, to the east by single-family detached homes, to the south by West Pine Street and undeveloped land, and to the west by vacant land.

Access to the property will be available at an entrance on West Pine Street, just west of Sutton Drive. Both West Pine Street and Sutton Street are residential side streets with light traffic. Accessibility problems are not anticipated.

Paradise Estates Apartments is compatible with surrounding land uses as the predominate land use within one-half mile of the site is residential. Existing residential land uses including moderate value single-family detached homes and mobile homes. Sylvester has few multi-family rental communities, none of which are located within one mile of the subject property.

Paradise Estates will be located in a residential neighborhood in southern Sylvester with numerous community amenities within one mile of the subject property including retail, a public library, and a regional hospital. Public schools are within two miles of the subject property.

**Figure 1 Site Photos**



***View of site facing northwest.***



***View of interior of site, facing north***



*View of site facing north from Sutton Drive.*

**Figure 2 Surrounding Land Use Photos**



*View of West Pine Street facing west, site on right.*



*View of West Pine Street facing east, Sutton Drive on right.*

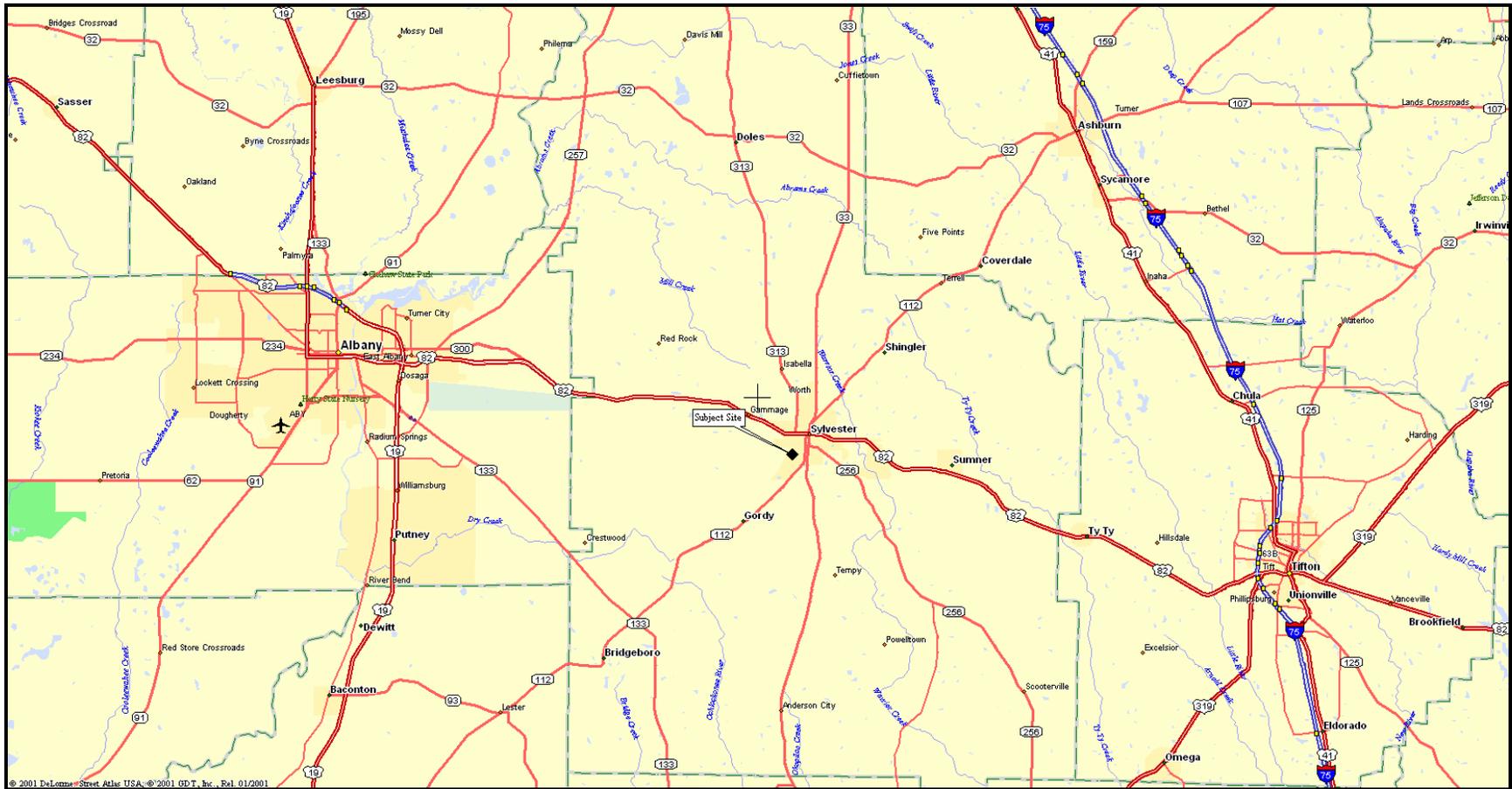


*Single-family detached home east of site on West Pine Street.*



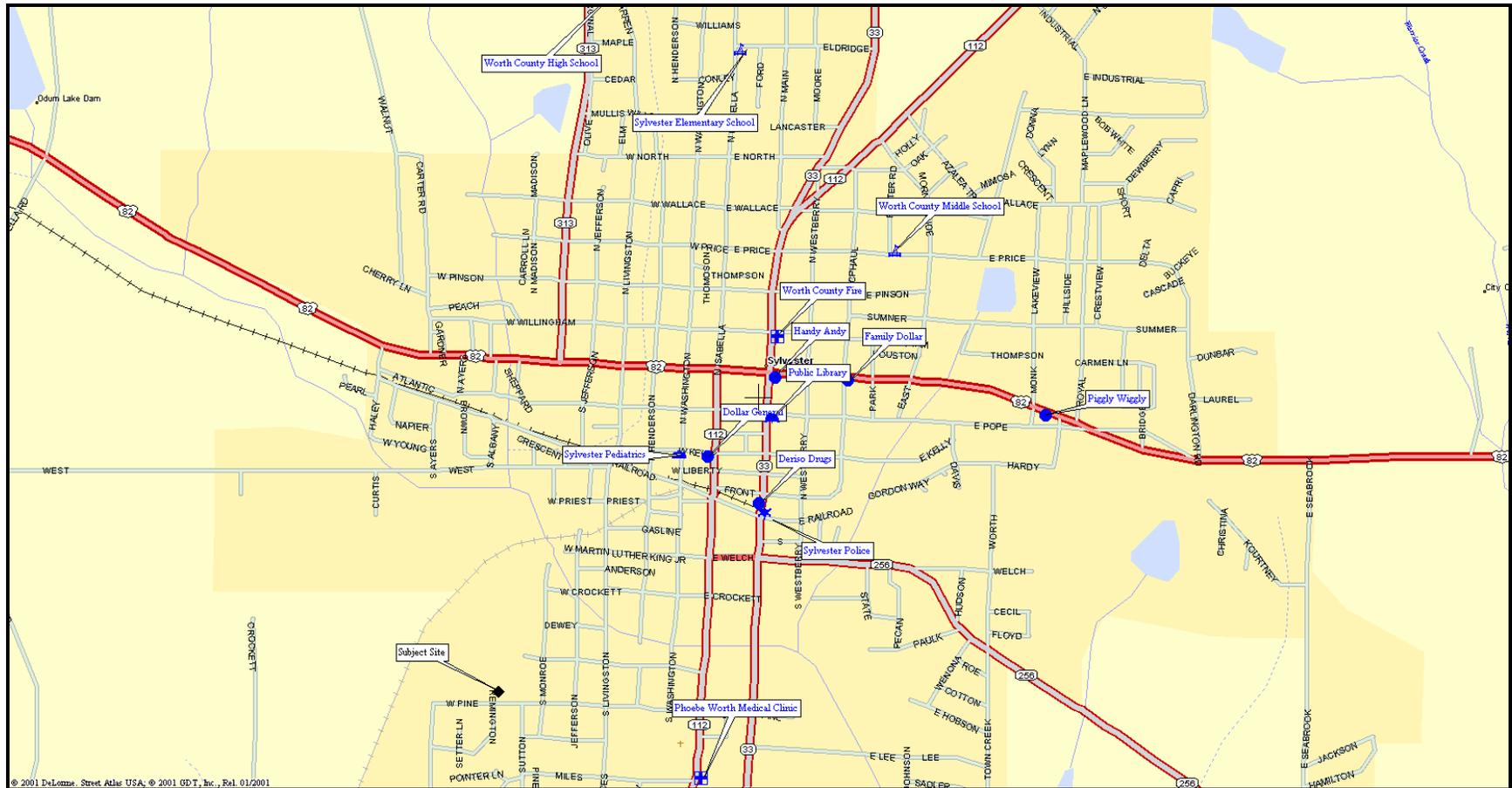
*View of single-family detached home on southeast corner of West Pine Street and Sutton Dr.*

Map 1 Site Location, Paradise Estates





Map 2 Neighborhood Amenities, Paradise Estates



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**Table 2 Neighborhood Amenities, Paradise Estates**

Establishment	Type	Address	Distance
Phoebe Worth Medical Center	Hospital	807 S Isabella St	0.4 mile
Sylvester Police Department	Police	102 S Main St	0.5 mile
Dollar General	Retail	115 W Kelly St	0.6 mile
Deriso Drugs	Drug Store	111 N Main St	0.6 mile
Sylvester Pediatrics	Medical Clinic	203 W Kelly St	0.6 mile
Handy Andy	Convenience Store	107 E Franklin St	0.8 mile
Family Dollar	Retail	305 E Franklin St	0.9 mile
Margaret Jones Library	Public Library	205 E Pope St	0.9 mile
Worth County Fire Department	Fire Station	203 E Willingham St	1.0 mile
Piggly Wiggly	Grocery Store	631 E Franklin St	1.1 miles
CVS Pharmacy	Drug Store	625 E Franklin St	1.1 miles
Worth County Middle School	Public School	504 E Price St	1.2 miles
Sylvester Elementary School	Public School	103 Eldridge St	1.3 miles
Worth County High School	Public School	406 W King St	1.8 miles

Paradise Estates is located in a residential neighborhood surrounded by single-family detached homes, mobile homes, and undeveloped land. Access to the property will be via an entrance on West Pine Street, just west of Sutton Drive. Non-residential uses within one mile of the subject property are generally located to the north of the site.

The newly constructed rental community will include 50 two, three, and four bedroom units in thirteen two-story garden buildings. The community will feature a separate office/clubhouse building. The construction will be wood frame with vinyl siding and brick exteriors. The unit mix will include 24 two bedroom/one bathroom units with 1,000 square feet, 19 three bedroom/two bathroom units with 1,200 square feet, and 7 four bedroom/two bathroom units with 1,350 square feet.

Each of the newly constructed units at Paradise Estates will feature:

- Full kitchens including an electric range, a refrigerator with icemaker, and a dishwasher.
- Wall-to-wall carpeting in the bedrooms, living room, dining room and hallways. The kitchen, entry and bathrooms will feature scuff-resistant vinyl flooring.
- Washer and dryer connections
- A covered entry and a patio or balcony.
- Electric central heat (heat pump) and air conditioning.
- Hard-wired smoke detectors and fire suppression systems.

Common area amenities will include a separate community building featuring management offices, a fitness center, and a computer center. Exterior amenities will include a swimming pool, a playground, walking paths, and a covered picnic pavilion.

The proposed rents and unit configuration is shown below in Table 3. The rents shown will include the cost of water/sewer and trash removal.

**Table 3 Proposed Unit Configuration and Rents**

Unit Type	Building Type	AMI Level	Units	# Bed	# Bath	Average Size	Net Rent	Rent/Sq Ft
LIHTC	Garden	30%	4	2	1	1,000	\$220	\$0.22
LIHTC	Garden	30%	4	3	2	1,200	\$245	\$0.20
LIHTC	Garden	30%	2	4	2	1,350	\$255	\$0.19
LIHTC	Garden	50%	13	2	1	1,000	\$300	\$0.30
LIHTC	Garden	50%	9	3	2	1,200	\$420	\$0.35
LIHTC	Garden	50%	3	4	2	1,350	\$470	\$0.35
Market Rate	Garden	80%	7	2	1	1,000	\$430	\$0.43
Market Rate	Garden	80%	6	3	2	1,200	\$500	\$0.42
Market Rate	Garden	80%	2	4	2	1,350	\$550	\$0.41
<b>Total/Avg.</b>			<b>50</b>			<b>1,125</b>	<b>\$371</b>	<b>\$0.33</b>

## B. Shopping

Most of Sylvester's commercial development is located along United States Highway 82, also known as Franklin Street. Franklin Street is accessible from the subject via Isabella Street, which intersects with West Pine Street one-quarter mile east of the subject property. Retail development located within one mile of the subject site includes Handy Andy Convenience Store, Dollar General, Deriso Drugs, and Family Dollar. Larger retailers just beyond one mile from the subject site include Piggly Wiggly and CVS Pharmacy.



*Piggly Wiggly*

## C. Medical

Phoebe Worth Medical Center, located at 807 S. Isabella Street in Sylvester joined the Phoebe Putney Health System in 2001. The hospital offers a complete line of medical services including a 24-hour emergency center, medical-surgical care, obstetrics, pediatrics, and women's health services. Phoebe Worth Medical Center is

the largest medical provider in Worth County and located less than one-mile from the subject property.

Sylvester County is also served by smaller medical clinics, several of which are located within one to two miles of the subject site.



*Phoebe Worth Medical Center*

## D. Schools

The Worth County Public School System is comprised of five schools including three elementary schools, one middle school, and one high school. The school system has nearly 300 teachers and a total enrollment of over 4,500. The closest schools to the subject property are Sylvester Elementary School (1.3 miles), Worth Middle School (1.2 miles), and Worth High School (1.8 miles).

Colleges and universities in the Albany MSA include Sumner Workforce Development Center of Moultrie Tech, Albany Technical College, Moultrie Technical College, Darton College, and Albany State University.



*Worth Primary School*

#### IV. Socio-Economic and Demographic Content

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The primary market area for Paradise Estates Apartments comprises the census tracts in the central portion of Worth County including the municipalities of Sylvester, Poulan, and Sumner. The approximate boundaries of the primary market area and their approximate distance from the subject site are:

**North:** Jewell Crowe Road (7.1 miles).

**East:** Tift County (11.2 miles)

**South:** McCarty Road (5.1 miles)

**West:** Dougherty County (3.2 miles)

The primary market area includes the central portion of Worth County – the area from which the majority of tenants are expected to originate. The northern and southwestern portions of the county are not included in the primary market area given the distance from the site to these portions of the county. In reality, these portions of the county are relatively sparsely populated and would add little market demand while significantly increasing the geographic size of the market area. Demographic data on Worth County is included for comparison purposes. Demand estimates will be shown only for the primary market area.

The primary market area includes year 2000 census tracts 9502, 9504, and 9505. A map of this market area is shown on page 14.

Map 3 Primary Market Area

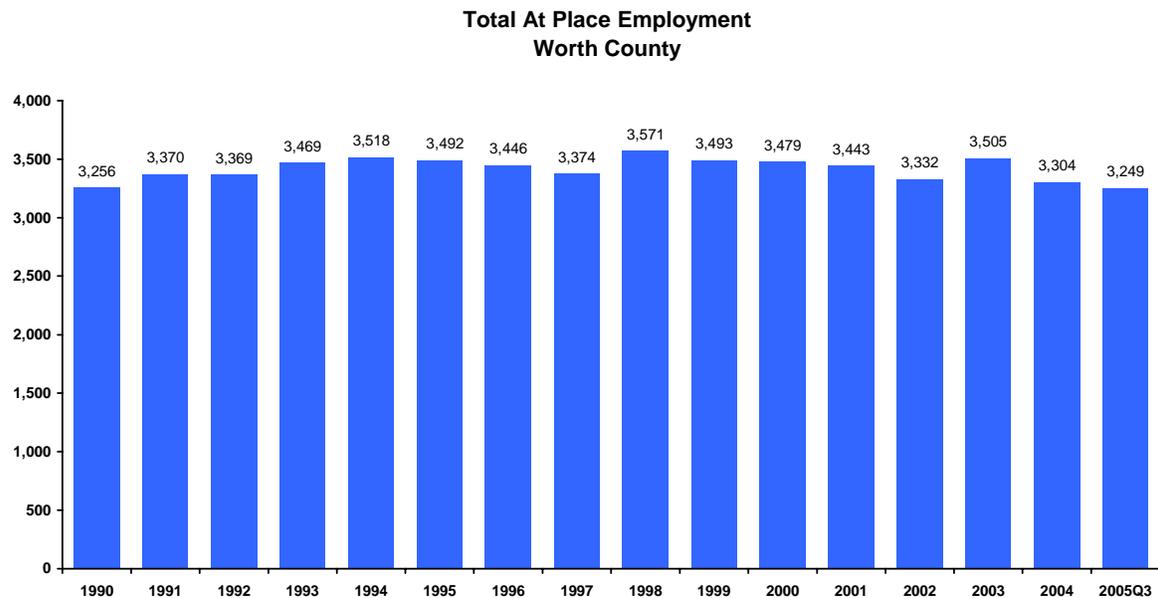


## A. Economic Context

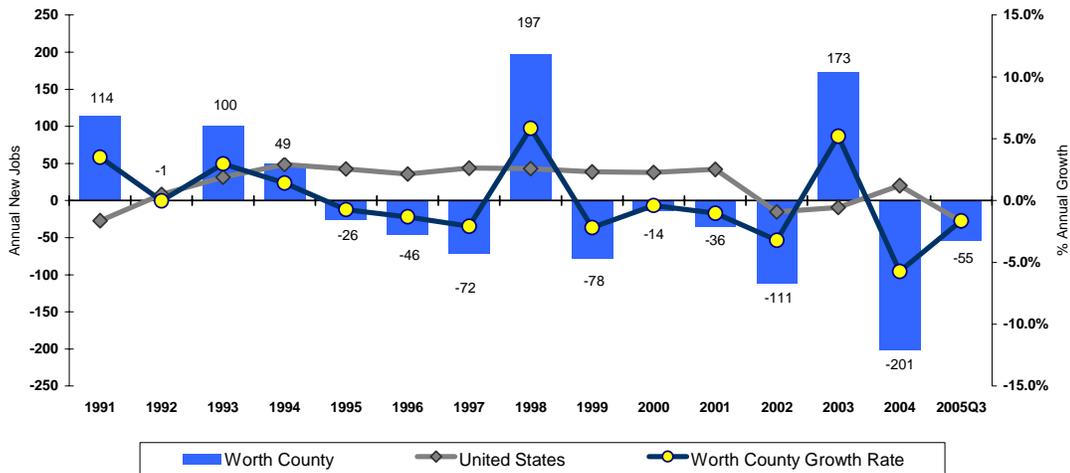
Worth County's total employment had stagnant, experiencing cyclical trends over the past sixteen years with five years of net growth and ten years of net employment loss. Total at-place employment of 3,249 through the third quarter of 2005 represents a net loss of 7 jobs from 1990's job base. The county's job base reached a high point of 3,571 in 1998, but has since decreased during six of the past seven years. Actual job loss has been minimal as the net job loss since 1989 is only 322 jobs or 42 jobs per year (Table 4).

On a percentage basis, job growth in Worth County has been generally lower than national employment growth. Worth County's rate of job growth during its peak years of 1991, 1998, and 2003 was well above national growth rate.

**Table 4 At Place Employment, Worth County 1990-2005**



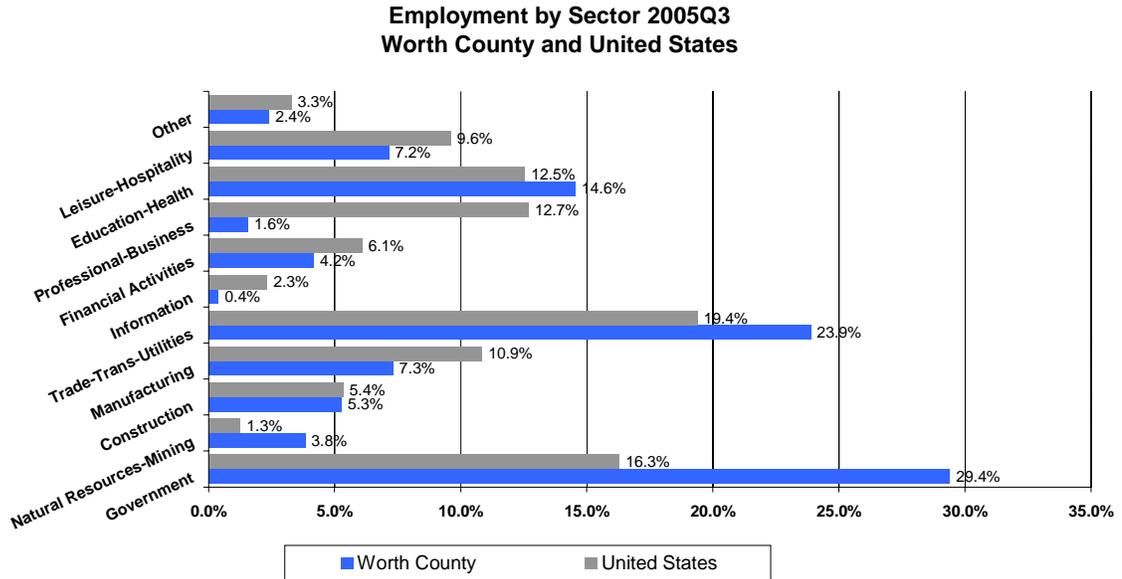
### Employment Growth Worth County and US



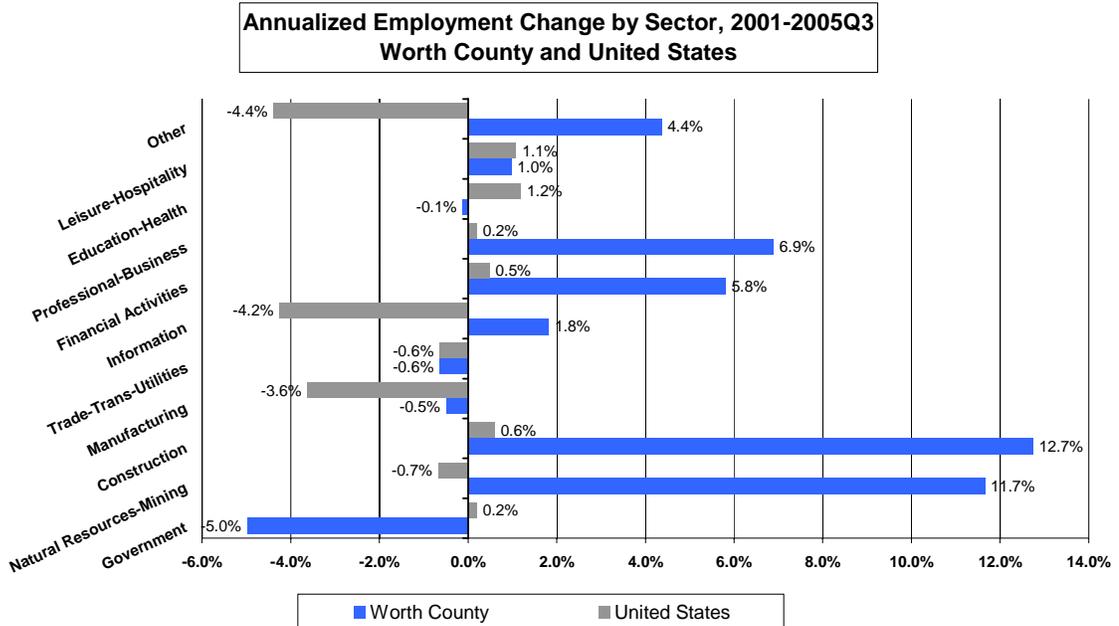
The trade-transportation-utilities and government sectors comprise a much larger percentage of Worth County’s employment when compared to the national figures (Table 5). These two employment sectors account for 53.3 percent of the county job base compared to a 35.7 percent national figure. Worth County also has a higher percentage of its jobs in the education-health and natural resources-mining sectors, although these two sectors are less significant in terms of percentage of the employment base.

Between 2001 and the third quarter of 2005, four sectors experienced a net loss in total employment (Table 6) and five sectors experienced a net increase. The most significant job loss was among the government sector with an annual job loss of 5 percent per year. The remaining three sectors reporting a loss in total employment decreased by 0.6 percent or less per year. Five sectors experienced a net increase over the past four years including construction and natural resources-mining with annual increased in excess of 11.5 percent. More modest increases of 4.4 to 6.9 percent were experienced in three larger employment sectors.

**Table 5 Employment by Sector, Worth County 2005**



**Table 6 Employment by Sector Change, Worth County 2001-2005**



Three of the five largest employers in Worth County are related to the peanut industry, earning Worth County the title of “Peanut Capital of the World” (Table 7). ConAgra Food Products is the manufacturer of Peanut Pan Peanut Butter. Every jar of Peanut Pan Peanut Butter is manufactured in Sylvester. The major employers add to the

manufacturing and trade-transportation-utilities sectors of the economy. Other major employers include the county's medical center a distribution center for a major auto parts company.

**Table 7 Top 10 Employers, Worth County**

<b>Number</b>	<b>NAME</b>	<b>Type</b>
1	ConAgra	Food Products
2	Birdsong Peanut	Peanut Shelling
3	Phoebe-Worth Hospital	Medical
4	NAPA Distribution	Auto Parts
5	Universal Blanchers	Peanut Shelling

Source: Worth County Chamber of Commerce

Map 4 Major Employers



The labor force in Worth County increased during 10 of 15 years between 1990 and 2005, resulting in a net increase of 1,413 or 15.5 percent. Decreases in the labor force have always been followed by significant gains. The labor force increased by an additional 200 or 2 percent during the first quarter of 2006 (Table 8).

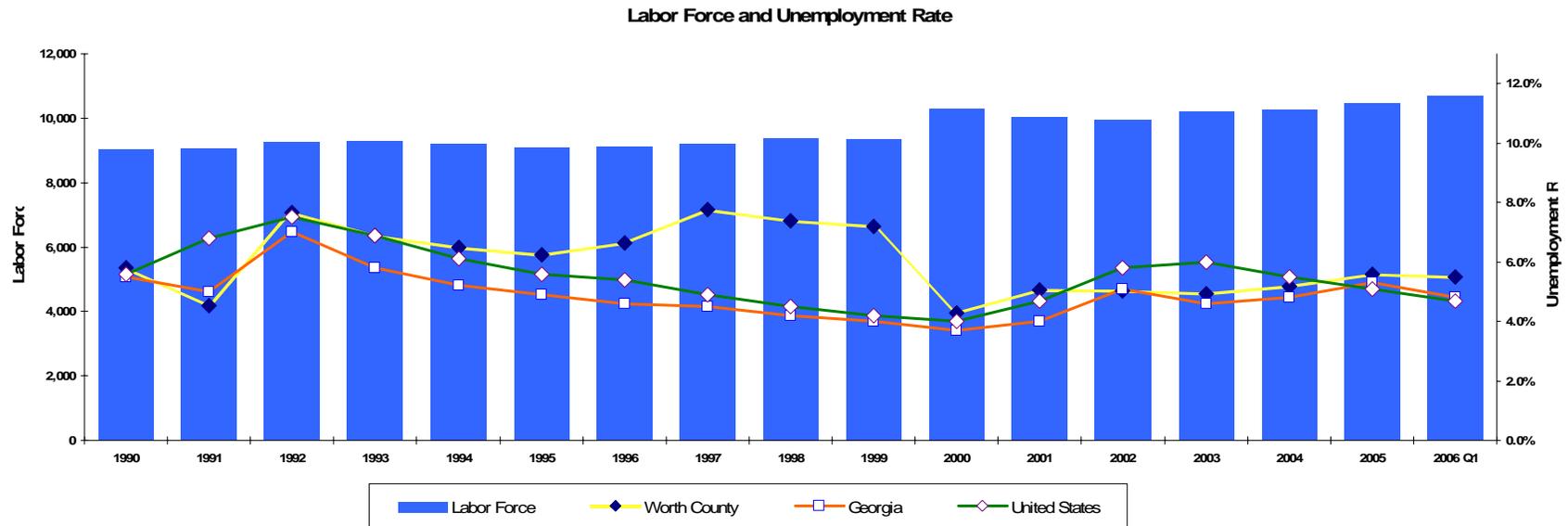
The unemployment rate in Worth County has historically been above than the state figures while following similar trends. Over the past four years, the county's unemployment rate has remained less than one-half percentage point above the state figure. The unemployment rate has increased during 2004 and 2005, but decreased to 5.5 percent through the first quarter of 2006 (Table 8). The unemployment rate in Worth County is both healthy and stable.

Based on the stable and low unemployment rate, we do not believe local economics will negatively impact the ability of Paradise Estates to lease its units.

**Table 8 Labor Force and Unemployment Rates, Worth County**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 Q1
Labor Force	9,029	9,055	9,258	9,284	9,215	9,093	9,115	9,218	9,395	9,355	10,321	10,053	9,942	10,183	10,253	10,442	10,670
Employment	8,505	8,644	8,549	8,645	8,618	8,526	8,509	8,503	8,702	8,683	9,879	9,545	9,441	9,681	9,721	9,860	10,084
Unemployment	524	411	709	639	597	567	606	715	693	672	442	508	501	502	532	582	586
Unemployment Rate																	
Worth County	5.8%	4.5%	7.7%	6.9%	6.5%	6.2%	6.6%	7.8%	7.4%	7.2%	4.3%	5.1%	5.0%	4.9%	5.2%	5.6%	5.5%
Georgia	5.5%	5.0%	7.0%	5.8%	5.2%	4.9%	4.6%	4.5%	4.2%	4.0%	3.7%	4.0%	5.1%	4.6%	4.8%	5.3%	4.8%
United States	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.7%

Source: U.S. Department of Labor, Bureau of Labor Statistics.



## **B. Growth Trends**

The population and household statistics for the primary market area and Worth County are based on the 1990 and 2000 Census counts. Estimates and projections were developed by Claritas, Inc., a national data vendor.

The primary market area's population increased by 1,762 or 11.9 percent between 1990 and 2000. By comparison, Worth County's population increased 11.3 percent during the same time period. From 2000 to 2005, the total population in the primary market area is estimated to have decreased by 494 or 3.0 percent. Worth County's population decreased by 0.6 percent or 126 people during the same five-year time period.

Household growth exceeded population growth on a percentage basis in both geographies between 1990 and 2000. The PMA gained 916 households between the 1990 and 2000 Census counts, while Worth County grew by 1,211 households (Table 9). These changes equate to a 17.8 percent increase in the primary market area and a 17.6 percent increase in Worth County. The annual compounded rates of household growth were 1.7 percent in the PMA and 1.6 percent in Worth County.

Estimates show that the PMA's household count decreased by 82 or 1.4 percent between 2000 and 2005 compared to an increase of 100 households or 1.2 percent in Worth County.

Recent population and household trends are projected to continue through 2010 with the primary market area's household base expected to decrease by 24 households or 0.4 percent annually.

The average household size has decreased significantly since 1990 in both the primary market area and Worth County. The market area's households are slightly larger than the county's, on average.

**Table 9 Trends in Population and Households, PMA and Worth County**

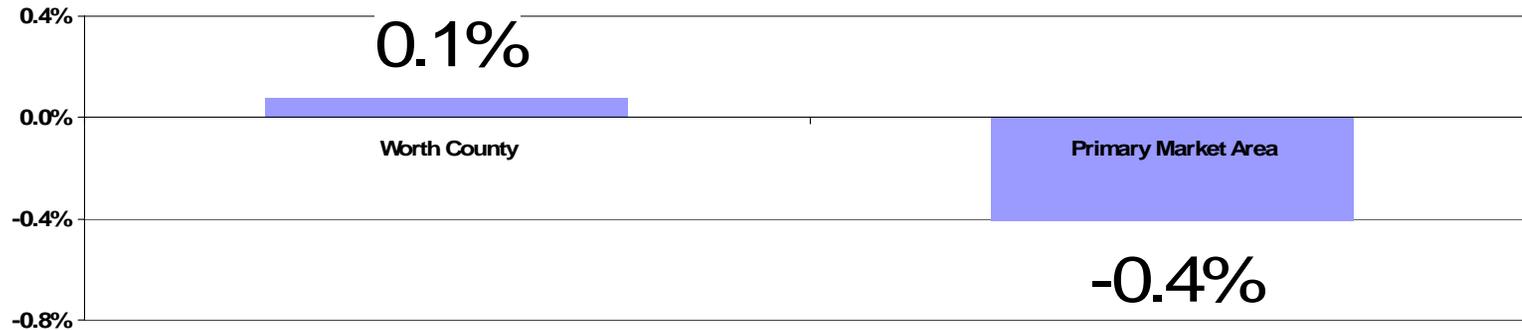
Worth County					Change 1990 to 2000				Change 2000 to 2005				Change 2005 to 2010			
					Total		Annual		Total		Annual		Total		Annual	
	1990	2000	2005	2010	#	%	#	%	#	%	#	%	#	%	#	%
Population	19,745	21,967	21,841	21,676	2,222	11.3%	222	1.1%	-126	-0.6%	-25	-0.1%	-165	-0.8%	-33	-0.2%
Group Quarters	127	208	211	214												
Households	6,895	8,106	8,206	8,238	1,211	17.6%	121	1.6%	100	1.2%	20	0.2%	32	0.4%	6	0.1%
Average HH Size	2.85	2.68	2.64	2.61												

Primary Market Area					Change 1990 to 2000				Change 2000 to 2005				Change 2005 to 2010			
					Total		Annual		Total		Annual		Total		Annual	
	1990	2000	2005	2010	#	%	#	%	#	%	#	%	#	%	#	%
Population	14,760	16,522	16,028	15,545	1,762	11.9%	176	1.1%	-494	-3.0%	-99	-0.6%	-483	-3.0%	-97	-0.6%
Group Quarters	113	208	211	214												
Households	5,144	6,060	5,978	5,857	916	17.8%	92	1.7%	-82	-1.4%	-16	-0.3%	-121	-2.0%	-24	-0.4%
Average HH Size	2.85	2.69	2.65	2.62												

Note: Annual change is compounded rate.

Source: 1990 and 2000 - 1990 and 2000 Censuses of Population and Housing; Claritas, RPRG Estimates

**Annual Household Growth Rate 2005-2010**



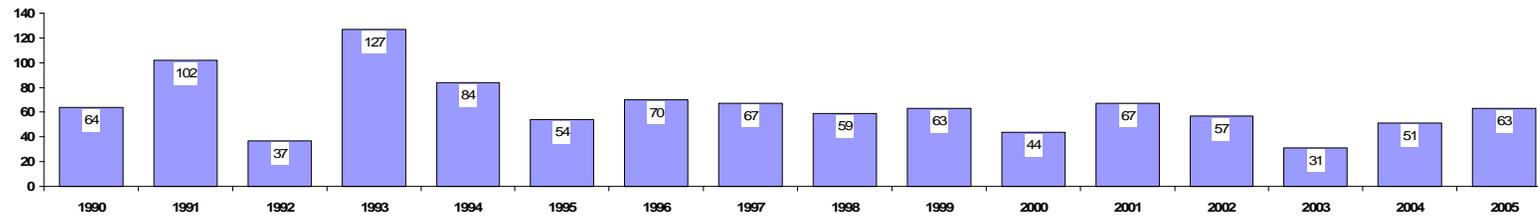
Local building permit activity is another measure of growth in a geographic area. Permit data reported in the U.S. Census Bureau's C-40 Report indicate steady permit activity in Worth County since 1990. The county experienced peaks in permit activity in 1991 and 1993. On the average, 65 residential units were granted permits annually between 1990 and 2005 (Table 10). Annual building permit activity of 65 units is lower than annual household growth of 87 between 1990 and 2005. Over ninety percent of units permitted were either single-family or duplex units.

**Table 10 Worth County Building Permits, 1990 - 2005**

Worth County	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1990-2005	Annual
Single Family	9	37	29	42	84	54	60	67	59	63	44	63	57	31	51	63	813	51
Two Family	2	44	4	70	0	0	0	0	0	0	0	0	0	0	0	0	120	8
3 - 4 Family	4	21	4	15	0	0	4	0	0	0	0	4	0	0	0	0	52	3
5 or more Family	49	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0	55	3
Total	64	102	37	127	84	54	70	67	59	63	44	67	57	31	51	63	1,040	65

Source: US Census Bureau, C-40 Building Permit Reports.  
 \*2005 total units based on estimates from previous years

**Total Housing Units Permitted  
1990 - 2005**



## **C. Demographic Characteristics**

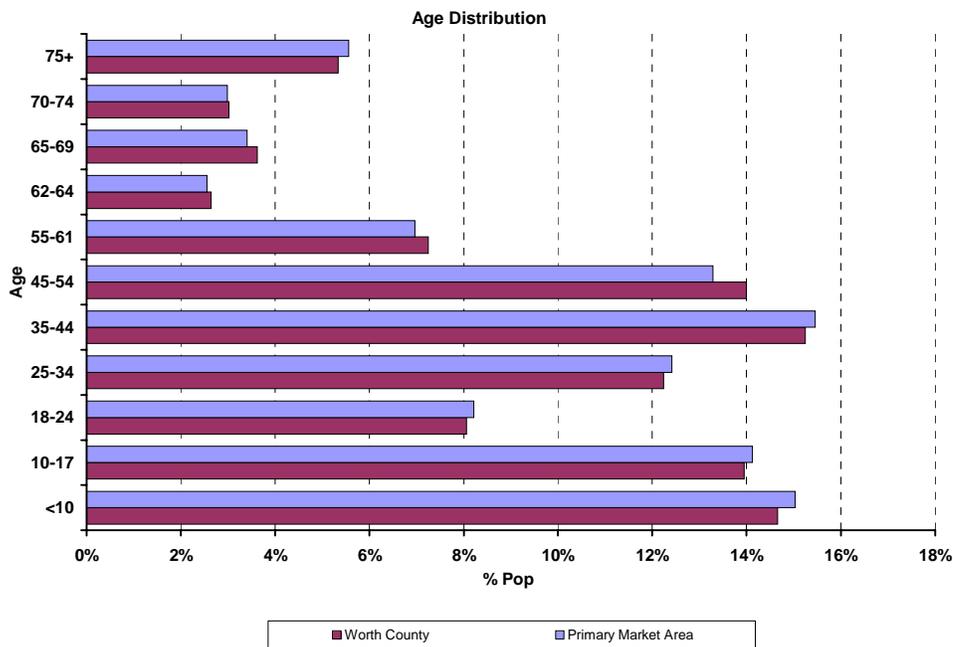
The 2000 Census population distribution by age indicates that the primary market area is younger than Worth County. The primary market area has a higher percentage of its population in three of four age classifications under 45 years and age 75+. Worth County has an equal or higher percentage in each age classification between the ages of 45 and 74 (Table 11).

Over half of the householders in the primary market area (53.2 percent) and Worth County (55.6 percent) are married (Table 12). The primary market area has a higher percentage of households with children present compared to the county. Single-parent households account for 37.3 percent of PMA's households with children and 32.5 percent of Worth County households with children. The primary market area has larger percentages of single person households and non-married households without children.

**Table 11 2000 Age Distribution**

	Worth County		Primary Market Area	
	Number	Percent	Number	Percent
Under 10 years	3,220	14.7%	2,484	15.0%
10-17 years	3,064	13.9%	2,334	14.1%
18-24 years	1,770	8.1%	1,357	8.2%
25-34 years	2,688	12.2%	2,051	12.4%
35-44 years	3,349	15.2%	2,554	15.5%
45-54 years	3,075	14.0%	2,195	13.3%
55-61 years	1,592	7.2%	1,151	7.0%
62-64 years	580	2.6%	422	2.6%
65-69 years	795	3.6%	562	3.4%
70-74 years	663	3.0%	494	3.0%
75 and older	1,171	5.3%	918	5.6%
<b>TOTAL</b>	<b>21,967</b>	<b>100.0%</b>	<b>16,522</b>	<b>100.0%</b>

Source: U.S. Census of Population and Housing, 2000.

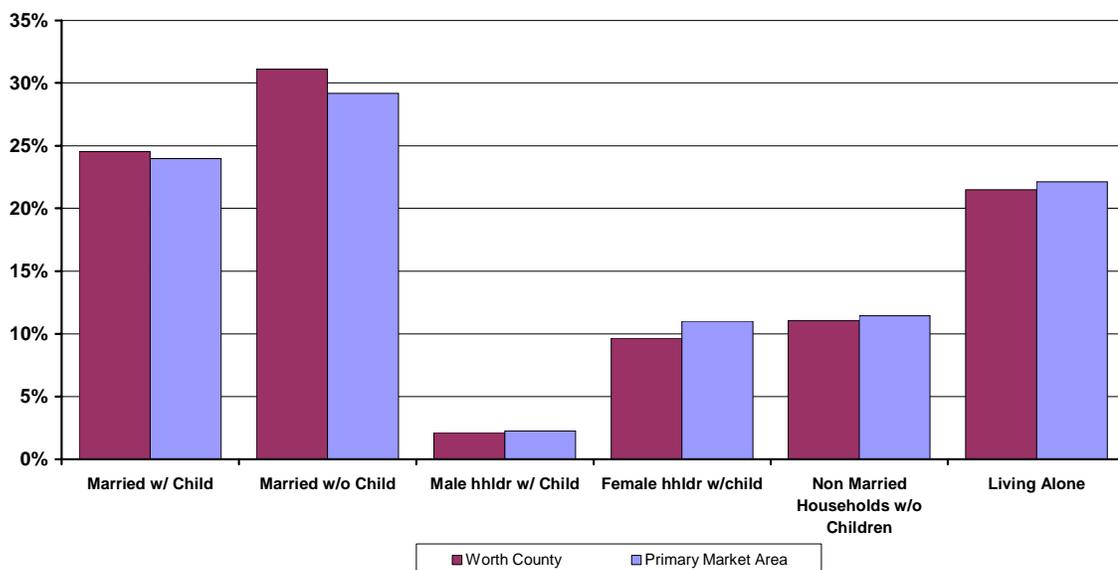


**Table 12 2000 Households by Household Type**

	Worth County		Primary Market Area	
	#	%	#	%
Married w/ Child	1,990	24.5%	1,453	24.0%
Married w/o Child	2,522	31.1%	1,768	29.2%
Male hhldr w/ Child	173	2.1%	137	2.3%
Female hhldr w/child	783	9.7%	668	11.0%
Non Married Households w/o Children	896	11.1%	694	11.5%
Living Alone	1,742	21.5%	1,340	22.1%
<b>Total</b>	<b>8,106</b>	<b>100.0%</b>	<b>6,060</b>	<b>100.0%</b>

Source: U.S. Census of Population and Housing, 2000.

**Households by Household Type**



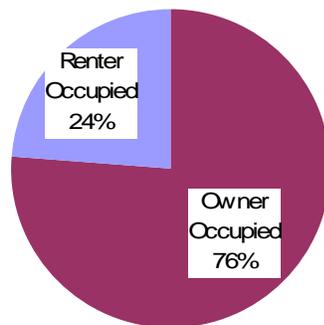
Most households in the primary market area and Worth County own their home. In 2000, 26.9 percent of the householders in the PMA were renters (Table 13). In comparison, 23.8 percent of Worth County householders rented.

**Table 13 Dwelling Units by Occupancy Status**

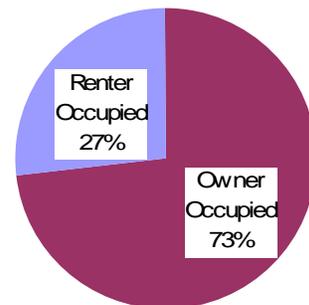
2000 Households	Worth County		Primary Market Area	
	Number	Percent	Number	Percent
Owner Occupied	6,179	76.2%	4,430	73.1%
Renter Occupied	1,927	23.8%	1,630	26.9%
<b>Total Occupied</b>	<b>8,106</b>	<b>100.0%</b>	<b>6,060</b>	<b>100.0%</b>
Total Vacant	980		591	
<b>TOTAL UNITS</b>	<b>9,086</b>		<b>6,651</b>	

Source: U.S. Census of Population and Housing, 2000.

**Worth County**



**Primary Market Area**



Comparing the age of householders shows a disparity among owner and renter households. Among owner householders, the two areas are similar with the disparity among most age brackets being only 0.1 or 0.2 percentage points. A more distinct trend exists among renter households where the primary market area has a higher percentage in each age group less than 45 years (Table 14).

**Table 14 2000 Households by Tenure & Age of Householder**

<b>Owner Households</b>	Worth County		Primary Market Area	
	Number	Percent	Number	Percent
Age of HHldr				
15-24 years	129	2.1%	93	2.1%
25-34 years	800	12.9%	569	12.8%
35-44 years	1,349	21.8%	989	22.3%
45-54 years	1,398	22.6%	969	21.9%
55-64 years	1,088	17.6%	784	17.7%
65-74 years	791	12.8%	563	12.7%
75 to 84 years	479	7.8%	354	8.0%
85+ years	145	2.3%	109	2.5%
<b>Total</b>	<b>6,179</b>	<b>100%</b>	<b>4,430</b>	<b>100%</b>

<b>Renter Households</b>	Worth County		Primary Market Area	
	Number	Percent	Number	Percent
Age of HHldr				
15-24 years	198	10.3%	172	10.6%
25-34 years	443	23.0%	382	23.4%
35-44 years	434	22.5%	376	23.1%
45-54 years	353	18.3%	289	17.7%
55-64 years	198	10.3%	159	9.8%
65-74 years	146	7.6%	122	7.5%
75 to 84 years	115	6.0%	96	5.9%
85+ years	40	2.1%	34	2.1%
<b>Total</b>	<b>1,927</b>	<b>100%</b>	<b>1,630</b>	<b>100%</b>

Source: U.S. Census of Population and Housing, 2000.

According to 2000 census data, over half of the renter households in both the primary market area (52.4 percent) and Worth County (53.4 percent) have either one or two persons (Table 15). Three person households account for 17-18 percent of all renter households. Thirty percent of the renter households in both geographies have four or more persons.

**Table 15 2000 Household Size, Renter Households**

Renter Occupied	Worth County		Primary Market Area	
	Number	Percent	Number	Percent
1-person household	580	30.1%	453	28.6%
2-person household	450	23.3%	378	23.8%
3-person household	326	16.9%	284	17.9%
4-person household	343	17.8%	304	19.2%
5-person household	165	8.5%	125	7.9%
6-person household	41	2.1%	23	1.5%
7+person household	25	1.3%	18	1.1%
<b>TOTAL</b>	1,930	100.0%	1,585	100.0%

Source: U.S. Census of Population and Housing, 2000, STF3.

## D. Income Characteristics

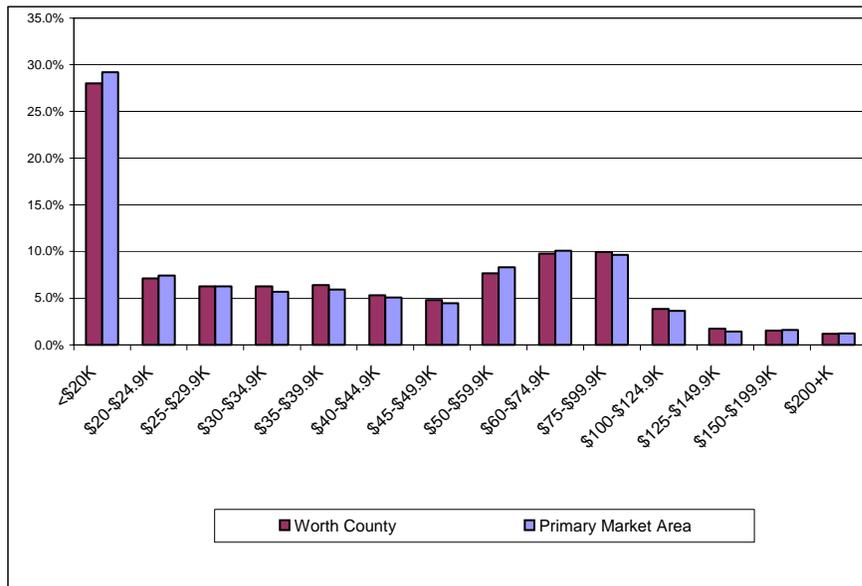
Based on Claritas projections, the 2005 median income for all households living in the primary market area was \$36,166, \$572 or 1.6 percent lower than the Worth County median of \$36,738 (Table 16). The primary market area has an equal or higher percentage of its householders earning less than \$30,000, between \$50,000 and \$75,000, and \$150,000 or more. The lower median income in the primary market area is due in part to the much higher renter percentage, as renters generally earn less than owners.

Based on Claritas income projections, the relationship between owner and renter incomes as recorded in the 2000 Census, the breakdown of tenure, and household estimates, RPRG estimates that the median income of renters in the primary market area as of 2005 is \$19,549, less than half of the owner household median of \$43,501 (Table 17). Over 59 percent of renter households earn less than \$25,000, compared to only 28 percent of owner households.

**Table 16 2005 Income Distribution, PMA and Worth County.**

		Worth County		Primary Market Area	
		Number	Percent	Number	Percent
less than	\$20,000	2,300	28.0%	1,746	29.2%
	\$20,000	585	7.1%	444	7.4%
	\$25,000	513	6.3%	376	6.3%
	\$30,000	516	6.3%	340	5.7%
	\$35,000	528	6.4%	356	6.0%
	\$40,000	436	5.3%	305	5.1%
	\$45,000	395	4.8%	266	4.4%
	\$50,000	629	7.7%	497	8.3%
	\$60,000	804	9.8%	602	10.1%
	\$75,000	817	10.0%	576	9.6%
	\$100,000	315	3.8%	217	3.6%
	\$125,000	142	1.7%	85	1.4%
	\$150,000	127	1.5%	95	1.6%
	\$200,000 over	99	1.2%	73	1.2%
Total		8,206	100.0%	5,978	100.0%
<b>Median Income</b>		<b>\$36,738</b>		<b>\$36,166</b>	

Source: Claritas, Inc,



**Table 17 2005 Income by Tenure, PMA**

		<b>Renter Household</b>		<b>Owner Households</b>	
		<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
less than	\$25,000	958	59.6%	1,232	28.2%
	\$25,000	118	7.4%	258	5.9%
	\$30,000	107	6.7%	233	5.3%
	\$35,000	67	4.2%	289	6.6%
	\$40,000	57	3.6%	248	5.7%
	\$45,000	50	3.1%	216	4.9%
	\$50,000	82	5.1%	415	9.5%
	\$60,000	99	6.2%	503	11.5%
	\$75,000	6	0.4%	570	13.1%
	\$100,000	29	1.8%	188	4.3%
	\$125,000	11	0.7%	74	1.7%
	\$150,000	13	0.8%	82	1.9%
	\$200,000	10	0.6%	63	1.4%
	over				
<b>Total</b>		<b>1,608</b>	<b>100.0%</b>	<b>4,370</b>	<b>100.0%</b>
<b>Median Income</b>		<b>\$19,549</b>		<b>\$43,501</b>	

Source: Claritas, Inc, Estimates, Real Property Research Group, Inc.

## V. Supply Analysis

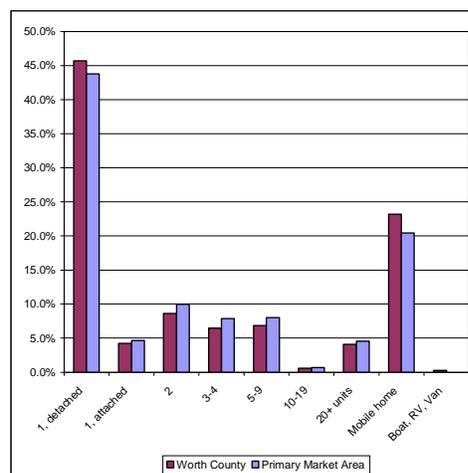
### A. Area Housing Stock

The primary market area has a higher percentage of its rental units within multi-family structure types compared to Worth County (Table 18). The primary market area had a higher percentage in all structures types with the exception of single-family detached homes and mobile homes. Although a lower percentage than in the county, nearly two-thirds of the primary market area's rental units are contained within one of these two structure types. Structures with three or more units contained only 16.6 percent of the rental units in the primary market area and 13.9 percent of the rental units in Worth County.

**Table 18 2000 Renter Households by Number of Units**

Renter Occupied	Worth County		Primary Market Area	
	Number	Percent	Number	Percent
1, detached	882	45.7%	694	43.8%
1, attached	82	4.2%	74	4.7%
2	166	8.6%	158	10.0%
3-4	125	6.5%	125	7.9%
5-9	132	6.8%	127	8.0%
10-19	11	0.6%	11	0.7%
20+ units	79	4.1%	72	4.5%
Mobile home	448	23.2%	324	20.4%
Boat, RV, Van	5	0.3%	0	0.0%
<b>TOTAL</b>	<b>1,930</b>	<b>100.0%</b>	<b>1,585</b>	<b>100.0%</b>

Source: U.S. Census of Population and Housing, 2000, STF3.



The rent distribution from the 2000 Census shows that the median rent is \$237 in the primary market area and \$238 in Worth County (Table 19). According to this distribution, nearly forty percent of renter householders in both areas paid a monthly contract rent between of \$200 or less. Fifty-five percent of renters in the primary market area paid between \$200 and \$500, the general range of LIHTC rents at Paradise Estates.

The median year built among owner occupied housing units is 1978 in the primary market area and 1980 in Worth County. The median year built among renter occupied households is 1972 for the primary market area and 1971 for Worth County. According to the 2000 Census, just over ten percent of the rental units in both areas were built between 1990 and 2000.

**Table 19 2000 Census Rent Distribution.**

	<b>Worth County</b>		<b>Primary Market Area</b>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Less than \$200	633	38.6%	548	39.6%
\$200 to \$299	485	29.6%	378	27.3%
\$300 to \$399	244	14.9%	220	15.9%
\$400 to \$499	178	10.8%	160	11.6%
\$500 to \$599	45	2.7%	28	2.0%
\$600 to \$699	26	1.6%	26	1.9%
\$700 to \$799	14	0.9%	7	0.5%
\$800 and over	16	1.0%	16	1.2%
<b>TOTAL</b>	1,641	100.0%	1,383	100.0%
<b>Median Rent</b>	\$238		\$237	
Renters paying rent	1,641	87.8%	1,383	89.4%
No cash rent	228	12.2%	164	10.6%
<b>Total Renters</b>	1,869	100.0%	1,547	100.0%

Source: U.S. Census of Population and Housing, 2000, STF3.

**Table 20 Year Property Built**

Renter Occupied	Worth County		Primary Market Area	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1999 to 2000	0	0.0%	0	0.0%
1995 to 1998	92	4.8%	75	4.7%
1990 to 1994	109	5.6%	85	5.4%
1980 to 1989	398	20.6%	336	21.2%
1970 to 1979	434	22.5%	386	24.4%
1960 to 1969	261	13.5%	203	12.8%
1950 to 1959	308	16.0%	273	17.2%
1940 to 1949	166	8.6%	143	9.0%
1939 or earlier	162	8.4%	84	5.3%
<b>TOTAL</b>	1,930	100.0%	1,585	100.0%
<b>MEDIAN YEAR BUILT</b>		<b>1971</b>		<b>1972</b>

Source: U.S. Census of Population and Housing, 2000, STF3.

Owner Occupied	Worth County		Primary Market Area	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1999 to 2000	252	4.1%	194	4.4%
1995 to 1998	917	14.8%	627	14.2%
1990 to 1994	850	13.8%	562	12.7%
1980 to 1989	1,101	17.8%	772	17.5%
1970 to 1979	1,184	19.2%	899	20.4%
1960 to 1969	865	14.0%	646	14.6%
1950 to 1959	479	7.8%	372	8.4%
1940 to 1949	194	3.1%	124	2.8%
1939 or earlier	334	5.4%	221	5.0%
<b>TOTAL</b>	6,176	100.0%	4,417	100.0%
<b>MEDIAN YEAR BUILT</b>		<b>1980</b>		<b>1978</b>

Source: U.S. Census of Population and Housing, 2000, STF3.

## **B. Rental Market**

Few multi-family rental communities exist in the primary market area. For the purposes of this analysis, we surveyed four multi-family rental communities including two market rate properties and two deeply subsidized properties. The market rate properties are the most comparable to the proposed units at Paradise Estates as the rent paid at the deeply subsidized communities is based on a percentage of each tenant's income. A profile sheet of each community is attached as Appendix 5. The location of each community is shown on Map 5.

The two market rate communities combine to offer 64 units of which 3 units or 4.7 percent were reported vacant. All of the vacant units were at Teresan Apartments, an older community. The newer and well maintained Lakeview Apartments had none of its forty units vacant (Table 21). The two deeply subsidized communities offer a combined 121 units with no vacancies. The waiting list for these units exceeds 30 people (Table 22). None of the surveyed communities are currently offering rental incentives.

**Map 5 Survryed Rental Communities**



**Table 21 Rental Summary, Market Rate Rental Communities**

Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	Average 1BR Rent (1)	Average 2BR Rent (1)	Incentive
Subject Property - 30% AMI		Garden	10				\$220	
Subject Property - 50% AMI		Garden	25				\$300	
Subject Property - Market Rate		Garden	15				\$430	
Lakeview		Townhouse	40	0	0.0%		\$485	None
Teresan Apts		Garden	24	3	12.5%		\$450	None
<b>Total/Average</b>			<b>64</b>	<b>3</b>	<b>4.7%</b>		<b>\$468</b>	

(1) Rent is contract rent, and not adjusted for utilities or incentives

Source: Field Survey, Real Property Research Group, Inc. June, 2006.

**Table 22 Rental Summary, Subsidized Rental Communities**

Name	Type	Units	Vacant	Vac. Rate	Wait List
Azalea Place	Garden	49	0	0.0%	10 people
Kingsway I	Garden/TH	60	0	0.0%	20 people
Kingsway II	Garden/TH	12	0	0.0%	yes
<b>Total</b>		<b>121</b>	<b>0</b>	<b>0.0%</b>	

Given the relatively small size and age of the rental communities in the primary market area, included amenities are minimal (Table 23). Lakeview offers a swimming pool and a playground, while Teresan does not offer recreational amenities. Neither of the deeply subsidized communities offers significant amenities. The proposed amenities at Paradise Estates will exceed the amenities offered at these two market rate communities. The proposed project's amenities including a community room, a fitness room, a swimming pool, a computer room, and a playground will be unmatched in the primary market area.

**Table 23 Common Area Amenities of Surveyed Communities**

Community	Community Amenities							
	Clubhouse	Fitness Room	Pool	Hot Tub	Sauna	Playground	Tennis	Business Center
Subject Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lakeview	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teresan Apts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Field Survey, Real Property Research Group, Inc. June, 2006.

The two market rate communities only include the cost of only trash removal in the price of rent (Table 24). Paradise Estates will also include the cost of water and sewer. Included amenities are dishwashers, patios/balconies, and washer/dryer connections.

The majority of the surveyed rental units are two bedroom units as Teresan offers only four three-bedroom units. The deeply subsidized communities include a limited number of three bedroom units. The proposed three and four bedroom units will fill a void in the primary market area, as few large multi-family rental units are available. Most of the primary market area's larger rental units are contained within mobile homes or older single-family detached homes. The proposed units at Paradise Estates will offer more amenities and upgraded unit features.

The street rents at the existing communities have been adjusted to account for rental incentives and the inclusion of utilities to compute net rent. The average net rent among the surveyed communities is \$479 for a two bedroom unit and \$462 for a three bedroom unit. The three bedroom average is lower than the two bedroom average as the higher priced community, Lakeview, does not offer three bedroom units.

In order to better understand how the proposed rents compare with the rental market, the rents of the most comparable communities are adjusted for a variety of factors including curb appeal, square footage, utilities, and amenities. Given the limited number of competitive properties in the primary market area and the amount of data available from these properties, we have made adjustments for age of the property and additional bedrooms. Neither of the market rate communities offers four bedroom units. According to our adjustment calculations (Table 26), the market rents for the proposed units at Paradise Estates are \$492 for a two bedroom unit, \$536 for a three bedroom unit, and \$586 for a four bedroom unit. Market advantages for the LIHTC units average 55 percent for the 30 percent units and 27 percent for the 50 percent units. The proposed market rate rents at Paradise Estates are 6 to 11 percent below the estimated market rent. The proposed rents appear reasonable and achievable.

**Table 24 Features of Rental Communities in Primary Market Area**

Community	Heat Type	Utilities included in Rent						Dishwasher	Microwave	Parking	In Unit Laundry
		Heat	Hot Water	Cooking	Electric	Water	Trash				
Subject Property	Electric	☐	☐	☐	☐	☒	☒	Standard		Free Surface Parking	Hook Ups
Lakeview	Electric	☐	☐	☐	☐	☐	☒	Standard		Free Surface Parking	Hook Ups
Teresan Apts	Electric	☐	☐	☐	☐	☐	☒	Select Units		Free Surface Parking	Standard - Full

Source: Field Survey, Real Property Research Group, Inc. June, 2006.

**Table 25 Salient Characteristics, PMA Rental Communities**

Community	Type	Total Units	Two Bedroom Units			Three Bedroom Units			Four Bedroom Units					
			Units	Rent (1)	SF	Rent/SF	Units	Rent (1)	SF	Rent/SF	Units	Rent	SF	Rent/SF
Subject Property - 30% AMI	Garden	10	4	\$220	1,000	\$0.22	4	\$245	1,200	\$0.20	2	\$255	1,350	\$0.19
Subject Property - 50% AMI	Garden	25	13	\$300	1,000	\$0.30	9	\$420	1,200	\$0.35	3	\$470	1,350	\$0.35
Subject Property - Market Rate	Garden	15	7	\$430	1,000	\$0.43	6	\$500	1,200	\$0.42	2	\$550	1,350	\$0.41
Lakeview	Townhouse	40	40	\$496	1,150	\$0.43								
Teresan Apts	Garden	24	20	\$461			4	\$462						
<b>Average / Total</b>		<b>64</b>		<b>\$479</b>	<b>1,150</b>	<b>\$0.42</b>		<b>\$462</b>						
<b>Unit Distribution</b>		<b>64</b>	<b>60</b>				<b>4</b>							
<b>% of Total</b>		<b>100%</b>	<b>94%</b>				<b>6%</b>							

(1) Rent is adjusted, net of utilities and incentives

Source: Field Survey, Real Property Research Group, Inc. June, 2006.

**Table 26 Adjusted Rent Comparison, Paradise Estates**

**Two Bedroom Units**

Project Name	Subject Site	Lakeview	Teresan	
Total Units	50	40	24	
Building Type	Garden	Townhouse	Garden	
Street Rent	\$220, \$300, \$430	\$496	\$461	
<b>Adjustments</b>				
Year Built	2008	1999	1985	
Average Square Footage	1,000	1,150		
Utilities		\$7	\$17	
Bedroom Adjustment		-\$38		
Location				
Condition/Design/Appeal		-\$10		
Amenities		\$10	\$20	
<b>Net Adjustment</b>		-\$31	\$57	
<b>Market Rent</b>	<b>\$492</b>	\$465	\$518	
<b>Market Advantage</b>	<b>11% to 54%</b>			
<b>Market Rent Per Sq. Foot</b>	<b>\$0.49</b>			

**Three Bedroom**

Project Name	Subject Site	Lakeview	Teresan	
Total Units	50	40	24	
Building Type	Garden	Townhouse	Garden	
Street Rent	\$245, \$420, \$500	\$496	\$462	
<b>Adjustments</b>				
Year Built	2008	1999	1985	
Average Square Footage	1,200			
Utilities		\$7	\$17	
Bedroom Adjustment		\$50		
Location		-\$10		
Condition/Design/Appeal			\$20	
Amenities		\$10	\$20	
<b>Net Adjustment</b>		\$57	\$57	
<b>Market Rent</b>	<b>\$536</b>	\$553	\$519	
<b>Market Advantage</b>	<b>7% to 54%</b>			
<b>Market Rent Per Sq. Foot</b>	<b>\$0.45</b>			

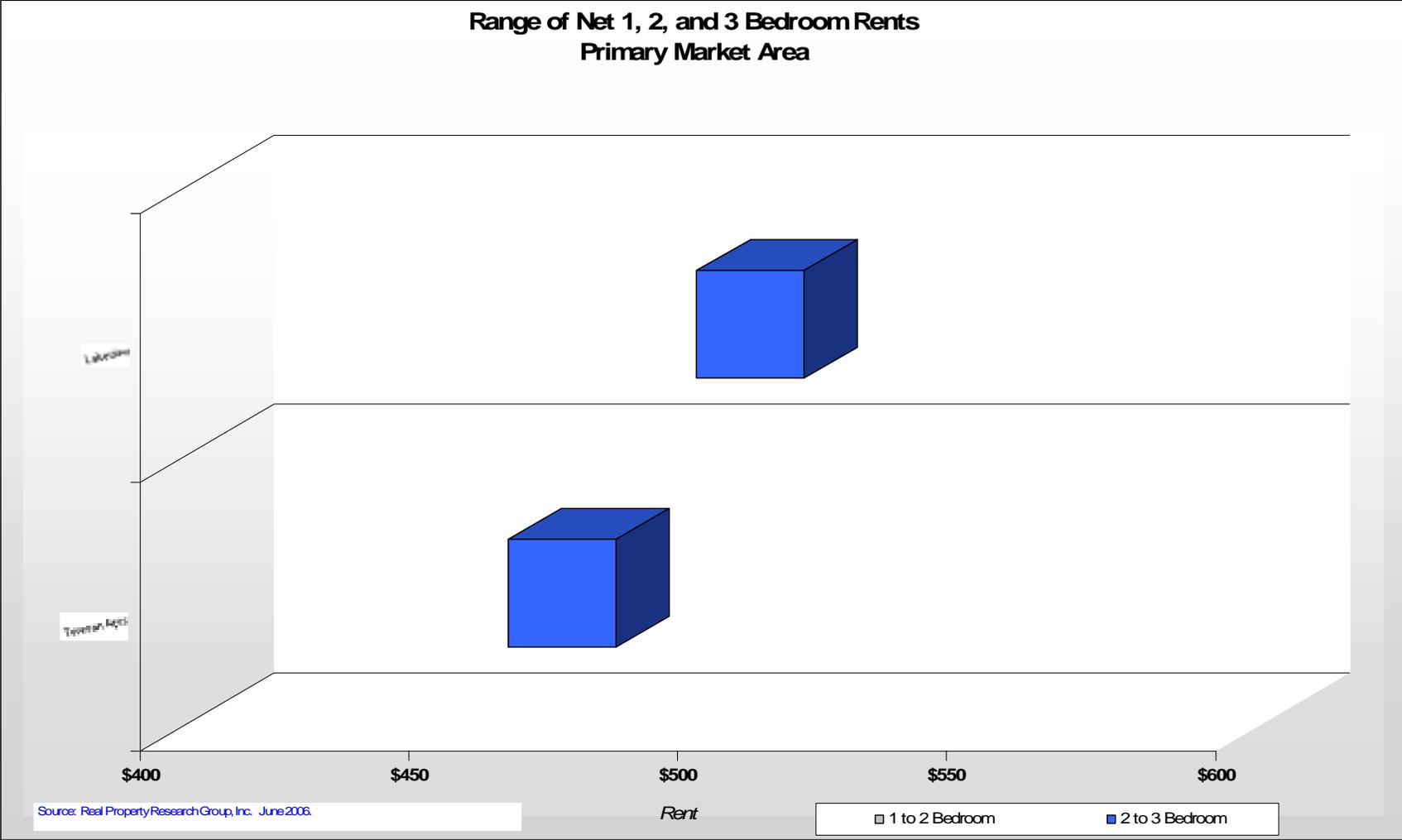
**Four Bedroom**

Project Name	Subject Site	Lakeview	Teresan	
Total Units	50	40	24	
Building Type	Garden	Townhouse	Garden	
Street Rent	\$255, \$470, \$550	\$496	\$462	
<b>Adjustments</b>				
Year Built	2008	1999	1985	
Average Square Footage	1,350			
Utilities		\$7	\$17	
Bedroom Size		\$100	\$50	
Rental Incentives/Specials				
Location		-\$10		
Condition/Design/Appeal			\$20	
Amenities		\$10	\$20	
<b>Net Adjustment</b>		\$107	\$107	
<b>Market Rent</b>	<b>\$586</b>	\$603	\$569	
<b>Market Advantage</b>	<b>6% to 56%</b>			
<b>Market Rent Per Sq. Foot</b>	<b>\$0.43</b>			

**Market Advantage Summary**

Income Targeting	2BR Market Advantage	3BR Market Advantage	4BR Market Advantage
30 Percent LIHTC Units	55%	54%	56%
50 Percent LIHTC Units	39%	22%	20%
Market Rate Unit	13%	7%	6%

Figure 3 Range of Net Rents



The low number of rental communities in the primary market does not produce a wide range of net rents (Figure 3). The two market rate communities in the primary market area offer two and three bedroom units ranging from \$475 to \$575.

### **C. Proposed Developments**

According to the Worth County Zoning Department and the Worth County Economic Development Authority, no new multi-family rental communities are planned in the primary market area.

## VI. Findings and Conclusions

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### A. Findings

Based on this review of economic and demographic characteristics of the primary market area and Worth County and competitive housing trends, we arrive at the following findings:

#### **The subject property is a suitable location for rental housing**

- Paradise Estates Apartments is located in southern Sylvester, surrounded by moderate value single-family detached homes and mobile homes.
- Access to the property will be available via an entrance on West Pine Street just west of Sutton Drive. Both are residential side streets with light traffic and accessibility problems are not anticipated.
- Paradise Estates Apartments is compatible with surrounding land uses. The subject property is primarily surrounded by single-family detached homes and vacant land. The site is bordered to the north by mobile homes, which will not be visible from the property or entrance. Few multi-family rental communities are located within one mile of the subject property.
- Paradise Estates will be located in a residential neighborhood in southern Sylvester with numerous community amenities within one mile of the subject property including retail, medical, and a public library.

#### **Worth County has a stable, though somewhat stagnant economy.**

- Worth County's total employment had been cyclical over the past sixteen years with five years of net growth and ten years of net employment loss. Total at-place employment of 3,249 through the third quarter of 2005 represents a net loss of 7 jobs from 1990's job base.
- The county's job base reached a high point of 3,571 in 1998, but has since decreased during six of the past seven years. Actual job loss has been minimal as the net job loss since 1989 is only 322 jobs or 42 jobs per year.

- The trade-transportation-utilities and government sectors comprise a much larger percentage of Worth County's employment when compared to the national figures. These two employment sectors account for 53.3 percent of the county job base compared to a 35.7 percent national figure.
- Three of the five largest employers in Worth County are related to the peanut industry, including Conagra the makers of Peter Pan Peanut Butter. Sylvester is the only manufacturing facility and primary distribution center for Peter Pan Peanut Butter.
- Although not growing, Worth County's economy appears stable. The large percentage of jobs in government and the peanut industry (not prone to large swings) has helped stabilize the county employment base.

**After experiencing some growth through the 1990's, both the primary market area and Worth County are projected to experience minor population decreases through 2010. Household losses are projected to be lower than population.**

- The primary market area's population increased by 1,762 or 11.9 percent between 1990 and 2000. By comparison, Worth County's population increased 11.3 percent during the same time period. From 2000 to 2005, the total population in the primary market area is estimated to have decreased by 494 or 3.0 percent. Worth County's population decreased by 0.6 percent or 126 people during the same five-year time period.
- Household growth exceeded population growth on a percentage basis in both geographies between 1990 and 2000. The PMA gained 916 households between the 1990 and 2000 Census counts, while Worth County grew by 1,211 households. These changes equate to a 17.8 percent increase in the primary market area and a 17.6 percent increase in Worth County.
- Estimates show that the PMA's household count decreased by 82 or 1.4 percent between 2000 and 2005 compared to an increase of 100 households or 1.2 percent in Worth County.
- Recent population and household trends are projected to continue through 2010 with the primary market area's household base expected to decrease by 24 households or

0.4 percent annually. The market area's households are smaller than the county's, on average.

**The primary market area's households are generally younger and less affluent than Worth County.**

- The primary market area has a higher percentage of its population in three of four age classifications under 45 years and age 75+. Worth County has an equal or higher percentage in each age classification between the ages of 45 and 74.
- Over half of the householders in the primary market area (53.2 percent) and Worth County (55.6 percent) are married. The primary market area has a higher percentage of households with children present compared to the county. Single-parent households account for 37.3 percent of PMA's households with children and 32.5 percent of Worth County households with children.
- Most households in the primary market area and Worth County own their home. In 2000, 26.9 percent of the householders in the PMA were renters. In comparison, 23.8 percent of Worth County householders rented.
- Based on Claritas projections, the 2005 median income for all households living in the primary market area was \$36,166, \$572 or 1.6 percent lower than the Worth County median of \$36,738. The primary market area has an equal or higher percentage of its householders earning less than \$30,000, between \$50,000 and \$75,000, and \$150,000 or more.
- The median income of primary market area renter households of \$19,549 is less than half of the owner median of \$43,501. Over 59 percent of renter households earn less than \$25,000, compared to only 28 percent of owner households.

**Few multi-family rental communities exist in the primary market area. Much of the rental stock is contained within individually owned single-family detached homes and mobile homes.**

- Although a lower percentage than in the county, nearly two-thirds of the primary market area's rental units are contained within single-family or mobile homes. Structures with three or more units contained only 16.6 percent of the rental units in the primary market area and 13.9 percent of the rental units in Worth County.

- The rent distribution from the 2000 Census shows that the median rent is \$237 in the primary market area and \$238 in Worth County (Table 19). According to this distribution, nearly forty percent of renter householders in both areas paid a monthly contract rent between of \$200 or less. Fifty-five percent of renters in the primary market area paid between \$200 and \$500, the general range of LIHTC rents at Paradise Estates. *It is unlikely that rental rates have increased significantly in Worth County over the past six years.*
- The two market rate communities combine to offer 64 units, of which 3 units or 4.7 percent were reported vacant. All of the vacant units were at Teresan Apartments, an older community. The newer and well maintained Lakeview Apartments had none of forty units vacant. The two deeply subsidized communities offer a combined 121 units with no vacancies. The waiting list for these units exceeds 30 people.
- Included amenities are minimal in the primary market area. The proposed community and unit amenities at Paradise Estates exceed all of the existing multi-family rental communities in the primary market area. Scattered site rental units do not offer the same community amenities as a multi-family rental community.
- The estimated market rents for the proposed units at Paradise Estates are \$492 for a two bedroom unit, \$536 for a three bedroom unit, and \$586 for a four bedroom unit.
- Market advantages for the LIHTC units average 55 percent for the 30 percent units and 27 percent for the 50 percent units. The proposed market rate rents at Paradise Estates are 6 to 11 percent below the estimated market rent. The proposed rents appear reasonable and achievable.

## B. Affordability Analysis

To understand the depth of the rental market for affordable housing in the primary market area, we have conducted an affordability analysis for the proposed units (Table 27). This capture rate reflects the percentage of income-qualified households in the market that the subject property must capture in order to gain full occupancy.

- To calculate the income distribution for 2008, we projected incomes based on Claritas' income distributions for 2005 and 2010, and the relationship of owner/renter incomes by income cohort from the 2000 Census. The maximum income limits are based on DCA's requirements that the average persons per bedroom be rounded to the nearest whole number. Therefore, instead of the standard of 1.5 persons per bedroom as outlined in Section 42 of the IRS code, we have assumed 2 persons for a one bedroom unit, 3 persons for two bedroom units, 5 persons for three bedroom units, and 6 persons for four bedroom units.
- Using a 35 percent rent burden criteria, we determined that the gross one bedroom rent (\$326) for the 30 percent two bedroom units would be affordable to households earning a minimum of \$11,177, which includes 4,993 households in the primary market area.
- Based on the 2006 HUD income limits for households at 30 percent of median income, the maximum income allowed for a two bedroom unit (three person household) in this market would be \$13,020. We estimate that 4,845 households within the primary market area have incomes above that maximum.
- Subtracting the 4,845 households with incomes above the maximum income from the 4,993 households that could afford to rent this unit, we compute that 148 households are within the band of being able to afford the proposed rent. The proposed 4 thirty percent two bedroom units would require a capture rate of 2.7 percent of all qualified households. Among renter households, the capture rate for this floorplan is 5.9 percent.

- Using the same methodology, we determined the band of qualified households for each of the other bedroom types offered in the community.
- Given the income requirements of each unit type and the overlap of income bands, project wide affordability bands were calculated. Looking at all 50 units, the project will need to absorb 2.1 percent of the 2,436 households that earn between \$11,177 and \$44,800 in the primary market area. For renter households, the 50 proposed units must capture 6.4 percent of the income qualified renter households.
- Affordability by floorplan indicates a sufficient number of income-qualified households for all floorplans.

**Table 27 2008 Affordability Analysis for Paradise Estates.**

	Two Bedroom Units			Three Bedroom Units			Four Bedroom Units			
30% Units	<b>Base Price</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Base Price</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Base Price</b>	<b>Proposed</b>	<b>Maximum</b>	
	Number of Units	4		Number of Units	7		Number of Units	2		
	Net Rent	\$220		Net Rent	\$245		Net Rent	\$255		
	Gross Rent	\$326		Gross Rent	\$374		Gross Rent	\$419		
	% Income Spent for Shelter	35%		% Income Spent for Shelter	35%		% Income for Shelter	35%		
	Income Range	\$11,177	\$13,020	Income Range	\$12,823	\$15,630	Income	\$14,366	\$16,800	
	Range of Qualified Hslds	4,993	4,845	Range of Qualified Hslds	4,860	4,633	Band of Qualified Hslds	4,736	4,537	
# Qualified Households		148	# Qualified Households		227	# Qualified Households		199		
<b>Unit Total HH Capture Rate</b>		<b>2.7%</b>	<b>Unit Total HH Capture Rate</b>		<b>3.1%</b>	<b>Unit Total HH Capture Rate</b>		<b>1.0%</b>		
Range of Qualified Renters	1,101	1,034	Range of Qualified Renters	1,041	938	Range of Qualified Renters	984	894		
# Qualified RenterHouseholds		67	# Qualified RenterHouseholds		103	# Qualified RenterHouseholds		91		
<b>Unit Renter HH Capture Rate</b>		<b>5.9%</b>	<b>Unit Renter HH Capture Rate</b>		<b>6.8%</b>	<b>Unit Renter HH Capture Rate</b>		<b>2.2%</b>		
50% Units	<b>Base Price</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Base Price</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Base Price</b>	<b>Proposed</b>	<b>Maximum</b>	
	Number of Units	13		Number of Units	9		Number of Units	3		
	Net Rent	\$300		Net Rent	\$420		Net Rent	\$470		
	Gross Rent	\$406		Gross Rent	\$549		Gross Rent	\$634		
	% Income Spent for Shelter	35%		% Income Spent for Shelter	35%		% Income for Shelter	35%		
	Income Range	\$13,920	\$21,700	Income Range	\$18,823	\$26,050	Income	\$21,737	\$28,000	
	Range of Qualified Hslds	4,772	4,134	Range of Qualified Hslds	4,371	3,785	Band of Qualified Hslds	4,131	3,643	
# Qualified Households		638	# Qualified Households		585	# Qualified Households		488		
<b>Unit Total HH Capture Rate</b>		<b>2.0%</b>	<b>Unit Total HH Capture Rate</b>		<b>1.5%</b>	<b>Unit Capture Rate</b>		<b>0.6%</b>		
Range of Qualified Renters	1,001	736	Range of Qualified Renters	818	642	Range of Qualified Renters	735	603		
# Qualified RenterHouseholds		265	# Qualified RenterHouseholds		176	# Qualified RenterHouseholds		132		
<b>Unit Renter HH Capture Rate</b>		<b>4.9%</b>	<b>Unit Renter HH Capture Rate</b>		<b>5.1%</b>	<b>Unit Renter HH Capture Rate</b>		<b>2.3%</b>		
80% Units	<b>Base Price</b>	<b>Proposed</b>	<b>Maximum</b>	<b>Base Price</b>	<b>Proposed</b>	<b>Maximum</b>	<b>Base Price</b>	<b>Proposed</b>	<b>Maximum</b>	
	Number of Units	7		Number of Units	6		Number of Units	2		
	Net Rent	\$430		Net Rent	\$500		Net Rent	\$550		
	Gross Rent	\$536		Gross Rent	\$629		Gross Rent	\$714		
	% Income for Shelter	35%		% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$18,377	\$34,720	Income	\$21,566	\$41,680	Income	\$24,480	\$44,800	
	Range of Qualified Hslds	4,407	3,186	Range of Qualified Hslds	4,145	2,747	Band of Qualified Hslds	3,905	2,557	
# Qualified Households		1,221	# Qualified Households		1,398	# Qualified Households		1,348		
<b>Unit Total HH Capture Rate</b>		<b>0.6%</b>	<b>Unit Total HH Capture Rate</b>		<b>0.4%</b>	<b>Unit Capture Rate</b>		<b>0.1%</b>		
Range of Qualified Renters	835	479	Range of Qualified Renters	739	364	Range of Qualified Renters	674	319		
# Qualified RenterHouseholds		355	# Qualified RenterHouseholds		376	# Qualified RenterHouseholds		356		
<b>Unit Renter HH Capture Rate</b>		<b>2.0%</b>	<b>Unit Renter HH Capture Rate</b>		<b>1.6%</b>	<b>Unit Renter HH Capture Rate</b>		<b>0.6%</b>		
<b>Gross Capture Rate by Income Group</b>			<b>Total Households</b>				<b>Renter Households</b>			
	Number of Units		Band of Qualified HHs		# Qualified HHs		Band of Qualified HHs		# Qualified HHs	
30% Units	10	Income	\$11,177	\$16,800		\$11,177	\$16,800			
		HHs	4,993	4,537	456	1,101	894	207		
					<b>2.2%</b>			<b>4.8%</b>	<b>Capture Rate</b>	
		Income	\$13,920	\$28,000		\$13,920	\$28,000			
50% Units	25	HHs	4,772	3,643	1,129	1,001	603	398		
					<b>2.2%</b>			<b>6.3%</b>	<b>Capture Rate</b>	
		Income	\$18,377	\$44,800		\$18,377	\$44,800			
80% Units	15	HHs	4,407	2,557	1,850	835	319	516		
					<b>0.8%</b>			<b>2.9%</b>	<b>Capture Rate</b>	
		Income	\$11,177	\$28,000		\$11,177	\$28,000			
LIHTC Units	35	HHs	4,993	3,643	1,350	1,101	603	498		
					<b>2.6%</b>			<b>7.0%</b>	<b>Capture Rate</b>	
		Income	\$11,177	\$44,800		\$11,177	\$44,800			
Total Units	50	HHs	4,993	2,557	2,436	1,101	319	783		
					<b>2.1%</b>			<b>6.4%</b>	<b>Capture Rate</b>	

Source: 2000 U.S. Census, estimates, Real Property Research Group, Inc.

## D. DCA Demand Calculations

DCA's demand methodology consists of three components. The first is income qualified renter households living in substandard households. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to US Census data, the percentage of renter households in the primary market area that living in "substandard" conditions is 8.77 percent (Table 28).

The second component of demand is population growth. This number is the number of age and income qualified renter households anticipated to move into the market area between 2000 and 2008.

The final component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to Census data, 30.8 percent of renter households are categorized as cost burdened.

DCA requires that demand be calculated with several variations. Demand and capture rates are to be calculated for all low income units, all market rate units, on a floorplan basis, all units.

DCA considers units that have been constructed since the base year of the demand estimate (2000) to have an impact on the future demand for new development. For this reason, the units constructed since 1999 are subtracted from the gross demand estimate. No such properties were identified in the primary market area.

The overall capture rates are 18.3 percent for all LIHTC units, 7.6 percent for all market rate units, and 16.6 percent for all units (Table 31). Each of these capture rates is well below DCA threshold levels. Paradise Estates will offer three bedroom sizes at three income levels, resulting in 9 individual capture rates by floorplan. Capture rates by floorplan range from 1.5 percent to 17.6 percent (Table 31), all of which are well below DCA's allowable levels.

As a large percentage of the units at Paradise Estates will target large households, we have applied a household factor to the demand estimates by floorplan (Table 32). Although expectedly higher, these capture rates (4.9 percent to 37.9 percent) indicate sufficient larger renter households to support the proposed units at Paradise Estates.

**Table 28 Cost Burdened and Substandard Calculation**

<b>Rent Cost Burden</b>			<b>Substandardness</b>	
Total Households			Total Households	
Less than 10.0 percent	152	9.8%	<b>Owner occupied:</b>	
10.0 to 14.9 percent	244	15.8%	Complete plumbing facilities:	4,404
15.0 to 19.9 percent	168	10.9%	1.00 or less occupants per room	4,274
20.0 to 24.9 percent	181	11.7%	1.01 or more occupants per room	102
25.0 to 29.9 percent	126	8.1%	Lacking complete plumbing facilities:	28
30.0 to 34.9 percent	69	4.5%	Overcrowded or lacking plumbing	130
35.0 to 39.9 percent	88	5.7%		
40.0 to 49.9 percent	60	3.9%	<b>Renter occupied:</b>	
50.0 percent or more	271	17.5%	Complete plumbing facilities:	1,527
Not computed	188	12.2%	1.00 or less occupants per room	1,391
Total	1,547	100.0%	1.01 or more occupants per room	113
			Lacking complete plumbing facilities:	23
<b>&gt; 35% income on rent</b>	<b>419</b>	<b>30.8%</b>	Overcrowded or lacking plumbing	136
			<b>Substandard Housing</b>	<b>266</b>
			<b>% Total Stock Substandard</b>	<b>4.45%</b>
			<b>% Rental Stock Substandard</b>	<b>8.77%</b>

Source: 2000 U.S. Census

**Table 29 Overall Demand Estimates**

<b>Primary Market Area Demand</b>	<b>LIHTC Units</b>	<b>Market Rate Units</b>	<b>Total Units</b>
Substandard Households	143	143	143
Renter Household Growth	-35	-35	-35
Cost Burdened Renter HH's	503	503	503
<b>Total Demand</b>	<b>611</b>	<b>611</b>	<b>611</b>
% Income Qualified	31.4%	32.5%	49.3%
<b>Income Qualified Demand</b>	<b>192</b>	<b>199</b>	<b>301</b>
Recent and Pipeline	0	0	0
<b>Net Income Qualified Demand</b>	<b>192</b>	<b>199</b>	<b>301</b>
Units in Subject Property	35	15	50
Capture Rate	18.3%	7.6%	16.6%

**Table 30 Detailed Gross Demand Estimates**

**Demand from Substandard Households**

2000 Households		Substandard Percentage		2000 Substandard Households
6,060	times	8.77%	equals	532
2000 Substandard Households		% of Renters Per Census		2000 Substandard Renter Households
532	times	26.90%	equals	143

**Demand from Household Growth**

2007 Households		2000 Households		Household Change
5,929	minus	6,060	equals	-131
Household Change		% of Renters Per Census		Renter Household Change
-131	times	26.90%	equals	-35

**Demand from Cost Burdened Renters**

2000 Households		% of Renters Per Census		2000 Renter Households
6,060	times	26.90%	equals	1,630
2000 Renter Households		% Cost Burdened		2000 Cost Burdened Renter Households
1,630	times	30.83%	equals	503
2000 Cost Burdened Renter Households		% Considered Likely As Demand		Likely Demand from Cost Burdened
503	times	100.00%	equals	503

## E. DCA Estimates and Capture Rates by Floorplan and Income

**Table 31 Demand Estimates and Capture Rates by Floorplan and Income Level**

	2-Br	3-Br	4-BR
Substandard Households	143	143	143
Renter Household Growth	-35	-35	-35
Cost Burdened Households	503	503	503
Total Demand	611	611	611
% Income Qualified	4.2%	6.5%	5.7%
Income Qualified Demand	26	40	35
Recent and Pipeline	0	0	0
Net Demand	26	40	35
Proposed Units	4	7	2
Capture Rate	15.4%	17.6%	5.7%

<b>LIHTC (50% AMI) Units</b>			
	2-Br	3-Br	4-BR
Substandard Households	143	143	143
Renter Household Growth	-35	-35	-35
Cost Burdened Households	503	503	503
Total Demand	611	611	611
% Income Qualified	16.7%	11.1%	8.3%
Income Qualified Demand	102	68	51
Recent and Pipeline	0	0	0
Net Demand	102	68	51
Proposed Units	13	9	3
Capture Rate	12.8%	13.3%	5.9%

<b>Market Rate (80% AMI) Units</b>			
	2-Br	3-Br	4-BR
Substandard Households	143	143	143
Renter Household Growth	-35	-35	-35
Cost Burdened Households	503	503	503
Total Demand	611	611	611
% Income Qualified	22.4%	23.6%	22.4%
Income Qualified Demand	137	144	137
Recent and Pipeline	0	0	0
Net Demand	137	144	137
Proposed Units	7	6	2
Capture Rate	5.1%	4.2%	1.5%

**Table 32 Demand by Floorplan and Income Level with HH Size**

	LIHTC (30% AMI) Units			Household Sizes		
	2-Br	3-Br	4-BR	Bedrooms	Persons	%
Substandard Households	143	143	143	2	2-4	60.9%
Renter Household Growth	-35	-35	-35	3	3-6	46.4%
Cost Burdened Households	503	503	503	4	4+	29.7%
Total Demand	611	611	611			
HH Size Factor	60.9%	46.4%	29.7%			
% Income Qualified	4.2%	6.5%	5.7%			
Income Qualified Demand	16	18	10			
Recent and Pipeline	0	0	0			
Net Demand	16	18	10			
Proposed Units	4	7	2			
Capture Rate	25.3%	37.9%	19.4%			

	LIHTC (50% AMI) Units		
	2-Br	3-Br	4-BR
Substandard Households	143	143	143
Renter Household Growth	-35	-35	-35
Cost Burdened Households	503	503	503
Total Demand	611	611	611
HH Size Factor	60.9%	46.4%	29.7%
% Income Qualified	16.7%	11.1%	8.3%
Income Qualified Demand	62	32	15
Recent and Pipeline	0	0	0
Net Demand	62	32	15
Proposed Units	13	9	3
Capture Rate	21.0%	28.6%	19.9%

	Market Rate (80% AMI) Units		
	2-Br	3-Br	4-BR
Substandard Households	143	143	143
Renter Household Growth	-35	-35	-35
Cost Burdened Households	503	503	503
Total Demand	611	611	611
HH Size Factor	60.9%	46.4%	29.7%
% Income Qualified	22.4%	23.6%	22.4%
Income Qualified Demand	83	67	41
Recent and Pipeline	0	0	0
Net Demand	83	67	41
Proposed Units	7	6	2
Capture Rate	8.4%	8.9%	4.9%

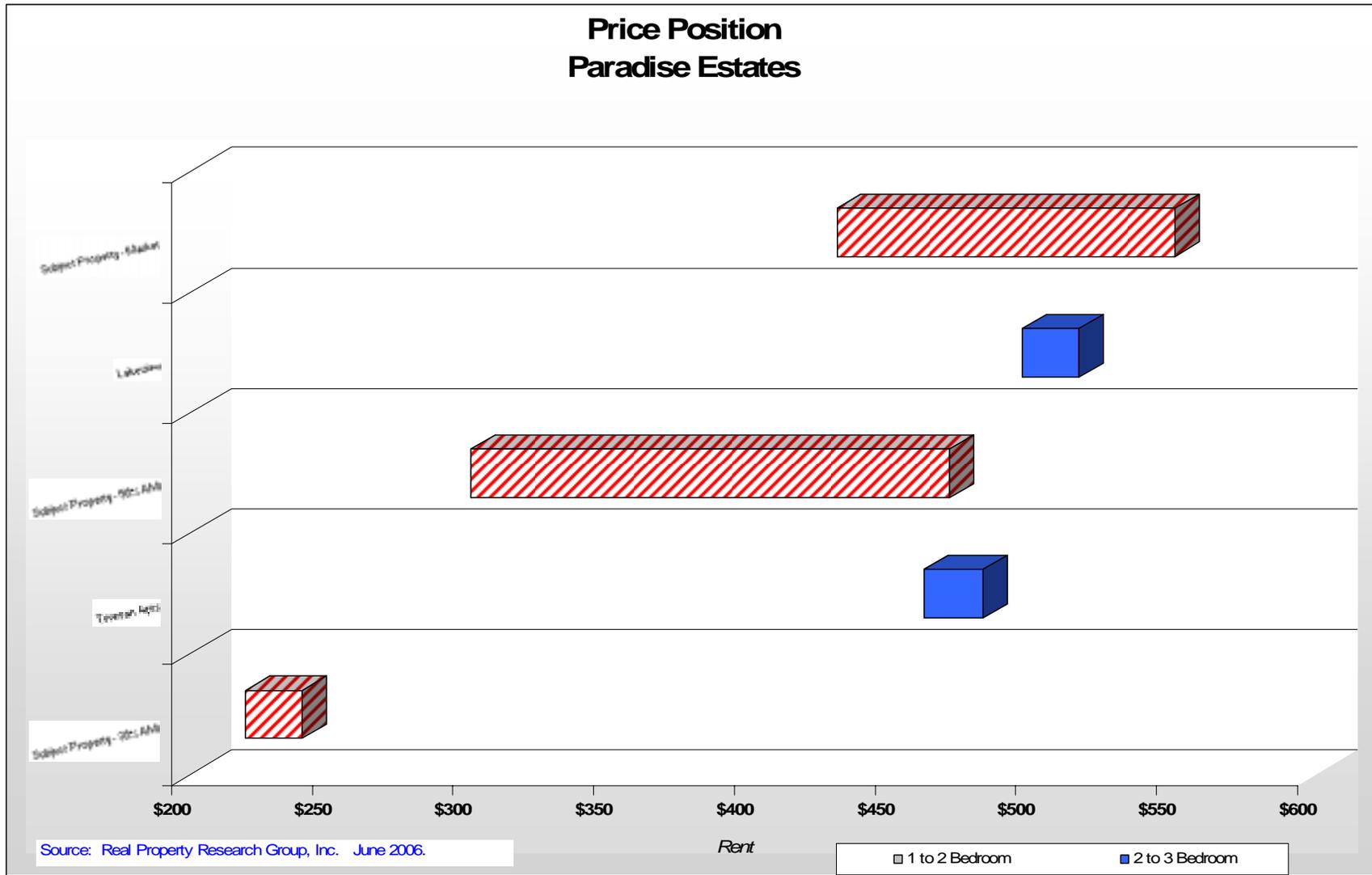
## F. Project Feasibility

Looking at the proposed Paradise Estates compared to existing rental alternatives in the market, the project's appeal and strength is as follows:

- Community Design:** Paradise Estates will be one of the more attractive rental communities in the primary market area. The only existing community offering a similar level of curb appeal is Lakeview.

- **Location:** The subject property is located in an established residential portion of southern Sylvester. The subject property is convenient to shopping, education, health care, and area traffic arteries.
- **Amenities:** The proposed Paradise Estates will offer an amenities package unmatched in the primary market. None of the existing rental communities offer as many community and unit amenities as planned at Paradise Estates. Scattered site rental units will also offer fewer communities than a traditional multi-family rental community.
- **Unit Mix:** The unit mix distribution of the 50 units at Paradise Estates Apartments will target moderately sized to larger rental households. This unit mix is appropriate and should be well received in the primary market area. The two bedroom units will appeal to single person householders or small to medium sized families, while the three and four bedroom units will appeal to larger families and those desiring additional space. The proposed unit mix is appropriate. Demographic data shows a significant number of large renter households with few large multi-family rental units.
- **Unit Size:** Paradise Estates' proposed unit sizes of 1,000 square feet for a two bedroom unit, 1,200 for a two bedroom unit, and 1,350 for a four bedroom units will be competitive in the primary market area.
- **Price:** The proposed rents appear to be appropriately priced (Figure 4). All proposed LIHTC units are priced below the two bedroom market rate units at Lakeview including the 50 percent four bedroom units. The proposed market rate units are priced comparable to existing rental communities among similar floorplans. Both affordability analysis and census rent distribution show a sufficient number of renters able and willing to pay the proposed rents. The proposed rents are reasonable and appropriate.
- **Demand:** The affordability analysis and DCA demand estimates indicate that there is sufficient demand to support the proposed development.

Figure 4 Product Position, Paradise Estates



## G Absorption Estimate

None of the existing rental communities provided information regarding lease-up rates. In cases where lease rates of comparable communities is not available, absorption rate estimates are based on:

- Vacancy Rate – the overall vacancy rate in the primary market area is less than five percent. Three of the four communities were 100 percent occupied. The waiting list for deeply subsidized communities exceeds 30 people.
- Demand – the affordability analysis and DCA capture rates indicated sufficient demand to support the proposed development.
- Product Appeal – the proposed development will be one of the most appealing communities in the primary market area given the community design and proposed amenities.

We believe that given the proposed design characteristics, extensive amenities/services, strong demand estimates, competitive rents, and stable rental market and assuming an aggressive, professional marketing campaign, Paradise Estates Apartments should be able to lease up at a minimum rate of **5 units per month**. At this rate, Paradise Estates will reach stabilization within nine to ten months.

We believe the product is properly positioned and will be well received in the primary market area. We do not believe that Paradise Estates will have a negative impact on existing rental communities in the primary market area given the very low vacancy rate in the primary market area, low capture rates, and its relatively small size. Most existing renter households are expected to originate from scattered site rentals.

## Appendix 1 Underlying Assumptions and Limiting Conditions

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.
3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject project will be served by adequate transportation, utilities and governmental facilities.
5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.
7. The subject project will be developed, marketed and operated in a highly professional manner.
8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.
9. There are neither existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

## Appendix 2 Analyst Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
- The market study was not based on tax credit approval or approval of a loan. My compensation is not contingent upon the reporting of a predetermined demand that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.
- I have made a personal inspection of the property that is the subject of this report.



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Tad Scepaniak  
Regional Director  
Real Property Research Group, Inc.

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.

## Appendix 3 Resumes

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### TAD SCEPANIAK

Mr. Scepaniak directs our Atlanta office. He has approximately nine years of experience in the field of residential rental market research. Before joining the firm, Tad was president of national firm, where he was involved extensively in the Low Income Tax Credit program throughout the entire United States. Mr. Scepaniak has completed work in approximately 25 states and Puerto Rico over the past eight years. He also has experience conducting studies under the HUD 221d program, market rate rental properties, and student housing developments. Along with work for developer clients, Tad has led our research efforts for both the North Carolina and Georgia Housing Finance agencies. Mr. Scepaniak is also responsible for development and implementation of many of the firm's automated analytic systems.

Tad is a member of the National Council of Affordable Housing Market Analysts' (NCAHMA) Standards Committee and has been involved in the development of the organization's Standard Definitions, Recommended Market Study Content, and various white papers regarding market areas, derivation of market rents, and selection of comparable properties.

#### **Areas of Concentration:**

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions. Mr. Scepaniak not only works with developers in their efforts to obtain tax credit financing, but also has received large contracts with state housing agencies including North Carolina Housing Finance Agency and Georgia Department of Community Affairs.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program; however his experience includes assisted living facilities and market rate senior rental communities.

Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

#### **Education:**

Bachelor of Science – Marketing Research; Berry College – Rome, Georgia.

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ROBERT M. LEFENFELD

Mr. Lefenfeld founded Real Property Research Group in February 2001 after more than 20 years of experience in the field of residential market research. As an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason, he has closely monitored residential markets throughout the Mid-Atlantic United States. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for-sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles.

Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, where he analyzed markets throughout the Eastern United States and evaluated the company's active building operation on an ongoing basis.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders and the National Council on Seniors Housing. Recent articles have appeared in ULI's Multifamily Housing Trends magazine. Mid-Atlantic Builder.

Bob is currently a member of the National Council of Affordable Housing Market Analysts' executive committee serving as Vice-Chair.

### **Areas of Concentration:**

**Strategic Assessments:** Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

**Feasibility Analysis:** Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects of these analyses have included for-sale single family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations, and continuing care facilities for the elderly. In addition, he has conducted feasibility work in conjunction with Hope VI applications for redevelopment of public housing sites and analyses of rental developments for 221(d)4 insurance and tax credit applications.

**Information Products:** Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for-sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), allowing the comprehensive integration of data.

### **Education:**

Masters of Urban and Regional Planning; The George Washington University.  
Bachelor of Arts, Political Science; Northeastern University.

## Appendix 4 DCA Market Study Checklist

I understand that by initializing (or checking) the following items, I am stating that those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report. A list listing of page number(s) is equivalent to check or initializing.

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

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



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

Date: June 30, 2006

Tad Scepianiak

### A. Executive Summary

1	Market demand for subject property given the economic conditions of the area.	Page III
2	Projected Stabilized Occupancy Level and Timeframe.	Page IV
3	Appropriateness of unit mix, rent and unit sizes.	Page V
4	Appropriateness of interior and exterior amenities including Appliances.	Page V, VI
5	Location and distance of subject property in relationship to local amenities.	Page VI
6	Discussion of capture rates in relationship to subject.	Page VI, VIII
7	Conclusion regarding the strength of the market for subject.	Page VII, VIII

### B. Project Description

	Project address, legal description and location. <i>A legal description is not provided as it was not available. Legal descriptions are not considered a concern regarding feasibility or appeal of the site.</i>	Page 10
2	Number of units by unit type.	Page 9
3	Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc).	Page 9
4	Rents and Utility Allowance*.	Page 9
5	Existing or proposed project based rental assistance.	Page 9
6	Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.).	Page 9-10
7	For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property.	Page n/a
8	Projected placed in service date.	Page 59
9	Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page 1, 4, 9

10	Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, etc.	Page	1
11	Special Population Target (if applicable).	Page	1

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### C. Site Evaluation

1	Date of Inspection of Subject Property by Market Analyst.	Page	III
2	Physical features of Subject Property and Adjacent Uses.	Page	10
3	Subject Photographs (front, rear, and side elevations as well as street scenes).	Page	1
4	Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject.	Page	7, 9
5	Developments in vicinity to subject and proximity in miles (Identify developments surrounding subject on all sides) - zoning of subject and surrounding uses.	Page	10, 7, 9
6	Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject.	Page	37
7	Road or infrastructure improvements planned or under construction in the PMA.	Page	11
8	Comment on access, ingress/egress and visibility of subject.	Page	10
9	Any visible environmental or other concerns .	Page	11
10	Overall conclusions of site and their marketability.	Page	10

### D. Market Area

1	Map identifying Subject's Location within PMA .	Page	14
2	Map identifying Subject's Location within SMA, if applicable.	Page	N/A

### E. Community Demographic Data

	Data on Population and Households Five Years Prior to Market Entry, and Projected Five Years Post-Market Entry. <i>Population and household estimates are given for 1990, 2000, 2005, and 2010. Household estimates for 2007 are used in the demand calculations. All projections for future years are based on historical data from the 2000 census and Claritas projections. The annual compounded growth rate would be the same between 2000 and 2002 as it would be for between 2000 and 2005 or between 2002 and 2007, etc. The bench mark years and a five year projection are considered the most accurate population and household estimates. Additional estimates can be provided, however were omitted in an effort to simplify this section. Estimates of household growth for various years are used throughout the report in the demand, affordability and capture rate analyses.</i>	Page	23, 51, 53
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#### 1. Population Trends

a.	Total Population.	Page	23
b.	Population by Age Group.	Page	26
c.	Number of elderly and non-elderly (for elderly projects).	Page	26
d.	If a special needs is proposed, additional information for this segment.	Page	N/A

#### 2. Household Trends

a.	Total number of households and average household size.	Page	23
b.	Households by tenure (# of owner and renter households). Elderly by tenure, if applicable.	Page	28 N/A

c.	Households by Income (Elderly, if applicable, should be allocated separately).	Page	N/A
d.	Renter households by # of persons in the household.	Page	30

### 3. Employment Trend

a.	Employment by industry— #s & % (i.e. manufacturing: 150,000 (20%)).	Page	17
b.	Major employers, product or service, total employees, anticipated expansions, contractions in work forces, as well as newly planned employers and impact on employment in the PMA.	Page	18
c.	Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years.	Page	21
d.	Map of the site and location of major employment concentrations.	Page	19
e.	Overall conclusions.	Page	20

### F. Project Specific Demand Analysis

1	Income Restrictions - uses applicable incomes and rents in the development's tax application.	Page	9
2	Affordability - Delineation of Income Bands *.	Page	9, 51, 53
3	Comparison of market rates of competing properties with proposed subject market rent.	Page	38, 41, 58
4	Comparison of market rates of competing properties with proposed LIHTC rents.	Page	38, 41, 58
5	Demand Analysis Using Projected Service Date (within 2 years).	Page	52 - 55
a.	New Households Using Growth Rates from Reputable Source.	Page	52 - 55
b.	Demand from Existing Households. (Combination of rent overburdened and substandard)	Page	52 - 55
c.	Elderly Households Converting to Rentership (applicable only to elderly).	Page	52 - 55
d.	Deduction of Supply of "Comparable Units".	Page	52 - 55
e.	Capture Rates for Each Bedroom Type.	Page	55

### G. Supply Analysis

a.	Comparative chart of subject amenities and competing properties.	Page	39, 41
b.	Supply & analysis of competing developments under construction & pending.	Page	44
c.	Comparison of competing developments (occupancy, unit mix and rents).	Page	38, 41
d.	Rent Comparable Map (showing subject and comparables).	Page	37
e.	Assisted Projects in PMA *. Multi-Family Building Permits issued in PMA in last two years. <i>The most recent building permit data is provided for Worth County. As with unemployment data, building permits are only available for counties and municipalities. Given that the PMA includes all or portions of several permit issuing entities, it would be impossible to determine which of these permits are located in the PMA. The primary market area's activity is considered comparable to county activity.</i>	Page	41
f.		Page	24

\* PHA properties are not considered comparable with LIHTC units.

### H. Interviews

Names, Title, and Telephone # of Individuals Interviewed. *Data obtained through interviews is used throughout the report including in the upcoming competition sections and the rental summary. Many of the interviews with planning personnel occur in person; therefore a phone number is not available. Data obtained through interviews with property managers is presented in the rental analysis section and the profile sheets at the end of the report.*

Page Various

**I. Conclusions and Recommendations**

- a. Conclusion as to Impact of Subject on PMA.
- b. Recommendation as to Subject's Viability in PMA.

Page 59

Page 56, 59

**J. Signed Statement**

- a. Signed Statement from Analyst.

Page 62

**K. Comparison of Competing Properties**

Page

- a. Provided under separate cover.

## Appendix 5 Community Photos and Profiles

# Lakeview

## Multifamily Community Profile

505 N. Main Street  
Sylvester, GA

CommunityType: Market Rate - General

Structure Type: Townhouse

40 Units      0.0% Vacant (0 units vacant) as of 6/19/2006



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input type="checkbox"/>	<input checked="" type="checkbox"/>
One	--	--	--	--	Comm Rm:	Basketball:
One/Den	--	--	--	--	Centrl Lndry:	Tennis:
Two	100.0%	\$496	1,150	\$0.43	Elevator:	Volleyball:
Two/Den	--	--	--	--	Fitness:	CarWash:
Three	--	--	--	--	Hot Tub:	BusinessCtr:
Four+	--	--	--	--	Sauna:	ComputerCtr:
					Playground:	<input checked="" type="checkbox"/>

Features	
Standard: Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Storage (In Unit); Carpet / Vinyl/Linoleum	

Select Units: --	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking Fee: --	Parking 2: -- Fee: --
Property Manager: --	Owner: --

### Comments

Floorplans (Published Rents as of 6/19/2006) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
TH / Townhouse	--	2	2.5	32	\$488	1,150	\$0.42	Market	6/19/06	0.0%	--	\$496	--
Duplex / Duplex	--	2	2	8	\$475	1,150	\$0.41	Market					

### Adjustments to Rent

Incentives: None.	
Utilities in Rent:	Heat Fuel: Electric
Heat: <input type="checkbox"/>	Cooking: <input type="checkbox"/> Wtr/Swr: <input type="checkbox"/>
Hot Water: <input type="checkbox"/>	Electricity: <input type="checkbox"/> Trash: <input type="checkbox"/>

# Teresan Apts

## Multifamily Community Profile

1202 N. Washington Street  
Sylvester, GA

CommunityType: Market Rate - General

Structure Type: Garden

24 Units      12.5% Vacant (3 units vacant) as of 6/19/2006



Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
One	--	--	--	--	Comm Rm:	Basketball:
One/Den	--	--	--	--	Centrl Lndry:	Tennis:
Two	83.3%	\$461	--	--	Elevator:	Volleyball:
Two/Den	--	--	--	--	Fitness:	CarWash:
Three	16.7%	\$462	--	--	Hot Tub:	BusinessCtr:
Four+	--	--	--	--	Sauna:	ComputerCtr:
					Playground:	<input type="checkbox"/>

Features	
Standard: In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet / Ceramic	
Select Units: Dishwasher	
Optional(\$): --	
Security: --	
Parking 1: Free Surface Parking	Parking 2: --
Fee: --	Fee: --
Property Manager: --	
Owner: --	

### Comments

Floorplans (Published Rents as of 6/19/2006) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	2	1	20	\$450	--	--	Market	6/19/06	12.5%	--	\$461	\$462
Garden	--	3	1	4	\$450	--	--	Market					

### Adjustments to Rent

Incentives:	
—	
Utilities in Rent:	Heat Fuel: Electric
Heat: <input type="checkbox"/>	Cooking: <input type="checkbox"/> Wtr/Swr: <input type="checkbox"/>
Hot Water: <input type="checkbox"/>	Electricity: <input type="checkbox"/> Trash: <input type="checkbox"/>

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(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management.