



**A MARKET VALUATION ANALYSIS OF**

**PHOENIX HOUSE  
1296 Murphy Avenue SW  
Atlanta, Fulton County, Georgia 30310**

**Effective Date: March 19, 2015  
Report Date: June 10, 2015**

*Prepared For*

**Mr. Jonathan Toppen  
Managing Principal  
Tapestry Development Group, Inc.  
321 West Hill Street  
Suite 2  
Decatur, GA 30030**

*Prepared By*

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June 10, 2015

Mr. Jonathan Toppen  
Managing Principal  
Tapestry Development Group, Inc.  
321 West Hill Street  
Suite 2  
Decatur, GA 30030

Re: Appraisal of Phoenix House Apartments  
1296 Murphy Ave SW, Atlanta, GA

Dear Mr. Toppen:

We are pleased to present our findings with respect to the value of the above-referenced property, Phoenix House (“Subject”). The Subject is an existing 69-unit special needs Shelter Plus Care property targeted towards formerly homeless and mentally disabled adults that consists of studios and single-room occupancy (SRO) units. It should be noted that we completed an appraisal on this property in June 2010 and August 2013. As requested, we provided the following value estimate of both tangible and intangible assets, described and defined below:

- Market Value “As Is Restricted” – current value assuming current rents, tenancy, subsidy, and age/condition

*Please see attached assumptions and limiting conditions for additional remarks concerning prospective value estimates.*

Tapestry Development Group, Inc. is the client in this engagement. We understand that they will use this document for internal purposes. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, and state lending authorities. As our client, Tapestry Development Group, Inc. owns this report and permission must be granted from them before another third party can use this document. Atlanta Development Authority and the Georgia Department of Community Affairs are also intended users. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in a self-contained report, as defined by USPAP.

Market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. The price represents normal considerations for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This report complies with FIRREA (1989) regulations. It also is compliant with Appraisal Institute guidelines.

As a result of our analysis of the Subject's As Is Restricted scenario, the Subject's value assuming its current performance as of March 19, 2015, is:

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**(\$575,000)**

*Please refer to the assumptions and limiting conditions regarding hypothetical values.*

If appropriate, the scope of our work includes an analysis of current and historical operating information provided by management. This unaudited data was not reviewed or compiled in accordance with the American Institute of Certificate Public Accountants (AICPA), and we assume no responsibility for such unaudited statements.

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the Uniform Standards of Professional Appraisal Practice (USPAP).

Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility for updating this report due to events and circumstances occurring after the date of inspection.

Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or

Phoenix House Apartments  
June 10, 2015

decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,



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Brad Weinberg, MAI, CCIM  
Partner  
Novogradac & Company LLP  
Georgia License #CG221179

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## **EXECUTIVE SUMMARY**

**EXECUTIVE SUMMARY****PROPERTY SUMMARY OF SUBJECT****Property Appraised:**

Phoenix House (the Subject) is an existing 44-unit property that serves 69 mentally disabled and formerly homeless households. The units consist of studios and two and four-bedroom SRO suites. For the purposes of this report, we have used 69 households/bedrooms as the basis for the analyses. Of the 69 households, 45 of the households operate with a Shelter Plus Care (S+C or SPC). All 69 households pay 30 percent of their income towards the monthly rent per a Land Use Restriction Agreement (LURA) agreement regardless of whether the households operate under the Shelter Plus Care program. As of May 2, 2010, the Subject's owner paid off the purchase loan, which required the Subject to target mentally disabled and formerly homeless households. After paying off the loan, the Subject was no longer required to target mentally disabled and formerly homeless households. However, the Subject has continued to target this population and these households benefit from supportive services offered at this property free of charge. The property is currently 94 percent occupied.

The Subject's residential units consist of two primary unit types: Single-Room Occupancy (SRO) units in shared suites and studios. The As Is scenario reflects 44 units serving 69 tenants in a combination of studios and shared suites. The following table illustrates the Subject's current unit mix:

**SUBJECT UNIT MIX AS IS**

Unit Type	Unit BR/BA	Building Type	# of Units	# of HHs	Description
Studios	0BR/1BA	2-story, walkup	35	35	Private bath and kitchen
SRO suites	2BR/1BA	One story	1	2	Shared bath, kitchen, and common area
SRO suites	4BR/2BA	One story	8	32	Shared bath, kitchen, and common area
<b>TOTAL</b>			<b>44</b>	<b>69</b>	

The studios include a private bath and kitchen. The suites consist of a shared kitchen and common area and one bath shared per two bedrooms. The common area is located in the center of the unit while the bedrooms/SROs are located on each side of the suite.

**Property Address:**

Phoenix House, the Subject, is located at 1296 Murphy Avenue SW in Atlanta, Georgia.

**Tax Map ID:** Parcel number 17 -0230- LL-141-9.

**Land Area:** The Subject site is 2.9 acres.

**Property Improvements:** The six residential buildings of Phoenix House were built in two phases, the first in 1990 (one-story) and the second in 1999 (two-story). Of the 69 bedrooms/households, studio apartments comprise 35 of the units. The remaining 32 units are shared suites within eight, four-bedroom suites and, two share suites within one two-bedroom suite. Additionally, there are two community/office buildings that were originally built in 1910 and are in fair condition.

**Rents:** The following table details the current rents for the Subject.

**POTENTIAL GROSS RENTAL INCOME - As Is**

Unit Type	Number of HHS	Concluded Rents	Monthly Gross Rent	Annual Gross Rent
SRO/Studio (S+C Units)	20	\$303	\$6,060	\$72,720
SRO/Studio (S+C Units)	25	\$757	\$18,925	\$227,100
SRO/Studio (Non-S+C Units)	24	\$375	\$9,000	\$108,000
<b>Total</b>	<b>69</b>			<b>\$407,820</b>

The Subject currently operates with 35 studio units and 34 SRO units in a combination of two and four-bedroom apartments. As previously mentioned, the LURA restricting tenancy at the property to mentally disabled and formerly homeless households expired upon repayment of a loan. However, the property has continued to target this population. Further, an additional LURA in place due to use of HOME funds restricts 21 of the studio units to be at or below 50 percent AMI. As will be discussed in the Factual Description, for the purposes of this valuation, we assume any potential buyer of the Subject would require the Shelter Plus Care to remain with the property due to the historical targeting of the property and current tenants residing at the property. It has also been assumed that the non-Shelter Plus Care units would be rented at an achievable market rent to non-targeted tenancy given the lack of restriction on those units. The previous table illustrates the Subject's potential gross revenue in the As Is Restricted scenario.

**Inspection Date:** The Subject was most recently inspected on March 19, 2015, which is the effective date of this report.

**Highest and Best Use “As Is”:**

The Subject’s highest and best use “as is” is for continued use as a subsidized supportive housing development as the contract rents are above the Novoco achievable market rents and alternative uses are restricted by the LURA in place for the property.

**Legal Interest Appraised:**

The property interest appraised is in the leasehold interest, subject to any and all encumbrances, if applicable for each value estimate.

**Ownership and History:**

According to the Fulton County Assessor’s Office, the site is currently owned by Project Interconnections, Inc. The property was transferred from Project Phoenix House, LP to Project Interconnections, Inc. on December 27, 2012 for the sales price of \$456,203. The property was last transferred from Project Interconnections, Inc. to Housing First Phoenix House, LLC, a related entity, on July 1, 2014 for the sales price of \$456,203. It is our understanding these transfers were done to preserve the tax exemption at the property and the purchase price reflects outstanding debt balance on the property. There have been no other transfers over the past three years. The NOVOCO estimated sales price for the Subject As Is Restricted is \$575,000, which is above the sales price of the Subject at the time of the last sale. The Subject’s value As Is Restricted may not reflect the sales price due to a portion of the Subject’s Shelter Plus Care units at rents above market, which contributes to the difference. Our valuation assumes continuation of those rents as a specific assumption.

**Exposure Time:**

Nine – 12 Months

**Marketing Period:**

Nine – 12 Months

## INDICATIONS OF VALUE

## LAND VALUE

Scenario	Units	Price Per Unit	Indicated Value (Rounded)
Land Value	69	\$7,500	\$520,000

## DIRECT CAPITALIZATION ANALYSIS - "AS IS"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is	6.25%	\$35,960	\$575,000

## FACTUAL DESCRIPTION

### APPRAISAL ASSIGNMENT AND VALUATION APPROACH

The Subject property is an existing affordable property that operates with Shelter Plus Care subsidy and operates under a Land Use Regulation Commission (LURA) where all tenants pay 30 percent of their income towards the monthly rent. The Subject consists of studio units and SRO units in shared suites for a total of 69 beds (69 households). All tenants are formerly homeless and/or mentally disabled households and the Subject provides supportive housing services to the tenants. Per the client's request, we have analyzed the following values:

- Market Value "As Is Restricted" – current value assuming current rents, tenancy, subsidy, and age/condition

*Please see attached assumptions and limiting conditions for additional remarks concerning prospective value estimates.*

In determining the value estimates, the appraisers employed the cost, sales comparison and income capitalization approaches to value.

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings potential of the property is carefully estimated and converted into an estimate of the property's market value. The Subject was valued using the Direct Capitalization Approach.

### Property Identification

The Subject site is located at 1296 Murphy Ave SW, Atlanta, GA, and is an existing, 69-unit studio and single-room occupancy apartment community named Phoenix House Apartments. The site is identified by the Assessor as parcel number 17 -0230- LL-141-9.

### Intended Use and Intended User

Tapestry Development Group, Inc. is the client in this engagement. We understand that they will use this document for internal purposes. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, and state lending authorities. As our client, Tapestry

Development Group, Inc. owns this report and permission must be granted from them before another third party can use this document. Atlanta Development Authority and the Georgia Department of Community Affairs are intended users. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

### **Property Interest Appraised**

The property interest appraised is fee simple subject to any and all encumbrances, if applicable for each value estimate.

### **Date of Inspection and Effective Date of Appraisal**

The Subject was inspected on March 19, 2015, which is the effective date of the appraisal.

### **Scope of the Appraisal**

For the purposes of this appraisal, the appraiser visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration.

### **Extraordinary assumptions**

In accordance with the scope of work and value developed for the Subject property, the following extraordinary assumptions have been made:

- 1) Any buyer of the property would require the existing Shelter Plus Care to remain in place at the Subject and the current owner would be willing and able to do this, and;
- 2) The non-Shelter Plus Care units would be rented at an achievable market rent.

### **Compliance and competency provision**

The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations. Moreover, Advisory Opinion 14 acknowledges preparation of appraisals for affordable housing requires knowledge and experience that goes beyond typical residential appraisal competency including understanding the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. We believe our knowledge and experience in the affordable housing industry meets these supplemental standards.

**Unavailability of information**

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

**Furniture, Fixtures, and Equipment**

Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included; which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

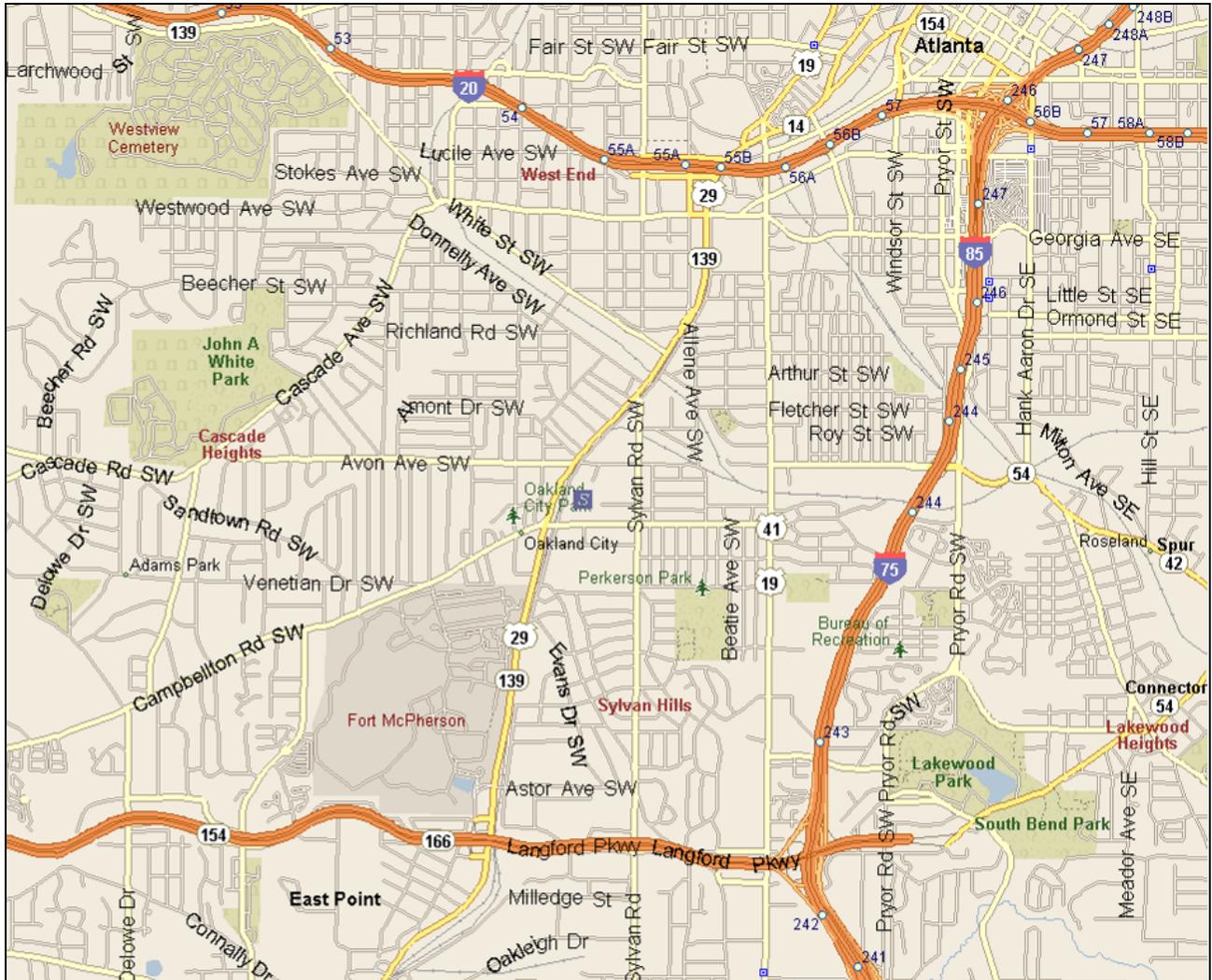
**Ownership and History**

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# **REGIONAL AND LOCAL AREA ANALYSIS**

## REGIONAL AND LOCAL AREA SUMMARY

## REGIONAL MAP

**Overview**

The Subject is located off Murphy Avenue SW approximately 2.4 miles southwest of downtown Atlanta, GA and approximately five miles north of the Hartsfield Jackson Atlanta International Airport. Specifically the Subject is located in the Oakland City neighborhood. The neighborhood is just southwest across the BeltLine from West End and Adair Park. The Subject is located 0.4 miles north of Fort McPherson and 0.2 miles north of the Oakland City MARTA station.

## ECONOMIC ANALYSIS

The Atlanta-Sandy Springs Marietta, GA MSA experienced fairly strong employment growth prior to the advent of the recession in 2008. The MSA experienced a significant decrease in total employment between 2008 and 2010, in line with the most recent national recession. The nation as a whole experienced a smaller decline in total employment than the MSA from 2008 to 2010. The MSA experienced strong employment growth in 2011 and 2012 but slightly decreased in 2013. As of February 2015, total employment in the MSA is above pre-recessionary levels. Additionally, between 2008 and 2009 the area experienced a 5.5 percent increase in the unemployment rate, compared with a 4.7 percent increase in the nation. The unemployment rate in the MSA reached a high of 10.5 percent in 2010. Unemployment has steadily declined since 2010, reaching 6.2 percent as of 2015 year-to-date, which is 1.5 percentage points above pre-recessionary levels. As of February 2015, the unemployment rate in the MSA is 6.1 percent, 0.3 percentage points higher than the national average.

## MAJOR EMPLOYERS

The diversification of the Atlanta economic base is indicated by the following list of the Atlanta metro area's ten largest employers.

### MAJOR EMPLOYERS - ATLANTA

#	Employer	Industry	Number Employed
1	Delta Airlines, Inc.	Transportation	31,237
2	Emory University/Emory Healthcare	Education/Healthcare	29,937
3	Wal-Mart Stores, Inc.	Retail	20,532
4	The Home Depot, Inc.	Retail	20,000
5	AT&T Inc.	Communications	17,882
6	The Kroger Company	Food and Beverage	14,753
7	Publix Super Markets, Inc.	Food and Beverage	9,494
8	Northside Hospital	Healthcare	9,016
9	The Coca-Cola Company	Manufacturing	8,761
10	United parcel Service, Inc.	Shipping and Logistics	8,727
<b>TOTAL</b>			<b>170,339</b>

Source: City of Atlanta Chamber of Commerce, 12/9/2014; retrieved 3/2015

As illustrated in the previous table, the top employers within the MSA are concentrated in the healthcare, retail trade, and food and beverage industries. The largest employer in Atlanta, Delta Air Lines, maintains its world headquarters in the city, in addition to operating its largest hub at Hartsfield-Jackson Atlanta International Airport. Delta's operating revenue totaled \$37.8 billion in 2014, and it is the 81<sup>st</sup> largest Fortune 500 Company in the country. Other major employers include the county-wide public education systems and retail trade companies within the MSA.

## Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA and nation from 2001 through February 2015.

### EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Atlanta-Sandy Springs-Roswell, GA MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2001	2,329,891	-	3.7%	-	136,933,000	-	4.7%	-
2002	2,324,880	-0.2%	5.0%	1.3%	136,485,000	-0.3%	5.8%	1.1%
2003	2,347,173	1.0%	4.9%	-0.2%	137,736,000	0.9%	6.0%	0.2%
2004	2,382,163	1.5%	4.8%	-0.1%	139,252,000	1.1%	5.5%	-0.5%
2005	2,445,674	2.7%	5.4%	0.6%	141,730,000	1.8%	5.1%	-0.4%
2006	2,538,141	3.8%	4.7%	-0.7%	144,427,000	1.9%	4.6%	-0.5%
2007	2,618,825	3.2%	4.4%	-0.2%	146,047,000	1.1%	4.6%	0.0%
2008	2,606,822	-0.5%	6.2%	1.7%	145,362,000	-0.5%	5.8%	1.2%
2009	2,452,057	-5.9%	9.9%	3.8%	139,877,000	-3.8%	9.3%	3.5%
2010	2,389,549	-2.5%	10.5%	0.5%	139,064,000	-0.6%	9.6%	0.3%
2011	2,428,103	1.6%	10.1%	-0.3%	139,869,000	0.6%	8.9%	-0.7%
2012	2,487,638	2.5%	9.0%	-1.1%	142,469,000	1.9%	8.1%	-0.8%
2013	2,513,530	1.0%	7.9%	-1.1%	143,929,000	1.0%	7.4%	-0.7%
2014	2,552,790	1.6%	7.0%	-1.0%	146,305,000	1.7%	6.2%	-1.2%
2015 YTD Average*	2,636,456	3.3%	6.2%	-0.8%	147,101,667	0.5%	5.8%	-0.4%
Feb-2014	2,533,810	-	7.2%	-	144,134,000	-	7.0%	-
Feb-2015	2,641,634	4.3%	6.1%	-1.1%	147,118,000	2.1%	5.8%	-1.2%

Source: U.S. Bureau of Labor Statistics May 2015

\*2015 data is through Dec

The Atlanta-Sandy Springs Marietta, GA MSA experienced fairly strong employment growth prior to the advent of the recession in 2008. The MSA experienced a significant decrease in total employment between 2008 and 2010, in line with the most recent national recession. The nation as a whole experienced a smaller decline in total employment than the MSA from 2008 to 2010. The MSA experienced strong employment growth in 2011 and 2012 but slightly decreased in 2013. As of February 2015, total employment in the MSA is above pre-recessionary levels.

Between 2008 and 2009 the area experienced a 5.5 percent increase in the unemployment rate, compared with a 4.7 percent increase in the nation. The unemployment rate in the MSA reached a high of 10.5 percent in 2010. Unemployment has steadily declined since 2010, reaching 6.2 percent as of 2015 year-to-date, which is 1.5 percentage points above pre-recessionary levels. As of February 2015, the unemployment rate in the MSA is 6.1 percent, 0.3 percentage points higher than the national average.

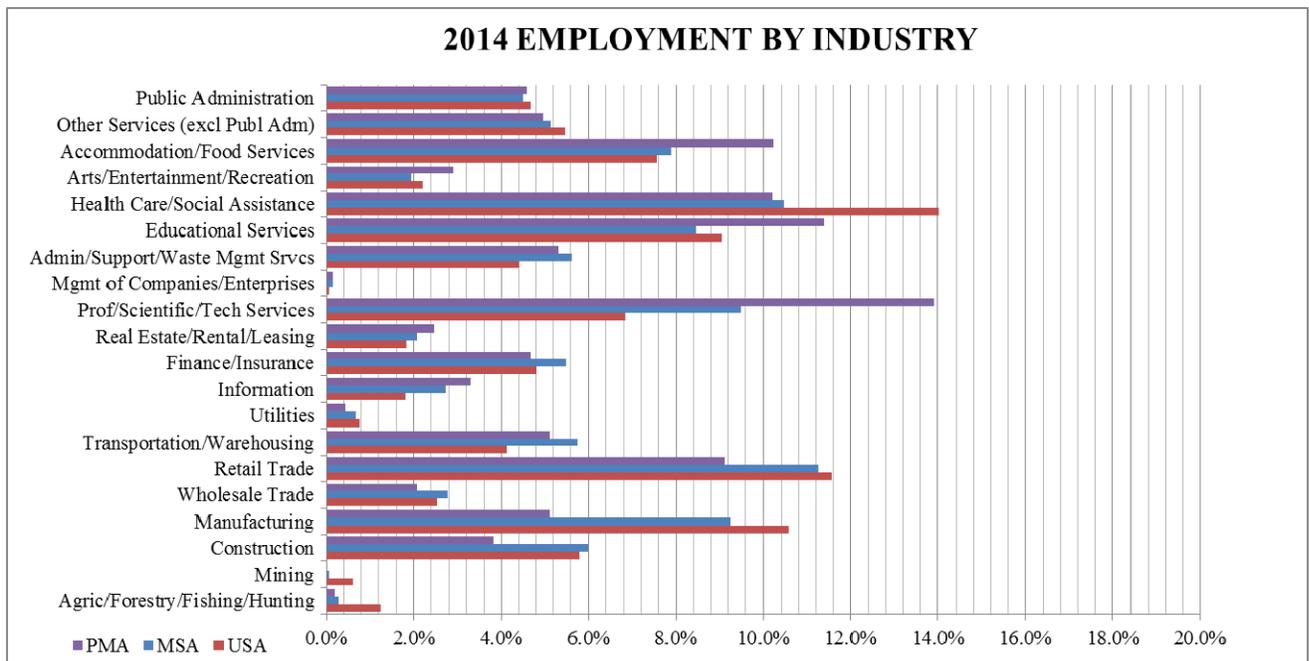
**Employment by Industry**

The following table and chart illustrate employment by industry for the PMA and the nation.

**2014 EMPLOYMENT BY INDUSTRY**

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Educational Services	24,368	11.3%	12,979,314	9.1%
Prof/Scientific/Tech Services	23,780	11.0%	9,808,289	6.8%
Health Care/Social Assistance	22,779	10.6%	20,080,547	14.0%
Accommodation/Food Services	21,563	10.0%	10,849,114	7.6%
Retail Trade	18,816	8.7%	16,592,605	11.6%
Admin/Support/Waste Mgmt Svcs	12,670	5.9%	6,316,579	4.4%
Transportation/Warehousing	12,114	5.6%	5,898,791	4.1%
Public Administration	11,314	5.2%	6,713,073	4.7%
Other Services (excl Publ Adm)	10,964	5.1%	7,850,739	5.5%
Construction	10,294	4.8%	8,291,595	5.8%
Manufacturing	9,535	4.4%	15,162,651	10.6%
Finance/Insurance	9,530	4.4%	6,884,133	4.8%
Information	8,458	3.9%	2,577,845	1.8%
Real Estate/Rental/Leasing	6,803	3.2%	2,627,562	1.8%
Wholesale Trade	5,561	2.6%	3,628,118	2.5%
Arts/Entertainment/Recreation	5,009	2.3%	3,151,821	2.2%
Utilities	909	0.4%	1,107,105	0.8%
Agric/Forestry/Fishing/Hunting	679	0.3%	1,800,354	1.3%
Mgmt of Companies/Enterprises	576	0.3%	97,762	0.1%
Mining	51	0.0%	868,282	0.6%
<b>Total Employment</b>	<b>215,773</b>	<b>100.0%</b>	<b>143,286,279</b>	<b>100.0%</b>

Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2015



The largest industries in the PMA are educational services, professional/scientific/technology services, healthcare/social assistance, and accommodation/food services. Together, these four industries comprise 42.9 percent of employment in the PMA. Educational services, professional/scientific/technology, and information are overrepresented in the PMA when compared to the nation, while the healthcare/social assistance, manufacturing, and retail trade sectors are underrepresented in the nation when compared to the PMA.

### **Conclusion**

Total employment in the MSA decreased from 2008 to 2010 and currently sits at 2,641,634 as of February 2015. Employment is trending upward and is currently above pre-recessionary levels. Similar to what occurred throughout the nation, the unemployment rate increased significantly in 2008 and 2009 and reached a peak rate of 10.5 percent in 2010. The unemployment rate in the MSA and nation has been decreasing since 2011. As of February 2015, the unemployment rate was 0.3 percentage points above the unemployment rate of the nation. The largest industries in the PMA are educational services, prof/scientific/tech services, healthcare/social assistance, and accommodation/food services. The redevelopment of Fort McPherson is projected to bring in 7,000 jobs, with another 5,000 to 6,000 indirect jobs from the development. Plans remain for 158 acres to be redeveloped by the city of Atlanta into green space and housing for homeless veterans. Given this mixture of industries offering both stable employment and low paying jobs, there is likely to be high demand for the Subject's affordable units.

# **DEMOGRAPHIC ANALYSIS**



**TOTAL POPULATION**

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	491,774	-	4,263,438	-	281,421,906	-
2014	486,935	0.9%	5,467,379	0.8%	314,467,933	0.4%
2019	513,324	1.1%	5,790,724	1.2%	325,843,774	0.7%

Source: ESRI Demographics 2014, Novogradac &amp; Company LLP, May 2015

**TOTAL NUMBER OF HOUSEHOLDS**

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	195,731	-	1,566,711	-	105,991,193	-
2014	209,829	1.1%	2,010,072	0.8%	118,979,182	0.5%
2019	224,338	1.4%	2,132,309	1.2%	123,464,895	0.8%

Source: ESRI Demographics 2014, Novogradac &amp; Company LLP, May 2015

Total population in the PMA increased at 0.9 percent annually from 2000 to 2014, similar to the MSA and above the growth rate in the nation. Total population in the PMA is projected to increase at a 1.1 percent annual rate from 2014 to 2019, a growth rate similar to that of the MSA and higher than the nation as a whole during the same time period.

Total household growth in the PMA increased 1.1 percent annually from 2000 to 2014, at a faster growth rate than the MSA and the nation. Total household growth in the PMA is projected to increase at a rate slightly above that of the MSA from 2014 to 2019. Additionally, total household growth in the PMA and MSA will be significantly higher than the nation as a whole over the same time period.

**Median Household Income Levels**

The table below illustrates median household income levels in the PMA, MSA and nation from 2000 through 2019.

**MEDIAN HOUSEHOLD INCOME**

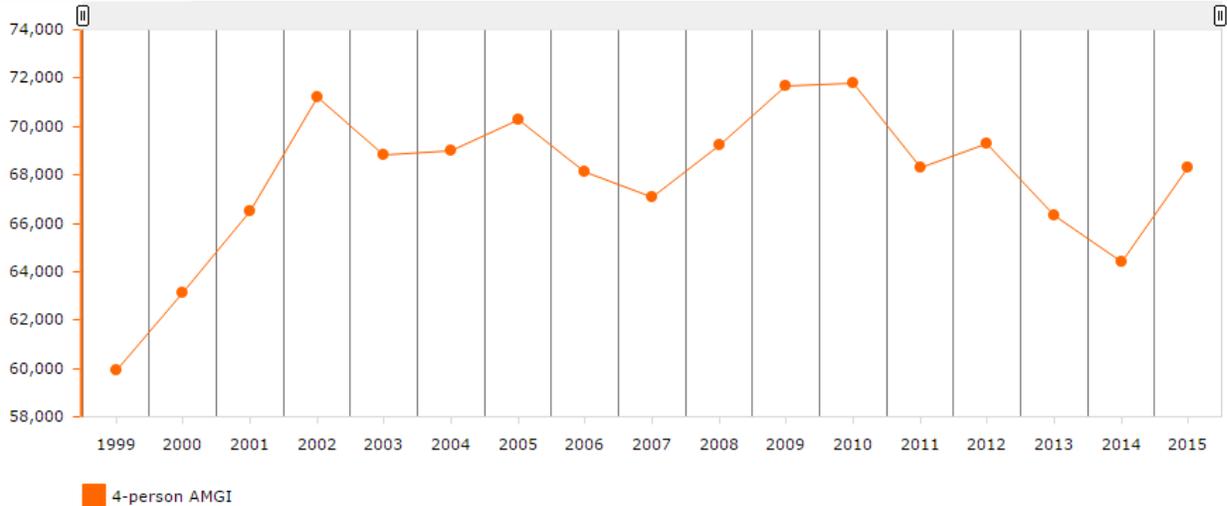
Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$33,608	-	\$51,619	-	\$42,164	-
2014	\$38,009	0.9%	\$55,802	0.6%	\$51,314	1.5%
2019	\$46,773	4.6%	\$66,951	4.0%	\$59,580	3.2%

Source: ESRI Demographics 2014, Novogradac &amp; Company LLP, May 2015

The median household income levels in the PMA is significantly lower than the MSA and the nation. Median household income levels in the PMA, MSA, and the nation are projected to increase into 2019. Median household income levels in both the MSA and PMA are projected to grow at a faster rate than the nation as a whole into 2019. However, median household income levels in the PMA is expected to remain lower than both the MSA and nation. The low median household income in the PMA bodes well for the Subject's affordable units.

### Area Median Gross Income Levels

For Section 42 LIHTC rent determination purposes, the AMI is used. The following chart illustrates the area median gross income (AMGI) of a four-person household in Fulton County, GA between 1999 and 2015.



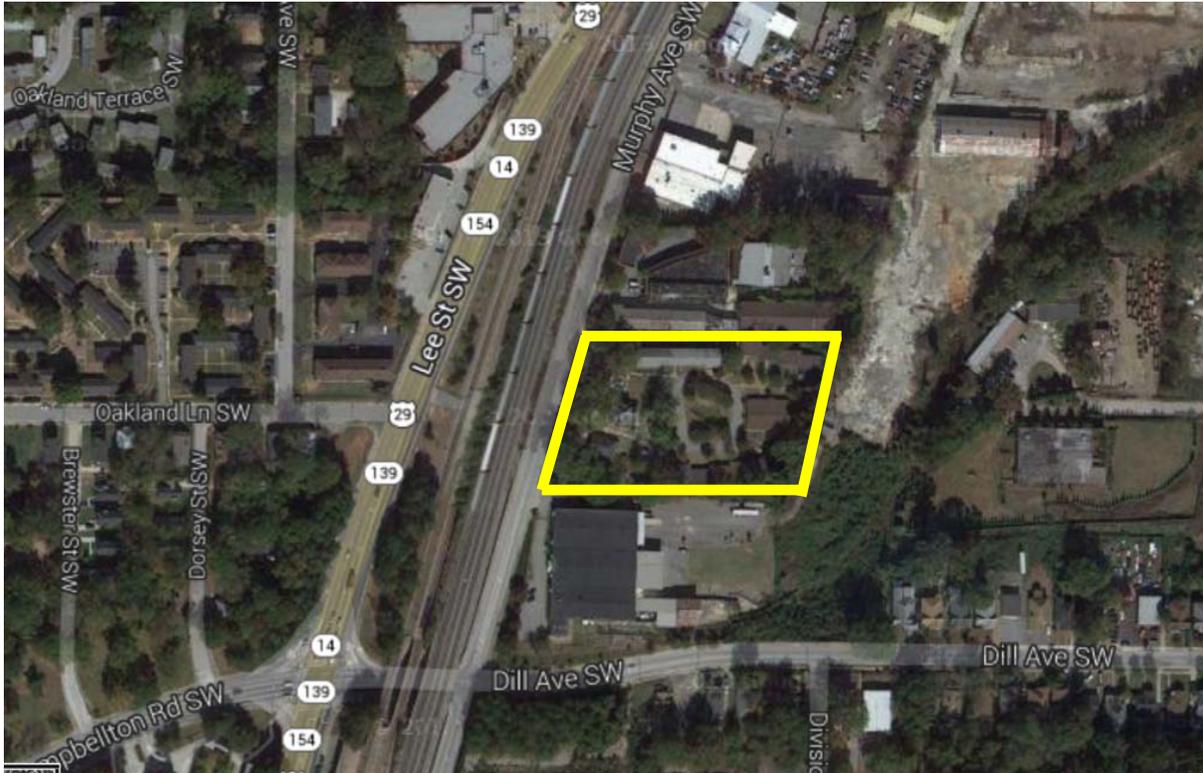
The AMI has increased 0.8 percent annually over the past fifteen years. As illustrated in the table above, the AMI has been volatile over that time period, with troughs in 2007, 2011, and 2014. It is important to note that the AMI level decreased in 2007 and 2013 largely due to a methodology change. The most recent methodology change contributed to a 4.0 percent decrease in Fulton County's AMI level. AMI growth in the county will impact the income qualified tenant base for the Subject's HOME units. The AMI growth will have no other impact at the Subject.

### Conclusion

The PMA and MSA have experienced an increase in population and household growth since 2000, both trends that are projected to continue through 2019. Median household income in the PMA is below the national average but is increasing at faster rate than for the nation, while median household income in the MSA is both higher than the national average and growing at a faster rate. The low median household income in the PMA bodes well for the Subject's affordable housing units.

## NEIGHBORHOOD DESCRIPTION AND ANALYSIS

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



The Subject is located 0.9 miles from the Atlanta BeltLine project. This is a City of Atlanta development that will include green space, trails, transit, and new housing along 22-mile historic rail lines that loop around the urban core. The BeltLine development is projected to cost approximately \$2.8 billion and take approximately 25 years to complete. There will additionally be a 33-mile network of multi-use trails and the BeltLine will increase Atlanta's green space by nearly 40 percent as the project will add 1,300 acres of new parks and green space.

The Atlanta BeltLine Project is a City of Atlanta development that will include green space, trails, transit, and new housing along 22-mile historic rail lines that loop around the urban core. The BeltLine development is projected to cost approximately \$2.8 billion and take approximately 25 years to complete. There will also be a 33-mile network of multi-use trails and the BeltLine will increase Atlanta's green space by nearly 40 percent as the project will add 1,300 acres of new parks and green space. The Atlanta BeltLine is projected to generate more than \$20 billion of new economic development throughout 25 years of the Tax Allocation District and approximately 30,000 new jobs. The most recent BeltLine development in the Subject's larger neighborhood is the dedication of the Southwest Atlanta BeltLine Connector Trail system, was completed in August 2013. The trail consists of 4.5 miles, connects various neighborhoods and provides pedestrian access to residents. Per the Atlanta BeltLine website, the first 1.15 mile portion of the Southwest Connector

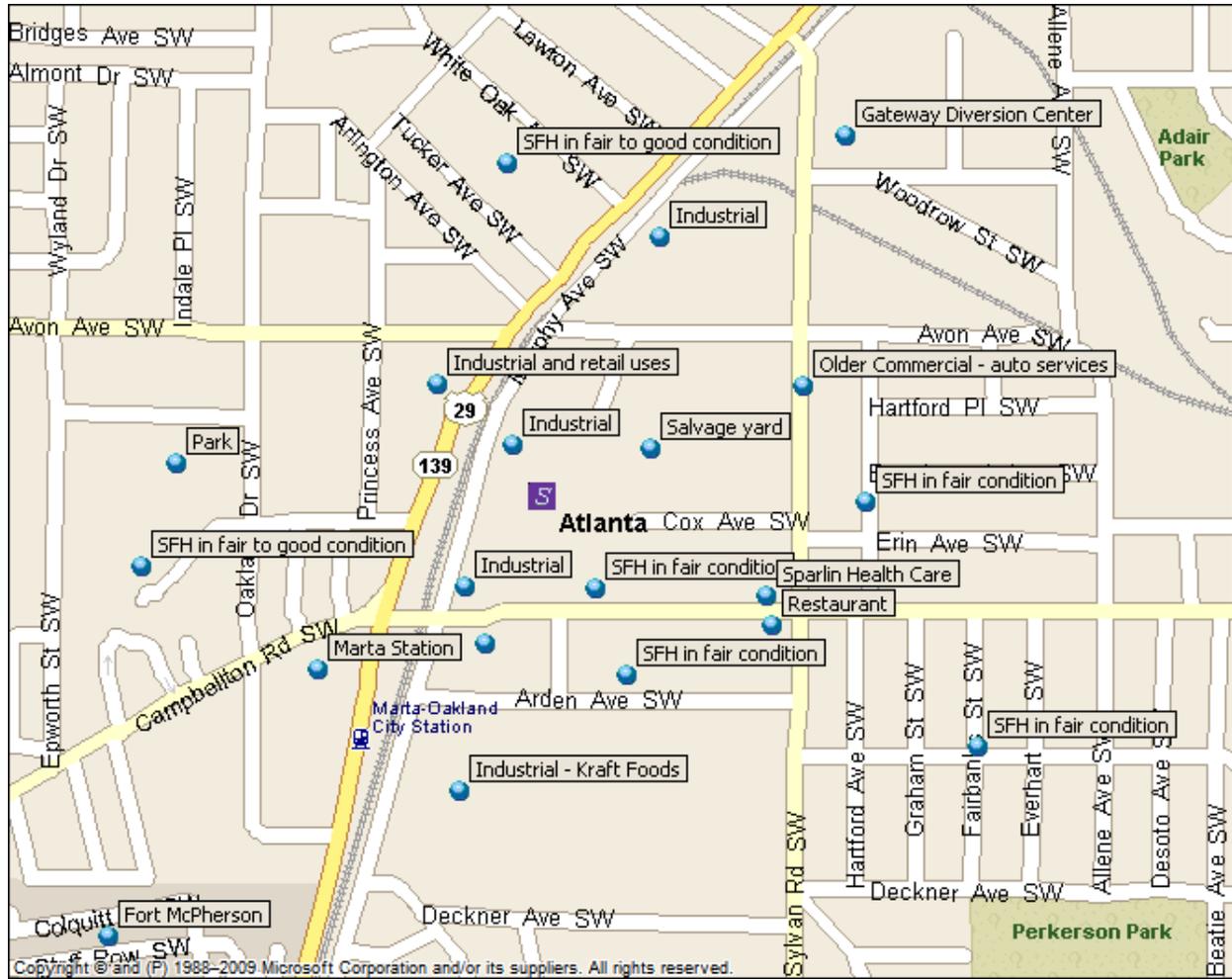
Trail system is complete and it provides easier access from Beecher Hills and Westwood Terrace neighborhoods to Beecher Hills Elementary and the existing Lionel Hampton BeltLine trail.

Fort McPherson is located 0.5 miles southwest of the Subject. As part of the 2005 Base Realignment and Closure (BRAC), Fort McPherson closed in 2011. This closure is estimated to have resulted in a net loss of 4,141 jobs, including 1,881 civilian jobs and 2,260 military jobs. However, the fort is proposed for redevelopment. Fort McPherson covers approximately 488 acres, 350 more than the Atlantic Steel redevelopment which resulted in Atlanta Station, a massive mixed-use community in the Midtown neighborhood in Atlanta. Fort McPherson already features a bowling alley, movie theater, gymnasium, library, baseball field, community center, and older residential space.

The Fort McPherson Reuse Plan includes the following: a 35-acre high-density, mixed-use retail area along Lee Street to create a “Main Street” district with approximately 400,000 square feet of retail space; a 115-acre Employment District adjacent to the Main Street district that includes 4 million square feet of office and bio-science research space; a Historic District with approximately 40-acres on the National Historic Register that will have residential, commercial, and public uses; Linear Park that will wrap around the property, connecting a Metropolitan Atlanta Rapid Transit Authority station on the north side to a MARTA station on the southern portion of the property; an Event Space with 30-acres; a Parade Ground for public use; and, approximately 4,600 new housing units in the remaining area.

The redevelopment of Fort McPherson is projected to bring in 7,000 jobs, with another 5,000 to 6,000 indirect jobs from the development. This would bring in new jobs and investment into an older section of the city that has suffered from vacant retail centers and deteriorating housing. Recent news articles have reported that Tyler Perry will not purchase 330 acres to build a new studio, as had been originally planned. The expansion was projected to bring 8,000 new jobs to the region. Plans remain for 158 acres to be redeveloped by the city of Atlanta into green space and housing for homeless veterans.

The map below illustrates immediate land uses in the Subject’s neighborhood.



### Predominant Land Uses

The Subject site is located in an area that consists primarily of vacant land, industrial uses, small commercial uses, vacant properties and single-family residences. It is bordered to the north by industrial uses, to the east and south by single family developments and to the west by a heavily trafficked rail line. The residential uses in the Subject's neighborhood are in poor to average condition, with some being vacant and/or boarded. The commercial vacancy in the area appeared to be at 10 percent or more, while the residential vacancy appeared to be comparable. Overall, the improvements in the Subject's area appeared to be between 20 to 40 years of age. The Subject is comparable to surrounding uses, being in poor to fair condition with no recent renovations. It is consistent in age and condition with the surrounding uses in the neighborhood. The Subject is located across the street from a rail line and vacant industrial uses; however, the Subject is currently 94 percent occupied and therefore these uses have not impacted the Subject as a subsidized property.

The following table illustrates the Subject sites' immediate surrounding uses.

North:	Industrial uses
South:	Industrial uses, MARTA station, commercial uses, Fort McPherson
East:	Single-family homes, vacant uses, and commercial uses
West:	MARTA train railroad tracks and single-family homes

Photographs of Subject Site and Neighborhood



Subject Signage and community building



Subject two-story walkup residential building



Subject one-story residential building



Subject clubhouse



Security



Picnic Area



Office



Community kitchen



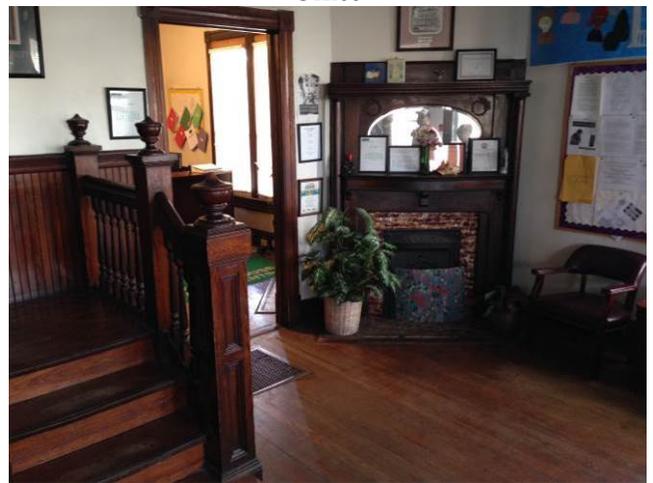
Community bathroom



Office



Subject laundry facility



Community building



Typical studio living area



Typical studio kitchen



Typical studio bathroom



Typical studio bedroom



Shared kitchen – SRO suite unit



Shared community space – SRO suite unit



Shared bathroom – SRO suite



Private bedroom – SRO suite



Shared closet—SRO suite



Dormitory-style layout – SRO suite



Typical single-family homes



Typical single-family homes



Typical single-family homes



MARTA train station



Industrial uses north on Murphy Ave SW



Industrial uses north on Murphy Ave SW



Adjacent use to the south



View south on Murphy Ave SW



View north on Murphy Ave SW



View of Subject from Murphy Ave SW



Freight rail line/MARTA rail line along Murphy Ave SW



Industrial uses north on Murphy Ave SW



Industrial uses north on Murphy Ave SW



Industrial uses north on Murphy Ave SW

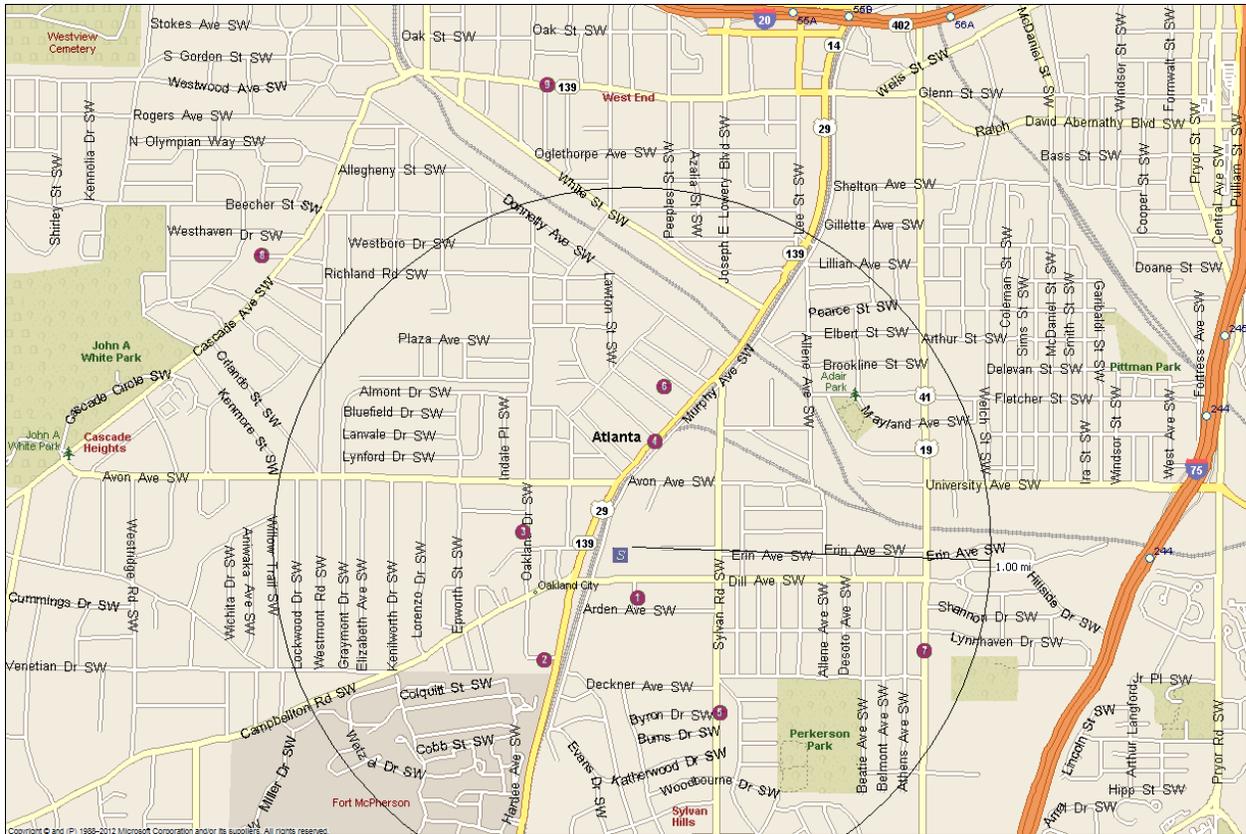
- Size:** The Subject consists of approximately 2.9 acres.
- Shape:** The Subject site is irregular in shape.
- Frontage:** The Subject has frontage along Murphy Avenue SW.
- Topography:** Generally sloping.
- Utilities:** All utilities are provided to the site.
- Visibility/Views:** The residential buildings are in a campus-like setting where visibility and views are of the Subject grounds. Visibility and views along Murphy Ave SW are of the freight rail lines to the west, wooded land to the east and industrial uses to the north and south. The Subject site will offer poor visibility from Murphy Ave Northwest, as it is slightly recessed and elevated from the roadway with limited signage. Views are considered to be poor and include railroad tracks and commercial uses.
- Access and Traffic Flow:** The Subject is accessed via Murphy Avenue SW. Traffic flow is limited and appeared light. Overall, access and ingress/egress are considered adequate.
- Environmental, Soil and Subsoil**
- Conditions and Drainage:** We were not provided with environmental reports, engineering reports or soil surveys. None visible upon site inspection.
- Detrimental Influences:** The Subject is located across the street from a freight rail line and Metropolitan Atlanta Rapid Transit Authority (MARTA) rail lines. We did not witness trains during our site inspection. The residential buildings are set back from the road and we do not anticipate noise from the rail line to be a detrimental influence. The Subject is also surrounded by industrial uses and some vacant residential and industrial uses. Occupancy at the Subject has not been impacted by the close proximity to the rail line and industrial uses; however, we have taken the Subject's location into account when determining the Subject's achievable rents for non-Shelter Plus Care units.
- Flood Zone:** According to Flood Insights and Flood Insurance Rate Map Community Panel Number 135157 0356F, dated September 18, 2013, the Subject site is located in Zone X. Zone X is described as an area outside of the 100-year and 500-year flood plain. Additional analysis regarding potential flooding is outside our area of expertise and outside the scope of this assignment.



Flood Insurance Rate Map – Subject

**Public Transportation:** The Subject has adequate access to public transportation, being adjacent to a bus stop and within walking distance of a MARTA rail station. The majority of tenants at the Subject will likely rely on public transportation as a primary means of transportation.

**Proximity to Local Services:** The following map and table below illustrates the Subject’s proximity to necessary services. The numbers depicted in the table correspond to identification markers on the *Locational Amenities Map*, presented below.



**LOCATIONAL AMENITIES**

Map#	Amenity	Service	Distance from Subject
1	Murphy Avenue Bus Station	Public Transportation	Adjacent
2	MARTA Rail Station-Oakland City	Public Transportation	0.2 miles
3	Oakland City Park	Local Park	0.4 miles
4	Lee Street Convenience Store	Convenience Store/Gas Station	0.5 miles
5	Sylvan Hills Middle School	Middle School	0.6 miles
6	Marketplace Grocery	Grocery	0.6 miles
7	Capitol View Elementary School	Elementary School	1.1 miles
8	WW Woolfolk Boys and Girls Club	Community Center	2.1 miles
9	CVA Pharmacy	Pharmacy	2.5 miles
10	Booker T. Washington High School	High School	3.2 miles
11	Regency Hospital	Hospital	3.4 miles
12	Downtown Atlanta	Employment Center	3.8 miles

As illustrated in the previous map, the Subject is located within walking distance of many locational amenities. All critical neighborhood services and amenities are located within 2.5 miles of the Subject, and are all easily accessible by bus or automobile. The MARTA Oakland City Station is located within walking distance of the Subject, located 0.2 miles south of the Subject.

**Conclusion**

The Subject site is located in an area that consists primarily of single-family homes, industrial and commercial uses. It is located in relatively close proximity to many services. However, vacant properties in the area will have a detrimental effect on the desirability of the property if it were to operate without subsidy. Given the Subject's subsidy and tenancy base we believe it is adequate for its intended use.

The Subject is comparable to surrounding uses, being in poor to fair condition with no recent renovations. It is consistent in age and condition with the surrounding uses in the neighborhood.

DESCRIPTION OF THE IMPROVEMENTS

Property Profile Report											
Phoenix House - As Complete											
Comp #	Subject										
Effective Rent Date	5/11/2015										
Location	1296 Murphy Avenue SW Atlanta, GA 30310 Fulton County										
Distance	n/a										
Units	69										
Vacant Units	N/A										
Vacancy Rate	N/A										
Type	Garden (2 stories)										
Year Built / Renovated	Proposed - 2017										
Contact Name	Katie Crippen										
Phone	404.500.2649										
Market											
Program	@60% (PBRA), @60%				Leasing Pace	N/A					
Annual Turnover Rate	N/A				Change in Rent (Past Year)	N/A					
Units/Month Absorbed	N/A				Concession	N/A					
Section 8 Tenants	N/A										
Utilities											
A/C	included -- wall				Other Electric	included					
Cooking	included -- electric				Water	included					
Water Heat	included -- electric				Sewer	included					
Heat	included -- electric				Trash Collection	included					
Unit Mix (face rent)											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
0	1	Garden (2 stories)	21	292	\$717	\$0	@60% (PBRA)	N/A	N/A	N/A	yes
0	1	Garden (2 stories)	44	378	\$717	\$0	@60% (PBRA)	N/A	N/A	N/A	yes
0	1	Garden (2 stories)	4	378	\$717	\$0	@60%	N/A	N/A	N/A	yes
Amenities											
<b>In-Unit</b>	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Furnishing Hand Rails Microwave Oven Refrigerator				<b>Property</b>	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Service Coordination					
<b>Services</b>	Adult Education Shuttle Service Tutoring				<b>Security</b>	Limited Access Patrol Perimeter Fencing					
<b>Premium</b>	Medical Professional				<b>Other</b>	Gazebo, Gardens, Supportive Services					
Comments											
The Subject will target mentally disabled and formerly homeless. Tenants in the PBRA units will pay 30 percent of income towards rent. All utilities are included so the net rents are the gross rents. Renovations will include the destruction of the property's existing buildings. The unit mix above reflects the property post-renovations.											

<b>Existing Property Improvements:</b>	Please refer to the Property Profile for detail on the Subject's existing unit mix, unit types, rent levels and amenities.
<b>Year Built or Date of Construction:</b>	The Subject's residential buildings were built in two phases, the first in 1990 and the second in 1999. There are community buildings on the property that are historic as they were built in 1910.
<b>Number of Stories:</b>	The residential buildings consist of one-story buildings as well as two-story, garden-style walkup buildings.
<b>Unit Layout:</b>	<p>We have inspected the Subject's units and the layouts are functional for an SRO development.</p> <p>The studios include a private bath and kitchen. The suites consist of a shared kitchen and common area and one bath per two bedrooms. The common area is located in the center of the suite while the bedrooms/SROs are located on each side. The layout of the suites is similar to that of typical college or university units (i.e. roommate or dormitory-style units).</p>
<b>Parking:</b>	The Subject is currently exempt from offering parking spaces.
<b>Utility Structure:</b>	The landlord pays for all utilities. We have adjusted the rents at the comparable properties based upon the Atlanta Housing Authority's (AHA) utility allowance for multifamily properties that is effective as of July 1, 2014. Because the Subject represents older housing stock, we have used the AHA's utility allowance for properties that were built in 1995 or older.
<b>Americans With Disabilities Act of 1990:</b>	We assume the property does not have any violations of the Americans with Disabilities Act of 1990.
<b>Quality of Construction Condition and Deferred Maintenance:</b>	The Subject was built in various phases and has not undergone major renovations. As a result, the Subject suffers from physical deterioration.
<b>Functional Utility:</b>	We have inspected the Subject's units and they are functional for an SRO development. These units would lack market utility without subsidy and without a target SRO tenancy and therefore we have addressed this factor in our market rate determinations.
<b>Conclusion:</b>	The Subject was built in various phases and has not undergone

major renovations. Without renovations, the Subject is currently in fair condition and experiences deferred maintenance as well as physical deterioration. However, it operates adequately as a subsidized SRO property and management is providing ongoing maintenance to the property as needed.

**REAL ESTATE ASSESSMENT AND TAXES**

The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible assessment.

**ASSESSMENT VALUE AND TAXES**

We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

According to the Fulton County Tax Assessor's Office, the Subject is identified by parcel number 14-0120-0002-042-6. The county uses a combination of the income and cost approach, as well as the assessments of comparable properties to determine the assessment for a particular property. The assessor indicated that the county predominately uses the income approach. The Subject's appraised values from 2009 through 2014 are summarized in the table below.

**SUBJECT HISTORICAL TAXES AND ASSESSMENTS**

Year	Appraised Land Value	Appraised Improvement Value	Total Appraised Value	Assessed Value	Assessed	Taxes	Taxes Per
					Value Per		Unit
2014	\$279,600	\$666,200	\$945,800	\$0	\$0	\$0	\$0
2013	\$279,600	\$666,200	\$945,800	\$0	\$0	\$0	\$0
2012	\$390,000	\$681,600	\$1,071,600	\$428,640	\$6,212	\$16,188	\$235
2011	\$390,000	\$681,600	\$1,071,600	\$428,640	\$6,212	\$16,189	\$235
2010	\$390,000	\$963,600	\$1,353,600	\$541,440	\$7,847	\$20,326	\$295
2009	\$390,000	\$1,050,700	\$1,440,700	\$0	\$0	\$0	\$0

The Subject is designated as a Class E0 property and is exempt. The Subject does not have an assessed value per Fulton County because it is owned by a non-profit and provides special needs permanent supportive housing, therefore, the Subject is exempt from property taxes. As previously mentioned, we have assumed the property would continue to target the same tenancy that has been targeted historically. For this reason, we have assumed this would continue and have concluded to \$0 for real estate taxes.

**Current Zoning**

The Subject site is zoned C-1-C, Community Business Conditional district. Permissible uses for the C-1-C district include multifamily dwellings, schools, commercial recreation establishments, financial institutions, parking structures, supportive housing and institutions of higher learning. The Subject was granted two conditional use permits when constructed in 1995 and 1999. Uses are restricted to residential housing up to 69 residents. The parking requirements were waived given their dormitory style units but must include at least three spaces. As Is, the Subject is a legal and conforming use.

**Prospective Zoning Changes**

We are not aware of any proposed zoning changes at this time.

# **COMPETITIVE RENTAL/DEMAND ANALYSIS**

## HOUSING SUMMARY

### Tenure Patterns

The table below shows the breakdown of households by tenure within the Subject's PMA.

#### TENURE PATTERNS PMA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	82,926	42.4%	112,805	57.6%
2014	85,380	40.7%	124,449	59.3%
2019	90,028	40.1%	134,310	59.9%

Source: ESRI Demographics 2014, Novogradac & Company LLP, May 2015

Renter-occupied housing units represent 59.3 percent of households in the PMA which is significantly higher than the national average of 36.4 percent nationally. The percentage of renter occupied households in the PMA is projected to increase through 2019. This bodes well for the Subject property.

### Interviews/Discussion

In order to ascertain the need for affordable housing in the Subject's market area, we contacted various local officials including the local housing authority.

#### Housing Authority of Fulton County

We spoke with Mr. Rick White, Media Coordinator, with the Atlanta Housing Authority (AHA). According to Mr. White, the AHA administers 10,000 vouchers through its Housing Choice Voucher program. The waiting list has been closed since August 2011 and currently has approximately 6,000 households on it. The payment standards for studios are \$743. All tenants at the Subject pay 30 percent of their income towards the monthly rent. The Subject's low contract rent is below the payment standard while its high contract rent is slightly above the payment standard.

#### LIHTC Competition / Recent and Proposed Construction

According to the Georgia Department of Community Affairs (GA DCA) 2010 through 2014 LIHTC allocation lists, there is one special needs/single room occupancy property that has been allocated tax credits: Imperial Hotel. Imperial Hotel was allocated tax credits in 2011. The property is located at 355 Peachtree Center Avenue in Atlanta and has been utilized as a comparable in this report. The property was used as a comparable property in the 2010 appraisal for the Subject but not in the 2013 appraisal of the Subject because the property was under renovations. A list of the eleven properties allocated tax credits in the Subject's PMA within the past five years has been detailed below.

## LIHTC ALLOCATIONS IN THE SUBJECT'S PMA

Property	Address	Number of Units	Restriction Level	Tenancy
<i>2010</i>				
Veranda at University Homes	130 Lawshe Street	100	Section 8	Senior
The Retreat at Edgewood Townhomes	37 Hutchinson Street	40	@50%, @60%, Market	Family
Baptist Gardens	1928 Delowe Drive SW	100	@60%	Senior
<i>2011</i>				
Briarcliff Summit	1050 Ponce de Leon Avenue NE	201	Section 8	Senior/Disabled
Ashley Auburn Pointe II	100 Bell Street	150	@60%, @60% (PBRA), @60% (Public Housing), Market	Family
Imperial Hotel	355 Peachtree Center Avenue	90	@30% (PBRA)	Disabled/Formerly Homeless
<i>2012</i>				
AAL at Scholars Landing	130 Lawshe Street	60	@60% (PBRA)	Senior
<i>2013</i>				
Centennial Place Phase I	526 Centennial Olympic Park Drive	181	@50%, @60%, Market	Family
Boynton Village	1044 Hank Aaron Drive	43	@50% (PBRA), @60% (PBRA)	Family
<i>2014</i>				
Centennial Place Phase II	269 Pine Street NW	177	@50%, @60%, Market	Family
Grant Street	240 Grant Street SE	80	@50%, @60%	Senior
<b>Total</b>		<b>1,222</b>		

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

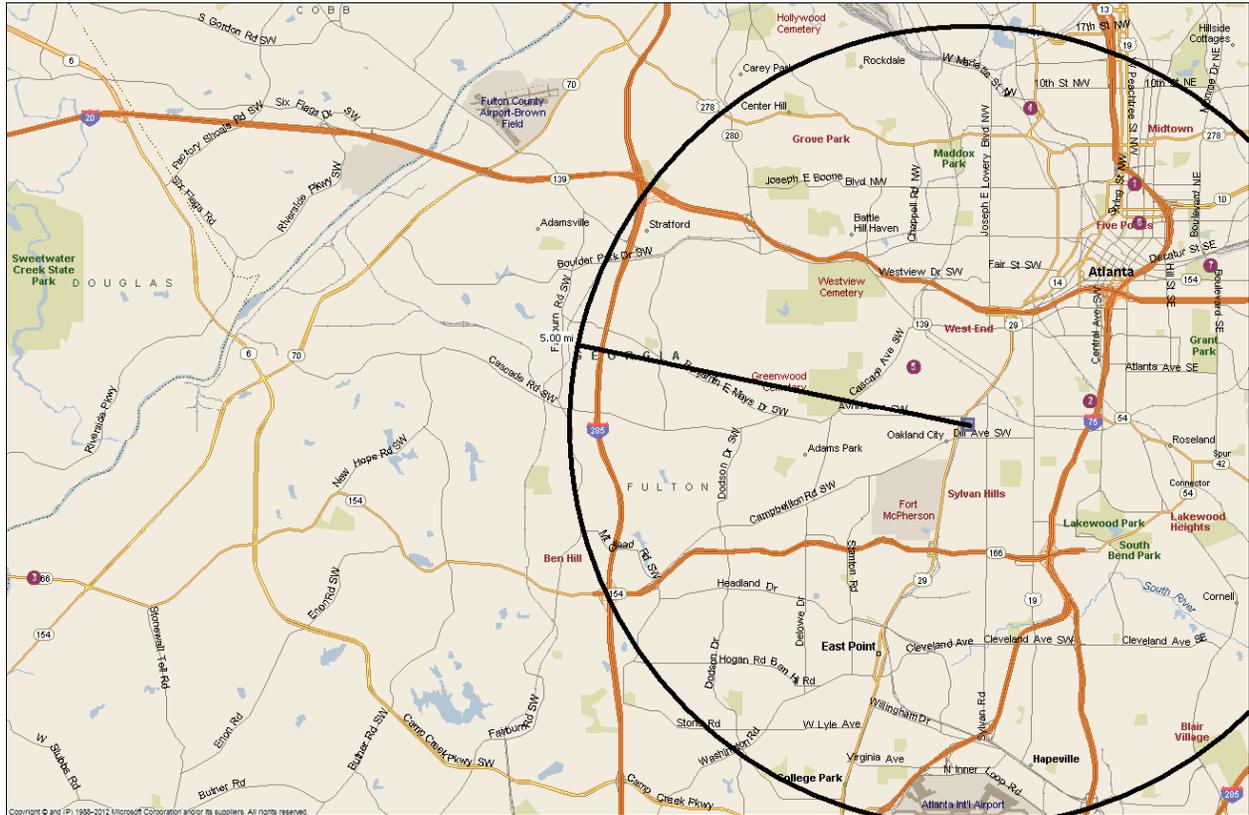
To evaluate the competitive position of the Subject, 1,120 units in seven rental properties were surveyed in depth. All but one of these properties is fewer than 4.1 miles from the Subject. One comparable, Harmony Park, is located 11.6 miles west of the Subject. We have utilized this property as a comparable given the limited supply of affordable studios without subsidies or age-restrictions in the PMA. Harmony Park has a generally similar neighborhood to the Subject. We have considered differences between the Harmony Park and the Subject and adjusted achievable rents accordingly. We have also visited and surveyed a few other properties that were excluded from the market survey, either because they are not considered comparable to the Subject or they would not participate in the survey. Property managers were interviewed for information on unit mix, sizes, absorption rates, unit features, project amenities, tenant profiles, and market trends in general.

As there are no true comparable properties given the Subject's tenancy, we used LIHTC non-homeless properties and nearby conventional market rate properties to test the market. The availability of comparable data is considered adequate based on LIHTC and market rate data for studio units based on the general population. However, none of the comparables target the same tenancy as the Subject. Therefore, we have used nearby market rate and LIHTC properties that offer studio units.

The availability of family LIHTC data for studios in the PMA is limited. As such, we have included three family LIHTC properties located in the PMA, and one family LIHTC property outside of the PMA. The LIHTC comparable properties were all built or renovated within the last 10 years with the exception of Harmony Park, which was built in 1986. Management reported that units are renovated as tenants move out. All comparables are of good quality for this market. We have also included three market rate properties in our analysis that are located less than four miles from the Subject.

Detailed matrices describing the individual competitive properties are provided in the addenda of this report. A map illustrating the location of the Subject in relation to the comparable properties is shown below:

**COMPARABLE RENTAL PROPERTY MAP**



**COMPARABLE PROPERTIES**

#	Property Name	City	Type	Distance
1	Commons At Imperial Hotel	Atlanta	@30%, PBRA	3.7 miles
2	Crogman School Lofts	Atlanta	@60%, PBRA, Market	1.6 miles
3	Harmony Park	Atlanta	@60%	11.6 miles
4	M Street Apartments	Atlanta	@50%, Market	4.1 miles
5	Donnelly Gardens	Atlanta	Market	1.0 miles
6	Freeman Ford/ Fairlie Poplar Lofts	Atlanta	Market	3.3 miles
7	Fulton Cotton Mill Lofts	Atlanta	Market	3.6 miles

Because the Subject consists of studios as well as single-room occupancy suites, we have obtained classified listings for rooms for rent in shared units.

**ROOM FOR RENT CLASSIFIED LISTINGS**

Building Type	Rent Per Week	Rent Per Month	Description
Duplex	\$150	\$600	Private bathroom
3BD Apartment	\$145	\$580	Utilities divided between three roommates, Furnished
Duplex	\$125	\$500	Shared bathroom
3BD/2.5BA	\$115	\$450	Shared laundry room
SFH	\$115	\$450	Unfurnished
3BD/2.5BA	\$105	\$420	All utilities included, Furnished, WIFI/Cable, Private bath
SFH	\$103	\$410	All utilities included, Furnished, WIFI/Cable, Shared laundry
SFH	\$100	\$400	All utilities included, Furnished, Shared laundry room
SFH	\$98	\$390	All utilities included, Furnished, WIFI/Cable, Shared laundry

**SUMMARY MATRIX**

Comp#	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Subject	Phoenix House - As Complete 1296 Murphy Avenue SW Atlanta, GA 30310 Fulton County	n/a	Garden (2 stories) Proposed-2017	@60%, @60% S+C, @60% PBRA	Studio / 1BA	21	30.4%	@60% (PBRA)	\$717	292	yes		N/A	N/A
					Studio / 1BA	44	63.8%	@60%	\$717	370	yes		N/A	N/A
					Studio / 1BA	4	4.4%	@60% (PBRA)	\$717	370	yes		N/A	N/A
						69	100%						N/A	N/A
1	Commons At Imperial Hotel 355 Peachtree Street NE Atlanta, GA 30308 Fulton County	3.7 miles	Highrise (8 stories) 1910 / 2014	@30%, PBRA	Studio / 1BA	90	100%	@30%	\$828	395	yes	Yes	0	0.0%
2	Crogman School Lofts 1093 West Avenue SW Atlanta, GA 30315 Fulton County	1.6 miles	Conversion (3 stories) 1923 / 2003	@60%, PBRA, Market	Studio / 1BA	6	5.7%	@60%	\$738	540	no	No	0	0.0%
					1BR / 1BA	27	25.7%	@60%	\$834	729	no	No	0	0.0%
					1BR / 1BA	10	9.5%	Market	\$886	729	n/a	No	0	0.0%
					1BR / 1BA	20	19.0%	Section 8	\$811	729	n/a	No	0	0.0%
					2BR / 1BA	5	4.8%	@60%	\$974	916	no	No	0	0.0%
					2BR / 1BA	2	1.9%	Market	\$1,141	916	n/a	No	0	0.0%
					2BR / 1BA	6	5.7%	Section 8	\$982	916	n/a	No	0	0.0%
					2BR / 2BA	7	6.7%	@60%	\$983	991	no	No	0	0.0%
					2BR / 2BA	2	1.9%	Market	\$1,103	991	n/a	No	0	0.0%
					2BR / 2BA	11	10.5%	Section 8	\$982	991	n/a	No	0	0.0%
					3BR / 2BA	2	1.9%	@60%	\$1,175	1,048	no	No	0	0.0%
					3BR / 2BA	2	1.9%	Market	\$1,175	1,048	n/a	No	0	0.0%
					3BR / 2BA	5	4.8%	Section 8	\$1,175	1,048	n/a	No	0	0.0%
										105	100%			
3	Harmony Park 7250 Campbellton Road Atlanta, GA 30331 Fulton County	11.6 miles	One-story 1986 / n/a	@60%	Studio / 1BA	46	39.0%	@60%	\$553	300	no	No	0	0.0%
					1BR / 1BA	62	52.5%	@60%	\$668	600	no	No	0	0.0%
					2BR / 1BA	8	6.8%	@60%	\$802	900	no	No	0	0.0%
					2BR / 2BA	2	1.7%	@60%	\$822	900	no	No	0	0.0%
										118	100%			
4	M Street Apartments 950 Marietta Street Atlanta, GA 30318 Fulton County	4.1 miles	Garden (3 stories) 2004 / n/a	@50%, Market	Studio / 1BA	N/A	N/A	@50%	\$881	561	yes	No	N/A	N/A
					Studio / 1BA	N/A	N/A	Market	\$1,074	561	n/a	No	N/A	N/A
					1BR / 1BA	N/A	N/A	@50%	\$951	886	yes	No	N/A	N/A
					1BR / 1BA	N/A	N/A	Market	\$1,267	886	n/a	No	N/A	N/A
					2BR / 2BA	N/A	N/A	@50%	\$1,192	955	yes	No	N/A	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,692	955	n/a	No	N/A	N/A
					3BR / 3BA	N/A	N/A	Market	\$2,191	1,275	n/a	No	N/A	N/A
					308	100%						23	7.5%	
5	Donnelly Gardens 1295 Donnelly Avenue SW Atlanta, GA 30310 Fulton County	1.0 miles	Garden (2 stories) 1965 / n/a	Market	Studio / 1BA	8	3.2%	Market	\$593	550	n/a	No	0	0.0%
					1BR / 1BA	176	70.4%	Market	\$592	675	n/a	No	1	0.6%
					1BR / 1BA	N/A	N/A	Market	\$603	740	n/a	No	1	N/A
					2BR / 1BA	14	5.6%	Market	\$722	850	n/a	No	0	0.0%
					2BR / 1.5BA	52	20.8%	Market	\$752	950	n/a	Yes	0	0.0%
					250	100%						2	0.8%	
6	Freeman Ford/ Fairlie Poplar Lofts 75 John Wesley Dobbs Avenue Atlanta, GA 30303 Fulton County	3.3 miles	Lowrise (3 stories) 1995 / n/a	Market	Studio / 1BA	N/A	N/A	Market	\$924	N/A	n/a	No	0	N/A
					1BR / 1BA	N/A	N/A	Market	\$1,054	N/A	n/a	No	0	N/A
					2BR / 1BA	N/A	N/A	Market	\$1,383	N/A	n/a	No	0	N/A
										42	100%			
7	Fulton Cotton Mill Lofts 170 Boulevard SE Atlanta, GA 30312 Fulton County	3.6 miles	Highrise (8 stories) 1881 / 2005	Market	Studio / 1BA	N/A	N/A	Market	\$954	707	yes	No	0	N/A
					Studio / 1BA	N/A	N/A	Market	\$1,054	747	n/a	No	0	N/A
					1BR / 1BA	N/A	N/A	Market	\$1,104	1,119	yes	No	0	N/A
					1BR / 1BA	N/A	N/A	Market	\$1,604	1,375	n/a	No	0	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,333	1,018	n/a	No	0	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,833	1,361	n/a	No	1	N/A
					207	100%						1	0.5%	

**PROPERTY CHARACTERISTICS**

Following are relevant characteristics of the comparable properties surveyed:

**Location**

The Subject is located in a mixed-use neighborhood that is south of a major thoroughfare, which provides access to surrounding commercial uses.

Locational Comparison								
Radius	0.5 miles							
Name	Phoenix House - As Complete	Commons At Imperial Hotel	Crogman School Lofts	Harmony Park	M Street Apartments	Donnelly Gardens	Freeman Ford Fairlie Poplar Lofts	Fulton Cotton Mill Lofts
Address	1296 Murphy Avenue SW	355 Peachtree Street NE	1093 West Avenue SW	7250 Campbellton Road	950 Marietta Street	1295 Donnelly Avenue SW	75 John Wesley Dobbs Avenue	170 Boulevard SE
City	Atlanta							
State	GA							
ZIP Code	30310	30308	30315	30331	30318	30310	30303	30312
MSA	Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area							
<b>Locational qualities</b>								
<b>Population 2013</b>	<b>2,603</b>	<b>8,666</b>	<b>2,558</b>	<b>178</b>	<b>7,004</b>	<b>3,391</b>	<b>5,414</b>	<b>4,815</b>
MSA	5,467,379	5,467,379	5,467,379	5,467,379	5,467,379	5,467,379	5,467,379	5,467,379
STATE	9,978,939	9,978,939	9,978,939	9,978,939	9,978,939	9,978,939	9,978,939	9,978,939
<b>Population 65+ 2013</b>	<b>9.49%</b>	<b>3.21%</b>	<b>10.32%</b>	<b>6.74%</b>	<b>1.30%</b>	<b>13.30%</b>	<b>4.65%</b>	<b>8.49%</b>
<b>Median Household Income 2013</b>	<b>\$20,905</b>	<b>\$31,006</b>	<b>\$16,175</b>	<b>\$58,669</b>	<b>\$18,487</b>	<b>\$23,140</b>	<b>\$32,920</b>	<b>\$33,214</b>
MSA	\$55,802	\$55,802	\$55,802	\$55,802	\$55,802	\$55,802	\$55,802	\$55,802
STATE	\$48,107	\$48,107	\$48,107	\$48,107	\$48,107	\$48,107	\$48,107	\$48,107
<b>Renter Household Percent 2013</b>	<b>43.73%</b>	<b>48.06%</b>	<b>48.92%</b>	<b>21.11%</b>	<b>56.04%</b>	<b>52.23%</b>	<b>50.77%</b>	<b>56.96%</b>
MSA	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
STATE	32.44%	32.44%	32.44%	32.44%	32.44%	32.44%	32.44%	32.44%
<b>Owner Household Percent 2013</b>	<b>23.66%</b>	<b>18.45%</b>	<b>14.58%</b>	<b>78.89%</b>	<b>4.97%</b>	<b>23.69%</b>	<b>18.09%</b>	<b>27.28%</b>
MSA	56.79%	56.79%	56.79%	56.79%	56.79%	56.79%	56.79%	56.79%
STATE	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%
<b>Vacant Housing Unit Percent 2013</b>	<b>32.62%</b>	<b>33.49%</b>	<b>36.42%</b>	<b>0.00%</b>	<b>38.99%</b>	<b>24.13%</b>	<b>31.13%</b>	<b>15.78%</b>
MSA	10.21%	10.21%	10.21%	10.21%	10.21%	10.21%	10.21%	10.21%
STATE	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%
<b>Total Crime</b>	<b>615</b>	<b>539</b>	<b>634</b>	<b>145</b>	<b>675</b>	<b>692</b>	<b>591</b>	<b>578</b>
Personal Crime	608	544	651	104	717	717	609	592
Property Crime	541	465	534	168	545	576	499	490
<b>Walk Score®</b>	<b>35</b>	<b>91</b>	<b>39</b>	<b>0</b>	<b>68</b>	<b>52</b>	<b>95</b>	<b>68</b>
Walk Score® Name	Car-Dependent	Walker's Paradise	Car-Dependent	Car-Dependent	Somewhat Walkable	Somewhat Walkable	Walker's Paradise	Somewhat Walkable
<b>Nearest Elementary School</b>	<b>Finch Elementary School</b>	<b>Intown Charter Academy</b>	<b>Slater Elementary School</b>	<b>New Manchester Elementary School</b>	<b>Centennial Place Elementary School</b>	<b>Kipp Strive Academy</b>	<b>Cook Elementary School</b>	<b>Hope Elementary School</b>
Student-Teacher Ratio	11	19	12	15	13	17	11	11
Enrollment	480	392	495	805	452	184	339	264
Test Rating	Education.com TestRating 1	Education.com TestRating 2	Education.com TestRating 1	Education.com TestRating 4	Education.com TestRating 5	Education.com TestRating 8	Education.com TestRating 2	Education.com TestRating 2
School District	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools	Douglas County School District	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools
<b>Nearest Middle School</b>	<b>Sylvan Hills Middle School</b>	<b>Coretta Scott King Young Womens Leadership Academy</b>	<b>Parks Middle School</b>	<b>Factory Shoals Middle School</b>	<b>Kennedy Middle School</b>	<b>Brown Middle School</b>	<b>King Middle School</b>	<b>King Middle School</b>
Student-Teacher Ratio	12	14	14	15	11	14	13	13
Enrollment	423	392	450	820	337	614	549	549
Test Rating	Education.com TestRating 2	Education.com TestRating 4	Education.com TestRating 2	Education.com TestRating 4	Education.com TestRating 3	Education.com TestRating 3	Education.com TestRating 2	Education.com TestRating 2
School District	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools	Douglas County School District	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools
<b>Nearest High School</b>	<b>Washington High School - Banking</b>	<b>Audit High School</b>	<b>Early College High School at Carver</b>	<b>Audit High School</b>	<b>Audit High School</b>	<b>Booker T. Washington High School - Banking, Finance</b>	<b>Southside High School</b>	<b>Southside High School</b>
Student-Teacher Ratio	18	17	17	17	18	18	14	14
Enrollment	221	345	345	221	221	814	814	814
Test Rating	Education.com TestRating 10	Education.com TestRating 2	Education.com TestRating 2					
School District	Atlanta Public Schools	Audit System School District	Atlanta Public Schools	Atlanta Public Schools	Audit System School District	Atlanta Public Schools	Atlanta Public Schools	Atlanta Public Schools

Immediate surrounding uses include single-family homes, industrial and commercial uses, a healthcare facility, active railroad tracks a four-lane highway, and a local market. The surrounding land uses are in poor to good condition. Many of the comparables we selected are located on the outskirts of downtown Atlanta. Many are located a short walk from numerous employment and recreational opportunities. Crime rates around the Subject are significantly higher than the national average but within the range of comparables. The Subject features limited access, perimeter fencing and patrol. Overall, this is considered slightly superior or superior to the rest of the comparables, which offer patrol but not the other security features at the Subject. Given the Subject's location, lack of security measures at comparable properties, and high occupancy rates in the market, we expect the measures taken provide adequate levels of security for residents of the Subject. In general, the market rate projects we surveyed are in more desirable locations than the Subject. The Subject has a superior location when compared to Harmony Park and a similar location to Croghan School Lofts. M Street Apartments, Donnelley Gardens and Fulton Cotton Mill Lofts have a slightly superior locations compared to the Subject, and both Freeman Ford/ Fairlie Poplar Lofts and Commons at Imperial Hotel have superior locations to the Subject.

### **Age, Condition and Design**

The Subject is currently in fair condition and is in need of renovations. The community buildings are historic in nature as they were built in the 1900s. The Subject's residential buildings were built in 1990 and have not undergone major renovations. Most of the selected comparable LIHTC projects are in good condition and were opened or were renovated between 2003 and 2014 with the exception of Harmony Park, which opened in 1986 and has undergone upgrades as tenants move out. Harmony Park exhibits average condition, while the remaining LIHTC comparables are in good condition. The selected market rate properties are older. We selected two properties built or renovated between 1965 and 1995 and one property which was originally built in 1881 but renovated in 2005. The two properties are over 15 years old, remain in average condition and appear to have received periodic updates. The property renovated in 2005 exhibits good condition. Overall, the Subject is slightly inferior or inferior to the comparable properties in terms of age/condition.

The Subject's residential units consist of two-story walk-up buildings and single-story buildings. The comparables consist of multistory garden-style buildings, multistory walk up buildings, and multistory elevator-serviced buildings. The Subject's multistory buildings are similar to the comparable properties in terms of design. The Subject's one-story buildings are similar or superior to the comparable properties. However, the Subject's one-story buildings are comprised of SRO units in two and four-bedroom suites with shared bathrooms and common areas. Therefore, these units will be inferior to the comparables in terms of layout.

### **Unit Size**

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject's studio units and the surveyed average studio unit sizes in the market. We have not included the SRO units in the following table as they function as rooms for rent in a shared unit and the comparable properties only offer studio, one, two, and three-bedroom units. Therefore, the comparables do not provide an adequate comparison in terms of unit sizes.

**UNIT SIZE COMPARISON**

<b>Unit Type</b>	<b>Subject</b>	<b>Surveyed Min</b>	<b>Surveyed Max</b>	<b>Surveyed Average</b>	<b>Advantage/ Disadvantage</b>
Studio	378	300	747	545	-31%

As seen in the previous table, the Subject's units are below the range of the studio units at the comparable properties. The Subject is currently 94 percent occupied and has had historically low vacancy rates; therefore, we do not believe that the Subject's unit sizes are inhibiting its performance as a restricted, subsidized property. The Subject's studio units will be at a significant disadvantage if not subsidized and we have taken the Subject's unit sizes into account when determining the Subject's achievable for non-Shelter Plus Care units.

**Amenity Comparison**

The Subjects amenities were detailed previously in the *Description of The Improvements* section as well as the *Subject Profiles & Matrices*, which are included in the Addenda. The table below details the amenities for the Subject property and at each of the comparable properties. Those amenities offered at comparable properties not available at the Subject are shaded in pink; amenities not offered at a comparable property but that are available at the Subject are shaded in blue. In other words, property offered amenities that are considered superior to the Subject's amenities are identified in pink, whereas those that are considered inferior are identified in blue.

UNIT MATRIX REPORT

	Phoenix House - As Complete Subject	Commons At Imperial Hotel 1	Crogman School Lofts 2	Harmony Park 3	M Street Apartments 4	Donnelly Gardens 5	Freeman Ford/ Fairlie Poplar Lofts 6	Fulton Cotton Mill Lofts 7
<b>Property Information</b>								
Property Type	Garden (2 stories)	Highrise (8 stories)	Conversion (3 stories)	One-Story	Garden (3 stories)	Garden (2 stories)	Lowrise (3 stories)	Highrise (8 stories)
Year Built / Renovated	Proposed - 2016	1910 / 2014	1923 / 2003	1986 / n/a	2004 / n/a	1965 / n/a	1995 / n/a	1881 / 2005
Market/Subsidy Type	LIHTC/PBRA	LIHTC/PBRA	LIHTC/PBRA/Market	LIHTC	LIHTC/Market	Market	Market	Market
<b>In-Unit Amenities</b>								
Balcony/Patio	yes	no	yes	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	no	yes
Carpet/Hardwood	no	no	no	no	no	yes	no	no
Carpeting	yes	yes	yes	yes	yes	no	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	yes	yes	yes	no	yes	no
Dishwasher	no	no	no	no	yes	no	yes	yes
Exterior Storage	no	no	no	no	yes	no	no	yes
Ceiling Fan	no	no	no	yes	yes	no	no	yes
Furnishing	yes	yes	no	no	no	no	no	no
Garbage Disposal	no	no	yes	yes	yes	no	yes	yes
Hand Rails	yes	yes	no	no	no	no	no	no
Microwave	yes	no	no	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes
Skylights	no	no	no	no	no	no	no	yes
Trash Compactor	no	no	no	no	yes	no	no	no
Vaulted Ceilings	no	no	no	yes	no	yes	no	yes
Walk-In Closet	no	no	yes	no	yes	yes	yes	yes
Washer/Dryer hookup	no	no	yes	yes	yes	no	no	yes
<b>Property Amenities</b>								
Business Center/Computer Lab	no	no	yes	yes	yes	yes	yes	yes
Clubhouse/Meeting/Community Room	yes	yes	yes	no	yes	no	no	no
Courtyard	no	no	no	no	no	yes	no	yes
Elevators	no	yes	no	no	no	no	no	yes
Exercise Facility	no	yes	no	no	yes	no	no	yes
Garage	no	no	no	no	no	no	no	yes
Central Laundry	yes	yes	yes	no	yes	yes	yes	yes
Off-Street Parking	yes	no	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	no	yes
Picnic Area	yes	no	no	no	no	no	no	no
Playground	no	no	yes	no	no	no	no	no
Service Coordination	yes	no	no	no	no	no	no	no
Swimming Pool	no	no	no	no	yes	no	no	yes
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$30.00
<b>Services</b>								
Adult Education	yes	no	no	no	no	no	no	no
Shuttle Service	yes	no	no	no	no	no	no	no
Tutoring	yes	no	no	no	no	no	no	no
<b>Security</b>								
In-Unit Alarm	no	no	no	no	yes	no	no	no
Intercom (Buzzer)	no	yes	yes	no	yes	no	no	yes
Limited Access	yes	yes	yes	no	yes	no	no	yes
Patrol	yes	no	yes	no	no	yes	no	no
Perimeter Fencing	yes	yes	no	no	yes	no	no	yes
<b>Premium Amenities</b>								
Medical Professional	yes	yes	no	no	no	no	no	no
<b>Other Amenities</b>								
Other	Gazebo, Gardens, Supportive Services Library		n/a	n/a	n/a	n/a	n/a	Rooftop decks

**Unit Amenities**

The Subject offers balconies/patios, window blinds, microwaves, wall mounted air conditioning, coat closets, furnished units, handrails in handicap units, carpeting, ovens, and refrigerators in each unit. The Subject's unit amenities are inferior to one LIHTC and one market rate property that offers exterior storage, ceiling fans, skylights, a trash compactor, garbage disposals, walk-in closets and washer and dryer hook-ups. The Subject will be slightly inferior to two LIHTC the comparables and two market rate comparables offering garbage disposals, walk-in closets and washer and dryer hook-ups. The Subject is similar to the remaining LIHTC property.

**Common Area Amenities**

The Subject offers a clubhouse, transportation, central laundry, on-site management and a picnic area. The Subject's common area amenities are inferior to Fulton Cotton Mill Lofts, which offers a business center/computer lab, courtyard, elevators, swimming pool, exercise facility and a garage. The Subject's common area amenities are considered slightly inferior to the remaining comparables, which also offer several of the amenities found at Fulton Cotton Mill Lofts.

**Security Features**

The Subject offers limited access, perimeter fencing and patrol. Overall, this is considered slightly superior or superior to the rest of the comparables. Two other properties patrol but not the other security features at the Subject. In general, given the Subject's location, lack of security measures at comparable properties, and high occupancy rates in the market, we expect the measures taken will provide adequate levels of security for residents of the Subject.

**Utility Structure**

The Subject's rents include all utilities. The utility conventions differ at the comparable properties; therefore, we have adjusted "base" or "asking" rents of the comparable properties to "net" rents, reflecting the Subject's utility convention based on the utility schedule provided by the Atlanta Housing Authority.

**Parking**

The Subject has a parking exemption and currently offers three surface parking spaces. Residents, guests, and management may park on the street or in an unimproved area in front of the community building if needed. All of the comparables offer off-street surface parking free of charge. Therefore, the Subject will be inferior to the comparables in terms of parking.

**MARKET CHARACTERISTICS**

Following are relevant market characteristics for the comparable properties surveyed.

**Vacancy Levels**

The following table summarizes the current overall weighted vacancy levels at the surveyed properties.

**OVERALL VACANCY**

Property Name	Rent Structure	Location	Tenancy	Total Units	Vacant Units	Vacancy Rate
Commons At Imperial Hotel*	LIHTC/PBRA	Atlanta	Disabled/ Formerly Homeless	90	0	0.0%
Crogman School Lofts*	LIHTC/PBRA/Market	Atlanta	Family	105	0	0.0%
Harmony Park	LIHTC	Atlanta	Family	118	0	0.0%
M Street Apartments*	LIHTC/Market	Atlanta	Family	308	23	7.5%
Donnelly Gardens*	Market	Atlanta	Family	250	2	0.8%
Freeman Ford/ Fairlie Poplar Lofts*	Market	Atlanta	Family	42	0	0.0%
Fulton Cotton Mill Lofts*	Market	Atlanta	Family	<u>207</u>	<u>1</u>	<u>0.5%</u>
<b>Total</b>				<b>1,120</b>	<b>26</b>	<b>2.3%</b>

\*Properties located in the PMA

The comparable properties reported vacancy rates of zero to 7.5 percent, with an average of 2.3 percent. M Street Apartments is the only comparable with an elevated vacancy rate. Management reported that the property is currently 97 percent pre-leased, which lowers the overall vacancy rate to 1.1 percent. Overall, the market is performing well. Based on the strong performance of the comparables, we expect the Subject to maintain a vacancy rate of five percent or less following stabilization.

Historical data is available for the comparable properties are provided below.

**Historical Vacancy Trends**

Comparable Property	Rent Structure	Tenancy	Total Units	1QTR 2012	2QTR 2013	3QTR 2013	4QTR 2013	1QTR 2014	1QTR 2015	2QTR 2015
Commons At Imperial Hotel	LIHTC/PBRA	Disabled/ Formely Homeless	90	-	-	-	-	-	7.80%	0.00%
Crogman School Lofts	LIHTC/PBRA/Market	Family	105	-	17.10%	16.20%	-	-	0.00%	0.00%
Harmony Park	LIHTC	Family	118	-	-	-	-	-	0.00%	0.00%
M Street Apartments	LIHTC/Market	Family	308	-	-	-	-	-	4.90%	7.50%
Donnelly Gardens	Market	Family	250	-	-	8.00%	8.00%	-	0.80%	0.80%
Freeman Ford/ Fairlie Poplar Lofts	Market	Family	42	-	-	0.00%	-	-	0.00%	0.00%
Fulton Cotton Mill Lofts	Market	Family	207	1.90%	-	0.50%	-	0.50%	1.00%	0.50%

As illustrated in the previous table, vacancy rates at the comparable properties have generally decreased over the past three years. This indicates that the market is stable and has successfully absorbed additions to supply while maintaining low vacancy rates. We have concluded to a restricted vacancy rate of three percent or less and an unrestricted vacancy of five percent or less based on the comparable data. As previously stated, vacancy among the studio market rate units is low and rooms for rent (equivalent to SRO units) are not uncommon in the market; therefore, we

anticipate that the Subject would maintain a vacancy rate of five percent or less in the As Unrestricted scenario.

### Turnover

The following table illustrates reported turnover for the comparable properties.

TURNOVER		
Comparable Property	Rent Structure	Turnover
Commons At Imperial Hotel	LIHTC/PBRA	20%
Crogman School Lofts	LIHTC/PBRA/Market	34%
Harmony Park	LIHTC	20%
M Street Apartments	LIHTC/Market	40%
Donnelly Gardens	Market	15%
Freeman Ford/ Fairlie Poplar Lofts	Market	15%
Fulton Cotton Mill Lofts	Market	<u>15%</u>
<b>Average Turnover</b>		<b>22%</b>

Turnover rates in the market range from 15 to 40 percent. The average turnover rate for the PMA comparables that reported this figure was 22 percent, which is considered a relatively low average turnover rate. The LIHTC properties reported an average turnover rate of 29 percent, and market rate apartments averaged 26 percent turnover. We estimate that as a restricted property, the Subject would experience a turnover rate of 25 percent or less. As a hypothetical market rate property, we would expect the Subject to have a slightly lower turnover rate of approximately 20 percent, or less, based on the comparable data.

### Rent Growth

The following table illustrates changes in rent among the comparable properties, where applicable.

RENT GROWTH				
Comparable Property	Rent Structure	Location	Tenancy	Rent Growth
Commons At Imperial Hotel	LIHTC/PBRA	Atlanta	Disabled/Formerly Homeless	None
Crogman School Lofts	LIHTC/PBRA/Market	Atlanta	Family	None
Harmony Park	LIHTC	Atlanta	Family	None
M Street Apartments	LIHTC/Market	Atlanta	Family	Decreased 1.0-2.0 % and increased 4.0%
Donnelly Gardens	Market	Atlanta	Family	Increased 4.7 to 9.8%
Freeman Ford/ Fairlie Poplar Lofts	Market	Atlanta	Family	Increased 1.0 to 3.0%
Fulton Cotton Mill Lofts	Market	Atlanta	Family	Increased 4.0 to 6.0%

Four of the seven comparables reported rent growth over the past year.. In the As Restricted scenario, we do not believe that the Subject will experience rent growth in the near term based upon the comparable properties. In the As Unrestricted scenario, we believe that the Subject will experience moderate rent growth in the near term based upon the comparable properties.

### Concessions

None of the seven comparable properties are currently offering concessions. Therefore, with the Subject’s achievable rents, we do not anticipate that the Subject will need to rely on concessions.

### Reasonability of Rents

The following table is a comparison of the Subject’s and comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents.

### Achievable Rents

As previously stated, we have approached the valuation on an As Is Restricted basis assuming the Shelter Plus Care subsidy will remain with the property. Currently, according to the most recent rent roll provided by the Client, 45 of the 69 units are currently Shelter Plus Care. The rent, per the rent roll, associated with these Shelter Plus Care rents are \$303 and \$757. These rents are dictated by Shelter Plus Care and have been utilized in our valuation. While the Subject has a LURA in place due to use of HOME funds which requires 21 of the units to be restricted at or below 50 percent AMI, this requirement is satisfied by the Shelter Plus Care units.

The remaining units, which are shared spaces in two and four-bedroom units, have been analyzed and compared with market data for achievable rents. The following table illustrates classified listings for rooms for rent as well as two-bedroom and four-bedroom units.

#### ROOM FOR RENT CLASSIFIED LISTINGS

Building Type	Rent Per Week	Rent Per Month	Description
Duplex	\$150	\$600	Private bathroom
3BD Apartment	\$145	\$580	Utilities divided between three roommates, Furnished
Duplex	\$125	\$500	Shared bathroom
3BD/2.5BA	\$115	\$450	Shared laundry room
N/Av	\$115	\$450	Unfurnished
3BD/2.5BA	\$105	\$420	All utilities included, Furnished, WIFI/Cable, Private bath
N/Av	\$103	\$410	All utilities included, Furnished, WIFI/Cable, Shared laundry
N/Av	\$100	\$400	All utilities included, Furnished, Shared laundry room
N/Av	\$98	\$390	All utilities included, Furnished, WIFI/Cable, Shared laundry
<b>Average</b>	<b>\$117</b>	<b>\$467</b>	
<b>NOVOCO Estimate</b>	<b>\$88</b>	<b>\$375</b>	

Source: Craigslist.org, 5/2015

Based upon rentals by room in the Atlanta market, we have concluded to an achievable market rent of **\$375** per month per SRO unit. This is on the low end of the range of the room rentals. At the estimated rate of **\$375** per month, the Subject’s achievable rent for the two-bedroom suite is \$750 and the Subject’s achievable rent for the four-bedroom suite is \$1,500. We have used rates per room in our analysis rather than a rate per unit (two-bedroom and four-bedroom) since rates per room generates more revenue. Donnelly Gardens is the most similar of the comparable properties to the

Subject in terms of age/condition. It is achieving an adjusted rent of \$719 for its two-bedroom units with one bath and \$749 for its two-bedroom units with 1.5 baths. Therefore, the Subject's achievable rent by room has an advantage over its achievable rent by unit.

The following table illustrates four-bedroom classified listings, all of which are single-family homes.

#### FOUR-BEDROOM CLASSIFIED LISTINGS

Type	Rent*	Description
4BD SFH	\$1,370	2,800 SF, Washer and dryer included, 2.5 baths
4BD SFH	\$1,050	2 baths
4BD SFH	\$1,000	Hardwood floors, 2 baths
4BD SFH	\$1,200	4,500 SF, Washer and dryer included, 3.5 baths
4BD SFH	\$975	1,912 SF, Hard wood floors, 1.5 baths
4BD SFH	\$1,075	1,160 SF, Hard wood floors, 2 baths
<b>Average</b>	<b>\$1,112</b>	

As illustrated, the Subject's rent for its four-bedroom suites is higher on a per room basis at **\$375** (or a total rent of \$1,500) when compared to renting the suites as a whole unit. Therefore, we have used the Subject's achievable rent by room.

**HIGHEST AND BEST USE**

## HIGHEST AND BEST USE

Highest and Best Use may be defined as that legal use which will yield the highest net present value to the land, or that land use which may reasonably be expected to produce the greatest net return over a given period of time.

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the greatest net return to the land. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it creates and/or maintains maximum value, and it is maximum value which affords the owner maximum returns.

The Dictionary of Real Estate Appraisal (Third Edition, 1993), published by the American Institute of Real Estate Appraisers, defines Highest and Best Use as:

"The reasonably probable and legal use of vacant land supported and financially feasible, and that results in the highest value. The four criteria that the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. That reasonable and probable use that will support the highest present value of vacant land or improved property, as defined as of the date of the appraisal."

It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of Highest and Best Use takes into account the contribution of a specific use to the community and the community's development goals, as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. In arriving at the estimate of Highest and Best Use, the Subject site is analyzed "as is", meaning vacant and available for development.

Four tests are typically used to determine the Highest and Best Use of a particular property. Thus, the following areas are addressed.

1. **Physically Possible:** The uses which it is physically possible to put on the site in question.
2. **Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.
3. **Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.
4. **Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

## **Highest and Best Use**

### **Physically Possible**

The Subject site contains approximately 2.9 acres. It has generally sloping topography. It has good accessibility. The site is considered adequate for a variety of legally permissible uses. The Subject is located outside of the floodplain.

### **Legally Permissible**

The Subject site is zoned C-1-C, Community Business Conditional district. Permissible uses for the C-1-C district include multifamily dwellings, schools, commercial recreation establishments, financial institutions, parking structures, supportive housing and institutions of higher learning. The Subject was granted two conditional use permits when constructed in 1995 and 1999. Uses are restricted to residential housing up to 69 residents. The parking requirements were waived given their dormitory style units but must include at least three spaces. Given the uses in the neighborhood in which the Subject is located, we believe, if vacant, the Subject site would be developed with up to 69 multifamily units.

### **Financially Feasible**

The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible.

The Subject's financially feasible uses are restricted to those uses that are allowed by zoning classifications, and are physically possible as illustrated above. Given the Subject's surrounding land uses and the Subject's physical attributes, of the legally permissible uses under the C-1-C zoning district, 69 units with subsidy is most financially feasible. Therefore, the most financially feasible option is to continue operations under the conditional use permit as multifamily. The following table illustrates this analysis for the As Is Restricted scenario.

**COST ANALYSIS**  
As Is Restricted

Stabilized Overall Capitalization Rate	6.50%
Typical Economic Life	55
Inferred Annual Building Recapture Rate	1.4%
Inferred Land to Total Value Ratio (M)	5.4%
Land Capitalization Rate	Rl
Building Capitalization Rate (Rl + Recapture Rate)	Rb
$Ro = (Rl * M) + ((1 - M) * Rb)$	
Rl =	5.2%
Rb =	6.6%
<hr/>	
Land Value	\$862,500
Land Capitalization Rate	0.052
Required Return to Land	\$44,850
Replacement Cost of Improvements	16117908.94
Building Capitalization Rate (Rb)	0.066
Required Return On and Recapture of Improvement Costs	1063781.99
<b>Total Required Net Operating Income</b>	<b>1108631.99</b>
<hr/>	
Net Rentable Square Footage	26496
Required NOI per SF of Improvements	\$41.84
Operating Expenses per SF	(\$12.64)
Required Effective Gross Revenue	\$29.20
Stabilized Vacancy Adjustment Factor	1.46
<b>Cost Feasible Market Rent</b>	<b>\$30.66</b>
<b>Market Rent (based on market rental rates)</b>	<b>\$11.72</b>

As the table illustrates, the market rent is less than the cost feasible market rent. Thus, the current market rents do not allow for feasible multifamily development at this time.

**Maximally Productive**

Based upon our analysis, new construction of rental housing is not financially feasible with or without a subsidy.

**Highest and Best Use “As If Vacant”**

Highest and Best Use as if Vacant would be to hold until market rents allow development or to develop with other subsidy.

**Highest and Best Use “As Is”**

The Subject currently operates with a positive return with subsidy and therefore, the Subject’s highest and best use “as is” is for continued use as a subsidized supportive housing development and to rent units by the room.

# **APPRAISAL METHODOLOGY**

## **APPRAISAL METHODOLOGY**

The valuation process begins with an estimate of the highest and best use of the Subject property considered as vacant, and as improved. Once determined, the property is then valued according to its highest and best use.

Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. The cost approach has not been developed. However, a determination of the land value as if vacant has been developed.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use the sales comparison approach and both the EGIM analysis and the NOI/Unit analysis in valuing the Subject property.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject is an income producing property and this is considered to be the best method of valuation.

## **APPLICABILITY TO THE SUBJECT PROPERTY**

The employment of the Cost Approach in the valuation process is based on the principle of substitution. This approach is least effective with properties of a similar age and condition as the Subject. Investors in the marketplace do not typically rely upon the cost approach. The difficulty in accurately estimating economic obsolescence further weakens the reliability of this approach. Given the restricted nature of the Subject property and lack of financial feasibility, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property. Therefore, the cost approach is considered to have only limited use in the valuation of the Subject property. It is not used by participants in the marketplace, and was not developed for the reasons indicated.

In the sales comparison approach, appraisers estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. Due to the structure type and tenancy at the Subject, we were unable to locate adequate information to develop the sales comparison approach.

The income capitalization approach requires an estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject is an income producing property and this is considered to be the best method of valuation.

**LAND VALUE**

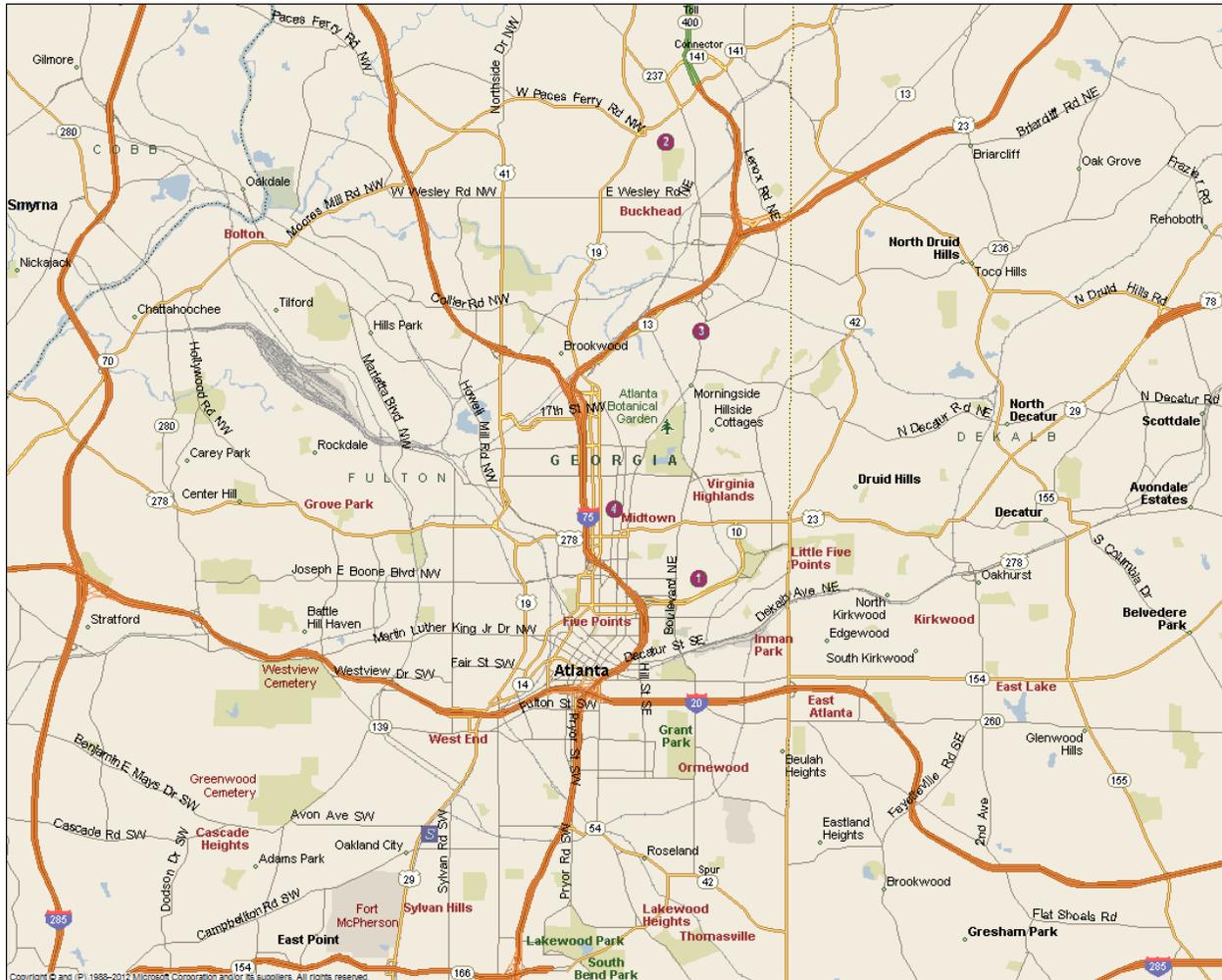
## LAND VALUATION

To arrive at an opinion of land value for the Subject site, we have analyzed actual sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the region was made. We were able to locate three land sales occurring between August 2011 and July 2014.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders, and lending institutions. A map of the comparable land sales is included on the following page. Individual descriptions of these land sale transactions are included on the following pages.

We have valued the land assuming that it is vacant without restrictions on use beyond zoning and physical constraints.

Land Sales Map



The following table summarizes the land sale transactions.

COMPARABLE LAND SALES

Number	Location	City	Sale Date	Price	Acres	Units	Price/Unit
1	608 Ralph McGill Boulevard	Atlanta, GA	Oct-14	\$5,500,000	2.43	217	\$25,346
2	475 Buckhead Avenue NE	Atlanta, GA	Nov-14	\$15,000,000	3.63	325	\$46,154
3	1845-1895 Piedmont Avenue	Atlanta, GA	Jan-14	\$12,600,000	6.07	300	\$42,000
4	782 Peachtree Street NE	Atlanta, GA	Jul-13	\$8,020,000	1.82	294	\$27,279

**ADJUSTMENTS**

The following table illustrates adjustments applied to the sale comparables.

<b>Comparable Land Data Adjustment Grid</b>					
	Subject	1	2	3	4
Location	1296 Murphy Ave SW	608 Ralph McGill Boulevard	475 Buckhead Avenue NE	1845-1895 Piedmont Avenue	782 Peachtree Street NE
City, State	Atlanta, GA	Atlanta, GA	Atlanta, GA	Atlanta, GA	Atlanta, GA
Parcel Data					
Zoning	Multifamily	Multifamily	Multifamily	Multifamily	Multifamily
Topography	Level	Level	Level	Level	Level
Shape	Irregular	Irregular	Rectangular	Rectangular	Rectangular
Corner	No	Yes	Yes	Yes	Yes
Size (SF)	126,324	105,938	264,475	264,475	79,279
Size (Acres)	2.9	2.4	3.6	6.1	1.8
Units	69	217	325	300	294
Units Per Acre	24	89	90	49	162
Sales Data					
Date		Oct-14	Nov-14	Jan-14	Jul-13
Interest		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Price		\$5,500,000	\$15,000,000	\$12,600,000	\$8,020,000
Price per Unit		\$25,346	\$46,154	\$42,000	\$27,279
Adjustments					
Property Rights		0	0	0	0
		\$5,500,000	\$15,000,000	\$12,600,000	\$8,020,000
Financing		0	0	0	0
		\$5,500,000	\$15,000,000	\$12,600,000	\$8,020,000
Conditions of Sale		0	0	0	0
		\$5,500,000	\$15,000,000	\$12,600,000	\$8,020,000
Market Conditions		0	0	0	0
Adjusted Sale Price		\$5,500,000	\$15,000,000	\$12,600,000	\$8,020,000
Adjusted Price Per Unit		\$25,346	\$46,154	\$42,000	\$27,279
Adjustments					
Location		-35%	-35%	-45%	-45%
Zoning		0%	0%	0%	0%
Site Restrictions		-20%	-20%	-20%	-20%
Topography		0%	0%	0%	0%
Shape		0%	0%	0%	0%
Size		-15%	-15%	-10%	-20%
Overall Adjustment		-70%	-70%	-75%	-85%
Adjusted Price Per Unit		\$7,604	\$13,846	\$10,500	\$4,092
Low		\$4,092			
High		\$13,846			
Mean		\$9,010			
Median		\$9,052			
Conclusion		\$7,500	x	69	\$517,500
Rounded					\$520,000

As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning**
- **Topography**
- **Shape**
- **Size / Number of Units**

#### **Property Rights**

All of the sales used in this analysis represent the conveyance of the fee simple interest in the respective properties. No adjustments are warranted.

#### **Financing**

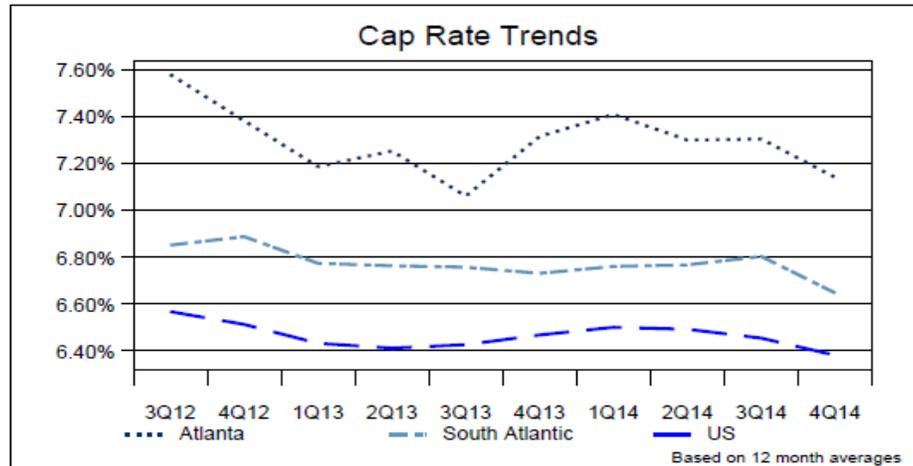
If applicable, the comparable sales must be adjusted for financing terms. The adjustment renders the sale price to cash equivalent terms. All of the sales are considered to be cash equivalent and no adjustment is necessary.

#### **Conditions of Sale**

This adjustment is used if there are any unusual circumstances surrounding the transactions such as foreclosures, bulk sales, related parties, assemblages, etc. All of the comparable sales are considered to be market-oriented, arms-length transactions. As a result, no additional adjustments are needed.

#### **Market Conditions**

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated. We have analyzed the changes in market conditions of multifamily rental property values. The following graph details capitalization trends in the Atlanta market, according to REIS.



Source: REIS, retrieved 4/2015

As illustrated above, capitalization rates in the Atlanta market have been generally stable since 2013, and as such we have applied no adjustments for market conditions.

### Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate.

#### MEDIAN RENT

	Zip Code	Median Rent	Differential
Subject	30310	\$827	-
1	30312	\$934	-13%
2	30305	\$948	-15%
3	30324	\$1,041	-26%
4	30308	\$1,055	-28%

#### MEDIAN HOUSEHOLD INCOME

	Zip Code	HH Income	Differential
Subject	30310	\$25,280	-
1	30312	\$44,217	-75%
2	30305	\$50,160	-98%
3	30324	\$61,728	-144%
4	30308	\$83,806	-232%

Source: City-data.com, retrieved 5/2015

As illustrated, all of the comparables offer significantly superior locations relative to the Subject. We have applied downward adjustments of 35 percent to sales one and two, while sales three and four received downward adjustments of 45 percent.

### Zoning / Use

The Subject and all of the comparables permit for multifamily/mixed use development and were purchased for such. No adjustments are necessary based on intended use.

**Site Restrictions**

The Subject site is encumbered by a LURA which requires 21 of the units at the Subject to be restricted at or below 50 percent AMI. None of the sales were encumbered with restrictions. As such, we have adjusted all of the comparable sales downward by 20 percent

**Topography**

The land sales vary in topography, but are generally level and appear to be functional. Therefore, no adjustments are warranted.

**Site Characteristics**

The comparable sales did not feature any existing site characteristics that would have impacted value at the time of sale. Therefore, no adjustments are necessary.

**Size / Number of Units**

With respect to size, the pool of potential purchasers decreases as property size (and purchase price) increases. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. All of the sales are larger than the Subject in terms of size and have received downward adjustments between 10 and 20 percent.

**CONCLUSION OF VALUE**

The sales indicate a range of adjusted price per unit from \$4,092 to \$13,846 per unit, with a mean of \$9,010 per unit. With consideration of all sales, we have concluded to a sale price of \$7,500 per unit.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the unencumbered value of the underlying land in fee simple, as of March 19, 2015, is:

**FIVE HUNDRED TWENTY THOUSAND DOLLARS  
(\$520,000)**

# **INCOME CAPITALIZATION APPROACH**

## INCOME CAPITALIZATION APPROACH

### INTRODUCTION

The Subject consists of studios and SROs that operate with Shelter Plus Care subsidy and under a LURA. We have analyzed the following values in the income capitalization approach:

1. Current As Is Restricted value with restricted rents and subsidy.

*Please see attached assumptions and limiting conditions for additional remarks concerning prospective value estimates.*

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property's market value is derived via the capitalization of net operating income.

### POTENTIAL GROSS INCOME

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject's potential rental income assuming both restricted rents and market rents is based upon the rents as derived in the Supply Section of this report and are calculated as follows.

**POTENTIAL GROSS RENTAL INCOME - As Is**

Unit Type	Number of HHS	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
SRO/Studio (S+C Units)	20	\$303	\$6,060	\$72,720
SRO/Studio (S+C Units)	25	\$757	\$18,925	\$227,100
SRO/Studio (Non-S+C Units)	24	\$375	\$9,000	\$108,000
<b>Total</b>	<b>69</b>			<b>\$407,820</b>

### Other Income

Other income includes revenue generated from interest income, late charges, special service fees, vending machines, etc. The Subject's historical other income ranges from \$203 to \$217. Based on the historic other income at the Subject, we have concluded within that range to other income of \$210 per unit.

### Vacancy and Collection Loss

As depicted in the supply section, we have concluded to a vacancy loss of 5.0 percent.

**EXPLANATION OF EXPENSES**

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted. We have provided audited and actual expenses for four affordable properties in Atlanta, GA. They range in age from late 1970s to late 2000s construction. The properties represent midrise properties, garden-style walk-up properties, and high-rise properties.

EXPENSE CATEGORY	Novogradac Estimates As Is Atlanta, GA		FY 2014 SUBJECT ACTUAL EXPENSES Atlanta, GA		FY 2013 SUBJECT ACTUAL EXPENSES Atlanta, GA		FY 2012 SUBJECT ACTUAL EXPENSES Atlanta, GA		2013 CONFIDENTIAL ACTUAL EXPENSES Atlanta, GA		2013 CONFIDENTIAL ACTUAL EXPENSES Atlanta, GA		2013 CONFIDENTIAL ACTUAL EXPENSES Atlanta, GA		2012 CONFIDENTIAL ACTUAL EXPENSES Atlanta, GA	
	69		69		69		69		209		171		60		181	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>OTHER INCOME</b>	\$14,490	\$210	\$14,030	\$203	\$14,814	\$215	\$14,961	\$217	\$64,521	\$309	\$25,398	\$149	\$0	\$0	\$98,755	\$546
<b>MARKETING</b>																
Advertising / Screening / Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$446	\$2	\$13,638	\$80	\$107	\$2	\$17,222	\$95
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$446</b>	<b>\$2</b>	<b>\$13,638</b>	<b>\$80</b>	<b>\$107</b>	<b>\$2</b>	<b>\$17,222</b>	<b>\$95</b>
<b>ADMINISTRATION</b>																
Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,022	\$14	\$5,089	\$30	\$0	\$0	\$60,569	\$335
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,000	\$41	\$9,000	\$150	\$8,500	\$47
Office & Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$107,489	\$514	\$164,459	\$962	\$38,891	\$648	\$81,698	\$451
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,260</b>	<b>\$236</b>	<b>\$19,128</b>	<b>\$277</b>	<b>\$30,067</b>	<b>\$436</b>	<b>\$110,511</b>	<b>\$529</b>	<b>\$176,548</b>	<b>\$1,032</b>	<b>\$47,891</b>	<b>\$798</b>	<b>\$150,767</b>	<b>\$833</b>
<b>TOTAL ADMINISTRATION</b>	<b>\$24,150</b>	<b>\$350</b>	<b>\$16,260</b>	<b>\$236</b>	<b>\$19,128</b>	<b>\$277</b>	<b>\$30,067</b>	<b>\$436</b>	<b>\$110,957</b>	<b>\$531</b>	<b>\$190,186</b>	<b>\$1,112</b>	<b>\$47,998</b>	<b>\$800</b>	<b>\$167,989</b>	<b>\$928</b>
<b>MAINTENANCE</b>																
Painting / Turnover / Cleaning	\$8,625	\$125	\$0	\$0	\$0	\$0	\$0	\$0	\$14,873	\$71	\$46,432	\$272	\$0	\$0	\$104,873	\$579
Repairs	\$24,150	\$350	\$0	\$0	\$0	\$0	\$0	\$0	\$213,605	\$1,022	\$80,552	\$471	\$1,078	\$18	\$52,750	\$291
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,841	\$47	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$5,175	\$75	\$0	\$0	\$0	\$0	\$0	\$0	\$13,541	\$65	\$4,371	\$26	\$12,348	\$206	\$1,405	\$8
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,896	\$17	\$0	\$0	\$858	\$5
Supplies/Other	\$10,350	\$150	\$0	\$0	\$0	\$0	\$0	\$0	\$53,073	\$254	\$16,844	\$99	\$14,785	\$246	\$15,157	\$84
<b>SUBTOTAL</b>	<b>\$48,300</b>	<b>\$700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$304,933</b>	<b>\$1,459</b>	<b>\$151,095</b>	<b>\$884</b>	<b>\$28,211</b>	<b>\$470</b>	<b>\$175,043</b>	<b>\$967</b>
<b>OPERATING</b>																
Contracts	\$6,900	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,700	\$80	\$0	\$0	\$20,000	\$110
Exterminating	\$5,175	\$75	\$0	\$0	\$0	\$0	\$0	\$0	\$6,971	\$33	\$6,173	\$36	\$282	\$5	\$5,863	\$32
Security	\$3,450	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$136,223	\$652	\$18,272	\$107	\$194	\$3	\$7,696	\$43
<b>SUBTOTAL</b>	<b>\$15,525</b>	<b>\$225</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$143,194</b>	<b>\$685</b>	<b>\$38,145</b>	<b>\$223</b>	<b>\$476</b>	<b>\$8</b>	<b>\$33,559</b>	<b>\$185</b>
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$63,825</b>	<b>\$925</b>	<b>\$92,922</b>	<b>\$1,347</b>	<b>\$52,938</b>	<b>\$767</b>	<b>\$40,524</b>	<b>\$587</b>	<b>\$448,127</b>	<b>\$2,144</b>	<b>\$189,240</b>	<b>\$1,107</b>	<b>\$28,687</b>	<b>\$478</b>	<b>\$208,602</b>	<b>\$1,152</b>
<b>PAYROLL</b>																
On-site manager	\$32,500	\$471	\$0	\$0	\$0	\$0	\$0	\$0	\$138,442	\$662	\$148,727	\$870	\$32,866	\$548	\$157,466	\$870
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance staff	\$37,500	\$543	\$0	\$0	\$0	\$0	\$0	\$0	\$155,688	\$745	\$73,003	\$427	\$7,756	\$129	\$57,936	\$320
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$10,000	\$145	\$0	\$0	\$0	\$0	\$0	\$0	\$54,428	\$260	\$0	\$0	\$4,772	\$80	\$1,000	\$6
Payroll taxes	\$8,400	\$122	\$0	\$0	\$0	\$0	\$0	\$0	\$22,848	\$109	\$0	\$0	\$2,479	\$41	\$0	\$0
<b>SUBTOTAL</b>	<b>\$88,400</b>	<b>\$1,281</b>	<b>\$86,233</b>	<b>\$1,250</b>	<b>\$85,963</b>	<b>\$1,246</b>	<b>\$104,884</b>	<b>\$1,520</b>	<b>\$371,406</b>	<b>\$1,777</b>	<b>\$221,730</b>	<b>\$1,297</b>	<b>\$47,873</b>	<b>\$798</b>	<b>\$216,402</b>	<b>\$1,196</b>
<b>UTILITIES</b>																
Water & Sewer	\$51,750	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$98,657	\$472	\$231,629	\$1,355	\$65,325	\$1,089	\$83,815	\$463
Electricity	\$34,500	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$186,021	\$890	\$61,512	\$360	\$13,398	\$223	\$51,653	\$285
Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,095	\$230	\$28,191	\$165	\$0	\$0	\$0	\$0
Trash	\$17,250	\$250	\$0	\$0	\$0	\$0	\$0	\$0	\$7,858	\$38	\$0	\$0	\$18,821	\$314	\$0	\$0
<b>SUBTOTAL</b>	<b>\$103,500</b>	<b>\$1,500</b>	<b>\$96,950</b>	<b>\$1,405</b>	<b>\$104,810</b>	<b>\$1,519</b>	<b>\$141,398</b>	<b>\$2,049</b>	<b>\$340,631</b>	<b>\$1,630</b>	<b>\$321,332</b>	<b>\$1,879</b>	<b>\$97,544</b>	<b>\$1,626</b>	<b>\$135,468</b>	<b>\$748</b>
<b>MISCELLANEOUS</b>																
Insurance	\$13,800	\$200	\$14,156	\$205	\$18,828	\$273	\$50,842	\$737	\$26,116	\$125	\$42,548	\$249	\$20,647	\$344	\$47,615	\$263
Real Estate Taxes / PILOT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,057	\$53	\$67,164	\$393	\$13,689	\$228	\$105,827	\$585
Reserves	\$20,700	\$300	\$20,700	\$300	\$20,700	\$300	\$20,700	\$300	\$62,700	\$300	\$42,750	\$250	\$15,000	\$250	\$45,250	\$250
Supportive Services	\$31,050	\$450	\$37,418	\$542	\$33,768	\$489	\$25,562	\$370	\$106,367	\$509	\$0	\$0	\$10,038	\$167	\$0	\$0
<b>SUBTOTAL</b>	<b>\$65,550</b>	<b>\$950</b>	<b>\$72,274</b>	<b>\$1,047</b>	<b>\$73,296</b>	<b>\$1,062</b>	<b>\$97,104</b>	<b>\$1,407</b>	<b>\$206,240</b>	<b>\$987</b>	<b>\$152,462</b>	<b>\$892</b>	<b>\$59,374</b>	<b>\$990</b>	<b>\$198,692</b>	<b>\$1,098</b>
<b>MANAGEMENT</b>																
<b>SUBTOTAL</b>	<b>\$20,060</b>	<b>\$291</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$126,779</b>	<b>\$607</b>	<b>\$0</b>	<b>\$0</b>	<b>\$41,996</b>	<b>\$700</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENSES</b>	<b>\$365,485</b>	<b>\$5,297</b>	<b>\$364,639</b>	<b>\$5,285</b>	<b>\$336,135</b>	<b>\$4,872</b>	<b>\$413,977</b>	<b>\$6,000</b>	<b>\$1,604,140</b>	<b>\$7,675</b>	<b>\$1,074,950</b>	<b>\$6,286</b>	<b>\$323,472</b>	<b>\$5,391</b>	<b>\$927,153</b>	<b>\$5,122</b>

### General Administrative

This category includes all professional fees for items such as legal, accounting, and marketing. This expense is based on an analysis of the Subject's historical data and the comparable property expense data. The comparable expense data exhibits a range from \$531 to \$1,112 per unit with an average of \$843. The Subject's historical costs range from \$236 to \$436. We have relied most heavily on historical operation of the property and concluded to a total administration expense of \$350 per unit. Due to all three historic operating years falling below the range of the comparable data, we believe a conclusion below the comparable data is reasonable.

### Repairs, Maintenance and Operating

Included in this expense are normal items of repair including elevator, roof, painting, decorating, maintenance of public areas, cleaning, etc. The comparable properties illustrate a range of \$478 to \$2,144 per unit. After removal of the \$2,144 from the analysis, the comparable range narrows to \$478 to \$1,152 per unit. The Subject's historical costs per unit ranged from \$587 to \$1,347. The high of \$1,347 occurred in 2014, while 2012 and 2013 were \$587 and \$767, respectively. Due to lack of detail regarding the expenses, it is unclear as to whether the increase in 2014 is associated with traditional operating and maintenance items or if some of this can be attributed to one-time capital expenditures. As a result, we have concluded to \$1,100 per unit, which is above the 2012 and 2013 amounts but below 2014. The conclusion is also within the range of the comparable data.

### Payroll

Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category. The comparable properties report a range from \$798 to \$1,777 per unit with an average of \$1,267. The Subject's historical payroll ranges from \$1,246 to \$1,520 with the two most recent operating years reporting amounts of \$1,250 and \$1,246 per unit. It should be noted that the payroll referenced for the Subject does not include staff required for social services, as this is paid under a separate contract. We have estimated the Subject property could be adequately managed with one full-time manager and one full-time maintenance technician. Benefits are calculated at \$5,000 per full time employee and taxes are calculated at 12 percent. The following table outlines the estimated payroll expense.

**PAYROLL EXPENSE CALCULATION**

	<b>Expenses</b>	<b>Per Unit</b>
Office Staff	\$32,300	\$468
Maintenance Staff	\$37,500	\$543
Benefits (\$5,000 per FTE)	\$10,000	\$145
Payroll Taxes (estimated at 12%)	\$8,376	\$121
<b>Total Annual Payroll</b>	<b>\$88,176</b>	<b>\$1,278</b>

We have used \$1,278 in our analysis for the As Is Restricted scenario. This amount is within the range of the historical operations at the Subject and generally similar to the two most recent operating years.

## Utilities

Management at the Subject is responsible for all utilities at the property. We have used the Atlanta Housing Authority's current utility allowance for multifamily properties that were built prior to 1995.

### UTILITY ALLOWANCES

Utility	Paid By	Studio
Utilities-Electricity	Landlord	\$39
Utilities-Electric Heating	Landlord	\$13
Utilities-Air Conditioning	Landlord	\$9
Utilities-Electric Cooking	Landlord	\$9
Utilities-Electric Heated Hot Water	Landlord	\$18
Utilities-Water and Sewer Services	Landlord	\$75
Utilities-Trash Collection	Landlord	\$0
<b>Total Utility Allowance</b>		<b>\$163</b>
Total Tenant Paid Utilities		\$0

Source: Atlanta Housing Authority, 1996 or Newer (4/1/2014)

The Subject's historical expenses range from \$1,405 to \$2,049. Based upon the housing authority's utility allowance, the Subject's utility cost would be \$1,858 per unit, which is within the range of the historic operation. The two most recent operating years reported utilities expenses of \$1,405 and \$1,519 per unit. We have concluded to a utilities expense of \$1,500 per unit, similar to these two most recent operating years.

## Insurance

Comparable properties exhibit insurance expenses ranging from \$125 to \$249 per unit, with three of the four properties reporting insurance at \$223 to \$249 per unit. The Subject's historical insurance is combined in a line item with real estate taxes. However, due to the real estate tax exemption at the Subject, we have assumed this line item is all attributed to insurance. The expense at the Subject ranges from \$205 to \$737 per unit, with the two most recent operating years at \$205 and \$273 per unit. We have concluded to an insurance expense of \$200 per unit, which is similar to the 2014 expense at the Subject.

## Taxes

The tax estimates for valuation were examined and concluded to in the real estate assessment section of this report.

## Management Fees

The typical range for professionally managing an apartment property such as the Subject is 3.0 to 8.0 percent of effective gross rental income (EGI), depending upon the size and age of the apartment complex with the latter percentage being charged to smaller or older complexes. This amount will also vary dependent upon what is included in the management task, which some would also classify as administration. The Subject's historical operating statements did not include an amount for a management fee. Due to the owner of the property also being the manager of the property, we assume the payroll expense and management fee are one in the same. However, we assume the property would require a management fee if operated by someone other than the current owner. The comparable properties management fees range from \$0 to \$607 per unit. When the high and low

outliers are excluded, two of the comparables reported management fees of \$329 and \$378 per unit. We have concluded to a management fee of five percent, which equates to \$291 per unit

### Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically ranges from \$250 to \$350 per unit per year. New properties typically charge \$200 to \$250 for reserves. We have used an expense of \$300 per unit for the restricted and unrestricted scenarios due to the Subject's age/condition and applied the reserve of \$300 to all of the comparable properties.

### Supportive Services

As previously discussed, the Subject's tenancy is targeted towards formerly homeless and developmentally disabled households. The supportive services delivery at the Subject is maintained through a separate contract that has ranged from \$370 to \$542 per unit, with an annual upward increase noted year by year since 2012. We have concluded within the range to a supportive service amount of \$450 per unit.

### SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the Novogradac estimated expenses with the total expenses reported by comparable properties utilized in our operating expense analysis.

Total Expense per Unit	Comparable Expense Properties	
	W/ Taxes	W/O Taxes
Subject FY 2014	\$5,285	\$5,285
Subject FY 2013	\$4,872	\$4,872
Subject FY 2012	\$6,000	\$6,000
Expense Comparable 1	\$7,675	\$7,622
Expense Comparable 2	\$6,286	\$5,893
Expense Comparable 3	\$5,391	\$5,163
Expense Comparable 4	\$5,122	\$4,538
<b>Subject (As Is)</b>	<b>\$5,294</b>	<b>\$5,294</b>

We believe our concluded operating expenses are reasonable as they are within the range of the Subject's historical expenses.

### Direct Capitalization

To quantify the income potential of the Subject, a direct capitalization of a stabilized cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income.

### Overall Capitalization Rate

In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

### Market Extraction

The table below summarizes the recent improved sales of the most comparable properties that were used in our market extraction analysis:

SALES COMPARISON

	Property	Sale Date	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	Paces Park 250	Dec-14	\$31,500,000	250	\$126,000	10.4	5.7%
2	M789 Atlanta	Nov-14	\$55,625,000	300	\$185,417	12.9	4.5%
3	Bell at Peachtree	Nov-14	\$45,600,000	234	\$194,872	12.2	5.1%
4	Oak Forest Apartments	Feb-14	\$8,780,000	150	\$58,533	6.9	6.0%
5	Marquis 2200	Oct-13	\$51,900,000	399	\$130,075	10.2	5.8%
5	Bell Lenox Park	Sep-13	\$29,300,000	206	\$142,233	9.8	6.2%
	<b>Average</b>		<b>\$37,117,500</b>	<b>256.5</b>	<b>\$139,522</b>	<b>10.4</b>	<b>5.5%</b>

The properties are all stabilized and represent typical market transactions for multifamily properties in central Georgia. The primary factor that influences the selection of a rate is the Subject's condition and location. The sales illustrate a range of overall rates from 4.5 to 6.2 percent and occurred between September 2013 and December 2014. It appears that capitalization rates have decreased slightly in the region during this time period. The comparable sales were constructed or renovated between 1999 and 2009 and are superior to the Subject in terms of age/condition. Additionally, Comparables 2 and 3 offer high-rise designs, which is dissimilar to the Subject. The Subject offers an inferior location relative to the comparables. Further, all sales are larger than the Subject. Lastly, it should be noted that the Subject offers an inferior unit mix relative to all of the sales.

The following chart details capitalization rates as provided by REIS for the Atlanta, Georgia multifamily sales market for the fourth quarter of 2014.

	4Q 2014 Metro Statistics			Metro Statistics - 12 Month Rolling		
	Mean	Median	25th Percentile	Mean	Median	75th Percentile
Cap Rate	6.9%	7.2%	5.4%	7.1%	7.3%	9.3%
Sale Price	\$19,086,777	\$13,300,000	\$1,303,750	\$15,880,059	\$8,194,250	\$22,152,000
Sale Price Per Unit	\$100,800	\$62,500	\$40,604	\$87,600	\$60,119	\$106,017
Number of Units	189	196	25	181	200	293
Number of Floors	3	3	2	3	2	3
Year Built	1989	1983	1968	1988	1984	1995

Source: REIS.com, 4/2015

The average capitalization rate in Atlanta during the fourth quarter 2014 was 6.9 percent, with a median capitalization rate of 7.2 percent. The average 12-month rolling capitalization rate for this market was 7.1 percent, with a median capitalization rate of 7.3 percent. Overall, we believe a capitalization rate of 6.25 percent is considered reasonable based on market extraction for the Subject.

### **The PwC Real Estate Investor Survey**

The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

<b>PwC REAL ESTATE INVESTOR SURVEY</b>	
<b>National Apartment Market</b>	
<b>Overall Capitalization Rate - Institutional Grade Investments</b>	
Range:	3.50% - 8.00%
Average:	5.36%
<b>Non-Institutional Grade Investments</b>	
Range:	3.75% - 12.00%
Average:	6.58%

Source: PwC Real Estate Investor Survey, Q4 2014

The *PwC Real Estate Investor Survey* defines “Institutional – Grade” real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria<sup>1</sup>. Typical “Institutional – Grade” apartment properties are newly constructed, well amenitized, market rate properties in urban or suburban locations. Rarely could subsidized properties, either new construction or acquisition/rehabilitation, be considered institutional grade real estate. Therefore, for our purpose, the Non-Institutional Grade capitalization rate is most relevant; this is currently 122 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

<sup>1</sup> PwC Real Estate Investor Survey

<b>PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments</b>		
<b>Quarter</b>	<b>Cap Rate</b>	<b>Change (bps)</b>
1Q03	8.14	-
2Q03	7.92	-0.22
3Q03	7.61	-0.31
4Q03	7.45	-0.16
1Q04	7.25	-0.20
2Q04	7.13	-0.12
3Q04	7.05	-0.08
4Q04	7.01	-0.04
1Q05	6.74	-0.27
2Q05	6.52	-0.22
3Q05	6.28	-0.24
4Q05	6.13	-0.15
1Q06	6.07	-0.06
2Q06	6.01	-0.06
3Q06	5.98	-0.03
4Q06	5.97	-0.01
1Q07	5.89	-0.08
2Q07	5.80	-0.09
3Q07	5.76	-0.04
4Q07	5.75	-0.01
1Q08	5.79	0.04
2Q08	5.75	-0.04
3Q08	5.86	0.11
4Q08	6.13	0.27
1Q09	6.88	0.75
2Q09	7.49	0.61
3Q09	7.84	0.35
4Q09	8.03	0.19
1Q10	7.85	-0.18
2Q10	7.68	-0.17
3Q10	7.12	-0.56
4Q10	6.51	-0.61
1Q11	6.29	-0.22
2Q11	6.10	-0.19
3Q11	5.98	-0.12
4Q11	5.80	-0.18
1Q12	5.83	0.03
2Q12	5.76	-0.07
3Q12	5.74	-0.02
4Q12	5.72	-0.02
1Q13	5.73	0.01
2Q13	5.70	-0.03
3Q13	5.61	-0.09
4Q13	5.80	0.19
1Q14	5.79	-0.01
2Q14	5.59	-0.20
3Q14	5.51	-0.08
4Q14	5.36	-0.15

Source: PwC Real Estate Investor Survey, Q4 2014



As the graph indicates, the downward trend through early 2007 is clear. The average capitalization rate decreased 225 basis points over a four-year period from 2003 to 2007. However, capitalization rates stabilized in 2007 and began a steep increase in late 2008. They appear to have peaked in the fourth quarter of 2009 and have generally decreased through the fourth quarter of 2014 with the exception of an increase from the third quarter of 2013 through the fourth quarter of 2013. Capitalization rates as of the fourth quarter of 2014 have exhibited a decrease over capitalization rates from the fourth quarter of 2013. Overall, we have estimated a capitalization rate of 6.25 percent by this technique which is within the range of the Non-Institutional Grade capitalization rates.

### Debt Coverage Ratio

The debt coverage ratio (DCR) is frequently used as a measure of risk by lenders wishing to measure the margin of safety and by purchasers analyzing leveraged property. It can be applied to test the reasonableness of a project in relation to lender loan specifications. Lenders typically use the debt coverage ratio as a quick test to determine project feasibility. The debt coverage ratio has two basic components: the properties net operating income and its annual debt service (represented by the mortgage constant).

The ratio used is:

$$\text{Net Operating Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

One procedure by which the debt coverage ratio can be used to estimate the overall capitalization rate is by multiplying the debt coverage ratio by the mortgage constant and the lender required loan-to-value ratio. The indicated formula is:

$$R_O = \text{D.C.R} \times R_M \times M$$

Where:

$R_O$  = Overall Capitalization Rate

D.C.R = Debt Coverage Ratio

$R_M$  = Mortgage Constant

M = Loan-to-Value Ratio

### Band of Investment

This method involves deriving the property's equity dividend rate from the improved comparable sales and applying it, at current mortgage rate and terms, to estimate the value of the income stream.

The formula is:

$$R_O = M \times R_M + (1-M) \times R_E$$

Where:

$R_O$  = Overall Capitalization Rate

M = Loan-to-Value Ratio

$R_M$  = Mortgage Constant

$R_E$  = Equity Dividend

The equity return ( $R_E$ ) has experienced significant downward pressures as real estate investments have been in favor with institutional investors who have been weary of the stock market and are looking for better returns than government securities. In general, equity dividends rates have fallen to as low as 4.0 percent and generally range from 5.0 to 12.0 percent. Given the market conditions an estimate of 5.0 percent has been used.

#### CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.2	Treasury Bond Basis*	
Rm	0.06	10 Year T Bond Rate	2.25%
Interest (per annum)*	5.00%	Interest rate spread	275
Amortization (years)	30	Interest Rate (per annum)	5.00%
M	80%		
Re	5%		

#### Debt Coverage Ratio

$$R_o = DCR \times R_m \times M$$

$$6.18\% = 1.20 \times 0.06 \times 80\%$$

#### Band of Investment

$$R_o = (M \times R_m) + ((1-M) \times R_e)$$

$$6.15\% = (80\% \times 0.06) + (20\% \times 5\%)$$

\* Source: Bloomberg.com, 5/2015

### Conclusion of Overall Rate Selection

After reviewing the appropriate methods for developing an overall rate, the following ranges of overall capitalization rates are indicated:

#### CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	6.25%
PwC Survey	6.25%
Debt Coverage Ratio	6.18%
Band of Investment	6.15%

The following issues impact the determination of a capitalization rate for the Subject:

- Strength of the local market
- Existing competition
- The anticipated demand growth in the Subject sub-market
- Location of the Subject
- Age/condition of the Subject
- Performance of the Subject
- Subject's unique unit mix

The four approaches indicate a range from 6.15 to 6.25 percent. We have reconciled to a 6.50 percent capitalization rate based primarily upon the market-extracted rates, but supported by the DCR and band of investment. A summary of the direct capitalization analysis can be found in the following table.

## Direct Capitalization Technique Year One Operating Statement

Expense Analysis			
Operating Revenues			
		As Is Restricted	
Apartment Rentals	As Is Unit Mix (HHs)	Rent	Total Revenue
SRO/Studio (S+C Units)	20	\$303	\$72,720
SRO/Studio (S+C Units)	25	\$757	\$227,100
SRO/Studio (Non-S+C Units)	24	\$375	\$108,000
<b>Total Potential Rental Income</b>	<b>69</b>	<b>\$493</b>	<b>\$407,820</b>
Other Income		\$210	\$14,490
<b>Residential Potential Revenues</b>		<b>\$6,120</b>	<b>\$422,310</b>
<b>Vacancy</b>		<b>(\$306)</b>	<b>(\$21,116)</b>
Vacancy and Collections Loss Percentage			-5%
<b>Effective Gross Income</b>		<b>\$5,814</b>	<b>\$401,195</b>
Operating Expenses			
		As Is Restricted	
Administration and Marketing		\$350	\$24,150
Maintenance and Operating		\$925	\$63,825
Payroll		\$1,278	\$88,176
Utilities		\$1,500	\$103,500
Property & Liability Insurance		\$200	\$13,800
Real Estate and Other Taxes		\$0	\$0
Supportive Services		\$450	\$31,050
Replacement Reserves		\$300	\$20,700
Management Fee	5.0%	\$291	\$20,060
<b>Total Operating Expenses</b>		<b>\$5,294</b>	<b>\$365,261</b>
<b>Expenses as a ratio of EGI</b>			<b>91%</b>
Valuation			
		As Is Restricted	
Net Operating Income		\$521	\$35,934
Capitalization Rate			6.25%
<b>Indicated Value "rounded"</b>			<b>\$575,000</b>

**Conclusion**

As a result of our analysis of the Subject's As Is Restricted scenario, the Subject's value as of March 18, 2015 is:

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**(\$575,000)**

*Please refer to the assumptions and limiting conditions regarding hypothetical values.*

## **RECONCILIATION**

**RECONCILIATION**

We were asked to provide an estimate of the Subject's value under two scenarios: market rents and restricted rents. *Please see the assumptions and limiting conditions regarding prospective value conclusions.*

We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

<b>LAND VALUE</b>			
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>
Land Value	69	\$7,500	\$520,000

<b>DIRECT CAPITALIZATION ANALYSIS - "AS IS"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.25%	\$35,934	\$575,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject is income producing in nature, this approach is the most applicable method of valuing the Subject property. Furthermore, when valuing the intangible items it is the only method of valuation considered.

The sales comparison approach reflects an estimate of value as indicated by the sales market. In this approach, we searched the local market for transfers of similar type properties. These transfers were analyzed for comparative units of value based upon the most appropriate indices (i.e. \$/Unit, OAR, etc.). Our search revealed several sales over the past three years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a NOI/unit analysis. These analyses provide a good indication of the Subject's market value. Because no LIHTC restricted properties transferred recently, a sales comparison approach directly illustrating a restricted and encumbered property value was not possible.

In the final analysis, we considered the influence of the two approaches in relation to one another and in relation to the Subject. In the case of the Subject several components of value can only be valued using either the income or sales comparison approach.

As a result of our analysis of the Subject's As Is Restricted scenario, the Subject's value assuming its current performance as of March 19, 2015, is:

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**(\$575,000)**

*Please refer to the assumptions and limiting conditions regarding hypothetical values.*

**Marketing Time Projection:**

**Marketing Time** is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property "as if vacant" will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of not more than twelve months is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the PwC survey. This estimate assumes a strong advertising and marketing program during the marketing period.

*Addendum A*

*Assumptions and Limiting Conditions, Certification*

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.

The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.

Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time. A final inspection and value estimate upon the completion of said improvements should be required.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.
21. The party for whom this report is prepared has reported to the appraiser there are no original

existing condition or development plans that would subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.

22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser does not warrant the condition or adequacy of such systems.
24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.

Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

## CERTIFICATION

The undersigned hereby certify that:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report; the values expressed in this report are not based in whole or part upon race, color, or national origin of the current/prospective owners or occupants; We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved;

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;

This appraisal report sets forth all of the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report; our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and FIRREA;

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

H. Blair Kincer, Nicole Kelley, Kristina Garcia, and Scott Martin provided significant professional assistance to the persons signing this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Brad Weinberg completed the requirements of the continuing education program of the Appraisal Institute.



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Brad E. Weinberg  
MAI, CCIM  
Partner  
Novogradac & Company LLP

*Addendum B*

*Qualifications of Consultants*

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## H. BLAIR KINCER, MAI, CRE

### I. Education

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

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

### II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)  
Member, The Counselors of Real Estate (CRE)  
LEED Green Associate  
Member, National Council of Housing Market Analysts (NCHMA)  
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. 31534 – State of Arizona  
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut  
Certified General Real Estate Appraiser, No 4206 – State of Kentucky  
Certified General Real Estate Appraiser, No. 1326 – State of Maryland  
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi  
Certified General Real Estate Appraiser, No. 46000039124 – State of New York  
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina  
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania  
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina  
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee  
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia  
Certified General Real Estate Appraiser, No. 1101008 – State of Washington  
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia  
Certified General Real Estate Appraiser, No. 1081 – State of Wyoming

### III. Professional Experience

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

#### **IV. Professional Training**

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.

Obtained the MAI designation in 1998 and maintained continuing education requirements since.

#### **V. Real Estate Assignments – Examples**

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.
- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.

## **H. Blair Kincer**

### **Qualifications**

**Page 3**

- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.
- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The reports are used by clients to evaluate with their advisors certain tax consequences applicable to ownership. Additionally, the reports can be used in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009 and in the ITC funding process.

# **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

## **EDWARD R. MITCHELL**

### **I. Education**

University of Alabama, Tuscaloosa, Alabama  
Master of Science – Financial Planning (05/2014)

University of Alabama, Tuscaloosa, Alabama  
Graduate Certificate (Half Master's) Conflict Management, Negotiation, and Mediation

University of Alabama, Tuscaloosa, Alabama  
Bachelor of Science – Human Environmental Science

San Antonio College, San Antonio, Texas  
Associate of Arts – Real Estate Management

### **II. Professional Experience**

Senior Real Estate Analyst; Novogradac & Company LLP (September 2013 – Present)  
Senior Appraiser; Valbridge Property Advisors  
Managing Partner; Consolidated Equity, Inc.  
Appraiser; Schultz, Carr, Bissette  
Disposition Manager; Resolution Trust Corporation (RTC)

### **III. Assignments**

- Currently conducts market feasibility studies, valuation assignments, rent comparability studies (RCS) and consulting assignments for proposed and existing Low-Income Housing Tax Credit (LIHTC) properties.
- Performed work in California, Florida, Georgia, Kansas, Mississippi, New York, and Pennsylvania.
- Over 20 years' experience in real estate appraisal, investment, development, and construction. Past appraisal assignments include all types of vacant and improved commercial property and special use properties such as rail corridors, Right-of-Way projects, and recycling plants.

### **IV. Licensure**

- State Certified General Real Property Appraiser (Georgia)
- Licensed Real Estate Salesperson (Georgia)
- Appraisal Institute – Candidate for Designation

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Matthew A. Yunker

### I. Education

The Ohio State University – Columbus, OH  
Bachelor of Science in Family Financial Management

### II. Professional Experience

Manager, Novogradac & Company LLP  
Associate Developer, PIRHL Developers  
Development Associate, WXZ Development/Zelnik Realty  
Investment Real Estate Broker, Marcus & Millichap  
Associate Relationship Manager, National City Bank

### III. Real Estate Assignments

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

- Conducted numerous market and feasibility studies for family and senior affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; physical inspection of site and market, unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. Market studies completed in: Alaska, District of Columbia, Florida, Georgia, Illinois, Mississippi, Michigan, Nevada, New Jersey, and Virginia.
- Assisted in numerous appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Conducted and assisted in market studies for projects under the HUD guidelines.
- Assisted in appraisals of proposed new construction properties under the HUD guidelines.
- Assisted in valuations of subsidized properties according to HUD guidelines.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Assisted in numerous valuations of partnership interests for a variety of functions including partnership sale, charitable donation, partner disputes, determination of exit strategies, etc.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## LAURA A. JANOSKO

### I. Education

University of Dayton, Dayton, Ohio  
Bachelor of Science in Psychology  
Graduated Magna Cum Laude and Honors with Distinction

### II. Professional Experience

Real Estate Researcher, *Novogradac & Company LLP*, January 2014 – Present

Dement Fellow, *Brown University*, May 2013- August 2013

Research Team Leader, *University of Dayton*, February 2011-April 2013

Thesis: *Distance judgments in 2D images*, Honors Department, January 2012-April 2013

AmeriCorps Volunteer, *Adventure Central*, August 2012 – December 2012

### III. Real Estate Assignments

A representative sample of work on various types of projects:

- Assist in performing and writing market studies and appraisals of proposed and existing Low-Income Housing Tax credit (LIHTC) properties
- Conduct preliminary property screenings, market analysis, comparable rent surveys, and demand analysis of competitive LIHTC properties and market rate properties operating in the target market area
- Analyze and research economic trends such as unemployment, average wages, median income levels, and demand for low income housing in the target market area.
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and housing choice voucher information

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Holly A. Lake

### I. Education

Kent State University, Kent, Ohio  
Bachelor of Science in Fashion Merchandising  
Minor in Marketing

Licensed Real Estate Agent for the State of Ohio

### II. Professional Experience

Real Estate Researcher, *Novogradac & Company LLP*, February 2015 – Present  
Commercial Real Estate Agent, *Coakley Real Estate* (July 2014 - February 2015)  
Brand Development Manager, *Pelaia Media Group* (April 2013- July 2014)  
Local Marketing Manager, *BrandMuscle Inc.* (January 2011-April 2013)  
Professional Clothier/Direct Sales, *The Tom James Co.* (January 2008-January 2011)

### III. Real Estate Assignments

A representative sample of work on various types of projects:

- Assist in performing and writing market studies and appraisals of proposed and existing Low-Income Housing Tax credit (LIHTC) properties
- Conduct preliminary property screenings, market analysis, comparable rent surveys, and demand analysis of competitive LIHTC properties and market rate properties operating in the target market area
- Analyze and research economic trends such as unemployment, average wages, median income levels, and demand for low income housing in the target market area.
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and housing choice voucher information

*Addendum C*

*Comparable Profiles & Matrices*

**RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.**

Effective Rent Date:	May-15	Units Surveyed:	1,120	Weighted Occupancy:	97.7%
		Market Rate	499	Market Rate	99.4%
		Tax Credit	621	Tax Credit	96.3%

**Studio One Bath**

	Property	Average	Property	Average	Property	Average
<b>RENT</b>	M Street Apartments * (M)	\$1,069				
	Fulton Cotton Mill Lofts	\$1,049				
	Fulton Cotton Mill Lofts	\$949				
	Freeman Ford/ Fairlie Poplar Lofts	\$919				
	M Street Apartments * (50%)	\$876				
	Commons At Imperial Hotel * (30%)	\$828				
	<b>Phoenix House-As Is * (60%) S+C</b>	<b>\$757</b>				
	Crogman School Lofts * (60%)	\$733				
	Donnelly Gardens	\$588				
	Harmony Park * (60%)	\$548				
	<b>Phoenix House-As Is * (Non-S+C)</b>	<b>\$375</b>				
	<b>Phoenix House-as Is * (50%) S+C (HOME)</b>	<b>\$303</b>				
<b>SQUARE FOOTAGE</b>	Fulton Cotton Mill Lofts	747				
	Fulton Cotton Mill Lofts	707				
	M Street Apartments * (50%)	561				
	M Street Apartments * (M)	561				
	Donnelly Gardens	550				
	Crogman School Lofts * (60%)	540				
	Commons At Imperial Hotel * (30%)	395				
	<b>Phoenix House-as Is * (50%) S+C (HOME)</b>	<b>384</b>				
	<b>Phoenix House-As Is * (60%) S+C</b>	<b>384</b>				
	<b>Phoenix House-As Is * (Non-S+C)</b>	<b>384</b>				
	Harmony Park * (60%)	300				
Freeman Ford/ Fairlie Poplar Lofts	N/A					
<b>RENT PER SQUARE FOOT</b>	Commons At Imperial Hotel * (30%)	\$2.10				
	<b>Phoenix House-As Is * (60%) S+C</b>	<b>\$1.97</b>				
	M Street Apartments * (M)	\$1.91				
	M Street Apartments * (50%)	\$1.83				
	Harmony Park * (60%)	\$1.56				
	Fulton Cotton Mill Lofts	\$1.40				
	Fulton Cotton Mill Lofts	\$1.36				
	Crogman School Lofts * (60%)	\$1.34				
	Donnelly Gardens	\$1.07				
	<b>Phoenix House-As Is * (Non-S+C)</b>	<b>\$0.98</b>				
<b>Phoenix House-as Is * (50%) S+C (HOME)</b>	<b>\$0.79</b>					
Freeman Ford/ Fairlie Poplar Lofts	\$0.00					

# PROPERTY PROFILE REPORT

## Commons At Imperial Hotel

<b>Effective Rent Date</b>	5/04/2015
<b>Location</b>	355 Peachtree Street NE Atlanta, GA 30308 Fulton County
<b>Distance</b>	3.7 miles
<b>Units</b>	90
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Highrise (8 stories)
<b>Year Built/Renovated</b>	1910 / 2014
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	12/17/2004
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Mostly aged 30 and below, disabled or formerly homeless
<b>Contact Name</b>	Colleen Bain, Leasing Agent
<b>Phone</b>	(404) 410-1420



### Market Information

<b>Program</b>	@30%, PBRA
<b>Annual Turnover Rate</b>	20%
<b>Units/Month Absorbed</b>	30
<b>HCV Tenants</b>	50%
<b>Leasing Pace</b>	Less than one month
<b>Annual Chg. in Rent</b>	None
<b>Concession</b>	None

### Utilities

<b>A/C</b>	included -- wall
<b>Cooking</b>	included -- electric
<b>Water Heat</b>	included -- gas
<b>Heat</b>	included -- gas
<b>Other Electric</b>	included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Highrise (8 stories)	90	395	\$828	\$0	@30%	Yes	0	0.0%	yes	AVG

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$828	\$0	\$828	\$0	\$828

### Amenities

In-Unit	Security	Services
Blinds Central A/C Hand Rails Refrigerator	Intercom (Buzzer) Limited Access Perimeter Fencing	None
Property	Premium	Other
Business Center/Computer Lab Elevators Central Laundry	Medical Professional	Library
Carpeting Furnishing Oven	Clubhouse/Meeting Exercise Facility On-Site Management	

### Comments

This property provides permanent supportive housing to low-income and disabled individuals. Our contact reported there is a long waiting list, but couldn't verify the length.

## Commons At Imperial Hotel, continued

### Trend Report

#### Vacancy Rates

2Q10	3Q11	1Q15	2Q15
7.5%	20.0%	7.8%	0.0%

### Trend: @30%

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	7.8%	\$828	\$0	\$828	\$828
2015	2	0.0%	\$828	\$0	\$828	\$828

### Trend: Comments

- 2Q10** The contact indicated that occupancy has significantly improved since January 2010. The three vacant PBRA units are in the CaringWorks program, and the property has two applications for two units. According to the contact, the property experienced increased traffic when University Place Apartments closed.
- 3Q11** Occupancy appears to have remained stable in the low 80 percent range according to prior interviews.
- 1Q15** The contact reported that the property went through an 18 month reconfiguration period ending in January of 2014. The reconfiguration began in 2012. All units are efficiency suites that range between 300 and 500 square feet. The contact reported that there is a waiting list the is "very long" but she could not provide an exact number. The property provides permanent supportive housing to low-income and disabled individuals. The contact reported that the property does offer furnishings, a library and on site clinic and health services. The contact reported that the property currently has seven units vacant, all of which are pre-leased.
- 2Q15** This property provides permanent supportive housing to low-income and disabled individuals. Our contact reported there is a long waiting list, but couldn't verify the length.

# PROPERTY PROFILE REPORT

## Crogman School Lofts

**Effective Rent Date** 5/04/2015

**Location** 1093 West Avenue SW  
Atlanta, GA 30315  
Fulton County

**Distance** 1.6 miles

**Units** 105

**Vacant Units** 0

**Vacancy Rate** 0.0%

**Type** Conversion (3 stories)

**Year Built/Renovated** 1923 / 2003

**Marketing Began** 6/01/2003

**Leasing Began** 7/01/2003

**Last Unit Leased** 2/01/2005

**Major Competitors** Villages at Carver, Heritage Station

**Tenant Characteristics** Mixed tenancy from the area. Approximately 5% senior.

**Contact Name** Dell, Leasing Agent

**Phone** 404-614-0808



### Market Information

**Program** @60%, PBRA, Market

**Annual Turnover Rate** 34%

**Units/Month Absorbed** 5

**HCV Tenants** 38%

**Leasing Pace** Two to three weeks

**Annual Chg. in Rent** None

**Concession** None

### Utilities

**A/C** not included -- central

**Cooking** not included -- electric

**Water Heat** not included -- electric

**Heat** not included -- electric

**Other Electric** not included

**Water** not included

**Sewer** not included

**Trash Collection** included

## Crogman School Lofts, continued

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Conversion (3 stories)	6	540	\$559	\$0	@60%	No	0	0.0%	no	None
1	1	Conversion (3 stories)	27	729	\$655	\$0	@60%	No	0	0.0%	no	None
1	1	Conversion (3 stories)	10	729	\$707	\$0	Market	No	0	0.0%	N/A	None
1	1	Conversion (3 stories)	20	729	\$632	\$0	Section 8 (Project Based Rental Assistance - PBRA)	No	0	0.0%	N/A	None
2	1	Conversion (3 stories)	5	916	\$724	\$0	@60%	No	0	0.0%	no	None
2	1	Conversion (3 stories)	2	916	\$891	\$0	Market	No	0	0.0%	N/A	None
2	1	Conversion (3 stories)	6	916	\$732	\$0	Section 8 (Project Based Rental Assistance - PBRA)	No	0	0.0%	N/A	None
2	2	Conversion (3 stories)	7	991	\$733	\$0	@60%	No	0	0.0%	no	None
2	2	Conversion (3 stories)	2	991	\$853	\$0	Market	No	0	0.0%	N/A	None
2	2	Conversion (3 stories)	11	991	\$732	\$0	Section 8 (Project Based Rental Assistance - PBRA)	No	0	0.0%	N/A	None
3	2	Conversion (3 stories)	2	1,048	\$850	\$0	@60%	No	0	0.0%	no	None
3	2	Conversion (3 stories)	2	1,048	\$850	\$0	Market	No	0	0.0%	N/A	None
3	2	Conversion (3 stories)	5	1,048	\$850	\$0	Section 8 (Project Based Rental Assistance - PBRA)	No	0	0.0%	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$559	\$0	\$559	\$179	\$738	1BR / 1BA	\$707	\$0	\$707	\$179	\$886
1BR / 1BA	\$655	\$0	\$655	\$179	\$834	2BR / 1BA	\$891	\$0	\$891	\$250	\$1,141
2BR / 1BA	\$724	\$0	\$724	\$250	\$974	2BR / 2BA	\$853	\$0	\$853	\$250	\$1,103
2BR / 2BA	\$733	\$0	\$733	\$250	\$983	3BR / 2BA	\$850	\$0	\$850	\$325	\$1,175
3BR / 2BA	\$850	\$0	\$850	\$325	\$1,175						
<b>Section 8</b>	<b>Face Rent</b>	<b>Conc.</b>	<b>Concd. Rent</b>	<b>Util.</b>	<b>Adj. Rent</b>						
1BR / 1BA	\$632	\$0	\$632	\$179	\$811						
2BR / 1BA	\$732	\$0	\$732	\$250	\$982						
2BR / 2BA	\$732	\$0	\$732	\$250	\$982						
3BR / 2BA	\$850	\$0	\$850	\$325	\$1,175						

## Crogman School Lofts, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Oven  
Walk-In Closet

Blinds  
Central A/C  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

#### Security

Intercom (Buzzer)  
Limited Access  
Patrol

#### Services

None

#### Property

Clubhouse/Meeting  
Off-Street Parking  
Playground

Central Laundry  
On-Site Management

#### Premium

None

#### Other

None

### Comments

The building consists of loft units and newly constructed units. Management reported that the loft units are easier to rent but they do not have difficulty renting either type of unit. Contact stated she was not sure why rents were not at their max allowable as she had only been working there a short time.

# Crogman School Lofts, continued

## Trend Report

### Vacancy Rates

2Q13	3Q13	1Q15	2Q15
17.1%	16.2%	0.0%	0.0%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	37.0%	\$655	\$6	\$649	\$828
2013	3	40.7%	\$655	\$38	\$617	\$796
2015	1	0.0%	\$655	\$0	\$655	\$834
2015	2	0.0%	\$655	\$0	\$655	\$834

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	20.0%	\$724	\$0	\$724	\$974
2013	3	20.0%	\$724	\$44	\$680	\$930
2015	1	0.0%	\$724	\$0	\$724	\$974
2015	2	0.0%	\$724	\$0	\$724	\$974

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	14.3%	\$733	\$0	\$733	\$983
2013	3	0.0%	\$733	\$0	\$733	\$983
2015	1	0.0%	\$733	\$0	\$733	\$983
2015	2	0.0%	\$733	\$0	\$733	\$983

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	0.0%	\$850	\$0	\$850	\$1,175
2013	3	0.0%	\$850	\$0	\$850	\$1,175
2015	1	0.0%	\$850	\$0	\$850	\$1,175
2015	2	0.0%	\$850	\$0	\$850	\$1,175

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	0.0%	\$559	\$0	\$559	\$738
2013	3	0.0%	\$559	\$0	\$559	\$738
2015	1	0.0%	\$559	\$0	\$559	\$738
2015	2	0.0%	\$559	\$0	\$559	\$738

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	20.0%	\$707	\$0	\$707	\$886
2013	3	40.0%	\$707	\$42	\$665	\$844
2015	1	0.0%	\$707	\$0	\$707	\$886
2015	2	0.0%	\$707	\$0	\$707	\$886

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	0.0%	\$891	\$0	\$891	\$1,141
2013	3	0.0%	\$891	\$0	\$891	\$1,141
2015	1	0.0%	\$891	\$0	\$891	\$1,141
2015	2	0.0%	\$891	\$0	\$891	\$1,141

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	50.0%	\$853	\$0	\$853	\$1,103
2013	3	50.0%	\$853	\$55	\$798	\$1,048
2015	1	0.0%	\$853	\$0	\$853	\$1,103
2015	2	0.0%	\$853	\$0	\$853	\$1,103

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	50.0%	\$850	\$0	\$850	\$1,175
2013	3	0.0%	\$850	\$0	\$850	\$1,175
2015	1	0.0%	\$850	\$0	\$850	\$1,175
2015	2	0.0%	\$850	\$0	\$850	\$1,175

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	0.0%	\$559	\$0	\$559	\$738
2013	3	0.0%	\$559	\$0	\$559	\$738
2015	1	0.0%	\$559	\$0	\$559	\$738
2015	2	0.0%	\$559	\$0	\$559	\$738

## Crogman School Lofts, continued

### Trend: Section 8

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	5.0%	\$632	\$0	\$632	\$811
2013	3	0.0%	\$632	\$0	\$632	\$811
2015	1	0.0%	\$632	\$0	\$632	\$811
2015	2	0.0%	\$632	\$0	\$632	\$811

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	0.0%	\$732	\$0	\$732	\$982
2013	3	0.0%	\$732	\$0	\$732	\$982
2015	1	0.0%	\$732	\$0	\$732	\$982
2015	2	0.0%	\$732	\$0	\$732	\$982

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	9.1%	\$732	\$0	\$732	\$982
2013	3	0.0%	\$732	\$0	\$732	\$982
2015	1	0.0%	\$732	\$0	\$732	\$982
2015	2	0.0%	\$732	\$0	\$732	\$982

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	2	0.0%	\$850	\$0	\$850	\$1,175
2013	3	0.0%	\$850	\$0	\$850	\$1,175
2015	1	0.0%	\$850	\$0	\$850	\$1,175
2015	2	0.0%	\$850	\$0	\$850	\$1,175

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
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### Trend: Comments

2Q13	The contact reported there are three move-outs per month on average. Additionally, according to the manager, the majority of the vacant units are in the LIHTC units.
3Q13	The property manager is new to the property as of April 2013 and could not comment on why vacancy is high at the property. The contact indicated that the property was 87 percent in June 2013. The concession has been offered for three months and applies to vacant units. The building consists of loft units and newly constructed units. Management reported that the loft units are easier to rent but they do not have difficulty renting either type of unit.
1Q15	The building consists of loft units and newly constructed units. Management reported that the loft units are easier to rent but they do not have difficulty renting either type of unit. Contact stated she was not sure why rents were not at their max allowable as she had only been working there a short time.
2Q15	N/A

# Crogman School Lofts, continued

## Photos



# PROPERTY PROFILE REPORT

## Harmony Park

<b>Effective Rent Date</b>	5/04/2015
<b>Location</b>	7250 Campbelton Road Atlanta, GA 30331 Fulton County
<b>Distance</b>	11.6 miles
<b>Units</b>	118
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	One-story
<b>Year Built/Renovated</b>	1986 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Riverview
<b>Tenant Characteristics</b>	Tenants are mostly signles/couples, have an average household size of 2, are generally middle-aged, and make on average \$30k.
<b>Contact Name</b>	Karen, Leasing Agent
<b>Phone</b>	404-349-6455



### Market Information

<b>Program</b>	@60%
<b>Annual Turnover Rate</b>	20%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	1%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	None
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	One-story	46	300	\$449	\$0	@60%	No	0	0.0%	no	None
1	1	One-story	62	600	\$564	\$0	@60%	No	0	0.0%	no	None
2	1	One-story	8	900	\$669	\$0	@60%	No	0	0.0%	no	None
2	2	One-story	2	900	\$689	\$0	@60%	No	0	0.0%	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$449	\$0	\$449	\$104	\$553
1BR / 1BA	\$564	\$0	\$564	\$104	\$668
2BR / 1BA	\$669	\$0	\$669	\$133	\$802
2BR / 2BA	\$689	\$0	\$689	\$133	\$822

## Harmony Park, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Coat Closet  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

Blinds  
Central A/C  
Ceiling Fan  
Oven  
Vaulted Ceilings

**Security**

None

**Services**

None

**Property**

Off-Street Parking

On-Site Management

**Premium**

None

**Other**

None

### Comments

When asked about elevated crime rates in the area, the contact stated that she has not seen occupancy affected as a result of crime, nor has she ever had to lower rental rates. However, she believes this is partially due to the fact that the average household size is smaller (one to two people) than most properties in the area.

## Harmony Park, continued

### Trend Report

#### Vacancy Rates

3Q07	1Q09	1Q15	2Q15
1.7%	7.6%	0.0%	0.0%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$564	\$0	\$564	\$668
2015	2	0.0%	\$564	\$0	\$564	\$668

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$669	\$0	\$669	\$802
2015	2	0.0%	\$669	\$0	\$669	\$802

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$689	\$0	\$689	\$822
2015	2	0.0%	\$689	\$0	\$689	\$822

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$449	\$0	\$449	\$553
2015	2	0.0%	\$449	\$0	\$449	\$553

### Trend: Comments

3Q07	The contact stated that the housing market is growing. The management plans to replace the roof in January 2008.
1Q09	There was a six percent decrease on the studio units, a four percent decrease on the one-bedroom units, a one percent decrease on the two-bedroom one-bath units, and a two percent increase on the two-bedroom two-bath units.
1Q15	Management was not able to provide an annual turnover rate.
2Q15	When asked about elevated crime rates in the area, the contact stated that she has not seen occupancy affected as a result of crime, nor has she ever had to lower rental rates. However, she believes this is partially due to the fact that the average household size is smaller (one to two people) than most properties in the area.

Photos



# PROPERTY PROFILE REPORT

## M Street Apartments

<b>Effective Rent Date</b>	5/04/2015
<b>Location</b>	950 Marietta Street Atlanta, GA 30318 Fulton County
<b>Distance</b>	4.1 miles
<b>Units</b>	308
<b>Vacant Units</b>	23
<b>Vacancy Rate</b>	7.5%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2004 / N/A
<b>Marketing Began</b>	3/27/2004
<b>Leasing Began</b>	6/15/2004
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	1016 Lofts, Park District Lofts
<b>Tenant Characteristics</b>	Most tenants are locals from Atlanta.
<b>Contact Name</b>	Anthony, Assistant Property Manager
<b>Phone</b>	678-904-9140



### Market Information

<b>Program</b>	@50%, Market
<b>Annual Turnover Rate</b>	40%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	5%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	Decreased 1.0-2.0 % and increased
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Garden (3 stories)	N/A	561	\$702	\$0	@50%	No	N/A	N/A	yes	None
0	1	Garden (3 stories)	N/A	561	\$895	\$0	Market	No	N/A	N/A	N/A	None
1	1	Garden (3 stories)	N/A	886	\$772	\$0	@50%	No	N/A	N/A	yes	None
1	1	Garden (3 stories)	N/A	886	\$1,088	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	955	\$942	\$0	@50%	No	N/A	N/A	yes	None
2	2	Garden (3 stories)	N/A	955	\$1,442	\$0	Market	No	N/A	N/A	N/A	None
3	3	Garden (3 stories)	N/A	1,275	\$1,866	\$0	Market	No	N/A	N/A	N/A	None

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>Studio / 1BA</b>	\$702	\$0	\$702	\$179	\$881	<b>Studio / 1BA</b>	\$895	\$0	\$895	\$179	\$1,074
<b>1BR / 1BA</b>	\$772	\$0	\$772	\$179	\$951	<b>1BR / 1BA</b>	\$1,088	\$0	\$1,088	\$179	\$1,267
<b>2BR / 2BA</b>	\$942	\$0	\$942	\$250	\$1,192	<b>2BR / 2BA</b>	\$1,442	\$0	\$1,442	\$250	\$1,692
						<b>3BR / 3BA</b>	\$1,866	\$0	\$1,866	\$325	\$2,191

## M Street Apartments, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Oven  
Walk-In Closet

#### Security

In-Unit Alarm  
Intercom (Buzzer)  
Limited Access  
Perimeter Fencing

#### Services

None

#### Property

Clubhouse/Meeting  
Central Laundry  
On-Site Management

Exercise Facility  
Off-Street Parking  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

Our contact could not report the specific units that were vacant, but stated that they are currently operating at 92% occupancy, and are 97% pre-leased. This property implements LRO pricing.

We believe that the property's affordable units have a Section 8 subsidy, given that the rents are significantly higher than the maximum allowable levels and similar to fair market rents. However, no one at the property was able to confirm this.

# M Street Apartments, continued

## Trend Report

### Vacancy Rates

2Q08	1Q10	1Q15	2Q15
1.6%	10.7%	4.9%	7.5%

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$778	\$0	\$778	\$957
2010	1	N/A	\$778	\$0	\$778	\$957
2015	1	N/A	\$772	\$0	\$772	\$951
2015	2	N/A	\$772	\$0	\$772	\$951

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$934	\$0	\$934	\$1,184
2010	1	N/A	\$934	\$0	\$934	\$1,184
2015	1	N/A	\$942	\$0	\$942	\$1,192
2015	2	N/A	\$942	\$0	\$942	\$1,192

#### 3BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$1,050	\$0	\$1,050	\$1,375
2010	1	N/A	\$1,050	\$0	\$1,050	\$1,375

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$728	\$0	\$728	\$907
2010	1	N/A	\$728	\$0	\$728	\$907
2015	1	N/A	\$702	\$0	\$702	\$881
2015	2	N/A	\$702	\$0	\$702	\$881

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$885	\$0	\$885	\$1,064
2010	1	N/A	\$860	\$0	\$860	\$1,039
2015	1	N/A	\$1,042	\$0	\$1,042	\$1,221
2015	2	N/A	\$1,088	\$0	\$1,088	\$1,267

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$1,115	\$0	\$1,115	\$1,365
2010	1	N/A	\$1,015	\$0	\$1,015	\$1,265
2015	1	N/A	\$1,083	\$0	\$1,083	\$1,333
2015	2	N/A	\$1,442	\$0	\$1,442	\$1,692

#### 3BR / 3BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$1,600	\$0	\$1,600	\$1,925
2010	1	N/A	\$1,600	\$0	\$1,600	\$1,925
2015	1	N/A	\$1,909	\$0	\$1,909	\$2,234
2015	2	N/A	\$1,866	\$0	\$1,866	\$2,191

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	2	N/A	\$785	\$0	\$785	\$964
2010	1	N/A	\$800	\$0	\$800	\$979
2015	1	N/A	\$995	\$0	\$995	\$1,174
2015	2	N/A	\$895	\$0	\$895	\$1,074

## Trend: Comments

2Q08 N/A

1Q10 Management stated that this is the slow period of the year and they usually achieve a stabilized occupancy of 95 percent in the Spring and Summer months. They reported that this occupancy rate is typical during the winter months.

1Q15 Our contact could not report the specific units that were vacant. This property implements LRO pricing and was unable to provide rental rates for studios, as none are currently vacant. Therefore we have left the rental rates from our previous interview on 1/13/2015. Additionally, the contact estimated that if a studio were available today it would rent around \$800-\$1,000.

We believe that the property's affordable units have a Section 8 subsidy, given that the rents are significantly higher than the maximum allowable levels and similar to fair market rents. However, no one at the property was able to confirm this.

2Q15 Our contact could not report the specific units that were vacant, but stated that they are currently operating at 92% occupancy, and are 97% pre-leased. This property implements LRO pricing.

We believe that the property's affordable units have a Section 8 subsidy, given that the rents are significantly higher than the maximum allowable levels and similar to fair market rents. However, no one at the property was able to confirm this.

# M Street Apartments, continued

## Photos



# PROPERTY PROFILE REPORT

## Donnelly Gardens

<b>Effective Rent Date</b>	5/06/2015
<b>Location</b>	1295 Donnelly Avenue SW Atlanta, GA 30310 Fulton County
<b>Distance</b>	1 mile
<b>Units</b>	250
<b>Vacant Units</b>	2
<b>Vacancy Rate</b>	0.8%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1965 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Shamrock Gardens and Cascade Glen
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Tamika, Property Manager
<b>Phone</b>	404-755-6142



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	15%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within two to three weeks
<b>Annual Chg. in Rent</b>	None
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Garden (2 stories)	8	550	\$489	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (2 stories)	176	675	\$488	\$0	Market	No	1	0.6%	N/A	None
1	1	Garden (2 stories)	N/A	740	\$499	\$0	Market	No	1	N/A	N/A	None
2	1	Garden (2 stories)	14	850	\$589	\$0	Market	No	0	0.0%	N/A	None
2	1.5	Garden (2 stories)	52	950	\$619	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$489	\$0	\$489	\$104	\$593
1BR / 1BA	\$488 - \$499	\$0	\$488 - \$499	\$104	\$592 - \$603
2BR / 1BA	\$589	\$0	\$589	\$133	\$722
2BR / 1.5BA	\$619	\$0	\$619	\$133	\$752

## Donnelly Gardens, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpet/Hardwood  
Oven  
Vaulted Ceilings

Blinds  
Central A/C  
Refrigerator  
Walk-In Closet

**Security**

Patrol

**Services**

None

**Property**

Courtyard  
Off-Street Parking

Central Laundry  
On-Site Management

**Premium**

None

**Other**

None

### Comments

The property does not currently accept Housing Choice Vouchers. There is a waiting list for the larger two-bedroom units, consisting of about 10 to 15 households. Our contact could not provide an exact annual turnover but reported it being relatively low at below 15 percent.

# Donnelly Gardens, continued

## Trend Report

### Vacancy Rates

3Q13	4Q13	1Q15	2Q15
8.0%	8.0%	0.8%	0.8%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$469 - \$489	\$60 - \$70	\$409 - \$419	\$513 - \$523
2013	4	N/A	\$469 - \$489	\$40 - \$60	\$409 - \$449	\$513 - \$553
2015	1	N/A	\$488 - \$499	\$0	\$488 - \$499	\$592 - \$603
2015	2	N/A	\$488 - \$499	\$0	\$488 - \$499	\$592 - \$603

### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$625	\$33	\$592	\$725
2013	4	N/A	\$599	\$33	\$566	\$699
2015	1	0.0%	\$619	\$0	\$619	\$752
2015	2	0.0%	\$619	\$0	\$619	\$752

### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$585	\$30	\$555	\$688
2013	4	N/A	\$550	\$30	\$520	\$653
2015	1	0.0%	\$589	\$0	\$589	\$722
2015	2	0.0%	\$589	\$0	\$589	\$722

### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	0.0%	\$399	\$0	\$399	\$503
2013	4	0.0%	\$469	\$60	\$409	\$513
2015	1	0.0%	\$489	\$0	\$489	\$593
2015	2	0.0%	\$489	\$0	\$489	\$593

## Trend: Comments

**3Q13** The property manager reported that a new management company took over the property in October 2012 and has been attempting to increase the occupancy at the property since they took over. The lowest occupancy rate the property has reached since the change in management is 74 percent.

The two-bedroom units pay water and sewer in addition to the rent, which is \$26 per unit. Therefore, the rents listed take into account the asking rents of \$559 and \$599 and the \$26 water/sewer fee. We calculated the monthly concession based upon \$199 for the first month's rent using the \$559 and \$599 rents without the water/sewer fee.

The property is located near a Kroger shopping center and across from the Donnelly Food Store and a food mart.

**4Q13** The property manager reported that a new management company took over the property in October 2012 and has been attempting to increase the occupancy at the property since. The lowest occupancy rate the property has reached since the change in management is 74 percent. The contact was unable to comment on turnover rate. The property does not currently accept housing choice vouchers.

**1Q15** The property does not currently accept housing choice vouchers. There is a waiting list for the larger two-bedroom units, consisting of about ten to fifteen people. Our contact could not provide an exact annual turnover but reported it being relatively low at below 15 percent.

**2Q15** The property does not currently accept Housing Choice Vouchers. There is a waiting list for the larger two-bedroom units, consisting of about 10 to 15 households. Our contact could not provide an exact annual turnover but reported it being relatively low at below 15 percent.

# PROPERTY PROFILE REPORT

## Freeman Ford/ Fairlie Poplar Lofts

<b>Effective Rent Date</b>	5/05/2015
<b>Location</b>	75 John Wesley Dobbs Avenue Atlanta, GA 30303 Fulton County
<b>Distance</b>	3.3 miles
<b>Units</b>	42
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Lowrise (3 stories)
<b>Year Built/Renovated</b>	1995 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	The Muses, Capitol City Lofts
<b>Tenant Characteristics</b>	Mixed tenancy from the immediate area, many of which are students
<b>Contact Name</b>	Katherine White, Property Manager
<b>Phone</b>	404-659-1440



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	15%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Pre-leased
<b>Annual Chg. in Rent</b>	Increased 1-3%
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (3 stories)	N/A	N/A	\$820	\$0	Market	No	0	N/A	N/A	None
1	1	Lowrise (3 stories)	N/A	N/A	\$950	\$0	Market	No	0	N/A	N/A	None
2	1	Lowrise (3 stories)	N/A	N/A	\$1,250	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$820	\$0	\$820	\$104	\$924
1BR / 1BA	\$950	\$0	\$950	\$104	\$1,054
2BR / 1BA	\$1,250	\$0	\$1,250	\$133	\$1,383

### Amenities

In-Unit	Security	Services
Central A/C Dishwasher Oven Walk-In Closet	None	None
Coat Closet Garbage Disposal Refrigerator		
Property	Premium	Other
Central Laundry	None	None
Off-Street Parking		

**Comments**

There are currently no vacancies at the property. The property manager stated that the tenancy was composed primarily of students. The property manager also stated that the property no longer has income-restricted units and is 100 percent market-rate. The property has been undergoing on-going updates such as new roof, paint and carpet.

## Freeman Ford/ Fairlie Poplar Lofts, continued

### Trend Report

#### Vacancy Rates

3Q11	3Q13	1Q15	2Q15
2.4%	0.0%	0.0%	0.0%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	3	N/A	\$700	\$0	\$700	\$804
2013	3	N/A	\$950	\$0	\$950	\$1,054
2015	1	N/A	\$950	\$0	\$950	\$1,054
2015	2	N/A	\$950	\$0	\$950	\$1,054

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2011	3	N/A	\$950 - \$1,100	\$0	\$950 - \$1,100	\$1,083 - \$1,233
2013	3	N/A	\$1,150	\$0	\$1,150	\$1,283
2015	1	N/A	\$1,250	\$0	\$1,250	\$1,383
2015	2	N/A	\$1,250	\$0	\$1,250	\$1,383

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$820	\$0	\$820	\$924
2015	1	N/A	\$820	\$0	\$820	\$924
2015	2	N/A	\$820	\$0	\$820	\$924

### Trend: Comments

3Q11	The same property manager oversees Freeman Ford and Fairlie Poplar Lofts, both of which have been included in this profile. Management does not accept Housing Choice Vouchers (HCVs).
3Q13	There are currently no vacancies at the property. The property manager stated that the tenancy was composed primarily of students. The property manager also stated that the property no longer has income-restricted units and is 100 percent market-rate. Property manager was unwilling to give detailed data on historical turnover, vacancies and rent values. However, rents for the market-rate units increased by five to 10 percent from 2011 (last interview) to 2013, which equates to a one to three percent average annual increase.
1Q15	There are currently no vacancies at the property. The property manager stated that the tenancy was composed primarily of students. The property manager also stated that the property no longer has income-restricted units and is 100 percent market-rate. The property has been undergoing on-going updates such as new roof, paint and carpet.
2Q15	N/A

# PROPERTY PROFILE REPORT

## Fulton Cotton Mill Lofts

<b>Effective Rent Date</b>	5/04/2015
<b>Location</b>	170 Boulevard SE Atlanta, GA 30312 Fulton County
<b>Distance</b>	3.6 miles
<b>Units</b>	207
<b>Vacant Units</b>	1
<b>Vacancy Rate</b>	0.5%
<b>Type</b>	Highrise (8 stories)
<b>Year Built/Renovated</b>	1881 / 2005
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Auburn Glenn, Cityview Apartments
<b>Tenant Characteristics</b>	Mostly families; few seniors.
<b>Contact Name</b>	Monique, Leasing Agent
<b>Phone</b>	404-522-5638



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	15%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	10%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	N/A
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- gas
<b>Water Heat</b>	not included -- gas
<b>Heat</b>	not included -- gas
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Highrise (8 stories)	N/A	707	\$850	\$0	Market	No	0	N/A	yes	None
0	1	Highrise (8 stories)	N/A	747	\$950	\$0	Market	No	0	N/A	N/A	None
1	1	Highrise (8 stories)	N/A	1,119	\$1,000	\$0	Market	No	0	N/A	yes	None
1	1	Highrise (8 stories)	N/A	1,375	\$1,500	\$0	Market	No	0	N/A	N/A	None
2	2	Highrise (8 stories)	N/A	1,018	\$1,200	\$0	Market	No	0	N/A	N/A	None
2	2	Highrise (8 stories)	N/A	1,361	\$1,700	\$0	Market	No	1	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$850 - \$950	\$0	\$850 - \$950	\$104	\$954 - \$1,054
1BR / 1BA	\$1,000 - \$1,500	\$0	\$1,000 - \$1,500	\$104	\$1,104 - \$1,604
2BR / 2BA	\$1,200 - \$1,700	\$0	\$1,200 - \$1,700	\$133	\$1,333 - \$1,833

## Fulton Cotton Mill Lofts, continued

### Amenities

#### In-Unit

Balcony/Patio  
Central A/C  
Exterior Storage  
Garbage Disposal  
Refrigerator  
Vaulted Ceilings  
Washer/Dryer hookup

Blinds  
Dishwasher  
Ceiling Fan  
Oven  
Skylights  
Walk-In Closet

#### Security

Intercom (Buzzer)  
Limited Access  
Perimeter Fencing

#### Services

None

#### Property

Courtyard  
Exercise Facility  
Central Laundry  
On-Site Management

Elevators  
Garage  
Off-Street Parking  
Swimming Pool

#### Premium

None

#### Other

Three rooftop decks

### Comments

The contact reported that the property is no longer on the tax credit program, nor do they accept Housing Choice Vouchers as of December 2014. The waiting list was recently purged and the property no longer maintains a list for any of its units. The contact could not provide a reason as to why they switched to to exclusively market pricing. When asked about high crime rates in the area, the contact reported that she has not seen occupancy or rental rates suffer.

# Fulton Cotton Mill Lofts, continued

## Trend Report

### Vacancy Rates

3Q13	1Q14	1Q15	2Q15
0.5%	0.5%	1.0%	0.5%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$1,175	\$0	\$1,175	\$1,279
2014	1	N/A	\$975	\$0	\$975	\$1,079
2015	1	N/A	\$1,000 - \$1,500	\$0	\$1,000 - \$1,500	\$1,104 - \$1,604
2015	2	N/A	\$1,000 - \$1,500	\$0	\$1,000 - \$1,500	\$1,104 - \$1,604

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$1,400	\$0	\$1,400	\$1,533
2014	1	N/A	\$1,400	\$0	\$1,400	\$1,533
2015	1	N/A	\$1,200 - \$1,700	\$0	\$1,200 - \$1,700	\$1,333 - \$1,833
2015	2	N/A	\$1,200 - \$1,700	\$0	\$1,200 - \$1,700	\$1,333 - \$1,833

### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$850	\$0	\$850	\$954
2014	1	N/A	\$850	\$0	\$850	\$954
2015	1	N/A	\$650 - \$950	\$0	\$650 - \$950	\$754 - \$1,054
2015	2	N/A	\$850 - \$950	\$0	\$850 - \$950	\$954 - \$1,054

## Trend: Comments

- 3Q13** The property manager stated that there is currently only one vacancy and there is no wait list. The property manager stated that providing rents based on unit types is difficult since rents are determined by a number of different factors including bedroom type, floor, view, etc., and that in total there are 56 different types of floor plans with differing rents. She therefore provided averages for the different unit types by bedroom/bathroom number.
- 1Q14** The contact provided asking rents as a range, as rents vary based on floor plan, floor in the building, and in-unit amenities. Since first quarter 2013, LIHTC rents remain unchanged, market rate one-bedroom rents decreased by 12 percent, and studio and two-bedroom rents increased three to six percent.
- 1Q15** The contact reported that the property is no longer on the tax credit program, nor do they accept Section 8 vouchers as of December 2014. The waiting list was recently purged and the property no longer maintains a list for any of its units. The contact could not provide a reason as to why they switched to to exclusively market pricing.
- 2Q15** The contact reported that the property is no longer on the tax credit program, nor do they accept Housing Choice Vouchers as of December 2014. The waiting list was recently purged and the property no longer maintains a list for any of its units. The contact could not provide a reason as to why they switched to to exclusively market pricing. When asked about high crime rates in the area, the contact reported that she has not seen occupancy or rental rates suffer.

## Fulton Cotton Mill Lofts, continued

### Photos

