

PROFESSIONAL MARKET STUDY
FOR THE LYONS APARTMENTS
APPLICATION # - 2006-004
A PROPOSED LIHTC FAMILY REHAB DEVELOPMENT

LOCATED IN:
LYONS, TOOMBS COUNTY, GA

PREPARED FOR:
GEORGIA DEPARTMENT of COMMUNITY AFFAIRS
OFFICE of AFFORDABLE HOUSING
60 Executive Park South, NE
Atlanta, GA 30329

PREPARED BY:
KOONTZ and SALINGER
P.O. BOX 37523
RALEIGH, NC 27627-7523

JUNE 2006

Table of Contents

	Page
Market Study Assignment	iii
Section A - Executive Summary	vii
Section B - Project Description	
Assignment & Project Description	1
Section C - Site Evaluation	
Site & Neighborhood Description	4
Summary	16
Section D - Market Area Description	
Market Area Description	17
Section E - Community Demographic Data	
Population Trends, Projections, Characteristics	20
Household Characteristics	23
Income Characteristics	28
Summary	32
Labor Force Trends & Economic Base	33
Summary	37
Section F - Demand Analysis	
Demand Analysis - Effective Demand Pool	40
Demand Analysis - Effective Tenant Pool	42
Upcoming Direct Competition	43
Capture Rate Analysis	45
Absorption Rate Analysis	47
Section G - Competitive Environment - Supply Analysis	
Supply Analysis	48
Reconciliation of Net Rents	53
Part I - Survey of Program Assisted Properties	55
Part II - Survey of Conventional Properties	63
Section H - Interviews	70
Section I - Recommendation	72
Section J - Qualifications	73
Section K - Identity of Interest	74
Appendix A - Data Set	

INTRODUCTION

The proposed acquisition/rehab multi-family development will target LIHTC eligible households in the general population within Lyons, Vidalia, and Toombs County, Georgia.

The market study assignment was to ascertain market demand for a proposed acquisition/rehab multi-family development presently known as the **Meeks Apartments**, and is proposed to be renamed as the **Lyons Apartments** for the Georgia Department of Community Affairs (GA-DCA).

Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
1BR/1b	6	670	Na
2BR/1b	14	782-788	Na
3BR/1b	44	952-1008	Na
Total	64		

Project Rents:

The proposed development will target 100% of the units at 60% or below of area median income (AMI). The net rent will include water, sewer and trash removal. After the rehab process two-units will remain as a non revenue units. Of the remaining 62-units, all (100%) have HUD project base rental assistance (PBRA). This PBRA will be transferred to the new owner upon acquisition.

PROPOSED PROJECT RENTS @ 60% AMI				
Bedroom Mix	# of Units	Net Rent*	Utility Allowance	Gross Rent
1BR/1b	6	\$379	\$ 39	\$418
2BR/1b	14	\$445	\$ 48	\$493
3BR/1b	42	\$480	\$ 57	\$537

*USDA-RD basic rent

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

Type of Project Rent Structure:

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

Rent Inclusions:

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

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

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

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

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

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

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

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

SECTION A
EXECUTIVE SUMMARY

1. Market Area and Site Description:

- The Primary Market Area (PMA) for the proposed development consists of Toombs County.
- The overall character of the neighborhood within the immediate vicinity of the sites can be defined as a mixture of: single-family residential with several small multi-family properties, and neighborhood churches. The sites are located in the southwestern portion of Lyons. All major facilities in Lyons and Vidalia can be accessed within a 10 minute drive.
- In the opinion of the analyst, the sites of the subject properties are considered to be appropriate for multi-family acquisition/rehab development.

2. Appropriateness of Project Parameters

- Overall, the subject will be competitive with most of the existing program assisted and market rate apartment properties in the market area regarding the unit and the development amenity package. However, the strength of the subject's marketability will rely more so on its 100% PBRA versus its upgraded amenity package.
- In the area of unit size, by bedroom type, the subject will offer a competitive unit size only for its 3BR units. The subject 1BR and 2BR units are slightly undersized. In addition, owing to project design, the subject will retain 1 bathroom for both the 2BR and 3BR units and not expand to a full and half-bath format. Here again the availability of 100% PBRA along with significant market demand for units targeting households at 30% AMI will be the factors over coming project deficiencies regarding the subject's 1BR and 2BR unit size.
- The subject will be competitive with all of the existing program assisted and market rate apartment properties in the market regarding proposed net rents by bedroom type, subject to the retention of the deep subsidy, project base rental assistance (PBRA). Without the PBRA the net rents would have to be reduced, significantly, by bedroom type.
- The proposed subject 1BR/1b net rent at 60% is

approximately 8% greater than the competitive 1BR/1b market rate net rents. The proposed 2BR/1b net rent at 60% AMI is approximately 11% greater than the competitive 2BR/1b market rate net rents. The proposed subject 3BR/1b net rent at 60% is approximately 13% greater than the competitive 3BR/2b market rate net rents. Note: This reconciliation process assumes no PBRA for the subject. Clearly, based on the results of this process, the subject will require deep subsidy RA.

- The subject bedroom mix is considered to be appropriate, allowing for all bedroom types, yet focusing on the larger bedroom size with PBRA, for families in need of very affordable housing. In addition, the subject will be replacing like-kind units on a 1 for 1 basis, by bedroom type.

3. Market Demand:

- The capture rates by income segment and bedroom mix are considered to be positive indicator of demand support for the proposed 62-unit development, with PBRA. The overall project capture rate is 3%. This capture rate is premised upon the subject not retaining any of the existing tenants at the time of the rehab process. Based on an examination of the most recent rent roll, current demand and the condition of the units it is estimated that the project should be able to retain at least 60% (if not more) of the existing tenant base. Should at least 37 of the 62 available units (60%) be retained along with the PBRA the subject capture rate with PBRA would be much, lower - at 1.8%. Without PBRA the retention rate would not be as high and in fact the assumption of a project with 62 available units and no PBRA would be more realistic along with a capture rate much higher than that exhibited at 13.2%.
- At present, there two LIHTC/Home complexes in the PMA. Neither offers PBRA.

Capture Rates by Bedroom Type & Income Targeting - With PBRA							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
1BR	60% AMI	6	498	1.2%	1 mos.	\$350	\$379
2BR	60% AMI	14	980	1.4%	2 mos.	\$400	\$445
3BR	60% AMI	42	480	8.7%	6 mos.	\$425	\$480

- The long term negative impact of placing the proposed

subject property into the PMA is forecasted **not** to be significant as its relates to the present supply of program assisted apartment properties.

- The worst case scenario for 93% to 100% rent-up is estimated to be 9 months (at 6 to 7-units per month on average). The most likely/best case rent-up scenario suggests a 6-month rent-up time period (an average of 10-units per month). However, these estimates of absorption are based upon the assumption that the subject will not retain any of the tenants after the time of the rehab process. In reality, even without an extensive rehab process the subject has maintained an annual occupancy rate of approximately 70% and with the retention of PBRA would have little to no difficulty in maintaining at least a 60% retention rate. Given this scenario, the remaining 40% of the complex should be absorbed within 3 to 6 months upon the completion of the rehab process.
- Without the PBRA the estimates of capture rate by bedroom type and absorption are:

Capture Rates by Bedroom Type & Income Targeting - Without PBRA							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
1BR	60% AMI	6	108	5.6	*	\$350	\$379
2BR	60% AMI	14	200	7.0	*	\$400	\$445
3BR	60% AMI	42	90	46.7	*	\$425	\$480

* In the case of a subject scenario without PBRA, the absorption rate is subject to a reduction of the proposed net rents, by bedroom type.

4. Recommendation & Conclusion:

- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **proceed forward, as presently configured**, subject to the retention of 100% PBRA. The findings clearly demonstrate that in the case of the subject's local rental market there are few market findings that support a subject development concept without the present 100% PBRA. With the PBRA, and successful rehabilitation of the development, along with on-site professional management, the subject - The Lyons Apartments, should once again function at a high rate of occupancy.

MARKET STUDY FOLLOWS

SECTION B

PROPOSED PROJECT DESCRIPTION

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

The subject property is an existing USDA-RD Section 515 / HUD Section 8 scattered site development. The 64-unit complex comprises three phases. Phase I was built in 1977 and is located off East Liberty and East Broad Streets. Phase II was built in 1978 and is located off East Liberty Street. Phase III was built in 1980 and is located off South Madison and East Liberty Streets.

Specifically, the GA-DCA application is for the acquisition / rehab of the existing three phase development.

The market study assignment was to ascertain market demand for a proposed acquisition/rehab multi-family development presently known as the **Meeks Apartments**, and is proposed to be renamed as the **Lyons Apartments** for the Georgia Department of Community Affairs (GA-DCA), under the following scenario:

Project Description

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
1BR/1b	6	670	Na
2BR/1b	6	782	Na
2BR/1b	8	788	Na
3BR/1b	16	952	Na
3BR/1b	14	982	Na
3BR/1b	14	1008	Na
Total	64		

At present, the project design of the subject development comprises 17 one-story multi-plex buildings. Two three-bedroom units will be set aside for management and/or common area. A separate building comprising a manager's office, central laundry and common space will be apart of the proposed development. The subject was built between 1977 and 1980 and at present is in poor to very poor condition.

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

Project Rents:

The proposed development will target 100% of the units at 60% or below of area median income (AMI). The net rent will include water, sewer and trash removal. After the rehab process two-units will remain as a non revenue units. Of the remaining 62-units, all (100%) have HUD project base rental assistance (PBRA). This PBRA will be transferred to the new owner upon acquisition.

PROPOSED PROJECT RENTS 60% AMI				
Bedroom Mix	# of Units	Net Rent*	Utility Allowance	Gross Rent
1BR/1b	6	\$379	\$ 39	\$418
2BR/1b	14	\$445	\$ 48	\$493
3BR/1b	42	\$480	\$ 57	\$537

*USDA-RD basic rent

Current Amenity Package

The development includes the following amenity package:

Unit Amenities

- stove
- cable ready
- smoke detector
- refrigerator
- washer/dryer hook-ups

Development Amenities

- manager's office

Proposed Amenity Package

The proposed rehabilitation process will include bringing the property up to the current ADA codes and guidelines, current energy and efficiency codes, and a complete rehabilitation of the interior and exterior of all the units, as well as major rehabilitation to the exteriors of the buildings. The proposed rehabed development will include the following amenity package:

Unit Amenities

- range
- dishwasher
- central air
- carpet
- mini-blinds
- refrigerator
- microwave
- washer/dryer hook-ups
- cable ready
- new smoke detectors

Development Amenities

- manager's office*
- new community center
- equipped fitness room
- playground & tot lot
- covered picnic area
- fenced community garden
- fencing along side streets
- central laundry
- with a library/reading room
- furnished children's activity ctr
- 5000 foot playing field
- covered bus shelter

* A new manager's unit built be built in order to provide the complex with a full-time on-site manager. Two-units (both non revenue producing) will be set aside for housing for on-site staff.

It is assumed that the renovation plan will be set-up that only one phase will be rehabed and placed out of service at a time (during the rehab process). Given the present amount of deep subsidy rental assistance and recent occupancy trends for the subject, it is most likely that the existing tenant base at the time of rehab will be retained on site in the other segment (s) of the development during the rehab process.

The estimated projected year that The Lyons Apartments will be placed in service as a rehabilitated development is 2008.

SECTION C
SITE & NEIGHBORHOOD
EVALUATION

The proposed Lyons Apartment acquisition / rehab development consists of three scattered site projects located in the southwestern portion of Lyons, within the city limits, less than .5 miles from the downtown area of Lyons. Specifically, the sites are

located in Census Tract 9701 (a Qualified Census Tract, QCT) and Zip Code 30436. See Site Map, page 11.

Street and highway accessibility are very good relative to the sites. Ready access is available from the sites to the following: major retail trade and service areas, employment opportunities, local health care providers and area churches. All major facilities in both Lyons and Vidalia can be accessed within a 10 minute drive. At the time of the market study, no significant infrastructure development was in progress within the vicinity of the sites.

Site Characteristics & Lyons Apartments (presently known as the Meeks Apartments)

Together the three sites comprise approximately 7.1-acres. All three are located in mostly built-up residential areas. The three sites are within .1 to .2 miles of each other. The portion of Lyons in which the sites are located is mostly very low to low to moderate income. The residential properties are a mixture of single-family homes and small multi-plex rentals. These properties are in various stages of condition. Some are substandard and some are boarded-up and vacant. Rents in this area of the Lyons/Vidalia rental market are typically \$25 to \$50 lower by bedroom type than much of the other areas of the rental market. For example, there is a small 8-plex located at S Monroe and E Gordon Streets, directly adjacent to Phase III of the subject. All 8-units are 2BR/1 and are identical in building design and condition as the subject. These units command a monthly net rent of \$275.

The sites are not located within a flood plain. All three of the sites are zoned R-2, Multi-family Residential. The surrounding zoning immediately around the three sites is mostly R-2. There is some C1, Central Business District to the north and R1, Single-family Residential to the south and west.

Presently the three sites comprise 64-units. The units are situated in single-story multi-plex buildings, all of which are currently in very poor to poor condition. Three of the buildings are duplexes, 9 are tri-plexes, 6 are quadplexes and 1 building is a seven-plex. At the time of the survey 19 of the 64-units or approximately 30% were vacant. Note: In the opinion of the analyst, this is a very high vacancy rate for apartments with 100% PBRA in a rural market and attests to the very poor condition of the properties.

The proposed Lyons Apartments Phase I is currently known as the Meeks Apartments I or the East Liberty and East Broad Streets Apartments. Phase I was built in 1977 and consists of 6 one-bedroom units, 4 two-bedroom units and 14 three-bedroom units for a total of 24-units. At the time of the survey 7 or 29% of the 24-units were vacant.

The surrounding land uses around Phase I are detailed below:

Direction	Existing Land Use	Current Zoning
North	Residential and Railroad/SR 292	R2
East	Residential	R2
South	Residential	R2
West	Residential	R2

Source: City of Lyons, Zoning Map

The proposed Lyons Apartments Phase II is currently known as the Meeks Apartments II or the 200 East Liberty Street Apartments. Phase II was built in 1978 and consists of 2 two-bedroom units and 14 three-bedroom units for a total of 16-units. At the time of the survey 6 or 38% of the 16-units were vacant.

The surrounding land uses around Phase II are detailed below:

Direction	Existing Land Use	Current Zoning
North	Residential	R2
East	Residential	R2
South	Residential	R2
West	Residential	R1 & C1

Source: City of Lyons, Zoning Map

The proposed Lyons Apartments Phase III is currently known as the Meeks Apartments III or the South Madison Street Apartments. Phase III was built in 1980 and consists of 8 two-bedroom units and 16 three-bedroom units for a total of 24-units. At the time of the survey 6 or 25% of the 24-units were vacant.

The surrounding land uses around Phase III are detailed below:

Direction	Existing Land Use	Current Zoning
North	Residential	R2
East	Residential	R2
South	Residential	R2 & C1
West	Residential	R1 & C1

Source: City of Lyons, Zoning Map



(1) - East Liberty, Phase II Apartments.



(2) - East Liberty, Phase I Apartments.



(3) - East Broad, Phase I Apartments.



(4) - South Madison, Phase III Apartments.



(5) - South Madison, Phase III Apartments.



(6) - Market rate rental property adjacent to Phase III.



(7) - Typical interior view.



(8) - Interior view.

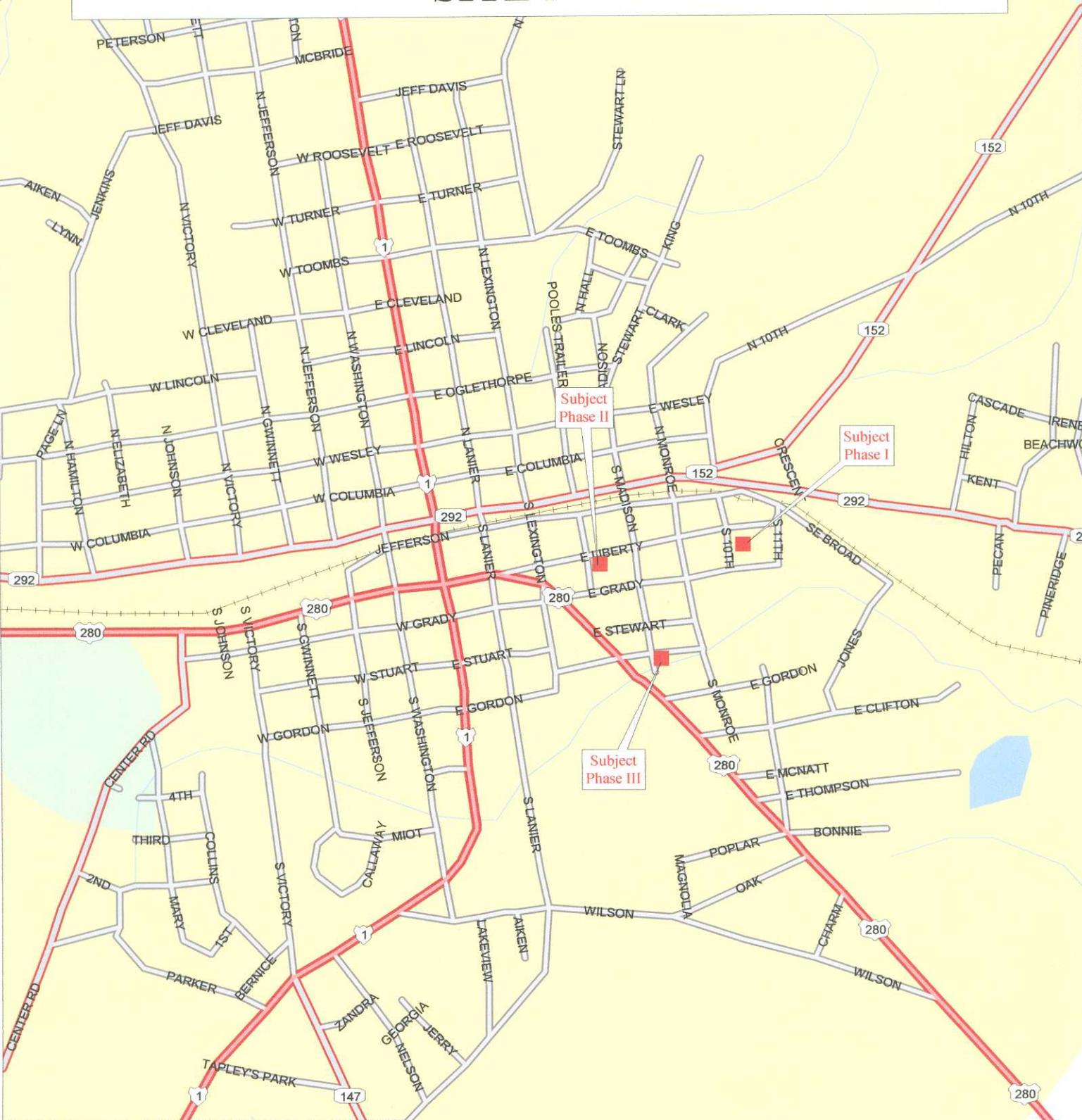


(9) - Typical single-family homes in the vicinity of the subject properties.



(10) - Lyons PHA on opposite side of SR 292, across from Phase I.

SITE MAP



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 15.00
 Mon Jun 12 15:58 2006

Scale 1:15,625 (at center)



- Local Road
- Major Connector
- State Route
- US Highway

Access to Services

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

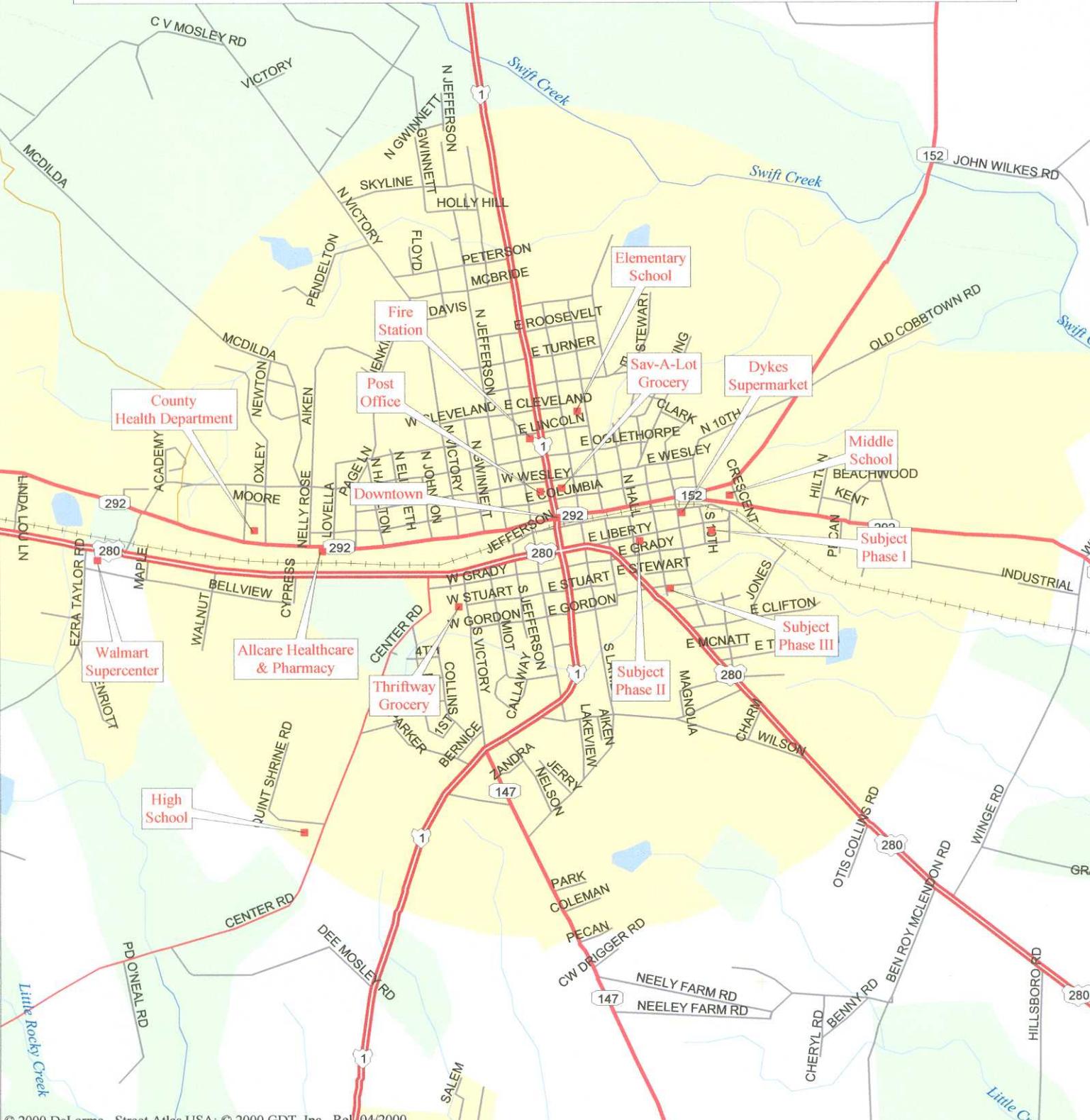
Distances from the sites to community services are exhibited below:

Points of Interest	Distance from Subject
Dykes Supermarket	.1-.2
Downtown Lyons	.3-.4
Post Office	.4-.5
Sav-A-Lot Grocery	.4-.5
Middle School	.4-.5
Fire Station	.6-.7
Library	.6-.7
Triftway Grocery	.7-.8
Elementary School	.7-.8
Toombs County Government Complex	1.3-1.4
Allcare Health Center	1.4-1.6
County Health Center	1.4-1.6
High School	1.4-1.6
Walmart Supercenter	2.8-3.0
SE Technical Center	3.2-3.4
Hospital	5.0-5.2
Downtown Vidalia	6.3-6.5
DOT Foods	6.9-7.1
Montgomery County line	8.3-8.5

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

Note: The actual distance may be off by a tenth or two, owing to the slight separation of distance between the sites.

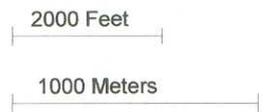
SITE & FACILITIES MAP



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 14.00
 Mon Jun 12 16:11 2006

Scale 1:31,250 (at center)



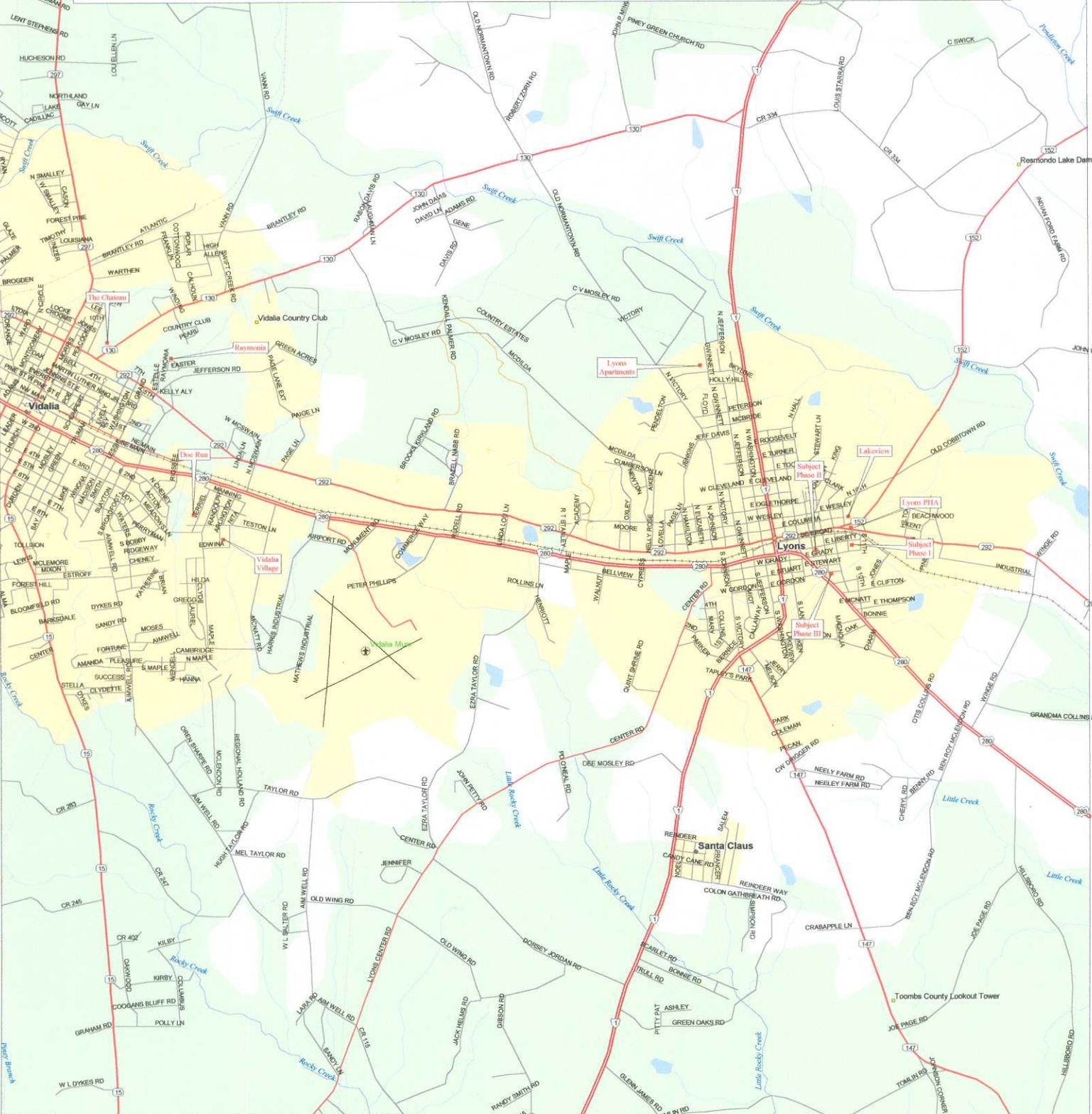
- Local Road
- Major Connector
- State Route
- Trail

Program Assisted Apartments in Lyons

Other than the subject, the other program assisted apartment apartments in Lyons and Vidalia are the scattered site complexes of the Lyons and Vidalia Housing Authorities, as well as 2 LIHTC/Home family properties, 3 USDA-RD Section 515 family properties and 1 HUD Section 8 family property. A map (on the next page) exhibits the program assisted properties within Lyons and Vidalia in relation to the subject sites.

Project Name	Street Address	Program Type	Number of Units	Distance from Sites
The Chateau	706 Loop Rd	LIHTC-fm	56	5+ miles
Lakeview	136 10 th St	LIHTC-fm	72	.5 miles
Vidalia Village	Randall Dr	USDA-RD fm	50	5+ miles
Doe Run	321 Jerriel	USDA-RD fm	48	5+ miles
Lyons Apartments	262 Skyline	USDA-RD fm	32	2 miles
Raymonia	1208 Easter	HUD 8 fm	80	5+ miles

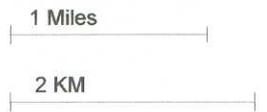
Program Assisted Properties



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel-04/2000

Mag 14.00
 Mon Jun 12 16:25 2006

Scale 1:62,500 (at center)



- Local Road
- Major Connector
- State Route
- Trail

SUMMARY

The field visits for the sites, the subject properties and surrounding market area were between May 19 and 23, 2006. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood within the immediate vicinity of the sites/subjects can be defined as a mixture of: single-family residential with several small multi-family properties, and neighborhood churches and one neighborhood grocery. The sites are located in the southwestern portion of Lyons, within the city limits. All are zoned R-2, multi-family.

Access to Phase I is available off South 10th Street, E Broad and E Liberty Streets. Access to Phase II is available off and E Liberty Streets. Access to Phase III is available off South Madison Street, and Gordon Street. All of these streets are low density residential connectors, with a speed limit of 25 to 30 miles per hour in the immediate vicinity of the sites. The access to the subject properties from these streets does not present problems of egress and ingress to the properties.

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

The sites in relation to the subject properties and the surrounding roads are very agreeable to signage.

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

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, schools and employment opportunities	
Good linkages to area road system	
Nearby road speed and noise is acceptable	
Surrounding land uses are acceptable	

SECTION D

MARKET AREA DESCRIPTION

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

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

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

Primary Market Area

Based upon field research in Lyons, Vidalia and a 10 to 15 mile area, along with an assessment of the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of Toombs County. (See Market Area Map)

Note: Interviews with the Vidalia Housing Authority (Assistant Director), the City Manager of Lyons, the managers of the existing Meeks Apartments (i.e., the subject) and the managers of the two LIHTC family properties, The Chateau in Vidalia and Lakeview in Lyons confirmed that significant market support for the proposed subject development includes the Cities of Lyons and Vidalia and extends out from these places to include the county as a whole.

The PMA is located in the Midlands Region of south-eastern Georgia. Downtown Lyons is approximately 6 miles east of downtown Vidalia. Lyons is 29 miles south of Swainsboro and 25 miles west of Claxton. The cities of Vidalia and Lyons are centrally located in the northern portion of the PMA and share a common boundary. For the most part the two cities have merged together along US Highway 280 and SR 292.

Vidalia and Lyons are the most densely populated places within the PMA, representing approximately 56% of the total population.

Other than Vidalia and Lyons, the only other incorporated place located within the PMA in Santa Claus, with a 2000 census population of 237. The incorporated place of Higgstown is located along the Toombs and Montgomery county line. The place is also very small with a 2000 census population of 316.

Together Vidalia and Lyons comprise the trade area for the county and portions of the surrounding counties regarding: employment opportunities, finance, retail and wholesale trade and health care services.

The PMA is bounded as follows:

North	Emanuel County
East	Tattnall County
South	Appling & Jeff Davis Counties
West	Montgomery County

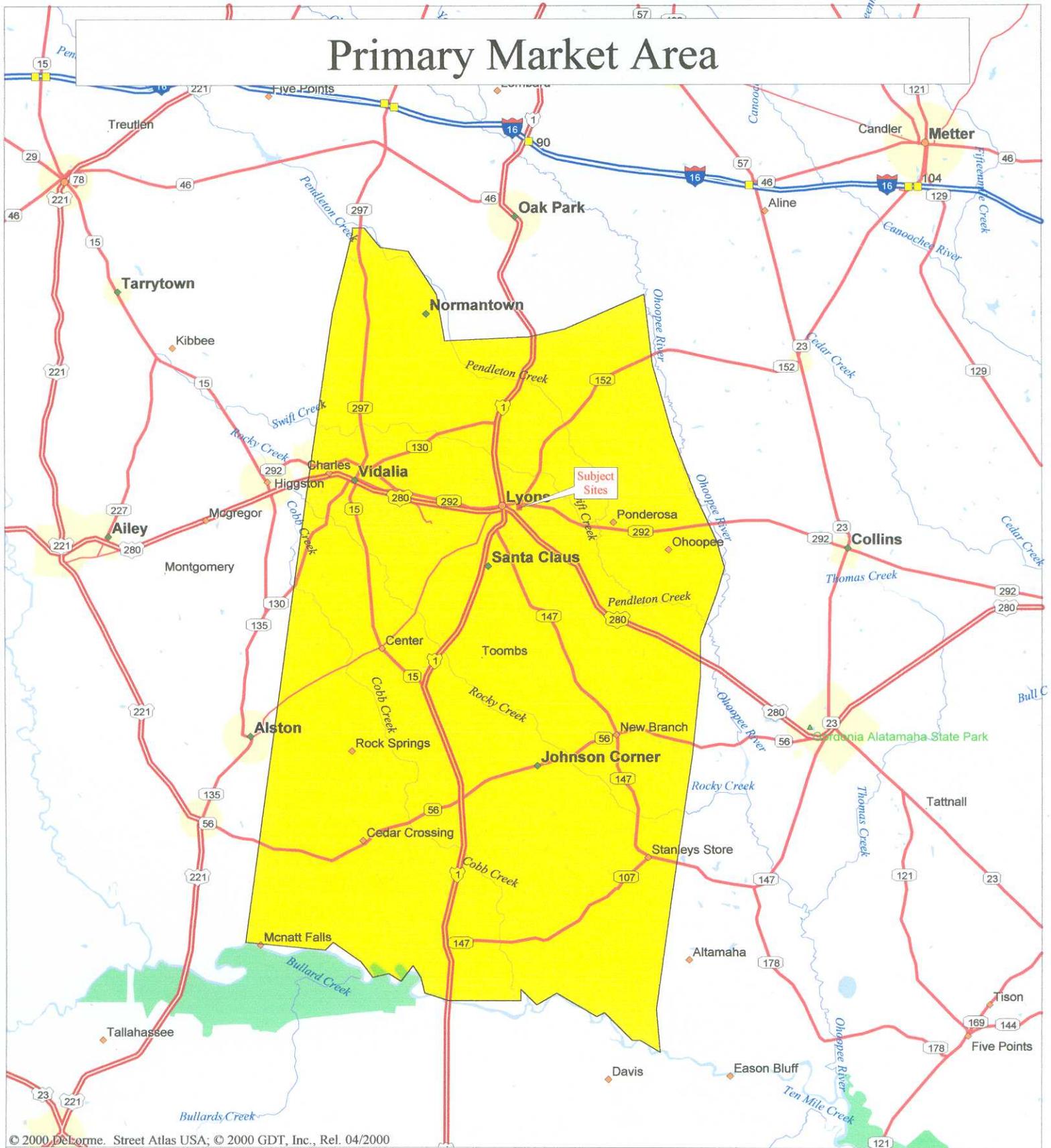
With regard to the location of an apartment complex, with and without deep subsidy rental assistance, the Cities of Lyons and Vidalia would be the most logical choices as a location for a LIHTC complex within the PMA. In this case, the complex would not only serve the these places, but the PMA as a whole, given the lack of alternative choices.

Transportation access to Lyons and the PMA is very good. State Road 292 and US 280 are the major east/west connectors and US 1 and SR's 86, 152, 178 and 297 are the major north/south connectors. Access to I-16 is available about 10 miles to the north of Lyons.

Secondary Market Area

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

Primary Market Area



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 11.00
Mon Jun 12 16:48 2006

Scale 1:300,000 (at center)



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

SECTION E
COMMUNITY DEMOGRAPHIC DATA

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

Population Trends

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

The PMA exhibited moderate to significant total population gains during the 1990's, at almost .85% per year. Population gains over the next several years are forecasted for the PMA at a slightly increased annual rate of gain, of approximately .90%.

A significant minority of the population in the PMA is located within the City of Lyons. It is estimated that approximately 16% of the PMA population is located within the City of Lyons and about 75% of the county population within 8 miles of Lyons. This 8 mile area includes the City of Vidalia which shares a city limit boundary with Lyons. For the most part the direction of growth in each of these two incorporated places has merged, with many new establishments locating between the two places. In 2000, Vidalia had a population of 10,491. Together, Vidalia and Lyons comprise approximately 56% of the total PMA population.

Population Projection Methodology:

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

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

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

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

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

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

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

Table 1					
Total Population Trends and Projections: Lyons and Toombs County					
Lyons					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	4,502	-----	-----	-----	-----
2000	4,169	- 333	- 7.40	- 33	- 0.74
2008*	4,300	+ 131	+ 3.14	+ 16	+ 0.39
2010	4,330	+ 30	+ 0.70	+ 15	+ 0.35
Toombs County					
1990	24,072	-----	-----	-----	-----
2000	26,067	+1,995	+ 8.29	+ 200	+ 0.83
2008*	27,900	+1,833	+ 7.03	+ 229	+ 0.88
2010	28,391	+ 491	+ 1.76	+ 246	+ 0.88

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

Calculations - Koontz and Salinger. June, 2006.

Table 2 exhibits the change in population by age group in the Lyons PMA between 1990 and 2000.

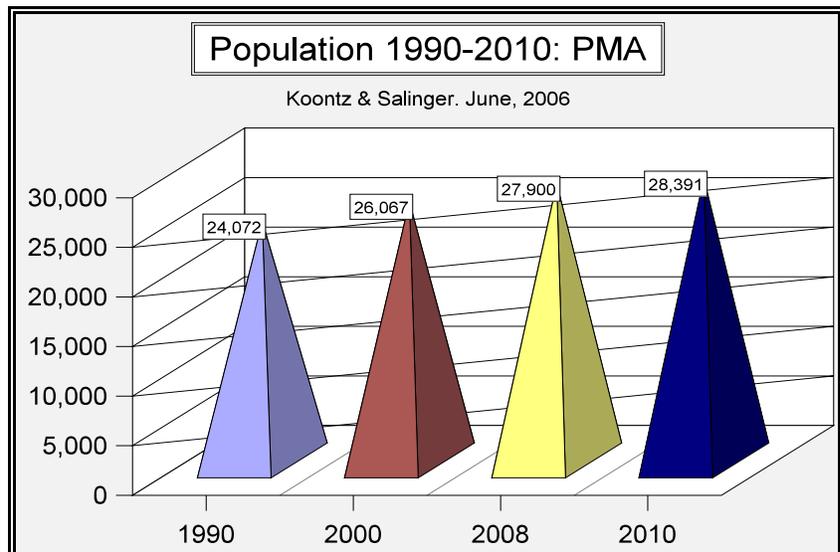
Table 2						
Population by Age Groups: Lyons PMA, 1990 - 2000						
	1990 Number	1990 Percent	2000 Number	2000 Percent	Change Number	Change Percent
Age Group						
0 - 4	1,913	7.95	2,010	7.71	+ 97	+ 5.07
5 - 17	5,183	21.53	5,433	20.84	+ 250	+ 4.82
18 - 24	2,260	9.39	2,406	9.23	+ 146	+ 6.46
25 - 44	7,250	30.12	7,236	27.76	- 14	- 0.19
45 - 54	2,539	10.55	3,322	12.74	+ 783	+30.84
55 - 64	1,914	7.95	2,482	9.52	+ 568	+29.68
65 +	3,013	12.52	3,178	12.19	+ 165	+ 5.48

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

Table 2 revealed that population increased in most of the displayed age groups in the PMA between 1990 and 2000. The increase was slight in the primary renter age group: of 18 to 44, at approximately 2%. Overall, a significant portion of the total PMA population is in the target property primary renter group of 18 to 44, representing almost 37% of the total population.

Between 2000 and 2008, total population is projected to increase in the PMA at a moderate to significant rate of about .85% per year. The annual rate of change is forecasted to increase between 2008 and 2010 at an annual rate of almost .90%. Most of the increase will be in Vidalia and Lyons.

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



HOUSEHOLD TRENDS & CHARACTERISTICS

Tables 3 and 4 exhibit the change in household population within the City of Lyons and the Lyons PMA between 2000 and 2010. The moderate to significant increase in household formations in the PMA has continued over a 10 year period and is reflective of the continuing decline in overall household size, as well as, a moderate to significant increase in population. For example, much of the recent population gains have been in: (1) the aging baby boom sector, resulting in a larger number of 2 person empty nester households, (2) recent gains in new young household formations with zero to 2 children and (3) an increase in Hispanic working age population.

The decline in the rate of persons per household has continued over the last 10 years and is projected to continue at a much reduced rate of decline between 2000 and 2008 in both the PMA, as well as in the City. The reduction in the rate of decline is based upon: (1) the number of retirement age population owing to an increase in the longevity of the aging process for the senior population and the immigration of young working age households into the county, and (2) allowing for adjustments owing to divorce and the dynamics of roommate scenarios.

The forecast for group quarters is based upon trends observed during the last two censuses. In addition, it includes information collected from local sources as to conditions and changes in group quarters' supply since the 2000 census was taken. Based upon interviews with the Toombs-Montgomery County Chamber of Commerce, and the City of Lyons there have been neither new nursing homes, assisted living facilities nor correctional facilities introduced into the city or county since 2000.

The projection of household formations in the PMA between 2000 and 2008, exhibited an increase of 105 households per year or approximately 1.1% per year. The rate and size of the annual increase in considered to be significant and supportive of both additional multi-family and single-family residential growth, subject to project size and affordability parameters.

Note: The 2000 to 2008, trend in the PMA is forecasted to continue between 2008 and 2010, at a still significant rate of growth. Resulting in a forecasted annual net gain of approximately 105 households or 1% per year.

Table 3					
Household Formations: 1990 to 2010					
Lyons and the Lyons PMA					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household ¹	Total Households ²
Lyons					
1990	4,502	175	4,327	2.7044	1,600
2000	4,169	226	3,943	2.5488	1,547
2008	4,300	265	4,035	2.4865	1,623
2010	4,330	275	4,055	2.4750	1,638
Lyons PMA					
1990	24,072	420	23,652	2.6865	8,804
2000	26,067	474	25,593	2.5912	9,877
2008	27,900	515	27,385	2.5550	10,718
2010	28,391	525	27,866	2.5500	10,928

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

Table 4				
Change in Household Formations				
Primary Market Area				
Year	Total Change	Annual Change	Percent Change	% Annual Change
1990-2000	+1,073	+ 107	+12.19	+ 1.22
2000-2008	+ 841	+ 105	+ 8.51	+ 1.06
2008-2010	+ 210	+ 105	+ 1.96	+ 0.98

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

¹Continuation of the 1990 to 2000 persons per household rate of change.

²Population in Households divided by persons per unit count.

Table 5
Households by Tenure by Person Per Household
Lyons PMA, 1990 - 2000

Households	Owner				Renter			
	1990	2000	Change	% 2000	1990	2000	Change	% 2000
1 Person	1,217	1,503	+ 286	23.24%	962	1,167	+ 205	34.22%
2 Person	1,713	2,198	+ 485	33.99%	754	782	+ 28	22.93%
3 Person	1,161	1,149	- 12	17.77%	576	592	+ 16	17.36%
4 Person	984	979	- 5	15.14%	411	461	+ 50	13.52%
5 Person	411	430	+ 19	6.65%	226	218	- 8	6.39%
6 Person	133	123	- 10	1.90%	105	104	- 1	3.05%
7 + Person	70	85	+ 15	1.31%	81	86	+ 5	2.52%
Total	5,689	6,467	+ 778	100%	3,115	3,410	+ 295	100%

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

Table 5 indicates that in 2000 approximately 97.5% of the renter-occupied households in the Lyons PMA contain 1 to 6 persons (the target group by household size).

The majority of these households are:

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

Noticeable increases in renter households by size were exhibited by 1 through 4 persons per household. Note: Losses were exhibited in most of the large renter household sizes. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 20% and 25% of the renter households in the PMA fit the bedroom profile for a 3BR unit. Given the proposed income targeting, rent positioning of the subject and 1990 and 2000 trends, the appropriate estimate is considered to be 25% versus 20%.

Table 6 exhibits households in Lyons, and the Lyons PMA by owner-occupied and renter-occupied tenure.

The 1990 to 2000 tenure trend revealed a change in both the owner-occupied and renter-occupied tenure ratios (on a percentage basis). Within the PMA the tenure trend was more supportive of owner-occupied units versus an increase in renter-occupied tenure in the city. The 2000 to 2008, projected trend supports a change in the tenure ratio favoring owner-occupied households more so than renter-occupied households, in the PMA, versus an increase in renter-occupied households in Lyons.

Overall, significant net numerical gains are forecasted for both owner-occupied and renter-occupied households in the PMA.

The tenure forecasts are based upon:

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

Table 6					
Households by Tenure: 1990 to 2010					
Lyons and the Lyons PMA					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
Lyons					
1990	1,600	872	54.50	758	45.50
2000	1,547	829	53.59	718	46.41
2008	1,623	858	52.85	765	47.15
2010	1,638	863	52.70	775	47.30
Lyons PMA					
1990	8,804	5,689	64.62	3,115	35.38
2000	9,877	6,467	65.48	3,410	34.52
2008	10,718	7,090	66.15	3,628	33.85
2010	10,928	7,251	66.35	3,677	33.65

Sources: 1990 and 2000 Census of Population, Georgia.

Koontz and Salinger. June, 2006.

Table 7 exhibits building permit data between 2000 and 2006. The permit data is for Toombs County (including both Lyons and Vidalia). Note: Data for 2006, was estimated based on the number of permits issued in 2004 and 2005, and the new 72-unit Lakeview Apartment complex presently under construction in Lyons.

Between 2000 and 2006, it is estimated that 445 permits were issued in the county, of which, 155 or approximately 35% were multi-family units.

Table 7			
New Housing Units Permitted: Toombs County, 2000-2006¹			
Year	Net Total ²	Single-Family Units	Multi-Family Units
2000	24	22	2
2001	24	18	6
2002	36	32	4
2003	126	62	64
2004	93	91	2
2005	35	30	5
2006	107	35	72
Total	445	290	155

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

Selig Center for Economic Growth.

²Net total equals new SF and MF dwellings units.

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

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

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

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

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

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

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

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

Table 8A Renter-Occupied Household by Income Groups Lyons PMA, 1990 & 2000				
Households by Income	1990 Number	1990 Percent	2000 Number	2000 Percent
Under \$10,000	1,214	41.38	947	28.56
10,000 - 19,999	868	29.58	772	23.28
20,000 - 34,999	489	16.67	759	22.89
35,000 - 49,999	199	6.78	371	11.19
50,000 +	164	5.59	467	14.08
Total	2,934	100%	3,316	100%

Table 8B Renter-Occupied Household by Income Groups Lyons PMA, 2000 & 2008				
Households by Income	2000 Number	2000 Percent	2008 Number	2008 Percent
Under \$10,000	947	28.56	834	23.00
10,000 - 19,999	772	23.28	698	19.25
20,000 - 34,999	759	22.89	934	25.75
35,000 - 49,999	371	11.19	526	14.50
50,000 +	467	14.08	636	17.50
Total	3,316	100%	3,628	100%

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

Income Threshold Parameters

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

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

Analyst Note: The subject will comprise 64 one, two and three-bedroom units. The recommended maximum number of people per unit is:

- 1BR - 1 and 2 persons
- 2BR - 2, 3 and 4 persons
- 3BR - 3, 4, 5 and 6 persons

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

The proposed (existing) development will target 100% of the units at 60% or below of area median income (AMI). Note: The subject will retain the existing deep subsidy project base rental assistance for all 64-units.

The lower portion of the target income range is set by the proposed subject 1BR, 2BR and 3BR rents at 60% AMI along with the fact that it has 100% project base rental assistance.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the

most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property's intended target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for non elderly applications at 35%.

The proposed 1BR net rent at 60% AMI is \$379. The estimated utility costs is \$39. (Source: GA-DCA 2006 application) The proposed 1BR gross rent is \$418. The proposed 2BR net rent at 60% AMI is \$445. The estimated utility costs is \$48. (Source: GA-DCA 2006 application) The proposed 2BR gross rent is \$493. The proposed 3BR net rent at 60% AMI is \$480. The estimated utility costs is \$57. (Source: GA-DCA 2006 application) The proposed 3BR gross rent is \$537. The lower income limit at 60% AMI without deep subsidy rental assistance was established at \$14,330. Given the fact that 100% of the units set aside for potential tenants will have deep subsidy project base rental assistance the lower income limit was re-established at \$0.

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

	60% AMI
1 Person -	\$19,440
2 Person -	\$22,260
3 Person -	\$25,020
4 Person -	\$27,840
5 Person -	\$30,060
6 Person -	\$32,280

Source: 2006 HUD Median Income Guidelines.

The overall income range for the targeting of income eligible households at 60% AMI is \$0 to \$32,280.

Were the subject to lose its project base rental assistance the overall income range for the targeting of income eligible households at 60% AMI is \$14,330 to \$32,280.

According to the Multi-Family Housing Program Director for the USDA-RD program in Georgia, (Mr. Michael W. Rogers) over the past 20 years, the Agency has always renewed expiring RA agreements. Based on this past history it is expected that project base RA will be renewed for another 5-year period and beyond for the proposed acquisition/rehab subject development.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

With RA commitment

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI with the deep subsidy RA commitment of 62-units is \$0 to \$32,280.

It is projected that in 2008 approximately **63.5%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group, allowing for PBRA.

Without RA commitment

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI without deep subsidy project base RA is \$14,330 to \$32,280.

It is projected that in 2008 approximately **32%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group, without PBRA support.

ECONOMIC & EMPLOYMENT TRENDS

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

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

Table 9			
Civilian Labor Force and Employment Trends, Toombs County: 2000, 2004 and 2005			
	2000	2004	2005
Civilian Labor Force	12,300	11,860	12,840
Employment	11,494	11,149	12,021
Unemployment	806	711	819
Rate of Unemployment	6.6%	6.0%	6.4%

Table 10				
Change in Employment, Toombs County				
Years	# Total	# Annual*	% Total	% Annual*
2000 - 2004	- 345	- 69	- 3.00	- 0.60
2004 - 2005	+ 872	Na	+ 7.80	Na

* Rounded

Na - Not applicable

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

Koontz and Salinger. June, 2006.

Employment Trends

Table 11

Employment Change and Rates of Unemployment, Toombs County

Year	Number Employed	Change Over Previous Year	Unemployment Rate
2000	11,494	-----	6.6
2001	11,380	- 114	6.2
2002	10,711	- 669	7.1
2003	11,099	+ 388	6.3
2004	11,149	+ 50	6.0
2005	12,021	+ 872	6.4
2006 (01)	12,132	-----	6.0
2006 (02)	12,081	- 51	5.9
2006 (03)	12,264	+ 183	5.4
2006 (04)	12,223	- 41	5.4

Table 12							
Average Monthly Covered Employment by Sector, Toombs County, 2003 and 2004							
Year	Total	Con	Mfg	T	FIRE	HCSS	G
2003	10,595	584	1,624	2,333	289	1,508	1,563
2004	11,004	595	1,926	2,270	283	1,595	1,526
03-04 # Ch.	+ 409	+ 11	+ 302	- 63	- 6	+ 87	- 37
03-04 % Ch.	+ 3.9	+1.9	+18.6	-2.7	-2.1	+5.8	-2.4

% Ch. 2003 to 2004 = % Increase/Decrease

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

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

Koontz and Salinger. June, 2006.

Table 13, exhibits average annual weekly wages in 2003 and 2004 in the major employment sectors in Toombs County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation, as measured by the consumer price index (CPI) for the majority of the employment sectors. It is estimated that the majority of workers in the service and trade sectors in 2005/06 have average weekly wages between \$350 and \$600.

Table 13				
Average Annual Wages, 2003 and 2004				
Toombs County				
Employment Sector	2003	2004	% Numerical Change	Annual Rate of Change
Total	\$ 446	\$ 453	+ 7	+ 1.6
Construction	\$ 465	\$ 442	- 23	- 4.9
Manufacturing	\$ 417	\$ 424	+ 7	+ 1.7
Wholesale Trade	\$ 571	\$ 607	+ 36	+ 6.3
Retail Trade	\$ 348	\$ 366	+ 18	+ 5.2
Transportation & Warehouse	\$ 735	\$ 792	+ 57	+ 7.8
Finance	\$ 622	\$ 614	- 8	- 1.3
Real Estate Leasing	\$ 289	\$ 332	+ 43	+14.9
Health Care Services	\$ 582	\$ 587	+ 5	+ 0.9
Leisure & Hospitality	\$ 187	\$ 184	- 3	- 1.6
Federal Government	\$ 769	\$ 805	+ 36	+ 4.7
State Government	\$ 503	\$ 526	+ 23	+ 4.6
Local Government	\$ 474	\$ 484	+ 10	+ 2.1

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

Koontz and Salinger. June, 2006.

Major Employers

The major employers in Lyons, Vidalia, and Toombs County are listed in Table 14.

Table 14			
Major Employers			
Firm	Product/Service	Employees	Year Built
Industrial			
Robin Builders	Metal Buildings	65	1972
Toombs Apparel	Lingerie	85	1996
American Starboard	Air Handling Equip	330	Na
Atlantic Wood	Pressure Treated Lumber	45	1957
Lark Builders	Storage Buildings	120	1968
Precision Mfg.	Sheet Metal	67	1963
Runners Diversified	Nylon Products	175	1978
US Energy Sciences	Industrial Lighting	40	1990
Symington	Hurricane Windows	75	2005
DOT Foods	Food Processing	Na	Na
Non Industrial			
Meadows Regional	Medical Center	400+	
Toombs County	School System	Na	
City of Vidalia	School System	Na	
Hatch Nuclear Power Plant*	Utility	850	
South Eastern Tech Institute	Education	200+	
Lyons, Vidalia & Toombs Co.	Local Government	Na	
Walmart Supercenter	Retail Trade	Na	

* Located on the opposite side of the river from Toombs County.

Sources: Toombs-Montgomery Chamber of Commerce, (912) 537-4466.

2006 Georgia Manufacturers Directory, Harris Infosource

SUMMARY

The economic situation for Toombs County is statistically represented by employment activity, both in workers and jobs.

According to the Toombs - Montgomery Chamber of Commerce and Development Authority, the local economy has grown significantly over the last year. Both the manufacturing and non manufacturing sectors are reported to be strong and growing. The newest manufacturing plant in the local economy is Symington Widows. It is the first facility in the new industrial park just opened north of Lyons off SR 152. The 100,000 sf facility opened in 2005 with 75 workers. At present, it is in the process of expanding to 240,000 sf and will employ 300 workers over the next 2 to 3 years.

Vidalia/Lyons is the center of trade and services for both Toombs and Montgomery counties, as well as the location of all of the major employers in the area. At the time of the survey there were several signs of on-going service, trade and institutional growth. For example, the regional hospital has recently expanded and now employs over 400 people. Both the Vidalia and Toombs County school systems are growing in enrollment and new teachers. The SE Technical Institute is expected to attain new accreditation by the end of the year as a full-service 2 year college.

Source: Mr. Bill Mitchell, Toombs-Montgomery Development Authority, (912) 537-4466.

Many workers in Toombs County reside in the county and commute out of county to the Hatch Nuclear Power Plant located off the Altamaha River on the opposite side of Toombs County in Appling County. Other commute to the State Correctional facility in Appling County and the large poultry processing facilities in both Emanuel and Tattnall Counties. Approximately 25% of the workforce commutes out of county to work. Most commute to Appling, Tattnal and Montgomery Counties.

A significant amount of the local economy is centered around agri-business, specifically crops, such as Vidalia Onions and tobacco. It is estimated that the county agri-business sectors is valued at \$150 million annually in the local economy.

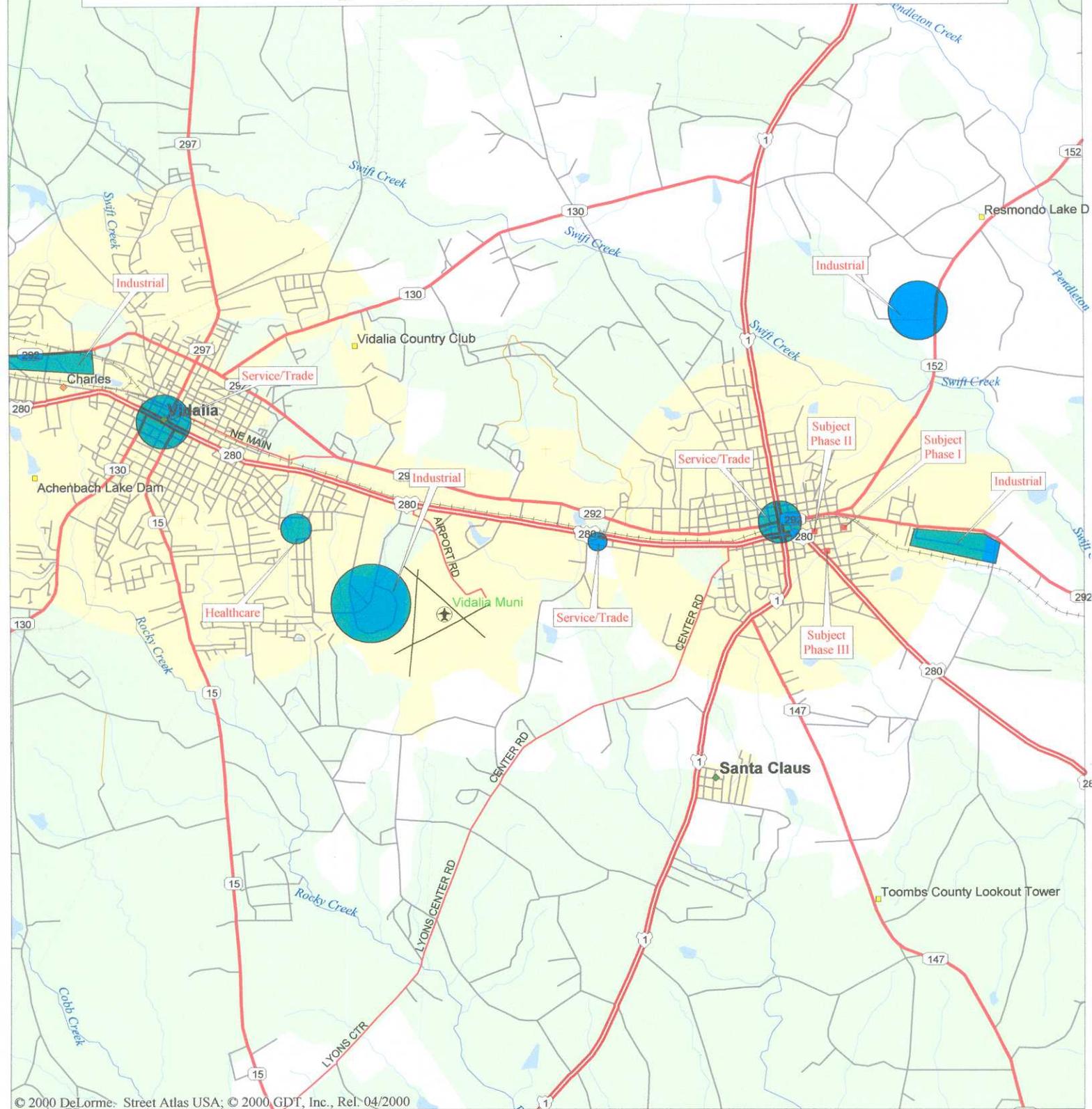
The Selig Center for Economic Growth (Terry College of Business, University of Georgia) forecasts an annual positive rate of change with net employment gains of 0.4% per year between 2005 and 2010 for Toombs County.

Summary

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

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

Employment Concentrations



© 2000 DeLorme, Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 13.00
Mon Jun 12 16:17 2006

Scale 1:75,000 (at center)



- Local Road
- Major Connector
- State Route
- Trail

SECTION F

PROJECT-SPECIFIC DEMAND ANALYSIS

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

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

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

In this section, the effective project size is 62-units and not 64-units, owing to the fact that 2-units will be set aside as a non revenue unit for management and/or common area. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 8A and 8B from the previous section of the report. This demand analysis will be two-fold. It will examine potential demand for the subject **with** and **without** deep subsidy project base rental assistance (PBRA).

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

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

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

Effective Demand Pool

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

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

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

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

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

Growth

For the PMA, forecast housing demand through household formation totals 841 households over the 2000 to 2008 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2000 to 2008, forecast period it is calculated that 218 or approximately 26% of the new household formations would be renters.

Based on 2008 income forecasts, 138 new renter households fall into the 60% AMI target income segment of the proposed subject property with PBRA; and 70 into the 60% AMI target income segment without PBRA.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 34 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA and 287 households were living in renter-occupied dwellings in over crowded conditions. The total number of existing renters that were in substandard housing based on the 2000 Census was 321.

Based on a field analysis of Lyons and Toombs County, along with an examination of the trends in substandard data between the 1990 and 2000 censuses and the recent introduction of two LIHTC/Home properties, it is estimated that in 2008 there are 150 renter households in substandard housing conditions in the PMA.

Based on 2008 income forecasts, 95 substandard renter households fall into the target income segment of the proposed subject property at 60% AMI with PBRA; and 48 households at 60% AMI without PBRA.

Demand from Existing Renters that are Rent Overburdened

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

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent*. The most recent census based data for the percentage of households that are rent overburdened by income group is the 2000 census. Forecasting this percentage estimate forwarded into 2008 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households (in 2008) have remained the same since 2000. That is approximately 70% of the renters with incomes in the 60% AMI target income segment are rent overburdened with PBRA; and 35% of the renters with incomes in the 60% AMI target income segment are rent overburdened without PBRA.

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

In the PMA it is estimated that 1,546 existing renter households are rent overburdened and fall into the 60% AMI target income segment

of the proposed subject property with PBRA. In the PMA it is estimated that 390 existing renter households are rent overburdened and fall into the 60% AMI target income segment of the proposed subject property without PBRA.

Total Effective Tenant Pool - PMA

The potential demand from these sources (in the PMA) total 1,179 households/units at 60% AMI with PBRA; and 508 households/units at 60% AMI without PBRA. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA.

Secondary Market Area Adjustment (15% factor)

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

The secondary market area adjustment factor increased demand by 267 households at 60% of AMI with PBRA, and by 76 households at 60% AMI without PBRA.

Total Effective Tenant Pool - PMA & SMA

The potential demand from the demand methodology sources from both the PMA and SMA total 2,046 households/units at 60% AMI with PBRA; and 584 households/units at 60% AMI without PBRA. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from both the PMA and SMA.

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

The final segmentation process of the demand methodology was to subject out like-kind competition/supply in the PMA built since 1999. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments, and USDA-RD Section 515 family developments. Note: Since 1999, two like-kind competitive family apartment developments have been introduced into the PMA, The Chateau Apartments in 2004 and Lakeview in 2006.

Taking these two properties into consideration reduced potential demand to 2,033 at 60% AMI with PBRA and to 470 at 60% AMI without PBRA.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to local sources, no other multi-family apartment development supply is known to be under construction or in the pipeline for development, other than the 72-unit Lakeview Apartments. Source: City of Lyons, City Clerks Office.

A review of the 1999 to 2005 list of awards made by the Georgia Department of Community Affairs revealed that in the last six rounds, two awards were made for LIHTC developments in the PMA. These two awards must be taken into consideration in the demand methodology. In 2004 the 56-unit The Chateau Apartments were built in Vidalia and in 2006 the 72-unit Lakeview Apartments was in the process of rent-up and in the final stages of construction.

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

Table 15

Quantitative Demand Estimate: Lyons PMA

	With	No
	<u>RA</u>	<u>RA</u>
• <u>Demand from New Growth - Renter Households</u>		
Total Projected Number of Households (2008)	3,628	3,628
Less: Current Number of Households (2000)	<u>3,410</u>	<u>3,410</u>
Change in Total Renter Households	+ 218	+ 218
% of Renter Households in Target Income Range	<u>63.5%</u>	<u>32%</u>
Total Demand from New Growth	138	70
• <u>Demand from Substandard Housing with Renter Households</u>		
Number of Households in Substandard Housing(2000)	321	321
Number of Households in Substandard Housing(2008)	150	150
% of Substandard Households in Target Income Range	<u>63.5%</u>	<u>32%</u>
Number of Income Qualified Renter Households	95	48
• <u>Demand from Existing Renter Households</u>		
Number of Renter Households (2008)	3,628	3,628
Minus substandard housing segment	150	150
Net Number of Existing Renter Households	3,478	3,478
% of Households in Target Income Range	<u>63.5%</u>	<u>32%</u>
Number of Income Qualified Renter Households	2,209	1,113
Proportion Income Qualified (that are Rent Overburden)	<u>70%</u>	<u>35%</u>
Total	1,546	390
• <u>Net Total Demand from the PMA</u>	1,779	508
• <u>Secondary Market Area Adjustment</u>		
Net Total Demand	1,779	508
Adjustment Factor of 15%	<u>15%</u>	<u>15%</u>
Demand from SMA Adjustment	267	76
• <u>Gross Total Demand (PMA & SMA)</u>	2,046	584
Minus New Supply of Competitive Units (1999-2008)	<u>13</u>	<u>114</u>
• <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	2,033	470

Capture Rate Analysis

Total Number of Households Income Qualified = 2,033. For the subject 62 LIHTC units this equates to an overall LIHTC Capture Rate of 3%.

LIHTC Capture Rates by AMI

	With	No
● <u>Capture Rate</u> (62 unit subject, by AMI)	<u>RA</u>	<u>RA</u>
Number of Units in Subject Development	62	62
Number of Income Qualified Households	2,033	470
Required Capture Rate	3%	13.2%

Analyst Note: The above capture rate analysis is premised upon the subject not retaining any of the existing tenants at the time of the rehab process. Based on an examination of the most recent rent roll, current demand and the condition of the units it is estimated that the project should be able to retain at least 60% (if not more) of the existing tenant base. Should at least 37 of the 62 available units (60%) be retained along with the PBRA the subject capture rate with PBRA would be much, lower - at 1.8%. Without PBRA the retention rate would not be as high and in fact the assumption of a project with 62 available units and no PBRA would be more realistic along with a capture rate much higher than that exhibited at 13.2%.

● Total Demand by Bedroom Mix

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

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

1BR	-	508
2BR	-	1,017
3BR	-	508
Total	-	2,033

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	508	10	498	6	1.2%
2BR	1,017	34	983	14	1.4%
3BR	508	28	480	42	8.7%

* Lakeview Apartments

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

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

1BR - 118
2BR - 234
3BR - 118

Total - 470

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	118	10	108	6	5.6%
2BR	234	34	200	14	7.0%
3BR	118	28	90	42	46.7%

* Lakeview Apartments

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above 3BR capture rate is **not** considered to be attainable for the proposed bedroom mix, absent PBRA.

Absorption Rate Analysis

Given the strength (or lack of strength) of the demand estimated in Table 15, the worst case scenario for 93% to 100% rent-up is estimated to be 9 months (at 6 to 7-units per month on average). The most likely/best case rent-up scenario suggests a 6-month rent-up time period (an average of 10-units per month).

These estimates of absorption are based upon the assumption that the subject will not retain any of the tenants after the time of the rehab process. In reality, even without an extensive rehab process the subject has maintained an annual occupancy rate of approximately 70% and with the retention of PBRA would have little to no difficulty in maintaining at least a 60% retention rate. Given this scenario, the remaining 40% of the complex should be absorbed within 3 to 6 months upon the completion of the rehab process.

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

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

Overall Impact to the Rental Market

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

SECTION G

**COMPETITIVE ENVIRONMENT &
SUPPLY ANALYSIS**

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

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

The Lyons/Vidalia apartment market is representative of a semi-rural apartment market, with a mixture of a number of small to mid-size program assisted properties and small to mid-size market rate properties. At present, the market has six program assisted family properties (excluding the two local housing authorities). Two of the family program assisted properties are LIHTC/Home developments, three are USDA-RD Section 515 complexes and one is a HUD Section 8 property. The local apartment market has several small to mid-size conventional apartment complexes, with the remainder of the rental supply comprising mostly single-family homes and duplexes/tri-plexes for rent.

The majority of the market rate supply (located in the rural areas of the PMA outside of Lyons and Vidalia) consists primarily of single-family homes for rent and single-wide trailers.

Note: At the time of the survey there was one competing apartment development under construction in the PMA. At the time of the survey the 72-unit Lakeview (LIHTC/Home) Apartment development was in its final stages of construction. Several building have already been issued a Certificate of Occupancy (CO) and these buildings were in the process of rent-up.

No other competing apartment developments were in the pipeline for development in the PMA.

Survey of the Competitive Environment

* At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted family properties was approximately 2%. This estimate did not include the subject property, which at the time of the survey had 19 to 62 units vacant. Many of the vacant units are uninhabitable and all are in need of great repair. Were these units taken into consideration the overall vacancy rate of family program assisted units would be approximately 7.5%.

* At the time of the survey the newest program assisted property in the local apartment market, the 72-unit Lakeview LIHTC development was in its final stages of construction and had begun the rent-up process. At the time of the survey Lakeview had rented 31 of 72-units, or 43% of the complex over a three month period. Management reported that the forecast for 95% to 100% occupancy was no later than the end of the summer of 2006.

* One other LIHTC/Home development is located in the local apartment market. The Chateau Apartment development is a 56-unit family complex that was built in 2004. The property was 100% occupied over a 10 month period. At the time of the survey, management reported that there were 15 applicants on the waiting list.

* At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was 2%.

* Street rents vary widely, depending on property age, condition, size of units, number of bathrooms, amenity package and location. Listed below are the rents broken down by average, median and range by bedroom type for the surveyed properties.

Bedroom Type	Average	Median	Range
1BR/1b	\$360	\$350	\$328-\$395
2BR/1b	\$400	\$400	\$350-\$460
2BR/2b	\$400	\$400	\$360-\$403
3BR/1.5b or 2b	\$435	\$425	\$375-\$500

* At the time of the survey, the Lakeview Apartment development in Lyons was offering several forms of concessions in order to enhance the rent-up process.

* Among the most comparable apartment properties in the PMA to the subject are the older one-story market rate property centered near the Hospital, such as the Hollis Apartments. Another good comparable property would be the recent rehabed units of the Lyons Housing Authority. In addition to these, the 30% AMI units at both The Chateau and The Lakeview LIHTC/Home apartment developments.

Toombs County HUD Section 8 Voucher Program

The GA-DCA manages the HUD Section 8 Voucher program for Lyons and Toombs County. Currently, 31 Section 8 vouchers are in use in Toombs County. The waiting list for a voucher in Toombs County is moderately long, with approximately 50 applicants. Source: Mr. Patrick McNally, GA-DCA, Waycross Office, (912) 285-6280.

Fair Market Rents

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

Efficiency	= \$ 298
1 BR Unit	= \$ 412
2 BR Unit	= \$ 458
3 BR Unit	= \$ 638
4 BR Unit	= \$ 705

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

Source: www.huduser.org

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

Table 16											
SURVEY OF LYONS PMA APARTMENT COMPLEXES											
PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	62	6	14	42	Na	\$379	\$445	\$480	670	782-788	952-1008
The Chateau	56	16	24	16	0	\$157-\$330	\$177-\$360	\$370-\$435	780	1025	1180
Lakeview	72	10	34	28	**	\$155-\$328	\$177-\$403	\$195-\$467	720	980	1200
Vidalia Vill	50	12	38	--	4	\$308	\$336	--	676	980	--
Doe Run	48	12	12	24	0	\$250	\$265	\$280	690	980	1080
Lyons	32	12	16	4	0	\$272	\$297	\$322	688	735	883
Raymonia	80	20	28	32	2	BOI	BOI	BOI	680	821	955-1052
McDonald	52	--	16	36	0	--	\$350	\$375	--	1200	1200
Brookngtn	28	--	28	--	0	--	\$400	--	--	Na	--
Wilkes	51	10	31	10	2	\$395	\$425	\$475	Na	Na	Na
Colony Square	24	6	12	6	2	\$375-\$400	\$450-\$475	\$500	1000	1200	1500
Hollis	32	--	32	--	0	--	\$350-\$375	--	--	1000	--
Estroff	24	--	16	8	0	--	\$375	\$425	--	Na	Na
Total*	549	98	287	164	10						

* - Excludes the subject property Na - Not available BOI - Based on income

** - In process of rent-up

Note: The basic rent was noted for the USDA-RD properties

Source: Koontz and Salinger. June, 2006.

Table 17 exhibits the key amenities of the subject and the surveyed apartment properties. Overall, the proposed subject development will be competitive with most of the existing program assisted apartment properties and most of the existing market rate properties in the market regarding the unit and development amenity package.

Table 17													
SURVEY OF LYONS PMA APARTMENT COMPLEXES													
UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x	x		x	x	x	x	x	x
Chateau	x	x			x	x	x	x	x	x	x	x	x
Lakeview					x	x	x	x	x	x	x	x	x
Vidalia Vill	x	x			x			x	x	x	x		x
Doe Run	x				x			x	x	x	x		x
Lyons					x			x	x	x	x		
Raymonia	x	x			x				x	x	x		
McDonald								x	x	x	x		
Brookingtn			x			x	x	x	x	x	x		x
Wilkes			x			x	x	x	x	x	x		x
Colony Sq								x	x	x	x		
Hollis								x	x	x	x		x

Source: Koontz and Salinger. June, 2006.

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

Reconciliation of Net Rents

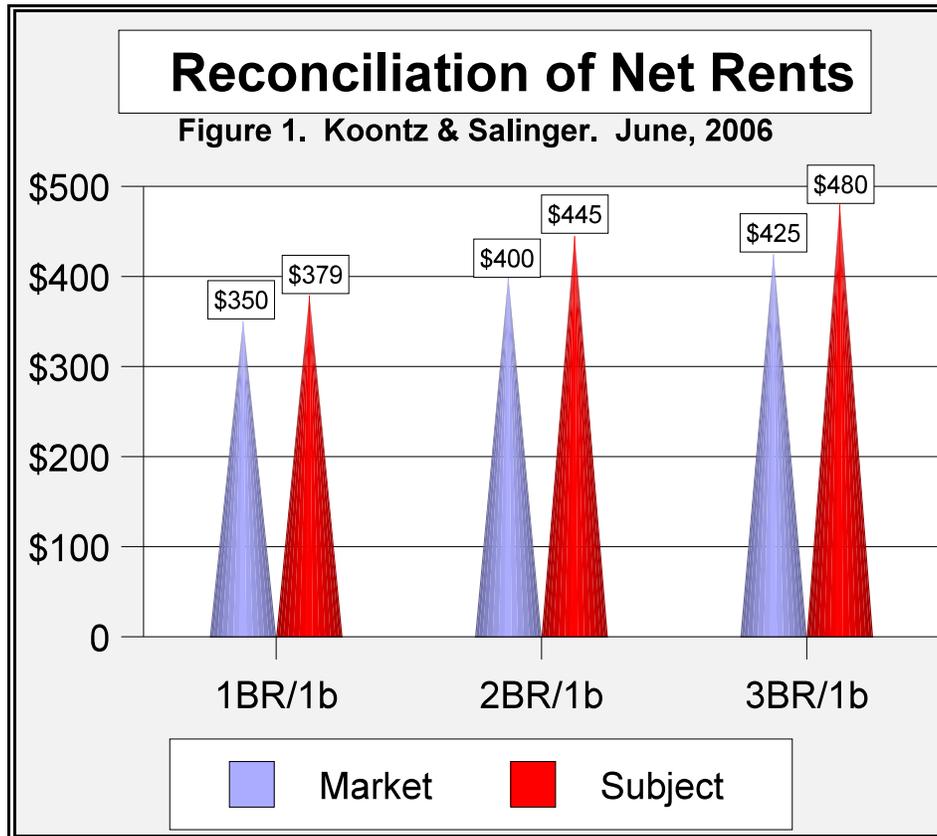
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median market rate net rents by bedroom type in relation to the proposed subject property net rents at 60%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

Data Set

<u>Bedroom Type</u>	<u>Market Estimate*</u>	<u>Subject Rents at 60% AMI</u>
1BR/1b	\$350	\$379
2BR/1b	\$400	\$445
3BR/1b	\$425	\$480

* net rent - for comparable units

Figure 1, reveals that the proposed subject 1BR/1b net rent at 60% is approximately 8% greater than the comparable/competitive 1BR/1b market rate net rents and at 60% AMI. The proposed 2BR/1b net rent at 60% AMI is approximately 11% greater than the comparable/competitive 2BR/1b market rate net rents. The proposed subject 3BR/1b net rent at 60% is approximately 13% greater than the comparable/competitive 3BR/2b market rate net rents. Note: This reconciliation process assumes no PBRA for the subject. Clearly, based on the results of this process, the subject will require deep subsidy RA.



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

A map showing the location of the surveyed properties is provided on page 69.

Survey of the Competitive Environment-Program Assisted

1. The Chateau Apartments, 706 Loop Rd (912) 537-1973

Contact: Mike, Dist. Mgr. (5/23/06)
Date Built: 2004
Contact Type: In person interview

Type: LIHTC/Home fm
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>				<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		30%	50%	60%	MR			
1BR/1b	16	\$157	\$290	\$330	--	\$104	780	0
2BR/2b	24	\$177	\$350	\$360	--	\$136	1025	0
3BR/2b	16	---	\$370	\$375	\$435	\$166	1180	0
Total	56	-	5	36	14	1		0

Typical Occupancy Rate: 98%

Waiting List: Yes (15 apps)

Security Deposit: \$150

Concessions: No

Utilities Included: trash removal

Turnover: 3 per month

Amenities - Unit

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

Amenities - Project

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

Design: 2 story walk-up

Remarks: 2 tenants have a Section 8 voucher; tenants came from the Vidalia and Lyons and a county-wide area; the complex was absorbed over a 10 month period; 2BR units are in most demand; turn away a lot of potential renters that are over income qualified; most of the applicants on the waiting list are for 30% AMI units



2. Lakeview Apartments, 136 N Tenth St

(912) 526-5988

Contact: Beth Colson, Mgr. (5/22/06)

Type: LIHTC/Home fm

Date Built: 2006

Condition: Excellent

Contact Type: In person interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>			<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		30%	50%	60%			
1BR/1b	10	\$155	\$328	\$328	\$ 90	720	4
2BR/2b	34	\$177	\$385	\$403	\$117	980	17
3BR/2b	28	\$195	\$437	\$467	\$144	1200	20
Total	72 -	8	29	35			41

Typical Occupancy Rate: Na

Waiting List: Na

Security Deposit: \$150-\$300

Concessions: Yes

Utilities Included: trash removal

Turnover: Na

Amenities - Unit

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

Amenities - Project

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

Design: 2 story walk-up & townhouse

Remarks: 0 tenants have a Section 8 voucher; tenants are coming from Vidalia and Lyons and a county-wide area; the complex began renting units during the last week of March, 2006; at the time of the survey 31-units were occupied; management forecast 95% to 100% occupancy by the end of the summer of 2006; initial concessions were free cable (\$35 value) and 1st month free; 2BR units are the most popular; 50% units more easier to rent than the 60% AMI units, owing to the affordability of the 50% AMI rents



3. Vidalia Village Apartments, Randall Dr (912) 537-1761
(904) 642-1759

Contact: Pat Hunter, Reg Mgr (5/23/06)
Date Built: 1986
Contact Type: Telephone interview

Type: USDA-RD fm
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Basic Rent</u>	<u>Market Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	12	\$308	\$485	676	*
2BR/1b	38	\$336	\$517	980	*
Total	50				4

Typical Occupancy Rate: high 80's/low 90's
Security Deposit: \$200
Utilities Included: Allowance

Waiting List: Na
Concessions: No
Turnover: Na

Amenities - Unit

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

Amenities - Project

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

Design: 2 story walk-up & one story

Remarks: 20-units have RA; 1BR utility allowance - \$61; 2BR - \$87;
a few tenants have a Section 8 voucher



4. Doe Run Apartments, 321 Jerriel St (912) 537-0391

Contact: Maggie, Southland Mgmt (5/24/06) **Type:** USDA-RD fm
Date Built: 1983 **Condition:** Good
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Basic Rent</u>	<u>Market Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	12	\$250	\$403	690	0
2BR/1b	12	\$265	\$437	980	0
3BR/1b	24	\$280	\$471	1080	0
Total	48				0

Typical Occupancy Rate: 98% to 99%
Security Deposit: \$200
Utilities Included: Allowance

Waiting List: Yes (15 apps)
Concessions: No
Turnover: "low"

Amenities - Unit

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

Amenities - Project

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

Design: 2 story walk-up

Remarks: 48-units have RA; 1BR utility allowance - \$61; 2BR - \$77; 3BR - \$82



5. Lyons Apartments, 262 Skyline Rd

(912) 526-4010

Contact: Maggie, Southland Mgmt (5/24/06)

Type: USDA-RD fm

Date Built: 1985

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Basic Rent</u>	<u>Market Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	12	\$272	\$389	688	0
2BR/1b	16	\$297	\$420	735	0
3BR/1.5b	4	\$322	\$454	883	0
Total	32				0

Typical Occupancy Rate: 98% to 99%

Waiting List: Yes (12 apps)

Security Deposit: \$200

Concessions: No

Utilities Included: Allowance

Turnover: "low since x-mas"

Amenities - Unit

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

Amenities - Project

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

Design: 2 story walk-up

Remarks: 15-units have RA; 1BR utility allowance - \$80; 2BR - \$88; 3BR - \$118



6. Raymonia Apartments, 1208 Easter Dr

(912) 537-9238

Contact: Mary Brown, Mgr (5/24/06)

Type: HUD Section 8 - fm

Date Built: 1974

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	20	\$344	\$ 85	680	1
2BR/1b	28	\$392	\$101	821	1
3BR/1.5b	28	\$443	\$127	955	0
4BR/1.5b	4	\$489	\$156	1052	0
Total	80				2

Typical Occupancy Rate: 98%+

Waiting List: Yes (35 apps)

Security Deposit: based on income

Concessions: No

Utilities Included: Allowance

Turnover: Na

Amenities - Unit

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

Amenities - Project

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

Design: 2 story walk-up

Remarks:



7. Vidalia Housing Authority, 705 Morris St

(912) 537-4885

Contact: Mr. Robert Kelly, (5/24/06)

Type: PHA

Date Built: 1973

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Contract Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	26	BOI	Na	0
2BR/1b	50	BOI	Na	0
3BR/2b	30	BOI	Na	0
4BR/2b	4	BOI	Na	0
Total	110			0

Typical Occupancy Rate: 99%

Waiting List: Yes

Security Deposit: BOI

Concessions: No

Utilities Included: Allowance

Turnover: "low-moderate"

Amenities - Unit

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

Amenities - Project

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

Design: 1-story

The Lyons Housing Authority was contacted several times but declined to participate in the survey. Recently, several sections of the scattered site complexes managed by the Authority have been rehabed and modernized.



Survey of the Competitive Environment-Market Rate

1. McDonald Apartments, Lake McDonald Rd (912) 537-4181

Contact: Pearl McDonald, Owner (6/1/06) **Type:** Conventional
Date Built: 1983 **Condition:** Very Good
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	16	\$350	1200	0
3BR/2b	36	\$375	1200	0
Total	52			0

Typical Occupancy Rate: 95% **Waiting List:** Na
Security Deposit: \$300 **Concessions:** No
Utilities Included: None **Turnover:** "low"

Amenities - Unit

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

Amenities - Project

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

Design: townhouse

Remarks:



2. Brookington Apartments, 807 Loop Rd

(912) 538-7915

Contact: Tina Campbell, Mgr. (5/24/06)

Type: Conventional

Date Built: 1970's to 1983

Condition: Very Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5b	28	\$400	Na	0
Total	28			0

Typical Occupancy Rate: 95%

Waiting List: Na

Security Deposit: \$400

Concessions: No

Utilities Included: None

Turnover: Na

Amenities - Unit

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

Amenities - Project

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

Design: townhouse

Remarks:



3. Wilkes Townhouses, 504 E North St

(912) 537-3141

Contact: Ms., (6/1/06)

Type: Conventional

Date Built: 1980

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	10	\$395	Na	*
2BR/1b	31	\$425	Na	*
3BR/1.5b	10	\$475	Na	*
Total	51			"a few" (est. at 2)

Typical Occupancy Rate: 98%

Waiting List: Yes

Security Deposit: \$375

Concessions: No

Utilities Included: None

Turnover: "very little"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

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

Design: townhouse

Remarks:



4. Colony Square Apartments, Teston Lane (912) 537-8885

Contact: Michelle, Levans Realty, (5/23/06) **Type:** Conventional
Date Built: 1987 **Condition:** Good
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	6	\$375-\$400	1000	0
2BR/1b	12	\$450-\$475	1200	0
3BR/2b	6	\$500	1500	2
Total	24			2

Typical Occupancy Rate: low to mid 90's **Waiting List:** not needed
Security Deposit: 1 month rent **Concessions:** No
Utilities Included: None **Turnover:** "low - past 8 mos."

Amenities - Unit

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

Amenities - Project

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

Design:

Remarks:



5. Hollis Apartments, 319 Randall Dr

(912) 537-8868

Contact: Wynnell, (5/24/06)
Date Built: 1989
Contact Type: Telephone interview

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5b	10	\$350	1000	0
2BR/2b	22	\$375	1000	0
Total	32			0

Typical Occupancy Rate: 99%
Security Deposit: \$350
Utilities Included: None

Waiting List: Yes ("long")
Concessions: No
Turnover: "very low"

Amenities - Unit

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

Amenities - Project

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

Design: 1 story w/carport

Remarks:



6. Estroff Apartments, Arlington Dr

(912) 537-3086

Contact: Owner, (5/24/06)
Date Built: 1983
Contact Type: Telephone interview

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	16	\$375	Na	0
3BR/1.5b	8	\$425	Na	0
Total	24			0

Typical Occupancy Rate: Na
Security Deposit: 1 month rent
Utilities Included: None

Waiting List: Na
Concessions: No
Turnover: Na

Amenities - Unit

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

Amenities - Project

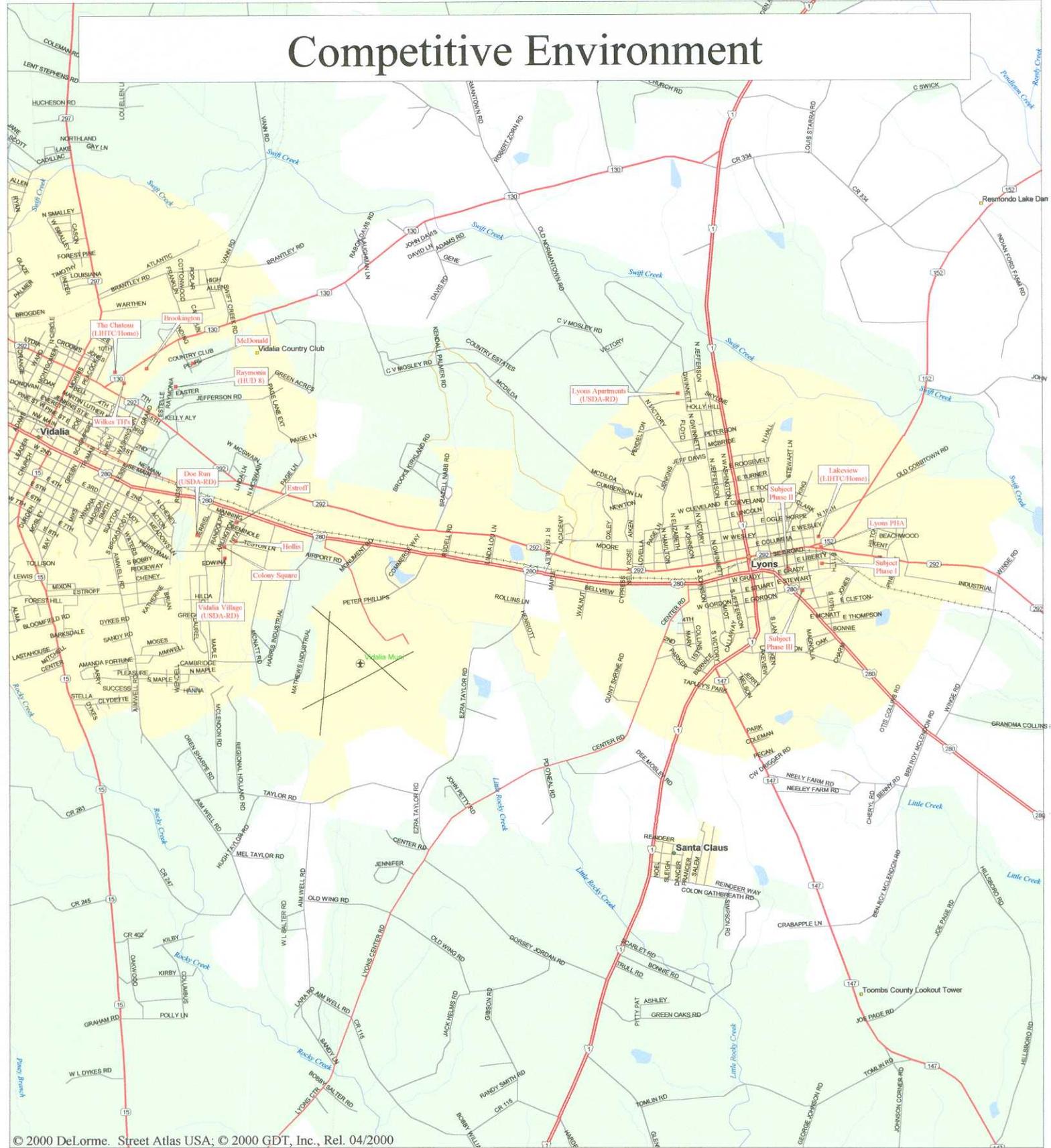
On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: 2 story walk-up

Remarks: owner (Mr. Estroff) hung-up during the survey process



Competitive Environment



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 14.00
Mon Jun 12 16:32 2006

Scale 1:62,500 (at center)



- Local Road
- Major Connector
- State Route
- Trail

SECTION H

INTERVIEWS

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

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

(1) - The City Manager for Lyons, Mr. Rick Hartley, was interviewed (in person), (912) 526-6578. At the time of the interview Mr. Hartley, expressed a strong opinion for the proposed acquisition/rehab development process for the Meeks/Lyons Apartments. It was stated that the city council was in support of the proposed development. It was also stated that the city was not prepared to offer any funding sources for the development, but did acknowledge that the properties were in desperate need of new ownership, modernization and professional on-site management.

(2) - Ms. Beth Colson, Manager of the new Lakeview (LIHTC/Home-family) Apartments was interviewed (in person), (912)526-5988. At the time of the interview, Ms. Colson expressed a very positive opinion regarding the proposed acquisition/rehab of the Meeks/Lyons Apartments. Ms. Colson stated that "there is need" for additional affordable housing in the local apartment market that targets households at 30% AMI. She stated that given the fact that the proposed development will have 100% PBRA it would not compete with her property. At present, her property was in the process of rent-up and should be 95% to 100% occupied by the end of the summer of 2006. Most of her tenants came from a county-wide area, specifically from Lyons and Vidalia. In summary, she believes that the proposed development would be absorbed very quickly with 100% PBRA and after the rehab process.

(3) - The District Manager for Boyd Management happened to be at The Chateau (LIHTC/Home-family) Apartment complex at the time of the survey. He was interviewed (in person), Mike, (912) 537-1973. At the time of the interview Mike expressed a very positive opinion regarding the proposed acquisition/rehab development in Lyons. He stated that "there is need" for additional affordable housing targeting households, and in particular single-women with children at 30% AMI and below level in the local apartment market. He stated that there is a need for families with large households requiring at least three-bedroom and that the 30% units at The Chateau are always full and the waiting list is overly represented by households in need of 30% units. The Chateau typically has a waiting list with 15 to 30 applicants, but at present it is down to 15, owing to the rent-up process of the

nearby Lakeview Apartments. Most of the tenants came from a county-wide area. In summary, he believes that the proposed acquisition/rehab development would be absorbed very quickly, given its PBRA and subject to modernization.

(4) Ms. Lisa Powell, Manager of the Meeks/Lyons (subject) Apartments was interviewed (in person). At the time of the interview Ms. Powell expressed a very positive opinion regarding the proposed acquisition/rehab of the Lyons Apartments. She stated that the complex of late has maintained an occupancy rate of around 25% to 35%, owing to: (a) the majority of the units are in very poor condition and (b) new management policy is much more strict regarding tenant screening, as well as on-going tenant/management issues in the area of appropriate tenant ship of the unit and on-property behavior, as well as payment of rent issues. Ms. Powell stated that if the project was rehabed and maintained its existing 100% PBRA, it would most likely be 100% occupied year-round.

SECTION I
**CONCLUSIONS &
RECOMMENDATION**

As proposed in Section A of this study, it is of the opinion of the analyst, based on the findings in the market study that the Lyons Apartments (a proposed LIHTC acquisition/rehab apartment property) proceed forward with the development process.

Detailed Support of Recommendation

1. Product Mix - The target group is large enough to absorb the proposed product development of **62** units (plus 2 non revenue units), subject to the retention of the existing 100% deep subsidy project base rental assistance (PBRA).

2. Assessment of rents - The proposed net rents will be very competitive in the PMA, subject to the retention of the existing PBRA.

3. The current apartment market is **not** representative of an over saturated market, for well maintained, well amenitized and professionally managed properties.

4. The proposed complex unit amenity package is considered to be competitive in the PMA. Note: The project building design limits the size of the units, as well as how many new amenities can be incorporated within each unit. Were it not for the PBRA, the development would be hard pressed to compete in the market as a conventional property unless the existing proposed net rents were significantly reduced.

5. Stabilized occupancy, is forecasted to be 93% or higher, after the rehab process.

6. The site location is considered to be marketable and should not be an encumbrance to the rent-up process.

7. The proposed development will not negatively impact the existing supply of program assisted properties in the market, owing to its income targeting and 100% PBRA.

SECTION J
ANALYST QUALIFICATIONS

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

agencies.

JERRY M. KOONTZ

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

PROFESSIONAL: 1985-Present, Principal, Koontz and Salinger, a Real Estate Market Research firm. Raleigh, NC

1983-1985, Market Research Staff Consultant, Stephens Associates, an consulting firm in real estate development and planning. Raleigh, NC

1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.

1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

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

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

PHONE: (919) 362-9085
FAX: (919) 362-4867
EMAIL: VONKOONTZ@AOL

Member in Good Standing: National Council of Affordable Housing Market Analysts

Market Analyst Certification and Checklist

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

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

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

Signed: _____ Date: _____

A. Executive Summary

Market demand for subject property given the economic conditions of the area	Page	viii
Projected Stabilized Occupancy Level and Timeframe	Page	ix
Appropriateness of unit mix, rent and unit sizes	Page	vii
Appropriateness of interior & exterior amenities including appliances	Page	vii
Location & distance of subject property in relation to local amenities	Page	vii
Discussion of capture rates in relationship to subject	Page	viii
Conclusion regarding the strength of the market for the subject	Page	ix

B. Project Description

Project address, legal description and location	Page	1
Number of units by unit type	Page	1
Unit size, # of bedrooms & structure type	Page	1
Rents & Utility Allowance	Page	2
Existing or proposed project based rental assistance	Page	2
Proposed development amenities	Page	2 & 3
For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	*
Projected placed in service date	Page	3
Construction type	Page	1
Occupancy type	Page	1
Special Population Target (if applicable)	Page	Na

C. Site Evaluation

Date of Inspection of Subject Property by Market Analyst	Page	16
Physical features of Subject Property and Adjacent Uses	Page	4 & 5
Subject Photographs	Page	6 -10

Map identifying location of subject as well as closets facilities	Page	13
Developments in vicinity to subject & proximity in miles	Page	14
Map identifying existing low-income housing within the PMA	Page	15
Road or infrastructure improvements planned or under construction	Page	4
Comment on access, ingress/egress and visibility of subject	Page	16
Any visible environmental or other concerns	Page	16
Overall conclusions of site and their marketability	Page	16

D. Market Area

Map identifying Subject's Location within PMA	Page	19
Map identifying Subject's Location within SMA, if applicable	Page	Na

E. Community Demographic Data

Data on Population & Households Five Years Prior to Market Entry and Projected Five Years Post-Market Entry	Page	21
---	------	----

1. Population Trends

a. Total Population	Page	20&21
b. Population by Age Group	Page	22
c. Number of elderly & non elderly (for elderly projects)	Page	Na
d. Special needs, additional information	Page	Na

2. Household Trends

Elderly by tenure, if applicable

a. Total number of households & average household size	Page	23
b. Households by tenure (# of owner & renter households)	Page	26
c. Households by Income	Page	29
d. Renter households by # of persons in the household	Page	25

3. Employment Trends

a. Employment by industry	Page	34
b. Major employers, product or service, total employees, expansions	Page	36
c. Contractions, New planned employers, and impact on employment	Page	37
d. Unemployment trends for the PMA & County for last 2 to 4 years	Page	34
e. Map of the site & location of major employment concentrations	Page	38
f. Overall conclusions	Page	37

F. Project Specific Demand Analysis

Income Restrictions - per development's application	Page	30-32
Affordability - Delineation of Income Bands	Page	30-32
Comparison of market rents of competing projects with the subject market rents	Page	Na
Comparison of market rents of competing projects with proposed LIHTC rents	Page	53
Demand Analysis Using Projected Service Date (within 2 years)	Page	39-46
a. New Households Using Growth Rates from Reputable Source	Page	40
b. Demand from Existing Households	Page	41
c. Elderly Households Converting to Rentership	Page	Na
d. Elderly Households Relocating to the Market	Page	Na
e. Deduction of Supply of "Comparable Units"	Page	43&44

f. Capture Rates for Each Bedroom Type	Page 45&46
g. Anticipated Absorption period for the property	Page 47

G. Supply Analysis

Comparative chart of subject amenities & competing projects	Page 51
Supply & analysis of competing developments under construction and pending	Page 48
Comparison of competing developments	Page 51
Rent Comparable Map (showing subject & comparables)	Page 69
Rental Assisted Projects in PMA	Page 55-68
Multi-family Building Permits issued in PMA in last two years	Page 27

H. Interviews

Names, Title, and Telephone # of Individuals Interviewed	Page 70
--	---------

I. Conclusions & Recommendations

Conclusion as to Impact of Subject on PMA	Page 72
Recommendation as to Subject's Viability in PMA	Page 72

J. Signed Statement

Signed Statement from Analyst	Page 74
-------------------------------	---------

* See Appendix for Rent Roll and Proposed Renovation Information; detailed information on the Meeks/Lyons Apartments (i.e., the subject) at the time of the survey is available on pages 4 and 5 of the market study.